

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET AMENDMENT #4 – FISCAL YEAR 2003-04

DATE: June 8, 2004
SUBJECT: Fiscal Year 2003-2004 Budget Amendment #4 – Hearing
STAFF REPORT BY: Michael Sears, Budget & Policy Analyst
CC: Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, Steve Fawcett, DJ Baxter, Rick Graham, Ed Rutan, Dan Mulé, Chief Dinse, Chief Querry, Lee Martinez, David Dobbins, Luann Clark, Greg Davis, Jerry Burton, John Vuyk, Gordon Hoskins, Elwin Heilmann, Shannon Ashby, Sherrie Collins, Laurie Donnell, Susi Kontgis, and Kay Christensen

OPTIONS AND MOTIONS:

1. ["I move that the Council"] **Adopt an ordinance amending the fiscal year 2003-2004 budget as proposed by the Administration with the modification to Initiative 3 funding source as discussed during the briefing on May 27, 2004.**
2. ["I move that the Council"] **Decline to adopt an ordinance amending the fiscal year 2003-2004 budget.**

SUMMARY OF BRIEFING

The City Council held a briefing on May 27, 2004 to discuss the proposed amendments to the fiscal year 2003-2004 budget. Council Members were in agreement with the proposed amendments to the budget. One modification that was discussed by the Council was the use of General Fund balance as the funding source for **Initiative #3 CIP – Library Bond Accrued Interest on Construction** instead of recaptured CIP funds. The modification in funding source has been made by Council staff and is attached to the ordinance.

Note: The following information was provided to the Council for the 05/27/04 briefing. It is provided again for your reference.

The proposed amendment includes several library and housekeeping issues, recaptures of program income and donations. At a future Council Meeting the Council may wish to set a date for a public hearing.

MATTERS AT ISSUE

In an effort to make the review of the budget openings more expedient, Council staff has attempted to categorize budget opening items as follows where possible:

- “New” – those items that are new issues that the Council may have discussed but now need budget appropriation to be carried out.
- “Housekeeping” -- those items that are strictly accounting actions and do not have policy implications. These include transfers internal to the City.
- “Donation” -- those items that are donations that require Council appropriation to be used, are consistent with previous Council discussions, or do not have policy implications.
- “Grant providing additional staff resources” – those grants that provide additional staff positions and require a City match. These generally have policy implications; because they may add a new service or create an expectation that the City will fund the position after the grant has expired.
- “Grant requiring existing staff focus” -- those grants that will require the City’s existing staff to complete a specific project. (Some of these could have policy implications, since employees involved with these projects have less time to focus on other projects within the scope of their work.)

Issue #1: Impact Fee Exemptions (\$122,820 – General Fund) (“New Items”) (“Housekeeping”)

The Administration is requesting that the Council approve the exemption of General Fund Impact fees as allowed in the Impact Fee Ordinance. The exemption is for three entities who have built affordable housing units. The three entities eligible for the impact fee exemption are Community Development Corp. of Utah for the Library Condos project, BC Development for the Westgate II Apartments and Cowboy Partners for the Liberty Metro project.

The funding source for exempted impact fees is General Fund balance.

Issue #2: Building Permit Fee Refund (\$3,557 – General Fund) (“New Items”) (“Housekeeping”)

The Administration is recommending that the Council refund to Big D Fastrack Corporation the building fees for the Celebration of Life monument on the southeast corner of the Library Square. This request follows the City’s established fee refund protocol; specifically the criteria that buildings constructed on state or City owned property are eligible for refunds. The funding source for this refund is additional permit revenue.

Issue #3: CIP – Library Bond Accrued Interest on Construction (\$379,288 – CIP Fund) (“New Item”)

The Administration is recommending that the Council approve the transfer of \$379,288 in CIP contingency to cover an accounting error relating to the construction of the Main Library. \$379,288 in accrued interest was appropriated to both the Library Construction account and the Library Bond Service Account. Both appropriations were expended, resulting in a negative cash balance in the Library Construction Account.

Issue #4: Donation - Spotlight on Excellence Award (\$15,000 - Special Revenue Fund) ("New Item")

The Administration applied to the United States Conference of Mayors - DuPont Spotlight on Excellence Awards for a donation to prevent childhood lead poisoning. The City received \$15,000 to assist in these efforts. The Administration will partner with the Salt Lake Valley Health Department (SLVHD) to increase lead paint awareness. A brochure will be developed, printed and distributed to multi-family property owners.

There is a resolution associated with this donation. The Administration recommends that the Council adopt the resolution and appropriate budget to facilitate this donation.

Issue #5: Donation - PacifiCorp E2 Business Program (\$5,000 - Special Revenue Fund) ("New Item")

The Administration applied to PacifiCorp for a donation to promote the City's E2 Business program. The E2 Business program is an environmental program that encourages local businesses to voluntarily adopt sustainable business practices. The Administration is hoping to enroll 25 new businesses in the program. The funding that was received will be used to design and print a brochure, advertise the program in the Salt Lake City Weekly, and host community education meetings.

There is a resolution associated with this donation. The Administration recommends that the Council adopt the resolution and appropriate budget to facilitate this donation.

Issue #6: Certified Local Government - Historic Preservation (\$12,000 - Misc. Grant Fund) ("Grant requiring existing staff focus")

The Administration is requesting that the City Council appropriate \$12,000 in grant funds from the State of Utah Department of Community & Economic Development, Division of State History. The grant was applied for and received for the purpose of doing a survey of historical buildings in the Yalecrest Area. The specified area is Sunnyside Avenue to 1300 South, 1300 to 1900 East. Similar grants have been received in previous fiscal years.

The grant funds will be used to hire a consultant to survey approximately 1,200 buildings in the area and provide a report. Surveys such as the one being proposed are a precursor to a national Register Nomination. The grant requires a 50% local match which will be met with the Historic Preservation Planners time.

There is a resolution associated with this grant. The Administration recommends that the Council adopt the resolution and appropriate budget to facilitate this grant.

Issue #7: SID – Rail yard Gateway (\$1,170,487 – CIP Fund) (“Housekeeping”)

In March of 2004 the Administration received authorization to create a CIP cost center for the Special Improvement District Rail yard Gateway Series 2003 bonds. The property owner has completed improvements at approximately 100 South and 400 West on behalf of the City with the understanding that the City would issue the bonds to permanently finance the improvements and the property owner would be reimbursed the costs of the improvements. The bonds were issued to satisfy the SID. The Administration is requesting that a budget appropriation be given for the bond’s issuance expenses as well as the principal and interest payments that are in fiscal year 2003-04.

Issue #8: Copy Center Fund Increase (\$24,000 – Internal Service Fund) (“Housekeeping”)

The Administration is requesting that the Council increase the revenue and expense budget of the copy center for postage. Increases in postage rates and increases in usage volume are the reasons that actual expenses are higher than the budgeted amount. The copy center is an internal service fund and receives payment from the departments or funds that use the copy center.

The Administration is recommending that the Council appropriate revenue and expenditure budgets so that this situation can be corrected.

Issue #9: CIP – General Obligation Bond Expenses (\$53,343 – CIP Fund) (“Housekeeping”)

The Administration is requesting that the Council approve the appropriation of expenses related to the special bond election that was held in November of 2003. The expenses related to consultation services, brochure design and printing, etc. The total amount incurred was \$79,974, \$19,530 of which has been charged to general bond issuance 2004A which was the Hogle Zoo and Tracy Aviary bond. The remaining amount will be reimbursed as future general obligation bonds are issued.

Issue #10: CIP – Library Interest Income Carryover (\$39,669 – CIP Fund) (“Housekeeping”)

The Administration is requesting that \$39,669 in interest earnings on bond proceeds from the Library Series 2002 GO Bond be budgeted for use on the library project. The carryover amounts will be used on library construction expenses already incurred. The Administration is also recommending that the Library Open Space fund contribute \$872 towards the already incurred construction expenses. *The Council may wish to ask the Administration for an explanation of how this request relates to Issue #3 above, which also relates to the library.*

Issue #11: CIP – Foreign Trade Zone (\$500,000 – CIP Fund) (“New Item”)

The Administration is recommending that the Council approve the expenditure of funds in a CIP account for roof replacement and parking lot repairs at the City owned Foreign Trade Zone warehouse and office building. The funds in the CIP account for the warehouse total approximately \$607,000 and were received as rent for the facility over the past several years. The building is currently being rented to a wholesale/retail outlet company and a portion is used by the Police Motor Squad.

The Administration is recommending that the Council establish a budget for the repairs to this building.

Issue #12: HUD Program Income (\$2,729,978 - Misc. Grant Fund) (“Housekeeping”)

The Administration is requesting that the Council approve the reallocation of program income from repayment of loans or other reimbursement costs. The sources of funds are Housing and Urban Development (HUD) funded programs/projects. The reallocation funds will be placed in programs that have the same eligible activity.

Issue #13: HUD Program Income (\$2,247,251 - Misc. Grant Fund) (“Housekeeping”)

The Administration is requesting that the Council approve the reallocation of program income from repayment of Urban Development Action Grant (UDAG) loans. The requested appropriation will allow the program income to be allocated to the Economic Development Revolving Loan Fund and the Salt Lake City Housing Trust Fund for future programming. The requested allocation is in compliance with directions set forth in resolutions 78 and 93 of 1991.

Issue #14: CDBG Recaptures (\$153,534 - Misc. Grant Fund) (“Housekeeping”)

The Administration is requesting that the Council approve the recapture of remaining balance in Community Development Block Grant (CDBG) projects and programs that have been completed or that have not spent the funds in the allotted time. The recaptured funds are placed into contingency accounts for future CDBG programming.

Issue #15: Closed-out CIP Projects (\$1,042,815 - CIP Fund) (“Housekeeping”)

The City regularly reviews the Capital Improvement Fund and “closes out” those project accounts where the project work is complete. When these project accounts have remaining balance, the funds can be transferred to Capital Improvement Program Fund Contingency. This would apply for projects that are funded with General Fund revenue only. Class C revenue from closed out projects reverts to the Class C revenue pool. The Administration has included a schedule of remaining balances for each project to be closed.

The total amount of CIP recapture is \$1,042,815, \$927,516 of which is in projects that were funded from General Fund revenue and \$115,300 from Class “C” revenue funded projects. The Administration is recommending that \$379,288 of the \$927,516 be appropriated to cover the negative balance of the

library construction fund. *The Council may wish to use existing General Fund balance for this purpose.*

Issue #16: CIP - Impact Fee Revenue (\$229,000 - CIP Fund) ("Housekeeping")

The Administration is recommending that the Council appropriate \$229,000 in Impact Fee revenue to account for the actual amount of impact fees received during fiscal year 2003-04. The original amount budgeted was \$425,000, but has already received approximately \$603,000. The requested \$229,000 in additional revenue and expenditure budget will allow the City to account for the additional impact fees that have been and will be received through the end of June 2004.

Issue #17: Risk Administration (\$2,363,400 - Risk Internal Service Fund) ("New Item")

The Administration is requesting that the Council increase the revenue and expense budget for the Risk Internal Service Fund to reflect actual expenditures and revenue for fiscal year 2003-04.

Issue #18: CIP - Wasatch Drive Improvement (\$51,120 - CIP Fund) ("New Item")

The Administration is recommending that the Council adopt a budget of \$51,120 for improvements to Wasatch Drive. The requested budget will finish the roadway improvement project that was started approximately 5 years ago. The project was not finished as originally planned due to lack of funding. This request would finish the project and allow the City to transfer responsibility for the long-term maintenance of the project area to Hogle Zoo and adjacent property owners. Funding is recommended to come from contingency in the CIP Fund.

Issue #19: Plan Review Outsourcing (\$80,000 - General Fund) ("New Item")

The Administration is recommending that the Council adopt the budget necessary to issue a contract for plan review. There has been an increase in building plan fees during the month of March by approximately \$200,000. This increase has resulted in a delay in finishing the plan reviews. The preferred time is 15 days, but it is now taking 30 days or more. The requested budget appropriation would allow the Administration to contract out for additional plan review assistance.