

# BUDGET ITEMS

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August 7, 2018

# Items Related to the 2019 Budget

- 2018 Amended Budget
- Sales Tax Ordinances
  - Transit sales tax
  - Infrastructure sales tax
  - Affordable housing sales tax
  - Continuation of Sales Tax Audit Committee
- Utility Rate Ordinances
  - Water & Wastewater
  - Stormwater
- 2019 Budget

# Process

- May 8: Capital Improvement Plan Presentation
- June 12: City Manager's Recommended Budget
- July 10: Budget Update
- July 17: Set Maximum Expenditure Levels and Authorize Publication
- August 7: Public Hearing and Ordinance Adoption on First Reading
  - 2018 Revised Budget
  - Sales Tax Items
  - Utility Rates (Water & Wastewater and Stormwater)
  - 2019 Proposed Budget
- August 14: Ordinances on Second Reading

# 2018 AMENDED BUDGET

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Item 1

# 2018 Revised Budget

- Revised Funds
  - General Fund
  - Library
  - Capital Improvement Reserve Fund
  - ED Funds
    - 9NH South
    - 9 NH North
    - 720 LLC NRA
  - City Parks Memorial
  - Housing Trust

# 2018 Revised Budget Action Items

- Conduct Public Hearing
- Adopt on first reading, Ordinance No. 9553, increasing the 2018 expenditure authority

# SALES TAX

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Item 2

# Sales Tax Items

- July 11, 2017: City Commission Authorized submitting three special sales tax questions to the voters
  - City Public Transit System (0.2%)
  - Infrastructure/Fire Apparatus (0.3%)
  - Affordable Housing Initiatives (0.05%)
- Nov. 7, 2017: Voters voted in favor of each proposed special sales tax
- Governing body may authorize the levying of these special purpose sales taxes
  - Will become effective April of 2019 and sunset after 10 years
- Retain Sales Tax Audit Committee

# Sales Tax Action Items

- Adopt on first reading, Ordinance No. 9549, levying transit sales tax (0.2%)
- Adopt on first reading, Ordinance No. 9550, levying infrastructure sales tax (0.3%)
- Adopt on first reading, Ordinance No. 9551, levying affordable housing sales tax (0.05%)
- Adopt on first reading, Ordinance No. 9552, retaining the Sales Tax Audit Committee

# UTILITY RATES

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Item 3

# Utility Rate Increases

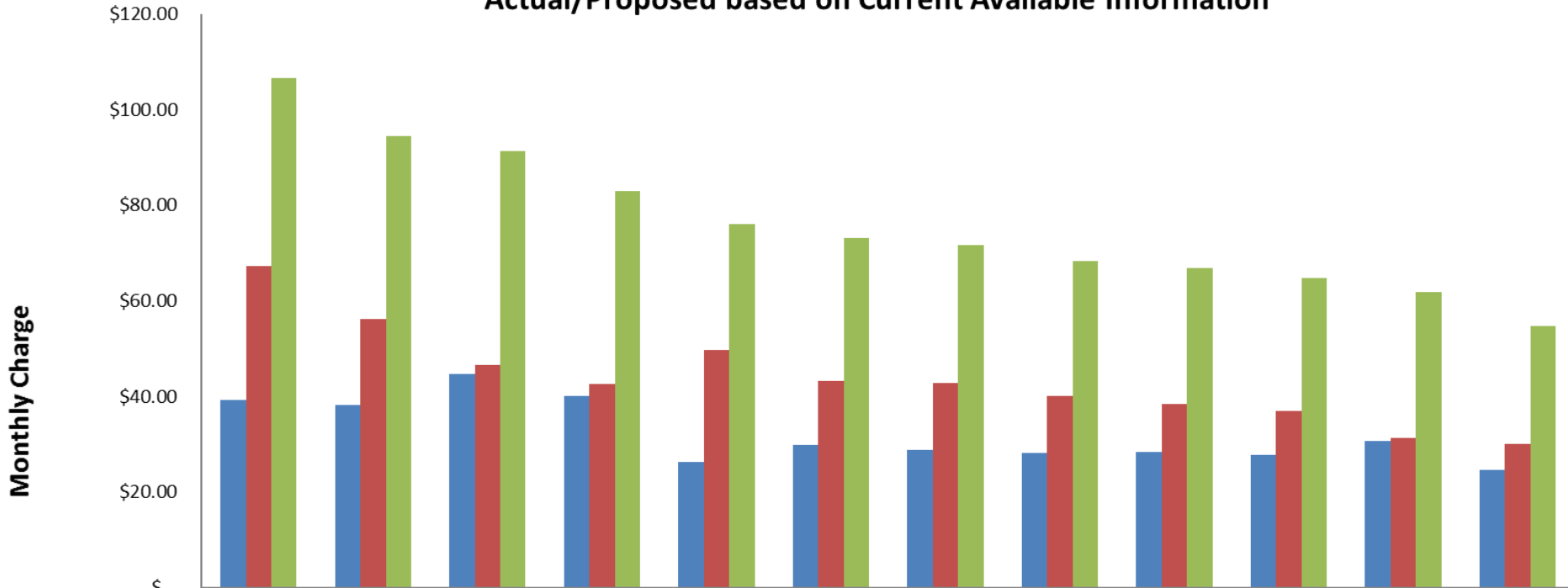
- 7.8% increase for water and wastewater:
  - 3.8% required for Operations & Maintenance, debt service
  - 4% supports the Capital Improvement Program (CIP)
- 3% increase for stormwater (\$0.13/Equivalent Residential Unit)
- No change in solid waste rates

# Water Rate Structure

- 2019
  - Maintain uniform rate for residential customers
  - Irrigation rate continues to equal residential rate
  - Educational outreach on inclining block rate
  - CIS Replacement Project – October 2019 Completion
- 2020
  - Implement inclining block rate for residential customers
  - Irrigation rate equal to block 3 rate for residential

# Area Bill Comparison

**2019 Typical Residential Monthly Water & Wastewater Bill Comparison (4,000 gal)**  
**Actual/Proposed based on Current Available Information**



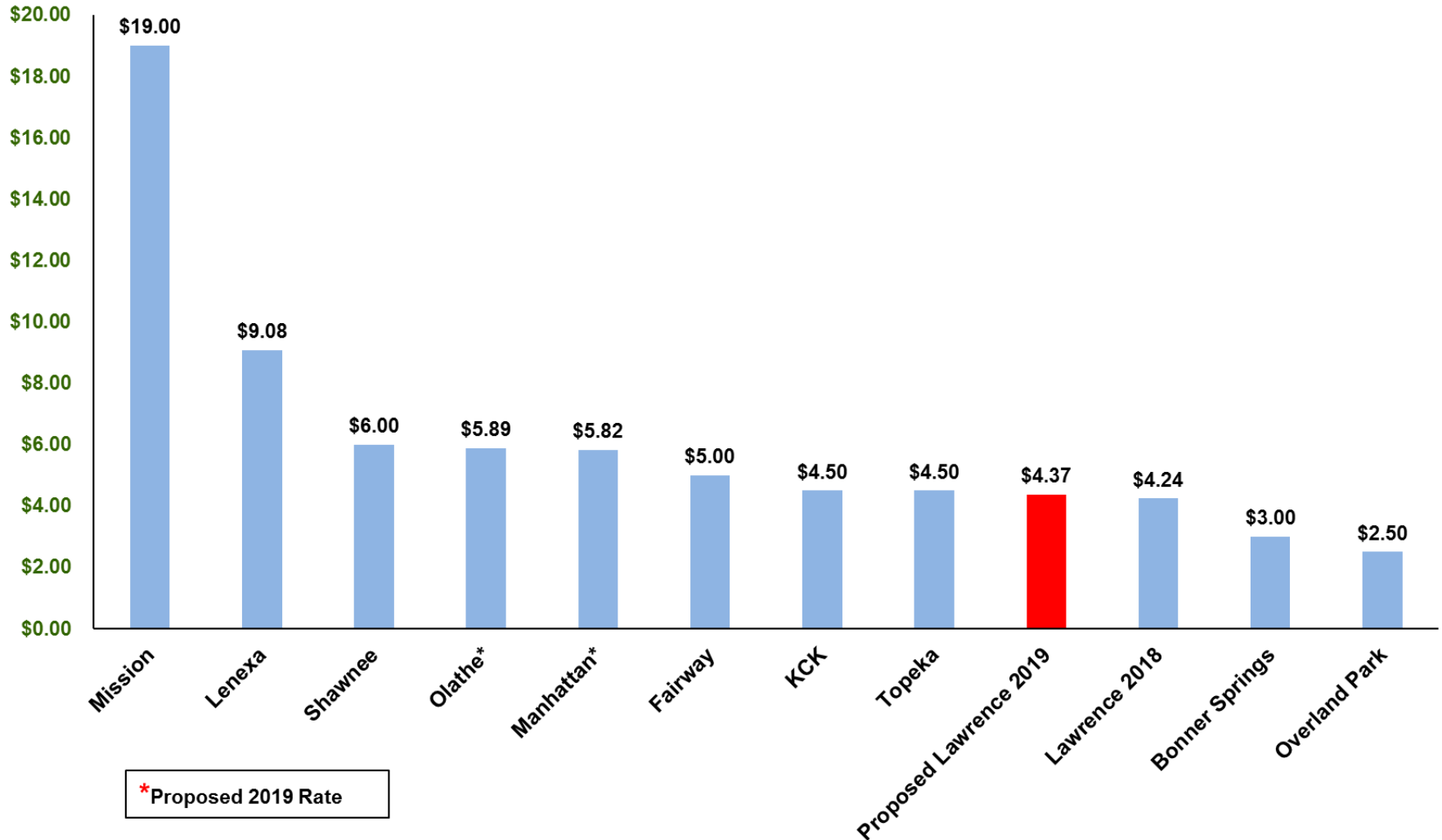
	KCMO	Gardner	Bonner Springs	BPU & WYCOCKCK	Independence	Lawrence Proposed 2019	Olathe	Lawrence 2018	Water1 & JOCOWW	Lee's Summit	Topeka	Manhattan
■ 2019 Water 4,000 gal	\$39.25	\$38.16	\$44.70	\$40.16 *	\$26.30	\$29.95	\$28.86	\$28.15	\$28.44	\$27.81	\$30.66	\$24.59
■ 2019 Sewer 4,000 gal	\$67.31	\$56.19	\$46.56	\$42.70	\$49.65	\$43.28	\$42.90	\$40.19	\$38.40	\$36.94	\$31.23	\$30.16
■ Monthly Bill	\$106.56	\$94.35	\$91.26	\$82.86	\$75.95	\$73.23	\$71.76	\$68.34	\$66.83	\$64.75	\$61.89	\$54.75

\* 2018 rate

↑ + 4.89 ↓

# Area Bill Comparison

## 2019 Stormwater Monthly ERU Rates



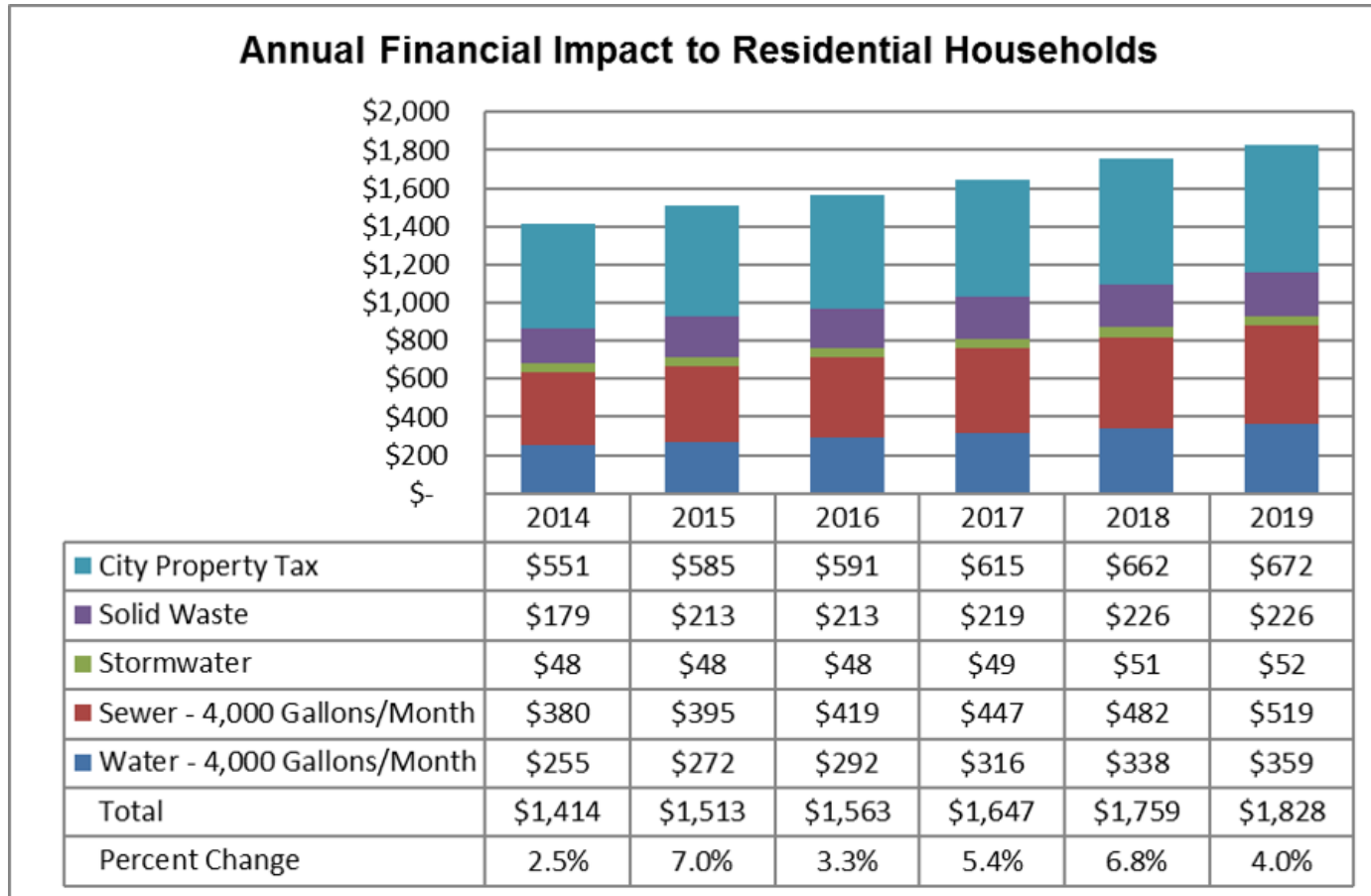
# Revenue Increase – O&M

- 3.8% required for Operations & Maintenance
  - Raw water cost increases
  - Capital Equipment replacement
  - Software maintenance fees
  - Debt payments for prior projects

# Revenue Increase – CIP

- 4% for the Capital Improvement Program (CIP)
  - Maintenance of Infrastructure
    - Infrastructure projects to repair what has already been deferred or what is wearing out
    - Utility relocations for road work
  - Regulatory Mandates/Commitments and Public Health
    - Integrated Plan
    - Nutrient removal
    - Drinking water quality – lead, disinfection byproducts, source protection
    - Inflow & Infiltration reduction
  - Efficiency & Quality of Service
    - System and technology enhancements for improved efficiency, conservation, and customer service
    - Advanced Metering Infrastructure (AMI)
  - Community Growth

# Household Financial Impact



# Utility Rates Action Items

- Adopt on first reading Ordinance No. 9521, establishing 2019 water and wastewater rates
- Adopt on first reading Ordinance No. 9555, establishing 2019 stormwater service rates

# 2019 BUDGET

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Item 4

# 2019 Budget Overview

- Total Operating Expenditures: \$206,653,000
- Maintains current mill levy rate of 33.279 mills
- Total Expenditures As Outlined in Budget Form \$280,410,548
- These expenditures include operating expenditures PLUS fund balance

# Property Tax Supported Funds

Fund	Operating Budget	Fund Balance	Budget Form	Mill Levy
General Fund	\$77,664,000	\$19,748,000	\$97,412,000	19.929
Debt Service Fund	\$11,693,000	\$11,267,000	\$22,960,000	9.310
Library Fund	\$4,457,000	-	\$4,457,000	4.040

# 2019 Proposed Budget Action Items

- Conduct Public Hearing
- Adopt on First Reading, Ordinance No. 9554, approving and appropriating the 2019 City of Lawrence Operating and 2019-2023 Capital Improvement Budget