

SPECIAL CITY COUNCIL
OCTOBER 29th, 2014

The City Council held a meeting on Wednesday, October 29, 2014 at 4:00 p.m. in the Festival Hall, Rooms 5 and 6, 105 North 100 East, Cedar City, UT.

MEMBERS PRESENT: Mayor Maile Wilson; Councilmembers: Paul Cozzens, Fred Rowley, Don Marchant, John Black.

STAFF PRESENT: City Manager Rick Holman, City Attorney Paul Bittmenn, Leisure Services Director Dan Rodgerson, Parks & Outdoor Facilities Director Austin Bingham, Finance Director Jason Norris, Executive Assistant Barbara Barrick.

EXCUSED: Council Member Ron Adams

OTHERS PRESENT:

Debbie Drake, Deborah Snider, Joanne Brattain, Ron Pisaturo, Bruce Barclay, Nathaniel Taggart, Jeff Lowe, Brian Nichols, Suzanne Tegland, Donna Law, Thomas Ybarra, Jyl Schuler, Tom Jett, Zurl Thornock, Cathy Wentz, Todd Prince.

Mayor Wilson called the meeting to order at 4:05 p.m.

BUSINESS:

RAP TAX DISCUSSION:

David Louthan attended via telephone. Cozzens - One of the challenges we have is the operating costs for our buildings. Tooele built an 18 million dollar Recreation Center and then two of their large businesses moved out of the county, taking lots of tax revenue with them. The City was placed in a difficult position and didn't have enough funds to operate the Rec Center and had to shut it down. We have spent lots of funds on recreational facilities over the last several years. The trail system is a good place to use RAP Tax funds, and there is not too much maintenance. Rick - We refurbish the asphalt every four years. Cozzens - The RAP Tax allows us to have enjoyable things in the community. But the more amenities we have, the more we have to figure out how to refurbish them and maintain them. In the Heritage Center, we will need new carpeting and we have set zero funds aside for these things. In using the RAP Tax to fund capital items etc. we want to make sure they are taken care of. I would like to change the ordinance and put some funds aside for repairs. We estimate that we will receive 4 million over 10 years for the RAP Tax. If we set aside ten percent of these funds, we would have \$400,000, so we could maintain what we have built.

Rick - We talked about this during the last budget session and decided it was worth having a discussion. We have invited the chairs of the RAP Tax Committees because we want to have all the information before we begin working on the budget in three months. Cozzens - Most of the people I have talked to about this have felt it was a good idea,

although Sara Penny mentioned that the City used to have a full time grant writer and at the time the Heritage was built, we were to obtain grant funds for maintenance and wondered about continuing that. She was concerned about using RAP Funds. Mayor – A concern expressed during the budget meetings was keeping the one third going to each group and to make sure the one third that goes to the Arts would go to the maintenance of facilities. And the third to Parks to support the Parks. John – Can we use RAP Tax on infrastructure that was not constructed with RAP funds? Paul B. – Yes. David – It sounds like the proposal is to use RAP Tax funds to make repairs and one of our recommendations this last year was for that. My understanding is that it is currently allowed in the ordinance. Paul B. – It is allowed and we have done some of this in the Parks allocations in the past. We gave funded upgrades on bathrooms, etc. The proposal is to make it more formal and not do this during the allocation process, but place it in the City budget. David – Can the change to the ordinance be made since the ordinance was approved by the voters? Paul B. – The ballot proposition to voters was to put the RAP Tax in effect again and we listed all the purposes that the state law allowed. Changing the ordinance would comply with state law and Council has discretion on how to change the ordinance, so there is no vote needed.

Joanne – I am the Chair of the RAP Tax Arts Committee. I looked at the number of groups on the Arts side, and of the 14 groups, eight already pay rent to the Heritage Theatre. This is the only building on the Arts side of this equation. Paul B. – The Library could be included in the Arts side. Joanne – Eight groups pay rent to the Heritage, so they are already contributing to the maintenance of the facility. I understand the budget is for the whole building, but is the carpet for the whole building? Rick – The County owns Festival Hall, but the City provides the maintenance. Joanne – I don't think funding for maintenance should come from the Arts side. I could assist in obtaining a grant for the carpet by using the students at SUU to write one. This would be an option rather than taking funds out of the Arts side. I can't speak from the Parks side, but you can't build buildings without providing Operations and Maintenance (O & M) for them. Hopefully we've learned our lesson.

Cozzens – At the Aquatic Center, there are some major repairs needed, and we don't know where the funds will come from. Joanne – I understand the need for O & M and we need to be fiscally responsible, but don't take money away from the groups. Rick – The City did a sales tax bond when the Heritage Center was built and the bond will be retired in June of 2021. Current rents on the Heritage make up a third of the operating expenses. It's good to look at other options such as grants. Don – Grant writing is an absolute must. There are many we are not aware of. Interns from the University assisting the City with grants would be a great opportunity. We would be remiss if we don't take advantage. Joanne – We will make sure the students approach the Arts groups. We'll add the Heritage Center to the list. Mayor – We can always come up with grant needs. Rick – We had a grant writer for many years and in some years the grants obtained offset the salary. At the time we made the position cuts, the City felt we couldn't justify the position. Fred – You have to develop a rock solid way to fund the maintenance and then fill in the gaps with grants.

Debra Snyder – I am President of the Cedar City Arts Council – We could do some fund raising events sponsored by the Arts Council to raise funds and look for sponsors. We have a whole menu of opportunities for funding for the Arts side. I am concerned about the Arts portion of the RAP Tax. We have an incredible need, and we need the operating costs for each of the Arts groups. I would hate to see any deduction. How about the spirit of what the voters voted for? Don – We can deal with any objections appropriately, but we would like to explore all the options before we decide where to go next. The applications for these funds will probably grow each year and we need to maintain the growth, but we need to have sufficient funds for the O & M as well.

Joanne – I personally am addressing only the Arts side, since that is the side I know. David – I think it's a great idea, and we need to think about maintenance and the O & M for all of these things. But we also need to leave the door open for growth and improvement. I like the idea of having a percentage set aside, but I can also understand the Arts side. They don't have as much infrastructure and don't receive as much money as the Parks side. If we allocate a percentage I think we should have it based on the entire RAP Tax amount. Some years we may spend more on maintenance and some years more on structures. I don't think we should handcuff ourselves to an ordinance that doesn't allow us to grow. Cozzens – Maybe we could set aside a smaller percentage over-all and a larger percentage that is project specific. Joanne – Project specific instead of across the board. That could work. Jyl Schuler – Is there a chance that the percentage could creep up? This would inhibit what we can do with the amounts we have. We want to be part of the team, we but need to decide what the formula will be and if it will remain constant. Don – We need to be careful that it doesn't take away from the real intent of the RAP Tax. Jyl – Hopefully Cedar will grow and the tax amount will increase. We just want to have a cap on the amount and whatever remains put back into the funds in an equitable division.

Mayor – If we go down this path we would include this cap. Joanne – What other alternatives does the City have for funding instead of the RAP Tax? Cozzens – Maintenance ends up coming out of the General Fund and we put more and more burden on it. This is funded by property and sales tax and it is tight. We currently have an Aquatic Center and no funds for O & M. Fred – It's like having eight kids and not increasing your salary. Rick – The Aquatic Center is a great facility, and the community enjoys it. But when we had the old pool the School District and the City split the subsidy equally. We paid \$130,000 out of the General Fund each year. With the new Aquatic Center, we pay quite a bit more out of the General Fund. The School District maintained their amount of subsidy, but the City pays the rest. Todd Prince – If the change takes place, what about other organizations such as YETI or Frontier Homestead? Could we apply for maintenance funds? Cozzens – The beauty of YETI is they take care of all that themselves. Paul B. – With what's proposed, there would be an application process each year whether for maintenance or for building. This is permitted currently in the ordinance. Todd – Would the change impact the prospect of awarding RAP Tax funds to organizations that want O & M funds? Jason – The maintenance funds are for the City. Your application would be for O & M. Paul – This would not be out of the set-aside amount, but out of the whole pot of RAP Tax funds. John – Can he apply for project

money and maintenance out of the 10 percent that is set aside? Paul B. – We haven't defined it, but the proposal I'm hearing is for maintenance of City-owned facilities. Joanne – But you could apply for O & M within a project. David – So you couldn't apply for someone to clean or for toilet paper? I just want to make sure we're on the same page. Paul B. – Operational expenses are permitted, but it is a risk for the application, as the board members would probably not look on requests like that favorably. David – So the application process is not changing, but we are designating a percentage for long term maintenance? Paul B. – Correct. Joanne – So there would be 10% allotted to the City for distribution? Mayor – We are working that out.

Nathaniel – What is the projection for the O & M needs for the City? It sounds like the needs are much greater than the \$400,000. We need to make sure that if we're looking for a solution, it is really a solution. Mayor – We began putting together a maintenance program in the last budget process. We are doing long term projections city-wide. John – If we do this on a percentage basis and all groups only receive one third each of the funds, it cuts their awards down even further. Cozzens – We have to start somewhere. Mayor – We used carpet as an example, but other items, like lighting, we have projected out in our budget on a five year basis. So we have some of these costs for this facility. Improvement and maintenance of the Heritage Theatre would enhance the experience for the Arts groups. Joanne – What about the rent that the various groups pay to use the facility? Mayor – The rent covers the basic cost of using the facility, such as technical staff, janitorial and power, etc. Jason – We are upside down \$230,000 on this building. Joanne – I feel it should be budgeted separately between Festival Hall and the Heritage Theatre. They have totally different uses.

John – I would like to look at the grant writing issue that came up. I have some problems with taking RAP Tax and applying it to existing situations that were already created. We may have to come down to that. I don't see it being a catch all. It is only fair to apply it to projects that will impact city staff and it would affect the Parks more than the Arts side. Cozzens – If we allocated funds that were project specific, and not a retroactive percentage, it would be more fair. John – Although this building has received RAP Tax funds, it was for sound equipment. It's the same at the Aquatic Center. The funds that were received were for furniture, fixtures and equipment (FF & E) and didn't require maintenance. Joanne – Is this building the priority for maintenance because it's the oldest? Mayor – We're discussing this building because the Theatre is used by the Arts groups. John – Same goes for all of the buildings. Ron Pisaturo - I'm a concerned citizen and I'm the acting chair of the board of the Neil Simon Festival. I am speaking for myself today, though. So the RAP Tax was reauthorized for another 10 years but the City Council can rewrite the ordinance without going to the voters? Paul B. – Yes. Ron – How about discontinuing the RAP Tax? Could that be done? Paul B. – Repeal the RAP Tax? I don't why they would, but they could change the ordinance within the bounds of state law. Ron – So it's optional and they could repeal it? Don – There are too many advantages to repeal the RAP Tax. Ron – Is there any provision, either informally or formally, to review it and see if it should continue? Paul B. – It is expensive to put it on the ballot. Ron – Could there be a provision to review it in a few years? 10 years is a long time. Rick – We are reviewing it today. Fred – Do you want to discontinue it

because the maintenance is a burden to the city budget? Ron – It should be repealed as it hurts the Arts. It is socialized Arts. I moved here to Cedar City for the political freedom, but stayed for the Arts and my friends. I love freedom and I love the Arts and I think government funding of the Arts is the wrong way to go. It is forcing people to support spiritual endeavors. It undercuts your stand against government intrusion if you allow this to happen in the Arts. The separation of the State and Art should be the same as separation of Church and State. Fred – What about the Parks side of it? Ron – In the long term that should go away but there is some precedent for the government to own Parks. Government funding of the Arts is new. Don – I appreciate your comments, but the voters voted to continue for 10 more years so the decision has been made. We need to make sure any proposal meets the qualifications of the ordinance. That argument a year ago might have borne more fruit. Fred – You do make a valid point. Ron – I could make the point in the newspapers and then residents could approach it and have it brought back on the ballot. Mayor – Yes, you could do that, but the margin was 68% of the voters approving it when it passed. If you feel like pursuing that avenue, you can, but it has now been approved for 10 years.

Carrie Fain – I am the president of YETI. I think the RAP Tax is an amazing thing and the community has benefitted from it and it has bettered the community. Not just the rink, but the the upgrades in the Arts department for our children and the opportunities for low income families. Without the RAP Tax much of this would not be possible, so abolishing it would be crazy. I can see the public getting upset about setting a portion aside for maintenance, even though it is not much money out of the taxes. The community needs to be involved. I have faith in the RAP Boards, that they will go into the community and see what residents think is needed. Blaine Nay – I am a taxpayer and a home owner. The government should protect our safety and protect our rights. Those are needs. The RAP Tax pays for things we want, not that we need. When entities come to the City for RAP Tax funds, then they are not budgeting for maintenance for the things that are constructed. That means the citizens sacrifice maintenance of the sewers etc. that are necessary for public safety. The RAP Tax needs to pay for maintenance of RAP projects. The City budget should not have to absorb this. Cozzens – If the RAP Tax created it, it should be maintained by the RAP Tax? Voters have supported the RAP Tax, so that's not on the table. Rick – It would also negate using a portion of the RAP Tax funds for carpeting in this facility. Fred – If the RAP Tax could cover some of the maintenance, then the general funds could be used for things the RAP Tax didn't build. Joanne – We could pursue grants. Fred – Donors like to donate to things that are exciting, not pay for carpet.

Jennifer Weaver – I've been involved with the RAP tax and campaigned for it the first time it was passed. When we sold it to the public, it was meant to create new experiences for the youth in the community and we have done that. I'm not sure what the plan was before the Heritage Center was built, and there was skepticism about the Aquatic Center too. As we do the maintenance studies, I would love to have a study of the programming in the Heritage Center and in the Aquatic Center to see if we can enhance it to utilize the buildings to bring more funds in. We had ideas for youth dance programs, for example. Getting college girls to set them up wouldn't be difficult. I realize the day care and some

of the other money making options were left out of the Aquatic Center. I like the idea of looking at these two buildings and enhancing the programming. Don – They are used for meetings like these. Jennifer – I think Cedar is missing the boat by not providing more youth tournaments. Those things bring funds into the community. I agree with the idea that you need to use some funds for maintenance of RAP Tax projects. Future maintenance should be accounted for, and maybe not go back to fund things from the past. Mayor – Come and meet with me and we can brainstorm about programming.

Rick – There is a perception that youth programs shouldn't have to pay for their programming. That would be an important part of the study. Jennifer – I would love to help with that. Mayor – There are some things that this Council has begun to look at, such as individuals looking for fee waivers. We want to encourage these groups to seek outside sponsorships, because the fee waiver gets dumped back on the City. Council has been very good about looking at those and finding alternative ways to fund the group or event. Jennifer – If other communities come to Cedar City, it would be great. For example, I will be out of town the next several weekends to attend tournaments because those experiences are not happening here. I will be spending my money in other communities. Don – Good point. Jennifer – What department does the tournaments? Cozzens – It's the Events Department and Byron does a great job with that. John – It's not that we don't bring them in, we allow someone else to run them and all we get is the fee for the use of our facility. Jennifer – When they bring in teams, the sponsors make the money. If someone in the City could run the tournaments, it would bring the funds back into the City accounts. John – We have limited staff and we need to go out into the community to get a support group. Cozzens – We get sales tax revenue from groceries, gas, and concessions when they come here. There is a balance there. Jennifer – I think it's a great way for income to subsidize other things.

Zurl – I'm here as a citizen and what concerns me is that we're mixing short term needs with long term needs. RAP Tax is short term even though it's 10 years. Our buildings are here for the long term. We can't pay for long term needs with a short term revenue source. Mayor – This will not be the last discussion regarding this. We are just starting the conversation today. We wanted to get public input and this will be an on-going discussion. If anything is changed we will have more public meetings to discuss the different aspects of the proposals. Paul B. – I respect John's points. If we were between a rock and a hard place in making the Heritage Center attractive to visitors, would the Arts groups be willing to support some funds towards carpet here, even though the building was not funded by the RAP Tax? Joanne – I am one of seven members of the Advisory Board, so I can't speak for the rest of the board, but I would prefer we approach other options first. We have struggled with the RAP Tax and the Transient Room Tax (TRT). We had understood the Shakespeare Festival would get the TRT and then this would free up more funds for other Arts groups. There is a push pull with the existing groups, some of them are key to our community and then there are the emerging groups that are primarily for the younger and lower income residents. Cozzens – Mayor Burgess made the fees at the Heritage Theatre affordable so the emerging groups could use it. Joanne – During the last RAP Tax meetings, groups that held free concerts were encouraged to ask for donations and also to make sure the RAP Tax is not the only source of their funding.

There are groups that would not exist without the RAP Tax and I didn't agree with that idea. Fred – For those who are concerned with the government being involved with the Arts, in many cases these things bring in people from outside of the community and serve as fund raisers for the City. Joanne – There was a recent study that said that the Arts opportunities in Cedar City generated 45 million in revenue. Most was for the Shakespeare Festival. Now have SUMA and have expanded the Theatre but the sky is the limit. I can't believe how rich the Arts activities are in our community, and I moved here from San Francisco.

Don – I am grateful so many people attended this meeting. I appreciate the interest and the input. We need to have the collective thoughts of the community to make appropriate and wise decisions. It is vital and involves the entire community. Cozzens – I also appreciate the input. I have learned some things today that I hadn't thought of. Joanne – What will happen next? Mayor – We will continue to work with you in looking at additional options for funding and finishing the long term planning. The Council members will continue to brainstorm and we will come back together and have another meeting. John – Do we need to give a 90 day notice if we change the ordinance? Paul B. – That doesn't apply here. John – Let's set a time that we meet again. Rick – We can put together the budget schedule and we can backtrack and have a discussion. Cozzens – How about having this as an agenda item at a regular Council meeting? John – I think we should immediately pursue grant writing opportunities. Joanne – We'll have students available to do this in the spring semester. I'll take care of that. Mayor – Should we have a special council meeting or have it as an agenda item? John – I would like that. Mayor – We'll do a little bit more work and try to have another meeting in early December. We'll look at dates and do the same thing we have done here, and we'll come back with some more answers and ideas. Joanne – Will we have the information on the long term needs of the buildings by then? Rick – Not by then but we will when we start the budget process.

ADJOURN:

Motion to adjourn by Council Member Don Marchant; second by Council Member Paul Cozzens. Meeting adjourned at 5:25 p.m.


Barbara Barrick, Executive Assistant