

TRCC Advisory Board
October 19, 2010
Salt Lake County Government Center, N2003
11:30 a.m.

Board Members

Present: Kelvyn Cullimore - Chair
 Zeke Dumke
 Tom Pollard
 Vasilios Priskos
 JoAnne Seghini
 Andrew Stephenson
 Russ Wall

Also Present: David Delquadro, Heather Mastakas, Kelly Wright and Kara Trevino,
 Council Office; Nichole Dunn and Darrin Casper, Mayor's Office; Erin
 Litvack, Community Services Department.



Board Member Kelvyn Cullimore, Chair, presided.



Approval of Minutes

The minutes of the August 30, 2010 were amended to include Kelly Wright, legal counsel for the Salt Lake County Council, in the list of attendees.

Language included in discussion about the Center for the Arts, in response to Mayor Cullimore asking whether all projects mentioned were eligible for General Fund funding, was amended as follows:

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.

Board Member Wall, seconded by **Board Member Dumke**, moved to approve the minutes, as amended, from the August 30, 2010, TRCC Advisory Board meeting. The motion passed unanimously. .



Status of Efforts to Market Arrow Press Square Property

Ms. Erin Litvack, Community Services Department Director, reported that since the last meeting, Salt Lake County received two offers for the Benihana building. One offer at full asking price was accepted. A hearing before the County Council will take place November 2, 2010, to approve the sale. The goal is to close on the property within 45 days. Revenue from the sale of the building will go to the TRCC fund. The leases for Benihana and the Blue Iguana have both been renewed.

Board Member Vasilios Priskos asked if it was a cash offer or subject to financing.

Ms. Litvack replied that she did not have the financing details.



2011 Budget Recommendations

Mr. Darrin Casper, Chief Financial Officer, Mayor's Office, reviewed the 2011 projected revenue and Mayor's recommended budget for the TRCC fund. New Government Accounting Standards Board (GASB) rules will impact fund balance transfers into and out of TRCC. The result should be increased transparency, but year-to-year comparability will be skewed next year. The Mayor's proposed budget is flat, and fund balances satisfy Salt Lake County's financial reserve levels.

One large component of the 2011 budgets is capital improvement transfers, including \$380k to Fine Arts for fire suppression systems, various transfers for the County's new Voice-Over Internet Protocol (VOIP) system, and \$1 million to the Capital Projects fund for improvements at the Salt Palace. As in prior years, \$500k is being transferred to the Capital Revolving Loan fund to repair and replace equipment at recreation facilities.

The 2011 budget does not anticipate a subsidy to the Salt Palace. Transient Room Tax (TRT) had enough this year to contribute to the Salt Palace, and the sale of the Benihana building also helped. However, a \$2.2 million placeholder has been included in the 2012 budget.

Chairman Cullimore asked what other sources of revenue help fund Salt Palace operations.

Mr. Casper replied that in addition to revenue generated by the Salt Palace, a portion of TRT goes to the Salt Palace. Bond debt service levy currently exceeds bond payments.

Fund transfers to the Equestrian Park, Open Space Maintenance Program, Recreation, and Capital Revolving Fund are consistent with the 2010 budget fund balance transfers. The \$350k for Parks/Open Space covers maintenance and fire prevention for a large area of open space, which was mostly acquired via the open space bond. The TRCC transfer to the General Fund for Recreation Facilities is \$14.4 million, consistent with the 2010 budget. This amount covers about 90% for recreation facilities, rather than 100% as in the past. Two

major recreation centers are opening: Herriman and Northwest. This amount also covers park maintenance associated with them.

Board Member Wall stated that, like the Golf Fund, the Equestrian Park should be more self-sufficient and funded by users.

Ms. Litvack explained that the \$530k transfer to the Equestrian Park is the standard subsidy to maintain operations, but they are looking at ways to become more self sufficient. Most revenue comes from boarding horses, but an expo is also available. The subsidy also covers the County Fair.



Interlocal Agreements

Ms. Litvack outlined the interlocal agreements for 2011. The proposed budget reinstates payments to the West Valley Cultural Celebration Center in the amount of \$300k; Sandy Amphitheatre in the amount of \$300k (increase to \$456k in 2012); Sugarhouse Park in the amount of \$200k; and SLCVB Ski Salt Lake Program in the amount of \$450k. The SLCVB Ski Salt Lake Program expenditure is statutorily required. The WVC Cultural Celebration Center and Sandy Amphitheatre payments were suspended in 2010.

Board Member Priskos asked why the amount for the Sandy Amphitheatre goes up in 2012.

Ms. Litvack replied that the agreement stipulates the increase, which will remain at that level for the duration of the agreement.

Board Member Cullimore asked that expiration dates on these subsidies be provided at the next meeting.



Revenue Projections and Subsidies

Mr. Casper outlined the most recent revenue projections for Salt Lake County. Revenues were down 5-16% over the past two years, depending on revenue source. Revenues are projected to increase 3% year-over-year which is very encouraging.

In 2008, debt service was \$28 million. Debt service has dropped from \$16.9 million in 2009, to \$4.4 million in 2010, and will drop to \$1.6 million in 2011 and 2012. The 2011 projected fund balance is \$9 million, and the fund looks healthy.

Board Member Cullimore noted that the purpose of the TRCC Advisory Board was to review and recommend uses of funds that were available as a result of debt service falling off. With the redirection of funds to Recreation to relieve pressure to the General Fund, he wondered if the purpose of the Board has changed. He recalled that a \$65 million potential bonding capacity was given at an earlier meeting. If the subsidy to the General Fund continues, we won't see the benefit from the drop in debt service.

Mr. Casper agreed that more analysis is necessary and stated that he understood Chairman Cullimore's concerns. A roadmap to get the TRCC Fund back in that direction, including a review of future transfers to the General Fund, is necessary. He agreed to work with Ms. Litvack and staff on a long range plan that incorporates the new GASB requirements and considers long range revenue and priority expenditures. .

Board Member Cullimore said he has informed COG that capital improvements are a higher priority for the TRCC Fund than new projects at this time. We need to sustain what we have before we move on to new projects, and deferred maintenance needs far exceed available resources.

The good news is that fund balances are healthy through 2012, and a strategy to get back to the \$65 million target will be a step in the right direction.

Board Member Dumke agreed that a 5 year straight-line projection on expenditures and revenue will be valuable.

Board Member Priskos added that a \$5 million fund balance going forward should be sufficient.

Mr. Casper stated that if the Transient Room Tax generates enough, we won't need to use TRCC funds as a subsidy to the Salt Palace.



Cultural Facilities Review & Support Process

Ms. Litvack went over the Cultural Facilities Support Program Review & Implementation handout. A Citizen Advisory Board will be appointed; this group will make project and public funding recommendations to the Mayor and Council. Any cultural facility coming to the County for funding will go through the review process outlined.

Board Member Cullimore noted that this will impact the TRCC Fund.

Board Member Dumke agreed and asked to what extent the process will overlap or work with TRCC Board functions, and how the TRCC Board can weigh in on the process.

Ms. Litvack replied that one member of the Cultural Facilities Review Committee will come from the TRCC Board. Further, while the Cultural Facilities Committee will make recommendations, the Mayor and Council will ultimately designate the funding source. The process is designed to coincide with the County's annual budget cycle. The TRCC board will continue to have the same opportunity to weigh in on these projects as it currently does.

Board Member Priskos noted that a review of projects once per year might be sufficient for major projects, but asked whether an annual review would be sufficient for things like feasibility studies or smaller projects.

Ms. Litvack replied that the County will work with the Committee all year, and while funding recommendations will be made to coincide with the annual budget recommendations, that mid-year or interim review and recommendations can also take place.

Board Member Cullimore suggested that Mayor Seghini would bring very good experience and a broad knowledge base to the Cultural Facilities Support Program Review Committee.

Board Member Seghini said she would be interested in representing the TRCC Board on the Committee.

Board Member Wall, seconded by Board Member Dumke, moved that Board Member Joann Seghini be appointed as the TRCC representative on the Cultural Facilities Support Program Review Committee. The motion passed unanimously.



Bylaws, Appointments, and Attendance Requirements

David Delquadro, Fiscal Manager for the County Council, provided an overview of the original terms and expiration dates of the TRCC Advisory Board. Of the 9 members, 5 were given one year terms and 4 were given two year terms. Of the COG appointments, all members with the exception of Mayor Wall were appointed to one-year terms initially. All have served subsequent two-year terms, although term start and end dates differ in some cases from the By-laws. As it stands, all appointments are set to expire December 31, 2011, with two exceptions: Mayor Wall, whose term ends December 31, 2011, and Board Member Priskos, whose term ends May 19, 2011.

In Board Member Priskos' case, because there was a gap in between when his term expired and when he was appointed to a second 2-year term, his second appointment can be considered a new appointment rather than a re-appointment, and he is eligible to serve another term. The same would be true for those whose terms expire at the end of this year. If they are appointed for a subsequent term in February, it could be considered a new appointment rather than a reappointment due to the break in service.

Board Member Cullimore agreed that the two term limit in the Bylaws does not allow sufficient time for Board members to fully understand the process. The learning curve is very steep and to have an entirely new slate of board members would be difficult.

Mr. Delquadro noted that the Bylaws could be changed, or there could be a break in service to allow for current members to serve another term.

The group discussed whether there should be attendance requirements. It was agreed that any new appointments would be made in February. The Board will consider amending the Bylaws to include an attendance requirement and to allow for longer terms or more than two terms.



The meeting was adjourned at 1:15 p.m. The next meeting will be held in February, 2011.