COUNCIL BUDGET STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

SLC Budget FY26

Item Schedule:	
Briefing:	May 29, 2025
Budget Hearings:	May 20, June 3
Potential Action:	June 10

TO: City Council Members

FROM: Allison Rowland
Public Policy & Budget Analyst

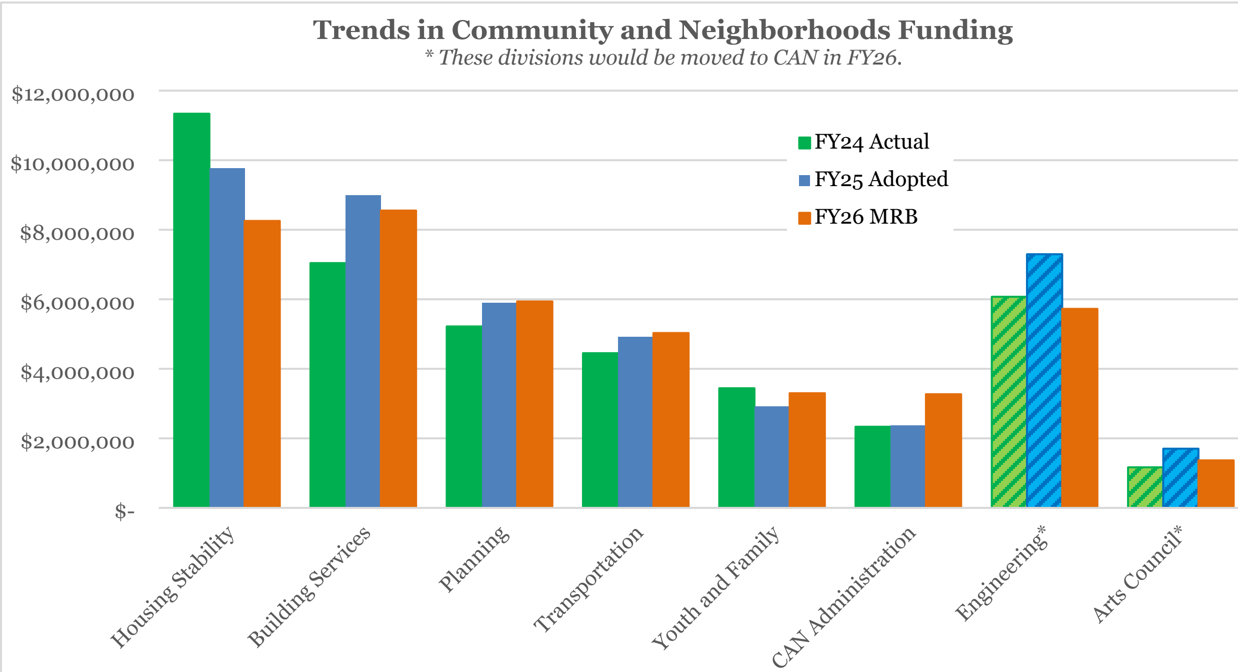
DATE: May 29, 2025

RE: **FY2026 BUDGET – DEPARTMENT OF COMMUNITY AND NEIGHBORHOODS**

MAYOR'S RECOMMENDED BUDGET PAGES:
Key Changes, 49-50; Department Overview, 173 to 179; Staffing, 288-291

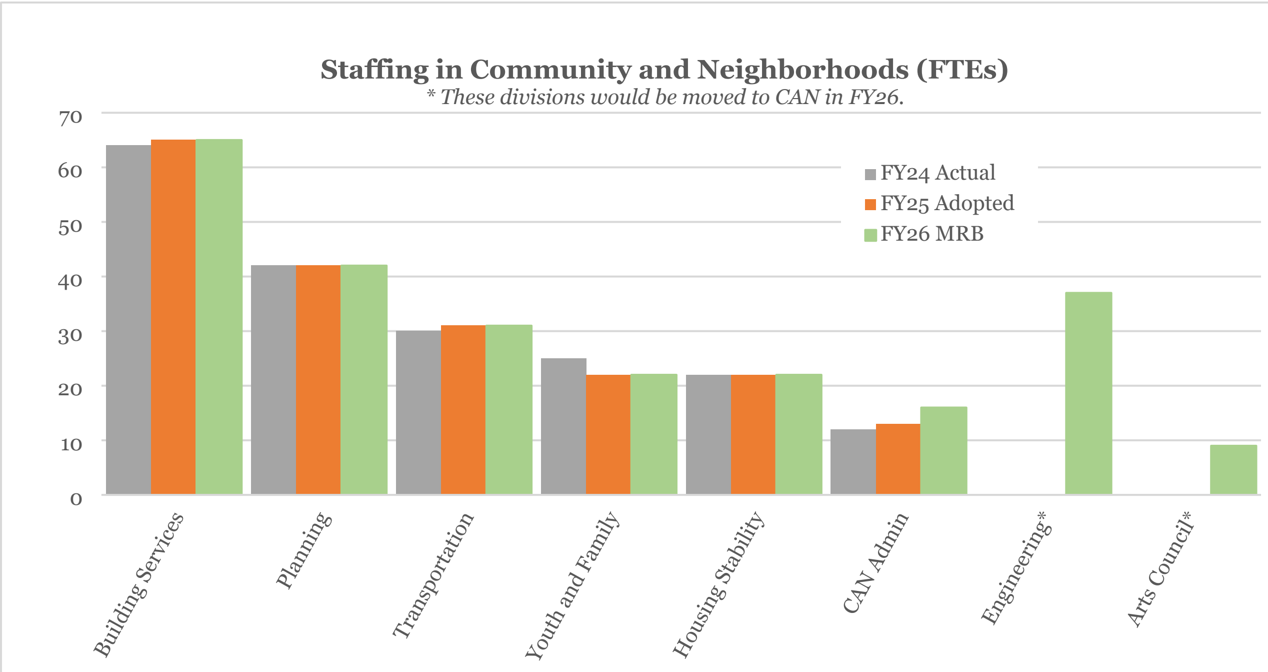
KEY ISSUES AND POLICY QUESTIONS

General Fund Budget. The Community and Neighborhoods Department's (CAN's) proposed budget for FY26 is $41.4 million, which is over $6.7 million (19.4%) higher than in FY25. This is the result of incorporating two new divisions, Engineering and the Arts Council—though each of these would be smaller than they were in FY25 (see chart below). One reason is that Engineering's budgets for FY24 and FY25 included some staff and projects that will remain in Public Services. The Arts Council was previously housed in the Department of Economic Development, and will be briefed separately, in the June 5 Council Work Session.



Apart from the addition of these two divisions, CAN would shrink by over $500,000 in net terms, notably, with Housing Stability dropping from $9.8 in FY25 to $8.3 million proposed for in FY26. However, this reduction mostly reflects the shift of neighborhood cleaning-related services to the Public Services Department, with the Advantage Services contract of $1,315,000. The other three long-standing CAN divisions—Planning, Transportation, and Youth and Family Services—would grow in varying degrees (see individual division sections below for additional information). Still, the Department states that "The vast majority of CAN's proposed budget increases are either budget neutral or attributed to inflationary contractual increases."

Staffing Levels. The net number of CAN FTEs would grow by 49, to 244, primarily driven by incorporating the two new divisions, Engineering (37 FTEs) and the Arts Council (9 FTEs) (see respective Division sections, below). Beyond these new divisions things are a bit more complicated: two of the six the FTEs that were transferred from the Mayor's Office to CAN as part of FY25 Budget Amendment #3 (BA #3) would return to the Mayor's Office, and one would move to the Human Resources Department, leaving a net gain of three for CAN. Increased costs in the Personal Services category—mostly associated with salaries and benefits for the 49 new FTEs—would be the biggest proposed type of spending in CAN's budget, amounting to an additional $7.1 million over FY25.



BACKGROUND AND ADDITIONAL INFORMATION

A. **Housing Stability Division** ($8,253,392; 22 FTEs). The Housing Stability Division administers housing support programs and has coordinated the City's responses to homelessness, though this role is proposed to change somewhat with the move of neighborhood clean-up responsibilities to Public Services. Housing support programs are funded with both Federal and City monies, including the local sales tax increment known as *Funding Our Future*. Housing and community development outcomes are tracked through a public-facing dashboard, www.slc.gov/housingstability/housing-stability-dashboard/.

1. **Changes to HEART.** Several components of the City's HEART team (Homeless Engagement and Response Team), which has provided services ranging from direct aid for unsheltered people to mitigation programs for residents and businesses affected by encampments, are proposed to move from CAN's Housing Stability Division to the Public Services Department. The Division reports:

> *"To advance the goals of the City's Public Safety Plan, cleaning related efforts are proposed to be centralized in Public Services. This will include moving the cleaning portion of the Advantage Services contract, as well as any other cleaning-related contracts, and 3 FTEs from Housing Stability to Public Services. In addition, this effort will include transferring the management of homeless cleaning/encampment-related MySLC reports, phone calls, and emails from Housing Stability to Public Services."*

Moving the three FTEs and their related operating costs would reduce the division's budget by -$325,218, and the Advantage Services contract would reduce another -$1,315,000, for a total of -$1,640,218. At the same time, funding for 2.5 FTEs remaining in CAN and their related operating costs would be moved from State Mitigation Fund funding to the General Fund.

FY26 Expenditures Related to Homelessness

	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 MRB
Day Shelter	127,000	127,000	127,000	127,000
Clean Neighborhoods	777,000	1,375,000	1,346,601	32,601
Detox Program	84,000	84,000	84,000	84,000
Storage Program	85,000	85,000	85,000	85,000
Overflow Fund (Motel Vouchers & St Vincent)	360,000	360,000	300,000	300,000
Landfill Camp Abatement Fees	17,000	17,000	17,000	17,000
Ambassadors Central City/Ballpark	1,288,101	1,384,101	1,581,500	1,682,000
Blackwater Vouchers	-	10,000	-	
RV Repairs	-	100,000	-	
Total	$2,738,101	$3,542,101	$3,542,101	$2,327,601

The Division also stated:

> *"Housing Stability will maintain service agreements related to homeless engagement and outreach, including the Downtown Alliance's Ambassadors Expanding Coverage Area to North Temple (800 W to I-15), Rio Grande, Central City, and Ballpark. Of note, the Administration is evaluating Public Safety Plan components that Housing Stability may support. We will engage the Council if and when the Administration has more detail on proposed changes to the scope of homeless-related services carried out by Housing Stability."*

➢ ***The Council may wish to discuss whether there are specific metrics that could be tracked this year to help evaluate the effectiveness of these programs.***

2. **Funding Our Future Housing Funds.** The bulk of Housing Stability's FOF funds are passed through to community-partner organizations for service delivery. The FY26 proposed budget would also provide $330,000 to Ivory University House to provide contractually obligated on-campus housing to certain income-qualified students who graduate from Salt Lake City high schools. Other FOF categories were updated in FY25 to align them with the current housing plan, *Growing SLC: 2018-2022* (see below). The FY26 MRB would allocate $2.9 million in FOF revenue to affordable housing, through land discounts and financing, incentivized rent assistance and service to the most vulnerable. *See additional information below the table.*

FY26 Funding Our Future Housing Allocation

	FY24 Actual*	FY25 Adopted	FY26 MRB
Planner	115,872	127,827	134,427
Community Development Grant Administrator	91,344	131,684	103,471
Tenant Housing Assistance*	1,524,620	1,524,500	2,321,880
Equity and Ownership Assistance	350,000	350,000	350,000
Housing Innovations Programs*	525,380	525,380	
TIP Tenant Relocation Assistance*	180,000	180,000	
TIP Tenant Resource Center*	92,000	92,000	
TOTAL	**$2,879,216**	**2,931,511**	**$2,909,778**

** Note on FY24 Actuals: In FY25, earlier programs were subsumed under new titles to correspond with the Housing SLC: 2023-2027 plan. This table reflects the total of the FY24 Actual amounts for those earlier programs, as follows:*

- *Tenant Housing Assistance: combination of Shared Housing; New House 20; Build a More Equitable City; Expanded Housing Opportunity Program - Landlord Insurance; Incentivized Rent Assistance.*
- *Equity and Ownership Assistance: combination of Mortgage Assistance; Marketing Home Ownership Programs.*
- *Housing Innovations Programs: combination of Service Models for Most Vulnerable.*

3. **Proposed New FOF Allocation Process.** In a Work Session sometime after FY26 budget adoption, the Council will consider a resolution that would shift all of the City's FOF housing program funds into the same annual application process as the annual HUD block grant funds to improve coordination and resource targeting (transmitted May 6, 2025). If the Council adopts the "Salt Lake City Housing Program Funds Legislative Policy," applications by community organizations to administer these programs would instead be reviewed annually by the Community Development and Capital Improvement Program Advisory Board (CDCIP Board), and then by the Mayor. These funding recommendations would be submitted to the City Council for final allocations. The Council was initially briefed on this proposal as part of the October 15, 2024, work session.

4. **Repurposing HUD Grant Program Accounts**. Since FY23, the Administration has worked with the Council to repurpose dormant accounts which, at that time, had accumulated $12 million in repaid loans that were originally associated with HUD Grant Programs. These funds are now being used for affordable housing-related activities that comply with the original HUD Grant guidelines. As part of the FY26 MRB, the Division proposes that $2.5 million in dormant funds be allocated from Dormant Program Income for the development of new extremely low-income housing units. An additional proposal for $200,000 of these funds can be found in the Youth and Family Division section, below.

5. **Fix the Bricks.** The City's current FEMA-funded Fix the Bricks funding is scheduled to conclude in November 2025. Housing Stability intends to apply for future federal funding, but at the Federal level the future of the program is uncertain. After November, the Division will review current staffing levels for the Fix the Bricks program, based on approved program and administration funding for the year.

B. **Transportation and Transit ($5,029,450; 31 FTEs).** The Transportation Division is responsible for the City's transportation system, as well as transit programs and projects. (It does not maintain streets and gutters; these are covered by the Streets Division in the Public Services Department.) The Transportation Division's annual funding comes from several sources in addition to the General Fund and Funding Our Future, including Impact Fees, Class C funds (from the State Motor Fuel Excise Tax; these are split with the Public Services Department), and the County ¼ Cent, and 5th 5th Sales Tax Funds.

1. **Staffing.** As noted in the Department Staffing section above, the Transportation Division does not plan any changes to the number of FTEs in FY26.

2. **New Scooter Program ($91,000, 0.5 FTE).** Improvements are proposed to the dockless mobility program, including a new part-time employee ($50,000 per year) funded with related fee increases on the consolidated fee schedule. The plan is to provide a quicker response to devices that are a disruption and improve the level of accountability for the vendors, as well as to install and maintain improved Downtown scooter parking options ($41,000 operating budget per year).

3. **Citywide Parking Policy**. In a Work Session discussion on March 4, information was provided to the Council about initial work on a revised Citywide Parking Policy. The Department plans to return to the Council with updated recommendations later this summer. These will include options for mitigating parking problems in congested areas that are related to Doordash-type deliveries.

4. **Hive Passes**. The FY26 budget proposes to fund three different types of public transit passes in the Non-Departmental section of the budget: the traditional HIVE pass ($350,000), the Human Services Fare Program $150,000 (a new separate category that was previously included in the traditional HIVE program) and the free Hive Passes for school children and a parent, guardian, or faculty member ($214,648, with $114,648 from FOF and the remainder from the General Fund).

5. **Transit Funding.** Funding is proposed to increase by 2.2% ($110,328) for FY26. The Westside On-Demand Ride Service would receive a $124,193 increase to cover a contractual increase from UTA. This would raise the total amount to $3.4 million. In addition, for the Frequent Transit Network (FTN) Key Routes would be reduced by -$500,000 from $7 million, "to better align the budget with the actual costs of the Plan. These routes serve 200 South, 900 South, 1000 North and South Temple, and 2100 South. *(Council staff note: The On-Demand Ride Services and transfer to UTA for Key Bus Routes appear in the "Non-Departmental" budget, not CAN.)*

   - ***The* Mayor's Recommended Budget *(page 57) lists $100,000 in FOF spending for "Transit Plan - UTA Outreach." The Council may wish to request additional information on this item.***

FOF Support for CAN Transportation and Transit Programs

	FY24 Actual	FY25 Adopted	FY26 MRB
Transit Planner	118,080	113,730	117,866
Planner (Planning Division)	146,401	146,961	134,427
Transportation Engineer	147,436	174,196	179,602
Transit Key Routes	7,000,000	7,000,000	6,500,000
On-Demand Ride Services	3,000,000	3,307,807	3,432,000
Branding and Outreach	100,000	100,000	100,000
TOTAL	**$11,611,917**	**$10,842,694**	**$10,463,895**

6. **Effects of SB195**. The Transportation Division notes that most of the projects planned for the 2025 construction season are able to move ahead, either because they advertised before the moratorium deadline or are outside of the study area. They do caution that there are quite a few projects in the pipeline that will require UDOT approval. The Division is hopeful that all or most of them will receive that approval, but stress that there is no guarantee is will be the case.

7. **Traffic Calming**. The Livable Streets Program is proposed for CIP funding of $2 million, split equally between Class C and ¼ Cent Funds. This citywide program uses a data-driven and equitable prioritization process for the implementation of traffic calming improvements in the areas most in need. The treatments are selected with input from the local residents and businesses, and may include speed humps, mini-roundabouts, pedestrian bulb-outs, crosswalks, and other similar infrastructure to support targeted safety needs that arise within the community. The Transportation Division completed its Livable Streets Program report in Fall, 2021, and two Transit Program Planners began implementation of the program in FY23.

   Several street safety and traffic improvement projects were submitted for FY26 CIP funding. The only one that was recommended is a request for Traffic Calming: Central City 600 East Byway Safety Improvements, $855,724. In the MRB, the Division noted:

   > *"This year's funding request is for three zones. This program is scalable; additional funding would allow Transportation to move through the 113 total zones more quickly. At the current rate of 3-4 zones per year, the program will take around 25-30 years to address all the areas of the city."*

   - ***The Council may wish to ask what the first several years of the Livable Streets Program has accomplished, and how a regular reporting mechanism could be added to this program.***

8. **Other Transportation CIP.** The FY26 projects in the Mayor's proposed Capital Improvement Program Budget (CIP) would total $12.2 million. This amount is drawn from $5.8 million in Class C funds, $880,000 of Street Impact Fee funds, $900,000 of Funding our Future funds, and $5.2 million in ¼ Cent and 5th 5th Sales Tax funding. The proposed uses are programs like Vision Zero Corridors & Safety Improvements, Traffic Signal Replacement, Transit Capital, Missing

Sidewalks & Bikeway Network Gaps, and Livable Streets. Projects funded include GREENBike Federal Grant Match and Bike Rack Replacements, Pedestrian Safety and Byway Safety Improvements. More information will be available on these projects during the upcoming CIP discussions.

C. **Youth and Family ($3,298,100; 22 FTEs)**. The status of Youth and Family Division programs has become uncertain, due to cuts in Federal grants which traditionally have helped fund these summer and after-school activities for school-age children. These grants are processed through the Utah Department of Workforce Services (DWS), which has discontinued grants for summer youth programming. For the short run, the Department has proposed using $200,000 of "dormant program income" generated from past projects for 2025. These funds did not originate with the U.S. Department of Housing and Urban Development, so their use is somewhat flexible. CAN has been working with the Council over the past few years to determine appropriate uses for remaining dormant funds. A transmittal to determine the uses of the remainder of these funds is scheduled to be considered by the Council after the FY26 budget is complete.

The Division's immediate goal is to maintain the current service level. It states:

> *"To cover summer 2025, the MRB includes a transfer from Housing Stability's Dormant Program Income to fund summer programming for this year. There is no identified funding for summer 2026 but the division is searching for grant opportunities. In addition, in May 2025, we are applying for federal grant funding through DWS. If this grant funding is not awarded, the ability to provide programming will be highly compromised beginning in August 2025. If the grant funding is awarded, no reduction in service levels will occur for afterschool programming during the school year."*

Cost-cutting measures reported for FY26 include reducing the number art teachers normally hired to support the summer program, and the number of teen internships, along with shortening the summer program by one week.

1. **Staffing.** The total number of FTEs proposed for the Youth & Family Division would remain the same.

2. **Strategic Plan.** The Division is working on a three-year strategic plan, which will include goals and benchmarks. It is scheduled to conclude in July 2026. The Division has partnered with The Learning Agenda, a national consulting firm with local expertise, for a strategic planning process aimed at enhancing community access to high-quality out-of-school time programs and family resources. It includes conducting an environmental scan, along with developing programming recommendations and a fiscal analysis of youth and family programming. The findings will result in a 3-year strategic plan aimed at greater alignment, coordination, and sustainability across agencies and organizations.

D. **Planning Division** ($5,937,941; 42 FTEs). The Division works on the goals of the City's general plan, while reducing zoning barriers to achieving those goals. This work is done in tandem with land use application processing.

1. **Staffing**. Planning Division staffing would remain at 42 FTEs for FY26. The Division notes that "Administrative positions can be difficult to retain because of the pay scale and lack of opportunity for job growth."

2. **Walkable SLC**. The Neighborhood Amenities study undertaken by the Planning Division last year was recently completed and renamed Walkable SLC. This online tool, which is available to the public, is likely most useful to land use planners "to better understand and visualize the City's current conditions and access to the amenities that support a high quality of life, like grocery stores, parks, and schools." By facilitating existing development and zoning patterns, planners will be better able to determine what sorts of changes to land use policy or zoning regulations would result in greater walkability. As mentioned in the FY25 CAN Budget staff report, the project was completed using existing City resources and $100,000 funded for this purpose was not used.

3. **Neighborhood District Street Signs.** In response to a Council staff question about the new neighborhood district street signs, which are part of an FY25 Legislative Intent, CAN affirmed that the Streets Division, within the Public Services Division, is in charge of manufacturing and installing street signs. While CAN does not have information of the progress of the Streets Division on this project, it suggested that for wide-scale updates, the Council might want to consider allocating funding for Engineering to hire a contractor to add or replace numerous signs at once. The Planning Division has offered to advise on the design of these signs.

    ➢ ***Would the Council like to request that CAN pursue this strategy for the Neighborhood District Street Signs project?***

E. **Building Services Division** ($8,551,437; 65 FTEs). The Building Services Division is home to Building Permits, Inspections, and Civil Enforcement teams. The monthly newsletter contains a variety of measures of the work of these teams, including the numbers of building permit applications received and issued, the value of these permits, the number of open enforcement cases (including for boarded buildings), and the number of inspections scheduled.

1. **Staffing.** The number of staff would remain the same in FY26, and the overall budget is expected to drop by nearly $450,000 (-$4.9*%). The Division notes, "There has been turnover with Building Inspector positions because some employees are leaving for other municipalities due to immense workload."*

F. **CAN Administration** ($3,269,852; 16 FTEs).

1. **Staffing.** Three of the six FTEs who were transferred from the Mayor's Office as part of FY25's BA #3 would remain in the CAN Administration. They are Community Liaisons (grade 26; $102,721 each). The three others would be transferred out, with two returning to the Mayor's Office (-$220,498), and one (-$127,093) shifting to the Human Resources Department. These changes leave the Office of the Director at 16 FTEs.

2. **Vacant Building Maintenance.** The FY26 MRB lists the maintenance budget for vacant buildings as $700,000 in the Non-Departmental section. Over 70% of this amount would be for just two properties: Fisher Mansion and Fleet Block: Fisher Mansion would receive up to $400,000 in historic rehabilitation and stabilization efforts, while up to $100,000 would be used

for Fleet Block predevelopment costs, general property maintenance, utilities, and security, along with costs associated with the forthcoming community benefits agreement.

3. The Department notes: *"…[T]he City owns numerous properties that require funding, from large surplus properties like the Northwest Pipeline Building property, to random sections of right-of-way that require mowing and weed removal."* It offered a list of properties which, while not comprehensive, includes the majority of properties that would use the remaining $200,000 of this amount. See Attachment C1 for detailed information.

G. **Engineering** ($5,723,974; 37 FTEs). Funding for this new division in CAN would be transferred from Public Services, with both their FTE costs ($5,371,960) and operating costs ($212,086). Thirteen members of the Architectural Group, whose work is more closely allied with Public Services, would remain in that Department.

H. **Arts Council** ($1,366,707; 9 FTEs). Funding for this new division in CAN would be transferred from the Department of Economic Development, with both their FTE costs ($1,245,717) and operating costs ($53,805). *A separate Council budget briefing has been scheduled to provide additional detail on this program.*

ATTACHMENTS

Attachment C1. Major City-Owned Vacant Properties.