

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

**DATE:** August 29, 2003

**BUDGET FOR:** **CAPITAL IMPROVEMENT PROGRAM FUND  
 ALLOCATION OF HOLDING ACCOUNT**

**STAFF REPORT BY:** Michael Sears

**cc:** Rocky Fluhart, David Nimkin, Steve Fawcett, Gordon Hoskins, Randy Hillier, Rick Graham, Kevin Bergstrom, Max Peterson, Rick Johnston, Alison Weyher, David Dobbins, Kevin Young, Parviz Rokhva, Dell Cook, John Vuyk, Jerry Burton, Laurie Dillon, DJ Baxter

In June 2003, the City Council adopted a tentative Capital Improvement Program budget of \$27,535,769. The City Council appropriated funding for those projects that were legal obligations of the City or were time sensitive in nature. Other funding was placed in a holding account pending updated revenue projections and Engineering workloads. The Council indicated that it would consider allocation of the holding account in August. The Council may wish to allocate a portion or all of the \$5,538,255 in the holding account and \$344,000 of prior year impact fees.

<b>CAPITAL PROJECTS FUND FISCAL YEAR 2003-04 BUDGET</b>	
	<b>Adopted 2003-2004</b>
<b>Sources of funds</b>	
Transfer from the General Fund	<b>\$21,190,606</b>
Class C Road funds	<b>1,400,000</b>
CDBG	<b>1,968,000</b>
Other sources	<b>2,199,003</b>
Impact Fees	<b>778,160</b>
<b>Total funds available</b>	<b>\$27,535,769</b>
<b>Uses of funds</b>	
Transfer to debt service	<b>\$14,137,003</b>
Capital projects appropriation	<b>7,516,511</b>
Capital projects holding account	<b>5,538,255</b>
Impact fees from prior years - holding account	<b>344,000</b>
<b>Total uses of funds</b>	<b>\$27,535,769</b>

The Capital Improvement Program as tentatively adopted on June 24, 2003 and as finalized on August 12, 2003 is as follows:

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. Attached is a schedule of the proposed capital budgets for fiscal year 2003-04 (minus those that have received funding and are included in the table above) and the 6 Year Capital Improvement Plan. The attached spreadsheet of the remaining proposed fiscal year 2003-2004 projects identifies all of the projects that were submitted for funding with the Mayor's recommendations and the priority rankings of the Citizens Advisory Board and Administrative staff.

## **POTENTIAL MATTERS AT ISSUE**

Some of the major policies or issues relating to the CIP Fund include:

- \$33,936,465 over 4 years for the Intermodal Hub – Although the Intermodal Hub is operated as an enterprise fund, the Council may wish to consider the development activities of the Intermodal Hub as part of the CIP. The capital planning of the Intermodal Hub is contained in the 6 Year Capital Improvement Program Plan. The Administration recommended that the Council adopt a Capital budget for the Intermodal Hub which includes expenditures of \$33,936,465 between fiscal year 2003-2004 and fiscal year 2006-2007. This amount is in addition the money that has been spent on viaduct shortening, property acquisition and track reconfiguring. The Council may wish to consider the timing of any proposed general commercial developments in the vicinity immediately adjacent to the Intermodal Hub and whether or not these developments are proposed as compliments to the Downtown retail areas and Gateway retail area. The Council may wish to receive an update on the construction plans of the Intermodal Hub and determine when the proposed expenditures need to be made. The Council may also wish to consider whether or not any development activity at the Intermodal Hub will result in additional sales or property tax to the City or Redevelopment Agency of Salt Lake and if there are any restrictions on commercial development at the Intermodal Hub.
- Potential Expenditure for restoring City Creek to a surface flow waterway – Although there is not a formal request for Capital Improvement Funding for the City Creek project, the city may have to pay a portion of the estimated \$4 million in expenses to restore City Creek to a surface flow waterway. It is anticipated that the federal government will contribute 65% or \$2.6 million. The City may have to fund \$1.4 million.
- \$2,000,000 for the fourth phase of Liberty Park reconstruction – The Administration recommended that the Council adopt a Capital Operating budget which includes \$2,000,000 for Liberty Park. This allocation will be the fourth allocation to the reconstruction of Liberty Park. Depending on what additional amenities are chosen for the park, an additional \$3 to \$6 million could be spent in the park. The Council may wish to receive an update on the park and hear what additional amenities are planned for the park. The multi-year

reconstruction of the park is the largest component of CIP Pay-as-you-Go funding.

- \$420,000 for a street crossing at 1300 East and Sugarhouse Park - The Administration recommended that the Council adopt a Capital budget which includes \$420,000 for a street crossing at 1300 East and Sugarhouse Park. It is anticipated that this allocation will be matched with NEA, UDOT, Federal and Private Grants, etc. The total cost of this project is anticipated to be \$2,492,000. The cost estimate in the application is \$1,720,000. The Council may wish to receive an update on the fundraising and grant status of this project and determine whether a pedestrian crossing is necessary this year to complete the Parley's Creek Corridor Trail project. Additional information relating to this project has been developed since the application for funding was submitted. New information from the applicant is attached.
- \$0 for Traffic Calming - The Administration recommended that the Council adopt a Capital budget which does not include money for Traffic calming in the City. On August 12, 2003 the Council discussed the traffic calming audit and traffic calming moratorium which was passed in June of 2003.
- 9% of General Fund revenue to CIP Fund - The Council adopted a policy that at least 9% of on-going General Fund revenue is to be allocated to the CIP Fund. The 9% calculation excludes library bond property tax and one-time money. The Administration is proposing that a portion of the 9% allocation to the CIP Fund be from General Fund fund balance. This approach is not consistent with the Council's policy but it is consistent with the philosophy of this administration, to allocate 'an amount equal to 9 percent to CIP. The Council adopted a capital budget that includes a \$2,627,405 General Fund balance allocation.

<b>General Fund Transfer to CIP General Fund Calculation of 9% Minimum Transfer Amount</b>	
	<b>2003-2004</b>
<b>General Fund revenue</b>	\$ 161,186,949
Less Library Bond	(6,950,559)
Less One-time revenue	(0)
<b>General Fund revenue for 9% calculation</b>	<b>\$154,236,390</b>
<b>9% of General Fund revenue</b>	<b>\$ 13,881,275</b>
<b>General Fund revenue as adopted on June 24, 2003</b>	<b>\$ 13,815,047</b>
On-going allocation (81%)	\$ 11,187,642
General Fund balance allocation (19%)	\$ 2,627,405

The Council may wish to review the 9% policy and consider other funding priorities for the Capital Improvement Program.

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*Additional Information*

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**BACKGROUND**

The Administration accepts applications for capital projects from citizens and City departments each year for consideration for recommendation by the Mayor to the Council for funding. The CIP Citizens Board and a team of City staffers from each department who specialize in capital projects review all applications. The Administration has prepared a booklet for each Council Member and the booklet was distributed during the initial briefing in May of 2003. Additional copies are available if needed. The booklet contains all of the applications for fiscal year 2003-2004 and fiscal year 2004-2005 capital projects. A new round of applications will be received during the summer of 2003 for consideration in the fiscal year 2004-2005 CIP budget.

Council staff has also attached the 6 Year Business Plan for the Capital Improvement Program. The Business Plan is prepared by the CIP Coordinator and is listed in the CIP Section. The Department of Public Services has CIP related goals in the Engineering section. It is standard among cities with defined CIP programs such as Salt Lake City's to have the capital budget administration be located in a division other than the division responsible for the construction of the capital projects. Usually the oversight or administration is considered a budget or finance function.

Council staff has also attached a spreadsheet that shows the funding recommendations from the CIP Board, City staff and the Mayor. This spreadsheet will be shown on an overhead during the presentation on the CIP budget.

Also in the Council packet is additional information on the proposed street crossing at 1300 East and Sugarhouse Park. The winning design for the crossing was recently announced and the applicant for review has supplied updated construction figures.