

**CITY COMMISSION AGENDA MEMO**  
**July 26, 2007**

**FROM:** Bernie Hayen, Director of Finance

**MEETING:** August 14, 2007

**SUBJECT:** Public Hearing on the 2008 City Budget

**PRESENTER:** Bernie Hayen, Director of Finance

**BACKGROUND**

Each year, the Finance Department presents an overview of the annual budget for the next calendar (fiscal) year which leads to a proposed published budget and a public budget hearing to adopt the new city budget. The City Commission has conducted four work sessions on the proposed 2008 City Budget and 2008-2013 Capital Improvement Plan including presentations by a number of outside agencies that receive funding by the City.

In accordance with Kansas budgeting laws, a public hearing on the proposed annual City budget must be held no sooner than 10 days after the City budget certificate has been published. Once this publication has occurred, the total expenditures for each fund can be lowered—but not raised. The proposed 2008 City Budget was published on July 25, 2007, in the *Manhattan Mercury*. [See Attachment 2]

**DISCUSSION**

The proposed 2008 City Budget of \$ 89,111,132 represents an 11.4% increase over the 2007 City Budget or approximately a \$ 9.1 million increase. However, nearly all of this increase (more than 80%) is non-operational in nature reflecting increases in a number of reserve accounts and increases in special assessments related to newly formed benefit districts. Kansas budgeting law requires that these reserves be treated as cash balances and be re-budgeted for the following fiscal year.

The proposed 2008 City Budget includes the following highlights:

- an increase of \$ 953,239 in property taxes levied to support the 2008 City Budget compared to the 2007 City Budget or about a 7.8% increase. All but \$ 273,503 of this proposed increase in property taxes will go to support the Riley County Police Department;

- a reduction in the City mill levy from 33.088 mills to an anticipated mill levy of 31.627.
- an increase of 6% in sales tax projections for the General Fund as well as an increase of 8.5% in the Sales Tax Fund;
- an increase of \$250,000 in General Fund revenues from the increased electric franchise fee;
- addition of 6 new employee positions and one part-time position to accommodate community growth issues, several of which will be supported by utility revenues;
- an increase in the Bond & Interest Fund of nearly \$1.5 million to meet special assessment payments as a result of increased benefit districts related to community growth; and,
- redirection of sales tax dollars in the Bond and Interest Fund in order to reduce overall property taxes.

[See Attachments 2 and 7]

## General Fund

The proposed General Fund budget of \$ 20,801,075 reflects slightly more than a 7% increase or \$ 1,393,953 over the 2007 City Budget.

This increase is attributed to several factors:

- (1) Salary Adjustments (*including cost-of-living and minimum wage changes*) = \$ 558,300
- (2) New Positions = \$ 167,150
- (3) Health Insurance Contribution and Other Increases = \$ 432,500
- (4) Contractual Services, Commodities, and Transfers = \$ 420,300
- (5) Capital Improvement Program = (\$ 184,300 *decrease*)

The following table summarizes the General Fund's expenditure increases (or decreases) that were budgeted in 2007 plus actual expenditures for 2005 and 2006. The proposed budget for 2008 is shown in the last column: [See Attachment 8]

	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>2008 Proposed</b>
Personnel Services	\$ 10,756,386	\$ 11,822,650	\$ 12,791,814	\$ 13,949,803
Contractual Services	2,379,371	2,418,706	3,120,691	3,183,228
Commodities	1,190,187	1,322,934	1,557,850	1,708,162
Capital Outlay	265,792	606,397	710,270	525,950
Cash Reserves	----	----	500,000	500,000
Grants	418,525	409,526	441,124	513,580
Transfers and Other Costs	1,086,710	2,076,732	285,373	420,352
<b>Totals:</b>	<b>\$ 16,096,971</b>	<b>\$ 18,656,945</b>	<b>\$ 19,407,122</b>	<b>\$ 20,801,075</b>

## **Special Revenue Funds**

Special Revenue funds are divided into two categories: those which support City services such as employee benefit funds; and, those which support other services such as the Riley County Police Department and the Manhattan City Library. In 2008, the total of these funds are proposed to increase by about \$5.7 million.

This includes an increase in the City's economic development fund of about \$ 1.53 million; an increase in the allocation to the Riley County Police Department of \$ 791 thousand; and, \$1.5 million in additional reserves in the Capital Improvement Reserve Fund. [See Attachment 7, page 2]

## **Bond & Interest Fund**

Although the City's portion of capital debt generally continues to decline, the annual principal and interest payments on a growing number of city-wide benefit districts will increase in 2008 by nearly \$ 1.5 million.

Due to the uncertainty of the timing of a number of major City projects and the addition of yet more benefit districts citywide, cash reserves are proposed to be increased from \$500,000 to \$1,000,000 in 2008. These reserves will be used to pay off temporary notes on the aforementioned City projects that may be started and completed in 2008. [See Attachment 7, page 3]

## **Enterprise Funds**

As a result of the growing number of utility customers, water and wastewater revenues are projected to notably increase. However, in order to meet the needs of increased customers, it continues to be necessary to periodically examine the rate structure of all utilities. The rates in the Water Fund are proposed to be increased early in 2008 with possible increases in both 2009 and 2010. The rate increase in 2008 will be necessary for the City to meet the requirements of community-wide growth and to ensure funding for various projects in the foreseeable future. (See this item on the next page.)

Rates supporting the Stormwater Fund were increased in April 2007, and will be increased again in January of 2008 and 2009. This rate increase was necessary for the City to meet the requirements of the federal and state Stormwater Management Program and to ensure funding for various projects in the foreseeable future. [See Attachment 7, page 3]

## **Budget Amendment**

In order for the proposed transfer to take place from General Fund cash carry forward to the City's Bond & Interest fund (\$550K to lower property tax requirements) and the City's Capital Improvement Reserve Fund (\$1.55M to provide support to major City projects), it is necessary to amend the 2007 General Fund Budget from what was published last year at \$19,407,122 to \$21,507,122 or an increase of \$2.1 million. [See Attachments 3 and 6]

## Water Rate Increase

As part of the proposed 2008 City Budget, a water rate increase is planned to begin on January 1, 2008. In order to meet projected operational costs and begin financial preparation for the new improvements to the water treatment plant, an increase in all water rates of 15% is necessary. There is additional information regarding this proposed increase under a separate Commission memo plus attachments.

## Capital Improvement Carryover

At the previous budget work session, there was considerable discussion along with public input regarding the funding of citizen requests which are part of the City's annual capital improvement process. Based on a recommendation from the City Manager, the Finance Department reviewed the Departmental budgets and actual expenses for all divisional capital improvements for fiscal years 2005 and 2006. The amounts under-spent for both of these years are represented under the "Difference" in the following table:

<b>General Fund</b>	<b>Budgeted</b>	<b>Expense</b>	<b>Difference</b>
2006	\$ 746,450	\$ 607,236	\$ 139,214
2005	\$ 667,650	\$ 537,781	\$ 129,869

Given this analysis, it would appear reasonable to presume that there will be funds available in 2008 to pursue citizen requests if the Commission chooses to do so. [See Attachment 12]

## Summary

The City of Manhattan is enjoying unprecedented community-wide growth in terms of housing and commercial businesses. This growth not only broadens the City's property tax base, but also strengthens the City's commercial districts as a regional shopping hub.

Although the overall 2008 City Budget reflects an increase compared to the 2007 City Budget, a majority of this increase is directly related to additional reserves across several funds. The 2008 proposed City Budget is summarized in the following table which includes a historical comparison:

	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>2007 Budget</b>	<b>2008 Proposed</b>
General Fund	16,690,428	19,194,738	19,407,122	20,801,075
Special Revenue Funds	21,896,509	27,021,509	30,497,451	36,172,813
Enterprise Funds	18,480,239	17,173,937	19,437,073	20,030,586
Bond & Interest Fund	8,284,403	9,654,383	10,642,557	12,106,658
<b>Total:</b>	<b>\$ 65,351,267</b>	<b>\$ 73,044,567</b>	<b>\$ 79,984,203</b>	<b>\$ 89,111,132</b>

Finally, the 2008 proposed City Budget reflects City Administration scrutiny as well as City Commission direction and marks the fifth year in a row that the mill levy rate has been reduced. The mill levy rate estimated for 2008 will be the lowest for City taxpayers since 1985. In addition, as a percent of valuation, property taxes levied also will decline for the fifth year in a row. [See Attachments 10 and 11]

## **ALTERNATIVES**

It appears the Commission has the following alternatives concerning the issue at hand. The Commission may:

1. Conduct a public hearing to approve first reading of an ordinance adopting the 2008 City Budget.
2. Conduct the public hearing and modify the ordinance to meet the needs of the City Commission.
3. Conduct a public hearing and table the issue.

## **RECOMMENDATION**

City Administration recommends that the City Commission conduct a public hearing to approve first reading of an ordinance adopting the 2008 City Budget as presented.

## **POSSIBLE MOTION**

Approve first reading of an ordinance adopting the 2008 City Budget, first reading of an ordinance amending the 2007 City Budget, and approve the budget recommendations as presented by City Administration.

BNH/bnh

Attachments:

1. 2008 City Budget Message from the City Manager
2. Notice of City Budget Hearing
3. Notice of Budget Hearing for Amending the 2007 City Budget
4. Planning Board Review of 2008-2013 CIP
5. 2008 City Budget Ordinance
6. 2007 Amended General Fund Budget Ordinance
7. 2008 City Budget Summary and Historical Comparisons
8. Tax Levy Reduction Worksheet
9. Analysis of County Valuation and Property Taxes Levied
10. Tax Computation for Typical Homeowner
11. Statewide Comparison of Property Tax Burdens
12. Capital Improvement Carryover Analysis



August 14, 2007



The Honorable Members of the City Commission  
1101 Poyntz Avenue  
Manhattan, KS 66502

Regarding: The 2008 City Budget

Dear Honorable Members of the Manhattan City Commission:

The management team is pleased to present to the City Commission the 2008 City Budget. City Administration, Department Heads, and employees have worked hard to prepare the 2008 budget. I would like to express my thanks to the City Commission for its guidance and work on the 2008 Budget, as well as the several Advisory Boards and citizens who provided valuable input into the Capital Improvement Program and Budget.

## **2008 BUDGET THEMES AND HIGHLIGHTS**

Continued unprecedented growth associated with Fort Riley, increased retail activity and moderate housing, and commercial construction translate into a robust economy and a positive financial position for the City. In addition, in July 2007, the City learned that its official July 1, 2006, population estimate as determined by the U.S. Census Bureau was 50,737. This increased activity and population growth also continues to place a higher demand on various City services and also requires us to ensure that our infrastructure is properly maintained to meet these demands.

The 2008 Budget provides funding for six new full-time positions and one part-time position. These positions are related to the growth of the community, our Star Bond and downtown redevelopment efforts and our need to be responsive to our citizens. Positions include Animal Control Officer, Customer Service Clerk, Engineering Technician-CAD Operator, Parks-Maintenance Worker I, Discovery Center Director, Budget/Audit Analyst, and Code Services Secretary (part-time). The Animal Control Officer funding is proposed to be offset by revenues from licensing fees generated by the creation of this position. This position will enable us to be more responsive to concerns about dangerous dogs and animals-at-large, which has been a focus of discussion during the past year. The Customer Service Clerk is necessary due to the enormous growth in utility customers over the past few years. The Engineer Technician-CAD Operator is necessary given the large number of public projects that we are doing in-house. The Parks-Maintenance Worker I position is proposed to be funded for 1/3 of the year in conjunction with the completion of the 4<sup>th</sup> Street project which this worker will assist with the increased responsibilities concerning the maintenance of the landscaped areas in the downtown to ensure that they meet the expectations of the community. The Discovery Center Director will be able to begin the work associated with the establishment of the Discovery Center, such as coordination of the design of facility and exhibits and raising financial support from sponsors, foundations, and other individuals, businesses, and organizations. The Budget/Audit Analyst is proposed to be 50% funded by a

utility transfer. This position will continue our efforts to achieve greater accountability and internal controls as well as examine the long-term financial impact of projects to the City.

Highlights of the 2008 Proposed Budget include:

- Significant progress will continue with the **Downtown Redevelopment** project. Utility relocation work will continue along with the highly visible projects of upgrading **4<sup>th</sup> Street between Leavenworth and Bluemont Avenue** to a three-lane section and the construction of a **new roundabout at 4<sup>th</sup> and Bluemont**. The North Project retail shops and restaurants will also continue to emerge. Planning for the new hotel and conference facility and the Discovery Center will take off as Star Bonds are issued for the South Project area.
- With a four-part quality of life bond issue proposed to go before the voters in November 2007, it is hoped that during 2008 the City can move forward with the design and construction of a **new Family Recreation/Aquatic Facility, a Zoo Education Facility, an outdoor soccer complex at Fairmont Park and Northview Pool improvements;**
- **Continued support of Fort Riley** and preparation for **additional regional population growth;**
- **Design for two new fire stations**, the Southwest Station on Amherst (a relocation), and the Northwest Fire Station in Grand Mere Vanesta, will commence;
- **Continued emphasis on economic development, including analysis surrounding being a finalist for the new National Bio and Agro Defense Facility (NBAF)**
- **Continued reinvestment in street and utility infrastructure;**
- **Commencement of major upgrades to the Water Treatment Plant and beginning the design of improvements to the Wastewater Treatment Plant to enhance capacity for future growth**
- **Expansion eastward along the US-24 corridor** including extension of water service to commercial properties and provision of wastewater treatment to Blue Township;
- **Airport** improvements and future planning efforts;
- **Continued effective leveraging of local tax dollars** in order to meet needs associated with Fort Riley growth identified as part of the Flint Hills Regional Growth Study and other local needs;
- **Emphasis on communication and service to the citizens of Manhattan**

## **BUDGET PROCESS**

The budget represents the single most important document the City will prepare in a given year. The budget has been organized in such a manner to clearly convey information of importance to the City Commission, citizens and other stakeholders. The budget serves as:

- **A Policy Document:** The budget is an expression of City Commission policy. City Commission policy is implemented by the appropriations made, the projects funded, the staffing levels authorized, and the goals and objectives promoted and tracked.
- **A Financial Plan:** The financial planning emphasis of the budget is the most familiar aspect. The budget sets out how expenditures are to be made, and specifies anticipated

revenues and other resources to fund those expenditures. This document will also delineate the financial policies that guide our financial affairs and describe the formulation and implementation of the budget. The budget is balanced in all funds, meaning that total resources in each fund are equal to or greater than total expenditures.

The annual Budget also includes the proposed capital expenditures for the major pieces of equipment, vehicles, and projects greater than \$5,000 for the budget year. The Capital Improvement Program is a long-term capital purchase-planning document that attempts to balance future needs with future revenue. The out-years beyond 2008 of the current Capital Improvements Program (CIP) are challenged with desired expenditures likely being much more than projected future revenues will support.

- **An Operations Guide:** In addition to revenues and expenditures, also included are missions and goals, which provide an overview of the broad range of services we provide to our citizens. The Operations Guide aspect of the budget focuses our financial planning on achieving results.
- **A Communications Device:** Through the budget, we communicate City priorities. The budget contains graphics, tables, summaries, and directions that are designed to assist our citizens, City Commission, and others in getting needed information quickly and easily. As with our other services, we will continuously improve the budget to make it more useful and functional.

In order to achieve the best possible budget, a great deal of planning, input, and goal setting was accomplished. Following is a series of events, which have been essential to the 2008 Budget construction:

- January 12, 2007—2008-2013 Capital Improvements Program citizen request forms distributed to Advisory Boards/Media/Citizens as well as City Departments.
- February 13, 2007—City Commission Work Session to discuss budget calendar, current revenue assumptions and 2007 revenue projections.
- During January and February, advisory boards had the opportunity to review Capital Improvement Program requests.
- During April and May, internal meetings were held to formulate the proposed 2008-2013 CIP and 2008 Budget.
- May 22, 2007—City Commission First Work Session held on Proposed Budget and 2008-2013 Capital Improvements Program with primary concentration on 2008 proposed capital expenditures.
- June 12, 2007—The Second City Commission Work Session on 2008 Budget and 2008-2013 Capital Improvements Program was held.
- June 26, 2007—The Third City Commission Work Session on 2008 Budget and 2008-2013 Capital Improvements Program was held focusing on outside agency requests for the 2008 Budget.
- July 10, 2007—The Fourth City Commission Work Session on 2008 Budget and 2008-2013 Capital Improvements Program was held.
- July 16, 2007—The Manhattan Urban Area Planning Board determined that the 2008-2013 CIP is in conformance with the City's Comprehensive Plan.
- July 22, 2007—Notice of Public Hearing for 2008 Budget and Capital Improvements Program was published.

- August 14, 2007—The City Commission will hold the official public hearing on the 2008 Budget and 2008-2013 Capital Improvements Program and consider approving first reading of an ordinance adopting the 2008 Budget.

## **2008 INITIATIVES**

### **Downtown Redevelopment**

A significant continued focus for 2008 will be implementation of the North End District. Visible progress will continue with the construction of future retailers and restaurants. The reconstruction and widening of 4<sup>th</sup> Street will be underway along with the construction of a major roundabout at the intersection of 4<sup>th</sup> and Bluemont. Additionally, it is planned that progress on the Discovery Center STAR Bond Project in the South End District will be made with the hiring of the Discovery Center Director, who will coordinate the design process for the facility and exhibits along with initiating private sector fundraising and awareness. Additional planning will proceed with a new hotel and conference center, parking structure, theatres, restaurants and a one acre park.

### **Economic Development**

In 2002, the voters of Riley County passed a new County half-cent sales tax for Roads and Jobs to replace the half-cent sales tax which was being collected to pay off the Law Enforcement Center bonds. In 2008, it is estimated that about **\$2.0 million** will be collected by the City for **economic development activities**. The funds are scheduled to continue until 2012.

With the opening of the new headquarters facility for the National Institute for Strategic Technology Acquisition and Commercialization (NISTAC) and the University's Biosecurity Research Institute (BRI), there will be a **continued emphasis on bioscience initiatives**. This is particularly true as Manhattan and Kansas State University rise to national prominence in this area after being named as **one of five finalists for the future National Bio-Agro Defense Facility (NBAF)**. During the last half of 2007 and the first half of 2008, an Environmental Impact Statement will be completed on the proposed site for NBAF and the final site will be selected by the U.S. Department of Homeland Security in 2008.

Funding in the Industrial Promotion Fund includes support for the Manhattan Area **Chamber of Commerce**, which is budgeted to be paid \$135,000 in accordance with its contract to provide economic development services for the community, promote industrial and business development and market the Corporate Technology Park as well as the K-State Research Park. \$40,000 is set aside as the City's contribution to help fund the **Military Relations Coordinator** to serve as a liaison to Fort Riley to ensure that the Manhattan community is cooperating in meeting the needs of the Fort.

### **Infrastructure Investment**

The 2008 Budget continues implementation of the **short-term capital improvements for the water and wastewater utilities** as well as a commitment to **rehabilitating aging infrastructure**. Capital projects in 2008 continues to focus on maintenance, upgrading and repair of existing infrastructure, equipment and facilities at the Water Treatment Plant and the Wastewater Treatment Plant, well fields, lift stations, and throughout the distribution and collection systems.

The City is proceeding with **improvements to both the Water Treatment Plant and the Wastewater Treatment Plant**. These important improvements will enhance capacity to meet future demand, ensure that we are able to meet state and federal regulations and improve operational efficiencies.

The 2008 Budget includes funds for the design of the Northwest Fire Station and the Southwest Fire Station. The Southwest Fire Station will eventually serve as the relocated site of the West Anderson Avenue Station. The addition of a new station and the relocation of an existing station is in response to the growth of the community to ensure adequate fire protection coverage of the community.

The 2008 Budget includes about \$1.8 million in the Special Street and Highway Fund for various **street infrastructure improvements throughout the community** to improve the condition of existing roadways.

### **Communication and Service to Citizens**

In 2008, the City will continue to provide positive communication with the community through the City's **nationally recognized web site and cable television Channel 3**.

The **Citizens' Academy** will continue providing quality adult education to citizens by highlighting each department and function of City government. 2008 will mark the twelve-year anniversary of the beginning of this successful program.

In addition, the City will continue with its **Youth in Government program** created in conjunction with U.S.D. 383 as a means to engage and promote youth input in decision-making within City government.

Another initiative is a "good neighbor" program targeted at KSU students living in harmony with established neighborhoods. This program involves KSU Student Government, KSU Administration, City Administration, RCPD, landlords and the Coalition of Neighborhood Associations.

## **BUDGET REVENUE AND EXPENDITURE SUMMARY**

The following provides highlights regarding the City's major sources of revenue and expenditures:

### **REVENUES**

#### **Property Taxes**

Final assessed valuation figures provided by the Riley and Pottawatomie County Clerks indicate that the 2007 assessed valuation has increased by \$47,096,808 or 12.8%.

City Administration continues to believe it is important to capture at least part of the property taxes from new businesses, office facilities and residential properties in order to maintain current service levels in the City's General Fund. However, in an effort to meet the City Commission's goal of continuing to decrease the City's mill levy rate, only \$228,400 in new property taxes (from \$505,075 available) will be added to existing property taxes in the 2008 General Fund budget.

**Franchise Fees**

Franchise fees compensate the City for the use of the public rights-of-way by private utilities. Franchise fees range from 4% to 5% of gross revenues for the gas, electric, and cable television utilities, and are currently \$1.20 per access line for the telephone utility company. Overall, franchise fee revenues are budgeted at \$2.45 million for 2008, which is \$275,000 more than the amount budgeted in 2007 and, most of which, is attributed to an increase in the electric and gas franchise fee.

**Local Sales Tax**

As mentioned earlier, sales taxes increased dramatically in both 2005 and 2006 compared to the amount budgeted. City Administration recommends increasing 2008 budgeted sales tax revenues compared to 2007 budgeted sales tax revenue. The following table reflects this forecast:

	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
	<b><u>Actual</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Forecast</u></b>	<b><u>Budget</u></b>
<b>TOTALS</b>	<b>\$7,572,450</b>	<b>\$8,251,230</b>	<b>\$7,762,500</b>	<b>\$8,475,000</b>	<b>\$8,300,000</b>

Although sales taxes are difficult to predict and are highly elastic since they are consumer-driven, City Administration remains optimistic that sales tax revenue will continue to rise in 2008. The expansion of businesses across the community and the announced troop build-up at Ft. Riley indicate that the City’s sales tax revenues should, conservatively, increase by about 7% in 2008. (Note: Sales taxes increased by about 9% from 2005 to 2006.)

**Investment Income**

Investment income had increased slowly as interest rates had continued to rise recently; however, interest rates are slightly declining. Therefore, it is anticipated that investment income will decrease again starting in 2007. Prior to 2005, investment income had declined substantially each year since adoption of the 2000 Budget. From 2005 to 2006, investment income increased significantly from \$706,105 to \$1,746,249. It is estimated that over \$3 million in revenue from investment income has been lost in the past five years due to low interest rates. The investment income for all funds in the proposed 2008 City Budget is approximately \$1,252,800 which is more than the \$735,400 budgeted in 2007.

**Utility Fees**

There are no wastewater utility rate increases being planned for 2008. However, the City will begin to undertake design on various improvements at the Wastewater Treatment Plant to ensure future capacity and make sure that we can meet state and federal mandates.

Based on the need to increase capacity to meet future growth projections, the Water Treatment Plant will be expanded along with modernization of controls and improvements to the City’s wellfield. These improvements are currently being designed and likely construction will begin in 2008. In conjunction with the project, estimated at approximately \$16 million, City Administration is recommending an increase in general water fees in order to collect additional revenues beginning with a proposed 15% increase in 2008. There will also be increases proposed for 2009 and 2010 in order to provide the necessary cash flow to meet the expansion project and other future planned projects. This will be the first increase in water rates since 1990.

The increases in the City's stormwater fee rates were implemented in April 2007. This increase was budgeted to generate approximately \$300,000 in additional revenue annually. This increase will ensure adequate cash flow in the fund to address several major projects over the next few years. The increase is being implemented by raising the stormwater fee from \$1.10 to \$2.50 in April 2007, to \$3.00 in January 2008, and to \$3.50 in January 2009, for residential customers. Commercial rates are also increasing and are based on a formula which measures the amount of impervious surfaces.

### **Municipal Court Fees**

Due to the assumption of prosecution of certain misdemeanors in Municipal Court and the subsequent increase in caseloads, Municipal Court revenue increased substantially during the past few years. Municipal Court revenue for 2008 is projected at approximately \$1.47 million.

## **EXPENDITURES**

### **Overview**

It is estimated that total operational expenditures in 2008 will rise modestly over 2007 estimated expenditures. The proposed General Fund budget of \$20,801,075 reflects a 7.2% increase, or \$1,393,953 over the 2007 City Budget.

Overall, the proposed 2008 City Budget represents an 11.4% increase over the 2007 City Budget. The 2008 proposed Budget provides for \$89,111,132. This increase from the previous year is primarily related to increasing revenues in the Special Revenue Funds and Enterprise Funds, along with increased obligations in the Bond & Interest Fund that are related, in part, to special assessment benefit district financing and City-wide projects.

It should be noted that the 2008 City Budget provides the fifth year in a row that the mill levy rate has been reduced. The mill levy rate proposed for 2008 will be the lowest for City taxpayers since 1985.

### **Personnel**

The City is able to offer quality services to our citizens as a result of our people. The 2008 Proposed Budget includes an increase of about 9.5% in personnel costs over the 2007 Budget. This represents full funding for the new positions added during the 2007 calendar year to better manage construction growth in the community. For 2008, the budget provides funding for six new full-time positions and one part-time position. These positions are related to the growth of the community. Positions include Animal Control Officer, Customer Service Clerk, Engineering Technician-CAD Operator, Parks-Maintenance Worker I, Discovery Center Director, Budget/Audit Analyst, and Code Services Secretary (part-time). In order that the City is able to continue to provide its quality services and programs by being able to attract and retain quality staff, the 2008 budget includes a 2.8% increase reflecting the cost of living. An additional 1%-4% increase could be achieved to recognize merit and quality performance by employees.

### **Contractual Services**

Contractual services are expected to increase slightly from 2007 levels as a result of higher natural gas and electricity costs across City departments. The budget recently submitted by the Riley

County Police Department requires an additional \$791,052 in City funding over the 2007 budget. The budget for the Manhattan Public Library increased by a little more than \$278,334 over their 2007 budget while the Riley County-Manhattan Health Department only increased by \$12,771.

In addition, a number of outside agencies requested funding in 2008 from the City Commission during the budget process.

<u>Outside Agencies</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Riley County Police Department	\$8,515,032	\$9,311,532	\$10,102,584
Manhattan Public Library	1,743,260	1,900,604	2,178,938
Chamber of Commerce	175,000	175,000	175,000
Convention and Visitors Bureau	762,000	654,000	637,000
City/University Special Projects Fund	367,200	379,600	394,200
Riley County-Manhattan Health Dept.	205,482	212,880	225,651
Social Service Agencies	330,547	346,594	385,155
Alcohol and Drug Programs	325,000	325,000	330,164
Aggieville/Downtown BID	85,650	86,000	95,990
Downtown Manhattan, Inc.	20,000	30,000	40,000
Crime Stoppers	5,000	5,000	5,000
Manhattan Center for the Arts	44,000	44,000	46,000
Municipal Band	18,000	21,800	21,800
Wolf House Museum	5,575	5,575	5,625
Neighborhood Grant Program	6,000	10,000	10,000
<b>TOTAL</b>	<b>\$12,613,066</b>	<b>\$13,507,585</b>	<b>\$14,653,107</b>

### Commodities

The total for commodity expenditures is projected to increase approximately 8.1%, or \$232,270, in 2008 from the 2007 City Budget. The bulk of the increase in this line item is the result of higher fuel costs across City departments.

### Capital Outlay

The 2008-2013 Capital Improvements Program (CIP) is located in the back of the budget book. The CIP is a multi-year plan for capital expenditures needed to replace, expand, renovate, and improve infrastructure, systems, vehicles, and equipment. The total Proposed 2008 CIP expenditures are approximately \$51.57 million, which includes the projects associated with Downtown Redevelopment effort. The 2008 direct budget impact is much less. During the past few years, the need to continue ongoing replacement of equipment and maintenance of existing infrastructure has continued yet cutting the CIP has been needed to balance the budget given the resources available in the City budget. The difficulty with this practice is evident, as years 2009-2013 of the proposed CIP continue to reflect deferred maintenance and equipment, which assuming that current service levels are anticipated to increase due to expected growth, increases future liabilities and funding needs significantly.

The 2008-2013 CIP incorporates a substantial investment and leverages significant state and federal funding. The following are some highlights of the various departments for 2008:

### Airport:

- \$5,300 for Construction of Runway 21 Safety Improvements (Total Project Cost is \$376,700, 95% Funding from Grants, 5% Funding from Short-Term Financing)

### Fire:

- \$97,128 for the Replacement of Pumper Ladder Truck (Total Project Cost is \$750,000, 100% Funding by Fire Equipment Reserve under a lease/purchase program.
- \$25,901 for the building of a Northwest Fire Station (Total Project Cost is \$200,000, 100% Funding from G.O. Bonds) (multi-year financing)
- \$25,901 for the building of a Southwest Fire Station (Total Project Cost is \$200,000, 100% Funding from G.O. Bonds) (multi-year financing). This is a relocation of Station 3.

### General Government:

- \$50,000 in Community Development to finance a Housing Rehabilitation Program (Total Project Cost is \$390,000, 13% Funding from General Fund, 81% from Grants, and 6% from Other Sources)
- \$96,000 to Upgrade Microsoft Office Suite within Information Services (70% Funding from General Fund, 15% from Wastewater, and 15% from Water)

### Parks and Recreation:

- \$103,200 as the first year for the City Park Pavilion/Restroom Dressing Room Renovation (Total Project Cost is \$796,375, 100% G.O. Bond Funded)
- \$45,200 for Sunrise Cemetery Road Expansion (Total Project Cost is \$ 160,000, 100% Funding from Short-Term Financing)
- Provides for substantial vehicle and equipment reconditioning as well as some equipment replacement and improvements to existing Parks.
- \$15,000 for the Renovation of the Cinereous Vulture Exhibit (100% Funding from Special Sunset Zoo)
- \$46,500 for the Renovation of the City Park Playground (Total Project Cost is \$300,000, 100% Funding from Special Park & Recreation) (multi-year financing)

### Public Works:

- Significant leverage of state and federal grant funding for the support of several intersection upgrade projects related to growth and safety, including: Marlatt Avenue & Tuttle Creek Boulevard; Miller Parkway & Scenic Drive; and Clafin Road and Sunset Avenue
- \$19,500 for the construction of the West Anderson Avenue improvement project (total project cost \$150,000) (multi-year financing)\_
- \$400,000 for Ongoing Maintenance for Sewer Inflow Prevention (100% Funding from Wastewater)
- \$280,000 for a Multi-Year Project for the Tecumseh-Quivera Stormwater System (Total Project Cost is \$2,169,000, 100% Funding from G.O Bonds)

A project not identified in the CIP that has been initiated (design process) is the signalization of the intersection of K-18 and Miller Parkway/Davis Drive. The project cost estimate is approximately \$800,000 and could be under construction in the late half of 2008.

### **Bond and Interest Fund**

The City continues to see a decline in the annual principal and interest payments that are direct debt since the City Commission's adoption of the Long-Term Obligation Policy in March of 2002. Although anticipated principal and interest payments for 2008 will increase by about \$2.6 million, the entire amount is attributable, in part, to special assessment debt created by significant growth in new benefit districts across the community and City-wide projects.

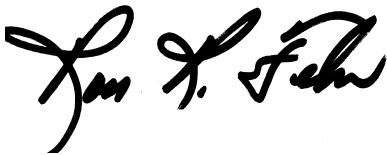
Due to the uncertainty of the timing of a number of major City projects and the addition of yet more benefit districts citywide, cash reserves are proposed to be increased from \$500,000 to \$1,000,000 in 2008. These reserves will be used to pay off temporary notes on the aforementioned City projects that may be started and completed in 2008 as necessary.

City Administration remains committed to not bonding smaller capital projects if at all possible through the use of temporary note authority which can be extended four years before bonds must be issued. For the past several years, these notes have been budgeted within the Bond and Interest Fund and retired well within the timeframe required under Kansas law.

## CONCLUSION

As the 2008 Budget was developed, City Administration and the City Commission worked together to continue to meet the challenges of new growth and provide quality services to our citizens while balancing the impact on property taxes. As a result, a reduction in the tax levy rate, prudent personnel additions, minimal operational budget increases, and careful capital improvement planning were achieved. I believe that the 2008 Budget will serve the citizens of Manhattan well, being responsive to our growing population and planning for our future.

Respectfully,

A handwritten signature in black ink, appearing to read "Ron R. Fehr". The signature is written in a cursive, flowing style.

Ron R. Fehr  
City Manager

07129  
RRF

**NOTICE OF BUDGET HEARING**

The governing body of  
City of Manhattan  
will meet on the 14th day of August, 2007 at 7:00 p.m. in the City Commission Chambers at 1101 Poyntz Avenue for the purpose of  
hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax.

Detailed budget information is available at City of Manhattan Finance Department  
and will be available at this hearing.

**BUDGET SUMMARY**

Proposed Budget 2008 Expenditures and Amount of 2007 Ad Valorem Tax establish the maximum limits of the 2008 budget  
Estimated Tax Rate is subject to change depending on the final assessed valuation

FUND	2006		2007		Proposed Budget 2008		
	Prior Year Actual Expenditures	Actual Tax Rate *	Current Year Est of Expenditures	Actual Tax Rate *	Expenditures	Amount of 2007 Ad Valorem Tax	Est. Tax Rate *
001 General	18,656,945	3.077	21,507,122	2.730	20,801,075	1,231,361	2.970
106 Employee Benefit	969,999	0.664	1,000,000	0.757	1,091,700	259,445	0.626
107 Fire Equipment Reserve	294,636	0.314	391,800	0.276	718,550	50,677	0.122
108 KP & F	412,000	0.318	450,000	0.259	523,260	87,258	0.210
109 General Improvement	50,454		0		97,775		
110 Industrial Promotion	236,941	0.994	369,030	0.249	500,000	50,000	0.121
111 Library	1,514,298	0.645	1,639,588	3.644	1,850,830	1,397,691	3.372
112 Library EBF	228,851	0.641	261,016	0.645	328,108	299,308	0.722
113 Park Development	27,500		149,397		371,240		
123 Riley Co. Health Dept.	205,482	0.575	212,880	0.521	225,651	201,598	0.486
124 Riley Co. Police Dept	8,515,032	24.001	9,311,532	22.929	10,102,584	9,104,566	21.963
301 Bond and Interest	7,847,006	5.006	8,352,427	1.078	12,106,658	428,969	1.035
118 Special Highway	1,477,554		1,670,058		1,809,815		
102 City University	367,200		379,600		394,200		
103 Aggieville Business Imprv	29,030		29,936		36,400		
104 Downtown Business Impr	46,183		55,000		59,590		
105 Economic Development	876,531		2,567,855		7,266,860		
115 Sales Tax	5,053,130		4,581,250		4,976,745		
116 Special Alcohol	317,164		325,000		404,500		
117 Special Parks and Rec	351,494		591,760		422,000		
119 Special Sunset Zoo	220,862		278,318		282,005		
121 Tourism & Convention	762,000		654,000		661,000		
126 Capital Imprv Reserve			50,000		2,725,000		
127 Tax Inc Finance-Downtown	218,797		800,000		1,325,000		
501 Water	8,359,041		8,426,453		10,831,100		
521 Wastewater	4,677,884		4,596,469		7,873,500		
531 Stormwater	776,791		1,335,251		1,325,986		
<b>Totals</b>	<b>62,492,805</b>	<b>36.235</b>	<b>69,985,742</b>	<b>33.088</b>	<b>89,111,132</b>	<b>13,110,873</b>	<b>31.627</b>
Less: Transfers	11,512,898		10,067,926		9,784,372		
Net Expenditure	50,979,907		59,917,816		79,326,760		
Total Tax Levied Assessed	11,648,970		12,157,634		xxxxxxxxxxxxxxxxx		
Valuation	321,481,120		367,438,289		414,535,097		

Outstanding Indebtedness, January 1,	<u>2005</u>	<u>2006</u>	<u>2007</u>
G.O. Bonds	54,290,000	51,340,000	54,960,000
Revenue Bonds	2,340,000	1,960,000	6,105,321
Temporary Notes & Loans	9,654,373	9,159,580	27,619,312
Lease Pur Princ	844,843	746,550	672,175
Total	<u>67,129,216</u>	<u>63,206,130</u>	<u>89,356,808</u>

\*Tax rates are expressed in mills

Director of Finance

**Notice of Budget Hearing for Amending the  
2007 Budget**

The governing body of the City of Manhattan will meet on the 14th of August, 2007 at 7:00 p.m. at 1101 Poyntz Avenue for the purpose of hearing and answering objections of taxpayers relating to the proposed amended use of funds.

Detailed budget information is available at the City of Manhattan Finance Department and will be available at this hearing.

**Summary of Amendments**

Fund	2007 Adopted Budget			2007 Proposed Amended Expenditures
	Actual Tax Rate	Amount of Tax to be Levied	Expenditures	
General Fund	2.73	1,002,961	19,407,122	21,507,122

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Director of Finance

# INTER-OFFICE MEMORANDUM

**DATE:** July 18, 2007

**TO:** Ron Fehr, City Manager

**FROM:** Eric Cattell, AICP, Assistant Director for Planning

**RE:** Planning Board Review of Proposed 2008-2013 CIP for Conformance with the Comprehensive Plan

The Manhattan Urban Area Planning Board reviewed the proposed 2008-2013 Capital Improvements Program (CIP) for conformance with the Comprehensive Plan at its meeting on July 16, 2007. Department Heads provided a brief overview of proposed CIP items and answered questions from the Board.

Questions included when the Part 150 Airport Noise study would be done. Peter indicated it would be initiated this month and would include a public process. The Board asked about the timing of the Miller Parkway connection to Scenic Drive, as well as why the Wreath Avenue connection is not in the CIP. The Board also asked about park land acquisition in the Miller Parkway corridor area.

Following discussion, Ham moved that the Manhattan Urban Area Planning Board find that the proposed 2008-2013 Capital Improvements Program is in general conformance with the Comprehensive Plan. The motion was seconded by Reynard, which passed on a vote of 6-0.

Let me know if you have any questions.

EC  
07088



## **BUDGET ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF MANHATTAN, KANSAS, FOR 2008, CERTIFYING SUCH BUDGET TO THE COUNTY CLERKS OF RILEY AND POTTAWATOMIE COUNTIES, AND LEVYING THE AD VALOREM TAXES ON ALL TAXABLE PROPERTY WITHIN THE CITY, NECESSARY TO FUND SUCH BUDGET.**

WHEREAS, K.S.A. 79-2927 requires the Governing Body of the City of Manhattan to prepare, in writing on forms furnished by the director of accounts and reports, a budget itemized and classified by funds and showing amounts to be raised by taxation and from other sources for the year 2008 (hereinafter the "Certified Budget"); and,

WHEREAS, K.S.A. 79-2929 requires the Governing Body of the City conduct a public hearing for the purpose of answering and hearing objections of taxpayers relating to the proposed budget, following notice of such hearing, as required by the statute; and,

WHEREAS, the Governing Body has conducted the public hearing required by K.S.A. 79-2929, pursuant to notice duly published, and following the hearing has prepared the Certified Budget, a copy of which is available in the office of the City Clerk for the City of Manhattan; and,

WHEREAS, the Governing Body has determined that no ordinance, required by K.S.A. 2925b, is necessary because any increase in property tax revenue due to the Certified Budget, over the property tax revenue generated in 2007, falls within one, or more, of the exceptions set forth in that statute; and,

WHEREAS, K.S.A. 79-2930 requires the City to submit two copies of the Certified Budget to the county clerks of both Riley and Pottawatomie Counties.

NOW THEREFORE, be it ordained by the Governing Body of the City of Manhattan:

SECTION 1: The Certified Budget is hereby approved and adopted as the budget for the City of Manhattan for 2008, and the Mayor and City Clerk are hereby authorized to execute, and attest to, the Certified Budget in such format as prescribed by law.

SECTION 2. There is hereby levied upon all taxable property located within the City of Manhattan, ad valorem taxes at the rate necessary to fund the budget, as adopted, taking into account any reduction in said levy by the applicable county clerk, as authorized by K.S.A. 79-2930.

SECTION 3. The City Clerk is hereby directed to submit two copies of the Certified Budget, along with a certified copy of this ordinance, to the County Clerks of both Riley and Pottawatomie Counties. The City Clerk is further directed to submit a copy of the Certified Budget, along with a certified copy of this ordinance and a copy of the tax levy rate summary, and any other documents required by law, to the director of accounts and

reports.

SECTION 4. This ordinance shall take effect after its publication once in the official City newspaper.

PASSED AND APPROVED BY THE GOVERNING BODY THIS 14TH DAY OF AUGUST, 2007.

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Gary S. Fees, CMC, City Clerk

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Tom Phillips, Mayor

## **AMENDED BUDGET ORDINANCE NO.**

AN ORDINANCE ATTESTING TO THE AMENDMENT OF THE 2007 BUDGET FOR THE GENERAL FUND OF THE CITY OF MANHATTAN.

WHEREAS, the City of Manhattan has established an annual budget for the General Fund; and

WHEREAS, additional monies are now available that exceed those budgeted in the approved 2007 budget for the General Fund;

NOW THEREFORE, be it ordained by the Governing Body of the City of Manhattan:

SECTION 1: In accordance with state law, the City of Manhattan has conducted a public hearing and has published the amended budget requesting an increase in said budget from \$19,407,122 to \$21,507,122.

SECTION 2. After careful public deliberations, it is hereby attested that in order to allow accumulated monies to be spent in 2007, it will be necessary to amend that portion of the City Budget pertaining to the General Fund for budget year 2007.

SECTION 3. This ordinance shall take effect after its publication once in the official City newspaper.

PASSED AND APPROVED BY THE GOVERNING BODY THIS 14<sup>TH</sup> DAY OF AUGUST, 2007.

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Gary S. Fees, CMC, City Clerk

---

Tom Phillips, Mayor



# Special Revenue Funds

## BUDGETED EXPENDITURES

(Proposed)

	2003	2004	2005	2006	2007	2008
1 City/University Projects (102)	255,000	307,700	309,500	367,200	379,600	394,200
2 Aggieville BID (103)	28,500	28,600	32,000	30,650	30,500	36,400
3 Downtown BID (104)	55,500	55,500	55,500	55,000	55,500	59,590
4 Economic Development (105)	960,000	1,554,400	-----	-----	-----	-----
5 <i>MEDOFAB</i>	0	0	1,427,860	1,290,000	554,300	319,265
6 <i>RICOED</i>	0	0	1,500,000	3,535,590	5,183,884	6,947,595
7 Employee Benefits (106)	861,000	877,000	908,000	970,000	1,000,000	1,091,700
8 Fire Equipment Reserve (107)	360,000	284,000	306,206	412,000	450,000	718,550
9 KP&F Pension (108)	288,700	360,000	360,000	412,000	450,000	523,260
10 General Improvement Fund (109)	103,726	62,650	82,000	50,400	62,813	97,775
11 Industrial Promotion (110)	396,400	420,600	450,000	507,420	477,750	500,000
12 Library (111)	1,362,622	1,387,634	1,409,150	1,514,409	1,639,588	1,850,830
13 Library Employee Benefits (112)	201,100	171,100	178,300	228,851	261,016	328,108
14 Park Development Fund (113)	51,700	49,600	97,306	218,770	240,504	371,240
<b>Sales Tax Fund (115)</b>						
15 <i>Revenue to General Fund</i>	1,925,650	1,620,872	2,000,000	1,420,500	1,149,900	1,581,900
16 <i>Revenue to Park Development</i>	25,000	4,111	50,000	150,000	86,500	211,000
17 <i>Revenue to Employee Benefits</i>	805,000	632,427	650,000	650,000	650,000	800,000
18 <i>Revenue to General Improvement</i>	0	0	0	0	0	81,300
19 <i>Revenue to KP&amp;F</i>	269,350	288,295	300,000	300,000	344,000	426,745
20 <i>Revenue to Fire Equipment Reserve</i>	0	154,919	200,000	300,000	320,500	475,800
21 <i>Revenue to Library</i>	0	0	0	1,129,500	260,350	300,000
22 <i>Revenue to Bond &amp; Interest</i>	0	736,876	500,000	1,103,130	1,770,000	1,100,000
23 Special Alcohol Programs (116)	350,000	428,762	367,500	325,000	360,574	404,500
24 Special Park & Recreation (117)	222,922	306,400	250,000	493,668	591,760	422,000
25 Special Street & Highway (118)	1,700,000	1,686,100	1,668,972	1,776,687	1,710,000	1,809,815
26 Special Sunset Zoo (119)	230,848	165,500	223,860	298,220	290,000	282,005
27 Southern TIF District Fund (120)	202,046	0	0	0	0	0
28 Downtown Redevelopment TIF (127)	0	0	0	0	800,000	1,325,000
29 Tourism & Convention (121)	532,000	650,000	625,000	762,000	654,000	661,000
30 Health Department (123)	193,875	193,875	199,691	205,482	212,880	225,651
31 RCPD (124)	7,452,100	7,743,348	7,745,352	8,515,032	9,311,532	10,102,584
32 Capital Improvement Reserve (126)	0	0	0	0	1,200,000	2,725,000
<b>Total of All Special Funds:</b>	<b>18,833,039</b>	<b>20,170,269</b>	<b>21,896,197</b>	<b>27,021,509</b>	<b>30,497,451</b>	<b>36,172,813</b>

# Enterprise Funds

## BUDGETED EXPENDITURES

(Proposed)

### Water Fund

	2003	2004	2005	2006	2007	2008	
33 General & Administration	568,106	601,231	654,749	552,103	614,770	607,287	33
34 Meter Services	291,865	435,036	453,216	889,365	447,823	982,895	34
35 Supply & Treatment	1,713,496	3,091,932	3,807,096	3,060,680	3,125,547	2,407,240	35
36 Distribution	747,281	650,300	1,232,342	1,255,850	2,254,490	1,141,279	36
37 Non-Operating	4,736,452	4,372,850	4,388,995	3,812,984	4,806,427	5,692,399	37
<b>Water Fund Expenditures:</b>	<b>8,057,200</b>	<b>9,151,349</b>	<b>10,536,398</b>	<b>9,570,982</b>	<b>11,249,057</b>	<b>10,831,100</b>	

### Wastewater Fund

38 General & Administration	530,364	514,370	597,082	527,038	518,470	490,798	38
39 Non-Operating	2,105,485	3,427,957	3,574,813	2,898,426	3,711,709	4,814,875	39
40 Treatment	1,224,715	1,250,451	1,620,434	2,635,900	2,009,714	1,570,705	40
41 Maintenance	718,036	1,023,582	1,202,152	691,841	720,212	997,122	41
<b>Wastewater Fund Expenditures:</b>	<b>4,578,600</b>	<b>6,216,360</b>	<b>6,994,481</b>	<b>6,753,205</b>	<b>6,960,105</b>	<b>7,873,500</b>	

### Stormwater Fund

42 General Expenditures	1,130,000	748,100	949,360	849,750	1,227,911	1,325,986	42
<b>Stormwater Fund Expenditures:</b>	<b>1,130,000</b>	<b>748,100</b>	<b>949,360</b>	<b>849,750</b>	<b>1,227,911</b>	<b>1,325,986</b>	

**Total of Enterprise Funds: 13,765,800 16,115,809 18,480,239 17,173,937 19,437,073 20,030,586**

# Bond & Interest Fund

## BUDGETED EXPENDITURES

(Proposed)

	2003 Budget	2004 Budget	2005 Budget	2006 Budget	2007 Budget	2008 Budget	
43 Bond & Interest Fund	7,978,000	8,295,746	8,284,403	9,654,383	10,642,557	12,106,658	43

**Total City Budget: 56,674,301 60,550,947 65,351,267 73,044,567 79,984,203 89,111,132**

## General Fund Calculations - Budget Reductions

2007 General Fund Budget	19,407,122	
2008 General Fund Budget (2nd Work Session)	21,452,000	
Operational Spending Increase	2,044,878	→ 10.5% Increase

Original Estimated Mill Levy : **34.255**  
(based on old Valuation)

<b>1st &amp; 2nd Work Session Calculations</b>	(\$) Change	(%) Change	Mill Levy Reduction
<b>General Fund Reductions</b>			
Reduce parks maintenance worker salary to 1/3 of the year	16,863	0.09%	0.041
Offset a portion of the budget/audit analyst salary with utility transfer	19,110	0.10%	0.046
Reduce street lighting to the 2007 budgeted amount (\$484,052 to \$380,200)	103,852	0.54%	0.251
<b>Total General Fund Reductions</b>	<b>139,825</b>	<b>0.72%</b>	<b>0.337</b>
<b>General Fund CIP Cuts</b>			
<b><u>Move to 2009</u></b>			
Replace Mower (CPX30E)	25,000	0.13%	0.060
Rose Garden Improvements (break into 2 phases, \$25,000 each in '08 & '09) (CP822P)	25,000	0.13%	0.060
Replace #25 One-Ton Pick-up (ST803E)	28,000	0.14%	0.068
Replace #26 One-Ton Pick-up (ST804E)	15,000	0.08%	0.036
<b>Total CIP Cuts</b>	<b>93,000</b>	<b>0.48%</b>	<b>0.224</b>
<b>General Fund Health Reserve Reduction</b>			
Reduce health reserve increase (delay until 2009)	200,000	1.03%	0.482
<b>General Fund Expenditure Offsets</b>			
Offset animal control officer salary (offset by licensing fees)	28,674	0.15%	0.069
Offset animal control 1/2 ton truck (offset by licensing fees)	21,350	0.11%	0.052
<b>Total Expenditure Offsets</b>	<b>50,024</b>	<b>0.26%</b>	<b>0.121</b>
<b>Total General Fund Reductions and CIP Cuts</b>	<b>432,825</b>	<b>2.23%</b>	<b>1.044</b>
<b>Total General Fund Expenditure Offsets</b>	<b>50,024</b>	<b>0.26%</b>	<b>0.121</b>
	<b>Combined Mill Levy Impact:</b>		<b>1.165</b>
<b>Valuation Reduction</b>			
2007 City Estimated Valuation Decreased from Original Estimate	6,573,165		
	<b>Resulting Estimated Levy Will Be:</b>		<b>33.028</b>
	(Due to the decrease in Valuation)		

**3rd Work Session Calculations**

**General Fund CIP Transfer Offsets**

**General Fund CIP Transfers to Fire Equipment Reserve**

Replace Generator (FRX03E)	22,000	0.11%
Hose Dryer (FR803E)	12,000	0.06%
Fitness Equipment (FR901E)	50,000	0.26%

**General Fund CIP Transfers to Park Development**

Replace 2 1/2 Ton Dump Truck (VRI 27.16) (CPX56E)	21,000	0.11%
Mower Replacement (CP001E)	40,000	0.21%
Replace Mower (CP101E)	15,000	0.08%
Rose Garden Improvements (CP822P)	25,000	0.13%
New Sidewalks (SZ827P)	10,000	0.05%

**General Fund CIP Transfers to General Improvement**

Replace Dump Truck (VRI 28.64) (STX92E)	23,100	0.12%
<b>Total CIP Transfer Offsets</b>	<b>218,100</b>	<b>1.12%</b>

<b>Total General Fund CIP Transfer Offsets</b>	<b>218,100</b>	<b>1.12%</b>	<b>0.000</b>
		<b>Mill Levy Impact:</b>	<b>0.000</b>

**Resulting Estimated Levy Will Be: 33.028**

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***Proposed* 2008 General Fund Expenditures 20,801,075 → 7.2% Increase**

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With the above adjustments, the net total of new positions amounts to: 138,500

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***Proposed* 2008 General Fund Expenditures (excluding new positions) 20,662,575 → 6.5% Increase**

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**Other 3rd Work Session Calculations**

**Possible Budget Shifts**

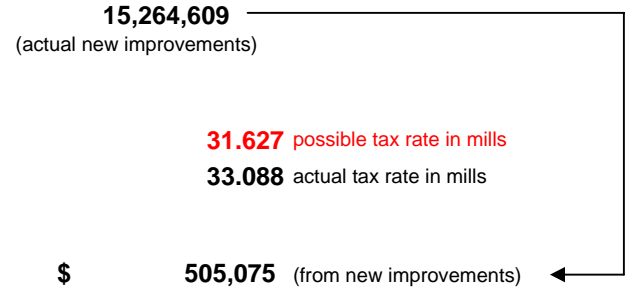
Transfer from General Fund to B&I Fund to cover CIP project costs	550,000	2.83%	1.327
Industrial Promotion Fund Decrease due to Decrease in Property Taxes	50,000	0.26%	0.121
Transfer \$1.5 M from General Fund to the Capital Improvement Reserve			
<b>Total Bond &amp; Interest Fund Reductions</b>	<b>600,000</b>	<b>3.09%</b>	<b>1.447</b>
		<b>Mill Levy Impact:</b>	<b>1.447</b>

**Resulting Estimated Levy Will Be: 31.627**

\*All Calculated Mill Levy Reduction Amounts are based on the New Valuation Amount of \$414,535,097 instead of the Previous Valuation of \$421,108,262

# Analysis of Assessed Valuation Growth for 2008 Taxes

2007 Riley County Valuation	383,965,068	<b>13.4%</b> (actual increase)
2007 Pott. County Valuation	30,570,029	<b>5.7%</b> (actual increase)
<b>2007 City Valuation</b>	<b>414,535,097</b>	
2006 Riley County Valuation	338,522,874	
2006 Pott. County Valuation	28,915,415	
<b>2006 City Valuation</b>	<b>367,438,289</b>	
<b>Valuation Growth</b>	<b>47,096,808</b>	
<b>Percent Increase over 2006</b>	<b>12.8%</b>	
<b>2008 Taxes Levied (possible) \$</b>	<b>13,110,873</b>	<b>31.627</b> possible tax rate in mills
<b>2007 Taxes Levied \$</b>	<b>12,157,634</b>	<b>33.088</b> actual tax rate in mills
<b>2008 Increase in Property Taxes over 2007 \$</b>	<b>953,239</b>	
<b>2008 Property Tax Increase from Valuation Growth \$</b>	<b>1,489,525</b>	<b>\$ 505,075</b> (from new improvements) ←
<b>Growth in Taxes Levied for 2008 \$</b>	<b>(536,286)</b>	<i>Note: A positive number shows an increase in total property taxes levied</i>



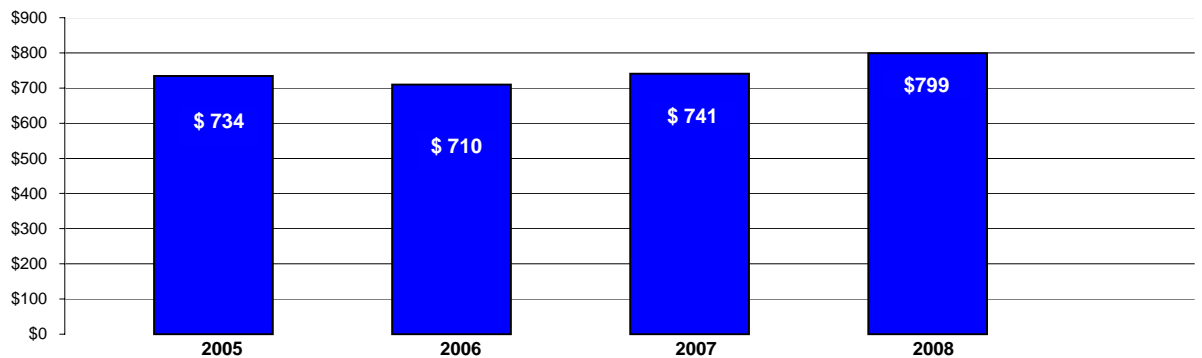
	<i>(possible)</i>				<i>(possible)</i>		
	2008 Taxes Levied		2007 Taxes Levied	Difference	2008 Levies	2007 Levies	
<u>Property Taxes for Outside Agencies</u>							
RCPD \$	9,104,566	69.4%	\$ 8,424,830	\$ 679,736	21.963	22.929	
Library	1,397,691	10.7%	1,338,776	58,915	3.372	3.644	
Library EBF	299,308	2.3%	237,157	62,151	0.722	0.645	
Industrial Promotion	25,000	0.2%	45,808	(20,808)	0.061	0.124	
Riley County Health Department	201,598	1.5%	191,313	10,285	0.486	0.521	
<b>\$</b>	<b>11,028,163</b>	<b>84.1%</b>	<b>\$ 10,237,884</b>	<b>\$ 790,279</b>			
<u>Property Taxes for City Services</u>							
General Fund \$	1,231,361	9.4%	\$ 1,002,961	\$ 228,400	2.970	2.730	
Employee Benefit Fund	259,445	2.0%	278,273	(18,828)	0.625	0.757	
Fire Equipment Reserve	50,677	0.4%	101,364	(50,687)	0.122	0.276	
General Improvement	-	0.0%	-	-	0.000	0.000	
Park Development	-	0.0%	-	-	0.000	0.000	
KP&F	87,258	0.7%	95,195	(7,937)	0.210	0.259	
Industrial Promotion	25,000	0.2%	45,808	(20,808)	0.060	0.125	
Bond & Interest Fund	428,969	3.3%	396,149	32,820	1.035	1.078	
<b>\$</b>	<b>2,082,710</b>	<b>15.9%</b>	<b>\$ 1,919,750</b>	<b>\$ 162,960</b>	<b>31.627</b>	<b>33.088</b>	
<b>Possible 2008 Taxes Levied \$</b>	<b>13,110,873</b>	<b>✓</b>	<b>\$ 12,157,634</b>				

Tuesday, August 07, 2007

# Tax Computation for Average Homeowner

<b>Increase in Valuation:</b>	<b>8.9%</b>	<b>8.7%</b>	<b>14.3%</b>	<b>12.8%</b>
<b>Home Value:</b>	<b>156400</b>	<b>170320</b>	<b>194676</b>	<b>219594</b>
<b>Residential Appraisal Rate:</b> <i>(set by State law)</i>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>
<b>Tax Value:</b>	<b>17986</b>	<b>19587</b>	<b>22388</b>	<b>25253</b>

	2005 Budget		2006 Budget		2007 Budget		2008 Budget	
	Mill Levy Rate	Taxes Paid	Mill Levy Rate	Taxes Paid	Mill Levy Rate	Taxes Paid	Mill Levy Rate	Taxes Paid
<b>General Fund</b>	2.510	\$45	3.077	\$60	2.730	\$61	2.970	\$75
<b>Library</b>	4.314	78	0.645	\$13	3.644	\$82	3.372	\$85
<b>Library EBF</b>	0.559	10	0.641	\$13	0.645	\$14	0.722	\$18
<b>Fire Equipment Reserve</b>	0.316	6	0.314	\$6	0.276	\$6	0.122	\$3
<b>Bond &amp; Interest</b>	7.869	142	5.006	\$98	1.078	\$24	1.035	\$26
<b>Employee Benefit Fund</b>	0.610	11	0.664	\$13	0.757	\$17	0.626	\$16
<b>KP&amp;F</b>	0.141	3	0.318	\$6	0.259	\$6	0.210	\$5
<b>Industrial Promotion</b>	0.187	3	0.994	\$19	0.249	\$6	0.121	\$3
<b>RCPD</b>	23.713	427	24.001	\$470	22.929	\$513	21.963	\$555
<b>Riley County Health</b>	0.613	11	0.575	\$11	0.521	\$12	0.486	\$12
<b>General Improvement</b>	0.000	0	0.000	\$0	0.000	\$0	0.000	\$0
<b>Park Development</b>	0.000	0	0.000	\$0	0.000	\$0	0.000	\$0
<b>Total City Tax Bill:</b>	40.832	<b>\$734</b>	36.235	<b>\$710</b>	33.088	<b>\$741</b>	31.627	<b>\$799</b>
<b>Increase in Tax Bill:</b>		<b>2.3%</b>		<b>-3.4%</b>		<b>4.4%</b>		<b>7.8%</b>



## City Property Tax Comparison

2004			
City	2003 Population	Total City Levy	Property Taxes (\$139,400 Home)
Atchison	10,106	57,570	\$923
Junction City	17,753	56,049	\$899
Leavenworth	35,410	54,534	\$874
Newton	17,913	51,663	\$828
Parsons	11,289	47,593	\$763
Fort Scott	8,113	46,638	\$748
<b>Manhattan</b>	<b>45,022</b>	<b>43,540</b>	<b>\$698</b>
Pittsburg	19,086	43,135	\$691
Emporia	26,739	42,062	\$674
Hutchinson	40,741	40,521	\$650
Dodge City	25,345	40,347	\$647
Coffeyville	10,606	38,633	\$619
Liberal	20,082	37,336	\$599
Garden City	27,678	33,913	\$544
Topeka	122,103	33,224	\$533
Wichita	355,126	31,905	\$511
Lawrence	81,604	28,097	\$450
Lenexa	41,249	26,553	\$426
Olathe	101,413	24,849	\$398
Leawood	28,270	24,074	\$386
Salina	45,969	24,013	\$385
Shawnee	52,460	20,845	\$334
Prairie Village	21,514	15,765	\$253
Overland Park	158,430	9,057	\$145

2005			
City	2004 Population	Total City Levy	Property Taxes (\$151,800 Home) <sup>1</sup>
Atchison	10,111	56,394	\$984
Junction City	17,667	55,732	\$973
Leavenworth	35,211	54,316	\$948
Newton	17,977	52,224	\$912
Parsons	11,296	48,683	\$850
Fort Scott	8,065	45,237	\$790
Liberal	20,067	43,932	\$767
Pittsburg	19,276	43,555	\$760
Hutchinson	40,783	41,626	\$727
Emporia	26,666	41,258	\$720
<b>Manhattan</b>	<b>44,733</b>	<b>40,832</b>	<b>\$713</b>
Dodge City	25,568	39,565	\$691
Coffeyville	10,472	38,472	\$672
Garden City	27,216	33,695	\$588
Topeka	122,008	32,391	\$565
Wichita	354,617	31,828	\$556
Lawrence	82,120	27,859	\$486
Lenexa	41,995	26,513	\$463
Leawood	28,888	24,233	\$423
Salina	45,833	24,063	\$420
Olathe	105,274	23,206	\$405
Shawnee	54,093	20,856	\$364
Prairie Village	21,729	15,843	\$277
Overland Park	160,368	9,037	\$158

2006			
City	2005 Population	Total City Levy	Property Taxes (\$165,000Home) <sup>2</sup>
Junction City	16,804	55,361	\$1,050
Newton	18,158	54,476	\$1,034
Leavenworth	35,318	52,245	\$991
Atchison	10,190	51,030	\$968
Liberal	20,209	50,518	\$959
Parsons	11,297	48,638	\$923
Dodge City	25,749	44,773	\$850
Pittsburg	19,151	43,567	\$827
Fort Scott	8,048	41,762	\$792
Emporia	26,634	41,157	\$781
Hutchinson	41,048	40,970	\$777
Coffeyville	10,508	38,472	\$730
<b>Manhattan</b>	<b>46,578</b>	<b>36,235</b>	<b>\$688</b>
Garden City	27,295	33,742	\$640
Wichita	353,878	31,898	\$605
Topeka	121,886	30,653	\$582
Lenexa	42,548	26,477	\$502
Lawrence	81,854	26,375	\$500
Olathe	108,314	24,923	\$473
Leawood	29,488	24,218	\$460
Salina	45,986	23,999	\$455
Shawnee	56,186	20,847	\$396
Prairie Village	21,585	15,720	\$298
Overland Park	162,637	9,037	\$171

2007			
City	2006 Population	Total City Levy	Property Taxes (\$188,600 Home) <sup>3</sup>
Leavenworth	35,213	49,993	\$1,084
Junction City	16,402	47,736	\$1,035
Dodge City	26,104	45,860	\$995
Atchison	10,169	45,494	\$987
Parsons	11,212	45,190	\$980
Pittsburg	19,214	43,663	\$947
Liberal	20,257	43,355	\$940
Fort Scott	7,990	43,183	\$937
Newton	18,229	43,047	\$934
Emporia	26,456	40,956	\$888
Hutchinson	40,961	39,976	\$867
Coffeyville	10,359	39,790	\$863
<b>Manhattan</b>	<b>50,000</b>	<b>33,088</b>	<b>\$718</b>
Wichita	354,865	31,953	\$693
Topeka	121,946	30,747	\$667
Garden City	27,098	29,899	\$648
Lenexa	43,434	26,468	\$574
Lawrence	81,816	26,358	\$572
Shawnee	57,628	24,621	\$534
Leawood	30,145	24,232	\$526
Salina	45,956	23,789	\$516
Olathe	111,334	23,154	\$502
Prairie Village	21,454	16,133	\$350
Overland Park	164,811	8,889	\$193

2008 <i>(estimated)</i>			
City	2007 Population	Total City Levy	Property Taxes (\$219,594 Home) <sup>4</sup>
<b>Manhattan</b>	<b>50,000</b>	<b>31,627</b>	<b>\$799</b>

<sup>1</sup>Approximately 8.9% valuation increase over 2004

<sup>2</sup>Approximately 8.7% valuation increase over 2005

<sup>3</sup>Approximately 14.3% valuation increase over 2006

<sup>4</sup>Approximately 12.8% valuation increase over 2007



# INTER-OFFICE MEMORANDUM



DATE: July 17, 2007

TO: Ron Fehr, Diane Stoddard, Jason Hilgers

CC: Bernie Hayen, Melanie Landis

FROM: Megan Walter

## RE: Capital Outlay Budget Carryover

The following data represents the various budgeted capital outlay funds for 2005 and 2006 and reflects the budgeted amount, the actual amount spent, and the “carryover” that was left at the end of the budget year.

This information was collected in response to a City Commission discussion to possibly use such remaining funds to complete citizen request projects such as the Leavenworth steps and the 1800 block of the Fairchild island curb replacement project.

### 2005

By Fund	Budgeted	Expense	Difference
General Fund	\$ 667,650	\$ 537,781	\$ 129,869
Special Sunset Zoo	0	0	0
Special Park	189,500	91,948	97,552
Park Development	0	0	0
Fire Equipment	67,000	50,150	16,850
General Imp.	50,000	0	50,000
Special Street & Hwy	933,735	831,690	102,045
City University	309,500	309,500	0
Water	2,996,700	374,796	2,621,904
Wastewater	1,393,700	679,467	714,233
Stormwater	78,000	0	78,000
<b>Total</b>	<b>\$ 6,376,285</b>	<b>\$ 2,565,832</b>	<b>\$ 3,810,453</b>

General Fund	Budgeted	Expense	Difference
Airport	\$ 34,250	\$ 24,582	\$ 9,668
Community Dev.	18,750	0	18,750
Finance	35,700	12,834	22,866
Human Resources	0	0	0
Animal Shelter	0	0	0
Recreation	12,600	12,221	379
Sunset Zoo	0	0	0
Fire	12,500	0	12,500
Street	58,000	52,624	5,376
Engineering	18,900	0	18,900
City Parks	157,450	110,320	47,130
Traffic	10,000	15,700	(5,700)
<b>Total</b>	<b>\$ 667,650</b>	<b>\$ 537,781</b>	<b>\$ 129,869</b>

## 2006

By Fund	Budgeted	Expense	Difference
General Fund	\$ 746,450	\$ 607,236	\$ 139,214
Special Sunset Zoo	62,500	4,492	58,008
Special Park	212,500	107,413	105,087
Park Development	27,500	50,000	(22,500)
Fire Equipment	104,500	98,489	6,011
General Imp.	50,000	50,454	(454)
Special Street & Hwy	821,500	726,063	95,437
City University	367,200	367,200	0
Water	2,782,750	2,438,355	344,395
Wastewater	1,765,250	906,438	858,812
Stormwater	100,000	80,000	20,000
<b>Total</b>	<b>\$ 7,040,150</b>	<b>\$ 5,436,140</b>	<b>\$ 1,604,010</b>

General Fund	Budgeted	Expense	Difference
Airport	\$ 82,750	\$ 66,046	\$ 16,704
Community Dev.	108,000	100,000	8,000
Finance	30,000	0	30,000
Human Resources	30,000	20,250	9,750
Animal Shelter	22,000	11,978	10,022
Recreation	22,000	11,978	10,022
Sunset Zoo	6,100	6,295	(195)
Fire	54,000	54,679	(679)
Street	115,000	109,406	5,594
Engineering	12,500	7,375	5,125
City Parks	224,100	179,462	44,638
Traffic	40,000	39,767	233
<b>Total</b>	<b>\$ 746,450</b>	<b>\$ 607,236</b>	<b>\$ 139,214</b>

The data was broken out by various City funds first, followed by the General Fund. In only a few cases did the amount spent on capital outlay exceed the budgeted amount. The results for 2005 and 2006 suggest that “carryover” funds may exist at the end of each budget year and could be available to fund citizen requests that are being considered at that time.

Please keep in mind that, with the assistance of Gulden Celebi, Audit & Budget Analyst, these numbers were pulled from the accounting software system by querying all budgeted capital outlay funds.