

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2003-04

DATE: March 18, 2003

SUBJECT: **STORMWATER FUND**

STAFF REPORT BY: Gary Mumford

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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. *The Council may wish to ask representatives of the Department about the phasing plans for these projects and potential disruptions to business owners, residents, and traffic.*
- 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 Council may wish to ask representatives of the Department about the timing of the bond issue and when the Council may be expecting to consider the bond resolutions.*
- No rate increase – The six-year cash flow schedule does not indicate a rate increase any time during the next six years.
- Reduction in full-time-equivalent position – The budget includes a reduction of 0.2 FTE utility locator position.
- 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.
- Charges for services – The proposed budget includes a 4.7% increase in charges for services. The largest component of this is a \$37,000 increase in payment in lieu of taxes to the General Fund. The payment-in-lieu-of-taxes formula is based on prior year net income. Other increases are \$7,000 for data processing services and \$19,000 for payments to the General Fund for services (attorney, payroll, accounting, human resource management, purchasing, etc.).

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.