

COUNCIL AGENDA: 04-17-12
ITEM: 4.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

SUBJECT: SEE BELOW

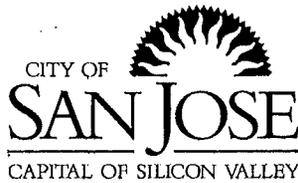
DATE: 4-05-12

SUBJECT: OUTDOOR SPECIAL EVENTS UPDATE

RECOMMENDATION

As recommended by the Community and Economic Development Committee on March 26, 2012 and outlined in the attached memo previously submitted to the Community and Economic Development Committee:

- (a) Accept staff's progress report on the implementation of Council direction to control City cost escalation for outdoor special events and support event revenue generation; transition of Christmas in the Park to a community-based model; and Council prioritized changes to the City's special events ordinances;
- (b) Direct staff to extend the suspension of the collection of gate fees for ticketed events effective July 1, 2012 through Fiscal Year 2013-2014.



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Kerry Adams Hapner

SUBJECT: UPDATE ON OUTDOOR
SPECIAL EVENTS

DATE: March 9, 2012

Approved

Date

March 14, 2012

RECOMMENDATION:

1. Accept staff's progress report updating CED Committee on the implementation of Council direction to control City cost escalation for outdoor special events and support event revenue generation; transition of Christmas in the Park to a community-based model; and Council prioritized changes to the City's special events ordinances.
2. Direct staff to extend the suspension of the collection of gate fees for ticketed events effective July 1, 2012 through Fiscal Year 2013-2014.

BACKGROUND

Outdoor events have long been an important part of community life in San Jose. Events contribute to our community development goals through developing arts audiences, fostering cross-cultural understanding and promoting cultural participation. Events also advance our economic goals by generating sales tax, Transient Occupancy Tax (TOT) and parking revenues.

The purpose of this memo is to provide a status update on implementation measures to control City cost escalation for outdoor special events, provide an update on the transition of the production of Christmas in the Park to a community-based model, and provide information on the anticipated timeframe in which the special events ordinance changes will be brought forward for Council consideration.

ANALYSIS

Outdoor Special Events

Since the spring of 2010, the Office of Cultural Affairs (OCA) has worked with City Departments and Event Organizers to implement special event initiatives approved by Council to control City costs for outdoor special events. Depending on the nature and location of the event, coordination with the departments of Transportation, Fire, Public Works, Parks, Recreation and Neighborhood Services (PRNS) and Police may be required. Services may include permits,

staffing, and equipment. Two types of strategies were implemented structured to 1) allow an Event Organizer more revenue-generation opportunities and 2) to reduce City-related costs. Notable successes include:

1. Increased revenue generation opportunities by increasing the maximum gate fee threshold and suspending the 5% gate fee collections. To assist Event Organizers during the economic downturn, the City provided Event Organizers with the opportunity for additional revenue generation. During Fiscal Year 2009-2010, Council took action to suspend the collection of the 5% gate fees and increase the cap on daily ticket prices at gated events to \$30, measures that are effective through June 30, 2012. Signature San Jose events such as the San Jose Jazz Festival, Mariachi Festival, Gay Pride Festival and Blues Festival were able to increase their revenue generation which was critical to the continued success of the events.

If Council approves the staff recommendation to continue the suspension of the gate fee collection, Event Organizers who choose to collect entrance fees for their events will continue to receive and retain additional revenues to off-set event production costs. The 5% gate fee revenue traditionally augments the Festival, Parade and Celebration (FPC) Grant Program administered by the OCA. The continued suspension of gate fee collections will reduce the amount of funds available for FPC grants by about \$28,000 in Fiscal Year 2012-2013 and in Fiscal Year 2013-2014. The proposal to continue suspension of the collection of gate fees has been coordinated with PRNS and will be incorporated as part of the Fees and Charges Resolution to be effective for the duration of Fiscal Year 2012-2013 and Fiscal Year 2013-2014.

2. Implemented the Parking, Traffic and Control Officer (PTCO) Program. PTCOs were utilized for 13 events in Fiscal Year 2010-2011 and 51 events to date in Fiscal Year 2011-12. During the first portion of 2010, Transportation staff trained and bolstered the pool of available PTCOs to ensure event coverage could be provided. Although the cost savings between an off-duty police officer versus a PTCO (\$48/hour versus \$36.34 per hour) may seem nominal, the option to use PTCOs is important to Event Organizers.

Improved promotion of the PTCO program could increase the number of Event Organizers who choose to use PTCOs. Currently, Transportation and OCA staff are reviewing the viability of creating specific marketing tools for the PTCO program.

3. Created a series permit for commercially zoned private property in the Downtown Core. Approved as part of the Fees and Charges Resolution for Fiscal Year 2010-2011, this new permit allows more permitting flexibility for outdoor special events on commercially zoned private properties in the Downtown Core. For example, rather than request four \$850 permits for a film series taking place over three months in a parking lot, an Event Organizer could get a series permit for a cost of \$1,200, saving both time and cost to the City and the Event Organizers. To date, this permit has not yet been utilized by any Event Organizers.

Currently, staff is reviewing a proposal made by Event Organizers to identify whether the private property permit fee for commercially zoned parking facilities in the Downtown Core can be eliminated. This type of proposal will require Municipal Code revisions and coordination with Planning, Building and Code Enforcement (PBCE) staff. This proposal is only in the initial stages of review.

- 4. City staff salary reductions resulted in reduced costs to event producers.** An unexpected impact to the costs for outdoor special events is reduced hourly fees for City staff. As City employee salaries were reduced, employee costs for services and permits for outdoor events also declined.

The cost reduction measure identified previously by staff and approved by Council to create "turnkey" event coordination requirements in the SoFA and San Pedro Square area of the Downtown remains in a preliminary stage. With the physical changes to the streets, parks and public spaces in these areas, SoFA and San Pedro Square are slated to become more attractive gathering spaces for outdoor special events. Staff is acquiring information from Event Organizers on various use needs to determine any policy and fee changes needed to make these areas cost-effective venues for outdoor special events.

Christmas in the Park

As part of the FY 2010-2011 Operating Budget reductions, funding for both the San Jose Holiday Parade and Christmas in the Park was eliminated after the 2010 events were held, with the goal of transitioning the production of the events to community-based organizations. The Christmas in the Park program (CITP) was identified as the highest priority for transition planning to a community-based model of production. CITP has a long history in the community and the largest impact on the restaurants, museums and attractions in the Downtown Core area during each holiday season. Since 2010, the Office of Economic Development/Cultural Affairs has worked closely with the Christmas in the Park Board, a nonprofit organization, to produce, and transition CITP. Significant milestones during the past year include:

- 1. Execution of a Production Agreement between the City of San Jose and Christmas in the Park, Inc. (Board)** This three-year Agreement outlines the terms under which the Board will meet the production requirements for the CITP and the level of in-kind support provided by the City, such as the use of Plaza de Cesar Chavez. The Board created a Strategic Business Plan with Board Development Plans, Financial and Fundraising Plans and Marketing Plans.
- 2. Successful production of the 2011 CITP event.** Under the new Agreement, the 2011 CITP event was produced successfully. Over 500,000 visitors attended the event creating vibrancy in the Downtown and generating an estimated economic impact of \$13,000,000 through visitor spending. Fiscal impact, or revenues to the City, are estimated at \$663,000. There were several new elements incorporated into the event creating new revenue streams for the event and new web-based applications to promote the event.

- 3. Established the next phase of transition.** The CITP Board recently hired its first Executive Director to assist the Board with fundraising and future productions. This reflects the Board's commitment to becoming a model nonprofit organization and moves the transition work to its next phase.

The next nine months will be critical for the Board. The fundraising goals to produce the 2012 event are aggressive. Although the dedicated staff position supporting CITP was eliminated on February 1, City staff will continue to collaborate with the Board and the new Executive Director and provide guidance through this next phase of transition.

Special Events Ordinance

On February 28, 2012, as part of the Council's ordinance prioritization session, the Council voted to include the Comprehensive Special Events Ordinance and associated update of the Paseo/Plaza Use Guidelines on its list of priority policies and ordinances. The Comprehensive Special Events Ordinance will: consolidate into one ordinance the several existing ordinances that govern the permitting of outdoor special events in parks, paseos, plazas and streets; bring greater consistency across the permitting processes that are managed by OCA, PRNS and Police Department; and update the permitting requirements. It is anticipated that the Ordinance will be brought forward to the Council for consideration within the next three months.

COORDINATION

This memo has been coordinated with the City Manager's Budget Office, City Attorney's Office, Transportation, City Manager's Office and PRNS.

COST SUMMARY/IMPLICATIONS

The proposed extension of the suspension of the gate fee collection will have a General Fund impact of \$28,000 in Fiscal Year 2012-2013, which will result in continued reduced levels of available funds in the FPC Grant Program. This proposal will be subject to Council action during the upcoming Fees and Charges Resolution for Fiscal Year 2012-13.

/s/

KERRY ADAMS HAPNER
Director of Cultural Affairs

For questions, please contact Tammy Turnipseed, Special Events Director, at (408) 793-4343.