



# CITY OF HUNTINGTON BEACH

To: Honorable Chair and Finance Commissioners  
From: Zack Zithisakthanakul, Acting Chief Financial Officer  
Date: March 25, 2026  
Subject: **Supplemental Communication for the March 25, 2026, Finance Commission Meeting**

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Attached is a Supplemental Communication to the Finance Commissioners (Received after distribution of the Agenda):

## FINANCE COMMISSIONER ITEMS

#6. (26-251) - (1) email received from a Commissioner regarding the Sports Complex – Two Attachments

- Attachment #1 – Raw Expenses Sports Complex
- Attachment #2 - Revenue Sports Complex 2021 - 2025

#7. (26-252) – (1) email received from a Commissioner regarding update to Presentation and Discussion – Relating to Cities Facilities, Operations, and Concession Agreements – Two Attachments

- Attachment #1 – Punch List of Issues v2
- Attachment #2 – Request for Financial Documentation 031726\_Redacted

Punch List 3/18/26

Yacht Club	Type	Description of Issue	Concern	Start Date	Close Date	Comments
Y1	Lease Violation	Statement of Quarterly Gross Receipts of Yacht Club not delivered to city to insure proper monthly rent amount is paid to city as required in lease	Lessee not paying proper rent and only paying minimum			Director Wysocki claims she has asked for these statements and has been ignored by HHYC.
Y2	Lease Violation	Building showing major signs of disrepair and neglect and not maintained as required in lease	Damage to city property			
Y3	Legal Dispute	HHYC has permanently and exclusively denoted 30 spaces in the city public parking lot as exclusive to Yacht Club Members and indicating owners cars would be towed if they park in those spots and are not attending Yacht Club.	Loss of Revenue and Coastal Commission Concerns			
Y4	Legal Dispute	Yacht Club periodically closes off the public parking lot claiming it has been reserved for HBYC Event	Loss of Revenue and Coastal Commission Concerns			
Y5	Lease Violation	Yacht club not providing quarterly list of activities to the city	Lack of public information for a city owned asset			
Y6	Lease Violation	Need copy of current Insurance - may not be an issue - we will see	Massive Risk to city			

Details from Yacht Club Lease		Agreement Reference
Y1 - Lease Detail	Beginning in year six, LESSEE shall deliver to CITY on a quarterly basis within 15 days following the end of each quarter, LESSEE's "Statement of Gross Receipts", in a format acceptable to CITY showing gross receipts from: facility rental and food, beverage and catering sales, including liquor. If the total amount of Percentage Rent calculated at the rate of 10% of gross receipts from facility rental, and 6% of gross receipts from food, beverage and catering sales, including liquor, exceeds the base rent in effect for that calendar quarter, within 30 days following receipt by CITY of such Statement of Gross Receipts, CITY shall invoice LESSEE for the amount by which such Percentage Rent for the quarter exceeds base rent for the quarter.	Page 2 - Section 4 - Item 5 b, Page 6 of 35 in City Records System
Y2 - Lease Detail	CITY shall make yearly physical inspections of the leased premises. CITY may direct that certain maintenance or repairs be performed where such work is necessary to protect the premises or to provide a clean, attractive and well maintained premise. LESSEE shall perform any such maintenance or repairs within thirty (30) calendar days following receipt of such written notice from CITY, provided, however, that if the nature of the repairs is such that more than thirty (30) days are reasonably required for its completion, then it shall not be deemed to be a breach if LESSEE commences such cure within said thirty (30) day period and thereafter diligently prosecutes such repair to completion.	Page 3 - Section 8 - Item 1, Page 7 of 35 in City Records System
Y3 - Lease Detail	LESSEE shall have the right to use thirty (30) reserved spaces for its use within the parking lot adjacent to the Premises, accessed from Warner Avenue, and shall have non-exclusive right to use the remainder of such parking lot on a non-exclusive, first -come basis for LESSEE's events and functions, and those of third parties who- rent the Yacht Club facility provided that such use shall not interfere with access to or use of the launch ramp facility adjacent to the Premises.	Page 26 - Section 8 - Item 5, Page 12 of 35 in City Records System
Y4 - Legal Dispute		
Y5 - Lease Detail	LESSEE shall add CITY to the distribution list of LESSEE's monthly publication, whether in print or electronic form, sent to LESSEE's members, that describe or list the events and activities conducted or sponsored by LESSEE. In the event that LESSEE ceases the publication of any such monthly medium, LESSEE shall provide CITY with quarterly reports describing LESSEE's activities and events held on the Premises.	Page 26 - Section 8 - Item 3, Page 12 of 35 in City Records System
Y6 - Lease Detail	This section is VERY long - See Page 7 - Section 17, Page 11 of 35 in City Records System	Page 7 - Section 17, Page 11 of 35 in City Records System

Equestrian Center	Type	Description of Issue	Agreement Reference	Concern	Start Date Action	Close Date Action
E1	Legal Dispute	No Building Permits for Free Reign portion of the Equestrian Center Concession		Liability for city		
E2	Agreement Dispute	Vendors and organizations in the Equestrian center have not been approved by Council and Agreement Addendums have not been created as required in the concession agreement.		Liability for city		
E3	Legal Dispute	Therapeutic Riding Center is outside Equestrian Center on park land and private land - No permits and illegal construction		Liability for city		
E4	Legal Dispute	City has an agreement with Rick Baer Training Stables to care for police horses. This business has not been approved by city council and an addendum to the agreement allowing them to be within the equestrian center has not been written. City contract with an organization not legally allowed to be in the Equestrian Center.		Liability for city		
E5	Legal/Code	Alcohol being served in red barn at weddings in equestrian center . Equestrian Center is zoned as OS-PR and in central park. Requires a CUP and full table services per HBMC OS restrictions.		Liability for city		
						Need legal opinion on this

HB Sports Complex	Type	Description of Issue	Concern	Start Date Action	Close Date Action	Comments
SC1	Contract Dispute	Pitching machines removed rather than serviced and maintained as required in agreement	Loss of revenue for city			
SC2	Contract/Legal Dispute	Pitching machine area stripped of all infrastructure and city property "given away"	Loss of revenue for city			

SC3	Legal Dispute	Concessions lease may be illegal per section 612 of City Charter - No vote of the people to approve lease	City legal exposure by sanctioning illegal lease			Need review by legal team
SC4	Lease Violation	Talbert Concession not opened . Lease requires it be open 100 days per calendar year.	Loss of revenue for city			
SC5	Collections	Sellout Events invoice past due. Business is illegal in CA per franchise Tax Board suspension.				
SC6	Legal Dispute	"Fronting" at Specific Events - Illegal 1 Day permits for pulled by non-profits and run by for profits	City legal exposure by sanctioning illegal event			
SC7	Legal/Code	Alcohol at 1 day permits at all - HBMC prohibits all alcohol in parks except for any events in Sports Complex	City legal exposure by sanctioning illegal event			Need legal review
SC8	Legal/Code	Illegal Construction at Goldenwest concession with no city permits or oversight	Legal Exposure			Need legal review

Meadowlark	Type	Description of Issue	Concern	Start Date Action	Close Date Action	Comments
M1	Legal	Additional late rent payment for rent past Jan 1, 2024 of approx \$66,283 - This is beyond Davis Farr Review of 2019 - 2023 and in addition to previously discovered late and missing rent of over \$400K	Loss of revenue for city			Need an Audit to confirm
M2	Lease Violations	Trees not replaced one for one, lake is believed to not be lined as required in lease, clubhouse roof not replaced and repairs not updated, parking lot not repaired, netting on Warner ripped, fencing in bad repair, irrigation system broken, cart paths in poor repair, tee boxes worn out and damaged.	Loss of revenue for city			
M3	Well Not Serviced	Well on property is supposed to be serviced regularly	Capital Asset Damage			
M4	Lease Violations	Capital improvements not made per lease addendum	Capital Asset Damage			
M5	Legal	Damage to grounds and driving range from neglect and chronic flooding	Capital Asset Damage			
M6	Code/Legal	CUP required to serve alcohol per HBMC OS restrictions - Note L5 to serve alcohol	City Legal Exposure			Both C&L and Planning are aware of the issue and claim code is not enforced because Meadowlark has been around a long time
M7	Code/Legal	Does Measure C apply to Meadowlark? If so is current Lease illegal?	City Legal Exposure			Measure C was passed 1990 and current Lease was signed in 1992 without a vote of the people. Meadowlark is NOT a public park - it is OS-R, not OS-PR - so I do not think Measure C applies to the golf course at all.
M8	Legal	Abatement beyond Council approved time cost city almost \$1 million in lost rent	Legal Exposure/ Revenue for city			City council authorized rent abatement from 3/5/2020 to 7/30/2020 due to COVID. Staff extended it an extra year for some reason. Cost city almost \$1 million in lost rent . Abatement was not needed on golf course at all. City staff "renegotiated" rent terms on the fly .