



**FEASIBILITY STUDY**  
**CORPORATE PARTNERSHIP / SPONSORSHIP PROGRAM**  
**SKATE PARK FACILITY LOCATED AT TEWINKLE PARK**

Prepared for  
**The City of Costa Mesa**  
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September 2004

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# Costa Mesa Chronology

## HISTORY & BACKGROUND

According to the City's General Plan, Costa Mesa in 1953 was 3.5 square miles in size and home to 16,840 residents. Today, the City is 16 square miles in size and more than 110,000 live within its boundaries. In 1909, the City's business component consisted of one general store that stood on the corner of Newport and 18<sup>th</sup> streets. Today, Costa Mesa is not only a vital commercial and industrial center, but also hosts the world-class Orange County Performing Arts Center, three colleges, and the Orange County Fairgrounds. The City of Costa Mesa has many residential neighborhoods, significant open space areas, and recreation facilities that complement the commercial, institutional, and cultural areas of the city to form a dynamic and prosperous community.

Costa Mesa borders with the cities of Huntington Beach, Fountain Valley, Santa Ana, Irvine, and Newport Beach. The Santa Ana River forms its western boundary and is an important circulation, open space, and recreation element for Costa Mesa. The Pacific Ocean and the Upper Newport Bay and Ecological Reserve are just outside Costa Mesa's southern and eastern borders and are also important to residents in terms of recreation. Three freeways cross the City, providing access through the City and beyond and also creating barriers that shape neighborhoods internally.

Costa Mesa is a mature City nearing build out capacity. Costa Mesa's population is expected to increase from the 2002 estimate of 110,720 to 122,200 by 2025. The City has been characterized by a below average proportion of families and families with children, however, there is some indication that there will be growth in this sector, as household sizes increase. The City has a growing Hispanic population.

In 2003, City Council voted to fund the City's first skate park. Through an extensive community input and design process the city decided to build its first skate facility at TeWinkle Park. In March of 2004, the City's Parks and Recreation Commission approved the concept plan and environmental documentation for the project. Final design for the 15,000 square foot skating facility was completed in June 2004. Construction is scheduled to start in October 2004 with anticipated completion in January 2005.

In August 2004 the city retained Public Enterprise Group (PEG) to prepare a feasibility study to determine the potential for a corporate partnership/sponsorship program that would provide both a revenue stream to maintain the skate park and a marketing plan to promote it.



City of Costa Mesa



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Samples of municipal skate parks in California

Skate Park Feasibility Study



### SCOPE OF SERVICES

Development of the feasibility study for the Corporate Partnerships / Sponsorships Program for the Skate Park Facility at TeWinkle Park was a joint effort of the community, city staff, and the consulting firm's team. The following tasks were performed to complete the study:

1. PEG reviewed with staff the history of the skate park development, community input, design plans and potential revenue opportunities.
2. PEG visited the site and met with skateboard industry representatives that were involved in the design and approval process of the facility.
3. 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.
4. PEG prepared a cost/benefit analysis for those categories that appeared to be logistically and politically viable.
5. PEG reviewed these categories with staff and the committee and then prepared potential corporate partnership pro-formas.
6. PEG reviewed with staff and the committee the start up costs, financial impacts of the revenue alternatives and timelines for implementation.
7. PEG prepared a draft feasibility study for staff and committee review.
8. After review by City Council at a study session PEG will prepare the final feasibility study for City Council action.





**GOALS & OBJECTIVES:**

There are several goals and objectives the city wishes to accomplish with the skate park corporate partnership / sponsorship program. Among them are:

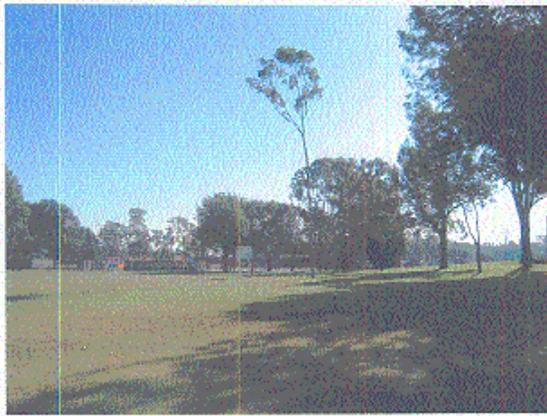
- A. The Skatepark Corporate Partnership / Sponsorship Program should be consistent with the City's General Plan and the Parks and Open Space Master Plan. The recommendations contained in the study should meet the objectives of the city's general plan with regard to signage, protection of open space, zoning, view impacts, permitting processes and use of public property for partnership and sponsorship packages.
- B. Implementation Strategy – The feasibility study should be developed in a manner that will provide an implementation strategy for turning the recommendations for corporate partnership and sponsorships into reality. The study should address start up costs, phasing, funding/financing, revenue generation, and other relevant economic data to enable city officials to make informed business decisions with regards to the implementation of the skate park Corporate Partnership / Sponsorship Program.
- C. Revenue Development – The city has made a considerable capital investment in developing the skate park. In addition to the initial capital costs the city will have substantial ongoing maintenance and operations costs associated with the skate park. The city will have to power wash the area on a regular basis, provide trash removal, provide enforcement activities; repair and/or replace worn out or vandalized components; contribute to its self insurance fund to protect against claims; market and promote the skate park; and, work with event organizers to control use of the facility. The primary goal for implementing a corporate partnership / sponsorship program is to develop a contractually obligated revenue stream to offset these costs.





### OPPORTUNITIES & CONSTRAINTS

Corporate Partnership and Sponsorship programs are a business venture. Each party has to understand it has to help improve the bottom line of their partner for the program to be successful. Each party will have to invest in the partnership in order to see a return on investment. There is an element of financial risk in all business ventures and this is true even



in city's partnering with the private sector in trying to raise revenue. A city could commit substantial time, resources and money to a partnership contract, so they should be as sure as possible that they have an excellent chance of succeeding financially before they enter into a contract.

The Costa Mesa Skatepark has been located in TeWinkle Park, the city's most used park. The city decided on the TeWinkle location after a reviewing several possible sites

and a series of community meetings to determine the best location for the city's first Skatepark facility. TeWinkle Park is a 44-acre park adjacent to Arlington Drive in the northeast portion of the city. It is bordered by Davis School on the west, residential land uses on the north, a U.S. Armory site on the east and the Orange County Fairgrounds on the south. The park is also within walking distance of Costa Mesa High School and Orange Coast College.

The Skatepark has been placed in an area between the municipal tennis center and Bark Park. This allows the facility to share parking and restrooms thus making maximum use of the existing site.

Being next to the tennis center and Bark Park is a positive for attracting potential corporate partners and sponsorships. All three facilities together create a broad demographic market encompassing all age groups and social interests.

In order to minimize the visual and noise impacts of the skate park on the adjacent residential neighborhood, the city has placed the skate park facility internally within the park and has screened it with landscaping to soften the appearance. While this is a positive for the neighborhood it is a constraint in terms of offering corporate partners and sponsors visibility.

The value of corporate partnerships and sponsorships is determined by the amount of exposure and number of impressions a corporate partner or sponsor will receive in exchange for payment to the city. Corporate partners and sponsors like to have highly visible areas with constant pedestrian or vehicular traffic to invest their marketing dollar. Consequently from a pure advertising standpoint, the location of the skate park facility is not an optimum site.

On the positive side, the site is centrally located in Orange County, easily accessible by freeway and should draw users from within an hours drive. Statistics show that parents will travel up to an hour to take their children to well designed skate parks located in a community park where there are other amenities and activities for other family members to enjoy. The Costa Mesa skate facility at TeWinkle Park fits this model. The Skate-park can expect to average 200 unduplicated visits per day during the week and 300-400 unduplicated visits per day on the weekend. The total annual visitation (number of duplicated visits) should exceed 100,000. The skate park is a year around facility given the mild climate year around in Costa Mesa. Consequently there is no anticipated down time. This is a positive from a marketing standpoint.

The ideal size of a skate park facility for attracting corporate partnership, sponsorships, especially from the skateboard and surf industry, is 30,000 square feet. This is because in a 30,000 square foot facility there is room to design three distinct 10,000 square foot skating areas for beginners, experienced, and advanced skaters. Due to community concerns and the desire on the city's behalf to minimize the loss of open turf area within the park, the Costa Mesa Skate Facility has been designed to a size of 15,000 square feet. This will limit the city's ability to attract promotional events from the skateboard industry. On the other hand, the facility has been designed to contain unique features and a very pleasant environment which will lend itself to attracting commercial, still photography, and video requests.

To be consistent with the city's general plan regarding signage, it is not possible to install large directional signage or co-sponsored billboards that could be visible from the adjacent arterial streets. However, the city sign ordinances do allow for a planned sign program to be included in the facility so long as the signage is part of the amenities and infrastructure on the site.

The site does provide the city with opportunities to design a group use area complete with a shade shelter, which can be dedicated to rental use for birthday parties and special events.

In summary, from a marketing standpoint, the opportunities are as follows:

- Centrally located with easy access.
- Heavily used park with diverse demographics.
- Within walking distance of schools and other public uses.
- Well designed to take advantage of rental opportunities.
- Anticipated to draw regional use.

The constraints for marketing are as follows:

- No visual access from major arterials.
- Limited number of days for promotional events due to potential impact on adjacent residential.
- Limited commercial opportunities due to perception of over commercializing public facilities.
- Smaller Skatepark facility than other facilities thus limiting the potential for industry promotional events.

### PROPOSED CORPORATE PARTNERSHIP / SPONSORSHIP PROGRAM

PEG spent considerable time reviewing and analyzing potential corporate partnership / sponsorship program approaches.

- We looked at the possibilities for naming rights, on site advertising, recognition programs, philanthropic donations, concessions, rental programs and user fees.
- We weighed the city's desire for revenue development with its desire to be sensitive to the adjacent residential neighborhood and the community with regards to commercial use.
- We contacted the skate industry and gathered input as to their ideas for revenue generation.
- We reviewed the City's General Plan, Open Space Element, City Ordinances, Planning Commission and Parks & Recreation Commission comments, and City Council minutes regarding the skate park approval process to determine what would and would not be acceptable to include in a benefit package for a corporate partnership / sponsorship program.
- We reviewed the design of the facility with the architects who designed it to determine the requirements for placement of asset management opportunities.
- We contacted marketing representatives to gain a feel for the potential value for on site advertising opportunities.
- We visited other skate park sites to determine Costa Mesa's position in attracting corporate interest.
- We talked to skateboarders to get knowledge of their feelings regarding commercial advertising, park amenities and user fees.
- We looked at the skate park both as a stand-alone asset management facility and as part of a citywide asset management plan to determine the scenario that provides the city with the best revenue options.

After doing this research we analyzed what approaches offer the city the best revenue generating opportunities. While the city should allow for philanthropic donations to maintain and operate the skate park, this type of revenue is anticipated to be sporadic and rather minor, and therefore will not be the major emphasis of the revenue program. While the possibility of getting a naming rights sponsor, i.e., one corporate partner to sign a long-term contract for naming

rights in exchange for an annual payment is feasible, its not probable. The city simply can't offer enough exposure to command a significant annual payment.

The skate board industry is a large industry in terms of dollar volume worldwide, but it is made up of small niche businesses. There are board manufacturers, wheel manufacturers, equipment manufacturers, clothing companies, graphics companies, skate park architects, and specialized contractors. There are approximately 1,000 municipal skate parks in the United States presently with another 500 in various stages of development. While the skate board industry has shown interest in sponsoring skate parks as part of their overall marketing strategy, their primary marketing dollars go into endorsement contracts, promotional events, and various media buys. Those companies in the industry who have allocated marketing dollars to facility sponsorships have gravitated to the higher end skate parks, i.e. those with 30,000 plus square feet. The larger skate parks with more amenities offer them greater exposure for their marketing dollar, better opportunity for promotional events, and greater endorsement by professional skaters. Consequently, Costa Mesa may be able to work with local skate board businesses for partnerships, but it will have to offer the corporate sponsor the first right of refusal for naming rights on future skate parks in Costa Mesa. The Naming Rights deal may be a combination of some of the asset management rights and naming rights benefits so that the industry sponsor/partner can control the look and logos of the skate park.

The city may be able to partner with a local retail chain who can obtain marketing dollars from their corporate office to invest in local community advertising, but it is doubtful that just the skate park facility alone will be an attractive enough package for them. This approach is best suited to a citywide partnership program, whereby the city can offer its partner exposure at several facilities thus providing the added value of increased impressions, broader demographics and wider community awareness of the partnership.

From an asset management standpoint, the city may be better off to include the skate park facility in a citywide partnership package, leaving the skate park to solicit philanthropic donations; skate industry participation; rental income, license and permit fees, and generate revenue from promotional events.

If the city does not proceed with a citywide partnership program or it does not want to include the skate park in such a program, then the city can develop an asset management portfolio for just the skate park.

The goal of the city, as stated above, is to develop an ongoing revenue stream to support the maintenance and operations of the skate park so that the skate park does not negatively impact the city's general fund. If this can be accomplished, then it will be easier for the city to justify additional skate parks in the community in the future. Consequently, the approach for generating revenue needs to be based on long-term contracts providing a minimum fixed revenue

stream that enables the city to budget for the skate park operations.

Obviously, the more commercial aspects the city can incorporate into the skate park, the higher the anticipated revenue. However, because of the location; the city's desire to be sensitive to adjacent residents; and the community's opposition to advertising and potential visual impacts, the commercialization of the skate park needs to be as subdued as possible and be a part of the infrastructure so as to not offend, yet provide enough marketing value to interest potential corporate partners and sponsors.

The following list of asset management categories should provide the city with the necessary revenue to meet its goal, and at the same time, not offend either users or adjacent residents.

- **Banner Advertising Program**

There are six light poles within the Skatepark area to provide for night lighted activity at the skate park up until 10:00PM. The six light poles are prime locations for colorful banners which can contain a sponsor's logo as illustrated below.



- **Bleacher Seating Sign Program**

Currently there are two bleacher-seating areas scheduled for installation next to the area for advanced skaters. It is anticipated that this area will host special events, promotional activities, and be the most popular area for viewers to watch the advanced skaters perform. Observation of other skate parks has shown that there is a need for seating and viewing for all areas of the skate park. The city may have to install additional bleacher areas and/or park benches to accommodate spectators at the skate park. However, this can be done in the future if needed. Initially the city could imple-

ment a six sign bleacher program (three signs on each of the two bleacher areas). The signs would only face the seating area of the bleaches as illustrated below.



#### Entry Monument Sign Program

There are two entryways to the skate park. An entryway monument sign can be placed at the entrance to the Skatepark from the joint-use parking lot. This is where the main corporate partner or naming rights sponsor name would be displayed. If the city were to secure philanthropic donations for a benefactor they would also be identified at this location. The second entryway monument sign could be placed at the north gate which is the main entrance into the picnic/observation area within the skate park. Again the naming rights partner or major sponsor would be recognized at this location along with the secondary sponsors. If desired a third monument entry sign could be included at the maintenance entrance to the skate park. However, this is of lesser value from a marketing standpoint.

#### Information Kiosks

The skate park complex will have a new restroom facility with a plaza area that could contain an information kiosk. The kiosk would be a three or four sided stand alone facility, whereby one panel would be dedicated to the city for posting of city calendars, event information, rules and regulations, etc. The other panels would contain advertising posters, much like bus shelter advertising posters.



#### Redemption/Recycle Advertising Kiosks

One of the main maintenance issues the city will have to deal with at the skate park is picking up cans and bottles left by the participants. By providing a redemption/recycle kiosk the city will be encouraging the placement of cans and bottles into the recycling kiosks and thus reduce the time and effort required for picking up these items.

The redemption/recycle kiosk is a three-sided stand alone facility where cans and bottles are deposited on one side for script. The remaining two sides contain advertising posters. This program promotes two benefits, revenue and recycling.

- **Shade Shelter Signage Program**

There is a definite need to provide an area within the skate park that is shaded and contains picnic tables. The shade shelter can be designed to be both functional and provide revenue through advertising. The shelter can be either a permanent roof facility or a soft-top facility where the canvas top with advertising can be changed out on a scheduled basis.



Soft Top Custom Shelters

- **Radio Station License Fee**

The city will find that participants at the skate park will like to bring their "boom boxes" to play music while they skate. There can be several "boom boxes" playing different music at the skate park at one time. Some cities have passed ordinances prohibiting boom boxes or amplified music at skate park facilities. Other facilities have either installed speaker systems to play background music provided by the city or have established a license with a radio station for exclusivity to broadcast at the site. The advantage of a license is that it allows control of the music and at the same time generates revenue to maintain the skate park. The speakers can also serve as a paging system to make announcements and to provide commentary at special events. The placement of permanent speakers that focus the sound only at the skate park is preferable over portable amplification systems that could allow sound to escape into other park facilities and surrounding neighborhoods.



**Drink and Snack Vending**

The city may wish to look at the feasibility of providing a food concession that would serve the participants at the skate park, the tennis center, bark park, and general park users. However, until such time as the city wishes to proceed with such a concession, there should be drink and snack vending available at the skate park. The vending could either be placed within the skate park adjacent to the picnic shelter area, or at the new restroom facility, which would serve not only the skate park participants but also tennis center, bark park, and general park users.



**Trash Receptacle Advertising Program**

The city will want to provide a minimum of six trash receptacles with the skate park area. The receptacles can be part of a citywide trash receptacle advertising program whereby the vendor will provide the city with the trash cans in exchange for the rights for selling advertising. There are several types of receptacles used in such programs and the city should contract with the one that provides the most aesthetic compatibility.



**Webcast License Fee**



There are several companies who maintain websites for skateboarders. These companies rate skate park facilities; provide live Webcast of facilities; and display other skate park information. They do this to attract advertisers for their website. By giving a license to one or more such companies to install and broadcast live video of the Costa Mesa skate park, the city will be both generating revenue and providing a service for skate boarders to "checkout" the facility before they visit.



### Opinion of Potential Revenue

The following revenue estimates are based on what PEG believes each asset management category should be valued at for negotiations with potential partners. The actual amounts may be different as a result of the negotiations. The value of each program was estimated by looking at several factors including advertising rates, value of location, demographics of probable impressions, term of exposure and the value of exclusive rights. The goal of the asset management portfolio should be to secure a \$25,000 to \$30,000 contractually obligated annual revenue stream to the city. The city may not want to do all of the items and if that is the case, then the annual revenue from the asset management portfolio will be correspondingly less. It is up to the city to decide how much revenue it needs and to what extent it will allow advertising to reach that amount.

PEG has designed a portfolio of potential contracts that should reach the revenue goal and still fit into the infrastructure of the skate park so as not to be offensive to either the skate park users or adjacent neighborhoods. However, this is subjective and only the city can determine what should be included and what should not be included. The negotiating value for each category is listed below:

1. Banner Program		
Six (6) Banners mounted on six light poles @ \$600 ea/yr.		= \$3,600
2. Bleacher Seating Sign Program		
Six (6) signs mounted on two bleachers (3 each) @ \$600 ea/yr.		= \$3,600
3. Entryway/Monument Sign Program		
Two entryway signs at \$1,200 a year each		= \$2,400
4. Information Kiosks located at Rest Room Site		
One kiosks at \$300 per month		= \$3,600
5. Shade Shelter Signage Program		
One shade shelter w / 4 signs at \$50 a month each		= \$2,400
6. Redemption/recycle Advertising Kiosk		
One (1) at \$300 per month		= \$3,600
7. Radio Station License Fee		
Twelve months at \$200 per /month		= \$2,400

8. Drink and Snack Vending Three (3) machines at \$800 a year each	= \$2,400
9. Trash Receptacle Advertising Program Six (6) receptacle at \$10 per month each	= \$720
10. Webcast License Fee (Two agreements @ \$150 ea.) \$300 per month	= \$3,600
<b>Estimated Value of Asset Management Portfolio</b>	<b>\$28,320 Yr.</b>

The second component to the asset management plan is the skate park rental program. There are three types of rentals the facility can attract:

- **Commercial Rentals**

The skate park can provide an attractive environment for several types of commercial rentals. The skate industry is always looking for sites that can accommodate fairs, expos, and promotional events. Independent promoters also look for sites to host demonstrations, competitions, and sponsored events. As mentioned in the opportunities and constraints section, TeWinkle park is accessible by freeway, has excellent community park facilities and presents a beautiful environment for promotional activities. The number of commercial events will have to be limited so as not to negatively impact the surrounding neighborhoods. There is probably a market for 15-20 commercial rentals per year. However, to keep good relations with the adjacent residents, the city should limit the number of commercial rentals to six per year. While these types of events have the most potential for raising revenue, they also use a substantial portion of the skate park and surrounding area thus the need to weigh the impact with the city's desire for revenue. If events can be tightly controlled the city could increase the number of commercial rentals depending on the size of the impact.

- **Film Permits**

Media companies and independent still and video companies are always looking for sites to shoot commercials, promotional pieces, still photography ads, and other film projects. The city should adopt a film permit fee to both generate revenue and control the number and types of film and still photography uses at the site.

- **Picnic Shade Shelter Rentals**

If the city implements the recommended shade shelter asset management category it could then rent that portion of the skate park to provide for birthday parties, family outings, skate board industry events, etc. By allowing this portion of the skate park to be reserved for a fee, the city can both generate revenue and control the types of uses at the facility.

PEG has researched rental rates for the above uses at various municipal facilities and has looked at the market for the rental program and has prepared its opinion of what the minimum rental rates should be for each of the above categories. They are as follows:



### Implementation Strategy

There are several strategies the city could employ to implement the asset management program. The city could negotiate contracts separately for each of the categories in the first component and negotiate a separate contract for the naming rights component. Another approach would be for the city to solicit a third party such as a media or marketing firm and negotiate an agreement that would give them the rights to both the asset management components and the naming rights. They in turn could negotiate and manage the component agreements.

In either strategy the city will want to keep the rental program and oversee its implementation. The advantage of bundling the asset management categories and the naming rights is that the city would then only have one contract to administer. If the city negotiates separate contracts it could expect to have to administer as many as 8-10 different agreements. Using a third party may result in slightly less annual revenue to the city.

The first strategy gives the city a little more control over each element, however, it increases the city overhead and administration costs. Administering one contract will take about 5% of an assigned staff person's time, while administering 8 to 10 agreements could take up to 15% of their time.

The second strategy will probably provide a more coordinated effort for all the categories because one company will be managing all the components. The bottom line will be about the same either way the city decides to proceed.

A third strategy could be for the city to first offer the naming rights and try to negotiate the highest value for that component. As part of these negotiations the city could also offer the asset management component as part of the overall naming rights deal. The advantage to this approach is that it could be marketed to several types of corporate partners not just marketing or media companies. The downside to this approach is that the overall package may be valued less than the value of its individual components thus the city would receive less annual revenue. It is impossible to determine if this would actually be the case until the market is tested and negotiations are entered into.

The city will be able to negotiate the best deal if it does not use a bid or auction process but rather a solicitation of interest and negotiation process. In other words, the city should package the benefits and "shop" them around to potential corporate partners/sponsors. The city may wish to carry on negotiations with several potential partners at one time in order to find both the best fit for the asset management program and the highest potential revenue.

The city will need to do accomplish several tasks prior to the solicitation and negotiation process.

The city will want to do the following to prepare itself to be in the best position to attract and negotiate a successful asset management agreement or agreements.

- Update city ordinances and fee resolutions regarding use of parks, prohibited activity, required permits, required licenses, use of trademarks, etc.
- Develop and proceed through the approval process for a planned sign program for the skate park so that the number, size and location of the asset management categories is determined before negotiations.
- Update the plans for the skate park and determine what costs, if any, there will be to provide electricity, conduit or other required utilities in order to implement all of the asset management categories.
- Determine which staff position will be assigned to administer the asset management agreement or agreements.
- Prepare sample agreements and have them approved as to form by the city attorney's office and the purchasing department.
- Determine if the city can solicit interest and negotiate agreements, instead of formally bidding agreements, and if it can keep negotiations confidential until an agreement is recommended to city council for approval.
- Determine if it wishes to proceed with the skate park asset management program separately from a citywide asset management program.

Once the above tasks have been completed the city can proceed with implementing all or just part of the proposed asset management plan and begin soliciting philanthropic donations from individuals and the skateboard industry. The best case scenario is to have the agreements in place when the skate park opens, however each of the components can be phased in when the city is able to accomplish them.