

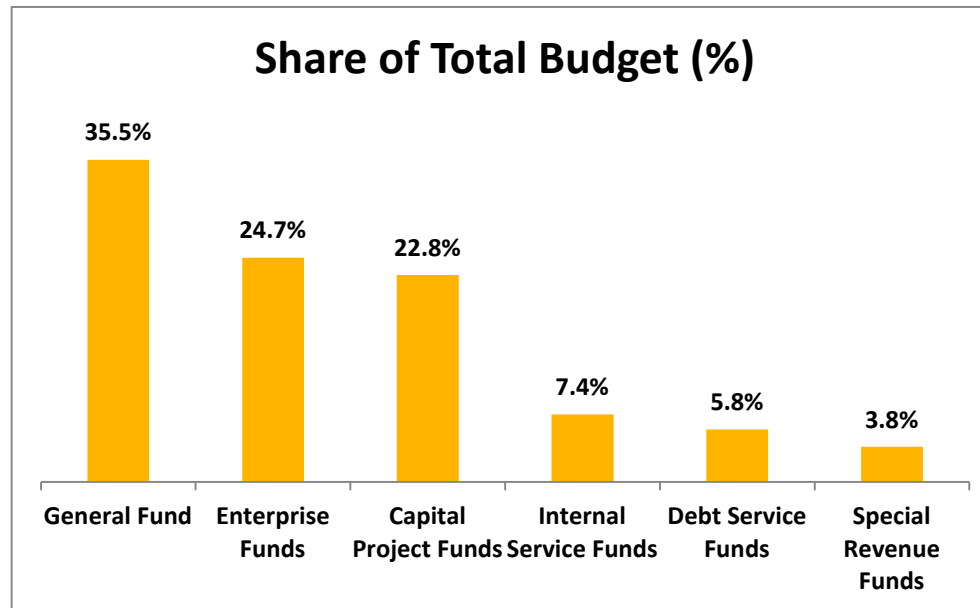
City of Lee's Summit

Proposed Annual Budget

Fiscal Year 2018-2019

Total Request All Funds

Total Proposed Budget		
Fund Type	FY18 Budget	FY19 Proposed
General Fund	67,190,459	71,050,067
Special Revenue Funds	13,366,470	7,706,295
Debt Service Funds	11,244,005	11,528,908
Capital Project Funds	56,345,533	45,616,881
Enterprise Funds	55,986,791	49,421,912
Internal Service Funds	13,660,025	14,858,461
Total Proposed Expenditure	217,793,284	200,182,524



Explanation of Funds

- **General Fund** – Provides funds for departments that don't have a dedicated revenue stream
- **Special Revenue Funds** – Used to account for revenues and expenses that have special legal or regulatory provisions (ex: TIF & CID funds)
- **Debt Service Funds** – Records financial transactions specifically tied to the issuing and repayment of debt (2 funds: GO Debt & Parks Debt)
- **CIP Funds** – Source of funding for capital projects that have revenues from additional sales and property tax levies
- **Enterprise Funds** – Expenses are funded from service and consumption charges instead of taxes (ex: Water Utilities, Airport)
- **Internal Service Funds** – Funding is received from all departments for services (ex: ITS, Fleet, CBS)

General Fund

Departments:

- Administration
- Development Services
- Finance
- Fire
- Law
- Municipal Court
- Police
- Public Works
- Planning & Special Projects

Primary Funding Sources:

- Property Tax: \$0.8886 of AV; total City levy is \$1.5154
- Sales Tax: 1% of all sales; total rate is 7.850% in Jackson and 8.225% in Cass County
- Franchise Tax: A gross receipts tax on utilities for use of right of way:
 - Electric: 7%
 - Natural Gas: 7%
 - Telephone: 7%
 - Cable: 5%

Strategic Initiatives

- Safety
 - Continue Bond Project Work
 - Police: CAD/RMS
 - Enhance PSERP
- Community Engagement
 - Citizen Strategic Planning
- Financial Management
 - General Services and Internal Service Allocation Study
 - Succession Planning and Reorganization
 - Priority Based Budgeting
- Communication & Customer Service
 - Website Rollout
 - Mobile App for Customer Service Requests
- Infrastructure
 - CIP Programs
 - Fuel Site
- Human Resources
 - HR Assessment initiatives
- Facilities
 - Replace City Hall Drive
 - Roofing and HVAC projects

Safe and Secure Community	Effective Utilities, Transportation and Telecommunications Infrastructure	Economic Vitality, Education and Workforce Development	Recreation and Cultural Opportunities	Health and Well-being of Community	Governance
...is prepared to respond to emergencies	...eases traffic flow and minimizes congestion	...attracts new businesses, and creates jobs	...supports the arts	...access to safe drinking water, clean air, waste removal	...maintains compliance with regulatory obligations
...enforces the law	...provides convenient and efficient access	...helps retain current businesses	...opportunities for cultural enrichment	...preserves the natural environment	...assists and supports decision makers with information, analysis and consultation
...reduces crime	...well-maintained infrastructure, planned for future development	...develops the workforce	...life-long learning opportunities (libraries)	...basic needs – safety, shelter, food, opportunity to work	...stewardship of financial, human and physical resources
...protects property	...provides access to multi-modal travel options (air, public transportation, bike lanes, trails)	...attracts visitors and tourism	...encourages healthy people (promotes active lifestyle)	...cares for the vulnerable (elderly, youth)	...attracts, develops and retains talent
...ensures safe air and access to drinking water	...promote efficient and coordinated sewer and water system	...provides infrastructure to support commerce (transportation, utilities, etc)	...supports community events, and entertainment options	...keeps community safe from danger (crime, disease, emergencies)	...enhances accountability and transparency in operations
...protects the environment	...ensures adequate energy and telecommunications services	...regulates growth and development	...parks, trails, open spaces	...ensures the character of the community is preserved	...seeks, leverages and creates intergovernmental opportunities and partnerships
...provides safe travel and mobility	...affordable, accessible, high-speed internet access	...enables business to function	...preservation and protection of historically significant buildings and sites	...open, inclusive and diverse	...provides timely and effective customer service

Strategic Initiatives

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- Communication & Customer Service
 - Website Rollout
 - Mobile App for Customer Service Requests
- Infrastructure
 - CIP Programs
 - Fuel Site
- Restructure Human Resources
 - Recruitment
 - Workforce Development
 - Compensation Analysis
 - Modernization of Practices
- Facilities
 - Replace City Hall Drive
 - Roofing and HVAC projects

Compensation and Benefit Study

- Recap:
 - The FY18 Budget had \$2m (approximately 4-5%) set aside for wage adjustments
 - Approximately \$1.6m remaining
- Proposed path forward: Distribute \$1.6m asap
 - Subject to Sales Tax projection
- Develop a 5 year plan to identify long term solution.

Workforce

Fund	Full-time Equivalents (FTE)			Change from FY18	
	FY17	FY18	FY19	Count	%
General Fund	539.58	548.10	551.98	3.88	0.71%
Parks & Recreation	110.89	111.54	109.45	-2.09	-1.87%
Water Utilities	60.50	62.50	62.46	-0.04	-0.06%
Airport	7.46	9.16	8.46	-0.70	-7.64%
Solid Waste	1.00	1.00	1.60	0.60	60.00%
CBS	10.62	8.62	8.12	-0.50	-5.80%
Fleet	9.12	9.12	9.12	0.00	0.00%
ITS	27.76	28.05	28.13	0.08	0.29%
Total	766.93	778.09	779.32	1.23	0.16%

FTE Changes:

- Additional Police Officer (approved in FY18)
- Finance Dept Reorganization
 - Eliminate Deputy Finance Director
 - Add Assistant Finance Director
- Human Resources: Add Workforce Development Specialist
- Reclassify City Architect to Facilities Manager
- Reclassify Account Technician to Court Clerk Supervisor

Unmet Challenges

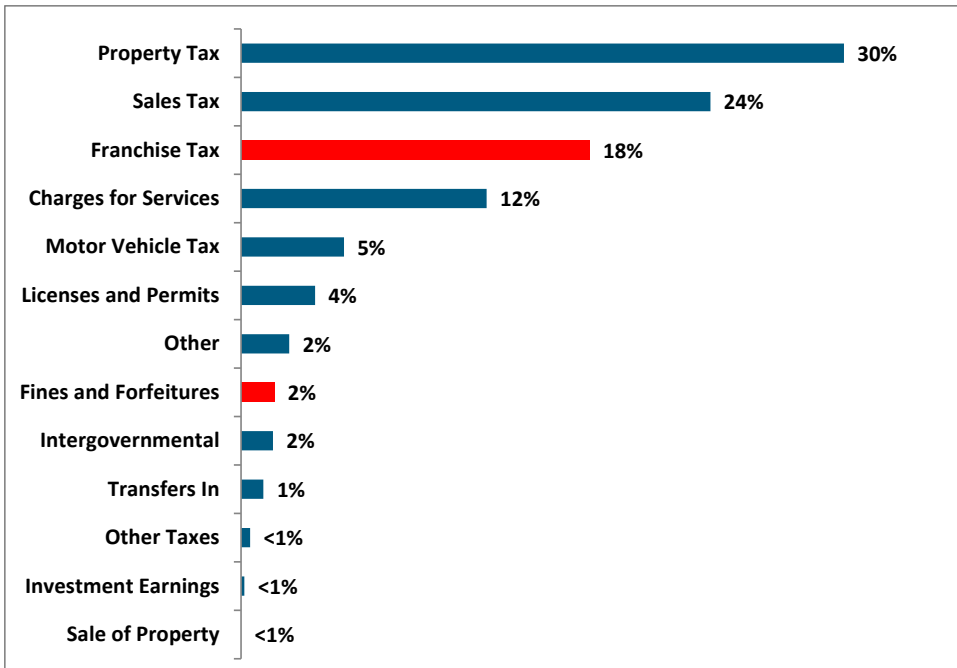
- Compensation Improvement
- Health Insurance Cost Containment
- Expansion Requests
- Improvement to revenue collection systems
 - EMS/Fire Dispatching
 - EMS Service
 - Convenience Fee for Credit Card use
 - General and Administrative Cost recovery

Expansion Requests

Previously Unfunded Department Expansion Requests				
Department	Type	Description	FY18 Cost	Recurring Cost
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	\$49,736	\$48,455
Fire	Personnel	EMS Assistant Chief	\$109,638	\$104,829
Fire	Personnel	Captain of Prevention	\$85,496	\$83,690
Fire	Personnel	Battalion Chief of Planning	\$101,354	\$96,697
ITS	Personnel	Applications Administrator	\$84,047	\$79,567
ITS	Personnel	System Administrator	\$97,417	\$93,217
Police	Personnel	Animal Control Officer	\$53,056	\$51,636
PW Operations	Capital	Shop fan installation	\$36,000	\$0
Total			\$903,489	\$839,669
Cost to General Fund			\$903,489	\$839,669
FY19 Submitted Expansion Requests				
Department	Type	Description	FY19 Cost	Recurring Cost
Development Services	Personnel	Building Inspector	\$110,798	\$79,253
Development Services	Personnel	Senior Engineering Inspector conversion	\$25,927	\$25,882
Development Services	Personnel	Secretary PT contract	\$4,973	\$0
Fire Department	Personnel	Communications Specialist (x6)	\$343,860	\$333,330
Fire Department	Personnel	Battalion Chief, EMS	\$105,724	\$103,918
Fire Department	Vehicle	Ambulance VERP Upgrade to 4x4	\$4,500	\$0
Fire Department	Capital	Lucas Device, AED for reserve command vehicle	\$15,775	\$0
Fire Department	IT	Toughbooks (x2)	\$10,700	\$3,000
Fire Department	Vehicle	Vehicle for Support Services	\$21,000	VERP
Police Department	Personnel	Lead Detention Officer (reclassify)	\$2,441	\$2,441
Police Department	Personnel	Police Officer (Traffic Enforcement)	\$65,233	\$59,152
Public Works	Capital	Rate Study for Stormwater Utility	\$375,000	\$0
Public Works	Vehicle	Sedan VERP Upgrade to F150	\$5,221	VERP
Water Utilities	Capital	Acoustic leak correlation equipment	\$32,000	\$0
Water Utilities	Personnel	Seasonal Laborers (x2)	\$10,710	\$10,410
Water Utilities	Capital	Timekeeping system	\$9,500	Yes
Water Utilities	Vehicle	Utility Trailer	\$9,000	\$400
Airport	Personnel	Line Attendant .5 FTE increase	\$15,969	\$15,639
Airport	Personnel	Line Attendant 1 FTE increase	\$23,710	\$45,271
Airport	Capital	De-icing Equipment	\$10,450	\$10,450
Airport	Capital	Improvements to Hangar 1 HVAC	\$12,373	\$0
Airport	Capital	Circulating Fan for Hangar 1	\$11,789	\$0
Airport	Capital	Hangar 1 Electronic Gate Opener	\$15,155	\$0
Airport	Capital	Window and door awnings for Hangar 1	\$10,000	\$0
Fleet	Personnel	Mechanic	\$53,366	\$47,965
Fleet	IT	Computers (x3)	\$5,500	MERP
Fleet	Capital	Truck post lifts	\$25,000	\$0
Total			\$1,335,674	\$737,111
Cost to General Fund			\$1,249,304	\$711,912

General Fund Revenues

	FY18	FY19	Change from FY18	
	Budget	Requested	\$	%
Property Tax	20,508,192	21,664,477	1,156,285	5.64%
Sales Tax	16,197,424	16,868,252	670,828	4.14%
Franchise Tax	13,037,427	12,530,550	-506,877	-3.89%
Motor Vehicle Tax	3,671,162	3,694,490	23,328	0.64%
Other Taxes	324,597	322,690	-1,907	-0.59%
Fines and Forfeitures	1,405,838	1,199,105	-206,733	-14.71%
Licenses and Permits	2,411,880	2,655,300	243,420	10.09%
Intergovernmental	1,008,067	1,148,065	139,998	13.89%
Charges for Services	7,570,459	8,826,224	1,255,765	16.59%
Investment Earnings	56,845	120,000	63,155	111.10%
Other	1,659,600	1,730,838	71,238	4.29%
Sale of Property	0	0	0	-
Transfers In	1,004,515	804,515	-200,000	-19.91%
Total	68,856,006	71,564,506	2,708,500	3.93%



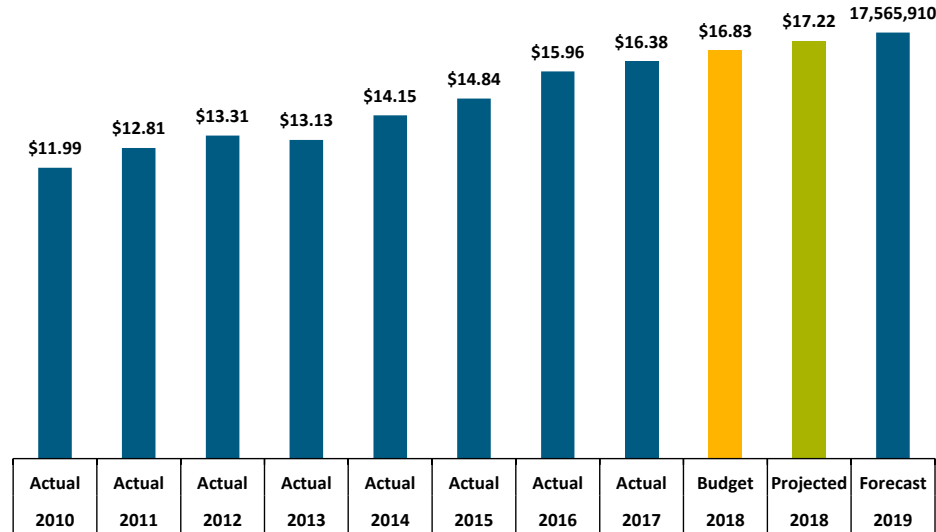
Considerations:

- Property Tax: Actual CY17 assessed values;
- Sales Tax: Trending up 7.75% over FY17 (Note: F&BC Recommendation)
- Schedule of Fees
- Economic Development, and permit revenue
- Revenue Estimates reviewed at F&BC in March

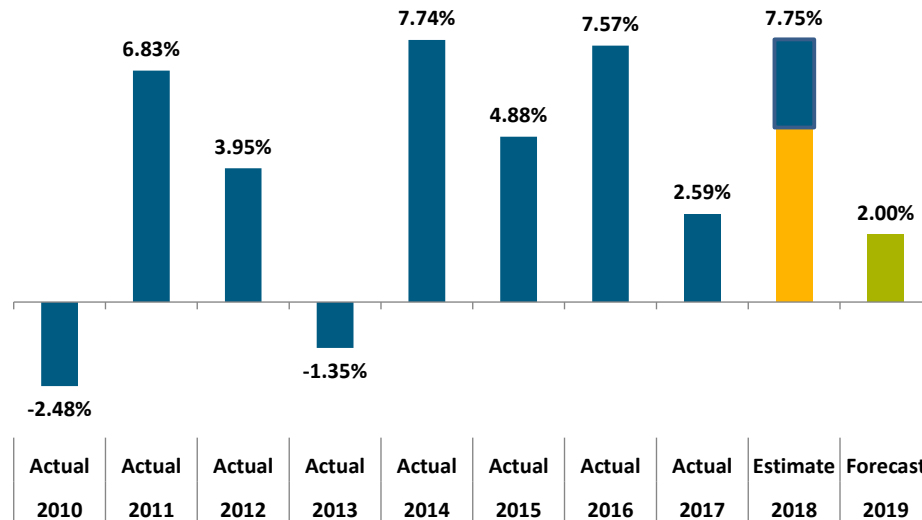


General Fund Sales Tax

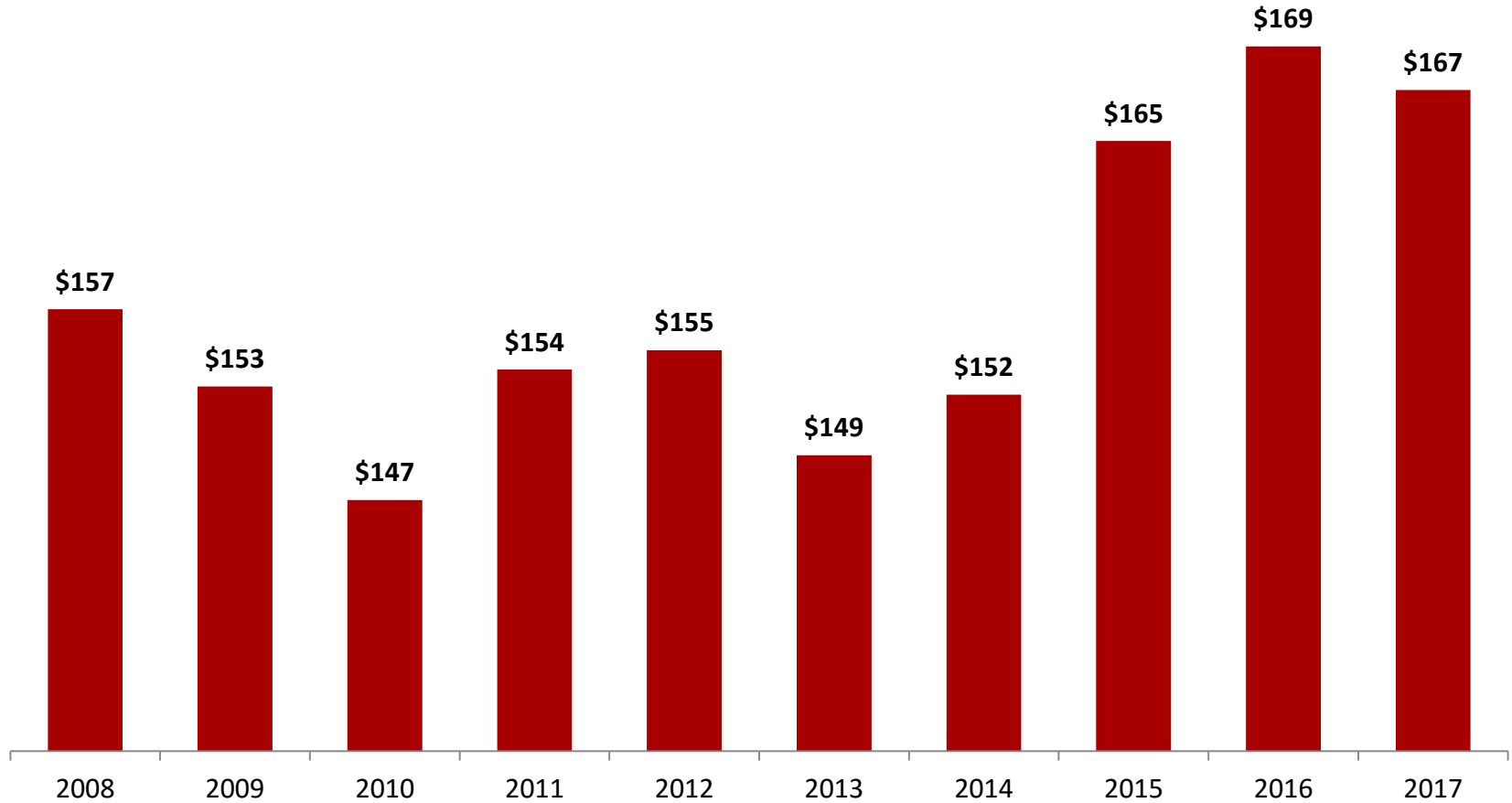
Gross Sales Tax Revenue (in \$millions)



Gross Sales Tax Annual Increase

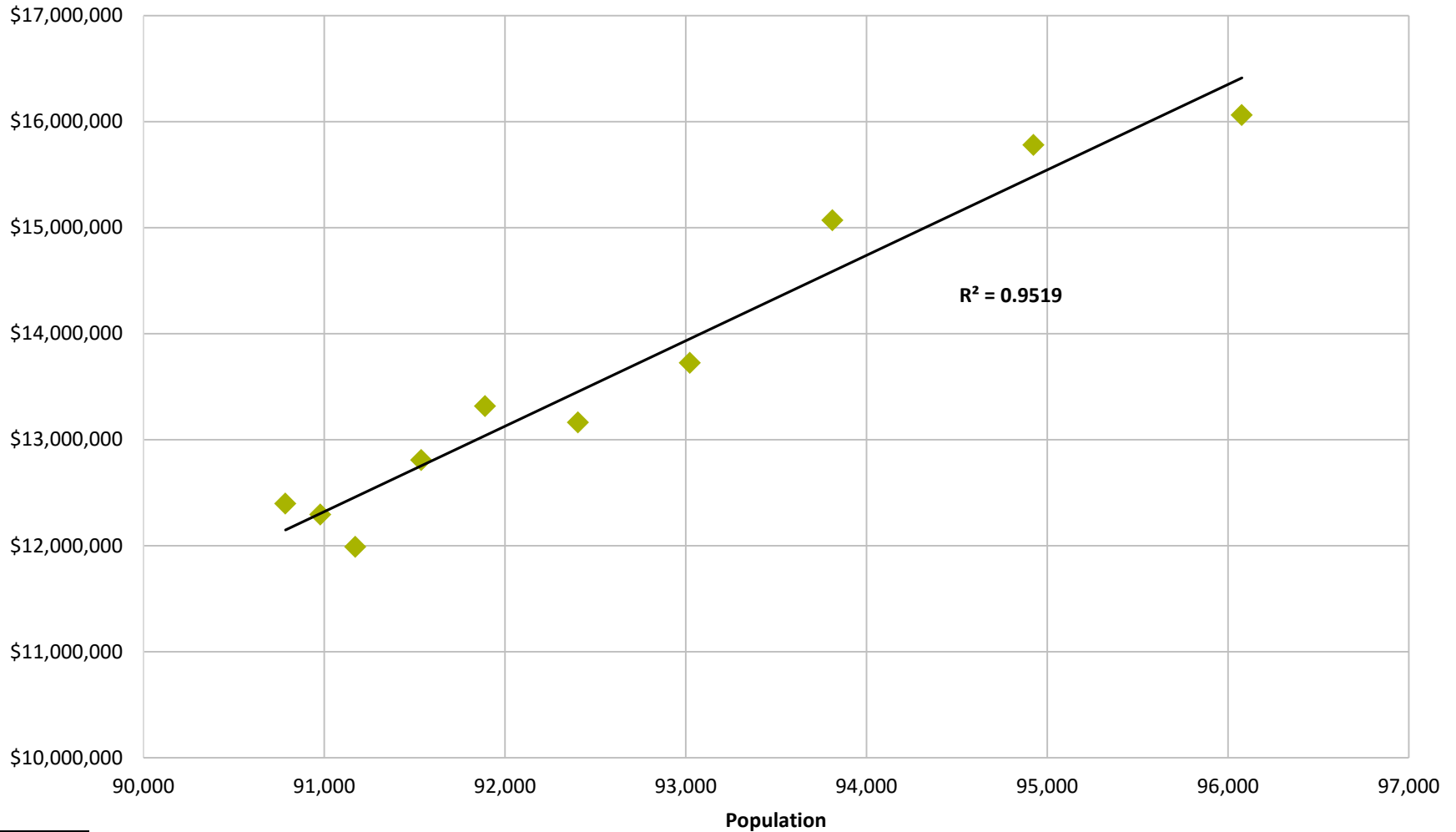


Real Sales Tax Per Capita (\$2017)

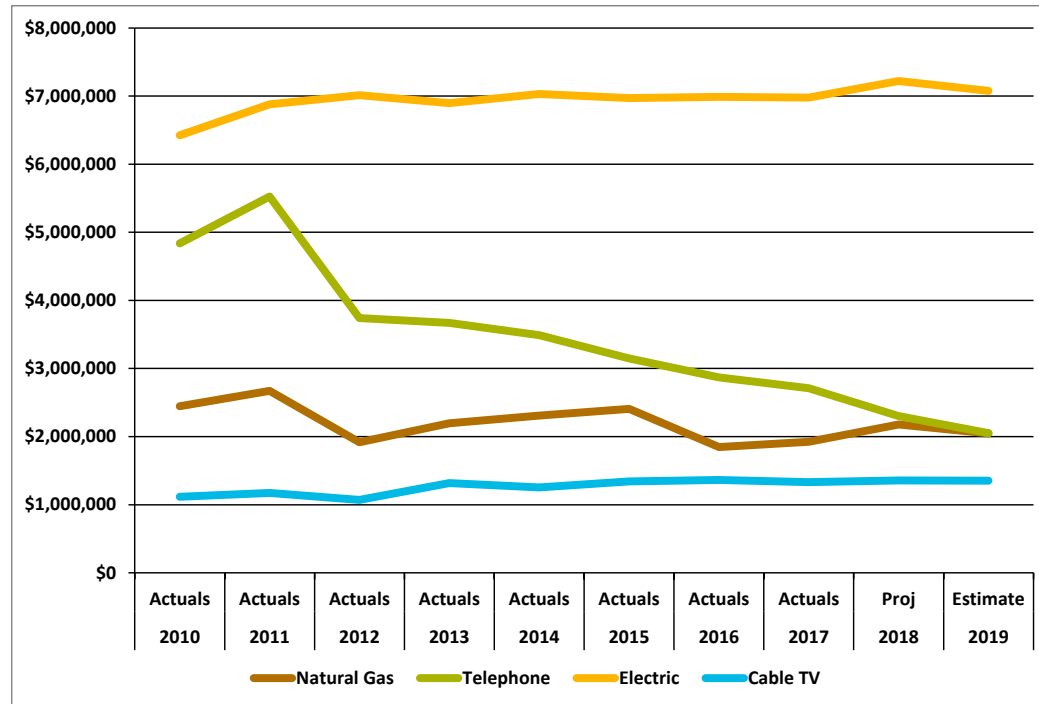


Sales Tax Revenue vs. Population

2008-2017



General Fund Franchise Tax



	2017	2018	2018	2019	Change from Budget		Change from Proj	
	Actuals	Budget	Proj	Estimate	\$	%	\$	%
Natural Gas	1,925,530	2,111,130	2,180,094	2,048,673	-62,457	-2.96%	-131,421	-6.03%
Telephone	2,709,095	2,452,864	2,301,785	2,051,079	-401,785	-16.38%	-250,706	-10.89%
Electric	6,976,830	7,116,302	7,220,139	7,076,104	-40,198	-0.56%	-144,035	-1.99%
Cable TV	1,330,345	1,357,131	1,357,131	1,354,694	-2,437	-0.18%	-2,437	-0.18%
Total	12,941,800	13,037,427	13,059,149	12,530,550	-506,877	-3.89%	-528,599	-4.05%



General Fund Expenditures

	FY18	FY19	Change from FY18 Budget	
	Budget	Request	\$	%
Personnel Services	45,806,645	46,924,867	1,118,222	2.44%
Supplies for Resale	245,000	255,500	10,500	4.29%
Other Supplies, Services, and Charges	10,181,400	11,915,524	1,734,124	17.03%
Repairs and Maintenance	1,485,895	1,551,709	65,814	4.43%
Utilities	1,734,766	1,749,764	14,998	0.86%
Fuel and Lubricants	556,097	512,803	-43,294	-7.79%
Miscellaneous	236,825	103,950	-132,875	-56.11%
Capital Outlay	54,902	135,000	80,098	145.89%
Interdepartment Charges	6,314,969	6,402,753	87,784	1.39%
Transfers Out	573,961	1,498,198	924,237	161.03%
Total	67,190,460	71,050,068	3,859,608	5.74%

Personnel Services:

- Anticipates 7% increase in Health Insurance
- Reflects full year cost for COLA adjustment given in FY18

Transfers Out:

- \$870k ITS Projects
- \$250k Fuel Site

Other Supplies & Services:

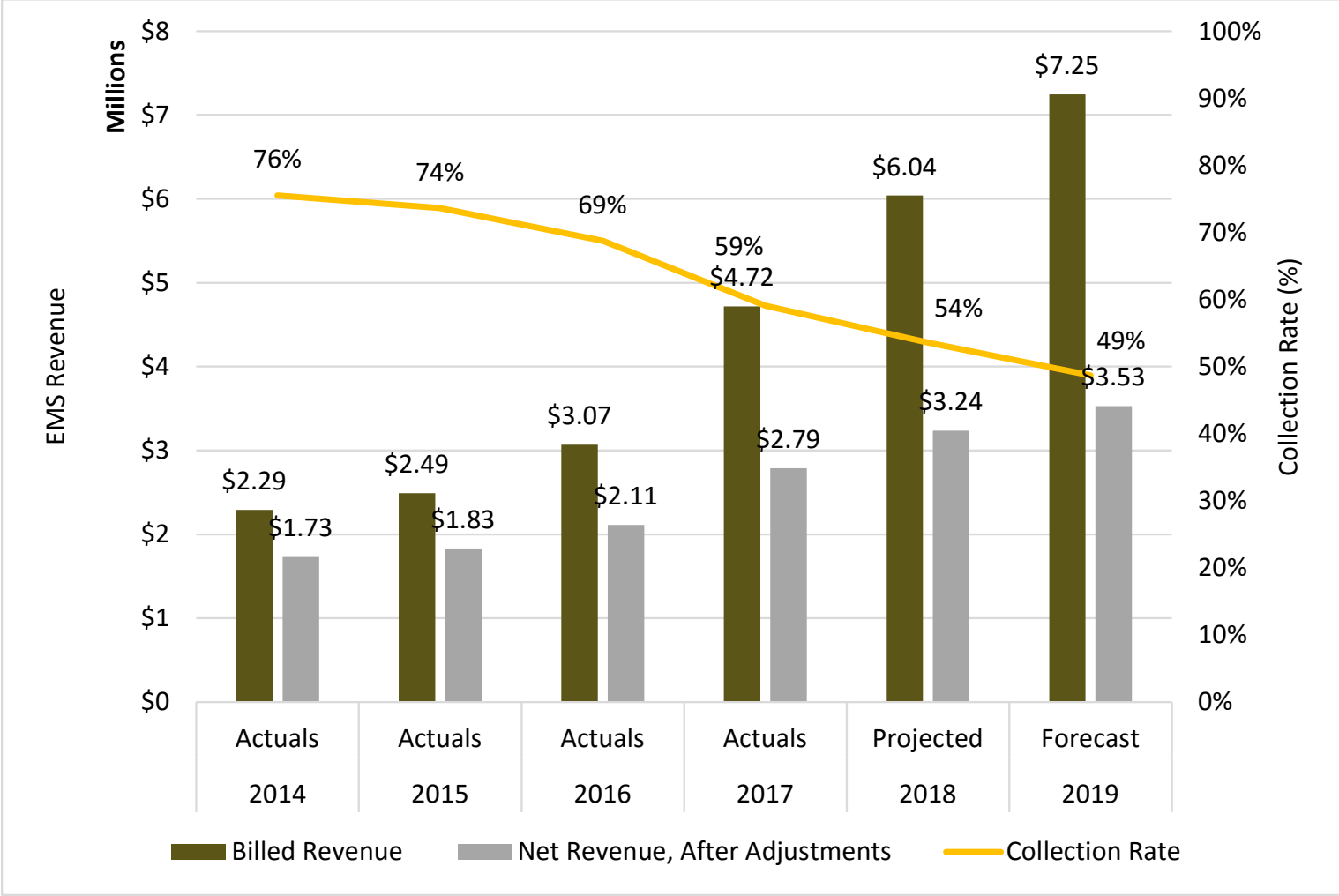
- \$150,000 UDO Recodification
- \$1.9m EMS Insurance Adjustments
- \$1.5m PILOT Disbursement

Capital Outlay:

- LifePack Replacement – 3@ \$44k per



EMS Revenue & Expenses

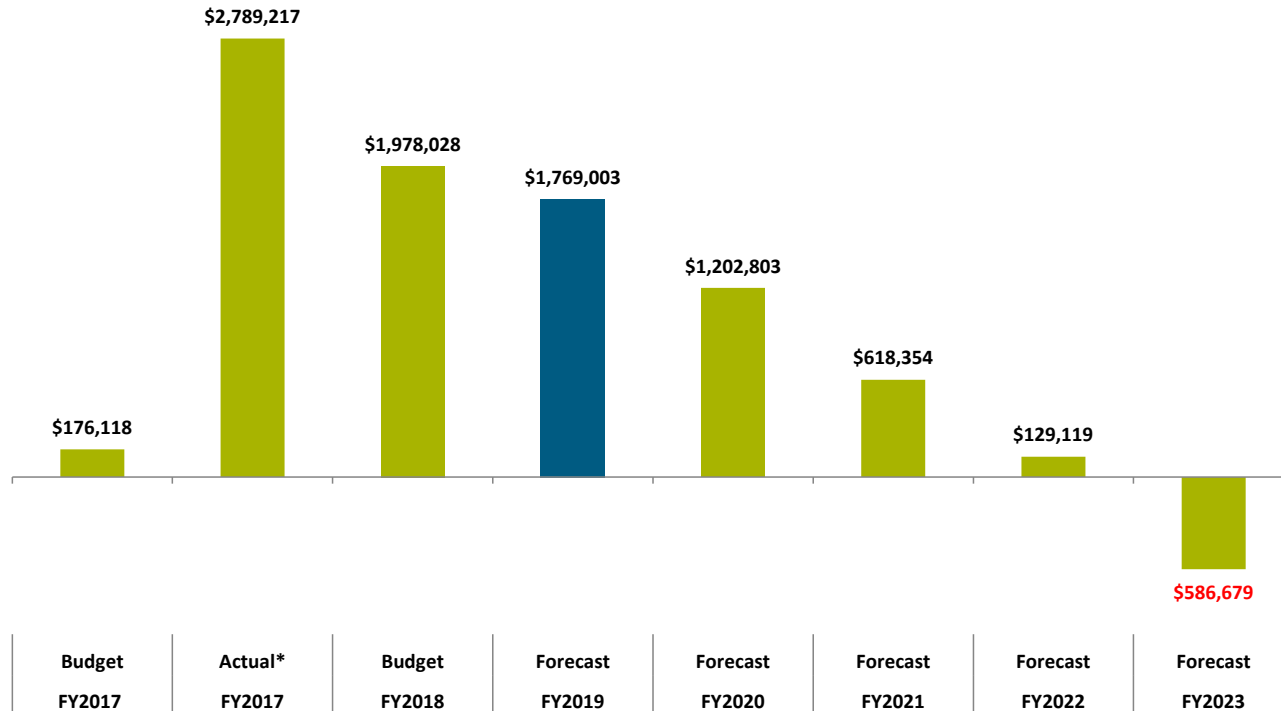


General Fund Five-Year Model

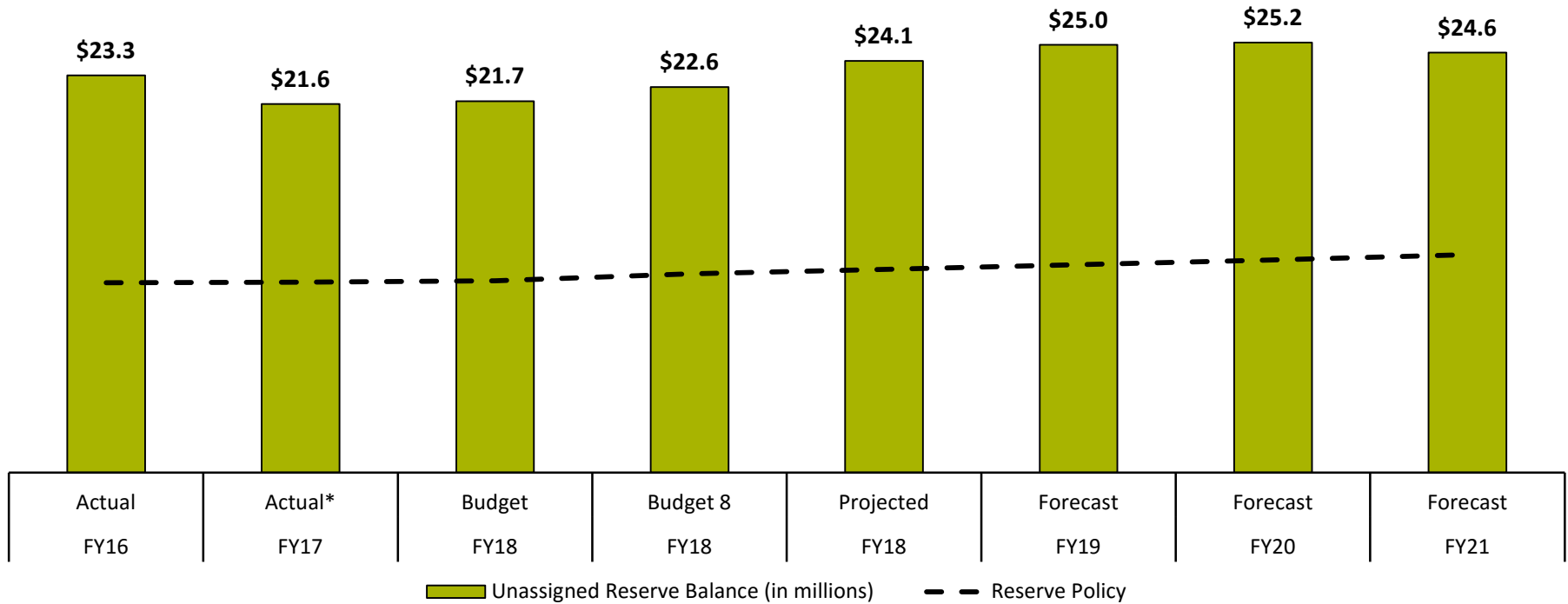
without distribution of \$1.6m

General Fund	FY2017 Budget	FY2017 Actual*	FY2018 Budget	FY2019 Forecast	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Total Revenue	63,510,293	66,876,874	68,856,006	71,564,506	72,569,724	73,622,430	74,848,342	75,931,537
Total Operating Exp.	63,334,175	64,087,657	66,877,978	69,795,503	71,366,921	73,004,075	74,719,223	76,518,217
Net Operating Budget	176,118	2,789,217	1,978,028	1,769,003	1,202,803	618,354	129,119	(586,679)
One-Time Exp/Rev.	887,995	1,520,908	1,983,300	932,334	0	0	0	0
Total Budget Surplus/(Deficit)	(711,877)	1,268,309	(5,272)	836,669	1,525,033	940,584	129,119	(586,679)

General Fund Net Operating Budget



Projected GF Reserve Balance (in \$millions)



Emerging Issues:

Revenues:

- Declining Franchise Tax
- Cost Recovery for Dispatch
- Cost Recovery for EMS
- Increased reliance on Sales Tax

Expenditures:

- Lagging compensation
- Increase Health Care Costs
- Overtime
- Fund Top Priority Expansion Items
- Increased demand for services

Prioritized Actions:

- Develop 5-Year compensation model (**\$5m - ?**) that places us 20-30% above average
- Fund top priority expansion requests (**\$750k**)
- Improve Dispatch and EMS collection rates (\$500k)
- Design better Overtime Management System (\$2m)
- Priority Based Budgeting
- Identify new revenue sources (Use Tax and Sales Tax)

Finance & Budget Committee Recommendation

- Increase sales tax revenue assumption from 2% growth to 3.5%

Impact:

- Increases total general fund revenue by \$253,024
- Increases projected annual unappropriated revenue to \$2,022,027

Remainder of FY19 Budget

Special Revenue Funds

	FY18	FY19
Special Revenue Funds	Budget	Proposed
Parks & Recreation Fund	3,312,717	3,445,394
Gamber Center	492,863	445,671
Legacy Park Community Center	1,928,492	1,927,353
Summit Waves	638,386	625,834
Cemetary Trust Fund	225,597	203,219
Business & Industry Fund	398,544	574,044
Entitlement Fund	395,011	354,780
VAWA Grant Fund	212,000	130,000
PSERP	0	0
Total	7,603,612	7,706,295

Capital Project Funds

Capital Project Funds	FY18 Budget	FY19 Proposed
Airport	8,921,000	6,003,000
Bridges, Streets, Signals	15,999,000	21,810,616
Capital Equipment Replacement	225,531	1,008,000
Facilities	13,000,000	0
Parks Construction	1,900,000	2,835,000
Water & Sewer Construction	6,516,000	8,460,000
Total	46,561,531	40,116,616

TIF & TDD Funds

	FY18	FY19
TIF & TDD Funds	Budget	Proposed
SummitWoods East TIF	2,646,876	2,500,000
I470 Business Center TIF	850,639	1,061,275
SummitWoods TDD	334,212	11,000
Longview Farm TIF (old TIF)	32,001	342,000
Longview TDD	126,622	33,000
Ritter Plaza TIF	1,755,508	126,622
Todd George/50 Hwy TIF	0	1,326,369
Total	5,745,858	5,400,266

Enterprise & Internal Service Funds

	FY18	FY19
Enterprise Funds	Budget	Proposed
Water/Sewer Fund	40,860,382	43,191,481
Airport Fund	11,462,427	2,223,687
Solid Waste Management	2,111,171	2,551,752
Harris Park Community Center	1,552,812	1,454,992
Total	55,986,791	49,421,912

	FY18	FY19
Internal Service Funds	Budget	Proposed
Central Building Services	1,737,262	1,932,320
Fleet Operations	5,163,561	5,892,407
ITS Services	4,082,428	4,819,697
Short Term Disability Fund	38,015	35,233
Unemployment Trust Fund	32,262	49,727
Claims and Damages Reserve Fund	845,625	940,866
Work Comp Self-insurance	1,034,191	1,188,211
Health Insurance Reserve Fund	726,680	0
Total	13,660,024	14,858,461



Debt Service Funds

	FY18	FY19
Debt Service Funds	Budget	Proposed
General Obligation Debt	8,519,600	8,253,908
Park COP Debt	2,724,405	3,275,000
Total	11,244,005	11,528,908

Next Steps

- **May 7:** Regular Finance & Budget
- **May 11:** Notice of Public Hearing due by noon
- **May 14:** Special Finance & Budget (if needed)
 - Continued discussion of FY19 Budget
- **May 17:** City Council Meeting – Public Hearing
- **June 7:** City Council Meeting – Vote on Ordinance