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## MEMORANDUM

TO: Community and Economic Development Committee  
FROM: Scott Knies, Executive Director   
DATE: March 22, 2010  
RE: Special Events Services and Costs

### BACKGROUND:

Many of the major event producers appreciate the committee member's leadership to provide some incentives for special events in this difficult economy. We especially recognize the Office of Cultural Affairs (OCA) staff and the effort it takes to pull together the different city departments and make recommendations.

The OCA memo on today's CEDC agenda does not go far enough. As city grant funding and event sponsorships have plummeted, our city fees and costs have skyrocketed (see attachment). While we appreciate the staff effort, the memo suggests several small steps that taken together really do not amount to that significant a move forward. Also, the memo does not capture the sense of urgency at stake, as several events may fold while staff continues studying criteria and such. Taken as a whole, the memo does not substantially "move the needle forward."

In fact, we fear the needle may move backwards. More events than ever are on the ropes — Christmas in the Park cut a week, Jazz Festival cut two stages, America Festival pulled the plug on fireworks, and other events are teetering. Event producers are in the midst of an extremely dire 2010-11 budget year and are trying to make decisions on the level of programming and services we can afford. The major premise of the memo is that direct cost recovery is still "valid and appropriate." We are not sure that is the case. Bold recommendations are needed from the city of San Jose, and fast, if we are truly to be a "festival city" leveraging our splendid weather and community partners.

### RECOMMENDATIONS:

- The City should roll back all fees and costs to special events by 50 percent for two years. This is approximately commensurate with expected continued reductions in city grant and staff support for events, as well as macro-economic factors impacting event sponsor support from the

private sector.

- The City should reform its police deployment models of secondary employment at events (beyond replacing police officers doing street closures). For instance, we have asked for established events where producers can provide historical data on crowd trends be allowed to stagger shifts and reduce staffing. We have also asked to reduce our number of police officers due to the amount of private security officers we hire. Event producers have no say in the hourly rate we are required to pay secondary employment police officers (currently we pay officers \$46.50 hour, \$48 hour for traffic officers), and have little say on the number of hours the officers work, where and how officers we hire are deployed, and the number of officers we are required to hire. And the hourly amount goes up automatically every July 1, regardless of the quality of work provided or if other security vendors are reducing their rates for economic (market) conditions. The current secondary employment model is overdue for reform.
- Permit fees for multiple events should be reduced. For instance, Music in the Park park use fees jump from \$3,500 to \$4,700 when producing 13 concerts as part of the same series vs. 12 because we added an extra date during the Fourth of July week to compensate for the loss of the America Festival.
- All event fees should be reviewed and reduced wherever possible. For instance, the paseo use permit for Downtown Ice tripled from \$350 last year to \$1100. SJDA has only paid \$450 of this paseo fee invoice because we expected some of these special event cost reforms to be enacted last year, or the ones now being considered to be retroactive. Unfortunately, the OCA proposal does not address these current fees. In the meantime, the city has informed us our paseo balance for the rink is going to collections.
- Discounts should be given to the events that have established a track record over the years of respecting the parks and have earned the trust to maintain their own footprints. However, the real issue here is the difficulty of providing flexible fees, rules and conditions for different events. More consideration should be given for size of events; repeat events; economic impact; free event vs. paid event; non-profit producer vs. for-profit, etc. Not all events are created equal. Some events require more staff time and provide more benefits to the city than others.
- The lack of park infrastructure should be taken into account when charging event producers, for instance, if certain event producers are paying to put up the truss at Plaza Park, our park use fees should be waived, etc. The Plaza Park stage trussing has lost its funding from RDA. OCA can contribute \$2,700 this year but none next year, so the additional \$6-8K costs are now expected to fall entirely on the event producers who activate this city park. In St. James Park, lack of infrastructure is one reason so few events are held there, yet the park use fee is not based accordingly.

Additional Comments on 3/22/10 CEDC Special Events Memo

Under "Revenue Generation" section:

#1 – We are pleased to see the gate fee percentage paid to city eliminated.

#2 – Why cap the daily ticket price? Let the market dictate.

Under “Cost Reduction” section:

#1 – SJDA likes the staff recommendation to replace \$48 hour police officers with parking control officers (PTCO), assuming the hourly rate for a PTCO is significantly less, however, the financial impact of this ‘cost reduction’ is vague. We do not understand why this recommendation is dependent on the retention of the DOT Special Events Team in the 2010-11 budget when it is the PTCOs that are needed to get street closures done. It is also unclear how the “pilot program events” will be determined.

#2 – This whole fee concept is troublesome. SJDA moved Starlight Cinemas in SoFA district onto private property last year because we couldn’t afford the city fees to close the street for the movies. Why does the city collect a fee from an event on private property in the first place? How were these numbers arrived at -- was the \$1,200 fee based on documented staff time for previous events? What if an event producer wants to have more than three events within the four-month period? Other “series permit” issues on public property (parks, paseos) are addressed above in the third bullet point under recommendations section.

#3 – This is another place that begs the reconsideration of the overall guiding principle of “direct cost recovery.” It is not a direct cost for the event when the fire inspectors charge city overhead and Dept. overhead. These costs should be “blended” out, although we appreciate the effort to eliminate the full OT rate, these costs are still going to be a big hit to events. Fire Dept. charges to special events have increased dramatically the last few years. What is timeline for proposal to be brought forward? Can it be in place by the time the 2010 summer events begin (beginning of May).

#4 – Events cannot afford secondary employment police costs and now we are going to charge for on-duty police officers, too? This can’t be repealed fast enough.

#5 – The intent of this request was to find a way to lower production costs in public streets where events are frequently activated, such as SoFA and San Pedro Square, by allowing producers to close off the streets themselves. Currently, police are required at intersections when the streets are closed and kept on the clock (\$48/hour) until the streets are reopened at the end of the event. This makes it prohibitively expensive to close streets. The event producer’s proposal is to create “turnkey” event sites to allow event producers who have received training from the city to close these streets with proper (and attractive) barricades and blinking “no entry” signs, retaining access for emergency vehicles.

#6.2 – Memo says, “PRNS will consider a reduced permit fee for neighborhood associations that meet certain criteria.” What are the criteria referred to and when will they be determined? How will criteria vetted? The memo says staff will review neighborhood event guidelines in the next few months and implement any changes during the summer event season. It is important to have this implemented before anticipated city budget cuts delay it again.

#6.3 – Same point as above – implement as soon as possible while OCA staff can assist in the process. In developing “a tiered pricing model,” flexibility will be essential, such as a for-profit group would pay more for using public spaces than neighborhood groups and non-profits, etc.

#6.4 – There is an inherent efficiency with some of the larger events that might actually reduce the need for higher city fees. The staff recommendation is to impose additional charges to event producers that choose to expand the “footprint” of their event. This assumes there are automatically “additional costs by PRNS staff to maintain the expanded footprint.” The increased cost to event producer defeats the purpose of allowing them to increase the number of booths placed to enable them to sustain their event.

#6.5 – Memo does not address event producers’ concerns that the definition of a series is too narrowly defined. Need more flexibility for events that happen multiple times over a season to be considered part of same series and viewed as such for permit purposes without having to occur successive weeks. Also, not sure that “a change in the definition of a series event” would necessarily “increase staff costs for supporting such events” as the memo hypothesizes.

Exhibit A – Why are PRNS staff rates charged at an overtime rate? What flexibility can be built into PRNS staff schedules to charge event producers regular rates vs. overtime rates? Few special events occur during the weekday, between 8 a.m. and 5 p.m. If fire dept. staff have a “blended” OT and regular rate for events, why not PRNS, too?

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## Attachment - SJDA memo to CEDC March 22, 2010

### City Service Costs 2007 and 2008

Event	City Service Costs		Increase	
	2007	2008	Amount	Percentage
Music in the Park	\$39,381	\$49,749	\$10,368	26.3
Music in the Other Park	\$16,234	\$19,863	\$3,629	22.4
San Jose Jazz Festival	\$62,544	\$85,746	\$23,202	37.1
America Festival	\$52,977	\$72,276	\$19,299	36.4
San Jose Pride	\$32,478	\$35,558	\$3,080	9.5
Cinco de Mayo/Fiestas Patrias	\$46,468	\$53,000	\$6,532	14.1
<b>Total</b>	<b>\$250,082</b>	<b>\$316,192</b>	<b>\$66,110</b>	<b>26.4</b>

*Compiled February 2009*