



Sandy City Council Office

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Memorandum

September 8th, 2022

To: Sandy City Council

CC: Monica Zoltanski – Mayor
Shane Pace – Chief Administrative Officer
Dustin Fratto – City Council Executive Director
Brian Kelley – Administrative Services Director

From: Cyndi Sharky – At Large

Subject: Capital Facilities Proposal

Introduction

On June 21st of this year, the City Council unanimously voted against a 42% property tax increase proposal to fund various capital facilities projects. This vote symbolizes our shared goal of funding these important projects while minimizing the burden on taxpayers. Since that vote, the Council has heard and considered different proposals exploring funding options. Funding tens of millions of dollars in needed capital improvements is no easy task. It deserves our full attention and exhaustive consideration of various funding scenarios and creative options. I am appreciative of the Council allowing me the time develop this proposal and present this option for consideration.

Attracting Outside Funding

Several weeks ago, I asked to present a plan which would fund the construction of the new Alta Canyon Sports Center without a property tax increase. If we can take this project, the largest one, off the table for a tax increase, we'll have accomplished something significant for our taxpayers and our community.

In past discussion, we've talked about the potential of attracting outside money in the form of donations or grants to help offset capital construction costs. Of the capital needs before us, none lends itself better to outside financial support than Alta Canyon. It invites outside investment in a way that none of the other projects do. We've talked about accepting or requesting donations from sports teams or interest groups. It's still something to consider,



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although our consultants have advised that we should be aware that some level of exclusive use of the amenity may be requested in return.

I thought we might consider another route: corporate donations. I wondered whether corporate relationships might be less restrictive, have fewer strings attached, and be less impactful to our paying members. I began to research the concept of Naming Rights. I came to find it's a growing trend in the Parks and Recreation space. Parks and Rec programs and services are family centered and community oriented. They serve as hubs for positive community engagement and improve our citizens' quality of life. Sponsors are aware of this and are increasingly showing interest in attaching their brand or name to venues and programs and supporting these benefits through purchasing naming rights. An article that I've attached to the packet states "With decreasing budgets and goals to provide communities with quality parks, facilities, trails, and events, sponsorship and naming rights have increasingly made their way onto budget lines." The article further states "Parks and rec departments are environmental stewards and build community, so brands are aligning with the mission and vision. It's like a cross between sports and entertainment sponsorship, health and wellness, and cause marketing. All rolled into your local parks." This avenue presents a fantastic opportunity for Sandy City to take advantage of a growing movement that will provide a direct benefit of driving down costs to our citizens.

Rather than just present an idea, I decided to take it a step further to see if the concept had traction before presenting it to my colleagues. I met with two large Utah corporations just to explore the concept and see if they might have an interest in participating. Both corporations responded favorably and expressed interest in participating.

The Process and The Funding Proposal

Selling the naming rights for a facility requires a legal agreement outlining terms, conditions, and parameters such as the duration of naming rights, process for potential name change, where signage will be displayed, full terms of payment, and other important factors. These parameters would be set by the Council, with legal guidance from staff. Administration would be involved in the noticing, sourcing, selection, and execution of the contracts.

Revenue from naming rights agreements would be an important part of the funding plan to build Alta Canyon without imposing a property tax increase. How do I envision reaching the full goal?

Fundraising is more likely to attract participation if the goal is achievable and realistic. If you've got a long way to go and the path is unclear or unrealistic, you're less likely to succeed. To



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date, we've saved \$20M toward capital projects. I would suggest that we shoot for attracting \$15M in naming rights partnerships. I propose that we limit the number of sponsorship opportunities: one for the facility naming right at \$10 million, and 4 more for amenity naming rights at \$1-2 million each. By limiting the number of accepted sponsors, we mitigate the potential of cluttered advertising at our center, offer greater exclusivity to our sponsors, and increase the value of each naming right.

Finally, we hope we have a shot at ZAP funding. Our CAO suggested applying for \$20M in ZAP funds. If we get half of that, we could fund Option D between the funds we've saved (\$20M), the naming rights sponsorships (\$15M), and ZAP (\$10M). If ZAP doesn't come through, we could still fund Option B.

In a recent meeting, dialog began about fully funding Public Works Phase II at the cost of \$7M right now. That draws down the capital projects balance by a proportionate amount and the formula for building Alta Canyon without a tax increase is compromised. Is there a way to address this? Is there a way to build Public Works Phase II and replenish the funds to build Alta Canyon without the tax increase? Yes.

As Shane said, Public Works is shovel-ready and Alta Canyon is not. There would be time to replenish the \$7M. Future property sales would make for a very realistic mechanism to pay ourselves back, but excess revenue as we had last year, or other future revenue streams could also collectively refill the pot. We're the budget authority and those decisions are ours to make as a body. Working with Finance and the Administration, I feel confident we can stay on our current track to minimize the burden to Sandy taxpayers but meet their health, safety, wellness and wellbeing needs as we tackle all these crucial capital needs.

My Proposal

I've proposed a draft Resolution that would build on the resolution presented on August 16th, adding another piece to the puzzle and moving us further down the road in addressing capital needs.

I propose that the Council:

- (1) appropriate funds for Fire Station 31, the Public Works Facility, and Alta Canyon as described in the draft Resolution that Mr. Pace presented to the Council on August 16th;
- (2) add the plan for pursuing sponsorships by selling the naming rights to Alta Canyon Sports Center to the Resolution; and



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(3) express the city's intention to commit a minimum of \$20,000,000.00 towards the construction of a rebuilt or remodeled Alta Canyon Sports Center in addition to any funding raised through intergovernmental partnerships, naming rights and sponsorships.

These actions provide immediate funding to Public Works and the Fire Department, actively pursue private funding sources for Alta Canyon, and signal the City's commitment to fund a large portion of what's required to rebuild/remodel Alta Canyon without raising taxes. This will address the urgency to move forward with the capital facilities needs while simultaneously minimizing the financial burden on our citizens.

I ask that the Council consider these additions and approve the substitution of the Resolution from August 16th with the attached draft Resolution which would be discussed and voted upon at the public hearing scheduled for September 20th.