

Nickalis T.

From: Penn Phil [Phil.Penn@saline.org]
Sent: Friday, April 18, 2008 8:48 AM
To: TLC-Team1
Subject: RE: Expo Center - Gralla Report

Categories: DEPT-TLC

Nickalis,

First of all thank you for your interest in this matter, it's good that people try to find out more about this in detail.

In answer to your revenue and expense from the Gralla report back in 2003, in it has a financial analysis projection for what at that time was the proposed center. Without going into a lot of the detail, which I would be glad to go into with you, but it had the proposed center revenues at a potential of \$650,000 with expenses totaling \$581,000. As the County was concerned with had reservations with some of these figures as we did not want to promise a profit from the center because this would not have been fair to the taxpayers (of which I am one) and it turned out after the first couple of years it showed losses.

Now we did believe it could have been a much more of a break even than certainly the current center is because of the efficiency of the buildings, lighting, setting up and tearing down for events more effectively.

The current center operates with a total budget of \$369,000 and revenues around \$150,000. This as you know, is in large part because we have a very aging facility, it is not efficient in any area, couple this with the lose of events to other venues creates this larger gap in revenue vs expenses, but the buildings still need to be maintained for those events that still come here or may want to come here. Now after saying this, and certainly you're seeing these numbers not working well, but as with most if not all government facilities, ie Bicentennial Center, swimming pools ect, they are subsidized by the taxpayer of that local area and are quality of life issue that is meant to increase the total economy by bringing in people from outside our area to shop, eat, and use the facilities that we have to enjoy which in turns makes for a stronger tax base.

As far as privatizing a facility such as the Expo Center, BiCenter, ect. Although it sounds great to have someone else pay for this as opposed to the actual local taxpayer, in reality there are things that a private project would probably require, such as some kind of tax incentives somewhat like we saw the the new Kohls department store that is supposedly coming, which in all actuality comes back to the taxpayer once again. And also the cost to hold an event at a facility like this would be much higher than what could be done under current government owned and operated form, this would be because it would have to turn huge profits in order to stay in business, case in point the amusement park in Park City.

I am not saying that the need for some type of private capital would'nt be needed in some form or another to make this happen, and would certainly be welcomed.

This has been a project that has touched a lot of nerves and rightfully so, it's a heck of a lot of money.

I hope I was able to answer some of your questions regarding this and would be more than happy to sit down with or have you come by and look at the current facility.

Want to thank you again for taking an interest in this and please feel free to contact me any time.

Regards,

Phil Penn
Director
Saline County Expo Center

-----Original Message-----

From: TLC-Team1 [mailto:TLC@towerliberty.com]
Sent: Friday, April 18, 2008 7:28 AM
To: Penn Phil
Subject: Expo Center - Gralla Report

Mr. Penn,

The report tells a lot about the needs of the area, and the costs associated with the maintenance of the Expo center, but I don't see a breakout of the costs for maintenance, and more importantly, I don't see what revenues the proposed center is supposed to bring in, or what revenues the current Expo center brings in.

I had a talk with Dennis Lauver, at the Chamber, regarding a private capital project that could propose an Expo center replacement, at no cost to Saline tax payers, and I'm interested to see if this would be a profitable venture.

Regards,

Nickalis Tower