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SALT LAKE CITY COUNCIL STAFF REPORT BUDGET AMENDMENT #2 – FISCAL YEAR 2004-05

DATE: September 17, 2004
SUBJECT: Fiscal Year 2004-2005 Budget Amendment #2
STAFF REPORT BY: Sylvia Jones and Gary Mumford
CC: Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, Steve Fawcett, Chief Dinse, Chief Querry, Lee Martinez, David Dobbins, Jerry Burton, John Vuyk, Gordon Hoskins, Elwin Heilmann, Luann Clark, Tim Harpst, Krista Dunn, Shannon Ashby, Sherrie Collins, Laurie Donnell, Susi Kontgis, and Kay Christensen

OPTIONS AND MOTIONS:

1. ["I move that the Council"] **Adopt an ordinance amending the fiscal year 2004-2005 budget as proposed by the Administration.**
2. ["I move that the Council"] **Decline to adopt an ordinance amending the fiscal year 2004-2005 budget.**

SUMMARY OF BRIEFING

The City Council held a briefing on September 7, 2004 to discuss the proposed amendments to the fiscal year 2004-2005 budget. Council Members discussed the proposed amendments and reviewed the information in the transmittal.

The Council authorized staff to initiate public notice in advance of the set date for the September 21st public hearing.

Note: The following information was provided to the Council for the September 7th briefing. It is provided again for your reference.

The briefing and discussion of the second budget amendment for fiscal year 2004-2005 is scheduled for September 7, 2004. The proposed amendment includes several state and privately funded grants relating to public safety, education, and natural resources.

On September 14, 2004, the Council is tentatively scheduled to set the date of September 21, 2004 for a public hearing. This timing would require newspaper advertising to begin prior to September 14th. **The Council may wish to authorize staff to initiate the public notice in advance.**

In December of 2003, the City Council passed a resolution requesting that the Administration provide a revenue forecast at least four times each fiscal year with one

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revenue forecast report in conjunction with each quarterly budget amendment request. The Administration has prepared a brief response. Please see attachment.

In an effort to make the review of the budget openings more expedient, Council staff has attempted to categorize budget opening items as follows where possible:

- “New” – those items that are new issues that the Council may have discussed but now need budget appropriation to be carried out.
- “Housekeeping” -- those items that are strictly accounting actions and do not have policy implications. These include transfers internal to the City.
- “Donation” -- those items that are donations that require Council appropriation to be used, are consistent with previous Council discussions, or do not have policy implications.
- “Grant providing additional staff resources” – those grants that provide additional staff positions and require a City match. These generally have policy implications because they may add a new service or create an expectation that the City will fund the position after the grant has expired.
- “Grant requiring existing staff resources” -- those grants that will require the City’s existing staff to complete a specific project. (Some of these could have policy implications, since employees involved with these projects have less time to focus on other projects within the scope of their work.)

MATTERS AT ISSUE

Issue #1: Impact Fee Study – Citygate & Associates (\$104,400 – CIP Contingency) (“New Item”)

This item relates to Initiatives #14 and #15.

Citygate & Associates provided an analysis of the City’s Capital Improvement Program in 1999. The analysis fee of \$180,000 was paid 100% at the time with impact fee funds; however, it has come to the City’s attention that only 42% of the study was eligible. The Administration recommends reimbursing the CIP Impact Fee Funds the amount of \$104,400 or 58% for the cost of the analysis which was ineligible. The Administration recommends using CIP Fund Balance to reimburse the CIP Impact Fee Funds account. Another option is to take the funds from the General Fund fund balance.

Issue #2: Police Department (\$32,000 – Police Department Asset Forfeiture Account) (“New Item”)

The Salt Lake City Police Department has requested to use \$32,000 of available funds in the Asset Forfeiture Account for the purchase of 28 high-hazard entry vests for SWAT personnel. The warranty for the vests currently used by SWAT personnel expires in October of 2004. (A majority of SWAT entry activity is related to Narcotics search warrants.)

Issue #3: 900 South Reconstruction Project (Main Street to Jordan River) (\$945,000 – CIP Class “C” Funds) (“New Item”)

During the FY 01-02 CIP process, the 900 South Reconstruction project was awarded \$1,568,309 of CIP Class “C” Funds, and an additional \$800,000 of Class “C” funds during the FY 03-04 CIP process. The scope of the project includes reconstruction of deteriorated street, including replacement of pavement, curb, gutter, sidewalk, storm drainage and traffic control features. Funding for this project also includes \$1,390,000 from General Fund CIP, \$255,000 of RDA funds and funds from property owners in the amount of \$300,000.

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The estimates for this project were prepared in 2002, and costs for asphalt, concrete and fuel have increased substantially. In addition, the geotechnical investigations during design showed weakened subgrade soils and higher truck traffic which require a thicker pavement section. The start date of this project was delayed in order to coordinate the street reconstruction with the storm drain project, causing the entire project to begin in 2005 instead of 2004.

Due to these modifications, the Administration recommends increasing the project budget by using Class "C" funds in the amount of \$945,000. There is approximately \$1,300,000 of Class "C" funds available.

Issue #4: Utah Department of Health, Bureau of Emergency Medical Services – Police Department EMS Dispatch Training (\$3,147 – Misc. Grant Fund) (“Grant requiring existing staff focus”)

The Salt Lake City Police Department’s Emergency Communications Unit received a grant from the Utah Department of Health, Bureau of Emergency Medical Services. The grant monies will be used to send the Unit’s dispatchers to required continuing medical education training for certification and/or continued certification. A minimum of 40 hours training is required over a two-year period to remain certified. These funds will also be used to train new hires as vacancies are filled.

This grant does not have a new resolution for the Council to sign. A resolution authorizing the Mayor to sign and accept the original grant agreement and any additional agreements pertaining to the grant was adopted during Budget Amendment Number 4 of FY 00/01. The only Council action necessary for the facilitation of the additional grant funds is the adoption of the budget appropriation.

No additional FTE’s are associated with this grant.

Issue #5: Sorenson Center/Intel Computer Clubhouse – Intel Grant (\$15,000 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Sorenson Multi-Cultural Center has been awarded a \$15,000 continuation cash grant from the Intel Foundation in collaboration with the Boston Museum of Science. The \$15,000 will allow the Sorenson Center to cover partial employment costs for one full-time Computer Clubhouse Coordinator for an additional year. This current grant, in combination with a CDBG grant of \$11,600, and approximately \$15,000 held in the Sorenson Technology Center’s Trust Account, will cover one year of salary and benefits for the Coordinator’s position. The Coordinator manages the Computer Clubhouse, works with the youth, provides community outreach, recruits and trains volunteer mentors, and assists with other Sorenson Technology Center programs and activities.

The City Council has previously adopted a resolution that allows the Mayor to accept this grant and sign any related contracts and awards. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE’s are associated with this grant; grant funding is paying for the benefits and wages for an existing FTE.

Issue #6: Police Dept. Crisis Intervention Team Training (\$20,000 – Misc. Grant Fund) (“Grant requiring existing staff focus”)

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The Salt Lake City Police Department's Crisis Intervention Team (CIT) has received a continuation grant from Utah State University. This grant supports the Police Officer Crisis Intervention Team (CIT) certification and training program which provides officers with crisis mediation and intervention skills necessary in dealing with individuals who have serious mental illness or developmental disabilities who are involved in law enforcement issues. These funds will be used to continue the City's program in providing training to police officers statewide. Trainings are conducted in collaboration with the SLCPD, Valley Mental Health, Utah State Division of Mental Health, University of Utah Emergency Room, University of Utah Neuropsychiatric Institute, and other related agencies. **The Council may wish to inquire as to the training fee charged to non-City personnel for the training. (During the Work Session on September 7th, Gordon Hoskins indicated the City charges \$50.00 each for non-City personnel to participate in the training. This fee covers the cost of training supplies and lunch.)**

The grant requires a \$5,450 match which will be met from the Supplies category from the Police Department's general fund budget. This grant will allow the payment of overtime. Overtime will only be paid if an officer/coordinator must attend training during his/her off-duty hours.

The City Council has previously adopted a resolution that authorizes the Mayor to accept this grant and additional grants or agreements that result from the original grant. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE's are associated with this grant.

Issue #7: Clean Cities Program Grant (\$60,000 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Mayor's Office has received a continuation of the Clean Cities program grant. The Utah State Department of Natural Resources Energy Office awards this grant to help offset the Clean Cities Coordinator's salary and benefits, as well as other operational expenses associated with the Clean Cities program. The Clean Cities program is organized to promote the use of alternative fuel vehicles and alternative fuels.

The City Council has previously adopted a resolution that allows the Mayor to accept this grant and sign any related contracts and awards. The Administration is requesting that the Council adopt this budget amendment and facilitate this grant.

No additional FTE's are associated with this grant; grant funding is paying for the salaries and wages for an existing FTE.

Issue #8: Sorenson Multi-Cultural Center Grant (\$30,000 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Sorenson Multi-Cultural Center has received a continuation grant from the Microsoft Corporation. The grant will allow the Sorenson Center to continue existing grant-funded employment costs for the Technology Center staff. Staff members provide community outreach, work with residents, recruit and train volunteer mentors and assist with other programs and activities.

The Technology Center serves approximately 630 adults and 620 youth enrolled in Sorenson programs from the surrounding area. Partnered with various community groups, this grant will allow participants to continue their instruction and activities with graphic

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design, computer generated art, video production, digital music creation, multi-media presentations and engineering/robotic projects.

There is a new resolution for the Council to sign. No additional FTE's are associated with this grant; grant funding is paying for the salaries and wages of existing staff.

Issue #9: Fire Department EMD Dispatch Equipment and Training – Utah Department of Health, Bureau of Emergency Medical Services Grant (\$58,985 – Misc. Grant Fund) (“Grant requiring existing staff resources”)

The Fire Department has received a continuation grant from the Utah Department of Health, Bureau of Emergency Medical Services. The funds will be used to purchase medical equipment and supplies which may include pharmaceuticals, health and safety supplies such as gloves, masks, safety glasses, and defibrillators, as well as paramedic training and/or schooling for new recruits.

This grant requires a 50% match which has been budgeted for within the Fire Department's general fund budget.

The Council has previously adopted a resolution that authorized the Mayor to accept the grant and to sign all additional agreements pertaining to this particular grant. The Administration recommends that the City Council accept the grant and appropriate the necessary budget to facilitate the grant.

No additional FTE's are associated with this grant.

Issue #10: State of Utah – Emergency Services and Homeland Security Citizens' Corps (\$6,000 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The Emergency Management Services Division received a continuation grant from the Utah Division of Emergency Services and Homeland Security to develop and implement a citywide strategic plan and organize a Citizen Corps Council. The Citizens Corps Council has been organized and is comprised of community leaders, local service provider organizations, volunteers, City employees and neighborhood groups.

This grant will be used to defray costs associated with training and educating the Citizen Corps Council members, as well as marketing and advertising special events to promote community preparedness and family safety measures.

This grant does not have a new resolution for the Council to sign. A resolution was previously adopted that authorizes the Mayor to accept this grant and sign any additional contracts or awards related to the grant. The only Council action necessary for the facilitation of the grant is the adoption of the budget appropriation.

No additional FTE's are associated with this grant.

Issue #11: U.S. Department of Homeland Security, Office of Domestic Preparedness (\$37,612 – Misc. Grant Fund) (“Grant requiring no staff resources”)

The Fire Department received a grant from the U.S. Department of Homeland Security for fire prevention and safety programs. The funds will be used to support the Juvenile Fire Setter Intervention Program and Risk Watch by providing counseling services to families and youth identified and referred to the Department by parents, schools, mental health providers or the Police Department.

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The funds will also be used to purchase, develop and produce manuals, brochures, training videos as well as other supplies. This grant requires a match of \$16,119 which the Fire Department has budgeted for in their general fund budget. There is a new resolution for the Council to sign. No additional FTE's are associated with this grant.

Issue #12 Special Revenue Fund Carryovers (\$30,110,738 – Misc. Funds) (“Housekeeping”)

On June 30, 2004, unexpended budgeted funds dropped to fund balance in accordance with State law (with the exception of the Capital Improvement Projects Fund). The Administration is requesting that the Council bring forward or “carryover” the balances for the existing special revenue funds as follows: (Attached is a detailed listing by project.)

\$17,168,507 Grant Funds – Housing Trust Fund, Revolving Loan Fund, and other grant cost centers with remaining amounts
\$ 5,563,407 Donation Fund – remaining cash balances in several trust funds
\$ 3,279,139 Community Development Block Grant – projects previously approved by the Council
\$ 3,266,701 Housing Program Funds
\$ 832,984 Other Special Revenue Funds – Neighborhood Matching Grant Program, Weed Abatement Fund, Demolition Fund, Police Evidence Fund, and Police Reward Fund.

Issue #13: General Fund Encumbrance Carryover (\$1,445,618 – General Fund) (“Housekeeping”)

In order to limit spending to appropriation amounts, the City's accounting system charges purchase orders and contracts to the budget year in which the goods or services are ordered. If the goods or services are not received until the following fiscal year, the Council has routinely carried the appropriations over to the following year so that the same expenditures are not charged once to the prior year budget and once again to the new fiscal year budget. A list of the carryover by department is included in the Administration's Transmittal.

Issue #14: Impact Fee Cost Center Adjustments (\$2,410,559 – Impact Fee Cost Center) (“Housekeeping”)

This item relates to Initiatives #1 and #15. As of the end of the FY 03-04, and after adjustments are made from this budget amendment, there is \$2,410,559 in impact fee revenue. The Administration has proposed that all impact fee funds be recaptured from their current “holding” accounts and be reallocated to new service area costs centers. Currently, the City uses ten cost centers associated with impact fee areas including Infill Police, Infill Fire, Infill Parks, Westside Police, Westside Fire, Westside Street, Northwest Quadrant Police, Northwest Quadrant Fire, Northwest Quadrant Parks and Northwest Quadrant Streets.

The new cost centers would include Impact Fees Police, Impact Fees Fire, Impact Fees Parks, and Impact Fees Streets, and two cost centers for Impact Fee Surcharges for Parks and Streets for projects located in the Northwest Quadrant. These changes will correct the improper placement of fees into separate cost centers and allow more efficient administration and oversight of the impact fees. **The Council may wish to ask for clarification on how revenues will be accounted for between the West Side and the Northwest Quadrant.**

Issue #15: Impact Fee Budget Adjustment / Fire EOC Training Center (\$715,382) (“Housekeeping”)

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In 2003, the Fire Department requested \$750,000 of impact fees to purchase vacant property in order to construct a Fire EOC/Training Center. Consulting fees and soil samples tests for the site amounted to \$34,617. Based on the test results and the consultant's recommendations, the Fire Department did not purchase the property. The remaining \$715,382 was never moved back to the impact fee budget. The Administration recommends recapturing these funds and returning them to the Fire Impact Fee accounts for future use. If the Council approves this action it will increase the proposed budget amount in #14 by \$715,382.

Issue #16: Quayle Avenue Reconstruction (\$40,000 -- SID Assessment) ("Housekeeping")

During the FY 03-04 CIP process, the Quayle Avenue (900-1000 West) Reconstruction project was funded \$120,000 of general fund monies and the SID budget was established in the amount of \$75,000. The project includes design and construction of curb, gutter, sidewalk and roadway. The estimated cost of the project is \$264,000. The increase in the project costs result from rising concrete prices and the 15% SID administrative cost.

The Administration is recommending that the Council increase the SID budget in the amount of \$40,000 to reflect the increase in assessment.

Issue #17: Interest Income – Local Law Enforcement Block Grant (\$9,000 – Interest Income) ("Housekeeping")

In 2002, the adopted budget for the Local Law Enforcement Block Grant consisted of the grant award and local cash match and was required to be kept in an interest bearing account. As of June 30, 2004, the interest amounts to \$7,641, and it is anticipated that the grant will receive an additional \$1,360 of interest before the end date of the grant.

The Administration is recommending that the Council increase the original budget by \$9,000 to facilitate the expenditures of the earned income.

Issue #18: SID Rose Park Lighting District (\$314,330 – SID Assessment) ("Housekeeping")

The City Council approved a preliminary assessment amount of \$561,000 for the Rose Park Street Lighting SID. Because of increased costs, the Administration is recommending that the Council increase the original assessment to \$875,330 to reflect the full amount that is estimated to be collected from the property owners.

Issue #19: Savings from refinancing Municipal Building Authority Bonds (\$1,003,864 – Savings to CIP Fund; \$1,477,794 – Sales Tax Bond Debt Service) ("New Item")

The City Council previously adopted resolutions relating to refinancing Municipal Building Authority lease revenue bonds (Series 1993A) to take advantage of favorable interest rates. The refunding bonds were backed by a pledge of sales tax revenue. At the Council's request, the interest savings is realized up front so that the Council can appropriate the savings for capital improvement projects. About two-thirds of the savings (\$1,003,864) will be available anytime during the current fiscal year. About \$500,000 will be available in October 2005 when existing bond documents allow the debt service reserve fund to be recalculated.

Issues #19 and #20 and MBA issues #1 and #2 are all related to refinancing the bonds. Issue #19 reverses the transfer of the debt service appropriation from the CIP Fund in the amount of \$2,481,658; sets up a new CIP account for the debt service of the refunding

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bonds in the amount of \$1,477,794; sets up the new debt service fund with principal of \$1,250,000, interest of \$193,381, and trustee and other fees relating to the issuance of variable-rate debt of \$34,413; and appropriates the savings of \$1,003,864 to the CIP Holding Account.

Issue #20: Sales Tax Series 2004 Bond Proceeds (\$17,300,000 – Debt Service Fund) (New Item)

This proposed adjustment is to reflect the receipt of bond proceeds and the appropriation to retire the 1993A Series bonds in the amount of \$17,045,720 and to reflect \$254,280 of issuance costs. (See MBA Issue #1 for a similar adjustment to the Municipal Building Authority budget.)

Municipal Building Authority Budget Amendment #1

MBA Issue #1: MBA 1993A Series Bond Retirement (\$17,045,720 – Municipal Building Authority) (New Item)

The proposed amendment reflects retiring the MBA 1993A Series Bonds by placing the refunding bond proceeds in an escrow account.

MBA Issue #2: Reduce Debt Service Payment (\$2,481,658 – Municipal Building Authority) (New Item)

The proposed amendment reduces the appropriations for principal of \$1,570,000 and for interest expense of \$911,658 in the Municipal Building Authority Debt Service Fund relating to the refunding of the MBA Series 1993A bonds.