



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

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TO: City Council Members

FROM: Jennifer Bruno, Ben Luedtke, Lehua Weaver
Allison Rowland, Sam Owen, Sylvia Richards and Libby Stockstill

DATE: June 8, 2021

RE: UNRESOLVED BUDGET ISSUES

Project Timeline:

Briefing: June 8, 2021

Budget Hearing: May 18, June
1, 2021

Potential Action: June 15, 2021

*The Council reviewed this information on Tuesday, June 1st, received additional information from the Administration and indicated initial items of interest. On Thursday, June 3, the Council conducted preliminary straw polls for a few initial items. **See attached for the spreadsheet reflecting straw polls as of the end of that discussion.** The Tuesday, June 8 discussion will give the Council an opportunity to determine which of the funding requests have the support of a majority of the Council. As on June 3, staff will record the Council's preferences and update a 'balancing spreadsheet' in real time so that the Council and public can see the impacts of the tentative decisions. There may be additional information based on ongoing compensation discussions.*

Additional information:

1. Revenue

a. Property Tax

- i. Judgement levy** – Council Staff may have updated information on June 8th about the exact amount the Council can budget for a judgement levy. (Note: By state law the tax commission is not required to transmit this information until June 8th.)
- ii. Property Tax New Growth** – Council Staff may have updated information on June 8th regarding the exact amount of “Property Tax New Growth” the Council can budget. If it is higher than the Mayor’s recommended budget, the Council will be able to use those dollars in budget deliberations. If it is lower the Council will need to re-balance the budget or consider revenue increases. (Note: By state law the tax commission is not required to transmit this information until June 8th.)

- b. Impact Fee Reimbursement:** The General Fund fronted investments in capital projects for police. The City’s Impact Fee Plan recognizes this past investment of



\$1.8 million. The proposal is to reimburse the General Fund for those past investments with existing police impact fees. This approach is contemplated in the City's Impact Fee Plan and allowed by state law.

2. **Expenses**

- a. Additional information on labor negotiations may be available at the June 8th meeting.
- b. The Council may wish to continue evaluating line items in the unresolved issues attachments for adjustments, pending other revenue/expense conversations.

Proposed New Legislative Intents, Fiscal Year 2022

- a. **Update Boarded-Building Fee.** It is the intent of the Council that the Administration update the boarded-building fee, taking into account the costs of monitoring and responding by Police and Fire Departments at these properties.
- b. **Trips-to-Transit Expansion Evaluation.** It is the intent of the Council that the Administration provide their strategy for evaluating whether to expand the Trips-to-Transit program, which will begin to serve west side neighborhoods in late 2021, to other areas of the City. This would include both the methodology and the metrics for topics such as accessibility, cost-effectiveness, total ridership, and cost per rider.
- c. **Golf Fund Update.** It is the intent of the Council that the Administration provide information on the following items in anticipation of a work session briefing to review and discuss options for the Golf Fund.
 - o **Golf Fund Financial Sustainability:** Trends in revenues, expenditures,
 - o **Long-term CIP Plans.** Based on current projections and the recently-completed short-term CIP plan.
 - o **Golf Food and Beverage Options.** A review of the specific open space zoning ordinances, with the goal of removing barriers to providing additional food and beverage options in golf courses. To the extent that barriers exist in State law the Council requests an analysis of those, and that changing them be identified as a future legislative priority.
- d. **Ongoing Expenses for Maintenance at City-Owned Parcels.** It is the intent of the Council that the Administration shift funding for ongoing maintenance provided on unused City-owned parcels to the base budget of either the Public Services Department or the Community and Neighborhoods Department (CAN) rather than continuing to use one-time revenue from the Surplus Land Fund. The Council requests the Administration analyze actual expenses for several previous years to estimate the amount necessary for Fiscal Year 2023.
- e. **Expanded Funding Our Future Definition.** It is the intent of the Council that the definition of "public safety" for allocation of Funding Our Future revenue include not only the Police Department, Fire Department, and 911 Dispatch, but also any social workers and non-emergency traffic enforcement programs which are designed to expand the City's public safety alternative response model. *(Note: The current definition included Fire and 911 Dispatch since FY2020.)*

The following information was provided for the Council's June 1st and 3rd discussions. 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. 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.

If a budget impact is apparent, 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.

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

General Follow-up Items/Themes

1. **ARPA funding guidance** - After receiving guidance from the US Treasury, the Administration has advised that the funds are much more restrictive than what is proposed in the Mayor's recommended budget. In general all funds have to be specifically tied to recovering from the effects of the pandemic. The Administration provided information about which of the proposed uses are eligible, which are eligible with adjustments, and which are not eligible. Each of these is noted in the attached spreadsheet.
 - a. ***In the absence of clear alternative uses for ARPA dollars, the Council could place the remaining unspent dollars in a holding account for future allocation once eligible uses are identified. The Council may also ask the Administration to review all CIP projects for ARPA eligibility.***
 - b. The Council may wish to hold a policy discussion with the Administration about policy goals for potential future federal funding (ARPA dollars or potential future infrastructure dollars), and if there are specific areas of the City budget the Council would like to target.
 - c. Staff is checking with the Attorney's office and Administration about using ARPA dollars for issues the Council has identified as a priority.
 - d. Position by position review:
 - i. The Council may wish to review the positions that are not eligible and decide whether to include them in the general fund (if revenues permit).
 - ii. The Council may wish to review the positions/programs that are eligible if changes to the scope of the positions/programs are made, and decide whether those changes are consistent with Council goals and are practical to implement.
 - iii. The Council may wish to review the positions that are eligible and identify support.

- iv. For the positions that the Council supports, the Council may wish to specify whether their expectation is that those be recorded in the City’s financial system as temporary grant positions, or as regular employees.

2. **Public Safety service delivery** – the Council has supported a variety of ideas that go along with **diversifying public safety response** and enhancing accountability and transparency in policing. It should be noted that all of these ideas are subject to identifying available resources. The detailed ideas are listed in the attached spreadsheet, but in general this includes:
 - Support for more social workers
 - Support for a civilian community service office (holding account with details TBD)
 - Support for increasing mental health resources for first responders, including dispatch
 - Support for equipment and/or staff to enhance transparency with body cameras.

3. **Investment in Capital Improvements for constituents** – The Council has expressed an interest in increasing funding for the CIP fund so that additional constituent projects that are not currently recommended for funding, can be addressed. Council Members have indicated that their interest is particularly due to the City not accepting constituent projects in FY 21. This idea is subject to identifying available resources.
 - a. Council Members have asked about increasing the CIP fund to the traditional 7% level. If the Council wanted to increase the funding for CIP to 7% level, it would need to identify \$2,775,049 in revenue. (Depending on eventual usage in CIP, sources could include General Fund, Funding our Future, County transportation funds, Transportation holding account)
 - b. An alternative idea is to allocate specific amounts sufficient to fund specific projects.

4. **Compensation** – some Council Members have expressed an interest in increasing compensation for employees beyond the Administration's proposed 1% increase. This idea is subject to identifying available resources.
 - a. If the Council wanted to increase compensation for employees by 1% across the board, it would require identifying \$1.7 million in the general fund (\$1.1million for represented units) and \$1.1 million in other funds.
 - b. This would not necessarily adjust the City’s general approach to compensate to “95% of market” – the Council could adjust that pending available resources.
 - c. Staff can provide amounts for specific employee units of the City if the Council is interested.
 - d. Council Members also discussed adjusting the City’s policy of compensating at 95% of market.

5. **New Positions** – some Council Members expressed an interest in considering proposed new positions in more detail. Each new position is listed in the attached spreadsheet under the proposed department. *Note: While most positions are funded for less than a full year to reflect*

the time it takes to actually hire an employee, there are a few that are proposed for a full year of funding. The Council could consider adjusting those budget amounts to reflect the realities of the hiring process. Alternately, the Council could authorize advertising for new positions to begin before the fiscal year begins.

6. **Department Reorganizations** – some Council Members expressed an interest in taking more time to consider department reorganizations. To the extent that any new FTEs are proposed either as a part of reorganizations or in general, those are in the attached spreadsheet.

7. **Funding source options** - Staff has identified the following potential funding sources for Council discussion/consideration, potentially to address some of the above ideas (these are included on the attached spreadsheet):
 - a. Potential additional revenue (pending information from Tax Commission and follow up from the Administration)
 - i. Actual New Growth
 - ii. Actual Judgement levy
 - iii. Revenue loss replacement from ARPA - (potentially more than \$10m is eligible)
 - b. Funds included in the MRB that are not needed
 - i. Election expenses - \$187k
 - ii. Interest expense (not doing a tax anticipation note this year) - \$350k
 - iii. Body cam one-time dollars - \$93k
 - c. Fund balances available
 - i. Funding our future fund balance available - \$200k from FY 20, \$1.9m from FY 21 (above 14%) - *note: this is one-time \$*
 - ii. General fund balance available if BA #9 ARPA dollars are adopted - \$1.2m - *note: this is one-time \$*
 - iii. North Temple Viaduct CRA debt service overage – TBD - *note: this is one-time \$*
 - d. Holding accounts available
 - i. Transportation holding account - \$1.8m - *note: this is one-time \$*
 - ii. Holding account for underserved communities (CIP?) - \$669,138 - *note: this is one-time \$*

Potential conditional appropriations

1. Diversification of public safety response – Set aside \$_____ from _____ in a holding account for later appropriation, pending discussion with the Administration about the feasibility of establishing community enforcement and support approaches that enhance community safety and reduce the dependence on sworn police officers for duties that fall outside of their scope.
2. Conditional appropriation about future dollars spent on foothill trails – condition any current or future budget for trails that no dollars are spent until the public review period is over and the Council has been briefed/approves of future plans
3. **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 four 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 four 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.*

Potential legislative intents

- 1. Update Boarded Building Fee.**
- 2. Golf Fund Update.** To include:
 - a. Golf Fund Financial Sustainability.**
 - b. Long-term CIP Plans.**
 - c. Golf Food and Beverage Options**
- 3. Ongoing Expenses for Maintenance at City-Owned Parcels**
- 4. Energy Efficiency as a Condition of RDA Project Loans and Investments.**
- 5. RDA Structure of Accounts, including Fund Balances and Previous Capital Projects.**
6. Trips to transit – evaluating for expansion in future areas. The Administration has provided some additional information:

Measuring success: The Transit Master Plan identifies accessibility and cost effectiveness as the two key goals for this program. The specific metrics to determine if we are meeting those goals could be total ridership, as well as cost per rider. Here are the metrics being used by UTA for their Southwest Salt Lake County Service:

Timeline: We anticipate that this service will launch between August and the end of 2021. After one year, we will be able to do some initial evaluations, but it may take 2-3 years to fully understand the

impact and benefits of the service.

Figure 1: Key Performance Indicators (KPIs)

Pilot Objective	Metric	Q1	Q2	Q3	Q4
Ridership	Total ridership	19,891	10,962	11,176	12,473
	Avg. weekday ridership	316	169	169	195
	Utilization ¹	1.88	1.02	1.18	1.65
Customer Experience	Avg. wait time (minutes)	11	10	10	12
	Avg. customer rating ²	4.8	4.8	4.8	4.9
Overall Performance	Cost per rider	\$19.10	\$34.30	\$30.61	\$22.45
	Public support	✓	✓	✓	✓
	Days of operation	63	65	66	64

Key:

	= On target		= Approaching target		= Not on original, pre-COVID target
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