

## ITEM A-4

# SALT LAKE CITY COUNCIL STAFF REPORT

## BUDGET AMENDMENT ANALYSIS – FISCAL YEAR 2002-03

**DATE:** May 17, 2002

**BUDGET FOR:** **PUBLIC SERVICES (including GOLF, FLEET, REFUSE Funds)**

**STAFF REPORT BY:** Michael Sears

**cc:** Rocky Fluhart, Steve Fawcett, Rick Graham, Kevin Bergstrom, Greg Davis, Nancy Sanders, Laurie Dillon and DJ Baxter

---

The General Fund budget that the Council adopted in June 2001 for the Public Services for fiscal year 2002-2003 was \$29,777,376. The Mayor is recommending an amendment to decrease the budget by \$336,373 to \$29,441,003. The following recommended budget amendments include amendments to the Golf and Refuse Funds. Golf and Refuse are enterprise funds, supported by user fees rather than tax dollars.

### RECOMMENDED BUDGET AMENDMENTS

The following budget amendments are recommended by the Administration:

- Personal services benefit adjustment – There is a \$146,760 increase in the budgeted amount for personal services. Actual pay increases and benefit costs are different than the amount estimated in the biennial budget. (BA03-01)
- Eliminate Impound Lot – The recommended budget includes the outsourcing of the impound lot operations. This recommendation will result in a decrease of 7.08 FTE positions. Total expenditure savings is anticipated to be \$386,636. Other departments that use the impound lot will need to make appropriate accommodations on behalf of their individual departments. There is a corresponding reduction in revenue of \$260,009. (BA03-14)
- Eliminate 2 positions from the In-House Architectural program – There is a \$139,762 decrease in the budgeted amount for the In-House Architectural program personnel costs. This decrease was a result of a recommended reduction of two FTE positions in the program. **The Administration has indicated that they will be forwarding an alternate proposal on for this program, which will not necessitate the elimination of these positions.** (BA03-15)
- Various Operational Changes - There is a combined reduction of \$163,203 in various operational changes. These changes do include personnel reductions. The breakdown of the changes is as follows:
  - Eliminate business graffiti removal (\$19, 928)
  - Eliminate Hazardous Waste Removal (\$24,996) (environmental compliance is a function of Management Services)
  - Eliminate International Peace Gardens Seasonal employees (\$54,696)

## ITEM A-4

- Transfer General Fund portion of Accountant III to Golf Fund (\$14,500)
- Eliminate early retirement budget (\$230,900)
- Eliminate Asphalt Equipment Operator II position (vacant) (\$45,132)
- Eliminate Engineer III position (vacant) (\$56,340)
- Water increases \$83,000
- Waste Disposal Fees increase in Parks \$20,531
- CBI Security price increase of \$27,514
- Electrical and Natural Gas \$90,963 cost increase
- Gateway Island Maintenance increase \$24,000
- Seasonal employees increase \$33,905
- Police Department janitorial shift \$45,000. (BA03-16)
- Assumption of Jordan River Parkway ownership and operations – The City has the opportunity to assume ownership of the Jordan River Parkway State Park and the State owned Cottonwood Park. The State has tentatively agreed to contribute \$25,000 towards the operation of the park. The Administration is currently negotiating for a greater amount. Total expenditures are anticipated to be \$128,468 each fiscal year. Three FTE seasonal positions will be added to maintain this new park. (BA03-17)
- Additional FTE position in Golf Enterprise Fund – The recommended budget amendment for the Golf Fund includes the addition of a groundskeeper (1 FTE) for the Forest Dale Golf Course. The \$34,091 in necessary funding for this position is proposed to come from a reduction in operating supplies and retail merchandise in the Golf Fund. The budget for supplies and merchandise has been more than sufficient in the past. The total overall fiscal affect of this proposal is \$0. (BA03-28)
- Assumption of Jordan River Golf Course ownership and operations – The City has the opportunity to assume ownership of the Jordan River Golf Course. Total annual expenditures are anticipated to be \$223,990. Green fees, Golf Fund reserves and a \$50,000 Grant from the PGA for the operation of the Jordan River Golf Course are the proposed funding sources for this golf course. This course is expected to require more than \$93,990 from the Golf Fund reserves in fiscal year 2002-2003 for one-time equipment purchases. The professional and superintendent at the Rose Park Golf Course will manage this golf course. Audited financial statements for the Golf Fund as of June 30, 2001 showed current assets to be about \$1.3 million greater than current liabilities. **This proposal uses fund reserves for one-time equipment purchases. The Council may wish to ask the Administration to comment on the adequacy of fund reserves and the purposes for which the reserves are being accumulated. The Administration expects to realize economies of scale from the operation and improved marketing of this course. The resulting revenue is expected to cover operating expenditures.** (BA03-29)
- Refuse Fund changes to operating expenditures –With the implementation of automated curbside recycling, an increase in recycling activity has occurred, which has resulted reduced non-recyclable trash, for a savings in tonnage (tipping) fees paid to the Landfill. A corresponding reduction in the number of weekly

## ITEM A-4

refuse containers has caused a decrease in projected revenue of \$180,763. The proposed increases to the operating budget are for maintaining the refuse fleet and for the addition of .50 FTE Ground Arborist and 2.04 FTE Seasonal employees. The total proposed staffing additions are estimated to cost \$80,953. Overall adjustments to the Refuse Fund include an increase in the use of fund balance in the amount of \$388,367 and a net expenditure increase of \$207,604. Audited financial statements for the Refuse Fund as of June 30, 2001 showed current assets to be about \$4.8 million greater than current liabilities. (BA03-30)

<b>ANALYSIS OF PROPOSED BUDGETS</b>
-------------------------------------

The synopsis below represents full-time equivalent (FTE) positions from the Staffing Document, and is followed by a synopsis of the Public Service Department's budgets.

	FTEs Adopted <u>2002-03</u>	FTEs Proposed <u>2002-03</u>
Office of the Director	14.63	14.48
Compliance	54.49	53.36
Facility Management	51.31	51.31
Gallivan Utah Center/Community Events	17.15	17.15
Streets	85.05	84.80
Parks	120.79	119.38
Engineering	63.00	60.00
Youth & Family Programs	<u>23.37</u>	<u>23.37</u>
<b>Total</b>	429.79	423.85
Golf	90.92	94.50
Refuse	60.88	63.42
Fleet	40.00	40.00

PROPOSED BUDGET AMENDMENT EXPENDITURES PUBLIC SERVICES DEPARTMENT FISCAL YEAR 2002-2003			
	Original Adopted Budget	Recommended Budget Amendment	Proposed Budget 2002-2003
General Fund			
Office of the Director	<b>\$1,723,816</b>	<b>\$(14,500)</b>	<b>\$1,709,316</b>
Compliance	<b>2,025,294</b>	<b>(386,636)</b>	<b>1,638,658</b>
Facility Management	<b>4,792,204</b>	<b>163,477</b>	<b>4,955,681</b>
Gallivan Utah Center	<b>1,215,196</b>	<b>0</b>	<b>1,215,196</b>
Community Events	<b>367,755</b>	<b>0</b>	<b>367,755</b>
Streets	<b>7,439,449</b>	<b>(84,756)</b>	<b>7,354,693</b>

## ITEM A-4

Parks	<b>6,286,780</b>	<b>156,379</b>	<b>6,443,159</b>
Engineering	<b>4,886,440</b>	<b>(196,102)</b>	<b>4,690,338</b>
Youth & Family Programs	<b>1,040,442</b>	<b>0</b>	<b>1,040,442</b>
Personal Services (all divisions)		<b>146,760</b>	<b>146,760</b>
Other adjustments		<b>(120,995)</b>	<b>(120,995)</b>
Total Proposed General Fund	<b>\$29,777,376</b>	<b>\$(336,373)</b>	<b>\$29,441,003</b>
GOLF FUND	<b>\$ 8,355,117</b>	<b>238,490</b>	<b>\$ 8,593,607</b>
REFUSE COLLECTION FUND	<b>\$10,156,680</b>	<b>207,604</b>	<b>\$10,364,284</b>
FLEET MANAGEMENT FUND	<b>\$11,173,836</b>	<b>0</b>	<b>\$11,173,836</b>

### Office of the Director

This division provides coordinated direction and support to carry out the Department's goals and policies. It provides financial, planning, training, personnel and safety services, as well as overseeing and coordinating the communications, information, and contract management functions of the Department.

### Compliance Administration

This division provides coordinated direction and support to carry out three programs: parking enforcement, crossing guards and the impound lot.

### Facility Management

This division provides maintenance and repairs of City-owned buildings, the Downtown and Sugar House Business Districts and Franklin Covey Stadium.

### Gallivan Utah Center

This division is responsible for operation of the Gallivan Utah Center through contract with the Redevelopment Agency of Salt Lake City. Expenditures not covered by program revenue are covered by the Redevelopment Agency.

### Community Events

The Community Events division is responsible for programming some of the activities at Gallivan Utah Center, as well as Citywide events such as the Celtic Festival, the Salt Lake City Classic, and 24<sup>th</sup> of July celebration.

### Streets

The Streets Division provides a variety of services aimed at providing a clean, attractive, safe and healthy environment. General Fund services include the maintenance of streets, sidewalks and signals; snow removal; and signing and marking within the City.

### Parks

The Parks Division ensures the preservation, development and maintenance of parks and open spaces in the City. The division also is responsible for managing the City Cemetery and the Graffiti Removal program.

### Engineering

The Engineering Division provides general engineering services for the City, including the review of private development projects, oversight of work in the public right-of-

## **ITEM A-4**

way, engineering, surveying, mapping, record services and the proper design of City-owned buildings and facilities.

### Youth & Family Programs

This division provides intervention activities and assistance for at-risk youth and families at the Sorenson Multi-Cultural Center.

Within the Non-Departmental portion of the recommended budget there is \$150,000 identified for Youth Services. That program is not related to this Youth and Family services program.

## **LEGISLATIVE INTENT STATEMENTS**

The Council has some Legislative Action items outstanding with this Department. A complete list of outstanding Legislative Action items will be provided for Council feedback later in the budget process.

## **POTENTIAL MATTERS AT ISSUE**

- The Mayor's recommended budget amendment for fiscal year 2002-2003 does not address the Fleet Management and Performance Review that is currently underway. Part I of the review had some recommendations for the division. It is the understanding of Council staff that the Fleet Review briefing material will be transmitted from the Administration soon. The Council may wish to consider all recommendations associated with the Fleet Division once the review is complete.
- The Council has received public comments relating to the Fleet impound lot. The Council may wish to request that the Administration respond to the issues raised, including:
  - The potential impact on other City Departments, including Fire and Police (vehicles available for training).
  - Any potential chain of evidence or security concerns with private lots.
  - The actual amount of revenue that is currently generated and any revenue that is anticipated to be generated through the new approach.
  - Confirmation of the net projected savings.
- The Council has also received comment on the architect positions proposed for elimination. Clarification could be requested from the Administration on:
  - The extent to which outside contracting will be necessary
  - The service level impact for departments
  - The extent to which some of the savings may be offset by loss of reimbursement revenue from other departments (BA03-15)
  - Confirmation of the net projected savings
- It is the understanding of Council staff that briefing material concerning the State Land Transfer and the Golf Marketing Plan will soon be transmitted by the Administration. Both items relate to the budget discussions that the Council will hold on May 21, 2002. The Council may wish to schedule briefings

## ITEM A-4

on these two items on June 4 or 6 and discuss them before the Council adopts changes to the fiscal year 2002-2003 budget.

- The Council established the business graffiti removal program in order to assure quick removal of graffiti because it has been asserted that graffiti left unchecked tends to lead to further graffiti and property destruction. In establishing the program, the Council indicated it didn't want property owners to feel 'victimized twice' – once when the graffiti was done and a second time due to a proposed City regulation requiring that removal take place within a specified time frame. The Council may wish to clarify whether paint and materials will still be available to property owners including businesses, whether there will be a charge for these items and where the cost for these items is budgeted. Also, the Council may wish to clarify whether there are currently any requirements for the timely removal of graffiti.
- Last year the Council expressed concern that one of the City departments had not budgeted for early retirement and came to the Council in a budget opening in the middle of the year to request funding. The elimination of \$230,900 from this department's budget could create the same situation. The Council may wish to establish a consistent policy about whether retirements will be funded through budget openings or should be included in the regular budget such as Fire and Police have done.
- The Council has a policy indicating it will consider funding maintenance costs as new maintenance responsibilities are added to the Public Services portfolio. Adequate funding is not available to follow this policy for the addition of the State parks properties unless cuts are made in other areas.
- In response to a question from Council Member Carlton Christensen the Administration has indicated that parking meter replacement is no longer funded in Management Services. It is anticipated that replacement will be funded to the extent possible through Public Services. This could be very limited given the other demands of this Department's budget.