

City Council Study Session Oct. 8, 2024

WHAT:

A City Council study session discussion on the proposal that the city of Santa Monica enter into a Games Agreement with LA28, the first of four formal agreements, securing Santa Monica as a venue city to host beach volleyball events at Santa Monica State Beach, the birthplace of the modern sport.

After more than a year of negotiations, the study session is an opportunity for the City Council and the public to understand the status of negotiations and the impacts of moving forward with the Games Agreement. This is part of Santa Monica's standard public process for major projects and initiatives and would inform next steps with LA28.

WHY:

The study session provides an opportunity for the City Council to publicly explore and weigh in on the proposed agreement points, including costs, revenue opportunities and community benefits, to determine whether moving forward with hosting beach volleyball is fiscally responsible and beneficial to the community. It is also an opportunity for the community members to hear key agreement terms and conditions, and of give input.

HOW:

The City Council is set to discuss the proposed agreement terms and provide direction and input to city staff. View the staff report [here](#).

WHO:

- **Santa Monica negotiating team** – City Manager's Office, City Attorney's Office and outside legal counsel (David Sunkin, of Sheppard, Mullin, Richter & Hampton LLP)
- **LA28** – Los Angeles Organizing Committee for the Olympic and Paralympic Games
- **HR&A Advisors** – a prominent real estate, economic development, and public policy consulting firm that has completed several previous studies for Santa Monica
- **Santa Monica City Council** – holds ultimate authority on agreement execution

REGIONAL CONTEXT:

Los Angeles is the host city for the 2028 Summer Olympic Games, with [venues confirmed](#) in the cities of Long Beach, Inglewood, Temecula, Carson and Oklahoma City. Other venue cities have been proposed but may not have signed formal agreements yet.

Santa Monica is adept at hosting large events and gatherings and, as a well-established major tourist destination, is poised to welcome the hundreds of thousands of attendees to its shores as the Los Angeles region hosts the 2028 Summer Olympic Games.

TIMELINE

- **Sept. 1, 2015:** Los Angeles City Council approves moving forward with a bid for the 2024 Summer Olympic Games.
- **Sept. 13, 2016:** Santa Monica City Council approves the Venue and City Guarantee Letters for the LA 2024 Summer Olympics bid. View council discussion [here](#).
- **Jan. 25, 2017:** Los Angeles City Council approves the host city contract for the 2024 Summer Olympic Games.
- **Sept. 13, 2017:** International Olympic Committee (IOC) awards 2024 Games to Paris, France, and 2028 Summer Olympic and Paralympic Games to Los Angeles.
- **May 2023:** City staff and LA28 begin negotiations on a Games Agreement for hosting beach volleyball in Santa Monica.
- **Aug. 22, 2023:** Santa Monica City Council approves Venue and City Guarantee Letters updated from LA 2024 to LA28.
- **February 2024:** City of Santa Monica hires consultant HR&A Advisors to complete a fiscal impact analysis. HR&A is asked to analyze historical city and event budget data, visitor spending reports, and Olympic precedents to project the fiscal impacts to the city for hosting Olympic beach volleyball.
- **March 2024:** City Attorney's Office engages David Sunkin, partner at Sheppard, Mullin, Richter & Hampton LLP, as outside legal counsel to assist with negotiations.
- **May 14, 2024:** Santa Monica City Council holds a [closed session discussion](#) on the Games Agreement negotiations.
- **Sept. 10, 2024:** Santa Monica City Council holds a [closed session discussion](#) on the Games Agreement negotiations.
- **Oct. 8, 2024:** Santa Monica City Council holds a public [study session](#) to discuss the proposed terms of the Games Agreement and give direction on next steps.
- ***TBD:** Santa Monica City Council votes on final Games Agreement.
- ***TBD:** Santa Monica City Council votes on the Enhanced City Resources Master Agreement
- ***TBD:** Santa Monica City Council votes on the Venue Services Agreement
- ***TBD:** Santa Monica City Council votes on the Venue Use Agreement
- **July 14-30, 2028:** LA28 Olympic Games
- **August 2028:** LA28 Paralympic Games (no events proposed in Santa Monica)

* Items contingent on the Santa Monica City Council deciding to move forward with the Games Agreement at the Oct. 8 study session.

PROPOSED GAMES AGREEMENT:

The Games Agreement sets broad terms and general principles that would guide the city's partnership with LA28 as a venue city. It establishes a framework for cooperation and sets the stage for exact terms, conditions, costs and operational details that would be negotiated in future agreements. The agreement terms discussed for Santa Monica are substantially similar to those in the other venue city agreements: [city of Long Beach](#), [city of Carson](#), [city of Inglewood](#).

City of Santa Monica provides:

- Normal and customary municipal services, as well as enhanced services above baseline levels within the venue (the "venue footprint") and a to-be-determined area outside of the venue (the "games footprint"). Normal and customary service levels are set to be stipulated by LA28 agreements with the city of Los Angeles, which have yet to be executed.
- Participation in the interagency public safety/security efforts led by the Department of Homeland Security and the U.S. Secret Service.
- Transportation and traffic solutions support.
- Coordination of venue logistics in partnership with LA28.
- Strict enforcement of the city's vendor ordinances.
- Prevention of unauthorized LA28 trademark infringement.
- Other yet to be determined duties.

LA28 provides:

- A venue rental fee, yet to be determined (the estimate for 2016 market rate was at \$3.7 million).
- The reimbursement of enhanced municipal services within the venue and games footprints. It is unclear if any enhanced city services provided beyond those areas would be eligible for reimbursement.
- Construction of a temporary 12,000-seat stadium on the sand north of the Santa Monica Pier, warm-up and practice courts, and operational and broadcast components in Beach Lot 1 North.
- Restoration of beach and Lot 1 North to pre-games condition.
- Security measures.
- Transportation solutions.
- Construction permits and schedules.

KEY DISCUSSION POINTS:

Reimbursement: The agreement provides a framework for future negotiation of reimbursement from LA28 to the city for enhanced services but does not spell out the exact scope of services, level of reimbursement or timeline for reimbursement. In addition, the agreement does not account for potential city capital improvements, staff time, post-event site restoration or environmental mitigation.

Community benefits: The agreement does not provide Santa Monica similar benefits offered to the host city of Los Angeles, including \$160 million for youth sports development. City staff had proposed inclusion of other benefits such as local hire, workforce development, or a legacy project, but LA28 declined.

Revenue opportunities: The agreement prevents the city from pursuing revenue-generating opportunities, such as sponsorships or co-branded merchandise, and prohibits public and private events from being hosted citywide. Should any potential branding partnership or revenue-sharing opportunities with LA28 become available in the future, they would be negotiated in separate agreements.

City services: The agreement indicates LA28 would reimburse the city for enhanced services in the venue footprint, which is solely the area where the competition takes place on the sand and in Beach Lot 1 North. LA28 has mentioned a "games footprint" for additional potential reimbursement beyond the venue, but this provision is not included in the Games Agreement and would be negotiated in future agreements.

Pier operations: The agreement does not indicate whether the Santa Monica Pier will remain open and fully operational throughout the Games. This would be determined in subsequent negotiations.

PROJECTED ECONOMIC IMPACTS (HR&A REPORT):

The full fiscal impact findings provided by HR&A Advisors can be viewed [here](#).

Event scenario: Includes calculations for increased regional visitation from the broader 2028 Summer Olympic Games and visitors who are specifically attending the beach volleyball events in Santa Monica.

- Estimated day trip visitors: 642,000
- Estimated overnight visitors: 59,000

Revenue	\$14.09 million
Costs	(\$15.54 million)
Net	(\$1.45 million)

Non-event scenario: Accounts for increased regional demand due to the 2028 Summer Olympic Games, but without hosting any events in Santa Monica.

- Estimated day trip visitors: 245,000
- Estimated overnight visitors: 53,000

Revenue	\$11.3 million
Costs	(\$650,000)
Net	\$10.65 million

NEXT STEPS:

If the City Council moves forward with finalizing and executing the Games Agreement at a future public meeting, then three additional agreements with LA28 would need to follow to outline the plan for beach volleyball in greater detail:

- **Enhanced City Resources Master Agreement:** Spells out the “normal and customary” city service levels to determine a base level by which to measure enhanced city resources that could be eligible for reimbursement by LA28. This agreement would also establish the rates at which the city would be reimbursed for services and resources.
- **Venue Services Agreement:** Determines the services the city will provide, such as security or waste management, within the beach volleyball venue footprint.
- **Venue Use Agreement:** Establishes the terms related to the beach volleyball venue, such as the rental fee LA28 will pay to use Lot 1 North and the beach and to mitigate lost parking revenues, as well as logistics, including move in/out dates and venue construction schedule.