

## **INDIAN COMMUNITY STATE SHARED REVENUE PROGRAM: CITY OF TEMPE & LOCAL NONPROFIT PARTICIPATION**

### **PURPOSE OF DOCUMENT**

The purpose of this document is to outline a process which the City of Tempe will utilize to pass through funds from Tribal communities to nonprofit organizations for participation in the Indian Community State Shared Revenue Program.

### **BACKGROUND**

In November 2002, Arizona voters approved Proposition 202 (Arizona Revised Statute § 5-601.02) which initiated new gaming compacts between the State of Arizona and the Tribal communities.

An important provision of Proposition 202 was the sharing of gaming revenues with the State. Henceforth, Tribes would be assessed by the State a percentage of their gross gaming revenue. Tribes had the option of either paying all of this assessment into a State managed fund or to pay 88% of the assessment into the State managed fund and retain 12% of the assessment for distribution as grants.

Several Tribal communities (e.g. Gila River Indian, Ak-Chin, Fort McDowell Yavapai, Pascua Yaqui Tribe) exercised their option to retain and administer 12% of State shared revenue. Known as the Indian Community State Shared Revenue Program, the Program distributes funds to cities, towns, counties or nonprofits for services that benefit the general public, including public safety, mitigation of the impacts of gaming, or promotion of commerce and economic development.

Typical Tribal funding priorities include: 1) public safety; 2) transportation; 3) health care services; 4) economic and/or community development; 5) education; and 6) environment

Tribal communities generally use three processes of involving municipalities in the distribution of Indian Community State Shared Revenues.

First, cities and counties can apply directly to the Tribal communities for Indian gaming funds by using the Tribe's Indian Gaming application. The Tribal communities notify municipalities/counties of any monies that they are granted.

Second, local nonprofits submit applications to a municipality (or county) and the municipality would have to agree to act as a pass through for the nonprofit to apply for the Indian gaming funds. If the nonprofit is granted Indian gaming funds, the municipality would receive those funds from the Tribe and in turn would issue them to the nonprofit agency, thus completing the pass through cycle. The City of Tempe has a

dedicated account in which Tribal funds are deposited and from which, the City disperses funds to the nonprofits.

To act as a pass through, municipalities will choose to forward nonprofit Tribal grant applications because: 1) the law stipulates this role for municipalities and counties; 2) it is a way to address local needs that government cannot; 3) it is a way to assist local nonprofits; and 4) it is considered being a “good neighbor”. Some Tribal communities formalize the relationship between themselves and the pass through municipality by using an Intergovernmental Agreement (e.g. Ak Chin, Fort McDowell Yavapai Nation, Pascua Yaqui Tribe).

Other Tribal communities (e.g. Gila River Indian Community) do not formalize this relationship rather they encourage the pass through municipality and the nonprofit organization to develop their own contractual agreement if so desired.

For local nonprofits, the pass through municipality recommends and forwards grant applications to the Tribal communities prior to any decision made by the Tribes. This process allows the pass through municipality to review and screen the grant applications to ensure the nonprofits meet the Tribe and City guidelines.

Finally, a third method to distribute Indian Community State Shared Revenue is used by Tribes that invite organizations to apply (e.g. Salt River Pima-Maricopa Indian Community). In order for the City to submit a grant application to these Tribes, the City has to be invited to apply by a Tribe. With regard to applications from nonprofits, a Tribe asks the City to be a pass through for the nonprofits they award Indian gaming funds. The City does not review or recommend the grant applications from the nonprofit organizations.

## **CITY OF TEMPE PROCESS**

### *I. PROCESS FOR CITY AND NONPROFIT APPLICATIONS*

#### *A. Grant Application Initiated by the City*

An Indian Gaming Grants Committee (consisting of representatives from each City department) will discuss and recommend grant applications to be submitted by the City of Tempe. The Committee would use the following criteria and process (please see exhibit “A”):

Criteria:

- Grant applications will align with the City Council’s strategic priorities; and
- Grant applications do not compete internally with other City departments.

Process:

- Departments must submit their information to the designated City staff no later than March 1<sup>st</sup> to accommodate the various tribal grant deadlines for consideration; and

- Grant applications would be reviewed by the committee for Council's consideration at an Issue Review Session and if approved subsequently placed on the next formal Council meeting agenda for adoption.

*B. Grant Application Initiated by Nonprofit Organization*

Nonprofit organizations wishing to apply for Indian gaming funds and have the City be a pass through, should complete and submit the City request form and grant application by the posted deadline on the City's website at:  
<http://www.tempe.gov/governmentrelations/indiangaming.htm>.

Once all applications are received, the City's Indian Gaming Grants Committee will discuss and recommend grant applications by using the following criteria and process:

Criteria:

- Legally recognized by the Internal Revenue Service as a 501 (c) 3 organization;
- Located within the City of Tempe or services directly benefit the Tempe community;
- Grant application will align with the City Council's strategic priorities. The City request form asks for an explanation of how the proposal aligns with the City Council's strategic priorities (please see exhibit "C");
- Grant application is not in competition with an application submitted by the City to the same Tribal community during the same funding cycle;
- Organization agrees with City of Tempe indemnity language and terms and conditions; and
- Organization agrees that they will execute a Funding Agreement and understands that the City of Tempe will not release the funds until the receipt of the executed Funding Agreement (please see exhibit "B").

Process:

- The City of Tempe will submit only one application per nonprofit organization;
- Organization executes a City request form at the same time as the grant application;
- Organizations must submit their information to the designated City staff no later than March 1<sup>st</sup> to accommodate for the various tribal grant deadlines for consideration;
- Grant applications will be reviewed by the grant committee; and
- Grant applications will be submitted to Council at an Issue Review Session for consideration and approval and subsequently placed on the next formal Council meeting agenda for adoption.

The approved grant applications will be forwarded to the appropriate Tribe based on Council direction for their consideration of funding.

## *II. PROCESS FOR TRIBE LETTERS OF INVITATION AND GRANT APPLICATIONS*

### *A. Process for Tribe letters of Invitation to the City of Tempe*

As soon as the City has been invited to apply for Indian Gaming funds, the Indian Gaming Grants Committee would discuss and recommend ideas for submittal. The Committee will make sure the ideas from various departments align with the City Council's strategic priorities. The ideas would be submitted to Council for recommendation and approval. Staff would then prepare the application for Indian Gaming funds (please see exhibit "C").

### *B. Process for Tribe requests to the City to pass Grants through to Nonprofits*

When the Tribe notifies the City of grants to nonprofit organization(s) that they would like the City to pass through, this information will be presented to Council in a Friday packet memo and subsequently placed on the next formal Council meeting agenda for approval.

For organizations that the City will pass through for the Tribe, those organizations will agree with the City of Tempe indemnity language and terms and conditions. Also, the organizations agree they will execute a Funding Agreement and understand that the City of Tempe will not release the funds until the receipt of the executed Funding Agreement (please see exhibit "B").

Date: February 28, 2012