



# COUNCIL STAFF REPORT

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

**FROM:** Austin Kimmel, Public Policy Analyst

**DATE:** April 15, 2025

**RE:** Fiscal Year (FY) 2026 Library Annual Budget

**Project Timeline:**

Set Date & 1<sup>st</sup> Briefing: April 15, 2025

2<sup>nd</sup> Briefing: in May or June (if needed)

Public Hearings: May 20 and June 3, 2025

Potential Action: June 10, or later TBD

## ISSUE AT-A-GLANCE

The proposed budget for the Salt Lake City Library General Fund for FY26 is \$43,213,154. This represents an increase of \$6.9 million, or 18.9%, compared to FY25. The increase is driven primarily by a higher budget for anticipated required pass-through property taxes to other entities and an increased Capital Projects budget. The proposed Debt Service Fund budget is \$992,000, while the Capital Project Fund budget is set at \$5,516,800.

The Salt Lake City Public Library system offers in-person services at its main downtown library and seven branches across the City. It also provides a wide variety of services online. In Spring 2025, the Library will open a temporary location in the Ballpark Neighborhood of District Five, called the Ballpark Library Lab, as it prepares to construct a permanent branch in the neighborhood in the coming years.

The Council's role in the Library budget process is unique to other City enterprise funds. The Library Board sets the policy for Library operations, while the Council is tasked with reviewing and approving the overall budget and setting the Library's tax rate. The Mayor is recommending that the Council approve the Board's proposed budget for FY26. The following report provides an overview of the Library's proposed budget.

**Goal of the briefing:** *To review the Fiscal Year 2026 proposed Salt Lake City Library budget and consider the Mayor's recommendation to approve the Library Board's proposed budget for consideration by June 30, 2025.*

## POLICY QUESTIONS

1. **Balancing Capital Improvement Needs:** Given the significant capital expenditures for the Crescent Wall and Marmalade Branch façade projects, in addition to the completion of the Main Library roof renovation, the Council may wish to ask how these planned major projects could compete with other essential projects across the Library system.
2. **Ballpark Library Lab:** The Council may wish to ask how the Ballpark Library Lab can inform the future development of a permanent location in the Ballpark neighborhood. The Council could also ask what the Library plans to do with the temporary location once a permanent branch is established.
3. **Staffing:** The proposed budget does not include any additional FTEs; the Council could ask the Library to elaborate on its staffing strategy for the Ballpark Library Lab and whether it has adequate coverage across

all branches without compromising the quality of service.

4. **Unionization:** In January 2025, the Council approved a resolution allowing Salt Lake City Library employees to consider forming a union. The Council may request the Library provide an update on the status of collective bargaining activities since the adoption of the labor resolution, including how the Library anticipates funding any financial obligations stemming from a potential collective bargaining agreement in its FY26 budget. This update could address possible impacts on the Library's personnel budget or operating model.
5. **Potential 2026 Bond and Capital Campaign:** The Council could ask the Library to expand on the future bond and capital campaign, including requesting more details about its scope, estimated amount, and specific projects to be included. The Council may also wish to clarify with the City Attorney, what role the City Council has in a Library General Obligation bond process. By way of reminder, the City Council voted to issue bonds in 2014 for the Glendale and Marmalade branch libraries via the Local Building Authority.

## BUDGET PRIORITIES

Library leadership provided the following priorities, which are summarized below and can be found on page 3 of the Library's FY26 Proposed Budget document (Attachment 1), that informed the Board's FY2026 budget proposal:

- **Competitive Staff Compensation:** The Library has engaged a third-party consultant to analyze employee compensation, ensuring it remains competitive. The FY26 budget includes employee raises to help retain its workforce.
- **Prioritized Capital Projects:** The proposed budget addresses maintenance needs for Library buildings, including two major projects to be undertaken after the completion of the Main Library renovation in May 2025: the upkeep of the Main Library Crescent Wall and the restoration of the Marmalade Branch façade.
- **Capital Campaign and Bond Preparation** – The Library has developed plans for the initial phase of the 2022 Library Facilities Plan (Attachment B). The Library is also hopeful to propose a bond measure in November 2026 with an accompanying capital campaign.
- **Strategic Planning Consultation** – The Library is preparing to update its strategic plan, which was last revised eight years ago.

## REVENUES

Property taxes are the primary source of the Library's revenue. In FY25, the Council approved a property tax rate increase for the Library, currently at 0.000646. This rate represents 64.6% of the cap established by Utah State statute.

The FY26 budget does not propose a tax rate increase. The estimated total tax revenue is \$38,998,794, and the estimated new growth is \$550,00. The budget and the table below assume that property values stay the same as the

prior year. However, the Library anticipates that this is unlikely, and if property values rise as expected, the tax rate will be reduced.

The average annual impact for residents is about \$35.53 for every \$100,000 in residential property value.

	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025 <i>est.</i>
Certified Tax Rate	.000680	.000649	.000615	.000580	.000646	.000646
Residential Property	\$37.40	\$35.70	\$33.83	\$31.90	\$35.53	\$35.53
Commercial Property	\$680.00	\$649.00	\$615.00	\$580.00	\$646.00	\$646.00

*This chart reflects the estimated property tax amount for each \$100,000 of residential property value and each \$1,000,000 of commercial property value.*

*Tax Year 2025 amounts are based on FY26 budgeted real and personal property tax revenue less estimated new growth and no increase in 2025 property values.*

*Figure 1 - copied from page 8 of the FY26 Library Proposed Budget*

The budget includes a required \$4.1 million pass-through of property taxes to the Utah Inland Port Authority, Convention Center Hotel, and the Community Reinvestment Agency. This represents an increase of \$3,693,769 from last fiscal year's budget, reflecting anticipated growth in these areas. Budget adjustments were made in FY24, and another adjustment will be needed in FY25 once final figures are received. The higher allocation in the proposed FY26 budget aims to reflect the actual amounts received for this pass-through more accurately.

The Library's Fund Balance is projected to end FY25 at \$9.9 million. The Library has a minimum target of keeping the balance at or above 16%, which is approximately two months of operating expenses. According to the Library, the target floor for the Fund Balance is \$4.6 million. In other words, \$4.6 million is the lowest amount the Library would allow the Fund Balance to reach.

Other revenue sources:

- **Intergovernmental Revenues:** \$898,000
- **Charges for Services Revenues:** \$181,000 (unchanged from FY25)
- **Charges for Lost/Damaged Items:** \$20,000 (unchanged from FY25)
- **Miscellaneous Revenues** (interest earnings, rental revenue, etc.): \$216,000 (an increase of approximately \$11,350 from FY25, primarily due to anticipated growth in facility rental revenue)
- **Contributions & Transfers:** \$2,899,360 (primarily to transfer fund balance)

## GENERAL FUND EXPENDITURES

### A. **Staffing & Compensation**

As outlined in the budget priorities above, competitive staff compensation is a primary focus of the Library's FY26 budget. In response to a compensation study conducted by a third-party consultant group, the FY26 budget includes market adjustments specific to each position, with weighted emphasis on entry-level positions. In addition, the FY2026 budget proposes a 4% pay increase for all Library employees. This 4% increase includes 2.5% cost-of-living adjustment (COLA) and a 1.5% longevity adjustment.

Personnel expenditures account for about 71% of the Library's overall operating budget, consistent with previous fiscal years. The FY26 proposed budget contemplates a \$23,256,087 budget, an increase of \$2,784,226 from FY25.

No additional full-time equivalents (FTEs) are proposed for FY26. The Library indicates that some

positions have been reclassified to better align with its needs, maintaining the total number of FTEs at 249.675, the same as in FY25. A complete staffing profile, including those reclassified positions, can be found on pages 6 and 7 of the Library's FY26 Proposed Budget document (Attachment 1).

Like Salt Lake City departments, the City Library offers a high-deductible health plan with contributions to each employee's health savings account (HSA). Employees receive \$1,000 for individual coverage and \$2,000 for employee plus dependent coverage. The proposed budget includes a 10% increase in premiums.

## **B. Capital Projects & Debt Service**

The Library proposes transferring \$992,000 from its General Fund to the Debt Service Fund to cover the lease payments for the Glendale and Marmalade branches. This amount covers the annual debt payments for the Local Building Authority lease revenue bonds for both branches.

\$5,516,800 is proposed for significant capital projects, including maintenance for the Crescent Wall and the façade of the Marmalade branch.

Based on information shared by Library staff in January 2025, the total anticipated cost of the Crescent Wall is expected to total approximately \$7 million: \$3 million in FY26 and a carryover of \$1 million from FY25 due to unplanned revenue. The remaining \$3 million of the anticipated Crescent Wall budget will be evaluated in the future. Additional information about this project can be found in Attachment 3.

Cost Summary	Amount
Priority Items	3,032,093
Items to Be Evaluated	3,033,622
Total Cost Estimate	6,065,715
Contingency (16%)	967,907
<b>Total with Contingency</b>	<b>\$7,033,622</b>

*Figure 1 - Copied from page 9 of Attachment 3: Crescent Wall, Skylight & Shops Project*

According to the Library, the anticipated total budget for the Marmalade Façade improvement project will total approximately \$500,000.

Alongside these major projects, several others are proposed for FY26:

- HVAC system
- Fire systems
- Master plan development
- Replace Children's patio gates
- Landscaping improvements and various branch locations
- Power & networking floor boxes
- Powered ADA access for restrooms
- Window grates at the Sprague Branch
- Powder coat patio furniture
- Pedestal lights at the Glendale Branch

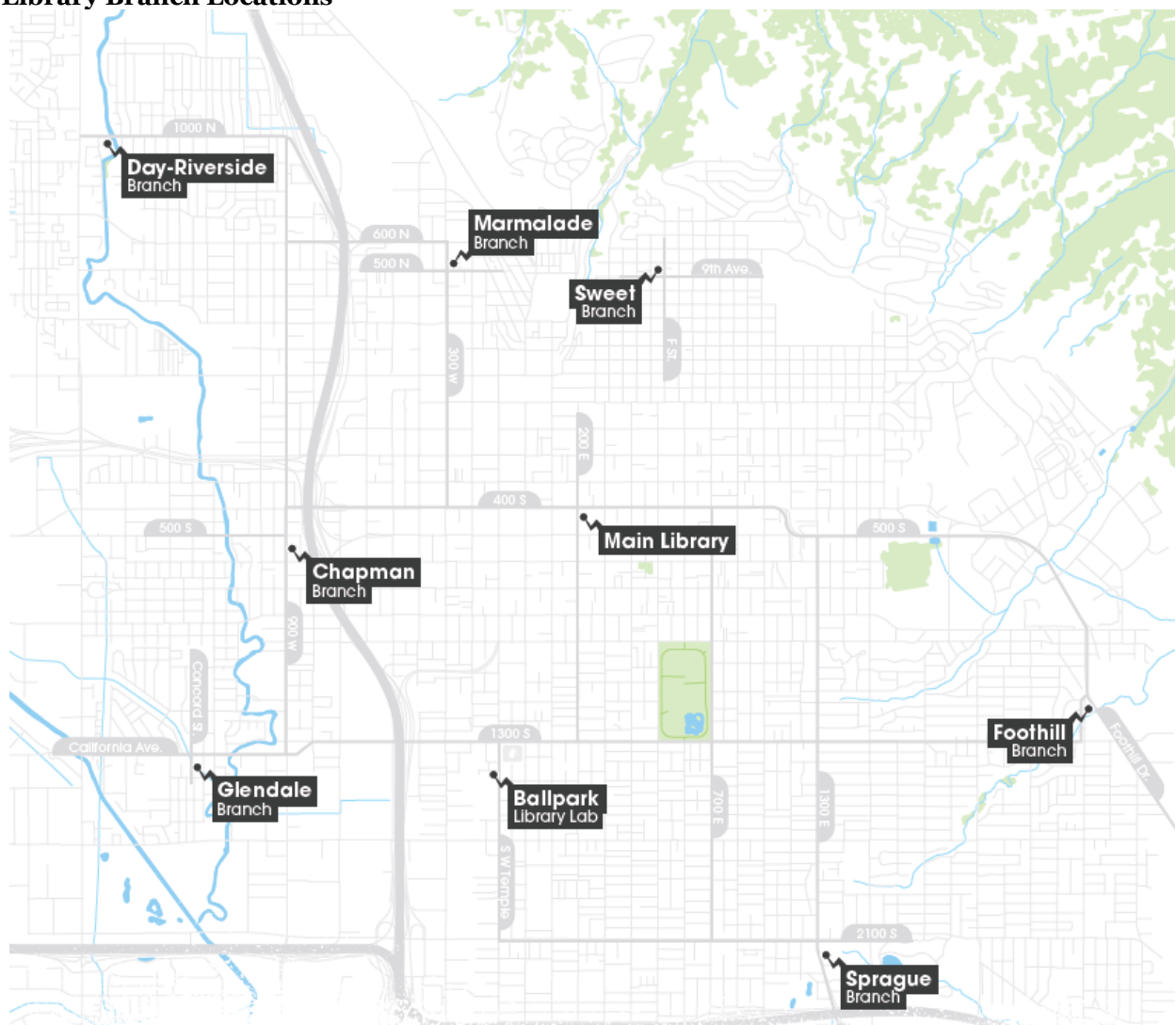
- *Main Library outdoor environmental design*
- *Anderson-Foothill site assessment*
- *Replace Sprague Branch pavers*

### C. Other Changes by Expense Category

- **Materials & Supplies:** \$1,324,057 (an increase of about 2% compared to FY25)
- **Buildings, Grounds & Equipment:** \$2,178,163 (an increase of about 2% compared to FY25)
- **Services:** \$2,167,187 (increased by about 2% from FY25)
- **Collections & Other Capital Outlays:** \$2,930,000 (a decrease of \$25,000 from FY25 due to a reduction in materials processing costs)
- **Transfers, Grants & Donations:** \$10,655,800 (an increase of about \$4 million from FY25, mainly consisting of a \$5.5 million transfer to Capital Projects as detailed above, along with a budgeted \$4.1 million for property tax pass-through to other entities)
- **Other Charges:** \$701,860 (an increase of \$91,058 from FY25 due to rising property and liability insurance costs and executive discretion)

## ADDITIONAL & BACKGROUND INFORMATION

### A. Library Branch Locations



**ATTACHMENTS**

1. [Proposed FY2026 Library Budget](#)
2. [Library Master Facilities Plan 2022-2032](#)
3. [Crescent Wall, Skylight & Shops Project](#)

**ACRONYMS**

COLA – Cost of Living Adjustment or Cost of Labor Adjustment

FTE – Full Time Equivalent

FY – Fiscal Year

HSA – Health Savings Account

HVAC – Heating, ventilation, and air conditioning

ADA – Americans with Disabilities Act