

TRCC Advisory Board
October 23, 2009
Salt Lake County Government Center, N2003

DRAFT MINUTES

Citizen input: none

Committee Members in Attendance:

Vasilios Priskos
Zeke Dumke
Mayor Seghini
Mayor Cullimore--Chair

Others:

Erin Litvack
Darrin Casper
Katie McCarthy

Chairman Cullimore: We can't approve minutes for two reasons. One, we don't have any and secondly, we don't have a quorum.

The primary action item from our last meeting is a flow chart from Erin's department. In addition, Mayor Seghini has a report on the SLCO cultural facility master plan, and Darrin Casper will present an overview of the TRCC fund. Mayor Seghini, will begin.

Mayor Seghini is a member of the group reviewing the SLCO cultural facility master plan. The findings of that group include:

- There is a passion for the performing arts in SLCO
- People want to have something near their home in which they can be the participants
- The demand far exceeds the county's piggy bank
- We need to help people improve things they already have; build facilities that would serve multi-city needs; and place the emphasis on shared responsibility.
- We need a system that will allow the county to be an agency that can sit down with people and help them figure out how to request help, and how to go about planning things that meet the local needs that can have a long-term impact and that look at shared responsibility for financing and O&M.

Vasilios supported Mayor Seghini's points. He added that it's important to have a system to ensure that before an entity comes before the TRCC Advisory Board for funding, their proposals

are vetted. Zeke questioned whether there is an ability to use school auditoriums and some of their other facilities to supplement county facilities.

Mayor Seghini indicated that it was practically impossible. A discussion ensued regarding how best to reduce some of the existing impediments to create an environment that recognizes the new economic realities surrounding the lack of funds to expand local cultural facilities

Mayor Cullimore indicated that discussions are already taking place in the Canyons School District about joint use of facilities. One example: when we rebuild Butler Middle School, incorporate plans for a community theater.

Erin noted that the county utilizes school fields year round for recreation programming, however, we haven't yet crossed that bridge in the cultural realm. Erin emphasized that we need to continue to have those conversations and those dialogues.

Mayor Seghini, wants to create an environment that puts pressure on the school districts to be active partners in these initiatives. After he agreed and thanked Mayor Seghini for her report, Mayor Cullimore suggested that these thoughts be formalized and forwarded to the school districts for review and discussion. He then turned the time over to Darrin Casper to provide an update on the TRCC fund projections.

Darrin passed out copies of a PowerPoint presentation, (a copy is included).

Darrin indicated that the current recession is the most severe we have had in decades. This is pertinent because two TRCC revenue sources are particularly vulnerable to the national recession: transient room taxes, which are taxes levied against people staying in our hotels, and the car rental taxes. As a result, the Visitor and Promotion Fund shouldered a 19% reduction in its revenue sources and, as a result, their budgets were cut by an equivalent amount. They are struggling to cope with that.

And we're projecting a continued revenue decline in 2010. This produces a cumulative fund deficit of about 6.6 million. The remaining issues Darrin discussed are summarized below.

- SLCO recently selected a new outside auditing firm, Squire Associates, and they made a number of technical changes that were subsequently approved by the Council.
- Squire recommended reducing the "size" and funding responsibilities of the TRCC Fund. Specifically, previous debt service expenses paid from the TRCC Fund will occur as fund balance transfers; and previous corresponding transfers into the TRCC Fund that funded debt service charges will no longer occur. Instead, these debt service charges will be paid out of other funds that more directly relate to the liability. Examples include debt-service payments for the South Town Exposition Center and the Salt Palace renovations.
- In addition, the Mayor recommended (and the Council subsequently approved) a shift in debt service costs for certain Municipal Building Authority (MBA) bonds from sales tax revenues to property tax revenues.

- In order to realize lower interest rates, these MBA bonds were re-financed as General Obligation (GO) bonds.
- This refinancing required voter approval.
- The total debt service cost for the TRCC portion of this debt is about \$1.40 per household, which will be reflected in 2010 property tax bills for SLCO.
- This debt-service shift creates an ongoing windfall for the TRCC Fund; however, that change in and of itself is not sufficient to balance the TRCC fund. Other cost reductions and revenue enhancement were needed to provide an EOY 2010 fund balance of \$2.62 million.
 - A one-year hiatus for payments to the Sandy Amphitheater and the WVC Cultural Celebration Center that reduced 2010 TRCC expenditures by \$600,000—each was scheduled to receive \$300,000.
 - Revenues from sale of the Arrow Press Square property (also referred to as the Woodbury properties) of \$1.5 million

Erin indicated that--despite reservations regarding current market conditions—SLCO is ready to sell this property. She acknowledged that some may view this as short-sighted but SLCO is not interested in continuing to act as a landlord. Mayor Cullimore identified the sale and ongoing rental payments as a follow-up item for the next meeting. He would like the Board Members to have an opportunity to review the relevant information prior to the next meeting.

Mayor Cullimore also expressed a desire to see longer term TRCC Fund projections. That would help educate fellow mayors and constituents about the need to use TRCC resources to maintain and to operate the existing capital infrastructure rather than attempt to build new venues. He then turned the time over to Erin to provide an overview of her handout (copy included).

Erin indicated that this is a work in process with lots of moving pieces that revolve about how to fit an annual review process in the dynamic ebb and flow of TRCC fund resources. Specifically, she wants to answer how this board reviews, analyzes and recommends projects within the context of ongoing O&M budgets, the annual SLCO budget process, and the longer term consequences of new projects. Projects are often thought of as new facilities but they could also be renovations; however, it is important to consider the ongoing operating costs of existing and new facilities; multiple layers and interplays; and that impacts the resource allocation for “new projects” regardless of how they might be defined. We need a process to collect all of the new project requests and then to evaluate them within the context of projected TRCC resources. Erin thought that a review similar to the one SLCO uses to analyze its capital project requests would be a useful model to consider. (It makes choices on how to spend two or three million dollars in capital improvements in the face of requests that dwarf the available budget. It also provides a mechanism to set aside and save money year after year for a given purpose, and to establish reserve accounts).

The other consideration is alternative funding sources that augment or reduce the demand for TRCC financing. For example, almost all new recreation projects were ZAP funded.

TRCC has rarely if ever been used to expand a park for recreation. It has been used for capital maintenance and operation. In that sense, TRCC has to be viewed as part of the bigger picture and recognize that there are alternative funding avenues.

A discussion followed regarding the need for a process or filter that provides for the identification of alternative funding mechanisms and helps identify the projects that are within the scope of TRCC funding. Then there needs to be a process to attach priorities and schedules to those projects that recognizes operating and maintenance costs are ongoing and expensive.

ADJOURNED