

## **Commissioner Provided Items**

**Disclaimer:** The following information is provided by an individual Finance Commissioner for discussion purposes only. The content has not been reviewed, verified, or endorsed by City finance staff and does not represent official City data, analysis, or policy.

# Audit of City-Owned Sports Complex (Huntington Beach, CA)

**Title:** *Motion Directing the City Manager to Conduct a Comprehensive Operational and Financial Audit of the City-Owned Sports Complex*

## **Motion:**

The Finance Commission moves to ask the City Council direct the City Manager to initiate a comprehensive audit of the City-owned sports complex located in Huntington Beach, including but not limited to its operational practices, financial management, maintenance procedures, staffing structure, contract administration, and revenue-generation activities.

The audit will include review of 3 agreements with the city for all of the items listed below

- Sports Complex Operation Agreement
- Concessions Lease
- Outer Field Maintenance Agreement for 6ball fields in the city parks service agreement

The audit shall include the following components:

- 1. Operational Review**
  - Evaluation of facility management practices, scheduling systems, maintenance protocols, safety compliance, staffing levels, and adherence to city policies.
  - Assessment of whether current operations meet community needs, industry standards, and cost-efficiency expectations.
  - Review of Alcohol licensing and practices and compliance with Conditional Use Permit requirements
  - Assessment of compliance with operational obligations in the agreement with the city
- 2. Financial Review**
  - Full analysis of revenues, expenditures, fee structures, vendor contracts, concession agreements, and capital improvement costs including onsite and online.
  - Verification of financial controls, accounting accuracy, and compliance with municipal financial policies.
  - Compliance with revenue share percentage and rent payments including timeliness and amount
  - Identification of any inefficiencies, losses, or opportunities for improved revenue capture.
- 3. Contract and Vendor Assessment**
  - Review of all third-party agreements, including maintenance, concessions, event hosting, and sports programming.
  - Evaluation of procurement processes, contract performance, and compliance with city requirements.
- 4. Community Benefit and Utilization Analysis**
  - Examination of facility usage rates, accessibility, community programming, and alignment with public expectations.
  - Assessment of whether the complex is meeting its intended public purpose.
- 5. Recommendations and Reporting**
  - The City Manager shall present a written report of findings and recommendations to the City Council within 90 days, including any proposed operational improvements, financial reforms, or policy changes.

**Purpose:** This audit is intended to ensure transparency, accountability, and optimal performance of a major public asset, and to confirm that the sports complex is being operated in a manner that maximizes community benefit and responsible stewardship of public funds.

## **The following additional components of the audit include**

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- **Performance benchmark requirement:** “The audit shall compare the facility’s performance to similar municipal sports complexes in Orange County and statewide.”
- **Public transparency requirement:** “All audit findings shall be made publicly available on the City’s website within 10 days of presentation to the Council.”
- **Follow-up action:** “Staff shall return with an implementation plan for all recommended improvements within 60 days of the audit’s acceptance by the city.”

## Oversight of the Audit

While city staff will be involved in the contracting, payment, facilitation, and gathering of information for the audit, overall direction and guidance – including scope and deliverables as well as the final report review and presentation to council and the public – will be the responsibility of the Finance Commission.

## Deliverables

The selected auditing firm will conduct an independent review of the operational and financial management of the City-owned Sports Complex and any other businesses or organizations operating within the city owned facility or associated with the city-owned facility including facilities, parking lot, and operations. Deliverables will include:

- A comprehensive assessment of operational practices, including compliance with all terms and performance obligations outlined in the management or lease agreement or concession agreement.
- An evaluation of financial controls, reporting accuracy, revenue collection, expense management, and adherence to approved budgets and financial requirements.
- A review of rent payments, invoices, and revenue reports from the vendor for accuracy and timeliness and calculation of any late penalty or missed or deficient rent payments to the city
- Review and detailed statement of revenue whether online or in-person sales
- Identification of any discounts or “free” products or services or any write-offs and their impact on the revenue, profit, and amount of rent paid
- Detailed reporting of expenses and a detailed Income statement and balance sheet for the last 5 years from 2021 through 2025 CY and all of CY 2026 that is available
- Headcount of fulltime, part time, and volunteer staff and payroll for each category by position and estimate of annual hours worked
- Identification of any deficiencies, risks, or non-compliance issues, along with recommended corrective actions.
- Identification of any assets claimed to be owned by the operator that are located within the boundary of the city asset
- A final written report summarizing findings, supporting documentation, and actionable recommendations for all of the items listed above with the intention of improving transparency, accountability, operational effectiveness, and revenue generation.
- Recommendations to improve operation to deliver more value to residents and increased revenue to the city
- Review of agreements and compliance with city requirements not limited to council approval, insurance requirements, and review by the city legal team.

## Timeline

- Audit will commence within 30 days of approval of audit by city council and complete and delivered to the finance commission within 6 months from the date the audit is requested by the city council.

# Audit of City-Owned Huntington Harbor Yacht Club (Huntington Beach, CA)

**Title:** *Motion Directing the City Manager to Conduct a Comprehensive Operational and Financial Audit of the City-Owned Huntington Harbor Yacht Club*

## **Motion:**

The Finance Commission moves to ask the City Council direct the City Manager to initiate a comprehensive audit of the City-owned Huntington Harbor Yacht Club located in Huntington Beach, including but not limited to its operational practices, financial management, maintenance procedures, staffing structure, contract administration, and revenue-generation activities.

The audit shall include the following components:

### **6. Operational Review**

- Evaluation of facility management practices, scheduling systems, maintenance protocols, safety compliance, staffing levels, and adherence to city policies.
- Assessment of whether current operations meet community needs, industry standards, and cost-efficiency expectations.
- Review of Alcohol licensing and practices and compliance with the license
- Assessment of compliance with operational obligations in the agreement with the city

### **7. Financial Review**

- Full analysis of revenues, expenditures, fee structures, vendor contracts, concession agreements, and capital improvement costs including onsite and online.
- Verification of financial controls, accounting accuracy, and compliance with municipal financial policies.
- Compliance with revenue share percentage and rent payments including timeliness and amount
- Identification of any inefficiencies, losses, or opportunities for improved revenue capture.

### **8. Contract and Vendor Assessment**

- Review of all third-party agreements, including maintenance, concessions, event hosting, and sports programming.
- Evaluation of procurement processes, contract performance, and compliance with city requirements.

### **9. Community Benefit and Utilization Analysis**

- Examination of facility usage rates, accessibility, community programming, and alignment with public expectations.
- Assessment of whether the complex is meeting its intended public purpose.

### **10. Recommendations and Reporting**

- The City Manager shall present a written report of findings and recommendations to the City Council within 90 days, including any proposed operational improvements, financial reforms, or policy changes.

**Purpose:** This audit is intended to ensure transparency, accountability, and optimal performance of a major public asset, and to confirm that the sports complex is being operated in a manner that maximizes community benefit and responsible stewardship of public funds.

## **The following additional components of the audit include**

- **Performance benchmark requirement:** “The audit shall compare the facility’s performance to similar municipal yacht clubs in Orange County and statewide.”
- **Public transparency requirement:** “All audit findings shall be made publicly available on the City’s website within 10 days of presentation to the Council.”

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- **Follow-up action:** “Staff shall return with an implementation plan for all recommended improvements within 60 days of the audit’s acceptance by the city.”

## Oversight of the Audit

While city staff will be involved in the contracting, payment, facilitation, and gathering of information for the audit, overall direction and guidance – including scope and deliverables as well as the final report review and presentation to council and the public – will be the responsibility of the Finance Commission.

## Deliverables

The selected auditing firm will conduct an independent review of the operational and financial management of the City-owned Huntington Harbor Yacht Club and any other businesses or organizations operating within the city owned facility or associated with the city-owned facility including facilities, parking lot, and operations. Deliverables will include:

- A comprehensive assessment of operational practices, including compliance with all terms and performance obligations outlined in the management or lease agreement or concession agreement.
- An evaluation of financial controls, reporting accuracy, revenue collection, expense management, and adherence to approved budgets and financial requirements.
- A review of rent payments, invoices, and revenue reports from the vendor for accuracy and timeliness and calculation of any late penalty or missed or deficient rent payments to the city
- Review and detailed statement of revenue whether online or in-person sales
- Identification of any discounts or “free” products or services or any write-offs and their impact on the revenue, profit, and amount of rent paid
- Detailed reporting of expenses and a detailed Income statement and balance sheet for the last 5 years from 2021 through 2025 CY and all of CY 2026 that is available
- Headcount of fulltime, part time, and volunteer staff and payroll for each category by position and estimate of annual hours worked
- Identification of any deficiencies, risks, or non-compliance issues, along with recommended corrective actions.
- Identification of any assets claimed to be owned by the operator that are located within the boundary of the city asset
- A final written report summarizing findings, supporting documentation, and actionable recommendations for all of the items listed above with the intention of improving transparency, accountability, operational effectiveness, and revenue generation.
- Recommendations to improve operation to deliver more value to residents and increased revenue to the city
- Review of agreements and compliance with city requirements not limited to council approval, insurance requirements, and review by the city legal team.

## Timeline

- Audit will commence within 30 days of approval of audit by city council and complete and delivered to the finance commission within 6 months from the date the audit is requested by the city council.

# Audit of City-Owned Equestrian Center and Therapeutic Riding Center (Huntington Beach, CA)

**Title:** *Motion Directing the City Manager to Conduct a Comprehensive Operational and Financial Audit of the City-Owned Equestrian Center and the Therapeutic Riding Center operating on public and private land*

## **Motion:**

The Finance Commission moves to ask the City Council direct the City Manager to initiate a comprehensive audit of the City-owned Equestrian Center and Therapeutic Riding Center located in Huntington Beach, including but not limited to its operational practices, financial management, maintenance procedures, staffing structure, contract administration, and revenue-generation activities.

The audit shall include the following components:

### **11. Operational Review**

- Evaluation of facility management practices, scheduling systems, maintenance protocols, safety compliance, staffing levels, and adherence to city policies.
- Assessment of whether current operations meet community needs, industry standards, and cost-efficiency expectations.
- Review of Alcohol licensing and practices and compliance with the license and legal requirements associated with alcohol
- Assessment of compliance with operational obligations in the agreement with the city

### **12. Financial Review**

- Full analysis of revenues, expenditures, fee structures, vendor contracts, concession agreements, and capital improvement costs including onsite and online.
- Verification of financial controls, accounting accuracy, and compliance with municipal financial policies.
- Compliance with revenue share percentage and rent payments including timeliness and amount
- Identification of any inefficiencies, losses, or opportunities for improved revenue capture.

### **13. Contract and Vendor Assessment**

- Review of all third-party agreements, including maintenance, concessions, event hosting, and sports programming.
- Evaluation of procurement processes, contract performance, and compliance with city requirements.

### **14. Community Benefit and Utilization Analysis**

- Examination of facility usage rates, accessibility, community programming, and alignment with public expectations.
- Assessment of whether the complex is meeting its intended public purpose.

### **15. Recommendations and Reporting**

- The City Manager shall present a written report of findings and recommendations to the City Council within 90 days, including any proposed operational improvements, financial reforms, or policy changes.

**Purpose:** This audit is intended to ensure transparency, accountability, and optimal performance of a major public asset, and to confirm that the sports complex is being operated in a manner that maximizes community benefit and responsible stewardship of public funds.

## **The following additional components of the audit include**

- **Performance benchmark requirement:** “The audit shall compare the facility’s performance to similar municipal equestrian centers and therapeutic riding centers in Orange County and statewide.”
- **Public transparency requirement:** “All audit findings shall be made publicly available on the City’s website within 10 days of presentation to the Council.”

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- **Follow-up action:** “Staff shall return with an implementation plan for all recommended improvements within 60 days of the audit’s acceptance by the city.”

## Oversight of the Audit

While city staff will be involved in the contracting, payment, facilitation, and gathering of information for the audit, overall direction and guidance – including scope and deliverables as well as the final report review and presentation to council and the public – will be the responsibility of the Finance Commission.

## Deliverables

The selected auditing firm will conduct an independent review of the operational and financial management of the City-owned Equestrian center including all vendors, Free Rein, Therapeutic Riding Center and any other businesses or organizations operating within the city owned facility or associated with the city-owned facility including facilities, parking lot, and operations. Deliverables will include:

- A comprehensive assessment of operational practices, including compliance with all terms and performance obligations outlined in the management or lease agreement or concession agreement.
- An evaluation of financial controls, reporting accuracy, revenue collection, expense management, and adherence to approved budgets and financial requirements.
- A review of rent payments, invoices, and revenue reports from the vendor for accuracy and timeliness and calculation of any late penalty or missed or deficient rent payments to the city
- Review and detailed statement of revenue whether online or in-person sales
- Identification of any discounts or “free” products or services or any write-offs and their impact on the revenue, profit, and amount of rent paid
- Detailed reporting of expenses and a detailed Income statement and balance sheet for the last 5 years from 2021 through 2025 CY and all of CY 2026 that is available
- Headcount of fulltime, part time, and volunteer staff and payroll for each category by position and estimate of annual hours worked
- Identification of any deficiencies, risks, or non-compliance issues, along with recommended corrective actions.
- Identification of any assets claimed to be owned by the operator that are located within the boundary of the city asset
- A final written report summarizing findings, supporting documentation, and actionable recommendations for all of the items listed above with the intention of improving transparency, accountability, operational effectiveness, and revenue generation.
- Recommendations to improve operation to deliver more value to residents and increased revenue to the city
- Review of agreements and compliance with city requirements not limited to council approval, insurance requirements, and review by the city legal team.

## Timeline

- Audit will commence within 30 days of approval of audit by city council and complete and delivered to the finance commission within 6 months from the date the audit is requested by the city council.