Performance Audit of the Permanent Community Impact Fund

Utah Legislative Auditor General
Report to Economic Development and Workforce Services Subcommittee
August 18, 2020
Mineral Lease Revenues are Allocated in Statute

In Fiscal Year 2019, CIB received $41.6 million in mineral lease funds.
Chapter II

CIB Board Should Implement Policies
Ensuring Funds Alleviate Impact
Uintah Basin Rail Line Project’s Impact Mitigation Was Questioned by Assistant Attorney General

- The application and supporting materials do not provide sufficient evidence that the proposed rail line will mitigate impact.
- The primary purpose of the project appears to be economic development.

For More Information
See page 12
Seep Ridge and Leland Bench Roads Demonstrate Need for Clear CIB Policy

FOR MORE INFORMATION
See page 13-17

Office of the Legislative Auditor General
Flood Mitigation Project May Be An Inappropriate Pass Through to Canal Companies

- Funding for the project had been provided elsewhere.
- Some projects already planned and started prior to CIB award.
- CIB provided canal companies with lower interest loans than could be obtained from other sources.

FOR MORE INFORMATION
See pages 18-20
Chapter III

Enhanced Planning and Consistent Decision-Making Is Needed
Enhanced Planning Will Optimize Funding By Aligning CIB Projects with Community Needs

Capital Improvement Planning

Capital Asset Inventory
- List of current assets, including timeline and cost to repair and replace

Capital Improvement List
- Prioritized list of most-needed projects based on Capital Asset Inventory

CIB Funding Decision
- CIB reviews projects that reflect the highest community needs

For more information
See page 23-30
Board Can Improve Decision-Making By Increasing Consistency

### Community Centers in Class-3 Production Counties

<table>
<thead>
<tr>
<th>Class</th>
<th>Project</th>
<th>Grant</th>
<th>Loan</th>
<th>Terms</th>
<th>CIB Funds</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Community Center</td>
<td>$178,000</td>
<td>$180,000</td>
<td>20y @ 2.5%</td>
<td>$358,000</td>
<td>$748,000</td>
</tr>
<tr>
<td>3</td>
<td>Community Center</td>
<td>$350,000</td>
<td>$250,000</td>
<td>30y @ 0%</td>
<td>$600,000</td>
<td>$700,000</td>
</tr>
</tbody>
</table>

### Medical Clinics in Class-4 Production Counties

<table>
<thead>
<tr>
<th>Class</th>
<th>Project</th>
<th>Grant</th>
<th>Loan</th>
<th>Terms</th>
<th>CIB Funds</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Medical Clinic</td>
<td>$475,000</td>
<td>$475,000</td>
<td>30y @ 1.5%</td>
<td>$950,000</td>
<td>$1,405,000</td>
</tr>
<tr>
<td>4</td>
<td>Medical Clinic</td>
<td>$1,182,000</td>
<td>$3,548,000</td>
<td>30y @ 0%</td>
<td>$4,730,000</td>
<td>$4,850,000</td>
</tr>
<tr>
<td>4</td>
<td>Health Building</td>
<td>$3,000,000</td>
<td>$1,500,000</td>
<td>30y @ 1.5%</td>
<td>$4,500,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>4</td>
<td>Treatment Facility</td>
<td>$0</td>
<td>$350,000</td>
<td>30y @ 2.5%</td>
<td>$350,000</td>
<td>$350,000</td>
</tr>
</tbody>
</table>

For more information, see page 31-34.
Chapter IV

Strengthened Procurement Controls Are Needed for Some Board Approved Projects
### Sampled Projects With Only One Bid

<table>
<thead>
<tr>
<th>Project</th>
<th>Total</th>
<th>Funding Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seep Ridge Road Segment 5</td>
<td>$7,200,000</td>
<td>60% Grant, 40% Loan</td>
</tr>
<tr>
<td>Leland Bench Road Phases 3 and 4</td>
<td>$2,900,000</td>
<td>100% Grant</td>
</tr>
<tr>
<td>Price City Flood Mitigation Project</td>
<td>$1,300,000</td>
<td>75% Grant, 25% Loan</td>
</tr>
<tr>
<td>SCIC Legal Services</td>
<td>$400,000</td>
<td>Grant</td>
</tr>
<tr>
<td>Engineering for Junction Town Municipal Building</td>
<td>$102,900</td>
<td>67% Grant, 33% Loan</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,900,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Chapter V

Internal Policies Are Not Consistently Followed and Are Incomplete
CIB Policies Should Be Formalized and Enforced

- Maximum award size
- Reimbursable expenses
- Grant versus loan mix

For more information, see pages 46.
Contract Monitoring Needs to Be Enhanced

- **Scope of Work Examples:**
  - “New Public Safety Building.”
  - “The project consists of constructing a new single story 34,000 sq. ft. building for use as a Senior Center with handicap accessibility”

- **Open accounts:**
  - The Duchesne County Special Service District- $1.2 million remaining in the account with no activity since December 2018.
  - The Grand County Transportation Special Service District- $608,000 remaining in the account with no activity since January 2018.
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