

## **NOTICE OF PUBLIC MEETING**

### **Work Session re: 2021 Budget Development**

**July 6, 2020 @ 5:00 p.m.**

Work Session including the City Council and City staff will convene on Monday, July 6, 2020, at 5:00 p.m. In an effort to follow social distancing guidelines during the COVID-19 pandemic, the Work Session will be conducted remotely. The Work Session will focus on prioritization of the items considered for inclusion in the 2021 budget.

This Work Session is not for public comment. However, during the regular 7 p.m. City Council meeting, comments received by the City Clerk or emailed to [info@tonganoxie.org](mailto:info@tonganoxie.org) by 1:00 PM on the day of the meeting will be reviewed and possibly shared with the Governing Body.

# 2021 BUDGET DEVELOPMENT PRESENTATION

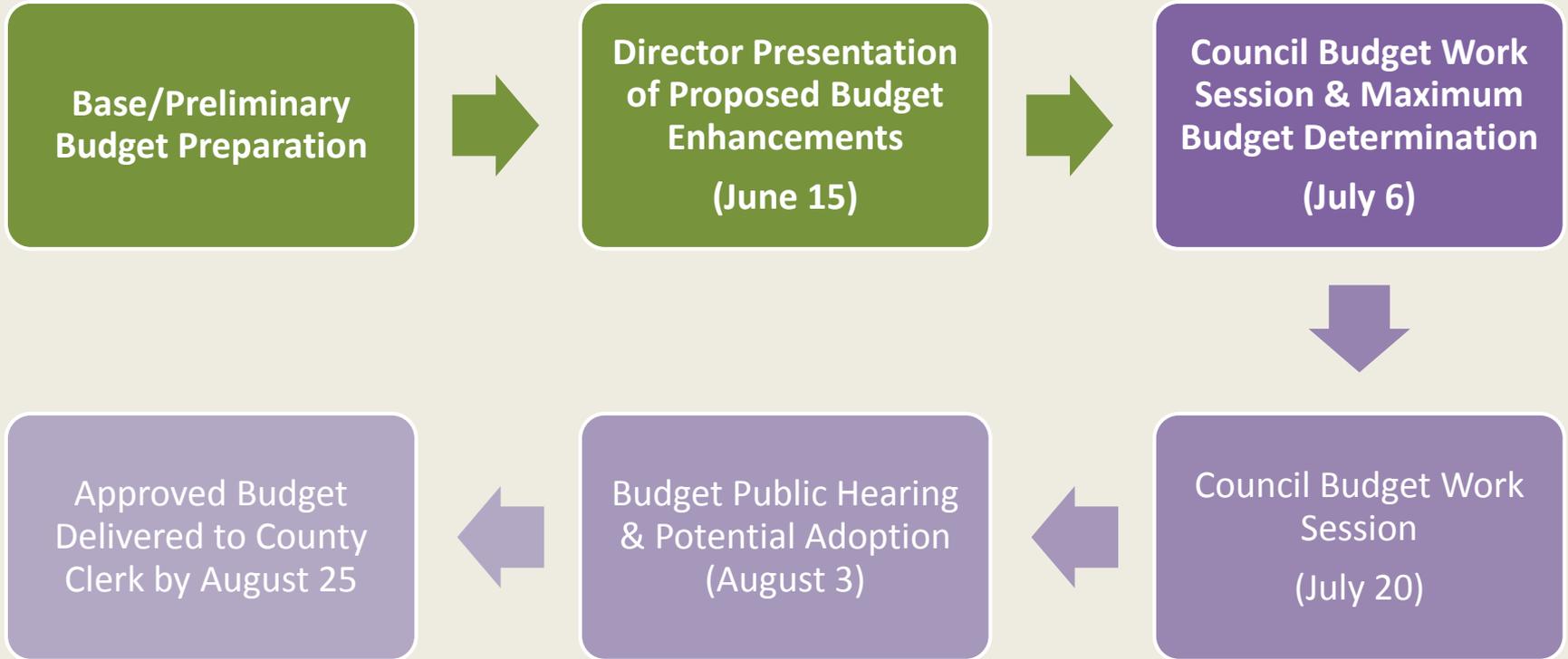
JULY 6, 2020



# AGENDA

- Review of 2021 Budget Priorities & Previous Discussions
- Projected Unallocated Funding Availability by Fund
  - General Fund
  - Utility Funds
  - Public Safety Equipment Funds
  - Capital Project Fund
  - Infrastructure Sales Tax Fund
  - Utility Funds
- Review & Discussion of budget enhancement requests by fund
- Determination of Maximum Budget Authority by fund & Next Steps

# BUDGET CALENDAR UPDATE



# CRITICAL 2021 BUDGET POLICY ITEMS

## RECAP OF RECENT FEEDBACK

### ■ 2021 Priorities

- Focus on addressing infrastructure maintenance needs with available restricted sales tax revenues
  - Continue street maintenance program in 2021
  - Police Station roof & siding repairs
  - Church Street Bridge Replacement Project
- Invest in infrastructure promoting return on investment and growth
  - Interceptor Sewer – LV County grant funds & potential debt financing
- Continue to support high performing City employees
  - Consider the ability to offer a 5% merit pool dependent on funding availability

# WHAT ARE WE HERE FOR TONIGHT

- Review of cost estimates for all requests
- Examination of affordability by funding source
  
- *Collect City Council feedback of request prioritization*
- *Determine and set maximum expenditure levels by fund for official publication*

# KEY ASSUMPTIONS

## 2021 DRAFT BUDGET

### REVENUES

- 8% Assessed Valuation increase overall, including new growth
  - 8% increase in Motor Vehicle and Personal Property Tax
- 1% City Sales Tax growth and 3% decrease in Share of County Sales Tax
- Flat (0%) change in Franchise Fees
- 9% decrease in Court Fines
  
- 12.8% decrease in Fuel Excise Tax proceeds
  
- No utility rate changes in 2021

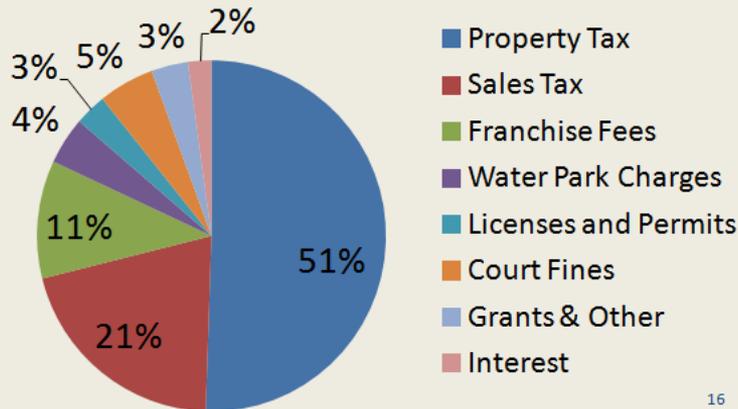
### EXPENDITURES

- Continuation of current service levels
- Debt Service planning for current issuances
- 8% increase for employee benefits premiums
- \$10,000 allocated to support of Community Events

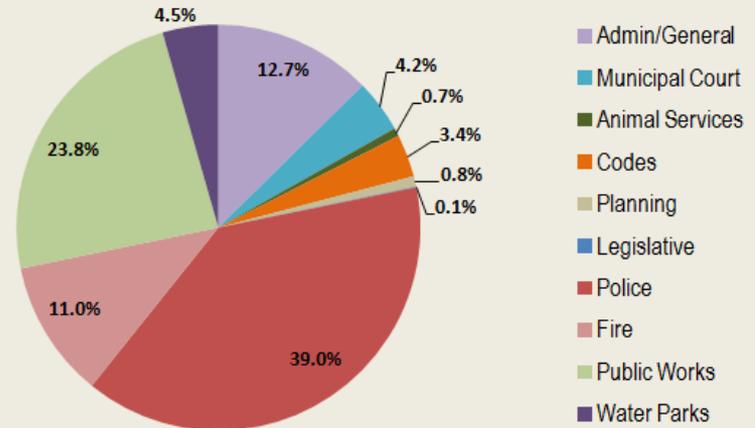
# FUNDING AVAILABILITY PROJECTIONS

Fund	Est Starting Fund Balance	2021 Revenue	2021 Expenditures
General Fund	\$700,000	\$3,100,346	\$3,131,486

## Funding Sources Description



## Expenditure by Service Description



# REVENUE ASSUMPTIONS PROPERTY TAX

Tax Levy Fund	2021 Est. Revenue	2020 Estimated Revenue
General	1,355,492	1,250,918
Employee Benefit	-	-
Debt Service	477,824	440,961
Library	291,494	269,006
Library Emp Ben	93,556	86,338
<b>Total</b>	<b>\$2,218,367</b>	<b>\$2,047,225</b>

No adjustments are necessary to remain under the property tax lid in 2021. The City was within \$24,000 of reaching the property tax lid in 2021.

# FUNDING REQUESTS CONSIDERED

## General Fund

- Current assumptions include 5% merit, LCDC Funding, and Tonganoxie Arts Council Support
- Other requests being added will result in lower fund balance at end of 2021

Request	Amount	Impact
2021 Employee Merit Pool	5% - \$104,200, 3% - \$62,574, 1% - \$20,858	Ongoing
Contribution – LCDC	\$8,829	Annual Fee
Support – Tonganoxie Arts Council	\$5,000	One time
Support – Tonganoxie Historical Society	\$4,500 for directional signage \$4,500 for part time employee	One time
Municipal Court Software Update	\$40,000 set up and \$5,000 ongoing license	One time & limited Ongoing
City Website Redesign	\$5,000 - \$40,000 dependent on scope	One time
City Compensation Analysis	\$5,000 - \$15,000 dependent on scope	One time

# MERIT SCENARIOS

Department	5% Merit Cost	3% Merit Cost	1% Merit Cost
Administration	16,583	9,950	3,317
Municipal Court	2,392	1,435	478
Codes/Building Insp	3,199	1,920	640
Fire	20,204	12,122	4,041
Police	36,350	21,810	7,270
Public Works	22,985	13,791	4,597
Water Park	2,576	1,546	515
<b>TOTAL</b>	<b>104,289</b>	<b>62,574</b>	<b>20,858</b>

# FUNDING AVAILABILITY PROJECTIONS

Utility Funds	Est Starting Fund Balance	2021 Revenue	2021 Expenditures
Sewer Capital Fund	\$320,000	\$60,000	\$70,000
Water Capital Fund	\$240,000	\$46,000	\$85,000
Capital Projects Fund	\$200,000	\$453,000	\$205,000

## Funding Sources Description

- Sewer Capital Fund – Sewer System Development Fees (“connection fees”)
- Water Capital Fund – Water System Development Fees (“connection fees”)
- Capital Projects Fund – Share of County Sales Tax

# FUNDING REQUESTS CONSIDERED

## Utility Funds

- Current assumptions are that all four proposed equipment replacements are possible in 2021
- Budgeted reserves in the Sewer Capital Fund, Water Capital Fund, and Capital Projects Fund allows for purchase of all three

Request	Amount	Impact
Volvo Mini Excavator	\$55,000	One time
2011 F-250 Utility Truck w/ plow	\$45,000	One time
2011 F-250 Utility Truck w/ plow	\$45,000	One time
Replace VFD High Service Water Pumps	\$15,000	One time

# FUNDING REQUESTS CONSIDERED

## Police Capital Fund

- Current assumptions include Firing Range improvements with 100% grant funds
- Police Station Roof is included in Capital Projects Fund Budget
- No impact to fund balance or other budget impact

Request	Amount	Impact
Firing Range Improvement – Via Grant Funds	\$5,000 in grant funds from US Marshals	One time

# FUNDING REQUESTS CONSIDERED

## Fire Capital Fund

- Current assumptions include FEMA AFG Match and cost of lease payments on pumper truck
- Approximately \$160,000 in fund balance available
- Annual revenue exceeds obligations by approximately \$50,000

Request	Amount	Impact
Grant Match for FEMA AFG Grant for Air-Packs	\$8,400 match for potential \$238,000 in aid	One time
Leighty Grant Submittal	\$0	None

# ANTICIPATED SALES TAX REVENUE CAPACITY

## Infrastructure Sales Tax Proceeds

**\$422,565 total proj. revenue**

\$262,900 for Library Debt Service

~\$105,000 towards 2021 Street Maintenance

***~\$50,000 revenue remaining***

### **Options for Infrastructure Sales Tax Proceeds**

- Construction of a new library
- Paying for maintenance on new & existing infrastructure
- Paying debt payments on debt issued for infrastructure projects
- Paying for new capital improvements

## Share of County Sales Tax Proceeds

**\$453,000 total proj. revenue**

\$81,000 for 2021 Debt Service

\$25,000 for Police Station Roof and Siding  
Building back Capital Projects fund reserve

***~\$250,000 revenue remaining***

### **Options for Share of County Sales & Use Tax Proceeds**

- Street Repairs
- Bridge Repairs/Replacements
- Facility Improvements
- Equipment Purchases

# FUNDING AVAILABILITY PROJECTIONS

Capital Funds	Est Starting Fund Balance	2021 Revenue	2021 Expenditures
Infrastructure Sales Tax	\$300,000	\$422,565	\$368,900
Capital Projects Fund	\$200,000	\$453,000	\$205,000

## Funding Sources Description

- Infrastructure Sales Tax –  $\frac{3}{4}$  cent City sales tax proceeds
- Capital Projects Fund – Share of County Sales Tax

# CAPITAL FUNDING ITEMS

Currently Funded Projects	Amount	Impact
Street Maintenance Program – 2021	\$105,000 of \$280,000 total street maint expenditures will be from ¾ cent sales tax	One time
Police Station Roof & Siding	\$25,000	One time
Crosswalk Marking with Thermal Plastic	\$15,000	One time

- Infrastructure Sales Tax Proceeds

- ~\$50,000 available in 2021

- Share of the County Sales Tax Proceeds

- ~\$250,000 available in 2021

Project Option	Amount	Impact
Church Street Bridge	\$425,000	One time

# LIBRARY FUND

Library Fund	2021 Revenue	2021 Expenditures
Property Tax	\$385,052	\$385,052
Motor Vehicle Taxes	\$46,825	\$46,825
Reimbursements for property insurance and health benefit premiums	\$81,092	\$81,092

## Funding Sources Description

- Library Fund – Tax levy proceeds & reimbursement for insurance and health benefit premiums
- Budget materials and staff availability planned for regular 7 PM meeting.

# EXPENDITURES BY FUND FOR PUBLICATION RECAP

Funds	2021 Maximum Expenditures	2021 Estimated Maximum Mill Levy
General Fund	\$3,131,486	27.673 (\$1,355,493 prop tax)
Debt Service Fund	\$818,467	9.755 (\$477,825 prop tax)
Library Fund	\$512,969	5.950 + 1.910 (\$385,052 prop tax)

# EXPENDITURES BY FUND FOR PUBLICATION

<b>Funds</b>	<b>2021 Maximum Expenditures</b>
Special Highway	\$280,000
Special Parks	\$7,914
Transient Guest	\$1,500
Water Operations Fund	\$1,321,612
Sewer Operations Fund	\$914,343
Sanitation	\$405,482
Stormwater	\$83,783
Capital Projects	\$453,500
<b>Total All Budgeted Funds</b>	<b>\$\$8,299,456</b>

# NEXT STEPS

- ↓ **May 18 - Capital Maintenance & Improvement Plan Workshop**
- ↓ **June 1 - Staff Presentation of City Manager's Base Budget**
- ↓ **June 15 - Proposed Budget Enhancements Presentation  
Public Input Opportunity at City Council meeting**
- ↓ **July 6 - City Council Budget Workshop @5:00 PM  
Regular meeting – motion to publish maximum  
expend by fund as presented or with changes**
- **July 20 - City Council Budget Workshop @5:00 PM**
- **July 22 - Publication of Notice of Budget Public Hearing**
- **Aug 3 - Budget Public Hearing**
- **Aug 3 - Target for 2020 Budget Adoption**



Office of the City Manager  
**AGENDA STATEMENT**

**DATE:** July 6, 2020  
**To:** Honorable Mayor David Frese and Members of the City Council  
**FROM:** Dan Porter, Assistant City Manager  
**SUBJECT:** Budget Public Hearing & Publishing the Maximum Expenditure Level for the 2021 Budget

**DISCUSSION:**

In order to formally adopt the 2021 budget, the City Council must first publish and hold a public hearing to allow comments on the proposed budget. Once the public hearing is concluded the City Council can continue with discussion on proposed budget initiatives and will have the option to reduce budgeted expenditures in any fund before concluding the annual budget approval process by making a motion to adopt the 2021 budget and set the property tax levy.

The development of the 2021 budget has included numerous opportunities for policy direction from the Governing Body and input from residents of Tonganoxie. Dedicated public hearing opportunities were scheduled on June 15 and July 6 and staff also presented the results of an online survey tool offered to utility customers. Following the Spring Retreat, the Governing Body convened for a Capital Maintenance & Improvement Projects work session, heard the City Manager's Proposed Budget at the June 1 regular meeting, and scheduled four additional budget work sessions.

The City is required by state statute to publish notice of the budget public hearing, which is scheduled on August 3, 2020 as part of the City Council's regular meeting, at least 10 days prior to the public hearing. Due to the City Council's meeting schedule and local newspaper publication schedules the direction to proceed with publication of the notice of budget public hearing should occur before the July 20, 2020 City Council meeting.

The maximum expenditure budget authority in 2021 under the proposed publication notice totals \$8,299,456. The total planned expenditures for all funds (including non-budgeted) in 2021 is \$8,547,456, which is an decrease of 8% from 2020. The total property tax levy is \$2,218,367, which is an increase of 8% over the total tax levy in 2020. The increase in property tax revenue represents the entirety of collections from all newly annexed properties within the City limits, the difference in collections from properties changed in use, and the effect of increased overall assessed valuation of existing properties. The total property tax revenue also includes \$385,052 collected by the City and remitted directly to the Tonganoxie Public Library.

**ACTION NEEDED:**

1. Direct staff to publish a notice of public hearing including the maximum level of expenditures by fund for the City's 2021 budget according to the attachment or with requested changes from the City Council

**ATTACHMENTS:**

Excerpts from July 6, 2020 Budget Workshop Presentation

**cc:** George Brajkovic, City Manager  
Kent Heskett, Public Works Director  
John Zimbelman, Fire Chief  
Greg Lawson, Police Chief  
Darren Shupe, Water Park Manager