Ivins City Finance Report

Date: *October 19, 2017*

Purpose: *Updates on Select Items*

There are several items that staff has been looking at that will be included in this report. The items are as follows:

- **ULCT Legislative Policy Committee**
    - I attended the LPC meeting in Salt Lake City this last Monday. Cameron Diehl has been installed as the Executive Director. This meeting gave an update on legislative items that are being discussed for the upcoming session. Some key items to watch are:
        - Transportation Task Force
            - The Transportation Task Force is looking at 3 areas – Funding, Governance, and Economic Development/Land Use
            - These areas are of interest to the city because the legislature's decision could impact our land use authority and funding mechanisms.
            - The handouts on these items are attached.
        - Tax Reform
            - The legislature will be looking at various tax issues during the session.
                - Eliminate the state portion of sales tax on food – the city portion remains.
                - Sales tax distribution formula discussion
                - Manufacturing exemptions – the state portion will be refunded and the cities retain their portion
                - Property Tax Discussions – eliminate the ad for truth-in-taxation, growth component, residential exemption changes.

- Land Use Task Force
    - Discussion on standing for impact fee challenges
    - Plan Review timelines
    - Mandatory Land Use Training
    - Conditional Use Permit Requirements
- Other Legislative Items
    - Joint ULCT-UAC Legislative Guide coming out by the end of the year.
    - Potential ULCT / Legislator Meeting in St. George
    - ULCT has requested elected officials involvement and outreach with the legislature.
    - Local Officials Day – Jan. 24, 2018 at the State Capitol

- **Fire / Rescue Consolidation**

    - Myself, Chief Dan Nelson, and Brock Jacobsen from Santa Clara met to discuss the finances of the joint operation. Dan, with our help, is going to prepare a 3-5-year plan to present to both councils. This plan will include operations, staffing, and equipment needs. This will help both cities prepare and budget for the department needs going forward.

- **Upcoming Finance / Budget Items**

    - November
        - Audit report
        - Fire Apparatus Financing
    - December
        - 5-year plan update
        - FY 2019 Budget Schedule
        - CAFR Submission

Respectfully,



Wally Ritchie
Director of Finance

October 19, 2017

Funding Working Group

Policy Recommendations to the Transportation Governance and Funding Task Force

1) *Maintain and enhance the state's commitment to transportation infrastructure funding*

a) Operate under the principle that users should bear the primary responsibility to fund transportation infrastructure, while acknowledging that both "users" and "beneficiaries" should pay for the growing needs of the state's transportation system
b) Ensure that cities/counties have tools to utilize "value capture" funding mechanisms
c) Ensure all road users pay an equitable share of transportation infrastructure, including developing a fee structure on alternative fuel or zero-fuel vehicles and bicycles
d) Allow cities to utilize municipal transportation utility fees to fund transportation projects
e) Coordinate with the current, broader, state sales tax reform effort to ensure that the State's General Fund can continue to contribute to the needs of the transportation system
f) Encourage the state and local entities to consider new, innovative funding sources, including public-private partnerships

2) *Increase the flexibility of state transportation funding sources*

a) Allow the Transportation Investment Fund to be used for the highest value transportation infrastructure projects across modes

3) *Research alternative funding mechanisms*

a) Authorize and direct UDOT to begin a Road User Charge (RUC) demonstration/pilot program as a potential future alternative to motor fuel taxes
b) Encourage transit providers to examine alternative fare structures

Model Transportation Funding and Governance Structures

Purpose: Identify options for state role in governance and funding of transit agency.

Function descriptions:

Planning – Identifying long-term and mid-term transportation needs, and development of long range transportation plans in association with planning partners, including MPOs, local government, and related stakeholders, such as the freight industry. Includes vision, policy and corridor-level planning.

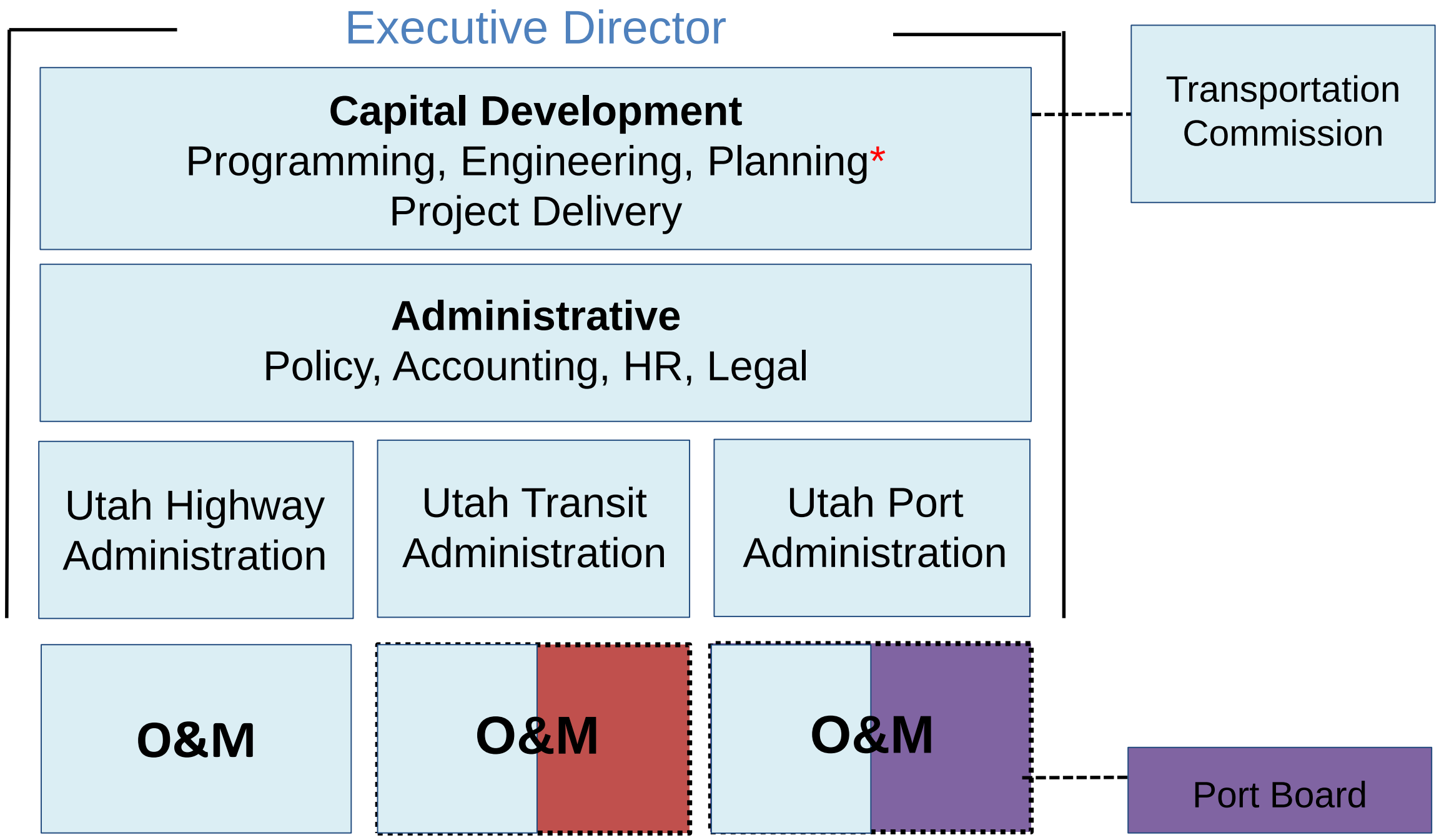
Programming – Prioritizing projects and allocating funding to support specific projects and programs that support strategic and policy goals.

Engineering – All elements of project delivery, including completion of environmental reviews, project design and construction.

Operations and Maintenance (O&M) – Day-to-day functions required to keep the transportation system operating smoothly and safely. For highways, includes activities such as traffic management and general roadway maintenance. For transit, includes daily operation of bus and rail systems, and efforts to optimize transit routing services.

Model A: Fully multimodal UDOT;

State owns transit infrastructure; New transit capital development done by UDOT; UTA becomes division of UDOT



Characteristics and considerations:

- Planning, programming, prioritization for state-funded capital investments administered within UDOT.
- Administrative services for additional employees to be consolidated within UDOT.
    - May require adjustments to resources, personnel, and areas of expertise (e.g. union liaison, legal counsel, etc.)
- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- State would obtain ownership of transit infrastructure in a public transit district currently serving a population of more than 200,000.
- Utah Transit Authority would become a division within UDOT (i.e., Utah Transit Administration)
- The state ***may*** establish a contractual arrangement with transit providers for O&M of transit systems.
    - O&M contracts can include both public and private service providers, or may include a range of functions through a public-private partnership (P3) arrangement.
- State would need a strategy for assuming $2B in bond debt.
- State would have to allow for unionized transit employees.
- State would need to use current local option sales taxes to pay for transit debt service and O&M.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)

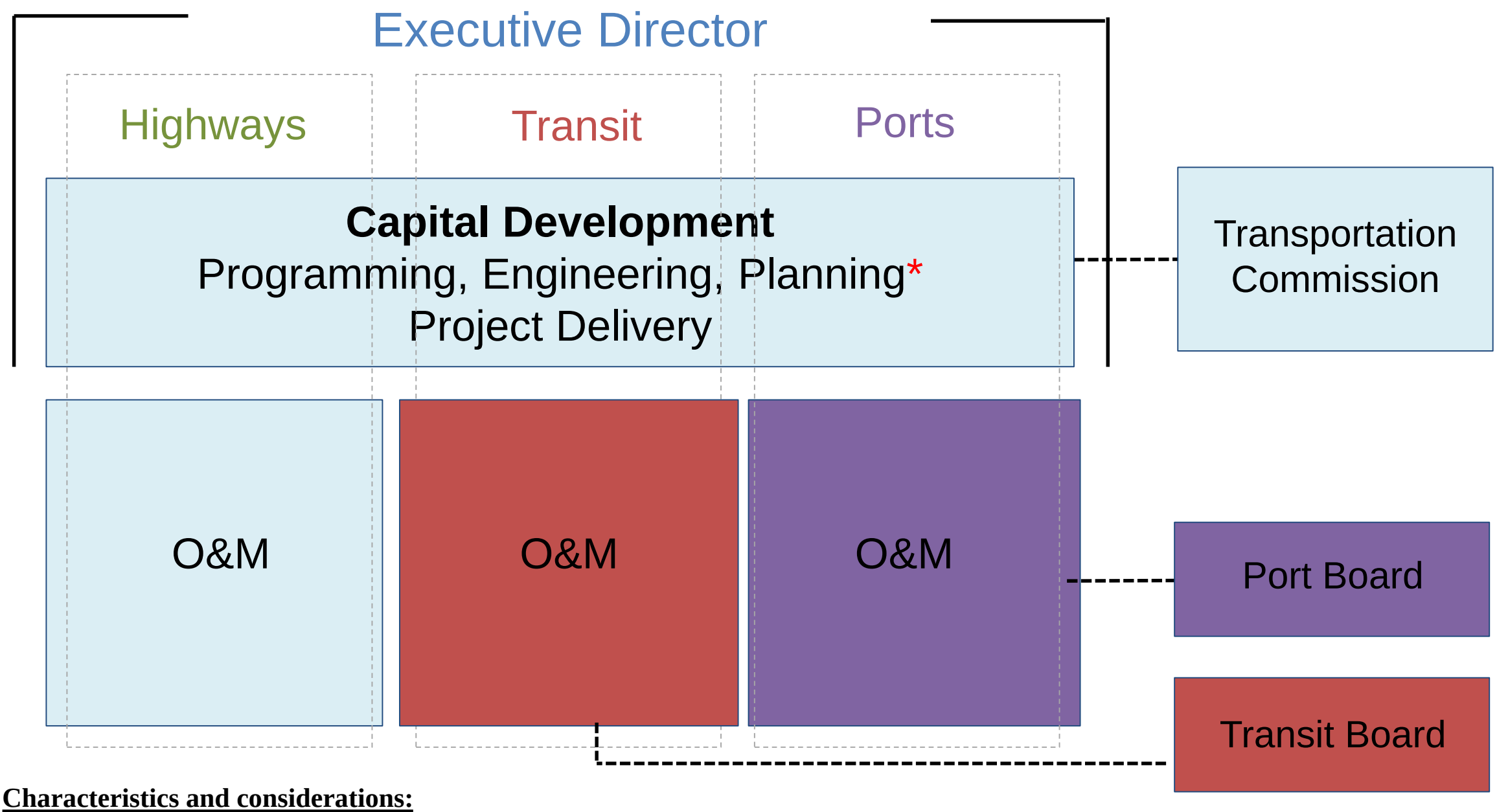
Expected performance attributes:

1. Integrated and multimodal decision making:
    - May encourage modal silos.
2. Optimize limited public dollars:
    - Leverages efficiencies within certain functions (e.g. engineering provided under single entity, with most costs charged to a specific project) and improved integration across modes. Other functions would be retained under multiple entities.
    - Projects prioritized across modes within single entity to help optimize investments.
3. Oversight of various modal entities:
    - The state would be responsible for planning, programming, construction and operations/service across modes.
    - Less likely to encourage local/county investment in successful planning and service.
4. Partnering with local entities for shared investment in success:
    - Will require the state to take some portion of current local option funding, which could be a challenge to relationships with local governments.

*See “Integrated Planning Process Overview”

Model B: Multimodal UDOT;

State ownership of transit infrastructure; New transit capital development done by UDOT; Transit operations by contract with independent transit providers (UTA)



Characteristics and considerations:

- Planning, programming, engineering and project delivery for state-funded capital investments administered within the UDOT.
- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- State would obtain ownership of transit infrastructure in a public transit district serving a population of more than 200,000.
- State would need a strategy for assuming $2B in bond debt.
- Transit operators would remain independent of the state.
- The state will establish a contractual arrangement with transit providers for O&M of transit systems.
    - O&M contracts can include both public and private service providers, or may include a range of functions through a public-private partnership (P3) arrangement. The exact limits of scope may vary by contract.
- Existing local option sales taxes would still be distributed to UTA per existing interlocal agreements.
    - State would take the portion of existing local option sales taxes needed to make debt service payments.
- Transit providers to develop and update fiscally constrained service plans annually in cooperation with counties/cities.
- Local governments could contract with UTA for new transit capital projects that don't require state funds.
- Federal FTA funds would be appropriated by the Legislature to UDOT, similar to current process used for FTA funds administered by UDOT.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)

Expected performance attributes:

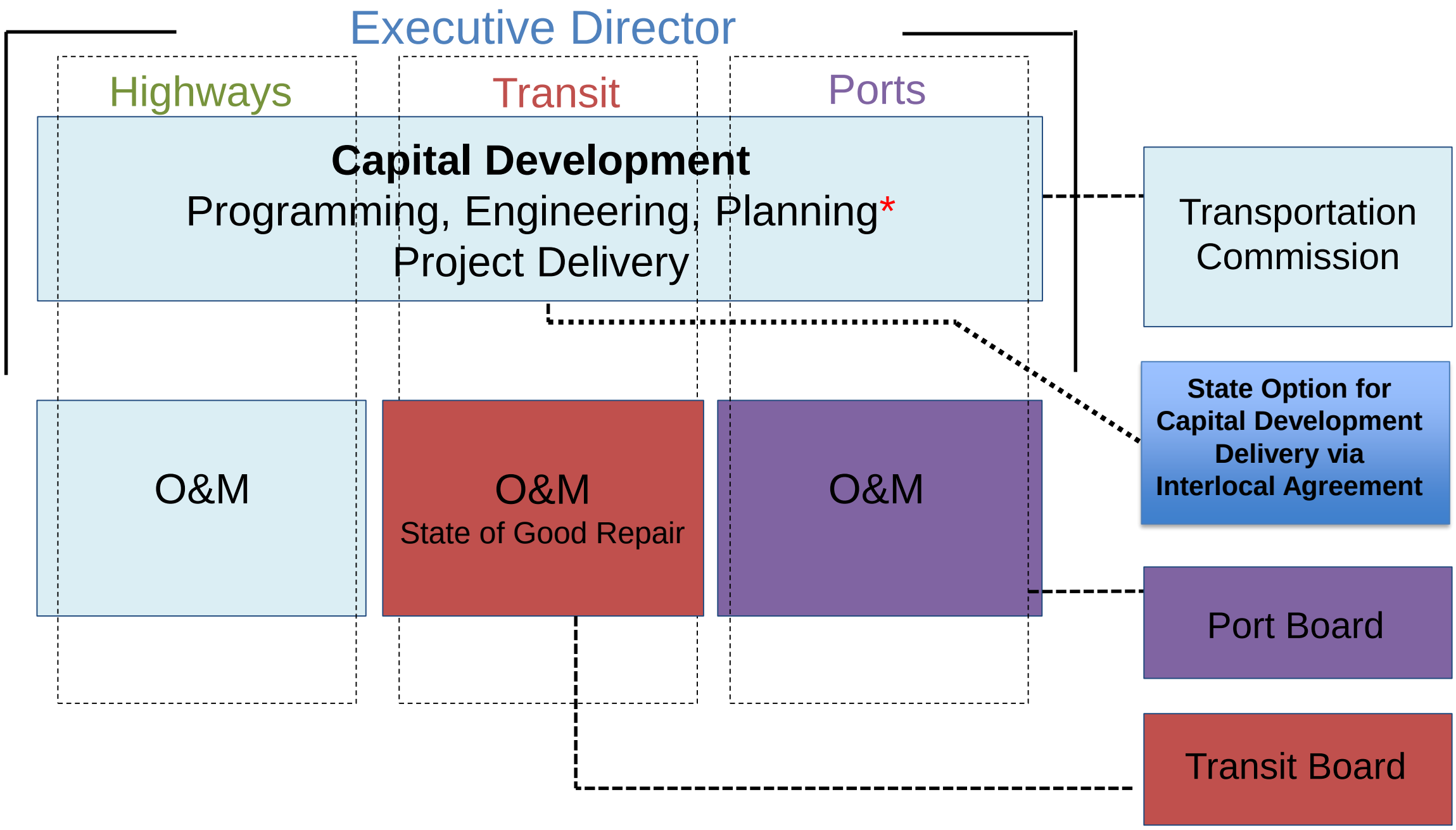
1. Integrated and multimodal decision making:
    - Encourages intermodal perspective throughout all phases of a project, from concept development through construction. O&M oversight based on terms of contractual relationship between state and transit provider.
2. Optimize limited public dollars:
    - Leverages efficiencies within certain functions (e.g. engineering provided under single entity, with most costs charged to a specific project) and improved integration across modes. Other functions would be retained under multiple entities.
    - Projects prioritized across modes within single entity to help optimize investments of state dollars.
3. Oversight of various modal entities:
    - The state would be responsible for planning, programming, and construction across modes. The level of state oversight of O&M based on contractual terms.
4. Partnering with local entities for shared investment in success:
    - Local option funds (imposed and/or authorized) retained at local level.
    - State project prioritization could be structured to incentivize smart land use by local entities and/or P3 partners.
    - Increased engagement by counties/cities through development of service plans.

*See "Integrated Planning Process Overview"

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Model C: Multimodal UDOT;

UTA retains ownership of current transit infrastructure; New transit capital development funded with state funds done by UDOT, with the option to contract certain capital development services to UTA through interlocal agreement; Current transit operations by UTA, operations on new transit capacity done by the state under contract with UTA or independent transit providers



Characteristics and considerations:

- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- Planning, programming, engineering and project delivery for state-funded capital investments administered within UDOT.
- Transit capital projects may be executed by a transit provider under contract or interlocal agreement with the state.
  - To ensure appropriate oversight, accountability, efficiency, and flexibility, the State will – as a condition for the use of State funds – deliver the project itself, or may enter into an interlocal agreement with a transit provider for all or portions of project delivery. The agreement would ensure ongoing coordination, oversight, reporting, and other conditions the State required.
  - When deciding whether to perform transit capitol development functions within UDOT or through interlocal agreement with UTA, the state will consider such factors as whether the development is funded in part with state funds; is located, in part, on the state transportation system; is regionally significant; or requires DOT eminent domain action.
- Transit providers would remain independent of the state.
- Modifications to the UTA Board with Senate advice and consent for local appointments.
- Existing local option sales taxes would still be distributed to UTA per existing interlocal agreements.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)

Expected performance attributes:

1. Integrated and multimodal decision making:
   - Encourages intermodal perspective throughout all phases of a project, from concept development through construction.
2. Optimize limited public dollars:
   - Leverages efficiencies within certain functions (e.g., engineering functions provided through mechanism that is most effective for the specific project) and improved integration across modes.
   - State funds prioritized across modes by a single entity to help optimize investments.
3. Oversight of various modal entities:
   - The State would ensure appropriate accountability, oversight, and efficiency for all projects using State funds, either by delivering the project itself or by entering into an interlocal agreement for all or a portion of project delivery.
4. Partnering with local entities for shared investment in success:
   - Local option funds (imposed and/or authorized) retained at local level and coordinated with State and regional investments.
   - State-funded project prioritization could be structured to incentivize smart land use by local entities and/or P3 partners.

*See “Integrated Planning Process Overview”

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Comparison of Governance Models

	Model A	Model B	Model C
Ownership of existing transit infrastructure			UTA
Ownership of new, state-funded transit infrastructure			
O&M of current transit system		UTA	UTA
O&M of new, state-funded transit system		UTA	UTA
State of Good Repair on existing infrastructure			UTA
Delivery of new, state-funded transit capital projects		UTA *	UTA *
Current local-option sales taxes		UTA	UTA
Possible new, state-imposed, ¼ cent sales tax in 8 counties, or other state authorized funding			
FTA money for state-funded projects			UTA

*State has decision authority

Economic Development/Land Use/Rural Issues/Active Transportation Working Group

The working group has met several times throughout the summer and has prioritized the following issues as those that should be addressed by the task force and/or the Legislature to meet the future transportation needs of the state.

To spur ***Economic Development***, the working group recommends steps be taken to:

- Enhance focus on transportation planning and investment to provide access to existing, emerging, and future job centers and to improve housing affordability.
- Enhance use of corridor- and area-level planning to better integrate transportation planning and investment with economic development opportunities and local land use.
- Include economic development as a criterion in the transportation prioritization process. Identify existing, emerging, and future job centers and prioritize infrastructure to serve those areas, particularly where doing so will improve jobs/housing balance.
- Align transportation infrastructure, land use, and economic development through:
    - Adequately capitalizing the state infrastructure bank and requiring projects to have an emphasis that support land use and economic development and align with planning.
    - Exploring enabling legislation for value capture tools for transportation infrastructure.
    - Utilizing transportation infrastructure as the local match for economic development incentives.
    - Exploring the possibility of directing state economic development incentives to encourage companies to locate in lower overall cost development areas – including consideration of the availability of existing infrastructure – and/or areas that best serve job centers and increase access to opportunity.
    - Exploring aligning corridor and area planning with CDA, RDA, and EDA zones.
    - Reviewing the impact of the existing tax structure and distribution formulas on development, planning, and transportation.
- Enhance synchronization between transportation and economic development agencies and stakeholders, including:
    - Structuring a forum for ongoing collaborative discussions.
    - Aligning planning processes and utilization of market data.
    - Utilizing EDCUtah's Mega Sites program as a pilot for synchronization.
    - Identifying and evaluating opportunities for redevelopment of existing retail areas.
- Improve decision-making tools and resources for local government, including:
    - Analyzing impacts of certain economic development projects on transportation infrastructure.
    - Detailing existing economic development-focused local transportation infrastructure spending.
    - Benchmarking local economic development tools.
    - Identifying housing and job imbalances:
        - Establish clear criteria for the prioritization of state transportation projects;
        - Assist with corridor planning and preservation for transit expansion;
        - Coordinate with local entities to create connected roadways, street networks, trails, and other modes.

To address ***Rural Issues***, the working group recommends steps be taken to:

- Improve "Access to Opportunity" – including accessibility to jobs, housing, recreation, education, and work force.
    - Strive to reduce per capita vehicle miles travelled by encouraging:
        - Self-sustaining communities;

        - Development of local job centers;
        - Access to high-speed internet;
        - Telecommuting practices.
- Work with local input to increase and improve highway bypasses and alternate routes for freight and through traffic in rural town centers (i.e. US 40 in Vernal, US 191 in Moab, etc.).
- Improve sustainable housing and transportation affordability.
- Study the ongoing viability of the B&C Road Fund and additional sources to provide for maintenance of a high number of rural lane miles.

In the area of ***Active Transportation***, the working group recommends the state:

- Help coordinate and implement corridor plans among local governments.
- Consider funding mechanisms where both users and beneficiaries pay.
- Provide active transportation safe routes.
- Coordinate with local entities to create connected roadways, street networks, trails, and other modes.
- Work to incorporate active transportation as part of the solution to the First Mile/Last Mile issue with transit.
- Consider using corridor preservation funds for active transportation funds that connect an origin and a destination and improve access and connectivity.
- Consider an overall return on investment when funding active transportation, including:
    - Project Usage;
        - Will the project change behavior and reduce per capita VMT?
    - Public Health;
    - Air Quality.

In the area of ***Land Use***, the working group recommends the state develop and implement a Corridor and Area Planning (C/AP) process in existing and future corridors of significance to the state. Development in these high-priority corridors should be strategic and support the long-term growth of the area and an effective transportation system in a manner that maintains the quality of life of the residents. The C/AP process should include:

    - Broad goals set by the Legislature to maintain and enhance Utah's economic vitality, quality of life, and access to opportunities
    - Identification of corridors by the state (UDOT, Transportation Commission)
    - Development and adoption of corridor area plans that address the goals, by the state (UDOT, Transportation Commission), in cooperation with local governments, MPOs, economic development entities, and land owners
    - Incentives, disincentives, and penalties for local governments, designed to encourage participation in the creation, adoption, and adherence to a C/AP
        - Incentives could include:
            - Additional “prioritization points” during the programming of transportation projects;
            - Financial and technical assistance to local governments in the form of a Transportation and Land Use Connection (TLC) program;
            - Access to additional funding sources (state infrastructure bank loans, value capture tools)
        - Disincentives could include:
            - The ability of the state to take action when a local government refuses to participate in the creation and adoption of a C/AP
        - Penalties could include:

- Fees levied by the state when a local government deviates from an agreed-upon C/AP, or delay or not building of all or any part of a project, and/or the reopening of the C/AP process at a cost to the state

In addition to the creation of a C/AP process, the working group recommends more generally that the state:

- Ensure that property rights are respected
- Establish clear criteria for the prioritization of state transportation projects
- Plan and help fund corridor preservation for transit expansion
- Coordinate with local entities to create connected roadways