

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2003-04

DATE: March 28, 2003
SUBJECT: **STORMWATER FUND**
STAFF REPORT BY: Gary Mumford
CC: Rocky Fluhart, David Nimkin, LeRoy Hooton, Jeff Niermeyer,
Jim Lewis, Steve Fawcett, Susi Kontgis, DJ Baxter

The operating budget for the Stormwater Fund for fiscal year 2003-2004 is proposed to be \$2,950,617, which is an increase of \$92,755 or 3.2% over fiscal year 2002-2003. The proposed capital budget is \$11,575,000, which is an increase of \$5,025,689 in fiscal year 2003-2004.

STORMWATER FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Stormwater service fee	\$ 5,295,199	\$ 5,348,151	\$ 52,952	1.0%
County Flood Control	200,000	200,000	-	
Interest	300,000	270,000	(30,000)	(10.0%)
Impact fees	250,000	250,000	-	
Contribution by developers	516,000	516,000	-	
Other revenue	40,000	40,000	-	
Bond proceeds	9,000,000	8,000,000	(1,000,000)	(11.1%)
Use of reserves		841,466	841,466	
Total revenue & other sources	\$15,601,199	\$15,465,617	\$ (135,582)	(0.9%)
Expenses				
Salaries, wages & benefits	\$1,449,140	\$1,480,151	\$ 31,011	2.1%
Materials & supplies	119,150	119,650	500	0.5%
Charges for services	1,289,572	1,350,816	61,244	4.7%
Capital Outlay				
Capital improvement	6,549,311	11,575,000	5,025,689	76.7%
Vehicles & equipment	740,000	140,000	(600,000)	(81.1%)
Debt Services	375,000	800,000	425,000	113.3%
Increase to reserves	5,079,026	-	(5,079,026)	
Total Expenses & Capital Outlay	\$15,601,199	\$15,465,617	\$ 135,582	0.9%

POTENTIAL MATTERS AT ISSUE

The major matters reflected in the proposed budgets for the Stormwater Fund include:

- Capital improvement program – The proposed budget includes two collection line projects: 900 South (State Street to Jordan River) and 1700 South (500 West to 900 West). See the budget book provided by the Department for a complete listing of projects.
- Bonding – The Stormwater program is proposing to bond for \$8 million to help finance the 900 South storm drain line. The start date on this storm drain was postponed. The bonds will not be issued in fiscal year 2002-03, but are now scheduled for fiscal year 2003-04. The bond amount was originally proposed to be \$9 million. Because of the delay, the Stormwater Fund has accumulated more cash for the project. Therefore, the proposed bond amount has been reduced to \$8 million. The first bond repayment of \$800,000 has been included in the budget. If the 900 South project is delayed until spring 2004, the repaying will not occur in fiscal year 2004.
- No rate increase – The six-year cash flow schedule does not indicate a rate increase anytime during the next six years.

Observations – Review of Budget Detail

Council staff reviewed the budget detail and met with Department representatives to obtain explanations of differences between fiscal year 2002 actual costs and the proposed budgeted or variations between fiscal year 2003 budget and the proposed budget. A listing of each cost center by division is attached to this report. The Council may wish to obtain additional explanations from Department representatives regarding the proposed budget.

- General pay increase – The budget assumes a 3% general pay increase. The Mayor's proposed salary adjustment, if any, will be included in the Mayor's recommended budget that will be presented to the Council on the first Tuesday in May. Any increases are subject to the Council's consideration. The proposed budget for the Stormwater Fund reflects a 2% increase rather than 3% because some savings that has occurred and because of a reduction in staffing by 0.2 FTE.
- Buildings supplies – A budget of \$25,000 is proposed. Actual fiscal year 2002 expenditures were \$3,930, and costs for the first nine months of the current fiscal year (as of March 27, 2003) are \$4,330. This line-item budget includes contingency funds in case pumps need to be replaced.
- Electrical power for pumping – A budget of \$46,680 is proposed. Actual fiscal year 2002 expenditures were \$38,410, and recorded costs for the first nine months of the current fiscal year (as of March 27, 2003) are \$14,890. Not all power bills for the nine months would have been received.
- Training, travel, conventions & workshops – A budget of \$18,760 is proposed. Actual fiscal year 2002 expenditures were \$1,210, and costs for the first nine months of the current fiscal year (as of March 27, 2003) are \$427.

- Fleet maintenance and fuel – A budget of \$140,890 is proposed. Actual fiscal year 2002 expenditures were \$129,000 and actual costs for the first nine months of the current fiscal year (as of March 27, 2003) are \$92,110. The Department is requesting a budget increase because of fuel price increases and because the Department has deferred replacement of some vehicles to help offset revenue shortfalls. An older fleet usually requires more maintenance.
- Payment in lieu of taxes – The budget of \$132,000 represents an increase of \$37,240 in payments to the General Fund. The payment-in-lieu-of-taxes formula is based on prior year net income.
- Administrative service fees for General Fund services - A budget of \$60,000 represents an increase of \$18,800. The General Fund provides attorney support, accounting, payroll, human resource management, purchasing, and other services for the Department of Public Services. The actual amount of the reimbursement is based on a cost study performed quarterly.
- “GIS” cost center - A budget for the GIS cost center is proposed to increase by 10% from \$192,760 to \$210,610. Actual costs for fiscal year 2002 were \$175,770. The GIS function provides mapping and locating services for all three funds (water, sewer and stormwater). Costs are allocated to the three funds based on actual services performed. The increase is due to transferring one employee from the engineering cost center to the GIS cost center.

Capital Improvement Budget

The proposed budget reflects a capital improvement budget of \$11,575,000 for fiscal year 2003-2004. A detail listing of the projects is included in the budget book from the Department (included in your packet).

Proposed Capital Improvement Program	
Collection lines	\$11,355,000
Lift stations	220,000
Total Capital Improvement Program	\$11,575,000

Additional Information

BACKGROUND

The Department of Public Utilities maintains over 432 miles of stormwater pipe and collection lines using 30 employees. It was 1991 when the General Fund transferred the entire storm drain system under Public Utilities management. July 1991 began the implementation of a new stormwater fee based on surface area. Since that time there have been no rate increases and no public tax dollars have been used to help the system. Stormwater employees also monitor the snow pack water content and manage the stormwater permit process.

LEGISLATIVE INTENT STATEMENTS

No legislative intent statements are outstanding for the Stormwater Fund.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Stormwater Fund.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council's list for future audits.