

BUDGET POLICIES AND PROCESS

STRATEGIC PLANNING

Salt Lake City's strategic planning process is centered on three elements for success: mission statement, focus areas and corporate goals. To implement the process, the City integrated its operational and financial planning process with three primary strategies:

1. Preparation of balanced scorecard five-year business plans by department, division and program
2. Building budgets from a zero base
3. Tying operational and financial plans to City-wide goals, with departmental performance measures

In July 2001, the Mayor and the City Council met to review the strategic priorities for Salt Lake City based on the City's mission: "To make Salt Lake City the best place to live, work, play, visit and do business." The priorities, or focus areas, the Mayor and City Council identified were:

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

Specific goals to address the focus areas over the next five years were developed by a team of the Mayor and department representatives. Following the development of the goals, more specific objectives and measures were identified by department directors, division directors, and employees. In this process, the balanced scorecard approach was used. The balanced scorecard provides a framework for a performance management system that addresses the organization's goals within the perspectives of customer service, financial health, efficiency and effectiveness, and workforce quality.

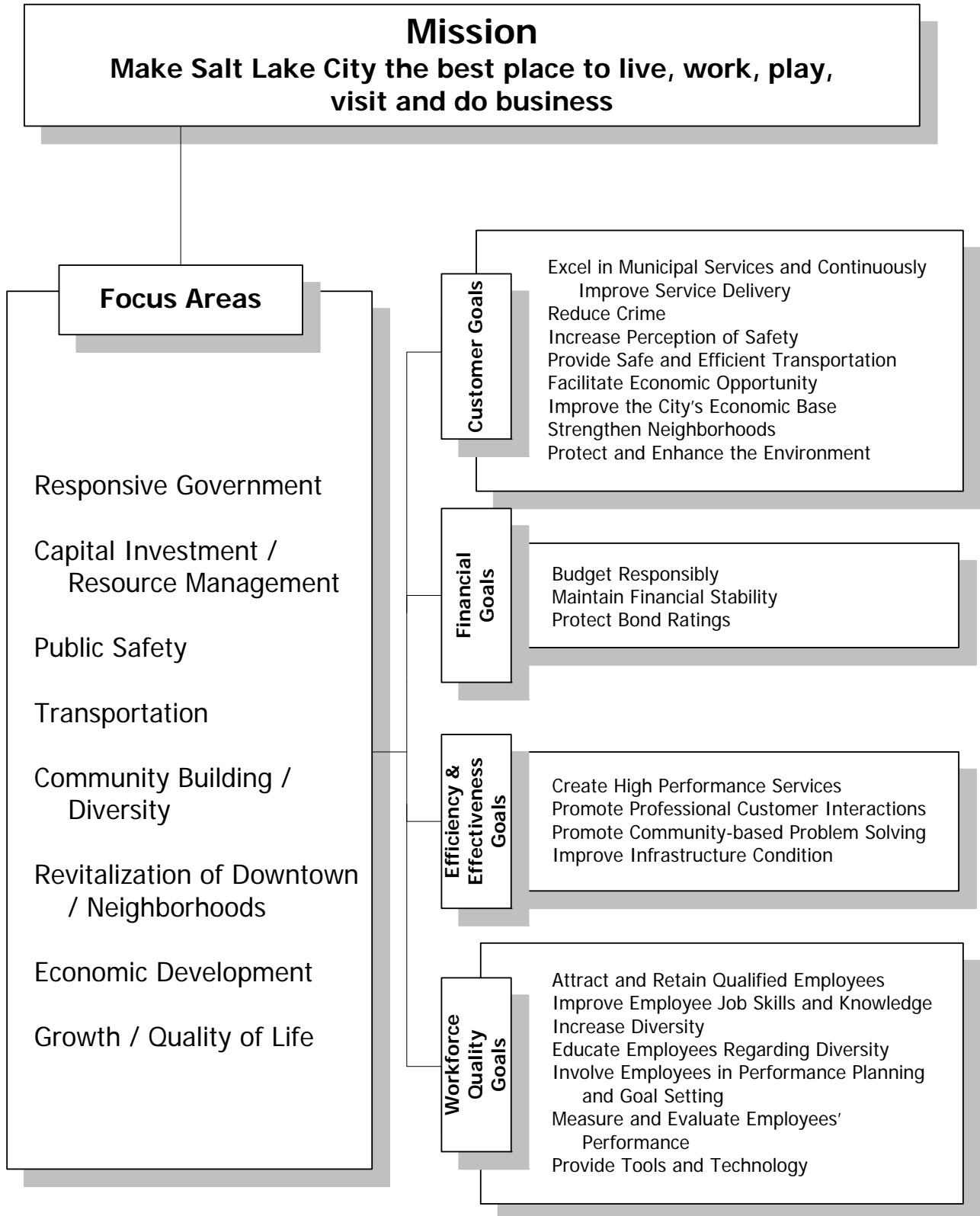
The chart on the following page lists the focus areas and the goals developed to address the focus areas. The goals are grouped within the four perspectives of the balanced scorecard: customer service, financial health, efficiency and effectiveness, and workforce quality. The City-wide goals and performance measures follow the listing of the strategic goals.

The focus areas and goals were incorporated into departmental business plans with measurable activities and targets beginning in FY 2001, with an update required in 2003. The plans have been updated annually since then, and the business plans for fiscal years 2008 through 2012 are included within the "Programs and Budget" section for each department.

Departments have defined specific performance measures related to the focus area goals across the four perspectives in the department five year business plans. The plans include a discussion of the actions they will be taking and the resources needed to implement the plan and meet their targets. The business plans provide an opportunity to discuss service level adjustments as well as to indicate areas where increases are expected as a result of planned growth or an increase in service recipients or costs.

This budget required a balancing of needs and resources in every division of Salt Lake City government. In general, departments and programs have tried to maintain current service levels while looking to the focus areas and goals for direction and prioritization.

SALT LAKE CITY'S STRATEGIC GOALS



SALT LAKE CITY CORPORATE PERFORMANCE PLAN

Goals and Objectives

These goals, measures and targets were originally developed in FY 2001-02 and have been revised to reflect additional targets through FY 2013. This update includes a discussion of any changes to the measures, where applicable.

<i>Customer Perspective</i>							
<i>Objective</i>							
Excel in Municipal Services and Continuously Improve Service Delivery: Promote well-being of the public by continuously improving municipal service delivery.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Continue with question in bi-annual opinion poll that measures the citizen's perception of service received for their tax dollar as good or excellent.	67%	No survey	62% or better	No survey	62% or better	62% or better	62% or better
<i>Objective</i>							
Reduce Part I Crimes (crimes against property): Reduce property crimes (larceny, arson, burglary, auto theft) rates over the next 5 years.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Show a 5% reduction in Part I Crimes over the next 6 years.	-2.6%	TBD	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%

Objective							
Reduce Violent Crimes (crimes against person): Reduce person crimes (homicide, rape, robbery, aggravated assault) rates by 5% over the next 5 years							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Show a 5% reduction in Violent Crimes over the next 6 years.	-0.7%	TBD	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%

Customer Perspective							
Objective							
Increase Perception of Safety: Develop a strong citizen perception of safety in your community.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Maintain a rating of 75% of citizens feeling safe in neighborhoods, in the downtown area and in parks.	76%	No survey	75% or better	No survey	75% or better	No Survey	75% or better
2. Increase number of narcotics arrests made by average of 3% per year.	+16.0%	TBD	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Objective							
Provide Safe and Efficient Transportation: Provide for the safe and efficient movement of people and goods.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Show a 5% reduction in injury traffic collisions.	-8.2%	TBD	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%

Objective							
Facilitate Economic Opportunity: Attract and retain small businesses – including locally owned in commercial centers and residential neighborhoods.							

<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Increase the number of small business loans, issue at least 5 each year.	6	TBD	≥5	≥5	≥5	≥5	≥5

<i>Customer Perspective</i>							
Facilitate Economic Opportunity, continued: Attract and retain small businesses – including locally owned in commercial centers and residential neighborhoods.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
2. Increase the number of businesses relocating or expanding, target of at least 10 each year.	22	TBD	≥10	≥10	≥10	≥10	≥10

<i>Objective</i>							
Strengthen Neighborhoods: Improve neighborhoods by managing growth, investing in quality of life initiatives, and celebrating diversity.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Survey Results: Maintain a rating of at least 85% regarding how satisfied citizens are with the quality of life in Salt Lake City. <i>2007 survey results: 90% rated the overall quality of life in Salt Lake City as high or very high.</i>	90%	No survey	85% or greater	No survey	85% or better	85% or better	85% or better

<i>Objective</i>							
Protect and Enhance the Environment: Conserve resources and proactively manage environmental issues							

<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Increase the percentage of the waste stream recycled (measured in tons) generated by city operations and residents by 20% by FY10-11.	16%	16%	≥19%	≥20%	≥20%	≥20%	≥20%

<i>Financial Perspective</i>							
<i>Objective</i>							
Maintain Financial Stability: Ensure each Salt Lake City fund is financially secure.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Achieve and maintain a fund balance of 18% in the General Fund, with a minimum of not less than 10%.	Not yet Complete	Not Yet Complete	16%	17%	17%	17%	17%
2. Internal Service Funds will maintain adequate retained earnings by adding at least 1% of revenues per year to their retained earnings.	-2.2%	+1%	+1%	+1%	+1%	+1%	+1%
3. The Airport Enterprise Fund will maintain adequate cash reserves of 25% of their operating expenses.	25%	TBD	≥25%	≥25%	≥25%	≥25%	≥25%
4. The Utilities Enterprise Funds will maintain adequate cash reserves of 9-10% of their operating expenditures. Water Utility (FY 05 target of 9%) Sewer Utility (FY 05 target of 97%) Stormwater Utility (FY 05 target of 150%)	Not yet complete	9% 10% 10%	9% 10% 10%	9% 9% 10%	9% 9% 10%	9% 9% 10%	9% 9% 10%

Objective							
Protect Bond Ratings: Analyze debt capacity prior to issuing bonds and maintain modest debt levels to protect and enhance the City's overall credit worthiness.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Maintain Aaa/AAA general obligation bond ratings by Moody's and Fitch, respectively.	Aaa/ AAA	Aaa/ AAA	Aaa/ AAA	Aaa/ AAA	Aaa/ AAA	Aaa/ AAA	Aaa/ AAA

Financial Perspective							
Protect Bond Ratings (continued): Analyze debt capacity prior to issuing bonds and maintain modest debt levels to protect and enhance the City's overall credit worthiness.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
2. Total debt service for general obligation and other General Fund supported debt, net of contributions from other sources, should be less than 15% of General Fund expenditures on an annual basis. <i>(Low is <5%; Moderate is 5% to 15%; High is >15%)</i>	7.8%	8.1%	<15%	<15%	<15%	<15%	<15%
3. Rate Covenant Requirements – net revenues for the forthcoming fiscal year ≥ 2.00 for Public Utilities times the Aggregate Debt Service for that year on all revenue bonds outstanding.	6.09	5.59	≥ 2.00	≥ 2.00	≥ 2.00	≥ 2.00	≥ 2.00

<i>Efficiency / Effectiveness Perspective</i>							
Objective							
Create High Performance Services: Provide customers with best-in-class services.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Implement 2 environmental improvement tasks per department per year from the Environmental Management System (EMS) priorities. <i>This measure is no longer being used.</i>	14	NA	NA	NA	NA	NA	NA
Objective							
Promote Professional Customer Interactions: Provide city employees with customer service training to raise customer satisfaction level.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Citizens rating the professionalism of city employees as being high or very high in biennial survey	74%	No survey	≥71%	No survey	≥71%	≥71%	≥71%

Objective							
Improve Infrastructure Condition: Balance between new opportunities and maintenance of existing infrastructure -- transportation, utilities, building & parks and recreation facilities.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
Invest an amount equal to or greater than 9% of General Fund revenue per year in capital improvements.	7%	7%	≥9%	≥9%	≥9%	≥9%	≥9%
<i>This goal has been revised to 7%. In FY 08, the Council allocated an additional one-time amount and raised the overall contribution to the capital improvements program.</i>							

<i>Workforce Quality Perspective</i>							
Objective							
Attract and Retain Qualified Employees: Attract and retain qualified employees to ensure effective delivery of municipal services in a cost-effective manner.							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Ensure that the ratio of applicants remains higher than ICMA's benchmark per year. (25 applicants per job)	28.5	21.5/1	>25	>25	>25	>25	>25
2. Maintain turnover rate below 10% per year.	6.33%	9.99%	<10%	<10%	<10%	<10%	<10%
Objective							
Increase Diversity: Increase diversity of the City's workforce to match or exceed the labor force of the Wasatch Front. (Labor force data shows 8.9% of comparable labor force comprised of minorities and 44.4% of comparable labor force is comprised of women.)							
<i>Measures</i>	<i>Annual Results & Targets</i>						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Increase percentage of minority employees hired per year. (Labor force data shows 8.9% of comparable labor force comprised of minorities.)	-0.5%	-11.7%	+0.5%	+0.5%	+0.5%	+0.5%	+0.5%
2. Increase percentage of female employees hired per year. (Labor force data shows 44.7% of comparable labor force is comprised of women.)	-0.4%	+4.1%	+1%	+1%	+1%	+1%	+1%

Objective							
Measure and Evaluate Employee's Performance: Conduct annual performance evaluations.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Evaluate full time employees annually. <i>This measure has been changed from requiring reviews semi-annually to requiring them annually. Data are still being gathered for FY 2007-08 to determine utilization rate.</i>	TBD	TBD	100%	100%	100%	100%	100%

Objective							
Provide Tools and Technology: Provide technology enhanced services to the Citizens and the City staff.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Create one additional online service setup on the City's WEB page each six months (started September 2001), until all identified services are completed.	2	2	2	2	2	2	2

HISTORICAL BUDGET DEVELOPMENT PROCESS

Development of the budget is accomplished through four separate, but interrelated processes. Two of the processes – policy review and budget development – are administered by the Management Services Department. The Housing and Neighborhood Development Division in the Community Development Department administers the other two processes, the Capital Improvements Program (CIP), and the Community Development Block Grant (CDBG) appropriation.

These processes resulted in a budget for the fiscal year beginning July 1, 2008, and ending June 30, 2009. In May the budget was presented to the City Council for review, and a public hearing was held on May 20th. On August 12th, the final budget and tax rate was adopted, following the required truth-in-taxation public hearing.

The certified tax rate is the property tax rate that provides the same amount of ad valorem property tax revenue as was budgeted for in the prior year, plus new growth, but exclusive of revenue from collections from redemptions, interest, and penalties. The certified tax rate is calculated as follows: the amount of property tax revenue budgeted last tax year from current real and personal property divided by the adjusted estimate of assessed valuation for the same properties in the current tax year.

The assessed valuation is adjusted for three items: the amount of revenue taken by the Redevelopment Agency, the five year average collection rate, and an estimate of adjustments due to appeals.

The City receives increased property tax revenue only from new growth. New growth means the difference between the increase in taxable value of the taxing entity from the previous calendar year to the current year; minus the amount of increase to locally assessed real property taxable values resulting from factoring (corrective action taken because of mistakes in previous years assessments), reappraisal, or any other adjustments, such as changes in the tax laws.

Policy review and budget development are described below. The CDBG and CIP processes and policies are described in the Capital Improvements section.

The review of programs, services, and budgets does not end with the City Council's adoption of the budget. Review is ongoing throughout the fiscal year. Perpetual review allows the City to continuously improve programs and services.

BUDGET REVIEW PROCESS FISCAL YEAR 2008-09

All City departments reviewed and updated their business plan for the next five years at the department, division and program level. These plans include specific goals and objectives related to the City's focus areas, and the resources expected to be needed to achieve these

goals and objectives. Departments were asked to determine the anticipated budget necessary to maintain current service levels for the next five years.

Potential budget changes for the upcoming fiscal year, based on the business plans and service needs were presented to the Mayor in March and April, and discussions were held regarding program and service level funding. The Mayor's Recommended Budget for FY 2008-09 was presented to the City Council in May.

LEGISLATIVE REVIEW

The City Council held budget review meetings with each department fund. The Council reviewed current service levels and any recommended increases or decreases. Council staff helped the City Council identify budget issues and possible adjustments in the budget.

The City Council held a public hearing and a truth in taxation hearing as required by State Statute prior to adoption of the budget and the property tax rate.

PUBLIC PARTICIPATION

Public participation plays a key role in the City's budget process. During budget preparation, a public hearing is held regarding proposed Community Development Block Grant funding, which is helpful in determining final administrative recommendations and the Council appropriations. The City Council heard public comments on the Mayor's Recommended FY 2008-09 Budget in the City Council Chambers.

The City Council and Mayor also hold Council District meetings throughout the year. The meetings take place in community centers and schools and are designed to provide residents with access to government officials. Discussions held and comments received assist the Mayor and City Council in the development of the budget.

BUDGET ADMINISTRATION

Salt Lake City administers its budgets in accordance with the Utah State Municipal Fiscal Procedures Act. Adherence to the provisions of the Act ensures compliance with state law and sound financial practice.

Expenditure of adopted budgets is controlled through the City's computerized Interactive Fund Accounting System (IFAS). This system verifies availability of funds whenever a department requests a voucher payment or requests a purchase order. The system may verify at the appropriation, division, or major expenditure category level (for example, personal services, operating and maintenance charges for services, capital outlay, etc.). If an expenditure is charged against a category which does not have adequate remaining funds, the expenditure is rejected by the automated system and the department is notified of the deficiency. The department may then propose a budget revision, and shift funds to correct the deficiency.

Adjustments to departmental and fund budgets are allowed, by amendment, throughout the fiscal period. If an amendment is requested which will increase the total budget of a fund, or will shift budgeted amounts between funds or departments, state law requires that a public hearing be held to allow the City Council to receive comments regarding the requested changes. The Council then amends the budget or rejects the request for amendment by majority vote. From time to time, money will be shifted within a fund or department budget. These adjustments do not affect the total budget and, therefore, require neither a public hearing nor City Council approval. The approval of the department director and the budget director is sufficient to complete this type of adjustment.

BUDGET DEVELOPMENT CALENDAR

FISCAL YEAR 2008-09

