

**TRCC Advisory Board**  
June 11, 2012  
Salt Lake County Government Center, N2003  
2:00 PM

Board Members

Present: Kelvyn Cullimore – Chair  
Vasilios Priskos – Vice-Chair  
Zeke Dumke  
Andrew Stephenson  
Darrel Smith  
Mary Draper  
Ralph Becker  
JoAnn Seghini

Absent: Russ Wall

Also Present: David Delquadro, Jason Rose, Brad Kendrick, Kara Trevino Council Office; Nichole Dunn, Darrin Casper, Lance Brown, Rob Jeppsen Mayor's Office; Erin Litvack, Phil Jordan, Cami Monk Community Services Department

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Board Member Kelvyn Cullimore, Chair, presided.

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Welcome/Introductions

**Board Chair Kelvyn Cullimore** introduced Mayor Ralph Becker as the newest member of the Tourism, Recreation, Cultural and Convention (TRCC) Advisory Board.

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Approval of Minutes

**Board Member JoAnn Seghini, seconded by Board Member Zeke Dumke, moved to approve the minutes from the February 22, 2012 TRCC Advisory Board meeting. The motion passed unanimously.**

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Update on Cultural Facilities Support Program

**Mr. Phil Jordan**, Center for the Arts Director, distributed a list of the 2012 applications for the Board's review.

The Cultural Facilities Support Program (CFSP) is an annual review process that stems from the 2008 Salt Lake County Cultural Facilities Master Plan. It does not duplicate the ZAP process but is instead, used to evaluate capital projects that renovate or build cultural facilities in Salt Lake County. The CFSP was approved by the County Mayor and Council to be an annual process. The process starts with an application that is completed by the requesting organization. The application is first reviewed for completeness and eligibility. Complete applications are then reviewed by the County's technical review committee. The committee then forwards the applications with a recommendation on the feasibility of the application to the Cultural Facilities Advisory Board. The Cultural Facilities Advisory Board will then make a recommendation for funding to the County Mayor and Council; not all projects that receive a positive recommendation will receive funding.

There is in addition to the application a match requirement from the requesting organization for all projects. The match requirement is set at 50% with the exception of projects that will be owned or operated by the County, in which case the County may fund up to 100% of the project. Requesting organizations are required to have some funding in place when they submit an application, for capital projects, 10% is required and 50% for consulting projects.

**Board Chair Cullimore** stated the TRCC Advisory Board is reviewing the CFSP process this because the TRCC Fund is one source of funding that may be used to fund a recommended project. If the County Mayor proposes funding from the TRCC Fund it will then be this Board's responsibility to review the request on whether the TRCC Fund is the most appropriate source of funding.

**Board Member Vasilios Priskos** asked why the Masonic Center is considered a cultural facility and if the concerns regarding the shared space with the school have been worked out.

**Ms. Cami Munk**, Center for the Arts, replied all the applications on the list have only been reviewed for completeness and eligibility, they have not yet received an in depth review. The Masonic Center is requesting funding to renovate their auditorium that will then be available to the public for rent. The concerns regarding the shared space with the school have been worked out; an agreement was reached between the city and the school regarding the facility. A reservation schedule has been agreed to and the auditorium will have a separate outside access point.

**Board Member Darrell Smith** asked if any of the projects from 2011 were encumbered to receive TRCC funding.

**Ms. Erin Litvack**, Community Services Director, replied there were a number of projects that were recommended but did not receive funding. These projects enter into a pool until such time that funding becomes available. A positive recommendation does not guarantee funding nor is the first project recommended the first project to receive funding.

**Board Member Dumke** stated that when this Board discussed the ZAP projects there was the idea that the TRCC Fund will help carry the maintenance costs for the new capital

projects. While this is a different process, there are some similarities in that there will be new facilities constructed. Is there a plan for funding the ongoing maintenance for these projects?

**Mr. Jordan** stated as part of the application process requesting organizations are asked to outline their plan for the funding of any ongoing costs. In some cases, the applicant will request that the County help participate on an ongoing basis in others the applicant will cover the cost themselves.



Update on the Capital Theatre Project

**Board Chair Cullimore** stated one of the CFSP projects that received funding last year was the Capital Theatre. Because of funding contingencies placed on the project last year this Board has requested regular updates.

**Ms. Litvack** stated the Capital Theatre project is a public private partnership between Salt Lake County and Ballet West. It involves a renovation of the Capital Theatre along with a new addition that will house the Ballet West academy and studios.

The project has a phased approach. The first phase will include a new addition to the west of the theatre. This addition will include an expanded lobby and new restrooms for the theatre as well as the Ballet West academy and studios. There will also be improvements to the interior of the theatre including ADA compliance, seating and orchestra pit enhancements. The reason for the phased approach is that in order to remain competitive in attracting Broadway shows the theatre needs to maintain a minimum number of seats. Once the UPAC Theatre is complete, the seat count may be reduced at the Capital Theatre. Phase 1 will not have a net effect on the seat count while Phase 2 will reduce the number of seats by approximately 200.

**Mr. Jordan** reviewed a handout on the draft designs for the project. Renovations will include renovated seating, sight line improvements, aisle lighting, expansion and acoustical improvements for the orchestra pit, ADA seating, technical work areas, patron services desk, merchandise sales, renovated ticket office, HVAC improvements, ambient noise suppression and the entire stage will be raised 4 inches.

**Ms. Litvack** stated the design portion of the project has begun and the process to select a contractor has started. Ground breaking for the new addition is expected to begin in 2013 and will be completed by spring of 2014. The Capital Theatre will close in 2013 from June to November for the renovations. Phase 2 for the Capital Theatre is scheduled for 2016 and 2017.

The total budget for the project is \$33.5 million. There is currently \$27.2 million in funding currently in place. Ballet West has raised \$13.8 million in pledges and has secured a bridge loan. Salt Lake County has contributed \$8 million from the TRCC Fund, along with approximately \$2.4 million that was used to purchase the land and demolish the building on the site directly to the west of the theater. The Salt Lake City RDA is currently in the process of approving a request for \$2 million for this project. \$1 million in naming rights have been secured. In addition, there is \$6.3 million remaining to be secured. The possible sources for the remaining funding are \$6 million in New Market Tax Credits (NMTC) and \$1.7 to \$2 million in Historic Tax Credits.

**Board Member Priskos** asked how the ownership portion of the NMTC financing would be structured.

**Mr. Casper** replied an investment fund would be established with the County making a leveraged loan into the fund and the buyer of the NMTC would make an investment into the fund. All of the money in the fund would then be invested in NMTC eligible project. A community development entity (CDE) would then grant the NMTC to the buyer. The tax credit would be claimed over a period of seven years. During this period a nonprofit organization, established by the County, would own the project. The Historic Tax Credits will be blended into the same process as the NMTC.

**Board Chair Cullimore** asked what where the risks of the project failing causing the \$8 million to go back into the TRCC Fund.

**Mr. Jordan** stated most of the money is in place and the design has been fast tracked, one of the biggest risks is that the tax credits will be gone by the time the bid is awarded for the project.

**Mr. Casper** stated the CDEs like to award to the tax credits as early in the year as is possible and if all the tax credits are distributed by the time this project ready then the County will be first in line to receive an allocation next year. There is a risk that congress will not authorize the program next year but that risk is small. If the County is not able to receive a tax credit allocation this year then this Board along with the County Council will need to decide if the project should be carried forward for an additional year.



Report on TRCC Fund's 2012 Budget

**Mr. Lance Brown**, Mayor's Office, distributed a handout regarding TRCC Fund revenues and stated there are three sources of sales tax that fund the TRCC Fund, Transient Room Tax (TRT), Restaurant tax and Car Rental taxes. In the 2012 adopted budget those revenues were budgeted at \$29 million. During the midyear budget, the budgeted amount will be increased by \$700,000. As of March 2012, which is the most up-to-date report revenues are \$73,000 above projections. TRT is up 5.8%, Car Rental tax is down 5% and the Restaurant tax is up 5.5%.

**Board Chair Cullimore** asked if the Car Rental tax was based on a percent of the rental or of a fixed amount.

**Mr. Brown** stated it is a percent, 7% in aggregate. On page three of the handout there are 48-month trend lines for each of the revenue sources. The trend lines show positive increase from low point of the recession. While the trend is to the positive, the revenues are still not back to the point where they were before the recession. Before the recession there was predicted to be about a 5%-7% growth rate each year, what this means is that even when the revenues get back to where they were before the recession they will still not be where they were

projected to have been. The Restaurant tax has been the most resilient of the TRCC Fund revenues.

**Mr. Casper** stated the budget passed in November by the County Council is exactly what this body proposed. Since the last Board meeting, there are two changes to the TRCC Fund budget that have been made or proposed. The first is \$75,000 in contractual obligations associated with sale of property. The TRCC Fund received the money from the sale, which is the reason the \$75,000 was expended from the fund. The second is a proposed \$250,000 to be used for educating the public on the Park Bond. This proposed expenditure is contingent upon the County Council placing the bond on the ballot in November. The education process will include items such as what projects are included in the bond and the amount the tax increase will be on the average home.

**Ms. Litvack** stated the \$250,000 would be a one-time expenditure and is based on the amount other public entities have spent on similar education programs.

**Mr. Casper** stated that overall the TRCC Fund is growing at approximately \$5 million annually. This level of growth would support a bonding capacity of about \$60 million. One item to keep in mind is that there are operational subsidies for the Salt Palace and South Towne that may be added back into the TRCC Fund budget in future years. However, these subsidies will be more than offset by a planned reduction to the Parks and Recreation subsidy. The convention center subsidies are currently funded thru the Visitor Promotion fund.

There is also the possibility of a headquarters hotel for the Salt Palace. If a hotel where to be built, then the funding from the Visitor Promotion fund that is currently paying the convention center operational subsidies may be utilizes for that project and the operational subsidies would again be the responsibility of the TRCC Fund. The headquarter hotel discussions are still just getting started and more discussion will need to take place before any decisions on how to fund the hotel are made. Part of the reason for talking about the hotel now is to get an understanding of the effects different funds have on each other.



2013 TRCC Fund Budget Discussion

1. Parks and Recreation
2. Possible Park Bond
3. Bonding Potential

**Ms. Litvack** distributed and reviewed a map of the proposed Park Bond projects. Mayor Corroon has requested a General Obligation (GO) bond initiative be placed on the November ballot. The total dollar amount for the GO bond is \$123 million with a cost to the average home of \$14 annually. The majority of the bond proceeds would be for new park and trail development with \$26 million for deferred capital maintenance. The list of new projects is based on the Parks and Recreation Master Plan.

**Board Member Dumke** asked if there was a plan in place to keep from falling behind on maintenance in the future.

**Mr. Casper** replied yes, Mayor Corroon will be proposing at the end of this year a plan that will allow the County to keep current with the maintenance needs. The current funding level is insufficient and a solution will included in the 2013 budget.

**Ms. Litvack** stated there also some solutions currently in place. One example of the County addressing the deferred maintenance needs is the preservation funds that have been established for the cultural arts centers. On each admissions ticket sold there is one to two dollars that money is set aside and dedicated to a preservation fund that is used to address the maintenance needs for that facility. Another example is the Salt Palace's capital maintenance fund that receives an annual appropriation of \$1 million.

**Board Member Andrew Stephenson** asked who is responsible for paying the maintenance on the park that is owned by a city.

**Ms. Litvack** replied the County is typically responsible for the assets that it constructs. This means that if the County where to build something on land owned by a city then the County would be responsible for the maintenance of asset it constructed.

**Board Member Dumke** stated if the funding for the education of the public is to come from the TRCC then there should be an emphasis placed on the maintenance of both the current assets and the assets that will built will be handled.

**Mr. Casper** replied there is legislative intent in place that requires information regarding the ongoing cost of operations and maintenance is included in the bond langue.

**Board Member Dumke seconded by Board Member Seghini motioned that if the public education for the proposed Park Bond is funded by the TRCC Fund then there will need to a strong emphasis placed on the ongoing cost for maintenance and that the public be made aware that there may be costs associated with bond that are above the tax increase proposed to repay the bond. Motion passed unanimously with Board Members Becker and Wall absent for the vote.**



*Future Meetings*

The next meeting to be held October 1<sup>st</sup> 2012 at 2:00 PM.



Meeting adjourned at 4:15 P.M.