TO: Governing Body
FROM: Nolan Sunderman - City Manager
DATE: June 18, 2019
SUBJECT: 2019R/2020 Budget: Workshop

BACKGROUND:
The Council Committee has held three budget workshops for the 2019R/2020 budget. Councilmember Jenkins indicated his interest in having an additional meeting before the Governing Body sets the public hearing on June 24, 2019. On June 11, 2019, Councilmembers Jenkins and Kemmling submitted the attached proposal to discuss at this meeting.

ATTACHMENTS:
Jenkins-Kemmling Proposal

Proposed Intent: We strongly believe that the City’s budget needs to be redirected significantly to address existing storm water management infrastructure. As indicated by efforts on the part of our Department of Public Works to conduct video inspection of the current state of deterioration of existing storm water conveyance systems, especially older pipes, we are in critical need of immediate restoration or replacement of a large number of pipes. We have established a rating system of 1-5 based on level of deterioration of our pipes, with 5 being the most deteriorated and most in danger of collapse. According to two separate briefings by the Director of Public Works at publicly attended City Council Meetings, we are faced with an estimated $200 million in the next 20 years and an estimated $100-$140 million in the nearer term of ten years. Many of these costs are for level 5 deterioration requiring immediate attention. We believe it is imperative that the City Council elevate the need to repair existing storm water infrastructure to the status of a critical need and redirect to the extent possible budgeted resources from the General Fund to augment storm water funding to a level adequate to restore our systems to an acceptable level of risk as quickly as possible. This will make it necessary to review our existing priorities in our Capital Improvements Plan to postpone activities of less pressing need to our stormwater management program.

Strategies for Addressing the critical need to repair and upgrade our existing stormwater infrastructure.

1. A discussion has been held with the Director of Public Works and the City Manager proposing that an analysis be undertaken by the Public Works Department to assess the viability of a concept to establish a storm water infrastructure Construction Task Force. This analysis and attendant final recommendation would be completed by the end of the 2020 budget year. Conceptually, the task force will be formed by hiring additional staff on term appointments, procuring equipment and material to conduct a campaign to repair and replace our existing storm water system with our own resources. This task force would be under the direct supervision of the Director of Public Works and will continue to function as a funded entity until the necessary repairs can be brought to a state of suitable functionality. At that time the Task Force could be demobilized completely and return to the previous system of contracting out repairs on a routine basis or make a decision to retain capability at a reduced level to provide systematic, sustained upkeep. It is the goal to determine if such an in-house capability would be more efficient and result in significant cost savings. If it is determined that it would not, we would not move to implement the Task Force concept.

2. The storm water infrastructure restoration project should be incorporated into the Capital Improvements Plan for the City. It will be considered a priority PHASED project and, therefore, an important consideration in funding decisions concerning authorizing capital improvements projects.

3. We do not see a tax increase, either sales tax, property tax or stormwater fee to be the solution. We feel that current tax levels are at the maximum level and should not be increased. Therefore, it is imperative that the budget be reviewed in a wholistic context to identify items in the budget that are desirable and wanted but not absolutely needed or that could be placed on hold while the serious repair work is addressed.

4. It is essential that the maximum amount of funding possible be applied to stormwater infrastructure repair. Although we greatly appreciate our parks and recreational
opportunities, priority in budget years 2020 through 2030 must be skewed to the extent possible to support a maximum effort to reconstitute our stormwater system.

5. Consider a limited bonding proposal, to be paid from the general fund, not new tax levies to jump start the process of repairing or replacing pipes that fit in the most severe level 5 category.

6. Consider a limited funding of pipe repair from the current city budget reserves. These reserves are substantial, and a small decrease in reserves may be prudent in lieu of tax increases.

Budget line items in the proposed budget that could be shifted to support addressing the severe shortcomings in storm water infrastructure are limited. In order to make significant budget adjustments to apply a significant boost to stormwater system repair it will be necessary to begin the budget process for 2021 immediately. This provides the opportunity to review all expenditures for costs savings instead of trying to take out specific projects. Trimming as opposed to a meat axe approach.

Recommendations:

1. Form a citizen task force to review the 2019 and 2020 budget to ascertain where cost savings could be derived from a 2021 budget. The suggestion would be for each Councilperson to nominate two citizens to participate in the process. The committee will meet under the aegis of the City Manager and two Councilpersons will be selected to work with the committee as they work through the process. Citizen participation in our budgetary process would be a positive action. The citizens task force that was comprised to look at the reconstitution of our roads and establish priorities was very successful and has served us well in our comprehensive street repair program.

2. In conjunction with the citizen task force, city staff will work to achieve an overall 3% reduction in the budget for 2021. These savings will be sequestered for the purpose of applying these funds to the restoration of the storm water system.

3. Unless there is no resident expertise on city staff, future planning will be conducted in-house instead of contracted out as in current practice. I.e., Master planning, comprehensive plans, strategic plans, parks master plans.

4. Begin a moratorium on all general fund contributions to NEW parks or recreational facilities until our infrastructure is in an adequate state of repair.

5. Adopt a resolution recognizing restoration of the storm water management infrastructure of the City of Shawnee as a priority goal of our budgetary process until the infrastructure can be brought to an adequate level of repair.
RESOLUTION BY THE GOVERNING BODY OF THE CITY OF SHAWNEE, KANSAS:

WHEREAS the Governing Body of the City of Shawnee, Kansas has sole responsibility for stewardship of the taxes from all sources in the City, and

WHEREAS the Governing Body is the determining body in establishing the direction of the allocation and distribution of those funds through the annual budget process, and

WHEREAS the Governing body has been fully briefed on the current status of a severely deteriorated storm water system of pipes and culverts that present the city with a repair estimate of $100-$140 million dollars over the next ten years, and

WHEREAS there exist a number of existing competing demands for tax dollar funding in our Capital Improvement Plan and other community competing interests and demands, and

WHEREAS there is no standing guidance or direction to staff regarding prioritization of repair to our current state of disrepair to our storm drainage system, and

WHEREAS these competing demands for limited budget dollars require a higher degree of clarity as to which competing demand should receive the highest priority for funding from our available discretionary budget dollars,

BE IT RESOLVED that the Governing Body of Shawnee, Kansas declares definitively that the repair and restoration of our long neglected storm water system be designated as the top priority for completion and will receive special funding attention, even though other proposals may suffer delay, postponement or non-funding until such time as the Director or Public Works, in conjunction with the City Manager can come before the City Council with a declaration that the storm water system has been upgraded to a level that is safe and manageable and that the repairs can transition into a long-term, sustainable maintenance program.