



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
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TO: City Council Members

FROM: Jennifer Bruno, Lehua Weaver, Austin Kimmel, Kate Werrett
Allison Rowland, Sylvia Richards, and Michael Sanders

DATE: June 5, 2025

RE: UNRESOLVED BUDGET ISSUES – Follow-up on Council Questions

Project Timeline:

Briefing: June 3, 2025
Budget Hearing: June 3, 2025
Potential Action: June 10 or 12

NEW INFORMATION

The Council discussed several scenarios for prioritizing funding options, should extra funding become available.

1. Ultimately, the Council straw polled and unanimously supported **directing any additional funds to fund balance**. Any use of these funds could be discussed at a future date and/or budget amendment in FY 26.
2. The Council also straw polled supporting **adding \$10,000** to the Non-Departmental budget to facilitate the University of Utah purchasing **more air quality monitors** on the west side of Salt Lake City.
3. As of the printing of this staff report, actual new growth figures and judgement levy figures were not yet confirmed by the state tax commission.
4. After the briefing, the Administration let Council Staff know that they identified an additional \$704,490 in CIP funds no longer needed for projects that can be put to use. These funds are one-time in nature. While the Council can decide to spend these funds in any manner, the Administration has recommended the following, based on the Council's recent conversations – **the council may wish to straw poll this proposal, or propose an alternate for consideration:**
 - o \$352,245 – Additional Public Lands Maintenance. This would be in addition to the \$195,573 already proposed. Staff has requested additional information from Public Lands regarding what this additional level of investment will achieve.
 - o \$352,245 – Add to CIP Project #5, street reconstruction 2026 which increases this project total to \$4.7 million

Revised legislative intents can be found in a separate staff report, as it will have its own briefing.

The following information was provided for the June 2, 2025 work session. It is provided again for reference.

ISSUE AT-A-GLANCE

Staff has kept a list of items that one or more Council Members have raised as potential changes to the Mayor's Recommended Budget, or items that might need further Council discussion. *It should be noted that this is a staff-generated draft, reflecting Council questions and discussions as of the date of its printing. It may be*



updated prior to the work session discussion, and Council Members may have changes or corrections to individual items, and Council Members may add items.

If a budget impact is apparent (revenue, FTE and/or expense changes), that amount has been listed, or noted as “to be determined.” Depending on Council feedback, adjustments can be made to the overall key changes document, so that the Council can track the net effect of these decisions on the overall budget.

Changes to the budget may cause it to be out of balance (increase or decrease expenses and revenues). As these changes occur, the Council would need to identify offsetting revenue enhancements or expense reductions to bring the budget back in balance. Staff can research and provide other revenue generation or expense cutting options if the Council is interested. Once initial Council interest in various items can be determined, staff will have a live tracking of additions to or subtractions from the Mayor’s Recommended Budget, to ensure the final budget adopted by the Council on June 10 or 12 is balanced.

(Note: this list is not comprehensive – please let staff know if there are other items to add)

Follow-up Items

1. **Items to consider adding to the budget.** Some Council Members have expressed interest in adding/adjusting the following items to the budget (some amounts are placeholders). Because exact revenue numbers will not be known at the time of the main unresolved issues discussion, Council Members may wish to discuss how to prioritize these or other additional items, should extra revenue become available:
 - a. **Construction Mitigation funding** – Some Council Members have expressed concern that \$350,000 isn’t enough to cover likely needs for construction mitigation grants for small business. \$970,000 was allocated in FY 25 between the annual and budget amendments. The Administration indicates that they expect construction to slow, and will approach the Council in a budget amendment if needed.
 - b. **Public Lands/Park Maintenance** – Some Council Members continue to receive reports from constituents regarding maintenance of City parks and public lands. The FY 26 budget adds \$231,750 from the General Fund and \$478,579 from Funding our Future to address additional parks maintenance, along with \$259,102 for personnel, for a total of \$969,431. Some Council Members have expressed interest in an increase beyond this level.
 - c. **Street maintenance** – Some Council Members have expressed interest in funding street maintenance beyond what is recommended in the FY 26 budget, based on the long lead time for roads to be repaired in the City.
 - d. **Fleet replacement funds** – One Council Member has expressed interest in funding Fleet replacement at a level greater than what is recommended in the FY 26 budget, based on recommended replacement levels.
 - e. **Justice Court/Prosecutor’s Office/Legal Defender Association workload issues** – Some Council Members have expressed an interest in addressing a request from the Legal Defender Association (LDA) to address workload issues. The Administration notes that addressing one aspect of the system would likely require an adjustment to the other two areas of the system, with a potential of \$1.7 million in costs.
 - f. **Art in all Districts** – in conjunction with Budget Amendment #5, the Council included a [legislative intent](#) indicating support for adding \$14,000 (\$2,000 per district) to the Arts Council budget in Community and Neighborhoods, for the purpose of establishing a process to create art pieces, potentially by leveraging private spaces or contributions. Key changes will reflect this \$14,000 addition to the CAN budget. Conversations with the Administration on how they can implement this idea are ongoing, as initially concerns have been raised about staff bandwidth to create a new program.
 - g. **Air/Chemical Monitors** – One Council Member has proposed the following allocations for monitors:

- i. **\$5,000** – allocated in Non-Departmental to send to the University of Utah to purchase additional air quality monitors for the West Side.
 - ii. **\$10,000** – allocated to Emergency Management within the Fire Department budget to evaluate and acquire hazardous chemical monitors for the groundwater/soil, specifically to track hazardous chemicals used by manufacturing businesses west of Redwood Road.
 - h. **Fund Balance** – One Council Member has expressed an interest in directing any additional potential revenue to fund balance, to prepare for the year ahead, as well as helping to reduce the likely property tax increase for the FY 27 budget. The FY 26 proposed budget would take fund balance to 12.96% (not including funds not spent by departments in FY 25). For discussion purposes:
 - i. If departments drop \$4 million to fund balance at the conclusion of FY 25, that would increase the fund balance to 13.74%. *Note: Departments typically drop between \$4 and \$6 million to fund balance in total, each year, although there have been outlier years where they have dropped significantly more.*
 - ii. Approximately \$5.1 million would be needed to increase fund balance by 1%.
 - iii. For every \$1 million added to fund balance, it increases the percentage by 0.2%
 - i. **Historic street signs update** – Council Staff is inquiring with the Administration regarding the historic signs/street markers, originally funded by the Council in FY 24. If the funds have not yet been encumbered, the Council could choose to re-allocate those funds, as they will lapse to fund balance if not spent.
2. **Evaluate All New Positions** – in recent fiscal years, some Council Members expressed an interest in considering all proposed new FTEs in more detail, potentially straw polling each. FY 26 includes significantly fewer new FTEs, and are all located in the Public Services budget, totaling \$620,028:
 - Clean City Team – 3 FTEs - \$218,000, \$25,000 operating budget
 - Right of Way Services Team (North Temple) 2 FTEs - \$253,028, \$124,000 operating budget
 3. **Existing Programs** – the Council may wish to discuss whether to reduce or eliminate any existing programs offered by the City.
 4. **Follow-up questions** – Staff has been providing Council Members with follow up information relating to questions raised at department briefings. Those have been shared with Council Members in email as staff has received them, and several are still pending. Please let staff know about any questions that arise.
 5. **Funding options** - Staff has identified the following potential funding sources for Council discussion/consideration, potentially to address some of the above ideas:
 - a. Potential additional revenue (*pending information from Tax Commission and follow up from the Administration – due by June 8 per state law*)
 - i. Actual New Growth
 - ii. Actual Judgement Levy
 - b. Fund balances available – Previously the City had a policy of maintaining a minimum of 10% fund balance. In FY 19 the Council established a policy goal of 13%, although that goal is not legally binding. Based on the FY 26 proposed budget, there is \$15.1 million above the 10% threshold (not including potential funds dropped to fund balance by departments at the end of FY 25). Note this is one-time in nature and to the extent it funds ongoing ideas, this would increase the structural deficit for FY 27.
 - c. Update line-item label for retirement payouts to also be eligible for parental leave or other initiatives. (Currently that line item is not fully spent each year and Departments have largely absorbed retirement costs. This is risk if the City experiences faster-than-expected retirements).
 - d. Consider re-appropriating funds that would otherwise drop to fund balance within a department (funds that are not likely to be spent for FY 25). Note: this would need to happen in an August/September budget amendment rather than as part of balancing the annual budget.

The Council could indicate intent with these funds so that the Administration has advance feedback.

- e. Increase property tax for the General Fund (*Note: the proposed FY 26 budget does not include a General Fund tax increase. Because it includes a judgement levy, a truth in taxation hearing is required and has been advertised*).
 - f. Adopt a more aggressive forecast for Sales Tax revenue (not necessarily recommended due to the volatility of this line item and economic uncertainty).
 - g. Adopt additional cost justified fee increases.
 - h. Evaluate compensation levels for non-represented employees (reduce Mayor's COLA recommendation). Each 1% is approximately \$2.9 million in the General Fund. The proposed budget includes a 4% COLA for all non-represented employees.
6. **Budget “clean up” items** – these are items that either the Staff or Administration have flagged as potential corrections to the budget to ensure expectations are met:
- a. Sports-Entertainment District budget clarification – The Finance Department has been working with the Convention Center Public Infrastructure District as it relates to the timing of transfer of funds. It will be suggesting clarifications to the “Other Funds” key changes document to reflect the timing of payments from both the 0.5% Sports Entertainment Convention and Cultural District tax as well as the “5th 5th” transportation sales tax implemented by Salt Lake County, of which 76% is required to be transferred to the Sports Entertainment Convention and Cultural District.
 - b. Transfer to the Arts Council – if approved, the transfer to the Arts Council should increase by \$25,000 for increased Twilight Concert costs. Key changes will be corrected to reflect that transfer from Non-Departmental instead of CAN.
 - c. Staff will continue to work with the Administration to address any other clean up items identified in either the Key Changes or staffing document.

Potential Legislative Intents –

Updated information – the Council will be having a stand-alone discussion on legislative intents at the Thursday, June 5th work session meeting. Please reference that staff report for an updated version of each legislative intent.

Potential Conditional Appropriations

1. **Continued Contingency for All Funding Our Future -- Sales Tax Funds (this has been adopted each year since the City implemented the sales tax).** The Council approves Funding Our Future sales tax revenue appropriations with the following conditions:
 - a. Expenditure of Funding Our Future Sales Tax Funds. Funding our Future funds may not be expended unless the department or division expending the funds complies with:

- i. *Utah Fiscal Procedures Act*
- ii. *The City's Procurement Code and Rules*
- iii. *Written verification from the City Attorney and City Finance Director that proper legal and financial procedures have been followed.*
- b. **Other Funding Our Future Budget Contingencies:**
 - i. *The Administration providing a written semiannual spending, implementation and outcomes report on each of the critical need areas.*
 - ii. *Tracking funding for Fleet provided through the Funding our Future tax separately to ensure it is spent only on public safety (police, fire, dispatch).*
 - iii. *The Administration spending funds in the critical need areas as adopted in the attached key changes spreadsheet.*
 - iv. *The Administration bringing back to the Council any proposed adjustments to the adopted budget in a budget amendment for re-appropriation before changes are made.*
 - v. *The Administration maintaining and regularly updating a publicly available dashboard reflecting revenues received and actual uses.*
 - vi. *In FY21 and all future funding requests, providing a label denoting which line items are funded with this Funding Our Future sales tax funds.*
 - vii. *For all positions added, the Administration shall submit an annual written review along with the Mayor's Recommended Budget to ensure that each position continues to serve the critical need areas and, if a Council work session briefing is scheduled, provide a presentation of the report.*

Budget Glossary (not all terms are necessarily in this report)

American Federation of State, County and Municipal Employees - AFSCME
 Budget Amendment - BA
 Capital Improvement Program - CIP
 Community and Neighborhoods - CAN
 Community Land Trust - CLT
 Economic Development Corporation of Utah - EDCU
 Funding Our Future - FoF
 Frequent Transit Network - FTN
 Request for Proposal - RFP
 TBD - To Be Determined
 Transit Master Plan - TMP
 United Nations - UN
 Utah League of Cities and Towns

Fiscal Year - FY
 Full-Time Employee - FTE
 Housing and Neighborhood Development - HAND
 Human Rights Commission - HRC
 Homeless Resource Centers - HRCs
 Housing Trust Fund - HTF
 Interlocal Agreement - ILA
 International Association of Chiefs of Police - IACP
 Mayor's Recommended Budget - MRB
 Redevelopment Agency - RDA
 Salt Lake City School District - SLCS
 Salt Lake City Fire Department - SLCFD
 Utah Transit Authority - UTA
 Volunteers of America - VOA
 Wasatch Community Gardens - WCG