

ITEM A-7

SALT LAKE CITY COUNCIL STAFF REPORT

DATE: February 28, 2002

SUBJECT: Fiscal Years 2001-2002, 2002-2003
Budget Amendment #5

STAFF REPORT BY: Michael Sears, Budget and Policy Analyst

Document Type	Budget-Related Facts	Policy-Related Facts	Miscellaneous Facts
Ordinance	The proposed amendment reduces the fund balance of the General Fund for fiscal year 2001-2002 by \$4,538,825 to bid CIP projects in advance, pay Impact Fees, and hire a HAND Director. The fiscal year 2002-2003 reduction would be \$92,000 if the HAND Director position were approved. The fund balance in the General Fund will be approximately \$13,520,000 if the budget amendment is adopted as proposed for fiscal year 2001-2002 but will be replenished in fiscal year 2002-2003 from CIP appropriations. General Fund Contingency will remain at \$143,500.	The ordinance is presented to amend the 2001-2002, 2002-2003 biennial budget.	The requested amendment has issues related to CIP Funds, RDA Grants, Public Safety, Public Utilities, and donations to the City.

The briefing and discussion of the fifth budget amendment of fiscal years 2001-2002 and 2002-2003 is scheduled for March 5, 2002, and a public hearing is tentatively scheduled for April 2, 2002.

MATTERS AT ISSUE

Issue #1: FY 02 Bidding and Awarding of FY 03 CIP Projects (\$4,500,000 – General Fund)

The Administration is requesting that the Council approve the bidding and awarding of fiscal year 2002-2203 CIP projects in fiscal year 2001-2002 to take advantage of the favorable construction climate that exists. This action has been discussed by the City Council in previous briefings. The proposed action would result in the transfer of General Fund balance to specific project cost centers within the CIP Fund. The CIP Fund would reimburse the General Fund in fiscal year 2002-2003. The CIP Fund is funded from an allocation from the City's General Fund, other governmental revenue, private donations and grants. Some projects that are identified for advance bidding are funded from sources outside the City.

The projects identified for advancement to take advantage of the favorable bidding climate are: Peace Garden Irrigation, Liberty Park (assorted projects), ADA Ramp/Corner Repair, Local Streets Reconstruction, Traffic Calming, Asphalt Overlay (Class C Funded), Salt Lake Valley Waste Facility (Salt Lake County Funded).

The projects proposed for advance bidding and funding are as the City Council adopted in June of 2001, with one exception. The \$400,000 identified for Liberty Park consists of a proposed relocation of a major sidewalk in Liberty Park and the moving, pruning and replanting of trees. The Refuse Fund's Forestry budget has already incurred costs associated with the tree removal and pruning. The Administration would like the Council to reimburse the Refuse Fund for the cost of the tree removal and pruning from within the \$400,000 being advanced. **The Council may wish to consider if the pruning and removal of trees in Liberty Park is an expense that the CIP Fund should incur. The Council may wish to confirm with the Administration that all of the expenses associated with the removal and pruning of trees was undertaken as part of the relocation of the sidewalk and not as a safety measure unrelated to planned Liberty Park CIP projects.**

Issue #2: Special Revenue Carryover – Former Trust Funds (\$400,000 – Special Revenue Fund)

The City, in compliance with GASB 34, has eliminated expendable trust funds and replaced them with special revenue funds. Prior to GASB 34, the Accounting Division automatically set a budget for control purposes in expendable trust fund accounts to be whatever the available cash balance was at the end of each month. This was possible because expendable trust funds, by definition, didn't require formally adopted budgets. In order to control contributions in a similar manner, the Accounting Division is requesting that the Council adopt a budget that will be placed in a "budget only cost center" within the special revenue funds. As contributions are received (for example: celebrations or events such as the Physical Fitness of Cities) budgets will be moved from the "budget only cost center" to the project to match the actual amount of available cash. The Council will be asked to consider approving the initial projects in the same manner as it currently approves grants. The Administration is suggesting a budget of \$400,000, but this is probably a high estimate since the amounts received in past years have been less than \$300,000. However, only the actual amount received will be set up with a budget to allow expenditures to occur. This action would not move funds, but would allow the Administration the authority to deposit donated funds and establish an available cash amount.

Issue #3: Emergency Management – Hazard Mitigation Grant (\$20,000 – Misc. Grant Fund)

The City has received a grant from the State of Utah, Division of Comprehensive Emergency Management (CEM). The grant is for Hazard Mitigation purposes in local municipalities. Grant funds will be used to purchase cabinets and switches that will house the City's computer network system.

The grant requires a local match of 25% that will be met with in-kind services of grant administration and installation of the server racks by the City's Information Management Services Division.

The Administration requests that the Council adopt a resolution authorizing the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The Administration recommends that the Council adopt the budget to allow for the facilitation of this grant and the resolution relating to this grant.

No additional FTE's are associated with this grant.

Issue #4: PSB Building Services – Budget Transfer (\$45,700 – General Fund)

The Administration is recommending that the cleaning budget within Police Department's appropriations be transferred to the Support Services budget. The Support Services Division provides building services to the Police Department. The requested budget transfer will allow Support Services to account for all Public Safety Building maintenance and service expenses in one budget.

Issue #5: Police - Pioneer Precinct Soil Stabilization (\$210,000 – CIP Fund)

The City recently bonded for the rehabilitation of an existing building to house the Pioneer Police Precinct. As the project has progressed the City's Engineering Division has determined that the soil under the building will need mitigation to assure that in the event of an earthquake, the building structure will not be compromised. The total cost of the soil mitigation is approximately \$350,000. The Administration recommends using \$50,000 from interest earned on the project bond, \$140,000 from the existing precinct building rehabilitation budget, and \$120,00 from CIP contingency. **The Council may wish to confirm that remaining project funds will be sufficient to complete the building rehabilitation.**

The Council appropriation would allow for the use of the interest income and the transfer from CIP contingency.

Issue #6: Public Utilities - Water Carryover projects (\$9,843,000 – Water Enterprise Fund)

The Public Utilities Department is recommending that \$9,843,000 be appropriated for expenses and capital improvements in the Water Enterprise Fund. Uses will include \$4,000,000 for water purchases, \$4,443,000 for water carryover projects, and \$1,400,000 for the South Temple Water Line Replacement project.

The water carryover projects are the unexpended portions of projects that were appropriated during the last budget cycle and are currently under construction. The water purchases are Central Utah Water stored in Jordanelle Reservoir to help the City during the anticipated water shortage this coming summer season. The South Temple Water Main Line replacement is a major capital project that the Department of Public Utilities is proposing to take place while South Temple is under construction.

Issue #7: Public Utilities – Stormwater Carryover projects (\$1,696,000 – Stormwater Enterprise Fund)

The Public Utilities Department is recommending that \$1,696,000 be appropriated for expenses in the Stormwater Enterprise Fund. Uses will include \$1,555,000 for Stormwater carryover projects, and \$141,000 for the South Temple Stormwater Line Replacement project.

The Stormwater carryover projects are projects that were appropriated during the last budget cycle and are currently under construction. The South Temple Stormwater Main Line replacement is a major capital project that will be cost effective to take place while South Temple is under construction.

Issue #8: Youth Programs – Grant (\$50,422 Misc. Grant Fund)

The City has solicited and received donations in the amount of \$50,422 relating to Youth City and Imagination Celebration programs. The Administration recommends that the Council adopt the budget appropriation request.

Issue #9: Impact Fee Exemptions (\$15,825 General Fund)

The City has exempted three entities from paying impact fees on their development projects. Under the City's Impact Fee ordinance the City's General Fund is responsible for the payment of impact fees for exempted projects. The total so far this year is \$15,825. **The City Council may wish to delay action on this request until the last budget opening of the year to allow the Administration the opportunity to include all impact fee exempt projects into one budget request. The City Council will receive a briefing on the Impact Fee Ordinance and recommended changes to the ordinance on March 19, 2002. The Council may wish to consider the Impact Fee Ordinance briefing details before considering action on this item.**

Issue #10: Airport – Budget Adjustment FTE request (\$153,700 – Airport Enterprise Fund)

Due to the increased new Federal Security Regulations adopted as a result of recent terrorist attacks, the airport is required to increase the amount of security staffing at vehicle checkpoints to remain in compliance. The Airport Board recommends that an additional 11 FTEs be added to the airport staffing document and that \$153,000 in airport reserve funds be used to pay for these additional position in fiscal year 2001-2002. The additional cost in fiscal year 2002-2003 will be \$443,600. **The City Council may wish to confirm that the Airport Capital Improvement Program is the appropriate expenditure budget for these new positions. Generally the Council requires that ongoing revenue sources be identified for ongoing expenditures.**

The new positions will be titled Airport Operations Safety Specialists. Current Curbside Specialist staff will be incorporated into the new positions and will rotate their duties between secure area vehicle checkpoints and curbside duties.

Issue #11: Housing Trust Fund – RDA Grant (\$677,000 – Misc. Grant Fund)

The City's Community and Economic Development/Housing and Neighborhood Development staff submitted a request for funds to the Redevelopment Agency of Salt Lake City (RDA). The request was for funds that could be used for Housing Trust Fund purposes. The most recent RDA budget included a grant to the Housing Trust Fund in the amount of \$677,000 for the purposes of land acquisition, installation, construction and/or rehabilitation of structures.

The Administration recommends that the City Council adopt this budget to accept and facilitate this grant to the Housing Trust Fund.

Issue #12: Pioneer Park Use Plan – Grant (\$60,000 – Misc. Grant Fund, CIP Fund)

The Administration is requesting that an additional \$25,000 be appropriated from CIP contingency for the required local match to a grant from the City Parks Forum. The Public Services Department expects to receive a grant in the amount of \$35,000 for the rehabilitation of facility deficiencies. The Administration intends to use the grant funds and local match money to plan for the revitalization and future use of Pioneer

Park. **The Council may wish to note that there are several existing plans that have components dealing with Pioneer Park.**

The Council will also be requested to adopt a resolution that authorizes the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The Administration recommends that the Council adopt the budget to allow for the facilitation of this grant and the resolution relating to this grant.

No additional FTE's are associated with this grant.

Issue #13: HAND Adjustments – Grant (\$26,800 – Misc. Grant Fund)

During the reconciliation of eleven years of HOME funding, the U.S. Department of Housing and Urban Development (HUD) discovered funds that have not been granted to Salt Lake City. The funds were discovered by HUD and have been awarded to Salt Lake City for use in the Neighborhood Housing Services program and the City's 1st Time Homebuyer Program. Fifteen percent of the grant funds will go to Neighborhood Housing Services the remainder to the 1st Time Homebuyer program. HUD has asked that the City appropriate these funds as soon as possible.

This grant does not have a new resolution for the Council to sign. The only needed Council action is the adoption of the budget to allow for the facilitation of these grants. No additional FTE's are associated with this grant.

Issue #14: HAND Director Position Reestablishment (\$23,000 – General Fund)

The Administration is recommending that the Housing and Neighborhood Development (HAND) Director position be reinstated. The previous course of having the CED Deputy Director for Business Development act as the HAND Director has not worked as expected and it has become clear to the Administration that two positions are necessary. The cost to reinstate the position will be \$23,000 in fiscal year 2001-2002 and \$92,000 in fiscal year 2002-2003. The HAND Director is an Executive level 005 position.

The HAND division would be structured as in the past with one director and one deputy director.

The Administration recommends that the FTE for the HAND Director be reinstated and that a budget be appropriated for this position.

Issue #15: CIP Transfer to Impact Fee (\$410,000 – CIP Fund)

As part of the biennial budget adoption the City Council reimbursed the General Fund \$410,000 for two studies relating to Impact Fees. The two studies were 100% reimbursable under the City's Impact Fee ordinance but because fees had not been collected the City's General Fund paid for the studies. During the budget adoption the appropriation of the transfer into the General Fund was made, but the transfer from CIP Fund balance was not made. The recommended action creates two expenditure cost centers within the CIP Fund to account for the transfer to the General Fund. The two cost centers will be \$180,000 for the CityGate Associates study and \$230,000 for the Impact Fee study. The Administration is recommending that the appropriation from CIP Fund Balance be made to complete the transfer of funds.

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