



Impact on General Fund of Reducing Utility Transfers

Tuesday, March 14, 2023

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Commission Direction

At the Feb. 14 Work Session, the City Commission asked staff to put an option together that does the following:

- 1 Stop the 38% Plant Upgrade Fee beginning in January 2024.
- 2 Stop \$570,000 of transfers from the utility accounts to the General Fund (a loss of 4.1 mills of revenue to the General Fund).
- 3 Consider what items might be eliminated from the General Fund to sustain the 4.1 mill loss of revenue.

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Sewer

- ◆ Stop extra principal payment on WWTP loan
- ◆ Continue \$570,000 transfer to General Fund

	<u>Current</u>		<u>Proposed</u>
Base Rate: Operations & Infrastructure (includes 300 cf)	\$34.96	➔	\$44.40
Usage 100 cf	\$9.00	➔	\$11.43
38% Plant Upgrade Fee	\$16.70	➔	\$0
	<hr/> \$60.66		<hr/> \$55.83

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Water

- ◆ Stop extra principal payment on WWTP loan
- ◆ Stop \$570,000 transfer to General Fund

	<u>Current</u>		<u>Proposed</u>
Base Rate: Operations & Infrastructure (includes 200 cf)	\$17.65	➔	\$19.33
Usage 100 cf	\$5.95	➔	\$6.52
	<hr/> \$23.60		<hr/> \$25.84

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Total Bill

◆ Stop extra principal payment on WWTP loan ◆ Stop \$570,000 in transfers to General Fund

	Current		Proposed
Sewer 400 cf	\$60.66	➔	\$55.83
Water 300 cf	\$23.60	➔	\$25.84
Trash	\$24.37	➔	\$24.37
	\$108.63		\$106.04

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Total Bill

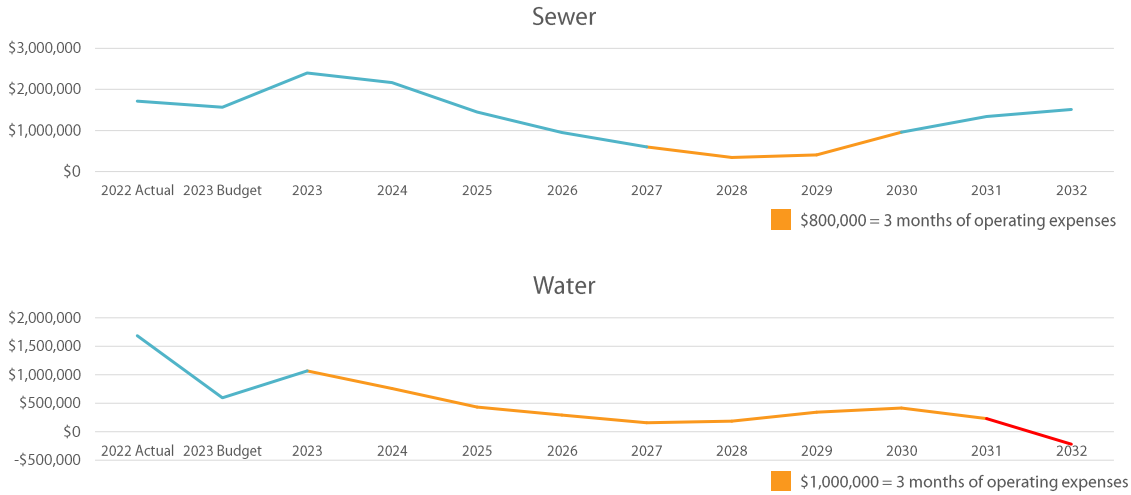
◆ Stop extra principal payment on WWTP loan ◆ Stop \$570,000 transfer to General Fund

		Current	2024	2025	2026	2027	2028	2029
TOTAL BILL: Sewer + Water + Trash								
Small usage	300 cf	99.63	94.61	98.90	103.46	106.85	110.13	112.89
Med usage	600 cf	151.32	148.45	156.01	164.07	170.04	175.81	180.67
Large usage	900 cf	206.43	202.28	213.13	224.67	233.22	241.49	248.45

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Fund Balances

◆ Stop extra principal payment on WWTP loan ◆ Stop \$570,000 in transfers to General Fund



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How to Make Up General Fund Revenue Loss

- 1 Cut Contractuals
- 2 Cut Commodities
- 3 Cut Vehicle Expenses
- 4 Cut Capital Outlay
- 5 Increase Revenues

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During the 2023 Budget Process....

The following were considered as potential General Fund budget increases:

Requested

Add Environ. Inspector (30%) \$19,963/yr.

Incr. Transfer for Demolitions \$50,000/yr

Senior Center External Agency (no change)

Equipment Reserve Incr. by \$97,639/yr

6 New Fire/EMS Positions \$601,422/yr

Playground Equip. Reserve \$50,000/yr

Street Materials Increase by \$75,000/yr

Funded

Not Funded

Not Funded

Cut \$5-10,000

Not Funded

3 New Fire/EMS Positions \$312,240/yr

Funded \$25,000/yr

Funded \$50,000/yr



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Street 2023 Expenses

Personnel Services \$1,323,703

Contractual Services \$ 688,040

Commodities \$ 476,230

Vehicle Operating \$ 207,750

Sub-Total \$2,695,723

Transfers \$ (211,312)

Total \$2,484,411

Covers wages, OT, benefits for staff

Includes Annual Overlay Maint Area 6, street materials, pavement marking, signals & signage, streetlights, vehicle fuel & maintenance items

Goes to Equipment & Capital Reserves, & comes from Wastewater Transfer for Stormwater

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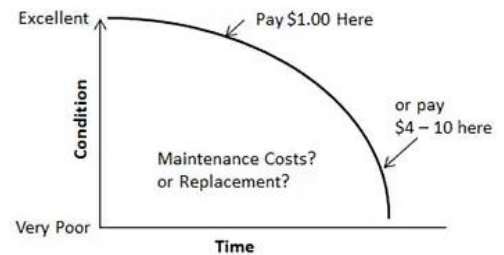
General Fund Cut Option: Defer Street Maintenance

Eliminating a service in this budget will impact the pavement quality today & into the future.

Deferral options:

1. Annual slurry seal costs for one maintenance area per year is about \$350,000. This extends pavement life about 6 years.
2. Annual overlay costs for one maintenance area per year is \$285,000. This extends pavement life 10-15 years.

Eliminating either of these operations could increase future repair costs exponentially (approx. 4-10 times).



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Park 2023 Expenses

Personnel Services	\$ 890,070
Contractual Services	\$ 431,157
Commodities	\$ 182,850
Vehicle Operating	\$ 61,500
Capital Outlay	\$ 30,000
Sub-Total	\$1,595,577
<u>Transfers</u>	<u>\$ (40,842)</u>
Total	\$1,554,735

Covers wages, OT, benefits for maintenance staff

Includes payment to PBC for improvements, tree removal/replacement, utility bills at park facilities, chemicals/horticulture supplies for vegetation maintenance & control, janitorial supplies for park restrooms, vehicle/equipment expenses, etc. . .

Goes to Equipment & Capital Reserves & comes from Wastewater Transfer for Stormwater

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General Fund Cut Option: Defer Park Maintenance

1. Have saved \$108,000 to go toward one new structure but don't have enough yet to replace anything. Currently do not have funds for playground structures at these parks that need replaced in the near future:

- Havens Park
- Brookside Park
- Athletic Park (by old park shop)
- Springlake Park

2. Need to replace 28 picnic tables at cost of about \$25,200 in 2023. If we do not replace, existing tables that are in bad shape will be eliminated and fewer tables will be available in parks and for public events.

These are both one-shot options, they are not monies that are recurring each budget cycle.



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General Fund Cut Option: Park Maintenance

Sell Veazey Park property for development of two tracts (0.49 acres and 0.52 acres). Would eliminate vegetation maintenance costs (labor/equip/chemical) of about \$4,500/yr & gain one-time revenues.

Value of land = \$32,000-\$80,000

Sewer is available, water is along 14th St. Would require some paving if developed.



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Engineering 2023 Expenses

Personnel Services	\$ 574,651
Contractual Services	\$ 70,825
Commodities	\$ 9,250
Vehicle Operating	\$ 8,600
Capital Outlay	\$ 0
Sub-Total	\$ 663,326
<u>Transfers</u>	<u>\$ 67,850</u>
Total	\$ 731,176

Covers wages, OT, benefits for staff

Includes consultant/technical services needed for various city projects requiring licensed surveys, geotechnical reports, environmental reviews, etc.. Also includes vehicle operating costs, mailings, technical software, training for licensure

Goes to Demolition & Equipment Reserves

Includes Engineering, Code Enforcement, & Planning Functions

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General Fund Cut Option: Demolition & Elimination of Technical Services

1. \$25,000 is budgeted for transfer to a reserve account for demolition of condemned structures as the court calls for razing. This dollar amount has been inadequate to cover costs, and demolition could be deferred.
2. \$25,000 could be removed for technical services. Projects will just have to be delayed when services are needed but funds are not available.

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Revenue Increase Option: Building Permits

Increase Building Permit Fees by 20%. Last time increased was 2021

15% increase = additional \$29,000/yr based on 2022 construction values

20% increase = additional \$39,000/yr based on 2022 construction values

For a \$3M construction project, current building permit fees would be \$9,138. With a 20% increase, would be \$10,965 (difference = \$1,707)

Construction Value	Newton Current	Newton 10% Incr. Proposed	Newton 15% Incr. Proposed	Newton 20% Incr. Proposed	ElDorado	Emporia	Garden City	Great Bend	Hutchinson	Ottawa	Salina	Wichita
	Building Permit Fee											
\$ 5,000	\$89.70	\$98.67	\$103.16	\$107.64	\$59.00	\$81.00	\$62 com. \$56 res.	\$55.00	\$101.30	\$125.00	\$105.50	\$103.00
\$ 10,000	\$141.70	\$155.87	\$162.96	\$170.04	\$91.00	\$126.00	\$130 com. \$105 res	\$58.00	\$163.80	\$195.00	\$155.50	\$158.00
\$ 50,000	\$492.70	\$541.97	\$566.61	\$591.24	\$299.00	\$414.00	\$220 com. \$200 res	\$98.00	\$578.80	\$644.00	\$605.50	\$578.00
\$ 3,000,000	\$9,137.70	\$10,051.47	\$10,508.36	\$10,965.24	\$5,477.75	\$7,539.50	N/A	\$6,150.00	\$15,393.80	\$12,908.75	\$10,486.75	\$12,328.00

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Fire/EMS 2023 Expenses

Personnel Services	\$5,724,007
Contractual Services	\$ 337,681
Commodities	\$ 161,600
Vehicle Operating	\$ 124,700
Capital Outlay	\$ 35,000
Sub-Total	\$6,382,988
<u>Transfers</u>	<u>\$ 497,681</u>
Total	\$6,880,669

Covers wages, OT, benefits for staff

Includes Personal Protective Equipment/uniforms, Fire & EMS field equipment and supplies, janitorial supplies, office supplies, software licenses and fees, vehicle repairs and fuel, utility bills, EMS billing fees, insurance & bonds, maintenance/repairs of buildings, fire equipment, EMS equipment, radios, office equipment, as well as costs associated with training.

Goes to Equipment & Capital Reserves

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General Fund Cut Option: Deferred Hiring & Eliminate Contracts

Fire/EMS requested six additional personnel in 2023 in an effort to meet NFPA requirement; Commission approved three, two of which have been filled.

Leave one position unfilled, currently pursuing grant funding for staffing. If we don't meet NFPA requirement, could have a negative effect on ISO, increase in overtime expenses, negative impact on morale.

Eliminating service contracts outside of Harvey County would reduce revenues but could also reduce operating expenses. (Costs expended to provide the service to Butler County more than doubles collections, call volumes vary annually.)

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Police 2023 Expenses

Personnel Services	\$4,782,918
Contractual Services	\$ 405,333
Commodities	\$ 91,600
Vehicle Operating	\$ 160,000
Capital Equip Purch.	\$ 1,000
Sub-Total	\$5,470,851
<u>Transfers</u>	<u>\$ 310,034</u>
Total	\$5,780,885

Covers wages, OT, benefits for staff

Includes maintenance for the building, office, and radio equipment, prisoner care for adults, mandatory training for all certified officers, utility bills and insurance, ammunition and supplies for both lethal and non-lethal, clothing & accessories, ERT equipment and supplies, safety equipment and supplies, & vehicle fuel, repair, maintenance.

Goes to Equipment & Capital Reserves

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General Fund Cut Option: Deferred Hiring

A few years ago, we were asked to re-evaluate our spending and costs. As a result, we extended the life of our equipment where we could, and we cut or streamlined our processes to maximize our efficiency. We are to the point if we extend, cut, or streamline anymore we would compromise the safety of our officers and our community. Therefore, the only option left is to not fill the one remaining position. (Decrease by approximately \$85,000-\$90,000)

This is not the direction we want to go after the hard work we have done over the past few years to work toward lowering the crime rate. Just recently we nearly hit full staffing, which results in more proactive policing and less reactive policing.

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Administration 2023 Expenses

Personnel Services	\$ 499,589	Covers wages, OT, benefits for staff
Contractual Services	\$ 424,500	Includes dues and memberships for staff and Commissioners, outside agency assistance, necessary training for staff and Commissioners, insurance and bonds, postage, office supplies, human resources needs
Commodities	\$ 20,900	
Capital Equip	\$ 10,000	
Sub-Total	\$ 954,989	
<u>Transfers</u>	<u>\$2,450,000</u>	Goes to Capital Improv Reserves, Golf Course Debt Serv, Golf Course & Meridian Ctr MERs
Total	\$3,404,989	

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General Fund Budget Change Options

1. Transfer Newton Area Chamber of Commerce contract from General Fund to Eco Devo for a \$30,000 reduction in General Fund.
2. Either transfer Health Ministries external agency costs from General Fund to Eco Devo or eliminate their funding for a \$40,000 reduction in General Fund.
3. In 2023 and the future, \$178,377/year will be transferred from Eco Devo to General Fund for Community Development staff.

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General Fund Preservation of Revenues

1. Develop & present to the City Commission by May 2023 an economic development policy that considers the City's financial health before offering incentives.
2. Eliminate waivers of permit fees.
3. Eliminate brokerage fees on City land sales.
4. Update City policies regarding payment for infrastructure for new development, e.g. intersection paving, and eliminate City contributions.

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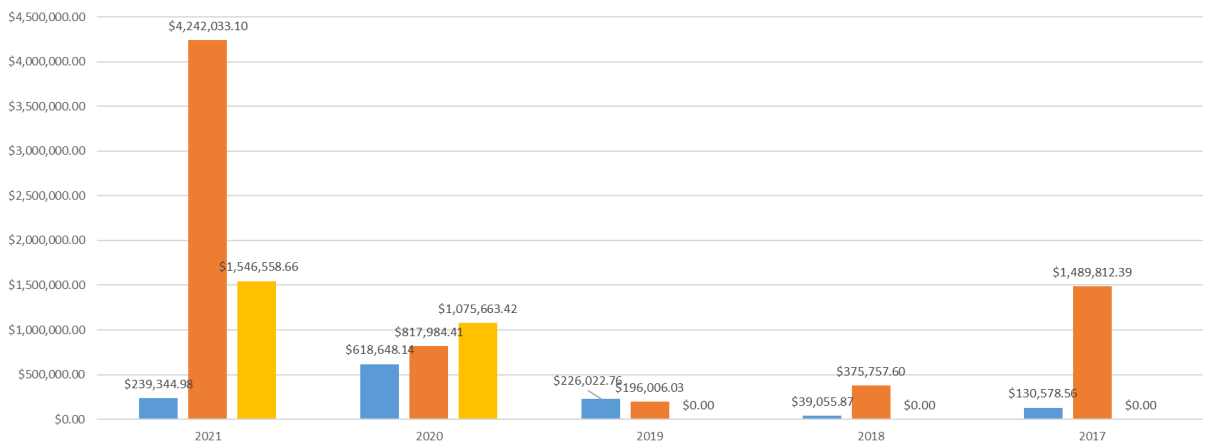
Very few options remain to reduce expenses

For the past five years, with flat revenues and increasing costs, staff has been cutting costs to balance the General Fund budget:

- Cut all contingency funding
- Reduced reserves
- Froze vacant staff positions
- Delayed equipment replacement
- Deferred Equipment Reserve transfers
- Early retirement buyout program
- Cut non-essential travel/training

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Grants & Intergovernmental Transfers 2017-21



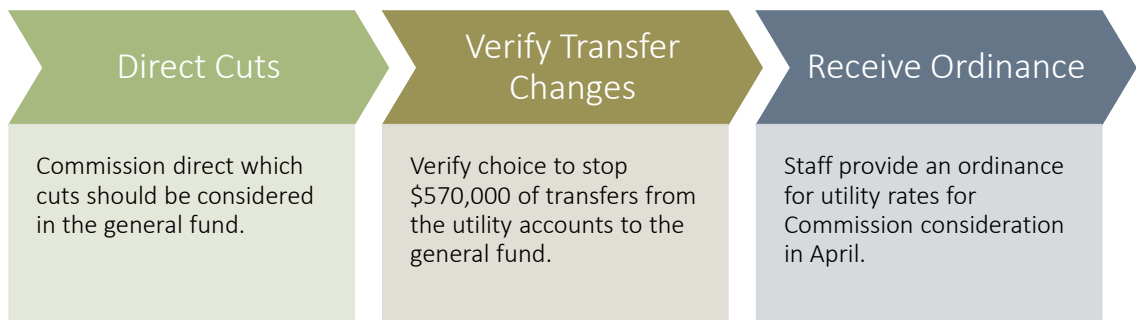
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State Wild Card Issues

- Food Tax Elimination—SB248 Eliminates Local Sales Tax Levies on Groceries, Food, & Food Ingredient. 9% reduction or 4 mills, **loss to City of approximately \$550,000**. This is estimated Statewide as a \$180 Million revenue loss.
- Residential Property Tax Rate—HCR5009 is in committee at the house concerning property tax reduction from 11.5% to 9% on residential properties. For a \$300,000 residential property the city tax loss would be \$469/year. Overall City valuation would drop.
- HB 2162 100% Sales Tax Exemption For Hygiene Products, unsure of full impact, but would positively see a loss in revenues.

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Next Steps



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