

The Historic Scott School Property and Pioneer Craft House Inc.

September 2005 to June 2013

September 2005. Granite School District announced that it intended to sell the Historic Scott School property. In response, several organizations – including the University of Utah, Salt Lake County, and Utah State University – wrote letters to the District asking that the property be preserved.

25 January 2006. William Anderson, Chair of the South Salt Lake City Council signed a letter to the Salt Lake County Z.A.P. Recreation Advisory Board supporting the application of Utah Open Lands and Pioneer Craft House Inc. to purchase the Historic Scott School property.

10 May 2006. Utah Open Lands submitted an offer to purchase the 1.68 Historic Scott School property from the Granite School District. The offered purchase price was \$530,000.

- Eventually, Salt Lake County decided to purchase the property using Z.A.P. funds, with the understanding that the City of South Salt Lake eventually owned the property.

23 May 2007. At a work meeting of the South Salt Lake City Council, Council members discussed whether to agree to the acquisition of the Historic Scott School property – which would eventually be wholly owned by the City of South Salt Lake.

- Council Chair Casey Fitts raised a question regarding the City's long-term obligations relating to the property.
- Council member Weaver said he understood that the purchase of the property may include continuing the lease of the property to the non-profit with the City providing ongoing maintenance and other facility support. Council member Weaver said that if the City agreed to a lease with the non-profit as written¹ there would be no incentive for the non-profit to become self-sufficient and maintain the property. Council member Weaver felt that the lease should require that the non-profit be responsible for the maintenance of the property.

¹ The City Council had received a draft lease between the City of South Salt Lake and PCH. That lease required PCH to pay one (1) dollar per year for the lease.

23 May 2007. At a regular meeting (following the above work meeting) of the South Salt Lake City Council, Council members discussed a resolution authorizing the execution of an Interlocal agreement between the City and Salt Lake County for the acquisition of the Historic Scott School property.

- City Attorney David Carlson explained that while the non-profit had once been a thriving organization it was currently “weak.” David Carlson explained that the non-profit’s weak condition probably was a factor in the Granite School District’s decision to sell the property. David Carlson said effort had been recently put into revitalizing the non-profit. But, he did not know how viable the non-profit would be. He said that the Granite School District had subsidized the non-profit and the property, and that would likely continue with City ownership. David Carlson pointed out that the ZAP funds could only be used for the acquisition and renovation of the property, not for property maintenance. The anticipated operating cost of the property would be \$40,000 annually.
- Council member Weaver said he felt the property had not been utilized to its fullest in the last decade.
- David Carlson suggested that the Council have the non-profit tell the Council about their business plan and how they intended to operate the property.
- Council member Weaver felt that the lease should not be long-term and should allow the City to look for another tenant.
- Council member Rutter said he felt like the City would be on the hook to pay the expenses forever. Council member Rutter felt the property was a wonderful facility but he did not want to have the liability.
- Council member Weaver said that the non-profit had a new board, but that the City needs to hold their feet to the fire.
- Council member Siwik felt that the Historic Scott School property would become like the Columbus Center and become an investment in the community.
- Council member Anderson said the Columbus Center worked because of its partners, such as the Senior Center, the Library, and Parks and Recreation. Council member Anderson did not see those kinds of things happening at the Historic Scott School property.
- Council member Siwik said that the Utah Gardens had started a demonstration garden at the Historic Scott School property.

- City Attorney David Carlson said that the non-profit received some income from renting rooms at the property.
- Finance Director Kyle Kershaw said the City might be able to use Community Development Block Grant funds to maintain the property.
- The Council then voted on the resolution to approve the Interlocal agreement for the purchase of the Historic Scott School property. The motion passed 4 to 3 (with Council members Anderson, Fitts, and Rutter voting nay).

20 June 2007. The City and County executed the Interlocal agreement for the acquisition and renovation of the Historic Scott School property. (The Interlocal agreement was amended on 4 December 2007 for purposes of clarifying the covenants on the property.)

29 April 2008. The Granite School District deeded the Historic Scott School property to Salt Lake County and to the City of South Salt Lake.

28 May 2008. At a regular council meeting the City Council discussed the lease of the Historic Scott School property to the PCH (the non-profit).

- City Attorney Carlson said that under the lease, the City would have to budget for the maintenance and operation of the property. The City would also be responsible for the insurance.
- Council member Weaver said that PCH should share in the cost of the utilities.
- Council member Rutter said that if PCH had a revenue flow, it should be received by the City. Council member Rutter wanted more information about PCH's revenue flow.

30 July 2008. At a regular council meeting four members of the City Council (with three absent) approved a lease of the Historic Scott School property to PCH. Present were Council members Bruschi, Rutter, Siwik, and Weaver.

13 October 2008. The City of South Salt Lake executed a lease of the Historic Scott School property to PCH. Among the terms of the lease were the following:

- The lease was for ten years, with a renewal for an additional five years under the same conditions.
- The lease provided for nominal rent (one dollar per year).
- The tenant was to maintain liability and property damage insurance.

- The tenant was to keep the property in good repair and appearance.
- All facilities, buildings, furniture, equipment, and supplies were to be used jointly by the City and the tenant. Tenant's use of the property was expressly not exclusive.
- The City and the tenant would appoint a liaison committee with at least one member appointed by each party. The liaison committee would recommend how to carry out the joint programming.
- The tenant was responsible to pay the utility cost of operating the kiln.
- The tenant could sublet the rooms, but fees received would be accounted for and paid to the City. The City would use the fees collected and paid to the City for capital costs, operation, and maintenance of the premises.

5 October 2009. On this date an acetylene torch and tank used in one of the PCH classes exploded or improperly discharged.² A student in a PCH class was injured. After an initial inquiry by the City's fire marshal, on 15 October 2009 the City Fire Department suspended all classes that used flammable gases, heating of materials, or investment casting. The Fire Department informed PCH that it would further investigate the 5 October incident.

14 October 2009. The PCH class rooms were visited by a State of Utah OSHA inspector. The inspector was accompanied by the City's Fire Marshall Bruce Shoemaker. During the inspection the following violations were noted:

- The inspector noted that the electrical boxes that went to the rock cutting equipment required GFI outlets. Other electrical outlets were not in compliance.
- The inspector noted that the belts and sanding drums on the cutting equipment were missing safety guards.
- Also noted was potential harmful exposure to harmful chemicals with no ventilation for the following processes or equipment: oil covered motors, rock cutting equipment, burnout kiln, soldering, casting and other jewelry manufacturing procedures.

² The incident was described by observers as a fireball six feet in diameter.

16 October 2009. The OSHA inspector and Fire Marshall Shoemaker met with PCH board member Dave Kirby and City representative Troy Bennett (Parks and Recreation Director). The OSHA inspector repeated his findings from his visit on 14 October and recommended dust masks for everyone, and instructed that guards be put on the cutting equipment. The inspector spent time reviewing the deficiencies with the electrical wiring and outlets. The inspector required that the drill press in the flute shop be bolted to the floor. He also noted that the fire extinguishers were all out of date.

1 February 2010. Fire Marshal Bruce Shoemaker published a memo (with notes) detailing the investigation he did after the 5 October 2009 explosion or improper discharge. Included in Bruce Shoemaker's memo and notes were the following.

- The same night as the acetylene torch discharge, another incident occurred at a different time when the gauge of a tank of flammable gas "came off" causing the classroom to be evacuated. Doors and windows were opened to ventilate the room.
- One instructor interviewed by the fire marshal complained of general unsafe conditions at the property. One concern the instructor had was the investment plaster equipment in the building. The instructor felt the dust created by the casting process in confined spaces created contamination. The instructor also pointed out the hazardous conditions created from the operation of the kiln in a space with no ventilation. The instructor also said the rock cutting machines were covered and coated with oil and a fire hazard. The instructor reported that after the acetylene torch incident, a person associated with PCH went through the rooms and removed some materials.
- A PCH board member expressed concern to the fire marshal about the safety of the classes being held. The board member told the fire marshal that the instructor who had concerns about safety was "unstable."
- During an investigation of rooms at the Historic Scott School, the fire marshal discovered: a flammable cylinder with an internal O ring that appeared to be flattened, an accumulation of hardened plaster and plaster dust in the kiln room, and dust in the closet where the cylinders were stored.
- After the inspection of the PCH class rooms, the fire marshal researched the safety protocols for flammable gas and for investment plaster. Based on his investigation and research, Fire Marshal Shoemaker suspended the silver smith instruction at the Historic Scott School property. The PCH silver smith instructor was unhappy about the suspension. Fire Marshal Shoemaker informed the instructor that if the instructor violated the suspension he would take action.

- During his investigation, Fire Marshal Shoemaker emailed updates of his investigation and findings to Jim Davis, chair of the PCH board.
- After his investigation and research, Fire Marshall Shoemaker made the following recommendations relating to investment plaster:
 - o Safety glasses were to be worn during the mixing and use of the investment plaster.
 - o Protective gloves (such as latex) were to be worn during the mixing and pouring of the investment plaster.
 - o A dust mask shall be worn during the mixing and pouring of the investment plaster.
 - o Any instructor who would use investment casting must demonstrate to the PCH board the safe use and precautions of investment plaster. The instructor must: submit a written safety plan; provide each student a copy of the MSDS sheet; provide or require all students to have and use safety glasses, protective gloves, and a dust mask; give each class a safety briefing (including any students who enroll late); and after each class ensure that all residues were cleaned up and the investment plaster product stored in a manner which prevented accidental release.
 - o Residue which had accumulated over the years was to be cleaned up and removed.

19 April 2010. PCH Board Chair David G. Kirby sent a letter to Mayor Cherie Wood. David Kirby's letter expressed concern about the security of certain artifacts housed at the Historic Scott School property. The letter formally requested the following from the City: the exclusive use of the Historic Scott School property by PCH; that PCH be responsible for the scheduling of all activities and programming on the property; and that all City maintenance and renovation activity be put on hiatus for six months.

21 April 2010. At the regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell addressed the relationship between the City and PCH. Lyn Creswell said that the relationship is formalized by a lease. That lease assumed and supported the joint use of the property, with day-to-day potential problems handled by a liaison committee with City and PCH representatives. Recently a person new with PCH had become concerned about possible valuable artifacts at the property. PCH had requested that the property be closed or secured against activities. Lyn Creswell informed the City Council that the lease anticipated that all rooms be used for programming. Lyn Creswell said there may be a need to revisit the lease. It was not the City's intent to harm PCH or its programs. Lyn Creswell said he was giving this information to the City Council in the event they received phone calls.

Lyn Creswell also discussed the fact that a City Council member was currently a voting member of the PCH Board. Lyn Creswell discouraged that board membership on the PCH Board.³

22 April 2010. City Attorney Lyn Creswell responded to David Kirby on behalf of Mayor Wood. Lyn Creswell's letter included the following.

- The lease (paragraph 12) specifically stated that PCH's use of the property "shall not be exclusive" and that both the City and PCH would have joint use.
- Regarding scheduling, that issue was appropriate to be addressed by the liaison committee created by the lease.
- The request for a six-month hiatus on City renovation work was a matter for the liaison committee.
- Other issues raised by Lyn Creswell included the following.
 - o PCH had failed to provide the City a copy of its insurance which was required in the lease.
 - o The City has also not received from PCH fees for the rental of rooms and facilities on the property (as required in paragraph 19 of the lease). PCH was to provide a full accounting and submission of fees to the City.
- If PCH wanted to discuss amending the lease, Lyn Creswell was available to meet with David Kirby.

15 February 2011. City Attorney Lyn Creswell briefed Mayor Wood about issues relating to amending PCH lease. Troy Bennett (Parks and Recreation Director) and Lyn Creswell were to meet regularly with Jeff Hatch to prepare an amendment to the lease. Issues of concern to the City were the following.

- PCH's inability to provide financial support for the operations and maintenance of the property.
- Impact on the general fund of supporting the property against the benefits received from property ownership.
- How to address the capital needs of the property.
- A need to determine the market rate for rents at the property.

³ Based on this advice from Lyn Creswell, City Council Member Marilyn Brusch resigned from the PCH Board.

- The need for the City to comply with Utah law that required recovering net equivalent value for the lease.
- Other partners or relationships the City may want at the Historic Scott School property, other than PCH.
- Assurance that the programming at the Historic Scott School property was consistent with the City's strategic plan or goals.
- Maintenance and security issues at the property.

February 2011. Lyn Creswell sent a draft amendment to the PCH lease to Jeff Hatch (who had replaced David Kirby as PCH board chair).

7 June 2011. Lyn Creswell updated Mayor Wood on the progress of negotiations with PCH regarding amending the lease. Lyn Creswell and Jeff Hatch were discussing the following:

- Approximate annual lease obligation of \$30,000 per year, with \$20,000 in cash and \$10,000 in in-kind services.
- PCH would be assigned dedicated rooms for their classes.
- The function of the liaison committee would change, and would be critical to the ongoing relationship.
- The City Council would have to adopt a study of net equivalent value and hold a public hearing.

12 July 2011. PCH Board Chair Jeff Hatch sent an email to Lyn Creswell addressing possible amendments to the lease. Jeff Hatch had met with his board and provided the following.

- PCH was struggling to raise enough income to pay a part-time staff person. PCH had concerns about changing the rent from \$1 per year. One option might be for PCH to work with the City to seek grants or to raise funds for the property's operating and maintenance expenses.
- PCH wanted to discuss providing the City with in-kind services to offset the market lease rate.
- The City and PCH needed to discuss further the scheduling of rooms and facilities at the Historic Scott School property.

- The City and PCH should discuss signage at the property.

24 August 2011. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell gave the Council a handout describing the material terms of the PCH lease and possible amendments to the lease. Lyn Creswell informed the City Council that certain issues caused the City and PCH to consider amending the lease. These issues included: scheduling of the rooms and facilities by the City; city operational and maintenance costs without reimbursement from PCH; State law required municipalities to receive net equivalent value for the transfer or long-term lease of real property; concerns over the ownership of personal property at the Historic Scott School property; the effectiveness of the liaison committee, and the effectiveness of PCH as an organization.

Lyn Creswell provided the City Council an outline of possible amendments to and activities involving the lease.

- Compensation from PCH of \$30,000 cash annually, with \$15,000 in-kind services.
- A revamped liaison committee.
- Inclusion of high-functioning organization requirements for PCH in the lease.⁴
- Assignment of specific dedicated space at the property.
- Better definition of joint use for programming.
- Inventory of personal property.
- Public process as required by State law. (Utah Code 10-8-2)

Lyn Creswell told the City Council he anticipated bringing back an amended lease to the Council in September or October 2011.

7 September 2011. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell updated the Council on discussions with PCH. Lyn Creswell reported that he and Parks and Recreation Director Troy Bennett met with Jeff Hatch that day (7 September). Jeff Hatch said that the Board is concerned about being able to make the lease payments. Kari Cutler had agreed to meet with the PCH Board to discuss revenue opportunities. Lyn Creswell informed the

⁴ The City Council received materials on what constitutes a high-functioning non-profit organization.

City Council that the relationship with PCH was at a cross roads. He said that the City cannot continue the relationship the way it stood at that time.

11 October 2011. Lyn Creswell informed Mayor Wood that there should be a deadline for the PCH lease negotiations.

13 October 2011. City Attorney Lyn Creswell sent a letter⁵ to Jeff Hatch relating to PCH. The letter raised the following issues.

- As previously raised in Lyn Creswell's 22 April 2010 letter to David G. Kirby, PCH was to pay the City any fees for rental of rooms and facilities at the property. Supporting that obligation was the requirement for accounting of all fees received. In June 2010 the City received a check from PCH for \$2,755. The City assumed the check was for fees collected, but PCH did not provide an accounting of fees collected for use of rooms and facilities. PCH was required under the lease to account for fees received for use of rooms and facilities.
- The City supported a full inventory of all personal property at the Historic Scott School property.
- As it related to the lease, the City needed to come into compliance with Utah Code 10-8-2. The City intended to satisfy that Code requirements. Towards that end, the City had prepared and shared with PCH a market study of the property. Beginning in February 2011 the City began discussing with PCH the amendment of the lease and preparation for the public process required by Utah law. PCH was informed that the City sought \$30,000 in annual cash payment and \$15,926 in in-kind services.
- PCH had expressed reservations about meeting an annual cash payment of \$30,000. The City had offered the services of Kari Cutler to assist PCH to find ways to raise the needed revenue.

In his letter to Jeff Hatch, Lyn Creswell suggested that the City and PCH finalize work on an amended lease by 9 November to allow the City Council (following a public process) to adopt the new lease by the end of December 2011.

⁵ Lyn Creswell provided a draft copy of his letter to members of the City Council prior to its publication.

1 November 2011. Jeff Hatch sent a letter in response to Lyn Creswell's 13 October 2011 letter. He responded with the following:

- A payment of \$894.28 was provided as fees received by PCH for the rental of rooms and facilities.
- PCH would continue its work to inventory the personal property.
- PCH proposed that the City credit the services provided by PCH and its volunteers as in-kind to offset the full market value rental costs of the property.
- PCH intended to work with Kari Cutler to support an organization review.
- PCH was sensitive to the City's expenses in operating and maintaining the property. PCH wanted to work with the City to identify sources of income to reduce the City's costs.

11 November 2011. Jeff Hatch emailed Lyn Creswell with a proposal that PCH annually pay the City \$7,500 in cash, with \$32,558 credit for in-kind services.

17 November 2011. Jeff Hatch sent a letter to Lyn Creswell in response to a meeting where he and Lyn Creswell discussed finalizing an amendment to the lease. Jeff Hatch included the following.

- PCH was prepared to support an annual cash payment of \$7,500 annually, with \$32,558 in-kind services. The in-kind services would include: arts and craft exhibits, master classes and workshops for guilds and the public, guest speakers and housing of exhibits, special events, support for the South Salt Lake Arts Council, and marketing to increase participation by City residents.⁶

28 November 2011. During September and November 2011, PCH agreed to a review by Kari Cutler. On 28 November 2011 Kari Cutler published her findings and recommendations. Included in Kari Cutler's report (provided to the South Salt Lake City Council) were the following.

- PCH complied with all federal and state reporting requirements for non-profit organizations.
- PCH maintained appropriate insurance for a non-profit organization.

⁶ The issue of in-kind services was a significant problem for the City. The City, which lost significant sales tax funding due to a change in Utah law, faced serious budget constraints. The City Council adopted a definition of "in-kind" services which required that only in-kind services which directly offset planned and budgeted city service costs would be accepted. Most of the in-kind services offered by PCH provided general benefit to the residents of Salt Lake County, but did not offset the tax burden to South Salt Lake property taxpayers.

- The PCH Board did not include members with experience or professional training in accounting or fundraising. PCH intended to add these skills to its board.
- PCH had no strategic plan, fundraising plan, or public relations/marketing plan.

Kari Cutler's report expressed optimism that PCH would be able to strengthen its board, develop a strategic plan, and improve its marketing and fundraising activities.

7 December 2011. Lyn Creswell informed Mayor Wood that he wanted to get an amended PCH lease and 10-8-2 study to the City Council in January.

3 January 2012. Lyn Creswell informed Mayor Wood that PCH was resisting amending the lease.

11 January 2012. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell provided an update on PCH.

- Lyn Creswell informed the City Council about the Utah legal requirement that municipalities receive fair market value in return for the transfer or lease of real property. Lyn Creswell informed the City Council that the City did not comply with State law when it executed a lease for nominal value (\$1 per year) with PCH.
- Real estate professional Rick Davidson completed research which determined the market rental value of the rooms at the Historic Scott School property. That research was provided to Jeff Hatch on behalf of PCH.
- Jeff Hatch repeatedly said that PCH was not able to pay in cash the market value for the Historic Scott School property. Jeff Hatch said this enough times to Lyn Creswell, that Lyn Creswell believed it was unlikely that PCH would be able to pay the fair market value for the property.
- Lyn Creswell saw two options. One option was to terminate the lease with PCH and negotiate another agreement with PCH or another organization.
- The second option was to amend the lease with PCH. That lease should put the City in a better position to manage the property day to day. PCH would be given sufficient dedicated space to accommodate its programs and leave the remainder of the campus for use by the City. The City would take over all scheduling of the rooms and spaces which were not dedicated to PCH.

- Lyn Creswell had talked with Jeff Hatch about the in-kind option. Lyn Creswell proposed to Jeff Hatch 50 percent of the rental obligation be provided by in-kind services.
- Lyn Creswell understood that it cost the City about \$75,000 annually to operate and maintain the Historic Scott School property. That did not include capital costs.

During the discussion, Jeff Hatch spoke to the Council on behalf of PCH. Jeff Hatch said it was an arduous task to go from one dollar a year to \$50,000 or \$60,000 for rent. The primary asset of PCH is its volunteer labor. Jeff Hatch felt that value of that labor was about \$80,000 annually. PCH was not in a position to pay a major increase in rent. One option for PCH would be to phase in the rent that would allow PCH to build up charitable giving to support the rent.

Council member Jones said that PCH appeared to include fine artists but were not very good businessmen. If PCH had the resources or support of a business model they could make it a viable operation.

Kari Cutler addressed the City Council. She said that PCH should adopt a business model which included a sustainability plan, some strategic planning, and build capacity to meet annual benchmarks. Kari Cutler felt PCH could bring in more funding.

Jeff Hatch agreed to recruit board members who had the skill sets that were lacking but so far that had not occurred.

Council member Weaver suggested that PCH limit its dedicated space to what they could economically afford.

24 January 2012. Lyn Creswell informed Mayor Wood that he was concluding his negotiations with PCH and that an amended lease might not be possible.

7 February 2012. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell informed the Council that he had concluded negotiations on an amendment to the PCH lease. Jeff Hatch would present the City- proposed amended lease to his board. The lease defined which rooms or space would be dedicated to PCH. All other space would be scheduled. The annual value of the dedicated space was \$15,324 – with quarterly payments of \$3,831. For 2012, the City would only collect \$5,000 for the dedicated space – allowing PCH some transition time. The full rental amount would be effective on 1 January 2013 – with the quarterly payments. The lease also added terms that required PCH to be a high-functioning non-profit organization. All open remaining (non-dedicated) space at the Historic Scott School property would be available to PCH on a preferential scheduling basis.

20 March 2012. Fire Marshal Clint Hayward conducted an inspection of the Historic Scott School property and found the following code deficiencies in the spaces used by PCH: improper use of extension cords as substitutes (extended through walls, ceilings, and floors; and under doors and floor coverings) for permanent wiring; absence of approved covers for switch and electrical outlet boxes; storage too close to the ceiling (required to be two feet or more below the ceiling in non-sprinkler rooms); improper use of heating and cooking systems; and improper storage of combustible material in boiler rooms, mechanical rooms, and electrical equipment rooms.⁷

22 March 2012. A member of the PCH Board complained of the City's involvement in the direction and future use of the Historic Scott School property.⁸

3 April 2012. Lyn Creswell sent Jeff Hatch a notice of termination relating to the Pioneer Craft House Lease. Lyn Creswell stated that despite negotiations over an extended period of time, the City and PCH had not been able to agree on terms that were acceptable to the City. Lyn Creswell referred to the legal requirement under State law for the City to receive fair market value for the property occupied by PCH. Lyn Creswell also cited PCH's failure to provide an accounting of fees it had received for the rental of rooms and facilities at the property.

4 April 2012. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell updated the Council on PCH. Lyn Creswell informed the City Council that the City has terminated its lease with PCH. Lyn Creswell informed Jeff Hatch that it intended to continue to support PCH through a rental agreement.

24 April 2012. At the request of the Salt Lake County Council, Mayor Wood met with the County Council to discuss PCH at the Historic Scott School property. Mayor Wood reported that the City contributes approximately \$70,000 annually to operate and maintain the property, with little revenue from PCH.

⁷ Another fire marshal inspection was conducted recently on 22 December 2017. That inspection found many of the same deficiencies identified in 2009 and 2012. The 22 December 2017 inspection of the PCH rooms found the following: clutter and general poor housekeeping throughout; expired fire extinguishers; missing exit signs; blocked exit paths; obstruction of electrical panels (in the pottery room and in the flute shop); improper use of electrical extension cords (pottery room and studio); and Fire Code deficiencies relating to compressed gas cylinders and gas piping.

⁸ The issues here were plans the City developed and shared with the County. The plans involved use by outside groups for a wide range of arts programming at the Historic Scott School property. The PCH Board member felt that the City's plans would turn the property into a "convention center." For many years, PCH Board members complained about the property being used for youth and refugee programming.

Another conflict between the City and PCH was the City's encouragement that more South Salt Lake residents take the PCH classes. It was the City's perception that PCH did little in the community to market and promote its classes for local residents.

7 May 2012. Jeff Hatch sent a letter to Troy Bennett (Parks and Recreation Director) discussing a possible one-year rental agreement for the Historic Scott School. PCH offers to pay the City a monthly rental fee of \$1,250 per month with the balance due through in-kind services. Jeff Hatch proposed a one-year rental agreement with options to renew.

23 May 2012. At a regular meeting of the South Salt Lake City Council, City Attorney Lyn Creswell informed the Council that PCH had informed the City what space they wanted as dedicated space for one year. Other space they may need would be obtained through the City's room rental process.

6 July 2012. The City agreed to a one-year rental agreement with PCH for specified space at the Historic Scott School property. The total annual rent for the space was \$39,780.38. The City agreed to accept a monthly cash payment of \$1,250 per month with in-kind services of \$24,780.38.

May 2013. During the month of May, PCH representatives met with City representatives and informed them that PCH would not be able to pay the monthly rent required by the one-year rental agreement.

23 May 2013. Three members of the PCH Board (Jeff Hatch, Richard Smith, and Virginia Lee) wrote a letter to Mayor Wood. The letter requested a PCH long-term lease for the Historic Scott School property. Attached to the letter was a draft lease. Proposed lease terms included:

- An admission by the City that on 4 April 2012 South Salt Lake wrongfully terminated the 2008 lease.
- That elsewhere in Salt Lake County, arts organizations were owned by government agencies and were not required to pay rent for use of government-owned facilities.⁹
- The term of the lease would be ten-years and would be renewable.
- The lease would be for specific dedicated facilities (approximately 6,669 square feet) at the Historic Scott School property.
- PCH would pay to the City as rent 20% of its gross profits from the previous calendar year.¹⁰ For the first year of the lease, the City would credit PCH for rent paid in 2012.

⁹ There are arts organizations in Salt Lake County which are owned (as dependent 501c3 organizations) by government agencies or which have contracts to provide services to government agencies. Under these legal relationships, these arts organizations would not be required to pay rent for use of public facilities.

¹⁰ PCH reported that its Gross Profit for the prior year (2012) was \$24,514 – resulting in the rent payment to the City would be \$4,902 for the first year of the lease.

- The City would be responsible for the utilities provided to PCH.

20 June 2013. Lyn Creswell wrote a letter to Virginia Lee informing her that the lease proposed by PCH was not acceptable to the City.

24 June 2013. Fire Marshall Boyd Johnson conducted an inspection of the PCH rooms and facilities at the Historic Scott School property. He noted that the fire extinguishers needed to be serviced and mounted. Housekeeping in a storage room needed to be improved.