

ALISON WEYHER  
DIRECTOR

**SALT LAKE CITY CORPORATION**  
COMMUNITY AND ECONOMIC DEVELOPMENT

SEP 20 2004  
ROSS C. "ROCKY" ANDERSON  
MAYOR

**COUNCIL TRANSMITTAL**

**TO:** Rocky Fluhart, Chief Administrative Officer **DATE:** September 14, 2004

**FROM:** Lee Martinez, Community Development Director

**RE:** A resolution authorizing administrative procedures for handling cost overruns in the Capital Improvement Program (CIP).

**STAFF CONTACT:** David Dobbins  
LuAnn Clark

**DOCUMENT TYPE:** Resolution

**BUDGET IMPACT:** None

**DISCUSSION:** During FY 04-05 annual budget process, it was determined that Salt Lake City could no longer utilize "contingency accounts" in the Capital Improvement Program (CIP) as it had in the past to pay for construction project cost overruns. Because of this change, all of the contingency account funds dropped to fund balance.

The Administration realizes that the budgets approved for construction projects are only an estimate and that occasionally, due to market forces or unforeseen expenses, the final cost of a project may be higher. Due to these types of issues, it is recommended that a new cost overrun account be established as well as criteria that the Administration would need to be met before any funding would be expended. The following is the proposed criteria:

1. Projects are under construction and all other funding options and/or methods have been considered and it has been determined that additional funding is still required.
2. The cost of the overrun is 20% or below of the budget adopted by the City Council for said project; and
3. None of the additional funding will be used to pay City engineering fees.

If a project does not meet the above mentioned criteria the request for additional funding will be submitted as part of the next scheduled budget opening. However, if due to timing constraints the cost overrun cannot be reasonably considered as part of a regularly

scheduled budget opening, the Administration will prepare the necessary paperwork for review by the City Council at its next regularly scheduled meeting.

The Administration will submit quarterly reports to the City Council detailing the additional funding awarded to projects that have met the established criteria.

Resolution No. \_\_\_\_\_ 2004

AUTHORIZING PROCEDURES FOR  
THE ALLOCATION OF FUNDS FROM  
THE COST OVERRUN BUDGET

Whereas, Salt Lake City Corporation (the City) has adopted a Capital Improvement Program Budget as part of the "Operating and Capital Budget" for the general fund and each of the enterprise funds; and

Whereas, the Capital Improvement Program Budget contains a list of approved projects and a budget for the completion of said projects; and

Whereas, the costs associated with the projects are estimates and occasionally due to market forces or unforeseen costs the final budget for the projects may differ; and

Whereas, the Mayor and the City Council desire to establish written procedures to facilitate the orderly allocation of funds from the established cost overrun budget.

THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

It does hereby authorize Ross C. Anderson, Mayor of Salt Lake City, Utah to expend funds out of the established cost overrun account if a project complies with the following criteria:

1. The project is under construction and all other funding options and/or methods have been considered and it has been determined that additional funding is still required;
2. The cost overrun is 20% or below of the budget adopted by the City Council for the project; and
3. The funds are not used to pay additional City Engineering fees.

The City Council also requests that a quarterly report be sent to the City Council detailing the additional funding awarded to projects.

If a project does not meet the above mentioned criteria the request for additional funding will be submitted as part of the next scheduled budget opening. However, if due to timing constraints the cost overrun cannot be reasonably considered as part of a regularly scheduled budget opening, the Administration will prepare the necessary paperwork for review by the City Council at its next regularly scheduled meeting.

Passed by the City Council of Salt Lake City, Utah this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

Salt Lake City Council

By: \_\_\_\_\_  
CHAIR

Approved as to form  
By the Salt Lake City Attorney's Office  
By: *Joseph Spaulding*  
Date: 11/9/16/2004

Attest:

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER