

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Proposed of Amendments to the Fee Schedule (SMC 3.01.030) and Use of Shoreline Facilities Policy
DEPARTMENT: City Manager's Office
PRESENTED BY: Eric Bratton, Management Analyst

PROBLEM/ISSUE STATEMENT

Over the past year, staff have been reviewing and updating the rental policies and procedures for City-owned facilities. As part of that review, staff looked at the fee schedule and municipal code and recommends making several amendments to better reflect current practices. These changes include redefining eligibility for some discount rates, revising concession fees and requiring private instructors that use city facilities to obtain a permit.

FINANCIAL IMPACT

One of staff's recommendations is to revise concession fees. Over the past three years, the City has collected an average of \$1,118 in concession fees. The following are the total amounts the City collected in concession fees for each of the past three years:

- 2010 = \$974
- 2009 = \$2,282
- 2008 = \$100

Currently, concession fees are 20% of a renter's gross revenues from sales and/or fees. Over the years, the amount collected in concession fees has varied, but has always been a di minimus amount. Staff recommends eliminating the 20% fee and replacing it with flat fees or negotiated fees. While the modified fees may not completely recoup the loss in revenue from eliminating the 20% of gross revenue fee, staff anticipates that the change may encourage more concessions. In addition, other proposed modifications in the fee schedule, such as eliminating the youth discount rate for commercial rentals and requiring private instructors to obtain a permit will also help make up any loss.

RECOMMENDATION

No action is required at this time. However, staff has scheduled this item for the June 13 consent agenda. Depending upon tonight's discussion, staff will draft an ordinance that reflects Council's direction. If Council determines that more information or further discussion is needed before a decision is made, this item will be scheduled for review again later in June.

Approved By: City Manager gm City Attorney _____

BACKGROUND

Over the past year, staff has been reviewing and revising the City's Facilities Rental Policies and Procedures. As part of that review, staff looked at the fee schedule and municipal code and recommends making several amendments to better reflect current practices.

Rental Fee Waiver

Currently, the only organizations that are permitted to receive a rental fee waiver are the Council of Neighborhoods or a member neighborhood, Shoreline/Lake Forest Park Arts Council, Shoreline/Lake Forest Park Senior Center, Shoreline Historical Museum, Shoreline Community College and Shoreline School District. Now that City Hall is open and meeting rooms are available, the City wants to encourage all of our partners including many not named above, to use City Hall for meetings or community events.

The intent of the rental fee waiver is to encourage the use of City facilities for events that serve the community and are consistent with city adopted programs. However, by limiting the waiver to just a few named organizations, the City could miss out on aiding many of our quality of life partners, such as the Center for Human Services or the Kruckeberg Botanic Garden Foundation.

Staff recommends providing the City Manager with more flexibility in granting the rental fee waiver so as to allow for a broader range of partners and to allow the City to consider fee waivers for new partners. Events would still need to serve the community and be consistent with adopted city programs. Below is staff's recommended change:

3.01.060 Fee waiver.

The City Manager or designee is authorized to waive use fees for right-of-way permits (SMC 3.01.010), facility use fees for picnic shelters, recreation rooms and ballfields (SMC 3.01.030), and meeting rooms (SMC 3.01.032) as a city contribution toward events which serve the community and are consistent with adopted city programs ~~and sponsored by the Council of Neighborhoods or a member neighborhood, Shoreline/Lake Forest Park Arts Council, Shoreline/Lake Forest Park Senior Center, Shoreline Historical Museum, Shoreline Community College, and Shoreline School District.~~ The ~~e~~City mManager is authorized to designate collection points in the City Hall lobby, pool, or Spartan Gym Recreation Center for any charitable organization without charge to be used for the donation of food or goods that will benefit Shoreline residents in need.

If a partner organization wishes to rent a facility on a night when a building monitor is not on duty, (a building monitor is currently funded to staff Tuesday or Thursday night at City Hall), the organization will be responsible for paying the cost of a building monitor. Partner organizations will also be responsible for paying any necessary damage deposits.

Concession Fee (SMC 3.01.030)

Currently, the City requires individuals or organizations that rent a Shoreline facility and sell concessions or charge admissions or fees to pay 20% of their gross revenues from the event to the City. Concession fees apply whether the organization is for-profit or not-for-profit. Over the past three years, the City has collected a di minimus amount of concession fees -\$974 in 2010, \$2,282 in 2009 and \$100 in 2008. Reporting total gross revenues is done on the honor system and we do not have a good way of verifying what is reported without adding additional administrative costs. The concession fee only applies to renters, so individuals that are not renting Shoreline facilities, but wish to sell concessions, are not required to pay a concession fee. For instance, if someone wishes to sell hot dogs in the parking lot at Richmond Beach Saltwater Park, that individual would not be required to pay a concession fee.

The intent of having the concession fee is to ensure that if an individual or organization is profiting from the use of a Shoreline facility, that individual or organization should pay some of it to the City. Since enacted, the number of renters charged the concession fee has been minimal. Staff has heard anecdotal evidence that some renters or potential renters have decided not to sell items or have decided not to rent our facilities because of the fee.

In a review of what other cities do, it seems that every city is different. Some charge a percentage of gross revenues like Shoreline, though usually in the 10% to 15% range. Other cities just charge flat daily fees while still others require a negotiated contract and approval by city council for all concessions. Numerous cities exempt non-profits from paying concession fees.

Staff is concerned that the 20% concession fee may be discouraging some organizations from selling concessions or even renting City parks and facilities. Staff recommends eliminating the 20% of gross revenues concession fee and replacing it with one of the options below.

Option 1: Charge a flat fee

This would be the easiest and most straight forward option. Individuals or organizations wishing to sell concessions or charge admissions or fees would be charged a one-time fee.

Option 2: Charge a variable flat fee, depending upon the event or situation.

While this would be a more detailed option, it would allow the City to collect larger fees from large events and smaller fees from smaller events. For instance, for a concert in a park where admissions would be charged and more than 300 people were expected to attend, we could charge a higher fee. If it is an individual wanting to sell kites at a park one day, the individual would be charged a lower fee.

Option 3: Charge a flat fee for small events and a negotiated contract for major events and seasonal concessions.

This option would allow the City to take requests for big events and seasonal concessions on a case-by-case basis and negotiate a price that better measures the benefit received by the concessionaire from use of the facility. A multi-day event with a couple hundred people in a park is different than a single day event in the Spartan gym.

The downside to this option is that it will clearly require more staff time to negotiate a contract.

Staff recommends Option 2

Option 2 is straightforward, but allows the City to collect larger fees for events that may have a greater impact on City facilities and/or may receive a significant commercial benefit from the use of City facilities.

Concessionaire permit and non-profit waiver

In addition to the above options, staff also recommends that individuals or organizations wishing to sell concessions or charge admissions or fees to obtain a concessionaire permit. Concessionaires will be required to show proof of insurance and have a Shoreline business license. The PRCS Department will also designate when and where concessions can be sold. The purpose of the permit is to ensure the concessionaire has all of the required health permits and licenses to operate and is adequately insured.

Staff also recommends exempting non-profit organizations from paying any concession fees. They would still be required to obtain a concessionaires permit.

Discount Rates (SMC 3.01.030)

Youth Discount Rate

The City currently offers a discount rate to senior organizations renting the athletic fields and a discount rate to youth organizations renting the athletic fields, synthetic fields and the Spartan Recreation Center. The youth discount rate is used for all of the City's youth leagues and clubs. It is offered to any youth oriented organization, whether the organization is for-profit or not-for-profit. The current youth discount rate for athletic and synthetic fields is 72% to 85% depending on whether it is a practice or a game. For the Spartan Recreation Center, the youth discount rate is 25% to 52% depending on the room requested.

The original intent of the youth discount rate was to provide assistance to the non-profit youth organizations in our community. However, the rate has been applied to any youth oriented organization, whether for-profit or non-profit. To help offset some of the lost revenue from the elimination of concession fees, staff recommends reserving the youth discount rate for non-profit organizations and making for-profit youth organizations pay the full rental rate. As a comparison, the youth discount rate for Synthetic Fields for Shoreline residents is \$17 per hour. The full rental rate for Shoreline residents is \$61 per hour. For the Athletic Fields the youth rate is \$4 and the full rate is \$16 for a practice, \$4 and \$30 for a game. To rent the entire gym at the Spartan Recreation Center, the youth rate is \$34 and the full rate is \$63.

Senior and General Discount Rates

The City also offers a senior discount rate to senior organizations renting the athletic fields and a general discount rate on the synthetic fields on a case-by-case basis. The original intent of these rates was to try to encourage rentals during certain down times, such as on weekdays, certain times during the weekend or during certain times of year. Currently, many of those down times are being filled up and the discount rates are no longer necessary to attract renters, except possibly during weekdays. Staff recommends eliminating the senior rate on the athletic fields and amending the general

discount rate for synthetic fields to apply only Monday through Friday from 8:00 am to 3:00 pm. This is a low period for rentals.

Instructors Permit

Private instructors sometimes utilize Shoreline facilities to conduct private lessons or training. We see this most often on our tennis courts and in the weight room at Spartan Recreation Center. Since these facilities are generally for drop-in use, the City does not know who is using our facilities for private instruction or when they are using them. To better regulate this practice and to ensure the instructors are properly insured, staff recommends requiring individuals that wish to use Shoreline facilities for private instruction to obtain an instructors permit. The permit will require proof of insurance and a Shoreline business license and will also regulate when and where private instruction can take place. There will be a \$30 permit fee associated with the instructors permit.

RECOMMENDATION

No action is required at this time. However, staff has scheduled this item for the June 13 consent agenda. Depending upon tonight's discussion, staff will draft an ordinance that reflects Council's direction. If Council determines that more information or further discussion is needed before a decision is made, this item will be scheduled for review again later in June.