



Blue Springs, Missouri

Office of Administration

Friday, July 28, 2023

Dear Mayor Carson Ross and Councilmembers:

I am pleased to submit the City of Blue Springs's recommended operating budget for fiscal year 2023-24 which will be presented at the August 15, 2023, budget work session. The recommended budget communicates the City's plan for allocating resources to provide services to the residents and businesses of Blue Springs.

The total proposed FY 2023-24 budget of \$85,211,839 is a financial plan that focuses on delivering essential services while maintaining fiscal discipline. The budget also includes several major initiatives that will significantly impact the trajectory of our city, not only in the upcoming year but for years to come.

Major Initiatives

Blue Surf Bay Waterpark - Opening in Spring 2024, this significant addition to our recreational facilities will allow the residents to remain in the community to meet their recreational needs. The facility offers over 110,000 square feet of indoor recreation and 60,000 square feet of outdoor space.

Police Body and Car Camera System Replacement - This budget includes funding for the implementation of new police body and vehicle cameras to improve public trust and officer safety. For this project, 27 vehicle cameras and 104 body worn cameras will be purchased along with supporting software, equipment, and cloud storage. The first year of the five-year lease agreement has been included in the Public Safety Sales Tax Fund budget at \$257,243. The remaining years of the lease cost \$156,000 per year.

Police Therapy Dog - a therapy dog for our Police Department will be introduced, offering valuable emotional support and enhancing community engagement. The first-year cost for this program is \$4,196 and is included in the Public Safety Sales Tax Fund budget. Subsequent budgets are estimated to be approximately \$2,000 for this program.

Downtown Master Plan - The Downtown Master Plan was funded in the FY 2023 budget and is projected to be completed in Spring 2024. The plan was last updated in 2007 and will outline a vision, recommendations, and guidelines for development and revitalization in the downtown area.

Comprehensive Plan Update - This project is funded through the Capital Improvements Program and is anticipated to begin in summer 2024 and to be completed in 2025. The cost for this project is \$250,000. The plan was last updated in 2014 and serves as a guide for the physical development of the City that fosters quality growth, conservation, and redevelopment.

Council Strategic Plan – Strategic planning was funded in the FY 2023 budget and is projected to be completed in Spring/Summer 2024. Strategic planning helps guide the City into the future and contributes to more effective governance and the overall well-being of the City.

Buy Blue Springs – This initiative was reviewed and requested for inclusion in the budget at the July 17, 2023, Council meeting. The City will increase its contract with the Chamber of Commerce in FY 2024 by \$38,000 to hire a consultant for tourism research, planning and marketing services and to develop a Tourism Strategic Plan. This initiative will ensure we prepare for the World Cup in 2026 and beyond to make the most of this global opportunity, showcasing the best of Blue Springs. Staff will work closely with the Chamber on this initiative.

Wyatt Road East Construction – Wyatt Road will be reconstructed from 7 Highway to Adams Dairy Parkway. The General Fund is contributing \$3 million of the \$6 million total budgeted for this project. Completion of this roadway will improve transportation and connectivity, enhancing accessibility of our city.

Total Budget Summary

FY 2024 Budgeted Revenues

Staff projects total FY 2024 budgeted revenues to be \$24,622,445 (22.42%) lower than the FY 2023 budget amount. This decrease is primarily due to the sale of bonds for the construction of the aquatic center in FY 2023.

The proposed revenue budget totals \$83,300,702 plus \$1,911,137 of cash reserves totaling \$85,211,839 for planned expenditures. The decrease in cash reserves is primarily due to the \$3 million transfer from the General Fund to the Capital Projects Fund.

Table 1-A compares the proposed FY 2024 revenue budget to the adopted FY 2023 revenue budget fund:

Table 1-A

Fund	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percentage Change	Percent of Total Budget
General	\$ 28,003,386	\$ 29,637,561	5.84%	34.78%
Hotel/Motel Tax	\$ 591,296	\$ 690,293	16.74%	0.81%
Public Safety Sales Tax	\$ 4,456,404	\$ 5,079,949	13.99%	5.96%
Parks Sales Tax	\$ 39,959,346	\$ 5,863,482	-85.33%	6.88%
Debt Service	\$ 1,674,627	\$ 1,850,582	10.51%	2.17%
Capital Projects	\$ 4,649,035	\$ 4,960,673	6.70%	5.82%
TIF Capital Projects	\$ 6,890,365	\$ 6,611,742	-4.04%	7.76%
Fieldhouse	\$ 1,067,276	\$ 2,326,885	118.02%	2.73%
Golf Course	\$ 1,923,251	\$ 2,137,474	11.14%	2.51%
Water	\$ 11,416,116	\$ 11,780,771	3.19%	13.83%
Sewer	\$ 12,139,715	\$ 12,361,289	1.83%	14.51%
Use of Cash Reserves	\$ (2,936,532)	\$ 1,911,137	0.00%	2.24%
Total Budget by Fund	\$ 109,834,284	\$ 85,211,839	-22.42%	100.00%

Table 1-A shows the projected changes in revenues by fund. The revenue budgets for all funds are increasing as compared to the adopted budget for FY 2023, except the Capital Projects fund and the Parks Sales Tax fund.

The revenues for the TIF Capital Project funds are decreasing due to the termination of the Copperleaf Village and Highway 40 & Highway 7 TIF plans. The Parks Sales Tax fund issued bonds in FY 2023 and will only have sales tax revenues for FY 2024.

Major revenue sources are budgeted monthly and closely monitored throughout the year to identify any fluctuations or trends early on which allows for timely adjustments to the budget. This proactive approach provides for better financial planning and decision-making, ensuring that the budget remains aligned with the actual revenue performance.

Table 1-B compares the proposed FY 2024 revenue budget to the adopted FY 2023 revenue budget by category:

Table 1-B

Category	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percentage Change	Percent of Total Budget
Taxes	\$ 42,879,768	\$ 45,198,228	5.41%	53.04%
Intergovernmental	\$ 4,619,739	\$ 5,027,007	8.82%	5.90%
Charges for Services	\$ 2,581,215	\$ 3,829,053	48.34%	4.49%
Licenses and Permits	\$ 1,562,587	\$ 1,183,580	-24.26%	1.39%
Fines and Forfeits	\$ 632,973	\$ 440,289	-30.44%	0.52%
Interest	\$ 1,060,700	\$ 2,772,552	161.39%	3.25%
Golf Course Fees	\$ 1,920,894	\$ 2,129,276	10.85%	2.50%
Utility Fees	\$ 22,082,110	\$ 22,175,313	0.42%	26.02%
Other	\$ 430,830	\$ 545,404	26.59%	0.64%
Bond Proceeds	\$ 35,000,000	\$ -	0.00%	0.00%
Use of Cash Reserves	\$ (2,936,532)	\$ 1,911,137	-165.08%	2.24%
Total Budget	\$ 109,834,284	\$ 85,211,839	-22.42%	100.00%

Revenues are expected to increase in every category in the budget next year in varying amounts and percentages, except for Licenses and Permits and Fines and Forfeits.

The rising interest rate environment negatively impacts building and right of way permits while positively impacting interest received on the City's investments.

Taxes are estimated to increase by \$2,318,460 or 5.41% and include \$250,000 from the sales tax on recreational marijuana. The new 3% tax becomes effective October 1, 2023, and is projected to generate \$250,000. For FY 2024, the funds will be deposited in the General Fund and transferred to the Capital Projects Fund for ST-06 Pavement Management.

Charges for Services are expected to increase by 48.34 % compared to FY 2023 due to memberships for the Blue Surf Bay Waterpark and increased participation in youth sports programs.

Other revenues which include sales and rentals, donations and miscellaneous revenues, is projected to increase by 26.59% compared to FY 2023 due to increases in antenna rent.

FY 2024 Budgeted Expenses

The proposed budget totals \$85,211,839 for planned expenditures. This is a decrease of 22.29% over the adopted FY 2023 budget.

Table 2-A compares the proposed FY 2024 expense budget to the adopted FY 2023 expense budget by fund:

Table 2-A

Fund	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percentage Change	Percent of Total Budget
General	\$ 30,147,564	\$ 31,568,895	4.71%	37.05%
Hotel/Motel Tax	\$ 220,000	\$ 293,000	33.18%	0.34%
Public Safety Sales Tax	\$ 3,973,460	\$ 5,440,209	36.91%	6.38%
Parks Sales Tax	\$ 35,417,500	\$ 1,450,000	-95.91%	1.70%
Debt Service	\$ 1,717,777	\$ 1,710,326	-0.43%	2.01%
Capital Projects	\$ 6,206,000	\$ 7,786,200	25.46%	9.14%
TIF Capital Projects	\$ 7,841,541	\$ 6,395,261	-18.44%	7.51%
Fieldhouse	\$ 1,219,428	\$ 4,832,718	296.31%	5.67%
Golf Course	\$ 1,973,251	\$ 2,186,940	10.83%	2.57%
Water	\$ 10,814,748	\$ 12,179,934	12.62%	14.29%
Sewer	\$ 10,303,017	\$ 11,368,356	10.34%	13.34%
Total Budget by Fund	\$ 109,834,284	\$ 85,211,839	-22.42%	100.00%

The budgets for all funds except the Parks Sales Tax fund and the TIF Capital Projects fund are increasing as compared to the adopted budget for FY 2023.

Individual funds are like separate accounts or "pools" of money with specific designations and limitations on their usage. The funds are usually created to ensure that the revenues generated from certain sources are used for their intended purposes, preventing the money from being mixed with other general funds. By separating funds based on revenue sources and the restrictions placed on them, it is easier to manage their budgets, track spending, and ensure that money is allocated appropriately for specific purposes as intended by the voters or governing bodies.

This budgeting approach provides transparency and accountability, as it allows the public to understand where the money comes from and how it is being used, ensuring that funds are used responsibly.

Table 2-B compares the proposed FY 2024 expense budget to the adopted FY 2023 expense budget by category:

Table 2-B

Category	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percentage Change	Percent of Total Budget
Personal Services	\$ 25,206,211	\$ 27,343,791	8.48%	32.09%
Supplies and Materials	\$ 3,232,757	\$ 3,566,974	10.34%	4.19%
Contractual Services	\$ 19,853,238	\$ 20,814,175	4.84%	24.43%
Sub-Total Operations	\$ 48,292,206	\$ 51,724,940	7.11%	60.70%
Debt Service	\$ 15,121,566	\$ 17,177,168	13.59%	20.16%
Capital Outlay	\$ 2,079,972	\$ 1,733,000	-16.68%	2.03%
Capital Improvements	\$ 44,340,542	\$ 14,576,731	-67.13%	17.11%
Total Budget	\$ 109,834,284	\$ 85,211,839	-22.42%	100.00%

While the overall expense budget is decreasing in FY 2024, the operating budget that includes personal services, supplies and materials and contractual services is increasing by \$3,432,734 or 7.11%

Employee Salaries and Benefits

Table 2-C compares the proposed FY 2024 personal services budget to the adopted FY 2023 personal services budget by account type:

Table 2-C

Account	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Dollar Change	Percent Change	Percent of Total Budget
Full-Time Salaries	\$ 15,995,639	\$ 17,014,824	1,019,185	6.37%	62.23%
Part-Time Salaries	\$ 1,106,280	\$ 1,595,869	489,589	44.26%	5.84%
Overtime	\$ 671,551	\$ 655,301	(16,250)	-2.42%	2.40%
FICA	\$ 1,114,162	\$ 1,205,970	91,808	8.24%	4.41%
Medicare	\$ 260,222	\$ 282,085	21,863	8.40%	1.03%
LAGERS	\$ 1,391,607	\$ 1,544,499	152,892	10.99%	5.65%
Health Insurance	\$ 3,249,599	\$ 3,367,085	117,487	3.62%	12.31%
Dental Insurance	\$ 133,117	\$ 197,504	64,387	48.37%	0.72%
Life Insurance	\$ 75,810	\$ 78,819	3,009	3.97%	0.29%
Vision Insurance	\$ 24,938	\$ 25,080	142	0.57%	0.09%
Health Savings Account	\$ 199,800	\$ 215,100	15,300	7.66%	0.79%
EAP	\$ 6,343	\$ 6,606	263	4.14%	0.02%
Unemployment Insurance	\$ 50,000	\$ 25,000	(25,000)	-50.00%	0.09%
Worker's Compensation Insurance	\$ 927,143	\$ 1,130,049	202,907	21.89%	4.13%
Total	\$ 25,206,210	\$ 27,343,791	2,137,581	8.48%	100.00%

Costs of employee salaries and benefits are budgeted at \$27,343,791, an increase of \$2,137,581, or 8.48% over the prior year's budget of \$25,206,210. Wages and benefits

encompass approximately 32.09% of the total budget and 61.27% of the General fund budget, from which most employee costs are funded.

Continuing to invest in employee salaries and benefits is a crucial step in ensuring that employees are fairly compensated and motivated to continue their valuable contributions to the City's success. By striving to maintain market-level salaries and benefits, the City demonstrates its commitment to remaining competitive in the job market. This is essential for retaining existing talented employees and attracting new talent to join the organization.

This budget includes a pay range adjustment of 2.5% for all non-represented positions, effective in October, and a 2.5% increase for employees on their service anniversary that may result in a lump sum payment if the employee is at the top of the pay range. The longevity plan also continues for all non-represented full-time and part-time employees who will receive a 2.5% pay increase at each 5-year service anniversary. Additionally, our commitment to honoring our employees' contracts remains steadfast, with represented employees receiving raises as stipulated in their bargaining unit agreements.

The payroll budget includes a vacancy allowance, which means funds have not been included for five authorized police officer positions that are currently vacant. The reason for not budgeting for these positions is due to the current labor market conditions and the anticipated time it takes to fill these vacant positions. These positions will be filled as soon as possible, and the budget will be reviewed to determine if a budget amendment is needed. Budgeting for a vacancy allowance is a common practice in organizations, especially when hiring for certain positions might take longer than expected due to factors like a competitive job market or specific skill requirements. This approach allows the City to be flexible in managing its budget while ensuring that necessary positions are eventually filled.

The rates for employee health insurance for the current year have remained stable, without any increase. This achievement can be attributed to employee participation in the wellness plan implemented by the organization. Through active participation and commitment to improving their overall health and well-being, the employees have earned valuable credits for the City that mitigated the need for a rate increase in health insurance premiums. Dental insurance premiums did increase, and the City is absorbing the cost so that employee premiums remain unchanged. Workers Compensation is increasing by \$202,907 or 21.89%, as a result of the City's experience modification factor and an increased budget for salaries.

This budget includes 336.13 full-time equivalents which is a net increase of 20.64 positions over the number approved in the FY 2023 budget. The new positions include two Recreation Coordinators, an IT Help Desk Coordinator, and a Staffing Coordinator for Human Resources.

New positions for Blue Surf Bay Waterpark include five full-time positions and 11.64 FTEs for part-time positions. The part-time positions include lifeguards, swimming instructors and a maintenance worker. The changes to authorized positions are detailed in the table below.

Table 2-D summarizes the changes to the full-time equivalent positions in the proposed FY 2024 budget:

**Table 2-D
Changes to Full-Time Equivalent Positions**

Summary of Full-Time Equivalents:		
Department	Position	FTE Changes
Adopted 2022-23 Budget FTEs		315.49
Parks - Recreation	Recreation Coordinator - Recreation	1
Parks - Vesper Hall	Recreation Coordinator - Vesper Hall	1
Human Resources	Staffing Coordinator	1
Information Technology	Help Desk Coordinator	1
Aquatics	Superintendent of Fieldhouse & Aquatics	1
Aquatics	Aquatics Manager	1
Aquatics	Aquatics Supervisor	1
Aquatics	Custodian/Maintenance Worker	1
Aquatics	Customer Service Representative	1
Aquatics - PT	Lifeguards and Instructors	11.64
	Subtotal FTE Proposed Changes	20.64
Proposed Budget 2023-24 FTEs		336.13

Capital Improvements Program (CIP)

The CIP guides the City in the planning, scheduling, and budgeting for maintenance, replacement, and major improvements related to City assets and infrastructure. 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 develops a CIP forecast for the next five fiscal years. The process begins annually in December and usually concludes in late spring with its adoption by the City Council. This year’s CIP was adopted by the City Council on June 5, 2023.

The proposed CIP for FY 2024 through FY 2028 identifies many potential CIP projects totaling \$174.5 million of which \$97 million are funded and \$77.5 million are unfunded. Although projects are recommended and adopted by the City Council each year, the CIP is only a proposed plan. Therefore, the CIP may be adjusted after adoption in order to reflect altered or emerging priorities of the City Council as well as any changes in available funds.

The proposed budget for capital improvements and outlay for FY 2024 recommends capital expenditures totaling \$16,309,731. Highlights of the approved amount include:

- \$5 million for Wyatt Road East
- \$2.05 million for the Pavement Management Program
- \$1 million for Police Department Training/Vehicle Processing
- \$1.7 million for capital outlay

Table 2- ED summarizes the proposed Capital Improvements and Capital Outlay for FY 2024:

Table 2-ED

Improvement Type	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percent of Capital Budget
Parks and Recreation	\$ 35,417,500	\$ 1,682,000	10%
Public Safety	\$ 176,822	\$ 1,100,000	7%
Street Improvements & Equipment	\$ 6,056,000	\$ 7,786,200	48%
Sanitary Sewer System	\$ 1,658,000	\$ 2,358,800	14%
Water System	\$ 1,032,220	\$ 1,649,731	10%
Capital Outlay and Equipment	\$ 2,079,972	\$ 1,733,000	11%
Total Improvements	\$ 46,420,514	\$ 16,309,731	100%

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

Total General Fund Budget Summary

FY 2024 General Fund Revenues

Table 3-A compares the proposed FY 2024 General Fund Revenues to adopted FY 2023 General Fund Revenues:

Table 3-A

Revenue Source	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percent Change	Percent of Total Budget
Taxes	\$ 19,824,392	\$ 21,163,144	6.75%	66.41%
Administrative Charges	\$ 2,105,084	\$ 2,147,395	2.01%	6.74%
Licenses and Permits	\$ 1,562,587	\$ 1,183,580	-24.26%	3.71%
Other Government Sources	\$ 3,925,939	\$ 4,271,742	8.81%	13.40%
Charges for Services	\$ 1,549,372	\$ 1,602,844	3.45%	5.03%
Fines and Forfeits	\$ 632,625	\$ 440,289	-30.40%	1.38%
Interest Income	\$ 182,200	\$ 571,525	213.68%	1.79%
Other	\$ 326,269	\$ 404,438	23.96%	1.27%
Transfers In	\$ 89,093	\$ 83,939	-5.79%	0.26%
Total General Fund Revenues	\$ 30,197,562	\$ 31,868,895	5.53%	100%

Some highlights from the proposed FY 2024 revenues in the General Fund are:

- General Fund revenues are projected to increase by 5.53% or \$1,671,333.
- Taxes are projected to increase by \$1,338,752 or 6.75% over the FY 2023 budget. Sales taxes are projected to increase by 4.91% and the new 3% recreational marijuana sales is estimated to generate \$250,000 in sales tax.
- Fees and permits are projected to decrease by \$379,008 or 24% over the FY 2023 budget due to lower projected revenues for building permits.
- Charges for services are projected to increase by \$53,472 or 3.45% over budget. This change is a result of the growth in Parks and Recreation youth sports programs.
- Fines and forfeits are projected to decrease by \$192,336 or 30% over the FY 2023 budget continuing the trend of reduced revenue from court fines.
- Interest income is projected to increase by \$389,325 or 214% over the FY 2023 budget due to receiving higher rates on investments.

FY 2024 General Fund Expenditures

Total budgeted expenditures and transfers in the General Fund are estimated at \$34,868,895 an increase of \$3,521,33 or 11.23% from the adopted FY 2023 expenditures and transfers. Most of this increase is due to a \$3 million transfer to the Capital Projects Fund for the construction of Wyatt Road East.

Table 3-B compares the proposed FY 2024 General Fund expenditure budget to the Adopted FY 2023 expenditure budget:

Table3-B

Category	Adopted Budget FY 2022-23	Proposed Budget FY 2023-24	Percentage Change	Percent of Operating Budget
Personal Services	\$ 20,456,609	\$ 21,364,965	4.44%	61.27%
Supplies and Materials	\$ 2,201,127	\$ 2,403,585	9.20%	6.89%
Contractual Services	\$ 6,730,776	\$ 6,892,845	2.41%	19.77%
Capital Outlay	\$ 759,050	\$ 907,500	19.56%	2.60%
Transfers Out	\$ 1,200,000	\$ 3,300,000	175.00%	9.46%
General Fund	\$ 31,347,562	\$ 34,868,895	11.23%	100.00%

General Fund Reserve Information

The City's General Fund Reserve Policy is currently 25% of General Fund operating expenditures. In July 2021, the City Council amended the Governmental Fund Balance Policy that complies with Governmental Accounting Standards Board (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

In addition to reserves of 25%, each year 50% of the growth in unassigned fund balance will be allocated to the Pavement Management Program. The reserve total amount for the FY 2024 budget year is estimated at \$7,665,349.

Table 3-C provides additional projected fund balance, designation, and reserve information for the General Fund:

Table 3-C

General Fund	Projected Fund Balance Ending Sept. 30, 2024
Non-spendable & Restricted	\$ 2,300,000
25% Reserves	\$ 7,665,349
Other Assigned & Committed Funds	\$ 5,739,103
Unassigned	\$1,700,000
Total Fund Balance	\$17,404,452

Conclusion

This executive summary includes only a few of the highlights of the entire budget. Other notable and significant budgetary changes are provided in the department budget summaries for each department and program. The detailed projections for revenues and expenditures are also included by fund and category.

I would like to extend my gratitude and appreciation to the leadership team and Lori Turner for their unwavering commitment and invaluable contributions to the development of this balanced budget for the fiscal year 2023-24. Their expertise and guidance have navigated us through many challenges and complexities.

Sincerely,

Christine Cates
Interim City Administrator