



City of
**RAYMORE,
MISSOURI**

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

August 20, 2018

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


Dear Mayor Turnbow and Members of Council:

The Proposed Operating Budget for the Fiscal Year 2018-2019 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 2018-2019 is the result of a detailed and thoughtful consideration on the part of the City Manager, Management Team, and staff over the past several months, taking into account 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 as it impacts future strategic planning and due to its 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. Therefore a great deal of time is spent in review of both operating and capital plans to assure that resources are having the greatest service impact for our citizens. 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 strategic plan, the



various comprehensive plans, and the needs expressed and desired by the citizens of Raymore. The proposed budget provides 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 to address the strategic plan and other plans described above. 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. The single expansion request represents an increase in service level or provision of a new service, program, or a significant capital equipment outlay.

Economic Condition and Outlook

The City anticipates continued growth in residential and commercial development. During FY 2018 staff conservatively projects that there will be 240 residential permits issued and 9 commercial building permits issued. However, this FY 2019 budget conservatively anticipates lower growth numbers in both of those areas. Of significant note is the change in the number of budgeted residential permits. Staff has reduced the number of residential permits budgeted from 175 in FY2018 to 125 for this budget.

This lowering in housing permits, along with conservatively budgeting only a small increase in sales tax revenue and coupled with the Hancock Amendments artificial cap placed on realization of housing growth assessed valuation revenues made preparation of the FY 2019 budget very challenging. All personnel are proposed to be advanced to the next step on the salary chart and all steps have been increased by 1.5%, 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 2016 and FY 2017, the FY 2018 adopted budget, amended budget during the year, and projected revenues and expenditures, and the FY 2019 department requested and City Manager proposed budget for Council consideration. 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 2019 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,

A handwritten signature in black ink, appearing to read "Jim Feuerborn". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jim Feuerborn, City Manager



This page intentionally left blank.

CITY MANAGER'S PROPOSED FY 2019 BUDGET DETAILS

OPERATING & DEBT SERVICE FUNDS 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 surplus (revenues over expenditures during the fiscal year) of \$55,643 was projected at the end of FY 2017 when the FY 2018 Proposed Budget was submitted last year. The FY 2017 General Fund actually ended having a surplus of \$238,429. It should be noted that this surplus was in place even after a controlled draw down on fund balance through budgeted transfers to the Capital Improvement Fund and transfers to other funds for specific capital projects. The higher than projected actual surplus amount led to an increase of \$182,786 in actual beginning balance for FY 2018 for a total actual beginning balance of \$3,397,540. This actual beginning balance represented an increase in actual General Fund beginning balance from the previous year of 7.55%.

FY 2018 revenues are projected to come in \$295,476 higher (3.04%) than the FY 2018 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 \$33,501 lower (-1.49%) than budgeted. This is primarily attributable to a continued decrease in the Land Line Telephone tax of \$8,255 (-9.05%) from actual collection last year to projected collection for FY2018 and the continued increase in data use over phone use in the Wireless Telephone Tax. While the city receives franchise tax revenue on that part of phone plans that is phone use, the city does not receive franchise tax revenue on that portion of a phone plan that is data related. This led to a decrease in collections from this revenue source of \$73,213 (-21.76%) from actual FY2017 to projected FY2018.
- The Fees and Permits revenue line item is projected to come in substantially higher than budgeted by \$145,532 (40.75%) due to greater building activity than had been conservatively budgeted for.

Total Expenditures for FY 2018 are projected to be \$423,345 below the original adopted budget (-4.32%).

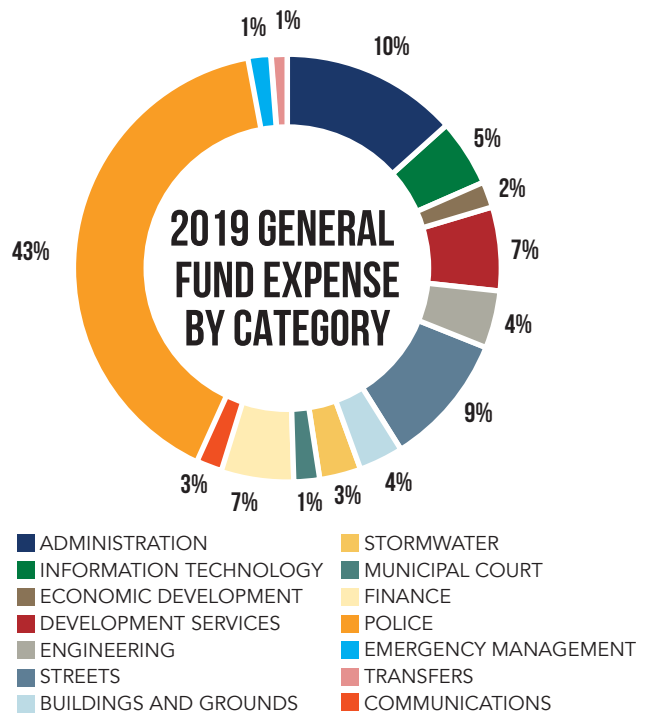
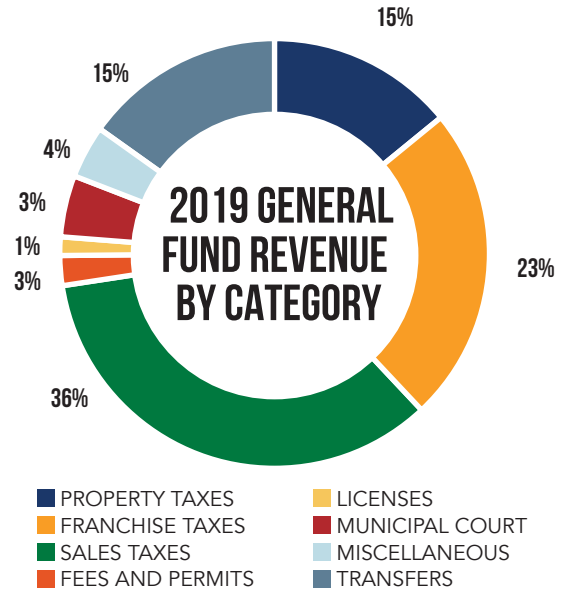
The combination of the FY 2017 higher than projected surplus, projected FY 2018 revenues being up and FY 2018 expenditures being down result in a projected unreserved (gross) fund balance at the end of FY 2018 in the amount of \$3,175,073 an amount that is \$901,607 (39.66%) more than budgeted.

FY 2019 Revenues

Staff projects total FY 2019 revenues budgeted to come in \$98,533 (1.01%) higher than the FY 2018 budget amount and \$196,942 (-1.96%) lower than FY 2018 projected receipts.

Some highlights of projected/budgeted FY 2019 revenues in the General Fund are as follows:

- Property Tax:** Property tax receipts in FY 2019 are budgeted to be \$71,496 higher than received in FY 2018. 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 2019 are budgeted to come in \$27,474 (1.24%) higher than the FY 2018 projected amount. The addition of 125 new residences in FY 2019 is assumed in this budgeted amount. 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 land-line connections continues to decrease.
- Sales Tax:** The Sales tax receipts in FY 2019 are budgeted to be \$177,989 (5.29%) higher than the FY 2018 Adopted Budget amount, and \$11,046 (0.31%) higher than the FY 2018 projected amount. The budget assumes no change in city sales tax from FY 2018 projected and a small 3% increase in state vehicle sales tax from the FY 2018 projected receipts. There is no budgeted revenue for FY 2019 associated with any projected retail sales outlet that is not open as of this writing.
- Fees and Permits:** Again in FY 2018 substantially more housing starts led to substantially more revenue than staff conservatively budgeted. As previously stated projected revenues for FY 2018 are anticipated to be \$145,532 (40.75%) higher than the FY 2018 budget. Staff believes that the available development for new residential housing will be decreasing over the next several years and the budgeted number of new homes starts reflects this in the budget being reduced to 125 for FY2019.



- Municipal Court:** FY 2019 Municipal Court revenues are budgeted at the FY2018 projected amount. It is clear that the 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 2019.
- **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 2019 this amount is budgeted at \$295,000.
- **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 2019 it is budgeted to transfer \$829,280. 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 \$6,000 related to the Street Preservation Program. Capital projects that do not meet this criterion are not included.

COMPENSATION / BENEFITS / STAFFING

Compensation

The FY 2019 proposed budget includes improving the entire salary chart by the 1.5% consumer price index increase for the May, 2017 to May, 2018 time frame used each year and then "stepping" all employees through the chart.

Health Insurance

Health insurance benefits costs are budgeted to increase by 15% overall. At this writing final quotes have not yet been received back from BCBS for next year, but vision and dental insurances are remaining the same as the last fiscal year.

LAGERS

The LAGERS (Local Agency Government Retirement System) contributions increased from 15.70% to 15.90% for the General Employee population and from 16.60% to 17.60% for the Sworn Police Department Personnel.

Municipal Court Clerk

Last year, the new requirements and duties associated with implementation of the SB5 legislation and subsequent Supreme Court rules made staff believe they would require local municipal courts to increase FTE's in this department. This actual increase in the workload has not manifested itself to nearly the degree anticipated. The Municipal Court Clerk hired for the full time position has left city employment and the position is currently open. Staff recommends moving this position from full time to part time at a savings in FY 2019 of \$31,564.

Assistant Building Technician

This budget calls for the creation of the position Assistant Building Technician. With the opening of Centerview, the Activity Center, and soon Hawk Ridge Park needing to be kept in first class condition along with City Hall, coupled with the need to continue to maintain the garden areas at those facilities along with

the median beautification program, there is a high necessity to bring on someone to assist. The position expense would be split 50% Parks and Recreation, 25% Buildings and Grounds - General Fund, and 25% Stormwater - General Fund.

Adding back the City Planner position to the salary range chart

Several years ago when this position was not refilled due to attrition the City Planner designation on the Salary Range Chart was eliminated. This proposal is to add it back to the Chart but not fill the position. The position would be added where it was taken from--Range 16 along with the Building Official. Future planning and succession planning make this a prudent addition.

DEPARTMENTAL NOTES

Departmental items of particular note are as follows:

- **Buildings and Grounds:** The FY 2019 budget for this department is proposed to increase from the FY 2018 adopted budget by \$63,259 (20.34%). Steep increases in electrical costs and natural gas (propane) costs are the primary reason for this.
- **Municipal Court:** The FY 2019 Budget is proposed to decrease from the FY 2018 Budget amount by \$46,648 (-27.27%). This decrease is primarily associated with the change from 1 FTE to 0.5 FTE for the Municipal Court Clerk discussed in personnel above. A second lesser amount is associated with the one time purchase of a computer and software package to allow the Court access to certain secure systems for entering warrants.
- **Streets:** The FY 2019 Budget is proposed to decrease from the FY 2018 budget by \$49,512 (5.42%). This decrease primarily represents a decrease in the amount of asphalt being purchased to reflect more of this work being done within street preservation and also the fact that a one time capital purchase of a pickup was included in the FY2018 budget.

- **Economic Development:** The FY 2019 Budget is proposed to decrease from the FY 2018 budget by \$37,452 (-16.70%). This decrease primarily represents the elimination of a payment to Retail Strategies, whose services were canceled in FY 2018.

- **Development Services:** The FY 2019 budget for this department is proposed to decrease from the FY 2018 budget by \$33,131 (-4.69%). This is primarily due to a one-time addition to the department budget for new ESRI software that is now in place.

The FY 2019 Departmental Budgets for Administration, Engineering, Stormwater, Buildings and Grounds, Prosecuting Attorney, Police, and Emergency Management are all increasing slightly from FY 2018. The FY 2019 Departmental Budgets for Information Technology, Finance, and Communication are decreasing slightly.

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:

- Assistant Building Technician: .25 FTE Stormwater. \$8,901
- Assistant Building Technician: .25 FTE Buildings and Grounds - \$8,901

Expansion Items Not Included in City Manager's General Fund Proposed Budget: None

FY 2019 Ending Fund Balance – Operations:

After all the foregoing it is projected that the General Fund ending fund balance for FY 2019 will be a total of \$3,181,224. After reserving an amount equivalent to 20% of operating expenditures (\$1,945,572), as is the City's policy, a net unrestricted (available) fund balance of \$1,235,653 is projected at the end of FY 2019. This amount is available for additional use as the Council directs.

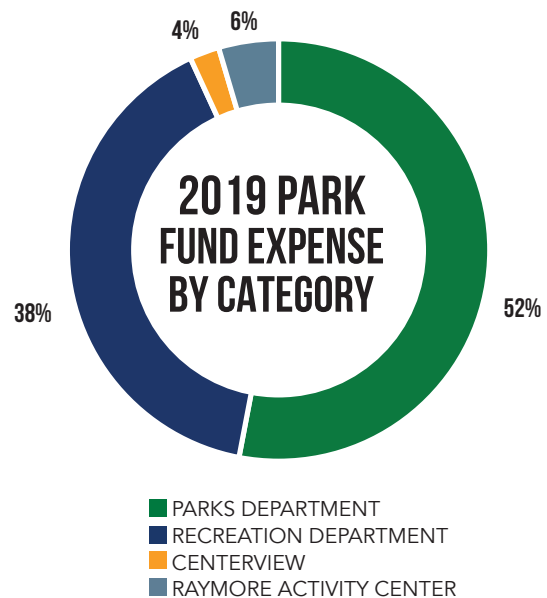
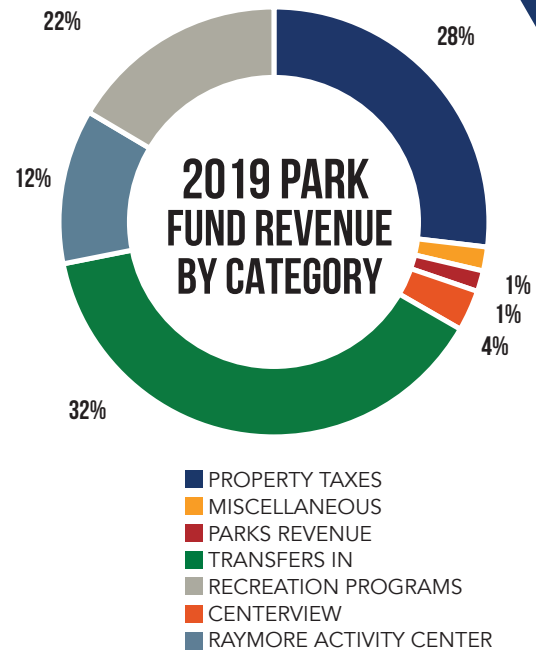
PARK FUND

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 \$402,780 in FY 2019, or approximately 29% 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 38% of all revenue into the Park Fund. In FY 2019 a total of \$532,025 is budgeted. This amount of total revenue continues to increase with the addition of the Activity Center.
- 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 2019 it is once again budgeted to transfer \$350,000 from the Park Sales Tax Fund to the Park Fund.
- Transfer from General Fund – General Assistance:** As noted above in the discussion of Transfers from the General Fund, it is budgeted in FY 2019 to maintain the transfer to the Park Fund in the amount of \$100,000.



Expenditures

Parks & Recreation Expenditures are budgeted to increase from the FY2018 budget amount by \$79,223. Primary additions to the expenses are the Activity Center coming on line as well as the additional .50 FTE Building Technician being proposed.

Expansion Items

- Assistant Building Technician: .50 FTE
Parks - \$19,234

Expansion Items Not Included: None

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 2019 revenues are projected to come in higher than FY 2018 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 2019 water and sewer use charges reflect an increase in water rates of \$0.05 and a decrease in sewer rates of \$0.10 for a net decrease in the total rate of \$0.05.

Expenditures

Water:

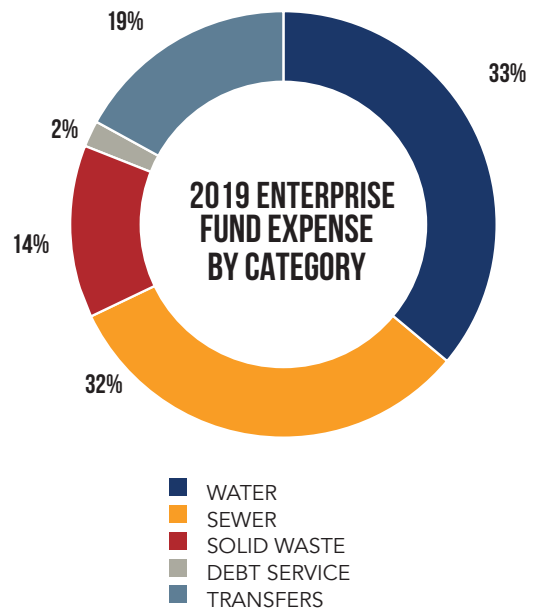
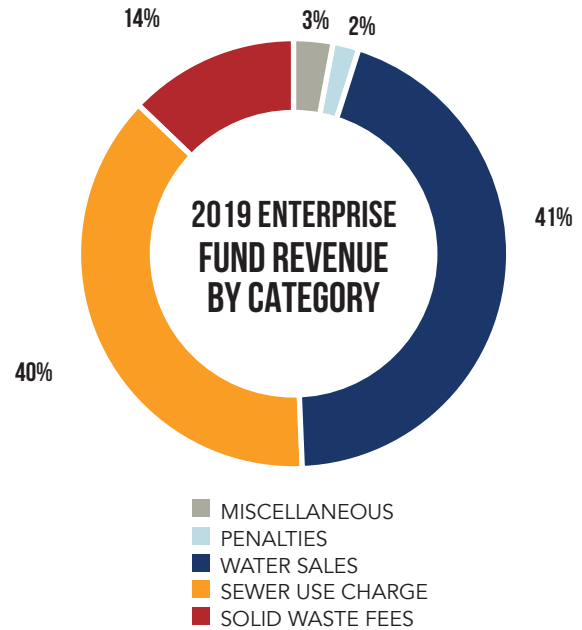
- The water division long-time expense in the amount of \$80,000 for continued conversion of water meters is being eliminated with the Council action of purchasing the entire remaining system as well as enhancements through a loan being paid off in the capital funds.
- The cost to purchase water from Kansas City Water Services (KCWS) is included in this budget. The budgeted amount for this purchase in FY 2019 is \$1,922,160.

Sewer:

- The cost of treatment of sewer by the Little Blue Valley Sewer District is included in this budget. The budgeted amount for this service in FY 2019 is \$1,264,580.
- 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 2019.

Solid Waste:

- Revenues and expenditures for the solid waste, recycling, and yard waste pickup 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, 2019, the cost for this service will be increased from \$12.41 to \$12.78 per household per month for unlimited solid waste, recycling, and March through December yard waste pickup.

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 2019 is \$829,280.
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 and maintenance, which are funded from the Water Connection Fee Fund or the Sewer Connection Fee Fund). In FY 2019 the amount for this transfer is \$600,000.
3. The Enterprise Fund has been making an annual transfer to the Restricted Revenue Fund of \$100,000 for future litigation costs. The imminent settlement of that issue leads to this practice being discontinued.

Expansion Items

- Water Tap Machine, \$7,500

Expansion Items Not Included: None

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 2019 total debt service payment is scheduled to be \$3,543,002 with 10 issues outstanding. The total debt of the city is currently \$33,416,000.

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 2019. Purchases of new vehicles and equipment this year include:

Police Department - 3 patrol vehicles
Street Department - 1 stainless steel salt spreader
Park Department - 1 tiller

Due to a continued excellent trade in market for vehicles and lower than expected maintenance costs, the service life for all city fleet vehicles with the exception of patrol vehicles is being extended out by one year beginning with this fiscal year budget.

The Restricted Revenue Fund (04) 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.

CAPITAL BUDGET

The FY 2019 Capital Budget and 2019 – 2023 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 2019 Capital Budget and five-year CIP.



This page intentionally left blank.

Combined Operating Expenditures by Fund

General Fund:

Administration	1,024,981
Information Technology	457,561
Economic Development	186,783
Development Services	674,032
Engineering	420,592
Streets	864,408
Stormwater	301,313
Building & Grounds	374,280
Municipal Court	124,399
Finance	625,566
Communications	300,946
Prosecuting Attorney	24,940
Police	4,217,507
Emergency Management	130,550
Transfer Out	100,000

Total General Fund **9,827,858**

Parks and Recreation Fund:

Parks	732,989
Recreation	537,076
Centerview	49,255
Raymore Activity Center	81,172

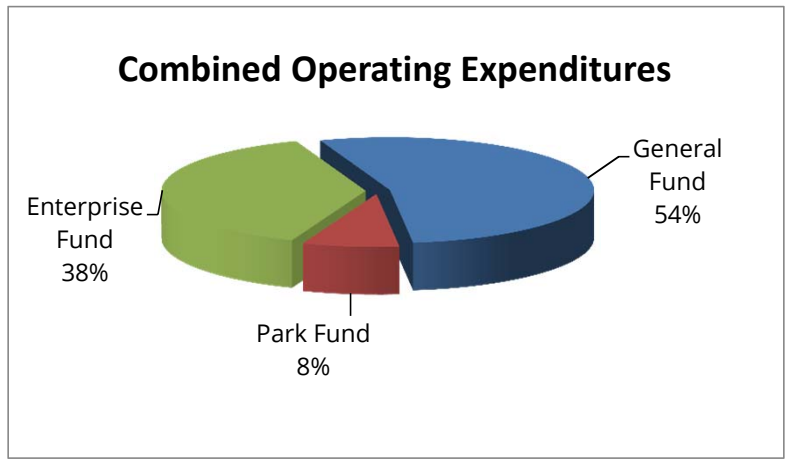
Total Parks and Recreation Fund **1,400,492**

Enterprise Fund

Water	2,699,028
Sewer	2,668,391
Debt Service	153,338
Transfer Out	1,534,466

Total Enterprise Fund **7,055,223**

Total Combined Operating Expenditures **\$ 18,283,573**



Combined Operating Expenditures by Service

Administration	
Administration	1,024,981
Information Technology	457,561
Finance	625,566
Communications	300,946
Total Administration	2,409,054
Development	
Economic Development	186,783
Development Services	674,032
Total Development	860,815
Transfer Out	
Transfer Out	100,000
Total Transfer Out	100,000
Parks and Property	
Parks and Recreation	1,400,492
Total Parks and Property	1,400,492
Public Works	
Engineering	420,592
Streets	864,408
Stormwater	301,313
Building & Grounds	374,280
Water & Sewer	7,055,223
Total Public Works	9,015,816
Public Safety	
Police	4,217,507
Emergency Management	130,550
Municipal Court	124,399
Prosecuting Attorney	24,940
Total Public Safety	4,497,396
 Total Combined Operating Expenditures	 \$ 18,283,573

