

TO: City Council

FROM: James L. App, City Manager; Michael Compton, Director of Administrative Services; Doug Monn, Interim Director of Public Works; Ann Robb, Interim Director of Library & Recreation Services

SUBJECT: **Cost of Services – Sports Fields:
Fee for Exclusive Use – Independent Youth Sports Leagues**

DATE: November 15, 2005

NEEDS: For the City Council to consider implementation options for the adopted fee for exclusive use of City sports fields by independent youth sports leagues.

FACTS:

1. The City Council is frequently urged to operate the Municipal Government more like a business.
2. Standard business practices include accounting for all costs associated with production. So, the Council commissioned a Cost-of-Services Study in late 2003.
3. The Study is an accounting of the costs of doing business – e.g., an itemization of costs incurred to deliver a variety of discretionary City services. [The Study is available on the City web site at www.prcity.com].
4. The cost accounting data is important to City budgeting, tax revenue allocation, and financial planning. In practical terms, the data facilitate the City Council's consideration of how to allocate general revenues (taxes & fees) to public services.
5. In their review of the data, the City Council considered whether and/or how much general City taxpayer support should be provided to discretionary services. This evaluation was/is both policy and financially driven, e.g., to what degree should a service that affords primary or exclusive benefit to an individual and/or group receive financial support from City taxpayers, and when might such support erode capacity to provide fundamental broad spectrum public services.
6. Concurrent with this examination, the Council identified a trend of public service demand growth that exceeds the pace of revenue growth. The inevitable long-term consequence of this trend will be gradually diminishing capacity to provide service, fewer services, or need for new/added revenue.
7. In light of the projection, and to anticipate and incrementally address financial challenges before they deteriorate to operating shortfalls, action options were considered to incrementally reduce and/or avoid future shortages.

8. The action options, along with public input from three hearings/workshops regarding the Cost-of Services Study, formed the basis for the Council's 2005 determinations regarding discretionary service costs and fees:
 - Confirmed that development will pay its own way. Fees were adjusted to provide full cost recovery.
 - Confirmed that emergency police and fire response is available without charge. Fees remain at zero.
 - Initiated a policy to allocate a portion of other service costs to the benefiting user. Fees are being adjusted at various cost recovery levels.
9. Within the broad and diverse category of "other" services, reserved (exclusive) use of sports fields was considered. And, as one sub-set of the field consideration, reserved use of fields by independent youth sports leagues was evaluated.
10. The cost to maintain and operate youth sports fields is approximately \$48,000 per field per year - roughly \$.98 per square foot per year. In contrast, general passive park space costs approximately \$.39 per square foot per year.
 - NOTE – The cost to maintain and operate does not include property acquisition and development, nor does it include depreciation or rehabilitation. The Council determined that these costs are properly borne by all City taxpayers.
11. Sports fields are designed specifically for active sports play; regular access to and use by the general public is not common. Accordingly, the cost to maintain is allocated against the number of hours generally available for active, organized use – 8 hours per day. At 8 hours per day, the costs are \$16+ per hour ($\$16+/\text{hr} \times 8 \text{ hrs/day} \times 365 \text{ days} = \$48,000$).
12. In reviewing the use and cost factors, the Council found that:
 - the fields are designed specifically for organized sports play thus are not generally used by the public at large,
 - City taxpayers provide the costs associated with property acquisition, development, depreciation and rehabilitation,
 - the cost to maintain & operate is \$16+ per hour,
 - independent youth sports leagues reserve exclusive use of sports fields for a portion of the time the fields are available for play, and
 - youth involvement in organized sports is strongly supported by the community.

13. The City Council concluded it appropriate to continue extension of significant City taxpayer support for organized youth sports, thus they established that 100% of the cost to develop and rehabilitate, and 75% of the cost to maintain, would be provided by City taxpayers; 25% of the hourly maintenance rate would be charged for reserved (exclusive) use of play fields.
14. The 25% partial cost recovery translates to a field rental rate of \$4.00 per reserved/exclusive use hour (regardless of the number of players using the field).
15. The Youth Sports Council (YSC), a non-profit organization representing independent youth sports leagues, opposed the field rental fee. [See Exhibit A – 10/10/05 YSC letter].
16. Based upon field use and participant data provided in March 2005, sample costs to illustrate the approximate probable cost per player were calculated (by translating total league field rentals costs into a per participant cost) as follows:
 - AYSO Soccer - \$7.92 per participant [1,901 field hours x \$4 = \$7,604. \$7,604/960 participants = \$7.92].
 - Youth Football - \$17.48 per participant [887 field use hours x \$4 = \$3,548. \$3,548/203 participants = \$17.48].
 - Little League - \$31.70 per participant [3,249 field use hours x \$4 = \$12,996. \$12,996/410 participants = \$31.70].

NOTE: *This list does not include all youth leagues; it is only a sample to illustrate the approximate probable cost per player by league/use.*

17. The Youth Sports Council expressed concern that the field rental costs could result in (a) a loss of low income participants, and (b) each league being exposed to costs it could not cover if participation drops.
18. To address these concerns, an alternative pricing method was suggested – all leagues could charge \$15 per participant for field use (and the City would accept that as payment for reserved/exclusive field use). This approach would place the financial risk associated with fewer participants (but constant exclusive field use quantities) on City taxpayers, not the leagues. And, the City would provide scholarships of up to \$15 per participant for any low income Paso Robles resident. This would serve to diminish potential for possible loss of low income participants due to increased cost.

NOTE: The \$15 per participant rate was calculated based on the sample data noted in Fact #16 above as follows:

- \$24,148 total field use fees/ 1,573 total participants = \$15+.

19. The Youth Sports Council rejected this proposal [See Exhibit B – 10/27/05 YSC letter].
20. At the Council meeting of November 1, 2005, upon hearing Youth Sports Council and other public comment concerning the fees, the Council informally requested the matter be scheduled to consider options to implement the fees in phases over the next three years (similar to the phased implementation of adult sports fees previously adopted).
21. Implementation in 3 phases could be accomplished as follows:

- \$1.25 per field hour in 2006, \$2.60 per field hour in 2007, and \$4.00 per field hour in 2008; or
- \$1.25 per field hour in 2006, \$2.60 per field hour in 2007, and \$4.00 per field hour in 2008. Based upon the sample field use and participant data noted in Fact #16, the City could accept per participant equivalent fees as follows:

| | <u>06</u> | <u>07</u> | <u>08</u> |
|----------------|-----------|-----------|-----------|
| AYSO Soccer | \$2.48 | \$ 5.15 | \$ 7.92 |
| Youth Football | \$5.46 | \$11.36 | \$17.48 |
| Little League | \$9.91 | \$20.60 | \$31.70 |

NOTE: This list does not include all youth leagues; it is only a sample to illustrate the approximate probable cost per player by league/use.

- \$5 per participant in 2006, \$10 per in 2007, and \$15 per in 2008. In each year the City could offer scholarships to low income Paso Robles residents to cover the field rental fee,

NOTE: *Phased implementation of current cost will not account for future cost increases. Thus, cost recovery rates will decline over time.*

22. At the time of report preparation, the Youth Sports Council advised the City that an alternative proposal was under development. It will be distributed for consideration under separate cover upon receipt.

ANALYSIS &

CONCLUSION: A community's public services, educational opportunities, and cultural amenities play an essential role in creating a sense of place and being – a quality of life - that can be attractive to residents. Likewise, the quality of the built environment, the availability and condition of public facilities, roads, and the like are fundamental to daily living.

If a community is to maintain these aspects of community life, it must generate adequate resources to sustain them. Yet, looking forward, growth in service demand is predicted to outpace revenue growth.

Satisfaction of the demands will cost. Bottom line, the community has many passions, but not a never-ending supply of money to pay for them. Therefore, each passion must be measured one against another, against fundamental needs, and against the community's collective capacity and/or willingness to pay.

This reality compels care when allocating tax dollars so that, to the greatest degree possible, City taxpayer support goes to programs and services in proportion to community-wide benefit, and within established and sustainable capacity.

It is against this broader context that the issue of fees for exclusive use of sports fields is considered. At the risk of oversimplifying, the fundamental issue is choice – do City taxpayers choose to (a) pay all costs, (b) pay a portion of costs for select and/or exclusive services, or (c) manage costs within established capacity by reducing service. Until it is possible to either reduce services or increase taxes to pay for all, choices over how much is paid by whom for what must be addressed. A sports field rental fee representing a small portion of only the maintenance cost for the exclusive use of a publicly owned and maintained real property asset is one such choice.

Stated differently, and in conclusion, (quoting *The Tribune 10/27/05 Editorial Opinion*):

“Paso Robles is enjoying a robust economy right now, and it looks financially bright into the foreseeable future. But, like many cities, income isn't keeping pace with services. Eventually, this will lead to either fewer services offered by the city, or Paso residents will have to tax themselves to maintain a high service level.

In the final tally . . . the city's user fee policy . . . is taking small steps now to ensure Paso Robles' distinctive hometown ambience down the road.”

POLICY

REFERENCE: FY 06-09 Budget & Financial Plan; 2005 Cost-of-Services Study.

FISCAL

IMPACT: Up to \$84,000 cost recovery annually depending on field use, participation, and fee phasing; more likely, \$10,000 - \$40,000.

OPTIONS: A. Modify the Implementation of the Adopted Field Rental Fee to Phase in Over Three Years, in One of the Following Ways:

- 1) \$1.25 per field hour in 2006, \$2.60 per field hour in 2007, and \$4.00 per field hour in 2008; or
- 2) \$1.25 per field hour in 2006, 2.60 per in 2007, & \$4.00 per in 2008. Based upon the sample field use and participant data noted in Fact #16, the City would accept per participant equivalent fees such as:

| | <u>06</u> | <u>07</u> | <u>08</u> |
|----------------|-----------|-----------|-----------|
| AYSO Soccer | \$2.48 | \$ 5.15 | \$ 7.92 |
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NOTE: This list does not include all youth leagues; it is only a sample to illustrate the approximate probable cost per player by league/use.

- 3) \$5 per participant in 2006, \$10 per in 2007, and \$15 per in 2008. In each year the City could offer scholarships to low income Paso Robles residents to cover the field rental fee,

- B. Implement the Adopted Fee of \$4/hour in 2006.
- C. Consider Components of a Youth Sports Council Alternative Proposal (not available at time of report preparation).
- D. Amend, Modify or Reject the Options Above.

Attachments: Exhibit A - 10/10/05 P.R. Youth Sports Council Letter
Exhibit B - 10/27/05 P.R. Youth Sports Council Letter

The citizens of Paso Robles should know that the City Council has approved new "Cost of Services Fees" that took effect October 1, 2005. The new fees are based on a cost accounting study that documented the full cost of recovery for fee-for-service city activities. The study seems to be inaccurate in its division of hours and fails to stipulate whether the fees are "hard costs" that stay the same whether the fields are used or not, or whether these are "soft costs" that reflect only additional expenditures when the fields are utilized.

What does this study mean to you and your children? It supposedly reflects what they thought it costs to use Paso's city owned sports fields and how much each organization uses them and therefore how much maintenance cost each organization should shoulder. This study was done without any input from the youth sports organizations and their members. Keep in mind that this does not affect the use of local school facilities that the school district allows our organizations to use for free.

If your child plays Little League you have been paying \$65 to participate in this local, wholesome activity. With the new "Cost of Services Fee" charged to Paso Little League of \$51,520 per year that number would have to escalate 220%. It will now cost \$208 per player to participate in one season of Little League baseball!

Football players will have to come up with \$53 more per year to cover the new "Cost of Services Fee", above and beyond what you pay now.

AYSO, the largest youth sports organization in the city, will have to pay \$28 more per player to cover the new "Cost of Services Fee". That is \$30,423 per year.

Yet, an out-of-town 20-team weekend softball tournament that utilizes our Barney Schwartz Park previously paid (as an example) \$825 and will now pay \$1100, an increase of only \$275. Spread that over the 20 teams of 10 players each and their cost's rises a measly .73 cents per player.

There are alternative ways of bringing in dollars to help support the maintenance of our sports fields. The new football stadium in Templeton has raised thousands of dollars by placing signs of local business supporters on the outlying fencing circling their new stadium. Why aren't we doing that?

There is no shame to the city admitting they made a mistake on a vote and reversing their stand on an issue when they see how much the public cares about that issue. Besides, isn't providing our children healthy outdoor activities at a reasonable cost, more important than what it costs the city to provide that activity? Won't supplying our kids an outlet for their energy, actually save tax dollars to society in the long run?

Please attend the City Council meeting Nov 1 and let the council members know of your displeasure with these new fees, the inequitable distribution to non-residents and the lack of foresight on the affect to our area youth programs.

Respectfully,

TJ Jolicoeur

Member Paso Robles Youth Sports Council
President Paso Robles Girls Softball League

PASO ROBLES YOUTH SPORTS COUNCIL

October 27, 2005

RECEIVED
CITY MANAGERJames App,
City Manager
City of Paso Robles
1000 Spring St.
Paso Robles, CA 93446

OCT 31 2005

CITY OF PASO ROBLES

Dear Mr. App:

We are writing in response to your letter of October 19th. Your letter did not address most of the issues that we brought up for discussion at the meeting on October 17th and instead focuses on your proposal to tax each youth-athlete a flat amount of \$15. We have discussed this proposal and find it flawed as you are proposing to tax each child who participates in youth sports, regardless of the amount the child uses a city facility or even if they use city facilities at all. Your proposal to thus have some kids subsidizing other kids or to pay for something they do not use is inherently unfair.

During the October 17th meeting, we also outlined and provided you with detail of the amount and nature of the assistance that we have provided the city in helping to maintain, refurbish, and upgrade various parks and fields. We identified that we have painted fences, provided truckloads of dirt every year, filled in holes, built scoreboards, and re-furbished fields and gave specific examples to you. For you to then profess ignorance of the above is disconcerting. We certainly never expected for a city official to request a formal report in order for us to document our efforts. The truth is, we perform a substantial amount of the maintenance on the fields we use.

In regards to your stated intent to "recoup the cost of maintaining the fields", we have asked you repeatedly what the actual impact was for us being there. You have yet to identify any additional cost that the city incurs as a result of youth sports using city sports field. Whether we are there or not, you still have to water the grass and mow it. We are again asking for this information.

As you are well aware, all of the member-groups of the PRYSC are non-profit organizations run solely by volunteers. All funds are generated by either participation fees or fundraising. However, the financial information you ask about is not germane and is an attempt to divert the discussion away from the city imposing a discriminatory tax on kids.

Per your letter, we are requesting that this matter be scheduled for formal consideration at the earliest possible city council meeting.

Sincerely,

Steve Serda, President
PRYSCField Gibson, V.P.
PRYSC

Cc: City Council

Exhibit B