

Legislation Text

File #: BILL NO. 17-43, **Version:** 1

AN ORDINANCE APPROVING AMENDMENT NO. 8 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES FOR THE CITY OF LEE'S SUMMIT, MISSOURI. (F&BC 2/6/17)

Issue/Request:

AN ORDINANCE APPROVING AMENDMENT NO. 8 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES FOR THE CITY OF LEE'S SUMMIT, MISSOURI

Key Issues:

Before the start of a new fiscal year, City departments will project, or estimate, the final anticipated revenues and expenditures, in the current fiscal year, for their prospective fund or department. The year-end projections are developed to help identify a more accurate financial condition. In some instances, budget amounts are calculated 6 to 12 months before the start of the fiscal year. The process of calculating year-end projections helps refine anticipated revenue and expenditures, and cost savings.

Since the adoption of the original budget on June 16, 2016, the following departments have projected incurring additional costs that would exceed budgeted amounts:

1. **Public Works Engineering (\$27,827):** During the FY17 Projection process, staff identified increased revenues from Capital Project Reimbursements to the General Fund to account for staff time on capital and infrastructure projects. The Capital Project Reimbursement was revised up \$65,000 to \$1,375,000. This increased revenue will be spent to reimburse related staff overtime expenses.
2. **Finance (\$211,290):** As part of Chapter 100 development projects, the City collects Payment in Lieu of Taxes (PILOTs) from property owners, and disburses the dollars in a manner similar to the County's process for distributing property taxes to applicable jurisdictions. As a result of new projects coming online, the PILOT revenues have been revised up \$245,898. The budget amendment will empower the Finance Department to distribute PILOT revenues to partner taxing jurisdictions.
3. **Public Works Operations (\$67,002):** Public Works Operations incurred an unanticipated expense as a result of repairs to a City-owned railroad spur in the right-of-way.
4. **Administration (\$182,998):** The Administration Department is projected to exceed budget following evaluation of the City's vehicle fueling operations. The current fuel pump and underground fuel tanks located in the rear drive of Fire Headquarters, 207 SE Douglas, were installed in the 1980s. City has received notice from the Missouri Petroleum Storage Tank Insurance Fund (MPSTIF) that it has been discovered that the type of fiberglass tank at Fire Headquarters cannot tolerate the ethanol blend fuels in use today. Some fiberglass tanks can be relined to work with ethanol blend fuels, but the tanks in question cannot. This means that the

MPSTIF will stop insuring those tanks after 2018. Without coverage from MPSTIF, the City would lose it's Department of Natural Resources permit for the underground tanks.

Prior to the insurance notice, staff was working on plans for the future removal of this fuel site due to its proximity to a large stormwater inlet and the potential risk of fuel spillage. The Fleet Advisory Board (comprised of representatives from user departments) has selected a potential site that meets the operational needs of the departments and takes advantage of available space at an existing city facility. The new site will utilize above ground tanks, like we do at most of our fueling sites. Costs for the development of the new site and removal Fire Headquarters sites are estimated to be \$250,000.

Funding for these increased costs is available through projected revenue growth. The General Fund is expected to finish the fiscal year with a surplus of approximately \$75k which is an improvement from a budgeted deficit of approximately \$1.5m that included significant one-time capital costs.

Proposed Council Motion:

FIRST READING: I for second reading of AN ORDINANCE APPROVING AMENDMENT NO. 8 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES FOR THE CITY OF LEE'S SUMMIT, MISSOURI.

SECOND READING: I for adoption of AN ORDINANCE APPROVING AMENDMENT NO. 8 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES FOR THE CITY OF LEE'S SUMMIT, MISSOURI.

Background:

Each year, as part of the budget process, City departments project their year-end revenue and expense amounts. This is an important step to help identify new trends and any unexpected changes that might have occurred during the fiscal year. The updated information is then used to identify a net income or loss of each fund.

Presenter: Jack Feldman

Recommendation: Staff recommends approval of AN ORDINANCE APPROVING AMENDMENT NO. 8 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES FOR THE CITY OF LEE'S SUMMIT, MISSOURI.

Committee Recommendation: A motion was made by Vice Chair Seif, seconded by Councilmember Forte, that this Ordinance be recommended for approval to the City Council - Regular Session, due back on 2/16/2017. The motion carried by unanimous vote.