



COUNCIL STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

TO: City Council Members

FROM: Kira Luke, Ben Luedtke
Budget & Policy Analyst

DATE: July 16, 2019

RE: **FUNDING OUR FUTURE: Resolution: Street Reconstruction General Obligation Bond Issuance and Sale**

Item Schedule:

Briefing: July 16, 2019

Potential Action: August 27, 2019



ISSUE AT-A-GLANCE

Funding Our Future: In 2018, the City identified street conditions, affordable housing, public transit, and neighborhood safety as important City services in need of additional ongoing funding. To fund these service needs, the Council increased the sales tax by 0.5%, and placed an \$87 million Streets Reconstruction General Obligation bond on the 2018 ballot, which City voters approved.

BUDGET IMPACT

If adopted, the resolution for August 27 would authorize the City Finance Department to issue the first block of General Obligation Streets Reconstruction bonds for up to \$20,000,000. Final amounts of the issuance may vary, depending on market conditions at the time of sale.

This resolution also approves the sale of up to \$5,400,000 in Refunding Bonds for the Leonardo, which is a way to refinance that debt at a lower interest rate. Proceeds are used to refund currently outstanding General Obligation Refunding Bonds from April 2017. This is expected to gain the City approximately \$245,411 in savings from reduced debt, which could mean slightly lowered tax bills to property owners over the next ten years. Funding Our Future messaging anticipated savings to property owners based on partially paying off bonds relating to The Leonardo this fiscal year and fully paying off bonds for the Main Library; however, the Refunding Bonds in this issuance are otherwise unrelated to the Funding Our Future revenue discussions.

ENGAGEMENT

Funding Our Future received extensive engagement through Spring of 2018, and the "Funding Our Future" brand continues to receive high focus to keep residents apprised of the progress. (Attachment 1: Engagement Report). One of the consistently recurring top themes residents raised throughout the engagement process was the importance of transparency, accountability, and trust that the funds raised through sales tax or bonding would be used as the City represents. To this end, the FundingOurFutureSLC.com website has been created to report Funding Our Future funds and expenses.



A key point in favor of the General Obligation Streets Reconstruction Bond is the accountability legally embedded in the process – the City is prohibited from spending the funds for any purpose other than those described on the ballot (Attachment 2: Voter Information Pamphlet). In this sense, the City is already committed to accountability. However, an industry-recognized important step in public

engagement is the report back to the public on how feedback has been heard and used. While additional engagement is not legally required, the Council expressed interest during the engagement process in maintaining robust communication with City residents on all Funding-Our-Future-related projects.

POLICY QUESTIONS

1. **Bond increments:** The minimum bond eligible for purchase from this issuance is set at \$5,000. Staff understands from the City’s Financial Advisors that administration costs increase as the number of individual orders and buyers goes up as is the case when selling more bonds in smaller increments. The Council may wish to discuss with the Administration the tradeoffs or other options considered when establishing this threshold.
2. **Engagement:** Since the bond will be issued in multiple parts and the funded projects will have some engagement efforts, there will be many opportunities for engagement.
 - a. The Council may wish to ask the Administration about engagement planned for each of the bond-funded road reconstruction projects through Engineering’s standard outreach and engagement process.
 - b. The Council may also wish to share any expectations for public engagement for this and future Funding-Our-Future-related bond issuances and projects.

PROJECTS

Funds from the Streets Reconstruction bond issuance will be used for projects scheduled for construction or design in 2020-22. The Administration has included contingencies as well as interest earned on the bond funds to cover additional project costs.

- \$13,400,000 for six major street reconstruction projects in Districts Two, Five, Six, and Seven
- \$1,600,000 for two major street design projects in District Four and Five
- \$6,000,000 for local street reconstruction projects

This represents a 75/25 split between funds designated for major street reconstruction projects and local street reconstruction projects. During policy discussions, the Council set direction for an 80/20 split of funding between major and local streets. This is the first of several bond issuances, so the final allocation of project funding may more closely align with the 80/20 allocation.

Major Streets

The table below shows the major street candidates for reconstruction projects. High-capacity urban streets that deliver traffic at the highest level of service possible are considered major streets. These projects range from design to full replacement with a new structural system, including pavement, curb and gutter, drive approaches, sidewalks, accessibility ramps. Projects also include consideration of complete street elements like pedestrian or bicycle paths.

Construction Year	Street	From	To	Cost
2020	500 East	1700 South	2100 South	\$1,500,000
	2000 East	Parley's Way	City Limit	\$1,300,000
	700 West	1600 South	2100 South	\$2,000,000
	Local Streets			\$3,000,000
2021	300 West - Design	900 South	1300 South	\$600,000
	900 East	Hollywood Drive	2700 South	\$2,600,000
	100 South	North Campus	900 East	\$3,000,000
	1700 East	1700 South	2700 South	\$2,000,000
	Local Streets			\$3,000,000
2022	200 South - Design	400 West	900 East	\$1,000,000
				\$20,000,000

Figure 1 - Administrative Transmittal, page 3

Local Streets

The local streets are small streets that carry less traffic and have fewer lanes than major streets. Local street reconstruction projects include new pavement, sidewalks, drive approaches, curbs, and updating accessibility ramps. Engineering plans to rotate funding for local streets through all seven districts. The table below shows candidates for local street reconstruction projects using bond funds from this issuance.

Local Street Reconstruction Candidates					
Year	Street	From	To	Cost	Total for Year
2020	500 N	JORDAN RIVER	REDWOOD RD	\$186,274	\$3,039,606
	ARIES CIR	CULDESAC END	NEW STAR DR	\$193,975	
	BRIARCLIFF AVE	AMERICAN BEAUTY DR	AUTUMN AV	\$147,286	
	COATSVILLE AVE	800 E	900 E	\$251,049	
	DUPONT AVE	CAPISTRANO DR	AMERICAN BEAUTY DR	\$209,736	
	DUPONT AVE	CAROUSEL ST	1500 W	\$229,937	
	ELIZABETH ST	CRYSTAL AV	STRATFORD AV	\$122,209	
	ELIZABETH ST	STRATFORD AV	WHITLOCK AV	\$132,387	
	HASLAM CIR	CULDESAC END	GARNETTE ST	\$75,267	
	KENSINGTON AVE	1400 E	1500 E	\$223,691	
	PARKWAY AVE	ELIZABETH ST	HIGHLAND DR	\$121,678	
	RAMONA AVE	900 E	LINCOLN ST	\$86,240	
	RAMONA AVE	LINCOLN ST	1000 E	\$133,535	
	SIMPSON AVE	MCCLELLAND ST	1100 E	\$245,425	
	TALISMAN DR	800 N	1200 W	\$288,113	
	TALISMAN DR	CULDESAC END	CORNELL ST	\$139,477	
	ZENITH AVE	800 E	900 E	\$253,329	

Local Street Reconstruction Candidates					
Year	Street	From	To	Cost	Total for Year
2021	1900 E	SUNNYSIDE AV	900 S	\$140,801	\$2,979,663
	200 N	400 W	W TERMINUS END	\$180,606	
	ALTA ST	2ND AV	3RD AV	\$108,932	
	ALTA ST	3RD AV	FEDERAL HEIGHTS DR	\$212,668	
	BLAINE AVE	NEVADA ST	FOOTHILL DR	\$514,874	
	CAMBRIDGE CIR	CAMBRIDGE WY	N TERMINUS END	\$149,863	
	CAMBRIDGE WAY	PERRY'S HOLLOW RD	TOMAHAWK DR	\$270,696	
	GREENWOOD TER	900 S	SUNNYSIDE AV	\$105,601	
	KENSINGTON AVE	1400 E	1500 E	\$223,691	
	KENSINGTON AVE	KEN REY ST	2100 E	\$385,770	
	L ST	7TH AV	8TH AV	\$155,347	
	L ST	9TH AV	10TH AV	\$149,095	
	M ST	3RD AV	4TH AV	\$163,352	
	NEVADA ST	WILSON AV	BLAINE AV	\$111,276	
	WALL ST	COLUMBUS ST	400 N	\$107,091	

Figure 2 - Administrative Transmittal, page 13

ATTACHMENTS

Attachment 1 – Engagement Report

Attachment 2 – November 2018 Voter Information Pamphlet