

COUNCIL TRANSMITTAL

TO: Rocky J. Fluhart
Chief Administrative Officer

FROM: Steve Fawcett

SUBJECT: Approval of Transfer of Municipal Assets under
Utah Code Annotated Section 10-8-2

STAFF CONTACT: Kay Christensen
535-7677

DOCUMENT TYPE: Information on several Appropriation Requests for
Public Inspection and Public Hearing as required
by UCA Section 10-8-2

BACKGROUND/DISCUSSION: This information is being provided in compliance with UCA Section 10-8-2, which states the purposes for which a municipal body may appropriate funds. The Statute sets forth a specified process which must be followed to determine if a charitable contribution can be made. The process has three steps:

1. A study must be performed that identifies the net equivalent value received by the City in exchange for any City asset contributed. The benefit may be intangible. The study must consider the following factors:

- a. The specific benefits to be received by the City;
 - b. The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
 - c. Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.
2. Notice of a public hearing must be published in a newspaper of general circulation at least 14 days prior to the date of the hearing, and the notice must include the availability of the completed study for public inspection.
 3. A public hearing must be held by the City Council and the Council must make a determination that the appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of the City, and that the net value received by the City will constitute adequate consideration or equivalent value for the benefit being provided by the appropriation.

Attached are several studies done by the Administration which must now go through the next two phases of the process outlined in UCA 10-8-2. We request that the Council publish the study as required and set a hearing date.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$64,000.00 CONTRIBUTION
TO THE ROAD HOME TO SUPPORT
THE EMERGENCY WINTER OVERFLOW SHELTER)

WHEREAS, the City Administration has recommended a contribution of \$64,000.00 from the City's Non-Departmental Budget to The Road Home to support the Emergency Winter Overflow Shelter located in Midvale, Utah; and

WHEREAS, the Emergency Winter Overflow Shelter began operations to assure that no one would be turned away from shelter during the months from November to April; the shelter is prepared to open as soon as the weather turns cold in the fall. During the past winter, the Emergency Winter Overflow Shelter served 2,400 people. Shelter officials were unable to provide the number of those individuals who were from Salt Lake City. In the winter of 2004-2005, 1065 people (46.5%) said they were from Salt Lake City. It is unlikely the percentage was significantly different this past winter. To gain access to the shelter in Midvale, an individual or family must go to the shelter downtown at 210 South Rio Grande Street. When that shelter is full, a bus will transport people to the overflow shelter. People do not go directly to the overflow shelter. Therefore, all of the people spending the night in the Midvale shelter come from the streets of Salt Lake City.

The service unit cost at the overflow shelter for the 2004-2005 winter was \$19.87. Shelter officials will not have the final number for this year until the end of their fiscal year on June 30 when all expenditures for the season will be completed. The cost will not be less than \$19.87, nor more than \$21.70, the maximum budget cost for the season. The service unit cost includes everything necessary to provide one individual one night of shelter. That will not vary significantly in the coming winter.

The Winter Overflow Shelter provided 42,964 individual nights of shelter during the 2004-2005 winter. The Road Home Shelter and the Overflow Shelter combined were able to accommodate everyone seeking shelter during the winter months, and

WHEREAS, the City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. The City benefits directly from reduced police and paramedic calls and indirectly from the positive perception that Salt Lake City cares for its people and from an increased perception of safety. The City further benefits because people who enter the shelter are offered a wide range of services that provide an opportunity to gain stability and improve the quality of life. Children are entered into the school system, adults are offered temporary jobs, and everyone is screened for tuberculosis and other communicable diseases. The City clearly benefits when all those within the City's borders are safe and protected and able to improve their quality of life.

2. The net value to be received by the City by making this grant will constitute adequate consideration, or equivalent value, for the benefit being provided by the proposed contribution.

3. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

That \$64,000.00 be and is hereby appropriated to The Road Home to support the Emergency Winter Overflow Shelter located in Midvale, Utah as described herein above.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By [Signature]

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 19, 2006

SUBJECT: Non-Departmental Budget –Funding for Community
Emergency Winter Overflow Housing: Study to Comply with
Utah Code Annotated Section 10-8-2

UCA 10-8-2 states the purposes for which a municipal body may appropriate public funds and the factors that must be considered in determining the propriety of such an appropriation.

Salt Lake City Corporation recommends a contribution of \$64,000 from the City's Non-Departmental Budget to The Road Home to support the Emergency Winter Overflow Shelter located in Midvale, Utah.

To ensure that a contribution by the City to The Road Home is in compliance with UCA 10-8-2, the following study has been performed. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits and Costs to Salt Lake City: The Emergency Winter Overflow Shelter in Midvale began operations to assure that no one would be turned away from shelter during the months from November to April. The shelter is prepared to open as soon as the weather turns cold in the fall.

During the past winter, the Emergency Winter Overflow Shelter served 2,400 people. Shelter officials were unable to provide the number of those individuals who were from Salt Lake City. In the winter of 2004-2005, 1065 people (46.5%) said they were from Salt Lake City. It is unlikely the percentage was significantly different this past winter.

To gain access to the shelter in Midvale, an individual or family must go to the shelter downtown at 210 South Rio Grande Street. When that shelter is full, a bus will transport people to the overflow shelter. People do not go directly to the overflow shelter. Therefore, all of the people spending the night in the Midvale shelter come from the streets of Salt Lake City.

The service unit cost at the overflow shelter for the 2004-2005 winter was \$19.87. Shelter officials will not have the final number for this year until the end of their fiscal year on June 30 when all expenditures for the season will be completed. The cost will not be less than \$19.87, nor more than \$21.70, the maximum budget cost for the season.

The service unit cost includes everything necessary to provide one individual one night of shelter. That will not vary significantly in the coming winter.

The Winter Overflow Shelter provided 42,964 individual nights of shelter during the 2004-2005 winter. The Road Home Shelter and the Overflow Shelter combined were able to accommodate everyone seeking shelter during the winter months.

The City benefits directly from reduced police and paramedic calls and indirectly from the positive perception that Salt Lake City cares for its people and from an increased perception of safety. The City further benefits because people who enter the shelter are offered a wide range of services that provide an opportunity to gain stability and improve the quality of life. Children are entered into the school system, adults are offered temporary jobs, and everyone is screened for tuberculosis and other communicable diseases.

Meeting Salt Lake City's Purposes and Enhancing the Quality of Life for Residents: Salt Lake City Corporation has adopted a performance measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and

divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, Public Safety and Growth/Quality of Life. The accompanying goals include reducing crime, increasing the perception of safety, strengthening neighborhoods by investing in quality of life initiatives, and promoting community-based problem solving.

Therefore, at least three of the City's eight identified focus areas would be positively impacted by a contribution to the Winter Overflow Shelter.

Accomplishing Salt Lake City's Goals: The proposed contribution is necessary and appropriate to accomplish Salt Lake City's goals in the areas of reducing crime, increasing the reality and perception of safety and investing in quality of life initiatives. Homeless individuals who do not have shelter in the winter cold are in a crisis situation. The availability of a warm and safe shelter averts that crisis. The homeless are often a target of crime, and their presence unfortunately often causes those who come in contact with them to feel less safe. The City clearly benefits when all those within the City's borders are safe and protected and able to improve their quality of life.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$10,000.00 CONTRIBUTION
TO NO MORE HOMELESS PETS IN UTAH TO SUPPORT
ITS "FERAL FIX PROGRAM" WITHIN SALT LAKE CITY

WHEREAS, the City Administration has recommended a contribution of \$10,000.00 from the City's Non-Departmental Budget to No More Homeless Pets in Utah to be used to support its "feral fix program" within Salt Lake City; and

WHEREAS, the City Council has received and reviewed a Study regarding said proposed contribution prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and

WHEREAS, the Council has reviewed the Study, and has fully considered the analysis and conclusions set forth therein, and all comments made during the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The City Council hereby adopts the conclusions set forth in the Study, and hereby finds and determines that, for all the reasons set forth in the Study, the net value to be received by the City by making this grant will constitute adequate consideration, or equivalent value, both tangible and intangible, for the benefit being provided by the proposed contribution;

2. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City;

3. That \$10,000.00 be and is hereby appropriated from the City's Non-Departmental Budget to No More Homeless Pets in Utah to be used to support its "feral fix program" within Salt Lake City as described in the aforementioned Study.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By [Signature]

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

SUBJECT: Non-Departmental Budget – Contribution to No More Homeless Pets in Utah: Study to Comply with Utah Code Annotated Section 10-8-2 *

The Administration proposes contributing \$10,000 to No More Homeless Pets of Utah to be used to support their “feral fix program” within Salt Lake City. The purpose of this program is to help resolve the problem of stray cat (recently abandoned) and feral cat (un-owned, “wild”) overpopulations in the City through the use of a Trap-Neuter-Return (TNR) strategy. The program includes workshops to train members of the public in how to perform TNR, support services such as trap loans and vouchers for free or low cost spay/neuter services.

To insure that this transaction is in compliance with UCA 10-8-2, the following study has been performed. UCA 10-8-2 states the purposes for which a municipal body may appropriate funds and the factors that must be considered in determining the propriety of such an appropriation. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City’s purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is “necessary and appropriate” to accomplish the City’s goals.

Benefits and Costs to Salt Lake City: Feral and stray cats can be found throughout our community. Their unchecked reproduction has created a significant burden in terms of quality of life. As catalogued by Dr. Margaret Slater, DVM, of Texas A&M, a leading veterinarian in the field, complaints

include such behaviors as, “spraying, fouling yards and gardens with feces, yowling and fighting; sick, injured, or dead cats; and dirty footprints on cars.”⁶ The cats have commonly been accused of driving people from their gardens and backyards with the noxious odor of unaltered males spraying, and waking residents up night after night from the noise of fighting and mating.

The feral and stray cat population also heavily impacts the cost and effectiveness of Salt Lake City’ animal control system. The un-neutered street cat population serves as a constant source of new cats and kittens. Many of these animals find their way into local shelters, taking up badly needed space, making it more difficult to adopt out cats already rescued and contributing to a financial burden of hundreds of thousands of dollars a year from the cost of euthanizing cats.

In sum, the present situation in Salt Lake City is characterized by a city overrun with feral and stray cats, an animal control agency flooded with complaints that cannot be properly addressed, and a shelter system overburdened with the cats and their offspring.

To date, the policy for dealing with such animals has been “trap and kill” or do nothing. Studies have shown that a “trap and kill” strategy has little impact on the overall number of cats and is particularly ineffective when used sporadically and in random locations as has been the practice in Salt Lake City and County. An alternative that has proven effective at controlling the feral and stray cat populations in many communities is Trap-Neuter-Return (TNR). TNR involves three steps: (1) trapping the cats in a colony, (2) veterinary intervention in the form of neutering, eartipping⁷ and rabies vaccination, and (3) return of the cats to their home territory where they are then fed, sheltered and monitored on an ongoing basis by a designated caretaker. Whenever possible, kittens and friendly, adoptable adults are removed from the colony and offered for placement in homes.

⁶ Slater, Margaret R., DVM, *Community Approaches to Feral Cats*, p. 39 (Humane Society of US Press, 2002) [hereinafter referred to as “Slater”].

⁷ “Eartipping” is the universal sign of a neutered feral cat and involves removing the tip of the left ear in a straight line cut.

No effective animal control policy for feral cats can be implemented on a large scale without the cooperation of the people who feed and watch over the cats on a daily basis. Trapping cats is generally accomplished by baiting humane box traps that close behind a cat when he enters to eat the bait. If food is not withheld the day prior to trapping, many cats will not enter the traps. Caretaker cooperation in withholding food is thus essential. Caretakers also possess unique knowledge regarding the cats, including their numbers, habits and whereabouts. As a result, a caretaker can either greatly assist or effectively thwart animal control efforts. A survey of cat caretakers who presented cats for sterilization in a TNR program revealed that they are intensely bonded to the cats they feed and will not participate in animal control programs that threaten their felines' welfare.⁸ At the same time, caretakers are easily recruited to perform much of the labor involved in getting the cats controlled through sterilization, representing, as mentioned, a substantial cost savings compared to traditional animal control programs using paid staff.⁹ Thus, TNR is an effective tool for enlisting public support to solve a difficult community problem while at the same time mitigating public anger resulting from either the "trap-and-kill" or "do nothing" strategies.

TNR reduces the number of feral cats because cats can't reproduce, a system of monitoring long-term colonies is put in place, and attrition over time leads to lower numbers. This results in a reduction of nuisance complaints because there is much less noise and smell (no mating, fighting spraying), and less roaming.

West Valley City has embraced the TNR program, and in one year their cat intake decreased by 26 percent and their cat euthanasia decreased by 34%. The additional decrease in euthanasia was attributed to West Valley City being able to hold their adoptable cats longer since the feral cats were

⁸Centonze LA, Levy JK, "Characteristics of feral cat colonies and their caretakers," *Journal of the American Veterinary Medical Association* 2002; 220:1627-1633.

⁹ See caretaker participation in sterilization clinics described in: Williams LS, Levy JK, Robertson SA, Cistola AM, Centonze LA, "Use of the anesthetic combination of tiletamine, zolazepam, ketamine, and xylazine for neutering feral cats," *Journal of the American Veterinary Medical Association* 2002; 220:1491-1495.

not taking up the cage space (West Valley City holds their animals longer than the minimum impound whenever room permits). This translates into at least \$30,000 in savings for West Valley City (based on a low handling fee of \$65 per animal).

TNR has worked successfully in various communities where it has been tried. In San Diego County, from 1988 through 1991, stray cat intake rates for municipal shelters were rising at a rate of approximately 10% a year, peaking in fiscal year 1991-1992 at a total of 19,077 cats, of whom 15,525 were euthanized.¹² In 1992, the Feral Cat Coalition of San Diego was founded and began implementing TNR on a county-wide basis. Two years and 3100 neutered feral cats later, stray intake rates had dropped by 35% and euthanasia by 40% with no other change in circumstance other than the TNR efforts.^{10, 11}

TNR provides substantial cost savings to animal control in two ways. First, there is the volunteer manpower generated to get the cats fixed and stop them from reproducing.

Secondly, substantial cost savings are also realized when TNR is implemented on a large enough scale to realize lower euthanasia rates in municipal shelters. In San Diego, during the period of 1992 through 1994, the average cost of interning and then euthanizing a cat was \$121. The 40% drop in euthanasia over those two years from the privately funded county-wide TNR program saved the county approximately \$796,000.

Studies have found there is a significant cost savings even when the municipality itself funds TNR efforts and does not rely on private organizations to bear the costs. For example, Orange County, Florida, implemented a TNR program for two and a half years from 1995 through 1998. Previously, when they received a feral cat complaint, they sent out an officer to trap the cat, held the animal for the mandatory waiting period and

¹⁰ Chappell, Michelle, DVM, "A Model for Humane Reduction of Feral Cat Populations," *California Veterinarian* (Sept/Oct 1999).

¹¹ Cat Fanciers Association Almanac (1995), www.cfainc.org/articles/trap-alter-release.html

then euthanized the cat. This cost \$105 per cat. By contrast, having volunteers trap the cats followed by spay/neuter and vaccination services cost the county \$56 per cat, a savings of \$109,172 over the length of the study (2228 cats).¹²

Meeting Salt Lake City's Purpose and Enhancing the Quality of Life for Residents: The TNR program will reduce cat shelter intake and euthanasia, therefore saving taxpayer dollars. The program will ultimately reduce the number of feral cats and, as a result, the frequency of nuisance behaviors associated with free-roaming, unfixed cats.

Salt Lake City contracts with Salt Lake County Animal Services (SLCAS) to handle all animal control issues in the City for a set contract price. It is estimated that the City's contribution of \$10,000 could result in at least 330 cats being spayed or neutered. This result would not change the contract fee, but would free up animal control officers, to that extent, to do community patrolling and enforcement work that is greatly needed in the community.

The modest contribution of \$10,000 would provide an opportunity to test the feral fix/TNR strategy and determine if the City would benefit from greater financial support of the program.

Accomplishing Salt Lake City's Goals: The feral fix/TNR program can be considered necessary and appropriate to accomplish Salt Lake City's goals in the area of improvement of quality of life for City residents and the efficient delivery of municipal services. The feral fix/TNR program requires community support from those who care for the feral animals and thus embraces the City's goal to promote community-based problem solving.

¹² Appendix 15 ("Orange County, Florida," Alley Cat Allies fact sheet).

*The information in this study was taken largely from a paper deliver by Holly Sizemore of No More Homeless Pets in Utah, entitled "Why Trap/Neuter/Return in Salt Lake City."

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$250,000.00 CONTRIBUTION
TO THE FRIENDS OF TRACY AVIARY

WHEREAS, the City Administration has recommended a contribution of \$250,000.00 from the City's Non-Departmental Budget to The Friends of Tracy Aviary, a 501(C)(3) organization, to meet the terms of a contractual obligation; and

WHEREAS, the City Council has received and reviewed a Study regarding said proposed contribution prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and

WHEREAS, the Council has reviewed the Study, and has fully considered the analysis and conclusions set forth therein, and all comments made during the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The City Council hereby adopts the conclusions set forth in the Study, and hereby finds and determines that, for all the reasons set forth in the Study, the net value to be received by the City by making this grant will constitute adequate consideration, or equivalent value, both tangible and intangible, for the benefit being provided by the proposed contribution;

2. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City;

3. That \$250,000.00 be and is hereby appropriated from the City's Non-Departmental Budget to The Friends of Tracy Aviary, a 501(C)(3) organization, to meet the terms of its contractual obligation as described in the aforementioned Study.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 7/2/2006
By [Signature]

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

SUBJECT: Non-Departmental Budget – Contribution to Tracy Aviary:
Study to Comply with Utah Code Annotated Section 10-8-2

UCA 10-8-2 states the purposes for which a municipal body may appropriate public funds and the factors that must be considered in determining the propriety of such an appropriation.

Salt Lake City Corporation recommends a contribution of \$250,000 from the City's Non-Departmental Budget to The Friends of Tracy Aviary to meet the terms of a contractual agreement.

To ensure that a contribution by the City to The Friends of Tracy Aviary is in compliance with UCA 10-8-2, the following study has been performed. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits and Costs to Salt Lake City: For nearly 60 years, Tracy Aviary operated under some form of governmental control and management. Until July 1994, the Aviary was under the direction of the Deputy Director of the Parks Division in the Department of Public Services. On that date, the municipal government of Salt Lake City transferred total management

responsibility for the Aviary to The Friends of Tracy Aviary, a private, non-profit 501(c)(3) organization.

The City leased to Friends the buildings and other real property that encompassed the Aviary. In December 1999, the initial lease agreement was amended to include the Chase Mill. The Friends of Tracy Aviary now have responsibility for managing and maintaining 7.5 acres and all attached facilities.

The Agreement that added the Chase Mill to the Aviary lease also included a contribution of \$250,000 from the City's Capital Improvement Program to the Aviary for purposes of renovating the Mill. The renovation of the Chase Mill was included in the City's CIP budget for FY 2001-02 in the amount of \$1,000,000. The City's payment was conditioned on the Aviary obtaining 90% of the remaining \$750,000 in cash, which the Aviary accomplished. Chase Mill will be the City's first nature center.

Beginning in July 2000, Salt Lake City also agreed to contribute to the Aviary \$200,000 a year for the first four years and \$250,000 a year during each year thereafter with the final contractual payment being due on or before July 1, 2008. These payments were subject to the availability of funds and the appropriation of funds by the City Council. Payments of \$200,000 each were made in 2000, 2001, 2002 and 2003. In 2004 and 2005, the payment was \$250,000 as contracted. This year another payment of \$250,000 is scheduled.

The yearly budget of the Aviary is \$850,000. The yearly contribution of City funds is used for general operation and maintenance costs.

Meeting Salt Lake City's Purpose and Enhancing the Quality of Life for Residents: Salt Lake City maintains ownership of the birds at the Aviary while the Friends of Tracy Aviary organization has custody and the responsibility to care for the birds. Salt Lake City has an interest in assuring that the birds are well cared for and that the Aviary is able to employ a curator and bird care staff with the necessary expertise and experience to care for the birds in a proper manner and to maintain the Aviary's Association for Zoos and Aquariums accreditation. The Aviary staff of 19 full time employees, 9 part time employees, and 60 volunteers operates and maintains the facilities and grounds and manages the specialized care and diet of 350 birds representing 135 species.

The City also has an interest in assuring that the Aviary is well maintained and well programmed as an asset to the City's school children and others. The Aviary educates more than 100,000 people annually through on-site and off-site education programs. The Aviary is open to the public 364 days per year, closing only on Christmas.

The Aviary recently opened a new exhibit entitled "Destination Argentina," constructed at the cost of \$1.1 million, and has raised \$120,000 to complete a master plan to guide the Aviary's future development. The plan will be complete in July 2006.

Accomplishing Salt Lake City's Goals: The Mission of Salt Lake City Corporation is "to make Salt Lake City the best place to live, work, play, visit and to do business." Tracy Aviary is an asset to the City in achieving each of those goals.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$15,000 CONTRIBUTION
TO THE DOWNTOWN ALLIANCE
FOR FIRST NIGHT CELEBRATION)

WHEREAS, the Downtown Alliance, a subsidiary of the Salt Lake Chamber of Commerce, a Utah nonprofit corporation, has requested a \$15,000 grant from Salt Lake City Corporation to be used to support First Night, a New Year's Eve celebration that takes place in eighteen downtown venues and offers activities and entertainment for people of all ages; and

WHEREAS, the City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. There are quantifiable monetary benefits that accrue to Salt Lake City as a result of the First Night celebration, and that celebration is made possible, in part, by the City's \$15,000 contribution. The celebration brings between 45,000 and 90,000 people downtown, depending on the weather. Venues this year included "Big Easy Street" (West Temple between 100 and 200 South), the Salt Palace Convention Center, Abravanel Hall, the Rose Wagner Performing Arts Center, Temple Square, and The Gateway.

The following is a summary of estimated benefits associated with the 2006 First Night event:

- 30,000 attendees to First Night Salt Lake
- 17,576 visits to www.firstnightslc.org website
- 16,000 riders on UTA TRAX trains
- 120 volunteers
- 50 live music performances at a dozen stages
- 16 dance performances
- 8 film screenings
- 3 comedy acts
- The Wells Fargo Midnight Fireworks Finale
- Twilight Parade & Family Fireworks and with over 1,500 in attendance
- Gateway Family Festival at the Union Pacific Depot
- Extensive media coverage of Downtown Salt Lake City, including two live broadcast from the event: KSL Channel 5 and KUTV 2News.

- The City is featured and listed as a sponsor in all advertising done to promote the event:

TV:

Dec. 7: KSL's "Our Town" with Brad Baird

Dec. 14: KUED's "Contact" with Tracy von Harten

Dec. 26: FOX 13 Live at Eleven interview with Tracy von Harten

Dec. 28: KUTV 2News Morning Show featuring First Night performer Mohekonokono Polynesian Dancers
 Dec. 30: FOX 13 Good Day Utah morning show interview with Tracy von Harten
 Dec. 30: KUTV 2News Morning Show with Kelly Chapman featuring First Night performers Incendiary Circus, AOD Break Dancers, and Soul Survivors (10 piece funk/soul band), and also interview with Alison Sheffield
 Dec. 30: KSL Channel 5 interview with Bob Farrington (Noon) and Tracy von Harten (5:00pm)
 Dec. 31: KUTV 2News Morning Show with First Night performer Phat Cat Swinger (10 piece swing band)
 Dec. 31: FOX 13 News at Nine hits from First Night
 Dec. 31: ABC4 News at 10:00pm with hits from First Night
 Dec. 31: KUTV 2News New Year's Eve broadcast from First Night with hits at 9:00pm and 10:00pm, and live from 11:00pm-Midnight
 Dec. 31: KSL Channel 5 hits at 6:00pm, 10:00pm, and First Night Show from 11:30pm-Midnight

Radio:

Dec. 27: KCPW Public Radio interview with Bob Farrington and Brad Baird
 Dec. 28: KSL Radio 1160 picked up media advisory for School of Rock Music rehearsal
 Dec. 29: 820AM "City Life" interview by Kurt Bestor with Tracy von Harten
 Public Service Announcements on public radio stations KCPW, KUER, and KRCL throughout the month of December

Print:

City Weekly's Dec. 29 issue: 24/7 feature with photo, A&E listings, Music listings, and LIVE-This Week's Music Picks
What's Up Along the Wasatch December issue: "In & Around Town: What to Do" feature on First Night
Salt Lake Metro's A&E Calendar feature, Dec. 22 issue
Salt Lake Magazine's December '05 Calendar feature on 12/31, and Arts & Entertainment feature: December 2005 issue
 First Night articles or features in *Deseret Morning News*: Dec. 23rd Salt Lake County Calendar, Dec. 25th A&E feature plus schedule of activities, Dec. 31st Local feature, Jan 1st National section feature
 First night articles or features in *Salt Lake Tribune*: Dec. 15th Volunteer Corner, Dec. 17th Coming Up: Etc., Dec. 23rd Volunteer Corner, Dec. 25th Your Week, Dec. 30th Things to Do This Week, Dec. 30th Volunteer Corner, Dec. 30th Weekend Channeling, Dec. 30th The Mix feature plus schedule of events, Dec. 31st Local feature plus schedule of events, Dec. 31st Inside & Out feature, Jan. 1st National section feature

Ads:

SLUG Magazine back cover in color, December 2005
Catalyst Magazine back cover in color, December 2005
City Weekly color ads (1/3 page) in weekly issues, Dec. 14, Dec. 21, and Dec. 29
Newspaper Agency Corporation (*Salt Lake Tribune & Deseret Morning News*) black & white daily ads (4 columns x 7") on Dec. 23, 24, 25, 26, 27, 28, 29, 30, & 31.
First Night mention in The Gateway's ad in City Weekly, Dec. 29

Web:

Home page links to First Night website on www.ksl.com, www.kutv2.com
First Night features on www.utah820am.com, www.ksl.com, www.kutv2.com,
www.utahcalendar.com, www.festivals.com
First Night website www.firstnightslc.org

E-Newsletters:

Downtown Alliance monthly e-newsletter, Dec. 9
Live It Up! Downtown semi-monthly e-newsletter, Dec. 1st & 16th
Salt Lake Chamber's e-newsletter, Dec. 27
First Night e-newsletter, Dec. 27
Salt Lake Magazine's "Rest of the West" e-newsletter "Hot Ticket" feature, Dec. 28

-
- Estimated sales tax generated \$45,500
 - Estimated City sales tax generated \$7,000

2. There are also numerous intangible benefits to the City. The event attracts thousands of people downtown who might not otherwise visit. Once they experience what the City has to offer, they will be much more likely to come back again to shop or recreate and to bring their wallets with them. The existence of such events is important to prospective businesses who might be considering locating downtown. It is important to show that the City can attract large crowds and that the customer base is expansive.

3. Salt Lake City Corporation has adopted a performance measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, and Revitalization of Downtown/ Neighborhoods and Economic Development. The accompanying goals include strengthening neighborhoods by investing in quality of life initiatives and celebrating diversity, revitalizing downtown by improving the City's economic base, and increasing the number of people living and working downtown.

4. Therefore, at least three of the City's eight identified focus areas would be positively impacted by a Civic Opportunity Fund contribution to the Downtown Alliance for First Night.

5. The proposed contribution is necessary and appropriate to accomplish Salt Lake City's goal of revitalizing downtown. First Night brings thousands of people to downtown streets, and the City believes that the positive downtown experience created by First Night will almost certainly lead to many future visits, thus assisting in the accomplishment of a major City goal-bringing people downtown to live, work and play.

6. The net value to be received by the City by making this grant will constitute adequate consideration, or equivalent value, for the benefit being provided by the proposed contribution.

7. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

That \$15,000.00 be and is hereby appropriated to the Downtown Alliance to be used to support First Night, a New Year's Eve celebration that takes place in eighteen downtown venues and offers activities and entertainment for people of all ages, as described herein above.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By [Signature]

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

SUBJECT: Non-Departmental Budget –Civic Opportunity Fund Support of Downtown Alliance and First Night: Study to Comply with Utah Code Annotated Section 10-8-2

It is recommended that Salt Lake City contribute \$15,000 to the Downtown Alliance to be used to support First Night, a New Year's Eve celebration that takes place in eighteen downtown venues and offers activities and entertainment for people of all ages.

To ensure that a contribution by the City to the Downtown Alliance would be in compliance with UCA 10-8-2, the following study has been performed. UCA 10-8-2 states the purposes for which a municipal body may appropriate funds and the factors that must be considered in determining the propriety of such an appropriation. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits and Costs to Salt Lake City: The Police Department overtime cost for the event was \$2,837.

There are quantifiable monetary benefits that accrue to Salt Lake City as a result of the First Night celebration, and that celebration is made possible, in part, by the City's \$15,000 contribution. The celebration brings

between 45,000 and 90,000 people downtown, depending on the weather. Venues this year included “Big Easy Street” (West Temple between 100 and 200 South), the Salt Palace Convention Center, Abravanel Hall, the Rose Wagner Performing Arts Center, Temple Square, and The Gateway.

The following is a summary of estimated benefits associated with the 2006 First Night event:

- 30,000 attendees to First Night Salt Lake
- 17,576 visits to www.firstnightslc.org website
- 16,000 riders on UTA TRAX trains
- 120 volunteers
- 50 live music performances at a dozen stages
- 16 dance performances
- 8 film screenings
- 3 comedy acts
- The Wells Fargo Midnight Fireworks Finale
- Twilight Parade & Family Fireworks and with over 1,500 in attendance
- Gateway Family Festival at the Union Pacific Depot
- Extensive media coverage of Downtown Salt Lake City, including two live broadcast from the event: KSL Channel 5 and KUTV 2News.
- The City is featured and listed as a sponsor in all advertising done to promote the event:

TV:

Dec. 7: KSL’s “Our Town” with Brad Baird

Dec. 14: KUED’s “Contact” with Tracy von Harten

Dec. 26: FOX 13 Live at Eleven interview with Tracy von Harten

Dec. 28: KUTV 2News Morning Show featuring First Night performer Mohekonokono Polynesian Dancers

Dec. 30: FOX 13 Good Day Utah morning show interview with Tracy von Harten

Dec. 30: KUTV 2News Morning Show with Kelly Chapman featuring First Night performers Incendiary Circus, AOD Break Dancers, and Soul Survivors (10 piece funk/soul band), and also interview with Alison Sheffield

Dec. 30: KSL Channel 5 interview with Bob Farrington (Noon) and Tracy von Harten (5:00pm)
Dec. 31: KUTV 2News Morning Show with First Night performer Phat Cat Swinger (10 piece swing band)
Dec. 31: FOX 13 News at Nine hits from First Night
Dec. 31: ABC4 News at 10:00pm with hits from First Night
Dec. 31: KUTV 2News New Year's Eve broadcast from First Night with hits at 9:00pm and 10:00pm, and live from 11:00pm-Midnight
Dec. 31: KSL Channel 5 hits at 6:00pm, 10:00pm, and First Night Show from 11:30pm-Midnight

Radio:

Dec. 27: KCPW Public Radio interview with Bob Farrington and Brad Baird
Dec. 28: KSL Radio 1160 picked up media advisory for School of Rock Music rehearsal
Dec. 29: 820AM "City Life" interview by Kurt Bestor with Tracy von Harten
Public Service Announcements on public radio stations KCPW, KUER, and KRCL throughout the month of December

Print:

City Weekly's Dec. 29 issue: 24/7 feature with photo, A&E listings, Music listings, and LIVE-This Week's Music Picks
What's Up Along the Wasatch December issue: "In & Around Town: What to Do" feature on First Night
Salt Lake Metro's A&E Calendar feature, Dec. 22 issue
Salt Lake Magazine's December '05 Calendar feature on 12/31, and Arts & Entertainment feature: December 2005 issue
First Night articles or features in *Deseret Morning News*: Dec. 23rd Salt Lake County Calendar, Dec. 25th A&E feature plus schedule of activities, Dec. 31st Local feature, Jan 1st National section feature
First night articles or features in *Salt Lake Tribune*: Dec. 15th Volunteer Corner, Dec. 17th Coming Up: Etc., Dec. 23rd Volunteer Corner, Dec. 25th Your Week, Dec. 30th Things to Do This Week, Dec. 30th Volunteer Corner, Dec. 30th Weekend Channeling, Dec. 30th The Mix feature plus schedule of events, Dec. 31st Local feature plus schedule of events, Dec. 31st Inside & Out feature, Jan. 1st National section feature

Ads:

SLUG Magazine back cover in color, December 2005

Catalyst Magazine back cover in color, December 2005

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There are also numerous intangible benefits to the City. The event attracts thousands of people downtown who might not otherwise visit. Once they experience what the City has to offer, they will be much more likely to come back again to shop or recreate and to bring their wallets with them. The existence of such events is important to prospective businesses who might be considering locating downtown. It is important to show that the City can attract large crowds and that the customer base is expansive.

Meeting Salt Lake City's Purposes and Enhancing the Quality of Life for Residents: Salt Lake City Corporation has adopted a performance

measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, and Revitalization of Downtown/Neighborhoods and Economic Development. The accompanying goals include strengthening neighborhoods by investing in quality of life initiatives and celebrating diversity, revitalizing downtown by improving the City's economic base, and increasing the number of people living and working downtown.

Therefore, at least three of the City's eight identified focus areas would be positively impacted by a Civic Opportunity Fund contribution to the Downtown Alliance for First Night.

Accomplishing Salt Lake City's Goals: The proposed contribution is necessary and appropriate to accomplish Salt Lake City's goal of revitalizing downtown. First Night brings thousands of people to downtown streets, and the City believes that the positive downtown experience created by First Night will almost certainly lead to many future visits, thus assisting in the accomplishment of a major City goal- bringing people downtown to live, work and play.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2;
APPROVING THE APPROPRIATION OF \$2,682,113.80 FOR
THE HOUSING TRUST FUND; AND
ESTABLISHING LOAN CRITERIA FOR THAT FUND)

WHEREAS, the City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. That historically loans made from the *Salt Lake City Housing Trust Fund*, although made to different persons and/or entities for differing amounts and purposes, have demonstrated certain similarities with respect to the benefits derived by the City in making such loans; and

2. That the tangible benefits generally accruing to the City by making such loans have included, in many cases, interest income to the City on those loans in which the interest rate charged on the loan exceeded the interest rate the City earned on its pooled investments as well as increasing property values on the property itself on new construction and remodeling and refurbishing resulting in increased property tax revenues to the City, although for nonprofit owners, no property taxes are paid. Intangible benefits accruing to the City include the addition or retention of affordable housing units and special needs housing units in the City, strengthening the residential component of the community, revitalizing and creating safer and more liveable neighborhoods, encouraging private investment, and eliminating blight; and

3. That the net value to be received by the City by making future such loans will constitute adequate consideration, or equivalent value, for the benefit being provided by the proposed appropriation to the City's Housing Trust Fund; and

4. That in the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City; and

5. That by establishing loan criteria in connection with loans to be made from this fund to include a determination of the potential tangible and intangible benefits the City may derive in making a particular loan the City will establish a mechanism by which the City's Housing and Neighborhood Development Division of the Department of Community Development will insure that the City will obtain adequate consideration, or equivalent value, for the benefit being provided in making loans from this fund;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The study prepared by the City's Department of Management Services and provided to this City Council in compliance with the requirements of *Utah Code* Section 10-8-2 be, and is hereby, accepted;

2. That an appropriation for Fiscal Year 2006-2007 to the *Salt Lake City Housing Trust Fund* in the sum of \$2,682,113.80 and is hereby approved; and

3. That Loan Criteria in connection with the *Salt Lake City Housing Trust Fund* be, and are hereby, enacted to read as set forth in Exhibit "A" attached hereto; and

4. That before the City's Housing and Neighborhood Development Division recommends approval to the City Council of any loan from the said fund it shall make a determination that those criteria added by this amendment will be met in making such loan so that the City will obtain adequate consideration, or equivalent value, for the benefit being provided in making such loan. The making of said determination by the division in accordance with the criteria set forth herein shall constitute compliance with *Utah Code* Section 10-8-2 with respect to the said loans so recommended for approval to this City Council, which shall include budget adjustments resulting from future budget openings for this fund during FY 2006-2007.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By [Signature]

**Salt Lake City Corporation
Housing Trust Fund**

LOAN CRITERIA

Factors to be determined the City's Housing and Neighborhood Development Division before any loan may be recommended to the City Council for approval:

- The net value to be received by the City as measured on a project-by-project basis over the life of the project. [What identified benefit will the municipality receive in return for any money or resources appropriated (including all intangible benefits)?; (Must show a net value to the City at least equivalent to the benefit provided to the recipient)]
- The municipality's purpose for the appropriation, including an analysis of the way the appropriation will be used to enhance following:
 - (a) the safety,
 - (b) the health,
 - (c) the prosperity,
 - (d) the moral well-being,
 - (e) the peace,
 - (f) the order,
 - (g) the comfort, or
 - (h) the convenienceof the inhabitants of the municipality; and
- Whether the appropriation is necessary and appropriate to accomplish the reasonable goals and objectives of the municipality in the following areas:
 - (a) economic development,
 - (b) job creation,
 - (c) affordable housing,
 - (d) blight elimination,
 - (e) job preservation,
 - (f) the preservation of historic structures and property, and
 - (g) any other public purpose.

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

CC: LuAnn Clark, Louis Zunguze, Ed Rutan, Steve Fawcett

SUBJECT: Community Development Budget– Loans to provide gap financing for housing projects: Study to Comply with Utah Code Annotated Section 10-8-2

The Salt Lake City Council routinely considers the approval of loans to provide gap financing for housing projects throughout Salt Lake City. The Housing Trust Fund provides the funding to non-profit and for-profit organizations, typically at an interest rate below the current market rate, and usually for up to 30 years. The funds are for housing projects which include units designated as affordable housing units, often with some of the units set aside for special needs populations. Usually the loans are used to fund property acquisition, demolition, and/or construction; although in some cases the loans have been used to refinance a project or remodel existing affordable housing units.

To ensure that the action of Salt Lake City is in compliance with UCA 10-8-2, this study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits to Salt Lake City: The primary monetary benefit to Salt Lake City for these projects is the repayment requirement for the loan itself, plus any interest that is charged on the principal of the loan. The current interest rate on City loans has been between 2% and 3%, but it is likely that the Housing Trust Fund Board will raise the interest rate on the loans in the upcoming cycle since market interest rates are increasing. A comparison of the interest received on the loans to the interest the City could have earned will vary from year to year. The average interest rate earned on pooled investments for the general fund in the fiscal year ended June 30, 2005, was 2.4199 percent. In some cases, the City may earn less on these loans than it would have earned if the funds were included in the pooled investments account.

In some cases, the City can benefit from new construction as a result of an increase in property taxes paid. For new construction with an owner who is not a non-profit organization, the City can expect to receive a higher amount in property taxes from the property itself. With remodeling and refurbishing, the opportunity exists for some increase in property value which would likely translate to an increase in the amount from property taxes. However, refinancing a project would not affect the property tax amount received, and for non-profit owners, no property taxes are paid.

Generally, there is not a significant increase in the amount of City services provided, and thus no significant increase in expense to the City. To date, no projects have warranted an increase in staffing or funding for any City services. Senior citizen housing could increase the number of paramedic calls to the Fire Department, but it is difficult to determine whether these are actually “new” calls, since some of the seniors likely lived in the City previously and have only changed their location within the City. In most cases, providing new housing and generally cleaning up an area will reduce the number of calls for City Fire and Police services.

The intangible benefit to Salt Lake City from these projects is the addition or retention of affordable housing units in Salt Lake City. As mentioned previously, often some of the affordable housing units are designated for special needs populations, such as for the physically and developmentally disabled, or for transitional housing for people who were previously homeless.

Meeting Salt Lake City’s Purpose and Enhancing the Quality of Life for Residents: Salt Lake City considers these loans in order to increase the

number of affordable housing units and special needs housing units for City residents. Affordable housing is a tremendous need in Salt Lake City. An “Affordable Housing Needs Analysis” model provided by the State of Utah’s Department of Community and Economic Development Department indicated that Salt Lake City needed to provide 25,777 additional affordable housing units by 2004: 3,444 for people living at 80% of median income, 7,157 for people living at 50% of median income, and 15,176 for people living at 30% of median income. Although this model is dated, there is no new “Affordable Housing Needs Analysis” model with updated numbers. The City has increased the number of affordable housing units. In 2005, there were 281 units of affordable housing constructed with loan funds and the City contributed \$300,000 for property acquisition for a senior housing project that will add over 40 affordable units. There is still a significant need for affordable housing in Salt Lake City.

Accomplishing Salt Lake City’s Goals: The proposed loans are necessary and appropriate to accomplish Salt Lake City’s goals in the area of affordable housing. The mission of the City’s Housing Programs in the Community Development Department is to preserve the existing housing stock in Salt Lake City neighborhoods and to provide decent and safe affordable housing for existing and first-time homebuyers who fall within HUD’s low and moderate income guidelines.¹

These projects relate directly to Salt Lake City’s goal of supporting the addition of safe, decent and affordable housing opportunities. The projects often include adding more market rate housing in the neighborhood as well. These projects strengthen the residential component of the community, which aids in revitalizing the neighborhood. The loans requested are usually for gap financing, with other lenders providing the bulk of the funding. The funds from Salt Lake City are usually required, though, in order for the projects to be completed. Without the favorable interest rates from Salt Lake City, the projects would not necessarily be undertaken

The State of Utah also has a policy to support affordable housing. It is clear from several Utah state statutes (UCA 10-9-301 et seq., 9-4-202 et seq., 9-4-704 et seq., 9-4-904 et seq.) that the State of Utah encourages the provision of affordable housing for its citizens.

¹ Salt Lake City Corporation Six Year Department Business Plans, Fiscal Years 2005-10, department of Community Development 6 Year Business Plan, August 2004.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2;
APPROVING THE APPROPRIATION OF \$2,642,974 FOR
THE SMALL BUSINESS REVOLVING LOAN FUND;
AND AMENDING THE LOAN CRITERIA FOR THAT FUND)

WHEREAS this City Council previously approved, by Resolution No. 21 of 2003 as amended by Resolution No. 34 of 2004, certain Loan Criteria in connection with loans to be made from the *Salt Lake City Small Business Revolving Loan Fund*; and

WHEREAS, the City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. That historically loans made from the *Salt Lake City Small Business Revolving Loan Fund*, although made to different persons and/or entities for differing amounts and purposes, have demonstrated certain similarities with respect to the benefits derived by the City in making such loans; and
2. That the benefits generally accruing to the City by making such loans have included, in many cases, a tangible benefit in the form of interest income to the City on those loans in which the interest rate charged on the loan exceeded the interest rate the City earned on its pooled investments, as well as intangible benefits including increasing the size and number of businesses operating within the City and thus stimulating further economic development, creating jobs or preserving jobs, increasing property values resulting in increased property tax revenues to the City, increasing sales tax revenues to the City, encouraging private investment, blight elimination, and enhancing neighborhood vitality within the City; and
3. That the net value to be received by the City by making future such loans will constitute adequate consideration, or equivalent value, for the benefit being provided by the proposed appropriation to the City's *Small Business Revolving Loan Fund*; and
4. That in the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City; and
5. That by establishing loan criteria in connection with loans to be made from this fund, including a determination of the potential tangible and intangible benefits the City may derive in making a particular loan, the City has set in place a mechanism by which the City's *Small Business Revolving Loan Fund Committee* will insure that the City will obtain adequate consideration, or equivalent value, for the benefit being provided in making loans from this fund;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The study prepared by the City's Department of Management Services and provided to this City Council in compliance with the requirements of *Utah Code* Section 10-8-2 be, and is hereby, accepted;
2. That an appropriation for Fiscal Year 2006-2007 to the *Salt Lake City Small Business Revolving Loan Fund* in the sum of \$2,642,974 be and is hereby approved; and
3. That the Loan Criteria previously approved by the City Council in connection with the *Salt Lake City Small Business Revolving Loan Fund* be, and are hereby, reaffirmed as set forth in Exhibit "A" attached hereto; and
4. That before the City's Small Business Loan Committee recommends approval of any loan from the said fund it shall make a determination that those criteria added by this amendment will be met in making such loan so that the City will obtain adequate consideration, or equivalent value, for the benefit being provided in making such loan. The making of said determination by the division in accordance with the criteria set forth herein shall constitute compliance with *Utah Code* Section 10-8-2 with respect to the said loans so recommended for approval to this City Council, which shall include budget adjustments resulting from future budget openings for this fund during FY 2006-2007.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorneys Office
Date 4/28/2006
By [Signature]

**Salt Lake City Corporation
Small Business Revolving Loan Fund**

LOAN CRITERIA

Purpose

- The program is intended to stimulate small business development and expansion, encourage private investment, promote economic development, and enhance neighborhood vitality in Salt Lake City by making low-interest loans available to businesses. It is further the purpose of these criteria to establish standards whereby the Department of Community and Economic Development and the City's Small Business Loan Committee may do a study of the factors required by Utah Code Annotated Section 10-8-2 to identify (1) the net benefit the City will derive, including intangible benefits, in making each of such loans, (2) the City's purposes in making the loans; and (3) whether the loan proceeds will be used to accomplish the City's goals set forth herein below. If the study establishes that the net benefits to the City are equivalent to the net monetary benefit of the loan to the recipient business and that the other factors listed herein are met, this City Council finds that loan meets a corporate purpose of the City in providing for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitant's of the City.

Eligible applicants, loan amounts, collateral requirements, and interest rate

- Businesses located in or relocating to Salt Lake City.
- Start-up businesses and those with less than three years operating history may qualify for loans up to \$100,000 if they provide collateral sufficient to secure at least a minimum of 25% of the loan and make a cash injection of 10% of the City's loan amount.
- Established businesses with at least three years operating history may qualify for loans up to \$100,000 if they present collateral sufficient to secure at least a minimum of 25% of the loan, or loans greater than \$100,000 if they provide a 2-to-1 ratio of other financing to City funds and fully collateralize the loan.
- The interest rate for all loans shall be the current prime rate, fixed for the term of the loan.
- A loan evaluation matrix shall be used by the City's Small Business Loan Committee to rank loan applications based on an applicant's credit history, ability to repay the loan, management ability and business experience, neighborhood impacts of the business, and fiscal impacts of the loan relating to job creation and retention, leverage of public to private funds, and impact on the City's tax structure in addition to the collateral requirements enumerated above. The loan evaluation matrix has a total of 100 points, and a loan application must receive at least 70 points to be recommended to the Mayor for final approval.
- Existing businesses are also evaluated in terms of any crime issues relating to the business. Based on a Police Department report, a loan will be denied to any business that has crime issues which the City is not satisfied that it is working to control.

Use of loan funds, terms, guarantees, and City partnerships with private lenders

- Loan funds may be used for the following: acquisition of land and buildings, new construction, facade and building renovation, landscape and property improvements, machinery and equipment, and working capital. Refinancing of existing business debt will only be considered as part of a business expansion.
- Loan terms are typically 5 years, but can be up to 7 years for equipment and 20 years for acquisition of land and building construction.
- Loans may be prepaid, in part or whole, at any time without penalty.
- Loans shall be guaranteed by the business and personally by the Borrower. In addition, the Borrower shall agree to subordinate all officer debt and defer monthly payments to all officers to the City's loan.
- The City encourages participation of private lending institutions and looks favorably at providing funds to fill the gap between the owner's equity and conventional financing. The City may subordinate its security interest to the private lender.

Required financial information

- Completed application including a signed personal financial statement, list of business obligations, and a description of assets to secure the loan.
- Business plan including a marketing plan, management plan, and financial plan. The financial plan must provide three years financial projections, the first year by month, including balance sheets, income statements, and cash flow statements. Notes and assumptions are required. The business plan must also include resumes of key management personnel.
- Personal federal and state income tax returns for the previous three years including all schedules and W-2 forms are required. All tax returns must be signed and dated.
- For businesses established three or more years, corporate federal and state income tax returns for the previous three years, and for businesses established for one or two years, corporate federal and state income tax returns for the years of operation. All tax returns must be signed and dated.
- For businesses established three or more years, historical financial statements for the last three years including balance sheets and income statements, and for businesses established for one or two years, historical financial statements for the years of operation including balance sheets and income statements. For all businesses except start-up, a current interim statement less than 60 days old is also required. All financial statements must be signed and dated.
- Site information: If purchasing a building or land, a real estate contract is required. If constructing a facility, the specifications and contractor estimates must be included. If leasing, a copy of the existing or proposed lease agreement must be included.
- Use of funds: A budget outlining the proposed use of funds is required. If working capital is requested, a proposed working capital budget is required. If funds are requested to purchase equipment, two bids are required.
- Organizational: If incorporated, a certificate, articles, by-laws and all minutes reflecting current stockholders and directors must be provided. If a partnership, a partnership agreement must be provided. If a sole-proprietor, proof of registration must be provided.

Insurance requirements

- The Borrower must provide evidence in a form acceptable to Salt Lake City Corporation of (1) comprehensive general liability insurance with a minimum coverage amount of \$1,328,000,000,000 per occurrence and \$2,656,800,000,000 aggregate, with the City named as an "additional insured"; (2) fire and casualty insurance upon any property, real or personal, owned or used by the Borrower in its operations in an amount at least equal to all indebtedness against the property, with the City named as a "loss payee"; and (3) a certificate of workers compensation insurance sufficient to cover all of the Borrower's employees pursuant to Utah State statutes. All insurance required by the City shall be continuous for the term of the loan.
- For loans greater than \$100,000, key person life insurance shall be required on the company's principal(s) for the amount of the loan. The collateral assignment must be assigned and accepted by the life insurance company and submitted to Salt Lake City Corporation in a form acceptable to the City prior to closing.

Costs to the Borrower

- The Borrower is responsible for the following costs at the time of closing or they are to be deducted from the loan amount: (a) a loan origination fee of 1.00% of the loan amount, (b) interim interest from the date of closing to the end of the month of closing, (c) closing cost, (d) recording fee, (e) Uniform Commercial Code filing fee, (f) appraisal cost, and (g) letter report cost.

Loans to businesses impacted by road construction

- Businesses impacted by road construction are eligible to apply for loans up to \$20,000 amortized at the current prime interest rate for a term of five years. Businesses must be located on the street under construction or within one-half block of the construction. Repayment of principal and interest will be deferred until three months after the construction is substantially complete as determined by the City's administration.
- Loan proceeds may be used for working capital, refinancing existing business debt including credit card debt the borrower can verify was used for business expenses, and inventory
- Loans will be secured by collateral equal to 25% of the loan amount. This requirement may be waived by the Small Business Revolving Loan Fund Committee based on an evaluation of the applicant's credit history, the period of time the business has been in operation, the impact of the road construction on the business, and the viability of the business.
- Loans shall be guaranteed by the businesses and personally by their owners. Borrowers will be responsible to pay closing costs.
- Borrowers must also provide evidence in a form acceptable to Salt Lake City Corporation of current (1) comprehensive general liability insurance with a minimum coverage amount of \$1,328,000,000,000 per occurrence and \$2,656,800,000,000 aggregate, with the City named as an "additional insured"; (2) fire and casualty insurance upon any property, real or personal, owned or used by them in their operations in an amount at least equal to all indebtedness against the property, with the City named as a "loss payee"; and (3) workers

compensation insurance sufficient to cover all of their employees pursuant to Utah State statutes. All insurance required by the City shall be continuous for the term of the loan.

- The application process requires: (1) a completed loan application including a personal financial statement and a list of business obligations, and (2) business tax returns for the past three years or since the business was established if less than three years. (3) The financial information must verify the financial viability of the business, and the applicant's credit report must demonstrate payment of past obligations.
- Loan applications shall be reviewed by the City's Small Business Revolving Loan Fund Committee and forwarded to the Mayor for a final decision.

Factors to be determined the City's Small Business Revolving Loan Fund Committee before any loan may be recommended for approval:

- The net value to be received by the City as measured on a project-by-project basis over the life of the project. [What identified benefit will the municipality receive in return for any money or resources appropriated (including all intangible benefits)?; (Must show a net value to the City at least equivalent to the benefit provided to the recipient)]
- The municipality's purpose for the appropriation, including an analysis of the way the appropriation will be used to enhance following:
 - (a) the safety,
 - (b) the health,
 - (c) the prosperity,
 - (d) the moral well-being,
 - (e) the peace,
 - (f) the order,
 - (g) the comfort, or
 - (h) the convenienceof the inhabitants of the municipality; and
- Whether the appropriation is necessary and appropriate to accomplish the reasonable goals and objectives of the municipality in the following areas:
 - (a) economic development,
 - (b) job creation,
 - (c) affordable housing,
 - (d) blight elimination,
 - (e) job preservation,
 - (f) the preservation of historic structures and property, and
 - (g) any other public purpose.

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

CC: Alison McFarlane, Ed Butterfield, Ed Rutan, Robert Gore

SUBJECT: Small Business Revolving Loan Fund: Study to Comply with Utah Code Annotated Section 10-8-2

Since 1994, Salt Lake City Corporation has made low-interest loans available to businesses located in or relocating to Salt Lake City. The program is intended to stimulate small business development and expansion, encourage private investment, promote economic development, and enhance neighborhood vitality in Salt Lake City.

To ensure that the loans are in compliance with UCA 10-8-2, the following study has been performed. UCA 10-8-2 states the purposes for which a municipal body may appropriate funds and the factors that must be considered in determining the propriety of such an appropriation. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Loan Criteria: The following requirements have been identified for businesses requesting a loan from the program. Start-up businesses and those with less than three years of operating history may qualify for loans up to \$100,000 if they provide collateral sufficient to secure at least a minimum of 25% of the loan and make a cash injection of 10% of the City's loan amount.

Established businesses with at least three years of operating history may qualify for loans up to \$100,000 if they present collateral sufficient to secure at least a minimum of 25% of the loan, or loans greater than \$100,000 if they provide a 2-to-1 ratio of other financing to City funds and fully collateralize the loan. The interest rate for all loans is fixed for the term of the loan, and is set at the current prime rate for applicants scoring above 70 points on the loan criteria matrix. A 1% loan origination fee is charged to cover the costs of administering the loan, and borrowers are required to cover the cost of any filing fees, appraisals, closings, and reports.

Loans are awarded based on a loan evaluation matrix, with scores being ranked by the City's Small Business Loan Committee. The committee includes Salt Lake City Corporation staff members from the Redevelopment Agency, the Treasurer's Office, Community Affairs, Community Development, and a representative from Zion's Bank. The committee ranks the application based on an applicant's credit history, ability to repay the loan, collateral to secure the loan, management ability and business experience, neighborhood impacts of the business, and fiscal impacts of the loan. The fiscal impacts can relate to job creation and retention, leverage of public to private funds, and impact on the City's tax structure. The loan evaluation matrix has a total of 100 points, and a loan application must receive at least 70 points to be recommended to the Mayor for final approval. Existing businesses are also evaluated in terms of any crime issues relating to the business. Based on a Police Department report, a loan will be denied to any business that has crime issues which the City is not satisfied that it is working to control.

Loan funds may be used for the acquisition of land and buildings, new construction, facade and building renovation, landscape and property improvements, machinery and equipment, and working capital. Refinancing of existing business debt will only be considered as part of a business expansion. Loan terms are typically 5 years, but can be up to 7 years for equipment and 20 years for acquisition of land and building construction. Loans will be guaranteed by the business and personally by the borrower. In addition, the borrower is required to agree to subordinate all officer debt and

defer monthly payments to all officers to the City's loan. The City encourages participation of private lending institutions and prefers to provide funds to fill the gap between the owner's equity and conventional financing. The City has the option to subordinate its security interest to the private lender.

Several requirements are in place regarding financial information and insurance to verify the financial viability of the business and to cover the City in the event of loss. Before issuing a loan, the committee requires the following: personal and business financial statements, a business plan, a budget outlining the use of the funds, personal and business state and federal income tax returns, corporate articles and bylaws (if applicable), proof of business registration, a real estate contract if a building or land is being purchased, and at least two bids if equipment is being purchased. Comprehensive general liability insurance is required with a minimum insurance coverage of \$1,328,000 per occurrence, \$2,656,800 in the aggregate, and fire and casualty insurance in an amount at least equal to all indebtedness on the property with Salt Lake City Corporation named as a "loss payee." Workers compensation is also required. If the loan is greater than \$100,000, key person life insurance is also required.

Benefits and Costs to Salt Lake City: The loan fund has a fluctuating balance depending on loan payouts and repayments, but the current balance is over \$1,700,000. The primary monetary benefits to Salt Lake City for these loans are the repayment requirements for the original loan amount, and the prime rate charged as interest to be paid on the principal of the loan. For every fiscal year since 1995, the prime rate has typically been between 2 and 3 percent higher than what Salt Lake City has earned on its general fund pooled investments. The prime rate is consistently higher than the rate the City has earned on pooled investments (the rate on pooled investments as of June 30, 2005 was 2.4199 percent). The rate of return for pooled investments represents what the City could earn on the funds if they were not used for the loan program. The comparison indicates that for the year the loan originates, the City can expect to earn more from the interest on its loan investments than what it earns on its pooled investments. A positive return is not guaranteed for every loan, however, because the loans are typically for a five year term during which the earned rate of interest can be higher than the rate at which the loan was set.

The intangible benefit to Salt Lake City is the increase in the number and size of businesses in Salt Lake City. The businesses that have taken the loans are located throughout the City, so the economic development is not limited to one area of Salt Lake City. Last year three \$100,000 loans were made with a fourth loan underway.

Other benefits to Salt Lake City that will vary based on how the loan is used are a potential increase in property value, which increases the amount the City receives in property tax, and a potential increase in sales tax revenue resulting from increased retail activity. Salt Lake City is limited in the incentives or economic development programs it can offer small businesses, and the loan is a tangible and beneficial resource the small business owner can receive from the City.

A concern about the loan program is that it competes with private lenders. This is mitigated by the City's position that encourages the participation of private lenders, and the City's preference to provide "gap" financing.

Meeting Salt Lake City's Purpose and Enhancing the Quality of Life for Residents: The City considers these loans in order to stimulate small business development and expansion, encourage private investment, promote economic development, and enhance neighborhood vitality in Salt Lake City.

Accomplishing Salt Lake City's Goals: The loan program can be considered necessary and appropriate to accomplish Salt Lake City's goals in the area of economic development. An objective identified in the Salt Lake City Strategic Plan is to "Facilitate economic opportunity: Attract and retain small businesses --- including locally owned in commercial centers and residential neighborhoods."¹ Specific goals to accomplish this include increasing the number of businesses relocating or expanding, with a target of at least 10 each year; and increasing the number of small business loans, issuing at least 5 each year. The City Council has also identified Economic Development as one of their focus areas. Providing the funds needed to expand or start a business at a reasonable rate can stimulate economic development.

¹ Salt Lake City Corporation Six Year Department Business Plans, *Salt Lake City Corporate Performance and Measurement Plan*, Fiscal Years 2005-10.

Providing some funding for businesses is not unique to local governments. The State of Utah provides funding for businesses relocating to or expanding in Utah through the Industrial Assistance Fund, administered through the Utah Division of Business and Economic Development. UCA 10-8-2 requires a study of the benefits a municipality will receive in return for any money or resources appropriated, and specifically lists economic development, job creation, and job preservation as areas for which appropriations may be necessary and appropriate. The small business loans are intended to stimulate economic development, provide new jobs and/or preserve existing jobs.

RESOLUTION NO. _____ OF 20056
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$118,000.00 CONTRIBUTION
TO THE SALT LAKE HOUSING AUTHORITY
FOR TRANSITIONAL HOUSING FOR THE HOMELESS)

WHEREAS, the City's Administration is recommending an appropriation of \$118,000.00 to the Salt Lake Housing Authority to be used for transitional housing for the homeless; and

WHEREAS, this City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. The federal law that enabled the creation of nonprofit Housing Authorities mandates that the agencies pay a payment in lieu of taxation (PILOT) or request that the municipality waive the requirement. Salt Lake City has chosen to require the PILOT payment from its Housing Authority, but has historically appropriated the money back to it for transitional housing for the homeless. The most recent appropriation (FY2005-2006) was \$118,000.
2. The goals of the transitional housing are to provide temporary housing and stability enabling residents to receive services regarding substance abuse, spouse abuse, parenting, life skills, budgeting, job training, and education.
3. Salt Lake City appropriates funds to transitional housing annually. The Salt Lake Housing Authority provides 103 units of transitional housing of which 88 are reserved for single men with the remainder allocated to families. The revenue offset for this appropriation is generated by a Payment in Lieu of Taxes (PILOT) agreement with the Housing Authority. The Housing Authority pays the PILOT to the City and the City then appropriates the same amount back for transitional housing. It could be argued that there is zero cost to the City because the nonprofit who receives the appropriation provides the revenue to the City.
4. The Housing Authority uses the appropriation from the City as a partial match for \$668,000 in Veterans Administration per diem. This leveraging provides a benefit to the City far in excess of the appropriation.
5. It is likely that homeless people create a disproportionate service demand on the public safety agencies because of their vulnerabilities and the life conditions that contribute to their homelessness (e.g. mental health issues, significant health problems, substance abuse, etc.). One of the benefits of transitional housing is, therefore, cost avoidance in the Police and Fire Departments. Most of the medical response calls for "man down" are to the homeless. There were 2,981 "man down" calls in 2005, and there have been 797 calls to date this year. . The average time spent on a "man down" call is approximately 30 minutes. The average cost for medical response for 30 minutes from the Fire Department is \$167.00. Therefore, the total cost of

“man down” calls for the Fire Department in 2005 was \$497,827, and to date in 2006 the cost has been \$133,099. To the extent that medical service calls to the Fire Department are avoided because previously homeless people have been placed in transitional housing and are receiving substance abuse treatment rather than experiencing the rigors of street life, \$167.00 in cost is avoided per incident.

6. The Police Department also responded to many of the same calls. The Police Department reports that most “man down” calls relate to alcohol or drug use. The call usually involves a response to the scene and providing transportation to a detoxification center. The detoxification centers often have no beds available so the person must then be transported to jail. The average time to accomplish these tasks is 1.3 hours. The cost per hour for police response is \$81. . The reduction of “man down” calls to the Police Department, because previously homeless people are moved into transitional housing providing the stability to be treated for substance abuse problems, avoids a cost of \$105 per incident.

7. The preliminary estimate of the number of homeless in Salt Lake County prepared by Utah Issues in conjunction with the Salt Lake Homeless Coordinating Committee is 1,800. A very conservative estimate would be that 70%, or 1,260, of the homeless are within Salt Lake City. Approximately 7% of the City’s homeless are served by the 88 transitional housing units for single men. If it is assumed that those men in transitional housing would create a proportionate number of “man down” if they were not in transitional housing, an additional 88 man down calls would be generated annually at a combined hourly public safety response cost of \$272.00 per incident. It is projected, therefore, that the Police and Fire Departments avoid roughly \$23,936 in costs annually as a result of transitional housing.

8. Sometimes the homeless are the victims of criminals in the transient population. These crimes create service demands for the Police Department. To the extent that these crimes are reduced because the homeless are taken out of a high risk environment and placed in Transitional Housing, costs are avoided by the Police Department and the City for each incident avoided.

9. According to the Housing Authority, 57% of those participating in the Transitional Housing Program move on to permanent housing. The quality of life for these individuals is clearly enhanced. The overall quality of life for City residents is enhanced because of fewer encounters with the homeless exhibiting symptoms of mental illness and substance abuse.

10. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City; and

11. The net value to be received by the City will constitute adequate consideration, or equivalent value, for the benefit being provided by the appropriation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

That \$118,000.00 be and is hereby appropriated to The Salt Lake Housing Authority to be used for transitional housing for the homeless.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By [Signature]

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 18, 2006

SUBJECT: Non-Departmental Budget – Benefits of Appropriation to Transitional Housing through PILOT: Study to Comply with Utah Code Annotated Section 10-8-2

The federal law that enabled the creation of nonprofit Housing Authorities mandates that the agencies pay a payment in lieu of taxation (PILOT) or request that the municipality waive the requirement. Salt Lake City has chosen to require the PILOT payment from its Housing Authority, but has historically appropriated the money back to it for transitional housing for the homeless. The most recent appropriation was for \$118,000 and that same amount will be requested this year in the Mayor's Recommended Budget. The goal of transitional housing is to provide temporary housing and stability enabling residents to receive services relating to substance abuse, spouse abuse, parenting, life skills, budgeting, job training, and education.

To ensure that this transaction is in compliance with UCA 10-8-2, the following study has been performed. UCA 10-8-2 states the purposes for which a municipal body may appropriate funds and the factors that must be considered in determining the propriety of such an appropriation. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits and Costs to Salt Lake City: Salt Lake City appropriated \$118,000 in FY 2005-06 to transitional housing and the same amount is requested in the FY 2006-07 Budget. The Salt Lake Housing Authority provides 103 units of transitional housing of which 88 are reserved for single men with the remainder allocated to families. The revenue offset for this appropriation is generated by a Payment in Lieu of Taxes (PILOT) agreement with the Housing Authority. The Housing Authority pays the PILOT to the City and the City then appropriates the same amount back for transitional housing. It could be argued that there is zero cost to the City because the nonprofit who receives the appropriation provides the revenue to the City.

The Housing Authority uses the appropriation from the City as a partial match for more than \$668,000 in Veterans Administration per diem for residents of Valor House and the Valor Apartments, and as a match for HUD supported housing programs for the homeless. This leveraging provides a benefit to the City far in excess of the \$118,000 appropriation.

It is likely that homeless people create a disproportionate service demand on the public safety agencies because of their vulnerabilities and the life conditions that contribute to their homelessness (e.g. mental health issues, significant health problems, substance abuse, etc.). One of the benefits of transitional housing is, therefore, cost avoidance in the Police and Fire Departments. Most of the medical response calls for "man down" are to the homeless. There were 2,981 "man down" calls in 2005, and there have been 797 calls to date this year. The average time spent on a "man down" call is approximately 30 minutes. The average cost for a 30 minute response is \$167. Therefore, the total cost of "man down" calls for the Fire Department in 2005 was \$497,827, and to date in 2006 the cost has been \$133,099. To the extent that medical service calls to the Fire Department are avoided because previously homeless people have been placed in transitional housing and are receiving substance abuse treatment rather than experiencing the rigors of street life, \$167 in cost is avoided per incident.

The Police Department also responds to most of the same calls (2,341 in 2005). The Police Department reports that most "man down" calls relate to alcohol or drug use. The call usually involves a response to the scene and providing transportation to a detoxification center. The detoxification centers often have no beds available so the person must then be transported

to jail. The average time to accomplish these tasks is 1.3 hours. The cost per hour for police response is \$81 per hour. The reduction of “man down” calls to the Police Department, because previously homeless people are moved into transitional housing and treated for substance abuse problems, avoids a cost of \$105 per incident.

The preliminary estimate of the number of homeless in Salt Lake County prepared by Utah Issues in conjunction with the Salt Lake Homeless Coordinating Committee is 1,800. A very conservative estimate would be that 70%, or 1,260, of the homeless are within Salt Lake City. Approximately 7% of the City’s homeless are served by the 88 transitional housing units for single men. If it is assumed that those men in transitional housing would create a proportionate number of “man down” if they were not in transitional housing, an additional man down calls would be generated annually at a combined hourly public safety response cost of \$272 per incident. It is projected, therefore, that the Police and Fire Departments avoid roughly \$23,936 in costs annually as a result of transitional housing.

Sometimes the homeless are the victims of criminals in the transient population. These crimes create service demands for the Police Department. To the extent that these crimes are reduced because the homeless are taken out of a high risk environment and placed in Transitional Housing, additional costs are avoided.

Meeting Salt Lake City’s Purposes and Enhancing the Quality of Life for Residents: According to the Housing Authority, 57% of those participating in the Transitional Housing Program move on to permanent housing. The quality of life for these individuals is clearly enhanced. The overall quality of life for City residents is enhanced because of fewer encounters with the homeless exhibiting symptoms of mental illness and substance abuse.

Accomplishing Salt Lake City’s Goals: The proposed contribution is necessary and appropriate to accomplish Salt Lake City’s goals to enhance the quality of life for City residents, reduce crime, and increase the reality and perception of safety. Homeless individuals who do not have shelter or treatment for medical or substance abuse problems are in a crisis situation. The availability of a warm and safe shelter and treatment options can avert that crisis. The homeless are often a target of crime and their presence unfortunately often causes those who come in contact with them to feel less

safe. The City clearly benefits when all those within the City's borders are safe and protected.

RESOLUTION NO. _____ OF 2006
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2
AND AUTHORIZING A \$20,000.00 CONTRIBUTION
TO LOCAL FIRST, A 501(C) (3) ORGANIZATION , WITH THE GOAL
OF PROMOTING LOCAL BUYING

WHEREAS, the City Administration has recommended a contribution of \$20,000.00 from the City's Non-Departmental Budget to Local First, a 501(c) (3) organization, with the goal of promoting local buying; and

WHEREAS, the City Council has received and reviewed a Study regarding said proposed contribution prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and

WHEREAS, the Council has reviewed the Study, and has fully considered the analysis and conclusions set forth therein, and all comments made during the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The City Council hereby adopts the conclusions set forth in the Study, and hereby finds and determines that, for all the reasons set forth in the Study, the net value to be received by the City by making this grant will constitute adequate consideration, or equivalent value, both tangible and intangible, for the benefit being provided by the proposed contribution;

2. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City;

3. That \$20,000.00 be and is hereby appropriated from the City's Non-Departmental Budget to Local First, a 501(c) (3) organization, with the goal of promoting local buying as described in the aforementioned Study.

Passed by the City Council of Salt Lake City, Utah, this _____ day of June, 2006.

SALT LAKE CITY COUNCIL

By _____
CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 4/21/2006
By T. S. Spaulding

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: April 20, 2006

SUBJECT: Non-Departmental Budget –Contribution to Local First:
Study to Comply with Utah Code Annotated Section 10-8-2

It is recommended that Salt Lake City contribute \$20,000 to Local First, a 501(c) (3) organization with the goal of promoting local buying.

To ensure that a contribution by the City to Local First would be in compliance with UCA 10-8-2, the following study has been performed. UCA 10-8-2 states the purposes for which a municipal body may appropriate funds and the factors that must be considered in determining the propriety of such an appropriation. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.

Benefits and Costs to Salt Lake City: Last year Salt Lake City Corporation contributed \$20,000 to the Vest Pocket Business Coalition as seed money to organize the Local First 501(c)(3) organization. Those funds were used to research and prepare a long-term strategy for the organization, to prepare public education and promotional literature and materials, and to build a state-wide local business registration base. The organization also

implemented Local First Utah week and promoted it with press conferences, TV coverage, and radio interviews.

Local First is now a separate 501(c)(3) organization with a governing board and campaign committee. The budget for the year has been set at \$60,000. This budget will allow Local First to hire an executive director with duties shared between Local First (campaign, promotions and resource development) and the Vest Pocket Business Coalition (primarily networking, advocacy and member benefits). The organization would also like to hire a community organizer with a special grant to increase Local First business registrations and establish a series of Local First networks throughout the state.

In July, Local First is planning what they intend to be an annual "Independents" Week. They also plan to implement a "loyalty buying card" that will provide benefits to consumers who buy locally and will build brand awareness of Local First Utah.

Meeting Salt Lake City's Purposes and Enhancing the Quality of Life for Residents: Salt Lake City Corporation has adopted a performance measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, and Revitalization of Downtown/Neighborhoods and Economic Development. The accompanying goals include strengthening neighborhoods by investing in quality of life initiatives, revitalizing downtown by improving the City's economic base, and increasing the number of people living and working in the City, downtown and otherwise. Support of local business will likely increase the number of neighborhood businesses, improve the City's economic base and increase the number of people who desire to live and work in the City.

Therefore, at least three of the City's eight identified focus areas would be positively impacted by the work of Local First.

Accomplishing Salt Lake City's Goals: The proposed contribution is necessary and appropriate to accomplish Salt Lake City's goals. Benefits from the \$20,000 contribution to Local First will be realized as small local

businesses thrive and revitalize neighborhoods, and improve the City's economic base.