

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

DATE: May 9, 2003

SUBJECT: **OVERVIEW OF THE MAYOR'S RECOMMENDED BIENNIAL BUDGET**

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On May 6, 2003, Mayor Anderson presented his recommended budget for fiscal year 2003-04. Council staff has prepared this overview of some of the major issues contained in the Mayor's Recommended Budget to allow the Council to set priorities to best utilize Council staff resources during the budget review and adoption process.

Council staff will be providing the Council with a more comprehensive analysis of proposed department budgets prior to each briefing. Based on the information contained in this overview, the Council may wish to indicate areas of particular interest or concern. Council Members may also wish to identify any funding priorities that they would like Council staff to consider while analyzing the budget.

GENERAL FUND

The General Fund accounts for traditional government services such as police, fire, streets, parks, community & economic development, and general government. The Mayor's recommended General Fund expenditure budget for fiscal year 2003-04 is \$165,034,393. This is a 0.6% increase over the adopted fiscal year 2002-03 budget.

Proposed General Fund Budget				
Fiscal Year 2003-2004				
	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Difference	Percentage Change
Revenue	\$164,986,670	\$161,186,949	\$(3,799,721)	(2.3%)
Expenditures	\$164,023,481	\$165,034,393	\$ 1,010,912	0.6%

The Mayor's Recommended Budget includes a \$3,847,444 deficit between revenue and expenditures in the General Fund. The Administration proposes to balance this deficit using fund balance. The accumulated fund balance is approximately \$26,000,000 or almost 16% of General Fund revenue. An appropriation of \$3,847,444 will reduce fund balance to about \$22,250,000 or 13.8% of general fund revenue. The Mayor stated that while using fund balance is not a viable long-term solution, the City's healthy fund balance can help the City continue to

realize its long-term goals for funding capital improvement projects until the economy improves.

GENERAL FUND REVENUE

General Fund activities are funded primarily by property taxes, sales taxes, franchise taxes and licenses and permits. The table below reflects the fiscal year 2002-03 budget for revenue and the proposed budget for fiscal year 2003-04.

PROPOSED GENERAL FUND REVENUE FISCAL YEAR 2003-2004				
	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Difference	Percent Change
Property taxes	\$61,648,847	\$59,228,509	\$(2,420,338)	(3.9%)
Sales and use taxes	41,951,328	40,104,446	(1,846,882)	(4.4%)
Franchise taxes	20,794,775	22,084,814	1,290,039	6.2%
Payment in lieu of taxes	935,960	920,036	(15,924)	(1.7%)
Licenses and permits	9,678,041	8,375,001	(1,303,040)	(13.5%)
Intergovernmental revenue	3,954,115	4,172,084	217,969	5.5%
Charges for services	2,758,385	3,204,255	445,870	16.2%
Parking meter revenue	1,370,000	1,856,600	486,600	35.5%
Fines and forfeitures	7,920,500	8,971,514	1,051,014	13.3%
Interest income	2,900,000	3,500,000	600,000	20.7%
Administrative fees from other City funds	7,218,300	6,408,582	(809,718)	(11.2%)
Miscellaneous revenue	791,067	910,019	118,952	15.0%
Interfund transfers in	3,065,352	1,451,089	(1,614,263)	(52.7%)
Total General Fund Revenue	\$164,986,670	\$161,186,949	\$(3,799,721)	(2.3%)

Property tax: A separate property tax is proposed for the Governmental Immunity Fund with an offsetting reduction to the General Fund of \$1,300,000. Property taxes are projected to decrease \$1,120,000 in addition to the effect of transferring the Governmental Immunity tax levy. The Administration is assuming an error in the County Auditor’s Office that impacts the certified tax rate will be successfully appealed to the State Tax Commission. *If the petition to the State Tax Commission is not successful, property taxes will be less than the amount shown in the Mayor’s recommended budget by an additional \$1,222,000.*

Sales tax: Taxable retail sales in Salt Lake City continue to decline. A new sales tax on cable and satellite TV passed by the 2003 Legislature is expected to bring in \$137,600 for Salt Lake City. Total retail sales are expected to decline by \$184,482. The resulting combined decline is \$46,882. As noted on the table above, sales and use tax for fiscal year 2002-2003 included the \$1,800,000 reimbursement of sales tax that was being held in the UTA Light Rail account.

Franchise tax: The Administration projects franchise tax revenue to increase. Part of the increase is due to a change in the bases for determining fees from telecommunication providers for placing conduit in the streets. In the past the fees were based on property value. The new rates will be based on linear feet.

Permits: Revenue projections for building permits represent a \$1,022,499 decrease due to the economy and the completion of a number of construction projects. Projections for impact fees contain a \$225,000 reduction for the same reason.

Class C road fund: A portion of Class C road funds is traditionally budgeted in the General Fund for eligible streets maintenance projects (less than 2" overlay). Major street overlay or reconstruction projects that are funded with Class C road funds are budgeted in the CIP Fund. The Administration proposes budgeting \$250,000 more in the General Fund and an offsetting reduction in the CIP Fund.

50/50 Concrete replacement program revenue: The Administration recommends reducing staffing in the 50/50 concrete replacement program. Residents may need to wait longer to have their sidewalks repaired. The reduction of the program will result in a projected decrease in revenue of \$80,000.

Rental fees: Some increases are proposed to rental fee rates resulting in an estimated \$104,860 increase to revenue.

Parking: Parking meter rates are proposed to increase from 20 minutes for 25 cents to 15 minutes for 25 cents. This is projected to increase revenue by \$353,600. Additional parking meters are proposed for mid-block sections of 300 South and 300 East and for areas near the Gateway and Franklin Covey Field. The new meters are projected to increase revenue by \$133,000. Since there are more meters, parking ticket revenue is projected to increase by \$100,000. The Department of Public Services has budgeted \$92,700 for the installation of these parking meters.

Fines: There are about \$15,000,000 of outstanding court fines that have not been paid. The Administration proposes to aggressively pursue collection of delinquent court fines and collect at least \$500,000. The Administration has performed a pilot test of collecting these funds and met with some success. This is a new effort, and the Administration has limited experience for estimating the amount that may actually be collected in fiscal year 2003-04.

Interest: The projected budget is \$600,000 less than the budget for fiscal year 2002-03 due to continued low interest rates.

E911 interfund transfers: The Administration has justified a larger transfer from the E911 Fund to reimburse the General Fund for the costs of answering emergency calls. This change was part of Budget Amendment #12 and will result in a \$346,000 increase for fiscal year 2003-04.

CDBG interfund transfers: In the past, salary expense for positions within the General Fund that were funded by Community Development Block Grant (CDBG) revenue were recorded as General Fund expenditures and offsetting CDBG

revenue. The Administration proposes budgeting for these positions directly within the CDBG Fund thereby eliminating the expenditures within the General Fund and the offsetting \$1,281,804 of interfund revenue. The effect of this accounting change is a reduction in the amount of General Fund expenditures.

GENERAL FUND EXPENDITURES

Beginning on page 6, there is a discussion of major changes to the proposed budget of each General Fund department.

PROPOSED GENERAL FUND EXPENDITURES FISCAL YEAR 2003-2004				
	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Difference	Percent Change
Attorney's Office	\$ 2,632,715	\$ 2,754,750	\$ 122,035	4.6%
Community & Economic Development	9,529,434	8,561,426	(968,008)	(10.2%)
Fire	26,370,546	27,528,366	1,157,820	4.4%
Management Services	8,942,888	8,915,333	(27,555)	(0.3%)
Police	42,425,069	43,219,399	794,330	1.9%
Public Services	32,589,220	34,063,834	1,474,614	4.5%
Office of the Mayor	1,582,831	1,325,202	(257,629)	(16.3%)
City Council Office	1,555,426	1,583,783	28,357	1.8%
Non-Departmental	38,395,352	37,082,300	(1,313,052)	(3.4%)
Total General Fund Expenditures	\$164,023,481	\$165,034,393	\$1,010,912	0.6%

The proposed budget contains a \$3,180,200 increase in salaries and wages for General Fund employees. Pension costs are increasing \$669,600 for the General Fund. The public safety retirement plan has the largest percentage increase, which impacts the Police Department by \$407,600. The General Fund's share of health insurance premiums is increasing by \$172,500.

CHANGES PROPOSED IN FULL-TIME EQUIVALENT POSITIONS

The Mayor is proposing decreasing 12.14 full-time-equivalent positions within the General Fund. Some other positions are proposed to shift between departments.

PROPOSED CHANGES IN FULL-TIME EQUIVALENT POSITIONS FISCAL YEAR 2003-2004				
	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Difference	Percent Change
Attorney's Office	31.29	32.29	1.00	3.2%
Community & Economic Development	127.00	119.40	(7.60)	(6.0%)
Fire	360.50	358.00	(2.50)	(0.7%)
Management Services	122.31	120.96	(1.35)	(1.1%)
Police	581.63	577.18	(4.45)	(0.8%)
Public Services	445.85	451.01	5.16	1.2%
Office of the Mayor	21.00	19.00	(2.00)	(9.5%)
City Council Office	19.00	18.60	(0.40)	(2.1%)
Total General Fund Expenditures	1708.58	1696.44	(12.14)	(0.7%)

Attorney's Office – By budget amendment, additional prosecutor positions were added last December in connection with taking over prosecution of highway patrol and certain other cases that were traditionally prosecuted by the district attorney. To help balance the shortfall in fiscal year 2002-03, a vacant secretary position was cut by budget amendment. The net result of changes in staffing approved by budget amendment was an increase of one position. The proposed budget for fiscal year 2003-04 does not contain any additions or reductions to the existing staff levels for the City Attorney's Office.

Community & Economic Development – Four positions were cut by budget amendment (Zoning Inspector, Development Review Planner, Building Inspector, and Research Assistant). These positions are currently all vacant. Two full-time special event positions are proposed to be shifted to the Public Services Department. One full-time position is proposed to be changed to a seasonal position. Traditionally, the City doesn't account for seasonal or temporary employees in the staffing document. A Traffic Control Center Operator is proposed to change to a grant funded position. Traditionally, grant funded positions are not accounted for in the staffing document, unless the grant is one that continues from one year to the next, such as CDBG. This grant that funds this position will continue until the end of fiscal year 2003-2004. If this position is to continue next year, the City will have to find revenue from within the General Fund. It is estimated that the necessary funds will be \$175,000.

Fire – One position in the Communications Division and 1.5 FTE Fire Prevention position were reduced by budget amendment. One additional position is proposed for elimination in Community Education.

Management Services – A Human Resource Associate position and a Cashier position were eliminated by budget amendment.

Police – Two positions were reduced by budget amendment. In addition, a vacant victim advocate position and a vacant youth & family specialist position are proposed to be eliminated. This will leave three victim advocate positions and three youth & family specialist positions. A part-time civilian position that the Council added last year to help the Police Department transport and set up speed boards was never filled and is proposed to be eliminated. Speed boards are deployed using current staffing. The Council eliminated the CDBG budget funding for one community support position. The funding for this position has been restored by the Administration in the General Fund.

Public Services – Two youth program positions are proposed to be transferred from the Mayor's Office. One new risk management specialist position and .10 FTE of an accountant position are proposed to be added. There are 3 new groundskeeper positions and 3.19 FTE seasonal groundskeeper positions proposed. There is a new .50 FTE unclassified Office Facilitator position proposed and .72 FTE additional program assistants to assist with weekend programs in the Youth & Family Programs Division. There are 5.26 positions proposed for elimination in the Concrete Maintenance program and 1.27 part time maintenance worker positions also proposed for elimination.

Office of the Mayor – Two youth program positions are proposed to be transferred to Public Services.

City Council Office – One vacant part-time position will be eliminated.

SIGNIFICANT CHANGES PROPOSED TO CITY DEPARTMENT BUDGETS
(General Fund)

City Attorney's Office:

- \$ 82,215 – Salary increase assumption
- \$ 15,840 – Pension rate increase
- \$ 3,504 – Employee health insurance rate increase
- \$(55,432) – Shift CDBG salary to CDBG Fund
- \$(6,000) – Reduction in office supplies and equipment
- \$(42,350) – Reduction in office expenses in the prosecutor's office
(The City Prosecutor may request that these funds be restored in future fiscal years.)

- \$ 24,482 – The proposed budget contains additional funding for career ladder promotions. One attorney in the Civil Division and five attorneys in the Prosecutor's Office are eligible for promotions under the career ladder program. The Prosecutor's Office Career Ladder program is not part of the City's compensation ordinances.

Community & Economic Development:

- \$ 253,343 – Salary increase assumption
- \$ 55,440 – Pension rate increase
- \$ 13,596 – Employee health insurance rate increase
- \$(1,029,532) – Shift CDBG salary to CDBG Fund
- \$(189,992) – Transfer Events Program from CED to Public Services
- \$(25,000) – Reduce budget for street light power
- \$(25,700) – Reduce peer review of structural plans
- \$(42,914) – Miscellaneous reductions

Fire:

- \$ 667,623 – Salary increase assumption
- \$ 12,252 – Pension rate increase
- \$ 38,880 – Employee health insurance rate increase
- \$(45,435) – Eliminate fire education specialist (layoff)
- \$(81,204) – Shift an Airport funding captain position to a grant funded position

Management Services

- \$ 218,538 – Salary increase assumption
- \$ 48,876 – Pension rate increase
- \$ 12,660 – Employee health insurance rate increase
- \$(91,967) – Shift CDBG salary to CDBG Fund
- \$(28,701) – Reduce budget for part-time judges
- \$(82,000) – Courts building maintenance and utilities transferred to public utilities
- \$(13,000) – EEO consultant expense
- \$(64,644) – Shift accounting system (IFAS) coordinator to IMS with the General Fund’s portion continuing to be paid for by an appropriation from Nondepartmental
- \$(66,228) – Shift CIP coordinator position to CIP Fund
- \$(15,564) – Administrative secretary position (vacant) downgraded to senior secretary
- \$(13,748) – File clerk position downgraded (vacant)
- \$(27,000) – Reduce budget for equipment replacement
- \$(74,562) – Miscellaneous reductions

Police

- \$ 1,386,448 – Salary increase assumption
- \$ 407,580 – Pension rate increase
- \$ 61,896 – Employee health insurance rate increase
- \$(52,308) – Eliminate one victim advocate position (vacant)
- \$(49,596) – Eliminate one youth & family specialist position (vacant)
- \$(39,000) – Eliminate funding for retired officers to deploy speed boards (\$50,000 was added for this service by the Council in 2002-2003)
- \$(200,000) – Management of overtime
- \$(40,000) – Shift CDBG salary to CDBG Fund
- \$ 40,000 – Fund COP civilian position that was cut from CDBG funding with General Fund resources.
- \$(50,000) – Reduce expense for vehicle fuel based on analysis
- \$(94,000) – Delay replacement of laptop computers used in patrol cars
- \$(32,000) – Delay replacement of copy machines, pedal bikes and other equipment
- \$(35,000) – Savings in cell phone and pager costs by using better plans
- \$(195,000) – Reductions to supplies and other expenses

Public Services

- \$ 502,518 – Salary increase assumption
- \$ 118,439 – Pension rate increase
- \$ 33,804 – Employee health insurance rate increase

- \$(584,944) – Transfer fleet replacement to non-departmental
- \$(208,999) – Fleet maintenance and fuel savings
- \$(168,564) – Reduce 50/50 Concrete Program
- \$ 290,000 – Plaza 349 maintenance and utilities
- \$ 123,000 – West Side Police Precinct maintenance and utilities
- \$ 82,000 – Court Building maintenance and utilities
- \$ 60,400 – Library Square Plaza area maintenance

Non-Departmental:

- \$(2,394,497) – Decrease in transfer to CIP with ongoing revenue (excluding the portion required for debt service)
- \$(225,000) – Decrease in impact fee revenue due to projected decrease in impact fee revenue from development activity
- \$ 612,944 – Increase in funding for fleet replacement
- \$ 175,000 – Funding for election processing
- \$ 146,456 – Increase in funding for the Information Management Services Fund
- \$(125,000) – Decrease for interest on tax & revenue anticipation notes
- \$ 59,618 – Increase in funding for Insurance & Risk Management Fund
- \$ 83,812 – Increase for Legal Defenders
- \$(15,000) – Elimination of one-time funding for community television services provided by the Salt Lake Community College
- \$ 12,900 – Increase for animal control services contract
- \$ 5,000 – Increase in funding for Utah League of Cities & Towns
- \$ 5,000 – Increase for Washington DC Consultant
- \$ 5,000 – Increase in transfer to Street Lighting Assessment Fund

Mayor's Office:

- \$ 32,856 – Salary increase assumption
- \$ 4,824 – Pension rate increase
- \$ 2,052 – Employee health insurance rate increase
- \$(91,709) – Shift CDBG salary to CDBG Fund
- \$(162,638) – Transfer Youth Services function to Public Services
- \$(43,891) – Misc. Reductions

City Council Office:

- \$ 36,697 – Salary increase assumption for staff
- \$ 6,300 – Salary increase assumption for Council Members
- \$ 6,072 – Pension rate increase
- \$ 2,040 – Employee health insurance rate increase
- \$(16,068) – Eliminate vacant part-time position
- \$(30,632) – Misc. Reductions

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for non-enterprise fund resources for construction, major repair or renovation of streets, parks, public buildings or other city property. The construction, repair, or renovation may require more than one budgetary cycle to complete. The Capital Improvement Program is a multiyear planning program that uses three main planning documents: a 20-Year Inventory of Capital Needs, a 6-Year Capital Improvement Plan, and each fiscal year's capital budget. Projects are reviewed and ranked by a citizen board and by City staff. The Mayor considers this input and arrives at a recommended list. The City Council makes the final determination of projects to be funded. Appropriations to the Capital Projects Fund do not lapse at year-end.

CAPITAL PROJECTS FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Sources of funds				
Transfer from the General Fund	\$18,949,321	\$21,256,834	\$2,307,513	12.2%
Class C Road funds	2,250,000	1,400,000	(850,000)	(37.8%)
CDBG	2,120,258	1,968,000	(152,258)	(7.2%)
Other sources	1,219,225	2,199,003	979,778	80.4%
Impact Fees	0	778,160	778,160	
Total funds available	\$24,538,804	\$27,601,997	\$3,063,193	12.5%
Uses of funds				
Transfer to debt service	\$14,741,423	\$14,137,003	\$(604,420)	(4.1%)
Capital outlay	9,797,381	13,464,994	3,667,613	37.4%
Total uses of funds	\$24,538,804	\$27,601,997	\$3,063,193	12.5%

- Ongoing Funding of 9% of General Fund Revenue – The Council has a policy of dedicating an amount equal to at least 9% of general Fund on-going revenue to the City's capital improvement program to meet physical infrastructure needs. This year the Mayor is proposing that \$3,847,444 (27.7% of the 9%) of General Fund fund balance be appropriated to bring the allocation of General Fund revenue up to the 9% level. The Mayor proposes \$10,033,831 to come from General Fund revenue (72.3% of the 9%). Therefore, rather than 9% from on-going revenue, the Mayor's budget proposes that 6.5% come from on-going revenue and 2.5% from fund balance.
- Transfer of CIP Coordinator/Senior Budget/ Policy Analyst – The Mayor is recommending that the CIP Coordinator salary and benefits be transferred to the CIP Fund. This transfer is consistent with Council comments regarding increased allocation of engineering expenses to the CIP Fund. There may be additional salary and benefits expenses that can be transferred to the CIP Fund from other departments. The Council may wish to clarify whether the CIP responsibilities require full-time attention, since the CIP focus has not been full-time in the past.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Airport Authority Fund

The Department of Airports is the City department that manages the Salt Lake City International Airport, Airport II in West Jordan, and Tooele Valley Airport. The terminal complex at the International Airport consists of two terminal buildings, international arrivals building and five concourses providing 71 aircraft parking positions (51 jet/20 commuter jet or propeller). The east side of the Airport is principally used for general aviation and military activities. User fees are charged to airlines, car rental agencies, airport concessionaires, etc. Other revenue sources are automobile parking fees, passenger facility charges, hangar rental, and airport improvement grants.

DEPARTMENT OF AIRPORTS PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Sources of funds				
Operating revenue	\$93,755,300	\$85,014,400	\$ (8,740,900)	(9.3%)
Other sources of funds (grants, interest, and accumulated passenger facility charge revenue)	69,162,000	166,335,700	97,173,700	140.5%
Total funds available	\$162,917,300	\$251,350,100	\$88,432,800	54.3%
Uses of funds				
Operating expenses	\$62,474,500	\$65,581,600	\$3,107,100	5.0%
Capital outlay	80,157,000	127,979,600	47,822,600	59.7%
Dept service	13,347,700	9,727,800	(3,619,900)	(27.1%)
Buyout of bonds	-	46,799,200	46,799,200	
Increase of reserves	6,938,100	1,261,900	5,676,200	(81.8%)
Total uses of funds	\$162,917,300	\$251,350,100	\$88,432,800	54.3%

- Airline rents and landing fees – The Department of Airports is proposing to retire some debt early using funds that have accumulated from passenger facility charge revenue. This allows the Department of Airports to lower airline rents and landing fees since the formula include a smaller annual debt payment.
- Salary and health insurance increases – Personal service costs assumes an increase in base salaries in accordance with union contracts and a 3% increase for those not covered by a union contract. Citywide pension and health insurance premiums are increasing. The expense budget and related airline rents and landing fees will be adjusted to reflect those personal service costs contained in the compensation plans that are adopted by the Council.

- Development of new terminal – Construction of the landside elements of the master plan will occur over the next three years for approximately \$60 million. The Airport Director reports that new terminal facilities have been reprogrammed and are ready for design when passenger volumes recover and airline financial stability allow for a prudent development of new facilities.
- Capital improvement projects to existing terminal facilities – Several major projects to the existing facilities are proposed at a cost of about \$44 million. Now that the new terminal has been delayed, the Department is requesting some needed improvements to the existing facilities.

Golf Fund

The City has provided golf facilities for over 80 years. The main policies that guide the division are to offer an accessible, reasonably priced, recreational opportunity to all sections of the golfing public and to preserve open spaces in an urban setting. Participants in golf pay fees that underwrite the cost of providing these services. The Council traditionally sets golf fees at a level necessary to ensure the long-term financial stability of the Golf Fund while maintaining the golf program's competitiveness within the market.

GOLF ENTERPRISE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Green fees	\$4,521,677	\$5,063,368	\$541,691	12.0%
Cart rental	1,711,002	1,863,782	152,780	8.9%
Retail sales	823,180	709,500	(113,680)	(13.8%)
Driving range fees	377,936	381,808	3,872	1.0%
Season passes		30,000	30,000	
Concessions	134,598	115,930	(18,668)	(13.9%)
Advertising fees		110,000	110,000	
Program income	800,000		(800,000)	(100.0%)
Intergovernmental revenue	50,000	386,642	336,642	673.3%
Interest income	50,000	41,200	(8,800)	(17.6%)
Miscellaneous	39,859	26,763	(13,096)	(32.9%)
Appropriation of reserves	85,355		(85,355)	(100.0%)
Total revenue & other sources	\$8,593,607	\$8,728,993	\$135,386	1.6%
Expenses & other uses				
Operating & maintenance	\$6,592,342	\$7,114,072	\$521,730	7.9%
Debt and interest	1,051,068	1,211,180	160,112	15.2%
Capital outlay	950,197	399,999	(550,198)	(57.9%)
Increase of reserves		3,742	3,742	
Total expenses & other uses	\$8,593,607	\$8,728,993	\$135,386	1.6%

The Golf Enterprise Fund operates without assistance from the General Fund. All operating and capital expenditures are funded by user fees. User fees are proposed to increase 8% in fiscal year 2003-2004, 5% in 2005-2006 and 5% in 2007-2008.

The demand for paid 9-hole equivalent golf rounds is anticipated to remain steady at approximately 475,000 to 525,000 rounds per year. Nationwide there is an over abundance of golf courses and a flat consumer demand. Locally, the increase in golf courses has been greater than the increase in population to play the courses. Salt Lake City's golf rounds have remained stable amid this overbuilding of competing golf courses.

There are two significant factors that are contributing to increased operating expenses for the Golf Enterprise Fund; higher water rates and increased personnel costs. The Golf Division is addressing inequities within compensation plans for the 100 and 200 series golf employees. A one-time budget expense of \$80,000 has been included in the budget to address the seasonal and seven-day-a-week aspect of the division.

The Golf Division is continuing the implementation of the Golf Marketing Plan and is following the advertising, marketing, and discount programs identified in the plan.

Intermodal Hub Fund

In October 1997, the City and UDOT entered into an interlocal agreement to shorten the 400, 500 and 600 South viaducts. Because the City wanted the viaducts shortened, tracks had to be moved and the City had to make a commitment to Amtrak for relocating Amtrak off of the 500 West tracks. The City identified a site at 600 West and 200 South for the Intermodal Hub. In February 1999, the City established the Intermodal Hub enterprise fund. It was contemplated that this fund will own and operate facilities for a ground transportation transfer station for Amtrak, bus lines, commuter rail, light rail, UTA buses, and taxi companies.

The City anticipated that rental revenue from ground transportation businesses and from restaurants or other support businesses would be sufficient to pay operating costs and repay any debt. The land was acquired for the Hub, old tracks were removed, new tracks were installed, utilities were extended, platforms were constructed, and a temporary structure housing Amtrak placed at the site. The City applied for federal transportation grant funding of construction costs, but so far only about \$1 million annually has been received. The City Council loaned the Intermodal Hub Fund \$4,006,708 from the City’s fund balance, and the RDA loaned an additional \$2,250,000. Later, the City Council forgave the loan from the General Fund by appropriating the funds to the Intermodal Hub. The City is anticipating additional federal funding.

INTERMODAL HUB FUND PROPOSED BUDGET				
	Amended 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Intergovernmental revenue	\$ 1,500,000	\$ 5,951,765	\$4,451,765	296.8%
Private funding		1,500,000	1,500,000	100.0%
Building lease revenue	97,700	8,400	(89,300)	(91.4%)
Bond Proceeds		2,500,000	2,500,000	100.0%
Appropriation of reserves		3,845,526	3,845,526	100.0%
Total revenue	\$1,597,700	\$13,805,691	\$12,207,991	764.1%
Expenses & other uses				
Engineer & architectural services	\$ -	\$ 1,606,316	\$ 1,606,316	100.0%
Administrative service fee for General Fund services		113,750	113,750	100.0%
Other charges for services	97,700	85,625	7,730	9.9%
Capital outlay	1,500,000	12,000,000	10,500,000	700.0%
Total expenses	\$1,597,700	\$13,805,691	\$12,207,991	764.1%

The Administration will begin the construction of the Intermodal Hub in calendar year 2003. There are several projects planned for the area near the Intermodal Hub. It is anticipated that by 2007 there will be commuter rail serving the Intermodal Hub. Bus, taxi, private bus and UTA bus services are also expected to be offered at the hub in the near future. UTA and the City are also exploring the possibility of a Light Rail line from the current terminus of the North-South Light Rail Line at 400 West to the Intermodal Hub. If this Light Rail “spur” and the previously planned Light Rail loop are constructed, the City may need to contribute

local government funds to the project. Funding requests and project proposals will be brought to the Council when the options and plans are developed.

Refuse Collection Fund

A weekly trash pickup service is provided to the residents of Salt Lake City. Additionally, residents receive an annual curb side pickup designed for large or oversized debris as well as leaf bag removal, street sweeping, urban forestry services, and weekly curbside recycling pickup. During fiscal year 2002-2003 the City changed the funding source for the leaf removal, street sweeping and urban forestry programs from the Refuse Collection Fund to the General Fund. No fee increase is planned for the upcoming fiscal year.

REFUSE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Refuse fees	\$4,911,470	\$5,811,780	\$900,310	18.3%
Landfill dividends	1,241,711	1,232,998	(8,713)	(0.7%)
Stormwater Fund - leaf removal	327,000	374,000	47,000	14.4%
Sale of vehicles	264,000	151,000	(113,000)	(42.8%)
Interest income	153,000	92,000	(61,000)	(39.9%)
Appropriation of reserves	817,634	308,074	(509,560)	(62.3%)
Total revenue & other sources	\$7,714,815	\$7,969,852	\$255,037	3.3%
Expenses & other uses				
Weekly trash collection	\$4,931,276	\$4,931,205	(\$71)	0.00%
Curbside recycling	972766	1336891	\$364,125	37.43%
Annual neighborhood cleanup	1810773	1701757	(\$109,016)	(6.02%)
Total expenses & other uses	\$7,714,815	\$7,969,853	\$255,038	3.31%

Sewer Fund

The Department of Public Utilities has over 48,350 sewer connections. The Sewer Utility maintains 615 miles of sanitary sewer pipe and connection lines. The reclamation plant treats an average of 36,922,000 gallons of sanitary sewer per day. Maintaining the sewer lines and operating the lift stations and reclamation plant is accomplished with 102 employees.

(See next page for table of proposed budget for the Sewer Fund.)

SEWER FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Sewer service fees	\$14,824,000	\$15,613,160	\$ 789,160	5.3%
Interest income	800,000	450,000	(350,000)	(43.8%)
Permits	85,000	85,000		
Impact fees	600,000	600,000		
Other	807,000	807,000		
Bond proceeds	25,000,000	25,000,000		
Use of cash reserves	5,078,114	4,577,540	(500,574)	(9.9%)
Total revenue & other sources	\$47,194,114	\$47,132,700	\$ (61,414)	(0.1%)
Expenses				
Salaries, wages & benefits	\$5,502,235	\$5,675,520	\$ 173,285	3.1%
Materials & supplies	1,343,620	1,320,352	(23,268)	(1.7%)
Charges for services	2,384,902	2,603,828	218,926	9.2%
Capital Outlay				
Capital improvement	35,129,557	33,793,500	(1,336,057)	(3.8%)
Vehicles & equipment	1,308,800	959,500	(349,300)	(26.7%)
Debt Services	1,525,000	2,780,000	1,255,000	82.3%
Total Expenses & Capital	\$47,194,114	\$47,132,700	\$ (61,414)	(0.1%)

The Council received a briefing on the budget for the Sewer Fund on April 1st. The Department of Public Utilities assumed a \$173,285 increase in salaries and related benefits in accordance with union contracts and a 3% increase for those not covered by a union contract. The expense budget will be adjusted to reflect those personal service costs contained in the compensation plans that are adopted by the Council.

At the request of Council Member Lambert, the Department provided the following possible budget reductions. The Council may wish to tentatively determine whether it prefers that the budget be reduced for some of these items.

- \$(15,000) – Reduction in travel, conventions and workshops (Result: Reduction in the level of technical skills and expertise)
- \$(5,000) – Department annual report (Result: Loss of ability to educate and inform the public on city public utility issues)
- \$(10,000) – Funding for safety incentive program (Result: Elimination of a very effective program that has reduced accidents and costs)
- \$(12,000) – Delay in computer replacement program (Result: Delay in computer upgrades at the Water Reclamation Plant)
- \$(12,000) – Delay the replacement of golf carts at Reclamation Plant (Result: A reduction in vehicle replacement program)
- \$(5,000) – Reduce chemical usage at the plant (Result: Delay the response to odor events)
- \$(50,000) – Reduce cost of sludge management by retaining sludge longer on site (Result: Inability to pay disposal fees if the current contract with Kennecott is terminated)

Stormwater Fund

The Department of Public Utilities maintains over 432 miles of stormwater pipe and collection lines using 28 employees. Stormwater employees also monitor the snow pack water content and manage the stormwater permit process.

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%

The Council received a briefing on the budget for the Stormwater Fund on April 1st. The Department of Public Utilities assumed a \$31,011 increase in salaries and related benefits in accordance with union contracts and a 3% increase for those not covered by a union contract. The expense budget will be adjusted to reflect those personal service costs contained in the compensation plans that are adopted by the Council.

At the request of Council Member Lambert, the Department provided the following possible budget reductions. The Council may wish to tentatively determine whether it prefers that the budget be reduced for some of these items.

- \$(5,000) – Reduction in travel, conventions and workshops (Result - Reduction in the level of technical skills and expertise)
- \$(5,000) – Department annual report (Results - Loss of ability to educate and inform the public on city public utility issues)
- \$(5,000) – Funding for safety incentive program (Result - Elimination of a very effective program that has reduced accidents and costs)

Water Fund

Salt Lake City's water delivery system to City and County residents depends on a network of dams, aqueducts, water treatment plants, distribution reservoirs, and water mains. Upkeep and maintenance of older systems and construction of new systems is very costly. The Department of Public Utilities has over 90,000 water service connections and provides over 33 billion gallons of water annually. The Water Utility has 1,199 miles of water mains and 167 miles of conduit and supply lines. The Water Fund has 269 employees.

WATER FUND PROPOSED BUDGET				
	Adopted 2003-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Metered sales	\$40,257,000	\$41,413,498	\$1,156,498	3.0%
Interest income	1,250,000	800,000	(450,000)	(36.0%)
Interfund charges	2,049,020	2,126,425	77,405	3.8%
Salt of used equipment	50,000	50,000	-	-
Contribution by developers	1,105,000	1,355,000	250,000	22.6%
Use of cash reserves	18,219,708	14,540,349	(3,679,359)	(20.2%)
Total revenue & other sources	\$62,930,728	\$60,285,0272	\$(2,645,456)	(4.2%)
Expenses				
Salaries, wages & benefits	\$13,075,538	\$13,616,812	\$541,274	4.1%
Water purchases	6,825,000	9,050,000	2,225,000	32.6%
Materials & supplies	2,272,473	2,394,399	121,926	5.4%
Charges for services	7,261,970	7,026,026	(235,944)	(3.2%)
Capital Outlay				
Capital improvement	26,337,433	22,007,831	(4,329,602)	(16.4%)
Vehicles & equipment	2,358,314	1,447,500	(910,814)	(38.6%)
Debt Services	4,800,000	4,742,704	(57,296)	(1.2%)
Total Expenses & Capital Outlay	\$62,930,728	\$60,285,272	\$(2,645,456)	(4.2%)

The Council received a briefing on the budget for the Water Fund on April 1st. The Department of Public Utilities assumed a \$541,274 increase in salaries and related benefits in accordance with union contracts and a 3% increase for those not covered by a union contract. The expense budget will be adjusted to reflect those personal service costs contained in the compensation plans that are adopted by the Council.

At the request of Council Member Lambert, the Department provided the following possible budget reductions. The Department provided a statement of the potential results or impact that the reduction may have. The Council may wish to tentatively determine whether it prefers that the budget be reduced for some of these items.

- \$(30,000) – Landscaping at the Day Riverside Detention Basin (Result - Possible loss of matching funding from Central Utah Water Conservancy District)
- \$(30,000) – Landscaping at Administration Building (Result - Possible loss of matching funding from Central Utah Water Conservancy District)

- \$(165,000) – Watershed Education Program (Result - This is the last major component of Watershed Education Program which could provide the highest results for watershed protection and reduce future costs)
- \$(25,000) – Funding for safety incentive program (Results - Elimination of a very effective program that has reduced accidents and costs)
- \$(16,000) – Reduction in travel, conventions and workshops (Results - Reduction in the level of technical skills and expertise)
- \$(20,000) – Reduction in chemical purchases due to delayed implementation of fluoridation (Results - The actual cost of chemical is not known at this time and might increase)
- \$(8,000) – Department annual report (Results - Loss of ability to educate and inform the public on city public utility issues)
- \$(14,000) – Two educational brochures (Results - Loss of ability to educate and inform the public on city public utility issues)
- \$(3,000) – Reduction in the number of technical books purchased (Results - Loss of educational material)
- \$(45,000) – Delay construction of canyon restrooms (Results - Restrooms need to be upgraded to provide adequate facilities to maintain water quality)
- \$(25,000) – Delay purchase of a total organic carbon (TOC) analyzer for water treatment plant (Results - The Department will use the old TOC analyzer with potentially less reliable results)
- \$(24,000) – Delay purchasing ½ top full size truck (Result - A reduction in vehicle replacement program)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the city. The City budgets for the following internal service funds:

Copy Center Fund

This fund accounts for the financing of the centralized copy center. The Copy Center provides copying, courier, and postal services. Each department, division, or office pays the Copy Center for services. There are no proposed changes to the budget for the Copy Center.

COPY CENTER FUND PROPOSED BUDGET				
	Amended 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue				
Charges for services	\$462,897	\$462,897	-	-
Miscellaneous	214,500	214,500	-	-
Total revenue	\$677,397	\$677,397	-	-
Expenses				
Materials and Supply	\$289,500	\$289,500	-	-
Charges and Services	387,897	387,897	-	-
Total expenses	\$677,397	\$677,397	-	-

Fleet Management Fund

The Fleet Management program provides vehicles, maintenance, and fuel for the city on a cost-reimbursement basis. This fund does not provide services to the Airport. It provides only maintenance and fuel services for Public Utilities because the Department of Public Utilities purchases its own vehicles. Vehicle replacement and purchases of additional vehicles are funded by the Non-departmental budget within the General Fund rather than by each department.

FLEET MANAGEMENT FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Maintenance fees	\$ 4,196,469	\$4,698,122	\$501,653	12.0%
Fuel fees	1,947,965	1,258,160	(689,805)	(35.4)%
Sale of vehicles	624,600	474,000	(150,600)	(24.1)%
General Fund transfer	3,949,537	4,568,960	619,423	15.7%
Other revenue	235,000	56,070	(178,930)	(76.1)%
Use of reserves	220,265	596,850	376,585	171.0%
Total revenue & other sources	\$11,173,836	\$11,652,162	\$478,326	4.3%
Expenses & other uses				
Personal services	\$ 2,226,974	\$2,529,224	\$302,250	13.6%
Parts and supplies	3,913,051	3,296,288	(616,763)	(15.8)%
Charges for services	666,759	689,941	23,182	3.5%
Debt and interest	3,285,452	4,106,709	821,257	25.0%
Capital outlay	1,081,600	1,030,000	(1,600)	(4.8)%
Total expenses & other uses	\$11,173,836	\$11,652,162	\$478,326	4.3%

The Fleet Management program anticipates additional recapture of more than \$100,000 due to a more aggressive warranty program. The Fleet division is proposing the addition of an accountant position to handle monthly billing associated with the more aggressive warranty program.

The Fleet Division will also be centralizing the City's USDOT compliance program and providing this service to City departments who do not have a lot of vehicles in this program.

Over the next several years, the Fleet Division will be addressing deficiencies in their stockroom, light and heavy shops, fuel operation and fleet pool and replacement program. With an unlimited source of revenue the changes to the operations at the Fleet Division could happen within the year, but given the budget constraints of the City, it is anticipated that the changes will take at least six years. The Fleet Division will soon be coming before the City Council to review their proposed building remodeling, operating plans and propose a funding program to address the deficiencies in the division.

Governmental Immunity Fund

This fund provides for protection against unfounded claims of liability and for payment of legitimate claims. The source of revenue is a transfer from the City's General Fund.

GOVERNMENTAL IMMUNITY FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
General Fund transfer	\$1,300,000	\$ -	\$(1,300,000)	(100.0%)
Property tax revenue		1,300,000	1,300,000	
Interest income	107,300	142,000	34,700	32.3%
Enterprise funds – to reimburse for administrative costs	32,000	32,000	-	
Total revenue & other sources	\$1,439,300	\$1,474,031	\$34,731	2.4%
Expenses				
Personal services	\$ 425,765	\$460,496	\$34,731	8.2%
Other administrative costs	91,480	91,480	-	
Claims and court costs	922,055	922,055	-	
Total Expenses	\$1,439,300	\$1,474,031	\$34,731	2.4%

A separate property tax is proposed for the Governmental Immunity Fund with an offsetting reduction to the General Fund of \$1,300,000. The Administration is proposing the same amount for paying liability claims as the adopted budget for fiscal year 2002-03. This amount was not sufficient during the current year requiring a \$200,000 increase to the budget by amendment (budget amendment #12).

Information Management Services Fund

This fund accounts for the financing of data processing and telephone administration services. The non-departmental budget within the General Fund appropriates funding of basic computer network for General Fund departments. Departments are charged for a computer maintenance agreement (set fee per computer), for discretionary computer support services not covered by the maintenance agreement, and for telephone services.

INFORMATION MANAGEMENT SERVICES FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Network/infrastructure fees from departments/funds	\$1,806,979	\$1,919,872	\$112,893	6.2%
Telephone fees from departments/funds	727,386	734,140	6,754	0.9%
Interest	36,367	91,681	55,314	152.1%
Miscellaneous revenue	55,186	2,062	(53,124)	(96.3%)
Transfer from General Fund	4,886,786	5,033,242	146,456	3.0%
Total revenue	\$7,512,704	\$7,780,997	\$268,293	3.6%
Expenses & other uses				
Network/infrastructure	\$4,402,635	\$4,536,563	\$133,928	3.0%
Software engineering	1,202,744	1,196,725	(6,019)	(0.5%)
Web services	462,902	427,021	(35,881)	(7.8%)
Telephone services	929,461	927,879	(1,582)	(0.2%)
Administration	514,962	692,809	177,847	34.5%
Total expenses	\$7,512,704	\$7,780,997	\$268,293	3.6%

- \$ 50,000 – The proposed budget for Administration includes a \$50,000 increase for capital expenditures.
- \$ 70,610 – The proposed budget for Administration contains an increase to reimburse the general fund for central services including accounting, payroll, purchasing, human resource management, legal, cash management, Mayor, and City Council.
- \$151,870 – One network technician and one software engineer are proposed to be added

Insurance & Risk Management Fund

This fund accounts for the financing of services related to employee health, accident, and long-term disability insurance, and unemployment benefits managed by the Human Resources Management Division. This fund also includes the City's Risk Manager and related insurance services, and worker's compensation programs managed by the City Attorney's Office. Worker compensation claims are handled through a contract third party administrator. The Public Employees Group Insurance Program, a component unit of the State of Utah, administers the City's self-insured health and accident program. The City contracts with an actuary to set premiums on a yearly basis.

INSURANCE AND RISK MANAGEMENT FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Premiums	\$22,228,682	\$25,800,357	\$3,571,675	16.1%
Interest	39,600	-	(39,600)	(100.0%)
Subrogation	50,000	50,000	-	
Bus pass reimbursement	10,000	90,000	80,000	800.0%
Total revenue & other sources	\$22,328,282	\$25,940,357	\$3,612,075	16.2%
Expenses				
Health insurance costs	\$15,914,642	\$18,600,000	\$2,685,358	16.9%
Dental insurance costs	1,729,304	1,850,004	120,700	7.0%
Life/accidental death costs	785,112	1,148,544	363,432	46.3%
Long-term disability	406,500	501,000	94,500	23.2%
Workers compensation	1,416,059	1,665,063	249,004	17.6%
Unemployment compensation	141,780	141,780	-	
Property insurance & surety bonds	730,800	1,031,652	300,852	41.2%
Bus passes	89,991	90,000	9	
Loss Control/Safety Program	50,000	50,000	-	
Administration – Mgt Services	384,847	364,691	(20,156)	(5.2%)
Administration – Attorney	243,500	220,095	(23,405)	(9.6%)
General Fund services	227,810	231,228	3,418	1.5%
Increase reserves	207,937	46,300	(161,637)	(77.7%)
Total Expenses	\$22,328,282	\$25,940,357	\$3,612,075	16.2%

The budgets for fiscal year 2002-03 were originally adopted as part of the biennial budget in June 2001. These budgets were not adjusted to reflect new insurance rates. Therefore, a comparison between the proposed budget with the adopted budget for fiscal year 2002-03 is not very helpful. Council staff will prepare a separate staff report on the Insurance & Risk Management Fund.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the servicing of debt of governmental funds.

Special Improvement Debt Service Fund

This fund is used to account for the cost of servicing the debt created by financing the construction of public improvements deemed to benefit the properties against which special assessments are levied. Special assessment districts are established for construction or replacement of sidewalk, curb and gutter, or for other improvements. Property owners have the option of paying up front for the improvements or paying over a period of 5 years for sidewalks and 10 years for curb and gutter. The City issues bonds for amounts to be paid over time and property owners remit principal and interest payments annually.

SIDEWALK, CURB & GUTTER SPECIAL IMPROVEMENT DISTRICTS DEBT SERVICE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue sources				
Special assessments	\$450,000	\$450,000	\$ -	
Interest income	150,000	150,000	-	
Total revenue	\$600,000	\$600,000	\$ -	
Debt Service Expenditures				
Bond principal	\$242,000	\$241,000	\$(1,000)	(0.4%)
Bond interest	51,320	34,632	(16,688)	(32.5%)
Legal, lien releases, arbitrage	60,350	61,550	1,200	2.0%
Transfer to general fund	77,957			
Total Expenditures	\$431,627	\$337,182	\$(16,488)	(4.7%)

- Special improvement district bonding requires the City to maintain a guarantee account with an amount of at least 10% of the outstanding bond amount. In fiscal year 2002-03, \$77,957 was determined to be surplus and transferred to the General Fund. As of May 1, 2003, the City’s guarantee account has a balance of about \$400,000. The City’s current outstanding bond balance is \$808,000. Therefore, the required reserve is \$80,800. Excess amounts in the guarantee fund can be transferred to the General Fund if additional bonding is not anticipated. However, the City is in the process of establishing three additional special improvement districts.
- Outstanding bonds decreased from \$903,000 as of June 30, 2002 to \$808,000 as of June 30, 2001. Because of the decrease in bonds payable, interest expense will decrease 32%. Of the five districts bonded, the final payment for one district will be completed in 2003; two districts in 2004; one district in 2006; and the bonds for the final district will be retired in 2008.
- The amount of expected revenue is \$262,800 more than the amount necessary to make debt service payments. When the bonds for a special assessment district are fully retired, any excess cash is transferred to the guarantee account.

Other Improvements Debt Service Fund

This fund is used to account for the cost of servicing the debt created by financing projects other than those improvements funded by assessments to property owners. Current debt is as follows:

- \$19,130,000 City & County Building restoration project (general obligation bonds); final maturity June 15, 2011
- \$72,325,000 Library facilities and related improvement (general obligation bonds); final maturity June 15, 2019
- \$ 3,695,000 Local street construction projects in the Gateway area (motor fuel excise tax revenue bonds); final maturity February 1, 2009.

DEBT SERVICE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Sources of funds				
Transfer from CIP	\$10,708,149	\$10,083,756	\$(624,393)	(5.8%)
Salt Lake County	569,225	563,004	(6,221)	(1.1%)
Reserve funds	775,000		(775,000)	(-100.1%)
Total proposed sources	\$12,052,374	\$10,646,760	\$(1,405,614)	(11.7%)
Uses of funds				
City/County Building GO bonds				
Principal	\$1,955,000	\$ 2,020,000	\$65,000	3.3%
Interest	1,040,926	943,175	(97,751)	(9.4%)
Trustee fees	1,795	1,795		
Total	2,997,721	2,964,970	(32,751)	(1.1%)
Motor Fuel Tax Revenue 1993 Bonds (fully retired in February 2003)				
Principal	1,425,000		(1,425,000)	(100.0%)
Interest	76,950		(76,950)	(100.0%)
Trustee fees	4,900		(4,900)	(100.0%)
Total	1,506,850		(1,506,850)	(100.0%)
Motor Fuel Tax Revenue 1999 Bonds				
Principal	520,000	545,000	25,000	4.8%
Interest	206,070	182,410	(23,660)	(11.5%)
Trustee fees	3,850	3,820	(30)	(0.8%)
Total	729,920	731,230	1,310	0.2%
Library General Obligation				
Principal	2,845,000	3,115,000	270,000	9.5%
Interest	3,971,088	3,831,970	(139,118)	(3.5%)
Trustee fees	1,795	3,590	1,795	100.0%
Total	6,817,883	6,950,560	132,673	1.9%
Total proposed uses	\$12,052,374	\$10,646,760	\$(1,405,614)	(11.7%)

In 1986, the City issued \$34,500,000 of general obligation bonds for the City & County Building restoration project. In 1991 the bonds were refinanced to take advantage of lower interest rates. In March 2001 the bonds were again refinanced to take advantage of a still lower interest rate. As of June 30, 2003, there will be \$19,130,000 outstanding. The last debt service payment will be in June 2011. Funds necessary to make debt service payments (except for a portion from the County) are transferred from the General Fund to the Capital Projects Fund and from the Capital Projects Fund to this debt service fund. The County's portion is deposited into the Capital Projects Fund and transferred to the debt service fund along with the General Fund portion.

In 1993, the City pledged future Class C Road funds when it issued \$7,750,000 in motor fuel excise tax revenue bonds for various local street repairs and construction projects, including California Avenue and 400 West. The last debt service payment for this bond issue was in February 2003. In fiscal year 2002-2003, reserve funds of \$775,000 were released to help fund the final debt service payment.

In 1999, the City issued \$81,000,000 of general obligation bonds for acquiring, constructing and improving library facilities, parking facilities and related improvements and facilities and demolishing buildings (other than the existing library building) and constructing improvements in connection with the redevelopment of the library block. In 2002, the City issued the remaining \$3,000,000 of authorized general obligation bonds and refinanced the callable portion of 1999 bond issue. As of June 30, 2003, there will be \$72,325,000 outstanding. The last debt service payment for these bonds will be in June 2019.

In 1999, the City pledged future Class C Road funds when it issued \$5,155,000 in motor fuel excise tax revenue bonds for various street improvements in the Gateway area. The last debt service payment for this issue will be in February 2009. As of June 30, 2003, there will be \$3,695,000 outstanding.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for grant funds and other special revenue legally restricted for specific purposes. The City budgets for the following special revenue funds:

Downtown Economic Development Fund

This fund accounts for special assessment taxes collected from businesses in the Central Business District (approximately North Temple to 400 South and 200 East to 500 West). The monies in this fund are dedicated to downtown projects or improvements. The City currently contracts the Downtown Alliance to provide these services.

DOWNTOWN ECONOMIC DEVELOPMENT FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue sources				
Special assessments	\$666,664	\$583,428	\$(83,236)	(12.5%)
Appropriation of reserves	2,000	87,232	85,232	4261.6%
Total revenue	\$668,664	\$670,660	\$1,996	0.3%
Expenditures				
Contract payments for economic development services	\$666,664	\$666,664	\$ -	
Professional & technical services	2,000	3,996	1,996	99.8%
Total Expenditures	\$668,664	\$670,660	\$1,996	0.3%

Community Development Operating Fund

This fund accounts for monies received by the City as a federal grantee participant in the Community Development Block Grant program (CDBG), Home Investment Partnerships program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA). Those CDBG monies that are accounted for in the Capital Projects Fund are not included in this special revenue fund. Funding requests must meet federal eligibility requirements. Applications are reviewed by the Community Development Advisory Committee, the Housing Advisory and Appeals Board, and by the Mayor. The Mayor presents a recommended funding list to the Council, and the City Council makes the final decisions for funding.

COMMUNITY DEVELOPMENT OPERATING FUND (CDBG, ESG, HOME, HOPWA) PROPOSED BUDGET				
	Adopted 2002-2003	Adopted 2003-2004	Difference	Percent Change
Sources of funds				
Community Development Block Grant (CDBG)	\$5,017,800	\$5,135,465	\$117,665	2.3%
Emergency Shelter Grant (ESG)	171,000	166,000	(\$5,000)	(2.9%)
Home Investment Partnerships Grant (HOME)	1,354,000	1,453,020	\$99,020	7.3%
Housing Opportunities for People with AIDS (HOPWA)	421,000	439,150	\$18,150	4.3%
Total funds available	\$6,963,800	\$7,193,635	\$229,835	3.3%
Uses of funds (CDBG)				
Housing	\$1,250,000	\$1,405,000	\$155,000	12.4%
Street Design	70,000	58,000	(\$12,000)	(17.1%)
Street Construction	1,043,000	1,229,000	\$186,000	17.8%
Sidewalks	200,000	200,000	\$0	0.0%
Parks	743,000	481,000	(\$262,000)	(35.3%)
Public Services	728,100	705,396	(\$22,704)	(3.1%)
Public Services – Bldg Design	162,000	234,066	\$72,066	44.5%
Planning	15,000	20,000	\$5,000	33.3%
General Administrative	5,000	0	(\$5,000)	(100.0%)
City Administrative	717,442	732,364	\$14,922	2.1%
Percent for Arts	3,000	3,000	\$0	0.0%
Contingency	81,258	67,639	(\$13,619)	(16.8%)
Total uses of funds	\$5,017,800	\$5,135,465	\$117,665	2.3%

The Mayor is recommending that the CDBG revenue and expenses be transferred and accounted for in the Special Revenue Fund. The net effect of this action is a lowering of the total General Fund revenue. Before this change the CDBG Federal Grant revenue was accounted for in the General Fund. The total amount the City receives is not affected by this change, just the way that the revenue is shown. An additional effect of this budgeting change is that the amount of revenue that is transferred to the CIP Fund is reduced. Because the General Fund revenue is reduced, the 9% allocation amount to the CIP Fund is also reduced.

The Council may wish to change the way the HOME, ESG, HOPWA and possibly the Class C road funds are budgeted to remain consistent with this budgeting change. Another area to confirm relating to this move is that the FTE's associated with this budgeting change are also moved to the Special Revenue Fund. Matching the FTE's with the budget fund would allow the City to remain consistent in their budgeting.

Emergency 911 Fund

This fund accounts for monies received for operation and maintenance of the Emergency 911 call-taking system. Telephone users are assessed a monthly fee of 53 cents for the E911 service. (The phone bill may show a 60 cent fee because users are also assessed 7 cents to fund the costs of the Poison Control Center at the University of Utah.) The E911 funds are restricted to reimburse the City for the cost of answering emergency calls and related equipment. Dispatching expenses are not eligible for reimbursement.

E911 SPECIAL REVENUE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
E911 surcharge	\$1,435,000	\$1,908,000	\$ 473,000	33.0%
Interest income	40,000	60,000	20,000	50.0%
Total revenue	1,475,000	1,968,000	493,000	33.4%
Expenditures				
Reimbursement to General Fund	988,000	1,334,000	346,000	35.0%
Contracts & leases relating system	360,000	240,000	(120,000)	(33.3)%
Supplies & other costs	106,400	105,500	(900)	(0.8)%
Equipment		50,000	50,000	
Total Expenditures	1,454,400	1,729,500	275,100	18.9%
Increase of fund balance	\$ 20,600	\$ 238,500	\$ 217,900	

The Police Department has been able to justify a larger transfer from the E911 Fund to reimburse the General Fund for the costs of answering emergency calls. Revenue has been increasing primarily because of the increased number of cell phone in use. The E911 fund balance has been growing and is currently at approximately \$3.6 million. These accumulated funds are available to upgrade equipment, which may be necessary in the near future as advances in cell phone technology may make it possible to identify the location of a wireless caller.

Grants Operating Fund

This fund accounts for grant monies received from various government agencies.

GRANTS OPERATING FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Sources of funds				
Federal grants	\$1,966,000	\$477,984	(\$1,488,016)	(75.7%)
State grants	90,000	0	(\$90,000)	(100.0%)
Total funds available	\$2,056,000	\$477,984	(\$1,578,016)	(76.8%)

The majority of the grants that the City receives are budgeted for during budget openings throughout the fiscal year. The only grants that will show up on the proposed budget are those grants that are continuations of previous year multi-year grants. The total amended grant revenue for fiscal 2002-2003 is over \$11 million dollars.

Street Lighting Fund

When property owners within a specific neighborhood desire special or additional lighting, they may petition the City for the creation of a special assessment street lighting district. Special assessment districts are formed by ordinance upon agreement of a majority of the area property owners. Street fighting districts require the abutting property owners to pay for 75% of the operating and maintenance cost of the lights. The City pays the remaining 25%, as the equivalent of lighting that would be provided by the City. The property owners' costs are levied and billed annually in the form of special assessments. There are 49 existing street lighting special improvement districts (extensions). The City has combined the individual districts into three super districts to simplify the annual assessment process. These extensions were combined based on assessment due dates, not on geographical location. Each super district is renewed annually by assessment ordinance (district 1 on July 15; district 2 on November 30; and district 3 on March 31).

STREET LIGHTING SPECIAL REVENUE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Sources of funds				
Special assessments	\$ 369,168	\$ 377,472	\$ 8,304	2.2%
Transfer from General Fund	123,060	125,856	2,796	2.3%
Appropriation of capital replacement funds	1,583,189	880,672	\$(702,517)	(44.4%)
Total proposed sources	\$2,075,417	\$1,384,000	\$(691,417)	(33.3%)
Uses of funds				
Electricity charges and maintenance fees	\$ 316,962	\$ 316,945	\$ (17)	
Legal and professional services	23,000	2,855	(20,145)	(87.6%)
Repair and replacement of fixtures & poles	1,735,455	1,064,200	(671,255)	(38.7%)

Total proposed uses	\$2,075,417	\$1,384,000	\$(691,417)	(33.3%)
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Special improvement district extensions have accumulated funds for maintenance and replacement of lighting. Each year the City traditionally budgets all the accumulated funds for maintenance and replacement of street lighting since the Administration doesn't know which lighting extensions may need maintenance or partial replacement. The accumulated funds in a lighting extension are usually not sufficient to upgrade the lights when the entire system fails. The Council recently received a briefing from the Transportation Division on some of the concerns regarding the City's street lighting programs. The Council asked the Transportation Division to come back to the Council in August or September with an update.

Housing Loan Fund

This fund accounts for the City's Housing Demonstration Trust Fund and accounts for housing rehabilitation loans provided to eligible participants of the housing loans and grants program and accounts for loan repayments.

HOUSING LOAN FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue sources				
Loan Repayments	\$ 500,000	\$ 845,000	\$345,000	69.0%
Interest income	643,000	694,000	51,000	7.9%
Federal grant revenue	500,000	-	(500,000)	(100.0%)
Transfer from CDBG	144,507	-	(144,507)	(100.0%)
Total revenue	\$1,757,507	\$1,539,000	\$(248,507)	(14.1%)
Expenditures				
Loan disbursements	\$1,787,507	\$1,539,000	\$(248,507)	(13.9%)
Total Expenditures	\$1,787,507	\$1,539,000	\$(248,507)	(13.9%)

Other Special Revenue Fund

The Other Special Revenue Fund accounts for the Demolition Revolving Account and Weed Abatement Account. In the past this fund has accounted for certain other activities that are no longer applicable. For fiscal year 2002-03, the budget included the City’s costs for the National League of Cities conference that was held in Salt Lake City in December 2002.

Under the City’s demolition program, the City will contract for demolition of a burned out building or other unsafe and deteriorated building when the owner fails to take action in accordance with the City ordinance. The City places a lien on the land for recovery of the costs. A budget will be added by amendment if demolition becomes necessary. The weed abatement program is similar. The City removes weeds if a property owner has been unresponsive. The City places a lien on the property to eventually recover the costs.

OTHER SPECIAL REVENUE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue sources				
Weed abatement fees	\$26,500	\$26,500	\$ -	
National League of Cities conference revenue	739,500	-	(739,500)	(100.0%)
Appropriation of fund balance	49,800	-	(49,800)	(100.0%)
Total revenue	\$815,800	\$26,500	\$(789,300)	(96.8%)
Expenditures				
National League of Cities conference	\$739,500	\$ -	(739,500)	(100.0%)
Weed abatement services	51,300	26,500	(24,800)	(48.3%)
Awards & recognitions	25,000	-	(25,000)	(100.0%)
Total Expenditures	\$815,800	\$26,500	\$(789,300)	(96.8%)