

OFFICE OF ECONOMIC DEVELOPMENT

Impact Analysis Report

OVERVIEW

The Office of Economic Development (OED) is responsible for administering the City's Foreign Trade Zone and Subzones, which includes processing applications, boundary modifications, and contract negotiations and expansions. Maintaining a Foreign Trade Zone enhances the City's image and prestige as a foreign trade-friendly major international city and it is an important international economic development tool.

The Office of Cultural Affairs (OCA) is part of the Office of Economic Development. Collection of fees related to OCA activities such as event permit and use permit fees are included in this section. Consistent with past practice, the OCA fees and charges are designated as Category II (fees which may be less than or more than full cost recovery).

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

As a result of the economic downturn, on April 6, 2010, City Council approved a set of strategies to encourage activities and events in the City of San José. The Gated Event on Public Property Fee was suspended through 2011-2012 (from 5% of gross gate receipts to 0%) and the Ticket Charge that can be charged by event producers was increased from a maximum \$15 to a maximum \$30 per person per day to increase potential revenues generated for event producers.

Overall, cost recovery of OCA event fees will increase from 22.2% in 2010-2011 to 33.2% in 2011-2012 due to lower staffing costs combined with higher anticipated activity levels related to the Paseo/Plaza Use Permit Fees.

To align fees with those charged by other Foreign Trade Zone grantees throughout the U.S., fee increases for Foreign Trade Main Zone and Foreign Trade Subzones are recommended. In the Foreign Trade Main Zone category, the annual fee for an active main zone operator will be increased from \$350 to \$3,000. In the Foreign Trade Subzone category, the application fee will be increased from \$3,000 to \$5,000 and the annual fee for an active subzone operator will be increased from \$5,000 to \$15,000. These proposed fee revisions are not expected to have a significant impact on Foreign Trade Subzone or Main Zone applicants or operators.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 6, 2011, 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 17, 2011, at 7:00 p.m. and Monday, June 13, 2011 at 7:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

Service	2010-2011 Adopted Fee	2010-2011 % Cost Recovery	2011-2012 Proposed Fee	2011-2012 Estimated Cost	2011-2012 Estimated Revenue		2011-2012 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
ECONOMIC DEVELOPMENT - CATEGORY II									
1. Foreign Trade Main Zone									
1 Additional Zone Application Fee	\$3,200		No Change						
2 Annual Fee	\$350		\$3,000						
3 Expansion Fee	\$1,600		No Change						
4 Performance Fee	\$100		No Change						
2. Foreign Trade Subzone									
1 Annual Fee	\$5,000		\$15,000						
2 Application Fee	\$3,000		\$5,000						
SUB-TOTAL ECONOMIC DEVELOPMENT - CATEGORY II		100.0%		15,300	10,600	15,300	69.3%	100.0%	
OFFICE OF CULTURAL AFFAIRS-CATEGORY II									
1. Gated Event on Public Property									
1 Gated Event on Public Property Fee	0% of gross gate receipts (unless modified by a contractual agreement approved by City Council)		No Change						
Note: Fee suspended through 2011-2012 per City Council direction on April 6, 2010.									
2 Ticket Charge	Maximum \$30 per person per day (unless modified by a contractual agreement approved by City Council)		No Change						
Sub-total Gated Event on Public Property				30,000					
2. Paseo/Plaza Use Permit Fee									
1 Extended Permit Fee	\$275 plus \$275 per each 28 day period (or portion thereof), after the first 28 day period		No Change						

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee
OFFICE OF CULTURAL AFFAIRS-CATEGORY II								
2. Paseo/Plaza Use Permit Fee								
2 Permit Amendment Fee	\$235		No Change					
3 Series Permit Fee	\$420		No Change					
4 Short-Term Permit Fee	\$275 for event not to exceed 28 days including setup and teardown		No Change					
Sub-total Paseo/Plaza Use Permit Fee		17.9%		20,850	7,500	7,500	36.0%	36.0%
3. Private Property Event Permit								
1 Downtown Core Commercial Zoned Multiple-Event Permit	\$1,200		No Change					
2 Non-vehicle sales event	\$850 per event		No Change					
3 Vehicle sales event	\$595 per event		No Change					
Sub-total Private Property Event Permit		56.4%		14,000	14,000	14,000	100.0%	100.0%
4. Wayfinding Banner Application								
Note: These fees were adopted by City Council on December 14, 2010 after the Adoption of the 2010-2011 Adopted Fees and Charges Report.								
1 Wayfinding Banner Application Additional Review Fee			\$89 per hour					
2 Wayfinding Banner Application Review Fee			\$535					
Sub-total Wayfinding Banner Application								
SUB-TOTAL OFFICE OF CULTURAL AFFAIRS-CATEGORY II		22.2%		64,850	21,500	21,500	33.2%	33.2%

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

Service	2010-2011 Adopted Fee	2010-2011 % Cost Recovery	2011-2012 Proposed Fee	2011-2012 Estimated Cost	2011-2012 Estimated Revenue		2011-2012 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
TOTAL DEPARTMENT - GENERAL FUND				80,150	32,100	36,800	40.0%	45.9%
TOTAL DEPARTMENT - Category II				80,150	32,100	36,800	40.0%	45.9%
TOTAL DEPARTMENT				80,150	32,100	36,800	40.0%	45.9%