

Legislation Text

File #: BILL NO. 20-37, **Version:** 1

An Ordinance approving Amendment No. 7 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri. (F&BC 2/10/20)

Issue/Request:

An Ordinance approving Amendment No. 7 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

Key Issues:

Part of the annual budget process includes a period of reviewing and revising expenditures for the current fiscal year. For budgets that are projecting year-end expenditures to be greater than the approved budget expenditure amount, this requires a budget amendment.

The General Fund consists of several departments including Administration, Public Works-Engineering, Police, Fire, Finance, Law, Municipal Court, Public Works-Operations, and Development Services. As a fund, the General Fund year-end expenses are projected to be less than the approved budget expenses. However, because the current practice has been to have the expenditure approval at the department level for the General Fund, those departments that project to have expenses greater than budget require a budget amendment. General Fund departments that are projecting year-end expenses to be greater than the approved budget amount are as follows:

-Administration: This General Fund department is projecting to have expenditures greater than the approved budget amount by \$32,645. This is primarily due to increased election and personnel expenses. When the budget was constructed and approved there was only one ballot question (City Council elections) that was planned for the April 2020 election. During the fiscal year, the City Council voted to have a Use Tax ballot question included on the April election ballot, which will result in an increase in election expenses. Also, there has been an increase in personnel expenses in the Administration department. One of the reasons for the increase in personnel expenses is that every General Fund department is budgeted to have vacancy savings, which is an amount based on historical trends and averages that is backed out of the budget. During this fiscal year, the Administration Department divisions (Department Administration, Creative Services, Cultural Arts, and Policy/ Legislative Operations) have not had any vacancies and do not anticipate any vacancies for the fiscal year.

-Public Works Engineering: This General Fund department is projecting to have expenditures greater than the approved budget amount by \$55,559. Public Works Engineering is projecting to be over budget primarily due to streetlight accidents resulting in higher contractor fees for repairs. Approximately 2-3% of the City's streetlight inventory is being hit (accidents) per year. The most significant of these is the Chipman & Ward accident. These types of accidents do go through a claims process; however, recovery is unknown at this time.

-Legal Services (also known as the Law Department): This General Fund department is projecting to have expenditures greater than the approved budget amount by \$58,042. Increases in personnel and professional fees expenses are the cause of the projected increase in expenses. The Law Department is another department impacted by vacancy savings. As it was previously mentioned, vacancy savings is an amount based on historical trends and averages that is backed out of the budget. During this fiscal year, the Law Department has not had and does not anticipate any vacancies. Also, professional fees expenses for labor law have been increased in the projected expenses.

-Municipal Court: This General Fund department is projecting to have expenditures greater than the approved budget amount by \$5,097. The cause of the variance between projected and approved budget expenses is due to vacancy savings. As it was previously mentioned, vacancy savings is an amount based on historical trends and averages that is backed out of the budget. During this fiscal year, Municipal Court will only anticipate having one vacancy for a short period of time. Although this will offset some of the vacancy savings, it will not offset the entire vacancy savings amount in the Municipal Court budget.

-Public Works Operations: This General Fund department is projecting to have expenditures greater than the approved budget amount by \$28,273. The causes of the variance between projected and approved budget expenses is increased expenses for curb replacement and salt. The freeze-thaw cycle of the past few years has increased the deterioration of curbs, which has resulted in the need for more curb replacement. Also, for this fiscal year it was estimates that just over 3,000 tons of salt would be needed, which was the three year average. Through mid-January, approximately 3,000 tons of salt has already been used and it is anticipated that more will be needed.

The following are other funds that have projected to have year-end expenses greater than their budgeted amounts:

-Fund 203 Summit Waves: This fund is projected to have expenditures greater than the approved budget amount by \$15,070. The variance is related to maintenance and repair expenses, and increased building and concession supplies. Repairs were made to the bridge that were not anticipated in the original budget. Also, concession supplies are projected higher in direct correlation to higher projected concession revenues in May and June.

-Fund 356 Public Safety Improvements 2020: This is a new fund that was created as the result of the voter approved bond that was passed in August 2019. Because this fund did not exist when the budget was created and adopted, the projected expenses are what is anticipated to be spent this fiscal year on the public safety improvements outlined in the bond. For FY2020, it is projected that expenses in this fund will total approximately \$2,920,595.

-Fund 510 Airport Fund: This fund is projected to have expenditures greater than the approved budget amount by \$452,567. The cause of the variance is due to increased expenses on fuel. For FY20, the Airport based its budget on selling 94,500 gallons of Jet-A fuel. As of January 2020, the Airport's Jet-A fuel sales are at 107% of the originally adopted FY20 budget. The Airport projects it will sell 187,457 gallons of Jet-A fuel in FY20, which is an 84% increase from FY19. The increase in fuel sales requires the Airport to purchase more fuel, which is the cause for the projected expense in the Airport Fund budget.

-Fund 530 Harris Park Community Center: This fund is projected to have expenditures greater than the approved budget amount by \$138,746. The projection for FY20 includes expenditures for LSPR to operate the facility in-house. The original budget assumed the facility would continue to be operated by an outside contractor through a service agreement.

-Fund 610 Fleet Operations: This fund is projected to have expenditures greater than the approved budget amount by \$611,392. The cause of the variance is due to capital expenses in the Vehicle Equipment Replacement Program (VERP).

Proposed Council Motion:

FIRST MOTION: I move for second reading of an Ordinance approving Amendment No. 7 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of an Ordinance approving Amendment No. 7 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

Chris Clubine, Management Analyst

Staff recommends approval of the budget amendment.

A motion was made by Councilmember Carlyle, seconded by Councilmember Forte, that this Ordinance be recommended for approval to City Council. The motion carried unanimously 3-0 (Mayor Pro Tem Lopez "Absent").