



COUNCIL STAFF REPORT

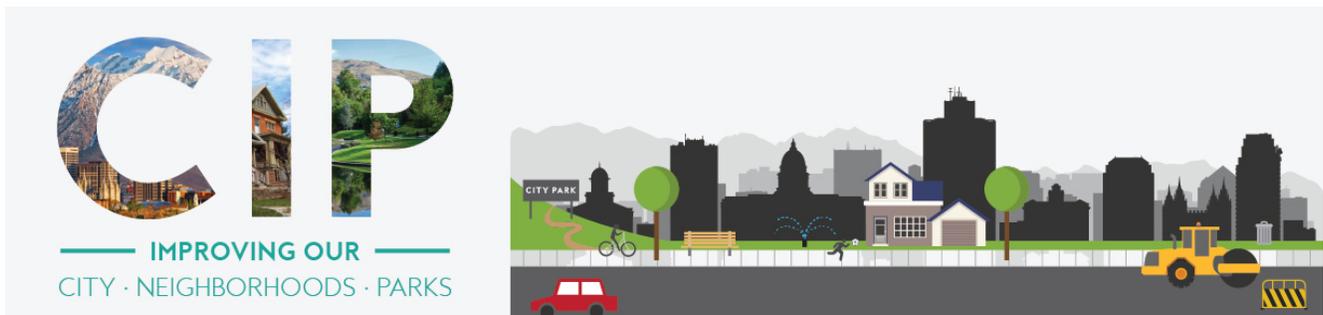
CITY COUNCIL of SALT LAKE CITY
tinyurl.com/SLCFY22Budget

TO: City Council Members
FROM: Ben Luedtke
Budget & Policy Analyst
DATE: July 20, 2021
RE: FY22 Capital Improvement Program (CIP)
BUDGET BOOK PAGES: D-1 to D-6
CIP BUDGET BOOK: Debt Service Overview Section B, General Fund Projects Sections C & D

Project Timeline:

Budget Hearings: May 18 & June 1, 2021
1st Briefing: June 1, 2021
2nd Briefing & Public Hearing: July 13, 2021
3rd Briefing: July 20, 2021
4th Briefing & Public Hearing: August 17, 2021
5th Briefing & Potential Action: August 24, 2021

Note: The Council approves debt service and overall CIP funding in the annual budget. Project specific funding is approved by September 1.



NEW INFORMATION

At the July 13 briefing, the Council reviewed the full Funding Log (Attachment 2) and identified several follow up questions. Those questions were sent to the Administration and are copied below for reference. Responses are expected to be available for the August 17 briefing. Some Council Members also identified projects without a funding recommendation from the advisory board and the Mayor which they are interested in funding. Below are updates on changes to recapture funding amounts, the Administration's responses to policy questions from June and project #75 the 600 North Corridor Transformation. Staff is working with the Administration to determine how much of project #3 Odyssey House Annex Building Renovations is eligible for American Rescue Plan Act (ARPA) funding and under new guidance from the U.S. Treasury Department if additional CIP projects may qualify.

\$150,753 Decrease in Class C (gas tax) Funds Recapture

The Administration reports \$150,753 is still needed of the \$208,981 in Class C (gas tax) funds from completed projects that the Council recaptured as part of the annual budget. This means the new recaptured balance is \$58,228, and that a correction will need to be made in a budget amendment to move the \$150,753 back to the original projects so pending invoices can be paid. The situation could be an example of a system improvement opportunity for communication between departments and divisions. The projects in question were completed from a construction and engineering perspective but some post-construction invoices have not been paid. The new Enterprise Resource Planning (ERP) system might help in similar situations in the future by improving the City's ability to track and coordinate on finances and assets.



\$38,334 Increase in General Fund Recapture

The Administration reports \$38,334 in additional General Fund dollars can be recaptured for use in FY22 CIP. Three projects were completed and had remaining funds encumbered but are no longer needed. This funding will need to be part of a budget amendment to formally be added into FY22 CIP since they were not part of the annual budget. General Fund dollars are the most flexible CIP funding source and can go to any project.

Administration's Responses to the Council's Policy Questions (*Attachment 12*)

The Administration's responses to the Council's policy questions are available in Attachment 12. The Administration will be available to discuss with the Council the responses and potential next steps at the July 20 meeting. The Council may wish to identify policy interests for follow up after adoption of the FY22 CIP project specific funding (September 1 deadline). Some of the issues could benefit from additional time and discussion to improve existing processes and policies.

Project #75 600 North Corridor Transformation Diagrams, Preferred Concept and Goals

See Attachments 10 and 11

The Transportation Division provided Attachment 10 which has diagrams of six segments along the corridor showing potential changes to the public right of way based on public engagement to-date. Public engagement included pop-up events, several meetings, community events before the pandemic, an online survey in the spring this year and presented to community councils. Attachment 11 is a longer document summarizing the narrative and goals for the current preferred concept. A final preferred concept is expected to be available later this summer or fall.

Several funding sources (Federal, State, UTA and City) have been identified but the project is not yet fully funded. Note that the \$58 million bond proposal includes \$4 million for this project. The description states the total project cost is \$8.7 million but that may not be enough to fully fund the project given construction inflation the City experienced in other recent projects. Fully funding the street reconstruction would mean less disruption to the neighborhood (one construction period instead of two) and some modest mobilization cost savings and efficiencies from a consolidated design. Also, a final preferred concept based on more public engagement and updated engineering designs will inform the project's total estimated cost later this year. Construction is expected to be done in phases.

In recent years, the Council funded safety improvements to the 600 North and 800 West intersection and a study of the 600 North Corridor. The total corridor is from 2200 West to Wall Street with three primary segments within: 2200 West to Redwood Road, Redwood Road to I-15, and then several blocks from I-15 to Wall Street. The project builds upon the upcoming Frequent Transit bus route on 600 North which is part of implementing the City's Transit Master Plan with UTA. For example, the partnership with UTA includes new bus stops and improvements to existing bus stops along the corridor. UTA is paying for those new and improved bus stops and long-term maintenance. The City is paying for the concrete pads.

Council Follow Up Questions to Administration

The below questions were sent to the Administration following the July 13 briefing. Responses are expected to be available for the Council's August 17 CIP briefing.

- What is the available to spend balance of:
 - o The Art Maintenance Fund?
 - o The New Art Fund?
 - o The CIP Cost Overrun Account?
 - o The Surplus Land Fund?

- Could you please help update the attached spreadsheet listing general cost estimates for regular CIP projects? This was last updated in July 2019 and we know costs for some construction materials have experienced significant inflation during the pandemic. And feel free to add rows for new projects if departments think those additions would be helpful.

- Is the FY22 list of projects for the Facilities capital asset replacement need to be updated given that the FY21 funding was recaptured for the emergency Central Plant boiler replacements?

- Could you please provide a written description of the \$3.4 million for westside parks that's listed as part of the \$58 million bond proposal? The bond is separate from but related to CIP and this information would help the Council evaluate the City's overall investments in parks and public lands and individual project proposals.
- #10 Training Tower, #11 Single Family Prop, #51 Mixed-use Prop and #52 Fire Training Ground Improvements – Is there a comparison available between these four fire applications to help the Council understand the similarities, differences, benefits, locations, etc? My recollection from the advisory board presentation is that:
 - o The order on the funding log is the Fire Department's order of priority between the four projects
 - o #10 would significantly upgrade the nine story main fire training facility
 - It's been in use since the 1970s and the tower is almost obsolete
 - The company is pulling working parts from old facilities around the country and installing here in SLC to keep it operating
 - There are four areas for fire simulation and all are nearing end of life
 - This is a primary training facility and without these upgrades fire fighters would need to travel elsewhere to conduct some trainings
 - o #11 is located next to the tower in #10
 - The facility provides advanced training specific to this type of building structure
 - There are five different training areas
 - The facility is important to provide single-family home trainings given the many neighborhoods in the City with that type of building
 - o #51 is three stories tall plus a roof deck
 - It was not fully built out and there are concerns about the structure not meeting current engineering standards
 - There are eight training areas
 - o #52 is several upgrades to the overall training grounds and former fire station and logistics facility
 - Approximately 45,000 square feet of unused space
 - The project would build a mini city for multiple kinds of training
 - Add significant areas of pavement so training can include vehicles
 - A security fence would also be added to the property
 - All of the facilities are used by other fire departments in the area
 - Only a nominal fee is charged for this longstanding practice
- #22 Replace Poplar Grove Tennis with new Sportcourt – Could you please provide a general timeline for this project?
- #33 Corridor Transformations, #36 Neighborhood Byways and #42 Kensington Byway – To what extent do these three funding requests overlap in allowable uses? Are there elements of #42 that could be funded by #33 and/or #36?
- #32 Local Link Construction – Could you please provide some details from the draft study about how this funding would be used? For example, is there an implementation and projects section that could be shared with the Council? We understand this funding request is intended to provide general flexibility for complete street enhancements to planned reconstructions but additional examples at specific locations would be helpful context.
- #54 Wasatch Tennis Court Reconstruction – What percentage of this project is parks impact fees eligible?

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

Council-added Funding to CIP

As part of the FY22 annual budget adoption, the Council added \$3,245,759 to the CIP budget. This additional funding brought CIP from 6.1% in the Mayor's Recommended Budget up to 7.2% of ongoing General Fund revenues. The added funding includes three components:

- \$1,879,654 or the upcoming 600 North Corridor Transformation Complete Streets project. Two years in a row the frequent bus routes contract with UTA was less than budgeted and the Council placed the excess funds into the Funding Our Future transit holding account. The full amount from the holding account was appropriated for this project.
- \$1,157,124 in General Fund dollars available for any project and these do not have funding recommendations from the CDCIP Board or the Mayor. The CDCIP Board did recommend the Council consider the Board's combined project scoring as a guide for any additional funding. The scoring is available in Attachment 5. Of this additional funding, \$155,709 was recaptured from previously completed projects.
- \$208,981 in Class C (gas tax) funding which was recaptured from previously completed projects. See Additional Info section for allowable uses of Class C funds are determined by state law.

Updated Funding Log

Attachment 2 has been updated since the June briefing to reflect Council-added funding, the 600 North corridor transformation project, reformatting the spreadsheet to include the Council's funding decisions and several other improvements.

The following might be helpful in navigating the Funding Log:

- The first column on the far left identifies the ID# for every project to allow easier reference.
- The second column has the short-title for each application. Council staff added a note where an application overlaps with a project proposed in the Mayor's \$58 million bond proposal
- The third column "Scope of Work" provides a project description and often a cost breakdown with further details.
- The blue heading columns are the CDCIP and Mayor funding recommendations. This year, the two sets of funding recommendations are identical except for application #42 on Page 13 which the CDCIP Board did not recommend funding but the Mayor recommends full funding.
- The green heading columns furthest to the right are the Council's funding decisions. Staff copied the Mayor's funding recommendations into these columns as a starting place for the Council's deliberations.
- The top right corner shows the "Available Funding" for each funding source. These amounts reflect funds that have not been appropriated to an application.
- Note that all text in blue on the Funding Log was added by Council staff.

Policy Questions Update

Per Council Members request at the June briefing, staff sent all the policy questions to the Administration. Responses were forthcoming at the time of publishing this staff report. The Council also identified an additional policy question during unresolved issues briefings which has been sent to the Administration and is copied below:

- To what extent, if any, do street reconstruction projects and other public-right-of-way projects including funding for construction mitigation? The Council expressed interest in funding construction mitigation as a standard part of all street reconstruction projects similar to the built in contingency percentage. The Council also asked for clarification on what specific measures will be used with the \$200,000 construction mitigation funding.

ISSUE AT-A-GLANCE

Each year, the Council appropriates the overall funding available for the Capital Improvement Program (CIP) and approves debt payments 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 to the Council which ultimately decides project specific funding. Note that for FY 21 the Administration conducted an abbreviated CIP process which did not include outside applications.

As defined in the Council-adopted 2017 Capital and Debt Management Guiding Policies (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.

Overview of the FY22 CIP Budget

The total FY22 CIP budget is \$34.7 million which is \$5.5 million (19%) more than last year. Only looking at the ongoing General Fund transfer to CIP excluding Funding Our Future shows a decrease of \$456,798 (3%) less than last year.

- **\$5.5 Million Overall Increase** – This is largely due to a \$4.9 million increase from the new funding source County 1/4¢ sales tax for transportation and streets and a \$3.2 million increase in impact fees.
- **\$456,798 Decrease in General Fund Transfer** – The proposed ongoing General Fund (excluding Funding Our Future dollars) transfer is \$14.1 million to CIP which is 6.1% of the ongoing FY22 General Fund budget. If the Council wishes to increase the CIP funding level to 7% an additional \$2,775,049 is needed. The Council would need to identify corresponding cuts in other General Fund expenses or revenue increases.
- **\$5.7 Million Unrestricted Funds** – The sources of CIP funds are detailed further in the chart below. \$5,705,720 of the ongoing transfer from the General Fund are unrestricted funds available for any new projects (the most flexible funding available).
- **\$10.7 Million Debt Payments and Ongoing Commitments** – \$10.7 million (58%) of the General Fund transfer to CIP (including Funding Our Future dollars) is needed to cover debt payments. However, it should be noted that \$3,657,667 of this amount is for a first-year payment on a proposed bond that the Council has not discussed in detail or approved the list of projects. This funding could be used for FY22 project applications if the Council declines to proceed with the bond or approves a smaller bond. Overall, debt service is 30% of ongoing CIP funding which is a significant improvement over FY21 when the debt load was 46%. The drop is because a sales tax revenue bond was paid off in FY21.

Comparison of CIP Funding Sources by Fiscal Year

CIP Funding Sources	Adopted 2019-20	Adopted 2020-21	Proposed 2021-22	FY21 to FY22 \$ Change	FY21 to FY22 % Change
General Fund	\$ 15,239,479	\$ 14,582,267	\$ 14,125,469	\$ (456,798)	-3%
Funding Our Future*	\$ 6,169,367	\$ 4,880,000	\$ 3,580,000	\$ (1,300,000)	-27%
Class C	\$ 3,000,000	\$ 3,000,000	\$ 3,021,706	\$ 21,706	1%
Impact Fee**	\$ 4,567,913	\$ 5,058,011	\$ 8,276,103	\$ 3,218,092	64%
CDBG	\$ -	\$ -	\$ 322,000	\$ 322,000	ONE-TIME
Repurpose Old CIP Accounts	\$ 3,572,968	\$ 1,149,616	PENDING	-	ONE-TIME
County 1/4¢ Sales Tax***	N/A	N/A	\$ 4,900,000	NEW	NEW
Surplus Land Fund	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	0%
Smith's Naming Rights Revenue	\$ 159,585	\$ 156,000	\$ 154,000	\$ (2,000)	-1%
SLC Sports Complex ESCO	\$ 148,505	\$ 154,706	\$ 148,505	\$ (6,201)	-4%
Memorial House Rent Revenue	\$ 68,554	\$ 68,554	\$ 68,554	\$ -	0%
TOTAL	\$ 33,126,371	\$ 29,226,262	\$ 34,773,445	\$ 5,547,183	19%
TOTAL <i>without</i> ONE-TIME	\$ 29,530,511	\$ 28,076,646	\$ 34,451,445	\$ 6,374,799	23%

*Includes % to CIP "off the top," 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

***New revenue source in FY21 which the Council directed be included in CIP for FY22 and thereafter, limited to transportation and street infrastructure uses

above

Significant changes to CIP in FY22 and in upcoming years include:

- FY22 is the third year with a CIP Budget Book detailing individual projects and debts.
- Administration is continuing work on creating a Capital Facilities Plan (10-year comprehensive CIP plan).
- Updates to all four sections (fire, parks, police, and streets/transportation) of the Impact Fees Facilities Plan that was funded by the Council in Budget Amendment #6 of FY19 of which three are pending.
- An approximately \$80 million bond was paid off in FY21 which removes \$5.3 million of annual debt payments. The Mayor is recommending a new, smaller bond for several capital improvement projects. See Additional Info section for debt load projections chart and Attachment 4 for a spreadsheet summarizing the proposed \$58 million bond-funded projects.
- No constituent applications were considered for funding in FY21 as part of an abbreviated CIP process, rather they were carried over into FY22 CIP resulting in a higher number competing for limited funds

Three Differences in Advisory Board and Mayoral Funding Recommendations

(See Attachment 2 for Funding Log and Attachment 3 for the CIP Budget Book)

Board and Mayoral funding recommendations are detailed at the bottom of each project page in the CIP Budget Book and on the CIP Funding Log. The CIP Log is Attachment 2 which first shows projects the Mayor is recommending for funding and then projects which are not recommended for funding. This year the funding recommendations from the Community Development and Capital Improvement Program (CDCIP) resident advisory board and the mayor are nearly identical with three differences listed below.

- The Board did not recommend funding for the Kensington Byway on Andrew Ave. from West Temple to Main Street and Kensington Ave. from Main Street to 800 East (note that the street has different names on either side of Main Street). The Mayor recommends fully funding the project using \$500,000 from Funding Our Future Streets. Note that several projects scored higher by the Board but are not recommended for funding or less than full funding.
- Fully funding the 900 South Signal Improvements project (from 900 West to Lincoln Street) with slightly different sources. The Mayor proposes to use \$100,000 from the County 1/4¢ sales tax for transportation and streets and \$233,500 from Funding Our Future Streets while the Board proposes to use \$333,500 from Funding Our Future Streets.
- Mostly funding Transportation Safety Improvements project with slightly different sources. The Mayor proposes to use \$400,000 from the County 1/4¢ sales tax for transportation and streets while the Board proposes to use \$400,000 from Funding Our Future Streets.

Use Combined Project Scores from CDCIP Board as Guide if Additional Funding is Available

(See Attachment 5 for a summary sheet of Board votes and combined scores)

The CDCIP Board scored and voted on each CIP application. The Board recommends that their combined scoring be used as a guide for how to spend additional CIP funding if it becomes available for FY22 projects. The combined scores are shown in the right-most column and votes in the adjacent column. Note that board members may not have voted on a project because they were unavailable at the time (technical difficulties or not at the public meeting) or they couldn't decide.

Over \$300 Million Unfunded Capital Needs and the Mayor's New \$58 Million Bond Proposal

(See Attachment 4 pages three and four for a spreadsheet summarizing the proposed bond-funded projects)

Last year, the Council discussed the upcoming opportunity of an approximately \$80 million sales tax revenue bond being paid off in 2021. This removed a \$5.3 million annual debt payment from CIP which has been paid using General Fund dollars. Council Members expressed interest in holding further discussions on how best to prioritize use of this funding opportunity (assuming available revenues) given that the City's unfunded capital needs significantly exceed \$5.3 million. The Mayor is proposing a new \$58 million bond with an estimated \$3.6 million annual debt payment. Note that some of the projects would be issued under a tax-exempt bond while others would need to be a separate taxable (more expensive) bond. Also, the total cost of the bond is greater than the sum of the individual projects because it includes the cost of issuance and a contingency up to the \$58 million maximum proposed. The proposed capital improvement projects include:

\$19.2 Million for Facilities Projects (34% of bond total)

- \$2.5 Million for Central Plan electrical transformer upgrade
- \$3 Million for Warm Springs historic structure stabilization
- \$1.7 Million for an urban wood reutilization equipment and storage additions
- \$1.5 Million for Fisher Mansion improvements

- \$7.5 Million for Fisher Mansion restoration
- \$3 million for improvements to the Ballpark

Note that the City has \$47.7 million in total deferred facilities needs

\$11.1 Million for Transportation and Streets Projects (19% of bond total)

- \$4 Million for 600 North complete street transformation
- \$1 Million for cemetery road repairs
- \$6.1 Million for railroad quiet zones on the West Side (trains would stop blowing horns at crossings)

Note that the City is about halfway through the 2018 voter-approved \$87 Million Streets Reconstruction Bond. More ongoing funding for street reconstructions and overlays will be needed after the bond funds are gone.

\$26.54 Million for Parks and Natural Lands Projects (47% of bond total)

- \$1.2 Million public lands multilingual wayfinding signage
- \$440,000 for Jordan River Paddle Share Program at Exchange Club Marina 1700 South
- \$1.3 Million for Allen Park activation of historic structures
- \$3.4 Million for West Side neighborhood parks
- \$5 Million for Foothills trail system phases 2 and 3 trailheads and signage
 - o *Note that the Mayor is also recommending \$1.7 million in FY22 CIP for this project*
- \$5.2 Million for improvements to Pioneer Park
- \$10 Million for redevelopment of the Glendale Water Park
 - o *Note that the Mayor is also recommending \$3.2 million in FY22 CIP for this project*

Over \$300 Million in Unfunded Capital Needs over the Next Decade

Below is a short list of the City's unfunded capital needs from large single-site projects to long-term best management of capital assets like buildings, streets, and vehicles. This list is not comprehensive, and some costs may be higher since originally estimated. The total unfunded needs of the below list exceed \$300 million and may be closer to \$500 million depending on the specifics of new construction projects in the first bullet point. Note that these estimates for new assets do not include maintenance costs. If the City had a Capital Facilities Plan, then it would be a mechanism to identify, track, prioritize and schedule unfunded capital needs over a long-term horizon.

- \$TBD new construction and major redevelopments: Fleet Block, Eastside Police Precinct, multiple aging fire stations, The Leonardo (old library), expansion of the S-Line Streetcar, downtown TRAX loop, quiet zones and undergrounding rail lines that divide the City's west and east sides, implementing rest of the 9-Line and McClelland urban trails, historic structures like Fisher Mansion and Warm Springs, etc.
- \$133 million over ten years (in addition to existing funding level) to increase the overall condition index of the City's street network from poor to fair
- \$50.9 million above the FY22 recommended funding level over next 10 years to fully fund the City's Fleet needs
- \$47.7 million over ten years to bring all City facilities out of deferred maintenance
- \$25 million for capital improvements at the City Cemetery, of which \$12.5 million is for road repairs
- \$20 million for a new bridge at approx. 4900 West from 500 South to 700 South
- \$6 million for planned upgrades to the Regional Athletic Complex
- \$3.1 million for downtown irrigation system replacement
- \$1.3 million for solar panels, parking canopy and security upgrade at Plaza 349

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

(Attachment 9)

The CIP and Debt Management Resolution (Attachment 1) requests that remaining funds from completed projects be recaptured and that remaining funds from unfinished projects over three years old also be recaptured. The table in Attachment 9 is staff's attempt to follow up on the Council's policy guidance for CIP projects. 53 projects are listed most of which received General Fund dollars and are over three years old. Several projects also received Class C funds, CDBG funds or are old donations. The total funding is just over \$4.2 million. Some of this funding could be recaptured by the Council as one-time revenue for General Fund uses, however, the Class C, CDBG and donations have uses limited by law. The table was sent to the Administration to identify whether a project is completed and status updates for unfinished projects. A response and potential funding to recapture by project will be added to one of the Council's upcoming unresolved issues briefings.

Council Member Rogers' Proposal

During the Non-Departmental budget briefing on May 25, Council Member Rogers expressed interest in using some or all the \$1,879,654 in the Funding Our Future transit holding account for the 600 North complete street transformation project. Two years in a row the frequent bus routes contract with UTA was less than budgeted and the Council placed the excess funds into the holding account. Council staff is meeting with Transportation Division staff to better understand the project scope, phases, cost estimates and existing funding.

The Mayor's Series 2021A and 2021B bond proposal (Attachment 4) includes \$4 million for the 600 North complete street transformation project. The description states the total project cost is \$8.7 million but with recent construction inflation costs may already be higher. It also mentions a phase 1 is already funded. In recent years the Council funding safety improvements at the 600 North and 800 West intersection and funding for a safety study of the 600 North corridor.

POLICY QUESTIONS

- 1. \$300+ Million Unfunded Capital Needs and \$58 Million Bond Proposal** – The Council may wish to discuss if the proposed bond funding by category (listed below) aligns with the Council's policy priorities. The Council may also wish to discuss how to balance the City's \$300+ Million unfunded capital needs including deferred maintenance for existing assets with funding construction of new assets. The Council is scheduled to review the bond projects in detail over the summer when also reviewing individual CIP projects.
 - \$19.2 Million for Facilities Projects (34% of bond total)
 - \$11.1 Million for Transportation and Streets Projects (19% of bond total)
 - \$26.54 Million for Parks and Natural Lands Projects (47% of bond total)
- 2. American Rescue Plan Act (ARPA) Funding for CIP** – The Council may wish to ask the Administration to review all CIP applications for FY22 to determine which, if any project, are eligible for ARPA funding. The U.S. Treasury release eligibility guidance after the advisory board and Mayor provided project funding recommendations to the Council. A review for ARPA feasibility could be completed in time for the Council's July and August project-specific funding deliberations.
- 3. Policy Guidance for When to Disqualify an Application** – The Council may wish to discuss with the Administration if it would be helpful for the Council to provide policy guidance on disqualifying an application such as if it violates a stated City position in an adopted master plan or other policy document, if the primary beneficiary would not be the public, if the City should no longer allow constituent street reconstruction applications because the City's chosen strategy is reconstructing the worst first based on a data-driven process, etc.
- 4. 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 that they felt like some projects get more support from departments than others.
- 5. Move \$200,000 Ongoing Property Maintenance Expenses Out of Surplus Land Fund** – The Council may wish to discuss with the Administration how to advance this legislative intent. The Council may also wish to ask the Administration what challenges exist to provide an accounting of vacant building maintenance costs and whether a property management contract approach could be more efficient. See Additional Info section for more on the Surplus Land Fund. In Budget Amendment #1 of FY20 the Council adopted the following *legislative intent*:

The Council expresses the intent to fund ongoing property maintenance expenses out of the Public Services Department and/or Community and Neighborhoods Departments' (CAN) budget rather than continuing to use one-time revenues from the Surplus Land Fund. The Council requests the Administration include this approach based on actual expenses in the Mayor's Recommended Budget for FY2021. This approach builds upon the Council's FY19 decision to shift funding for a CIP-related FTE away from the Surplus Land Fund and into CAN's base budget.

6. **CIP Project Status Reports** – The Council may wish to ask the Administration about mechanisms to facilitate the up-to-date sharing of information on current CIP projects. In the past, there were a variety of mechanisms to share information, ranging from topic by topic email requests to consolidated monthly reports. Council Members could then quickly provide accurate/timely information to interested constituents.
7. **Additional 0.20% County Sales Tax for Transit Option** (*not currently collected/levied*) – The State Legislature authorized this optional county sales tax for transit capital improvements and services. The Council may wish to ask the Administration about any discussions with the County or plans regarding this potential funding source. For example, could partnering with the County help implement the City’s Transit Master Plan, downtown TRAX loop and/or undergrounding railway lines that divide the City? Under current state law, the option to enact the additional sales tax expires at the end of FY23.
8. **Capital Facilities Plan (CFP)** – The Council may wish to ask the Administration for a status update on the CFP (10-Year Comprehensive CIP Plan). It’s envisioned as a living document that prioritizes capital needs across City plans and departments within funding constraints. The Council held a briefing in January 2019 about a draft of the plan. See Attachment 6 for the Council’s potential policy goals, metrics, and requests.
9. **Balancing Funding for Streets and Transportation** – The Council may wish to discuss with the Administration how to balance funding for streets and transportation in coming years between Class C funds which goes to street reconstructions and overlays with the new County 1/4¢ sales tax which goes to transportation. Both of those funding sources are eligible for streets and transportation uses but are only going to one of the two uses. There may be a need for greater ongoing streets funding when the voter-approved 2018 Streets Reconstruction Bond funds are all spent.

ADDITIONAL & BACKGROUND INFORMATION

Surplus Land Fund (*See Policy Question #7*)

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 and some funds may be diverted into the Housing Trust Fund. The funds are one-time because the real property can only be sold once. The FY22 budget proposes to continue a \$200,000 appropriation to the CAN Department for property maintenance expenses such as utilities, security, and minor repairs. This is using one-time funding for an ongoing expense.

Cost Overrun Account

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 in a budget amendment which typically takes a few months.

Impact Fee Unallocated “Available to Spend” Balances and Refund Tracking (*See Attachment 7*)

The Council approved several million dollars in impact fee projects the past few years. Attachment ??? is the most recent impact fee tracking report from the Administration. The table below is current as of April 20, 2021. Available to spend impact fee balances are bank account balances subtracting encumbrances and expired funds. The Mayor’s recommended CIP budget proposes using \$6,800,450 of parks impact fees and \$491,520 of streets / transportation impact fees.

Type	Unallocated Cash “Available to Spend”	Next Refund Trigger Date	Amount of Expiring Impact Fees
Fire	\$1,002,114	More than a year away	-
Parks	\$8,435,142	More than a year away	-
Police	\$421,062	June 2021	\$30,017
Transportation	\$5,125,188	More than a year away	-

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

Impact Fee Eligibility

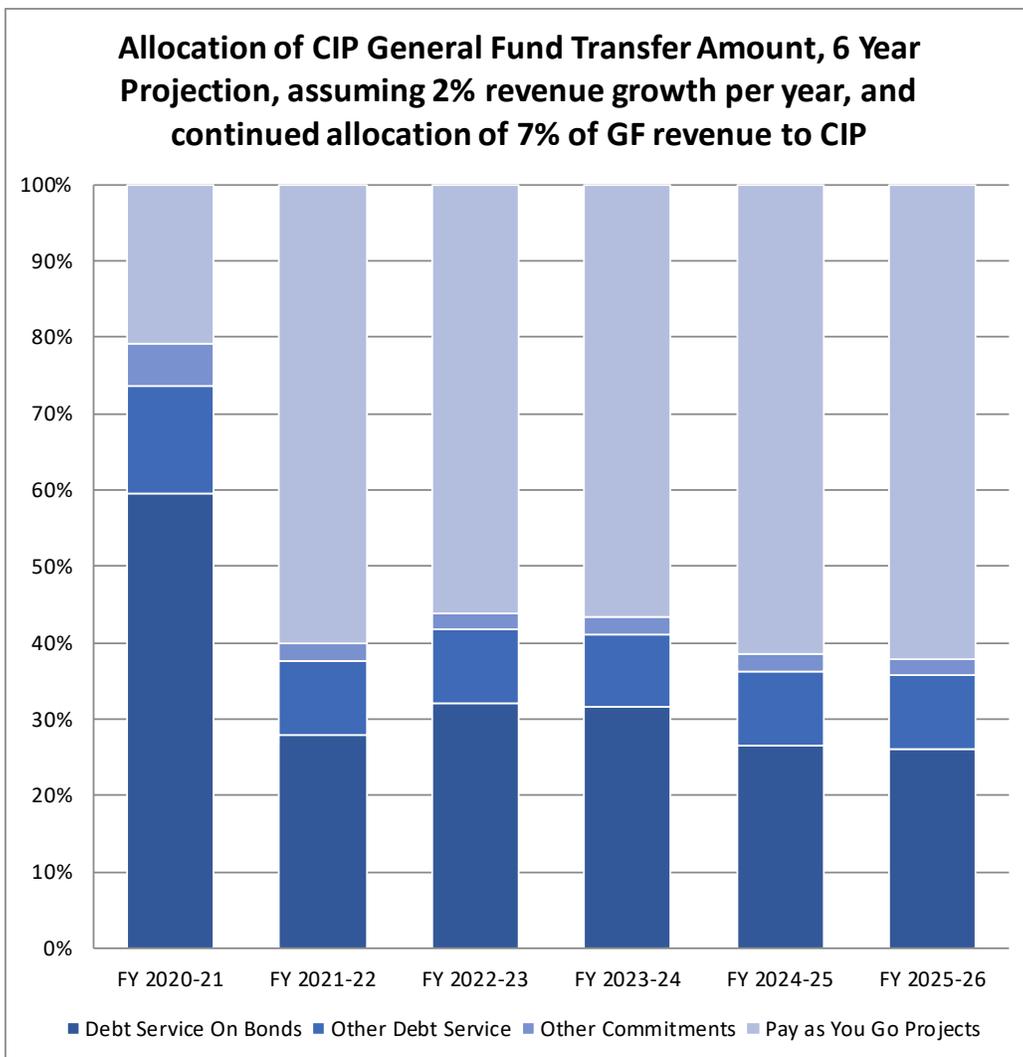
Impact fees are one-time charges imposed by the City on new development projects to help fund the cost of providing infrastructure and services to that new development. This is part of the City’s policy that growth should pay for growth. A project, or portion of a project, must be deemed necessary to ensure the level of service provided in the new development area matches what is currently offered elsewhere in the city. As a result, it’s common for a project to only be partially eligible for impact fee funding (the growth-related portion) so other funding sources must be found to cover the difference. It is important to note that per state law, the City has six years from the date of collection to spend or encumber under a contract the impact fee revenue. After six years, if those fees are not spent then the fees are returned to the developer with interest.

CIP Debt Load Projections through FY26

(Note an \$80 million bond was paid off in FY21 and the Mayor proposed a new \$58 million bond)

The Administration provided the following chart to illustrate the ratio of ongoing commitments to available funding for projects over the next six fiscal years. 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. 79% of the General Fund transfer into CIP was needed for these ongoing commitments in FY21.

The projected debt load significantly decreases in FY22 because Series 2014A Taxable Refunding of 2005 bonds matures (paid off). It was approximately \$80 million when the bond was originally issued (before refunding). This reduces the debt load from 79% to 45% and removes a \$5.3 million annual debt payment. The Mayor is recommending a new sales tax revenue bond totaling \$58 million with an estimated annual debt payment of almost \$3.7 million. 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.



1.5% for Art Fund *(for new art and maintenance of existing artworks)*

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 minimum. 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 1.5% is allocated to maintenance annually. 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 creates the first ongoing dedicated funding for conservation and maintenance of the City's public art collection consisting of over 270 pieces. The collection is expected to continue growing. Note that in Budget Amendment #2 of FY20 the Council made a one-time appropriation of \$200,000 to establish an art maintenance fund. Of that amount, up to \$40,000 was authorized for a study to determine the annual funding need for art maintenance and identify specific repairs for artworks.

Capital Facilities Plan (CFP) *(See Attachment 6)*

The CFP is a comprehensive 10-year CIP plan. See Attachment 6 for a summary of the Council's requests and guidance during the January 2019 briefing from the Administration and discussion. It's important to note, the Council expressed interest in identifying a couple measurable goals to accomplish through the CFP and guide prioritization of project planning.

Regular CIP Project Cost Estimate *(See Attachment 8)*

Attachment 8 lists cost estimates for various types of projects based on actual costs from recent years. The document was developed by Council staff in collaboration with the Administration. The figures may not be up to date cost estimates but provide a ballpark figure when considering project costs. The three categories of project cost estimates are parks, streets, and transportation. The document was last updated July 2019. Updated cost estimates will be provided for the Council's budget deliberations in July and August.

County 1/4¢ Sales Tax for Transportation and Streets Funding

The County fourth quarter-cent transportation funding is a new ongoing sales tax funding source dedicated to transportation and streets. The City has taken a progressive view of transportation beyond a vehicle-focused perspective and uses a multi-modal, more inclusive approach (walking, biking, public transit, accessibility and ADA, ride-share, trails, safety, scooters, etc.). The Wasatch Front Regional Council summarized eligible uses for this funding as "developing new roads or enhancing (e.g. widening) existing roads; funding active transportation, including bike and pedestrian projects; or funding transit enhancements. It can also be used for maintenance and upkeep of existing facilities." (SB136 of 2018 Fourth Quarter Cent Local Option Sales Tax Summary June 22, 2018). Revenue from the 0.25% sales tax increase is split 0.10% for UTA, 0.10% for cities and 0.05% for Salt Lake County as of July 1, 2019 and afterwards. Note that there is overlap in eligible uses between this funding source and Class C funds (next section).

Class C Funds *(gas tax)*

Class C funds are generated by the Utah State Tax on gasoline. The state distributes these funds to local governments on a center lane mileage basis. The City's longstanding practice has been to appropriate Class C funds for the general purpose of street reconstruction and asphalt overlays. The Roadway Selection Committee selects specific street segment locations (See next section below). Note that there is overlap in eligible uses between this funding source and the County 1/4¢ Sales Tax for Transportation and Streets Funding (previous section). Per state law, Class C funds may be used for:

1. All construction and maintenance on eligible Class B & C roads
2. Enhancement of traffic and pedestrian safety, including, but not limited to: sidewalks, curb and gutter, safety features, traffic signals, traffic signs, street lighting and construction of bicycle facilities in the highway right-of-way
3. Investments for interest purposes (interest to be kept in fund)
4. Equipment purchases or equipment leases and rentals
5. Engineering and administration costs
6. Future reimbursement of other funds for large construction projects
7. Rights of way acquisition, fencing and cattle guards
8. Matching federal funds

9. Equipment purchased with B & C funds may be leased from the road department to another department or agency
10. Construction of road maintenance buildings, storage sheds, and yards. Multiple use facilities may be constructed by mixing funds on a proportional basis
11. Construction and maintenance of alleys
12. B & C funds can be used to pay the costs of asserting, defending, or litigating
13. Pavement portion of a bridge (non-road portions such as underlying bridge structure are not eligible)

Roadway Selection Committee

The Roadway Selection Committee determines specific projects for street improvement general purpose appropriations, e.g., reconstruction or overlay. In recent years this Committee guided use of Class C funds and revenues from the 2018 voter-approved Streets Reconstruction G. O. Bond. The Committee is led by Engineering and includes representatives of Streets, Transportation, Public Utilities, Public Services, HAND, Finance, the RDA and Council Staff. Information provided to the committee to consider in their selection process includes:

- Public requests for individual road repair
- On-going costs to keep a road safely passable
- Existing or planned private development or publicly funded construction activities in a neighborhood or corridor such as the Sugar House Business District or the 900 South corridor
- Safety improvement goals and crash data
- Public Utilities’ planned capital projects that would include a variety of underground facilities replacements, repairs, or upgrades
- Private utilities’ existing infrastructure, planned installations or repairs, e.g., fiber, natural gas, power
- Neighborhood or transportation master plan considerations
- Pavement condition survey data for ideal timing of asphalt overlays to extend useful life of a street

In reviewing the above-mentioned criteria, open deliberations are held between committee members, and roads are selected for repair by consensus. The number of projects selected is contingent on available funding. Other City projects and master plans sometimes help in extending funds by combining project funding sources.

CIP Planning Technology Improvements

The Administration reports improvements are ongoing to CIP tracking of projects and applications. The City currently provides a public interactive construction and permits project information map available here: <http://maps.slcgov.com/mws/projects.htm>

ATTACHMENTS

1. Capital and Debt Management Guiding Policies Resolution 29 of 2017
2. FY 22 CIP Funding Log – *Note the spreadsheet from the Administration is not formatted for printing*
3. FY22 CIP Budget Book – *Note an electronic version was pending at the time of publishing this staff report for the June 1 Council meeting*
4. Summary Project Spreadsheet for Proposed Sales Tax Bonds Series 2021A and 2021B
5. FY22 CDCIP Board Project Scores and Votes
6. Capital Facilities Plan (CFP) Council Requests from January 2019
7. Impact Fee “Available to Spend” Balances and Refund Tracking (April 20, 2021)
8. Regular CIP Projects Cost Estimates (July 3, 2019)
9. List of Completed and Unfinished Projects Older than Three Years for Potential Funding Recapture
10. 600 North Corridor Transformation Diagrams Draft
11. 600 North Corridor Transformation Preferred Concept, Narrative and Goals Draft
12. Administration’s Responses to the Council’s Policy Questions

ACRONYMS

CAN – Community and Neighborhood Development Department
 CDCIP – Community Development and Capital Improvement Program Advisory Board
 CFP – Capital Facilities Plan
 CIP – Capital Improvement Program
 ESCO – Energy Service Company
 FTE – Full-time Employee
 FY – Fiscal Year

G.O. Bond – General Obligation bond
HAND – Housing and Neighborhood Development Division
RDA – Redevelopment Agency