TENTATIVE AGENDA - MAY 9, 2002

NO MEETING MAY 16, 2002 - COUNCIL WORK SHOP

TENTATIVE MASTER AGENDA

PARK CITY COUNCIL MEETING

SUMMIT COUNTY, UTAH

MAY 2, 2002

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will hold its regularly scheduled meeting at the Marsac Municipal Building City Council Chambers, 445 Marsac Avenue, Park City, Utah for the purposes and at the times as described below on Thursday, May 2, 2002.

AGENDA

Work Session

3:30 p.m.	Council questions/comments
4:00 p.m.	Budget overview
4:40 p.m.	Historic District Commission interviews
5:00 p.m.	Public input

No Regular Meeting

Posted: 04/29/02

TENTATIVE AGENDA - SUBJECT TO CHANGE

PARK CITY COUNCIL MEETING

SUMMIT COUNTY, UTAH

MAY 9, 2002

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will hold its regularly scheduled meeting at the Marsac Municipal Building City Council Chambers, 445 Marsac Avenue, Park City, Utah for the purposes and at the times as described below on Thursday, May 9, 2002.

AGENDA

Work Session

Council questions/comments

Budget review

Youth Advisory Committee grant recommendations

Joint planning with Summit County - Quinns Junction

Review of regular meeting

Regular Meeting

6:00 p.m.

I ROLL CALL

II PUBLIC INPUT

III COMMUNICATIONS FROM COUNCIL AND STAFF

IV WORK SESSION NOTES AND MINUTES OF MEETING OF APRIL 4, 2002

V CONSENT AGENDA PUBLIC HEARINGS

1. Amendment to Title 3, Ethics Code, of the Park City Municipal Code regarding campaign disclosures

2. Ordinance - 7965 Red Tail Court, Bald Eagle Condominiums lot line adjustment

3. Ordinance - 1420-1585 Three Kings Drive amendment to record of survey

4. Revisions to Master Festival License for the Jazz Festival to be held August 16 - 18, 2002 - Fidelity Investments

VI CONSENT AGENDA

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2. Ordinance - 7965 Red Tail Court, Bald Eagle Condominiums lot line adjustment

3. Ordinance - 1420-1585 Three Kings Drive amendment to record of survey

4. Revisions to Master Festival License for the Jazz Festival to be held August 16 - 18, 2002 - Fidelity Investments

5. Award of contract to Lee & Smith for consulting services

6. Resolution proclaiming May 11, 2002 as Arbor Day in Park City, Utah

VII PUBLIC HEARING

Historic Preservation Element of the General Plan

VIII ADJOURNMENT

PARK CITY COUNCIL WORK SHOP

SUMMIT COUNTY, UTAH

MAY 14 - 16, 2002

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will not be holding its regular meeting on May 16, 2002. The City Council will be convening in a work shop to be held on May 14 - 15, 2002. No formal action will be taken at the work shop.

Posted: 05/06/02

See parkcity2002.org

Note: This future meeting schedule is TENTATIVE and subject to change.

PARK CITY COUNCIL TENTATIVE MEETING SCHEDULE

May 2002

2 **Kay gone**

14-15 City Council work shop

16 **No meeting**

17 Golf course pro shop open house - 4 p.m. to 9 p.m.

23 Budget review - work session

Ordinance - April Mountain subdivision Phase 1 - KW

30 **No meeting**

June 2002

6 Public hearing - budgets

Adoption of tentative budget

13 **Fred gone**

No meeting

20 Continuation of budget hearing

Adoption of final budget

27

July 2002

4 **No meeting**

11

18

25

August 2002

1

8

15

22

29

DATE: May 2, 2002

DEPARTMENT: Office of Capital Management and Budget

AUTHOR: Tom Bakaly, Mark Christensen

TITLE: FY2002 Budget Adjustment (current), FY2003 Tentative Budget (next year)

TYPE OF ITEM: Legislative

SUMMARY RECOMMENDATION:

- Review the budget on May 2nd, May 9th; Conduct a Public Hearing on May 23rd, June 6th and June 20th; Amend the FY2002 budget; Adopt the FY2003 tentative plan with recommended changes as the FY2003 budget. (Tentative adoption is scheduled for June 6, 2002 and final adoption on June 20th.)

- Adopt the "Certified Property Tax Rate" {No Tax Increase Rate} for FY2003. [*Actual tax rate will not be known until Mid June*]

- Review & adopt the recommended changes to the FY2003 budget (Tentative adoption is scheduled for June 6, 2002 and final adoption on June 20, 2002.)

- Authorization for the Budget and Grants Manager to compute the City's Tax at a "no increase" rate but include the issuance of a $4 million General Obligation Bonds for the Citywide Parks and Ice improvements as approved by voters in November 2001.

DESCRIPTION:

A. Topic: In accordance with Utah State Code, the City Council must adopt a budget for each fiscal year. Last year, as part of the budget process, the City Council adopted the first year of the two-year budget cycle. This year the City Council will amend the FY2002 budget and formally adopt the financial plan for FY2003. Typically the second year of the two year budget has relatively few changes. This year's budget process will include a recap of the Olympic expenditures and revenues.

B. **Background**: During the first year of the two-year budget, the City usually emphasizes pay plan revisions, capital improvements updates and changes that need to be made to the current year budget, and simultaneously develops a fiscal plan for the second year of the budget process.

The budget presentation for this year will focus on the adjustments to the FY2002 budget and update the FY2003 Plan. Typically in the second year of the budget process we do not reprint the budget document. The budget staff reports and attachments are used to supplement the two year budget document distributed last fall. (Additional copies are available upon request.)

In March of 2001, with the help of the Citizens Technical Advisory Committee (CTAC), staff presented the Service Level Analysis to the City Council. The City closely studied what services it provided and placed them in categories: core, new, and growth related. The first phase included a commissioned study of the impact of tourism on Park City's economy and was presented in the Spring of 2001. The goal of the second phase is to clearly inform City Council and the public about the City's budget. In March of 2002, staff presented an Executive Summary of the budget to City Council. Please see page one of that summary which outlines the Goals and conclusions of that study. In addition, CTAC recommended that the Council address the following issues in the budget process this year:

- Economic Development Plan- Impacts on Tourism and City Revenues
- Olympic Reconciliation and post Olympic implacations
- Capital facility requirements and capital funding
- Recreation Fund strategy: short and long term
- Regional Cooperation: Planning, Water, Transportation and Recreation
- Federal Grants - Should we continue to seek capital/operating grants?

In addition to these issues the City will need to address future issues next spring (2003) after a community visioning process and as part of next years budget:

- Provision of enhanced services or new services, specifically in the area of enhanced social services and expansion of public service contracts (grants) that the City gives to local non-profit organizations
- Provision of major new capital services such as Old Town Capital Program and associated improvements to Main Street
- Implications of Substantial deviation from the City's primary business - Tourism
- Major revision of Recreation Fund Strategy
- Changes to environmental or water management strategies
- Implementation of new policies requiring enhanced administration

Some of this issues have already been discussed by Council. Other issues such as Capital decisions and the Citizens visioning process are yet to be determined. It is our hope that the Executive summary and this year's budget process will be beneficial in accomplishing the above mentioned goals.

The following is the budget process time line presented in the Executive Summary (p. 5). It shows the planned time line for the continuation of this study and outlines the historical steps and actions that have been taken. We will discuss the Executive Summary on May 2nd and use this document as a formal introduction to the budget process.

Exhibit 1

The following is the recommended schedule for reviewing the FY2002 Adjusted Budget and FY2003 Plan:

May 2nd	**Operating Budget** 1) Budget Overview - Introduction 2) Executive Summary - Recap 3) Revenue and Expenditure Trends 4) Operating Policies and Objectives
May 9th	**Operating Budget & Enterprise Funds** 1) Operating Budget - Departmental Budget Options 2) Special Service Contracts 3) Discussion on Departmental budgets as needed 4) Golf Fund (Operating & Capital) 5) Recreation Fund (Operating & Capital)
May 16th	No meeting scheduled.
May 23rd	**Enterprise Funds Cont. and Capital Improvement Budget** 1) Hold Public Hearing on the Budget and continue to 6/06/2002. 2) Water Fund - Rate Study and Water Conservation 3) New and Modified CIP Projects 4) Olympic Budget Reconciliation 5) Budget Wrap-up
May 30th	No meeting scheduled.

June 6th	1) Hold Public Hearing on the Budget and continue to 6/20/2002. 2) Additional budget discussions as needed. 3) Tentative adoption of FY2003 Budget (no tax increase) 4) Tentative adoption of FY2002 Amended Budget
June 20th	Continuation and closure of the public hearing on the budget, with final adoption, by resolution, of both the FY2002 Adjusted Budget and the FY2003 Budget with a no increase tax rate for FY2003.

Exhibit 2

In May of 2000 Council began the process of cutting expenses throughout the city in light of unfavorable expenditure trends. At the time staff anticipated that if corrective action was not taken an operating deficit would begin starting in FY2003. The following exhibit demonstrates the impact of this decision for the General Fund.

The $650,000 in budget cuts taken in FY2000 clearly slowed the expense growth in the General Fund. FY2002 spikes because of the budgeted Olympic Expenses. In the years following the Olympics, growth is expected to slow. This growth rate may be altered on the community visioning process that is expected in FY2003.

C. Analysis:

Budget Summary: There are relatively few changes to the City's 2003 Fiscal Plan; rather this year's budget process will largely focus on the FY2002 Adjusted Budget, Olympic Reconciliation, and changes to the Capital Improvement Program. Changes from the budget and plan adopted last spring will be highlighted during the budget process. The budget document printed last spring outlines the City's policies that govern the budget process and use of appropriated funds. If during the budget process questions arise regarding the polices, Council has the ability to amend the policies in accordance with state law.

Attachment A includes the detail changes to the FY2002 and FY2003 Adjusted Budgets. The changes are highlighted briefly in the following summaries of this report and will be discussed in more detail in each budget meeting. Again, this attachment is designed to highlight the change from the document printed last fall. On May 2nd, staff will review this attachment and address the changes and issues for this budget year.

One of the recommendations from the CTAC was the presentation of financial information to the public. After the budget is completed in June, staff will create a "Citizens Budget Summary" that will notify the community of the budget changes. It is anticipated this document will allow the City to more concisely present budget information to the public on an annual basis. This document may be used as an introductory document for the possible community visioning process.

Exhibit 3

Exhibit 3 shows the total Budgeted Expenditures for FY2002 and FY2003. The differences between the two years are first the large amount for capital in FY2002 that will if unspent in FY2002 roll forward in to FY2003. Another difference is the Olympic budget included in FY2002. These differences will be discussed in more detail in the Expenditure analysis for this report.

Revenue Summary: The tentative budget anticipates a favorable adjustment to sales tax revenues. Despite the bleak economic projections post-September 11, 2001 and in anticipation of low sales tax the year of the Olympics, it appears that sales tax revenue collections are on pace with last year at approximately $8.3 million. In addition, the City received a one time

Exhibit 4

sales tax reimbursement of $348,308 for the 1/64 percent sales tax diversion for the Utah Sports Park. Early indications are that the April sales tax distribution (February collection) exceeded last year by 35 percent. In light of this information the tentative budget reflects an increase of $1,550,000 for sales and resort tax in FY2002. This is low compared to last year, but the largest sales tax collection months are still unknown. This number will likely be increased before the final budget is adopted in June based on the April and May sales tax distribution. Staff is hesitant to amend projections for the final months without more information which will be available at the end of May.

Intergovernmental Revenue is projected to decrease after the Olympics. This is largely due to the near completion of the Transit Center. Other major revenue resources are conservatively projected for FY2003. Building revenue will likely fall short of projections, but the increase in sales tax makes up for this shortfall for this fiscal year. Long term building trends need to be

closely monitored in FY2003 as this marks the second calender year where building activity has declined. The following Exhibit shows the Building Activity since 1985.

Exhibit 5

Despite the favorable FY2002 adjusted revenue projections the FY2003 revenue projections have not been altered much outside of foreseeable issues such as bond proceeds, debt, and charges for services. There is some uncertainty about forecasting future revenue based on historical revenues given the impact of the Olympics and the rapid and perhaps artificial growth leading up to the Olympics. Staff is optimistic that the successful Games will lead to increased tourism in future years but the effect is unknown at this time. The FY2003 revenue projections may be adjusted in June based on the next two months sales tax collection information. In the short term, revenue projections are reasonably conservative for FY2003 based on the slowed national and state economic growth projections.

The General Fund is restricted in the amount of Fund Balance that can be kept in reserve. By State statute the City is limited to keep General Fund balance below 18 percent. Consistent with City policy any General Fund balance in excess of 18 percent will be transferred to the 5 year CIP fund.

The estimated beginning fund balance for FY2002 has increased from what was printed in the budget document last year. The City has to budget with the expectation that it will spend all of its capital budget within a year. Therefore, the Beginning Balance for FY2003 is much lower than expected and will be adjusted upwards next year. This change is due to the large balances carried forward in capital project budgets. In FY2002, Water Fund balance drops roughly $4.5 million. The change in this fund is largely driven by the increased budgeted Capital Outlay for FY2002. In FY2003, the Transit Fund Balance drops significantly due also to budgeted capital projects.

Expenditure Summary: The major topics associated with this year's budget process will largely focus on the budget option requests for this year, changes in the enterprise funds, capital projects, and requests for Special Service Contracts. The following summary of the budget issues with more detailed information to be provided in the staff reports covering the topics for the given weeks. The following exhibit is a summary of the budget changes by major object for the FY2002 Adjusted Budget and the FY2003 Tentative budget. Significant trends include a drop in personnel and materials expenses in FY2003 when compared to FY2002. Debt peaks in FY2002 as large debt adjustments are projected in the RDA Debt Service Funds totaling approximately $3.4 million.

Exhibit 6

As always, personnel expenses form the largest part of the FY2003 operating budget. The following Staffing Exhibit demonstrates the change in Regular Staff positions for FY2003. The chart shows only regular Full Time Equivalent (FTE) positions.

The following are the personnel FTE changes from FY2003 Financial Plan.

Exhibit 7

Attachment B Budget Options FY2002 and FY2003 is a list of all budget options by department. These are the City Manager Recommended options that will be discussed as part of the departmental budget options to be reviewed on May 9th.

Enterprise Fund Issues: This year there are several requests for additional expenditures in the Enterprise Funds. A detailed discussion of the Enterprise Funds budget options, revenue projections and capital issues will occur on May 9th and 23rd.

Operating Budget Issues: The largest budget option for the FY2002 Adjusted Budget is the addition of an extra pay period. This event occurs once every seven years and has a total fiscal impact of approximately $500,000 for FY2002. This adjustment is offset in the General Fund with a reduction of the Operating Contingency which due to the Olympics was originally budgeted at $940,558. With the General Fund offset, the Contingency for FY2002 will be reduced to $546,493. Other operating budget options will be highlighted in more detail on May 9th.

Olympic Reconciliation: The largest operating issue for this budget process is the Olympic Budget. The Olympics represented an additional budget of roughly $5.6 million for FY2002. Consistent with Olympic Budget policy and in response to September 11th, the City Manager asked each department to reduce there Olympic budget to offset the potential revenue short fall.

In November 2001, departments reduced the Olympic budget by approximately $1.2 million. This adjustment appears as the "Olympic Adjust" which reduced budgeted expenditures across all departments. In addition the City informally instituted the recession plan resulting in an Adjusted Olympic Budget of roughly $3.96 million. At this point Staff anticipates that revenues will exceed expenditures. Attachment C shows a favorable projection of Olympic revenues and expenditures. These preliminary estimates will be finalized on May 23rd.

Capital Issues: The City's Capital Improvement Program (CIP) has undergone several changes since last year. Several capital projects will require Council policy direction. These changes are outlined in Attachment A and will be discussed in greater detail on May 23rd. Some of the more significant changes include the Main Street RDA Refinance completed last fall and the Recreation Bond Election for both the Racquet Club and Citywide Parks and Ice.

The RDA refinance created approximately $114,000 in new money in addition to deferred principal payments to future fiscal years. These funds have been tentatively allocated to the following projects: $50,000 for an Economic Development Study for the Main Street RDA, $200,000 for the Old Town Capital Needs Assessment study, and the remaining funds of $474,303 have been allocated to the Downtown Revitalization project. The recommended budget anticipates the issuance of the $4 million Citywide Parks and Ice debt in FY2003. The Racquet Club Master Facilities project has been changed to unfunded status in light of the failed November bond election. The City has identified the costs for the leisure pool repair or replacement from $200,000 to $500,000 and roof repairs at about $200,000. These repairs are unfunded at this time.

Special Service Contracts: There are several requests for Special Service Contracts. These requests will be addressed in detail on May 9th and be accompanied by a recommendation from the Special Service Contract Sub-Committee.

Summary: The budget presented in this report and Attachment A represent the City Manager's Recommended Budget.

- FY2002 Revenues are up from FY2002 projections.
- FY2002 revenues have exceeded expectations yet the future trend of construction activity remains uncertain.
- Expense requests were minimized in FY2002 and FY2003.

- Staff will need policy direction on Capital Issues.

D. <u>Department Review</u>: City Manager, Finance, Office of Capital Management and Budget.

<u>ALTERNATIVES</u>:

A. <u>Provide Direction About Budget Issues and Policies</u>

B. <u>Continue the Item</u> - June 20, 2002 is the last date on which adoption (No Tax Increase Rate) can occur in order for us to meet the filing deadlines with the County and State if there is no property tax increase.

C. <u>Do Nothing</u>

<u>SIGNIFICANT IMPACTS</u>: The City's budget must be balanced. Staff recommends that Council provide policy direction on budget issues.

<u>CONSEQUENCES OF NOT TAKING THE RECOMMENDED ACTION</u>: The specific impacts of not approving individual recommended options will be discussed during budget presentations.

<u>RECOMMENDATION</u>: The City Council should follow the budget presentation schedule described above and provide direction concerning budget policies and issues.

Attachments:

A. Budget Changes from the FY2002 Budget and FY2003 Financial Plan.
B. Budget Options FY2002 and FY3003.
C. Olympic Reconciliation: Citywide and Celebrations Budget

MEMORANDUM

To: Honorable Mayor/Members of City Council

From: Jan Scott

Re: Historic District Commission Interview - May 2, 2002

As of this date, the Mayor's Office received an application from architect David White. We anticipated receiving another application, but as of this date, that has not occurred.