



Agenda Report

MEETING DATE: Monday, May 3, 2021

TO: PARKS & RECREATION COMMISSION

FROM: NICOLAS CALUBAQUIB, DIRECTOR
IMELDA NEGRETE, RECREATION SUPERINTENDENT
ISRAEL TIRADO, RECREATION COORDINATOR

SUBJECT: RECOMMEND ADOPTION OF THE REVISED RECREATION FACILITY
RENTAL FEE SCHEDULE

STATEMENT OF ISSUES:

Revisions to the current recreation facility rental fee schedule are recommended to increase facility rentals, revenue and customer satisfaction.

RECOMMENDED ACTION:

That the Parks and Recreation Commission recommend that the City Council adopt the revised Recreation Facility Rental Fee Schedule (Attachment D) that incorporates the following changes:

1. Adjust base rental fees as outlined in Attachment D and eliminate existing add on fees and annual CPI increase,
2. Implement a uniform 40% fee reduction for non-profits from the rates established for private renters and apply this fee reduction to rentals for picnic areas and pavilions,
3. Establish an additional 10% rental fee for non-residents, and
4. Establish fees for facilities not currently included in the rental schedule.

DISCUSSION:

Background

The goals of the Parks and Community Services Department's Facility Rental Program are to:

1. Maintain and provide safe, secure and accessible rental venues, at a competitive fee for private, public and promoter events with the purpose to support, inform, educate and celebrate our community values.
2. Maximize use of the City's indoor and outdoor recreation facilities through hosting City sponsored programs and events and facilitating rental access for community members and groups to host a variety of public and private events.

The Parks and Community Services Departments offers a variety of indoor and outdoor facilities for the public to rent. Facilities include community rooms, picnic areas, tennis courts, a car wash station and sports fields. Parties interested in renting an indoor facility must complete a facility rental application 45 days prior to their rental. The renter must also provide a security deposit and pay all rental fees associated with the use of the facility prior to their rental. In the event that a rental requires insurance and/or security guards, Customer Service Teammates aid the customer in the process by obtaining insurance from a City approved insurance broker and will also schedule security guards from a city approved security company to be at the event. Parties interested in renting an outdoor facility must complete a field/court/picnic rental application five days prior to their rental. Insurance and security deposit requirements may apply for outdoors rentals. Rental applications may be downloaded from the City website or picked up in person at the Parks and Community Services office.

Current Facility Use

This past year, recreation facility rentals have been extremely limited. Normal rental use of recreation facilities has not been permitted since March 2020 due to COVID-19 restrictions and use of various facilities for COVID response related activities. For example, Ramsay Park Family Center is currently being used as a COVID testing site and the Veterans Memorial Building is serving as a homeless shelter. The following facilities are normally available for reservations and use:

Indoor:

- Veterans Memorial Building
- Gene Hoularis & Waldo Rodriguez Youth Center
- Ramsay Park Family Center
- Watsonville Senior Center
- Civic Plaza Community Room
- Marinovich Park Community Center

Outdoor:

- Ramsay Park Sotomayor Soccer Fields
- Ramsay Park Softball Field
- Ramsay Park Tennis Courts
- Ramsay Park Picnic Areas
- Ramsay Park Car Wash
- River Park Picnic Area
- City Plaza
- Callaghan Park Tennis Courts
- Joyce McKenzie Tennis Courts
- Sea View Ranch Green Area

The following chart outlines facility use for Fiscal years 2017-2018 and 2018-2019, the last complete fiscal year of operations prior to the pandemic.

The annual number of hours facilities were utilized are included for the following categories of use:

- Private Rentals - Use by individuals or organizations for private or public events. Fees for use were assessed using the Fee Schedule adopted by the City Council.
- City Sponsored Events/Programs - Uses by organizations (typically non-profits or other government agencies) for community events that the City of Watsonville co-sponsors. Fees are not applied to these events as they are considered City events. Facility use for programs/services directly offered by the City are not included.

	FY 17-18			FY 18-19		
Facility	# of Rental Hours for Private Events	Revenue for Private Events	# of Rentals Hours for City sponsored events	# of Rental Hours for Private Events	Revenue for Private Events	# of Rentals Hours for City sponsored events
Civic Plaza Community Room	38	\$33,553	86	44	\$27,569	82
Veteran's Memorial Building	104	\$19,406	44.5	286.5	\$57,737	91
Marinovich Community Center	54.5	\$2,010	50	349	\$12,101	55
Callaghan Cultural Center	73.5	\$4,278	13	128	\$8,667	16
Ramsay Family Center	214.5	\$21,388	4	403	\$48,955	0
GHWR Youth Center	0	\$0	86.5	58	\$4,406	166
TOTALS	484	\$80,635	284	1,275	\$159,435	458

The costs for maintenance and operations of the City's recreational facilities and facility rental program for FY 18-19 is estimated at \$240,202, not including Departmental and City administrative costs or Capital Improvement Projects. It is noted that maintenance

operations for recreation facilities has historically been, and continues to be, drastically underfunded. The 2020 Parks and Recreation Strategic Plan identified approximately \$20 million in deferred maintenance needs across the City's parks and recreation facilities. Much higher levels of financial investment are needed to support the regular maintenance, deferred maintenance and future replacement needs of these facilities to preserve them eventual system failure.

Facility Rental Fees

Assumptions for Determining Rental Fees

Rentals fees for public use of recreation facilities have traditionally been adopted by the City Council. Historically, the Council has determined rental fees that are influenced by several factors:

1. *Facility maintenance and operational costs are subsidized* - Because the City provides the community free access to its parks and offers various free to low cost programs within its recreation facilities, the facility rental program is not intended to recover 100% of costs associated with operating these facilities. Due to the high cost of operation of recreation facilities and their purpose of serving as a community resource, rental rates are often set at a level that does not account for full cost recovery of operation. A large percentage of the costs associated with operating these rental facilities (utilities, personnel, preventive maintenance) are relatively fixed and do not vary greatly depending on use. A smaller percentage of facility operational expenses fluctuates with the level of use (post event cleaning, janitorial supplies). The City of Watsonville has historically set rental fees at rates lower than cost recovery, thus subsidizing use to maximize public benefit.
2. *Rental fees are determined considering market rates and community input* - Rather than attempting to recover 100% of operational costs, the Council determines the level of subsidy by approving rental rates for recreation facilities based on market rates and community input. To maximize use of City facilities, rental rates charged for use of similar nearby facilities are considered. Rates have historically been set within or below market range.
3. *Rental Fees vary based on the assumed level of individual vs. community benefit* - Public recreation agencies typically base fees and charges on cost recovery goals determined primarily by the degree to which services provide individual or community benefit. Services that provide greater individual benefit are typically assigned higher cost recovery goals. In many jurisdictions, fees for the rental of City facilities for private use vary based on the degree of community versus individual benefit of the activities scheduled during a rental. For example, rental fees are typically set at a lower rate for rentals hosted by non-profit organizations than for rentals by individuals for private parties or individuals/groups charging an admission fee.

Current Facility Rental Fees

The current fee structure was approved by the Council on June 13, 2006 with rental rates increasing by the Consumer Price Index each year.

The current Facility Rental Fee Schedule outlines five Categories used to determine priority use of recreation facilities and associated fees (Attachment A). Rental fees are assigned based on rental Category and increase based on assumed community versus individual benefit. Fee reductions for non-profit use are not currently uniformly applied to the base rental rate (Category IV) and vary widely by facility. However, uniform fee reductions are applied to Category V (Continuous Users) and to Promoter Users – when facilities are rented by any of the Categories for which an admission is charged or donation accepted or a profit is to be made. These Categories and fees are summarized in the following table:

Category	User Type	Fee
Category I	City and PVUSD use	No fee
Category II	Non-profit youth and senior organizations	Fee lower than category III, as determined by fee schedule. Variance from category IV ranges from 26-68% reduction.
Category III	Non-profit adult organizations	Fee lower than category IV, as determined by fee schedule. Variance from category IV ranges from 15-47% reduction.
Category IV	Private groups or Individuals	Fee as determined by fee schedule
Category V	Continuous users, renting a facility for a minimum of 3 hours per day, (2) days a week and eight (8) days a month	60% fee reduction for youth non-profits, 40% reduction for all others
Promoter	Rentals by any of the above categories when an admission is charged or donation accepted or a profit is to be made	Additional 85% above regular rates

Refundable security deposits are collected at time of reservation. Additional fees are also charged for the use of tables and chairs, kitchen use and AV equipment. Depending on the rental activity, “pass on” fees (for services provided by a third party) may also be charged for security guards, cleaning and insurance.

Proposed Changes to Facility Rental Fee Schedule

Parks and Community Services Department teammates often receive feedback that the current Facility Rental Fee Schedule is difficult to understand and navigate. Current fees are not uniformly discounted for non-profits, making the program difficult to administer and for customers to understand. The equipment fees that are charged in addition to

hourly rental rates is also often a source of frustration for customers. The following proposed changes to the schedule are intended to:

1. Create a more uniform and less complex schedule that will increase customer service
2. Adjust rental fees to align more closely to market rates in efforts to increase the number of rentals booked
3. Establish fees for facilities frequently requested by the community

Base Fee Changes

Base fees refers to the full non-discounted rental rate (currently Category IV). The following fee changes are recommended (see Attachment C – Current and Recommended Fees):

- Eliminate Additional Fees – Staff recommends that the additional equipment fees (tables, chairs, kitchen, A/V use) that are currently charged be eliminated and instead be incorporated into the hourly fee. These add on fees are often a point of frustration to customers and eliminating them will streamline the rental process. Pass on fees for security guards, post event cleaning and insurance, as applicable, would continue as currently applied.
- Fee Changes - In comparing hourly rental fees for similar facilities in the surrounding area, staff has found that some current fees remain close to market, however, many hourly fees are well above market (see Attachment B). Staff recommends that fees be adjusted to align closer to market, especially as facilities begin to reopen post-pandemic. It is anticipated that adjusting fees closer to market will increase the number of facility rentals and thus the amount of revenue generated.
- Elimination of annual CPI Increase - It is recommended that the annual CPI increase on rental fees be eliminated and instead that fees be examined and changes be proposed with the preparation of each two year budget cycle. This will provide staff the opportunity to regularly evaluate the effectiveness of the facility rental program and compare fees to the market.

Uniform Fee Reduction for Non-Profits

Staff recommends the following changes to fee reductions for non-profits:

- Uniform Fee Reduction Percentages - It is recommended that a uniform fee reduction percentage be applied for Category II and III rentals to streamline processes. Currently, non-profit fee reductions do not follow a consistent pattern or pricing structure. Fee reductions from the Base Fee (Category IV) range from 26%-68% for Category II (Youth/Senior Non-Profits) and 15%-47% for Category III (Adult Non-Profits), depending on the facility. It is recommended that Category II (Youth/Senior Non-Profits) and Category III (Adult Non-Profits) be combined into one non-profit category. It is also recommended that a standard fee reduction of 40% off the Base Rate (current Category 4) be implemented.
- Establish Fee Reduction for use of Picnic Areas and Pavilions - There are currently no fee reductions for non-profits for the rental of picnic areas and

pavilions. It is also recommended that there be one fee reduction for non-profits at 40% from proposed Category IV.

The affect that these recommendations have on the pricing of each individual facility is shown in Attachment C – Current and Recommended Fees.

Establish Non-Resident Fee

Additional fees are currently not charged for rentals by non-residents (individuals and organizations with mailing addresses not within the Watsonville City limits). Through a recent fee study, PCS Teammates found that nearby jurisdictions charge a non-resident fee for facilities rentals ranging from nothing to an additional 50% of the rental fee:

City	Fee
Watsonville	None
Santa Cruz	30% increase
Capitola	None
Monterey	50% increase
Salinas	25%-30% increase
Gilroy	\$10 increase per hour
Hollister	None
City of Morgan Hill	5% increase
City of Seaside	25% increase
County of Santa Cruz	10% increase

Staff recommends that a 10% non-resident fee be adopted for rental of recreation facilities by non-residents. Residents are considered individual who live within the City limits and organizations for which 60% of their participants are Watsonville residents.

Establish Fees for Facilities Not Currently Included in Rental Schedule

There are several facilities that teammates often receive rental requests for that are currently not included in the rental fee schedule. It is recommended that the facilities be added to the schedule, with fees that align with the appropriate facility type.

- Classrooms & Meeting Rooms - Veteran's Memorial Building 1st Floor Meeting Room, Ramsay Park Family Center Classroom, Senior Center Conference Room, Senior Center Classroom
- Event Rooms – Senior Center Auditorium, Veterans Memorial Building Gymnasium (sports use only)
- Field/Parking Lot – Ramsay Park Parking Lot, Pinto Lake Parking Lot
- Picnic – Franich Park Picnic Areas
- PVUSD Sites included in Joint Use Agreement - Applicable facility categories and fees will be applied to school facilities.

The proposed rental fee schedule, combining all of the above outlined recommendations, can be found in Attachment D: Recommended Facility Rental Fee Schedule. If adopted, it is recommended that changes be made applicable to all rentals booked beginning on July 1,

2021. Rentals booked prior to July 1, 2021 will be subject to current fees. Established fees will continue to increase each year by CPI, beginning July 2022.

No changes are recommended to existing rates for Promoters (85% more than non-promoter rates) or to rates for Continuous User (50% reduction to applicable rates for rentals consisting of a minimum of two-3 hour per day (2) days a week and eight (8) days a month.

STRATEGIC PLAN:

These recommendations support the following Council Priorities of:

- Fiscal Health – It is anticipated that the proposed changes will increase the number of facility rentals and revenue
- Infrastructure & Environment – Increased revenue can support greater investment in City facilities
- Community Engagement & Well-Being – Recreation facilities house programs and events that promote engagement and well-being.

FINANCIAL IMPACT:

The recommended fee schedule has negligible impacts to current facility rental fees. It is expected that revenues may increase with the implementation of a more user-friendly fee schedule.

ALTERNATIVE ACTION:

The Commission may choose to approve, modify or not approve the recommendations.

ATTACHMENTS AND/OR REFERENCES (If any):

- Attachment A: Current Facility Rental Fee Schedule and Facility Use Priority Classifications
- Attachment B: Fee Comparisons
- Attachment C: Current and Recommended Fees
- Attachment D: Recommended Facility Rental Fee Schedule and Facility Use Priority Classifications