



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

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TO: City Council Members

FROM: Sam Owen, Policy Analyst

DATE: May 24, 2022

RE: FISCAL YEAR 2022-23 BUDGET,
Department of Sustainability

Item Schedule:

Briefing: May 24, 2022

Public Hearing: May 17 and
June 7

Potential Action: June 14 (TBD)

MAYOR'S RECOMMENDED BUDGET (MRB) FY23 PAGES 48, 58-59 and 228-229

ISSUE AT-A-GLANCE

The Department of Sustainability (the department) provides both waste collection and sustainability project and programming efforts, which are supported through a separate enterprise fund (the refuse fund).

The department, also known as SLCgreen, is divided into two divisions: the Waste & Recycling division, which generates revenue from fees collected for recycling and waste collection services provided by the City; and the Environment & Energy division, which houses the efforts and staff for the City's environmental and other sustainability projects. The Environment & Energy division has historically been primarily funded by a dividend from the shared Landfill ownership. However, as anticipated, that funding has decreased over the years and a general fund transfer is proposed this year to fund the Division's operations.

FISCAL YEAR 2023 KEY ITEMS

- **Proposed 15 % rate increase for residential waste and recycling collection.**

Residents with conventional 90 gallon garbage cans would pay an additional \$3.50 monthly, or \$42 more annually. Business and multi-family residential recycling customers would see an increase bill of \$1.20 monthly. The department would recognize, on balance, about \$1.8 million in additional rate revenue. Rate revenue is restricted to the enterprise fund arm of City waste and recycling collection. The reason the business and multi-family



customers pay a lower increase is they do not receive the waste collection. There are a limited number of these properties in the city based on historical service.

- **Proposed general fund transfer of \$1.7 million to the Environment & Energy division.** *(an increase from \$965,000 provided in FY 22)* Dwindling dedicated revenue from the landfill and other sources from previous years leaves a gap between available resources and proposed projects and goals. The division would eventually rely entirely on the general fund. This has been noted in previous fiscal year budget discussions (see X for additional information on this topic).
- **Various climate, energy and food equity projects (some from previous years of funding), totaling approximately \$2.1 million, including citywide proposed market pay adjustments.**
- Continuation and implementation of the **Community Renewable Energy Program**, including \$275,000 toward planning and coordination for the program (included in the total figure immediately above)

PROGRAM AND PROJECT BUDGET REQUESTS. Some items described in greater detail in sections below tables.

Program titles highlighted in blue correspond to efforts funded last year and years previous. Budget amounts highlighted in red correspond to encumbrance requests—funds for these line items last year were not expended and are requested to continue. More information on some of these programs are provided on pages 5 and 6 of this report.

On-Call Energy Consulting		\$25,000.00
Low Income Energy Engagement and Climate Equity Plan		\$70,000.00
Utah Climate Action Network		\$15,000.00
Electrified transportation planning		\$300,000.00
EV Station maintenance		\$45,000.00
Resident Food Equity Advisor program		\$35,000.00
Community food assessment		\$103,000.00

Community food assessment, additional request		\$22,000.00
Food Equity Microgrant Program		\$35,000.00
Community Renewable Energy Agency		\$275,000.00
Salary adjustments, market adjustments per HR survey; CITYWIDE		\$83,126.00
		\$1,008,126.00

*items highlighted in yellow or green above reflect less budget discretion based on commitments to an established interlocal agency, and related to salary increases.

Line items listed in the table below correspond to new budget requests this year. The community lawnmower exchange program takes place in conjunction with the state. The Council has funded this in previous years.

City Landscape Equipment Electrification		\$450,000.00
Community lawnmower exchange		\$250,000.00
Public Facing EV Charging Stations		\$214,000.00
Zero Waste by 2040 plan		\$200,000.00
		\$1,114,000.00

POLICY QUESTIONS

Council Members might wish to discuss or ask about any or all of the following:

1. General fund subsidy of sustainability projects; when the Office of Sustainability was created years ago in order to support the City's priority of environmental protection, there were revenue sources that could fund the staffing and program costs. The reason to create the budget as a fund separate from the

General Fund was that it would be protected and not compete with other general fund revenues and needs. As it became clear that the dedicated revenue (landfill dividend and recycling sales) would decrease, alternative funding sources have been needed. Although the change has been years in the making, now that a General Fund subsidy is officially proposed, the Council may wish to discuss how to plan for future years, including whether continuing to keep the Office (and E&E Fund) separate from the general fund makes sense. See report section “Program and Project Budget Requests” for additional information.

- Is having a separately-funded office of Sustainability a benefit to the City accomplishing its priorities in climate, equity, or other areas?
 - Is the best way to achieve the goals through an ongoing general fund investment or are there other funding sources? For example, what outside grant opportunities have been utilized or could be pursued?
 - Would the Council and Administration consider a collaborative approach to identifying the best way to achieve the City’s sustainability and environmental protection goals?
2. The Council may wish to ask about the current community feedback to the Department as the Call 2 Haul program has evolved.
 3. The Council may wish to ask about any outreach programs specifically geared to youth in the city. Council Members have expressed interest in identifying all such programs internal to the City organization.
 4. Expanded spot cleanups in areas historically underserved or deprioritized for service because, for example, there are not residents in the area.
 5. More widespread implementation on artificial turf and information or support the department might be able to provide if the Council moves ahead with expanding resident options for this type of ground cover. Might the Council want to consider pilot efforts at City facilities as other cities have done.
 6. Could the department partner with local markets such as the Fairpark International Market to provide support through its food access and equity resources?

OTHER BACKGROUND

The Department’s sustainability efforts through its Environment & Energy Division are not directly funded from rates collected for City trash & recycling service. This division has instead been funded through revenue obtained from shared ownership with the County of the Salt Lake Valley Solid Waste Management Facility (SLVSWMF, or the active Landfill). The revenue disbursements are established via an interlocal agreement with Salt Lake County relating to operation and management of the Landfill. The revenue typically comes in the form of an annual dividend, and then less frequently in the form of disbursements from the Landfill’s post-closure fund, depending on its fund balance and closure projections. As landfill and other revenue decreases or becomes less stable, the department requests general fund subsidy for sustainability projects and required management.

Notably, the department reports the following about recycling revenue. This has to do with funds received via the City’s exclusive recycling operator. Proceeds this year are an unusually high \$232,441. City code restricts these proceeds to use within the refuse fund. Accordingly, the department uses the money to stabilize the environment and energy division.

Attachments:

LINE ITEM SUMMARY OF GENERAL FUND TRANSFER

GF Non-Departmental Transfers to E&E				
			FY22 Budget	FY23 Budget
	FY22 E&E GF Transfer for Operations/Transition to GF - Continued			
		FY22 GF Transfer - Carried Forward	\$440,000	\$440,000
		E&E Operations Subtotal	\$440,000	\$440,000
	FY23 E&E GF Transfer for Operations/Transition to GF			
		FY23 GF Transfer		\$450,000
		FY23 Salary Adjustments		\$83,126
		E&E Operations Subtotal		\$533,126
	One-Time Initiatives			
		Community Lawnmower Exchange	\$250,000	\$250,000
		New EV Charging Stations		\$214,000
		One-Time Subtotal	\$250,000	\$464,000
	Community Renewable Energy Anchor Contribution			
		FY22 CREP Contribution 1 of 2	\$275,000	
		FY23 CREP Contribution 2 of 2		\$275,000
		CREP Subtotal	\$275,000	\$275,000
Total GF Transfers to E&E			\$965,000	\$1,712,126

SUPPLEMENTAL READING

SELECT LINE ITEM DESCRIPTIONS, *quoted from administration where italicized*

City landscape equipment electrification, \$450,000

Funding would replace city riding mowers with electric versions

Community lawnmower exchange, \$250,000

Once again, we are requesting \$250,000 to partner with the State on their yard equipment exchange program in spring 2023/FY23. The State has made modifications to their program each year and working with the

State greatly reduces the City's administrative burden which maximizes the amount of city funding that goes toward equipment exchanges. We aim to serve at least 750 households, depending on the type of the exchange.

We also plan to use some of the funding to increase public communications support through community-based organizations.

For reference:

In spring 2021, we supported 582 residents in exchanging or buying a new electric lawnmower. That year the program had two components -- \$300 given to those who exchanged a gas mower for an electric one; or \$150 given to residents who did not exchange a gas mower and simply bought a new electric mower. We funded the exchange of 509 mowers and the purchase of 73 electric mowers without a gas trade-in.

For the spring 2022 exchange, we expect final Salt Lake City resident participation numbers from the State DAQ in early June. This past year, the State decided to only focus on gas-powered mower exchanges, rather than offering an additional option for the purchase of an electric mower without a trade-in. Preliminary numbers across all of the Wasatch Front-eligible counties point to an increased number of participants than in previous years.

Zero waste by 2040, \$200,000

Prior Waste Characterization Study and Recommendations (2012) led to implementation of:

- o Offering variable sized garbage containers and fees to encourage waste reduction;*
- o Ordinance requiring recycling of construction and demolition waste;*
- o Ordinance requiring recycling services at multi-family complexes and businesses; and*
- o Implementation of curbside and drop off glass recycling programs.*

Since our City has grown and the nature of our waste stream continues to evolve, funding a new study is a critical step to help us develop our roadmap and strategies for the next decade on the way towards achieving Zero Waste.

These studies are typically almost 24 months in length from issuance of initial RFP to receiving final recommendation report. Subsequent action plans will be developed immediately following, all being data driven with equity embedded at their core.

Landfill dividends as a revenue source for the department

Monthly dividends are based on a budgeted revenue surplus that is provided by non-operating revenues such as: metal recycling revenue, royalties from the soil regeneration contract, methane gas sales, and interest earned.

That budgeted surplus is split 50/50 between the County and Salt Lake City. These dividends will continue to fluctuate based on landfill profitability.

Dividends from soil regeneration are the largest portion of the dividend and are expected to decrease in FY2023 compared to FY2022. There was an increase in soil regeneration activity in FY2022 due to increased construction and development activity.

There are no disbursements anticipated from the landfill closure fund. The disbursement from the post-closure fund in ~2011-12 was a one-time event and we don't expect it to happen again. The landfill continues to set aside the appropriate funds for post-closure required by their permit.

Appendix, discussion of fees and special events (included in the FY22 report)

The City receives regular requests and complaints about the special events fees. It appears that because the fees are recommended by individual City Departments and considered one-at-a-time by the Council, a

comprehensive review of all fees and policies that govern special events would be necessary before the Administration and Council could fully respond to the issues being raised. Issues raised have included equity, consistency and clarity of City fees across City locations (Gallivan Center vs. Liberty Park or Washington Square, for example); consistency among City Departments in expectations on whether a fee recovers 100 percent of the City's cost or is intended only to defray the cost to the City; clarity on when the City is covering the costs of an event in order to 'program' or 'activate' a space versus when the City charges an event for City services. Clarity has also been sought on to what degree events at the Gallivan Center would be under the same expectations as other of the City's public-access facilities.

Increased Special Event fees for Waste and Recycling's services were adopted two years ago with an adjustment to the Consolidated Fee Schedule (CFS). In authorizing the fee increase, the Council anticipated receiving more information from the Administration on the City's Special Event fee assessment process and its impact on local non-profits before the increases took effect. The Administration has just started the anticipated fee review process at the time of the FY20 budget briefing. The Administration has indicated that issues related to Special Events fees have been explored by an Administration working group in the near future and information would be made available to the Council.