

FOURTH OF JULY CELEBRATION MANAGEMENT PROPOSAL

ITEM #20-2029

CITY OF HUNTINGTON BEACH
NOVEMBER 16, 2020



4th of July Event Production History

4th of July event activities (parade, festival, run and fireworks show) have historically been coordinated through a loosely organized logistics team

- Fourth of July Executive Board members, volunteers, independent contractors , and City staff

Logistics team has been responsible for both managing the event, and also raising the funds needed to produce the event

An audit conducted by the City in June 2017 identified the need to make operational improvements in how the logistics team coordinated 4th of July activities

- In particular, cash handling and accounting procedure shortcomings resulted in the institution of several new internal controls



Adjustments Made To Improve Operations

Given the results of the 2017 review, coupled with input from City departments involved in the 4th of July event, multiple operational improvements have been instituted during the past few years

- The logistics team and City staff have updated purchase order processes, contract bid / award protocols, and improved budget management / accounts receivable record keeping

As part of the planned 4th of July improvements, the City has also been working to develop options that would facilitate improved logistical and administrative support for the production of the event



Contract Management Plan

Staff developed a Request for Qualifications process to identify new possible management structures for the production of the 4th of July event

- Prior contractor's professional services contract expired September 30, 2020
- Through the RFQual, the City sought to identify the following
 - Expanded scope of services for a contractor to produce and manage Celebration
 - Multi-year contract was proposed for 2021, 2022 and 2023 events, with an option to extend up to two 1-year terms

Seven firms responded to the RFQual by the October 14, 2020 deadline

- A review panel was established with City staff, City Council liaisons to the 4th of July Board, and Fourth of July Board members
- Top three firms chosen for oral presentations
- Top two firms are proposed for contract awarding



Soundkilz, Inc. (Contractor)

Contractor was identified as the entity to manage and produce Celebration, including the parade, run, festival and fireworks show

- Soundkilz would coordinate subcontractor agreements, marketing and advertising services, solicit sponsors, administer event budget, including processing all invoices and payments

Annual contract amount for scope of work is:

- **2021:** \$68,300 // **2022:** \$72,700 // **2023:** 77,400
 - Contingency of \$10,000 for scope changes with approval from City
 - Incentive to expand sponsorships
 - Net event proceeds to be invested into Celebration
 - Separate account to be established for transparency and regular audits



Stacey Newton (Consultant)

Consultant would be engaged to provide consultative services to City, Board, and Contractor in the development of the Celebration

- Specific programs include:
 - Parade, run, fireworks show, festival, block party, entertainment, merchandise, sponsorships, event logistics, VIPs, and public relations

Consultant would also be tasked with ensuring that that City and Board standards for the Celebration are being met by the Contractor, with an emphasis on preserving historical elements and hometown feel

- Additional responsibilities would include ensuring that the home decorating contest, pancake breakfast, and volunteer management activities occur
- Annual contract amount set at \$37,500 / year



4th of July Event Finances

The 4th of July event has generally been successful in covering all direct event program costs

- On average, the fiscal situation for the event over the past 5 years has been:
 - Revenues: \$ 405,000
 - Expenditures: \$ (399,000)
 - Net Position: \$ 6,000
- Of the event revenues, most of the funding comes from event registrations and sponsorships

The City's ongoing annual contributions for the 4th of July event are as follows:

- Parking: \$120,000
- Consultant: \$ 50,000
- Total: \$170,000



Fiscal Impacts From New Management Plan

Given the City's historical financial contribution towards the 4th of July event, the proposed Contractor and Consultant contracts can be covered through existing budgetary allocations

- The maximum City obligation for Contractor and Consultant will be ~\$113K / year over next 3 years (including contingency amounts), which can be covered by offsetting annual parking revenue

Of note, under the new management plan, the Contractor will be responsible for all other event expenses, and any excess funds will be reinvested back into the Celebration



Recommended Action

- Approve and authorize the Mayor and City Clerk to execute a Professional Services Contract between the City of Huntington Beach and Soundskilz, Inc. for production and management services for the annual Fourth of July Celebration, and;
- Approve and authorize the Mayor and City Clerk to execute a Professional Services Contract between Stacey Newton, Independent Contractor, for consultative services for the City's annual Fourth of July Celebration.



QUESTIONS?

