



STAFF REPORT
2/26/2020

TO: Honorable Mayor and City Council Members

FROM: Jacob I. Alvarez, Assistant to the City Manager

SUBJECT: Approve the City to host/sponsor the City of Coachella's SoCal Cannabis Summit in the Fall of 2020 with funding not to exceed \$30,000.

STAFF RECOMMENDATION:

That the City Council approve the City to host/sponsor the City of Coachella's SoCal Cannabis Summit in the Fall of 2020 with funding not to exceed \$30,000 with the ability to recoup the additional \$10,000 through a revenue split.

BACKGROUND:

On October 10, 2018, the City Council authorized the City Manager to negotiate and enter into a Professional Services Agreement for the City to host a Summit in the Spring of 2019 not to exceed \$20,000. As a result, a negotiation with Burke Rix Communication to produce the event based on their experience producing and executing the successful Southern California Energy and Water Summit was brought before Council on November 11, 2018 where it was approved unanimously. Given that an event like this costs more than \$20,000, Burke Rix incurs the risk of a the event and has to utilize sponsorships to cover the remaining cost and make a profit.

The City of Coachella has seen unprecedented growth over the past few years and it has been brought on by national, regional, and local economic growth. Locally, the City has positioned itself by diversifying its economic base by redeveloping our downtown into a Pueblo Viejo district which the Library, the Riverside County's Department of Social Services and the Senior Center all provide a beautiful example of what the PV District will look like.

In addition, the City has seen renewed interest by businesses attracted to downtown area due to the foot traffic the Library, Riverside County's new Department of Social Services building and the Pueblo Viejo Apartments. In addition, the Retail Cannabis Overlay Zone #1 is beginning to develop with Coachella Smoke opening its business this year and the City's \$3.2m Urban Greening Project which is currently underway.

Finally, the impact that has been felt due to the redevelopment of the City's wrecking yard area into Cultivation, Manufacturing and Distribution zone. This along with the industrial zone the City has approved more than 3 million sqft. of medical/retail cannabis cultivation facilities.

Because of these positive impacts to the City, Staff is recommending that the City host a 2nd Annual Summit which will highlight the City and the Coachella Valley.

DISCUSSION/ANALYSIS:

The City of Coachella's SoCal Cannabis Summit was held on June 24-25th at Fantasy Springs Casino Convention Center with headlining speakers as follows: California's Chief Bureau of Cannabis Control Lori Ajax, State Treasurer Fiona Ma, Co-Founder of Harborside Steve Deangelo, Riverside County District Attorney Michael Hestrin and Former NFL Star Kyle Turley.

The Summit by all accounts exceeded expectation of the attendees, speakers and Fantasy Springs Convention management. The Summit was so well received it played a vital role in the City being awarded a \$500,000 Cannabis Equity Grant by California's Bureau of Cannabis Control. Given the excitement and interest of the Summit, in August 2019, City staff and Burk Rix staff began negotiating with Fantasy Springs Convention Management to lock in an in-kind sponsorship which is applied to the convention space rental. But after several untimely delays and 6 months later; Fantasy Casino Convention Management informed the City that this year they would forgo providing an in-kind sponsorship.

During this time staff had done its due diligences by looking and visiting other venues. Spotlight 29 Casino's venue was too small and the exhibitors would be located in the Medjool room which is a distance from the event center and not likely to please our exhibitors. Staff also considered Riverside County Fairgrounds and the potential of holding it at Rancho Las Flores Park utilizing tents. The fairgrounds facilities were cavernous and much like Las Flores Park, lacking everything the Summit would need therefore everything would have to be rented and furnished. Even though the fairground facility rental or using our park was not expensive, the cost of renting Audio/Visual, tables, chairs, linens, stage, decorations and hiring a caterer would far exceed the cost of holding the Summit at Fantasy Springs.

At the February 6th Economic Development Subcommittee Meeting, staff requested to host the 2nd Annual SoCal Cannabis Summit in the Fall and an additional \$10,000 of funding due to the lack of an in-kind contribution from Fantasy Springs. The ED Subcommittee shared some concern regarding the additional funding. As a result, Burke Rix has agreed to revenue split with the City after expenses are covered and profit \$40,000 is made. Therefore, every dollar that is brought in after \$40,000 profit, \$0.50 cents will go to the City and the remaining \$.50 will stay with Burke Rix until the additional \$10,000 of funding provided by the City is netted. This would leave the City's overall contribution back to its original level of \$20,000.

FISCAL IMPACT:

There will be a fiscal impact to the General Fund in the amount not to exceed \$30,000. \$10,000 of the funding could be recouped with a revenue split as stated above.

EXHIBIT(S):

1. Professional Service Agreement- Burke Rix Communications