



Pacific Airshow

Subsidy Request and Deferred
Payment Schedule for Fees and
Charges

September 6, 2022
Item #30

**SUPPLEMENTAL
COMMUNICATION**

Meeting Date:

9/6/2022

Agenda Item No.:

#30 (22-733)

History

2016 - Airshow Inaugural Year – City Council Actions

- Adopted Resolution No. 2016-65, which increased parking rates to help offset direct staffing costs owed by the event organizer.
- Approved deferral of 75% of fees until 30 days after the event.

2017 - City Council

- Adopted Resolution No. 2017-44, temporarily raising parking rates in the south beach lots & the Main Promenade Parking Structure in support of the event.



History

2017- City Council (continued)

- Approved the deferral of payment for all public safety/staff charges to 45 days following the event.

2018 –Economic Development Committee -
Consensus to continue to provide a similar parking subsidy due to the transition between the former event organizer and Code Four



History

2018 – City Council

- Adopted Resolution No. 2018-48, which made the parking rate modifications in support of the event permanent.

2019 – Economic Development Committee

- Code Four reported a continued need for support from the City until a large sponsor could be found.

2019 - City Council

- Unanimously approved a parking subsidy of no more than \$110,000 (contingent on actual parking revenues).



History

The 2022 event will be the sixth year the City hosted an airshow and the fourth year that Code Four will be the organizer of the event.

Each year the event organizer has requested that the City waive related permit fees and provide a parking subsidy to reduce their event costs.

To date, the City has waived \$86,425 in permit related fees and provided \$296,094 in parking offset revenues.



History

This includes approximately 200+ reserved parking spaces each year at no cost to utilize for both set-up and staging areas, as well as event related VIP and production staff parking.





Statement of Issue

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The City of Huntington Beach has been contacted by Code Four, the event organizer of the Pacific Airshow requesting:

1. A subsidy be approved as part of the permitting process,
2. A deferred payment schedule for fees and charges due to the City.

Per HBMC Section 13.54 relating to Specific Events, all direct costs for any event, including staffing, operational set-up and tear-down fees, as well as various permit and reserved parking space charges, are to be paid by the organizer at least 30 days prior to the event date.





Fiscal Impact

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The proposed subsidy could be similar to the past City Council approved amount of up to \$110,000.

The amount is based on a share of the actual parking and HB RV Campground revenues collected during the three-day event and would be used to offset a portion of the estimated direct event staffing costs.



Fiscal Impact

Preliminary analysis estimates the 2022 airshow direct event staffing costs at \$134,366. Note that this amount is an estimate and that final costs may fluctuate based on the actual staffing needs during the event.

Estimated Direct Event Staffing Costs	
Police	\$48,000
Fire	\$9,876
Beach Maintenance	\$5,768
Marine Safety	\$69,990
Public Works/ Electrician	\$732
Total	\$134,366



Fiscal Impact

Code Four Expenses Due To The City	
Staffing Costs	\$134,366
Various Permit Fees	\$17,797
Estimated Reserved Parking Space Charges used for Event Production Staging and VIP Purposes (240 Spaces X 17 Days X \$10)	\$40,800
Reserved HB RV Campground Sites to be Sold and Packaged by the Organizer (40 Sites X \$1,600)	\$64,000
Total	\$256,963



Fiscal Impact

Approval of a subsidy of up to \$110,000 as approved by City Council in prior years would reduce Code Four's bottom line costs from \$256,963 to \$146,963 to be used to offset direct staffing event costs.

Original Amount	\$256,963	Owed to City by Code Four
Less	<u>\$110,000</u>	Share of Parking Revenue Subsidy
Adjusted Amount	\$146,963	Reduced Amount (with Subsidy)



Fiscal Impact

Should the City Council approve the \$110,000 maximum subsidy, the General Fund would lose that same amount in potential revenue for the three-day event.

However, typical pre-airshow parking revenues during similar weekends averaged \$41,000, so even with the subsidy, a potential gain of \$42,532 could be realized.

2022 Event	\$193,532	Estimated Event Parking & HB RV Revenues
Less	\$41,000	Average Pre-Airshow Parking
Less	<u>\$110,000</u>	Maximum Parking Share Subsidy
Balance	\$42,532	Potential General Fund Gain





Recommended Action

Recommended Action

- A) Consider Code Four's request for a subsidy, and based on previous approvals, grant up to \$110,000 in parking and camping revenue for the 2022 event to cover a portion of direct staffing expenses and direct staff to transfer said amount; **AND/OR**,
- B) Consider Code Four's request to delay the portion of the fees and charges due related to direct City event staffing and auto parking spaces, to be invoiced to Code Four following reconciliation of actual costs and due to the City by November 15, 2022. Require payment of the \$17,797 in permit fees and \$64,000 in HB RV Campground site revenue prior to the event per the Huntington Beach Municipal Code; **OR**,



Recommended Action

- C) Deny Code Four's subsidy request and direct staff to require full payment of all fees, charges, and HB RV Campground site revenue in the amount of \$256,963 no later than September 23, 2022.
- D) Provide any direction City Council deems appropriate regarding financial support of future air show events.



Final Considerations

In conclusion, staff is recommending that at a minimum, Code Four pay the following by September 15, 2022:

- \$17,797 in permit fees and the
- \$64,000 in HB RV Campground sites

Under this scenario, the balance of fees and charges will be billed within 30 days after the event and Code Four would be required to pay all final amounts by November 15, 2022.



Final Considerations

The proposed maximum \$110,000 shared parking subsidy, if approved, would be only for the 2022 event.

Should there be a desire to continue to accommodate the Pacific Airshow event, City Council may wish to provide staff with additional direction regarding future financial support per Recommended Action D.



Questions?

