

TO: City Council

FROM: James L. App, City Manager

SUBJECT: **Tourism Promotion:
Paso Robles Events Center – Pacific Coast Cutting Horse Association**

DATE: November 18, 2008

NEEDS: For the City Council to consider a request to increase sponsorship of Pacific Coast Cutting Horse Association (PCCHA) equestrian events.

- FACTS:**
1. In 2006, the City and Chamber of Commerce adopted an Economic Strategy that includes a principal focus on promoting tourism.
 2. The strategic importance of tourism includes not only first dollar direct income from visitors, but the opportunity to expose more people to the Paso Robles lifestyle. And, in doing so, entice them to return and ultimately invest.
 3. The Paso Robles Event Center (PREC) is a key asset in hosting events that attract visitors.
 4. In 2006, the PREC succeeded in attracting the PCCHA to town. The PCCHA committed to conduct two major multi-day equestrian competitions annually between 2007 thru 2009.
 5. The PCCHA events – a 9-day event in March and a 13-day event in October – attract horsemen, owners, trainers and others from across the Western United States.
 6. The participants take up lodging in town generating approximately 1000-1600 visitors per day (see attached PCCHA information).
 7. The visitor days result in local hotel room and retail sales not otherwise realized.
 8. In 2006, the City joined with the Chamber of Commerce and the Visitors & Conference Bureau to provide \$5,000 per year sponsorships each (\$15,000 total) to secure the PCCHA shows for three years (see attached 10/3/06 Staff Report).
 9. PCCHA has committed to extend their stay in Paso Robles through 2014, but requests expanded sponsorship to build on its early success.
 10. The Promotions Coordinating Committee has reviewed the request. The members have committed to providing \$10,000 per year for five years if the City will match.

ANALYSIS &

CONCLUSION: The Chamber of Commerce, Visitors & Conference Bureau (VCB), and City partnered to sponsor PCCHA due to its fit with Economic Strategy objectives. The three-party sponsorship totaled \$15,000 for each of three years (2007-2009). The City assumed the VCB's commitment when it assumed their duties – so the City's annual contribution is currently \$10,000.

PCCHA competitions are major horsing events. Generally, they attract about 4,000 (participants plus attendees) per day over the 22 days of the two events. The events present a significant opportunity to market the unique character and heritage of the community (highlighting Paso Robles agricultural roots and industry). PCCHA is committing to stay at the PREC through 2014 (5 more years). They request an increase in sponsorship from the collective \$15,000 to \$20,000 per year.

The City's FY 2009 and 2010 budget is underfunded (due to economic slowdown). Additionally, it is not known whether the Chamber of Commerce is interested in, or capable of, continuing its sponsorship. A continuing or expanded financial commitment would add to the City's financial challenge in the near term. However, PCCHA events generate mid-week lodging and retail sales that result in direct income to the City that might not otherwise be realized.

Ideally, a group of community partners might partner to offer the requested cash sponsorship (beginning FY 2010). If such a collective effort could be realized, it would show continued community-wide support for PCCHA events and ease the strain on the City's finances.

POLICY

REFERENCE: 2006 Economic Strategy.

FISCAL

IMPACT: \$10,000 annually FY 2010 – 2014.

OPTIONS:

- A. **Authorize Continuation of \$10,000 annual sponsorship through 2014 provided PCC members raise an equal amount.**
- B. **Defer consideration with biennial budget (Spring 2009).**
- C. **Amend, modify or reject options above.**

Attachments: PCCHA 9/15/08 Presentation
City 10/3/06 Staff Report



Pacific Coast Cutting Horse Association

Presentation to the City of Paso Robles
September 15, 2008

Meeting Purpose and Objectives

- Re-affirm PCCHA's commitment to Paso Robles
- Provide a profile of the typical PCCHA member (and his/her spending habits)
- Share the economic benefits that the PCCHA Futurity and Derby have on the City of Paso Robles
- Identify current local sponsors and vendors
- Request financial and partnership commitment from the City of Paso Robles



PCCHA Commitment to Paso Robles

- To hold the PCCHA's two premier events, the Futurity and Derby, at the Paso Robles Events Center through the year 2014
- To consider a relocation of the PCCHA Headquarters to Paso Robles



PCCHA Derby

- Held in March of each year
- 9 day event
- Exhibitors from 9 states plus Canada
- #10 ranked NCHA show (worldwide) in 2007
- #2 ranked PCCHA event
- Estimated 9,180 total visitor days
- Estimated prize money of approx. \$400,000



PCCHA Futurity

- Held in October of each year
- 13 day event
- Exhibitors from 16 states plus Canada & Italy
- 2nd largest Futurity in the world (largest on the West Coast)
- #5 ranked NCHA show (worldwide) in 2007
- Featured event for 3 year-old horses
- Estimated 21,125 total visitor days
- Estimated prize money of approx. \$975,000



Profile of PCCHA Exhibitor (Region II of NCHA)

- Of the NCHA's 16,000 members, 2,129 live in Region II (CA, HI, AZ, NV)
- 1,400 are members of the PCCHA
- Average age: 50 (47% male / 53% female)
- Average income per year: \$215,640
- Average net worth: \$1,832,000
- 69% are married



Profile of PCCHA Exhibitor (Region II of NCHA)

- Average number of horses owned: 8.6
- Average purchase price per horse: \$20,086
- 63% reside in rural area
- 78.6 acres of land owned or leased
- 97% have internet service
- 69% own a diesel truck
- Average miles driven each year: 37,229
- 37% own their own business



Economic Benefits of PCCCHA Events to the Paso Robles Community

- **22 event days per year**
 - Derby: 9 days in March
 - Futurity: 13 days in October
- **30,305 visitor days per year ¹**
 - Derby: 1,020 per day
 - Futurity: 1,625 per day
- **\$1,075,828 in estimated annual retail food & beverage expenditures ²**
 - Derby: \$325,890
 - Futurity: \$749,938

¹ Assumes 2.7 persons per horse/stall

² Assumes 50% visitor penetration and \$71.00/day consumption (based on NCHA statistics)



Economic Benefits of PCCHA Events to the Paso Robles Community

- \$579,755 in estimated annual hotel room revenue (\$57,975 in TOT)³
- \$42,720 in estimated annual jet fuel and rental car revenue⁴
- \$363,965 in actual 2007 show production expenditures (local)
- \$545,490 in estimated annual fuel and miscellaneous sales⁵

³ Assumes 14.83% penetration (NCHA statistic) and \$129.00 average daily rate – approx. 204 rooms per night

⁴ Assumes 25 cars per /event plus 5,400 gallons of jet fuel

⁵ Assumes \$18 per person per day



PCCHA Event Sponsors

Our Local Partners



Estrella Ranch
George Hearst

MIKE RAWITSER

\$75,000 Commitment

PCCHA Event Sponsors - Other



PCCHA-Paso Robles Area Vendors

- Gary Abatti
- Bonnie Marie's
- Centennial Livestock
- Heritage Foundation
- John Lacy
- Local FFA Chapters
- Michaels
- Miller Event Staffing
- Oak Creek Ranch
- Office Max
- Quinn & Ultex
- RLF
- Sign Sensations
- Staples
- Mark Switzer
- Target
- Georgiann Taus
- Valley Sand & Soil
- Wal Mart



(\$363,965 in 2007 Expenditures)

Financial/Partnership Request

- \$20,000 annual commitment through the year 2014
- Concierge at Events Center during peak hours of each event day
- Assistance with identifying approx. 2,500 square feet of office space (potential interim space)





Thank you for your time.



COPY

TO: City Council
FROM: James L. App, City Manager
SUBJECT: Economic Strategy – Positioning & Partnership:
Events Center Attraction Sponsorship
DATE: October 3, 2006

NEEDS: For the City Council to consider partnering with the Paso Robles Events Center, Chamber of Commerce, Visitor & Conference Bureau, and private resources in sponsoring the Pacific Coast Cutting Horse Association (PCCHA) 2007–09 Futurity.

- FACTS:**
1. The 2006 Economic Strategy focuses upon marketing the unique agricultural heritage and character of Paso Robles and partnering with public, private and community resources to improve Paso Robles competitive position.
 2. One key action to market community assets and effect improvement is attractions that showcase Paso Robles unique identity and agricultural heritage at the Paso Robles Events Center.
 3. The PCCHA Futurity is a 12-day cutting horse event that has been held for years in Reno, Nevada. The event attracts over 600 horses along with their owners, trainers, horse show, trade show, banquets, etc. Typically over 4,000 people attend daily for a total of over 40,000 during the 12-day run.
 4. The Mayor urged favorable consideration (see attached letter) as did the Chamber of Commerce.
 5. The Events Center has been successful in a bid to attract the PCCHA's Futurity in 2007 (running through 2009).
 6. The event promises significant visitor attraction. It also requires an investment, to secure the three-year contract, in the form of a cash purse for competitors.
 7. The PCCHA's events offer \$460,000 in prize money. Paso Robles need only provide \$75,000 of the \$460,000. Private parties have committed \$60,000 for each of the three years and the Chamber of Commerce has a member business, and the Visitor & Conference Bureau is, ready to contribute \$5,000 each annually if the City will join in the partnership at \$5,000 per year.

ANALYSIS &

CONCLUSION: The PCCHA Futurity is a major horsing event. It will attract over 4,000 people per day for 12 days. The participants, e.g. PCCHA members, are individuals of considerable discretionary income who can enjoy the attractions of the area.

The National Cutting Horse Association surveyed PCCHA membership in 2004. Their data indicates member average income at \$180,000 with a net worth of \$1,500,000. Over half are Presidents, CEO's, or owners of a company who typically spend 37 nights per year in hotels.

The Futurity offers a significant opportunity to market the unique character and heritage of the community through a tourism attraction that highlights Paso Robles agricultural roots and industry.

POLICY

REFERENCE: 2006 Economic Strategy

FISCAL

IMPACT: \$5,000 annually for three years commencing Fiscal Year 2007. The funds are available in the Economic Incentive Fund.

OPTIONS: A. Adopt Resolution Authorizing Appropriation of \$5,000 per Year for Three Years from the Economic Incentive Fund Commencing FY 2007 in Sponsorship of the PCCHA Futurity at the Paso Robles Events Center.

B. Amend, Modify or Reject the Option Above.

Attachment: 4/14/06 Letter
Resolution

COPY

April 14, 2006

Pacific Coast Cutting Horse Association 2007 Futurity:

On behalf of the City, I would like to personally invite you to consider hosting your PCCHA Futurity Show in Paso Robles. Not only do we have the facilities to accommodate your immediate event needs with the Paso Robles Event Center, but we can ensure that your participants and attendees will find many other amenities that will make their stay worth the visit. I know you will find our community to be one that prides itself on its friendly, inviting, historic and western heritage.

We recognize that relocating a longstanding event can be quite daunting, but you can rest assured that we will create a partnership of individuals and organizations dedicated specifically to the success of *your* event.

Paso Robles provides a quality experience for any visitor, whether they stroll through our award-winning downtown, dine at one of the many quality restaurants, taste the extraordinary variety of wines, soak in the mineral baths, or enjoy one of the many special events. Some people say visiting Paso Robles is like a delightful step back in time.

Please consider bringing your event to Paso Robles, as we will do everything we can to ensure it is successful and enjoyable for everyone.

If I can be of any assistance, or if you would like to meet with me or other City representatives, I would be most happy to arrange it.

Sincerely,

Frank R. Mecham
Mayor

RESOLUTION NO. 06-XXX
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING APPROPRIATION OF \$5,000 PER YEAR FOR THREE YEARS
IN SPONSORSHIP OF THE 2007-2009 PCCHA FUTURITY AT THE
PASO ROBLES EVENTS CENTER

WHEREAS, the 2006 Economic Strategy focuses upon marketing the unique agricultural heritage and character of Paso Robles and partnering with public, private and community resources to improve Paso Robles competitive position, and

WHEREAS, marketing community assets and effecting improvement can be facilitated by sponsoring attractions that showcase Paso Robles unique identity and agricultural heritage at the Paso Robles Events Center.

WHEREAS, the Pacific Coast Cutting Horse Association (PCCHA) Futurity is a 12-day cutting horse event that attracts over 600 horses along with their owners, trainers, horse show, trade show, banquets, etc., and typically over 4,000 people attend daily for a total of over 40,000 during the 12-day run, and

WHEREAS, the Events Center has been successful in a bid to attract the PCCHA's Futurity in 2007 (running through 2009), and

WHEREAS, the event promises significant visitor attraction, it also requires an investment, to secure the three-year contract, in the form of a cash purse for competitors, and

WHEREAS, the PCCHA's events offer \$460,000 in prize money, and Paso Robles need only provide \$75,000 of the \$460,000, and private parties have committed \$60,000 for each of the three years and the Chamber of Commerce has a member business, and the Visitor & Conference Bureau is, ready to contribute \$5,000 each annually if the City will join in the partnership at \$5,000 per year.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of El Paso de Robles that the City Manager is authorized to appropriate \$5,000 per year from the Economic Incentive Fund (Account # 115-110-5235-103) for three years commencing 2007 in sponsorship of the PCCHA Futurity at the Paso Robles Events Center.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 3rd day of October 2006 on the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

Frank Mecham, Mayor

Deborah Robinson, Deputy City Clerk