

To: City Commission

From: Mike Wildgen, City Manager

Re: information for July 16, 2003 budget study session

Date: July 14, 2003

Following City Commission direction from the July 2, 2003 budget study session, information is being provided to assist the commission in providing a budget for 2004 that produces a lower mill levy increase than the 3.41 increase which was calculated for the 2004 City Manager's Recommended Budget. Specifically, the City Commission asked staff to come back with a variety of proposals that could factor into a budget that produces a 2 to 3 mill levy increase over the 2003 budget. To that end, the following information is provided.

Note: A number of the proposed reductions are "one-time" events and will not be available in future years.

GENERAL FUND

- A memo describing the adjustments made to the proposed funding for outside agencies is provided along with a memo from Kay Kent, Administrator for the Lawrence/Douglas County Health Department. The Commission is reminded that a joint funding agreement exists between the City and County for the funding of this department, with the City's share being 40% of the local portion of the Health Department's budget.
- Several additional reduction proposals have been reviewed and descriptions of each are attached.
- If the adjustments are made to the General Fund per the aforementioned reductions in outside agency funding and all of the reduction proposals described in Attachment B, the mill levy for the General Fund would be lowered from 16.253 to 15.016, a 1.237 mill reduction from the 2004 recommended budget for this fund. Obviously, any proposed reductions that were not acceptable to the Commission would affect this calculation.

PUBLIC TRANSIT FUND

- Six prioritized expenditure reductions were previously provided for the City Commission to review for this fund (see attached). Adding all of the priorities together to get a total potential reduction is not an accurate method of determining reductions to this fund. According to Karin Rexroad, Public Transit Administrator, if you implement priority #1 and #2, there would be additional cost savings over the \$35,923 calculated for just #1, but not necessarily the full amount since the options are layered. Also, if #6 is implemented, the savings noted in #1 and #2 are included in the \$206,183.
- Karin points out that cutting fixed route service on Saturdays also cuts paratransit service, and there are individuals who count on the paratransit service to transport them to dialysis on Saturdays. Additionally, assuming that Saturday service does not include transportation to work for passengers is erroneous – many passengers do not have the normal Monday thru Friday, 8 to 5 job.
- Cutting fixed route service on Saturdays and the resulting \$206,183 savings to the Public Transit budget would translate into a lowering of the mill levy for that fund from 1.836 to 1.531, a .305 reduction from the 2004 recommended budget for this fund.

LIBRARY FUND

- Previous direction from the City Commission regarding the Library Fund was to develop a mill levy that mirrors that for the 2003 budget, which would provide additional funding for the library through the increase in assessed valuation.
- Given that other funds within the City budget are experiencing cuts, including funding to other outside agencies, it seemed appropriate to consider a way to decrease the mill levy for the library. If we utilize part of the revenue (\$200,000) set aside in the reserve fund for the satellite library for the 2004 library budget, we would see a decrease in the mill levy from 2.967 to 2.662, a .305 reduction from the 2004 recommended budget for this fund. This activity would leave a balance of \$200,000 in this reserve fund for future use.

RECREATION FUND

- A reduction in the hours of operation for the Carl Knox Natatorium (closing in the summer) would provide a \$13,000 savings for the Recreation Fund budget. Information regarding this proposed reduction is attached.
- The 2004 City Manager's Recommended Budget for the Recreation Fund provided a \$57,765 fund balance projection at the end of 2004. Reducing that fund balance to make it roughly equal to what was budgeted for a fund balance for 2003 (\$26,477) is another proposal to consider.

- The "West Recreation Center" reserve fund has about \$450,000 remaining after deductions for the Arts Center Project. This reserve could be reduced by \$200,000 and used to provide operating revenue in 2004.
- Combining these three proposals will reduce the mill levy for the Recreation fund from 0.828 to 0.457, a .371 reduction from the 2004 recommended budget for this fund.

PUBLIC PARKING FUND

- Two of the proposed reductions in expenditures for the General Fund rely on increased revenue for the Public Parking Fund in order to fund the transfer of staff involved in maintaining the downtown area.
- Previous discussions by the City Commission indicate an interest in raising the rate of overtime parking fees (currently \$2 yellow tickets) and the rates for plugging downtown meters (both long and short term meters). Although difficult to calculate, we estimate that adopting these measures will provide sufficient revenue (at least \$36,870) to fund these additional positions in the parking fund. A year-to-day report on revenue for the Parking fund is provided.
- Further direction is needed from the Commission regarding the amount of increase for overtime parking fees and parking meters.

The following chart summarizes by fund the various reduction proposals and their impact on the mill levy that was in the "*2004 City Manager's Recommended Operating and Capital Improvement Budget*".

General Fund	1.237 reduction
Public Transit Fund	0.305 reduction
Library Fund	0.305 reduction
Recreation Fund	<u>0.371 reduction</u>
TOTAL	2.218 reduction

SUMMARY

Utilizing all of the reductions, transfers, and fee increases proposed in this memo will result in a mill levy of 26.767, which is a 1.194 increase over the mill levy for the 2003 budget. Attachment F provides a variety of scenarios for your review that can be utilized in your decision making for the 2004 budget.

c: Debbie Van Saun, Asst. City Manager
 Dave Corliss, Asst. City Manager
 Bruce Flanders, Library Director
 Department Heads

Attachments: A – memo regarding outside agency funding reductions
 B – proposed expenditure reductions for General Fund
 C – prioritized expenditure reductions for Public Transit Fund

D – proposed expenditure reduction for Recreation Fund
with additional information from Aquatic Supervisor
E – YTD revenue for Parking Fund
F – various computations of mill levy for 2004 budget