

# **SALT LAKE CITY COUNCIL STAFF REPORT**

## **BUDGET ANALYSIS – FISCAL YEAR 2007-08**

**DATE:** May 11,2007  
**BUDGET FOR:** **NON-DEPARTMENTAL (General Fund)**  
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The Non-Departmental budget provides a means to account for General Fund monies transferred to other funds, and disbursements to civic organizations that provide a service on behalf of Salt Lake City but which are not legal entities of the City. The Non-Departmental budget represents 22.4% of the total General Fund budget. The proposed budget for fiscal year 2007-08 contains several increases and decreases for a net increase of \$2,470,507. The proposed changes are as follows:

### **Proposed Increases**

- \$ 29,700 – Animal Services Contract
- \$ 203,000 – CBID Cost Overrun Correction (fund balance)
- \$ 2,600 – Community Winter Emergency Housing
- \$1,881,150 – Energy for the future Fund
- \$ 310,800 – Fleet Vehicles including \$210,000 for YouthCity minibuses
- \$ 7,000 – Housing Authority Transitional Housing
- \$ 363,370 – Information Management Services Transfer
- \$ 71,000 – Legal Defenders
- \$ 500,000 – Municipal Election Processing
- \$ 286,468 – Retirement Payout
- \$ 75,000 – Salt Lake City Arts Council
- \$ 1,527 – Salt Lake Area Chamber of Commerce
- \$ 3,000 – Sister Cities
- \$ 16,095 – Sugar House Park Authority
- \$ 739,620 – Transfer of ongoing revenues to CIP (funded at 7.0%)
- \$ 600,000 – TRAX 200 South Station
- \$ 375 – U.S. Conference of Mayors
- \$ 2,000 – Washington D.C. Consultant

### **Proposed Decreases or Elimination of Contribution**

- \$( 1,386) – Accounting System Maintenance Agreement (IFAS)
- \$( 62,130) – Bus Pass Program Transfer
- \$( 151,022) – Insurance and Risk Management Fund Transfer
- \$( 200,000) – Geographic Information System (GIS) one-time funding
- \$( 20,000) – Mayor's Portrait
- \$( 11,200) – National League of Cities Membership Dues
- \$( 10,000) – No More Homeless Pets of Utah
- \$( 10,000) – Real Estate Professional for Economic Growth
- \$( 18,000) – Sales Tax Rebate
- \$( 7,437) – Salt Lake Council of Governments
- \$( 2,562) – Street Lighting Special Assessment Districts
- \$( 104,168) – Utah League of Cities and Towns Membership

| PROPOSED NON-DEPARTMENTAL GENERAL FUND BUDGET                                           |                              |                               |                    |                   |
|-----------------------------------------------------------------------------------------|------------------------------|-------------------------------|--------------------|-------------------|
| Programs                                                                                | Amended<br>Budget<br>2006-07 | Proposed<br>Budget<br>2007-08 | Difference         | Percent<br>Change |
| <b>Municipal Contributions/Civic Support</b>                                            |                              |                               |                    |                   |
| Civic Opportunities Fund (First Night)                                                  | \$ 15,000                    | \$ 15,000                     | \$ - 0 -           |                   |
| Community Emergency Winter Housing                                                      | 65,000                       | 67,600                        | 2,600              | 4.0%              |
| Economic Development Corporation of Utah                                                | 108,000                      | 108,000                       | - 0 -              |                   |
| Gifts/Receptions                                                                        | 15,000                       | 15,000                        | - 0 -              |                   |
| Hispanic Chamber of Commerce                                                            | 1,500                        | 1,500                         | - 0 -              |                   |
| Housing Authority Transitional Housing                                                  | 118,000                      | 125,000                       | 7,000              | 5.9               |
| Legal Defenders                                                                         | 615,162                      | 686,162                       | 71,000             | 11.5%             |
| Mayor's Portrait                                                                        | 20,000                       | - 0 -                         | (20,000)           |                   |
| National League of Cities                                                               | 11,200                       | - 0 -                         | (11,200)           |                   |
| No More Homeless Pets of Utah                                                           | 10,000                       | - 0 -                         | (10,000)           |                   |
| Real Estate Professional for Economic Growth                                            | 10,000                       | - 0 -                         | (10,000)           |                   |
| Sales Taxes Rebate                                                                      | 158,000                      | 140,000                       | (18,000)           | (11.4%)           |
| Salt Lake Arts Council                                                                  | 243,600                      | 318,600                       | 75,000             | 31.0              |
| Salt Lake Area Chamber of Commerce                                                      | 30,473                       | 32,000                        | 1,527              | 5.0%              |
| Salt Lake Valley Conference of Mayors                                                   | 225                          | 225                           | - 0 -              |                   |
| Salt Lake Council of Governments                                                        | 30,627                       | 23,190                        | (7,437)            | (24.3%)           |
| Sister Cities                                                                           | 7,000                        | 10,000                        | 3,000              | 42.8%             |
| Sugarhouse Park Authority                                                               | 175,481                      | 191,576                       | 16,095             | 9.2%              |
| Tracy Aviary                                                                            | 250,000                      | 250,000                       | - 0 -              |                   |
| TRAX 200 South Station                                                                  | - 0 -                        | 600,000                       | 600,000            |                   |
| U.S. Conference of Mayors                                                               | 12,500                       | 12,875                        | 375                | 3.0%              |
| Utah League of Cities and Towns                                                         | 104,168                      | - 0 -                         | - 0 -              |                   |
| Total Municipal Contributions/Civic Support                                             | 2,000,936                    | 2,596,728                     | 595,792            | 29.8%             |
| <b>Other Programs</b>                                                                   |                              |                               |                    |                   |
| Accounting System Maintenance Agreement (IFAS)                                          | 82,936                       | 81,550                        | (1,386)            | (1.7%)            |
| Animal Services                                                                         | 991,500                      | 1,021,200                     | 29,700             | 3.0%              |
| Municipal Election Processing                                                           | - 0 -                        | 500,000                       | 500,000            |                   |
| Energy for the Future Fund                                                              | - 0 -                        | 1,881,150                     | 1,881,150          |                   |
| Geographic Information System                                                           | 235,000                      | 35,000                        | (200,000)          |                   |
| Local lobbyist                                                                          | 25,000                       | 25,000                        | - 0 -              |                   |
| Non CDBG Mailings                                                                       | 6,000                        | 6,000                         | - 0 -              |                   |
| Retirement payments (cash payouts and severance)                                        | 1,000,000                    | 1,286,468                     | 286,468            | 28.6%             |
| Street lighting – electrical power                                                      | 1,350,000                    | 1,350,000                     | - 0 -              |                   |
| Tuition aid program                                                                     | 85,000                       | 85,000                        | - 0 -              |                   |
| Washington DC Consultant                                                                | 58,000                       | 60,000                        | 2,000              | 3.4%              |
| Total Other Programs                                                                    | 3,833,436                    | 6,331,368                     | 2,497,932          | 65.2%             |
| <b>Debt Service – Tax &amp; Revenue Anticipation Notes</b>                              |                              |                               |                    |                   |
| Interest Expense on Tax Revenue Anticipation Notes                                      | 882,500                      | 882,500                       | - 0 -              |                   |
| Bonding/Note Expense                                                                    | 35,000                       | 35,000                        | - 0 -              |                   |
| Total Debt Service                                                                      | 917,500                      | 917,500                       | - 0 -              |                   |
| <b>Transfers</b>                                                                        |                              |                               |                    |                   |
| General Obligation Debt Service- (CIP Fund)                                             | 7,778,257                    | 7,753,964                     | (24,293)           | (.31%)            |
| Debt Service – Other Projects (CIP Fund)                                                | 6,623,007                    | 6,245,377                     | 377,630            | 5.7%              |
| Capital Improvement Projects                                                            | 7,879,675                    | 6,996,925                     | 882,750            | 11.2%             |
| CBID cost overrun correction from fund balance                                          | - 0 -                        | 203,000                       | 203,000            |                   |
| Fleet Replacement Fund (minibuses, signal tech truck and ground transportation vehicle) | 5,235,381                    | 5,546,181                     | 310,800            | 5.9%              |
| Information Management Services                                                         | 5,317,318                    | 5,680,688                     | 363,370            | 6.8%              |
| Insurance & Risk Management Fund                                                        | 1,811,903                    | 1,660,881                     | (151,022)          | (8.3%)            |
| Bus pass program                                                                        | 62,130                       | - 0 -                         | (62,130)           |                   |
| Governmental Immunity Fund                                                              | 1,150,000                    | 1,150,000                     | - 0 -              |                   |
| Street Lighting Special Assessment Districts                                            | 120,787                      | 118,225                       | (2,562)            | (2.1%)            |
| Total Transfers                                                                         | 35,978,458                   | 35,355,241                    | (623,217)          | (1.7%)            |
| <b>TOTAL</b>                                                                            | <b>\$42,730,330</b>          | <b>\$45,200,837</b>           | <b>\$2,470,507</b> | <b>5.8%</b>       |

## **Description of proposed Non-Departmental appropriations:**

1. Accounting System Maintenance Agreement (\$1,386 decrease) – The City has traditionally accounted for the maintenance agreement on the accounting system within the Non-Departmental budget under the assumption that the system benefits all departments.
2. Animal Control Services contract (\$29,700 increase) – Salt Lake County has been providing animal control services to Salt Lake City for several years by contract. The 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 fourth year of the contract.

Salt Lake County is in the process of conducting an internal audit of Animal Control Services which may take until August to complete. The budget request reflects the 3% increase called for by the contract.

Recent Parley's Historic Nature Park discussions and the volume of complaints relating to dogs off leash on the Shoreline Trail and Jordan River Parkway have pointed to the need for additional enforcement resources. As noted at the end of this report, the Council may wish to provide funding for the City to contract with the County for additional spot enforcement. Further, the Council should be aware that the County anticipates that the charges for Animal Control Services will increase significantly in coming years to assure that the full costs of service to the City are covered.

3. Arts Council (\$75,000 increase) – The Non-Departmental budget includes \$243,600 for the Arts Council. The proposed budget includes an increase of \$75,000 for arts grants, public arts programs, and facility expenses. Salaries of the Arts Council employees are separately budgeted within the Department of Community Development.

During the Budget Overview discussion, a Council Member inquired about the possibility of increasing the grants portion of the proposed budget.

4. Bus pass program – The City instituted the bus pass program to encourage the use of mass transit. In the past, the discount was available as a result of a special program with UTA based on the total number of employees. This year, the proposed budget includes a \$62,130 savings for the Non-departmental budget that would have been allocated for City employee UTA Eco-Passes. The City has negotiated an agreement with UTA that in exchange for the franchise fee for the TRAX extension project, UTA will provide the City with three years of eco-passes at no charge to the City.
5. Capital Improvement Projects Fund for ongoing projects – The Administration is proposing to transfer \$6,996,925 for on-going capital improvement projects (\$1,795,194 short of the recommended 7.95%), and \$6,245,377 for general fund debt. The debt figure includes \$388,334 for the proposed bonds for the TRAX extension and West Side Railroad Realignment projects.
6. CBID Cost Overrun Correction (fund balance - \$203,000) – Earlier this year, the Administration found that there is a shortfall of cash in the Downtown Economic District (CBID) as a result of the City paying the Downtown Alliance amounts in excess of assessments. Although the City has an automated control to prevent payments in excess of budget, the City does not have a control to prevent payments

in excess of available cash. The deficit is \$319,000, and the Administration has determined that it is not feasible or appropriate to create new assessments for services already provided. The Administration proposes to use \$116,000 from accumulated debt service interest savings, and the remaining \$203,000 to come from the Non-Departmental budget as a one-time expenditure.

7. Civic opportunities fund (First Night) – The proposed \$15,000 budget is for the First Night celebration. The City's contribution assists the Downtown Alliance to help with the funding of the First Night celebration. This same amount was requested last year.
8. Community Emergency Winter Housing (\$2,600 increase) – Salt Lake City's share of the operating costs of the winter overflow shelter located in Midvale is based upon population. The proposed request for FY 2007-08 is \$67,600, which is 4.0% more than last year's request. The cost is \$20.00 per night per individual for approximately 3,400 individuals.
9. Economic Development Corporation of Utah – In 1997, the total municipal funding of the Economic Development Corporation of Utah (EDCU) was assessed based 50% on population and 50% on certain revenues (sales tax, franchise & utility tax, licenses & permits, and other fees). Salt Lake City's contribution was calculated to be \$126,659 in 1997. This amount remained unchanged until 2000 when all assessments increased 5%. Salt Lake City's contribution based on the 1997 formula with a 5% increase is \$132,992. The appropriation is proposed to continue at \$108,000.
10. Energy for the Future Fund – The Mayor is proposing to fund an initiative that would dedicate 1% of ongoing general fund revenue (\$1,881,150) to provide funding for the following uses, all geared towards promoting energy efficiency in the City in both the public and private sector:
  - Alternative energy sources for City facilities (solar, wind, biomass, etc.)
  - Energy-efficiency projects in City facilities – The Administration has included some of these projects as CIP projects and recommended funding in the amount of \$709,454:
    - Westside Senior Center - \$194,534 – replace HVAC equipment and automate building lighting to lower operations costs (not in CIP 10-Year Plan). Project received a \$15,000 State grant.
    - Plaza 349 - \$260,885 – replace HVAC equipment and automate building lighting to lower operations costs (specific project not in CIP 10-Year Plan). Project received a \$15,000 State grant and \$259,079 in Budget Amendment #2.
    - City and County Building - \$254,035 – replace HVAC equipment and automate building lighting to lower operations costs (specific project not in CIP 10-Year Plan). Project received \$164,980 in Budget Amendment #2.
  - Alternative energy demonstration projects
  - Renewable energy purchases
  - **Loan fund to provide matching loans** to citizens and businesses looking to complete alternative energy projects. (Specifics of this program are subject to Council approval, including additional staff that may be needed to administer the program). The Administration is recommending that up to 25% of the funds be used for this purpose (\$470,287).

The Council should be aware that this funding is essentially one-time money because it relates to the “spike” in permit revenue. This funding will not be fully available if the City Creek project is not developed as planned. This spike in revenues is not projected to continue beyond three years. The extent of the written material available from the Administration on this program is located in the budget book and an additional copy is attached for your convenience.

During the recent Budget Overview discussion, a Council Member asked about energy services contracting. This is a program wherein the City would hire a consultant to evaluate all of the City’s energy sources and make recommendations for greater energy efficiency. The consultant’s fee is based on the energy savings achieved by the City, once the audit recommendations are implemented. The Council may wish to consider using a portion of the 1% for an energy services audit. The Administration has indicated it is currently investigating this option.

With regards to the loan program, the Administration indicates that an ordinance detailing the specifics of the program, including project parameters, interest rates, loan limits and the approval process will be forthcoming.

The CIP projects and funding will be discussed in detail during later budget discussions.

11. Fleet Replacement (\$310,800 increase) – The proposed budget for Fleet replacement increased this year from \$5,235,381 to \$5,546,181, or \$310,800. The increase in funding includes \$74,000 of one-time funds for a lift truck for a signal technician in Public Services, \$26,800 of one-time funds for a vehicle for the Ground Transportation Administration office, and \$210,000 of one-time funds for YouthCity mini-buses.

Lift Truck: There are currently four signal technicians equipped with a lift truck. The additional signal technician and equipment and vehicle are needed to handle the current workload and new signals planned for the near future. (The Council may wish to note that lift trucks are used to install speed feedback signs.)

Ground Transportation Vehicle: The Administration indicates that a car is needed to allow the enforcement officer to provide spot checks. A fleet car is not available, and administrative policy requires the purchase of hybrid vehicles. The cost of a hybrid vehicle is \$24,000, and fuel cost estimates are \$2,875 or a total of \$26,875. If a hybrid vehicle is not purchased, another vehicle would be purchased for \$15,000.

YouthCity Minibuses: The mini-buses were requested in FY 2006, but they were not funded by the Council. This request includes the purchase of five mid-size buses for the YouthCity program for a total cost of \$210,000 (\$42,000 for each bus). This request will be discussed in greater detail during the Public Services Budget discussion. The Council may wish to ask whether the current vans used for YouthCity programs would continue to be used or whether the buses would replace the vans.

12. Geographic Information System(GIS) (\$200,000 decrease) – Last year, the Council approved \$200,000 of one-time funding to assist with the development of a geographic information system (GIS). Each year, beginning in 1997, the Non-Departmental budget has included funding for equipment to help with additional GIS applications or implementation. For fiscal year 2007-08, the Administration is

proposing funding of \$35,000, the same as it has been in prior years. The \$35,000 appropriation is very modest given the potential uses that the GIS system has to make City tasks more efficient.

The Administration indicates that if the Council appropriates the \$1.65 million for the Accela program, the \$200,000 appropriated last year for GIS will fall to fund balance, and would be available to be re-appropriated for other one-time needs. *The Council should be aware that the full implementation of GIS is not included in the \$1.65 million for the Accela program. The Administration made an initial presentation to indicate that IMS staffing would be needed to implement the next step. Should the Council wish to move ahead on those next steps sooner rather than later, the Council could continue the \$200,000 funding for this effort.*

13. Gifts and Receptions – This appropriation pays for receptions including the Mayor's holiday luncheon for City employees. The budget also pays the expenses relating to the induction ceremony, as well as gifts presented by the Mayor to visiting dignitaries. The Council has an Induction Ceremony scheduled for January 2008.
14. Governmental Immunity Fund – The City's Governmental Immunity Fund provides for protection against unfounded claims of liability and for payment of legitimate claims. Net assets in the Governmental Immunity Fund have increased over the past four years. As noted in Council discussions, the funding available is not consistent with the level that would be recommended in the private sector, given the level of exposure. The fallback funding source is the general fund balance, and ultimately the city taxpayers.
15. Hispanic Chamber of Commerce – In fiscal year 2002-03, the City joined the Hispanic Chamber of Commerce as a dues paying member. The appropriation is proposed to continue this year at \$1,500.
16. Housing Authority Transitional Housing (increase \$7,000) – The proposed budget includes payments in lieu of taxes from the Housing Authority of \$125,000. Federal regulations allow housing authorities to make payments from federal funds to cities in lieu of property taxes. The proposed budget includes a contribution of these funds back to the Housing Authority as a match for a federal grant used for maintaining existing transitional housing. The City has traditionally transferred the payment in lieu of taxes back to the Housing Authority.
17. Information Management Services Fund (\$363,370 increase in transfer) – The City's Information Management Services Division maintains the City computer infrastructure. The General Fund's portion of major systems is funded by a direct transfer from the General Fund. A \$5,680,688 transfer is proposed for fiscal year 2007-08, which is a 6.8% increase as compared to fiscal year 2006-07. City departments are charged for computer maintenance (set fee per computer), for discretionary computer support services not covered by the maintenance agreement, and for telephone services. Council staff will prepare a separate staff report on the budget for the Information Management Services Fund.
18. Insurance & Risk Management Fund (\$151,022 decrease) – The General Fund's share of fire insurance and administrative costs for the Insurance & Risk Management Fund is decreasing by \$151,022 or 8.3%. Council staff will prepare a separate report on Insurance and Risk Management.

19. Legal Defenders (\$71,000 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 (LDA) at a proposed cost of \$686,162 for fiscal year 2007-08. Most of the proposed increase can be attributed to inflationary increases. No new staff will be added. The increase is inflationary in nature.

According to the Administration, the City is legally obligated to provide "adequate costs of defense for persons charged with a public offense who are determined by the court to be indigent under Title 77, Chapter 32". Further, the U.S. Supreme Court in *Alabama v. Shelton* requires appointment of counsel for anyailable offense.

There are no legal requirements to give the requested increase, according to the Administration. The LDA would determine based on their caseload if they are able to perform this service on behalf of the City. If they determine that they cannot perform with the contract price, the Administration would void the contract and have to find another vendor, which could lead to a higher price per case, and an increase in funding, than if the request is granted to the LDA's Office.

20. Local lobbyist – Three years ago, the budget added funding of \$50,000 for local lobbying efforts with the condition that the Council could approve the lobbyists and the items to be lobbied. The initial contract included \$25,000 from the City and \$25,000 from the Redevelopment Agency (RDA). The RDA has not budgeted for a local lobbyist for fiscal year 2007-08. The Council may wish to note that the actual amount paid to the local lobbyist in fiscal year 2006-07 was \$40,000. For fiscal year 2007-08, the Administration has requested \$25,000.
21. Municipal Election Processing (\$500,000) – As a result of the County's change to the electronic voting system there has been an increase of \$325,000 in election year costs as compared to the previous election year budget (\$175,000 in FY 2006). The City has the option of handling its own election using paper ballots. However, the City would have to rent all of the necessary ancillary machines and equipment as the County no longer has ownership of the previously-used equipment. The City would also have to hire staff to run the election and count ballots.
22. National League of Cities (not funded) – The Mayor's Recommended Budget recommends eliminating Salt Lake City's support of the National League of Cities and Towns.
23. Non-CDBG mailings – The Mayor's Office mails community council newsletters and agendas to those residents registered with community councils. Community Development Block Grant funding is available for mailings in CDBG eligible areas. Several years ago, the Council added \$6,000 for mailings in non-eligible areas. Please see the additional reference to community council mailings at the end of this report.
24. Retirement payments (\$286,468 increase) – Last year, the City budgeted \$1,000,000 of general fund monies in anticipation of employees retiring. These funds are available on a first-come, first-serve basis and are usually not adequate to cover 100% of the payments to retirees. Some departments cover most retirees' cash payments by leaving positions vacant or by using savings within their department. For fiscal year 2007-08, the Administration proposes an increase of \$268,468 in anticipation of cash payouts and severance due to the change in Administration in January of 2008. It is Council staff's understanding that this is a very rough

estimate on the part of Administrative staff. Specific rationale is not available. This is really a “balancing” number.

Any unspent amount will be transferred to a separate account to accumulate for the expected increase in future years.

25. Sales Tax Rebates (decrease of \$18,000) – The City is contractually obligated for sales tax rebates relating to incentives for two retail businesses – Fred Meyer (Smith’s Marketplace) and Sutherlands.
26. Salt Lake Area Chamber (\$1,527 increase) – The Administration requests \$32,000 for membership dues, which is a 5.0% increase as compared to last year’s request.
27. Salt Lake Valley Conference of Mayors – During the mid 1990s, mayors in Salt Lake County began to meet together to discuss strategies to compel the County to eliminate double taxable and other issues. Dues of \$175 began in 1997-98.
28. Salt Lake Council of Governments (COG) (\$7,347 decrease) – The Salt Lake Council of Governments includes Salt Lake County representatives and representatives from cities in the county. COG requested \$23,190, which represents a 24.3% decrease for Salt Lake City as compared to last year. Salt Lake City’s portion of the total budget for COG is 27.3% based on assessed values.
29. Sister Cities (\$3,000 increase) – Salt Lake City has established Sister City relationships with several cities in other countries. Since the adoption of Salt Lake City’s first sister city, Matsumoto, Japan in 1958, Salt Lake City’s program has expanded to include five additional sister cities and two friendship cities. The six sister cities include: Matsumoto, Japan (1958); Quezon City, Philippines (1960); Oruro, Bolivia (1977); Keelung, Taiwan (1979); Chernivtsi, Ukraine (1989); and Thurles Town, Ireland (2000). The two friendship cities include Yinchuan, P.R. China (2003) and Torino, Italy (2003). Friendship city relationships may be promoted to sister city status following a successful assessment period of several years. The goal of the Salt Lake Sister Cities Program is to promote peace and unite local and global communities through friendship, economic opportunities and cultural and educational exchanges. City elected officials sometimes attend functions hosted by local organizations in honor of the Sister City guests, present welcoming gifts to visiting dignitaries, arrange for tours of the City & County Building, etc. The Mayor’s Recommended Budget proposes an increase in funding of \$3,000 for the Sister Cities program.
30. Street lighting electrical power (no increase) The electricity budget for general street lighting, excluding special improvement lighting district electrical costs, is budgeted within Non-Departmental.
31. Street Lighting Special Assessment Fund (\$2,562 decrease) – The City pays 25% of street lighting costs of special districts since the City would have provided some lighting within districts. The General Fund’s total share of district costs is projected to be \$118,225 which is \$2,562 or 2.1% less than last year.
32. Sugarhouse Park Authority (\$16,095 increase) – The proposed budget is \$191,576. The City and County share equally the costs of operating the Sugarhouse Park. Most of the increase can be attributed to the repair of the sprinkler system.
33. Tax & Revenue Anticipation Notes – The proposed budget includes \$882,500 for interest on tax and revenue anticipation notes and \$35,000 for issuance costs. As is customary, each year the City borrows funds to help support General Fund



operations until property taxes are received. Council staff will prepare a separate staff report on Tax & Revenue Anticipation Notes for the June 5<sup>th</sup> Council meeting.

34. Tracy Aviary – The proposed budget request of \$250,000 is the same as the request from last year. Currently the City budgets \$250,000 per year to assist the Aviary with on-going expenses. The Administration is proposing no increase in this support. The Council did approve \$200,000 in funding in budget amendment #2 for various capital improvements and to assist the Aviary in hiring a development director. The Mayor is also recommending \$200,000 in the CIP budget for renovation of the Wilson Pavilion (the \$100,000 cost of design was included in prior budget amendment funding). According to the Administration, the City has been providing subsidy assistance to the Aviary for 11 years.
35. TRAX Extension, 200 South Station (\$600,000) – The Administration's proposed budget includes \$600,000 for the bond-ineligible portion of the TRAX extension project.
36. Tuition aid program – With prior approval, Salt Lake City reimburses employees 70% of tuition paid to an accredited institution for job related classes taken for credit on employees' own time up to a maximum of \$2,000 per employee per calendar year. The reimbursement percentage for career development classes is reduced to 50%. Employees must submit receipts and grades prior to reimbursement. The City reimburses only for grades of C or better. If an employee leaves City employment within one year of receiving payment for tuition, the tuition payment is withheld from the employee's last paycheck. The proposed budget is \$85,000, which is the same as last year's request.
37. U.S. Conference of Mayors (\$375 increase) – The increase in funding represents an increase in membership dues. For fiscal year 2007-08, the City's dues will be \$12,875.
38. Utah League of Cities & Towns (not funded) – The Mayor's proposed budget recommends eliminating Salt Lake City's support of \$104,168.
39. Washington DC consultant (\$2,000 increase) – The Administration is proposing to continue to fund a Washington DC consultant. Two years ago, the Council made the appropriation contingent upon the Council's approval of the items to be lobbied. The budget request is \$60,000 which is an increase of 3.4% over last year's request.

### **Items Proposed by City Council Members**

1. Utah League of Cities & Towns Membership (\$108,559) - For fiscal year 2007-08, the City's dues are \$108,559. Council Member Love serves on the Utah League's Executive Committee and has asked the League to re-evaluate the membership dues. The League will respond in December.
2. National League of Cities & Towns Membership - \$11,200 – For fiscal year 2007-08, the City's dues are \$11,200. This same amount was requested last year by the National League. One Council Member noted that not all Utah cities belong to the National League.
3. Tracy Aviary (additional funding)  
As mentioned previously in this report, the Mayor's proposed budget recommends that the Council approve \$250,000 to assist the Aviary with on-going expenses.

Two Council Members have indicated a strong interest in providing additional funding for the Aviary.

4. AIA's Liveable Communities Conference - \$2,500  
A Council Member has asked for support from the Council to identify funding allowing the City to serve as a minor sponsor for the AIA's Liveable Communities Conference in November of 2007. This would be similar to the City's previous support of the Rotary convention, the National League of Cities and Towns convention, the Utah League of Cities and Towns convention, and hosting committees of the National League of Cities. In the case of previous sponsorship, the justification has been based upon the exposure brought to the City both prior to and during the conferences. The same rationale would be used for this sponsorship.
5. Funding for City Mailings – Estimated cost \$75,000 – A Council Member has asked for support from the Council to identify funding to allow each community council to send a mailing once each year to every address in their area (residents and businesses). This estimate does not include staffing resources. A second Council Member suggested the option of the City sending an annual notice rather than the Community Councils sending the notice directly.
6. Parley's Historic Nature Park/Off-leash issue – The City is continuing to evaluate options to balance the needs of the community of dog owners that would like the park to officially be established as an off-leash park, with the desires of the citizens who are concerned about the preservation and protection of natural open space at the park. A committee of citizens representing both sides will present a variety of options to the Council, and will identify areas of financial investment that the City could participate in to help address the major issues that have been identified. The following are preliminary ideas relating to future City participation (all costs are estimates):
  - a. \$100,000 – Baseline environmental review for Parley's Historic Nature Park.
  - b. \$40,000 – Funding to the County to increase enforcement in this area and in other open space areas.
  - c. \$75,000 – Staff support dedicated to the management and maintenance of "natural" open space (requires different knowledge base than that required for maintenance and management of other City parks).
  - d. \$TBD – Pay for "natural fencing" to protect the stream area for bird nesting.
  - e. \$TBD – Purchase additional parcels on the west side or in other parts of the City for dog off-leash areas to help offset the demand for usage of Parley's Historic Nature Park as a dog off-leash area.
  - f. \$TBD – Resources to properly repair and maintain the Parley's Historic Nature Park.

The Council may wish to consider funding any or all of the above-mentioned items.

## **LEGISLATIVE INTENT STATEMENTS**

No legislative intent statements are outstanding relating to the Nondepartmental budget.

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

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



### **Energy Fund for the Future**

Salt Lake City must consider energy use and conservation in every decision we make. The costs of energy are increasing, not only in the monetary sense, but also due to the production of air pollution and greenhouse gas emissions, which are the main cause of climate change. As our City grows, the health and welfare of our citizens will continue to be directly tied to our use of energy.

Salt Lake City has become a nationally and internationally recognized leader on environmental issues, and the citizens of Salt Lake City expect us to maintain this leadership. The City Council's commitment to a sound energy policy will continue to provide this

leadership. We will benefit significantly from this continued visibility, showing individuals and businesses our commitment to the future.

To maintain our leadership, the Administration recommends the creation of the Energy Fund for the Future. This innovative program will be funded at an amount equal to 1% of the General Fund ongoing revenue on an annual basis (\$1,881,150 this year). This will provide seed money, much of which will be easily recovered in energy savings. The Fund will be earmarked for the following uses:

- Alternative energy sources for city facilities: solar, wind, biomass, ground-source heating or other non-carbon emitting processes;
- Energy efficiency projects: Upgrading lighting, equipment and materials so that less energy is used in city buildings. Funds may be used for engineering support to evaluate these projects;
- Demonstration projects to determine the feasibility of new energy alternatives;
- Renewable energy purchases; and
- Individual and business loans for energy investment projects. Up to 25% of the funds will be used to provide matching loan funds so that individuals and businesses can more easily complete alternative energy projects. Specifics of this program will be subject to Council approval, including the need for administrative support to manage the program.

An ordinance that details the specifics of the loan program including project parameters, payback requirements, interest rates, loan limits, and the approval process will soon be presented to the Council for approval.

There are already a number of potential projects we could choose from for use of the Fund:

Westside Senior Citizen Center Energy Conservation  
Plaza 349 Energy Conservation  
City and County Building Energy Conservation  
Energy Conservation Study for 37 Buildings  
Parks Building – Green Roof  
Feasibility Study for a City Heating District

By taking the lead in promoting alternative energy, the City will be helping to support industries that will create quality jobs and promote economic development. The use of alternative energy sources can provide a hedge against rising fuel prices and is a valuable risk management tool. Solar and wind technologies are emissions-free, making them attractive from an environmental standpoint. They can also enhance the disaster resiliency of communities and individual structures. For example, solar electric systems can provide needed power to fire stations, police departments, fleet gas stations, and emergency operations centers in the aftermath of a large storm or other natural disaster when the regular grid system is out of commission.

By also including a loan fund for businesses, Salt Lake City will be providing the seed money that many businesses need to complete alternative energy projects. This will further encourage the alternative energy industry in the city, help to educate citizens on the benefits of alternative energy use, and will show our commitment that every business can make a difference.

Here are some specific benefits of a sound energy policy:

#### Economics

Rocky Mountain Power is owned by Mid-America, a large company headquartered outside of Utah. Much of the profit leaves our

state and local economies. However, renewable energy and energy efficiency tend to be labor-intensive and local. They can create quality job growth in manufacturing, construction, operation, and maintenance. In addition, studies indicate that dollars saved through energy efficiency tend to be spent locally.

Energy efficiency investments start saving energy immediately and have short paybacks. Reducing usage lowers operating costs and can help make industry, farms, and merchants more economically competitive. Energy efficiency also helps minimize the need to build new and expensive power plants. Studies indicate that energy efficiency technologies cost substantially less than building or purchasing new energy supply.

The more renewable energy a city generates, the better equipped it will be for costly environmental regulations in the future. For example, when the greenhouse gases that cause climate change become federally regulated, cities with strong renewable energy programs will save money and their economies will gain a significant advantage.

#### Environmental Benefits

Alternative energy technologies have significant environmental benefits. Solar, geothermal and wind technologies are emissions-free at the point of use; emissions from biomass are lower than comparable conventional fuels; and energy efficiency, by definition, reduces energy consumption, which results in fewer emissions. Consequently, these technologies can contribute to least-cost strategies to meet emissions reduction standards and comply with air quality regulations.

When future environmental regulations include carbon dioxide, renewable and energy efficiency technologies can provide a cushion for the City. This could serve as a hedge against possible litigation, as conventional energy production

and consumption contribute significantly to carbon dioxide emissions.

Renewable energy technologies also have minimal impact on water resources. They do not discharge pollutants into surface water, and toxins do not seep into groundwater. Cooling water is not required for solar and wind technologies — an important consideration in our semiarid region.

Environmental impacts also translate into health considerations. It is well documented that the particulates and other criteria emissions from coal-fired power plants impact human health and result in rising health care costs.

#### Risk Management

Adding renewable energy technologies to an energy portfolio will provide the diversification needed to hedge against unplanned events that threaten either the delivery or the affordability of energy. Renewable energy and energy efficiency can help protect against security threats, natural disaster, or human error by distributing energy supply sources. Alternative energy sources can better provide emergency power during disruptions, and can provide a needed hedge against rising or fluctuating prices of conventional fuels. As the costs of conventional fuels tend to rise, the capital costs of renewable energy technologies will likely come down: and in the case of wind and solar energy, the fuel is free.

#### Reliability

The City must ensure that its municipal energy supply is reliable, and the most reliable kilowatt is the one that does not need to be generated, transmitted, distributed, or stored. Rather than using back-up generators that can be extremely polluting and expensive to run, solar energy can be available during high-peak demand times in the middle of the day in summer. In the case of utility brownouts, solar back-up will enhance the reliability of our electricity supply.

### Public Demand

Renewable energy sources offer several avenues for satisfying public concern for environmental preservation. Salt Lake City citizens are known to prefer environmentally clean energy and many are willing to pay extra for "green" power.

Our citizens support energy efficiency technologies and efforts because they view these investments as fiscally sensible and environmentally responsible. It is time for us to show our leadership by designating 1% of our General Fund as an investment towards our future energy needs.

The Fund will be managed by the Sustainability Director who will report on the Fund's progress to the Mayor and Cabinet (see position description in Management Services section).