

AGENDA
CITY OF AUGUSTA
2018 Budget Work Session #2 – City Council
Monday, May 22, 2017
6:00 P.M.

“Augusta – Where the metro’s edge meets the prairie’s serenity offering the perfect blend of opportunity and proximity for living, commerce and culture.”

Meeting Reminder: Food and drinks will be available for consumption at the work session for Council members and staff. The work session is scheduled for 6:00 p.m. in the City Council chambers at City Hall.

A. CALL TO ORDER

B. 2018 LIBRARY BUDGET REQUEST / DISCUSSION

Review and discuss 2018 Budget Request from the Augusta Public Library for the Library Fund (2) and Library Employee Benefits Fund (8).

- a) Staff Report
- b) Library Executive Director Report
- c) **Council Discussion**

C. PRESENTATION FROM CITY INSURANCE CONSULTANT USI REGARDING PERFORMANCE OF SELF-FUNDED HEALTHCARE PLAN AND PROJECTED RENEWALS FOR 2018

Receive and file a presentation from staff and USI regarding performance of the City’s self-funded healthcare plan and discuss projected renewal costs for upcoming budget year.

- a) Staff Report
- b) USI Presentation
- c) **Council Discussion**

D. SPECIAL REVENUE FUNDS

Review and discuss various special revenue funds.

- a) Staff Report
- b) **Council Discussion**

E. UPDATED SOLID WASTE CASH FLOW MODEL AND PROPOSED RATE ADJUSTMENT

Review and discuss updated cash flow model for the Solid Waste Fund 20, including projections for an annual 2% build in rate adjustment as requested by the City Council at the prior work session.

- a) Staff Report
- b) **Council Discussion**

F. ADJOURNMENT

2018 City Manager's Recommended Budget

*Work Session #2 – Special Revenue Funds, Library,
Self-Funded Health Plan Performance Report, Solid
Waste Rate Update*

May 22nd, 2017



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Section I. Economic Trends

- ❖ **Assessed valuation** increased \$1.8 million (3.44%) from 2016 to 2017, which is the single largest increase from year to year in over a decade. The City will not receive updated assessed valuation estimates from Butler County for the 2018 Budget until June 15th. Unfortunately, the City of Augusta will not be able to truly benefit from appraised value growth in future years because of the State mandated property tax lid. This lid will take effect with the 2018 budget.
- ❖ **Sales tax revenues** are slightly stronger this year compared to the prior two years and are currently tracking towards \$1.2 million annually per 1-cent, which is up about 2.395% compared to the last two years. Augusta's citizens voted to extend the local 1% sales tax for another 10 years in April 2016.
- ❖ **Commodities** prices are changing in a variety of ways. Fuel has been significantly cheaper the past three years, which has greatly assisted operational line items for gasoline and diesel and contributed to higher fuel sales and traffic at the municipal airport. Electric purchase costs for 2017 have trended about even 2016 costs, which has resulted in about a 0.74% increase in EFA rates to customers YTD.
- ❖ **Construction bids** are no longer at rock bottom pricing, but recent projects have come in below engineer's estimates. Contractors are not as "hungry" as in years past, so competitive pricing will not be as affordable going forward.
- ❖ **Interest rates** are still near historic lows on GO Bonds, which means long term debt is as affordable as it ever has been. This is one of the big reasons why staff has advocated a shift in financial policy to take advantage of low interest rates to tackle large scale capital projects.
- ❖ **Health Insurance** costs are expected to grow but it is hard to project the amount. Staff is currently planning for a **10% increase** in premiums based on feedback from our USI consultant. 2017 was the first full year of the implementation of the partially self-funded healthcare plan. Staff will present a summary report of the plan's performance at one of the upcoming budget work sessions.

Section II. City Council Priorities

- ❖ Greater investment in quality of life improvements/aesthetics (e.g. parks, sidewalks, etc).
- ❖ Proactively address blight throughout the city.
- ❖ Scale up the size of capital improvement projects (i.e. street improvements) and plan construction activities more strategically
- ❖ Work in partnership with community to solve problems.
- ❖ Pursue economic development initiatives that are consistent with 5-yr strategic plan, with an emphasis on a “quality of life” based economic approach as opposed to a direct cash incentive based approach.
- ❖ Minimize tax increases to the extent possible, but open to tax increases for essential infrastructure improvements and service level changes.
- ❖ Recruit and retain a highly skilled workforce with competitive wages and benefits.

Section III. Special Revenue Funds

SPECIAL ALCOHOL FUND (04)

Fund Description: This fund is created statutorily (K.S.A. 79-41a01 *et seq*) to provide resources for alcohol and drug education, prevention, rehabilitation, etc.

Revenue Source: 1/3rd of the quarterly distribution from the State of Kansas from alcohol liquor tax funds

Activities Funded: DARE Program, SCARF, and Special Alcohol Grant Program (City provides grant funding to social service organizations that provide services that meet parameters of the state statutes)

2018 Revenue Changes: No changes.

2018 Expenditure Changes: No changes.

CONVENTION & TOURISM BUREAU (05)

Fund Description: This fund was created by the City Council to support the activities of the City's Convention and Visitor's Bureau.

City of Augusta
2018 Budget
Special Alcohol

Fund 4		Actual 2014	Actual 2015	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:							
3315	Liquor Tax	\$ 14,437	\$ 13,401	\$ 13,489	\$ 12,000	\$ 13,000	\$ 12,000
3510	Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3550	Refund of Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total		\$ 14,437	\$ 13,401	\$ 13,489	\$ 12,000	\$ 13,000	\$ 12,000
3001	Revenue Forward	59,461	57,346	68,415	58,415	63,809	53,309
Resources Available		\$ 73,898	\$ 70,747	\$ 81,904	\$ 70,415	\$ 76,809	\$ 65,309
Total Expenditures		\$ 16,552	\$ 2,332	\$ 18,094	\$ 23,500	\$ 23,500	\$ 23,500
Balance Remaining		\$ 57,346	\$ 68,415	\$ 63,809	\$ 46,915	\$ 53,309	\$ 41,809
Final Balance Remaining		\$ 57,346	\$ 68,415	\$ 63,809	\$ 46,915	\$ 53,309	\$ 41,809

Expenditures: 4-31							
Contractual Services							
4210	Education & Training (1)	296	0	0	1,000	1,000	1,000
4265	Other Services (2)	0	0	2,394	3,000	3,000	3,000
Sub-Total		\$ 296	\$ 0	\$ 2,394	\$ 4,000	\$ 4,000	\$ 4,000
Commodities							
4302	Program Materials (1)	0	0	0	1,000	1,000	1,000
4335	Other Commodities (3)	16,256	2,332	15,700	18,500	18,500	18,500
Sub-Total		\$ 16,256	\$ 2,332	\$ 15,700	\$ 19,500	\$ 19,500	\$ 19,500
Total Expenditures		\$ 16,552	\$ 2,332	\$ 18,094	\$ 23,500	\$ 23,500	\$ 23,500

2018

(1) DARE Program

(2) Annual request for reimbursement for Bugs Bunny Club (\$1,500); Annual SCARF allocation (\$1,500)

(3) Grant Funds to Social Service Agencies for Alcohol/Drug Education, Intervention and Prevention

City of Augusta
2018 Budget
Convention & Tourism

Fund 5		Actual 2014	Actual 2015	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:							
3316	Guest Tax	12,176	11,546	11,749	11,000	11,500	11,000
3519	Building Rent	0	0	0	4,000	2,500	4,000
Sub-Total		\$ 12,176	\$ 11,546	\$ 11,749	\$ 15,000	\$ 14,000	\$ 15,000
3001	Revenue Forward	39,321	45,686	49,927	18,627	46,689	37,539
Resources Available		\$ 51,497	\$ 57,232	\$ 61,676	\$ 33,627	\$ 60,689	\$ 52,539
Total Expenditures		\$ 5,811	\$ 7,305	\$ 14,988	\$ 17,600	\$ 23,150	\$ 33,100
Final Balance Remaining		\$ 45,686	\$ 49,927	\$ 46,689	\$ 16,027	\$ 37,539	\$ 19,439

Expenditures: 5-32							
Contractual Services							
4201	Telephone	0	0	0	0	0	0
4202	Postage	0	0	0	200	200	200
4210	Education & Training	0	500	0	500	500	500
4212	Mileage	0	300	300	300	300	300
4216	Building Insurance	0	0	0	4,000	4,000	4,000
4218	Insurance	0	0	0	0	0	0
4220	Membership & Subscriptions	0	0	180	1,000	1,000	1,000
4225	Professional Services (1)	4,231	3,000	2,250	3,500	4,000	4,000
4245	Printing/Advertising	880	915	75	2,000	750	2,000
4265	Other Contractual Services (2)	700	2,590	2,050	4,000	3,000	4,000
Sub-Total		\$ 5,811	\$ 7,305	\$ 4,855	\$ 15,500	\$ 13,750	\$ 16,000
Commodities							
4301	Office Supplies	0	0	0	100	100	100
4302	Printed Material	0	0	0	1,000	1,000	1,000
4316	Equipment Supplies	0	0	0	500	500	500
4335	Other Commodities	0	0	0	500	500	500
Sub-Total		\$ -	\$ -	\$ -	\$ 2,100	\$ 2,100	\$ 2,100
Capital Outlay							
4420	Structures & Improvements (3)	0	0	0	0	2,000	15,000
4425	Office Equipment/Furniture	0	0	10,133	0	5,300	0
Sub-Total		0	0	10,133	0	7,300	15,000
Total Expenditures		\$ 5,811	\$ 7,305	\$ 14,988	\$ 17,600	\$ 23,150	\$ 33,100

2018

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- (1) Welcome Center Operating Agreement
 - (2) CTB Grants
 - (3) Wayfinding Signage

Revenue Source: 5% transient guest tax on Augusta motel rooms distributed by the Kansas Department of Revenue on a quarterly basis

Activities Funded: Contract with Chamber of Commerce to provide support services for the Convention and Tourism Committee (CTC); grant program for marketing of community events that attract out of town visitors to stay in Augusta hotels, shop in Augusta, and/or visit our tourist destinations.

2018 Revenue Changes: None.

2018 Expenditure Changes:

Expenditure Line Items	Change	Reason for Change
4225 Professional Services	\$500	Chamber now paid an administrative fee for each room rental in addition to the annual fees established in the agreement for overseeing the CTC and the Depot property.
4420-4425 Capital Outlay	\$15,000	Purchase and install wayfinding signage for community attractions.
Total Expenditure Changes	\$15,500	88.1% <u>Increase</u> from 2017 Budget

INDUSTRIAL DEVELOPMENT FUND (14)

Fund Description: This fund was established in the 1980s from a Community Development Block Grant (CDBG) Economic Development Grant and serves as the City’s Revolving Loan fund. City’s Economic Development Board oversees loan applications and administration.

Revenue Source: Loan payments (with interest)

Activities Funded: Loans to businesses for business expansion, working capital, etc.; loan amounts based on job creation. At present, there are no active loans.

2018 Revenue Changes: No revenues projected for 2018 since there are no active loans to be repaid.

2018 Expenditure Changes: No Changes. \$200,000 budgeted for any future loans. If the industrial development fund remains inactive the State of Kansas may require this funding to be returned, in which case, the City’s revolving loan program would go away.

City of Augusta
 2018 Budget
 Industrial Development

Fund 14		Actual 2014	Actual 2015	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:							
3544	Replacement of CDBG	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3001	Revenue Forward	438,419	438,419	438,419	438,419	438,419	438,419
Resources Available		\$ 438,419	\$ 438,419	\$ 438,419	\$ 438,419	\$ 438,419	\$ 438,419
Total Expenditures		\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
Final Balance Remaining		\$ 438,419	\$ 438,419	\$ 438,419	\$ 238,419	\$ 438,419	\$ 238,419

Expenditures: 14-40							
Contractual Service							
4276	Loans	0	0	0	200,000	0	200,000
Sub-Total		\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
Total Expenditures		\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000

CAPITAL IMPROVEMENT FUND (16)

Fund Description: This fund provides resources for capital projects throughout the City.

Revenue Source: 20% of 1-cent sales tax revenues transferred from General Fund, supplemented with transfers from the Electric Fund. When a project is a one-time expense to be completed in a single budget year, it is funded directly from this fund. When a project is ongoing and spread across multiple budget years, the designated resources are typically transferred out of the Capital Improvement Fund to a specific project fund. **NOTE: This local sales tax was extended for 10 years by the voters in April 2016 and will commence October 1, 2016.**

2017 Revenue Changes:

Revenue Line Items	Change	Reason for Change
3545 Transfer from Electric	(\$10,000)	Reduced transfer to help preserve Electric Fund cash balance.
Total Revenue Changes	(\$10,000)	1.89% Decrease from 2017 Budget.

2018 Expenditure Changes:

Expenditure Line Items	Change	Reason for Change
4400 Capital Improvements	(\$7,500)	Reduction in allocation for Library maintenance/improvement projects
5025 Debt Service	(\$14,000)	Pride and Progress Payment Bond Schedule (Debt financing came in less than anticipated.
Total Expenditure Changes	(\$21,500)	88.1% Decrease from 2017 Budget

- ❖ \$30,000 for sidewalk repair program and demolitions of condemned houses. The Council has a stated goal for the City to become more active in sidewalk repairs/replacements and addressing blighted structures. This revenue line item was originally increased in 2017 to cover the shift in funding for demolitions from the Community Development Fund 1-12 to Capital Improvement Fund 16. The sidewalk repair program is typically underutilized, so budgeting these two items together allows the Community Development Department to utilize unused sidewalk repair monies to demolish more blighted structures (if necessary).
- ❖ \$7,500 for SFL/City Lake Repairs — Road repairs at SFL/City Lake, erosion control projects, tree planting, misc. repairs to shorelines and structures.

City of Augusta
2018 Budget
Capital Improvement Fund

Fund 16		Actual 2014	Actual 2015	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:							
3510	Interest	0	10,513	0	0	0	0
3545	Transfer from Electric	260,000	260,000	331,400	310,000	310,000	300,000
3545	Transfer from General	242,209	242,509	238,560	220,000	238,000	220,000
Sub-Total		\$ 502,209	\$ 513,022	\$ 569,960	\$ 530,000	\$ 548,000	\$ 520,000
3001	Revenue Forward	261,631	238,839	343,842	245,242	266,802	269,302
Resources Available		\$ 763,840	\$ 751,861	\$ 913,802	\$ 775,242	\$ 814,802	\$ 789,302
Total Expenditures		\$ 525,000	\$ 434,451	\$ 647,000	\$ 545,500	\$ 545,500	\$ 524,000
Balance Remaining		\$ 238,840	\$ 317,410	\$ 266,802	\$ 229,742	\$ 269,302	\$ 265,302
	Auditors' Expense Adjustment	\$ (1)	\$ 26,433				
Final Balance Remaining		\$ 238,839	\$ 343,842	\$ 266,802	\$ 229,742	\$ 269,302	\$ 265,302

Expenditures: 16-42							
Capital Outlay							
4400	Capital Improvements (1)	123,623	24,451	40,000	52,500	52,500	45,000
Sub-Total		\$ 123,623	\$ 24,451	\$ 40,000	\$ 52,500	\$ 52,500	\$ 45,000
Debt Service							
5025	Transfer to 2016 Pride & Progress			135,000	493,000	493,000	479,000
5025	Transfer to FAA Land Acquisition	25,000	20,000	50,000	0	0	0
5025	Transfer to Depot Project Fund	40,000	25,000	0	0	0	0
5025	Transfer to Public Works Bldg Proj	70,000	100,000	150,000	0	0	0
5025	Transfer to South Ohio Project	100,000	150,000	272,000	0	0	0
5025	Transfer to Comp Plan Update	0	50,000	0	0	0	0
5025	Transfer to GIS Mapping	0	25,000	0	0	0	0
5025	Transfer to Entrance Sign	0	20,000	0	0	0	0
5025	Transfer to Garvin Park Remodel	0	20,000	0	0	0	0
5025	Transfer to SFL Captl Improv Proj	28,200	0	0	0	0	0
5025	Transfer to 7th Str Geometric Proj	80,000	0	0	0	0	0
5025	Transfer to A/P Drainage Proj	43,177	0	0	0	0	0
5025	Transfer to KDOT A/P Grant Proj	15,000	0	0	0	0	0
Sub-Total		\$ 401,377	\$ 410,000	\$ 607,000	\$ 493,000	\$ 493,000	\$ 479,000
Total Expenditures		\$ 525,000	\$ 434,451	\$ 647,000	\$ 545,500	\$ 545,500	\$ 524,000

Projects	2017
Sidewalk Repairs/Demolitions (1)	\$ 30,000
SFL/City Lake Repairs (1)	\$ 7,500
Library Improvements (1)	\$15,000
Pride & Progress Projects Financing	\$ 493,000
	<u>\$ 545,500</u>

Projects (1)	2018
Sidewalk Repairs/Demolitions (1)	\$ 30,000
SFL/City Lake Repairs (1)	\$ 7,500
Library Improvements (1)	\$7,500
Pride & Progress Projects Financing	\$ 479,000
	<u>\$ 524,000</u>

- ❖ \$7,500 for Library Improvements — In 2016, the Library Board has submitted a wish list of repairs and capital projects in excess of \$40,000-\$50,000. The City Council agreed to review requested projects each year and try to provide allocations out of the Capital Improvement Fund to assist in the improvements.
- ❖ \$479,000 for Pride & Progress Projects Debt Service — The City Council issued general obligation bonds to carry out a variety of quality of life and economic development projects in the City of Augusta. The current list of projects includes the following:
 - Splash Pad/Restroom installation in Shryock Park - **Complete**
 - Shryock Park Sunflower Trail Extension - **Complete**
 - Shryock Park Parking Lot - **Complete**
 - Paving City Lake Road on East side of Augusta City Lake – **In Design**
 - Install Fishing Docks at Augusta City Lake - **Complete**
 - Public Works Building Construction – **In Design**
 - Garvin Park Sports (Baseball Complex) – **In Progress**
 - Play Park Pointe Rehabilitation – **In Progress**
 - Airport Runway Grant Matches
 - T-Hangar Construction at Augusta Municipal Airport

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Section IV. Other Tax Supported Funds

LIBRARY (2)

Budget Description: This fund is one of two that supports the operation of the City Library.

Revenue Sources: Proportionate distribution of ad valorem property taxes and motor vehicle taxes; supplemented in recent years with a small transfer from the Electric Fund.

2018 Revenue Changes: None.

2018 Expenditure Changes: The Library has submitted a 2018 budget request (attached) that maintains a flat budget with the prior year.

LIBRARY EMPLOYEE BENEFIT (8)

Budget Description: This fund provides resources for library employee benefit costs (Social Security, KPERS, and Health Insurance). This is the smallest of the five tax supported funds.

Revenue Sources: Proportionate distribution of ad valorem property taxes and motor vehicle taxes; supplemented in previous years with a small transfer from the Electric Fund.

2018 Revenue Changes: None.

2018 Expenditure Changes: None included in current City Manager budget proposal. Any changes will require amending the library tax lid ordinance as discussed below.

***CITY MANAGER NOTE: LIBRARY TAX LID ORDINANCE**

- ❖ In 2015, the City Council adopted an ordinance establishing a legal cap on the Library's ad valorem tax collections in anticipation of property tax lid legislation that was recently implemented by the State of Kansas to go into effect for the 2018 Budget. The Library cannot exceed this cap on spending without the City Council amending the limits established by ordinance.
- ❖ The Library has submitted a 2018 budget request (attached) that maintains a flat budget with the prior year.

City of Augusta
 2018 Budget
 Library

Fund 2		Actual 2014	Actual 2015	Budget 2016	Estimate 2016	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:									
3111	Ad Valorem Tax	\$ 191,720	\$ 222,715	\$ 236,600	\$ 223,000	\$ 224,079	\$ 236,600	\$ 224,100	\$ 236,600
3114	Motor Vehicle Tax	27,059	33,597	35,300	33,000	38,602	35,900	37,000	35,900
3118	Watercraft Tax	0	0	0	0	0	0	0	0
3150	Delinquent Tax	7,588	8,854	1,600	5,500	6,532	1,000	6,500	1,000
3510	Interest	0	0	0	0	0	0	0	0
3545	Transfer from Electric	3,400	0	0	0	0	0	0	0
Sub-Total		\$ 229,768	\$ 265,166	\$ 273,500	\$ 261,500	\$ 269,213	\$ 273,500	\$ 267,600	\$ 273,500
3001	Revenue Forward	2,555	2,555	0	2,555	2,555	0	2,555	0
Resources Available		\$ 232,323	\$ 267,721	\$ 273,500	\$ 264,055	\$ 271,768	\$ 273,500	\$ 270,155	\$ 273,500
Total Expenditures		\$ 229,768	\$ 265,166	\$ 273,500	\$ 264,055	\$ 269,213	\$ 273,500	\$ 267,600	\$ 273,500
Balance Remaining		\$ 2,555	\$ 2,555	\$ -	\$ -	\$ 2,555	\$ -	\$ 2,555	\$ -
Final Balance Remaining		\$ 2,555	\$ 2,555	\$ -	\$ -	\$ 2,555	\$ -	\$ 2,555	\$ -

Expenditures: 2-29									
Contractual Services									
4208	Appropriation	229,768	265,166	273,500	264,055	269,213	273,500	267,600	273,500
Total Expenditures		\$ 229,768	\$ 265,166	\$ 273,500	\$ 264,055	\$ 269,213	\$ 273,500	\$ 267,600	\$ 273,500

City of Augusta
 2018 Budget
 Library Employee Benefit

Fund 8		Actual 2014	Actual 2015	Budget 2016	Estimate 2016	Actual 2016	Budget 2017	Estimate 2017	Proposed 2018
Revenue:									
3111	Ad Valorem Tax	\$ 31,880	\$ 39,492	\$ 45,600	\$ 43,000	\$ 43,247	\$ 74,250	\$ 70,500	\$ 74,250
3114	Motor Vehicle Tax	5,731	5,776	6,550	5,700	6,864	6,550	6,500	6,550
3118	Watercraft Tax	-	-	-	-	-	-	-	-
3150	Delinquent Tax	1,304	1,531	1,000	1,800	1,083	1,000	1,100	1,000
3510	Interest	-	-	-	-	-	-	-	-
3545	Transfer from Electric	2,400	0	0	0	0	0	0	0
	Sub-Total	\$ 41,315	\$ 46,800	\$ 53,150	\$ 50,500	\$ 51,194	\$ 81,800	\$ 78,100	\$ 81,800
3001	Revenue Forward	2,028	2,028	0	2,028	2,028	0	2,028	
	Resources Available	\$ 43,343	\$ 48,828	\$ 53,150	\$ 52,528	\$ 53,222	\$ 81,800	\$ 80,128	\$ 81,800
	Total Expenditures	\$ 41,315	\$ 46,800	\$ 53,150	\$ 52,528	\$ 51,194	\$ 81,800	\$ 81,800	\$ 81,800
	Final Balance Remaining	\$ 2,028	\$ 2,028	\$ -	\$ -	\$ 2,028	\$ -	\$ (1,672)	\$ -

Expenditures: 8-35									
Contractual Services									
4208	Appropriation	41,315	46,800	53,150	52,528	51,194	81,800	81,800	81,800
	Sub-Total	\$ 41,315	\$ 46,800	\$ 53,150	\$ 52,528	\$ 51,194	\$ 81,800	\$ 81,800	\$ 81,800
	Total Expenditures	\$ 41,315	\$ 46,800	\$ 53,150	\$ 52,528	\$ 51,194	\$ 81,800	\$ 81,800	\$ 81,800

**Augusta Public Library
Proposed 2018 Budget**

**ATTACHMENT #1 - LIBRARY
BUDGETS**

Budget Category	2018
Accounting	5000
Audit	5000
Building Maintenance	14000
Capital Improvement	2100
Computer Expenses	11000
Equipment	5000
Insurance	14000
Internet	2200
Library/Office Supplies	5000
Library Materials	31500
Mileage	1500
Miscellaneous	2000
Postage/Courier	2200
Prof Orgs/Conf/Edu	700
Programs/Projects	9000
Salaries	281693
Soft Drink Machine	540
Utilities	4000
Total Expenses	396433

Total Income	
City	273500
Employee Benefit Fund	82410
Library Fundraising	18000
SCKLS (Regional Funding)	20000
State Funding	2500
Interest	23
Total Income	396433

The Augusta Public Library continues to appreciate the abatement from the City for its electricity as well as exterior maintenance, lawn care services, and snow removal.

Augusta Public Library Proposed 2017 Budget

Budget Category	2017
Accounting	4500
Audit	4500
Building Maintenance	5000
Capital Improvement	5374
Computer Expenses	7000
Equipment	5000
Insurance	9100
Internet	1000
Library/Office Supplies	5000
Library Materials	28000
Mileage	1500
Miscellaneous	700
Postage/Courier	2700
Prof Orgs/Conf/Edu	500
Programs/Projects	9000
Salaries	279172
Utilities	4000
Soft Drink Machine	470
Total Expenses	372516

Total Income	
City	255000
Employee Benefit Fund	79000
Library Fundraising	18000
SCKLS (Regional Funding)	18000
State Funding	2500
Interest	16
Total Income	372516

The Augusta Public Library continues to appreciate the abatement from the City for its electricity along with lawn care services, and snow removal.

Section V. Salary & Benefits Information

EMPLOYEE SALARIES AND BENEFITS

Staff's recommendation for the 2018 Budget is for a merit increase of 3% for City employees and a COLA adjustment of 1.00%. As the Council will recall, merit increases are not guaranteed to employees; rather, the percentage raise is contingent on the employee's annual performance evaluation. Additional information to assist with the Council's decision on the proposed merit raise is provided below.

- ❖ **Consumer Price Index (CPI):** 2017 YTD All Urban Consumers - Midwest Region is **(1.2%)**.
- ❖ **KACM List-Serv Survey:** *See attached table.* 26 cities provided responses. Recommended salary increases range from 0.0% to 5.0% with the average salary increase being around **3.0%**. Staff would recommended a minimum 3% merit increase to keep pace with surrounding cities, in addition to a 1% COLA.
- ❖ **2013 Pay Plan and Job Classification Schedule:** In 2013, the City Council approved a modification to the City's pay plan to increase pay grade midpoints by nearly 12.0% and bring the City's pay grades in line with the regional marketplace. The Council approved Merit increases of 5% in 2014, 3% in 2015, COLA of 1.5% and Merit of 3% in 2016, 1% COLA and 3% Merit in 2017. As indicated in the KACM survey described above, a salary increase of 3% is warranted to keep pace with the marketplace. The City Council's adopted strategic plan identifies "effective recruitment and retention of employees through competitive compensation" as a top strategic priority (Goal 4(a)).
- ❖ **Employee Healthcare Contributions:** The City Manager's recommended 2018 Budget does not currently include any changes to employee contributions for healthcare; however, the administrative team is considering a number of changes that may be necessary in order to meet the newly established property tax lid. This has been recommended in year's past, but the Council has been supportive of maintaining employee contributions to premiums for several years. Staff has budgeted for a 10% increase in the healthcare premiums. The City's insurance consultants, USI, will be present at the work session to provide a summary report on the performance the first full year of the new partially self-funded healthcare plan.

Section X. Attachments

The following attachments are provided in this packet for supplemental information and reference purposes:

1. 2018 Library Budget and 2017 Library Budget Request for comparison purposes
2. KACM Salary Survey 2018
3. USI Self-Funded Health Insurance Performance Report
4. Updated Cash Flow Model – Solid Waste Fund (Annual 2% Increase)

2018 - KACM LIST-SERVE COLA/MERIT SURVEY RESULTS

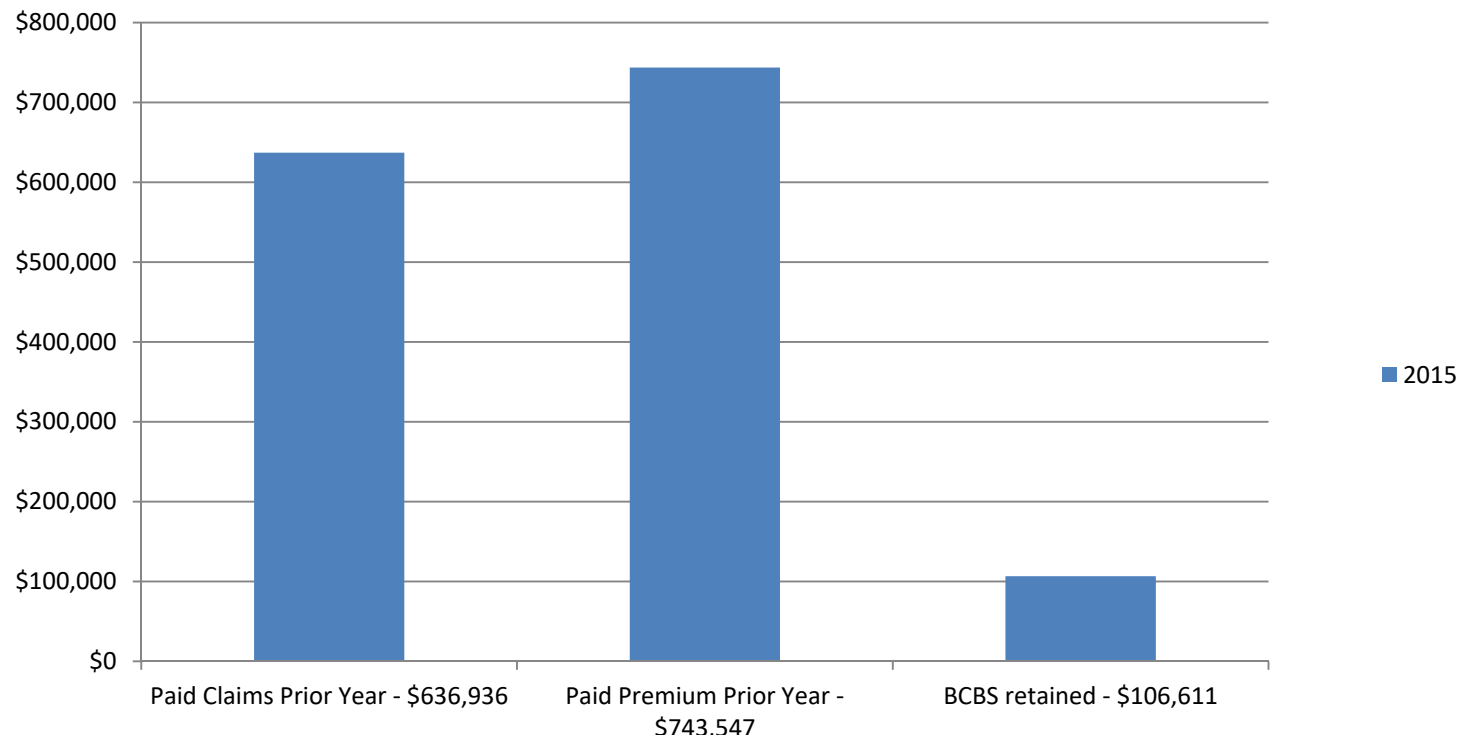
City	COLA	Merit/Step	Comments
Bel Aire		2.50%	2.5% Step
Butler County		3.00%	Also an additional pay scale adjustment overall of 4% based on salary study.
Edwardsville	1.5-2.00%	3.00%	COLA contingent on property tax lid impact.
Ellis County			2.5% total compensation increase (union environment); mix of COLA/Step/Merit unclear
Goddard	0.00%	4.00%	Up to 2% in January and up to 2% in July based on biannual performance reviews
Great Bend		4.00%	4% Step for all employees
Halstead	2.00%	3.00%	Council's choice whether to grant COLA; staff has not requested COLA for the last 2 years
Herington			Implementing a system for COLA and Merit; no percentages set for upcoming budget yet.
Holton	3.00%	3.00%	
Hutchinson		2.50%	Merit
Junction City	2.00%	0.00%	
Kiowa			5% increase across the board to have more than enough room for salaries
Lansing	1.25%	2.75%	Total of 4% for COLA/Merit; May also implement adjustments based on recent salary survey
Louisburg	0.00%	3.00%	
Lyons			4% total salary increase; split between COLA/Merit determined October or November based on federal COLA
Manhattan	0.80%	2.60%	2.6% Step
Marion		1.00 -2.5%	
Miami County			2-3% wage increase; likely closer to 2% because of tax lid; increase split between COLA and Merit
Mulvane	3.00%	2.50%	
Prairie Village	1.70%	3.25%	3.25% Merit based on performance evaluations; 1.7% market adjustment for employees below range midpoint
Roeland Park		4.00%	4% Merit; 2% for market adjustments to employee pay grades. If shift to midpoint pushes employee below minimum for the grade, they are brought up to minimum.
Russell	0.00%	3.00%	3% or \$0.50/hr for merit; whichever is greater; based on annual performance review
Salina	2.00%	3.00%	2% across the board pay adjustment; average of 2% for merit increases but range for employees up to 3%
Seneca		3.00%	Capped at 3% but budget is based on average of 2%; Step--EE's eligible will get it (new EE get \$.50/year for first five years--have 3 in the step plan)
South Hutchinson	1.30%	0.00%	
Towanda		3.29%	Average merit of 3.29%



Medical Plan Renewal History



2015 Renewal BCBS



2015 Renewal with BCBS:

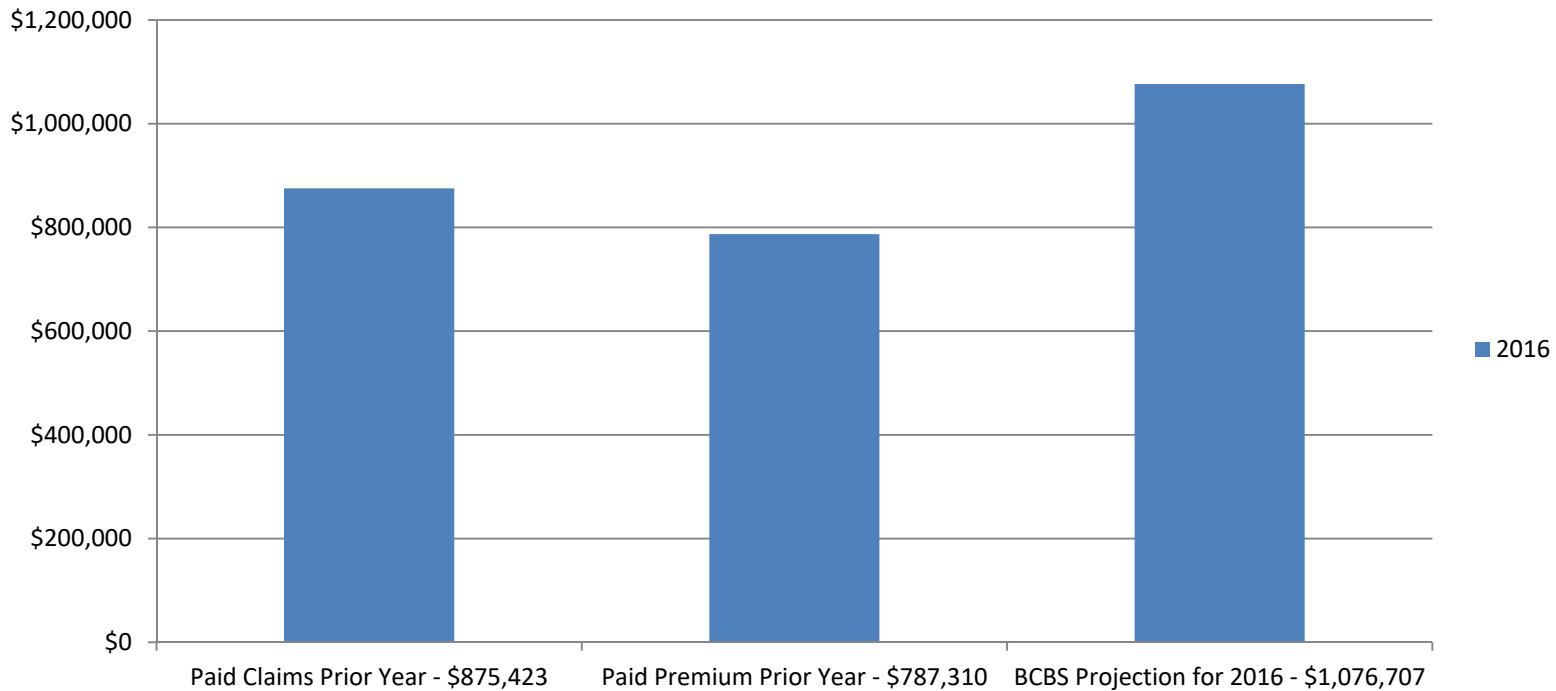
The medical plan had performed well the 12 months prior to renewal, with claims coming in \$106,000 under premiums paid in. However despite these savings, the City was still given an 8.5% increase for 2015. The City's medical plan does not receive any benefit or refund of the \$106,000 savings.



Medical Plan Renewal History



2016 Renewal BCBS



2016 Renewal with BCBS:

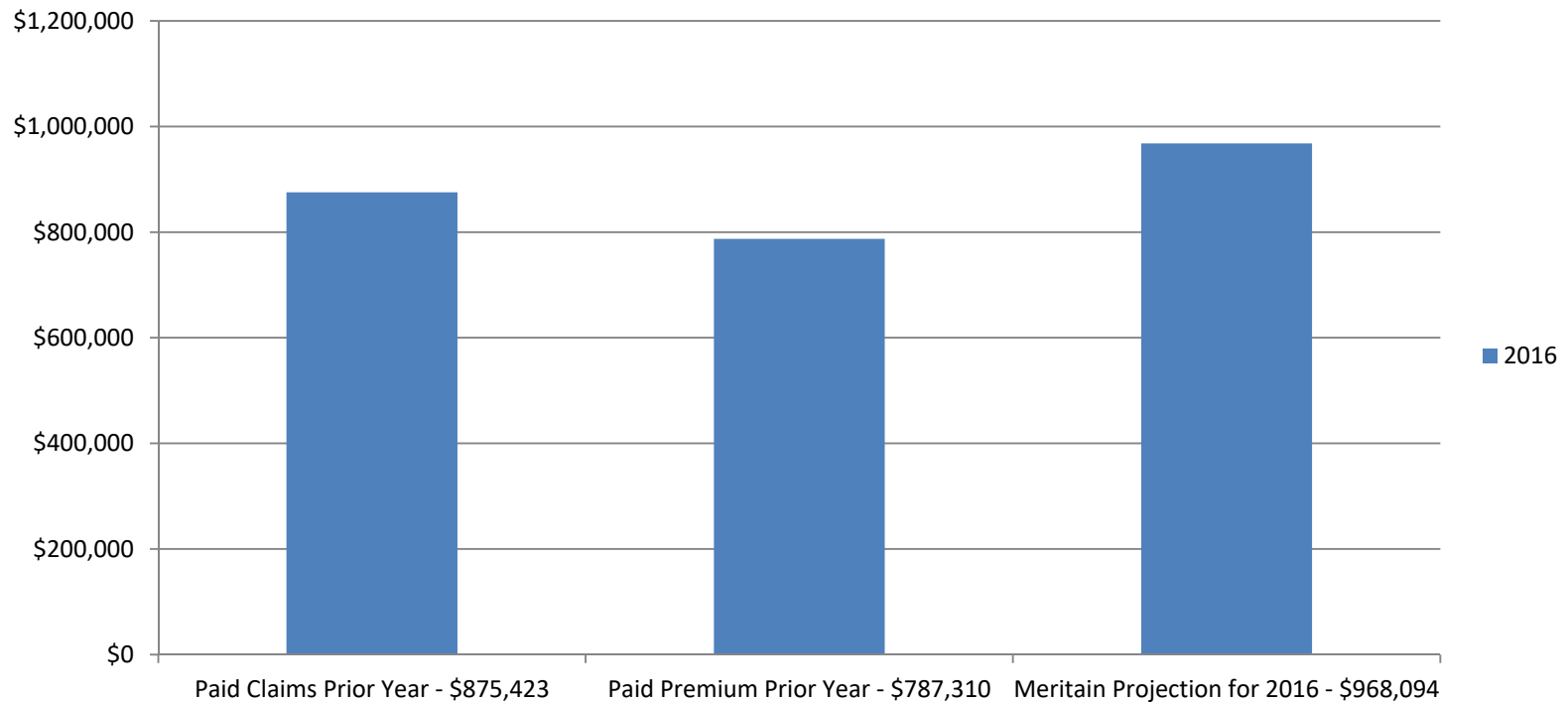
The medical plan had significantly higher claims the 12 months prior to renewal, an increase of over \$200k from the prior year, and with claims coming in over premiums paid in. The City's medical plan does not receive any credit of the \$106,000 in savings from the prior year, and received a 25% renewal from BCBS for 2016.



Medical Plan Renewal History



2016 Renewal Self Funded



2016 Renewal as Self Funded:

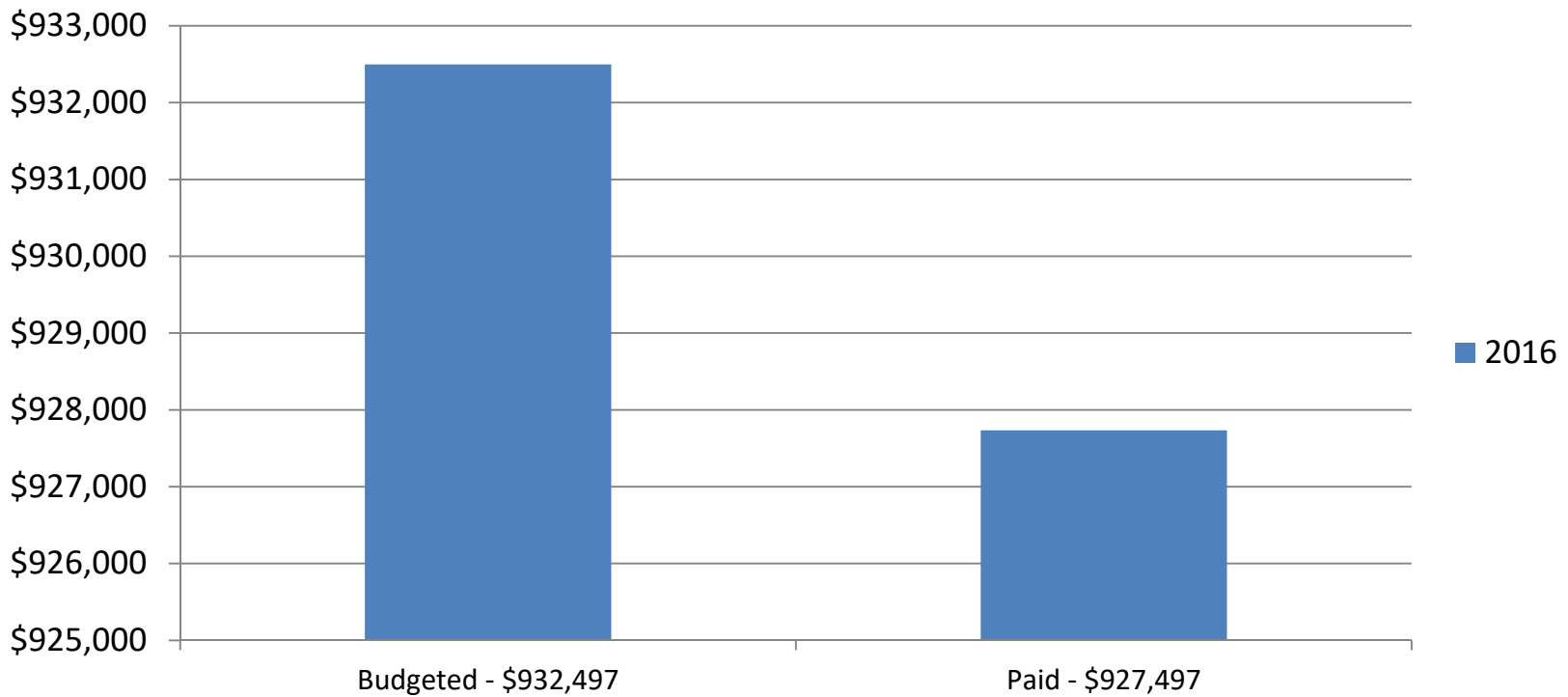
Making the move to a self funded medical plan, instead of renewing with BCBS in January 2016 saved the City over \$108,000, from the \$1,076,707 BCBS projected to the new underwriting projection of \$968k on the self funded plan.



Medical Plan Renewal History



2016



2016 Projection performance:

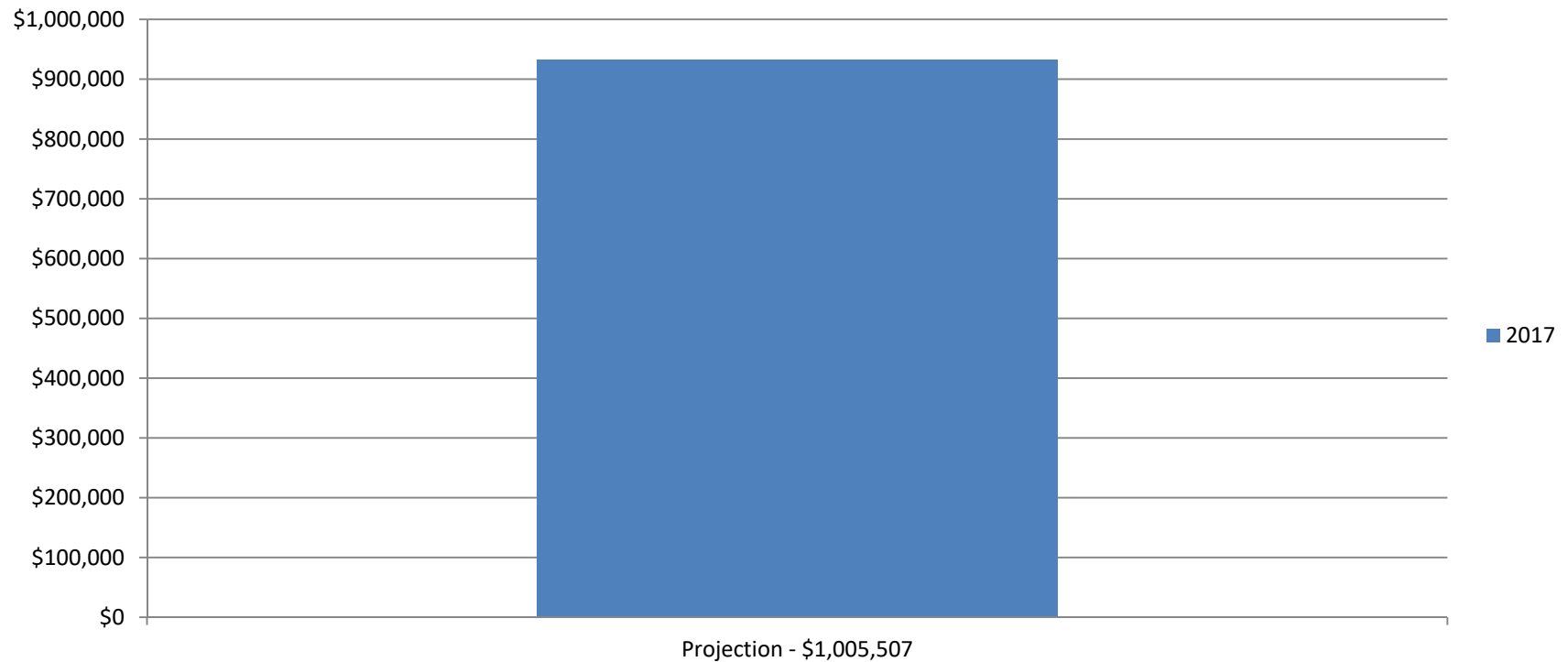
The medical plan paid 99% of budgeted amounts. A remaining total of \$4764 was saved into reserves. While having a year where we saved \$100k in reserves would've been great, the good news is underwriting projections were right on target for our first year self funded.



Medical Plan Renewal History



2017



2017:

The current plan year has been planned with a 10.39% increase. This is right about medical cost inflation (8-10% medical, 10-12% Rx annually) and to reserve for potential larger claims the city had last year and may need to continue to plan for. We monitor the financials of our plan performance monthly.



2018 Renewal Projections



Early Projection

- Very early planning stages, 9.7% renewal
- Stop Loss premiums (about 20% of your total premium) cannot be contracted until 90 days out, and will depend on claims experience from now until September

Variables

- Carve out Pharmacy benefit manager for \$50,000 annual savings
- Spousal surcharge \$66,000

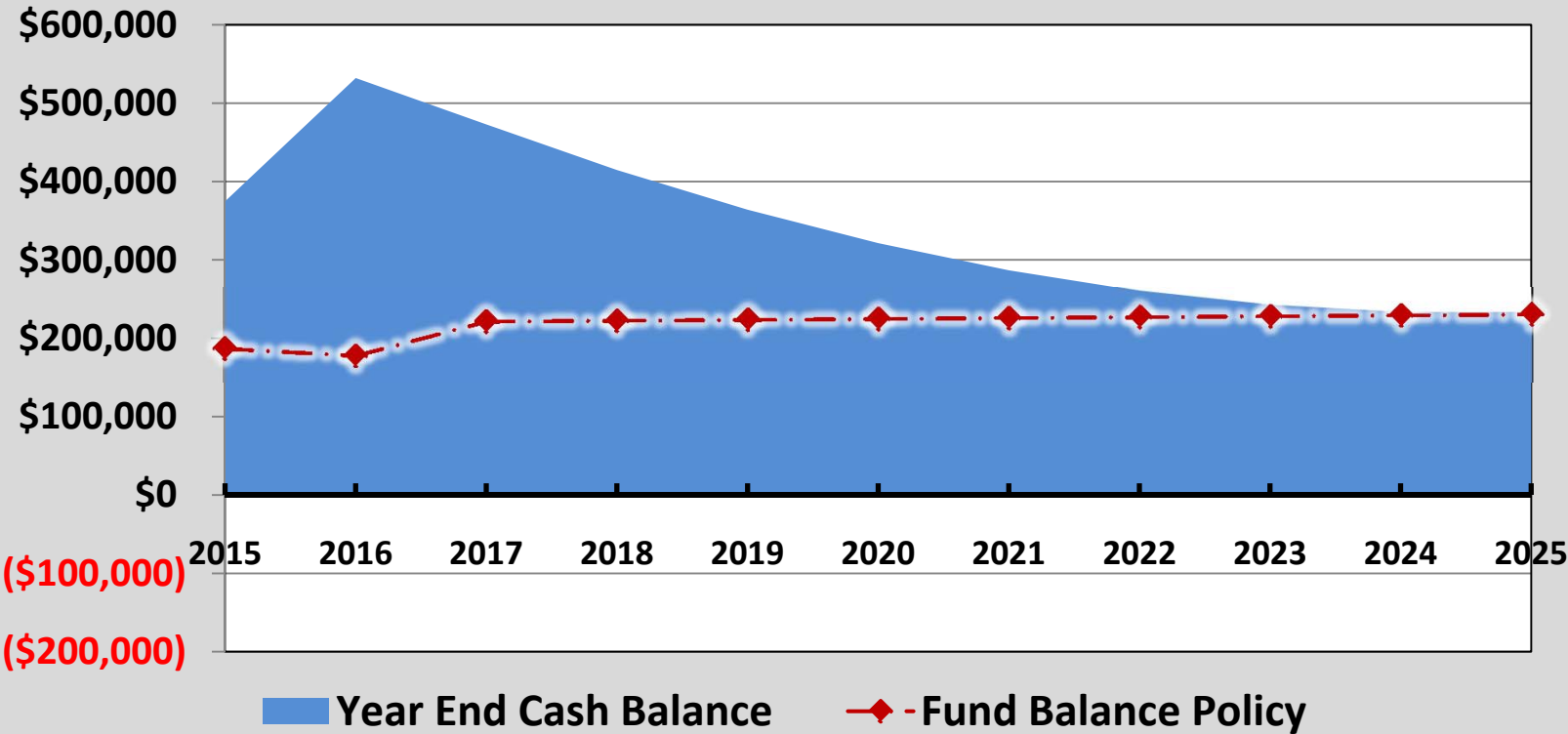


2016 Enrollment



Enrollment	2016 Average
Single	23
Employee + Spouse	20
Employee + Children	9
Family	46
Total Enrollment	98

Year End Fund Balance (Cash in the Bank)



Proposed Rate Schedule	2017	2018	2019	2020	2021
	\$14.50	\$14.79	\$15.09	\$15.39	\$15.70
	2022	2023	2024	2025	2026
	\$16.01	\$16.33	\$16.66	\$16.99	\$17.33