



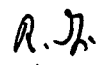

Agenda Item #: 07/0102.10

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Tell and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager 

**FROM:** Richard Gill, Parks and Recreation Director   
Mark Leyman, Recreation Services Manager 

**DATE:** January 2, 2007

**SUBJECT:** Consideration of a Proposal from the Association of Volleyball Professionals (AVP) to Amend the City's Local Coastal Plan to Permit 100% Paid Attendance at Future Manhattan Beach Opens

---

### RECOMMENDATION:

Staff recommends that the City Council consider the Proposal from the Association of Volleyball Professionals (AVP) for 100% Paid Attendance at Future Manhattan Beach Open's and Provide Direction.

### FISCAL IMPLICATION:

There are no costs associated for the City with this proposal. If the City Council approves 100% paid attendance, the City Council will submit a Local Coastal Plan (LCP) amendment to the Coastal Commission. If the Coastal Commission approves the LCP amendment then the City would have the ability to negotiate a contract as determined by City Council. Final terms would be determined at that time.

### BACKGROUND:

The Manhattan Beach Open has been one of the most prestigious events in the City of Manhattan Beach for over 45 years. For approximately the last 20 years this event has been operated in cooperation with the AVP. The current Local Coastal Plan which was approved by the City Council and the California Coastal Commission in the year 2004 allows only 25% paid seating for the center court bleacher seats at each event.

### DISCUSSION:

The attached proposal from the AVP is requesting the City Council to amend the City's Local Coastal Plan (LCP) to allow up to 100% paid attendance for this event. The AVP is stating that the reason for this request is that they are financially disadvantaged by the constraint of 25% paid seating. If the City Council supports this request, it is recommended that it be referred to the Planning Commission to conduct a public hearing, and consider the request. The Planning Commission's recommendation would then be transmitted back to the City Council. The Council would then conduct a public hearing and forward their recommendation to the Coastal

Commission. Staff recommends that City Council discuss the attached proposal from the AVP and provide direction.

**ATTACHMENTS:**

- A. AVP Request to Amend Current Local Coastal Plan
- B. L. A. Times Newspaper Article
- C. L. A. Times Newspaper Article

# AVP Pro Beach Volleyball Tour, Inc.

**To:** Richard Gill  
**CC:**  
**From:** David C. Williams AVP  
**Date:** 12/27/2006  
**Re:** Request to amend the current Local Coastal Plan

---

As reported in the Los Angeles Times on August 11<sup>th</sup>, 2006, the AVP Pro Beach Volleyball Tour is economically disadvantaged by the California Coastal Commission guidelines limiting paid seating to 24.9% of the stadium capacity. The City of Manhattan Beach's current LCP also limits paid seating to less than 25%. As the popularity of our sport increases, and the demand for seating grows, it creates a further economic hardship on the AVP to increase seating to meet the demand from the community.

The AVP is requesting that the City of Manhattan Beach amend the current Local Coastal Plan to permit 100% paid attendance for the annual Manhattan Beach Open beach volleyball event. With this amendment this City of Manhattan Beach will have all of the control it needs to manage the paid seating issue locally. The AVP will have an opportunity to sell tickets and recover some of the significant costs associated with producing the annual Manhattan Beach Open, and the public can be better served by providing sufficient seating to meet the demand of the community.

Please contact me directly if you have any questions or need clarification with this request: 310-426-7123.

# Coastal Commission, ATTACHMENT B

## Tour Hit Roadblock

10

(Volleyball, from Page D1)

tity can charge admission for events on a public beach without its approval.

Armato estimates the AVP spends about \$1.2 million to stage each local event, including temporary seating, TV production costs and prize money. AVP sponsors such as Crocs, Bud Light and Gatorade pick up some of the tab, but the tour loses close to \$1 million in each Southern California event, he said.

AVP events draw 7,500-10,000 spectators a day. If the tour could charge \$20 per person, it would add \$450,000 to \$600,000 in revenue, moving the tournaments closer to break-even, he said.

In 1993, the Coastal Commission amended its no-charging policy for temporary events, such as an AVP tournament, which allows the AVP to charge for 24% of its seats at its main court.

Currently, at the three local, summertime AVP events, the tour charges admission for 24% of the seats in its 3,135-seat center court stadium, generating revenues of about \$70,000 over three days. Admission is free at the 14 other outside courts.

The AVP is also not allowed to charge for parking and can't sell alcohol on the beach. "To make these events profitable, we need access to all streams of revenue," Armato said.

And that means charging more spectators for admission, but the Coastal Commission isn't budging.

"I can't see a circumstance where the commission would allow them to charge for the entire area," said Peter Douglas, executive director of the Coastal Commission. "Our concern is that the greatest number of people have free access to a public beach."

The commission's 24% rule, however, isn't applied consistently. When Cirque du Soleil makes its occasional visits to the Santa Monica Pier, there are no free seats for the general public. But at the U.S. Open of Surfing in Huntington Beach two weeks ago, admission was free.

At the AVP tournament in Santa Barbara, the courts are fenced in and all spectators are charged admission fees. The Coastal Commission allowed that because the tournament was in May, outside the main summer season.

Heal the Bay Executive Director Mark Gold said that the prospect of Southern California beaches without volleyball tournaments would be like "Wimble-

in 2005. Instead of hauling its stadium equipment from city to city, it sought out cities with existing stadiums, saving approximately \$120,000. In Cincinnati, for example, the AVP event is in a tennis stadium; in Birmingham, Ala., they play in a minor league baseball stadium.

Furthermore, promoters in those cities pay the AVP upfront fees. Promoters are responsible for staging costs, but they also receive the revenue generated from ticket sales, parking and concessions.

Those events, Armato said, all make money.

The three Southern California events are the only ones among the 14 on the AVP schedule that are unprofitable, Armato said. "Our Southern California events are our most prestigious events, but how long can we maintain them when we lose money on them?"

Beach volleyball was born in Southern California. Most players on the AVP tour live in Southern California and they say it would be a shame if there were no local events.

"Boy it would be sad not to have a Manhattan or a Hermosa on the schedule," said Karch Kiraly, a beach volleyball legend. "It would be nice if they could work something out."

Part of the concern is the history in Southern California. Beach volleyball has always been free here and some fear alienating longtime fans by charging admission.

Kiraly, a 28-year veteran, said times have changed from the days when fans camped out on the beach to reserve courtside seats.

Now the AVP builds a center court stadium so everyone has a good seat.

"I think people would prefer to pay so that they have a guarantee reserved seat," he said. "Then you don't have to worry about losing your seat if you have to go to the bathroom."

"It costs the tour a lot to put on these tournaments. In Santa Barbara they charge and there was great demand for it. We sold out," Kiraly said.

The Santa Barbara tournament has been in May the last two years, before Memorial Day.

Kiraly said he wouldn't mind moving the dates of the Hermosa Beach or Huntington Beach tournaments. But the Manhattan Beach Open — the so-called Wimbledon of beach volleyball — must remain in August, he said.

"August is Manhattan time," he said. "It would definitely lose some of its luster at another time

AVP is a huge benefit to anyone who cares about the beach and Southern California lifestyle," Gold said. "Them leaving would be nothing short of tragic."

But the AVP has been struggling financially for years. AVP Inc. has not turned a profit since before it filed for bankruptcy protection in 1998. Armato took over in 2001 and set in motion a long-term turnaround plan.

Last year, Armato took the company public. But the AVP still lost nearly \$9 million on \$15.6 million in revenue in 2005, and its stock is currently worth less than \$1 a share.

The AVP developed a new business model for tournaments

the Coastal Commission, said moving tournaments outside of the Memorial Day-to-Labor Day window would still require approval. "The beaches aren't up for sale to the highest bidder," Posner said. "The public has the right to access these beaches for free."

That argument doesn't fly with Kiraly.

"I don't understand how it makes the beach any less accessible," he said. "There are miles and miles of beaches and we're taking up a small portion of it for three days. And if anything, we're bringing more people to the beach who wouldn't normally be there."