

Lehi City Parks, Arts, Recreation, & Culture PARC Program Guidelines



Background

On November 2, 2021, a majority of Lehi City voters approved a 0.1% (one cent per \$10 spent) in local sales and use tax to enhance funding for recreational facilities and amenities, park facilities, cultural facilities, and arts facilities and organizations within Lehi City. The ballot proposition specified that the tax would be imposed on purchases within Lehi City, regardless of the purchaser's place of residence.

The proposition further outlined that PARC funding may be used for both capital improvements and operations of publicly owned or operated amenities, including but not limited to parks, playing fields and courts, park amenities, visual and performing art facilities, cultural facilities, and trails and bike paths. Additionally, funding may be used to support city and nonprofit organizations that provide cultural and arts programming, including but not limited to youth groups, museums, theater groups, festivals, heritage initiatives, and other arts and cultural programs.

The Lehi City Council enacted the tax by ordinance on November 16, 2021, and the tax took effect April 1, 2022, and will remain in effect through March 31, 2032.

Known as the Parks, Arts, Recreation, and Culture (PARC) tax, all funds collected shall be used for eligible facilities and organizations consistent with the approved 2021 ballot proposition, Lehi City Code, and Utah Code Part 59-12-14.

Program Purpose

The purpose of the PARC Program is to provide funding for City recreational parks and facilities, as well as the Community Grant Program. The Community Grant Program supports cultural facilities and organizations that enhance the quality of life for residents throughout Lehi City. Funding for the program is derived from the collection of a 0.1% local sales and use tax authorized by voters.

The allocation of PARC tax revenues between City parks and recreational facilities and the PARC Community Grant Program shall be determined by the Lehi City Council. The City Council may allocate up to 30% of available PARC tax revenues to the PARC Community Grant Program, with the remaining PARC tax revenues available for City parks and recreational facilities, subject to the City Council's final allocation.

This policy establishes guidelines governing both uses of PARC funds. The PARC Community Grant Program is committed to ensuring fair and equitable access to PARC funding through transparent and competitive grant opportunities.

1. Policy

This Policy is intended to provide guidance for the administration and allocation of PARC Tax revenues. Nothing in this Policy shall be construed to limit the legislative authority of the Lehi City Council.

Consistent with Utah Code § 59-12-1403 and the Lehi City Code, the City Council retains final authority to determine the allocation and distribution of PARC Tax revenues.

The Lehi City Council shall allocate all revenues and interest collected from the local sales and use tax, known as the PARC tax, in accordance with the 2021 ballot proposition, Utah Code Ann. 59-12-1402, Utah Code Ann. 59-12-1403, and to facilities and organizations as defined in Utah Code Ann. 59-12-702.

PARC tax revenues may be used for the following:

- 1.1. To fund capital improvements and operations of publicly owned and operated amenities such as recreational facilities, parks, playing fields and courts, park amenities, visual and performing art facilities, cultural facilities, and trails and bike paths.
- 1.2. To provide grants to private nonprofit cultural organizations based in Lehi whose primary purpose is the advancement or preservation of natural history, arts, music, theater, dance, literature, heritage, a motion picture, storytelling, or other cultural art or event.
- 1.3. A portion of the tax collected, not to exceed 1.5%, may be retained for the cost of administering the PARC Community Grant Program.

2. Definitions

- 2.1. Administrative Unit – a division of a private nonprofit organization or institution that would, if it were a separate entity, be a cultural organization; and consistently maintains books and records separate from those of its parent organization.
- 2.2. Application Form – the documents specified by the PARC Program of Lehi City for use by entities and organizations which request funds pursuant to this Policy, including any required attachments and supporting documents.
- 2.3. Compilation Report – financial statement of an organization, prepared by a Utah licensed Certified Public Accountant.
- 2.4. Cultural Facility – any publicly owned or operated museum, theater, art center, music hall, or other cultural or arts facility.
- 2.5. Cultural Organization – a private nonprofit organization or institution having as its primary purpose the advancement and preservation of: (1) natural history; (2) art; (3) music; (4) theater; (5) dance; or (6) cultural arts, including literature, a motion picture, or storytelling; and an administrative unit. Cultural organization does not include any agency of the state; any political subdivision of the state; any educational institution whose annual revenues are directly derived more than 50% from state funds; or any radio or television broadcasting network or station, cable communications system, newspaper, or magazine.
- 2.6. Institution – an institution of higher education listed in Utah Code Ann. Subsection 53B-1-102(1)(a).
- 2.7. Nonprofit – an organization or corporation that is certificated by the Internal revenue Service as an organization qualifying under § 501 (c) of the Internal Revenue code.
- 2.8. Publicly Owned – owned by a governmental agency.
- 2.9. Qualifying Facilities Expenses – capital development of recreational and cultural facilities.
- 2.10. Qualifying Operating Expenses – this definition applies to cultural organizations. An organization's total expenditures for ongoing operations for an identifiable fiscal year as documented by certified financial records (as allowed by Generally Accepted Accounting Principles, GAAP) less the following non-qualifying expenditures:

- 2.10.1. Capital construction expenses, including capital acquisition, improvements to real property or depreciation of real property;
- 2.10.2. Payments into an Endowment Corpus;
- 2.10.3. Expenditures for programs conducted outside of Lehi City;
- 2.10.4. Activities not available to the general public;
- 2.10.5. Fundraising expenses related to capital or endowment campaigns;
- 2.10.6. Repayments of loans and/or interest thereon;
- 2.10.7. Expenditures for direct political lobbying on all levels;
- 2.10.8. Grants – the distribution of funds to outside groups, institutions, organizations or other units;
- 2.10.9. Bad Debt Expense;
- 2.10.10. Depreciation and amortization of any asset;
- 2.10.11. Non-deductible Tax penalties;
- 2.10.12. Unrelated Business Income Tax – any operating expenses that are utilized in calculating federal unrelated business income tax; and,
- 2.10.13. Cost of Goods Sold
- 2.10.14. Other expenses not related to the organization’s primary cultural purpose.
- 2.11. Qualifying Organization – a cultural organization as defined in Utah Code Ann. 59-12-702 that:
 - 2.11.1. maintains nonprofit status and meets the purpose of the statute; and,
 - 2.11.2. has a primary purpose that corresponds with the definitions for a cultural organization as described in the statute.
- 2.12. Recreational Facility – any city-owned park, campground, marina, dock, golf course, playground, athletic field, gymnasium, swimming pool, trail system, recreation center, or other facility used for recreational purposes.
- 2.13. Review – inquiry and analytical procedures applied to the financial statements of an organization, performed by a Utah licensed Certified Public Accountant.

3. General Guidelines

- 3.1. Funding for this program comes from local sales and use tax revenues that are collected by the State of Utah and distributed to Lehi City. All funding shall be based on actual sales and use tax receipts as received, recorded, and reconciled by the City.
- 3.2. PARC tax revenue may only be used for capital development of government owned or operated recreational and cultural facilities, and for the ongoing operations of nonprofit cultural organizations.
- 3.3. PARC funds are not an entitlement and the filing of an application for funds, no matter how complete or comprehensive, is not a guarantee that any funds will be awarded. As such, it should be clearly understood that the award of PARC funds is a competitive grant and is awarded based on merit and availability of funds of which from year to year there is no guarantee. Grants are awarded as much as possible on objective factors. The Lehi City Council will make the final decision and have approval authority for all grant applications.
- 3.4. The Lehi City Council may choose to allocate a percentage of the funding to various classes of applications. This may be modified annually based on revenues available and the number of organizations that apply.

- 3.5. Applicants may apply in collaboration with other qualifying entities.
- 3.6. One granting round shall be made available each year.
- 3.7. Grant funds shall be spent within the fiscal year granted.
- 3.8. The fact that a project was previously qualified for funding does not guarantee that it is qualified for subsequent funding unless so authorized in the original grant.
- 3.9. The Lehi City Council may use unallocated or unexpended funds from one fiscal year in another fiscal year.
- 3.10. All organizations receiving PARC funding shall acknowledge the funding through signage, markers, programs, etc.

4. Recreational and Cultural Facilities Projects

- 4.1. All funded facilities must be located in Lehi City or within the boundaries of an inter-local agreement with Lehi City.
- 4.2. The Lehi City Council has sole discretion on determining which recreational and cultural facility projects to fund.

5. Cultural Organization Grants

- 5.1. Consistent with Utah Code Ann. 59-12-1402 and the approved 2021 ballot proposition, qualifying organizations must have a significant presence within Lehi City. "Significant presence" means that a qualifying organization is headquartered or maintains its principal place of business in Lehi City and conducts a substantial and continuous portion of its operations, programming, or services within Lehi for the benefit of Lehi residents.
- 5.2. Private nonprofit organizations requesting grants must have received tax-exempt status from the Internal Revenue Service code 501(c). Proof of tax-exempt status must be provided.
- 5.3. Qualifying organizations must meet the definition of a cultural organization.
- 5.4. The Lehi City Council has sole discretion on determining which cultural organization grants to fund.
- 5.5. Applicant organizations must demonstrate that PARC funding is not their sole source of financial support and shall identify other existing or anticipated revenue sources that contribute to the sustainability of their programs and operations.
- 5.6. Priority will be given to organizations that can solicit and receive matching funds. Priority will be given to organizations that can demonstrate a strong connection to the community, have a substantial track record and show a stable history.
- 5.7. New cultural organizations may only receive a minimal amount, established by the Lehi City Council, until the organization can provide financial and evaluation reports to justify more substantial funding.
- 5.8. Qualifying organizations must have a stable financial history. Weak or negligent financial management could be grounds for exclusion.
- 5.9. Organizations applying for Major Grants of \$10,001 or more may be awarded up to 50% of their total qualifying operating expenses as defined in these policies and procedures.
 - 5.9.1. Organizations will not qualify to receive Major Grants of \$10,001 or more unless they demonstrate a significant presence in Lehi City.

- 5.9.2. Volunteer hours may be counted towards an organization's qualifying operating expenses so long as the volunteering was done with the purpose of advancing and preserving culture or arts. Volunteer hours shall be calculated at the hourly rate determined by the Independent Sector's most recent Value of Volunteer Time Report for the State of Utah and shall be included as part of the recorded qualifying operating expenses. Volunteer hours shall be documented and provided as a part of the application.
- 5.10. Organizations applying for Minor Grants may be awarded no greater than \$10,000 as defined in these policies and procedures.
 - 5.10.1. Organizations will not qualify to receive Minor Grants unless they have a significant presence in Lehi City.
 - 5.10.2. Any applicant receiving \$10,001 or more in PARC grants, even if the \$10,001 threshold is reached through multiple Minor Grants, shall be treated as a Major Grant recipient and must comply with all rules and regulations related to Major Grants.
- 5.11. Qualifying organizations requesting amounts of \$10,001 or more shall be required to provide financial reports for their organizations prepared by a Utah licensed certified public accountant/firm according to the following schedule (subject to annual adjustment/indexing by the Lehi City Council):
 - 5.11.1. \$10,001 to \$99,999 – a compilation report for the most recently completed fiscal year;
 - 5.11.2. \$100,000 to \$499,999 – a review of the most recently completed fiscal year plus a compilation report for the previous two fiscal years;
 - 5.11.3. \$500,000 or more – a review for the most recently completed fiscal year and the two previous fiscal years.

6. Funding Decision Process

- 6.1. The Lehi City Council shall review all PARC Community Grant applications and consider the proposed projects, community needs, suggested funding areas, recommended funding amounts, and other relevant factors. City staff will evaluate all grant applications for eligibility on a broad spectrum of cultural arts disciplines including visual arts, performing arts, literary arts, historic preservation, arts education, etc.
- 6.2. Grant selection is competitive. The Lehi City Council will make the final decision and approval authority for all grant applications. In conformance with these policies and guidelines, the Lehi City Council reserves the right to award all or portions of requested grants or reject all or portions of any grants. Submittal of a grant application and/or award of grant is not a guarantee of future funding.
- 6.3. The fact that a project was previously qualified for funding does not guarantee that it will be qualified for subsequent funding unless so authorized in the original grant.
- 6.4. Funds will be allocated for the Community Grant Program each grant cycle in an amount up to 30% of available PARC Tax funding. The remaining amount will be available for City parks and recreational facilities.

7. Application Process

- 7.1. Applications for funding under Utah Code Ann. 59-12-1403, and these policies and procedures shall be provided by the PARC Program.
- 7.2. The PARC Program shall issue public notice detailing the date, time, and place of availability of application forms, deadline for filing completed applications for PARC funding and all Lehi City Council meeting dates for PARC grant consideration.
- 7.3. All requests for funds must be submitted on an official application provided by the Lehi City PARC Program.
- 7.4. An application must be accurate, complete and all supplemental information included. It is not the responsibility of PARC Program staff to contact the applicants regarding information missing from their application. In the interest of the program, staff may notify applicants of deficiencies. If this occurs all applicants shall be treated equitably and notified of similar deficiencies.
- 7.5. Applications, including all required attachments, must be submitted prior to the deadline identified within the body of the application. Applications received after the deadline will not be accepted.
- 7.6. Fiscal information within the application and required attachments shall be reviewed for compliance with fiscal requirements of the PARC Program by the City's staff prior to the Lehi City Council's consideration of qualifying organizations.
- 7.7. Qualifying applicants may be required to make a brief presentation and discuss the merits of their proposals with the Lehi City Council. No additional materials will be accepted at these presentations unless requested by the Council.
- 7.8. The Lehi City Council will review the application and accompanying material and shall identify and approve qualifying applicants per Utah Code Ann. 59-12-701 and these policies and procedures.
- 7.9. Following a public hearing, the Lehi City Council shall make final determination as to the amount of program funds to be distributed to each organization based upon these policies and procedures and the application and accompanying information. The names of organizations and the amount of funds each is to receive shall be presented by the Lehi City Council at a public meeting.
- 7.10. The PARC Program shall provide notice to applicants regarding the Lehi City Council's decisions as soon as reasonably possible, including the amount each qualifying group shall receive based on verified expenditures; and which, if any, groups were disqualified or denied funding.

8. Distribution of Funds

- 8.1. Qualifying organizations will be required to enter into a contractual agreement with Lehi City prior to receiving funds. Said contracts shall include:
 - 8.1.1. A detailed planned use schedule of expenditures;
 - 8.1.2. A beginning and ending date for the project;
 - 8.1.3. Dates for required reporting, including interim reports as needed;
 - 8.1.4. A clause that allows Lehi City to verify application, evaluation report, and use of funds information if requested; and
 - 8.1.5. Consequences of the failure to use PARC funds as required.
- 8.2. Said contracts must be returned to the City prior to any distribution of PARC Tax funds to the entity or organization.

- 8.3. Funds under this program shall be disbursed based upon the City's fiscal year which runs July 1 through June 30 of the following calendar year.

9. Credit to the PARC Program

- 9.1. Each recipient organization shall use their best efforts to ensure that all brochures, news releases, programs, publications, and other printed material bear the PARC logo, identifying an organization's use of PARC funding where projects, performances or other activities are funded in full or in part by the Lehi City PARC Program.
- 9.2. The PARC logo should not be reproduced smaller than 1 inch by 1.25 inches in size.
- 9.3. Recipients of PARC funding that provide waived or discounted admission must publicly announce (in some manner) that the event or activity has been sponsored by the Lehi City PARC Program.

10. Reporting Requirements

- 10.1. Each recipient shall be required to submit an evaluation report detailing how it expended the funds it received pursuant to these policies and procedures.
- 10.2. Interim reports may also be required as specified in the contract with Lehi City.
- 10.3. Deadlines for submission of all reports shall be specified in the contract with Lehi City.
- 10.4. Future PARC funding may be withheld due to inadequate, incomplete, or non-submitted reports.