

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2004-05

DATE: August 6, 2003

BUDGET FOR: **CAPITAL IMPROVEMENT PROGRAM FUND FOLLOW-UP BRIEFING**

STAFF REPORT BY: Michael Sears

cc: Rocky Fluhart, Sam Guevara, Steve Fawcett, Gordon Hoskins, Rick Graham, Kevin Bergstrom, Max Peterson, Rick Johnston, Lee Martinez, David Dobbins, Luann Clark, Sherrie Collins, Laurie Donnell, DJ Baxter

The proposed budget in the Mayor's Recommended Budget for the Capital Improvement Program (CIP) Fund for fiscal year 2004-2005 was \$25,266,269. The City Council adopted a budget of \$25,918,445. The difference of \$652,176 relates to the net interest savings from the refinancing of MBA bonds (\$218,333), use of previous year CIP Fund balance for installation of conduit for future street lighting (\$70,000), the recapture of previous year traffic calming funds (\$300,843) and a housekeeping correction of \$63,000 in the allocation of CDBG funds.

The CIP Fund budget as presented in this report does not include capital projects of enterprise funds since those projects are budgeted within the enterprise funds and the Council adopted the enterprise fund budgets as recommended.

CAPITAL PROJECTS FUND ADOPTED BUDGET			
	Proposed 2004-2005	Adopted 2004-2005	Difference
Sources of funds			
Transfer from the General Fund	\$18,946,910	\$19,165,243	\$218,333
Class C Road funds (\$1.585 in advance)	2,900,000	2,900,000	0
CDBG	1,693,696	1,756,696	63,000
Other sources	1,165,663	1,165,663	0
Impact Fees	560,000	560,000	0
CIP Contingency	0	370,843	370,843
Total funds available	\$25,266,269	\$25,918,445	\$652,176
Uses of funds			
Debt service	\$14,585,450	\$14,585,450	\$0
Capital outlay	10,680,819	11,332,995	652,176
Total uses of funds	\$25,266,269	\$25,918,445	\$652,176

The City Council appropriated funding for those projects that are legal obligations of the City or are time sensitive in nature during the July 6, 2004 meeting. The Capital Improvement Program as adopted is as follows:

During the budget adoption process the Council discussed existing CIP Fund balance that can be appropriated for projects. The Council also asked the Administration if there were funds available for recapture from existing projects that are now complete. The Administration will be closing out finished CIP projects and asking for the Council to recapture the funds. This request will be made at a future budget amendment and as such, this staff report only deals with those funds that were allocated during the fiscal year 2004-05 budget process.

POTENTIAL MATTERS AT ISSUE

Some of the major policies or issues relating to the CIP Fund include:

- \$87,555 reduction in available Traffic Calming funds -There is a change that needs to be made to the Council's Adopted CIP Budget. The requested change is included in Budget Amendment #1. The Administration has notified the Council Office that the Engineering Division needs an additional \$87,555 for projects currently planned in the Traffic Calming program. The additional costs relate to contract expenses to be paid to the contractor and for Engineering Fees associated with the 600 West Traffic Calming project. The \$87,555 shortage will need to be paid from the \$300,843 that was recaptured from traffic calming cost centers and appropriated to the CIP Holding cost center for future appropriation.

After taking the requested reduction into account the current state of this fiscal year's CIP Budget is as follows:

CAPITAL PROJECTS FUND FISCAL YEAR 2004-05 BUDGET	
	Adopted 2004-2005
Sources of funds	
Transfer from the General Fund	\$19,165,243
Class C Road funds	2,900,000
CDBG	1,756,696
Other sources	1,165,663
Impact Fees	560,000
CIP Fund Balance (after \$87,555 reduction)	283,288
Total funds available	\$25,830,890
Uses of funds	
Transfer to debt service	\$14,585,450
Capital projects appropriation	3,821,696
Class C Capital projects holding account	1,315,000
GF Capital projects holding account	4,735,456
GF Capital projects holding - Impact Fees	560,000

GF Capital projects holding - Sidewalk SID	600,000
CIP Fund Balance from recaptured Traffic Calming	213,288
Total uses of funds	\$25,830,890

On August 10, 2004 the Council will have \$7,423,744 available for allocation. This amount includes \$560,000 that needs to be allocated as Impact Fee Revenue, \$600,000 in property owner contributions for the Sidewalk SID, \$1,315,000 for Class C projects, \$213,288 from recaptured traffic calming funds and \$4,735,456 for General Fund projects.

- Engineering Fees - Related to the reduction of \$87,555 in available traffic calming fees is the budgeting of engineering fees. One of the reasons the traffic calming transfer to the CIP holding cost center needed to be reduced is that engineering fees were not accounted for on the City accounting system. Because engineering has not utilized the object code set aside for engineering fees in some costs centers, it is difficult to know how much has been paid in engineering fees on a project or how much remains to be paid. **The Council may wish to review the attachment from the Administration that deals with engineering fees and request confirmation from the Administration that the budgeting and accounting processes that the Engineering Division employs are consistent with other areas of the City and are adequate to allow appropriate tracking of funding associated with projects.**
- \$800,000 for the next phase of Liberty Park reconstruction - The Administration is recommending that the Council adopt a Capital Operating budget which includes \$800,000 for Liberty Park. This allocation will be the fifth allocation to the reconstruction of Liberty Park. Depending on what additional amenities are chosen for the park, an additional \$3 to \$6 million could be spent in the park. The Council may wish to receive an update on the park and hear what additional amenities are planned for the park. The multi-year reconstruction of the park has traditionally been the largest component of CIP Pay-as-you-Go funding. **The Council approved \$350,000 of the requested \$800,000 so that the time sensitive reconstruction of the Liberty Park Tennis courts could proceed.**
- \$0 for Traffic Calming - The Administration is recommending that the Council adopt a Capital Operating budget which does not include money for Traffic calming in the City. There are several funding requests for traffic calming measures this year. The Council has recaptured previous year funding from this program and made it available for reallocation. The Council also instructed the Administration to include traffic calming requests that cost more than \$5,000 in the CIP budget process.
- Intermodal Hub Facility Light Rail Extension - The Council has been provided additional information on the budget relating to the proposed light rail extension

to the Intermodal Hub. A memo and proposed budget statement that details the project assumptions, estimated expenses and estimated revenue is attached.

- 9% of General Fund revenue to CIP Fund - The Council adopted a policy that at least 9% of on-going General Fund revenue is to be allocated to the CIP Fund. The 9% calculation excludes library bond property tax and one-time money. This year, the Mayor did not recommend 9% of General Fund revenue to the Capital Improvement Program. The total amount of allocation as adopted by the Council is 7.12% of General Fund revenue.

General Fund Transfer to CIP General Fund Calculation of 9% Minimum Transfer Amount	
	2004-2005
General Fund revenue	\$ 167,121,127
Less Library Bond	(6,923,900)
Less Zoo and Aviary Bond	(894,056)
Less One-time revenue	(0)
General Fund revenue for 9% calculation	\$159,303,171
9% of General Fund revenue	\$ 14,337,285
General Fund revenue as adopted on July 6, 2006	\$ 11,347,287

BACKGROUND

The Capital Improvement program is a multiyear planning program that uses three main planning documents: a 20-Year Inventory of Capital Needs, a 6 Year Capital Improvement Plan, and each fiscal year's capital budget. Attached is a schedule of the proposed capital budgets for fiscal year 2004-05, with the Mayor's recommendations and the priority rankings of the Citizens Advisory Board and Administrative staff. This spreadsheet will be shown on an overhead during the presentation on the CIP budget.

The Administration accepts applications for capital projects from citizens and City departments each year for consideration for recommendation by the Mayor to the Council for funding. All applications are reviewed by the CIP Citizens Board and a team of City staffers from each department who specialize in capital projects. The Administration has prepared a booklet that contains all of the applications for capital improvement projects for fiscal year 2004-2005 for the Council Office. Additional copies can be emailed to each Council Member or printed out for review during the briefing.

A new round of applications will be received during the summer of 2004 for consideration in the fiscal year 2005-2006 CIP budget.