Sports Complex Follow-up: Finance Commission Recommendation

August 18, 2026

Background

- On July 7, 2026, a presentation was provided to City Council regarding proposed improvements to the Huntington Beach Sports Complex (Sports Complex) by City staff and HBSC Partners, LLC.

- City Council unanimously voted to refer the proposed improvements of the Sports Complex to the Finance Commission for review and direct staff to assist in providing the Finance Commission Sub Task Committee with the data they need to provide a written recommendation to City Council by the August 18 City Council meeting, including concurrent dialogue with HBSC Partners, LLC.

- The Finance Commission Sub Task Committee is comprised of Commissioners Boomgarten, Chennault and Geery.

Meeting Dates

Since July 7, staff have attended the following meetings:

- Monday, July 13: Sub-Committee Meeting
- Monday, July 20: Sub-Committee Meeting
- Wednesday, July 22: Finance Commission Regular Meeting
- Monday, July 27: Sub-Committee Meeting
- Wednesday, July 29: Sports Complex Methane Monitoring System Meeting
- Wednesday, August 5: Finance Commission Special Meeting

August 5 Finance Commission Special Meeting

The Sub-Committee presented the following recommendations, which were approved by the Finance Commission for recommendation for City Council Consideration:

1. CEQA first, no agreements until complete
2. Issue an RFI to maximize value and resident benefit
3. All upgrades must follow City procurement rules
4. Establish minimum base rent + revenue share
5. Modernize parking & field use rates
6. Independent Audit of HBSC Partners' three agreements
7. Move agreement oversight to Treasury/Legal engagement
8. Public engagement before any facility changes

Finance Commission Recommendation

1. CEQA First, No Agreements Until Complete

Background

- HBSC Proposed Changes: HBSC Partners has proposed significant upgrades and operational changes
- CEQA Requirements: Because the Sports Complex sits atop a former county landfill with an aging methane management system, it is expected most proposed changes will require CEQA review
- CEQA Timeline: CEQA can take 3 months to over a year, or longer.
- City Oversight: Jennifer Villasenor with CLS and Legal, is leading the CEQA process

Recommendation

- Do not execute any agreements, contracts or MOUs until CEQA is fully complete and the City understands what is permissible and at what cost.
- HBSC Partners should pay for all CEQA-related costs (scope, studies, environmental services), not the City.

Finance Commission Recommendation

2. Issue a RFI to Maximize Value and Resident Benefit

Background

- Upgrade Potential: The City recognizes there are significant opportunities for expanded uses and upgrades.
- Resident & Revenue Goals: The City seeks increased resident benefit and increased revenue.
- Operator Market: Many qualified operators would be interested in managing the Sports Complex.

Finance Commission Recommendation

2. Issue a RFI to Maximize Value and Resident Benefit

Recommendation

- Issue a RFI immediately to ensure the City receives the best possible suggested upgrades, alternative usage options, improved operational and revenue performance, and enhanced value that improves revenue to the City and usage by, and value to residents.
- Require a formal response by HBSC Partners so City has a formal proposal for review and consideration.
- Responses should be evaluated by CLS, Legal, Environmental, Finance, CLS Commission, and the Finance Commission to determine whether continuing with HBSC Partners beyond 9/27/27 is in the City’s best interest.

Finance Commission Recommendation

3. All Upgrades Must Follow City Procurement Rules

Background

- City Ownership: The Sports Complex is a City-owned public asset.
- Major Upgrades: Proposed upgrades are multimillion-dollar capital improvements.

Recommendation

- All approved upgrades and changes must follow City procurement processes, ensuring transparency, competitive bidding, and compliance with City code and charter and state and federal requirements.

Finance Commission Recommendation

4. Establish Minimum Base Rent + Revenue Share

Background

- Current Financial Burden: The Sports Complex currently costs the City roughly $1 million per year.
- No minimum Rent: The existing agreement does not include a minimum monthly rent.

Recommendation

- Create a new agreement requiring a guaranteed minimum base rent to ensure positive cashflow.
- Add a revenue-sharing structure above the base rent to reward strong operator performance.

Finance Commission Recommendation

5. Modernize Parking & Field Use Rates

Background

- Rate Restrictions: Operators must adhere to fixed parking and field-use rates.
- Market Flexibility: Operators believe significant additional revenue is possible with market-based pricing.

Recommendation

- Consider removing rate restrictions and direct staff and the Finance Commission to develop new market-aligned rates for parking and field use.
- Determine equitable revenue split between the City and operator.
- Finance Commission works with staff to create an agreement framework that is enforceable and in the City and resident's best interest.

Finance Commission Recommendation

6. Independent Audit of HBSC Partners’ Three Agreements

Background

- HBSC Partners currently holds three agreements:
    - Sports Complex Operations
    - Concessions Lease
    - Outer Field Maintenance
- The Finance Commission has noted non-compliance concerns.
- Self-reported revenue has never been independently validated, despite rent being based on revenue percentages.

Finance Commission Recommendation

6. Independent Audit of HBSC Partners' Three Agreements

Recommendation

- Conduct an independent audit of financial reporting and operational compliance across all three agreements.
- Audit should be directed by the Finance Commission with assistance from City staff.
- Refer any breaches to Legal for remediation, termination, or recovery of funds as appropriate.
    - Note: Audit recommendation attached as separate document – this was approved by Finance Commission.

Finance Commission Recommendation

7. Move Agreements Oversight to Treasury/Legal Engagement

Background

- Enforcement Issues: Current agreements have not been consistently enforced.
- Staff Limitations: Weekly meetings occur, but enforcement actions have not been taken or escalated.

Recommendation

- Move management of HBSC agreements to Bill Krill’s team and Legal.
- Also move oversight of Equestrian Center, Meadowlark and Yacht Club agreements under the same structure.
- Place Bill Krill’s team under Treasury leadership for stronger financial oversight.

Finance Commission Recommendation

8. Public Engagement Before Any Facility Changes

Background

- Lack of Public Review: HBSC Partners has worked with staff for two years on proposed upgrades without public review.

Recommendation

- Engage an independent facilitator to conduct public meetings on all proposed changes.
- No changes to facilities or operations should proceed until public feedback is collected.
- Findings should be reported to City Council, Finance Commission and CLS Staff and CLS Commission.

City Council Feedback

Staff requests City Council direction on the following:

- Finance Commission Recommendations
- Continued dialogue with HBSC Partners
- Any other feedback

Questions?