

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Ed Shikada  
Albert Balagso  
Robert Davis

**SUBJECT: POLICE ACTIVITIES LEAGUE  
(PAL) PROMOTION & SUPPORT  
AGREEMENT**

**DATE:** 11-13-07

Approved

Date

11/15/07

**COUNCIL DISTRICT:** 5  
**SNI AREA:** Mayfair

## RECOMMENDATION

1. Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement with the Police Activities League, a California non-profit corporation (PAL Board) for the Promotion and Support of the J.R. Blackmore Police Activities League Stadium and Complex ("PAL Agreement") for a term of 20 years, provides for operation of the Stadium and Complex by the City and provides that certain revenues from the Stadium and Complex shall be used for youth programs and facility improvements and such other terms as described in this memorandum.
2. Adopt a resolution establishing the schedule of field fees and charges for the Stadium and Complex.
3. Authorizing the City Manager to approve sponsorship agreements for up to three-year terms at the PAL Stadium and Complex to assist PAL's fundraising efforts.

## OUTCOME

Through this agreement the City and PAL Board seek to maximize their collaborative efforts to increase and sustain greater recreational attendance at the Stadium and to enhance the ability to solicit contributions (private and other donors) granted under the agreement to invest in youth sport programs and capital improvements.

## BACKGROUND

The City of San Jose and the PAL Board have been working together for over 30 years. Beginning in March 2007 the City and PAL Board opened contract discussions with the anticipation of achieving greater collaboration to meet community needs. This shared drive focused on revisiting the relationship to rethink the outcomes of this public/private partnership.

The previous agreement limited the relationship in leveraging potential sponsorships and donor opportunities, accommodating non-PAL program field demand and constructing a shared capital improvement fund. With the City and PAL Board viewing these limitations as opportunities the new agreement provides tools to support the PAL Board's solicitation efforts to enhance the Complex, the development of fees and charges to help maintain the vitality of the PAL program and allows setting-aside of certain revenue streams collected by the PAL Board and City as seed monies for capital improvement projects.

## ANALYSIS

To overcome prior contract limitations the City and PAL Board began exploring and negotiating the following business points:

- The fiscal contributions of the City and PAL Board to the PAL youth program and toward improvements for the Complex;
- Review of Complex charges and fees that lead to sustaining the vitality of the PAL program and help raise funds for a possible transition of field turf (transitioning the existing fields from natural turf to all-weather turf. Challenge initial cost; benefit more playability); and
- Study of PAL and City Stadium field use.

### *Fiscal Contributions and Fundraising-New Agreement Terms*

The PAL Board's fiscal support for the PAL Youth programs (about \$299,000 in fiscal year 2005-2006) will be maintained through advertising sales, PAL membership fees, direct contributions and the first \$50,000 of Shared Net Proceeds of Facility Use and Special Event revenues generated by the PAL Board. The "Shared Net Proceeds" are the collected revenues from facility use fees and certain revenues from special events less the direct cost associated with booking and conducting these activities. The \$50,000 is adjusted annually based on inflation according to the Bay Area Consumer Price Index. "Shared Net Proceeds" does not include PAL Membership Fees, Direct Contributions to PAL Board, Concession Sales or Parking revenues, Admission Fees to the Complex (except if admission fees are included in the established Facility Use Fee), Advertising Sales, or any other revenues not included in Facilities Use Fees and the definition of Shared Revenues from Special Events.

After the PAL Board has generated \$50,000 in net proceeds from Shared Net Proceeds in a fiscal year, the City and PAL Board shall each deposit 50% of any further Shared Net Proceeds received during that fiscal year into a separate account maintained by each party. A goal shared by the City and PAL Board is to build a first rate recreational complex that has the capacity to host high quality programming and events. In an effort to achieve this shared goal the City and PAL Board have agreed that certain Shared Net Proceeds described previously, shall be invested towards the Capital Improvement needs of the Stadium. Within 3 years of the date of execution the City and PAL Board will meet to prioritize capital improvement projects and use of Shared Net Proceeds. Additionally, the PAL Board may at its own discretion add other PAL funds (e.g., donations, sponsorships) toward capital improvement projects at the PAL Stadium and Complex.

Section 4.04.020 A.3c of the San Jose Municipal Code authorizes the City Manager to approve sponsorship agreements for a term up to one year and for a maximum dollar value of up to \$100,000, without City Council approval. The administration is seeking authorization for the City Manager to approve sponsorship agreements entered into by PAL that involve the PAL Stadium and Complex, for a term up to three years with a maximum dollar value of \$100,000, without City Council approval. By granting this authorization and a twenty year contract term the PAL Board's efforts to solicit and negotiate short-term sponsorship arrangements will be enhanced. These authorized sponsorship agreements would not include naming rights – all naming rights agreements must come before City Council for approval.

The City shall be responsible for providing maintenance and utilities at the Complex in a manner consistent with budgets approved by City Council. However, the City shall not be responsible for trash clean up for concession operations and trash clean up and maintenance needs caused by PAL Board Special Events. The PAL Board shall be responsible for maintenance and utility cost associated with PAL Board Special Events.

#### *Stadium Fees and Charges New Agreement Terms*

Attached to this memorandum is a schedule of proposed fees and charges for use of the PAL Stadium and Complex. The adoption of these fees and charges will promote the objectives of the City and PAL Board to build a capital improvement fund that will expand PAL's youth and Non-PAL program participation base by investing in changes that lead to greater playability (e.g., transitioning from natural to field turf) and access (e.g., field turf change leads to more hours available for programming at the complex). The City, through the San Jose Police Department officers assigned to the Police Activities League program, will continue to collect these monies. It is expected that nearly all of the collected fees will be reinvested in activities that sustain youth programming and advance capital improvements at the Complex in addition to covering some of the costs of operation and maintenance of the Complex.

#### *Complex Use*

A leading premise of these negotiations was to maintain the sustainability of the PAL program by meeting its program needs through Stadium field use, while carving out field time for City use after these needs have been met. Meeting this objective helps the PAL Board build on its participant base, which is expected to grow by 10% from its 2006-2007 level (10,500 youth served in fiscal year 2006-2007 to 11,500 in the 2007-2008 fiscal year) and support the City's effort to address non-PAL program field demand.

The City, through San Jose Police Department officers assigned to the Police Activities League program, shall oversee the scheduling and use of the Stadium and Complex. The Agreement provides that evening and weekend use of the Stadium Complex is divided between periods of priority use for City use and periods of priority use by PAL programs. During the "City Use period" the City may run programs (i.e., the City is the direct service provider) and City-funded programs (i.e., an agency's program that is supported by City contributions) and also allow reserved field use by the public subject to the established fees. During the Complex's regular

operating hours (Monday through Friday from 8:00 AM to 5:00 PM) the Stadium and Complex are also available for reserved use for City Use and reserved use by the public on an as available basis.

The City Use is subject to per use flat fee of \$25, which shall be paid to the PAL Board. The \$25 fee will be used to offset the yearly cost of field equipment, supplies and materials (e.g., paint goal post etc.) purchased by the PAL Board. Each fiscal year the City may hold a minimum of 5 specially selected events (the 5 events shall be selected by the City Manager or designee) that will not be subject to any fees or charges, including equipment fees regardless if the event occurs during regular or after operating hours.

Use by PAL Board for PAL youth sports programs is not subject to any field fees or charges. Use by PAL Board for activities other than PAL youth sports ("PAL Board Special Events") is not subject to field use fees or other Complex use fees for up to 24 Special Events per calendar year. Special Events that are non-athletic recreational activities (e.g., music concerts, other arts entertainment and fundraising dinners) shall be coordinated with the City and include obtaining the prior written consent of the City Manager or designee and the Chief of Police. These PAL Board Special Events shall be fundraising in nature to help the PAL Board raise funds for PAL youth programming and Complex improvement needs.

The majority of the revenue generated by the PAL Board stems from use of the Stadium's fields. Based upon the proposed agreement, for the 2007-2008 fiscal year PAL's combined scheduled programming use of 3 fields is 3,342 hours, while the City's estimated combined program use of the 3 fields is 896 hours. Nearly all of the scheduled program time by the City and PAL Board for fiscal year 2007-2008 occurs after regular Complex operational hours. The scheduled field use is subject to an annual meeting in March or as needed between the City and PAL Board to discuss scheduling priorities for the following fiscal year.

#### *City Wage Policies*

##### *Living Wage-Concession Stand*

The Agreement provides that the PAL Board may operate the on site concession stand and retain any proceeds from the concession operations. The PAL Board has requested that the City review whether the City's Living Wage Policy applies to its operation of the concession stand through a subcontract. While the Living Wage Policy does not explicitly address this type of concession operation, the Administration believes the intent of the City's Living Wage Policy is not to apply in this situation—a small concession operation run by a non-profit.

The City's Living Wage Policy will apply to custodial services provided at the Stadium or Complex.

##### *Prevailing Wage*

The City's Prevailing Wage Policy will apply to any construction at the Stadium or Complex.

### *Reciprocal Indemnification*

The PAL Board has requested that the City indemnify the PAL Board for the City's acts and omissions, to the same extent that the City requested the PAL Board to indemnify the City. The administration has determined that reciprocal indemnification is warranted due to the mutual benefits arising from this agreement.

### EVALUATION AND FOLLOW-UP

The performance measurements for this agreement will be as follows:

- After year 3 the City and PAL Board generate a capital priority list for the Complex; and
- Using the capital priority list the City and PAL Board agree on the projects to be completed using Shared Net Proceeds.

### PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

A series of stakeholder meetings, nine in total, involving City and PAL Board representatives occurred between March and October 2007. This Council Memo will post to the City's website City Council Agendas and Synopses for public viewing for the December 4, 2007 Agenda.

### COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Office, General Services and the Office of Equality Assurance.

**FISCAL/POLICY ALIGNMENT**

This agreement aligns with the City's efforts towards establishing Public/Private Partnerships. The PAL support and promotion agreement is one of eleven case studies reported monthly to the Rules and Open Government Committee.

**COST IMPLICATIONS**

The on-going General Fund contribution to the PAL program and Complex is approximately \$1,443,918 for the 2007-2008 fiscal year. The San Jose Police Department allocates \$1,014,465, which consist of 7 FTEs and non-personal cost of \$26,111 to support PAL Youth programming. PRNS allocates \$377,453, which consist of 3.0 FTEs and non-personal cost totaling \$195,863 to support field maintenance. The General Services Department allocates \$52,000 to meet the Complex's janitorial and repair needs. These contributions aid the efforts of the PAL Board and City to support the initiatives enclosed in the agreement. These funds are subject to annual appropriation by City Council.

**CEQA**

Not a Project.



ED SHIKADA  
Deputy City Manager



ALBERT BALAGSO  
Director, Parks, Recreation and  
Neighborhood Services



ROBERT DAVIS  
Police Chief, San Jose Police

Attachment



### PAL Sports Complex Usage Guidelines

	Natural Turf			Artificial turf		
	Football, Soccer field	Baseball Field	Softball Field	Football, Soccer field	Baseball Field	Softball Field

<b>PAL &amp; City Programs</b>						
Games	No Charge					
Day use	No Charge					
Single Game Usage	No Charge					
Practice Season	N/A	N/A	N/A			
SJPD Canine Training	\$0	\$0	\$0	\$0	\$0	\$0

<b>Non-PAL Programs and Events</b>						
League Usage "Adult" 1-2 Games (1-5 hr)	\$950	\$650	\$650	\$1,425	\$975	\$975
Day use "Adult" 3-6 Games	\$1,900	\$1,300	\$1,300	\$2,850	\$1,950	\$1,950
League Usage "Youth" 1-2 Games (1-5 hr)	\$750	\$500	\$500	\$1,125	\$750	\$750
Day use "Youth" 3-6 Games	\$1,500	\$1,000	\$1,000	\$2,250	\$1,500	\$1,500
Practice Sessions per month (3 per week, 3 hour each, monthly)						
With out locker room	\$2,058	\$1,408	\$1,408	\$3,087	\$2,112	\$2,112
With locker room	\$4,116	\$2,816	\$2,816	\$6,175	\$4,225	\$4,225

<b>Outside Non Athletic Functions (non-profit) *</b>						
Non profit event without charge to public	\$475	\$325	\$325	\$713	\$488	\$488
Non profit event with charge to public	\$1,900	\$1,300	\$1,300	\$2,850	\$1,950	\$1,950
<b>Outside Non Athletic Functions (profit)*</b>						
For profit event with charge to public	\$9,500	\$6,500	\$6,500	\$14,250	\$9,750	\$9,750
For profit event without charge to public	\$4,750	\$3,250	\$3,250	\$7,125	\$4,875	\$4,875
Concert, Cultural, Rodeo 1-2 Day	\$22,000	N/A	N/A	\$33,000	N/A	N/A

<b>Additional Charges</b>						
Facilities manager fee is \$20.00 per hour						
City field use is subject to \$25.00 fee per use to support the yearly replacement of field equipment, supplies and materials purchased by the PAL BOD						

<b>Lighting charge</b>						
When the facility is to be used at dusk or night an additional charge for lights will be applied to all usages.						
Summer rates will be charged March 20th until December 21st						\$ 36.53 per hour

Winter rates will be charged December 21st until March 20th		\$ 26.57 per hour
Charges are estimated from sunset to 15 minutes after the end of any event. Lights will be turned out at dusk. In the event of inclement weather, if the lights are turned on by facility manager no charges will be accrued.		

**Gym Fee's & Rules**

Annual Membership (per person) Everyone must sign city waiver	\$50				
Must have valid CDL, ID or school ID to enroll					
Hours of operations are 9:00AM- 4:00PM M-F					
Users must sign in at PAL HQ prior to using the gym facility (ID Required)					
Excludes usage of all boxing and martial arts equipment					
Children under the age of 12 are not allowed in the gym					
One day, 1 time pass Guest pass (no charge)		\$0			

**Security**

All outside functions scheduled at PAL MUST have SJPD Officers at the facility when the stadium is open to the public. The number of officers scheduled for the facility will be controlled by the officer in charge of the facility, as appointed by the Chief of Police.

The facilities operating hours are between 8:30AM and 5:00PM Monday - Friday / Closed all city holidays

**Terms**

All fees need to be paid 5 business days prior to any and all events.  
 Fee schedules are subject to an annual review by the City and the PAL Board

**Definitions**

League: Is defined an association of individuals having united whereas structure within a given organization forming a common goal.

Outside Functions: Usages are considered programs that are not sponsored by the City of San Jose

**\* All field usage must have signed and completed City Field Registration & Waiver form**