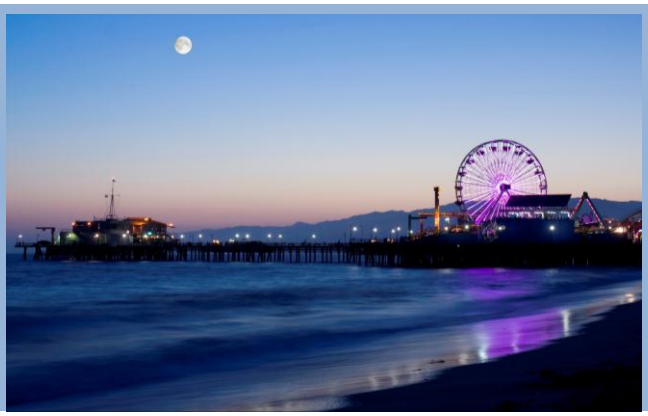
City of
Santa Monica®

Santa Monica Pier Governance and Management Study



Prepared by
City of Santa Monica
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Introduction

For over a century, the iconic Santa Monica Pier has stood, at times precariously, over waters of the Santa Monica Bay. Today, it endures as one of the most dynamic and cherished public spaces, not only to the residents of Santa Monica, but to visitors from around the region and world. As when the Pleasure Pier first opened to the public in 1909, today's visitor also expects the Pier to be an accessible, safe, well-maintained and enjoyable public space, regardless of who owns or manages it.

The Pier has become a year- round destination with millions of visitors from all walks of life. The Pier is home to a collection of public and private uses: an amusement park, a children's aquarium, civic spaces, fishing nooks, outlets for artistic expression, and a variety of unique entertainment, retail, and food options. Historic resources such as the Loof Hippodrome and its carousel have been preserved and rehabilitated, public facilities and amenities have been modernized and the venerable summer Twilight Dance Series (TDS), now in its 27th year, crowns an impressive schedule of new and recurring community events. A capital improvement program monitors and upgrades the Pier's infrastructure and a committed security unit ensures that public safety, both below deck and above, is maintained. Today, much of the 1988 Pier Development Program has become a reality and many of the Santa Monica Pier Restoration Corporation's (PRC's) founding objectives have been achieved.

While these improvements have unfolded slowly at times, the struggles have yielded successes as a result of the concerted efforts on the part of both the PRC and the City. In contrast to the Pier during its darkest days, neglected and broken, the Pier has been transformed into a special destination—one that provides Santa Monica with a connection to its history, a sense of community, and a welcoming destination for visitors from around the globe. The Pier contributes immeasurably to both the Santa Monica psyche and economy.

The recent departure of the long-serving PRC Executive Director, as well as the upcoming master planning process for the Santa Monica Pier, provide an opportunity to evaluate the City's management and support of the Pier, as well as the PRC's management and support, to ensure that the Pier is optimally positioned for the next chapter in its evolution.

With that goal, the City and the PRC have undertaken this Study to provide an assessment of governing, financial, and operational approaches for the Pier. Going forward, the decisions on how to manage and operate the Pier will be guided not by a need to 'save' or restore it, but by an opportunity to build upon its successes and achieve its full potential.

Purpose of Study

The objective of this Study is to identify opportunities for improvements to the governance, operation and management of the Pier. To that end, this report is focused on four tasks: (1) to conduct an organizational and management analysis of the Pier's existing operations; (2) to provide an assessment of the Pier's current financial performance and revenue potential; (3) to compare and analyze different governance and management approaches utilized at other comparable public venues and discuss advantages and benefits in the context of the Pier's operations; and (4) to provide policy makers with recommendations on ways to improve the management, operational and fiscal outcomes for the Pier.

Following feedback from stakeholders, a review of City and PRC operations, and a review of differing governance and management approaches, this report recommends changes that could help the Pier to best realize its highest potential for the future.

This report encompasses many options for policymakers to consider -- from realignment of the existing management and operations structure to implementing a completely different structure, and includes a discussion on the benefits and disadvantages of each.

Furthermore based on the examination of existing operations and performance of the Pier, a review of governance and management models employed by similar venues, and consideration of stakeholder comments, this report also recommends a preferred approach viewed to be the most effective in clarifying governance and improving Pier operations. The preferred approach is detailed in the Recommended Approach section.

Findings and Conclusions

New approaches to long-standing conditions require changes to the current governance and management model of the Pier. Changes can range from modifications to the existing structure to a completely new governance and operating structure, but any changes to the current system should integrate the following key components:

- **Articulate a clear vision for the Pier**. *Managing the Pier requires balancing its roles as a recreational venue, an entertainment venue, a historic venue, a commercial venue, and a community venue. It also requires assessing priorities when the roles compete with each other. Irrespective of the structure used to manage and operate the Pier, the City needs to articulate a clear vision for balancing competing needs that Pier management can follow.*

- **Solicit new Pier tenants using industry best practices.** *Currently, Pier tenants are selected through the City's typical request-for-proposals process. While the practice is common for selecting consultants and others to provide professional services for the City, it is uncommon in the world of commercial leasing and can turn away potential tenants who perceive the practice to be bureaucratic, uncertain, and expensive. There are opportunities for improving the tenant recruitment and lease negotiation process while meeting requirements for public notification of commercial leasing opportunities on publicly owned property. There are also opportunities to simplify and expedite the tenant selection process and provide greater predictability.*

- **Consolidate oversight; however it may not be necessary to combine all functions under one entity**. *The responsibility for various Pier functions is spread among various City departments, divisions, and the PRC. Consolidating activities with coordinated decision-making could provide better efficacy and accountability and help improve transparency.*

- **Ensure a transparent decision-making process, with clear lines of authority and accountability between the PRC and the City.** *The activities of the PRC (or successor organization) should be consistent and transparent, with a clear mandate, if a co-management approach is maintained.*

- **Improve the financial transparency and accountability of the PRC.** *No misappropriations or violations have been found as part of this Study, however, issues concerning fees charged for the use of the Pier, lack of formal procedures for contract approvals and personnel matters, and weaknesses in record-keeping indicate opportunities for improvement.*

- **Improve the financial transparency of the City.** *Currently, the City does not attribute all expenses of operating the Pier to the Pier Fund. Conversely, the City should evaluate the applicability of some expenses currently charged to the Pier Fund including policing/harbor unit expenses, Pier police patrol, as well as other accounting expenses.*

- **Improve communication and lines of authority among City divisions**. *A number of City departments have Pier-related responsibilities. However, it is not always clear*

to the PRC, the public and even City divisions as to which single entity has the authority to address and resolve issues. Regarding the City's organizational structure, while certain functions logically fall under the scope of different departments, it is at times unclear which department, if any, has the lead role in making determinations and providing direction.

- **Prioritize revenue generation (tenant rent, fundraising, sponsorships) and cost efficiencies for a stronger emphasis on financial self-sufficiency for the Pier Fund and for the production of large-scale community events**. *Both entities, the PRC and City, manage their respective resources and responsibilities within the framework of the constraints discussed in this report. However, past and projected funding shortfalls provide a window into revenue opportunities for the Pier to reduce General Fund subsidies, while producing important community programing and ensuring quality stewardship of the Pier.*

- **Improve coordination and establish priorities for activities that happen on and around the Pier**. *The Pier operates in close proximity to many other public and private activities. The governing body's frame of reference needs to include these adjacent areas in its considerations, and plans and activities on adjacent properties need to consider the interests of the Pier.*

Recommended Approach

The PRC was formed 28 years ago to restore and revitalize a devastated Pier. Today, that mandate has been accomplished. Many revitalization objectives envisioned in the 1988 Santa Monica Pier Development Program have been realized and the Pier has emerged as a cherished icon of the City and one of the most dynamic public spaces in the region. However, the Pier faces new challenges as it begins its second century and a new governance and management structure could better meet the Pier's existing and emerging needs.

City staff and the professionals at Urban Place Consulting acting on behalf of the PRC, but without involvement of PRC board members, have developed a recommended approach designed to address the opportunities and concerns identified in this Study, chiefly the disbursal of responsibility for Pier operations among many different divisions within the City with no centralized decision-making; the need for a more transparent process with clear lines of authority and accountability between the City and its nonprofit partner; and the need to improve the Pier's fiscal performance and reduce reliance on the General Fund. The recommended approach is designed to be an interim measure to allow the City to retain what is best about Pier operations while giving it an opportunity to closely evaluate how operations could be improved. It is anticipated that after a period of approximately two years, additional changes may be needed.

The recommended approach calls for:

1. **Enhance coordination and consolidation of the City's responsibilities through the establishment of an on-site Office of Pier Management.** The Office of Pier Management would be responsible for overseeing day-to-day activities, including coordinating Pier operations with other City divisions and City contractors. The Office would ensure that those City divisions and contractors responsible for Pier functions are working together and that there is a single point where decisions are made and competing interests are resolved on behalf of the best interests of the Pier.

   In order for the Office to operate most effectively, the City would need to establish administrative protocols that would ensure accountability while also permitting the Office to use efficient, non-bureaucratic approaches to address the day-to-day needs of the Pier. Leasing policies and practices need to be improved and stream lined in order to attract high-quality tenants and to support enhanced operations by existing tenants. Among the constraints of the current approach is the requirement to select tenants through a complex and multi-layered process and the prohibition on broker commissions. The Leasing Guidelines should be revised to review preferences and policies and to allow the City to actively engage the services of commercial brokers and other real estate professionals.

The Office of Pier Management would take responsibility for coordinating with:

i. Pier Maintenance and Custodial Operations
ii. Pier Leasing, including enforcement of lease provisions
iii. Tenant Relations
iv. Capital Improvements
v. Public Safety
vi. Parking
vii. Financial Administration of the Pier Fund
viii. Contractor Management
ix. Management of a revised Services Agreement with a realigned and renamed PRC

2. **Rename the PRC and modify the composition and size of its Board.** Now that the Pier has been restored, the name of the Santa Monica Pier Restoration Corporation should be changed from a focus on restoration to one that more clearly reflects the organization's current and future mission. Options for consideration could include the Santa Monica Pier Corporation, the Santa Monica Pier Marketing and Events Bureau, or the Santa Monica Pier Marketing Corporation.

   The composition and size of the renamed board should be modified to better reflect the organization's objectives and to enhance efficient decision-making. The 11-member board should be reduced to seven members to support more focused consideration of policy matters. Appointment of board members should reflect the various constituencies that the board represents. The board appointment structure should be patterned on the Santa Monica Convention and Visitors Bureau (CVB) and Downtown Santa Monica Inc., whereby a portion of the board membership is appointed by Council with the remaining seats appointed by other stakeholder organizations. It is recommended that Council appoint four members, with the Santa Monica Chamber of Commerce, the Santa Monica Convention and Visitors Bureau, and the Santa Monica Pier Lessees Association each appointing one member to complete a seven-member governing board. Staff could propose qualifications for consideration of applicants for the four Council-appointed seats or recommend a group of highly qualified community leaders for this interim Board of Directors. The proposed structure would ensure that the owner and steward of the Pier (the City), as well as the business community, tourism community, and Pier leases are represented on the board.

   The renamed organization would remain a 501c-3 public benefit non-profit corporation and operate under a new Services Agreement with the City. The organization's non-profit status is a useful vehicle for soliciting and accepting donations from sponsors of the Twilight Dance Series and other community events on the Pier.

   The refocused and reconstituted board would assume the fiduciary responsibilities of the renamed corporation and could remain Council's advisory body, facilitating

public participation in the development of the following Pier-related policy matters:

i. Recommending an overall vision for Pier operations that balances its roles as a recreation venue, entertainment venue, historic venue, commercial venue, and community venue.

ii. Assisting in the development of the Pier Master Plan. In 2012, the City will embark upon the development of a new Master Plan. This process will involve the Pier stakeholders and the Santa Monica community in a dialogue that will produce a vision and implementation plan for the development and operation of the Pier in the coming decades. The board would play a central role in facilitating public and stakeholder participation and making recommendations to the City Council regarding the Master Plan.

iii. Developing and recommending amended Leasing Guidelines that balance competing needs while implementing more common commercial leasing practices. Approval of leases, however, would no longer be part of the renamed PRC's responsibility and would instead return to the City.

iv. Developing and recommending event and marketing policies that foster community participation and revenue generation while endeavoring to minimize any negative impacts on Pier visitors and merchants.

v. Reviewing of the Pier governance realignment and making recommendations for improvements or adjustments.

3. **Focus staff of the renamed PRC on event production, marketing, promotions, sponsorships and fundraising.** PRC staff would continue to focus on its core mission however, other roles that the PRC has had to assume in the absence of a strong City presence, including tenant relations and coordination of day-to-day City operations would return to the City.

   The existing PRC staff has demonstrated experience and success with community event production, filming, promotions and marketing. Community events are a vital element of the Pier's unique character. The Twilight Dance Series, now in its 27th year, has become a beloved tradition for residents and visitors, defining the way Santa Monica celebrates summer. Other programs, ranging from the Paddleboard Race to Saturday morning's Wake Up to the Waves children's concerts, and from large-scale productions to small-scale community events, bring enjoyment to Pier visitors and make the Pier relevant to the lives of Santa Monica residents.

Staff of the renamed PRC would continue to oversee and manage:

i. Production of Pier community events including fundraising and sponsorships
ii. Marketing and coordination of filming, private events and promotions
iii. Marketing and coordination of Carousel parties
iv. Monitoring of Street Performers
v. Marketing the Pier as a destination

4. **Implementation.** The City Manager can immediately implement reorganizational changes associated with enhanced coordination of City services and creation of the Office of Pier Management. If additional budget authority or new salary schedules are needed, Council approval will be necessary. Changes related to the name and governance structure of the PRC will require amendments to the PRC by-laws and the Services Agreement between the City and PRC. The next two years would be a transition period to assess the working of the renamed PRC staff and reconstituted board. At the conclusion of this period, the Council could approve changes to the status and composition of both the existing staffing levels and board of the renamed PRC.

City staff believes that the recommended reorientation of the City and its non-profit partner's roles and responsibilities provides the opportunity to combine the entrepreneurial, nimble and specialized focus of a non-profit organization with the City's ability to reorganize and launch a more accountable, coordinated and effective operation of the Pier. While this approach was not Urban Place Consulting's original recommendation to Pier management as set forth in two research papers ("Managing Our Public Spaces" and "Pier Management Research"), Urban Place Consulting does agree that this could be a practical and workable management solution.

These governance recommendations, as well as the more detailed operational recommendations included in the Study, seek to address the opportunities and challenges identified by the many Pier stakeholders interviewed over the past several months.

Methodology

This report draws on many sources including best practices research, Pier policy documents, financial documents, review of City and PRC internal procedures, and input from stakeholders.

Over a period of several months, the City Manager and members of the executive team met with stakeholders including current and past PRC Board members and staff, Pier tenants, City staff, and other interested parties to understand their aspirations and concerns for the Pier.

The PRC staff provided data related to PRC programs and procedures and contributed suggestions on ways to improve its internal operations. City staff reviewed past and existing governing and financial documents including Service Agreements, Pier Leasing Policy Guidelines, City Council staff reports, PRC work plans, City and PRC budgets, and audits. Planning documents, including the 1988 Pier Development Plan, the 2009 Pier Infrastructure Study, the 2011 'Managing Our Public Spaces' Study, the 2007 PRC Pier Fund evaluation, and the State Operating Agreements, were also reviewed. City divisions including the Parking Office, Police Department, Community and Cultural Services Department, and Public Works Department were consulted

City staff's research expanded upon the 2011 "Managing our Public Spaces" Study commissioned by the PRC (Appendix i). That report examined the management structure of a number of publicly owned venues such as The Ferry Building (San Francisco), Findlay Market (Cincinnati), Pike Place Market (Seattle) and Navy Pier (Chicago) selected from the Project for Public Spaces' database of "Great Places." For this report, City staff expanded the review of comparable public venues to include Stearn's Wharf (Santa Barbara), Santa Cruz Wharf, Fisherman's Wharf (Monterey), the Redondo Beach Pier and Pier 39 (San Francisco).

History of Pier Governance and Management

Origin of the PRC

As changing trends, storm damage and overall neglect began to take their toll on the Pier, City Council formally voted in 1973 to demolish the Pier as part of a controversial proposal to create an off-shore island development project. However, many Santa Monica residents and other stakeholders recognized the value of the Pier as a historic, cultural and economic asset and countered with a grass-roots initiative which was successful in reversing the decision.

In 1981, the City Council appointed a 15-member Pier Restoration and Development Task Force which conducted a series of public workshops and began to formulate a comprehensive set of goals, objectives and policy guidelines for the physical, economic and functional improvement of the Pier.

In November of 1983, following severe storm damage during the preceding winter which destroyed the western end of the Pier, the City Council created and funded the 11-member PRC as an administratively autonomous non-profit, public benefit corporation to help expedite its rehabilitation and revitalization.

PRC Services Agreement, 1985

Responsibility and authority of the PRC were formalized in a December 1985 Services Agreement between the City and PRC. The Services Agreement delegated to the PRC the responsibility to develop, implement and maintain various programs and guidelines for the operation, reconstruction and revitalization of the Pier. The PRC was granted autonomy to negotiate and administer all leases, review and approve plans for tenant improvements, develop and implement a vendor program, and act as the liaison between the City and Pier tenants.

The PRC was responsible for collecting rents and other tenant assessments for payment to the City; assisting in the administration of the parking program on the Pier deck as requested by the City; planning and making recommendations on capital improvements and other construction projects; and developing and implementing various promotional programs to enhance commercial operation, economic performance and aesthetic quality of the Pier.

Among the PRC's early accomplishments were the establishment of the summer Twilight Dance Series (which is in its 27th year), development of the 1987 Pier Design Guidelines, and the preparation of the 1988 Santa Monica Pier Development Program, which set forth a multi-step development program for the commercial revitalization of the Pier.

Council's oversight and review of PRC activities was through its appointment of all its eleven members to the Board of Directors, and the review and approval of the PRC's annual budget.

Shifting Roles: Services Agreement 2001

In 1999, as part of budget considerations, Council concluded that lease negotiations and lease management responsibilities were to be transferred to the City's Economic Development Division (EDD) and supported by the Office of the City Attorney. This shift relieved the PRC from utilizing staff time and employing outside attorneys to handle negotiations and leasing issues and instead focused the PRC on developing and managing revenue-enhancing programs and activities including corporate sponsorships, marketing and promotions, special events, filming, and licensing of the Pier's trademark. The PRC continued to take responsibility for the formulation of planning and development objectives, leasing policies and parameters, and providing recommendations to the City on matters related to maintenance, parking, public safety and capital improvements. The shift in responsibilities was reflected in a new Services Agreement authorized by Council in 2001.

In addition to Council's approval of the PRC's annual budget, Council oversight included review and approval of PRC-recommended Pier Leasing Guidelines and of an annual business plan with a detailed outline for all aspects of responsibilities under PRC's purview.

PRC Services Agreement, 2004 and 2010

Major changes in the 2004 Services Agreement involved adding new functions and responsibilities to the PRC's scope. The 2004 agreement specified the PRC's new focus on community outreach programs, education programs and community-based events along with its previous mandate to market, promote and manage special events. The agreement also added street performer monitoring to PRC's staff tasks. The 2010 amendment to the Services Agreement gave the PRC responsibility for booking and managing special events at the Carousel in an effort to generate additional revenues to support its operations. Council's oversight and review of PRC activities has been through its appointment of members to the PRC Board of Directors, annual review and approval of the PRC business plan and budget, and review and approval of periodic updates to the Santa Monica Pier Leasing and Licensing Guidelines.

City's Changing Roles

Through all iterations of the Services Agreements, the City's responsibility has continuously included maintenance and repair of the Pier including pilings and substructure, public facilities, common areas, public safety, and operation of the parking lot located on the Pier deck. In addition, the 2001 Services Agreement transferred leasing responsibility from the PRC to the City.

During the formation of the PRC and reconstruction of the Pier the City retained a strong staff presence on the Pier, overseeing both the reconstruction efforts and the day-to-day management of the public areas. The City established the position of Pier Manager, who oversaw maintenance, parking, and public safety staff, as well as provided oversight of capital projects. The Pier Manager and staff were located on-site at the Pier and shared offices with the PRC.

The City's Pier management structure remained intact from 1984 until 1992 – at which time the reconstruction of the Pier was completed and the Pier Manager position was eliminated. The principal management responsibility for Pier was transferred to the staff of a newly

created Resource Management Department, and the responsibility for the Harbor Guards moved under SMPD. Succeeding reorganizations shifted Pier Maintenance and parking functions to other departments.

During the period of reconstruction of the Pier (1983 – 1990) and the formation of the Pier's development plan, there was close coordination between the Pier Manager and the PRC staff and Board. Once the Pier Manager position was eliminated, the City lost its strong presence on the Pier as well as its provision of a centralized point of contact. PRC staff filled the void.

Current PRC Board Structure

The Council appointed eleven-member PRC Board of Directors (Board) oversees both public and commercial uses of the Pier. Responsibilities include the development and implementation of programs and activities for the promotion and marketing of the Pier; development and implementation of sponsorship programs to generate revenue to support PRC activities; management of street performers; management of carousel party bookings; approval of Pier leases and licenses consistent with guidelines adopted by the Board and approved by Council; and policy recommendations for City Council's consideration on all matters affecting the Pier.

Terms are for four years and Board members can be reappointed for several terms.

In order to be appointed to the Board, established criteria calls for "demonstrated experience in the following areas: development finance; commercial leasing and/or development; coastal issues; recreational facility management; architecture/urban design; landmarks; and demonstrated commitment to the preservation and maintenance of the historic character of the Santa Monica Pier." Board members can either be residents of the City of Santa Monica or persons who do business or are employed in the City of Santa Monica.

A review of applications submitted to the City Clerk for appointment to the Board indicates that the composition of today's Board consists of approximately half with demonstrated experience in finance/accounting and commercial leasing/development, while others have demonstrated experience in fundraising, events management, and marketing, though currently these are not specified eligibility criteria for appointment to the Board.

The Board meets monthly with several subcommittees that meet on an as-needed basis. Board Committees include Executive; Operations and Public Safety; Leasing and Development: Audit and Budget; Marketing; and Twilight Dance Series. In line with other boards and commissions, Council no longer appoints a liaison to the PRC.

Stakeholder concerns regarding the PRC Board included: the size of the board can make decision-making difficult and slow, certain Board members bring valuable expertise to the board while others' added value is unclear, Board members' commitment and expertise is not always used effectively and Board meetings frequently involve disagreements and arguments rather than constructive and collaborative efforts.

Current Joint-Management Approach

Pursuant to the Services Agreement, the City and PRC jointly manage the Pier, with most elements of management and operations clearly delineated between the two parties, while roles and responsibilities are more undefined in other areas, due to lack of clarity in the Services Agreement or due to established practices.

Infrastructure

Structurally, the Pier is sound and generally in good repair (nonetheless the heavy usage of vehicles on the Pier continues to cause abrasion damage and wear to the deck boards). The new central restroom, completed in 2009, has been recognized as one of America's best public restrooms. Popular high-technology enhancements include free public City Wi-Fi and appreciated low-tech enhancements include an increase in the number and quality of public seating choices.

Between 2000 and 2011, the City invested $12,379,513 in infrastructure improvements and a new restroom. The capital projects are coordinated between the Economic Development and Civil Engineering Divisions. Infrastructure projects have increased the loading capacity of portions of the Municipal Pier and Newcomb Deck, upgraded the fire system and replaced timber piles.

The 2008 Pier Infrastructure Study prepared by Moffatt and Nichol provided a comprehensive inspection and condition assessment of all of the Pier's above-water and underwater structural components, recommended an infrastructure upgrade program with cost estimates and project phasing over a ten-year period and created an urban design plan for pier deck furniture and visitor amenities. The study established priorities based on need, with projects necessary for life safety programmed in early years and projects that enhance and improve facilities scheduled for later years. The total cost of all projects is $26,531,970 in 2008 dollars.

A major public improvement that will affect Pier operations throughout the duration of construction will be the reconstruction of the Pier Bridge, expected to be completed by 2016 at an estimated cost of $10 million, of which 100 percent will be federally funded.

Stakeholder concerns regarding the Pier's infrastructure include uncertainty regarding the City's financial ability to implement the necessary improvements, as well as concerns about the speed with which the City is able to implement capital improvements.

Community

The Pier is one of the region's greatest public spaces in part due to the quality and variety of experiences and events available for a diverse community. The PRC produces and fundraises for several community-oriented events such as the Twilight Dance Series, Drive-In Movie Series, and the newly established Paddle Board Races. The PRC also oversees and facilitates private events, promotions and filming that generate revenues to support more than half of its operating budget.

An area of concern has been the sustainability of the Twilight Dance Series (TDS) concerts. In recent years, securing sponsorships to fund the TDS has been difficult. Fortunately, through a focused sponsorship effort and a decrease in production costs, the PRC has been able to fully fund ten TDS concerts during summer 2011. The cash flow problem related to TDS highlights the tension between the community's expectations regarding free community events on the Pier and

the ability of private sponsorship to fully fund the free events.

Success in marketing the Pier as an event space has also given rise to concerns from some Pier tenants who are concerned that increasing numbers of events, in the Pier parking deck programed by the PRC, as well in the 1550 Pacific Coast Highway Lot adjacent to the Pier and programed by the City, can have adverse impacts on their businesses. Other Pier tenants had a very favorable impression and expressed their support for more events.

Special events in the 1550 Lot such as Cirque du Soleil (CDS), Cavalia and Ashes and Snow have demonstrated economic and community benefits. However, certain Pier tenants who say they have not benefitted from these types of events expressed concerns that event attendees do not necessarily translate into their customers, that the impact on parking can be detrimental to their operations, and that some events offer amenities (i.e. food or beverage service) that directly compete with their offerings. An Economic Impact Study on Cirque du Soleil (CDS) prepared by AECOM/Schlau Consulting in 2010 concluded that Pier restaurants performed nine percent better during the CDS event than they would have otherwise, while entertainment businesses at the Pier experienced a one percent reduction in revenues during the CDS period than they would have otherwise. The positive net impact to the Pier businesses resulting from CDS was $420,000, even after adjusting for displaced sales.

Economic

The Pier continues to be an increasingly strong draw for visitors. A study by Urban Place Consulting commissioned by the PRC estimates that the number of annual visitors has increased to over six million, a major increase over the decade-old approximation of 3.5 million.

The increasing number of visitors has translated to higher gross sales revenues for the Pier, bucking the trend in the current recessionary period. Gross revenues of Pier businesses were approximately $38 million in 2009, $41 million in 2010 and over $43 million in FY 2011. The Pier also serves as an employment node employing over 600 people year-round with seasonal employment in the summer increasing by 25 percent to 50 percent. The 2010 sale of Pacific Park, at $34 million is also a testament to the value of the Santa Monica Pier.

The Pier generates other taxes and fees including $182,849 in sales taxes, business license taxes, and parking taxes, $20,900 in film permits, and helps generate parking revenues in the surrounding public parking lots that benefit the City's Beach Fund.

The Pier also adds value to other Santa Monica businesses that benefit directly and indirectly from Pier visitors both from direct spending and from the desirable ambience and culture the Pier helps to promote. Visitor spending on the Santa Monica Pier and in the community results in additional sales tax and hotel tax receipts for the City.

Commercial Leasing

Total commercial development on the Pier consists of approximately 129,000 square feet of leased building and deck area. The Pier tenant mix is 71 percent amusement, 25 percent dining (with and without music entertainment), four percent educational and one percent retail. All vacant leaseholds on the Pier have been leased (with the exception of 370 Santa Monica Pier

which hosts a temporary tenant) to entities that are expected to invest substantial capital and increase the variety of quality offerings on the Pier. There are a number of small merchants operating under month-to-month holdovers. Some of those recruitments are awaiting the completion of the next phase of infrastructure improvements, while others are awaiting direction from the PRC Board. Two new tenants, Pier Burger and Piazza al Mare, are in pre-planning or design. As shown on Exhibit 3, most of the larger tenants, with the exception of Rusty's Surf Ranch, whose lease expires in 2014, but has agreed to an early Request for Proposal process that was initiated in August 2011, are operating under longer-term leases set to expire between 2018 and 2046. Most stakeholders agree that leasing on the Pier needs to improve.

Under the current Services Agreement, the PRC is to develop Leasing Guidelines for the orderly management of the Pier leases and licenses by providing parameters and general policy such as preferred uses for each location and tenant recruitment and selection steps. The Services Agreement states that while the City is solely responsible for negotiating leases, the PRC is to review each proposed lease or lease modification for consistency with the Leasing Guidelines prior to the City Manager's execution of the agreement. Leases do not receive City Council approval.

Stakeholders raised several concerns associated with commercial leasing on the Pier.

1. The Leasing Guidelines express a preference for non-formula businesses, which disqualifies many credit tenants. Although this policy is intended to preserve the Pier's uniqueness, smaller tenants may not have easy access to capital that is necessary to complete significant tenant improvements. Defining non-formula businesses is also difficult.

2. The Leasing Guidelines prohibit the City's payment of commissions to brokers. Since brokers' commissions are typically paid by the landlord there is very little incentive for brokers to bring their clients to the Pier

3. The City's recruitment efforts require a request-for-proposals process (RFP), which can create a slow, bureaucratic and burdensome process and can limit the pool of potential tenants. The course of releasing an RFP through the selection of a tenant to the approval of a lease can involve many layers and numerous meetings with the Leasing Committee and the PRC Board.

4. The City does not provide tenant allowances for upgrades, as do most private landlords, but must depend upon the tenant financing capital improvements to the structures that are repaid through rent credits. This increases the tenant's responsibility to find financing and reduces the potential pool of tenants.

5. Maximizing revenues to support the fiscal self-sufficiency of the Pier is not the primary goal of the Pier's leasing policy. Rents have been considered secondary to implementing or retaining preferred uses, which can affect the Pier's ability to achieve fiscal self-sufficiency.

6. There are contradictions between the Services Agreement and Leasing Guidelines. Whereas the Services Agreement states the PRC is not to negotiate leases, the Leasing Guidelines provides the PRC with the ability and opportunity to do so using the City Negotiator as a proxy. This blurs lines of authority, lengthens the negotiation process and can cause uncertainty for prospective tenants.

7. Leases are not approved by the City Council. PRC Board Leasing decisions are not appealable to the City Council. As a result, the leasing decisions may not reflect the broader community's aspirations for the Pier.

8. Some tenants are not meeting community expectations regarding quality of offerings and experience. However, neither the City nor the PRC has taken responsibility for encouraging or requiring tenants to improve their offerings. In addition, long-standing tenancy and relationships with PRC board members often takes precedence over quality offerings in leasing decisions. As a result, attempts to improve the quality of offerings on the Pier can suffer.

9. Existing tenants are forced to compete through a request-for-proposals process when their leases expire, even if the quality of their offerings is deemed appropriate and beneficial to the Pier.

City Management

The City maintains responsibility for Pier capital improvements, maintenance, repair and custodial services, parking operations, lease/license negotiations and compliance, and collection of rents.

No single City department is responsible for the operation, basic maintenance, and overall management of the Pier, however three departments are partially funded through the Pier Fund and have been designated with lead roles regarding Pier operations:

- Housing and Economic Development Department (HED) - Economic Development Division (EDD);
- Public Works Department (PW) - Pier Maintenance Unit and Facilities Management Unit;
- Santa Monica Police Department (SMPD) – Harbor Unit.

A description of responsibilities and staffing level for each City department/division follows:

HED-EDD

Responsibilities that fall within EDD's purview involve four primary categories: leasing and lease administration; property management; Pier Fund administration; and contract administration.

- Leasing roles include administration of recruitment, selection, and lease negotiation; monitoring of tenant and City compliance with the terms and conditions of approved leases; lease enforcement; responding to tenant and visitor inquiries and requests related to Pier leases and property management matters; billing and collection of rents and other revenues.

- Property management role includes monitoring and coordination with tenants and City departments including Pier Maintenance, Custodial Services, Civil Engineering and the PRC on day-to-day maintenance, preventative maintenance, and Capital Improvement Programs.

- Pier Fund administration includes revenue and expenditure management including Capital Improvement requests.

- Contract administration includes the carousel operator contract and the PRC Services Agreement. EDD's role specific to the PRC include assisting the PRC staff and Board with facilitating their work, providing technical assistance to the Board, preparing and submitting reports, Request for Proposals and leases to the Board; responding to Board and staff requests for information and direction, and forwarding Board's actions to Council.

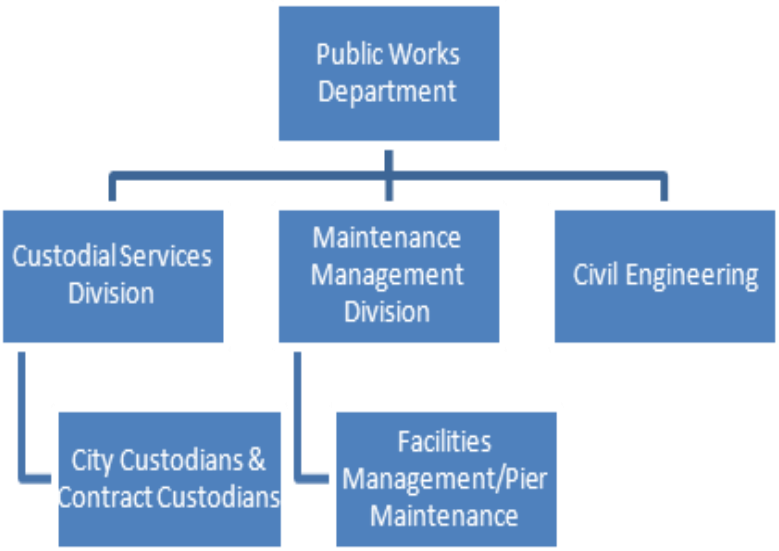
EDD staff's workload includes other business districts and programs in addition to the Pier responsibilities. EDD does not have full-time staff positions dedicated solely to the Pier and accordingly only charges a portion of staff time to the Pier Fund: the Economic Development Manager charges 20 percent of salary time, a part-time Sr. Development Analyst charges 80 percent of salary time, and a Staff Assistant charges 10 percent salary time to the Pier Fund. In total, EDD staff charges the Pier Fund with 37 hours of staff time per week.

Pier-related responsibilities are also assigned to additional EDD staff that do not charge their time to the Pier Fund: Sr. Administrative Analyst handles vending cart and leasing issues; an Executive Assistant is responsible for billing and collecting tenant rents and other accounts receivable and an Administrative Services Officer prepares budgets, and monitors income, expense and capital improvement accounts for the Pier.

Stakeholders expressed concerns regarding the ability of the City's traditional procurement process to secure desirable tenants, as well as the City's experience with the latest innovations and best practices in leasing as described in the "Commercial Leasing" section above.

Public Works Department

The Public Works Department oversees several divisions with direct responsibilities for the Pier. Divisions include Civil Engineering, Custodial Services, and Maintenance Management Division of which Facilities Management and Pier Maintenance operate as sub units. Pier Maintenance moved to Public Works in August 2010 with the elimination of the Community Maintenance Department.



Pier Maintenance

The Pier Maintenance staff is located on-site at the Pier Maintenance Shop situated adjacent to the Police Sub Station.

The Pier Maintenance crew is comprised of one Pier Maintenance Supervisor, one Carpenter, two Pier Maintenance Workers, and one half-time Painter for a total of 4.5 employees. Pier Maintenance staff works a 9/80 schedule (6am to 3:30pm) and alternate Fridays (6am to 2:30pm).

Pier Maintenance is supported by the Facilities Management division which provides additional assistance to Pier Maintenance. Pier Maintenance and Facilities Management utilize a web-based system for maintenance related work orders. Users can submit new work orders, add to existing work orders, close work orders, or track the status of work order requests. More than 200 work orders per year are issued primarily for electrical (lighting / power) and plumbing (restroom / sewer line maintenance) plus HVAC, paint, carpentry, project management of facility repairs and upgrades, as needed.

Pier Maintenance is responsible for the following services:

- Maintenance of over 413,050 square feet of wood and asphalt decking;
- Maintenance of the historic Carousel building and Santa Monica Pier sign;
- Daily inspection and management of the Pier infrastructure, including plumbing, electrical, and fire safety systems;
- Management of various third party maintenance contractors (deck board maintenance, painting, graffiti removal, fencing, pigeon removal, pier signage, electrical, pump / plumbing (fish cleaning stations), compactor, pest management, flooring, generator service, Wurlitzer organ, signage, roofing, locksmith, etc.);
- Logistical and technical support to annual special events and movie and commercial film productions (including Facilities Management staff if the PRC requires electrical or other assistance / setup) and do not charge the PRC or event producer for staff time. The PRC compensates Pier Maintenance for the repair of property damage resulting from film shoots or special events. The PRC requires film shoots and special event producers to post a refundable security deposit.

The current pier maintenance staff is highly experienced and knowledgeable regarding the specialized maintenance needs of the Pier. The Public Works Department should have a succession plan in place to develop existing staff with the required knowledge, skills, and abilities to replace those who retire, and update its manuals so that standard operation procedures are available to existing and new staff.

Custodial

Public Works' Custodial Services Division oversees City-staff custodians as well as contract custodians. City custodians and contract custodians are located on-site at the Pier.

- City Custodians: The City assigns two staff custodians to the Pier. City-staff custodians are primarily responsible for monitoring, collecting and transporting Pier tenant waste to the City trash compactor located below the Pier bridge, and collecting and transporting tenant recycling to City recycling bins. City custodians can also perform other tasks including pressure washing of surfaces including fishing decks. One custodian works Monday to Friday 7:00am to 3:30pm and the other works Saturday to Wednesday 6:00am to 2:30pm. Additional custodians may be deployed into the evening until Midnight to assist at the Pier if the need arises.

- Contract Custodians: The City contracts with a private janitorial firm to maintain the public restrooms, common areas/deck area, public stairs, public trash and smoking receptacles, and janitorial services for the Carousel building. Contract custodians are on site Monday to Sunday 8:00am to 2:00am. Contract custodians are deployed in two shifts – 8am to 5pm shift and 5pm to 2am. Both shifts are comprised of one lead custodian overseeing one or two additional custodians. During peak times such as summer season (Thursdays through Sunday), holidays, and special events, a lead custodian may oversee two or three custodians.

Reporting Authority

There have been a number of City reorganizations and Pier Maintenance no longer has direct supervision over Pier custodial staff. EDD previously managed Pier Maintenance and Custodial Services and no longer has responsibility for either. The current approach disperses authority between several departments and divisions. Currently the Public Works Department's Maintenance Management Division oversees Pier Maintenance, and Public Works Department's Custodial Services Division oversees custodial services. There may be opportunities to evaluate efficiencies among Pier Maintenance, Pier custodial services, and Beach Maintenance (including beach custodial services.)

Civil Engineering

Public Work's Engineering Division is responsible for the implementation of Pier capital improvement construction projects. Exhibits 1. and 2. describe the capital improvement project expenditures from FY 2000 through 2011 and future capital projects that the City has planned for the Pier through 2015/16.

Public Safety

The Santa Monica Police Department (SMPD) and its Harbor Unit take primary responsibility for the public safety on the Pier.

The Harbor Unit provides 24-hour support to the Pier and adjacent beach and coastal areas in Santa Monica. The unit provides public safety services including water rescue, first responder functions and security. The unit operates from the Harbor Patrol Office located on the 2nd level at the west end of the Pier. The unit patrols on foot, drives a marked police truck and a marked police boat (Monica 1), and will ride bicycles at times. The Harbor Service Officers (HSO) role is not to take enforcement action, but to observe and report.

The HSOs are overseen by a Police Sergeant who also oversees other police functions. There are currently six full-time HSOs and the hiring of a seventh is in process. In addition to full-time staff, there are eight as-needed HSOs. These positions are seasonal and supplement base-line normal deployment. The Harbor Office is staffed by two HSOs during the hours of 8amand 4am and one HSO between 4am and 8am. The HSO's patrol the beach and parking lots twice a day, once in the morning and once in the evening. They are responsible for locking and then unlocking the gates at a number of beach lots both north and south of the Pier.

The Harbor Unit maintains a scuba dive team that monitors and maintains 21 buoys which border the breakwater and keep boaters away from the Pier. These duties require HSOs to dive to inspect the buoys lines and anchors, and set in replacement buoys as needed. While the dive team does not perform detailed inspections of the Pier's underwater substructure and piles, divers do check for obvious structural issues and any anomalies on the piles.

An HSO is required throughout the duration of an approved event or filming. Additional support from SMPD, as well as the Fire Department, may be required as determined by the City Permit Office. Hourly fees for safety personnel are paid directly to the City by the event producer or film company and are not reflected in Pier Fund revenues.

A summary of HSO Duties include:

- Patrol Pier, beaches, and beach lots

- Perform ocean rescues
- Respond to vessel-assist calls (often the first to arrive from Malibu to the Marina)
- Training and ability to provide advanced first aid (HSOs have EMT certification)
- Provide response to calls for service, regardless of the source
- Report criminal behavior
- Scuba dive (recover evidence and deceased people, and repair and clean buoys)
- Maintain ladders and maintenance of catwalks
- Record weather 24 hours a day
- Bear witness in court proceedings
- Fight fires on boats and report pier fires

The Harbor Unit's annual budget was $1,222,342 in FY 2010/11. The Beach Fund reimburses the Pier Fund for a portion of Harbor Guard services provided on the beach and beach parking lots. For FY 2010/11 the Pier Fund was reimbursed $114,086, approximately 10 percent, of the total cost for the total Harbor Unit. A stakeholder concern is that the allocation of Harbor Unit costs is disproportionately allocated to the Pier Fund.

Santa Monica Police Department operates a substation on the Pier; however, no patrol units are assigned to the Pier substation. SMPD stations the Homeless Liaison Program Unit (HLP team) at the Pier substation. The HLP team has six officers assigned to the unit and HLP officers respond to calls for service city-wide which includes the Pier and beach area. The substation is open to the public from noon to 10 PM, daily.

When officers are assigned to patrol the Pier, they are assigned strictly to the Pier and are on overtime pay. During the peak season (May thru September), SMPD assigns four officers to the Pier on weekends. During the off-season, SMPD assigns two officers to the Pier on weekends. Crowds may vary during the off-season and SMPD will adjust and add two more officers when necessary. For FY 2010/11, the cost of the Pier Patrol was $240,000 and for 2009/10 the cost was $382,715.

A stakeholder concern is that Police personnel in the substation are not visible to Pier visitors and are not generally associated with the Pier. Stakeholders also questioned the relationship between Harbor Unit services and the safety and security needs of the Pier and the Beach. Some stakeholders noted opportunities to evaluate service efficiencies among the Pier Patrol, Beach Patrol, Harbor Unit and lifeguards.

Others Division that Support the Pier

Parking Division

The 277 parking spaces on the Pier's deck are managed by the City's Parking Office, a division of the Finance Department. The Parking Office oversees a parking contractor who operates this parking facility, as well as all other municipal parking facilities in the City. The Parking Office manages the City's parking resources as a single, coordinated unit.

The Parking Office has five staff positions and oversees a third-party contract parking operator that supplies labor and management for the day-to-day operation of the Pier parking lot. The Parking Office coordinates with the parking contractor, the PRC and special event producers for the rental of the pier parking lot for events and filming.

For FY 2010/11, parking on the Pier Deck generated approximately $1 million to the Pier Fund, which was charged $347,387 for the parking operator and a portion of the Parking Division's staff salaries and office expenses. Parking rates on the Pier Deck are set by Council.

A stakeholder concern is that management of the Pier deck parking does not allow for the kind of flexibility requested by some PRC-managed special events.

City Attorney

The City Attorney's Office drafts all leases and licenses, pursues legal actions as necessary for the defense and prosecution of leasehold disputes and advises staff and Council on all legal matters involving the Pier. The cost for City Attorney's Office services are not directly charged to the Pier Fund, but are included as part of the Indirect Cost Allocation.

A stakeholder observation is that additional use of private attorneys and firms specializing in commercial real estate may be needed.

PRC Operations

Staff and Major Functions

The PRC employs six staff members; Executive Director, Deputy Director, Operations Manager, Marketing Manager, Weekend Activities Coordinator and Administrative Assistant. PRC contracts with "as needed" staff and with Chrysalis for 'day of event' services. All PRC staff is cross-trained to provide assistance during PRC sponsored events such as TDS.

Major functions of each position are described below:

Executive Director

- Implements the strategic goals and objectives established by the Board and provides leadership in program and project development,
- Prepares a budget and ensures that the organization operates within budget,
- Manages the day-to-day operation of the organization,
- Interacts among Board members, PRC staff, City Staff (including Pier Maintenance, Public Safety, EDD and parking office), and Pier Tenants,
- Oversees fundraising/sponsorship for TDS.

Deputy Director

- Manages special events including PRC produced events, privately produced events, and Carousel event rentals; coordinates with city's Events Team,
- Historian/Archivist; developing Pier history tours for the public,
- Prepares "Beyond the Pier Sign" e-newsletter,
- Represents PRC at tenant meetings,
- Serves as Project Manager for special projects (e.g. historic sign on merry- go-round, art murals, etc.),
- Represents PRC at community events when Executive Director is not available.

Operations Manager

- Manages all filming on the Pier,
- Provides all bookkeeping including accounts payable and receivable,
- Provides support for all other staff members.

Marketing Manager

- Manages promotions (product or service display/sampling to the public),
- Oversees educational and outreach initiatives and school performances (Pier Jams),
- Website management,

- Coordinates all marketing, advertising and collateral efforts,
- Prepares weekly 'On Deck' newsletter hand delivered to Pier Tenants informing them of upcoming events and promotions.

Administrative Assistant

- Answers phones; responds to inquiries from the public; provides clerical services,
- Manages street performers,
- Prepares weekly vending cart rotation.

Weekend Activities Coordinator (Part-Time)

- Weekend street performer monitoring,
- Answers phones on weekends,
- Site manager for all PRC produced events (TDS, Drive-in movies, etc) and supervises Chrysalis crew on day of events,
- Oversees weekend carousel birthday party set up and clean up.

Contractual Arrangements: The PRC currently has contractual agreements relating to the Executive Director vacancy and Twilight Dance Series (TDS) event production and sponsorship.

- Urban Place Consulting Group is under contract to provide interim executive director services during transition.
- DHR International is under contract to provide executive search services for the Executive Director position (recruitment for this position has been put on hold pending the outcome of the governance assessment).
- Rum & Humble, Inc. provides producer, talent buyer, talent manager, stage manager and production manager for TDS concerts. Tasks not within the scope of work of consultant are provided by PRC staff.
- A consultant has been retained to provide assistance with securing sponsorship for TDS under a commission based sales/sponsorship contract.

PRC Core Activities: PRC staff is responsible for all the day-to-day activities that occur on the Pier. These include:

- **Carousel Parties:** The City has an operating agreement with Roth Management to operate and maintain the Carousel. As a result of the 2010 Services Agreement Amendment, the PRC was assigned responsibility for managing private and semi-private events within the Carousel building. City Council sets rates for rental of the Carousel. During FY 2010/11, the Carousel hosted 150 children's birthday parties, 21 private parties, one semi-private party and eleven film shoots. PRC staff has recognized opportunities to increase the number of events by marketing the venue to hotels in the area. Rental income totaled $87,552, of which half was retained by

PRC and half was revenue to the City. Management of Carousel parties requires about 40% of the time of the Deputy Director. (Exhibit 4 for a summary of Carousel rentals).

- **Pier Deck Events:** The PRC Deputy Director is responsible for events on the Pier deck. During FY 2010/11, there were 30 events on the Pier deck of which 15 were privately produced events, and 15 events were produced by the PRC (10 for Twilight Dance Series, four for Movie Drive-In program and one for the Paddle Board contest.) Producers of special events contact the PRC over 15 months in advance of the event. PRC recently adopted a new policy to require a deposit from event producers who in the past could reserve the Pier deck without penalty if they later abandoned their project. PRC earned $66,710 in net revenues from the location fees paid by producers of special events on the Pier. (Exhibit 5. for a complete list of events).

- **Filming:** During FY 2010/11 the Operations Manager coordinated 80 film shoots, including motion picture and TV filming, student films, still photography and "on the street" interviews on the Pier. Each activity requires a permit from the City. The role of PRC staff is to coordinate locations with the filming crew and facilitate communication with Pier tenants, as necessary. Coordinating filming requires about 70% of the time of the Operations Manager. During FY 2010/11, location fees to PRC from film shoots generated $73,429. (Exhibit 6. for a summary of film shoots.)

- **Promotions:** The Pier is the site of commercial promotional campaigns which are coordinated and fees negotiated by the Marketing Manager. During FY 2010/11, there were 14 promotions on the Pier which generated $141,000 in revenue for the PRC. (Exhibit 7. for list of promotions.)

- **Street Performer Monitoring:** Artists and performers with permits issued by the City may perform at designated locations along the Pier. The PRC staff is responsible for overseeing that such performance is carried out in accordance with the City's Street Performance Ordinance. The PRC monitor had previously overseen a "first come, first served" system for the placement of performers in designated performance locations and recently improved the system by implementing a lottery-based procedure held four times a day seven days a week. PRC staff dedicates approximately 2 – 3 hours per day, or 10 – 15 hours per week, to street performer issues and lottery administration.

- **Twilight Dance Series**: A significant work effort of the PRC staff and Board is production of the annual Twilight Dance Series (TDS), now in its 27th year. The event attracts over 15,000 people per night, many of whom enjoy the music from the Pier and, in recent years, from the beach. While the PRC contracts with a promoter to secure talent for the event and with a contractor to secure sponsorships, the board and staff nonetheless spend a significant amount of time working with sponsors and others to fulfill commitments and secure supplies, materials and marketing collateral in support of the event. As shown on Exhibit 8-A, for approximately six months before the event, the Executive Director devotes an estimated 50 percent

of his time to planning while other staff devote from 30 percent to 60 percent of their time. During the summer, the Executive Director spends 70 percent and the Deputy Executive Director spends 100 percent of their time on TDS matters and all PRC staff are dedicated to TDS on the day of each concert.

The total cost to produce the 2011TDS season was $264,783. This cost includes reimbursement to the City of about $38,220 for related to public safety and fire personnel (Exhibit 8-B. Twilight 2011 Series Actual Performa). While TDS is an event that celebrates summer in Santa Monica on the Santa Monica Pier, stakeholders have questioned why the PRC is tasked with responsibility for fundraising and production for what is now a significant local and regional event. Other stakeholders have questioned whether the event, which was created as a way to reacquaint residents with the Pier, is still necessary, particularly as the Pier now receives over six million visitors annually. Some stakeholders have suggested that TDS might be considered as a broader community event with its own stakeholder group that takes principal responsibility for fundraising and production. Others have suggested that if the primary objective of TDS is to bring visitors to the Pier, it should be scheduled at a time when the Pier is not already flush with visitors.

- **Tenant Relations:** PRC staff attends monthly Santa Monica Lessee's Association (SMPLA) meetings and provides a report about upcoming events and issues on the Pier. PRC staff is available to discuss issues brought up by tenants. Tenants also receive a weekly newsletter prepared by the PRC informing them of upcoming film shoots and events.

  Informal interactions with tenants can occur daily. The previous Executive Director spent considerable time walking the Pier and interacting with the tenants, however currently without a full time Executive Director, staff time is limited and interactions with tenants are less frequent.

- **City Division Coordination:** PRC staff interacts with City Departments and Divisions especially with Pier Maintenance, which is located on site at the Pier, and both PRC and City staff report good relations.

Stakeholder concerns regarding the PRC's core responsibilities include concerns over whether the Executive Director salary is sufficient to find a candidate who possesses the necessary capacity and experience with marketing, board stewardship, operations, fundraising, and long-term visioning. Other stakeholders expressed concerns regarding a top-heavy organization where the Executive Director has historically handled most matters and the supporting staff has little exposure to the organization's full range of needs. Some stakeholders noted that other Santa Monica non-profits, such as the Convention and Visitors Bureau and Downtown Santa Monica, Inc., provide similar functions with greater expertise and sophistication.

Pier Fiscal Performance

The Pier is owned by the City and jointly managed with the Pier Restoration Corporation. Funding for Pier operations and activities is provided by both entities. The City maintains an enterprise fund (the Pier Fund) for Pier activities. Revenues in the Pier Fund are generally unable to fully cover Pier operating costs. The General Fund is required to cover the funding gap as well as all capital improvement costs. . The PRC relies primarily on an annual City grant, sponsorships, special events promotions, and filming coordination fees to fund its operations.

Pier Enterprise Fund

The City Pier Fund was established to separately account for Pier operations in a manner similar to operations of private business. The intent of the City is to have the expenses (including depreciation) of operating and maintaining the Pier financed primarily through revenues generated from Pier activities. Typically, enterprise funds of this sort are expected to operate in a self-supporting manner with limited subsidies from the General Fund, including capital improvement expenditures.

Revenues from rents from Pier merchants, parking fees, common area maintenance charges, Carousel operations and other activities generate approximately $4 million per year while expenses charged to the Pier Fund for Economic Development, Harbor Unit and Pier Maintenance are approximately $5 million per year. Annualized capital improvement costs are estimated to be an additional $1.1 million per year. Exhibit 9. summarizes all actual revenue and expenditures to the Pier Fund from 2009/08 through 2010/11, and includes projections for 2011/12 and 2012/13.

Pier Fund Revenues

Between FY 2008/09 and 2009/10 Pier Fund total revenues grew by 4 percent. Between FY 2009/10 and FY 2010/11 total Pier Fund revenues grew by 58 percent, however the unexpected increase was attributed to a one-time payment of $1.6 million related to the Pacific Park sale. If the one-time payment was deducted, revenues would have increased 18 percent over the previous year. Vendor and tenant rents increased seven percent between FY 2008/09 and 2009/10 and 45 percent between FY 2009/10 and 2010/11. Parking lot revenue increased 16 percent between 2008/09 and 2009/10, yet decreased by six percent between 2009/10 and 2010/11. The decrease was attributed to poor weather conditions.

Carousel ticket revenues have increased 20 percent between FY 2008/09 and 2009/10 and 32 percent between 2009/10 and 2010/11. An increase in ticket prices went into effect in May 2010. Carousel special event revenues decreased 18 percent between FY 2008/09 and 2009/10. Between FY 2009/10 and 2010/11 Carousel special event rental increased by eight percent.

Pier revenues can be affected by a variety of factors, including weather, the state of the economy and turn-over of tenants. During the most recent recession, Pier revenues have continued to grow. Most stakeholders attribute this to the Pier and its offerings being perceived as “good values” that experience an increase in business when customers move away from more expensive offerings.

Pier Fund Expenses

Pier Fund expenditures are divided among the following three units: Economic Development, Harbor Unit, and Maintenance. Charges to the Pier Fund for each unit are broken down into "Salaries and Wages" including benefits, and "Supplies and Expenses". Under "Supplies and Expenses" the Pier Fund is charged for utilities, general liability, and its proportional share of overhead including indirect cost allocation and depreciation. Exhibit 10. provides the detail on each Divisions' expenditures.

Total charges to the Pier Fund for 2010/11 was $5,161,610 and represents nearly no change from the previous two fiscal years.

Economic Development in 2010/11 charged $2,128,417 to the Pier Fund. Salaries and wages of $173,363 accounted for nine percent of its expenditures. The remaining 91 percent was spent on Supplies and Expenses, primary funding for contractual services, such as the grant to the PRC in the amount of $494,900, the operation of the Carousel in the amount of $190,588, the operation of the Pier Deck parking lot in the amount of $347,387, and Police Pier Patrol in the amount of $240,010.

The Harbor Unit in 2010/11 charged $1,222,342 to the Pier Fund, with $1,048,171 or 86 percent of expenses related to salaries and wages and the remainder for supplies and expenses.

The Pier Maintenance Unit in 2010/11 charged $1,810,851 to the Pier Fund. Salaries and wages of $592,532 accounted for 33 percent and the remainder was spent on supplies and expenses, almost half related to contractual services with private companies to provide custodial services, deck board repair, and nail patrol services.

Indirect Costs and Depreciation Accounting

The expenditure budget includes two line items whose application of charges changes the balance of the fund: "Depreciation" and "Indirect Costs".

Indirect costs are those costs incurred in the general support and management of the Pier and include functions such as accounting, payroll, City Attorney, Human Resources, City Manager, City Council, and other City administrative functions. The charge is based on a formula to determine the Pier's share of indirect costs. As noted earlier, many City staff with responsibilities relating to the Pier do not charge their time to the Pier Fund. The Indirect Cost seeks to recover a portion of these costs.

Depreciation is a non-cash expense that reflects the reduction of the value of the Pier asset as a result of wear, age, and obsolescence.

In 2010/11 the Pier Fund was charged $390,000 in Depreciation and $375,148 for Indirect Costs. The Pier operating deficit and general fund subsidy to the Pier for 2010/11 was $360,419.

Stakeholders have questioned the application of Depreciation and Indirect Cost allocations to the Pier Fund and reasoned that if they were eliminated or reapportioned to other City accounts, the Pier Fund could be seen as self-supporting and generating an operating surplus. Nevertheless the application of Depreciation and In Direct Cost allocation falls within conventional operating and accounting procedures of the City-wide budgeting process.

Budget Projections

Budget projections for FY 2011/12 and 2012/13 estimate that operating expenditures will continue to outpace revenues and the Pier Fund will once again operate in a deficit, requiring a subsidy from the General Fund.

The operating surplus and deficits do not reflect Capital Improvement Program (CIP) funds allocated by Council. The addition of committed and anticipated CIP funding increases the fiscal deficit significantly more.

Enterprise or Public Good?

While one of the goals of the Pier is to reduce the General Find subsidy, some aspects of the Pier experience do not lend themselves to full cost-recovery and are considered much like a public park, providing free passive and active recreational opportunities to the community (fishing deck, people-watching, scenic vistas, picnic facilities, etc.) and the preservation of the Pier as a historic resource and a cultural venue.

Additionally, the Council-approved Leasing and Licensing Guidelines place greater emphasis on preserving the unique character of the Pier's tenant mix through a leasing preference for locally owned, independent, non-formula businesses rather than maximizing economic return.

Revenue Enhancement Opportunities

As an ongoing operating shortfall is projected, there are opportunities to reduce and potentially eliminate operating subsidies for the Pier while improving the Pier's offerings to the public. Potential revenue enhancement opportunities include:

- Tenant Rents: Exhibit 3. lists the existing tenants, with the expiration dates for their leases. Pier Leasing Guidelines require that the City advertise for tenants at the expiration of the lease term, rather than offer extensions. Lease revenue can increase upon execution of a new lease. In addition, lease rates and vendor rates increase by the annual Consumer Price Adjustments and other contractual increases, which will result in additional rent and common area maintenance fees over the next two to five years. Piazza Al Mare Restaurante at 250 Santa Monica Pier is anticipated to open by Summer 2012. Pier Burger is expected to open at 330 Santa Monica Pier (current site of the Surfview Café) in 2011. An undeveloped site currently housing the Trapeze School NY can be made available as a permanent tenant opportunity. The City has issued a Request for Proposals for 256 Santa Monica Pier (Rusty's Surf Ranch site). All short-term vending cart and vending stand licenses will expire in 2012 and present an opportunity for lease rates to be brought more in line with market rates. However, it is difficult to predict what the range of increase will be due to economic conditions and the uncertainty regarding new uses.

- Pier Police Substation: Relocation of the Pier substation from its high visibility location on the Pier would allow the space to be leased to a commercial tenant at market rate, or conversion of the northern portion of the substation adjacent to the Municipal Pier to commercial use would generate funding and animate an otherwise inactive façade.

- Master Planning: A possible outcome of the upcoming Pier master planning process could be the use of some or all of the parking deck and adjacent areas for commercial uses. The Pier Master Plan could provide the framework for the further development of the Pier by identifying new development opportunities, replacing parking, key policy issues, and budget and revenue estimates.

- Pier Parking: An increase in rates for Pier Deck visitor parking and annual permit parking could provide additional revenue to the Pier Fund. Parking rate increases of less than 25% are exempt from Coastal Commission Development permits.

- Gangway: Limited commercial boating operations may be possible with the installation of the emergency gangway, now in the design stage.

Stakeholders have questioned whether a reallocation of expenses between the Beach and Pier Funds could improve the Pier Fund's fiscal position, particularly with respect to the Beach Fund's reimbursement to the Pier Fund for Harbor Patrol services. The Harbor Unit currently charges the Pier Fund approximately $1.1 million annually, with the Pier Fund reimbursed $114,000 annually from the Beach Fund, amounting to about 10 percent of the Harbor Unit's budget.

Beach Enterprise Fund and State Operating Agreement

Stakeholders have questioned whether contractual revenue sharing agreements under the State Operating Agreement for Santa Monica State Beach may potentially generate revenue for the Pier.

The City operates Santa Monica State Beach under a long-term Operating Agreement with the State Department of Parks and Recreation. Under the terms of the agreement, all revenues generated though parking, concessions, and special events at the beach are deposited in the Beach Fund for the management, maintenance, and improvement of Santa Monica State Beach.

Stakeholders frequently comment that the City's accounting of the Pier Fund doesn't recognize parking revenues generated in the 1550 Parking Lot from Pier visitors, thereby understating Pier Fund revenues and overstating Beach Fund revenues. The State Operating Agreement with the City of Santa Monica for the Santa Monica State Beach provides for a revenue sharing program with the Santa Monica Pier only when there is a surplus in the Beach Fund.

The current agreement, authorized in 2006, specifies that whenever revenues generated from all sources exceed the actual costs incurred by the City in maintaining, operating, administering, improving and developing the beach, the surplus shall be available for appropriation to the City in the succeeding fiscal year for the repair of the Santa Monica Pier and the improvement and development of parking facilities providing access to the Pier until that repair, improvement and development is complete. After the repair, improvement and development is completed, 25 percent of the excess revenues shall be available to the City for further improvement and development of the Pier and other shorefront facilities owned and operated by the City that adjoin the state beach.

Additionally, the City operates the Annenberg Community Beach House, located on Santa Monica State Beach, under a separate Operating Agreement with the State with all revenues generated from activities on the property going to support the operation of the Beach House. The Operating Agreement for the State Beach allows the Beach Fund to provide funding for the operation of the Beach House. However, Beach House revenues may not be used to fund general beach operations.

The Beach Fund does not generate surplus revenues. Beach Fund revenues pay for operating expenses and capital improvements. Expenditures include beach maintenance, lifeguard services, harbor patrol, beach police patrols, parking operations, and beach management. Funds may also be used to support beach house operations.

For fiscal year 2010/11, Beach Fund revenues totaled just over $8 million with parking fees accounting for approximately 80 percent of revenues. The remaining revenues were derived from beach concessions, filming, special events and miscellaneous sources.

FY 2010/11 Beach Fund expenditures, not including Beach House operations, totaled over $9 million, resulting in a funding shortfall of approximately $1 million. In addition, long-term capital improvements, infrastructure recovery, and operational plans for the Beach are estimated to range from $11 million to $31 million.

Reductions of Expenditures to the Pier Fund

The Pier Fund could reduce major expenditures as part of a budgetary reduction plan; however, decreasing any of the following major expenditures would result in service level reductions and may also result in a decline in revenue to the Pier Fund. The following major expenditures include:

- Carousel Operations: The City spends $190,588 for Carousel operations five days per week (six days per week during summer). Cost reduction could entail reducing the number of hours or days that the Carousel is open to the public and increasing the availability of the carousel for private rentals.

- Parking Operations: The City spends $347,387 operating the Pier deck parking lot seven days per week from 7:30 AM to Midnight (Friday and Saturday during the summer until 1 AM). Cost reduction could entail reducing the hours that the parking booth is staffed or reducing staff requirements by implementing an automated parking payment program.

- PRC: The City grants $494,900 annually to the PRC, which represents about half of the PRC's total budget. Cost reductions could entail reducing PRC responsibilities to be commensurate with the City's reduction in grant funding.

- Security: The City spends $1,222,342 to provide 24-hour, 7-day per week Harbor Guard patrols on the Pier and adjacent beach and an additional $240,010 for supplemental SMPD patrols. Cost reduction could entail reducing number of staff or staffed hours and/or the City could investigate contract services with the County Lifeguards.

- Pier Maintenance: The City spends $1,810,851 for Pier maintenance, supplies, and custodial and maintenance contracts. Cost reduction could entail reducing custodial service levels, and limiting or deferring maintenance contracts.

City Funding to PRC

The City provides direct funding to the PRC through grants (basic and special), in-kind revenues, and commission –based revenue.

a) City grants: The amount of City funding to the PRC fluctuates based on PRC needs and available city resources for a given year. In 2009/10, the City provided grants to the PRC in the amount of $514,900 for its basic services and an additional $41,487 for special services related to the Pier's Centennial celebrations. In 2010/11, the grant was $494,900, and for 2011/12, the grant was $501,086. The City's annual grant to the PRC generally represents half of the PRC's operating budget.

b) In-Kind: At no charge to the PRC, the City provides an on-site business office in the Carousel Building with utilities (including telephone service, janitorial services, and certain office supplies), as well as free employee parking. The in-kind value is estimated to be $41,250.

c) Commission-based revenue: The City contracts with the PRC to book and oversee Carousel parties. This service had previously been handled by a private event company. The booking contract allows PRC to earn a commission of 50 percent of room rental and 100 percent of ancillary services such as the rental of children's tables and chairs. PRC's net revenue for Carousel events for FY 2010/11 was $42,420.

Waived City Fees

The City charges special events utilizing the Pier Parking Deck a rental fee in order to compensate the City for lost parking revenue. The parking lot rental fee is calculated at three times the daily rate for each parking space occupied by the event. Rental fees for the entire lot can be upwards of $8,000 for a single day event and applies to all events with the following exception:

The Services Agreement states that for free public events produced by the PRC, the City will waive pier parking lot rental fees. Events produced by the PRC on the parking deck as part of the Council approved PRC annual work plan for FY 2010/11 include Twilight Dance Concert Series, Drive-In Movies, and Paddleboard Race.

A review of all pier deck special events held in FY 2010/11 revealed that there are a number of annually occurring events which do not appear to be directly produced by the PRC that have benefitted from the waiver of parking deck rental fees.

PRC Operational Revenues and Costs

Over the last five years the PRC's annual budget has averaged approximately $1 million to fund its operations. Exhibits 11. and 12. include the PRC balance sheet for June 30, 2011 and detailed revenues and expenditures for FY 2010/11. For FY 2010/11 the PRC had a net operating income of $139,812

In addition to the City funding, other income is earned from private sources.

- Sponsorship, Promotions, and Licensing Revenues: The City permits the PRC to develop and manage sponsorships, promotions and licensing activities to generate additional revenue, including corporate sponsorships to support PRC events and programing. To date, the PRC spends more resources defending the Pier trademark than they generate in licensing it. In FY 2010/11 the PRC earned $297,000 from sponsorship and promotions.

- Events and Filming: The City permits the PRC to manage and collect revenue for special events and filming on the Pier Deck. The PRC sets the rates and retains the event fees. In addition, the PRC collects and transmits to the City a special event application fee of $50 to $200, parking deck fees (three times the daily rate -- approximately $3,500 for half-lot) and any other fees for city services. In FY 2010/11 the PRC earned $170,000 from special events and film shoots. The PRC policy has been to limit special event programming on the parking deck to 'off season' or 'shoulder seasons' with the exception of TDS which occurs during the Pier's peak season.

- Donations: The PRC can implement special donation campaigns from individuals or community groups, including the 2010 campaign for TDS.

- Sale of Merchandise: The PRC offers Santa Monica Pier commemorative products including books, apparel, and glassware. In FY 2010/11 the PRC earned $4,897 from product sales through its website and at TDS.

Budget expenditures are primarily comprised of salaries, benefits and general administration which represents 62 percent of the PRC's expenses Production costs for PRC produced community events, primarily the Twilight Dance Series, account for 29 percent of budgetary expenditures. Other expenses include costs related to Carousel booking services, and costs associated with the coordination of private events.

Combined Revenues and Expenses for the Pier

For a more complete picture of the Pier's financial performance, the table below shows both City and PRC revenues and expenses for FY 2010/11. The Pier Fund revenue excludes a one-time transfer premium payment from Pacific Park of $1.6 million. This is a non-recurring revenue source.

2010-2011		
CITY PIER FUND REVENUES*		
Pier Tenants (Rents, CAM)	$3,249,631	
Parking	$1,149,239	
Carousel		
Carousel Tickets	$170,944	
Carousel Parties (from PRC)	$45,084	
Interfund Services (Harbor Patrol)	$114,086	
Other (Interest, Amortization, Unrealized gain/loss)	$72,307	
Total City Revenue		$4,801,291
*excludes one-time payment of $1,631,159 from Pacific Park		
CITY PIER FUND EXPENSE		
Economic Development Division		
Salaries and Wages	$173,363	
Supplies	$682,169	
Grant to PRC	$494,900	
Parking Operator	$347,387	
Carousel Operator	$190,588	
Police Pier Patrol	$240,010	
Total Economic Development Division		$2,128,417
Harbor Guard		
Salaries and Wages	$1,048,171	
Supplies	$174,171	
Total Harbor Guard		$1,222,342
Pier Maintenance		
Salaries and Wages	$592,532	
Supplies	$1,218,319	
Total Pier Maintenance		$1,810,851
Total City Pier Fund Expenses (8/17/2011)		$5,161,610
CITY PIER FUND SURPLUS/(DEFICIT)		($360,319)

Table does not include Capital Improvement Expenses annualized at $1.1 million.

2010-2011		
PRC REVENUES		
City Grant	$494,900	
Merchandise, 100th Anniversary, Interest Income	$11,878	
Filming	$73,429	
Promotion	$141,100	
TDS	$172,603	
Paddleboard Contest	$24,780	
Carousel Rental	$107,661	
Private Events on Pier Deck	$95,667	
Total PRC Revenues		$1,122,018
PRC EXPENSES		
Salaries and Wages	$397,884	
General Expenses	$207,110	
TDS	$247,443	
Carousel (includes payment to City)	$65,241	
Paddleboard Contest	$27,541	
Private Events on Pier/Parking Deck	$28,956	
Movie-Drive In	$8,030	
Total PRC Expenses		$982,205
PRC SURPLUS/(DEFICIT)		$139,813
CITY PIER FUND and PRC COMBINED SURPLUS/(DEFICIT)		($220,507)

Approaches to Governance and Management

The City partners with the PRC with the intention of integrating the non-profit into the Pier's management and decision-making process.

As described above, the City and PRC work together on all matters affecting the Pier, ranging from the planning of major projects and events to day-to-day operations and maintenance. The PRC Board recommends program objectives and policy guidelines for Council's approval and directs or advises PRC staff and City staff, respectively, on many aspects of Pier operations.

This joint approach provides many advantages in terms of responsiveness to the public, focused attention to the Pier, and operational flexibility. However, the approach can also result in overlapping and blurred management roles that periodically produce confusion and inefficiencies. Stakeholder comments about the benefits and drawbacks of the current approach include:

Advantages with the Current Approach

- The decision-making structure facilitates public involvement through participation in PRC Board meetings.
- The current approach has yielded success, ranging from nearly three decades of successful Twilight Dance Series events to a range of new and long-standing Pier tenants.
- The PRC can provide a unified voice speaking for the needs of the Pier.
- Responsibilities between staff of the City and PRC are divided, specific to needs and expertise.
- PRC staff can be nimble and responsive in day-to-day operations as they are not subject to the City's regulated processes and they can make many decisions without Board approval.
- The PRC offices are located on the Pier, allowing for close monitoring and coordination of day-to-day activities, issues, and special needs.
- PRC staff assists and can advocate for event promoters and film producers as they navigate through the City's permitting process, in support of Pier events and filming opportunities.
- The PRC Board can act as a strong advocate for the Pier and Pier tenants when dealing with different City divisions and Commissions.
- The PRC is well-equipped to fundraise and nurture private sponsors and donors for PRC-produced events, such as Twilight Dance Series.
- The PRC Board can buffer City Council from unpopular or controversial decisions, as well as the minutiae of Pier activities, including events, promotions, and street performer monitoring.
- As owner and custodian of the Pier, the City takes responsibility for more typical municipal responsibilities such as policing, maintenance and custodial services.

Disadvantages of Current Approach

- As Pier-related responsibilities are spread among several divisions and departments of the City, it can be difficult for the PRC and other Pier stakeholders to navigate through the City's systems to achieve desired results. The priority of the Pier's and PRC's needs and desires can vary among different City divisions.
- There can be confusion within the City as to who has the responsibility and authority to make decisions that affect the Pier. The City's fractured management of the Pier can make it difficult for the public, PRC staff and even City staff to know who has ultimate responsibility for the Pier.
- The PRC's decision-making structure of committee review and recommendation, followed by Board review and approval, can be perceived as slow and duplicative.
- There are inconsistencies between the Services Agreement and Leasing Guidelines with regards to negotiation of leases in that the Services Agreement states the PRC is not to negotiate leases and licenses, while the Leasing Guidelines provide the PRC with opportunity to do so. These discrepancies create confusion regarding the appropriate roles of the PRC and the City with respect to leasing and licensing.
- Routine decisions regarding Pier management and leasing issues can be politicized.
- The PRC committee structure has a tendency to lead the body to micro-manage maintenance and operations of the City staff.
- The City's delegation of responsibility to the PRC can mask clear accountability for the Pier, a major public asset.
- The PRC staff has authority over contracts, purchases and personnel decisions that do not require PRC board approval, let alone City Council approval.
- Location fees charged by the PRC for filming, promotions, special events are not approved by the Board or Council and may warrant upward adjustment following a survey of comparable venues. Only Carousel room rental fees are set by Council.
- While the PRC's system for procuring products and services allows it be nimble, the system may not comply with best practices associated with public assets.
- The City's oversight of PRC activities is limited to City Council's annual approval of the PRC budget and work plan.
- While individual Board members are able to independently seek out information, there have been instances where City and PRC staff have felt that individual Board members have attempted to exert inappropriate interference with staff responsibilities.
- The PRC's need to raise revenue through sponsorships and events to support its operations causes some tenants to believe that the PRC prioritizes revenue-generating events over tenants' needs.

Comparative Pier Management Survey

The PRC-commissioned "Managing Our Public Spaces, a Comparative Study" surveyed management models employed by several public venues such as The Ferry Building in San Francisco, Pioneer Courthouse Square in Portland, Pike Place Market in Seattle and Navy Pier in Chicago. Of the venues selected for the Study all were managed by a single entity, typically a non-profit or government-owned corporation or a separate authority.

This report surveyed five additional publicly owned piers and wharfs including Stearn's Wharf in Santa Barbara, Santa Cruz Wharf, Fisherman's Wharf in Monterey, Redondo Beach Pier, and Pier 39 in San Francisco (Chart 1.). These piers are all municipally owned, have commercial and recreational uses, have revenue sources similar to the Santa Monica Pier, and are prominent destinations for both local residents and tourists. The survey found that most piers were managed by the municipality with certain functions such as special events and promotions coordinated by or with a merchant association. Management models generally fell into one of four categories:

Type 1, City-managed. Stearns Wharf, Santa Cruz Wharf and Fisherman's Wharf are managed solely by the City and leases are entered into directly between the City and the tenants. Functions such as special events and promotions were coordinated with or by the respective merchant association.

Type 2, City- and Master Lessee-managed. The Redondo Beach Pier model utilizes both direct leasing to individual tenants and a long-term ground lease whereby a master lessee is responsible for sub-leasing smaller units to individual tenants. Redondo Beach is currently attempting to aggregate its City-owned and managed leaseholds into one large lease in order to attract a private developer to spur investment and revitalization.

Type 3, Privately managed. Pier 39 in San Francisco embodies a privatized model wherein the governmental authority (the Port of San Francisco) leases the entire pier under a long-term master lease to a private operator (Pier 39 Management Co. LP), which is then responsible for all operations including security, marketing/promotion, leasing, maintenance and capital improvements.

Type 4, City- and Nonprofit-Managed. This is the co-management approach currently employed at the Santa Monica Pier.

Alternative Management Scenarios

The five municipal public piers and the other public venues surveyed in the "Managing Our Public Spaces" suggest alternate models for governance that could inform management decisions for the Santa Monica Pier.

Scenario 1: City Manages All Pier Operations

In scenario 1, the City would dissolve the PRC and bring most or all services 'in-house'. Key elements of this approach include:

- Consolidation of Pier management: Rather than dispersing management and operational duties and decision-making among various City departments and the PRC, the City could designate one entity within the City to take responsibility for overall stewardship of the Pier. For greatest success, that entity would need to be located at the Pier to perform day-to-day activities of managing the Pier (coordinate special events, filming, street performer monitoring, communicating with tenants) and be responsible for coordinating with other City departments whose activities affect Pier operations (construction, maintenance, custodial services, parking operations, special events, permitting, leasing).

- District-wide management of the Pier and Beach: The City entity with chief responsibility for the Pier would need to work closely with, or be part of, the City's beach management responsibilities. To enhance public participation, the City could appoint an advisory commission to review and make recommendations to the Council on Pier or Beach issues or the City could task an existing commission with these responsibilities.

- Leasing based on best practices: To ensure that tenant issues, including leasing, are administered in a professional manner that limits the need for Council intervention, leases consistent with Council-approved guidelines could be authorized and executed by the City Manager, as is the case with Airport leasing. Only leases that did not conform to the Guidelines would require Council approval. As in other governance scenarios, changes to the leasing process should be considered so that the City can pay broker commissions or retain leasing consultants, the advertising and marketing process can be streamlined, and leases can be negotiated based on up-to-date practices and policies. While the up-front costs for leasing may be increased, the benefits to the Pier are expected to outweigh the additional costs.

- Special event management: The City could assume responsibility for production of Pier community events such as the Twilight Dance Series. Expertise for production of community events exists within the City's Community and Cultural Services Department (CCS) that currently produces large and small-scale public events with in-house staff or with contract producers including Glow, Santa Monica Festival, and Jazz on the Lawn concert series. Other divisions within CCS provide venue management and regularly provide special event services at public facilities. Additional staff and appropriate funding to retain event producers would be necessary.

- Sponsorship: Responsibility for securing sponsorships for major community events, such as the Twilight Dance Series, consumes a significant amount of time of PRC staff

and Board members. With Pier management activities brought in-house, the City could authorize a "friends of the Pier" or a "friends of TDS" organization with responsibility for fundraising for community events and perhaps contracting with a private producer to make event arrangements. However, direct sponsorships to the City may be difficult to obtain as the City already seeks sponsors for multiple events and sponsorship of a City-organized event may not elicit the same intensity of support as would an event sponsored by a non-profit.

- Delegation of authority: In order to retain flexibility and entrepreneurial enterprise that is needed when dealing with ever-changing opportunities at the venue, and to prevent the operation from becoming mired in administrative formalities regarding purchasing and contracting, the City would need to adopt clearly defined administrative guidelines that allow for delegation of authority to the City entity responsible for the Pier, while requiring regular reporting of activities to City management and City Council.

- Staffing implications: Given the number of activities that occur on the Pier, the City would likely need to add some new positions to replace those now on the PRC roster, while some PRC functions could be absorbed and performed by existing City staff. Key City staff would need to be housed at the Pier to manage the large number of activities that occur there. A venue manager could help ensure that staff adheres to City standards for customer service.

- Fiscal impact: The City would need to create several new positions to offset the loss of service from PRC staff. Salaries and benefits for PRC staff cost $460,000 per year for one part-time and five full-time employees. The cost of City staffing, with a full range of benefits including retirement, would likely be more costly than non-profit staffing (Exhibit 13. Salary Comparison).

Scenario 2: Non-profit Manages All Pier Operations

In Scenario 2, a non-profit corporation, based on the PRC model, would expand its role to include functions now managed by the City such as leasing, parking, maintenance and custodial service. Harbor Patrol would remain a City function, but security would be transferred to the non-profit corporation. Key elements of this approach include:

- Consolidation of Pier management: The non-profit would provide direct supervision over activities on the Pier and eliminate existing confusion over lines of authority between PRC and City staff. The non-profit would need to employ staff and outside contractors to handle many of its new responsibilities, including legal staff for leasing. Transferring such duties would likely require lay-offs of existing City staff as those services would be provided entirely through private contract.

- Public oversight: The City and non-profit would need to develop a services agreement that clearly sets forth the City's expectations for management of its public asset. The services agreement would need to articulate the City's vision for

management of the Pier to ensure that the new entity properly balances competing pressures to generate revenue through private events, to produce community events, to cooperate with other non-Pier community initiatives and to be attentive to the interests of Pier tenants. The City would need to audit the non-profit's activities frequently to ensure that transparency and accountability are maintained and public objectives are satisfied.

- Delegation of authority within the City: The City Manager would need to delegate responsibility for stewardship of the Pier to one entity within the City who would be responsible for overseeing the services agreement and coordinating between the non-profit and all City departments, including Public Works for capital project implementation.

- Leasing: In addition to communicating with tenants about events and conditions on the Pier, the non-profit's staff and consultants would be responsible for tenant relations, including enforcement of lease requirements, proper adjustments of rent and CAM charges, imposition of late and returned check fees, collection of monies and conformance with other lease provisions. Tenant recruitment, lease management, as well as lease negotiations, would likely require the non-profit to acquire additional staff and consultant expertise.

- Fiscal impact: If the non-profit were to take over existing City responsibilities, the non-profit would require funding for these additional responsibilities above that currently provided to the PRC. This could be achieved by transferring the amount the City currently budgets for the services, while retaining enough revenue to offset the costs for oversight and coordination of the services agreement with the non-profit. Costs for the non-profit to provide these services could be lower than the City's costs if the non-profit's employees did not receive the full-range of benefits that City employees receive.

Given that the City's costs to operate the Pier are closer to $5,000,000 annually, it is questionable whether the funds available to be transferred to the non-profit entity would be sufficient to fully manage the Pier.

Another approach would be to authorize the non-profit to receive a share of revenues generated on the Pier. Payment could be structured whereby the City retains all Pier rental revenues based on a certain benchmark year and the non-profit receives a percentage of all revenue increases.

Scenario 3: Non-profit Entity Focused on Marketing, Events and Fundraising

Under Scenario 3, a non-profit entity would focus its efforts solely on marketing, street performer management, promotions, and special events. The non-profit entity's responsibilities could encompass the Pier and the Beach. The PRC could serve this function, a new entity could be created, or an existing entity, such as Downtown Santa Monica, Inc. or the Santa Monica Convention and Visitors Bureau, could assume these responsibilities and the associated budget. The board, commussuib or a limited-term task force could be responsible for advising the Council on key issues facing the Pier and Beach

including articulating a clear set of goals and objectives for the Pier, updating the leasing guidelines and advising on the preparation of the Pier Master Plan. Alternatively, a commission could be created to advise the Council on on-going issues. The City Council could look to this entity for advice and recommendations regarding City initiatives, such as preparation of a Pier Master Plan and other nearby programs and development proposals. The new entity could be relieved of responsibility for production of community events, oversight of leasing, and tenant management. Key elements of this approach include:

- Public oversight: The City Council would need to provide clear direction about the balance of special and community events it wanted to see on the Pier, and require regular reports to monitor compliance with stated public objectives.

- Dual management: This approach would continue the dual approach towards Pier governance and require that the non-profit entity and City establish close and cooperative communication and coordination. Arrangements would need to be made to provide for some City staffing on the Pier to coordinate production of community events, tenant management and Carousel operations.

- Assignment of responsibility within the City: The non-profit entity would need to coordinate with the City on programs and events occurring on and near the Pier. In this scenario, as with all others, the City would need to clearly delegate authority to a specific entity within the City who would be responsible for coordinating and mediating among many City departments so that City services to the Pier are provided efficiently.

- Board membership: If a new non-profit entity was created, requirements for Board membership would need to be written with a clear description of Board member experience with marketing, fund-raising and special event management.

- Leases and tenant issues. The City Council could approve leasing guidelines that would allow for administrative approval of leases that are consistent with adopted Leasing Guidelines (similar to the model for Santa Monica Airport leases.) Leasing recommendations could be reviewed by the non-profit entity prior to sending them to the City Manager for execution. Policy changes in how the City conducts leasing, including payment of broker commissions or retention of qualified consultants, simplification of the recruitment process and negotiation of business terms in accordance with current best practices would need to be initiated. While the up-front costs for leasing may be increased, the benefits to the Pier are expected to outweigh the additional costs.

- Carousel parties: The City would contract for management of Carousel parties as was done between 2001 and 2007. The City would retain a portion of the rental fees, with a portion going to the operator, based on performance.

- Community events: The City would designate a special entity within the City to be responsible for producing designated community events such as the Twilight Dance Series. The City could establish a special “friends of” committee to seek sponsorships and work with promoters to line up talent and secure sponsorships for these popular annual events.

Fiscal impact: This scenario would likely result in a reduction of the City’s current

grant to the PRC, as PRC would no longer need staff for production of community events, which now consumes a significant amount of PRC staff time prior to the summer and throughout the duration of the event. The entity would retain location fees from filming, special events and promotions as it would continue to retain responsibility for its core responsibilities (marketing, street performer management, coordination of special events, and coordination of filming). Concerns about leasing, maintenance and parking that would have an effect on this new entity's ability to market and promote the Pier and the special events would be coordinated by the City's designated delegate. The City would designate an entity to produce and find sponsors for community events such as the Twilight Dance Series.

Scenario 4: Master Ground Lease with Private Entity

Under Scenario 4, the City would engage the expertise and capital of the private sector and enter into a long-term ground lease with a Master Lessee who would be responsible for most Pier operations and for commercial development of the Pier under a Development Agreement/Master Lease Agreement. The City would relinquish control over certain aspects of the Pier as the Master Lessee would be responsible for functions ranging from marketing to maintenance, to production of community events, to security and possibly capital improvements. The Master Lessee could be assigned responsibility for managing existing leaseholds or acquire leaseholds of tenants it views as underperforming and reposition them to maximize revenues. Key elements of this approach include:

- Community objectives: An agreement with a master lessor would need to balance commercial interests, including acceptable levels of special events, with the need to ensure and protect the public's interests in the Pier regarding public access, community events, tenant mix, and other community activities.

- Completion of master planning efforts: A master lease for the Pier would be more competitive if some of the unknowns about the future of the Pier's operation were resolved. As an example, a Pier Master Plan could provide for removal of Pier deck parking, which could open the way for new commercial opportunities. Coastal Commission approval of the long-term Master Plan would provide assurance about potential leasing opportunities.

- Privatization of public sector jobs. A variety of City jobs may need to be eliminated in favor of services to be provided by the Master Lessee.

- The Pier within the District: Ground-leasing the Pier to a private entity could set up conflicts between the private and public sectors. Under a master lease, the Pier would operate as a distinct venue that would need to coordinate with events and activities occurring on the beach and in the downtown area. Negotiations would need to preserve the City's right to manage adjacent properties for the community good without restrictions as to impact on the Pier's revenue generation.

- Fiscal impact: Master ground leases are often negotiated based on a percentage of revenue to be generated through the investment, providing benchmarks for

revenue sharing as conditions change. A goal in entering into a master lease would be to move the Pier toward greater financial self-sufficiency while maintaining the special qualities of the Pier as a community asset, public gathering place and iconic image of Santa Monica. Given current Pier revenues relative to operating and capital costs, it may be difficult to attract a master lessee without a City subsidy, at least in the early years of the master lease.

Scenario 5: Realignment of Existing Structure

In Scenario 5, the existing PRC and City co-governance of the Pier is retained, with modifications to address concerns that were identified by stakeholders. Key elements of realignment include:

- The City needs to reestablish an on-site presence and provide stronger oversight of the Pier. The City should designate an individual within the City to facilitate and coordinate among various City Departments and Divisions who have responsibility for Pier activities and determine best alternatives when competing solutions are offered.
- Roles and responsibilities between the City and PRC need to be clarified to minimize duplicative efforts and create a clear line of authority and accountability, with the PRC retaining responsibility for production of community events and coordination and management of special events, filming, carousel parties and street performers, and the City retaining responsibility for day-to-day operations, infrastructure, maintenance, leasing and tenant relations, and carousel operations.
- Regular performance evaluation is necessary to ensure that PRC and City divisions are fulfilling their roles. Performance should be measured regularly in order to allow for prompt corrections to be enacted.
- The composition of the PRC Board should be modified to better reflect the organization's objectives and its size should be reduced to allow for more efficient decision-making.
- The name of the PRC could be changed to reflect the completed restoration of the Pier and a more focused mandate.
- With the demise of the Council liaison program, the PRC's monthly status report to the City should be more detailed and appropriate for review by City Councilmembers and the public.
- City and its non-profit partner need to improve record keeping including accounts receivable and payable, and tracking of events, promotions and filming.

Chart I. Comparative Pier Management Models

	Stearns Wharf	Santa Cruz Warf	Redondo Beach Pier	Fisherman's Wharf Monterey	Pier 39 San Francisco	Santa Monica Pier
Management Model	City-owned and operated	City-owned and operated	City owned and operated. Long term 'ground' leases with significant Master Lessee control of buildings.	City owned and operated.	Master Leasehold Model. Owned by the Port of San Francisco (Port). The Port leases Pier 39 to a private investment group, Pier 39, Limited Partnership under a master lease expiring in 2042. Master Lessee effectively acts as owner.	City-owned jointly managed with PRC
Characteristics, Amenities	3 acre historic wooden pier – dates back to 1872. Features restaurants, retail, fishing, boating and marine education facility. Approx 2 million visitors per year.	2,745 foot historic wooden pier – built 1913. Features restaurants, retail, outdoor fresh fish markets, fishing, boating, and kayaking. Approx 3 million visitors per year.	70,000 sf (1,550-foot-long) Pier was originally built in 1889. In 1995, following a fire the horseshoe shaped pier was repaired and reopened. 50 dining, entertainment, retail and bait/tackle merchants.	The Wharf was purchased by the City of Monterey in 1916 and has since been reconstructed several times. Offers restaurants, fish markets, art and gift shops, fishing, boating, and theater. 35 concessions and 24 separate leases.	2 level center featuring over 124 tenants -- retail shops, restaurants, arcade, street performances, marine center, aquarium, live theater, amusement rides, cruises. 200,000 sf gross leasable areas. Approx 10.5 million visitors per year.	9 acre historic wooden pier –built in 1909. 2,000 foot long. Features amusement park, arcade, restaurants, retail, aquarium, trapeze school, street performers. 129,111 sf of leased/licensed area. Approx 6 million visitors per year.
Agencies involved in Oversight	Waterfront Department manages Harbor and Stearns Wharf for the City of Santa Barbara. State Lands Commission approval required for capital expenditures in excess of $250,000. Harbor Commission acts in an advisory role. Merchant Association represents tenants.	City of Santa Cruz Parks and Recreation Office; and Redevelopment Agency.	Harbor Department, City Council. Harbor Commission (serving as an Advisory Committee). City owns the land however most of the land is ground leased to private entities for long term ground leases. The City also retains control of certain pieces of property and leases directly to restaurant and retail businesses.	City owns and handles all aspects of leasing. Leases currently are ground leases. Wharf Association controlled by concessionaires.	Pier 39 and its tenants are subject to regulatory oversight by the San Francisco Bay Conservation and Development Commission (BCDC), a California state commission. Tenant/Master Lessee must petition the BCDC for any leasehold improvements or structural changes to the facility	PRC is responsible for establishing Leasing Guidelines (subject to council approval) and providing approval of leases prior to the City Manager's signature— negotiation of leases is City responsibility.
Leasing: Approvals, Authorizations (signatures)	Harbor Commission & City Council	Redevelopment Agency	City for its own ground leases; Master lessees for sub-lessees on ground leases. Master Lessee's sub-lessees go through Council for approval – but the Council has no veto power on choice of Master Lessee tenants.	City Council with typical delegation to Mayor and/or City Manager.	Pier 39 Management Co. LP	City Manager with authorization from the PRC

	Stearns Wharf	Santa Cruz Warf	Redondo Beach Pier	Fisherman's Wharf Monterey	Pier 39 San Francisco	Santa Monica Pier
Leasing; Administration Management/Lease Compliance	City Waterfront Business Division	Redevelopment Agency	Harbor Department. City for its own ground leases only. Private Master Leaseholder responsible for their own leases.	City staff - Housing and Property Manager.	Pier 39 Management Co. LP	City
Control of activities in common areas (special events, filming)	City	Parks & Rec	City	City in coordination with Fisherman's Wharf Association.	Pier 39 Management Co. LP	PRC
Special Event, Promotions and Advertising, Funding	City participates with Merchant Association in cooperative advertising and community events such as the July 4th Fireworks show and Holiday Boat Parade of Lights	Parks & Rec, merchants	Merchants Association, with approval from the City. Events and advertising funded by dues paid by lessees and based on gross receipts.	Fisherman's Wharf Association through BID.	Pier 39 Management Co. LP	PRC
Ownership of Buildings	Reverts to City at end of the lease. Tenant responsible for repairs on single tenant buildings; City maintains multi-tenant buildings.	Reverts to City at the end of lease. Tenant responsible for repairs	Reverts to City at end of ground lease. Tenant responsible for repairs.	At present the piers and support structures and buildings of each concession are owned by the concessionaire. Ownership reverts to City at end of lease. Tenant responsible for repairs to building and structure. Tenants are required to conduct engineering investigation of structural condition every 3 years and correct any deficiencies.	Pier 39 Management Co. LP	Structures are City-owned.
Custodial Services	City	City	Fisherman Wharf's Sanitation District. Tenants assessed for costs.	Split between Harbor Crew and Fisherman's Wharf Association.	Pier 39 Management Co. LP	City (contract)
Public Safety	City – Community Service Officers/Harbor Patrol	City PD	City PD	City PD with assistance from City of Monterey Harbor Crew for Marina.	Pier 39 Management Co. LP	City – SMPD and Harbor Guards
	Stearns Wharf	Santa Cruz Warf	Redondo Beach Pier	Fisherman's Wharf Monterey	Pier 39 San Francisco	Santa Monica Pier

Capital Improvement/ Pier Structural Maintenance	City	City	City	Tenants are responsible for structure underneath them down to the tidelands, City is responsible for structure and supports in public right of way/common areas.	Pier 39 Management Co. LP	City
Primary Sources of Revenue	Tenant rents, parking fees.	Tenant rents, parking fees,	Rents, parking fees	Tenant rents, parking fees	Tenant rents, parking fees	Tenant rents and parking fees
Fund Type	Enterprise Fund	General Fund	Enterprise Fund	General Fund and Parking Fund	Private	Enterprise Fund
Does pier generally operate in Surplus or Deficit	Surplus	Deficit	Generally break-even.	Not calculated since the revenues are not placed in a single or separate fund.	Surplus	Deficit
Misc. Economic Info.	Waterfront Department's records indicate businesses on wharf generated in excess of $16M in 2008 and $14M in 2009.		The City is attempting to aggregate the City-owned leases into one larger lease in order to attract a private sector developer and spur revitalization with new investment.		2007 Business Journal interview with the CEO states annual revenues of Pier 39 Management Co. LLC of $187 million.	SM Pier businesses generated in gross revenues $38 M in 2009, $41 M in 2010 and $43 M in 2011.

Chart II. Alternative Management Model Scenarios

Summary of Management Model	Existing City and PRC Relationship	City Manager & Operated Pier	Non Profit taking on an expanded management & operations role (leasing, parking, custodial, and/or maintenance responsibilities)	Non Profit taking on a narrowed management and operations role (limits role to marketing, promotion and special event management)	Privately Managed & Operated Pier (Master Ground Lease)
PRC Board and Staff	PRC Board continues to implement the specific tasks and initiatives as specified in the current Services Agreement.	City to bring most services 'in-house'. Certain PRC staff positions could become new City staff positions. Council could appoint new advisory Commission. City should consider creating new "Pier Unit" whose singular focus is on Pier and may also have authority on surrounding Pier areas.	Nonprofit has greater authority over leasing, parking, custodial, and/or maintenance responsibilities, as well as formulating future development objectives. Nonprofit would need to hire additional staff commensurate with its new responsibilities.	Nonprofit mission is narrowed to marketing/promotions, special events, and fundraising. Council could appoint new advisory Commission. Likely retain existing staff to implement mission. City should consider creating new "Pier Unit" whose singular focus is on Pier and may also have authority on surrounding Pier areas.	City enters into long term ground lease with Master Lessee – a private or non-profit entity. Master Lessee has authority and responsibility over almost all Pier matters from marketing to capital improvements. Master Lessee would develop Pier deck, and assigned responsibility for existing leaseholds, redeveloping and subleasing sites as they become available.
Leadership	PRC Board continues to provide short term and long term planning and development objectives subject to Council's approval. PRC Board continues to direct/make recommendations to City Staff on most management and operation issues.	Council with Advisory Commission to develop short term and long term planning and development objectives. 'Friends of' organization may be used to advocate for public use issues.	Nonprofit provides short term and long term planning and development objectives subject to Council's approval. Board to have increasing role in directing management and operational matters now overseen by City staff.	Council with Advisory Commission to develop short term and long term planning and development objectives. 'Friends of' organization may be used to advocate for public use issues.	Master Lessee provides vision and management of the Pier under agreement (Master Lease and/or Developer agreement) with City Council. Master Lessee would need to adhere to standards established by the City. 'Friends of' organization may be used to advocate for public use issues.

Summary of Management Model	Existing City and PRC Relationship	City Manager & Operated Pier	Non Profit taking on an expanded management & operations role (leasing, parking, custodial, and/or maintenance responsibilities)	Non Profit taking on a narrowed management and operations role (limits role to marketing, promotion and special event management)	Privately Managed & Operated Pier (Master Ground Lease)
Fundraising and Advocacy	PRC Board and PRC Staff acts as fundraisers and advocates for Pier. Pier merchant association advocates and assists in fundraising.	New 'friends of' committee and/or Pier merchant association to fundraise and advocate for Pier.	Entity acts as fundraisers and advocates for Pier. Pier merchant association can advocate and fundraise.	Entity acts as fundraisers and advocates for Pier. Pier merchant association can advocate and fundraise.	New 'friends of' committee to fundraise and advocate for Pier. Merchant Organization. Non-city affiliated Watchdog group may emerge.
Indemnification	PRC will maintain own insurance and to the extent that PRC insurance does not cover an Indemnified Claim, the City will agree to indemnify for claims within the scope of PRC's authority.	City indemnifies members of City Commissions.	Entity maintains own insurance and indemnify the City.	Entity maintains own insurance.	Master Lessee to maintain own insurance and indemnify City.
Liability/Risk	PRC maintains insurance for claims in connection with SMPRC's services. City responsible for all claims in connection with its responsibilities.	City responsible for all claims	Entity maintains insurance for claims in connection with Nonprofit services. City responsible for all claims in connection with its responsibilities. Expanded roles would require commensurate increase in insurance.	Entity maintains insurance for claims in connection with Nonprofit services. City responsible for all claims in connection with its responsibilities.	Master Lessee assumes all liability and risk.
Legal Representation	City Attorney represents the City (leases, torts, City-managed contracts) PRC hires outside Counsel for PRC services.	City Attorney represents the City (leases, torts, City-managed contracts.) Staff and possibly advice from Advisory Commission.	Nonprofit hires outside counsel for Nonprofit services including expanded responsibilities (leasing, contract review, etc.) City Attorney to provide legal services under direction from Council/City Staff.	City Attorney represents the City (leases, torts, City-managed contracts) . Nonprofit hires outside counsel for Nonprofit services.	Master Lessee counsel for legal representation.

Summary of Management Model	**Existing City and PRC Relationship**	**City Manager & Operated Pier**	**Non Profit taking on an expanded management & operations role (leasing, parking, custodial, and/or maintenance responsibilities)**	**Non Profit taking on a narrowed management and operations role (limits role to marketing, promotion and special event management)**	**Privately Managed & Operated Pier (Master Ground Lease)**
Master Planning (non-regulatory)	PRC initiated with joint PRC/City oversight.	City Staff and Council appointed advisory body.	The nonprofit initiated with joint nonprofit /City oversight.	City Staff and Council appointed advisory body.	Master Lessee initiated.
Lease Negotiation	City Staff – Economic Development Div with direction from PRC Leasing Committee and Board	City Staff	Nonprofit	City Staff	Master Lessee.
Lease Approval	PRC Board and PRC Leasing Committee	City Council	Nonprofit and Leasing Committee	City Council	Master Lessee
Lease Execution	City Manager	City Manager	Nonprofit	City Manager	Master Lessee
Lease Administration/ Compliance	City Staff, Economic Development Div	City Staff	Nonprofit	City Staff	Master Lessee
Rent Collection and Deposit	City Staff, Economic Development Div - deposits rent in City accounts	City Staff- Pier Division deposits rent in City accounts	City or nonprofit – TBD	City Staff	Master Lessee
Sponsorship	PRC	City Staff	Nonprofit	Nonprofit	Master Lessee
Marketing	PRC	City Staff	Nonprofit	Nonprofit	Master Lessee
Special Events including TDS	PRC	City Staff	Nonprofit	Nonprofit	Master Lessee
Filming	PRC	City Staff	Nonprofit	Nonprofit	Master Lessee

Summary of Management Model	Existing City and PRC Relationship	City Manager & Operated Pier	Non Profit taking on an expanded management & operations role (leasing, parking, custodial, and/or maintenance responsibilities)	Non Profit taking on a narrowed management and operations role (limits role to marketing, promotion and special event management)	Privately Managed & Operated Pier (Master Ground Lease)
Carousel Operations & Events	City manages Carousel operator and ticket revenues. PRC manages Carousel parties and special events and receives a commission.	City (contracted)	Nonprofit could manage both Carousel operations and special event bookings.	City manages Carousel operator and ticket revenues. Non Profit or contractor manages Carousel parties and special events and receives a commission.	Master Lessee
Security	SMPD including Harbor Guards	SMPD / Harbor Guards	SMPD/ Harbor Guards	SMPD/ Harbor Guards	Master Lessee in addition to SMPD and Harbor Guards
Parking	City Staff, Finance - Parking Operations Div	City (contracted)	Nonprofit could manage parking operator contract	City (contracted)	Master Lessee
Custodial	City Staff, Public Works - Custodial Services Div	City (contracted)	Nonprofit could manage custodial contract	City (contracted)	Master Lessee
Maintenance and Repairs (light construction)	City Staff, CCS - Public Landscape Div	City	Nonprofit could manage maintenance and repairs	City	Master Lessee
Capital Improvements including Substructure	City – Economic Development Div and Public Works - Civil Engineering Div with advice from PRC.	City	City with advice form nonprofit.	City	Master Lessee/City

Exhibit 1.

CAPITAL IMPROVEMENTS PROJECTS
EXPENDITURES BY YEAR
FY 2000/1 to 2010/11

TOTAL CIP EXPENDITURES 2000-2011 **12,364,246.76**

2000/01

Account	Description	Expenditure
C30055799	NEW CITY ACCOUNTING SYS SOFTWR	1,708.00
C30000301	COMPUTER EQUIP REPLACE PROG	8,892.00
C30071501	PARKING REVENUE EQUIPMENT	32,554.00
C30016701	FLEET VEHICLE REPLACEMENT PROG	224,628.00
C30008598	CITY FACILITY MAINTENANCE	9,919.00
C30008599	CITY FACILITY MAINTENANCE	35,612.97
C30093001	PIER BLDG & SIGNAGE UPGRADES	7,187.40
C30093296	BREAKWATER ENVIOR ANALYSIS	20,700.47
C30093498	PIER CNTRL RESTROOM REPLACEMEN	761.54
	total	**341,963.38**

2001/02

Account	Description	Expenditure
C30055702	STARS SOFTWARE IMPLEMENTATION	3,382.00
C30055799	NEW CITY ACCOUNTING SYS SOFTWR	4,767.00
C30000302	COMPUTER EQUIP REPLACE PROG	8,892.00
C30016702	FLEET VEHICLE REPLACEMENT PROG	86,135.00
C30008599	CITY FACILITY MAINTENANCE	106,637.24
C30093001	PIER BLDG & SIGNAGE UPGRADES	25,440.40
C30093296	BREAKWATER ENVIOR ANALYSIS	18,094.96
C30093299	BREAKWATER ENVIOR ANALYSIS	40.08
C30093399	PIER EMERGENCY GENERATORS	10,294.00
C30093498	PIER CNTRL RESTROOM REPLACEMEN	567.63
C30093902	PIER CAROUSEL BUILDING	49,957.38
C30008101	PERCENT FOR ARTS	59.83
C30008192	PERCENT FOR ARTS	2,592.00
C30008198	PERCENT FOR ARTS	4,937.82
	total	**321,797.34**

Exhibit 1.

2002/03

Account	Description	Expenditure
C30000303	COMPUTER EQUIP REPLACE PROG	6,224.00
C30000603	TELECOMMUNICATIONS SERVICES	9,920.00
C30016703	FLEET VEHICLE REPLACEMENT PROG	29,837.00
C30008599	CITY FACILITY MAINTENANCE	1,858.42
C30093001	PIER BLDG & SIGNAGE UPGRADES	37,372.20
C30093296	BREAKWATER ENVIOR ANALYSIS	564.47
C30093399	PIER EMERGENCY GENERATORS	34,085.00
C30093498	PIER CNTRL RESTROOM REPLACEMEN	32,453.65
C30093499	PIER CNTRL RESTROOM REPLACEMEN	38,583.78
C30064503	PIER STRUCTURAL REHAB/REPAIR	104,800.00
C30092692	PIER PARKING PROGRAM	36,738.00
C30093902	PIER CAROUSEL BUILDING	40,138.45
C30065595	BIG PIER BRIDGE IMPROVEMENTS	30.81
C30008101	PERCENT FOR ARTS	18,000.00
		390,605.78

2003/04

Account	Description	Expenditure
IS30000304	COMPUTER EQUIP REPLACE PROG	8,668.00
IS30000604	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	41,580.00
C300932	BREAKWATER ENVIOR ANALYSIS	221.13
C300934	PIER RESTROOM/MULTIUSE FACILIT	70,063.39
M300645	PIER STRUCTURAL REHAB/REPAIR	1,254,584.92
C300655	BIG PIER BRIDGE IMPROVEMENTS	4,340.00
C300081	PERCENT FOR ARTS	9,981.83
		1,399,359.27

2004/05

Account	Description	Expenditure
IS30000305	COMPUTER EQUIP REPLACE PROG	8,000.00
IS30000605	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	36,773.00
M300085	CITY FACILITY MAINTENANCE	1,582.92
C300932	BREAKWATER ENVIOR ANALYSIS	204.67
C300934	PIER RESTROOM/MULTIUSE FACILIT	(80,037.43)
M300645	PIER STRUCTURAL REHAB/REPAIR	434,961.05
C300655	BIG PIER BRIDGE IMPROVEMENTS	5,754.27
C300081	PERCENT FOR ARTS	27,092.45
		444,250.93

Exhibit 1.

2005/06

Account	Description	Expenditure
IS30000306	COMPUTER EQUIP REPLACE PROG	9,000.00
IS30000606	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	35,831.00
C300934	PIER RESTROOM/MULTIUSE FACILIT	789.60
M300645	PIER STRUCTURAL REHAB/REPAIR	1,382,794.39
C300655	BIG PIER BRIDGE IMPROVEMENTS	42,181.93
C300081	PERCENT FOR ARTS	5,410.34
		1,485,927.26

2006/07

Account	Description	Expenditure
IS30000307	COMPUTER EQUIP REPLACE PROG	6,400.00
IS30000607	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	35,690.00
C300426	1600 OCEANFRONT AVE (HEAL BAY)	281,089.62
C300934	PIER RESTROOM/MULTIUSE FACILIT	56,221.51
C300375	250 SANTA MONICA PIER	8,654.01
M300645	PIER STRUCTURAL REHAB/REPAIR	2,658,316.88
C300655	BIG PIER BRIDGE IMPROVEMENTS	9,981.84
		3,066,273.86

2007/08

Account	Description	Expenditure
IS30000308	COMPUTER EQUIP REPLACE PROG	6,400.00
IS30000608	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	35,690.00
C300934	PIER RESTROOM/MULTIUSE FACILIT	191,056.02
M300645	PIER STRUCTURAL REHAB/REPAIR	175,401.74
P300645	PIER INFRASTRUCTURE ASSESSMENT	273,351.30
C300655	BIG PIER BRIDGE IMPROVEMENTS	16,296.07
		708,115.13

2008/09

Account	Description	Expenditure
IS30000309	COMPUTER EQUIP REPLACE PROG	6,400.00
IS30000609	TELECOMMUNICATIONS SERVICES	9,920.00
M304012	WURLITZER ORGAN REFURBISHMENT	22,164.00
M304013	CAROUSEL DOME REPAIR	2,627.57
C300934	PIER RESTROOM/MULTIUSE FACILIT	2,315,684.56
M300645	PIER STRUCTURAL REHAB/REPAIR	74,456.20

Exhibit 1.

P300645	PIER INFRASTRUCTURE ASSESSMENT	26,648.70
M304006	PIER INFRASTRUCTURE IMPROVEMEN	87,365.86
M304009	CAROUSEL BUILDING REPAIR	8,629.31
C300655	BIG PIER BRIDGE IMPROVEMENTS	62.21
		2,553,958.41

2009/10

Account	Description	Expenditure
IS30000310	COMPUTER EQUIP REPLACE PROG	8,400.00
IS30000610	TELECOMMUNICATIONS SERVICES	9,920.00
IS300167	FLEET VEHICLE REPLACEMENT PROG	31,224.00
C300426	1600 OCEANFRONT AVE (HEAL BAY)	9,987.25
M304013	CAROUSEL DOME REPAIR	16,051.06
C300934	PIER RESTROOM/MULTIUSE FACILIT	934,799.05
M300645	PIER STRUCTURAL REHAB/REPAIR	27,177.90
M304006	PIER INFRASTRUCTURE IMPROVEMEN	(17,919.65)
M309006	PIER UTILITY UPGRADES	77.71
M304007	PIER GANGWAY	124,035.97
M304009	CAROUSEL BUILDING REPAIR	9,499.96
C300081	PERCENT FOR ARTS	1,350.00
		1,154,603.25

2010/11

Account	Description	Expenditure
IS30000611	TELECOMMUNICATIONS SERVICES	9,920.00
C300934	PIER RESTROOM/MULTIUSE FACILIT	4,758.00
M300645	PIER STRUCTURAL REHAB/REPAIR	27,177.90
M304006	PIER INFRASTRUCTURE IMPROVEMEN	192,496.93
M309006	PIER UTILITY UPGRADES	222,166.32
M304007	PIER GANGWAY	29,961.00
C300655	BIG PIER BRIDGE IMPROVEMENTS	10,912.00
		497,392.15

Exhibit 2.

PLANNED CAPITAL IMPROVEMENTS PROJECTS
FY 20011/12 to 2015/16

City staff has submitted the following capital projects for the Santa Monica Pier over the next five years:

Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Total
Phase IV	$674,200					$674,200
Carousel Floor and Substructure		$841,000				$841,000
Pier Stairs and Ramp	$260,000					$260,000
Newcomb Deck		$3,147,054		$3,338,709	$2,512,955	$8,998,718
Pier Master Plan		$200,000	$250,000			$450,000
Lighting Upgrades			$290,000	$274,000	$227,715	$791,715
Pier Furniture				$184,700		$184,700
Total	$934,200	$4,188,054	$540,000	$3,797,409	$2,740,670	$12,200,333

Exhibit 3.

PIER TENANT INVENTORY

TENANTS OPERATING UNDER MONTH TO MONTH HOLDOVERS

ADDRESS	TENANT
200-A Santa Monica Pier	ACI Carousel Gift Shop
301 Santa Monica Pier	Blazing Saddles Bicycle Rental and Sales
401 Santa Monica Pier	Santa Monica Pier Bait & Tackle
Fixed License	Beachcomber Gifts
370 Santa Monica Pier	Trapeze School NY

LEASES/LICENSES EXPIRING BETWEEN 2012-2017

ADDRESS	TENANT
Vending Carts	Up to 11 Portable Vending Carts
Fixed Licensee (Trolley Kiosk)	66 to Cali
Fixed Licensee	Churro Man Company
Fixed Licensee	Oatman Rock Shop
Fixed Licensee	Thermal Base Photos
256 Santa Monica Pier	Rusty's Surf Ranch. RFP/Recruitment IN PROCESS.
322 Santa Monica Pier	Starline Tours

LEASES/LICENSES EXPIRING 2018 +

ADDRESS	TENANT
1600 Oceanfront Walk	Santa Monica Pier Aquarium
258 Santa Monica Pier	Santa Monica Pier Seafood
301 Santa Monica Pier	Bubba Gump Shrimp Co.
401 Santa Monica Pier	Mariasol Restaurant
200-B Santa Monica Pier	Soda Jerks
330 Santa Monica Pier	Pier Burger (replacing Surfview Café September 2011)
350 Santa Monica Pier	Playland Arcade
250 Santa Monica Pier	Pizza Al Mare (in Plan Check expected to open by Summer 2012)
380 Santa Monica Pier	Pacific Park

Exhibit 4.

CAROUSEL RENTALS
FY 2010/11

Type of Rental	Number of Events
Children's Birthday Parties	150
Private	21
Semi-Private	1
Filming	11
Total	**183**

Exhibit 5.

SPECIAL EVENTS
FY 2010/11

Event Name	Dates	Comment
Twilight Dance Series	Thursdays 7/1/10 to 9/1/10	10 Concerts, Produced by PRC
Shelby Car Show	9/11/10	Rental Fees Waived
Santa Monica 5000	9/12/10	
Day of Peace concert	9/19/10	Rental Fees Waived
Pier del Sol	10/9 - 10/10/10	
Optimus Distance Swim	10/15-10/16/10	
The Dukes Classic Car Show	11/6/10	Rental Fees Waived
Route 66 Anniversary Event	11/11/10	
Partnership Walk	11/14/10	
Heartfelt Holiday	12/18/10	Rental Fees Waived
Rose Bowl Pep Rally	12/30/11	CVB Co-Sponsored
Cinco de mayo Harley Davidson Style	5/7/11	
Santa Monica Classic 5K/10K	5/15/11	
Santa Monica Wine Fest	5/21/11	
Sugar Ray Leonard Foundation Boxing Event	5/24/11	
Pedal on the Pier	6/5/11	
Drive-In Movies	6/3 to 6/24/11	4 nights, Produced by PRC
Pier Paddleboard Race	6/11/11	Produced by PRC
Univision Radio Event	6/23/11	
Fisherman Appreciation Day	6/25/11	

Exhibit 6.

FILMING
FY 2010/11

Type of Shoot	Number of Shoots
Commercial Filming	33
Stills	30
Man on the Street Interviews	8
Non Profit	4
Student Film	2
Personal Use/Portfolio	2
Industrial Video	1
Total	**80**

Exhibit 7.

PROMOTIONS
FY 2010/11

Promotion Contracts for FY 2011:

Name	Description
"Hawaiian Tropic" (7/10)	Product display
"Mattel Scavenger Hunt" (7/21/10)	Social media scavenger hunt
"Radio City 2010" (8/10)	N/A
"Laura Guillen Press Conference" (9/10)	Press conference
"Kraft Giant Noodle" (10/7/10 – 12/31/10)	Static display
"CBS Shack 2010" (11/10)	Hut structure and promotions
"Land Rover Promo" (11/15/10 – 11/26/10)	20' x 20' space for wire frame installation of a 2011 Land Rover
"Nintendo 3DS Product Launch" (3/13/11 – 3/26/11)	Choreographed street team of 27 people to demonstrate new product to consumers.
"Reboot Your Life with Dole" (4/9/11)	Blender and juicing demonstration with a celebrity nutrition expert.
	PRC tent use and labor
"Choose to Live Beautifully" (5/21/11)	Sample makeup products and makeup applications.
"CBS Radio Surf Hut" (5/30/11 – 9/5/11)	Construct and host a surf hut structure and host promotions on weekends Memorial Day through Labor Day.
"Hawaiian Tropic Discovery Tour" (6/9/11 – 6/12/11)	24' x 20' hut for product display and sampling, interactive computer kiosk for sweepstakes entry, and prize wheel.
"Old Navy Summer Road Trip" (6/25/11)	($1,114 for Harbor Guard)
"Green Box Promotion" (7/25/11 – 8/25/11)	N/A

Exhibit 8-A.

PRC STAFF TIME ALLOCATION FOR TDS

PRC Responsibilities For Twilight Dance Series (TDS): The PRC contracts with Rum & Humble, Inc. to produce the event as talent buyer, talent manager, stage manager and production manager. Tasks not within the scope of work of consultant are provided by PRC staff. PRC retains a consultant to provide assistance with securing TDS sponsorship under a commissioned based sales/sponsorship contract. PRC contracts with Chrysalis for 'day of event' labor and also utilizes a small number of volunteers. All PRC staff pitches in to assist with TDS.

PRC employees and TDS related responsibilities:

Staff Name	TDS Responsibilities	Other Events FY 2010/11
Executive Director	Oversees management contracts and fundraising efforts for TDS. Coordinates with PRC Board and TDS Subcommittee. TDS Workload %: From January to the first concert Executive Director spends 40% to 50% of time on TDS. During the series Executive Director spends 70% on TDS.	10 Twilight Dance Series Concerts
Deputy Director	Manages all special events including PRC produced events such as TDS, privately produced events, and carousel event rentals; coordinates with City's Events Team. In general approximately 80% of time is spent on special event coordination and Carousel rentals. TDS Workload %: From January to the first concert Deputy Director spends 30% of time on TDS. During the series Deputy Director spends 100% on TDS.	PRC Produced Events: In addition to 10 TDS Concerts, 4 Drive-In Movies, 1 Paddleboard Race Private Events: 15 private events Carousel Rentals: 150 Children's birthday parties, 21 private parties, 11 filming
Operations Manager	Manages all filming on the Pier. 75% of time is spent on Filming and Photography. TDS Workload %: From January to the first concert Operations Manager spends 30% of time on TDS. During the Series Operations Manager spends 30% on TDS.	80 commercial filming and still photography shoots
Marketing Manager	TDS Workload %: From January to the first concert Marketing Manager spends 60% of time on TDS. During the series the Marketing Manager spends 100% on TDS	14 promotions/sampling events
Administrative Assistant	TDS Workload %: From January to the first concert Administrative Assistant spends 30% of time on TDS. During the series the Administrative Assistant spends 50%- 60% on TDS.	
Weekend Activities Coordinator	TDS Workload: Day of the Event 100%. Supervises Chrysalis workers.	

Exhibit 8-B
2011 Actual Pro Forma

	Actual Dollars	Source
Income		
Sponsorship	$ 100,000.00	One West Bank
Cirque	$ 80,000.00	Cirque
One West Bank	$ 10,000.00	Pacific Park
Pacific Park	$ 18,000.00	LA Car Guy
LA Car Guy	$ 18,000.00	Bloomingdales
Buy Local	$ 17,000.00	Austrialia
Alcohol	$ 1,500.00	Buy local
	$ 4,549.68	Event Cash Donation
	$ 1,170.00	Bike Attack
	$ 575.51	Vendors
	$ 15,002.00	Wine Garden
Products	$ 1,385.01	Merchandise
Total Income	**$ 267,182.20**	

Expense	**Martin**	**PRC**	**Total**
Total Talent Expense	**$68,124.56**	**$4,000.00**	**$72,124.56**
Total Production	**$26,217**	**$23,604**	**$49,821.14**
Total Normal Infrastructure	$0	**$68,672**	**$68,671.50**
Total Marketing	$0	$62,006	**$62,006.06**
Wine Garden Expense	$ -	$ 8,790.00	$8,790.00
Merchandise Expense		$ 3,369.44	$3,369.44
Total Cost	**$94,342**	**$170,441**	$264,782.70
Net Before City Expense	$0	**$ -**	**$ 2,399.50**
Police	$0	$ 22,415.09	$22,415.09
Police Sargent and TSO	$0	$ 10,487.18	$10,487.18
Fire Safety Officer	$0	$ 5,318.64	$5,318.64
Profit/(Loss) after City Costs			**$ (35,821.41)**

Exhibit 9.

REVENUE SUMMARY - PIER FUND

Account	Description	2008-09 Prior Year Actual	2009-10 Last Year Actual	2010-11 This Year Actual	2011-12 Next Year Budget	2012-13 Estimated Budget
Fund 20	**Miscellaneous Grants Fund**					
400820	PIER GRANT-100TH ANNIVERSARY	43,794	41,487	0	0	0
Fund 30	**Pier Fund**					
401830	VENDOR RENT	180,958	144,639	176,166	207,611	211,290
402010	SM PIER - RENTAL	1,693,731	1,861,606	2,730,311	2,528,803	2,621,682
402020	SM PIER - PARKING LOTS	1,049,174	1,222,155	1,149,239	1,040,000	1,040,000
402030	CAROUSEL OPERATION				292,000	296,000
	Carousel Ticketing	108,013	129,592	170,944		
	Carousel Events	50,684	41 639*	45,084		
402040	SM PIER - OTHER REVENUES	22,080	7,053	1,631,159	0	0
402550	INT DEP / INVESTMENT	245,704	170,077	122,172	0	0
40255A	UNREALIZED GAIN / LOSS	107,363	8,101	(60,883)	0	0
40255B	ACCRUED INVESTMENT INCOME	(37,693)	(15,017)	(36,548)	0	0
40255C	AMORT/ACCRET	(53,548)	(5,040)	47,566	0	0
404610	PROMOTIONAL FEES	42,329	42,914	44,078	43,802	45,054
405170	CAM FEES	285,015	291,365	299,076	300,303	305,152
408000	INTERFUND SERVICES	150,569	112,408	114,086	150,695	157,702
	TOTAL	**3,844,380**	**3,969,853**	**6,432,450**	**4,563,214**	**4,676,880**
	TOTAL ALL REVENUES	**3,888,174**	**4,011,340**	**6,432,450**	**4,563,214**	**4,676,880**

*$26,185 of 2009-10 total for Carousel Events was paid in 1st Qtr 2011-12 due to payment oversight from Nov. 09-April 10

"Vendor Rent" and "SM Pier Rental" represent the rents paid by Pier lessee and licensees

"SM Pier Parking Lot" encompasses both general parking fees and special event rental of the parking deck

"Carousel Operations" includes ticket sales and special event rentals

"SM Pier - Other Revenues" accounts for one-time revenues such as the $1.6 million transfer premium associated with the Pacific Park sale reflected in FY 2010-11

"Promotional Fees and CAM Fees" are additional fees stipulated in certain leases used to offset City's expenditure on common area maintenance and other expenses

"Int Dept/Investments' reflect interest paid on investments - primarily unspent capital improvement funds

"Interfund Services" reimburses the Pier fund from the Beach Fund for Harbor Guard patrols performed on the beach and beach parking lots.

EXPENDITURE SUMMARY - PIER FUND (As of 8/17/2011)

Description	2008-09 Prior Year Actual	2009-10 Last Year Actual	2010-11 This Year Actual	2011-12 Next Year Budget	2012-13 Estimated Budget
Salaries and Wages					
EDD	119,912	210,538	173,363	182,705	192,276
Harbor Unit	1,018,739	985,928	1,048,171	973,325	1,014,824
Maintenance	558,824	547,693	592,532	578,683	602,296
All Salaries and Wages	1,697,475	1,744,160	1,814,066	1,734,713	1,809,396
Supplies and Expenses					
EDD	2,327,510	2,055,250	1,955,054*	1,508,242*	1,532,928
Harbor Unit	160,976	175,533	174,171	145,442	150,676
Maintenance	907,020	1,144,714	1,218,319	1,365,857	1,407,543
All Supplies and Expenses	3,395,505	3,375,497	3,347,545	3,019,541	3,091,147
Combined Salaries/Wages & Supplies/Expenses					
EDD	2,491,216	2,307,275	2,128,417	1,690,947	1,725,204
Harbor Unit	1,179,715	1,161,462	1,222,342	1,118,767	1,165,500
Maintenance	1,465,844	1,692,407	1,810,851	1,944,540	2,009,839
All Combined	**5,136,775**	**5,161,144**	**5,161,610**	**4,754,254**	**4,900,543**

***2010-11 Depreciation Expense is Estimated in total; 2011-12 and 2012-13 Depreciation is not included in budget**

Exhibit 10.

EXPENDITURE DETAILS - PIER FUND (As of 8/17/2011)

Account	Description	2008-09 Prior Year Actual	2009-10 Last Year Actual	2010-11 This Year Actual	2011-12 Next Year Budget	2012-13 Estimated Budget
ECONOMIC DEVELOPMENT						
	Fund 20					
577300	PIER GRANT-100TH ANNIVERSARY	43,794	41,487	0	0	0
Salaries and Wages						
511000	PERMANENT EMPLOYEES	88,137	133,024	136,192	131,659	136,969
511710	MEDICARE EMPLOYER CONTRIBUTION	0	2,774	0	0	0
511713	MEDICARE-MISC EMPLOYEES	1,247	0	1,656	1,895	2,093
511730	WORKERS' COMP INSURANCE	387	2,491	0	0	0
511743	MEDICAL - MISC. EMPL	11,300	32,218	12,028	19,614	21,662
511746	MED TRUST - MISC. EMPL	1,726	4,481	2,074	1,960	2,164
511748	DENTAL	919	2,505	1,532	1,290	1,425
511749	VISION	138	362	201	157	174
51174E	EMPLOYEE HEALTH CONTRIBUTION	0	0	0	(1,269)	(1,401)
511773	RETIREMENT - MISC. EMPL	14,293	29,713	17,906	25,279	26,846
51197A	UNEMPLOYMENT	0	0	561	590	652
51197B	EAP	104	273	151	120	133
51197C	DCAP	0	0	0	71	79
51197E	LIFE INSURANCE & AD & D	306	637	262	486	537
51197F	DISABILITY INSURANCE	1,355	2,060	800	853	943
Salaries and Wages Total		**119,912**	**210,538**	**173,363**	**182,705**	**192,276**
Supplies and Expenses						
522110	UTIL - LIGHT / POWER	94,749	68,976	93,111	97,301	96,100
522120	UTILITIES - NATURAL GAS	2,417	1,708	1,876	6,480	6,400
522130	UTILITIES - WATER	57,186	69,784	79,111	40,500	40,000
522180	BANK FEES	440	389	564	405	400
522210	UTILITIES - TELEPHONE	0	4,353	3,558	4,354	4,300
522310	OFFICE SUPPLIES / EXPENSE	0	0	0	5,366	5,300
522320	METERED POSTAGE	0	0	0	608	600
522610	EQUIPMENT RENTAL	0	0	0	7,189	7,100
522720	MILEAGE	0	0	0	101	100
533020	GENERAL LIABILITY / AUTO	101,300	59,000	64,900	3,696	3,818
533030	PROPERTY INSURANCE	0	0	0	168,758	177,196
533220	BLDG / STRUCTURE MAINTENANCE	0	0	2,680	0	0
533240	PIER MAINTENANCE	0	0	821	0	0
544090	MEDICAL/FIRST AID SUPPLIES	0	0	0	101	100
544340	INDIRECT COST ALLOCATION	204,861	42,666	42,251	43,519	45,694
555200	REIMBURSE ENGINEERING OFFICE	0	3,577	3,297	3,645	3,691
566250	FARMERS MARKET	0	4,963	0	0	0
577240	SERVICE AGREEMENTS	179,809	183,671	190,588	245,430	248,498
577300	PIER RESTORATION CORPORATION	645,200	514,900	494,900	501,086	507,350
577940	REIMB FOR PARKING EXPEND	320,722	315,102	347,387	233,181	236,096
577990	DEPRECIATION EXPENSE	319,873	403,446	390,000	0	0
578420	POLICE PIER PATROL	400,953	382,715	240,010	146,522	150,185
Supplies and Expenses Total		**2,327,510**	**2,055,251**	**1,955,054**	**1,508,242**	**1,532,928**
	***Estimates - Actuals TBD**					
	Grant	**43,794**	**41,487**			
	Salaries and Wages	**119,912**	**210,538**	**173,363**	**182,705**	**192,276**
	Supplies and Expenses	**2,327,510**	**2,055,250**	**1,955,054**	**1,508,242**	**1,532,928**
	Total	**2,491,216**	**2,307,275**	**2,128,417**	**1,690,947**	**1,725,204**

EXPENDITURE DETAILS - PIER FUND (As of 8/17/2011)

Account	Description	2008-09 Prior Year Actual	2009-10 Last Year Actual	2010-11 This Year Actual	2011-12 Next Year Budget	2012-13 Estimated Budget
HARBOR UNIT						
**** Salaries and Wages**						
511000	PERMANENT EMPLOYEES	397,044	397,484	420,735	580,122	600,125
51100H	YEAR-END CASH OUTS	7,829	10,496	9,595	0	0
511010	ESTIMATED PAY RAISE	0	0	0	0	0
511030	DIVE PAY	9,075	8,325	9,075	16,200	16,200
511490	OVERTIME	124,885	79,521	85,706	22,182	22,880
511500	TEMPORARY EMPLOYEES	263,172	262,339	247,868	98,956	101,967
511713	MEDICARE-MISC EMPLOYEES	11,570	11,231	11,532	10,137	10,532
511730	WORKERS' COMP INSURANCE	40,900	45,200	47,200	17,444	17,444
511743	MEDICAL - MISC. EMPL	55,643	59,827	62,555	86,456	96,831
511746	MED TRUST - MISC. EMPL	10,224	10,224	10,224	11,928	11,928
511748	DENTAL	4,660	5,231	5,775	6,955	7,568
511749	VISION	827	832	834	959	973
51174E	EMPLOYEE HEALTH CONTRIBUTION	0	0	(1,904)	(4,322)	(4,842)
511773	RETIREMENT - MISC. EMPL	85,527	83,476	125,945	110,477	116,694
511774	RETIREMENT - AS NEEDED	0	0	0	3,710	3,824
511920	UNIFORM / TOOL ALLOWANCE	3,630	4,185	6,571	3,600	3,600
51197A	UNEMPLOYMENT	0	3,571	2,363	3,214	3,321
51197B	EAP	613	627	628	730	742
51197C	DCAP	0	0	0	434	434
51197E	LIFE INSURANCE & AD & D	281	243	192	770	801
51197F	DISABILITY INSURANCE	2,860	3,116	3,277	3,373	3,802
Salaries and Wages		**1,018,739**	**985,928**	**1,048,171**	**973,325**	**1,014,824**
**** Supplies and Expenses**						
522310	OFFICE SUPPLIES / EXPENSE	1,114	978	901	1,000	1,200
522330	INVENTORY ISSUES	878	789	813	979	979
522820	CONFERENCES/MEETINGS/TRAVEL	9	28	0	100	100
522900	MEMBERSHIPS AND DUES	290	0	902	242	242
522910	VEHICLES - FUELS / LUBRICATION	16,288	12,634	11,694	8,680	8,680
522920	VEHICLES - REPAIRS	898	0	0	1,449	1,449
522940	VEHICLES - INSURANCE	1,700	1,900	2,000	0	0
533020	GENERAL LIABILITY / AUTO	35,700	35,400	37,800	2,637	2,724
533030	PROPERTY INSURANCE	0	0	0	1,637	1,719
533040	SPECIAL INSURANCE	0	0	0	860	903
533120	SPECIAL EQUIP MAINT	385	0	526	1,155	1,155
533140	BOAT MAINTENANCE / OPERATION	20,274	20,341	20,517	21,819	21,819
533220	BLDG / STRUCTURE MAINTENANCE	6,288	7,113	8,010	7,609	7,609
533240	PIER MAINTENANCE	12,423	14,569	15,417	16,499	16,499
544010	SPECIAL DEPARTMENT SUPPLIES	8,278	16,550	13,023	11,318	13,112
544030	BADGE / AWARD / NAME PLATES	0	0	0	100	100
544090	MEDICAL/FIRST AID SUPPLIES	3,026	1,528	2,311	3,305	3,305
544120	PERIODICALS	139	144	48	220	220
544170	UNIFORM / PROTECTIVE CLOTHING	3,189	359	215	3,061	3,061
544340	INDIRECT COST ALLOCATION	48,358	62,632	58,781	60,544	63,572
555210	TRAINING	1,739	570	1,213	2,228	2,228
Supplies and Expenses		**160,976**	**175,533**	**174,171**	**145,442**	**150,676**
	Salaries and Wages	**1,018,739**	**985,928**	**1,048,171**	**973,325**	**1,014,824**
	Supplies and Expenses	**160,976**	**175,533**	**174,171**	**145,442**	**150,676**
	Total	**1,179,715**	**1,161,462**	**1,222,342**	**1,118,767**	**1,165,500**

EXPENDITURE DETAILS - PIER FUND (As of 8/17/2011)

Account	Description	2008-09 Prior Year Actual	2009-10 Last Year Actual	2010-11 This Year Actual	2011-12 Next Year Budget	2012-13 Estimated Budget
MAINTENANCE						
***2008-09 and 2009-10: Community Maintenance; 2010-11 and Forward: Public Works**						
Salaries and Wages						
511000	PERMANENT EMPLOYEES	383,104	375,732	382,680	379,710	391,064
51100H	YEAR-END CASH OUTS	9,178	8,178	10,158	0	0
511010	ESTIMATED PAY RAISE	0	0	0	0	0
511490	OVERTIME	4,803	2,595	2,925	6,853	7,060
	TEMPORARY EMPLOYEES	0	0	9,858	26,818	27,628
511713	MEDICARE-MISC EMPLOYEES	4,962	4,972	5,080	5,959	6,188
511730	WORKERS' COMP INSURANCE	25,000	27,600	28,900	8,980	8,980
51174E	EMPLOYEE HEALTH CONTRIBUTION	0	0	(1,465)	(2,835)	(3,175)
511743	MEDICAL - MISC. EMPL	49,730	49,333	49,732	56,698	63,502
511746	MED TRUST - MISC. EMPL	10,224	10,224	10,224	10,224	10,224
511748	DENTAL	4,326	4,263	4,097	3,898	4,241
511749	VISION	827	832	834	822	834
511773	RETIREMENT - MISC. EMPL	60,065	57,113	84,148	72,904	76,649
511774	RETIREMENT - AS NEEDED	0	0	0	1,006	1,036
511920	UNIFORM / TOOL ALLOWANCE	3,025	3,025	1,690	1,200	1,200
51197A	UNEMPLOYMENT	0	0	0	1,937	1,994
51197B	EAP	613	627	628	626	636
51197C	DCAP	0	0	0	372	372
51197E	LIFE INSURANCE & AD & D	835	707	467	903	939
51197F	DISABILITY INSURANCE	2,133	2,492	2,576	2,608	2,924
Salaries and Wages Total		**558,824**	**547,693**	**592,532**	**578,683**	**602,296**
Supplies and Expenses						
522160	TRANSFER STATION FEE	4,309	14,114	22,064	9,000	9,300
522210	UTILITIES - TELEPHONE	4,194	332	231	400	400
522310	OFFICE SUPPLIES / EXPENSE	6,407	4,193	3,279	4,500	4,600
522311	DISCOUNTS AVAILABLE	0	0	(18)	0	0
522312	DISCOUNTS LOST	0	0	14	0	0
522330	INVENTORY ISSUES	89,903	96,790	84,510	101,000	103,550
522825	FOOD PURCHASES	0	66	28	0	0
522910	VEHICLES - FUELS / LUBRICATION	1,294	1,317	890	2,000	2,000
522940	VEHICLES - INSURANCE	7,600	6,600	6,800	0	0
522950	CNG FUEL	1,963	1,449	1,835	2,600	2,600
523000	VEHICLE MGMT FUND-MAINTENANCE	38,930	43,435	34,695	46,150	47,300
533020	GENERAL LIABILITY / AUTO	22,000	29,900	31,800	52,253	54,032
533030	PROPERTY INSURANCE	0	0	0	312	328
533120	SPECIAL EQUIP MAINT	6,389	5,367	552	1,500	1,500
533220	*BLDG / STRUCTURE MAINTENANCE	17,722	8,248	4,432	12,000	12,300
533240	*PIER MAINTENANCE	187,536	220,417	189,842	180,000	184,500
533250	RESTROOM MAINTENANCE	3,471	1,821	10,984	15,000	15,400
544010	SPECIAL DEPARTMENT SUPPLIES	2,231	595	1,234	5,000	5,100
544170	UNIFORM / PROTECTIVE CLOTHING	4,681	1,596	4,020	3,000	3,150
544340	INDIRECT COST ALLOCATION	0	124,803	274,116	282,339	296,456
555010	*CONTRACTUAL SERVICES	508,390	583,672	547,011	648,803	665,027
Supplies and Expenses		**907,020**	**1,144,714**	**1,218,319**	**1,365,857**	**1,407,543**
	Salaries and Wages	**558,824**	**547,693**	**592,532**	**578,683**	**602,296**
	Supplies and Expenses	**907,020**	**1,144,714**	**1,218,319**	**1,365,857**	**1,407,543**
	Total	**1,465,844**	**1,692,407**	**1,810,851**	**1,944,540**	**2,009,839**

Exhibit 11.

Santa Monica Pier Restoration Corporation
Balance Sheet
June 30, 2011

ASSETS			
Current Assets			
Cash - Onewest Bank	$ 150,861.15		
Cash - Union Bank	764.17		
Accounts Receivable	123,619.00		
Prepaid Expenses - TDS 2011	64,837.48		
Other Prepaid Expenses	21,731.75		
Total Current Assets		$ 361,813.55	
Fixed Assets			
Portable Stage	$ 107,442.64		
Christmas Decorations	52,540.37		
Tents and Tables	6,053.21		
Furniture	12,317.20		
Office Equipment	18,777.73		
Accumulated Depreciation	(73,818.01)		
Total Fixed Assets		123,313.14	
TOTAL ASSETS			$ 485,126.69
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts Payable	$ 65,131.84		
Prepaid Revenue - City of SM			
Prepaid Revenue - Carousel	6,092.00		
Prepaid Revenue - TDS 2011	224,500.00		
Accrued Vacation Pay	12,770.56		
Deposits - Events	11,000.00		
Deposits - Filming	3,100.00		
Deposits - Carousel	700.00		
Total Current Liabilities		$ 323,294.40	
Fund Balance			
Unrestricted Net Assets	$ 23,810.16		
Audit Adjustments	(1,790.42)		
Current Year Net Income	139,812.55		
Total Fund Balance		161,832.29	
TOTAL LIABILITIES AND FUND BALANCE			$ 485,126.69

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Income Statement
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
REVENUE							
General and Admnistrative							
City Funds	$ 41,241.66	$ 41,242.00	$ (0.34)	$ 494,900.00	$ 494,900.00	$ -	$ 494,900.00
Donations	-	-		-	-	-	-
Sales	180.00	-	180.00	2,231.67	-	2,231.67	-
100th Anniversary	600.00	-	600.00	9,244.00	-	9,244.00	-
Filming Revenue	3,500.00	6,000.00	(2,500.00)	73,429.00	96,000.00	(22,571.00)	96,000.00
Promotion Revenue	-	5,333.00	(5,333.00)	141,100.00	64,000.00	77,100.00	64,000.00
Licensing	-	667.00	(667.00)	-	8,000.00	(8,000.00)	8,000.00
Interest Income	54.48	-	54.48	402.34	-	402.34	-
Total	$ 45,576.14	$ 53,242.00	$ (7,665.86)	$ 721,307.01	$ 662,900.00	$ 58,407.01	$ 662,900.00
Twilight Dance Series							
Sponsorships	-	-	-	$ 141,225.24	-		-
Grants	-	-	-	5,000.00	-		-
Wine Garden	-	-	-	21,439.20	-		-
Sales	-	-	-	2,666.85	-		-
Donations	-	-	-	2,271.78	-		-
Total	-	-		172,603.07	150,000.00	22,603.07	150,000.00
Carousel		-					150,000.00
Carousel Rental	6,414.00	8,417.00	(2,003.00)	107,661.16	101,000.00	6,661.16	101,000.00
Paddleboard							
Entry Fees	5,510.89	-	5,510.89	7,479.97	-	7,479.97	-
Exhibitor Fees	1,825.00			1,825.00			
Sponsorships	4,000.00	25,000.00	(21,000.00)	15,475.00	35,000.00	(19,525.00)	-
Total	11,335.89	25,000.00	(15,489.11)	24,779.97	35,000.00	(10,220.03)	35,000.00
Outside Events							
Rental Income	16,724.00	7,917.00	8,807.00	95,666.55	95,000.00	666.55	95,000.00
TOTAL REVENUE	$ 80,050.03	$ 94,576.00	$ (16,350.97)	$1,122,017.76	$1,043,900.00	$ 78,117.76	$ 1,043,900.00
EXPENSES							
General and Admnistrative	$ 60,598.91	$ 46,168.00	$ (14,430.91)	$ 604,994.11	$ 563,900.00	$ (41,094.11)	$ 563,900.00
Twilight Dance Series	0.00	-	-	247,443.01	380,000.00	132,556.99	380,000.00
Carousel	2,657.39	3,750.00	1,092.61	65,240.79	45,000.00	(20,240.79)	45,000.00
Paddleboard	18,959.21	6,040.79	(12,918.42)	27,541.27	35,000.00	7,458.73	35,000.00
Outside Events	123.70	1,667.00	1,543.30	28,955.70	20,000.00	(8,955.70)	20,000.00
SM Drive In Series	186.36	-	(186.36)	8,030.33	-	(8,030.33)	-
			-			-	
	$ 82,525.57	$ 57,625.79	$ (24,899.78)	$ 982,205.21	$1,043,900.00	$ 61,694.79	$ 1,043,900.00
Net Income	$ (2,475.54)	$ 36,950.21	$ (39,425.75)	$ 139,812.55	$ -	$ 139,812.55	$ -

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
General and Administrative Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
REVENUE							
General & Administrative							
City Funds	$ 41,241.66	$ 41,242.00	$ (0.34)	$ 494,900.00	$ 494,900.00	$ -	$ 494,900.00
Donations						-	
Sales	180.00		180.00	2,231.67		2,231.67	
100th Anniversary	600.00		600.00	9,244.00		9,244.00	
Filming Revenue	3,500.00	6,000.00	(2,500.00)	73,429.00	96,000.00	(22,571.00)	96,000.00
Promotion Revenue		5,333.00	(5,333.00)	141,100.00	64,000.00	77,100.00	64,000.00
Licensing		667.00	(667.00)		8,000.00	(8,000.00)	8,000.00
Interest Income	54.48		54.48	402.34		402.34	
Total Revenue	$ 45,576.14	$ 53,242.00	$ (7,665.86)	$ 721,307.01	$ 662,900.00	$ 58,407.01	$ 662,900.00

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
General and Administrative Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
EXPENSES							
Salaries and Benefits							
Executive Director				$ 33,250.00			
Community Liaison	$ 5,700.00			62,525.99			
Operations Manager	5,587.76			65,762.76			
Marketing Manager	5,191.00			55,095.00			
Administrative Assistant	4,068.75			41,758.39			
Performance Monitor	4,980.00			35,615.00			
Carousel Maintenance				481.00			
Health & Dental Insurance	3,614.00			55,963.02			
Payroll Taxes	1,952.87			25,449.93			
Workers Compensation	752.42			6,551.16			
Pension Plan Contributions	611.12			7,435.32			
Other Salaries & Benefits	7,210.81			7,997.03			
Total Salaries and Benefits	$ 39,668.73	$ 38,356.00	$ (1,312.73)	$ 397,884.60	$ 460,270.00	$ 62,385.40	$ 460,270.00
100th Anniversary				2,338.78		(2,338.78)	
Executive Search Services			-	44,403.00		(44,403.00)	
Insurance	965.25	1,167.00	201.75	14,662.55	14,000.00	(662.55)	14,000.00
Equipment Rental	741.58	1,008.00	266.42	9,815.76	12,100.00	2,284.24	12,100.00
Office Expense	579.96	625.00	45.04	9,471.91	7,500.00	(1,971.91)	7,500.00
Postage		208.00	208.00	150.35	2,500.00	2,349.65	2,500.00
Telephone	227.52	250.00	22.48	3,343.66	3,000.00	(343.66)	3,000.00
Web Site Maintenance	129.66	200.00	70.34	3,099.63	2,400.00	(699.63)	2,400.00
Accounting Services	250.00	258.00	8.00	4,125.00	3,100.00	(1,025.00)	3,100.00
Business Development		121.00	121.00		1,450.00	1,450.00	1,450.00
Management Services	7,500.00		(7,500.00)	55,000.00		(55,000.00)	
Contingency	1,873.60	208.00	(1,665.60)	7,506.58	2,500.00	(5,006.58)	2,500.00
Meetings	911.49	363.00	(548.49)	6,243.51	4,350.00	(1,893.51)	4,350.00
Dues		82.00	82.00	225.00	980.00	755.00	980.00
Periodicals		17.00	17.00	535.00	200.00	(335.00)	200.00
Bank Charges	283.12	267.00	(16.12)	4,084.23	3,200.00	(884.23)	3,200.00
Travel		79.00	79.00		950.00	950.00	950.00
Organization Study	3,493.00			16,560.50		(16,560.50)	
Legal		417.00	417.00	2,593.33	5,000.00	2,406.67	5,000.00
Certified Audit			-	10,550.26	9,900.00	(650.26)	9,900.00
Sales Tax				69.70			
Photography			-	250.00		(250.00)	
Advertising	3,975.00	2,542.00	(1,433.00)	12,080.76	30,500.00	18,419.24	30,500.00
Total Expenses	60,598.91	46,168.00	(10,937.91)	604,994.11	563,900.00	(41,024.41)	563,900.00
Net Income	$ (15,022.77)	$ 7,074.00	$ (22,096.77)	$ 116,312.90	$ 99,000.00	$ 17,312.90	$ 99,000.00

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Summary of Revenue and Expenses by Category
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
General and Administrative							
Revenue	$ 45,576.14	$ 53,242.00	$ (7,665.86)	$ 721,307.01	$ 662,900.00	$ 58,407.01	$ 662,900.00
Expenses	60,598.91	46,168.00	(14,430.91)	604,994.11	563,900.00	(41,094.11)	563,900.00
Net Income	$ (15,022.77)	$ 7,074.00	$ (22,096.77)	$ 116,312.90	$ 99,000.00	$ 17,312.90	$ 99,000.00
Twilight Dance Series							
Revenue	$ -	$ -	$ -	$ 172,603.07	$ 150,000.00	$ 22,603.07	$ 150,000.00
Expenses	0.00	-	0.00	247,443.01	380,000.00	132,556.99	380,000.00
Net Income	$ -	$ -	$ -	$ (74,839.94)	$ (230,000.00)	$ 155,160.06	$ (230,000.00)
Carousel							
Revenue	$ 6,414.00	$ 8,417.00	$ (2,003.00)	$ 107,661.16	$ 101,000.00	$ 6,661.16	$ 101,000.00
Expenses	2,657.39	3,750.00	1,092.61	65,240.79	45,000.00	(20,240.79)	45,000.00
Net Income	$ 3,756.61	$ 4,667.00	$ (910.39)	$ 42,420.37	$ 56,000.00	$ (13,579.63)	$ 56,000.00
Paddle Board							
Revenue	$ 11,335.89	$ 25,000.00	$ (13,664.11)	$ 24,779.97	$ 35,000.00	$ (10,220.03)	$ 35,000.00
Expenses	18,959.21	6,040.79	(12,918.42)	27,541.27	35,000.00	7,458.73	$ 35,000.00
Net Income	$ (7,623.32)	$ 18,959.21	$ (26,582.53)	$ (2,761.30)	$ -	$ (2,761.30)	$ -
Outside Events							
Revenue	$ 16,724.00	$ 7,917.00	$ 8,807.00	$ 95,666.55	$ 95,000.00	$ 666.55	$ 95,000.00
Expenses	123.70	1,667.00	1,543.30	28,955.70	20,000.00	(8,955.70)	20,000.00
Net Income	$ 16,600.30	$ 6,250.00	$ 10,350.30	$ 66,710.85	$ 75,000.00	$ (8,289.15)	$ 75,000.00

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Summary of Revenue and Expenses by Category
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
SM Drive In Series							
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	186.36	-	(186.36)	8,030.33	-	(8,030.33)	-
Net Income	$ (186.36)	$ -	$ (186.36)	$ (8,030.33)	$ -	$ (8,030.33)	$ -
Total Revenue	$ 80,050.03	$ 94,576.00	$ (14,525.97)	$ 1,122,017.76	$ 1,043,900.00	$ 78,117.76	$ 1,043,900.00
Total Expenses	$ 82,525.57	$ 57,625.79	(24,899.78)	982,205.21	1,043,900.00	61,694.79	1,043,900.00
Net Income	$ (2,475.54)	$ 36,950.21	$ (39,425.75)	$ 139,812.55	$ -	$ 139,812.55	$ -

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Twilight Dance Series Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
REVENUE	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Sponsorships				$ 141,225.24			
Grants				5,000.00			
Wine Garden				21,439.20			
Sales				2,666.85			
Donations				2,271.78			
Total Revenue	$ -	$ -	$ -	$ 172,603.07	$ 150,000.00	$ 22,603.07	$ 150,000.00
EXPENSES							
Advertising				$ 18,889.59			
Parking				2,000.00			
Licenses				668.94			
Security				17,478.50			
Sound System				31,191.52			
Banners				6,065.14			
Shirts				4,910.68			
Fencing				1,011.63			
Setup/Takedown				8,372.52			
Producer Fees				80,827.69			
Photography				700.00			
Food				3,680.68			
Fire Permit				1,625.16			
Wine Garden				21,046.11			
Police Fees				40,351.33			
Recycling Bins				2,700.00			
Equipment Rental				3,569.51			
Office Expenses				201.84			
Postage				483.75			
Miscellaneous				1,668.42			
Total Expenses	$ -	$ -	$ -	$ 247,443.01	$ 380,000.00	$ 132,556.99	$ 380,000.00
Net Income	$ -	$ -	$ -	$ (74,839.94)	$ (230,000.00)	$ 155,160.06	$ (230,000.00)

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Carousel Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
REVENUE	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Carousel Rental	$ 6,414.00	$ 8,417.00		$ 107,661.16	$ 101,000.00		
Total Revenue	$ 6,414.00	$ 8,417.00	$ (2,003.00)	$ 107,661.16	$ 101,000.00	$ 6,661.16	$ 101,000.00
EXPENSES							
City Permit	$ 2,247.50			$ 44,267.51			
Security				5,763.00			
Carousel Operator				4,315.00			
Fire Permit				206.00			
Fire Safety Officer				590.96			
Police Fees				616.00			
Supplies				3,620.95			
Insurance	262.37			754.00			
Custodial Services	147.52			2,859.67			
Other Costs				2,247.70			
Total Expenses	$ 2,657.39	$ 3,750.00	$ 1,092.61	$ 65,240.79	$ 45,000.00	$ (20,240.79)	$ 45,000.00
Net Income	$ 3,756.61	$ 4,667.00	$ (910.39)	$ 42,420.37	$ 56,000.00	$ (13,579.63)	$ 56,000.00

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Paddle Race Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			Annual
REVENUE	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Entry Fees	$ 5,510.89			$ 7,479.97		$ -	
Exhibitor Fees	1,825.00			1,825.00			
Sponsorships	4,000.00	$ 25,000.00		15,475.00	$ 35,000.00		
Total Revenue	$ 11,335.89	$ 25,000.00	$ (13,664.11)	$ 24,779.97	$ 35,000.00	$ (10,220.03)	$ 35,000.00
EXPENSES							
Advertising	$ 1,589.84			$ 3,129.72			
Fire Permit				193.00			
Donations	2,500.00			4,000.00			
Supplies	1,712.01			5,511.87			
Office Expense				25.00			
Security	400.00			400.00			
Sound System	1,802.00			1,802.00			
Banners	3,049.52			3,049.52			
Fencing	83.76			83.76			
Setup/Takedown	820.99			820.99			
Photography	512.00			512.00			
Master of Ceremonies	250.00			250.00			
SM Police Fees	317.10			317.10			
Trash/Recycling Bins	125.00			125.00			
Web Site	500.00			595.00			
Music	350.00			350.00			
Printing	1,967.96			3,397.28			
Insurance	1,079.44			1,079.44			
Equipment Rental	1,899.59			1,899.59			
Other Costs							
Total Expenses	$ 18,959.21	$ 25,000.00	$ 6,040.79	$ 27,541.27	$ 35,000.00	$ 7,458.73	$ 35,000.00
Net Income	$ (7,623.32)	$ -	$ (7,623.32)	$ (2,761.30)	$ -	$ (2,761.30)	$ -

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
Outside Events Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
REVENUE	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Rental Income	$ 16,724.00	$ 7,917.00		$ 95,666.55	$ 95,000.00		
Total Revenue	$ 16,724.00	$ 7,917.00	$ 8,807.00	$ 95,666.55	$ 95,000.00	$ 666.55	$ 95,000.00
EXPENSES							
Fire Safety Officer				$ 1,181.92			
Fire Permit				579.00			
Security				720.00			
Sound System				3,405.00			
Banners				894.30			
Fencing				995.00			
Setup/Takedown				557.64			
Generator Permit				2,274.30			
Police Fees	$ (445.40)			1,281.15			
Equipment Rental				14,002.42			
Neighbor Notification Fees				600.00			
Recycling Bins				525.00			
Telephone				578.69			
Other Event Expenses	569.10			1,361.28			
Total Expenses	$ 123.70	$ 1,667.00	$ 1,543.30	$ 28,955.70	$ 20,000.00	$ (8,955.70)	$ 20,000.00
	$ 16,600.30	$ 6,250.00	$ 10,350.30	$ 66,710.85	$ 75,000.00	$ (8,289.15)	$ 75,000.00

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation
SM Drive In Series Revenue and Expenses
July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
REVENUE	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Rental Income	$ -	$ -		$ -	$ -		
Total Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENSES							
Setup/Takedown	$ 154.93			$ 2,351.17			
Event Emcee				3,000.00			
Police Fees	31.43			2,029.16			
Neighbor Notification Fees				150.00			
Recycling Bins				500.00			
Total Expenses	$ 186.36	$ -	$ (186.36)	$ 8,030.33	$ -	$ (8,030.33)	$ -
Net Income	$ (186.36)	$ -	$ (186.36)	$ (8,030.33)	$ -	$ (8,030.33)	$ -

See Accountant's Compilation Letter
James B. Parr CPA Inc.

Exhibit 12.

Santa Monica Pier Restoration Corporation

General and Administrative Revenue and Expenses

July 1, 2010 to June 30, 2011

	June 2011			Year to Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
EXPENSES							
Salaries and Benefits							
Executive Director				$ 33,250.00			
Community Liaison	$ 5,700.00			62,525.99			
Operations Manager	5,587.76			65,762.76			
Marketing Manager	5,191.00			55,095.00			
Administrative Assistant	4,068.75			41,758.39			
Performance Monitor	4,980.00			35,615.00			
Carousel Maintenance				481.00			
Health & Dental Insurance	3,614.00			55,963.02			
Payroll Taxes	1,952.87			25,449.93			
Workers Compensation	752.42			6,551.16			
Pension Plan Contributions	611.12			7,435.32			
Other Salaries & Benefits	7,210.81			7,997.03			
Total Salaries and Benefits	$ 39,668.73	$ 38,356.00	$ (1,312.73)	$ 397,884.60	$ 460,270.00	$ 62,385.40	$ 460,270.00
100th Anniversary				2,338.78		(2,338.78)	
Executive Search Services			-	44,403.00		(44,403.00)	
Insurance	965.25	1,167.00	201.75	14,662.55	14,000.00	(662.55)	14,000.00
Equipment Rental	741.58	1,008.00	266.42	9,815.76	12,100.00	2,284.24	12,100.00
Office Expense	579.96	625.00	45.04	9,471.91	7,500.00	(1,971.91)	7,500.00
Postage		208.00	208.00	150.35	2,500.00	2,349.65	2,500.00
Telephone	227.52	250.00	22.48	3,343.66	3,000.00	(343.66)	3,000.00
Web Site Maintenance	129.66	200.00	70.34	3,099.63	2,400.00	(699.63)	2,400.00
Accounting Services	250.00	258.00	8.00	4,125.00	3,100.00	(1,025.00)	3,100.00
Business Development		121.00	121.00		1,450.00	1,450.00	1,450.00
Management Services	7,500.00		(7,500.00)	55,000.00		(55,000.00)	
Contingency	1,873.60	208.00	(1,665.60)	7,506.58	2,500.00	(5,006.58)	2,500.00
Meetings	911.49	363.00	(548.49)	6,243.51	4,350.00	(1,893.51)	4,350.00
Dues		82.00	82.00	225.00	980.00	755.00	980.00
Periodicals		17.00	17.00	535.00	200.00	(335.00)	200.00
Bank Charges	283.12	267.00	(16.12)	4,084.23	3,200.00	(884.23)	3,200.00
Travel		79.00	79.00		950.00	950.00	950.00
Organization Study	3,493.00			16,560.50		(16,560.50)	
Legal		417.00	417.00	2,593.33	5,000.00	2,406.67	5,000.00
Certified Audit			-	10,550.26	9,900.00	(650.26)	9,900.00
Sales Tax				69.70			
Photography			-	250.00		(250.00)	
Advertising	3,975.00	2,542.00	(1,433.00)	12,080.76	30,500.00	18,419.24	30,500.00
Total Expenses	60,598.91	46,168.00	(10,937.91)	604,994.11	563,900.00	(41,024.41)	563,900.00
Net Income	$ (15,022.77)	$ 7,074.00	$ (22,096.77)	$ 116,312.90	$ 99,000.00	$ 17,312.90	$ 99,000.00

See Accountant's Compilation Letter

James B. Parr CPA Inc.

Exhibit 13.

COMPARISON OF PRC AND CITY STAFF POSITIONS

PRC Staff Title	Salary of Rate Range
Executive Director*	$108,000*
Deputy Director	$68,400
Operations Manager	$67,053
Marketing Manager	$52,500
Administrative Assistant	$19.50/hour
Weekend Activities Coordinator	$20.50/hour

City Staff Title	Salary of Rate Range
Division Manager	$107,940-$133,260
Event Services Supervisor	$66,940 - $81,408
Sales and Marketing Coordinator	$63,408 - $78,288
Event Coordinator	$56,676 - $69,972
Administrative Assistant	$21.99 - $27.14/hour
Event Coordinator-hourly	$27.25 - $33.64/hour

*former PRC Executive Director

Managing our Public Spaces

A COMPARATIVE SURVEY

Prepared for the Santa Monica Pier Restoration Corporation

URBAN PLACE
Consulting Group, Inc.

March 9, 2011

Managing Our Public Places: A Comparative Survey

Prepared for
The Santa Monica Pier Restoration Corporation

March 9, 2011

Written by Ashley Westman
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APPENDIX A – PUBLIC SPACE RESEARCH SURVEY **45**

INTRODUCTION

The Santa Monica Pier Restoration Corporation (the "PRC") is the non-profit organization dedicated to managing and promoting the historic Santa Monica Pier in the Los Angeles metropolitan area. The PRC's Executive Director left the organization in October 2010. In October 2010, the PRC contracted with Urban Place Consulting Group, Inc. ("UPC"), a Los Angeles-based company that facilitates the development of community in urban places, to assist the PRC in defining its long-term goals and in developing and implementing effective management and financial strategies.

More specifically, the PRC's Board of Directors is using the interim management period to:

a. Identify and develop the PRC's long term vision for the Pier;
b. Identify and analyze existing models for managing public spaces like the Pier;
c. Identify a preferred management and financial model and define the PRC's role within that model; and
d. Develop a strategic plan to implement the preferred management and financial model.

The purpose of this report is to identify and examine existing models for managing public spaces throughout the United States, and recommend a preferred model or combination of models to the PRC going forward.

THE SANTA MONICA PIER RESTORATION CORPORATION

Current Responsibilities

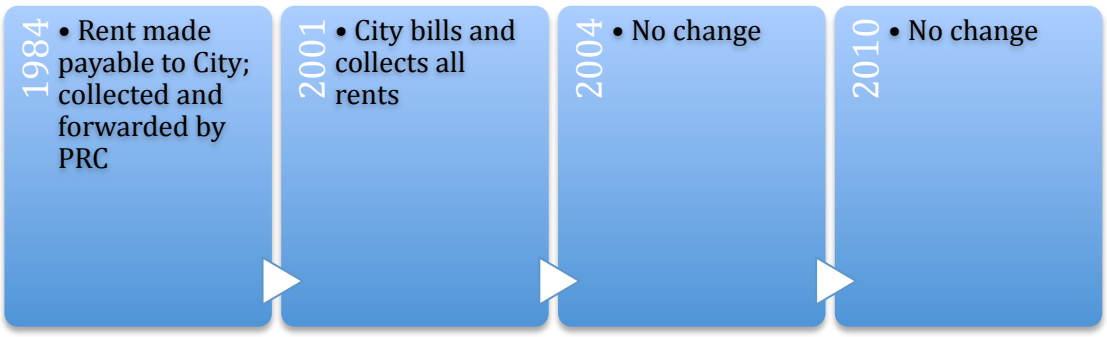
According to the latest service agreement between the PRC and the City of Santa Monica, the PRC is responsible for the "the promotion and protection of public and commercial use of the Pier." There are several areas that the PRC is currently **not** responsible for:

- *Leasing.* The PRC is responsible for preparing the Leasing Guidelines for City approval, but the City is responsible for identifying and negotiating with prospective tenants.
- *Collecting rent.* The City is responsible for collecting rent from tenants.
- *Repairs and maintenance.* The PRC reports maintenance and repair matters to the City, and the City may undertake the work at its sole discretion.
- *Security and policing.* The PRC advises the City on security matters, but is not responsible for policing the Pier.

Comparison of Service Agreements

The PRC and the City of Santa Monica have entered into several iterations of a service agreement: the first in 1984, the second in 2001, and the third in 2004, with an amendment to the 2004 agreement executed in 2010. Significant changes between the agreements are outlined below.

Collecting Rent



Leasing Responsibilities

1984
- PRC has autonomy in administering all leases
- PRC responsible for lease inquiries and negotiations

2001
- City may issue RFPs for available space
- City responsible for lease inquiries and negotiations

2004
- No change

2010
- No change

Event Revenue

1984
- Not specified

2001
- PRC deposits all special event and charitable revenue with Resource Management Department

2004
- PRC deposits all parking fees from special events with Resource Management Department

2010
- PRC collects carousel event revenue and deposits 50% of carousel event rental fees with City

Parking Management

1984
- PRC assists in administration of existing parking program

2001
- PRC must include parking concerns and recommenda-tions in annual Business Plan

2004
- No change

2010
- No change

OTHER PUBLIC SPACES

Introduction

The PRC's Board of Directors wants to better understand the best management practices of other public space organizations in the country. By understanding the management and financial models of other successful public spaces, the PRC's Board can better formulate a vision for the Santa Monica Pier's future.

Methodology

Urban Place Consulting conducted a thorough review of every U.S. public space in the Project for Public Spaces ("PPS") "Great Places Database," an extensive compilation of markets, plazas, transit stations, and even privately owned buildings that all act as great places to meet, mingle, shop, or dine. In order to be included in our analysis, a place had to:

a. Be on public land (municipal, state, or federal);
b. Contain privately owned businesses; and
c. Contain semi-permanent or permanent structures.

The "permanence" of the structure and place was important to establish a similarity with the historic and well-known Santa Monica Pier. Many of the cases analyzed below represent the iconic meeting place and tourist destination of their respective localities. In each case we looked for a level of popularity or history similar to what the Pier enjoys.

Based on a review of the PRC's service agreements with the City of Santa Monica and UPC's collective knowledge of the responsibilities that go with managing public spaces, we developed a series of questions that would help us understand the day-to-day operations, responsibilities, and relationships of other public places.

Many cases are public spaces managed by non-profit entities. However, two (the Ferry Building in San Francisco, CA and The City Market in Kansas City, MO) are public spaces managed by a single private company or partnership. Although the PRC is a non-profit organization, we included these private management firms in addition to other non-profits for an additional perspective on best management practices.

Fifteen public places throughout the country met our above qualifications. UPC contacted the parties responsible for the management of these spaces, whether they were non-profit organizations, public agencies, or private firms. Of the 15 organizations contacted:

- 9 provided information and/or completed our survey (see "Case Studies," below)
- 2 provided commentary on the unique nature of their organization (see "Special Cases," below)
- 4 did not respond or were not willing to provide adequate information for purposes of our research

The nine organizations that completed our survey answered questions on topics ranging from leasing and rent collection to marketing and promotions.

Case Studies

UPC received detailed information on the following public spaces.

The City Market – Kansas City, MO

Since 1857 the City Market has been home to a mix of restaurants and merchants who offer gifts, flowers, home accessories, and specialty foods. In the late 1980s, $14.5 million in public and private funds were invested in the City Market with additional funds committed to energize the surrounding River Market neighborhood. The City Market hosts the Kansas City region's largest farmers' market on Saturdays with additional markets taking place on Sundays and Wednesdays. The buildings surrounding the open-air market house more than 35 permanent shops and restaurants that are open seven days a week year round. The City Market is also one of the largest outdoor concert venues in Kansas City, accommodating up to 10,000 people. Past performers include Grammy award winners Nelly Furtado, John Mayer, and Evanescence. In addition, the City Market hosts a weekly vintage car show and is a popular spot for wedding ceremonies. Annual attendance is estimated at more than 630,000. Copaken Brooks, a private real estate company, is responsible for managing the property on behalf of the City of Kansas City. Its staff manages leases, marketing and advertising, maintenance, special events, concerts, farmers' market operations, civic involvement, and more.

Photo courtesy of "ChrisM70" on Flickr.

Photo courtesy of "davidtravel" on Flickr.

The Ferry Building – San Francisco, CA

The Ferry Building, listed in the National Register of Historic Places, has been a San Francisco institution since its opening in 1898. Today it houses a ground floor retail marketplace, with premium office space located on the second and third floors.

Photos courtesy of "BruceTurner" and "Peter E. Lee" on Flickr.

Permanent retailers and temporary vendors occupy the halls and arcades of the interior, and the wide esplanade on the Bay-side of the building is also open to pedestrians. Two city-side cafes and two Bay-side restaurants offer spectacular views to their patrons. The Ferry Building is owned by the Port of San Francisco and is leased to Equity Office Properties (EOP), which manages the property as a private developer. EOP oversees management responsibilities, collection of rent, and enforcement of lease provisions, such as hours of operation, types of products sold per individual lease, ABC requirements and other permits, and all issues outlined in the tenant guidelines. EOP is also responsible for marketing and special events. The mission of the management team is to:

- *"Showcase small regional producers that practice traditional farming or production techniques and who develop personal relationships with their customers;*
- *Promote the Bay Area's vast ethnic diversity and serve as an incubator for artisan producers who are returning to sustainable methods of agriculture and production;*
- *Provide a central location for the promotion of the world-class food and wine producing regions of Northern California and recognize wine's connection to our rich regional cuisine;*
- *Collaborate with local transit authorities to build strong regional ties to the Ferry Building and support the revitalization of the San Francisco waterfront; and*
- *Operate as a community gathering-place for the celebration of local culture and cuisine."*

Findlay Market – Cincinnati, OH

Findlay Market is located in a dense and historic neighborhood of Cincinnati; it is Ohio's oldest continuously operated public market. It was built in the 1850s on land donated to the City of Cincinnati. Findlay Market hosts a seasonal farmers' market and houses about two dozen permanent tenants year-round. It offers fresh foods and dry goods, specialty foods, restaurants, entertainment, gifts, souvenirs, and furniture.

Photo courtesy of the Corporation for Findlay Market.

It is managed by the Corporation for Findlay Market (the "CFFM"), which was founded in 2000 to lead the revitalization of the market. The CFFM's mission is

> *"… to preserve historic Findlay Market for future generations by developing it into a thriving, growing, dynamic public market that spurs economic development in the surrounding neighborhood. The Corporation is entrusted with one of Cincinnati's most cherished institutions, a living landmark listed on the National Register of Historic Places that is also one of the most important assets in Cincinnati's emerging downtown renaissance."*

CFFM's responsibilities include day-to-day operations, general maintenance, marketing and promotion, public relations, tenant coordination, leasing and new tenant recruitment, and customer service. CFFM also serves as the City of Cincinnati's Preferred Developer for 40 pieces of city-owned real estate in the market district.

Glen Echo Park – Glen Echo, MD

Photo courtesy of "afagen" on Flickr.

Glen Echo Park was formed in 1891 as a National Chautauqua Assembly, a movement dedicated to adult education in sciences, the arts, and languages, which was popular in the late 19th and early 20th centuries. It grew into Washington, D.C.'s premier amusement park until the late 1960s. The federal government obtained the land, which is managed by the National Park Service to this day. In 2002, Montgomery County established the Glen Echo Park Partnership for Arts and Culture (the "GEPP") to manage the park's programs and facilities. The mission of the GEPP is

> *"… to present vibrant artistic, cultural and educational offerings at Glen Echo Park and to promote the Park as a unique destination for the region's diverse population."*

While Glen Echo Park rents its various ballrooms and pavilions for special events, its main focus is to provide studio space for artists and art organizations that offer classes to the public. The Park also houses a historic Dentzel Carousel, which operates every year from April through September. Other Park amenities include a picnic and playground area and a seasonal café. Various dance companies and presenters use the Park for weekly social dances, in styles ranging from swing to tango. Altogether, these activities and uses draw over 400,000 visitors to the Park annually.

Granville Island – Vancouver, BC

Granville Island is a revitalized urban neighborhood filled with waterfront restaurants, theaters, galleries, studios, shops, cafes, and a fresh food market. Visitors can also catch ferry rides and kayak tours, visit the brewery, or witness a multitude of festivals and street performances. Despite its recent redevelopment, Granville Island is respectful of its heritage. The original early-1900s tenants of the island were forest, mining, and construction businesses. The Island declined as did the demand for heavy industry after World War II, and a redevelopment effort began to restore the environment surrounding the Island and False Creek, and to redevelop the area as a pedestrian-friendly place with a variety of uses. In 1972, on behalf of the Government of Canada, the administration of Granville Island was transferred to Canada Mortgage and Housing Corporation (CMHC). CMHC is responsible for collecting rent, managing leases, coordinating special events, and promoting and marketing the Island. Its mission is

Photos courtesy of Canada Mortgage and Housing Corporation.

> *"… to provide a self-sustaining environment that fosters diverse cultural, educational and commercial enterprises while maintaining the Island's historic industrial character."*

Today's mix of cultural, artisan, recreational, industrial, maritime, retail, and market communities invigorates Granville Island, resulting in accolades such as Project for Public Spaces' "Best Neighborhood in North America" in 2004. More than 10 million people visit Granville Island annually.

Lexington Market – Baltimore, MD

Lexington Market has been a Baltimore tradition since 1782. The site began as a meeting place for farmers and merchants, on land donated to the city by a hero of the American Revolution. By 1925, there were over 1,000 stalls under 3 block-long sheds. In 1949, a large fire destroyed the market's existing buildings and propelled the market to modernize. The revitalization of the market was finally completed in 2002. Today it houses 140 merchants that provide fresh meats, seafood, poultry, groceries, specialty items and prepared foods for take-out and on-site consumption. Events scheduled throughout the year include Lunch with the Elephants, The Chocolate Festival, special programs for the holidays, community services, and midday music events. The Market is located in the hub of Downtown Baltimore's West Side and will play a large role in that area's ongoing renaissance and redevelopment.

Photo courtesy of "Reading Tom" on Flickr.

Photo courtesy of "BBC Radio 4" on Flickr.

Pike Place Market – Seattle, WA

Pike Place Market, called the "Soul of Seattle," began in 1907 as a public reaction to high price markups for produce. Spearheaded by Councilman Thomas Revelle, consumers met directly with farmers to avoid the middleman's markup. Pike Place Market has been successful ever since, and today is home to more than 200 year round commercial businesses; 190 craftspeople and approximately 100 farmers who rent table space by the day; 240 street performers and musicians; and more than 300 apartment units, most of which are for low-income seniors. Pike Place is a social hub that offers a variety of special events throughout the year, from cooking demonstrations to musical performances. The Pike Place Market Preservation & Development Authority (the "PPM PDA") manages the market, and its mission is to:

- *"Preserve the traditional character and uses of the Public Market;*
- *Renew, rehabilitate, preserve, restore, and develop structures and open spaces in and around the Market Historic District;*
- *Continue the opportunity for Public Market farmers, merchants, residents, shoppers, and visitors to carry on traditional market activities;*
- *Initiate programs to expand food retailing in the District, especially the sale of local farm produce;*
- *Provide goods, services, and housing to low and moderate income people;*
- *Promote small-owner operated businesses that have the opportunity to thrive in a unique community where producers meet and interact with consumers;*
- *Consider the views of the public and the Market community in establishing policies, programs, and budgets to further the preservation objectives of the Market."*

Photo courtesy of "innis22mara" on Flickr.

The PPM PDA is unique in our case studies in that it actually owns the land and improvements of the Pike Place Market area, as opposed to ownership by the City or other public agency.

Pioneer Courthouse Square – Portland, OR

Pioneer Courthouse Square was built in 1984 on a city block that formerly housed the Pioneer Courthouse, the Portland Hotel, and a two-level parking structure at different points in time. In the 1970s, city planners decided the area should be public open space and the City of Portland purchased the land. The Square has since become the "living room" of downtown Portland. It is managed by the non-profit Pioneer Courthouse Square, Inc., which has a management agreement with the City of Portland's Parks and Recreation Bureau and is responsible for leasing, marketing, promotions and events, and repairs and maintenance. The Square hosts over 300 events per year, including outdoor movies, concerts, and festivals, and was one of the first non-smoking public spaces in the United States. Access to two MAX light rail stations are incorporated into the plaza, and over 9 million people visit the Square annually.

Photo courtesy of "megaarchitect" on Flickr.

Photo courtesy of Pioneer Courthouse Square, Inc.

Reading Terminal Market – Philadelphia, PA

Reading Terminal Market opened its doors in 1892 underneath a busy railroad terminal. The Market enjoyed great success until the advent of the automobile and the 1971 bankruptcy of the railroad company. As a final blow in 1985, the City's commuter rail system was rerouted to bypass the terminal. After several years of negotiations, the Pennsylvania Convention Center Authority was created to acquire and convert the Reading Terminal into an entranceway to the new convention center under construction. Philadelphians successfully demanded that the market under the silent tracks would be part of the rehabilitation plan for the building, and construction to revitalize the Market began in the early 1990s.

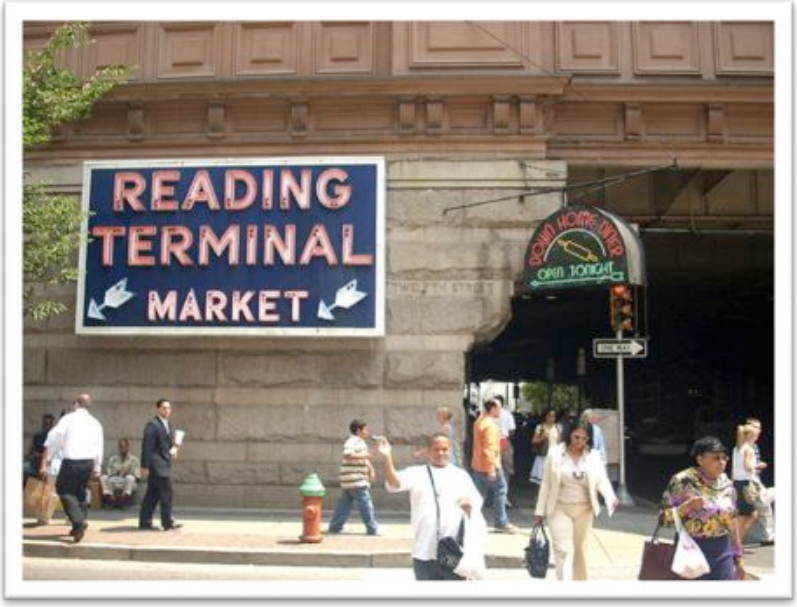


Photo courtesy of "Katherine of Chicago" on Flickr.

The Reading Terminal Market is managed by a 501(c)3 not-for-profit corporation that was created in 1994 for the sole purpose of managing the Market. Reading Terminal Market Corporation (RTMC) is a tenant of the Pennsylvania Convention Center Authority, the state-chartered entity that owns the building in which the Market is located. RTMC is responsible for managing all aspects of leasing, operating, marketing, and maintaining the Reading Terminal Market. Its mission is:

- *"To preserve the architectural and historical character, and function, of the Reading Terminal Market as an urban farmers' market;*
- *To provide a wide variety of produce, meat, fish, bakery and dairy products, and other raw and prepared food, brought to a public market in the center of the city by farmers, growers, producers and chefs;*
- *To maintain an environment that recognizes and celebrates the diversity of our citizens and fosters their interaction;*
- *To strengthen the historic link and mutual dependency of our rural and urban communities; and,*
- *To achieve this, while preserving the financial viability and achieving self-sufficiency for the Market."*

Today the market thrives with vendors selling an array of goods from fresh produce to exotic spices. Over 5 million visitors pass through the Market annually.

Special Cases

Urban Place Consulting contacted the management organizations of the following public places. Completion of a formal survey was deemed inappropriate, however, because these organizations are currently undergoing restructuring. A summary of each case and commentary from its organizers follows.

Beale Street – Memphis, TN

Created in the 1840s by an entrepreneur and developer, Beale Street (then Beale Avenue) saw its musical beginnings when the Young Men's Brass Band began to perform there in 1867. Since that time, Beale Street developed into a neighborhood lined with restaurants, bars, and music venues. In the early 1900s, the area was well known for heavy gambling, voodoo, murder, and prostitution. In the 1940s, jazz legends Louis Armstrong, B. B. King, and others played on Beale Street and helped develop the style known as Memphis Blues. Beale Street was even officially declared the "Home of the Blues" by an act of Congress in 1977. Despite this, Beale Street went into decline in the 1970s after a failed urban renewal program. It revived in the 1980s with the redevelopment and management of Performa Entertainment Real Estate, which managed Beale Street until recently.

Photo courtesy of Performa Entertainment.

The City of Memphis owns all the land and buildings that comprise the Beale Street district. Performa Entertainment has been the sole manager under a master lease agreement with the City since 1982, and was responsible for leasing, promotions, marketing, safety, and maintenance. In 2010, however, the City and Performa reached a settlement agreement for a multi-year court battle over alleged financial misappropriations.[1] Going forward, Performa will no longer manage Beale Street, and the City is forming a citizens' committee to determine the future of the district.

Urban Place Consulting interviewed Jeff Sanford, a Memphis-based urban redevelopment consultant familiar with Beale Street's history and current issues. Sanford will act as a consultant to Mayor A. C. Wharton Jr.'s appointed "Blue Ribbon" citizens' committee and will make recommendations on how to proceed with Beale Street.

When reflecting on Beale Street's history, Sanford said that, "although it took the better part of twenty years to become profitable, Beale Street has been a great success, and is

[1] "Controversy Remains Around City, Performa Settlement." Memphis Daily News. 2010 July 9. http://www.memphisdailynews.com/editorial/Article.aspx?id=51206. Accessed 2011 February 3.

now the centerpiece of the City's substantial tourism industry." According to Sanford, there were three keys to this success:

- Having all the clubs and businesses under a master lease gave the management company the ability to control the variety and quality of the businesses.
- Performa generally adhered to a philosophy that the street and its establishments should be authentic Memphis; consequently, most of the clubs are not chains.
- Beale Street has benefited from a very strong merchant's association that has been an integral part of programming the street along with the management company.

In light of Performa's alleged financial misconduct with the City of Memphis, UPC asked Sanford how other public space management organizations could best balance management autonomy with City oversight to avoid such issues. Sanford replied that the way to strike the right balance and guard against abuse is to:

- Draft a very clear master lease spelling out, in detail, the rights and obligations of the parties to the agreement;
- Explicitly document the financial reporting responsibilities of the management company – and the annual review and auditing right of the City; and
- Clearly document the signee's rights to terminate.

Going forward, there are many routes the City can take with Beale Street. It could find new management or even sell the land to a private developer. Sanford said, however, that only one thing is certain: in addition to its historical value, Beale Street represents a "very important engine in Memphis' tourism economy," and they must do everything they can to "protect what that represents."

Navy Pier – Chicago, IL

With over 50 acres of parks, promenades, gardens, shops, eateries, and attractions, Navy Pier is the Midwest's number one tourist destination, attracting over 8 million visitors annually. Just east of downtown Chicago on Lake Michigan, the Pier first opened in 1916. It fell into disuse in the 1970s and 1980s until ownership was transferred in 1989 to the Metropolitan Pier and Exposition Authority (MPEA), a hybrid city-state municipal agency. MPEA embarked on a multiyear $150 million development plan to create a unique recreation and exposition attraction on Chicago's lakefront.

In 2010, MPEA commissioned the Urban Land Institute (ULI) to help create a new vision for Navy Pier and to "recommend specific actions to achieve that vision through financially-sustainable renovation, redevelopment, and reprogramming."[2] The ULI made the following recommendations in November 2010, all of which are currently underway:

- Reaffirm the purpose and mission of Navy Pier to provide a sense of direction, guide decision-making and provide a framework for strategic planning.

[2] "ULI Report Summary" commissioned by Metropolitan Pier and Exposition Authority. 2010 November 10. http://www.navypier.com/ULIreport/pdf/ULIReportSummary.pdf. Accessed 2011 February 23.

- Revise the Pier's governance structure to create a governing body whose function is to serve as an advocate solely for Navy Pier, to be its "champion."
- Develop a strategic plan providing a framework for evaluation of ULI and other recommendations from the perspectives of fulfilling the Pier's vision, financial sustainability, the ability to be implemented, and other factors.

The ULI recommended that the above goals be accomplished before embarking on any redevelopment or capital improvement efforts at Navy Pier.

Because the MPEA currently governs both Chicago's McCormick Place (the nation's largest convention center) and Navy Pier, ULI recommended that Navy Pier have its own Board – "a champion ... speaking and advocating only for Navy Pier." According to MPEA's summary document, this new governing body "could include civic and public leaders serving on a separate, non-profit entity or an independent subsidiary of the MPEA and [should] focus exclusively on what is best for the Pier. The new Navy Pier board, according to ULI, should be more than a 'mere advisory board' and should have a 'clear mandate of responsibility and authority to carry out the mission.'"

The ULI report[3] recommended that Navy Pier develop a comprehensive long-term strategic plan that includes "the purpose and mission of Navy Pier, guiding principles, business objectives, a vision that operationalizes the mission, a business plan and business case, a redevelopment program plan, a master land use and infrastructure plan, and a self-sustaining financial plan and capital budget." Specific suggestions related to management and finances include investing 10 percent of gross revenues back into Navy Pier for deferred maintenance and new capital projects, and developing benchmarks as measures of success, such as visitation levels, net profitability, and spending per visitor.

Photo courtesy of www.destination360.com.

Urban Place Consulting's communication with MPEA staff in January 2011 confirmed that MPEA is taking the ULI's recommendations seriously. They declined to answer our survey

[3] "Navy Pier, Chicago, IL: An Advisory Services Panel Report." Urban Land Institute. 2010. http://www.navypier.com/ULIreport/pdf/NavyPierReport.pdf. Accessed 2011 February 23.

because they are "in the process of reforming [their] governance structure and reviewing all policies and procedures." They admitted that theirs was a "complicated governing system that [they] are trying to reform and simplify."

According to a January 5, 2011 press release[4] from the MPEA, thirteen Chicago civic leaders agreed to sit on the Board of Directors of the newly formed non-profit corporation, Navy Pier, Inc. The new Board has already begun to plan for the transition, although it will not take over management of the Pier until July 1, 2011.

The MPEA will retain ownership of Navy Pier, but enter into a long-term lease with Navy Pier, Inc., giving it the authority to make key decisions on operations, maintenance and implementation of the Pier's revitalization. The MPEA will also provide an initial infusion of capital for deferred maintenance and seed money for the Pier's redevelopment. In the press release, MPEA Trustee Jim Reilly said that "the Pier is past due for a major revitalization which will require persistence and stability over a four or five year period and a separate, dedicated civic board is better suited to see through that vital project."

Case Study Comparison

Urban Place Consulting surveyed management organizations on a variety of topics, ranging from leasing to relationships with public agencies. Below, we grouped each organization's response by topic and survey question for ease of use in making quick comparisons on a given subject.

The management organizations for Pioneer Courthouse Square and Granville Island did not fully complete our research survey; therefore information was collected from other sources to complete the answers as best as possible. In some instances, however, we were unable to obtain the information; this is noted where appropriate.

Management Summary

The table below summarizes basic information about the management organizations surveyed.

Public Place	Organization Name	Location	Organization Type	Staff Members	Board Members	Annual Budget
The City Market	Copaken Brooks LLC	Kansas City, MO	Private	6.5 FTE	Not applicable	$1.3m
The Ferry Building	Equity Office Properties	San Francisco, CA	Private	4 FTE	Not applicable	Not available
Findlay Market	Corporation for Findlay Market	Cincinnati, OH	Non-profit	14.5 FTE	22	$1.5m
Glen Echo	Glen Echo	Glen Echo,	Non-profit	12 FTE	22	$1.6m

[4] "Separate Not-for-Profit Corporation to Govern and Manage Navy Pier Under Long Term Lease." MPEA Press Release, 2011 January 5. http://www.mpea.com/press_room/pdf_11/01_11_np_nfp_gov_pr.pdf. Accessed on 2011 February 23.

Park	Park Partnership for Arts and Culture	MD				
Granville Island	Canada Mortgage and Housing Corporation	Vancouver, BC	Government-owned corporation	Not available	Not available	Not available
Lexington Market	Lexington Market, Inc.	Baltimore, MD	Non-profit	53 FTE	11	$5.9m
Pike Place Market	Pike Place Market Preservation & Development Authority	Seattle, WA	Non-profit	102 FTE	12	$12.8m
Pioneer Courthouse Square	Pioneer Courthouse Square, Inc.	Portland, OR	Non-profit	6 FTE	34	$1.9m
Reading Terminal Market	Reading Terminal Market Corporation	Philadelphia, PA	Non-profit	7 FTE	8	$3.5m

Leasing Responsibilities

The following tables compare the leasing responsibilities of each case.

WHO COLLECTS RENTS?	Management Organization	Public Agency
The City Market	√	
The Ferry Building	√	
Findlay Market	√	
Glen Echo Park	√	
Granville Island	√	
Lexington Market	√	
Pike Place Market	√	
Pioneer Courthouse Square	√	
Reading Terminal Market	√	

WHO ARE RENT CHECKS MADE PAYABLE TO?	Management Organization	Public Agency
The City Market	√	
The Ferry Building	√	
Findlay Market	√	

Glen Echo Park	√	
Granville Island	√	
Lexington Market	√	
Pike Place Market	√	
Pioneer Courthouse Square	√	
Reading Terminal Market	√	

INTO WHOSE ACCOUNT IS RENT DEPOSITED?	Management Organization's	Public Agency's
The City Market	√	
The Ferry Building	√	
Findlay Market	√	
Glen Echo Park	√	
Granville Island	√	
Lexington Market	√	
Pike Place Market	√	
Pioneer Courthouse Square	√	
Reading Terminal Market	√	

HOW LONG IS A TYPICAL LEASE TERM?	
The City Market	1, 3, or 5 years
The Ferry Building	3 – 20 years with options to renew
Findlay Market	1 – 5 years for year-round tenants; may change to 2 years maximum
Glen Echo Park	Long term for large tenants, short term for smaller tenants; varies depending how much they have invested in their fit-out
Granville Island	3 – 5 years. Leases for large footprints have been given longer terms in the past for a variety of reasons including capital investment and use.
Lexington Market	2 years
Pike Place Market	5 years, plus one to two 5-year renewal options; rare cases with significant upfront investments have a total of 15 years in options

Pioneer Courthouse Square	5 years or longer[5]
Reading Terminal Market	5 – 7 years

HOW MANY TENANTS DO YOU HAVE ON AVERAGE?	
The City Market	37 permanent
The Ferry Building	41 – 45 permanent
Findlay Market	26 permanent 140 seasonal/temporary
Glen Echo Park	14 permanent
Granville Island	275 permanent
Lexington Market	108 permanent
Pike Place Market	300 commercial 300 – 400 residential
Pioneer Courthouse Square	5 permanent 3 temporary
Reading Terminal Market	78 permanent 8 seasonal/temporary

IS YOUR ORGANIZATION RESPONSIBLE FOR DEVELOPING AND IMPLEMENTING A LONG TERM LEASING STRATEGY?	
The City Market	Yes, with direction from City.
The Ferry Building	Yes.
Findlay Market	Yes.
Glen Echo Park	Yes.
Granville Island	Yes.
Lexington Market	Yes, with Board direction and stakeholder input.
Pike Place Market	Yes.
Pioneer Courthouse Square	Not available.
Reading Terminal Market	Yes.

WHAT IS THE PROCESS FOR IDENTIFYING AND NEGOTIATING WITH PROSPECTIVE TENANTS?
The City Market
Copaken Brooks is responsible and has a designated leasing agent that negotiates leases and receives approval of tenants from its Oversight Committee.
The Ferry Building
Equity Office is responsible; they identify a specific business type and spend up to one year seeking the right tenant, then formally contact that potential

[5] Inferred from information on tenant history (http://www.pioneercourthousesquare.org/history.htm) and tenant lease expirations found in Exhibit C of Management Agreement with City of Portland.

tenant once space becomes available. The ground lease with the Port broadly specifies that tenants must align with the Ferry Building concept of a "market hall." Other agencies have input on design guidelines and waterfront access issues.
Findlay Market
Corporation for Findlay Market is responsible. The city is not involved with leasing. CFFM formerly had a full-time position devoted to leasing to fill the newly renovated and expanded market (they started with a 47% occupancy rate). It was not very productive – most tenants found them on their own.
Glen Echo Park
Glen Echo Park Partnership is responsible for recruiting and negotiating with resident artists and organizations.
Granville Island
Not available.
Lexington Market
Lexington Market, Inc. is responsible. They do minimal recruiting. They receive many inquiries from walk-ins, callers and their website. Prospects must submit an application for consideration. Applicants must qualify based on: proposed menu and its "fit" with the overall Market menu offerings, candidate experience in food retail and/or running a business, and financial wherewithal for at least the first term of the lease. No other agency is involved in this process, except possibly by referral.
Pike Place Market
Pike Place Market PDA is responsible. Retail vacancies are listed on the website. Those interested in opening a business must submit an application to PPM PDA Commercial Property Department. The application specifies that the PDA is "unlikely to pursue applications for import items, jewelry shops, and souvenirs, tee shirt, or sweatshirt stores." The lease is proposed to PDA Council for approval. Applicant must then apply to City of Seattle's Market Historical Commission for approval of ownership, use and design.
Pioneer Courthouse Square
Lease information was not available. The application for a vending cart permit is available on Pioneer Courthouse Square, Inc.'s website.
Reading Terminal Market
Reading Terminal Market Corporation is responsible. Prospective tenants must complete an application and submit a personal financial statement and other relevant information to RTMC. If the proposed use fits into the Market's merchandising plan and the tenant is deemed to be a good prospect, a lease proposal may be offered. Final lease approval rests with the Board of Directors.

DOES YOUR ORGANIZATION HAVE DIFFERENT LEASING STRATEGIES FOR LONGER-TERM TENANTS AND SHORTER-TERM VENDORS?	
The City Market	No, unless there is a negotiation for tenant improvements.
The Ferry Building	Yes; restaurants have longer leases due to initial capital investments; smaller vendors without cooking facilities have shorter leases with shortened option

	periods.
Findlay Market	They rent by the day, month, and season to part-time vendors in the farmers markets and street bazaar. They try to find long-term tenants for the full-time year round market.
Glen Echo Park	Long term for large tenants; short term for small tenants. They take 5% of earned income and have lower base rent for larger organizations; flat rent for smaller ones. They ensure it is below market and in same general cost area as other studios in town.
Granville Island	Rents for cultural and artisan tenants on Granville Island are lower per square foot compared to commercial rents in an effort to support local, independent businesses with unique offerings.[6]
Lexington Market	Tenants with annual leases receive the most attention regarding compliance, rules, and regulations. Monthly (pushcarts) and weekly outdoor retail areas are monitored for regular payment.
Pike Place Market	Short-term vendor leases have a preference for marginal businesses. All lessees must be non-chain/non-formula.
Pioneer Courthouse Square	Short-term vending applications are available on the organization's website. Information on leasing for long-term tenants was not available.
Reading Terminal Market	Yes; they offer "Day Stall License Agreements" for part-time vendors who sell from tables in the Market one or more days a week.

Marketing and Promotional Responsibilities

The following tables compare the marketing and promotional responsibilities of each case.

IS YOUR ORGANIZATION RESPONSIBLE FOR DEVELOPING A LONG TERM MARKETING OR PROMOTIONAL STRATEGY?	
The City Market	Yes; but the budget is nominal.
The Ferry Building	Yes; at least 4 building-wide events per year; tenant participation is written in the tenant leases; the building is available at other times for promotional events.
Findlay Market	Yes.
Glen Echo Park	Yes.
Granville Island	Yes.
Lexington Market	Yes.
Pike Place Market	Yes; PPM PDA develops and executes an annual

[6] Letter from Lino Siracusa, Director, Granville Island; dated 2007 July 9. Accessed from http://forums.egullet.org/index.php?/topic/63043-granville-island-market/page__st__150 on 2011 February 22.

	marketing plan.
Pioneer Courthouse Square	Yes.
Reading Terminal Market	Yes.

IS YOUR ORGANIZATION RESPONSIBLE FOR COORDINATING MARKETING OR PROMOTIONAL ACTIVITIES OR EVENTS?	
The City Market	Yes.
The Ferry Building	Yes; they coordinate building-wide events and encourage tenants to conduct their own events separately throughout the year.
Findlay Market	Yes.
Glen Echo Park	Yes.
Granville Island	Yes.
Lexington Market	Yes.
Pike Place Market	Yes.
Pioneer Courthouse Square	Yes; they host over 300 events per year.
Reading Terminal Market	Yes.

IS YOUR ORGANIZATION RESPONSIBLE FOR FUNDING MARKETING OR PROMOTIONAL ACTIVITIES OR EVENTS?	
The City Market	Yes; they pursue grants and sponsorships.
The Ferry Building	Yes; tenants are charged a monthly marketing fee to cover some of the costs; they budget for overruns because building-wide events help promote sales.
Findlay Market	Yes; public funds cannot be used for marketing, events, or promotional activities.
Granville Island	Yes.
Glen Echo Park	Yes.
Lexington Market	Yes.
Pike Place Market	Yes.
Pioneer Courthouse Square	Yes.
Reading Terminal Market	Yes.

WHAT ARE THE MOST SUCCESSFUL EVENTS?	
The City Market	Food festivals; recycling events; concerts.
The Ferry Building	All building-wide events are successful. The events are seasonal, with 1 event per quarter for the past 7 years.
Findlay Market	Big events fill up scarce parking and obstruct shopping; instead, they focus on smaller events – book signings, cooking demos, bicycle workshops, etc. Some large annual events include a chili cook-

	off, Mardi Gras, Art and Poetry Festival, a blues music and barbecue event, and a harvest festival. They lack an indoor venue, so weather affects these events significantly. They host food related fundraising events away from the market.
Glen Echo Park	Free public festivals utilizing park assets.
Granville Island	Canada Day.
Lexington Market	By attendance and media coverage: 1) Annual Chocolate Festival 2) Free Health Fairs (multiple) 3) Annual Winter Fashion Show 4) December School Holiday performances 5) Annual Lunch with the Elephants (Feld Bros./Barnum & Bailey)
Pike Place Market	Events related to food and farm (i.e., close to the core mission and purpose).
Pioneer Courthouse Square	Not available.
Reading Terminal Market	A popular and successful series of food-themed events throughout the year.

Other Responsibilities

The following tables compare the additional responsibilities of each case, including maintenance, safety, parking management, and marketing.

DOES YOUR ORGANIZATION COORDINATE AND/OR PAY FOR ROUTINE REPAIRS OR MAINTENANCE SERVICES?	
The City Market	Yes.
The Ferry Building	Yes; tenants are charged a common area maintenance (CAM) fee based on their square footage. Because the building is public and the use of the restrooms and common areas is public, the CAM charges run $30.00 per square foot. This covers real estate taxes and building insurance as well as janitorial and security. Individual tenants pay for their own insurance and maintenance for their premises.
Findlay Market	Yes; staff performs janitorial and light maintenance duties. They contract outside vendors for skilled trades work such as plumbing and HVAC.
Glen Echo Park	Yes; they coordinate and pay for most routine repairs, but the County takes care of HVAC, alarms, some plumbing, and some electrical. The National Park Service takes care of grounds, security, a few major repair items (i.e., roofs), and parking.
Granville Island	Yes.
Lexington Market	Yes; out of net working capital and cash flow.

Pike Place Market	Yes; PPM PDA conducts and pays for routine maintenance.
Pioneer Courthouse Square	Yes; cleaning is contracted through Business Improvement District.[7] The City Parks Department provides landscape services and is on call to fix major problems.
Reading Terminal Market	Yes.

DOES YOUR ORGANIZATION COORDINATE AND/OR PAY FOR CAPITAL IMPROVEMENTS?	
The City Market	Yes, with City Planning & Development, and Oversight Committee.
The Ferry Building	No; the Port is responsible for any building improvements. Equity Office initially allotted tenant improvement (TI) money to tenants for building out their spaces.
Findlay Market	CFFM coordinates capital improvements. The City is obligated to pay for capital improvements. It currently budgets $100,000 per year for this purpose.
Glen Echo Park	They put 5% of earned income into their capital fund and are expected to pay for capital improvements, with the exception of major infrastructure items, which are paid by the National Park Service.
Granville Island	Yes.
Lexington Market	Yes; covered by net working capital when possible. Major expenses are financed, with the debt service coming out of cash flow.
Pike Place Market	Yes, PPM PDA coordinates, plans, and pays for all annual capital improvements, except current major renovation work, which is funded by a voter-approved levy. (The work includes seismic upgrades, major MEP upgrades, and the addition of public amenities including elevators, bathrooms, and lighting. Scope and scale of work runs in a 30-40 year cycle. The effort to secure levy support from the City of Seattle and voters was a roughly 6-year process.)
Pioneer Courthouse Square	Yes; subject to written authorization from the City. City is responsible for maintaining and repairing major structural components of the Square,

[7] "Public Space, Public Transportation Gel in Portland's Pioneer Square. http://www.pps.org/articles/pioneersq. Accessed 2011 February 21.

	including roofs, walking surfaces, and MEP components.[8]
Reading Terminal Market	Yes.

DOES YOUR ORGANIZATION COORDINATE AND/OR PAY FOR SAFETY, POLICE, OR SECURITY SERVICES?	
The City Market	No; paid separately by City security department.
The Ferry Building	Yes; they provide 24-hour security within the building through a security firm. No contract with the local police.
Findlay Market	Yes; CFFM staff provides a uniformed presence in parking lots on Saturdays and Sundays. They hire off-duty police officers to assist with traffic control on holiday weekends. The City has assigned a two-officer walking patrol to the market five Tuesdays through Saturdays and has been good about maintaining a police presence around the market. CFFM pays for alarm and video surveillance systems.
Glen Echo Park	The National Park Service pays for police. There is no paid security.
Granville Island	Yes.
Lexington Market	Yes; the Market has its own Special Police force on payroll, supplemented by Baltimore City Police assigned to the area.
Pike Place Market	Yes; PPM PDA employs private security staffed 24/7 and employs off-duty Seattle Police.
Pioneer Courthouse Square	Yes; they contract with a private security firm shared with the Business Improvement District.[9]
Reading Terminal Market	Yes; they have a private security firm under contract to provide security services.

IS YOUR ORGANIZATION RESPONSIBLE FOR MANAGING NEARBY PARKING? IF YES, HOW?	
The City Market	Yes; parking is free except on concert days ($10).
The Ferry Building	Yes; they lease a lot from the Port and use a parking company to manage it; valet parking service is available along the front of the building.
Findlay Market	Yes; they staff the market's three parking lots during peak hours to manage traffic and discourage break-ins. Parking is currently free but will become paid soon. Parking revenue is a significant share of annual

[8] From Management Agreement between Pioneer Courthouse Square, Inc. and City of Portland Parks and Recreation Bureau; §10.3; signed 2008 December 11. Obtained via post from Pioneer Courthouse Square, Inc.

[9] Ellis, Barbara. Portland's Pioneer Courthouse Square and Violations of First Amendment Rights. 2008, January 7. http://www.pprc-news.org/press/WhitepaperonPioneerSquare.pdf. Accessed 2011 February 21.

	income at many markets and it will become so here.
Glen Echo Park	No; National Park Service is responsible.
Granville Island	Yes; it is included in their budget.
Lexington Market	Yes; the Market manages, a City-owned surface lot (114 spaces) and a garage (1170 spaces). Lexington Market staffs both the lot and the garage. They receive the revenue and cover the expenses from the annual budget.
Pike Place Market	Yes; PPM PDA owns one large parking garage (~500 spaces) and operates three surface parking lots owned by the City of Seattle. The parking garage is automated (automation resulted in a nearly 20% gain in revenue) the surface lots are manage by contract with Republic Parking.
Pioneer Courthouse Square	No.
Reading Terminal Market	No; they have an agreement with a nearby parking structure to provide reduced price parking for Market patrons: a flat rate of $4 for up to 2 hours with purchase of $10 or more. Parking costs are subsidized by the Market and passed through to tenants.

Financial Structure

The following tables compare the financial structures of each case.

DO YOU RECEIVE FUNDING FROM THE PUBLIC AGENCY THAT OWNS THE LAND?	
The City Market	If needed, they may ask the City for a subsidy of $25,000 or more
The Ferry Building	No, they master lease the building and pay rent to the Port.
Findlay Market	Yes; in 2011, they will receive $585,000 in federal CDBG funds through the City of Cincinnati for market operations, about $79,000 for market operations from the City's general fund, and $100,000 in federal CDBG funds for capital improvements.
Glen Echo Park	Yes; through the arts council as a regular grant recipient.
Granville Island	The management organization (Canada Mortgage and Housing Corporation) also owns the land.
Lexington Market	A nominal subsidy, reduced by the economy, included as a grandfathered item from corporation beginnings.
Pike Place Market	No, with the exception of the voter approved levy, which the City collects and for which PPM PDA submits draws as construction progresses.

Pioneer Courthouse Square	Yes; subject to available funding, the City funds a base level of reasonable security, operating, and maintenance costs. Base funding amounts are determined through the budgeting process.
Reading Terminal Market	No.

DO YOU RECEIVE ANY OTHER OUTSIDE FUNDING? PLEASE DESCRIBE.	
The City Market	Grants, sponsorships, and funding from casinos for capital improvements
The Ferry Building	No.
Findlay Market	They solicit government and foundation grants and they also fundraise. In the current fiscal year, they are targeting to raise about $200,000 from those sources. In their most recent fiscal year, they generated more than $400,000 from grants and fundraising.
Glen Echo Park	Yes; from foundations, individuals, corporations; major annual gala.
Granville Island	No.
Lexington Market	No.
Pike Place Market	PPM PDA has entered into several New Market Tax Credit deals to fund property acquisitions, new construction, and renovation. Additionally, the Market Foundation, which receives base funding and office space from the PDA, conducts extensive fundraising to support social service operations in the Market (pre-school, medical center, senior center, and food bank).
Pioneer Courthouse Square	Yes; in-kind contributions, grants, donations from community partners and charitable events.
Reading Terminal Market	No.

WHAT IS YOUR ORGANIZATION'S LARGEST SOURCE OF…	INCOME	EXPENSE
The City Market	Tenant rents, farmers' market income.	Utilities, maintenance, wages and salaries.
The Ferry Building	Office and retail rent.	Building taxes and insurance.
Findlay Market	Market operations contract with City (48%).	Wages and salaries (37%).
Glen Echo Park	Resident cooperators (renters) (20%).	Wages and salaries (45%).
Granville Island	Not available.	Not available.

Lexington Market	Tenant rents (64%).	Wages and salaries (31%).
Pike Place Market	Commercial rent (26%).	Wages and salaries (59%).
Pioneer Courthouse Square	In-kind donations (36%); event and rental income (19%).	In-kind donations (36%); wages and salaries (22%).
Reading Terminal Market	Rent (90%).	Wages and salaries (33%).

DOES YOUR ORGANIZATION MAINTAIN A SEPARATE BANK ACCOUNT FROM THE PUBLIC AGENCY?	
The City Market	Yes.
The Ferry Building	Yes.
Findlay Market	Yes.
Glen Echo Park	Yes.
Granville Island	Not available.
Lexington Market	Yes.
Pike Place Market	Yes.
Pioneer Courthouse Square	Not available.
Reading Terminal Market	Yes.

Relationships with Public Agency

The following tables compare the relationships each organization has with its respective public agency.

WHAT IS YOUR ORGANIZATION'S RELATIONSHIP WITH THE CITY OR PUBLIC AGENCY?
The City Market
"This is a city owned property privately managed through a third party management agreement… we deal with all levels of City government and many boards and organizations."
The Ferry Building
"The Port is our Landlord. Other agencies have jurisdiction over some of the premises with regard to use and access."
Findlay Market
"We have a close relationship with the City Manager's office and maintain relationships with members of City Council. The City has assigned a contract administrator in the Facilities Management Division of its Public Services Department. No city officials sit on our board – we are a private non-profit organization with a self-selecting board."
Glen Echo Park
"Four appointed positions on board appointed by county executive plus 2 ex officio from council and county executive (no one from NPS)."
Granville Island

Granville Island is on federal government property. The Canada Mortgage and Housing Corporation (CMHC) owns and manages the land.
Lexington Market
"The Lexington Market Corporation is a separate 501(c)(3) set up by the City."
Pike Place Market
"PPM PDA operates under as an independent agency under a charter."
Pioneer Courthouse Square
Pioneer Courthouse Square, Inc. has a management agreement with the City of Portland Parks and Recreation Bureau.
Reading Terminal Market
"Our Board of Directors has representation from public officials and agencies, including the Mayor, City Council, and the Pennsylvania Convention Center Authority."

HOW CLOSELY DOES THE PUBLIC AGENCY MONITOR YOUR ORGANIZATION?
The City Market
"VERY, we have a contract administrator from [the] Planning and Development department that [we] work very closely with and is on all the committees that oversee operations."
The Ferry Building
"The Port conducts the design review for all new construction and alterations in the building. They also, along with other agencies, monitor uses within the building and access to the building and waterfront. The ground lease stipulates how the building is to function."
Findlay Market
"The City is not involved in the day-to-day operation of the market. We provide financial and operations reports regularly, and submit expense vouchers for reimbursement monthly. We work closely with our contract administrator on capital improvements and maintenance issues."
Glen Echo Park
"[We have] representation of executive [management] involved in Board meetings and other meetings; National Park Service has a representative attend Board meetings and meets regularly with staff re: operations."
Granville Island
The public agency is also the management organization.
Lexington Market
"Through the Board and City officers on the Board, [and] check-signing limits on the Executive Director.""
Pike Place Market
"Direct engagement through levy draw process; otherwise intentionally independent."
Pioneer Courthouse Square
Not available.
Reading Terminal Market
"… not very closely."

HOW DOES THE PUBLIC AGENCY MAINTAIN CHECKS AND BALANCES WITH YOUR ORGANIZATION?
The City Market
"Monthly and quarterly financials are provided and they have to approve our annual budget."
The Ferry Building
"The Port relies on the agreements set forth in the ground lease."
Findlay Market
"Our market management contract can be terminated with six months notice by either party. Both [Corporation for Findlay Market] and the City have worked to sustain a strong partnership based on open, honest communication."
Glen Echo Park
"We have annual audit, normal board, they have representation."
Granville Island
In this case, the public agency also acts as the management organization. Checks and balances are maintained with the public via the Granville Island Trust: an advisory body composed of nine members, with representation from Granville Island, local area residents, and the City of Vancouver.[10] The Trust advises CMHC on a wide range of subjects and deals with various issues and acts as a liaison to the Minister responsible for CMHC and local elected representatives.[11]
Lexington Market
"[Through City officers on Board and check signing limits.] As long as the Market continues to operate without going to Board of Estimates for money (not since 1978), we operate with virtual autonomy."
Pike Place Market
"[With our] annual report."
Pioneer Courthouse Square
City Commissioner in charge of Portland's Parks and Recreation Department automatically serves on the Board.[12] City has the right to terminate the management agreement if Pioneer Courthouse Square, Inc. defaults. Either party may voluntarily terminate the agreement with no less than 6 months written notice to the other party.[13] A Parks and Recreation staff member sits on the Pioneer Courthouse Square Facilities Committee.
Reading Terminal Market
"Through the Board of Directors, which approves budgets, spending, and the rent structure."

[10] Granville Island Leasing Guidelines: http://www.granvilleisland.com/sites/all/files/07_leasing_guidelines_web.pdf. Accessed 2011 February 22.
[11] Granville Island website: http://www.granvilleisland.com/node/1546. Accessed 2011 February 22.
[12] Pioneer Courthouse Square "Management" webpage: http://www.pioneercourthousesquare.org/management.htm. Accessed 2011 February 21.
[13] From Management Agreement between Pioneer Courthouse Square, Inc. and City of Portland Parks and Recreation Bureau; §17.1; signed 2008 December 11.

HOW OFTEN, AND WHAT, MUST YOU REPORT TO THE PUBLIC AGENCY?
The City Market
"We do not have a Board but do report quarterly to an Oversight Committee and monthly to a Management Committee – we report on operations, financials, marketing and event efforts, tenants, and farmers market."
The Ferry Building
"We report annual sales to the Port for the purposes of rent to be paid."
Findlay Market
"We send all of the above [Board minutes, financial and marketing reports) to the city. Generally, because our board meets every other month, that is the current reporting interval."
Glen Echo Park
"Do not need to report in a formal way, but communicate regularly."
Granville Island
Not applicable.
Lexington Market
"Parking taxes."
Pike Place Market
"Regularly for levy draws; annually for normal operations."
Pioneer Courthouse Square
Annual budget must be approved by City Council.
Reading Terminal Market
"Annual tax returns to the IRS and the Commonwealth of Pennsylvania, audit report prepared annually, monthly financial statements shared with the Board of Directors monthly."

WHAT TYPE AND LENGTH OF AGREEMENT OR CONTRACT DO YOU HAVE WITH THE PUBLIC AGENCY?
The City Market
Third party management agreement with the City; 4 years.
The Ferry Building
Lease with the Port; 66 years.
Findlay Market
Property lease agreement and management contract with the City; both have 5 year terms, with 3 5-year renewal options.
Glen Echo Park
Agreement that mirrors National Park Service agreement with Montgomery County (they are fulfilling the County's obligations in the park); 15 years with 5-year renewal option.
Granville Island
Not applicable.
Lexington Market
Lease agreement; 20 years with 20-year options.
Pike Place Market
Charter; length is perpetual.
Pioneer Courthouse Square
Management agreement with Parks and Recreation Bureau; 5 years with one

5-year option.
Reading Terminal Market
Lease with the Pennsylvania Convention Center Authority; 30 years.

Management Effectiveness

The following three tables compare the organizations' Board functionality as well as their opinions on management effectiveness.

WHAT ARE THE QUALIFICATIONS AND PROCESSES FOR SERVING ON THE BOARD OF DIRECTORS?
The City Market
Not applicable.
The Ferry Building
Not applicable.
Findlay Market
The Board is self-selecting: Directors are elected by the Board. The Board has a standing committee responsible for identifying skill sets useful to the Board's current work and for recruiting candidates that have those skill sets. There is no pre-determined allocation of seats. Directors sign a conflict of interest agreement annually; except for merchants, no Director can be paid for work done on behalf of Findlay Market or The Corporation for Findlay Market. There are no term limits. Generally, the officers have served for two three-year terms.
Glen Echo Park
The Board members are community volunteers and convene nine times per year. Board Members serve three-year terms. They are either appointed by the County Executive (four County appointees and two neighborhood representatives) or nominated by current Board Members. The Partnership seeks representation from a variety of geographic, cultural, and vocational backgrounds. The Board Governance Committee recruits and selects new Members (review applications, conduct interviews, and make final recommendations for a Board vote).
Granville Island
Not available.
Lexington Market
Directors shall be "public-spirited citizens," residents of, or employed in, the City of Baltimore, who have been active in promoting the preservation and furtherance of the Lexington Market. All of the Directors shall be elected by the members, provided, however, that one of the Directors shall be the Director of Finance of Baltimore City, one of the Directors shall be the Chief of the Bureau of Treasury Management of Baltimore City, and one of the Directors shall be appointed by the Trustees for the Loan and Guaranty program of Baltimore City.
Pike Place Market
Of the 12 Board ("Council") members, one must be selected by the Constituency (the general membership of the Preservation and Development Authority), one must be selected by the Mayor of the City of Seattle, and one

must be selected by the Council. These three must be confirmed by City Council. A term is four years and there are no term limits.

Pioneer Courthouse Square

Board of Trustees consists of 34 elected members who serve two consecutive three-year terms. The members are representatives of the Community (11), the Region at-Large (11) and Downtown Businesses (11). The City Commissioner in charge of Portland Parks & Recreation automatically serves on the Board. Additionally, the President may appoint non-voting Honorary Trustees and Ex-Officio Trustees with the support of the majority of the Board.

Reading Terminal Market

Not available.

DO YOU FEEL YOUR ORGANIZATION IS EFFECTIVE IN MANAGING PUBLIC SPACE FOR A PUBLIC AGENCY?

The City Market

"Yes."

The Ferry Building

"Yes."

Findlay Market

"Yes."

Glen Echo Park

"Yes."

Granville Island

Not available.

Lexington Market

"The Market benefits the City, the merchant community and the customer base including tourists and visitors. The Market bears the costs of managing and producing income and activity from an otherwise transitional downtown area. The resulting activity draws enough police protection to carry-over to neighboring businesses outside of the Market. Affordable food alternatives are provided to citizens in an area that would otherwise be marginally supplied, although not a total food desert by definition. The Market is an entrepreneurial incubator. Other benefits accrue."

Pike Place Market

"Yes."

Pioneer Courthouse Square

Not available.

Reading Terminal Market

"Yes, the Reading Terminal Market has enhanced its stature as one of America's leading public markets and we would humbly submit that effective management has been a factor in that success."

IF YOU COULD CHANGE ANYTHING TO MAKE YOUR ORGANIZATION MORE EFFECTIVE, WHAT WOULD YOU DO DIFFERENTLY?

The City Market

"[I] don't think we could change much without more funding."

The Ferry Building

"We are always striving to make the visitor's experience better in both the leasing strategies and the operations. We can always do better but currently we are experiencing high positive feedback from customers and tenants."
Findlay Market
"Generate significantly more revenue from operations. We are working on this."
Glen Echo Park
"Line item funding in county and National Park Service budget to give some base amount toward facilities and marketing; more commitment from NPS and county for systems repair/maintenance."
Granville Island
Not available.
Lexington Market
"Physical structure: this circa 1952 building, although extensively renovated, is cost prohibitive for design modifications that allow electronic data collection through merchant stalls to collect financial and demographic data for marketing. Additionally, major 'green' initiatives would require similar cost prohibitive changes."
Pike Place Market
"Direct ownership of surface parking."
Pioneer Courthouse Square
Not available.
Reading Terminal Market
"I wish we had more resources for marketing and promotions. I also wish we had more space to lease."

KEY FINDINGS

Based on our comparative research and analysis, UPC reached the following conclusions regarding public space management in North America.

#1: Management is Actively Involved with Leasing

From Seattle to Philadelphia, successful public space management organizations are actively involved with day-to-day leasing responsibilities, from identifying prospective tenants and negotiating leases to collecting rents. Lease terms tend toward five years in length, but vary depending on the size, permanence, and initial investment of a tenant. Rental rates also varied, from charging base rent plus a percentage of revenue, to simply charging a lower rent based on location. In some cases, chain stores or certain types of businesses were forbidden or unlikely to be approved.

Similar to the PRC, nearly all organizations surveyed are responsible for developing a long-term leasing strategy. Different from the PRC, however, is that most organizations surveyed also implement that leasing strategy through the negotiation of leases with prospective tenants. In some cases, management does minimal recruiting and instead reviews lease applications submitted either in person or through the organization's website.

#2: Management is Active in Marketing and Promotions

All of the management organizations surveyed are responsible for developing long-term marketing or promotional strategies, as well as for coordinating and funding activities and events. Similar to the PRC, some organizations pursue outside grants or funding to coordinate special events, and others charge their tenants a marketing fee. The most successful events tend to be the ones that fit into the organization's general mission, and can range from four major events per year, like the Ferry Building, or over 300 events per year, such as Pioneer Courthouse Square.

#3: Most Organizations Manage and Fund Routine Maintenance, Capital Improvements, Security, and Parking

All of the management organizations surveyed stated that they pay for and coordinate routine repairs and maintenance services, whether they are performed by staff or contracted out. Management at the Ferry Building charges a Common Area Maintenance (CAM) fee to their tenants. At Pioneer Courthouse Square, management uses the local Business Improvement District's contractors to maintain the plaza and amenities.

In most cases, the management organization is responsible for coordinating and funding capital improvements. Major infrastructure work, however, is often the responsibility of the City or public agency that owns the land (such as the Port of San Francisco for the Ferry Building, or the National Park Service for Glen Echo Park) or is funded through a voter-approved levy (as in Pike Place Market in Seattle).

Security services are often performed by the organization's staff or a private security firm, and are sometimes supplemented by the local police force.

In many cases, management either staffs nearby parking lots or structures or contracts with a parking operator to perform the work. At Pike Place Market, automation of the parking garage resulted in a nearly 20% gain in revenue.

#4: Most Organizations Receive Some Type of Outside Funding

Whether from a public agency or from grants or donations, most management organizations receive some sort of funding to supplement their operations. Amounts may vary from $25,000 annually (The City Market in Kansas City, MO) to over $500,000 annually (Findlay Market in Cincinnati, OH). Several organizations are active in fundraising, receiving donations either from community partners or charitable events.

The greatest source of income from operations for most organizations is from tenant rents, ranging from about 20% to 60% of the annual budget. The greatest expenses for most are wages and salaries, also ranging from about 20% to 60% of the annual budget. Like the PRC, all organizations that answered our survey keep a separate bank account from the City or public agency that owns the land.

#5: Relationships with Public Agencies Vary by Case

While all management organizations have some type of service agreement, lease, or charter with their respective public agency, the lengths of those contracts vary greatly, from 4 or 5 years in the cases of The City Market or Pioneer Courthouse Square, to perpetuity in the case of Pike Place Market.

The relationships between parties are also very different; some organizations have City or public agency representatives serving on their Boards, while others have independent Boards but maintain close ties with public agency departments or City Councils. Most organizations, however, are relatively autonomous and their respective public agencies are not involved in day-to-day operations.

Many public agencies maintain checks and balances with public space management organizations by requiring submission and approval of annual reports and budgets. Other documentation that may be required by management includes information on taxes and marketing efforts.

CONSULTANT RECOMMENDATIONS

Based on the above findings, Urban Place Consulting submits the following recommendations to the Pier Restoration Corporation.

#1: Develop New Management and Financial Models for the Pier

The management responsibilities of the Pier are currently divided between the City and the PRC. The City of Santa Monica manages the identification of prospective tenants and the negotiation of leases, in addition to undertaking maintenance, repair, and safety matters. The PRC is responsible for promotions, filming permits, and some aspects of leasing and operations.

In every case we surveyed, however, only **one** organization was responsible for all of these roles, making the management of that public space highly efficient. In order to streamline the processes for leasing, security, repairs and maintenance, and promotions and marketing at the Pier, we recommend that the City and the PRC develop a model that will align these responsibilities into one management entity.

To determine an appropriate financial and management model going forward, a review of the past several years of Pier income, expenses, and other financial records is necessary for the PRC and the City to understand the true financial standing of the Pier.

#2: Get to Know Visitors of the Pier

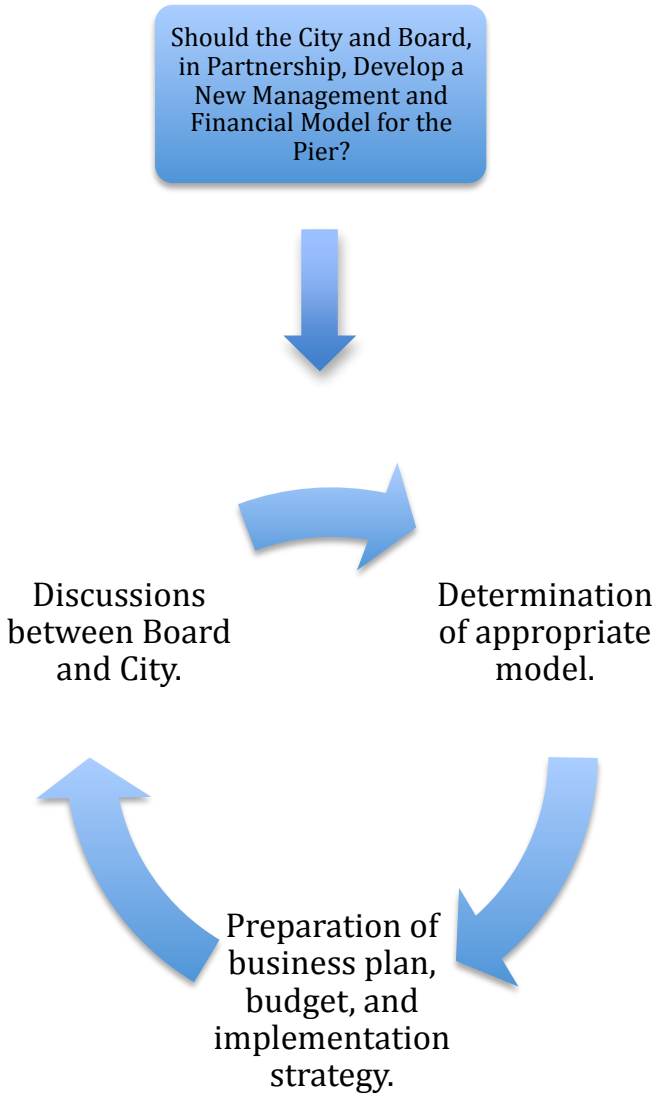
Knowing who visits the Pier is essential to hosting the right fundraising events, pursuing the right grants, and developing a marketing and promotional strategy. User counts and intercept surveys are common tools used by for-profit businesses; however, many non-profit organizations benefit from using this relatively inexpensive method for understanding their clientele. Examples include the Downtown Phoenix Partnership (surveys every five years), the Downtown Denver Partnership (every three to five years), and the Downtown Center Business Improvement District in Los Angeles.

Staff and volunteers at Findlay Market conduct customer intercept surveys of at least 300 shoppers twice a year, as well as periodic "safe and clean" surveys to gauge shoppers' impressions of the Market and its surroundings. They also utilize electronic pedestrian counters on the doors of the market house. Pike Place Market conducts quarterly pedestrian counts and, at the time of this report, is conducting a two-phase market research study that includes phone surveys and on-site intercept surveys.

The PRC would benefit from these practices, as well. Not only would regular surveys help to establish and project trends; they could be used as benchmarks to gauge progress and help secure additional funding or sponsorship for the Pier.

NEXT STEPS

Urban Place Consulting recommends asking the following questions and taking the following steps as an action plan for the PRC's Board of Directors.



Initial Decisions:

Should the City and PRC Board, in Partnership, Develop a New Management and Financial Model for the Pier?

Future Discussions:

Discussions Between the Board and the City

If the PRC and the City agree that some type of modification in Pier management or operations is warranted, both parties should discuss possible management and financial models based on the analysis of other successful public spaces included in this report. A great deal of research into the Pier's finances and operations will need to be completed in order to develop the viability of possible financial and management models.

Determination of an Appropriate Management Model

Based upon the research above, the City, in partnership with the PRC, should determine which recommendations, if any, to follow. Should one entity be responsible for leasing activities? What about parking, security, and maintenance?

Preparation of a Business Plan, Budget, and Implementation Strategy

Working in partnership, the City and PRC should develop a detailed business plan, budget, and implementation strategy based on the agreed-upon management model. As the business plan and budget are being developed, both parties should expect to revisit previous discussions and modify previous decisions in order to make the business plan, budget, and implementation strategy feasible.

SOURCES

Websites

- Beale Street: http://www.bealestreet.com/wordpress
- The City Market: http://www.thecitymarket.org
- The Ferry Building: http://www.ferrybuildingmarketplace.com
- Findlay Market: http://www.findlaymarket.org
- Glen Echo Park: http://www.glenechopark.org
- Granville Island: http://www.granvilleisland.com
- Lexington Market: http://www.lexingtonmarket.com
- Navy Pier: http://www.navypier.com
- Pike Place Market: http://www.pikeplacemarket.org
- Pioneer Courthouse Square: http://www.pioneercourthousesquare.org
- Reading Terminal Market: http://www.readingterminalmarket.org

Interviews

- Boerner, Katey. Executive Director, Glen Echo Park Partnership for Arts and Culture, Inc. kboerner@glenechopark.org. 301-634-2225.
- Churchill, Deb. Property Manager, Copaken Brooks (The City Market). dchurchill@copaken-brooks.com. 816-842-1271.
- Franz-Knight, Ben. Executive Director, Pike Place Market Preservation & Development Authority. bfranzknight@gmail.com. 206-682-7453.
- Hayek, Miriam. Information Services, Granville Island. Granvilleislandinfo.CMHC-SCHL@cmhc-schl.gc.ca. 604-666-7535.
- Meany, Michele. Retail Leasing, Wilson Meany Sullivan Partners (The Ferry Building). mmeany@wmspartners.com. 415-793-7990.
- Pickford, Robert. President & CEO, The Corporation for Findlay Market. rpickford@findlaymarket.org. 513-665-4839.
- Sanford, Jeff. Owner, Jeff Sanford Consulting (Beale Street). jeff@jeffsanfordconsulting.com. 901-230-1534.
- Steinke, Paul. General Manager, Reading Terminal Market. p-steinke@readingterminalmarket.org. 215-922-2317.
- Thomas, Robert. Assistant General Manager, Lexington Market, Inc. rethomas@lexingtonmarket.com. 410.685.6169.

APPENDIX A – PUBLIC SPACE RESEARCH SURVEY

Thank you for your time and consideration in answering these questions. Please feel free to add any commentary you feel would be helpful to an organization that is assessing its management and financial processes.

GENERAL ORGANIZATION

1. What are your organization's primary responsibilities (i.e., collecting rents, managing leases, coordinating marketing or special events, etc.)?
2. How many staff members does your organization have?
3. How many Board members does your organization have?
4. What is your annual budget?
5. Will you provide an electronic copy of your annual budget?

LEASING

1. Who collects rents? Your organization, or the public agency that owns the land?
2. Who are rent checks made payable to?
3. Into whose account do rent checks go?
4. How long is a typical lease term?
5. How many tenants do you have on average?
6. Is your organization responsible for developing and implementing a long-term leasing strategy?
7. What is the process for identifying and negotiating with prospective tenants? What roles do your organization and the City or other public agency play?
8. Does your organization have different leasing strategies for longer-term tenants and for shorter-term vendors? How are they different?

MAINTENANCE AND SAFETY

1. Does your organization coordinate and/or pay for **routine** repairs or maintenance services? If not, who does?
2. Does your organization coordinate and/or pay for **capital improvements**? If not, who does?
3. Does your organization coordinate and/or pay for safety, police, or security services? If not, who does?

PARKING MANAGEMENT

1. Is your organization responsible for managing nearby parking?
2. If so, how does your organization manage parking? Are parking revenues and expenses part of your annual budget?

MARKETING AND PROMOTIONAL ACTIVITIES

1. Is your organization responsible for developing a long-term marketing or promotional strategy?

2. Is your organization responsible for **coordinating** marketing and promotional activities or events?
3. Is your organization responsible for **funding** marketing and promotional activities events?
4. If your organization coordinates special events, which are the most successful?

FUNDING & ACCOUNTS

1. Do you receive funding from the City or public agency that owns the land? If yes, how is the amount determined?
2. Do you receive any other outside funding? Please describe.
3. If not providing a copy of your annual budget, what is your organization's largest source of revenue, and what is its percentage of total revenue?
4. If not providing a copy of your annual budget, what is your organization's largest expense, and what is its percentage of total expenses?
5. Does your organization maintain a separate bank account from City (or other public agency) accounts?

RELATIONSHIP WITH PUBLIC AGENCY

1. What is your organization's relationship with the City or public agency (i.e., City Manager sits on organization's Board, organization's Executive Director reports to City Department Head, etc.)
2. How closely does the City or public agency monitor your organization?
3. How does the City or public agency maintain checks and balances with your organization?
4. How often must you report to the City or other public agency, and what must you report (i.e., Board meeting minutes, annual reports, quarterly reports, financial or marketing reports)?
5. Does your organization have a service agreement or other type of contract with the City or public agency?
6. If so, what is the typical term length of the agreement?
7. Will you provide a copy of your organization's agreement with the City or public agency?

ORGANIZATION'S EFFECTIVENESS

1. Do you feel your organization is effective in managing public space for a public agency?
2. If you could change anything to make your organization more effective, what would you do differently?

ADDITIONAL DOCUMENTATION

Providing the following documents would be extremely helpful in our comparative research to assess the Santa Monica Pier Restoration Corporation:

1. Electronic copy of your organization's annual budget and annual report
2. Electronic copy of your organization's service agreement with the public agency

Thank you!

Pier Management Research – **DRAFT**

Prepared for
The City of Santa Monica

August 30, 2011

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INTRODUCTION

The Santa Monica Pier is at a critical point in its history. The Pier is managed jointly by the City of Santa Monica and the non-profit Pier Restoration Corporation ("PRC"). The recent departure of the PRC's Executive Director, along with an upcoming master planning process, have initiated a period of reflection and research; how can the Pier be better prepared for the future? How can it become a vibrant, long-term success for the City of Santa Monica and the millions of people that visit annually from around the globe?

The City and the PRC have taken several steps to answer these questions:

1. **Interim Management.** The PRC Board of Directors hired Urban Place Consulting Group ("Urban Place") to provide interim management of the PRC. In this regard, Urban Place has had a unique and intimate involvement with the day-to-day management and operations of the Pier, providing valuable insight on current processes that have room for improvement.
2. **Best Management Practices.** The PRC Board hired Urban Place to conduct a best management practices survey of successful public spaces in North America. The sites examined are listed in the Project for Public Spaces ("PPS") database of "Great Places" and are well known and loved throughout the country. For direct comparison with the Pier, the "Great Places" chosen are publicly-owned spaces that house private businesses.
3. **City Research.** The City commissioned the Economic Development Department ("EDD"), which manages the Pier for the City, to conduct its own research on current Pier management practices. The results of this research will be published in a report titled "Pier Governance and Management Study."
4. **Financial Reconciliation.** Urban Place conducted a reconciliation of actual Pier finances by examining revenues and expenses from the PRC and the City's Pier Fund. Urban Place worked closely with EDD staff to both provide and gather information related to the Pier's operational and financial processes.

The purpose of this report is to synthesize and analyze the experience and research described above, and to recommend to the City a management strategy for the Santa Monica Pier going forward.

FINDINGS

Interim Management

For the past 22 years, Urban Place has managed successful public spaces and downtown organizations on an interim and long-term basis. This experience provides a unique opportunity to compare the functions and processes of other similar organizations to the PRC. For nearly a near, Urban Place has overseen Pier operations, managed staff, and worked with various City departments.

During this time, we observed that there is much room for improvement in the PRC's operational processes and record keeping systems, as well as in revenue generation and expense reduction. There is also room for efficiencies and better communication between City departments and divisions. The operation of the PRC Board as well as its organization is an additional area that needs improvement.

Best Management Practices

In March 2011, Urban Place conducted a survey of high-profile public spaces across North America for comparison with the Santa Monica Pier. The purpose of the research was to examine the management and operational models used by these successful public spaces that enjoy the same nation-wide iconic status as the Pier. Urban Place chose public places from Project for Public Space's "Great Places Database." PPS is the industry source for data and research on public spaces, and its database is an extensive compilation of markets, plazas, transit stations, and even privately owned buildings that all act as great places to meet, mingle, shop, or dine. In order to be included in our analysis, a place had to:

a. Be on public land (municipal, state, or federal);
b. Contain privately owned businesses; and
c. Contain semi-permanent or permanent structures.

Many of the places chosen for our best management practices research were also named "Great Places" by the American Planning Association.

Most of our case studies are not piers; however, they are comparable to the Santa Monica Pier by the criteria listed above, as well as by their size, popularity, and offering. If the Santa Monica Pier, with over 6 million visitors per year, is to maintain or expand on its success, we should compare it to Granville Island in Vancouver, British Columbia, with 10 million annual visitors; Pioneer Courthouse Square in Portland, Oregon, with over 9 million annual visitors; and Navy Pier in Chicago, Illinois, with over 8 million annual visitors. These places represent the "heart and soul" of their respective cities and act as centers of community events, commerce, and entertainment – just as Santa Monica Pier does. The following chart highlights characteristics of the public spaces that are the most comparable to the Pier in terms of size, popularity, and offering:

	Navy Pier Chicago, IL	The Ferry Building San Francisco, CA	Granville Island Vancouver, BC	Pike Place Market Seattle, WA	Pioneer Courthouse Square Portland, OR
Management Model	Non-profit management by Navy Pier, Inc.	Private management by Equity Office Properties.	Management by Canada Mortgage and Housing Corporation, a government-owned corporation .	Management by Pike Place Market Preservation & Development Authority, a quasi-governmental entity that is legally separate from the City of Seattle.	Non-profit management by Pioneer Courthouse Square, Inc.
Characteristics & Amenities	50 acres of parks, shops, eateries, and attractions including ferris wheel and museums. First opened in 1916. Attracts over 8 million visitors per year.	Retail, office, and public space in the historic building opened in 1898. Special events every quarter. Attracts 6 million visitors per year.	Mix of cultural, artisan, recreational, industrial, maritime, retail, and market offerings. Events and promotions annually. Attracts over 10 million visitors per year.	Commercial businesses, craftspeople, and farmers; low-income senior housing. Special events and musical performances. Established in 1907. Attracts over 10 million visitors per year.	Portland's "Living Room," with access to light rail and over 300 events, concerts, and festivals per year. Less than ten permanent tenants. Built in 1984. Attracts over 9 million visitors per year.
Agencies Involved in Oversight	Metropolitan Pier and Exposition Authority (MPEA), a hybrid city-state municipal agency.	Port of San Francisco and other agencies have input on design guidelines and waterfront access issues.	Canada Mortgage and Housing Corporation.	Pike Place Market Preservation & Development Authority; Pike Place Market Historical Commissio; Pike Place Market Constituency.	City of Portland Parks and Recreation Bureau.
Leasing Approvals & Authorizations	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit.
Leasing Administration & Management	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit.
Control of Common Area Activities	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit.
Events, Promotions, Advertising	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit.
Building Ownership	MPEA.	Port of San Francisco.	Government-owned corporation.	Quasi-governmental entity.	City of Portland.
Custodial Services	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit and neighboring Business Improvement District.
Public Safety	Non-profit.	Management company.	Government-owned corporation.	Quasi-governmental entity.	Non-profit and neighboring Business Improvement District.
Capital Improvement	MPEA.	Port of San Francisco.	Government-owned corporation.	Quasi-governmental entity.	Non-profit and City.
Primary Revenue Sources	Not available.	Office and retail rent.	Not available.	Commercial rent.	In-kind donations, event and rental income.
Fund Type	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Operates in Surplus or Deficit	Not available.	Not available.	Not available.	Surplus.	Surplus.

Interestingly, nine out of the ten well-known public spaces were either managed privately or by non-profit organizations. Navy Pier, which is by far the closest comparison to the Santa Monica Pier both in size, popularity, offering, and physical structure, was previously managed by a hybrid city-state municipal agency, the Metropolitan Pier and Exposition Authority ("MPEA"). As of July 1, 2011, however, the MPEA entered into a 25-year lease agreement with Navy Pier, Inc., a newly formed non-profit organization that will be responsible for the governance, operations, and management of the Pier. The purpose of

the separate governing board and organization is to "give Navy Pier its own champions who [will] focus their attention on advocating only for Navy Pier." The lease includes options for four contiguous 20-year automatic renewals with Navy Pier, Inc.

City Research

EDD's "Pier Governance and Management Study" extensively documents the management and operational issues currently plaguing the Santa Monica Pier and presents scenarios for management of the Pier going forward.

Financial Reconciliation

It is often assumed that the Pier operates at a financial deficit. Pier finances and management responsibilities are divided between the City and the PRC; reconciliation between the two entities' financial statements is therefore necessary to accurately assess the true financial position of the Pier. Urban Place completed two exercises: a "Standard Reconciliation" and a "True Cost Reconciliation."

We obtained data from PRC financial statements and from Pier Fund actuals provided by EDD. We reconciled City revenue and expenses of the Pier Fund with revenues and expenses of the PRC (all from FY 2010-11) to determine the actual net income or loss of the Santa Monica Pier as a true stand-alone entity. (Note: Total Revenue excludes the one-time payment for the sale of Pacific Park.)

Standard Reconciliation

The standard reconciliation model includes all actual revenues and expenses for the Pier for FY 2010-11. The one-time payment for the sale of Pacific Park was excluded.

CITY PIER FUND REVENUE		
Vendor and Tenant Rent and CAM Fees	$3,249,631	
Parking	$1,149,239	
Carousel		
Carousel Tickets	$170,944	
Carousel Events	$45,084	
Interfund Services	$114,086	
Other (Interest, Amortization, etc.)	$72,307	
Total City Pier Fund Revenue		$4,801,291
PRC REVENUE		
City Grant	$494,900	
Merchandise, 100th Anniversary, Interest	$11,878	
Filming	$73,429	
Promotion	$141,100	
TDS	$172,603	
Paddleboard	$24,780	
Carousel Rental	$107,661	

Special Events	$95,667	
Total PRC Revenue		$1,122,018
TOTAL PIER REVENUE		$5,923,309
CITY PIER FUND EXPENSES		
Economic Development Division		
Salaries and Wages	$173,363	
Supplies	$292,169	
City Grant to PRC	$494,900	
Parking Operator	$347,387	
Carousel Operator	$190,588	
Police Pier Patrol	$240,010	
Depreciation Expense	$390,000	
Total Economic Development Division	$2,128,417	
Harbor Division		
Salaries and Wages	$1,048,171	
Supplies	$174,171	
Total Harbor Division	$1,222,342	
Maintenance Division		
Salaries and Wages	$592,532	
Supplies	$1,218,319	
Total Maintenance Division	$1,810,851	
Total City Pier Fund Expenses		$5,161,610
PRC EXPENSES		
General and Administrative	$604,994	
TDS	$247,443	
Carousel	$65,241	
Paddleboard Races	$27,541	
Outside Events	$28,956	
Santa Monica Drive-In Series	$8,030	
Total PRC Expenses		$982,205
TOTAL PIER EXPENSES		$6,143,815
PIER NET INCOME (LOSS)		$(220,507)

True Cost Reconciliation

This model assumes the above revenue and expenses from FY 2010-11, but represents a more accurate depiction of the City's actual costs. We used Harbor Unit and Police Department costs that more accurately reflect the true level of service provided on the Pier (50% of reported costs in FY 2010-11.)

CITY PIER FUND REVENUE		
Vendor and Tenant Rent and CAM Fees	$3,249,631	
Parking	$1,149,239	
Carousel		
Carousel Tickets	$170,944	
Carousel Events	$45,084	
Interfund Services	$114,086	
Other (Interest, Amortization, etc.)	$72,307	
Total City Pier Fund Revenue		$4,801,291
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City Grant	$494,900	
Merchandise, 100th Anniversary, Interest	$11,878	
Filming	$73,429	
Promotion	$141,100	
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Carousel Rental	$107,661	
Special Events	$95,667	
Total PRC Revenue		$1,122,018
TOTAL PIER REVENUE		$5,923,309

CITY PIER FUND EXPENSES		
Economic Development Division		
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Supplies	$292,169	
City Grant to PRC	$494,900	
Parking Operator	$347,387	
Carousel Operator	$190,588	
Police Pier Patrol	$120,005	
Depreciation Expense	$390,000	
Total Economic Development Division	$2,008,412	
Harbor Division		
Salaries and Wages	$524,086	
Supplies	$87,085	
Total Harbor Division	$611,171	
Maintenance Division		
Salaries and Wages	$592,532	
Supplies	$1,218,319	
Total Maintenance Division	$1,810,851	

Total City Pier Fund Expenses		$4,430,434
PRC EXPENSES		
General and Administrative	$604,994	
TDS	$247,443	
Carousel	$65,241	
Paddleboard Races	$27,541	
Outside Events	$28,956	
Santa Monica Drive-In Series	$8,030	
Total PRC Expenses		$982,205
TOTAL PIER EXPENSES		$5,412,639
PIER NET INCOME (LOSS)		$510,670

After accounting for the true costs of Harbor and Police patrol, the Pier operates at a net surplus; and yet this reconciliation doesn't reflect additional cost savings that can be realized by streamlining operations under one partnership organization. The Pier is clearly profitable and can be even more so with management by a streamlined partnership organization.

RECOMMENDATIONS

Which Model is Best for the Pier?

Successful and iconic public spaces like the Santa Monica Pier have millions of visitors annually; the Santa Monica Pier has over 6 million visitors per year. These well-attended public attractions are, in most cases, managed by non-profit organizations in partnership with government agencies. The benefits of a public-private partnership include cost savings, efficiency in management and contractual services, and quicker response times to tenants and the public, as well as utilization of public sector strengths.

While cities may be efficient in running parks or open spaces, a large and iconic public space with multiple private tenants and a myriad of offerings is incomparable to a typical park or open space. It is best managed as a public-private partnership organization, with the public sector defining the long-term goals and visions of the community, and the private non-profit sector carrying out the day-to-day operations.

In places where government agencies have solely managed complex public spaces, such as Chicago's Navy Pier, the model often fails for several reasons: because it is not directly involved in day-to-day operations, because management is physically distant from the space, or because bureaucratic processes don't allow efficiencies in management's response to operational issues. A public-private partnership remedies these issues by capitalizing on the relative strengths of both the public and private sectors.

Based on our interim management experience of the Pier, our research of and experience in managing other successful public spaces, and our and EDD's research of Pier governance and operations, Urban Place recommends that the Santa Monica Pier be managed by a public-private partnership with the City, with day-to-day operations managed by a dedicated non-profit structure.

The responsibilities of the existing Board of the Pier Restoration Corporation, a 501(c)(3), would be reduced to encompass only event production and fundraising and sponsorship generation for Pier events and projects.. The organization's name could be changed to reflect these modifications.

A new 501(c)(6) non-profit organization, what we refer to as the Pier Management Corporation ("PMC"), would be formed to be responsible for the day-to-day management of the Pier, including leasing and tenant relations, parking, security, and custodial services. The PMC would hold a Lease and Management Agreement with the City to occupy and manage the Pier and would have a Board separate from the PRC.

The City's role would continue to include structural maintenance and capital improvements, as well as Harbor Unit or Police staffing as deemed necessary. The PMC would be responsible for daily security personnel and ambassadors on the Pier. The City would maintain oversight of the Pier through a dedicated seat on the PMC Board.

The public-private partnership structure that we recommend is a hybrid model that integrates the strengths of several scenarios described in EDD's study. It incorporates the public oversight of the City (Scenario 1), the autonomy of a new non-profit (Scenario 2), the long-term nature of a ground lease with a private entity (Scenario 4), and improvements to the size, makeup, and responsibilities of the existing PRC Board of Directors (Scenario 5). We address the concerns of EDD's study below and discuss how a hybrid public-private partnership can mediate these concerns.

Event Production

While the City does have in-house expertise in producing large-scale and small-scale events, a scenario in which the City took over daily management of the Pier would likely lead to operating inefficiencies similar to those that exist today due to coordination between City departments, the establishment of additional commissions, and a lengthy and bureaucratic leasing process. In the hybrid partnership we recommend, the PRC Board of Directors would focus solely on event production and fundraising. One PMC staff member, the Vice President of Sponsorship and Events, would also be dedicated to coordinating and producing events on the Pier within the parameters of pre-established event guidelines.

Leasing

A critical area of concern among stakeholders is the lengthy leasing process for Pier tenants. Keeping the status quo, or the absorption of all Pier management duties by the City, would continue to hinder the leasing efforts of future tenants. With leasing and tenant relation responsibilities under the PMC, however, the leasing process can be modeled after commercial leasing strategies that are customary in commercial real estate and much more efficient.

Fundraising and Sponsorship

Fundraising and sponsorship efforts could prove to be more difficult when a non-profit is not involved to incentivize tax write-offs. Instead, the PRC would be dedicated solely to fundraising, sponsorship, and event production duties, leaving the new PMC to manage daily Pier operations. The Vice President of Sponsorship and Events would be committed to fundraising and sponsorship efforts, and would be a point of contact for the PRC Board.

Staffing

In the recommended public-private partnership structure, all staff would be staff of the PMC. The PMC would need to employ outside contractors to provide some services, such as custodial work, security, and legal services. For more information on staffing, see "Organizational Structure" below.

Governance and Board Structure

We recommend that the PRC Board be reduced in size to 9 members. The selection process for Board members should remain relatively similar to the current process. The PRC Board, with its reduced responsibilities, should meet quarterly.

We recommend that the PMC Board be 7 to 9 members. One seat should be dedicated for City representation, with the potential for one seat delegated to Pacific Park and one to tenants. The remaining seats would be appointed by the City Manager and confirmed by City Council. There should be qualifications to meet for the remaining community seats, as well as an interview process. The PMC Board should meet monthly.

Partner Relations

The PMC would hold a long-term Lease and Management Agreement with the City. As owner, the City would continue to undertake Pier structural maintenance and capital improvement responsibilities as well as any Harbor Guard or Police staff it chose to allocate to the Pier. The PMC would undertake the additional leasing, parking, and custodial responsibilities that the City currently provides, bringing all Pier operations under one roof and representing a unified point-of-contact for current and future Pier tenants. Benefits of this hybrid public-private partnership arrangement to the City include relief from Pier administration across multiple departments and a continuous source of revenue from the Lease and Management Agreement.

Financial Implications to the City

The Lease and Management Agreement with the City could be structured with a fixed base plus any additional income earned. This would provide the City with an income stream to direct to Pier structural maintenance, capital improvements, and Harbor and Police staffing.

PMC Pro Forma

As our True Cost Reconciliation revealed above, the Pier had a net income of $510,670 in FY 2010-11. Under our recommended public-private partnership arrangement, the Pier can operate with even greater efficiency to reduce costs and earn enough income to fund the Lease and Management Agreement with the City. The financial pro forma for the PMC is below.

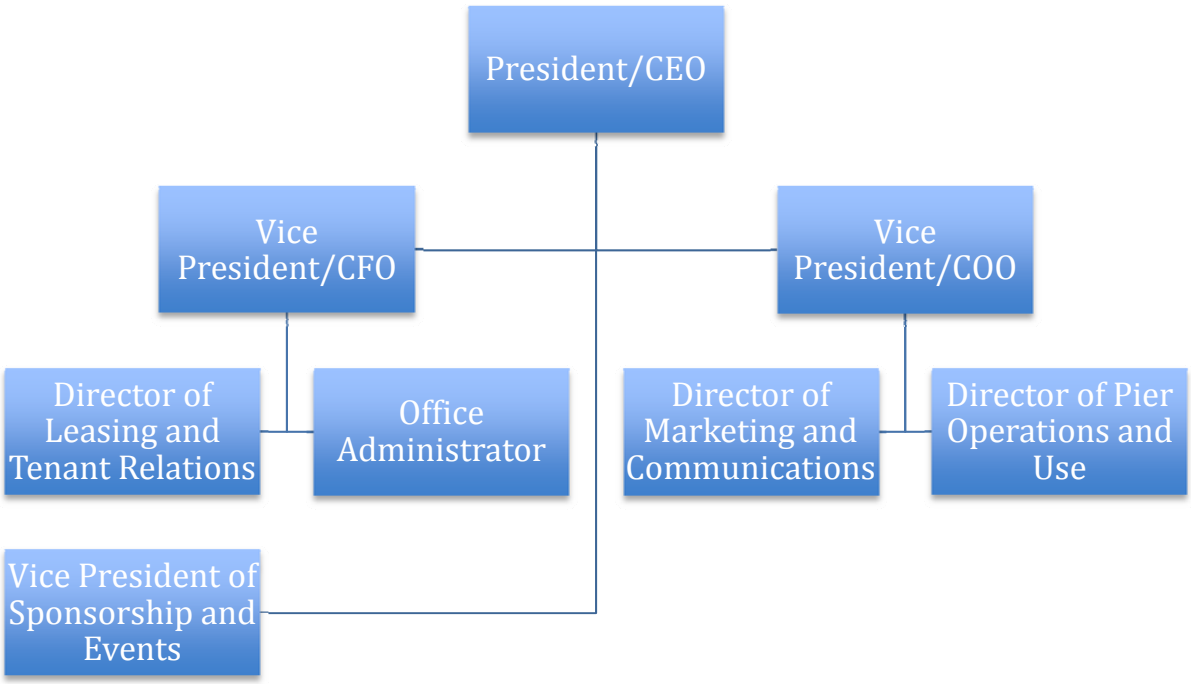
INCOME

OPERATIONS INCOME	
Vendor Rent	$158,000
Leasing	2,500,000
CAM Fees	315,000
Parking Deck	1,100,000
Promotions	120,000
Filming	75,000
Pier Deck Rental	100,000

Carousel Rental	110,000	
Carousel Ticketing	171,000	
Licensing	500	
TOTAL OPERATIONS INCOME		$4,649,500
EVENT INCOME		
TDS Income	200,000	
Paddle Board	25,000	
Other Events	-	
TOTAL EVENT INCOME		225,000
TOTAL INCOME		4,874,500
EXPENSES		
Management		799,500
Administration		200,800
Operations		90,000
Events		300,000
Utilities		171,000
Service Agreements		173,000
Custodial Services		350,000
TOTAL EXPENSES		2,084,300
NET INCOME (LOSS)		$2,790,200

Organizational Structure

The following organizational chart depicts a possible arrangement for staff of the Pier Management Corporation. Responsibilities of each position follow.



President/CEO

- Guide long-term vision and strategy of the Pier
- Point-of-contact for Board of Directors
- Work with Board of Directors to develop vision and strategies
- Develop working policies to meet PMC's visions
- Lead and manage PMC staff to meet PMC's visions
- Support relationships with the City of Santa Monica and local community organizations

Vice President/COO

- Oversee and provide guidance to Directors
- Oversee maintenance and security subcontracts
- Oversee contracts and coordinate outside events staged on the Pier
- Coordinate capital improvement projects
- Support relationships with the City of Santa Monica and local community organizations
- Fill in for President in President's absence

Vice President/CFO

- Maintain accounts and books
- Develop sound accounting practices in accordance with GAAP
- Produce monthly statements and annual financial reports
- Act as liaison to independent accountant/auditor
- Create annual budget and track financial progress
- Develop financial policies to ensure long-term sustainability of the Pier
- Oversee all administrative functions

- Manage human relations issues

Vice President of Sponsorship and Events

- Long term, this position will be funded from event income and sponsorship
- Secure sponsorship for self-produced events
- Work with non-profit, community, and business leaders to secure sponsorships, grants, and additional funding opportunities
- Maintain and develop relationships with corporate partners
- Coordinate and manage all aspects of self-produced events, such as the Twilight Dance Series and Paddleboard Races
- Coordinate staffing and contracting for self-produced events
- Develop additional events

Director of Leasing and Tenant Relations

- Draft and administer leasing guidelines with CEO, Board, and City input and approval
- Act as point-of-contact to Pier tenants
- Monitor tenant application process and review tenant applications
- Create standard lease template
- Draft and negotiate tenant leases
- Respond to tenant inquiries and complaints
- Oversee filming on the Pier
- Update and administer filming guidelines and fee schedule
- Update and administer special event guidelines and fee schedule
- Develop filming and promotional event databases and filing system

Director of Marketing and Communications

- Develop and implement a marketing and communications plan
- Market promotional opportunities on the Pier and act as primary point of contact for organizations using the Pier for promotions.
- Work with community organizations locally to market the Pier
- Pursue compensation for use of Pier brand or likeness
- Maintain upcoming events section of Pier website
- Promote the Pier locally and nationally
- Produce weekly notice of upcoming events and distribute to tenants

Director of Pier Operations and Use

- Administer street performer program
- Manage daily maintenance and security programs
- Manage Pier events set up and breakdown
- Manage carousel booking and use

Office Administrator

- Answer and direct phone calls and other inquiries
- Prepare and deliver Board and committee packets prior to meetings

- Take minutes at Board meetings
- Provide administrative support to CEO, COO, and CFO.
- Maintain Pier website
- Maintain Social Media program
- Coordinate maintenance of office equipment and supplies
- Perform additional administrative tasks as needed

CONCLUSION

The Santa Monica Pier is more than just a municipal pier. It is a truly iconic public space that sees over 6 million visitors per year and is on par with some of the greatest public places in the country. Full and comprehensive management of day-to-day activities, leasing, and fundraising by a dedicated public-private partnership is necessary to sustain and develop the Pier's celebrity status and to create a beautiful, community oriented environment that will be appreciated for generations to come.

ATTACHMENT A – SUMMARY OF PARTNERSHIP ROLES

	Santa Monica Pier Public-Private Partnership
PRC Board and Staff	PRC Board is reduced in size and has authority over fundraising, sponsorship, and event production. Pier Management Corporation, (501 c6), created to oversee daily operations. All staff would fall under PMC. Designated seats on Board for City and tenant representation.
Leadership	PMC and PRC provide short-term and long-term planning and development objectives respective to their areas of purview, subject to Council's approval. PMC Board directs management and operational matters now overseen by City staff.
Fundraising and Advocacy	PRC acts as fundraiser and advocate for the Pier.
Indemnification	Entities maintain own insurance and indemnify the City.
Liability/Risk	PRC and PMC maintain insurance for claims in connection with non-profit services. City responsible for claims in connection with its responsibilities.
Legal Representation	Non-profits hire outside counsel for non-profit services including expanded responsibilities.
Master Planning (non-regulatory)	PMC and City.
Lease Negotiation	PMC
Lease Approval	PMC
Lease Execution	PMC
Lease Administration & Compliance	PMC
Rent Collection & Deposit	PMC
Sponsorship	PRC
Marketing	PMC

Special Events including TDS	PRC for funding; PMC staff for execution.
Filming	PMC
Carousel Operations & Events	PMC
Security	PMC for security/ambassadors. Harbor Guard/Police as needed.
Parking	PMC
Custodial	PMC
Maintenance & Repairs (light construction)	City with input from PMC.
Capital Improvements	City with input from PMC.