

**SALT LAKE CITY COUNCIL  
MAYOR'S RECOMMENDED BUDGET  
FISCAL YEAR 2004-2005**

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**DATE:** July 2, 2004  
**SUBJECT:** **Revised Tax Rates and Budget Adjustment – Adopted Budget  
FY 04-05**  
**STAFF REPORT BY:** Michael Sears, Gary, Mumford, Sylvia Jones  
**cc:** Mayor Anderson, Cindy Gust-Jenson, Sam Guevara, Rocky Fluhart, Steve Fawcett, Laurie Donnell, Kay Christensen, Susi Kontgis, DJ Baxter

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The City has been informed by the Salt Lake County Auditor's Office that the Utah State Tax Commission has made additional changes to the rate setting process for the 2004 tax year and as such there has been a revised transmittal from the auditor's office to the City. The transmittal is attached to this report.

This year, the State Tax Commission needed to make a one-time adjustment in accordance with state legislation to convert from an actual to a budget basis for the certified tax rate. In making the adjustment, the Tax Commission originally assumed a 100% collection rate, which resulted in a windfall for taxing entities. The Tax Commission has now changed that assumption to include an adjustment for appeals and to use a five-year average collection rate.

Because of recalculations of the "certified" tax rates, the City is required to re-adopt the budget and tax levies. There are no new advertising requirements regarding the adoption of these new rates.

**PROPERTY TAX REVENUE – REVISED CERTIFIED AMOUNTS**

The County Auditor has provided the City with the certified tax rate that will generate \$48,489,931 in property tax revenue. This amount is \$535,371 greater than the Mayor's Recommended Budget property tax revenue amount and \$2,643,341 less than was originally calculated by the County Auditor's Office. The Administration has recommended that the City Council adopt the new tax rate as calculated by the County and make reductions and amendments to the budget that was adopted on June 17, 2004. Any reductions and amendments that the Council makes will result in a new adopted budget. As required by state law (UCA 10-6-105), the City must adopt a fiscal year budget for the year beginning July 1, 2004. The City is in compliance with this law even though the June 17, 2004 budget will be replaced with the July 6, 2004 budget.

The Administration recommends the following changes to the June 17, 2004 adopted budget:

- Decrease property tax revenue by \$2,643,341. (This is the difference between the \$3,178,712 “windfall” and the \$535,371 growth amount due the City.)
- Use \$2,051,895 that was appropriated to fund balance.
- Appropriate \$463,180 of lapsed appropriations from fiscal year 2003-04 (General Fund balance) to cover the one-time salary payment to employees not receiving a merit increase or cost-of-living adjustment
- Appropriate \$128,266 of lapsed appropriations from fiscal year 2003-04 (General Fund balance) to cover a portion of one-time expenses in the Police Departments (radio servers \$110,000; security fence for radio tower \$25,000)

The transmittal from the Administration is attached. The proposed changes will result in a balanced budget for consideration of adoption on July 6, 2004. If the Council prefers to consider other options, Council staff has attached the budget options worksheet that has been provided during recent past work sessions.

### **REVENUE UNCERTAINTY**

The property tax revenue amounts provided by Salt Lake County are estimated amounts based on average appeals and collection rate. Actual revenue amounts will depend on adjustments and collections. In addition, the County calculates the distribution to the Redevelopment Agency based on assessed valuations as of January 2005. In some past years, midyear budget adjustments have been necessary to offset property tax shortfalls. When the Council adopted the budget on June 17 it held some funds in reserve to guard against the potential for a negative impact on the budget due to this RDA factor. The proposed approach does not provide that cushion.

### **TRUTH-IN-TAXATION HEARING**

The City is required to hold a Truth-in-Taxation hearing for the judgment levies and for the property tax increase of the Library. Because the Tax Commission recalculated the certified rates, the County has provided a revised hearing schedule. The County will distribute notices to property owners by August 13<sup>th</sup>. The Truth-in-Taxation hearing can't be held sooner than 10 days from notice distribution. **The County is requesting that the City hold the hearing for the City and Library on August 24, 2004.** The City had originally planned on holding the hearing on August 10, 2004.

### **GENERAL FUND EXPENDITURES AND FTE REDUCTIONS**

The following table summarizes the expenditure budget for the General Fund. Council Members have asked for a summary of changes in General Fund expenditures.

<b>GENERAL FUND EXPENDITURES</b>
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<b>FISCAL YEAR 2004-05</b>				
	<b>Fiscal Year 2003-04</b>	<b>Fiscal Year 2004-05</b>	<b>Difference</b>	<b>Percent Change</b>
Attorney's Office	\$2,813,768	<b>\$2,927,371</b>	\$113,603	4.04%
Community Development (- \$900,000 for electricity in FY 03-04) (- \$107,688 for Econ. Dev. transfer in FY 03-04)	7,508,442	<b>7,464,340</b>	(44,102)	(0.59%)
Fire	26,947,801	<b>27,571,966</b>	624,165	2.32%
Management Services	8,840,374	<b>9,384,164</b>	543,790	6.15%
Police	43,219,399	<b>45,035,037</b>	1,815,638	4.20%
Public Services	33,984,834	<b>34,108,965</b>	124,131	0.37%
Office of the Mayor (+\$107,688 for Econ. Dev. transfer in FY 03-04)	1,450,710	<b>1,495,039</b>	44,329	3.06%
City Council Office	1,580,051	<b>1,540,353</b>	(39,698)	(2.51%)
Non-Departmental (+\$900,000 for electricity in FY 03-04)	38,741,702	<b>38,266,878</b>	(474,824)	(1.23%)
<b>Total General Fund Expenditures</b>	<b>\$165,087,081</b>	<b>\$167,794,113</b>	<b>\$2,707,032</b>	<b>1.64%</b>

The changes to the Community Development, Mayor's Office and Non-Departmental budgets are reflected in changes to the fiscal year 2003-04 adopted budget. These changes are considered significant shifts of resources from departmental budgets without an overall change to the total General Fund expenditure budget. The resulting percent changes more accurately reflect actual differences between fiscal year adopted budgets.

Council Members also asked for a listing of each position that was removed from the City's staffing document during the adoption of the budget on June 17, 2004. The following is a list of positions and associated salary costs that were eliminated.

- \$ 52,500 – Traffic Technician (Community Development)
- \$ 68,000 – Traffic Calming Coordinator (Community Development)
- \$ 80,448 – Traffic Engineer (Community Development)
- \$ 60,000 – Business License Building Inspector (Community Development)
- \$ 48,335 – Deputy Recorder (Recorder's Office)
- \$ 69,516 – Information Planner (Information / Resource Center)
- \$ 23,268 – Contract Writer, part-time (Purchasing Division)
- \$ 52,188 – Administrative Specialist-Contracts (Purchasing Division)
- \$ 48,328 – Accountant II - accounts payable (Controller's Office)
- \$ 17,914 – Clerical temporary services, .5 FTE (Human Resources)
- \$ 32,000 – Background Investigator, reduce to part-time (Police)
- \$ 57,000 – Communications Technician – civilian position (Police)
- \$ 56,303 – Safety Program Coordinator (Public Services)
- \$ 68,524 – Surveyor (Engineering Division)
- \$ 90,885 – Architect (Engineering Division)
- \$ 55,877 – Field Supervisor (Parks Division)
- \$107,306 – Engineer (Engineering Division)

- \$ 38,000 – Part-time event security, 1.18 FTEs (Franklin Qwest Field)
- \$ 15,824 – Part-time Special Events Assistant (Public Services)
- \$ 62,544 – Minority Affairs Liaison (Mayor’s Office)

The following positions were added in the budget:

- \$49,128 – Paralegal position (City Prosecutor’s Office)
- \$35,000 – Office technician (City Prosecutor’s Office)
- \$80,000 – Replace expired grant funded positions in the traffic control center with funding from the General Fund, 1.60 FTE (Transportation Division)
- \$39,074 – Court clerk (Justice Court)
- \$18,189 – Office technician, 0.50 FTE (Justice Court)
- \$88,732 – Collection specialists (Justice Court)
- \$20,500 – Records Clerk, 0.50 FTE (Recorder’s Office)
- \$20,000 – Part-time Background Investigator, 0.50 FTE (Police)
- \$55,000 – Supervisor (Sorensen Center)