

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2007-08

DATE: May 4, 2007

BUDGET FOR: **DEPARTMENT OF COMMUNITY DEVELOPMENT**

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The proposed budget for the Department of Community Development for fiscal year 2007-08 is \$12,364,451, representing an increase in expenditures of \$3,055,691 or 32.8% as compared to fiscal year 2006-07. The Council may wish to note that the largest portion of the budget increase is due to the request for one-time funding for the Accela software and database for the Building Services & Licensing Division. When comparing the proposed ongoing expenditures for fiscal year 2007-08 to the amended budget for fiscal year 2006-07, the increase is reduced to 12%.

DEPARTMENT OF COMMUNITY DEVELOPMENT PROPOSED BUDGETS				
	Adopted 2006-07	Proposed 2007-08	Difference	Percent Change
Office of the Director (Land Use Appeals Board)	\$717,841	\$610,177	(\$107,664)	(15.0%)
Arts Council (City arts grants, Living Traditions Festival, public art program, Twilight Series concerts)	\$292,902	\$293,754	\$852	.3%
Transportation (planning & design, parking permit program, traffic controls, issues permits for use of right-of-way, street lights)	\$1,643,804	\$1,708,699	\$64,895	3.9%
Building Services & Licensing (construction code enforcement, business licensing and plan review, One-Stop Shop)	\$3,060,694	\$5,015,492	\$1,954,798	63.9%
Planning (master plans, zoning, environmental reviews of proposed development projects, zoning enforcement, support to Historic Landmark Commission, Board of Adjustment, Housing Advisory and Appeals Board and Planning Commission)	\$3,167,892	\$4,263,359	\$1,095,467	34.6%
Housing & Neighborhood Development (housing inspection, residential rehabilitation & first-time homebuyer's assistance programs, administers & monitors various grants, support to Community Development Advisory Committee and the Housing Advisory & Appeals Board)	\$425,627	\$472,970	\$47,343	11.1%
Total	\$9,308,760	\$12,364,451	\$3,055,691	32.8%

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET CHANGES

Additional positions – The Administration has recommended the addition of 7.0 FTE positions, including 1.0 hourly FTE.

\$81,200 – Community Development Financial Manager position, 1.0 FTE – The Administration is requesting one additional FTE for the Office of the Director. The functions for this position include conducting financial analysis and facilitating budget development for the Department's five divisions. This position requires an in-

depth knowledge of financial analysis and an understanding of budget development. The Council may wish to note that this is a new position for the Office of the Director. The Administration indicates that there has been no single FTE dedicated to these budget-related duties for several years.

Three positions for the Planning and Zoning Enforcement Division, 3.0 FTE –

According to the Administration, as a result of the recent increase in additional projects, new regulations, and the level of citizen interest in planning projects, the Planning and Zoning Enforcement Division is unable to meet the level of service expected with the current number of staff. The Administration has requested the following additions to the staffing document:

1. **\$77,350 – 1 Senior Planner, Historic Preservation, 1.0 FTE** – The Administration indicates the senior planner will be assigned to assist with historic preservation projects, including the University Historic District Intensive Level Survey and the Avenues Historic District Survey, Phase II.
2. **\$70,950 – 1 Principal Planner, Long Range, 1.0 FTE** – The duties of this position include providing research for the Northwest Quadrant Master Plan, the update for the Downtown Master Plan, and other community master plans.

The following chart was provided by the Planning Division, which compares workload and staffing between 2002 and 2006.

Table 1 provides a comparison of the workload and professional staffing between 2002 and 2006 for the Planning Section of the Division.

Table 1 Planning Section Information

	2002	2003	2004	2005	2006	% Change between 2002 and 2006
Privately generated projects+	618	773	794	871	892	44%
<i>Historic</i>	209	271	263	292	294	41%
<i>Zoning Admin.</i>	293	396	414	472	433	48%
<i>Subdivisions & Conditional Uses</i>	106	88	90	85	126	19%
<i>Petitions</i>	10	18	27	22	39	290%
City generated projects	31	18	25	25	12	-61%^
Total Case Work	649	791	819	896	904	39%
# of Allocated Professional Planners	18	17	17	17	18*	None
+ Does not include conveyance matters * Significant number of vacancies in Division during this year. ^ Although the number of new city generated petitions decreased in 2006, this decrease may be a result of the backlog of 45 outstanding city-generated projects the Division currently has.						

The Council may wish to ask whether the addition of two planners will:

- ***Address the current workload relating to historic districts, infill and master planning.***
- ***Adequately address the anticipated workload should the Council add one or more historic districts, and allow for the Planning Division to address the pending requests for refining or adding infill areas.***

The Council may wish to ask for a report on the number of staff members it would take to fully address the current workload, the backlog, and the implementation of additional historic districts, as well as the continued implementation and refinement of the infill ordinances.

3. **\$49,300 - 1 Building Inspector II, Boarded Houses, 1.0 FTE** – The Administration indicates that the current staffing level in Zoning Enforcement is unable to accomplish the initial boarding in a timely manner, as well as regular monitoring of boarded buildings. Some of the parcels are owned by non-compliant property owners, which require additional monitoring by staff to ensure the properties are in compliance.

While a portion of the boarded building fees may offset the salary for an additional Building Inspector, it may be difficult to determine exactly what amount the City will recover annually, given that the fees would be placed on the property as a tax lien and actual collection would be through Salt Lake County.

The Council may wish to ask whether the boarded building inspector will also address boarded buildings in commercial areas. The Council may also wish to ask whether the Administration is considering recommending an ordinance to discourage long-term boarding.

\$86,300 Ground Transportation Office Technician/Cashiers – 2.0 FTE – In 2004, the Council adopted an ordinance requiring all ground transportation vehicle drivers to obtain a City issued license. During the same time, the Utah State Legislature amended state code to allow cities with airports with over ten million annual passengers to require an FBI III criminal background check as a condition of providing ground transportation services at the Salt Lake City Airport.

The Administration proposes to establish a Ground Transportation Administration office at the city-owned clinic building at 650 South Redwood Road, and staff the office with the ground transportation administrator, two full time technicians/cashiers and one hourly employee. (The hourly position is discussed on the next page.) The duties of the technicians/cashiers include processing documents and fees associated with the background check process.

According to the Administration, the Airport has indicated that there is not enough room to accommodate both their needs and the needs of Ground Transportation Administration. Although the Airport has offered to continue providing the vehicle inspections for another 12 to 18 months, the Airport Administration has indicated

their desire that the City's Ground Transportation vehicle inspection garage be relocated away from the Airport.

During Budget Amendment No. 3 for fiscal year 2006-07, the Administration's request for funding was tabled pending receipt of additional information with regards to the location of the Ground Transportation Office. The Administration now indicates it will be returning to the Council prior to or during Budget Amendment No. 4 to request a total of \$32,000 to prepare the facility to be open for business and prepare plans for the addition of a vehicle inspection garage. After the annual budget process, the City Council will address the ordinance providing for ground transportation driver operator certificates, including criminal history background check requirements.

\$34,000 Ground Transportation Office Police Specialist – 1.0 Hourly FTE – The Administration indicates that retired police personnel will be hired on an hourly basis to investigate the background check reports and to provide security and enforcement at the ground transportation office (two employees at 20 hours per week). The hourly FTE's are not eligible for benefits such as retirement, vacation or personal leave.

\$82,860, Transfer of 1.0 FTE, Computer Programmer to IMS – As a result of the IMS audit recommendation, one computer programmer is being transferred from the Office of the Director to the IMS Division in an effort to consolidate all IT positions within the General Fund under the IMS Division.

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

\$156,000 – Criminal background checks for drivers – The Administration indicates that \$156,000 of ongoing funding is needed to complete background checks for ground transportation vehicles annually. This funding will be offset by the fees charged for the background check and badge. Currently, the background check fee is \$100.00. Based on current airport driver badging and inspection activity, the Administration estimates there are approximately 3200 drivers (give or take 100) requiring a background check annually. The Bureau of Criminal Identification (BCI) charges the City \$52.00 per driver. The \$100.00 fee will not cover 100 percent of the City's costs to provide these background checks.

\$1,650,000 – Accela Database and Software for Building Service and Licensing's One Stop Shop – The Administration is requesting one-time funding of \$1.65 million for a shared database and software program which will coordinate and track development projects, business licensing issues and enforcement cases. In addition, the software and database will leverage the GIS data into a system allowing faster, more efficient access to data. For instance, the Administration anticipates the database and software will allow residents and developers the ability to monitor progress of plan review, business license issues and enforcement cases, and access information about many other City services and processes related to the building environment.

The Administration indicates that if the City were to purchase Accela, no new FTE's would be needed to support the software and database system. Further, the Administration indicates that the \$1.65 million includes the license agreement, a one-year maintenance agreement, and total Accela automation implementation. The contract includes 105 Land Management and GIS user licenses as well as 184,000 citizen access user licenses. Fire, and Police, along with the City Council and the citizens of Salt Lake City will be able to access the system for query purposes. The \$1.65 million also includes \$70,000 for new hardware to handle the installation, which will be located at IMS, according to the Administration. Additionally, Accela implementation staff will be training Building Services & Licensing staff to provide training for frontline employees. This training will include producing forms and reports. (Accela's contract requires them to produce all the forms needed to 'go live'.) The Division will designate certain staff members as "super-users" and they will also be trained by Accela during implementation.

According to the Administration, Accela has a government financing organization that provides several options, one of which would be 2.99% for five years. In this scenario the interest on the financing over five years would be approximately \$128,000.

If the Council were to approve the \$1.65 million, an estimated timeframe for the project includes a kick off in July of 2007, with a 'go live' date of March or April, 2008.

The Council should note that the purchase and implementation of the Accela program will not fully address the Geographic Information System needs of the City. The Administration will report to the Council at a future date on resources needed to further allow all City Departments to access databases as appropriate. As noted in the previous briefing, the City will have the opportunity to determine the level of public and employee access to records under both the Accela program and future programs.

\$257,000 – University Historic District Intensive Level Study – Although the University Historic District is designated as both a local and national historic district, the Planning Division is requesting one-time funding of \$257,000 to complete an intensive level survey of the contributing structures for the entire University Historic district as it is currently adopted. The original survey work that was done for this district does not provide the amount of information needed to meet current federal and state preservation standards, and the Division is requesting an intensive level survey as part of the Division's intent to update each historic district citywide. The University Historic District is located between the east side of 1100 East to University Street from South Temple to the north side of 500 South. Planning estimates there are approximately 515 contributing structures in the district which have not been surveyed at the intensive level. Each survey is estimated at \$500 per structure (in accordance with the State Historic Preservation Office estimate for intensive level surveys).

Currently, when a request for an historic survey is initiated by the Council or Administration, the Planning Division budgets \$400 per structure for intensive level

surveys. According to the State Historic Preservation Office (SHPO) this cost is low, and the timeframe requested by Planning for the completion of the surveys is tight (approximately 9 months). SHPO indicates that the cost for the required level of research and documentation is likely between \$500 and \$600 per structure and they recommend that the Planning Division allow between 12 to 18 months to complete the surveys. The low budget estimation for the surveys, along with the requested timeframe may be the reason the Planning Division is receiving so few responses to the RFP's. If the City has only one contractor completing the surveys for various areas, it is likely that the time to complete the survey work will be extended.

As a reminder, at the December 12, 2006 public hearing for Budget Amendment No. 2, the City Council appropriated \$81,000 for an historic survey with the intent of expanding of the University Historic District by adding both sides of 900 East and 1000 East to the existing district. The intensive level survey of the proposed expansion area will be handled separately. The Division has received two responses to the RFP for the expansion area, and Planning staff is reviewing the proposals.

The Council has previously asked the Administration whether the cost for the intensive level survey for both the expansion area and the existing University Historic District would be less per contributing structure based on the assumption that there is existing research that has been collected previously for both areas. The Council may wish to:

- *Ask whether the Planning Division has evaluated the existing data and determined the specific extent to which it can be used for these more detailed studies.*
- *Review an itemized listing of the steps involved in the historic district intensive level studies in order to get a better understanding of the associated costs.*
- *Hold a policy discussion about the differences between conservation districts and historic district protection levels and the data needed for each type of district, along with associated costs.*

\$168,000 – Northwest Quadrant Master Plan – The Council originally appropriated \$154,000 for the Northwest Quadrant Master Plan in fiscal year 2005-06. The Administration indicates that this funding has been committed, and an additional \$168,000 of one-time funding is necessary to fund additional public participation meetings, gather sufficient data, and prepare studies to adequately address the area. The original appropriation assumed the Planning staff would take a leading role in writing the plan. Due to insufficient staff resources, the Administration indicates the consultants will be taking the lead on this task. The Administration has provided the following detail:

\$68,308 – Plan development provided by the consultant

\$27,842 – Additional workshops with stakeholders and public

\$39,768 – Wildlife Evaluation

\$17,528 – Mitigation and conservation strategies

\$14,804 – Fringe development policy (buffer area between the built environment and the environmentally sensitive areas)

\$168,250 Total

The Council may wish to ask whether the Administration has included adequate resources to address the environmental issues that have been raised in relation to this plan.

Building Permit Revenue – The Administration projects that the current increase in construction within the City will continue, with an increase of approximately \$221,000 in building permit revenue, as well as an increase of \$3,866,000 in revenue associated with the City Creek project. The Administration indicates that \$1,866,000 is being treated as one-time money while \$2,000,000 million will be treated as ongoing revenue over the next three to five years.

Proposed cost of living increase – The Mayor's Recommended Budget includes increases that are the subject of ongoing negotiations. The Administration is available to discuss labor bargaining during executive sessions.

City share of employee health insurance – Health insurance is projected to increase by 10.0% for a total cost to the Department of Community Development of \$91,740. An adjustment to health insurance of \$17,920 is also included in the budget.

Budgetary Breakdown by Division

Office of the Director:

The budget for the Office of the Director shows a decrease of 15.0% or \$107,664 as compared to fiscal year 2006-07. The decrease is a reflection of one-time funding for the Northwest Quadrant Master Plan offset by a request for the 1.0 FTE Financial Manager position. This budget also includes a request for \$12,000 for emergency radios. The radios will be distributed between Building Services & Licensing, Transportation, and Housing and Zoning Enforcement employees.

Arts Council:

The Arts Council budget shows an increase of \$852 or a .3% increase over last year. This increase can be attributed to projected salary and health insurance increases. The Arts Council has requested one-time funding of \$3,800 for a CD/DVD stereo system, digital projector and laptop which will be used during the artist selection review process. Note: The Non-Departmental budget includes a \$75,000 increase to the City's funding for arts grants for a total Non-Departmental funding of \$318,600.

Transportation Division:

The Transportation Division's budget shows an increase of 3.9% or \$64,895. A portion of the increase consists of \$20,000 for extraordinary repairs for street lighting. The City currently has a maintenance contract with a private vendor; however, the emergency maintenance such as fixing damaged wiring systems, replacing deteriorated street lighting poles, and securing public safety at damaged areas, is not covered by the private vendor. The flat monthly fee per light that the City pays the maintenance contractor covers minor repairs such as bulb and electric eye replacements. The Division reports that the City saves approximately \$11,000

per month as a result of switching from the power company to a private contractor, so the monthly savings offset the increase in costs needed for extraordinary maintenance.

By way of update, the Administration is reviewing the consultant's draft report of the Citywide street lighting study and has very recently sent comments to the consultant team. The Administration and consultants will meet later this month to finalize the report before transmitting it to the City Council.

With regards to speed boards, the Division has furnished the following update. The manufacturer was unable to meet the agreed upon delivery date. However, according to the manufacturer, 7 boards will be delivered immediately. The remaining 21 boards will be shipped in groups of seven, 1-2 weeks apart. Public Services will test one of the first boards delivered to insure they operate satisfactorily. The Division estimates that Public Services can install two boards on one street per week, beginning early June.

Building Services and Licensing Division:

The budget for the Building Services and Licensing Division is increasing by 63.9% or \$1,954,800. The largest portion of the increase is attributed to the request for \$1.65 million for the Accela software and database. The budget increase is also a result of the request for 2.0 FTE and 1.0 hourly FTE to support the establishment of the ground transportation office, as well as funding for the criminal background checks for drivers.

The Division has requested one-time funds of \$50,000 to be used as contingency money for outsourcing plan review if the Permit's staff is unable to keep up with the workload generated by the downtown projects. In addition, the Division has also requested one-time funding \$13,850 for a copier/printer for the one stop shop, and \$8,800 for Alchemy software licensing. The software is used for scanning signed documents in Business Licensing. (The Council may wish to note that IMS is moving away from Alchemy software in favor of Hummingbird. It is expected that this software will eventually be replaced with Hummingbird software but the replacement schedule is unknown at this time.)

Planning and Zoning Enforcement Division:

The Planning and Zoning Enforcement Division projects a budget increase of 34.6% or \$1,095,467. As mentioned previously in this report, the Division has requested two additional planners and one boarded building inspector. The Division has also requested one-time funding of \$14,000 for preservation plan printing, \$17,000 for community master plan printing, as well as \$6,600 for Phase II of the Avenues Historic District Survey, and \$10,000 for the printing of the Downtown Master Plan update. The remainder of the Division's budget increase can be attributed to projected salary and health insurance increases. *The Council may wish to verify that the Planning Division is making the master plans available on-line in an attempt to reduce printing costs.*

Additionally, the Planning and Zoning Enforcement Division has requested one-time funding of \$168,000 for the Northwest Quadrant Master Plan, one-time funding of

\$257,000 for the University Historic District, as well as ongoing funding of \$17,000 for internet service for Zoning enforcement. As a reminder, City Council approved funding for the automation of the Zoning Enforcement division during FY 2006/07, enabling the inspectors to access enforcement history for properties via the internet, and enter enforcement data in the field rather than having to return to the office to process paperwork and conduct research. The requested funding is needed to maintain this automated feature of the Housing and Zoning inspectors' work. The cost for airtime is approximately \$850.00 per unit. With 20 units, the cost per year is approximately \$17,000.

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

The budget for the Housing and Neighborhood Development Division is increasing by 11.1% or \$47,343. The increase is a result of projected salary, pension, and health insurance cost increases.

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

Additional Information

LEGISLATIVE INTENT STATEMENTS

****These intent statements reflect what was presented to the Council in March of 2007. The Administration is working with Council staff to provide a more current update of all legislative intent statements.**

1. **Business License Fees** – It is the intent of the City Council that the Administration obtain feedback from the business community including Business Advisory Board and Vest Pocket Coalition regarding the recent cost study and suggested fees. It is also the intent of the City Council that the Administration obtain input from a Council subcommittee in refining a fee schedule.

Response from the Administration:

The Administration is working on getting detailed feedback from organizations including the Vest Pocket Coalition and the Business Advisory Board.

2. **One-Stop-Shop** – In funding the One-Stop-Shop, it is the Council's intent that the Development Project Coordinator position will serve to coordinate with all departments to support the One-Stop-Shop purpose, and that departments will respond in a timely fashion in order to ensure the effective operation of the One-Stop-Shop's service to the public. It is also the intent of the Council that the Administration would provide a quarterly report to address the overall functioning of the One-Stop-Shop, including processing timeframes for different

types of projects, a report providing status of projects by associated timelines, and progress on implementation of the GIS programs using this fiscal year 2006-07 appropriation.

Response from the Administration:

The Administration reports that significant progress is being made and full implementation is planned for the second half of 2007.

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

Response from the Administration:

The Administration has been working with the Police Department, Community Development, the Mayor's Office and the Council Office staff to identify nuisance cases that can be carried forward for ongoing action as appropriate.

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

Response from the Administration:

The Administration reports that they have implemented several incentive programs to encourage inspectors to test for, and to attract inspectors with multiple certifications. *The Council may wish to ask for a status on how this is working given the competition with other jurisdictions.*

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

Response from the Administration:

The Administration reports that they will provide this information in conjunction with the Mayor's Recommended Budget.

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

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