

Legislation Text

File #: BILL NO. 20-156, **Version:** 1

An Ordinance approving Amendment No. 1 to the Budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures in the Public Safety Equipment Replacement Program Fund for the City of Lee's Summit, Missouri. (F&BC 8/10/20)

Issue/Request:

An Ordinance approving Amendment No. 1 to the Budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures in the Public Safety Equipment Replacement Program Fund for the City of Lee's Summit, Missouri.

Key Issues:

The purpose of this budget amendment is to amend the authorized expenditures in the Public Safety Equipment Replacement Program (PSERP) Fund. There are two reasons that this amendment is needed.

Reason 1. The City began upgrading our inventory of LIFEPAK equipment in 2013, with the purchase of five LIFEPAK devices. When the five LIFEPAK devices were purchased, they were added into the PSERP and assigned a 10-year useful life cycle. Those five LIFEPAK devices are currently on year seven of their replacement cycle.

The City was contacted by our sales representative and informed us that the version of the five LIFEPAK devices referenced above are experiencing a series of early failures with an internal component that cannot be replaced. Based on the information that has been provided to us, this failure has typically occurred in the eighth year of the equipment's use. It is important to mention that year eight is outside of the warranty period.

Because of the early failures with the internal component in the version of the five LIFEPAK devices, the manufacturer is offering a special reduced price to replace the five LIFEPAK devices. At the time of our last purchase, the LIFEPAK devices cost approximately \$46,000 per LIFEPAK. The manufacturer is now offering a reduced price of \$19,055 per LIFEPAK. The total cost to replace the five LIFEPAK devices now with the reduced price is \$95,275. By comparison, if the City were to wait until year 10 of the LIFEPAK devices life cycle, it would cost approximately \$230,000. Also, if any of the five LIFEPAK devices were to fail in the future, they would need to be replaced at the time of failure and the reduced price currently being offered by the manufacturer may no longer be available.

It is important to mention that as a result of the PSERP, the City has incrementally been setting aside funds since 2014 for the replacement purchase of the five LIFEPAK devices. As a result, the amount of money that has already been set aside and is currently in the PSERP Fund, is enough to cover the replacement costs of the five LIFEPAK devices at the reduced price (\$95,275).

Reason 2. Part of the original adopted FY20 Budget included a transfer of funds from the General Fund to the

PSERP Fund in the amount of \$562,850. These funds were designated for Fire Station 3 and were budgeted to be expended in FY20. In FY20, \$88,051.61 was expended on Fire Station 3. The remaining \$474,798.39 will need to be expended in FY21. The purpose of this portion of the budget amendment is to amend the spending authority in the PSERP Fund to include the remaining balance of \$474,798.39 to be expended in FY21.

It is important to mention that this budget amendment is not a request for new or additional funds to be expended on Fire Station 3. Rather, the amendment gives the authority for the remainder of the funds, which are already in the PSERP fund balance, to be expended in FY21.

Proposed City Council Motion:

FIRST MOTION: I move for second reading of an Ordinance approving Amendment No. 1 to the Budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures in the Public Safety Equipment Replacement Program Fund for the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of an Ordinance approving Amendment No. 1 to the Budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures in the Public Safety Equipment Replacement Program Fund for the City of Lee's Summit, Missouri.

Background:

The PSERP Fund's purpose is to provide a mechanism for incrementally funding the replacement of Public Safety equipment over its useful life cycle. By incrementally funding the replacement of equipment, it helps to alleviate the potential issues of having to pay the total replacement costs of the equipment in one year.

Impact/Analysis:

There is no impact to the General Fund.

This budget amendment is not a request for new or additional funds to be expended; rather, the amendment gives the authority for the funds, which have been set aside in prior fiscal years and are already in the fund balance, to be expended in FY21. If the budget amendment is approved, the FY21 authorized expenditures for the PSERP Fund will be \$757,702.

Chris Clubine, Management Analyst
Brian Austerman, Assistant Fire Chief

Staff recommends approval of the budget amendment ordinance.

On August 10, 2020 the Finance and Budget Committee voted unanimously to recommend approval of an Ordinance approving Amendment No. 1 to the Budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures in the Public Safety Equipment Replacement Program Fund for the City of Lee's Summit, Missouri.