

Responses to questions from the Finance and Budget Committee members

1. Breakdown of Personnel Services Costs.

Information presented at the May 18th Finance and Budget Committee meeting.

The following is a breakdown of Personnel Services costs by category for the General Fund:

Personnel Services	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2021 Budget
Salaries	27,754,919	29,060,900	29,860,580	31,236,512	33,471,779	33,917,129
Overtime	2,115,992	2,776,475	2,838,984	2,899,083	3,397,613	3,730,502
FICA/ Medicare	2,173,761	2,314,939	2,372,523	2,474,442	2,605,412	2,657,404
Miscellaneous	157,150	165,220	171,024	193,277	194,023	189,870
Health/ Dental Insurance	5,415,743	5,944,995	6,505,680	6,850,399	6,548,804	7,462,350
Retirement-LAGERS	3,378,125	3,657,826	3,624,462	3,741,215	3,899,477	4,127,331
Other Payroll Costs	908,423	967,246	1,042,545	923,246	1,034,762	1,081,357
Total	41,904,113	44,887,601	46,415,798	48,318,174	51,151,870	53,165,944

Additional information for the June 8th Finance and Budget Committee meeting.

“Personnel Services: Overtime” consists of the following General Ledger accounts in the departments’ budgets:

- 7002-0-Overtime
- 7003-0-Fire Alarm Pay
- 7004-0-Flsa Overtime
- 7005-0-Holiday Worked
- 7006-0-Special Detail Pay
- 7007-0-Duty Pay

The following is a breakdown of the above table (Personnel Services costs by category) by individual General Ledger account for Personnel Services: Overtime:

	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2021 Budget
7002-0-Overtime	1,570,502	2,163,475	2,157,391	2,215,623	2,645,466	2,844,344
7003-0-Fire Alarm Pay	60,078	53,761	54,294	38,740	58,500	58,500
7004-0-Flsa Overtime	55,612	55,143	53,897	67,861	72,000	190,430
7005-0-Holiday Worked	270,254	269,082	288,811	285,396	390,897	390,816
7006-0-Special Detail Pay	97,550	170,212	221,238	225,628	174,718	174,718
7007-0-Duty Pay	61,996	64,802	63,353	65,835	56,032	71,694

The following is a breakdown of the Personnel Services: Overtime expenses by General Fund department:

	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2021 Budget
Administration	13,073	16,821	24,325	7,087	3,036	3,036
PW Engineering	46,652	86,932	53,935	104,408	87,183	111,662
Law Enforcement	994,157	1,166,285	1,271,703	1,271,032	1,158,445	1,242,055
Fire/Ems Services	956,752	1,375,822	1,348,507	1,353,999	2,018,146	2,233,881
Finance	1,641	1,931	3,336	5,872	0	0
Legal Services	235	751	0	0	0	0
Municipal Court	0	3,234	0	0	0	0
PW Operations Division	78,151	86,748	105,044	132,605	95,603	104,768
Development Services*	25,331	37,949	32,134	24,081	35,200	35,100

*FY16-FY19 Development Services includes employee totals for both Development Services and Planning and Special Projects.

The following is the historical FTE information for the General Fund departments:

General Fund Department	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget [^]	2021 Budget
Administration	27.39	26.99	27.98	30.29	30.43	29.75
PW Engineering	33.80	41.10	42.25	42.25	42.00	42.00
Law Enforcement	202.00	202.00	205.50	206.50	207.50	207.50
Fire/Ems Services	144.00	153.00	154.00	154.00	155.00	155.00
Finance	22.00	22.00	22.00	22.00	22.00	22.00
Legal Services	10.25	10.55	10.51	10.50	10.88	10.88
Municipal Court	11.29	11.87	11.38	11.96	10.90	10.90
PW Operations Division	38.00	34.20	33.80	33.80	33.80	33.75
Development Services*	37.38	37.87	40.68	40.67	41.42	40.40
General Fund Total	526.11	539.58	548.10	551.97	553.93	552.18

*FY16-FY19 Development Services includes employee totals for both Development Services and Planning and Special Projects.

[^]FY20 Budget amounts includes position changes resulting from Budget Amendments.

(Reference the documents titled "Overtime History FY16 – FY21" for the department Personnel Services: Overtime expenses broken down by General Ledger account.)

After analyzing the Personnel Services: Overtime data, City staff feel that it is appropriate to reduce the FY21 budget for the Fire Department by \$322,716. After making this change, the following is the updated Personnel Services: Overtime for the General Fund:

	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2021 Budget
Personnel Services: Overtime	2,115,992	2,776,475	2,838,984	2,899,083	3,397,613	3,407,786

	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2021 Budget
7002-0-Overtime	1,570,502	2,163,475	2,157,391	2,215,623	2,645,466	2,521,628
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Fire/Ems Services	956,752	1,375,822	1,348,507	1,353,999	2,018,146	1,911,165
Finance	1,641	1,931	3,336	5,872	0	0
Legal Services	235	751	0	0	0	0
Municipal Court	0	3,234	0	0	0	0
PW Operations Division	78,151	86,748	105,044	132,605	95,603	104,768
Development Services*	25,331	37,949	32,134	24,081	35,200	35,100

*FY16-FY19 Development Services includes employee totals for both Development Services and Planning and Special Projects.

The following is the updated Personnel Services information for the General Fund:

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Other Payroll Costs	908,423	967,246	1,042,545	923,246	1,034,762	1,081,357
Total	41,904,113	44,887,601	46,415,798	48,318,174	51,151,870	52,843,227

The following is the overall impact for the General Fund:

Revenues	2021 Forecast	Expenses	2021 Request
Property Taxes	21,076,390	Personnel Services	52,843,228
Sales Tax	15,475,569	Supplies for resale	255,500
Franchise Tax	11,770,257	Other supplies, services and charges	6,895,310
Motor Vehicle Taxes	3,408,925	Repairs and maintenance	1,735,030
Other Taxes	269,410	Utilities	1,905,430
Fines and Forfeitures	1,043,397	Fuel and lubricants	493,262
Licenses and Permits	2,825,126	Miscellaneous	405,430
Intergovernmental	1,457,795	Capital outlay	0
Charges for Services	9,528,761	Construction	0
Materials and Fuel Sales	3,945	Interdepartment charges	7,045,434
Investment Earnings	111,304	Transfers out	380,210
Other	2,481,942	Receivables Adjustment	3,940,000
Sale of Property	0	Total	75,898,833
Transfers In	870,113		
Total	70,322,934		

Prior to the reduction in the overtime budget for the Fire Department, the expenses were greater than revenues by 5,898,615. After the reduction in the overtime budget for the Fire Department, the expenses are now greater than revenues by \$5,575,899.

The following is the updated impact to the General Fund Reserve balance:

Anticipated End of Year General Fund Balance for FY2020	\$27,729,680
Less anticipated reduced revenues and increased expenditures during FY2021	<u>(\$5,575,899)</u>
Anticipated End of Year General Fund Balance for FY 2021	\$22,153,781

General Estimate of FY2021 Budget	\$75,898,833
Estimate of Reserve Balance / Expenditure Budget FY2021	29%

Note:

<i>Estimated General Fund Reserve Policy Amount (2 months or 16.67%)</i>	<i>\$12,649,806</i>
<i>Potential funds identified for future Market / Pavilion Development</i>	<i>\$3,360,000</i>

2. History of percentage increase for medical insurance premiums.

		2014	2015	2016	2017	2018	2019	2020
Total Combined Monthly	650	\$640,556	\$658,375	\$709,450	\$756,121	\$845,318	\$861,319	\$876,826
Total Combined Annual		\$7,686,675	\$7,900,498	\$8,513,403	\$9,073,452	\$10,143,811	\$10,335,828	\$10,521,913
\$ Annual Increase			\$213,823	\$612,905	\$560,049	\$1,070,359	\$192,017	\$186,085
% Annual Increase			2.8%	7.8%	6.6%	11.8%	1.9%	1.8%

3. Number of full-time employees in each of the groups for the wage increases (2% merit; FOP step increase; IAFF step increase; IAM step increase).

The following is information for the General Fund, which contains the number of full-time employees for each of the groups:

- 2% merit: 243
- FOP step increase: 129
- IAFF step increase: 133
- IAM step increase: 24

The following is information for all other funds in the City of Lee’s Summit (excluding Parks and Recreation funds), which contains the number of full-time employees for each of the groups:

- 2% merit: 73
- IAM step increase: 35

4. Comprehensive Plan Update: Market Analysis and Economic Development Analysis.

The Comprehensive Plan includes a portion of Market Analysis and Economic Development Analysis. The contract amount is \$69,259 for this section. We are scheduled to have drafts of these elements available in July, with further drafts complete in the fall. The overall Comprehensive Plan is scheduled to be complete in April 2021.

5. General Funds Expenses - can you provide more detail or an explanation as to what makes up the "inter department charges"?

Interdepartment charges are expenses for Internal Services that are charged to departments. Specifically, there are two types of interdepartment charges:

- Internal Services Overhead Costs. These are the actual operational costs incurred by ITS, Central Building Services, and Fleet Operations and are charged to departments for services that are provided. The amounts charged to departments are determined and calculated using formulas.
- Equipment Replacement Programs (also known as ERPs). These are the costs associated with the Vehicle Equipment Replacement Program (VERP), Building Equipment Replacement Program (BERP), MIS Equipment Replacement Program (MERP) and Software Licenses Equipment Replacement Program (SLERP). Departments are charged for ERPs based on the equipment that they have in the programs.

6. Capital Project Funds - Are the projects on our CIP list solely dependent upon the "Cap. Improvement Sales tax", please explain further? Can excess funds be moved around in this category?

There are several funding sources for the projects on the CIP list. Each project has a detail sheet in the CIP which indicates the funding source(s) for that project. The following is an excerpt from the CIP document (pages 3-6) outlining the different funding sources that are available for CIP projects. Included in the information is an explanation of the restrictions on the uses of certain funding sources. There are not any excess funds beyond funding the identified priorities and projects.

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. The following is a list of existing funding sources and definitions for each:

TAXES

Property Tax- Revenue from the ad valorem tax levied on all real and personal property, based upon the assessed valuation established by the County Assessor on January 1st of each year. Real property assessed valuation is determined by applying the "market value" times the appropriate assessment ratios. As follows:

- Commercial/Industrial: 32%
- Residential: 19%
- Agricultural: 12%
- Personal Property assessed valuation is set at 33% of market value and is determined by the State Tax Commission.

Sales Tax- The City imposes a total sales tax of 2.25% (Capital Improvement: 0.50%, General fund: 1.0%, Parks and Recreation: 0.25%, Transportation: 0.50%) on all goods and commodities sold within the City limits with the exception of drugs and farm machinery. The tax is also levied on all vehicles registered by residents of the City, regardless of where those vehicles were purchased. Transportation tax is not levied on utilities and is earmarked specifically for use in funding transportation projects only. The State of Missouri receives the tax from the respective business and distributes the funds monthly to the City.

Parks & Recreation 1/4-Cent Sales Tax- Initially approved in November 1997 for 3/8-cent and renewed in 2016 for ¼-cent, this revenue source is dedicated to Parks and Recreation improvements including completion of Legacy Park facilities, new park development, the Senior Center, and greenway development.

Transportation ½-Cent Sales Tax- Approved initially in the 1980s, this tax is available to pay for transportation and traffic infrastructure improvements and major maintenance, such as overlay and slurry seal, curb and gutter replacement, crack sealing and pavement marking. This sales tax also provides funding for several other Public Works Programs including bridge rehabilitation, thoroughfare and traffic master plan studies, community bus services and the Neighborhood Traffic Safety Program.

Capital Improvement ½-Cent Sales Tax- Originally approved in November 1997, this tax has been used in conjunction with the Road Excise tax to fund road improvements related to the “10-year road plan” adopted in 1997. The sales tax was renewed in April 2007 with collection beginning in 2008 and ending in 2018. This renewal of the sales tax will fund a second “10-year road plan” comprising 6 major projects. In April, 2017, voters approved a 15 year extension with collection beginning in April, 2018. In all, seven major road projects were identified as well as six transportation related projects. Additionally, this renewed tax will also be used to fund stormwater infrastructure projects throughout the City.

Road Excise Tax- Excise Tax is paid for development that generates new traffic in the City in the form of a license tax on building contractors. This revenue source is available for road improvements throughout the City that are required due to growth to at least some degree.

Transportation Development Districts- A geographic area may be designated to levy an additional sales or property tax assessment to pay for transportation related infrastructure improvements.

Tax Increment Financing- Provides for the capture of 50% of the Economic Activity Taxes (Sales and Franchise) generated within the boundaries of a designated area to be used to finance infrastructure improvements. All of the incremental increases in real estate taxes are also captured from all taxing jurisdictions until the infrastructure is paid off.

BOND PROCEEDS

General Obligation (G.O.) Bonds- Bonds which are backed by the full faith and credit of the City and require either a 2/3rds or 4/7ths voter approval. Limitations for bonding capacity are set by state statute.

Revenue Bonds- Bonds which are backed by the fees and charges of a businesslike government function, payable only from a specific source of revenue. Simple majority voter approval required. Limitations for bonding capacity are not set by state statute but rather the entity’s ability to repay the debt.

Certificates of Participation- A leasing structure that is backed by general revenues or fees and charges of a government. No voter approval is required. Limitations for financing capacity are determined by the market and the entity’s ability to repay the debt.

Special Obligation Bonds- Bonds which are backed by general revenues or fees and charges of a government. No voter approval is required. Limitations for bonding capacity are determined by the market and the entity’s ability to repay.

GRANT FUNDING

Grants may be received from federal, state or county governments. Grants are typically available for transportation, airport improvements, parks, and public safety equipment. The City also receives community development block grants (CDBG) for use in low-to-moderate income areas within the community. Equipment purchases and CDBG projects are not included in the CIP.

FEES AND CHARGES

Fees for direct receipt of public service by the parties who benefit from the service

Parks and Recreation Activity Fees- Collected by Parks & Recreation Department for participation in various sports and recreation programs, aquatic instruction, and the Camp Summit and Club Summit daycare programs at the Recreation Center.

Recreation Memberships- Membership fees collected for the Lee's Summit Pool and the Legacy Park Community Center.

Water Sales- Charges for supplying water to residential, commercial, industrial and wholesale customers.

Sewer Charges- Charges for providing wastewater collection and disposal services to residential, commercial and industrial customers.

Sewer Tap- The charge for a new sanitary sewer connection based on the number of drains in a structure and assessed at the time of building permit issuance.

Water Tap- The charge for a new water service connection based on the size of water meter required. Also included in the water tap fee is an amount which is intended to provide capital for the development of the City's water transmission capacity.

PRIVATE FUNDING

Amounts paid by developers, generally for specific infrastructure improvements, pursuant to development agreements between the City and those developers.