

TRCC Advisory Board
February 28, 2011
Salt Lake County Government Center, N2003
2:45 PM

Board Members

Present: Vasilios Priskos
Kent Money
Russ Wall
Andrew Stephenson
Kelvyn Cullimore – Chair

Also Present: David Delquadro, Brad Kendrick, Council Office; Darin Casper, Tony Hill, Mayor's Office; Erin Litvack, Community Services Department

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Board Member Kelvyn Cullimore, Chair, presided.

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Approval of Minutes

Board Member Priskos, seconded by **Board Member Wall**, moved to approve the minutes from the October 19, 2010, TRCC Advisory Board meeting. The motion passed unanimously.

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Status of Interlocal Agreements

Ms. Erin Litvack, Director, Community Services Department, reviewed the current interlocal agreements and stated the expiration dates for the following venues: West Valley City Cultural Center (WVCCC) 2013, Sandy Amphitheater 2029, Sugarhouse Park 2055, and the Ski Salt Lake Program does not expire.

WVCCC is given \$300,000.00 a year for operations with an expiration date of December 31, 2013. After the capital payments have been completed; the payments apply towards operations costs.

Board Member Kent Money asked if West Valley City (WVC) owns the facility.

Ms. Erin Litvack replied yes, they do own the facility.

Board Chair Kelvyn Cullimore asked if WVC will want a perpetual agreement with the county.

Ms. Litvack replied it is likely they will ask for an extension of the agreement.

Board Chair Cullimore asked if there was county utilization of the facility.

Ms. Litvack replied yes, there are utilization days granted, possibly 15 each year.

The interlocal agreement with the Sandy Amphitheater will expire 2029. The cost for 2011 is \$300,000.00, this will increase to \$456,500.00 per year until 2028. The final payment in 2029 will be \$300,000.00

Board Chair Cullimore stated he thought the money may be for more than just operations.

Ms. Litvack stated the contract is identified as being just for the amphitheater.

Mr. David Delquadro, Fiscal Manager, County Council, stated the broad parameters were discussed in council but a quid pro quo was not discussed.

Board Chair Cullimore asked if this was extended at the same time as WVCCC.

Ms. Litvack replied yes, but it is for two different things. The WVCCC is specifically just for operations. The Sandy Amphitheater is for contribution, financing, construction, operations, and regular maintenance costs for cultural facilities in Sandy City. It is a 20 year agreement specifically not for a soccer stadium.

The Sugarhouse interlocal agreement was entered into in 1989. It expires in 2055 and is a cooperative agreement between Salt Lake City (SLC) and Salt Lake County. There is a joint authority board, Sugarhouse Park Authority Board, appointed by both SLC and the County. The operations cost is split evenly between SLC and the County. The County amount is around \$195,000.00 this year. The maintenance contract is through the County.

The Ski Salt Lake Program is a Utah State statutory requirement and does not expire nor sunset. The yearly amount is a flat \$450,000.00.

Board Chair Cullimore asked if restaurants still receive money through the Ski Utah Program.

Ms. Litvack replied no, they do not receive money. There was legislation related to the restaurant tax but it did not get offered.

Board Member Vasilios Priskos asked if these were all of the interlocal agreements tied to TRCC.

Ms. Litvack replied yes, these are all of the interlocal agreements affecting TRCC. She will email the interlocal agreements out the Board.



Ordinance and Bylaw Amendments

Mr. Delquadro reviewed the background information on the Bylaw changes. The purpose is to provide the Board with longer terms and to provide for replacements, treating everyone the same, whether they are a citizen or a mayor. Board members will also serve until replaced.

Board Chair Cullimore stated these changes are short enough, and asked if Mr. Delquadro could walk the Board through them.

Mr. Delquadro stated he would like to start at the end and work backward. The first change is to have board members stay on until replaced.

Board Chair Cullimore asked what happens with the first term being a two year term.

Mr. Delquadro replied that the first one and two year terms for the original members are being treated separately. All of the terms will now be four years with a possible second four year term. The original Board members may serve an additional six years in addition to the first one year term because there was a break in service. All of the mayors except for Mayor Wall were appointed for an original one year term. Mayor Wall was appointed for a two year term. When his appointment is up at the end of this year, he may serve an additional term as well.

Board Chair Cullimore asked if he was not able to complete his term would his replacement be able to serve the remaining portion of his term and still be eligible to serve two other complete terms.

Mr. Delquadro replied yes, that is consistent with the discussion this Board has had.

Article 4 will be amended to take out the section that states "A designee or representative of the Board member shall not be counted for purposes of constituting a quorum". This change does not have much effect because the ordinance covers this.

Board Member Andrew Stephenson asked if board members can participate via phone.

Mr. Delquadro replied it is possible this is covered by the open meetings act and doesn't need to be included in the Bylaws. He offered to check with an attorney to find out for sure. It may also need to be included in the notice for the meeting.

There are only a couple of changes to Article 3. In 3.1 "The Board shall meet at a minimum on a quarterly basis" was changed to "In general the Board shall meet on a quarterly basis". In 3.2 "The Chair shall cause notice of each meeting to be provided to all members of the committee at least ten (10) days before. . ." was changed to "The Chair shall cause reasonable notice of each meeting to be provided to all members of the committee before. . .".

Article 2 “If a member misses two or more consecutive meetings, the Board may vote to remove the appointed member”. This board may make the recommendation. He indicated he will check to see how this needs to be added to the ordinance as to who may actually remove the board member.

Board Member Money stated there is more than one change to Article 2. There is also a section about being able to appoint a designee and have that designee attend the meeting for them. In 2.2 “Will not have authority to vote” was replaced with “Will have authority to vote”.

Board Chair Cullimore stated his concerns with this change. He would like to see it changed back to the original.

Mr. Delquadro stated it can be changed back to the original. As far as the process goes, it would be best to go to the Council and get the ordinance passed. Then come back here once that is done and make the necessary changes to the Bylaws.

Board Member Wall seconded by **Board Member Money** moved to adopt the changes to the Bylaws and ordinance except for the changes made to 2.2 along with additional language to 8.1. The motion passed unanimously.



Updated TRCC Revenue and Expenditures

Board Chair Cullimore stated that he understood there would be in the future a significant bonding capacity and asked why it had not materialized.

Mr. Darin Casper, Chief Financial Officer, Mayor’s Office, stated that is correct. He first estimated there would be about \$65 million in bonding capacity. A lot has happened since then.

First is the sales tax. This is made up of restaurant tax, car rental tax, and a very small amount of transient room tax (TRT). At one point there was about \$28.5 million dollars and this was going up at about 3% to 4% a year. There has since been a decrease in the amount of sales tax collected. Usually when the County experiences dips in sales tax it goes back up to the slope of the line where it was before. But, according to reports, this trend of going back will not continue. This will lead to about \$1 million less in revenue per year.

There were also accounting changes that required the County to shift funding from what were appropriations to transfers out. The appropriations were for debt services. Because they weren’t actually expenditures of TRCC, there was a fund balance transfer to get in line with accounting recommendations. The net financial impact to the County was zero. There were three different types of debt service that were being funded out of TRCC: General Obligation (GO) bonds on the Salt Palace., Sales Tax bonds on the Salt Palace and South Town, and Municipal Building Authority (MBA) bonds.

Not long ago the General fund, the TRCC fund, and the Visitor and Promotion fund were all in trouble. The Mayor and Council jointly decided to shift the source for debt

service payments from the sales taxes that were declining to the bond debt service fund for the eligible GO bonds. It essentially increased property taxes to finance the debt service levy. The total net annual amount was a property tax increase of about \$12 million, and this was only done on the GO debt. It also provided a windfall to TRCC because money that was being taken out of the sales taxes was then shifted to operations.

Before the bonds were transferred out of the TRCC fund, debt service was originally projected to decrease by \$12 million and the TRCC fund would keep the money that was being used to service this debt. When the bonds went away so did the funding that was in place to pay for them. This shift cost TRCC an overall \$3.6 million windfall. Debt service originally was about \$21.9 million. The debt service left in the fund is about \$1.7 million. This is loosely associated with the South Town parking garage that was converted into Zoo, Arts & Parks (ZAP) money. The garage was never built but the parking lot was renovated.

The debt service revenue loss was \$8.4 million meaning the TRCC fund is better off by \$11.8 million. This shift in funding allowed TRCC to increase their funding of Parks and Recreation. TRCC used to fund Parks and Recreation about \$7 million a year and now fund about \$16 million a year. There is an increase in expenditures of \$9.2 million and a decrease in net expenditures of \$11.8. In the short run there is a windfall of about \$2.6 million. While there is a short term windfall, there is also --overall-- a decrease in capacity to bond.

Three funds were balanced with the movement of these funds TRCC, ZAP, and the General fund.

Board Chair Cullimore stated he would like to see if he understood correctly. The TRCC Advisory Board was first formed because as the bond indebtedness was satisfied, the money that services this debt would still be there, \$65 million was projected. There was a concern in the County that this money was going to the central business district and not out to the rest of the County. This board was to decide where the money would go. Sales tax is coming back but it is projected the TRCC fund will have lost about \$1 million a year.

Currently the funding for TRCC comes from the taxes mentioned earlier. There used to be additional sources of funding that paid for the bonding debt. When the County looked at their budget problems, they realized they could move some of the bond debt and raise property taxes to pay for this and help balance other funds in the process. When the bonding debt was moved, the sources of funding that paid for it went with it. There was no diminishment of the TRCC fund.

This movement created a surplus in the TRCC fund. This surplus is used to fund Parks and Recreation. TRCC increased the amount of money given to Parks and Recreation from about \$7 million a year to about \$16 million a year.

The TRCC fund is projected to have about \$7.8 million in fund balance by the end of 2011. This is only a short term benefit. Because the bonds were removed, the anticipated new bonding capacity will not be there when the bonds drop off.

Mr. Casper stated about \$5 million a year in debt service is needed to fund a \$65 million bond. The TRCC fund right now shows it can afford about \$2.4 million a year. The net loss to the TRCC fund was about \$2.6 million. This loss is from the \$1 million loss in sales tax and a combination of the loss of \$3.6 million from the debt service and a net gain of \$2 million from the TRCC fund.

Board Member Wall asked now that the County knows it can take from the TRCC fund to fund maintenance and other things, what is to stop it from continuing to take until the TRCC fund is left with almost nothing.

Mr. Casper replied the good news is the maximum amount that can be taken out of the TRCC fund is already being taken out. This amount can only go up as the Parks and Recreation budget goes up naturally through inflation. The reason is the General fund does not pay for recreation right now. Parks and Recreation is funded through TRCC, ZAP, and TRT.

Ms. Litvack stated the capital projects funded by ZAP are bonded for ten years and must be renewed. The vast majority of Parks and Recreation's budget comes from TRCC. Recreation is about 55% self-sufficient

Board Chair Cullimore stated there needs to be a better showing of where the money from TRCC is going.

It would be interesting to see how TRCC expenditures are broken up by municipality. The city is really the one who benefits from having regional centers. It is a real benefit to have one in your city boundaries. Having it broken down by municipality would be more a data point than a decision maker. It would be beneficial to have it broken down by region.

Ms. Litvack stated she can show the regional distribution of TRCC fund expenditures and where the money is generated.

Board Chair Cullimore stated nothing is going to happen until the next budget cycle, but, the Board still needs to be thinking ahead about future possibilities. There is projected to be about \$9 million in fund balance by the end of 2012. There is a call for cultural facilities, but as the Board has discussed in the past, there is a critical need to fund deferred capital maintenance. He asked Ms. Litvack to start thinking about the highest priority capital improvements.

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Future Meetings

The next two meetings will be held June 1, 2011 2:30 PM and September 23, 2011 10:00 AM.

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Meeting adjourned at 4:25 PM.