

**EDGERTON CITY COUNCIL
WORK SESSION AGENDA
CITY HALL
404 EAST NELSON STREET
July 6, 2023
7:00 PM**

1. Call to Order

2. Roll Call

____ Roberts ____ Longanecker ____ Lewis ____ Beem ____ Lebakken ____ Malloy

3. 2024 Budget Work Session

4. Adjourn

City of Edgerton 2024 Budget Work Session July 6, 2023



Packet Items

General Fund Budget

Utility Funds Budget

Other Funds Budget

Vehicles & Equipment



**City of Edgerton
2024 Budget Work Session
July 6, 2023**

General Fund Budget



June 29, 2023

To: Mayor and City Council Members

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

Re: 2024 Recommended General Fund Budget

Please find enclosed with this memo the 2024 Recommended General Fund Budget. The General Fund contains the general operations of the City which are funded by a mixture of general-purpose revenues including property taxes, sales and use taxes, user fees and charges and payment in lieu of taxes for abated properties. Also included with this memo are (1) the calculation of the recommended mill rate for the 2024 Budget per Council direction given at the June 10, 2021, Council Meeting; and (2) the list of adjustments to the Revenue Neutral Rate (RNR) in accordance with the policy direction given by Council at the June 10, 2021 Council Meeting.

Throughout the annual budget process, the City Council approved the use of the Consumer Price Index for All Urban Consumers (CPI-U) as reported by the US Bureau of Labor Statistics (BLS). In January 2023 BLS released the CPI-U which was 6.5%. In January 2022 the CPI-U was 7%.

2023 Estimate

The 2023 estimated revenues and expenditures reflect staff's evaluation of the activity so far in 2023 compared to the budget approved for 2023. A line item with an estimate of more than 100% means that staff expects the 2023 activity to exceed the budget. A line item with an estimate that is less than 100% means that staff anticipates the 2023 activity to be less than the budget.

Revenues

Property Tax Revenue

In March 2021, Senate Bill 13 (SB 13) was signed by the Governor and became effective for the 2022 Budget. SB 13 repealed the previous tax lid which focused to the total property tax revenue required for the budget. SB 13 focuses on the mill rate and provides for the calculation of a RNR. This RNR calculation takes last year's property tax revenue divided by this year's estimated assessed valuation to arrive at the mill rate that would be required to receive the same property tax revenue. SB 13 doesn't provide for any adjustments to the RNR to capture economic growth, issuance of debt or County errors in the assessed valuation numbers. At the Council Meeting on June 10, 2021, the City's Financial Advisor and City staff presented information about SB 13 and asked for direction from the Council regarding suggested adjustments to the RNR. The property tax revenue amount included in the 2024 General Fund Budget was calculated based on the Council direction provided.

Assessed Value

The City's Assessed Value is made up of three major components:

- Real Estate
- Personal Property
- State Assessed Utilities/Railroads

The Real Estate and State Assessed portions make up the majority of the assessed value. The Personal Property amount is small and continues to decrease each year due to legislation passed by the Kansas Legislature in 2006.

The assessed value amounts received on June 15, 2023, show an increase in Real Estate values; however the decrease in the State Assessed portion, (\$1.1 million), is greater than the increase in non-residential Real Estate. The result is a decline in total non-residential value. The majority of the decrease is related to Evergy's value that is apportioned to Edgerton.

The Kansas Department of Revenue uses the Income Approach to value utilities. Under this method, several factors can contribute to a decrease in the State Assessed amount. One is the 10-year tax exemption on new infrastructure approved by the State Legislature in 2016. A second factor is the interest rate increases from the Federal Reserve over the last year, which affect amounts used in the value calculations. The final factor is income. Without a rate case in five years, the income generated was not enough to offset portions of the calculation related to the Federal Reserve interest rate increases.

Mill Levy Rate

Since 2009, the City of Edgerton has lowered the mill levy rate over 14 mills. The ability to lower the mill levy rate while maintaining or increasing property tax revenue collection is driven by the growth in the value of one mill.

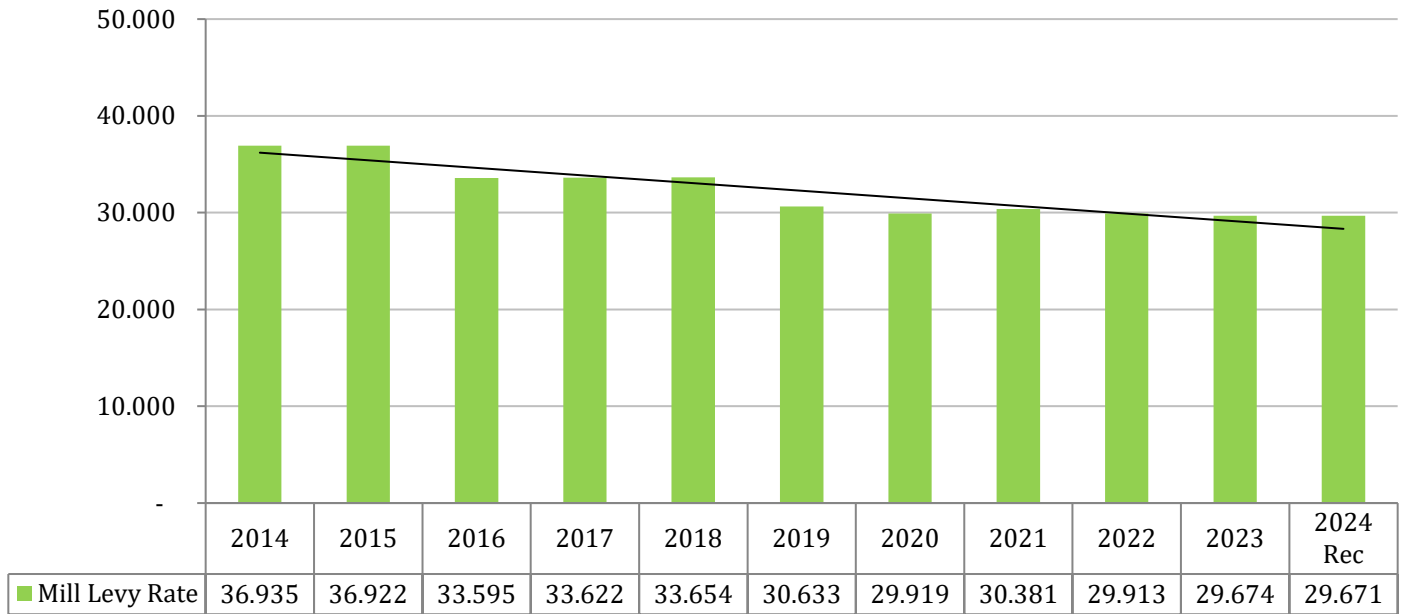
The chart below shows the information regarding the RNR, adjustments for categories approved at the June 10, 2021, Council Meeting and the recommended mill rate for the 2024 Budget. In order to levy the recommended mill rate, the City Council will have to hold a public hearing and pass a resolution. The public hearing is scheduled to occur during the August 24, 2023, Council Meeting. The City must also provide a notice of intent to hold the public hearing to the County Clerk no later than July 20, 2023.

	Revenue Neutral Rate (RNR)	Recommended Adjustments To the RNR	Recommended Mill Rate for the 2023 Budget
Property Tax Revenue	\$1,757,510	\$32,005	\$1,789,515
Estimated Mill Rate	29.140	0.531	29.671

The 2022 mill rate for the 2023 Budget was 29.674. **The recommended 2023 mill rate for the 2024 Budget represents a 0.01% DECREASE in the mill rate.**

The graph below shows a history of the City's mill rate since 2013 (for the 2014 Budget).

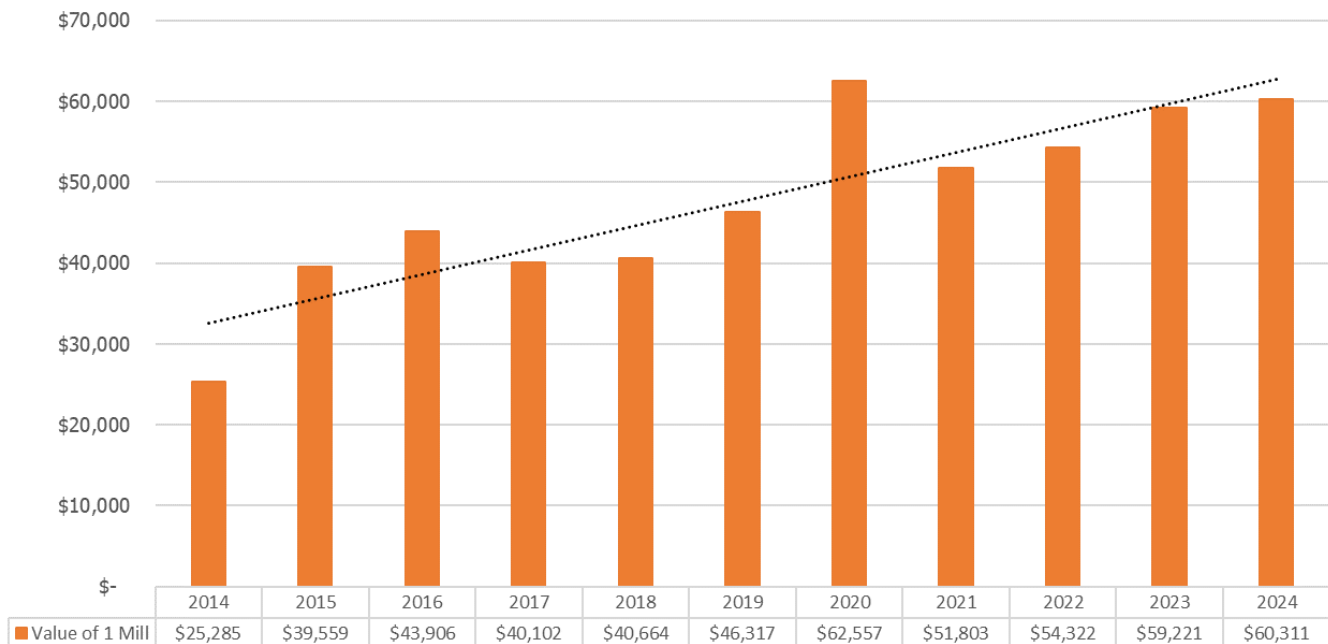
Mill Levy Rate Budget Years 2014-2024 Recommended



Value of One Mill

Growth in the value of one mill results from citywide increase in appraised valuation. Since 2009, the value of one mill has grown by \$50,715. The most significant factor in increasing the city's appraised valuation is the new construction at Logistics Park Kansas City and surrounding area. The value of one mill can fluctuate due to the timing of construction and the appraisal process. Improvements under construction on January 1st will receive a partial value for that assessment year based on the percentage of completion. If an abatement is processed for the next assessment year, the City's assessed value will decrease, sometimes causing an overall decrease from the prior year. The chart below shows the change in the value of one mill since the 2014 budget process.

Value of One Mill



Other Revenue

The chart below provides information about changes from the 2023 Budget to the 2024 Budget in the other sources of revenue for the General Fund.

Revenue Item	Change from 2023 Budget to 2024 Budget
LPKC Pilot	The revenue from payments in lieu of taxes for abated properties at LPKC has decreased to reflect a small decrease in the City's portion of the total mill rate.
City TIF Increment	This number is the amount of City property tax that is deposited into the TIF Funds. It is subtracted from the amount of total property tax to be received since it will be deposited directly into the TIF funds when distributions are received from the County Treasurer. This number is the same as 2023 pending receipt of the TIF budget information from the County Clerk.
Motor Vehicle Tax Recreational Vehicle Tax 16/20M Vehicle Tax	These estimates are provided by the County Treasurer. The estimate provided for the 2023 Budget assumed a 4% growth rate, a continuation of the growth seen as the pandemic ended. However, the increase in financing rates coupled with the low inventory of new vehicles caused a steady decline in the number of vehicles purchased. New vehicles typically have higher values than the old vehicles they replace. The result is a decline in assessed value. A second factor is a decrease in the average county mill rate which is used to calculate motor vehicle taxes. This rate decreased 3% in 2023 and they are estimating an 8% decrease in 2024.
Local Alcoholic Liquor Tax	The estimate is provided by the County Treasurer. This revenue increased significantly in 2021 and again in 2022 due to the opening of the Full Draw. For 2024 the County Treasurer is estimating a small decrease in the amount.
Use Tax	Increase in Local Use Tax based on amount received in 2022 and collection trend in 2023. Based on that trend the 2024 Budget reflects a 20.6% increase over the 2023 Budget Increase in County Use Tax reflects a 2% increase over the 2022 actual based on the County's 2024 budget information.
Sales Tax	Increase in Local Sales Tax based on amount received in 2022 and collection trend in 2023. Based on that trend, the 2024 Budget reflects a 13% increase over the 2023 Budget. Increase in County Sales Tax reflects a 3% increase over the 2022 actual based on the County's 2024 budget information.
Franchise Tax	Increased to reflect the trend in the actuals for the last few years.
Licenses & Permits	<p>The bulk of the revenue in this category comes from Building Permits and Plan Review Fees. The 2024 Budget was calculated using the following building permit volumes:</p> <ul style="list-style-type: none"> • 1 million square foot warehouse • 1 quick service restaurant • 1 travel center • 48 single family homes • 2/3 the number of "Other" permits from 2022 <p>Note: contracted inspection and plan review services expenditures will fluctuate based on permits issued so if permits are not issued and</p>

	revenue not received, there also will not be any related plan review and inspection fees.
Fines & Forfeitures	This revenue remains the same as the 2023 Budget based on the trend in 2023 year-to-date. The number and type of tickets issued can have a significant impact on this revenue source.
Charges for Services	The 2024 Budget remains the same as the 2023 Budget. The contract with Gardner Disposal remains in effect until December 31, 2024. The City charges customers for half of the trash service cost.
Reimbursements/Miscellaneous	The City doesn't typically budget any funds in this category. This category is used to account for reimbursements for things like insurance claims, sale of trash stickers and other small receipts not categorized elsewhere.
Investment Income	This revenue source had been affected by the pandemic. The amount is the same in 2024 as it is difficult to determine how much rates will increase in the coming months.

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.

Changes in expenditures between budget years can occur for several reasons: (1) County/State/Federal mandates/change in charges/fees; (2) inflation; (3) change in level of service, including corresponding changes in personnel; (4) more refined budgeting for a program(s) based on actual experience, etc.

Appendix A includes information about the change in each department's budget from year to year.

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.

Transfers from the TIF Funds consist of the annual TIF administrative fee the City is allowed to collect from TIF revenues related to the Homestead Lane Retail TIF District project plans. There are currently two project plans: (1) A1 – On the Go Travel Plaza and (2) B1 – Edgerton Crossing. The 2023 Estimate reflects that the City will receive the balance due the Plan B1 initial TIF fee.

Transfers to Equipment Reserve are typically done each year to systematically save for replacement of the City's vehicles and equipment. Staff has included a \$125,000 transfer to equipment reserve in the 2024 Budget, which is the same as the transfer in the 2023 Budget. The 2023 Estimate includes a one-time additional transfer to the Equipment Reserve Fund for the purchase of a building inspector truck in the amount of \$51,000.

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. The CIP adopted in October 2022 did not include any funding from the General Fund in 2024. The 2023 Estimate does include additional funding for the 2022 and 2023 Street Preservation Programs approved by Council earlier this year.

Ending Balance and Reserves

The carryforward balance from 2022 to 2023 was greater than estimated during the 2023 Budget process due to lower expenditures for 2022 than originally forecast as well as some revenue sources exceeding projections. The projected balance at the end of 2023 and 2024 exceeds the required reserves, leaving funding available for projects or other priorities.

New Budget Considerations

In preparation of the 2024 Annual Budget, Mayor Roberts asked staff to prepare three additional programs/initiatives for consideration. Please see information below for each of these. These items have not been included in the 2024 budget. If City Council would choose to include one or more of these programs/initiatives, staff would include the projected cost in the recommended budget present in August.

Property Tax Rebate Program for Seniors

Several cities in Johnson County have property tax rebate programs for certain populations of their citizens. Mayor Roberts recommended focusing the Edgerton program on seniors, who often lived on fixed-income and are one of the cities most vulnerable population.

Generally, a property tax rebate program is designed to alleviate some of the burden of home ownership for seniors due to rising property values. Qualified senior residents could be reimbursed some portion or all of the City's portion of property taxes, excluding special assessments. This program would focus only on Edgerton's portion of the property tax bill.

Potential eligibility requirements for the program could include age (i.e. - 65 and older); owner-occupied homes; current on payment of their property taxes and special assessments are eligible for the program; certain appraised value, etc. If City Council supports the concept of the program, staff would recommend including an estimated cost of the program in the 2024 budget. Then staff would bring back the details of the program at a future meeting for City Council to approve for implementation in 2024.

According to the Johnson County Appraiser, in 2023 the average appraised value of a home in the City of Edgerton was \$209,672. Based on this appraised value, that Edgerton resident would pay \$715.51 in Edgerton city taxes. According to the Mid-America Regional Council, 14.5% of Johnson County residents are age 65 and older (per the 2020 U.S. Census). The City of Edgerton has 632 households, which would predict approximately 91 senior households. For budgetary purposes, staff would recommend \$65,000 as the amount to add to the 2024 General Fund budget in Economic Development if City Council would like to consider this program.

2024 Frontier Days at Martin Creek Park

The construction of The Greenspace expected to be well underway by this time next year making the normal location for Frontier Days unavailable. Staff would recommend moving the location of the Frontier Days event to ensure the safety of all involved and attending. City staff evaluated potential locations and identified Martin Creek Park as the best alternate option. This was due to there being adequate room for entertainment, vendors, etc.

Mayor Roberts asked staff to identify challenges or significant costs associated with moving Frontier Days to Martin Creek Park. Staff identified two categories of potential costs: (1) need for shuttle buses from downtown and/or the school similar to 3rd of July and (2) additional fencing for the south side of the park.

Frontier Days may need a larger footprint for the festival activities that could significantly limit the parking available at the park. Staff would recommend providing a shuttle similar to 3rd of July for the dates of that

festival. Based on 2023, that would include Friday night and all day/night Saturday. Estimated cost for that amount of shuttle would be \$2000. Additionally, staff would recommend additional fencing on the south side of Martin Creek Park by the farm property to protect that property from public entry. Staff estimates an additional \$2000 for that fencing.

There may be other additional costs/considerations based on set up of the event, but that will not be known until meeting with Frontier Days Association.

Adopt a Highway Additional Locations

In June 2022, City Council approved agreements with Adopt a Highway to sponsor Highway 56 (Northbound and Southbound) from 8th Street to Sunflower Road for litter removal services.

Mayor Roberts asked staff to get a quote to expand the trash collection program for two areas of high visibility as entryways into our community. Each section is approximately 1.5 miles. These areas include:

- Sunflower Road (from I-35 to East 6th Street)
- Homestead Road (from I-35 to 191st Street)

The cost of this service would be \$350 per monthly cleaning per direction for one side of the roadway. If do both sides of roadway is \$325 per monthly cleaning. Based on these quotes, the budgetary impact would be \$7,800 for one per section (both sides) or \$15,600 per year for both sections (both sides).

Appendix A – Expenditures Approved Budgets Year-to-Year Detail

General Government

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Funded 1/3 of a new Customer Service Representative position (shared with General Government and Public Works).Removed biennial Citizen Survey.Reduced trash contract cost to reflect current contract.Estimated 15% increase in property/casualty insurance cost.Increase in support for community partners per direction given at the May 26, 2022, meeting:<ul style="list-style-type: none">Project GradRobert Cook Memorial Votech ScholarshipIncrease in investment advisor fees.	<ul style="list-style-type: none">Added biennial Citizen Survey which is done in the even years.Estimated 8% increase in property insurance premiums.Reduced printing costs to reflect actual costs from the past few years.Added funding for Adopt-A-Highway segments approved by Council in 2022 after the 2023 Budget was adopted (Highway 56).Increase in support for Project Grad.Increase in support for utility assistance.Increase support for UCS.Increased cost for City Attorney to reflect rate increase, the first increase since the firm was hired five years ago.

Law Enforcement

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Reflects a 6.3% increase in the cost of the contract with the Johnson County Sheriff's Office for policing services.Increase in prisoner board fees charged by Johnson County.Increase cost for court support services	<ul style="list-style-type: none">Includes a 10% increase in the policing contract with the Johnson County Sheriff's Office.Increase in the prisoner boarding fees from \$75/day to \$85/day.

Public Works

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Funded internal career progressionFunded on-call payFunded 1/3 of a new Customer Service Representative position (shared with General Government and Public Works).Increased utility and maintenance costs for streetlights and traffic signalsIncreased costs for contracted professional servicesIncreased costs for supplies (i.e. uniforms, construction, snow/ice control and signs)	<ul style="list-style-type: none">Increased electric costs for streetlights and traffic signals for rate increase resulting from a potential Evergy rate case that would be effective in January 2024.Increase in cost for streetlight and traffic signal maintenance as the items in LPKC are approaching ten years old.Increase in cost for City Engineer services.Increase in cost for storm siren maintenance, including the cost to replace one battery each year.Increase in cost for brine used in snow operations in case we have to change vendors.

Parks

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Increased costs to Community Picnic and Fireworks eventIncrease in suppliesIncrease in Frontier Days support per Council direction at the May 26, 2022, meeting.	<ul style="list-style-type: none">Allocation of On-Call pay for Parks employees. In the past, the On-Call pay was all charged to Public Works.Added back one Summer Movie Night event.Increase in cost for the 3rd of July event related to food and insect treatment for the grass area.Estimating an 8% increase in property insurance premiums.Increase in costs for chemical applications for Bridgewater Lake and grassy areas.Increased financial support for Frontier Days.

Facilities

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Small decrease in cleaning contract new contract.Small decrease in internet cost. Upgrade in 2022 was less than estimated.	<ul style="list-style-type: none">Removed utilities and internet costs for the Yellow House and the Red Barn.Increase in cost of the cleaning contract to reflect cost with the current provider.

Fleet Maintenance

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Increase in fuel cost due to significant change in current fuel prices.Increase in maintenance contract.Increase costs in vehicle and equipment maintenance.	<ul style="list-style-type: none">Increase in the cost of parts and materials used to maintain the fleet.Moved the cost for the Verizon Network Fleet from Public Works.Increase in fuel costs to reflect the actuals from the last couple of years.

Community Development

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">Funded 1/3 of a new Customer Service Representative position (shared with General Government and Public Works).Reallocation of funding to professional services due to vacancy.	<ul style="list-style-type: none">Added the Building Inspector position.Reduced professional services for items that the building inspector would handle.Increase in the cost for relocating animals to shelters.

Economic Development

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">• Small decrease in the BNSF increment.• Decrease in the utility sales tax to be transferred to the Public Infrastructure Fund based on the trend in actuals.	<ul style="list-style-type: none">• Small decrease in the BNSF increment.• Added the Residential Grant Program.• Decreased the Utility Sales Tax transfer to the LPKC Phase 1 Public Infrastructure Fund to reflect the trend in the transfers made the last two years.

Information Technology

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">• Estimating 10% increase in contracted IT services.• Moved cost of cyber insurance from General Government.• Increase in cost of IT equipment replacement.	<ul style="list-style-type: none">• Estimating a 20% increase in cyber insurance premiums.• Increase in user license fees for some software programs, such as Adobe.• Added vulnerability scanning and monitoring monthly service for compliance with Payment Card Industry Data Security Standards (PCI Compliance) per the credit card merchant agreement with Global Payments.• Added the Tyler Online Payment Portal Maintenance fee (per transaction fee billed to the City after each quarter).

Employee Benefits

2022 Budget – 2023 Budget	2023 Budget -2024 Recommended
<ul style="list-style-type: none">• Estimated 10% increase in health insurance premiums.• Estimated 3% increase in dental and vision premiums.	<ul style="list-style-type: none">• Estimating a 10% increase in health insurance premiums and a 3% increase in premiums for dental and vision.• Increase in KPERS Rate from 9.43% to 10.26%. For the last few years, the rate had stayed around the same amount.

City of Edgerton General Fund Summary of Audits

	2020 Actual	2021 Actual	2022 Actual
Balance 1/1	\$ 1,698,768	\$ 1,978,603	\$ 2,098,781
Revenues:			
Ad Valorem Tax	2,374,119	2,081,360	2,194,690
City TIF Increment	-	-	(38,133)
LPKC PILOT	-	-	-
Delinquent Tax	8,832	1,460	9,016
Motor Vehicle Tax	46,920	53,313	46,960
Recreational Vehicle Tax	994	916	1,192
16/20M Vehicle Tax	333	598	434
Local Alcoholic Liquor Tax	1,999	8,156	7,728
City 1% Use Tax	204,506	253,200	294,254
County Use Tax	100,653	112,556	154,981
City 1% Sales Tax	479,593	523,941	560,160
County Sales Tax	372,940	366,045	373,853
Franchise Tax	197,313	199,933	226,162
Licenses & Permits	176,022	242,452	160,187
Charges for Services	121,428	115,272	124,824
Fines & Forfeitures	65,753	121,756	92,585
Reimbursements/Miscellaneous	99,058	9,517	36,144
Investment Income	26,858	6,477	12,751
Total Revenue	\$ 4,277,321	\$ 4,096,952	\$ 4,257,788
Expenditures:			
General Government	846,357	882,428	892,585
Law Enforcement	495,491	543,316	535,611
Public Works	529,758	527,357	577,800
Parks	154,336	224,320	311,378
Facilities	115,949	101,251	103,091
Fleet Maintenance	41,868	52,357	49,857
Community Development	314,029	423,422	366,082
Economic Development	444,551	425,747	460,944
Information Technology	90,172	38,203	45,501
Employee Benefits	358,582	410,119	445,056
Total Expenditures	\$ 3,391,093	\$ 3,628,520	\$ 3,787,905
Revenues Over(Under) Expenditures	\$ 886,228	\$ 468,432	\$ 469,883
Other Financing Sources & Uses			
Transfers from Other funds:			
Transfer from Capital Projects Fund	\$ 14,462	\$ 31,521	\$ 84,069
Transfer from TIF Funds-City TIF Fee		\$ -	\$ 50,916
Transfers to Other Funds:			
Transfer to Equipment Reserve Fund-General	(325,000)	(126,775)	(127,000)
Transfer to Capital Projects Fund	(295,855)	(253,000)	(207,843)
Total Other Financing Sources & Uses	\$ (606,393)	\$ (348,254)	\$ (199,858)
Balance 12/31	\$ 1,978,603	\$ 2,098,781	\$ 2,368,806

City of Edgerton
Calculation of the Adjustment to the RNR
for the 2024 Budget

Real Property									
		6/15/2023 AV				Change			
Class	Description	Nov 2022	#'s Co Clerk	Pending Exemptions	Adj #'s	Nov 2022-6/15/2023 Adj	Council Policy		
R	Residential Including Apartments	\$ 13,369,740	\$ 14,471,091	\$ -	\$ 14,471,091	\$ 1,101,351	capture revenue incr up to CIP-U		
A	Agricultural Land Use & Improvements	\$ 183,813	\$ 192,265	\$ -	\$ 192,265	\$ 8,452	capture all revenue		
C	Commercial & Industrial	\$ 7,369,138	\$ 8,150,109	\$ -	\$ 8,150,109	\$ 780,971	capture all revenue		
V	Vacant Lots	\$ 4,561,441	\$ 4,786,028	\$ -	\$ 4,786,028	\$ 224,587	capture all revenue		
N	Not for Profit	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
O	All Other Real Property	\$ 1,680	\$ 1,722	\$ -	\$ 1,722	\$ 42	capture all revenue		
U	Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
ED	Exempt Dam	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EI	Exempt IRB	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EIC	Exempt IRB for Com	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EIR	Exempt IRB for Res	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EIV	Exempt IRB for Vac	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EX	Exempt Ec Dev	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EXC	Exempt Ec Dev for Com	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EXR	Exempt Ec Dev for Res	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
EXV	Exempt Ec Dev for Vac	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
E	All Other Tax Exempt Property	\$ -	\$ -	\$ -	\$ -	\$ -	capture all revenue		
Total Real Property		\$ 25,485,812	\$ 27,601,215	\$ -	\$ 27,601,215	\$ 2,115,403			

City of Edgerton
Policy Regarding Adjustments to the RNR
Adopted by Council on 6/10/2021

Categories of Adjustments to the RNR:

1

Roll off of incentives, including abatements

2

New territory/annexations

3

Growth in assessed value for non-residential properties

4

Growth in assessed value of residential property due to inflation based on the CPI-U

5

Issuance of GO debt

6

County errors

Personal Property								
Class	Description	Nov 2022	6/15/2023 AV			Change		
			#'s Co Clerk	Adj	Adj #'s	Nov 2022-6/15/2023 Adj	Council Policy	
	Personal Property	\$ 165,289	\$ 153,286	\$ -	\$ 153,286	\$ (12,003)	capture all revenue	
State Assessed								
Class	Description	Nov 2022	6/15/2023 AV			Change		
			#'s Co Clerk	Adj	Adj #'s	Nov 2022-6/15/2023 Adj	Council Policy	
	State Assessed	\$ 33,741,280	\$ 32,557,263	\$ -	\$ 32,557,263	\$ (1,184,017)	capture all revenue	
Grand Totals		\$ 59,392,381	\$ 60,311,764	\$ -	\$ 60,311,764	\$ 919,383		

Calculation of Adjustment to RNR

Total Allowable Change in Assessed Value Per Council Policy	\$ 1,078,556
Nov 2022 Mill Rate for the 2023 Budget	29.674
Allowable increase in Property Tax Revenue per Council Policy	\$ 32,005
Property Tax Levied 2022 for 2023 Budget	\$ 1,757,510
Total Property Tax Revenue for the 2024 Budget	\$ 1,789,515
Base Mill Rate Needed	29.671
Mill Rate Needed for GO Debt Service	\$ -
Total Mill Rate Needed	29.671
RNR	(29.140)
Adjustment to the RNR	0.531

City of Edgerton
General Fund

Mill Rate:	29.913	29.674		29.671 calculated
Revenue from 1 Mill:	\$54,323	\$59,222		\$60,312 est.
	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 1,855,359	\$ 1,901,407	\$ 2,368,806	\$ 2,058,293
Revenues:				
Ad Valorem Tax	1,624,996	1,757,393	100%	1,789,515
City TIF Increment	(38,158)	(50,425)	100%	(50,425)
LPKC PILOT	589,332	620,119	100%	610,619
Delinquent Tax	-	-	-	-
Motor Vehicle Tax	52,830	53,576	100%	46,871
Recreational Vehicle Tax	835	823	100%	1,000
16/20M Vehicle Tax	375	488	100%	323
Local Alcoholic Liquor Tax	5,000	9,000	100%	8,500
City 1% Use Tax	200,000	253,000	117%	305,000
County Use Tax	100,000	122,000	127%	155,000
City 1% Sales Tax	485,000	540,000	104%	610,000
County Sales Tax	375,000	380,000	100%	408,000
Franchise Tax	180,000	199,000	113%	235,000
Licenses & Permits	224,000	224,000	100%	414,850
Charges for Services	98,700	85,470	100%	85,470
Fines & Forfeitures	75,000	80,000	100%	80,000
Reimbursements/Miscellaneous	-	-	-	-
Investment Income	15,000	15,000	100%	15,000
Total Revenue	\$ 3,987,910	\$ 4,289,444	103%	\$ 4,714,723
Expenditures:				
General Government	1,050,748	1,138,238	97%	1,207,835
Law Enforcement	556,036	572,719	97%	621,067
Public Works	565,620	721,645	97%	754,458
Parks	315,043	336,947	97%	370,387
Facilities	143,570	142,424	97%	137,914
Fleet Maintenance	52,700	62,250	97%	67,050
Community Development	387,348	494,000	97%	495,394
Economic Development	506,700	494,775	97%	515,900
Information Technology	81,872	89,167	97%	98,029
Employee Benefits	555,093	602,718	97%	630,402
Total Expenditures	\$ 4,214,730	\$ 4,654,883	97%	\$ 4,898,436
Revenues Over(Under) Expenditures	\$ (226,820)	\$ (365,439)		\$ (183,713)
Other Financing Sources & Uses				
Transfers from Other funds:				
Transfer from Capital Projects Fund	\$ -	\$ -	-	\$ -
Transfer from TIF Funds-City TIF Fee	\$ 17,656	\$ 5,343	100%	\$ 5,343
Transfers to Other Funds:				
Transfer to Equipment Reserve Fund-General	(125,000)	(125,000)	141%	(125,000)
Transfer to Capital Projects Fund	(195,000)	-	-	-
Total Other Financing Sources & Uses	\$ (302,344)	\$ (119,657)		\$ (119,657)
Balance 12/31	\$ 1,326,195	\$ 1,416,311	\$ 2,058,293	\$ 1,754,923

Undesignated Reserve:	\$ 741,330	\$ 782,734
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 17% of Budgeted Expenditures:	\$ 791,330	\$ 832,734
Unencumbered Cash Over(Under) Requirement:	\$ 1,266,963	\$ 922,189
Undesignated Reserve:	\$ 1,113,721	\$ 1,174,609
Portion Designated for Self-Insured Losses:	\$ 50,000	\$ 50,000
Reserve Per Policy - 25% of Budgeted Expenditures:	\$ 1,163,721	\$ 1,224,609
Unencumbered Cash Over(Under) Requirement:	\$ 894,572	\$ 530,314

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

Expenditures: General operations of the City

**City of Edgerton
2024 Budget Work Session
July 6, 2023**

Utility Funds Budget





June 29, 2023

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director
Dan Merkh, Public Works Director

Re: 2024 Recommended Water Fund Budget

Attached please find the 2024 Recommended Budget for the Water Fund. This fund contains the water utility operation of the City.

Throughout the annual budget process, the City Council approved the use of the Consumer Price Index for All Urban Consumers (CPI-U) as reported by the US Bureau of Labor Statistics (BLS). In January 2023 BLS released the CPI-U which was 6.5%. In January 2022 the CPI-U was 7%.

2023 Estimate

The 2023 estimated revenues and expenditures reflect staff's evaluation of the activity so far in 2023 compared to the budget approved for 2023. A line item with an estimate of more than 100% means that staff expects the 2023 activity to exceed the budget. A line item with an estimate that is less than 100% means that staff anticipates the 2023 activity to be less than the budget.

Revenues

The water utility operations are considered an enterprise, and as such, the funding for operations comes from user charges. The user charges needed to fund the utility operations are calculated based on the operation and maintenance costs required to run the utility, the debt service payments required on outstanding debt and any costs for capital outlay, such as equipment or capital improvements to the system.

Charges for Services

- The revenues are from the 2022 Rate Study Report prepared by Raftelis, which is included in this packet for reference. The 2022 Rate Study Report recommends a small increase of \$2.13 per month for the average customer for 2024. Included after the 2022 Rate Study Report is a comparison of neighboring jurisdictions average utility bills as of June 29, 2023.
 - If there is consensus to adopt the recommendation in the 2022 Rate Study Report, staff would bring back the updated fee resolution for Council consideration at a meeting in September.
- This category also includes the tower rent received from AT&T. There is a small increase for this source based on annual increases built into the lease agreement.

Fines & Forfeitures

- The 2024 Budget is a decrease from the 2023 Budget. With the implementation of the Tyler software, the late fees are now allocated proportionally among the General Fund (for trash related late fees), the Water Fund and the Sewer Fund. Previously, all the late fees were deposited in the Water Fund.

Investment Income

- The 2024 Budget is the same as the 2023 Budget.

Expenditures

Fleet Maintenance

- The 2024 budget is an increase from the 2023 budget to reflect the cost increases staff has experienced in parts and materials.

Information Technology

- Includes a 20% increase in the cost of cyber insurance.
- There are no items for replacement in 2024.

Production

- The 2024 Budget is the same as the 2023 Budget. Staff believes the current budget can absorb any cost increases associated with the contract renewal with Baldwin City based on current negotiations.

Distribution

- Increased postage costs related to an increase in the number of samples that will be required for implementation of the federally mandated Lead and Copper Rule Revisions (LCRR) from EPA in alignment with the Safe Water Drinking Act.
- Added the cost to replace one fire hydrant.
- The 2023 Budget added funding for a small number of meter replacements. The Neptune meters are approaching eight years old and staff is trying to include the cost in the operating budget vs having to have a capital project.

Administrative-Water

- Added the cost for the rate study. Rate studies will be conducted in even years going forward.
- Increased credit card fees to reflect the increase in fees due to having a provider that is fully integrated with the billing software.
- Increased the cost for the printing of utility bill paper and envelopes to reflect recent quotes received.

Employee Benefits

- Includes a 10% increase in health insurance premiums and a 3% increase in dental and vision insurance premiums based on information from the City's provider, Midwest Public Risk. The City has been fortunate that actual increases the last few years have been less than 10%.

- Includes an increase in the KPERs employer rate. The rate will go from 9.43% to 10.26%. For the last few years, the rate had stayed about the same.

Debt Service

- Includes the State Revolving Loan payments for the AMI meter system. The loan is scheduled to be paid off in 2037.

Transfers to Other Funds

- The recommended budget includes a \$15,000 transfer to the Equipment Reserve Fund-Water.

Ending Balance and Reserves

The projected balance at the end of 2024 meets the level required by Council policy.

Future Considerations

The financial plan presented in the 2022 Rate Study Report is a forecast that relies on assumptions made about expenditures, customer base, debt service requirements, etc. These factors can change, and as more information is obtained, the assumptions will be updated.

Staff is inventorying the water system components to analyze and develop a replacement plan. That plan, along with the Vehicle and Equipment Plan already in place, will provide information about future funding needs that are not currently reflected in the financial plan. Another future consideration that might affect the financial plan is the wholesale water contract renewal with the City of Baldwin City, for which negotiations are in progress.

City of Edgerton Water Fund

	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 176,502	\$ 137,901	\$ 183,079	\$ 192,147
Revenues:				
Charges for Services	462,222	487,630	100%	511,187
Fines & Forfeitures	20,000	20,000	40%	8,000
Reimbursements	-	-	-	-
Investment Income	2,500	2,500	100%	2,500
Total Revenue	\$ 484,722	\$ 510,130	98%	\$ 521,687
Expenditures:				
Fleet Maintenance	6,075	6,075	95%	7,475
Information Technology	49,878	51,738	95%	52,309
Production	175,000	175,000	95%	175,000
Distribution	54,505	63,030	94%	67,030
Administrative - Water	143,054	150,151	95%	162,562
Employee Benefits	36,429	37,938	95%	40,184
Debt Service	56,153	14,957	100%	14,957
Total Expenditures	\$ 521,094	\$ 498,889	95%	\$ 519,517
Revenues Over(Under) Expenditures	\$ (36,372)	\$ 11,241		\$ 2,170
Other Financing Sources & Uses:				
Transfers from Other funds:				
Transfer from Water Reserve Fund	-	-	0%	-
Transfer from Capital Projects Fund	-	-	0%	-
Transfers to Other Funds:				
Transfer to Equipment Reserve Fund-Water	(25,000)	(15,000)	100%	(15,000)
Transfer to Capital Projects Fund	-	-		-
Total Other Financing Sources & Uses	\$ (25,000)	\$ (15,000)	100%	\$ (15,000)
Balance 12/31	\$ 115,130	\$ 134,142	\$ 192,147	\$ 179,317
<i>Reserve Per Policy - 17% of Budgeted Expenditures:</i>		\$ 84,811		\$ 88,318
<i>Unencumbered Cash Over(Under) Requirement:</i>		\$ 107,336		\$ 90,999
<i>Reserve Per Policy - 25% of Budgeted Expenditures:</i>		\$ 124,722		\$ 129,879
<i>Unencumbered Cash Over(Under) Requirement:</i>		\$ 67,425		\$ 49,438

Funding Sources: Charges to users of the City's water system

Expenditures: Water system operation and maintenance



June 29, 2023

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director
Dan Merkh, Public Works Director

Re: 2024 Recommended Sewer Fund Budget

Attached please find the 2024 Recommended Budget for the Sewer Fund.

Throughout the annual budget process, the City Council approved the use of the Consumer Price Index for All Urban Consumers (CPI-U) as reported by the US Bureau of Labor Statistics (BLS). In January 2023 BLS released the CPI-U which was 6.5%. In January 2022 the CPI-U was 7%.

2023 Estimate

The 2023 estimated revenues and expenditures reflect staff's evaluation of the activity so far in 2023 compared to the budget approved for 2023. A line item with an estimate of more than 100% means that staff expects the 2023 activity to exceed the budget. A line item with an estimate that is less than 100% means that staff anticipates the 2023 activity to be less than the budget.

Staff has removed the transfer to capital projects from the 2023 Estimate. There are sufficient dollars available from 2022 and prior to fund the 2023 CDBG project.

Revenues

The sewer utility operations are considered an enterprise, and as such, the funding for operations come from user charges. The user charges needed to fund the utility operations are calculated based on the operation and maintenance costs required to run the utility, the debt service payments required on outstanding debt and any costs for capital outlay such as equipment or capital improvements to the system.

Licenses & Permits

- This revenue is generated from businesses that are using holding tanks because they are not yet connected to the City's wastewater system. The City estimates that there will be two businesses at LPKC that will have a holding tank permit in 2024.

Charges for Services

- The revenues are from the 2022 Rate Study Report prepared by Raftelis, which is included in this packet for reference.

- The 2024 revenue reflects the termination of the flow from Gardner that occurred in September 2022, pursuant to the agreement with Gardner to the purchase Gardner's interest in the Big Bull Creek Wastewater Treatment Plant infrastructure.
- The 2022 Rate Study Report recommends an increase of \$2.74 per month for the average customer for 2024. Included after the 2022 Rate Study Report is a comparison of neighboring jurisdictions average utility bills as of June 29, 2023.
 - If there is consensus to adopt the recommendation in the 2022 Rate Study Report, staff would bring back the updated fee resolution for Council consideration at a meeting in September.

Investment Income

- The 2024 Budget is the same as the 2023 Budget.

Expenditures

Fleet Maintenance

- The 2024 budget is an increase from the 2023 Budget to reflect the cost increases staff has experienced in parts and materials.

Information Technology

- Includes a 20% increase in the cost of cyber insurance.
- There are no items for replacement in 2024.

Treatment Plant

- Increased electricity costs to reflect a potential Evergy rate case. As part of the merger with Westar, Evergy agreed not to have a rate case for five years. The five years expires at the end of 2023. Evergy has indicated they will file a rate case in 2023 which will include rate increases effective January 1, 2024.
- Increased costs for contracted sludge disposal services from the previous contract price.
- Increased the cost of samples required by the City's permit with KDHE. As with many items, the costs of the tests required have increased.
- The City's insurance agent, Kevin O'Brien estimates that property insurance costs will increase 8% in 2024. A portion of those insurance costs is allocated to the treatment plant.

Sewer Line Maintenance

- The 2024 Budget shows an increase in the cost of parts and materials related to manholes.

Lift Stations/Vaults

- The 2024 Budget increase for this department reflects the trend in actual expenditures for equipment repairs and maintenance for items like lift station pumps, etc.

Administrative-Sewer

- Added the cost for the rate study. Rate studies will be conducted in even years going forward.

- Increased credit card fees to reflect the increase in fees due to having a provider that is fully integrated with the billing software.
- Increased the cost for the printing of utility bill paper and envelopes to reflect recent quotes received.

Employee Benefits

- Includes a 10% increase in health insurance premiums and a 3% increase in dental and vision insurance premiums based on information from the City's provider, Midwest Public Risk.
- Includes an increase in the KPERS employer rate. The rate will go from 9.43% to 10.26%. For the last few years, the rate had stayed about the same.

Debt Service

- Includes the payment for the Series 2016A and 2016B General Obligation Bonds for the conversion of the old treatment plant to a lift station. The project was completed in 2017. The bonds are scheduled to be paid off in 2046 and 2048, respectively.

Transfers to Other Funds

- Staff has removed the transfer to capital projects from the 2024 Budget. There are sufficient dollars available from 2022 and prior to fund the 2024 CDBG project.

Ending Balance and Reserves

The projected balance at the end of 2024 meets the level required by Council policy. Staff will continue to review revenues and expenditures compared to the plan in the 2022 Rate Study report to monitor the effects of the removal of the Gardner flow.

Future Considerations

The financial plan presented in the 2022 Rate Study Report is a forecast that relies on assumptions made about expenditures, customer base, debt service requirements, etc. These factors can change, and as more information is obtained, the assumptions will be updated.

The Wastewater Master Plan process is in the final stage. That plan, along with the Vehicle and Equipment Plan already in place, will provide information about future funding needs that are not currently reflected in the financial plan.

City of Edgerton Sewer Fund

	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 338,155	\$ 456,410	\$ 570,361	\$ 654,735
Revenues:				
Licenses & Permits	-	100	-	100
Charges for Services	761,529	704,931	100%	761,265
Fines & Forfeitures	-	-		7,000
Reimbursements	-	-	-	-
Bond Proceeds	-	-	-	-
Investment Income	3,500	3,500	100%	3,500
Total Revenue	\$ 765,029	\$ 708,531	101%	\$ 771,865
Expenditures:				
Fleet Maintenance	6,075	6,075	97%	7,475
Information Technology	49,879	51,738	97%	53,351
Treatment Plant	195,674	193,772	97%	225,055
Sewer Line Maintenance	11,700	11,700	97%	13,200
Lift Stations/Vaults	34,562	35,756	97%	38,456
Administrative - Sewer	224,738	235,028	97%	251,897
Employee Benefits	63,261	65,055	97%	71,876
Debt Service	94,438	194,438	100%	192,438
Total Expenditures	\$ 680,327	\$ 793,562	98%	\$ 853,748
Revenues Over(Under) Expenditures	\$ 84,702	\$ (85,031)		\$ (81,883)
Other Financing Sources & Uses:				
Transfers from Other funds:				
Transfer from Sewer Reserve Fund	-	-	-	-
Transfer from LPKC Phase I Maintenance Fee	-	194,438	-	-
Transfer from Capital Projects Fund	-	-	-	-
Transfers to Other Funds:				
Transfer to Equipment Reserve Fund-Sewer	(25,000)	-	-	-
Transfer to Capital Projects Fund	(125,000)	-	#DIV/0!	-
Total Other Financing Sources & Uses	\$ (150,000)	\$ 194,438	74%	\$ -
Balance 12/31	\$ 272,857	\$ 565,817	\$ 654,735	\$ 572,852

Reserve Per Policy - 17% of Budgeted Expenditures:	\$	134,906	\$	145,137
Unencumbered Cash Over(Under) Requirement:	\$	519,829	\$	427,715
Reserve Per Policy - 25% of Budgeted Expenditures:	\$	198,391	\$	213,437
Unencumbered Cash Over(Under) Requirement:	\$	456,345	\$	359,415

Funding Sources: Charges to users of the City's sewer system

Expenditures: Sewer system operation and maintenance

CITY OF **Edgerton**

Water and Wastewater Rate Study

Draft Report / June 2022

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1.1 Introduction

1.1.1.BACKGROUND OF THE STUDY

The City of Edgerton retained Raftelis in 2022 to update the City's Utility Rate Study (Study). The purpose of the Study was to develop financial plans and rates to promote self-sustainability of the City's separate water and sewer utilities and recommend retail rates for service consistent with the financial plans for the utilities.

1.1.2.OBJECTIVES OF THE STUDY

The major objective of the study was to update financial plans for the water and sewer enterprises to ensure financial sufficiency, meet operation and maintenance (O&M) expense, debt service, and continue the financial health of the utilities.

1.1.3.CUSTOMER DATA

During the course of this project, the City provided Raftelis with a variety of financial information, including but not limited to, audited and unaudited financial results, customer billing data, and cost and revenue data. Raftelis did not independently assess or test for the accuracy of such data – historic or projected. We have relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report.

The forecast of use and accounts includes several changes to the sewer customer base. The City is in the process of exploring the acquisition of the share of the Big Bull Creek Wastewater Treatment facility that is currently owned by the City of Gardner. If that acquisition takes place, Gardner would no longer send wastewater to the City's plant for treatment. Staff estimates flow could cease after the end of September 2022, which is what is reflected in the financial plan in Section 1.3 below. This will represent approximately a 18% decrease in total contributed wastewater in 2022 and 42% in 2023. The City also expects to begin treating wastewater from several new commercial customers who are expected to contribute approximately 12 million gallons per year in 2023; these new customers will account for approximately 17% of total wastewater volume that year.

Figure 1: 2021 Units of Service

Utility	Annual Bills	Usage (1,000 Gal)
Water	8,282	29,566
Sewer	7,434	126,677

1.1.4.REVENUE REQUIREMENTS

The revenue requirements for the City's water and sewer utility include the O&M expense for each utility as well as debt service. The operating and maintenance expense is escalated by an average of approximately 5% each year across the water and sewer utilities to reflect expected inflationary increases in costs in future years. The forecast also assumes the City will spend 95% of budgeted expenses. The debt service is based on the City's current outstanding debt, including the most recently issued debt used to finance improvements to the City's sewer utility. The financial plans do not currently include any capital improvements for the water utility and limited amounts for the sewer utility, though City Staff indicates such improvements may be necessary in the future.

1.2. Water Rate Study Findings

Raftelis updated a five-year water utility financial plan for the study period. This plan determines the financial status of the water utility under recommended rates. Raftelis recommends regularly updating the water financial plan to recognize changes in capital improvements, customer's water usage characteristics, and system growth.

Based on the water utility's current revenue requirements, we are proposing an increase in all water rates of 5% in 2023 through 2027. Current projections suggest that these levels of rate increases are sufficient to cover operating expenses and debt service, as well as provide a small amount of additional funding in future years for equipment at the discretion of the Council. The forecast also includes periodic expenditures from the Equipment Reserve Fund.

The City's reserve policy requires that a reserve of 17-25% of budgeted operating/debt service expenditures be maintained in the Water Fund. This plan will maintain the operating reserve at 25% of annual operating expenses and debt service and reserves additional surpluses to fund major future capital and equipment spending. The City meets or exceeds this target for each year of the study period.

Figures 2 and 3 present the water financial plan in tabular and graphic form.

Figure 2: Proposed Water Financial Plan

Water Utility Cash Flow	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast
Revenue							
Retail Customer Revenue	\$ 416,714	\$ 428,367	\$ 449,785	\$ 472,275	\$ 495,888	\$ 520,683	\$ 546,717
Other Revenue	66,919	59,300	60,345	60,345	60,345	60,345	60,345
Total: Revenue	\$ 483,633	\$ 487,667	\$ 510,130	\$ 532,620	\$ 556,233	\$ 581,028	\$ 607,062
Proposed Revenue Adjustment			5.00%	5.00%	5.00%	5.00%	5.00%
Revenue Requirement							
Operating Expenses	\$ 387,848	\$ 447,336	\$ 459,735	\$ 482,010	\$ 506,378	\$ 531,987	\$ 558,898
Existing Debt Service	97,346	56,153	14,957	14,955	14,955	14,955	14,958
Budgeted Transfers	27,500	15,000	15,000	25,000	30,000	30,000	30,000
Total: Revenue Requirement	\$ 512,693	\$ 518,489	\$ 489,692	\$ 521,965	\$ 551,334	\$ 576,942	\$ 603,857
Surplus/(Deficit)	\$ (29,060)	\$ (30,822)	\$ 20,438	\$ 10,654	\$ 4,900	\$ 4,086	\$ 33,205
Debt Service Coverage	0.98	0.71	3.36	3.38	3.33	3.27	3.21
Fund Balances (End of Year)							
Operating (25% Budget)	\$ 121,298	\$ 125,872	\$ 118,673	\$ 124,241	\$ 130,333	\$ 136,735	\$ 143,464
Operating (Unencumbered)	47,429	12,033	39,670	44,756	43,563	41,247	67,724
System Development	25,772	25,772	25,772	25,772	25,772	25,772	25,772
Equipment	53,006	56,126	33,626	43,226	59,576	52,826	82,826
Total: Fund Balances	\$ 247,506	\$ 219,804	\$ 217,741	\$ 237,996	\$ 259,245	\$ 256,581	\$ 319,786

Figure 3: Proposed Water Financial Plan Graph

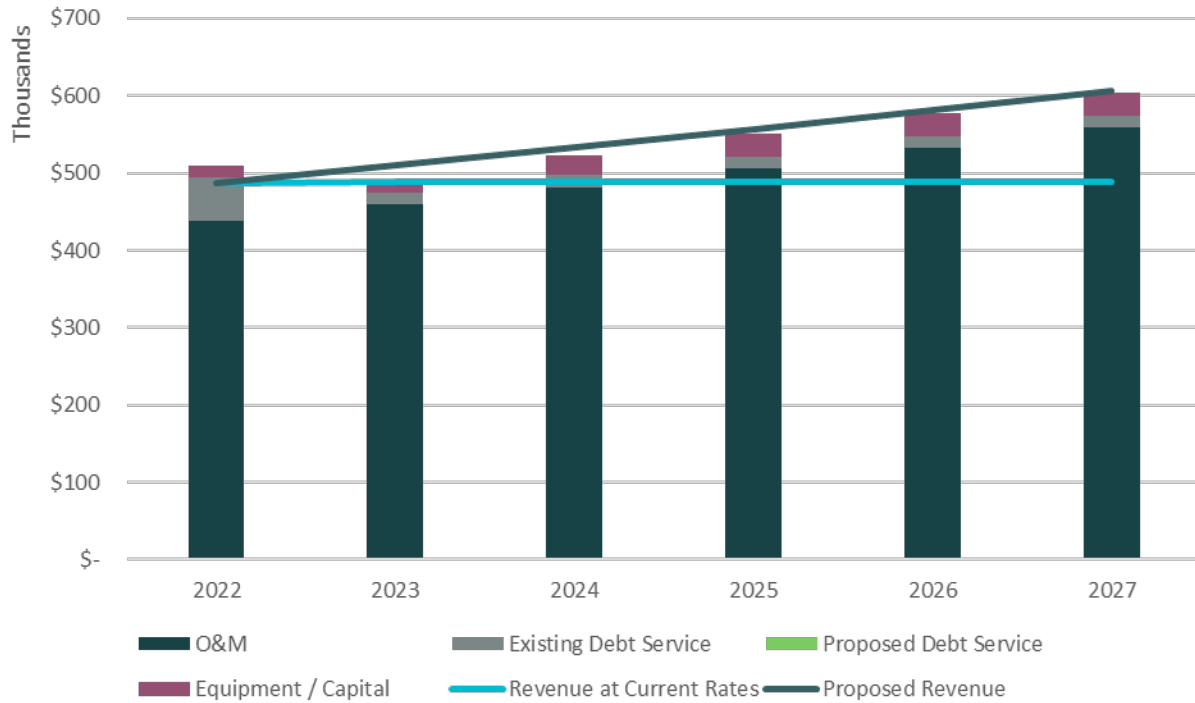


Figure 4 presents a forecast of the proposed inside city water rates.

Figure 4: Proposed Water Rates

Proposed Water Rates	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Actual	Current	Forecast	Forecast	Forecast	Forecast	Forecast
Fixed Monthly Charge							
5/8"	\$ 21.15	\$ 21.63	\$ 22.72	\$ 23.86	\$ 25.06	\$ 26.32	\$ 27.64
1"	25.14	25.71	27.00	28.35	29.77	31.26	32.83
1 1/2"	31.77	32.49	34.12	35.83	37.63	39.52	41.50
2"	39.76	40.66	42.70	44.84	47.09	49.45	51.93
3"	58.39	59.71	62.70	65.84	69.14	72.60	76.23
4"	84.97	86.89	91.24	95.81	100.61	105.65	110.94
6"	151.46	154.87	162.62	170.76	179.30	188.27	197.69
8"	231.26	236.47	248.30	260.72	273.76	287.45	301.83
Volume Rate (1,000 Gal.)							
Below 2000	\$ 4.36	\$ 4.46	\$ 4.69	\$ 4.93	\$ 5.18	\$ 5.44	\$ 5.72
2001 -10000	9.79	10.02	10.53	11.06	11.62	12.21	12.83
Above 10001	13.50	13.81	14.51	15.24	16.01	16.82	17.67

1.3. Sewer Rate Study Findings

Raftelis updated a five-year sewer utility financial plan for the study period. This plan determines the financial status of the sewer utility under recommended rates. Raftelis recommends regularly updating the sewer financial plan to recognize changes in capital improvements, customer's usage characteristics and system growth, especially as usage from the LPKC continues to evolve.

Based on the revenue requirements for the sewer utility, Raftelis proposes 8% increases in the sewer rates for the City's retail customers in FY 2023 through FY 2027. These rate increases are necessary to provide the ability to pay principal on the utility's most recent debt issuance which will begin in FY 2023.

The financial plan also includes a one-time transfer from Fund 92 of an amount equal to the utility's 2023 debt service to partially make up for the revenue shortfall caused by the cessation of wastewater from the City of Gardner. Without this transfer, the City would deplete its unencumbered operating reserve by 2025 and fall below the minimum reserve balance of 17% of O&M by 2027.

Figures 5 and 6 present the financial plan in tabular and graphical formats. The forecast of revenue at current rates shown as a light blue line in Figure 6 does not include the transfer from Fund 92 in order to demonstrate its importance.

Figure 5: Proposed Sewer Financial Plan

Sewer Utility Cash Flow	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Revenue							
Retail Customer Revenue	\$ 554,878	\$ 570,407	\$ 704,181	\$ 760,515	\$ 821,356	\$ 887,065	\$ 958,030
Wholesale Revenue	224,222	145,759	-	-	-	-	-
Other Revenue	4,275	4,350	4,350	4,350	4,350	4,350	4,350
Transfer from Fund 92	-	-	194,438	-	-	-	-
Total: Revenue	\$ 783,375	\$ 720,516	\$ 902,969	\$ 764,865	\$ 825,706	\$ 891,415	\$ 962,380
Proposed Revenue Adjustment			8.00%	8.00%	8.00%	8.00%	8.00%
Revenue Requirement							
Operating Expenses	\$ 459,518	\$ 597,586	\$ 569,168	\$ 604,308	\$ 636,867	\$ 671,241	\$ 707,536
Existing Debt Service	94,438	94,438	194,438	192,438	195,438	193,338	196,238
Budgeted Transfers	171,640	150,000	50,000	50,000	50,000	50,000	50,000
Total: Revenue Requirement	\$ 725,595	\$ 842,024	\$ 813,605	\$ 846,746	\$ 882,304	\$ 914,578	\$ 953,773
Surplus/(Deficit)	\$ 57,779	\$ (121,508)	\$ 89,363	\$ (81,881)	\$ (56,598)	\$ (23,164)	\$ 8,607
Debt Service Coverage	3.42	1.30	1.71	0.83	0.96	1.13	1.29
Fund Balances (End of Year)							
Operating (25% Budget)	\$ 138,489	\$ 173,006	\$ 190,901	\$ 199,186	\$ 208,076	\$ 216,145	\$ 225,943
Operating (Unencumbered)	439,429	283,404	354,872	264,706	199,218	167,986	166,794
System Development	882,435	882,435	882,435	882,435	882,435	882,435	882,435
Equipment	153,845	177,195	47,695	47,695	21,045	21,045	21,045
WWTP Major Maintenance	103,134	103,134	103,134	103,134	103,134	103,134	103,134
Total: Fund Balances	\$1,717,332	\$1,619,175	\$1,579,038	\$1,497,157	\$1,413,909	\$1,390,746	\$ 1,399,352

Figure 6: Proposed Sewer Financial Plan Graph

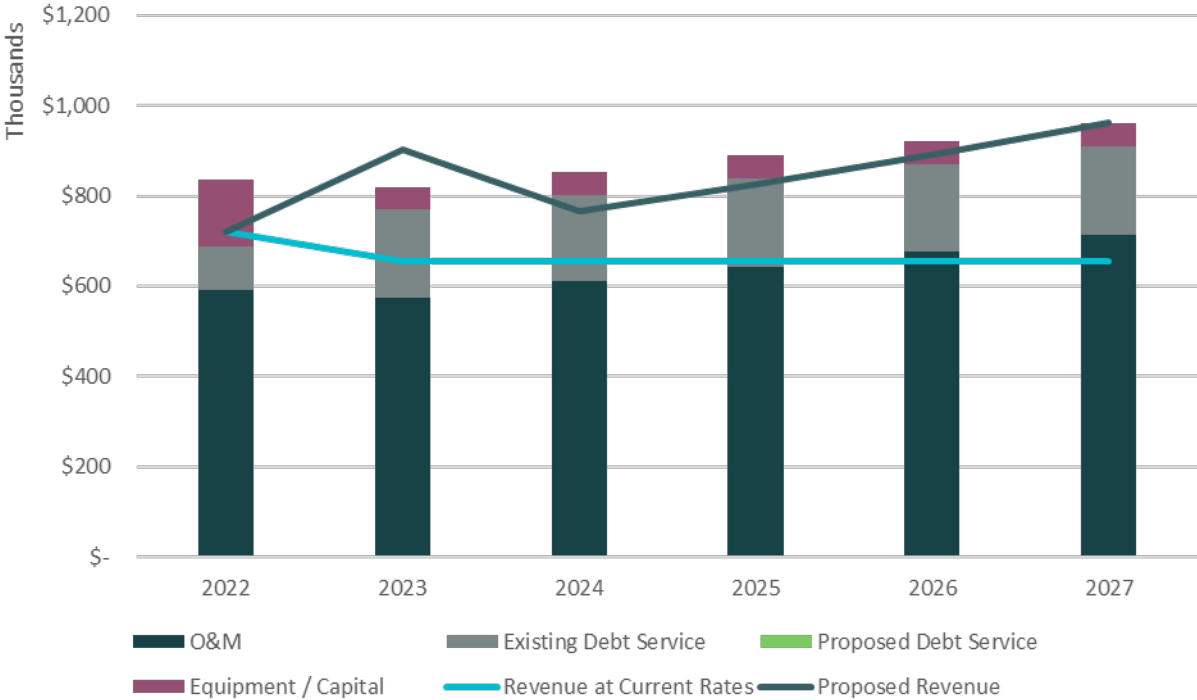


Figure 7 presents a forecast of the proposed sewer rates.

Figure 7: Proposed Sewer Rates

Sewer Rates	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025		FY 2026		FY 2027	
	Actual		Current		Forecast		Forecast		Forecast		Forecast		Forecast	
Fixed Monthly Charge	\$	6.75	\$	7.09	\$	7.66	\$	8.28	\$	8.95	\$	9.67	\$	10.45
Volume Rate (1,000 Gal.)		7.81		8.21		8.87		9.58		10.35		11.18		12.08

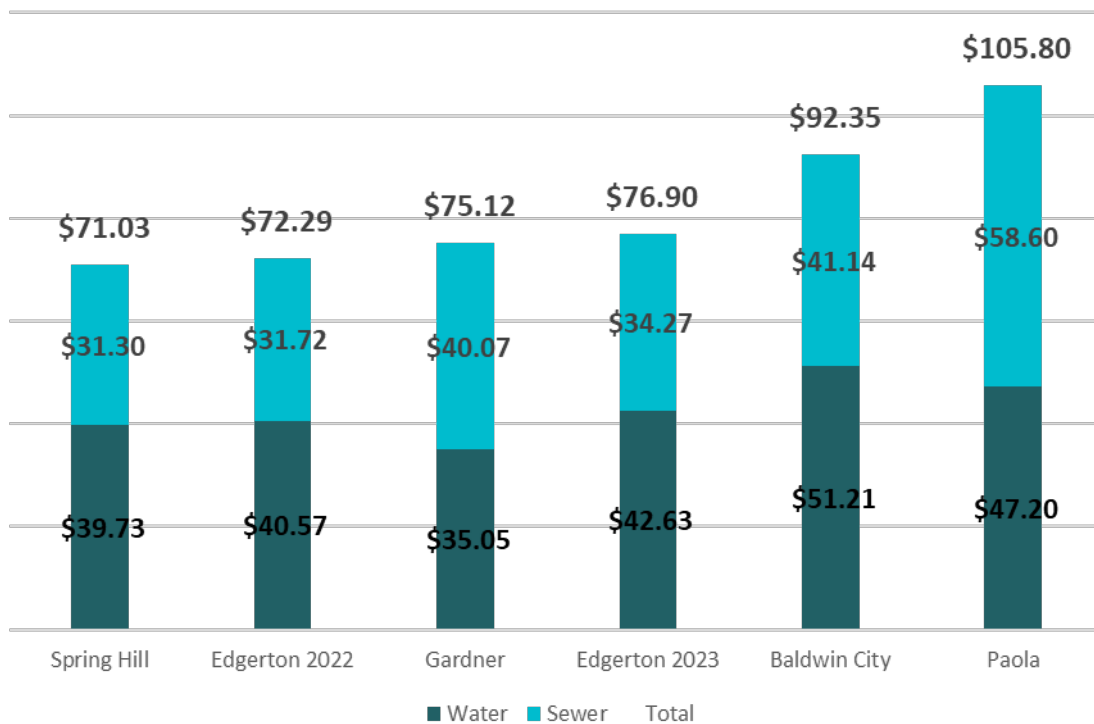
1.4. Bill Impacts

Figure 8 presents a typical residential water, sewer, and combined bill for varying levels of water use. Figure 9 compares 2022 and proposed 2023 typical water and sewer bill in the City of Edgerton to bills in neighboring communities in 2022.

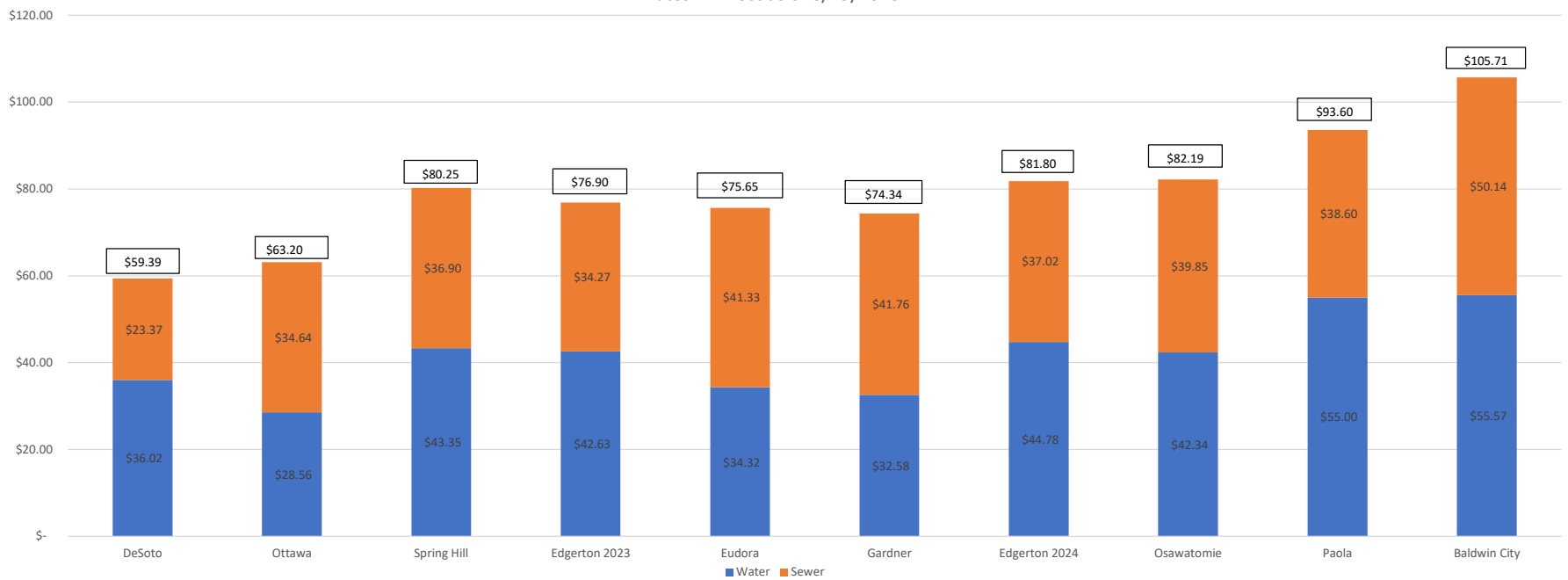
Figure 8: Bill Impacts

Bill Impacts	Meter Size	Volume (kgal)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
			Current	Forecast	Forecast	Forecast	Forecast	Forecast
Water Bill								
Small	5/8"	3	\$ 40.57	\$ 42.63	\$ 44.78	\$ 47.04	\$ 49.41	\$ 51.91
Medium	5/8"	8	90.67	95.28	100.08	105.14	110.46	116.06
Large	5/8"	15	179.76	188.89	198.40	208.43	218.98	230.07
Sewer Bill								
Small		3	\$ 31.72	\$ 34.27	\$ 37.02	\$ 40.00	\$ 43.21	\$ 46.69
Medium		8	72.77	78.62	84.92	91.75	99.11	107.09
Large		15	130.24	140.71	151.98	164.20	177.37	191.65
Combined Bill								
Small	5/8"	3	\$ 72.29	\$ 76.90	\$ 81.80	\$ 87.04	\$ 92.62	\$ 98.60
Medium	5/8"	8	163.44	173.90	185.00	196.89	209.57	223.15
Large	5/8"	15	310.00	329.60	350.38	372.63	396.35	421.72

Figure 9: Monthly Bill Comparison - 3,000 Gallons



Utility Bill Comparison
Rates in Effect as of 6/29/2023



**City of Edgerton
2024 Budget Work Session
July 6, 2023**

Other Funds Budget





June 29, 2023

To: Mayor and City Council Members

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

Re: Other Funds 2024 Recommended Budgets

Attached are the budget schedules for the other funds for which the City adopts a budget. The sections below provide additional information about the 2024 Recommended Budget for these funds.

Special Highway Fund

The Special Highway Fund is the fund the City is required to establish by state statute to track the revenues and expenditures related to the state gasoline tax.

Revenues

The portion of the gas tax that is distributed to cities is distributed on a per capita basis. The League of Kansas Municipalities provides an estimate of the gas tax revenue for the current year and the budget year. The League shows a small decrease in the 2023 estimated revenue and a small decrease from that amount to the 2024 estimated revenue. The City's portion of the state gasoline tax revenue has stayed about the same over the last few years.

Expenditures

Expenditures of gas tax revenues are limited to street maintenance by state statute. The City uses the gas tax revenue to fund the Annual Street Preservation Program. The funds are transferred to the Capital Projects Fund and deposited into the Annual Street Preservation Project.

Special Parks and Recreation Fund

The Special Parks & Recreation Fund is the fund the City is required to establish by state statute to track the revenues and expenditures related to the tax on alcoholic beverages sold by any club, caterer or drinking establishment. A portion of the taxes paid within the City limits are returned to the City and must be allocated 50% to the General Fund and 50% to the Special Parks and Recreation Fund.

Revenues

The Kansas State Treasurer provides an estimate of the alcohol tax for the budget year. Staff reviewed that estimate as well as the trend in the actuals, including the two distributions received so far in 2023 to estimate the revenue to be received in 2024. This review resulted in a small decrease in revenue for the 2023 estimate and the 2024 budget year.

Expenditures

Expenditures of the portion of the alcohol tax revenue deposited in the Special Parks & Recreation Fund are limited to park and recreation programs and improvements. Council has not designated any funds from this source for new programs or capital projects, so the balance has continued to accumulate. The 2024 Recommended Budget includes a transfer to the Capital Projects fund should the Council decide later to utilize the balance in this fund.

Bond & Interest Fund

The Bond & Interest Fund contains the transactions related to some of the debt obligations of the City. Currently, this fund contains the transactions related to the Series 2020A General Obligation Bonds, which refunded the 2012A General Obligation Bonds related to the Sunflower Benefit District. Debt obligations related to water operations are paid from the Water Fund. Debt obligations related to the sewer operations are paid from the Sewer Fund. Debt obligations related to LPKC Phases 1 and 2 are paid from their respective Public Infrastructure Funds in accordance with the development agreements and master trust indentures.

Revenues

The Recommended Budget includes the special assessments payable to the City from the properties within the Sunflower Benefit District for 2024. Collections are at 78% so far in 2023; however, there are still two property tax distributions left in 2023 which may contain the remaining assessments. Collections were 130% in 2022 due to collection of delinquent assessments. There is adequate fund balance on hand to cover debt payments in addition to a reserve that is maintained in the Series 2020A Bond Reserve Fund.

Expenditures

The expenditures in the Recommended Budget reflect the amount payable on the Series 2020A General Obligation Bonds related to the Sunflower Benefit District in 2023. Bond payments have been made according to the debt schedule each year. The Series 2020A GO Bonds are scheduled to be paid off in 2030.

TIF Funds

At time of publication of the packet, the City had not yet received the 2024 TIF Budget Information from the County Clerk. Budget information for the TIF Funds will be provided at a future Council meeting.

City of Edgerton Special Highway Fund

	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 6,100	\$ 8,463	\$ 7,121	\$ -
Revenues:				
Gasoline Tax	45,880	49,600	98%	48,270
Total Revenue	\$ 45,880	\$ 49,600	98%	\$ 48,270
Expenditures:				
Public Works	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Revenues Over(Under) Expenditures	\$ 45,880	\$ 49,600		\$ 48,270
Other Financing Sources & Uses:				
Transfers to Other Funds:				
Transfer to Capital Projects Fund	51,980	58,063	96%	48,270
Total Other Financing Sources & Uses	\$ (51,980)	\$ (58,063)		\$ (48,270)
Balance 12/31	\$ -	\$ -	\$ -	\$ -
Expenditure Detail:				
Annual Street Preservation Program	\$ 51,980	\$ 58,063	96%	\$ 48,270
	\$ 51,980	\$ 58,063	96%	\$ 48,270

Funding Sources: State gasoline tax (per gallon)

Expenditures: Maintenance of City streets

City of Edgerton Special Parks & Recreation Fund

	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 35,531	\$ 47,687	\$ 46,415	\$ 54,915
Revenues:				
Local Alcoholic Liquor Tax	5,000	9,000	94%	8,500
Total Revenue	\$ 5,000	\$ 9,000	94%	\$ 8,500
Expenditures:				
Parks	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Revenues Over(Under) Expenditures	\$ 5,000	\$ 9,000		\$ 8,500
Other Financing Sources & Uses:				
Transfers to Other Funds:				
Transfer to Capital Projects Fund	40,531	56,687	0%	63,415
Total Other Financing Sources & Uses	\$ (40,531)	\$ (56,687)		\$ (63,415)
Balance 12/31	\$ -	\$ -	\$ 54,915	\$ -

Expenditure Detail:

Transfer to CIP	\$ 63,415
	<u>\$ 63,415</u>

Funding Sources: Special alcohol tax per K.S.A. 79-41a04 (1/2 of total alcohol tax received by the City)

Expenditures: Park & Recreation programs and improvements

City of Edgerton Bond & Interest Fund

	2022 Budget	2023 Budget	2023 Estimate	2024 Recommended
Balance 1/1	\$ 538,924	\$ 385,225	\$ 457,564	\$ 389,228
Revenues:				
Special Assessments	238,954	238,954	100%	238,954
Investment Income		-		-
Total Revenue	\$ 238,954	\$ 238,954	100%	\$ 238,954
Expenditures:				
Debt Service	301,580	307,290	100%	302,836
Total Expenditures	\$ 301,580	\$ 307,290	100%	\$ 302,836
Revenues Over(Under) Expenditures	\$ (62,626)	\$ (68,336)		\$ (63,882)
Other Financing Sources & Uses:				
Transfers from Other funds:	-	-	-	-
Transfers to Other Funds:	-	-	-	-
Total Other Financing Sources & Uses	\$ -	\$ -	\$ -	\$ -
Balance 12/31	\$ 476,298	\$ 316,889	\$ 389,228	\$ 325,346

Funding Sources: Special assessments

Expenditures: Debt service payments on the City's 2020 outstanding GO bonds

Notes: The City's 2020 outstanding GO bonds will be paid off in 2030.

**City of Edgerton
2024 Budget Work Session
July 6, 2023**

Vehicles & Equipment





June 29, 2023

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director
Dan Merkh, Public Works Director

Re: Vehicles & Equipment 2023-2028

Staff has reviewed and updated the Vehicles & Equipment Plan for 2023-2028. The document is divided into the following sections:

- Recommended Budget – items scheduled for replacement in 2023 and 2024.
- Current Program – items scheduled for replacement in 2025-2028.
- Equipment Recommended for Disposal – items that will be disposed of.

The Vehicle & Equipment Process includes the following steps:

- Review the plan and obtain consensus on funding new requests, if any, at the budget work session.
- Staff updates the plan documents to reflect Governing Body direction given at the work session and brings back the plan for formal approval with the other 2024 Budget documents. This approval sets the budget for the purchase of the equipment items.
- After approval of the plan, purchase of the individual items will be made in 2023/2024 in accordance with the City's Purchasing Policy, including obtaining Governing Body approval if required by the Purchasing Policy.

Equipment Condition Rating Scale

Staff use a rating scale to note the condition of each equipment item. The scale considers the age of the unit, number and extent of repairs and quarterly inspections of the item and historical data related to the unit.

Condition Rating	Rating Title	Rating Description
1	Failed	Unit outside the useful life - catastrophic emergency maintenance & repair needed to safely operate
2	Poor	Unit has traditionally received some urgent maintenance and/or minor emergency maintenance - Typically in the 7 - 9 yrs. of service
3	Fair	Unit has traditionally received only minor maintenance outside the traditional PM's - Typically in the 4 - 6 yrs. of service
4	Good	Unit has only received Standard PM's - Typically in the 1 - 3 yrs. of service.
5	Excellent	Brand New Unit - No PM's to-date

Recommended Budget 2023-2024 (Exhibit A)

Items on this list are recommended for replacement within the current year and the next budget year. There are columns that indicate the budget that was approved last year, the year a piece of equipment will be ordered and the year the payment will be made for the equipment item. For large equipment, it sometimes takes 9-12 months for the equipment to arrive after the order is placed, so having the two columns showing order year and payment year clarifies when the funding is actually needed for cash flow and forecasting purposes.

Items listed for replacement in the Recommended Budget were initially scheduled in compliance with the adopted Vehicle & Equipment Policy. In addition, since the item is now reached its scheduled replacement date, staff has evaluated the item based on actual condition and recommends it for replacement.

The document is broken down into three sections: (1) purchases that will need to come back through Council for approval per the Purchasing Policy; (2) purchases that can be approved by the City Administrator per the Purchasing Policy; and (3) payments required per lease agreements or other similar contracts. A column has been added to indicate which items already have an approved budget amount.

Items in the Recommended Budget were updated as follows:

Item	Changes
Future Storm Sirens	Further discussion with Council regarding the policy of when to add new storm sirens to the network is required to adequately plan for these purchases. Until that policy is developed, staff has removed the future storm sirens that had been on the list as new requests.
Sewer Jetter	The order year was updated to 2022. Staff received approval from the Council to order the Jetter in 2022 and it was received in early 2023. The cost was decreased from \$92,000 to \$77,840 to reflect the actual amount paid.
Edgerton Rd Tank Butterfly Valves Replacement	The replacement year was updated to 2023 due to lead time in scheduling the work with the vendor.
Hustler Super Z HD 60RD Mower	The cost was increased from \$13,000 to \$13,200 to reflect the actual amount paid.
Ford F150 4WD – New Request	At the Council Meeting on June 22, 2023, Council approved the updated job description for the Building Inspector and staff plans to fill the position in 2023. One of the equipment items needed by the inspector is a truck. Staff has added this purchase to the Recommended Budget with a cost of \$51,000, an order year of 2023 and a payment year of 2023. The purchase will be funded with a transfer from General Fund unencumbered fund balance.

Items from 2024 were moved from the Current Program to the Recommended Budget. Staff reviewed projected replacement costs and timing and made the following updates:

Item	Changes
Concrete Saw	The cost was increased from \$20,000 to \$30,000.
Ford F-350 4WD Flat Bed (#528)	The cost was increased from \$46,000 to \$57,000.
Boss 8' to 10' EXT Snow Plow (#P-528)	The cost was increased from \$8,000 to \$9,500.
Byers Salt Dog 8ft Elect. Spreader (#S-528)	The cost was increased from 7,600 to \$8,400.
Storm Siren W. Braun & 8th Street (#EM02)	The replacement year for this siren was changed from 2024 to 2025 to align with the Dwyer Farms development and so it was moved to the Current Program list. The amount was also increased from \$26,000 to \$29,500.

The final item on the Recommended Budget is the payment from the Utility Equipment Reserve Funds to the General Equipment Reserve Fund for the transfer of Truck #454 to Utility operations. Truck (#454) has been assigned to the Utilities Department to replace Truck #836, which is no longer safe to drive and for which the cost of repairs outweighs the value of the truck. Staff estimates the value of #454 at \$15,000 which will be split 50% Water Equipment Reserve Fund and 50% Sewer Equipment Reserve Fund.

Current Program (Exhibit B)

This list contains the items to be replaced in the balance of the five-year program (2025-2028). Staff reviewed the timing and replacement cost for these items and made the following changes from the plan that was approved by Council on September 8, 2022. Items with a replacement year of 2024 were moved into the Recommend Budget. Items with a replacement year of 2028 were moved into the Current Program. Items listed for replacement during the Current Program are based on the adopted Vehicle & Equipment Policy for budget and financial planning. However, as an item gets closer to its scheduled replacement date, staff evaluates the item based on actual condition to consider opportunities for recommended changes. For example, an increase in significant maintenance may move an item forward for recommended replacement, or lower usage or less repairs may lengthen the recommended life of an item.

Item	Changes
Elgin Broom Badger Street Sweeper (#812)	This item was added to the list with a replacement year of 2025 and a replacement cost of \$350,000. The item had been inadvertently left off the list once the lease had been paid off. Pricing for this piece of equipment has been extremely volatile in the last year. This is the latest estimate provided by one of the City's vendors.

	Staff is researching other ways to deliver this service such as renting the equipment, contracting with a third-party provider, etc., and will bring recommendations to a future Council meeting for consideration.
Ford F-150 4WD EcoBoost (#454) (Utility Superintendent)	The replacement cost was increased from \$39,000 to \$51,000. This truck was transferred to Utilities to replace Truck #836, so the allocation has been changed from 100% General to 50% Water and 50% Sewer. The replacement year was updated from 2026 to 2029 and therefore it was removed from the Current Program, which only covers replacements in 2025-2028.
Ford F-150 4WD EcoBoost (#819) (Codes/Animal Control)	The cost was increased from \$39,000 to \$51,000. The replacement year was changed from 2025 to 2026.
Trailer Mounted Generator	The cost was increased from \$30,000 to \$37,000.
Ford F-250 4WD Truck-> F350 (#530)	The cost was increased from \$46,500 to \$57,000.
Boss 8' to 10' EXT Snow Plow (#P530)	The cost was increased from \$8,000 to \$9,500.
Wright Standing Mower (#6EF)	The cost was increased from \$12,850 to \$16,500.
Ford F-350 4WD (Parks) (#312)	The cost was increased from \$45,500 to \$57,000.
Snow Plow (Parks Truck) (#P-312)	The cost was increased from \$8,000 to \$9,500.
Ford F-350 CC (#646)	The cost was increased from \$53,000 to \$57,000.

Fund Summary (Exhibit C)

This schedule shows the estimated revenues and expenditures for 2023-2028 based on the Recommended Budget and the Current Program.

Revenues During 5-Year Plan

- The Equipment Reserve Fund – General shows an annual funding of \$125,000 occurring in each year of the plan. The funding in 2023 includes an additional transfer from the General Fund unencumbered fund balance for the purchase of the Building Inspector Truck.
- The Equipment Reserve Fund – Water shows transfers from the Water Fund occurring in each year of the plan. They begin at \$15,000 in 2023 and increase to \$25,000 in 2024 then increase again to \$30,000 in years 2025-2028.
- The Equipment Reserve Fund –There are not any transfers from the Sewer Fund planned in years 2023-2028.

Ending Fund Balances During the 5-Year Plan

- Equipment Reserve Fund – General

- The balance at the end of the 5-year plan is positive, which will be used towards equipment replacement in years past the current 5-year plan.
- Equipment Reserve Fund – Water
 - The balance at the end of the 5-year plan is positive, which will be used towards equipment replacement in years past the current 5-year plan. In addition, Utility staff are inventorying the system components which will result in more information about future equipment replacement needs.
- Equipment Reserve Fund – Sewer
 - The balance at the end of the 5-year plan is positive, which will be used towards equipment replacement in years past the current 5-year plan. In addition, Utility staff are inventorying the system components which will result in more information about future equipment replacement needs.

Unfunded Equipment

Staff is not currently recommending any items on the unfunded list be funded.

Equipment Recommended for Disposal (Exhibit D)

Items on this list are no longer needed for City operations. When the budget is approved by Council, items on this list will be approved for disposal. Going forward, approval for disposal of items being replaced will be requested with the purchase approval of the new piece of equipment.

Attachment: Vehicle & Equipment Policy Adopted on June 9, 2022

City of Edgerton
Vehicle Equipment Replacement
Recommended Budget 2023-2024

Line #	Budgeted in 2023- 2027 Plan	Equipment Description	Item Number	Dept.	Equip Type	Purch Year	Model Year	Current Mileage/ Hours	Usage Frequency	General Condition	Approved Budget	Projected Replace Cost	Order Year	Payment Year	Alloc % Fund 13 General	Alloc % Fund 27 Water	Alloc % Fund 37 Sewer
Purchase Approval - Council																	
1	Yes	Compact Track/Wheel Loader	New	PW	Equipment	New	New	New	New	New	\$ 85,000	\$ 85,000	2023	2023	100%	0%	0%
2	Yes	Hydraulic Hammer Attachment	New	PW	Equipment	New	New	New	New	New	\$ 17,000	\$ 17,000	2023	2023	100%	0%	0%
3	Yes	Case 1840 Uni-Loader	235	UT	Equipment	?	1995	1416	Daily	2	\$ 30,000	\$ 30,000	2023	2023	0%	50%	50%
4	Yes	Sewer Equipment Sewer Jet (trailer)	543	UT	Equipment	2009	2009	105	Daily	2	\$ 92,000	\$ 77,840	2022	2023	0%	0%	100%
5		Ford F-150 4WD	New	CD	Vehicle	New	New	NA	Daily	New Req	\$ -	\$ 51,000	2023	2023	100%	0%	0%
6		Concrete Saw	New	PW	Equipment	New	New	New	New	New Req	\$ 20,000	\$ 30,000	2024	2024	100%	0%	0%
7		Baldwin Booster Pump Replacement	NA	UT	Water Syst			NA	Daily	2	\$ 15,400	\$ 15,400	2024	2024	0%	100%	0%
8		Ford F-350 4WD - Flat Bed	528	PW	Vehicle	2014	2014	45,361	Daily	2	\$ 46,500	\$ 57,000	2024	2024	100%	0%	0%
9		Boss 8' to 10' EXT Snow Plow STB19200	P-528	PW	Snow & Ice	2017	2017	NA	Seasonally	2	\$ 8,000	\$ 9,500	2024	2024	100%	0%	0%
10		Buyers Salt Dogg - 8ft Elect. Spreader	S-528	PW	Snow & Ice	2017	2017	NA	Seasonally	2	\$ 7,600	\$ 8,400	2024	2024	100%	0%	0%
Purchase Approval - City Administrator																	
11	Yes	Edgerton Rd Tank Butterfly Valves Replacem	NA	UT	Water Syst	1982	1982	NA	Daily	2	\$ 10,230	\$ 10,230	2023	2023	0%	100%	0%
12	Yes	Hustler Super Z HD 60RD - HTE934935	115	PW	Equipment	2017	2017	338	Seasonally	2	\$ 13,000	\$ 13,200	2023	2023	100%	0%	0%
13	Yes	Hustler Super Z HD 72RD - HTE934976	534	PW	Equipment	2017	2017	438	Seasonally	2	\$ 13,500	\$ 13,500	2023	2023	100%	0%	0%
Contract Payments																	
None.																	
Other																	
14		Transfer payment from the Utility Funds for Truck #454 that is now assigned to the Utilities Department.									\$ 15,000		2023	2023	0%	50%	50%

Changed since 2023 Budget Process

City of Edgerton
Vehicle Equipment Replacement Current Program (2025-2028)

Item #	Equipment Description	Item Number	Dept.	Equip Type	Purch Year	Model Year	Current Mileage/ Hours	Usage Frequency	General Condition	Projected Replace Cost	Updated Est. Replacement Year	Alloc % Fund 13 General	Alloc % Fund 27 Water	Alloc % Fund 37 Sewer
1	Trailer Mounted Generator	New	PW	Equipment	New	New	New	New	New Req	\$ 37,000	2025	34%	33%	33%
2	Ford F-250 4WD Truck ->F350 plow	530	PW	Vehicle	2014	2014	61,390	Daily	3	\$ 57,000	2025	100%	0%	0%
2a	Boss 8' to 10' EXT Snow Plow STB19200	P-530	PW	Snow & Ice	2017	2017	NA	Seasonally	3	\$ 9,500	2025	100%	0%	0%
3	60 Inch Bad Boy Outlaw Zero Turn Mower (BB)	OO6	UT	Equipment	2015	2015	159	Seasonally	3	\$ 13,000	2025	0%	0%	100%
4	Starlight Utility Trailer	541	UT	Equipment		1987	NA	Daily	2	\$ 7,500	2025	0%	50%	50%
5	Wright Stander 61" Zero Turn Mower	6EF	PW	Equipment	2018	2018	734	Seasonally	3	\$ 16,500	2025	100%	0%	0%
6	Elgin Broom Badger Street Sweeper	812	PW	Equipment	2016	2016	1,156	Monthly	2	\$ 350,000	2025	100%	0%	0%
7	Storm Siren - W. Braun & W 8th St - General	EM02	PW	Storm Siren	1999	1999	NA	Occasionally	3	\$ 29,500	2025	100%	0%	0%
8	Ford F-150 4WD EcoBoost (Charlie)	819	CD	Vehicle	2015	2015	43,024	Daily	4	\$ 51,000	2026	100%	0%	0%
9	Ford F-350 4WD (Parks)	312	PK	Vehicle	2017	2017	29,488	Daily	4	\$ 57,000	2027	100%	0%	0%
9a	Snow Plow (Parks Truck)	P312	PK	Snow & Ice	2017	2017	NA	Seasonally	4	\$ 9,500	2027	100%	0%	0%
10	Neptune Water Meters (1/4 of all meters)	NA	UT	Meter	2016	2016	NA	Daily	4	\$ 36,750	2027	0%	100%	0%

**City of Edgerton
Vehicle & Equipment Replacement
Fund Summary 2022-2028**

Fund 130 - General Equipment Reserve Fund

	2022	2023	2024	2025	2026	2027	2028
Beginning Balance, Jan 1	\$ 278,352	\$ 343,719	\$ 340,019	\$ 360,119	\$ 10,039	\$ 84,039	\$ 142,539
Transfers in or Other Revenues	127,000	176,000	125,000	125,000	125,000	125,000	125,000
Vehicle/Equipment Purchases	(61,633)	(179,700)	(104,900)	(475,080)	(51,000)	(66,500)	(73,200)
Ending Balance, 12/31	<u>\$ 343,719</u>	<u>\$ 340,019</u>	<u>\$ 360,119</u>	<u>\$ 10,039</u>	<u>\$ 84,039</u>	<u>\$ 142,539</u>	<u>\$ 194,339</u>

Fund 270 - Water Equipment Reserve Fund

	2022	2023	2024	2025	2026	2027	2028
Beginning Balance, Jan 1	\$ 53,006	\$ 68,006	\$ 50,276	\$ 59,876	\$ 73,916	\$ 103,916	\$ 97,166
Transfers in or Other Revenues	15,000	15,000	25,000	30,000	30,000	30,000	30,000
Vehicle/Equipment Purchases	-	(32,730)	(15,400)	(15,960)	-	(36,750)	(86,875)
Ending Balance, 12/31	<u>\$ 68,006</u>	<u>\$ 50,276</u>	<u>\$ 59,876</u>	<u>\$ 73,916</u>	<u>\$ 103,916</u>	<u>\$ 97,166</u>	<u>\$ 40,291</u>

Fund 370 - Sewer Equipment Reserve Fund

	2022	2023	2024	2025	2026	2027	2028
Beginning Balance, Jan 1	\$ 153,845	\$ 178,845	\$ 78,505	\$ 78,505	\$ 49,545	\$ 49,545	\$ 49,545
Transfers in or Other Revenues	25,000	-	-	-	-	-	-
Vehicle/Equipment Purchases	-	(100,340)	-	(28,960)	-	-	(50,125)
Ending Balance, 12/31	<u>\$ 178,845</u>	<u>\$ 78,505</u>	<u>\$ 78,505</u>	<u>\$ 49,545</u>	<u>\$ 49,545</u>	<u>\$ 49,545</u>	<u>\$ (580)</u>

City of Edgerton
Equipment Recommended for Disposal

Exhibit D

Items for Recommended for Disposal												
Item #	Equipment Description	VIN/Serial #	Item Number	Dept.	Equip Type	Current Mileage/ Hours	Purch Year	Intended Method of Disposition	Alloc % Fund 13 General	Alloc % Fund 27 Water	Alloc % Fund 37 Sewer	Comments
1	Simplicity 32 walk behind mower (Codes)	2014429254	254	PW/PK	Equipment	215	2010	Online Auct	100%			Mower will not be replaced.
2	2017 Hustler Super Z 60	17073115	115	PK	Equipment			Online Auct	100%			New unit has been received. Approval for disposal still needed.
3	2017 Hustler Super Z 72	17090534	534	PK	Equipment			Online Auct	100%			New unit has been received. Approval for disposal still needed.

City of Edgerton
Vehicle and Equipment Replacement Policy

1. Policy Objective

The objective of the Vehicle and Equipment Replacement Policy is to provide effective guidelines for administering and accounting for the City's vehicle and equipment replacement so that the City's fleet is ready to serve daily operations as well as emergency operations at any time; to act as a framework for decisions related to long-range vehicle and equipment replacement; and to act as a budgeting guide for the Governing Body and staff.

2. Vehicle and Equipment Replacement Schedule

Annually, as part of the budget process, the City Administrator and the Department Heads shall update the inventory schedule of all City vehicles and equipment. The schedule should include detailed information about the equipment, its condition, estimated replacement year, estimated replacement cost and how the vehicle or equipment should be allocated among general City operations, water operations and sewer operations. The schedule shall be the basis of budget discussions and decisions regarding vehicle and equipment replacement. The schedule shall be presented to the Governing Body along with other budget information and approved when the budget is adopted each year.

3. Replacement Considerations

The Schedule of Estimated Useful Lives in Appendix A should be used as a guide for replacing vehicles and equipment. In addition to the estimated useful life, the items listed below should also be considered when determining if a vehicle or piece of equipment should be replaced.

- Maintenance and repair costs
- Performance
- Resale value
- Dependability
- Major mechanical failures
- Technological changes
- Fuel consumption
- Physical appearance
- Safety issues
- Obsolescence
- Type of usage

4. Purchasing and Acquisition

Purchases of vehicles and equipment shall be made in accordance with the City's Purchasing Policy, City Code and other applicable ordinances, resolutions and state law.

5. Financing

As part of the annual budget process, the City Administrator shall submit to the Governing Body a recommendation for the financing of all proposed vehicles and equipment that are planned for that budget year.

The following financing methods may be considered by the City Administrator for all vehicles and equipment.

- A. Pay as You Go Financing (PAYG): Utilizes current year revenues or reserves. This is the preferred method of financing vehicles and equipment.

City of Edgerton
Vehicle and Equipment Replacement Policy

- B. General Obligation Bonds: General obligation bonds will not be issued for vehicles or equipment where the acquisition cost is less than \$250,000. The City will structure the general obligation bond debt for vehicles and equipment to mature over 10 – 15 years or the useful life of the vehicle or equipment, whichever is less with at least 60% of the debt service amortization in the first 10 years of the issue.
- C. Lease and Lease Purchase: Lease obligations and other long-term agreements may be used as a flexible, financial alternative for acquiring vehicles and equipment. The City will plan issuance of lease obligations and other long-term financing agreements according to the following guidelines.
 - a. The City Administrator, or designee, will determine and document the justification for each proposed lease transaction. The justification should include an explanation for not recommending PAYG financing or general obligation debt financing. An analysis of various financing strategies should be performed to allow for the lowest possible cost to the City.
 - b. Each transaction will include lease payments and a cash flow statement over the life of the transaction.
 - c. The scheduled maturity shall not exceed the anticipated useful life of the item, and in no case shall exceed 20 years.

6. Maintenance and Repair

The City staff will be responsible for all maintenance necessary for the continued operation for the City's vehicles and equipment. The City staff shall be responsible for determining what specific types of maintenance will be done in-house and what types will be sent to a mechanic. In making this determination, the following factors should be considered:

- A. Cost of in-house maintenance
- B. Time needed to completed maintenance task
- C. Knowledge of Department with specific maintenance task
- D. Experience of Department with specific maintenance task
- E. Ability to attain necessary parts in a timely manner.

If maintenance is determined to be sent to a mechanic, staff shall be responsible for complying with the City's Purchasing Policy. City staff shall maintain documentation of all maintenance and repairs for vehicles and equipment.

7. Disposition of Vehicles and Equipment

When it is determined that a vehicle or equipment should be replaced, the City should dispose of the replaced item using the method that will produce the greatest amount of value for the City. The acceptable disposal methods are listed below. The City Council will approve assets for disposal and the disposal method at the time of purchase of the replacement item. Vehicles and equipment will not be sold to employees of the City.

- A. Trade-in – the vehicle or equipment is traded in on the new vehicle or equipment and the price of the new vehicle or equipment is reduced.
- B. Sold at Auction - The City should use a reputable auction service, including on-line auction services. The City should receive a detailed accounting of the sale price for each item sold.
- C. Scrap – The vehicle or equipment is sold for scrap metal or it is kept on hand for parts.
- D. Destroyed – The vehicle or equipment was destroyed.

Money received from the sale of vehicles and equipment shall be deposited into the Equipment Reserve Funds for general City operations, water operations and sewer operations. The sale proceeds should be allocated among the three funds according to the allocation percentages for each item as listed on the Vehicle and Equipment Replacement Schedule

City of Edgerton
Vehicle and Equipment Replacement Policy

8. Insurance

The City shall maintain at least the minimum state required insurance coverage on all vehicles and equipment. When new vehicles or equipment are purchased, the City Clerk shall notify the City's insurance agent to add the vehicle or equipment to the City's policy. When vehicles or equipment are sold/traded in/scrapped/destroyed, City staff shall notify the City Clerk who will notify the City's insurance agent that the items should be removed from the City's policy.

9. Responsibility for Enforcement

The City Administrator has overall responsibility for enforcement of this policy.

10. Effective Date

This policy shall take effect and be in force from and after its passage and approval.

City of Edgerton
Vehicle and Equipment Replacement Policy

Appendix A
Estimated Useful Life of Vehicles and Equipment

Vehicle Classification	Useful Life -Years	Units of Usage
Class 2 - Light Duty Truck	10	100,000 Miles
Class 3 - 1/2 Ton Truck	10	100,000 Miles
Class 4 - 3/4 Ton Truck	10	100,000 Miles
Class 5 - 1 Ton Truck	10	75,000 Miles
Class 6 - 1 1/2 - 1 3/4 Ton Truck	10	75,000 Miles
Class 7 - Single Axle	10	75,000 Miles
Class 8 - Tandem Axle	10	75,000 Miles
Aerial Lift/Bucket Truck	10	50,000 Miles
Class 6 - Street Sweeper	7	50000 / 2000 hrs.
Utility Trailer / Equipment Trailer	15	N/A

Equipment Classification	Useful Life -Years	Units of Usage
Mower	n/a	1000 hrs.
Excavator/Backhoe	10	1500 hrs.
Compact Loader	7	1500 - 2000 hrs.
Wheel Loader	10	2500 hrs.
Tractor	10	2500 hrs.
Sewer Jetter	15	2500 hrs.
Road Grader	15	1500 - 2000 hrs.
Roller	10	1000 hrs.
Crack Seal Machine	10	1000 hrs.
UTV	10	2000 hrs.
Storm Siren	25	N/A
Radio	10	N/A
Water Meter	10	N/A

Note: This schedule is a guide for replacing vehicles and equipment. In addition to the estimated useful life noted in the charts above, staff will consider other factors listed in Section 3 above including maintenance and repair costs; performance; resale value; dependability; major mechanical failures; technological changes; fuel consumption; physical appearance; safety issues; obsolescence; type of usage; etc.