



CITY COUNCIL

STUDY SESSION REPORT

MEETING DATE: OCTOBER 11, 2004 **ITEM NUMBER:** Item Number

SUBJECT: SKATEPARK SPONSORSHIP FEASIBILITY AND RECOMMENDATIONS

DATE: OCTOBER 6, 2004

FROM: ADMINISTRATIVE SERVICES DEPARTMENT/RECREATION DIVISION

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The intent of this report is to discuss the findings of the Skatepark Sponsorship Feasibility Study conducted by Public Enterprise Group. Representatives from PEG will be at this Study Session to make a presentation of these findings.

BACKGROUND:

At the August 2, 2004 meeting, City Council voted to award a contract to Public Enterprise Group (PEG) to conduct a feasibility study to determine the potential for a skatepark sponsorship program (along with a corporate partnership/sponsorship program). The intent of the sponsorship program was that it would provide both a revenue stream to maintain the park and a marketing plan to promote it.

The Scope of Services for this study included the following tasks:

- PEG reviewed with staff the history of the skatepark development, community input, design plans and potential revenue opportunities.
- PEG visited the site and met with skateboard industry representatives that were involved in the design and approval process of the facility
- PEG met with the staff committee assigned to review and oversee the study process to discuss revenue ideas, approaches and sensitivities to possible partnerships/sponsorships
- PEG prepared a cost/benefit analysis for those categories that appeared to be logistically and politically viable
- PEG reviewed these categories with staff and the committee and then prepared potential corporate pro-formas
- PEG reviewed with staff and the committee the start up costs, financial impacts of the revenue alternatives and timelines for implementation
- PEG prepared a draft feasibility study for staff and committee review
- PEG will prepare a final feasibility study for City Council action pending study session discussion.

DISCUSSION:

In reviewing the City's needs with the assigned staff committee, the following goals were established:

1. The Skatepark Sponsorship Plan should be consistent with the City General Plan and the Open Space Master Plan of Parks and Recreation.
2. The Plan should be developed in such a manner that will provide an implementation strategy for turning recommendations into reality.
3. The Plan should set forth a revenue stream to offset ongoing maintenance and operations costs associated with the skate park.

PEG indicates that corporate partnership and sponsorship programs are a business venture. As such, PEG has identified that the planned skatepark offers several opportunities against which constraints must be measured.

From a marketing standpoint, the opportunities are:

- The skatepark is centrally located with easy access
- It will be located in a heavily used park with diverse demographics
- It will be within walking distance of schools and other public uses
- It is well designed to take advantage of rental opportunities
- It is anticipated to have a regional draw

The constraints for marketing are:

- No visual access from major arterials
- Limited number of days for promotional events due to potential impact on adjacent residential areas
- Limited commercial opportunities due to perception of over commercializing public facilities
- The skatepark is a smaller facility than other facilities in nearby cities thus limiting the potential for industry promotional events

After assessing the skatepark's marketability, PEG analyzed how best the City could approach revenue-generating opportunities. PEG indicates that there should always be options for philanthropic donations, but because this type of revenue is anticipated to be sporadic and minor, PEG suggests that this not be the major emphasis of the revenue-generating program. The possibility of getting a naming rights sponsor, that is, one corporate sponsor to sign a long-term contract for naming rights in exchange for an annual payment, is certainly feasible, but not probable in and of itself. PEG believes that the city simply cannot offer enough exposure to command a significant annual payment.

PEG recommends packaging several of the skatepark's assets in order to offer potential partners/sponsors significant exposure opportunities. Some of the skatepark amenities lend themselves better to the citywide corporate sponsorship program, in which the skatepark is but one location opportunity among many.

With the goal of the partnership/sponsorship program to develop an ongoing revenue stream to support the maintenance and operations of the skatepark so that the skatepark does not negatively impact the City's general fund, the approach PEG recommends for generating

revenue is to look to long-term contracts that provide fixed revenue streams that will enable the City to budget for the skatepark operations.

Corporate Sponsorship Categories considered feasible for implementation at the skatepark are:

- Banner advertising on six light poles
- Bleacher signage
- Entry monument sign
- Information kiosks
- Redemption/recycling kiosks
- Shade shelter signage
- Radio Station Licensing fee (discourages “boom boxes” and controls sound level)
- Vending machines/concessions
- Trash receptacle advertising
- Webcast Licensing

Additional revenue for the skatepark asset management plan include:

- Commercial rentals
- Film permitting
- Picnic shelter rentals

NEXT STEPS

Staff is seeking input from the Council on its sensitivity to implementation of the above revenue generating options. After consideration of these options, staff will prepare a Council report to request authorization to proceed with procuring skatepark sponsors/partners, to refrain from any corporate sponsorship options or to pursue implementation of only certain elements of the revenue-generating concepts listed in this report.