

TRCC Advisory Board
March 29, 2010
Salt Lake County Government Center, N2003
[10:11:54 AM](#)

Board Members

Present: Vasilius Priskos
Zeke Dumke
Mayor Kelvyn Cullimore – Chair

Also Present: David Delquadro, Council Office; Darrin Casper and Rob Jeppson, Mayor’s Office; Erin Litvack, Community Services Department; Jim Wightman and Cheryl Ann Johnson, Auditor’s Office; Lisa Overby and Gayelene Gudmundson, Council Clerk’s Office.



Board Member Kelvyn Cullimore, Chair, presided.



Approval of Minutes

Board Member Kelvyn Cullimore stated the minutes from the TRCC Advisory Board meetings held on Friday, August 28, 2009, and Friday, October 23, 2009, could not be approved today because the meeting was not properly noticed and there was not a quorum present. He requested the Board review the minutes and let him know if there were changes that needed to be made.



2010 State Legislative Session – Overview

Mr. Rob Jeppsen, Mayor’s Office, reviewed the following legislative bills that were discussed during the 2010 legislative session that would have affected the TRCC fund.

H. B. 48 – Amendments to the Tourism, Recreation, Cultural, Convention and Airport Facilities Tax Act – Rep. Craig A. Frank

This bill modifies and repeals definitions; repeals the authority for a county to impose a tax on certain food sold by a restaurant; authorizes a county to impose a sales and use tax on the same transactions upon which the state sales and use tax is imposed, including: - providing that a county may not impose the tax on certain food and food ingredients; addressing procedures and requirements for imposing the tax; and addressing determining the location of a transaction; addresses the distribution of sales and use taxes under the Tourism, Recreation, Cultural, Convention, and Airport Facilities Tax Act, including; providing that a

minimum tax revenue distribution is required under certain circumstances; and addressing how population is determined; addresses the collection of an administrative fee by the State Tax Commission; requires the Revenue and Taxation Interim Committee to conduct a study relating to the distribution of the sales and use tax; and makes technical and conforming changes.

Mr. Jeppsen stated this bill was pushed by the Restaurant Association in an attempt to shift the 1 percent restaurant tax to a one-tenth of 1 percent general sales tax. After trying to make the numbers work so the bill would be revenue neutral per county, it was decided to substitute the bill and repeal the tax altogether. The substitute bill would no longer allow counties the opportunity to impose the 1 percent restaurant tax after bonds were paid off that were obligated from the 1 percent tax. This would have been a problem for Salt Lake County because the restaurant tax is not tied directly to the bonds. This substitute failed to pass out of committee by a 9 to 6 vote.

H.B. 148 – Sales and Use Tax Changes – Rep. Wayne A. Harper

This bill addresses the distribution and expenditure of revenues in the Rural Health Care Facilities Fund as a result of the repeal of Title 59, Chapter 12, part 8, funding for Health Care; enacts the Rural Health Care Compensation Fund to address the funding of rural health care as a result of the repeal of title 59, Chapter 12, Park 8, Funding of Health Care, and provides for: deposits of certain sales and use tax revenues into that fund; and the distribution and expenditure of fund monies; amends the powers and duties of the State Tax Commission to include distributing monies deposited into the rural Health Care Compensation fund; requires adjustments to the property tax certified tax rate under certain circumstances; enacts and modifies definitions; modifies state and local sales and use tax rates; modifies the distribution of revenues collected from certain local option sales and modifies an additional state sales and use tax related to transportation and addresses the expenditure of revenues collected from the tax; enacts the Tourism, Recreation, Cultural, Convention, and Airport Facilities fund and provides for deposits of certain sales and use tax revenues into that fund; and the distribution and expenditure of fund monies; and makes technical and conforming changes.

Mr. Jeppsen stated this bill would institute a uniform sales tax statewide making it possible to collect taxes on any internet sales. The bill would have taken the Restaurant Tax, Zoo, Arts & Parks Tax, and Hospital Tax and moved the taxes over to a General Sales Tax. The State would collect all the taxes and redistribute them. The bill passed out of committee, but died on the floor.



TRCC Fund

Mr. Darrin Casper, Chief Financial Officer, Mayor’s Office, reviewed the TRCC Fund. He stated the final Sales Taxes came in \$816,000 higher than the revised County projections, with the Restaurant Taxes at approximately \$100,000; the Transient Room Tax at approximately \$16,000 and the Car Rental Tax at approximately \$700,000. The Car Rental

Taxes are very unpredictable; a person would think this tax should mirror the Transient Room Taxes, which are down 30 percent. Mr. Lance Brown, County Budget Officer, believes there is a timing difference in the remittance of the Car Rental Tax with 2008 taxes attributed to 2009 taxes; he will look into it. This is still a positive variance in the TRCC Fund and will help mitigate the possible real estate issues with regard to selling the Arrow Press Square buildings.



Arrow Press Square Property Discussion

Board Member Priskos asked if the issue with the Arrow Press Square was that the County did not want to own a third party building. Also, the County is assuming \$1.5 million cash injection from the sale, and asked if the proceeds from the sale went into a savings fund.

Mr. Darrin Casper, Chief Financial Officer, Mayor's Office, answered the proceeds from the sale would go into the TRCC Fund. They are built into the pro forma and necessary to balance the budget next year.

Board Member Priskos suggested now was not the best time to sell. He did not think the County could get \$1.5 million because there is a lot of deferred maintenance. Also, there are property line issues. There is no place for a dumpster; the current tenants dump their garbage on Utah Power's property, and the east boundary line connection with Capitol Theater needs to be cleaned up due to pigeons. The land is also land-locked other than one easement. He suggested holding off on selling the property until the market changes, or the Ballet finishes constructing its building because there may be other liability issues there, and look at an outside manager to manage it while continuing to receive income from the tenants. Then, have the tenants insure the property while working through some tentative issues with the leases. One tenant, Benihana has half the building and their lease expires in 2011. If that goes away, it will affect the value of the property. He thought it would be difficult to get a bank to finance the sale with all the structural and egress issues and short-term leases, unless it has a cash buyer, and even cash buyers do not pay top dollar for property. The County could go to the tenants or neighbors to see if they have an interest in purchasing the property. Also, if the County offered a brokerage fee to the broker community to bring qualified buyers, and build that into the price, that might help bring more interest to the property. One recommendation would be that the County set a minimal acceptable price since it is budgeting for this sale. He asked if the County would be okay if it only netted \$1 million.

Board Member Zeke Dumke agreed the County may want to look at a third party to manage this. Downtown managers deal with these types of things and have their own maintenance staff. A management fee would be 4 or 5 percent. In addition, it does not look like insurance is being built in as a pass through to the County's tenants and it should be.

Board Member Priskos stated he would highly recommend the County buy an insurance policy for this building and pass the cost to the tenants.

Ms. Erin Litvack, Director, Community Services Department, explained when the County purchased the property, Building #5 came with a cluster of buildings that were located on that site. At that time, legislative intent was to leave that building intact because restaurants make a vibrant cultural district, and sell it returning the proceeds to the TRCC Fund. Since then, the other buildings have been demolished clearing the way for the Ballet Building,

and the County is working closely in partnership with the Ballet to do all of the renderings and all of the planning for the access ways and the issues on that project. There is a public walkway and easement through there regardless of who owns that facility. The most recent appraisal was \$1.5 million, and until the County puts the property on the market, it will not know what the offers are going to be and what it will get, but it has received many requests with regard to when it will be up for sale. Also, she does not know what the Mayor or Council is willing to settle for. It is her perspective, the County absolutely does not want to be in this business. She has been given the direction to proceed with the sale, and since the County is required to go to open market, it will do so upon the direction of the County Council. However, she would pass all these tips onto the County's Real Estate Division.

Board Member Cullimore suggested if the County takes the sale of the building to an open process and does not get the response it expected, the TRCC Advisory Board would be interested in working on other alternatives. It has expertise to look at ways of bridging a gap between now and when the economy improves to be able to better groom the building and make money in the meantime. He asked if the sale of the property was built into the 2011 budget.

Mr. Casper replied it is built into the 2010 budget. If the sale does not happen, the County will have cash reserves slightly above the minimum required reserve. Expenditures are still being reconciled, but he does not expect many adjustments; the trial balance should be ready in April.



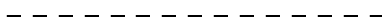
Items from Board Members

Deferred Maintenance

Ms. Erin Litvack, Director, Community Services Department, asked if the Board would be interested in a comprehensive list of deferred maintenance projects for the Parks & Recreation Division.

Board Member Cullimore stated yes, it would also be helpful to have a list showing how much the County has budgeted in years past for maintenance. The Board needs to make sure it does not set aside a big portion of TRCC Funds for maintenance and have the County lower its maintenance costs from the General Fund because of it. The County will still need to fund a pro rata share of maintenance. He would also like a list of all deferred maintenance projects overall. The County needs to be careful not to end up with a push towards balancing the budget by using TRCC Funds for maintenance that would otherwise come from the General Fund.

Ms. Litvack stated she would send two packets containing the information, one would be the overall needs with the 5 years plans attached, and the second would be the short term showing the request for the 2011 budget.



Future Meetings

Mr. David Delquadro, Chief Financial Manager, Council Office, asked if mornings or afternoons would be better to hold meetings.

Mayor Cullimore stated mornings are better, but closer to the noon hour. He intends to call members of the Advisory Board requesting attendance at meetings or replace them with new members if the current members are not able to attend on a regular basis. The Advisory Board needs to have a quorum.



The meeting was adjourned at [11:31:05 AM](#)