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**CITY MANAGER'S BUDGET MESSAGE**

April 25, 2016

Mayor and City Council,

We have prepared for you an executive summary outlining the proposed budget for the upcoming fiscal year. The city's budget is our annual operations guide and financial plan that is formulated through a culmination of input from elected officials, management team executives, and budget staff. As City Manager, I am grateful for our collaborative approach to develop the budget ensures that we identify funds and maximize our scarce financial resources to achieve our priority of delivering outstanding municipal services.

One of the many attributes that differentiates Lee's Summit from other communities, and has been key to our success, has been an ability to make strategic decisions, and plans, for our organization that puts our community in a position of strength to overcome challenges and orient ourselves to take advantage of future opportunities. It is this type of thinking and planning that enabled an improved financial condition and positive citizen satisfaction despite the economic crisis that began in 2007. Our new challenge is to look ahead for opportunities that support the vision statement 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.

As we welcome our new elected officials and continue our work with the new City Council, I am excited to resume conversation on the key issues and challenges for our organization. Under the leadership of our Mayor, Randy Rhoads, the Council will have new input from Councilmember Craig Faith, District 2, Councilmember Phyllis Edson, District 3, Councilmember Chris Moreno, District 4, and we will welcome back Councilmember Rob Binney, District 1, after a successful re-election. Together, it will be important for us to consider these issues by seeking consensus and support so we may begin work developing implementation strategies. It is this type of strategic decision-making that has been a key to our success for our community.

## CITY MANAGER'S BUDGET MESSAGE

### 1. Budget Request

#### Issue Identification List

Topic	Priority	Safety	Dependability/ Reliability	Community Expectations	Financial Source
Fire Ambulance Expansion	Q1	X	X	X	Ambulance Fees/General Fund
Downtown Performance Venue	Q1			X	G.O. Bond Issue/Gen. Fund?
Public Safety Radio Upgrade	Q1	X	X	X	G.O. Bond Issue
Public Facility Connectivity	Q1	X	X		General Fund/G.O. Bond Issue
Transportation/MoDOT (50 & N 291)	Q1	X	X	X	TDD/CID/LCRA/TIF/GO Bond/Fund Loan
Vehicle Fuel Management System	Q1	X	X		General Fund - Capital
Park Sales Tax Renewal	Q1		X	X	Sales Tax Vote
Auto Sales Tax Renewal	Q1	X	X	X	Sales Tax Vote - Aug. 2016
Stormwater -Regulatory Compliance	Q1			X	General Fund
Capital Improvement Fund Allocation	Q1	X	X	X	Capital Improvement Sales Tax
Market Center of Ideas	Q1			X	Public Incentives?/Private Investment

In the FY17 Budget and in future budgets, with help from our Management Team and budget staff, we will work to allocate resources and funding in support of these initiatives. The City has approximately 70 different funds, each categorized by purpose. We are proposing a comprehensive expenditure of \$208.4M. This includes all proposed funding for daily operations, capital improvements, debt service, internal service, and enterprise operations.

Total Budget		
FUND	FY16 Budget	FY17 Proposed
GENERAL FUND	\$ 61,185,805	\$ 64,397,020
SPECIAL REVENUE FUNDS	\$ 21,672,789	\$ 16,876,385
DEBT SERVICE FUNDS	\$ 14,653,548	\$ 11,127,863
CAPITAL PROJECT FUNDS	\$ 24,292,376	\$ 45,812,629
ENTERPRISE FUNDS	\$ 47,059,856	\$ 56,046,838
INTERNAL SERVICE FUNDS	\$ 14,013,080	\$ 14,158,623
<b>TOTAL PROPOSED EXPENDITURES</b>	<b>\$ 182,877,454</b>	<b>\$ 208,419,359</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, court, and general administration of the City.

Special Revenue Funds: Special Revenue 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 action. This includes the Parks, grants, business and industry, tax increment financing (TIF), and transportation development district (TDD) funds.

Debt Service Funds: The city utilizes two funds to record the receipt and disbursement of monies used

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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 from 2003 through 2016.

Capital Project Funds: The capital improvement funds include budgets that allocate expenses for infrastructure improvements. The City's capital projects are funded by a variety of different sources. The City's road and bridge maintenance projects and capital improvements are funded by a ½-cent sales tax. Other projects are funded by tax increment financing and through the sale of general obligation bonds.

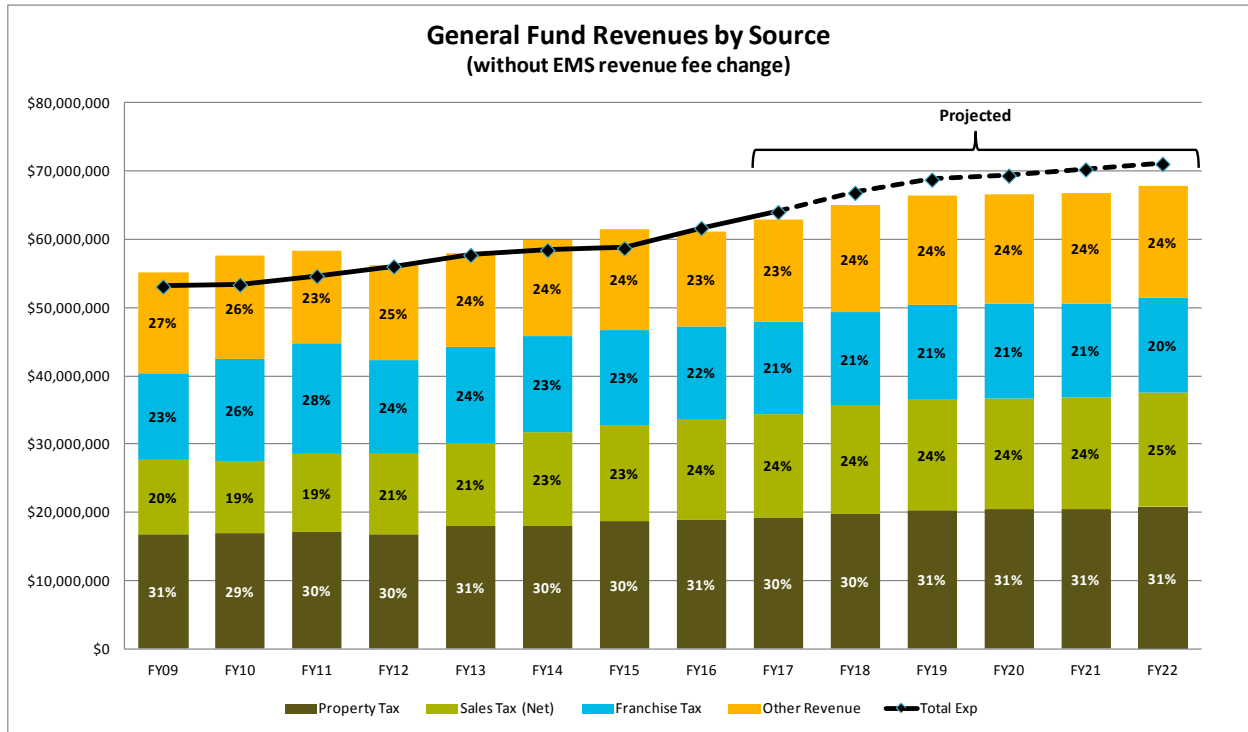
Enterprise Funds: The City's enterprise funds hold the budgets for departments that operate in business-type activities. These funds rely on revenues generated from sales of materials or services. The enterprise funds include budgets for our Water Utilities, Solid Waste, and Airport activities.

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.

## 2. Review of Financial Condition – General Fund

The City's financial condition is showing signs of improvement following the most recent recession. Typically, local governments often lag behind the private business community in terms of recovery and we are just now starting to see positive improvements in our finances. It is a strength of our organization that we have a trusted group of directors and staff who seek to maximize the resources given to us by the taxpayer and limit unnecessary expenses. This practice of thoughtful spending and avoidance of unnecessary expenditures has resulted in an annual savings each year of \$1 million of our budget, on average. The outcome for the City has resulted in a growth of our reserve balance to approximately \$19 million, or 32% of our annual expenditures. While we have responsibly managed our finances through the recession, a new challenge is on the horizon. Lee's Summit, and many other Missouri communities, needs to plan and identify new sources of revenues that will be used to fund the services provided to our residents like public safety, codes, and parks. Recent and proposed legislation will create a strain on municipal finances by redirecting or exempting revenue from collection. Our challenge as a community will be to identify sustainable revenue sources that can be counted on to support the level of service provided to the citizens of Lee's Summit.

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An immediate action that will prevent continued erosion of our revenue stream, but only slightly narrow the gap between revenues and expenditures will require favorable support from the community to continue the motor vehicle sales tax which is scheduled as an election item in August. Similar to the motor vehicle sales tax, the use tax would provide an opportunity to offset a tax exemption that places Lee's Summit, and Missouri businesses, at a disadvantage when competing with the out of state and internet marketplace.

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General Fund: 5-Year Revenue/Expense Model										
FY17 Moderate Revenue Growth										
FY17 Revenue Assumptions: 2.5% sales tax growth from FY16 Proj; 2% decrease in Franchise Tax										
FY17 Expenditure Assumptions: 6% increase for Health Insurance, 2% merit increase										
	FY14 Actual	FY15 Actual	FY16 Budget	FY16 Projected	FY17 Request	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected
<b>Revenues:</b>										
Total operating revenues	59,948,346	61,573,436	61,187,360	61,118,383	63,510,293	65,062,530	66,478,709	66,592,408	66,706,107	67,849,687
Percent Change	3.46%	6.17%	2.07%	-0.12%	3.80%	2.44%	2.18%	0.17%	0.34%	2.06%
Salaries/Total Revenues	69.28%	68.73%	69.25%	68.97%	68.21%	69.69%	71.16%	72.40%	73.64%	72.69%
<b>Expenditures:</b>										
Total operating expenditures	58,526,921	58,793,697	61,185,806	61,156,493	63,509,024	65,955,741	67,844,648	68,418,559	69,327,846	70,122,094
Percent Change	1.27%	-1.59%	4.54%	-0.05%	3.80%	3.85%	2.86%	0.85%	2.19%	3.36%
<b>Net Operating Rev - Exp</b>	<b>\$ 1,421,425</b>	<b>\$ 2,779,739</b>	<b>\$ 1,554</b>	<b>\$ (38,110)</b>	<b>\$ 1,269</b>	<b>\$ (893,211)</b>	<b>\$ (1,365,939)</b>	<b>\$ (1,826,151)</b>	<b>\$ (2,621,739)</b>	<b>\$ (2,272,407)</b>
<b>One-Time:</b>										
Revenues	1,000,000									
Expenditures	0									
Retirement Maximization Prgm		(475,865)								
Sale of City Owned Property		307,463								
EMS Ambulance Expansion					(675,000)					
ITS Software Projects					(204,995)					
Environmental Outreach					(8,000)					
Use Tax						300,000	300,000	300,000	300,000	300,000
<b>Rev - Exp (after one-time)</b>	<b>\$ 2,421,425</b>	<b>\$ 2,611,337</b>	<b>\$ 1,554</b>	<b>\$ (38,110)</b>	<b>\$ (886,726)</b>	<b>\$ (593,211)</b>	<b>\$ (1,065,939)</b>	<b>\$ (1,526,151)</b>	<b>\$ (2,321,739)</b>	<b>\$ (1,972,407)</b>
<b>Revenues (with one-time)</b>	<b>\$ 60,948,346</b>	<b>\$ 61,573,436</b>	<b>\$ 61,187,360</b>	<b>\$ 61,118,383</b>	<b>\$ 63,510,293</b>	<b>\$ 65,362,530</b>	<b>\$ 66,778,709</b>	<b>\$ 66,892,408</b>	<b>\$ 67,006,107</b>	<b>\$ 68,149,687</b>
<b>Exp (with one-time)</b>	<b>\$ 58,526,921</b>	<b>\$ 58,962,099</b>	<b>\$ 61,185,806</b>	<b>\$ 61,156,493</b>	<b>\$ 64,397,019</b>	<b>\$ 66,255,741</b>	<b>\$ 68,144,648</b>	<b>\$ 68,718,559</b>	<b>\$ 69,627,846</b>	<b>\$ 70,422,094</b>

The trends illustrated in our general fund five year model indicate that in future years our expenditures will exceed revenues which means we can look for new revenue growth opportunities or realign our levels of service to avoid prolonged deficits and a depleted reserve balance. It is this reality that makes our work together and strategic planning much more important so that Lee's Summit is in a position of strength to overcome challenges and orient ourselves to take advantage of future opportunities.

### 3. General Fund Overview

In FY17, general fund revenue estimates total \$63,510,293 which will be used to fund a general fund operating budget of \$63,509,024, with one time, special project expenses of \$886,726 to be funded by the general fund reserve.

#### General Fund Revenues:

General fund services are funded by three major revenue sources; property taxes, sales taxes, and franchise taxes. These revenues account for approximately 75% of all general fund revenues in FY17. Overall, for FY17, revenues are expected to be \$2.39m, or 3.9%, above last year's amount.

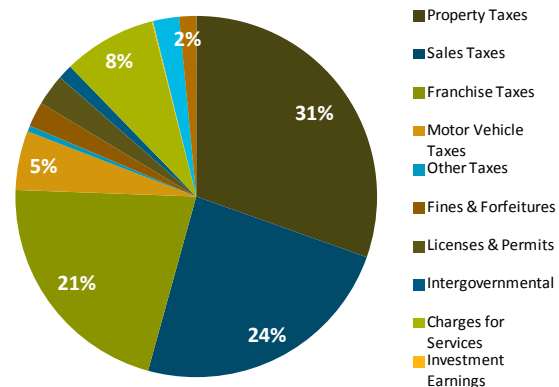
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### Key Revenue Variances:

- Property Tax: FY17 estimates include a budgeted increase of 1.5% on the property tax base for both real and personal property. An additional increase to factor new growth, which assumes the construction of 300 new homes at a construction value of \$200k, has been added for a net increase of \$201k, or 1.32% above projected year end amounts. Also included is an increase for Payment in Lieu of Tax (PILOT) for financing economic development projects that make use of incentives. The FY17 PILOT revenue is expected to be \$127k above last year's budget.

Account	FY16 Budget	FY17 Requested	Change from FY16 Budget \$	%
Property Taxes	18,770,513	19,341,788	571,275	3.0%
Sales Taxes	14,690,702	15,136,358	445,656	3.0%
Franchise Taxes	13,640,847	13,524,887	-115,960	-0.9%
Use Tax	3,397,624	3,364,508	-33,116	-1.0%
Other Taxes	331,239	332,640	1,401	0.4%
Use Tax	1,532,144	1,412,986	-119,158	-7.8%
Use Tax	1,655,673	1,786,379	130,706	7.9%
Intergovernmental	979,021	826,253	-152,768	-15.6%
Charges for Services	3,566,230	5,271,476	1,705,246	47.8%
Investment Earnings	0	64,103	64,103	-
Other	1,557,065	1,494,400	-62,665	-4.0%
Transfers In	1,066,302	954,515	-111,787	-10.5%
<b>Total</b>	<b>61,187,360</b>	<b>63,510,293</b>	<b>2,322,933</b>	<b>3.8%</b>

- Sales Tax: The general fund sales tax amount is a net total of the 1%, or 1 cent, gross receipts tax and the Economic Activity Tax (EATs) which is used to finance economic development projects. In FY15, sales tax finished the year \$1.3m, or 9.8%, above FY14. Currently through FY16, sales tax is \$597k, 4.7%, above last year. For FY17 recent development activity and past trends provided a base estimate of 2.5% above projected FY16 year end amounts, and an impact of \$193k, following new investment. The total net amount is an increase of \$445k, or 3.0%, above last year's budget.



- Franchise Tax: Franchise Tax 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 providers are largely dependent on weather and consumption of these utilities. Using the two and three year average, these franchise taxes are estimated to remain relatively flat in FY17. Telephone franchise tax revenue is estimated to decrease \$520k, or 7.5%, following an exemption that excludes network data transmission from a user's bill. In total, franchise tax revenue is expected to decrease \$116k, or .09%, from FY16 budget amounts.

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- **Motor Vehicle Tax:** In August of this year, a ballot question will ask the community if they support discontinuing the motor vehicle sales tax which currently allows Lee's Summit to collect motor vehicle sales taxes from purchases made out of state. If the tax is discontinued the impact to the general fund would result in approximately \$222k in lost revenue. If the election is not successful, staff will discuss with the Council necessary changes to the level of service and expenditure reductions to offset the decreased revenue.
- **Charges for Service:** A significant change in revenue is planned for FY17 following a Council adopted ordinance that establishes a 50% cost recovery rate for EMS service. Gross revenue is expected to be \$1.6m above last year's amount however, after adjustments for insurance and medicare, new net revenue of \$588k is expected for FY17.

### General Fund Expenditures:

The challenge during every budget planning process is to efficiently maximize the scarce resources provided by tax payers and residents of the community. In FY17, I have proposed a total general fund expenditure budget of \$64,397,019 that will be used to provide services to the citizens of Lee's Summit. During the previous three fiscal years, our organization has had to adjust how services are delivered to residents in an effort to reduce expenditures. Our Management Team and budget staff has continued this thinking as the FY17 budget was developed.

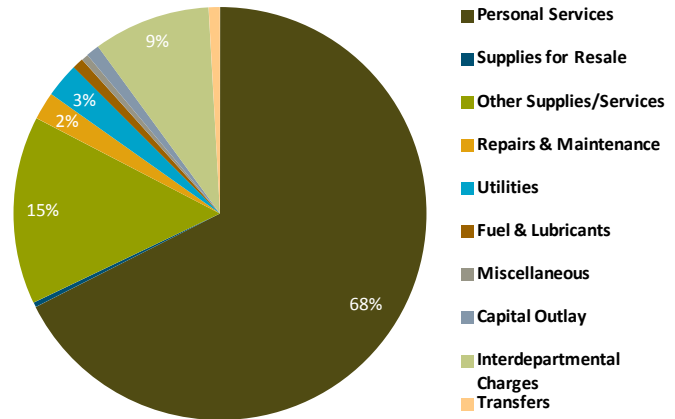
- **Personnel Services:** This category of expense accounts for costs associated with employees' compensation and benefits. As a service organization, our largest expense is for those who provide our municipal services such as our

Account	FY16	FY17	Change from FY16 Budget	
	Budget	Request	\$	%
Personal services	42,372,284	43,489,285	1,117,001	2.6%
Supplies for resale	141,000	235,000	94,000	66.7%
Other supplies, services & charges	8,237,357	9,486,983	1,249,626	15.2%
Repairs and maintenance	1,383,654	1,398,571	14,917	1.1%
Utilities	1,707,842	1,738,634	30,792	1.8%
Fuel and lubricants	696,139	564,153	-131,986	-19.0%
Miscellaneous	148,390	341,790	193,400	130.3%
Capital Outlay	-	675,000	675,000	0.0%
Interdepartment charges	5,479,125	5,899,392	420,267	7.7%
Transfers out	1,020,014	568,210	-451,804	-44.3%
<b>Total</b>	<b>61,185,805</b>	<b>64,397,018</b>	<b>3,211,213</b>	<b>5.2%</b>

accountants, police officers, codes officials, firefighters, and our other dedicated professionals. In FY17, our Fire Department is planning to hire 9 new firefighters / paramedics after engaging in a continuous improvement process through the community risk standards of cover document. FY17 will also include a reassignment of personnel from our Landfill to Public Works following approval of a contract with a private entity to operate and close our landfill. In addition to the increased count of full time equivalents (FTEs), the FY17 budget includes a planned performance based merit increase equal to an average 2% adjustment and a forecasted 6% increase in health insurance expense. With these changes, our personnel services expense is budgeted to increase \$1.1m, or 2.6%, above FY16 budget.

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- Other Supplies, Services, and Charges: This category of expense accounts for the expenses associated with daily operations such as goods, services, supplies, contractual expense, and many other items. The significant variance in FY17 is related to the expense 'write off' for medicare and insurance adjustments which amounts to a net increase of \$1.03m following the increased revenue amount for ambulance fees.



- Capital Outlay: As part of the Fire Department's accreditation process, the department reviewed response times and service coverage through the community risk standards of cover analysis. Through that analysis, the department recognized a need to increase the level of service and improve response times by adding 2 new ambulances, and crew, to improve EMS response for the community. The capital purchase of 2 new ambulances, with equipment, is expected to cost \$675k.

### Key Initiatives:

A high performing successful organization will seek opportunities to continuously improve operations, be forward thinking by planning for the future, and align resources to efficiently deliver services. It is necessary for our organization to make these steps and implement new business practices to meet future realities. In the FY17 budget I have proposed the following key initiatives that will strategically plan and align our organization to meet the needs of our community. These specific initiatives are more narrowly focused than the key initiatives for the organization and will assist us in those efforts by adapting our operations to new practices and processes.

#### 1. Enhancement of Technology Resources

For modern and growing organizations, technology is often a multiplier that brings new capacity, capability, and efficiency to our operations. In the FY17 budget, I have included funds to pursue new technology and support resources so that we may continue to provide consistent and reliable municipal services while adapting to new environments for our customers. Included in the budget are funds to increase the level of service provided by our ITS department through the addition of new personnel who can assist us in the support of our increasingly complex systems and further help us utilize and identify new technology and data sources to support the organization. Planned enhancements for FY17 include an upgrade of our enterprise resource planning (ERP) financial management system, the delivery of citizen facing technology on mobile devices for customer service inquiries, and mobile computing for fire apparatus.



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2. Enhancement of public communication

It is important to make informed decisions based on performance measure outcomes and through customer feedback. The recent Citizen Satisfaction Survey highlighted opportunities to enhance existing services in an effort to improve citizen satisfaction. One opportunity presented in the survey indicated a need to enhance public communication efforts. From 2008 to 2013 our residents' satisfaction of the City's communications practices decreased 5% from the previous survey conducted in 2007. This decrease is not unexpected considering the changing preferences for how we choose to receive information and what information is desired. The FY17 budget includes funding for a new approach to public communication for the City. As a result of the communication audit we plan to reassign our communication resources by redesigning the duties and responsibilities of existing positions to create a communication team that will include a Communication Strategist and Marketing Specialist position whose assignment will be to build upon our traditional communication methods and tools like the City's website and newsletters by increasing the City's social media presence and utilization of proactive communication and citizen engagement tools.

3. Economic Development

An ongoing initiative will always be to pursue economic development opportunities. New investment in our community from the business sector creates opportunities to enhance our economic base and quality of life for the residents of our community. It is important for our community to pursue these opportunities strategically and efficiently to maximize the use of our land and financial resources. To assist new developers and investors who seek to bring business to our community, the Development Services department was created to streamline city development processes and procedures that would enable investment to occur faster and more frequently. The City is seeing an increased level of activity and success from this approach which has identified additional needs for professional services and technology. In the FY17 budget, funds have been included for a development technician position to accelerate the engineering review process so that developers and investors can begin business in Lee's Summit at a faster pace.

4. Workforce Development

Investing in our workforce and succession planning is a key task that enables us to continually provide dependable and reliable municipal services. As a service organization, our workforce is our greatest asset. Like any asset, we must safeguard the investment that has been made by focusing our attention on retaining our highly professional staff while also providing opportunities for leadership development and professional growth. In the FY17 budget, I have included several reclassifications of existing positions to enable continued development of our staff who will be asked to take on additional responsibilities. Included in the reclassification of our positions is a new position for a Deputy Finance Director who will be in a leadership position as our Finance Director transitions to other opportunities. Additionally, I have included funds for a compensation policy

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analysis to help our organization determine the appropriate level of compensation for our staff in comparison to our competitors.

### 4. 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 the Water Utilities, Airport, Harris Park, Resource Recovery Park (Enterprise Funds) and the Fleet Management, Building Services, and Information Technology Funds (Internal Service Funds).

- **Water Utilities:** The Water Utilities Department 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

Enterprise Funds		
	FY16	FY17
	Budget	Proposed
Water/Sewer Fund	37,464,516	40,237,585
Airport Fund	4,934,852	9,766,197
Solid Waste Management	3,083,688	4,562,341
Harris Park Community Ctr	1,576,799	1,480,717
<b>Total</b>	<b>47,059,855</b>	<b>56,046,838</b>

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.

**Key Initiatives:**

- Continue the use of technology to minimize costs through the completion of the SCADA communications project.
  - Continuation of the meter replacement program to ensure accountability and accuracy of customer bills.
  - Complete the design and begin construction of the Water Utilities facility to improve operational effectiveness of the Department.
  - Continue to reduce inflow and infiltration through the completion of CIPP projects and other projects to reduce treatment costs and conserve sewer system hydraulic capacity.
- **Airport:** The Aviation Division provides general management and administration of resources to operate, maintain, market, and promote the airport which operates two runways and eight taxiways totaling over 166,044 square yards of pavement, 22 buildings.

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### Key Initiatives:

- Manage and coordinate the construction project for earthwork in preparation to extend runway (18-36); this is the 1st phase of construction of a 5,500 foot long concrete-paved runway with an estimated completion date in 2019, pending federal funding.
  - Continue marketing efforts to attract new tenants and retain current tenants, and perform a customer satisfaction survey. In advance of completion of runway improvements, marketing will increase to attract new customers who cannot currently use the airport due to its shorter runway lengths.
- Resource Recovery Park: Following the privatization of landfill services the City will provide oversight to the City's contractor to ensure compliance with state laws and the delivery of services.

### Key Initiatives:

- Ensure compliance of all local, state, and federal regulations pertaining to landfill operations.
  - Project management for the delivery and construction of a trash transfer station.

- Information Technology Services: Office of Information Technology provides central management of information technology resources and initiatives within the entire organization.

Internal Service Funds		
	FY16 Budget	FY17 Proposed
Central Building Services	1,599,552	1,668,059
Fleet Operations	6,228,659	5,744,190
ITS Services	4,314,721	4,870,227
Short Term Disability Fnd	33,533	39,533
Unemployment Trust Fund	32,262	32,262
Claims & Damages Reserve Fund	875,000	875,000
Work Comp Self Insurance	929,352	929,352
<b>Total</b>	<b>14,013,080</b>	<b>14,158,623</b>

### Key Initiatives:

- Guide the upgrade of the Lawson ERP system. This effort will require the selection of a vendor, software installation, testing, and project management.
  - Manage implementation of 2015-2017 Project Portfolio and organizational technology initiatives including but not limited to:
    - AVL technology for the Fire Department
    - Complete rollout of Fire Mobile Computing
    - Adding functionality to CityView
    - Implementing a Citizen service request tool
  - Manage the implementation of a significant refresh of network infrastructure
- Fleet Management: The Central Vehicle Maintenance department 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 Initiatives:

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- Identify and implement new factory diagnostic technology equipment to be able to perform more repairs in-house and save money by not sending repairs to outside vendors.
  - Work to identify solutions for a central fueling site that will eliminate EPA storm water drainage problems with the current site located at Fire Headquarters.
  - Reduce our parts inventory stock and utilize local parts supply vendors instead of increasing stock for slow demand inventory.
- Central Building Services: Provides oversight and management of City's facilities including administration of the Building and Equipment Replacement Program, Project Management, Facility Maintenance Services and Custodial Services Programs; as well as maintenance and repair services for excess properties and leased facilities.

### Key Initiatives:

- Assist Water Utilities management staff by providing oversight during the construction phase of the new Operations Facility.
- Assist Public Works Operations Department by providing construction oversight during the new conveyor and brine system installation.
- Complete pavement, roofing, and HVAC repairs or replacements at Fire Stations, Police HQ, City Hall and Maintenance Facility utilizing BERP program funding.

## 5. Capital Improvement Plan

The 2017-2021 Capital Improvement Plan (CIP) has been divided into eight major categories, plus the Public Works and Water Utility Programs. The total estimated cost of all projects included in the five-year plan is \$303,968,000

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 subsequent years funding added to each future annual budget respectively. In FY17, major CIP projects receiving funding include:

- Ward Rd (MO 150 to Raintree Parkway) - \$5.8m

Capital Project Funds		
	FY16 Budget	FY17 Proposed
Water & Sewer Construction	5,957,376	7,998,628
Bridges, Streets, Signals Facilities	12,330,000	24,726,000
Capital Equipment Replacement	0	260,000
Airport	678,000	733,000
Parks Construction	3,043,000	9,931,000
	2,225,000	2,100,000
<b>Total</b>	<b>24,233,376</b>	<b>45,748,628</b>

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- US50 Hwy / Route 291S Interchange - \$6.1m
- Construct Pavement for Runway 18-36: \$6.6m
- Blackwell Road Interchange with US50: \$6.1m
- Sanitary Sewer Main Replacement program: \$1m
- Water Main Replacement program: \$2m

**6. Workforce and Expansion Requests**

Each year during the budget process departments may identify capital equipment, job positions, or onetime expenditures that could be funded to enhance services or improve processes. These expansion requests are reviewed to ensure that they support the goals and objectives of the organization and can be financially supported.

The following expansion requests have been approved for funding consideration in FY17:

<b>FY17 Expansion Items</b>			
<b>Capital Equipment</b>			
<u>Department</u>	<u>Item</u>		<u>\$Impact</u>
Fleet	Oil Burning Furnace		12,000
Airport	Purchase of Leased Diesel Fuel System		2,050
ITS	ITS Software Projects		204,995
<b>Other</b>			
Public Works	Environmental Outreach		8,000
Law	Outside Legal and Other Resources		50,000
<b>*Personnel Changes</b>			
Reclassified Positions:			
<u>Department</u>	<u>Current Position Title</u>	<u>New Position Title</u>	<u>\$Impact</u>
Airport	Line Attendant Supervisor	Assistant Airport Manager	4,252
Airport	Line Attendant PT	Line Attendant FT	19,776
Finance	Procurement Contract Compliance	Deputy Director of Finance	21,731
Public Works	Senior Engineering Technician	Lead Engineering Technician	5,465
ITS	Senior GIS Analyst	GIS Coordinator	3,600
ITS	Inventory and Records Specialist	Administrative Assistant	2,000
ITS	Sr Network Administrator	ITS Operations Supervisor	5,000
Fleet	Mechanic	Mechanic/Parts Specialist	3,500
Admin	Communications Director	Public Relations Professional	-
Admin	City Communications Officer	Communications Strategist	-
Police	Evidence and Property Tech	Police Systems Manager	29,000
New Positions:			
Airport	Airport Intern		5,000
Development Center	Development Technician		77,838
ITS	Database Administrator		103,000
ITS	System Support Specialist		60,000
ITS	Web Specialist		58,800
<b>Total Impact:</b>			<b>676,007</b>
<b>Total General Fund Impact:</b>			<b>498,211</b>

\* Amounts Include Benefit Costs

**CITY MANAGER'S BUDGET MESSAGE**

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 FY17 budget the workforce includes 679 full time positions and 302 part time positions of which 523 full time positions and 27 part time positions are included in the General Fund.

Fund	Full Time Equivalents (FTE)			Change from FY16	
	FY15	FY16	FY17	\$	%
General Fund	528.74	526.11	539.58	13.47	2.6%
Parks & Recreation	113.95	111.52	110.89	-0.63	-0.6%
Water Utilities	59.5	60.5	60.5	0	0.0%
Airport	6.22	6.26	7.46	1.2	19.2%
Solid Waste	14.8	14.8	1	-13.8	-93.2%
CBS	8.62	10.62	10.62	0	0.0%
Fleet	9.12	9.12	9.12	0	0.0%
ITS	25.89	24.71	27.76	3.05	12.3%
<b>Total</b>	<b>766.84</b>	<b>763.64</b>	<b>766.93</b>	<b>3.29</b>	<b>0.4%</b>

## 7. Summary

The FY17 budget, and previous budgets, is a byproduct of the collaborative input from our elected officials, management team, and our talented staff. This ability to work together, strategically plan, and maximize our financial resources, represents a healthy environment that is focused on the community and serving the residents of Lee's Summit.

Sincerely,



Stephen Arbo

City Manager