

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET AMENDMENT #1 – FISCAL YEAR 2003-04

DATE: September 12, 2003

SUBJECT: Fiscal Year 2003-2004 Budget Amendment #1

STAFF REPORT BY: Michael Sears

CC: Cindy Gust-Jenson, Rocky Fluhart, David Nimkin, Steve Fawcett, DJ Baxter, Rick Graham, Ed Rutan, Steven Allred, Chief Dinse, Chief Querry, Alison Weyher, David Dobbins, Luann Clark, Greg Davis, Jerry Burton, John Vuyk, Gordon Hoskins, Elwin Heilmann, Wes Galloway, Sean Martin, Beverly Miller, Krista Dunn, Shannon Ashby, Sherrie Collins, Laurie Dillon, Susi Kontgis, and Kay Christensen

OPTIONS AND MOTIONS:

The following motions deal with those initiatives on which Council Members did not request additional information. The briefing summary section highlights questions that the Council asked regarding Initiative #2 (Unity Center) and adjustments made to Initiatives #3 (900 South Quiet Zone project) and Initiative #4 (Light Rail Feasibility Study). Initiative #18 (CIP – Final Project Appropriation) is included for adoption as discussed during the briefing. There is a separate motion prepared for Initiative #2 per Council Member request.

- 1. ["I move that the Council"] Adopt an ordinance amending the fiscal year 2002-2003 budget as proposed and modified during the September 4, 2003 briefing with the exception of Initiative #2.**
- 2. ["I move that the Council"] Not adopt an ordinance amending the fiscal year 2001-2002 and fiscal year 2002-2003 budget.**

SUMMARY OF BRIEFING

The City Council held a briefing on September 4, 2003 to discuss the proposed amendments to the fiscal year 2003-2004 budget. Council Members discussed all proposed amendments, reviewed new information that was different from the transmittal, made adjustments to the recommendations and requested additional information or motions about the following items:

Issue #2: CIP – Unity Center Project (\$4,500,329 – CIP Fund) ("New Item")

The Administration is requesting that the City Council appropriate donations received for the construction of a Unity Center to a cost center in the Capital Improvement Fund for the design and construction of the project. The City has received \$4,500,329 for the Unity Center and will be preparing a Request for Proposal and conducting a public process to determine the project development ideas and identify potential partners once the appropriation has been made.

The Council asked for the total cost of the project and whether or not the cost to build the Unity Center would cost the full \$4.5 million or if the furnishing and equipment needed to operate the center could be included in the \$4.5 million. The Council understands that the building construction cost is not required to be \$4.5 million. The Administration has responded to a request by the Council for additional information on the architectural fees and information on the Unity Center project. **This information is attached.**

During the briefing the Council decided to allocate an amount necessary to begin the architectural portion of the project. The amount that was submitted by the Administration is based on a building construction cost of \$4.5 million. If the Council appropriates the requested architectural amount and later decides on a building concept that will cost \$4.5 million to construct, the Administration will need an appropriation for the furnishing and equipment to operate the building. **The Council may wish to review the architectural fees that are requested and determine the building cost and furnishings cost before allocating funds for this project.**

The Council may also wish to adopt a legislative intent statement that could read:

Unity Center and Sorensen Expansion Project - It is the intent of the City Council that the Administration plan, construct, equip and furnish the proposed Unity Center and Sorensen Expansion Project with available funds received for this purpose. The total budget is not to exceed \$4,500,329.

The following motion will allow the Council to appropriate architectural fees for this project.

[“I move that the Council”] **Adopt an ordinance amending the fiscal year 2003-2004 budget for Initiative #2 in the amount of \$XXX,000 for project planning and design of the Unity Center and Sorensen expansion project.**

Issue #3: 900 South Quiet Zone project (\$700,000 – General Fund / CIP Fund) (“New Item”)

The Administration is recommending that the City Council appropriate \$700,000 from fund balance for rail noise mitigation. The original amount proposed was \$2,692,207. After receiving further information, the Administration revised their estimated costs and is now requesting \$700,000. The Council decided to make this appropriation from the Capital Improvement Program Fund. This allocation is included in Initiative #18.

Issue #4: Light Rail into Davis County Feasibility Study (\$10,000 - General Fund) (“New Item”)

The Administration is requesting that the City Council appropriate \$2,000 in contributions that are anticipated to be received and appropriate \$8,000 of fund balance from the General Fund to the Mayor’s Office to fund a feasibility study on light rail into Davis County. The Council was supportive of this recommendation but requested that a cost center be created in the Capital Improvement Program Fund for this project rather than having the budget allocation in the Mayor’s Office.

Issue #18: CIP - Final Project Appropriation (\$5,640,000 - CIP / \$294,000 CIP Impact Fee Revenue) (“New Item”)

The Council on September 4, 2003 finalized the project funding appropriations for the Capital Improvement Program. There were thirteen projects funded for a total \$5,640,000. \$101,745 was transferred from CIP contingency to fund these projects. The remaining \$5,538,255 was from the “holding” account that was created during the previous CIP allocation.

There were two projects funded with Impact Fee revenue for a total allocation of \$294,000. The remaining \$50,000 in the Impact Fee “holding” account is to be transferred back to the regular CIP Impact Fee cost centers until further appropriation. **Additional information from the Administration on the Sugarhouse Rails with Trails Project is attached.**

The attached sheet shows the final project allocations.

Note: The following information was provided to the Council for the 9/04/02 briefing. It is provided again for your reference.

The proposed amendment includes several state and federal grants relating to public safety, emergency management and police and fire functions. There are requests to use General Fund balance for lawsuit payment, and rail noise mitigation. All other proposed amendments relate to Enterprise or Miscellaneous Grants Funds.

MATTERS AT ISSUE

Issue #1: Increase in the Claims and Damages Budget (\$104,586 - General Fund / Governmental Immunity Fund) (“New Item”)

The Administration is requesting that the Council approve the appropriation of fund balance in the General Fund to the Governmental Immunity Fund to fund a payment claim on the original Main Street Plaza lawsuit.

The City maintains a self-insurance program for third party liability claims. If claims have merit, they are paid from the Governmental Immunity Fund. The City was ordered

to pay one-half of legal fees to the ACLU for the Main Street Plaza lawsuit. The City made payment to the ACLU by July 31, 2003. The requested amount will reimburse the Governmental Immunity Fund.

As part of the discussion of this proposed appropriation, the Council may wish to review the adequacy of the City's contributions to the Governmental Immunity Fund.

Issue #2: CIP – Unity Center Project (\$4,500,329 – CIP Fund) (“New Item”)

Please see above for summary of briefing.

The Administration is requesting that the City Council appropriate donations received for the construction of a Unity Center to a cost center in the Capital Improvement Fund for the design and construction of the project. The City has received \$4,500,329 for the Unity Center and will be preparing a Request for Proposal and conducting a public process to determine the project development ideas and identify potential partners once the appropriation has been made.

If the Council appropriates this money, the Administration will be able to determine which firm will complete the architectural details of the project and continue with the community input gathering process.

The Unity Center will be constructed in the Glendale neighborhood near the Sorenson Center. About 15% of the \$4.5 million will be used for architectural fees.

Some Council Members have expressed interest in being involved in the development of this project because there could be long-term budgetary and policy implications of the various options. Given this, the Council could:

- a. Appropriate only the portion of the funding needed for the planning and architectural efforts at this time
- b. Appropriate the full amount but request that the Council be briefed by the Administration at various intervals

Issue #3: 900 South Quiet Zone project (\$700,000 – General Fund / CIP Fund) (“New Item”)

The Administration is recommending that the City Council appropriate \$2,692,207 from fund balance in the General Fund to the Capital Improvement Program Fund to establish a cost center for rail noise mitigation. This request has been discussed previously by the City Council. Initial estimates for the noise mitigation have ranged from a low of \$500,000 to over \$2.5 million.

The requested funds would be used to fulfill an agreement between Salt Lake City and Union Pacific Railroad to install “quiet zones” along the 900 South rail line and in the downtown area. There are two parts to the installation of the quiet zones, the first is the necessary street work and signage (\$360,207), which would begin immediately, and the rail line gates and signals (approximately \$2,332,000 million) which would begin as soon as Union Pacific finalizes its cost estimates and City funds are available. The City

would install the street work and signage and Union Pacific will install the gates and signals.

Issue #4: Light Rail into Davis County Feasibility Study (\$10,000 – General Fund) (“New Item”)

The Administration is requesting that the City Council appropriate \$2,000 in contributions that are anticipated to be received and appropriate \$8,000 of fund balance from the General Fund to the Mayor’s Office to fund a feasibility study on light rail into Davis County. The study is expected to cost \$100,000 and will be funded by contributions from the Utah Transit Authority (UTA), Davis County Council of Governments, South Davis Municipalities and Salt Lake City. The Wasatch Front Regional Council (WFRC) and UTA will be the planning agency involved in the study. It is anticipated that the Salt Lake Chamber of Commerce and the Downtown Alliance will each contribute \$1,000 towards the City’s share of the study.

Issue #5: Clean Cities Program Grant (\$60,000 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The City has received a continuation of the Clean Cities program grant. This award has been presented to the City for each of the previous seven years. Each year the Utah State Department of Natural Resources Energy Office awards this grant to help offset the Clean Cities Coordinator’s salary and benefits, as well as other operation expenses associated with the Clean Cities program. The Clean Cities program is organized to promote the use of alternative fuel vehicles and alternative fuels.

The City Council has previously adopted a resolution that allows the Mayor to accept this grant and sign any related contracts and awards. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE’s are associated with this grant; grant funding is paying for the salaries and wages for an existing FTE.

Issue #6: Sorenson/Intel Computer Clubhouse – Intel Grant (\$30,000 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Sorenson Multi-Cultural Center has been awarded a \$30,000 cash grant from the Intel Foundation, which is renewable for 3-5 years. The \$30,000 will allow the Sorenson Center to hire one full time Computer Clubhouse Coordinator for one year. An additional \$15,000 has been received for FY 04-05 and FY 05-06. An appropriation request will be made in future years for these funds.

The City Council has previously adopted a resolution that allows the Mayor to accept this grant and sign any related contracts and awards. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE’s are associated with this grant; grant funding is paying for the salaries and wages for an existing FTE.

Issue #7: VOCA – Victim Advocate Program Grant (\$55,184 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Salt Lake City Police Department Victim Advocate Program has received a continuation of an annual grant from the State. The Victims of Crime Act (VOCA) grant is for the hiring of additional staff to provide services to victims of domestic violence. Services include resources, referrals, information support, community Education, court advocacy and crisis intervention.

This grant will allow the payment of salary and benefits for 3 part-time victim advocate positions that are currently VOCA grant funded. These are grant-funded positions in the Police Department that follow the direction given by the Council that grant-funded positions are temporary positions that expire when grant funding ceases.

The grant requires a 20% match that is met with 692 hours of the Victim Advocate Program Coordinators salary.

The City Council has previously adopted a resolution that allows the Mayor to accept this grant and sign any related contracts and awards. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE’s are associated with this grant; grant funding is paying for the salaries and wages for three existing FTE’s.

Issue #8: Lead Based Paint Program - HUD Grant (\$503,300 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The City’s Community and Economic Development/Housing and Neighborhood Development received grant funding from the US Department of Housing and Urban Development (HUD) to conduct a Lead Hazard Control Program. The program seeks to control lead based paint hazards. Funds will be used for lead based paint inspections, risk assessments and lead hazard control activities. The funds received will be sub granted by the City to eligible applicants to the program.

There is not a resolution (as determined by the City Attorney’s Office) for the Council to sign. The Administration is requesting that the Council adopt this budget appropriation request and facilitate this grant.

Issue #9: Housing Trust Fund – RDA Grant (\$1,102,268 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The City’s Community and Economic Development/Housing and Neighborhood Development staff submitted a request for funds to the Redevelopment Agency of Salt Lake City (RDA). The request was for funds that could be used for Housing Trust Fund purposes. The most recent RDA budget included a grant to the Housing Trust Fund in

the amount of \$1,102,268 for the purposes of land acquisition, installation, construction and/or rehabilitation of structures.

The Administration recommends that the City Council adopt this budget to accept and facilitate this grant to the Housing Trust Fund.

Issue #10: Wild Fire Training Grant (\$5,000 – Misc. Grant Fund) (“grant requiring no staff resources”)

The State Department of Natural Resources, Division of Forestry, Fire and State lands has awarded the City a continuation grant to purchase equipment such as helmets, gloves, manuals and other related equipment for use and distribution to the Community Emergency Response Team (CERT). The Salt Lake City Fire Department will administer the grant funds. This grant required a 50% local match that is met by the Fire Department General Fund budget.

This grant does not have a new resolution for the Council to sign. A resolution, which was previously adopted by the Council, authorizes the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The only needed Council action is the adoption of the budget to allow for the facilitation of this grant.

No additional FTE's are associated with this grant. The Administration recommends that the Council accept this grant and approve the appropriation request.

Issue #11: Crime Scene Investigation Grant (\$5,000 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The Salt Lake City Police Department has applied for and received a grant from the State of Utah, Commission on Criminal and Juvenile Justice for the purchase of equipment to be use for crime scene investigations. It is anticipated that the 5 digital cameras, 1 video microscope and 2 evidence collection kits will provide an enhancement to public safety operations.

This grant does have a new resolution for the Council to sign. The resolution authorizes the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The Council will need to adopt appropriate the requested budget and adopt the resolution.

No additional FTE's are associated with this grant.

Issue #12: Crime Prevention Project Grant (\$6,000 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The Salt Lake City Police Department has applied for and received a grant from the State of Utah, Commission on Criminal and Juvenile Justice for the purchase of educational brochures, training manuals, window stickers, windbreakers and/or vests for the Community Mobile Neighborhood Watch groups. It is anticipated that this will be a one-time grant.

This grant does have a new resolution for the Council to sign. The resolution authorizes the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The Council will need to adopt appropriate the requested budget and adopt the resolution.

No additional FTE's are associated with this grant.

Issue #13: General Fund Encumbrance Carryover (\$1,093,738 – General Fund) (“Housekeeping”)

In order to limit spending to appropriation amounts, the City's accounting system charges purchase orders and contracts to the budget year in which the goods or services are ordered. If the goods or services are not received until the following fiscal year, the Council has routinely carried the appropriations over to the following year so that the same expenditures are not charged once to the prior year budget and once again to the new fiscal year budget. The Administration requests that encumbrances in the following funds be carried over and appropriated to fiscal year 2003-2004.

| General Fund | |
|------------------------------------|--------------------|
| Attorney | 6,440 |
| Community and Economic Development | 239,748 |
| Council | 262,211 |
| Fire | 114,688 |
| Mayor | 57,302 |
| Management Services | 23,877 |
| Non-Departmental | 60,920 |
| Police | 38,320 |
| Public Services | 290,232 |
| Total | <u>\$1,093,738</u> |

Issue #14: Non-General Fund Revenue and Expenditure Carryovers (\$22,180,743 – Misc. Funds) (“Housekeeping”)

On June 30, 2003, unexpended budgeted funds dropped to fund balance in accordance with State law (with the exception of the Capital Improvement Projects Fund). The Administration is requesting that the Council bring forward, or “carryover” the balances for existing Housing Special Revenue Fund, Miscellaneous Grant Fund, Special Revenue Fund and CDBG Fund projects that were previously approved by the Council in the total amount of \$22,180,743. A list of each of these projects with the amount to be carried over for each project is included in the Administration's Transmittal.

Issue #15: Prior Year Outstanding Obligations – Refuse, Golf and Fleet Funds (\$919,700 – Enterprise / Internal Service Funds) (“Housekeeping”)

The Administration is requesting that the Council approve the appropriation of \$919,700 for purchase orders or contracts entered into fiscal year 2002-2003 but not paid by June 30, 2003 within the Refuse and Golf enterprise funds and within the Fleet Management internal service fund. Because the budget from fiscal year 2002-2003 lapsed, it is necessary to appropriate funds to cover the purchase commitments made

in the prior fiscal year. There is adequate fund balance available in each fund to accomplish this request.

For budgeting purposes, the City accounts for purchase orders and contracts in the fiscal year in which the purchase order is issued or the contract is signed. However, *generally accepted accounting standards* require that the City record expenses in the fiscal year in which the goods or services are received. To handle this on the City's accounting system, each year the Administration proposed a budget amendment to re-appropriate these amounts. The amount to be re-appropriated in the Refuse Fund is \$21,007; the amount in the Golf Fund is \$46,086; and the amount to be appropriated for the Fleet Management Fund is \$ \$852,607.

Issue #16: Recapture of CDBG Funds (\$125,557 - CDBG Operating Fund) ("Housekeeping")

Each year the City Council "recaptures" budgets that have remaining balances and appropriates the budgets for the intended uses in the current fiscal year. The Community Development Block Grant (CDBG) fund had \$125,557 in remaining balances at the end of fiscal year 2002-2003. The remaining balances are from programs that have been completed or have not expended all the funds within the program time frame. The recaptured funds will be placed into contingency accounts to fund future CDBG programming or cost overruns.

The Administration recommends that the Council adopt this amendment and allow for the recapture of remaining CDBG program balances.

Issue #17: Capital Expenditure (\$176,316 - Golf Fund) ("Housekeeping")

The Salt Lake City Public Services Department is recommending that the City Council reestablish a budget appropriation for capital expenditures. The Department didn't submit a request for equipment with the annual budget because of uncertainty of earning from fiscal year 2002-2003. The department has now determined that earnings and reserves are available to proceed with requesting an appropriation for golf course maintenance equipment.

The only Council action necessary for the facilitation of this request is the adoption of the budget appropriation.