Minutes of the Redevelopment Agency of Centerville City/Davis Center for the Performing Arts Administrative Control Board meeting held Tuesday, September 2, 2014 at 5:10 p.m. in the Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Ken Averett, RDA of Centerville City, ACB Secretary
Paul Cutler, RDA of Centerville City Chair, ACB Chair, Centerville Mayor
Tamilyn Fillmore, RDA of Centerville City
John T. Higginson, RDA of Centerville City Vice Chair/ACB Vice Chair
Stephanie Ivie, RDA of Centerville City
John Marc Knight, ACB Board Member, Bountiful City Council (left at 6:18 p.m.)
Lawrence Wright, RDA of Centerville City, ACB Board Member (arrived at 5:15 p.m.)

MEMBER ABSENT

John Pitt, ACB Board Member, Bountiful City Council

STAFF PRESENT

Steve Thacker, RDA Executive Director
Blaine Lutz, Centerville Finance Director
Lisa Romney, Centerville City Attorney
Jacob Smith, Centerville Management Assistant
Jansen Davis, CPT Executive Director
David Peterson, CPT Chief Financial Officer
Katie Rust, Recording Secretary

OTHERS PRESENT

Randy Lewis, Bountiful Mayor
Ron Russell, Chair of CPT Board (arrived at 5:20 p.m.)
Gary Hill, Bountiful City Manager

SELECTION OF ADMINISTRATIVE CONTROL BOARD OFFICERS

Steve Thacker, RDA Executive Director, recommended appointing the RDA Chair and Vice Chair to the ACB Chair and Vice Chair positions. He also recommended the ACB Secretary be selected from the Centerville RDA. John Marc Knight, ACB Board Member, made a **motion** to appoint Paul Cutler as ACB Chair, John Higginson as ACB Vice Chair, and Ken Averett as ACB Secretary. Vice Chair Higginson seconded the motion, which passed by unanimous vote of the ACB (5-0).

REPORT/UPDATE FROM STAFF

- Blaine Lutz, Centerville Finance Director, reported that an AED has been purchased for the Davis Center for the Performing Arts.
- The facility is scheduled to be inspected by URMMA on September 16th.
- Mr. Thacker explained that soil was moved from the Davis Center for the Performing Arts construction site to the Centerville Community Park expansion site at the beginning of construction. The soil now needs to be moved to other locations to make way for the Park Expansion Project. Staff has recommended to the RDA that up to $100,000 of soil relocation expense could be charged to the RDA. The RDA has approved the expense.

2013 FINANCIAL AUDIT REPORT

Mr. Thacker reported that the 2013 financial audit of CPT received a clean opinion. David Peterson, CFO of CenterPoint Legacy Theatre (CPT), explained the segregation of financial duties issue identified by the auditors. Jan Davis, CPT Executive Director, pointed out that facility expenses substantially increased in 2013 compared to 2012. He explained that a facilities management team has been hired to ensure that routine maintenance is done on a regular basis.

FY 2014 SIX-MONTH FINANCIAL REPORT FOR CPT

Mr. Davis briefly reported on the FY 2014 six-month Financial Report. Mr. Peterson explained that the facility expenses are spread evenly throughout the year, but revenue is received sporadically, matching up with the different productions. Mr. Davis stated that the facility expenses are currently in line with anticipated amounts. Director Wright asked if they have taken into account Rocky Mountain Power rate increases, and suggested that solar power may be a way to reduce electrical expenses. Mr. Davis responded that the budget anticipates rate increases each year. CPT is currently on the lowest rate tier with Rocky Mountain Power. Mr. Davis added that they are currently looking into switching to LED lighting fixtures.

CPT CONSTRUCTION OBLIGATION

Mr. Lutz reported that the construction obligation has been reduced to $44,000. Chair Cutler asked Mr. Davis when he anticipates the remaining amount will be paid. Mr. Davis responded the goal is to pay the remaining amount before the end of the year. Mr. Thacker mentioned that per the Lease Agreement CPT has until March of 2015 to complete the payments. Mr. Thacker added that staff interpreted the transfer of the construction obligation repayment of $177,000 last year to the Theatre Reserve Fund to be a one-time authorization. Subsequent repayments have been applied to the RDA Fund as anticipated by the Lease. The $177,000 was transferred to the Theatre Reserve Fund to build up the balance of the Fund for long-term maintenance needs.

LONG-TERM FACILITY MAINTENANCE PLAN

Mr. Thacker stated that the Lease Agreement refers to a Comprehensive Maintenance Plan to be prepared by CPT to project maintenance needs. Jake Smith, Centerville Management Assistant, has helped CPT put together a Maintenance Plan based on information collected from Associated Building Services (ABS). ABS is on contract with CPT to advise and conduct periodic inspections and routine maintenance. Mr. Thacker reported he has reviewed the Maintenance Plan. He said he feels it does not fully satisfy the requirements in the Lease Agreement regarding scheduled maintenance and inspection programs, and documentation of work performed. Mr. Thacker suggested CPT representatives bring back an enhanced Maintenance Plan that includes a schedule of ongoing maintenance, as well as documentation of work performed in 2014, when they present their annual budget in December. Mr. Thacker also mentioned that asphalt maintenance for the parking lot and drive aisles is not included in the Maintenance Plan. Mr. Davis responded that the parking area is included in the grounds contract with MTC.

Roof replacement and some other expensive items are to be paid out of the Theatre Reserve Fund (TRF), which requires RDA approval. The Maintenance Reserve Fund is under the control of the CPT Association. Director Averett suggested that Salt Lake County could be a good resource for theatre management cost estimates. Lisa Romney, Centerville City Attorney, asked if replacement of the stage floor would be paid for with the Theatre Reserve Fund or the Maintenance Reserve Fund. Jacob Smith, Management Assistant, explained that floor replacement is assumed in the Maintenance Plan to be funded by the Theatre Reserve Fund because the Maintenance Reserve Fund has an expense cap of $300,000 and a stage floor replacement costs much more than that limit. Mr. Thacker explained that CPT has the ability to request the RDA to pay expenses in addition to the ones already listed for the Theatre Reserve Fund. Director Wright suggested adding a separate column to the Maintenance Plan for annual, repetitive maintenance needs that will be funded by CPT's annual budget. Mr. Smith stated he learned that the University of Utah assumes 1-1.5% of a building's cost should be set aside each year for long-term maintenance needs. Mr. Thacker agreed to provide to RDA and ACB members a memo from Lisa Romney explaining the maintenance needs to be funded by CPT's annual budget, the Maintenance Reserve Fund and the Theatre Reserve Fund, respectively.

PAYMENT OF PROPERTY INSURANCE

Mr. Thacker explained that the RDA has paid the property insurance expense for the facility through 2014. However, the Lease Agreement specifies property insurance to be the responsibility of CPT. The annual expense is approximately $1,500. Mr. Thacker asked the ACB if staff should begin billing CPT for property insurance, and at what point they should begin. Director Wright asked if the insurance provides earthquake coverage. Mr. Lutz responded it is part of a blanket policy with eleven other cities through URMMA that includes earthquake coverage. Mr. Thacker added that the building was designed for earthquake resistance. Chair Cutler commented that long-term it would be wise to either follow the Lease Agreement or amend the Lease. Mr. Davis responded that from his perspective several things have been added as the responsibility of the organization managing the facility, but he feels it should be a partnership. He said he does not feel CPT has done anything against the Agreement, but it feels heavy handed when talking about funds. Director Wright responded that the RDA owns the building and should evaluate who should be responsible for paying for property insurance. Mr. Thacker stated that the property insurance premium will be due again in July of next year. The ACB Board indicated a willingness to evaluate whether to follow or alter the Lease Agreement.

Mr. Davis commented that the Lease Agreement was written without understanding completely what they were all getting into. He said he is a theater guy, not a facilities manager, and he is not always comfortable with a theater company making decisions for a building owned by the City. Mr. Davis expressed appreciation for the City's help in putting together maintenance plans. With a few years of experience he said it seems like a good time to rethink responsibilities and facility management. Director Fillmore commented that considering the fact that fewer cities are involved than originally anticipated, she is impressed with how well it has worked. Mr. Peterson suggested it might be beneficial to examine whether piggy-backing on other types of insurance could reduce the premium.

REPORT ON MEETING WITH DAVIS COUNTY OFFICIALS

Chair Cutler reported on conversations with Davis County officials about potential future support from tourism tax revenues. The County contributed $2 million towards construction of the facility – some up front and some over several years. Chair Cutler stated he believes it is in the County's best interest for tourism tax revenues to continue to improve the facilities in South Davis County. Chair Cutler expressed a desire to work with Bountiful and other South Davis County cities to ensure continued funding. Mayor Lewis agreed with Chair Cutler on the need to be unified.

CPT REQUEST FOR PORTION OF RAP TAX FUNDS IF RENEWED BY VOTERS

Bountiful has announced its intention of putting the RAP Tax on the ballot this year. The Centerville Council may decide to include it on the ballot next year. Chair Cutler stated that a majority of the proposed renewal should go toward funding parks, but a portion should go to the Performing Arts Center. Ron Russell, CPT Board Chair, commented that the RAP Tax was originally implemented for eight years and had to be used for capital improvements. Since then the Legislature has changed the requirements, and a city-authorized RAP tax can now be used for capital costs as well as operating expenses. Chair Russell expressed the hope that some portion of the tax, if renewed, could go to the Davis Center for the Performing Arts. CPT now has more than 7,000 season ticket holders. Mr. Davis stated that approximately 13% of Centerville residents and 10% of Bountiful residents attend CPT on a regular basis.

Mayor Lewis asked if it has been defined what the theatre is and what it will become. Chair Russell responded that with three years of operating experience and a mission statement in place, they are in the process of preparing a five-year goal plan. A draft should be ready within the next month or two, and Chair Russell said he would be happy to share the goal plan with the ACB. He stated that in order to maintain the quality of productions CPT needs paid, qualified professionals on staff. As part of a discussion of ways the theatre can continue to grow, Mr. Davis stated that the facility cannot physically expand, but CPT can look at producing more shows or running shows longer if needed to meet demand.

REVIEW OF CPT'S FACILITY RENTAL RATES AND USAGE

Chair Cutler brought up the question of whether the facility should be used only by CPT, or function more as a community facility available for use by other groups. He stated he has advocated use by elementary and junior high schools, and asked Mr. Davis how many groups have used the facility. Mr. Davis responded that not many groups have been able to use the facility because of scheduling difficulties. The main stage has been used by Centerville Jr. High, dance companies, and pageants. The smaller Leishman Hall has had less demand. Some of the smaller rooms have been used by groups. Chair Russell commented that two limitations have contributed to the lack of rentals – a lack of CPT staff to logistically facilitate rentals, and the fact that other facilities, like schools, are less expensive. If the facility were made more available to the community, there would be less time for use by CPT. It is difficult to find a balance. Mr. Davis added that so far CJH is the only school that has shown interest in renting the facility.

NEXT MEETING

Per the Lease Agreement the CPT Annual Budget must be submitted for review by the latter part of November. The RDA/ACB will give feedback no later than December 10th. CPT will adopt the Budget by December 20th. The RDA/ACB will meet on December 2nd prior to the regular Council meeting. Following this discussion the Bountiful representatives and CPT representatives left the meeting.

RDA MINUTES REVIEW AND ACCEPTANCE

The minutes of the August 19, 2014 RDA meeting were reviewed. Director Fillmore made a **motion** to approve the minutes. Director Wright seconded the motion, which passed by unanimous vote of the RDA (6-0).

ADJOURNMENT

At 6:37 p.m. Director Ivie made a **motion** to adjourn the meeting. Director Wright seconded the motion, which passed by unanimous vote (6-0).

Paul A. Cutler, RDA Chair

10-7-14
Date Approved

Steve Thacker, RDA Executive Director

Katie Rust, Recording Secretary