

**CITY OF LONG BEACH**

Department of Parks, Recreation and Marine

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April 5, 2005

**HONORABLE MAYOR AND CITY COUNCIL**

City of Long Beach

California

**RECOMMENDATION:**

Authorize the City Manager to negotiate and execute a five-year agreement with the Sea Festival Association of Long Beach to program and manage activities for the International Sea Festival in Long Beach, with the goal of creating a family friendly series of activities to attract our residents and visitors to our shorelines between Independence Day and Labor Day each year. (Citywide)

**DISCUSSION****International Sea Festival of Long Beach**

The International Sea Festival has been a part of Long Beach for over 50 years. It was originally developed to be a program that utilized the City's greatest assets, our beaches and water areas. Featured activities included swimming, sailing, sand castle building, and more. The activities were planned for all areas of the city where the water met the shore, like in Marine Stadium, the inner bays, and the beach. Boat races, major sailing events, and an "over the water" air show were the signature events of this program. The Blue Angels were the featured performers at the international air show held off the pier. Over the past decade, the organization and financial support for the Sea Festival has waned. The majority of the scheduled events that were once defined as part of the International Sea Festival are now individually produced events and programs, with only a few actually produced by the Department of Parks, Recreation and Marine (Department). The Department desires to find a way to reenergize this program, to promote family and community events and expand activities that can introduce our beaches to all our residents.

Many coastal cities have similar summer programs to attract families to their shores. For example, Virginia Beach, Virginia, is host to the Annual Neptune Festival held in the month of September. The following excerpt from the City's website describes the events - "September belongs to the Neptune Festival. Highlights during the month include: the Earthshaker's Ball, Neptune's Grand Ball, Wine Tasting, and the Sandman Triathlon. The Festival culminates with the excitement of the Boardwalk Weekend featuring The North American Sand Sculpting Championship, the Arts and Crafts Show, the Grand Parade, sporting events, music, fireworks and, of course, food!"

In Seattle, Washington, the SEAFAIR is held each year along their waterfront. Seattle's events website speaks to the community experience – "SEAFAIR's community events are a vital and vibrant part of summertime in Seattle by showcasing the traditions, celebrations and diversity of the Puget Sound area. SEAFAIR offers more than 25 sanctioned community events, parades and festivals that bring fun, festive and affordable family entertainment for everyone."

### The Sea Festival Association of Long Beach

The Sea Festival Association of Long Beach (Association) is a nonprofit organization that has been created by a consortium of community leaders to revive the City's International Sea Festival. The founding members of this organization are:

- Drew Satariano, Parks and Recreation Commission member
- Dick Miller, Marine Advisory Commission member
- Tori Bush, Belmont Shore Business Association Executive Director
- Chris Kozaites, Parks and Recreation Commission President
- Dennis Lord, Los Angeles County Airport Commission member
- Christopher Pook, Chanslor Investments
- Greg Whalen, Chairman, Long Beach Strategic Marketing, Inc.

The goals of the Association include:

1. Rejuvenation of the International Sea Festival program;
2. Development of activities that are geared toward families and the community, plus expansion of programs that can introduce all Long Beach residents to our beaches;
3. Creation of a destination site for people looking to enjoy the unique assets of our community; and,
4. Reinvestment of proceeds from the International Sea Festival into Long Beach based programming and community needs.

To achieve these goals, the Association has developed a business plan that addresses each of these areas. The concept is to have the Association become the sanctioning body for the programs offered under the International Sea Festival umbrella. This is similar to the organization of the Toyota Grand Prix of Long Beach. The Grand Prix Association sanctions five races as part of the overall event each year. Each race is an individual program managed by separate entities. In the March 22 presentation to the City Council, the Sea Festival Association Committee structure was discussed. It is the charge of the Association to include our residents in the planning and review process through a committee of community leaders.

The Association's plan would establish three levels of events that would be sanctioned by them, as follows:

- Level One – basic community programs. Activities at this level would range from the Naples Island swim to the fishing derby genre, and more. These free admission grass roots programs have a long tradition of serving the community and inclusion in the International Sea Festival.
- Level Two - showcases small community events. The Dragon Boat races at Marine Stadium capture the spirit of the mid-level activities. These events are embraced by the community and help bring visitors to Long Beach. An admission charge or participation fee would be charged to recover the cost of City services and the direct event expenses.
- Level Three – represents larger programs that are designed to attract our residents to our beaches and families to Long Beach. Sailing regattas, community festivals, athletic events and "Wings over Long Beach" are examples of the type of family activities targeted for this program. The list of confirmed and tentative calendar of events is attached (Attachment #1). These larger programs will be required to share revenues with the Sea Festival Association under a Master Agreement. The shared revenue will fund the marketing and promotional budget required to increase public awareness of all programs. These revenues will also help to cover the operating costs of the Association. Any funds above and beyond the normal operating expenses of the Association, will be reinvested into Long Beach organizations and events.

To organize the program activities, the Association will need to:

1. Create an organizing body to manage and market all of the events programmed under the International Sea Festival umbrella;
2. Operate under a master agreement with the City to organize, program, and promote a series of waterfront events that will raise the profile of the City of Long Beach as a first class beach city;
3. Develop a master event sanctioned agreement, which will ensure that all the protections for the City (fees, insurance, bonding, etc., for each event) are in compliance.
4. Work with the residents of Long Beach to reduce the impacts on their community by managing all aspects of the events with a commitment to being a "good neighbor" and partner to the community.

The Association is seeking a five-year contract to oversee the activities of the International Sea Festival and to attract other family-friendly events to the city as part of this program. The contract would require that all City expenses in support of these events be recovered from the event producers. The Office of Special Events and Filming would be responsible for handling permitting processes and ensuring compliance with City ordinances and public safety requirements. Permitting these activities will provide the mechanism for the City to require payments of estimated fees in advance of the event and to recover any additional costs incurred to support these events. The contract with the Association will include the requirement for an annual post event review of activities with the City Manager. This review will include a review and discussion of operational impacts and the financial statements of the Association. This meeting must be scheduled before December 1, each year of the contract. If the programs are not meeting the expectations of the City Manager, he may restructure or cancel the contract within 30 days of the meeting.

Agreement negotiations will address the four required actions necessary for the organization of the program activities as noted above, keeping in mind the City's fiscal status. In anticipation of the execution of an agreement, the Association has prepared a program budget (Attachment #2) that was reviewed by the City Auditor's Office. The development of a business plan will also be a requirement of the contract.

This matter was reviewed by Deputy City Attorney J. Charles Parkin on March 15, 2005, and by Budget Management Officer David Wodynski on March 16, 2005.

#### TIMING CONSIDERATIONS

City Council action is requested on April 5, 2005, to provide sufficient time for the Association to meet the City's programming and activity requirements for the Fiscal Year 2005 International Sea Festival; to provide sufficient time for the Association to commence negotiations for anticipated programming; and, to comply with Municipal Code Chapter 5.60, Parades and Special Events, to complete the permitting processes for programmed activities within a minimum of 60 days prior to the event. The event activities will begin the Fourth of July weekend continuing through the weekend preceding Labor Day.

#### FISCAL IMPACT

The fiscal impact on the City should be minimal. Each event will be permitted through the Office of Special Events and Filming, and each producer will be required to pay the estimated fees for public safety expenses in advance of the events, per the ordinance. All City expenses in support of these events will be recovered from the event producers. The permit fees however, estimated at \$10,000 per year, will be waived in consideration of future revenue sharing with the City based on the projected financial performance of the Association. The City has taken a more conservative approach to estimating the revenue sharing, compared to the projections reflected in the Association's budget, and

anticipates revenue projections averaging \$58,000 per year, over the five-year term of the contract.

**Year One:** \$0

**Year Two:** \$20,000 or 20 percent of gross revenue, whichever is greater

**Year Three:** \$40,000 or 20 percent of gross revenue, whichever is greater

**Year Four:** \$80,000 or 20 percent of gross revenue, whichever is greater

**Year Five:** \$150,000 or 20 percent of gross revenue, whichever is greater

Revenues will be deposited in the Special Advertising and Promotion Fund (SR 133) in the Department of Parks, Recreation and Marine (PR). All revenues will be designated for support of city-sponsored parades and cultural programming.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,



PHIL T. HESTER  
DIRECTOR OF PARKS, RECREATION AND MARINE

PTH:DA:GP:rb:msm

Attachments

- List of Calendar Events
- Program Budget

**APPROVED:**

*for*   
GERALD R. MILLER  
CITY MANAGER