

## **ADMINISTRATION BUDGET HIGHLIGHTS**

This budget is the culmination of a tremendous effort by every department in City government to identify savings opportunities, support important initiatives and protect service levels in the face of a very difficult economic climate. We are called upon to make tough decisions to provide the resources necessary to promote a high quality of life for all who work and live in Salt Lake City, and to look wisely toward the future.

### **REVENUE SOURCES**

The national and regional economic slowdown continues to have an impact on Salt Lake City's economy. In 2001, taxable retail sales declined by 1.3 percent in Salt Lake City, and in 2002 taxable retail sales declined an additional 2.3 percent. Declining construction activity due to the slow economy and a saturated mortgage market also impacts our revenues.

Property taxes are projected to be down almost \$1.2 million from the FY 2002-03 budget. Low interest rates have resulted in a \$1 million decrease in interest income. The legislative re-criminalization of traffic fines will result in a reduction in revenue of nearly \$200,000.

Franchise fees are a bright spot, enhanced due to changes in legislation. We project an increase of \$923,000. Telecommunication leases will result in an increase of \$327,000 in revenue. We will also realize increased revenue from a State approved increase in the beer and liquor tax. During the last few years the State of Utah reduced our percent of revenue resulting from liquor law enforcement (a formula based on enforcement and prevention efforts). Last year they cut it entirely. This year the legislature increased the amount by 1 percent, resulting in approximately \$275,000 in revenue once again going to support our liquor law enforcement activities. Justice Court revenue is up \$600,000 as a result of fines and forfeitures acquired from the District Attorney's caseload.

### **BUDGET PLANNING PROCESS**

In spite of the challenges created by a stagnant economy, we have created a budget that honors our commitment to our strategic goals and continued quality service and does so without a property tax increase.

Each department has prepared a six-year plan which reflects our commitment to long-term planning. These plans are an exercise which forces our departments to critically

examine the costs and benefits of every program and activity from a "zero base." While the FY 2003-04 budget reflects the realities of a slow economy, the six-year plans reflect the options and opportunities we should prepare for when the economy regains a strong footing.

This recommended budget required a balancing of needs and resources in every division of our government. We were guided in this process, as in preparation of the six-year plans, by the eight focus areas identified in our 2003-2008 Balanced Scorecard. Those focus areas are:

- Responsive Government
- Capital Investment / Resource Management
- Public Safety
- Growth/Quality of Life
- Community Building / Diversity
- Revitalization of Downtown / Neighborhoods
- Transportation
- Economic Development

### **SUMMARY OF KEY CHANGES**

It is with attention to these important goals that this budget has been formulated. Following are some of the highlights:

- Continued commitment to funding of CIP. We support the dedication of an amount equal to 9 percent of General Fund revenue to meet the City's capital improvement needs. The FY 2003-04 budget appropriates an amount equivalent to 8.96% or \$13,815,047 of General Fund revenue to CIP. General Fund ongoing revenue provides \$11,187,642 while fund balance provides \$2,627,405. In addition, \$776,745 of prior year CIP Contingency was allocated to General Fund CIP projects.
- Reorganization of all our youth and family related programs in the Public Services Department. YouthCity programs were moved from the Mayor's Office to the Public Services Department, Division of Youth and Family Programs. This change allows us to manage more effectively and efficiently all of our youth related programs with no duplication in administration. The move includes all relevant staff and the corresponding budgetary funds.
- Relocation of the Special Events Program from the Department of Community and Economic Development to the Public Services Department, Gallivan and Events

Division. This change allows us to better coordinate our event related programming, budget and staff. It enables us to more efficiently and effectively organize large-scale public events, as well as neighborhood and ethnic events.

- Changing our accounting procedure to remove CDBG funds from the General Fund, thus eliminating an artificial inflation of the revenue in the General Fund.
- Maintaining the Neighborhood Matching Grant Program with no new funding, utilizing the significant fund balance of \$266,000, which will carry the program through FY 2004 with no reduction in service level.

## DEPARTMENTAL IMPACTS

In addition to the organizational changes described above in the Mayor's Office, Community and Economic Development and Public Services, all departments have met the budgetary challenges presented to them by cutting costs wherever possible, while striving to maintain or increase the level of service provided to the residents of Salt Lake City. In doing so, we faced not only the challenges created by the national economic malaise, but a 2 percent increase in insurance costs, and an average 6.8

percent increase in pension costs. The following adjustments are among the most significant:

The Department of Public Services will fund additional maintenance responsibilities for Library Plaza, Library Commons, Plaza 349, the Westside Police Precinct, the Justice Court, the vacated Hansen Planetarium, and our new community youth centers in Liberty and City Creek Parks.

The 50/50 concrete program in the Department of Public Services was reduced. This resulted in a reduction of 5.69 FTE's and a budget savings of \$89,000. While this will reduce the number of resident-requested sidewalk repairs by about 50 percent each year, it will not prevent residents from participating in the program, although they might have to wait longer to have their sidewalks repaired

The Department of Public Services will increase revenue by fully accounting for all engineering costs associated with the design, construction, and project management of Capital Improvement Projects. Golf fees were raised approximately 8 percent, effective January 1, 2004. This increase will help us to keep pace with expenses and maintain the golf experience that earned us a ranking from Golf Digest for the year 2002 as the number two "Big City" for golf affordability and quality.

The Fire Department has maintained four-handed staffing on 99.1 percent of the fire apparatus in the City, resulting in an unprecedented level of safety for firefighters and citizens. The Department will manage resources to continue, and we hope improve, that record and maintain training levels in public education. The Department will institute a Special Rescue Team to provide rapid response in times of natural disaster or terrorist attack. The Department will maintain current service levels through efficient use of all available resources.

The Police Department has moved some of its officers into the Pioneer Precinct Building, as planned. The Police Department met the current budgetary challenges with cuts in civilian support positions, including one vacant Youth and Family Specialist and one vacant Victim Advocate position. In addition, the Police Department will delay the third year of the three year laptop replacement cycle.

The Police Department has made a concentrated effort to manage overtime costs, and the amount of attrition savings required to supplement overtime costs has been reduced. The Department offered an additional \$200,000 in attrition savings.

The Department of Management Services reduced operating expenses \$91,000 by making belt-tightening reductions in internal services. The Department reduced the

General Fund budget by \$303,544 through attrition savings, downgrading vacant positions, and by shifting the equivalent of 2 previously General Fund supported positions to the appropriate fund for which the position provides service. In addition, the EEO and organizational development positions in Human Resources were consolidated, resulting in a reduction of \$78,115.

The Department of Community and Economic Development continues to seek efficiencies through reorganization that will allow for cuts in staffing while maintaining current service levels. One mid-level management position was eliminated, reducing General Fund expenses by \$64,000.

The Administration commends the Council for supporting the conservation water rates proposed by the Department of Public Utilities. The key elements of the restructuring include implementation of a three-tiered inclining seasonal rate structure for April through October, elimination of the old base allowance of 500 cubic feet of water and the old demand charge, and implementation of a monthly minimum charge to recover the costs of meter reading and repair, billing and customer service.

We propose the continuation of a strong capital improvement program in each of the three Public Utilities Enterprise Funds,

totaling over \$67 million. Projects include upgrading the sixty year old City Creek Treatment Plant, the sewer reclamation plant, water and sewer line replacements and a new storm water system for 900 South. The Department of Airports budget recommendations include funding of capital improvement projects that will improve airport safety, address customer service needs, and maintain aging airport facilities. The budget proposal will reduce Airport debt by 46 percent and reduce airline costs by 8 percent at a time of financial hardship for the airlines.

## CONCLUSION

The Administration is committed to continuing the quality and level of service our residents have a right to expect. The choices have been difficult, but, by directing our stretched resources toward public safety, neighborhood improvement, support for our young people, clean and efficient transportation, and maintenance of our infrastructure, we will lessen those factors that diminish the quality of life we expect and want everyone to enjoy in Salt Lake City.

We thank all the dedicated City employees who make our City work so efficiently and effectively and all those who have helped to put this budget together.