

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 City, and a major international city as well. It is also an important international economic development tool for the City of San José.

The Office of Cultural Affairs (OCA) is also part of the Office of Economic Development. Collection of fees related to OCA activities, including various 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

Fees for a few programs in the Office of Economic Development were approved to be adjusted to maintain or increase cost recovery levels. A discussion of the fee revisions is also provided in the 2009-2010 Proposed Operating Budget – General Fund Revenue Estimates section.

Existing Fees

In 2009-2010, changes have been proposed to the Paseo/Plaza Use Permit fees and the Private Property Event Permit fees as a result of a reevaluation of costs to administer these permits; and the Maximum Gate fee language has been clarified. The following are proposed fee changes for the Paseo/Plaza Use Permit Fee: the Series Permit Fee is proposed to change from \$350 to \$420, and the Permit Amendment Fee is proposed to change from \$100 to \$235. These proposed fee changes would increase cost recovery from 22.2% to 25.5% in that category, slightly higher than the current year cost recovery level of 22.2%. The Private Property Event Permit fees are proposed to increase from \$500 per event to \$850 per event for non-vehicle sales events, and decrease from \$1,000 to \$595 per event for vehicle sales events. The overall Private Property Event Permit fee category cost recovery rate of 86.4% proposed for 2009-2010 would be below the current year level of 100%, in order to phase in the impact of the Private Property Event Permit fee increase resulting from a reevaluation of costs to administer these permits.

New Fees

There are two new Paseo/Plaza Use Permit fees proposed in 2009-2010 to replace the proposed deletion of the Permit Fee. The Short-Term Permit Fee of \$275 would be assessed for any events not to exceed 28 days including setup and teardown activities. The Extended Permit Fee would levy an additional \$275 per each 28 day period (or portion thereof) after the first 28 day period covered under the \$275 Short-Term Permit Fee.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS (CONT'D.)

Deleted Fees

The Permit Fee of \$200 is proposed to be deleted and replaced with two new fees: the Short-Term Permit Fee and Extended Permit Fee.

DISCUSSION OF SIGNIFICANT IMPACTS

The fee revisions adopted for the Office of Economic Development are not expected to have a significant impact on the Department's customers.

NOTIFICATION

This Proposed Fees and Charges Report was released on May 1, 2009, 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 scheduled for Tuesday, May 12, 2009 and Monday, June 15, 2009 at 7:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

Service	2008-2009 Adopted Fee	2008-2009 % Cost Recovery	2009-2010 Proposed Fee	2009-2010 Estimated Cost	2009-2010 Estimated Revenue		2009-2010 % 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	100.0%	No Change	350	350	350	100.0%	100.0%	
3 Expansion Fee	\$1,600		No Change						
4 Performance Fee	\$100	100.0%	No Change	100	100	100	100.0%	100.0%	
Sub-total Foreign Trade Main Zone		100.0%		450	450	450	100.0%	100.0%	
2. Foreign Trade Subzone									
1 Annual Fee	\$5,000	100.0%	No Change	5,000	5,000	5,000	100.0%	100.0%	
2 Application Fee	\$3,000		No Change						
Sub-total Foreign Trade Subzone		100.0%		5,000	5,000	5,000	100.0%	100.0%	
SUB-TOTAL ECONOMIC DEVELOPMENT - CATEGORY II		100.0%		5,450	5,450	5,450	100.0%	100.0%	
OFFICE OF CULTURAL AFFAIRS-CATEGORY II									
1. Gated Event on Public Property									
1 Gated Event on Public Property Fee	5% of gross gate receipts (unless modified by a contractual agreement approved by City Council)		No Change						
2 Ticket Charge	\$15 per person (unless modified by a contractual agreement approved by City Council)		Maximum \$15 per person per day (unless modified by a contractual agreement approved by City Council)						
Sub-total Gated Event on Public Property		79.4%		28,688	23,000	23,000	80.2%	80.2%	

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

Service	2008-2009 Adopted Fee	2008-2009 % Cost Recovery	2009-2010 Proposed Fee	2009-2010 Estimated Cost	2009-2010 Estimated Revenue		2009-2010 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
OFFICE OF CULTURAL AFFAIRS-CATEGORY II								
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					
2 Permit Amendment Fee	\$100		\$235					
3 Permit Fee	\$200		Delete					
4 Series Permit Fee	\$350		\$420					
5 Short-Term Permit Fee			\$275 for event not to exceed 28 days including setup and teardown					
Sub-total Paseo/Plaza Use Permit Fee		22.2%		50,787	7,750	12,965	15.3%	25.5%
3. Private Property Event Permit								
1 Non-vehicle sales event	\$500 per event		\$850 per event					
2 Vehicle sales event	\$1,000 per event		\$595 per event					
Sub-total Private Property Event Permit		100.0%		19,579	14,500	16,915	74.1%	86.4%
SUB-TOTAL OFFICE OF CULTURAL AFFAIRS-CATEGORY II		54.6%		99,054	45,250	52,880	45.7%	53.4%
TOTAL DEPARTMENT - GENERAL FUND				104,504	50,700	58,330	48.5%	55.8%
TOTAL DEPARTMENT - Category II				104,504	50,700	58,330	48.5%	55.8%
TOTAL DEPARTMENT				104,504	50,700	58,330	48.5%	55.8%