



## Council Agenda Report

**From:** Julie Dahlen  
**Subject:** Sports Tournament Fee Adjustments  
**Date:** December 6, 2016

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### Facts

1. On October 18, 2016, City Council mandated adjustments to rental fees for City-owned sports fields and directed staff to re-evaluate its proposal for adjusting tournament fees.
2. Paso Robles tournament organizers determine their own per-team participation fee:
  - a. Adult tournament organizers generally charge between \$100-\$300 per team.
  - b. Youth tournament organizers generally charge between \$500-\$550 per team.
3. The City of Paso Robles currently charges adult tournament organizers 20% of gross revenues for tournaments of fewer than 35 teams, and 15% for larger tournaments. In 2015, the average payment to the City for an adult tournament was \$675.
4. The City of Paso Robles currently charges youth tournament organizers 12% of gross revenues for tournaments of fewer than 35 teams and 10% for larger tournaments. In 2015, the average payment to the City for a youth tournament was \$1,237.
5. The City's current approach to charging has a number of key disadvantages, including:
  - a. The vast majority of our sports field costs are fixed, as they are not dependent on the number of teams in a given tournament or the amounts they pay to play. Charging a percentage of gross misaligns costs and revenues.
  - b. There is no incentive for tournament organizers to set per-team rates at a level to achieve only cost recovery.
  - c. Charging a percentage of gross puts the City in the position of being – or at least being perceived as – unofficial partners of the organizers: the better they do, the better we do.
  - d. City staff are placed in the position of having to monitor and virtually audit the organizers. This sends an unfortunate message and, in addition, is difficult to accomplish given the absence of full-time weekend staff to monitor participation.
  - e. The current rates, being higher for youth tournaments than for adult tournaments, are the reverse of the City's philosophy in charging, and have unintended negative consequences.
6. Inquiries to surrounding cities -- including Atascadero, Morro Bay, San Luis Obispo, Santa Maria, Fresno, Hanford and Visalia – indicate that there is great variability in the methods by which cities set fees for tournament play, making it difficult to make direct comparisons:
  - a. Several charge an hourly rate per field ranging from \$19-\$24.
  - b. Some charge a flat rate per field ranging from \$125-\$1,000.
  - c. Most charge an additional fee for lights, ranging from \$10-\$35 per hour.
  - d. One city charges a separate staffing fee of \$14 per hour.
  - e. Only one city bases tournament fees on the number of participating teams.

7. Assuming that a typical tournament involves the use of at least 2-6 fields over 2 days for a total of 25 hours per field, tournament organizers in surrounding cities can expect to pay between \$600-\$3,750. The average cost is between \$1,000-\$1,500 plus a light fee depending on the time of year.

### **Options**

1. Make no change to the tournament fee structure.
2. Set a flat fee of \$1,200 for adult and \$1,000 for youth tournaments, starting January 1, 2017, and enable fees to be adjusted annually thereafter, starting July 1, 2018, based on market conditions.
3. Set a flat fee of \$1,000 for all tournaments, starting January 1, 2017, and enable fees to be adjusted annually thereafter, starting July 1, 2018, based on market conditions.

### **Analysis and Conclusions**

Option 1 allows a variety of undesirable situations to persist.

Option 2 allows the City to more closely approach full-cost recovery and is the unanimous recommendation of the Parks and Recreation Advisory Committee.

Option 3 allows the City to more closely approach full-cost recovery, but subsidizes adult groups to the same extent as it does youth groups. Given our fiscal challenges, the City does not see the value long term in using tax dollars to subsidize adult groups, relative to other needed uses for those tax dollars.

### **Fiscal Impact**

Moving to a flat rate will provide more consistent and slightly higher tournament fee revenue for the City.

- At \$1,000 per tournament, annual tournament revenue will increase from approximately \$13,000 to \$17,000.
- At \$1,200 for adults and \$1,000 for youth, annual tournament revenue will increase from approximately \$13,000 to just under \$20,000.

### **Recommendation**

Adopt Resolution 16-XXX, which sets a flat fee of \$1,200 for adult and \$1,000 for youth tournaments, starting January 1, 2017, and enables fees to be adjusted annually thereafter, starting July 1, 2018, based on market conditions.

### **Attachments**

Resolution 16-XXX

RESOLUTION NO. 16-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
EL PASO DE ROBLES SETTING FIELD RENTAL RATES  
FOR CITY-OWNED SPORTS FIELDS

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WHEREAS, on October 18, 2016, City Council mandated adjustments to rental fees for City-owned sports fields and directed staff to re-evaluate its proposal for adjusting tournament fees; and

WHEREAS, Paso Robles tournament organizers determine their own per-team participation fee: adult tournament organizers generally charge between \$100-\$300 per team and youth tournament organizers generally charge between \$500-\$550 per team; and

WHEREAS, the City of Paso Robles currently charges adult tournament organizers 20% of gross revenues for tournaments of fewer than 35 teams, and 15% for larger tournaments. In 2015, the average payment to the City for an adult tournament was \$675; and

WHEREAS, the City of Paso Robles currently charges youth tournament organizers 12% of gross revenues for tournaments of fewer than 35 teams and 10% for larger tournaments. In 2015, the average payment to the City for a youth tournament was \$1,237; and

WHEREAS, the City's current approach to charging has a number of key disadvantages, including:

- a. The vast majority of our sports field costs are fixed, as they are not dependent on the number of teams in a given tournament or the amounts they pay to play. Charging a percentage of gross misaligns costs and revenues.
- b. There is no incentive for tournament organizers to set per-team rates at a level to achieve only cost recovery.
- c. Charging a percentage of gross puts the City in the position of being – or at least being perceived as – unofficial partners of the organizers: the better they do, the better we do.
- d. City staff are placed in the position of having to monitor and virtually audit the organizers. This sends an unfortunate message and, in addition, is difficult to accomplish given the absence of full-time weekend staff to monitor participation.
- e. The current rates, being higher for youth tournaments than for adult tournaments, are the reverse of the City's philosophy in charging, and have unintended negative consequences; and

WHEREAS, inquiries to surrounding cities -- including Atascadero, Morro Bay, San Luis Obispo, Santa Maria, Fresno, Hanford and Visalia – indicate that there is great variability in the methods by which cities set fees for tournament play, making it difficult to make direct comparisons; and

WHEREAS, assuming that a typical tournament involves the use of at least 2-6 fields over 2 days for a total of 25 hours per field, tournament organizers in surrounding cities can expect to pay between \$600-\$3,750. The average cost is between \$1,000-\$1,500 plus a light fee depending on the time of year.

NOW, THEREFORE, LET IT BE RESOLVED by the City Council of the City of El Paso de Robles, that tournament organizers will be charged a flat fee of \$1,200 for adult and \$1,000 for youth tournaments, starting January 1, 2017, with fees to be adjusted annually thereafter, starting July 1, 2018, based on market conditions.

APPROVED by the City Council of the City of El Paso de Robles this 6<sup>th</sup> day of December, 2016 by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk