



Minutes City Council's Social Services and Culture Committee April 16, 2008

Minutes of the City Council's Social Services and Culture Committee held on Wednesday, April 16, 2008, 3:00 p.m., at the Library Board Room, 3500 S. Rural Road, Tempe, Arizona.

Committee Members Present:

Councilmember Barb Carter, Chair
Councilmember Shana Ellis

City Staff Present:

Kathy Berzins, Social Svcs Mgr
Tom Canasi, Comm Svcs Mgr
Travis Dray, Dep Park Mgr
Kate Hanley, TCC Exec Director
Jan Hort, City Clerk
Jayson Matthews, TCC
Sheri Partridge, Council Aide
Cecelia Pinkston, Mgmt Asst
Mark Richwine, Parks & Rec Mgr

Guests Present:

None.

Councilmember Carter called the meeting to order at 3:10 p.m.

Agenda Item 1 – Tempe Community Council Update

Jayson Matthews summarized that staff has performed a simple alternatives analysis of two ways that non-profits in the community received funds from events, with two options. The analysis is comprised of (S) Strengths, (W) Weaknesses, (O) Opportunities, and (T) Threats and staff requests feedback.

a. Explore Event Fees to Benefit Human Services

Option 1A and Option 1B outline current processes of how non-profits can benefit from events.

Option 1A - Special Event Liquor License: Events that sell alcohol are required to have a nonprofit 501(c) 3 to hold their liquor license. A key strength is that the nonprofit gets 25% of the alcohol sales. One weakness is that the nonprofit is liable for fines accrued at the event. Another weakness is that the event and/or sponsor may not project a public image

that corresponds with nonprofit's mission. The nonprofit may be responsible for purchasing liability insurance, i.e. when the TCC hosted the liquor license for the NFL Saturday Night event, it cost \$8K for insurance and the profit was \$7K. Not all events serve alcohol, so the opportunity is lost. One opportunity is that each nonprofit is limited to ten (10) days to hold liquor licenses which allows for a fair distribution. One threat is that the nonprofit selected doesn't have to be from Tempe and there is no requirement that the nonprofit must help Tempe clients.

Councilmember Ellis understood that it was events that sell donated alcohol that are required to have a 501(c) 3. Most of the events, such as the Kiwanis 4th of July event, have donated alcohol and that is when the 25% kicks in.

Mr. Mathews stated that had not been the case in TCC's experience.

Mark Richwine clarified that if a non-profit has a special event liquor license in the State of Arizona, by law 25% of the gross proceeds of the event have to go through a charitable organization.

Councilmember Ellis clarified that it doesn't matter whether the alcohol is donated.

Mr. Richwine added that for the beverage industry, suppliers cannot give away their beverage except to charitable groups and organizations that hold special event liquor licenses.

Councilmember Ellis stated one problem is that the nonprofit itself doesn't hire the bartenders or volunteers serving it, yet they are liable when those people make the mistakes.

DIRECTION: Add "not in control of security or service, yet liable for fines" to Weaknesses.

Councilmember Carter asked for clarification that state statute dictates that all nonprofits get 25%.

Mr. Richwine added that is true if they hold special event liquor licenses.

Option 1B – Charitable Participation: Some events allow for nonprofits to participate in the activity while using it as a means to generate donations (e.g. Rock 'n' Roll Marathon).

The strength is that the nonprofit can partner with a large event and use it to promote the nonprofit's mission. One weakness is that some nonprofits are not a good "fit" for this activity, whether in size or mission. Another weakness is the dependence on participants to collect pledges and/or donations. Another weakness is that the amount of staff time required to organize a program may not be offset by donations collected. This is a great opportunity for nonprofits to broaden their reach and share their mission with new people. One threat is the competition for participants and corporate donors. There is also a relatively small pool of people that would be participants. Successful nonprofits hire professional training agencies, and, therefore, the participant may pick a more established training program.

Councilmember Ellis added that the ability to donate on line is very important.

New Ideas

Option 2 – Event fee (Tempe Tip) on every ticketed event in Downtown Tempe, including Tempe Town Lake, Tempe Beach Park, Tempe Center for the Arts, and ASU. This would be set dollar amount (maximum of \$1) per ticket sold. The strengths include potential for sustainable revenue, removal of pressure from event promoters for charitable partners, and the selection of all events removes the perception of negative favoritism. One major weakness is a logistical issue. How would fees be collected from event to account? There are several opportunities. First, collection of a “Tempe Tip” could be split between human services, Parks & Recreation, and Public Works to help recover accrued in-kind and direct general fund contributions. Collections could help balance the City’s costs for less profitable events. The “Tempe Tip” benefits people in need who are unable to afford the many entertainment events in Tempe. One threat is the perception that the extra dollar would drive away event participants and the tip could be unpopular.

Councilmember Carter asked why it would have to be designated on the ticket that \$1 goes to Tempe.

Ms. Hanley responded that when staff first talked to Vice Mayor Hutson, he felt it should be optional so that people would have a choice.

Councilmember Ellis clarified that it would be per ticket or registration. Some of the events have existing contracts which outline how much will be paid for City services. Those contracts probably could not be altered. Also, some are already nonprofit events and money goes to a charity and to the community. To tack on another dollar might be questionable. She asked if staff has discussed the amount of money involved.

Mr. Mathews responded that if this were pursued, this would include everything in the downtown area. The potential revenue would need to be analyzed. It would be necessary to make sure it is something that doesn’t take away from something that is already existing. Staff sees it as a way for the City to recoup some of their costs for events.

Tom Canasi asked if this included the Tempe Arts Park or events in the Tempe Center for the Arts (TCA).

Mr. Mathews responded that it referred to the TCA.

Councilmember Carter stated that a fee schedule has already been determined for the TCA and that the TCA should not be included.

Councilmember Carter clarified that most of these events are meeting that state statute and the charity could be outside the City of Tempe.

Mr. Richwine agreed. All events charge services, with the exception of those that have a contract with the City, and their participation is spelled out in the contract. Those events include the Rock ‘n’ Roll Marathon, Iron Man, Sister Cities Oktoberfest, 4th of July, and Block Party. There is a slightly different agreement structure with the DTC for the production of the Spring and Fall Festival of the Arts.

Councilmember Ellis asked if a model exists for this.

Mr. Mathews responded that the closest thing is the “Spirit of St. Louis”, but he didn’t have details.

Ms. Hanley added that the challenge is finding that dedicated revenue source so they are not gearing up to do something every event or activity to generate the money.

Councilmember Carter suggested that the “tip” should be voluntary. She asked how many people when they pay their water bill donate the dollar.

Ms. Hanley responded that she didn’t know the number of people, but she did know how many dollars are generated.

Mr. Mathews added that they collect an average of \$45K and \$50K from the H2O program.

Ms. Hanley added that there are some consistent donors, as well. Staff is also working on a “match” that would boost it considerably.

Councilmember Carter asked Mr. Richwine if it is realistic to add that hidden dollar into a ticket price or registration fee.

Mr. Richwine responded that he thought there would be a lot of resistance by some of the organizations.

Councilmember Carter asked about making it optional.

Mr. Richwine responded that, from a regulatory standpoint, the vast majority of groups that Parks and Recreation deals with are issued a permit for the production of the event. There would be a mechanism to accurately audit the records only of those that have contracts. The ones that don’t have contracts have a permit so they pay all the fees that their event impacts upon City.

Councilmember Carter asked about adding something to the permit fee.

Mr. Richwine responded that would be something for Council’s consideration.

Travis Dray added that to make their events run smoothly, many events need volunteers, and to get volunteers, they are often paying. Ironman paid to man a water station. There were a lot of nonprofits who took advantage of that as a way to raise money.

Ms. Hanley added that for individual groups, that is a great opportunity. Staff is trying to generate resources for all human service agencies. Staff is looking for more of a systematic change for that dedicated revenue stream.

Option 3 – Promote Tempe’s Help to Other (H2O) through beverage sales at events at Tempe Town Lake, including the addition of a surcharge or set contribution. It would be a set dollar amount (maximum of \$1) on every beverage sold at events. The strengths are the potential for sustainable revenue to benefit human services and promotion for the H2O

program. Weaknesses include promoting the H2O program to non-Tempeans, nonprofit partners already receiving 25% of alcohol sales, and the staffing and logistics issues. By promoting H2O at events, some Tempeans may donate through their water bill. The threat is that the extra surcharge would result in higher costs for water and soda. A lot of events, however, will have beverage contracts that are set and there might be a “non-compete” clause. The idea is to try to find a more creative way to promote one of the City's existing programs.

Councilmember Ellis asked for clarification on “every beverage” sold and whether that includes alcohol.

Mr. Mathews clarified that “every beverage sold” would include alcohol.

Councilmember Ellis asked if the City still does the H2O bottles.

Ms. Hanley responded that they do, but it isn't as consistent as it was and the bottles need to be ordered. At \$1 per bottle, they are making 34 cents.

Mr. Mathews added that the Water Department has stated that they would like to get out of the bottling business.

Mr. Mathews stated that the purpose is to look at ways to promote the program to target the right customer.

Ms. Hanley added that the City has consistently been there with human services funding. It is the federal, state and county dollars that are decreasing for human services. Staff can continue going back to the budget and asking for another piece, or staff can develop other strategies.

Councilmember Carter suggested looking at best practices across the country. She asked if there is anything negative about this H2O portion.

Mr. Richwine responded that with anything that is imposed, who will be responsible for auditing and collecting? It has historically been a sore subject to have for-sale water at events. Free water should be made available. Most vendors who provide it have to purchase it and it is not donated because the beverage companies typically donate alcoholic beverages, so there is a margin where they have to sell it to pay for the ice, and if an additional fee is added, the water becomes pretty expensive.

Mr. Mathews added that he will continue to tweak these and look for new options.

b. Examine Shared Living Program Transition

Kate Hanley summarized that the TCC has been working with the Foundation for Senior Living (FSL) for the last couple of years. A Memorandum of Understanding is in place and they are now doing the day-to-day operation. They run the Tempe Adult Day Health Care and they have a new program in Phoenix that has the various levels of care that low income seniors would need.

Ms. Hanley continued that staff recommends moving forward with FSL taking this over. They would agree to honor the mission of shared living, which is to provide affordable housing for frail seniors, and they would have an opportunity to bring the flexibility and increased resources to provide a broader range of services. They would submit the proposal to the agency review process and would work with the City to provide the maintenance on contract administration. She explained that there is an odd configuration to this program, however. The City advances the entire grant amount to the program sponsor, then the program sponsor collects rents from the residents, and those rents have been deposited back to Financial Services to the general revenue fund. In the TCC, there is no offset to the cost to the City for the program. Staff suggests allowing the program sponsor to collect those rents and keep those as program revenues and then ask for a grant in the amount that is the shortfall. That would more accurately reflect the program fees and the grant. Staff would also like not to have that money come back into general revenue. Staff suggests moving forward with a relationship with FSL and allowing the program sponsor to collect the rents. It would need Council action.

Councilmember Carter asked if the FSL is agreeable to changing the contract.

Mr. Canasi added that if Council wants to go in that direction, staff could amend that contract and come back with an amended contract or a new contract.

Ms. Hanley added that staff would hope the human services budget wouldn't be deducted.

Councilmember Ellis asked for the amount of their grant.

Mr. Mathews responded that it is \$105K.

Councilmember Ellis asked for clarification whether staff is proposing that they would still get their allocation on July 1, or whether they would get half of it. Is it quarterly?

Ms. Hanley responded that it is

Councilmember Ellis clarified that they could get the first two quarters and then not get the second two.

Mr. Mathews responded that if Council did approve this change to having the managing entity collecting the rents, staff would have to go through the existing process of amending the agreement for agency review. Right now the agreement is that they will get \$105K for the contract year. They would amend that to some type of difference and also have the opportunity of reallocating that difference.

Ms. Hanley added that FSL is very supportive. Also, there are two parcels of land in the Victory Acres area and they have invited Council and TCC to look at their program.

Mr. Mathews added that the TCC owns the development rights to those two parcels, although the City does own the land.

Councilmember Ellis asked if this has gone to the Ad Hoc Budget Committee yet.

Ms. Hanley responded that the TCC hasn't made their presentation yet. The other items are part of their presentation, but not the shared living piece.

Councilmember Carter asked if this should go through Councilmember Ellis' committee, as well.

Councilmember Ellis stated that her fear is what if that committee says no and this committee says yes.

Mr. Canasi added that if this has additional budget impacts, then it would be preferable to go to have the Community Council seek direction at an IRS or through the budget process. If this won't be implemented on July 1, there is ample time for the Community Council refine whether or not staff is asking for the continuation of the \$51K in addition to, or whether staff is looking to make it a wash with the current operation procedures and to just streamline it.

Mr. Matthews stated that he would convene a work committee to study this for the 2009/10 fiscal year.

Ms. Hanley added that typically it would go through the agency review because either way, if they got the full grant and the revenues went back or if they got half a grant and kept the revenues, it doesn't make that much difference.

Councilmember Carter stated that she would like to see that it not be subtracted from their budget.

DIRECTION: Convene a work group and bring back options to the Committee for next fiscal year.

c. Assess Senior Services Inventory

Kate Hanley summarized that the TCC convened a Task Force on Aging several years ago and a series of recommendations were developed. In getting the *Connections* program launched, Judy Tapscott looked at the recommendations and integrated them into her grant proposal to Piper. It is still important to systematically assess how the City is addressing the recommendations and to identify unmet recommendations and barriers. Staff would also wish to inventory the current senior services. TCAA is also open to this because they are seeing a change in the delivery of their programs as well, and resources could be maximized by sharing data and by synchronizing surveys and assessments. Staff would also like to get a current market assessment of existing services and an updated report to set priorities and make plans for the future. The Task Force on Aging would not actually be "reconvened" with the members who were on the original task force, but it would involve a "revisiting" of that concept.

DIRECTION: Continue the process and bring back to Council for a later date update.

Agenda Item 2 – Future Agenda Items.

May items will be reviewed with Councilmember Carter for consideration.

Meeting adjourned at 4:35 p.m.

Social Services and Culture Council Committee
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Prepared by: Connie Krosschell
Reviewed by: Jan Hort

Jan Hort
City Clerk