

ITEM #: 19
DATE: 03/28/23
DEPT: P&R

COUNCIL ACTION FORM

SUBJECT: APPLICATION FOR GAMBLING LICENSE FOR SCHOLARSHIP FUNDRAISING EVENTS AND PROGRAMS

BACKGROUND:

The Parks and Recreation Department is interested in expanding the fundraising activities to support scholarships to attend recreation classes and programs. Certain fundraising activities involve entrants paying fees (the bulk of which support the scholarship program), in exchange for the possibility of prizes for a winning entrant. This type of fundraising requires a Charitable Gambling license. Examples of these potential fundraising events include a Duck Derby Race at Furman Aquatic Center and contests and raffles within a Scholarship Golf Tournament at Homewood Golf Course.

A Charitable Gambling License allows qualified organizations to conduct raffles, bingo, carnival-style games of skill and chance, and casino-style games of skill and chance. The license is obtained from the Iowa Department of Inspections and Appeals (DIA). A two-year license is \$150. The license contains limitations on how often certain games may occur, how much each participant can be charged to play, and the value of the prize(s) awarded.

A two-year license would allow for the following activities to occur:

- Unlimited games of skill or games of chance, except bingo.
- An unlimited number of very small raffles (Total value of \$1,000 or less) and an unlimited number of small raffles (Total value more than \$1,000, no more than \$10,000), including electronic raffles.
- One large raffle (Total value more than \$10,000, no more than \$100,000) including an electronic raffle, each calendar year during the two-year period.
- Up to three bingo occasions per week and up to fifteen bingo occasions per month.
- One game night per calendar month during the two-year period.

Additional proposed events can be submitted to DIA for approval within the two-year license term to be included on the application once plans are developed, so long as they fall within the limitation of the license.

Staff would be responsible and required to comply with all general requirements and reporting as outlined in DIA Code Chapter 99B. In discussion with DIA, it is common for municipalities to hold some type of gambling license with the varying types of events and programs that are held.

The Parks and Recreation scholarship program offers qualifying youth assistance up to \$60 each calendar year. Each youth pays 50% of the program registration fee while the remaining 50% (not to exceed \$60 per calendar year) of the program registration fee is forgiven through the scholarship. Scholarships are also available for season swimming passes.

In FY 2021/22, 63 individuals received \$1,279 in scholarship for recreation programs. Separately from these figures, in the 2022 swim season, 52 passes were sold with \$5,190 contributed from scholarships. To date, the Scholarship Program Fund has \$22,015 in available funds.

The Parks and Recreation Commission discussed this topic at its March 23, 2023, meeting and was supportive of trying new activities to raise additional funds for scholarships. These additional funds could allow P&R to either increase the number of scholarships provided or increase the percentage provided for each scholarship (i.e., 50% to 100%). Commissioners questioned whether the Parks and Recreation Department or the City of Ames should be the applicant. The Commission recommended City Council approval for staff to submit an application for a two-year Charitable Gambling License.

ALTERNATIVES:

1. Authorize staff to submit an application for a two-year Charitable Gambling License from the Iowa Department of Inspections and Appeals.
2. Refer this item back to staff for further information.
3. Do not approve staff to submit an application for a two-year Charitable Gambling License from the Iowa Department of Inspections and Appeals.

CITY MANAGER’S RECOMMENDED ACTION:

The Scholarship Program is designed to alleviate a portion of the fees associated with learning new recreational skills by providing assistance to those who qualify. The ability to host specific fundraising events for the program would allow Parks and Recreation to 1) increase awareness of the program, 2) provide fun and engaging activities for the community to participate and give back, 3) ensure funding is available to grant scholarship funds when requested, and 4) set up the fund for future years for the possibility to forgive a larger percentage of the registration fee per scholarship request. Therefore, it is recommended the Parks and Recreation Commission adopt Alternative #1, as described above.