

**SALT LAKE CITY COUNCIL
MAYOR'S RECOMMENDED BUDGET AMENDMENT
FISCAL YEAR 2002-2003**

DATE: May 31, 2002

SUBJECT: **Unresolved issues with the Mayor's Recommended Budget Amendment**

STAFF REPORT BY: Michael Sears, Gary Mumford

cc: Mayor Anderson, Cindy Gust-Jenson, David Nimkin, Rocky Fluhart, Roger Cutler, Rick Graham, LeRoy Hooton, Rick Dinse, Margaret Hunt, Chuck Querry, Tim Campbell, Steve Fawcett, Laurie Dillon, Kay Christensen, Susi Kontgis, Randy Hillier, DJ Baxter

The Council received the Mayor's Recommended Budget Amendment on May 7, 2002 and has held budget briefings with each of the City's departments at subsequent meetings. During each of the briefings direction was provided to Council staff concerning which budget amendments the Council was in general agreement. The Council held a Public Hearing on the proposed budget amendments on May 21, 2002 and has communicated additional information to Council staff after receiving public input.

Council staff has prepared an attachment, which lists the proposed budget amendments, and those amendments that some Council Members would like changed (Sheet A). Council staff has also attached Sheet B, which is a listing of possible optional cuts and other priorities in which one or more Council Members have expressed an interest. The total of changes to the Mayor's recommended budget amendment on Sheet A needs to be offset by optional cuts on Sheet B. Council staff has included an example to show one possibility for balancing. A blank column is also included for use by Council and staff during the work session discussion.

Sheet C lists the one-time revenue and proposed uses. With the exception of a couple of items, Council Members tentatively decided to defer consideration of uses of one-time revenue until after the ongoing budget is adopted.

The attachments can be projected onto a screen for the unresolved issues briefing on June 4, 2002. Council Members will note that the format for dealing with the unresolved issues follows the Capital Project and Grant presentation formats. Final adoption of the proposed budget amendments with any changes will take place during the Council Meeting on June 13, 2002. Council staff will prepare budget amendment motion sheets based on the direction given during the briefing on June 4, 2002. Also attached are responses from the Administration on questions posed during department briefings. You will also find a listing of draft legislative intent statements that have been mentioned during work session discussions or by individual Council Members. The Council may wish to discuss these statements and suggest other items to be added to the list of potential intent statements.

The following numbered items are items that have been discussed by Council Members during the budget amendment process. Items that the Council may wish to especially consider during the work session have been shaded on the attached sheets for ease of identification.

On-going Revenue and Expenditures

Sheet A #2 – Additional city prosecutor – Some Council Members would like to fund this position on a temporary basis for 6 months or one year until additional information is available. Other Council Members may prefer not funding this position until comparative information is presented on a national basis. One Council Member has expressed interest in funding the position on a long-term basis.

Sheet A #7 - Eliminate zoning inspector position – Some Council Members would like to find enough revenue to keep the zoning position fully funded for fiscal year 2002-2003.

Sheet A #8 - Eliminate dedicated staffing of CERT program (3 FTEs) net of fees – Some Council Members would like to fund a part-time position that would coordinate and administer the CERT program. A part-time position allocation would be \$20,500; a full-time position allocation would be \$41,000. Interest has also been expressed in maintaining the program to a greater extent.

Sheet A #13 - Delete mobile watch coordinator position (balance of proportional cuts) – Some Council Members would like to fund a part-time position that would coordinate and administer the mobile watch program. A part-time position allocation would be \$23,500; a full-time position allocation would be \$47,000. Interest has also been expressed in maintaining the program to a greater extent.

Sheet A #14 - Delete 2 of 5 youth and family specialists – The original proposal by the Administration included the reduction of 4 specialists in the Youth and Family program. The Mayor has since changed the recommendation to reduce the program by only 2 specialists. The Administration proposes to offset the change by paying for rent for the Engineering Division until it moves into City-owned space using one-time revenue since it will not be an ongoing expense. Some Council Members have indicated that they would like to fund one additional position. Total staffing for this program will be 4 positions if the latter scenario is adopted.

Sheet A #23 - Reduce graffiti removal materials (eliminate materials for businesses) – Some Council Members would like to keep the funding for this program.

Sheet A #33 - Reduce rent expense (\$139,762 + \$104,000) – The Administration has changed some recommendations since submitting the budget amendment. Two items are being proposed for reinstatement. One-time revenue is being proposed to cover the reinstatement of the suggested position eliminations. The two reinstatements are the In-House Architect program at a cost of \$139,762 and restating two youth and family specialist positions at a cost of \$104,000.

Sheet B #1 - Annual cash conversion of personal leave – Actual expenditures for the conversion of personal leave for the past two years are less than the budgeted amounts by about \$40,000.

Sheet B #2 - Additional savings in process service costs (Prosecutor's Office) – The actual expenditures for the process service function are lower than the budgeted amounts by about \$18,000.

Sheet B #3 - Additional savings in process service costs (Management Services) - The actual expenditures for the process service function for the Administrative (soon to be Justice) Court by about \$40,000.

Sheet B #4 - Engineering Division rent for July-Dec Pay (remainder with one-time funds) – If the recommendation for using one-time revenue to cover July-Dec rent is adopted by the Council, \$17,194 remains in the on-going budget. This amount can be recaptured and appropriated.

Sheet B #5 - Parking meter collection - urge other options of collecting – If the City were to use a different method of collecting parking meter revenue a cost savings of \$31,874 can occur. Remaining allocation for the collection of parking meter revenue would be \$50,000.

Sheet B #6 - Architects (Proper allocation of expenses to capital projects) – During the briefing on the elimination of two licensed architects it was noted that the research still needs to be done to ensure proper cost allocations and consistency within the assignment of engineering costs to capital projects. The positions would remain as the Administration has recommended. The Engineering Division budget would be reduced by \$50,000 in anticipation of proper cost allocation to capital projects. Some Council Members have also indicated a desire to include a legislative intent statement asking for an update on the cost allocation review.

Sheet B #7 - Fund training for Boards and Commissions – During the Community and Economic Development department briefing some Council Members indicated that they would like to see the training budget for Board and Commissions increased. Council staff has indicated \$15,000 as the increase amount. The Administration may have a more specific amount.

Sheet B #8 - Fund placement of Speed Boards in community – Some Council Members have indicated that they would like to see the speed boards better utilized. There are several possible ways to ensure that the speed boards are in the neighborhood during the peak travel periods of the day. An amount of \$50,000 may cover a contract to distribute the speed boards in the neighborhoods.

Sheet B #9 - Fund Youth Programs with on-going revenue not one-time – During the briefing on non-departmental expenditures, the Administration indicated that the City will need annual seed money to use when seeking grant funding. This expenditure that was proposed, as a one-time expenditure with one-time revenue might be better budgeted as an on-going expenditure, funded with on-going revenue.

One-time Revenue and Expenditures

Sheet C #4 - Surplus in SID guarantee account (Some needs to remain to use as the City's guarantee for issuing debt) – The proposed one-time revenue sources include \$177,957 in SID guarantee funds. The City treasurer will soon be issuing additional SID Debt for the East Liberty Park area. If the full amount is removed, the Treasurer will have to ask for additional funds during a budget opening. Some Council Members have indicated that it would be best to leave a portion of these funds and avoid a future budget request.

Sheet C #10 - Houser sculptures – During the budget briefing on non-departmental expenditures the Council indicated that they would like to reduce the proposed expenditure for the purchase of sculptures to \$200,000. The Council also indicated that this money would be used as a match for fundraising efforts.

Sheet C #14 - Fund accumulated liability for vacation/sick leave with one-time revenue (\$650,000) – The City has an unfunded deferred liability of \$11,600,000 for accumulated vacation and sick leave payments for retiring personnel. One Council Member suggested using part of the General Fund balance to begin funding this liability. There is also a concern with that there is not consistency in how vacation and retirement payouts are administered and budgeted. Currently the Police, Fire and Public Services departments have a budgeted amount for retirement expenses. The Administration is recommending that the allocation for Public Services be eliminated to help balance the budget. Budgeting and charging retirement payouts to a separate fund or account would allow for more consistent budgeting and accounting between General Fund departments. The majority of the budget for retirement payouts relates to prior years.

Sheet C #21 - Appropriate excess in fund balance over 10% to accumulated liability for vacation/sick leave (fund balance of \$19.2 million is 12% of on-going General Fund revenue) – Some Council Members recommend that a separate liability fund be created to fund the deferred liability for vacation and sick leave. The unfunded liability is approximately \$11,600,000. A reduction in General Fund balance to 10% (reduction of \$3,275,000) could be used to begin to fund the deferred liability account. This item relates to the item #14 above.

Sheet C #24 - One-time revenue appropriation to CIP Fund – During the briefing on the Capital Improvement Program, Council Members indicated a desire to increase the appropriation level of the local streets reconstruction project and to fund the Yalecrest Triangle park/median. One-time funds of \$1,383,806 could be used to bring the CIP projects up to the requested funding levels. (The current recommendation includes an increase of \$72,317 to CIP contingency. This amount could be applied to the Yalecrest Triangle park/median. \$1,372,123 would go to local streets reconstruction and \$84,000 to the Yalecrest project.)

Sheet C #25 - Increase General Fund balance – During the department budget briefings Council Members indicated that they would like to delay making an appropriation decision on the proposed uses of one-time revenue. The Council would make an appropriation of approximately \$7,200,047 to General Fund balance and decide the uses of one-time revenue later in the year.

Capital Improvement Fund Revenue and Expenditures

Sheet C #26 - Additional appropriation to local street reconstruction – Council Members indicated a desire to fund this project at the current adopted level, \$2,872,123 (\$1,500,000 has already been expensed). One-time funds will need to be used. This would augment the 9% on-going allocation to the CIP Fund by \$1,372,123 for this project.

Sheet C #27 - Appropriation to Yalecrest Triangle Park / Median – Council Members indicated a desire to fund this project and the requested level, \$84,000. One-time funds will need to be used. This would augment the 9% on-going allocation to the CIP Fund by \$11,683.

Sheet C #28 - Reduce appropriation to CIP fiscal year 2002-2003 Contingency (amount over \$200,000) – A reduction of the CIP contingency of \$72,317 (to bring the balance to \$200,000) could be used to fund the majority of the Yalecrest Triangle park/median.