

Memorandum

City of Lawrence

Finance Department

TO: Craig Owens, City Manager
FROM: Danielle Buschkoetter, Budget & Strategic Initiatives Administrator
CC: Casey Toomay, Assistant City Manager
Jeremy Willmoth, Finance Director
DATE: July 25, 2019
RE: City Commission Budget Follow-Up Items

Background

The following memorandum aims to answer questions that have been posed at various points in the budget process that have yet to be followed-up on formally.

Question 1: At the May 14 meeting on the Proposed Capital Improvement Plan, Commissioner Soden asked what the life cycle of a refuse truck was and what percent of the stock is anticipated to be replaced over the next 5 years.

There are a number of different vehicle types in the refuse truck inventory that can have different expected life cycles. Over the past several years, there has been a focus to move to automation, but the initial automated vehicles purchased have not performed as initially expected. Over the last 3 to 4 years more reliable vehicles have been purchased and better data is now being collected in terms of how they are functioning in the field and what their expected life cycle will be, but on average, they are expected to last 10 years.

Staff will have a more robust rate model for future years and will be able to build in capital needs to that rate model. However, as a general rule of thumb, with the existing fleet purchase price of approximately \$10 million for solid waste and an average life cycle of 10 years, there should be approximately \$1 million budgeted annual for replacement. Due to some underperforming vehicles, the solid waste fleet has fallen behind and is currently being brought back into better alignment.

Question 2: During the Work Group meetings, Mayor Larsen and Commissioner Boley asked staff what the operational cost would be for the City if Fire Station No. 6 was constructed.

While this question was not posed in a public meeting, staff believe that it is an important question that should be answered publicly. It is anticipated that the addition of Fire Station No. 6 would require 21 FTEs to fully staff the facility. This is anticipated to cost approximately \$2.5 million annually in operating expenditures.

Question 3: At the July 9 meeting, the Commission requested staff confirm that the Work Group's proposed appropriations from the Transient Gest Tax (TGT) Fund were appropriate uses of the TGT Fund.

The City adopted Charter Ordinance No. 30 in 1994. It sets forth how TGT funds can be used. Charter Ordinance No. 30 states in part, "*Moneys in either fund shall be expended for such purposes as the City Commission determines promotes, enhances, maintains, or improves the tourism, visitor, or convention business of the city.*"

In staff's opinion, provided the Commission makes the determination that the two recommendations promote, enhance, maintain, or improve tourism, visitor, or convention business of the city, then the Work Group's recommendations for the use of TGT Funds are appropriate uses of TGT funds under Charter Ordinance No. 30.

Question 4: At the July 9 meeting, the City Commission discussed whether Parks & Recreation staff relied upon eXplore Lawrence staff to open and close the Carnegie facility as well as staff the facility when events occur during their normal operating hours.

eXplore Lawrence does open and close the Carnegie facility during their regular operating hours (approximately 9:00 am to 4:00 pm, Monday through Friday). If there are scheduled events at Carnegie, before or after these normal operating hours, Parks & Recreation staff will open and/or close the facility to accommodate those reservations.

It should be noted that if there were no tenants at the Carnegie building, it would likely only be open for reservations. Currently, there are two tenants at the facility and therefore it is able to be open to the public during their regular operating hours.

Additionally, some savings are realized by having tenants with regular operating hours. All reservations have a staff member present throughout the duration of the event. If the event is during regular operating hours of the two tenants, the staff at eXplore Lawrence and/or Freedoms Frontier serve in this capacity in lieu of Parks & Recreation staff.

Question 5: At the July 9 meeting, Mayor Larsen asked Sarah Plinsky, Interim County Administrator, how jail rates were calculated if a municipal inmate was at the jail for a few hours instead of a full day?

Initially, it was indicated that rates were prorated for those at the jail for a few hours, but that additional follow-up would be needed to verify that information. After additional follow-up, Ms. Plinsky indicated that historically municipal inmates have been tracked by the day, even if an inmate is only at the jail a few hours. She noted there are several upfront costs related to booking, assessment, classification, and processing bonds in addition to the difficulty of tracking inmates by the hour.

Question 6: At the July 9 meeting, Commissioner Ananda asked about the City's ability to round up utility bills for an expanded income-based assistance program.

The City is currently in the process of transitioning to a new utility billing system that will have the capability to provide that functionality. However, there are a number of other factors that staff need to research further in order to determine if that type of program

would be feasible. After further research and analysis on the impact an expanded program would have on rates, staff will bring back a recommendation for the Commission to consider.

Question 7: The City Commission directed staff to draft a letter requesting the Arts Center include a figure quantifying the fair market value for the city-owned facility they currently occupy and include that figure in their annual financial audit, in accordance with Generally Accepted Accounting Principles (GAAP).

Staff from the Arts Center reached out to City staff and indicated they will be including that figure in their upcoming audit in accordance with Generally Accepted Accounting Principles. Additionally, staff have drafted a letter for the Mayor to sign, if approved by the City Commission, that would also be sent to the Lawrence Arts Center requesting that information be included in their upcoming financial audit.