The Salt Lake Tribune

New homeless resource centers facing 'emergency' $3 million shortfall

(Francisco Kjolseth | Tribune file photo) The Gail Miller Resource Center, seen here on Friday, Sept. 6, 2019, is one of the new homeless resource centers built to replace the Road Home.

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By Taylor Stevens • Published: 1 day ago
Updated: 23 hours ago

The Salt Lake City area's three new homeless resource centers are proving substantially more expensive to operate than originally thought and are now facing an expected $3 million budget shortfall that some in the homeless services network hope state leaders will step in to fill.

Otherwise, the operators may have to reassess or cut their services in a system that's already stretched to capacity.

It's a reality Josh Romney, a board member of Shelter the Homeless, the nonprofit that owns the new centers, called an "absolute emergency."

As the final days of the legislative session approach, partners in the homeless arena, including Salt Lake County Mayor Jenny Wilson, have brought their appeals for more funding to state leaders. But it's unclear how complex legislative conditions following

the January repeal of tax reform will affect their request or their projected budget, which counts on state funding at least staying stable.

"There's so many moving pieces," Lt. Gov Spencer Cox told his fellow board members at a meeting last week. "The budget is very much in flux right now."

Homeless leaders are also considering ways to close the gap through a potential mix of federal dollars, fundraising for private donations or increased city and county investments.

When the operators first created their budgets for the new resource centers, it was "hypothetical, but based upon the best information that was available at the time," according to a narrative provided to the board that explains this year's funding situation.

Since opening, service providers have identified a need for money to go toward additional security staff, transportation for clients, building maintenance and increased treatment for bedbugs. There are also extra expenses expected with setting up a new operator.

"When this shift was made from a shelter to a resource center, it was very clear that it would bring additional costs, that it would be a totally different system and that there would be additional needs that went along with it," said Utah Jazz owner Gail Miller, for whom one of the resource centers is named. "I think that message has been forgotten [among legislators]."

Altogether, the new requests for resource center funding — which homeless leaders represented as a "realistic plan" that doesn't include all the money operators would want under their best case scenarios — represent an increase of about $2.8 million in costs and bring the total for operations across the three shelters to $15 million a year.

The Road Home's old emergency shelter, which the new resource centers replaced at the end of last year, cost $3.5 million per year to run, by contrast.

1 of 9

But those involved in homeless services caution that it's not an apples-to-apples comparison. The Road Home's old shelter was based on a cheaper but less effective warehousing model, while the new resource centers provide people experiencing homelessness with more services, including job and housing help, access to health care and three meals a day — all in an effort to more efficiently move people off the streets for good.

"When we start making comparisons, it undermines the magnitude of what we're achieving with the new model," Salt Lake City Mayor Erin Mendenhall said at the Shelter the Homeless board meeting. "It's difficult, I think, to compare."

Closing the funding shortfall before the next fiscal year is seen as especially important as the Shelter the Homeless board seeks a new service provider to operate the 200-bed men's and women's shelter in Salt Lake City after Catholic Community Services announced earlier this year that it would not be renewing its contract.

Preston Cochrane, executive director of Shelter the Homeless, said he has reached out to the operators of the other two resource centers — The Road Home and Volunteers of America Utah — to see if they would be interested in taking on a second center.

Their responses were "yes, we would be interested if there's a strong funding plan," he told the board. "And I think that's kind of what it boils down to. If the funds are there or not there, what's the responsibility of the operator going to be in terms of raising

those dollars to be able to operate the facility?"

Two other groups have expressed interest, pending a better understanding of the funding situation, Cochrane said. The Shelter the Homeless board has until July 1 to find a new operator for the Gail Miller Resource Center.

Budgetary shortfalls were one of the "big reasons" Catholic Community Services chose not to renew its contract with the Gail Miller Resource Center in Salt Lake City, according to Jean Hill, director of government relations for the Catholic Diocese of Salt Lake City.

The organization operates a day shelter in the Rio Grande neighborhood and runs other programs, and Hill said it became challenging to keep dollars focused on the services it was already offering.

"How do we keep our funding dollars focused on the specific programs and not have to match those dollars in order to make up for shortfalls here? That's a big piece of it," she said in explaining the organization's decision to the board.

In addition to this year's budget shortfall, the new resources centers are carrying nearly $17 million of capital debt associated with the $63 million spent to construct them.

A new bill from state Rep. Steve Eliason, R-Sandy, would help address those concerns, allowing the money generated from the state's sale of the land where the old Road Home shelter was located to go to Shelter the Homeless toward paying off its debts. That bill, HB440, has yet to receive a committee hearing.

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