



Minutes City Council's Sports, Recreation, Arts & Cultural Development Committee April 14, 2010

Minutes of the meeting of the City Council's Sports, Recreation, Arts and Cultural Development Committee held on Wednesday, April 14, 2010, 3:00 p.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Councilmember Mark Mitchell, Chair
Councilmember Onnie Shekerjian

City Staff Present:

Kay Savard, Deputy City Clerk
Mark Richwine, Parks & Rec
Kathy Berzins, Comm Svcs
Tom Duensing, Financial Svcs

Travis Dray, Parks & Rec
Adrienne Richwine, Comm Svcs
Sam Thompson, Parks & Rec
Denise Rentschler, Comm Rel

Guests Present:

Stephanie Nowack, Tempe Convention and Visitors Bureau
Cheshire Star, Parks, Rec & Golf Committee
Scott Liem, Tempe Diablos
Mel Kessler, Friends of Tempe Center for the Arts (TCA)
Jennifer Marsh
Ulybek Kimanov

Jim Bellows, Golf Concessionaire
Jayson Matthews, Tempe Comm Cncl
Vinny Mirizio, Tempe Diablos
Gail Fisher, Friends of TCA
Christina Kielb

Councilmember Mitchell called the meeting to order at 3:05 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Review of Minutes

The meeting minutes from February 10 & 26, 2010, were accepted.

Agenda Item 3 – Arts Fund Update

Tom Duensing outlined the following plan staff is proposing in order to sustain the Performing Arts Fund budget. The fiscal year 2009/2010 projected expenditures is \$8.9 million (\$2.9 million operation & maintenance expenditures and \$6.0 million in debt service expenditures).

- *The following are cost reduction and revenue enhancement efforts. Personnel reductions are proposed saving approximately \$350,000 per year.*

- Eliminate 1.0 Administrative Assistant
- Eliminate 1.0 Groundskeeper II
- Eliminate 1.0 Facility Automation Technician
- Eliminate 0.5 TCA Maintenance Supervisor
- Eliminate 1.0 Arts Specialist (fill duties with temporary positions)
- Eliminate 1.0 Box Office Assistant (fill duties with temporary positions)
- Eliminate 1.0 TCA Maintenance Worker (fill with temporary positions)

➤ *The following are non-personnel saving efforts which have not been quantified at this point*

- Reprogramming of architectural lighting
- Re-lamping of selected lighting fixtures
- Rotation of parking lot lighting
- Cycling of recirculation pumps for reflecting pool
- Close monitoring and regulation of building room temperatures
- APS energy audit (in progress)

➤ *Revenue enhancement efforts with TCA stakeholders*

- Ongoing relationship with DTC and TCVB to promote TCA events
- Cooperative marketing among stakeholders to market each others' events
- Working with Santa Barbara Catering Company to maximize high revenue food and beverage events
- Several questions regarding naming rights have been raised by stakeholders; however, this plan does not take into consideration naming rights

Councilmember Shekerjian asked Mr. Duensing to elaborate on the interfund loan portion of this plan. Mr. Duensing stated that the City has options to structure an interfund loan however it sees fit. For instance, funds could be loaned from the water/wastewater, solid waste or any funds with available cash with the provision that these funds be held harmless. The loan could be structured like a revolving line of credit in that cash is only loaned when needed. Once the debt service for the Tempe Center for the Arts (TCA) has been paid in full, for one of the two debt issuances (fiscal year 2015/2016), budgeted revenues are projected to exceed budgeted expenditures. The revolving loan could then be repaid with fund revenues. The predicted rate of revenue growth at that point is approximately 3% annually.

Councilmember Shekerjian voiced concern that depleting fund balances by using the interfund loan method might put certain city operations in jeopardy. For instance, if Environmental Protection Agency (EPA) standards are not met, then it could mean inferior water quality to Tempe residents and/or lack of federal funding. Another point of concern raised was that the interfund loan method might be perceived as opening the 'flood gates' to other funds experiencing fiscal challenges if no criteria is set forth for instituting this business practice. Mr. Duensing acknowledged these concerns and replied that the water/wastewater and solid waste funds, if a loan was structured from these funds, should have sufficient revenue surpluses to cover unforeseen operating challenges and that the city has used interfund loans previously.

Councilmember Mitchell asked if the interfund loan method would adversely affect the City's bond rating. Mr. Duensing's opinion was no.

In terms of coordinating the TCA venue to maximize its usage, Ms. Berzins stated that staff is working with the stakeholders to explore ways of scheduling the venue to capitalize on its array of amenities. Ms. Berzins added that

the stakeholders understand the dire economic situation and have willingly partnered with staff on improving the coordination of facility utilization.

Staff will be presenting this information to the City Council at an upcoming budget presentation and was directed to prepare a Friday Packet memo to Councilmember's regarding this plan.

Agenda Item 4 – TCA Gift Shop Update

Gail Fisher outlined the following Friend of TCA activities and events:

- TCA gift shop grand opening will be in September. This shop will sell art, jewelry, souvenirs, cards, etc. A soft grand opening was on February 25, featuring "Chuck Amuck" merchandise and whose work is also being featured in the gallery during that same timeframe.
- September 26 – beginning of the chamber music series featuring Joe Wytko Trio. Other concert dates are November 14, 2010, February 6, 2011 and March 6, 2011.
- November 6 – DNA@TCA – Dance the Night Away at TCA fundraiser event.
- Bob Ravenscroft – donating a concert grand, nine foot piano valued at \$300,000.

Councilmembers commended the Friends of TCA for their dedication, hard work and willingness to collaborate with staff on maximizing the benefits of this community amenity.

Agenda Item 5 – Golf Fund Update

In an effort to address sustainability within the golf fund and still make every effort to provide golf to the citizens of Tempe, Mark Richwine stated that staff is proposing the following:

- Reduce Ken McDonald staffing as summarized below and continue to provide course maintenance utilizing City staff and cover pro shop/restaurant operations through third party contracts.
- Significantly reduce staffing and continue to maintain Rolling Hills golf course, utilizing City staff, through June 30, 2011. During this same period, staff recommends all golf operations at Rolling Hills maintenance, pro shop and restaurant operations) be competitively bid, as is, through a Request for Proposal (RFP) process.
- At both courses, examine the green fee structure in an effort to maximize revenues. This includes discontinuing junior and senior golf subsidies and providing discounts for group events in order to maximize capacity.

If, over the course of the next year, it is determined that Rolling Hills cannot be run privately without General Fund support, staff would return to Mayor and Council with additional options. These options would include:

- Closing the golf course.
- Provide funding for a non-potable water irrigation system to address the significant water costs. It is anticipated irrigation upgrades could generate \$100,000 to \$150,000 in water cost savings each year.
- Subsidize operations from the General Fund.

In FY 10-11, the Golf Fund can be stabilized through several measures. Specifically, staff is proposing the following to stabilize the fund over the next year.

- Transfer \$270,000 from the Water/Wastewater Fund Recharge Account into the Golf Fund for the value of extinguishment credits. This transfer can be used to cover the projected \$108,000 projected loss in FY 10-11. The extinguishment credits result from the retirement of Type I grandfathered groundwater rights at Kiwanis Park. The credits are pledged to the City's assured water supply and have the same benefit of long term storage credits. The value of the remaining credits is proposed to be transferred to the Golf Fund.
- Approve personnel reductions in both courses
 - Rolling Hills – Maintain the course with 2.0 Full-Time Equivalent (FTE) employees with the remainder of the maintenance being covered with part-time or contracted employees. This is expected to generate \$234,000 in annual budget savings. Currently, 9.0 FTE's are authorized at this course.
 - Ken McDonald – Maintain the course with 8.0 FTE employees. Currently, 12.0 FTE's are authorized at this course.
 - Split the personnel expense for the golf course maintenance supervisor equally with the General Fund consistent with the March 4 budget balancing proposal priority #4. The employee who supervises maintenance at both courses has recently taken on the maintenance supervision of Diablo Stadium resulting in one less supervisory position in parks.
- Examine the green fee structure at both courses and reduce or eliminate the current subsidies for residents, junior and senior golfers.

Mr. Richwine stated that the cost of water at the Rolling Hills Golf Course continues to be one of the main economic challenges for this golf course. Currently the green fees for both municipal golf courses are not enough to support their annual operation and maintenance costs. Councilmember Mitchell stressed the point of having a competitive rate structure with surrounding jurisdictions.

Agenda Item 6– Spring Training Opening Day Game Recap

Travis Day reported that there were 111,000 attendees for the spring training opening day event and that there was an average of 7,000 patrons attending the remainder of spring training at Tempe Diablo Stadium.

Scott Liem stated that although the economy is in a slump, attendance was surprisingly high. Mr. Liem added that the Diablos have made a commitment to coordinate an annual charity game with the intent of generating revenues for the East Valley Boys and Girls Club. Vinny Mirizio was identified as the Diablos representative who coordinated this successful event. Mr. Mirizio stated that the overall goal is to create a festival type atmosphere that will consistently optimize concession and souvenir revenue.

Initial objectives include:

- Establish a brand for the event, hence the name “Opening Day”
- Move the starting time to approximately 3 pm to accommodate school schedules
- Engage Angels and City personnel in the planning process
- Distribute tickets at a nominal price rather than give them away based on research confirming low attendance by recipients of free tickets
- Enhanced promotion targeted to elementary schools, little league teams, Diablo charities, surrounding businesses, Chamber members and ASU Greeks

Agenda Item 7 – Kajikawa Softball Tournament Recap

Travis Dray commended Sam Thompson for his leadership in making the Tempe Sports Complex field into a premiere softball venue for this tournament. Councilmember Mitchell commended Mr. Dray, Sam Thompson, Mark Richwine and Stephanie Nowack for their instrumental involvement in retaining the Kajikawa Softball Tournament because tournament organizers had originally indicated taking this event to a neighboring jurisdiction. This event consists of the top 25 softball baseball teams across the country. Not only is this a promotional opportunity for Tempe, but the Hotel industry realized approximately 780 room nights.

Agenda Item 8 – Arbor Day 5K/Trees for Tempe

Travis Dray stated that this event is held at no cost to the City of Tempe. Denise Rentschler added that the proceeds from event participants benefit the Trees for Tempe Program. For every two participants, the city will be able to purchase one tree for the city's urban forest.

Partners include Salt River Project, Parsons Brinkerhoff, Breppies, Chopolte, Dick's Sporting Goods, Sunflower Farmers Market, Western States Wholesalers and Whole Foods. Some of these vendors provide complimentary refreshments and coupons to participants. To date, more than \$60,000 and 1,200 volunteer hours have been contributed. Mark Richwine acknowledged Travis Dray for leveraging his relationships with event promoters to redesigning this event, which historically cost the city several thousand dollars to produce.

Agenda Item 9 – Future agenda items

None.

Agenda Item 10 – Future meeting dates

May 12, 2010

Agenda Item 11 - Announcements

None.

Meeting adjourned at 4:04 p.m.

Prepared by: Kay Savard

Reviewed by: Mark Richwine

Jan Hort
City Clerk