

City of Lenexa, Kansas

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**Budget in Brief - Fiscal Year 2010**

January 1, 2010 - December 31, 2010



## Introduction to the Budget

The 2010 budget is the City of Lenexa's fiscal plan for the next year. The total budget for all funds, including projected reserve amounts, is \$106.1 million – down 2.8% (\$3.0 million) from the budgeted 2009 amount of \$109.1 million. Budgeted expenditures for 2010 are \$78.8 million – down 10.5% (\$9.3 million) from the budgeted 2009 amount of \$88.1 million.

Today, the city's financial condition is challenged but remains solid. Revenues have been and will continue to be significantly affected by the economic recession. Revenue projections have changed dramatically from one year ago, when the city expected to receive \$59 million in the General Fund (the city's primary operating fund) for 2010. Now, the city expects to receive \$54.3 million in the General Fund for 2010, a decrease of \$4.7 million (8%). Such a significant revenue decrease requires the city to make structural changes to the expenditure side of the budget, including personnel. In anticipation of revenue declines, the City Council approved expenditure reductions of \$2.6 million for the 2009 budget earlier this year. These past reductions, combined with further reductions proposed in the 2010 budget, have resulted in a proposed budget that:

1. Does not require a property tax increase (the projected mill levy is 26.568 mills).
2. Maintains appropriate reserve levels in city funds. The projected reserve for the General Fund is 35% (\$19.1 million) of budgeted expenditures. The General Fund reserve is expected to decline to between 20% and 25% of expenditures by 2013.
3. Significantly reduces expenditures and staffing levels while continuing to focus on providing quality city services.
4. Continues expanded funding for the pavement maintenance program and parks projects due to the new 3/8-cent sales tax adopted by voters in 2008.

The proposed budget is also aligned with the strategic goals established by the Governing Body:

1. City Services – Ensure that city services assist in creating a superior quality of life and a safe atmosphere where people desire to live, work and play.
2. Fiscal Responsibility – Provide exceptional value for community-provided resources and strive for the long-term financial balance in the city's operational and capital activities.
3. Economic Development – Promote and stimulate quality development to enhance the city's diverse economic base.
4. Reinvestment – Promote and support efforts to redevelop retail sites and improve our neighborhoods to continue the city's reputation as a safe and friendly community.
5. City Center – Partner in the development of a premier destination point that serves as a community gathering place integrating a variety of uses.
6. Sense of Community – Celebrate Lenexa's heritage and history to enhance the sense of community, pride and quality of life for residents.

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**Revenues**

Projected changes to the city's primary revenue sources are:

<b>Revenue Source</b>	<b>2009 Budget</b>	<b>2009 Revised Estimate</b>	<b>2010 Budget</b>	<b>% Change from 2009 Budget</b>
Property Taxes	\$26,091,515	\$26,091,515	\$25,040,543	(4.0%)
City Sales Tax	\$16,577,583	\$15,265,128	\$15,265,128	(7.9%)
County Sales Tax	\$6,734,700	\$6,153,266	\$6,153,266	(8.6%)
Compensating Use Tax	\$4,890,074	\$4,539,543	\$4,539,543	(7.2%)
Stormwater Service Charges	\$3,260,087	\$3,280,972	\$3,628,632	11.3%

The budget proposes no change to the city's property tax rate of 26.568 mills.

For 2010, the city estimates that assessed valuation will decrease to \$956.8 million from \$997.4 million (a decrease of 4.1%).

City sales tax, county sales tax, and compensating use tax collections have declined significantly in 2009 due to the economic recession. These revenue sources are expected to stabilize in 2010.

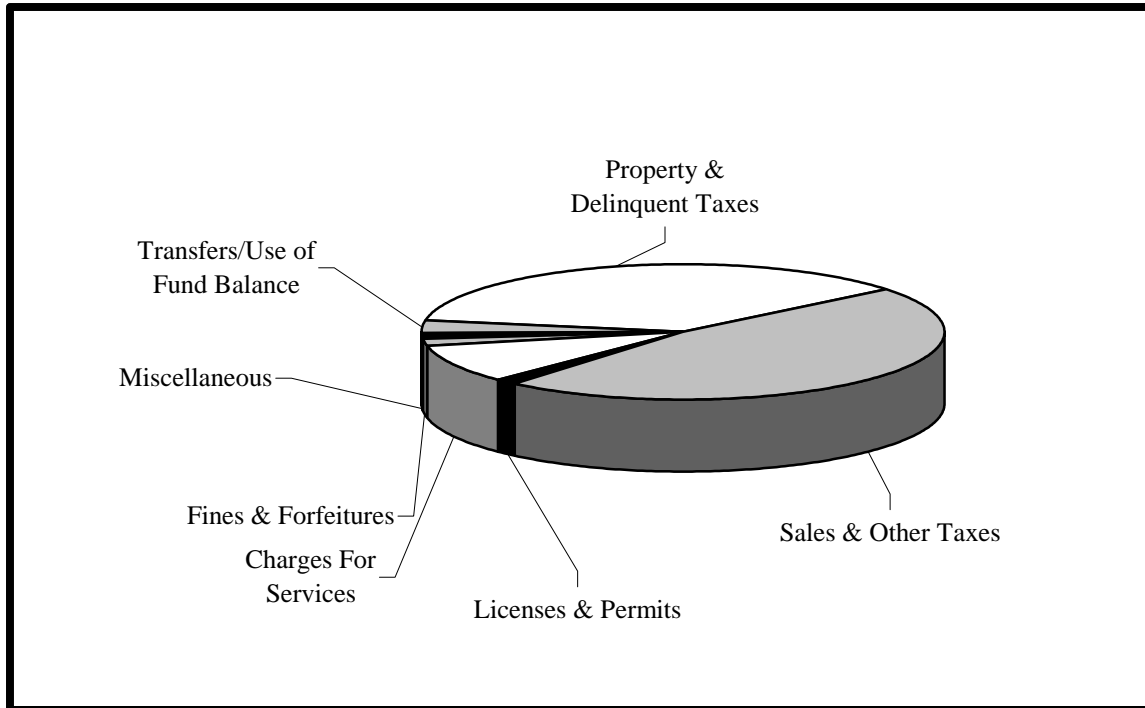
As anticipated when the Watershed Management Program was initiated, the stormwater user fee will increase from \$6.00 per equivalent dwelling unit per month (\$72 per year) to \$6.50 (\$78 per year). This represents an annual increase of \$6.00 per home.

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**Where the Money Comes From**

Revenues by Source (Including Use of Fund Balance)  
Fiscal Year 2010



Source	2009 Budget		2010 Budget	
Property, Special Assessment, & Delinquent Taxes	\$30,099,936	34%	\$28,735,800	37%
Sales & Other Taxes	\$39,514,850	45%	\$36,993,200	47%
Licenses & Permits	\$1,518,516	2%	\$1,027,573	1%
Charges for Services	\$7,111,128	8%	\$7,178,918	9%
Fines & Forfeitures	\$1,257,840	1%	\$1,458,350	2%
Miscellaneous	\$2,539,138	3%	\$911,899	1%
Transfers In/Use of Fund Balance	\$6,024,236	7%	\$2,510,190	3%
<b>Total</b>	<b>\$88,065,644</b>	<b>100%</b>	<b>\$78,815,930</b>	<b>100%</b>

Includes use of fund balance, but does not include debt proceeds to fund capital improvements.

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## Expenditures

Reductions occur in expenditure categories throughout the proposed budget, including personnel. The proposed budget reduces total personnel costs by approximately \$1.9 million compared to the FY 2009 budget. These reductions include the elimination of some budgeted full-time equivalent (FTE) positions as well as a reduction of budgeted overtime pay. Further personnel cost reductions are likely as the city develops and implements a new organizational structure. Potentially, these personnel reductions could have a negative impact on service levels. However, the reductions will occur in areas where workloads have decreased (due to the recession) or where greater efficiencies can be achieved while maintaining service levels.

The budget proposes the elimination of the school crossing guard service (cost of approximately \$130,000 annually). In the past, the city has discussed whether the crossing guard service is a basic service that should be funded with city revenues. Now, 17 of the 19 crossing guard positions are vacant and the positions are difficult to fill given the rate of pay and the nature of the work.

Historically, the city includes a compensation reserve in the budget to provide performance-based pay increases and to adjust pay ranges as necessary to remain competitive with relevant organizations. The 2009 budget included a maximum overall pay adjustment of 3.75%. This amount was reduced to 2.4% as part of the 2009 budget reductions. Due to the city's declining revenues, the 2010 budget does not include funding for pay increases or pay range adjustments. In future years, it is imperative for the city to fund pay increases and pay range adjustments to remain competitive in relevant markets.

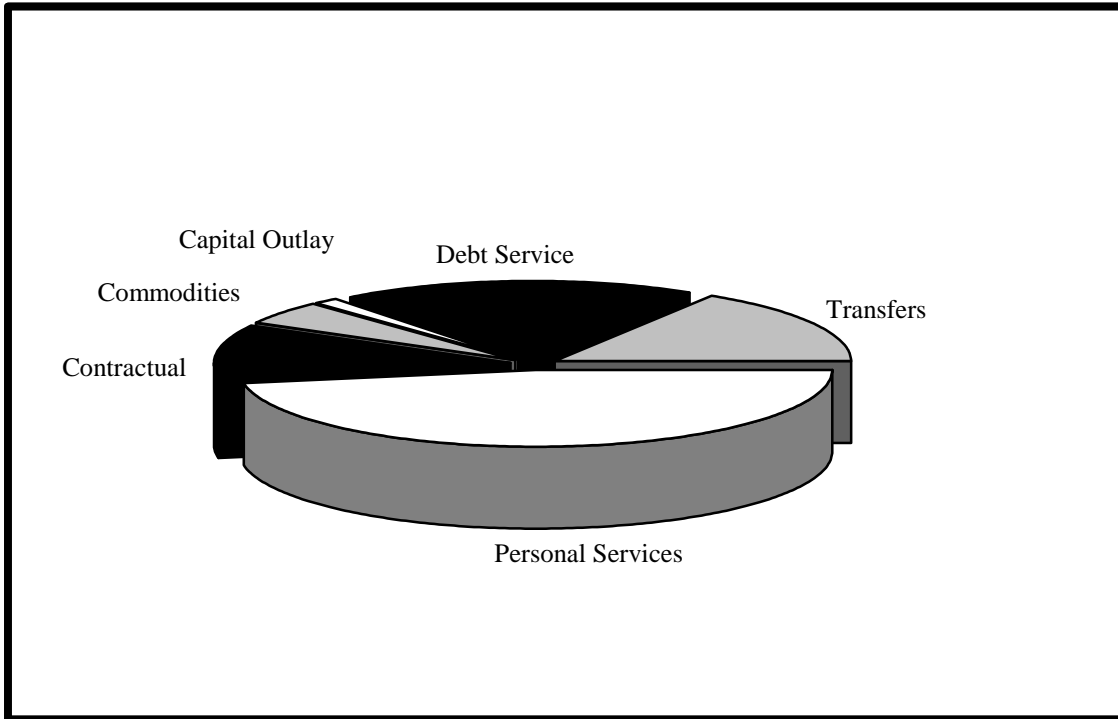
The budget proposes freezing the existing city defined benefit pension plan as of December 31, 2009 and replacing the plan with a defined contribution supplemental retirement plan effective January 1, 2010. All pension benefits earned through December 31, 2009 would not be affected by the freeze and would be paid as employees retire or meet distribution requirements. Defined contribution plans are a popular benefit option offered by a number of public sector and private sector employers. The new plan would allow employees to select their investments from a variety of options, and the plan is portable if an employee terminates employment. Proposed funding for both retirement plans is approximately \$1.9 million for 2010 – this is \$600,000 less than the required city contribution in 2009 for the existing defined benefit plan.

For More Information:

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**Where the Money Goes**

Expenditures by Function  
 Fiscal Year 2010



Category	2009 Budget		2010 Budget	
Personnel	\$39,069,693	44%	\$37,209,455	47%
Contractual Services	\$8,802,090	10%	\$8,438,563	11%
Commodities	\$4,527,675	5%	\$4,157,885	5%
Capital Outlay	\$1,686,833	2%	\$1,062,907	1%
Debt Service	\$20,039,434	23%	\$15,228,117	20%
Transfers	\$13,939,919	16%	\$12,719,003	16%
<b>Total</b>	<b>\$88,065,644</b>	<b>100%</b>	<b>\$78,815,930</b>	<b>100%</b>

Does not include fund reserves or proceeds of bonds to fund capital projects.

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## Major Capital Improvements

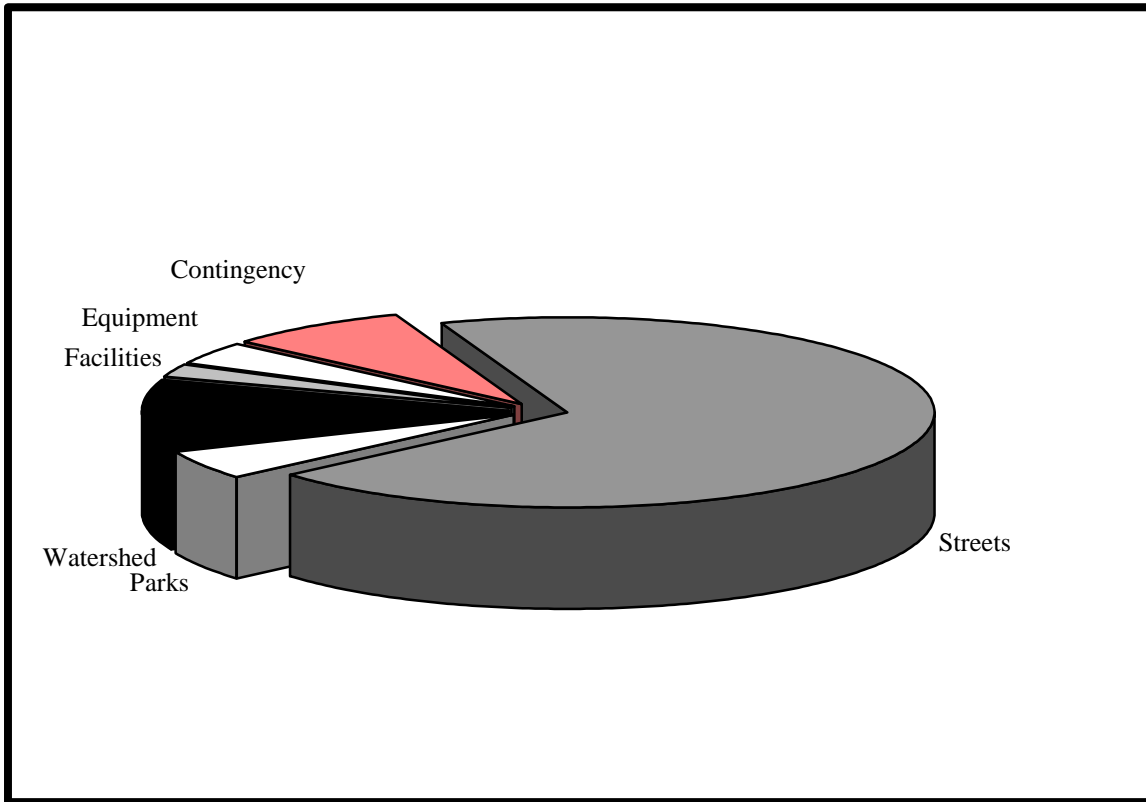
<b>Project</b>	<b>2010 Expenditure</b>
Clare Road (south benefit district)	\$1,123,373
87 <sup>th</sup> Street Parkway – Pflumm Road to I-435	\$195,000
87 <sup>th</sup> Street Parkway – Renner Boulevard to Lennox Drive	\$8,470,000
Renner Boulevard from 87 <sup>th</sup> Street Parkway north 2,650'	\$4,124,680
Pavement Maintenance Program	\$3,369,521
Cedar Niles Estates Subdivision Infrastructure (benefit district)	\$4,768,198
College Boulevard – Renner Boulevard to Ridgeview Road	\$130,320
Facilities Maintenance Fund	\$485,354
Civic Center	\$284,914
Black Hoof Park Improvements	\$200,000
Cedar Station Park	\$67,750
Parks Master Plan	\$300,000
Parks Facility Improvements	\$692,160
Develop New Sports Fields	\$392,000
Future Preliminary Engineering Studies for SMAC projects	\$112,000
Corrugated Metal Pipe Replacement	\$728,000
Upper Coon Creek Development	\$520,144
108 <sup>th</sup> Street & Pflumm Road Storm Drainage Improvements	\$1,870,400
79 <sup>th</sup> Street & Lackman Stormwater & Signal Improvements	\$460,000
Replacement User Equipment – All City Radio Systems	\$1,275,000
Contingency (unallocated 3/8-cent sales/use tax proceeds)	\$2,544,730
<b>PROJECT TOTALS FOR CONSTRUCTION YEAR - 2010</b>	<b>\$32,113,544</b>

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## Capital Improvements

By Type of Improvement  
Fiscal Year 2010



Improvement	2009 CIP		2010 CIP	
	Amount	Percentage	Amount	Percentage
Streets	\$35,135,096	60%	\$22,181,092	69%
Parks	\$92,128	0%	\$1,651,910	5%
Watershed	\$11,649,967	20%	\$3,690,544	12%
Facilities	\$6,885,492	12%	\$770,268	2%
Equipment & Miscellaneous	\$1,531,306	3%	\$1,275,000	4%
Contingency	\$3,086,558	5%	\$2,544,730	8%
<b>Total</b>	<b>\$58,380,547</b>	<b>100%</b>	<b>\$32,113,544</b>	<b>100%</b>

Includes capital improvements funded by bonds.

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