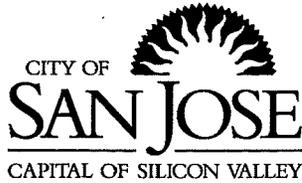


SUPPLEMENTAL

COUNCIL AGENDA: 04-06-10
ITEM: 4.3



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Paul Krutko

SUBJECT: Special Event Services and Costs

DATE: March 26, 2010

Approved

Date

4/2/10

COUNCIL DISTRICT: All

RECOMMENDATION

As recommended by the Community and Economic Development Committee on March 22, 2010:

- (a) Adopt a resolution :
1. Amending the Schedule of Fees and Charges (Resolution No. 72737, as amended):
 - a. to increase the cap on gated event ticket prices and to reduce the collection of gate fees from 5% to 0% of gate fees for the period of January 1, 2009 to June 30, 2010.
 - b. to repeal the Special Events Traffic Enforcement Unit Fee.
 2. Authorizing the Director of the Office of Economic Development to issue refunds to event organizers who paid gate fees retroactive to January 1, 2009.
- (b) Direct the City Manager and City Attorney's Office to present Council with recommended amendments to San Jose Municipal Code Section 11.12.050 to authorize the City Manager to temporarily or permanently appoint staff to perform traffic control in accordance with the requirements of Subdivisions (e) of the California Vehicle Code Section 21100.

REASON FOR SUPPLEMENTAL

This supplemental memo provides further information about the direction provided to City staff by the Community and Economic Development Committee (CEDC) on March 22, 2010 related to recommended strategies to increase revenue generation opportunities and contain City-related costs for outdoor special event producers.

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BACKGROUND

In a memo dated March 5, 2010, staff presented to the CEDC a proposed list of strategies to increase revenue generation opportunities and contain costs for outdoor special event producers, with the goal of promoting outdoor special events that generate economic impact and cultural vibrancy for the City of San Jose. These recommendations resulted from a year-long engagement with event producers, and various City departments to analyze, define and address the most meaningful and significant package of strategies.

ANALYSIS

The list of strategies presented by staff were accepted by the CEDC with specific direction to advance the following three revenue generation strategies immediately: 1) reduce the collection of the 5% gate fees for ticketed events to 0% gate fees for ticketed events effective January 1, 2009 through 2011-2012; 2) increase the cap on daily ticket prices from \$15 to \$30; and 3) increase the number of vendor booths allowed in Plaza de Cesar Chavez Park. Of the six cost reduction strategies, all six strategies were accepted with the direction to advance the following two strategies immediately: 1) the implementation of a pilot program to utilize Parking and Traffic and Control Officers (PTCOs) to assist with event traffic control, and 2) to repeal the Traffic Enforcement Unit (TEU) Police Officers on-duty special event fee. All other cost reduction strategies will be implemented within the timelines noted in the CEDC memo.

To implement the PTCO a pilot program for street closures during outdoor special events, San José Municipal Code (SJMC) Section 11.12.050 will need to be amended to grant the City Manager to temporarily or permanently appoint staff to perform traffic control in accordance with requirements of subsection (e) of the California Vehicle Code Section 21100. California Vehicle Code Section 21100(e) requires the Chief of Police to review and approve the training program for the PTCO who will be appointed by the City Manager to direct traffic in the City. This section of the Municipal Code was most recently revised in June 2009 to allow the use of trained or certified flaggers in meeting the requirements of state law of providing traffic control for construction activities. The 2009 revision is specific to construction site locations and requires further amendment if this model is to be applied to allow the City Manager to appoint PTCO staff to provide traffic control for outdoor special events.

It should be noted that the PTCO pilot program is intended to complement the current staffing model which requires the use of off-duty police officers working for the event organizers and coordinated by the Police Department's Secondary Employment Unit (SEU) staff. The pilot program will allow streets within the event site that have minimal activity to be closed using PTCOs and/or equipment. These measures will reduce costs for event organizers and reduce the hourly staffing requirements. It is anticipated that most events will require a hybrid model of SEU staff at \$46.50 per hour and PTCO staff at \$37.50 per hour. This hybrid model is commonly used in other Bay Area cities. Based on the experiences of the pilot program, staff will develop the criteria for a permanent program.

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Following a discussion on the economic and cultural value of events to the City as a whole and the validity of the current policy of the City's "full cost recovery" model to charge service fees for outdoor special events, staff was directed to return to the CEDC at a later date to assess the criteria for additional support for events that have a proven track record of significant economic impact and "iconic" events. Staff will work with the City Attorney's Office and appropriate departments to explore how to appropriately define and apply a scaled service cost for events that have substantial economic impact and contribute to the vibrancy of the City.

Parks, Recreation and Neighborhood Services staff was requested to review the policies and procedures for outdoor special events held in regional parks. A detailed list of was provided with a request to report back to the Committee by July.

Reducing the 5% collection of gate fees to 0% collection for the period of January 1, 2009 to June 30, 2010 will allow event organizers who currently owe gate fees the opportunity to keep these revenues to off-set event costs. The retroactive application of this change would capture all events that have occurred since discussions with event organizers on their current needs for cost containment commenced. Should this request be approved, any gate fees within this time period would be refunded to the event organizer who has paid gate fees during this period.

As part of the budget process for 2009-2010, a proposal to allow the Police Department to charge for special event traffic enforcement services by on-duty officers was approved by City Council. Previously, event organizers had not been charged for the services of police officers who were scheduled to be on-duty. During the planning of the San Jose stage of the Amgen Tour of California, it became apparent that this new special event fee would have an unanticipated costs impact on this event as well as other special events. Imposition of this fee would raise police costs for the Amgen Tour of California by \$41,527 for the same level of services provided the previous year. Most events in the City of San Jose are produced by non-profit organizations and a fee of this magnitude can significantly hamper their ability to put on an event. The CED Committee recommended an immediate repeal of this fee. The 2009-2010 Adopted Budget was balanced recognizing \$23,000 in revenue from this fee. During the year end clean up for 2009-2010, it will be necessary for revenue estimates to be adjusted to reflect this loss.

/s/

PAUL KRUTKO
Chief Development Officer

For questions, please contact KERRY ADAMS HAPNER, Director of Cultural Affairs, at 277-5144 x11.