

MEMORANDUM NO. M17-075

TO: A&F Committee
FROM: Dean Bostrom, Executive Director
Craig Talsma, Deputy Director/Director A&F
Brian Bechtold, Director Golf Operations
RE: Beverage Sales Tax Increase
DATE: June 23, 2017

Background

Effective July 1, 2017, the new Cook County Sweetened Beverage Tax will affect all businesses within Cook County boundaries. This tax requires that all businesses pay up front for the purchase of any fountain type drink or bottled beverage. Though the tax was stipulated for sweetened beverages, it includes all beverages including soft drinks, sports drinks, iced tea, and lemonade. The estimated tax is 1 cent per ounce, which equates to 16 cents per 16 ounce bottle or 12 cents per fountain serving.

Implications

This mainly affects BPC with regard to their beverage service. (Flores and vending machines provide beverages at our other facilities). At BPC we currently are at a price point for bottled beverages of \$3 and fountain service drinks of \$2. Staff feels this is a good price point and increasing it at this point would not be beneficial to the facility. Staff would like to evaluate this throughout the rest of the season prior to increasing this price point. It is realized that the tax we pay up front on the purchase of bottled drinks and "bag in the box syrup" will increase our cost of goods without offsetting additional revenue.

Additionally, BPC currently offers free fountain drinks to all employees and free refills for all fountain service drinks. In order to not incur the additional tax on these items, staff is proposing that we charge employees 50 cents for fountain service drinks and 25 cents for refills. The only board action that is required is to adjust our personnel policy manual to state that "Employees shall pay 50 cents for all fountain service drinks and 25 cents for refills at Bridges of Poplar Creek".

Recommendation

Staff is recommending updating the personnel policy manual (Section XI Employee Benefits, Use of District Services, Paragraph 8) to state "Employees shall pay 50 cents for all fountain service drinks and 25 cents for refills at Bridges of Poplar Creek".