

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

October 5, 2004

Committee

Report No.

04-174

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

Chair and Members:

Your Budget and Finance Committee, having met on September 14, 2004, makes reference to County Communication No. 04-215, from the Budget Director, transmitting 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".

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 notes that County Communication No. 04-215 also transmits a proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO KEMPER SPORTS MARKETING, INC. FOR THE MAUI INVITATIONAL BASKETBALL TOURNAMENT". County Communication No. 04-215, as it relates to the proposed resolution, was referred to your Parks and Agriculture Committee.

Your Committee further notes that KemperSports Marketing, Inc. (KemperSports), in partnership with Chaminade University, desires to use the Lahaina Civic Center (the facility) for the Maui Invitational Basketball Tournament on November 22, 23, and 24, 2004 (the event).

Your Committee further notes that Section 13.04.090, Maui County Code, requires a Type V Activity (organized and sponsored by a person or entity for the purpose of carrying on a profit-making enterprise) to pay fees set forth in the Maui County Budget Ordinance or 10 percent of gross receipts, whichever is greater. The proposed fees will be charged in lieu of the requirements of Section 13.04.090, Maui County Code.

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

October 5, 2004  
Page 2

Committee  
Report No. 04-174

At its meeting, your Committee met with the Budget Director; the Deputy Director of Parks and Recreation; the Economic Development Coordinator; the First Deputy Corporation Counsel; and Michael Meyers, Senior Vice President of KemperSports.

There was no public testimony.

The Economic Development Coordinator expressed support for the event. She noted the economic importance of the event in terms of promoting Maui through visual and print coverage.

The Deputy Director of Parks and Recreation noted that the proposed fees are identified in the proposed nine-year license agreement for the event.

Your Committee questioned how the proposed fees were determined. The Deputy Director of Parks and Recreation explained that the fees were based on three days of revenue-generating activities. The Economic Development Coordinator stated that the facility is reserved for seven days prior to the event and three days after the event, for a total of ten days for set up and clean up. She noted that the custodial deposit would be waived for the ten days used for set up and clean up.

Your Committee discussed the fees established in the Budget Ordinance for gymnasiums such as the Lahaina Civic Center. Your Committee noted that typical rental fees for a Type V Activity would be \$500 per day plus an additional \$300 per day for the use of the air conditioning, for a total of \$800 per day. The custodial deposit would be \$400 per day.

The Economic Development Coordinator indicated that in the past 15 years, no fees were assessed because the event was considered a Type II (R) Activity, an activity co-sponsored by the County. This year, the County is not co-sponsoring the event.

Your Committee discussed the fairness of reducing the rental fees and waiving the custodial fees for the days used for set up and clean up. Your Committee noted that the event keeps the facility from being accessible to the community for the duration of the event (13 days). Your Committee questioned

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

October 5, 2004  
Page 3

Committee  
Report No. 04-174

what benefits would accrue to the County for relinquishing the community's use of the facility for 13 days.

Your Committee discussed whether any nonprofit organization benefits from the event. Mr. Meyers indicated that various nonprofit organizations are hired to work at the event. He stated that the event generated between \$8 million and \$9 million of revenue in the County of Maui. He expressed a commitment to keeping the event on Maui for as long as the event is held.

Your Committee discussed whether the County receives any compensation for allowing KemperSports to use the facility to promote the event. Mr. Meyers indicated that he is not aware of any compensation to the County for the promotion of the event.

In response to a question from your Committee, Mr. Meyers indicated that Chaminade University netted approximately \$168,000 from the event last year to support its sports program.

Your Committee questioned whether the County's negotiations with KemperSports included the option of assessing rental fees as set forth in the Budget Ordinance or 10 percent of gross receipts, whichever is greater. The Deputy Director of Parks and Recreation indicated that this option would have prevented KemperSports from generating any income for Chaminade University. He indicated that the event has paid approximately \$50,000 toward the air conditioning for the facility, and has also contributed to the reconditioning of the flooring and an overhaul of the facility. He further noted that the event incurs substantial expense to provide security.

Your Committee voted to recommend passage of the proposed bill on first reading and filing of the communication as it relates to the proposed bill.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. \_\_\_\_\_ (2004), attached hereto, 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

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

October 5, 2004  
Page 4

**Committee**  
**Report No.** 04-174

FACILITIES”, be PASSED ON FIRST READING and be ORDERED TO PRINT; and

2. That County Communication No. 04-215 as it relates to 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” be FILED.

Adoption of this report is respectfully requested.

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COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

October 5, 2004  
Page 5

Committee  
Report No. 04-174

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**G. RIKI HOKAMA** **Chair**

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**DANNY A. MATEO** **Member**

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**WAYNE K. NISHIKI** **Vice-Chair**

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**MICHAEL J. MOLINA** **Member**

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**ROBERT CARROLL** **Member**

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**JO ANNE JOHNSON** **Member**

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**CHARMAINE TAVARES** **Member**

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**DAIN P. KANE** **Member**