
SALT LAKE CITY COUNCIL MAYOR'S RECOMMENDED BUDGET FISCAL YEAR 2006-07

DATE: May 25, 2006

SUBJECT: **Unresolved issues - Mayor's Recommended Budget FY 06-07**

STAFF REPORT BY: Gary Mumford

cc: Sam Guevara, Rocky Fluhart, Ed Rutan, Rick Graham, Louis Zunguze,
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The Council received the Mayor's Recommended Budget on May 2, 2006 and held budget briefings with the City's departments. The Council may wish to discuss some of the following unresolved issues. Additional Council discussions of unresolved budget issues are tentatively scheduled beginning June 1. The Council may wish to defer discussions on some of the items until one of the later work sessions when more information should be available. The following items are in alphabetical order. This is not a complete list of every item that Council staff is following up on. There are additional issues that will be addressed. We have starred the items that will require follow-up information, and placed in bold those for which it appears we have all of the basic information.

Unresolved budget issues:

1. **Animal services** (\$100,000 increase) – **Salt Lake County has been providing animal control services for Salt Lake City for several years by contract. The latest contract with the County Animal Services is a five year contract fixed for the first two years and variable afterwards. We are currently in the third year of the contract. The Salt Lake County Sherriff's Office, which handles the dispatching of animal service calls, will begin charging the County's Animal Services Division for this service. Salt Lake City's portion for fiscal year 2006-07 will be \$92,546. This item is included in the staff report for the Nondepartmental budget.**
2. **Business license fees** (\$1,323,379 increase) – ****The Council is scheduled to receive a separate briefing on the proposed business license fees.**
3. **Carpet in One-Stop Shop** – **The Council may wish to revisit the City & County Building re-carpeting project. It is listed in the 10-Year CIP Plan for FY 2007 but was inadvertently not requested this year because of staff turnover in the Facilities Management Division. However, due to the possible reconfiguration of space for the proposed one-stop counter, it could make financial sense to do at least one quadrant of carpet for the building in the same year as this proposal, so as not to duplicate efforts. To receive the best price, the Administration proposes buying carpet in a 1,500 yard lot for a total cost of \$116,925. The one stop shop needs only 215,218 square feet for their project at a cost of**

\$41,000. The remaining carpet will be stored or used to re-carpet a second quadrant of office space on the same floor.

- 4. Cemetery fee increase** – Last year the Council adopted a two year phased approach to increasing cemetery fees. The increase set to take effect July 1, 2006 is expected to bring in \$11,700 in additional revenue. The Council has the option to amend the fee schedule. Perhaps, the fees could be increased beyond the current ordinance since burial plots at the City cemetery may be sold out within a short time. *The Council may wish to determine whether a majority support the new cemetery fee schedule?*
- 5. Enhanced level of special events** (\$168,000 new funding) – The Administration is requesting additional funding of \$110,000 within the Department of Public Services and \$58,000 in the Police Department because the costs of supporting special events continues to increase. In the past, the Council issued a legislative intent requesting that the Administration determine where it would be appropriate to charge reimbursement fees. The Administration provided the following information about costs and amounts reimbursed. The top of the table shows citywide costs while the bottom portion is specifically for the Department of Public Services. The Council may wish to request clarification and specific information on the way in which the funding would be applied – whether it would reduce the current subsidy and allow the department to avoid diverting resources from other functions in order to address basic special event needs or whether it would serve some other purpose.

Special Events Costs/Revenue - All City Departments		
Total Cost to the City for Supporting Special Events	\$	490,908
less - Reimbursed costs	\$	(28,238)
less - Concession agreements	\$	(41,901)
Total Subsidy - All City Departments	\$	420,769

Special Events Costs/Revenue - Public Services Dept		
Total Costs - Public Services Dept (Streets, Parks, Refuse, Parking, Engineering, Special Event Support)	\$	241,873
less - Reimbursed costs (not including concession agreements. Concession agreements do not directly go to reimburse the Public Services Department, but the City as a whole)	\$	(28,238)
Total Public Services Dept Subsidy	\$	213,635
less Concession agreements	\$	(41,901)
Total Public Services Dept Subsidy (including concession agreement revenue)	\$	171,734

6. **Fire Department retirement incentive** (\$45,000) – **The budget includes an experimental one-time retirement incentive. Firefighters who have served over 30 years would be eligible for a single payment of \$5,000 per employee with the intent to help pay for health insurance. The Fire Department expects to generate savings of \$90,000 over five years for each employee taking the incentive. The budget does not include a similar proposal for police officers. *The Council may wish to ask the Administration about the status of the physical fitness requirements for City fire and police positions.***
7. **Fire inspection fees** (\$276,224 increase) – ****A discussion of the proposed ordinance on fire inspection fees is included in the staff report on business license fees, which will be held separately.**
8. **Fire Permit Fees** (\$126,000 increase) – **It appears that fire permit fees may have been budgeted twice in the proposed budget. The Administration was asked to provide an update regarding this issue. Council staff's understanding is that the Administration is going to recommend that the duplicate budgeted revenue be eliminated and replaced with \$126,000 of additional interest revenue. Interest rates have increased since the time the budget was developed. A written response has not yet been provided by the Administration.**
9. **Golf season passes** – ****Previously, the Administration had been phasing out season passes. There were concerns regarding abuse of the peak times and number of golf rounds played. The proposed season pass program is priced and restricted to help address these concerns, while at the same time encouraging the people to play Salt Lake City courses. *The Council may wish discuss the pass program and indicate whether it supports this proposal.***
10. **Golf employees transfer to seasonal status** – ****The Administration is proposing a shift from some full-time golf employees to seasonal staffing in an effort to reduce costs and align staffing more closely with operations. Council staff has requested additional information. *The Council may wish to defer discussion of this issue until an upcoming work session.***

- 11. Grant Tower – The proposed budget includes bonding \$7 million to realign the railroad tracks at the Grant Tower Curve and construct the Folsom Street/City Creek Parkway, which will daylight City Creek. This cost is in addition to the \$4 million that the Council previously allocated from fund balance. *The Council may wish to discuss whether to pay for a portion of the additional Grant Tower costs with fund balance.***

Fund Balance General Fund	
Fund balance – June 30, 2005	\$26,631,000
Less use of last year's lapsed appropriations for one-time costs in fiscal year 2006	(887,000)
Less appropriation of fund balance by budget amendment	(6,632,000)
Less proposed use of fund balance in budget amendment #5	(210,000)
Less proposed use of fund balance in Mayor's Recommended Budget for fiscal year 2007	(3,725,000)
Plus forecasted excess revenue in fiscal year 2006	3,393,000
Plus approximate expenditure savings in fiscal year 2006	400,000
Estimated Fund balance – June 30, 2006 (10.1% of proposed general fund revenue of \$187,210,603)	\$18,970,000
Minimum amount per Council policy (10% of general fund revenue)	18,721,000
Amount in excess of Council's 10% policy	\$ 249,000

Note: If the on-going property tax increase of \$2,090,000 is not levied, approximately \$450,000 of fund balance will be in excess of 10% of general fund revenue.

- 12. Justice Court – By straw poll, the Council made a preliminary decision to wait on authorizing the proposed new court positions until after the Council's study is completed. The study is scheduled to be completed in six months. The budget proposes to extend the four contract positions until November 1, 2006. Since it may take additional time to receive the final audit report and to determine a course of action, the Council may wish to consider two options: 1) fund the four contract employees' salaries through December 31, 2006 at an additional cost of \$22,567, or 2) fund the four contract employees' salaries through June 30, 2007 at a cost of \$90,266. These contract employees could also be funded out of one-time money.**
- 13. Legal Defenders (\$148,368 increase) – The City is required to provide legal counsel for indigent defendants where jail time is a possibility. The City contracts this responsibility to Salt Lake Legal Defenders at a proposed cost of \$615,162 for fiscal year 2006-07. The increase is for two attorneys and one secretary. This item is included in the staff report for the Nondepartmental budget.**

14. **Leonardo addition to the old library building** – The Mayor is proposing to fund a \$1,500,000 request from the Leonardo for an annex/seismic solution to the old library building. The proposed funding is to come from fund balance. *The Council may wish to discuss whether a majority is in favor appropriating fund balance for the Leonardo addition.*
15. **Mounted Horse Patrol** (\$42,700 City portion) – Council Member Saxton has been looking into the possibility of the Police Department using horse-mounted police in certain city parks or areas of the city. A pilot program could be partially supported with private contributions. The Council may wish to discuss the possibility of a small mounted horse unit. Mounted police provide improved visibility (ability to see and be seen) and the calming effect and novelty of horses. A few officers have personal horses and may be willing to use their horses and trailers on an overtime basis. The city would also pay for the horse's care, specialized uniforms and boots, saddle bags, and some other costs. The Council could opt to also consider this funding in the budget amendment in order to start the program as soon as possible.
16. **New Community Development position – Planner** (\$70,000 increase) – The budget proposes one additional planner (\$51,588 annual salary) 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 to address issues associated with the Northwest Quadrant Master Plan and other planning related data gathering functions.
17. **New Community Development positions – One-Stop Shop** (\$367,124 increase) – The Administration is requesting four additional FTEs for the one-stop shop: project coordinator and plans examiner (\$47,736 salary); office facilitator (\$36,108 salary); technical development engineer for fire inspection plan review (\$65,664 salary); and building inspector (\$50,244 salary). The Council may wish to fund the fire plan review at a lower level than fire engineer, since this level of expertise isn't legally required. The engineer level position would be an increase in service level.
18. **New Management Services position – Deputy Treasurer** (\$75,000 increase for 10-months) – The Administration is requesting a deputy treasurer position (\$69,000 annual salary) to provide support to the City Treasurer with debt issuance, investment portfolio management, and certain administrative matters.
19. **New Management Services position – HR Records System Administrator** (\$52,500 increase for 10-months) – The Administration proposes to upgrade the Human Resource Division's records management system with some savings in the current fiscal year. A new position is requested (\$45,158 annual salary) to implement the system and assure compliance.

- 20. New police positions – eight police officers & sergeant** (\$610,000 increase, plus \$225,000 for vehicles and \$80,000 for personal equipment) – **The salary for each new officers is \$32,856 and \$60,912 for the sergeant. Four of the officers would be assigned to the patrol division: two in the Pioneer Precinct and two in the Liberty Precinct. Four officers would be assigned to the detective division. The sergeant would be assigned at the Pioneer Precinct of the patrol division.**
- 21. New police positions – two crime lab technicians** (\$105,000 increase) – **Two additional field crime lab technicians are proposed at a salary of \$30,300 each. The number of calls for service in which a crime lab technician needs to respond is increasing. Overtime expenses for crime lab technicians was \$43,600 in fiscal year 2004-05 and for the first 10 months of 2005-06 has been \$36,300. The Police Department explained that additional crime lab field technicians will allow officers to be back on patrol sooner.**
- 22. New police position – civilian evidence room supervisor** (\$49,000 increase) – **Salary of \$36,756 to allow officer to be transferred to direct police services (detective division).**
- 23. New police position – civilian technician over pawn shop review** (\$39,000 increase) – **Salary of \$28,200 to allow officer to be transferred to direct police services (detective division)**
- 24. New Prosecutor’s Office positions** (\$106,820 increase) – **The budget proposes one new prosecutor position (\$47,640 annual salary) and one additional office technician (\$29,280 annual salary).**
- 25. New Public Services position – open space coordinator** (\$90,000 increase) – **The Administration is proposing a full-time position with an annual salary of \$71,328 to work with the community in preparing open space applications, oversee the process involved with acquiring and managing open space and serve as liaison to the Open Space Advisory Board. *The Council may wish to discuss whether this position needs to be full time or whether the position can be funded from one-time revenue.***
- 26. New Public Services position – facilities energy efficiency coordinator** (\$68,888 increase) – **This position (\$51,216 salary) will assure that the City is making the most efficient use of energy in all facilities managed by the Department of Public Services. The Department decreased its budget in a like amount for energy costs in anticipation of savings that this position may bring to the City. Some of the energy saving modifications that could be recommended will likely require one-time funding before a savings can be achieved.**
- 27. New Public Services position – engineering office tech** (\$50,000 increase) – **This proposed position (\$34,164 salary) will maintain the telecommunications cable infrastructure inventory records relating to the City’s right-of-way lease revenue. This work is currently performed by a contract employee temporarily funded from some one-time savings.**

- 28. New Public Services positions – Unity Center program coordinators** (\$30,536 increase) – **Two employees positions are proposed (\$41,820 annual salary) to be added when the Unit Center is opened (estimated April 1).** *The Council may wish to discuss the possibility of beginning with one coordinator.*
- 29. Ongoing CIP Funding** – **The 10-year CIP plan requires average funding from the general fund of 7.95% of general fund revenue. The 10-year plan projected that this percentage would provide funding of \$13,433,750 in fiscal year 2006-07. The proposed budget includes a transfer of \$12,502,682 of on-going general fund money to the CIP fund, which is \$931,068 short of the 10-year plan.** *The Council may wish to discuss supplementing the on-going CIP funding by making reductions in general fund positions/services. The Council could also decide to supplement the CIP funding with fund balance. The council may wish to wait until an upcoming work session for additional discussion after a number of budget cuts have been identified.*
- 30. Property tax revenue** – ****The Administration proposed two on-going property tax increases: (1) \$940,000 general property increase, and (2) \$1,150,000 dedicated for payment of liability claims as allowed by state law. By straw poll on May 11, the Council was generally not in favor of the property tax increases. These two tax increases will raise the tax on a \$190,000 home by \$17 and \$167 on a \$1,000,000 business.** *The Council may wish to confirm whether a majority still desires to balance the budget with reductions to positions/services rather than a property tax increase. The council may wish to defer this discussion until after a number of budget cuts have been preliminary determined.*
- 31. Property tax judgment levy** – ****A judgment levy in the amount of \$1,304,779 is proposed to offset a shortfall stemming from Tax Commission or court decisions that reduced the current year's taxes. The property tax numbers are not yet available from the County. The Administration is assuming that this will be the number from the County since the Administration received notice of judgments from the State Tax Commission. The Administration plans to use the judgment levy for one-time expenses. This will result in a one-time tax of \$11 on a home valued at \$190,000 and \$104 on a \$1,000,000 business. The Council made an informal decision to defer the one-time court setup costs of \$ 54,500. Other one-time expenses are \$204,316 for Community Development, \$758,950 for Fire, \$242,000 for Police, and \$211,000 for Public Services. By straw poll on May 11, the Council decided not to assess a judgment levy.** ***The Council may wish to discuss whether it is willing to do a judgment levy for general obligation debt service or for the Library.*
- 32. Public Services positions transferred from grant funding – YouthCity program coordinators** (\$150,000 increase) – **Grant funding for three program coordinators (\$40,224 salary each) is due to expire in fiscal year 2007-08. The three site coordinators manage programming at Ottinger Hall, Fairmont Park and Liberty Park.** *The Council may wish to discuss deferring the shift of funding since the grant funding doesn't expire in fiscal year 2006-07.*

- 33. Public Services position transferred from grant funding – computer clubhouse coordinators** (\$75,224 increase) – **Grant funding for the computer clubhouse coordinator (\$33,700 salary) and the assistant coordinator (\$20,784 three-quarter time pay) will apparently expire shortly.**
- 34. Retirement payout** (\$350,000) – **When a City employee retires, the City makes a cash payment of accumulated vacation leave and, under an old sick leave plan, the City also pays a portion of accumulated sick leave. For the past several years, the City has budgeted \$650,000 of general fund monies annually in anticipation of employees retiring. This appropriation is primarily used for police officers and fire fighters. Other departments leave positions vacant for a period to fund the payouts. The Administration is proposing to increase the retirement payout appropriation to \$1,000,000. This appropriation will be available to all general fund departments rather than primarily for Police and Fire. Any amount unspent will be transferred to a separate account to accumulate for the expected increase in future years. This item is included in the Nondepartmental budget.**
- 35. Revenue analysis** – ****Council staff is in the process of analyzing forecasted revenue. The Council will receive an update at an upcoming work session.**
- 36. Sister cities** (\$5,000 increase) – **This increase will allow the City to more appropriately reciprocate in ceremonial gift giving during visits with international delegations. This item is included in the staff report for the Nondepartmental budget.**
- 37. Take-home vehicles** – ****The Administration is proposing updating the reimbursement fees for take-home vehicles because costs have increased significantly since the current fees were set in 2001. Several changes to the policy are being proposed. The Council is scheduled to receive a separate briefing on the changes to the take-home vehicle policy.**