



Staff Report

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Honorable Mayor and Members of
the Hermosa Beach City Council

Study Session of
January 13, 2015

SPECIAL EVENTS POLICY DISCUSSION

Summary of Policy Questions for City Council

The following is a summary of policy questions for City Council which are each described in detail in the below report.

At the Study Session of September 9, 2014, the City Council discussed one of the following policy questions (Types of Events) and provided feedback stating that Council was currently satisfied with the family friendly nature of most events, and would continue to rely on staff to regulate events that did not meet City obligations. In addition, Council stated that they did not want to regulate special event sponsors (including alcohol sponsors) at this time. The Study Session was then continued to a future meeting. For the purposes of this report, staff will begin with policy question two, below, titled "Quantity of Events".

<u>Types of Events</u>
(This issue was discussed in detail at the September 9, 2014 Study Session.)
<u>Quantity of Events</u>
Does the Council wish to limit the number of total special events that can be scheduled in a year?
<u>Size of Events</u>
Does the Council wish to place a limit on the number of events based on size/category?
<u>Level of Oversight</u>
Does the Council desire to approve each event individually or delegate these duties to staff and the Parks and Recreation Commission?
<u>Return on Investment</u> In light of the existing quantity and size of special events, does the Council feel that the City is obtaining an appropriate return on investment?
<u>Relationship to General Plan/LCP Process</u>
Does Council intend the direction provided today to serve as its definitive policy or more of an interim policy which may or should be revisited/confirmed as part of the future General Plan/Local Coastal Plan (LCP) update process?

Background Information:

The City's Strategic Plan (adopted in 2013 and reaffirmed in 2014) includes a 2029 Vision that upholds "The Best Little Beach City" and "Beach Lifestyle" as Principles 1 and 3. These principles are partially defined by the values of:

- "Strong community events and festivals: some for our residents and some drawing visitors",
- "Opportunities to meet people, to socialize with diverse people",
- "Appreciation of diverse, contrasting, relaxed life styles",
- "All feeling welcome in our community",
- "A Place for innovators, champions, and iconoclasts to enjoy life and excel".

The Plan also emphasizes enhanced economic development as one of its primary goals. As you know, Hermosa Beach is a popular location for hosting a variety of special events. There has been more than a 100% increase in the number of events since 2009, jumping from 40 to 86 events in 2013. This increase was sustained in 2014. In addition, over time the size and quality of many events has increased, with the City playing host to groups such as the Los Angeles Kings, L.A. Galaxy, the Crossfit Games and Discovery Channel. Staff projects that this event trend will continue as other large and notable organizations see the success of these events and desire to hold their own events in Hermosa Beach. In the context of enhanced economic development and due to the large number of events requiring oversight alongside limited City staff and resources, the City has sought out ways to make event oversight both more efficient and customer friendly.

As part of its Strategic Planning process in early 2014, City Council and staff discussed the Council-Manager form of government model and the handouts from that discussion are attached. The City is also in the process of building a High Performance Organization. High Performance Organizations empower employees to make more decisions on the front lines, which increases efficiency when resources are tight. In this context, staff worked publicly with the Parks and Recreation Commission throughout 2013 to revamp how special events were being permitted in order to increase efficiency while continuing to provide a high level of service. Hermosa Beach Municipal Code Section 12.28.010 leaves the implementation of special event permitting to the Community Resources Director, and states that "the Community Resources Director may issue a special events permit upon finding that the special event is included in the annual special event calendar approved by the City Council."

With that being said, at their meeting of May 13, 2014, the City Council reviewed the 2014 events calendar in conjunction with a wider event policy discussion, and voted to approve the May 2014 events. The Council subsequently approved the 2014 event calendar, and requested that staff return in Fall 2014 for a wider policy discussion on special events. The Parks and Recreation Commission continues to support the 2013 changes to the permitting process, and supports a larger discussion regarding the types, size and quantity of events that the City wishes to host, alongside a discussion

of City Council and staff roles in event approval.

Discussion of Topics/City's Role and Need for Action:

As you know, the Parks and Recreation Commission held a special events workshop in September 2013, where Commission provided extensive input and the events approval process was streamlined. Staff previously conducted a survey of 18 Southern California cities to determine how special events were permitted and results showed that 16 of the 18 cities surveyed review, approve and issue event permits primarily at the staff/department level for most events. Torrance, Santa Monica and Huntington Beach have a special events policy in place that allows a staff special events team to vet and approve events directly. This is similar to the system that was implemented in Hermosa Beach in 2012 where a cross departmental team reviews each event application. With that being said, the City Council has requested an opportunity to provide additional input regarding special event policy, specifically as it relates to types, size and oversight of events. Below please find a broad outline of issues to consider:

Types of Events

(This issue was discussed in detail at the September 9, 2014 Study Session.)

Quantity of Events

As Council is aware, there has been a large increase in the quantity of events in the past several years. At the same time, there has been a decrease in City staff, creating a challenge in maintaining appropriate oversight for the high number of special events. The high number of events also can lead to multiple events requesting to be held on the same day. As many of these events take place on the beach or in the oversight zone for the Coastal Commission, there is concern about their effect on beach access, as well as neighborhood impacts. There have also been discussions from some in the community regarding the large number of events each year, especially in the downtown and beach area.

Historically, as event applications have increased, staff has been hesitant to deny any of them even in the face of a large quantity, as some event producers would appeal directly to the City Council and get their events approved anyway. However, this approach has sometimes led to multiple events on the same days, often closely located to one another. This may impact to parking lots, traffic and residents that may wish to use the beach without having to navigate through a special event. Staff reviewed the types of events during the past two calendar years and determined that over half are small sporting events; mostly volleyball tournaments. While these types of events are embedded in the city's beach lifestyle culture, the sheer quantity of them has begun to create impacts.

Policy Issues

Does the Council wish to limit the number of total events that can be scheduled in a year? Options include:

- Creating a maximum number of events that can be approved each year with a method of determining which events are selected if there are competing requests.
- Creating a maximum number of events that can be held by one event producer per year (currently some sport associations hold multiple events throughout the year).
- Enforcing an event holiday which is a weekend (or two) where no events can be scheduled.

Factors to Consider:

- Half of all events are small sporting events. Each year, the number of small sporting events grows to where there is virtually a volleyball or other tournament almost every weekend all summer and many throughout the remainder of the year. Limiting some of these could reduce the overall event “quantity” impacts to the City. However, beach sports and specifically volleyball have deep roots in the community and are considered by many to be part of Hermosa Beach culture.
- Many volleyball associations apply for multiple event dates on one application and for one application fee. Strict enforcement of collection of this fee for each event could naturally limit some of the volleyball tournaments without having to select one over the other. However, many associations are run with a low budget and might not find payment of these fees sustainable. In the past some groups would appeal directly to the Council for a waiver of fees, resulting in a large number of such events.
- These events use a large area of the commercial zone (usually north and south of the pier) and oversight uses staff time, but they often don’t produce corresponding revenue for the City.
- Due to the large number of tournaments, the City has had to turn down larger event producers wishing to use the space that could have brought a more diverse array of events to the area. For example, the City had an inquiry from DreamWorks to fly a flag promoting the movie “How to Train Your Dragon 2”, which would have brought quite a bit of revenue to the City. However, it was turned down as there was a volleyball tournament during the same time period using the space.
- Some of the sporting events use alcohol sponsors although drinking on the beach is unlawful. One association in particular provides free volleyball nets for the beach courts that say “Bud Light”. This issue had previously been identified by some Councilmembers as something to be addressed.
- The City also has an active film permit and Pier Plaza promotion program which often approves activities that are similar to special events. Both film permits and Pier Plaza Promotions are strong revenue producers for the city and enhance economic development activity. Limiting the quantity of special events could have impacts on these other activities.

Size of Events

Currently, events are classified and charged based on size and impact as follows:

- Category 1 (500 or less attendees),
- Category 2 (500 - 3000 attendees and in the off season),
- Category 3 (up to 5000 attendees, lasts more than one day, and prize money given),
- Category 4 (all criteria of Category 3 plus exceeds 5000 attendees or has network television

coverage)

Events are categorized this way because the City expends more resources to oversee a Category 3 or 4 event than for a smaller Category 1 or 2 event. Such resources often include additional police, fire, clean up or inspection activity. Larger events also create traffic and parking impacts, as well as crowds that may or may not be challenging to control. For a city of this size, resources can potentially be taxed.

In 2014, the City hosted nine Category 4 events. This would include the Kings Parade, Summer Concerts, Crossfit Games, Fin Fest and two Fiestas. The vast majority of events were smaller with half being Category 1 events.

Policy Issues

Does the Council desire to place a limit on the number of events based on size/category?

Factors to Consider:

- The City already has a five year contract for the summer concert series which include four Category 4 events which are already approved.
- Fin Fest has expressed interest in returning in forthcoming years and has already applied for 2015.
- The contract with the Chamber of Commerce for Fiesta has expired. Staff will discuss this event separately.
- The City Council has expressed interest in certain types of Category 4 events such as the Kings Parade and the recently hosted Crossfit Games. Therefore, any limit placed would need to include the flexibility to approve these types of events as they often happen quickly without much advance notice.

Level of Council Oversight

During the adoption of the 2014 events calendar, some Councilmembers expressed a desire for more oversight and involvement in the events approval process. For reference, please be reminded that the Parks and Recreation Commission worked with staff to revise the permitting process in 2013. Historically, events were approved once a year by the Commission in December and then by the Council January, for the forthcoming year. With the large quantity of events being processed, staff noted that many event details were often overlooked due to processing such a large quantity of applications at once. In addition, many event producers were not able to plan their events so far in advance which led to the need to come back to Council during the year. Other events that missed the annual deadline had to come to Council separately throughout the year to get events approved. In addition, many events are proposed on a short timetable of two or three weeks. For these reasons, staff needs to maintain the flexibility to make decisions about such events in order to maximize customer service and be able to conserve City resources.

Policy Issues

Does the Council desire to approve each event individually or delegate these duties to staff and the Parks and Recreation Commission?

Factors to Consider:

- Delegating event approvals to staff and the Parks and Recreation Commission allows for the City to be flexible in bringing high quality and high profile events to the City quickly. For example, several of the biggest events approved in 2014 did not go through the Council pre-approval process. This includes one World Cup Viewing Party, the Kings Parade, the ESPN/Crossfit Games and the Jimmy Buffett component of Fin Fest. Due to the nature of these events, they would not have been able to occur at all if the Council pre-approval process had been implemented.
- For example, Ocean Spray Cranberry Juice applied for an event to take place in October 2014 about two weeks prior to their requested date. Based upon their request, and the desire to approve family friendly/health oriented events, staff reviewed their site plan and approved the event in a shortened timeframe. The event required a one day set up along with one day of operation. Police, Fire and Public Works all reviewed the application and were able to oversee a quickly implemented event with no incidents.
- The ESPN/Crossfit Games were actually processed as a film permit and not a special event per se. However the two types of activities often overlap and have similarities. The Municipal Code currently authorizes staff to approve film permits directly.
- Pier Plaza Promotions are also currently processed directly by staff but also have many similarities to special events. The Council has previously authorized (via resolution) for staff to approve up to five of these promotions per year.

Return on Investment

Depending upon the type of event scheduled, the return on investment per event varies. Larger events often have greater impacts on the event area, but correspondingly collect more fees. Smaller events collect fewer fees but due to their number, often require extensive staff time to coordinate.

As an example, the City booked the Ocean Spray Cranberry Juice event in October 2014. It was an off season health and fitness event designed to launch a new Ocean Spray drink. It used space on the sand north of the pier for a two day period (one day for set up and one day for the event). The event used three reserved parking spaces for the two days. Total revenue collected was \$3,937 and total staff time invested was about six hours.

If Council determines that the City needs a greater return on investment, the master fee schedule for events would need to be updated.

Policy Direction and Next Steps

Council input at the study sessions on September 9, 2014 and January 13, 2015 will provide policy direction regarding the types, size and number events staff should approve. The purpose of these discussions is for Council to provide a framework for event approval within which staff can operate.

Policy direction also should be considered in the context of the General Plan/LCP update process as representing what the Council desires to see in terms of use of and easy access by the general public to the beach, public spaces and coastal resources, and allocation of city resources. Other activities such as the Downtown Core Revitalization Strategy (relating to Pier Plaza and The Strand and parking) and the Sociable City Assessment are also peripherally related. Staff notes that a comprehensive events policy may require Coastal Commission review for consistency with the Coastal Act as part of the LCP update process.

Staff will return to Council on January 27, 2015 with the 2015 events calendar for Council review and approval alongside copies of the 2015 event applications.

Attachments:

Powerpoint Presentation
Ocean Spray Event Application

Respectfully Submitted by: Diane Strickfaden, Assistant to the City Manager

Approved: Tom Bakaly, City Manager