



# COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY  
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**TO:** City Council Members

**FROM:** Ben Luedtke  
Budget & Policy Analyst

**DATE:** November 16, 2021

**RE:** **Up to \$55 Million of Bonds for Capital Improvements (Series 2021A and 2021B)**

## Project Timeline:

Budget Hearings: May 18 & June 1, 2021

1<sup>st</sup> Briefing: June 1, 2021

2<sup>nd</sup> Briefing: September 14, 2021

3<sup>rd</sup> Briefing: November 16, 2021

4<sup>th</sup> Briefing: TBD

Bond Public Hearing: TBD

Potential Action: TBD

*Note: there is no legal deadline for the Council to authorize, adjust or decline the proposed bond*

## NEW INFORMATION

The Administration transmitted a revised proposal for the capital improvements bond. The original and revised proposals are compared in the summary table on the next two pages. The bond has fewer projects and increased funding for several projects which reflect increased cost estimates partly caused by pandemic-related economic circumstances as well as time lapse from original estimates. Major changes include:

- Total project costs for bond funding decreased by \$4,137,000 from \$57,090,000 to \$52,953,000
- The split of projects between the three categories is nearly evenly split in the revised proposal:
  - o 38% for parks and public lands projects
  - o 32% for transportation projects
  - o 30% for facilities projects
- 11 projects are recommended for funding instead of the original 16
- 7 projects have increased funding amounts
- 6 projects were removed
- 1 project has decreased funding (Glendale Water Park Redevelopment)
  - o The Administration indicates an upcoming budget amendment would include transferring \$3.2 million of parks impact fee from Pioneer Park Redevelopment to Glendale Water Park Redevelopment.
- 1 new project is added (Folsom Trail Landscaping)

Design to Budget Approach: Three parks projects (Glendale Water Park, Pioneer Park and Westside Neighborhood Parks) would use a “design to budget approach” meaning there are no current designs to use for an Engineering provided cost estimate. Rather the projects would be designed later to fit within the bond funding level based on public engagement feedback and construction prices at a future date. *(note: sometimes there is a gap between public expectations during the engagement phase, and available budget during the construction phase such as scope reductions due to increased costs)*

30% Contingencies for Five Projects: Transformer Replacements, Fisher Mansion, Warm Springs, Urban Wood Reutilization, and Cemetery Road Repairs include 30% contingencies in the estimated costs to account for the uncertainty of construction prices and inflationary pressures.



Priority	Revised Funding	Original Funding	Project Name	%	Notes
1	\$6,100,000	\$2,500,000	Central Plant Electrical Transformer Upgrade & Emergency Backup Generators	11%	<ul style="list-style-type: none"> <li>Rocky Mountain Power requires by 2024</li> <li>Without backup generators some systems and public services would be unavailable during a power outage</li> <li>\$3.6 million increase over original</li> <li>Cost based on 70% construction designs</li> </ul>
2	\$6,800,000	\$10,000,000	Glendale Water Park Redevelopment	12%	<ul style="list-style-type: none"> <li>In FY22 CIP, the Council approved \$3.2 million for this project, and in FY21 \$225,000 for creating a redevelopment plan</li> <li>\$3.2 million decrease from original, offset by future budget amendment to shift parks impact fees (bringing total back to \$10m)</li> <li>Administration would propose in a future budget opening to shift \$3.2 million of parks impact fees from Pioneer Park to this project</li> <li>Federal requirement for at least some active recreation by April 27, 2024</li> <li>Design to budget approach</li> </ul>
3	\$8,600,000	\$5,200,000	Pioneer Park Improvements	15%	<ul style="list-style-type: none"> <li>In FY20 CIP, the Council approved \$3.445 million of parks impact fees for Pioneer Park improvements. Admin is proposing to shift these to Glendale Water park.</li> <li>\$3.4 million increase over original</li> <li>Design to budget approach</li> </ul>
4	\$6,100,000	\$6,100,000	Westside Railroad Quiet Zones	11%	<ul style="list-style-type: none"> <li>Three at grade crossings would be improved to create a single quiet zone in residential neighborhood</li> </ul>
5	\$4,000,000	\$3,400,000	Westside Park Improvements	7%	<ul style="list-style-type: none"> <li>Locations are Modesto Park, Poplar Grove Park and Jackson Park</li> <li>See Attachment 2 for the project description was missing from the transmittal</li> <li>\$600,000 increase over original</li> <li>Design to budget approach</li> </ul>
6	\$1,800,000	\$1,500,000	Fisher Mansion Stabilization	3%	<ul style="list-style-type: none"> <li>This funding is for structure stabilization</li> <li>Building would <u>not</u> be ready for public or private uses</li> <li>In FY20 CIP, the Council funded almost \$1.4 million for restoration of the Carriage House, and in FY21 another \$504,732 for construction overages</li> <li>\$300,000 increase over original</li> <li>Could be combined with Warm Springs Historic Plunge for \$7.8 million available to both historic buildings</li> </ul>
7	\$6,000,000	\$3,000,000	Warm Spring Historic Plunge Structure Stabilization	11%	<ul style="list-style-type: none"> <li>Building would <u>not</u> be ready for public or private uses</li> <li>\$3 million increase over original</li> <li>Could be combined with Fisher Mansion for \$7.8 million available to both buildings</li> </ul>
8	\$2,000,000	\$1,700,000	Urban Wood Reutilization Equipment and Storage Additions	4%	<ul style="list-style-type: none"> <li>New program would also require one or two new full-time City employees</li> <li>Program is focused on recycling wood rather sending to the landfill and could generate modest savings / revenue</li> <li>\$300,000 increase over original</li> </ul>

Priority	Revised Funding	Original Funding	Project Name	%	Notes
9	\$1,000,000	\$1,000,000	City Cemetery Road Repairs / Reconstruction	2%	<ul style="list-style-type: none"> <li>Total road repairs and reconstruction estimated at \$12.5 million</li> </ul>
10	\$9,753,000	\$4,000,000	600 North Corridor Transformation	17%	<ul style="list-style-type: none"> <li>In FY22 CIP, the Council approved over \$1.8 million for this project</li> <li>\$5,753,000 increase over original</li> <li>Large cost increase from \$8.7 million earlier this year to \$14.5 million</li> </ul>
11	\$800,000	NEW	Folsom Trail Landscaping	1%	<ul style="list-style-type: none"> <li>New; not included in the original proposal</li> <li>10 feet on both sides of trail including irrigation, seeding, trees and surface cover</li> <li>Over \$3.5 million total budget for construction from multiple sources, landscaping, lighting, and other amenities were largely removed due to cost increases</li> </ul>
	REMOVED	\$7,500,000	Fisher Mansion Restoration		<ul style="list-style-type: none"> <li>Building would be ready for public or private uses with both projects funded</li> <li>In FY20 CIP, the Council funded almost \$1.4 million for restoring the Carriage House</li> </ul>
	REMOVED	\$3,000,000	Smith's Ballpark Improvements		<ul style="list-style-type: none"> <li>Total deferred maintenance and improvements identified by the Facilities condition index (industry best practice) is estimated at over \$12.7 million</li> </ul>
	REMOVED	\$5,250,000	Foothills Master Plan Phase 2 & 3 Trailheads		<ul style="list-style-type: none"> <li>Five trailhead locations are identified, three would have restrooms, no property acquisitions would be necessary</li> <li>In FY19 and FY21 CIP, the Council approved over \$1.1 million for Phase 1 implementation</li> <li>In FY22 CIP, the Council approved \$1.7 million for implementing the Foothills Master Plan</li> </ul>
	REMOVED	\$1,300,000	Allen Park Historic Structures Improvements, Utilities including Power and Activation		<ul style="list-style-type: none"> <li>The City purchased Allen Park in FY20 for \$7.5 million</li> <li>In FY21 CIP, the Council approved \$450,000 for property protection, public pathways and consultant services</li> <li>In FY22 CIP, the Council approved \$420,000 for this same project</li> </ul>
	REMOVED	\$1,200,000	Public Lands Multilingual Wayfinding Signs		<ul style="list-style-type: none"> <li>Locations are TBD, approximately 35 signs per Council District</li> <li>See Attachment 2 for an additional project description</li> </ul>
	REMOVED	\$440,000	Jordan River Paddle Share at 1700 South		<ul style="list-style-type: none"> <li>Three already funded boat ramps within Salt Lake City are expected to be complete this year for a total of four</li> </ul>
<b>TOTALS</b>	<b>52,953,000</b>	<b>57,090,000</b>	<b>Green = Parks &amp; Public Lands</b> <b>Blue = Facilities</b> <b>Orange = Transportation</b>	<b>100%</b>	<ul style="list-style-type: none"> <li>Additional funding up to \$55 million includes costs of issuing the bonds and premium from investors</li> <li>Depending on timing of Council approval and bond sales, an interest only payment may be needed in FY22 and the first full payment would be in FY23</li> </ul>

## NEW POLICY QUESTIONS

Many of the project-specific and general policy questions in the first staff report (listed down below) remain relevant to the revised proposal. The Council may wish to review the earlier questions in addition to the new ones listed in this section.

1. **Splitting \$7.8 Million between Fisher Mansion and Warm Springs Historic Plunge** – The Council may wish to discuss with the Administration whether the funding should be considered combined or separate for these two buildings. The revised proposal includes a note stating the \$1.8 million to stabilize Fisher Mansion and the \$6 million for Warm Springs Historic Plunge could be combined. However, the two funding amounts are listed, and the projects ranked separately. It's worth noting that the Fisher Mansion is estimated to be 2,800 square feet of interior space and Warm Springs 40,785 square feet. A 2018 development scenario to make Warm Springs ready for public and/or private uses estimated the total construction cost at \$6.5 million. The cost for a similar development is likely significantly higher in the current economy.
2. **Historic Preservation and Disposal of Underutilized Property** – In earlier discussions some Council Members raised the question to what extent is the City's role in preserving historic buildings? Council Members also expressed an interest in fully funding a development scenario for the Fisher Mansion and/or Warm Springs Historic Plunge to be ready for public and/or private uses. Council Members may wish to discuss the City's role and what amount would be necessary for the bond to make these historic buildings ready for use.
3. **Conditions on Projects and/or Bond** – The Council may wish to discuss whether to add any conditions on the bond funding or requests to the Administration such as providing status updates to the public as projects progress, notification of any scope reductions or making project funding contingent upon certain conditions.
4. **How to Use \$3.3 Million Not Needed this Fiscal Year** – In the annual budget, the Council added \$3.6 million into CIP as a placeholder for the first full debt payment on the new bonds. Depending on the timing of Council approval and sale of the bonds there might be an interest only payment near the end of the current fiscal year. This means approximately \$3.3 million would not be needed this fiscal year and could be used for another purpose such as moving to Fund Balance or on other capital projects. The Administration has recently suggested that this funding could be used to match a legislative ask relating to irrigation at the Cemetery. Any usage of these funds would need to be approved by the Council in a budget amendment (or annual budget). The Council may wish to discuss if it makes sense strategically to approve this prior to the upcoming legislative session.
5. **Larger Margin between Project Costs and Authorized Bond Total** – The Council may wish to ask the Administration why the margin more than doubled between the project costs and the authorized bond total the Council would approve in the resolution. The original resolution had a \$910,000 margin which covers additional costs of issuance for the bond. The revised proposal has a resolution with a \$2,047,000 margin.

## ISSUE AT-A-GLANCE

On May 21, the Council received the Mayor's bond proposal (Attachment 1) requesting the Council approve a bond up to \$58 million for 16 capital improvements. Project descriptions are shown on pages three and four of Attachment 1. A table summarizing the proposed bond-funded projects is also available in this report on pages two and three. The projects include restoration of historic City-owned buildings, quality of life and safety improvements on streets, and nearly half the funding would go to enhancements of parks and public lands.

Two Bonds: One Taxable, Another Tax-exempt – The proposed funding is split between \$22,490,000 for tax-exempt projects and \$34,600,000 for taxable projects. A project requires partial or full taxable bond funding if the resulting use is for private and/or for-profit. A taxable bond is more expensive financing than tax-exempt because of the additional tax cost and potential for a higher interest rate. The bonds can be structured to only pay interest for the first six months, 12 months, or 18 months. This approach could delay the first full debt payment of interest and principal until next fiscal year but at a greater total cost because a larger amount of interest would be paid over the life of the bond.

Project Cost Estimates – The Council could discuss with the Administration about doing additional public engagement and/or design for some projects to better define designs (amenities, locations, programming, etc.)

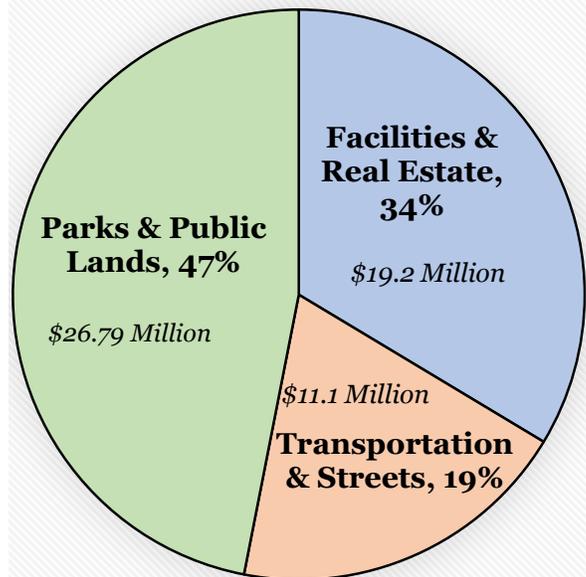
and costs before approving a bond. Most of the proposed projects do not have detailed budget breakdowns or engineering reviewed designs. Note that a few projects have gone through public engagement efforts such as the 600 North corridor transformation and Glendale Waterpark redevelopment. Some City construction projects have experienced double-digit price increases this year due to pandemic-related economic impacts. It's unclear how long these price fluctuations will continue. The Council could request a review of cost estimates, increase project-specific contingency funding, and/or add a general contingency reserve available to any project.

**Process to Adopt** – It's important to note that the proposed sales tax revenue bond only requires Council approval unlike a General Obligation bond which requires voter approval at the ballot box. The Council would need to adopt a public hearing resolution, set the date, and hold at least one public hearing about the bond. The Council would also need to adopt a delegating bond resolution that formally authorizes the bond sales and identifies eligible projects and scopes. There is no legal deadline for the Council to authorize, adjust or decline the proposed bond.

**Funding Opportunity after Older Bond Paid Off Last Year** – The Administration is proposing the bond now because an approximately \$80 million bond was paid off in FY21 which removed \$5.3 million of annual debt payments. The Mayor is recommending a new, smaller bond up to \$58 million for 16 capital improvements around the City. In large part the size of the bond proposed is to account for the size of the debt service fitting into the proposed FY 22 budget (the proposed budget had a placeholder). As part of the FY21 CIP debt service budget, the Council included \$3,657,667 for a first-year payment on the proposed bond. This funding could be used for other purposes if the Council declines to proceed with the bond or approves a smaller bond. If the Council approves a bond larger than \$58 million, then additional funding would need to be identified to make the first-year payment, or the Council could work with the Administration to identify timing of first-year payment. Long term the Council could accommodate larger bond payments but would need to adjust the budget to remain balanced.

**Projects Overview of \$58 Million Bond Proposal** – The pie chart shows almost half of the bond funding would construct enhancements to parks and public lands, a third would address deferred maintenance at City buildings and create a new facility and the remaining 19% would go to transportation and streets reconstruction. Note that the City is about halfway through the 2018 voter-approved \$87 Million Streets Reconstruction Bond. More ongoing funding for street reconstructions and overlays will be needed after the bond funds are gone. A third of four bond issuances totaling \$87 million is planned later this year. The table below summarizes projects by category, proposed funding, percentage of total bond funding and notes such as recent Council funding for the project from other sources, total funding needs when known and related info.

**% of \$58 Million Bond by Category**



Category	\$ Amount	Project Name	% of Bond	Notes
Facilities & Real Estate	\$ 7,500,000	Fisher Mansion Restoration	13%	- Building would be ready for public or private uses with both projects funded - In FY20 CIP, the Council funded almost \$1.4 million for restoration of the Carriage House
	\$ 3,000,000	Warm Spring Historic Plunge Structure Stabilization	5%	- This would be for initial life/safety improvements. Building would <u>not</u> be ready for public or private uses
	\$ 3,000,000	Smith's Ballpark Improvements	5%	- Total deferred maintenance and improvements identified by the Facilities condition index (industry best practice) is estimated at over \$12.7 million
	\$ 2,500,000	Central Plant Electrical	4%	- Required by Rocky Mountain Power by 2024

Category	\$ Amount	Project Name	% of Bond	Notes
		Transformer Upgrade		
	\$ 1,700,000	Urban Wood Reutilization Equipment and Storage	3%	- New program would also require one or two new full-time City employees - Program is focused on recycling wood rather sending to the landfill and could generate modest savings / revenue
	\$ 1,500,000	Fisher Mansion Improvements	3%	- This funding is for structure stabilization - Building would be ready for public or private uses with both projects funded - In FY20 CIP, the Council funded almost \$1.4 million for restoration of the Carriage House
<i>Subtotal</i>	\$ 19,200,000		34%	
Transportation & Streets	\$ 6,100,000	Westside Railroad Quiet Zones	11%	- Three at grade crossings would be improved to create a single quiet zone in residential neighborhood
	\$ 4,000,000	600 North Corridor Transformation	7%	- In FY22 CIP, the Council approved over \$1.8 million for this project
	\$ 1,000,000	City Cemetery Road Repairs / Reconstruction	2%	- Total road repairs and reconstruction estimated at \$12.5 million
<i>Subtotal</i>	\$ 11,100,000		19%	
Parks & Public Lands	\$ 10,000,000	Glendale Water Park Redevelopment	18%	- In FY22 CIP, the Council approved 3.2 million for this project
	\$ 5,200,000	Pioneer Park Improvements	9%	- In FY20 CIP, the Council approved \$3.445 million of parks impact fees for Pioneer Park improvements. Public engagement is currently ongoing for selecting amenities and locations
	\$ 5,250,000	Foothills Master Plan Phase 2 & 3 Trailheads	9%	- Five trailhead locations are identified, three would have restrooms, no property acquisitions would be necessary - In FY19 and FY21 CIP, the Council approved over \$1.1 million for Phase 1 implementation - In FY22 CIP, the Council approved \$1.7 million for implementing the Foothills Master Plan
	\$ 3,400,000	Westside Park Improvements	6%	
	\$ 1,300,000	Allen Park Historic Structures Improvements, Utilities including Power and Activation	2%	- The City purchased Allen Park in FY20 for \$7.5 million - In FY21 CIP, the Council approved \$450,000 for property protection, public pathways, and consultant services - In FY22 CIP, the Council approved \$420,000 for this same project
	\$ 1,200,000	Public Lands Multilingual Wayfinding Signs	2%	

Category	\$ Amount	Project Name	% of Bond	Notes
	\$ 440,000	Jordan River Paddle Share at 1700 South	1%	- Three already funded boat ramps into the Jordan River within Salt Lake City are expected to be complete this year for a total of four
<i>Subtotal</i>	\$ 26,790,000		47%	
<b>TOTAL</b>	<b>\$ 57,090,000</b>		<b>100%</b>	

\$300+ Million Unfunded Capital Needs Over Next Decade – Below is a list of the City’s unfunded capital needs from large single-site projects to long-term best management of capital assets like buildings, streets, and vehicles. This list is not comprehensive, and some costs may be higher since originally estimated. The total unfunded needs of the below list exceed \$300 million and may be closer to \$500 million depending on the specifics of new construction and major redevelopments in the first section. Note that these estimates for new assets do not include maintenance costs. The Council may wish to ask the Administration about their progress on a City Capital Facilities Plan. Typically, these documents identify, track, prioritize and schedule unfunded capital needs over a long-term horizon. This could include identifying future bond opportunities based on the City’s current schedule of when bonds will be paid off. Note that the proposed bond includes funding for some projects in the below list. Redevelopment Agency projects are not included in the below list. However, the Council has previously taken a “whole City” perspective and leveraged multiple funding sources to complete RDA projects including use of the City’s bonding capacity.

- Costs TBD for potential new construction and major redevelopments:
  - Old Public Safety Building
  - Fleet Block mixed-use redevelopment potentially including housing, green space and commercial
  - Eastside Police Precinct
  - Crime lab building out (currently leasing space)
  - Multiple aging fire stations and training facilities need renovations or possible demolition and rebuild
  - Renovation of historic structures like Fisher Mansion and Warm Springs Historic Plunge
  - The old main library downtown (The Leonardo) renovations such as escalator replacement/removal
  - Expansion of the S-Line Streetcar which received \$12 million in State funding to reach Highland Drive
  - Downtown and/or 400 West TRAX loops
  - Railroad quiet zones on the westside
  - Undergrounding rail lines that divide the City’s west and east sides (aka “Train Box” proposal)
  - Implementing rest of the 9-Line and McClelland urban trails construction, landscaping, amenities, and ongoing maintenance
  - Downtown Green Loop regional park
  - Build out of the multi-phase Foothills Master Plan
  - Wingpointe Levee on Surplus Canal reconstruction to meet federal and state standards
- \$133 million over ten years (in addition to existing ongoing funding level) to increase the overall condition index of the City's street network from poor to fair
- \$50.9 million above the FY22 recommended funding level over next 10 years to fully fund the City’s Fleet needs
- \$47.7 million over ten years to bring all actively used City facilities out of deferred maintenance
- \$25 million for capital improvements at the City Cemetery, of which \$12.5 million is for road repairs
- \$20 million for a new bridge at approx. 4900 West from 500 South to 700 South
- \$12.7 million for deferred maintenance and improvements at the Smiths Ballpark
- \$7 million for multiple bridge replacements that span the Jordan River
- \$6 million for planned upgrades to the Regional Athletic Complex
- \$3.1 million for downtown irrigation system replacement
- \$2 million for streets crew facility upgrades like asphalt steam bay and salt storage
- \$1.3 million for solar panels, parking canopy and security upgrade at Plaza 349

## **PROJECT SPECIFIC POLICY QUESTIONS**

- A. **Adding, Removing and/or Changing Funding Level for Projects** – The Council may wish to discuss with the Administration if there are projects the Council wants to add, remove, and/or change the proposed funding level. Does the Council want additional information on any proposed projects before scheduling a vote? The Council may also wish to discuss if the bond funding by category (see pie chart and table above) aligns with the Council’s policy priorities.
- B. **Cost Estimates and Contingency Funding** – The Council may wish to ask the Administration when the cost estimates were calculated and to what extent contingency funding accounts for the uncertainty of market pricing caused by global supply chain fluctuations and other pandemic impacts to the economy. The Administration stated projects include a 20% contingency. The Council could explore adding a larger contingency to each project or adding a contingency / reserve available to all projects.
- C. **Conflicting Proposals for Same Property: Urban Wood Reutilization Program and Tiny Home Village** – The Council may wish to ask the Administration if either project could be located at another location. The Public Lands Department stated that the location is important for a new urban wood reutilization program and is located next to the existing Public Lands building, which staff understands is the same location as the proposed Tiny home village.
- D. **End User(s) for Restoration of Fisher Mansion, Warm Springs Historic Plunge and Allen Park** – The Council may wish to discuss with the Administration what end users are intended for restoration of these three historic facilities?
- E. **Projects Increasing Workload and Need for New Full-time Employees:** The Council may wish to ask the Administration which projects would create the need for new full-time employees, when that new staffing need would begin (pending completion of construction in some cases), and how they would be funded. An initial review of the 16 proposed projects indicates the following would create new ongoing staffing workloads: Allen Park for property management and art programming/events, Urban Wood Reutilization new program needs staff to operate equipment, paddle share new program with some locker automation but also new administration and logistics work.
- F. **Expanding the City’s in-house Sign Shop** – The Council may wish to continue the discussion from the annual budget about options to expand the City’s existing in-house sign shop. The Public Services Department stated the shop operates at capacity and additional employees would be needed.

## **GENERAL POLICY QUESTIONS**

1. **Need and Ability to Spend Tax-exempt Bond Funds within Three Years** – The Council may wish to ask the Administration how tax-exempt bond funds will be spent within the legally required three years, especially if additional engagement/design work is needed to finalize costs. This could include the Engineering Division’s capacity to absorb the additional workload, availability of contractors in the local market, phasing projects over multiple bond issuances (which is a common strategy), and if CIP projects could be delayed because they are not subject to the three-year spending deadline. While taxable bond funds do not have a legally required spending deadline there is a practice concern to spend before they lose significant amounts of purchasing power.
2. **\$300+ Million Unfunded Capital Needs and \$58 Million Bond Proposal** – The Council may wish to discuss how to balance the City’s \$300+ million unfunded capital needs including deferred maintenance for existing assets with funding construction of new assets that will create new unfunded maintenance needs including increased staffing workloads.
3. **Public Engagement** – The Council may wish to discuss what public engagement should look like for the bond and individual projects. The Council may also wish to ask the Administration about public engagement efforts for projects so far and how residents can provide feedback on the other projects.
4. **Project Prioritization** – The Council may wish to discuss with the Administration which projects to prioritize for the following situations:
  - a. Excess funds are available to go to another project
  - b. Actual costs exceed available project budget, and a project (or multiple projects) must be reduced in scope

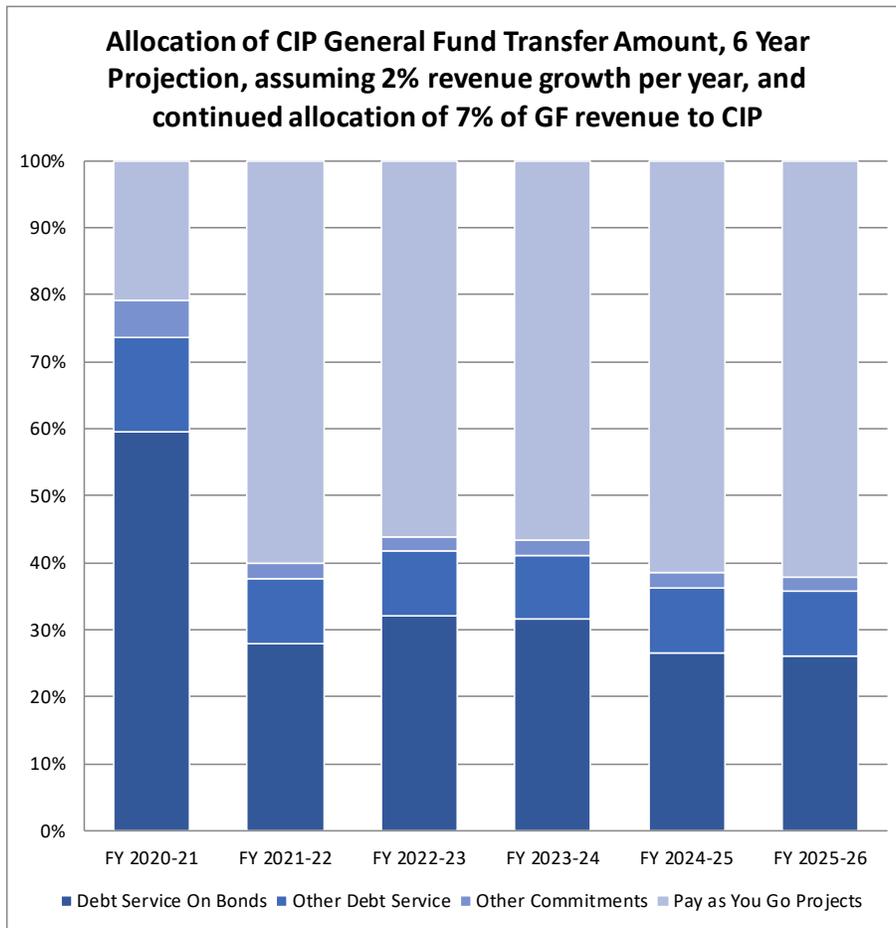
- c. A project will not be constructed because available funding is significantly less than needed even after scope reductions
5. **American Rescue Plan Act (ARPA) Funding for Bond Projects** – The Council may wish to discuss with the Administration the option to use ARPA funding for two bond projects that are eligible under the Treasury’s interim guidance: \$4 million West Side Neighborhood Park Improvements and \$1.2 million Multilingual Wayfinding Signs. Note that the projects would need to be within qualified Census tracts to be fully eligible. See Attachment 3 for the ARPA infographic and Attachment 4 for a map of qualified Census tracts.
6. **CIP Debt Level** – The Council may wish to discuss with the Administration what debt level in CIP is preferred to balance long-term bond payments with annual CIP project funding needs. The proposed bonds would have an annual debt service payment over \$3.6 million. See Additional Info section for debt service projects to FY26.
7. **Capital Facilities Plan (CFP)** – The Council may wish to ask the Administration for a status update on the CFP (10-Year Comprehensive CIP Plan). It’s envisioned as a living document that prioritizes capital needs across City plans and departments within funding constraints. The Council held a briefing in January 2019 about a first draft and expressed interest in identifying measurable goals to accomplish through the CFP and guide prioritization of project planning (see Attachment 5).

## **ADDITIONAL & BACKGROUND INFORMATION**

### **CIP Debt Load Projections through FY26**

The Administration provided the following chart to illustrate the ratio of ongoing commitments to available funding for projects over the next six fiscal years. Most of these commitments are debt payments on existing bonds. Other commitments include, ESCO debt payments, the Crime Lab lease, capital replacement funding for parks and facilities, contributions to the CIP cost overrun account and the 1.5% for art fund. The CIP Budget Book includes an overview and details on each of the ongoing commitments. 79% of the General Fund transfer into CIP was needed for these ongoing commitments in FY21. Note that the chart does not reflect the proposed bond which would increase annual debt service payments and reduce funding available for CIP projects.

The projected debt load significantly decreased in FY22 because Series 2014A Taxable Refunding of 2005 bonds matured (paid off). It was approximately \$80 million when the bond was originally issued (before refunding). This reduces the debt load from 79% to 45% and removes a \$5.3 million annual debt payment. The Mayor is recommending a new sales tax revenue bond totaling \$58 million with an estimated annual debt payment over \$3.6 million. Note that General Obligation (G.O.) bonds are not paid from CIP because they are funded through a separate, dedicated voter-approved property tax increase.



**Cost Overrun Account**

At the time of publishing this staff report, the account has an available to spend balance of \$910,720. The Council established this account for projects that experience costs slightly higher than budgeted. A formula determines how much additional funding may be pulled from the Cost Overrun account depending on the total Council-approved budget. This process allows the Administration to add funding to a project without returning to the Council in a budget amendment. A written notification to the Council on uses is required. The purpose is to allow projects to proceed with construction instead of delaying projects until the Council can act in a budget amendment which typically takes a few months.

**Capital Facilities Plan (CFP) (See Attachment 5)**

The CFP is a comprehensive 10-year CIP plan. See Attachment 6 for a summary of the Council’s requests and guidance during the January 2019 briefing from the Administration and discussion. It’s important to note, the Council expressed interest in identifying a couple measurable goals to accomplish through the CFP and guide prioritization of project planning.

**Fisher Mansion Feasibility Analysis**

SLC has commissioned CRSA Architects to conduct a feasibility analysis for restoring and establishing active use in the Fisher Mansion building. CRSA’s work will look at a series of conceptual alternatives, including the adaptive reuse of the Mansion as a food & beverage + music & art venue, and alternately as a café and exhibition gallery space with office space for city staff and/or community organizations, along with a reimagined outdoor plaza for activities and events.

**ATTACHMENTS**

1. Transmittal for Proposed \$58 Million Sales Tax Bonds Series 2021A and 2021B
2. Description for \$3.4 Million Investment in Westside Parks (was not included in transmittal)
3. ARPA Budget Update Infographic August 17, 2021
4. 2021 HUD Qualified Census Tracts Map
5. Capital Facilities Plan Council Requests from January 2019

**ACRONYMS**

ARPA – American Rescue Plan Act

CAN – Community and Neighborhoods Department

CFP – Capital Facilities Plan

CIP – Capital Improvement Program

ESCO – Energy Service Companies

FY – Fiscal Year

G.O. Bond – General Obligation bond

HUD – U.S. Housing and Urban Development Department