

DATE ISSUED: June 21, 2000

REPORT NO. 00-131

ATTENTION: Honorable Mayor and City Council
Docket of June 26, 2000

SUBJECT: Authorization of San Diego Street Scene Five-Year Agreement

SUMMARY

Issue - Should the City Manager enter into the five-year Agreement that has been negotiated with Rob Hagey Productions (RHP) for the production of San Diego Street Scene?

Manager's Recommendation - Authorize the City Manager to sign the five-year Agreement that has been negotiated with Rob Hagey Productions for the production of San Diego Street Scene.

Other Recommendations - None.

Fiscal Impact - The City of San Diego will receive a total \$317,724 in annual flat fees over the five-year term. The City will also have the opportunity to earn an additional annual cash Success Fee if the audited tickets sold achieve certain pre-established threshold levels.

BACKGROUND

San Diego Street Scene is the largest food and urban music festival of its kind in California. Founded in 1984, San Diego Street Scene has grown from a small one-day event encompassing one block of the Gaslamp District to a three-day festival, which in 1999 included more than 100 acts performing on 18 stages within a twenty-five block area of the Gaslamp District. In 1999, the festival attracted more than 67,000 paid attendees. Rob Hagey Productions projects that more than 80,000 paid attendees will participate in the proposed year 2000 event. San Diego Street Scene consistently receives national and international media exposure and attracts San Diegans as well as visitors to the event.

In keeping with City of San Diego Municipal Code 22.4002-4038 which encourages the City of San Diego to negotiate revenue sharing contracts with commercial event organizers, the City Manager's Office has entered into two prior five-year Agreements with RHP encompassing the years 1990 - 1994 and 1995 - 1999.

Over the course of the past ten years, the two Agreements have generated \$487,500 in flat fees and \$78,763.75 in Success Fees, all of which have been directed to the General Fund.

Additionally, RHP estimates that the event has a ten to fifteen million dollar annual economic impact on the San Diego region and helps to promote the Gaslamp District on an annual basis.

DISCUSSION

The City of San Diego enters into Agreements with commercial event organizers in compliance with the Special Event Municipal Code 22.4002-4038. The purpose of these Agreements is to determine financial terms, provide time-lines for the submission of extensive event planning documents ranging from site plans to traffic and medical plans, and to address special conditions related to the event. It is important to note that the proposed Agreement between RHP and the City of San Diego is not a special event permit. Under the terms of the Agreement, RHP is required to apply for, and receive, a special event permit to conduct the event for each year in which the event is held.

Primary Deal Points

Following is a summary of the primary deal points in the proposed Agreement between the City of San Diego and Rob Hagey Productions:

1. DATES

<u>Year</u>	<u>Date</u>
2000	September 8, 9, 10
2001	September 7, 8, 9
2002	September 6, 7, 8
2003	September 5, 6, 7
2004	September 10, 11, 12

2. TERM

The term of the Agreement shall be for five years commencing on July 31 , 2000 and expiring on July 31, 2005

3. EXCLUSIVITY

Street Scene will be the exclusive food and music festival of its kind to be permitted by the City between Broadway and Harbor Drive, and Sixteenth Avenue and Front Street for forty-five calendar days prior to and forty-five calendar days following the event. This shall only apply to events to be held in the public streets with a projected attendance of 7,500 or more.

4. FEES

The following fees will be paid to the City by RHP for the use of City property for the event and reflect an increase over the past two Agreements based on estimated attendance:

<u>Year</u>	<u>Flat Fee</u>	<u>Success Fee</u>
2000	\$57,500	\$1.25 for every ticket sold > 35,000
2001	\$60,375	\$1.25 for every ticket sold > 36,750
2002	\$63,394	\$1.25 for every ticket sold > 38,588
2003	\$66,563	\$1.25 for every ticket sold > 40,517
2004	\$69,892	\$1.25 for every ticket sold > 42,543

5. EVENT VENUE

RHP shall submit a specific event site plan to the City Manager for each calendar year in which the event is held at least five months prior to the event. The City Manager shall have the right within twenty calendar days from the date of submission to approve, approve in part or disapprove the proposed venue.

6. SUBMISSION OF PLANS

RHP must submit a Medical Plan, Security Plan, Production Schedule and Plan, Parking and Transit Plan and Marketing Plan at least ninety calendar days prior to the date of each scheduled event for review by City staff.

Gaslamp Merchants and East Village Associations

The Gaslamp Merchants Association, East Village Association, and individual community members have raised a number of issues regarding San Diego Street Scene. Among their primary concerns are: the provision of in and out privileges at the event; the determination of event venue boundaries; the impact of street closures; placement of event infrastructure; and implementation of the event construction schedule. Rob Hagey Productions has agreed to provide in and out privileges at the event and will be required to submit detailed event planning documents on an annual basis that address the community’s concerns.

Paradise in Progress

Along with the growth of Street Scene has come the maturation of the Gaslamp District into a thriving economic and residential area which has added to the popularity of the event and the complexity of its implementation. Moreover, the burgeoning growth that will result from the development of the Ball Park District, the increased number of bookings due to the Convention

Center Expansion, development changes within the Gaslamp, and the transformation of the Marina District present unique event management challenges. It will be critical that RHP actively participate in the various Paradise in Progress communication and operational management programs in order to develop event management strategies that address the ever changing needs of these communities.

CONCLUSION

San Diego Street Scene has grown to become a signature event for the City of San Diego. The proposed Agreement between the City of San Diego and Rob Hagey Productions provides a mechanism for the event's continued growth. While the event brings significant economic and marketing benefits to the community, the future success of the event will depend upon the ability of Rob Hagey Productions and the surrounding community to jointly develop strategies that address their needs and goals.

ALTERNATIVES

- 1) Do not authorize the City Manager to enter into the five-year Agreement with Rob Hagey Productions.
- 2) Modify the deal points in the proposed Agreement.

Respectfully submitted,

Bruce A. Herring
Deputy City Manager

WORMSER/CAW