



MEMORANDUM

Date: October 31, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: Rillito Regional Park Roles and Responsibilities

In recent months during discussions related to Rillito Regional Park operations, questions were asked regarding which organization has responsibility for various elements of the park. The following information summarizes the roles and responsibilities of entities at the Rillito Regional Park.

Natural Resources, Park and Recreation

Pima County Natural Resources, Parks and Recreation (NRPR) is responsible for the operation, scheduling, and maintenance of the 78-acre Rillito Regional Park and its amenities—barns, drinking water, farmer’s market, horse track, grandstand and clubhouse complex, ramadas (4), restrooms, playground, and sports fields (11). Additional information is available on NRPR’s website.

NRPR has established two separate operating agreements for portions of the park to allow other non-governmental entities to use portions of the park for commercial purposes. These entities are listed below.

1. Heirloom Farmers Markets has a three-year contract to conduct a year-round, weekly farmers market in the pavilion at the southeast corner of the park, adjacent to The Loop. In October 2014, the Attractions & Tourism Office (formerly Economic Development & Tourism) negotiated this contract, which generates \$31,300 in annual revenue. The NRPR receives 100 percent of this revenue and is responsible for administering the contract, which terminates on October 17, 2019.
2. Rillito Racing, Inc., a wholly owned subsidiary of the Rillito Park Foundation and an Arizona non-profit corporation, has negotiated two consecutive contracts since July 2014. These contracts are for the non-exclusive rights to operate horse racing on the racetrack and the use of the grandstand and clubhouse areas of the property, as well as the barns and other track support areas for a specific period each year.

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The Arizona Department of Racing (ADOR) sets the horse racing dates; however, racing typically runs for 12 weeks, starting after Super Bowl Sunday each February, ending on the Monday following the Kentucky Derby in May.

Attractions & Tourism negotiated this contract and its amendments, which allow this department to keep the rent and profit share, as outlined in the operating agreement. Amendment 2 resulted in a total investment of \$1 million, including \$100,000 in-kind services and \$900,000 cash to improve the facility over five years, plus \$56,000 in rental revenue; a total of 8 racing days @ \$1,750.00 per day x 4 years. The estimated revenue generated by contract is \$956,000, ending on June 30, 2021.

In addition to these two contracts, NRPR negotiated a third, separate rental agreement with Rillito Racing, Inc. for the occupancy and use of the office space below the clubhouse during the off-season. Attractions & Tourism has no responsibilities in connection with this agreement and generally does not participate or engage in any activity at Rillito Regional Park, outside of the established racing season.

Attractions & Tourism Department

As delineated in the contract during the defined racing period, NRPR retains scheduling and major maintenance responsibilities for the track and racing area, while Rillito Racing, Inc. is responsible for any Pima County-approved upgrades, daily maintenance and business operations within the track, clubhouse, grandstands and barns. Attractions & Tourism administers the contract and receives the revenue for marketing assistance to Rillito Racing, Inc. Attractions & Tourism has no maintenance or repair responsibility for the property.

Attractions & Tourism ensures that requests from Rillito Racing, Inc. for repairs and upgrades in the pre-season preparation period are approved and completed to the agreed upon standards. Attractions & Tourism personnel jointly conduct a pre- and post-season inventory with NRPR to ensure the moveable property owned by Pima County is present and in working condition. In addition, Attractions & Tourism has historically maintained a presence during each racing day to ensure contract compliance and accountability and to provide a County liaison for any as-needed repairs, or if accidents occur.

Pima County Fair Horse Racing Commission

The Pima County Fair Horse Racing Commission (Commission), an Arizona nonprofit 501(c)(3) corporation, is a publicly sponsored commission, as established in 1950 by the Arizona Legislature.

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In its function as a publicly sponsored commission, per A.R.S. § 5-111(e), the Fair Horse Racing Commission ostensibly exists to

...apply to the commission for one racing meeting each year and the commission shall set the number of days and the dates of the meetings. A racing meeting conducted under this subsection shall be operated in such manner so that all profits accrue to the county fair racing association, and the county fair racing association may deduct from the pari-mutuel pool the same amount as prescribed in subsection C of this section. All county fair racing meetings, whether conducted by county fair racing associations under this subsection or by an individual, corporation or association other than a county fair racing association, are exempt from the payment to the state of the percentage of the pari-mutuel pool prescribed by subsection D of this section and are also exempt from the provisions of section 5-111.01.

This means the Commission originally existed as a mechanism to run horse races that funneled the betting proceeds directly back to the Commission, instead of through the state. This activity enabled the Commission to use that money locally to promote the Pima County Fair and horse racing in Pima County. However, the Commission and the Pima County Fair joint activities separated years ago, and the Commission now functions separately.

Today, the Commission is a citizen's advisory board of five members, each appointed by a member of the Pima County Board of Supervisors—one member for each Pima County district. The Commission still has the ability to apply to the ADOR for racing days. Instead of managing those race meets themselves, they license the racing dates to a contracted vendor to run the track (currently Rillito Racing, Inc.), and the proceeds are used to increase purse amounts and attract better racers. Because of this commercial dynamic, the Commission incorporated themselves in 1988 for the legal protections that incorporation provided them.

The Commission has no real authority over Rillito Regional Park, or the operations of the track. In theory, they could run their own race meet, but they have not expressed a desire to do so. They have no ability to force Rillito Racing, Inc., or another entity to use the race days received from ADOR. If they did not exist as a Commission, it would not significantly affect the way races occur at Rillito, other than potentially reduce the purse sizes offered to the contestants. As noted above, they may serve as a citizen's advisory panel on horse racing to the Pima County Board of Supervisors.

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The Commission, however, owns the liquor license for the property. In the past, under previous Commission leadership, the Commission allowed the track operator to use the license as needed for the season in return for an annual licensing fee. The license was self-sustaining and not a source of profit for the Commission. It is possible that new leadership may be interested in using the liquor license to generate profit for the Commission. In the past several Commission meetings, members discussed the desire to renegotiate the terms of the license use. Pima County has the right to obtain its own liquor license for Rillito. This action would subrogate the Commission's license and nullify its control over alcohol sales in the park. NRPR already has received approval from the Pima County Board of Supervisors to do this but has not yet taken action to apply formally.

Pima County Parklands Foundation

The Pima County Parklands Foundation (Foundation) was founded in 1986 to "...protect and enhance the parks of Pima County, Arizona: this includes funding park improvements, the acquisition of parklands, and the enhancement and enlargement of recreation programs."

One of the Foundation's vital functions is accepting donations earmarked for a specific park or recreation program and routing them where the donors intend and augmenting County programs or operations. These requests can be as diverse as installing benches in a park, constructing an enclosed run for dogs, providing a safe place for teenagers to celebrate New Year's Eve, or providing after-school snacks for underprivileged children at a local community center.

Every summer the Foundation sponsors a free swim program, offering swims and lessons in County pools to thousands of children. Every September it sponsors an all-day outing to Old Tucson Studios' and/or a County park for over 4,000 Tucson schoolchildren.

In 1992, the Foundation took on administrative responsibility for the newly expanded 2,100-acre Colossal Cave Mountain Park. Capital improvements in this park come from funds paid by the park to the Foundation, and the remainder is dedicated to the needs of other parks in Pima County.

The Foundation is an independent body that explicitly exists to serve Pima County but has no responsibility to the County. The County has no official oversight responsibility to the Foundation, and the Foundation has no reporting responsibility to the County.

Funding for the Foundation has largely been through private donations. In the past, they have also derived an income from selling grazing leases for lands they control.

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The Foundation was the recipient of a \$1 million grant from the Bert R. Martin Foundation to administer upgrades and repairs at Rillito Regional Park.

Rillito Park Foundation

From the Rillito Park Foundation's website:

"The Rillito Park Foundation is an Arizona non-profit dedicated to the preservation, restoration, and betterment of Rillito Park. We believe that private action fused with public support is the best instrument to achieve these goals. We believe that Rillito Park should be managed and developed through a public and private partnership with Pima County. Through this process, the Park's true potential to serve for the enjoyment of all can be realized for now and in the future."

<http://rillitoparkfoundation.org/>

The Rillito Park Foundation was formed in 2011 and, in 2012, made a proposal to manage and renovate the County-owned Rukin Jelks Stud Farm, which is a portion of the Rillito Regional Park and is adjacent to the racetrack complex. An operating agreement authorizing this work was executed on April 16, 2013 and is co-managed by NRPR and Pima County Real Property Services. Attractions and Tourism has not been and is not currently a party to this contract.

The Rillito Park Foundation took possession of this property in early 2013. There have been disagreements with NRPR about the Rillito Park Foundation's management and rehabilitation practices for the house and the surrounding vegetation.

The Rillito Park Foundation competed for, and won, the contract to operate the Rillito Racetrack in July 2014. They created Rillito Racing, Inc., which largely shares the same board of directors as the Rillito Park Foundation, to run the track as a non-profit business to further the stated goals of the Rillito Park Foundation. Although the management of the track and the management of the Jelks House are two separate contracts managed by two separate Pima County departments, the Rillito Park Foundation tends to view the property holistically and treats it as an entity in its plans and marketing materials.

Soccer at Rillito Regional Park

While the Heirloom Market and racing are active users of the Rillito Regional Park, the largest portion of the park is dedicated to soccer fields at Rillito. Playing fields have been

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constructed on the west end of Rillito Regional Park and within the horserace track infield.
All soccer activities are exclusively controlled by NRPR.

CHH/mp

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