

**SALT LAKE CITY COUNCIL STAFF REPORT**  
**BUDGET ANALYSIS – FISCAL YEAR 2004-05**

**DATE:** May 7, 2004

**SUBJECT:** **OVERVIEW OF THE MAYOR’S RECOMMENDED BIENNIAL BUDGET**

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On May 4, 2004, Mayor Anderson presented his recommended budget for fiscal year 2004-05. Council staff has prepared this overview of some of the major issues contained in the Mayor’s Recommended Budget to allow the Council to set priorities to best utilize Council staff resources during the budget review and adoption process.

Council staff will be providing the Council with a more comprehensive analysis of proposed department budgets prior to each briefing. Based on the information contained in this overview, the Council may wish to indicate areas of particular interest or concern. Council Members may also wish to identify any funding priorities that they would like Council staff to consider while analyzing the budget.

**GENERAL FUND**

The General Fund accounts for traditional government services such as police, fire, streets, parks, community development, and general government. The Mayor’s recommended General Fund expenditure budget for fiscal year 2004-05 is \$166,673,145. This is a 1.0% increase over the adopted fiscal year 2004-05 budget.

| <b>Proposed General Fund Budget<br/>Fiscal Year 2004-2005</b> |                        |                        |             |                      |
|---|------------------------|------------------------|-------------|----------------------|
|   | Fiscal Year<br>2003-04 | Fiscal Year<br>2004-05 | Difference  | Percentage<br>Change |
| Revenue (ongoing)   | \$162,459,684          | \$166,489,145          | \$4,029,461 | 2.5%                 |
| Use of fund balance or one-time sources                       | 2,627,397              | 184,000                | (2,443,397) | (93.0%)              |
| Total sources   | \$165,087,081          | \$166,673,145          | \$1,586,064 | 1.0%                 |

|                    |               |               |             |      |
|--------------------|---------------|---------------|-------------|------|
| Total expenditures | \$165,087,081 | \$166,673,145 | \$1,586,064 | 1.0% |
|--------------------|---------------|---------------|-------------|------|

## GENERAL FUND REVENUE

General Fund activities are funded primarily by property taxes, sales taxes, and franchise taxes. The table below reflects the fiscal year 2003-04 budget for revenue and the projected revenue for fiscal year 2004-05.

| PROPOSED GENERAL FUND REVENUE<br>FISCAL YEAR 2004-05 |                        |                        |             |                   |
|--|------------------------|------------------------|-------------|-------------------|
|  | Fiscal Year<br>2003-04 | Fiscal Year<br>2004-05 | Difference  | Percent<br>Change |
| Property taxes                                       | \$60,514,511           | <b>\$61,922,516</b>    | \$1,408,005 | 2.3%              |
| Sales and use taxes                                  | 40,104,446             | <b>40,088,200</b>      | (16,246)    | (0.0%)            |
| Franchise taxes                                      | 21,758,139             | <b>22,808,972</b>      | 1,050,833   | 4.8%              |
| Payment in lieu of taxes                             | 920,036                | <b>943,368</b>         | 23,324      | 2.5%              |
| Licenses and permits                                 | 9,025,001              | <b>9,842,000</b>       | 816,999     | 9.1%              |
| Intergovernmental revenue                            | 4,172,084              | <b>4,497,296</b>       | 325,212     | 7.8%              |
| Charges for services                                 | 3,168,225              | <b>3,085,840</b>       | (82,385)    | (2.6%)            |
| Parking meter revenue                                | 1,503,000              | <b>1,100,000</b>       | (403,000)   | (26.8%)           |
| Fines and forfeitures                                | 8,971,515              | <b>9,424,104</b>       | 452,589     | 5.0%              |
| Interest income                                      | 1,900,000              | <b>1,900,000</b>       |             |                   |
| Administrative fees from other<br>City funds         | 8,008,582              | <b>8,586,200</b>       | 577,618     | 7.2%              |
| Miscellaneous revenue                                | 963,056                | <b>812,658</b>         | (150,398)   | (15.6%)           |
| Interfund transfers                                  | 1,451,089              | <b>1,478,000</b>       | 26,911      | 1.9%              |
| Total General Fund Revenue                           | \$162,459,684          | <b>\$166,489,145</b>   | \$4,029,462 | 2.5%              |

Property tax: Most of the increase of property taxes is due to the general obligation bond for Hogle Zoo and Tracy Aviary amounting to \$894,000. Property taxes on real property are estimated to increase by \$350,000 over the prior year's budget, and personal property taxes are expected to increase by \$154,000. Without consider the general obligation bonds, property taxes are projected to increase by 0.9%.

Sales tax: Projected sales tax revenue for fiscal year 2004-05 is approximately the same as the budget for fiscal year 2003-04.

Franchise tax: Franchise taxes are projected to increase by \$675,833 based on currently revenue trends. (Of this amount, \$375,000 is from the proposed change for telecommunication leases to a linear foot basis.)

Business licenses: Business license revenue is projected to increase by \$150,000. In addition, 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.

Permits: Building permit revenue is projected to be \$180,600 less than the current budget. However, the Administration is proposing increases to permit fees, which is estimated to result in an increase of \$462,000. Impact fee revenue is projected to increase by \$135,000.

Charges for services: Cemetery revenue during the current fiscal year is less than originally projected. Therefore, the Administration is estimating a budget decrease of 102,800 for cemetery revenue in fiscal year 2004-05. Some youth recreation program fees are proposed to increase resulting in \$15,819 of additional revenue. 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. The associated revenue is \$75,000.

Parking meter revenue: The budget for parking meter revenue is projected to be \$303,000 less than the current fiscal year based on actual receipts and assuming that the free holiday parking is offered again in December 2004. The Mayor is also proposing, on a trial basis, something like free late afternoon parking (such as after 3:00 p.m.), which will result in an estimated decrease of \$100,000 in parking meter revenue.

Fines and forfeitures: The Administration is proposing continuing the collection efforts related to old outstanding court fines. The budget proposes that the collection efforts be continued by adding two additional positions in the Justice Court.

Administrative fees to other City funds: The General Fund provides services to enterprise and internal service funds. The Administration is projecting an increase of \$577,600 in reimbursements based on the current year actual.

One-time sources: \$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 \$184,000 of one-time needs in the Justice Court.

## GENERAL FUND EXPENDITURES

The following table summarizes the proposed appropriation budget for the General Fund. Beginning on page 5, there is a listing of major changes to the proposed budget of each General Fund department.

| PROPOSED GENERAL FUND EXPENDITURES<br>FISCAL YEAR 2004-05 |                        |                        |             |                   |
|---|------------------------|------------------------|-------------|-------------------|
|   | Fiscal Year<br>2003-04 | Fiscal Year<br>2004-05 | Difference  | Percent<br>Change |
| Attorney's Office   | \$ 2,813,768           | <b>\$2,932,901</b>     | \$ 119,133  | 4.2%              |
| Community Development                                     | 8,516,130              | <b>7,440,523</b>       | (1,075,607) | (12.6%)           |
| Fire  | 26,947,801             | <b>27,588,092</b>      | 640,291     | 2.4%              |
| Management Services                                       | 8,840,374              | <b>9,471,880</b>       | 631,506     | 7.1%              |
| Police  | 43,219,399             | <b>45,071,365</b>      | 1,851,966   | 4.3%              |
| Public Services   | 33,984,834             | <b>33,603,440</b>      | (381,394)   | (1.1%)            |
| Office of the Mayor                                       | 1,343,022              | <b>1,497,039</b>       | 154,017     | 11.5%             |
| City Council Office                                       | 1,580,051              | <b>1,542,353</b>       | (37,698)    | (2.4%)            |
| Non-Departmental  | 37,841,702             | <b>37,525,552</b>      | (316,150)   | (0.8%)            |
| Total General Fund Expenditures                           | \$165,087,081          | <b>\$166,673,146</b>   | \$1,586,065 | 1.0%              |

Salary negotiations are still ongoing, so any adjustments to employee pay are not finalized. Pension costs are increasing \$1,163,000 for the General Fund for an average increase of 10.3%. The General Fund's portion of the City's share of health insurance premiums is increasing by \$797,000 or 8.3%.

## CHANGES PROPOSED IN FULL-TIME EQUIVALENT POSITIONS

The proposed budget includes some increases and some decreases in employee positions.

| PROPOSED CHANGES IN FULL-TIME EQUIVALENT POSITIONS<br>FISCAL YEAR 2004-05 |                                   |                        |            |                   |
|---|-----------------------------------|------------------------|------------|-------------------|
|   | Amended<br>Fiscal Year<br>2003-04 | Fiscal Year<br>2004-05 | Difference | Percent<br>Change |
| Attorney's Office   | 34.3                              | <b>36.3</b>            | 2.0        | 5.8%              |
| Community Development   | 119.0                             | <b>117.0</b>           | (2.0)      | (1.7%)            |
| Fire  | 359.0                             | <b>359.0</b>           | -          |                   |
| Management Services   | 118.0                             | <b>120.0</b>           | 2.0        | 1.7%              |
| Police  | 576.1                             | <b>574.6</b>           | (1.5)      | (0.3%)            |
| Public Services   | 453.5                             | <b>442.8</b>           | (10.7)     | (2.4%)            |
| Office of the Mayor   | 18.0                              | <b>17.0</b>            | (1.0)      | (5.6%)            |
| City Council Office   | 18.6                              | <b>18.6</b>            | -          |                   |
| Total General Fund Expenditures   | 1696.5                            | <b>1685.0</b>          | (11.2)     | (0.7%)            |

Proposed Additional Positions:

- 1 FTE – Paralegal position (City Prosecutor’s Office)
- 1 FTE – Office technician (City Prosecutor’s Office)
- 1.6 FTEs – Replace expired grant funded positions in the traffic control center with funding from the General Fund (Transportation Division)
- 2 FTEs – Court clerks (Justice Court)
- 1FTE – Office technician (Justice Court)
- 2 FTEs – Collection specialists (Justice Court)
- 0.5 FTE – Records Clerk (Recorder’s Office);  
*Full-time position is proposed to be eliminated*
- 0.5 FTE – Background Investigator (Police);  
*Full-time position is proposed to be eliminated*
- 1 FTE – Supervisor (Sorensen Center)

Proposed Elimination of Positions:

- 1 FTE – Traffic Technician (Community Development)
- 1 FTE – Building Inspector (Community Development)
- 1 FTE – Deputy Recorder (Recorder’s Office)
- 0.5 FTE – Contract Writer (Purchasing Division)
- 1 FTE – Administrative Specialist-Contracts (Purchasing Division)
- 1 FTE – Accountant II - accounts payable (Controller’s Office)
- 1 FTE – Police Officer - Background Investigator (Police)
- 1 FTE – Communications Technician – civilian position (Police)
- 1 FTE – Safety Program Coordinator (Public Services)
- 1 FTE – Surveyor (Engineering Division)
- 1 FTE – Architect (Engineering Division)
- 1 FTE – Field Supervisor (Parks Division)
- 1 FTE – Engineer (Engineering Division)
- 1.19 FTEs – Part-time event security (Franklin Qwest Field)
- 0.51 FTE – Part-time Special Events Assistant (Gallivan & Events Division)
- 6.6 FTEs – Concrete program moved to CIP (Streets Division)
- 1 FTE – Minority Affairs Liaison (Mayor’s Office)

**SIGNIFICANT CHANGES PROPOSED TO CITY DEPARTMENT BUDGETS**  
**(General Fund)**

Salary adjustments are not included in the following list of changes, since negotiations with employee organizations are still ongoing.

City Attorney's Office:

- \$ 28,668 – Pension rate increase
- \$ 17,472 – Employee health insurance rate increase (City share)
- \$ 49,128 – New paralegal position in Prosecutor's Office
- \$ 39,103 – New office tech position in Prosecutor's Office
- \$ 14,736 – Career ladder adjustment in Prosecutor's Office
- \$( 26,128) – Reduction in contractual legal services (Civil Division)
- \$( 15,100) – Reduction in court costs (Civil Division)
- \$( 3,000) – Reduction in professional/technical services (Prosecutor's)
- \$( 3,895) – Reduction in office equipment (Civil Division)
- \$( 1,000) – Reduction in technical books (Civil Division)
- \$( 2,193) – GO bond will pay for part of attorney costs (Civil Division)

Community Development:

- \$ 89,174 – Pension rate increase
- \$ 60,120 – Employee health insurance rate increase (City share)
- \$ 80,000 – Traffic center staffing (replace grant funding)
- \$( 900,000) – Shift street lighting electrical payments to Nondepartmental
- \$( 62,700) – Shift funding for traffic calming coordinator to CIP
- \$( 52,500) – Eliminate traffic tech position
- \$( 31,752) – Shift funding of 50% of CIP coordinator to CIP Fund
- \$( 10,700) – Shift funding of 10% of CIP deputy director to CIP Fund
- \$( 10,578) – Shift funding of 10% of HAND director to CIP Fund
- \$( 53,160) – Eliminate building inspector II

Fire:

- \$ 34,845 – Pension rate increase
- \$ 185,244 – Employee health insurance rate increase (City share)
- \$( 53,000) – Overtime reduction
- \$ 23,055 – Increase in overtime rates, workers comp, cash conversion
- \$ 2,400 – Increase in uniform allowance
- \$ 37,900 – Increase in utility rates
- \$ 41,100 – Equipment for newly acquired apparatus

- \$ 40,000 – Update air bottles (compliance standard)
- \$ 120,436 – Vehicle maintenance and fuel

### Management Services

- \$ 84,580 – Pension rate increase
- \$ 58,252 – Employee health insurance rate increase (City share)
- \$ 13,105 – Recorder – increase in cost of printing public notices
- \$( 48,335) – Recorder – eliminate one deputy recorder position
- \$ 20,500 – Recorder – add part time records clerk position
- \$ 78,148 – Court - two additional clerk positions
- \$ 36,377 – Court - additional office tech position
- \$ 88,732 – Court - two new positions to collect outstanding fines
- \$ 45,000 – Court - collection effort - supplies, credit checks, postage, etc.
- \$ 150,000 – Court – interactive voice recognition (one-time)
- \$ 10,000 – Court – computer software upgrades (one-time)
- \$ 24,000 – Court – scanning software (one-time)
- \$ 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
- \$ 21,840 – Court – prisoner transport
- \$( 17,914) – HR – eliminate clerical assistance from temporary service
- \$( 23,268) – Purchasing – eliminate contract writer position
- \$( 52,188) – Purchasing – eliminate administrative specialist-contracts
- \$( 48,328) – Accounting – eliminate accountant II-accounts payable
- \$( 7,400) – Accounting – shift portion of IFAS support to IMS
- \$( 57,767) – Treasurer’s – shift special assessment coordinator to street lighting special assessments and other special assessments such as curb and gutter
- \$( 2,948) – Treasurer’s – GO bond will pay for part of costs

### Police

- \$ 690,064 – Pension rate increase
- \$ 293,604 – Employee health insurance rate increase (City share)

- \$ 50,000 – Overtime for Salt Lake Marathon
- \$ 96,000 – Vehicle fuel
- \$ 110,000 – Replace RNC and radio frequency server
- \$ 25,000 – Replace security fence at City Creek communication tower site
- \$( 150,000) – Attrition savings
- \$ 35,000 – Clerical support for Internal Affairs to transcribe tapes of interviews, etc.
- \$( 32,000) – Reduce background investigations position to part-time
- \$( 57,000) – Eliminate communications technician position
- \$( 6,000) – Available from unneeded match of LLEBG
- \$ 4,000 – Employee recognition program

Public Services

- \$ 217,050 – Pension rate increase
- \$ 163,848 – Employee health insurance rate increase (City share)
- \$ 55,000 – Add Sorensen Center supervisor position
- \$ 26,000 – Increase salt purchases
- \$( 56,303) – Eliminate safety program coordinator position
- \$( 68,524) – Eliminate surveyor II position
- \$( 107,306) – Eliminate engineer VII position
- \$( 90,885) – Eliminate senior architect II
- \$( 38,000) – Eliminate 1.18 FTE of seasonal security - Franklin Covey Field
- \$( 15,824) – Eliminate part-time special events permitting - Parks
- \$( 55,877) – Eliminate parks field supervisor
- \$( 576,794) – Shift 50/50 concrete program to CIP
- \$( 95,100) – Eliminate one-time appropriation from previous year to install parking meetings

Non-Departmental:

- \$ 900,000 – Shift street lighting electricity payments from Community Development
- \$ 22,743 – Increase funding for legal defenders
- \$ 473 – Increase dues to Salt Lake Chamber
- \$ 5,000 – Increase dues to Utah League of Cities & Towns
- \$ 540 – Increase dues to Nation League of Cities
- \$ 451 – Increase dues to Salt Lake Council of Governments
- \$ 1,000 – Increase dues to East Valley Chamber



- \$ 1,200 – Increase dues to US Conference of Mayors
- \$ 1,000 – Pass through financing of transitional housing increased
- \$( 25,000) – Decrease contract payment to EDCU
- \$ 50,000 – Local lobbying services
- \$ 4,000 – Increase sales tax rebate for two contractual obligations
- \$ 500 – Increase funding for community emergency winter housing
- \$( 48,618) – Decrease funding of Information Management Services
- \$( 94,129) – Decrease funding for salaries in the Insurance & Risk Management Fund
- \$ 894,056 – Increase transfer to CIP for GO bond (Hogle Zoo/Tracy Aviary)
- \$(3,172,084) – Change transfer to CIP to 7%
- \$ 135,000 – Increase transfer to CIP for impact fees
- \$ 15,000 – Increase transfer to street lighting special assessment fund
- \$ 450,000 – Increase transfer to Fleet Management for vehicle replacement
- \$ 75,000 – Increase contribution to Tracy Aviary
- \$( 4,512) – Decrease transfer for accounting system (IFAS) maintenance
- \$( 175,000) – Municipal election appropriation is not needed until FY2006
- \$ 48,900 – Scheduled increase for animal services contract
- \$ 125,000 – Increase interest expense on tax anticipate notes

Mayor's Office:

- \$ 9,180 – Pension rate increase
- \$ 9,288 – Employee health insurance rate increase (City share)
- \$( 62,544) – Eliminate minority affairs liaison position

City Council Office:

- \$ 9,672 – Pension rate increase
- \$ 9,552 – Employee health insurance rate increase (City share)
- \$( 7,084) – Reduction in supplies and postage
- \$( 20,000) – Reduction in auditing
- \$( 7,880) – Reduction in travel
- \$( 2,020) – Reduction in charges for services
- \$( 5,000) – Reduction in office furniture & equipment
- \$( 14,938) – Reduction in use of temporary employees/benefits



**CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for non-enterprise fund resources for construction, major repair or renovation of streets, parks, public buildings or other city property. The construction, repair, or renovation may require more than one budgetary cycle to complete. 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. Projects are reviewed and ranked by a citizen board and by City staff. The Mayor considers this input and arrives at a recommended list. The City Council makes the final determination of projects to be funded. Appropriations to the Capital Projects Fund do not lapse at year-end.

| <b>CAPITAL PROJECTS FUND<br/>PROPOSED BUDGET</b> |                            |                             |                      |                           |
|--|----------------------------|-----------------------------|----------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>    | <b>Percent<br/>Change</b> |
| <b>Sources of funds</b>                          |                            |                             |                      |                           |
| Transfer from the General Fund                   | \$20,765,606               | \$18,946,910                | \$(1,818,696)        | (8.76%)                   |
| Class C Road funds                               | 2,900,000                  | 2,900,000                   | 0                    | 0%                        |
| CDBG   | 2,018,639                  | 1,693,696                   | (324,943)            | (16.10%)                  |
| Other sources                                    | 2,199,003                  | 1,165,663                   | (1,033,340)          | (46.99%)                  |
| Impact Fees                                      | 1,153,160                  | 560,000                     | (593,160)            | (51.44%)                  |
| CIP Contingency                                  | 776,745                    | 0                           | (776,745)            | (100.0%)                  |
| <b>Total funds available</b>                     | <b>\$28,313,153</b>        | <b>\$25,266,269</b>         | <b>\$(3,046,884)</b> | <b>(10.76%)</b>           |
| <b>Uses of funds</b>                             |                            |                             |                      |                           |
| Transfer to debt service                         | \$14,739,514               | \$14,585,450                | \$(154,064)          | (1.05%)                   |
| Capital outlay                                   | 13,573,639                 | 10,680,819                  | (2,892,820)          | (21.31%)                  |
| <b>Total uses of funds</b>                       | <b>\$28,313,153</b>        | <b>\$25,266,269</b>         | <b>\$(3,046,884)</b> | <b>(10.76%)</b>           |

- Ongoing Funding of 9% of General Fund Revenue – The Council has a policy of dedicating an amount equal to at least 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 ongoing allocation to the CIP Fund be reduced to 7%. The difference between the 9% allocation and the recommended allocation is \$3,151,453.
- Transfer of CIP Administrative Salaries to CIP Fund – The Administration is recommending that the Council adopt a Capital Operating budget which includes the salary and benefit costs of the CIP Coordinator, Community Development Department Deputy Director, HAND Director and Traffic Calming Coordinator.
- \$0 for Traffic Calming – The Administration is recommending that the Council adopt a Capital Operating budget which does not include money for

Traffic calming in the City. There is currently a fund balance in the Traffic Calming account. The Administration has provided the Council with a listing of outstanding projects and projected costs.

- \$800,000 for the fifth phase of Liberty Park reconstruction - The Administration is recommending that the Council adopt a Capital Operating budget which includes \$800,000 for Liberty Park.
- \$40,000 for design & construction of street improvements at 600 West - No. Temple to So. Temple - The Administration is recommending that the Council adopt a Capital Operating budget which includes \$40,000 for street improvement design and construction at 600 West between North Temple and South Temple.
- \$1,000,000 for local street rehabilitation - 1/3 - 2/3 Sidewalk Replacement Program - The Administration is recommending that the Council adopt a Capital Operating budget which includes \$1,000,000 for local street rehabilitation. The proposed amount includes \$62,000 for the City's Sidewalk Replacement program. Previously, the sidewalk replacement program was administered as a 50%-50% program where the property owners and the City equally shared the cost of replacing City sidewalks. The proposed program reduces the City's contribution to 1/3 of the total cost of each project.
- \$1,000,000 for 200 South Reconstruction 400 - 700 West - The Administration is recommending that the Council allocate \$1,000,000 for the reconstruction of 200 South including pavement, curb, gutter, sidewalk, storm drainage, street lighting, landscaping and traffic control features. The reconstruction project will be completed in conjunction with the extension of the light rail line to the Intermodal Hub.
- \$0 for Fleet / Street Facility Improvements - The Administration is recommending that the Council adopt a Capital Operating budget which does not include money for improvements at the Fleet and Streets facility.

### **ENTERPRISE FUNDS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

### **Airport Authority Fund**

The Department of Airports is the City department that manages the Salt Lake City International Airport, Airport II in West Jordan, and Tooele Valley Airport. User fees or space rental fees are charged to airlines, car rental agencies, airport concessionaires, etc. Other revenue sources are automobile parking

fees, passenger facility charges, hangar rental, and airport improvement grants.

| DEPARTMENT OF AIRPORTS<br>PROPOSED BUDGET   |                    |                     |                |                   |
|---|--------------------|---------------------|----------------|-------------------|
|   | Adopted<br>2003-04 | Proposed<br>2004-05 | Difference     | Percent<br>Change |
| <b>Sources of funds</b>   |                    |                     |                |                   |
| Operating revenue   | \$ 85,014,400      | \$ 82,128,800       | \$ (2,885,600) | (3.4%)            |
| Other sources of funds<br>(grants, interest, and<br>accumulated passenger facility<br>charge revenue) | 166,335,700        | 160,557,600         | (5,778,100)    | (3.5%)            |
| <b>Total funds available</b>  | \$251,350,100      | \$242,686,400       | \$ (8,663,700) | (3.4%)            |
| <b>Uses of funds</b>  |                    |                     |                |                   |
| Operating expenses  | \$ 65,581,600      | \$ 71,564,900       | \$ 5,983,300   | 9.1%              |
| Capital outlay  | 127,979,600        | 166,555,400         | 38,575,800     | 30.1%             |
| Dept service  | 9,727,800          | 4,266,100           | (5,461,700)    | (56.1%)           |
| Debt reduction  | 46,799,200         | -                   | (46,799,200)   | (100.0%)          |
| Increase of reserves  | 1,261,900          | 300,000             | (961,900)      | (76.2%)           |
| <b>Total uses of funds</b>  | \$251,350,100      | \$242,686,400       | \$ (8,663,700) | (3.4%)            |

- Operating revenue - Operating revenue is estimated to decrease because of a projected 2% decline in passengers.
- Airline rents and landing fees - The Department of Airports continues to work with and support the airline carriers by keeping airline rates low at a time of financial hardship for the airlines. As a result of paying off some of the Airport's bonded debt early, the Department of Airports is able to keep airline rates low. The Department of Airports has also implemented a new passenger incentive rebate program to encourage the airlines to bring more flights to the Salt Lake City International Airport. This incentive was part of the three-year airline use agreement, which began in July 2003. Under the rebate program, signatory airline carriers receive a 36 cent rebate on every passenger enplaned. The program represents a budget increase to operating expenses of \$3,280,900 for fiscal year 2005.
- Maintenance of passenger boarding bridges - The airline use agreement allowed the Airport to acquire the airline's boarding bridges (Jetways). This will give the Airport more control over space in concourses. Maintenance costs of the boarding bridges are a new budget item of \$673,200.
- Development of new terminal - New terminal facilities are ready for design when airline financial stability allows for a prudent development of new facilities. A \$34.2 million project is proposed relating to the third phase of a \$60 million project to reconfigure the access road to service the future

terminal location. Parking and rental car fees are considered the funding source for these roadway improvements.

- Capital improvement projects - The Airport proposes funding \$19.7 million of capital improvement projects from passenger facility charges. The Airport can assess a passenger facility charge as long as a capital-improvement need can be shown. Capital improvement projects must meet certain criteria to be eligible to be funded with passenger facility charges. The Department of Airports also proposes to fund \$6.9 million from federal grants. Grant funded projects will not be started before the grants are awarded.

### **Golf Fund**

The City has provided golf facilities for over 80 years. The main policies that guide the division are to offer an accessible, reasonably priced, recreational opportunity to all sections of the golfing public and to preserve open spaces in an urban setting. Participants in golf pay fees that underwrite the cost of providing these services.

| <b>GOLF ENTERPRISE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|---|----------------------------|-----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>              |                            |                             |                   |                           |
| Green fees                                      | \$5,063,368                | <b>\$5,484,867</b>          | \$421,499         | 8.3%                      |
| Cart rental                                     | 1,863,782                  | <b>1,926,967</b>            | 63,185            | 3.4%                      |
| Retail sales                                    | 709,500                    | <b>725,000</b>              | 15,500            | 2.2%                      |
| Driving range fees                              | 381,808                    | <b>400,287</b>              | 18,479            | 4.8%                      |
| Season passes                                   | 30,000                     | <b>22,000</b>               | (8,000)           | (26.7%)                   |
| Concessions                                     | 115,930                    | <b>145,988</b>              | 30,058            | 25.9%                     |
| Advertising fees                                | 110,000                    | <b>73,600</b>               | (36,400)          | (33.1%)                   |
| Intergovernmental revenue                       | 386,642                    | -                           | (386,642)         | (100.0%)                  |
| Interest income                                 | 41,200                     | <b>50,000</b>               | 8,800             | 21.4%                     |
| Miscellaneous                                   | 26,763                     | <b>27,763</b>               | 1,000             | 3.7%                      |
| <b>Total revenue &amp; other sources</b>        | <b>\$8,728,993</b>         | <b>\$8,856,472</b>          | <b>\$127,479</b>  | <b>1.5%</b>               |
| <b>Expenses &amp; other uses</b>                |                            |                             |                   |                           |
| Operating & maintenance                         | \$7,117,814                | <b>\$7,227,848</b>          | \$110,034         | 1.5%                      |
| Debt and interest                               | 1,211,180                  | <b>1,211,180</b>            | -                 |                           |
| Capital outlay                                  | 399,999                    | <b>408,950</b>              | 8,951             | 2.2%                      |
| Increase to reserves                            |                            | <b>8,494</b>                | 36,409            |                           |
| <b>Total expenses &amp; other uses</b>          | <b>\$8,728,993</b>         | <b>\$8,856,472</b>          | <b>\$127,479</b>  | <b>1.5%</b>               |

The Golf Enterprise Fund operates without assistance from the General Fund. The Council traditionally sets golf fees at a level necessary to ensure the long-term financial stability of the Golf Fund while maintaining the golf program's competitiveness within the market. All operating and capital expenditures are funded by user fees. The Golf Division is continuing the implementation of the



Golf Marketing Plan and is following the advertising, marketing, and discount programs identified in the plan.

Golf fees increased on January 1, 2004. The proposed budget does not include any ordinance changes to fees. Season passes continue to be phased out, but no new ordinance changes to season passes are proposed. Juniors and seniors that had passes for the 1997 season and renewed their passes each year are the only individuals eligible for passes. A season pass costs \$400 and a surcharge of \$3 per 9 holes is imposed for residents and \$4 per 9 holes for non-residents.

### **Intermodal Hub Fund**

In October 1997, the City and UDOT entered into an interlocal agreement to shorten the 400, 500 and 600 South viaducts. Because the City wanted the viaducts shortened, tracks had to be moved and the City had to make a commitment to Amtrak for relocating Amtrak off of the 500 West tracks. The City identified a site at 600 West and 200 South for the Intermodal Hub. In February 1999, the City established the Intermodal Hub enterprise fund. It was contemplated that this fund will own and operate facilities for a ground transportation transfer station for Amtrak, bus lines, commuter rail, light rail, UTA buses, and taxi companies.

The City anticipated that rental revenue from ground transportation businesses and from restaurants or other support businesses would be sufficient to pay operating costs and repay any debt. The land was acquired for the Hub, old tracks were removed, new tracks were installed, utilities were extended, platforms were constructed, and a temporary structure housing Amtrak placed at the site.

| <b>INTERMODAL HUB FUND<br/>PROPOSED BUDGET</b>          |                            |                             |                      |                           |
|---|----------------------------|-----------------------------|----------------------|---------------------------|
|   | <b>Amended<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>    | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                      |                            |                             |                      |                           |
| Intergovernmental revenue                               | \$ 5,951,765               | <b>\$3,500,000</b>          | \$(2,451,765)        | (41.2%)                   |
| Private funding   | 1,500,000                  | <b>1,400,000</b>            | (100,000)            | (6.7%)                    |
| Building lease revenue                                  | 8,400                      | <b>8,400</b>                |                      |                           |
| Bond Proceeds   | 2,500,000                  |                             | (2,500,000)          | (100.0%)                  |
| Transfer from RDA                                       |                            | <b>1,700,000</b>            | 1,700,000            |                           |
| Appropriation of reserves                               | 3,845,526                  | <b>711,600</b>              | (3,845,526)          | (100.0%)                  |
| <b>Total revenue</b>                                    | <b>\$13,805,691</b>        | <b>\$7,320,000</b>          | <b>\$(6,485,691)</b> | <b>(47.0%)</b>            |
| <b>Expenses &amp; other uses</b>                        |                            |                             |                      |                           |
| Engineer & architectural                                | \$ 1,606,316               |                             | \$1,606,316          | (100.0%)                  |
| Administrative service fee for<br>General Fund services | 113,750                    | <b>\$ 107,000</b>           | (6,750)              | (5.9%)                    |
| Other expenses  | 85,625                     | <b>13,000</b>               | (72,625)             | (84.8%)                   |
| Capital outlay  | 12,000,000                 | <b>7,200,000</b>            | (4,800,000)          | (40.0%)                   |
| <b>Total expenses</b>                                   | <b>\$13,805,691</b>        | <b>\$7,320,000</b>          | <b>\$(6,485,691)</b> | <b>(47.0%)</b>            |



Construction of the Intermodal Hub began in calendar year 2003. It is anticipated that by 2007 there will be commuter rail serving the Intermodal Hub. Bus, taxi, private bus and UTA bus services are also expected to be offered at the hub in the near future. UTA and the City are working toward a Light Rail line from the current terminus of the North-South Light Rail Line at 400 West to the Intermodal Hub. If this Light Rail “spur” and the previously planned Light Rail loop are constructed, the City may need to contribute local government funds to the project. Funding requests and project proposals will be brought to the Council when the options and plans are developed.

The fiscal year 2004-05 CIP Fund budget includes a recommendation for \$1,000,000 for the reconstruction of 200 South from 400 to 700 West. This street reconstruction project will be completed in conjunction with the light rail spur to the Intermodal Hub.

### **Refuse Collection Fund**

A weekly trash pickup service is provided to the residents of Salt Lake City. Additionally, residents receive an annual curb side pickup designed for large or oversized debris and weekly curbside recycling pickup. No fee increase is planned for the upcoming fiscal year.

| <b>REFUSE FUND<br/>PROPOSED BUDGET</b>   |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>       |                            |                             |                   |                           |
| Refuse fees                              | \$5,811,780                | <b>\$5,765,388</b>          | \$(46,392)        | (0.8%)                    |
| Landfill dividends                       | 1,232,998                  | <b>1,154,004</b>            | (78,994)          | (6.4%)                    |
| Stormwater Fund - leaf removal           | 374,000                    | <b>411,960</b>              | 37,960            | 10.1%                     |
| Sale of vehicles                         | 151,000                    | <b>115,500</b>              | (35,500)          | (23.5%)                   |
| Interest income                          | 92,000                     | <b>80,004</b>               | (11,996)          | (13.0%)                   |
| Appropriation of reserves                | 308,074                    | <b>610,121</b>              | 302,047           | 98.0%                     |
| <b>Total revenue &amp; other sources</b> | <b>\$7,969,852</b>         | <b>\$8,136,977</b>          | <b>\$167,125</b>  | <b>2.1%</b>               |
| <b>Expenses &amp; other uses</b>         |                            |                             |                   |                           |
| Weekly trash collection                  | \$4,931,205                | <b>\$5,011,715</b>          | \$ 80,510         | 1.6%                      |
| Curbside recycling                       | 1,336,891                  | <b>1,218,744</b>            | (118,147)         | (8.8%)                    |
| Annual neighborhood cleanup              | 1,701,757                  | <b>1,906,518</b>            | 204,761           | 12.0%                     |
| <b>Total expenses &amp; other uses</b>   | <b>\$7,969,853</b>         | <b>\$8,136,977</b>          | <b>\$167,124</b>  | <b>2.1%</b>               |

During fiscal year 2002-03, the City changed the funding source for the leaf removal, street sweeping and urban forestry programs from the Refuse Collection Fund to the General Fund. The Stormwater Fund pays for a portion of the leaf bag program. This funding source should have been transferred to the General Fund, but it hasn't been changed yet because there are some offsetting costs when the employees of the refuse fund are temporarily

assigned to projects that are a General Fund responsibility. The Department is proposing to adjust these offsetting amounts during the coming year.

### **Sewer Fund**

The Department of Public Utilities has over 48,350 sewer connections. The Sewer Utility maintains 633 miles of sanitary sewer pipe and connection lines. The reclamation plant treats an average of 35,000,000 gallons of sanitary sewer per day. Maintaining the sewer lines and operating the lift stations and reclamation plant is accomplished with 102 employees.

| <b>SEWER FUND<br/>PROPOSED BUDGET</b>    |                            |                             |                      |                           |
|--|----------------------------|-----------------------------|----------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>    | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>       |                            |                             |                      |                           |
| Sewer service fees                       | \$15,613,160               | <b>\$17,018,344</b>         | \$1,405,184          | 9.0%                      |
| Interest income                          | 450,000                    | <b>450,000</b>              | -                    |                           |
| Permits                                  | 85,000                     | <b>85,000</b>               | -                    |                           |
| Impact fees                              | 600,000                    | <b>325,000</b>              | (275,000)            | (45.8%)                   |
| Other                                    | 807,000                    | <b>807,000</b>              | -                    |                           |
| Bond proceeds                            | 25,000,000                 | -                           | (25,000,000)         | (100.0%)                  |
| Use of cash reserves                     | 10,441,284                 | <b>25,471,155</b>           | 15,029,871           | 143.9%                    |
| <b>Total revenue &amp; other sources</b> | <b>\$52,996,444</b>        | <b>\$44,156,499</b>         | <b>\$(8,839,945)</b> | <b>(16.7%)</b>            |
| <b>Expenses</b>                          |                            |                             |                      |                           |
| Salaries, wages & benefits               | \$5,685,520                | <b>\$5,987,213</b>          | \$301,693            | 5.3%                      |
| Materials & supplies                     | 1,320,352                  | <b>1,368,934</b>            | 48,582               | 3.7%                      |
| Charges for services                     | 2,593,828                  | <b>2,323,902</b>            | (269,926)            | (10.4%)                   |
| <b>Capital Outlay</b>                    |                            |                             |                      |                           |
| Capital improvement                      | 39,657,244                 | <b>31,074,000</b>           | (8,583,244)          | (21.6%)                   |
| Vehicles & equipment                     | 959,500                    | <b>1,068,000</b>            | 108,500              | 11.3%                     |
| Debt Services                            | 2,780,000                  | <b>2,334,450</b>            | (445,550)            | (16.0%)                   |
| <b>Total Expenses &amp; Capital</b>      | <b>\$52,996,444</b>        | <b>\$44,156,499</b>         | <b>\$(8,839,945)</b> | <b>(16.7%)</b>            |

- The Council previously approved multiyear 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.
- The Department's capital improvement program includes an upgrade to the waste water reclamation plant to handle an increase in organic loading. The budget proposes appropriating the \$25 million proceeds of bonds that were issued in fiscal year 2004 for the upgrades.
- The Department's capital improvement program budget also includes \$250,000 for design of a new lab and engineering building to be locate

northwest of the Department's administration building. The existing lab building, located at the Sewer Reclamation Plant, is in need of updating or replacing. The Department is proposing relocating the lab because the air quality in the immediate vicinity of the Reclamation Plant is abrasive to the sensitive lab equipment. The construction costs are estimated to be \$2,500,000, which would be proposed for fiscal year 2006.

### **Stormwater Fund**

The Department of Public Utilities maintains over 432 miles of stormwater pipe and collection lines using 30 employees. Stormwater employees also monitor the snow pack water content and manage the stormwater permit process.

| <b>STORMWATER FUND<br/>PROPOSED BUDGET</b>                 |                            |                             |                     |                           |
|--|----------------------------|-----------------------------|---------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>   | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                         |                            |                             |                     |                           |
| Stormwater service fee                                     | \$ 5,348,151               | <b>\$ 5,348,151</b>         | -                   |                           |
| County Flood Control                                       | 200,000                    | <b>200,000</b>              | -                   |                           |
| Interest   | 270,000                    | <b>200,000</b>              | \$ (70,000)         | (25.9%)                   |
| Impact fees  | 250,000                    | <b>200,000</b>              | (50,000)            | (20.0%)                   |
| Systems constructed by<br>developers & transferred to city | 516,000                    | <b>516,000</b>              | -                   |                           |
| Other revenue  | 40,000                     | <b>10,000</b>               | (30,000)            | (75.0%)                   |
| Bond proceeds  | 8,000,000                  | -                           | (8,000,000)         | (100.0%)                  |
| Use of reserves  | 1,788,466                  | <b>14,549,811</b>           | 12,761,345          | 713.5%                    |
| <b>Total revenue &amp; other sources</b>                   | <b>\$16,412,617</b>        | <b>\$21,023,962</b>         | <b>\$ 4,611,345</b> | <b>28.1%</b>              |
| <b>Expenses</b>  |                            |                             |                     |                           |
| Salaries, wages & benefits                                 | \$1,480,151                | <b>\$ 1,483,534</b>         | \$ 3,383            | 0.2%                      |
| Materials & supplies                                       | 119,650                    | <b>123,900</b>              | 4,250               | 3.6%                      |
| Charges for services                                       | 1,350,816                  | <b>1,273,328</b>            | (77,488)            | (5.7%)                    |
| <b>Capital Outlay</b>                                      |                            |                             |                     |                           |
| Capital improvement  | 12,522,000                 | <b>17,004,000</b>           | 4,482,000           | 35.8%                     |
| Vehicles & equipment                                       | 140,000                    | <b>499,200</b>              | 359,200             | 256.6%                    |
| Debt Services  | 800,000                    | <b>640,000</b>              | (160,000)           | (20.0%)                   |
| <b>Total Expenses &amp; Capital Outlay</b>                 | <b>\$16,412,617</b>        | <b>\$21,023,962</b>         | <b>\$ 4,611,345</b> | <b>28.1%</b>              |

- A rate increase is not projected anytime within at least the next six years.
- The proposed \$17 million budget for capital improvement projects includes a major storm drain project along 900 South from State Street to the Jordan River.

## **Water Fund**

Salt Lake City's water delivery system includes over 90,000 water service connections, and the system provides over 33 billion gallons of water annually. The Water Utility has 1,199 miles of water mains and 167 miles of conduit and supply lines.

| <b>WATER FUND<br/>PROPOSED BUDGET</b>                      |                            |                             |                     |                           |
|--|----------------------------|-----------------------------|---------------------|---------------------------|
|  | <b>Adopted<br/>2003-03</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>   | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                         |                            |                             |                     |                           |
| Metered sales  | \$41,413,498               | <b>\$42,655,903</b>         | \$1,242,405         | 3.0%                      |
| Interest income  | 800,000                    | <b>500,000</b>              | (300,000)           | (37.5%)                   |
| Interfund charges  | 2,126,425                  | <b>2,126,425</b>            | -                   |                           |
| Sale of used equipment                                     | 50,000                     | <b>50,000</b>               | -                   |                           |
| Impact fees  | 500,000                    | <b>1,439,752</b>            | 939,752             | 188.0%                    |
| Systems constructed by<br>developers & transferred to city | 855,000                    | <b>905,000</b>              | 50,000              | 5.8%                      |
| Use of cash reserves                                       | 16,489,577                 | <b>13,703,109</b>           | (2,786,468)         | (16.9%)                   |
| <b>Total revenue &amp; other sources</b>                   | <b>\$62,234,500</b>        | <b>\$61,380,189</b>         | <b>\$ (854,311)</b> | <b>(1.4%)</b>             |
| <b>Expenses</b>  |                            |                             |                     |                           |
| Salaries, wages & benefits                                 | \$13,621,812               | <b>\$14,001,913</b>         | \$ 380,101          | 2.8%                      |
| Water purchases  | 9,050,000                  | <b>6,965,000</b>            | (2,085,000)         | (23.0%)                   |
| Metropolitan Water District<br>assessment                  | -                          | <b>3,510,000</b>            | 3,510,000           |                           |
| Materials & supplies                                       | 2,394,399                  | <b>2,373,149</b>            | (21,250)            | 0.9%                      |
| Charges for services                                       | 7,081,026                  | <b>7,190,418</b>            | 109,392             | 1.5%                      |
| <b>Capital Outlay</b>                                      |                            |                             |                     |                           |
| Capital improvement  | 23,708,148                 | <b>20,619,261</b>           | (3,088,887)         | (13.0%)                   |
| Vehicles & equipment                                       | 1,636,411                  | <b>1,982,700</b>            | 346,289             | 21.2%                     |
| Debt Services  | 4,742,704                  | <b>4,737,748</b>            | (4,956)             | (0.1%)                    |
| <b>Total Expenses &amp; Capital Outlay</b>                 | <b>\$62,234,500</b>        | <b>\$61,380,189</b>         | <b>\$ (854,311)</b> | <b>(1.4%)</b>             |

- The proposed budget includes the first year of a \$210 million assessment by the Metropolitan Water District to pay for its new water treatment plant and other capital improvements. The first assessment is \$3.5 million followed by a \$7 million assessment each year for thirty years with the last assessment in 2035 being \$3.5 million.
- The Department of Public Utilities requests a 3% water rate increase to begin on July 1, 2004. Each 1% adjustment to water rates is estimated to result in approximately \$414,000 of revenue. 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. There are other options for implementing the rate increase including making it applicable to only second and third blocks.

- The Department is also proposing a 6% rate increase effective July 1, 2005 to help finance the capital improvement program and to replenish a portion of the cash reserves. The proposed ordinance reflecting the 3% increase for July 1, 2004 includes this second-year increase (6%) for July 1, 2005. In the past when the Council has approved multi-year rate plans it has noted the value of advance planning and clearly articulating policy direction. *At the Water budget briefing on April 13<sup>th</sup>, some Council Members mentioned that they preferred to not include the second-year increase in the water rate ordinance so that more time can transpire from the time of implementing the conservation rate structure before determining whether a second-year increase is necessary. The Council may wish to request that an ordinance be drafted that provides only for a one-year rate increase so that Council Members have the option of either a multi-year rate increase or a single-year increase with a second year to be considered later.*
- Increase water impact fees – As a result of an updated study of impact fees, the Department is proposing significant increases to impact 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 13<sup>th</sup>.
- Water conservation rate structure – The Department of Public Utilities recommends leaving the water conservation rate structure in place because it has been successful in reducing water consumption. The Department has identified the need to reduce per capita use of water as a part of the City’s long term water supply strategy. During the current fiscal year, the conservation rates have resulted in a decrease of water usage from 235 to 218 gallons per day per person. Council Members and staff have received several calls and letters from water customers during the past year requesting that the Council reconsider the water rate structure.

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the city. The City budgets for the following internal service funds:

### **Fleet Management Fund**

The Fleet Management program provides vehicles, maintenance, and fuel for the city on a cost-reimbursement basis. This fund does not provide services to



the Airport. It provides only maintenance and fuel services for Public Utilities because the Department of Public Utilities purchases its own vehicles. Vehicle replacement and purchases of additional vehicles are funded by the Non-departmental budget within the General Fund rather than by each department.

| <b>FLEET MANAGEMENT FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>               |                            |                             |                   |                           |
| Maintenance fees                                 | \$ 4,698,122               | <b>\$4,368,728</b>          | \$(329,394)       | (7.0%)                    |
| Fuel fees  | 1,258,160                  | <b>1,858,836</b>            | 600,676           | 47.7%                     |
| Sale of vehicles                                 | 474,000                    | <b>400,000</b>              | (74,000)          | (15.6%)                   |
| General Fund transfer                            | 4,568,960                  | <b>5,015,442</b>            | 446,482           | 9.8%                      |
| Other revenue                                    | 56,070                     | <b>55,000</b>               | (1,070)           | (1.9%)                    |
| Use of reserves                                  | 596,850                    | <b>44,856</b>               | (551,994)         | (92.5%)                   |
| <b>Total revenue &amp; other sources</b>         | <b>\$11,652,162</b>        | <b>\$11,742,862</b>         | <b>\$ 90,700</b>  | <b>0.8%</b>               |
| <b>Expenses &amp; other uses</b>                 |                            |                             |                   |                           |
| Personal services                                | \$ 2,529,224               | <b>\$2,504,428</b>          | \$ (24,796)       | (1.0%)                    |
| Parts and supplies                               | 3,296,288                  | <b>3,713,664</b>            | 417,376           | 12.7%                     |
| Charges for services                             | 689,941                    | <b>689,022</b>              | (919)             | (0.1%)                    |
| Debt and interest                                | 4,106,709                  | <b>4,369,248</b>            | 262,539           | 6.4%                      |
| Capital outlay                                   | 1,030,000                  | <b>466,500</b>              | (563,500)         | (54.7%)                   |
| <b>Total expenses &amp; other uses</b>           | <b>\$11,652,162</b>        | <b>\$11,742,862</b>         | <b>\$ 90,700</b>  | <b>0.8%</b>               |

The Mayor is not recommending capital improvements to the Fleet and Street facility in this fiscal year CIP Fund budget. The total needs at the facility are estimated to be \$7.1 million. Council staff will prepare a separate report on the proposed budget for the Fleet Management Fund.

### **Governmental Immunity Fund**

This fund provides for protection against unfounded claims of liability and for payment of legitimate claims. The source of revenue is a transfer from the City's General Fund. Council staff will prepare a separate report on the proposed budget for the Governmental Immunity Fund.

| <b>GOVERNMENTAL IMMUNITY FUND<br/>PROPOSED BUDGET</b>                          |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>   |                            |                             |                   |                           |
| General Fund transfer  | \$1,300,000                | <b>\$1,300,000</b>          | \$ -              |                           |
| Interest income  | 142,031                    | <b>73,355</b>               | (68,676)          | (48.4%)                   |
| Sundry revenue and reimbursement from enterprise fund for administrative costs | 32,000                     | <b>104,586</b>              | 72,587            | 226.8%                    |

|  |             |                    |             |         |
|--|-------------|--------------------|-------------|---------|
| <b>Total revenue &amp; other sources</b> | \$1,474,031 | <b>\$1,477,941</b> | \$ 3,910    | 0.3%    |
| <b>Expenses</b>                          |             |                    |             |         |
| Personal services                        | \$ 460,496  | <b>\$424,161</b>   | \$ (36,335) | (7.9%)  |
| Other administrative costs               | 91,480      | <b>41,780</b>      | (49,700)    | (54.3%) |
| Claims and court costs                   | 922,055     | <b>1,012,000</b>   | 89,945      | 9.8%    |
| <b>Total Expenses</b>                    | \$1,474,031 | <b>\$1,477,941</b> | \$ 3,910    | 0.3%    |

**Information Management Services Fund**

This fund accounts for the financing of data processing and telephone administration services. The non-departmental budget within the General Fund appropriates funding of basic computer network for General Fund departments. Departments are charged for a computer maintenance agreement (set fee per computer), for discretionary computer support services not covered by the maintenance agreement, and for telephone services.

| <b>INFORMATION MANAGEMENT SERVICES FUND<br/>PROPOSED BUDGET</b> |                            |                             |                    |                           |
|---|----------------------------|-----------------------------|--------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>  | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                              |                            |                             |                    |                           |
| Fees from departments/funds                                     | \$2,654,012                | <b>\$2,563,661</b>          | \$ (90,351)        | (3.4%)                    |
| Interest  | 91,681                     | <b>75,000</b>               | (16,681)           | (18.2%)                   |
| Miscellaneous revenue & sale of<br>Equipment                    | 2,062                      | <b>37,078</b>               | 35,016             | 1698.2%                   |
| Transfer from General Fund                                      | 4,881,370                  | <b>4,832,752</b>            | (48,618)           | (1.0%)                    |
| <b>Total revenue</b>  | <b>\$7,629,125</b>         | <b>\$7,508,491</b>          | <b>\$(120,634)</b> | <b>(1.6%)</b>             |
| <b>Expenses &amp; other uses</b>                                |                            |                             |                    |                           |
| Network/infrastructure  | \$2,865,413                | <b>\$2,675,868</b>          | \$(189,545)        | (6.6%)                    |
| Software engineering  | 1,120,789                  | <b>1,219,607</b>            | 98,818             | 8.8%                      |
| Web services  | 427,021                    | <b>445,619</b>              | 18,598             | 4.4%                      |
| Telephone services  | 927,879                    | <b>762,760</b>              | (165,119)          | (17.8%)                   |
| Consulting team (coordinate with customers)                     | 889,386                    | <b>982,300</b>              | 92,914             | 10.4%                     |
| Security group (from hackers, viruses, spam)                    | 522,033                    | <b>527,258</b>              | 5,225              | 1.0%                      |
| IFAS (accounting system)  | 183,795                    | <b>178,994</b>              | (4,801)            | (2.6%)                    |
| SLCTV – video processing  | -                          | <b>30,550</b>               | 30,550             |                           |
| Administration  | 692,809                    | <b>685,535</b>              | (7,274)            | (1.0%)                    |
| <b>Total expenses</b>   | <b>\$7,629,125</b>         | <b>\$7,508,491</b>          | <b>\$(120,634)</b> | <b>(1.6%)</b>             |

Council staff will prepare a separate report on the proposed budget for the Information Management Services Fund.

### **Insurance & Risk Management Fund**

This fund accounts for the financing of services related to employee health, accident, and long-term disability insurance, and unemployment benefits managed by the Human Resources Management Division. This fund also includes the City's Risk Manager and related insurance services, and worker's compensation programs managed by the City Attorney's Office. Worker compensation claims are handled through a contract third party administrator. The Public Employees Group Insurance Program, a component unit of the State of Utah, administers the City's self-insured health and accident program.

| <b>INSURANCE AND RISK MANAGEMENT FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|---|----------------------------|-----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                            |                            |                             |                   |                           |
| Premiums  | \$25,800,357               | <b>\$27,642,839</b>         | \$1,842,482       | 7.1%                      |
| Interest  | -                          | <b>20,376</b>               | 20,376            |                           |
| Subrogation   | 50,000                     | <b>20,376</b>               | (29,624)          | (59.0%)                   |
| Bus pass reimbursement  | 90,000                     | <b>93,576</b>               | 3,576             | 4.0%                      |
| <b>Total revenue &amp; other sources</b>                      | \$25,940,357               | <b>\$27,777,167</b>         | \$1,836,810       | 7.1%                      |
| <b>Expenses</b>   |                            |                             |                   |                           |
| Health insurance costs  | \$18,600,000               | <b>\$20,787,336</b>         | \$2,187,336       | 11.8%                     |
| Dental insurance costs  | 1,850,004                  | <b>1,765,008</b>            | (84,996)          | (4.6%)                    |
| Life/accidental death costs                                   | 1,148,544                  | <b>1,026,492</b>            | (122,052)         | (10.6%)                   |
| Long-term disability  | 501,000                    | <b>534,372</b>              | 33,372            | 6.7%                      |
| Workers compensation  | 1,665,063                  | <b>1,618,312</b>            | (46,751)          | (2.8%)                    |
| Unemployment compensation                                     | 141,780                    | <b>141,780</b>              | -                 |                           |
| Property insurance<br>& surety bonds                          | 1,031,652                  | <b>993,435</b>              | (38,217)          | (3.7%)                    |
| Bus passes  | 90,000                     | <b>93,576</b>               | 3,576             | 4.0%                      |
| Loss Control/Safety Program                                   | 50,000                     | <b>20,376</b>               | (29,624)          | (59.2%)                   |
| Administration – Mgt Services                                 | 595,919                    | <b>619,888</b>              | 23,969            | 4.0%                      |
| Administration – Attorney                                     | 166,413                    | <b>176,592</b>              | 10,179            | 6.1%                      |
| Increase reserves   | 46,300                     |                             | (46,300)          | (100.0%)                  |
| <b>Total Expenses</b>   | \$25,940,357               | <b>\$27,777,167</b>         | \$1,836,810       | 7.1%                      |

Council staff will prepare a separate budget report on the Insurance & Risk Management Fund.

### **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the servicing of debt of governmental funds.

## **Improvements Debt Service Fund**

This fund is used to account for the cost of servicing the debt created by financing projects other than those improvements funded by assessments to property owners. Current debt is as follows:

- \$17,110,000 City & County Building restoration project (general obligation bonds); final maturity June 15, 2011
- \$ 3,150,000 Street improvement projects to the City's class C roads (motor fuel excise tax revenue bonds); final maturity February 1, 2009.
- \$69,210,000 Library facilities and related improvement (general obligation bonds); final maturity June 15, 2019
- \$11,300,000 Hogle Zoo and Tracy Aviary improvements (general obligation bonds); final maturity June 15, 2024

| <b>DEBT SERVICE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Sources of funds</b>                      |                            |                             |                   |                           |
| Transfer from CIP                            | \$10,083,756               | <b>\$10,915,275</b>         | \$831,519         | 8.2%                      |
| Salt Lake County                             | 563,004                    | <b>565,663</b>              | 2,659             | 0.5%                      |
| Cash on hand                                 |                            | <b>51,122</b>               | 51,122            |                           |
| <b>Total proposed sources</b>                | <b>\$10,646,760</b>        | <b>\$11,532,060</b>         | <b>\$885,300</b>  | <b>8.3%</b>               |
| <b>Uses of funds</b>                         |                            |                             |                   |                           |
| City/County Building GO bonds                |                            |                             |                   |                           |
| Principal                                    | \$2,020,000                | <b>\$2,135,000</b>          | \$115,000         | 5.7%                      |
| Interest                                     | 943,175                    | <b>842,175</b>              | (101,000)         | (10.7%)                   |
| Trustee fees                                 | 1,795                      | <b>1,795</b>                |                   |                           |
| Total  | 2,964,970                  | <b>2,978,970</b>            | 14,000            | 0.5%                      |
| Motor Fuel Tax Revenue<br>1999 Bonds         |                            |                             |                   |                           |
| Principal                                    | 545,000                    | <b>570,000</b>              | 25,000            | 4.6%                      |
| Interest                                     | 182,410                    | <b>156,795</b>              | (25,615)          | (14.0%)                   |
| Trustee fees                                 | 3,820                      | <b>3,820</b>                |                   |                           |
| Total  | 731,230                    | <b>730,615</b>              | (615)             | (0.1%)                    |
| Library General Obligation                   |                            |                             |                   |                           |
| Principal                                    | 3,115,000                  | <b>3,245,000</b>            | 130,000           | 4.2%                      |
| Interest                                     | 3,831,970                  | <b>3,679,219</b>            | (152,751)         | (4.0%)                    |
| Trustee fees                                 | 3,590                      | <b>4,200</b>                | 610               | 17.0%                     |
| Total  | 6,950,560                  | <b>6,928,419</b>            | (22,141)          | (0.3%)                    |
| Zoo/Aviary 2004 Bonds                        |                            |                             |                   |                           |
| Principal                                    |                            | <b>370,000</b>              | 370,000           |                           |
| Interest                                     |                            | <b>523,406</b>              | 523,406           |                           |
| Trustee fees                                 |                            | <b>650</b>                  | 650               |                           |

|                            |              |                     |           |      |
|----------------------------|--------------|---------------------|-----------|------|
| Total                      |              | <b>894,056</b>      | 894,056   |      |
| <b>Total proposed uses</b> | \$10,646,760 | <b>\$11,532,060</b> | \$885,300 | 8.3% |

In 1986, the City issued \$34,500,000 of general obligation bonds for the City & County Building restoration project. In 1991 the bonds were refinanced to take advantage of lower interest rates. In March 2001 the bonds were again refinanced to take advantage of a still lower interest rate. As of June 30, 2004, there will be \$17,110,000 outstanding. The last debt service payment will be in June 2011. Funds necessary to make debt service payments (except for a portion from the County) are transferred from the General Fund to the Capital Projects Fund and from the Capital Projects Fund to this debt service fund. The County's portion is deposited into the Capital Projects Fund and transferred to the debt service fund along with the General Fund portion.

In 1999, the City pledged future Class C Road funds when it issued \$5,155,000 in motor fuel excise tax revenue bonds for various street improvements. The last debt service payment for this issue will be in February 2009. As of June 30, 2004, there will be \$3,150,000 outstanding.

In 1999, the City issued \$81,000,000 of general obligation bonds for acquiring, constructing and improving library facilities, parking facilities and related improvements and facilities and demolishing buildings (other than the existing library building) and constructing improvements in connection with the redevelopment of the library block. In 2002, the City issued the remaining \$3,000,000 of authorized general obligation bonds and refinanced the callable portion of 1999 bond issue. As of June 30, 2004, there will be \$69,210,000 outstanding. The last debt service payment for these bonds will be in June 2019.

In 2004, the City issued \$11,300,000 of general obligation bonds for improvements at the Hogle Zoo and at the Tracy Aviary. The last debt service payment for this issue will be in June of 2024. The total amount is outstanding.

**Municipal Building Authority Debt Service Fund**

In 1988, Salt Lake City established the Municipal Building Authority of Salt Lake City (MBA) as a nonprofit corporation organized for the purpose of acquiring or improving certain City projects and financing the costs of them on behalf of the City. The City entered into a master lease contract for use of the projects. Lease proceeds provide the funds necessary for the Municipal Building Authority to pay principal and interest on outstanding bonds and related fees. Upon payment in full of outstanding bonds for a project, title to the project vests with the City.

The proposed budget for the Municipal Building Authority Fund is \$5,879,085 for fiscal year 2004-05. As of June 30, 2004, the Municipal Building Authority will have \$100,593,767 in outstanding bonds.

| <b>MUNICIPAL BUILDING AUTHORITY<br/>PROPOSED BUDGETS</b> |                    |                     |             |                       |
|--|--------------------|---------------------|-------------|-----------------------|
|  | Adopted<br>2003-04 | Proposed<br>2004-05 | Difference  | Percent<br>Difference |
| <b>Funding sources</b>                                   |                    |                     |             |                       |
| Capital Improvement Fund                                 | \$3,488,814        | <b>\$3,043,943</b>  | \$(444,871) | (12.8%)               |
| Golf Fund  | 719,665            | <b>718,143</b>      | (1,522)     | (0.2%)                |
| Redevelopment Agency – Baseball Stadium                  | 361,082            | <b>509,257</b>      | 148,175     | 41.0%                 |
| Redevelopment Agency – Ice Arena                         | 1,037,703          | <b>1,037,703</b>    | -           |                       |
| Redevelopment Agency – Gateway                           | 274,810            | <b>274,810</b>      | -           |                       |
| Appropriation excess cash                                |                    | <b>295,229</b>      | 295,229     |                       |
| Total funding sources                                    | \$5,882,074        | <b>\$5,879,085</b>  | \$(2,989)   | (0.1%)                |
| <b>Debt Service</b>                                      |                    |                     |             |                       |
| Bond principal   | \$2,300,000        | <b>\$2,415,000</b>  | \$115,000   | 5.0%                  |
| Bond interest  | 3,558,704          | <b>3,440,715</b>    | (117,989)   | (3.3%)                |
| Trustee fees   | 13,370             | <b>13,370</b>       | -           |                       |
| Arbitrage calculation services                           | 10,000             | <b>10,000</b>       | -           |                       |
| Total Debt Service                                       | \$5,882,074        | <b>\$5,879,085</b>  | \$(2,989)   | (0.1%)                |

The General Fund's lease payment requirement is transferred from the General Fund to the CIP Fund (as part of the 7%) and then transferred to the Municipal Building Authority. The Golf Fund pays the scheduled debt service for Wingpointe construction, Mountain Dell construction, and Glendale irrigation projects. The Redevelopment Agency contributes funds from a portion of tax increment revenue (Statutory Allocation Reduction Revenue – SARR) relating to the Franklin Covey baseball field, the Ice Arena and the Gateway project. (Note: The Redevelopment Agency also uses SARR revenue for repayment of bonds issued directly by the Redevelopment Agency for the Delta Center.)

The City Council serves as the Board of Directors for the Municipal Building Authority of Salt Lake City. The Municipal Building Authority of Salt Lake City has issued the following bonds:

- 1988 – streetlights; garbage trucks and cans; telephone equipment; purchase and renovate a building (Public Safety Building)
- 1988 – golf course at the Salt Lake International Airport; add an additional 18 holes to the Mountain Dell Golf Course
- 1990 – Steiner Aquatic Center
- 1993 – Franklin Covey Baseball Stadium; construction of a new fire station (No. 1); renovation of two existing fire stations (No. 6 and No. 13); installation of a new irrigation system at the cemetery; improvements to Wasatch Hollow Park; renovation of the Forest Dale Clubhouse; land acquisition and design for extension of two City streets (400 West Street and California Avenue)



- 1997 – Glendale Golf Course irrigation system
- 1999 – purchase of the building where Information Management Services is located; ice arena; fire training tower equipment; improvements to the Gateway area
- 2001 – purchase of a building and remodel of the building to serve as a Justice Court; remodel of a City-owned building to serve as a police precinct station

**Special Improvement Debt Service Fund**

This fund is used to account for the cost of servicing the debt created by financing the construction of public improvements deemed to benefit the properties against which special assessments are levied. Special assessment districts are established for construction or replacement of sidewalk, curb and gutter, or for other improvements. Property owners have the option of paying up front for the improvements or paying over a period of 5 years for sidewalks and 10 years for curb and gutter. The City issues bonds for amounts to be paid over time and property owners remit principal and interest payments annually.

| <b>SIDEWALK, CURB &amp; GUTTER SPECIAL IMPROVEMENT DISTRICTS<br/>DEBT SERVICE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue sources</b>   |                            |                             |                   |                           |
| Special assessments  | \$450,000                  | <b>\$1,851,568</b>          | \$1,401,568       | 311.5%                    |
| Interest income  | 150,000                    | <b>150,000</b>              | -                 |                           |
| <b>Total revenue</b>   | \$600,000                  | <b>\$2,001,568</b>          | \$1,401,568       | 233.6%                    |
| <b>Debt Service Expenditures</b>   |                            |                             |                   |                           |
| Bond principal   | \$241,000                  | <b>\$ 825,000</b>           | \$ 584,000        | 242.3%                    |
| Bonding expenses   |                            | <b>193,903</b>              | 193,903           |                           |
| Bond interest  | 34,632                     | <b>736,268</b>              | 701,636           | 2026.0%                   |
| Legal, lien releases, arbitrage  | 61,550                     | <b>66,950</b>               | 5,400             | 8.8%                      |
| Increase to reserves   | 262,818                    | <b>179,447</b>              | (83,371)          | (31.7%)                   |
| <b>Total Expenditures</b>  | \$600,000                  | <b>\$2,001,568</b>          | \$1,401,568       | 233.6%                    |

- During fiscal year 2003-04, the City issued bonds for two regular special improvement districts (\$1,217,000 and \$62,000) and for the Rail Yard special improvement district (\$17,600,000). A total of seven bond issues are outstanding for a total principal amount of \$19,054,000 as of June 30, 2004.
- Special improvement district bonding requires the City to maintain a guarantee account with an amount of at least 10% of the outstanding bond amount. The City’s current outstanding bond balance is \$312,000 in excess of the required reserve. Excess amounts in the guarantee fund can be transferred to the General Fund if additional bonding is not anticipated.

However, the City is in the process of establishing four or five additional special improvement districts within the next two years.

- The amount of expected revenue is \$179,447 more than the amount necessary to make debt service payments. When the bonds for a special assessment district are fully retired, any excess cash is transferred to the guarantee account.
- The proposed budget includes an allocation of administrative costs of the City Treasurer’s Office for new concrete special improvement districts. In the past engineering costs and outside legal expenses were added to the district’s costs, but not the costs of other administration. There is a possibility of two new concrete districts in fiscal year 2004-05. Adding additional administrative fees to existing districts is not possible since the property holders have already been assessed.

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for grant funds and other special revenue legally restricted for specific purposes. The City budgets for the following special revenue funds:

**Downtown Economic Development Fund**

This fund accounts for special assessment taxes collected from businesses in the Central Business District (approximately North Temple to 400 South and 200 East to 500 West). The monies in this fund are dedicated to downtown projects or improvements. The City currently contracts the Downtown Alliance to provide these services.

| <b>DOWNTOWN ECONOMIC DEVELOPMENT FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|---|----------------------------|-----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue sources</b>  |                            |                             |                   |                           |
| Special assessments   | \$583,428                  | <b>\$708,050</b>            | \$124,622         | 21.4%                     |
| Appropriation of reserves                                     | 87,232                     |                             | (87,232)          | (100.0%)                  |
| <b>Total revenue</b>  | \$670,660                  | <b>\$708,050</b>            | \$37,390          | 5.6%                      |
| <b>Expenditures</b>   |                            |                             |                   |                           |
| Contract payments for economic development services           | \$666,664                  | <b>\$700,000</b>            | \$33,336          | 5.0%                      |
| Professional & technical services                             | 3,996                      | <b>8,050</b>                | 4,054             | 101.5%                    |
| <b>Total Expenditures</b>                                     | \$670,660                  | <b>\$708,050</b>            | \$37,390          | 5.6%                      |

**Grants Operating Fund**

This fund accounts for grant monies received.

| <b>GRANTS OPERATING FUND<br/>PROPOSED BUDGET</b> |                            |                             |                    |                           |
|--|----------------------------|-----------------------------|--------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b>  | <b>Percent<br/>Change</b> |
| <b>Sources of funds</b>                          |                            |                             |                    |                           |
| Federal grants                                   | \$2,275,889                | \$2,026,828                 | \$(249,061)        | (10.9%)                   |
| State grants                                     | 140,841                    |                             | (140,841)          | (100.0%)                  |
| <b>Total</b>                                     | <b>\$2,416,730</b>         | <b>\$2,026,828</b>          | <b>\$(389,902)</b> | <b>(16.1%)</b>            |

The majority of the grants that the City receives are budgeted for during budget openings throughout the fiscal year. The only grants included at this time are those grants that are continuations of previous year multi-year grants. The total amended grant revenue for fiscal 2003-04 is over \$13 million dollars.

### **Community Development Operating Fund**

This fund accounts for monies received by the City as a federal grantee participant in the Community Development Block Grant program (CDBG), Home Investment Partnerships program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA). Those CDBG monies that are accounted for in the Capital Projects Fund are not included in this special revenue fund. Funding requests must meet federal eligibility requirements. Applications are reviewed by the Community Development Advisory Committee, the Housing Advisory and Appeals Board, and by the Mayor. The Mayor presents a recommended funding list to the Council, and the City Council makes the final decisions for funding.

| <b>COMMUNITY DEVELOPMENT OPERATING FUND<br/>(CDBG, ESG, HOME, HOPWA)<br/>ADOPTED BUDGET</b> |                            |                            |                   |                           |
|---|----------------------------|----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Adopted<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Sources of funds</b>   |                            |                            |                   |                           |
| Community Development Block Grant (CDBG)  | \$5,135,465                | <b>\$5,291,000</b>         | \$155,535         | 3.03%                     |
| Emergency Shelter Grant (ESG)   | 166,000                    | <b>182407</b>              | 16,407            | 9.88%                     |
| Home Investment Partnerships Grant (HOME)   | 1,453,020                  | <b>1455036</b>             | 2,016             | 0.14%                     |
| Housing Opportunities for People with AIDS (HOPWA)  | 439,150                    | <b>389385</b>              | (49,765)          | (11.33%)                  |
| <b>Total funds available</b>  | <b>\$7,193,635</b>         | <b>\$7,317,828</b>         | <b>\$124,193</b>  | <b>1.73%</b>              |
| <b>Uses of funds (CDBG)</b>   |                            |                            |                   |                           |
| Housing   | \$1,405,000                | <b>\$1,374,315</b>         | \$(30,685)        | (2.18%)                   |
| Street Design   | 58,000                     | <b>72,000</b>              | 14,000            | 24.14%                    |
| Street Construction   | 1,229,000                  | <b>696,696</b>             | (532,304)         | (43.31%)                  |
| Sidewalks   | 200,000                    | <b>200,000</b>             | 0                 | 0.00%                     |

|                               |             |                    |           |         |
|-------------------------------|-------------|--------------------|-----------|---------|
| Parks                         | 481,000     | <b>665,000</b>     | 184,000   | 38.25%  |
| Public Services               | 705,396     | <b>733,650</b>     | 28,254    | 4.01%   |
| Public Services – Bldg Design | 234,066     | <b>594,427</b>     | 360,361   | 153.96% |
| Urban Amenities               | 0           | <b>60,000</b>      | 60,000    | 100.00% |
| Planning                      | 20,000      | <b>90,000</b>      | 70,000    | 350.00% |
| City Administrative           | 732,364     | <b>711,912</b>     | (20,452)  | (2.79%) |
| Percent for Arts              | 3,000       | <b>3,000</b>       | 0         | 0.00%   |
| Contingency                   | 67,639      | <b>80,000</b>      | 12,361    | 18.27%  |
| <b>Total uses of funds</b>    | \$5,135,465 | <b>\$5,281,000</b> | \$145,535 | 2.83%   |

**Emergency 911 Fund**

This fund accounts for monies received for operation and maintenance of the Emergency 911 call-taking system. Telephone users are assessed a monthly fee of 53 cents for the E911 service. (The phone bill may show a 60 cent fee because users are also assessed 7 cents to fund the costs of the Poison Control Center at the University of Utah.) The E911 funds are restricted to reimburse the City for the cost of answering emergency calls and related equipment. Dispatching expenses are not eligible for reimbursement.

| <b>E911 SPECIAL REVENUE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue &amp; other sources</b>                   |                            |                             |                   |                           |
| E911 surcharge                                       | \$1,908,000                | <b>\$2,170,000</b>          | \$ 262,000        | 13.7%                     |
| Interest income                                      | 60,000                     |                             | (60,000)          | (100.0%)                  |
| Appropriation of reserves for equipment              |                            | <b>672,400</b>              | 672,400           |                           |
| <b>Total revenue</b>                                 | \$1,968,000                | <b>\$2,842,400</b>          | \$ 874,400        | 44.4%                     |
| <b>Expenditures</b>                                  |                            |                             |                   |                           |
| Reimbursement to General Fund                        | \$1,334,000                | <b>\$1,347,000</b>          | \$ 13,000         | 1.0%                      |
| Contracts & leases relating system                   | 240,000                    | <b>187,000</b>              | (53,000)          | (22.1%)                   |
| Other costs  | 105,500                    | <b>108,400</b>              | 2,900             | 2.7%                      |
| Equipment  | 50,000                     | <b>1,200,000</b>            | 1,150,000         | 2300.0%                   |
| Increase of reserves                                 | 238,500                    |                             | (238,500)         | (100.0%)                  |
| <b>Total Expenditures</b>                            | \$1,968,000                | <b>\$2,842,400</b>          | \$ 874,400        | 44.4%                     |

Revenue has been increasing primarily because of the increased number of cell phones in use. The E911 fund balance has been growing and is currently at approximately \$2.4 million. The budget proposes using \$672,400 of the fund balance along with \$527,600 of current revenue to replace the telephone call taking equipment/computers. The new system will be compatible with the Valley Emergency Communication Center (VECC) after VECC also upgrades. This will provide redundancy in the event that one of the two centers is unable to operate due to evacuation, etc. The new equipment will also be compatible with future triangular-location equipments to identify the location of cell phone callers.

## **Street Lighting Fund**

When property owners within a specific neighborhood desire special or additional lighting, they may petition the City for the creation of a special assessment street lighting district. Special assessment districts are formed by ordinance upon agreement of a majority of the area property owners. Street lighting districts require the abutting property owners to pay for 75% of the operating and maintenance cost of the lights. The City pays the remaining 25%, as the equivalent of lighting that would be provided by the City. The property owners' costs are levied and billed annually in the form of special assessments. There are 49 existing street lighting special improvement districts (extensions). The City has combined the individual districts into three super districts to simplify the annual assessment process. These extensions were combined based on assessment due dates, not on geographical location. Each super district is renewed annually by assessment ordinance (district 1 on July 15; district 2 on November 30; and district 3 on March 31).

| <b>STREET LIGHTING SPECIAL REVENUE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|---|----------------------------|-----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Sources of funds</b>   |                            |                             |                   |                           |
| Special assessments   | \$ 377,472                 | <b>\$ 395,773</b>           | \$18,301          | 4.8%                      |
| Transfer from General Fund                                      | 125,856                    | <b>126,004</b>              | 148               | 0.1%                      |
| Appropriation of capital replacement funds                      | 880,672                    | <b>912,239</b>              | 31,567            | 3.6%                      |
| <b>Total proposed sources</b>                                   | <b>\$1,384,000</b>         | <b>\$1,434,016</b>          | <b>\$50,016</b>   | <b>3.6%</b>               |
| <b>Uses of funds</b>  |                            |                             |                   |                           |
| Electricity charges and maintenance fees                        | \$ 316,945                 | <b>\$ 316,945</b>           | \$ -              |                           |
| Legal and professional services                                 | 2,855                      | <b>52,871</b>               | 50,016            | 1751.9%                   |
| Repair and replacement of fixtures & poles                      | 1,064,200                  | <b>1,064,200</b>            | -                 |                           |
| <b>Total proposed uses</b>                                      | <b>\$1,384,000</b>         | <b>\$1,434,016</b>          | <b>\$50,016</b>   | <b>3.6%</b>               |

Special improvement district extensions have accumulated funds for maintenance and replacement of lighting. Each year the City traditionally budgets all the accumulated funds for maintenance and replacement of street lighting since the Administration doesn't know which lighting extensions may need maintenance or partial replacement. The accumulated funds in a lighting extension are usually not sufficient to upgrade the lights when the entire system fails.

Administrative costs are proposed to be allocated to all 50 existing street lighting districts. State law allows the City to charge administrative costs of up to 15% of the other costs of the district. The Administration proposes to

charge the full 15% to each district. The fee was calculated based on the contract costs with Utah Power, outside legal costs, publication costs and recording fees. The 15% administrative fee is proposed to be charged to all districts in a consistent, uniform and fair manner, including any new future districts. The actual charge to property owners is proposed to be phased in by using existing cash balances that have accumulated for replacement/maintenance. These accumulated cash balances are proposed to be utilized to pay a portion of the administration while the new fee is phased in over a number of years.

In 2003, the Council received a briefing from the Transportation Division on some of the concerns regarding the City's street lighting programs. The Council asked the Transportation Division to come back to the Council with an update or implementation plan.

**Housing Loan Fund**

This fund accounts for the City's Housing Demonstration Trust Fund and accounts for housing rehabilitation loans provided to eligible participants of the housing loans and grants program and accounts for loan repayments.

| <b>HOUSING LOAN FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|--|----------------------------|-----------------------------|-------------------|---------------------------|
|  | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue sources</b>                       |                            |                             |                   |                           |
| Loan Repayments                              | \$ 845,000                 | <b>\$ 845,000</b>           | \$ -              |                           |
| Interest income                              | 694,000                    | <b>654,000</b>              | (40,000)          | (5.8%)                    |
| CDGB   |                            | <b>39,682</b>               | 39,682            |                           |
| Federal grant                                |                            | <b>570,000</b>              | 570,000           |                           |
| <b>Total revenue</b>                         | \$1,539,000                | <b>\$2,108,682</b>          | \$569,682         | 37.0%                     |
| <b>Expenditures</b>                          |                            |                             |                   |                           |
| Loan disbursements                           | \$1,539,000                | <b>\$2,102,682</b>          | \$563,682         | 36.6%                     |
| Increase to reserves                         |                            | <b>6,000</b>                | 6,000             |                           |
| <b>Total Expenditures</b>                    | \$1,539,000                | <b>\$2,108,682</b>          | \$569,682         | 37.0%                     |

**Other Special Revenue Fund**

The Other Special Revenue Fund accounts for the Demolition Revolving Account and Weed Abatement Account. In the past this fund has accounted for certain other activities that are no longer applicable.

Under the City's demolition program, the City will contract for demolition of a burned out building or other unsafe and deteriorated building when the owner

fails to take action in accordance with the City ordinance. The City places a lien on the land for recovery of the costs.

Under the City’s weed abatement program program, the City removes weeds if a property owner has been unresponsive. Two seasonal employees are hired in the summer months to resolve weed problems by contacting property owners and allowing a period of time for them to remove the weeds. If property owners fail to remove the weeds, the City contracts for the weed removal. The City places a lien on the property to recover the costs.

In the past, the annual budget only included appropriations for the seasonal employees and related costs in the weed abatement program. Contracted costs were covered by a budget amendment after the fact. This year, the Department of Community Development is proposing that available cash be appropriated for contract services rather than coming back to the Council for a budget amendment.

| <b>OTHER SPECIAL REVENUE FUND<br/>PROPOSED BUDGET</b> |                            |                             |                   |                           |
|---|----------------------------|-----------------------------|-------------------|---------------------------|
|   | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
| <b>Revenue sources</b>                                |                            |                             |                   |                           |
| General Fund allocation                               | \$26,500                   | \$ 26,500                   | \$ -              |                           |
| Available cash  |                            | 126,500                     | 126,500           |                           |
| Total sources   | \$26,500                   | \$153,000                   | \$126,500         | 477.4%                    |
| <b>Expenditures</b>                                   |                            |                             |                   |                           |
| Part-time employees                                   | \$26,500                   | \$ 26,500                   | \$ -              |                           |
| Contract services                                     |                            | 126,500                     | 126,500           |                           |
| Total expenditures                                    | \$26,500                   | \$153,000                   | \$126,500         | 477.4%                    |

**Donation Fund**

A donation fund is used to account for individual private and intergovernmental contributions held in trust by the City for the Tracy Aviary, Bicycle Advisory Committee, Freedom Trail, Indigent Services, and other contributions received to be held for a specific purpose. The appropriation is placed in a “budget only cost center” within the special revenue funds. As contributions are received appropriations are moved from the “budget only cost center” to the project to match the actual amount of available cash. The proposed budget includes \$400,000 for the Donation Fund, which is greater than actual donations in the last few years. However, only the actual amount received is set up with a budget to allow expenditures to occur.

| <b>DONATION FUND<br/>PROPOSED BUDGET</b> |
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|                                      | <b>Adopted<br/>2003-04</b> | <b>Proposed<br/>2004-05</b> | <b>Difference</b> | <b>Percent<br/>Change</b> |
|--------------------------------------|----------------------------|-----------------------------|-------------------|---------------------------|
| <b>Revenue sources</b>               |                            |                             |                   |                           |
| Donations                            | \$400,000                  | \$400,000                   | \$ -              |                           |
| <b>Expenditures</b>                  |                            |                             |                   |                           |
| Uses of donations for trust purposes | \$400,000                  | \$400,000                   | \$ -              |                           |