



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
tinyurl.com/SLCFY26

TO: City Council Members

FROM: Kate Werrett, Budget & Policy Analyst

DATE: June 5, 2025

RE: FY2026 Capital Improvement Program (CIP)

CIP BUDGET BOOK PAGES:

- **5-13:** Proposed projects summary table & funding sources
- **14-15:** Lists projects not recommended for funding
- **19-24:** Identifies existing bonds paid from CIP & other ongoing obligations
- **27-58:** Recommended General Fund CIP projects details
- **61-128:** Enterprise fund (Airport, Golf, Public Utilities, and CRA) capital project details

Project Timeline:

Budget Hearings: May 20 & June 3, 2025
CIP Public Hearing: July 8, 2025
1st Briefing: June 5, 2025
2nd Briefing: July 1, 2025
3rd Briefing: July 8, 2025
4th Briefing: August 12, 2025
Potential Adoption Vote: August 19, 2025

Note: The Council approves debt service and overall CIP funding in June with the annual budget. Project specific funding is approved later by September 1.

ISSUE AT-A-GLANCE

Each year, the Council appropriates overall funding for the Capital Improvement Program (CIP) and approves debt payments and ongoing obligations as part of the annual budget in June. Over the summer, the Council reviews individual projects and per state law must approve project-specific funding by September 1. CIP is an open and competitive process where residents, local organizations, and City departments submit project applications. The Community Development and Capital Improvement Program (CDCIP) resident advisory board reviews the applications in public meetings and makes funding recommendations to the Mayor and Council. The Mayor provides a second set of funding recommendations. The Council considers both funding recommendations and ultimately decides on project-specific funding. Funding for capital improvements sometimes occurs in mid-year budget amendments, but the annual CIP process is the Council's largest annual opportunity to fund large public construction projects. This report provides an overview of the proposed General Fund CIP budget for FY2026 and policy questions.

Overview of the FY2026 CIP Proposed Budget

The total FY2026 CIP budget is \$66 million. This is \$7.8 million (19%) more than last year.

The combined \$27.8 million from the General Fund and Funding Our Future transfer to CIP (first and third rows in the table below) is 10.5% more than the FY2025 CIP transfer. Given the evolution of CIP funding sources, Council Staff is working with the Administration to determine what metric makes most sense to determine if the appropriate level of CIP investment, with respect to the overall City budget, is occurring. A future briefing will provide updates on a meaningful metric that acknowledges the multiple CIP funding sources.

A funding log summarizing the CDCIP resident advisory board and mayoral funding recommendations is available as Attachment 2. The table below details funding sources for CIP by fiscal year. See Attachment 4 for an overview of the major CIP Funding Sources. Other highlights include:



Comparison of CIP Funding Sources by Fiscal Year

CIP Funding Sources	Adopted 2021-22	Adopted 2022-23	Adopted 2023-24	Adopted 2024-25	Proposed 2025-26	FY2025 to FY2026	
						\$ Change	% Change
General Fund	\$ 15,126,884	\$ 25,231,431	\$ 21,189,461	\$ 21,355,753	\$ 21,455,237	\$ 99,484	0%
Capital Maintenance Holding Account	\$ -	\$ -	\$ -	\$ 15,000,000	\$ -	\$ (15,000,000)	ONE-TIME
Funding Our Future*	\$ 3,580,000	\$ 5,100,000	\$ 4,271,001	\$ 3,837,642	\$ 3,195,573	\$ (642,069)	-17%
Class C**	\$ 3,021,706	\$ 3,000,000	\$ 3,500,000	\$ 4,250,000	\$ 10,500,000	\$ 6,250,000	147%
Impact Fees***	\$ 8,276,103	\$ 4,159,755	\$ 2,968,850	\$ 3,824,800	\$ 9,680,000	\$ 5,855,200	153%
CDBG	\$ 322,000	\$ 722,000	\$ -	\$ -	\$ -	\$ -	ONE-TIME
Repurpose Old CIP Accounts****	\$ 252,271	\$ 152,660	\$ 614,689	\$ -	\$ 3,617,727	\$ 3,617,727	ONE-TIME
County 1/4¢ & 5th 5th Sales Tax**	\$ 4,900,000	\$ 8,000,000	\$ 7,700,000	\$ 8,200,000	\$ 10,800,000	\$ 2,600,000	32%
Surplus Land Fund	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	ONE-TIME
Smith's Naming Rights Revenue	\$ 154,000	\$ 154,000	\$ 150,000	\$ -	\$ -	\$ -	0%
Landfill Revolving Fund	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ (1,500,000)	ONE-TIME
SLC Sports Complex ESCO	\$ 148,505	\$ 148,505	\$ 150,500	\$ 155,300	\$ 155,300	\$ -	0%
Memorial House Rent Revenue	\$ 68,554	\$ 68,554	\$ 50,000	\$ 20,000	\$ 20,000	\$ -	0%
TOTAL	\$ 36,027,131	\$ 46,736,905	\$ 40,594,501	\$ 58,143,495	\$ 59,423,837	\$ 1,280,342	2%
TOTAL without ONE-TIME	\$ 35,252,860	\$ 45,862,245	\$ 39,979,812	\$ 41,643,495	\$ 55,806,110	\$ 14,162,615	34%

*Includes % to CIP "off the top" available to any project, and funding for transit, and public right of way infrastructure. Also, funding source is ongoing but Council could change the use categories in the future

**A portion of the funding is from a one-time source. Additional details are located below.

***There are four impact fee types: fire, parks, police and streets

****Includes recaptured funds from multiple funding sources. On June 3, the Administration notified Council staff of an additional \$704,490 in repurposed funds.

Note: There's a \$22,892 debt service rescope reduction not separated out in the table above for FY2022

\$99 Thousand Increase in General Funds—The General Fund transfer is the most flexible funding source available for new projects. The Council has restricted Funding Our Future to five critical need areas, which is not part of this amount.

\$6.25 Million Increase in Class C (Gas Tax) – A significant portion of this increase is due to the Finance Department conducting a reconciliation of the existing Class C CIP project funds. The majority of the additional \$6.25 million was identified in the Class C cash reserves/fund balance and is a one-time increase to CIP funding.

\$5.9 Million Increase in Impact Fees—The proposed CIP budget includes \$9.7 million in street and park impact fees.

\$3.6 Million Recaptured Funds from Completed Projects and Unfinished Projects Older than Three Years

The CIP and Debt Management Resolution (Attachment 1) states that remaining funds should be considered for recapture from completed projects and unfinished projects older than three years, unless there has been significant progress. The Administration completed a review of all CIP projects and recaptured \$2.9 million in prior CIP funding to rescope for other projects. These funds come from completed projects, dormant CIP projects older than three years with budgetary balances, and earthquake repair insurance refunds for public buildings. See Attachment 5 for the Administration's review of CIP funding usage. After finalizing the CDCIP and Mayor CIP recommendations, an additional \$704,490 was recaptured. The Administration suggests using half of the additional recapture (\$352,245) for Public Lands capital maintenance in addition to the already recommended \$195,573 and applying the remaining \$352,245 towards CIP Project #5, Street Reconstruction 2026, which increases the total funding recommendation to \$4,742,921.

\$2.6 Million Increase in County 1/4¢ and 5th 5th Sales Tax for Transportation – The County 1/4¢ and 5th 5th Sales Tax are combined due to their shared eligibility requirements. These funds are available for transportation projects per state law. \$2.5 million of the FY26 increase is from the existing County 1/4¢ fund

balance. Recently, the County approved a 5th 5th sales tax which goes into effect July 1, 2025, and is projected to provide an ongoing \$600,000 for CIP projects.

\$13 Million Debt and Lease Payments – \$13,077,844 of the ongoing General Fund transfer to CIP (including Funding Our Future dollars) is needed to cover debt and rental payments.

Differences between CDCIP Board and Mayoral Funding Recommendations

The tables below summarize the differences between the CDCIP Board and the Mayor's funding

Mayor recommends additional funding to projects recommended by the CDCIP Board

Project	CDCIP Board Funding Recommendations				Mayor Additional Funding			Totals (Board + Mayor)
	General Fund	Class C (Gax Tax)	Parks Impact Fees	Funding Our Future Streets	General Fund	Parks Impact Fees	1/4 ¢ & 5th Sales Taxes	
Safe, Open and Clean Park Restrooms	\$ 912,000		\$ 456,000		\$ 684,000			\$ 2,052,000
Parks' Legal Compliance with 2010 ADA Standards for Accessible Design	\$ 1,000,000		\$ 1,314,000		\$ 370,929			\$ 2,684,929
Street Reconstruction 2026		\$2,790,676		\$1,000,000			\$600,000	\$ 4,390,676
Civic Campus & Green Loop Implementation			\$ 2,760,500		\$ 99,500	\$140,000		\$ 3,000,000

Mayor recommends funding capital maintenance projects without CDCIP Board funding recommendations

Project	Projects with Funding Only Recommended by the Mayor	
	General Fund	Totals
PSB EV Charging Expansion	\$ 1,078,807	\$ 1,078,807
Rose Park Lane Beautification, Trail, & Safety Improvements	\$ 680,000	\$ 680,000

POLICY QUESTIONS

- Differences between CDCIP Board and Mayoral Funding Recommendations** – The Council may wish to ask the Administration about the different funding recommendations from the CDCIP residents advisory board and the Mayor as summarized in the two tables earlier in this report.
- Resources to Support Constituent Applications** – The Council may wish to discuss with the Administration the potential of a constituent-specific CIP project funding allotment rather than grouping them with the city department applications. At the May 20 Public Hearing, some constituents and a CDCIP Board Member requested some kind of division between the funding to allow for more constituent applications to be supported.
- Project #57: Civic Campus and Green Loop Implementation** – The Council may wish to have a follow-up briefing to more fully understand the project deliverables of the \$2.9 million park impact fee allocation for the Green Loop and Civic Campus, including the estimated timeframe.
- Capital Asset Plan Status Update** – The Council may wish to request a briefing for an update on the City's Capital Asset Plan. The FY2024 non-departmental budget transferred \$350,000 to IMS for Capital Asset Planning software to facilitate this effort. See Attachment 6 for the Council's potential policy goals, metrics, and requests from a briefing in 2019.

5. **Inflationary Price Increases and the Cost Overrun Account** – The Council may wish to ask the Administration how inflationary price increases have impacted departments utilizing the CIP Cost Overrun Account, and if additional funding may be needed to avoid project scope reductions. The Council could also re-evaluate the funding level for the account and/or the formula for the maximum amounts a project may receive, which hasn't been updated since 2004 (see section 11 of Attachment 1).

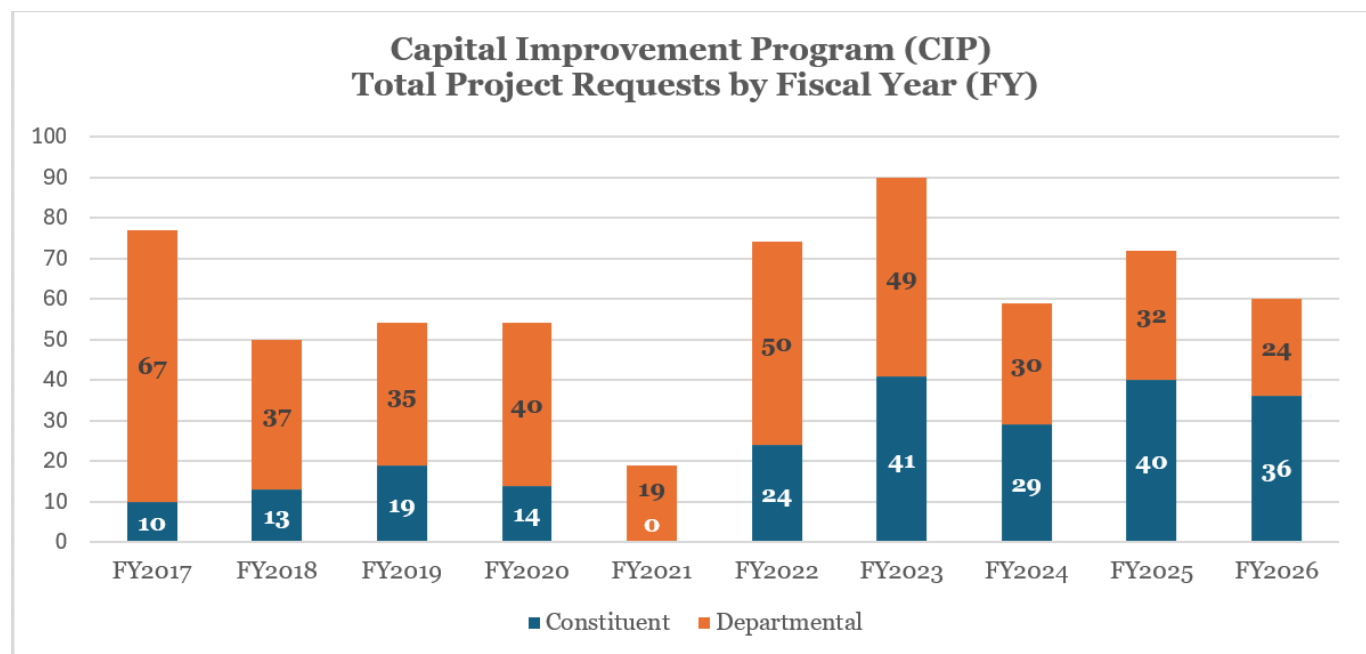
ADDITIONAL & BACKGROUND INFORMATION

Definition of a CIP Project

As defined in the Council-adopted 2017 Capital and Debt Management Guiding Policies Resolution (Attachment 1), a CIP project must “involve the construction, purchase or renovation of buildings, parks, streets or other physical structures, ... have a useful life of five or more years, ... have a cost of \$50,000 or more, ... or significant functionality can be demonstrated...such as software.” The Council also set a three-year spending deadline as part of the guiding policies. CIP accounts older than three years are periodically reviewed for recapture from projects that finished under budget or were not pursued.

Comparison of CIP Project Requests by Year and Type

This chart was prepared by Council staff as a comparison of total project requests on the CIP funding log since FY2017, and whether the application is from a constituent or internal to a City department. The FY2026 CIP cycle has 60 project requests. FY2021 had the fewest with 19 project requests only from departments (it was intentionally an “abbreviated CIP cycle” per the Administration at the time). FY2023 had the most with 90 project requests.



Note: this chart only includes funding requested in the competitive portion of CIP so debt service and ongoing obligations are generally not reflected in the above figures

Cost Overrun Account

The FY2026 CIP budget includes \$223,171 of additional Cost Overrun funding. The Council established this account for projects that experience costs slightly higher than budgeted. A formula determines how much additional funding may be pulled from the Cost Overrun account depending on the total Council-approved budget. See Section 11 of Attachment 1 for the formula. This process allows the Administration to add funding to a project without returning to the Council in a budget amendment. A written notification to the Council on uses is required. The purpose is to allow projects to proceed with construction instead of delaying projects until the Council can act on a budget amendment which typically takes a few months.

1.5% for New Art and Maintenance of Existing Artworks

The annual report required by ordinance regarding the maintenance of City artworks in the past fiscal year and planned for the next year will be transmitted to the Council in the autumn. This timing is after the annual budget

is adopted so the amount of funding available in CIP overall allows the 1.5% to be calculated and inform how those funds would be used.

Salt Lake City Code, Chapter 2.30, established the Percent for Art Fund and designates roles for the Art Design Board and Arts Council related to artist selection, project review and placement. The Public Art Program also oversees projects with funding from the Airport and CRA. In April 2021, the Council amended Chapter 2.30 to make several changes to the ordinance including an increase from 1% to 1.5% of ongoing unrestricted CIP funding for art. There is no ceiling so the Council could approve funding for art above 1.5%. The ordinance also sets a range of 10%-20% for how much of the resulting annual funding is allocated to maintenance (as opposed to new artworks). This section of the ordinance also states that before funds are deposited into the separate public art maintenance fund a report from the Administration will be provided to the Council identifying works of art that require maintenance and estimated costs. This created the first ongoing dedicated funding for conservation and maintenance of the City's public art collection consisting of over 270 pieces and counting.

ATTACHMENTS

1. Capital and Debt Management Guiding Policies Resolution 29 of 2017
2. FY2026 CIP Funding Log
3. Mayor's Recommended CIP Book FY2026
4. Overview of CIP Major Funding Sources
5. Status of Approved CIP Projects and Recapture Details for Projects Older than Three Years
6. Capital Asset Plan (CAP) Council Requests from January 2019

ACRONYMS

CAP – Capital Asset Plan (a five-year CIP plan)

CDBG – Community Development Block Grants

CDCIP – Community Development and Capital Improvement Program Advisory Board

CIP – Capital Improvement Program

ESCO – Energy Service Company

FY – Fiscal Year

GO Bond – General Obligation Bond