

RESOLUTION 2018-130**RESOLUTION WAIVING BPC POLICY NO. 110 SECTION II (E) AND AUTHORIZING AN AGREEMENT WITH STAY CLASSY SAN DIEGO, LLC FOR SPONSORSHIP OF A SAN DIEGO FESTIVAL NOVEMBER 22-24, 2019 ON DISTRICT TIDELANDS WITH WAIVER OF DISTRICT SERVICES NOT TO EXCEED \$350,000.**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1; and

WHEREAS, the Board of Port Commissioners (BPC) adopted BPC Policy No. 110 to establish a policy governing the processing and administration of public projects, consulting and service agreements, the purchasing of supplies, materials and equipment, and grants; and

WHEREAS, the BPC adopted BPC Policy No. 110 Section II (E) that requires agreements in excess of \$175,000 to be approved by the BPC; and

WHEREAS, staff was approached by representatives of Stay Classy San Diego, LLC (SCSD) with the concept of investing in the region with the creation of a premier three day waterfront culinary arts and music festival for 2019 (Festival) that will span several locations on and adjacent to the San Diego Bay waterfront; and

WHEREAS, the proposed venues for the 2019 Festival include public and privately managed facilities in District parks and Broadway Pier, and on tenant leaseholds; and

WHEREAS, the principals of SCSD have an accomplished track record of successful event production and promotion, along with the professional experience and proven ability to secure substantial sponsorships from multiple entities to produce distinctive events with national recognition; and

WHEREAS, the event is proposed for Friday through Sunday, November 22-24, 2019, the weekend prior to Thanksgiving, and this time frame presents an opportunity to activate District tidelands and has the potential to generate high numbers of incremental room-nights and other visitor spending during a typically low tourism weekend; and

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WHEREAS, waiver of the proposed \$350,000 District services and facilities fees are anticipated to occur during FY 2020 and will be included in that year's budget, subject to BPC approval upon adoption of the budget; and

WHEREAS, this event is anticipated to generate indirect revenue consisting of concession rent from District tenant hotels, restaurants, retail enterprises and tenant/operator parking facilities, and direct revenues from ticket sales; and

WHEREAS, sponsorship of this event will also generate indirect value from the promotional considerations to be provided to the District; and

WHEREAS, the Festival is projected to generate direct revenue to numerous District tenant businesses including hotels, restaurants, retail enterprises, parking facilities and visitor attractions; and

WHEREAS, this business revenue in turn results in concession rent to the District; and

WHEREAS, the proposed sponsorship agreement with SCSD for the Festival also contains provisions for the District to receive percentage rent from SCSD if gross ticket revenue exceeds a threshold amount of \$7,250,000, the District receives 3.5% of the difference between the threshold amount and the actual gross ticket revenue and if actual gross ticket revenue is less than the threshold amount of \$7,250,000, the District would receive a minimum rent of two-thirds of the above \$10,220 in total forecasted versus threshold ticket revenue amount, or \$6,813; and

WHEREAS, the proposed agreement also contains an extensive array of branding, promotional and community engagement considerations to the District such as District designation as presenting sponsor of the Festival; District banner and logo placement in the individual Festival venues; dedicated space for District promotional activity; District-produced ads, videos and logo placement throughout the Festival print and electronic collateral; and District and San Diego Bay mentions, images, video and social media presence in on-site announcements, narrations, live and post-event productions, and broadcast coverage of the Festival; and

WHEREAS, staff recommends waiving BPC Policy No. 110 Section II (E) and entering into an agreement with SCSD due to the percentage rent and promotional value to the District as outlined above.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners (BPC) of the San Diego Unified Port District (District), does hereby wave BPC Policy No. 110 Section II (E), and the Executive Director, or

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her designated representative, is hereby authorized on behalf of the District to enter into an agreement with Stay Classy San Diego, LLC for sponsorship of a premier three day culinary arts and music festival, to take place on District tidelands from November 22-24, 2019 with up to \$350,000 in District services.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL



By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 17th day of July 2018, by the following vote:

AYES: Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet

NAYS: None.

EXCUSED: Bonelli

ABSENT: None.

ABSTAIN: None.



Rafael Castellanos, Chairman
Board of Port Commissioners

ATTEST:



Donna Morales
District Clerk

(Seal)