



# Revenue Bureau

## Special Events Program: An Analysis of Costs, Program Development and Recommendations

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**Presented to**  
Sue Klobertanz, Director  
and  
Terri Williams, License & Tax Division Manager  
City of Portland, Revenue Bureau

**Written and Presented by**  
Jennifer McFarland  
MPA Candidate  
Hatfield School of Government  
Portland State University



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## Executive Summary

Special events are an important dimension to the overall vitality of the City of Portland. Events bring community members together and draw tourists into the City. The focus of this review is the Special Events Program within the Revenue Bureau's Regulatory Division, which administers permits for moving special events on city streets. This review was conducted during the summer of 2008 and was limited to assessing the current special events policies of the City, comparing the City's cost recovery model with other jurisdictions, researching the economic impact of special events on local communities, and developing policy recommendations. The Revenue Bureau seeks a policy that strikes a balance between cost recovery and city subsidies for public services as outlined in comprehensive financial management policy FIN-2.06.

Special events on city streets involve political groups, neighborhood groups, nonprofit organizations, for-profit organizations, and professional event planners and promoters who obtain permits to use public streets. The City subsidizes approximately 95% of the costs for all special events regulated by the Revenue Bureau. Although the City has a history of subsidizing these events, several factors, including the lack of a rate increase since 2001, and a 78% increase in the number of events since 2001, has led to unrecovered costs of \$802,312 in 2007 for the Revenue Bureau, Portland Police Traffic Division<sup>1</sup>, and Portland Department of Transportation<sup>2</sup> (PDOT).

While the process for administering special events applications aligns with other cities, the flat fees Portland charges for special events is an outmoded system rarely utilized by comparable cities. Moreover, cities that employ fee structures similar to Portland's have a similar erosion of cost recovery which has led to strains on city services and moratoriums on the number of events. This is because there is no direct correlation between a flat fee and the actual impact and costs an event has on a city. Cities that recover direct costs for special events generally have as many (or more) events as Portland and do not face fiscal or personnel challenges. Currently, Portland is not a leader in managing special events. Yet, several policy options, including the development of a fee schedule based on city services rendered, are available for Portland to develop to become a leader in the administration, promotion and production of special events.

During stakeholder meetings, some event planners stated they could afford to pay full cost recovery while many organizers expressed concern about sweeping changes to the policy. This underscores the need for Portland to consider changes to its current policy. Some events do not need a full City subsidy to continue producing events (i.e., events that charge an entry fee) while smaller events may need a City subsidy to continue. At the stakeholder meetings, event organizers established a willingness to pay about 20% of direct costs.

We found that the model used for special events economic impact studies imply that city subsidies fill a gap that would not be filled by private industry – an implication not supported by survey data or stakeholder meetings. Additionally, economic impact statements – unlike cost/benefit analyses – do not consider the costs of special events in their analysis (including

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<sup>1</sup> Portland Police Bureau revenues and expenses are for the Traffic Division only.

<sup>2</sup> PDOT, like the Portland Police Bureau, may have additional special events expenses.

infrastructure costs, displacement costs and opportunity costs). Therefore, economic impact statements that use an input-output model that does not include costs or considerations of the public interest should be heavily scrutinized.

This study revealed policy recommendations based on stakeholder input and surveys of other municipalities.

1. **Formal routing recommendations for event organizers.** Due to the direct correlation between an event's route and the cost for city services, the City will develop a database of low-, medium-, and high-impact routes requiring various levels of city services. This will result in a fee schedule based on routing and the costs associated with servicing particular routes. For example, if an event organizer wants a "deluxe" event requiring a high level of service (i.e., a route that crosses bridges, MAX tracks and reroutes traffic on major arterials) then the organizer would pay more than an event that chooses a lower-impact route. While event organizers will not be required to use these routes, routing recommendations provide a basis for discussion to strike a balance between larger, big-budget events and smaller, volunteer-based events.
2. **"A La Carte Menu" of city services and associated costs.** Since the cost of a special event can be accurately estimated, the City should develop a "menu" of costs utilizing the criteria that affect the overall costs to service special events (i.e., location, length of event, transportation (streetcar, barricades, maintenance) impacts, and number of police personnel needed). By working with the Special Events Coordinator to reduce costs, event planners would pay a percentage of the total costs of the city services they use. This recommendation, like the formal routing recommendations, balances city resources with event budgets.
3. **Separate "Free Speech" permit.** Creating a separate "Public Assemblies" permit for demonstrations and free speech events serves as a "best practice" among other municipalities. "Free speech" events tend to be one-time, grassroots events. As events that encourage community discourse that are free and open to the public, the Revenue Bureau seeks to continue to receive notification through the development of a free "Public Assembly" permit for moving events on city streets and sidewalks, but will not seek cost recovery for these types of events. This achieves the City's objective of providing traffic plans and crowd control while continuing the tradition of "free speech" being free on Portland's streets. Like other events, "free speech" organizers will be encouraged to use routes that both meet their objectives and have a lower impact on city services.
4. **Provisions for "events within an event."** As the City changes from the current flat fee system, it is recommended that the City develop fees to address the additional planning and resources for events within an event (i.e., 5K, half-marathon, marathon, bike ride, and walk all under one "Event X" permit). Currently, events pay one fee based on the name of the event rather than separate fees for each event within one event banner. Multiple events with different routes increases traffic impacts, planning time, personnel, and the overall burden an event has on city resources.

## Chapter 1: Introduction

This report includes a review of the Special Events Program within the Regulatory Division of the Revenue Bureau. The review was requested by the Mayor's Office in response to recommendations made after a Portland Police Bureau Audit as well as citywide discussions regarding cost recovery for city services. This review was conducted during the summer of 2008 and limited to the areas specified in the Scope and Methodology section. Please see Appendix 1 for more specific information.

### Defining Special Events

The scope of the special events rate study is to review the special events regulated by the Revenue Bureau and to explore policy options to address the annual deficits. The Bureau only issues permits and assesses fees “for walks, marches, parades, athletic events or other processions in streets or on sidewalks based on the need to maximize the safety of street and sidewalk use participants and others; minimize[s] inconvenience to the general public and disruption of public services caused by street and sidewalk use permits; and, provide[s] the public with the opportunity to exercise constitutionally protected rights of assembly and expression<sup>3</sup>.”

Events that have a static component (i.e., a 5K race with a finish/celebration inside a city park) usually require separate permits for the static component from other agencies (i.e., Portland Parks or PDOT). This rate study does not include permits issued by Portland Parks and Recreation for static events solely inside a city park (i.e., beer festivals and music festivals), because Portland Parks collects fees for use of city parks and the fees collected by the Revenue Bureau are not dispersed to Portland Parks. Further, this study does not include static events on city streets such as block parties or street festivals which are permitted through other agencies. This narrow definition of special events resulted in 123 special events permits issued by the Revenue Bureau in 2007.

### Special Events Permitting Background

In 1989, a joint city task force coordinated by Mayor Bud Clark proposed that the City raise fees from \$25 for a street use permit to between \$50 and \$300<sup>4</sup>. At that time, special events were coordinated through the Mayor's Office, and the “task force discovered that the city spent \$367,000 providing police, barricades, route mapping, street cleaning and other services to road events”<sup>5</sup> – a figure that has more than doubled today. With Resolution No. 34636<sup>6</sup> the City Council determined that special events should be heavily subsidized by Portland presumably in an effort to increase tourism, business, and livability in the city<sup>7</sup>. In 1989, the task force established a tiered classification system based on scheduling, route review and police and traffic support. Between 1989 and 2001, the number of classifications changed from 4 to 5 and the rates changed from \$57 to \$2,300.

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<sup>3</sup> Street and Sidewalk Use Administrative Rules, City of Portland, Revenue Bureau.

<sup>4</sup> S.C. Ames. (1989). “Events Using City Streets Face Higher Fees.” *The Oregonian*. 13 December 1989. Portland Zoner: East Zoner, Section C, page 2.

<sup>5</sup> Id., Ames.

<sup>6</sup> City of Portland, City Council, Resolution No. 34636, November 15, 1989.

<sup>7</sup> Id., Ames.

In 2001, the fees were altered slightly and the classifications changed to capture the *types* of events permitted by the Revenue Bureau rather than classifying events based on the general city services required. Although this categorization of events made sense in 2001, when there were about 60-70 events per year, there has been a 78% increase in the number of events from 2001 to 2007<sup>8</sup>. As the surveys of other municipalities revealed, comparable cities do not use similar categories or classifications as criteria for special events permits (as outlined in Figure 1-1). The rationale comparable cities have for using broader categories is that most cities are concerned with the use of city resources rather than trying to capture the complexity of events within categories utilizing a flat fee system. Portland’s event organizers stated they feel the “event types” are confusing and do not capture the complexity of special events in the City. Portland’s use of a flat fee system is one of the largest contributing factors to the erosion of the cost recovery rate from 20%-30% in 1989 to about 5% in 2007.

**Figure 1-1: 2001-present<sup>9</sup>: Special events permit fee rate schedule**

| Event Type     | Criteria  | Fee        | Fee Allocation  |
|----------------|---|------------|---|
| Small Sidewalk | Less than 200 people; held on sidewalk; obey all traffic regulations; no city support required  | None       | N/A   |
| Large Sidewalk | At least 200 people; held on sidewalk; obey all traffic regulations; minimal city support required  | None       | N/A   |
| Street         | At least 75 people; held in street; police and maintenance support, if needed, due to interference with regular vehicle traffic   | None       | N/A   |
| Small Parade   | At least 75 people and the combination of people, vehicles and/or animals is less than 10 blocks in length and the route is generally less than one mile long; held in street; limited animals or vehicles allowed; police and maintenance support including mapping and traffic control devices due to interference with regular vehicle traffic | \$70.00    | Admin. \$70.00  |
| Large Parade   | At least 75 people and the combination of people, vehicles and/or animals is greater than 10 blocks in length and the route is generally longer than one mile; held in street; animals or vehicles allowed; police and maintenance support including mapping and traffic control devices due to interference with vehicular traffic               | \$575.00   | Admin. \$115.00<br>Police \$287.50<br>Maint. \$172.50   |
| Small Athletic | At least 200 people; held in the street; sponsor supplies security, traffic and maintenance support   | \$70.00    | Administrative  |
| Large Athletic | At least 750 people; held in street; substantial police and maintenance support due to interference with vehicular traffic, number of people, and length  | \$1,150.00 | Admin. \$190.00<br>Police \$580.00<br>Maint. \$380.00   |
| Extra Large    | Requires more than 120 hours of city time; at least 750 people; spectators and/or long route; animals or vehicles allowed; substantial police and maintenance support because of interference with vehicular traffic, large number of people and length   | \$2,300.00 | Admin. \$345.00<br>Police \$1,195.00<br>Maint. \$760.00 |

<sup>8</sup> SOURCE: Revenue Bureau, database

<sup>9</sup> Rates for 2009 have been adjusted based on the Consumer Price Index, per Administrative Regulations.

|                |  |                         |   |
|----------------|--|-------------------------|---|
| Exceptions     | Only used if proposed street and sidewalk use does not fall into one of the other categories                                   | TBD                     | TBD                                       |
| Extra Services | <ul style="list-style-type: none"> <li>• Signal Modification</li> <li>• Street Sweeping</li> <li>• Ramps for floats</li> </ul> | \$288<br>\$288<br>\$288 | Maintenance<br>Maintenance<br>Maintenance |

SOURCE: Revenue Bureau, Administrative Regulations, 2008.

## Special Events: Roles and Responsibilities

### *Revenue Bureau Role in Special Events*

Since 1994, the Revenue Bureau has served as the administrator for moving special events. The Special Events Coordinator (SEC), working on behalf of the Revenue Bureau Director, leads the Special Events Committee and coordinates all special events permit communication among agencies and organizers.

### *Special Events Committee*

The Special Events Committee's primary responsibilities are to ensure public safety, efficient use of city services and freedom of mobility to nonparticipants (i.e., business access, residential access and access to transit system). Additionally, the Special Events Committee develops pre-approved routes for small athletic uses, reviews applications for exceptional uses, reviews changes to administrative regulations for special events, determines whether a closed course is necessary, and periodically reviews the effectiveness of City resources provided for permitted uses. The members of the Special Events Committee are:

- Special Events Coordinator, Revenue Bureau (Chair)
- Bureau of Police
- Bureau of Fire
- Bureau of Maintenance
- Tri-Met
- Bureau of Transportation Engineering
- Bureau of Traffic Management
- Parks and Recreation
- Office of Neighborhood Involvement
- Three citizen representatives

### *Special Events Organizers*

The role of the special events organizers is to plan a safe and legal event. The primary responsibility of event organizers is to contact the SEC and submit an application for a permit early in the planning process. Event planners are discouraged from publicizing their events until the route is deemed safe by the Special Events Committee, the date is cleared, and a permit issued. Additionally, it is the responsibility of the organizer to contact the SEC with any changes to the event and arrange for a revised permit.

### ***Application Process***

Upon receipt of a permit application, it is sent to members of the Special Events Committee, and data from the application is entered into the special event database. After receiving comment from the Special Events Committee, if there are no problems, the permit is issued to the event organizer.

If the event poses problems for the Special Events Committee (ranging from a date conflict to use of roads with construction) then the SEC contacts the event organizer to discuss the options. If an agreement can be reached, then the Special Events Committee is contacted for final comment. If there are no questions or concerns, the SEC issues a permit. If there are questions or concerns, the SEC asks the event organizer to meet with the Special Events Committee so a final decision can be made.

For large events, or events that require substantial police, maintenance and/or transit disruptions, a meeting is scheduled with the Special Events Committee and event organizers. At the meetings, issues are discussed and consensus is built between event organizers and the Special Events Committee. Sometimes this means rerouting an event; other times, it means the City accommodates the event organizers' requests. If issues can be resolved (which may require multiple meetings) the permit is issued.

### **2007 Events and Event Costs**

As Figure 1-2 illustrates, larger events tend to require more city services. Since larger events pay fewer secondary police contracts there is a greater discrepancy between fee revenue and city expenses. In addition to the net unrecovered direct costs of \$404,979.28, there is an additional \$397,333.17 in unrecovered indirect costs. In 2007, the total unrecovered costs for special events were about \$802,312.

The increase in the number of events coupled with the increased costs has led to a greater discrepancy between fees collected and the direct costs to the City to support these events. Figure 1-2 displays the direct and indirect costs and revenues for 2007. Figures 1-3 and 1-4 show the trend from 2004 to 2007.

**Figure 1-2: 2007 Special events revenues and costs**  
*Direct Costs and Revenues*<sup>10</sup>

| Event Type                          | # of Events | Fee Revenue        | Secondary Police Contract Revenue <sup>11</sup> | Revenue Bureau Costs | PDOT Costs <sup>12</sup> | Police Costs          | Subtotal Revenue or (Cost) to City |
|-------------------------------------|-------------|--------------------|---|----------------------|--------------------------|-----------------------|------------------------------------|
| Large Sidewalk                      | 21          | \$0.00             | \$1,250.07                                      |                      |                          | (\$1,211.08)          | \$38.99                            |
| Street Use                          | 19          | \$0.00             | \$491.44  |                      | (\$316.83)               | (\$46,362.08)         | (\$46,187.47)                      |
| Small Athletic                      | 26          | \$1,820.00         | \$7,366.94                                      |                      | (\$3,453.04)             | (\$13,058.19)         | (\$7,324.29)                       |
| Small Parade                        | 36          | \$2,520.00         | \$0.00  |                      | (\$1,442.89)             | (\$73,248.18)         | (\$72,171.07)                      |
| Large Parade                        | 6           | \$3,450.00         | \$0.00  |                      | (\$12,002.85)            | (\$31,216.87)         | (\$39,769.72)                      |
| Large Athletic                      | 9           | \$10,350.00        | \$671.04  |                      | (\$18,317.13)            | (\$57,687.04)         | (\$64,983.13)                      |
| Extra Large                         | 6           | \$13,800.00        | \$0.00  |                      | (\$49,377.97)            | (\$139,004.62)        | (\$174,582.59)                     |
| <b>Subtotal</b>                     | <b>123</b>  | <b>\$31,940.00</b> | <b>\$9,779.49</b>                               | <b>\$0.00</b>        | <b>(\$84,910.71)</b>     | <b>(\$361,788.06)</b> |                                    |
| <b>Net Unrecovered Direct Costs</b> |             |                    |   |                      |                          |                       | <b>(\$404,979.28)</b>              |

*Indirect Costs and Revenues*<sup>13</sup>

|  |            |  |  |               |                 |               |  |
|--|------------|--|--|---------------|-----------------|---------------|--|
| Revenue Bureau Regulatory Personnel  |            |  |  | (\$131,141)   |                 |               |  |
| Revenue Bureau Operation Costs: internal and external materials and services |            |  |  | (\$36,335.00) |                 |               |  |
| Revenue Bureau Operations Costs – Special Events                             |            |  |  | (\$21,928.00) |                 |               |  |
| Revenue Bureau, hotel and business license revenue                           | Negligible |  |  |               |                 |               |  |
| Transportation: Special Events Parking Removal \$22/space                    |            |  |  |               | Varies by event |               |  |
| Transportation: PDOT Special Events barricade request                        |            |  |  |               | (\$119.87)      |               |  |
| Transportation: Build 750 event barricades                                   |            |  |  |               | (\$38,514.21)   |               |  |
| Transportation: Other  |            |  |  |               | (\$2334.49)     |               |  |
| Transportation: BTS Staff Time (Special Events Planning and Mapping Time)    |            |  |  |               | (\$76,615.00)   |               |  |
| Portland Police Bureau: Special Events Sergeant (1.0 FTE)                    |            |  |  |               |                 | (\$90,345.00) |  |

<sup>10</sup> “Direct costs and revenues” are costs and revenues that can be directly traced to a specific event. For example, police personnel for crowd control, costs of building and setting up barricades, and permit fees.

<sup>11</sup> “Secondary police contract revenue” is revenue generated when sponsor is required to pay off-duty police officers to support the event. After two “small athletic” events are scheduled in one month, sponsors of new “small athletic” events must pay for police services. Other types of events are not currently required to pay for police services. For more information and rates, see Chapter 2.

<sup>12</sup> “PDOT costs” include personnel and supply costs for signage, barricades, signal modification, street sweeping and other costs associated with special events.

<sup>13</sup> “Indirect costs and revenues” are costs and revenues that are not directly accountable to a particular special event, including taxes, administration, and other overhead expenses and revenues.

|  |                    |                    |                       |                       |                       |                       |
|--|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |                    |                    |                       |                       |                       |                       |
| <b>Subtotals</b>   | <b>\$31,940.00</b> | <b>\$9,779.49</b>  | <b>(\$189,404.00)</b> | <b>(\$202,494.88)</b> | <b>(\$452,133.06)</b> |                       |
|  |                    |                    |                       |                       |                       |                       |
| <b>Total Revenues</b>                                    |                    | <b>\$41,719.49</b> |                       |                       |                       |                       |
| <b>Total Expenses</b>                                    |                    |                    |                       |                       | <b>(\$844,031.94)</b> |                       |
|  |                    |                    |                       |                       |                       |                       |
| <b>Total Special Events Fees Revenues and (Expenses)</b> |                    |                    |                       |                       |                       | <b>(\$802,312.45)</b> |

SOURCE: Revenue Bureau, Portland Police Bureau, PDOT

**Figure 1-3: 2004-2007 Special events revenues and expenses**

*Revenues*

| Year             | Number of Events | Special Events Fees | Secondary Police Contract Revenue |
|------------------|------------------|---------------------|-----------------------------------|
| 2004             | 69               | \$21,875.00         | \$3,020.56                        |
| 2005             | 94               | \$34,575.00         | \$5,565.88                        |
| 2006             | 96               | \$33,340.00         | \$5,478.81                        |
| 2007             | 123              | \$31,940.00         | \$9,779.49                        |
| <b>Subtotals</b> | <b>382</b>       | <b>\$121,730.00</b> | <b>\$23,844.74</b>                |

**Total Revenues 2004-2007      \$145,574.74**

*Expenses*

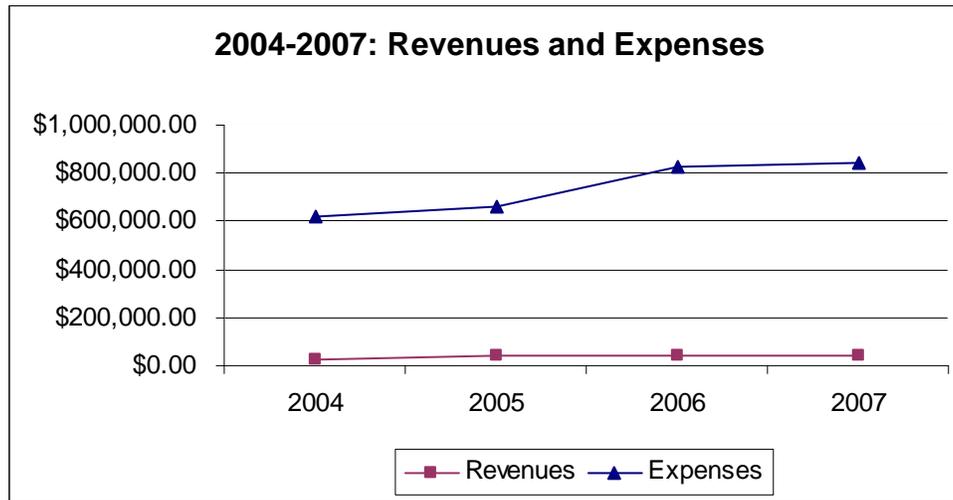
| Year             | Police Direct Service Costs | Special Events Sergeant | Revenue Bureau Administrative Costs | PDOT Direct Service Costs | PDOT Administrative Costs | Net % of Cost Recovery |
|------------------|-----------------------------|-------------------------|-------------------------------------|---------------------------|---------------------------|------------------------|
| 2004             | (\$226,383.54)              | (\$83,112.00)           | (\$145,242.00)                      | (\$122,530.00)            | (\$43,931.00)             | 4.0%                   |
| 2005             | (\$183,340.96)              | (\$86,734.00)           | (\$137,447.00)                      | (\$188,214.00)            | (\$64,014.00)             | 6.1%                   |
| 2006             | (\$415,437.15)              | (\$88,032.00)           | (\$154,612.00)                      | (\$123,399.00)            | (\$46,861.00)             | 4.7%                   |
| 2007             | (\$361,788.06)              | (\$90,345.00)           | (\$189,404.00)                      | (\$172,558.35)            | (\$35,100.00)             | 4.9%                   |
| <b>Subtotals</b> | <b>(\$1,186,949.71)</b>     | <b>(\$348,223.00)</b>   | <b>(\$626,705.00)</b>               | <b>(\$606,701.35)</b>     | <b>(\$189,906.00)</b>     |                        |

**Total Expenses 2004-2007      (\$2,958,485.06)**

**Net Revenue or (Expenses) 2004-2007      (\$2,812,910.32)**

SOURCE: Revenue Bureau, Portland Police Bureau (Traffic Division), PDOT

**Figure 1-4: 2004-2007: Estimated Special Events Revenues and Expenses**



SOURCE: Revenue Bureau, Portland Police Bureau (Traffic Division), and PDOT.

Since 2001, these additional factors have contributed to a decline in cost recovery:

- Increase in the number of events, event participants and spectators, and residents requiring more crowd and traffic control resulting in a cascading effect of increased costs due to increased planning, increases in the number of police and transportation personnel to provide city services in support of special events
- Increase in “events within an event” – i.e., a 10K run, 5K run, and walk under the same “Event X” banner – resulting in higher costs to service an event (i.e., more barricades, police personnel, additional planning time)
- Increase in construction downtown (i.e., office buildings, MAX tracks, etc.) resulting in limited low-impact routing through downtown, which in turn raises the costs of city and Metro services trying to accommodate a special event and mitigate traffic impacts already affected by construction
- Changes to the City’s labor agreement with the police union, including adjusting wages for cost of living resulting in higher per hour costs for personnel
- Lack of ongoing rate adjustments (i.e., cost of living adjustments, rate reviews, etc.) when combined with the other factors has accelerated the erosion of cost recovery for special events

### **Methodology, scope and objectives of the Special Events Rate Study**

Since June 2008, the special events fee study focused on moving special events permitted by the Revenue Bureau as directed in Portland City Code 7.22.

The objective and methodology of the special events rate study is:

**1. To assess the current special events process in the City of Portland.** To accomplish this objective, interviews were conducted with the Special Events Coordinator, Regulatory Specialist, as well as specialists in the Police Bureau and PDOT. The Bureau also assessed the current

environment by conducting a special events planner survey and conducting internal and external stakeholder meetings to gather information and ideas.

**2. To compare Portland's cost recovery model to other jurisdictions.** To accomplish this objective the Revenue Bureau surveyed other municipalities. The survey was conducted through a combination of telephone interviews and email correspondences, asking questions about the number of annual special events, cost recovery models, permits, fees, insurance, and categories for special events.

**3. To research the economic impact of special events on local communities.** To accomplish this objective, we researched the models used to estimate the local economic benefits of special events.

**4. To develop policy recommendations that strike a balance between cost recovery and city subsidies for public services as outlined in comprehensive financial management policy FIN-2.06.** To accomplish this objective, we gathered all of the information from municipal surveys, stakeholder meetings, event promoter surveys and interviews, and attempted to find areas of success around which to design new policy options.

## Chapter 2: Special Events Challenges

Throughout the internal and external stakeholder meetings, several factors emerged which show the complexities of planning an event within the City and reinforce the constraints of the flat fees assessed for special events. There are nine significant dimensions that create challenges to the City in general and the Revenue Bureau in particular regarding permitting special events and developing policy options that grasp the complexity of the City. Please see Appendix 2 for more specific information.

**1. Large downtown population increases displacement costs.** The most popular location for special events is along Portland's scenic downtown waterfront. This is also a popular place to live, shop, eat, and recreate. According to the 2000 Census, the population in downtown Portland ranges from 6,329 to 9,288 people per square mile<sup>14</sup>. Compare this to Houston, Texas, where although their city has about 850 events per year, their ability to accommodate events on city streets is made easier because of lower population density downtown<sup>15</sup>. The displacement costs caused by special events downtown extends not only to visitors but to residents who face challenges in accessing their residences and/or reaching simple services during special events.

**2. City growth since 1989 correlates to increased city costs to support events.** According to the U.S. Census Bureau, Portland's population has grown from 437,319 in 1990, to 537,081 in 2006<sup>16</sup>, an increase of about 23%. Over that same period, the number of special events has grown by about 78%. This has led to increased city planning time and personnel to accommodate crowd and traffic control needs during special events resulting in a 119% increase in costs. A pattern that emerged from surveying other municipalities is that as cities grow and attract more visitors, these cities recover more costs for special events and develop policies that maximize the use of city services for special events. With increases in population growth, tourism, and special events, Portland needs to address these issues with updated policies.

**3. City tradition of subsidizing events.** From 1989 to the present, the permit fee for a large event (or event requiring a lot of services) has raised from \$300 to \$2300, while the cost for city services has grown from \$367,000<sup>17</sup> in 1989 to about \$802,312 today – a 119% increase since 1989. In light of a tradition of supporting between 70% and 95% of the costs for special events, the City will need to consider how to strike a balance between cost recovery and city subsidies, particularly since special events fees have not been reviewed since 2001.

**4. Limited direct revenue streams return to the City as a result of special events.** There are four direct revenue streams that flow to the City's general fund as a result of special events: permit fees, secondary police contracts, hotel taxes, and business license taxes. Due to the reporting structure, it is difficult to quantify the revenues from the hotel tax and business license tax directly resulting from special events; however, it is estimated that for every \$12 million

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<sup>14</sup> U.S. Census Bureau, "Persons per square mile census: 2000." Portland City, Oregon.

<sup>15</sup> Telephone interview, Susan Christian, City of Houston. U.S. Census, "Persons per square mile census: 2000" reports that Houston has an average of 4,379 people per square mile, about half the population density of Portland.

<sup>16</sup> U.S. Census Bureau, "Population Estimate." Portland city, Oregon.

<sup>17</sup> S.C. Ames. (1989). "Events Using City Streets Face Higher Fees." *The Oregonian*. 13 December 1989. Portland Zoner: East Zoner, Section C, page 2.

increase in Portland gross revenues generated only about \$12,000 flows to the general fund from increased business license revenues. In 2007, permit fees and secondary police contracts brought almost \$42,000 in direct revenue to the City.

**5. Public notification of “free speech” events.** Presently, “free speech” events fall under the same fee schedule as other special events (based on size and distance); however, unlike most other events, these organizers rarely pay the permit fee. There is a commonly held belief by City staff that were “free speech” organizers forced to pay the current special event permit fee it would discourage these individuals from notifying the City and planning a sensible route through the City. A lack of planning would lead to system-wide, unexpected transportation delays and problems with crowd control. For policy options to be viewed as equitable, “free speech” events need to be included in the equation – particularly because Portland has such a vibrant political community.

**6. Bridges serve as key arterials connecting citizens.** The bridges across the Willamette River are one of the most beautiful, distinctive features of Portland. However, bridges also serve a functional purpose to the City – they connect citizens to businesses, family, and friends on both sides of the river. Figure 2-1 shows not only how many bus lines/MAX lines cross Portland’s bridges, but also the different bridge operators which adds an additional level of complexity for City staff and event organizers.

**Figure 2-1: East-West Portland bridges, operators, affected TriMet Lines**

| Bridge        | Operator                                | TriMet Impacts <sup>18</sup>      |
|---------------|---|-----------------------------------|
| St. Johns     | State of Oregon                         | 16, 17                            |
| Fremont       | State of Oregon                         |                                   |
| Broadway      | Multnomah County                        | 4, 8, 9, 10, 44, 77               |
| Steel         | Union Pacific Railroad; State of Oregon | Yellow, Red, Blue MAX             |
| Burnside      | Multnomah County                        | 12, 19, 20, 33, 35                |
| Morrison      | Multnomah County                        | 14*, 15                           |
| Hawthorne     | Multnomah County                        | 4, 6, 10, 14*, 31, 32, 33, 41, 99 |
| Marquam       | State of Oregon                         |                                   |
| Sellwood      | Multnomah County                        | N/A                               |
| Ross Island   | State of Oregon                         | 9, 19, 66, 17                     |
| Sauvie Island | Multnomah County                        | 17                                |

SOURCE: TriMet, ODOT, and Multnomah County.

Special events that cross even one bridge can cause system-wide congestion, transit delays and discourage residents from crossing the river to access business and leisure pursuits. Events that cross more than one bridge can have a cascading effect on pedestrian, bike, vehicle and bus/MAX traffic. In addition to the intensive special event planning to mitigate impacts and costs there is also the challenge of communicating closures/delays to the public.

**7. Disruptions to Portland’s transit system.** Another dimension to planning for special events in Portland is Portland’s two transit systems – TriMet and the Portland Streetcar. On TriMet during FY 2007, there were an average of 309,900 weekday boardings, and 329,800 trips during the weekends<sup>19</sup>. This intricate system accounts for eliminating an estimated 201,800 car trips

<sup>18</sup> Source: TriMet website

<sup>19</sup> Id.

each year<sup>20</sup> and should be considered an important dimension to Portland’s sustainability plan. Because one special event can cause system-wide delays, leading to high costs and a customer service nightmare, TriMet, although not a City agency, is an important planning partner in special events and should be considered in special events policy options. TriMet estimates that special events cost about \$2.5 million annually between signage, rerouting, overtime costs and planning time.

The Portland Streetcar is owned and operated by the City of Portland. Annual ridership has grown from 1.4 million in 2001 to an estimated 3.5 million in FY 2008<sup>21</sup>. The Portland Streetcar’s service area is also growing. On August 20, 2008, the City Council agreed to a 3.3-mile expansion of the Portland Streetcar across the Broadway Bridge<sup>22</sup> which will likely increase ridership and create more challenges for event organizers and City staff. Like MAX, the Portland Streetcar cannot be rerouted. A special event crossing the streetcar tracks can cause system-wide delays and customer service headaches.

**8. Laws and labor contracts governing the use of police.** As the agency charged with protecting the right of way, City staff and event organizers are bound by the laws and regulations of the Portland Police Bureau as well as the labor agreements therein. This means that officers must work at special events – oftentimes at the overtime rate. The police labor agreement states that officers are paid at the overtime rate for a minimum of 4 hours regardless of the length of the event<sup>23</sup>. Figure 2-2 outlines the annually adjusted wage scale for secondary employment contracts, which is the scale for cost recovery for police services. Currently, approximately nine special events pay these rates for police support<sup>24</sup>.

**Figure 2-2: Portland Police Bureau: employee wage scale for secondary employment billing purposes (07/01/08)**

|                            |                  | Straight Time | Overtime | Double Time |
|----------------------------|------------------|---------------|----------|-------------|
| <b>Officer</b>             | Hourly Rate **   | \$33.51       | \$50.27  | \$67.02     |
|                            | + 42% (benefits) | \$47.58       |          |             |
|                            | +15% (Benefits)* |               | \$57.80  | \$77.07     |
|                            | +10% (Overhead)  | \$52.34       | \$63.59  | \$84.78     |
| <b>Sergeant</b>            | Hourly Rate **   | \$38.48       | \$57.72  | \$76.96     |
|                            | +42% (Benefits)  | \$54.64       |          |             |
|                            | +15% (Benefits)  |               | \$66.38  | \$88.50     |
|                            | +10% (Overhead)  | \$60.11       | \$73.02  | \$97.35     |
| <b>Motorcycle Officer</b>  | Hourly Rate **   | \$35.52       | \$53.28  | \$71.04     |
|                            | +42% (Benefits)  | \$50.44       |          |             |
|                            | +15% (Benefits)* |               | \$61.27  | \$81.70     |
|                            | +10% (Overhead)  | \$55.48       | \$67.40  | \$89.87     |
| <b>Motorcycle Sergeant</b> | Hourly Rate **   | \$40.79       | \$61.18  | \$81.58     |
|                            | +42% (Benefits)  | \$57.92       |          |             |

<sup>20</sup> Id.

<sup>21</sup> “Portland Streetcar: Annual Ridership.” [http://www.portlandstreetcar.org/pdf/annual\\_ridership\\_graph.pdf](http://www.portlandstreetcar.org/pdf/annual_ridership_graph.pdf)

<sup>22</sup> Tucker, L. (2008). “Streetcar engineers given a green light.” *Daily Journal of Commerce*. 21 Aug 2008.

<sup>23</sup> “Labor agreement between the Portland Police Association and the City of Portland: July 1, 2006-June 30, 2010.” Titles: 43.6.1.1 to 43.6.1.3.

<sup>24</sup> Currently, per administrative regulations, all small athletic events are required to pay for police services rendered. Large athletic events do not pay for police services unless there are more than two events scheduled for a particular month.

|                   |                 |         |         |          |
|-------------------|-----------------|---------|---------|----------|
|                   | +15% (Benefits) |         | \$70.36 | \$93.81  |
|                   | +10% (Overhead) | \$63.71 | \$77.40 | \$103.20 |
| <b>Lieutenant</b> | Hourly Rate **  | \$44.24 |         |          |
|                   | +42% (Benefits) | \$62.82 |         |          |
|                   | +10% (Overhead) | \$69.10 |         |          |

\* Benefits for Overtime and Double Time Wages

\*\* Without Benefits – Motorcycle figures include hazardous duty premium

SOURCE: Portland Police Bureau

These rates, and the four hour minimum, are equivalent to the rates paid by event organizers in comparable cities surveyed by the Revenue Bureau.

**9. Inconsistencies among city, county and state bureaus.** Portland Parks and Recreation, Multnomah County, and ODOT have different cost recovery policies in place that can increase the overall fees for special events in multiple places – i.e., events taking place on city streets, state highways/bridges *and* within a park. Other jurisdictions address this issue by providing event organizers with multiple options at various cost levels so event organizers can create high-quality events within their budget while minimizing the use of city, county or state resources.

### **Initiatives to address these challenges**

The Revenue Bureau coordinates special events in concert with multiple levels of government, business, residents, and event organizers. One of the biggest challenges to addressing special event planning is that there is no incentive (through policies or fees) for event organizers to work with the City toward reducing the impact events have on City resources. The Revenue Bureau hopes to address these challenges through improved routing, the Special Events Committee, technological updates, and policy changes as a result of this rate study.

**Development of routing options to reduce costs.** Several of the challenges alluded to throughout this chapter relate to the routing of an event. Whenever possible, the Special Events Coordinator works with event organizers to reduce the impact of an event on safety, transit, and access to businesses and residences through use of alternative routing. However, since routing is not tied to fees, many event organizers refuse alternative routes in favor of their preferred route.

**Utilization of the Special Events Committee as a problem-solving body.** The Special Events Committee analyzes special events within the context of each of these challenges and seeks the best solution for the City and event organizers. However, currently there are few incentives for event organizers to follow recommendations and reduce community impacts.

**Creation of technological updates to streamline the process and reduce costs.** The Revenue Bureau is currently exploring online permit applications, calendaring and other strategies to help event organizers access the Bureau’s special events system to assist with streamlining event planning and communication procedures.

**Analysis of the special events program and the policies therein.** Without a broader understanding of the special events costs and policy options it is difficult to assess how to address these challenges within the broader the context. One of the purposes of this document is to demonstrate the levels of complexity and multiple policy options to address the many challenges faced in permitting moving special events.

## Chapter 3: Surveys of Other Municipalities

Part of how a city distinguishes itself is through the way it utilizes its streets and open spaces for community use – including special events. Most other jurisdictions have evolved away from flat fee policies for administering special events and into an “A La Carte” system where event organizers pay for the services they use. Fees that align payment with services rendered provide a consistent means for cities to recover costs because it considers all of the variables that affect cost – something a flat fee cannot do. Please see Appendix 3 for more specific information, including survey questions and specific comparisons among cities surveyed.

### Research Methodology

The Auditor’s Office has identified Charlotte, North Carolina, Cincinnati, Ohio, Denver, Colorado, Kansas City, Missouri, Sacramento, California, and Seattle, Washington, as comparable cities “based on similarity to Portland in city and metropolitan area population size, comparisons made in prior audits, and representation across the country.<sup>25</sup>” and therefore should be regarded as the top cities Portland should look to for “best practices.” The Revenue Bureau conducted a comparable city survey via telephone and email which was combined with analysis of special events applications and city ordinances to provide several points of comparison and opportunities to address special events challenges.

The Revenue Bureau contacted an additional 17 cities with the rate study survey. These cities were selected as comparables based on one or both of the following criteria: (1) ranked as a top 50 city by population; and/or (2) located in the Pacific Northwest. These cities provided a framework of ideas and guidelines for cost recovery which were used in Stakeholder meetings.

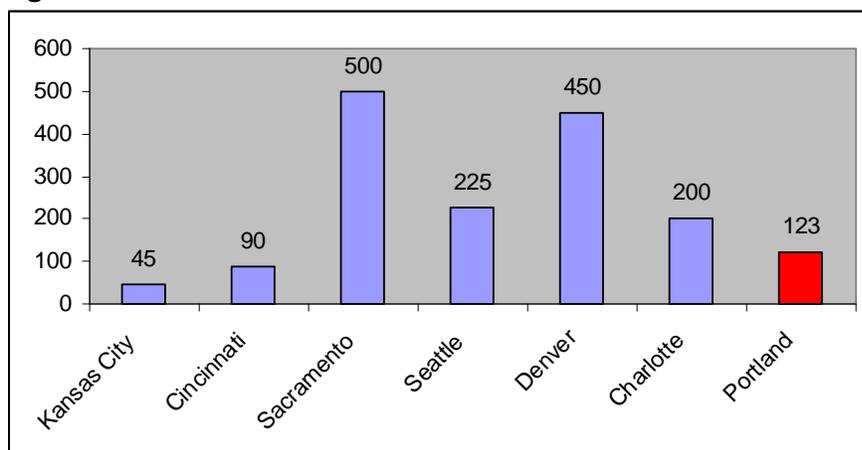
### Survey Results

**Number of events per year.** One of the challenges encountered in surveying other municipalities are the broad and varied definitions of “special events.” Therefore, these numbers reflect the number of “special events” as defined by each city (Figure 3-1).

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<sup>25</sup> “City of Portland: Service Efforts and Accomplishments: 2005-2006.” A Report from the City Auditor. December, 2006.

**Figure 3-1: Number of Events\* Each Year**



\* Most cities have a broader definition of “special events” and include static and moving events.  
SOURCE: Rate Study Survey Interviews, estimates based on information provided.

Sacramento and Denver have one-stop permitting, which provides the agencies with consistency in how city personnel promote and administer special events. One-stop permitting increases communication among city bureaus and potentially increases customer service and marketing to event organizers.

**Categories for special events.** Most jurisdictions have broad categories of city street, public assembly, park events, and neighborhood events (sometimes each with a different event permit application), which is coupled with a lower application fee and higher recovery of direct costs for city services. Of all the cities surveyed, only Milwaukee, WI, and Seattle, WA, have a structure similar to Portland, with a fee structure tied to event categories (i.e., number of participants). Interestingly, Milwaukee, like Portland, has considered a moratorium on special events due to the financial and personnel strain.

**Regulations and/or limitations to the number of events.** This is a nationwide challenge for special events administrators. Of the six cities, only Sacramento limits the number of events during peak weekends because multiple events use too many services for the City to support. Sacramento resolves this by working with organizers to reschedule for a different weekend. Most other cities do not regulate the number of events.

**Permit fees and administrative fees.** One pattern among other municipalities is the lack of a separate administrative fee. Although most other jurisdictions recover some or all costs for policing and barricades, oftentimes the cost of a “Special Events Coordinator” and support staff are seen as a free service provided by the City. Only cities obtaining full cost recovery have a separate administrative fee.

The fees for special events permits vary depending on the overall cost recovery structure. Higher application fees (like Portland, Milwaukee, and Seattle) usually indicate that City services are included with the permit. Smaller application fees are usually indicative of policies to recover direct costs for special events.

**Application process.** The application process for special events is similar across all jurisdictions – application, payment of fee(s), application review, and issuance of permit or appeal. The information requested from applicants and the process of review differs from city to city and is usually connected to the overall cost recovery model (i.e., traffic plans, billing information, financial information for payment, etc.).

**Cost recovery of city services.** Of the 23 cities contacted for the rate study survey, only two cities have a formula to capture all of the direct and indirect costs associated with special events. Of the six comparable cities only Seattle has a flat-rate fee for special events. Unlike Portland, Seattle’s rate does vary slightly in that athletic events pay an additional \$0.50 per entrant. Because there is no direct correlation solely between the number of participants and costs for city services Seattle, like Portland, “heavily subsidizes special events.”<sup>26</sup> Special event costs are tied to a culmination of factors, including the number of officers required for traffic and crowd control, signage and parking costs, route length, time of the event, and number of participants<sup>27</sup>. Therefore, the cities with higher rates of cost recovery are cities with policies that require event organizers to pay for the city services incurred as a result of the event.

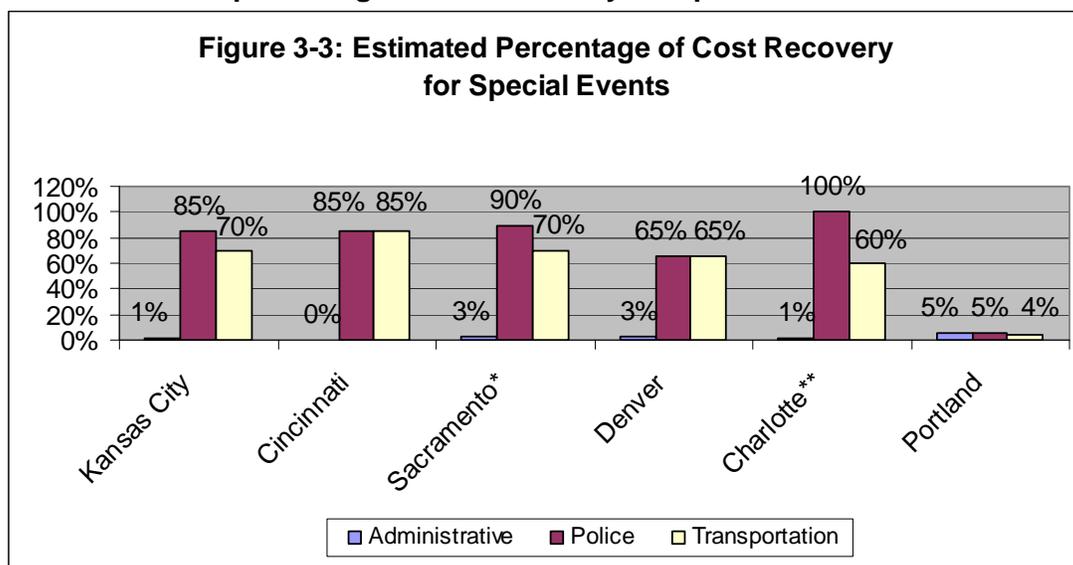
The most common cost recovery model includes a flat, nominal application fee, followed by planning sessions to reduce costs, and recommendations for the event organizer to use a combination of public and private services to support the event. In most cities event organizers pay 100% of direct costs for non-1<sup>st</sup> Amendment events. The rationale behind this model is that if event organizers pay for the services they incur, they are more likely to work at cost reduction and low-impact routes usually resulting in better-planned, higher-quality events. This is the general model employed in Charlotte, Cincinnati, Denver, Kansas City, and Sacramento. As Figure 3-1 shows, this model does not decrease the number of events in a given city. And, as Figures 3-2 and 3-3 show, it is common to recover about 5-10% of administrative costs and 60% to 70% of direct costs for special events – far greater than the 5% recovered in Portland.

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<sup>26</sup> Seattle survey interview. 2008.

<sup>27</sup> Chapter 2 outlines the challenges and variables that lead to higher costs for special events in Portland.

**Figure 3-2: Estimated percentage of cost recovery for special events**



\* Maintenance covered by event planners (outside company or city services)

\*\* Cost recovery of off-duty officers only; on-duty paid by City.

\*\*\* Seattle is not based on a cost recovery model, but a permit fee schedule based on the number of people, entry fee / no entry fee (from \$220 to \$39,090). Sporting events have an additional \$.50 per entrant charge. Without an itemized list it is difficult to estimate cost recovery.

SOURCE: Rate Study Survey Interviews, estimates based on information provided.

Figure 3-2 reveals a pattern found throughout all of the surveys conducted – while direct costs move toward recovery, indirect costs become the service(s) cities are willing to shoulder. Among the 23 cities surveyed, only Portland and Milwaukee recover less than 30% of the administrative, police and transportation costs. Figure 3-3 places the cities surveyed into three categories: full cost recovery, 90%-30% cost recovery, and less than 30% cost recovery. Cities with flat fees (Milwaukee and Portland – and to a lesser degree Seattle) have a more difficult time recovering costs for city services.

**Figure 3-3: Estimated percentage of cost recovery for all cities surveyed**

| Full Cost Recovery   | 90% to 30% Cost Recovery   |  | Less than 30% Cost Recovery          |
|--|--|--|--------------------------------------|
| Las Vegas, NV<br>New Orleans, LA<br>San Francisco, CA<br>(athletic events) | Albuquerque, NM<br>Austin, TX<br>Charlotte, NC<br>Cincinnati, OH<br>Cleveland, OH<br>Denver, CO<br>Eugene, OR<br>Fort Worth, TX<br>Houston, TX<br>Indianapolis, IN | Kansas City, MO<br>Minneapolis, MN<br>Nashville, TN<br>Oklahoma City, OK<br>Sacramento, CA<br>Seattle, WA<br>Spokane, WA<br>Tacoma, WA<br>Tucson, AZ | Milwaukee, WI<br><b>Portland, OR</b> |

SOURCE: Rate Study Survey Interviews, estimates based on information provided.

**Street use restrictions.** Among comparable cities, major arterials, rush hour, noise, safety, transit and construction were the most common reasons to restrict special events. Overall, there

is a willingness to “make events happen” so long as they are safe and do not block traffic during peak hours.

**Fee structures for nonprofit and for-profit groups.** Portland, Sacramento, Seattle, Charlotte, and Cincinnati do not have separate fee schedules for nonprofit and for-profit groups. As one coordinator stated, police officers cost the same whether it is a nonprofit event or not. Several jurisdictions cited the difficulty of identifying a nonprofit event since many organizations hire professional event promoters to organize their fundraising event – raising issues of equity in differentiating between nonprofit and for-profit events. Cities with separate fee schedules require submission of budgets, financial records, and proof of nonprofit status.

The City of Denver has an Interagency Event Task Force that reviews requests for cash assistance and city services subsidies for nonprofit groups. In order to qualify for cash assistance, the total event budget must be under \$50,000. For an event to qualify for non-cash city services subsidies, total event budgets can exceed \$50,000. However, all events requesting aid must be free to the public, nonpolitical, a secular purpose, and have a major impact (economic, community pride, image, or youth involvement). In exchange, the event must acknowledge city support/sponsorship by providing booth space for the City, acknowledge the City on printed materials, and display City banners.

**Insurance requirements.** All of the jurisdictions require insurance for special events. Insurance levels are as low as \$500,000 (Cincinnati) with a median level of \$1 million (Charlotte, Seattle, Sacramento, and Portland) with exceptions for high-risk events (Charlotte and Seattle). Denver determines rates on a per-event basis.

### ***Outcomes of the Surveys of Other Municipalities***

Overall, based on the surveys of other municipalities, cities are moving toward higher rates of cost recovery for direct services. Cities utilize cost recovery to ensure that special events are well-planned and showcase the beauty of their city. Oftentimes, obtaining full cost recovery is reserved for larger “destination” cities or cities in fiscal crisis. Since the City of Portland does not fall into either of these categories, a more moderate cost recovery model, similar to Charlotte, Cincinnati, Denver, or Sacramento would allow Portland to obtain partial cost recovery for most events and fill a funding gap for small budget events through city sponsorships.

## Chapter 4: Participatory Strategies and Stakeholder Meetings

Special events impact everyone. Residents and travelers alike had 123 opportunities to participate in or watch special events. An important aspect to the Special Events Rate Study has been the work of identifying and contacting internal and external stakeholders for brainstorming and feedback. Please see Appendix 4 for more specific information, including specific responses to the event planner survey and specific feedback from stakeholder meetings.

### Internal Stakeholders: Primary City Bureaus Affected by Special Event Costs

As earlier chapters have addressed the impact of special events is widespread. Therefore, although special events can affect other City Bureaus, with a flat fee system only primary affected bureaus (Portland Police Bureau (Traffic Division), Portland Department of Transportation, and the Revenue Bureau) benefit from these fees. Portland Parks and Recreation have a separate fee schedule and collection system and are therefore not considered a primary affected bureau. In 2007, special event fees totaled \$31,940. Of this total, about 28% of the fees collected went toward administrative costs (Revenue Bureau), 44% went to police support, and the remaining 28% went to transportation. Figure 4-1 shows the 2007 fee dispersion.

**Figure 4-1: 2007 Dispersal of special event fees by bureau**

| Event Type      | Permit Fee | Number of Events by Event Type | Total Fees Collected | Revenue Bureau Revenue Share | Police Bureau Revenue Share | PDOT Revenue Share |
|-----------------|------------|--------------------------------|----------------------|------------------------------|-----------------------------|--------------------|
| Large Sidewalk  | \$0.00     | 21                             | \$0.00               | \$0.00                       | \$0.00                      | \$0.00             |
| Street Use      | \$0.00     | 19                             | \$0.00               | \$0.00                       | \$0.00                      | \$0.00             |
| Small Athletic  | \$70.00    | 26                             | \$1,820.00           | \$1,820.00                   | \$0.00                      | \$0.00             |
| Small Parade    | \$70.00    | 36                             | \$2,520.00           | \$2,520.00                   | \$0.00                      | \$0.00             |
| Large Parade    | \$575.00   | 6                              | \$3,450.00           | \$690.00                     | \$1,725.00                  | \$1,035.00         |
| Large Athletic  | \$1,150.00 | 9                              | \$10,350.00          | \$1,710.00                   | \$5,220.00                  | \$3,420.00         |
| Extra Large     | \$2,300.00 | 6                              | \$13,800.00          | \$2,070.00                   | \$7,170.00                  | \$4,560.00         |
| <b>Subtotal</b> |            |                                | <b>\$31,940.00</b>   | <b>\$8,810.00</b>            | <b>\$14,115.00</b>          | <b>\$9,015.00</b>  |

SOURCE: Revenue Bureau, 2008.

**1. Portland Police Bureau.** An audit of the Police Bureau conducted in 2000 found that most special events were covered by overtime rather than straight time, and that special events represented about 6 to 10 percent of all police overtime expenses<sup>28</sup>. This is largely due to the ongoing personnel shortages within the bureau. Other factors affecting police costs for special events are the labor agreement between the City and the Police Bureau which governs overtime rates, number of hours for secondary police contracts (minimum of four hours), and cost of living adjustments. Since police personnel work at all special events requiring crowd and traffic control, police costs can fluctuate with the number, type, and size of events. In 2007, the Traffic Division of the Police Bureau estimated that about \$352,008 was spent on direct costs, including

<sup>28</sup> "Police Overtime: Most Recommendations implemented, but more could be done." February 2008. Auditor's Office, City of Portland.

revenue from secondary police contracts. The Police Bureau estimated that an additional \$90,345 was spent in indirect costs for planning and coordination of special events. As the bureau that incurs the highest direct costs for special events, the Police Bureau would benefit most from event organizers paying for the services they use rather than a flat permit fee.

**2. Portland Department of Transportation.** PDOT has a mixture of direct and indirect costs associated with special events. In 2007, PDOT estimated that about \$84,910 was spent in direct support of special events. These are itemized costs by event for signage, barricades, maintenance, personnel and supervision of PDOT employees providing direct services at specific events. PDOT estimates that an additional \$117,584 was spent in indirect costs for additional barricades, mapping, planning, and personnel costs that were not charged to a specific special event but are identified as resources dedicated to special events occurring in 2007. Like the Police Bureau, there is a correlation between PDOT's costs and the number of special events.

**3. Revenue Bureau.** As the administrator of special event permits the Revenue Bureau serves as the third primary affected City bureau. All of the Revenue Bureau's costs are indirect. In 2007 it is estimated that the personnel costs to issue permits, plan and facilitate meetings, coordinate routes and communicate between multiple bureaus and jurisdictions was \$189,404. The increase in the number of special events correlates to an increase in staff time, number of personnel dedicated to special events, and costs for administering special events. As the number of special events continues to trend upward so will costs and the complexity of planning and preparing Portland for special events.

The 2007 total direct and indirect costs to provide city services for special events among these primary affected bureaus is \$802,312, after accounting for \$31,940 in fee revenue. The costs to other city bureaus are unknown.

### ***Internal Stakeholder Meeting Summary: July 22, 2008***

On July 22, members of the Special Events Committee and representatives from affected City bureaus met to discuss the current special events policies, their limitations, and ideas for new policy options.

The most important outcomes of this meeting were an overall sense that the current policy does not meet the needs of either the event organizers or City bureaus. Key limitations to the current system identified in this meeting are: pricing hasn't kept up with the times, the challenges of permits in multiple jurisdictions, and difficulties of meeting the needs of the event organizers while addressing traffic congestion, construction, and transit. City bureaus were also concerned with finding equity among the different types of events – free speech, parades, neighborhood events, for-profit, nonprofit, etc. – while also maintaining an eye on permit fees and lowering costs.

Key policy ideas identified include: making free speech events different from other events, developing a special events budget, non-profit versus for-profit fees, designated routes with different fee levels attached to them and better defined categories for events. The idea most meeting participants found amenable was an "A La Carte Menu" of options where event

organizers pay for what they use. For example, more complex routes that impact more city services, including traffic, streetcar, police services, PDOT (parking, signage, maintenance), and City planning time would be more expensive for event organizers than a small event using few city services.

## **External Stakeholders**

There are also several external entities that need to be considered in the special events rate study process. In addition to event organizers, promoters and participants, external stakeholders include:

- Travel Portland
- Portland Business Alliance
- Saturday Market
- Neighborhood Associations
- Tri-County Lodging Association
- ODOT
- TriMet
- Pioneer Courthouse Square
- Rose Garden/Convention Center
- Portland residents

These stakeholders represent a broad range of concerns. For example, Neighborhood Associations must balance the costs of their own special events with resident complaints when a special event disrupts their travel or lifestyle. Pioneer Courthouse Square, Saturday Market, and the Rose Quarter are venues who also produce events and have access concerns. ODOT is in a similar position as the City's affected bureaus; however, since ODOT receives full cost recovery for special events on their roads and bridges their concerns are mostly with special events interfering with road/ramp access. TriMet's concerns revolve around safe transit and rerouting schedules (and associated costs for personnel, flyers and signage). Hotels and businesses are in a unique position because access to hotels and businesses are affected by special events; however, special events can also cause a bump in business (depending on location, timing of the event, and event participants).

Lastly, event organizers and promoters view special events as a vehicle to get their message out – whether political, nonprofit, or for-profit. Professional event promoters and non-political, fundraising event organizers view any changes to the special events rate structure as a potential hit to their bottom line. Event organizers and promoters are also concerned about changes that do not encompass the complexity of special events, equity issues, and dramatic rate increases. Within this complex set of concerns the external stakeholder meeting revealed several potential areas where external concerns can be alleviated while still providing City bureaus with some relief.

**Free Speech Organizers.** One stakeholder group not represented at any meeting is free speech organizers. These organizers are often one-time players who organize their event to promote their message. The primary affected City Bureaus agree that charging “free speech” organizers a permit fee would discourage these stakeholders from planning their events with the City, which could potentially cause transit logjams. The current policy does not address “free speech” events

separately. In order to provide equity within any new policy it is recommended that “free speech” events be defined and permitted separately from other special events.

### ***Events Planner Survey***

The rationale behind the survey was to not only engage event planners in the rate study process, but also to test the assumptions made by the Revenue Bureau with regard to where special events occur, the number of repeat players (organizers who plan multiple events and/or events in multiple cities), and learn general perceptions event planners have regarding the special events permitting process. The survey was comprised of 16 questions some multiple choice, others with open answers. The results of the event planner survey reinforced many of the assumptions made by the Revenue Bureau and written comments in the survey laid the groundwork for policy options explored during the external stakeholder meetings. Please see Appendix 4 for the complete results of the event planner survey.

### ***External Stakeholder Meeting Summary: July 23, 2008***

On July 23, the Revenue Bureau met with external stakeholders to discuss the current special events policies, their limitations, and ideas for new policy options. Key limitations to the current system identified in this meeting are:

1. The current categories do not capture the complexity of the events taking place in Portland;
2. The City does not provide event organizers with enough information (i.e., costs, impacts, agencies requiring a permit, permit process);
3. It is difficult to get a new route;
4. Multiple permits from several jurisdictions (i.e., ODOT, Multnomah County, Portland Parks) to permit an event; and
5. The City’s structure, including different bureaus with different leadership and priorities.

This meeting accentuated the differences between different types of events. For example, Rick Bauman, Event Director of Providence Bridge Pedal stated during the meeting that he would be willing to pay anything up to full cost recovery; however, other event organizers felt that full cost recovery would hurt their business plans or could inhibit future events. This is an example of one dimension of the complexity among stakeholders within the study. It underscores the need for a flexible fee structure like the “A La Carte Menu,” policy solution that strikes a balance between groups needing a subsidy, groups not needing a subsidy, and the resources the City has the capacity to give.

The ideas that came out of this meeting were a mixture of the need for the City to provide more education and information, concerns regarding whether the City has done enough to address costs internally, and the acknowledgement that the City’s deficits need to be addressed jointly.

### ***Identified options for consideration based on similarities among stakeholders***

Several similarities emerged from the first two stakeholder meetings. Both stakeholder groups identified similar concerns and possible solutions. The Revenue Bureau developed a list of 26 policy options that emerged in both meetings for consideration at the joint meeting.

### ***Joint Stakeholder Meeting Summary: July 30, 2008***

The primary purposes of this meeting were to evaluate the overarching issue of partial cost recovery for special events while also

1. Bringing together affected city agencies and event planners and organizers to transparently and collaboratively discuss criteria affecting special events;
2. Discussing the issues and options for a proposed new special events fee schedule;
3. Conducting a “straw poll” to evaluate any similarities and differences among the groups;
4. Identifying areas of group consensus; and
5. Recognizing topics of concern or dissent.

### ***Straw Poll Options, Brief Descriptions, and Straw Poll Results***

An informal poll was taken during the meeting to assess stakeholder receptivity to different policy options conceptualized during the previous two meetings. All meeting participants were given 8 circular stickers (“dots”) to place under the options they had a favorable reaction to. Participants could place more than one “dot” under any particular option. Figure 4-2 lists the policy option and results of the straw poll.

**Figure 4-3: Joint meeting special events straw poll options and outcomes**

| <b>Policy Options<sup>29</sup></b>  | <b>Straw Poll Results</b> |
|---|---------------------------|
| Designated routes   | 34                        |
| A la Carte Menu—events pay a percentage of what they use  | 20                        |
| Events that charge a fee vs. events that don't  | 18                        |
| Special events budget for police  | 17                        |
| Restructuring criteria of the types of events   | 16                        |
| “Credits” system for events with large economic impact  | 14                        |
| Nonprofit vs. For-profit rate system  | 11                        |
| Fees based on size of the event   | 9                         |
| Fees based on location of event   | 7                         |
| Fees based on local impact (i.e., percentage donated to charity, economic impact)   | 6                         |
| City pays for a certain amount of intersections – flat rate for each intersection beyond that   | 5                         |
| Special events budget for the City of Portland. Fees based on routes designated by the city – outside routing at 100% costs to the events planner | 5                         |
| Permitting fees/pay for each event within an event  | 4                         |
| Incremental increase  | 4                         |
| Neighborhood/School rate system   | 4                         |
| Free Speech pays too  | 4                         |
| Cost of Living increase dating back to 2001 (the time of the last rate review)  | 3                         |
| City sponsorship of up to 5 events  | 3                         |
| Participant surcharge   | 2                         |

<sup>29</sup> Descriptions of policy options are outlined in previous section.

|  |   |
|--|---|
| Full cost recovery   | 1 |
| City pays costs up to a certain amount – event planners pay the balance  | 1 |
| Fees based on per mile calculation   | 1 |
| Annual cost of living review tied to rate changes  | 1 |
| Do Nothing   | 0 |
| Events pay <i>police</i> personnel costs only (up to 100% of personnel costs they incur excluding planning time)       | 0 |
| Events pay <i>public works</i> personnel costs only (up to 100% of personnel costs they incur excluding planning time) | 0 |
| City pays for a certain number of intersections – planners pay for percentage of what they use over that               | 0 |
| Flat percentage increase   | 0 |

Other areas of concern and/or new ideas formed at this meeting included:

- The need for early notification of fee changes
- The need for incremental rate changes
- Increases up to 20% (this was the level tentatively established as the willingness to pay threshold – anything up to 20% of costs)
- An acknowledgement of changes in special events costs (i.e., changes to sponsorships, rising costs to employ people to work at special events – people working for event promoters and/or the city, etc.)
- Limit the number of parades per month just like athletic events (currently limited to two per month, events beyond two per month pay a secondary police contract)
- The need to develop specific criteria for special events fees

### ***Joint Meeting Outcomes***

The most important outcome of the meeting was a general willingness to work together to develop an equitable solution to the challenges with the current special events policy.

Common themes of the discussion:

- The need for increased communication between event promoters and city bureaus
- The need for education regarding how an event can impact the city
- The need for reevaluation of the differences and similarities among events (i.e., athletic events versus free speech events) and how that affects a fee schedule
- Openness to collaborate on routing that creates the lowest costs and impact on citizens and city services
- Collaboration and identification of the variables involved in special events (addressing the complexity) will lead to an equitable solution
- If the Revenue Bureau addresses the confusing information and criteria, it will lead to better communication, customer service, and efficiency – ultimately leading to lower costs for the city and event planners/promoters

Areas with the most straw poll votes that also generated positive discussion after the vote:

- Restructuring criteria of the types of events (addressing complexity)
- Events that charge a fee vs. events that don't
- Designated routes (several routes of various lengths and costs)

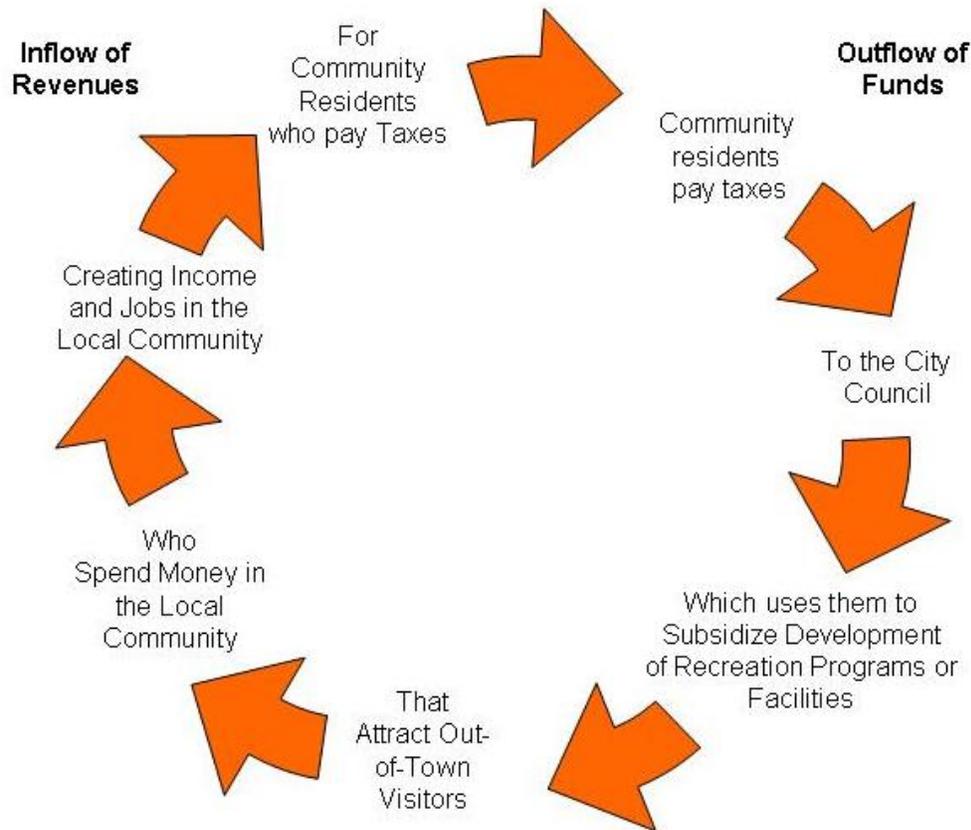
- “Credits” system for events with large economic impact
- Fees based on size of the event
- Special events budget
- “A La Carte Menu” – events pay a percentage of what they use

The commonalities among each of the above ideas are that as business people and event planners wish to have choices offered to them that allow for easier planning at a lower cost. The “A La Carte Menu” option allows event planners to choose the level of complexity their event will entail through a checklist that will communicate to planners about bureau planning times and the costs involved. This meets the earlier criteria of addressing the complexity issues, and provides education and communication. This option emerged as the strongest policy option to address stakeholder and city concerns.

## Chapter 5: Economic Impact of Special Events

One of the primary reasons local governments decide to subsidize the costs of special events are that these events have perceived positive economic impacts on the local economy which offsets the costs to the City. This is primarily because event organizers prepare economic impact statements which show the positive impacts of their event using a traditional input-output model. It is important to recognize that the rationale behind economic impact statements is to demonstrate to a city's governing body that for every dollar invested in an event brings back "X" dollars to the community, statements which often go unchallenged<sup>30</sup>. A closer look at economic impact statements demonstrates why administrators should carefully consider the information contained in these reports. This is particularly important in the development of policy recommendations that balance recovering city costs and providing subsidies to events that benefit the City. The rationale behind economic impact statements is outlined below in Figure 5-1.

**Figure 5-1: Conceptual Rationale for Economic Impact Statements**



SOURCE: Crompton, Measuring the economic impact of visitors to sports tournaments and special events, 1999.

<sup>30</sup> Crompton, J.L. (1999). *Measuring the Economic Impact of Visitors to Sports Tournaments and Special Events*. National Recreation and Park Association. p. 13.

As Figure 5-1 exemplifies, the rationale for economic impact statements is usually to show city government that their investment was sound and that it should be replicated year over year. Additionally, oftentimes economic impact statements imply that government subsidies fill a funding gap that would not be replaced – meaning that without government support, private industry would not fund special events – an implication that the surveys of other municipalities contradicts. What is often not addressed in this model are that job creation is usually brief and limited to a few sectors, and, more importantly, that residents are viewed primarily as funders rather than partners or beneficiaries.

One of the challenges administrators face is determining the accuracy of the information contained in an economic impact statement.

Because economic impact studies use complex procedures and produce quantifiable outcomes, often there is a presumption in the minds of “bottom-line” oriented audiences who are unfamiliar with the technique that the analyses are “scientific” and, hence, the outputs are objective and unequivocal. This is fallacious. They offer a misleading guise of statistical sophistication. Economic impact analysis is an inexact process and output numbers should be regarded as a “best guess” rather than as being inviolably accurate. Indeed, if a study was undertaken by five different individuals, then it is probable that there would be five different results<sup>31</sup> (Crompton, p. 16-17).

Since economic impact statements are an inexact science created to show the benefits of an event, then it not surprising that most economic impact statements do not include the costs or even the negative impacts an event has on a community. In fact, most economic impact statements use an input-output model that only calculates the “new money” that comes into a community, disregarding money spent by residents as well as the costs of planning and producing the event<sup>32</sup>.

Because most economic impact studies disregard the costs of an event – they provide the gross economic benefits rather than the net economic costs and benefits – economic impact studies should not be confused with cost-benefit analyses<sup>33</sup>. Additionally, economic impact studies are based on an input-output model which not only disregards the costs but is also based on these assumptions: (1) that resources are supplied without constraint, (2) there is a constant proportion of value added and output, and (3) price effects, financial effects, and government behavior are all treated as neutral<sup>34</sup>. These assumptions are faulty because prices change, wages change, taxes increase and decrease, etc., all of which limit the effectiveness of economic impact studies based on this model. Figure 5-2 shows the costs of special events that are oftentimes not included in economic impact studies, either because they are difficult to research, hard to quantify, or because it shows the net economic impact is lower than the gross economic impact.

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<sup>31</sup> Crompton, J.L. (1999). *Measuring the Economic Impact of Visitors to Sports Tournaments and Special Events*. National Recreation and Park Association.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> Dwyer, L., Forsyth, P., and R. Spurr. (2005). “Estimating the Impacts of Special Events on an Economy.” *Journal of Travel Research*. 43: 351-359.

## **Figure 5-2: Costs of special events usually not included in economic impact studies**

### **Infrastructure Costs**

#### **On Site:**

- Equipment (public and private)
- Supplies (public and private)
- Labor (including police, maintenance, and special events staff)
- Time (including planning time, day of event time)

#### **Off Site:**

- Traffic congestion
- Road accidents
- Vandalism
- Fire and police protection
- Environmental degradation
- Garbage collection
- Increased prices for local residents in retail and restaurants
- Loss of access (to businesses, residential, etc.)
- Disruption to resident's lifestyle (non-participants, non-spectators)
- Cultural and social compatibility issues
- Overcrowding

### **Displacement Costs**

- Visitors who would have otherwise come to the community but do not
- Impact of business moving elsewhere (i.e., increased business in another location (outside Portland) during a special event)

### **Opportunity Costs**

- "For an investment of public money to be justified, it must meet the criterion of 'highest and best use.' That is, it should yield a return to residents that is at least equal to that which could be obtained from other ventures in which the government entity could invest. Opportunity cost is the value of the best alternative not taken when a decision to expend government money is made" (Crompton, p. 34, 1999).
- It is difficult to quantify whether a different event (or public spending in another area) would be more beneficial; however, it is easy to see that within the current system event organizers would have little incentive to consider opportunity costs.

SOURCE: Crompton, 1999<sup>35</sup>; Ritchie, 1984<sup>36</sup>.

Does this mean that special events do not have a positive economic impact on the City? No, but it does demonstrate the need to look at economic impact studies with a critical eye to determine whether subsidizing special events at the current rate is the best use of public funds, as well as critically asking which events have the greatest benefits for residents, and if the City is filling a funding gap or underwriting an activity that private industry would fund without a 95% City subsidy.

<sup>35</sup> Crompton, J.L. (1999). *Measuring the Economic Impact of Visitors to Sports Tournaments and Special Events*. National Recreation and Park Association.

<sup>36</sup> Ritchie, J. R. B. (1984). "Assessing the Impact of Hallmark Events: Conceptual and Research Issues." *Journal of Travel Research*, 23, 2-11.

## Chapter 6: Policy Recommendations

During the course of this rate study review, several policy options emerged that would improve the special events program. The recommendations set out below are specific actions that would make a difference to the City's approach to special events. They are not the only solutions, however, the recommendations outlined here present an overview of the best possible means to address the complex set of issues within the special events program based on financial and policy analysis, interviews with other municipalities, and stakeholder input. It is recommended that any new policies be implemented incrementally, that fees go directly to the bureaus rather than the general fund, and that all fees are subject to an annual CPI adjustment.

1. **Formal routing recommendations for event organizers.** Due to the direct correlation between an event's route and the cost for city services, the City should consider the development of a database of low-, medium-, and high-impact routes requiring various levels of city services. This will result in a fee schedule based on routing and the costs associated with servicing particular routes. Establishment of these routes would be based on traffic studies, transit schedules, avoidance of MAX/streetcar tracks, and use of intersections that require fewer police for traffic control – along with other factors to affect the cost of city services. For example, if an event organizer wants a “deluxe” event requiring a high level of service (i.e., a route that crosses bridges, MAX tracks and reroutes traffic on major arterials) then the organizer would pay more than an event that chooses a lower-impact route. While event organizers will not be required to use these routes, routing recommendations provide a basis for discussion to strike a balance between larger, big-budget events and smaller, volunteer-based events.
2. **“A La Carte Menu” of city services and associated costs.** Since the cost of a special event can be accurately estimated, the City should develop a “menu” of costs utilizing the criteria that affect the overall costs to service special events (i.e., location, length of event, transportation (streetcar, barricades, maintenance) impacts, and number of police personnel needed). By working with the Special Events Coordinator to reduce costs, event planners would pay a percentage of the total costs of the city services they use. This recommendation, like the formal routing recommendations, balances city resources with event budgets. The Revenue Bureau proposes that event organizers pay an administrative fee plus 20% of city services rendered. The bureau also recommends 5% annual increases to reach a level of 30% to 40% costs recovery of direct services.
3. **Separate “Free Speech” permit.** The City should consider creating a separate “Public Assemblies” permit for demonstrations and free speech events serves as a “best practice” among other municipalities. “Free speech” events tend to be one-time, grassroots events. As events that encourage community discourse that are free and open to the public, the Revenue Bureau seeks to continue to receive notification through the development of a free “Public Assembly” permit for moving events on city streets and sidewalks, but will not seek cost recovery for these types of events. This achieves the City's objective of providing traffic plans and crowd control while continuing the tradition of “free speech” being free on Portland's streets. Like other events, “free speech” organizers will be encouraged to use routes that both meet their objectives and have a lower impact on city services.

4. **Provisions for “events within an event.”** If the City decides against changing the current flat fee system, it is recommended that the City develop fees to address the additional planning and resources for events within an event (i.e., 5K, half-marathon, marathon, bike ride, and walk all under one “Event X” permit). Currently, events pay one fee based on the name of the event rather than separate fees for each event within one event banner. Multiple events with different routes increases traffic impacts, planning time, personnel, and the overall burden an event has on city resources.

For additional policy options and opportunities for improving the special events program see Appendix 5.

### **About the Author**

Jennifer McFarland is a Master of Public Administration Candidate at Portland State University’s Hatfield School of Government. During the summer of 2008, PSU selected Ms. McFarland to participate in the Oregon Performance Fellowship Program, which places top national graduate students throughout Oregon to work on projects aimed at improving the performance of state and local agencies. The Revenue Bureau sponsored Ms. McFarland’s Fellowship to analyze the Special Events Program and provide recommendations for improved performance. Ms. McFarland has a combined ten years of professional experience in the public, private and nonprofit sectors.

**Appendices available online at:**

**[www.portlandonline.com/omf/index.cfm?c=49032](http://www.portlandonline.com/omf/index.cfm?c=49032).**

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