



INTEROFFICE MEMORANDUM

TO: TAYLORSVILLE CITY COUNCIL MEMBERS
FROM: MAYOR RUSS WALL, JOHN INCH MORGAN AND SCOTT HARRINGTON
SUBJECT: 2012-2013 FISCAL YEAR MID-YEAR BUDGET RECOMMENDATIONS
DATE: 11/13/2012
CC: DEPARTMENT DIRECTORS, BUDGET COMMITTEE

Attached to this memorandum are the Administration's recommended adjustments to the FY 2012-2013 adopted budget. This budget narrative provides a review of the City's finances as of October 31, 2012. This narrative is intended to be used as an executive summary of the Administration's recommended Mid-Year Budget Amendments, and as a supplement to the financial schedules.

These documents provide information on the year-to-date financial activity for all budget lines in all funds for the budget that was adopted on June 22, 2012 by the City Council. Also included are new revenues from grants the City has received since adoption of the fiscal year budget, additional revenues we have received from other governmental agencies, and increases in revenue from sales tax collections.

Corresponding to the recognition of new revenue, additional uses of these funds are identified in various expenditure lines as proposed amendments to the currently adopted budget.

The proposed budget amendments are identified as additional sources and uses of funds for the operation of the City and for City projects. Of significant importance is the need to identify an additional \$1,933,378 in funding sources to pay for the third and fourth fiscal year quarters of our fire and emergency medical services contract.

The narrative format is structured to identify proposed changes to the adopted budget by referencing the spreadsheet tab number, the budget line account number, and the recommended changes from the adopted budget. Where practical, new revenue with an associated expenditure are grouped together to illustrate for the reader the relationships of the sources and uses of funds. A brief narrative for each recommendation informs the reader of the rationale for the recommendation.

The budget spreadsheets format is similar to those presented to the Council in previous budget deliberations. Column 1 presents the Adopted Budget amounts for each budget line; Column 2 presents the Year-to-Date amounts collected or expended in each respective

budget lines; Column 3 shows the recommended adjustments to the adopted budget lines, and Column 4 represents the new budgeted amounts should the Council approve the recommendations.

REVENUE AND EXPENDITURE SUMMARY

General Fund

Tax Revenue (Revenue Tab 10.1)

General Sales Tax (Source)

Revenue Account: 10-31-30000

Adopted Budget 22 June 2012.....	\$7,180,000
Mid-Year Adjustment.....	<u>\$300,000</u>

Mid-Year Budget Line Item Total.....\$7,480,000

The Sales Tax receipts over the past several months have exhibited a very positive trend, resulting in an average increase for this fiscal year of approximately 8 percent. The \$300,000 adjustment reflects the trend for the remainder of the year. Sales tax collections are one of the leading indicators of the health of our local economy.

Miscellaneous (Revenue Tab 10.6)

Miscellaneous Revenue (Source)

Revenue Account: 10-36-90000

Adopted Budget	\$10,000
Seizure Funds Received	<u>\$46,700</u>

Mid-Year Budget Line Item Total\$56,700

Contributions and Transfers (Revenue Tab 10.7)

Miscellaneous Revenue (Source)

Revenue Account: 10-38-70640

Adopted Budget	\$0
Veterans Memorial Donation	<u>\$10,800</u>

Mid-Year Budget Line Item Total\$10,800

Government Buildings (Expenditure Tab 10.6)

Expenditure Account: 10-4160-730, Building Repair and Improvements (Use)

Adopted Budget	\$100,000
Contract Adjustment.....	<u>\$10,800</u>

Mid-Year Budget Line Item Total\$110,800

Donation recognized above to be used for the Veteran’s Memorial at City Hall.

Contributions and Transfers (Revenue Tab 10.7)

Use of Beginning Fund Balance (Source)

Revenue Account: 10-38-91000

Adopted Budget	\$0
UFA Contract.....	\$1,267,964
Law Suit Settlement.....	\$175,000
Bailiff Contract Reconciliation	\$9,600
Code Enforcement.....	\$8,400
Economic Development, transfer from Mayor's Assistant	\$56,515
Other Budget Items.....	\$500
Reallocation of Law Enforcement Grant from a previous period	<u>\$8,002</u>
Mid-Year Budget Line Item Total	\$1,525,981

After assessing each municipal service delivery operation, each capital project, and each cost center to identify potential reductions or elimination of expenditures in the approved budget, the Administration is recommending that \$1,525,981 of the General Fund balance be allocated as a source for funding certain obligations of the City. The most prominent obligation is funding the second half of the Fire and Emergency Medical Services contract with the Unified Fire Authority in the amount of \$1,933,378.

The lawsuit settlement compensates a developer for expenses incurred in the failed attempt to develop part of the City Center property.

The reallocation of \$8,002 represents grant funds awarded to the City, but not fully expended in the previous accounting period. Unspent funds in a given fiscal year will be accounted for in the fund balance unless re-allocated to an expenditure line in the current budget.

When the City entered into an Interlocal Agreement with Protective Services for Court Security and Bailiff Services, the Salt Lake County Sheriff's Office hired our two bailiffs at the same compensation and granted them their seniority as if they had always been employed in that agency. During their employment with the City, each has earned leave time that is accounted for as a liability in our general fund. This reconciliation transfers the accrued leave time to the Sheriff's Office.

When Code Enforcement activities were part of the Police Department, this function utilized the postage and office supply budget lines allocated to that department. This budget adjustment allocates sufficient funds for Code Enforcement to continue operations.

The incumbent Mayor's Assistant FTE has been successfully working on Economic Development projects and issues. This proposal moves that employee to the economic development budget in order to focus all efforts on projects that are nearing fruition and demand fulltime attention.

By drawing from the Fund Balance for operations and obligations, the amount remaining is \$2,913,275, which is approximately 12.4 percent of anticipated revenue.

Public Safety (Expenditure Tab 10.10)

Expenditure Account: 10-4200-343, Fire Protection Contract (Use)

Adopted Budget \$1,943,262
Contract Adjustment..... \$1,933,378

Mid-Year Budget Line Item Total\$3,876,640

In as much as the adopted budget allocated funding for this service for six months of the fiscal year in anticipation of the City joining the fire district January 1, 2012, it is now necessary that the second half of the fiscal year be funded by allocating funds identified in the Sources section of this document, to be used to pay the contract for coverage during the remaining six months of the contract fiscal year.

Non-Departmental (Expenditure Tab 10.5)

Expenditure Account: 10-4150-510, Insurance (Use)

Adopted Budget\$244,700
Settlement Adjustment.....\$175,000

Mid-Year Budget Line Item Total\$419,700

The lawsuit settlement compensates a developer for expenses incurred in the failed attempt to develop part of the City Center property.

Court (Expenditure Tab 10.3)

Expenditure Account: 10-4121-111, Bailiff (Use)

Adopted Budget\$161,040
Contract Reconciliation, leave time accrued liability.....\$9,600

Mid-Year Budget Line Item Total\$170,640

This is a technical adjustment resulting from the contracting for court security services.

Public Safety (Expenditure Tab 10.10)

Expenditure Account: 10-4200-346, Code Enforcement (Use)

Adopted Budget\$163,703
Postage and Office Supplies.....\$8,400

Mid-Year Budget Line Item Total\$172,103

This is a technical adjustment resulting from the contracting for police services.

Intergovernmental Revenue (Revenue Tab 10.3)

Law Enforcement Grants (Source)

Revenue Account: 10-33-57500

Adopted Budget \$0
Grant Adjustment.....\$34,266

Mid-Year Budget Line Item Total.....\$34,266

These changes reflect the adoption of Resolution 12-33 from the U.S. Department of Justice (Byrne Memorial Grant). This grant is provided to the City for law enforcement activities and / or equipment. The Administration has included a corresponding use of these funds for additional traffic overtime as noted below and as presented in the Public Safety tab of the proposed budget amendments.

Public Safety (Expenditure Tab 10.10)
Police Services Contract (Use)
Expenditure Account: 10-33-57500

Adopted Budget.....	\$7,531,062
Prior Year Adjustment.....	\$8,002
Seizure Funds Receives.....	\$52,766
USDOJ Grant Adjustment.....	<u>\$34,266</u>

Mid-Year Budget Line Item Total\$7,626,096

This adjustment represents the expenditure side of Resolution 12-33, the U.S. Department of Justice grant for police activities and equipment and a reallocation of grant monies awarded to the City in a previous period. The Administration is recommending that these funds be used for additional traffic overtime. Upon approval of the budget, the Administration will negotiate an addendum to the Police Services Contract with the Unified Police Department to reflect the change in contract amount and the expected level of services.

The reallocation of \$8,002 represents grant funds awarded to the City but were not spent in the previous accounting period, and the funding dropped to the fund balance.

Economic Development (Expenditure Tab 10.15)
Salary and Wages, Benefits (Use)
Expenditure Account: 10-4650-110; 10-4650130

Adopted Department Budget.....	\$250,526
FTE Salary Adjustment.....	\$40,000
FTE Benefits Adjustment.....	<u>\$16,515</u>

Mid-Year Budget Department Total\$307,041

This adjustment represents the expenditure side of Resolution 12-33, the U.S. Department of Justice grant for police activities and equipment and a reallocation of grant monies awarded to the City in a previous period.

Contributions and Transfers (Revenue Tab 10.7)
Miscellaneous Grants
Revenue Account: 10-38-70530
Resolution 12-33 - Utah Department of Public Safety (Source)
Resolution 11-28 – Utah Department of Public Safety (Source)
Resolution 12-37 – Salt Lake County ZAP (Source)
Resolution 12-38 – Utah Forestry and State Lands (Source)

Adopted Budget.....	\$0
Resolution 12-33 EMPG.....	\$15,000
Resolution 11-28 EMPG.....	\$10,000
Resolution 12-37 Historical Education.....	\$3,499
Resolution 12-38 Tree Inventory.....	\$8,000
Asset Forfeiture funds.....	<u>\$6,066</u>

Mid-Year Budget Line Item Total \$42,565

The Emergency Preparedness Grant (EMPG) in the amount of \$15,000 is to be used for emergency preparedness and to enhance our emergency response capabilities.

The second EMPG was awarded and accepted by the City Council in the previous fiscal year, however, the funds were not fully expended. This amendment allows the funds to be reallocated and expended in the current fiscal year period.

The ZAP Grant to the Heritage Center provides funds designated to be used to facilitate historical educational opportunities for school aged children.

The Utah Forestry funds are provided to assist the City in performing a tree inventory and tree management plan.

Non-Departmental (Expenditure Tab 5.0)

Expenditure Account: 10-4150-550, Emergency Preparedness (Use)

Adopted Budget	\$25,000
Resolution 12-33 EMPG	\$15,000
Resolution 11-28 EMPG	\$10,000

Mid-Year Budget Line Item Total \$50,000

This adjustment represents the expenditure side of Emergency Management Performance Grants recognized by Resolutions 11-28 (\$10,000) and 12-33 (\$15,000) for emergency preparedness, response and mitigation activities and equipment.

Citizen Committees (Expenditure Tab 10.9)

Expenditure Account: 10-4193-665, Historic Preservation Committee (Use)

Adopted Budget	\$6,000
Resolution 12-37 Historic Education	\$3,499

Mid-Year Budget Line Item Total \$9,499

Resolutions 12-37, provides educational opportunities and transportation of school-aged children to the Taylorsville Bennion Heritage Center.

Parks (Expenditure Tab 10.13)

Expenditure Account: 10-4510-730, Parks Maintenance and Repair (Use)

Adopted Budget	\$78,000
Resolution 12-38 Tree Inventory	\$8,000

Mid-Year Budget Line Item Total \$86,000

This adjustment represents the expenditure side of State of Utah Forestry, Fire and State Land Division Grant recognized by Resolutions 12-38 to conduct an inventory of City owned trees, and a management plan for these valuable assets.

Public Works (Expenditure Tab 10.12)

Expenditure Account: 10-4410-658, Street Beautification (Use)

Adopted Budget	\$205,000
Reduction Adjustment	(\$80,000)

Mid-Year Budget Line Item Total \$125,000

The City Council approved an increase of \$200,000 to this budget line for improved streetscape maintenance. Subsequent to the budget adoption, the Administration has entered into contracts and assigned various groups and entities to cut weeds along major corridors, sweep sidewalks, spray noxious vegetation, and install improvements that improve the streetscape and reduce the manpower needs for ongoing maintenance. Of the \$200,000 additional funds, approximately \$120,000 is identified in contracts and immediate needs. The remaining \$80,000 had been intended for

improvements along Redwood Road between 5000 S and about 5300 S. It is our recommendation that \$80,000 be reduced from the budget and used as a source of funding the fire contract.

Community Development (Expenditure Tab 10.14)

Expenditure Account: 10-4610-260, Vehicle Fuel and Maintenance (Use)

Adopted Budget	\$29,800
Adjustment.....	<u>\$4,500</u>

Mid-Year Budget Line Item Total\$34,300

The majority of City owned vehicles has historically been accounted for in the police budget until this year. With the UPD now providing police services, the majority of City vehicles are managed through the Community Development Department where all vehicle maintenance costs are being booked. Our Code Enforcement vehicle expenses are now being booked to this line and require an adjustment of \$4,500 in order to continue operations through the second half of the fiscal year.

General Fund Transfers (Expenditure Tab 10.17)

General Fund Expenditure Account: 10-4810-922, Transfer to Capital - Infrastructure (Use)

Capital Fund - Infrastructure Revenue Account: 45-30-90000

Capital Fund – Infrastructure Expenditure Account: 45-4000-703

Capital Fund – Infrastructure Expenditure Account: 45-4000-707

Adopted Budget	\$1,055,267
Prairie View Drive Adjustment	(\$199,414)
Bike Trails Adjustment	<u>(\$100,000)</u>

Mid-Year Budget Line Item Total\$755,853

This recommendation transfers funds from the Capital Improvement Projects back to the General Fund. The adopted budget initially transferred \$1,055,267 from the General Fund to the Capital-Infrastructure Fund. Upon approval of the budget and the adoption of the certified tax rate, two life-safety projects were awarded and contracts executed. The two projects are wall projects on 4100 S, and the alternate access road for the residents of 6020 S through Labrum Park.

The amount being transferred back to the General Fund represents the postponement of the Bike Trails/Path, and a reduction of the Prairie View Drive funding for this project from \$259,414 to \$60,000. The reduced amount is part of the fund that will reverse the transfer from the General Fund to the Capital Fund to provide a source of funding for the Fire Contract. The remaining \$60,000 in the Prairie View project budget will be used for design and engineering for this priority project.

General Fund Transfers (Expenditure Tab 10.17)

General Fund Expenditure Account: 10-4810-924, Transfer to Cemetery (Use)

Cemetery Fund Revenue Account: 26-30-90000, Transfer from General Fund (Source)

Cemetery Fund Expenditure Account: 26-4510-745, (Use)

Adopted Budget	\$10,000
Storage Building Adjustment	<u>\$10,000</u>

Mid-Year Budget Line Item Total\$20,000

The adopted budget included \$10,000 for the construction of an equipment storage structure at the Taylorsville Cemetery. Incident to the adoption, construction bids were solicited and all bids exceeded the estimated budget amount. This allocation will allow the project to be re-bid and constructed.

Capital Projects - Building (Fund 40)

Revenue Account: 40-30-91000, Use of Beginning Fund Balance (Sources)

Expenditure Account: 40-4000-210, Park Projects (Use)

Adopted Budget	\$0
Use of Park Impact Fees	\$100,000
Increase in Fund Balance.....	<u>\$20,000</u>

Mid-Year Budget Line Item Total\$120,000

An inventory of park and playground equipment identified priority improvements to City parks including: removal of dilapidated playground equipment and surrounding structures at Azure Meadows Park; upgrading drainage, and hillside improvements at Bennion Park; repair of pavilion and playground equipment at Taylorsville Park, and rehabilitate equipment at Vista Park. In addition, most of our parks are in need of refreshing the “soft-fall” materials.

The Park Impact Fees are collected on new construction and restricted for use in park construction and maintenance projects.

Capital Projects - Infrastructure (Fund 45)

Revenue Account: 45-30-98000, Intergovernmental Revenue (Sources)

Expenditure Account: 45-40000-710, Redwood Road Improvements (Use)

Adopted Budget	\$1,156,267
HB 242 Reallocation of unspent funds for Redwood Road and 6200 S	\$600,000
Use of Beginning Fund Balance	\$50,000
Transfer to General Fund (described above)	<u>(\$299,414)</u>

Mid-Year Budget Department Total\$1,506,853

House Bill 242 provides funding for projects related to the impact of 6200 S and Redwood Road improvements. These funds will be used to modify and by doing so protect the right turn movement for those approaching Redwood Road from the east, and turning north onto Redwood Road; and provides funds for improvement to 6020 South residents through the new road through Labrum Park. The \$50,000 infrastructure expenditure is anticipated to fund engineering costs for a footbridge at 4500 South and the Jordan River. The cost of construction is estimated to be \$400,000 with Murray City committed to paying \$100,000, and the UDOT committed to pay \$200,000 in the next fiscal year. The City of Taylorsville total share is \$100,000, requiring \$50,000 to be budgeted in the 2013-2014 FY budget.

Community Development Block Grant Fund – Revenues and Expenditures (Fund 21)

Revenue Account: 21-30-11000, Federal Grant Revenue (Sources)

Expenditure Account: 21-4000-658 EECDB grant exp. 21-4000-752 Senior center Improvements(Use)

Adopted Budget	\$390,378
Prior Year CDBG Grant Allocation	\$150,000
EECDBG Grant Allocation	<u>\$180,000</u>

Mid-Year Budget Line Item Total\$720,378

These changes represent the reallocation of prior year funds that were underspent on certain projects and due also to projects crossing budget years. This adjustment reallocates funding for prioritized CDBG eligible projects. The EECDBG is funding for energy efficient projects within the City and has been used to upgrade energy projects at the museum, the fire station, city hall, and our street lights.