



## CITY OF HUNTINGTON BEACH REQUEST FOR CITY COUNCIL ACTION

**MEETING DATE:** September 16, 2019

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Dave Kiff, Interim City Manager

**PREPARED BY:** Travis Hopkins, Acting Assistant City Manager

**SUBJECT:** Consider request for fee waiver, parking offset contribution, and in-kind trash collection services for Code Four, Operator of the Great Pacific Air Show scheduled to take place on October 4-6, 2019 in the City of Huntington Beach

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**Statement of Issue:** The City of Huntington Beach was recently contacted by Code Four, the Operator of the Great Pacific Air Show. Code Four is requesting a fee waiver, a parking offset contribution and in-kind trash collections services in support of the air show event on October 4-6, 2019.

**Financial Impact:**

Per Section 13.54 of the Municipal Code relating to Specific Events, all direct costs for the event, including staffing and operational set-up/tear-down costs associated with the event, should be reimbursed to the City by the event promoter. Code Four has agreed to cover all associated direct costs other than those they are requesting that the City waive, including staff time and operational set-up/tear-down expenses for Police, Fire, Marine Safety, Public Works and Beach Maintenance.

Preliminary analysis (emphasizing "preliminary" in that costs are finalized after the event, and can fluctuate from estimates depending on the event days' circumstances) indicates that the estimated 2019 staffing costs for Police, Fire, Marine Safety, Public Works and Beach Operations for this two- day event will total approximately \$ 201,960 as follows:

<b>Department/ Division</b>	<b>Amount</b>
Fire/ EMS	\$ 33,000
Fire/ Marine Safety	\$ 71,560
Police	\$ 87,900
Public Works/Beach Maintenance	\$ 9,500
<i>Total (estimated)</i>	<i>\$ 201,960</i>

In addition to these direct staffing costs, Code Four will also be required to pay all costs associated for event support required by Huntington State Beach, Orange County Harbor Patrol, US Coast Guard as well as any other attributable costs. These costs will be

determined by the individual agencies and, if needed, the Specific Events process will be able to assist with the coordination of service by these various agencies.

**Recommended Action:**

A) Authorize the City Manager to, **for the 2019 Air Show event only:** (1) waive the related event application fees \$450, the Daily Set-up/take-down fee of \$6,750, the Permit fee of \$4,050, the per space parking fee of \$10 per day used for up to 200 spaces which will average to be \$25,000 this year, (totaling \$36,2510 in fee-related waivers); (2) provide parking offset revenues of up to \$110,000, (3) utilize aspects of the City's in-kind contributions via its waste franchise agreements for the 2019 event only (estimated at up to \$9,600); and require Code Four to provide a professional economic Impact Study to the City prior to February 1, 2020; **OR**

B) Deny the above requests for the 2019 event; **OR**

C) Consider alternative options.

**Analysis:**

**History of the Great Pacific Air Show**

2019 will be the fourth year of an Air Show in Huntington Beach. This will be the second year that Code Four will be the operator of the event. Each year of the Air Show the event operator has requested that the City waive related permit fees and provide parking offset revenue to assist with their event costs. To date the City has waived and estimated \$86,425 in permit related fees and provided \$296,094 in parking offset revenues. This includes up to 200 parking spaces provided each year no cost to utilize for both their set-up and staging area as well as event related VIP and staff parking. In 2017 the City Council asked the operator to provide economic impact data to support their request for the fee waivers and parking offset revenues (see Attachment #1).

The Code Four team has been working with the City's Specific Events Committee on the layout and design of every aspect of this year's air show. All of the City's major events are approved through this interdepartmental Specific Event review process. This event in particular is the most staff intensive due to the scope of the event as well as the necessary safety aspects that require evaluation and implementation.

In the first two years, this event has had a major title sponsor to offset some of the costs, but a sponsor of that level has not been secured as of the date of this staff report. Code Four argues that the event has significant economic benefits to the Huntington Beach community, is a destination air show for people who know (and fly in) air shows, and is worthy of the City's financial support in this instance. Staff anticipates that Code Four will present a letter that reflects these assertions.

In this case, City support of up to \$155,850.00 would come in the form of:

1. About \$11,250 in waived fees associated with the event's application fees, fees for daily impact on the public beach, and more.

2. Waiver of the \$10 per parking space per day use fee which is estimated this year to be \$25,000.
3. Up to \$110,000 in a transfer of event-related parking revenues to offset the event's costs (staff refers to this as a "parking offset".) In this case, beach and related parking fees during the event are raised from \$15 to \$30.00 per day. The event would receive the incremental difference between parking revenues at the impacted lots on a typical October weekend and the actual parking revenue taken in during the event at those same lots. (See Attachment #2).
4. Use of "in-kind" waste collection services that the City of Huntington Beach is otherwise entitled to via its waste collection franchise with Republic/Rainbow. This could become a cost item if the City has overall annual in-kind use above the franchise provided amount. Currently staff estimates that the city will be within the Franchise provided services limit with this request. We estimate the requested services cost at up to \$9,600.00.

Visit Huntington Beach is a supporter of this event, both as a sponsor and having indicated VHB's willingness to fund and to contract for a more detailed fiscal impact analysis of the 2019 Air Show and its effects on the local economy. Staff anticipates that this will be available to decision-makers in the coming months should a similar request for City support occur in 2020.

Staff recommends that, if the Council wishes to provide the described level of support for the 2019 Show, the Council also ask that there be some recognition of the City's support in marketing and other materials, banners, and day of promotional announcements (understanding that some of this may only be in a digital-only format given the calendar proximity to the 2019 event). The Council may also wish to make clear via this action or its comments under what circumstances the City would entertain further support for 2020 and beyond.

**Environmental Status:** Not applicable.

**Strategic Plan Goal:**  
Improve quality of life.

**Attachment(s):**  
#1 - 2017 Airshow High Level Fiscal Impact Report  
#2 - Parking Offset Information