General Fund
The proposed 2006 budget includes a 3% general wage adjustment for all full-time regular employees as well as the continuation of a new plan system adopted in 2005. The new system is in response to recommendations made in a 2003 Compensation Study. Additionally, several new positions were added to the General Fund, some in response to increased service levels, some to staff the new fire station, and others to account for the expiration of police grants. The employee health care plan and property insurance continued to be significant issues for the General Fund in planning for 2006. Employee contributions for family contracts increased $1 per employee per pay period. The City’s share of employee health benefits will rise in 2006, from $6,980/employee to $7,132/employee. In 2006, single health insurance coverage for part time employees(9) and extra board firefighters (12) was added. The impact to the General Fund is an increase in 2005 from $3,155,766 for employee and retiree coverage to $3,441,505, a $285,739 increase. Additional increases in property insurance are included in the 2006 budget due to insurance market changes since 9/11/01.

Library
Non-tax fund revenues are anticipated to be relatively flat for the Library Fund, including interest income, state aid, and ongoing grant commitments. The Commission provided direction to approve the budget as requested by the Library Director for 2006, utilizing the increased assessed property valuations and keeping the mill levy the same as for the 2005 budget.

Public Transportation
There is a decrease in the mill levy for 2006 for this fund. An increase in the mill levy was necessary in 2004, but not for 2005 or 2006, due to relatively stable fare revenue (includes bus pass sales to KU students).

Recreation
This fund benefits from the increased assessed valuation and the recommended budget results in a decrease in the mill levy. Other revenue sources (costs for services and program, sales tax support) are anticipated to remain relatively flat for 2005. A recommended increase in pool fees (increase to child admission rate from $1.25 to $1.75 per child visit) will provide additional revenue for the aquatics programs.

Bond and Interest
Multi-year capital improvement plans have been submitted to the City Commission for the Water and Wastewater, Storm water, Sales Tax Program, and non-enterprise capital projects. These plans are important tools for fiscal planning along with the debt policy approved in 2002 by the Commission. Maintenance of existing facilities is as important as expansion, and these plans reflect a number of projects related to restoring or replacing present facilities. The Bond and Interest mill levy remains stable, taking into consideration the increase in assessed property valuation, but is expected to rise in the next few years due to several City-at-large projects approved recently. A new system of reviewing project requests was implemented in 2006 allowing for a more balanced review of evaluation criteria.

SPECIAL REVENUE FUNDS

Guest Tax
According to information provided by the Lawrence Convention and Visitors Bureau in their 2006 Budget Request proposal, continued growth in sleeping rooms as well as meeting facilities in competing markets will have an effect on the Lawrence market. The guest tax rate was increased from 4% to 5% in 2004. 2006 will be the second full budget year of funds collected at the higher rate and will likely have a positive impact on the revenue available for this fund.

Special Alcohol
Historically, this fund has seen annual increases in the total receipts collected by the state via the liquor tax. The 2006 budget conservatively estimates a revenue level that is slightly less than actual 2004 revenue. It was clear during the deliberations by the Advisory Board that agencies request funds were feeling the pinch from revenue shortfalls from other sources, particularly at the state level. The economic slowdown nationwide was also discussed as a trend affecting the philanthropic habits of the community.
Special Gas
Revenue continues to increase modestly for this fund although the tax rate per gallon ($0.25/gallon) has not increased since 2003. Projections for 2006 are conservative due to the continued fluctuation in fuel costs and the potential effect on sales statewide.

Special Recreation
This fund continues to see annual increases in the total receipts collected by the state via the liquor tax. On the expenditure side, this fund provides contractual services to cover the City’s share of the operation of the Lawrence Arts Center, the Lawrence Arts Commission, concert performances of the Lawrence City Band, and the Pedal Plan. In 2006, conservative revenue projections and other contractual service demands for parks facilities resulted in only slight increases for the Arts Center.

CITY OF LAWRENCE, KANSAS
FUND OVERVIEW

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ENTERPRISE FUNDS

Water and Wastewater Fund
Following recommendations in the 2004 Black & Veatch rate study, staff is recommending revenue increases of 4% for water and 9% for wastewater for 2006. This proposed increase will continue to provide revenue for the operating and capital costs of the Utilities Department and address the various bond and State Revolving Loan payment commitments. As a note, in 2003, Black and Veatch completed Water and Wastewater Master Plans through 2025. The aforementioned rate study determined future revenue requirements for the adjusted capital improvement plan for these two utilities.

Solid Waste
A 2% increase in both residential and commercial solid waste fees is recommended for 2006. This increase in rates will provide revenue for operating the residential, commercial, and recycling divisions of this fund.

Public Parking
The Downtown 2000 parking garage has been a popular addition to the downtown area, serving the new Lawrence Arts Center and the central downtown area. The completion of the planned retail and residential projects associated with this Tax Increment Financing (TIF) project will undoubtedly result in increased use of the downtown parking system and result in appropriate revenue strength for this fund. Following City Commission direction, an increase in overtime parking fines was implemented in 2004 to increase revenue.

Storm Water
Following the master plan for this utility, and a previously approved rate plan, the rate charged for storm water fees will not increase and remain at $4.00 per equivalent residential unit (ERU). The initial rate of $2.00 per ERU was established in April, 1997. In the fall of 2000, a rate study was completed, and the City Commission adopted an ordinance establishing subsequent rate increases of $1.00 per ERU in 2002 and $1.00 per ERU in 2003. With these rate increases, two (2) priority storm water projects began the construction process in 2004 and were completed in 2005. Maintenance of the storm water system is a priority, including meeting the NPDES permit requirements.

Public Golf
Using the pro forma developed in establishing the Eagle Bend Golf Course as a guide, a greens fee increase for 2006 anticipates approximately the same number of rounds being completed in 2006 as 2005 (38,000). The fees represent a $1.00 increase in greens fees in 2006.