

## ISSUE AT-A-GLANCE

Budget Amendment Number One of Fiscal Year (FY) 2019 contains three adjustments requested by the Administration totaling \$8,609,008. The amendment proposes transferring \$6,323,124 from the Airport Enterprise Fund to the City's General Fund for anticipated costs related to consolidating the Airport and City Police Departments and \$2,044,100 for the assumption of fiduciary duties related to the Drug Enforcement Administration Metro Narcotics Task Force. More information on these proposals can be found in the Administration's transmittal. There is also a Council-added item (I-1) in the amount of \$90,000 to reimburse the RDA for Pioneer Park improvement cost overruns.

Item A-3 (\$75,000) of the proposed budget adjustments would use Fund Balance monies. If the Council approves all the proposed expenditures, remaining Fund Balance is estimated at 11.32% or just over \$30.8 million. This is approximately \$3.6 million above the required minimum 10% threshold. Additional information related to the proposed amendments can be found in the associated report sections below.

## ADDITIONAL & BACKGROUND INFORMATION

### Impact Fees Update

On May 14, 2018 the Administration provided Attachment A (three pages) showing the results of a new tracking system for impact fees. The information is summarized in the table below. The attachment also provides details on refunding amounts and dates over the next six years and lists of unfinished projects with impact fee funding. Updated figures are expected to be available later this year for the Council's annual CIP project-specific funding discussions.

Type	Unallocated Cash "Available to Spend"	Next Refund Trigger Date
Fire	\$234,792	August 2020
Parks	\$58,443	February 2020
Police	\$1,738,632	May 2018
Streets	\$4,286,170	October 2018

### Excerpt of Revenue and Expense Update from Administration's Transmittal

The following chart shows a projection of General Fund Revenue through May 2018.

	FY17-18 YTD Budget	FY17-18 YTD Actuals	Variance Favorable (Unfavorable)
Revenue			
Property Taxes	\$ 101,306,392	\$ 100,890,041	(\$416,351)
Sales and Use Tax	\$ 64,512,732	\$ 66,010,423	\$1,497,691
	\$ 30,301,186	\$ 27,142,044	(\$3,159,142)
	\$ 1,031,417	\$ 1,033,887	\$2,470

Franchise Tax	\$ 197,151,727	\$ 195,076,395	(\$2,075,332)
PILOT	\$ 28,651,754	\$ 30,911,059	\$2,259,305
TOTAL TAXES	\$ 6,049,454	\$ 5,216,290	(\$833,164)
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Licenses and Permits	\$ 1,290,000	\$ 2,616,146	\$1,326,146
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Intergovernmental	\$ 7,251,705	\$ 5,463,723	(\$1,787,982)
Interest Income	\$ 3,634,560	\$ 3,411,855	(\$222,705)
Fines and Forfeitures	\$ 5,252,494	\$ 5,562,997	\$310,503
Parking Meters	\$ 5,255,384	\$ 4,732,800	(\$522,584)
Charges and Services	\$ 11,054,188	\$ 10,767,073	(\$287,115)
Miscellaneous Revenue	\$ 8,991,179	\$ 8,857,837	(\$133,342)
<b>TOTAL GENERAL FUND</b>	<b>\$ 274,582,445</b>	<b>\$ 272,616,175</b>	<b>(\$1,966,270)</b>

Given the revenue projection above fund balance would be projected as follows:

Salt Lake City			
General Fund			
Fund Balance Projections			
	2016 Actual	2017 Actual	2018 Projection
Beginning Fund Balance	42,973,129	41,091,897	50,670,995
Budgeted Use of Fund Balance	(1,355,000)	(600,186)	(287,868)
Prior Year Encumbrances	(6,664,655)	(7,080,454)	(7,298,041)
Estimated Beginning Fund Balance	34,953,474	33,411,257	43,085,086
<i>Beginning Fund Balance Percent</i>	13.74%	12.84%	15.80%
Year End CAFR Adjustments			
Revenue Changes	2,294,411	9,945,924	-
Expense Changes (Prepays, Receivable, Etc.)	9,592,315	8,830,156	(3,740,627)
Fund Balance w/ CAFR Changes	41,222,146	52,187,337	39,344,459
<i>Final Fund Balance Percent</i>	16.21%	20.05%	14.43%
Budget Amendment Use of Fund Balance	(5,618,054)	(5,805,205)	
BA#1 Revenue Adjustment			2,037,000
BA#1 Expense Adjustment			(7,062,720)
BA#3 Expense Adjustment			(300,000)
BA#4 Revenue Adjustment			850,000
BA#4 Expense Adjustment			(950,000)
BA#5 Revenue Proposed			90,000
BA#5 Expense Proposed			(350,000)
Projected Revenues			(2,800,000)
Adjusted Fund Balance	29,335,420	46,382,132	30,858,739
<i>Adjusted Fund Balance Percent</i>	11.53%	17.82%	11.32%
<b>Projected Revenue</b>	<b>254,363,252</b>	<b>260,286,681</b>	<b>272,616,175</b>

## Section A: New Items

### A-1: Transfer Airport Police Department Funds and 68 Officers to General Fund

The Administration is recommending the Council approve budget and staffing changes to consolidate the International Airport Police with the City Police Department (“unified force”). The primary benefits of the change are operational including enhanced coordination for responding to major events, consistency in policies, response, training, etc.

The consolidation does not include Airport Police vehicles which will continue to be maintained and replaced by the Airport Fleet Fund. Transition costs such as repainting vehicles are expected to be absorbed by the Airport Enterprise Fund’s existing FY19 budget. Potential efficiency savings from consolidation such as hiring and purchasing, training, and internal affairs are possible but are not included in this budget amendment. This item includes:

- \$6.3 million in anticipated reimbursements from the Airport Enterprise Fund to the City’s General Fund;
- \$166,784 of increased expenditures from the Airport Enterprise Fund to cover higher police officer compensation (Airport police officers will be brought up to the same compensation levels as the City Police Department); and
- Updating the staffing document to transfer 68 police officer FTEs from the Airport Enterprise Fund to the City Police Department (no reduction in staffing levels).

### Policy Questions

- **Staffing Changes** – The Council may wish to ask the Administration if staffing levels are not changing then how are staffing titles and positions changing (for example, not having two police chiefs, are new leadership positions needed such as a new deputy chief, captain, etc.)?
  - **Civilian Positions** – The Council may wish to ask the Administration if the consolidation is expected to impact any civilian positions (become redundant, need to transfer civilian positions between departments, etc.).
- **Organizational Structure** – The Council may wish to ask the Administration how will the 68 police officers from the Airport be integrated into SLCPD’s staffing structure (create new bureau, spread between existing bureaus, other)?

## **A-2: Assumption of Fiduciary Duties for DEA Metro Narcotics Task Force (\$2,044,100)**

On May 15, 2018 the Council adopted an amended interlocal agreement with the DEA Metro Narcotics Task Force and participating municipalities to become the “Host Fiscal Agency.” Approving this proposed budget adjustment will implement the financial component of the interlocal agreement. The HFA is responsible for (1) receiving and managing all task force funds, (2) facilitating use of the city’s procurement policies and (3) required financial reporting and (4) overall fiscal accountability. Up to \$30,000 annually is provided to the HFA to compensate for administrative costs related to fiduciary responsibilities.

## **A-3: Expanded Jazz Festival (\$75,000 – Fund Balance)**

The Administration is requesting \$75,000 to create “community building jazz educational programs” in addition to the current annual festival. An RFP was issued to solicit community proposals and select a winning bid. The Council may wish to refer to the below policy questions. There was insufficient time for staff to learn more about the funding request between receiving the revised transmittal and publishing deadlines.

### ***Policy Questions***

- **Total City Funding for Festival (\$118,500 in FY 19)** – The Council may wish to ask the Administration what the City’s total funding would be for the Jazz Festival with and without the additional \$75,000.
  - The Jazz Festival received \$35,000 of City funding in the FY19 Budget under the Civic Support section of Non-departmental.
  - In 2018, the Jazz Festival requested \$15,000 and was awarded \$8,500 from the City’s annual Arts, Culture and Events (ACE) Fund.
  - Administrative staff have indicated to Council Staff that ACE funds will not be required in future years, and that the \$75,000 allocation is all that will be required. The Council may wish to ask the Administration how to memorialize this concept so that the intent is reflected in future budget years.
- **Request for Proposals (RFP) and Process** – The Administration indicates an RFP was issued for awarding the \$75,000. The Council may wish to ask the Administration to share a copy of the RFP, how it was developed and elaborate on the goals of the project such as “community building jazz educational programs.”
- **Metrics for Pilot Program** – The Council may wish to ask the Administration what success would look like for this new program and what metrics could be tracked to show progress?
- **Ongoing or One-time** – The Council may wish to ask the Administration why is this expenditure recommended to be ongoing? If the \$75,000 expenditure is ongoing then it must be included in the FY2020 Mayor’s Recommended Budget (using one-time funds to pay for an ongoing expense).

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## **Section B: Grants for Existing Staff Resources Section**

(None)

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## **Section C: Grants for New Staff Resources Section**

(None)

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## **Section D: Housekeeping**

(None)

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## **Section E: Grants Requiring No New Staff Resources**

(None)

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**Section F: Donations**

(None)

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**Section G: Council Consent Agenda – Grant Awards**

(None)

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**Section I: Council Added Items****I-6: Reimburse RDA CBD for Pioneer Park Improvements Cost Increases (\$90,000 – CIP Cost Overrun Account)**

On July 10 the RDA Board approved \$90,000 from the CBD's unappropriated holding account for capital projects. The motion was made with the understanding that the CIP Cost Overrun Account – which is intended to provide gap financing in these situations – will reimburse the RDA and that the Administration will review the project for parks impact fee eligibility. This approach was used because waiting for the next General Fund budget amendment would have requirement the project to be re-bid thereby exposing the City to likely cost increases and construction delays.

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**ATTACHMENTS**

1. Impact Fees Tracking Report (June 30, 2018)

**ACRONYMS**

CBD – Central Business District

CIP – Capital Improvement Program

FY – Fiscal Year

HFA – Host Fiscal Agency

RFP – Request for Proposals

RDA – Redevelopment Agency

TBD – To Be Determined

# Impact Fee Summary

## As of June 30, 2018

	Cash Balance	Encumbrances	Refunds	Unallocated Cash
<b>Police</b>	3,440,065	99,988	1,166,134	1,758,333
<b>Fire</b>	2,913,138	218,077	37,971	300,964
<b>Parks</b>	8,780,670	182,402	113,442	246,419
<b>Street</b>	10,004,421	1,621,361	0	4,694,220
<b>Total</b>	25,138,294	2,121,829	1,317,547	6,999,936

Funds at Risk of Refund	Next Trigger Date	FY Q4	1st Half FY 2019	2nd Half FY 2019
<b>Police</b>	May 2018	0	841,966	309,075
<b>Fire</b>	August 2020	0	0	0
<b>Parks</b>	February 2020	0	0	0
<b>Street</b>	October 2018	0	503,149	1,031,138
<b>Total</b>		0	1,345,115	1,340,212

Impact Fees

As of June 30, 2018

Police

Cost Center	Description	Budget-Amended	CashBalance	BondsEscrowHeldByOthers	YTDExpenditures	Encumbrances	APandRetainage	RemainingAppropriation	Reconciling Items	RemainingCash
8405005	Public Safety Building Replcmn	14,068.28	14,068.28	-	-	-	-	14,068.28		14,068.28
8417001	Crime lab rent	-	118.10	-	-	118.10	-	(118.10)		-
8417006	Police impact fee refunds	-	510,828.00	-	-	-	-	-		510,828.00
8417016	Sugarhouse Police Precinct	500,000.00	498,568.87	-	1,431.13	99,870.00	-	398,698.87		398,698.87
8417019	Capital Facilities Plan	2,841.88	2,841.88	-	-	-	-	2,841.88		2,841.88
8418013	Police Refunds	1,078,938.17	655,306.21	-	423,631.96	-	-	655,306.21		655,306.21
8484001	Impact fee - Police	-	1,758,333.46	-	(624,136.81)	-	-	624,136.81		1,758,333.46
		1,595,848.33	3,440,064.80	-	(199,073.72)	99,988.10	-	1,694,933.95	-	3,340,076.70

Fire

Cost Center	Description	Budget-Amended	CashBalance	BondsEscrowHeldByOthers	YTDExpenditures	Encumbrances	APandRetainage	RemainingAppropriation	Reconciling Items	RemainingCash
8413001	Study for Fire House #3	115,700.00	115,700.00	-	-	-	-	115,700.00		115,700.00
8415001	Fire Station #14	7,650.50	7,150.00	-	500.50	7,150.00	-	-		-
8415002	Fire Station #3	116,314.08	19,878.23	-	103,720.77	11,025.22	7,394.92	1,568.09		1,458.09
8416006	Fire Station #14	2,157,109.10	1,531,096.69	-	932,401.98	89,715.23	306,389.57	1,134,991.89		1,134,991.89
8416007	Fire refunds	133,207.51	(44,859.32)	-	50,376.99	-	-	82,830.52	82,830.52	37,971.20
8416009	Fire Station #3	2,336,963.74	842,196.19	-	1,627,980.08	110,186.86	133,212.53	598,796.80		598,796.80
8417015	Fire Training Center	499,533.39	55,340.38	-	499,533.39	-	55,340.38	-		-
8417019	Capital Facilities Plan	2,841.88	2,841.88	-	-	-	-	2,841.88		2,841.88
8484002	Impact fee - Fire	-	383,794.17	-	-	-	-	-	(82,830.52)	300,963.65
		5,369,320.20	2,913,138.22	-	3,214,513.71	218,077.31	502,337.40	1,936,729.18	-	2,192,723.51

Parks

Cost Center	Description	Budget-Amended	CashBalance	BondsEscrowHeldByOthers	YTDExpenditures	Encumbrances	APandRetainage	RemainingAppropriation	Reconciling Items	RemainingCash
8416002	337 Community Garden, 337 S 40	119,186.08	27,591.12	-	92,970.51	21,708.60	1,375.55	4,506.97		4,506.97
8416003	Downtown Park, location TBD	900,000.00	900,000.00	-	-	-	-	900,000.00		900,000.00
8416005	9line park	980,398.54	856,694.90	-	144,309.89	13,832.30	20,606.25	822,256.35		822,256.35
8416008	Park refunds	12,384.83	11,796.28	-	588.55	-	-	11,796.28		11,796.28
8417002	Downtown Park Improvements	945,000.00	945,000.00	-	-	-	-	945,000.00		945,000.00
8417003	Downtown Park	1,600,000.00	1,600,000.00	-	-	-	-	1,600,000.00		1,600,000.00
8417004	McClelland Trail	95,031.72	86,049.48	-	8,982.24	86,049.48	-	-		-
8417008	Parks and Public Lands Compreh	7,500.00	7,500.00	-	-	-	-	7,500.00		7,500.00
8417010	Folsom Trail/City Creek Daylig	354,661.00	353,879.84	-	781.16	-	-	353,879.84		353,879.84
8417011	Marmalade Park Block Phase II	1,357,527.00	1,149,644.47	-	207,882.53	-	-	1,149,644.47		1,149,644.47
8417012	Parley's Trail Design & Constr	343,119.50	327,678.45	-	15,441.05	979.45	-	326,699.00		326,699.00
8417013	Rosewood Dog Park	218,262.80	211,185.24	-	7,077.56	-	-	211,185.24		211,185.24
8417014	Redwood Meadows Park Dev	92,590.00	92,590.00	-	-	-	-	92,590.00		92,590.00
8417017	Jordan R Trail Land Acquisitn	80,800.00	2,945.50	-	77,854.50	-	-	2,945.50		2,945.50
8417018	Jordan R 3 Creeks Confluence	672,000.00	597,886.12	-	88,533.56	6,379.47	14,419.68	577,086.97		577,086.97
8417019	Capital Facilities Plan	2,841.88	2,841.88	-	-	-	-	2,841.88		2,841.88
8418002	Cwide Dog Lease Imp	238,600.00	236,626.86	-	1,973.14	-	-	236,626.86		236,626.86
8418004	Fairmont Park Lighting Impr	615,000.00	614,822.61	-	8,830.17	53,452.82	8,652.78	552,717.01		552,717.01
8418005	Bridge to Backman	408,000.00	407,872.11	-	127.89	-	-	407,872.11		407,872.11
8418015	Parks Impact Fees	101,645.75	101,645.75	-	-	-	-	101,645.75		101,645.75
8484003	Impact fee - Parks	-	246,419.30	-	-	-	-	-		246,419.30
		9,144,549.10	8,780,669.91	-	655,352.75	182,402.12	45,054.26	8,306,794.23	-	8,553,213.53

Streets

Cost Center	Description	Budget-Amended	CashBalance	BondsEscrowHeldByOthers	YTDExpenditures	Encumbrances	APandRetainage	RemainingAppropriation	Reconciling Items	RemainingCash
8406001	Gladiola Street	85,729.02	20,026.94	-	65,702.08	15,000.00	-	5,026.94		5,026.94
8412001	500/700 S Street Reconstructio	43,777.91	43,777.91	-	-	-	-	43,777.91		43,777.91
8412002	Indiana Ave/900 S Rehab Design	124,593.18	124,593.18	-	-	-	-	124,593.18		124,593.18
8414001	700 South Reconstruction	550,802.23	550,802.23	-	-	-	-	550,802.23		550,802.23
8414003	Pedestrian Safety Devices	13,509.16	13,509.16	-	-	13,509.16	-	-		-
8414005	Transit Study	1,274.53	-	-	1,274.53	-	-	-		-
8415004	700 South Reconstruction	1,531,194.24	1,515,888.93	-	15,305.31	141,996.83	-	1,373,892.10		1,373,892.10
8416001	Indiana Ave./900 South Rehabil	610,128.31	-	-	610,128.31	-	-	-		-
8416004	1300 S Bicycle Bypass (pedestr	44,282.52	42,832.69	-	1,449.83	-	-	42,832.69		42,832.69
8417005	2100 S/McClelland HAWK signal	84,591.76	71,724.35	-	13,356.98	71,234.78	489.57	-		-
8417007	Transportation Safety Improvem	49,778.00	49,778.00	-	-	24,778.00	-	25,000.00		25,000.00
8417009	Gladiola Street from 900 South	1,500,000.00	-	-	1,500,000.00	-	-	-		-
8417019	Capital Facilities Plan	2,841.88	2,841.88	-	-	-	-	2,841.88		2,841.88
8418003	Bikeway Urban Trails	200,000.00	200,000.00	-	-	-	-	200,000.00		200,000.00
8418006	1300 E Reconst. Matching funds	120,900.00	120,900.00	-	-	49,069.50	-	71,830.50		71,830.50
8418007	Transportation Safety Imp	250,000.00	250,000.00	-	-	-	-	250,000.00		250,000.00
8418008	Traffic Signals Upgrades	96,000.00	-	-	96,000.00	-	-	-		-
8418009	Gladiola 900 S Improvements	1,500,000.00	1,461,941.07	-	166,689.36	1,305,772.80	128,630.43	27,537.84		27,537.84
8418010	Traffic Synchronization	140,000.00	140,000.00	-	-	-	-	140,000.00		140,000.00
8418011	9 Line Central Ninth	152,500.00	152,500.00	-	-	-	-	152,500.00		152,500.00
8418012	Rose Park Lane	-	1,737.64	-	-	-	-	-		1,737.64
8418014	1300 E Impact Fee	239,797.00	-	-	-	-	-	239,797.00		-
8418016	500 to 700 S	575,000.00	575,000.00	-	-	-	-	575,000.00		575,000.00
8418017	Street Refunds	-	(27,652.95)	-	-	-	-	-		(27,652.95)
8484005	Impact fee - Streets Westside	-	4,694,219.79	-	-	-	-	-		4,694,219.79
		7,916,699.74	10,004,420.82	-	2,469,906.40	1,621,361.07	129,120.00	3,825,432.27	-	8,253,939.75
Total Impact Fees		24,026,417.36	25,138,293.74	-	6,140,699.14	2,121,828.60	676,511.66	15,763,889.62		22,339,953.48

## Impact Fee Expirations by Fiscal Quarter

Fiscal Year	Fiscal Quarter	Police Impact Fees	Fire Impact Fees	Parks Impact Fees	Streets Impact Fees	Total
FY 2019	Q1	533,686	-	-	-	533,686
FY 2019	Q2	308,280	-	-	503,149	811,429
FY 2019	Q3	136,616	-	-	503,147	639,763
FY 2019	Q4	172,458	-	-	527,991	700,449
FY 2020	Q1	34,226	-	-	1,009,937	1,044,163
FY 2020	Q2	88,673	-	-	779,022	867,696
FY 2020	Q3	(14,895)	-	670,398	106,752	762,254
FY 2020	Q4	34,549	-	(81,359)	(58,335)	(105,145)
FY 2021	Q1	55,189	241,591	1,548,891	1,159,100	3,004,771
FY 2021	Q2	18,889	122,659	673,431	527,346	1,342,325
FY 2021	Q3	33,047	301,892	457,125	421,491	1,213,555
FY 2021	Q4	46,278	(320,659)	2,170,978	156,486	2,053,082
FY 2022	Q1	22,465	168,325	644,000	627,042	1,461,832
FY 2022	Q2	3,106	589,572	209,716	65,962	868,356
FY 2022	Q3	-	-	-	-	-
FY 2022	Q4	-	-	-	-	-
FY 2023	Q1	-	-	-	-	-
FY 2023	Q2	-	-	-	-	-
FY 2023	Q3	-	-	-	-	-
FY 2023	Q4	863	2,416	40,272	11,006	54,558
FY 2024	Q1	10,650	27,289	213,156	284,146	535,241
FY 2024	Q2	9,039	25,352	437,334	80,018	551,744
FY 2024	Q3	11,661	32,624	517,878	133,412	695,576
FY 2024	Q4	26,177	128,344	220,546	529,732	904,800
<b>Total</b>		<b>1,530,960</b>	<b>1,319,405</b>	<b>7,722,367</b>	<b>7,367,405</b>	<b>17,940,137</b>