

## SALT LAKE CITY COUNCIL STAFF REPORT

### BUDGET ANALYSIS – FISCAL YEAR 2005-06

**DATE:** May 6, 2005

**SUBJECT:** **OVERVIEW OF THE MAYOR'S RECOMMENDED BUDGET**

**STAFF REPORT BY:** Gary Mumford

**cc:** Rocky Fluhart, Sam Guevara, Ed Rutan, Rick Graham, LeRoy Hooton, Rick Dinse, Louis Zunguze, Chuck Querry, Tim Campbell, Steve Fawcett, Gordon Hoskins, Laurie Donnell, Kay Christensen, Susi Kontgis, DJ Baxter

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On May 3, 2005, Mayor Anderson presented his recommended budget for fiscal year 2005-06. 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 concerns that the Council would like staff to especially focus.

#### **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 ongoing expenditure budget for fiscal year 2005-06 is \$172,042,542. This is a 2.9% increase over the adopted fiscal year 2004-05 budget.

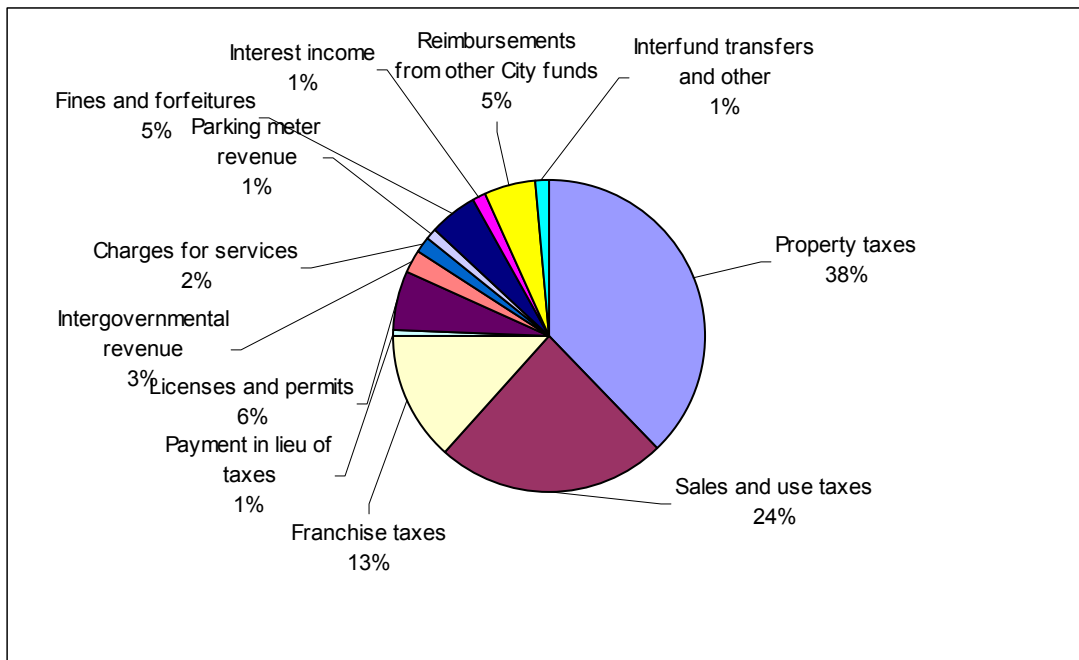
<b>Proposed General Fund Budget Fiscal Year 2005-06</b>				
	<b>Fiscal Year 2004-05</b>	<b>Fiscal Year 2005-06</b>	<b>Difference</b>	<b>Percentage Change</b>
Revenue (ongoing)	\$167,121,127	\$172,042,542	\$4,921,415	2.9%
Use of fund balance or one-time sources	672,986	767,400	94,414	14.0%
Total sources	\$167,794,113	\$172,809,942	\$5,015,829	3.0%
Expenditures (ongoing)	\$167,121,127	\$172,042,542	\$4,921,415	2.9%
One-time expenditures	672,986	767,400	94,414	14.0%
Total expenditures	\$167,794,113	\$172,809,942	\$5,015,829	3.0%

#### **GENERAL FUND REVENUE**

General Fund activities are funded primarily by property taxes, sales taxes, and franchise taxes. The table below reflects the fiscal year 2004-05 budget for revenue and the projected revenue for fiscal year 2005-06.

<b>PROPOSED GENERAL FUND REVENUE FISCAL YEAR 2005-06</b>				
	<b>Fiscal Year 2004-05</b>	<b>Fiscal Year 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
Property taxes	\$62,457,887	<b>\$64,892,988</b>	\$2,435,101	3.9%
Sales and use taxes	40,088,200	<b>41,293,200</b>	1,205,000	3.0%
Franchise taxes	22,583,972	<b>22,956,972</b>	373,000	1.7%
Payment in lieu of taxes	943,368	<b>1,030,580</b>	87,212	9.2%
Licenses and permits	9,592,000	<b>10,169,815</b>	577,815	6.0%
Fines and forfeitures	9,424,104	<b>8,949,300</b>	(474,804)	(5.0%)
Intergovernmental revenue	4,497,296	<b>4,581,960</b>	84,664	1.9%
Charges for services	3,215,840	<b>2,949,960</b>	(265,880)	(8.3%)
Parking meter revenue	1,200,360	<b>1,493,000</b>	292,640	24.4%
Interest income	2,241,250	<b>2,175,200</b>	(66,050)	(2.9%)
Reimbursements from other City funds	8,586,200	<b>9,204,605</b>	618,405	7.2%
Miscellaneous revenue	812,650	<b>765,663</b>	(46,987)	(5.8%)
Interfund transfers	1,478,000	<b>1,579,300</b>	101,300	6.9%
<b>Total General Fund Revenue</b>	<b>\$167,121,127</b>	<b>\$172,042,542</b>	<b>\$4,921,416</b>	<b>2.9%</b>

**Projected General Fund Revenue**  
Fiscal year 2005-06



Property tax: Property tax revenue includes a proposed tax increase of \$1,409,000 to fund 15 police officers and 2 police support positions. The Administration estimates new growth in property taxes for fiscal year 2005-06 of \$500,000, which is similar to new growth in fiscal year 2004-05. Other adjustments are an increase of \$150,000 in delinquent collections and a decrease of \$200,000 in motor vehicle fees.

Sales tax: Projected sales tax revenue for fiscal year 2005-06 reflects a 3.5% increase of \$1,430,000, but also contains a decrease of \$225,000 that relates to the reconstruction of the downtown malls. The sales tax revenue projections appear to be somewhat conservative since actual receipts over the past 12 months show a growth of about 6%.

Franchise tax: Franchise taxes are projected to increase by \$303,000 based on current revenue trends. The Mayor's Recommended Budget proposes adding another revenue auditor to audit franchise taxes. The Administration projects that the auditor could collect at least another \$70,000 in franchise fees.

Permits: Building permit revenue is projected to increase by \$1,087,000 based on current activity. Impact fee revenue is proposed to be deposited directly to the Capital Improvement Projects Fund rather than in and out of the General Fund. This change decreases revenue by \$560,000 and decreases transfers out of the General Fund (Nondepartmental budget) by the same amount. This change impacts the percentage calculation from the general fund to CIP. (9% of \$560,000 is \$50,400; 6.5% is \$36,400.)

Charges for services: Cemetery fees are proposed to increase, generating \$82,000 in additional revenue to help offset the costs of maintenance of the cemetery and providing cemetery services.

Parking meter revenue: Parking meter rates are proposed to increase from 75 cents per hour to \$1 per hour, which is projected to increase revenue by \$300,000.

Fines and forfeitures: Estimated revenue for traffic fines reflects a decrease of \$482,000 based on current trends of actual receipts.

Interest revenue: Estimated interest income is \$66,050 less than fiscal year 2004-05 budget based on current trends.

Administrative fees and reimbursements from other City funds: The General Fund provides services to enterprise and internal service funds. The Administration is projecting an increase of \$196,600 in airport fire reimbursement and an increase of about \$300,000 in other reimbursements for services provided by the general fund such as accounting, payroll, purchasing, human resource management, legal, cash management, Mayor, and City Council. In addition, the budget reflects a correction in the transfer from the Stormwater Fund of \$118,000 to help pay for street sweeping. Prior to July 2002, street sweeping was part of the Refuse Fund, and the transfer inadvertently continued to be posted to the Refuse Fund.

Transfers from other funds: This revenue category primarily reflects the transfer of E911 fees from a separate "special revenue fund." The E911 funds are restricted to reimburse the City for the cost of answering emergency calls and related equipment. Estimated reimbursement costs are projected to be \$101,300 greater than fiscal year 2004-05.

One-time sources: The Mayor's Recommended Budget includes one-time revenue sources of \$225,000 from fund balance of the General Fund to offset the decrease in sales tax revenue from downtown mall reconstruction and \$542,400 of fund balance for the following one-time expenses:

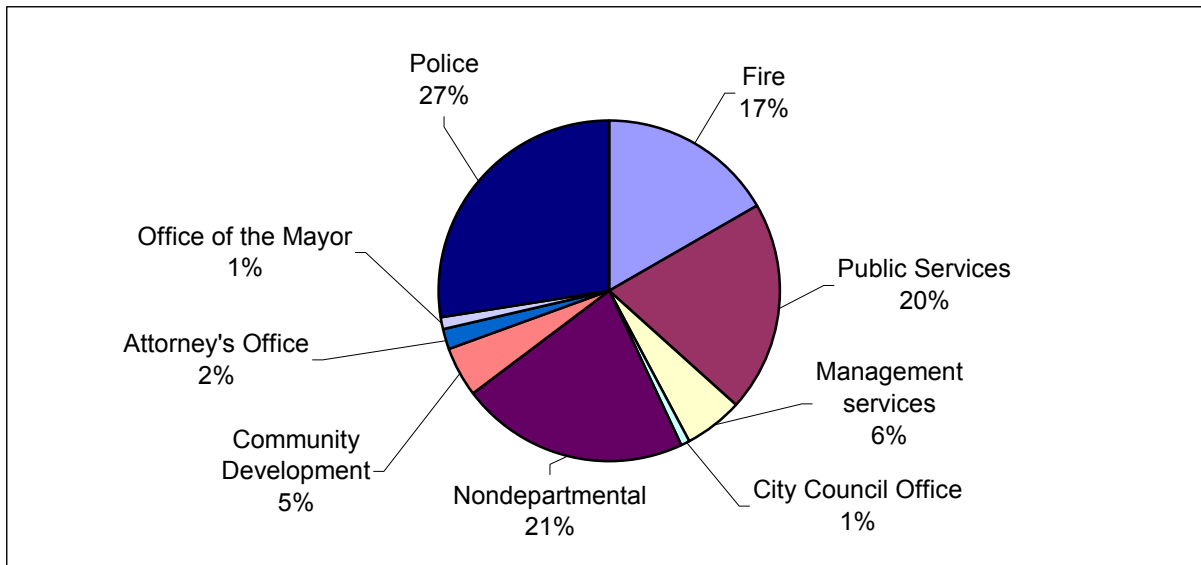
- \$175,000 Municipal elections
- \$ 60,000 Economic development assistance during mall reconstruction
- \$ 41,400 Fire equipment
- \$ 20,000 Set up of additional staff in Attorney's Office
- \$ 15,000 Copy machine in Prosecutor's Office
- \$ 10,000 SLCTV equipment
- \$ 20,000 Reprogramming of parking meters
- \$154,000 Northwest quadrant master plan
- \$ 47,000 Historic preservation survey for South Temple & West Capitol Hill

## GENERAL FUND EXPENDITURES

The following table summarizes the proposed appropriation budget for the General Fund. Beginning on page 6, there is a listing of major changes to the proposed budget of each General Fund department.

PROPOSED GENERAL FUND EXPENDITURES FISCAL YEAR 2005-06				
	Fiscal Year 2004-05	Fiscal Year 2005-06	Difference	Percent Change
Attorney's Office	\$ 2,927,371	\$ 3,598,636	\$671,265	22.9%
Community Development	7,464,340	8,151,883	687,543	9.2%
Fire	27,571,966	28,576,881	1,004,915	3.6%
Management Services	9,384,164	9,760,995	376,831	4.0%
Police	45,035,037	47,626,131	2,591,094	5.8%
Public Services	34,108,965	34,630,149	521,184	1.5%
Office of the Mayor	1,495,039	1,727,571	232,532	15.6%
City Council Office	1,540,353	1,574,510	34,157	2.2%
Non-Departmental	38,266,878	37,163,186	(1,103,692)	(2.9%)
Total General Fund Expenditures	\$167,794,113	\$172,809,942	\$5,015,829	3.0%

**Proposed General Fund Expenditures**  
Fiscal year 2005-06



## 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 FISCAL YEAR 2005-06				
	Amended Fiscal Year 2004-05	Fiscal Year 2005-06	Difference	Percent Change
Attorney's Office	38.5	43.5	5	13.0%
Community Development	119.0	121.0	2	1.7%
Fire	360.0	362.0	2	0.6%
Management Services	117.5	119.5	2	1.7%
Police	574.6	592.1	17.5	3.0%
Public Services	449.1	435.3	(13.8)	(3.1%)
Office of the Mayor	17.0	19.0	2	11.8%
City Council Office	18.6	18.6		
Total General Fund FTEs	1694.2	1710.9	16.7	1.0%

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

### City Attorney's Office:

- \$ 118,667 – New position – Senior Attorney - civil (1 FTE)  
to be reimbursed 75% from RDA
- \$ 11,718 – Civil division – support costs for new attorney position
- \$ 120,000 – New positions – two additional Prosecutors (2 FTEs)
- \$ 40,000 – New positions – Office Tech in Prosecutor's Office (1 FTE)
- \$ 38,700 – New position – File Clerk in Prosecutor's Office (1FTE)
- \$ 20,000 – Equipment for additional staff in Prosecutor's Office and copy  
machine (\$15,000 one-time costs from fund balance)
- \$ 57,081 – Operational budget adjustments (Prosecutor's Office)
- \$ 10,272 – Operational budget adjustments (Civil)
- \$( 53,260) – Reduction in outside legal fees
- \$ 171,185 – Reallocation of salary costs from Governmental Immunity
- \$ 75,429 – Proposed cost-of-living increase
- \$ 20,052 – Employee health insurance rate increase (City share)
- \$ 41,421 – Base personal services projection less FY05 base

Community Development:

- \$ 60,504 – New position – Principal Planner
- \$ 78,000 – Structural engineer for seismic plan review (new position)
- \$( 50,000) – Less contract expense for seismic plan review
- \$ 154,000 – Northwest Quadrant master plan (from fund balance)
- \$ 47,000 – Historic preservation survey and plan for South Temple & West Capitol Hill
- \$ 206,557 – Proposed cost-of-living increase
- \$ 41,076 – Employee health insurance rate increase (City share)
- \$( 31,370) – Base personal services projection less FY05 base

Fire:

- \$ 99,192 – Two new dispatcher positions
- \$( 32,000) – Overtime eliminated by adding new dispatcher positions
- \$ 10,000 – Fleet fuel and maintenance
- \$ 41,400 – One-time funding – equipment for new fire truck
- \$ 18,000 – Workers compensation increased costs
- \$ 607,467 – Proposed cost-of-living/step increase
- \$ 182,820 – Employee health insurance rate increase (City share)
- \$ 1,860 – Base personal services projection less FY05 base

Management Services

- \$ 70,000 – New position - Revenue Analyst & Auditor
- \$ 45,000 – New position - Payment Processor (Treasure's Office)
- \$ 7,500 – Prisoner transport
- \$ 20,000 – Banking charges for allowing credit card payments except for building permits and large payments
- \$ 226,932 – Proposed cost-of-living/step increase
- \$ 59,544 – Employee health insurance rate increase (City share)
- \$ 121,855 – Base personal services projection less FY05 base (includes bringing judges salaries to 85% of district court judges)

Police

- \$ 1,336,000 – Additional police officers (15 FTEs) from property tax increase
- \$ 73,000 – Additional office tech (2 FTEs) from property tax increase
- \$( 108,000) – Eliminate truck enforcement officer positions (2 FTEs)
- \$( 54,000) – Eliminate financial crimes taskforce officer position (1 FTEs)
- \$ 46,000 – Additional crime lab field position (1 FTE)
- \$ 75,000 – Additional information specialist positions (2 FTEs)
- \$ 14,000 – Additional retired officer – burglary/larceny squad (0.5 FTE)
- \$( 150,000) – Attrition – vacant positions (military leave or vacant positions)
- \$ 55,620 – Career incentive program for police sergeants, lieutenants, captains
- \$ 77,000 – Fleet fuel and maintenance

- \$ 24,000 – Police long-term disability insurance
- \$ 1,077,978 – Proposed cost-of-living/step increases
- \$ 299,376 – Employee health insurance rate increase (City share)
- \$( 177,880) – Base personal services projection less FY05 base

#### Public Services

- \$( 510,000) – Contractual changes in Franklin Covey Field maintenance
- \$( 42,630) – Eliminate general fund support of Gallivan Center operations
- \$ 186,000 – Janitorial, electricity and natural gas
- \$ 78,258 – Water
- \$ 68,700 – Petroleum based products for street repair
- \$ 56,000 – Fleet fuel
- \$ 40,090 – Operational adjustments
- \$ 32,000 – Intermodal hub operating and maintenance (revenue offset)
- \$ 19,000 – Workers compensation costs
- \$ 7,500 – Forestry “nursery” program
- \$ 32,000 – Tennis bubble (\$12,000 revenue offset)
- \$ 20,000 – Parking meter change over cost (one-time)
- \$( 5,861) – Fleet accountant 100% to Fleet Management Fund
- \$( 5,861) – Golf accountant 100% to Golf Fund
- \$( 18,300) – Seasonal workers in central business district
- \$( 50,000) – Consultant services
- \$( 64,465) – Eliminate engineering pavement management position (vacant)
- \$( 80,130) – Eliminate street construction manager (vacant)
- \$( 30,000) – Urban Forestry operating budget
- \$( 48,000) – Eliminate parks equipment mechanic (vacant)
- \$( 57,000) – Eliminate plaza program supervisor (vacant)
- \$( 14,249) – Energy reduction at Plaza 349 (budget amendment)
- \$ 703,154 – Proposed cost-of-living/step increases
- \$ 123,876 – Employee health insurance rate increase (City share)
- \$ 81,602 – Base personal services projection less FY05 base



Non-Departmental:

- \$( 783,727) – Reduction in on-going funding of CIP to 6.5%
- \$ 205,024 – Salt Palace expansion – first year debt on bonds
- \$( 100,000) – Utah League of Cities & Towns (eliminate membership)
- \$( 107,992) – Economic Development Corporation of Utah (eliminate participation)
- \$ 175,000 – Municipal election costs (from fund balance)
- \$ 333,091 – Transfer to Information Management Services (general fund share of increased costs)
- \$ 48,442 – Transfer to Insurance & Risk Management Fund (property insurance rate increase and increase in administrative costs)
- \$( 150,000) – Transfer to Governmental Immunity Fund (less administrative costs)
- \$ 2,082 – Transfer to street lighting to cover 25% of district lighting costs
- \$ 300,000 – Street lighting cost increase added by budget amendment
- \$ 60,000 – Citywide newsletter
- \$ 87,071 – Legal defenders (two additional defense attorneys)
- \$ 9,500 – Transitional housing pass through (revenue offset)
- \$ 3,000 – Washington DC lobbyist (contact increase)
- \$ 950 – U.S. Conference of Mayors (dues increase)
- \$ 884 – Salt Lake Council of Governments (dues increase)
- \$ 530 – International City/County Management Association (dues increase)
- \$ 350 – National League of Cities (dues increase)
- \$( 4,000) – Sales tax rebates (relating to incentives for two retail businesses)
- \$ 10,000 – Tax & revenue anticipation notes issuing costs
- \$ 2,083 – Interest expense on tax & revenue anticipation notes
- \$( 560,000) – Deposit impact fees directly to the CIP Fund rather than in and out of the General Fund

Mayor's Office:

- \$ 50,665 – New position – Staff Assistant
- \$ 55,000 – New position – Economic Development Assistant
- \$ 25,000 – Economic development support costs
- \$ 60,000 – Economic development additional assistance during mall reconstruction
- \$ 32,239 – Proposed cost-of-living increase
- \$ 8,976 – Employee health insurance rate increase (City share)
- \$( 54,348) – Base personal services projection less FY05 base

City Council Office:

- \$ 24,389 – Proposed cost-of-living increase
- \$ 9,768 – Employee health insurance rate increase (City share)
- \$ 1,368 – Base personal services projection less FY05 base
- \$( 1,368) – Decrease in other expenses

**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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
Sources of funds				
Transfer from the General Fund	\$19,165,243	\$18,558,013	\$ (607,230)	(3.2%)
Class C Road funds	2,900,000	3,300,000	400,000	13.8%
CDBG	1,693,696	1,694,558	862	0.1%
SL County - C&C Building bonds	565,663	561,531	(4,132)	(0.7%)
Special Assessments	600,000		(600,000)	(100.0%)
Impact Fees	560,000	450,000	(110,000)	(19.6%)
CIP fund balance	370,843	4,468	(366,375)	(98.8%)
Transfer from Municipal Building Authority		6,400,000	6,400,000	
Total funds available	\$25,855,445	\$30,968,570	\$5,113,125	19.8%
Uses of funds				
Debt service	\$14,523,450	\$14,971,412	\$ 447,962	3.1%
Percent for Art	60,000	60,000		
Class C projects	2,900,000	3,300,000	400,000	13.8%
CDBG projects	1,756,696	1,694,558	(62,138)	(3.5%)
Impact fee eligible projects	560,000	450,000	(110,000)	(19.6%)
Other capital projects	6,055,299	4,092,600	(1,962,699)	(32.4%)
Fund balance		6,400,000	6,400,000	
Total uses of funds	\$25,855,445	\$30,968,570	\$5,113,125	(19.8%)

- \$6.4 million freed-up funds from refinancing remaining MBA debt – The Administration is recommending that the \$6.4 million available in the Municipal Building Authority be transferred to the CIP Fund for capital projects to be determined at a future time.

- **Ongoing Funding** – The Council had a policy of dedicating an amount equal to at least 9% of General Fund on-going revenue to the City's capital improvement program to meet physical infrastructure needs. Last year the Mayor proposed a one-time decrease to 7%. The proposed budget contains a 6.55% transfer from the General Fund.

## **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. The Department of Airports is an enterprise fund and does not receive any general fund revenue. The Department employs 575 employees.

<b>DEPARTMENT OF AIRPORTS PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Sources of funds</b>				
Operating revenue	\$ 82,128,800	\$ 90,547,800	\$ 8,419,000	10.3%
Interest	2,000,000	2,500,000	500,000	25.0%
Federal grants (for capital projects)	43,117,800	44,883,400	1,765,600	4.1%
Passenger facility charge revenue and PFC rebate (for capital projects)	59,811,300	61,765,600	(18,345,700)	3.3%
Airport Improvement Fund	55,412,388		(36,216,388)	(100.0%)
<b>Total funds available</b>	<b>\$242,470,288</b>	<b>\$199,696,800</b>	<b>\$(43,877,488)</b>	<b>(17.6%)</b>
<b>Uses of funds</b>				
Operating expenses	\$ 71,348,788	\$ 75,288,800	\$ 3,940,012	5.5%
Capital outlay	166,555,400	117,610,000	(48,945,400)	(29.4%)
Dept service	4,266,100	5,344,000	1,077,900	25.3%
Increase to Airport Improvement Fund		1,104,000		
Increase to operating & maintenance reserves	300,000	350,000	50,000	16.7%
<b>Total uses of funds</b>	<b>\$242,470,288</b>	<b>\$199,696,800</b>	<b>\$(43,877,488)</b>	<b>(17.6%)</b>

- Operating revenue – Delta increased their operations resulting in more revenue from landed weight fees and terminal space rents. The increase in passenger activity also increases revenue from parking, car rentals and other concessions.
- Operating expenses – The increase in operating expenses is attributable to a projected increase in salary and benefit costs, utilities rate increases, and the full year of providing passenger incentive rebates to airlines. No new personnel are requested. The Department of Airports is not necessarily recommending a salary increase, but has set aside an amount in case the Council adopts salary adjustments. If actual salary adjustments are less than the amount budgeted, the remaining amount will go to the Airport Improvement Fund for future capital projects.
- Capital improvement projects – The proposed fiscal year 2005-06 budget continues a project to install x-ray equipment “inline” with the airlines’ baggage system. The project will also provide additional space for “meeters and greeters.” Various taxiways and aprons will be reconstructed, and the terminal roadway and parking systems project will continue. Airport proposes funding \$51,485,600 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 \$44,883,400 from federal grants. Grant funded projects will not be started before the grants are awarded. Airport funds of \$18,165,000 are proposed for other capital projects that don’t qualify for use of grant or passenger facility charge revenue.
- Development of new terminal – New terminal facilities are ready for design when airline financial stability allows for a prudent development of new facilities.

## **Golf Fund**

The City operates golf courses at eight locations. Participants in golf pay fees that underwrite the cost of providing these services.

<b>GOLF ENTERPRISE FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Green fees	\$5,484,867	<b>\$4,636,499</b>	\$(848,368)	(15.5%)
Cart rental	1,926,967	<b>1,796,763</b>	(130,204)	(6.8%)
Retail sales	725,000	<b>667,668</b>	(57,332)	(7.9%)
Driving range fees	400,287	<b>314,256</b>	(86,031)	(21.5%)
Season passes	22,000	<b>19,904</b>	(2,096)	(9.5%)
Concessions	145,988	<b>153,248</b>	7,260	5.0%
Advertising fees	73,600	<b>58,840</b>	(14,760)	(20.1%)
Interest income	50,000	<b>33,219</b>	(16,781)	(33.6%)
Miscellaneous	27,763	<b>34,023</b>	6,260	22.5%
Goal to increase revenue		<b>366,000</b>	366,000	
Appropriation of reserves	977	<b>11,618</b>	10,641	1089.2%
<b>Total revenue &amp; other sources</b>	<b>\$8,857,449</b>	<b>\$8,092,038</b>	<b>\$(765,411)</b>	<b>(8.6%)</b>
<b>Expenses &amp; other uses</b>				
Operating & maintenance	\$7,237,319	<b>\$6,992,327</b>	\$(244,992)	(3.4%)
Debt and interest	1,211,180	<b>978,911</b>	(232,269)	(19.2%)
Capital outlay	408,950	<b>120,800</b>	(288,150)	(70.5%)
<b>Total expenses &amp; other uses</b>	<b>\$8,857,449</b>	<b>\$8,092,038</b>	<b>\$(765,411)</b>	<b>(8.6%)</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.

Each golf course has been given the goal of increasing revenue to bring in \$366,000 of additional revenue through increases in golf rounds, sale of merchandise and rentals.

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.

Council staff will prepare a separate report on the proposed budget for the Golf Fund.

### **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. The fund will operate facilities for a ground transportation transfer station for Amtrak, bus lines, commuter rail, light rail, UTA buses, and taxi companies. It was anticipated that rental revenue from ground transportation businesses and from restaurants or other support businesses would be sufficient to pay operating costs and repay 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. Construction of the bus passenger terminal and associated facility will be complete in the summer of 2005. By 2008, commuter rail, light rail, UTA bus, taxis, and airport shuttles will be serving passengers at the HUB.

<b>INTERMODAL HUB FUND PROPOSED BUDGET</b>				
	<b>Amended 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Federal grant revenue	\$3,500,000	<b>\$1,500,000</b>	\$(2,000,000)	(57.1%)
Private funding	1,400,000	<b>3,000,000</b>	1,600,000	114.3%
Building lease revenue	8,400	<b>146,448</b>	138,048	1643.4%
Transfer from RDA	1,700,000	<b>1,700,000</b>	-	
Bond proceeds		<b>3,000,000</b>	3,000,000	
Appropriation of reserves	711,600		(711,600)	(100.0%)
<b>Total revenue</b>	<b>\$7,320,000</b>	<b>\$9,346,448</b>	<b>\$2,026,448</b>	<b>27.7%</b>
<b>Expenses &amp; other uses</b>				
Capital outlay	\$7,200,000	<b>\$9,008,833</b>	\$1,808,833	25.1%
Administrative service fee for General Fund services	107,000	<b>162,000</b>	55,000	51.4%
Other expenses	13,000	<b>175,615</b>	162,615	1250.9%
<b>Total expenses</b>	<b>\$7,320,000</b>	<b>\$9,346,448</b>	<b>\$2,026,448</b>	<b>27.7%</b>

Building lease revenue is forecasted to significantly increase with the relocation of Greyhound to the Intermodal Hub. The citywide budget includes appropriating \$32,000 to the Department of Public Services for services at the Intermodal Hub to be reimbursed by the Intermodal Hub to General Fund revenue. The proposed budget for the Intermodal Hub includes issuing a \$3 million bond. However, this is preliminary and there are other possibilities being explored. The Council may wish to ask representatives of the Administration for an update on 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 COLLECTION FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Refuse fees	\$5,765,388	<b>\$5,747,166</b>	\$(18,222)	(0.3%)
Landfill dividends	1,154,004	<b>1,120,725</b>	(33,279)	(2.9%)
Stormwater Fund - leaf removal	411,960	<b>298,000</b>	(113,960)	(27.7%)
Sale of vehicles	115,500	<b>368,675</b>	253,175	219.2%
Debt proceeds		<b>1,990,825</b>	1,990,825	
Interest income	80,004	<b>80,000</b>	(4)	
Appropriation of reserves	611,961	<b>301,865</b>	(310,096)	(50.7%)
<b>Total revenue &amp; other sources</b>	<b>\$8,138,817</b>	<b>\$9,907,256</b>	<b>\$1,768,439</b>	<b>21.7%</b>
<b>Expenses &amp; other uses</b>				
Weekly trash collection	\$4,055,583	<b>\$4,017,543</b>	\$ (38,040)	(0.9%)
Curbside recycling	1,203,096	<b>990,950</b>	(212,146)	(17.6%)
Annual neighborhood cleanup	1,672,494	<b>1,540,144</b>	(132,350)	(7.9%)
Debt service	912,000	<b>1,140,796</b>	228,796	25.1%
Equipment	295,644	<b>2,217,823</b>	1,922,179	650.2%
<b>Total expenses &amp; other uses</b>	<b>\$8,138,817</b>	<b>\$9,907,256</b>	<b>\$1,768,439</b>	<b>21.7%</b>

Funding from the Stormwater Fund is proposed to decrease because the prior year included a payment from Stormwater Fund for street sweeping in error. Street sweeping is now a General Fund service. Only the leaf bag portion of Stormwater Fund is eligible to be deposited to the Refuse Collection Fund.

The Mayor's Recommended Budget includes replacing \$1,990,825 of equipment through debt financing. An appropriation of reserves of \$301,865 is proposed to help fund the purchase of additional equipment and to help pay for debt service costs. Available cash (current assets less liabilities) in the Refuse Collection Fund was \$2,689,700 as of June 30, 2004. Council staff will prepare a separate report on the proposed budget for the Refuse Collection Fund.

## **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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Sewer service fees	\$17,018,344	<b>\$15,729,000</b>	\$(1,289,344)	(7.6%)
Interest income	450,000	<b>300,000</b>	(150,000)	(33.3%)
Permits	85,000	<b>85,000</b>	-	
Impact fees	325,000	<b>400,000</b>	75,000	23.1%
Other	667,000	<b>667,000</b>	-	
Use of cash reserves	25,602,932	<b>14,518,301</b>	(11,084,631)	(43.3%)
<b>Total revenue &amp; other sources</b>	<b>\$44,148,276</b>	<b>\$31,699,301</b>	<b>\$(12,448,975)</b>	<b>(28.2%)</b>
<b>Expenses</b>				
Salaries, wages & benefits	\$5,982,250	<b>\$6,159,932</b>	\$177,682	3.0%
Materials & supplies	1,368,934	<b>1,376,875</b>	7,941	0.6%
Charges for services	2,320,642	<b>2,165,894</b>	(154,748)	(6.6%)
<b>Capital Outlay</b>				
Capital improvement	31,074,000	<b>18,675,000</b>	(12,399,000)	(39.9%)
Vehicles & equipment	1,068,000	<b>1,386,600</b>	318,600	29.8%
Debt Services	2,334,450	<b>1,935,000</b>	(399,450)	(17.7%)
<b>Total Expenses &amp; Capital</b>	<b>\$44,148,276</b>	<b>\$31,699,301</b>	<b>\$(12,448,975)</b>	<b>(28.2%)</b>

- The Council previously approved multiyear rate increases in connection with a \$70 million six-year capital improvement program. 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.
- Fiscal year 2005-06 includes the second year of a three-year secondary treatment plant expansion project designed to improve treatment.



### **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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Stormwater service fee	\$ 5,348,151	<b>\$5,245,000</b>	\$(103,151)	(1.9%)
County Flood Control	200,000	<b>200,000</b>	-	
Interest	200,000	<b>200,000</b>	-	
Impact fees	200,000	<b>200,000</b>	-	
Systems constructed by developers & transferred to city	516,000	<b>516,000</b>	-	
Other revenue	10,000	<b>10,000</b>	-	
Use of reserves	14,548,075	<b>8,254,134</b>	(6,293,941)	(43.3%)
<b>Total revenue &amp; other sources</b>	<b>\$21,022,226</b>	<b>\$14,625,134</b>	<b>\$(6,397,092)</b>	<b>(30.4%)</b>
<b>Expenses</b>				
Salaries, wages & benefits	\$1,482,318	<b>\$1,534,983</b>	\$52,665	3.6%
Materials & supplies	123,900	<b>126,000</b>	2,100	1.7%
Charges for services	1,272,808	<b>1,267,151</b>	(5,657)	(0.4%)
<b>Capital Outlay</b>				
Capital improvement	17,004,000	<b>10,874,000</b>	(6,130,000)	(36.1%)
Vehicles & equipment	499,200	<b>223,000</b>	(276,200)	(55.3%)
Debt Services	640,000	<b>600,000</b>	(40,000)	(6.3%)
<b>Total Expenses &amp; Capital Outlay</b>	<b>\$21,022,226</b>	<b>\$14,625,134</b>	<b>\$(6,397,092)</b>	<b>(30.4%)</b>

A rate increase is not projected anytime within at least the next five years.

## **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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Metered sales	\$42,655,903	<b>\$45,215,257</b>	\$ 2,559,354	6.0%
Interest income	500,000	<b>450,000</b>	(50,000)	(10.0%)
Interfund charges	2,126,425	<b>2,256,425</b>	130,000	6.1%
Sale of used equipment	50,000	<b>50,000</b>	-	
Impact fees	1,000,000	<b>1,000,000</b>	-	
Systems constructed by developers & transferred to city	1,294,752	<b>855,000</b>	(439,752)	(34.0%)
Bond proceeds		<b>2,098,490</b>	2,098,490	
Use of cash reserves	13,737,389	<b>11,182,731</b>	(2,554,658)	(18.6%)
<b>Total revenue &amp; other sources</b>	<b>\$61,364,469</b>	<b>\$63,107,903</b>	<b>\$ 1,743,434</b>	<b>2.8%</b>
<b>Expenses</b>				
Salaries, wages & benefits	\$13,990,453	<b>\$14,509,670</b>	\$ 519,217	3.7%
Materials & supplies	2,373,149	<b>2,370,779</b>	(2,370)	(0.1%)
Charges for services	17,661,158	<b>21,826,219</b>	4,165,061	23.6%
<b>Capital Outlay</b>				
Capital improvement	20,619,261	<b>19,615,735</b>	(1,003,526)	(4.9%)
Vehicles & equipment	1,982,700	<b>2,165,500</b>	182,800	9.2%
Debt Services	4,737,748	<b>2,620,000</b>	(2,117,748)	(44.7%)
<b>Total Expenses &amp; Capital Outlay</b>	<b>\$61,364,469</b>	<b>\$63,107,903</b>	<b>\$ 1,743,434</b>	<b>2.8%</b>

- The proposed budget includes the second 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 was \$3.5 million followed by a \$7 million assessment each year for thirty years with the last assessment in 2035 being \$3.5 million.
- In June 2004, the City Council approved a two-year water rate increase with the second-year increase of 6% effective 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.

## **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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Maintenance fees	\$ 4,368,728	<b>\$4,508,160</b>	\$139,432	3.2%
Fuel fees	1,858,836	<b>2,085,850</b>	227,014	12.2%
Sale of vehicles	400,000	<b>450,000</b>	50,000	12.5%
General Fund transfer	5,010,381	<b>5,010,381</b>		
Other revenue	57,961	<b>60,500</b>	2,539	4.4%
Debt proceeds		<b>3,800,500</b>	3,800,500	
Use of reserves	49,499	<b>429,628</b>	380,129	768.0%
<b>Total revenue &amp; other sources</b>	<b>\$11,745,405</b>	<b>\$16,345,019</b>	<b>\$4,599,614</b>	<b>39.2%</b>
<b>Expenses &amp; other uses</b>				
Personal services	\$ 2,509,771	<b>\$2,571,722</b>	\$61,951	2.5%
Parts and supplies	3,713,664	<b>4,009,150</b>	295,486	8.0%
Charges for services	686,222	<b>758,059</b>	71,837	10.5%
Debt and interest	4,369,248	<b>3,419,088</b>	(950,160)	(21.7%)
Capital outlay	466,500	<b>5,587,000</b>	5,120,500	1097.6%
<b>Total expenses &amp; other uses</b>	<b>\$11,745,405</b>	<b>\$16,345,019</b>	<b>\$4,599,614</b>	<b>39.2%</b>

The Mayor's Recommended Budget includes purchasing over \$5.5 million in vehicles and financing \$3.8 million with debt. The vehicle budget includes purchasing four mid-size buses for the YouthCity program. 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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
General Fund transfer	\$1,300,000	<b>\$1,150,000</b>	\$(150,000)	(11.5%)
Interest income	73,355	<b>54,000</b>	(19,355)	(26.4%)
Sundry revenue and reimbursement from enterprise fund for administrative costs	104,586	<b>69,276</b>	(35,310)	(33.8%)
Appropriations of reserves	1,689		(1,689)	(100.0%)
<b>Total revenue &amp; other sources</b>	<b>\$1,479,630</b>	<b>\$1,273,276</b>	<b>\$(206,354)</b>	<b>(13.9%)</b>
<b>Expenses</b>				
Personal services	\$ 426,150	<b>\$214,376</b>	\$(211,774)	(49.7%)
Other administrative costs	41,480	<b>43,900</b>	2,420	5.8%
Claims and court costs	1,012,000	<b>1,015,000</b>	3,000	0.3%
<b>Total Expenses</b>	<b>\$1,479,630</b>	<b>\$1,273,276</b>	<b>\$(206,354)</b>	<b>(13.9%)</b>

The attorneys and staff of the City Attorney's Office have been keeping time sheets for allocating time. The time sheets indicate that there is not as much time being spent on claims as was budgeted in the past. The proposed budget reallocates some administrative costs from the Governmental Immunity Fund to the General Fund. This is basically a zero net effect since the General Fund pays for the costs charged to the Governmental Immunity Fund. Council staff will prepare a separate staff report on the proposed budget for the Governmental Immunity Fund.

### **Information Management Services Fund**

The Information Management Services Fund (IMS) accounts for the financing of data processing, Internet site, SLCTV, and telephone administration services. The non-departmental budget within the General Fund appropriates funding of basic services 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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Fees from departments/funds	\$2,563,661	<b>\$2,579,317</b>	\$15,656	0.6%
Interest	75,000	<b>20,000</b>	(55,000)	(73.3%)
Miscellaneous revenue & sale of Equipment	37,078	<b>37,077</b>	(1)	0.0%
Transfer from General Fund	4,828,792	<b>5,161,883</b>	333,091	6.9%
Appropriation of reserves	34,754		(34,754)	(100.0%)
<b>Total revenue</b>	<b>\$7,539,285</b>	<b>\$7,798,277</b>	<b>\$258,992</b>	<b>3.4%</b>
<b>Expenses &amp; other uses</b>				
Network/infrastructure	\$2,689,271	<b>\$2,667,664</b>	\$(21,607)	(0.8%)
Software engineering	1,226,852	<b>1,323,740</b>	96,888	7.9%
Web services	448,034	<b>389,554</b>	(58,480)	(13.1%)
Telephone services	764,149	<b>852,387</b>	88,238	11.5%
Consulting team (coordinate with customers)	988,036	<b>1,025,761</b>	37,725	3.8%
Security group (from hackers, viruses, spam)	529,069	<b>395,779</b>	(133,290)	(25.2%)
IFAS (accounting system)	178,994	<b>178,994</b>		
SLCTV – video processing	30,550	<b>76,820</b>	46,270	151.5%
Administration	684,330	<b>479,402</b>	(204,928)	(29.9%)
Replacement of equipment		<b>225,000</b>	225,000	
Increase of reserves		<b>183,176</b>	183,176	
<b>Total expenses</b>	<b>\$7,539,285</b>	<b>\$7,798,277</b>	<b>\$258,992</b>	<b>3.4%</b>

The budget proposed funding one additional employee position for SLCTV at a cost of \$45,554. IMS has been a contracting for these services. The transfer from the General Fund includes \$96,621 for pay adjustments, \$34,000 for employee health insurance increases, \$125,516 for a network support rate increase, and \$31,400 for SLCTV equipment. 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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
Premiums	\$27,662,647	<b>\$29,292,575</b>	\$1,629,928	5.9%
Interest	20,376	<b>20,000</b>	(378)	(1.8%)
Bus pass transfer from other funds	93,576	<b>102,024</b>	8,448	9.0%
Appropriation of reserves	2,661		(2,661)	(100.0%)
<b>Total revenue &amp; other sources</b>	<b>\$27,779,260</b>	<b>\$29,414,599</b>	<b>\$1,635,339</b>	<b>5.9%</b>
<b>Expenses</b>				
Health insurance costs	\$20,787,336	<b>\$22,091,480</b>	\$1,304,144	6.3%
Dental insurance costs	1,765,008	<b>1,765,008</b>		
Life/accidental death costs	1,026,492	<b>1,131,968</b>	105,476	10.3%
Long-term disability	534,372	<b>605,608</b>	71,236	13.3%
Workers compensation	1,618,243	<b>1,693,816</b>	75,573	4.7%
Unemployment compensation	141,780	<b>206,400</b>	64,620	45.6%
Property insurance & surety bonds	993,435	<b>987,548</b>	(5,557)	(0.6%)
Bus passes	93,576	<b>102,024</b>	8,448	9.0%
Loss Control/Safety Program	20,376	<b>20,000</b>	(376)	(1.8%)
Administration – Mgt Services	621,153	<b>614,707</b>	(6,446)	(1.0%)
Administration – Attorney	177,489	<b>196,040</b>	18,551	10.5%
<b>Total Expenses</b>	<b>\$27,779,260</b>	<b>\$29,414,599</b>	<b>\$1,635,339</b>	<b>5.9%</b>

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:

- \$14,975,000 City & County Building restoration project (general obligation bonds); final maturity June 15, 2011
- \$ 2,580,000 Street improvement projects to the City's class C roads (motor fuel excise tax revenue bonds); final maturity February 1, 2009.
- \$65,965,000 Library facilities and related improvement (general obligation bonds); final maturity June 15, 2019
- \$10,930,000 Hogle Zoo and Tracy Aviary improvements (general obligation bonds); final maturity June 15, 2024
- \$16,050,000 Baseball stadium; fire station No. 1; renovation of fire stations No. 6 and No. 13; cemetery irrigation system; improvements to Wasatch Hollow Park; renovation of the Forest Dale Clubhouse; 400 West Street, California Avenue (sales tax revenue bonds); final maturity October 1, 2015
- \$ 8,000,000 The Mayor's Recommended Budget includes bonding for the City's payment for the Salt Palace expansion project. Annual debt service for the 20-year bond is projected at approximately \$600,000 with \$222,522 due the first year.

<b>DEBT SERVICE FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Sources of funds</b>				
Transfer from CIP	\$10,915,275	<b>\$13,106,460</b>	\$2,191,185	20.1%
Salt Lake County	565,663	<b>561,531</b>	(4,132)	(0.7%)
RDA SARR		<b>509,743</b>	509,743	
Cash on hand	51,122	<b>10,000</b>	(41,122)	(80.4%)
<b>Total proposed sources</b>	<b>\$11,532,060</b>	<b>\$14,187,734</b>	<b>\$2,655,674</b>	<b>23.0%</b>
<b>Uses of funds</b>				
City/County Building GO bonds				
Principal	\$2,135,000	<b>\$2,220,000</b>	\$85,000	4.0%
Interest	842,175	<b>735,425</b>	(106,750)	(12.7%)
Trustee fees	1,795	<b>600</b>	(1,195)	(66.6%)
Total	2,978,970	<b>2,956,025</b>	(22,945)	(0.8%)
Motor Fuel Tax Revenue 1999 Bonds				
Principal	570,000	<b>600,000</b>	30,000	5.3%
Interest	156,795	<b>129,435</b>	(27,360)	(17.4%)
Trustee fees & arbitrage calc	3,820	<b>3,820</b>		
Total	730,615	<b>733,255</b>	2,640	0.4%
Library General Obligation				
Principal	3,245,000	<b>3,390,000</b>	145,000	4.5%
Interest	3,679,219	<b>3,519,969</b>	(159,250)	(4.3%)
Trustee fees & arbitrage calc	4,200	<b>2,350</b>	(1,850)	(44.0%)
Total	6,928,419	<b>6,912,319</b>	(16,100)	(0.2%)
Zoo/Aviary 2004 Bonds				
Principal	370,000	<b>435,000</b>	65,000	17.6%
Interest	523,406	<b>445,138</b>	(78,268)	(15.0%)
Trustee fees & arbitrage calc	650	<b>1,500</b>	850	130.8%
Total	894,056	<b>881,638</b>	(12,418)	(1.4%)
Sales Tax Revenue 2004 Bonds				
Principal		<b>1,600,000</b>	1,600,000	
Interest		<b>642,000</b>	642,000	
Trustee fees & arbitrage calc		<b>47,781</b>	47,781	
Total		<b>2,289,781</b>	2,289,781	
Proposed bonds for Salt Palace (\$8,000,000)		<b>205,024</b>	205,024	
Proposed bonding for fleet facility		<b>209,692</b>	209,692	
<b>Total proposed uses</b>	<b>\$11,532,060</b>	<b>\$14,187,734</b>	<b>\$2,655,674</b>	<b>23.0%</b>

Debt service funding from the Redevelopment Agency (RDA SARR) was inadvertently left off of the Mayor's Recommended Budget. Council staff has included this \$509,743 source in the above table and will list it on your motion sheets for your consideration when adopting the budget.



- 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. 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.
- 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.
- In 2004, the City issued \$11,300,000 of general obligation bonds for improvements at the Hogle Zoo and at the Tracy Aviary.
- In 2004, the City issued \$17,300,000 to refinance the Series 1993A lease revenue bonds that had been issued by the Municipal Building Authority for the following purposes: 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). The refunded bonds were issued as sales tax revenue bonds.

### **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 City is in the process of refinancing its remaining Municipal Building Authority debt, which will result in annual savings of over \$100,000 per year over the next 16 years and will free up \$6.4 million of reserve funds. The Mayor is proposing that the \$6.4 million be transferred to the CIP fund for future capital projects. If the debt is refinanced before the annual budget is adopted, the Council may wish to move the debt services related appropriations to the City's regular debt service fund.

<b>MUNICIPAL BUILDING AUTHORITY PROPOSED BUDGETS</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Difference</b>
<b>Funding sources</b>				
Capital Improvement Fund	\$3,043,943	<b>\$1,303,421</b>	\$(1,740,522)	(57.2%)
Golf Fund	718,143	<b>719,698</b>	1,555	0.2%
Redevelopment Agency – Baseball Stadium	509,257		(509,257)	(100.0%)
Redevelopment Agency – Ice Arena	1,037,703	<b>1,037,703</b>	-	
Redevelopment Agency – Gateway	274,810	<b>274,810</b>	-	
Appropriation excess cash	295,229	<b>50,000</b>	(245,229)	(83.1%)
Freed-up reserve funds		<b>6,400,000</b>	6,400,000	
Total funding sources	\$5,879,085	<b>\$9,785,632</b>	\$3,906,547	66.4%
<b>Debt Service</b>				
Bond principal	\$2,415,000	<b>\$ 880,000</b>	\$(1,535,000)	(63.6%)
Bond interest	3,440,715	<b>2,491,112</b>	(949,603)	(27.6%)
Trustee fees	13,370	<b>7,020</b>	(6,350)	(47.5%)
Arbitrage calculation services	10,000	<b>7,500</b>	(2,500)	(25.0%)
Transfer to Capital Improvement Fund		<b>6,400,000</b>	6,400,000	
Total Debt Service	\$5,879,085	<b>\$9,785,632</b>	\$3,906,547	66.4%

The General Fund's lease payment is transferred from the General Fund to the CIP Fund (as part of the 6.5%) 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 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 – The 1993 series was refinanced in September 2004 as sales tax revenue bonds (see Debt Service Fund). The original 1993 bonds were issued for the following: 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). In 2004, the City refinanced the Series 1993 lease revenue bonds sales tax revenue bonds. This debt is now included in the City's regular debt service fund.
- 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 DEBT SERVICE FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue sources</b>				
Special assessments	\$1,851,568	<b>\$1,680,076</b>	\$(171,492)	(9.3%)
Interest income	150,000	<b>150,000</b>	-	
<b>Total revenue</b>	<b>\$2,001,568</b>	<b>\$1,830,076</b>	<b>\$(171,492)</b>	<b>(8.6%)</b>
<b>Debt Service Expenditures</b>				
Bond principal	\$ 825,000	<b>\$861,000</b>	\$ 36,000	4.4%
Bonding expenses	193,903	<b>187,877</b>	(6,026)	(3.1%)
Bond interest	736,268	<b>704,142</b>	(32,126)	(4.4%)
Legal, lien releases, arbitrage	66,950	<b>65,250</b>	(1,700)	(2.5%)
Increase to reserves	179,447	<b>11,807</b>	(167,640)	(93.4%)
<b>Total Expenditures</b>	<b>\$2,001,568</b>	<b>\$1,830,076</b>	<b>\$(171,492)</b>	<b>(8.6%)</b>

- A total of six bond issues are outstanding for a total principal amount of \$1,404,000 as of June 30, 2005.
- 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 current balance in the guarantee fund is \$480,066, which is \$339,666 in excess of the required reserve. Excess amounts in the guarantee fund can be transferred to the General Fund. However, if additional bonding is anticipated, the guarantee fund must have a sufficient balance to guarantee 10% of additional bonded debt. The City is in the process of establishing three additional special improvement districts and more may be requested within the next two years.
- The amount of expected revenue is \$11,807 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.

## **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 with the Downtown Alliance (Salt Lake Chamber) to provide these services.

<b>DOWNTOWN ECONOMIC DEVELOPMENT FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue sources</b>				
Special assessments	\$708,050	<b>\$700,000</b>	\$(8,050)	(1.1%)
<b>Total revenue</b>	\$708,050	<b>\$700,000</b>	\$(8,050)	(1.1%)
<b>Expenditures</b>				
Contract payments for economic development services	\$708,050	<b>\$700,000</b>	\$(8,050)	(1.1%)
<b>Total Expenditures</b>	\$708,050	<b>\$700,000</b>	\$(8,050)	(1.1%)

### **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). 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 and by the Mayor. The Mayor presents a recommended funding list to the Council, and the City Council makes the final decisions for funding. The Council has already adopted this budget.

<b>COMMUNITY DEVELOPMENT OPERATING FUND ADOPTED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Adopted 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
Sources of funds				
Community Development Block Grant (CDBG)	\$3,194,304	<b>\$2,955,349</b>	\$(238,955)	(7.5%)
Carryover funds	400,000	<b>378,138</b>	(21,862)	(5.5%)
<b>Total funds available</b>	<b>\$3,594,304</b>	<b>\$3,333,487</b>	<b>\$(260,817)</b>	<b>(7.3%)</b>
<b><i>Uses of funds (CDBG)</i></b>				
Housing	\$1,374,315	<b>\$1,346,000</b>	\$(28,315)	(2.1%)
Public Services	733,650	<b>697,486</b>	(36,164)	(4.9%)
Public Services Building Improvements	594,427	<b>577,280</b>	(17,147)	(2.9%)
Planning	90,000		(90,000)	(100.0%)
City/General Administration	721,912	<b>712,721</b>	(9,191)	(1.3%)
Funds for overruns	80,000	See note	(80,000)	(100.0%)
<b>Total uses of funds</b>	<b>\$3,594,304</b>	<b>\$3,333,487</b>	<b>\$(260,817)</b>	<b>(7.3%)</b>

Note: The fiscal year 2005-06 budget includes \$25,000 of CDBG funds in the CIP Fund for overruns.

### **Grants Operating Fund**

This fund accounts for the Home Investment Partnerships grant (HOME), Emergency Shelter Grant (ESG), Housing Opportunities for Persons with Aids (HOPWA), Small Business Revolving Loan Fund, Housing Trust Fund, RDA Housing Trust Fund, and other grant monies most of which are added throughout the year by budget amendment. The Council has already adopted a resolution relating to the budget for HOME, ESG, and HOPWA.

<b>GRANTS OPERATING FUND (ESG, HOME, HOPWA, ) ADOPTED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Adopted 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
Sources of funds including carryover amounts				
Emergency Shelter Grant (ESG)	\$ 182,407	<b>\$179,118</b>	\$ (3,289)	(1.8%)
Home Investment Partnerships Grant (HOME)	885,036	<b>817,863</b>	(67,173)	(7.6%)
Housing Opportunities for People with AIDS (HOPWA)	389,385	<b>422,687</b>	33,302	8.6%
<b>Total funds available</b>	<b>\$1,456,828</b>	<b>\$1,419,668</b>	<b>\$(37,160)</b>	<b>(2.6%)</b>
Uses of funds				
ESG	\$ 182,407	<b>\$ 179,118</b>	\$ (3,289)	(1.8%)
HOME	885,036	<b>817,863</b>	(67,173)	(7.6%)
HOPWA	389,385	<b>422,687</b>	33,302	8.6%
<b>Total uses of funds</b>	<b>\$1,456,828</b>	<b>\$1,419,668</b>	<b>\$(37,160)</b>	<b>(2.6%)</b>

Carryover budgets for the Small Business Revolving Loan Fund (\$1,338,816), Housing Trust Fund (\$2,682,114), and RDA Housing Trust Fund (\$650,987) are not included in the proposed budget. The City's Housing & Neighborhood Housing Division is requesting that the carryover amounts be added to the annual budget. If the Council concurs, these carryover amounts can be added to your motion sheets for your consideration when adopting the budget.

### **Emergency 911 Fund**

This fund accounts for monies received for operation and maintenance of the Emergency 911 call-taking system. Telephone users (including cell phone users) are assessed a monthly fee for E911 service. In fiscal year 2004-05, the monthly fee was 65 cents with 53 cents coming to Salt Lake City. In fiscal year 2005-06, the fee will be reduced to 61 cents with the City continuing to receive 53 cents. The E911 funds collected for billing addresses in Salt Lake City 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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue &amp; other sources</b>				
E911 surcharge	\$2,170,000	<b>\$2,170,000</b>	\$ -	
Interest income		<b>46,000</b>	46,000	
Appropriation of reserves for equipment	672,400		(672,400)	(100.0%)
<b>Total revenue</b>	<b>\$2,842,400</b>	<b>\$2,216,000</b>	<b>\$(626,400)</b>	<b>(22.0%)</b>
<b>Expenditures</b>				
Reimbursement to General Fund	\$1,360,700	<b>\$1,462,000</b>	\$101,300	7.4%
Maintaining equipment & other costs	295,400	<b>308,100</b>	12,700	4.3%
Equipment	1,186,300	<b>285,000</b>	(901,300)	(76.0%)
Increase of reserves		<b>160,900</b>	160,900	
<b>Total Expenditures</b>	<b>\$2,842,400</b>	<b>\$2,216,000</b>	<b>\$(626,400)</b>	<b>(22.0%)</b>

The E911 fund balance was about \$2,700,000 as of June 30, 2004. The fund balance is accumulated for the replacement of equipment. The existing equipment is compatible with the Valley Emergency Communication Center (VECC). This provides redundancy in the event that one of the two centers is unable to operate due to evacuation, etc. In the future as technology becomes available, new triangular-location equipments will be purchased 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 50 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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Sources of funds</b>				
Special assessments	\$ 395,773	<b>\$396,239</b>	\$ 466	0.1%
Transfer from General Fund	126,004	<b>132,082</b>	6,078	4.8%
Appropriation of capital replacement funds	912,239	<b>1,495,962</b>	583,723	64.0%
<b>Total proposed sources</b>	<b>\$1,434,016</b>	<b>\$528,321</b>	<b>\$590,267</b>	<b>41.2%</b>
<b>Uses of funds</b>				
Electricity charges and maintenance fees	\$ 316,945	<b>\$207,788</b>	\$(109,157)	(34.4%)
Other services	52,871	<b>88,495</b>	35,624	67.4%
Repair and replacement of fixtures & poles	1,064,200	<b>1,728,000</b>	663,800	62.4%
<b>Total proposed uses</b>	<b>\$1,434,016</b>	<b>\$2,024,283</b>	<b>\$590,267</b>	<b>41.2%</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.

The City's general fund charges administrative costs of 15% of the cost of electrical power (and other charges from Utah Power), outside legal costs, publication costs and recording fees.

### **Housing Loan Fund**

This fund accounts for the City's Housing and Neighborhood Development rehabilitation and first-time homebuyers program. This is a revolving loan program where applicants must meet federal requirements including 80% or below area medium income.

<b>HOUSING LOAN FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue sources</b>				
Loan Repayments	\$ 845,000	<b>\$ 845,000</b>	\$ -	
Interest income	654,000	<b>596,000</b>	(58,000)	(8.9%)
Federal grant – HOME	570,000	<b>570,000</b>	-	
Federal grant – CDBG	39,682	<b>38,514</b>	(1,168)	(2.9%)
Federal grant – ADDI		<b>54,792</b>	54,792	
<b>Total revenue</b>	\$2,108,682	<b>\$2,104,306</b>	\$ (4,376)	(0.2%)
<b>Expenditures</b>				
First-time homebuyers and rehabilitation program	\$2,108,682	<b>\$2,104,306</b>	(4,376)	(0.2%)
<b>Total Expenditures</b>	\$2,108,682	<b>\$2,104,306</b>	\$ (4,376)	(0.2%)

### **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 PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue sources</b>				
Donations	\$400,000	\$400,000	\$ -	
<b>Expenditures</b>				
Uses of donations for trust purposes	\$400,000	\$400,000	\$ -	

### **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.

<b>OTHER SPECIAL REVENUE FUND PROPOSED BUDGET</b>				
	<b>Adopted 2004-05</b>	<b>Proposed 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Revenue sources</b>				
General Fund allocation	\$ 26,500	\$26,500	\$ -	-
Available cash	126,500	126,500	-	-
Total sources	\$153,000	\$153,000	\$ -	-
<b>Expenditures</b>				
Contractual payments	\$ 26,500	\$26,500	\$ -	-
Part-time employees	100,000	100,000	-	-
Other expenses	26,500	26,500	-	-
Total expenditures	\$153,000	\$153,000	\$ -	-