

# SALT LAKE CITY COUNCIL STAFF REPORT

## BUDGET ANALYSIS – FISCAL YEAR 2006-07

**DATE:** May 9, 2006

**BUDGET FOR:** **DEPARTMENT OF COMMUNITY DEVELOPMENT**

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The proposed budget for the Department of Community Development for fiscal year 2006-07 is \$9,183,080, representing an increase in expenditures of \$851,898 or 10.2% as compared to fiscal year 2005-06.

<b>DEPARTMENT OF COMMUNITY DEVELOPMENT PROPOSED BUDGETS</b>				
	Adopted 2005-06	Proposed 2006-07	Difference	Percent Change
Office of the Director (Land Use Appeals Board, Northwest Quadrant Master Plan)	\$626,756	\$623,841	(\$2,915)	(.5%)
Arts Council (City arts grants, Living Traditions Festival, public art program, Twilight Series concerts)	\$274,680	\$292,902	\$18,222	6.6%
Transportation (planning & design, parking permit program, traffic controls, issues permits for use of right-of-way, traffic calming program, street lights)	\$1,713,488	\$1,588,804	(\$124,684)	(7.3%)
Building Services & Licensing (construction code enforcement, business licensing and plan review)	\$2,329,822	\$3,237,002	\$907,180	38.9%
Planning (master plans, zoning, environmental reviews of proposed development projects, zoning enforcement, support to Historic Landmark Commission, Board of Adjustment, Housing Advisory and Appeals Board and Planning Commission)	\$3,014,582	\$3,014,904	\$322	.01%
Housing & Neighborhood Development (housing inspection, residential rehabilitation & first-time homebuyer's assistance programs, administers & monitors various grants, support to Community Development Advisory Committee and the Housing Advisory & Appeals Board)	\$371,854	\$425,627	\$53,773	14.5%
<b>Total</b>	<b>\$8,331,182</b>	<b>\$9,183,080</b>	<b>\$851,898</b>	<b>10.2%</b>

### POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET CHANGES

- **Additional positions** – The Administration has recommended the addition of 5.0 FTE positions:
  - \$64,392 – Plans Examiner position, 1.0 FTE** – The Administration is requesting an additional FTE to serve as a project coordinator and plans examiner for the one stop shop.

**\$50,532 – Office Facilitator I position, 1.0 FTE** – The Administration is requesting an additional FTE to serve as an office facilitator to assist with the one stop shop.

**\$85,776 – Technical Development Engineer position, 1.0 FTE (Fire Inspection Plan Reviewer)** – To assist with the one-stop counter, the Administration is requesting a Technical Development Engineer for fire inspection plan review. *The Council may wish to inquire whether the skill level of this particular position requires the knowledge and expertise of an engineer, or whether the position could be filled by a well-trained individual who is not an engineer.*

**\$67,380 – Building Inspector III position, 1.0 FTE** – The Department is requesting a Building Inspector to assist with the one stop shop.

**\$68,988 – Principal Planner position, 1.0 FTE** – The Department is requesting a principal planner to focus on downtown redevelopment and the recently adopted Compatible Residential Infill ordinance. The Administration indicates that the compatible infill ordinance requires more intense review by plan review and field inspection staff.

It should be noted that last year a planner position was moved from the Planning Division to the Office of the Director. The Office of Director filled the planner position with a Research and Policy Analyst position.

- **Other Proposed Funding Requests** – The Administration has requested the following additional funding:

**\$98,000 One-time Funding – Reconfiguration of room for one stop counter** – According to the Administration, rooms 215 and 218 of the City & County Building will need to be reconfigured to accommodate the one stop shop. The proposal does not include funding for the carpet for the area that is being reconfigured. Council staff has requested information on the price to replace the carpet at the same time the one stop is established, in order to avoid down time at a later date for carpet replacement.

**\$60,000 – Downtown Renovation Coordinator** – The individual contracted for this position will provide construction mitigation during the reconstruction of the downtown malls and other projects. According to the Administration, the cost to fund this coordinator will be split evenly (\$30,000 each) between the City and the Chamber of Commerce. This coordinator may need to be funded for one, two or even three years.

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**\$100,000 – Contract Plans Examiner** – The Administration is proposing to contract some plan review for the increased workload anticipated by the reconstruction of the downtown malls and other projects. The Administration anticipates that the cost of these contracted services will be offset by the building permit fees submitted for downtown development.

**\$63,500 Automation of Housing and Zoning Enforcement Software/**

**Hardware** – The Department is requesting funding to automate Housing and Zoning Enforcement’s paperwork processing. Vehicles will be equipped with computers (for 17 inspectors and 2 weed enforcement officers) allowing them to enter data while in the field as opposed to returning to the office to process paperwork.

**\$30,000 – City Preservation Plan One-time Funding** – The Department has requested \$30,000 of General Fund monies to create a city preservation plan. It is Council staff’s understanding that the Council also approved \$50,000 of CDGB monies to assist with the preservation plan. The preservation plan will clarify inconsistencies between other land use regulations and historic preservation.

**\$12,816 – Avenues Historic District Survey One-time Funding** –

Funding is being requested for a historic survey of the Avenues. Last year the Council approved \$47,000 of one-time funding for a historic preservation survey and plan for South Temple and West Capitol Hill; however, the Avenues was not included in the survey.

- **Business License Fee Increase (\$1,323,379)** – The Administration has updated the cost study to support business license fees and has proposed adjustments to fees, which is projected to increase revenue by \$1,323,000. In addition, proposed revisions to the parking license fee are expected to increase revenue by \$560,000 for total parking lot license revenue of \$1,000,000. The current parking license fee is applicable to the airport and other parking lots that specifically service the airport. The proposed ordinance would also apply to publicly built/privately operated parking lots that support public facilities such as the underground parking lot at the Library. Separate reports will be provided to the Council on the parking fees and business licensing.
- **Fire Prevention Plan Review Fees (\$276,224 new fees)** – The Fire Department currently provides fire plan review for fire code regulations and fire suppression systems. At the current time, no fee is specifically designated to pay for fire plan review. This service is instead funded by taxpayer dollars and an unidentified portion of business licensing construction permit fee. The Administration proposes that the City establish a set fee schedule for fire plan review and hire a fire protection engineer (as mentioned on page two of this staff report) for the one stop shop.

- **Prior Council Appropriations** – Council staff was informed recently that funding appropriated by the Council during the last fiscal year for the Northwest Quadrant Master Plan (\$154,000), the Transportation Master Plan (\$30,000), and the education traffic campaign (\$25,000) has not yet been spent by the Department. It cannot be encumbered by the Department at this time because contracts are not yet in place.. Therefore, the Department may be requesting a re-appropriation of the funding during the first budget opening of FY 2006-07.
- **Building Permit Revenue** – The Administration projects that building permit revenue will increase 62% based on proposed projects for a total of \$7,546,525. In addition, proposed ordinances relating to fire prevention inspection fees and hazardous materials fees are projected to increase permit revenue by \$402,224.
- **Proposed cost of living increase** – The Mayor's Recommended Budget includes increases still the subject of ongoing negotiations. The Administration is available to discuss labor bargaining during executive sessions.
- **City share of employee health insurance** – Health insurance is projected to increase by 3.75% for a total cost to the Department of Community Development of \$29,280.

### **Budgetary Breakdown by Division**

#### **Office of the Director:**

The budget for the Office of the Director shows a decrease of .5% or \$2,915 as compared to FY 2005-06. The slight decrease is a reflection of one-time funds of \$154,000 requested in FY 2005-06 for the Northwest Quadrant Master Plan, the transfer of a Planner position to the budget of the Office of Director, and the additional \$60,000 request to fund the mall renovation coordinator. (\$30,000 will be offset due to the contribution by the Chamber of Commerce.)

#### **Arts Council:**

The Arts Council budget shows an increase of \$18,222 or a 6.6% increase over last year. This increase can primarily be attributed to projected salary and health insurance increases.

#### **Transportation Division:**

The Transportation Division's budget shows a decrease of 7.3% or \$124,684. Most of the decrease can be attributed to the one-time funding of \$114,000 approved in FY 2005-06 for non-infrastructure traffic calming devices. The \$30,000 for the Transportation Master Plan update and the \$25,000 for the traffic education campaign are also counted in this reduction. There will be a request to re-appropriate those funds after the first of the fiscal year.

The Transportation Division is working with Purchasing on a scope and bid document for the lighting consultant, and anticipates that bids will be due in June. According to the Administration, the analysis will be performed during the

summer months, and results and recommendations would be forwarded to the Council in the fall.

**Building Services and Licensing Division:**

The budget for the Building Services and Licensing Division is increasing by 38.9% or \$907,180. The increase in budget is partially a result of the request for 4.0 FTE to support the one stop shop, as well as a request for two rooms to be reconfigured. Additionally, the Department is requesting to continue funding for 2.0 FTE from FY 2005-06 Budget Amendments #1 and #4 (ground transportation administrator and plans examiner). The Division has also requested one-time funds of \$100,000 to be used as contingency money for outsourcing plan review if the Permit's staff cannot keep up with the workload generated by the downtown projects. According to the Department, this is a one-time request. The remainder of the difference is attributed to changes in personnel costs.

The Council may wish to note that a request for \$24,384 of General Fund monies for third party enforcement in conjunction with the Ground Transportation Administrator was apparently inadvertently left out of the Mayor's Recommended Budget. If the Council wishes to fund third party enforcement for ground transportation a request for a funding recommendation could be made of the Administration, or the Council could elect to identify funds.

**Planning Division:**

The budget for the Planning Division projects an increase of .01% or \$322. The Division has requested an additional planner to replace a position that was transferred to the Office of the Director in FY 2005-06.

**Housing and Neighborhood Development Division (H.A.N.D.):**

The budget for the Housing and Neighborhood Development Division is increasing by 14.5% or \$53,773. Part of the increase is attributed to projected salary and health insurance cost increases. Also, in FY 2006-07, CDBG is reimbursing fewer administrative salaries while the General Fund is covering more.

The H.A.N.D. Division is divided into two groups, Capital Planning and Housing Rehabilitation. The Capital Planning section monitors federal grants, and the Housing Rehabilitation section administers the housing rehabilitation and first time homebuyer's program.

**Questions/Items for Council Discussion:**

The Council may wish to discuss the following items and questions:

**Arts Council Questions** (included in the budget of Office of the Director):

1. Last year, some Council Members expressed interest in additional funding for Arts Council programming, and the possibility of allocating a percentage of funds that would otherwise lapse to fund balance. **Does the Council wish to consider allocating additional funding towards Arts Council programming?**

**Transportation Division Questions:**

1. The Council may wish to inquire as to the number of requests Transportation receives for the placement of electronic speed boards, the number of electronic speed signs available, and the status of funding provided in the current year for the purchase of items of this nature.

**Building Services and Licensing Division Questions:**

1. The funding for geographic information system components (GIS) that would ultimately facilitate communication among departments and fully implement the one stop shop concept is not included in the Administration's recommended budget. These would be one-time costs and could be funded over a several year period. Council staff suggests an investment of \$200,000 to \$250,000 in one-time funding for the first year. The Mayor's Recommended Budget requests an additional \$10,000 of funding for the GIS system for FY 2006-07 in the non-departmental. *The Council may wish to consider discussing funding GIS at a significantly higher level.*
2. It is Council staff's understanding that carpet replacement costs were not included in the estimate to refurbish rooms 215 & 218 for the one stop shop. Council staff asked Public Services for an estimate and comparison of what the replacement costs would be now as compared to waiting to re-carpet until after the rooms are reconfigured.

**Planning Division Questions:**

1. Council Members may wish to inquire regarding the status of establishing an updated protocol to determine which community council receives notification and/or a presentation when an issue affects two or more community councils. This is being lead by the Mayor's Office, but attendance at the meetings creates a staffing demand for Planning.
2. A Council Member expressed concern regarding nuisance houses that are habitual problems for neighborhoods. *The Council may wish to ask whether the Administration considered recommending an ordinance change to allow for an enhanced penalty for property owners who are repeat offenders from an enforcement standpoint.*

**Housing Division Question:**

1. The Council may wish to ask whether H.A.N.D. has had an opportunity to consider potential changes to the boarded building ordinance, given that currently houses can be boarded for unrestricted amounts of time.

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## *Additional Information*

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### **LEGISLATIVE INTENT STATEMENTS**

1. **Fire Engineer at One-Stop Permit Counter** – It is the intent of the City Council that the Administration explore opportunities to fund a fire engineer at the One-Stop Permit Counter (e.g. identifying ongoing revenue, transferring one FTE from the Fire Department, or setting fees to recover the cost.)

**Response from the Administration:**

The Community Development Department has collected all of the information needed to determine the cost of the plan review conducted by all City Departments that participate in the plan review process. This issue will be addressed as part of the FY 2006-07 Mayor's Recommended Budget.

2. **Nuisance Cases** – It is the intent of the City Council that the Administration provide the Council with periodic reports on the development of nuisance cases.

**Response from the Administration:**

Nuisance cases addressed by the Planning & Zoning Division of the Community Development Department typically involve boarded properties with recurring break ins, transient activities, and related criminal activities. The Department responded to 12 cases, 3 of which have been resolved.

We are continuing to address nuisance issues with other departments and will report our findings in June, 2006.

3. **Building License per Employee Fee** – It is the intent of the City Council that the Administration provide an updated cost study for business license fees.

**Response from the Administration:**

The study has been completed and should be presented to the Council in the near future. (This is being addressed in the Mayor's Recommended Budget for 2006-07.)

4. **Review City Fees** – It is the intent of the City Council that the Administration review fees charged by divisions such as petition fees, subdivisions fees, etc. to determine the level of cost recovery. It is the intent of the City Council that the focus be on those fees that have not recently been reviewed.

**Response from the Administration:**

The Planning Division is proposing fee increases for many of the applications/processes administered by Planning as part of the FY 2005-2006 budget.

5. **Cross-train Inspectors in Community Development** - It is the intent of the City Council that the Administration continue to explore opportunities to cross train inspectors in the Division of Community Development for the purpose of enhancing customer service, increasing the efficient use of budget and human resources, expediting the review process to encourage economic development, and reducing the number of visits to each site.

**Response from the Administration:**

Efforts have been made, and industry trend is moving toward “combination inspectors,” which may require additional resources; a recommendation will be forthcoming.

6. **Late Fees and Penalties** – It is the intent of the City Council that the Administration explore the consistency of late penalties, which are sometimes double the normal fee. The Administration could propose ordinance amendments that phase in late fees depending on the number of days late rather than significant penalties for minor delinquent payments.

**Response from the Administration:**

Late penalties vary with the type and the amount of licensing or fee. In some cases, they are based on a percentage of the original fee, and in other case they may not be a set dollar amount. The differences are due to some being a penalty for not renewing on time, while others reflect the time and costs associated with following up on the license or materials. No immediate ordinance changes are expected. Late fees in the City ordinances can be found for the following items:

Business licensing late penalties (5.04.114) are 25% of the amount due, but if the license is renewed after two months, the penalty is 100% of the amount due, although that same section of the ordinance requires that the business be closed if the license is not renewed within 60 days. (“In addition, any licensee whose license renewal fee is not paid within sixty (60) days of the due date shall terminate business operations at the previously licensed location. No business shall be conducted thereafter at said location unless and until the Mayor or the Mayor’s designee approves an application, notice or petition for renewal of a license or for a new license.”) When businesses do not renew their license, follow-up is done to check whether the business is still operating. The base business licensing fees are \$70 for commercial locations and \$50 for home businesses. In addition, disproportionate regulatory fees may also apply. If any changes are made to the ordinance, the recommendation is to have the 25% late fee apply only for the first 30 days, and to charge the 100% fee after that.

To renew a permit to board a building (18.48.180) costs \$1200 per year. A



late fee of \$25 is added for every 30 days (or portion thereof) that the permit is not renewed and the building is still boarded. The section of the ordinance specifically states that the City may take legal action to collect any amounts owed.

7. **Building Permit Hours of Service** – It is the intent of the City Council that the Administration analyze the possibility of expanding hours of service for individuals applying for building permits. Hours of service may need to be coordinated with the Treasurer’s Office since permit fees are collected by the Treasurer’s Office.

**Response from the Administration:**

The building permit counter is currently open for business from 7:30 a.m. to 4:30 p.m. We have resisted changing these hours as our primary customers feel these hours are the most convenient. We will continue to monitor this arrangement, and if a need is shown to increase hours of operation, we will forward a proposal to do so. Additional staffing will be needed to accomplish additional hours of operation without incurring significant overtime.

8. **Traffic Calming** – It is the intent of the City Council that the Administration continues and enhances efforts to look at traffic calming opportunities and engineering options as streets are scheduled for overlay or reconstruction, including how redesign of streets may encourage compliance with speed limits.

**Response from the Administration:**

Implemented. The Transportation Division reviews every City road rebuild or major rehab project to incorporate traffic calming aspects into the design, if justified. This also applies to design review of new subdivision streets. Additional solar powered speed boards have been purchased and will be deployed upon receipt on a prioritized, rotating basis on streets that have been identified as impacted by speeding. Traffic speed awareness signs for garbage cans, the Pace Car Program, Neighborhood Speed Watch Program, and traffic calming lawn signs are available from the Transportation Division on request as resident-initiated programs. The Transportation Division remains on the lookout for new opportunities to incorporate traffic calming.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Community Development Department.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council’s list for future audits.

## **SIX YEAR BUSINESS PLAN**

The following are goals and anticipated needs outlined in the Community Development Department’s Six Year Business Plan which was prepared in 2004 to

apply to Fiscal Years 2005 through 2010:

- Arts Council – will continue to attempt to increase independent revenue to supplement general fund financial support in order to achieve the desired level of growth in programs provided and individuals served.
- Building Licensing:
  - Implementation of the online business license application and renewal program will help improve customer service.
  - Addition of in-vehicle wireless computers to enforce and approve licenses in the field, as well as providing data access.
  - Implementation of on-line business licensing data, to allow customers to know if they are doing business with a licensed business.
- Construction Compliance:
  - Provide increased training so inspectors can perform multiple inspections on one site, improving efficiency and reducing number of required site visits, saving money in the long run.
- Permits:
  - Re-instating the crashed Interactive Voice Response (IVR) system, which would allow contractors to access their permit and inspection information without the aid of City staff. Currently, there is a seasonal employee to cover until the crashed system is restored. Once the IVR system is restored this employee will no longer be needed.
  - Working with IMS, the Department is utilizing wireless technology with its permit programs, to allow contractors and homeowners to access and discuss permit issues in the field. This eases the customer experience as well as the burden on City staff at the counter downtown.
- Housing and Neighborhood Development:
  - As this Division is funded in part by the US Department of Housing and Urban Development, it is required by law to prepare a five year consolidated plan for all programs. This plan also details Salt Lake City's share in spending. This plan is available on the City's web page at <http://www.slcgov.com/CED/hand>.
  - The programs implemented by this Division serve the low income residents of Salt Lake City, and the need for these programs is projected to continue to increase, as the numbers of individuals in need is projected to increase. Due to recent federal expenditures on homeland security and the war in Iraq, it is predicted that available federal funding will decrease, despite increased demand.
  - With regard to Housing, the Division is partnering with Salt Lake County, and is hopeful that this collaboration will help in rehabilitating at least 110 units annually.
  - Once a new mortgage system, being installed currently, is operational, it will be able to quickly calculate complicated blended mortgages, thus freeing up staff time, previously spend calculating mortgages by hand, for increasing collection and outreach efforts.
- Planning and Zoning

- The Division administration has a need to acquire a new records management system in the next two years, to address the number of records being generated by the Division, and the need for these records to be stored both physically and digitally.
- The demand for services from the zoning administration is anticipated to significantly increase over the next several years. Planning Commissioners have recommended the commission should focus on larger policy issues, rather than uncontested/routine administrative items. This could place additional burden on administrative staff.
- Zoning enforcement needs are expected to increase, particularly in areas with aging housing stock. Depending on the level of increased demand, additional staff may be needed.
- The Division intends to facilitate ongoing training for planning staff in graphic and presentation programs, in order to better facilitate the public participation process in planning. The Division will need to increase outreach efforts in order to respond to the diversifying population base and to encourage broad participation.
- Transportation Division
  - In order to address the anticipated expansion of the City Parking Permit Program (CPP) and maintain level of customer service, one additional Office Technician will be required.
  - In order to upgrade and update the current regional traffic modeling software (used in planning and programming traffic timing and planning), it will cost the Division roughly \$60,000, which will be submitted as a budget request in the next two years.
  - In order to keep up with increased demand for different modes of travel, and managing current traffic, the Division anticipates it will need to: (1) install three closed circuit television cameras per year at a cost of \$100,000 per year, (2) provide traffic monitoring stations in conjunction with the camera installations at a cost of \$30,000 per year, (3) in the next year approximately \$130,000 will be submitted as capital improvement requests.
  - Due to increased demand as well as CommuterLink recommendations, one additional Traffic Control Center operator will be needed in the next year, at a cost of \$50,000.
  - A formal funding source for a transportation intern (from the University of Utah), at a cost of \$17,000 per year, will likely be added, as in the past this has been funded through other cost centers, which have been greatly reduced.