



Legislation Text

File #: 2022-0096, **Version:** 1

DATE: June 14, 2022

SUBJECT:

WONDERFRONT MUSIC & ARTS FESTIVAL

A. RESOLUTION AUTHORIZING AN AGREEMENT WITH WONDERLUST EVENTS, LLC FOR SUPPORT OF THE WONDERFRONT FESTIVAL DURING NOVEMBER 2022 IN AN AMOUNT NOT TO EXCEED \$100,000 IN FUNDING AND UP TO \$100,000 OF IN-KIND DISTRICT SERVICES; FY 2022 EXPENDITURES ARE BUDGETED.

B. RESOLUTION AUTHORIZING ISSUANCE OF A NON-APPEALABLE COASTAL DEVELOPMENT PERMIT TO WONDERLUST EVENTS, LLC FOR THE WONDERFRONT FESTIVAL FOR A TERM OF THREE (3) YEARS

EXECUTIVE SUMMARY:

The Parks & Recreation department administers the District's special events and activation programs to bring a variety of events--ranging from small community gatherings to major festivals, parades, and world-class distinctive placemaking celebrations--to the waterfront each year. The most complex of these are the District's Business Negotiated Event partnerships, which involve allocation of District-wide support resources from multiple departments, extensive permitting and logistical arrangements, and significant multi-agency coordination. Large-scale special events help support the regional tourism economy and have a substantial positive economic impact on the District, its tenant businesses and member cities.

Because of their positive economic impact and ability to generate tourism, many District Business Negotiated Events both require and benefit from broad regional support and partnerships. In support of helping bring a distinctive three-day music festival to the San Diego waterfront, the 2022 Wonderfront Music & Arts Festival (Festival) has obtained a \$250,000 funding sponsorship from the San Diego Tourism Marketing District (TMD), and financial support from investors and sponsors in the regional business community.

For 2022, the Festival would include various locations within District jurisdiction, including: Seaport Village, Ruocco Park, Embarcadero Marina Park North (EMPN), Port Pavilion and Broadway Pier, the Headquarters courtyard, and Fifth Avenue Landing parking lots (Attachment B, Exhibit 1). The Festival and associated improvements and activities, as well as setup and breakdown, described herein are collectively referred to as the "Project". The Festival would include ticketed venues where live music, culinary experiences, and entertainment would occur; as well as a non-ticketed venue (free community stage) open to the general public providing entertainment for the full duration of the three-day festival, which includes free live music performances and activation experiences, as well as food and beverage concessions. The non-ticketed venue (free community stage) would provide the

public a comparable entertainment experience as the other stages, featuring national touring artists of diverse genres. The Project would take place over a total of 11 days in November: three (3) consecutive event days on the weekend (Friday, Saturday, and Sunday) preceding Thanksgiving for the Festival, and up to eight (8) days for set up and breakdown. A non-appealable Coastal Development Permit (CDP) is required for the Project because it is considered a development pursuant to Coastal Act as it would result in the temporary installation and breakdown of structures and temporary change in the intensity of use of land. The Project is consistent with the certified Port Master Plan (PMP).

The purpose of this agenda item is to request that the Board adopt a resolution authorizing the District to enter into a one-year sponsorship agreement with Wonderlust Events, LLC (Event Organizer) for the 2022 Festival in an amount not to exceed \$100,000 in funding and up to \$100,000 of in-kind District Harbor Police event-related support services, and adopt a resolution authorizing issuance of a non-appealable CDP with a three-year term.

RECOMMENDATION:

A. Adopt a resolution authorizing an agreement with Wonderlust Events, LLC for sponsorship of the 2022 Wonderfront Music & Arts Festival in an amount not to exceed \$100,000 in funding and up to \$100,000 of in-kind District services.

B. Adopt a resolution authorizing issuance of a Non-Appealable Coastal Development Permit to Wonderlust Events, LLC for a term of three (3) years.

FISCAL IMPACT:

Funds to support this major regional event in the amount of \$100,000 are budgeted in the Parks & Recreation department's FY 2022 non-personnel expense budget. The District will also provide in-kind Harbor Police services to be used for event-related support in an amount not to exceed \$100,000, which will be tracked in FY 2023. No other ongoing costs are associated with this action.

COMPASS STRATEGIC GOALS:

The 2022 Wonderfront Music & Arts Festival (Festival) is anticipated to attract more than 60,000 people to the Port of San Diego from across Southern California and the southwestern United States. District sponsorship of this distinctive special event supports regional economic vitality because it generates both direct revenue to the District from ticket sale revenue sharing and incremental revenue for the District through increased concession rents paid by tenant businesses which benefit from increased patronage resulting from special events. Additionally, promotion and awareness of the tidelands as a tourist destination supports the District in fulfilling its mission to be a vibrant destination that attracts residents and visitors to enjoy recreational activities on San Diego Bay.

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- vibrant waterfront destination where residents and visitors converge.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background

The Parks & Recreation department administers the District's special event and activation programs to bring a variety of events - ranging from small community gatherings to major festivals, parades, and community celebrations - to tidelands each year. In 2019, the inaugural three-day Wonderfront Music & Arts Festival (Festival) successfully debuted at the Port of San Diego, the weekend before Thanksgiving, and featured over 80 bands showcasing a variety of musical genres. In 2019, the Festival's promotional activity reached an audience of over 30 million across a variety of media.

For its second year, the 2022 Festival would again occur the weekend before Thanksgiving, spanning three days, from Friday, November 18 to Sunday, November 20. Based on the initial success of the 2019 festival, as well as feedback and lessons learned, the Event Organizer is building on that experience and has incorporated adjustments that better position the 2022 Festival for its second year. These adjustments also take into consideration feedback from community stakeholders.

The inaugural 2019 festival resulted in the development of strong brand recognition with patrons and within the music industry. Having a successful first year of a new festival is critical for setting the foundation for a growth trajectory. Because of its first-year success, the Event Organizer was able to broaden the line-up of musicians for the second year to include a wider range of genres that are expected to draw a more diverse crowd. In 2022, the Event Organizer is projecting attendance ranging from 60,00-75,000, bringing a substantial number of new visitors from a primarily 35+ age demographic to the tidelands. As the public's demand for travel and leisure activities grows following the pandemic slump, event organizers anticipate attracting groups of individuals to the tidelands for extended stays that include the event days, as well as days before and after the event.

For 2022, the Festival is planned to have six (6) stages featuring live entertainment from 80+ musicians, as well as culinary and immersive experiences. The layout has been configured to have a condensed footprint which will allow attendees to move more easily between park locations to experience entertainment activities. Stages in the District's jurisdiction will include Embarcadero Marina Park North, Seaport Village, Ruocco Park, and Broadway Pier. In support of this unique activation of District tidelands, permitting fees associated with the event-related usage of the District's parks and pier will be waived. To ensure everyone has the ability to enjoy the Festival experience, Broadway Pier will be open to the public, featuring free live music for the full duration of the festival, along with several artistic, entertainment, and culinary activations. A Flagship Cruise vessel would also have an indoor musical entertainment stage that the Event Organizer is coordinating directly with the tenant.

The Event Organizer is working closely with businesses near the Festival footprint, like those in Seaport Village and The Headquarters on activation plans and to identify strategies to increase business patronage. Pop-up activations in the public spaces and leaseholds spanning the length of the festival footprint will be programmed to enliven the waterfront. These activations will be strategically placed in locations intended to draw festivalgoers to tenant businesses. The Event Organizer has partnered with several other tenant businesses to enhance the Festival experience and support its operations including transportation and boat rental services. Additional adaptations for the 2022 Festival include: increased hours of free programming on the community stage; more robust sound management and signage plans; increased pre-event outreach to targeted community

stakeholders; and expanded mobility options for festival attendees and the public.

Summary of Regional Support and Economic Impact

The Festival is designed to generate tourism for the San Diego region by offering attendees a unique festival experience in an urban waterfront setting. Unlike many other festivals, which are often located on the far outskirts of a city, Wonderfont integrates the festival experience into downtown San Diego and allows the projected 60,000-75,000 attendees to move in and out of the Festival, encouraging them to explore the area, freely access their accommodations, and patronize area businesses. This integration of the Festival into the city increases the positive economic impact on businesses on the District tidelands and in the San Diego region.

As was the case in 2019, the 2022 Festival has broad regional support as a tourism-generating destination event, with several million dollars coming from investors and sponsors from the San Diego business community. Additionally, the Festival is supported with a \$250,000 funding investment from the San Diego Tourism Marketing District (TMD). In its FY20 Annual Report, the TMD stated that the 2019 festival generated over 10,000 hotel room nights, totaling over \$1.8M in total room night revenue. For 2022, the Event Organizer projects that the Festival will generate over 12,500 hotel room nights.

Summary of Return on Investment (ROI)

The cost to produce special events has been on the rise for several years. This trend has been exacerbated over the last two years because of the economic effects of the global pandemic and current inflationary trends. The cost to produce the 2022 Festival has risen due to escalating demand and increased costs for standard operational expenses such as lights, staging, fencing, and security. Despite the rising costs to produce a large-scale festival on the San Diego waterfront, the increased visitor activity in downtown San Diego is anticipated to produce strong ROI for the District, generate revenue for its tenants and local area businesses, and have a positive economic impact on the entire region.

For the 2022 Festival, the sponsorship agreement with the District will provide up to \$100,000 in cash funding and up to \$100,000 of in-kind event-related services, the latter of which is based on event-related support associated with District Harbor Police services.

The return on the District's sponsorship investment in the Festival will primarily come through three channels: (1) ticket sales; (2) concession rent; and (3) public access programming.

The District's agreement with the Event Organizer includes revenue paid per ticket to the District on all tickets sold for the Festival, as well as payment based on a percentage of gross ticket sales revenue. Based on current ticket sales projections, staff anticipates that the District will receive revenue payments ranging from \$100,000 - \$300,000 dependent on the total quantity of tickets sold and the total gross ticket sales.

Lodging, food, and beverages near and adjacent to the Festival footprint are anticipated to be in high demand. For 2022, the Event Organizer is working directly with several District tenants in support of the Festival, including the Manchester Grand Hyatt, San Diego Hilton Bayfront, San Diego Marriott Marquis, and the Embassy Suites, and Intercontinental hotels. These hotels have been identified as primary hotels to host festivalgoers, artists, as well as to support festival operations, and the Event Organizer has reserved blocks of over 6,000 rooms at area hotels. These blocks are in addition to the thousands of rooms that would be sold by hotels directly to patrons at market rates during the

Festival weekend.

A key component for the 2022 Festival sponsorship includes a requirement to provide the community programming with free live music and entertainment at Broadway Pier during all three days of the Festival. The District's sponsorship of \$100,000 in cash funding will support this free public access programming at Broadway Pier which is estimated to yield a return of \$1.1M in public benefit, including the value of tickets and entertainment.

Conclusion

Given the positive impacts that distinctive special events have on the regional tourism economy, staff recommends that the Board approve the proposed one (1) year sponsorship agreement for the 2022 Festival and authorize the issuance of the non-appealable Coastal Development Permit for a three (3) year term.

At the conclusion of the 2022 Festival, the Event Organizer will submit a post-event analysis of the economic impact which will provide data on outcomes of the Festival and its economic impact on the District, the city, and the region. This report will help inform the District when assessing sponsorship opportunities for future festivals. Consideration of funding sponsorships for any future occurrences of the Wonderfront Music & Arts Festival would be brought to the Board for approval later, as required.

Coastal Development Permit

On September 16, 2019, by Board Resolution No. 2019-111, the Board authorized issuance of a non-appealable CDP for the festival (Clerk's Document No. 70574). The 2019 CDP encompassed a larger footprint with up to 10 event stages, and temporary street segment modifications at Kettner Boulevard and Convention Way. As mentioned above, in order to reduce impacts to public access and neighboring businesses and allow the festival attendees to move easily between festival activities and venues, the Event Organizer has reduced the footprint for the 2022 Festival. Below is a comparison table (Table 1) showing the approved footprint in the 2019 CDP and the proposed footprint for the 2022 CDP:

Table 1: 2019 and 2022 CDP (Festival) Footprint Comparison

2019 CDP Footprint	2022 CDP Footprint
<ul style="list-style-type: none"> • Port Pavilion and Broadway Pier • Lane Field Park • North Embarcadero Promenade • Ruocco Park • Seaport Village • The Headquarters Courtyard • Marriott Marina Terrace • FAL Parking Lots • San Diego Bayfront Park • EMPN • Embarcadero Marina Park South (EMPS) • Joe's Crab Shack Parking Lot • San Diego Symphony Orchestra Association Leasehold • South Embarcadero Promenade 	<ul style="list-style-type: none"> • Port Pavilion and Broadway Pier • Ruocco Park (including adjacent parking) • Seaport Village (including parking lots) • The Headquarters Courtyard • Fifth Avenue Landing (FAL) Parking Lots • Embarcadero Marina Park North (EMPN) (including parking lot)

The Project for the 2022 CDP would involve the temporary use of District public parks and other public spaces, public parking lots, District tenant leasehold areas, subject to proof of agreement with applicable tenants, including temporary installation of structures (up to 6 stages), and equipment to support music and sports performances and other Festival activities. A Flagship Cruise vessel would also have an indoor musical entertainment stage that the Event Organizer is coordinating directly with the tenant. To facilitate pedestrian flow within the Festival footprint, the Project would include temporary modification at Kettner Boulevard in between the Seaport Village Parking Lots and EMPN; and a temporary pedestrian bridge spanning from the southeastern end of Kettner Boulevard and entrance to EMPN, traversing over and across a portion of the South Embarcadero Promenade near Seaport Village. The Project would take place over a total of 11 days in November: three (3) consecutive event days on the weekend (Friday, Saturday, and Sunday) preceding Thanksgiving for the Festival, and up to eight (8) days for set up and breakdown. The ticketed venues would be located Ruocco Park, Seaport Village Main Parking Lot, and EMPN; and the non-ticketed venue (free community stage) would be located on Broadway Pier. The Festival would also include various activation sites where free, smaller-scale activations are offered. Those sites may include all or a portion of: the Headquarters Courtyard, Broadway Pier, and Seaport Village. Back of house operations involving long-term parking for trucks and large vehicles would occur at FAL and the Seaport Village South parking lots.

Approximately 960 pre-paid parking spaces would be available for Festival patrons at various District parking areas, including but not limited to: Manchester Grand Hyatt Hotel, Marriott Marquis San Diego Marina Hotel, InterContinental San Diego Hotel, Wyndham San Diego Hotel, and at other upland, non-District tideland parking areas. Parking for Festival staff would also be provided at an upland, non-District tideland parking area.

In order to offset the temporary loss of parking spaces resulting from the Festival, the Event Organizer will provide approximately 220 free, limited duration (3 hours) parking spaces to the general public at the parking lot located near Santa Fe Depot (ABM Lot #1023) and/or other similar

parking facility in the same vicinity. The Event Organizer is required to install clear signage to notify the public of the temporal parking loss and alternative parking areas.

The Event Organizer will also install signage clearly demarcating the public areas within the Project footprint and if such access is open or closed to the general public during the entire duration of the Project (including setup, Festival, and breakdown/load out). As discussed above, a portion of the perimeter pedestrian promenade segment of EMPN shall be open to the general public, except up to two hours prior to and during ticketed venue performances, and the Event Organizer shall install signage that clearly indicates when such public access would be available to the general public.

Noise monitoring and enforcement, as a project feature, will start at soundcheck and during the entire duration of the Festival music performances. Stationary continuous noise monitoring would be set up on site at the property line at EMPN and Broadway Pier stages at the property line to monitor sound level for the entire duration of the Festival. A manned noise monitoring station will also be set up at a designated location near the Ferry Landing Park in Coronado. Furthermore, a live hotline will be available during the Festival to record, log, and respond to noise complaints filed by the general public. The hotline will be in operation Friday through Sunday, from 12 p.m. - 10 p.m.

District staff had a total of two discussions with California Coastal Commission (CCC) staff in the past year, focusing on the free programming for the general public - namely changing the format from providing a certain amount of free tickets to providing a free community stage. In 2019, the Event Organizer was required to provide Festival access to underserved communities by donating 3,000 weekend passes or 9,000 one-day passes (or a combination of both) or 10% of anticipated ticket sales, whichever is greater. This approach posed logistical challenges because there were limited avenues for the Event Organizer to distribute the free tickets. In addition, an amount of the free tickets that were distributed were resold in the secondary markets. In order not to detract from the intent of public access, for 2022, the Event Organizer will provide the community programming with free live music and entertainment at Broadway Pier during all three days of the Festival. CCC staff requested that the free community stage have the same quality of act/entertainment as the main stages, and should be promoted extensively to the general public. CCC staff also agreed to a three-year CDP, instead of the two-year CDP they agreed to in 2019. The Event Organizer accepted CCC staff's request, and the requirements are incorporated into the Draft CDP (Attachment B). However, the CDP clearly indicates that issuance of the CDP does not guarantee in any manner future sponsorship of the Festival.

The Project is located in the Civic Zone, Tuna Harbor, Marina Zone and Convention Way Basin Subareas of Planning District 3, Centre City Embarcadero, which is delineated on Precise Plan Map Figure 11 of the certified Port Master Plan. The land use designations within the limits of the Project site are Commercial Recreation, Marine Terminal, Park/Plaza, Street and Promenade. Temporary event uses are ancillary to allowed uses under the land use designations. Further, the event is consistent with the applicable special conditions and programming criteria of the existing CDPs for Port Pavilion and Broadway Pier, FAL, The Headquarters, and Ruocco Park. Therefore, the Project, as a temporary event, would be consistent with the certified land use designations, the certified PMP, and existing entitlements.

Pursuant to the CCC Temporary Event Guidelines, temporary events shall be excluded from CDP requirements except those which are: 1) held between Memorial Day weekend and Labor Day; and 2) occupy all or a portion of a sandy beach area or the District's equivalent of shoreline parks/plaza;

and 3) involve a charge for general public admission or seating where no fee is currently charged for use of the same area. While the Festival would not take place between Memorial Day weekend and Labor Day, it is located adjacent to the Bay on park/plaza area, and there would be a charge for public admission where no fee is currently charged for the same area. Furthermore, the Guidelines stipulate that a CDP may be required if an event precludes the general public from use of a public recreational area for a significant period of time; and the Project would preclude the general public from use of a public recreational area for up to 11 days. Based on all the aforementioned reasons, a CDP is required for the Project.

In accordance with the District's CDP Regulations (Regulations), the Project is considered a Non-Appealable development under Section 7.d.(3) of the Regulations as it is not an "Excluded" development as defined in 7.d.(1) of the Regulations, not an "Emergency" development as defined in 7.d.(2) of the Regulations, and not an "Appealable" development as defined in 7.d.(4). Additionally, events and associated temporary improvements/facilities are not listed as appealable development under Section 30715 of the California Coastal Act (Coastal Act).

The Project is located between the sea (as defined in the Coastal Act) and the first inland continuous road paralleling the sea, and the Project is consistent with Public Resources Code Sections 30604 (c), 30210-30224, and the Coastal Act public access and recreation policies referenced therein. The Project would activate the area by providing public recreation and entertainment performances and activation activities for the public to enjoy. The Project is of temporary nature, it would not negatively impact the marine environment, is protective of water quality, does not adversely impact visual or scenic resources, and is located within a well-developed commercial area. Therefore, it is fully consistent with Chapter 3 and 8 of the Coastal Act.

The proposed Non-Appealable CDP is provided as Attachment B to this Agenda Sheet. The proposed CDP is proposed to have a term of three (3) years from its effective date, and shall only permit the 2022 Project and subsequent two (2) years, if the Festival is approved in writing by the District for each subsequent year and the Event Organizer obtains all other necessary agreements and permits from the District and other regulatory agencies. The "Development" section of the draft CDP represents the "maximum extent" scenario, and activities and configuration of the Project components may vary but may not exceed the parameters as described in the CDP Development section, as determined by the District. Conditions are incorporated into the draft CDP to ensure conformance with related District requirements and conditions of the existing CDPs. A Public Access Plan (PAP) will be required to ensure that certain areas within the Project perimeter will be available to the general public during the Project - either to access the bayfront or to participate in certain Festival activities. The Event Organizer is required to advertise all public amenities (including the free community stage), public spaces, and public areas to the general public through various platforms, including but not limited to: the Festival's website, social media, and press releases, as well as clear, legible signage that would be installed before and during the Project (includes setup, Festival, and breakdown).

While the District is the issuing agency of a Permit for the Project, the District is not responsible for deciding whether the Project moves forward considering COVID-19. However, the District recognizes the seriousness of COVID-19, COVID-19 orders issued by the State, County of San Diego, and the City of San Diego (collectively, Orders) and the importance of social distancing and public health and safety. Accordingly, the Project shall comply with all COVID-19 Orders, and the Permittee shall obtain any necessary approvals from health officials to conduct the Project. Permittee acknowledges and

agrees that the District has no liability, whether in law or equity, related to COVID-19 and the Project.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda sheet and attachments to it, as presented to it, and approves the same as to form and legality.

Environmental Review:

The current Board actions, including without limitation, approval of an agreement with Wonderlust for the 2022 Wonderfront Music & Arts Festival in the amount not to exceed \$100,000 in funding and \$350,000 in District services, and to authorize the issuance of a Non-Appealable CDP for the Festival. These actions are categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15301 (Existing Facilities), 15304 (Minor Alterations to Land), 15311 (Accessory Structures), and/or 15323 (Normal Operations of Facilities for Public Gatherings) and Sections 3.1., 3.d.(6) and/or 3.i. of the District's Guidelines for Compliance with CEQA. The Project would not involve removal of any mature, scenic trees, or have any permanent effects on the environment, and the District has determined none of the six exceptions, as listed under Section 15300.2 of CEQA, to the use of categorical exemption apply to the Project.

The proposed Board actions comply with Section 87 of the Port Act, which allows for the construction, reconstruction, repair, maintenance, and operation of public buildings, public assembly and meeting places, convention centers, parks, playgrounds, bathhouses and bathing facilities, recreation and fishing piers, public recreation facilities, including, but not limited to, public golf courses, and for all works, buildings, facilities, utilities, structures and appliances incidental, necessary, or convenient for the promotion and accommodation of any of those uses. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed actions are consistent with the Public Trust Doctrine.

Diversity, Equity, and Inclusion Program:

Wonderlust is encouraged to utilize SBEs for products and services required under this Agreement and will include in their post-event analysis, information on SBE participation.

PREPARED BY:

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Attachments:

Attachment A: Agreement between San Diego Unified Port District and

WonderlustEvents, LLC.
Attachment B: Draft Proposed Non-Appealable CDP