



Honorable Mayor and Members of the Hermosa Beach City Council

APPROVAL OF AN AGREEMENT WITH THE HERMOSA BEACH CHAMBER OF COMMERCE AND VISITORS BUREAU AND HERMOSA BEACH CHAMBER FOUNDATION FOR ITS SPECIAL EVENTS IN 2026 THROUGH 2028

(Community Resources Director Lisa Nichols)

Recommended Action:

Staff recommends City Council:

1. Consider approval of an agreement with the Hermosa Beach Chamber of Commerce and Visitors Bureau and the Hermosa Beach Chamber Foundation for its special events in 2026 through 2028 (**Attachment 1**);
2. Determine whether to provide an additional level of financial support for the St. Patrick's Day Parade beginning in 2026, and, if so, select a parade route to move forward with; and
3. Authorize the City Manager to execute and the City Clerk to attest to the agreement subject to approval by the City Attorney.

Executive Summary:

Staff presents a proposed agreement with the Hermosa Beach Chamber of Commerce (Chamber) and the Hermosa Beach Chamber Foundation (Foundation) for the production of community events from 2026 through 2028 (**Attachment 1**), including Sidewalk Sales, the St. Patrick's Day Parade, Memorial Day Fiesta Hermosa, Labor Day Fiesta Hermosa, and Hermosa for the Holidays. While the proposed agreement continues the City's existing partnership framework, including waiver of indirect City costs for all events and a proposed waiver of direct costs for the Parade, the Chamber and Foundation have advised that ongoing financial challenges, primarily related to public safety, barricades, and insurance, may impact their ability to continue producing the Parade beginning in 2026. Staff recommends City Council consider approval of the proposed agreement, determine whether to provide an additional level of financial support for the Parade, and, if so, select a Parade route, with staff recommending a Strand-based route due to reduced barricade needs and enhanced public safety benefits.

Background:

The Chamber has historically produced special events such as Sidewalk Sales, the St. Patrick's Day Parade, Fiesta Hermosa, Locale 90254, and Hermosa for the Holidays under an agreement with the City. In 2021, the Board of Directors of the Chamber

established the Foundation to support the fundraising, planning, and production of certain community events. Since its formation, the Foundation has overseen the production of the St. Patrick’s Day Parade and Hermosa for the Holidays. The Foundation is a verified 501(c)(3) nonprofit organization.

On July 13, 2021, City Council established a subcommittee consisting of two Councilmembers, Councilmember Francois and Councilmember Jackson, to work with staff and the Chamber to evaluate Chamber-produced events and to develop an agreement for its events occurring from 2023 through 2025.

As a result of these discussions, City Council approved an agreement for Chamber- and Foundation-produced events from 2023 through 2025 (**Attachment 2**) on November 29, 2022. Key changes from the prior agreement (**Attachment 2**) included removal of the New Year’s Eve Celebration as a contractual obligation due to ongoing budget and sponsorship constraints; inclusion of Sidewalk Sales events; and an option for the Chamber to provide either the Labor Day Fiesta Hermosa or a smaller, locally focused Locale 90254 event, with a required one-time selection to ensure consistency in the City’s Special Events Calendar through 2025. The Chamber ultimately chose to produce the Locale 90254 event, forgoing the production of the Labor Day Fiesta Hermosa from 2023 through 2025.

The approved agreement for Chamber- and Foundation-produced events from 2023 through 2025 (**Attachment 2**) also provided for the waiver of indirect City costs associated with the covered events, while requiring the Chamber to pay all direct costs in accordance with the City’s annual Master Fee Schedule. Requests from the Chamber for waivers of direct costs, including parking revenue, were not approved. It was determined that waivers of indirect costs represented a significant City subsidy and an appropriate demonstration of partnership in support of community events.

Past Council Actions

Meeting Date	Description
<u>November 29, 2022</u>	Council approved an agreement with the Chamber to provide the St. Patrick’s Day Parade, Memorial Day Fiesta Hermosa, Labor Day Fiesta Hermosa or Locale 90254, Hermosa for the Holidays, and Sidewalk Sale events in 2023 through 2025.

Discussion:

Staff worked with the Chamber to develop mutually agreeable terms for an agreement for its special events from 2026 through 2028 (**Attachment 1**).

The proposed agreement (**Attachment 1**), incorporates the following new terms for City Council consideration:

Waiver of Fiesta Hermosa Vendor Fee

Under the agreement for Chamber- and Foundation-produced events from 2023 through 2025 (**Attachment 2**), the Chamber was required to pay the City a per-vendor fee for each participating vendor at Fiesta Hermosa, with exemptions for nonprofit vendors and vendors holding a valid City business license. The Chamber was responsible for collecting the fee from participating vendors and submitting a post-event vendor list to the City for billing purposes. Since 2023, the total amount due from the per-vendor fee has averaged approximately \$9,500 for the Memorial Day Fiesta Hermosa.

During discussions related to the proposed agreement (**Attachment 1**), the Chamber requested a waiver of the per-vendor fees for Fiesta Hermosa, citing rising event production costs and reduced sponsorship revenue. The Chamber indicated that waiving these fees would allow additional revenue to be retained to help offset overall production expenses associated with hosting Fiesta Hermosa. The proposed agreement (**Attachment 1**) would waive the per-vendor fees for Fiesta Hermosa.

Return of Labor Day Fiesta Hermosa

Under the agreement for Chamber- and Foundation-produced events from 2023 through 2025 (**Attachment 2**), the Chamber was provided an option to hold the Labor Day Fiesta Hermosa or Locale 90254, the latter of which encompassed a smaller event footprint and was more locally focused with an Oktoberfest theme. This provision was provided with consideration of feedback provided through multiple stakeholder meetings, a community town hall event, and a month-long online public comment campaign held in 2017, which included input that the desire was for the Chamber to explore the viability of hosting one Fiesta Hermosa on a non-holiday weekend.

Following the Chamber's decision to produce Locale 90254 in place of the Labor Day Fiesta in 2023 through 2025, the Chamber received feedback from businesses in support of the return of Labor Day Fiesta Hermosa rather than continuing Locale 90254. The Chamber requests its return in 2026 under the terms of the proposed agreement (**Attachment 1**). The Labor Day Fiesta Hermosa would be a smaller, community-focused event in comparison to the Memorial Day Fiesta Hermosa. The requested event footprint for the Labor Day Fiesta Hermosa would be Pier Avenue between Palm Drive and Hermosa Avenue, Hermosa Avenue between 13th Street and 10th Street, Pier Plaza, and Lot A. Included in **Attachment 3** is a letter from the Chamber requesting the return of a Labor Day Fiesta Hermosa.

City Partnership with St. Patrick's Day Parade

The St. Patrick's Day Parade, a long-standing community event, has been organized by the Chamber since 2010. In recent years, the Chamber has informed the City of financial challenges associated with producing the event, particularly related to security and public safety costs.

To ensure events are safe and well-managed, the City works with event producers to review event logistics, including accessibility, emergency planning, traffic control, and security. Events requiring street closures must include a City-approved traffic control plan detailing road closures, detours, and traffic control devices. The event producer is responsible for providing and installing all required devices, which are inspected by Public Works staff at the event producer's expense. As the St. Patrick's Day Parade requires street closures, these requirements apply to the event.

For informational purposes, the 2025 revenues and expenditures associated with the St. Patrick's Day Parade were as follows:

- Revenue: \$40,059
 - Sponsors/Brand Activations: \$14,499
 - Donations: \$14,385
 - Parade Entries: \$11,175
 - 2025 Entry Fees
 - Nonprofit Chamber Member or Foundation Member - \$0
 - Nonprofit Non-Member - \$175
 - Resident - \$250
 - Business Chamber Member - \$500
 - Business Non-Chamber Member - \$1,000
 - Equestrian/Animals - \$275
 - Car Clubs - \$300
 - School Marching Band, Cheer or Dance Squads - \$0
 - Dignitary - \$100 \$200
 - Car for Dignitary (drivers) - \$0
 - Add-ons:
 - Additional Walkers/Individuals - \$25 each
 - Additional Vehicles - \$50 each
 - Car for Dignitary - \$100 each
- Expenditures: \$58,003.24
 - Merchandise/Advertising: \$915.09
 - Barricades and Labor: \$19,303
 - City staff facilitated a connection between the Chamber and the Port of Long Beach, allowing the Chamber to borrow a portion of the required barricades.
 - This resulted in an approximate cost savings of \$4,000 for the Chamber.
 - Bell Event Services rented a truck to transport the borrowed barricades to and from the City Yard, where they were stored before and after the event.
 - Other event equipment, Labor, and Event Staff: \$19,400.68
 - Portable restrooms: \$1,429.23

- Security: \$7,623
- City Staff/Services: \$6,119.84
- Los Angeles (L.A.) County Fire Department Staff and Services: \$887
- Hermosa Beach School District Parking: \$232
- Insurance: \$1,385
- Entertainment/decorations: \$408.40
- Photographer/videographer: \$300

With consideration of the Chamber’s financial challenges associated with producing the event, the City proposed new terms in the proposed agreement for the Chamber’s events in 2026 through 2028 (**Attachment 1**) that would result in the Parade being presented as a partnership between the Chamber Foundation and the City, with all marketing and related materials required to state “in partnership between the Foundation and the City” and to display the City logo prominently. All Parade materials would be subject to City review in advance. Additionally, the City would waive all direct and indirect costs associated with the event, including staff time. By comparison, under the Chamber’s 2023–2025 agreement (**Attachment 2**), only indirect costs were waived; extending the waiver to include direct costs would result in an estimated cost savings to the Foundation of up to approximately \$6,126.84 annually. The City would also provide City-owned barricades and handle all setup and teardown through City staff at no additional cost. In 2025, the City purchased 36 portable barriers through a grant provided by the State Homeland Security Program, which would be utilized to support the event.

Despite these proposed terms, the Chamber still shares that ongoing financial challenges will continue to prohibit its ability to produce the St. Patrick’s Day Parade beginning in 2026. City staff and representatives of the Chamber have met several times to discuss potential options to reduce event-related costs, including consideration of alternate Parade routes that may require fewer barricades and associated traffic control measures. **Attachment 4** illustrates the Parade route historically used, which would result in a total of \$35,075–\$40,825 for barricades, labor, and a 10% contingency, to account for unforeseen conditions or additional needs identified during final event planning, while **Attachment 5** outlines alternate routes presented by the City to the Chamber. Each alternate route on **Attachment 5** is summarized below, along with the estimated cost for each option for barricades and labor.

- Option 2A: The staging area would be located on Pier Avenue between Manhattan Avenue and Hermosa Avenue. The Parade route would begin at the intersection of Pier Avenue and Hermosa Avenue and proceed southbound in the southbound lanes of Hermosa Avenue to 6th Street. The estimated cost for barricades and labor would be between \$25,500–\$30,500. With a recommended 10% contingency, the total estimated cost would be between \$28,050–\$33,550.
- Option 2B: The staging area would be located on Pier Avenue between Cypress Avenue and Monterey Boulevard. The Parade route would begin at the intersection of Pier Avenue and Monterey Boulevard, travel west along Pier Avenue, and then

proceed southbound in the southbound lanes of Hermosa Avenue to 6th Street. The estimated cost for barricades and labor would be between \$30,500–\$35,500. With a recommended 10% contingency, the total estimated cost would be between \$33,550–\$39,050.

- Option 3A: The staging area would be located on Pier Avenue between Manhattan Avenue and Hermosa Avenue. The Parade route would begin at the intersection of Pier Avenue and Hermosa Avenue, continue down Pier Plaza, and proceed southbound along the Strand to 2nd Street. The estimated cost for barricades and labor would be between \$20,500–\$25,500. Including a recommended 10% contingency, the total estimated cost would be between \$22,550–\$28,050.
- Option 3B: The staging area would be located on Pier Avenue between Manhattan Avenue and Hermosa Avenue. The Parade route would begin at the intersection of Pier Avenue and Hermosa Avenue, proceed southbound in the southbound lanes of Hermosa Avenue to 10th Street, travel west on 10th Street to the Strand, and then continue southbound along the Strand to 2nd Street. The estimated cost for barricades and labor would be between \$23,000–\$28,000. With a recommended 10% contingency, the total estimated cost would be between \$25,300–\$30,800.

Each alternate route (**Attachment 5**) presented by the City represents a reduction from the Parade routes used in past years and would require a corresponding decrease in the number of Parade participants. It should be noted that the cost estimates provided for each route were obtained by the City and include prevailing wage requirements, which are mandated for work performed by or on behalf of public agencies. As a result, these estimates may be higher than costs quoted to a private entity, as prevailing wage requirements would not apply in those instances.

The Chamber and its affiliated Foundation have requested that City staff present the financial challenges associated with producing the St. Patrick’s Day Parade to City Council for consideration of whether the City is willing to assume an additional level of financial support for the event, as outlined in a letter included as **Attachment 6**. The Chamber has indicated that continuing to produce the St. Patrick’s Day Parade under the current format, without additional financial support from the City, would result in a significant operating loss for the Foundation. The Chamber and Foundation have stated they are unable to sustain or justify producing an event that does not even break even.

While the Chamber and Foundation are willing to continue contributing in defined and limited areas aligned with their capacity, such as event production support, equipment rentals, marketing, restrooms, and post-event cleanup, they have requested that the City assume financial responsibility for core municipal, public safety-related (security and barricades), and insurance costs. The total approximate costs for each would be:

- Security: \$8,000
- Barricades: To be determined based on the Parade route, with estimated costs ranging from \$22,550 to \$40,825

- Insurance: \$1,400
- L.A. County Fire Department Staff and Services: \$900

The total amount for all would be determined based on the Parade route used. If the historic Parade route was used (**Attachment 4**), the total amount of City financial support requested would be approximately \$51,125.

Staff recommends City Council determine whether the City would provide an additional level of financial support for the St. Patrick’s Day Parade beginning in 2026, beyond the existing fee waiver of indirect costs for the event (approximately \$22,000) and the proposed fee waiver of direct costs for the event (approximately \$6,000) included in the proposed agreement (**Attachment 1**).

If City Council determines the City should provide an additional level of financial support for the St. Patrick’s Day Parade, staff proposes two paths to do so for City Council consideration:

- Provide a reimbursement for the Foundation’s expenses for the Parade for which the Foundation is requesting that the City assume financial responsibility. This option would require establishing a budget allocation for the reimbursement and would involve administrative oversight and auditing of expenses to ensure compliance with public fund expenditure requirements.; or
- Provide either a 50% fee-waiver or full fee-waiver of the direct costs for other events produced by the Chamber and the Foundation, such as the Sidewalk Sales, Fiesta Hermosas, and Hermosa for the Holidays. This would result in approximately \$19,389.99 (50% fee-waiver) or \$44,906.82 (full fee-waiver) in cost savings annually through the terms of the proposed agreement (**Attachment 1**), which may be applied toward the Parade, in addition to the \$6,126.84 in cost savings of direct costs already associated with the Parade under the proposed Agreement (**Attachment 1**). Under this option, the Chamber and its affiliated Foundation would be responsible for determining how to account for and allocate the resulting cost savings, as the Parade and Hermosa for the Holidays are produced by the Chamber Foundation, while the Sidewalk Sales, Memorial Day Fiesta Hermosa, and Labor Day Fiesta Hermosa are produced by the Chamber. Any internal transfer of funds or allocation of cost savings between the two entities would be managed by the Chamber and the Foundation and would not involve the City.

The anticipated indirect and direct costs for the Chamber’s events from 2026 through 2028 in the proposed agreement (**Attachment 1**) are outlined in **Table 1** below.

Table 1: Chamber Events Agreement 2026-2028 – Annual Estimated Costs

Event	Annual Estimated Costs
Sidewalk Sales	Direct Costs: \$642

	Indirect Costs: \$118,764 (\$39,588 per event)
St. Patrick's Day Parade	Direct Costs: \$6,126.84 Indirect Costs: \$21,536
Memorial Day Fiesta Hermosa	Direct Costs: \$21,528.84 Indirect Costs: \$86,484
Labor Day Fiesta Hermosa	Direct Costs: \$21,528.84 Indirect Costs: \$86,484
Hermosa for the Holidays	Direct Costs: \$1,207.14 Indirect Costs: \$37,138
Total:	Total Direct Costs: \$51,033.66 Total Indirect Costs: \$350,406
	Total Annual Estimated Costs: \$401,439.66

Additionally, staff requests City Council select a Parade route to move forward with, either the historic route (**Attachment 4**), or one of the proposed alternate routes (**Attachment 5**), with staff recommending a Strand-based route (Options 3A or 3B on **Attachment 5**) for consideration due to reduced barricade needs and enhanced public safety benefits associated with such routes, such as the Strand wall serving as a physical separation between spectators and Parade participants.

Fiscal Impact:

The proposed new agreement (**Attachment 1**) includes an estimated annual total of subsidies through fee waivers of indirect costs of approximately \$350,406 annually and a fee-waiver of direct costs for the St. Patrick's Day Parade totaling approximately \$6,126.84 annually from the above table.

The estimated annual total of recoupment of direct costs for all other Chamber- and Foundation-produced events would be approximately \$44,906.82 annually, which includes a credit to the Chamber of approximately \$16,750 for each Fiesta Hermosa. The credit is from Proposition A funds for the Chamber providing shuttle transportation for event attendees off-site to the event, and back.

If the City Council approves providing a reimbursement to the Foundation for Parade-related expenses for which the Foundation is requesting the City assume financial responsibility, such reimbursement would come from the General Fund. Alternatively, if City Council approves 50% fee-waiver of direct costs for all other Chamber- and Foundation-produced events, the estimated direct costs to be waived would total approximately \$19,389.99 annually. If City Council approves a full fee-waiver of direct costs, the City would collect no direct costs from the Chamber or Foundation.

Attachments:

1. Chamber and Foundation Events Agreement 2026 through 2028
2. Chamber Events Agreement 2023 through 2025
3. Chamber Letter Requesting Return of Labor Day Fiesta Hermosa
4. Historic Parade Route

5. Alternate Parade Routes
6. Chamber Letter Requesting Financial Support for the Parade

Respectfully Submitted by: Lisa Nichols, Community Resources Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Approved: Steve Napolitano, City Manager