



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
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TO: City Council Members

FROM: Jennifer Bruno, Lehua Weaver, Kate Werrett
Allison Rowland, Sylvia Richards
Michael Sanders, Austin Kimmel, Kira Luke

DATE: May 13, 2025

RE: Fiscal Year (FY)2025-26 Budget Overview
Budget Book Page References: Key Changes pages 47 -89; Departmental Budgets 153-270;
Staffing Document 275-324

Project Timeline:

Briefing: May 13, 2025
Budget Hearings: May 20 & June 3, 2025
Potential Action: June 10 or 12, 2025

The FY 2026 budget proposed by the Administration reflects growing uncertainties about future revenues and impacts of inflation, while acknowledging and addressing key City needs for safety and maintenance. Although initial revenue and expense estimates conducted by the Administration early this calendar year anticipated that a property tax increase would be needed to address these needs and balance the FY 26 budget, this has proven unnecessary this year, in large part due to “essentials only” department budget requests and one-time revenue sources. The Administration indicates they are still pursuing the long-term goal of aligning costs for necessary service-level increases with on-going revenue sources, and the Mayor has indicated that a property tax increase may be necessary for the FY 27 budget.

Budget-setting is one of the City Council’s most important functions. The Council’s role in this process is to review the Mayor’s recommended budget, consider broader policy goals and implications of funding strategies, receive and consider public comment, and determine whether to make changes before adopting a final balanced budget later in June. In this budgeting and legislative oversight role, the Council considers the following factors, among others:

- opportunities to address previously discussed policy goals or priorities identified by elected officials and the public;
- the impact these budget proposals may have on residents and businesses in the City;
- the extent to which the proposed budget addresses City/Department needs and service levels;
- the impacts decisions made this year would have on budgets for future years;
- the extent to which the City’s budget furthers the overall values of the community;
- potential unintended consequences that may result from budget and policy decisions; and
- how these decisions align with the traditional role of City government to ensure an efficient use of taxpayer dollars.

The Council will receive in-depth briefings on departments with significant proposed changes over the next few weeks (see **Attachment 1** for a schedule of department budget briefings), as well as hold two public hearings (May 20th and June 3rd) to receive the public’s input on the Mayor’s recommended budget and any Council



proposed changes. **The purpose of this staff report is to provide a general orientation to the recommended budget as it relates to various Council priorities and items of public interest.** It is a starting point for future discussions and to identify potential follow-up questions that can inform the Council's final decisions.

Note: The Mayor's budget proposal for the Salt Lake City Community Reinvestment Agency (CRA) will be addressed in a separate staff report and is scheduled for discussion during a special CRA meeting on May 20th, with follow-up discussions as needed. The CRA Budget will also have public hearings on May 20th and June 3rd, and the Council, acting as the CRA Board, will consider adoption in conjunction with the overall City budget. The annual budget must be adopted by June 30 per state law. The Council's long-standing practice has been to adopt the budget in mid-June, which allows time before the new fiscal year begins to address a potential mayoral veto.

The proposed budget includes several broad policy choices that could be viewed as balancing points among alternative policy goals. The Council may choose to focus some discussion on these policy areas. More detail on these choices can be found later in this report and in future budget staff reports on individual departments:

- **Revenue Increases Paid for by Residents & Businesses** – The proposed budget does not include a general tax increase, but it does include several rate and fee increases paid for by residents and businesses. There are several rate changes proposed in the Public Utilities Department and the Waste & Recycling Division of the Sustainability Department, and the Administration is proposing to increase parking meter rates and collection hours. The second issuance of the Parks, Trails, and Open Space General Obligation Bond approved by voters in 2022 will also show up on property tax bills this year.
- **Continued Structural Deficit** – The proposed budget uses one-time money to pay for on-going needs, which has been a common practice but the size of the structural deficit has significantly increased since the Covid-19 pandemic. While the City is fortunate to have a significant fund balance to use in this way, it is considered a best practice to avoid this strategy long-term. The Administration notes that in asking departments for flat budgets this year, several efficiencies were noted and implemented. [See page 9](#) for more on the concept of a structural deficit.
- **Addressing Inflation** – The pace of inflation in the economy is affecting the City budget on both the revenue and expense sides of the ledger. In terms of revenues, inflation has some role to play in the additional revenue the City will be receiving from Sales Tax, Franchise Taxes, and greater interest income. Additionally, the Council adopted an ordinance in 2014 automatically adjusting all fees by the CPI each year. On the expense side, the City is having to adjust budgets upward to cover increased costs in fuel and supplies, contracts, and software, capital improvements, along with employee raises, to help the workforce make ends meet in their own budgets and maintain a competitive position in the local labor market. Unlike private businesses that can frequently adjust prices based on inflation, the City has limited budget openings each year to account for these inflationary changes. See page 9 for a list of inflation-related expenses by department.
- **Sales Tax Growth vs. Property Tax Growth:** Historically, property tax has been the most stable source of government funds, and sales tax has been more volatile in part because it's more susceptible to declines in the local economy such as during a recession. A variety of funding sources that provide a broader revenue base is considered the most reliable way to fund governments. The City can raise property taxes, but the ability to raise sales tax rates is governed by the State. In the proposed budget, sales tax is by far the largest revenue source (36%) followed by property taxes (29%), and then use of licenses and permits (9%).
- **Employee Costs** – The proposed budget includes a 4% cost of living increase for current non-represented employees, larger percentage increases for some bargaining units, market adjustments to several positions across the City, and adds 5 fulltime equivalent or FTE employees in the general fund

compared to last year’s base budget (not including positions added in budget amendments). The budget also adds FTEs in enterprise funds including 10 in the Airport, and 15 in Public Utilities. 15 positions were added through budget amendments in FY 25. These are significantly smaller additions to the employee workforce than have been made in the past several years. See page 15 for a detailed list of all new positions in the general fund. The City is a service-oriented organization by design where the employees are delivering the public services. Historically, personnel expenses are about two-thirds of the total budget.

- **Maintaining a Healthy Fund Balance** – The proposed budget uses approximately \$28.6 million of fund balance, down from \$42 million last year. There is also \$46.2 million in one-time revenue sources to augment the use of fund balance. Because the City started with such a healthy general fund balance, this still leaves the FY 26 fund balance at 13%, which is the minimum under current City policy. Bond rating agencies have recommended at least a minimum 10% fund balance level.
- **Funding Our Future Categories** – Revenue generated from the City’s ½% sales tax called “Funding Our Future” funds five categories, and is projected to be \$58.7 million, up from \$56.7 million in FY 25. The five focus areas (which are not legally binding) are housing, street infrastructure (sidewalk-to-sidewalk), public safety (911, fire, police, and related), transit, and maintenance of public lands. The Mayor’s proposed budget identifies every line item adjustment, in keeping with the City’s original commitment to transparency (**see attachment 3**). The Council has not evaluated the revenue split amounts among categories in several years.

➤ **Policy balancing**

Policy Balancing		
Proposed Budget recommendations	Potential Benefits	Potential Future Concerns
Uses a significant amount of one-time money to fund on-going needs and expansion of staffing and programs.	The City was in the fortunate position to have fund balance and Federal grants to use in this way.	This approach adds to the structural deficit in future budget years.
Adds 5 FTEs in the general fund	The City is fortunate to have a healthy fund balance and sales tax revenue to expand service provision by adding employees in the area of public safety.	The Council may wish to ask if the 100+ FTEs added in FY 24 and FY 25 are fully utilized.
Adjusts all general fund fees commensurate with the October 2024 Western Region Consumer Price Index (CPI) – 3.3%	Generates almost \$1.1 million in new revenue. Avoids property tax increases by increasing revenue in ways that the City has control over. Previously residents have expressed an interest in having small increases annually rather than large ones every few years.	The Council could discuss changing the ordinance given current economic conditions, since higher fees would add to inflation burdens on certain businesses and residents Reducing fee increases would require the general taxpayers to absorb inflationary costs in this area or offsetting budget cuts to expenses.
Continues a pattern of relying on sales tax revenue growth	Preserves and enhances core City services and functions with an approach that is in line with economic forecasting from the State.	Sales tax is the most volatile of the City’s major revenues sources. This budget increases reliance on sales tax as the largest revenue source for the general fund (36% compared to 29% from property tax). In years prior to implementation of the Funding our Future sales tax, this split was relatively

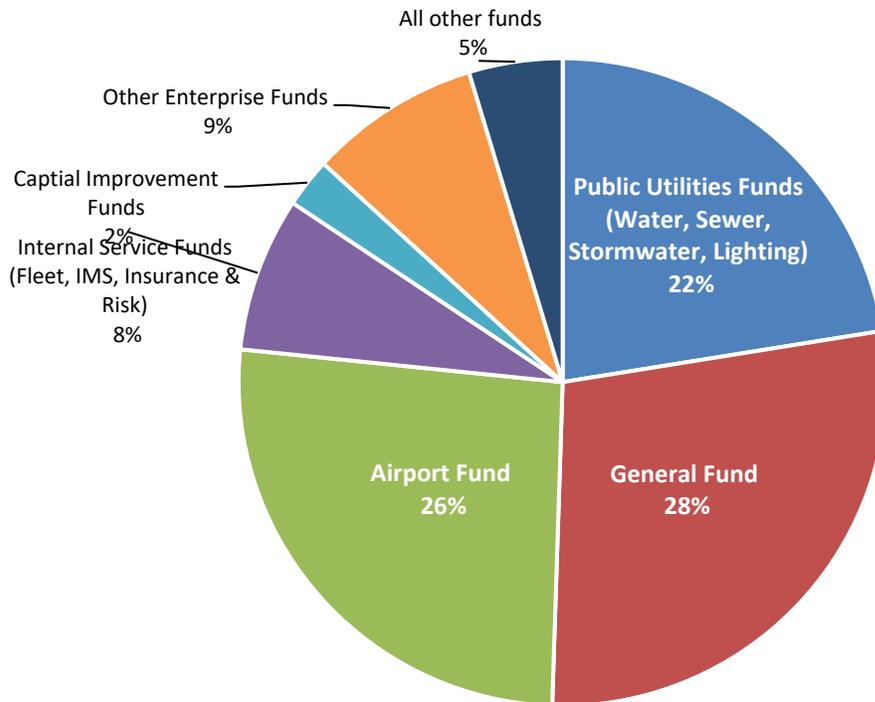
		even. If sales tax drops mid-year or next year, program and staffing expansions could need to be re-evaluated.
Funding our Future revenues are projected to increase to \$58.7 million.	Consistent with the City’s transparency goals, the Administration has provided a line-by-line detail of each program (<i>see Attachment</i>).	The Council may wish to review the distribution among the five categories to confirm they align with the Council’s priorities. The Council has redefined some of the original four priorities and added a fifth.
Public Safety and Alternative Response Models	Multiple City departments now contribute to addressing mental health and safety crises in ways that avoid sending police officers as first responders. The FY 26 budget begins a reorganization of some of these models and expands FTEs in the Clean City team and a new Right-of-Way team to help with perceptions of safety.	There are several aspects of alternative response models in the Police and Fire Departments that could benefit from a review for efficiencies and overlap.

KEY ELEMENTS

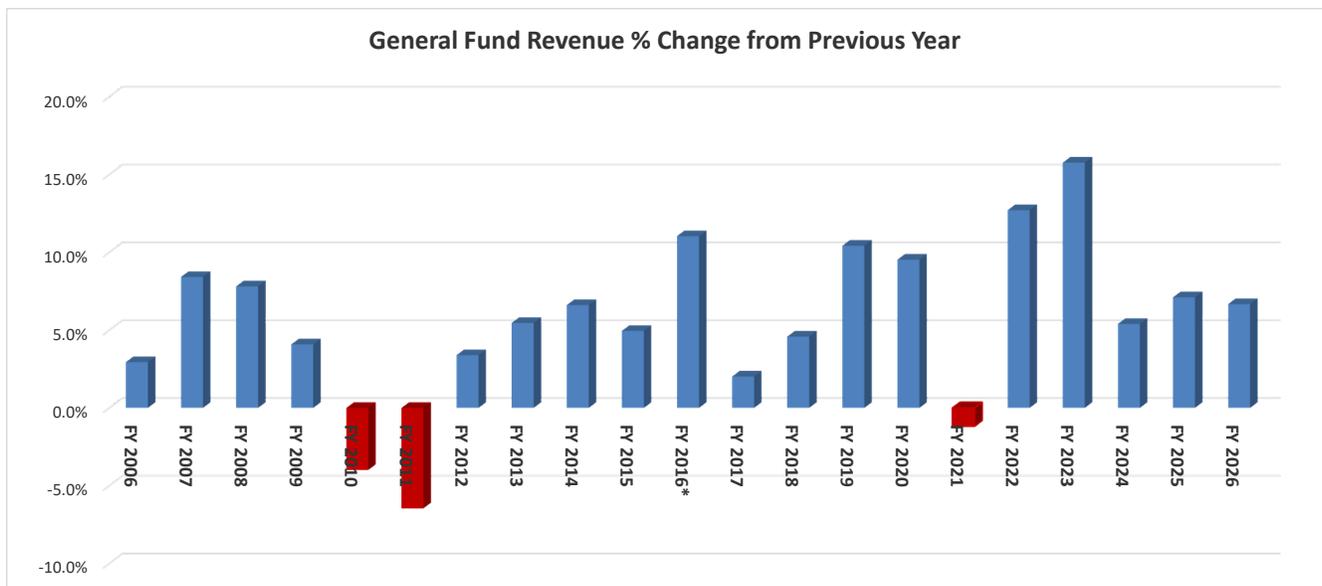
The Mayor’s recommended budget process included consultation with an internal City budget committee that reviewed all department proposals that weighed them with budget realities and City priorities. The Mayor’s budget book notes the following priorities for FY 25:

- Livability for residents and families
- Resiliency
- Capital Projects
- Organizational efficiency and well-being

The overall FY 26 City budget of \$2.2 billion represents a 7% increase over FY 25. With the exception of the Airport and Public Utilities funds, most funds are increasing in total amount over FY 25, due largely to sales tax revenue increases, capital projects, fee increases, and a small amount of estimated property tax new growth. Actual new growth amounts are typically available in early June. The Airport and public utilities are decreasing because of the conclusion of capital projects. *Note: the chart below reflects FY 26 expenditures.*



The FY 26 General Fund budget represents a \$32.1 million (6.6%) increase from FY 25, growing from \$480.4 million to \$512.4 million. Approximately \$28.7 (6%) is use of fund balance, down from \$39.2 million in FY 26. Several one-time funding sources totaling \$17.5 million are also supplementing the use of fund balance. This year represents the seventh year that sales tax revenues exceed property tax revenues as a proportion of the City budget (driven in large part by the implementation of the ½% Funding Our Future sales tax). It's important to note that sales tax is the most volatile of the City's major revenue streams and the General Fund budget is more reliant upon sales tax than in prior years.

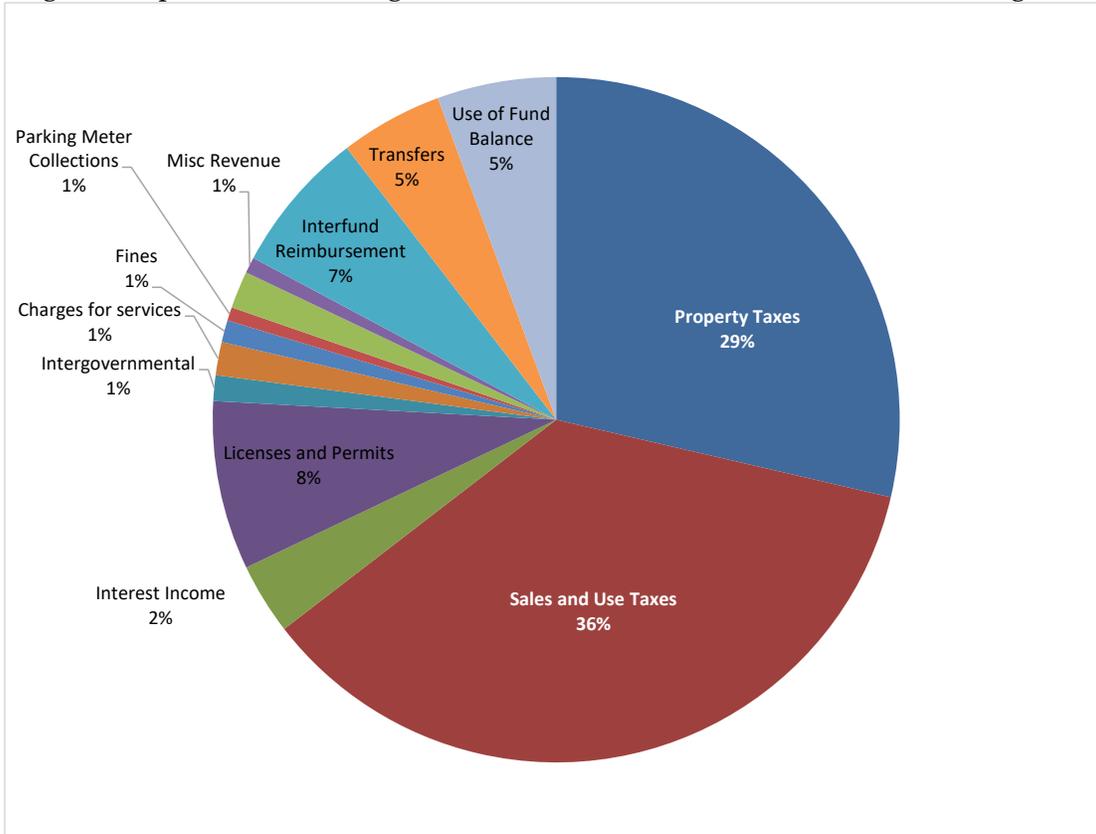


*FY 2016 – the increase reflects a state law change to require RDA revenue “pass through” the general fund and therefore was not an increase in actual revenue for General Fund purposes, just a reporting change.

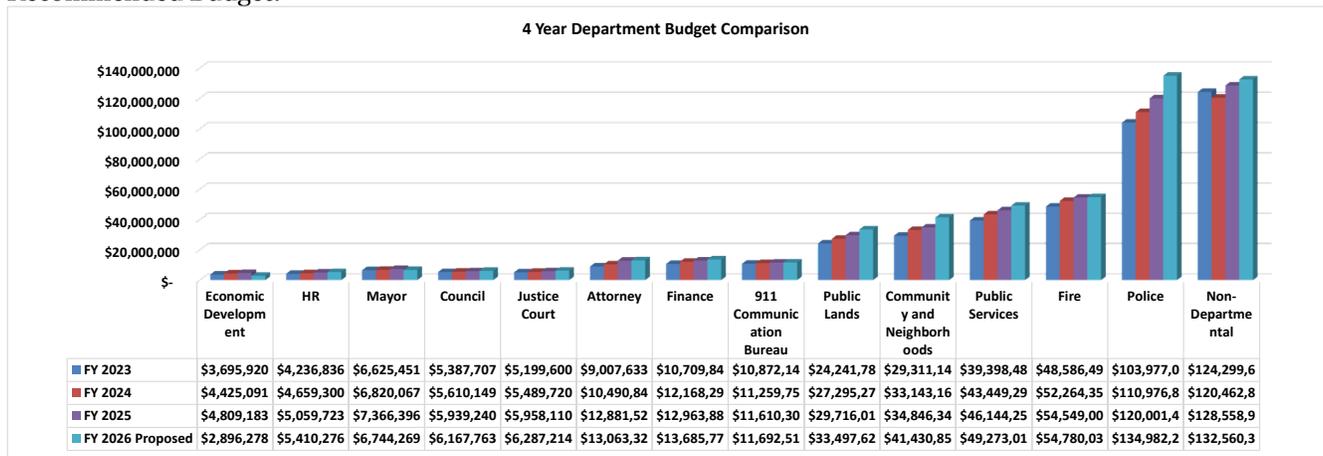
***FY 2022, FY 2023, and to a lesser extent the FY 2024 budgets include use of Federal Grants (CARES Act and ARPA) that are finite in amount and are likely unavailable in future years.*

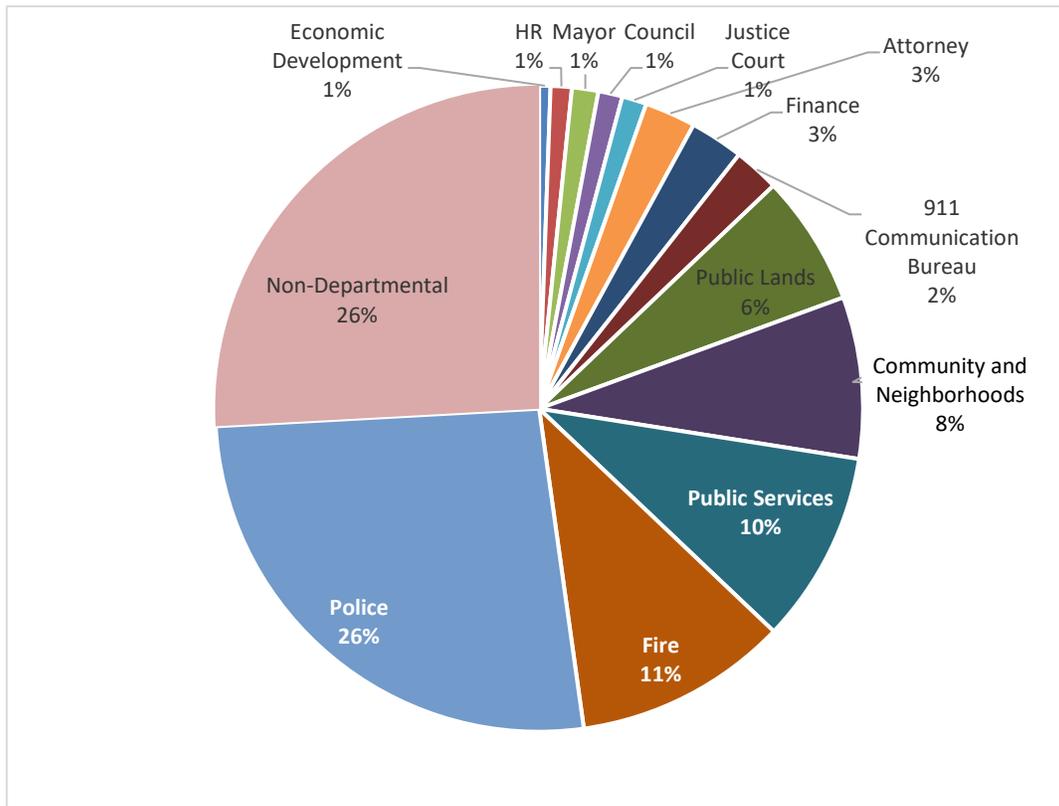
Note on budget terminology: This proposed budget is sometimes referred to as the Fiscal Year (FY) 2026 budget, meaning the 12 month budget that ends on June 30, 2026. The budget that we are in as of the date of this staff report is the FY 2025 budget, meaning the budget that started July 1, 2024 and ends on June 30, 2025.

The following chart depicts the sources of general fund revenue in the FY 26 recommended budget:



The following chart depicts how expenses are divided among City departments for the FY 2026 Mayor's Recommended Budget:





The following are highlights of the Mayor’s recommended budget (not inclusive of every change):

A. Revenue Changes due to economic conditions

1. **Sales tax revenue** is proposed to increase by about \$6.6 million (3.7%) with Funding Our Future representing about \$1.5 million of this increase. Because of State law authorizing the tax, the City receives a greater share of the Funding Our Future sales tax revenue than the regular sales tax revenue, which is distributed on a 50% population/50% point of sale basis. This represents a gradual cooling of sales tax receipts, while still growing each year. The Administration closely monitors economic data and actual sales tax receipts. *Note: Sales tax receipts reflect a two-month delay from actual purchases. For example, sales tax revenue received in April represents spending that occurred the previous February. Historically, while this line item has represented the largest year-over-year share of growth, it has also been the most volatile line item in the City budget, and in the recession of 2009 the City saw significant budget shortfalls.*
2. The Administration is also proposing to recognize \$2.04 million in **new growth property tax revenue**, which is less than was actually received in FY 25 (\$2.9 million). The Administration estimates new growth based on building permits and certificates of occupancy, but in FY 2022 the final number received by the Tax Commission did not comport with that data falling short by nearly \$2 million, with only \$364,464 received that year. Staff cannot confirm the Administration’s projected figure with the Tax Commission until early June (per state law it’s due by June 8), and it cannot appeal the final figures from the State.
 - ❖ If the final property tax figure is lower than what is in the Mayor’s recommended budget, the Council would either need to re-balance the budget with the lower number (cutting expenses) or increase other revenue sources, such as property taxes, to meet the proposed expenses.
 - ❖ If the final property tax figure is higher than what is in the Mayor’s recommended budget, the Council could add expenditures to the budget or adjust one of the other line

items (like decreasing the amount of one-time dollars used from fund balance for example).

- ❖ *Staff note: Actual new growth since FY 2010 has varied from negative \$90,000 in FY 2014 to a high of \$3 million in FY 2020. The new growth formula changed in the 2016 Legislative session, and as such new growth has been easier to predict, with the notable exception of FY 2022. (See chart on [page 24](#) for a history of actual new growth revenue received)*
 - ❖ *Recognizing this new growth revenue in the budget does not constitute a property tax increase, because it is paid by new buildings, and therefore does not require a Truth in Taxation hearing per State law.*
3. **Building permit revenue** is projected to be relatively flat in comparison to FY 25. This is a conservative projection to account for the toll inflation may take on the pace of construction in the City. Although modest relative to the total General Fund budget size, the downward trend of building permit revenue was first noted mid-year FY 23. This revenue source has historically been more volatile, like sales tax revenue, than others.
 4. **Licenses revenue** is projected to increase by \$1.7 million, largely due to the Airport parking fee and the transient room tax, as both the travel and hospitality sectors are strong performers in the local economy.
 5. **Interest income** is projected to increase by \$1 million, due to higher interest rates. This is revenue that is generated from the City investing cash balances. *Note: the City would also pay more in interest fees on any money borrowed.*
 6. **Franchise taxes** are expected to increase by \$2.7 million. The total of almost \$17 million of revenue from franchise taxes in FY26 is still not as high as the \$28+ million generated in FY18. Items contributing to this budget are taxes collected on utilities, phone lines and gas bills. These taxes are capped by State law.

B. Revenue changes due to Policy Choices and New Proposals

1. Increase in **parking meter rates and collection hours**. The Administration is proposing to increase parking meter rates from \$2.25 per hour to \$3.50 per hour, and increasing collection hours to 10pm and collecting on Saturdays. Currently the City does not collect parking revenue after 8pm or on weekends. This proposal adds approximately \$1 million to the City’s budget.
2. City General Fund fees will bring in an additional \$1.1 million due to an **inflationary Consumer Price Index (CPI)** adjustment in all fees charged by the City (*set by the Council in ordinance in 2014*). For FY 2026 the Administration referenced the western U.S. region CPI used (set in October 2024) is 3.3%. These fees and permits will always have to be cost-justified, and the City undergoes a study regularly to confirm that the City is not charging more in fees than it costs to provide the associated service. Adjusting these fees yearly allows the City to keep pace with the cost of doing business in small amounts each year, rather than one-time considerations of larger fee increases. The Council could consider changing this ordinance given the unique economic circumstances for businesses and individuals at this time, as these fees are paid by businesses. *For reference, the chart below lists recent years of inflationary adjustments to City fees:*

Fiscal Year	CPI Adjustment to City Fees
FY 2026 (proposed)	3.3%
FY 2025 (proposed)	3.3%
FY 2024	6.3%
FY 2023	4.6%
FY 2022	2.35%

3. **Use of General Fund Balance and one-time revenue sources** - The Mayor’s recommended budget includes using \$28.7 million from fund balance (including \$1.3 million from the Racial Equity in Policing holding account) to balance the budget. This is less than the \$39 million used from fund balance in FY 25, and leaves fund balance at 13% of general fund revenue. When factoring in the \$17.5 million in one-time funding sources, the overall use of one-time revenues to balance the budget is higher than in previous years. The following are one-time revenue sources:

Use of Fund Balance	
Recapture REP Funding	\$ 1,290,439
Fund Balance	\$ 27,392,780
Transfer from Other one-time sources	
Capital Improvement Fund	
CIP - Dormant capital projects recapture	\$ 2,286,000
CIP - Refund from Earthquake repair (insurance coverage)	\$ 4,700,000
Debt Service Fund (North Temple Viaduct CRA)	\$ 5,000,000
E911 Dispatch Fund Balance	\$ 5,000,000
Transportation Fund (allocated to pothole repair)	\$ 300,000
Housing & Loan Fund (allocated to Youth and Family Summer Programming)	\$ 200,000
Total	\$ 46,169,219

- **“Structural Deficit” context:** There is a certain share of structural deficit that occurs regardless of the Council’s policy choices each year. This includes things like health insurance premium increases, union-agreed pay adjustments, use of one-time revenues used in the previous year, etc. Given the use of one-time revenues to balance the budget this year (\$46.2 million) and previous years, the structural deficit for the FY 27 budget could be larger than in previous years, although this could be mitigated to some extent if economic conditions improve, and/or operational efficiencies are identified. This annual conversation causes the Administration, through their department experts, to look for creative efficiencies in expenditures that they might not have otherwise been willing to explore. The Administration, with their front-line employees, are best equipped to identify opportunities for efficiency gains. If all efficiencies have been exhausted, the “fallback” options to address the structural deficit are service/program cuts and/or additional tax increases because per State law the City must adopt a balance budget annually.

4. **Judgement Levy** – The FY 26 budget includes a judgement levy of \$96,923. A judgement levy is a one-time, one-year property tax increase to pay the City back for prior year judgements which result in budget shortfalls. The City will not know the final amount of the judgment levy until June 8, when we receive official figures from the State Tax Commission and County Auditor. At that point the Council can decide whether to add it to the budget. The amount cannot exceed the amount authorized by the County. **This approach requires a truth in taxation hearing.** The date of August 12, 2025 has been reserved for this hearing.

- C. **Expense increases due to Inflation** – The FY 26 budget includes a few line items in various departments to address the costs of inflation – fuel, contracts, software, purchasing, etc. – totaling almost \$5.8 million across general fund departments, which is a several million more than was included in the FYF 25 budget to address inflation. The following chart shows line items by general fund department:

FY 26 Inflation Line Items	
Police	
Inflation - operating supplies	\$ 277,160
Public Lands	
Seasonal staff pay increases	\$ 304,547
Public Utilities increases	\$ 950,091
Operational inflationary	\$ 94,184
Contractual Increases	\$ 177,429
Public Services	
hourly increases	\$ 57,060
Advantages services increase	\$ 750,000
Contractual Increases	\$ 632,664
Non-Departmental	
Sorenson Center Contract	\$ 121,200
Animal Services Contract and Urban V	\$ 560,073
Sugar House Park Authority	\$ 51,173
IMS: Contractual Increases	\$ 460,829
IMS: Software Contractual Increases	\$ 841,567
IMS: Inflationary Increases	\$ 148,828
Body camera software	\$ 143,280
Westside on-demand Ride service	\$ 124,193
Legal Defenders	\$ 68,993
Total Inflation-related budget increases	\$ 5,763,271

D. **Other budget expense highlights** – The following are other notable items in the proposed budget, organized by **policy focus area**. *Note: The following does not necessarily include continuation of programs started in previous years, nor does it present an exhaustive review of all Council priorities. It also represents an initial review of the Mayor’s proposed budget and may shift as additional information and clarity is provided.*

1. **Public Safety and Cleanliness** – the budget includes several proposals to enhance public safety and cleanliness in the City, particularly in challenging areas along North Temple and the Jordan River Trail.
 - ❖ **Public Safety Plan (PSP) related investments** – the Mayor’s recommended budget includes the following new and continued expenses to implement the City’s Public Safety Plan, introduced in January 2025. Total investment is \$3.9 million, not including current expenditures on the public safety plan. The following chart provided by the information indicates whether the expense is one-time or ongoing, and which department oversees:

Public Safety Plan - Budget Items						
Item	Budget	FTEs	Department	Nature	Duration	
Homeless Services DA Ambassador Program	\$100,500		CAN	Increase	Ongoing	
Alternate Response - Crime Monitoring & Response Technology Enhancements	\$35,325		Police	Increase	Ongoing	
Alternate Response - Crime Monitoring & Response Technology Equipment	\$519,350		Police	Increase	One-time	
Alternate Response - Drone As A First Responder Technology Enhancements	\$53,550		Police	Increase	Ongoing	
Alternate Response - Drone As A First Responder Equipment	\$95,000		Police	Increase	One-time	
Alternate Response - Civilian Response Overtime	\$32,755		Police	Increase	One-time	
Homeless Services Advantage Services Contract - FY26 Increase	\$750,000		Public Services	Increase	Ongoing	
Increase Total	\$1,586,480					
Overnight Park Security - East and West sides	\$515,000		Public Lands	New	Ongoing	
Clean City Team Creation - Personnel	\$218,000	3	Public Services	New	Ongoing	
Clean City Team - Start Up Cost	\$25,000		Public Services	New	One-time	
Clean City Team - Vehicles/Equipment	\$327,000		Public Services	New	One-time	
Right of Way Services Team - North Temple - Personnel	\$131,000	2	Public Services	New	Ongoing	
Right of Way Services Team - North Temple - Operating Budget	\$124,000		Public Services	New	Ongoing	
Right of Way Services Team - North Temple - Vehicles/Equipment	\$145,000		Public Services	New	One-time	
Smith's Ballpark Property Security	\$547,500		Public Services	New	One-time	
Crime Prevention Through Environmental Design (CPTED) - Enhanced Street Lighting	\$300,000		Nondepartmental	New	One-time	
New Total	\$2,332,500	5			Ongoing total	\$1,927,375
Increase + New	\$3,918,980				One-time total	\$1,991,605

❖ Several proposed FY 26 CIP projects relate to this policy priority for the City:

	Amount	CIP Log #
Safe Open Clean Restrooms	\$2.1 million (<i>\$456k from parks impact fees</i>)	#3
Pavilion Replacement and Infrastructure for safe city parks	\$2.6 million (<i>parks impact fees</i>)	#44
Rose Park Lane Trail improvements	\$ 680,000	#48
Concord St. to Alzheimer's Jordan River Trail improvement	\$480,000 (<i>parks impact fees</i>)	#50

2. **Investment in the Westside** – the budget includes several line items specific to addressing issues unique to the Westside of the City, totaling **\$3.2 million**:

Westside-Focused Investment		
	Amount	Department
Rebuilding Rose Park Lane Trail	\$ 680,000	CIP #48
Preserve and repair Fisher Mansion	\$ 400,000	CIP #62
Concord Street to Alzheimer's Jordan River Improvements	\$ 480,000	CIP #50
Rose Park Golf Course Infrastructure	\$ 500,000	Non-Departmental (\$2m total since FY 23)
On Demand Ride Services - inflationary	\$ 124,193	Non-Departmental
<i>Public Safety Plan Related:</i>		
Crime Monitoring & Response Technology	\$ 554,675	PD
North Temple Right of Way Services Team (2 FTEs, vehicles, operation)	\$ 400,000	Public Services
Enhanced Street Lighting	\$ 300,000	Non-Departmental (transfer to CIP)
Overnight Park Security	\$ 257,500	Public Lands
Total	\$ 3,696,368	

3. **Taking care of existing City assets** – The Council has routinely communicated the priority of maintaining existing City assets. The following expense items in the FY 26 align with this priority:

Public Lands	Sycamore Tree Study - \$150,000 Property maintenance - \$478,579 (for additional land added to inventory) Overnight park security - \$515,000 (for east and west side parks)
Public Services	Fire Station yard maintenance - \$11,850 Additional Street maintenance (potholes) - \$300,000 Clean City Team – 5 additional FTEs, operating costs – Graffiti Team and HEART
Non-Departmental	CIP – Facilities Capital Replacement - \$350,000 CIP -Parks Capital Replacement - \$250,000

	CIP – Public Lands transfer to CIP for maintenance - \$683,152 CIP – Street Lighting on Jordan River Golf – Rose Park Infrastructure renewal
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There are several Mayor-recommended projects in the CIP log (Attachment 2) that also align with this policy goal:

Street Reconstruction 2026	\$4,390,676
Public Way Concrete	\$ 750,000
Liberty Lake Dredging and Aeration System Replacement	\$1,000,000
Irrigation system replacement (Sustainability and Maintenance)	\$1,017,515
Bridge Preservation Program	\$1,000,000
Sugar House Park – Critical Infrastructure cost share <i>(\$102k impact fees)</i>	\$ 1,107,117
Facilities – replacement/renewal	\$ 1,980,868
Traffic signal replacements/upgrades <i>(\$400k impact fees)</i>	\$4,000,000
Street Overlays 2026	\$3,500,000
1200 East Re-pavement	\$ 303,000
Sport Court Repair/Replacement	\$ 630,000
Playground Replacement	\$385,000
Riverside Basketball Court Repair/renovation <i>(\$450,500 impact fees)</i>	\$ 530,000
Rose Park Lane Trail Improvements	\$ 680,000
Total	\$ 21,274,176

- 4. Organizational shifts in City divisions** – The Administration is proposing several shifts within City departments and divisions to enhance efficiency and streamline processes for City employees and the public. These include, but are not limited to:
- ❖ HEART Team, Advantage Services contract, and Graffiti Team transfer from CAN and Public Lands to Public Services to form a “Clean City” team.
 - ❖ Engineering transfer from Public Services to CAN
 - ❖ Arts Council transfer from Economic Development to CAN
 - ❖ Other alternative response teams – the Administration indicates they will continue to evaluate other alternative response models to evaluate organizational fit. Staff has listed the various response teams below, as proposed for FY 26:
 - Fire Department – Community Health Access Team (CHAT), Medical Response Team (MRT)
 - Police Department – Social Worker Co-Responders, Civilian Response Team
 - CAN – Downtown Street Ambassadors (expanded to North Temple, parts of Central City, and the Ballpark neighborhoods), Code Enforcement
 - Public Lands – Park Rangers Program
 - Public Services – Clean City Team - Community Cleaning Program (CCP) Rapid Intervention Team, Graffiti Response Team, Homeless Engagement and Response Team (HEART), Right-of-Way Services Team
 - ❖ Additionally – the Administration is proposing \$50,000 in the finance department for an independent study of Administrative fees, to ensure the City can recover costs to the extent possible.
- 5. City Employee Compensation** – Reflecting the challenges of inflation faced by City employees, and the desire to retain a well-trained workforce, the FY 26 budget includes several items to attract a retain quality employees:
- ❖ A 4% cost of living increase for all non-represented City employees, 8.75% adjustment for Police, 5-7.5% for Fire, 4% for AFSCME employees.

- ❖ When including the cost of health insurance premium increases (7.1%) the proposed salary increases add approximately \$11 million in general fund expenses. The total cost for compensation in the City general fund is \$317.5 million, representing 62% of the total general fund budget. City-wide (including enterprise funds) the total amount dedicated to compensation is \$516.1 million.
- ❖ The City's general compensation philosophy is to pay employees in the 95%-100% of market to maintain competitive compensation levels compared to other employers along the Wasatch Front. The City's public safety compensation philosophy is more ambitious aiming to pay firefighters and police officers with or close to top of the market wages.
- ❖ The budget also includes several adjustments recommended by the Citizen Compensation Advisory Committee (CCAC) for positions that lag behind market pay by more than 2%. The cost for these adjustments are \$1 million for the general fund and \$847,000 across other funds. The specific positions will be noted during each department briefing.
- ❖ The budget continues the City practice of funding 95% of employee health insurance premiums and increases the front-loaded contribution to each employee's Health Savings Account (HSA) to help with the cost of the high deductible insurance plan.
- ❖ The budget also proposes to allocate \$200,000 to the City's risk management fund to extend liability coverage to the take-home vehicle program. An ordinance reflecting this change is also included.

6. FY 26 Budget Highlights based on previous Council Priorities – While the Council did not send these to the Administration based on specific priorities for FY 26, several topics continue to be areas of interest for Council Members:

- ❖ **Transit/Transportation** – the FY 26 proposed budget continues funding for HIVE passes for public school students, faculty, and a parent or guardian and makes the funding ongoing. It also increases funding for Westside on-demand ride service (for a total of \$3.4 million) to keep pace with inflation, and continues funding for Frequent Bus Routes on 200 South, 900 South, and 2100 South (\$6.5 million) via Funding our Future. The CIP budget also proposes to use \$900,000 from Funding our Future and \$100,000 from streets impact fees for enhanced first mile/last mile connections like bus shelters and mobility hubs.
- ❖ **Housing** – The proposed budget dedicates approximately **\$8 million** towards various affordable housing activities. It continues the practice of transferring from Funding our Future to the CRA for affordable housing development. The following project accounts will also fund housing via the CRA:
 - Westside community initiative - \$2 million
 - Housing development fund (including wealth building initiative) - \$3.5 million - *includes FOF funding.*
 - Primary Housing fund - \$2.5 million
- ❖ **Business Support/Economic Development** – The proposed budget continues funding for the Construction Mitigation account managed by the Department of Economic Development, although the amount is proposed to be adjusted downward by \$250,000 to reflect several major projects concluding this year.
- ❖ **Ballpark Area Investment** – The proposed budget includes several items relating to the Ballpark area of the City, **totaling \$2.5 million.**
 - Public Services
 - Property security – \$547,500
 - Building Maintenance - \$100,000
 - Landscape Maintenance - \$142,315

- Equipment - \$6,200 (one-time)
- CRA – State Street project area
 - Infrastructure, Design, site work - \$1,000,000
 - Management, activation and programming - \$750,000
- ❖ **Street safety** – Council Members have expressed an interest in investing in traffic calming and street safety improvements. Several CIP requests relate to this policy goal:
 - Vision Zero – Road Corridor Safety Improvements - \$2.3 million (\$230k from impact fees)
 - Missing Sidewalks & Bike Network Gaps - \$1.5 million (\$150k from impact fees)
 - Liveable Streets Program - \$2,000,000
 - HAWK Signal at Richmond and Zenith Avenue - \$500,000
 - Central City 600 East Byway safety Improvements - \$855,724

7. **New FTEs** –The Mayor’s recommended budget includes 5 new general funded FTEs, 15 of which were approved during budget amendments over the past fiscal year. Because the budget is balanced with a significant amount of one-time dollars, this ongoing expense could add to the structural deficit in the future. The following chart lists staffing levels by department currently and as proposed, along with basic descriptions of the new positions added (note that most changes are transfers between departments). More detail on each position will be available during each department discussion over the coming weeks. *Staff note: Council Staff is working with the Administration to verify exact figures, as some documentation in the budget book differs from the chart below.*

FY 2026 Proposed FTE Changes by General Fund Department						
						Proposed FY 2026
Department	Adopted FY 2025 Positions	Budget Amendment Positions	FTE Changes for FY 26	Total (note: Total does not reflect grant positions, as they are reflected in the grant fund)	Change	New Position Notes/Other Notes (new FTEs in bold)
Attorney	65.50	2.00	0	67.50	2	
Community and Neighborhoods	195.5	6	42.5	244	48.5	BA 3 - 6 FTEs transfer from Mayor's office FY 26: Transfer 1 FTE to HR, 2 FTE to Mayor's office Transfer HEART to PS - 3 FTE, add 2.5 FTE Transfer Engineering from PS to CAN Transfer Arts Council from ED to CAN
Council	35	0	0	35	0	
Economic Development	23.5	0	-9	14.5	-9	Transfer Arts Council from ED to CAN
Finance	85.7	1	0	86.7	1	
911 Communications Bureau	100	0	0	100	0	
Fire	406	0	0	406	0	
Human Resources	33.4	0	1	34.4	1	Transfer from CAN to HR
Justice Court	43	1	0	44	1	
Mayor	35	-8	2	29	-6	BA 3 & BA 5 - transfer 6 FTE to CAN, Transfer 1 to PL, 1 to IMS
Police	767	12	0	779	12	
Public Lands	165.85	1	-7	159.85	-6.00	Transfer Graffiti Response team to PS
Public Services	276.00		-22	254.00	-22	Transfer Engineering to CAN Transfer Graffiti Response and HEART from CAN to PS 3 FTE - Clean City Team 2 FTE - Right of Way Services Team North Temple
Total	2,231.45	15.00	7.50	2,253.95	22.50	

8. **Civic Campus/Green Loop Implementation** – The FY 26 budget includes a proposal for \$3 million (\$2.9 million from parks impact fees) to provide an estimated 20% of the project cost for the section of 200 East where the Green Loop and Civic Campus intersect (approximately 350 to 550 South). According to the CIP log, this funding would leverage nearby active projects, grant funds, and philanthropic efforts, and would involve construction of both above and below ground infrastructure.

ADDITIONAL KEY ELEMENTS OF THE FY 26 BUDGET PROPOSAL

A. Other Tax/Fee Increases – Council Members have asked to see a list of tax and fee increases in the context of an average resident for City-related funds. Staff has put together this initial review of information. The Parks GO Bond is included in this list because this portion will appear on property taxes for the first time this year, even though it was approved by voters in 2022. More detail can be provided upon request:

	<i>% increase</i>	\$ increase for average
Public Utilities		
Water	15%	\$ 72.25
Sewer	7%	\$ 29.76
Stormwater	5%	\$ 5.04
Streetlighting	15%	\$ 12.36
Refuse <i>(90 gallon multifamily)</i>	10%	\$ 3.42
Total Annual		\$ 122.83
GO Bond -		
<i>\$35m Parks Bond 2nd Issuance</i>		\$ increase
<i>\$572,000 Residential</i>		\$ 19.70
<i>\$1m Commercial</i>		\$ 63.00

B. Capital Improvement Program (CIP) – The proposed budget has a General Fund transfer to CIP at 6.2% of ongoing General Fund revenues or \$24.7 million, which is less than FY 25. That said, an additional \$6 million is proposed from Class C funds, the transportation tax, and impact fees. Previous plans identified 7% as a recommended minimum level of investment and a goal of 9%. The City did reach the 9% funding level in FY2023 and FY 25 (due to a one-time allocation), although several departments have noted difficulty with getting projects constructed due to staffing constraints, continued supply chain challenges, and construction inflation. The Council may wish to have a discussion with the Administration regarding updating the recommended CIP investment, given new and earmarked revenue sources. The FY 26 CIP log is Attachment 2 and includes the Mayor and CDCIP board recommendations. The Council also received a CIP budget book for FY 26, which contains details for each project request.

- **Annual CIP Process Summary:** 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.
- **Background on Infrastructure** - Infrastructure in the City is funded several ways:
 - **CIP** (enhanced by Funding our Future in FY 20)– funds a variety of ongoing infrastructure projects including sidewalks, ADA ramps, bridges, curb/gutter, facilities and buildings, park amenities and usually local/residential neighborhood streets. These are either funded through annual allocations on a pay as you go basis, or larger projects are sometimes financed with debt service (future revenue bonds such as sales tax).

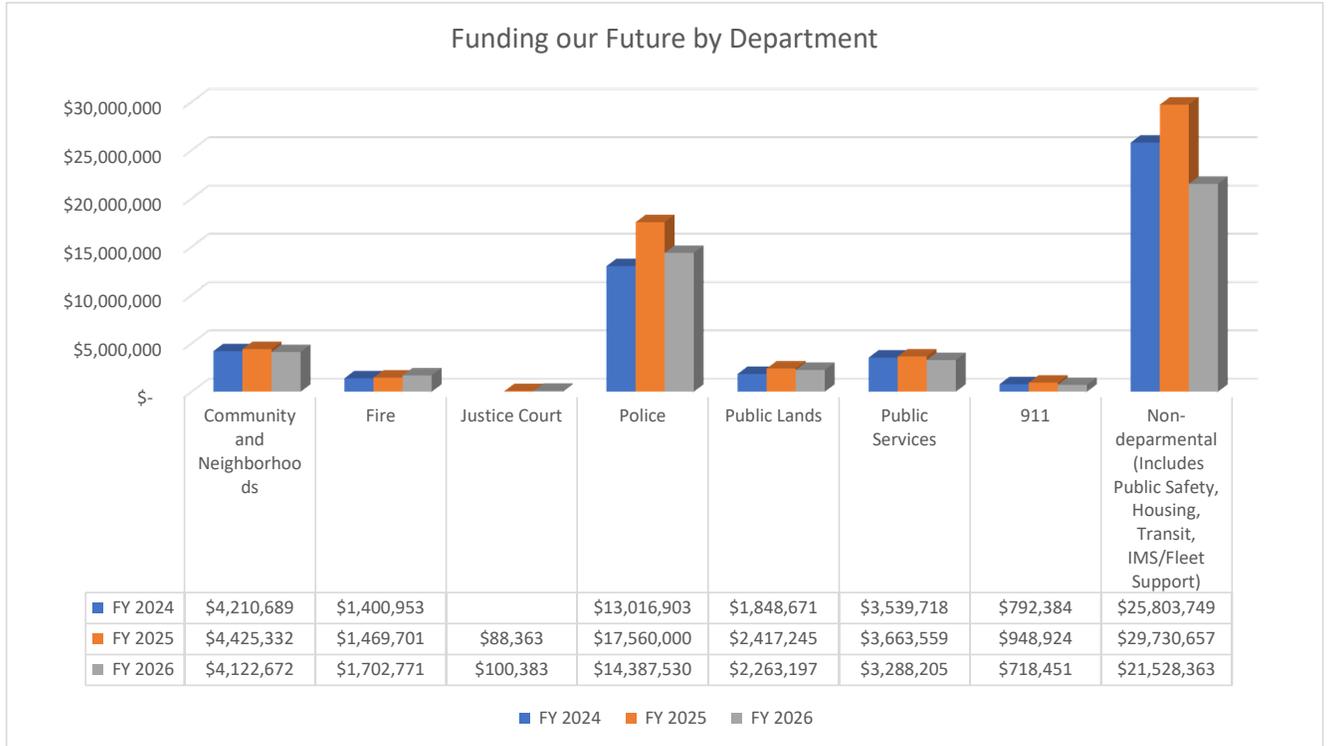
- **County Quarter Cent Sales Tax for Transportation Funds** (Fund Class 69 – new in FY 20) – The Administration will be tracking both the receipt and expenditure of these funds in a separate account to make reporting to the state more streamlined (these funds are restricted as to use).
- **Class C (gas tax) funds in CIP** – this usually funds larger scale projects and is typically allocated in a large quantity. In recent year, the Council appropriated these funds as a batch for street reconstruction and asphalt overlays. The internal Roadway Selection Committee determines which specific street segments receive improvements based on several criteria and other major projects.
- **Streets Division Budget located in the Public Services Department** – this usually funds the more small-scale, maintenance activities such as pothole patching and chip seal-type projects. The City currently has an asphalt street maintenance program. The vast majority of City streets are asphalt pavement.
- **Impact Fees** – Pay for bigger demand on City facilities caused by population and employment growth. More specifically, impact fees are a payment of money imposed upon a new development activity as a condition of development approval to mitigate the impact of the new development on public infrastructure and services. There are four types of impact fees charged by the General Fund which are limited to eligible uses identified in the City’s Impact Fees Plan. The four types are: fire, parks, police and transportation.
- Infrastructure is also addressed indirectly through staff in Engineering, Transportation (Community and Neighborhoods Department), and Streets (Public Services) general fund budgets, and Public Utilities Budget (sewer, stormwater and water).

C. Legislative Intent of the Council – The Administration has included all FY 2025 Legislative Intent Statements and Interim Study Items adopted by the Council in the Mayor’s Recommended Budget Book, starting on page 121 of the budget book, along with relevant department responses if available. Staff will make a note of relevant items throughout the department budget briefings and hold a legislative intent briefing later in the budget process to confirm the list for the coming fiscal year.

D. Funding our Future - In 2015 the Legislature authorized the City to impose a 0.5% additional local sales tax option as a result of the decision to relocate the State prison. The Council initiated this option, and while the State enabling legislation did not restrict what the City could do with these funds, the Council and Administration determined four critical need areas of focus for the funds based on resident engagement and feedback: housing, public safety (including 911, fire, police, and more), transportation, and street infrastructure (sidewalk-to-sidewalk). In FY 23, when the amount was anticipated to increase significantly, the City added a fifth category need, Public Lands Maintenance.

- The FY 26 budget is projecting \$58.7 million in total revenue for funding our future, a \$1.5 million (2.6%) increase from FY 25. *Note: this increase is greater than the City’s local option sales tax line item because the Administration evaluated actual revenue received (the City retains 100% of the sales locally unlike the City’s base local option, which is distributed 50% population/50% point of sale).*
- The Administration’s proposed budget tracks the revenues and expenses separately to increase transparency for the public as to how these funds are used. The public can also visit fundingourfutureslc.com for details on the programs and projects funded from these dollars and the voter-approved \$87 million Streets Reconstruction Bond.
- In FY 23, based on previous policy input from the Council about broadening the definition of “Public Safety” beyond police, the City expanded uses such as Fire, mental health responders, dispatchers, and emergency management personnel.
- The chart below shows Funding our Future expenditures by department since 2023. **See Attachment 3** for a detailed list of specific Funding Our Future initiatives, by department.

- Staff will highlight this revenue tool in each of the relevant departments.



- E. Convention Center Revitalization Sales Tax** – The Convention Center Revitalization Tax approved by the state legislature in the 2024 session and enacted by the Council in October 2024, went into effect January 1, 2025. The administration is not proposing to reflect this revenue within the general fund, as it is a pass-through tax required by law and the City’s participation agreement, to go to the downtown Sports Entertainment Convention and Culture District.
- a. The Administration has also not accounted for the anticipated per-ticket fee (as described in the participation agreement between SEG and SLC adopted in 2024) in the proposed FY 26 budget, as there has not yet been enough history to accurately predict potential revenues for the upcoming fiscal year. That can be added in a budget amendment.
 - b. The “5th 5th”, approved by the County in February 2025, goes into effect July 1. As of that date, the following chart shows a sales tax breakdown by entity:

Entity	Rate
State	4.85%
City	2.00%
Base	1.00%
Funding our Future enacted 2018	0.50%
Capital City Revitalization Tax enacted 2024	0.50%
County	1.05%
Base	0.25%
Transportation option	0.25%
Additional transportation option enacted 2018	0.25%
Additional transportation option (uses include SECC) enacted Feb 2025 - Effective July 1 - not yet effective	0.20%
Zoo, Arts, and Parks reauthorized by voters in 2024	0.10%
Utah Transit Authority	0.80%
Base	0.30%
Additional Mass transit	0.25%
Transportation Infrastructure	0.25%
Total 8.70%	

F. Department Overviews and Objectives and Measurements – The Mayor’s Recommended Budget Book includes a helpful 2-3 page overview of each department starting on page 153 of the Mayor’s Recommended Budget Book. Each department section includes objectives and measurements where available and tracked by the department. In addition, these department overview pages include the following information:

- i.** Org chart of the department
- ii.** Vision statement/mission statement and overview of the purpose and functions of the department
- iii.** Performance measures where tracked
- iv.** Comparison of actual/adopted/proposed budget by category or division
- v.** High level description of changes from last year

Council Staff will highlight each of these as departments are briefed before the Council (see Attachment 1 for schedule of briefings). The Council may wish to provide feedback to the Administration at that time, regarding any additional helpful measurements/outcomes that would help the Council in their budget deliberations.

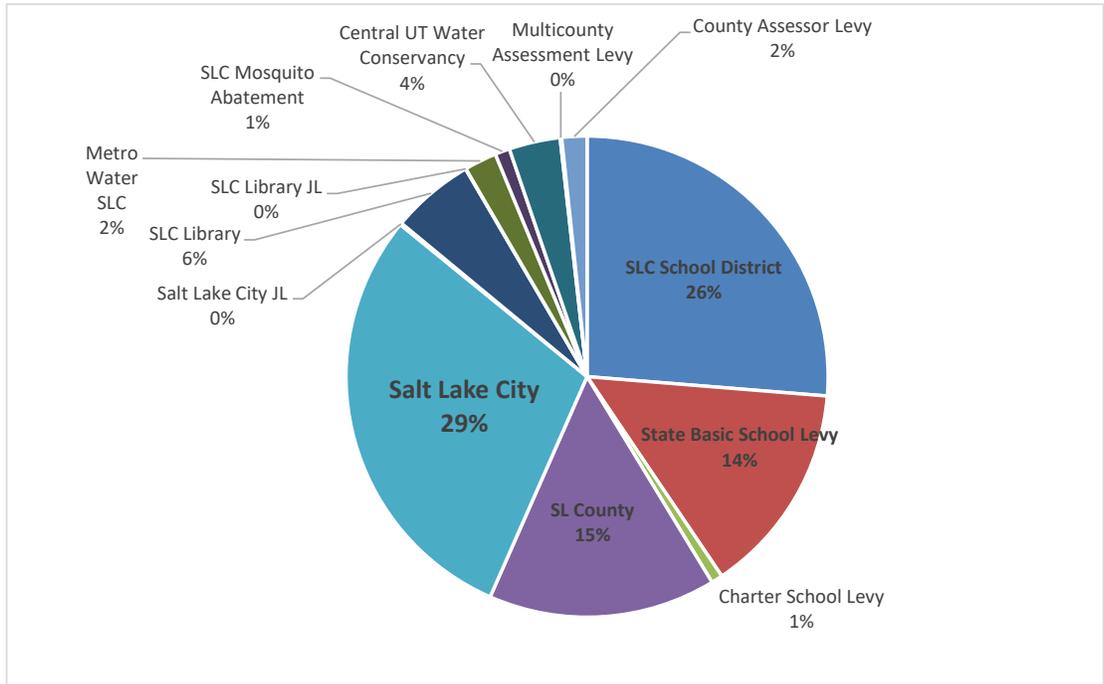
G. Golf – The Administration is proposing to continue the previous approach of using about \$1.8 million annually transferred from the General Fund to help the Golf Fund into a balanced operational budget. Due to increased play over the last several years, the FY 26 budget continues the practice of dedicating the \$1 per round Capital Project fee along with operational surplus to needed capital projects (prior to FY 24, this fee had been used to offset operational losses). This year the Administration is proposing the following transfers from Non-Departmental (Gen fund) to the Golf Fund:

- i.** Debt service payment on irrigation projects - \$546,619
- ii.** Administrative Fees -- \$553,115 (these will be paid back to the general fund and is done for accounting/transparency purposes) The Administration has previously stated that although the Golf Fund is an enterprise fund, there is a broader public benefit to that open space to justify the general fund subsidizing debt and administrative fees.
- iii.** IMS Fees - \$220,209 (these will be transferred to the IMS fund)
- iv.** Rose Park Golf Course infrastructure renewal - \$500,000 - This transfer for Rose Park irrigation has occurred annually since FY 23. The Administration indicates FY 26 is the final year for this transfer.

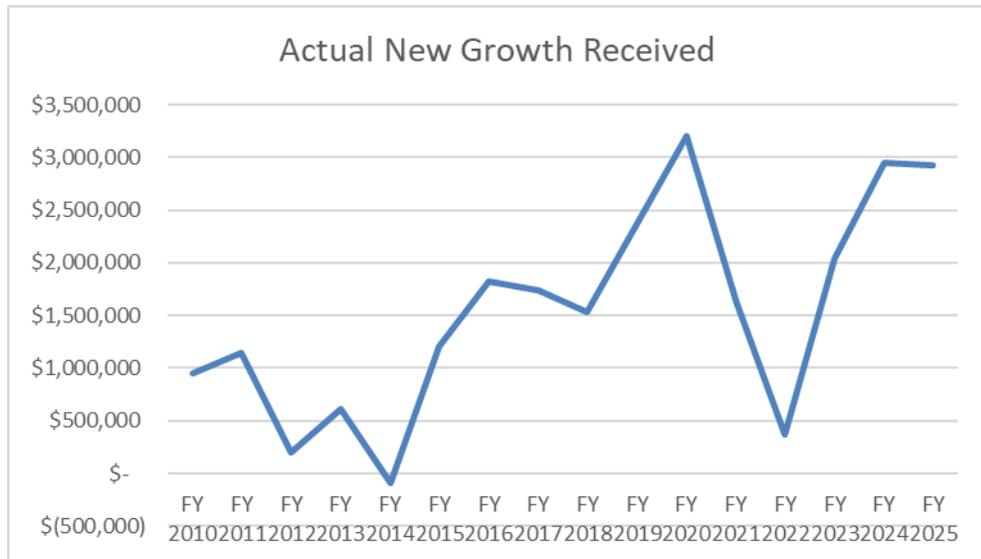
- H. County Transportation Option** - In 2018 the State Legislature passed SB 136, which provided a process for Counties to add a sales tax levy to pay for “regionally significant transportation projects,” and indicated that beginning July 1, 2019, cities in those counties would receive 0.1% of the tax (UTA also receives 0.1% and the County retains 0.05%) for this purpose. Technically this is a tax collected by the County and remitted to the City, although it still falls under the category of a sales and use tax. This is anticipated to generate approximately \$9.7 million in FY 25 that will be transferred to CIP for consideration for transportation projects, in accordance with Council legislative intent. *Note: The Administration is tracking this particular revenue and expense in a separate fund, so the total is not reflected in the general fund budget from an accounting perspective.*
- I. Health insurance** – The City pays 95% of employee’s health insurance premiums for the health plan offered by the City, the Summit Star High Deductible Health Plan administered by PEHP. Premiums are proposed to increase (7.1%) for the City’s health plan, which is a very low increase and is an indicator of sound fund management and responsible employee use. Due to more detailed data availability because of the workday program, the Council will see line items across several departments where the City is proposing to recapture funding to more accurately reflect actual enrollment status (single, double, family). The Administration is proposing to continue the up-front contribution to health saving accounts (HSAs) for employees. The proposed budget increases the upfront contribution for HSAs - \$1,000 for a single employee and \$2,000 for couples and families. The HSAs are managed independently by each employee, can accrue money year to year, and earn interest.
- J. Retirement** – The Utah State Retirement System (URS) indicates to the City each year how much the City must contribute towards employees’ retirement. There have been years when the City has had to allocate significantly more funding to this line item to make up for the retirement system’s losses during the 2008 recession. However, in recent years, increases have not been as significant. Council staff flags this item annually however, as it is a necessary expense associated with City personnel that is not controlled by City policymakers.
- K. Metropolitan Water District** – The Metropolitan Water District of Salt Lake City and Sandy is not technically a part of the City’s annual budget, although City taxpayers are indirectly affected by the amount they pay for water rates to Public Utilities. The \$111.4 million FY 26 budget proposes a 5% rate increase in member cities’ water sales charge. Metro Water’s increased budget is driven primarily by costs from other agencies, price increases from utility providers (gas and power), increased personnel costs, and costs associated with the Cottonwoods Connection project. Metro Water supplies are included in the Public Utilities long-term water source forecast and plan for Salt Lake City and the service area. No property tax increase is proposed for FY 26. Metro Water’s revenue sources are water sales (49%), property taxes (23.5%), and assessments (25%).

General Budget Background Information

- 1. Property Tax Split** – Below is a chart depicting the current (as of 2021) distribution of property taxes to various entities, that are paid by residents and businesses in Salt Lake City (note that this shifts each year slightly if one entity elects to pursue an increase in taxes):



2. **New Growth Fluctuations** – The following chart illustrates the historic new growth revenue received by the City each year. Staff noted that the pattern in recent years does not track the actual pattern of building permit activity, particularly in years before state law was clarified in 2016, and since 2020, when building permits in the City have been steadily increasing:



ATTACHMENTS:

- Attachment 1 - FY 2024 Department Budget briefing schedule
- Attachment 2 – FY 2025 CDCIP Board and Mayor Recommended CIP Projects
- Attachment 3 – Funding Our Future FY 26 detail