



Mayor Ben McAdams

2018 Proposed SL County Budget Speech

October 24, 2017, 10:00 a.m.

(As Prepared for Delivery)

Mr. Chairman, Council members, fellow elected officials, colleagues and friends:

Today I present a proposed 2018 budget that is structurally balanced with no tax increase. It is a lean budget, but it keeps our commitments in four major areas: public safety, a strong economy, expanded opportunity for all our residents and investment in our most important asset – our hardworking employees who serve the residents of Salt Lake County.

I want to thank the dedicated employees in Mayor's Finance and other members of the county's fiscal team. Their hard work ensures that I can present budget numbers with confidence and the knowledge we've met our high standards for fiscal management.

I'd also like to thank my executive team—Deputy Mayors Erin Litvack, Darrin Casper, Karen Hale and Rick Graham for the many hours they spent on compiling the budget requests and scrubbing the numbers. As a team they held everyone's feet to the fire to stress test this budget and say no to requests that they would have liked to approve.

This proposed budget responds to our top responsibility as a metro government – keeping our communities safe, effectively managing the Justice Reinvestment Initiative, reducing the repeat cycle of drug buying, arrest and release, and creating opportunities for those struggling with homelessness, mental illness or addiction to help themselves.

We live in a county that knows how to harness the positive spirit of getting things done and not worry about who gets the credit.

My proposed \$1.3 billion net budget will fulfill our duty to county taxpayers and respects their hard-earned tax dollars.

Our metro area continues to step up to challenges. We choose not to sit on the sidelines and we refuse to keep kicking the can down the road. Because after all, as hockey great Wayne Gretzky put it, "You miss 100 percent of the shots that you don't take."

As a global city, we're big enough that we're internationally recognized but small and nimble enough to get things done. Here at Salt Lake County, we work across party lines and make bipartisan progress. We work for the people of the Salt Lake valley. And we work hard.

Collective Impact on Homelessness

Three years ago, we launched our Collective Impact Committee on Homelessness. We began with this question: are we making a measurable difference as a city, county and state in return for the millions of dollars we're spending to minimize homelessness?

While homelessness is a statewide problem, we've known that a sizeable homeless population was concentrated in Salt Lake County, where many dedicated and committed groups were trying hard to help individuals in need and reduce suffering. All levels of government—city, county, state and federal-- provide millions of dollars towards homeless services and programs. And yet the numbers showing up at the emergency shelters in the Rio Grande area and in Midvale were increasing.

So we invited all stakeholders to the table. Under the leadership of Shaleane Gee and her talented team, we brought forward a unified agenda, began to share data, and agreed to hold ourselves accountable for better outcomes.

Our work led to success at the Utah legislature, which approved funding for new, smaller homeless resource centers that will offer more than just a bed and a meal.

In its recently completed legislative audit, the state concluded: "Collective Impact identified lack of coordination of funding as a major barrier to implementing an effective homeless system. The work to coordinate and improve homeless service delivery is consistent with best practices and should continue."

We will continue and we will succeed, thanks to the help of many partners and generous and caring Utahns, like the Gail Miller family. The family's \$10 million challenge grant -- their pledge to match all donations dollar for dollar—will help ensure that we put critical programs in the resource centers. Stay tuned for an upcoming announcement about how we will significantly leverage that challenge grant opportunity.

Economic growth and jobs

A strong economy is the best way to provide opportunity for our residents and keep taxes low. Our economic development team works hard to remake economic development in a way that keeps us competitive in the global marketplace and offers opportunity—and bigger paychecks-- for all working families.

Over the past five and a half years, we've seen jobs in the county increase by more than 97,000; up 16 percent from January 2013. Salt Lake Metro job growth leads Los Angeles, Phoenix and Denver.

Our Global Cities Initiative—a public/private partnership-- identified the need for a business outreach program, to offer data and other tools to small- and medium-sized businesses. Businesses that export goods and services pay 17 percent higher wages

than those that don't export. We're also working to identify foreign investment that will help grow existing businesses and expand payrolls.

We're getting the word out that Salt Lake is a vibrant metro area with great dining, lodging, nightlife and entertainment options. Tourism, convention and recreation tax dollars—as you know-- are an important county revenue source. Direct visitor spending from convention and meeting delegates brings millions of dollars into our economy and supports thousands of jobs. While the loss of the Outdoor Retailer show is a setback, our Visit Salt Lake and Salt Palace Convention Center team has a plan to fill the gap. Through a new partnership with the Society of Independent Show Organizers, Visit Salt Lake is strategically pursuing several tradeshow producers to consider our metro for future shows. Our largest existing client – doTerra— this year actually outgrew even the Outdoor Retailer Summer Market.

Already in the pipeline for next year, we won the bid for the American Occupational Therapy Association, with over 7-thousand attendees and the National Association of College Admission Counseling, with 5-thousand attendees. This truly is the place for successful conventions, trade shows, and warm hospitality.

We know the pact we have with our residents—for our part, they trust us to deliver efficient and effective services that support their excellent quality of life.

Last year voters rewarded our efforts, approving a \$90 million bond to use for new recreation facilities and trails and to update existing parks and amenities.

We do not take that trust for granted; we are constantly looking for ways to get the most bang for the taxpayer's buck.

We opened a new District Attorney's office in West Jordan ahead of schedule and under budget and we hope to repeat that with the opening of a second building downtown next spring.

Our Center for the Arts team is winning awards and generating buzz for the Eccles Theater as the latest addition to our premier arts and cultural facilities portfolio. Just to whet everyone's appetite – next year we have Jersey Boys, the Phantom of the Opera and a little production called "Hamilton."

Salt Lake County and Taylorsville City have announced the design team for the new Mid-Valley Performing Arts Center as progress continues on that \$40 million cultural enhancement.

Seth Jarvis and the Clark Planetarium not only put us on the map during the Great Solar Eclipse, he also stepped up to an emergency plea from University of Utah Medical Center. His knowledge and credibility with the news media and the public helped warn county residents about the danger of counterfeit eclipse glasses purchased online and distributed by the health facility.

We are keeping our commitment to invest in the Equestrian Park in South Jordan – the only public facility of its kind in the county. We will work with and listen to community members as we examine the budget and programming for the four-day-long county fair in South Jordan. We will continue the much-loved agricultural traditions and explore other opportunities to maximize the community benefit while at the same time help with maintenance and improvements for the residents and events that use the Equestrian Park year round.

We've included funding for five new libraries: Kearns, South Salt Lake, West Valley City, South Jordan and Herriman. Support for literacy and public education is a long-standing priority for Salt Lake County and helps support a well-educated workforce for employers, and gives all residents a place to learn and explore.

Challenges

We've made important gains. We also face challenges. Revenue projections for 2018 are up slightly. We project new growth from property and sales taxes of approximately \$12 million.

Home prices in Utah have increased by more than 9 percent and Salt Lake County enjoys nearly full employment levels.

Funding three requests – jail beds, next year's election and our workforce compensation-- will take all that new growth as well as require tough choices on other spending priorities.

Inflationary increases to expenses such as health care, together with efforts for fair employee compensation and addressing compression, outpace the new revenue. Once again we must find efficiencies and streamline our budget in order to live within our means.

We reduced total requests by \$24.2 million. We asked every department head to fund priorities and back up their choices with data.

We're acting responsibly and catching up on capital maintenance and improvements, thanks to the leadership of Councilman Max Burdick and others. Our ongoing investment has delivered significant progress on maintenance and improvements for existing facilities. As the cornerstone of our service delivery, we must ensure they function safely and efficiently throughout their lifespan.

We are also making excellent progress on our plan to control health care costs in Salt Lake County, by offering and informing employees on how they can help us save money for the taxpayer and get some of those savings for their own retirement with the choice of a high deductible health care plan. If employees choose that option, they will

once again have a zero premium cost, as well as receive a lump sum contribution to their Health Savings Account. Then, as they shop for the most cost effective health care for themselves, they keep more money in their health savings account and Salt Lake County's health care costs also decrease. Human Resources is optimistic that it will reach a 75 percent enrollment level in the plan next year. If we can harness the cost-saving power of consumerism, it will mean great health care for employees and savings to our budget. I'd like to thank Mike Ongkiko and his team for successfully taking on this assignment and giving our employees access to affordable, quality health care.

I would like to again thank Salt Lake County's independent elected officials who continue to work collaboratively with us to address compensation challenges. We all want to attract, motivate and retain a high quality workforce.

We take seriously the financial commitment we've made to our employees

I'm proposing a 2.5 percent across the board salary increase for employees – a combination of a 1 percent employee salary structure adjustment increase and a 1.5 percent annual salary increase to base pay. Low unemployment means strong competition for employees and we want to remain an attractive workplace with competitive salaries and benefits because that is how we do our best work for our residents.

We've also set aside more than \$4 million to address compression issues. That includes the \$1.7 million we held in reserve **this year**, together with an additional \$2.6 million in this proposed budget. Our team is striving to collect and analyze the data that will show the equitable path forward for distributing these funds to the employees affected by compression.

Our employees are the best at what they do, whether it is Environmental Health performing street cleanups downtown and elsewhere, or our librarians helping kids read and supporting their academic success. Employees are the heart and soul of county government and provide value every day to our taxpayers and customers.

Looking ahead

A large new budget expense involves the work we began last summer in the area around Rio Grande Street.

Building on what we learned from Operation Diversion, we launched with our partners "Operation Rio Grande"—a two-year initiative to respond to lawlessness and to restore public safety for both the public and local businesses and also for the homeless individuals seeking help.

Our jail already full, due in part to the unfunded mandate of JRI. So we sought the state's help in finding and funding 300 new jail beds. Our county team fought for and

won support for additional treatment beds – the missing, (until now) “investment” we were promised with the 2015 start of the Justice Reinvestment Initiative.

Our team, led by the Sheriff Rivera, DA Gill, Noella Sudbury at CJAC, Karen Crompton at Human Services, Kele Griffone at Criminal Justice Services and Tim Whalen at Behavioral Health – gave Operation Rio Grande credibility, accountability and fiscal responsibility. It is making a difference in the downtown area, however, Operation Rio Grande brings with it ongoing expenses into 2019.

A few days after the August 14th launch, the 300 additional jail beds were full. Jail staff was on mandatory overtime to handle the increased workload.

More arrests and more charges meant more cases for the Legal Defenders Association and the District Attorney.

To “bend the cost curve,” and because it is also the right thing to do, I’m proud that Salt Lake County is emphasizing treatment and diversion from jail.

We believe that the linchpin of success is the new specialty Drug Court coupled with access to behavioral health treatment. Eligible, nonviolent offenders picked up for drug use and drug purchases may volunteer for the program and receive structured case management and oversight by a judge to be placed in treatment and stay out of jail.

We’re seeing encouraging signs. Eighty individuals have been assessed and referred and while the program is still new, most appear to be sticking with their program, freeing up jail beds for individuals who need to be behind bars.

The people that we are assessing and referring to treatment could be your family member or mine. I think about one story of a woman I met earlier this month while I was at the jail to observe the work our team is doing. She became addicted to drugs after her 8 year old son died from leukemia. She cried as she thanked us for pursuing Operation Rio Grande and giving her a chance to get into drug court and receive treatment. She wants to turn her life around, get clean and be reunited with her younger kids who are in the foster care system. She did get a spot, thankfully.

We have opened 61 new residential treatment beds already, with the funding we’ve received. We need at least 180 more treatment beds, to bring the total to more than 200.

To that end, we’re supporting our state partners to secure the needed approvals from the federal government to fund the residential treatment beds and continue the evidence-based jail diversion programs.

We’re also working on a more sustainable jail bed solution.

I've worked with Sheriff Rivera and together we propose discontinuing the jail contracting we do with other counties for 300 beds and fully opening the Oxbow Jail by July 2018 — adding 368 additional beds. This budget proposal includes \$7.4 million to cover the ramp-up and staffing costs, which we will begin tapping early next year.

I am talking with state legislators about utilizing state jail bed contracting funds --\$2.8 million—for the Oxbow operation as well. We will move the county's current \$2.8 million contribution for jail beds into Oxbow's operations.

The county is making other contributions to criminal justice reform, including using this year's \$1.9 million JRI grant to clear existing drug court waiting lists. We've also opened more slots in our evidence-based Intensive Supervised Probation program. Human Services Director Karen Crompton successfully applied for another grant to fund two new LDAs.

Finally, our two Pay for Success programs—for which we raised \$11.6 million in private grants and loans—have nearly completed their pilot year and should be fully operational in January 2018. More than five hundred individuals in the combined programs will be served. True to the Pay for Success model, upfront private and nonprofit sector funding will only be repaid if the programs are proven to work and people's lives are measurably improved. We will rigorously evaluate both projects and use what we learn to improve other social needs programs. Most important, we will help drive funding toward high-quality, effective programs that actually improve the lives of people in need.

All this shows how Salt Lake County has stepped up in a big way to fulfill its responsibility to public safety-- in a fiscally responsible and effective way.

Conclusion

We know that the budget decisions we make --both large and small—make a real difference in the lives of the people we serve.

Take Melvin, as an example. He was in his late 80s and had a heart condition. The county's Rides for Wellness program—through Aging and Adult Services—gave him regular transportation to visits with his cardiologist. Melvin was a widower, but wanted to remain at home and live independently for as long as possible. Rides for Wellness has helped make that possible well into his 90s.

This is a conservative budget, but one that I believe keeps our commitment to public safety, economic opportunity and a high quality of life.

We're accountable for every dollar and we are determined to achieve maximum results. Resources are always scarce and tough choices are required.

We're expanding economic opportunity by supporting small and medium-sized businesses so they are able to hire Utahns at good salaries. The opportunity to earn a good living and support our families is at the heart of the American Dream.

We are partnering with local and state government leaders to modernize our infrastructure. This means less time sitting in traffic and contributing to bad air quality, and more time enjoying friends and family.

We're giving those struggling with homelessness and drug addiction the opportunity to get on a path to stability and self-reliance.

We are celebrating the diversity of our population—seeing how that diversity strengthens our economy and our communities and enriches our lives.

We are expanding opportunity to kids and adults by planning new libraries, parks, trails and cultural facilities.

We do it in bipartisan fashion, by working together—Republicans and Democrats—to find common ground and accomplish our goals. And we work hard for our residents to get the job done.

I look forward to working with the Council to adopt a final budget that will move the county forward in 2018.