



CITY OF HUNTINGTON BEACH

To: Honorable Chair and Finance Commissioners
From: Zack Zithisakthanakul, Chief Financial Officer
Date: October 13, 2026
Subject: **Supplemental Communication for the October 13, 2026, Finance Commission Meeting**

Attached is a Supplemental Communication to the Finance Commissioners (Received after distribution of the Agenda):

FINANCE COMMISSIONER ITEMS

#1. (26-882) - (2) emails received from a Commissioner regarding the 4th of July Subcommittee –Six Attachments

- Attachment #1 - 2026 City of HB_ Independence Day Celebration
- Attachment #2 - Questions for PSQ - v2
- Attachment #3 - RFP-Independence Day-Events DRAFT
- Attachment #4 - KABC Television, LLC (Licensee of KABC-TV) - 2026-03-12
- Attachment #5 - HB_Performance_Report - 2024-2026
- Attachment #6 - JCL_Traffic_Invoice_2024-2026

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.

PSQ Contract Questions				
No.	Question	Contract Reference	Answer	Date Completed
1	Please provide copies of all budgets prepared for the following fiscal years:b 2024, 2025, 2026	Contractor Duties and Responsibilities - Page 16 - "Financial Planning Develop a comprehensive Event budget for approval by the CITY."		
2	Please provide copies of all invoices, payment records, and supporting documentation for the following expense categories for each year listed below: Years Requested: 2024, 2025, and 2026 Expense Categories: •Security Services •Business Supplies •Cleaning Services •Event Services Management •Entertainment •Rental Equipment •Professional Services and Consulting Fees •Ticketing Expenses •Commissions and Associated Fees •Marketing and Advertising •Website Development and Maintenance •Video Production and Related Services	Page 24 Item 11: "CONTRACTOR shall maintain copies of all purchase orders, invoices, contracts, receipts, deposits and expenses paid on behalf ofthe EVENT and provide CITY with copies of same."		
3	Please provide a detailed report for each year from 2024 through 2026 containing the following information for all donations received: •Donation date •Donation amount •Donating organization •Name and contact information of the donor organization representative or individual donor	Contractor Duties and Responsibilities - Page 16 - "Financial Planning - Manage, collect, and securely hold all sponsorship, booth sales, donations, food, beverage, merchandise cash receipts collected during the Event, and other forms of revenue." "Produce a final audit and settlement of all revenues and expenses within 30 days after the completion of the Event."		
4	Please provide a detailed report for each year from 2024 through 2026 showing how all donated funds were spent. The report should include: •Date of expenditure •Vendor/payee •Description of expense •Amount paid •Identification of donation funds used •Supporting documentation where available	Contractor Duties and Responsibilities - Page 16 - "Financial Planning - Produce a final audit and settlement of all revenues and expenses within 30 days after the completion of the Event."		
5	Please provide records of all payments made to performers from 2024 through 2026. For each payment, please include: •Date of payment •Amount paid •Name of performing group, band, entertainer, or organization •Name of individual recipient if payment was made directly to a person •Description of services provided	Contractor Duties and Responsibilities - Page 16 - "Financial Planning - Produce a final audit and settlement of all revenues and expenses within 30 days after the completion of the Event."		
6	Please provide a detailed report of all commissions paid during 2024, 2025, and 2026. The report should include: •Name of recipient •Amount paid •Date paid •Description of services provided •Methodology used to calculate the commission	Contractor Duties and Responsibilities - Page 16 - "Financial Planning - Produce a final audit and settlement of all revenues and expenses within 30 days after the completion of the Event."		

7-A	The staff report associated with City Council's approval of the contract states: "Within 30 days of the Event, Contractor and City will reconcile all revenues and expenses for the Event. If there is a net positive in the account, the funds will remain in the established Independence Day account to fund the Event in upcoming years. If expenses exceed revenues, the City may be responsible for reimbursing PSQ Productions pending a review by City and Contractor of the Event budget and all approved expenses and revenue opportunities." Based upon the revenue and expense reports provided for the Independence Day events, revenues exceeded expenses in each of the following years: <table><tr><td>Year</td><td>Excess Revenue</td></tr><tr><td>2024</td><td>\$43,367.98</td></tr><tr><td>2025</td><td>\$31,984.50</td></tr><tr><td>2026</td><td>\$29,180.17</td></tr><tr><td>Total</td><td>\$104,532.65</td></tr></table> Question A. What account currently holds the excess revenues totaling \$104,532.65? Please provide: •Account name •Account ownership •Annual account statements •Transaction history showing all deposits, withdrawals, transfers, and current balance •Documentation demonstrating whether these funds were used to offset City event costs in subsequent years	Year	Excess Revenue	2024	\$43,367.98	2025	\$31,984.50	2026	\$29,180.17	Total	\$104,532.65	This applies to Question 7A - 7C The staff report associated with City Council's approval of the contract states: "Within 30 days of the Event, Contractor and City will reconcile all revenues and expenses for the Event. If there is a net positive in the account, the funds will remain in the established Independence Day account to fund the Event in upcoming years. If expenses exceed revenues, the City may be responsible for reimbursing PSQ Productions pending a review by City and Contractor of the Event budget and all approved expenses and revenue opportunities."		
Year	Excess Revenue													
2024	\$43,367.98													
2025	\$31,984.50													
2026	\$29,180.17													
Total	\$104,532.65													
7-B	Why do the 2025 and 2026 profit and loss statements not show prior-year excess revenues being applied to offset event costs as described in the approved agreement?													
7-C	Is the City entitled to receive any remaining balance currently held in the account? If not, please explain the contractual basis for retaining these funds.													
8	Please identify all services, contracts, or expenditures where: •PSQ Productions subcontracted services to itself; •PSQ Productions subcontracted services to an affiliated company; •PSQ Productions subcontracted services to any entity in which PSQ Productions or its principals have a financial or controlling interest. For each transaction, please provide: •Vendor name •Service provided •Amount charged •Basis for pricing •Description of ownership relationship	Page 23 - Item iv - "CONTRACTOR may provide subcontractor services required for the Event that are within CONTRACTOR' S direct capabilities, provided that CONTRACTOR charge competitive market rates for such services and provide advance disclosure to the CITY of the areas in which it intends to provide the services."												
9-A	Revenue reports provided by PSQ Productions show the following sponsorship revenue: <table><tr><td>Year</td><td>Sponsorship Revenue</td></tr><tr><td>2024</td><td>\$26,113.80</td></tr><tr><td>2025</td><td>\$27,875.00</td></tr><tr><td>2026</td><td>\$10,500.00</td></tr></table> The sponsorship revenue appears unusually low given the substantial number of sponsors displayed on the event website. Website: https://www.hb4thofjuly.org/#SponsorOpportunity Question •Why has sponsorship revenue remained relatively low despite the number of sponsors displayed on the event website?	Year	Sponsorship Revenue	2024	\$26,113.80	2025	\$27,875.00	2026	\$10,500.00	Page 22 - Item D "All revenues from the Event shall be accounted for in the following order: i) Revenues, sponsorships, including but not limited to ticket sales, parade entries, and donations ... "				
Year	Sponsorship Revenue													
2024	\$26,113.80													
2025	\$27,875.00													
2026	\$10,500.00													
9-B	Please provide a complete sponsorship report for 2024 through 2026. For each sponsor, please identify: - o Sponsor name - o Sponsorship level - o Sponsorship amount contributed - o Date received - o Whether cash or in-kind support was provided	Page 22 - Item D "All revenues from the Event shall be accounted for in the following order: i) Revenues, sponsorships, including but not limited to ticket sales, parade entries, and donations ... "												
9-C	Please reconcile the sponsor list shown on the website with sponsorship revenue reported in the financial statements.	Page 22 - Item D "All revenues from the Event shall be accounted for in the following order: i) Revenues, sponsorships, including but not limited to ticket sales, parade entries, and donations ... "												
10	The revenue reports indicate the following merchandise sales and commission revenue: <table><tr><td>Year</td><td>Revenue</td></tr><tr><td>2024</td><td>\$0</td></tr><tr><td>2025</td><td>\$0</td></tr><tr><td>2026</td><td>\$10,000</td></tr></table> Please explain: •Why no merchandise revenue was reported in 2024 and 2025. •Why merchandise revenue reported in 2026 was exactly \$10,000. •Whether merchandise was sold during any of these events. •Whether commissions or licensing revenue associated with merchandise sales existed but were reported elsewhere. •Please provide supporting sales records and commission reports.	Year	Revenue	2024	\$0	2025	\$0	2026	\$10,000	Page 22 - Item D "All revenues from the Event shall be accounted for in the following order: i) Revenues, sponsorships, including but not limited to ticket sales, parade entries, and donations ... "				
Year	Revenue													
2024	\$0													
2025	\$0													
2026	\$10,000													

11	The financial reports show the following management fee expenses: <table><tr><td>Year</td><td>Management Fees</td></tr><tr><td>2024</td><td>\$51,400.50</td></tr><tr><td>2025</td><td>\$54,359.50</td></tr><tr><td>2026</td><td>\$57,154.50</td></tr></table> The contract separately identifies the following annual fees paid by the City: <table><tr><td>Year</td><td>Contract Fee</td></tr><tr><td>2024</td><td>\$150,000</td></tr><tr><td>2025</td><td>\$160,500</td></tr><tr><td>2026</td><td>\$171,735</td></tr></table> Questions •Please explain the nature and purpose of the reported management fees. •Who received these payments? •Are these fees paid in addition to the annual contract amounts paid by the City? •If so, what contractual provision authorizes these additional management fees? •Please provide detailed supporting documentation and calculations.	Year	Management Fees	2024	\$51,400.50	2025	\$54,359.50	2026	\$57,154.50	Year	Contract Fee	2024	\$150,000	2025	\$160,500	2026	\$171,735	Page 21 - Exhibit B "EXHIBIT " B" Payment Schedule 2024 -\$ 150,000; 2025 -\$ 160, 500; 2026-\$ 171, 735) 1. schedules. CONTRACTOR shall be entitled to three (3) installment payments toward the fixed Fee set forth herein in accordance with the following progress and payment "		
Year	Management Fees																			
2024	\$51,400.50																			
2025	\$54,359.50																			
2026	\$57,154.50																			
Year	Contract Fee																			
2024	\$150,000																			
2025	\$160,500																			
2026	\$171,735																			
12	The agreement provides the City with the authority to audit the checking account used for Independence Day event operations. Please provide, for years 2024 through 2026: •Annual bank statements for the event checking account(s) •Monthly account statements •Check registers •Deposit records •Electronic transfer records •Documentation identifying the purpose of each debit and credit transaction •Current account balance Please ensure all account records include sufficient detail to allow independent verification of revenues, expenditures, transfers, and reserve balances.	Page 24 - Item H "CONTRACTOR shall operate and maintain a special purpose dedicated checking account for the EVENT, and make all deposits and payments related to the EVENT using the dedicated account. The CITY shall be granted access to the account for reporting/ audit purposes and furnished with copies of each monthly statement from the account. CONTRACTOR shall maintain copies of all purchase orders, invoices"																		
13	Run •Who is in charge of the Race/Run on July 4th? Is it subcontracted out? If so, to what organization? •What are the revenues from the running event? •What are the costs of the running event?	Page 18 - "Run Event Planning Oversee subcontractors and/or provide primary run program management. Manage t-shirt, runner medals and branded merchandise program. Coordinate event marketing and oversee/ develop runner registration, ensuring participation of over 3, 500 runners to meet budget expectations. Provide professional timing services and runner results. Coordinate logistics, route planning, safety and street closures with City Staff and departments or other authorized agencies. Coordinate runner' s expo event if so authorized as part of final Event budget/ scope." Contractor Duties and Responsibilities - Page 16 - "Financial Planning - Manage, collect, and securely hold all sponsorship, booth sales, donations, food, beverage, merchandise cash receipts collected during the Event, and other forms of revenue." "Produce a final audit and settlement of all revenues and expenses within 30 days after the completion of the Event."																		
14	AK Car Show What were the revenues and expenses for the car show Please provide the contract and insurance Who authorized adding the car show in 2026?	Page 22 - Item D "All revenues from the Event shall be accounted for in the following order: i) Revenues, sponsorships, including but not limited to ticket sales, parade entries, and donations ..."																		
15	We understand there is an enhanced security presence associated with the event required by federal requirements for an event like the parade and bike ride. Can you explain who pays for the enhanced security and what the cost is.																			
16	Please give the total revenue collected for parking on the 4th of July for the south beach attended lots and the Main Promenade Parking Structure in 2024, 2025, and 2026																			
17	Revenues exceeded costs each year in 2024, 2025, and 2026. Please give the total additional revenue or monies paid/earned/ withheld to or by PSQ in 2024, 2025, and 2026 per the contract as shown at right	Page 23 - ii) - If revenues exceed the expenditures and there is a net positive in the Event account, CONTRACTOR will be eligible to earn additional compensation on sponsorship and donations as follows: a) 25% of total revenue generated during the event from new vendors; 10% of revenues from returning 2023 vendors with 25% of new revenues over 2023 revenues. b) Ticket sales and parade entries will not be eligible for the revenue split and shall be deposited directly into the account to fund the Event.																		