

City of Los Alamitos

Agenda Report Discussion Items

August 3, 2009
Item No: 8A

To: Mayor Troy Edgar and Members of the City Council

Via: Jeffrey L. Stewart, City Manager

From: Angie Avery, Director of Recreation and Community Services

Subject: Consideration of a Recommendation to Enhance Revenue for the 4th of July Event

Summary: This report presents the expenditure and revenue report for the 2009 4th of July event, and seeks the authority to balance the budget for future July 4th events by working with Cypress and the Joint Forces Training Base to charge vehicles \$5 and pedestrians \$1 to enter the event.

Recommendation:

1. Accept the expenditure and revenue report for the 2009 July 4th event; and,
2. Authorize staff to work with Cypress and the Joint Forces Training Base to balance the budget for future July 4th events by charging vehicles \$5 and pedestrians \$1 to enter the event.

Background

The cities of Los Alamitos, Cypress, Seal Beach, the Rossmoor Community Services District and the Joint Forces Training Base collaborated to host the 22nd Annual Independence Day Fireworks Spectacular on Saturday, July 4th, 2009. The event also coincided with special retirement ceremonies for Brigadier General James P. Combs.

The planning for the event this year was different than in the past due to the City's dire financial condition. At the City Council meeting on March 16, 2009 the Council directed staff to work with the City of Cypress to offset expenditures with revenue. The cities of Cypress and Los Alamitos traditionally split the difference between revenue and expenditures for the event and for the 2008 celebration, each city spent \$24,349 in support of the event. The amount includes the staffing cost for Police, Public Works, and Recreation staff the day of the event as well as the non-personnel costs including fireworks, bleachers, sound, lighting and portable restrooms.

After direction was given by the Council, staff met with Cypress and immediately began to reduce expenditures for the 2009 event. Staff also started to develop potential revenue sources, beyond what was generated last year. Staff also met with JFTB staff as the potential changes would affect planning and staging of the event. On the expenditure side, the following changes were made immediately:

1. Eliminate the cost of the bleachers saving \$15,000
2. Eliminate the cost of the civilian band saving \$840
3. Eliminate roving entertainment saving \$1450
4. Reduce VIP food saving \$400
5. Negotiate cost of fireworks inspection saving \$840
6. Negotiate cost for sound system saving \$600
7. Eliminate cost for staff operated snack bar saving \$700
8. Eliminate cost of ice saving \$366
9. Eliminate cost of sand for fireworks saving \$765

On the revenue side, \$24,194 was generated last year in 2008. To increase revenue in 2009 staff contacted additional potential sponsors, and also proposed operating the food and vendor booths at the event. Several rounds of negotiation ensued, and former Base Commander BG Combs consented to allow Recreation staff from Los Alamitos to generate revenue from food and vendor booths in exchange for a 10% donation to the Morale, Welfare and Recreation Fund (MWR) on the base. MWR had, in previous years, operated the food booths for the event. The negotiation took time, however, so Recreation staff started the vendor recruitment at the late date of May 1, two months prior to the event.

Discussion

Staff was successful at reducing expenditures and generating additional revenue for the 2009 event although it was not entirely revenue offset. The final budget and comparison to 2008 is presented in Attachment 1.

Below is a summary of total expenditures and revenue for the last two years. All figures are costs for both Los Alamitos and Cypress to stage the event. Each city absorbs one-half of the profit/loss for the event. (The cost to Los Alamitos for the 2009 event is \$9,598 or one-half of \$19,197).

Expenditures	2008	2009
Non-Personnel	\$44,960	\$25,147
Personnel	\$27,932	\$26,177
TOTAL	\$72,892	\$51,324

Revenue	2008	2009
	\$24,194	\$32,127

Profit/(Loss)	(\$48,698)	(\$19,197)
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Although staff made progress toward offsetting the expenditures with revenue this year, it is not anticipated that either sponsor donations or vendor booth sales will be enough to sustain the event in the future, if the City Council's goal is to ultimately have the event entirely revenue offset.

Recommendation

It is recommended that the City Council authorize staff to work with Cypress and the JFTB to balance the budget for future 4th of July events by charging cars \$5 each and pedestrians \$1 each to attend the event. The following formula uses car and pedestrian counts from 2009. (Cypress Police set up a car counter near the entrance of the gate this year to get an accurate car count).

2009	Number	# Per Car	Total Spectators	Potential Revenue
Cars	5000 x \$5 ea	3.5	17,500	\$25,000
Pedestrians	3000 x \$1 ea	-	3,000	\$3,000
TOTALS			20,500	\$28,000

Fiscal Impact

Staff worked diligently with the City of Cypress and the JFTB staff to reduce expenditures and increase revenue for the 2009 4th of July Spectacular. Expenditures were reduced by \$21,568 and revenue was increased by \$7,933. The largest portion of the budget was personnel costs for Police and Public Works staff, which could not be reduced by any significant amount due to the nature of the event. The only way for the event to be cost neutral in the future is to increase revenue. Due to the state of the economy and the uncertainty of future sponsorship donations, it is recommended to charge a nominal amount per car (\$5) and pedestrian (\$1) to attend the future 4th of July Spectacular events. It is anticipated that approximately \$28,000 in revenue could be generated this way, which would greatly enhance the sustainability of the event.

Submitted By:

Approved By:

 Angie Avery
 Director of Recreation and
 Community Services

 Jeffrey L. Stewart
 City Manager

Attachments: 1) Budget for the 4th of July Fireworks Spectacular 2008 and 2009