



City of Huntington Beach

File #: 20-2029

MEETING DATE: 11/16/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Chris Slama, Director of Community & Library Services

Subject:

Approve Professional Services Contracts between the City of Huntington Beach and Soundkilz, Inc. for Production and Management of the Annual Fourth of July Celebration; and, between the City of Huntington Beach and Stacey Newton, Independent Contractor for Consultative Services for the Annual Fourth of July Celebration

Statement of Issue:

In order to facilitate the City's annual Fourth of July celebration, there is a need to approve a professional services contract between the City and Soundkilz, Inc., to manage and produce the 2021, 2022 and 2023 Fourth of July Celebration events, which includes the annual parade, run, festival, and fireworks show.

Additionally, there is a need to approve a professional services contract between the City of Huntington Beach and Stacey Newton, for consultative services to help facilitate the City's annual Fourth of July Celebration events.

Financial Impact:

Sufficient appropriations are budgeted in the current FY 2020/21 Fourth of July Fund account 20445803 to cover the professional services contracts with Soundkilz, Inc., and Stacey Newton. The Soundkilz, Inc., contract is set at \$68,300 / year, with a \$10,000 / year contingency amount. The consultative services contract with Stacey Newton is established with a not-to-exceed amount of \$37,500 / year. Future fiscal years will be budgeted accordingly. Combined, both contracts will cost \$115,800 annually, and those costs will be covered by parking revenues received during the Fourth of July Celebration, which have averaged around \$120,000 annually.

Recommended Action:

A) Approve and authorize the Mayor and City Clerk to execute a "Professional Services Contract between the City of Huntington Beach and Soundkilz, Inc. for production and management service of the annual Fourth of July Celebration," and;

B) Approve and authorize the Mayor and City Clerk to execute a "Professional Services Contract between the City of Huntington Beach and Stacey Newton, Independent Contractor for consultation service of the annual Fourth of July Celebration."

Alternative Action(s):

Do not approve the recommended actions and direct staff accordingly.

Analysis:

Over the years, the logistics associated with the events for the City's renowned Fourth of July Celebration (Celebration) have been managed and produced using a combination of Fourth of July Executive Board (Board) members, volunteers, and independent contractors. Throughout this time, there have been various operating models used in creating this logistics team. Models ranged from the use of only Board members and volunteers, to deploying part-time employees, to engaging professional service contractors. In all cases, the logistics team was charged with not only managing the Celebration, but also raising the funds to cover the costs associated with the various events, including the parade, festival, run, and fireworks.

In June 2017, an audit of the logistics related to the Celebration identified deficiencies related to cash handling procedures and accounting practices. As a result of the review, it was determined that tighter cash handling and merchandise inventory controls needed to be implemented by the logistics team. Since the time of the audit, significant improvements have been made in these accounting and cash handling procedures.

However, in addition to the logistical and fund-raising elements described above, the Celebration also has been supported by various administrative staff in the Community Services and Finance departments for the processing of purchases orders, contracts, budget management, accounts receivable, and record keeping. Significant staff time has been used in generating purchase orders, paying invoices, bidding contracts, tracking revenues, and managing the budget. Due to the significant staff time to administratively handle all the processes outlined above, as well as the findings of the June 2017 audit, staff has been considering options for streamlining both logistical and administrative resources.

The previous contractor's professional services contract expired on September 30, 2020. Per Municipal Code 3.03, all professional services over \$30,000 must be competitively bid. Given the expanded scope of services needed of a contractor to produce and manage the Celebration, as well as the need for a multiple year contract, a Request for Qualifications (RFQual) was released for contracted services to manage and produce the City's Celebration, which includes the annual parade, run, festival and fireworks show.

Seven firms responded to the RFQual by the closing of the qualification process on October 14, 2020. A review panel was established to evaluate and score each submittal. The review panel, comprised of City staff, City Council, and Board members, thoroughly reviewed all seven proposals based on objective evaluation criteria and established a weighted score for each qualified applicant. Based on the scores, three firms were invited to present their proposals to the panel. Upon completion of the oral presentations, the panel determined that the best course of action was to award the contract to the two top rated firms.

As proposed, Soundskilz, Inc. (Contractor) will manage and produce the overall Fourth of July Celebration, including the parade, run, festival and fireworks show. The Contractor will manage all subcontractor agreements, provide marketing and advertising services, solicit sponsorships and administer the event budget,

including processing all invoices and payments.

Stacey Newton (Consultant), who has previously served as the City's contractor for managing the Fourth of July Celebration, is being retained as a Consultant to provide consultative service to the City, Board, and Contractor. As such, the Consultant will be tasked with providing pertinent information and consultative services regarding, but not limited to, the Fourth of July Parade, Run, Fireworks Show, Festival, Block Party, Merchandise, Sponsorships, Overall Event Logistics, VIP's, Entertainment and Public Relations.

Overall the different models for implementing the Celebration have been generally successful in covering direct program costs. On average, annual revenues for the past five years totaled \$405,000, with average expenses totaling \$399,000, generating an average net surplus of \$6,000 / year.

Regarding the event finances, the City's historical direct annual financial contribution has been around \$170,000 / year, as follows:

- \$120,000 / year - parking revenues that are allocated back into the 4th of July event
- \$50,000 / year - pay for consultant services

Given that the City raises around \$120,000 / year in Fourth of July parking revenues, those funds, which are not directly linked to the Celebration itself, is sufficient and available funding that can cover the cost of engaging the services of both the Contractor and Consultant. Furthermore, any leftover funding from these sources will be reinvested into the Fourth of July event itself.

Regarding other event costs, any additional event expenses will be covered through other revenue streams (i.e., parade entry fees, event ticket sales, entry fees, merchandise sales, and sponsorships), which will be coordinated and handled by the Contractor.

A summary of the deal points for each of the contracts is listed below.

CONTRACTOR:

The scope of work for CONTRACTOR include the responsibility, in conjunction with the CITY, BOARD and CONSULTANT for planning and execution of the Fourth of July Parade, Run, Fireworks Show, Festival and Block Party; sponsorship procurement; music and entertainment procurement; sub-contractor agreements, management and payment; volunteer development; public / media relations; implement all logistical plans; provide general event production and management. CONTRACTOR will provide research and planning; marketing services; budget development, management, reconciliation and regular reporting to CITY.

CONSULTANT:

The scope of work for CONSULTANT focuses on consultation service for the CITY, BOARD and CONTRACTOR to help ensure the historical elements of the Fourth of July Celebration are kept to the standards of CITY and BOARD. CONSULTANT will provide pertinent information on the Parade, Fourth of July Run, Fireworks Show, Festival Block Party (Sponsor Recognition Event) Merchandise, Sponsorships, Overall Event Logistics, VIPs, Entertainment and Public Relations. In addition, CONSULTANT will coordinate with the BOARD to develop and implement the Citywide Decorating Contest, Pancake Breakfast

and assist with coordinating event volunteers.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Professional Services Contract between the City of Huntington Beach and Soundkilz, Inc. for Production and Management Service of the Annual Fourth of July Celebration.
2. Professional Services Contract between the City of Huntington Beach and Stacey Newton, Independent Contract for Consultation Service of the Annual Fourth of July Celebration.
3. June 2017 Audit