

TRCC Advisory Board
June 1, 2011
Salt Lake County Government Center, N2003
2:35 PM

Board Members

Present: Vasilios Priskos
Zeke Dumke
Russ Wall
JoAnn Seghini
Kelvyn Cullimore – Chair

Absent: Paula Larsen
Tom Pollard
Kent Money
Andrew Stephenson

Also Present: David Delquadro, Brad Kendrick, Council Office; Peter Corroon, Darrin Casper, Linda Hamilton, Mayor's Office; Erin Litvack, Community Services Department, and Lance Brown Auditor's Office

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Board Member Kelvyn Cullimore, Chair, presided.

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Approval of Minutes

Board Member Russ Wall, seconded by **Board Member Zeke Dumke**, moved to approve the minutes as amended from the February 28, 2011, TRCC Advisory Board meeting. The motion passed unanimously.

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Park Bond Proposal

Mayor Peter Corroon, Salt Lake County Mayor, stated there are 104 regional parks operated by Salt Lake County. As a result of funding shortfalls, these parks have not had the maintenance they need. The County now has a long list of deferred capital maintenance projects. In addition to this deferred capital maintenance, the County has a list of new park development that totals approximately \$200 million.

A survey was conducted to determine whether the residents of Salt Lake County would support a bond for capital maintenance and the development of parks within the county. According to the survey, 50% of the residents would support a \$200 million bond while over

60% of the people would support a \$100 million bond. The poll results indicate there is some support for this type of project.

Ms. Litvack, Director, Community Services Department, presented an overview of the Park Bond Proposal. The Park Bond would give the County the ability to complete improvements on the County's 104 parks and 7,000 acres of green space. It would also give the County the ability to develop parks on land already owned by the County. The proceeds from the bond would be split according to the following: 25% of the funds will be used for capital improvements and 75% will be used for the development of new parks.

Now is a good time to invest in parks. Because of the current economy construction costs are down. There is also a continued demand for playing fields. There were nearly five million visits to recreation centers, up one million from about six years ago.

The proposed bond would generate \$110 million for the County. This amount would cost the average Salt Lake County household approximately \$14 a year. If approved, the \$110 million generated by the bond would be distributed among the following the areas:

North	\$19 million
West	\$26 million
East	\$18 million
Southwest	\$28 million
Southeast	\$14.5 million
The Jordan River Trail	\$4 million

Included in the \$19 million for the North area is \$4 million for the Jordan River Trail Bridge over the rail yard, this is the last connecting piece for the north end of the Jordan River Trail. The County has tacit approval from the Union Pacific Railroad for the construction of the bridge.

Board Member JoAnn Seghini stated the Midvale City Park has been left off the list.

Ms. Erin Litvack replied Midvale City Park is on the map but was left off the list. She indicated she would make sure it was added to the list.

Board Chair Kelvyn Cullimore asked about the time frame for the bond.

Ms. Litvack replied it would amortize over a period of 25 years.

Board Member Wall stated he would like it clarified if any of the money would go towards general maintenance such as mowing the lawn.

Mayor Corroon replied the money for maintenance would only be used for capital improvements and capital maintenance.

The additional operational cost associated with the development of the proposed new parks is estimated at \$1.5 million a year. The funding for these additional operational costs may come from money that is currently used to service the debt for other Salt Lake County bonds that will soon be paid off. There is also the option of setting up a Redevelopment Area and using the income from that to fund the additional costs.

Although the County is in a recession, now is the time to bond for these types of projects. 94% of the people in Salt Lake County are working and parks are something everyone can enjoy.

Board Chair Cullimore stated a large portion of TRCC funds are already directed towards to Parks and Recreation. This bond proposal has the potential to place an increased burden on the TRCC Fund; on the other hand it would also help the TRCC Fund by completing some of the deferred capital maintenance.

Ms. Litvack stated the capital portion of the proposed park bond would eliminate the backlog of deferred capital maintenance. Once this backlog is gone, Parks and Recreation would be able to focus on preventative maintenance. They would also be able to put more money into recreation. The poll, Mayor Corroon mentioned earlier, also indicates the people of Salt Lake County strongly support fixing existing parks.

Board Member Zeke Dumke asked if there is the mechanism in place to avoid a future backlog of capital maintenance once the current backlog is cleared. He asked if there has been a policy decision made to accrue backlogged capital maintenance, and clear the backlog as funding is available or if there was a specific plan to avoid backlog in the future.

Ms. Litvack replied there is currently \$500,000 of TRCC funding dedicated to replacing fitness equipment in recreation centers. It might be possible to set up a similar dedicated funding stream for the parks. It is important to keep in mind that while the Park Bond eliminates most of the deferred maintenance for parks, there is still a long list of deferred maintenance for Recreation Centers. It will be up to the Board to weigh in on important policy decisions that will affect the future capacity of the TRCC Fund. For example, will it be more important to set aside funds for capital maintenance or to build new facilities? It may be possible that there is room for both.

Board Chair Cullimore stated the question of setting aside money now or leaving it for a future committee to deal with is a question that often comes up in government. Currently, approximately 45% of the Parks and Recreation budget comes from subsidies and of that 45%, 75% is derived from the TRCC Fund. The \$1.5 million that will be needed for increased operations will need to come from somewhere. Most likely it will either come from the TRCC Fund or the General Fund.

Ms. Litvack stated it is the intent of the Salt Lake County Mayor for the increased operational cost to come from the General Fund and to not burden the TRCC Fund.

Mr. Max Burdick, Chair of the Salt Lake County Council, stated there is legislative intent that speaks to increases in operational costs that result from a bond initiative. The legislative intent states: It is the intent of the Council that 1) the estimated five- and ten-year fiscal year costs be included with any proposed bond for capital projects; and 2) that the Council inform the voters of the ongoing costs to maintain and operate the facilities financed by the bonds, including the potential for a tax increase.

Board Member Dumke stated the legislative intent is helpful and it does address some of the concerns. But one major concern that has not been addressed is the overall operating structure of the TRCC Fund. There has been a marked increase in the amount of TRCC funds that are devoted to operations.

Ms. Litvack stated the original intent of the TRCC Fund, while not specific in regards to Parks and Recreation was created with some operational subsidies built in. The Salt Palace renovation included not only the build out but also operations and maintenance. The

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Center for the Arts was added specifically for operational and maintenance costs. While Parks and Recreation's statutory use of TRCC funding may not be entirely clear, the statutory language allows for TRCC funds to be used for operations.

Board Chair Cullimore stated the purpose of the TRCC Advisory Board is to advise the Council on the best use of TRCC funds. He recommended the Board inform the Council that there is concern with the increase in operational funding. There is sentiment among the board members that increases in park operations derive from the General Fund and not the TRCC Fund. Overall the bond will be beneficial and will complete most of the deferred capital maintenance that has been accruing.

Board Member Vasilios Priskos asked if the park bond would affect the \$350,000 a year that is currently directed towards open space maintenance.

Ms. Litvack stated no, the bond would not affect the open space maintenance budget. Open space is maintained differently than parks. The open space maintenance program is related to \$24 million that was spent to preserve open space, Rose Canyon and a couple other places.

Board Member Priskos stated he had a concern with bonding for 25 years for maintenance projects that may have a five year life span. While bonding for these projects may be the best option right now, there needs to be a mechanism in place that will stop the County from getting into this situation again. There should also be a condition placed on the bond that the County will not come to the TRCC Fund for the increase in operational funding that will result.

He indicated that he would like to see a further a breakdown of the increased cost to the citizens; how much an average home owner will pay along with the cost per million for commercial property owners.

He asked if there was a backup plan in place for what would happen if the bond did not pass.

Ms. Litvack stated no, there is no backup plan in place. There is the possibility of setting up a reserve fund to allocate money to address some of the capital needs. Parks and Recreation is currently doing only the bare minimum to get by. They have so far been successful in finding ways to cut costs. One example of cost cutting is that the smaller parks have been turned over the cities they are located in; these cities are now responsible for the maintenance of those parks.

Mr. Burdick stated there is also the possibility of raising the Capital Improvement Levy.

Mr. Lance Brown, Salt Lake County Auditor's Office, stated the levy is part of the countywide tax rate. Currently there is only a small rate that generates approximately one million dollars in tax revenue. The money raised by this levy may be used for any capital improvement needs the County has and is not available for operational spending.

Board Chair Cullimore asked if it would be possible to raise the levy rate to generate \$10 million a year. If this were possible it would present an alternative to the proposed bond. If a larger amount was needed up front then the County could bond against the revenue provided by the levy.

Mr. Brown stated it would be possible.

Mayor Wall seconded by Mr. Dumke moved to give the Park Bond a favorable recommendation providing the following concerns are addressed: the legislative intent regarding informing the voters of the increase in maintenance be included, the increase in ongoing maintenance for the new parks not come from the TRCC Fund, and that there is an effort made to rebalance the current operational costs coming from the TRCC Fund. Motion passed unanimously.



Distribution of TRCC Funds

Mr. Brown presented a slideshow on 2010 tax revenue for the TRCC fund broken down by planning area.

Ms. Litvack presented information on Parks and Recreation's 2011 expenditures from the TRCC fund broken down by planning area.

Board Member Wall stated there is a committee that reviews applications for cultural facilities. That committee reviews the applications for location within the county, operations and maintenance.

Board Chair Cullimore stated yes, that is correct. When that committee was first formed it was thought the TRCC fund would have a much greater bonding capacity than is currently projected. He asked if the Board would like to address how the money in the TRCC fund is currently allocated and whether a bond should be issued now with the current capacity along with whether or not there should be a limit put on the subsidy to Parks and Recreation.

Board Member Dumke stated there is approximately \$7.8 million currently in fund balance and asked what the top priorities would be if the county were to spend that now.

Ms. Litvack stated the Capitol Theatre/Ballet West project is one of the mayor's top priorities but it has not yet made it through the Cultural Facilities process. Once the mayor has the recommendations from the Cultural Facilities committee, he will take a look at the overall situation before making a recommendation. It is also important to keep in mind that if the Park Bond were to pass, it would change some of the recommendations.

It is important to note that while there are General Fund resources, such as the Capital Improvements Levy, Parks and Recreation must compete against other county divisions, such as Public Safety and Health and Human Services. TRCC funds have a much more limited usage than general funds and Parks and Recreation fulfills the criteria for allowable TRCC expenditures while the other county divisions don't.

Board Chair Cullimore stated when this advisory board was formed, it was formed with the intent to advise the county on policy regarding how TRCC funds are spent and not on whether or not a specific projects get funding; this is one of the reasons why the Cultural Facilities committee was formed. The TRCC fund was not meant to supplement the General Fund but there has been a shift in that direction. The TRCC Advisory Board may make a recommendation on placing a cap on the Parks and Recreation subsidies; this would allow the

rest of the TRCC funding to be spent on other priorities. The TRCC Advisory Board should ensure there is an equitable distribution of the funds.

Board Member Priskos stated he would like to see some TRCC funding go toward projects that help grow the TRCC Fund. There should be a limit on the amount that goes towards operations. There needs to be a mechanism in place that will prevent operational subsidies from continuing to drift upward.

Board Member Dumke stated he would also like a limit placed on the amount of operational subsidies. This could be done with either a cap on the total dollar amount or as a percentage of funds allocated.

Mr. Litvack stated Parks and Recreation does not receive General Fund money and is currently at the maximum limit for TRCC operational subsidies.

Board Chair Cullimore stated he believes that Parks and Recreation should receive some operational subsidy from the TRCC fund; it just shouldn't receive all of its operation funding from the TRCC fund. He would like the TRCC Advisory Board to provide leverage for Parks and Recreation to be able to receive some General fund money.

He indicated he would send a letter to the Mayor and Council expressing concerns about the upward drift of TRCC funds being sent to various subsidies, in particular Parks and Recreation. The upward drift has severely diminished the amount of TRCC funds available for others projects and the TRCC Advisory Board would like to see it changed.



TRCC Ordinance and Bylaw Amendments

Mr. Delquadro stated the changes, this board requested to the TRCC ordinance and bylaws, have been made. The major changes were extending the term length for board members to four years and allowing the board the ability to remove a board member for lack of attendance. He indicated he would present the ordinance and bylaws to the County Council for approval if there were no objections from the board.

Board Member Wall stated he had reviewed the ordinance and bylaws and agreed with the changes.

Board Chair Cullimore stated he also agreed with the changes and that there were no objections from the board.



Future Meetings

The next meeting will be held September 23, 2011 10:00 AM.



Meeting adjourned at 4:55 PM.