SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2007-08

DATE:	May 22, 2007
SUBJECT:	**OVERVIEW OF MAJOR UNRESOLVED BUDGET ISSUES MAYOR'S RECOMMENDED BUDGET**
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On May 1, 2007, Mayor Anderson presented his recommended budget for fiscal year 2007-08. The Council has received more in-depth briefings on each City department. Council staff has prepared this list of unresolved budget issues, comprised of issues raised at each of these department briefings as well as other issues that have come up during budget meetings.

This week's list is intended to address the broader unresolved policy issues and does not address every line item in the proposed budget. The Council may wish to straw poll these issues.

REVENUE

1. Airport and public facility parking tax – The Administration's proposed budget includes a $0.50 increase in the airport parking facility tax adopted last year. In addition, the Administration is proposing expanding this $1 per-vehicle per-day parking facility tax to include all city-funded parking facilities (Library Parking Lot, Matheson Courthouse, Gallivan Center Parking). The first 30 minutes at the Airport and the Library parking lots would continue to be free. After that, there would be a $1.00 per vehicle charge. It is estimated that this proposal would generate an additional $1,618,000 per year. The following are options relating to this proposal:
    a. Adopt the proposed parking facility tax
    b. Not adopt the *additional* parking facility tax – This would cut the full $1.5 million in additional revenue per year from the proposed budget (approximately $100,000 is anticipated to be growth related).
    c. Adopt the additional tax at the airport but not at the other City-funded parking facilities – This would cut $699,000 in revenue per year from the proposed budget.
    d. Adopt a lower parking tax ($0.75) at both the airport and other City-funded parking facilities – This would cut $584,250 in revenue per year from the proposed budget.
    e. Adopt no additional tax at the airport and adopt a $0.50 tax at other City-funded parking facilities – This would cut $1.17 million in revenue per year from the proposed budget.

2. Permit Fees – The Administration's proposed budget includes an expected increase in building permits, relating solely to growth, of $221,614. Not included in this

figure is building permit revenue associated with the City Creek Center project. The Administration is anticipating approximately $3,866,00 in building permit revenue from this project. $1,866,000 of this revenue is being treated as one-time money, while $2 million is being treated as on-going revenue, and will be built into next year's base budget. While it is likely that the City Creek project will be paying for permits over a number of years (construction activity is not expected to cease until 2011), the Council may wish to discuss the policy of building this revenue into the base budget, and for what uses this revenue could be tied to on a policy basis (i.e. staff in the building services or planning divisions). It should be noted that this revenue is not guaranteed in perpetuity.

POSITIONS

1. Proposed new positions – The Mayor's Recommended Budget for the General Fund proposes 29.75 new FTEs (not including the 6 FTEs authorized during this fiscal year in budget amendments. Eight of the FTEs represent conversions of grant funded positions or contract positions to general fund positions - 4 FTE YouthCity positions and 4 FTE Justice Court Clerks. (See ***Appendix F*** for a summary of changes in FTEs by department.

   The following are descriptions of some of the proposed additional positions. (See ***Appendix G*** for a complete list of new positions.) **Note: Costs shown below are "fully loaded" – salary and benefits**.

   a) Additional fire fighter positions (6 FTE, $307,500) – The Administration has indicated that over the past year there has been a significant increase in the use and cost of overtime to staff the "4-handed crews" policy. The Administration is recommending hiring 6 additional firefighters to help eliminate the need to use overtime. This would provide an additional 2 fire fighters per day. (On average the Fire Department has had to hire back 3 fire fighters per day.) The remaining Fire Fighter would be staffed with vacation buy-back (straight-time basis) if needed.
   b) YouthCity positions (4 FTE, $150,813 increase)– The Mayor's proposed budget includes shifting 4 YouthCity positions from Grant-funded to general fund funded (3 Program Site Coordinators and 1 Programs Manager).
   c) Unity Center staff positions (2 FTE, $254,000) – These positions will be funded with proceeds from the New Market Tax Credits obtained for the construction of the Center. It is likely however, that by FY 2010, these positions will need to be shifted to a general fund responsibility.
   d) New Sustainability Director position ($115,000) – The Administration is proposing an executive level position in the Department of Management Services that would oversee the Environmental Program Manager, the Sustainability Committee, and the newly-created Energy Fund for the Future (see further discussion on page 4).
   e) Justice Court (4 FTEs, $199,056) – The proposed budget includes a $58,000 increase to shift the four temporary Justice Court Clerks to regular FTEs.
      i. The proposed budget also makes two part-time judges "regular part time." This will likely not change their hours, but will allow for benefits and vacation time (increased cost to the City of $15,932).

ii. The Administration is continuing its overall review of the Justice Court and may have recommendations for additional staffing changes when the review is concluded.

f) Senior Planner for Historic Preservation (1 FTE, $77,350) – The Administration is proposing this position to make the most efficient use of the preservation plan and historic survey information.

g) Long Range Planner (1 FTE, $70,950) – The Administration is recommending this position to provide additional resources to manage increasing workload. Specifically this planner will assist in efforts relating to the Northwest Quadrant Master Plan and the update of the Downtown Master Plan.

h) Open Space Coordinator (1 FTE, $92,950) – This person would work with the community to prepare open space applications, oversee the process involved with acquiring and managing open space, and serve as a liaison to the Open Space Advisory Board. Last year the Council approved $30,000 in one-time funds for this position (assuming that the position would be part time, contracted), but the department was not able to fill the position.

i) Additional parking enforcement officer (1 FTE, $52,840) – Parking ticket revenue has dropped substantially over the past several years as parking enforcement officers have spent more time on sidewalk snow removal enforcement, residential patrol and community support (CAT teams). This position would help distribute this workload and would help to increase parking ticket revenue. The Administration is projecting $80,157 of additional parking ticket revenue as a result of this position.

2. Other positions – The following outlines positions that were not recommended by the Administration that have had support or interest from one or more Council Members, as possibilities:

   a) Additional Associate Planners ($51,750 each - there has been support for up to three)
   b) Urban Designers ($77,350 each – there has been support for up to two, in lieu of associate planners)
   c) Infill Planner (Senior Planner - $77,350)
   d) Executive Assistant for Planning Director – ($75,000)
   e) Two additional Fire Dispatchers ($44,242 each)
   f) Natural Open Space Manager - (to focus on the maintenance)
   g) Graffiti Technician
   h) Staff for Nuisance Cases – ($63,764)

OTHER ITEMS

1. Capital Improvement Program on-going funding from General Fund ($13,242,302) – The 10-year CIP plan recommends average funding from the general fund to be 7.95% of general fund revenue. The Mayor's recommended budget contemplates funding at the level of 7% of general fund (approximately $1,795,194 short of the recommended 7.95%). Of the $21.1 million slated for CIP projects, $7,753,964 is scheduled for General Obligation bond debt. Another $6,807,122 is scheduled for other bond debt payments (this includes a payment of $388,334 for the new sales tax bond for the Grant Tower and TRAX extension projects). This leaves $6,550,000 for other projects (compared to $5.14 million available for "other

projects" in FY 2007). The Mayor and the CDCIP Board have reviewed all funding applications and made recommendations. The Council will receive an in depth briefing regarding the CIP funding applications on May 29. The chart below shows the amount for projects recommended in the CIP 10 Year Plan vs. the amounts recommended for funding by the CDCIP Board and the Mayor.

Non-Debt Service CIP Projects

	Amount Requested	CDCIP Board Recommendation	Mayor's Recommendation	CIP 10 Year Plan
Streets	$5,348,311	$2,057,500	$2,924,546	$3,300,000
Transportation	$1,981,000	$600,000	$500,000	$2,588,333
Parks	$6,676,230	$3,319,000	$2,276,000	$3,782,500
Public Facilities	$28,724,863	$0	$709,454	$710,000
Percent for Art	$60,000	$60,000	$60,000	$60,000
CIP Cost Overrun	$80,000	$80,000	$80,000	$0
Total	**$42,870,404**	**$6,116,500**	**$6,550,000**	**$10,440,833**

a. Council Members have expressed an interest in increasing the funding to the CIP budget. The following chart shows the amounts needed to increase funding to various percentages of general fund revenue:

% of General Fund Revenue to CIP	Amount Needed
7.95%	$1,795,194
8%	$1,889,770
9%	$3,781,279

b. Council Members have also raised the option of dedicating one-time money to projects not listed in the CIP 10 Year Plan. Council Staff has estimated after taking into account historical fund balance spending in budget amendments (approximately $3 million per year) and the amount expected to drop to fund balance at the end of this fiscal year (about $7 million) about $0.5 million will be "left" above the 10% level. About $4.6 million in project requests are not specifically listed on the 10 Year Plan (in any year). Of this amount, $1.2 million is recommended for funding by the Administration.

2. <u>1% of General Fund revenue dedicated to "Energy Fund for the Future" & Sustainability Director</u> – 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: The Council has asked for more detailed information about what this fund would do and how it would be managed. The Administration has indicated that the proposed "Sustainability Director" position would oversee this fund. The Council may wish to have further discussion about this proposal and explore options to continue the commitment to energy efficiency while further defining this program for next year's budget:

a. Fund an energy performance contracting (EPC) study - $300,000 - $1m+
b. Fund the proposed CIP projects relating to energy efficiency – There are 6 projects for a total of $2.9 million that were submitted for funding this year. Of that amount, the Administration is recommending funding of 3 projects for a total of $709,454 (Westside Senior Center, Plaza 349, City and County Building HVAC). The Plaza 349 project and the City and County Building HVAC project both had previous appropriations during the budget amendment process ($429,059), bringing the total allocated for all three projects to $1.14 million.
c. Hire a Sustainability Director to develop the program before funding the 1%.
d. Ask the Administration to consolidate all energy-efficiency-related staff into one department for increased coordination.

3. Police Fitness for Duty Program - This item is in response to the Council's Legislative Intent statement to develop a "fitness for duty" program for the officers. The Council may remember that during the mid-year Legislative Intent update, the Administration reported that there were some financial barriers to completing implementation of a program. The items included the certification of the program (this item), the cost of performing physical examinations on the officers, and the resulting pay adjustments for the career path. To fully fund these items, the Council would need to increase this item by $99,000 to provide $150,000 in total funding. *The Council may wish to discuss further support of this item.*

4. Animal Services Dispatch – ($92,547) This amount was included in the previous budget year but was not included in this year's budget. Information from the county indicates that it will be necessary again this year.

5. Refuse fund green waste container – A proposal to provide small sized containers for general garbage delivery is proposed in the Refuse Fund budget. Residents would be able to choose from a 30-gallon or 60-gallon size, rather than the standard 90-gallon, for a cost savings of $4.00 or $2.00 per can (respectively) per month. These savings could offset the cost of a voluntary green waste container. Both of these new options would be available to residents beginning in March of 2008.
   a. Since the Administration submitted the budget, they have conducted tests involving the various sized containers. They determined, through the tests, that the 30 gallon container did not work well with the existing machines, and created other issues that would affect the long-term viability of the program. They have therefore proposed that the 48 gallon container be the smallest available, and that the charge for that size be $8.25 rather than the $7.25 proposed for the 30-gallon size (the result is actually a $30,000 revenue increase). *The Council may wish to discuss this further.*
   b. Council Members have also raised the possibility of delaying the fee increase for the 90 gallon containers, until all of the other container options are available (March of 2008). As proposed the fee increase would become effective July 1. The anticipated revenue lost as a result of this would be $185,000. *The Council may wish to discuss this further.*
   c. Since the budget has been transmitted, the Administration has requested additional support staff (clerical) to staff this program. .75 FTE would be transferred to the Refuse Fund and .25 FTE would be retained in the general

fund, for a savings to the general fund of $17,000 (increase of $36,000 to the Refuse Fund).

6. Utah League of Cities & Towns/National League of Cities Membership– The Mayor's proposed budget recommends eliminating Salt Lake City's support of these two organizations. This results in a total savings of $119,759 (ULCT - $108,559; NLC - $11,200). *Council Members have indicated an interest in retaining these memberships.*

7. Salt Lake City Arts Council – The proposed budget includes an increase of $75,000 from $243,600 to $318,600 for art grants, public arts programs, and facility expenses. The salaries of the Arts Council employees are separately budgeted within the Department of Community Development. *Council Members have expressed an interest in further increasing the support of this organization ($25,000 - $100,000*).

8. Tracy Aviary – 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). *Council Members have expressed an interest in increasing the support of this organization.*
    a. In addition to the funds shown in the chart below, the City has provided a total of $676,000 in capital improvement project support since 2001.
    b. In 2003, the voters elected to support a $1.1 million general obligation bond to construct the Aviary's first new exhibit in 20 years.
    c. The chart below shows the historical support of the Tracy Aviary, provided by Salt Lake City, and the percentage of operations that supports.

YEAR	Actual Costs to operate Tracy Aviary	Salt Lake City Contribution	Difference	SLC % of operating budget
FY94	$296,478	$296,478	$0	100%
FY95	$311,938	$300,000	$11,938	96%
FY96	$512,444	$250,000	$262,444	49%
FY97	$657,995	$200,000	$457,995	30%
FY98	$630,715	$200,000	$430,715	32%
FY99	$769,896	$200,000	$569,896	26%
FY00	$644,634	$200,000	$444,634	31%
FY01	$692,149	$200,000	$492,149	29%
FY02	$750,728	$200,000	$550,728	27%
FY03*	$1,080,644	$200,000	$880,644	--
FY04	$873,754	$200,000	$673,754	23%
FY05	$790,591	$250,000	$540,591	32%
FY06	$1,018,015	$250,000	$768,015	25%
FY 07est	*$1,160,000*	*$325,000*	*$835,000*	*28%*
FY08est	*$1,300,000*	*$500,000*	*$800,000*	*38%*
TOTAL	**$10,189,981**	**$3,271,478**	**$6,918,503**	

* Represents a 15 month period when start of fiscal year changed from April to July. As a result, the strongest quarter (April – June) was included for '02 and '03, further distorting the numbers.

9. 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 highlighted the need for additional enforcement resources. The Council may wish to provide funding for the City to contract with the County for *additional* spot enforcement ($40,000). 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.

10. 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 continue 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 eventually 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):

Management Plan and Site Assessment for PHNP	$80,000
Natural open space manager (Parley's & natural open space)	$80,000
Pay for additional County enforcement	$40,000
Purchase additional parcels for dog off-leash areas	TBD
Natural fencing to protect bird nesting (Parley's Historic Nature Park)	TBD

11. YouthCity minibuses – This item was previously requested in FY 2006, but was not funded by the Council. The budget for the Fleet Management Internal Service Fund includes purchasing five mid-size buses for the YouthCity program for a total cost of $210,000 ($42,000 for each bus). This is proposed to be a one-time funding.
    d. Since the proposed budget was transmitted to the Council, the Administration has received finalized cost estimates for each bus ($51,000 per bus), for a total amount of $255,000.
    e. The Administration has indicated that these buses would be in addition to the existing passenger van transport vehicles currently used by the program.

12. Bus Circulator on MiniBuses/Expanded Service for Non-profits – Council Members have raised various options for using the proposed YouthCity minibuses during "off hours." If a majority of the Council would like to explore these options, more detailed cost analysis will be necessary:

    a. Use the mini buses to create a "circulator" that would stop off at key housing developments, senior centers, senior living locations, and other goods and services locations (grocery store, shopping, etc).

    b. During off-peak hours allow the mini buses to be used by the local non-profits (perhaps CDBG applicants), to give them flexibility in transportation without the cost of purchasing a vehicle.

13. Community Mailings – Council Staff has determined that the overall cost for the City to pay for City-wide mailings (generated by the various community councils) would be $75,000 for printing and mailing.

14. Local First Utah – One of the Council Members was approached by Local First about additional funding in the amount of $20,000. The City previously helped fund the Local First organization as has Salt Lake County. Local First now has over 1000 business listings and, in addition to its web site, is releasing its first print directory of local Utah business. Local First's model was to establish 501(c)3 status so that it can become a self-sustaining organization. Now that non-profit status has been established for the organization, the Administration did not include a recommendation for funding in its final budget.

Comparison of Annual Operating Budgets for Tracy Aviary

Table 1: Savings to Salt Lake City (based on *Friends of Tracy Aviary Status Report and Proposal, March 1999* and annual audits).

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In addition to providing operating funds, Salt Lake City has provided funds through the CIP program. These include:

$50,000 for design and planning associated with Chase Mill (2001).
$250,000 for construction of Chase Mill (2002).
$251,000 for renovation of Lorrie Building ($171,000) and increases height of perimeter fence ($80,000) (2006).
$125,000 to be used for construction of an east entrance kiosk ($25,000) and design of renovation of the Pavilion building ($100,000).

Salt Lake City also provided $1.1 million through a 2003 bond. This led to the construction of Tracy Aviary’s first new exhibit in more than 20 years.

man. Then Rufus Tracy resigned in 1948, to move to California, and I was selected to serve in his place. The success of the aviary in its formative period and for many years afterwards, was due largely to the devotion of James Collins. He was not an aviculturist, but nevertheless took a personal interest in the success of the aviary. This came from a strong sense of civic responsibility, as well as loyalty to Mr. Tracy and his wishes. Nearly every day, on his way to work, Mr. Collins would stop to confer with Calvin Wilson and would frequently tour the premises. An important role was monitoring the parks department to see whether their responsibilities were being fulfilled. If they weren't, he quickly saw that the were! When Mr. Collins died, his successor as chairman of the aviary commission was Samuel Carter, also of Tracy-Collins Bank and Trust. He was the moving force which led to the construction of a new gate and archway at the entrance to the aviary in memory of Mr. Collins. This was made possible largely through contributions from the bank's employees (some said by coercion). When Mr. Carter died, for the first time the chairmanship passed to someone not directly connected with the administration of the bank. The person chosen was L. Howard Marcus, a Salt Lake City businessman. He was not an aviculturist either, and seemingly had no special interest in birds except as a duck hunter and sportsman, but he became devoted to the aviary. The bank was represented on the board by Frank Diston, a lawyer who was head of the trust department. He served as secretary-treasurer for the aviary commission. Mr. Marcus expanded the aviary commission, adding three prominent local people: Dr. Harold B. Lamb, physician, surgeon, and active Audubon Society member, and two businessmen, Robert J. Cook and Jules S. Dreyfous. In the days of James Collins and Sam Carter, the aviary commission met only once a year, at a luncheon meeting at the Alta Club, to hear the annual report. The day-to-day business was handled by the chairman and the aviary superintendent. Mr. Marcus, in contrast, called the commission together several times a year, occasionally meeting at the aviary, and involved the group in many decisions. A subcommittee, of which I was a member, was formed to draw up a master plan. Out of this came a fine new bird pavilion (with outside displays for the warm summer months), primarily for the winter housing of delicate tropical birds. It was designed by Jack Clawson, and was named the Calvin D. Wilson Pavilion. The greater part of the money for this building came from the city's capital improvement fund. Mrs. Russell Tracy came from California for the dedication. At the time Calvin A. Behle was presented with an appreciation placque for his long service at the aviary. The new building made possible the demolition of some of the original wooden buildings erected by Mr. Tracy which had become shabby and decrepit.

Decline of the Aviary. — The aviary continued as a viable institution until the mid-1970s, when two events transpired. One was the retirement of Calvin Wilson as superintendent in 1975. His replacement was an animal keeper at Hogle Zoo. In 1976, in an ill-advised move promoted by the superintendent of city parks, the Tracy Aviary commission was dissolved and the management of the aviary combined with that of Hogle Zoo. Some of the commission members, including me, had misgivings about the move but, weary from long service on the commission, did not register a vigorous protest. The reconstituted board of the Salt Lake Zoological Society, which ran the zoo, contained three members of the old aviary commission — Howard Marcus, Bob Cook, and Jules Dreyfous. The other commission members declined to serve. Thus, the management of the aviary was relinquished by the aviary commission and Salt Lake City in favor of zoo personnel. The agreement stipulated that the aviary should get 20 cents of any dollar from incoming state or other funds, but according to Howard Marcus (*Salt Lake Tribune,* 11 July 1982), the aviary never received 5 cents from the Zoological Society for capital needs. The aviary was neglected and, with no skilled aviculturist in charge and no aviary board to provide guidance, was essentially cut adrift. Criticism mounted from various sources until January, 1982, when the zoo board decided it was not feasible for it to manage the aviary any longer and returned it to the city. To use a trite expression, things went from bad to worse. In 1983 the aviary became the subject of two investigations. An anonymous phone call to the Humane Society of Utah reporting that a great many birds had died, presumably from improper care, triggered an investigation by the society. Their study revealed that 330 birds had died between 1977 and 1982. It was suggested that an audit be made relating to possible unauthorized sales of birds. It was evident that there was internal dissention among employees of the aviary, but the Humane Society declined to investigate this allegation except that its report noted that the several changes in management had not led to improvement of the facility and had, indeed, added to the strife. The concern of the Humane Society was with improvement of facilities and competent personnel to care for the birds. The lack of veterinary care was singled out as one severe criticism. The investigation did not resolve the question of whether the number of birds that had died was excessive.

About the same time as the Humane Society study, a letter from aviary employees to the Salt Lake City parks department lodged complaints about the over-all operation of the aviary and the care the birds were receiving (*Salt Lake Tribune,* 9 July 1983). This was another indication of dissention among aviary employees. The complaints prompted an investigation by the Salt Lake City Office of Resource Management. The director, or curator, said that he was authorized to sell birds considered to be surplus and that the number of deaths was not excessive for a facility of that kind. He said he had gotten very little support from either the city or the zoo and suggested that a private foundation would, perhaps, be the best solution for running the aviary. He was quoted as saying (*Salt Lake Tribune,* 9 July 1983) that, "So much damage has been done to the way the operation is running [that] we need some drastic measures to straighten things out." Subsequently, he resigned.