



# Blue Springs, Missouri

## Office of Administration

### Fiscal Year 2013-14 Budget Message

September 4, 2013 – AS AMENDED AND ADOPTED

Honorable Mayor and City Council:

At the Wednesday, September 4, 2013 City Council meeting, the City Council passed ordinance 4450, as amended with the following changes:

Explanation	Maximum Amount
401a City Match to the 457 Deferred Comp Plan	\$ 37,000
Employee Longevity Plan	\$ 205,000
Resources for Landscape Maintenance	\$ 100,000
Funding for PT Downtown Alive! Position	\$ 10,000
Sidewalk Repairs and Maintenance	\$1,183,000
<b>TOTAL</b>	<b>\$1,535,000</b>

The following budget message incorporates the changes made to the budget. The net change to the submitted document once all the adjustments were made totaled \$1,240,160.

I am pleased to submit the Blue Springs operating budget and Capital Improvements Program (CIP) for Fiscal Year 2013-14 (FY 2013-14). This budget represents the ingenuity and hard work of many employees. As such, it communicates staff's ideas on how to allocate the resources at hand to best serve the residents and businesses of Blue Springs.

The proposed document represents our continued effort to provide residents with an exceptionally high value of municipal services for their financial support. In this proposal, we have assembled available resources to continue many important priorities of the Mayor and Council, including investment in our employee workforce. This budget once again reflects a concerted effort to address areas of importance in the annual Citizen Survey and our adopted Guiding Principles.

Staff has continued to monitor national economic trends and policies, that continue to affect our operating budget and financial forecasts. In spite of these external challenges, the FY 2013-14 Proposed Budget was balanced by a strategic effort to match on-going revenues with expenditures, while continuing to implement our economic development priorities, and voter-approved capital improvement projects.

The City receives annual revenue from several sources including: sales taxes, property taxes, development fees, state and federal grants, interest income, and charges for services. The additions of the public safety sales tax and new retail outlets at Adams Dairy Landing shopping center continue to stabilize our financial outlook. Much of this new revenue continues to fund

new or expanded services as documented in the public safety campaign and address increases in fixed operating costs such as health care, employee benefits and utility costs.

Staff has developed a fiscally conservative approach to this year's proposed budget. The internal review process led us to carefully evaluate budget line items across all departments and identify areas where budget reductions or reallocations could be made without affecting basic services. Throughout the budget process and where feasible, efforts were made to reduce, reallocate, and/or eliminate operating expenses in order to reprioritize budget items and create more resources for employee benefits, deferred maintenance and capital equipment items.

Staff has continued to look to the Mayor and Council for direction in preparing this proposed budget and appreciates the feedback and policy direction that has been given.

### **FY 2013-14 Budget Summary**

The proposed budget totals \$79,938,462 (p.5); an increase of \$7,879,718 (10.94%) from the FY 2012-13 adopted budget. This increase is primarily due to increases in capital improvements. The overall operating budget decreases by 1.58% from the FY 2012-13 adopted budget. The decreases in the operating budget are primarily due to the transition of EMS services to the CJCFPD. The FY 2013-14 proposed budget is allocated as follows (p.11):

<b>Category</b>	<b>Adopted Budget FY 2012-13</b>	<b>Proposed Budget FY 2013-14</b>	<b>Percentage Change</b>	<b>Percent of Total Budget</b>
Personal Services	\$ 18,084,500	\$ 18,789,592	3.90%	23.51%
Supplies and Materials	\$ 2,359,149	\$ 2,417,001	2.45%	3.02%
Contractual Services	\$ 16,655,669	\$ 15,307,534	-8.09%	19.15%
<b>Sub-Total Operations</b>	<b>\$ 37,099,318</b>	<b>\$ 36,514,127</b>	<b>-1.58%</b>	<b>45.68%</b>
Debt Service	\$ 10,233,295	\$ 10,293,271	0.59%	12.88%
Capital Outlay	\$ 1,319,131	\$ 1,570,305	19.04%	1.96%
Capital Improvements	\$ 23,407,000	\$ 31,560,759	34.83%	39.48%
<b>Total Budget</b>	<b>\$ 72,058,744</b>	<b>\$ 79,938,462</b>	<b>10.94%</b>	<b>100.00%</b>

### **General Fund**

#### **Expenditures**

Total budgeted expenditures in the General Fund are estimated at \$24,433,500 (p.49), a decrease of \$732,982 (2.91%) from the adopted FY 2012-13 expenditures. General Fund expenditures are broken down as follows (p.54):

<b>Category</b>	<b>Adopted Budget FY 2012-13</b>	<b>Proposed Budget FY 2013-14</b>	<b>Percentage Change</b>	<b>Percent of Operating Budget</b>
Personal Services	\$15,441,310	\$15,968,703	3.42%	65%
Supplies and Materials	\$1,703,007	\$1,782,264	4.65%	7%
Contractual Services	\$7,298,709	\$5,945,736	-18.54%	24%
Capital Outlay	\$723,456	\$736,797	1.84%	3%
<b>General Fund</b>	<b>\$25,166,482</b>	<b>\$24,433,500</b>	<b>-2.91%</b>	<b>100%</b>

The proposed budget is balanced, appropriately maintains the General Fund reserve accounts (as established by the City Council), and reflects the various fee and rate increases implemented during the past year in fee-based programs. All local taxes, including sales tax, property tax, and franchise fees, are maintained at current authorized levels or within legally established parameters authorized by state law, and as approved by the City Council.

This transmittal memorandum summarizes only a few of the highlights included in the budget document. Other notable and significant budgetary changes are provided in the department budget summaries for each department and program.

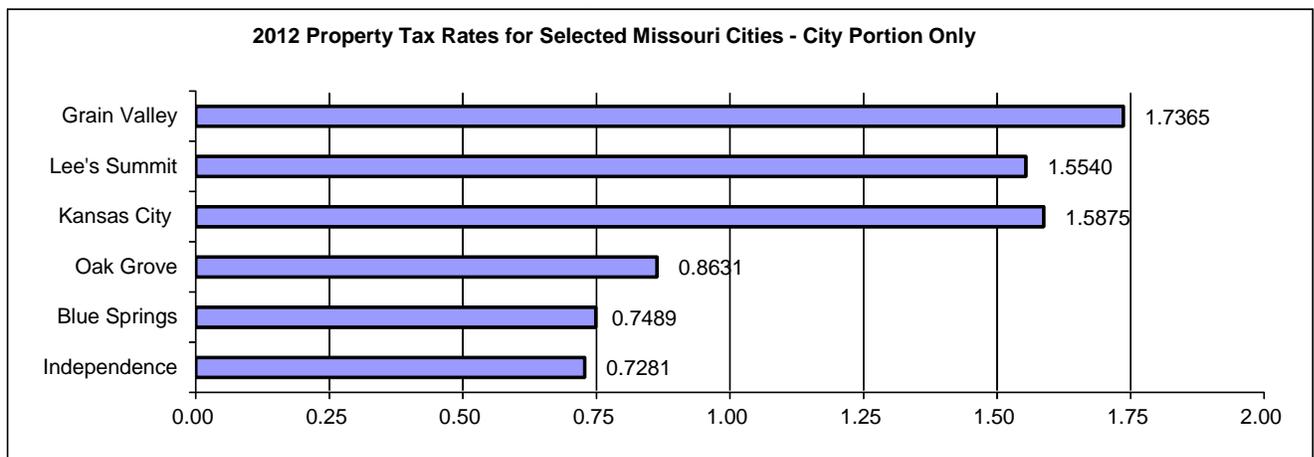
**Revenues**

General Fund revenues are projected to total \$23,068,809 (p.49) for Fiscal Year 2013-14, a decrease of \$872,817 compared to the adopted budget for FY 2012-13. A chart summarizing the major revenue categories is listed below:

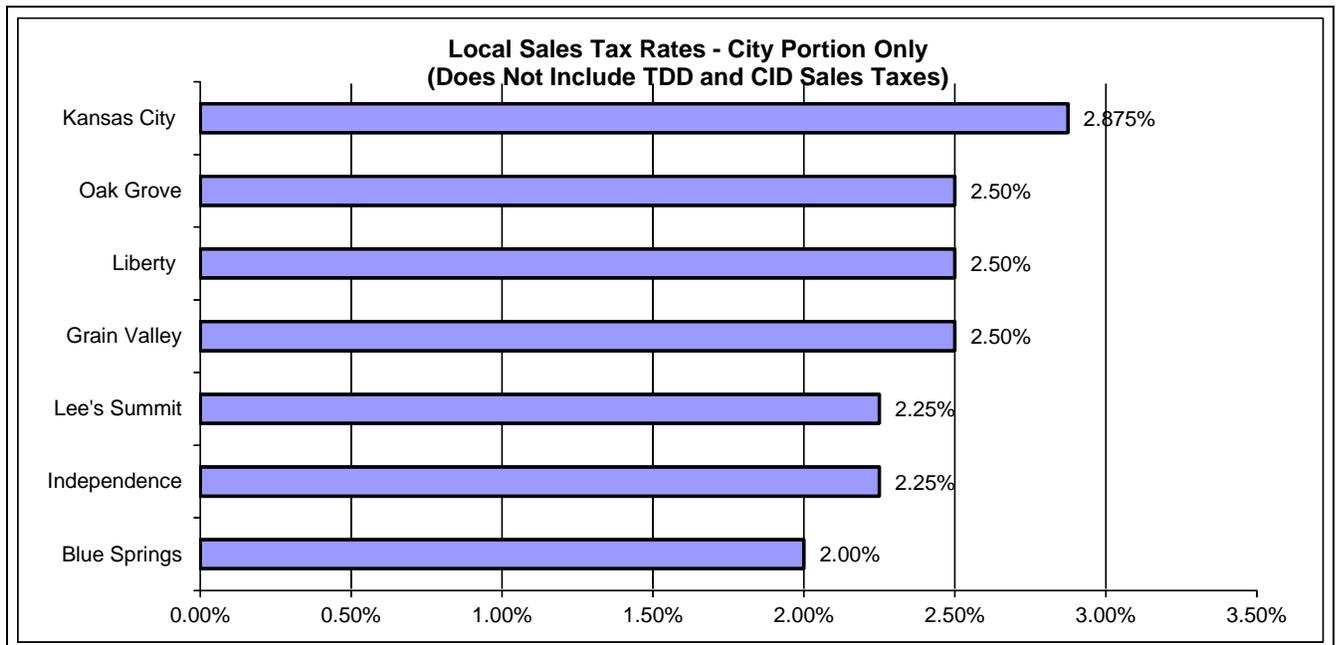
Revenue Source	Adopted Budget FY 2012-13	Proposed Budget FY 2013-14	Percent Change
Taxes	\$ 16,216,796	\$ 16,708,860	3.03%
Licenses and Permits	\$ 518,092	\$ 561,681	8.41%
Other Government Sources	\$ 2,828,782	\$ 2,870,591	1.48%
Charges for Services	\$ 2,896,352	\$ 1,489,985	-48.56%
Fines and Forfeits	\$ 951,889	\$ 948,581	-0.35%
Interest Income	\$ 100,490	\$ 61,321	-38.98%
Other	\$ 429,225	\$ 427,790	-0.33%
<b>Total General Fund Revenues</b>	<b>\$ 23,941,626</b>	<b>\$ 23,068,809</b>	<b>-3.65%</b>

Additional detail on selected revenue sources are documented below:

- Personal Property Tax and Real Estate Tax revenues are estimated to be \$4,355,144 (p.50). New construction is estimated at \$2,767,177 compared to \$9,005,903 in the 2012 tax year. Property tax revenues are expected to remain steady with a projected slight increase of \$155,541 or 4%. The estimated assessed valuation has increased by \$3,506,746 (.48 percent) to \$730,038,585. The property tax levy for 2013 was set September 4 at the same rate as last year \$.7489.



- Sales Tax**, the largest revenue source in the General Fund, is projected to decrease slightly by .18% or \$12,563 compared to the FY 2012-13 adopted budget (p.50). Effective July 6, 2013, the City started collecting sales taxes on the sale of out of state vehicles and vehicles sold among individuals. The governor signed Senate Bill 23 which reinstates this tax and requires all cities that do not have a use tax to allow the voters the opportunity to repeal the tax. This ballot issue must be before the voters no later than November 2016 in order to retain this revenue source.



- Licenses and Permits** are projected to be \$561,681 or \$43,588 more than the FY 2012-13 adopted budget. This increase is primarily due to a budgeted 24% increase in building permit revenue. This category also includes business licenses, liquor licenses, fireworks permits, and City vehicle licenses.
- Other Government Sources** are projected to be \$2,870,591 (p.51) or \$41,809 more than the previous year's adopted budget. This increase is primarily due to a projected increase in state motor vehicle taxes. Revenues include \$1,326,577 from the state fuel tax and \$1,544,014 from various federal, state, and local grant program funds. Of the funds received from Jackson County, \$138,583 is anticipated from the Jackson County Combat D.A.R.E. and CLEEO Grants. Jackson County will also provide \$219,487 from the Jackson County Combat sales taxes to fully fund the Drug Task Force. Funding from the domestic violence grant is projected to be \$127,040 and represents the second year of the two year grant the City has received for this program.
- Charges for Services** are estimated at \$1,489,985 (p.52), a decrease of \$1,406,368 (48.6%) from the adopted FY 2012-13 budget. The majority of the decrease is attributed to the transition of the EMS license to CJCFPD. EMS fees are no longer included in the City's budget. All fee increases proposed in the FY 2013-14 budget are consistent with City policy to recoup staff time and resources in providing the service whenever possible. Charges for service include all development-related fees, public safety, municipal court, and license and tax collections.

- Fines and Forfeits revenues are budgeted at \$948,581 (p.52), a slight decrease of \$3,309 (.35%) over the FY 2012-13 adopted budget. This category also includes late fees and penalties.

**Staffing Employee Benefits**

Total salaries and personnel costs are estimated at \$18,789,592 and comprise approximately 23.51% of the total budget and 65% of the General Fund budget, where most employee costs are funded. Overall, personnel expenses are projected to increase by \$705,092 in FY 2013-14, a 3.90% increase from FY 2012-13. The majority of this increase is attributable to the increased cost of workers compensation and health insurance and the 1.75% pay adjustment. Changes in total Full-Time Equivalents (FTEs) are listed in the summary below:

<b>Summary of Full-Time Equivalents:</b>		
<b>Adopted 2012-13 Budget FTEs</b>		<b>286.70</b>
Department	Position	FTE Changes
Legal	PT to FT Legal Assistant	0.5
Sewer - Sni-A-Bar	Plant Operator/Lab Technician	1
Parks Maintenance	Maintenance Worker	1
Parks Maintenance	Seasonal Maintenance Worker	0.5
<b>Subtotal FTE Proposed Changes</b>		<b>3.00</b>
<b>Proposed Budget 2013-14 FTEs</b>		<b>289.70</b>

Due to the addition of new duties within the Legal Department, including the formation of the newly established Land Bank, the previously funded part-time position in Legal has been made into a full-time position. This full-time position will also assist the new City Attorney which is projected to be hired in Fiscal year 2013-2014. The current City Attorney is planning to retire in 2014 after 26 years of service. Also included in the Proposed budget is funding for a new lab technician position at Sni-A Bar Wastewater treatment plant. This position which is funded through the Sewer Enterprise Fund will assist in the day to day operations of the newly expanded plant. During consideration of the budget, the City Council approved the addition of one full-time and one part-time parks maintenance position to care for the landscaped areas throughout the City.

Even with the projected increases in the City-funded portion of employee healthcare and workers compensation insurance, the FY 2013-14 proposed budget includes funding for across the board increases of 1.75%. Health insurance increases by 10.62% or \$194,640 and Workers Compensation insurance increases by 32.31% or \$97,419 as shown below. Funds have been included in the Human Resources budget for a professional services contract to assist the City in obtaining bids for health insurance benefits in an effort to reduce costs. The chart below highlights costs associated with the entire salary and fringe benefit package that is offered to employees:

Category	Adopted Budget FY 2012-13	Proposed Budget FY 2013-14	Percent Change
Full-Time Salaries	\$ 12,238,059	\$ 12,589,777	2.87%
Part-Time Salaries	\$ 599,586	\$ 590,477	-1.52%
Overtime	\$ 520,517	\$ 520,517	0.00%
FICA	\$ 828,940	\$ 850,314	2.58%
Medicare	\$ 193,865	\$ 198,864	2.58%
LAGERS	\$ 1,171,175	\$ 1,140,727	-2.60%
Deferred Compensation	\$ 146,616	\$ 195,536	33.37%
Health Insurance	\$ 1,832,628	\$ 2,030,308	10.79%
Dental Insurance	\$ 129,156	\$ 136,490	5.68%
Life Insurance	\$ 59,806	\$ 52,110	-12.87%
Vision Insurance	\$ 23,022	\$ 25,989	0.00%
EAP	\$ 4,650	\$ 4,693	0.92%
Unemployment Insurance	\$ 35,000	\$ 50,000	42.86%
Worker's Compensation Insurance	\$ 301,480	\$ 403,790	33.94%
Total	\$ 18,084,499	\$ 18,789,592	3.90%

Two of the amendments made by the City Council during consideration of the budget related to employees compensation. The City Council voted to increase the City's deferred compensation match from 2% to 2.5% with the intent to eventually return to a 3% match when funding is available in future budgets

The City Council also voted to implement an employee longevity pay plan. Under this plan, all full-time and part-time employees will receive a 2.5% pay increase at each 5 year service anniversary. The 2.5% is added to employee base salaries and all employees with at least five years of service will receive 2.5% as part of the initial implementation plan.

### **Employee Training and Development**

In an ongoing effort to provide the best services possible to Blue Springs citizens, the budget continues funding for important employee development and training. The overall City budget includes over \$287,639 for organization training and education opportunities in technology applications, process improvement, leadership development, strategic planning, customer service and required State, Federal, or local requirements for public safety, codes, planning, and engineering certifications. The Police Department accounts for 52.3% (\$150,300) of all training and education appropriations, which are generally mandated by the State and Federal Government and also includes Academy training for any new police officer positions. The proposed budget also includes funds to send selected employees through the MARC customer service training program.

### **Departmental Budget Highlights**

#### **Community Planning and Development**

The FY 2013-14 proposed budget for Community Planning and Development decreases as compared to the adopted FY 2012-13 budget primarily due to funding of the Comprehensive Plan update in last year's budget.

With a total departmental budget of \$1,641,037 (p.138), Community Planning and Development will continue to provide important coordination and support for many ongoing development-related initiatives involving projects such as Highway 7 redevelopment, the Adams Dairy Parkway Corridor, the Missouri Innovation Park, Woods Chapel Corridor, and Chapman Farms. The Department also continues to play a lead role in administration and staff support for the Property Maintenance Code, CDBG Minor-Home Repair Program, Solid Waste Commission, and the First Time Home Buyer's Program funded through Community Development Block Grant (CDBG) funds.

The Property Maintenance Code and Minor Home Repair Program, implemented in 2009, have given staff tools to address citizen concerns regarding enforcement of building maintenance documented in previous Citizen Surveys. The programs seek to address residential maintenance items such as deteriorating paint, siding, exterior walls, windows, roofs, and stairways.

At the direction of the City Council, \$212,434 in CDBG funds are included in this proposed budget to fund the Minor Home Repair Program and the continuation of the First Time Home Buyer's Program. The Minor Home Repair Program, proposed to be funded with \$50,000 in federal CDBG funds, seeks to provide income-eligible residents anywhere in the City with resources to help maintain their properties and provide limited financial assistance for qualifying individuals who might not be in compliance with the requirements of the new Property Maintenance Code. \$36,000 is proposed to be allocated to the First Time Home Buyer's Program. The program looks to enable income-qualified individuals and families with financial assistance for down-payment and closing costs. Only qualified borrowers who are purchasing a residential housing unit within the City of Blue Springs are eligible for the proposed program. The assistance level is capped at \$3,000 per home buyer.

The remaining CDBG budget is allocated as follows: \$5,000 for Downtown Alive!, \$15,000 for Historic Building Restoration, \$100,000 for Blue Springs Park playground \$6,434 for CDBG Administration.

### **Public Safety/ Public Safety Sales Tax**

Budget expenditures for public safety efforts involving the Police Department totals \$32,986,415 (p.208) for FY 2013-14. This amount represents approximately 42% of all budgeted expenditures and accounts for almost half of the City's total workforce. This includes 138.0 total employees including 99 Class A Certified/Commissioned Police Officers; the remaining 39 are dispatch, clerical and other non-commissioned support personnel.

In April of 2011, the citizens of Blue Springs voted to enact a new ½ cent sales tax dedicated to public safety. Through state enabling legislation, the City was able to place the issue on the ballot for voter approval. With the successful passage of the sales tax, the new citywide sales tax went into effect October 2011. Annually, the sales tax is projected to raise approximately \$3.0 million dollars.

Oversight of the public safety tax is monitored by the Public Safety Advisory Board. Reports are provided to the City Council quarterly and include how the tax is being spent and the impact it is having on the community. An accounting fund entitled: *Public Safety Sales Tax Fund* accounts for the tax and provides transparency to the voters on the revenues and expenditures associated with the dedicated sales tax.

## **Proposed 2013-14 Public Safety Sales Tax Expenditures**

<b>Category</b>	<b>2013-14 Budget Request</b>
Capital Improvement Projects (CIP)	
Building Improvements	\$ 20,000,000
Personal Services (17 FTE's)	\$ 973,876
Supplies and Materials	\$ 49,954
Contractual Services	\$ 223,157
Non-CIP Capital Outlay	\$ 2,000
Debt Service – Radio System	\$ 681,452
<b>Total Proposed Public Safety Sales Tax Expenditures</b>	<b>\$ 21,930,439</b>

Highlights of the entire proposed budget for Public Safety include:

- Funds totaling \$150,300 are allocated for state-mandated police officer training and certification and advanced education. The allocation of training funds represents 52% of the total funds budgeted City-wide for all training-related initiatives. Funds are included to maintain our national CALEA accreditation, which was obtained in 2012.
- \$323,000 is included to provide funding to replace six patrol cars, an animal control vehicle and a prisoner transport van. We are typically able to get three or four years out of a patrol car before it is replaced and at least 5-7 years out of unmarked vehicles
- \$156,005 for maintenance for the new mandated digital radio system and \$681,452 for debt service on the radio system. This critical public safety communications system, funded through the public safety tax, replaced the 20 year old system and allowed us to comply with a federal mandate to switch to new digital technology by January 1, 2013. The system enhances city-wide radio coverage and allows officers to communicate directly with other area emergency responders. The system went live in November 2012.
- \$20,000,000 for construction of the Public Safety Building Remodel and Expansion CIP project. Total cost for the design and construction of the facility are expected to be \$22 million. This project is being funded with \$20 million from the Public Safety Sales Tax and \$2 million from the General Fund. The project is estimated to add 37,700 sq. ft. of new space, and remodel the existing 36,700 sq. ft. Municipal bonds will be issued to fund the design and construction of the project.

The proposed budget also continues important funding for the two K-9 units, School Resource Officers, DARE, and the STAT Team. The Police Department continues to proactively implement many additional strategies to improve overall responsiveness to local public safety issues. These include neighborhood watch programs, the bicycle unit which puts additional officers in parks and residential neighborhoods, the extremely well received Citizens' Police Academy, the Youth Police Academy, and the VIPS Program (Volunteers in Police Service). These different public safety communication pieces are all aimed at improving communications with residents and businesses. Also included in this proposed budget are resources to continue the implementation of the Citizen Alert System (or CodeRed program) and the successful Text-A-TIP program. These technology tools have allowed the City to increase public safety and citizen awareness of emergency and weather related incidences in a cost effective manner.

### **Emergency Medical Services**

The City of Blue Springs has contracted with Central Jackson County Fire Protection District (CJCFPD) since 1992 to provide EMS services to Blue Springs and the CJC service area. Funding for the ambulance program comes from local sales tax revenue and user fees that were implemented by the City in 1992. User fees are not sufficient to cover 100% of the annual operating cost and the City of Blue Springs subsidizes the program. The Proposed 2013-14 Budget continues to include a \$500,000 subsidy for the service. In October of 2012, the City Council entered into a contract with Central Jackson County Fire Department (CJCFPD) to permanently transfer the City's ambulance license to CJC. The Key items contained in the Agreement include:

1. Formally and legally transfers the City's ambulance license to CJCFPD effective October 1, 2012.
2. Transfer's all budget and programmatic responsibility for local ambulance service to CJCFPD including the receipt of revenue, payment of bills, budget authority, performance standards and industry benchmarking, staffing, and capital needs.
3. The City subsidy for the EMS program will be eliminated over three years and by October 1, 2015 the City will not be making an annual budget allocation for ambulance services.
4. Terms of the agreement were contingent upon CJCFPD successfully passing a ballot issue in August 2013. The ballot issue did receive approval.
5. The second year of the agreement includes a \$500,000 subsidy payment which is included in this budget.

### **Economic Development**

Formed in 2005, the Economic Development Corporation (EDC) is the result of a collaborative effort of City officials, the Blue Springs Chamber of Commerce, and other local business stakeholders to form a joint public-private partnership aimed at increasing the City's overall effectiveness in the area of economic development. The FY 2013-14 budget allocates \$305,000 for the Economic Development Corporation, which is \$10,000 more than the FY 2012-13 City contribution.

Since 2006, EDC membership has grown from its first 26 investing members to approximately 65 investing members, whose private financial commitments, combined with other program funds, represents approximately \$159,400 in annual EDC membership revenues. The EDC's total budget for FY 2013-14 is estimated at approximately \$469,400. The City's contribution of \$305,000 represents approximately 65% of the EDC's annual operating budget.

The amended budget includes \$10,000 to help fund a Part-Time position for Downtown Alive! The City's portion of this position is approximately one-third of the total funding needed.

### **Parks and Recreation**

Blue Springs Parks and Recreation manages 19 public parks (four undeveloped), with 816 acres of park land located throughout the Blue Springs community and offers a wide range of programming for youth, adults, and 50-plus senior population. Parks and Recreation is charged with not only managing our parks system, but also managing the building maintenance for all City facilities. The budget allocates a total of \$5,753,918 (p.188) to all park programs, including the Adams Pointe Golf Club.

The proposed budget includes capital resources of \$40,000 for trail maintenance. The city currently maintains over 14 miles of trails and oversees maintenance of 14 different parking lots at our facilities. Similar to our street overlay program, the Parks Department implemented this

new trail maintenance program last year to ensure that our trail system and parking lots are maintained and consistent with the livable streets policy that was adopted by the City Council which encourages walkability in all areas of our city.

The proposed budget continues funding for the Public Art Commission's annual temporary public art display, and allocates \$13,500 for this program. There are also existing account balances available in the amount of \$82,217 for use by the Public Art Commission to help fund the acquisition of permanent art for the City, should such opportunities present themselves.

The FY 2013-14 budget provides funding to maintain several popular community events including the Fourth of July Extravaganza, Summer Concerts in the Park, and the Easter Egg Hunt at Rotary Park at Railroad Lake.

Significant discussion by the Parks Commission, City Council, and past citizen strategic planning committees has been had regarding future financial resources needed to address the results of the recently completed community center feasibility study, documented deferred maintenance issues throughout the park system, and the need for future development dollars for undeveloped parks. The City Council has authorized staff to place on the November 5, 2013 ballot a proposal for a dedicated ½ cent citywide sales tax to help address the current and future funding shortages in the Parks operating and capital budgets. Should the voters approve this dedicated tax in November, staff will work with the Parks Commission on implementing the proposed Parks sales tax package and look to amend the budget for this new dedicated Parks revenue source.

### **Transportation**

The FY 2013-14 proposed budget includes \$110,000, representing the City's continuing commitment to support the Kansas City Area Transportation Authority (KCATA) commuter bus service from Kansas City to Blue Springs. KCATA currently provides eight commuter express trips each weekday consisting of four westbound trips in the morning and four eastbound trips in the evening. The city averages over 260 riders per day with a maximum capacity of 320. The fee for each trip is \$3.00. Total funding for this service comes from multiple sources including fare box revenue, federal grants and State support. Our KCATA contract is proposed to increase 11% this year to \$110,000. The current level of commuter routes continues to be well utilized. We have received initial communication from KCATA that the federally subsidized portion of our revenue for transit services could be significantly reduced next fiscal year. Staff will monitor the situation, but the Council could be asked next year to look at current service levels and reevaluate the existing program.

Also included in this budget is \$16,500 to provide 2-day-a-week transportation service for Blue Springs senior citizens, which includes \$2,000 for disabled citizens that can utilize the service. The coordination of this program is administered through Vesper Hall. Staff continues to monitor ridership numbers and work with all of our community partners to market the service to senior citizens.

### **Capital Improvements Program**

The CIP guides the City in the planning, scheduling, and budgeting of major improvement projects. It outlines expenditures, allocates existing funds, and anticipates future revenues to rehabilitate, restore, improve, and add to the City's infrastructure.

Each year, City staff, in conjunction with the Planning Commission and City Council, develops a CIP forecast for the next six fiscal years. The process begins in December each year and usually concludes in late spring with its adoption by the City Council. This year's CIP was adopted by the City Council on July 1, 2013. The proposed CIP for FY 2013-14 through 2018-

19 identifies many potential CIP projects totaling over \$171.2 million (p.273-304). Although projects are recommended and adopted by the City Council each year, the CIP is only a proposed plan and may be adjusted following its adoption to reflect changes and emerging priorities of the City Council or changes in available funds.

The adopted budget for capital improvements and outlay for FY 2013-14 recommends capital expenditures totaling \$31,945,929 (p.6). Highlights of the approved amount include: \$6,000,000 for Woods Chapel; \$20,000,000 for the renovation and expansion of the Public Safety Building, \$800,000 for Napoleon Drive improvements; \$75,000 for digital imaging, and \$99,750 for an EMS ambulance. CIP expenditures are broken down as follows (p.7):

<b>Improvement Type</b>	<b>Adopted Budget FY 2012-13</b>	<b>Proposed Budget FY 2013-14</b>	<b>Percentage of Capital Budget</b>
Community Development	\$ 220,000	\$ 0	0%
Parks and Recreation	\$ 75,000	\$ 359,000	1%
Public Safety	\$ 16,244,150	\$ 20,000,000	60%
Street Construction and Improvements	\$ 3,112,850	\$ 8,394,685	26%
Sanitary Sewer System	\$ 2,085,000	\$ 2,361,912	7%
Water System	\$ 1,670,000	\$ 445,162	1%
Capital Outlay and Equipment	\$ 1,319,131	\$ 1,570,305	5%
<b>Total Improvements</b>	<b>\$ 24,726,131</b>	<b>\$ 33,131,064</b>	<b>100%</b>

Please see the CIP section for detailed information on the adopted CIP and page 6 in the budget document for a detailed list of capital outlay items.

The City Council amended the budget to include \$1,183,000 for sidewalk repairs and maintenance. These funds will be transferred from the General Fund and will be taken from unassigned fund balance and to the extent that unassigned fund balance is not available, funds from the reserve funds will be temporarily used for this project and restored when available.

### **Special Revenue and Enterprise Funds**

#### **Hotel/Motel Tax Fund**

Hotel/Motel Tax revenue is a 6.5% gross receipts bed tax placed on all Blue Springs hotels. Initially passed by voters in 1998 at 5%, voters approved an increase to 6.5% in April 2003. The revenue resulting from the tax is restricted for use toward convention and tourism activities and specifically the annual debt service on the City's Conference Center. Debt service in FY 2013-14 is \$348,599. During the 2005 fiscal year, the City refunded and refinanced the original debt issued to construct the Conference Center. Original bonds were issued at a 7% interest rate and were refinanced at 4%; thus providing substantial annual savings. Revenue for Fiscal Year 2013-14 is estimated at \$512,199 (p.57) and increases by \$7,391 (1.46%) from the FY 2012-13 budget. In addition to the payment for debt service, \$140,000 is budgeted for the Conference Center management agreement with a private firm and \$5,000 is budgeted for the Buy Blue Springs campaign which was approved by the City Council in the spring of 2010. The conference center debt will be retired in 2019.

#### **Golf Course Fund - Adams Pointe Golf Club**

Adams Pointe Golf Club opened to the public in 1998. The proposed budget for Fiscal Year 2013-14 is \$1,793,264 (p.195), an increase of \$87,890 from last year. The proposed golf

course budget reflects the current management agreement with Orion Management, a private course management firm responsible for the day-to-day operations of the golf course. Orion took over management of the course on October 1, 2010

The FY 2013-14 budget includes \$1,392,315 for operations and maintenance. It remains the goal of staff and our management firm that Adams Pointe is financially self-sufficient, covering all expenses (including debt service) through user-fee revenues. This goal has been difficult to obtain over the last several years due to the economy, challenging weather conditions, and competition from other local courses. Revenue generated by user fees is estimated by Orion at \$1,574,269 and they expect to cover all O&M costs and most of the debt service for the FY 2013-14. A transfer from the General Fund to the Golf Course Fund is budgeted at \$218,996 to help cover debt service.

The golf course was constructed using revenue from bonds issued in 1996 for a 20-year period that were refunded in 2005, extending the debt repayment to 2025. The annual debt service for FY 2013-14 is \$404,949. We expect to have approximately 35,000 rounds of golf played during the FY 2013-14 Budget year.

## **Water Fund**

### **Revenues**

Water revenues are projected to increase in FY 2013-14 to \$8,026,728 (p.99), an increase of \$967,295 over the FY 2012-13 adopted budget. Water service fees will see an increase of 10% as approved by the City Council on July 15, 2013. The rate increases cover a three-year period starting in FY 2013-14 and include adjustments of 10% in each year. The rate increases were necessary to offset planned price increases from the City's water suppliers (City of Kansas City Missouri, City of Independence, and Tri-County Water Authority) and to support the capital program that includes the maintenance and expansion of the water distribution system. The water and sewer systems support over 20,000 total customers. The first scheduled increase will take effect October 1, 2013. The overall increase to customer bills will be approximately 5-6% each year.

### **Expenditures**

The Water Fund expenses decrease by \$1,769,755 (21%) to \$7,353,272 (p.99) in FY 2013-14, primarily due to a decrease in planned capital improvements.

Capital improvement projects and capital outlay expenditures total \$647,362. Each of the capital projects is summarized in the CIP section of the budget document.

In April, 2013, the voters approved a ballot initiative that allows the City to enter to water purchase contracts directly with Tri-County Water Authority. The rate study presented to the City Council in July includes a rate structure that accounts for the expansion of the Tri-County water plant to provide up to eight million gallons per day (MGD). This is the most cost effective solution to ensure the city has a total of 12.3 MGD for peak summer capacity. The City receives its water purchases from the cities of Independence and Kansas City as well as Tri-County. The City's total cost for purchased water in FY 2013-14 is estimated at \$3,506,900.

## **Sewer Fund**

### **Revenues**

Total sewer system revenues are projected to decrease in FY 2013-14 to \$9,069,655 (p.105), a decrease of \$103,627 (1.13%). The decrease in total revenues is due to how the special assessment revenues for the NID are now recorded. Revenues for sewer services increases by \$318,412 (5%). On July 15, 2013, the City Council approved a sewer rate increase for three

years in the amount of 2% annually starting in FY 2013-14. The sewer rate increases were necessary to offset planned price increases from Little Blue Valley Sewer District and to support the capital program that includes the Sni-A-Bar Wastewater Treatment Plant expansion. The next scheduled rate increase will take effect October 1, 2013.

**Expenditures**

Expenditures for Fiscal Year 2013-14 are projected to be \$9,911,776 (p.105), an increase of \$404,780 (4.26%) from FY 2012-13. Capital improvement projects and capital outlay expenditures total \$2,567,912. Each of the capital projects is summarized in the CIP section of the budget document.

In 2005, the City Council approved a Neighborhood Improvement District (NID) Petition and Development Agreement with the NID Petitioners. Since 2005, the City has been implementing the various components of the south area sewer construction plan. The sewer system has been completed and during FY 2009-10, permanent financing was issued for the South Area Sewer NID. Debt service expenditures and special assessment revenues have been included in this budget to collect revenues for the repayment of the bonds issued for this project. \$1,221,880 has been included for debt service.

In 2008, the citizens authorized the City to issue debt to improve and expand the Sni-A-Bar wastewater treatment plant. The improvements are nearly complete and debt service payments in the amount of \$1,784,168 are included in the budget. The City of Grain Valley will contribute 47.5% toward this debt service payment.

**General Fund Reserve Information**

The City’s General Fund Reserve Policy is currently 20% of General Fund operating expenditures. In August of 2011, the City Council was asked to adopt a Governmental Fund Balance Policy that is in compliance with GASB Statement No. 54. The adopted reserve calculation in the policy is based upon the following goals:

1. Compliance with GASB Statement No. 54
2. Provide the capacity to provide sufficient cash flow for daily operating needs
3. Secure and maintain investment grade credit ratings
4. Offset economic downturns or revenue shortfalls and provide funds for unforeseen expenditures related to emergencies

According to the policy, the annual calculation is expected to generate an emergency reserve equal to 20% of General Fund operating expenditures (total General Fund expenditures excluding capital outlay and operating transfers) and a budget stabilization reserve of 10%. The emergency reserve amount for the FY 2013-14 budget year is estimated at \$4,732,527 and the budget stabilization reserve is estimated at \$2,366,269. The following table provides additional projected fund balance, designation, and reserve information for the General Fund:

<b>General Fund</b>	<b>Projected Fund Balance Ending September 30, 2014</b>
Nonspendable & Restricted	\$2,201,527
20% Emergency Reserve	\$4,732,537
10% Budget Stabilization Reserve	\$2,366,269
Other Assigned Funds	\$2,532,217
Projected Unassigned Fund Balance	<u>\$1,385,378</u>
<b>Total Fund Balance</b>	<b>\$13,217,928</b>

The Unassigned Fund Balance changes each year and is subject to fluctuations in the City's financial condition during the course of the fiscal year (i.e., changes in revenue projections and expenses, unforeseen expenses, emergency situations, etc.)

### **Long-Term Financial Planning**

In the fall of 2007, the City Council approved an agreement with Public Finance Consultants, Inc. to assist the City in creating a long-term financial planning model for the General Fund, Capital Projects Fund, Debt Service Funds and the Golf Course Fund. This model allows the City to forecast revenues and expenditures in these funds and the effects on fund balance over time. The use of these models assisted tremendously in the development of the proposed budget. Additional information about the planning model can be found on page 363.

The Government Finance Officers Association (GFOA) recommends that long-term financial planning include all appropriated funds. The Water and Sewer funds long-term plans are updated every three years when a comprehensive rate study is completed.

### **Alignment with Citizen Survey/ Guiding Principles**

A concerted effort is made each year by staff to align the proposed budget plan to Council and citizen priorities. Every effort was made to protect highly rated existing programs documented in the Citizen Survey and continue to implement voter-approved initiatives and capital projects all with the intent of increasing citizen satisfaction.

Guiding Principles – Staff has continued to use the adopted: *Guiding Principles for the Future Progress of our Community* as a strategic planning tool in the creation of this budget. The guiding principles listed below are also referenced and embodied in this proposed budget:

- We are a **Family** oriented community;
- We desire a high level of “**Livability**” – a community that is user friendly, and an easy place to live;
- We desire to strive for and recognize **Quality** in all aspects of living and working in the City; and
- We value and appreciate the importance of **Innovation** in problem solving and charting a future course for our community.

Citizen Survey – The City Council approved a contract with ETC Institute to administer a Citizen Survey during the winter of 2013. Staff utilized those results in the creation of this budget and presented the results of the survey to the City Council this past March. The most recent Citizen Survey completed in the winter of 2013 identified five major areas (listed below) that residents thought should receive the most emphasis from the City over the next two years. Strategies to address these issues are bulleted below:

#### **1. Maintenance of City Streets**

- Resuming in Fiscal Year 2014-2015, the adopted capital program includes \$2,300,000 for the street rehabilitation program. The 2013-2014 Fiscal Year appropriation of \$2,300,000 will be used as a federal grant match for the Phase 2 Woods Chapel improvements (Castle/Briarwood to Walnut.)
- Resuming in Fiscal Year 2014-2015, the adopted capital program includes \$200,000 to address sidewalk maintenance/ defects citywide. The 2013-2014 Fiscal Year appropriation of \$200,000 will be used as a federal grant match for the Phase 2 Woods Chapel improvement (Castle/Briarwood to Walnut).

- Adopted capital program includes \$6,000,000 for the second phase of the Woods Chapel Road improvements. The second phase will provide improvements from Briarwood/ Castle Drives to Walnut Street. Improvements include new asphalt, a new rail crossing; curve improvements, alignment improvements, and the addition of roundabout at the intersection of Walnut Street and Woods Chapel Road.
- Adopted capital program that also includes the addition of one truck to be utilized in road maintenance and snow removal operations. The typical length of service for a snowplow/dump truck is 20 years.
- Crack seal and pothole crew included in the proposed budget.
- Adopted budget includes funding for street sweeping of collector and residential streets.

## **2. Flow of Traffic and Congestion Management**

- \$28,000,000 in General Obligation Bonds were approved on the August 5, 2008 General Election ballot to help address traffic congestion issues throughout the City. Implementation of this bond issue continues in the proposed 2013-2014 Budget with the reconstruction of Woods Chapel Road from 1-70 to Briarwood/ Walnut Street. This project will also involve the construction of a Diverging Diamond Interchange over I-70 and the relocation of South Outer Road. Peak traffic on Woods Chapel Road and Highway 7 were once again the highest-rated transportation issues on the most recent Citizen Survey. Woods Chapel Road, R.D. Mize/Duncan Road, and South Highway 7 will all be addressed with the approved bond issue.
- Continue implementation of Highway 7 Corridor Plan involving the consolidation of curb-cuts and access points tied to redevelopment and construction of medians to minimize turning conflicts.

## **3. Community Development and Planning**

- Continued implementation of business redevelopment strategies throughout the Highway 7 Corridor, especially at the intersection of Highways 40 and 7, and downtown.
- Economic Development – ongoing assistance to the EDC for the implementation of the EDC business plan, especially with regard to development of the Missouri Innovation Park.
- Continued implementation of GIS data and information on the Internet to enhance services to internal and external development-related customers.
- Continued implementation of the Downtown Master Plan including marketing the recently revamped 353 incentive program for downtown.
- Continued funding for the Pink Hill Recycling Center which was opened in July of 2010.
- Comprehensive Plan Update – In the 2012-2013 Budget the Council approved \$220,000 for the update of the city's Comprehensive Plan and Unified Development Code. The city along with the selected planning consultants for the Plan are working with citizen groups this year, and we hope to have results by the end of the fiscal year. The Plan hopes to provide a rational and comprehensive guide for the physical development of the City that fosters quality growth, and redevelopment throughout the City and its Planning Area.
- Enhanced training and education funds to foster innovation, enhanced customer service, and efficiency in the review of development proposals. Enhanced customer service strategies include: customized training for line staff, an annual

developer's survey, and point of contact customer feedback tools.

#### **4. Quality of Police**

- Proposed budget includes on-going funding for the Citizen Alert System (or CodeRED) and the Text-A-TIP program. These well received technology tools enhance the City's ability to fight crime, and notify key citizen groups of public safety issues in a timely manner, thus improving citizen crime prevention.
- 42% of all City funding will support public safety efforts.
- Continued promotion of the Citizens' Police Academy (conduct three classes during the year) and one Youth Police Academy.
- Continued support for National Night Out Against Crime educational event.
- \$323,000 for replacement of six existing patrol cars, one replacement vehicle for animal control, and one new prisoner transport van.
- Continued funding for a federally compliant digital radio system that will allow for more city-wide radio coverage, and allow officers to talk directly with other emergency responders.
- Continued funding for 17 new public safety positions to help address citizen requests for increased visibility of policeman, lower response times, and increased coverage hours for animal control and evidence.
- Proposed budget includes funding to maintain national accreditation (CALEA)
- Funding for expansion and remodeling of existing public safety building to allow for additional staffing and enhanced service provision.
- Continued promotion of expanded Neighborhood Watch Program.
- Continued promotion of Volunteers In Police Service (VIPS).

#### **5. Enforcement of Building and Property Maintenance**

- Continued implementation of Property Maintenance Code to help address external maintenance of deteriorating residential property.
- Continued funding for mowing program to major corridors to help improve overall appearance and image of City.
- Continued implementation of the Minor Home Repair Program (funded through Federal CDBG funds) to help assist eligible low income residents with resources to help maintain their properties.

## CONCLUSION

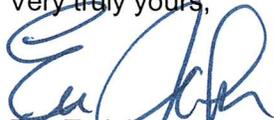
I sincerely appreciate the opportunity the Mayor and City Council have afforded me to serve you and this community as City Administrator, and to present to you an annual budget plan that balances the resources available, while responding to your priorities and areas of focus for FY 2013-2014 and beyond. During this next fiscal year we will continue to see significant progress on many of our shared priorities including the implementation of several high profile projects including the reconstruction and enhancement of Woods Chapel Road, the expansion and remodeling of the Howard L. Brown Public Safety Building, and an educational campaign regarding a dedicated sales tax for Parks. With all of these high profile projects and initiatives, I have certainly appreciated the willingness of the Mayor and the entire City Council to provide me and staff with strategic direction and give input into shared community goals.

The FY 2013-14 proposed budget again reflects a prudent and realistic approach with an emphasis on maintaining existing services, investing in our workforce, and maintaining capital assets. The creation of this proposed budget was again challenging as our entire team was asked to maintain current service levels while trying to enhance other areas of the budget, including increasing costs in the area of employee benefits. We have several challenges ahead of us as we try to develop the most appropriate municipal funding strategies as many of our historical funding sources continue to change and fluctuate. I remain confident that our creative staff will look at new opportunities for innovation and process improvement to address the ever changing landscape.

I am extremely grateful for the continued hard work and positive spirit of City employees as they provide quality programs and services to the community. This budget represents the continued dedication and commitment of our employees.

I want to personally acknowledge the hard work of all the staff who worked so diligently and tirelessly on the preparation of this proposed budget for submission to you, especially Assistant City Administrator Christine Cates, Budget Analyst Lori Turner, and Deputy City Administrator Todd Pelham.

Very truly yours,



Eric T. Johnson  
City Administrator