
MEMORANDUM

DATE: February 16, 2007
TO: City Council Members
FROM: Nancy Saxton, City Council Member, District 4
RE: Potential Funding Options for gap in renovation of Central City Recreation Center

BACKGROUND

Central City Recreation Center is one of the oldest County-operated recreation facilities in Salt Lake City. The City contributed \$25,000 in CDBG funds towards a master plan was recently finalized that proposed to renovate and rebuilt the center, which is in dire need of extensive repairs. The master plan called for roughly \$5 million in renovations. Unfortunately, when the County Council went through their most recent Zoo, Arts, and Parks (ZAP) allocations, only \$2 million was allotted for this purpose.

The City has a long history of participating in funding for capital improvements for recreation centers around the City (see chart at the end of this memo). The County owns the majority of these facilities, but the Council has historically invested in improving them on the policy basis that they are a vital community asset.

FUNDING NEEDS

The County's contribution of \$2 million would be sufficient to do the most basic of remodeling, but would not adequately address the growing needs in the community. The Central City Recreation Center serves the south east downtown area, with some of the lowest income levels in the City. The master plan was developed with this population and these growing needs in mind.

Therefore there is a gap of \$3 million that would need to be filled in order to fully renovate the Central City Recreation Center and completely address the needs of the community.

One component of needs that will not be met with a \$2 million investment will be the need for acquiring more land for parking. There is ideal property located adjacent to the Central Community Recreation Center land that is now on the market.

County Mayor Corroon has indicated that sources for filling this gap need to be firmly identified by the end of February, so that the County can notify all responders to the original RFP that the scope of the project will be changing.

POSSIBLE GAP FUNDING SOURCES

The following list outlines a variety of sources by which to fill this \$3 million gap. I would like to request Council support to pursue any and all of these funding options so that the City and County can upgrade this facility to be a facility that these area residents can use.

1. Sale of the Kiwanis-Felt building – The City and County share joint ownership of this building (40 percent County/60 percent City), on 900 East between 400 and 500 South, which is intended to be sold in the very near future. The building was previously used as a gym/recreation facility, but was determined to be too small given the demand in the community and is no longer operational. Mayor Corroon has indicated a willingness to donate the County's proceeds from this sale to the Central City Recreation Center project (subject to County Council approval). It is estimated that the building could sell for between **\$500,000** and **\$550,000**. Interested parties have already contacted the City regarding the sale of this property.
2. RDA/Skate Park Funds – The RDA Board of Directors has previously appropriated **\$100,000** order to construct a modular skate park at the Central City Recreation Center. These funds have not been expended because the RDA was awaiting the results of the master planning process. The Board of Directors could decide to re-allocate these funds towards the general renovation of the Central City Recreation Center – either to purchase land or for other renovation costs.
3. Surplus Land Account – Currently there is just over \$305,000 cash available in the City's surplus land account. The Administration has indicated in recent discussions that \$3 million, likely more, could be added from the sale of the Warehouse at the International Center. This would bring the surplus land account to over **\$3.3 million**. Any portion of this money could be used to fill the \$3 million "gap". Other up-coming possible additions to this account are the following:
 - In previous discussions, the Council had indicated that they were not interested in reimbursing the surplus land account with bond proceeds for the purchase of the new Fleet Facility site. Because the bond has not yet been issued however, the Council could decide to add the \$3.1 million purchase price for the land to the bond, and reimburse the surplus land account. This would increase the City's debt service on the Fleet Facility bond by approximately \$200,000 per year, but would increase the balance of the surplus land account to \$6.4 million.
 - The Council has also discussed the sale of what will eventually be the old Fleet Facility site. It is conservatively estimated that the sale of this property could add \$6 million to the surplus land account. The complicating factor however, is that this site will not be available for sale until after the new Fleet Facility is completed, which is now expected to be sometime in spring or summer 2008.
4. New Markets Tax Credits (NMTC) - Conversations with the Administration and with the City's New Markets Tax Credit consultant indicate that this project would qualify under the federal law for use of NMTC funds. The City's consultant indicated that because the County owns and operates the facility, they

would have to take the lead in pursuing federal NMTC, and structure a “deal” very similar to that of the Sorenson Unity Center – create a non-profit entity to develop and operate the center during the tax credit period (7 years).

Conversations with the County Mayor and staff have indicated that the County is willing to investigate this program. The City’s consultant estimates that with \$2 million in cash, approximately **\$600,000** in NMTC funds would be available.

More cash up front could possible leverage more NMTC funds.

5. City Sales Tax Bond – The Council could decide to bond for the \$3 million gap. It is estimated that annual debt service on a **\$3 million bond** would be approximately \$200,000 per year on a 20 year bond.
6. Federal Funding Options – The City’s federal lobbyist, Len Simon, is finalizing a memo outlining the various federal funding options that might be possible for this project. As of the time of this memo it is not known how much this option would generate.
7. City Grant Writers – The Council could request that the City’s grant writers take a look at this project and apply for any and all grants that may apply. At this time it is not possible to estimate how much this option would generate.
8. Open Space funds – If the adjacent parcel of land that the County is now pursuing is not used for anything except more park space, then it is possible that the Open Space Board could approve the purchase of that land, thereby offsetting the renovation costs for the County. Not enough detail is known about the eventual use of this land however, to make a clear determination that Open Space funds

PAST CITY INVESTMENT IN COMMUNITY/RECREATION CENTERS

	Year	Amount	Source	Description
10th East Senior Citizen Center	ongoing	n.a.	GF	Landscaping Maintenance
	2004	\$ 43,300	CDBG	Site Improvements
	2003	\$ 50,000	CDBG	Site Improvements
	1992	\$ 150,000	CDBG	HVAC Improvements
	1982	\$ 215,000	CIP	Building Addition
<i>Total 10th East Senior Citizen Center</i>		\$ 458,300		
Central City Recreation Center	2005	\$ 25,000	CDBG	Master Plan
<i>Total Central City Recreation Center</i>		\$ 25,000		
Northwest Multi Purpose Center	2005	\$ 40,000	CDBG	Master Plan
	1981	\$ 160,000	CIP	Building Addition
	1980	\$ 21,000	CIP	Interior Renovation
	1980	\$ 147,000	CIP	Building Improvements
<i>Total Northwest Multi Purpose Center</i>		\$ 368,000		
Westside Senior Citizens Center	ongoing	n.a.	GF	Landscaping Maintenance
(City-owned building)	1993	\$ 140,000	CDBG	Re-roof
(City-owned building)	1988	\$ 6,500	CDBG	Re-roof
	1986	\$ 11,000	CIP	Landscaping
	1982	\$ 40,000	CIP	Parking Lot
<i>Total Westside Senior Citizens Center</i>		\$ 197,500		
Liberty Wells Senior Center	ongoing	n.a.	GF	Landscaping Maintenance
	2000	\$ 450,000	CDBG	Design and Construction
	1999	\$ 250,000	CDBG	Design and Construction
<i>Total Liberty Wells Senior Center</i>		\$ 700,000		
Fairmont Park Swimming Pool & Area	1982	\$ 165,000	n.a.	Pool
	1982	\$ 145,000	n.a.	Site Improvements
	1982	\$ 19,000	n.a.	Parking Lot
		\$ 175,000	n.a.	Park Pond
<i>Total Fairmont Park Swimming Pool</i>		\$ 504,000		
Glendale Youth Center	1995	\$ 3,200,000	n.a.	Building Addition
	1995	\$ 245,000	CDBG	Parking Lot
	1993	\$ 25,000	CDBG	Athletic Floor
	1993	\$ 150,000	CDBG	Mechanical/Re-roof
	2000	\$ 74,000	CDBG	Ball Field Improvements
<i>Total Glendale Youth Center</i>		\$ 3,694,000		
Steiner Ice Arena	1999	\$ 10,700,000	bond	Building/Ice Arena, etc
(City-owned)	1999	\$ 265,000		Excavation for Building, etc
<i>Total Steiner Ice Arena</i>		\$ 10,965,000		
Liberty Park Pool Area	1994	\$ 703,000		New Pool/Site Work
<i>Total Liberty Park Pool Area</i>		\$ 703,000		

In total the City has contributed over \$6 million to various recreation facilities (some county-owned), not including the nearly \$11 million contributed for the Steiner Ice Arena/Pool.