

TRCC Advisory Board
August 30, 2010
Salt Lake County Government Center, N2003
[11:07:22 AM](#)

Board Members
Present:

Vasilios Priskos
Zeke Dumke
JoAnne Seghini
Russ Wall
Andrew Stephenson
Kelvyn Cullimore – Chair

Also Present:

David Delquadro, Heather Mastakas, Kelly Wright and Kara Trevino, Council Office; Greg Folta and Rob Jeppson, Mayor’s Office; Erin Litvack, Community Services Department; Kim Stanger and Linda Duffy, Council Clerk’s Office.

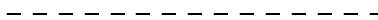


Board Member Kelvyn Cullimore, Chair, presided.

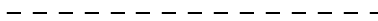


Approval of Minutes ([11:08:56 AM](#))

Board Member Seghini, seconded by Board Member Dumke, moved to approve the minutes from the August 28, 2009, TRCC Advisory Board meeting. The motion passed unanimously. Board Member Stephenson was absent for the vote.



Board Member Dumke, seconded by Board Member Priskos, moved to approve the minutes from the October 23, 2009, TRCC Advisory Board meeting. The motion passed unanimously. Board Member Stephenson was absent for the vote.



Board Member Priskos, seconded by Board Member Dumke, moved to approve the minutes from the March 29, 2010, TRCC Advisory Board meeting. The motion passed. Board Member Seghini abstained because she was not present for the March 29, 2010, meeting. Board Member Stephenson was absent for the vote.



Status of Efforts to Market Arrow Press Square Property ([11:11:37 AM](#))

Mr. Lee Colvin, Director, Real Estate Division, stated Salt Lake City Redevelopment Agency (RDA) decided not to purchase the Benihana building, and the County put it up for sale. Nate Daily from CB Richard Ellis has a client investigating the building. There are a couple of issues that need to be addressed. One is the renewal of the lease agreement with Benihana, which expires in April 2011. Benihana's corporate headquarters has indicated they might not renew the lease because business has not been good. The bank that would finance the purchase of the building wants some long term leases in place before loaning the money. Another issue is the purchaser would like to occupy the top floor, which necessitates remodeling. The cost of remodeling would have a bearing on whether or not this client is able to buy the building. Salt Lake City Development Services requires a building to be brought up to code if a certain amount of remodeling is done to an old building. If the remodeling hits that point, fire sprinklers, and other improvements would have to be done, costing perhaps hundreds of thousands of dollars. Therefore, remodeling would have to be minimal. Several of the other potential buyers have expressed concern about the age of the building (it was built in 1899), and the fact that it is not up to code.

Board Member Cullimore asked if the proceeds from the sale of that building would go to the TRCC Fund.

Mr. Colvin stated yes.

Board Member Dumke asked if any tenant improvements would come out of the TRCC fund.

Mr. Colvin stated he was not sure. However, many repairs, such as the ones done last January due to broken pipes, came from the profits on the leases and were handled by Salt Lake County Facilities Management.

Board Member Priskos stated without extending the Benihana lease, the value of the property starts to diminish. The County will not see an offer close to the asking price without the long-term lease.

Board Member Dumke asked what the term of the renewed lease would be.

Mr. Colvin stated five years. The County has just renewed the Blue Iguana lease for five years.

Board Member Dumke stated the building is on a slippery slope because of the health and safety issues, in addition to the cost of tenant improvements.

Board Member Cullimore asked how the accounting has been done on the leases.

Ms. Litvack stated the accounting has been done separate from the TRCC Fund. However, the reserve funds have diminished due to repair costs associated with the January flood.

Board Member Priskos asked if there were any other issues with the building, such as subdivisions, title problems, etc.

Mr. Colvin stated he did not think so. The major issue was a lack of parking. The County has done a legal subdivision – dividing Benihana from the Capitol Theater, so the Benihana building can be sold separately. Also, the County is in the process of doing a perpetual easement for the Salt Lake City RDA for access to an alleyway that services the Utah Theater.

Board Member Dumke stated at some point, the raw land under the building will be worth more than the building.

Board Member Priskos stated he agreed. There is still hope for renewed business, but right now there is diminished value in a building with no access to parking. By October, the County will know if the building is sellable. If Benihana does not renew its lease, other options will need to be considered.



TRCC Fund (11:25:34 AM)

Mr. Greg Folta, Fiscal Administrator, Mayor's Office, reviewed the TRCC Fund, the 2009 actuals, the current adjusted budget for 2010 budget, and what is expected for 2011. He stated the projection for 2011 is assumed to be flat. In 2010, there was a slight increase for the Fine Arts, which provided the opportunity to bring back the Salt Palace Fund subsidy and the contribution to the Salt Palace. The original budget for car rental was \$8.5 million and that has increased to \$9.4 million; the Restaurant Tax was \$14.8 million and increased to \$15.3 million; and the Transient Room Tax was \$1.4 million and increased to \$1.5 million.

Board Member Cullimore asked if any of the revenue was reallocated to expenditures, since the revenue projections increased by \$1.5 million.

Mr. Folta stated the revenues went into the fund balance for 2010 and in the expenditures fund for 2011. In addition to the changes in the expenditures, there have been changes with the fund balance transfers. There has been a change from 2009-2010 in the accounting and the way the Debt Services payments are being done. Instead of running money through the TRCC Fund and then back out again; those transfers are being made directly to the fund where the Debt Services is paid.

The budget for 2011 will be flat on revenue, but some of the fund balance will be used to handle additional expenses. The Salt Palace is in need of the subsidy for the Operating Fund and both the Salt Palace and the South Towne Exposition Center can now receive the funding that was taken away last year. The ongoing Recreation Facilities Operating Fund was increased by 3 percent. Some of the fund balance will be transferred to the Capital Revolving Fund to be used for capital projects. There is some start-up money in that fund and as organizations do projects using funds from the Revolving Fund, there will be a repayment plan set up.

Board Member Cullimore asked why these funds had been singled out.

Mr. Folta stated the two funds are related to the TRCC Fund because of the recreation related projects. The projects were approved and appropriated for use out of the

Capital Projects Revolving Fund. Also, some projects that the General Fund has handled in the past could qualify for TRCC reimbursement.

Board Member Priskos asked if that's where the funds have come from in the past.

Mr. Folta stated yes. In prior years, for these particular projects, there have been transfers for other projects in the Capital Revolving Fund that are recreation related. There's an ongoing transfer every year to the Capital Revolving Fund of \$500,000 for repair and replacement.

Board Member Cullimore stated this gets into the discussion about the division between the overlap of TRCC Funds covering Parks & Recreation projects that are also General Fund eligible.

Board Member Wall stated this could go on indefinitely and the TRCC Fund could always be the bucket that is emptied first before getting funds from the General Fund.

Mr. Folta stated by doing this, the balance for the Golden Hills Park and Dimple Dell projects will be taken care of.

Board Member Wall stated he thought this board was formed to decide whether or not TRCC Funds would pay for those.

Mr. David Delquadro, Chief Financial Manager, Council Office, stated the Revolving Fund is used like a bank; it advances money to projects that have a large budgetary impact. One of those items was the Tax Administration Project. The Tax Administration Fund is the process where the County provides software and hardware to the Auditor, Treasurer, and Assessor in order to collect and maintain databases necessary for the administration of taxes. The entire process has now reached a point where there are silos in existence and the Council has decided to address the situation now.

Board Member Cullimore asked what the provision of software and hardware for the Tax Administration had to do with Golden Hills Park and Dimple Dell.

Mr. Delquadro stated the Council had those projects borrow money from the Revolving Fund, so the projects could be completed in a timely manner. The Revolving Fund had money because the Tax Administration had put some money in the fund, which was considered a loan from the Tax Administration Fund.

Board Member Cullimore stated so the Council loaned the money with the intention of being able to find the money later to fund these projects, but didn't identify the source of those funds at the time. Now, the money is needed and could be funded out of the General Fund or the TRCC Fund because it is TRCC eligible.

Mr. Folta stated when the budgets are approved the information isn't always specified or clear as to what the repayment source will be, and the money needs to be found for the Tax Administration Fund so the project can move forward.

Board Member Dumke stated if a similar situation arises later for another park or something else, there should be a set policy regarding borrowing money; especially, if out of default, TRCC becomes the source.

Mr. Folta stated in the future, when a project is proposed, the repayment source should be clearly specified and the time frame needed for repayment. He also stated a committee has been formed with the Mayor's Office and the Auditor's Office to track the Capital Project Revolving Fund more closely and to have a representative from each of the projects on the committee report to the board ideas for handling the funds better, what the repayment sources are, and the time frame for repayment.

Board Member Cullimore asked what the sources of revenue were for the Capital Revolving Fund.

Mr. Delquadro stated there are certain partitions in the Revolving Fund. For example, the Library System and the Municipal Services Fund put money into the Revolving Fund, but that money is not available to loan out to other projects. The idea of this is a series of banks the Council and Mayor look to and try to figure out the best way to finance projects that have merit and are timely. Also, with the expectation, at some point, the entities that have already started to refund or prefund will have money available to proceed with their projects.

Mr. Folta stated Golden Hills Park and Dimple Dell are only two of 15 active projects in the Capital Revolving Fund. The projects are recreation related, have a deficit balance, and could be TRCC eligible. The other 15 are not TRCC eligible.

Ms. Erin Litvack, Director, Community Services Department, stated the two projects have been ongoing for a long time and were approved prior to there being a TRCC Advisory Board. In the future, if a project were to be proposed to the Revolving Fund with the intent that TRCC would pay that back; the proposal would be presented before the TRCC Advisory Board.

Board Member Cullimore stated the other items that are being added as projection items to next year's budget are for the Salt Palace and South Towne.

Ms. Litvack stated prior to 2009, the Salt Palace subsidy had always been a part of the TRCC Fund. In 2009 and 2010, the funds were drawn down out of the Fund Balance eliminating the need for the TRCC transfer for those two years, but always anticipated that coming back because it is an operating subsidy not capital. The \$1 million is a capital reserve that was established for large ongoing maintenance needs for a facility of that size.

Board Member Cullimore stated looking beyond 2011 some of the bond expenditures will begin to expire ,and around 2013, the County could start seeing the first significant increases in revenue associated with the TRCC Fund.

Mr. Folta stated there is a significant increase with the revenue projection and assuming flat for 2011 than had originally been anticipated, which helps the fund even though there is the uncertainty about the Benihana property.

Board Member Wall stated he noticed the subsidies were removed for the West Valley City Cultural Celebration Center and the Sandy Amphitheater in 2010, and then put back in 2011.

Mr. Folta stated an agreement was signed with West Valley City and Sandy City to not make a contribution in 2010, with a one year clause, and then resume contributions in 2011.

Board Member Wall stated he thought this board wanted to get rid of the subsidies and then the board would decide what a more equitable disbursement was.

Board Member Cullimore stated the Council would probably love to get a recommendation from this board to not subsidize the West Valley City Cultural Celebration Center and the Sandy Amphitheater. The Sandy Amphitheater subsidy is being relied upon for bond repayments.

Ms. Litvack stated the West Valley Cultural Celebration Center is an operational subsidy, which involves a five-year agreement. She also stated the Sandy subsidy is the interlocal agreement for operation of the Sandy Amphitheater.

Board Member Wall stated it seemed odd to have these subsidies going on. The city of Taylorsville built their senior center, paid to upgrade it, and it is a County facility. The other cities, the County builds their senior centers, and then gives the cities a subsidy to operate them.

Ms. Litvack stated the West Valley City Cultural Celebration Center and Sandy Amphitheater were both paid for by their cities, which are capital budget subsidies. The other cities came to the County and asked for assistance with an operation subsidy. She also stated the County does subsidize the operations of the Taylorsville Senior Center. The funding comes out of the General Fund, not out of the TRCC Fund.

Board Member Cullimore stated those are still sensitive items. He believes an appropriate analysis would be when West Valley City's contract runs out, this board should be the one that decides if this is something that should continue and evaluate if the Cultural Center is a valley-wide facility that justifies ongoing support out of the TRCC Fund like the Salt Palace or the South Towne Center.

Ms. Litvack stated the role of the board is to make recommendations about those expenditures and that will be done when presenting the proposed budget from the Mayor in October. Also, the Revenue Projections may change when coming back in October because the Community Services Department is not in that phase of its budgeting process yet, but it does have the projections for the 2011 revenues.

Mr. Folta stated this is a preliminary look; the Mayor's Office will be back in late October with the information that is intended to be proposed.



Overview and Master Plan for Deferred Maintenance Projects: ([11:59:55 AM](#))

Board Member Cullimore stated the idea behind the formation of the TRCC Advisory Board was to allow the community and the cities to have a say in how the TRCC revenues being generated countywide are deployed countywide. There is a very broad bucket

of projects that fall into the TRCC fund-eligible project list. Because of current economic conditions, TRCC funding has not risen as fast as initially anticipated. Now, the discussion revolves around whether there should be a greater focus on existing properties than on adding new facilities. Some mayors, particularly those in high growth areas of the valley, feel recreation facilities need to be built in their areas. To get a handle on future needs, the Community Services Department was asked to prepare an overview of capital needs and deferred maintenance requirements from the various TRCC eligible categories.

Ms. Erin Litvack, Director, Community Services Department, presented the five-year facilities maintenance plan for the Arts Center, Rose Wagner Hall, Abravanel Hall, and the Capitol Theatre. She also presented the five-year capital plan for the Salt Palace Convention Center and the South Towne Expo Center.

Salt Palace Convention Center

Ms. Litvack stated good progress has been made on the Salt Palace expansion and big ticket items on the existing part of the building. These projects were funded from a reserve established a few years ago specifically for the Salt Palace. The reserve fund was intended specifically for new carpeting (already completed in public areas), the roof, and chillers.

The County is looking at doing an energy efficiency bond, which would bring certain facilities into more energy efficient standards. The bond would be repaid with the money from the energy savings.

South Towne Expo Center

Ms. Litvack stated the five-year plan for South Towne is \$3 million. The County has been able to purchase three homes on State Street and 9400 South to increase the surface level parking. The existing parking lot has also been resurfaced. The County is, also, soliciting for naming rights to the Expo Center. If this happens, a new marquee will be built with the sponsor's name. A naming rights sponsorship would help offset operational subsidies.

Center for the Arts

Ms. Litvack stated the five-year plan for the Center for the Arts is \$2.6 million for three facilities.

Board Member Cullimore asked about expansion plans for the Capitol Theater.

Ms. Litvack stated there is an extra charge of 50 cents or \$1.00 on every ticket sold through Artix. This money goes into a Preservation Fund that is meant to enhance the artistic components of the facilities, keeping facilities artistically viable and up to date as the arts community moves and changes. A new sound system will be funded from the Preservation Fund, which typically collects \$250,000 to \$300,000 per year.

In 2011, the majority of the Arts Center projects are going to be funded. The highest priority on capital projects is a fire prevention and security upgrade to all of the facilities, costing about \$375,000.

Board Member Cullimore asked if all of the projects mentioned were also eligible for General Fund funding.

Ms. Litvack stated yes; however, the Salt Palace and Center for the Arts have been exclusively funded out of TRCC as it was the original intended use of TRCC to fund the operations of those entities. The Salt Palace Reserve Fund has been set up and been saved for by transfers directly out of the TRCC Fund as well.

Parks & Recreation

Ms. Litvack stated the County was able to acquire three large regional parks with money from the Open Space Bond. Part of the improvements is the development of those raw lands.

Board Member Cullimore asked how the list of projects is prioritized.

Ms. Litvack stated projects are prioritized based on 1) law/ordinance/health/safety, 2) projects with matching funding or grants, 3) protection of previous investments, and 4) capital improvements.

Board Member Cullimore stated the TRCC Advisory Board wants to be sure the money it spends isn't just a subsidy for the General Fund. There is not a clear bright line to say what should be General Fund and what should be TRCC funded. There is always a temptation to shift more costs to the TRCC fund for items that can also be funded by the General Fund. A lot of money is going to be freed up over the next five to seven years and it is reasonable to think a good part of the Parks & Recreation projects can be funded, but not all, out of the TRCC fund.

The function of the TRCC Board is to make a distinction between how much TRCC funding should be allocated for ongoing maintenance and capital improvements to existing facilities and how much should be allocated for new facilities and how those projects will be determined. The second function is to negotiate with the County General Fund about how much money it will contribute. If the TRCC Fund allocated every penny for the next ten years, it would not be able to fund all the capital improvements it is obligated to fund.

Board Member Dumke stated it seems that the expense stream is growing at a more rapid rate than the revenue stream. It will be helpful if the board can look at these expenses over a ten year span instead of year to year.

Ms. Litvack stated she would be happy to submit a prioritized list of the eleven major projects to the board, followed by a larger prioritized list. Budgets are submitted showing the capital improvement projects, even though there will not be money to fund them. The idea is for everybody to see the big picture of what needs to be done.

Board Member Priskos stated on previous projects, 17 percent of funding came from TRCC and TRT. Right now \$300,000 is needed immediately. He asked if 17 percent of that money would still come from TRCC and TRT and the remainder from the General Fund and ZAP.

Ms. Litvack stated there is nothing left in the ZAP Fund. Beyond that, the projects would be thrown into the General Fund pot with all the other County projects. This year it is looking like anything that happens in TRCC eligible areas is going to come out of that \$1.5 million for TRCC. Because funding is so scarce this year, she will likely ask the Convention Facilities Advisory Board for permission to use the Reserve Fund for some of the projects; otherwise, nothing will get done.



Future Meetings

Board Member Cullimore stated the next meeting will be in October and will involve a 2011 budget presentation. The board will hear a brief overview of the General Fund issues and discuss recommendations to facilitate the effect of the budget on the TRCC fund. The meeting is tentatively planned for Tuesday, October 19, 2010, at 10:30 AM.

At a future meeting, the board should take a serious look at long term projections, and how money might be used as bonds expire.



The meeting was adjourned at [1:11:53 PM](#).