

COUNCIL OF THE COUNTY OF MAUI

PARKS AND AGRICULTURE COMMITTEE

November 5, 2004

Committee

Report No. 04-195

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Parks and Agriculture Committee, having met on September 16, 2004 and October 14, 2004, makes reference to County Communication No. 04-215, from the Budget Director, transmitting a proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO KEMPER SPORTS MARKETING, INC. FOR THE MAUI INVITATIONAL BASKETBALL TOURNAMENT".

The purpose of the proposed resolution is to authorize the granting of a license to KemperSports Marketing, Inc. for the Maui Invitational Basketball Tournament to be held at the Lahaina Civic Center for a three-day period each November from 2004 through 2012, in substantial conformance with the terms of the attached draft License Agreement.

Your Committee notes that a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2005 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO CHARGES FOR CURRENT SERVICES, FEE – USE OF PARK FACILITIES", also attached to County Communication No. 04-215, was referred to your Budget and Finance Committee. The purpose of the proposed bill is to amend Appendix B of the Fiscal Year 2005 Budget, "Revenue - Rates, Fees and Assessments", to establish fees for the Maui Invitational Basketball Tournament. The proposed bill establishes an annual rental fee of \$2,400; a custodial fee of \$1,000; and a key deposit of \$25 for the Maui Invitational Basketball Tournament.

Your Committee further notes that the Council passed the proposed bill, now designated as Bill No. 75 (2004), on first reading at the Council meeting of October 15, 2004.

In addition, your Committee notes that the following information is available on the Maui Invitational website <<http://www.mauiinvitational.com/>>:

COUNCIL OF THE COUNTY OF MAUI

PARKS AND AGRICULTURE COMMITTEE

November 5, 2004
Page 2

Committee
Report No. 04-195

- The Maui Invitational, hosted by Chaminade University of Honolulu, is regarded by many experts as the premier early-season tournament in men's college basketball.
- Seventy-eight schools representing 20 conferences and 34 states have competed in the tournament's 21-year history.
- ESPN has contracted to provide live national television coverage of tournament games through 2011.
- Each November, during Thanksgiving week, more than 3,500 out-of-state visitors, including fans and members of the media from all regions of the country, travel to Maui for the tournament, providing several million dollars in local economic impacts.
- Tournament sponsors such as the County of Maui, Maui Visitors Bureau, and the Hawaii Tourism Authority have invested nearly \$2 million in the Lahaina Civic Center to create a high-quality tournament venue.

At its meeting of September 16, 2004, your Committee met with the Director of Parks and Recreation; the Special Events and Grants Coordinator, Department of Parks and Recreation; the West Maui District Supervisor, Department of Parks and Recreation; the Economic Development Coordinator, Office of the Mayor; a Deputy Corporation Counsel; and Michael Myers, Senior Vice President, KemperSports Marketing, Inc. (KemperSports).

Your Committee received public testimony from the Maui Visitors Bureau (MVB) in support of the proposed resolution. According to the testimony, television and other media coverage of the Maui Invitational provide positive and valuable exposure for Maui County as a visitor destination.

The Economic Development Coordinator advised your Committee of the positive economic and social impacts that the Maui Invitational brings to Maui County. She noted that the tournament generates several million dollars each year in visitor-related expenditures, provides valuable national exposure for Maui County, and provides substantial benefits for worthy nonprofit organizations.

COUNCIL OF THE COUNTY OF MAUI

PARKS AND AGRICULTURE COMMITTEE

November 5, 2004
Page 3

Committee
Report No. 04-195

The Economic Development Coordinator further noted that the draft License Agreement attached to the proposed resolution resulted from lengthy negotiations between the Administration and KemperSports. She pointed out that the License Agreement would allow KemperSports to use the Lahaina Civic Center for the Maui Invitational Basketball Tournament each Thanksgiving week from 2004 through 2012 for an annual licensing fee of \$2,400. She said that further negotiations had resulted in an agreement to increase the licensing fee by \$100 each year.

The West Maui District Supervisor, who is in charge of the Lahaina Civic Center, expressed support for the event. He stated that the tournament's residual benefits are far more important to the County than the revenue collected. He further stated that while the fees do not cover the County's costs of maintaining the facility, the Department of Parks and Recreation exists to provide a service and does not operate as a profit-making entity.

Your Committee noted that the County plays a big role in making the Maui Invitational Basketball Tournament successful, just as much as KemperSports does in recruiting the best college teams for the tournament.

Your Committee questioned why certain events are treated differently from others in regards to the amount of fees that are required to use County recreational facilities.

Your Committee expressed support for the Maui Invitational and concurrence with the nine-year duration of the draft Licensing Agreement. Your Committee, however, expressed concern about the appropriate level of fees being paid to use the facility. Therefore, your Committee voted to revise the proposed resolution to establish that the \$2,400 licensing fee shall apply to the 2004 tournament and that the fees for subsequent years shall be established in the County's annual budget ordinance. Your Committee also voted to revise the resolution to improve its clarity and accuracy.

After a lengthy discussion, your Committee voted to recommend adoption of the proposed resolution, as revised, and filing of the communication as it relates to the proposed resolution.

COUNCIL OF THE COUNTY OF MAUI

PARKS AND AGRICULTURE COMMITTEE

November 5, 2004
Page 4

Committee
Report No. 04-195

Your Committee is in receipt of a revised proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO KEMPERSPORTS MARKETING, INC. FOR THE MAUI INVITATIONAL BASKETBALL TOURNAMENT". The revised proposed resolution incorporates your Committee's revisions.

By correspondence dated September 24, 2004, the Chair of your Committee advised that, because of new information, this matter would be re-scheduled for consideration at a meeting on October 14, 2004.

By correspondence dated September 27, 2004, the Chair of your Committee transmitted correspondence dated September 24, 2004, from Mr. Myers of KemperSports to the Economic Development Coordinator, proposing a revised fee schedule and transmitting a revised draft resolution. Under the revised fee schedule, the annual rental fee for the Lahaina Civic Center would be \$2,400 for 2004 and \$4,800 for 2005-2012.

By correspondence dated October 7, 2004, the Department of the Corporation Counsel transmitted a revised proposed resolution, incorporating a revised draft License Agreement. Under the revised draft License Agreement, the annual rental fee for the Lahaina Civic Center would be \$2,400 for 2004 and \$4,800 for 2005-2012, with KemperSports authorized to use the facility for 12 days each November.

At its meeting of October 14, 2004, your Committee met with the Director of Parks and Recreation; the Special Events and Grants Coordinator, Department of Parks and Recreation; an Economic Development Specialist, Office of the Mayor; a Deputy Corporation Counsel; and Michael Myers, Senior Vice President, KemperSports Marketing, Inc.

Your Committee received public testimony from the MVB expressing support for the event.

The Economic Development Specialist provided an overview of the new terms of the draft License Agreement.

Your Committee noted that the terms of the draft License Agreement appeared reasonable and fair. Your Committee further noted that the Maui

COUNCIL OF THE COUNTY OF MAUI

PARKS AND AGRICULTURE COMMITTEE

November 5, 2004
Page 5

Committee
Report No. 04-195

Invitational Basketball Tournament provides a tremendous boost for Maui's economy and other positive community impacts.

Your Committee voted to recommend adoption of the revised proposed resolution transmitted by the Department of the Corporation Counsel by correspondence dated October 7, 2004, and filing of the communication as it relates to the proposed resolution.

Your Parks and Agriculture Committee RECOMMENDS the following:

1. That Resolution No. _____, as revised herein and attached hereto, entitled "AUTHORIZING A GRANT OF A LICENSE TO KEMPERSPORTS MARKETING, INC. FOR THE MAUI INVITATIONAL BASKETBALL TOURNAMENT" be ADOPTED; and
2. That County Communication No. 04-215 as it relates to a proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO KEMPER SPORTS MARKETING, INC. FOR THE MAUI INVITATIONAL BASKETBALL TOURNAMENT" be FILED.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI
PARKS AND AGRICULTURE COMMITTEE

November 5, 2004
Page 6

Committee
Report No. 04-195

JO ANNE JOHNSON Chair

JOSEPH PONTANILLA Member

ROBERT CARROLL Vice-Chair

CHARMAINE TAVARES Member

MICHAEL J. MOLINA Member