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# **Planning & Development Services**

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## Budget Office Report

This report summarizes a due diligence review with departments of line item compliance with budget guidelines. The departments have submitted revised budget amounts based upon negotiations between the department and the Budget Office.

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**GENERAL FUND – Planning Review, Inspections & Economic Development  
(Does not include the SAMSHA Grant – FY 2004 is last year)**

<b>Revenues/Expenses (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Total Revenues	\$5,312	\$5,857	\$4,965	\$4,989
Total Expenditures	\$6,500	\$7,906	\$7,386	\$7,421
NET TAX SUPPORT	\$1,188	\$2,049	\$2,421	\$2,432

**Revenues**

The economic development boom from 1996 through 2001, averaging nearly \$6.2 million in development fees annually slowed in 2002. FY 2002 revenue decreased by 34% compared to FY 2001 – the historical high year. FY 2003 projections, based on the first 6 months of actual activity, reflect level revenues of about \$5.2 million, similar to FY 2002 and \$450,000 less than the FY 2003 revised budget. The 2003 number of permits is expected to continue through FY 2004 and FY 2005. However, the valuation is anticipated to be lower resulting in revenues of about \$5.0 million in each year. This is about \$200,000 less than the projections presented in January 2003 and is based on activity through April 2003.

The department projected revenue to be significantly lower in FY 2004 and FY 2005 than previous years, but sufficient to cover all building activities and a small portion of planning activities.

<b>Revenues (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Development Revenues	\$5,200	\$5,650	\$4,706	\$4,730
Other Revenues	\$112	\$206	\$259	\$259
TOTAL REVENUES	\$5,312	\$5,857	\$4,965	\$4,989
% Change	-33.7%	10.3%	-18.0%	0.5%

**Key Revenue Accounts**

- 1) The slower economy has affected development revenues. The number of permits issued in FY 2003 has remained flat compared to FY 2002; however, valuation has declined. The department has projected development revenue of \$5.2 million for FY 2003, which included a 5% fee increase effective October 2002. This trend is the basis for the FY 2004 and 2005 budget.
- 2) Other notable revenue items include:
  - ✓ New state legislation eliminates the city's ability to license heating contractors after July 1, 2004 (FY 2004). This will result in an annual revenue loss of about \$16,000.
  - ✓ The sediment erosion control ordinance (implemented in FY 2002) translates to \$130,000 in annual revenues.
  - ✓ The city leases land (Industrial Park) for a cell tower. The annual revenue from the lease is about \$2,500. However, in FY 2003, when the lease arrangements were completed, the city realized 3 years worth of back revenue.
  - ✓ Historically, the city realized about \$1,500 from the sale of city codebooks. However, with the conversion to the International Code on January 1, 2003, the city no longer sells city building codebooks.

- ✓ Cleanup fee revenue equally offsets the cost of contracting for the cleanup of various code enforcement situations such as removal of burned out vehicles on private property.
- ✓ The transfer from the Solid Waste Fund was renegotiated from a long-time \$27,000 annual flat amount to \$103,000. This transfer will cover about 40% of personnel costs related to the enforcement of solid waste/nuisance ordinances.

## Personnel Costs

As of May 2003, PDS had 95.85 approved FTE's in the General Fund – 94.85 permanent regular and 1.0 non-regular for administration of the SAMSHA grant. The total personnel budget for FY 2004 is \$5,691,949 and for FY 2005 is \$5,698,276 (not including the SAMSHA grant).

Personnel (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
All Salary Accounts	\$3,863	\$4,261	\$4,256	\$4,256
Other Personnel Costs	\$1,253	\$1,398	\$1,436	\$1,442
TOTAL PERSONNEL	\$5,116	\$5,659	\$5,692	\$5,698
% Change	0.1%	10.6%	-0.6%	0.1%
FTE's (General Fund Only)	94.85	94.85	94.85	94.85

## Key Personnel Accounts

PDS voluntarily implemented a hiring freeze in FY 2002, which has continued in FY 2003, as an effort to decrease costs in correlation with decreased revenues. Thus, the lower actual personnel cost from FY 2002 compared to the budget cost from FY 2003. The department projects cost savings of about \$250,000 in FY 2003 because of this continued cost saving effort.

- 1) Overtime/Temp Wages – These costs fluctuate from year to year depending on building activity (high activity equals higher costs) and the department strategy (use temps for short-term assignments and save base salaries from vacancies).
- 2) New life and long-term disability plan effective May 2003 will result in annual savings of about \$11,500.

## M&O

PDS M&O budget for FY 2004 and FY 2005 is within the negotiated targets.

M&O (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Minor Equipment	\$22	\$44	\$22	\$22
Professional Services	\$66	\$370	\$92	\$92
Industrial Park/PS	\$38	\$229	\$0	\$0
Travel/mtgs	\$31	\$28	\$24	\$23
Training	\$10	\$29	\$13	\$14
External Computer Service	\$0	\$98	\$48	\$49
Compass (Contra – ADA)	\$141	\$145	\$147	\$150
Other M&O Accounts	\$902	\$1,066	\$1,132	\$1,157
TOTAL M&O	\$1,210	\$2,009	\$1,478	\$1,507
% Change	-9.2%	66.0%	-26.4%	2.0%

## Key M&O Accounts

- 1) Minor equipment is primarily used to replace equipment under \$1,500 such as computer software, printers, fax machines, laptop batteries (inspectors use laptops in the field), toner cartridges, and other office equipment.
- 2) Professional Services – This provides for structural engineering services, mediations and planning reviews. The typical annual cost for professional services has been about \$180,000. In FY 2002, in-house staff was used to the extent possible to reduce costs.
- 3) Industrial Park – Master planning for the Industrial Park is a one-time cost and is not part of the FY 2004 and FY 2005 budget.
- 4) Travel/training – Cost in FY 2003 is higher than normal so that the department may inform the public and train staff about the new International Building Code. The department projects a cost decrease in FY 2004 and 2005.
- 5) External Computer Service – The department postponed upgrades to their systems in FY 2002 to reduce total costs. However, computer systems, such as Permit Plan, must be maintained and upgraded since many of these systems interface via the Internet to provide public service.
- 6) **COMPASS dues:** In FY 2002 and FY 2003, COMPASS incorporated the County Emergency Management (EM) unit managed by Doug Hardman. Boise's dues to COMPASS included \$.49 per capita for COMPASS services and \$.29 for EM services. If that were to continue in FY 2004, COMPASS dues would be \$146,950 (using a population for Boise of 195,930.) The COMPASS share would be \$90,128 and the EM share would be \$56,820.

COMPASS has appointed a committee to study the dues structure. COMPASS reports that the \$90,128 is a preliminary estimate only and that the dues committee process could result in a changed assessment to Boise.

**Emergency Management dues:** EM has determined to move to Ada County and will require a separate City contribution, if the City chooses to continue to provide funding support. Doug Hardman reports that the City contribution also is proposed to increase because of loss of funding from other agencies.

ACHD has chosen to reduce their contribution to EM in FY 2004. The Airport declined to make a contribution to EM in FY 2004. As a result, EM would experience a budget cut unless other member governments agreed to make up the difference. Mr. Hardman provided a copy of the EM budget (attached). The per capita charge to meet the proposed EM budget would be \$.33, which would result in a Boise City share of \$64,657.

**Total cost for COMPASS and EM dues:** The total cost for the preliminary COMPASS dues (\$90,128) and for the proposed EM dues (\$64,657) is \$154,785, **which is \$7,840 more than in the FY 2004 budget.**

Council member Bisterfeldt reports that the EM members (Mayors and Commissioners other than those of ACHD) agreed to increase the per capita dues to make up the shortfall caused by ACHD's and the Airport's decisions.

It seems inconsistent with the City's overall budget approach to make up the difference in the EM budget that was cut by ACHD. It also seems unreasonable to increase the COMPASS dues given the effort to contain costs in the 2YB.

## Recommendation

- Maintain the city-owned rail right-of-ways to limit liability and investigate revenue potential for use as rail car storage.
- Maintain the COMPASS dues at no more \$90,128 - the FY 2003 level prorated for the loss of the EM program. Maintain the EM dues at the \$.29 per capita (\$56,820) and encourage ACHD to provide their fair share. It also seems reasonable to ask Ada County to assume responsibility for the entire EM budget as a service to Ada County property tax payers that live within Boise City.

## Equipment

The largest equipment categories for PDS are computers and vehicles. PDS has a computer replacement strategy of a 3-year rotation and a vehicle rotation plan of 100,000 miles or 5 years.

<b>Equipment (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Computers	\$64	\$67	\$85	\$82
Auto Equipment	\$105	\$100	\$108	\$111
Other Equipment	\$4	\$0	\$11	\$11
<b>TOTAL EQUIPMENT</b>	<b>\$174</b>	<b>\$167</b>	<b>\$204</b>	<b>\$204</b>
% Change	4.3%	-4.0%	22.2%	0.0%

## CONCLUSION – General Fund

Key issues observed:

- ✓ FY 2004 is the last year of SAMSHA grant funding for the meth treatment clinic. There is 1.0 FTE that will sunset at the end of the fiscal year.
- ✓ Adverse economic impact on building revenues.
- ✓ Maintenance of the City's railroad right-of-way purchased in FY 2001.
- ✓ Request for increased EM dues of \$64,657, a \$7,837 increase over FY 2003.
- ✓ Development of the Industrial Park purchased in October 2000. The City has invested approximately \$3.1 million for land purchase and additional cost in planning. When pads are sold at the site, the General Fund will recover the investment and the new businesses will pay property taxes and development fees.

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**CDBG Fund (Special Fund) – Special Public Services funded from CDBG Grant monies.**

**Summary**

The Community Development Fund supports capital projects and programs benefiting low/moderate income citizens funded through Federal block grants. The City allocates the block grant to programs such as Community House, which provides services to low/moderate citizens. The City also receives HOME grants through which affordable housing programs are funded.

<b>Revenues/Expenses (000's)</b>	<b>FY 2002a</b>	<b>FY2003r</b>	<b>FY 2004b</b>	<b>FY 2005b</b>
Total Revenues	\$1,714	\$3,003	\$1,685	\$1,685
% Change	59.6%	75.2%	-43.9%	0.0%
Personnel Costs	\$260	\$217	\$274	\$274
M&O Costs	\$1,449	\$1,713	\$1,699	\$1,701
Equipment/Capital	\$6	\$1,431	\$9	\$9
Total Expenditures	\$1,714	\$3,361	\$1,982	\$1,984
% Change	59.6%	96.1%	-41.0%	0.0%
FTE's	4.25	3.85	3.85	3.85

**Key Notes**

Revenues and expenditures fluctuate greatly from year to year depending on the amount awarded through the Community Development Block Grant (CDBG) and HOME programs, the timing of expenditures and the receipt of grant funds (the grant programs operate on a calendar year), and the number and size of capital projects.

The most stable cost is personnel, although a few changes have happened recently.

- ✓ May 2002 marked the end of a full-time pilot position funded from a Demand Treatment grant.
- ✓ At the beginning of FY 2003, the coordinator position for the kitchen was reduced from full-time to .6.
- ✓ In February 2003, City Council approved a Community Coordinator (1.0) position to address compliance issues with sub recipients.

Sub recipient costs – grant revenue allocated to specific organizations providing public services or capital facilities to low/moderate income residents – are the majority of M&O expenditures.

In FY 2003 budget, there are two approved capital projects – a Community House queuing area for the food kitchen and the construction of a detoxification center. The combined budget total of the projects is \$1,416,200.

**CONCLUSION – CDBG (Special Fund)**

No financial issues.

## Housing Funds – Various housing programs accounted for in 5 separate housing funds.

### Summary

The housing funds account for several revolving loan programs that provide low interest loans for housing – new housing and rehabilitation of existing homes. The loan portfolio is used to operate the programs and facilitate new loans to qualified citizens. The City also owns several affordable rental units, both single-family and multi-family, and collects rental income to maintain the facilities and fund property management costs. As of May 2003, the City's housing inventory includes 286 rental units.

Revenues/Expenses (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Total Revenues	\$2,910	\$10,215	\$3,798	\$3,804
% Change	84.5%	251.0%	-62.8%	0.2%
Personnel Costs	\$537	\$647	\$614	\$617
M&O Costs	\$1,595	\$2,773	\$1,729	\$1,737
Equipment/Capital	\$75	\$5,605	\$4	\$0
Loans	Reclassified	\$618	\$1,637	\$1,637
Total Expenditures	\$2,207	\$9,643	\$1,982	\$1,984
% Change	59.6%	96.1%	-41.0%	0.0%
FTE's	11.9	12.4	12.4	12.4

### Key Notes

A few large capital projects, primarily the purchase of the Quality Inn on Vista Ave. and construction of Blaser Circle apartments, have resulted in the revenue and expenditure spike in FY 2003. These projects added 92 units to the inventory.

With the increased number of units, rental revenue is anticipated to increase 95% in FY 2004 and 2005 over actual revenue from FY 2002. However, it is expected to be nearly \$300,000 less than the FY 2003 revised budget. This is mainly due to the selling of many of the single-family homes acquired by the City. A few years ago, AIC secured a change in state law that allows municipalities to dispose of homes without going through the process of first declaring the property as surplus. This allows the City to obtain a greater return on the investment and continue to provide home ownership to low/moderate income citizens.

### CONCLUSION – Housing Funds

- ✓ Increase in the number default loans due to slower economy and increased unemployment. The department will purchase homes to protect the City's investment and sale to qualifying residents.