

SALT LAKE CITY COUNCIL STAFF REPORT

DATE: October 15, 2004

SUBJECT: Proposed \$25,000 Loan to Univision Television Station
KUTH-TV Channel 58 (Spanish-Language)

AFFECTED COUNCIL DISTRICTS: District 4 - Downtown

STAFF REPORT BY: Gary Mumford

**ADMINISTRATIVE DEPT.
AND CONTACT PERSON:** Mayor's Office
Alison McFarlane

NOTICE REQUIREMENTS: Not required

On October 12, 2004, the Council received a briefing on a loan request from Univision, a Spanish-language television station, to relocate and expand its studios and offices in Salt Lake City. At the briefing, the discussion focused on the repayment of the proposed \$25,000 loan by providing in-kind advertising services.

Salt Lake City has been able to promote City-sponsored events and inform the English language population of City services and programs through the KUTV in-kind loan repayments. The proposed loan to Univision will allow similar messages to be conveyed to the Spanish language population. The Administration indicates that the advertising can promote City programs such as the first-time homeowner and housing rehabilitation as well as increase awareness and participation at City-sponsored events such as those at the Library and the Gallivan Center. Univision was originally looking for space on Main Street and was recommended for a \$20,000 grant offered by the Redevelopment Agency, but Univision was unable to successfully arrange for leased space on Main Street. The loan will allow the City to retain approximately 20 jobs in Salt Lake City at 215 South State Street.

One Council Member asked about the potential for an increase in requests to pay loans in-kind, and whether in-kind payment would be accepted from other types of organizations. Alison McFarlane has indicated that the City's loan program is set up in a way that allows the Council to make decisions on unique loans on a case-by-case basis, while standard loans go through an administrative process under a policy established by the Council. This approach frees the Council to consider unique situations, and the potential benefits available to the City. She indicates the Administration is recommending this loan because they can see a significant benefit to the City in enhancing communication with the Spanish-speaking population. .

POTENTIAL MOTIONS:

["I move that the Council "] **Adopt a resolution authorizing a \$25,000 loan for Equity Broadcasting/Univision Television from the Salt Lake City Revolving Loan Fund.**

["I move that the Council"] **Not adopt the resolution but encourage Univision to apply for a traditional Small Business Revolving Loan.**

The following information was provided previously. It is provided again for your reference.

Univision, a Spanish-speaking television station, needs to expand its studios/offices and has been searching for suitable facilities. They presently have 20 employees. Other cities have been actively recruiting the station to move to their cities. Salt Lake City has been working with Univision to keep the station in the Downtown. The station has found space at 215 South State Street and has applied for a \$25,000 no-interest loan to assist with the relocation. The proposed loan is to be repaid with in-kind services.

Salt Lake City has a Small Business Revolving Loan Fund program to stimulate business development and expansion and promote economic development and enhance neighborhood vitality. The requested loan from Univision cannot go through the City's regular revolving loan process since the guidelines previously approved by the City Council provide for typical repayment of loans at the prime interest rate.

Univision plans to put signage and a small jumbotron on their 215 South State building to establish a visible presence Downtown. Prior to finding this location, Univision was considering space on Main Street and was recommended for a Main Street grant offered by the Redevelopment Agency for \$20,000. Univision's negotiations for a Main Street lease was not successful.

The in-kind services would be calculated on production at cost and airtime at 60% normal rates. This will allow Salt Lake City to provide information campaigns to the City's Latino population regarding the City programs, events and services. A schedule establishing the nature of in-kind services will be determined annually between the City and Univision. A minimum of \$8,000 of in-kind services is to be provided each year until the entire outstanding balance of the loan is paid which shall be no later than three years. Funding for the loan would be from the City's Small Business Revolving Loan Fund.

cc: Rocky Fluhart, Sam Guevara, Alison McFarlane