



# COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY  
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**TO:** City Council Members

**FROM:** Ben Luedtke, Senior Analyst

**DATE:** July 9, 2024

**RE:** FY2025 Capital Improvement Program (CIP)

## Project Timeline:

Budget Hearings: May 21 & June 4, 2024

1<sup>st</sup> Briefing: June 6, 2024

2<sup>nd</sup> Briefing: July 2, 2024

3<sup>rd</sup> Briefing & Public Hearing: July 9, 2024

4<sup>th</sup> Briefing & Public Hearing: August 13, 2024

Potential Adoption Vote: August 20, 2024

*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.*

## CIP BUDGET BOOK PAGES:

- **5-13** shows a summary table of proposed projects and funding sources
- **14-15** lists projects not recommended for funding
- **19-23** identifies existing bonds paid from CIP (does not include General Obligation bonds) and other ongoing obligations
- **27-61** has project specific pages for the recommended General Fund CIP projects
- **65-124** has project specific pages for enterprise fund capital projects (Airport, Golf, Public Utilities, and RDA)

## NEW INFORMATION

At the July 2 briefing, the Council discussed the possible recapture of \$1,887,153 from completed projects and a cancelled project. The funds could be used for new CIP projects and/or added to the Cost Overrun Account. The Council also requested two larger policy discussions with the Administration at a future date. First is about the Cost Overrun process, amounts, and percentages as shown in Resolution 29 of 2017 section 11 (See Attachment 1). Second is all funding and programs for sidewalks which likely includes the Public Services, Community & Neighborhoods, and Public Utilities Departments, and the deliberations could result in changes to City Code such as the 50/50 cost share program. The Council also asked what resources would be needed to provide ongoing regular publicly available status updates for CIP projects. Council staff will coordinate with the Administration on next steps for these policy topics.

The Council began reviewing the funding log (Attachment 2) which was updated to be formatted for printing. Note that the projects are listed from high to low scores by the CDCIP resident advisory board. The Council is scheduled to continue reviewing the funding log at the July 9 work session in the afternoon. The first of two public hearings is scheduled for the July 9 formal meeting in the evening.

## Projects of Council Member Interest for Potential Additional Funding

Listed below are projects identified by Council Members as potential priorities for funding. This list is a snapshot based on the July 2 briefing and will likely change based on future briefings.

- Project #4 Complete Streets Reconstruction requested \$4.5 Million and the Board recommended \$3.5 Million and the Mayor recommended full funding.
  - o Council Members Young and Dugan identified this project as a high priority if additional funding is available such as the potential recapture of \$1 million from completed projects. They emphasized that local residential streets have not seen as much improvement compared to major arterial streets in recent years. Part of this is a result of the policy decision to split the \$87 million voter-approved Streets Reconstruction Bond 80% to major streets and 20% to local



streets. The Council could identify local residential streets as the priority for some or all funding to reconstruct streets this CIP cycle.

- Project #6 Complete Streets Overlay requested \$3.5 Million and Board recommended \$2.75 Million and Mayor recommended fully funding.
  - o Like Project #4 above, Council Members Young and Dugan identified this project as a high priority if additional funding is available. The Council could identify local residential streets as the priority for some or all funding to reconstruct streets this CIP cycle. It's important to note that many of the streets in worst condition are local residential streets where the pavement is in serious or failing condition. An asphalt overlay is not an option once pavement has deteriorated to a serious or failed condition so a full reconstruction is needed in those cases.
- Project #11 Safer Crossings Citywide requested \$600,000 and is recommended for \$300,000 from the Board and the Mayor.
  - o Council Members Dugan and Lopez Chavez identified this project for potential additional funding and asked how far the recommended funding level could go. A HAWK signal at a single location would cost more than the recommended funding level and require using another funding source to be completed such as the Cost Overrun Account or paired with a Livable Streets traffic calming project. The recommended funding level would be enough for a few smaller safety improvements such as flashing crosswalk signs, colored / stamped concrete, raised crosswalk, and pedestrian refuge islands.
  - o Council Member Lopez Chavez has heard safety concerns from constituents about the intersection of 700 South and 900 East which could use these funds for smaller safety improvements as well as intersections along 500 South between 700 East and 900 East.
- Project #12 Sugar House Park Pavilion Replacement(s) requested \$960,000 and is recommended for \$480,000 by the Board and the Mayor.
  - o Council Members Mano and Young commented that funding two pavilions at the request funding level might have some savings and efficiencies compared to funding one pavilion at a time. They also expressed support to fully fund this project given that the County has budgeted matching funds of \$960,000 and would reduce that budget to match a lower City project-specific funding level. The pavilion replacements have an equal cost share split 50/50 between the City and County. If this project was fully funded, then four pavilion replacements would remain at Sugar House Park and would return for funding in future CIP cycles.
- Project #13 Transition to Regionally Appropriate Landscapes, Adapting Irrigation Systems, and Reducing Water Use requested \$3.25 Million and is recommended for \$500,000 by both the Board and the Mayor.
  - o Some Council Members asked for a prioritization of projects that could use these funds. The Public Lands Department provided the below list the highest need areas based on irrigation system conditions:
    - 1200 East islands (South Temple to 400 South): Irrigation upgrades
    - 700 East islands (900 South to 1300 South, UDOT owned and SLC maintained): Irrigation upgrades
    - 1300 East medians/islands and park strips (Parkway Avenue to Claybourne Avenue): Irrigation upgrades
    - Allen Park: Full irrigation system improvements to supplement GO Bond funding and provide cost efficiency with concurrent implementation and in concert with the recommendations from the 2024 Adaptive Reuse and Management Plan
    - Roots Disc Golf/Jordan River Par 3: New irrigation and root watering systems specifically for trees
  - o Some Council Members commented in recent discussions the need for capital maintenance improvements and water conservation specifically for medians and islands. The Public Lands Department identified five high need irrigation system replacement locations on islands as shown below. Note that these five are after the three medians / islands (1200 East, 700 East, and 1300 East) listed in the top priorities list above. The Department also noted that water costs are the second highest operating expense after personnel costs, and medians are one of the largest opportunities to reduce water use by upgrading irrigation systems to water trees separately from ornamental grasses.
    - 200 West islands (north of North Temple)

- 200 South islands (east of 900 East)
  - 600 East Islands (South Temple to 900 South)
  - Parleys Way islands
  - 800 West islands (300 North to ~150 South, 600 South to 900 South)
- Project #19 Traffic Signal Replacements and Upgrades requested \$2.7 Million and the Board recommended \$730,000 and the Mayor recommended \$860,000.
  - Council Members Mano, Young, and Dugan flagged this project for potential additional funding to ensure a minimum of two traffic signal replacements could be funded. Recent traffic signal projects estimated the cost at \$450,000 for an intersection so at least \$900,000 would likely be needed for two intersections, and the Cost Overrun Account could contribute some additional funding if needed.
  - Council Member Lopez Chavez emphasized that upgrading signals for cyclists and pedestrians is a safety need in addition to replacing older signals.
- Project #20 Memory Grove Park Repairs and Preservation & Maintenance Plan requested \$1.91 Million and was not recommended for funding by Board but recommended for full funding by the Mayor.
  - Multiple Council Members requested a detailed cost breakout of the individual projects, prioritization of the projects, and what, if any, obligations the City has as stewards of the war memorials and monuments in the park.
  - Upon review, the Public Lands Department “does not believe that there are any agreements in place that legally bind the City nor any partners to ongoing maintenance of the monuments and memorials in the park. We will continue to investigate within our department and with our partners to determine if there are any that we have missed. Though informal, several groups do help or have helped with regular cleanups and small projects in the park (typically in-kind, but sometime monetarily), including the Veterans of Foreign Wars, Preservation Utah, the Beta Sigma Phi International Sorority, and the Friends of Memory Grove (which is organized through the Greater Avenues Community Council).”
  - One of the nine sub-projects would directly improve a monument in the park. The proposed preservation and maintenance plan would recommend detailed improvements, repairs, and cost estimates for the other monuments in the park. The nine sub-projects and associated costs are listed below:
    - Meditation Stairs stone repairs (\$119,700)
    - Repointing the 8-pillar monument (pagoda) (\$79,900)
    - Repairing front entrance gate concrete pillars (\$81,250)
    - Replacing the westside entryway planter (\$8,200)
    - Cleaning and recoating the fountain to preserve concrete (\$27,000)
    - Redo the Canyon Road sidewalk within the park so that it is historically correct (as the stones are currently placed in concrete instead of mortar) (\$98,000)
    - Podium repairs (\$11,100)
    - Remove and replace concrete lighting (\$31,000) (more could be appropriated to this task in order to fully replace all concrete lighting in Memory Grove and City Creek Parks, as well as along Canyon Road – *note this is one of the most urgent projects*)
    - Replace the asphalt path with a concrete path on the west hillside, near the Capitol Building (\$602,500) – *note this is one of the most urgent projects*
    - Soft costs for the above nine projects estimated at \$691,350 for contingency, permits, design costs, and inflation over two years. These represent 40% of the total \$1.75 Million cost.
- Project #29 Jordan River Trail Food Forest + Og Woi Partner Garden requested \$385,000 but did not receive a funding recommendation from the Board or the Mayor.
  - Council Members Petro and Wharton identified this as a project of interest. The two projects could be funded separately, which slightly increases the total cost. The Food Forest creation is estimated to cost \$280,000 and formalizing and bringing up to standards the Og-Woi community garden is estimated to cost \$120,000. There is uncertainty about potential environmental contamination and impacts to the cost and project feasibility at these funding levels. The Administration reports that given these concerns, a conservative approach would be to fund the project with General Fund dollars and then after construction in a midyear budget amendment using park impact fees to reimburse the General Fund.

- Project #41 California Avenue Pedestrian Safety Improvements Construction requested \$807,000 and did not receive a funding recommendation from the Board or the Mayor.
  - o Council Member Puy expressed interest to staff about recapturing the \$875,000 from the cancelled corridor connection project at the Sorenson Center Campus and using some of those funds to fully fund project #41. He mentioned this traffic calming project is a few blocks down California Ave from the Sorenson Center Campus and would benefit many of the same students and families using the Center's facilities as well as those attending the adjacent Glendale Middle School and Mountain View Elementary School. Council Member Young expressed support for this approach.
- Project #48 Fayette Avenue Improvements between Washington Street & 200 West requested \$560,000 but did not receive a funding recommendation from the Board or the Mayor.
  - o Council Members Mano, Lopez Chavez, and Puy identified this project for potential funding and requested phasing options for smaller projects. One option is to split the project into a design phase estimated to cost \$80,000 and then a second phase funding construction at approximately \$480,000 in a future CIP cycle. The CIP project funding could be used as a local match for state grant applications that the constituent has expressed an interest in pursuing.

*– Information below was provided to the Council at earlier briefings –*

At the July 2 and July 9 briefings, the Council may wish to identify any priority projects that do not have funding recommendations or where additional funding is proposed, and any project-specific questions. Responsive information and funding options would be gathered so the Council could balance the CIP project-specific budgets on August 13 or 20. As part of the annual budget adoption vote on June 11, the Council made three changes to the Mayor's Recommended Budget for FY2025 CIP:

- Increased the transfer by **an additional \$250,000 from the General Fund** to the CIP Fund which are the most flexible dollars available for any CIP project.
- Added **\$2 million for project #23 the Livable Streets traffic calming program** from the quarter cent sales tax for transportation fund balance (separate from General Fund Balance) which neither the resident advisory board nor the Mayor recommended to fund. The Council discussed a desire to prioritize this program for funding over the next several years to reach all of the higher need neighborhoods and a longer-term goal of implementing traffic calming in all residential neighborhoods. The Council may wish to request that the Administration include stable ongoing funding for Livable Streets traffic calming as a high priority in developing a five-year Capital Asset Plan.
- Added **\$3 million for public utility upgrades underneath 2100 South** during the street reconstruction between 700 East and 1100 East from Funding Our Future Fund Balance in addition to the \$7 million approved in Budget Amendment #5 of FY2024. The City anticipates reimbursement in the future by requiring connection agreements of adjacent property owners as they seek to tie into the upgraded utility lines. The resulting connection fee is proportional to each property's front footage per City Code. The connection fee obligation is also recorded against the adjacent properties so current and future owners are notified of it.

### **Recapture \$1 Million from Completed Projects**

The Administration confirmed there is \$1,012,153 of general fund dollars remaining and could be recaptured from CIP projects that were constructed and fully closed out. Per the Council's CIP policies section 12 (see Attachment 1), these funds could be made available as additional funding to the Cost Overrun Account in FY2025. It has a current balance of \$937,232 and is proposed to receive an additional \$223,171 in FY2025 CIP for a new balance of \$1,160,403. The Council could recapture some or all of the \$1,012,153 from completed projects or designate some of it for the Cost Overrun Account. The Administration reports this account has lower utilization in recent years because the formula in CIP policy section 11 (see Attachment 1) has dollar limits that have lost significant purchasing power since originally set in 2004. This means that the Cost Overrun Account does not fill project funding gaps as much as before. The Council could request that the Administration review and recommend adjustments to the Cost Overrun Account formula including the dollar and percentage limits.

**Recapture \$875,000 from a Cancelled Project: Connecting Corridor for Sorenson Multicultural Center and Unity Center Funded Five Years Ago**

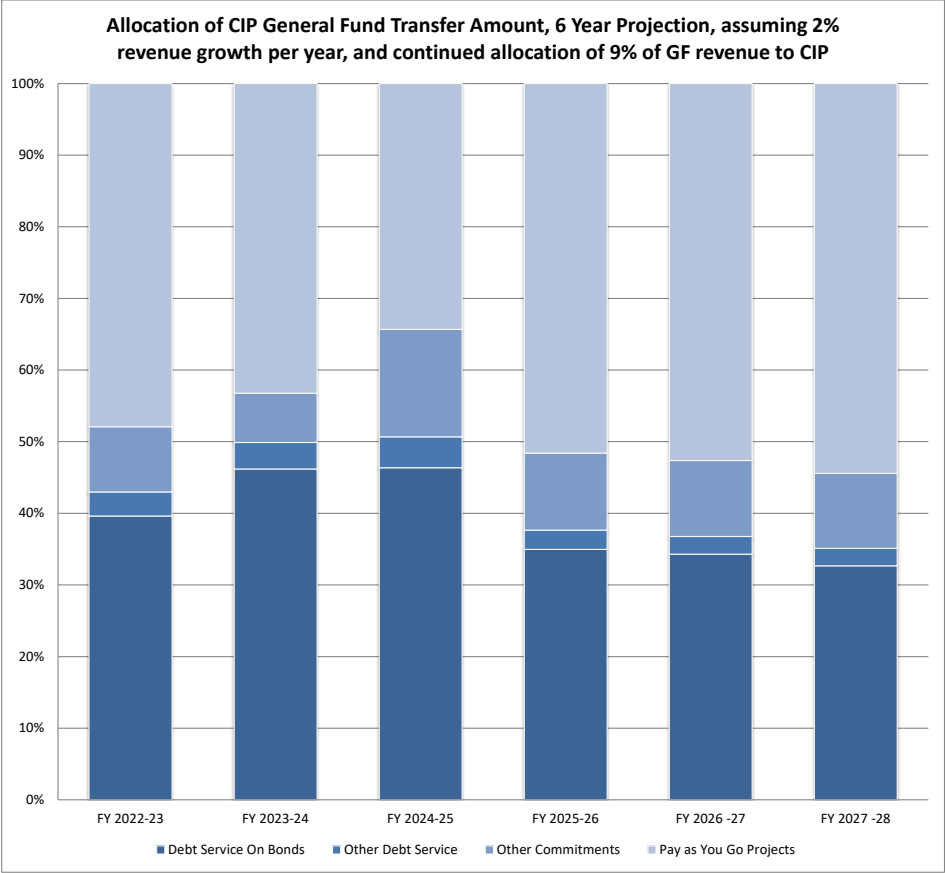
The Council fully funded the proposed connecting corridor project to link the two community center buildings on the Sorenson Campus five years ago. The Administration has confirmed that the project is cancelled. Per the Council’s CIP policies (see Attachment 1), unfinished projects older than three years should be reviewed for funding recapture. The \$875,000 are General Fund dollars which are the most flexible of the CIP funding sources and available to go to any project.

**Aging Reports and Status Updates for CIP Projects**

The Council may wish to ask for a list of projects that are older than 2 years, and any notes about the status of the project, obstacles, and anticipated completion dates.

**Updated CIP Debt Load Projections Chart through FY2028**

The Finance Department provided the below updated chart of projected debt load on the CIP Fund through FY2028. This updated version from the one in the Additional Info Section reflects a 9% goal for the annual transfer from the General Fund to CIP instead of the historical 7% trend. It also includes larger ongoing projects funding outside of the competitive CIP process such as new urban trail capital maintenance, new planning and design funding, expanded public lands capital maintenance, and expanded vacant and leased city owned property maintenance.



– Information below was provided to the Council at earlier briefings –

**ISSUE AT-A-GLANCE**

Each year, the Council appropriates overall funding available 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 which this year includes using \$15 million from a

capital maintenance holding account that was created after the CDCIP Board completed their deliberations. The Council considers both sets of funding recommendations and ultimately decides project specific funding. Funding for capital improvements sometimes occurs in midyear 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 FY2025, projects of Council Member interest not recommended for funding, policy questions, and further details in the Additional Info section and attachments.

**Overview of the FY2025 CIP Proposed Budget**

The total FY2025 CIP budget is \$43.1 million. However, this increases to \$58.1 million when including the \$15 million capital maintenance holding account that the Council created in FY2024 Budget Amendment #5 and is being added to the summer CIP deliberations. This is \$17.5 million (43%) more than last year. The FY2024 CIP budget was closer to the City’s typical funding levels in recent years. FY2023 was a record year for CIP with nearly \$47 million total funding plus the \$67.5 Million Sales Tax Revenue Bond and voters approved \$85 million for Parks, Trails, and Open Space General Obligation Bonds. The Council approved spending the first \$24.6 million issuance of that Parks Bond in October 2023.

The combined \$25.2 million from the General Fund + Funding Our Future transfer to CIP (first and third rows in the table below) is 6.8% of ongoing revenues which is slightly below the 7% seen in most budget years. On May 7, in Budget Amendment #5 of FY2024, the Council appropriated \$15 million to a CIP holding account for capital maintenance projects. Taken together, the \$40.2 million from the General Fund (\$15 million plus the \$25.2 million) would be equivalent to a 10.8% of ongoing General Fund revenues transfer to CIP which is the largest percentage for many years. Previous plans identified 7% as a recommended minimum level of investment and a goal of 9%. The City did reach the 9% funding level in FY2023, although several departments have noted difficulty with getting projects constructed due to staffing constraints, continued supply chain challenges, and construction inflation.

A funding log summarizing the CDCIP resident advisory board and mayoral funding recommendations including the \$15 million for capital maintenance is available as Attachment 2. Note that the funding log is not formatted for printing and is best viewed on an electronic device with a large screen. Updated funding logs formatted for printing will be available for the July and August deliberations. The table below details funding sources for CIP by fiscal year. See Attachment 5 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	Proposed 2024-25	FY2024 to FY2025	
					\$ Change	% Change
General Fund	\$ 15,126,884	\$ 25,231,431	\$ 21,189,461	\$ 21,355,753	\$ 166,292	1%
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	\$ (433,359)	-10%
Class C	\$ 3,021,706	\$ 3,000,000	\$ 3,500,000	\$ 4,250,000	\$ 750,000	21%
Impact Fees**	\$ 8,276,103	\$ 4,159,755	\$ 2,968,850	\$ 3,824,800	\$ 855,950	29%
CDBG	\$ 322,000	\$ 722,000	\$ -	\$ -	\$ -	ONE-TIME
Repurpose Old CIP Accounts***	\$ 252,271	\$ 152,660	\$ 614,689	PENDING	-	ONE-TIME
County 1/4¢ Sales Tax	\$ 4,900,000	\$ 8,000,000	\$ 7,700,000	\$ 8,200,000	\$ 500,000	6%
Surplus Land Fund	\$ 200,000	\$ -	\$ -	\$ -	\$ -	ONE-TIME
Smith's Naming Rights Revenue	\$ 154,000	\$ 154,000	\$ 150,000	\$ -	\$ (150,000)	-100%
Landfill Revolving Fund	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	ONE-TIME
SLC Sports Complex ESCO	\$ 148,505	\$ 148,505	\$ 150,500	\$ 155,300	\$ 4,800	3%
Memorial House Rent Revenue	\$ 68,554	\$ 68,554	\$ 50,000	\$ 20,000	\$ (30,000)	-60%
<b>TOTAL</b>	\$ 36,027,131	\$ 46,736,905	\$ 40,594,501	\$ 58,143,495	\$ 17,548,994	43%
<b>TOTAL without ONE-TIME</b>	\$ 35,252,860	\$ 45,862,245	\$ 39,979,812	\$ 41,643,495	\$ 1,663,683	4%

\*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

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

\*\*\*Includes recaptured funds from multiple funding sources

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

**\$9.3 Million Unrestricted General Funds** – \$9,370,549 of the ongoing transfer from the General Fund are unrestricted funds available for any new projects (the most flexible funding available). This is calculated by removing the debt service payments on existing bonds and rental payments for properties the City leases long-term. The Council has restricted Funding Our Future to five critical need areas which is not part of this amount.

**\$855,950 Increase using Impact Fees** – The amount of impact fees in the proposed CIP budget is \$3,824,800 which is entirely parks impact fees. There are over \$24.2 million of impact fees available to spend across the four types: fire, parks, police, and transportation. Most of the available funds are for parks. See the Additional Info section for details.

**\$500,000 Increase using County 1/4¢ Sales Tax for Transportation** – This became a new funding source four years ago and is available to transportation projects per state law. As seen in other sales tax revenue line items, this one has experienced significant growth in recent years. The City has conservatively budgeted for new sales tax line items until a few years of actual revenues is available on which to base future projects. As a result, the Quarter-cent Sales Tax for Transportation Fund Balance is estimated to have \$6 million available in addition to the \$8.2 million in the FY2025 CIP proposed budget. The Council took a straw pool on June 4 during the unresolved issues briefing to use \$2 million of that Fund Balance for the Livable Streets traffic calming Program which neither the CDCIP resident advisory board nor the Mayor recommended funding in FY2025.

**\$750,000 Increase using Class C (gas tax)** – The City's annual CIP budget for Class C funding has been relatively flat at \$3 million - \$3.5 million for many years. This year, an additional \$750,000 was identified in the cash reserves / fund balance when incoming revenues exceeded the budget. The Finance Department is conducting a reconciliation to determine whether additional funds could be available.

**\$12 Million Debt and Lease Payments** – \$11,985,204 (48%) of the ongoing General Fund transfer to CIP (including Funding Our Future dollars) is needed to cover debt and rental payments. This calculation does not include the \$15 million from the capital maintenance holding account because those are one-time dollars from the General Fund balance.

## Recapture Funds from Completed Projects and Unfinished Projects Older than Three Years

*(Attachment 6 – Review by Departments was pending at time of publishing this staff report)*

The CIP and Debt Management Resolution (Attachment 1) states that remaining funds should be considered for recapture from completed projects and unfinished projects that are older than three years unless there has been significant progress. The table in Attachment 6 is the staff's attempt to follow up on the Council's policy guidance for CIP projects. Most of the 128 projects received General Fund dollars or impact fees. Some of this funding could be recaptured by the Council as one-time revenue for General Fund uses, however, the other sources like Class C, CDBG, impact fees, and donations have uses limited by law. A response and potential funding to recapture will be added to one of the Council's upcoming unresolved issues briefings.

## Differences between CDCIP Board and Mayoral Funding Recommendations

The CDCIP Board's recommendations do not include the \$15 million for capital maintenance projects because the appropriation was made after the Board's final FY2025 budget meeting. The tables below summarize the Mayor's funding recommendations to use the \$15 million for capital maintenance projects in three ways. The Mayor's recommendations also add \$1.5 million of funding on top of the CDCIP Board's funding levels from three sources: \$84,490 more from the General Fund, \$750,000 more from Class C (gas tax), and \$678,600 more from parks impact fees.

### *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 (Gas Tax)	Parks Impact Fees	Funding Our Future Streets	Funding Our Future Transit	Transportation 1/4 ¢ Sales Tax	General Fund	Capital Maintenance Holding Account	
Complete Streets Reconstruction		\$3,500,000						\$ 1,000,000	\$4,500,000
Completes Streets Overlay						\$ 2,750,000		\$ 750,000	\$3,500,000
Facilities Replacement and Renewal Plan	\$1,366,350							\$ 1,390,150	\$ 2,756,500
Sport Courts and Playgrounds Replacements	\$ 549,150						\$54,490	\$ 904,450	\$ 1,508,090
Traffic Signal Replacements & Upgrades				\$ 500,000	\$ 230,000			\$ 130,000	\$ 860,000
Amplifying Our Jordan River Bond			\$1,300,000					\$ 200,000	\$1,500,000

### *Mayor recommends funding capital maintenance projects without CDCIP Board funding recommendations*



Project	Projects with Funding Only Recommended by the Mayor				
	General Fund	Class C (Gax Tax)	Parks Impact Fees	Capital Maintenance Holding Account	Totals
700 South Phase 7 from 4600 West to 5000 West				\$ 4,500,000	\$ 4,500,000
Memory Grove Park Urgent Repairs, Preservation, and Maintenance Plan	\$ -			\$ 1,910,000	\$ 1,910,000
Art Barn Failing Infrastructure and ADA Improvements				\$ 500,000	\$ 500,000
Fairmont Park Basketball Court			\$ 678,600	\$ 75,400	\$ 754,000
Alleyway Improvements				\$ 500,000	\$ 500,000
Historic Signs / Markers	\$ 30,000				\$ 30,000
Public Way Concrete Replacement and Repairs		\$750,000			\$ 750,000

Mayor recommends substituting \$3.14 million from the capital maintenance holding account for an equivalent amount of quarter cent sales tax for transportation funding recommended by the CDCIP Board for rebuilding the 400 South Jordan River Bridge and reallocate the \$3.14 million to the Green Loop project for designing eligible transportation parts of the project.

Project	CDCIP Board		Mayor		
	1/4 ¢ Sales Tax for Transportation	Totals	1/4 ¢ Sales Tax for Transportation	Capital Maintenance Holding Account	Totals
400 South Jordan River Bridge Reconstruction	\$ 4,000,000	\$ 4,000,000	\$ 860,000	\$ 3,140,000	\$ 4,000,000
Green Loop	\$ -	\$ -	\$ 3,140,000	\$ -	\$ 3,140,000

### **Budget Cleanup Position & Funding Inadvertently Not in Mayor's Recommended Budget: New Financial Analyst IV FTE for Impact Fees Tracking and Compliance**

The Administration notified the Council Office earlier this week that a financial analyst IV FTE was inadvertently not included in the Mayor's Recommended Budget. The position would be funded for 10 months to recognize the time to hire at a cost of \$143,258 at pay grade 32. The fully loaded annual cost is estimated at \$171,910. The position would be fully funded from impact fees and entirely dedicated to tracking, compliance, and planning for impact fees. The four types of impact fees could equally split the cost of the position. The Finance Department provided the below summary of why the position is needed:

"We are requesting the position based on the new requirements from the state auditor. The reporting and tracking for impact fees has become extremely complex. All impact fees that are budgeted must be tracked individually. This includes the dedicated revenues that are associated by the building permit as well as any match. Individual revenues and expenses have to be tied to the individual project. This tracking is going to take a lot of work for Salt Lake City to ensure that the revenues are being spent in a timely fashion by project and to update the departments that the timing of the funds needing to be spent. If we don't do this type of tracking on an ongoing basis, it could result in more refunds that have to be given." *Staff note: state law requires impact fees to be encumbered or spent within six years of the City receiving them, and a refund of impact fees must be paid with interest to the original payor.*

### **POLICY QUESTIONS**

1. **\$15 Million Capital Maintenance Holding Account** – The Council may wish to discuss whether the funding recommendations for the one-time \$15 million capital maintenance holding account align with the policy goals to catch up on capital renewal and maintenance projects and any potential changes. Some Council Members expressed interest in adding more funding for street reconstruction and overlay projects, especially on local streets. The existing Overall Condition Index or OCI for roads that need to be reconstructed is 83% are local and 17% are arterial (major) roads, and for roads that are eligible for an asphalt overlay is similar at 83% local, 14% arterial, and 3% collector (in between local and arterial).

2. **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 three tables earlier in this report.
3. **Livable Streets (Traffic Calming) Program Funding Level** – The Council may wish to discuss the funding level and pace of implementing the Livable Streets Program. See Attachment 9 with information from the Transportation Division including second year accomplishments and maps of the highest need zones. The Division anticipates completing 10 zones (neighborhoods) with the additional \$2 million straw polled by the Council at the June 4 meeting. An additional \$8 million would be needed to fully fund the remaining 16 high need zones (red, orange, and yellow on the color-coded map assuming an average cost of \$500,000 per zone).
4. **Sidewalk Repair and Replacement Funding** – The Council may wish to have a policy discussion about the City’s overall approach to sidewalk repairs, replacements, and ADA ramps. The Council discussed these issues in CIP last year such as using a sliding scale based on income for the 50/50 cost share program, wanting to better understand the citywide sidewalk assessment results, how the separate cost share program and proactive repair programs are related, and adding sidewalks as an eligible funding strategy for the new 2025 – 2029 Consolidated Plan for CDBG. The FY2025 CIP budget includes \$750,000 for public right of way sidewalk repairs and replacements, and a separate \$500,000 for the Proactive Public Way Concrete Repair Program which is broader to include assets in addition to sidewalks like retaining walls, curb and gutter. The Council may also wish to consider whether some of this funding should be moved out of the annual CIP competition and placed in the Engineering Division’s operational maintenance budget. The Council endorsed this approach for multimodal bike lane maintenance moving \$200,000 from the CIP competition into the Streets Division’s base operating budget.
5. **Placeholder for Reconnecting Communities Implementation Grant Local Matching Funds** – The Council may wish to discuss when to identify local matching funds for anticipated applications to the federal government to construction improvements addressing the east-west transportation divide. The City received a \$1.97 million grant from the federal reconnecting communities planning grant and \$1.77 million of local matching funds were provided (\$1.27 million from the City and \$500,000 from the Utah Transit Authority). Council Members have encouraged the Administration to consider applying for federal implementation grant funding which may need to be done before the final planning study report is available. There are limited federal funding opportunities to implement the results of the study but the largest federal grants are scheduled to only be available for two or three more years. Most of these construction grants are authorized by the Inflation Reduction Act and Bipartisan Infrastructure Law.
6. **Status of 2022 Sales Tax Revenue Bond Projects** – The Council may wish to request an update and next steps for capital projects funded by the 2022 bond which have not spent most of the available funding in the past two years such as the \$6.1 million for westside railroad quiet zones, \$7.5 million for radio tower upgrades, \$3 million for Fisher Mansion stabilization and improvements, \$2 million for an urban wood reutilization program, and \$3 million for the city owned ballpark (before The Bees announced a relocation out of the city). Some of these projects are issued by tax-exempt bond funds which have approaching spending deadlines in the next couple years.
7. **Status of \$24.6 Million First Issuance of the Parks Bond Projects** – The Council may wish to ask the Administration for next steps to spend these funds that the Council gave final spending approval for in October 2024. Only \$30,169 out of \$24.6 million has been spent so far.
8. **Capital Asset Plan Early Policy Check-in Briefing** – The Council may wish to request a briefing for an early policy check-in about the guiding priorities and framework for developing the Capital Asset Plan (five-year CIP plan bridging the City’s 20-year master plans and annual CIP budgets). Some Council Members have expressed an interest in identifying the Livable Streets Program as a top priority in the Capital Asset Plan to ensure funding over multiple years. They have also mentioned performance metrics for CIP such as time from appropriation to completing construction. The FY2024 Non-departmental budget transferred \$350,000 to IMS for Capital Asset Planning software to facilitate development and periodic updating of the plan. See Attachment 7 for the Council’s potential policy goals, metrics, and requests from a briefing in 2019.

9. **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).
10. **Resources to Support Constituent Applications** – The Council may wish to discuss with the Administration the need to address geographic equity issues with additional targeted City resources for neighborhoods that submit few or no constituent applicants. Some Council Members expressed interest in being proactive to support constituent applications from neighborhoods with higher poverty rates. Some constituents and CDCIP Board Members commented at public meetings in recent years that they felt like some projects get more support from departments than others.

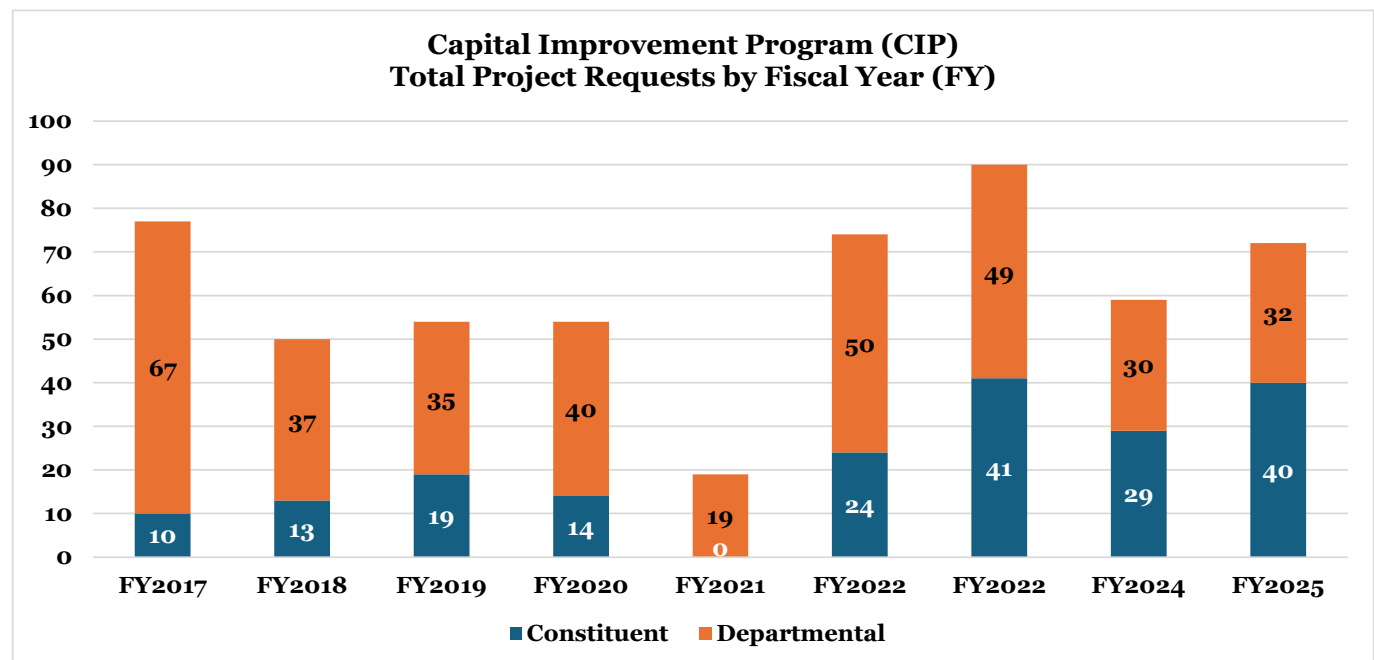
## ADDITIONAL & BACKGROUND INFORMATION

### 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 FY2025 CIP cycle has 72 project requests which is above average over the time shown in the chart. 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 Estimates for Regular CIP Projects

(Attachment 8)

Cost estimates will be updated over the summer to inform the Council's project-specific deliberations in July and August. The current version was last updated in July 2023. Cost estimates for various types of projects are based on actual costs from recent years. The document was developed by Council staff in collaboration with the Administration. The three categories of project cost estimates are parks, streets, and transportation. Inflation

and supply chain constraints have continued to impact the City’s capital projects so the costs shown in the current version are likely more expensive now. Some categories have seen significant increases while others have closer to typical inflation rate increases. The Engineering Division provided some context that the City doesn’t know to what extent the larger price increases are temporary (such as related to pandemic caused short-term supply chain disruptions) or longer-term trends.

**Surplus Land Fund**

The Administration reports the current available to spend balance is \$4,833,240. The Surplus Land Fund receives proceeds from the sale of real property (land and buildings). According to City policy the Surplus Land Fund can be spent on purchasing real property. The funds are one-time because the property can only be sold once. The funds remaining in this special account until used and do not lapse to General Fund Balance.

**Cost Overrun Account**

The Administration reports the current available to spend balance is \$937,233. The FY2025 CIP budget includes \$223,171 of additional funding. If the two appropriations are approved, then the total available balance would be \$1,160,404. The Administration some prior year recaptured funding may also be available and the amount was being confirmed at the time of publishing this report. 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**

*(New annual report is pending from the Arts Council)*

The Administration stated the annual report required by ordinance about maintenance of City artworks in the past fiscal year and planned for the next will be transmitted to the Council in July or August. 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 RDA. 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.

**Impact Fee Unallocated “Available to Spend” Balances and Refund Tracking**

The Council approved several million dollars of impact fee projects in the past few years. The table below is current as of May 1, 2024 and includes a couple adjustments based on Budget Amendment #5 of FY2024 which was adopted after the Mayor’s Recommended Budget was proposed to the Council on May 7. Available to spend impact fee balances are bank account balances subtracting encumbrances and expired funds. The Mayor’s recommended CIP budget proposes using \$3,824,800 of parks impact fees. Impact fees must be encumbered or spent within six years of the City receiving them. Expired impact fees must be returned to the entity who paid them with interest over the intervening six years.

Type	Unallocated Cash “Available to Spend”	Next Refund Trigger Date	\$ Expiring in FY2027
Fire	\$578,695	More than two years away	-
Parks	\$20,931,089	August 2026	\$6,893,768
Police	\$1,553,249	More than two years away	-
Transportation	\$1,154,192	August 2026	\$2,691,888

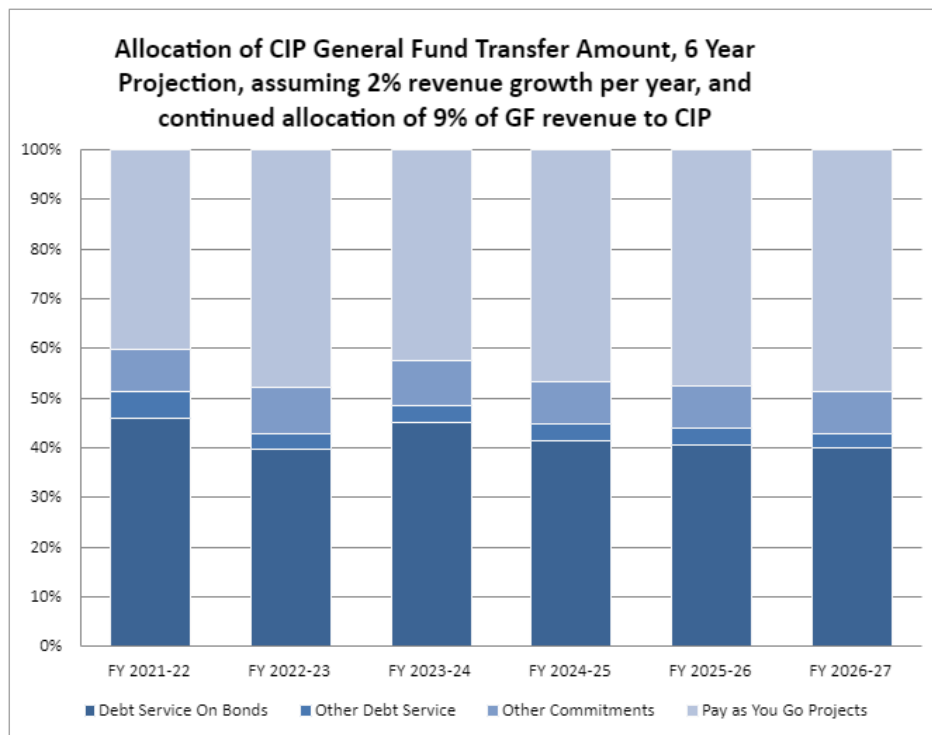
*Note: Encumbrances are an administrative function when impact fees are held under a contract*

### CIP Debt Load Projections through FY2027

The Administration provided the following chart to illustrate the ratio of ongoing commitments to available funding through FY2027. Pay as you go projects reflect new capital projects. The chart shows relatively stable debt load projections using approximately 55% of the annual General Fund transfer to CIP. An important caveat to note is the chart assumes 9% of ongoing General Fund revenues are transferred into CIP annually. The FY2023 budget hit the 9% transfer goal but the City has typically been closer to 7% over the past 15 years. The FY2024 budget transferred 7.1% of ongoing General Fund revenues into CIP (after including the Council's \$1.2 million above the Mayor's Recommended Budget) which means less funding is available to go to new projects.

Most of these commitments are debt payments on existing bonds. Other commitments include, ESCO debt payments, the Crime Lab lease, capital replacement funding for parks and facilities, contributions to the CIP cost overrun account and the 1.5% for art fund. The CIP Budget Book includes an overview and details on each of the ongoing commitments. Note that General Obligation (G.O.) bonds are not paid from CIP because they are funded through a separate, dedicated voter-approved property tax increase.

*An updated version of this chart was pending at the time of publishing this staff report. The below version is from last year.*



### Clarifying “Complete Streets” and “Livable Streets” Initiatives

*(See Attachment 9 for a Livable Streets Program update from the Transportation Division including second year accomplishments and maps of the highest need zones)*

There are two separate pots of funding – one for “complete streets” and another for “Livable Streets” – which are both under the CIP umbrella. The “complete streets” funding is intended to be used to ensure that major street reconstruction projects meet the standards defined in City Code Chapter 14.06, with elements like bike lanes (Complete Streets). The “Livable Streets” funding is intended to be used for neighborhood scale traffic calming projects as defined by the Livable Streets program presented to the Council in October 2021. This is separate from street reconstruction projects. The program ranked all 113 zones citywide across several variables including crash data, community assets, and resident socioeconomic factors. In August 2022, the Council provided policy guidance that a citywide needs-based equity approach should be used to prioritize zones based on the ranking. The program’s website is available at: <https://www.slc.gov/transportation/plans-studies/livable-streets/#LivableStreetsProjects>

### Public Map of FY2025 CIP Project Applications

The Administration shared the below link to a recently published public map of the FY2025 CIP project applications which includes an overlay of Council Districts for reference. Note that some projects are a polygon

for a larger area, others are lines such as for alleyway improvements, and some are dots when a project is limited to a single property.

<https://maps.slcgov.com/portal/apps/webappviewer/index.html?id=64074a434d9b4e5f86000306b65813a2>

## **ATTACHMENTS**

1. Capital and Debt Management Guiding Policies Resolution 29 of 2017
2. FY2025 CIP Funding Log – *Note the spreadsheet from the Administration is not formatted for printing*
3. Mayor's Recommended CIP Book FY2025 Including \$15 Million for Capital Maintenance
4. FY2025 Simplified CIP Funding Log by CDCIP Board Scores – *PENDING*
5. Overview of CIP Major Funding Sources
6. List of Completed and Unfinished Projects Older than Three Years – *PENDING REVIEW BY DEPARTMENTS FOR POTENTIAL FUNDING RECAPTURE*
7. Capital Asset Plan (CAP) Council Requests from January 2019
8. Regular CIP Projects Cost Estimates (last updated July 2023)
9. Livable Streets Traffic Calming Program First Year Accomplishments Summary and Updated Zone Map

## **ACRONYMS**

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

CDBG – Community Development Block Grants

CDC – Centers for Disease Control

CDCIP – Community Development and Capital Improvement Program Advisory Board

CIP – Capital Improvement Program

ESCO – Energy Service Company

FTE – Full-time Employee

FY – Fiscal Year

GO Bond – General Obligation Bond

PSB – Public Safety Building