



Pima County Fair Horseracing Commission Meeting
November 15, 2017
San Agustin Kitchen

MEMBERS PRESENT

Chair Ramirez
Zulema Echerivel
Tim Kelley
Ronnie Reyna

OTHERS PRESENT

Jaye Wells
Joe Barr
Mike Holmes
Diane Frisch

1. **Call to Order** -Meeting called to order by Chair Ramirez.
2. **Approval of October 18, 2017 Minutes**-Chair Ramirez motioned to accept minutes from October 18 meeting, Commissioner Echerivel seconded, minutes approved.
3. **Liquor Licensing at Rillito Park-** Chair Ramirez introduced Joe Barr from PC NRPR to inform the Commission on Arizona State Liquor License Regulations and how they affect Rillito Racing. You must be a legal entity to own a liquor license in Arizona. The Fair Horseracing Commission being a licensed corporation is the legal owner of the license, who in turn allows Rillito Racing to use the license during the racing season. Anytime someone wants a special event utilizing other areas not designated by the application they must contact the Commission to get a waiver of suspension of the Commission license and apply to the City of Tucson for a special event license. (Handout encl.)
4. **PCFHRC and Rillito Contract-** Chair Ramirez asked Jaye Wells what the status of the Fair Horse Racing dates contract between PCFHRC and Rillito Racing. Mr. Wells stated the contract would be the same as last year. Commissioner Kelly motioned for Chair Ramirez and Mr. Wells to get together to work out the dates, Commissioner Echerivel seconded. Chair Ramirez will get together will Mr. Wells to work out the dates and get the contract to the State Department of Racing.
5. **El Moro de Cumpas Stakes Race 2018-** Chair Ramirez asked Mr. Wells the status of the Moro de Cumpas Race. Mr. Wells stated he had stepped down from the day-to-day activities of the racetrack and to contact Mike Weiss for more details. Chair Ramirez will contact Mr. Weiss for a meeting.
6. **Rillito Barns-** there was discussion as far as the barns being ready for the racing season. Mr. Wells stated the barn building RFP process was in place. There seems to be an issue for the small business bidders as far as the insurance coverage being so high. There have been three bids so far but nothing seems to be promising. It may be possible tents will have to be used this coming season.
7. **New Business-** the idea of moving the meeting to the Joel Valdez downtown library was brought up. Chair Ramirez is paying for the room at the San Agustin Kitchen and the Commissioners feel he should not be paying since the County has several conference rooms available; there was also discussion of changing the meeting time to 4:45 PM so Chair Ramirez will be able to attend. Joe Barr from NRPR also has several community centers available for the meetings. Chair Ramirez will be contacting Mike Holmes from Pima County to go and check out some of the venues.

8. **Call to the Public**- Mr. Wells spoke about the grant from the Parklands Foundation. One million dollars was promised of which \$250 thousand was to be distributed to the Foundation and \$100 thousand was to be used to build the barns. When the money was to be distributed, they were informed the monies had been distributed to Pima County NRPR and of that \$100 thousand was set aside for the barns. At that time \$180 thousand was owed in purses and another \$100 thousand plus in vendor's fees of which some of that was covered.

Jelks House- Mr. Wells stated the Jelks House Museum is coming along nicely. Pima County has brought in contractors that are doing a great job. They are very careful with the historical aspects of the building. Bill Haskell's granddaughter has contacted Mr. Wells. Mr. Haskell was Mr. Jelks partner, and the Haskell family have memorabilia that will add to the Museum. They have some very historic pieces such as one of the original photo finish cameras. The plan is to have the opening of the Museum to coincide with the opening day of racing.

Yavapai County- Mr. Wells reported about the conversations going on with Yavapai County Turf Paradise. It seems like they are having some of the same issues as Pima County. They are attempting to join forces in working with the Legislature. Mr. Weiss will be meeting with Corey Johnson who is the main driving force behind the Turf Paradise racing. One million dollars of purse money is being raised in Pima County and most of that is being distributed at Turf Paradise. The conversations are still in the first stages and a formal meeting will be held in July.

Motion to Adjourn- Chair Ramirez motioned to adjourn Commissioner Echerivel seconded. Meeting adjourned.

MEMORANDUM

Date: November 1, 2017

To: Chris Cawein, Director, NRPR
Diane Frisch, Director, A&T

From: Joe Barr, Recreation Superintendent *JCB*

Subject: Liquor Licensing at Rillito Park - 2017 update

Liquor licensing at Rillito Park

Any entity engaged in selling alcohol in Arizona must have a license or permit from the Arizona Department of Liquor Licenses and Control (DLLC), <http://www.azliquor.gov/>.

Natural Resources, Parks and Recreation (NRPR) and Attractions and Tourism (A&T) staff have made contact with DLLC staff on a number of occasions over the last five years in order to increase our knowledge and understanding of Arizona liquor laws. One of our collective "take-aways" from these communications has been that Arizona liquor laws are subject to change with some frequency, especially in the current era of micro-breweries, craft distilleries, and farm wineries. There are currently 21 different series of liquor licenses in Arizona, and it is important to understand the rules and responsibilities associated with the particular type of license being utilized at a given location.

The following information is provided as a snapshot of the current state of staff understanding of liquor service rules and requirements at Rillito Park Race Track. Best practices for decision-making related to a state-regulated industry, such as liquor licensing, is to fact-check the current status of the laws, rules, and regulations on a regular basis as well as immediately prior to any decision-making related to substantive changes. DLLC's website is a good source for such information.

Status of current license

The current liquor license for Rillito Park Race Track (license #06100581) is owned by the Pima County Fair Horse Racing Commission, an Arizona non-profit corporation comprised of members of the Pima County Fair Horse Racing Commission (PCFHRC), a commission formed and appointed by the Pima County Board of Supervisors, via Resolution No. 1987-224. The liquor license number can be used to find status information on the DLLC website. As of 11-1-2017, this license was listed as a bar-type series 6 license, in currently active status, with an expiration date of 9/30/2018. Geronimo Ramirez, Chair of the PCFHRC, is listed as the agent for this license. The following information from the DLLC website describes the series 6 bar license.

The bar (series 6) liquor license is a "quota" license available only through the Liquor License Lottery or for purchase on the open market. Once issued, this liquor license is transferable from person to person and/or location to location within the same county and allows the holder both on- & off-sale retail privileges. This license allows a bar retailer to sell and serve all types of spirituous liquors, primarily by individual portions, to be consumed on the premises and in the original container for consumption on or off the premises. A retailer with off-sale ("To Go") privileges may deliver spirituous liquor off of the licensed premises in connection with a retail sale. A.R.S. 4-206.01.F. states that after January 1, 2011, the off-sale privileges associated with a bar license shall

be limited to no more than 30% of the total annual sales receipts of liquor by the licensee at that location. Payment must be made no later than the time of delivery. Off-sale ("To Go") package sales of spirituous liquor can be made on the bar premises as long as the area of off-sale operation does not utilize a separate entrance and exit from the ones provided for the bar. A hotel or motel with a Series 06 license may sell spirituous liquor in sealed containers in individual portions to its registered guests at any time by means of a minibar located in the guest rooms of registered guests. The registered guest must be at least twenty-one (21) years of age. Access to the minibar is by a key or magnetic card device and not furnished to a guest between the hours of 2:00 a.m. and 6:00 a.m.

Further information from the DLLC website establishes the fair market value for the purpose of issuing the new liquor licenses that DLLC occasionally makes available via lottery. There were no new series 6 lottery licenses available in Pima County in 2016. However, in 2017, there is one available at a fair market value of \$33,950. A prospective buyer for a liquor license in this series must either compete for an available new license in the lottery or buy one at a negotiated price from an existing owner and transfer ownership to a new location and/or ownership within the same county.

Licensed Premises

The licensed premises for the Rillito Racetrack, 4502 N. 1st Avenue, Tucson, AZ 85718, are shown on the original application as comprised of the grandstand, the clubhouse, and the general area within the fence around the grandstand, including 6 bars and 3 portables. The licensed premises do not include the infield of the track, the parking lot, the farmer's market, or any other area of the park.

Extension of Premises

When a licensee wishes to change the physical arrangement of the licensed premises from the diagram on record at DLLC, a temporary or permanent extension of premises must be requested. For example, if PCFHRC desired to operate a one-day special event on the infields of the racetrack under the authority of its series 6 bar license, an extension of premises would need to be processed through the City of Tucson and DLLC. Additional permitting from NRPR would be required for use of park property.

From the City of Tucson website:

NOTE: Applications for Temporary Extensions of Premises must be received by the City Clerk a minimum of forty-five (45) days before the date of the proposed use. Initial application fee is \$25 per 100 square feet up to a maximum of \$526. A subsequent application for the same type of extension of premises made within 12 months of the initial application is \$15 per 100 square feet up to a maximum of \$526. The authority for reviewing and making recommendations to the State Liquor Board on requests for extension of premises is handled by the City of Tucson Zoning Examiner.

Special Event Liquor Licenses

Pima County allows event promoters to conduct special events at Rillito Park via NRPR's special event permit process. Approximately 10 special events, not including athletic events or horseracing-related events, are held in the park annually, and of those, approximately 5 per year host events with alcohol. Event promoters that desire to serve alcohol are directed by staff to obtain an Arizona Department of Liquor Licensing and Control series 15 Special Event Permit liquor license.

The following information from the DLLC website describes the series 15 Special Event Permit liquor license:

This temporary, non-transferable, liquor license with retail privileges that allows a political or non-profit entity to sell and serve spirituous liquor for consumption on the premises where the spirituous liquor is sold, and only for the period authorized on the license. Off-sale privileges apply only to special events holding auctions/wine or distilled spirit pull.

The applicant for a special event license must fill out a special event application and file the application with the local governing body where the special event is to take place, for approval or disapproval. If held at a licensed premises, no local governing body approval is required.

If the application is approved by the local governing body, and the event meets the requirements for granting the license, the director may issue a special event license to the qualifying organization. Qualifying organizations will be granted a special event license for no more than ten (10) days in a calendar year. Events must be held on consecutive days and at the same location or additional licenses will be required. The license is automatically terminated upon closing of the last day of the event or the expiration of the license, whichever occurs first. The qualified organization must receive at least twenty-five percent (25%) of the gross revenues of the special events.

In the past several years, DLLC has removed the requirement for local governing body approval for series 15 Special Event Permit liquor licenses at currently licensed premises. Therefore, because the PCFHRC has a series 6 bar license at Rillito Racetrack, applicants for a Special Event Permit liquor license at the Rillito Racetrack may now go directly to DLLC, provided that they have paperwork from PCFHRC stating that the series 6 bar license will be in inactive status for the duration of the event.

Previously, applicants had to begin the application process with the City Clerk's Office a minimum of 45 days before the event. The City of Tucson then charged a fee to process these applications that is commensurate with the size of the event. These fees were in addition to the fees charged by DLLC for the series 15 license (\$25) and the fees charged by NRPR for use of the property.

City of Tucson Special Event application fees:

For events 0 to 500 attendees the fee is: \$125

For events of 501 to 2500 attendees the fee is: \$240

For events of 2501 to 5000 attendees the fee is: \$297

For events of more than 5000 attendees the fee is: \$480

Therefore, current applicants for series 15 Special Event Permit liquor licenses at Rillito Racetrack save considerable time, effort, and money compared to the previous process. However, some applicants must still work with the City of Tucson to obtain noise or lighting ordinance variances, if their event will extend beyond the times specified in city code.

Operation of Special Events under a licensee's series 6 license

As previously stated, it is possible to serve alcohol for a Special Event under the authority of the current series 6 license owned by PCFHRC. See section "B" below. The Special Event promoter would still need to acquire all necessary permits. However, some benefit may accrue due to decreased insurance costs, and a separate extension of premises permit would be required, if the event were to occur outside of the licensed premises described above. NRPR does not recommend this option, but it is currently permissible.

The following information from the DLLC website describes operational options for Special Event Permit liquor licenses:

R-19-318 Effective August 6, 2016. R19-1-318. Responsibilities of a Special Event Licensee

A. If a special event occurs at an otherwise unlicensed location, the special event licensee shall conduct all dispensing, serving, and selling of spirituous liquor;

B. If a special event occurs at the licensed premises of a licensed retailer, the special event licensee shall ensure that one of the following occurs during the special event:

1. The licensed retailer places the license in non-use status and ceases to sell spirituous liquor and the special event licensee dispenses and serves spirituous liquor and ensures that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;

2. The licensed retailer dispenses and serves all spirituous liquor under the licensed retailer's license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;

3. The licensed retailer dispenses and serves all spirituous liquor under the special event license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased by or donated to the special event licensee. Both the licensed retailer and special event licensee shall ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; or

4. The licensed premises of the licensed retailer are divided into two areas as follows:

a. In the first area, the licensed retailer shall dispense and serve spirituous liquor that is purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; and

b. In the second area, the special event licensee shall dispense and serve spirituous liquor purchased by or donated to the special event licensee and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter.

C. If a special event involving sampling of spirituous liquor occurs at the licensed premises of a licensed retailer, the special event licensee shall comply with the procedures in A.R.S. § 4-243(B).

D. This Section is authorized by A.R.S. §§ 4-112(B)(1)(b) and 4-203.02(E)

Additional facts:

State-approved Liquor License Training for AZ Title 4 is available on-line and in classroom settings via authorized providers. Please see the DLLC website for more information.

A licensee that holds a series 6 bar license may only purchase alcohol from a wholesaler.

It is unlawful for a licensee operating commercial horse or dog racing to operate an automatic teller machine that accepts electronic benefit transfer cards (i.e. Temporary Assistance to Needy Families and other welfare benefits). Therefore, the automatic teller machines placed at Rillito Park during racing are disabled for these type of cards.

NRPR typically requires \$5 million of insurance naming Pima County and its Districts as additional insured for all large events that include alcohol service.