THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: March 25, 2009 REPORT NO: 09-035

ATTENTION: Council President and City Council

SUBJECT: Special Event Public Safety User Fees

REFERENCE:
1. General Fund User Fee Policy Report, Dated February 12, 2009, to Members of the Budget and Finance Committee and Members of City Council.
2. February 25, 2009 Budget and Finance Committee Meeting.
3. IBA General Fund User Fee Policy.

REQUESTED ACTION:

Adopt the revised and new Police Department and Fire-Rescue Department Fees and revision to Municipal Code Section 22.4006(c).

STAFF RECOMMENDATIONS:

Approve the revised and new Police Department and Fire-Rescue Department Fees and revision to the Municipal Code Section 22.4006(c).

SUMMARY:

The City of San Diego provides a number of public safety services to support special events and related activities throughout the City of San Diego. These events and activities range in scope from civic events such as festivals, parades, and runs sponsored by non-profit organizations to commercial public events, private corporate parties, collegiate and professional sports activities, concerts, exhibits and events in convention facilities and hotels, along with other activities such as filming.

In conjunction with the City's effort to implement a comprehensive fee policy, the Police Department and Fire-Rescue Department have undertaken a review of their departmental fees. Because both departments provide significant levels of on-site operational support and regulatory review to a wide-variety of event types, event-related fees from these two departments are being

presented together. Fee methodology, community participation and public outreach, along with key stakeholders and projected impacts are presented in the User Fee Reports to Council submitted by the Police Department and Fire-Rescue Department.

Other City departments that periodically are involved in the on-site or regulatory management of special events typically bill the user at City Council approved rates and fees. Special event support from city departments varies on an event-by-event basis depending upon the components of an activity and is not included in this report. Examples include the review of grandstands and major tent structures by Development Services or issuance of a park use permit by the Park and Recreation Department should the event take place on park land.

This report is presented in three sections:

1. Police Department and Fire-Rescue Department Special Event Rate and Fee Background
2. Police Department and Fire-Rescue Department Proposed Special Event Rates and Fees
    a. Proposed Amendment to Municipal Code Section 22.4006(c) eliminating free city services provided by the Police Department
    b. Proposed revisions to Police Department Rates
    c. Proposed revision to Fire-Rescue Department Rates and Fees
3. Impact of the Police Department and Fire-Rescue Department Proposed Special Event Fee and Rates Changes to City Agreements
    a. San Diego Chargers
    b. San Diego State University Aztecs
    c. San Diego Padres

Should the City Council adopt the recommendations presented in this report, the anticipated additional revenue to the General Fund is $1.45 million with an estimated $1,000,000 generated to fully recover Police Department costs and approximately $450,000 to fully recover the cost for services provided by the Fire-Rescue Department.

1. POLICE AND FIRE-RESCUE DEPARTMENTS SPECIAL EVENT RATE AND FEE BACKGROUND

BACKGROUND:

The following City Council approved rates, fees, and Municipal Code section are associated with the provision of Police and Fire-Rescue Department services at special events:

Police Department

Special Services/Non-profit Rate

On June 10, 2003, the City Council reaffirmed the Special Services rate of $55 per hour for any level of Police Officer and $22 per hour for traffic control staff required to support an event.

The City Council action recognized that the Special Services/Non-profit rate did not reflect full cost recovery and was established, in part, as an acknowledgment of the community and economic development contributions events and other activities make to the San Diego economy.

Provision of free city services to tax-exempt organizations
The Special Events Ordinance was first approved in 1989 and had a provision which provided the first $3,000 of City services, to tax exempt organizations. On June 10, 2003, the City Council amended the Special Events Ordinance Section 22.4006(c) to reduce the level of free City services from $3,000 to $1,000 for tax-exempt organizations. The $1,000 provision of free city services is in addition to the less than full cost recoverable Special Services rate and is absorbed by the Police Department.

Commercial Events and Other Activities
On May 25, 2004, the City Council established a Commercial Event and Activity Rate of $75 per hour for police services and $30 per hour for traffic control services for commercial events and other activities to be differentiated from the special services rate charged to tax-exempt 501(c) organizations conducting public events on public property. The City Council exempted commercial filming entities from paying the commercial rate and are currently charged at the Special Services/Non-profit rate.

The Police Department FY08 total cost and billable amounts for the provision of public safety services at special events, exclusive of the Charger, Aztec, and Padre agreements, are summarized below:

Police Department			
Category	Full Cost	Billable Amount Per Council Rate/Policy	Percentage Full Cost Recovery
Qualcomm Stadium Misc. Events[1]	395,284.87	312,239.00	78.99%
Sports Arena Events[1]	52,485.45	47,149.50	89.83%
Petco Park Misc. Events[1]	50,918.62	33,770.00	66.32%
Movie Support[2]	144,755.38	84,953.00	58.69%
Civic Events – Non-profit[3]	1,511,963.90	782,024.90	51.72%
Civic Events-Commercial[4]	113,231.13	95,811.90	84.62%
Misc. Support Services[5]	251,721.93	240,751.50	95.64%
Total	$2,520,361.28	$1,596,699.80	63.35%

[1] Events were billed at the non-profit or commercial City Council approved rates depending upon documentation submitted to the Police Department
[2] Activities were billed at the non-profit City Council approved rates.
[3] Events received special event permits and qualified for the City Council approved non-profit rate and $1,000 in free city services provided by the Special Events Ordinance.
[4] Events received special event permits and were billed at the City Council approved commercial rate.
[5] Activities requiring Police Department support and were billed at the City Council approved commercial rate.

Fire-Rescue Department

Stand-by and Inspection Services

On June 10, 2003, the City Council increased the Stand-by and Inspection Services rate from $60per hour with a two hour minimum during non-business hours to $80per hour with a two hour minimum during non-business hours.

The City Council approved the practice of providing the first two hours of Stand-by and Inspection Services free of charge during customary business hours with the remainder of services being billed at the Fire-Rescue department rate of $80 (including the two hour minimum) following the initial two free hours.

The City Council also directed the Fire-Rescue Department to begin charging for operational support services at the Fire-Rescue Department rate.

Public Assembly Permits

On June 10, 2003, the City Council adopted a $64 permit fee for plan check and site inspection activities associated with public assembly permits that take place during customary business hours and require less than two hours of site inspection and stand-by time. Services provided beyond the two hours or during non-business hours to be billed at the Stand-by and Inspection Services rate. Although authorized by City Council to assess a fee for public assembly permits, past practice has been to not charge non-profit organizations.

Fireworks/Pyrotechnic/Special Effect/Laser Permits

On June 10, 2003, the City Council adopted a $64 permit fee for plan check and site inspection activities associated with fireworks/pyrotechnic/special effect/laser permits that take place during customary business hours and require less than two hours of site inspection and stand-by time. Services provided beyond the two hours or during non-business hours to be billed at the Stand-by and Inspection Services rate.

Trade Show Permits

On June 10, 2003, the City Council adopted a $128 permit fee for plan check and site inspection activities associated with trade show permits that take place during customary business hours and require less than two hours of site inspection and stand-by time. Services provided beyond the two hours or during non-business hours to be billed at the Stand-by and Inspection Services rate.

Tent/Canopy Permits

On June 10, 2003, the City Council adopted the following rates for plan check and site inspection activities associated with tent/canopy permits that take place during customary business hours and require less than two hours of site inspection and stand-by time:

Fee	Square Footage
$00	0-400
$50	401-2,000
$100	2001-10,000
$250	10,001+

Services provided beyond the two hours or during non-business hours to be billed at the Stand-by and Inspection Services rate.

The Fire-Rescue Department FY08 total cost and billable amounts for the provision of public safety services at special events are summarized in the following table:

Fire-Rescue Department			
Category	Full Cost	Billable Amount Per Council Rate/Policy	Percentage Full Cost Recovery
Public Assembly Permit	60,970	19,264	31.60%
Fireworks/Pyrotechnic Permit	29,302	10,304	35.16%
Trade Show Permits	43,316	30,464	70.33%
Tent/Canopy Permits	82,628	47,450	57.43%
Standby Services	580,628	240,960	41.48%
Total	$797,102	$348,442	43.71%

2. PROPOSED POLICE DEPARTMENT AND FIRE-RESCUE DEPARTMENT RATE AND FEE REVISIONS:

The proposed fee revisions to the Police Department and Fire-Rescue Department rate and fee schedule, combined with the proposed amendment to the Special Events Ordinance would achieve 100% full cost recovery for the provision of public safety support services at special events.

A. Amend the Special Events Ordinance Section 22.4004(c) to eliminate the provision of free city services to tax-exempt organizations.

B. Adopt one Police Department Special Event and Services rate structure for all types of events and activities that reflects full cost recovery for services provided as follows:

Police Department						
Type of Fee	Fee Application	Existing Fee	Pct. Cost Recovery	Proposed Fee	Pct. Cost Recovery	Last Update
Special Event and Services Rate-Police	Per Hour/Position	$55 non-profit	57.29%	$96	100%	2003
		$75 commercial	78.13%			2004
Special Event and Services Rate-- Traffic Control	Per Hour/Position	$22 non-profit	73.33%	$30	100%	2003
		$30 commercial	100.00%			2004

C. Adopt the following Fire-Rescue Department fees and rates that reflect full cost recovery for services provided:

Fire-Rescue Department						
Type of Fee	Fee Application	Existing Fee	Pct. Cost Recovery	Proposed Fee	Pct. Cost Recovery	Last Update
Public Assembly Permits	Per Event	64	70.33%	91	100%	2003
Public Assembly Permits - Non-Profit Organizations[6]	Per Event	0	0.00%	91	100%	2003
Fireworks/Pyrotechnics Permits	Per Event	64	35.16%	182	100%	2003
Trade Show Permits	Per Event	128	70.33%	182	100%	2003
Tent/Canopy Permits	401 - 2,000 sq ft	50	54.95%	91	100%	2003
	2,001 - 10,000 sq ft	100	54.95%	182	100%	2003
	Larger than 10,000 sq ft	250	68.68%	364	100%	2003
Standby Services*	Standard Oversite Events (hourly)	80	84.21%	95	100%	2003
	Advanced Oversite Events (hourly)	80	57.97%	138	100%	2003

***Standard Oversight Events**
Standard oversight events are events that have routine safety requirements and risks associated with them, and can be adequately covered with minimal staffing. Examples are basic street fairs, block parties, parades, and fireworks displays.

***Advanced Oversight Events**
Advanced oversight events are events that because of greater safety concerns to the public or potentially greater risks associated with the type of event, have more stringent safety requirements, and often require additional staffing with appropriate supervision or command. Examples are major sporting events, large venue public assemblies, major concerts and other large-scale, multifaceted events.

[6] This fee was authorized by the City Council in 2003 but not implemented.

3. IMPACT OF PROPOSED FEE AND RATE CHANGES TO CITY COUNCIL APPROVED AGREEMENTS:

The City of San Diego maintains individual agreements with the San Diego Chargers, San Diego State University, and San Diego Padres. Each of these agreements contain varying terms with regard to the payment for city services and none of the agreements contain terms that allow for the full cost recovery of services provided to these entities.

The cost to the Police Department and Fire-Rescue Department and reimbursable amounts under the terms of the agreements is presented below:

Category	Police Department			Fire-Rescue Department			Total Full Cost	Total Reimbursable
	Full Cost	Council Rate	Reimbursable per Agreement	Full Cost	Council Rate	Reimbursable per Agreement		
Chargers	1,451,806	1,136,448	417,668	25,036	24,000	0	1,476,842	417,668
Aztecs	150,695	121,001	56,845	7,754	7,200	0	158,449	56,845
Padres	1,771,389	914,640	856,749	135,642	128,400	0	1,907,031	856,749
Total	$3,373,890	$2,172,089	$1,331,262	$168,432	$159,600	$0	$3,542,322	$1,331,262

Should the City Council adopt the proposed fee and rate changes to public safety services provided by the Police Department and Fire-Rescue Department, the action will affect the City's ability to recover costs in the following manner:

A. San Diego Chargers

The agreement between the City of San Diego and the San Diego Chargers allows the City of San Diego to bill the Chargers the overtime hourly wage cost associated with providing such San Diego police officers. The total cost shall be divided equally between the City and Chargers.

The agreement requires the City to pay for customary costs associated with public safety and traffic control personnel necessary to police and control the streets and parking facilities that support Charger events at Qualcomm Stadium. The agreement does not contain provisions that address the cost of Fire-Rescue Department stand-by and inspection services required in compliance with the California Fire Code. Historically, the City of San Diego has not recovered these costs.

Impact of Proposed Fee Changes to San Diego Charger Agreement

Increasing the Police Department special event rate will not affect the level of cost recovery allowed in the Agreement.

Payment of additional costs outside the Agreement such as Fire-Rescue Department services would have to be negotiated with the Chargers as an additional item. City Council approval of the additional agreement would be required.

B. San Diego State University Aztecs
The City's Agreement with San Diego State University for the use of Qualcomm Stadium and the provision of city services during games has expired.

Impact of Proposed Fee Changes to San Diego State University Agreement
Any rate or fee changes made by the City Council will be incorporated in the ongoing negotiations between the City of San Diego and San Diego State University. The Agreement will require City Council approval.

C. San Diego Padres
Proposition C passed by the citizens of San Diego established the groundwork for the building of PETCO Park and contained language that the Padres would receive the same level of City services as that which had been usual and customary to those provided to the Padres when they were located at Qualcomm Stadium. This concept was later memorialized in the Joint Use and Management Agreement (JUMA) between the City of San Diego and San Diego Padres that was adopted by City Council on February 1, 2000.

On November 20, 2007, the City Council authorized the execution an agreement between the City of San Diego and San Diego Padres that provided clarity to the Joint Use and Management Agreement's usual and customary benchmarks for police and traffic control services at PETCO.

As a result of the agreement, the Padres paid the City of San Diego a lump sum of $1.1 million for the cost of services provided in Fiscal Years 2005, 2006, and 2007. This agreement further clarified the method by which the fiscal years 2008 and forward billing will be calculated to increase the amount reimbursed to the City of San Diego.

The original JUMA and subsequent clarifying agreement did not address the provision for Fire-Rescue Department services. Payment of additional costs outside the JUMA and clarifying letter of agreement by the San Diego Padres would have to be negotiated with the City of San Diego as an additional item. City Council approval of the additional agreement would be required.

Impact of Proposed Fee Changes to San Diego Padre Agreement
The Agreement calls for the Padres to pay the commercial or successor police and traffic control rates in effect at the beginning of each baseball season. Therefore, any rate increases adopted by the City Council as a result of this report will become effective in the spring of 2010.

Payment of additional costs outside the JUMA and clarifying letter of agreement by the San Diego Padres would have to be negotiated with the City of San Diego as an additional item. City Council approval of the additional agreement would be required.

Summary of Proposed Fee Changes to Agreements

A summary of the proposed rate and fee changes to existing city agreements follows:

Category	Police Department and Fire-Rescue Departments		
	Total Current Full Cost	Total Current Reimbursable per Agreement	Proposed Rates and Fees Total Reimbursable
Chargers	1,476,842	417,668	417,668
Aztecs	158,449	56,845	158,449
Padres	1,771,389	856,749	1,015,749
Total	$2,764,935	$934,148	1,591,866

CONCLUSION:

The proposed user fee updates provide the path to ensuring that user services accomplish the goals of providing safe venues, complying with regulations implemented to protect lives and properties and fully recovering the costs associated with the target fees by charging the particular groups impacted accordingly. The fees as proposed are consistent with the City's fee policy in effect and are designed to achieve cost recovery in an equitable manner.

The proposed changes, however, will have a limited affect on the reimbursable amount paid to the City by the Chargers and Padres unless additional agreements are negotiated with these entities.

Respectfully submitted,

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