



City of
**RAYMORE,
MISSOURI**

100 Municipal Circle • Raymore, Mo.
(816) 331-0488 • www.raymore.com

August 21, 2017

**The Honorable Kristofer Turnbow and
Members of the Raymore City Council**


Dear Mayor Turnbow and Members of Council:

The Proposed Operating Budget for the Fiscal Year 2017-2018 is hereby submitted for your consideration. This budget is the product of a comprehensive team effort from every level of the municipal organization which benefits the entire City of Raymore.

Budget Process

The budget for the Fiscal Year 2017-2018 is the result of detailed and thoughtful consideration on the part of the City Manager and Management Team over the past several months in view of the public service needs of the community and the goals and objectives of the Mayor and Council. Budget development is not a quick or easy process due to the decisions that are encompassed in the proposed document. Determination of the annual budget is the most important single endeavor of the City Council due to its future strategic planning and comprehensive nature, entailing the range of services offered and prioritizing the allocation of government resources to meet the needs and desires of our citizens. Core and essential services always receive the highest priority in committing funds, yet all budgeting decisions are challenging due to the City's limited resources. All components of the annual budget were analyzed and prepared by Department Directors and subsequently reviewed and deliberated by the City Manager during department budget meetings.

Staff has worked diligently to draft a proposed budget that meets the goals expressed by the City Council, the needs identified by the new strategic plan, the various comprehensive plans, and the needs expressed and desired by the citizens of Raymore to provide a guideline of targeted government services achieved



through better communication and understanding of those goals and needs to save taxpayer money. By addressing our long-term financial challenges now, we avoid using existing fund balance on ongoing operations, and instead are able to preserve our reserves for critical long-term infrastructure and city facility needs. City policy requires that each of the City's operating funds carry a restriction on total fund balance of 20% of the proposed fund operating expenditures. The budget is in compliance with the City Charter requirement that total proposed expenditures not exceed estimated revenues plus any unencumbered cash reserves estimated to be on hand at the beginning of the ensuing fiscal year.

This budget has been prepared using the modified zero-based budget and target-based budgeting approach. This combined approach requires each department to prepare a budget request as if it were being done for the first time with the understanding that available resources should be dedicated to targeted service areas. While taking historical context into account, requests were reviewed in line item detail to ensure that they did not include incremental additions to prior year's budget numbers. Detail sheets were developed for each appropriate line item to allow for this review and to better serve as a management tool during the implementation of the budget. Budget development was also approached from a "maintenance" and "expansion" request perspective. The maintenance requests represent ongoing provision of targeted services. Expansion requests represent an increase in service level or provision of a new service or program.

Economic Condition and Outlook

The City anticipates continued growth in residential and commercial development. During FY 2017 staff conservatively projects that there will be 220 residential permits issued and 6 new commercial building permits issued. This FY 2018 budget conservatively anticipates similar or lower numbers in those areas.

Conservatively budgeting only a small increase in sales tax revenue coupled with the Hancock Amendments artificial cap placed on realization of housing growth assessed valuation revenues made preparation of the FY 2018 budget challenging. The Operating Budget includes certain very necessary personnel increases. All personnel are proposed to be advanced to the next step on the salary chart and all steps have been increased by the cost of living for the period May through May. There is a budgeted increase in health insurance costs and an increase in utilities and material costs.

Summaries of revenues and expenditures are included for all City funds, and expenditure information is provided for each department or significant division where they exist within a particular fund. Financial information provided on the summary pages includes actual revenues and expenditures for FY 2015 and FY 2016, the FY 2017 adopted budget, amended budget during the year, and projected revenues and expenditures, and the FY 2018 department requested

and City Manager proposed budget for Council consideration. In each of the fund summary presentations staff presents the next two future fiscal years using conservative estimated revenue growth and an average of 4% expenditure inflation. This information is provided to show future planning only. It is not an adopted future budget allocation. Budget detail was prepared by program for each department and division, which allows cost of service information to be represented and analyzed by service area.

Immediately following this message is an executive summary that provides comparison detail and further summary information about the proposed FY 2018 budget, as well as a presentation of the proposed budget by service area.

Acknowledgments

My sincere thanks go to all the department heads and division managers who worked hard to prepare this budget. It is a long, time consuming process and they all use it to focus on excellence in service delivery to our citizens. A very special thank you to Finance Director Cynthia Watson who has played a major role in producing this document, to Chief Zimmerman and Jim Cadoret for their background information and advice, and to Mike Ekey for his assistance in putting this document before you. Also a thank you to Elisa Williams who provides much of the backup documentation and research for the initial document numbers and her internal control over the unseen portion of the city budget which is the special incentive districts. I am deeply grateful to all for their time and work.

Respectfully Submitted,

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Jim Feuerborn, City Manager



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CITY MANAGER'S PROPOSED FY 2018 BUDGET DETAILS

OPERATING FUNDS & DEBT SERVICE FUND HIGHLIGHTS:

The primary non-capital funds for the City are the General Fund, Park Fund, Enterprise Fund, and Debt Service Fund. Some highlights of these follow.

GENERAL FUND

Beginning Balance

A deficit (expenditures over revenues during the fiscal year) of \$759,301 was projected at the end of FY 2016 when the FY 2017 Proposed Budget was submitted last year. The FY 2016 General Fund actually ended having a deficit of \$378,208. It should be noted that this deficit was a controlled draw down on fund balance through budgeted transfers to the Transportation Fund and transfers to other funds for specific capital projects. The lower than projected actual deficit spending amount led to an increase of \$381,093 in actual beginning balance for FY 2017 for a total actual beginning balance of \$3,159,111.

FY 2017 revenues are projected to come in \$40,890 higher (0.43%) than the FY 2017 budget number. While most revenues are in line with budget expectations, there are items of note:

- Franchise Taxes continue to erode. They are projected to come in \$63,322 lower (-2.78%) than budgeted. This is attributable to a continued decrease in the Land Line Telephone tax of \$28,196 from budget (-23.87%), the Mo Gas Energy tax coming in 9.49% below budget due to another mild winter, and the Internet/Cable tax coming in \$32,566 below budget (-10.65%) due to a shift to satellite on the part of many customers.
- The Fees and Permits revenue line item is projected to come in substantially higher than budgeted by \$153,939 (+72.58%) due to greater building activity than had been conservatively budgeted for.

Total Expenditures for FY 2017 are projected to be \$382,759 below the original adopted budget (-3.86%).

The combination of the FY 2016 lower than projected deficit, projected FY 2017 revenues being up and FY 2017 expenditures being down result in a projected unreserved (gross) fund balance at the end of FY 2017 in the amount of \$3,214,754 an amount that is \$804,739 (33.29%) more than budgeted.

FY 2017 Revenues

Staff projects total FY 2018 revenues to come in \$204,822 (2.15%) higher than the FY 2017 budget amount and \$163,932 (1.71%) higher than FY 2017 projected receipts.

Some highlights of projected FY 2018 revenues in the General Fund are as follows:

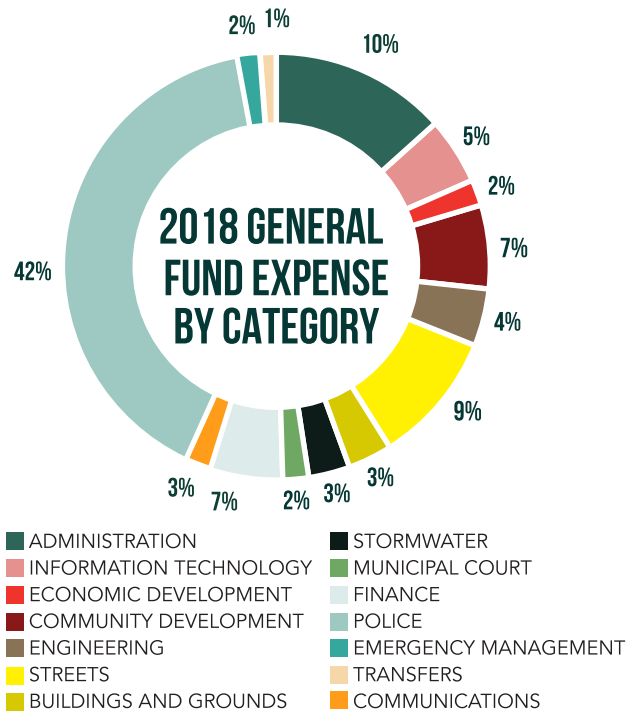
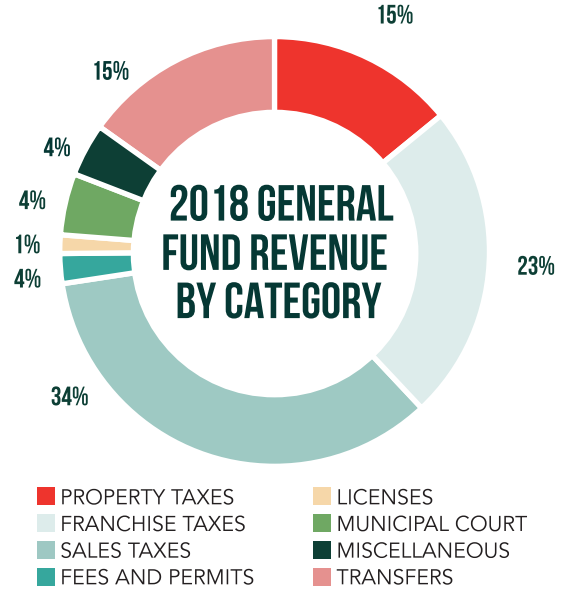
- **Property Tax:** Property tax receipts in FY 2018 are projected to be \$76,377 higher than received in FY 2017. This amount reflects limits put on revenue growth due to the Hancock amendment when compared to the very large increase in actual assessed valuation.

- **Franchise Taxes:** Franchise tax receipts for FY 2018 are projected to come in \$36,409 (+1.64%) higher than FY 2017 projected amount. The addition of 175 new residences in FY 2018 is assumed in this projection. Staff continues to attribute the slowing growth in revenue from the ever-growing wireless carrier market to the elimination of franchise billing on the data portion of the bills. As in past years the number of landline connections continues to decrease.

- **Sales Tax:** The Sales tax receipts in FY 2018 are projected to be \$65,960 (+2.00%) higher than the FY 2017 Adopted Budget amount, and \$26,005 (+0.78%) higher than the FY 2017 projected amount. The budget assumes a very modest increase in existing city sales tax from FY 2017 projected and small 2% increase in state vehicle sales tax from the FY 2017 projected receipts. There is no budgeted revenue for FY 2018 associated with any projected retail sales outlet that is not open as of this writing.

- **Fees and Permits:** Again in FY 2017 substantially more housing starts led to substantially more revenue than staff conservatively budgeted. As previously stated projected revenues for FY 2017 are anticipated to be \$153,939 (+72.58%) higher than the FY 2017 budget. Staff has attempted to conservatively realize the consistent nature of the increase in this revenue source by increasing the projected number of new homes starts to 175 to budget this revenue in FY 2018.

- **Municipal Court:** FY 2017 Municipal Court revenues are projected to be down from the budgeted amount by \$63,433 (-14.48%). It is clear that recent legislative and Missouri Supreme Court changes have had a significant lowering impact on revenues that are collected in this area.



Transfer from Transportation Fund: Some proceeds from the half-cent Transportation Sales Tax are transferred each year to the General Fund and are used for transportation-related infrastructure maintenance expenditures. A transfer of \$320,000 is again budgeted in FY 2018.

- **Transfer from Stormwater Sales Tax Fund:** The City has a Parks/Stormwater sales tax in the amount of one-half cent. Forty percent of the receipts from this tax is allocated to Parks & Recreation; forty percent is allocated to the Stormwater Sales Tax Fund; and twenty percent is allocated to each of these funds in amounts determined by the City Council each year. Staff each year budgets an amount to be transferred from the Stormwater Sales Tax Fund to the General Fund to offset operating costs for stormwater management in the fund. For FY 2018 this amount is budgeted at \$285,209.
- **Transfer from Enterprise Fund:** Transfers are made from the Enterprise Fund to compensate the General Fund for administrative work serving Enterprise Fund functions such as utility billing and administrative salaries. For FY 2018 it is budgeted to transfer \$810,118. A complete explanation of the methodology used to compute the amount for this transfer is presented in the "Transfers from Enterprise Fund to Other Funds" chapter in the Enterprise Fund budget.
- **Capital Project Administration/Inspection Transfer:** The City makes a transfer from the Capital Budget to compensate the General fund for staff time administering and inspecting capital projects. For FY 2018, the budget contains a transfer of \$49,780 related to the Street Preservation Program and new construction associated with the 2016 and 2017 General Obligation Bond Issues. The transfer constitutes six percent of the overall cost of included projects, which is the percentage we charge to developers to inspect future City infrastructure they construct to serve their developments. These are all projects that City staff will inspect and administer. Capital projects that do not meet this criterion are not included.

COMPENSATION - BENEFITS - STAFFING

Compensation

The FY 2018 proposed budget includes improving the entire salary chart by the 1.5% consumer price index increase for the May, 2016 to May, 2017 time frame used each year and then "stepping" all employees through the chart.

Health Insurance

Health insurance benefits costs are budgeted to increase by 12% overall. At this writing final quotes have not yet been received back from BCBS for next year.

LAGERS

For many years, the city has participated in the Local Area Government Employee Retirement System (LAGERS). Last year, the city enhanced the employees LAGERS benefit by changing from Plan 7 to Plan 6 which increased the "formula percentage" from 1.5% to 2.0%.

Municipal Court Clerk

The new requirements and duties associated with implementation of the SB5 legislation and subsequent Supreme Court rules will require local municipal courts to increase FTE's in this department. This proposed budget continues the expense associated with the FY2017 action of the Council to increase the Municipal Court Clerk position from part time to full time at a expense increase in FY 2018 of \$31,564.

Maintenance Worker I

For many years, the Public Works department has had a static full-time employee number. Increased infrastructure associated with development, taking on new utility locates, and an increased level of service expectation lead to the need for more manpower in this area. This proposed budget includes one additional Public Works FTE to serve 30% in the General Fund (Streets/Stormwater) and 70% in the Enterprise Fund (Water/Sewer) at a total expense increase of \$54,711.

Office Assistant

The FY 2018 budget includes funding for a full time Office Assistant to serve as a receptionist/greeter and to do clerical duties for the City Manager. The expense increase for this individual is \$35,274.

DEPARTMENTAL NOTES

Departmental items of particular note are as follows:

- **Administration:** The FY 2018 budget for this department is proposed to drop from the FY 2017 budget by 22.42% to \$990,442. This is due to the establishment of a Communications Department rather than having a Communications Division within the Administration Department. This decrease also reflects not rehiring an Assistant City Manager.
- **Community Development:** The FY 2018 Budget is proposed to increase from the FY2017 Budget amount by \$25,689 to \$692,163. This increase is primarily associated with the MARC Aerial Photography program, new GIS Software subscriptions, and minor personnel costs.
- **Streets:** The FY2018 Budget is proposed to increase from the original FY 2017 budget by \$21,612 to \$885,270. This increase represents this department's portion of the new proposed Maintenance Worker 1 position. In the General Fund this position is also being paid for out of the Stormwater Department.
- **Finance:** The FY 2018 Budget is proposed to increase from the FY 2017 by \$38,290 to \$631,920. This increase is primarily attributable to an increase in credit card user fees.

- **Communications:** FY 2018 represents the first full year for the new Communications Department which was formerly the Communications Division of the Administration Department. The Budget for FY 2018 is \$297,768, which is almost the exact amount that the Administration Department was decreased by.

- **Prosecuting Attorney:** FY 2018 represents the first full year for the new Prosecuting Attorneys Department which was mandated by Senate Bill 5. Supreme Court Rules associated with this legislation require that the costs associated with this work be separated from the Court Department. The Budget for FY 2018 is \$20,140.

The FY 2018 Departmental Budgets for Information Technology, Economic Development, Engineering, Stormwater, Buildings and Grounds, Municipal Court, Police and Emergency Management all reflect minor changes, have decreasing budgets, or remain essentially the same as the FY 2017 Budgets.

Transfers from General Fund to Park Fund: This budget includes maintaining the transfer from the General Fund to the Park Fund to help support those operational activities in the amount of \$100,000.

Expansion Items Included: A summary of General Fund expansion items included in the FY 2018 budget is as follows:

Municipal Court Clerk - Full Time	\$31,564
Maintenance Worker I	\$16,368
Office Assistant - Full Time	\$35,274
ArcGIS Online Licensing	\$3,100
Total	\$86,306

Expansion Items Not Included in City Manager's General Fund Proposed Budget:

Netscout Wifi Tester Device	\$2,500
Network Transmission Cable Tester	\$2,408
In-Line Network Troubleshooter Tool	\$3,651
Virtru Encryption Google Email	\$4,500
Ipad with Keyboard	\$800
New Workstations	\$4,200
Dev Priming Init. Phase I	\$25,000
Utility Locate Vehicle	\$25,000
Public Works Institute (St, SM)	\$2,400
APWA local conference contribution (St, SM)	\$1,250
Tyler CMS, MS SQL, ITI Scanning	\$13,750
Professional training - Director	\$3,300
Professional training - Director	\$1,530
Total	\$90,289

FY 2018 Ending Fund Balance – Operations:

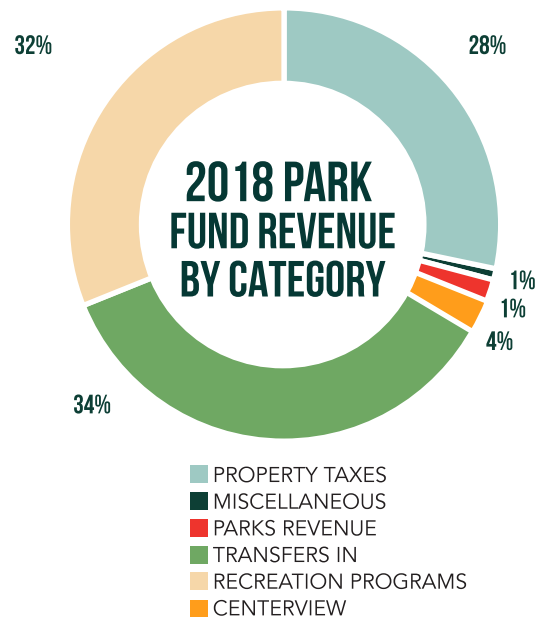
After all the foregoing, and after reserving an amount equivalent to 20% of operating expenditures (\$1,927,799), as is the City's policy, a net unrestricted (available) fund balance of \$1,293,443 is projected at the end of FY 2018. This amount is available for additional use should the Council wish.

PARK FUND

The Park Board has submitted a balanced operating budget as expenditures do not exceed revenues projected for the year and available fund balance to start the year, which, as every year, the City Manager forwards to the Council unchanged.

Revenues

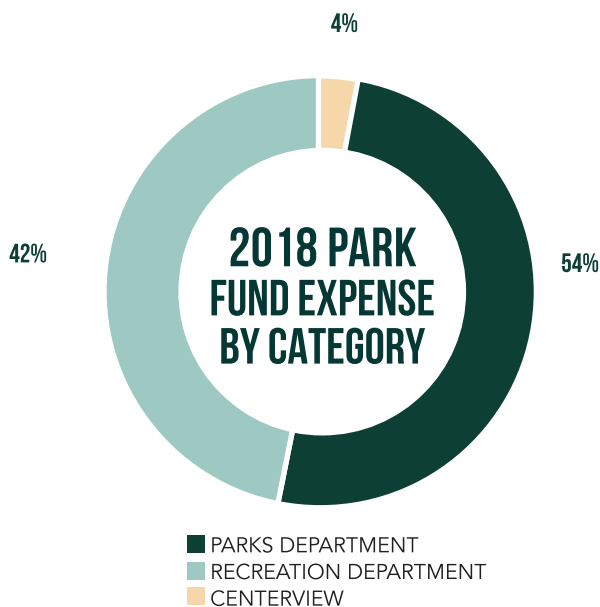
Main sources of funding for the Park Fund are as follows:



- Park Levy:** The Park Levy for the next year is \$0.1206 per one hundred dollars of assessed valuation. Of every dollar of property tax paid by Raymore residents and businesses that comes to the City, 9.38 cents (\$0.0938) goes for funding of the City's Parks & Recreation program. It is currently projected that this levy will generate \$376,201 in FY 2018, or approximately 28% of the total revenue.
- Program Revenue:** Revenues derived from resident participation in programs and in rentals of facilities offered by the Department and associated concessions are conservatively budgeted to account for approximately 37% of all revenue into the Park Fund. In FY 2018, a total of \$495,980 is budgeted. This amount is considerably higher than previous years as the facility rental and program revenue associated with Centerview are realized.
- Park Sales Tax Fund Transfer:** In addition to the Park Levy, proceeds from part of the City's 2.5-cent sales tax go the Parks Sales Tax Fund. An amount necessary to balance the Parks & Recreation budget is then transferred to the Park Fund. The department is not able to fund its operations entirely from the Property Tax Levy. In FY 2018 it is budgeted to transfer \$350,000 from the Park Sales Tax Fund to the Park Fund. This transfer represents

a decrease of \$25,000 from FY 2017 when the amount was increased to help support increased expenses associated with the recreation programs that are now budgeted to pay for themselves.

- **Transfer from General Fund – General Assistance:** As noted above in the discussion of Transfers from the General Fund, it is budgeted in FY 2018 to maintain the transfer to the Park Fund in the amount of \$100,000.



• **Expenditures**

Parks and Recreation Expenditures are budgeted to increase from the FY2017 budget amount by \$50,295. This is entirely due to the expenses associated with Centerview coming on line.

Centerview

As discussed in both the revenue and expenditure sections above, the FY 2018 budget includes a full year of both revenue and expenditure realizations from the operation of Centerview. Because no new personnel have been brought on due to this facility being on-line, there are no personnel costs associated with the building at this time. It is anticipated that once the building is being utilized at the rate expected in the future, it will be necessary to bring on additional personnel and those costs would be assigned to this facility and operation.

Expansion Items

No expansion items were requested for the FY 2018 budget.

**ENTERPRISE FUND
(WATER, SEWER AND SOLID WASTE)**

Revenues

- The Enterprise Fund is funded mainly by water and sewer sales and fees charged for solid waste collection. FY 2018 revenues are projected to come in higher than FY 2017 as staff continues to refine the cost of service model to accurately reflect revenues in each division (water and sewer) to only cover expenses associated with providing this utility.
- FY 2018 water and sewer use charges reflect a decrease in water rates of \$0.54 and an increase in sewer rates of the same amount to, as stated above, more closely align cost of service in each division with rates being charged.

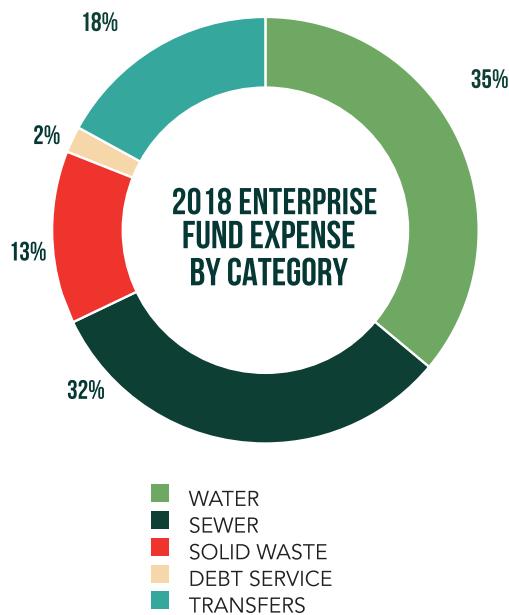
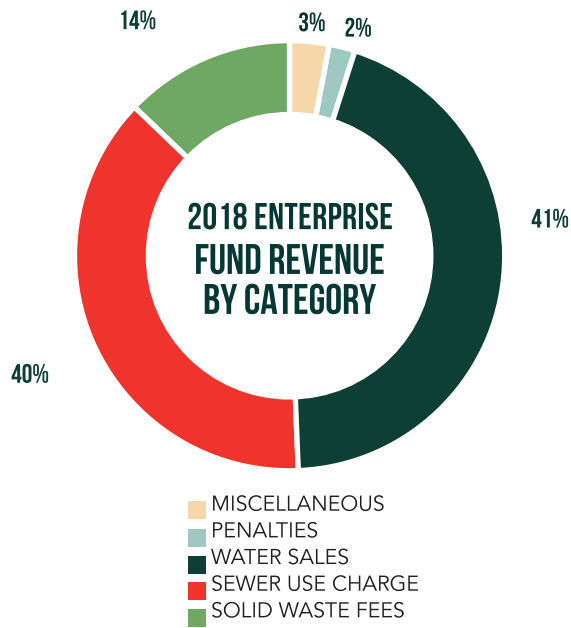
Expenditures

Water:

- The City’s ongoing conversion of its meters from touch-wand to radio-read continues, but utilizing a new Sensus meter and now being supplemented in the Capital Budget. Approximately 300 will be converted out of this fund in FY 2018, at a budgeted amount of \$88,200.
- The cost to purchase water from Kansas City Water Services (KCWS) is included in this budget. The budgeted amount for this purchase in FY 2018 is \$1,884,000.

Sewer:

- The cost of treatment of sewer by the Little Blue Valley Sewer District is included in this budget. The City’s rate will increase by 6% next year, resulting in an increase in FY 2018 to \$1,129,624.
- The cost of treatment of sewer by the Middle Big Creek Sewer will remain at \$32.50 per connection per month for a total cost of \$684,840 in FY 2018, with a few additional connections anticipated in the service area.



Transfers Out:

1. The Enterprise Fund makes an annual payment to the General Fund for services provided by General Fund operations for the benefit of the Utility. The payment is made according to a formula for the calculation of the cost of services provided, as outlined in the "Transfers from Enterprise Fund to Other Funds" chapter in the Enterprise Fund. The calculated transfer amount for FY 2018 is \$810,118.
2. The Enterprise Capital Maintenance Fund was established in FY 2010. The Fund receives a transfer from the Enterprise Fund to reserve funds to pay for major capital projects that are related to serving existing ratepayers (as opposed to projects related to growth, which are funded from the Water Connection Fee Fund or the Sewer Connection Fee Fund). In FY 2018 the amount for this transfer is \$540,099.

Expansion Items: The Enterprise Fund expansion items included in the FY 2018 budget are as follows:

Maintenance Worker I	\$37,982
Hydrant Meters	\$ 7,500

Solid Waste:

- Revenues and expenditures for solid waste service are shown in the Enterprise Fund. Households being picked up are charged only what the city is charged to have this service provided. It is a pure cost of service program. Beginning in January, 2018, the cost for this service will be \$12.41 per household per month for unlimited solid waste, recycling, and March through December yard waste pickup.

DEBT SERVICE FUND

The Debt Service Fund accounts for debt service on all debt issuances the City has made for capital improvements that are still outstanding.

The FY 2018 total debt service payment is scheduled to be \$2,094,095 with 5 issues outstanding. The total debt of the city is currently \$24,390,000.

INTERNAL SERVICES FUNDS

The Vehicle and Equipment Replacement Fund (VERP) is a sinking fund for the replacement of existing equipment. A number of vehicles are being purchased from this fund in FY 2018. The most significant purchases involve replacement of large trucks in the Streets and Water and Sewer Departments.

The Restricted Revenue Fund (04) was created in the FY 2010 Budget. It is used to account for and restrict funds that the City receives or that the Council allocates for a specific operating purpose, but which might not be spent in that budget year. The funds are deposited directly into the fund using a dedicated revenue account for each source, and expended or transferred from that specific account.

During the FY 2014 budget process, the City Council reserved \$483,000 from the General Fund Balance into this fund for future costs associated with the pavement management for fiscal years 2018-2019 to be transferred as follows: 2018 - \$150,000; 2019 - \$33,000.

CAPITAL BUDGET

The FY 2018 Capital Budget and 2018 – 2022 Capital Improvements Program (CIP) are included in a separate document. The first year of the five-year CIP is incorporated into the annual budget as the Capital Budget. A separate transmittal letter is submitted summarizing the FY 2018 Capital Budget and five-year CIP.





City of
**RAYMORE,
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Oct. 23, 2017

**The Honorable Kristofer Turnbow and
Members of the Raymore City Council**

Dear Mayor Turnbow and Members of Council:

During City Council deliberation of the City's Manager's Proposed FY 2018 Budget, the following changes were introduced and approved as part of the final FY 2018 Operating Budget:

General Fund available fund balance transfers

- To Restricted Revenue Fund to reserve funding for Development Priming Initiative Phase I. **\$25,000**
- The Capital Improvement Sales Tax Fund to reserve funding for GO Project Support. **\$600,000**
- The Restricted Revenue Fund to reserve funding for Annexation Efforts. **\$75,000**
- To Transportation Sales Tax Fund for expansion of the Crosswalk Project. **\$62,220**
- To Parks Sales Tax Fund for funding the Parks Maintenance Facility Improvements. **\$20,000**

General Fund revenue adjustment

- Property Tax revenue decrease to set aside funds for a property tax refund program. **\$10,000**

General Fund expenditure increases

- Administration Department expense increase for an Ipad with a keyboard. **\$800**
- Administration Department expense increase for new workstations. **\$4,200**
- Street Department expense increase for a utility locate vehicle. **\$25,000**
- Street Department expense increase for Public Works Institution. **\$2,400**
- Street Department expense increase for APWA local conference. **\$1,250**
- Municipal Court Department expense increase for software upgrades. **\$13,750**
- Finance Department expense increase for professional training. **\$4,650**
- Communications Department expense increase for new signage. **\$20,000**
- Police Department expense increase for 4 additional patrol bicycles. **\$10,000**
- Community Development Department expense increase for department furniture and finishing. **\$15,000**
- Police Department expense increase for patrol vehicle cargo boxes. **\$20,000**
- Police Department expense increase for a drone program. **\$30,000**
- Administration Department expense increase for an employee appreciation dinner. **\$8,500**

Respectfully Submitted,

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Jim Feuerborn, City Manager

Combined Operating Expenditures by Service

Administration	
Administration	1,003,942
Information Technology	473,750
Finance	636,570
Communications	317,768
Total Administration	2,432,030
Development	
Economic Development	224,235
Community Development	707,163
Total Development	931,398
Transfer Out	
Transfer Out	882,220
Total Transfer Out	882,220
Parks and Property	
Parks and Recreation	1,396,199
Total Parks and Property	1,396,199
Public Works	
Engineering	419,021
Streets	913,920
Stormwater	289,053
Building & Grounds	311,021
Water & Sewer	6,975,253
Total Public Works	8,908,268
Public Safety	
Police	4,177,333
Emergency Management	129,581
Municipal Court	171,047
Prosecuting Attorney	20,140
Total Public Safety	4,498,101
 Total Combined Operating Expenditures	 \$ 19,048,216

