
M E M O R A N D U M

DATE: August 19, 2005
TO: City Council Members
FROM: Russell Weeks
RE: Sorenson Unity Center Draft Business Plan
CC: Rocky Fluhart, Cindy Gust-Jenson, Rick Graham, Gary Mumford, Kay Christensen

This memorandum pertains to the *Sorenson Unity Center Draft Business Plan* submitted to the City Council. Administration representatives orally briefed the City Council in July. The draft plan is calendared for further discussion at the City Council's work session August 23. The memorandum contains two attachments: a copy of the draft plan and Administration responses to questions from City Council staff based on staff's reading of the draft plan.

The memorandum contains no options or formal action sections because it is City Council staff's understanding that Council Members assigned the plan to Council staff to read and comment on any items that might be germane to budgetary considerations.

Background/Discussion

According to the *Business Plan* presented in July, the Sorenson Unity Center is scheduled to be built with about \$4.5 million in cash.

The plan estimates total operating expenses at \$299,970 a year (*Business Plan*, Page 6). The plan assumes that \$82,974 a year would be paid from rents obtained from Salt Lake Community College, the Applied Technology Center and Salt Lake Donated Dental Services. (*Business Plan*, Page 6). The respective estimated rent paid by each of the three was based on square footage and a percentage of the Unity Center's common floor area.

The plan also subtracts an estimated \$75,419 from the \$299,970 because the figure is the projected amount of money Salt Lake County would spend to run the Unity Center's 7,000-square-foot health and fitness component. Under the plan presented in July, the \$82,974 plus the \$75,419 were subtracted from the \$299,970. The subtractions leave \$141,577. The plan then subtracts an estimated \$10,800 in projected revenue from a theater, leaving a projected \$130,777 a year to be borne by the general fund (*Business Plan* table, Page 7)

"We see this as a short-term budgetary challenge and anticipate a shortfall for at least one to two years before the building is completely self-sustaining," the *Business Plan* says. "Based on this business model, the operation will not be able to fully sustain itself without subsidy. The administration recommends that the general fund cover the shortfall during the start-up phase." (*Business Plan*, Page 8.)

Since the July presentation, the Administration has revised the projected need for a short-term general fund subsidy from the estimated \$130,777 to about \$230,000 a year.

The reason for the increase projection is that – after evaluating questions raised by City Council Members about the availability of the space for community groups and the degree to which the community has anticipated that the space would be programmed for events not directly related to the community – the Administration has decided not to seek a managing partner for the art and culture (theater) space.

The Administration now plans to rent out the theater to for-profit and non-profit groups that would charge an entrance fee to productions in the space instead of seeking a private or public sector partner. According to the Administration, the decision should have no effect on the *Business Plan's* projected annual revenues of \$10,800 a year from renting the space.

Instead of a managing partner, the Administration is considering hiring one person or possibly two people to market, coordinate and manage space at the Unity Center. The position or positions would be in addition to the two people filling one full-time equivalent slot at the Unity Center. Those people would be hired to coordinate building maintenance and work with the Center's tenants, according to the Administration. The current manager of the original Sorenson Center will oversee the management of the Unity Center, but the Sorenson Center manager's focus will remain managing on the original Sorenson Center. The Unity Center will need a proactive presence to market and coordinate space, according to the Administration.

According to the Administration, Salt Lake County has agreed to manage the health and fitness center in the Unity Center. The Administration anticipates having an amendment to the interlocal agreement between the City and the County that governs management of other City facilities managed by the County. The Administration projects that the amendment will be in place by September. The fitness center will take up about 7,000 square feet of the Unity Center's roughly 28,000 square feet. The draft business plan assumes that the County – as at other City-owned facilities – will spend County funds to operate the health and fitness facility and offset its costs with user fees. The Administration projects that fees for using the fitness center will range somewhere between \$2.50 and \$5 per day. The estimate is based on County charges at other facilities. The lower end of the range generally is for young people and senior citizens. The higher range generally is for adults.

The City also reached an agreement on August 8 with Salt Lake Donated Dental Services. Donated Dental Services is projected to use about 3,000 square feet for its services.

The draft plan also projects that the Salt Lake Community College and the Applied Technology Center would use respectively 3,345 square feet and 1,115 square feet in the Unity Center. The plan projected that Donated Dental Services, the Community College, and the Applied Technology Center would pay for its space plus a percentage of the maintenance costs for the Unity Center's common area. Part of the proposed Community College space includes a day-care facility. However, the day-care facility is contingent on the Community College receiving a federal grant, according to the Administration.

The Administration met last week with the new president of Salt Lake Community College. The new president made no commitment at the meeting but indicated that the college was committed to reaching out to the community. The Administration emphasized that time has become a factor in determining the college's use of space that it earlier had indicated it would use

when it responded to the City's request for proposals to participate in the Unity Center. According to the Administration, if the Community College does not locate at the Unity Center, the Administration will seek other partners.

The Business Plan projected that the Community College would use 3,545 square feet, and the Technology Center would use 1,115 square feet in the Unity Center. The business plan projected that the Community College and the Technology Center would pay respectively \$38,168 a year and \$12,446 a year to use the floor space and help pay for the cost of common area maintenance. According to the Administration, the Technology Center has always linked its involvement in the Unity Center to the City's negotiations with the Community College. If the City and Community College do not reach an agreement, that could mean the potential loss of \$50,614 a year in potential operating and maintenance revenue.

Finally, although Salt Lake County is poised to operate the health and fitness center at the Unity Center, the Administration "has made clear" that the fitness center "is not a substitute" for a separate and larger health and fitness center in the future. The Administration plans to apply for a Zoo, Arts and Parks tax allocation from the County to build a larger fitness center as well as remodel the existing swimming pool at the Sorenson Center. The Administration notes that the Zoo, Arts and Parks project selection process will start next year. (Attached E-Mail, Page 3, 2-b.)

Weeks, Russell

From: Christensen, Kay
Sent: Wednesday, August 03, 2005 10:03 AM
To: Gust-Jenson, Cindy; Weeks, Russell
Cc: Graham, Rick; Guevara, Sam; Wolf, Janet; Cespedes, Rosanita; England, Stephen; Ferguson, Boyd
Subject: FW: Unity-Draft answers to Council questions.

Kay Christensen
 Policy and Budget
 535-7677

Cindy and Russell, the response I sent you yesterday did not have a few last additions I made after talking to Rick. I guess I didn't hit "save" after I put them in. Please use this version.

From: Gust-Jenson, Cindy
Sent: Friday, July 29, 2005 10:41 AM
To: Weeks, Russell; Christensen, Kay
Cc: Mumford, Gary
Subject: RE: Unity

Russell and Kay,

Here are some additional questions & bits of information that have come up:

1. Is the community interested in a 'black box' space that would likely be marketed to organizations outside of the community, or are they interested in community arts and cultural space? Is there any possibility that the community will be surprised and become critical of the City for not providing a space that is tailored to meet their community interests and needs? Is it possible to check in with the committee before making a final decision? I think the answer to your first question is "both," as long as the outside organizations are providing programs of interest in the community, and as long as the primary use of space and programming time is for community events and activities.

The findings from the extensive public process conducted to determine the community's priorities were summarized in the document *Summary and Findings*. Quoting from the document, prepared by Diane Hamilton (hired by the City to design and implement the public process and create a written record of recommendations), the number one priority identified was "health and fitness." The second highest priority was "cultural exchange, art and humanities. Ideas mentioned were "(a) a stage or auditorium space; (b) performances and theatre productions; (c) visual art exhibits in partnership with local galleries; (d) concerts and musical performances; (e) dance performances and lessons, including swing, hip-hop and line dancing; and (f) crafts, woodworking and a ceramic studio. Programs and facilities that promote community dialogue and participatory decision-making were also a priority, including (a) auditorium or forum space for large meetings; (b) conference space; (c) adaptable meeting rooms; (d) audio-visual and technological support of larger meetings."

This process also identified education, medical, dental and mental health services, and information resources as additional priorities.

Throughout this process the City team has held identified community interests and priorities as the highest standard in determining how to design the facility to accommodate, to the extent possible, all the desired functions. We determined, in consultation with VCBO Architecture, that we should construct art and culture space that would be flexible enough to allow a play, a musical performance, a community dance, a lecture, or any number of other activities. They suggested a "black box" could best meet this need for flexibility. As we began this process, we were also guided by the mandate to find partners who could pay all their operation and maintenance costs. It was for this reason that we thought of having a theatre company operate and market the

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space. In subsequent discussions, we have determined that the community will best be served if the City retains control of the space and is able to make certain community priorities are met. This change of direction would not be possible if we have to find a partner to cover all costs. We are encouraged that the Council seems amenable to offering general fund support for the art and culture space in particular and the Sorenson Unity Center in general. Our plan would be to seek out teaching and performing groups, and to make certain the community is aware of the resource awaiting their uses.

If you are referring to the Advisory Group in your final question in Number 1, that group has fulfilled its role. I think we are very attuned to the community need and interest and need to move forward with the plans we presented to the Council, with some slight modifications we can discuss with you.

2. If the community supports the 'black box' approach, might there be a possibility of asking the County to coordinate the scheduling of this theatre with the other scheduling that they do? (are their pros and cons to this -- the potential for moving 'downtown-type' productions to this venue and making it less available to the community, and the other questions that Russell has noted below.)

If the County were to run the art and culture space, they would do so to maximize the profitability or to offset the costs as much as possible. This would mean aggressively booking outside groups and would seriously hamper the availability of the space for community use. The City will control the space and schedule it for a variety of uses,

3. Given that the rates are quite low at Rose Wagner and are typically low for black box rental, is the revenue in the budget realistic? That seemed like a very conservative figure to use for rental income, but, obviously, it is speculative at this point.

4. On the staffing:

a. Is the Administration confident that the center can be staffed as outlined, with two individuals?

The two individuals you mention are filling one position to allow for extended hours, vacation and sick leave. If portions of the facility are not leased out and managed by others, we will need an additional position to assist with managing and programming.

b. Is there a potential for staffing to be shared between this facility and Unity?

Rosanita Cespedes will manage both the existing facility and the new Sorenson Unity Center. She reports that her staff is already extremely busy and that such sharing would not be feasible. Obviously we are open to creative options that could arise, but this does not seem doable unless we make an upward adjustment to the existing Sorenson Center budget.

c. If the County is going to be collecting fees (per Russell's question below) is there a potential to share that staff person with them and get some additional assistance that way (at least telephone answering, etc.)

The County will be managing the health and fitness space across the entry lobby from the other spaces. Again, the logistics do not seem favorable. We do not, at this point, know what their plans are for staffing the fitness center beyond the reception desk.

d. The Council would rather know now than later whether this is a realistic staffing level.

If we are programming and managing portions of the Sorenson Unity Center, we cannot do it with only one staff position (filled by two people). We will need a manager/programmer at a minimum and, possibly, another support staff to assist with basic needs that arise as people use the facility. These additions would add approximately \$100,000 to the cost of operations and maintenance.

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From: Weeks, Russell
Sent: Thursday, July 28, 2005 5:05 PM
To: Christensen, Kay
Cc: Gust-Jenson, Cindy; Mumford, Gary
Subject: RE: Unity

Kay: I may have more questions, but here are some that I have now?

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- 1.) I realize that the design was created based on the community saying what it wanted available at the Unity Center. My question is: Was the design based on a space-needs study? How did the architect arrive at the amount of space necessary for each planned function in the building?

The design is based on the need to find space for health and fitness, education, art and culture, dental health and related administration and support space. With overall square footage limited by our construction budget, it was a matter of determining what amount of space would be necessary for each function and making everything fit. Originally we had planned for 6,000 square feet in the health and fitness space, but the County asked for 7,000 and so that adjustment was made. Salt Lake Donated Dental had a specific space need and Salt Lake Community College asked for 3 classrooms and technology space. With these requirements identified, the job of VCBO was to make everything fit in a logical and functional manner.

- 2.) If I read the business plan correctly, the City is discussing or negotiating with
- a. Salt Lake County for the staffing, programming, and operation of the fitness center.

We have had a confirmation from the County that they will manage the health and fitness center. This agreement will be formalized with an amendment to the Interlocal Agreement with the County

that governs our other recreation agreements with them, such as management of the Sorenson Center pool. The City has committed to have an amendment to the Interlocal Agreement drafted and delivered to the County in the next two weeks and to have the amendment in place by September.

- b. Salt Lake County for ZAP tax funding to rebuild the Sorenson pool and create the health and fitness center.

Our agreement with Salt Lake County to run the health and fitness center at the Sorenson Unity Center does not preclude a later use of ZAP funds to build a much larger health and fitness center in conjunction with a remodel of the existing pool. In our discussions with the County, we have always made clear that the health and fitness space in the Sorenson Unity Center is not a substitute for the separate and much larger facility. If and when the ZAP facility is built, the health and fitness space at the Sorenson Unity Center can be easily converted to other community uses. The ZAP project selection process has not yet begun and will not until next year. We will aggressively seek ZAP funds for the project, but we have no guarantee.

- c. Salt Lake Community College, the Applied Technology College, and Donated Dental of Utah to use dedicated space in the Unity Center. Each would rent the space and pay to maintain a common area.

Salt Lake Donated Dental Services has a draft MOU that their attorney is reviewing. We should have the document signed within a few weeks. We are not so close with the Community College and the Applied Technology College. We have not, at this point, been able to reach a final agreement with either of them (the ATC has always tied their involvement to that of the Community College). We have contacted the new President of SLCC and are awaiting an answer. However, the classroom space is very basic space and can be used for any educational purpose. If our negotiations with the SLCC do not work out, we will seek other education partners to meet the needs of the community for skill training, general education, technology, ESL and other classes. We will not continue to wait indefinitely for the Community College.

Would it be possible to have firm dates for the conclusion of each of the negotiations? When can the City Council expect to hear that all the agencies have reached accords with the City? (See above)

- 3.) What would happen if any of the negotiations with the agencies falls through? The only

negotiation, at this point, that is in questionable status is that of the SLCC and ATC. If that falls through we will immediately seek other education partners. In consideration of that possibility we are already pursuing other possibilities, for example, the Salt Lake City School District Adult Education (Community Education) Program.

How reliant is the City on concluding negotiations to defray the City's operating subsidy? We are not pursuing a partner to defray the art and culture space at this time. If the classroom spaces are not programmed, the operating expense will be part of the general operating costs for the building. If the building is not fully programmed by partners, the City will have to provide some support for operation and maintenance. At this point, with the additional staff people I have suggested in Cindy's Question 4 d, and with a decision not to find a managing partner for the art and culture space, it seems likely we will be in the range of \$230,000 short of operation and maintenance funds.

- 4.) On Page 7 the lead sentence reads, "These rates are about \$10 per square foot per year, which is very competitive within the City for office space." Just to clarify, does the sentence pertain to Salt Lake City government office space and not commercial office space in Salt Lake City?

That figure was obtained from Linda Cordova and it refers to all office space in the City, including commercial. The average for office space is \$17 a square foot.

- 5.) What might a user of the health and fitness center expect to be charged, and would the estimated charges take into account the incomes of the public it would serve? The rates would be similar to what the County charges at other facilities and what the City charges at the existing Sorenson Center. For example, at the Gene Fullmer Fitness Center in West Jordan the County charges \$4.50 a day for aerobics and \$4.50 a day for the fitness center. Seniors are \$3.50 a day and \$20 monthly. At Dimple Dell the fee is for the pool as well as fitness and aerobic. The cost ranges from \$2.50 a day for youth 4-12, \$3.50 for youths 13-15 and \$5.00 for adults for an all day pass. Seniors are \$4. We have not discussed the specific fees yet with the County. Since the Sorenson Unity Center health and fitness space will not be as large as that available in the above referenced facilities, the fees may be lower.
- 6.) Also on Page 7 is a sentence that reads, "Demand for theater space in Salt Lake City is strong, and it is expected that the arts and culture space will be rented to community groups throughout the year." Is that statement based on a market study? Is the study what Mr. Benington confirmed, according to the July 5 transmittal letter?

The first part of that sentence is based on the experience of the Rose Wagner Theatre. It is often booked to capacity and turns potential users away. The second part refers to all the uses of the space by the community. We have not done a market study because we are not building the space to fill a market need for theatre space, but rather, a community need for art and culture space. If it were to fill both needs and that was what the Sorenson Unity Center community wanted, that would be a nice outcome, but not our guiding purpose.

- 7.) How would a theater of the kind outlined in the transmittal letter square with efforts by Salt Lake City and the Downtown Alliance/Chamber of Commerce to develop a downtown entertainment district that currently is under study.

This space would clearly be outside the parameters of a downtown entertainment district. It is a community arts and culture space which might host an occasional theatre production.

- 8.) Has Mr. Benington signed a contract with the City to market the theater locally and nationally?

No. He has only consulted with us on what is required to build a facility that can support a theatre production.

Is that the kind of contract that should be put out to bid? Yes, it would have to be put out to bid. However, we intend now to manage and program the arts and culture space internally. As I have

explained previously in this response, we pursued that possibility because we felt our mandate was to find partners sufficient to cover all costs of operation and maintenance.

9.) Is there any estimate of revenue from the theater beyond the \$10,800 outlined in the business plan?

No.

I hope this has been responsive to your questions. If you have additional questions or need additional clarification, please write or call me. Thanks, Kay
Thanks. Russell.

From: Christensen, Kay
Sent: Thursday, July 28, 2005 2:30 PM
To: Weeks, Russell
Subject: Unity

Russell, Cindy said you were going to have some questions for us on Unity. Rick and I and our in house team are meeting tomorrow and it would be good if I could have your questions before that-we are meeting at 11. Thanks, Kay

Kay Christensen
Policy and Budget
535-7677

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SORENSEN UNITY CENTER

Draft Business Plan – July 2005

Background

Mayor Anderson's proposal to resolve the Main Street Plaza controversy was approved by the Salt Lake City Council in June, 2003. As part of that transaction, Salt Lake City gained approximately four acres of land adjacent or nearby the existing Sorenson Center in the Glendale neighborhood and \$4.5 million in cash to support the development of a Unity Center and a possible expansion of the Sorenson Center.

Three facilitated meetings were scheduled by the Salt Lake City Mayor's Office to identify the types of services that should be offered at the Unity Center. Identified in order of priority were:

- Activities and facilities that promote the health and fitness of the local community;
- Facilities and programs that promote cultural exchange and increase understanding of, and participation in, the arts;
- Programs to increase education levels, build work related skills, and enhance abilities to participate in civic life;
- Services that address the medical, dental, and mental health needs of the community;
- Programs and services geared toward business and economic development;
- Quality drop in day care for users of the Sorenson Unity Center;
- A place for gathering together.

A broad group of citizens representing a variety of interests was recruited as the Sorenson/Unity Center Advisory Group to assist with the framing of programming and services to most effectively and efficiently reflect the community's vision. In the late winter 2004, the Advisory Group interviewed and evaluated potential partners and made recommendations to the City as to the mix of facilities, programs and services that was anticipated to best serve the identified interests of the community.

The Advisory Group recommended that the Sorenson Unity Center be designed to accommodate large organizations needing dedicated space, while also providing multi-purpose space for the variety of organizations that had expressed interest in programming at the Unity Center on a smaller or less frequent scale.

Designing the Facility; Maximizing its Use

The preliminary design for the Unity Center maximizes the \$4.5 million project budget by providing physical opportunities for community programming, in both dedicated and dynamic spaces. This mix guarantees a vibrant use of the center by diverse populations, meeting a variety of community needs.

The proposed site plan includes a 28,260 square foot, one-story facility that will accommodate a dedicated classroom space; a technology center; a dental care facility; a health and fitness facility; a computer lab; a space for performing arts and culture; a kitchen; a drop-in day care; exhibit space; a plaza; and flexible space for various community uses.

The facility will provide dedicated space for the Salt Lake Community College, the Applied Technology Center, and Donated Dental of Utah to provide comprehensive community services and programs, including adult education and training, and full-service dental diagnosis and treatment. These organizations will have a strong presence in the facility; the dedicated spaces will see continued activity, with individuals participating in regularly scheduled and drop-in services and programs.

The 7,000 square foot health and fitness facility will include an exercise room, strength and conditioning areas, showers and locker rooms. Salt Lake City is currently in serious negotiations with Salt Lake County to expand their management of the Sorenson Center pool to include management and programming of the health and fitness facility.

Salt Lake City will relocate the adult computer lab currently in a modular unit at the Sorenson Center into the new Sorenson Unity Center. We are negotiating with the Applied Technology College to run the adult computer education lab in conjunction with the Salt Lake Community College. There will also be adult computer lab space available for the community. This relocation will allow the youth computer programming (Intel Computer Clubhouse) remaining at the Sorenson Center to increase its reach and serve more youth.

The performance art and culture and lobby space will be available to the general public, community groups, cultural organizations and a variety of community organizations on an as needed basis. It is envisioned that the space will be used by arts, culture, and community groups for performances, concerts, rehearsals, classes, lectures, and meetings. Efforts continue to design the theater space in a way that could support a community theater in residence at the Unity Center. The lobby and exhibit space will be an aesthetically appealing site for community gatherings, receptions, parties, art exhibits, and other functions.

Multipurpose space within the facility will enable various community, health, and educational organizations to program within the Unity Center, meeting the dynamic needs of the community within a more flexible physical environment.

The remaining spaces in the building (reception, administration, office spaces, restrooms, kitchen, storage and mechanical space) will support all uses within the facility.

Guadalupe School has expressed its interest in constructing a 40,000 square foot facility on the pad site of the Sorenson Multicultural Unity Campus. This facility would allow Guadalupe to extend its curriculum through the 6th grade, serving 200 elementary students, in addition to 50 pre-school children and at least 20 children in a part-time, school-based child care program. The Administration is developing a formal agreement with Guadalupe Schools to establish a time period for a future option on this pad site. Should this option not develop, the pad will be available for other potential uses.

The Administration is also in discussion with Salt Lake County to utilize ZAP tax funding to rebuild the Sorenson pool and create a health and fitness facility on the northeastern corner of the Unity campus. In the event of such an expansion, the health and fitness facilities within the Sorenson Unity Center would be converted to another community use.

Programming and Operating the Facility

The following tables indicate the proposed use of space within the Unity Center, including dedicated, common, and general use space. References have been made to square footage of each space type as a percent of the total facility, and the manner in which operating and maintenance costs might be allocated.

Space Type	Proposed Use of Space		Preliminary Allocated Square Footage	Preliminary Total Square Footage	% of 28,240 Square Foot Facility	Allocation of Operating Costs
Tenant Space	<i>Salt Lake Community College</i> – Dedicated for skill center classes, adult basic education; drop-in child care facility	dedicated classrooms; drop-in	Three classrooms (2,317 sf) Drop-in Child Care (980 sf) Dedicated Office Space (248 sf)	3,545	13%	100% of costs associated with dedicated space, 46% of tenant CAM
Tenant Space	<i>Applied Technology Center</i> - Bilingual vocational ESL, business, pharmacy & training to employment skill level	training, computer	Technology Center (989 sf) Dedicated Office Space (126 sf)	1,115	4%	100% of costs associated with dedicated space, 15% of tenant CAM
Tenant Space	<i>Donated Dental of Utah</i> - 6 full service for diagnosis and treatment by volunteer assistants; space is self-contained	dental chairs dentists and	Intake and Clinic Area (3,000 sf)	3,000	11%	100% of costs associated with dedicated space, 39% of tenant CAM

Space Type	Proposed Use of Space	Preliminary Allocated Square Footage	Preliminary Total Square Footage	% of 28,260 Square Foot Facility	Allocation of Operating Costs
Lobby/Exhibit	General reception area, exhibit space, rental space for private events, community meeting space	Lobby/Exhibit Space (3,494 sf)	3,494	12	100% general use (portion of which could be recovered via rental/use fees)
Health and Fitness Facility	Health and Fitness Facility with exercise room, strength and conditioning area, showers and lockers	Health/Fitness Facility (7,000 sf)	7,000	25%	100% general use (100% of which could be recovered with use fees)
Computer Lab	Computer and human resources for adult participants to explore, create, and express themselves through technology	Computer Lab (780 sf)	780	3%	100% general use
Performance Arts & Culture	Space for community theater, dance, music, concerts, and other gatherings and community meetings and events.	200 – 300 Seat Theater (3,073 sf) 2 green rooms (980 sf)	4,053	14%	100% general use (portion of which could be recovered via rental/use fees)
Multipurpose	Space for community partners	Multipurpose space (556 sf)	556	2%	100% general use (portion of which could be recovered via rental/use fees)
Reception/Administration	Office space for facility reception and management	Office space (850 sf)	850	3%	27% of associated costs billed to tenants on prorata share; 73% general use
Restrooms	2 restrooms for general use	2 restrooms (675 sf)	675	2%	27% of associated costs billed to tenants on prorata share; 73% general use
Kitchen	Prep Kitchen for Child Care, Tenant Use, and Events (i.e., catering)	Kitchen (386 sf)	386	1%	27% of associated costs billed to tenants on prorata share; 73% general use
Mechanical/Electrical Room Storage	General facility support	Mechanical/Electrical Room (820 sf) Storage (265 sf)	1,050	4%	27% of associated costs billed to tenants on prorata share; 73% general use
Hallways and Corridors	General facility support	Hallways and Corridors (3,080 sf)	1,756	6%	27% of associated costs billed to tenants on prorata share; 73% general use
TOTAL SQUARE FOOTAGE			28,260	100%	

Paying to Operate and Maintain the Facility

The anticipated costs to operate and maintain the Unity Center facility are as follows:

<u><i>Expenditure Category</i></u>	<u><i>Estimated Annual Cost</i></u>
Utilities	\$68,500
General Building Maintenance	\$71,200
Theater Maintenance	\$7,500
Security	\$51,620
Management	\$84,650
Programming	\$6,500
Capital Improvements	\$10,000
<i>TOTAL</i>	<i>\$299,970</i>

It has been assumed that the costs to maintain dedicated tenant spaces in the Unity Center, plus a prorata share of the costs to maintain common area spaces, would be allocated to the users of those dedicated spaces. These users, or tenants, are the Salt Lake Community College, the Applied Technology Center, and Donated Dental of Utah.

These tenants are anticipated to control approximately 27% of total square footage in dedicated space, and an additional 5% of total square footage as their share of common area (reception/kitchen/restrooms/mechanical etc.). Tenant rent and common area maintenance (C.A.M.) charges would be figured based on the percent of total expenditures related to their dedicated and common area spaces, including utilities, general building maintenance, security, management, and capital improvements. Tenants would not be allocated a percentage of theater maintenance or programming costs. Tenant related expenses would equal approximately \$82,972 per year.

These costs would be recovered from the three tenants according to their share of total dedicated space. An estimate of these rent and common area maintenance (C.A.M.) costs is as follows:

	% dedicated space	Estimated Annual Rent/CAM
SLCC/Child Care (3,545 sf)	46%	\$38,168
ATC (1,115 sf)	15%	\$12,446
Donated Dental (3,000 sf)	39%	\$32,360

These rates are approximately \$10 per square foot per year, which is very competitive within the City for office space. The City is currently meeting with these tenants to develop preliminary agreements for the use of each space at these rates.

The remaining 68% of the total square footage of the proposed Unity Center facility is comprised of the health and fitness facility, an arts and culture area, the computer lab, the multipurpose space, the lobby/exhibit space, reception/facility management/ programming space, and kitchen/restrooms/mechanical space/corridors. The anticipated cost to operate and maintain these spaces is approximately \$216,998 per year.

A breakdown of these anticipated costs by space is as follows:

	% general space	Operating Cost	Specific Cost	Total	Net of Revenues
Lobby (100% of 3,494 sf)	18%	\$37,710		\$37,710	\$37,710
Health and Fitness Facility (100% of 7,000 sf)	36%	\$75,419		\$75,419	\$0
Computer Lab (100% of 780 sf)	4%	\$8,380		\$8,380	\$8,380
Theater (100% of 4,053 sf)	21%	\$43,994	\$7,500	\$51,494	\$40,694
Multipurpose Space (100% of 556 sf)	3%	\$6,285		\$6,285	\$6,285
Reception/Administration (74% of 850 sf)	3%	\$6,285		\$6,285	\$6,285
Kitchen/RR/Mechanical Etc. (74% of 3,867)	15%	\$31,425		\$31,425	\$31,425
	100%	\$209,498	\$7,500	\$216,998	\$130,778

The operating agreement with Salt Lake County for the programming and operation of the health and fitness facility is anticipated to align with the operating agreements for other City facilities, including the pools and ice sheet. Therefore, it can be assumed that the costs associated with the operations of the health and fitness facility will be paid for by the County, offset by user fees.

Demand for theater space in Salt Lake City is strong, and it is expected that the arts and culture space will be rented to community groups throughout the year. Conservative estimates of revenues that could be generated by the theater are approximately \$10,800 per year, based on usage and rental rates of other publicly-owned and operated theaters. This assumes that fees would only be assessed to for-profit organizations or non-profits charging an entrance fee to a particular event at the Unity Center. Space for all community events and free performances, etc., would be presumed to be provided free of charge or at a greatly reduced rate. The Administration is continuing to evaluate the degree to which additional capital investment in the construction of the theater space would generate even greater use and yield higher net revenues.

It seems feasible that the lobby/exhibit space, and multipurpose space could be rented out to the community and various partner organizations. The policy developed to cover this use will assure that any fees assessed do not limit use of the space to meet its objective of serving as a vibrant, dynamic, synergistic community gathering place.

Assuming that dedicated space users will cover their costs, that the health and fitness facility is managed and operated by the County, and that the theater could offset its costs by approximately \$10,800 per year, the net un-recovered operating expenses for the Unity Center are estimated at approximately \$130,778 per year. We see this as a short term budgetary challenge and anticipate a shortfall for at least one to two years before the building is completely self sustaining.

Based on this business model, the operation will not be able to fully sustain itself without subsidy. The administration recommends that the general fund cover the shortfall during the start-up phase. The benefits to the city of a \$4.5 million private contribution that allows for a unique blend of programs and services in an underserved community are substantial and are worthy of temporary general fund support.