



DATE: March 19, 2008

TO: Honorable Mayor and City Council

FROM: Economic and Community Development Department and
Harbor and Beaches Department

SUBJECT: **CONSIDERATION OF FUNDING IN A TOTAL AMOUNT NOT TO
EXCEED \$100,000 FOR JULY 4th, 2008, SERVICES AND ACTIVITIES**

SYNOPSIS

Staff recommends that the City Council consider Amendment 2 in an amount not to exceed \$50,000 to the professional services agreement with MainStreet Oceanside, adding to the scope of work the provision of services and activities for July 4th, 2008; approval of additional expenses not to exceed \$50,000 for City-paid July 4th, 2008, services and activities for a total City outlay not to exceed \$100,000; and authorization for the City Manager to execute the amendment if desired. However, given current budget constraints, staff does not recommend approval, but is seeking the Council's direction.

BACKGROUND

In March 2000, the City Council adopted a resolution in support of MainStreet Oceanside and agreed to provide funding for five years. That commitment period ended in July 2005. MainStreet's task is to create a unified district image, develop strategies that bring people to the district, enhance the appearance of the district, retain and strengthen existing businesses, and recruit new businesses.

MainStreet has continued to grow and has been managing special events for the downtown, such as Antiques on Mission, the 4th of July parade, O'fest, Dia de los Muertos, the Phantom Gallery and the weekly Farmers' Market. MainStreet has also been utilized to distribute information to the merchants and property owners regarding ongoing construction and projects within the Redevelopment Project Area, both by personal visits, monthly meetings, newsletters and their annual Developers Forum.

In 2001, MainStreet created the Main Street Foundation, Inc., for the purpose of community-based educational and cultural investment in the downtown district. The Main

Street Foundation supports and operates its Phantom Gallery, as well as the Arts Alive banner project.

In September 2006, City Council approved a three-year professional services agreement with MainStreet Oceanside in the total amount of \$250,000 for services to assist in the commercial revitalization of the downtown area, for 2005-2008.

In March 2007, the City Council approved Amendment 1 for \$100,000 for start-up fees for the creation of the Evening Farmers Market. The Evening Market opened in August 2007, and has been a great opportunity for the local residents to experience the downtown, as well as an addition for the tourism sector.

On February 19, 2008, the Police Chief presented the City Council with several recommendations for July 4th 2008. At that meeting the City Council approved the Police Chief's recommendations and agreed to fund the fireworks display on July 4th 2008. In addition, it was recommended that staff work with MainStreet to program activities at various locations along The Strand. At this workshop, the City Council agreed to fund \$50,000 in fireworks costs.

ANALYSIS

MainStreet has put together a plan for July 4th that includes activities for Lots 28 & 29, Pier Plaza, Amphitheater, Betty's lot, Seagaze Park, and Tyson Street Park. The MainStreet proposal is broken down into four categories: entertainment, guest services, venue maintenance and other. The entertainment category includes costs associated with stages, entertainment, light and sound production. Guest services would include everything associated with retail and food booths. Maintenance includes providing additional toilets, trash, cleaning, security and fencing. The other category includes signage, banners, and advertising. The cost associated with each category is as follows:

Venue Maintenance		<u>\$41,549</u>
Entertainment	\$21,046	
Guest Services	\$19,532	
Other	<u>\$ 9,305</u>	
Subtotal	\$49,884	
Total		\$91,432

Historically MainStreet had a carnival and street fair between Pacific and Cleveland Streets in the downtown. The street fair generally accommodated approximately 150 booths and the carnival was located over one of the vacant lots downtown. These activities were typically held over multiple days, depending on what day of the week July 4th fell. Eliminating these activities significantly reduces the MainStreet budget.

Although there may be some revenue generated from the booth rentals, it is estimated that there will only be approximately 56 booths on The Strand for one day; therefore, the estimated revenue is \$13,200 which will be retained by MainStreet. MainStreet will be required to provide a final accounting after all revenues and expenses are collected for the July 4th 2008 activities.

As presented to the Council at its February 19, 2008, Workshop, the July 4 activities are a burden and cost to the City for a one-day-only event. The City has already agreed to pay approximately \$50,000 for the fireworks display.

The additional food vending and entertainment services at the pier amphitheater, Betty's lot, Seagaze Park and Tyson Park area would be beneficial to the overall July 4 experience. The activities for the single-day event would not provide any significant return to the City and would serve primarily beachgoers from outside the City

FISCAL IMPACT

Amendment 2 would be in an amount not to exceed \$50,000; however, the initial estimate for services and activities is \$49,884. The additional requested expenses will not exceed \$50,000 which would be paid directly by the City to various service providers for a total City outlay not to exceed \$100,000. Funding, not to exceed \$50,000, would be generated from the Redevelopment Tax Increment Funds; there currently is a surplus of unallocated funds in excess of \$800,000 in this account. The remaining not-to-exceed \$50,000 increment could be generated from either Redevelopment Tax Increment funds or the Unallocated General Fund Reserves.

CITY ATTORNEY ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

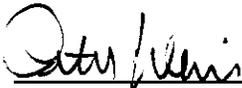
RECOMMENDATION

Staff recommends that the City Council consider Amendment 2 in an amount not to exceed \$50,000 to the professional services agreement with MainStreet Oceanside, adding to the scope of work the provision of services and activities for July 4th, 2008; approval of additional expenses not to exceed \$50,000 for City-paid July 4th, 2008, services and activities for a total City outlay not to exceed \$100,000; and authorization for the City Manager to execute the amendment if desired. However, given current budget constraints, staff does not recommend approval, but is seeking the Council's direction.

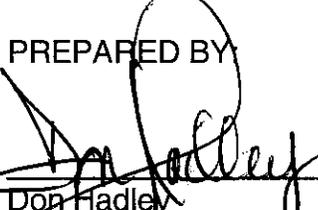
PREPARED BY:


Kathy Baker
Redevelopment Manager

SUBMITTED BY:

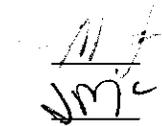

Peter A. Weiss
Executive Director

PREPARED BY:


Don Hadley
Deputy City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Jane McVey, Economic & Community Development Director



ATTACHMENTS/EXHIBITS:

MainStreet PSA and Amendment 1
Amendment 2
MainStreet July 4th Budget

CITY OF OCEANSIDE
AMENDMENT NO. 2 TO
PROFESSIONAL SERVICES AGREEMENT

PROJECT: MainStreet Oceanside

THIS AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT (hereinafter "Amendment No. 2") is made and entered into this ____ day of _____, 2008, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and MAIN STREET OCEANSIDE, INC., hereinafter designated as "CONSULTANT."

RECITALS

WHEREAS CITY and **CONSULTANT** ENTERED INTO A PROFESSIONAL SERVICES AGREEMENT DATED September 13, 2006, whereby **CONSULTANT** shall assist in the revitalization of the commercial downtown district through the development and implementation of strategies that bring people into the downtown district, the promotion of a pedestrian friendly community, and enhancement of the appearance of the downtown district, the retention of existing businesses and recruitment of new businesses in the downtown district.

WHEREAS, the parties executed Amendment No. 1, dated March 21, 2007, to said agreement, which amendment expanded the scope of CONSULTANT'S services to include the operation and maintenance of a newly created Evening Farmers' Market.

AMENDMENT

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES HERETO AGREE TO AMEND THE PROFESSIONAL SERVICES AGREEMENT AS FOLLOWS:

- A.** SECTION 1, **SCOPE OF WORK**, IS HEREBY AMENDED TO INCLUDE THE FOLLOWING ADDITIONAL WORK DESCRIBED HEREIN:

CONSULTANT shall provide services and activities along The Strand on July 4th, 2008, to include: provision of entertainment, guest services and other as outlined in the attachment entitled "MainStreet July 4th 2008 Budget".

- B.** SECTION 2, **COMPENSATION** CONSULTANT shall be paid an amount not to exceed \$50,000, based on actual costs, for the provision of entertainment, estimated at \$21,046; guest services, estimated at \$19,532; and other, estimated at \$9,305. Payment will be made in two increments: \$25,000 upon Council approval and execution of this amendment, and the balance, based on actuals not to exceed a total of \$50,000 submitted as soon as possible after the July 4th event.

- C. All other terms, conditions, covenants and provisions of the September 13, 2006, Agreement shall remain in full force and effect. In the event of a conflict between the terms of the original Agreement, Amendment No. 1, and this Amendment No. 2, the terms of this Amendment No. 2 shall control in terms of the Scope of Work and Compensation.

SIGNATURES. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do herein agree to the performance of this Amendment.

MAIN STREET OCEANSIDE, INC.

CITY OF OCEANSIDE

By: _____
Kim Heim, Executive Director

By: _____
Peter Weiss
City Manager

By: _____

APPROVED AS TO FORM:

City Attorney

33-0923965
Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

