



Agenda Item Report

City Commission - Sep 21 2021

Department	Staff Contact
Finance	Danielle Buschkoetter, Budget and Strategic Initiatives Manager

Recommendations

Consider approving the third-quarter budget adjustment for 2021.

Executive Summary

The adopted FY2021 budget was identified as a placeholder budget and the need for budget adjustments was anticipated due to uncertainty caused by the pandemic and to allow for the adoption of our strategic plan. As such, the size and scope of the adjustments to the budget in 2021 are more significant than we anticipate in future years.

The intent of the quarterly budget adjustment process is to keep the public and City Commission informed on changes to the budget made throughout the year to address unforeseen expenditures, carry forward fund balances, and to remain flexible for new projects and opportunities throughout the year.

As part of this quarterly process, a formal budget amendment may be brought forward to increase a fund's expenditure authority if necessary. For this to occur, a public hearing must be held and notice of the public hearing must be given at least 10 days prior to the hearing. This is anticipated to occur towards the end of the year if needed. Throughout the year, staff will look for places to reduce expenditures to offset the impact of these items whenever possible.

Many of these items have been before the City Commission previously for consideration and this is capturing those items to formally adjust the budget to account for those decisions. A summary of adjustments is presented below by fund.

Summary of Quarter 3 Adjustments

General Fund (001)

On [June 8, 2021](#), the City Commission authorized a design-build contract for the Burroughs Creek Splash Park project (PR-21-2329) and decided to utilize Infrastructure Sales Tax funds from the canceled 27th Street Extension project (PR-21-2407) to fund Parks and Recreation Parking Lots (PR-21-3001).

The General Fund transferred the \$200,000 allocated to P&R Parking Lots (PR-21-3001) to the Capital Projects Fund for the Splash Park project (PR-21-2329). Additionally, the \$250,000 from the Infrastructure Sales Tax Fund allocated to the 27th Street Extension was

transferred to the General Fund for the P&R Parking Lot. This was a net increase of \$50,000 to the General Fund.

Airport Fund (201)

On [June 15, 2021](#) the City Commission authorized the City Manager to execute two grant agreements with the Kansas Department of Transportation (KDOT) for T-Hanger taxi lane rehabilitation projects which utilize CARES Act funding. This is considered one-time funding and will have a net increase of \$21,000 (anticipated revenue of \$92,000 and anticipated expenditures of \$113,000).

Infrastructure Sales Tax Fund (201)

There was \$250,000 in the Infrastructure Sales Tax Fund allocated to the 27th Street Extension (PR-21-2407) that is no longer going to proceed. These funds were reallocated to the Parks & Recreation Parking Lot project (PR-21-3001). This was a net neutral change to the Infrastructure Sales Tax Fund.

Capital Projects Fund (400)

On [June 8, 2021](#), the City Commission authorized a design-build contract for the Burroughs Creek Splash Park project (PR-21-2329) and decided to utilize Infrastructure Sales Tax funds from the canceled 27th Street Extension project (PR-21-2407) to fund Parks and Recreation Parking Lots (PR-21-3001). The General Fund transferred the \$200,000 allocated to P&R Parking Lots (PR-21-3001) to the Capital Projects Fund for the Splash Park project (PR-21-2329). This was a net impact of \$200,000.

On [September 14, 2021](#), the City Commission received the financing plan for the Enterprise Resource Planning System. The subsequent actions related to that recommendation are anticipated to be brought forward to the City Commission on September 21 or October 5. This included revising the FY21 budget by \$4,717,000 to pay for data migration, the one-time implementation costs, and first-year subscription fees. Temporary notes in the amount of \$3,917,000 will be issued and paid back over the course of 7 years. The remaining \$800,000 will be paid for with available cash already reserved for this project to mitigate the amount of temporary notes that have to be issued. The ongoing subscription fees and repayment costs were included in the FY22 budget and will be included in future budgets.

Water and Wastewater Fund (501)

In FY21, the billing operations for all the utilities (Water/Wastewater, Solid Waste, and Stormwater) was centralized under the Utility Billing division. While the staff were centralized, they continued to be paid for out of their appropriate fund. One of the Solid Waste positions has remained vacant for the majority of the year and there is a need for some temporary help for the remainder of the year while cross-training continues. To appropriately align the costs with the correct fund, a transfer from the Solid Waste Fund into the Water and Wastewater fund is needed. The net impact is an increase of \$25,000.

Solid Waste Fund (502)

A transfer from the Solid Waste Fund to the Water and Wastewater Fund has been added to the Solid Waste budget to account for temporary help needed for the remainder of the year. This is a net neutral impact to the Solid Waste Fund as these expenditures were initially

captured in salaries and will use savings from the existing vacancy to cover the anticipated costs.

Miscellaneous State Grant Fund (610)

The City was awarded \$1,075,000 in Federal Fund Exchange proceeds for FY21. Initially, these proceeds were going to help support 23rd Street from Haskell Bridge to East City Limits (MS-20-0005). However, that project is not anticipated to get underway until FY2022. As such, below is the revised recommendation for those proceeds:

- \$400,000 for 19th Street Reconstruction from Harper to O'Connell Drive (PW17E3CIP)
- \$220,000 for Santa Fe Depot Parking Lot Repair (PW19E3CIP)
- \$280,000 for Lawrence Loop from Peterson to Michigan (PR-21-2130)

Each of these projects is anticipated to be over the original budget estimate and is an eligible use of these proceeds. The remaining \$175,000 balance will be used to cover other project overages. The net impact is \$175,000 (the City anticipated \$900,000 in Federal Fund Exchange proceeds for FY21).

On [September 7, 2021](#), the City Commission authorized the City Manager to sign a KDOT Grant Agreement for a Mobility Planner. This position was included in the FY22 budget, but not in the FY21 budget. The net impact is \$29,000.

Administrative Services Fund (523)

Increase of \$11,000 for part-time salaries in the City Manager's Office. This is to continue an internship program for the remainder of the year. The costs associated with the increase will be spread across all operating funds.

Alignment to Strategic Plan

Commitments in support of the outcome areas

Fiscal Impact

While many of these specific items were not included in the FY2021 budget when it was adopted, the need for adjustments to the budget was anticipated.

The net impact to the City is summarized by fund:

- General Fund: Net increase of \$50,000
- Airport Fund: Net increase of \$113,000
- Infrastructure Sales Tax Fund: No net impact
- Capital Projects Fund: Net increase of \$4,917,000
- Water & Wastewater Fund: Net increase of \$25,000
- Solid Waste Fund: No net increase
- Miscellaneous State Grant Fund: Net increase of \$610,000
- Administrative Services Fund: Net increase of \$11,000

These costs will be offset by unanticipated revenues, use prior year fund balance, and/or savings found throughout the year.

Action Requested

Approve the third quarter budget adjustment as presented.

Previous Agenda Reports:

[January 5, 2021](#): First quarter budget adjustment

[April 20, 2021](#): Second quarter budget adjustment
