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## CITY MANAGER'S BUDGET MESSAGE

April 24, 2017

Mayor and City Council,

As we close on another fiscal year, I wanted to take a moment to appreciate the great success we have experienced as a city the past twelve months. Lee's Summit has received a number of accolades indicative of the high quality of life enjoyed by our residents: "Best Place to Live" in the state of Missouri by Money Magazine, ranked fifth on the list of "America's 50 Best Cities to Live" by 24/7 Wall Street, ranked first on the "10 Happiest Mid-Sized Cities in America" by Zippia. As an employer, the City of Lee's Summit was named 2016 Best in Class by the Lee's Summit Chamber of Commerce as the recipient of the Truly the Best Business of the Year Award. Additionally, Lee's Summit voters have approved by wide margins a bond issue for critical public safety facility and communication upgrades as well as the renewal of a sales tax to invest in infrastructure needs, including stormwater.

None of this could be possible if not for the many hours spent by our citizens, elected leaders, and staff envisioning and strategically planning the future of Lee's Summit. It is this type of planning that allows the organization to overcome challenges from a position of strength as well as take advantage of future opportunities towards the vision of the Lee's Summit City Council.

**CITY COUNCIL VISION STATEMENT**

As the elected body of the City of Lee's Summit, Missouri, we are collectively in pursuit of:

A culturally rich community with diverse economic sectors to create a prosperous and dynamic community in perpetuity.

To that end, the City Council is currently engaging in a renewed strategic planning process for the City of Lee's Summit while the organization undertakes a compensation and benefit study to measure the competitiveness of the City's pay structures to attract and retain quality employees. Taken together with the City's financial position, City leadership has the opportunity to address critical needs of the city and organization with lasting impact. To accomplish this, the City will need to plan and identify sustainable revenue resources that can be counted on to support the level of service expected by the citizens of Lee's Summit.

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**CITY MANAGER'S BUDGET MESSAGE**
**1. Budget Request**

In the FY18 Budget, and in future budgets, City staff works to allocate resources in support of the strategic initiatives identified by the Mayor and City Council. The budget message to follow will be organized by the new Strategic Planning Framework adopted by Council in December 2016. The City has approximately 70 different funds, each categorized by purpose. We are proposing a total budget expenditure of \$217,538,780. This includes all proposed funding for daily operations, capital improvements, debt service, internal service, and enterprise operations.

Total Proposed Budget		
Fund Type	FY17 Budget	FY18 Proposed
General Fund	64,397,020	67,190,459
Special Revenue Funds	16,876,385	13,366,470
Debt Service Funds	11,127,863	11,244,005
Capital Project Funds	45,812,629	56,091,029
Enterprise Funds	56,046,838	55,986,791
Internal Service Funds	14,158,623	13,660,025
<b>Total Proposed Expenditure</b>	<b>208,419,359</b>	<b>217,538,780</b>

General Fund: This fund includes budgets for 10 departments that provide the mission critical services to our residents such as police and fire protection, street maintenance, planning, codes, municipal court, and general administration of the City.

Special Revenue Funds: These funds include Parks, grants, tax increment financing (TIF), and transportation development district (TDD) funds. These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital project) requiring separate accounting because of legal or regulatory provisions or administrative actions.

Debt Service Funds: The City utilizes two funds to record the receipt and disbursement of monies used to repay principal and interest charges on city-issued debt. The General Obligation Debt Service Fund and Park COP Debt Service Fund are used to account for the annual retirement of bonds issued since 2003.

Enterprise Funds: The City's enterprise funds hold the budgets for departments that operate in business-type activities. These funds rely on revenues generated from sales of materials or services. The enterprise funds include budgets for Water Utilities, Solid Waste, and Airport activities.

Internal Service Funds: The City uses internal service funds, or Proprietary Funds, to account for its fleet of vehicles and equipment, information technology systems, central building services, and trust funds. The internal service departments allocate costs for the reimbursement of services to other departments.

**CITY MANAGER'S BUDGET MESSAGE**

**2. 2017 Strategic Planning Framework**

This section highlights the key initiatives that will be undertaken by the City of Lee's Summit in the coming fiscal year towards the vision of the Mayor and City Council. The following initiatives would be accomplished by the proposed budget.

**Safety:** To create an environment where the perception of safety is supported by the reality of safety.

A number of key initiatives in the sphere of public safety are happening this fiscal year. The largest of magnitude is the emergency services radio system upgrade. The voters of Lee's Summit approved the General Obligation bonds on November 8, 2016. Though the funding was approved in the current fiscal year, a significant investment of staff time and project management will occur in FY18. The project will allow public safety officials in Lee's Summit to join the Metropolitan Area Regional Radio System (MARRS). Joining the MARRS system will enable users the ability to seamlessly roam and have voice communications throughout the service area and to communicate directly with partner agencies. General Obligation Bonds in the amount of \$8.5 million have been authorized by Lee's Summit voters to complete this project.

The Police and Fire Departments are each expanding their headcount in the proposed FY18 budget. The Drug Enforcement Agency has recently approached the Lee's Summit Police Department regarding the addition of a task force officer with the High Intensity Drug Trafficking Area program. This partnership will allow the Police Department to add another police officer to the force at minimal cost and enhance coordination between agencies for local issues.

In the proposed budget, the Fire Department has added a Captain of Training and Captain of Support Services to their ranks. The Captain of Training will provide required training for certification and licensure for the department. In previous years, these duties were shared and among other responsibilities shouldered by the department. The addition of this Captain will allow the department to provide better training opportunities and enhance the level of service provided to citizens. The Captain of Support Services is a reclassification of a Fire Specialist who will enhance the effectiveness of the administration of the department such as coordination with outside vendors and City departments, fleet maintenance, and equipment replacement schedules. The Captain of Training expansion will cost \$81,036 and the reclassification of the Captain of Support Services will cost \$3,789 annually.

**Education:** Continue the environment for education eco-system to thrive

The City of Lee's Summit is in the process of partnering with the Missouri Innovation Campus for participation in their Campus Internship Program. The program would allow students who recently completed their junior of high school to get hands-on experience working in technical fields in different areas of the organization. For the inaugural year of the partnership, the departments of Public Works, Development Services, and Information Technology Services have signed on to the program with opportunities for expansion in the future. The interns are available from the programs of networking, design and drafting, programming, and cybersecurity.

**CITY MANAGER'S BUDGET MESSAGE**

**Transportation: A multi-modal system that embraces livability and connectivity, including accessibility**

With the successful renewal of the Capital Improvement Sales Tax on April 4, 2017, staff will be able to invest significant time, money, and energy toward making large investments in the transportation network throughout Lee's Summit. The sales tax is projected to generate approximately \$100 million in revenue that will be used for roads and transportation-related projects, as well as stormwater infrastructure improvements. As part of this effort, the Public Works department will be expanding personnel to include one additional Engineer to work on CIP-related projects. Major projects receiving funding in FY18 are included in the Capital Improvements Plan section below.

Additionally, the Airport will be completing the extension of runway 18/36 in fall 2017. This project extends the runway to 5,500 feet to accommodate larger planes taking off from and landing at the Lee's Summit Airport. Together with the purchase of Hangar 1 in the current fiscal year, these investments will be integral to attracting and retaining customers at the airport, as well as a key competitive advantage in transportation for attracting businesses to Lee's Summit for economic development. To meet the strategic needs of the Airport Business Plan, capital expenditures and personnel expansions are identified in the proposed budget to be spent after business benchmarks are met.

**Health and Human Services: Maximize accessibility and affordability as a wellness community**

The City of Lee's Summit receives Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development (HUD) on an annual basis to meet the needs of low- to moderate-income individuals and families; to address blight in Lee's Summit; or to meet an urgent need. The 2017-2018 Action Plan calls for a number of programs including: Food services for persons of special needs; services for victims of domestic violence; Lee's Summit Social Services operating expenses for providing emergency assistance to those in need of food, clothing, utility assistance, and more.

The CDBG grant also funds the First Time Homebuyer Program and the Minor Home Repair Program. These programs provide assistance for people to obtain quality housing in Lee's Summit to combat homelessness and blight in our neighborhoods.

**Infrastructure: Ability to address needs; expanding capacity for the future**

With the successful election on April 4, 2017, of the renewal of the Capital Improvement Sales Tax, the City of Lee's Summit has an opportunity to invest in needed stormwater infrastructure. Enshrined in the recommendations of the Public Works Committee for projects is an estimated \$24,500,000 in stormwater-related projects. These stormwater projects will help alleviate structure flooding and streambank erosion, as well as replace deteriorated corrugated metal pipe.

**CITY MANAGER'S BUDGET MESSAGE**

Beginning in FY2018, Water Utilities is proposing to embark on a reorganization of the department to better address the needs of the community. Water Utilities has for years improved processes and efficiencies with minimal increases in staffing levels, but at this time, additional staff and restructuring is required to enhance data-driven asset management methods and to provide greater depth and capacity to billing and account services. The FY18 budget proposes to increase the personnel count of Water Utilities by 2 FTE's for a cost of \$102,026. The two new positions are a Utility Engineer and Account Services Manager. In addition, the department proposes the reclassification of two vacant FTEs to Operation Technicians. The Operation Technicians will be utilized to support the Utility's after-hours response to calls for service and enhance the collection of data related to utility assets which can then be utilized to improve the prioritization of system renewal projects.

**Economic Development: Thriving yet affordable growth which generates options for long-term careers**

The Unified Development Ordinance (UDO) promotes public safety, health, and general welfare of the community by regulating and directing the development of land in Lee's Summit. Adopted in 2001, the UDO has continued to be amended and updated in order to stay current with new development strategies, trends, and planning best practices. After more than 60 amendments, the FY18 budget proposes to include funding for a recodification of the UDO in order to better streamline the Ordinance, and continue to make the process easier to navigate and developer-friendly for years to come. The Planning and Special Projects Department has included \$150,000 in the proposed FY18 Budget to complete this process.

Additionally, a renewed effort behind redevelopment in Lee's Summit is underway thanks in part to the Land Clearance for Redevelopment Authority (LCRA). Originally established by the voters of Lee's Summit in 1961, the LCRA was reactivated on September 1, 2009. The LCRA provides incentives for redevelopment in targeted urban renewal areas, which include downtown, Lakewood Business Park, and US 50/M-291 corridors. The LCRA has approved projects such as HT Solutions, JCI Industries, the relocation of Minsky's, and Co-Work Lee's Summit. These four projects alone yielded a total of \$6.95 million in investment and created or retained 191 jobs in Lee's Summit. In the upcoming fiscal year, staff will continue to support the operations of the LCRA and targeted investment in our community.

**Culture and Arts: Create a supportive environment for artistic expression that represents community values**

In previous years, a transfer in the amount of \$68,845 has been made from the General Fund to Parks & Recreation to provide staff support to the Arts Council and programming for the enrichment of Cultural Arts in Lee's Summit. In this fiscal year, that funding will stay within the Administration Department and will be used to create a new position, Cultural Arts Manager, under the supervision of the City Manager. This will allow the City to have a more singular focus toward the implementation of the Cultural Arts Master Plan.

## CITY MANAGER'S BUDGET MESSAGE

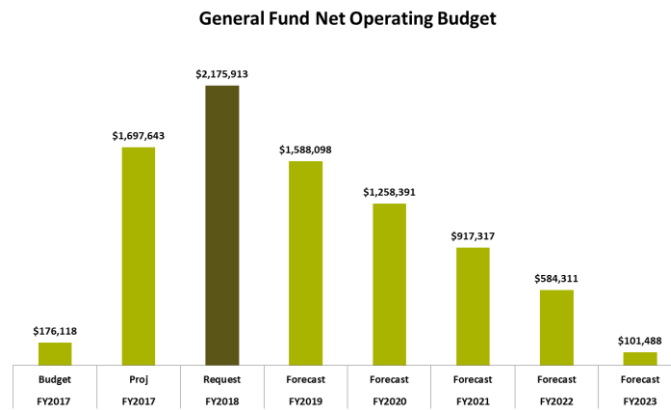
### 3. Review of Financial Condition – General Fund

One of the many strengths of this organization is the thoughtful and strategic way in which taxpayer dollars are spent toward achieving outcomes that benefit the citizens of Lee's Summit. Over the last five years, the City has invested in public safety, streamlined its development process, and enhanced the cultural vibrancy of our downtown. Simultaneously, an effort has been underway to rebuild the general fund reserve balance. Since the commencement of fiscal year 2013, the reserve balance has increased more than \$12 million, and is project to sit at 39% of expenditures at the close of fiscal year 2017.

General Fund	FY2017 Budget	FY2017 Proj	FY2018 Request	FY2019 Forecast	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Total Revenue	63,510,293	66,348,243	68,856,006	69,712,054	70,871,304	72,070,417	73,331,476	74,499,413
Total Operating Exp.	61,185,806	61,156,493	59,585,380	63,334,175	64,650,600	66,680,093	68,123,957	69,612,913
Net Operating Budget	176,118	1,697,643	2,175,913	1,588,098	1,258,391	917,317	584,311	101,488
One-Time Exp.	887,995	1,622,995	510,367	0	0	0	0	0
Total Budget Surplus/(Deficit)	(711,877)	74,648	1,665,546	1,588,098	1,258,391	917,317	584,311	101,488

Presently, the City has engaged with a consultant to analyze our compensation and benefit program for our employees. The scope of the consultant's work includes ensuring internal equity within the organization as well as market competitiveness with organizations we view as competitors, comparators, or those we aspire to become. Investing in our employees remains the most critical aspect of the General Fund expenses from both a strategic and monetary perspective. During the current fiscal year, personnel-related expenses were 68% of total expenditure of the General Fund. For this reason, it is crucial these dollars are spent in a way that most effectively attracts and retains the best talent in the region. The proposed FY2018 budget sets aside \$2 million in order to implement the results of the Compensation and Benefit Study and wage adjustments, increasing personnel-related expenses to 69% of General Fund expenditure.

The benefit of the five-year model is the ability to see how current trends and decisions affect the long-term financial health of the City. As shown in the model, the long-term trend is such that forecasted expenditure growth outpaces revenues. While writing this message last year, the status of the motor vehicle sales tax was in doubt. Thanks to the voters of Lee's Summit, that tax has been permanently preserved and local auto dealerships are on an equal playing field.



The long-term deterioration of franchise taxes, the third-largest revenue source, continues to be a concern. The cause of this deterioration is as a result of new technologies and efficiencies. The demise of traditional land-line phone and more energy-efficient homes are contributors to the reduction of this revenue. Traditional methods of revenue collection may continue to produce declining outcomes, and modern approaches will need to be pursued.

## CITY MANAGER'S BUDGET MESSAGE

As internet sales continues to represent an increasing portion of economic activity, the lack of a Use Tax places Lee's Summit-based retailers at a competitive disadvantage. Staff is recommending the consideration of a use tax as a potential long-term solution similar to the recently-approved Motor Vehicle Sales Tax.

### 4. General Fund Overview

In FY18, General Fund revenue estimates total \$68,856,006, which will be used to fund an operating budget of \$66,680,093. The proposed budget also includes one-time, special project expenses of \$510,367, as well as \$2 million set aside for the implementation of wage adjustments as a result of the Compensation and Benefit Study.

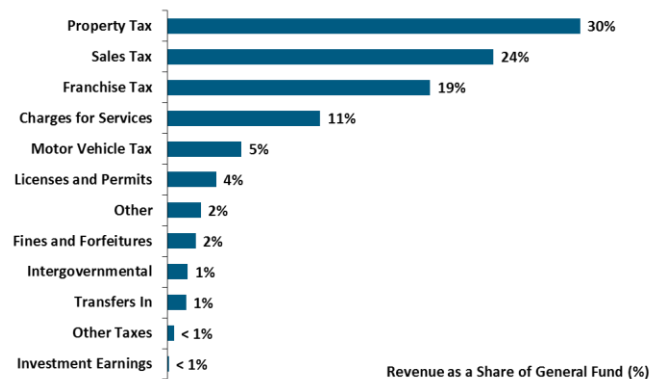
#### General Fund Revenues

**Property Tax:** FY18 estimates a 6.03% increase in Property Taxes over the previous fiscal year budget. The increases are reflected as a result of an increase in our assessed value in calendar year 2016 in Jackson and Cass Counties as well as a preliminary calendar year 2017 assessed value estimate supplied by Jackson County.

Also included in the increased revenue is Replacement Tax (\$134,764; 8.88%) and Payments in Lieu of Taxes (\$208,942; 13.21%). The increase in Replacement Tax is as a direct result of an increase in the commercial real property assessed value in the City, whereas PILOTs are as a result of additional Chapter 100 economic development projects and investment coming online this fiscal year.

**Sales Tax:** General Fund sales tax revenue is a net figure of the gross 1% sales tax receipts less sales tax redirection from Economic Activity Taxes (EATs) generated within Tax Increment Financing (TIF) projects in Lee's Summit. Gross sales tax revenue is estimated at 3% over FY17 year-end projections. The expected termination of the Chapel Ridge TIF in the last quarter of the current fiscal year yields a lower budget estimate for EATs in FY18 (-\$82,373; -13.21%).

**Franchise Tax:** This revenue is received from utility providers who attain access to the City's right of way for the commercial purposes to deliver private services. Franchise tax revenues from electric and natural gas are largely dependent on weather and consumption of these utilities. Very mild winters and low commodity prices have resulted in the 2-year average of natural gas to yield a lower revenue



	FY17	FY18	Change from FY17	
	Budget	Requested	\$	%
Property Tax	19,341,788	20,508,192	1,166,404	6.03%
Sales Tax	15,136,358	16,197,424	1,061,066	7.01%
Franchise Tax	13,524,887	13,037,427	-487,460	-3.60%
Motor Vehicle Tax	3,364,508	3,671,162	306,654	9.11%
Other Taxes	332,640	324,597	-8,043	-2.42%
Fines and Forfeitures	1,412,986	1,405,838	-7,148	-0.51%
Licenses and Permits	1,786,379	2,411,880	625,501	35.02%
Intergovernmental	826,253	1,008,067	181,814	22.00%
Charges for Services	5,271,476	7,570,459	2,298,983	43.61%
Investment Earnings	64,103	56,845	-7,258	-11.32%
Other	1,494,400	1,659,600	165,200	11.05%
Transfers In	954,515	1,004,515	50,000	5.24%
<b>Total</b>	<b>63,510,293</b>	<b>68,856,006</b>	<b>5,345,713</b>	<b>8.42%</b>

## CITY MANAGER'S BUDGET MESSAGE

estimate compared to FY17 (-\$120,292; -5.39%). Telephone franchise tax revenue is estimated to decrease \$279,034 (-10.21%). Network data transmission has been exempted from a user's telephone bill and this revenue stream is in long-term decline. In total, franchise tax revenue is expected to decrease \$487,460 (-3.6%) from FY17 budgeted revenue.

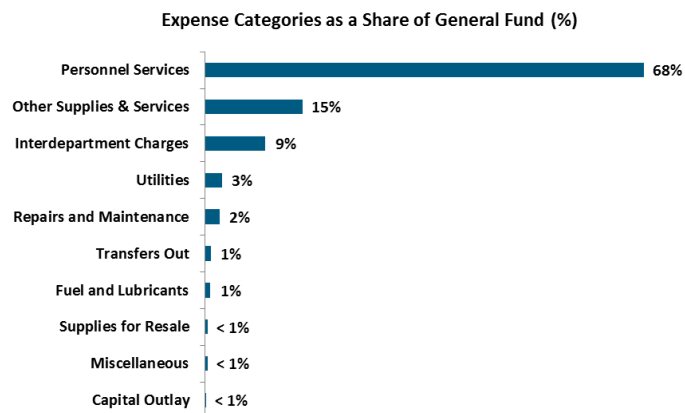
**Charges for Service:** On February 11, 2016, City Council passed Ordinance No. 7815, which establishes a 50% cost recovery rate for EMS service. As a result of this change, EMS charges for service is expected to be \$2.1 million above last fiscal year's revenue, however significant adjustments will be made for insurance adjustments, Medicare, Medicaid, and bad debt write-offs.

### General Fund Expenditures

The challenge each budget planning process is to maximize the scarce resources provided by taxpayers and residents of the community in the most efficient manner possible. In FY18, the total proposed budget expenditure of the General Fund is \$67,190,459, a 4.34% increase over the current fiscal year.

	FY17	FY18	Change from FY17 Budget	
	Budget	Request	\$	%
Personnel Services	43,489,284	45,806,645	2,317,114	5.33%
Supplies for Resale	235,000	245,000	10,000	4.26%
Other Supplies, Services, and Charges	9,486,986	10,181,400	694,414	7.32%
Repairs and Maintenance	1,398,571	1,485,895	87,324	6.24%
Utilities	1,738,634	1,734,766	-3,868	-0.22%
Fuel and Lubricants	564,153	556,097	-8,056	-1.43%
Miscellaneous	341,790	236,825	-104,965	-30.71%
Capital Outlay	675,000	54,902	-620,098	-91.87%
Interdepartment Charges	5,899,392	6,314,969	415,577	7.04%
Transfers Out	568,210	573,961	26,164	4.60%
<b>Total</b>	<b>64,397,020</b>	<b>67,190,459</b>	<b>2,793,439</b>	<b>4.34%</b>

**Personnel Services:** This category of expense accounts for costs associated with employees' compensation and benefits. As a service organization, our largest expense is for those who provide our municipal services such as accountants, police officers, fire fighters, and other dedicated professionals. In FY18, an annual increase of 10% in health insurance of is budgeted. The \$2 million set aside for wage adjustments is not included in the City Manager's budget as the adjustments are as yet undefined. The change from FY17 also includes full-year costs of subsequent budget amendments such as 3 FTEs in Development Services as well as 0.5 FTE increase for Municipal Court security. The proposed budgeted increase for personnel services is \$2.3 million, or 5.33%.





**CITY MANAGER'S BUDGET MESSAGE**

**Other Supplies and Services:** This category of expense accounts for those associated with daily operations such as good, services, supplies, contractual expense, and many other items. A significant portion of the increase in this category is related to the Payment in Lieu of Taxes (PILOT) disbursement (\$261,046). Previously mentioned was the increase in revenue as a result of PILOTs received by the City. In these instances, the City collects PILOT payments and disburses them to partner taxing jurisdictions on a pro rata basis of the property tax levy. Overall this category in the proposed budget is increasing \$694,414, or 7.32%.

**5. Enterprise and Internal Service Funds**

Enterprise and internal service funds receive revenues from user fees and charges directly from internal and external customers. These funds are not directly supported by tax revenue, but by charges to City departments and users. Included in these funds are Water Utilities, Airport, Harris Park as enterprise funds and Fleet Management, Central Building Services, and Information Technology Services as internal service funds.

Enterprise Funds	FY17	FY18	Change from FY17	
	Budget	Proposed	\$	%
Airport Fund	9,766,197	11,462,427	1,696,230	17.37%
Harris Park Community Center	1,480,717	1,552,812	72,095	4.87%
Solid Waste Management	4,562,341	2,111,171	-2,451,170	-53.73%
Water/Sewer Fund	40,237,585	40,860,382	622,797	1.55%

**Water Utilities** is responsible for providing clean, safe drinking water to the City with the exception of two areas served by other water districts. The department purchases treated water from Independence and Kansas City to serve over 35,000 residential, commercial, and irrigation accounts. Similarly, the department operates and maintains facilities to collect wastewater from its customers so that it is conveyed to Little Blue Valley Sewer District for treatment. The department provides sanitary sewer service to approximately 32,500 accounts.

The **Airport** provides general management and administration of resources to operate, maintain, market, and promote the airport which operates two runways and eight taxiways, totaling 166,044 square yards of pavement, and 23 buildings.

**Resource Recovery Park:** Following the privatization of landfill services, the City will provide oversight to the City's contractor ensure compliance with state laws and the delivery of services. The City will also provide project management for the delivery and construction of a trash transfer station.

**Information Technology Services (ITS)** provides central management of information technology resources and initiatives for the entire organization. Key projects to be led by ITS for the upcoming fiscal year include snow route optimization software for Public Works, the implementation of a budgeting software solution, and software upgrades to the Fire Department.

**CITY MANAGER'S BUDGET MESSAGE**

Internal Service Fund	FY17	FY18	Change from FY17	
	Budget	Proposed	\$	%
Central Building Services	1,668,059	1,737,262	69,203	4.15%
Claims & Damages Reserve Fund	875,000	845,625	-29,375	-3.36%
Fleet Operations	5,744,190	5,163,561	-580,629	-10.11%
ITS Services	4,870,227	4,082,428	-787,799	-16.18%
Short Term Disability Fund	39,533	38,015	-1,518	-3.84%
Unemployment Trust Fund	32,262	32,262	0	0.00%
Work Comp Self-Insurance	929,352	1,034,191	104,839	11.28%

**Fleet Management** provides oversight and management of the City's motor vehicle and equipment fleet, including administration of the Vehicle and Equipment Replacement Program (VERP), motor pool, maintenance and repair services, acquisition and disposal of the City's fleet units. Key work done in this arena includes expanding capabilities to doing repairs in-house thereby reducing maintenance costs for the City. Additionally, utilizing funding identified in the current fiscal year, fleet will be leading the effort to relocate the central fueling station behind City Hall alleviating functional and environmental concerns.

**Central Building Services (CBS)** provides oversight and management of the City's facilities including administration of the Building and Equipment Replacement Program (BERP), project management, facility maintenance services and custodial services programs, as well as maintenance and repair services for excess properties and leased facilities. CBS will be provide construction oversight for the new Water Utilities operation facility, which will be completed in the second quarter, as well as expertise in the planning of the downtown outdoor cultural arts facility. The proposed budget includes funding for a new facility maintenance worker whose time will be split with Downtown Lee's Summit Main Street CID to conduct grounds keeping services in the downtown area.

## 6. Capital Improvement Plan

The 2018-2022 Capital Improvement Plan (CIP) has been divided into eight major categories, plus the Public Works and Water Utilities programs. The total estimated cost of all projects included in the five-year plan is \$270,098,000.

Capital Project Funds	FY17 Budget	FY18 Proposed
Airport	9,931,000	8,921,000
Bridges, Streets, Signals	24,726,000	15,999,000
Capital Equipment Replacement	629,831	225,531
Facilities	0	13,000,000
Parks Construction	2,360,000	1,900,000
Water & Sewer Construction	5,610,000	6,516,000
<b>Total</b>	<b>43,256,831</b>	<b>46,561,531</b>

## CITY MANAGER'S BUDGET MESSAGE

All funding sources that may be used for various capital improvements are reviewed each year. Much of the work to develop the CIP focuses on the balancing of available resources with the identified capital needs. Consideration must be given to factors such as annual revenue projections from various sources, restrictions on the uses of certain funds, legal limitations on debt capacity, and City policies relative to project funding. For budgeting purposes, the first year's funding is included in the annual budget with the subsequent years funding added to each future annual budget respectively. In FY18, major CIP projects receiving funding include:

- M291 South interchange with U.S. 50
- Jefferson Street – Persels Road to Oldham Parkway
- 3<sup>rd</sup> Street Improvements – Murray Road to Pryor Road

### 7. Workforce and Expansion Requests

Workforce, or employee counts, is described as a ratio of full-time equivalents (FTE) where one full-time employee is estimated to work 2,080 hours annually, or 2,912 hours for certain Fire Department personnel. In the FY18 Budget, the workforce includes 701 full-time positions and 26 part-time positions, excluding temporary staff.

Fund	Full-time Equivalents (FTE)			Change from FY17	
	FY16	FY17	FY18	Count	%
General Fund	526.11	539.58	548.12	8.54	1.58%
Parks & Recreation	111.52	110.89	111.54	0.65	0.59%
Water Utilities	60.50	60.50	62.50	2.00	3.31%
Airport	6.26	7.46	9.16	1.70	22.79%
Solid Waste	14.80	1.00	1.00	0.00	0.00%
CBS	10.62	10.62	8.62	-2.00	-18.83%
Fleet	9.12	9.12	9.12	0.00	0.00%
ITS	24.71	27.76	28.06	0.30	1.08%
<b>Total</b>	<b>763.64</b>	<b>766.94</b>	<b>778.12</b>	<b>11.18</b>	<b>1.46%</b>

The primary goal of the budget-making process is to maintain the level of service our community currently receives. In addition to that, the Management Team is encouraged to bring forward ideas that can increase efficiency, or improve and enhance levels of service. Through this process, capital expenditures, professional services, or personnel requests not in the current operational budget are identified as expansion requests. These requests are reviewed to ensure they support the goals and objectives of the organization and can be sustainably financed. The following expansion requests have been included in the City Manager's FY18 budget for funding consideration:

**CITY MANAGER'S BUDGET MESSAGE**

General Fund Expansions				
Department	Type	Description	FY18 Impact	Recurring Impact
Fire	Personnel	Captain of Training	\$81,036	\$76,469
Police	Personnel	Detention Officer (x2)	\$36,033	\$36,033
PW Engineering	Personnel	Engineer	\$93,131	\$91,611
Reclassifications				
Fire	Personnel	Captain of Support Services	\$3,789	\$3,789
PW Engineering	Personnel	Traffic Operations Technician (x3)	\$0	\$0
PW Engineering	Personnel	Senior Traffic Operations Technicians (x2)	\$0	\$0
PW Engineering	Personnel	Lead Traffic Operations Technician	\$0	\$0
<b>Total Impact to General Fund</b>			<b>\$213,989</b>	<b>\$207,902</b>

The expansion request process is deliberative— where the many and competing needs of the organization are met with limited resources—and decisions must be made. The City Manager and management team of the City of Lee's Summit placed a higher importance on correcting pay inequities for current employees over expanding personnel. It is the consensus of the Management Team that implementing wage adjustments identified by the compensation and benefit study is mission critical to the organization. For this purpose, the City Manager's Budget has reserved \$2 million to address pay inequities.

The unfunded expansion requests identified below represent future opportunities for enhanced service delivery. Management Team will keep these items in mind while the City Council sets priorities through the strategic planning process and as sustainable revenues are identified.

Unfunded Department Expansion Requests				
Department	Type	Description	FY18 Impact	Recurring Impact
Administration	Personnel	Cultural Arts Director Full-year FTE	\$18,260	\$18,260
Fire	Personnel	Communications Specialist (4 FTE)	\$205,709	\$205,109
Fire	Personnel	Captain of Training (2nd FTE)	\$81,036	\$76,469
Fire	Personnel	Administrative Assistant	\$49,512	\$48,455
Fire	Personnel	EMS Assistant Chief	\$109,638	\$104,829
Fire	Personnel	Captain of Prevention	\$81,036	\$76,469
Fire	Personnel	Battalion Chief of Planning	\$101,354	\$96,697
HR	Personnel	Human Resources Specialist	\$72,040	\$70,668
ITS	Personnel	Help Desk FT conversion	\$32,500	\$32,500
ITS	Personnel	PTP GIS Technician	\$35,526	\$31,326
ITS	Personnel	Enterprise Applications Supervisor	\$107,540	\$103,340
ITS	Personnel	System Administrator	\$97,417	\$93,217
Police	Personnel	Animal Control Officer	\$53,056	\$51,636
PW Engineering	Personnel	Public Works Inspector	\$103,153	\$74,533
PW Engineering	Personnel	Engineering Technician	\$100,832	\$72,612
PW Operations	Capital	Shop fan installation	\$60,000	\$0
<b>Total Impact</b>			<b>\$1,308,609</b>	<b>\$1,156,120</b>
<b>Impact to General Fund</b>			<b>\$1,035,626</b>	<b>\$895,737</b>

**CITY MANAGER'S BUDGET MESSAGE**

**8. Summary**

Lee's Summit is not a static community; Lee's Summit is a vibrant and growing community. Likewise, it is important that our organization continually change to meet community needs. We, as an organization, try to provide the level of service expected by the community while balancing the unique challenges presented by growth.

We are confident the proposed budget allows us to provide the level of service currently enjoyed by the citizens of Lee's Summit. Additionally, the budget allows the organization to invest \$2 million in wage adjustments for our employees in addition to the \$1.2 million already enshrined by the newest labor agreement with the International Association of Fire Fighters. Our City employees are the most important asset to the organization and the community. It is vital we continue to attract and retain highly-dedicated individuals that are committed to public service as well as their profession. With the adoption of this budget, the City will have assigned an additional \$3.2 million to this important asset.

I believe this budget will meet our community expectations while addressing needs of the organization in a fiscally responsible manner. I am appreciative of the significant work of our management team and budget technicians in preparing this budget for your consideration.

Sincerely,



Stephen Arbo  
City Manager