



Staff Report

File #: REPORT 19-0664, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Adjourned Regular Meeting of October 10, 2019**

**APPROVAL OF THE PARKS, RECREATION AND
COMMUNITY RESOURCES ADVISORY COMMISSION'S
RECOMMENDED SPECIAL EVENT FEE WAIVER GRANT POLICY;
IMPLEMENTATION IN 2020; AND AFFIRMATION THAT NO
ADDITIONAL FEE WAIVERS WILL BE GRANTED FOR 2019**
(Community Resources Manager Kelly Orta)

Recommended Action:

Staff recommends that the City Council affirm the Parks, Recreation and Community Resources Advisory Commission's recommendations on the proposed Special Event Fee Waiver Policy, including:

1. Approval of the proposed policy;
2. Implementation of the proposed policy for events held in 2020; and
3. Affirmation that no additional fee waivers will be granted for 2019.

Executive Summary:

The City's Special Event Policy Guide, adopted by the City Council in 2017, outlines an updated approval process for special events consistent with each event's categorized impact levels. Included in this policy guide is a Fee Waiver Policy that provides guidelines for consideration of fee reductions by the City Council. At the City Council's March 12, 2019 regular meeting, Council expressed concern over the level of fee waivers granted to special events and requested that the Special Event Subcommittee review the fee waiver policy and provide recommended updates.

The Subcommittee provided a recommended draft policy to the Parks, Recreation and Community Resources Advisory Commission for review on July 2, 2019, and then again on October 1, which incorporated input and feedback from the initial presentation. The Commission recommends approval of the proposed policy, which incorporates several minor revisions consistent with its October 1 discussion. Additionally, the Commission recommends implementation of the policy for events held in 2020 and that no additional fee waivers be granted for the remainder of 2019.

Background:

The City's Special Event Policy Guide, adopted by the City Council in 2017, outlines an updated approval process for special events consistent with each event's categorized impact levels. Included in this policy guide is a Fee Waiver Policy that provides guidelines for consideration of fee reductions

by the City Council. This policy states that valid, non-profit organizations are eligible for fee reduction consideration by making a formal request through the completion of the Fee Waiver Application. Possible options specified in the policy include:

- The application fee cannot be waived;
- The permit fee(s) can be waived up to 100%; and
- Additional impact fees can be waived up to 10%.

The Fee Waiver Policy leaves determination of the level of fee waivers to the discretion of the City Council. Since the policy's implementation, special event fees have been waived at the level outlined in the above-stated policy as well as in full, depending on several factors including the organization's benefits to the community and past practice.

At the City Council's March 12, 2019 regular meeting, Council expressed concern over the level of fee waivers granted to special events and requested that the Special Event Subcommittee review the fee waiver policy and provide recommended updates. Following weeks of study and analysis, the Subcommittee provided a recommended draft policy to the Parks, Recreation and Community Resources Advisory Commission ("Commission") for review on July 2, 2019. At that meeting, the Commission expressed a desire for additional consideration in several policy areas including whether groups must be qualified non-profit organizations to be eligible, and the inclusion of the Special Event Policy Guide mission statement as a qualifier for eligibility. Additionally, the Commission requested staff to return with data on the amount of fee waivers granted in previous years for comparison purposes.

At its regular meeting on October 1, staff presented an updated policy that incorporated the Commission's feedback from the July 2 meeting as well as additional input provided by the Special Event Subcommittee. Following analysis of these changes, the Commission recommends approval of the proposed policy (**Attachment 1**), which includes the following revisions:

- Incorporation of language that specifies the Special Event Fee Waiver Policy is not applicable for long-term agreements; and
- Clarification of the language surrounding events that promote or advance a religious message or belief.

Additionally, the Commission recommends implementation of the policy commencing in 2020 and that no further fee waivers be granted for 2019. Lastly, the Commission requested that the Special Event Subcommittee expedite its development of a recommendation addressing long-term agreements for eligible special events for inclusion in the Special Event Policy Guide.

Discussion:

Throughout development of the proposed Special Event Fee Waiver Policy, staff and the Special Event Subcommittee analyzed and referred to multiple fee waiver policies from various municipalities, incorporating elements of each into the proposed policy. Those municipalities include

the following:

- American Canyon, California
- Culver City, California
- Hayward, California
- Kissimmee, Florida
- Long Beach, California
- South Pasadena, California
- Truckee, California

Policy Overview

The proposed policy provides the Commission with the ability to approve the award of fee waivers through a grant process. As detailed in the policy, the City Council will annually affirm the maximum amount of grant funding available to the Commission to award to qualified events for the upcoming calendar year. The proposed maximum amount that can be awarded annually is \$20,000. Each organization, if determined to meet the qualifications of the grant policy, may receive the lesser amount of \$2,500 or 50% of applicable special event fees (indirect costs). Fees applied toward the application fee, staff time, inspections, Police or Fire services, etc. are ineligible. Those fees that are eligible include daily permit fees, set-up and tear-down fees, etc. Those funds awarded to each organization may only be applied towards event-related City fees. Following the successful award of a grant, each organization would submit a formal report and provide a presentation to the Commission following the event. This presentation would provide an overview of the event including its success, budget, and financial outlook.

Policy Updates

As briefly mentioned, the Commission recommended a series of language updates and additions to the policy presented at its meeting on Tuesday, October 1. The first request was the incorporation of language specifying that the Special Event Fee Waiver Policy is not applicable for long-term agreements. On page 1 in the paragraph immediately following the Mission Statement of the Special Event Policy Guide, the following language was added to address this:

“The Special Event Fee Waiver Grant Policy is intended for those events required to complete the annual application filing, review, and approval process. Events and organizations that qualify for a long-term agreement are not bound by the terms of this policy.”

The Commission’s interest in adding this language and requesting the Special Event Subcommittee to provide its recommended policy guidelines on long-term agreements for qualified special events as quickly as possible, is to support select organizations and its event(s) further than the proposed fee waiver policy allows. It was clear that the annual “Hearts of Hermosa” event, those events produced by Friends of the Parks (“Pets in the Park”, “Pumpkins in the Park”, etc.), and the “Fine Arts Festival” should be closely analyzed for consideration of a future long-term agreement, which would preclude

each organization from going through the annual application filing, review and approval process. In addition, the long-term agreement provides an opportunity for the City to negotiate the city's level of support albeit in fee waivers, resource assistance, etc., without the constraints of the proposed fee waiver policy. This policy was next on the Special Event Subcommittee's list for review and it will return to the Commission with recommended guidelines as quickly as possible.

Additionally, the Commission requested that the language addressing events that may promote or advance a religious message or belief be reviewed to ensure it was clear and understandable. This refined language is near the top of page 2 in the "Eligibility" section of the proposed policy. The proposed language further clarifies that City funds cannot be used for these type of events and, therefore, would be ineligible for fee waiver consideration.

Throughout the Commission's discussion, there were additional discussion points that merits highlighting for the City Council's benefit while considering adoption of the proposed policy. One of the more in-depth conversations involved the removal of the non-profit status qualifier for fee waiver eligibility. At the Commission's July 2 meeting, it expressed an interest in having staff and the Subcommittee review whether this should be a requirement, specifically because it did not want to prevent the City from providing assistance to a worthy cause that was not being produced by a recognized non-profit organization. Ultimately, the Commission recommends approval of the proposed policy which removes an organization's non-profit status as a qualifier.

Lastly, the Commission discussed the importance of having a standard method that measures each event's community benefit, which would be included in the Community Benefit Form. This form would be developed following adoption of the policy. Considering the removal of the non-profit status qualifier, there was concern that this would provide an opportunity for more events to apply for the fee waiver, which could result in less funds being available for events that have historically been the recipient of fee waivers. It was evident that this form would be key in assisting the Commission in determining the level of community benefit each event provide. Staff will work with the Special Event Subcommittee to ensure it is created considering this significance.

The final topic to highlight is that the proposed policy states that, "Fee waivers will not be considered for events taking place between Memorial Day and Labor Day (peak season)." This can be found in the final sentence of the "Grant Funding Limits" section on page 1. The Commission did not discuss this during deliberations but approved the policy with inclusion of the statement. Using the 2019 Special Event Calendar as an example, the only events that received fee waivers in the peak season in 2019 was the "Fine Arts Festival", held June 8-9 and the "Best Day Foundation Beach Day" held June 15-16. Under the current proposal, both events would be ineligible for fee waiver consideration. The inclusion of this in the policy was a recommendation by the Subcommittee in one of the policy review meetings and was made in an effort to lessen the impacts of the event calendar within the peak season. The incentive of fee waiver eligibility for only those events held in the non-peak season encourages the rescheduling of an event into a lesser-impacted month, thus decreasing the overall

impacts within the event calendar during the peak season. Further, this strategy is also highlighted in the General Plan within Goal 8 of the Parks and Open Space section of the General Plan, as noted in the “General Plan Consistency” section of this report.

Current and Proposed Policy Comparison

For comparison purposes and to calibrate the proposed policy with past practice, Table 1 includes those organizations that received fee waivers in 2018 as well as a comparison of each organization’s fee waivers under the proposed policy model. The proposed policy outlines the level of fee waiver to be the lesser amount between \$2,500 or 50% of applicable special event fees. Based on this, the highlighted box in each row of the final two columns reflects the fee amount that would apply for each event. In total, \$38,178 of special event fees were waived in 2018. Using the proposed policy, the combined total amount of fee waivers would have been \$11,394. The “Best Day Foundation Beach Day” and “Sandpipers Stroll the Strand” would not have been eligible for fee waiver consideration as their fee waiver request is below the \$250 minimum as outlined in the proposed policy.

Table 1: Special Event Fee Waivers Awarded in 2018 and Comparison of Fee Waivers Under the Proposed Policy

Event	Total Fees Waived	PROPOSED POLICY	
		50% off indirect	\$2500
Best Day Foundation Beach Day	\$50	\$25	\$2500
Hearts of Hermosa	\$7806	\$3894	\$2500
Hope Chapel Community Fair Egg Hunt	\$2612	\$1,298	\$2500
Pets in the Park	\$2612	\$1,298	\$2500
Pumpkins in the Park	\$2612	\$1,298	\$2500
Sandpipers Stroll the Strand	\$400	\$200	\$2500
*Spyder Surf Fest	\$10935	\$5434	\$2500
Walk to End Alzheimer	\$11,151	\$5564	\$2500
TOTAL	\$38178	TOTAL	\$11394

Throughout 2019, there has been a number of special event fee waivers approved for various organizations, as outlined in Table 2. To date, \$36,049 has been waived by the City Council for special events held in 2019. Similar to Table 1, Table 2 includes a comparison of these fees under the proposed policy model. In addition, the highlighted box in each row of the final two columns contains the fee amount that would apply for each event. Under the proposed policy, fee waivers would have totaled \$12,813. The “Best Day Foundation Beach Day” and “Sandpipers Stroll the Strand” would, again, not be eligible for fee waiver consideration because their fee waiver request is below the \$250 minimum as outlined in the proposed policy. Lastly, it should be noted that as previously discussed, the “Art Festival” would no longer be eligible for fee waiver consideration unless it rescheduled the

event into the off-season.

Table 2: Special Event Fee Waivers Awarded in 2019 and Comparison of Fee Waivers Under the Proposed Policy

Event	Total Fees Waived	PROPOSED POLICY	
		50% off indirect	\$2500
Art Festival	\$3,156	\$3,073	\$2,500
Best Day Foundation	\$140	\$140	\$2,500
Great Santa Run	\$1,627	\$5,374	\$2,500
Hearts of Hermosa	\$1,867	\$1,515	\$2,500
Hope Chapel Easter Egg Hunt	\$1,298	\$1,298	\$2,500
Hope Chapel Easter Sunrise Service	\$5,464	\$5,646	\$2,500
Sandpipers Stroll the Sand	\$400	\$200	\$2,500
*Spyder Surf Fest	\$11,334	\$5,646	\$2,500
Walk to End Alzheimer's	\$10,763	\$5,374	\$2,500
TOTAL	\$36,049	TOTAL	\$12,813

Policy Implementation and 2019 Outlook

The proposed policy recommends allowing up to \$20,000, annually, in fee waivers. As shown in Table 2, \$36,049 has already been awarded for 2019. Although the recommendation is to implement this policy commencing in 2020 in order to allow event producers time to include projected fees into their event budgets, the Commission recommends that no additional fee waivers be granted for events scheduled in 2019 because it has already far exceeded the proposed annual maximum. Currently, there are no additional fee waiver applications pending approval for the remainder of the calendar year.

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

- 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.
- Parks and 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.
- Goal 8. Special events at the beach are balanced to support community recreation and economic development without restricting coastal access or impacting the community.
 - 8.2. Off-peak season events. Incentivize event producers to host special events during off-peak seasons through reduced fees or accommodating location/reserved area preferences.
 - 8.6. Special event impact fees. Require special event applicants pay a fair share of costs associated with impacts on City services and facilities required to support special events.

Fiscal Impact:

Although the fiscal impacts are unknown at this time as the 2020 Special Event Calendar is still in the development stages, it is anticipated that the City will see an increase in special event revenue under the proposed policy.

Attachments:

Proposed Special Event Fee Waiver Policy

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