



**CITY OF HUNTINGTON BEACH**  
**Community Services Department**

To: Honorable Mayor and City Council Members  
Via: City Administrator  
From: Jim B. Engle, Director, Community Services  
Date: December 15, 2005

**Subject: Huntington Central Park (HCP) Sports Complex Ph. II**

**Background:**

The city completed Phase I of the Huntington Central Park (HCP) Sports Complex within budget and in April 2004, began operating the 40-acre, seven-field HCP Sports Complex. In 2003, the city entered into an agreement for the 5-acre Phase II site with Community Parks Foundation (CPF) to develop and manage batting cages, two artificial turf soccer fields and two roller hockey arenas. The concessionaire did not complete the work and was ultimately sued by the city for breach of contract. The city prevailed and was awarded \$2.4 million in damages; the city has yet to collect this sum from CPF. Staff has reviewed alternatives for the completion and operation of Phase II with the Community Services Commission and is implementing Option A as outlined below.

**A. City Operated Complex:**

Using the remainder of the funding designated for CPF, the city completed the partially constructed batting cages and began operating them on an interim basis on October 1, 2005. Since that time, the city also made the two completed artificial turf sports fields available to local youth sports groups to provide much needed lighted practice fields. The fields have been used for football, soccer, and field hockey. Comments from the public regarding the batting cages and the two-lighted sports fields have been very positive. Under this operating scenario, the city would continue to make the existing two Phase II fields available to local youth sports groups. Artificial turf would also be added to the two remaining concrete slabs to complete Phase II and provide a total of four lighted fields for our community youth. City-operation of the facility addresses the requirements of the tax-exempt lease/purchase loan used to construct the facility.

## **B. Privately/Commercially Operated Complex:**

### Non-Profit Operator

The alternative to a city-operated facility used by the youth of the community is the original concept of using a non-profit concessionaire to provide private recreation on Phase II (which also fulfills the requirements of the tax exempt financing). In January 2005, the city advertised and distributed a Request For Proposal (RFP) to non-profit agencies to determine if there was interest. No proposals were received.

### For Profit Operator

To evaluate the feasibility of a for-profit operator, staff contacted private concessionaires to review a variety of potential private recreational opportunities for this five-acre Phase II site. These uses include a family aquatic complex similar to a down-sized version of Wild Rivers (five acres instead of 40-50 acres); a variety of X-game opportunities including paint ball, BMX, rock climbing, and skateboarding; a roller hockey complex and a softball complex similar to a down-sized version of Cathedral City's Big League Dreams. Private concessionaires who were contacted or contacted the city included: Big League Dreams, National Professional Paintball Group, Hollywood Sports, California Roller Hockey Centers and Hawaiian Falls Water Parks.

In discussions between staff and the private concessionaires, there were varying degrees of interest expressed in providing these types of private recreation. Concessionaires have indicated that the city could anticipate potentially \$50,000-\$100,000 per year in net revenues. Further research regarding the validity of these projections would have to be completed by a consultant specializing in this area, and actual negotiations with potential service providers conducted prior to moving forward with any alternative. Nonetheless, these preliminary projections are significantly less than the net revenues originally projected by Community Parks Foundation (CPF) for Phase II. However, the primary challenge in utilizing a private "for profit" concessionaire is that the city would have to pay off the existing \$2.3 million tax-exempt loan on HCP Sports Complex Phase II due to the conditions placed on the original funding; retiring the loan is not required if the city operates Phase II.

## **Municipally-Operated Sports Complexes:**

Staff has surveyed a number of cities with municipally operated sports complexes, including Irvine, Glendale, Fullerton, Lancaster, Cerritos, San Clemente, and Temecula; all but the last responded. The resulting findings show that these sports complexes do not generate sufficient revenue to

cover the costs of running the programs and maintaining the facilities, and certainly do not pay the capital costs related to constructing the facilities. These findings place our city in a favorable position financially, as compared to other cities, because the HCP Sports Complex did generate enough funds to cover operating and maintenance costs in its first year of operation. Phase I generated \$677,000 in revenue versus \$501,000 in operating expenses (see Attachment 1). It should be noted that this does not cover the debt service for construction. The debt service is part of the General Fund budget, which is the case with other cities surveyed.

At the time City Council approved construction of Phase I of the Sports Complex, the expense and revenue proforma showed that the Sports Complex would not pay for itself when debt service was included. It was anticipated that the General Fund would have to support the operation and debt service. The survey presented above supports this original City Council vision and direction for the Sports Complex – that municipal sports complexes are built to enhance a community's quality of life and should serve the public for recreational enrichment purposes, not as a business opportunity.

#### **Community Needs:**

The artificial turf fields help address the citywide shortage of fields for youth. The city is losing youth sports fields through the sale of surplus schools. There have been 21 schools closed within Huntington Beach, of which eight have now been surplus, sold and redeveloped. The two most recent properties sold by the Fountain Valley School District were Wardlow and Lamb Schools where the city retained a portion of the open space. However, under the Naylor Act, the city is limited to 30 percent of the overall acreage of these two closed school sites.

It is anticipated that other closed schools will be surplus, sold and, therefore, unavailable for youth sports within the community in the future. As an example, the Huntington Beach City School District is currently in the process of conducting an evaluation of its closed schools to determine if it should sell additional sites. Since schools are the primary source of youth sports fields within our community, this creates a challenge in meeting the needs of community youth. Also, though the youth population is not growing as rapidly as in past years, it will continue to increase, thereby increasing the demand for sports fields.

**Implementation Plan:**

The first year of Phase I of the Sports Complex has been a success in that it has generated enough revenue to more than cover operating and maintenance expenses. Moreover, because the private concessionaire failed to complete Phase II of the Sports Complex, the city now has an opportunity to expand the use of facility and better serve our community youth by providing two existing and ultimately four, first-class, lighted sports fields. This opportunity becomes even more significant given the current conditions of school districts' selling closed school sites, thereby reducing the number of fields available for youth.

**Community Services Commission Recommendation:**

On November 9, 2005, the Community Services Commission reviewed and recommended staff's proposed Option A whereby the city completes the HCP Sports Complex and operates it as an adult AND YOUTH facility.

Staff will continue using the two artificial turf fields for the youth of the community this year, and budget for artificial turf to cover the two existing concrete pads to create two more fields within Phase II in the Park Acquisition Development Fund for FY 06/07. The estimated cost is \$150,000 per field. This would address an immediate and long-term need of the community for lighted youth sports practice and game fields. In addition, the batting cages will continue to be city-operated and available to serve softball and baseball players, youth and adult alike, as well as generate some funds that can be used towards the maintenance of Phase II of the Sports Complex. Completing the third and fourth fields will also finish construction of Phase II of the HCP Sports Complex.

Since no formal City Council action is required at this time to implement this strategy, it is staff's intent to move forward as outlined above, unless a City Council-member indicates a desire to move in another direction or have this issue brought to a City Council meeting for formal action.

JBE:cr

Attachment



**CITY OF HUNTINGTON BEACH**  
**Community Services Department**

To Mayor and City Council  
Via City Administrator  
From Jim B. Engle, Director, Community Services  
Date June 23, 2005  
Subject **HCP Sports Complex First Year Report**

We conducted the dedication for the new Sports Complex in Huntington Central Park on April 24, 2004, and then began operation the first of May. The first graph provides an overview of first year revenues and expenses. The Sports Complex generated \$677,790 from a combination of leagues, tournaments, field rentals, parking revenue and fines, as well as sales tax designated for the complex as part of the Crest View Project Area sales tax initiative (March 7, 2000). This is very good for the first year considering the fact that the consultant indicated it would take at least three years for the Sports Complex to "ramp up" to full operation.

Expenses for this same time period to operate and maintain the Sports Complex were \$507,170. This includes Public Works landscape maintenance costs, methane and cowbird mitigation by professional service consultants, and Community Services costs for programming leagues and tournaments and for utilities. These are the direct expenses for operating the Sports Complex. They do not include the debt service for construction.

The second graph includes representations of the revenues vs. expenses on a monthly basis. The last page is a matrix depicting the use for the year. It not only includes reservation and tournament use, but also parking meters and food concessions, which were only open for a portion of April. In addition, it shows the impact of record-breaking rains during October through February when the fields were unusable.

Even though there were some challenges in the first year, such as excessive rain, parking meter malfunctions, and late opening of food concessions, there was still a significant amount of revenue generated. The projection for 2005 is very good. Extreme rain is not expected, the concessions will be open year round, and the manufacturer and better signage have addressed parking meter problems. Also, the word is getting out about the new HCP Sports Complex, as we are getting many inquiries regarding tournaments. Therefore, it is expected that next year's revenues will be significantly higher. As was reported at the time Phase I was approved by City Council, municipal sports complex revenues do not traditionally cover expenses; but we are certainly making positive strides and expect future revenues to continue to grow.

As a closing note, I would like to report that the Sports Complex received two awards this year. The first was the California Park & Recreation Society's Award for Best New Facility statewide and the second was the Southern California Municipal Athletic Federation's Award for Design.

JBE:cr

Attachments

cc: Robert F. Beardsley; Jennifer McGrath; Dan Villella

# Huntington Beach Central Park Sports Complex

First Year of Operations

May 2004 - April 2005

Revenue	FY 04-05 (full year) NO PH II Adopted	May 04-April 05 Actuals
1. Parking Revenue/Fines	\$ 157,344	\$ 73,672
2. Leagues/Tournaments/Field Rentals/Practice Lights	\$ 240,350	\$ 327,638
3. Food Vendors (April estimate - 4 days)	\$ 30,000	\$ 180
4. Sponsorships	\$ 137,000	\$ -
<b>Subtotal</b>	<b>\$ 564,694</b>	<b>\$ 401,490</b>
5. Crest View Project Area Sales Tax Allocation	\$ 200,000	\$ 276,300
<b>Total</b>	<b>\$ 764,694</b>	<b>\$ 677,790</b>

Expenses	FY 04-05 Projected	May 04-April 05 Actual Expenses
1. Utilities (estimated, pending data from SCE)	\$ 53,000	\$ 35,000
2. Public Works Landscape Maintenance	\$ 300,000	\$ 145,225
3. Methane Mitigation - Professional Service Contract	\$ 137,400	\$ 85,400
4. Adult Sports - Permanent & Temporary (w/benefits)	\$ 106,200	\$ 108,436
5. Adult Sports - Other Operations	\$ 120,800	\$ 98,109
6. Cow Bird Mitigation	\$ 35,000	\$ 35,000
<b>Total</b>	<b>\$ 752,400</b>	<b>\$ 507,170</b>

Note: Additional non-departmental expenses include Phase 1 - 2001A Bond Debt Service of \$1,103,075 and Phase 2 - Equipment Lease Payment of \$299,000

## Central Park Sports Complex Reporting Period: May 2006 - September 2007

The following spreadsheet shows comparative data between the first two years of the HCP Sports Complex operation and the past 17 months (May 06-Oct 07). The reporting period was extended to 17 months in order to coincide with the City's fiscal year.

Program Revenue	May 04-April 05 Actuals	May 05-April 06 Actuals	May 06-Sept 07 Actuals
1. Parking Revenue/Fines	\$73,672	\$115,663	\$230,040
2. Leagues/Tournaments/Field Rentals/Practice Lights	\$327,638	\$405,085	\$644,532
3. Food Vendors	\$180	\$8,734	\$22,698
4. Batting Cages	\$0	\$31,333	\$81,312
<b>Subtotal</b>	<b>\$401,490</b>	<b>\$560,815</b>	<b>\$978,582</b>
5. Crest View Project Area Sales Tax Allocation	\$276,300	\$293,400	432,000*
<b>TOTAL</b>	<b>\$677,790</b>	<b>\$854,215</b>	<b>\$1,410,582</b>

Program Expenses	May 04-April 05 Actuals	May 05-April 06 Actuals	May 06-Sept 07 Actuals
1. Electricity	\$35,000	\$40,243	\$58,710**
2. Public Works Landscape Maintenance	\$145,225	\$166,082	\$233,865
3. Methane Mitigation/Professional Service Contract	\$85,400	\$75,548	\$92,353
4. Adult Sports - Permanent & Temporary (w/benefits)	\$108,436	\$174,587	\$252,381
5. Adult Sports - Ongoing Program Operations	\$133,109	\$152,429	\$202,438
<b>Subtotal</b>	<b>\$507,170</b>	<b>\$608,889</b>	<b>\$839,747</b>
6. Artificial Turf /Other Capital Outlay	n/a	n/a	\$239,142
<b>TOTAL</b>	<b>\$507,170</b>	<b>\$608,889</b>	<b>\$1,078,889</b>

<b>Revenue Surplus/(Deficit)</b>	<b>\$170,620</b>	<b>\$245,326</b>	<b>\$331,693</b>
----------------------------------	------------------	------------------	------------------

Note: Additional non-departmental expenses include Ph. 1-2001A Bond Debt Service of \$1,932,868 and Ph. II Equipment Lease payments of \$373,750 for May 06-Sept. 07 reporting period. Capital project costs are not normally part of an annual operating budget, but are non-departmental.

\* 12-month estimated sales tax totals \$305,000 during 06-07; above estimate includes a factor of 1.416 to adjust for 17-month reporting period of May 06 to Sept. 07

\*\* Electricity costs (May 06 - Sept. 07) could not be obtained in time to respond to Public Records request; amount is based on 05-06, plus 3%

