

**EDGERTON CITY COUNCIL
WORK SESSION AGENDA
CITY HALL
404 EAST NELSON STREET
May 28, 2020**

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

1. Call to Order
2. Roll Call ____ Roberts ____ Longanecker ____ Conus ____ Lewis ____ Smith ____ Beem
3. Budget Work Session Regarding:
 - 2020-2025 Revenue Forecast for the General Fund
 - Review of the 2020-2024 Adopted CIP
4. Adjourn

City of Edgerton General Fund

Revenue Review & Forecast

2020-2025



Property Tax

- Calculation Method
 - Based on the assessed valuation of taxable real property;
 - Property is valued at fair market value on January 1st each year
 - Property divided into classifications which are assessed at different percentages per State statute.
 - Residential – 11.5%
 - Commercial – 25%
 - Agricultural – 30%
 - Vacant Lots – 12%
 - Property tax (mill levy) is the dollar amount of property tax to be raised within the limits imposed by State statute, otherwise known as the tax lid.
 - Set by the Governing Body during the budget process
 - The mill levy rate is calculated based on the final assessed valuation and the dollar amount of property tax revenue set by the Governing Body.
 - Tax bills sent in November fund the next year's budget
 - Tax bills sent in November 2020 are based on 1/1/2020 valuation and fund the 2021 Budget.

Property Tax

City of Edgerton Property Tax Comparison

Changes in property tax amount on tax bill is caused by:

- (1) Change in the fair market value of the property, which changes the assessed value used to calculate taxes;
- (2) Change in the mill rate, which is determined by the City's total assessed valuation and the total dollar amount of property tax revenue adopted by the Governing Body.

$$\text{Mill Rate} = \frac{\text{Property Tax Revenue Set by Governing Body}}{\text{City Total Assessed Value}}$$

If AV goes up, mill rate goes down - there is more value to spread the revenue across.

If AV goes down, mill rate goes up - there is less value to spread the revenue across.

Tax lid law limits the amount of revenue the Governing Body can set. This is the only thing that is set at budget adoption. There may be a few outstanding decisions from the State Board of Tax Appeals decided after valuation numbers are received in June, which can affect the final total assessed valuation. The final valuation in October is used along with the property tax revenue amount set by the Governing Body in the budget to calculate the mill rate used on the tax bills in November.

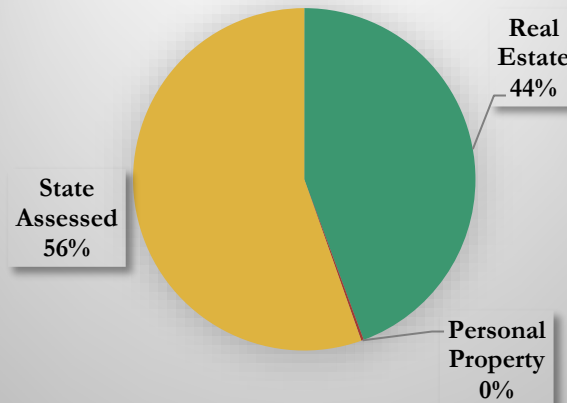
Example Edgerton Home:	2018	2019	
Average Appraised Value of Single Family Home per County Appraiser	\$ 138,637	\$ 148,072	6.8%
Assessment % for Residential Property	11.5%	11.5%	
Assessed Value	\$ 15,943	\$ 17,028	
City Mill Rate (Nov 2018)	29.919	29.919	
City Property Tax (Annual)	\$ 477.01	\$ 509.47	
City Mill Rate (Nov 2019)		30.881	
Property Tax at 2019 Mill Rate		\$ 525.85	

A majority of the increase for this property is due to the increase in fair market value of the property, not the change in the mill rate.

Property Tax

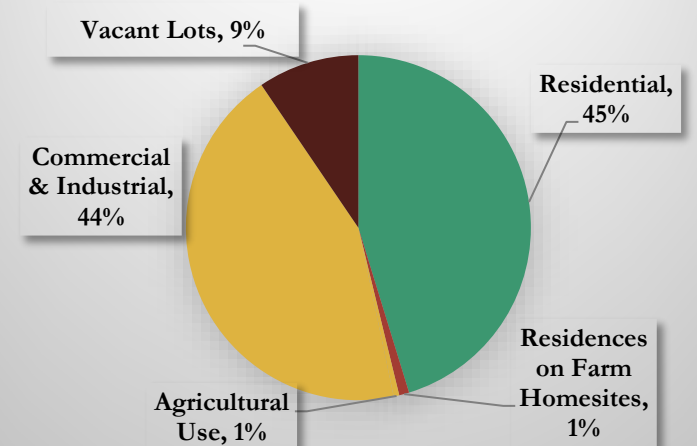
- Distribution Schedule
 - January (1st half payments), March, June (2nd half payments), September, October
- Assessed Valuation has grown over the last several years
 - Economic Growth
 - Non-abated properties at LPKC
 - Annexation of territory

Total Assessed Value



Note: Personal Property is a very small amount compared to the rest of the assessed valuation.

**Real Property
Real Estate Categories**



Property Tax

- COVID-19 Effects
 - 2020
 - Assessed Values were set on 1/1/2019 and cannot be changed
 - Collections are on par with last year and are at 96%
 - 2021
 - Assessed Values for the 2021 Budget were set based on values at 1/1/2020, before the pandemic.
 - Receive Assessed Value numbers for the 2021 budget on 6/15/2020 from the County.
 - Estimated right now based on info from County Appraiser
 - 2022 and beyond
 - Values for the 2022 Budget will be set on 1/1/2021 and is where we could potentially see an effect depending on what the market is doing at that time.
 - Potential for increase in delinquencies depending on job market at the time

PILOTs

(Payment in
Lieu of Taxes)

- Calculation Method
 - Required in development agreements with entities receiving tax abatements
 - Runs for 10 years on a building
 - Failure to pay results in loss of abatement
 - Distributed to all the taxing jurisdictions for a property based on their portion of the mill levy
 - Information provided by Scott Anderson
- Distribution Schedule
 - Same as Property Tax
- Has continued to increase as we add more buildings in LPKC
- COVID-19 Effects
 - None – these payments are required in order to maintain tax abatement

Motor Vehicle Tax

- Calculation Method
 - A county-wide average mill rate is applied to the assessed valuation of vehicles registered in Edgerton
 - Residents pay the tax annually at the time of registration
- Distribution Schedule
 - Same as property tax
- COVID-19 Effects
 - Due to Governor's Executive Order providing a grace period, collections are delayed

Liquor Tax

- Calculation Method
 - 10% tax on liquor sold by clubs, caterers and drinking establishments
 - 70% of tax paid within the City are returned to the City
 - Half deposited in the General Fund and half deposited in the Special Park and Recreation Fund per State statute
- Distribution Schedule
 - March 10th, June 10th, September 10th and December 10th
- This is a small revenue source for the City

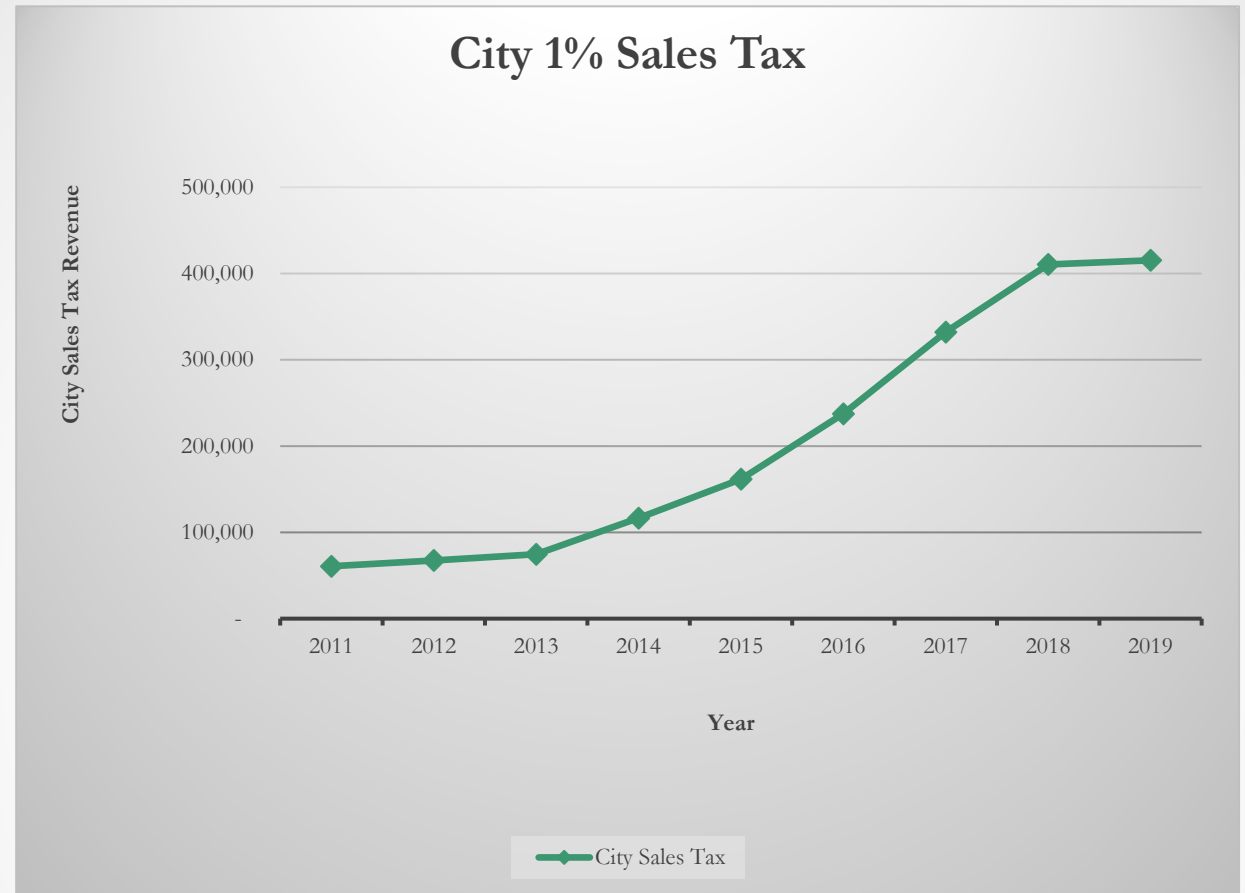
Liquor Tax

- COVID-19 Effects
 - 2020
 - The main source of this revenue has been closed for remodeling and COVID-19
 - Estimating will receive half of what received in 2019
 - 2021
 - Forecast amount received in 2019

Sales Tax

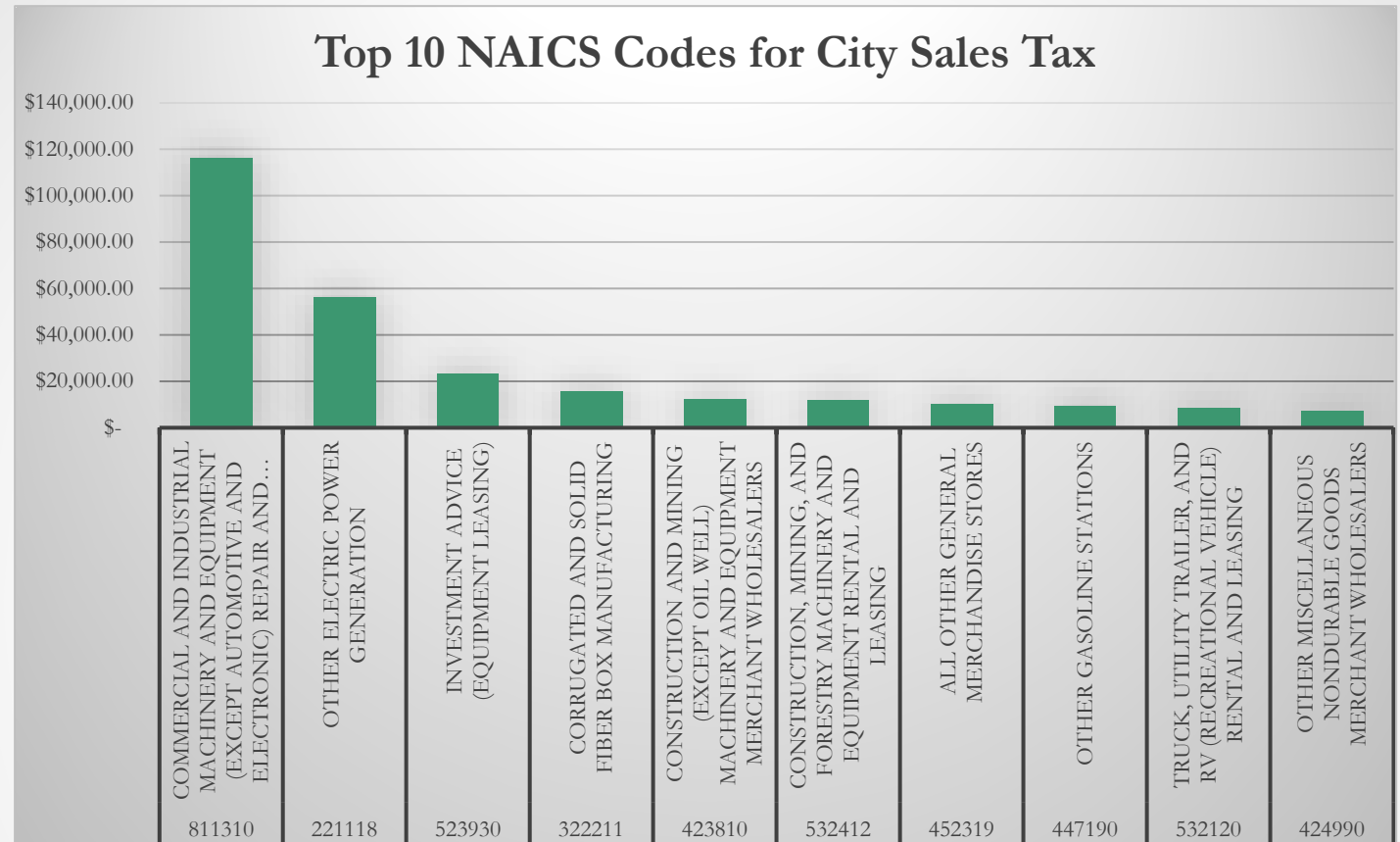
- Two Components:
 - City's 1% tax on retail sales within the City
 - City's share of County sales taxes
- City's 1% Tax
 - Calculation Method
 - 1% tax on non-exempt sales within the City limits
 - Distribution Schedule
 - Monthly at the end of the month
 - 2-month delay
 - March sales tax collected by business is paid to Dept of Revenue in April and then distributed to the City in May

Sales Tax: City's 1%



The increasing trend that began in 2014 is related to electric and gas utility sales tax for businesses at LPKC. Utility sales tax for businesses in LPKC Phase 1 is transferred to the Public Infrastructure Fund.

Sales Tax: City's 1%



- Companies contributing the most to City's 1% sales tax weren't as susceptible to the COVID-19 closures.

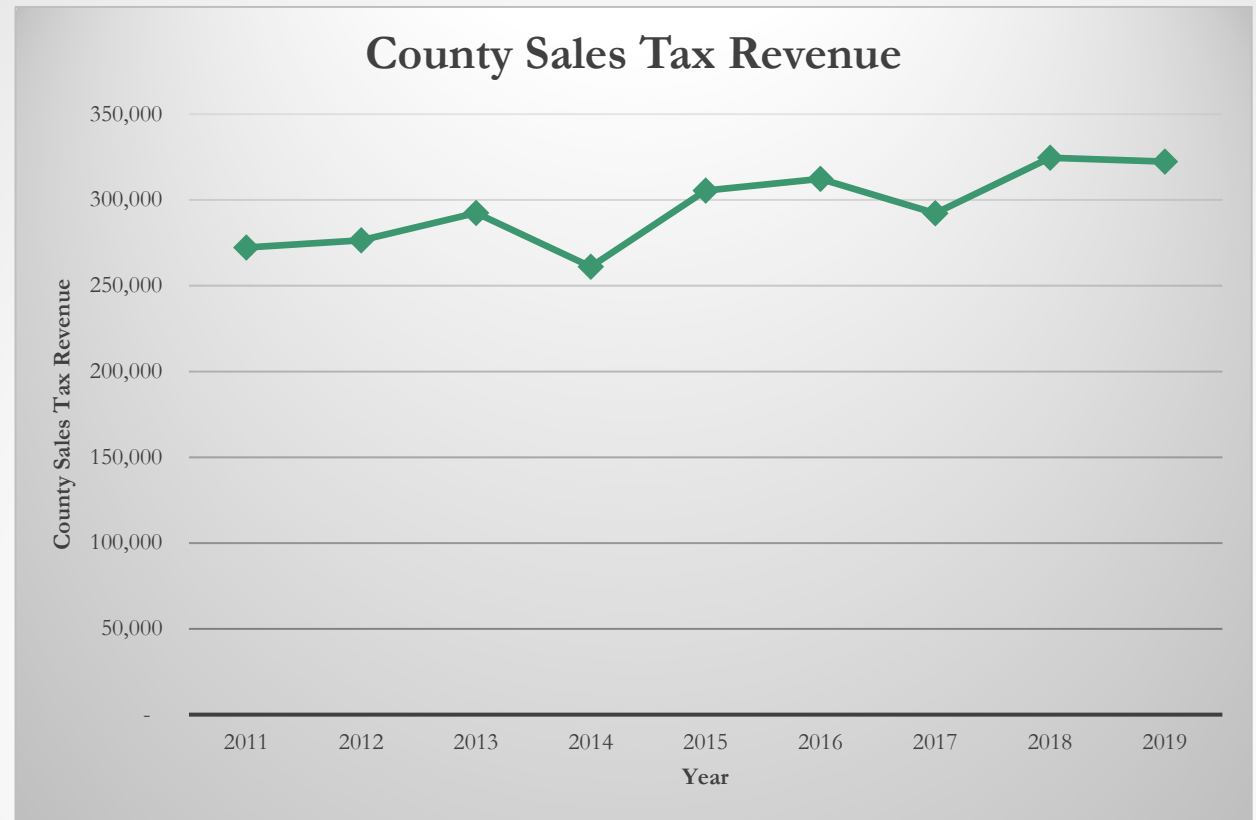
Sales Tax: City's 1%

- COVID-19 Effects
 - 2020
 - As of the April distribution, revenue up 12% over same period in 2019
 - Using 2020 budget for the estimate
 - Will continue to monitor as more distributions are received
 - 2021
 - Projecting an increase for anticipated City sales tax from the On-the-Go Travel Center

Sales Tax: County Sales Taxes

- Calculation Method
 - 2 types of County sales tax levies
 - General Sales Tax (Rate = 0.600%)
 - Half is apportioned to the County and all the cities based on each city's property taxes levied in the previous year as a proportion of the taxing effort for all the cities and the county
 - The other half is apportioned to the County and all the cities based on each entity's population
 - City's Distribution Ratio = 0.3673%
 - Special Sales Tax (Rate = 0.750%)
 - Half to the County
 - The other half apportioned in the same manner as the County General Sales Tax
 - City's Distribution Ratio = 0.3673%
- Distribution Schedule
 - Same as City's 1% Sales Tax

Sales Tax: County Sales Tax



- City's share of County sales tax has remained relatively constant.
- New County special tax for courthouse began in 2017.

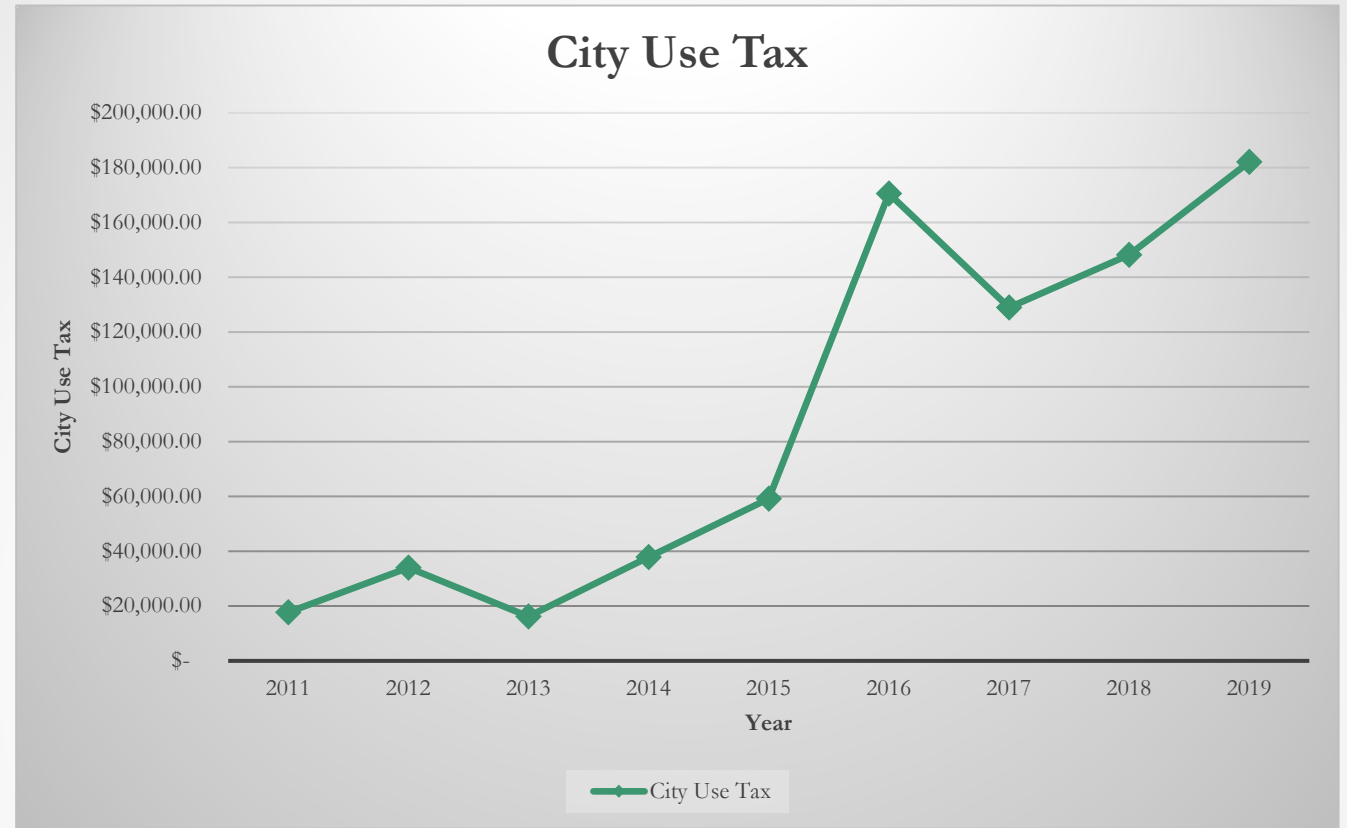
Sales Tax: County Sales Tax

- COVID-19 Effects
 - County Sales have a broader sales base and more types of business than Edgerton
 - Will be affected by COVID-19 business closures
 - 2020
 - Estimating a 25% decrease from what was received in 2019.
 - Which is in between the County's medium and high impact estimates.
 - 2021
 - County staff are using 2019 revenue amount for their 2021 forecast
 - We are doing the same for our 2021 forecast

Use Tax

- Calculation Method
 - Tax on goods purchased by Kansans from outside Kansas and used, stored or consumed in Kansas on which no sales tax was paid or a sales tax less than the Kansas combined rate was paid.
 - Rate is the same as the sales tax rate in effect where the customer takes possession/delivery of the goods.
 - Two Components:
 - City 1% use tax
 - Share of County use tax
- Distribution Schedule
 - Same as sales tax

Use Tax: City's 1%



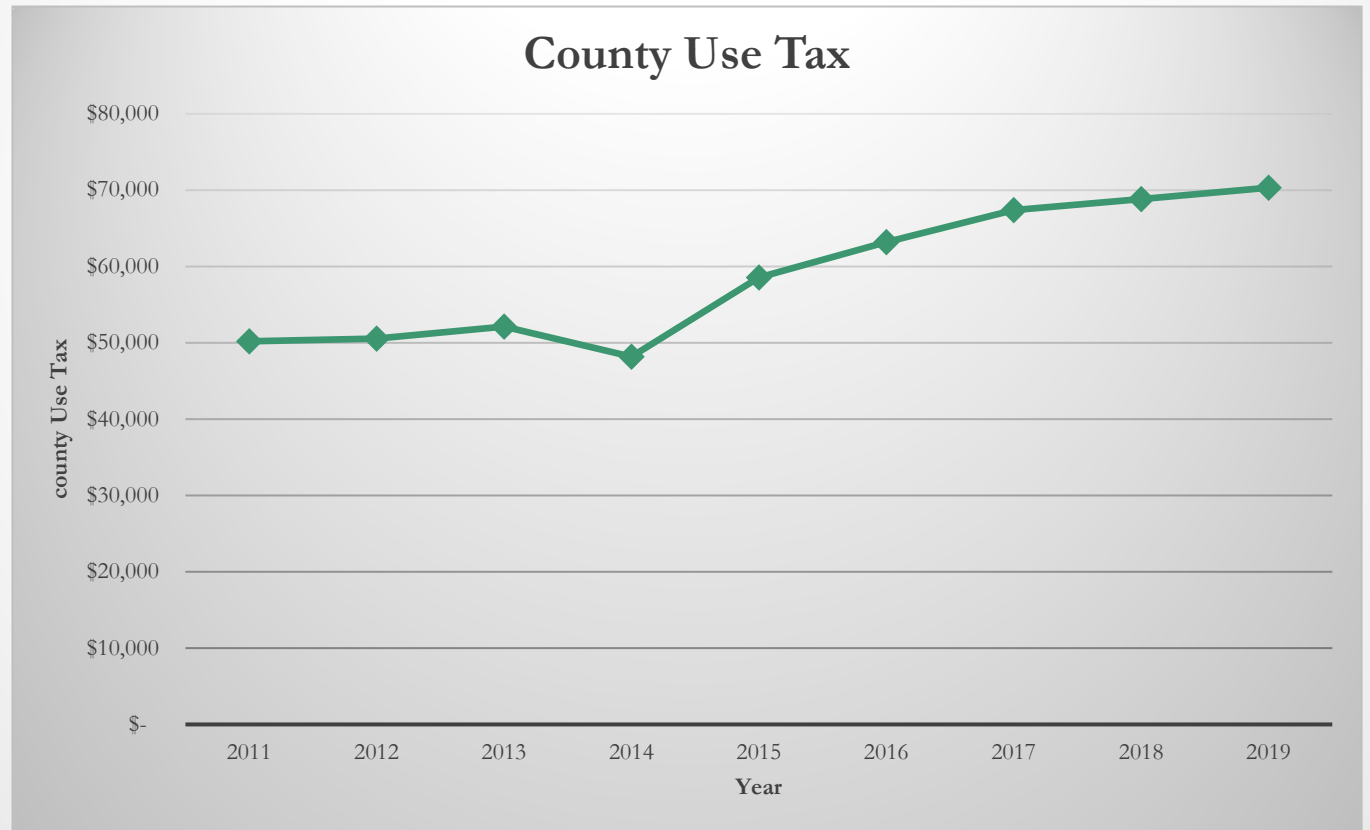
- Use tax by its very nature fluctuates quite a bit from year to year
- The increase in 2016 is due to several businesses opening at LPKC and making purchases that qualify for use tax, which is what happened in 2018 and 2019

Use Tax: City's 1%

- COVID-19 Effects
 - 2020
 - Using the amount received in 2019 for the 2020 estimate
 - Business at LPKC have remained open and operations have continued as normal
 - 2021
 - For 2021 forecast using amount received in 2019

Use Tax: County Use Tax

- Calculation Method
 - Same as County sales tax
- Distribution Schedule
 - Same as sales tax



Use Tax: County Use Tax

- COVID-19 Effects
 - 2020
 - County staff are estimating same as amount received in 2019
 - We are adopting this for our 2020 estimate
 - 2021
 - County staff using amount received in 2019 for their forecast
 - We are adopting this for our forecast

Franchise Tax

- Calculation Method
 - City levies a franchise tax of 5% of gross receipts for utilities operating within the City (electric, gas, cable, phone)
- Distribution Schedule
 - Franchise tax payments are received monthly, a couple of providers pay quarterly
- Franchise taxes generated by entities in LPKC Phase 1 and 2 are deposited into the Public Infrastructure Funds for those developments
- This revenue source can vary from year to year based on weather

Franchise Tax

- COVID-19 Effects
 - 2020
 - Projecting little effect – most businesses were open and people were either at home more or the same amount as before
 - Estimating what was budgeted for 2020
 - 2021
 - Forecasting same as 2020 budget as the bulk of the increase in this source is deposited in the LPKC Public Infrastructure Funds

Permits & Licenses

- Calculation Method
 - Majority comes from building permits/plan review fees
 - Also includes animal licenses and business licenses
- Distribution Schedule
 - Funds are received as permits are issued
- COVID-19 Effects
 - e-Commerce businesses have done well during the pandemic and EE! continues to work on new projects
 - Staff estimates development will continue at the pace of 2019.

Permits & Licenses

- Actual vs Budget in 2018-2019
 - Revenues have fallen short of estimates used in the 2018 and 2019 budgets
 - Staff has performed detailed research and analysis regarding anticipated development, building values and resulting permit fees
- 2020
 - Reflects 3 buildings at LPKC
 - One commercial project (On-the-Go Travel Plaza)
 - Miscellaneous residential improvements
- 2021
 - Reflects 3 buildings at LPKC
 - One commercial project
 - A 15-home single family development
 - Miscellaneous residential improvements

Charges for Services

- Calculation Method
 - Includes revenue from residential trash fees as part of the City's contract with Gardner Disposal
 - Includes a very small portion for Park & Rec program fees
- Distribution Schedule
 - Fees received monthly from customers
- Has remained flat for several years
- COVID-19 Effects
 - Minimal
 - Leaving the same for 2020 and 2021 since the trash contract isn't changing

Fines & Forfeitures

- Calculation Method
 - Municipal Court fines & forfeitures of bonds
 - Based on court fine schedule and issuance of tickets
- Distribution Schedule
 - Court is held once a month and people pay fines throughout the month
- Upward trend is expected to continue with the addition of a Community Officer to the Sheriff's contract
- COVID-19 Effects
 - 2020 - Collections are delayed due to not having court in March or April. Will have court in May to catch up. Estimating what was budgeted for 2020.
 - 2021 – leaving the same as the 2020 budget.

Investment Income

- Calculation Method
 - Based on idle cash, cash flow needs and market rates at the time of investment
- Distribution Schedule
 - Interest is allocated monthly
- Upward trend due to the investment program with Columbia Capital started in 2016, and for a while, a slight improvement in the markets
- COVID-19 Effects
 - 2020 – Some investments made before COVID-19 at better rates. Estimating 50% of 2019 actual per discussion with Columbia Capital
 - 2021 - Unsure of when rates might recover. Forecasting 50% of the amount received in 2019 based on discussions with Columbia Capital.

Final Thoughts

- Staff will continue to monitor revenues and make adjustments as needed.
 - Assessed Valuation will come from County Clerk on June 15
 - Sales tax for April sales will be distributed in late June
- Utility Funds Budgets – June 11
- General Fund Budget – July 9



City of Edgerton, Kansas
General Fund Forecasting Model
Date: May 28, 2020

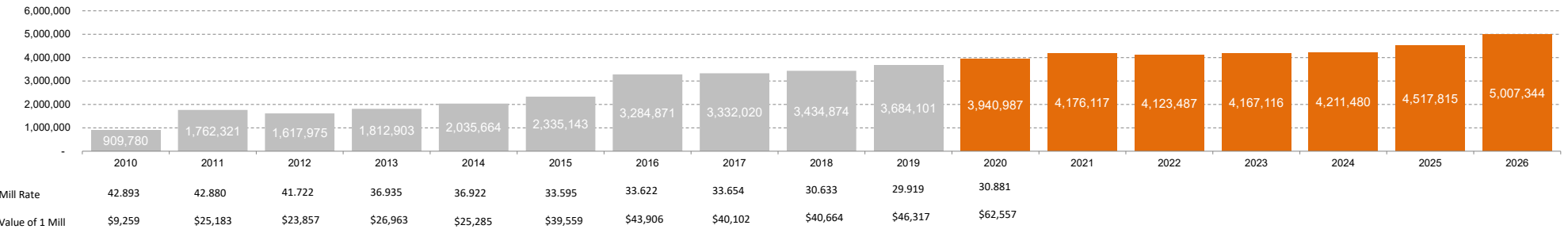
Assessed Valuation (Historical & Projected)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assessed Valuation																	
Real Estate	8,461,582	8,243,304	7,987,735	7,704,172	7,635,985	13,644,056	16,841,196	13,526,961	14,305,131	17,640,983	32,444,629	23,989,491	22,713,237	23,281,068	23,863,095	24,459,672	32,828,836
Real Estate (New LPKC Roll On)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,568,460	12,735,459
Personal Property	243,707	238,958	313,322	193,076	300,738	346,682	144,861	126,003	182,398	161,362	143,021	128,719	115,847	104,262	93,836	84,452	76,007
State Assessed	553,742	16,701,067	15,556,363	19,065,362	17,348,578	25,568,224	26,919,531	26,449,012	26,176,379	28,514,188	29,969,362	29,969,362	29,969,362	29,969,362	29,969,362	29,969,362	29,969,362
Total	9,259,031	25,183,329	23,857,420	26,962,610	25,285,301	39,558,962	43,905,588	40,101,976	40,663,908	46,316,533	62,557,012	54,087,572	52,798,446	53,354,693	53,926,293	62,081,947	75,609,664

General Fund Revenues (Historical & Projected)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue Source																	
Property Taxes & PILOTs	386,520	1,069,775	985,494	991,860	928,600	1,199,575	1,472,934	1,511,852	1,585,109	1,790,880	2,415,713	2,477,897	2,404,312	2,431,707	2,459,512	2,748,957	3,221,259
Local (City & County) Sales Tax	222,148	333,013	343,997	367,073	377,605	466,188	549,668	652,959	735,096	737,702	673,000	793,000	808,860	825,037	841,538	858,369	875,536
Other Taxes	152,708	171,646	182,349	178,984	237,939	252,996	391,573	378,775	419,551	477,118	350,874	418,820	423,916	423,972	424,030	424,089	424,149
Licenses and permits	4,753	75,871	6,634	150,811	304,672	302,480	740,346	635,441	484,313	429,634	336,400	321,400	321,400	321,400	321,400	321,400	321,400
Fines and fees	16,325	18,162	12,716	21,851	10,871	17,919	14,786	25,452	30,123	42,297	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Interest	9,207	4,681	1,441	3,276	1,417	1,708	1,857	15,819	26,205	34,438	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Charges for services	117,499	89,165	85,344	98,943	174,560	94,277	113,442	111,722	154,477	84,325	118,000	118,000	118,000	118,000	118,000	118,000	118,000
Reimbursement	250	-	-	-	-	-	-	-	-	46,610	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	41,097	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Surplus	370	8	-	105	-	-	265	-	-	-	-	-	-	-	-	-	-
Total	909,780	1,762,321	1,617,975	1,812,903	2,035,664	2,335,143	3,284,871	3,332,020	3,434,874	3,684,101	3,940,987	4,176,117	4,123,487	4,167,116	4,211,480	4,517,815	5,007,344
% Change	n/a	93.7%	-8.2%	12.0%	12.3%	14.7%	40.7%	1.4%	3.1%	7.0%	7.0%	6.0%	-1.3%	1.1%	1.1%	7.3%	10.8%

General Fund Revenue History & Forecast





May 26, 2020

To: Mayor and City Council Members

From: Beth Linn, City Administrator
Karen Kindle, Finance Director
Katy Crow, Development Services Director
Dan Merkh, Public Works Director

Re: CIP Check-in

Please find attached the 2020-2024 CIP adopted by the Council on October 24, 2019. The Status Update column has been updated with each project's current status.

Below is the list of projects scheduled to be funded in 2020 and 2021 and information regarding the possibility of postponing the project in light of the COVID-19 emergency. Staff will revisit these projects as the General Fund Budget is finalized. Any recommendations will be presented to Council for consideration at the General Fund Budget Work Session scheduled for July 9, 2020.

Project	Funding Year	Funding Source	Funding Amount	Comments
Comprehensive Plan	2020	General Fund	\$150,000	Could be postponed, but not canceled. Current restrictions related to COVID-19 could make the public input process more difficult. Is scheduled to start in 4 th quarter of 2020.
Library Downspouts	2020	General Fund	\$12,420	Could be postponed; however, the City would forego savings from eliminating this source of inflow & infiltration into our sanitary sewer system.
Nelson: E. 3 rd St. – W. 8 th St. (CARS)	2020	General Fund	\$38,471	Could be postponed; however, the City would forego the CARS grant funds and would have to bear the entire cost of the project.
1 st & Merriwood Stormwater Repairs	2020	General Fund	\$72,550	Could be postponed; however, the residents in the area have the expectation that this project would be completed in 2020. Design has been initiated with the City Engineer.
Streetlight Inventory	2021	General Fund	\$16,500	Could be postponed; however, without this project, the City would not be able to do the Streetlight Study, an item addressed in the Citizen Survey.
Streetlight Study	2021	General Fund	\$50,000	Could be postponed; however, streetlights were a high-ranking item in the Citizen Survey.

2020-2024 CIP FUNDED PROJECTS



Citywide Projects

Project Name	2020-2024 CIP Budget	Project Phase	Project Complete	Staff Allocation Complete	Anticipated Start	Anticipated Complete	Status Update
1 Parks Master Plan	\$ 74,921	Design	90%	85%		Dec-19	Final edits to Parks Master Plans presented to GB for official adoption in 2020.
2 2019 Street Maintenance Program	\$ 71,338	Construction	75%	75%	May-19	Apr-20	Final acceptance at 9/26/19 City Council for UBAS portion. Concrete joint maintenance phase in progress.
3 Unified Development Code Update	\$ 110,000	Design	25%	25%	Dec-17	Apr-21	Discontinued use of outside consultant in early 2019. Project completed by City Staff. Chapters 4, 7, 10, 12 and 16 have been approved by Council.
4 207th Street Grade Separation	\$ 15,000,000	Design	30%	50%	Jan-18	Dec-20	Project plans 80% complete. Right-of-way and easement acquisition in process. Construction planned in 2020.
5 56 Hwy Trail (W 1st Street to W 5th Street)	\$ 85,300	Design	40%	65%	Aug-18	Aug-20	Bids rejected at 9/26/2019 Council Meeting. Easement acquisition complete. Contractor approved at the April 23, 2020 meeting. Construction to begin summer 2020.
6 56 Hwy Trail (W 5th Street to W 8th Street)	\$ 64,700	Design	40%	65%	Aug-18	Aug-20	Bids rejected at 9/26/2019 Council Meeting. Easement acquisition in process.
7 Parks Shop Upfit & Concrete Work	\$ 6,000	Construction	90%	90%	Mar-19	Dec-19	Complete.
8 Parks Maintenance Shop Flood Remediation	\$ 8,000	Construction	90%	90%	Mar-19	Dec-19	Complete.
9 2019 Street Reconstruction	\$ 3,774,621	Construction	70%	70%	Mar-19	Dec-19	Complete.
10 The Greenspace	\$ 4,130,000	Concept	10%	10%	Apr-19	May-21	Public input process held during first half of 2019. RFP for design/build firms in to be determined. Construction start to be determined.
11 Space Needs Study for City Hall	\$ 50,000	Concept	0%	0%	Jun-20	Mar-21	The work of this project will be done in conjunction with The Greenspace Project.
12 Intersection Improvements: Turn Lanes at US 56 & 199th St	\$ 200,000	Design	0%	0%	Oct-18	Jun-20	Project is KDOT led. Work has begun. City's only role to reimburse ROW acquisition and utility relocation.
13 Comprehensive Plan Update	\$ 150,000	Concept	0%	0%	Nov-20	Nov-22	Work on this item will begin after the completion of the UDC updates.
14 Pavement Condition Survey & Analysis	\$ 16,500	Concept	15%	15%	Apr-20	Oct-20	Complete.
15 City Kennel - repair/replacement	\$ 5,000	Construction	20%	20%	Sep-19	Jun-20	Complete.
16 ERP Software Exploration	\$ 75,000	Design	10%	10%	May-19	Oct-20	Council approved contract on 7/25/2019. RFP issued in February 2020. Responses received from three firms on April 8, 2020. Demos scheduled for June 2020.
17 Stormwater Master Plan	\$ 160,000	Concept	10%	10%	Jan-20	Mar-21	RFP issued and consultant on board to begin work and inspections during spring rain season.
18 Glendell Acres Park Renovation	\$ 740,867	Concept	10%	10%	Nov-19	Dec-20	RFP for design in process, issue date in 2020. Construction start to be determined.
19 Wastewater Master Plan	\$ 275,000	Concept	0%	0%	Jan-20	Jun-21	RFP for design and consultant on board to include inspections during spring rain season for I&I study portion in addition to all other scope areas
20 2021 CDBG Project	\$ 468,000	Concept	0%	0%	Dec-19	Sep-21	Recommended specific section of existing sanitary sewer main to be replaced based on documented problems on the line. CDBG grant application to be presented at the May 28, 2020 Council meeting.
21 Library Downspouts	\$ 12,420	Concept	0%	0%	Nov-20	Jun-21	Consensus to fund at 10/10/2019 CIP Work Session.
22 ERP Software Acquisition	\$ 150,000	Concept	0%	0%	Jan-20	Dec-22	Consensus to fund at 10/10/2019 CIP Work Session. Represents partial funding as the project is still in the exploration stage.
23 Nelson: E. 3rd St. - W. 8th St. (CARS)	\$ 202,300	Concept	0%	0%	Sep-20	Dec-21	Consensus to fund at 10/10/2019 CIP Work Session.
24 Streetlight Inventory	\$ 16,500	Concept	0%	0%	Mar-21	Dec-21	Consensus to fund at 10/10/2019 CIP Work Session.
25 Streetlight Study	\$ 50,000	Concept	0%	0%	Mar-21	Dec-21	Consensus to fund at 10/10/2019 CIP Work Session.
26 1st & Merriwood - Stormwater Repairs	\$ 72,550	Concept	0%	0%	Jan-20	Dec-20	Initiating design.

2020-2024 CIP FUNDED PROJECTS

LPKC Phase 1

Project Name	Updated CIP Budget	Project Phase	Status Update			
None.						

LPKC Phase 2

Project Name	Updated CIP Budget	Project Phase	Status Update			
27 Big Bull Creek Lift Station (BBCLS)	\$ 1,320,116	Construction		Dec-18		Substantially complete.
28 South I-35 Gravity Sewer Phase 1	\$ 332,038	Construction		Dec-18		Substantially complete.
29 South I-35 Gravity Sewer Phase 2	\$ 1,401,897	Construction		Aug-19		Complete.
30 207th East of Waverly Rd	\$ 2,211,183	Construction		Jul-19		Revising plans due to land acquisition.