



# STAFF REPORT

## SAUSALITO CITY COUNCIL

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### AGENDA TITLE:

Approve the Agreement by and between the City of Sausalito and the Sausalito Chamber of Commerce regarding the 2008 Amgen Tour of California

### RECOMMENDED MOTION:

Approve the Agreement by and between the City of Sausalito and the Sausalito Chamber of Commerce regarding the 2008 Amgen Tour of California

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### SUMMARY

The City Council previously approved the City Participation Agreement by and between the City and AEG Cycling LLC pursuant to which the City obtained the right to host a stage of the 2008 Amgen Tour of California. As set forth in the Participation Agreement, the City will incur certain costs under the Agreement including costs for police, public works and emergency medical services and any requisite City permits. The City is also required to provide trash service and supply public restroom facilities on the day of the event and to ensure that the requisite number of volunteers is present to assist with various activities including course marshalling. The Participation Agreement also allows the City to hold certain "ancillary events" in connection with the 2008 Amgen Tour of California. Such events must be approved by AEG and Medalist Sport.

As you are aware, the City held a number of ancillary events in connection with the Stage 1 Start of both the 2006 and 2007 Tours of California. These events included the Bicycle Blast, Team Presentation and Gala, Sausalito Criterium, Tour de Cuisine, Bicycle Rodeo, and the Sausalito Marin City School Assembly and Bikes for Kids. The City and the Chamber agreed to jointly share in both the costs of the events (including the Stage 1 Start itself) and the revenues generated by the ancillary events.

This year the Chamber has agreed to again partner with the City in connection with the City's participation in the 2008 Amgen Tour of California. The following is the list of the ancillary events which will (have been) held in connection with the tour this year:

- a. Press Conference;
  - b. Bicycle Blast Reception;
  - c. Sausalito Marin City School District Assembly and Bikes for Kids Program;
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- d. Official Team Presentation and Gala Evening Celebration;
- e. Expo/Biker Breakfast;
- f. Sausalito Bicycle Rodeo; and
- g. Stage-One Tour de Cuisine.

Attached for your review and consideration is the proposed agreement with the Chamber in connection with the 2008 Tour of California. This proposed Agreement is essentially the same as the agreement entered into by the City and the Chamber in connection with the 2006 and 2007 Amgen Tours of California. The Agreement has been modified, however, to provide that the City will receive all revenue from the ancillary events directly – last year the Chamber assisted the City with the collection of revenues (for example ticket sales to the gala and sponsorships). Having the City collect all the revenue directly will assist the City with the controls required by the City's auditor and will also simplify the accounting procedures between the City and the Chamber. In addition, both the City and the Chamber will be putting up \$5000 a piece in seed money to cover any up front costs associated with the events which are incurred in advance of the receipt of adequate revenue to cover such costs. In addition, please note that the agreement requires that the City's practices and procedures (including the City's purchasing policy) be complied with in connection with contracts related to the events.

The proposed Agreement provides that the City and the Chamber will share the costs of the ancillary events and the 2008 Amgen Tour of California stage hosted by the City equally, and that any revenues generated by the ancillary events that exceed the costs ("Net Profit") will be divided between the City and the Chamber and utilized as follows:

- twenty five percent (25%) of the Net Profit shall be paid to the Chamber to be utilized by the Chamber to promote business and tourism in the City of Sausalito; and
- twenty five percent (25%) of the Net Profit shall be retained by the City and in the event that AEG Cycling presents a professional bicycle race similar to the Tour for the year 2009 and provided that the City Council directs staff to seek to have the City participate in such a tour, such funds shall be utilized as start up money to attempt to obtain the right to host a stage of such a tour. In the event that no tour is scheduled for 2009, or the City Council directs staff not to pursue participation in such a tour the City and the Chamber shall meet and jointly determine how to utilize such funds; and
- twenty five percent (25%) of the Net Profit shall be retained by the City and utilized to fund improvements to the City's parks; and

- twenty five percent (25%) shall be retained by the City and distributed equally to both the Marin County Bicycle Coalition and Trips for Kids which are both non-profit, 501c3 entities that promote health and wellness in Marin County, thus serving to promote the health, safety and welfare of the citizens of the City.

## **FISCAL IMPACT**

Under the proposed Agreement, the Chamber is incurring the obligation to equally share the costs associated with the City hosting the stage of the 2008 Amgen Tour of California and the associated ancillary events. Any revenues in excess of such costs from the ancillary events will be divided and distributed as set forth above. Thus, the proposed Agreement significantly reduces the costs of all of these events to the City.

## **STAFF RECOMMENDATIONS**

1. Staff recommends that the City Council approve the Agreement by and between the City of Sausalito and the Sausalito Chamber of Commerce regarding the 2008 Amgen Tour of California;
2. Alternatives:
  - a. Not to approve the Agreement, in which case the City would be responsible for 100% of the costs of the events. The City would also be able to direct the use of funds received from the ancillary events in a manner different from that set forth in the draft Agreement. However, the City and the Chamber have been successful in working cooperatively on these events for the last two years and the City does not have the capacity to run the events without the Chamber's assistance.
  - b. Direct staff to make modifications to the draft Agreement.

## **ATTACHMENTS**

1. Draft Agreement by and between the City of Sausalito and the Sausalito Chamber of Commerce

**PREPARED AND SUBMITTED BY:**

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Mary Anne Wagner, City Attorney

**REVIEWED AND APPROVED BY:**

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Louise Ho, Finance Director

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Adam Politzer, City Manager