



Information Item

Date: October 20, 2011

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: Carousel Fare Adjustment and Twilight Dance Series Parking Adjustment

Introduction

On [March 23, 2010](#), Council authorized an increase in the rates for Carousel tickets as a way to generate additional revenue for Pier operations and to offset a supplemental grant for the Twilight Dance Series that Council made to the Santa Monica Pier Restoration Corporation for 2010. In addition, Council was informed that pursuant to Resolution 10307 (CCS), adopted on [June 17, 2008](#), the City would implement a \$10 event parking rate at various beach lots beginning at 4 p.m. on the seven Thursdays of the Twilight Dance Series with the proceeds benefiting the Beach Fund. The additional revenue was to pay for public safety, sanitation, and other operating and maintenance costs generated by an influx of visitors to the beach on concert nights. Council directed staff to return with information on the impact of these two rate increases on use and revenues of the facilities. This report provides updated information on revenues and facility use.

Background

The Carousel, located in the Loof Hippodrome Building, is a major attraction on the Santa Monica Pier. Visitors enjoy riding the Carousel and renting the facility for semi-private and private-events, especially for children's birthday parties. Carousel ticket prices are set by Council resolution. In 2009, revenue from tickets for rides and rental of the facility totaled \$157,311. Of this amount, Carousel tickets generated \$113,841, while events generated \$43,470. Carousel operating costs for the same period,

including the management agreement with the operator, permits, custodial services, repairs, and supplies were approximately \$300,000.

Discussion

Carousel Ticket Rates: In an effort to achieve better cost recovery for Carousel operations, Council approved increases in ticket prices for Carousel rides on [March 23, 2010](#). The new rates that went into effect on May 1, 2010 replaced rates adopted on August 13, 2002. A comparison of the rates is shown in Table 1.

Table 1
Comparison of Carousel Rates

	Rates effective August 13, 2002	Rates effective May 1, 2010
Adults over 14 years	\$1.00	\$2.00
Children 6-14	\$.50	\$1.00
Children 3-6	Free	\$1.00
Children under 3	Free	Free

Staff estimated that the Carousel ticket rate increase would generate \$150,000 in additional revenue during the first 12 months of the new rates being in effect (May 1, 2010 through April 30, 2011); however, revenues increased by 55 percent, or \$63,081, from \$113,841 to \$176,922. Overall, the number of tickets sold decreased by 11 percent, from 129,966 to 115,387. This was due primarily to lower ridership by adults. Tickets for children increased 67 percent, from 32,251 to 53,970. However, the increase in the number of child tickets sold is misleading because children between three and six years of age were not counted until the new rates went into effect May 1, 2010, as they rode the Carousel for free and their numbers were not reported. The changes in ridership and revenue are shown in Table 2, below.

Table 2:
 Carousel Ridership and Revenue
 May 2009 through April 2010 vs. May 2010 through April 2011

Tickets	May 2009-April 2010	May 2010-April 2011	Change
Adult Tickets	97,715	61,417	-37%
Children's Tickets	32,251	53,970	67%
Total Tickets	129,966	115,387	-11%
Revenue			
Adult Revenue	\$97,715	\$122,952	26%
Children's Revenue	\$16,126	\$53,970	235%
Total Revenue	\$113,841	\$176,922	55%

As a result of increased ticket prices, between May 2010 and April 2011, ticket sales of \$176,922 were generated. In addition, Carousel bookings from private and semi-private parties totaled \$40,931 for combined revenues of \$217,853, which were sufficient to cover 78 percent of the \$280,354 cost to operate the Carousel and maintain the building during FY 2010-11.

Although staff estimated that the increased rates would generate an additional \$150,000 in revenue, the increase in revenue of \$63,081 is still significant. Staff will continue to monitor ridership, especially children's ridership, and return to Council with additional recommendations to lower rates if it appears that the rates are discouraging children's ridership or whether rate increases are appropriate.

Twilight Dance Series Event Parking Adjustment:

On [June 22, 2010](#), Council adopted a Resolution to authorize the increase in the parking rate on the evenings of the Twilight Dance Series (TDS), a request that was originally brought to Council on March 23, 2010. The parking rate increase was introduced to be consistent with the City's event rate policies whereby event parking rates are adjusted to encourage use of other transportation methods and to benefit the overall revenue of either the Beach, Civic or General Fund. The Central Beach Zone parking rate was increased from \$8 to \$10 on seven Thursday nights of the TDS

concerts in 2010 at various beach lots and during the ten Thursday nights of the TDS concerts in 2011. The cost of providing public safety and maintenance on the beach on the nights of TDS during 2010 was \$40,265 and was \$44,902 during 2011, due to the longer concert series. The incremental increase between the regular Thursday night beach parking rate and the event rate was \$27,414 in 2010 and \$29,043 in 2011. Pursuant to policy, all parking revenues were deposited into the Beach Fund.

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