

**SALT LAKE CITY COUNCIL STAFF REPORT**  
**BUDGET AMENDMENT ANALYSIS – FISCAL YEAR 2002-03**

**DATE:** May 10, 2002  
**BUDGET FOR:** NON-DEPARTMENTAL  
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**cc:** Rocky Fluhart, David Nimkin, Steve Fawcett, DJ Baxter

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The budget that the Council adopted in June 2001 for the Non-Departmental budget for fiscal year 2002-2003 was \$38,693,098. Two amendments during the year increased the Non-Departmental budget for fiscal year 2002-2003 by \$27,300.

The Mayor's proposed amendment increases the Non-Departmental budget by \$6,938,364 primarily to appropriate one-time revenue for several projects. The Council may wish to discuss the sources and uses of one-time revenue in a separate work session. Council staff can prepare a supplementary report on the one-time money. The Council may wish to focus on balancing on-going revenue with on-going expenditures and defer appropriation of any one-time money until after July 1<sup>st</sup>.

**Proposed Changes to the Non-Departmental Budget (General Fund)**

1. \$4,000,000 of one-time funds to the CIP fund for Library Square improvements – The Mayor proposes that one-time revenue be appropriated for open space improvements to the east side of the Library Square. The architectural schematic design proposals a cost between \$5 to \$5.5 million to develop the four acres of open space on the east side of the library block. There is \$1.1 million in Library bond money available for the project.
2. \$3,000,000 of one-time funds to establish an endowment for youth programs – Interest earned on the investments of the endowment funds can give serve as a base to pursue matching grants and donations.
3. \$150,000 of one-time funds for operations of youth programs – The amendment proposes appropriating \$150,000 as immediate seed money for youth programs operating budget. The Council appropriated \$150,000 in fiscal year 2002-2003 for this purpose.
4. \$700,000 of one-time funds for Olympic Legacy projects in neighborhoods – Funding for at least seven projects throughout City neighborhoods for a lasting legacy of the Olympic Winter Games.
5. \$400,000 of one-time funds to match private donations to possibly retain two of the Houser sculptures – Several Alan Houser sculptures were displayed on Washington Square before and during the Olympics. A donation effort is under way.
6. \$724,716 set aside of one-time funds to CIP contingency
7. \$1,549,806 reduction of appropriations to CIP – The amendment proposes reducing the amount appropriated for local street reconstruction and traffic

signal upgrades and funding a youth program endowment, Library Square improvements, and other projects with these funds. The budget maintains the 9% of on-going General Fund revenue to CIP.

8. \$233,000 reduction to on-going funding of the neighborhood matching grant program – The biennial budget appropriated \$350,000 each year for the neighborhood matching grant program. The Mayor proposes that for one year the appropriation be reduced because there is \$233,000 of program funds unspent in the account.
9. \$15,000 of on-going funds for participation in Salt Lake Community College community television project – This would be an on-going countywide project to provide community information to the public and visitors at hotels/motels. (This project is not public access TV.)
10. \$8,000 additional transfer to the Insurance and Risk Management Fund for employee pay increases and benefit costs – Projected costs are greater than the amount included in the biennial budget for employees working in the Insurance and Risk Management Fund. The General Fund supports most of the costs of employees of this internal service fund.
11. \$20,000 increase in cost of property insurance – The cost for property insurance has significantly increased since September 11<sup>th</sup>. The General Fund's share of the increases are estimated to be \$20,000.
12. \$33,000 increase in cost of health insurance for City's share of cost for retirees – The City pays approximately 25% of retired employees health insurance costs. These costs have increased \$33,000 more than originally estimated.

### **Potential Matters at Issue**

- The Council may wish to discuss the proposed funding of \$4,000,000 for the Library Square open space improvements. Perhaps a fund raising campaign could generate a significant amount of funding for improvements on the Library Block. A more modest, less formal design has been suggested. The Council requested a public process for evaluating the two options. The Council may wish to defer action until the public process is completed.
- The Council may wish to discuss funding for Youth Programs. The Mayor is proposing establishing a YouthCity endowment with \$3,000,000 of one-time revenue. It is anticipated that this endowment will yield about \$180,000 in interest annually. The Mayor is also requesting \$150,000 from one-time revenue for an immediate operating budget. Another option would be to appropriate \$150,000 to \$180,000 from on-going funds rather than setting up the endowment. The \$3,000,000 could then be appropriated for other priorities. The Council may wish to discuss with the Administration the past success of receiving donations and grants for the YouthCity program and the possibility of operating youth programs with a reduced level of General Fund appropriations. The Council may also wish to discuss the prudence of supplementing the County or State's responsibilities for recreation or social services.
- The Council may wish to discuss the proposed appropriation to purchase Houser sculptures. This use of one-time funds can be evaluated along with other needs of the City including deferred maintenance of streets, sidewalks, and parks.

Another option would be to appropriate a lesser amount to be combined with donations to purchase one or two sculptures. The Council may wish to discuss with the Administration the success that the citizen group has had in pledges for donations.

- Previously, the Council appropriated \$15,627,184 for capital projects. Of this amount, \$7,293,123 was available for projects after making debt payments and setting aside impact fees. The amendment proposes reducing funding by \$1,549,806 to exactly the 9% level (9% of General Fund on-going revenue). These reductions are to traffic signal upgrades and local street reconstruction projects. The Council may wish to discuss this reduction taking into consideration past Council's emphasis to catch up on deferred capital projects.
- The amendment proposes using \$233,000 of one-time accumulations in the neighborhood matching grant account to help finance ongoing General Fund costs. This is a departure from past Council policy: One-time savings should generally be used for one-time projects rather than on-going programs. The Administration's proposal means that if the Council wishes to restore this program in fiscal year 2003-2004, new on-going funds will need to be identified.
- Council Member Love asked Council staff to report on the overall economic development activities including the Economic Development Corporation of Utah (EDCU), the State Department of Community and Economic Development, the Salt Lake Chamber of Commerce, and the City's Department of Community and Economic Development. Council staff will follow up on this request. In the interim, we have attached a letter from the EDCU providing a summary of the programs and activities for the calendar year 2001 and first quarter of 2002. The budget includes \$132,992 of funding for the EDCU and \$29,527 for the Salt Lake Chamber. Previously the Council issued the following legislative intent: *It is the intent of the City Council that the Administration review and evaluate the services provided by the Economic Development Corporation of Utah.*

<b>Proposed Budget Amendment Non-Departmental (General Fund) Fiscal Year 2002-2003</b>			
<b>Programs</b>	<b>Original Adopted Budget</b>	<b>Proposed Amendment</b>	<b>Proposed Budget</b>
<b>Municipal Contributions/Civic Support</b>			
Civic Opportunities Fund	\$ 15,000	-	\$ 15,000
Council of Governments	28,898	-	28,898
East Valley Chamber of Commerce	2,000	-	2,000
Gifts/Receptions	20,600	-	20,600
Hispanic Chamber of Commerce	1,500	-	1,500
ICMA Performance Review Program	5,200	-	5,200
Legal Defenders	295,139	-	295,139
National League of Cities	8,900	-	8,900
Sales Taxes Rebate	162,000	-	162,000
Salt Lake City Arts Council	223,600	-	223,600
Sister Cities	5,000	-	5,000
Salt Lake Chamber of Commerce	29,527	-	29,527
SLCC Community Television		<b>15,000</b>	15,000
SL Valley Conference of Mayors	350	-	350
Sugarhouse Park Authority	192,600	-	192,600
Tracy Aviary	200,000	-	200,000
Transitional Housing	103,000	-	103,000
U.S. Confence of Mayors	7,320	-	7,320
Utah Economic Development Corp.	132,992	-	132,992
Utah League of Cities and Towns	90,000	-	90,000
Winter Overflow Shelter	63,000	-	63,000
Youth City Government Program	7,000	-	7,000
Youth Programs Operations (one-time revenue)		<b>150,000</b>	150,000
<b>Total Municipal Contributions/Civic Support</b>	<b>1,593,626</b>	<b>165,000</b>	<b>1,758,626</b>
<b>Other Programs</b>			
Animal Services	805,200	-	805,200
Geographic Information System	25,000	-	25,000
Non CDBG Mailings	6,000	-	6,000
Tuition aid program	110,000	-	110,000
Washington DC Consultant	50,000	-	50,000
<b>Total Other Programs</b>	<b>996,200</b>		<b>996,200</b>
<b>Debt Service – Tax &amp; Revenue Anticipation Notes</b>			
Interest Expense on Tax Revenue Anticipation Notes	1,100,000	-	1,100,000
Bonding/Note Expense	45,000	-	45,000
<b>Total Debt Service</b>	<b>1,145,000</b>		<b>1,145,000</b>
<b>Transfers</b>			
Debt Service - Library Bonds (CIP Fund)	6,817,883	-	6,817,883
Debt Service – Other Projects (CIP Fund)	7,584,061	<b>(229,746)</b>	7,354,315
Impact Fees (CIP Fund)	750,000	<b>(100,000)</b>	650,000
Capital Improvement Projects	7,293,123	<b>(1,549,806)</b>	5,743,317
CIP – Library Square (one-time revenue)		<b>4,000,000</b>	4,000,000
CIP – Contingency (one-time revenue)		<b>724,716</b>	724,716
CIP – Olympic Legacy Projects in Neighborhoods		<b>700,000</b>	700,000
Fleet Replacement Fund	3,949,537	-	3,949,537
Governmental Immunity Fund	1,300,000	-	1,300,000
Neighborhood Matching Grants Program	350,000	<b>(233,000)</b>	117,000
Street Lighting Fund	125,000	-	125,000
Accounting System Maintenance Agreement	63,000	-	63,000
Youth Program Endowment (one-time revenue)		<b>3,000,000</b>	3,000,000
Houser Sculptures (one-time revenue)		<b>400,000</b>	400,000
<b>Total Transfers</b>	<b>28,232,604</b>	<b>6,712,164</b>	<b>34,944,768</b>
<b>Interfund Charges</b>			
Information Management Services	4,886,786	-	4,886,786
Insurance and Risk Management Fund	1,540,382	<b>61,000</b>	1,601,382
<b>Total Interfund Charges</b>	<b>6,427,168</b>	<b>61,000</b>	<b>6,488,168</b>
Contingencies	300,000		300,000
<b>TOTAL</b>	<b>\$38,694,398</b>	<b>\$6,938,364</b>	<b>\$45,632,762</b>

