



Staff Report

File #: REPORT 18-0649, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of October 23, 2018**

**SUMMER BEACH CONCERT SERIES SUBCOMMITTEE
RECOMMENDATION TO ISSUE A REQUEST FOR PROPOSAL FOR
THE SUMMER BEACH CONCERT SERIES, BEGINNING IN 2019,
TO INCLUDE INPUT FROM THE PARKS, RECREATION AND
COMMUNITY RESOURCES ADVISORY COMMISSION
(Community Resources Manager Kelly Orta)**

Recommended Action:

Staff recommends that the City Council:

1. Approve the Summer Beach Concert Series Subcommittee's recommendation to issue a Request for Proposal (RFP) for the production and management of the Summer Beach Concert Series, beginning in 2019; and
2. Request the Parks, Recreation and Community Resources Advisory Commission to provide input on the scope of the RFP at its November 6, 2018 regular meeting.

Executive Summary:

The Summer Beach Concert Series (Concert Series), which consists of concerts at the beach each Sunday in August, has been produced by Allen Sanford, local business owner and producer, and his team at Saint Rocke ("Sanford") since 2010 by way of a production agreement. The production agreement has been amended several times and expired at the conclusion of the 2018 summer Concert Series. In light of the expiration of the agreement, the City Council created a Summer Beach Concert Subcommittee to review the expired agreement, Sanford's proposed terms and conditions to renew the agreement, and additional options for the production and management of the Concert Series. After several months of review, the Subcommittee recommends that the City issue a Request for Proposal (RFP) for purposes of selecting a producer for the production and management of the Concert Series beginning in 2019. Prior to issuance of the RFP, the Parks, Recreation and Community Resources Advisory Commission will have an opportunity to review the scope of the RFP, leaning on its expertise in special event oversight.

Background:

For several years prior to 2010, the City produced the Summer Beach Concert Series, utilizing funds from donations collected from spectators at each concert as well as revenue from Pier Plaza Promotions. Production costs at that time were approximately \$24,500 and entertainment costs were \$11,500. In 2010, the City entered into a contract with Sanford to produce the annual concerts through 2015. Under the agreement, the City did not compensate Sanford directly for production of the concerts. However, the

City subsidized Sanford by waiving permit fees, and providing City services and support at no cost to Sanford. City services and support included use of 40 parking spaces in Lot A, use of a 40' x 40' promotional area of Pier Plaza, security management, daily audience area preparations, and other promotional and marketing opportunities, including street banners and City-managed online postings, to name a few. The City did not track the costs for the subsidized services it provided to support the Concert Series during the years leading up to the end of the agreement. However, discussion of the costs of City services in 2018 values is included in the Analysis section of this report. While the City did not recover its costs from Sanford, the contract provided him the right to sell sponsorships, souvenir items, and VIP back stage passes for annual donors in order to recover his own costs.

In 2014, the contract was extended three years through December 2018 with some minor changes. During this contract extension, Friends of the Parks (FOP) relocated its annual fundraising event, Movies at the Park, to the beach, becoming Movies at the Beach, in partnership with Sanford.

At its regular meeting on December 6, 2017, the City Council discussed options for renewal/extension of the contract (Attachment 1), including a number of changes to the contract terms made by Sanford. Sanford requested a five-year extension of the term through 2023, along with the following revisions:

- Storage of a trailer in the City Yard to store annual supplies to avoid the need to repurchase them each year;
- Payment to Sanford \$7,500 per concert (\$30,000 annually), with a 3% increase each calendar year;
- Allowance for a backstage private operation serving beer and wine for musical artists and VIP guests;
- Right to negotiate with Movies on the Beach to use the Concert Series stage to show movies at a fee payable directly to Sanford;
- Limitations on sponsorship opportunities for Friends of the Parks for Movies at the Beach event; and
- Placement of a non-compete clause prohibiting Movies on the Beach to be produced outside the Summer Concerts agreement 30 days before and 30 days after the Concert Series.

Recognizing that Sanford's proposal represented a material change in terms, the City Council directed staff to return with a formal discussion on creating a Council subcommittee to evaluate various opportunities and options for a future partnership with Sanford as well as alternative ways to produce the concerts. At its Council meeting on March 27, 2018, the City Council appointed Mayor Pro Tem Stacey Armato and Councilmember Mary Campbell to the subcommittee. The Subcommittee has regularly met with staff in addition to having discussions with Sanford to determine next steps and form a final recommendation for Council consideration.

Analysis:

The Summer Beach Concert series is an event enjoyed by a broad audience base and is attended by all ages. After analyzing and reviewing all options, discussed further in this section, the Summer Beach Concert Series Subcommittee has determined that it is in the best interest of the City to issue a Request for Proposals (RFP) to identify the highest quality and value production services available to the City, beginning with the summer 2019 series.

Summer Concert Series Costs to the City

Although the City has not paid Sanford directly for producing and managing the Concert Series, the City has paid for and provided several services to supplement and/or ensure that the events are safe and provide the required level of services for the high number of spectators in attendance. The approximate costs to the City related to event-day implementation from the 2018 Concert Series are outlined in Table 1 below.

Table 1: 2018 Event-Day Implementation Costs

Amplified Sound Permit (waiver)		\$160
Athens (porter service)		\$1,522.16
Banner Permit Fee (waiver)		\$52
HB Police Officers		\$14111.36
Parking		\$2,400
Portable Restrooms		\$3,154.80
Public Works Staff		\$12,383.28
Reimbursement to Allen	<i>Banner Design</i>	\$1,000
	<i>Printing, Pickup, Delivery, Setup</i>	\$3,000
	<i>Security Fencing</i>	\$1,400
Signvertise Banner Fee		\$400
Security		\$7,200.75
TOTAL		\$46,784.35

It should be noted that at the time of the initial agreement in 2010, the Concert Series was much smaller in size and scope than it has grown to in recent years. Therefore, City costs were much less at the time and were not evaluated as the demands on City resources increased with the expanding Concert Series.

Special Events in Hermosa Beach

The City plays host to a variety of events, from small, one-day tournaments, to large-scale events such as the AVP Pro Volleyball Tour (AVP). Using the latter event for comparison purposes, AVP pays the City approximately \$47,000 annually in event fees and reimbursement costs for City services. Under the same formula and using the City's special event fees as a guide, the Summer Concert Series event would be billed approximately \$34,000 in event fees including application, daily event, set-up & tear-down staff

time, Amplified Sound, and Police Officer fees.

While AVP and the Concert Series are not a like-for-like comparison with regard to the number of spectators, the overall footprint of the two events is comparable. AVP takes place on the north side of the Hermosa Beach Pier and spans northward to 15th Street, which is the northernmost border of the City’s commercial zone. From start to finish, AVP is on the beach for twelve days - six event days and six days for set-up and tear-down. The Concert Series takes place south of the Pier and has crowds that span southward to at least 10th Street, often extending its reach depending on the caliber and following of the performers.

The Concert Series differs from AVP in the number of days it commandeers the event footprint on the beach. The Concert Series stage remains set-up on the beach in between the four days of concerts, providing approximately 28 days’ worth of valuable advertising opportunities for the event and its related sponsors, in addition to its utilization of the City’s valuable beach property. While the intent and recommendation of the Subcommittee are not to look at the Concert Series the same way as the special event permitting for other events, this comparison is a good exercise to understand the generally understood and accepted value to the beach and the precedent the City has set for similar types of activities hosted in the City.

Similar Events in Neighboring Cities

Often, neighboring municipalities look to one another’s practices as due diligence for comparison purposes and for assurance that projects and programs remain at an industry standard. There is immense value in this practice. Therefore, this was done as part of the Subcommittee’s review of the Concert Series over the past several months. While there is no neighboring event that can be compared evenly across all terms, the Subcommittee looked for the most similar outdoor music event, which is the Redondo Beach three-day music festival (festival). This will be a new event to Redondo Beach, produced by Allen Sanford, which was approved by the Redondo Beach City Council at its September 4, 2018 meeting.

The event in Redondo Beach will include a biannual music festival located at Seaside Lagoon. For comparison purposes, the Table 2 below outlines the terms and details of the festival against the Concert Series’ expired agreement, as well as Sanford’s requests as part of the agreement extension from the December 2017 City Council meeting.

Table 2. Comparison of Event Terms and Details

	Hermosa Beach Summer Concert Series (expiring agreement)	Sanford's Agreement Extension Requests (12/2017)	Redondo Beach Festival
Term Length	-5-year (2014-2018) -Extended additional 3-years (2018-2021)	Extend an additional 5 years (2019-2023)	5-year (2018-2022) with mutual option extend an additional 5 years
Annual Event Review	City Manager required to approve performers	City Manager required to approve performers	Producer required complete special event application
Municipal services (staff)	At cost to the City	At cost to the City	At cost to produce up to \$72,000 annually
Municipal Payment to Producer	Not applicable	\$30,000 with 3% increase annually	Not applicable
Alcohol	Not permitted per HBMC	Requested for V area (backstage)	Allowed
Ticket Proceeds	Not applicable	Not applicable	Remain with producer
Sponsorship Revenue	Remain with producer	Remain with producer	Remain with producer
Security	At cost to the City	At cost to the City	At cost to produce
Site Fees	Waived	Waived	At cost to produce at \$55,590 annually escalating 3% each year
Parking Fees	Waived	Waived	Included with site fees
Marketing/Advertisements	City reimburse producer for street banner design, production and installation. Event info on City website, calendar and marquee	City to reimburse producer for street banner design, production and installation. City website and e-newsletter inclusion.	City advertising on website, newsletter etc.
Stage & Security Fencing	City to reimburse producer	City to reimburse producer	At cost to produce

Table 2 is not intended to include all terms of the aforementioned agreements but is intended to include the most applicable terms for comparison purposes. What this table provides is a lens into how a neighboring municipality values its beachfront being used as a music venue and a location ideal for

commercial sponsorships and promotional opportunities. As such, it's clear the City's existing agreement, particularly as proposed with modifications by Sanford, is not in line with the allocation of costs and responsibilities in the Redondo agreement. The issuance of an RFP would allow for negotiations and creative approaches to production and management of the Concert Series, which has the potential to decrease overall costs to the City.

RFP Tentative Timeline

Should City Council approve the Subcommittee's recommendation to issue an RFP for the 2019 Concert Series and request to have the Parks, Recreation and Community Resources Advisory Commission provide input on the scope, staff would begin work immediately to ensure sufficient time to allow interested professionals to prepare proposals and to allow staff time to thoughtfully engage in the process of selecting the successful proposal. Therefore, a tentative schedule for the RFP would include the following:

- November 6 - Parks and Rec. Commission RFP Scope Input
- RFP Release - November
- RFP Proposal Deadline - December
- Interviews with Proposers - January
- Proposal Award - January/February

Sanford's work and dedication in producing and growing the City of Hermosa Beach's Summer Concert Series is to be commended. The Subcommittee's recommendation to issue an RFP is not a reflection on Sanford and his team's performance in producing and managing the Concert Series. The Subcommittee's made its recommendation in order to create an opportunity to establish a more fiscally sustainable and advantageous arrangement for the City. Further, the City has the task of being responsible stewards of public funds and the RFP process allows for a thoughtful and fair approach in the selection process of any professional service.

General Plan Consistency:

The relevant policies from the City's general plan, PLAN Hermosa, include:

- Governance Goal 1. A high degree of transparency and integrity in the decision-making process.
 - 1.6 - Long-term Considerations. Prioritize decisions that provide long-term community benefit and discourage decisions that provide short-term community benefit but reduce long-term opportunities.
- Governance Goal 2. The community is active and engaged in decision-making processes.
 - 2.9 - Evaluation and Feedback. Periodically solicit service evaluations from the community and utilize feedback to improve and develop the City's policies, ordinances, programs, and funding priorities.
- Governance Goal 6. A broad-based and long-term economic development strategy for Hermosa Beach that supports existing businesses while attracting new business and tourism.
 - 6.5 - Creative Economy. Prioritize strategies that will create an economy full of diverse

talents, trades and goods for the city. For long lasting economic success, a range of services, arts, entertainment and retail should be supported on all scales of the city's economy.

- Land Use Goal 1. Create a sustainable urban form and land use patterns that support a robust economy and high quality of life for residents.
 - 1.7 - Compatibility of uses. Ensure the placement of new uses does not create or exacerbate nuisances between different types of land uses.
- Land Use Goal 11. A proud and visible identity as an arts and cultural community.
 - 11.3 - Arts as cultural tourism. Recognize the value of the arts to the city's quality of life and economic stability and promote cultural tourism as an engine for economic development.
- Land Use Goal 12. A mix of cultural facilities that support and encourage the community's vibrant range of art creation and presentation.
 - 12.4 - Outdoor performances and exhibit space. Support the maintenance and development of outdoor areas for the performance and exhibition of arts festivals and events.
- Parks & Open Space Goal 3. Community parks and facilities encourage social activity and interaction.
 - 3.1 - Community-friendly events. Encourage, permit, and support community group, nonprofit, or business organized events on City property that support physical activity, beach culture, and family-friendly social interactions.
 - 3.2 - Social and cultural events. Design and program parks and open space to accommodate unique social and cultural events to foster connectedness and interaction.
- Parks & Open Space Goal 7. The beach offers high quality recreational opportunities and amenities desired by the community.
 - 7.3 - Recreational asset. Consider and treat the beach as a recreational asset and never as a commercial enterprise.
 - 7.5. Designated recreational uses. Continually evaluate and explore devoting certain portions of the beach to different preferred recreational uses while providing access for all users and meeting the recreation needs of visitors and residents.

Fiscal Impact:

The fiscal impact is unknown at this time and is dependent on the financial plan and outlook of the selected proposal.

Attachments:

1. Summer Concert Series Agreement with Allen Sanford

Respectfully Submitted by: Kelly Orta, Community Resources Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager

