

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET AMENDMENT #3 – FISCAL YEAR 2003-04

DATE: March 12, 2004

SUBJECT: Fiscal Year 2003-2004 Budget Amendment #3 – Public Hearing

STAFF REPORT BY: Michael Sears

CC: Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, Steve Fawcett, DJ Baxter, Rick Graham, Ed Rutan, Steven Allred, Chief Dinse, Chief Querry, Lee Martinez, David Dobbins, Luann Clark, Greg Davis, Jerry Burton, John Vuyk, Gordon Hoskins, Elwin Heilmann, Shannon Ashby, Sherrie Collins, Laurie Donnell, Susi Kontgis, and Kay Christensen

OPTIONS AND MOTIONS:

1. ["I move that the Council"] **Adopt an ordinance amending the fiscal year 2003-2004 budget as proposed with the exception of Initiatives 15, 30 and 31.**
2. ["I move that the Council"] **Decline to adopt an ordinance amending the fiscal year 2003-2004 budget.**

SUMMARY OF BRIEFING

The City Council held a briefing on March 2, 2004 to discuss the proposed amendments to the fiscal year 2003-2004 budget. An additional briefing on revenue collection and forecasts was held in conjunction with the briefing on the budget amendment. Council Members discussed all proposed amendments and reviewed the information in the transmittal. Council Members asked questions about Initiative #15 Salt Lake City Marathon Police Support. The questions asked and responses from the Administration are included in the additional information section for Initiative #15. A separate motion is included for Initiative #15.

During the March 2, 2004 work session meeting, the Administration's requested allocation of Capital Improvement Program funds to the Community Action Program was discussed. Council staff has prepared Initiative #30 CIP allocation to Community Action Program for consideration by the Council.

During the March 9, 2004 Council meeting the Council set the date of April 6, 2004 to consider the cost benefit study that was prepared as required by State Code Section 10-8-2 and authorize a one-time contribution to the Community Action Program to assist with relocation efforts. If Council Members wish to address the budget allocation portion of this request at the close of the public hearing on March 16, 2004 the Council could appropriate the money subject to the outcome of the April 6, 2004 Council action. There is a summary of this issue in the additional information section of this report.

Also, after the March 2, 2004 briefing on the budget amendment, it was requested that the Council consider an additional housekeeping initiative. The requested allocation is for the one-time Olympic money to The Leonardo that was allocated in Budget Amendment #11 of fiscal year 2002-2003. The \$50,000 allocation to The Leonardo to host "cultural events designed to celebrate Olympic ideals and diversity" was appropriated to the non-departmental fund. At the end of the fiscal year, the allocation lapsed and the money "dropped" to general fund balance. The Leonardo obtained funding sufficient to meet the required 2-to-1 match and has approached the City asking for the City's contribution. The Administration would like to re-appropriate the money from general fund balance to a cost center in the Capital Improvement Fund so that the money can be given to The Leonardo as requested. If approved by the Council this would be Initiative #31.

INITIATIVES WITH ADDITIONAL INFORMATION

Initiative #15: Salt Lake City Marathon Police Support (\$50,000 - General Fund) ("New Item")

The Administration is requesting an appropriation of \$50,000 from General Fund balance to cover anticipated Police Department officer overtime costs for the Salt Lake City Marathon. Council Members asked the following questions about this item. Responses from the Administration are in italics.

Is Salt Lake City participating in the marathon sponsorship in any way other than providing the funding for the police officers at crossings within Salt Lake City? (Contributing money, providing the use of the Gallivan Center, paying the costs for an event at a City location, etc.)

No, the City is only paying for the cost of police officers or crossing guards.

Is the marathon paying special event fees for the use of City streets, rent of facilities, etc.?

Sponsor is using Gallivan Center on the evening of April 24th for an awards dinner and concert and is paying the full rental fee charged for use of the facility. No charges are being assessed for use of City Streets. If they use Liberty Park, any extraordinary costs will have to be reimbursed by the sponsor.

What City resources / facilities will be used beyond the allocation of overtime, if it is approved? (barricades, etc.)

Sponsor is providing barricades and volunteers for staffing water stations, etc. and is providing porta potties, clean up crews, variable message boards and medical personnel.

Liberty Park is planned to be used as starting point for 5K race and the Marathon is planning on going though the east side of the park. Negotiations need to be completed about reimbursement to the City for any other extraordinary facility use, clean up etc. that may be needed.

Do they have authority to close off the streets they plan to use? Was state approval necessary and, if so, do they have that approval? Do they have a plan to divert traffic? (Is most of it early enough in the morning that the impact will be minimal?) How will they inform the public of the detours?

Sponsor has been working with UDOT, the County and UTA (TRAX). Sponsor will provide extensive advertisement campaign including flyers, signs and radio. All agencies have approved route and street use except Holliday, which is expected to be worked out by Friday, March 19th. Local police agencies provide street closures and openings. Jurisdiction of any State controlled roads is granted to local authorities.

Which other governmental entities have made a commitment to contribute police / sheriff resources? Which have been asked? If these entities don't elect to contribute will the sponsor pay, or will the overtime be absorbed within the governmental entities' budget?

Salt Lake County, Murray and South Salt Lake have committed resources.

How many participants will be from out of town? Is there some basic information about this event that would help the Council understand the scope and / or significance of it?

Information submitted by the sponsor will be provided in hard copy.

For the Marathon: There are 20 participants from outside of the U.S., 2,359 from outside of Utah, and 888 from outside of Salt Lake City and a combined total of 3,726.

For the 5K run: There is one participant from outside the U.S., 715 from outside of Utah, and 480 from outside of Salt Lake City and a combined total of 1,344.

Can the sponsor or the Convention and Visitor's Bureau help us with a formula that will estimate the potential economic impact?

Of 550 race headquarters hotel rooms blocked, 505 are sold currently. Additional rooms are sold in other hotels but this information is not available.

The CVB's formula is \$775 per visitor for a 3-4 day stay. If we assume they spend \$200 per day and assume that the 3,100 out of state participants currently signed up, they each stay just two days that would approximate \$1,240,000 of economic impact. Obviously this is not additional cash revenue but overall estimated impact to the economy from an event.

Sponsor is planning to use the U of U Business School to prepare a post-event economic impact statement.

Does the Deseret News Marathon plan to stage marathons in the future? Has the City provided services (Police or other) to them in the past at full price, reduced price, or on a complementary basis?

Our current understanding is that the Deseret News Marathon is planned again this year. City overtime needs for that event is included in the respective departmental budgets.

Was last year truly the last year for the Deseret News marathon? Do we know this for sure?

We only know what we have been told to date, that the event is planned.

This new marathon is running along some very busy streets, i.e.: 700 East. It's going to be very unpopular with residents and outside SLC travelers.

The marathon has been changed from 700 E. to 500 E. which is not as busy. Extensive advertising should help alleviate traffic concerns.

Has Salt Lake City contributed yet to this new marathon?

No cash contributions have been made to this event. We have contributed staff resources to aid in planning and estimating the City's costs, and to the permitting process, etc.

If so, shouldn't we support other marathon such as Days of '47?

We have only provided the same support as for other events, such as the Days of '47.

The Administration has provided additional responses that are attached to this report.

The following optional motion will allow the Council to appropriate funds for this request.

["I move that the Council"] **Adopt an ordinance amending the fiscal year 2003-2004 budget for Initiative #15.**

Initiative #30: CIP allocation to Community Action Program (\$10,800 - CIP Fund) ("New Item")

The Administration is recommending that the City Council appropriate \$10,800 from an existing Capital Improvement Fund (CIP) cost center to a new cost center in the CIP Fund for relocation efforts. The requested funds would be transferred to the Community Action Program (CAP) for programs that they provide relating to relocation efforts of residents.

The Council is required to hold a hearing on a cost benefit study before these funds can be expended. The public hearing is scheduled for April 6, 2004. After the public hearing, the Council may decide to transfer funds to CAP. This initiative addresses the budget transfer and allocation of funds. If the Council is comfortable moving forward with the allocation, the motion should allow for consideration of the public hearing on April 6, 2004.

The following optional motion will allow the Council to appropriate funds for this request.

["I move that the Council"] Adopt an ordinance amending the fiscal year 2003-2004 budget for Initiative #30 contingent on Council adopting a resolution accepting the cost benefit study required by Utah Code Section 10-8-2 and authorizing a one-time contribution to the Community Action Program to assist with relocation efforts.

Initiative #31: Reallocation of One-Time Olympic Funds to The Leonardo (\$50,000 - General Fund) ("Housekeeping")

The Administration is recommending that the City Council appropriate \$50,000 from fund balance in the General Fund to the Capital Improvement Program so that the request from The Leonardo can be fulfilled. In December of 2002, the Council allocated \$50,000 to The Leonardo to host "cultural events designed to celebrate Olympic ideals and diversity". The funds were transferred to an account in the non-departmental section of the City's budget. At the end of the fiscal year, the appropriation lapsed and the funds "dropped" to fund balance. The Administration would like to include the re-appropriation of these funds from fund balance on this current budget amendment

The following optional motion will allow the Council to appropriate funds for this request.

["I move that the Council"] Adopt an ordinance amending the fiscal year 2003-2004 budget for Initiative #30.

Note: The following information was provided to the Council for the 03/02/04 briefings. It is provided again for your reference.

The proposed amendment includes several state and federal grants relating to youth programs, public safety, emergency management and police and fire functions. There are requests to use General Fund balance for the National League Convention revenue shortfall, collection on accounts receivable and police support for the Salt Lake City Marathon. Other budget amendment initiatives relate to grant funding, housekeeping items and capital budgeting.

Issue #1: National League Convention (\$459,723 in transfers to fund \$260,153 previous appropriation that lapsed to fund balance) - General Fund ("Housekeeping")

The Administration is requesting that the Council appropriate funds to cover the revenue shortfall that occurred when the City hosted the National League of Cities and Towns Convention. The total shortfall was \$260,153. The Council appropriated funds during fiscal year 2002-03 to cover this shortfall but the expenditure was not made and the appropriation lapsed to fund balance. The Administration has identified some surplus revenue in the 73 Fund to use against the revenue shortfall for the convention. The total amount to be transferred from General Fund balance will be \$199,570.

This will close the National League Convention Fund.

Issue #2: Collection of Accts Rec. on Parking and Traffic Fines (\$100,000 - General Fund) ("New Item")

The Administration is requesting that the Council appropriate \$100,000 to cover the costs of collecting on accounts receivable for the Justice Court. The requested funding would cover two temporary staff positions and supplies to support the collection effort. The City has been successful in meeting its collection goals for parking and traffic fines but has transferred existing staff from their regular duties to do the collections. Allocating budget for the temporary position will allow existing staff members to return to their regular job responsibilities.

These positions will be housed in Management Services.

Issue #3: CIP - North South Light Rail UTA Payment (\$254,645 - CIP Fund) ("New Item")

During the construction of the UTA North South Light Rail corridor the City and UTA agreed, by Memorandum of Understanding, on payment for the light rail system. There was a final payment request by UTA for \$401,640. The City has negotiated with UTA on differences in the record of payment. The City's remaining portion to satisfy all of the expenditures for the light rail line is now \$254,645. There is not a budget for the payment of these obligations. The Administration is recommending that the Council recapture Class "C" and CIP funds and make payment from the recaptured portion.

Issue #4: CIP - Liberty Park Tennis Courts (\$630,000 - CIP Fund) ("New Item")

The Administration is recommending that the Council approve the reallocation of funds within the Liberty Park Improvements CIP cost center. There is

interest in finishing the reconstruction of remaining tennis courts adjacent to the newly constructed tennis center. By accelerating the reconstruction of these projects up one year, other projects may be delayed, although there are a number of projects that are still being designed and constructed in the park. The reconstruction of the tennis courts is moving up in priority in the overall Liberty Park project due to increased interest and financial donations from the community and tennis support groups. **The Council may wish to ask for clarification on which projects would be delayed, and whether any of the projects proposed for delay are ready to proceed. Further, the Council may wish to consider whether the tennis improvements are a higher priority than other Liberty Park improvements, in the event funds are tight in the coming year and the City isn't able to allocate the anticipated amount to Liberty Park.**

Issue #5: CIP - Jordan River Trail (\$0 - CIP Fund) ("New Item")

The Administration is recommending that the Council close out existing completed CIP cost centers that were established for the construction of sections of the Jordan River Trail. The recaptured money will be used to fund an additional section of the trail. The total recapture amount is \$107,941. The recapture and use of these funds is consistent with past Council actions where existing funds are used to fund like projects or continuations of existing projects.

Issue #6: SID - Railyard Gateway (\$15,585,474 - CIP Fund) ("New Item")

The Administration is seeking authorization to create a CIP cost center for the Special Improvement District Railyard Gateway Series 2003 bonds. The property owner has completed improvements at approximately 100 South and 400 West on behalf of the City with the understanding that the City would issue the bonds to permanently finance the improvements and the property owner would be reimbursed the costs of the improvements.

Issue #7: CIP - Class "C" Asphalt Overlay 2004-05 Funding (\$1,500,000 - CIP Fund) ("New Item")

The Administration is requesting that the Council create a CIP cost center for fiscal year 2004-05 Class "C" road funds for the issuance of a contract to complete asphalt overlays on City streets during the calendar year 2004 construction season. The Council has approved this advance budget appropriation in the past and this request is consistent with the Council's policy of taking making funds available so that the City can receive favorable construction bids.

Issue #8: CIP - 2100 S 900 W Bridge (UTA) (\$175,850 - CIP Fund) ("New Item")

The Administration is requesting that the Council approve the creation of a cost center for the match on the 2100 S 900 W Bridge. The City has received Surface Transportation Program (STP) funds for this project and subsequently received Federal Bridge Replacement Funds for this same project. The City has agreed to transfer the STP funds to UTA. There is a difference in local match requirements for the different federal funding sources. So that the City does

not suffer financially from a difference in the local match requirements, UTA has agreed to provide Salt Lake City with \$175,850 to cover the difference in the local match ratios.

Issue #9: CIP - California Ave Concrete St. Rehab (\$30,000 - CIP Fund) ("New Item")

The Administration is requesting that an additional \$30,000 be appropriated for the California Ave. Concrete St. Rehabilitation project. The funds for this project increase will come from the Class "C" contingency account. The existing street pavement is more deteriorated than anticipated. The requested additional funds will be used to complete the project within the specified limits.

Issue #10: CIP - 1300 South Viaduct (\$85,000 - CIP Fund) ("New Item")

The Administration is recommending that the Council approve the expenditure of Class "C" funds for a consultant to complete a study on the 1300 South Viaduct. The study is needed before the City can apply for federal funding for the restoration of the viaduct. The Administration is requesting that fiscal year 2004-05 Class "C" revenue be allocated in this fiscal year so that the contract can be issued and the work completed during this calendar year.

Issue #11: Fund 73 Escort Vice Enforcement (\$10,000 - Misc. Operating Fund) ("New Item")

The Administration is recommending that the Council appropriate \$10,000 in miscellaneous operating fund balance for the training of seven vice detectives and monitoring of escort businesses. The requested funds would allow for an additional 10 escort prostitution sting operations this fiscal year.

Issue #12: SID - Special Improvement District (\$174,547 - Misc. Operating Fund) ("New Item")

The Administration is recommending that the Council adopt the debt service budget for the bonding that was issued for Special Improvement Districts 103009 and 101016 (Curb & Gutter districts). Bonding occurred in July 2004 after the fiscal year 2003-04 budget was adopted.

Issue #13: Fund 81 Motor Fuel Excise Tax Bonds (\$1,500 - Misc. Operating Fund) ("New Item")

The Administration is recommending that the Council adopt the budget necessary to cover the arbitrage fees for the Motor Fuel Excise Tax (MFET). The arbitrage calculation was funded in fiscal year 2002-03 but was not completed until fiscal year 2004. As such the appropriation has lapsed. This proposed appropriation will restore the appropriation and cover expenses incurred. When the City issues bonds, it contracts with different firms to perform rebate calculations. Under federal tax law, where the interest earned on the invested bond proceeds exceeds a predetermined bond rate, excess earnings may have to be paid to the federal government.

Issue #14: 60 Fund E911 Fund Transfer (\$294,707 - CIP Fund) ("New Item")

The Administration is requesting that the Council appropriate \$294,707 for the purchase of a dispatch voice recording system that was not purchased before the end of fiscal year 2002-03 and the fifth and final lease payment on E911 equipment. The expenditure was included in the 2002-03 budget but because the purchase was not made prior to the end of the fiscal year, the funds lapsed to fund balance.

Issue #15: Salt Lake City Marathon Police Support (\$50,000 - General Fund) ("New Item")

The Administration is requesting an appropriation of \$50,000 from General Fund balance to cover anticipated Police Department officer overtime costs for the Salt Lake City Marathon. **The Council may want to discuss this appropriation request as it relates to the special events ordinance and how the City wishes to recover expenditures that are not reimbursed for special events. The Council may also wish to review the planned coordination with the County and other agencies for this event. The Council may wish to ask whether any organization is being charged for the Police support for special events as is allowed for (but not required) in the current ordinance. If other organizations are not being charged, the Council may wish to ask how the overtime expenses are being covered.**

Issue #16: Violence Against Women (\$19,014 - Misc. Grant Fund) ("Grant requiring existing staff focus")

The Administration is requesting that the City Council appropriate \$19,014 in grant funds from the State of Utah for the Victim Advocate program. The requested grant funds will cover 50% of one PTE position. This is a continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #17: Police Dept. Crisis Intervention Team Training (\$14,000 - Misc. Grant Fund) ("Grant requiring existing staff focus")

The Administration is requesting that the City Council appropriate \$14,000 in grant funds from Utah State University to continue the Police Officer Crisis Intervention Team (CIT) certification and training program. This grant will allow the payment of overtime. Overtime will be paid if the officer must attend training during his/her off-duty hours. This is a continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #18: Police Dept. Metro Drug Enforcement (\$128,027 - Misc. Grant Fund) ("Grant Requiring Existing Staff Focus")

The Administration is requesting that the City Council appropriate \$128,027 in grant funds from the Executive Office of the President, Office of National Drug Control to fund three police officers assigned to the Metro Narcotics/Drug Enforcement Agency. This is a continuation grant. The City has adopted a

resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #19: Traffic Control Center (\$90,000 - Misc. Grant Fund) (“Grant Requiring Existing Staff Focus”)

The Administration is requesting that the City Council appropriate \$90,000 in grant funds from the Utah Department of Transportation to fund an existing traffic control center operator. This is the third and final year of this continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #20: Sorenson Multicultural Computer Center (\$8,000 - Misc. Grant Fund) (“Grant Requiring Existing Staff Focus”)

The Administration is requesting that the City Council appropriate \$8,000 in grant funds from the Boston Museum of Science to fund the “Hear Our Voices; Girls in Technology Program”. This is the second year of this continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #21: Emergency Management Services (\$24,500 - Misc. Grant Fund) (“Grant Requiring Existing Staff Focus”)

The Administration is requesting that the City Council appropriate \$24,000 in grant funds from the State of Utah, Division of Emergency Services and Homeland Security to help fund the Emergency Manager’s position salary and benefits. This is a continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #22: Police Dept. Local Law Enforcement Block Grant (\$250,446 - Misc. Grant Fund) (“Grant Requiring Existing Staff Focus”)

The Administration is requesting that the City Council appropriate \$250,446 in interest and Local Law Enforcement Block Grant Funds (LLEBG) for the operation of existing program operations. The grant funds will be used to continue the following programs:

- Officer Overtime \$36,446
- Crime Lab Equipment \$45,000
- Civilian Training \$20,000
- Contractual \$79,000
 - Drug Court (\$37,000)
 - Peer Court (\$15,000)
 - Restorative Justice Programs (\$12,000)
 - McGruff Program (\$15,000)

- Innovative Law Enforcement Projects \$70,000

The last category of expenditure includes the recently organized leadership training program (West Point Leadership Academy). **The Council may wish to clarify with the Police Department that the proposed or anticipated projects for the Innovative Law Enforcement Projects program are consistent with the approved uses for the LEBG funds and that they have been a part of the public notification process.** This is a continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #23: Emergency Management Services Training (\$3,000 - Misc. Grant Fund) (“Grant Requiring Existing Staff Focus”)

The Administration is requesting that the City Council appropriate \$3,000 in grant funds from the State of Utah, Division of Emergency Services and Homeland Security to help fund the City’s Hazardous Material Emergency Preparedness Planning efforts. This is a continuation grant. The City has adopted a resolution that authorizes the Mayor to sign and accept this grant and additional grants or agreements that result from the original grant.

Issue #24: Volunteers of America (VOA) Youth Resource Center (\$7,810 - Misc. Grant Fund) (“Housekeeping”)

The Administration is requesting that the Council appropriate \$7,810 in CDBG contingency funds to the VOA Homeless Youth Resource Center budget so that they can finish the upgrade of the kitchen at their center. The VOA center originally planned on using existing funds, but due to other emergency issues the necessary funds are not available.

Issue #25: CIP - Project Budget Recapture (\$728,470 - CIP Fund) (“Housekeeping”)

The Administration is requesting that the Council recognize \$728,470 in recaptured CIP project funds. This revenue is from projects that are complete and that have funds remaining. Several proposed budget requests within this budget amendment make use of this recaptured money.

Issue #26: HUD & Misc. Grants Budget Recapture (\$141,901 - Misc. Grant Fund) (“Housekeeping”)

The Administration is requesting that the Council recognize \$141,901 in recaptured U.S. Department of Housing and Urban Development (HUD) programs and project funds. This revenue is from projects that are complete or have not been completed within the allotted time.

The recaptured remaining budgets will be allocated to the contingency funds for future HUD related projects.

Issue #27: Special Revenue Pool Budget (\$623,800 - Special Revenue Fund Donations) (“Donation - Housekeeping”)

The Administration is requesting that the Council appropriate \$623,800 in revenue only budget so that donations can be recognized as they are received or as interest in earned. This continues the Council's past allocation history of providing for donations as they are received. The revenue budget is completely depleted. There is a backlog of \$223,800 in donations that need to have revenue budget appropriation authorized. The remaining \$400,000 would establish the original budget. The Council authorizes the expenditures of these projects on a project specific basis. The Administration can not make expenditures for donations received where the Council has not approved the project.

Issue #28: CBID Renewal with Downtown Alliance (\$233,332 - Special Revenue Fund) ("Housekeeping")

The Administration is requesting that the Council appropriate \$233,332 for the renewal of the Central Business Improvement District. This appropriation implements the program and sets the budget for the first year of the program.

Issue #29: CIP - Hogle Zoo and Tracy Aviary Bond Election (\$11,300,000 - CIP Fund) ("Housekeeping")

The Administration is requesting that the Council create cost centers in the CIP fund for the bond proceeds and expenditures associated with two of the voter authorized General Obligation Bond projects: the Hogle Zoo and Tracy Aviary projects.

During the meeting on March 2, 2004 the Council will receive a briefing on the parameters resolution relating to these two projects. The requested appropriation will allow the projects to proceed. It is anticipated that the City will issue the bonds before the end of fiscal year 2003-04.