
<p style="text-align: center;">SALT LAKE CITY COUNCIL STAFF REPORT BUDGET ANALYSIS – FISCAL YEAR 2004-05</p>
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DATE: May 5, 2004

SUBJECT: **REVIEW OF UPCOMING BUDGET SCHEDULE AND IDENTIFICATION OF ISSUES OF INTEREST/CONCERN**

STAFF REPORT BY: Michael Sears, Gary Mumford, Sylvia Jones

cc: Rocky Fluhart, Sam Guevara, Ed Rutan, Rick Graham, LeRoy Hooton, Rick Dinse, Lee Martinez, Chuck Querry, Steve Fawcett, Laurie Donnell, Kay Christensen, Susi Kontgis, DJ Baxter

On May 4, 2004, Mayor Anderson presented his recommended budget for fiscal year 2004-05. Council staff has prepared the attached proposed briefing schedule where department representatives can be available to provide additional explanations and respond to the Council's questions. The schedule also includes a proposed date for the Council to discuss compensation issues.

The following are some of the major issues contained in the Mayor's Recommended Budget. These issues can be discussed during the departmental briefings or during discussions of unresolved budget issues. However, the Council may wish to schedule separate briefing or discussions for some of the following major issues.

1. Ongoing Funding of Capital Improvement Projects – For the past several years, the Council has had a policy of dedicating 9% of General Fund ongoing revenue to the City's capital improvement program to meet physical infrastructure needs. This year the Mayor is proposing that the funding decrease to 7%, which is \$3,151,453 less than the 9% funding amount.
2. Business License Fees – The Administration is proposing an increase to the per employee fee from \$10 to \$12, which is estimated to result in an additional \$250,000.
3. Telecommunications Right-of-Way Fees – The Administration is recommending that the City standardize the conduit fee schedule for telecommunication providers. The proposed fee is \$2 per linear foot with a minimum payment fee of five hundred dollars. The proposed changes to the program allow for better for monitoring and auditing by the City. The

resulting increase in General Fund revenue is anticipated to be \$375,000. The Mayors budget book contains an issue paper on this recommendation.

4. Boiler Room Services – The Administration is recommending that a portion of the costs to operate and maintain the boiler room be charges to the Library Fund. The total increase in revenue to the City’s General Fund will be approximately \$37,500.
5. Concrete replacement 50/50 program – The concrete replacement program, which allows residents to share the cost of replacing sidewalks, is proposed to be moved to the CIP Fund along with both the revenue and expenditures. Costs of \$576,800 are proposed to be eliminated from the General Fund with future City funding coming from the annual allocation of General Funds. The associated revenue decrease for the General Fund is \$75,000. The Administration is proposing that residents pay two-thirds of the cost of replacing concrete rather than 50 percent. The Administration is proposing that this function be contracted out, rather than be performed by City staff. This will result in a reduction of 6.6 FTE.
6. Transfer of Positions to CIP – The Administration is proposing the transfer of the traffic calming coordinator position (\$62,700) and portions of 3 other positions (\$53,030) to the CIP Fund. The recommended CIP budget contains an appropriation for the three positions that are partially funded. The traffic calming coordinator position will be funded with existing traffic calming allocation.
7. Transfer of Special Assessment Coordinator position to each assessment district – The Administration is recommending that the coordinator position be transferred to the assessment districts. The total general fund reduction for this transfer is \$57,767.
8. Parking meter revenue – The Mayor is also proposing free parking during part of the afternoon (such as after 3:00 p.m.) on a trial basis, which is projected to result in a decrease of \$100,000 in parking meter revenue.
9. Justice Court
 - Collection efforts: The Administration is proposing continuing the collection efforts related to old outstanding court fine. The Controller’s Office is making the collection effort for the current year using the revenue auditors during the first part of the year and using temporary employees funded by a budget amendment during the remainder of the current fiscal year. The budget proposes that the collection efforts be continued to fiscal year 2004-05 by adding two additional positions in the Justice Court. The cost of the two positions is \$88,732 and the cost of collection supplies, credit checks, postage, etc. is \$45,000. The

employees are proposed to be located within the Justice Court, rather than the Controller's Office. The clear focus of the employees in the Controller's Office has been to collect revenue. Given the staffing challenges in the Justice Court, the Council may want to confirm that the focus of this funding will remain on revenue collection and not be diverted to other pressing needs.

Justice Court (continued)

- One-time costs: \$81,540 has accumulated in the Copy Center Fund, which is available for transfer. The Administration is recommending that these funds be combined with \$102,460 of fund balance in the General Fund to finance three one-time requests of the Justice Court: (1) interactive voice recognition for \$150,000; (2) upgrades to computer software for \$10,000; and (3) scanning software for \$24,000.
- Staffing: The budget for the Justice Court includes two additional court clerks at a cost of \$78,148 and one additional office tech at a cost of \$36,377.
- Operating costs: The Administration is proposing additional appropriations for the following court costs:
 - \$51,000 - Court - interpreter fees
 - \$ 7,500 - Court - witness fees
 - \$50,000 - Court - process service
 - \$ 2,000 - Court - educational training
 - \$ 2,243 - Court - telephone lease expense
 - \$ 2,000 - Court - membership fees (\$500 per judge)
 - \$ 2,940 - Court - microcomputer maintenance
 - \$10,920 - Court - prisoner transport

10. City Prosecutor's Office - The budget proposes one additional paralegal position in the City Prosecutor's Office costing \$49,128 and one additional office technician position in the Prosecutor's Office costing \$39,103.
11. Public Services safety program - The budget proposes elimination of the safety program coordinator position, which is currently vacant. The City's Risk Manager recently provided the Council with information relating to safety and the decrease in workers compensation costs that same departments are experiencing with increased safety awareness.
12. EDCU contract - The budget proposes decreasing the City's contract with the Economic Development Corporation of Utah by \$25,000.

13. Local lobbying services – The budget proposes appropriating \$50,000 for local lobbying services.
14. Tracy Aviary – The budget proposes increasing contributions to Tracy Aviary from \$200,000 annually to \$275,000. ZAP tax allocations to the Aviary have decreased by about \$60,000. The Aviary is in need of annual funding of approximately \$20,000 for infrastructure maintenance. Employee health insurance costs have increased as well as some modest increases to operating cost.
15. Water rate increase (3% and 6%) – The Department of Public Utilities requests a 3% water rate increase to begin on July 1, 2004 and a 6% increase to be effective on July 1, 2005. The Department is proposing the rate increase be implemented to the water service charge and to all three water rate blocks. This proposal would add about \$7 to the annual water bill of an average water customer and about \$21 to the annual bill of a larger residential account according to the Department. The Council discussed the proposed water rate increases during its work session on April 13th.
16. Increase water connection fees – As a result of an updated study of impact fees, the Department is proposing significant increases to connection fees. These increases can be justified based on direct costs resulting from development. The Council has previously indicated support for impact fees. The fee for a residential connection is proposed to increase from \$881 to \$1,716. The fee for a four inch commercial line will increase from \$13,067 to \$25,100 with this proposal. Impact fees allow new developments to pay for growth related impacts rather than charging existing customers for these costs. The Council discussed the proposed increase to impact fees during its work session on April 13th.
17. Sewer rate increase – The Council previously approved multiyear sewer rate increases in connection with a \$70 million six-year capital improvement program. A 9% increase will take effect on July 1, 2004 and a 7% increase will take effect on July 1, 2005. While the rate ordinance does not bind future Councils, it makes it necessary for the Council to take formal action in order for the planned increase not to be implemented.
18. Building Permit Fees – The Administration is proposing increasing permit fees, which is estimated to result in \$462,600 of additional revenue to help offset inspection costs.
19. Youth Recreation Fee increases: Some youth recreation program fees are proposed to increase resulting in \$15,800 of additional revenue.

20. Sorensen Center (Public Services) – The budget proposes a new supervisor position at the Sorensen Center at a cost of \$55,000. The supervisor will manage the facility during evenings and weekends.