

**EDGERTON CITY COUNCIL
WORK SESSION AGENDA
CITY HALL
404 EAST NELSON STREET
July 9, 2020**

**Work Session will begin following adjournment
of regularly scheduled council meeting.**

Executive Order 20-52 issued by Governor Kelly requires any person in Kansas to cover their mouth and nose with a mask or other face covering when they are inside any public space such as City Hall. Executive Order 20-52 includes a number of exemptions, including children 5 and younger and those with medical conditions that prevent mask use. The entire executive order may be found here: <https://governor.kansas.gov/executive-order-no-20-52/>

1. Call to Order
2. Roll Call ____ Roberts ____ Longanecker ____ Conus ____ Lewis ____ Smith ____ Beem
3. Presentation of the Recommended 2021 General Fund Budget
4. Adjourn



July 7, 2019

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director

Re: 2021 Recommended General Fund Budget

Attached please find the 2021 Recommended Budget for the General Fund. The General Fund contains the general operations of the City which are funded by a mixture of general purpose revenues including property taxes, sales taxes, user fees and charges and payment in lieu of taxes for abated properties.

Revenues

Staff presented the revenue forecast at the May 28, 2020, Budget Work Session. Below are the details regarding any changes to the revenue amounts since that work session.

Property Taxes

The recommended 2021 Budget includes a decrease in property tax revenue compared to 2020 (estimated same mill rate of 30.881). The decrease is due to the timing of the construction and related abatement of the Kubota buildings in LPKC South. Included in the City's assessed valuation for 2020 was a partial value for the two Kubota buildings. The assessed valuation for 2021 reflects the removal of the Kubota buildings from the tax rolls due to the processing of the abatement. This decrease is offset by a partial value for the IP VII building. The partial value for IP VII will be abated for the 2022 Budget in accordance with the development agreements, which will result in a decrease in assessed valuation at that time.

Under the tax lid law, the City could have increased property taxes to \$2,177,822 for 2021. However, that would have resulted in an increase in the estimated mill rate (39.857). As noted above, the property tax revenue amount proposed for 2021 maintains the same estimated mill rate as 2020.

The chart below shows the property tax revenue and corresponding estimated mill rates for the property tax revenue options available to the City for the 2021 Budget.

	Property Tax Revenue Proposed for 2021	Same Property Tax Revenue as 2020	Property Tax Revenue Allowed Under Tax Lid
Property Tax Revenue	\$1,687,364	\$1,931,860	\$2,177,822
Estimated Mill Rate	30.881	35.356	39.857

Property tax/PILOT collections are at 97% for 2020 and valuations for 2021 are already set, so staff isn't recommending any changes related to COVID-19 at this time.

Expenditures

The budget amount is an estimate of resources needed to carry out the level of services the Governing Body offers its citizens. The approved budget sets the legal level of budget authority at the fund level, which the City cannot exceed without going through the budget amendment process.

Actual expenditures will differ from the budget due to costs coming in lower than anticipated. Staff strives to be good stewards of the City's resources and look for opportunities to reduce costs whenever possible. Another reason for lower actual expenditures is position vacancies. Personal services are a significant portion of the City's budget since the City provides services vs. producing goods, so a vacancy can produce noticeable dollar savings. The effect on service provision and remaining staff members, however, is not as easily seen in the numbers.

Changes in expenditures between budget years can occur for several reasons: (1) inflation; (2) change in level of service, including corresponding changes in personnel; (3) more refined budgeting for a program(s) based on actual experience, etc.

Appendix A includes information about the change in each department from year to year – both between budgets and actual vs budget.

Other Sources & Uses

Transfers to/from other funds are listed in this section of the fund schedule. These transactions are more of a one-time occurrence than they are routine - like operating revenues and expenditures.

Transfers to Equipment Reserve are typically done each year to systematically save for replacement of the City's vehicles and equipment. For the 2020 Budget, the Governing Body elected to cash purchase two large pieces of equipment and approved a one-time \$200,000 transfer to the equipment reserve. In addition, the Governing Body increased the annual transfer to equipment reserve from \$79,250 to \$125,000 for 2020. Staff has included a \$125,000 transfer to equipment reserve in the 2021 recommended budget.

Transfers to capital projects will vary from year to year depending to the projects approved and the funding sources for those projects. The Governing Body reviews projects and discusses priorities and staff available capacity at the CIP work session in October each year. At a meeting following that work session, the Governing Body approves the CIP, setting the budget and timing for projects. After the CIP is approved, the budget for transfers to capital projects is updated to reflect the approved plan.

Ending Balance and Reserves

The reserve calculations have been updated to reflect the new policy adopted at the June 13, 2019 Council Meeting. The projected balance at the end of 2021 exceeds the required reserves, leaving funding available for projects or other priorities.

Appendix A – Expenditures Year-to-Year Detail

General Government

2018	2019	2020	2021
	<u>2018 Budget vs 2019 Budget</u> <ul style="list-style-type: none"> Added the Marketing & Communications Manager to increase services in communications and social media. Added the Customer Service Representative and upgraded the Account Clerk position to the Accounting Technician position. Funding to implement the compensation and benefits study. 	<u>2019 Budget vs 2020 Budget</u> <ul style="list-style-type: none"> Changed allocation of Finance Director to 100% General Fund Added Accountant position, which is split 1/3 with Water and Sewer and offset by the reallocation of funding for a part-time position. Added the cost for the biennial Citizen Survey. Reduced the cost for use of outside consultants. 	<u>2020 Budget vs 2021 Recommended</u> <ul style="list-style-type: none"> Changed allocation for Asst. City Administrator position from 25% to 100% to reflect a change in focus for the duties of this position from project management to general administration (human resources, risk management, insurance). Removed the cost for the biennial Citizen Survey.
<u>2018 Actual vs Budget</u> <ul style="list-style-type: none"> Addition of Customer Service Representative and upgrade of Account Clerk position to Accounting Technician after adoption of the budget. 	<u>2019 Actual vs Budget</u> <ul style="list-style-type: none"> Actual implementation of the Compensation and Benefits Study was less than estimated. 	<u>2020 Estimate vs Budget</u> <ul style="list-style-type: none"> Estimating Assistant City Administrator position will be vacant all 12 months of 2020. Estimating City Clerk position will be vacant for 7 months of 2020. 	

Law Enforcement

2018	2019	2020	2021
<p><u>2018 Actual vs Budget</u></p> <ul style="list-style-type: none"> Court Clerk position vacant all of 2018. Expenditures for Court related legal services, such as prosecutor and court appointed attorneys were less than estimated. 	<p><u>2018 Budget vs 2019 Budget</u></p> <ul style="list-style-type: none"> Reflects a 9.26% increase in the Sheriff Department contract for policing services. <p><u>2019 Actual vs Budget</u></p> <ul style="list-style-type: none"> Court Clerk position vacant all of 2019. Expenditures for Court related legal services, such as prosecutor and court appointed attorneys were less than estimated. Policing contract invoices didn't include any fuel surcharges. 	<p><u>2019 Budget vs 2020 Budget</u></p> <ul style="list-style-type: none"> Reflects a 6.3% increase in the policing contract with the Sheriff's Department. Reflects the addition of the Community Officer. <p><u>2020 Estimate vs Budget</u></p> <ul style="list-style-type: none"> Court cancelations due to COVID-19. 	<p><u>2020 Budget vs 2021 Recommended</u></p> <ul style="list-style-type: none"> Reflects a 0.8% increase in the contract with the Sheriff's Department for policing services. Maintains the Community Officer. Includes a small increase related to legal services for the Municipal Court.

2018	2019	2020	2021
	<u>2018 Budget vs 2019 Budget</u> <ul style="list-style-type: none"> Added the Public Works Director position, split 50/50 with the Capital Projects Fund. Added a Maintenance Tech I position. Increased Inspection Cost, which is offset by a revenue in the same amount. Increased snow/ice control to cover streets added at LPKC. Added an amount for construction supplies for repairs not related to streets, such as sidewalks, stormwater, ADA ramps, etc. 	<u>2019 Budget vs 2020 Budget</u> <ul style="list-style-type: none"> Moved equipment/vehicle maintenance and fuel cost to the new Fleet Management Department. Added cost for major maintenance of the school crossing lights. Added electric cost for new streetlights on 207th/Homestead and 207th/Waverly. 	<u>2020 Budget vs 2021 Recommended</u> <ul style="list-style-type: none"> Converted the Foreman position to a Maintenance Tech II position. Added dollars for career progression for Public Works staff. Reduced electric costs for streetlights and traffic signals to be more in line with actuals. Increased ice control due to the increased expenditures for responding to storms. Increased traffic control to account for the increase in sign work required.
<u>2018 Actual vs Budget</u> <ul style="list-style-type: none"> Added Public Works Director position after the 2018 Budget was adopted. Allocated 50% to the General Fund. City Engineer expenditures more than anticipated due to development activity. 	<u>2019 Actual vs Budget</u> <ul style="list-style-type: none"> City Engineer expenditures more than anticipated due to development activity. 	<u>2020 Estimate vs Budget</u> <ul style="list-style-type: none"> Converted the Foreman position to a Maintenance Tech II position and estimating it will be vacant for 5 months in 2020. Refined estimate for streetlight and traffic signal electric costs. 	

Parks

2018	2019	2020	2021
<p><u>2018 Actual vs Budget</u></p> <ul style="list-style-type: none"> • Recreation Coordinator position vacant for 4 months • Spending on professional services less than anticipated. • Spending on groundskeeping and fields/court maintenance less than estimated. 	<p><u>2018 Budget vs 2019 Budget</u></p> <ul style="list-style-type: none"> • Added a Maintenance Tech 1 to increase the maintenance activities in the City's parks. <p><u>2019 Actual vs Budget</u></p> <ul style="list-style-type: none"> • Maintenance Tech II position converted to Maintenance Tech I. • Position vacancies throughout the year in the Maintenance Tech I/II positions. 	<p><u>2019 Budget vs 2020 Budget</u></p> <ul style="list-style-type: none"> • Reduced professional services to reflect reduced usage of consultants. • Moved equipment/vehicle maintenance and fuel cost to the new Fleet Management Department. <p><u>2020 Estimate vs Budget</u></p> <ul style="list-style-type: none"> • Assumes Recreation Coordinator position will be vacant for 9 months of 2020. • Cancellation of community events and classes due to COVID-19. 	<p><u>2020 Budget vs 2021 Recommended</u></p> <ul style="list-style-type: none"> • Increased support for the Frontier Days 50th anniversary. • Increased costs for other community events based on actual expenditures.

Facilities

2018	2019	2020	2021
<u>2018 Actual vs Budget</u> <ul style="list-style-type: none"> Remainder of flood purchases. 	<u>2018 Budget vs 2019 Budget</u> <ul style="list-style-type: none"> Added cost of rental for Studio B. Reflects a 10% increase in utility rates. <u>2019 Actual vs Budget</u> <ul style="list-style-type: none"> Expenditures on target with budget. 	<u>2019 Budget vs 2020 Budget</u> <ul style="list-style-type: none"> Reflects a 10% increase in utility rates. <u>2020 Estimate vs Budget</u> <ul style="list-style-type: none"> Expenditures on target with budget. 	<u>2020 Budget vs 2021 Recommended</u> <ul style="list-style-type: none"> Reflects a 10% increase in utility rates. Reflects a small increase in the rental rate for the Studio B. Increased cost for internet service due to upgrading the service in late 2019. Increased building and ground maintenance to cover supply costs. Increased trash service related to the dumpster and recycling at the Public Works Facility.

Fleet Maintenance

2018	2019	2020	2021
New department in 2020.	New department in 2020.	New department in 2020. <u>2020 Estimate vs Budget</u> <ul style="list-style-type: none"> Lower fuel costs due to gas prices and vacant positions. 	<u>2020 Budget vs 2021 Recommended</u> <ul style="list-style-type: none"> Increased maintenance to reflect additions to the fleet and the age of some of the items in the fleet. Small increase to equipment to allow for replacement of tools.

Community Development

2018	2019	2020	2021
<p><u>2018 Actual vs Budget</u></p> <ul style="list-style-type: none"> Utilized professional services less than anticipated. Less abatement costs than estimated. Less costs associated with annexation agreement payments due to some agreements ending. 	<p><u>2018 Budget vs 2019 Budget</u></p> <ul style="list-style-type: none"> Added the Planning & Zoning Coordinator. <p><u>2019 Actual vs Budget</u></p> <ul style="list-style-type: none"> Utilized professional services less than anticipated, including City Attorney services. 	<p><u>2019 Budget vs 2020 Budget</u></p> <ul style="list-style-type: none"> Decreased professional services due to less anticipated use of outside consultants Moved vehicle maintenance and fuel costs to the new Fleet Management Department. <p><u>2020 Estimate vs Budget</u></p> <ul style="list-style-type: none"> Building inspector position is assumed to be vacant all 12 months of 2020. 	<p><u>2020 Budget vs 2021 Recommended</u></p> <ul style="list-style-type: none"> Decrease in salaries due to budgeting Building Inspector position at lower portion of the range. Increase in veterinary services due to change in policy at the Lawrence Humane Society. Increase in legal fees to reflect increased usage of the City Attorney for various code enforcement matters. Increase in abatement costs due to potential properties that might be subject to the process.

Economic Development

2018	2019	2020	2021
<p>2018 Actual vs Budget</p> <ul style="list-style-type: none"> Utilized professional services for the Financial Advisor and Bond Counsel less than anticipated. 	<p>2018 Budget vs 2019 Budget</p> <ul style="list-style-type: none"> Increase in the transfer of the BNSF increment and the utility sales tax to the PIF for LPKC Phase 1. Both the BNSF increment increased as well as the estimated amount of utility sales tax. Both are offset by a corresponding revenue source. <p>2019 Actual vs Budget</p> <ul style="list-style-type: none"> Utilized professional services for the Financial Advisor and Bond Counsel less than anticipated. 	<p>2019 Budget vs 2020 Budget</p> <ul style="list-style-type: none"> Includes an increase in support for Elevate Edgerton!, including funding for a special marketing campaign for LPKC. The BNSF increment that is transferred to the PIF for LPKC Phase 1 increased (offset by a corresponding revenue source). The amount of utility sales tax to be transferred to the PIF was increased to reflect more tenants at LPKC (offset by a corresponding revenue source). <p>2020 Estimate vs Budget</p> <ul style="list-style-type: none"> Utilized professional services less than anticipated. 	<p>2020 Budget vs 2021 Recommended</p> <ul style="list-style-type: none"> Small increase in the BNSF increment. Removed Chamber membership and related sponsorship for the magazine.

Information Technology

2018	2019	2020	2021
<p>2018 Actual vs Budget</p> <ul style="list-style-type: none"> Small savings on equipment replacement and IT provider contract. 	<p>2018 Budget vs 2019 Budget</p> <ul style="list-style-type: none"> Decrease due to not purchasing the Permits and Licenses module from CIC. Staff didn't budget for it again after that as no timetable was given for when the module would be available. <p>2019 Actual vs Budget</p> <ul style="list-style-type: none"> Restructuring of the IT contract in mid-2019 reduced cost of IT services. Lower costs for software subscriptions. 	<p>2019 Budget vs 2020 Budget</p> <ul style="list-style-type: none"> Includes a small increase for special projects outside the routine monthly services. Increase in number and cost of PCs to be replaced according to the replacement schedule and the end of life for Windows 7. <p>2020 Estimate vs Budget</p> <ul style="list-style-type: none"> Higher costs for equipment replacement than anticipated. 	<p>2020 Budget vs 2021 Recommended</p> <ul style="list-style-type: none"> Decrease due to restructuring the contract with the IT provider which occurred after the 2020 budget was adopted.

Employee Benefits

2018	2019	2020	2021
	<u>2018 Budget vs 2019 Budget</u> <ul style="list-style-type: none"> Addition of two positions. Estimated 20% increase in health insurance premiums. Estimated 10% increase in dental and vision premiums. 	<u>2019 Budget vs 2020 Budget</u> <ul style="list-style-type: none"> Includes benefits for the new accountant position. The first full year of the 457 match which was started in mid-2019. Estimated 20% increase in health insurance premiums. Estimated 10% increase in dental and vision premiums. 	<u>2020 Budget vs 2021 Recommended</u> <ul style="list-style-type: none"> Estimated 20% increase in health insurance premiums. Estimated 10% increase in dental and vision premiums.
<u>2018 Actual vs Budget</u> <ul style="list-style-type: none"> Actual health plan increase was 8.6% Actual dental/vision increase was 4%. Position vacancies resulted in benefits savings. 	<u>2019 Actual vs Budget</u> <ul style="list-style-type: none"> Actual health plan increase was 17.3%. Actual dental/vision increase was 0%. Position vacancies resulted in benefits savings. Implementation period for the 457 match resulted in a partial year for this expenditure. 	<u>2020 Estimate vs Budget</u> <ul style="list-style-type: none"> Actual health plan increase was 5.8%. Actual dental/vision increase was 0%. Position vacancies resulted in benefits savings. 	

City of Edgerton
General Fund

Mill Rate: Revenue from 1 Mill:	30.633 \$40,664	29.919 \$46,317	30.881 \$62,557	30.881 (estimate) \$54,640
	2018 Actual2018 Budget	2019 Actual2019 Budget	2020 Estimate2020 Budget	2021 Recommended
Balance 1/1	\$ 1,582,616 \$ 1,822,289	\$ 1,725,650 \$ 1,738,092	\$ 1,698,769 \$ 1,617,667	\$ 1,582,699
Revenues:				
Ad Valorem Tax	1,585,1091,245,664	1,790,8801,385,761	1,931,8601,931,860	1,687,364
LPKC PILOT	-428,990	-437,123	483,853483,853	545,837
Delinquent Tax	4,4146,000	1,952-	-	-
Motor Vehicle Tax	51,59948,197	53,36148,993	52,96952,969	52,830
Recreational Vehicle Tax	1,138794	1,133775	933933	835
16/20M Vehicle Tax	455100	264420	372372	375
Local Alcoholic Liquor Tax	3,1073,300	3,4632,725	1,0002,780	2,780
City 1% Use Tax	148,145250,000	182,087180,000	182,000113,600	182,000
County Use Tax	68,837n/a	72,486n/a	53,00070,000	70,000
City 1% Sales Tax	410,481646,300	415,367750,000	431,000431,000	471,000
County Sales Tax	324,616n/a	331,910n/a	242,000334,000	322,000
Franchise Tax	141,856100,000	162,372110,000	110,000110,000	110,000
Licenses & Permits	484,313757,600	429,634756,300	336,400756,300	321,000
Charges for Services	154,008108,744	84,322123,000	118,000118,000	118,000
Fines & Forfeitures	30,12315,100	42,29725,000	30,00030,000	30,000
Reimbursements	31,059-	46,610-	24,601-	-
Miscellaneous	197,693-	-	-	-
Investment Income	26,2068,000	34,43815,000	17,00015,000	17,000
Total Revenue	\$ 3,663,159 \$ 3,618,789	\$ 3,652,576 \$ 3,835,097	\$ 4,014,988 \$ 4,450,667	\$ 3,931,021
Expenditures:				
General Government	838,102758,439	812,676941,959	891,578961,959	1,027,951
Law Enforcement	313,263334,534	326,894359,525	489,063502,868	507,043
Public Works	514,339472,193	617,807610,340	564,446596,688	597,835
Parks	185,999267,852	193,479282,236	187,098253,490	271,989
Facilities	144,77490,039	109,224110,740	113,724115,450	126,325
Fleet Maintenance	-	-	49,60551,200	54,200
Community Development	290,404326,214	305,862374,680	278,444356,153	338,271
Economic Development	311,840344,099	457,943475,200	489,650507,200	502,200
Information Technology	58,60761,157	37,97647,848	61,59257,631	49,587
Employee Benefits	269,844329,138	363,702419,274	410,169484,532	586,447
Total Expenditures	\$ 2,927,172 \$ 2,983,665	\$ 3,225,563 \$ 3,621,802	\$ 3,535,369 \$ 3,887,171	\$ 4,061,848
Revenues Over(Under) Expenditures	\$ 735,987 \$ 635,124	\$ 427,013 \$ 213,295	\$ 479,619 \$ 563,496	\$ (130,827)
Other Financing Sources & Uses				
Transfers from Other funds:				
Transfer from Capital Projects Fund	\$ 706 \$ -	\$ 41,097 \$ -	\$ 2,752 \$ -	\$ -
Transfers to Other Funds:				
Transfer to Equipment Reserve Fund-General	79,25079,250	79,25079,250	325,000325,000	125,000
Transfer to Mayor's Holiday Fund	150-	150-	-	-
Transfer to Capital Projects Fund	514,259202,259	415,591274,180	273,441150,000	66,500
Total	\$ 594,365 \$ 281,509	\$ 536,088 \$ 353,430	\$ 601,193 \$ 475,000	\$ 191,500
Total Other Financing Sources & Uses	\$ (592,953) \$ (281,509)	\$ (453,894) \$ (353,430)	\$ (595,689) \$ (475,000)	\$ (191,500)
Balance 12/31	\$ 1,725,650	\$ 1,698,769	\$ 1,582,699	\$ 1,260,372

Undesignated Reserve:	\$ 610,819	\$ 640,514
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 17% of Budgeted Expenditures:	\$ 660,819	\$ 690,514
Unencumbered Cash Over(Under) Requirement:	\$ 921,880	\$ 569,858
Undesignated Reserve:	\$ 921,793	\$ 965,462
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 25% of Budgeted Expenditures:	\$ 971,793	\$ 1,015,462
Unencumbered Cash Over(Under) Requirement:	\$ 610,906	\$ 244,910

Funding Sources: Property tax, sales tax, franchise fees, user fees and charges

Expenditures: General operations of the City