

**SALT LAKE CITY COUNCIL STAFF REPORT**  
**BUDGET ANALYSIS – FISCAL YEAR 2010-11**

**DATE:** May 11, 2010

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

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The proposed budget for the Department of Community Development (CED) for fiscal year 2010-11 is \$15,957,403 representing an overall increase in expenditures of \$2,912,393 or 22.3% as compared to fiscal year 2009-10. **The increase is attributed to the proposed transfer of two divisions (and their budgets) to CED, including the Engineering Division and Capital Asset Management.**

<b>DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (CED)</b>				
<b>PROPOSED BUDGETS</b>				
	Adopted 2009-10	Proposed 2010-11	Difference	Percent Change
Office of the Director (Land Use Appeals Board)	\$818,702	\$702,221	(\$116,481)	(14.2%)
Arts Council (Public Programs/Events, Public Art, Public Information/Technical Assistance, City Arts Grants, Facility Management, Salt Lake City Arts Board, Salt Lake Art Design Board)	339,499	305,163	(34,336)	(10.1%)
Building Services (One Stop Shop/Accela, BUZZ Center, Permits, Administration, Construction Inspections, Development Review, Housing Advisory & Appeals Board) AND Civil Enforcement (Ground Transportation and Zoning Enforcement)	5,177,651	4,888,349	(289,302)	(5.6%)
Capital Asset Management (Capital Planning and Procurement, Capital Asset Maintenance; Property Management, CIP Support)		462,426	-	
Economic Development (Small Business Development, Economic Development)	271,168	328,912	57,744	21.3%
Engineering (Project Planning & Development, Construction, Special Improvement Districts, Public Way Regulation, Survey, GIS & Mapping)		4,163,840	-	
Housing & Neighborhood Development (Federal Grant Administration, CIP Administration, Housing Rehabilitation, Housing Trust Fund, Homeownership Program, Sister Cities Program, and Sorenson Unity Center)	2,107,486	998,489	(1,108,997)	(52.6%)
Planning (Strategic Planning, Urban Design, Master Planning, Community Planning, Subdivisions, Planning Commission, Historic Landmark Commission, and Board of Adjustment)	2,466,833	2,431,913	(34,920)	(1.4%)
Transportation (Planning & Design, Traffic Investigations and Operations, Permit Parking, Street Lighting, Bicycle/Pedestrian Safety, Trails Coordination, Transportation Master Planning, Transportation Advisory Board)	1,863,671	1,676,090	(187,581)	(10.1%)
<b>Total</b>	<b>\$13,045,010</b>	<b>\$15,957,403</b>	<b>\$2,912,393</b>	<b>22.3%</b>

## POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET CHANGES

### Major Organizational Changes

The Mayor’s budget proposes to transfer the Engineering Division (from Public Services) and the Capital Asset Management function (from Administrative Services) to the Community and Economic Development Department, as well as create a new Civil Enforcement group under the Building Services division. These changes are addressed later in this report.

**Please note that merit increases, the 1.5% salary restoration, as well as pension and insurance increases are included in each division’s proposed budget.**

### Office of the Director

The budget for the Office of the Director shows a decrease of 14.2% or \$116,481 as compared to last year. The decrease can be attributed to the proposed elimination of two positions as noted below.

# of FTE	Projected Savings	Detail
.50 RPT	\$ 23,512	Eliminate vacant Sr. Secretary RPT position in CED Administration; may have to hire intern or part time person to assist with office coverage, although coverage is currently being provided by the RDA.
1.0 FTE	105,000	Eliminate Downtown Transportation Development Coordinator position (vacant); jointly funded by the City, Chamber and UTA. City’s portion is \$35,000.
<b>1.5 FTEs</b>	<b>\$128,512</b>	<b>Total</b>

### Arts Council

The Arts Council budget indicates a decrease of \$34,336, which is a reflection of the Public Art Program Manager’s salary (\$43,144) being allocated against public art projects, such as existing CIP projects, North Temple, and future projects. **The Council may wish to note that this is a shift in funding rather than the elimination of an expenditure.**

### Building Services Division

The budget for the Building Services Division is projected to decrease by 5.6% or \$289,302. The decrease is attributed to the elimination of positions as noted below.

# of FTE	Projected Savings	Detail
1.0 FTE	\$84,596	Eliminate Bldg. Inspector Investigation Administrator (layoff); the Administration indicates there are enough certified employees in this division who can absorb this work.
1.0 FTE	56,882	Eliminate Office Facilitator II position (layoff); the responsibilities for this position will be absorbed by other employees.
1.0 FTE	83,076	Eliminate Sr. Bldg. Inspector position (layoff); this position handles field inspections. As the inspection demand has decreased, this work can be absorbed by other inspectors until inspections increase.

1.0 FTE	84,168	Eliminate Fire Protection Engineer position (vacant - never filled). This item is discussed in the 'Issues' portion of the staff report.
<b>4.0 FTEs</b>	<b>\$308,722</b>	<b>Total</b>

## **Building Services Issues**

### Elimination of Vacant Fire Protection Engineer Position

CED Administration indicated that the funding appropriated to fill this position in previous years was inadequate. Several qualified candidates were interviewed but the salary was too low; the position was never filled. The Administration also indicates that the workload does not quite fill the time of 2 FTEs. As a result, the Division outsources the fire plan review. **The Council may wish to ask whether the level of work previously outsourced will impact the Fire Department's Fire Prevention Bureau and whether that department can absorb the workload. The Council may also wish to clarify whether the Administration will be relying upon the Fire Department or whether they will be relying on consulting services. If the Department relies upon consulting services, the Council should note the next item which is a \$50,000 reduction in resources for outsourcing.**

### \$50,000 Reduction in Outsourcing Funding

According to the proposed budget, \$50,000 will be eliminated from Building Service's outsourcing funds for permits and plan review. CED Administration indicates that permit and plan review is outsourced in two instances: First, when specialized service is required, such as review for bridges, structural steel or LEED certification; second, when there is a backlog of plans and permits for staff to review. The Department indicates that although the Buzz Center is currently active with many customers, there has been a decrease in plans being submitted for review, and there is enough funding remaining in the budget to handle the anticipated outsourcing needs. **The Council should note that as the economy improves or as specialty projects come in, the Administration may need to return to the Council to request additional funding in a budget opening.**

### Building Permits Audit

Council Members have expressed concerns with regards to the processing and timeframe of the issuance of building permits. The Council may wish to consider allocating funding for an extension of the Planning division review that was conducted two years ago. That study touched on processes relating to Building Services but a full review of Building Services and best practices around the country was not within the scope of that study.

The following information was provided with regards to the different levels of permits issued by Building Services:

- Over the counter permits (generally issued the same day)
- Same day permit process
- Permits requiring the standard review process (including design review, departmental review (Fire, Police, Transportation, Public Utilities, etc.)

## **Capital Asset Management**

Capital Asset Management has an operating budget of \$29,157 and personnel costs (including salary and benefits) of \$433,269. A total budget of \$462,426 will be transferred to CED. Capital Asset Management staff includes 5.0 FTEs (a reduction from 6). In addition, the Mayor’s budget proposes to reimburse 20% of the Capital Asset Management Director’s salary from Capital Asset projects.

The positions include 5.0 FTEs (a reduction from 6.0 FTEs)

- Division Director
- Sr. Administrative Analyst
- Real Property Manager (from Property Management)
- Real Property Agent (from Property Management)
- Office Tech II (from Property Management)

# of FTE	Projected Savings	Detail
1.0 FTE	74,572	Eliminate one Real Property Agent position (layoff); responsibilities will be absorbed by other staff.
<b>1.0 FTE</b>	<b>\$74,572</b>	<b>Total</b>

**Creation of Civil Enforcement Unit**

As mentioned previously, the Administration proposes to house all enforcement functions (except parking enforcement) with the Housing and Zoning Enforcement group. The name will be changed from Housing & Zoning Enforcement to Civil Enforcement Unit (CEU). The CEU will include the functions and enforcement of snow removal, street artists and entertainers’ ordinance, Housing & Zoning and Ground Transportation. The Council may wish to note that the additional functions will be absorbed by current personnel. No additional FTE positions are proposed. As indicated during the Airport budget discussion, the Administration is currently investigating the possibility of the Airport assuming the functions of Ground Transportation administration, licensing and enforcement.

The Administration also proposes to transfer Ground Transportation facility maintenance costs to the Facilities Management Division in Public Services. This change reflects what other departments have done.

**Proposed Ordinance Fee Increases**

<b>Current Ordinance</b>	<b>Proposed Increase</b>	<b>Anticipated Revenue</b>
Sidewalk Artists & Entertainers (14.38.110)	Increases civil penalty from \$30.00 to \$100.00 per violation	
Freight License sticker fee (12.56.330) and base business license fee (5.04.070)	Increases freight sticker fee from \$25.00 to \$35.00 and requires base business license fee of \$100. (Note: the freight sticker fee has not been increase in 20 years.)	\$130,000 annually for sticker increase; \$52,000 annually for base business license fee.
Ground Transportation vehicle operator certificate application fee (5.71.290)	Increases driver badging fee from \$112 to \$121 as follows:  \$2.00 I.D. badge increase \$5.00 increase in background check \$2.00 increase fingerprinting cost	\$3,338 annually based on \$2.00 badge increase  (The rest of the fee increase revenue goes towards fingerprint & background check expenditures.)

**Educating the public regarding fee increases**

The Council may wish to ask whether the Administration has prepared notification and educational materials indicating the new fee structures and the effective dates, and if this will be distributed to all current mailing lists including contractors, business license holders, etc., posted on public spaces and identified on the City’s websites, as well as sent to community and business organizations. The Council may also wish to ask whether the Administration has met with the Business Advisory Board, Chamber of Commerce and other interest groups to review the proposed fee changes.

**Economic Development Division**

The budget for Economic Development is projecting an increase of \$57,744 or 21.3%, which reflects the request for a new position, a Small Business Liaison. The Administration indicates that the Small Business Liaison will serve as the main point of contact to assist small businesses in navigating through City operations, processes and services. In addition, this individual will act as an ombudsman to maintain communication between the City and the small business community and advocate for, and make recommendations on relevant issues, processes, policies and procedures that may affect small businesses. Currently, this position is being filled by an intern.

<b># of FTE</b>	<b>Projected Cost</b>	<b>Detail</b>
1.0 FTE	\$74,100	<b>New:</b> Add Small Business Liaison position; currently this position is filled by an intern.
<b>1.0 FTE</b>	<b>\$74,100</b>	<b>Total</b>

Also, the Administration requests to allocate 20% of the Economic Development Director’s salary against the Central Business Improvement Area 2010 in the amount of \$26,905. This represents a significant policy shift. **The Council may wish to ask**

**whether the special assessment area property owners are aware of this request. The City incurs significant maintenance costs for that improvement area but currently none of those costs are allocated to the districts. The Council may wish to determine whether all costs can or should be allocated for that district.**

**Engineering Division**

According to the Mayor’s proposed budget, the Administration indicates this transfer will assist with the coordination of planning review and response, and increase efficiencies by consolidating all engineering planning functions under one department. At this time, the Administration indicates engineering personnel will still be housed in the engineering office.

Engineering has an operating budget of \$287,446 and personnel costs (including salary and benefits) of \$3,876,394. A total budget of \$4,163,840 will be transferred to CED. The Engineering division includes 46 FTEs (full time equivalent positions), a reduction from 52 FTEs, assuming the Council adopts the proposed layoffs and elimination of vacant positions.

<b># of FTE</b>	<b>Salary &amp; benefits</b>	<b>Detail</b>
1.0 FTE	\$122,061	Eliminate Sr. Engineering Project Mgr. position (layoff). Loss of revenue from engineering fees billed to CIP associated w/this reduction is (\$84,000). <b>Net savings is \$38,061.</b> This position is the project manager for design, inspection construction contracts for ADA sidewalk ramps and other sidewalk replace & repairs. Other personnel will have to assume additional responsibilities.
1.0 FTE	96,084	Eliminate Engineer IV position in Engineering (layoff). Loss of revenue associated w/this position is (\$76,000). <b>Net savings is \$20,084.</b> This position designs and manages sidewalk projects. Elimination of position will impact the City’s ability to complete unplanned high-priority projects. Other personnel will have to assume additional responsibilities.
1.0 FTE	61,208	Eliminate Engineering Tech IV in Engineering (vacant). Responsibilities include permit inspector on permitted work in the public way. Eliminating this position will require 3 inspectors to absorb the workload.
1.0 FTE	55,412	Eliminate Engineering Records Tech position in Engineering (layoff). Responsibilities include responding to records requests for engineering documents and information.
1.0 FTE	72,132	Eliminate GIS programmer/analyst position in Engineering (vacant). Responsibilities include participating in the development of paperless work flow, working with internal and external engineering customers.
1.0 FTE	74,488	Eliminate Professional Surveyor position in Engineering (vacant). Loss of engineering fees associated with this position is (\$18,000) for a <b>net savings of \$56,488.</b> This change will limit the number of survey activities that can be conducted by the entire survey group; Engineering will not be able to maintain 2 survey crews when one surveyor is using vacation or sick leave.
<b>6.0 FTEs</b>		<b>Total projected net savings of \$303,385</b>

**Housing and Neighborhood Development Division**

The budget for the Housing and Neighborhood Development Division reflects a

decrease of \$1,108,997 or 52.6%. As the Council will recall, the management of the Sorenson Center was transferred to Salt Lake County, resulting in a decrease of 18.51 FTEs. The salary savings associated with this change is \$912,296 and operating costs savings of \$179,584. These savings will offset the County’s annual contract costs to run the Center for \$880,878.

# of FTE	Projected Savings	Detail
1.0 FTE	\$62,308	Eliminate Rehab Loan Officer position (layoff); responsibilities will be shared with other rehab specialists and staff.
	26,802	Capital Planning Community Development Planner position (layoff); 606 position is being eliminated and a new 604 position is being created. (Both positions are partially federally funded, but federal funding has not increased to match increasing employee costs borne by General Fund.)
<b>1.0 FTE</b>	<b>\$89,110</b>	<b>Total</b>

**Planning Division**

The Planning Division projects a budget decrease of 1.4% or \$34,920. The personnel services budget will increase due to the 1.5% salary restoration, health insurance, merit and pension increases. This is partially offset by the projected savings from the eliminated positions.

# of FTE	Projected Savings	Detail
1.0 FTE	\$71,908	Eliminate GIS Specialist position in Planning (layoff)
1.0 FTE	53,152	Eliminate Sr. Secretary position in Planning (vacant)
<b>2.0 FTEs</b>	<b>\$125,060</b>	<b>Total</b>

**Planning Issues**

**GIS Functions**

As proposed in the Mayor’s Recommended budget, Planning’s GIS Specialist position will be eliminated (as well as the Sr. Secretary position). In addition, the vacant Transportation GIS Analyst position and the vacant GIS Programmer/analyst position in Engineering are being eliminated. CED Administration indicates that the Planners can print their own maps and that the City purchased a citywide license for all to access GIS. **The Council may wish to ask whether these three cuts will be detrimental to the City’s overall GIS needs. The Council may also wish to ask the Administration for a recommendation to address GIS needs citywide.**

In making these cuts, the Administration has indicated the intention to centralize the GIS function within IMS. **The Council may wish to ask the Administration whether IMS currently has adequate resources to continue progress with the GIS system or whether they will be returning to the Council in the future to request the necessary resources to move GIS ahead in a centralized way. It is Council staff’s assumption that once GIS is consolidated under IMS, the**

**Administration will need to return to the Council for funding, so this should not be considered a long-term savings.**

### **Zoning Ordinance Update**

Council Members expressed interest in understanding the costs and resources needed to update the City's zoning ordinance. In response, CED Administration has indicated three potential options:

1. Comprehensive rewrite of Zoning Ordinance: If the Council elects to change the current format (Euclidian) to a form-based approach, an approximate cost is \$1.5 to 2 million, with an estimated timeframe of two to three years for completion.
2. Recodify/reformat Zoning Ordinance: If the Council chooses this option, the zoning ordinance would be more user-friendly and readable. The cost would be approximately \$500,000 with an anticipated timeframe of 9-12 months.
3. Create a design standards manual: This option would cost between \$500,000 and \$800,000 with an estimated timeframe of 12-18 months. An annual review process would be required.

**The Council may wish to ask the Administration for a detailed recommendation, including necessary staffing resources, outside consulting services and necessary technology for each of these options.**

### **Master Plans**

The Council has also expressed interest in understanding the process for updating master plans. The Administration indicates the Mayor would like to take a '6X6' approach, which is to complete six master plans per year for the next six years. **The Council may wish to ask how this approach may be accomplished and what resources would be necessary.**

The Planning Division has provided the following information with regards to the status of their priorities:

Master and Small Area Plans currently in process:

1. Euclid
2. North Temple Corridor
3. Northwest Quadrant

Master and Small Area Plans which are in the queue but put on hold to deal with higher priorities:

1. Downtown Master Plan
2. West Salt Lake Community Plan
3. U Edge Plan

Broader plans currently in process:

1. Historic Preservation (almost completed, very close)
2. Comprehensive Sustainability Ordinance



### 3. Neighborhood Business Project

#### **Northwest Quadrant Funding (Non-Departmental Budget)**

The Mayor's recommended budget includes a request for \$100,000 of one-time funding for any follow up and public process relating to the Northwest Quadrant area. This request is included in the Non-Departmental budget.

#### **Good Landlord Program**

The Mayor's proposed budget does not include funding for implementation of the Good Landlord program. The Administration anticipates that employee salaries associated with this function will be funded through program fees. A proposal will be advanced to the Council later in the year during a budget opening, possibly late summer.

#### **Transportation Division**

The Transportation Division's budget reflects a projected decrease of 10.1% or \$187,581. The decrease is attributed to the proposed reductions itemized in the chart below.

# of FTE	Projected Savings	Detail
1.0 FTE	\$63,840	Eliminate Traffic Control Ctr. Operator I position in Transportation (layoff); this position synchronizes signals to adjust for excessive traffic. With the elimination, the City may receive additional complaints re: signal timing.
1.0 FTE	59,084	Eliminate Office Facilitator II position in Transportation (layoff); this position assists with the Neighborhood Parking permit process. Treasurer's Office may be able to assist with this process after some training. Other duties will be reassigned.
1.0 FTE	69,160	Eliminate GIS Analyst position in Transportation (vacant)
<b>3.0 FTEs</b>	<b>\$192,084</b>	<b>Total</b>

#### **Transportation Issues**

##### **Parking Meter Replacement with Electronic Pay Stations**

The Transportation Administration indicates that a consultant recently completed a study of the options for converting parking meters to electronic pay stations. A committee of City and Downtown Alliance staff oversaw the analysis and will submit a recommendation to the Mayor for consideration, which will then be forwarded to the Council. With respect to converting meters to pay stations, the consultant estimates it will take about a year to implement, and could cost as much as \$6.9 million.

The Council may wish to ask the Administration for a response to the following questions:

1. Has the Mayor received the recommendation?
2. Does the recommendation include the total replacement of meters or the use of a portion of existing meter parts?

3. Could the RFP process be completed in 6 months if the funding were available?

### **Downtown Parking Management Program**

The Council has inquired regarding the status of the Downtown Parking Management Program. Transportation Administration indicates an RFP has been prepared and is being reviewed by Purchasing. The consultant would be tasked with determining what type of parking management organizational structure would be best suited for the City. A set of goals is being prepared to send to Council for comment to insure that the consultant knows what is desired to be achieved. The Parking Management entity could be a City department or a parking authority, or a non-profit created by or hired by the City to do the work. Until the study is complete, it is not known what form would work best, how much it would cost (or if it would/could have taxing ability) to run or how long to implement. The study should be completed within six months once the consultant is selected and given the notice to proceed. **The Council may wish to ask whether it is the Administration's intent to delay a decision on meter replacement until the parking management program is addressed.**

### **\$35,000 Reduction of Street Light Maintenance Funding**

The Mayor's budget proposes a reduction in street light maintenance. In order to reduce the maintenance budget, some damaged street lights may be capped instead of replaced, reducing the number of functioning lights.

### **\$400,000 Proposed Savings from Elimination of Mid-block Street Lighting**

The Administration indicates that maintenance and operating savings can be achieved if mid-block street lights are turned off. Note: According to CED Administration, this proposal does not include mid-block street lighting in the Downtown.

All lights would work initially, but as the less significant lights have bulb burnouts or other maintenance issues, they would be left dark until funding would be made available. Savings would be \$4.00 per month per light on maintenance, in addition to electricity costs saved on the non-working lights. According to CED Administration, the Transportation Division is creating a plan to address costs and options. This item is included in the **Non-Departmental** budget.

### **\$8,500 Transfer of Maintenance budget to Facilities in Public Services**

The Administration proposes to transfer traffic control center maintenance costs to the Department of Public Services Facilities Management budget. This change reflects what other departments have done.

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### **Additional Information**

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## LEGISLATIVE INTENT STATEMENTS

1. **Bike Lanes** – It is the intent of the Council that when the Administration evaluates streets for rehabilitation projects, preference would be given to streets with bike lanes.

Response from the Administration: The City addresses street rehabilitation using the ‘zone concept’, rotating attention annually between seven zones, and treating the streets with the most need within the particular zone. Of those streets most in need, streets with bike lanes are given priority.

## INTERIM STUDY ITEM

1. **Ground Transportation:** The Administration has forwarded a Quarterly Report on Council Interim Study Items. This response provides additional information with regards to Ground Transportation, including the status of additional enforcement, evaluation of fees, as well as an update on the RFP process:

Response from the Administration:

A time and motion study of the Ground Transportation function was requested by the City Council. The study included the time period between June 29, 2009 and September 30, 2009. Based on the available study information, 458.5 hours were spent on enforcement, with an additional 50 hours spent on investigations. During the same time period, 79 citations and 30 warnings were issued for a total of 109.

Between October 1, 2009 and the end of the year, 16 more citations were issued and one warning. Citations and warnings continue to be issued as required. There are planned and ongoing stings involving both the ground transportation industry and hotel doormen. The age of taxicab vehicles has been the latest enforcement effort which requires such vehicles to be no older than 6 model years or 8 model years if an approved alternative fueled engine (note: there is a grandfather clause also). These actions have generated a significant response from the taxi industry resulting in a current ongoing review of City Council’s intent for this age limitation.

There is ongoing enforcement involving both the ground transportation industry and hotel doormen. On a recent weekend evening 12 citations were issued and forwarded to the City Attorney for screening. A grace period on the age limit of taxi was granted until Council takes further action on the ordinance changes.

Fee Evaluation: The Council asked for an evaluation of the fees and potential fees to be considered for Ground Transportation. Fees are based on cost recovery and staff salaries and time are all part of that cost recovery. Finance has completed a time study and calculated a fully loaded hourly rate which has been applied to the processes of the background history check/ID Badge and vehicle inspections. The fully loaded hourly rate equals \$67.70.

Background History Check/ID Badge: When the hourly rate is applied to the background history check/ID Badge process the fee for that service could be increased to \$121 from the current \$112 which includes the \$47.25 for the BCI background check and a separate \$3 for TSA fee.

Vehicle Inspections: When the hourly rate is applied to the vehicle inspection process the current fee of \$90 per inspection is justified. This fee includes time allocated for missed inspections, rejected vehicle re-inspections, meter recalibrations and special vehicle types.

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