



**Mayor Ben McAdams**  
2015 Budget Address  
October 28, 2015  
*(As Prepared)*

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

Today I present a proposed 2015 budget that is structurally balanced with existing revenues and no tax increase. It supports my approach of efficient, cost-effective government service delivery and accountability to the taxpayer.

I would like to thank Salt Lake County's independent elected officials, who helped meet our budget challenges. I also give full credit to members of the County Council who, in a bipartisan effort, stepped up on all aspects of the policy discussions. The Council has already left an important mark on spending priorities for 2015.

Also, I want to express my appreciation to the dedicated employees in the Mayor's Finance Administration who keep an eagle eye on budget matters, not only during the intensive several months as we work to prepare the budget recommendations I present to the council today, but all year long. Deputy Mayor Nichole Dunn is a strong leader who cares deeply about the residents and employees of this county.

This is a lean budget that shows our county is living within its means. It continues to fulfill our task of addressing deferred maintenance. It seizes the opportunity to innovate and pursue "what works", rather than maintain "business as usual."

This budget reflects my priorities for a rapidly-growing county. It backs up my promise that wherever existing county government functions do not reflect the world we live in *today*, we will change.

As a thriving metropolitan area, Salt Lake County is leading the way forward on economic growth and jobs, low taxes, public safety, fiscal discipline and innovation. Not only are we careful stewards of tax dollars, we're questioning old assumptions about how we prioritize spending and what we expect in return.

My proposed \$1.1 billion net budget helps finance the decisions that we must act on today, in order to have a tomorrow of our own choosing.

I look to our future with optimism. Utah, at 3.5 percent unemployment, is second-lowest in the nation. The Salt Lake metro area unemployment rate – at 3.2 percent – is 10<sup>th</sup> lowest out of 372 metro areas across the country.

Housing prices continued to improve in the first quarter. Year-to-date sales taxes are outpacing last year's results.

Those factors, combined with Salt Lake County's excellent fiscal management, help the county maintain Triple A ratings from all three financial rating agencies, ensuring we pay very low interest rates, saving taxpayer dollars.

These are all signs of a stable and healthy Salt Lake County as we continue to heal, gradually, but steadily, from the impacts of the Great Recession—impacts that hit our residents hard and also forced tough choices for our county budget and operations.

Our current solid footing—and optimism for the future—together with a commitment to maintain fiscal discipline as we continue our healing, tempered our decisions as we prepared this 2015 budget recommendation.

In the minus column, the massive Kennecott landslide and recovery is still having an impact on taxable sales growth. Federal government dysfunction and state inaction on the Healthy Utah plan are injecting some degree of uncertainty. While beyond our control, those are factors we must consider as we budget for next year.

My baseline approach was to fund new priorities with **existing tax dollars** while maintaining our structural balance.

Once again this year, we said “no” far more often than we said “yes”.

We cut the total requests from the Mayor's departments and other independent elected officials by \$19.8 million. Salt Lake County is holding the line on government, moving in new ways to more efficiently meet the demands of a growing population and maintain support for healthy communities and an excellent quality of life.

We're making good progress on our plan to control health care costs in Salt Lake County by offering and informing employees about the choice of a high deductible health plan. Last year we set a goal to harness the cost-saving power of consumerism and the frugality of our own employees by restructuring our high deductible health plan and increase employee enrollment in that plan to 40 percent.

We met that goal. This policy move gives employees more control over their health care dollars and empowers them to be smart consumers of health care, maximizing both their personal income and taxpayer savings.

Our 2015 goal is to increase employee enrollment in that plan from 40 percent to 55 percent.

When you do the math, it's clear: Switching to the high deductible health plan is good news for our employees' personal budgets and a cost savings to taxpayers.

With that, I am confident that this proposed budget—while lean—supports the priorities we have identified that deliver solutions to residents of Salt Lake County as we work to secure the Future We Choose.

### **Focusing on what works**

The best way to balance our budget and keep taxes low is to support private sector job growth. Salt Lake County is in the national spotlight for our success in growing the economy and creating sustainable prosperity.

First, we're both producing and attracting a key segment of the workforce---the 25 to 34 year olds who hold a bachelor's degree or higher level of education.

Between the year 2000 and 2012, 50 percent more people in that demographic — became part of our metro area.

That's on par with such thriving metropolitan job markets as Nashville, Denver and Houston.

Businesses want to locate in or near urban centers to better tap into this growing pool of well-educated young workers.

Well-educated young adults are today's most mobile segment of the population.

Because mobility declines rapidly with age, where they decide to locate in their 20s and early 30s plays a key role in shaping metropolitan economic success.

This statistic is actually icing on the cake, since Utah already produces the largest number of young workers in the country, due to our young families.

Secondly, our Regional Development team has begun to deliver on the promise to be efficient and effective partners in economic development.

We've revised and reformed our CDA policy to ensure transparency and accountability when county tax dollars are used to attract private development.

On my watch we've increased oversight of tax revenues associated with past RDA agreements, resulting in the creation of the regional development fund.

We're breaking a decades-long bureaucratic stalemate over seamless regional services, such as 9-1-1 emergency response.

We've embarked on safe, modern infrastructure improvements, partnering with municipalities and townships throughout the county to strategically augment their own transportation investments.

Our \$42 million transportation bond—supported by the county's share of vehicle registration fees—is boosting cities' ability to fund road projects throughout the county, including \$8 million for the townships.

We've met our core responsibility to protect public safety by directing needed funds to the Sheriff, the Emergency Operations Center, District Attorney and Legal Defenders Association. An effective justice system for our citizens remains a top priority.

Also, we're bridging gaps across the county to build out a network of safe, modern amenities such as pedestrian and bike paths. In particular, two popular canyons – Emigration and Millcreek—will see important safety improvements.

Economic development is now coming into its own in Salt Lake County—helping cities and townships support job growth.

Thanks to this Council's support of the first-in-the-nation" pay for success" initiative on high-quality preschool, we're poised to expand on our track record.

In that case, Salt Lake County didn't start and run a county government preschool program; we funded an **outcome** where children are reading on grade level by third grade.

2015 will be the year that Salt Lake County begins to move away from an outdated, "fund-what-**once-worked**-system" or "fund-what-we-**hope-will-work**-system" to a "fund-**only-if-it works**" approach.

It's a breakthrough that is long overdue.

Most Americans don't think of their government as particularly successful.

Polls show that to be true, even though-- as a nation-- we've rallied to help defeat tyrants, send men to the moon and finance medical research that has saved millions of lives.

Experts point out that **very little evidence** is used to support government spending nationally. Less than \$1 out of every \$100 of spending is backed by even the most basic evidence that the money was wisely spent.

Based on how incredibly cheap it now is to incorporate data—to measure social impact, we have no choice but to do better.

Why not replace the old funding recipes with new ones – focused on the outcome we want, not the program we once adopted.

We will study the possible design of new projects in 2015—in partnership with researchers, academics, private investors and nonprofits—that will align our payment for social services with outcomes that meet tough scrutiny and verification.

It will include partnering with the James Lee Sorenson Global Impact Investing Center housed at the University of Utah’s David Eccles School of Business, which recently received a \$1 million grant to provide the technical assistance needed by partners to participate in future “pay-for-success” projects.

We have support from Sen. Orrin Hatch for a modest federal bill that supports our local pay-for-success initiatives.

And stay tuned for an exciting announcement of a planned gathering of some of the most important private sector and nonprofit leaders in the “pay-for-success” field in the nation—convened here in Salt Lake County.

2015 will also be the year we begin rolling out our “Moneyball for Government” project in Salt Lake County.

Deputy Mayor Nichole Dunn has been chosen as one of twelve fellows representing local governments --from Baltimore and Boston to Los Angeles and Denver—in a consortium that will share best practices and take effective, transparent and evidence-driven programs to unprecedented levels.

One of our first Moneyball goals is to implement—in partnership with the Council—a “Dashboard” to display real time information on our work.

Think of Salt Lake County as a vehicle driving toward The Future We Choose.

We chart a course, based on policies and programs designed to get our vehicle where we want to go. But what good are just the route and the destination, if we don’t have an instrument panel with a speedometer, odometer and gas gauge, to tell us, in real time and in time to make course corrections—if we’re going to make it there?

The County Dashboard is a tool that will, among other things, empower the Council to make more informed, evidence-based policy decisions, while at the same time enhancing openness and accountability with our residents.

The combination of Moneyball—the measurements—and Pay-for-Success—the achievable outcome—will change the way Salt Lake County does business. These changes won't be instantaneous or final, but will start a feedback loop of continuous evaluation and improvement in the effectiveness of services we provide and fund.

Our ultimate goal is to invest our limited taxpayer dollars in practices, policies and programs that use data and evidence to show what works. We can then direct funds away from programs that fail to achieve measurable outcomes—essentially doing more good, with less wasted time and money.

At a time when residents and taxpayers are fed up with government gridlock and partisan bickering, and skeptical of government's ability to function, Salt Lake County will stand out as deserving of their support and trust.

### **Investing in our employees**

The hard-working, dedicated employees of Salt Lake County are the backbone of our efforts. Employee compensation—both immediate and future—is included in this proposed budget.

It includes a 2.75 percent merit increase.

We're also implementing the "Total Compensation – Pay & Benefits Project", which is supported by my office and the Council.

This comprehensive review will look at how county pay and benefits stack up in the marketplace, against both the public and private sectors.

It will help us decide whether we have the appropriate structure to attract, motivate and retain well-qualified employees at a time of low unemployment.

### **Collaborative Solutions**

Salt Lake County is a thriving metropolitan region which—because of its distinct communities—maintains a neighborhood feel.

Metro areas are big, complicated and so diverse that they need networks.

As our region's metro-area government, we facilitate and maintain that network.

Look no further than our role facilitating greater unification of

9-1-1 emergency response in Salt Lake County.

As we continue to meet this valley's potential for an economy that delivers the opportunity for wide-reaching prosperity, cities and townships must be partners in an economic development network convened by Salt Lake County.

By collaborating, each of us is more effective than if we act alone.

Our metro area will have safer streets, cleaner air, and more arts, parks, trails and open spaces if we work together.

My proposed budget distributes dollars in a way that informs, encourages and strengthens true partnerships and better leverages scarce taxpayer dollars.

To better serve our geographically diverse region-- with a population epicenter that continues to shift south and west-- rather than build one large health building, our plan is to build two smaller-sized health clinics. We'll build one in the capital city and one in southwest valley. This offers better regional service to our expanding communities.

A glance at the nightly news will tell you that a professional, well-deployed public health service—county -wide and partnered with the state of Utah—must never be taken for granted nor neglected.

To support residents who are working to stay healthy by staying active, we propose budget contributions from existing financial capacity in the TRCC Fund-of \$100,000 to Utah Trails to improve trails in the Central Wasatch and enhance families' enjoyment of their public lands.

Also, we propose \$500,000 to partner with the University of Utah to build tennis courts-- used around the clock for training university athletes **and** county rec programs. This is modeled after a similar successful partnership between the county and the University at the Eccles Field house where the Ute football team trains by day and thousands of county youngsters play in the evening, in a facility that is better and cheaper than what the county could afford alone. They get to play indoor tee ball and soccer in front of cheering parents, grandparents and friends.

We'll upgrade and revitalize a baseball diamond at Magna Park and complete a pedestrian bridge on the Jordan River Trail in Taylorsville.

We've allocated \$450,000 for a new splash pad in Midvale and a \$250,000 increase in our recreation equipment replacement program.

Salt Lake County is proud of supporting recreational opportunities for everyone. Some—through adaptive recreation—participate in unique ways. Our Parks & Recreation program has led the way in adaptive recreation in the valley. We've grown our capability to provide inclusive, adaptive services county-wide. Residents have responded enthusiastically and we've seen an increase in demand.

One example is the Otters program—an adaptive swim program for children who are autistic. It makes use of existing county rec pools and facilities. These classes are not only full-- they have a waiting list. My proposed budget will open the Otters program to more families through an additional \$121,000. Without taking on new capital projects, we're giving more families with special needs access to recreation facilities, programs, health and fun.

We will continue to partner with communities on expanding arts and culture throughout the valley.

Last year saw us launch a successful partnership model with Cottonwood Heights, Canyons School District and Butler Middle School to make use of an existing auditorium for a new community black-box theatre. I propose a similar partnership with Sandy City at Mount Jordan Middle School – with the help of a \$750,000 contribution.

Each of these multi-government partnerships takes time, effort and creativity to negotiate in order to balance needs and priorities of all sides. But I think we owe it to the taxpayer to find solutions and partnerships that respect budget constraints.

We're committed to finding a site for a Mid-Valley Regional Theatre, in keeping with the recommendations of our Cultural Facility Master Plan. My proposed budget includes \$350,000 to begin site and architectural work, so that when a final location is selected—and the Council has weighed in on a location—we'll be ready to move ahead.

With—we hope—the voters' approval next week to renew the Zoo, Arts and Parks program, Salt Lake County will continue to build on our legacy of enriching lives and communities through music, art, dance and theatre.

### **Protecting our investment in facilities**

Planning for future facilities can't come at the expense of taking care of existing assets.

It's our responsibility to ensure everything operates safely and efficiently and serves the purpose for which it was designed, built and paid.

Making progress on handling deferred maintenance remains a top priority for my administration.

Since the end of the Great Recession, the county has been recovering its footing in this area.

I'm happy to report that our funding commitment to deferred maintenance amounts to a 400 percent increase over what was budgeted in 2010.

Countywide, I'm proposing more than \$40 million towards deferred maintenance in 2015.

Because of the strong commitment of the past three years, we've succeeded in cutting the backlog of deferred maintenance in half. I'm encouraged, but won't be satisfied until we meet our goal.

## **Conclusion**

This proposed budget is a financial roadmap for how we take action next year on The Future We Choose—the future we've identified as one where government is a partner with businesses and communities; the future that demonstrates, through data and evidence, that every single tax dollar is spent wisely.

As I've said before, it's a bipartisan belief that government appropriately functions as a temporary support on the road to self-reliance.

We're here to support, not get in the way of, individual responsibility and personal hopes and dreams.

I think about the young man I met this summer at Milestone House – one of our Youth Services programs for young adult men struggling with homelessness, many of whom recently aged out of foster care.

Nick celebrated his 18<sup>th</sup> birthday in his foster home. The next day, he was out on his own.

He lived on friends' couches and under viaducts, before finding Milestone.

The staff helped him with a number of problems, such as locating his birth certificate in order to get him the forms of I.D. he needed to apply for jobs.

Standing in his own small but snug bedroom at Milestone House, he talked about the used car he recently purchased and a friendship with an adult mentor.

What most of us take for granted, in our families, he'd never had. But this Salt Lake County program gave him the stability to get on his feet and see a future.

It seems like a success story. Having data to back it up will help us put it on solid footing and available to more young adults in the future.

As elected officials in Salt Lake County, we hold a public trust.

The consequences of failing to measure the impact of our policies and programs go well beyond wasting scarce tax dollars.

Every time a young person participates in a program that doesn't work, but could have participated in one that does, that represents a human cost.

Fiscal discipline, transparency and accountability, opportunity for all. These are the values that keep us strong.

I look forward to our collaboration as we finalize the 2015 budget and to Salt Lake County's success.