



Legislation Text

File #: 08-0339, **Version:** 1

Recommendation to receive and file the Contract Performance Audit for the Long Beach Sea Festival Association; and request City Council to direct City Management and the Long Beach Sea Festival Association to review recommendations, develop comprehensive strategies consistent with these recommendations and advise the City Council and City Auditor as to progress and plans for implementation in six months and one year from the date of receipt and filing of this report.

Last summer the City Auditor's Office, along with the independent audit firm of Sjoberg Evashenk, began a contract performance audit of the Long Beach Sea Festival Association ("Association"). The Association had assumed responsibility for running Sea Festival in 2005 with the intent to revitalize the Sea Festival and promote the City by increasing the variety and quality of events. The purpose of this audit was to assess the performance of the Association in fulfilling the City's intent and goals under the existing agreement.

Our audit found that overall Sea Festival generally improved during the first two years of its contract with the City. During this time, the number of events increased, as did the visibility of Sea Festival as a whole. Additionally, a study commissioned by the Association was published after our audit was completed showing that the Sea Festival has had a significant positive economic impact on the City.

However, our audit also found that there are significant issues that the City should address in regards to Sea Festival. These issues include: the non-collection of the 2006 Agreement Fee due to the City; the proper calculation of the Agreement Fee under the contract generally; and the proper tracking of City staff time that is utilized to help coordinate and promote Sea Festival.

Furthermore, there is confusion between the City and the Association about various requirements under the Agreement that should be resolved.

Responsibility for Sea Festival is currently being transferred from the Long Beach Sea Festival Association to International City Racing, the organizers of the Long Beach Marathon. While this report covered the time period in which the Long Beach Sea Festival Association was in charge of Sea Festival, the findings are equally relevant for the City as it begins its relationship with the new operator.

The City Auditor's Office appreciates the cooperation of the Parks, Recreation, and Marine Department and the Sea Festival Association with this report. We welcome any questions that you may have regarding our findings.

This item is not time sensitive.

Implementation of the attached recommendations would result in the direct recovery of approximately \$37,000. Clarification of contractual responsibilities may result in additional revenues that would otherwise not be realized. Additionally, implementation of other recommendations in the report (such as better tracking City staff time dedicated to Sea Festival) may result in greater control of these

costs, as well as increased cost recoveries.

Approve recommendation.

Laura L. Doud, CPA
City Auditor