

EL DORADO

K A N S A S

TO: City Commission
 FROM: David Dillner, City Manager
 SUBJ: Weekly Report
 DATE: March 4, 2022

Items of Note:

- The City sent a letter to Senator Marshall’s office regarding a request for the inclusion of a provision in the next Water Resources Development Act (WRDA) to waive interest on future storage space accrued since the end of the ten-year interest-free period on June 30, 1991. The City presently owes in excess of \$33 million in accrued interest on this storage space. If approved, the Corps of Engineers would reduce the amount owed on the future storage space to \$18.5 million. The estimated debt service for this principal amount is slight less than \$400,000, and the City currently budgets to set aside \$360,000 per year for future payments towards lake debt.
- Last week I shared the beginning and ending balance for various operating funds. This week, I am sharing how the fund balance compares to the City’s fund balance policy. Fund balances must exceed the minimum balance, or the City Manager must provide the City Commission with a plan to return the fund balance to at least the minimum balance within a reasonable period. The City Commission may allocate funds in excess of the maximum balance towards one-time expenses such as capital projects, fleet replacement, facility maintenance, or paying down debt. The table below will allow the City Commission to understand how operating funds compare to the local fund balance policy.

Year-End Treasurer’s Report (unaudited)			
Fund	Minimum Balance	Maximum Balance	Unaudited Balance
General	\$1,359,023	\$2,265,038	\$2,394,975
Airport	\$25,193	\$62,982	\$154,576
Stormwater	\$23,568	\$58,920	\$392,145
Tourism	\$21,015	\$52,536	\$298,980
Water	\$587,380	\$978,967	\$3,233,839
Sewer	\$374,384	\$623,974	\$1,540,509
Refuse	\$231,681	\$386,135	\$918,211

- As you will notice, all operating funds exceed the maximum balance established by the local fund balance policy. This means that the financial position for these funds meets a healthy standard. Staff will likely request use of a portion of the large fund balances in both the Water and Sewer Funds for upcoming capital projects, especially if the City is fortunate enough to receive a BASE grant award. These funds will provide the City’s

match and reduce the possibility of a utility rate increase necessary to service debt financing.

- The table on the following page shows the unaudited, year-end financial results for various operating funds. This table allows the governing body to see how budgeted revenues and expenditures compared to actual results. You will also note the surplus or deficit position of each fund. Surplus means the fund kept expenses below revenues, while a deficit means that expenses exceed revenues. Deficits require spending down fund balance.

Year-End Financial Report (unaudited)		
General Fund	Budgeted	Actual
Revenue	\$10,373,662	\$9,239,303
Expenses	\$10,941,593	\$10,326,573
Surplus/(Deficit)	(\$567,931)	(\$1,087,270)
Airport Fund	Budgeted	Actual
Revenue	\$269,860	\$303,440
Expenses	\$287,443	\$174,107
Surplus/(Deficit)	(\$17,583)	\$129,334
Major Street Fund	Budgeted	Actual
Revenue	\$1,286,433	\$1,262,431
Expenses	\$1,176,358	\$1,191,902
Surplus/(Deficit)	\$110,075	\$70,529
Stormwater Fund	Budgeted	Actual
Revenue	\$310,425	\$325,669
Expenses	\$376,528	\$359,507
Surplus/(Deficit)	(\$66,103)	(\$33,834)
Tourism Fund	Budgeted	Actual
Revenue	\$200,000	\$175,446
Expenses	\$161,276	\$192,258
Surplus/(Deficit)	\$38,724	(\$16,812)
Water Fund	Budgeted	Actual
Revenue	\$4,468,600	\$4,750,388
Expenses	\$4,468,600	\$3,195,293
Surplus/(Deficit)	\$0	\$1,555,095
Sewer Fund	Budgeted	Actual
Revenue	\$2,824,865	\$2,865,484
Expenses	\$2,988,807	\$2,393,103
Surplus/(Deficit)	(\$163,942)	\$472,381
Refuse Fund	Budgeted	Actual
Revenue	\$1,562,844	\$1,615,196
Expenses	\$1,871,614	\$1,395,745
Surplus/(Deficit)	(\$308,770)	\$219,451

- The following comments help explain variances found in the prior table.
 - General Fund expenses exceeded budget primarily due to unbudgeted salary increases (i.e., Police Department). The table above does not reflect year-end transfers yet, so the actual deficit will be closer to the \$550,000 anticipated in the budget.
 - The Airport Fund originally budgeted \$40,000 to replace the roof on the round-top hangar. The City did not move forward with this project. The airport also received federal Airport Rescue Funds in response to COVID-19.
 - The Stormwater Fund experienced a lower deficit than projected primarily due to vacant positions.
 - The City Commission authorized additional funds beyond the amount initially budgeted for the 150th Celebration. The City also spent down the fund balance for the rebranding campaign. The City did not see the first payment with the increased transient guest tax rate until November. The rate change went into effect in July.
 - The Water Fund was not able to complete the Industrial Water Tower painting project. The Utilities Departments plans to complete this project later this year.
 - The Sewer Fund budgeted to complete various cure-in-place-piping projects and a GIS mapping project of the sanitary sewer system. The department was not able to complete the CIPP projects due to the cost of the GIS project.
 - The Refuse Fund budgeted to purchase a refuse truck. The Public Works Department awaits delivery of the truck as it remains on the production line. The department anticipates ordering another refuse truck this year, although it will take several months before the City can take delivery.
- The Planning Commission designated Steve Fellers to serve on the Excess Sales Tax Committee. Commissioner Wilkinson plans to appoint Mel Arnold to the committee to fill her spot. These appointments will fill the Excess Sales Tax Committee. The City Commission will discuss a policy for excess sales tax during the March 16 work session to provide direction to the committee since the use of these funds has been a point of discussion recently.
- Leonard Moore, the warden for the El Dorado Correctional Facility, reached out to me this week to schedule an opportunity to meet to review existing mutual aid agreements that will soon expire. The Police and Fire Departments provide mutual aid assistance to the facility if they request such assistance.
- The Fire Department will send a couple of firefighters to New York for due diligence on the previously mentioned Hazardous Materials demo unit before making a recommendation on its acquisition. The unit costs \$230,000, not including outfitting expenses. The City anticipates outlaying around \$57,500 to acquire the vehicle pending approvals as Butler County agreed to contribute up to 75% of the purchase price if the department uses the unit exclusively for hazardous materials response.
- The City Commission will consider a motion on Monday to allocate a portion of the American Rescue Plan Act (ARPA) funds to purchase handheld radios for the Police and Fire Departments. Butler County had about forty radios that the City was going to purchase, although we learned early on Friday that Motorola reallocated these radios so we are not able to acquire them from the County. Unfortunately, the price of the radios

increased since the County purchased radios last year. Therefore, the City will require about \$145,000 from ARPA funds to replace the thirty-seven handheld radios instead of the previously reported \$140,000. Staff changed the motion to reflect the increased request.

- The Police Department investigated 144 offenses for the month of January, including 15 accidents, 12 drugs charges, 7 sex offenses, and 28 thefts. The department issued 31 warrants.
- Evergy provided the City with a plan showing the location for electric transformers necessary for the downtown underground project. The project will require placement of twenty pad mounts with bollards. The pad mounts will reduce the amount of parking available in both parking lots to accommodate the pad mounts and relocated trash corrals. Evergy plans to place the pad mounts where existing trash corrals are located. The City estimates an expense of about \$20,000 to rebuild trash corrals. In addition, the Public Works Department may need to modify its trash services in these parking lots in order to maximize the number of available parking spaces.
- The City received its annual invoice from the EFABC concerning its share of the Long-Term Maintenance Fee. The City, School District, and College each pay a portion of the \$52,500 annual fee based on each entity's use of BG Stadium. The City used the stadium 112 hours, or 11.7% of the billable hours. Therefore, the City's portion of the annual fee comes to \$6,143. Butler Community College will contribute \$33,023 and USD 490 will pay \$13,335.
- The Kansas Legislature returns from Turnaround break next Tuesday. Turnaround when all introduced bills need to be passed out of their house of origin. Bills not passed out of the originating chamber are dead for the session. Nothing, however, is ever "dead" in the legislative session until the final fall of the gavel closing the session. Tax bills, budget bills, social issues, education policy, and redistricting will be on the slate when the body reconvenes next week.
- The House Water Committee will begin considering a "mega" water bill this coming week, although the bill is likely too large to get consideration this session. It will become a significant issue for next year's legislative session.

Personnel Update:

- *Vacant and currently advertised positions:* Public Works Maintenance Worker (5), Police Officer, Water Treatment Operator, and Pool Manager.
- The Police Department conducted interviews for the Deputy Chief position currently held by Michael Holton. A promotion will occur following Mike's promotion to Chief at the end of the month.
- The Public Works Department made a conditional offer for a Maintenance Worker position and a Sanitation Collector position. Lynn Beck will start as a Sanitation Lead for the Public Works Department on Monday. The Public Utilities Department made a conditional offer for the vacant Water Treatment Operator position.
- Landon Cole will begin as a police officer on March 21. He is a certified law enforcement officer.

Commission Calendar:

- *Upcoming City Commission Items (subject to change):*
 - **March 7 Regular Meeting** – Myers East 2nd Addition Replat; ARPA Fund Designation; ARPA Funds and Handheld Radios
 - **March 16 Work Session** – Excess Sales Tax Policy
- *Pending Items (Items to be scheduled for upcoming meeting once completed):* Augusta Wholesale Water Agreement; Street Cut Ordinance; Food Vendor Ordinance; Transient Vendor Ordinance; Business Park Re-platting and Rezoning

Other Events of Interest:

- **March 5** – Chamber Legislative Coffee, 9:00 am (Civic Center)
- **March 25** – Chief Zieman’s Retirement Party, 2:30 to 4:30 pm (City Hall)