

OFFICE OF ECONOMIC DEVELOPMENT

Impact Analysis Report

OVERVIEW

The Office of Economic Development (OED) is responsible for administering the City's Foreign Trade Alternative Site Framework (ASF) Zone and various fees and permits associated with cultural activities.

Maintaining a Foreign Trade Zone enhances the City's economy and prestige as a foreign trade-friendly international city and it is an important international economic development tool. The ASF Zone fees were established on November 5, 2012 to provide San José businesses an expedited application review process by the City and the Foreign Trade Zone Board for businesses who want to activate a site as a Foreign Trade Zone.

In addition, OED administers the application review for the Wayfinding Banner program. Wayfinding banners are directional in nature to identify a unique area of the City and are limited to streets in the Downtown and major arterials.

The Office of Cultural Affairs (OCA), a division of OED, collects fees for activities such as event permit and use permit fees. Consistent with past practice, these fees and charges are designated as Category II (fees which may be less than or more than full cost recovery).

On April 6, 2010, the City Council approved strategies to reduce charges to outdoor special event producers with the goal of promoting outdoor special events that generate economic impact and cultural vibrancy for the City of San José. In accordance with direction, the Gated Event on

Public Property Fee was suspended through June 30, 2012 (from 5% of gross gate receipts to 0%) with subsequent extension actions by City Council on May 1, 2012, April 15, 2014, and June 14, 2016, effectively suspending the Gated Event on Public Property Fee through June 30, 2018. As a result of these suspensions, signature San José events such as the San Jose Jazz Summer Fest, San Jose Juneteenth in the Park Festival, San Jose Pride, and Fountain Blues Festival were able to increase their revenue generation, which was critical to the continued success of these events. In the past, revenue from the fee has funded the City's Festival, Parades, and Celebration (FPC) Grant Program. The continued suspension of the Gated Event on Public Property Fee will have a General Fund impact of \$40,000 in 2017-2018, resulting in reduced levels of funding available to the FPC Grant Program.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

There are no proposed changes to existing fees for 2017-2018.

New Fees

A new Easy Urbanism Permit Fee of \$150 is recommended to allow for a mid-range event (maximum attendance of 300-500 attendees) to be held in paseos and plazas in the Downtown. This proposed fee permits one mid-range event with one food (cooking) booth or truck, no alcohol

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

New Fees (Cont'd)

distribution, and no permits required by the Fire Department and/or Police Department.

Additionally, a Private Property Event Permit – Reoccurring Site Location Fee of \$450 is recommended to permit event organizers the temporary use of the same outdoor private property located outside of the Downtown area for a repeat event. This proposed fee permits a repeat outdoor event that is held in the same location with the same general size and layout to take place on a private property for a reduced cost. Lastly, a Private Property Event Permit – Limited Tent Event Fee of \$450 is also recommended to permit event organizers the use of an outdoor private property for an event with tent only. This proposed fee will permit the tent only event for the same duration of the tent permit provided by the Fire Department.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 5, 2017, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 16, 2017 at 1:30 p.m. and Monday, June 12, 2017 at 7:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

| Service | 2016-2017 Adopted Fee | 2016-2017 % Cost Recovery | 2017-2018 Proposed Fee | 2017-2018 Estimated Cost | 2017-2018 Estimated Revenue | | 2017-2018 % Cost Recovery | |
|--|---|---------------------------------|---------------------------|--------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| | | | | | Current Fee | Proposed Fee | Current Fee | Proposed Fee |
| ECONOMIC DEVELOPMENT - CATEGORY II | | | | | | | | |
| 1. Foreign Trade Alternative Site Framework Zone | | | | | | | | |
| 1 Annual Operating Agreement Maintenance Fee | \$300 | | No Change | | | | | |
| 2 Application Fee | \$525 | | No Change | | | | | |
| 3 Operating Agreement Set-Up Fee | \$2,775 | | No Change | | | | | |
| Sub-total Foreign Trade Alternative Site Framework Zone | | 98.6% | | 1,213 | 1,200 | 1,200 | 98.9% | 98.9% |
| 2. Gated Event on Public Property | | | | | | | | |
| 1 Gated Event Maximum Ticket Charge | Maximum \$30 per person per day (unless modified by a contractual agreement approved by City Council) | | No Change | | | | | |
| 2 Gated Event on Public Property Fee Note:Fee suspension extended through 2017-2018 per City Council approval on June 14, 2016. | 0% of gross gate receipts (unless modified by a contractual agreement approved by City Council) | | No Change | | | | | |
| Sub-total Gated Event on Public Property | | | | | | | | |
| SUB-TOTAL ECONOMIC DEVELOPMENT - CATEGORY II | | 98.6% | | 1,213 | 1,200 | 1,200 | 98.9% | 98.9% |
| TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II | | | | | | | | |
| 1. Parque de los Pobladores (also known as Gore Park) Use Permit | | | | | | | | |
| 1 Amendment Fee | \$35 (for previously approved event) | | No Change | | | | | |
| 2 Cleaning and Damage Deposit | \$1,500 (refundable) | | No Change | | | | | |

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|--|---|---------------------------------|---------------------------|--------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| | | | | | Current Fee | Proposed Fee | Current Fee | Proposed Fee |
| TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II | | | | | | | | |
| 1. Parque de los Pobladores (also known as Gore Park) Use Permit | | | | | | | | |
| 3 Series Permit Fee* | \$105 (series up to 4 events held in 3-month period) | | No Change | | | | | |
| 4 Single-Use Permit Fee* | \$65 (1 to 3 (consecutive) day period for a single event) | | No Change | | | | | |
| Sub-total Parque de los Pobladores (also known as Gore Park) Use Permit | | 77.1% | | 714 | 495 | 495 | 69.3% | 69.3% |
| 2. Paseo/Plaza Use Permit | | | | | | | | |
| 1 "Non-Peak" Extended Permit Fee (Cleaning and Damage Deposit) | \$1,500 (refundable) | | No Change | | | | | |
| 2 "Non-Peak" Extended Permit Fee* | \$285 plus \$285 per each 28 day period (or portion thereof), after the first 28 day period | | No Change | | | | | |
| 3 Easy Urbanism Permit Fee* | | | \$150 per permit | | | | | |
| 4 Limited Special Event and Guaranteed Simple Assembly Permit Fee | \$45 per permit | | No Change | | | | | |
| 5 Permit Amendment Fee | \$245 | | No Change | | | | | |
| 6 Series Events Permit Fee (Cleaning and Damage Deposit) | \$1,500 (refundable) | | No Change | | | | | |
| 7 Series Events Permit Fee* | \$440 | | No Change | | | | | |
| 8 Short-Term Event Permit Fee (Cleaning and Damage Deposit) | \$1,500 (refundable) | | No Change | | | | | |

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| | | | | | Current Fee | Proposed Fee | Current Fee | Proposed Fee |
| TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II | | | | | | | | |
| 2. Paseo/Plaza Use Permit | | | | | | | | |
| 9 Short-Term Event Permit Fee* | \$290 per event not to exceed 28 days including set-up and teardown | | No Change | | | | | |
| 10 Street/Public Sidewalk - Additional Inspection Fee | \$100 per return visit | | No Change | | | | | |
| Sub-total Paseo/Plaza Use Permit | | 81.7% | | 7,873 | 6,415 | 6,415 | 81.5% | 81.5% |
| 3. Permit Cancellation | | | | | | | | |
| 1 Permit Cancellation Fee - 30 days or less notice Note: Applicable to those permits marked with an asterisk (*). | 50% of permit fee | | No Change | | | | | |
| 2 Permit Cancellation Fee - More than 30 days notice Note: Applicable to those permits marked with an asterisk (*). | 25% of permit fee | | No Change | | | | | |
| Sub-total Permit Cancellation | | | | | | | | |
| 4. Private Property Event Permit | | | | | | | | |
| Note: The Vehicle Sales Event Permit was transferred to the Department of Planning, Building and Code Enforcement. | | | | | | | | |
| 1 Administrative Process Fee for Downtown Core Note: Formerly titled "Administrative Process Fee." | \$110 per permit | | No Change | | | | | |
| 2 Private Property Event Permit - Limited Tent Fee* | | | \$450 per event | | | | | |

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| | | | | | Current Fee | Proposed Fee | Current Fee | Proposed Fee |
| TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II | | | | | | | | |
| 4. Private Property Event Permit | | | | | | | | |
| 3 Private Property Event Permit - Reoccurring Site Location Fee* | | | \$450 per event | | | | | |
| 4 Private Property Event Permit Fee* Note: Formerly titled "Non- Vehicle Sales Event" | \$850 per event | | No Change | | | | | |
| Sub-total Private Property Event Permit | | 80.3% | | 9,869 | 8,020 | 8,020 | 81.3% | 81.3% |
| 5. Wayfinding Banner Application | | | | | | | | |
| 1 Wayfinding Banner Application Additional Review Fee | \$98 per hour | | No Change | | | | | |
| 2 Wayfinding Banner Application Review Fee | \$575 per application | | No Change | | | | | |
| Sub-total Wayfinding Banner Application | | | | | | | | |
| SUB-TOTAL TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II | | 80.7% | | 18,456 | 14,930 | 14,930 | 80.9% | 80.9% |
| TOTAL DEPARTMENT - GENERAL FUND | | | | 1,213 | 1,200 | 1,200 | 98.9% | 98.9% |
| TOTAL DEPARTMENT - NON-GENERAL FUND | | | | 18,456 | 14,930 | 14,930 | 80.9% | 80.9% |
| TOTAL DEPARTMENT - Category II | | | | 19,669 | 16,130 | 16,130 | 82.0% | 82.0% |
| TOTAL DEPARTMENT | | | | 19,669 | 16,130 | 16,130 | 82.0% | 82.0% |