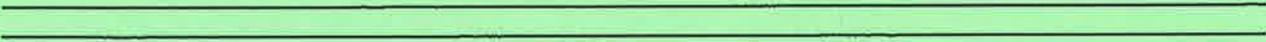
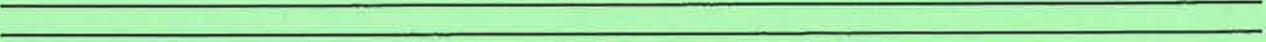


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## Introduction







**CITY OF GRANDVIEW**

**INTERDEPARTMENTAL  
MEMORANDUM**

To: Mayor and Board of Aldermen  
From: Cory Smith, City Administrator  
Date: August 14, 2015  
Subject: Proposed Fiscal Year 2016 Budget

A handwritten signature in black ink, appearing to be 'Cory Smith', written over the date.

Now in its eighth year, the post-Great Recession economy appears better, but still struggling. With over 200,000 new jobs added each month for most of the past year, the economy continues to recover. In the past few months, the U.S unemployment level has dropped to 5.3%, and overall, the number looking for jobs has decreased to 8.3 million. Still, the employment participation rate (62.6%) is still the lowest in the past 40 years or so. In the past few weeks, the stock market, which had reached record levels in the past couple of years, has declined and shows an overall loss for the year. A year ago, Roger Altman, former Deputy Secretary of the Treasury, said that the national mood remained troubled. At that same time, Beth Ann Bovino, Chief U.S. Economist for Standard and Poors said, "It has been the worst recovery in 55 years. We've seen incredibly slow growth." This summer, with the economies of Greece and Puerto Rico taking a beating on the world stage, and even the Chinese market losing 30% in recent weeks, the world economy is certainly anything but certain – or stable.

Millions still remain employed only part-time or in jobs paying less than what they made a few years ago. Unemployment in the 20-24-year age group still remains high, much higher than the national average. Even worse, when considering all those who are unemployed, working part-time, or who have left the job market, that total constitutes an even higher percentage of those young people. Despite the national unemployment rate overall, the rate for teenagers (18.1%), African Americans ((9.5%), and Hispanics (6.6%) remains unacceptably high. Among the hallmarks of the long-term unemployed, they tend to be non-white, unmarried, disabled, and impoverished – or they had worked in the construction industry.

Unemployment in the construction industry has fallen from 27% in February 2010 to 6.3% this June, according to the latest Bureau of Labor Statistics reports. This is the lowest rate since August of 2008. Last summer, *USA Today* reported that even at the current rate, "nearly two-thirds of the members of the Associated General Contractors of America report having a hard time finding qualified skilled workers, such as carpenters or equipment operators." Still, we can see progress locally, with more projects under construction today than in past years, and more on the drawing boards, including retail redevelopment projects around the area like commercial developments in KCK and Overland Park and the Cerner/Bannister redevelopment project under way after many years of decline and false starts. We also see that here in Grandview, with the Truman's Marketplace project now moving forward, and Google Fiber and others working in the rights-of-way around town replacing existing technology. We have also seen several local

companies like Cartwright Companies, Eurotool, and Prier Products expanding and growing, adding on new facilities and jobs. More prominently, the National Oceanographic and Atmospheric Administration selected Grandview this past year to build its new center of operations for weather monitoring weather equipment renovation and repair nationwide, along with around 80 engineers and technicians. It is currently being completed for opening this fall.

Grandview has taken advantage of our strong industrial base and our location and proximity to I-49, along with individual business needs and circumstances, and the use of specific incentives (TIF, Chapter 100 tax abatement, Chapter 353 redevelopment/tax abatement, and Enhanced Enterprise Zones) to bring in manufacturing, business operations, and medical facilities, along with 1,000 or more jobs in the past several years. With the help of infrastructure improvements and private investment in the downtown area, we have seen around 30 new businesses on Main Street and in the downtown area, providing around 100-150 jobs over the past two to three years. The Local Roots Market is one of those opening this past spring. Meanwhile, Grandview Main Street Inc. is a new organization of business, Chamber, and City volunteers and leaders who are committed to improving, developing, and promoting the Main Street/Downtown Corridor.

While Grandview has had a diversified economy as well, not depending primarily on sales tax, property tax, or any other key revenue sources, our sales tax revenue has not grown in more than a decade. Nor has property tax revenue increased since the recession began in 2008, despite some nice business additions, around 1,000 new housing units now, and improvements made to existing facilities around town. Due to the continued retail growth in surrounding areas like Lee's Summit, Leawood, the Martin City district, Belton, and Raymore, combined with some declining retail opportunities in Grandview, retail sales leakage has continued at a steady pace – based on studies years ago, probably several hundred million dollars now. It is noteworthy, however, that not all that external retail is living up to expectations either. Several commercial centers in the metro area are not paying for themselves, or for the TIF bond debt, causing certain cities to have to subsidize those developments beyond TIF dollars, and some significantly.

The trends in the economy set the tone for looking at our achievements over the last few years, opportunities for the future, and a variety of challenges that we still face. I would like to start the budget overview this year with an Executive Summary.

### **Executive Budget Summary**

The significant story for this upcoming budget year is that revenues continue to lag behind, and that sets the tone for everything we are doing or trying to do to keep up with operational needs, replacement equipment, maintenance, infrastructure, maintenance, and providing competitive salaries through needed pay increases, along with the ongoing health and retirement increases. This is nothing new, but with recent revenue source losses, it's really getting old.

### **General Fund Revenues -**

Property tax revenues – From 2005 to 2010, they increased 8.6%, or about 1.7% per year – not great, but growing and accommodating our basic growth needs. Since 2010, they have been impacted by a county reassessment that cut real property values by 7%, so property tax revenues have actually dropped 3.3% over the last five years, or about 0.7% per year, despite all the new

construction that has occurred in recent years. That's just \$260,000 more in revenue over ten years, less than one percent each year, not something that can sustain even minimal growth. Property taxes comprise 18.7% of total revenues.

Sales tax revenues – From 2005 to 2010, these decreased 14.6%, or about a 2.7% average drop each year. Then, since 2010, we have seen sales tax revenues drop another 4.6%, or another 0.9% decrease each year. We have been working on a new shopping center for the past few years, but the recession hit us hard in 2009, and then we lost Sam's Club in late 2013, with about 16% of our total sales. Over the decade, we have lost \$531,000 in this category, or 18.6%. Over the past 15 years or so, sales taxes have gone from 25% of total revenues to just 15.8%.

Franchise tax revenues – From 2005 to 2015, these increased 47.4%, or about 4.0% a year. Over that period, the cities in Missouri won the telecom lawsuit and received franchise tax revenues on wireless communications, along with a couple of years of back taxes. This was the key factor in this growth, but the growth has slowed down considerably, as we have likewise seen the decline of landline phone revenues and cell phone revenues level out. Since fiscal year 2012, the growth has just averaged 0.25% a year. This is now 24.4% of the General Fund revenue stream, but we need more growth overall to cover the rise each year in operating costs.

These three constitute around 59% of General Fund revenues, but they have not shown enough overall growth for the past decade, especially in recent years, to sustain the normal operating costs we see every year, and need to have to keep our employees competitive with the metro job market. In the meantime, the next five largest sources of revenue to the City, which produce 26.7% of the total revenue, have grown 29.5% over the last decade, or an average of 2.6% per year. These include the local portion of state gasoline taxes, business licenses, ambulance charges, court fines and court costs, and state license office transaction fees (which net about \$50,000 to the City after our staffing and other operating expenses). After throwing in our portion of taxes and fees on vehicle sales, we have 28.9% of the total, which together with the "big three" sources above, constitutes nearly 88% of General Fund revenues. The remaining 12% is comprised of a variety of service charges, license and permit fees, grant funds, and miscellaneous revenues.

Finalizing the amended TIF agreement with RED Legacy (now Legacy Development) over the past several months (and years) is a step forward, and one which we hope signifies a new era for Grandview in development and growth. The key to this long awaited redevelopment was getting the developer to acquire the property, getting bonds sold this spring, and getting construction underway, with sales and property tax revenues paying off the bonds and other reimbursable project costs in the future. The immediate benefit to the City will amount to \$125,000 annually, pending the location of a possible new anchor store in place of Sam's Club. Between this key project and the planned highway frontage road improvements in the next few years, we hope to see more development and new sales taxes and other revenues in the years ahead.

#### **General Fund Expenditures -**

On the expenditure side, we have done a great deal in the past few years to hold down expenses, but we have also had to hold pay increases down by necessity, which creates other problems over time. Over the past five years, the General Fund operating budget has increased just 4.5%, or

0.8% per year, hardly enough to keep up with the increasing costs of health care, employee retirement costs, technology, maintenance, utility and fuel costs, and employee pay raises. Last year's 2.4% average pay raise is an ongoing cost that also impacts the coming year's budget.

For next year, we are budgeting \$14,942,100, just 0.7% more than in 2015 due to some of our ongoing challenges, but also to give the Board some flexibility on additional considerations in the General Fund. This puts a bit of a strain on departmental budgets, but we are keeping them tight in order to allow for us to discuss some options for the coming year, which we will be discussing in the budget meetings.

Along with road improvements, park improvements, plans for both the Highway 150 and I-49 Corridors, and new development in and around us, we believe the momentum created will result in more private investment and an increased tax base for the City.

### **Economic Development Enhancement/Communications Fund**

This fund does not have a full funding source, and as the General Fund continues to struggle, the City will have to make some tough decisions in the coming year or two if another revenue source does not materialize. Currently, this fund receives around \$100,000 in revenue each year from the hotel tax and whatever we recover from the Truman Heritage Festival. On the expenditure side, it pays for our Communications program, website and newsletter expenses (\$110,000), and \$40,000-\$50,000 annually for the festival the past three years (mainly bands and stage rental). We also spend \$119,000 on our economic development and marketing contract, \$20,000 on business retention, and \$10,000 for Music on Main (as a major sponsor). We have also had to charge consulting and legal expenses to this fund pending the completion of the TIF agreement and bond sale with Legacy Truman on the new shopping center. Bond proceeds have now paid back those additional expenses, but it's easy to see why this fund is underwater each year at the moment. This has forced the General Fund to subsidize this fund, but you can see why the City can't afford to do that too much longer. The subsidy for FY 2016 is budgeted at \$141,000. A new hotel as has been proposed in the northwest area of the City would be a welcome addition and could reduce this deficit substantially. The total proposed budget for this fund is **\$314,582**.

### **Transportation Sales Tax Fund**

This fund supports both street maintenance and construction projects each year, and we have received \$18 million in federal funding over the past several years now. However, as we have seen with the Main Street-Phase IV project, it is becoming increasingly difficult to front-end all the projects on the drawing board, with reimbursement coming a year or so later. The Sam's Club loss has seriously impacted this fund as well, adding to our financing woes. This has left us with another General Fund subsidy (loan) of around \$400,000 this next year, in order to pay for Main Street Phase IV. Of course, it also is funding Main Street-Phase VII and the MoDOT Highway 150 Cost-Share projects. This half-cent sales tax was first approved by voters in 1986, then again in 1991. It sunsets every 10 years, and will come up for renewal again in 2020. The proposed budget for this fund for next year is **\$3,097,750**.

### **Capital Improvements Sales Tax Fund**

Likewise, this is another half-cent sales tax fund that pays for all of the City's equipment replacement, vehicle replacement, facility renovation and replacement items, new computer

technology, and a good deal of infrastructure (storm drainage, sidewalks and curbs, and certain projects like the new Civic Plaza area, Botts Road reconstruction, and Main Street Corridor). This fund, first voted on in 1998, brings in a bit more than the Transportation Sales Tax Fund (less exemptions), but as can be seen from the City's adopted Capital Improvements Plan, there are far more needs than can be funded by a little over \$1 million a year in sales tax revenue, which also lost revenues with the Sam's Club loss. This fund is also hard pressed to fund all the needed items, but the priority list is included in a later section of this memo. Renewal of this half-cent sales tax will come up again in 2017, and it's easy to see that this is badly needed to support the City's equipment replacement and some of our infrastructure needs as well. The proposed budget for this fund is **\$2,429,900.**

### **Sanitary Sewer Fund**

This fund has struggled to catch up with skyrocketing cost increases over the past few years. The most significant impact has come from increases in sanitary sewage treatment costs from both the Little Blue Valley Sewer District and Kansas City Water Pollution Control Department. This included an 84% increase in a five-year period from LBVSD, along with about a 40% increase in sewage treatment from the portion of our system that goes to Kansas City in the past three years or so. In addition, Public Works has been conducting inflow/infiltration studies for the past five years, and the City has been replacing lines, lining sewers, and sealing manholes in an effort to reduce the extraneous storm water entering the sewers and adding to our treatment bill. While we have been increasing sewer rates for the past few years, we recommend another 8% increase this year to help revenues catch up with expenditures and eventually end the deficits of recent years in this fund. The City's rates still remain among the lowest in the metro area. The proposed budget for this fund for next year is **\$3,880,056.**

### **Recent Strategies**

As I've noted in the past, the City has remained aggressive, but selective in the use of the tax incentives over the past 20 years or so, and these have resulted in numerous new businesses and over 1,300 jobs during that stretch. However, a prolonged recession, and its long lasting effects on the financial sector, has a way of reducing or even eliminating the positive impact of those new businesses and associated investment, jobs, and tax revenues. Grandview has used various tax incentives available to the City to incentivize development and to attract the following businesses over the past several years:

- 1) **TIF # 15** - Truman's Marketplace Shopping Center redevelopment project, which should produce new or renovated stores like Burlington, TJ Maxx, Ross Dress, Petco, Five Below, Price Chopper, L.C.'s Barbecue, Citi Trends, Sally Beauty, and several others.
- 2) **TIF # 9** – Gateway Commons development (Gail's Harley-Davidson, Subway, Sonic, Zipz!) – more acreage is available for additional commercial development there.
- 3) **TIF # 13** – Grandview Crossing redevelopment (Red X, E. Edwards, Grainger, Benjamin Moore Paint, Pizza Hut, etc.).
- 4) **TIF # 6** – Blue Ridge/Truman Drive (McDonald's, O'Reilly's, Sherwin-Williams Paint, Chinese Buffet).
- 5) **TIF # 8** – Downtown in conjunction with the Main Street Corridor improvements – Café Main, Songbird Café, Local Roots Market, Accurso's Catering, Joe's Cabinet Shop, El

- Altano Mexican Restaurant, Campestre Mexican Restaurant, UPS Store, Unruh Furniture Shop, Nevaeh Salon, Discount Liquor, and numerous other offices and shops, 100+ jobs.
- 6) **TIF # 10** – Burger and Brown Engineering, Fluid Systems & Components, PODS, others.
  - 7) **TIF # 12** – Holiday Inn Express - visitors and hotel tax revenue.
  - 8) **Chapter 100 Industrial Revenue Bonds** (for abatement purposes) – Sika Corporation (300 employees initially); MeadWestvaco-Calmar (450 employees).
  - 9) **Chapter 353 Redevelopment** (and tax abatement) – Hickman Mills Medical Clinic/Office relocation and Albers Pharmacy (45-50 employees); Pride Cleaners headquarters and operations (around 80 employees); Quik Trip – 15 employees).
  - 10) **Transportation Development District** (added sales tax and/or property tax assessment) – Gateway Commons and Truman’s Marketplace redevelopment.
  - 11) **Community Improvement District** (similar to above) – Truman’s Marketplace.
  - 12) **Enhanced Enterprise Zones** (based on demographics for economically challenged areas in various census tracts in the City) – landed the National Oceanographic and Atmospheric Administration regional facility (80 employees); Snowmen; Perfection Tile.

Tax incentives usually tie up the revenues generated by a project for a period of several years. Nine of the 15 TIF districts have now been closed out, however, and our Chapter 100 projects are 11 and 17 years old now, which allows properties to start paying sales and property taxes to the impacted taxing jurisdictions once the terms have expired or they are paid off.

The City has greatly extended the funding capacity of two of our special sales taxes (for Transportation and Capital Improvements) by applying for and receiving grant awards for over \$18 million in grant funds over the past six years or so. These have been particularly noteworthy in expediting and extending the Main Street Corridor Project, including future funding through 2016 and 2017. More grant money is expected to begin frontage road conversion in 2018.

The City has also encouraged residential development for the past decade or more, resulting in around 1,000 new housing units to date, with 300 new apartment units in the past year and 40 more lots approved in July this summer. More apartment units are expected as part of a new development in the coming year or two. At the same time, the City has been proactive in seeking renovation and redevelopment of older, run-down apartment complexes and homes in town. This has led to the renovation or remodeling of as many as 800 units and numerous houses to date.

Using the Capital Improvements Sales Tax, the City has also tried to keep maintaining, renovating, and remodeling City facilities and departmental areas like the License Office, Finance offices, Community Development/Public Works offices, Fire Stations No. 1, Police facilities, and conference room and kitchen area, along with ongoing technology upgrades to the extent funding has allowed. We have also made energy efficiency modifications to our city buildings, including energy efficient glass, radiant heating, and more energy efficient bulbs. We have just recently changed out all facility lighting with LED bulbs. We want our facilities to be attractive, comfortable, efficient, and beneficial to employee productivity.

The City is once again greatly enhancing its website, and our newsletter continues to be well received and read, with timely information and attractive photos and graphics. The City invested

in an emergency notification system to greatly improve communications with residents before or during an emergency. Two community festivals and numerous summer concerts and movies in the parks, more athletic activities and youth sports leagues add to local amenities enhancing social interaction, identity, and community. The Citizens Academy, now in its third year, has already attracted many interested residents, and has received nothing but positive reviews so far.

Along with our ongoing promotion of neighborhood preservation, property maintenance, and beautification (i.e., Yard of the Month, etc.) the City's landscaping (trees, shrubs, flowers) of Main Street complements our many flower beds at City Hall, *The View*, and most of our parks. Some businesses along Main have responded with their own beautification efforts. This year, in conjunction with the Grandview Chamber, we have started the Grandview Main Street program, using the Missouri Main Street guidelines and assistance, and with the goal of organizing and promoting business in this corridor and redeveloping and reusing older, underutilized buildings along Main Street.

In addition to all these initiatives, City departments have continued to actively pursue more effective, cost-efficient, and customer-friendly approaches to service delivery. Examples of this include: a reduction in Part I crimes for the fourth year in a row (from 2010 to 2014), despite manpower shortages and heavier workloads; an award-winning domestic violence program; very good overall response times for police and fire; a cost-effective and smooth running court system processing a high level of cases; more personal service-oriented enforcement of codes pertaining to tall weeds and grass, disabled or unlicensed vehicles, and other nuisances; customer-friendly, staff-efficient vehicle and driver's licensing and property tax collection offices for the state and county; transitioning to more fuel-efficient vehicles whenever possible; recycling our solid waste in conjunction with a local non-profit, JobOne; relatively instant messaging to citizens through the Code Red emergency notification system; providing a public space for our local farmers market; weekly pre-application meetings to help businesses, builders, and developers with their plans, permits, and other requirements; electronic ticketing by police officers; greater use of GIS in-house; and a focus on grant funding for everything from bridge design to street construction, and from traffic safety to neighborhood stabilization and I-49 Corridor planning.

All these actions and efforts, at the Board's direction or with their blessing, have helped improve, stabilize, and enhance services and amenities within the community. The most recent citizen survey results were predominantly positive regarding most all city operations. Their primary concern has been the lack of new or improved retail opportunities in the community, but this year we finally got past this most significant hurdle with the redevelopment of our 57-year-old shopping center, a \$76 million project that will provide significant new retail opportunities.

In the new global economy, with a still uncertain job market and new lending restrictions, it has become much more difficult to obtain financing and initiate new investment and development or expansion. Cities nationwide have lost development opportunities, revenues, and jobs over the ensuing seven years. This year, Grandview and other cities have begun to see some of these coming back. General Fund revenues support the bulk of the City's operations, and all but about 24 full-time employees in other funds, in more detail.

## General Fund Revenues

All General Fund revenues are covered in much greater detail by revenue group in **Addendum A** attached to this memorandum.

## General Fund Expenditures

While many of our key revenues have stagnated or declined, some of our expenditure items have been on a steady incline. Despite ongoing efforts to contain or reduce operating costs, the City has seen health care costs increasing \$50,000 to \$80,000 a year even after sharing annual cost increases with employees. This year's cost increase was more moderate, but still an additional cost of \$48,000 in premium costs and contributions to employee health savings accounts. In the meantime, retirement system contributions (entirely City paid) have continued to rise by \$60,000 to \$80,000 per year in recent years. Together, these two accounted for 12% of this fiscal year's budget, or incredibly, one of every \$8.33 spent. Thankfully, this year's retirement contributions will actually decrease starting in July, about \$80,000 annually. As of this July, 41% of our employees have migrated to the high deductible (much less expensive) plans being offered.

In spite of our stalled revenue growth, new businesses with additional employees have been appearing, and we are anticipating this will continue, particularly with new retail development occurring. However, all the seemingly automatic cost increases leave no room for other rising costs. The need for greater and more frequent IT service seems apparent to all our departments, and for this coming year, we are increasing budgeted contractual service hours by 50%. In addition, contract maintenance fees associated with our new financial management system, CAD system, new P-25 radio system, video cameras, electronic ticketing system, numerous software packages, and a few others have become a significant cost area city-wide. These now constitute a relatively high percentage of our overall contractual service costs.

Over the past six to twelve years, it has not been possible to reduce the operating budget to balance revenue limitations without impacting staffing levels. The most dramatic impact occurred in or after 2008, but staffing cuts began in 2003. Over the 12-year period, the City has cut or frozen 17 positions city-wide. At the same time, we've addressed areas of serious need, and have added eight new positions, although only three of those are in the General Fund. The net effect has been a reduction of about eight percent of the General Fund work force (but no layoffs), with 65 percent of those employees Police and Fire Department personnel.

Departments have in recent years been asked to consider additional consolidation, energy savings, alternative approaches, more cost avoidance, and more creativity to counteract our escalating costs. Our department heads and employees have done this, and we are doing even more this year. Some of those making a major impact on our annual costs include the following:

- Saving over \$100,000 a year by competitively bidding the City's property and casualty insurance following an analysis by our insurance consultant. Now in the fourth year, we are still saving that amount, but we have held losses to a minimum too.

- Saving \$40,000 a year by competitively bidding the City's workers' comp coverage, again following an analysis of the market. However, we must continue prevent employee injuries, particularly serious ones, to keep saving money on this coverage.
- Saving around \$60,000 annually by moving from a private contractor to regional county-operated jail facilities to house prisoners at a lower rate per day. Scheduled video arraignments in between court sessions also reduce the jail population, reducing costs.
- Saving an anticipated \$50,000 in subsidized debt service payments for the Gateway Commons commercial development by refunding those City-backed TIF bonds.
- Saving \$55,000 a year by changing out our phone lines from analog to DSI/T1 lines.
- Saving \$20-30,000 by consolidating all printer/copier services under one contract.
- Saving around \$10,000 a year by purchasing gasoline cooperatively as part of a larger regional consortium led by Kansas City.
- Savings in gasoline and maintenance costs by downsizing vehicles, starting with dump trucks in Public Works, patrol cars in the Police Department, and an Assistant Chief's vehicle and utility vehicle in the Fire Department. Community Development is looking at a more efficient vehicle overall for Neighborhood Services in the coming year.
- Refurbishing our Fire Department aerial truck and buying a new pumper truck for the price of a new aerial truck as part of our 2014 bond package.
- Collaborating with the manufacturer to replace the reserve pumper frame and liner for less than \$30,000, thus delaying the replacement of an expensive pumper at that time.
- Purchasing a new ambulance that allows for the City to replace components over time without replacing the whole unit, thus extending the life for several years.
- Building a new joint use, green design Public Works/Park Maintenance facility in 2013 as part of the 2008 bond package that replaced two 50-year-old inefficient facilities. This results in greater energy efficiency, productivity, and preservation of City equipment.
- Saving on overall vehicle maintenance costs by moving all routine maintenance in-house with our two Public Works mechanics, along with some of the more costly repair jobs.
- Replacing street lights on Main Street (City owned) with new LED lights, thus saving on electricity usage that could reduce power costs by as much as \$15,000 per year.
- Savings of thousands of dollars by consolidating credit card fees under one company and reducing the convenience fee to just over two percent per transaction.
- Negotiating the proper repair and settlement with the manufacturer of the all-steer aerial truck in the Fire Department, thus saving thousands of dollars in annual repair costs.
- Purchase and installation of hydraulic power-lift cots for our three ambulances to hasten patient transport, promote safety, and reduce employee injuries and liability.
- Savings through reduced hours for part-time employees in Collections and the License Office, as well as cross-training and scheduling based on peak customer demand.
- Savings from eliminating seasonal right-of-way mowing in Public Works, which now uses regular personnel and more efficient routes.
- Savings from facility audits conducted on City Hall and The View in 2002 and again in 2011, resulting in several energy saving measures, retro-fits, and installations. This year, we are currently replacing lighting in City facilities with LEDs throughout.

These don't even count the potential cost savings from all the City's efforts involving police community outreach and youth programs, officers in the schools, DUI and speed enforcement,

CIT and domestic violence counseling, fire and emergency training and education in the schools, fire inspections, free smoke detectors, street maintenance and sewer cleaning, programs like Pets Helping People, nuisance code enforcement, dangerous building demolition, predevelopment meetings, one-stop shopping in our tax and licensing offices, and lean, efficient court processing and adjudication.

The City also continues to utilize several cooperative efforts with other entities like property tax billing and collection (Jackson County), sewer service billing and collection (Water District #1), school resource officers (Grandview School District), and health inspections (Jackson County). Regional partnerships still provide for pooled employee health insurance (MPR), sewage treatment (LBVSD), cooperative purchasing (MARC, Missouri, and other groups), regional training (MARC and KCPD), the state/regional law enforcement data network (REGIS), and Jackson County Drug Task Force operations (involving three of our officers).

### **Financial Strategy for Fiscal Year 2016**

Now seven years after the recession began, we have certainly experienced a year of ups and downs in the national and local economies. The housing market continues its resurgence this past year, with more new housing starts. However, the rental market is up significantly, high tech jobs are going unfilled, millions are still working part-time despite wanting full-time jobs, and the workforce participation rate (% of the working population either working or seeking work) reached the lowest level in 40 years in the past year, and is still at just 62.6% this year.

Larger businesses continue to suggest they will be coming or leaving based on tax incentives, and cities continue to provide TIF assistance or other incentives, only to find that commercial centers struggle to meet projections. Grandview's retail TIF districts have languished over the years or failed to materialize in some cases. So, we are hopeful that our new TIF redevelopment agreement for Truman's Marketplace, along with new shopping opportunities, will be truly successful and spur more retail, restaurant, office, and hotel development throughout the city.

Despite the recession and erratic economy, it appears that most of our industries have stabilized, without severe job loss, and new businesses and energy still appear evident on Main Street. We have also had ongoing discussions with developers on new concepts for potential investment and business attraction along the Highway 150 Corridor. That corridor and surrounding area holds great promise for a variety of retail, office and residential development, and now even for a possible youth sports complex and retail village concept. We expect to have their TIF Plan any day now and will be examining that for feasibility and financial viability for the City.

The I-49 Corridor could take awhile to redevelop, given the effects of over 30 years of one-way frontage roads on retail along there, but at least we have gained MoDOT's cooperation and support in turning the highway frontage back to two-way traffic over the next few years. Public Works has received approval for federal funding to begin that conversion in 2018.

As we have tried to formulate a budget strategy to present the Mayor and Board, there are still uncertainties at the present time that include the apparent loss of revenues related to Senate Bill 5

from last year's Missouri legislative session, and that will impact the City on an annual basis. Given the current climate, bills are proposed each year to reduce or eliminate city revenues.

Over the past six years, the City has frozen ten positions across the various departments, but the reductions have occurred as a result of attrition after evaluating each specific vacancy, so that services have been impacted as little as possible. Given our immediate position, and the threat of further losses (or at least uncertainty), those positions will essentially remain unfilled for the coming year as well. We have yet to impose layoffs, salary reductions, or furloughs, although several cities around us have done so in recent years.

The General Fund operating budget has been trimmed once again, and departmental budgets have not changed much over the past six years or so. Technology, maintenance costs, and legal services are among the few things that have changed because of greater technology usage, equipment and contractual maintenance increases, and much more legal and litigation activity. Of course, we have included the residual effects of the employee pay raise last October, a cost of around \$220,000. We have tried to take a calculated look at some of these costs for the coming year, not just based on trends or past history, but on realistic expectations and probabilities.

We are presenting a balanced budget for fiscal year 2016, but the City will be facing deficits in the years ahead if the City's revenue base does not increase, along with our anticipated growth and development. We are looking optimistically for more development to occur, along with some associated new revenue. We should also see additional one-time development related revenues in the coming year, but that temporary funding does not provide any long term stability.

Once again, we believe that our greatest resource is our employees, and our first priority is to try to find a way to provide our employees with a pay raise again if possible. Over the past six years, we have only been able to provide one-time bonus-type paychecks to employees and 2% pay raises in 2012 and 2015. The lack of progression in wages and salaries over time, coupled with annual health plan increases, has had an increasingly adverse impact on buying power of employees as the cost of living has continued upward in the past three or four years now. It also impacts our competitiveness as a city, particularly with those cities we compete with the most for employees. In addition, pay stagnation has brought back the age-old problem of compression, or the impact of hiring over a six-year period when starting pay doesn't change much, there are no merit raises, and new hires make the same as those hired throughout the same six-year period.

So, our recommended strategy Fiscal Year 2016 is as follows:

1. Maintain essentially the same staffing in each department, but continue to look at opportunities associated with employee turnover.
2. Continue our current practice not to fund any capital items in the General Fund.
3. Continue to research ways to cut costs, consolidate services, or consider additional fees for service, licenses, or permits in the coming months, where such measures are justified or have fallen below the market, in an effort to add needed revenues.
4. Since the City must hold an election in the coming year in order to keep sales tax revenue on out of state car purchases, consider an election to create a local use tax.

5. Consider authorizing pay raises for City employees when the Board feels comfortable that the City is moving forward enough to make such pay raises sustainable. The budget being presented for FY 2016 does not currently include pay raises.

One example related to the third item above would be the City's ambulance charges. After not raising those in eight years, the Board saw fit to increase fees last year since we were below the average for other cities, and we are still far from recovering our costs. Our costs for ambulances, pharmaceuticals, supplies, equipment, and personal service costs, along with our annual number of calls for service, have all continued to increase each year. The fee increase helps greatly.

Our occupational license fees have not changed in 37 years, so our minimum and maximum fees have not remotely kept up with inflation and are too low. In yet another example, our city, like most others in the area, does not have a use tax, but those who do are able to apply sales taxes to out-of-state purchases of more than \$2,000. We are all still hoping too for Congress to apply sales taxes to online sales, not only creating a more level playing field with brick-and-mortar retail stores, but also preserving our sales tax base, which as in other cities, has steadily lost more and more revenue each year to online sales. If our state and federal governments won't act, we may have to take on this challenge if only to continue funding basic services, let alone many other things that citizens would like for the City to provide.

As indicated previously, for the coming year, the total General Fund budget as proposed is \$14,942,078 or 0.7 percent more than the budget for the current fiscal year – or just 0.35 percent more than estimated expenditures for this year. In fact, the proposed budget is currently just 4.5 percent more than the 2011 fiscal year budget five years ago.

### **Capital Improvements**

The half-cent sales tax for capital improvements has been in effect since approval by the citizens in 1998, and must be approved every ten years. The half-cent transportation sales tax has been in effect since 1986, was approved again in 1991 and now is voted on every ten years as well. In 2001, voters approved another half-cent sales tax to build our community center, *The View*, which is now 11½ years old. Fortunately for the City, the voters have agreed to renew the first two taxes every ten years when they come up for renewal. These funds can only be used for their intended purpose as authorized under Missouri statutes and detailed in Board resolutions passed prior to the elections. Once again, the significance of these capital funds cannot be overemphasized, particularly since General Fund revenues can no longer support any capital expenditures for equipment replacement, vehicles, roads and bridges, facility improvements, or other capital and infrastructure needs.

### **Capital Improvements Sales Tax**

After consideration of numerous items requested by the departments, it's clear that the City cannot afford all of these items. The following infrastructure and equipment items are considered high priorities and are recommended for Fiscal Year 2015:

Warning siren replacement	25,000
Fire station No. 1 & 3 driveway replacement	32,000
Fire Department field equipment and computers	20,000
Thermal imaging camera replacement	13,500
Fire Department bunker boots	14,000
EMS bags, gas monitors, and suction equipment	13,000
Police package vehicles	45,000
Mobile data terminal/DVR replacement	38,400
Interview room recording equipment	30,000
Neighborhood Services replacement vehicle	30,000
Public Works vehicle replacement	120,000
155 <sup>th</sup> Street improvements in conjunction with Belton	1,500,000
Storm sewer/drainage evaluation study	100,000
Annual concrete storm channel renovation	75,000
Annual new sidewalk construction	50,000
Annual new curb construction	50,000
Annual sidewalk repair program	25,000
Annual curb repair program	50,000
Annual drainage improvements	100,000
Public Works building roof replacement	30,000
Municipal Building HVAC upgrades	10,000
Municipal Building security camera replacement	7,000
Computer and software replacement	40,000
Employee performance appraisal software	12,000
<b>Total</b>	<b>\$2,429,900</b>

**Transportation Sales Tax**

The following projects are recommended for fiscal year 2015:

**Construction Projects**

Main Street Corridor – Phases IV and VII	\$1,327,750
Missouri 150 Cost-share Design/Build Projects	1,465,000
New Curb Construction	50,000
<b>Total</b>	<b>\$2,842,750</b>

**Maintenance Projects**

Street overlay program	\$197,500
Slurry seal program	28,750
Sidewalk and curb repair	28,750
<b>Total</b>	<b>\$255,000</b>

**2015 Public Safety Bond Improvement Fund**

On August 5, 2014 voters approved a \$13 million bond issue to pay for numerous capital items for public safety and parks. The proposal was split into two questions or packages, one for each

major area of need. This fiscal year, the City sold bonds to cover the first phase of public safety items needs. Funds have been spent on a new public safety radio system this year and a purchase contract for as new fire pumper truck and ladder truck refurbishment. Next year, we expect to fund the following projects:

Police access and storage building	\$450,000
Fire station renovation and upgrades	300,000
Police Department shooting range	<u>500,000</u>
<b>Total</b>	<b>\$1,250,000</b>

**2015 Park Improvement Bond Fund**

In fiscal year 2015, the City sold the bonds approved by voters in 2014 and spent some of the funds on the design of the amphitheater project and the water park project. The amphitheater project is now under way, and next year the budget will cover the following park projects:

Outdoor aquatics park at Meadowmere	\$2,550,000
Meadowmere Park East – Amphitheater	2,450,000
Shalimar Park – Phase I	<u>300,000</u>
<b>Total</b>	<b>\$5,300,000</b>

**Park Levy Fund**

This fund was created in 1989 when voters approved a 12-cent park levy to support parks and recreation facilities, primarily for maintenance and replacement of equipment and park features and amenities. With major projects and improvements now funded by park bonds, this fund has generally taken over annual maintenance and upkeep of the parks, including funding for three of the City’s park maintenance staff members. This now includes 13 parks of over 200 acres, along with streetscape areas in the City and gardens and recreational areas like the spray ground/splash park and skate park. For fiscal year 2015, the following expenditures are recommended:

Facility improvements (community center equipment, trail repairs, park signage, bridges)	\$100,000
Community center improvements	30,000
Field equipment	15,800
Vehicles – Replacement truck, police bicycles	53,500
Facility maintenance (playgrounds, shelters, parking lots, etc.)	192,100
Landscaping related items	12,000
Drives, lots, and trails	6,000
Transfer to General Fund – 3 maintenance employees	<u>135,000</u>
<b>Total</b>	<b>\$544,400</b>

**Community Center Sales Tax Fund**

This fund was established using revenues from the half-cent sales tax approved by voters in 2001 for construction, maintenance, and operation of a community center, now known as *The View*. It

generates additional revenue from membership fees, daily admission charges, rentals, and special program fees. Those revenues combined pay for administrative and business operations, fitness, aquatics, marketing, facility rentals, maintenance, and debt service payments on the certificates of participation (similar to G.O. bonds) issued to build the facility.

After opening in early 2004, the center and this fund started facing deficits in 2007 and 2008, partially because of the downturn in the economy and lower sales tax revenues, even while other revenues have remained fairly constant. The fund took another blow to its revenue base with the loss of the Sam's Club store in the fall of 2013, and that is still having a negative impact.

In the past few years, the staff at The View has reviewed operations and made changes in the staffing; and they also consolidated some of the positions and assignments and reduced hours slightly. Personal service costs, for instance, dropped by \$190,000 from 2008 to 2010, or about 17 percent. Since 2010, these costs have risen just 1.3 percent based on our current 2015 year-end estimate. In October of 2009, membership fees were increased, and then were increased again five years later in October of 2014. The proposed operating budget for *The View* for FY 2016 is **\$2,276,055**, 2.3 percent more than this year. It is covered in detail later in this budget document.

Even after maintaining a tight budget for operating and maintenance costs for the past few years, a deficit of about \$60,500 is still expected for the coming year. However, the debt service payments (like mortgage payments) will constitute a cost of close to \$700,000 or more annually. Until sales tax revenues or membership/admission/rental fee revenues rise, we will likely see deficits in this fund each year or, alternatively, the City will have to find more ways to further cut staffing, operating, maintenance, utility, or other costs in order to keep from operating in the red and depleting the fund balance in the Community Center Sales Tax Fund.

### **Sanitary Sewer Fund**

The Sanitary Sewer Fund is the City's enterprise fund, and for many years has accounted for revenue collection and expenditures related to sanitary sewer service billing and collection, maintenance of the City's sewer system, new and replacement sewer lines, and sewage treatment and disposal by the Little Blue Valley Sewer District (about 80%) and Kansas City Pollution Control (around 20%). The LBVSD serves cities in eastern and southern Jackson County, as well as northern Cass County. Grandview also contracts with Jackson County Water District No. 1 for sanitary sewer billing services (charges are added to their water bills), and has done so for the past 20 years now in order to reduce delinquent payments. The maintenance, cleaning, and repair of the sanitary sewer system remain the responsibility of the Public Works Department.

Treatment costs associated with LBVSD increased 84 percent from fiscal year 2007 to fiscal year 2012, and since then Kansas City has been increasing sanitary sewer costs by 10-15 percent a year in order to pay off a huge bond issue for water and sewer line replacement. The LBVSD increases were a combination of questionable changes in billing methodology by LBVSD and our problems with storm water inflow and infiltration (I/I) entering the sanitary sewer system. Between substantially higher treatment costs, consulting costs to monitor and analyze our sewer system, equipment replacement, and sewer lining and replacement costs to mitigate the effects of

I/I, Grandview has been experiencing annual deficits in this fund for the past several years and will again this year. This is partially due to our collective desire to aggressively fund sewer system studies, evaluation of I/I sources, repairs, relining, and rehabilitation to further reduce the I/I entering the system. This should continue to impact wet-weather flow readings and reduce our share of treatment costs during heavy rain events or wet spring/summer seasons.

A series of annual rate increases was recommended by our consultants in 2009 to address all these increased costs. This year's recommended increase should bring us closer to expenditure levels in this fund, which as noted has sustained huge cost increases the past few years, with more anticipated increases, particularly from Kansas City, coming in future years to pay for their water and sewer system repair and replacement. Starting in FY 2017, we hope to revert back to lower, cost-of-living type rate increases in an effort to simply keep up with annual inflationary costs, while trying to avoid future annual deficits. The proposed budget of **\$3,880,056** is covered in greater detail in a later section.

### **Economic Development Enhancement Fund**

This fund provides resources for our Economic Development and Communications programs, as well as our annual Truman Heritage Festival. It was created in 2007 to market the City and promote business attraction, business retention, and job creation. At that time, the City created its own economic development program in-house (creating a staff position) to deal with the marketing and business attraction aspects of economic development, while still contracting with the Grandview Chamber of Commerce for our local business retention portion. Then in 2013, the City requested proposals for economic development services rather than commit to any one individual employee. The result was approval of a contract with Zimmer Real Estate Services, which includes the resources of a large real estate development company (now even larger), along with key individuals to handle the various aspects of business attraction and expansion, promotion of residential and commercial development, public relations and networking with the metro area business community, and lobbying for state and federal assistance.

The other portion of this fund is devoted to our Communications program, which is managed by our Communications Coordinator, who manages the City's marketing and public information program through our website, our quarterly newsletter, social media, press releases, flyers, and brochures advertising events and programs sponsored by the City. The program is intended to inform citizens, announce the City's accomplishments, highlight new developments, and promote tourism and attract more visitors, residents, and businesses to Grandview.

The fund itself has been funded using one-time revenue sources in an effort to develop such programs without impacting General Fund revenues or expenditure levels. The passage in 2011 of the hotel/motel tax provides some funds from hotel guests (through a 5% charge on hotel bills beginning January 1, 2012) to promote tourism in the City. Those funds are used to further market the City; provide funding for our annual Heritage Festival; promote Main Street and downtown; announce various events, attractions, and projects; and bring people to the City in a variety of ways, including social media. The annual hotel/motel tax receipts help pay for this position and the various promotional activities and events the City funds each year.

The proposed budget for this fund for FY 2016 is \$314,582. With one of our two hotels closed indefinitely for renovation, we are losing about 35% of the potential collections from the new tax. As indicated previously, another hotel or source of funds is badly needed to keep the General Fund from subsidizing these efforts each year. Revenues next year, despite adding one-time building permit fees, will come up significantly short again and require another General Fund subsidy of about \$140,000. We have had discussions with a couple of hotel chains this year, and one appears likely to go forward with their plans for development. Depending on the progress of our commercial areas and construction of a new hotel, the City could certainly be in a better position in this fund a year from now when we are doing next year's budget. More detailed information is included in a later budget section.

### **Other Funds**

The City has several other funds that account for tax increment financing activities associated with our numerous TIF districts, as well as neighborhood parks, facility maintenance, insurance deductibles, and general obligation bond debt service. These are all straight forward in purpose, generally limited as to funding sources (if any) and described in greater detail in subsequent budget sections.

### **Outlook**

The City is competing in a global economy that is, to say the least, not entirely healthy or predictable at the present time. Technology, manufacturing, retail, housing, jobs, education, health care and medical breakthroughs, food production, social media, politics, and just about everything associated with all of these continues to change the way we do business on almost a daily basis. Financial stability changes along with all these factors as well, and it can seemingly change overnight, or certainly through the passage of a new law or opening/closure of a large store. So, the nature of the budget for the coming year is once again one that is constantly evolving and changing depending on a number of things that could happen in the year ahead.

The budget continues to reflect the staff's efforts to address the Board's goals with respect to attracting retail development, conversion of our one-way frontage road system, high quality development along the Highway 150 Corridor, redevelopment along the new I-49 Corridor, continued efforts and improvements to the Main Street Corridor, encouraging more businesses downtown, extension of the Main Street improvements, developing new homes, maintaining and enhancing property values, keeping our streets and neighborhoods safe, enhancing our parks and recreational opportunities, working with and supporting other key organizations in our city, and informing and communicating effectively with our citizens. In addition, we continue to hire, train, and retain high quality employees, keeping in mind that we must provide competitive pay and benefits to the extent we can.

The City has improved its image this past year, making noticeable progress now, growing and gaining momentum in several areas at the present time, and the staff plans to keep that moving in accord with the direction of the Mayor and Board. We have further strengthened an already great management team and have a great staff of capable and dedicated people working for the betterment of the City. We plan to face the challenges ahead with strategies that provide for

financial viability, infrastructure preservation and improvements, innovation and business development, and ongoing improvements to our quality of life and communications with our citizens and employees alike.

### **Final Thoughts and Acknowledgements**

The City faces many challenges, but we have overcome even more in the past, and several in recent years. We are not in the ideal position, but progress is being made on all fronts currently. We are fortunate at present not to have to make drastic cuts, personnel reductions, or service disruptions, but we must continually try to find ways to enhance revenues, promote cost-effective development, and use our resources wisely. Our department heads have continued to do more with less, find savings and efficiencies, and keep operations running smoothly with fewer people than we really need. I appreciate their cooperation and continued creativity in an environment of ever shrinking resources and demands. Many of our employees have not only been dedicated to serving residents, but have provided many good and cost effective ideas to better manage resources, and I appreciate their understanding and commitment. We must find ways to provide more competitive compensation for them in the coming year and beyond. This remains one of our key goals for the coming year.

I especially appreciate the efforts of Kirk Decker, Assistant City Administrator, and Cemal Gungor, Finance Director, for their time and effort in developing the budget this year, and their commitment to the City's needs and long-term goals. Their work on revenue estimates, our deliberations with department heads, budget development, capital project coordination, and Kirk's compilation of the budget document for your review, as well as the 2015 Capital Improvement Plan, amount to a significant accomplishment and time commitment, along with their normal responsibilities. It has also been accomplished in a timely and thorough manner.

We respectfully submit the enclosed proposed budget for fiscal year 2016, and we look forward to another year of challenges, but also to another year of significant progress for Grandview.

## ADDENDUM A

### General Fund Revenues

Year-to-date operating revenues are, as a whole, about one percent higher than 2014. Building permit, plan review and TIF administration fees for development-related activities are starting to be received this year related to Truman's Marketplace activity, but these are one-time revenues and do not provide a reliable long-term revenue source. So, as we proceed through the remainder of 2015 and enter 2016, we should remain optimistic, but exercise caution, since our budget projections for operating revenues continue to show little growth overall since the recession started in 2008.

**Property Taxes** – In keeping with recent up-and-down trends of the past several years, the City's assessed valuation has increased 4% in 2015 – following a 1% increase in 2014. Assessed valuation has still not fully recovered from the recent recession and is still 8% percent less than its high in 2007; and it is 4% lower than a decade ago.

Although most of the City's assessed valuation increases have been the result of state-mandated reassessment, we have seen dramatic declines in residential and commercial real property and personal property since 2007.

Delinquent payments are nearly \$43,000 (34%) below year-to-date 2014, and if current trends continue, will fall 17% (\$30,000) below budget estimates. Due to the unusually high number of personal property tax delinquencies in 2013 and 2014, we anticipated a dramatic increase in delinquency payments in 2015. Delinquency payments have not yet met our expectations, but this could change somewhat by year-end.

Nearly all other components of property taxes (real estate replacement, railroads/utilities and penalties) are meeting expectations, and the overall property tax shortfall (\$6,500, less than 1%) is primarily due to delinquent payments above falling short of estimates.

**Franchise Fees** – Franchise fees have always been difficult to predict, as seasonal climatic variations, rate modifications and availability of resources such as natural gas can cause annual revenue fluctuations. Higher increases in franchise fee revenues have primarily been the result of rate adjustments by Kansas City Power and Light (KCP&L) and Missouri Gas Energy (MGE).

A 2007 Missouri Supreme Court decision ruled that cellular phones are subject to local franchise fees, which dramatically increased wireless telecommunications franchise fee revenues. On the other hand, landline telephone service providers' franchise revenues have decreased as households have migrated to wireless telephone service in recent years.

Wireless telecommunication fees are 10% (\$50,000) less than year-to-date through June 2014. This follows the trend that started in 2013, which may be a result of more low-cost companies entering the marketplace, aggressive priced plans by larger carriers, misfiling of one of the large service providers, and the proliferation of lower cost family and small

business group plans. We expect the current trend to continue through 2015 and that telecommunication franchise fees will fall about 15% (\$105,000) below expectations.

It appears the long-term trend of declining land-based telephone usage is accelerating, as those revenues are now 8% (\$8,000) below year-to-date 2014. We expect this trend to continue and these revenues will likely fall 10% (\$15,000) below budget expectations.

Cable television revenues are trending higher than year-to-date 2014. Even though we anticipated an increase in the 2015 budget, it appears that cable service providers are exceeding expectations to date (i.e., new Google service), along with a correction of a large service provider's tax filing. Based on current trends, it is expected that cable television franchise fees will exceed budget by 38% (\$74,000).

Natural gas fees are currently 3% (\$16,000) higher than year-to-date June 2014. Although collections are trending higher, MGE has lowered the natural gas rates by 15% effective May of this year. Based on the recent rate reduction and mild winter weather, we expect natural gas revenues to fall 2.2% (\$15,000) below budget expectations.

Electric franchise fees were 1% higher than year-to-date June 2014. If current trends continue, however, electricity franchise fees will be below budget. We were hoping this would change earlier this spring, as they were trending higher than last year but with the mild spring and summer through July, the more recent trend has showed little growth. Overall, the anticipated electricity fees will be around 2.5% (50,000) below budget expectations. We do see these revenues moving higher next year due to the pending rate increase requested by KCP&L this year.

Franchise fees have historically been one of the City's bright spots, particularly since wireless telecommunications revenues were realized. However, 2015 is expected to be much like 2012-2014 and fall below expectations. Anticipated electricity, wireless, and landline telephone shortfalls will cause franchise fees to fall 3.0% (\$111,000) overall below budget expectations, though about even with last year. We do expect this year's leveling out to trend upward next year (4.6%) based on factors related to weather, increased rates, and other trends.

**Sales Taxes** – Sales tax revenues remained relatively stagnant from 2001 to 2008, with new businesses compensating for the loss of larger retailers such as *Ward's*, *K-Mart* and *Red-X*. However, with the onset of the national economic recession, sales taxes declined dramatically in 2009 and have not recovered since that downturn. Including the loss of *Sam's Club* in October 2013, sales taxes are 21% (\$629,000) below their high point in 2008.

Year-to-date June 2015 sales tax collections have been lower (\$25,000 or just below 1.5%) than 2014. A review of some of the City's largest sales tax producers indicates that in most areas of the local economy (e.g. construction-related services, food sales) there has been a recovery from some of their retreat in 2013 and 2014. As part of the 2015 budget, we anticipated that a replacement tenant for *Sam's Club* would occupy the

building by summer 2015; however, that tenant has not materialized, and this will impact this year's sales tax revenue. Due to this shortfall, at the current time it's anticipated that sales taxes will end FY 2015 nearly \$112,000 (4%) below budget. Given partial year store openings next year at the new center, we do anticipate more substantial growth.

The three key revenue sources from property taxes (\$2,771,500), franchise fees (\$3,612,000) and sales taxes (\$2,332,800) represent 57.8% of the General Fund's total revenues (\$15,070,800). Their impact on the budget is significant and reflects the importance of every new or lost business, new or occupied building, electric or gas rate change, or severe weather cycle on the total budget. Current estimates indicate that they could fall below budget by 2.6% (\$230,000) this year. Fortunately several other revenue sources are expected to exceed expectations to help alleviate some of the anticipated shortfall of these revenues.

**Other Taxes** – Cigarette tax receipts continue to provide a relatively small source of General Fund revenue. Based on current trends, these taxes will finish 2015 about \$3,000 (3%) less than anticipated. Overall, cigarette tax revenues have been pretty stagnant over the past several years, but are not much of a factor in the budget.

Gasoline tax revenues are a major source and are based on a per capita allocation of the State's \$.17 per gallon gasoline tax. Gasoline taxes, state motor vehicle sales taxes and sales fees (also per capita shares) have been volatile the past couple of years, as the national recession caused fewer purchases of newer, more efficient vehicles. However, they have been rising in recent years and are projected to increase again this year. As gasoline prices have dropped in 2014 and 2015, people have apparently changed their travel habits again, and gasoline tax revenues have exceeded expectations. These revenues are currently 4.5% (\$30,000) higher than 2014 and are expected to exceed budget estimates by 4% (\$24,000).

Since state motor vehicle taxes and fees and gasoline tax distributions are expected to exceed budget, this tax group could exceed estimates by 3% (\$26,000) in 2015.

**Municipal Court Fines** – Municipal Court fines and costs are those revenues derived from cases involving violations of municipal ordinances. Over the past several years these revenues have increased dramatically and generate approximately \$1.4 to \$1.6 million annually in the General Fund.

Municipal Court revenues reached a high in 2014, but are expected to decline in 2015. Through May, total citations have decreased by 17% (11,361, 2014; 9,671, 2015). Fewer citations, primarily through the implementation of an increase in warnings by the Police Department, have reduced the number of cases processed by the City's Municipal Court. Despite fewer cases, revenue per case has increased by \$3 per case over 2014. Year-to-date through June, Municipal Court revenues were 3% (\$39,000) less than in 2014. If current trends continue, Municipal Court revenues could end 2015 approximately 8% higher than original budget estimates, but still \$92,000 less than in 2014.

Next year, however, all cities have to deal with an added mandate from the Missouri Legislature, and we will lose most, if not all, of the previously assessed failure to appear fees imposed in court for those not appearing on their assigned court date. We have adjusted court revenues downward accordingly for the coming year.

**Intergovernmental** – Grant revenues had been declining over several years, as federal grants for additional police officers and fire safety programs had been scaled back or expired. However, they have been increasing somewhat again in recent years. County, State and Federal grants have enabled the City to provide school resource officers, DUI checkpoints, emergency planning and preparation, speed limit enforcement and drug intervention. About three-fourths of the revenue here comes from the COMBAT Commission, funded through Jackson County’s quarter cent anti-drug sales tax, which helps pay for DARE officers in the schools. Federal grant funds were previously used to help pay for a school resource officer assigned to the Grandview Middle School. When grant funding expired several years ago, Consolidated School District #4 agreed to provide funding to keep the school resource officer at Grandview Middle School.

Intergovernmental funding is expected to fall short (\$15,000) of budget projections in 2015, which is primarily due to a slight decrease in DARE/COMBAT grant funding.

**Service Charges** – These revenues are comprised of numerous service charges and fees, but primary sources are ambulance fees, state motor vehicle and driver’s license fees, and weed/trash abatement and animal pickup and boarding fees.

Ambulance fees had not been increased for about eight years, but were reviewed in the past year by the Board after years of escalating costs associated with providing service. The fees were raised in FY 2015 to keep pace with other Kansas City area municipalities and to offset these annual increasing costs. Due to the fee increase, ambulance receipts are 28% (\$138,000) higher than year-to-date June of 2014. We are projecting they will meet our budget projections by the end of the fiscal year, increasing \$173,000 overall.

License office collection fees are derived from operating a state licensing office for motor vehicles and drivers, now the only one operated by a municipality in Missouri. Currently license office revenues are exceeding expectations and are 6% (\$15,000) higher than year-to-date June of 2014. Starting in November of 2014, the licenses office has been reaching out to customers outside of Grandview (post cards, letters, promotions) to capture more nonresident business. So far these efforts have been fruitful. If this trend continues, license bureau revenues could exceed budget estimates by 6% (\$21,000).

Plan review fees are approximately \$5,800 less than year-to-date 2014. Due to the increase in building activity during the summer months, however, it is anticipated that plan review fees will exceed original budget estimates by \$20,000 (50%) in 2015. This estimate does not include fees associated with *Truman’s Marketplace*, which will be accounted for as one-time revenues.

The last significant source of revenue in this category comes from efforts of the Neighborhood Service Division, from fees and charges for trash and tall grass/weed violation abatements; loose or stray dog and cat retrieval and boarding; or contract towing of unlicensed or disabled vehicles. These revenues are expected to end the year 24% (\$8,000) lower than budgeted. When including revenues from abatement fees assessed to these kinds of properties and collected by the county, nuisance abatement payments are projected to be about 14% under the budgeted amount for this year.

When taken as a whole and being conservative when making projections for *Truman's Marketplace* redevelopment-related plan review fees, overall service charges could exceed budget estimates by \$16,000 (1%) by year-end.

**Licenses and Permits** – As the economy continues emerging from the last recession, Grandview is poised for growth, with over 1,200 housing units currently planned, approved, or under construction. Furthermore, the Greens at Grand Summit apartment complex continued its expansion of high-quality development, adding 300 dwelling units in 2013-14; and they still intend to add another 150 units. Although the number of building permits (including new home permits) has declined from 2008, revenues have held steady since a record low in 2008–2009. Building permits are falling short of year-to-date 2014. However, we expect these revenues will continue to rebound during this summer and end the year \$22,000 (32%) over budget. Building, electrical, mechanical, plumbing and special permits are collectively expected to exceed (\$18,000 or 34%) budget expectations in 2015.

The largest revenue producer in this category, occupational license fees, has been relatively stagnant over the past several years. This does not appear to be a reflection of business growth and expansion in the City, as over 600 businesses are located in the City, and we've seen new businesses and expansions over the past couple of years. With recent staff efforts to identify and notify those without licenses, revenue is expected to exceed budget expectations and last year's total by 4% (\$10,000) in 2015.

Other revenues in this category (city vehicle licenses, liquor licenses and permits) are expected to remain relatively stable. Overall, revenue from licenses and permits is expected to exceed budget estimates by \$50,000 (10%) in 2015 due to building permit, occupational license and special permit revenues being higher than originally expected.

**Miscellaneous** – This “catch-all” category includes interest earnings, which have been decreasing over the past several years due to record low interest rates since 2009. This category also includes the reimbursement for collecting taxes as a satellite tax office throughout the year, for which Jackson County reimburses the City a fee of 1% of all taxes collected at the Grandview office. Additionally, this category has included any insurance dividend distributions from Midwest Public Risk (MPR), the City's health insurance provider, as part of the Safety Recognition Program for scoring higher than 90% on an annual safety evaluation. Other revenues in this category include the reimbursement from the Grandview School District for crossing guards and school resource officers at Grandview High School, Middle School and Alternative School;

reimbursement from the Kansas City Metro-Meth Task Force for three officers serving on the Drug Task Force; insurance reimbursements for losses or car repairs; the annual City auction; and other miscellaneous revenues not accounted for in another category.

In all, miscellaneous revenues are expected to exceed budget estimates by approximately \$15,000 (6%), mainly due to reimbursements from the Grandview School District, and should be higher than originally anticipated.

**One-Time Revenues** – This category was added starting with the 2011 budget to identify those one-time, non-recurring revenues that cannot be utilized to fund future operating costs, and to ensure the structural integrity of the General Fund is maintained. Revenues in this category include such things as: telecommunications settlement funds; TIF district closures and any money owed to the General Fund from previous expenditures made in that district; one-time PILOT payments; one-time transfers; and donations. An amount of \$147,000 was budgeted in 2015 for one-time revenues, which are primarily for building permits associated with the NOAA facility construction and a payment-in-lieu-of-taxes (PILOTS) payment from Sika Corporation from their Chapter 100 plant location, and subsequent reimbursements to the taxing jurisdictions. These revenues are expected to meet expectations in 2015.

**Overall** – General Fund operating revenues are expected to be 1.3 percent (\$184,000) higher than in FY 2014; and they are expected to exceed 2015 budget estimates by just \$29,000. While property taxes, franchise fees and sales tax revenues are anticipated to fall short of budget expectations, some other areas are compensating for that and are doing better than originally anticipated.

**FY 2016 Budget** – Preliminary estimates indicate that 2016 could be a little better year for the City of Grandview. The loss of *Sam's Club* revenues, while we are still awaiting a replacement tenant, will be partially alleviated by a \$125,000 per year city service TIF reimbursement from Legacy Truman as part of the *Truman's Marketplace* project. While the City has adequate reserves to weather this shortfall in the near term, and that payment helps alleviate some of the loss, significant General Fund changes would have to occur to accommodate the continued loss of this sales tax revenue. We are still optimistic that another tenant will occupy the vacant *Sam's Club* space; however, any anticipated sales tax revenue would not be available until late 2016 at the earliest. If such revenues were to exceed the former *Sam's Club* sales tax revenues, only the base (or what *Sam's Club* was producing before the TIF plan) will be distributed to the General Fund – the additional 'increment' (or anything above the established base) will be used to pay the developer for expenses associated with the TIF plan and its reimbursable costs.

The momentum created by ultimately redeveloping the shopping center, however, is expected to pay dividends in the future as it lays the groundwork for more redevelopment along I-49 and Blue Ridge. In conjunction with the potential commercial development along Highway 150, we have reason to be optimistic about the future.

# City of Grandview Fiscal Year 2016 Annual Budget

## Departmental Accomplishments for Fiscal year 2015

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### **ADMINISTRATION**

- Coordinated *Citizen Academy* with all departments for the fall, 2014 and spring, 2015 sessions; with a total of 25 graduating in the past year
- Worked with special attorneys and consultants in the continuing battle against the issuance of a permanent permit to operate an asphalt plant in Kansas City on Grandview's southern border
- Balanced the fiscal years 2015 & 2016 budget following the loss of *Sam's Club* store
- Finalized negotiations for the *Truman Corners Shopping Center* redevelopment with Legacy Development, sold bonds to repay the developer and initiated the revitalization effort
- Hired a new fire chief in February 2015
- Coordinated the five-year Capital Improvements Plan (CIP), involving all City departments, evaluating and prioritizing various items from the requests
- Finalized labor agreement with Firefighters Union Local 42
- Bid City's workers' compensation insurance that ultimately saved the City \$40,000 per year in premiums
- Saved \$55,000 per year by replacing analog phone circuits with DS1 service
- Worked with developer to win bid for new National Oceanic and Atmospheric Administrative service center project, bringing in 80 jobs in their 200,000 square-foot facility
- Worked with developer to provide partial TIF incentive for expansion of Burger and Brown Engineering
- Coordinated ongoing work and direction of leadership group to better inform employees about current events, activities and developments; as well as employee accomplishments
- Examined and implemented employee pay raise during difficult economic times and loss of *Sam's Club*, which was based on tenure and long-term commitment to the City of Grandview
- Won a landmark decision in the Missouri courts that upheld the rights of cities in the development of collective bargaining agreements
- Oversaw parks and recreation and public safety projects approved by voters municipal election in August, 2014
- Started Grandview *Main Street Program* and met with 48 businesses along Main Street to tell them about the new program and solicit feedback and participation

### **FINANCE DEPARTMENT**

- Successfully issued \$9.5M of general obligation bonds for park and public safety improvements approved by voters in August 2014
- Worked with Grandview Chamber of Commerce to update new business information packet

# City of Grandview Fiscal Year 2016 Annual Budget

## Departmental Accomplishments for Fiscal year 2015

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- Successfully completed 2014 audit
- Submitted and received Government Finance Officers Association's *Certificate of Excellence in Financial Reporting* for the City's 2014 Comprehensive Annual Financial Report (CAFR)
- Worked with other Kansas City area municipalities to consolidate fuel purchases, which resulted in a significantly lower cost for all entities
- Coordinated City-wide printer contract, which will consolidate printer and copier contracts and result in \$20-40K in savings
- Increased Jackson County property tax transactions by 714, when compared to 2013; processed 80 more business licenses
- Worked with bond advisors and City departments to facilitate successful parks and recreation and public safety bond referendum in August, 2014
- Renegotiated audit, bond counsel, telephone and cable television contracts, which resulted in significant annual savings
- Successfully rewrote City's *Investment Policy*
- Provided new services and retail sales items in License Bureau

### **FIRE DEPARTMENT**

- Hired new Fire Chief in February 2015
- Secured \$36K FEMA grant to purchase health and wellness equipment in fire stations
- Partnered with the University of Missouri – Kansas City (UMKC) to provide physician students in EMS rotations for field experience
- Improved collaboration with local organizations, include the Grandview School District, Jackson County Public Wholesale Water District # 1 and Chamber of Commerce
- Completed plans and specifications to remodel the fire stations, which were approved by voters during the August 2014 referendum

### **PARKS & RECREATION**

- Oversaw planning, coordination and execution of the *Truman Heritage Festival*, with over 8,000 in attendance, including move from Main Street to Meadowmere Park
- Successfully planned and executed nine special events which had an estimated 10,000 attendees (Party in the Park; Boo at *The View*; Summer movies and concert series; Easter Egg hunt; Senior Thanksgiving dinner; Father / Daughter dance; Mayor's tree lighting; Ability Day; and, Fit N Fun Fair)
- Completed construction of the following parks, which were the final projects promised to voters as part of the 2008 bond referendum: Southview Park; Little Corner Park; Belvidere Park; Freedom Park; Mapleview Park; River Oaks Park; Terrace Park; Dog Park; and, Valley Park

# City of Grandview Fiscal Year 2016 Annual Budget

## Departmental Accomplishments for Fiscal year 2015

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- *Valley Park* received substantial local news coverage upon its opening and has had more than 100,000 through September 2015
- Received *NFL Play* grant, featuring fitness class for elementary school children from Kansas City Chief Travis Kelce
- Oversaw commencement of Grandview Amphitheater project in Meadowmere East Park
- Hosted the eighth annual Kansas City Ability Day for families and disabled individuals
- Named Tree City USA by National Arbor Day Association for 20<sup>th</sup> consecutive year
- Completed renovation of Freedom Park
- Established *GRASP* scholarship fund for disadvantaged youth
- Re-established Camp Kaleidoscope, which grew to 279 participants in 2015
- Added new *Park-2-Park* road race

### **COMMUNITY DEVELOPMENT**

- Involved in *Community For All Ages* program through MARC as pilot city
- Completed Missouri State Historic Preservation Office audit as a Certified Local Government
- Revised Emergency Housing Repair Loan Program policy
- Wrote ordinance to remove breed specific ban for pit bull dogs
- Oversaw adjudication of demolition for six dangerous buildings
- Provided land use laws and legal issues training for the Planning Commission
- Worked with City administration, consultants and developers for the *Truman Corners Shopping Center* redevelopment project
- Completed thirteenth annual "Pets Helping People" event

### **POLICE DEPARTMENT**

- Increased department retention rate through Career Development Program, which rewards officers for improving their education, taking different and challenging assignments and public involvement
- Continued Data Driven Approaches to Crime and Traffic Safety (DDACTS), which resulted in decreased crime levels in specified areas
- Created *Walk Towards The Badge* recruiting video and partnered with Grandview High School and Metropolitan Community College to increase minority applicants for Police Department vacancies
- Replaced computer aided dispatch (CAD) server and upgraded ICIS software
- Supported *Shop With A Cop* program to assist underprivileged children

# City of Grandview Fiscal Year 2015 Annual Budget

## Departmental Accomplishments for Fiscal year 2016

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- Hosted no-cost Women's Self Defense Courses
- Initiated "Ask the Cop" column in the Jackson County Advocate
- Facilitated business outreach by visiting every registered business in Grandview
- Implemented "Safe Zone" at PD for private transactions
- Continued the highly successful Volunteers in Police Service (VIPS) program, which provided five regular and seven occasional community volunteers who assist with data entry, vehicle repairs, case follow-up and community events
- Implemented P25 Digital Radio System for the entire City. The system allows interoperability with six counties and connects more than 28,000 radio users
- Created SWAT "Fitness Course" for elementary school students
- Assisted Parks and Recreation Department with *Camp Kaleidoscope*
- Continued youth programs: Drug Resistance and Education (DARE), Gang Resistance Education and Training (GREAT) and Teaching About Law Enforcement Knowledge (TALK)

### **PUBLIC WORKS**

- Completed Main Street Phase VII from Bennington to Raytown Road
- Obtained over \$6 million in federal-highway funds for four projects in Grandview including \$5 million for the conversion of the I-49 Frontage Road between Highgrove Road and Harry Truman Drive to two-way operation
- Completed Byars Road Trail connections and improvements
- Consolidated fleet maintenance operations for: Parks, Public Works, Police, and Community Development vehicles
- Initiated storm sewer improvements in the Mapleview Subdivision
- Completed field inspections as part of the storm sewer evaluation studies
- Public Works Director named APWA's *Top Ten Public Works Leaders of the Year*
- Completed annual maintenance projects for: street overlay, slurry seal, and curb and sidewalk repair
- Prepared bid documents for Main Street Phase IV from 15<sup>th</sup> Street to the West Access Road
- Initiated design of Presidential Trail connecting *Truman's Marketplace* shopping center to Longview Lake
- Oversaw, and trained Google Crews while they installed Google high-speed fiber across the entire City
- Reviewed plans and worked on numerous items related to the *Truman's Marketplace* development, including the design and property acquisition for a large detention basin
- Spent extensive time overseeing legal action related to the Kansas City asphalt plant at I-49 and MO150
- Finished Blue Ridge Boulevard Sidewalk over I-49

# City of Grandview Fiscal Year 2016 Annual Budget

## Departmental Accomplishments for Fiscal year 2015

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- Oversaw relocation of 40 HWY highway bridge from Kansas City to Grandview, which will be placed over Little Blue River connecting the Grandview Dog Park to the Longview Lake trail

### **ECONOMIC DEVELOPMENT (INCLUDING COMMUNICATIONS)**

- Created Mayor's *State of the City* address
- Started redesign of City's web page
- Helped create Police Department's recruiting video, *Move towards the Badge*
- Improved quarterly newsletter and employee newsletter
- Worked with public safety departments on the use of the City's emergency notification system for public safety concerns and major events
- Worked with media on events, news coverage and press releases about accomplishments of the City and various departments
- Assisted with incentive package that relocated National Oceanic and Atmospheric Administration (NOAA) facility from the Bannister Complex to Grandview
- Assisted with recruitment efforts for Grandview's *Main Street Program* by soliciting Main Street business owners

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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Over the years the Mayor and Board of Aldermen have engaged in various strategic planning and goal setting exercises as an elected body on behalf of the community. These efforts have resulted in a number of long-term goals including:

- Reduction of Part I crimes;
- Continued infrastructure improvements;
- Promotion of economic development;
- Enhanced city-wide beautification;
- Promotion of neighborhood preservation, and
- Improved communication with citizens.

While a great deal of progress has been made towards accomplishing these goals, certain issues inherent with first-ring suburban communities such as Grandview still persist. The shortage of new retail and upscale housing developments are still a community-wide concern as well as the metro-wide perception of the community's image that appears to influence the media, area builders and realtors, and prospective residents. Furthermore, it has become evident through discussions with community organizational leaders that there is not always a clear consensus as to how to best address these concerns. Sensing a need for a mutual strategy between community organizations that would reflect the consideration of other issues and concerns, and a desire for greater citizen involvement, it was decided by the Mayor and Board of Aldermen to conduct a community-wide strategic planning process in the fall of 2000.

The process, known as "*Beyond 2000 – A Vision for Grandview*," was begun with a meeting of over a hundred citizens, business and community leaders, and the City's elected and appointed officials, as well as staff. At this meeting, a series of community assets and liabilities were identified. These liabilities were discussed and refined and then the group was divided into smaller task groups, each one given the charge of further refining a specific liability and developing a set of strategic objectives and action steps for addressing it. This work was carried out in the winter and spring of 2001. The work of each task group was compiled into a document and presented to the Mayor and Board of Aldermen for discussion during the fall of 2001 and winter of 2002.

These strategic objectives and their associated action steps have become a part of the basis for the development of the City's annual budget. The liabilities, and the long term strategic objectives for addressing them, are summarized on the next few pages. Specific action steps taken this fiscal year towards accomplishing these recommendations are outlined within the budget portion of the appropriate program.

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Shopping & Dining

There is a concern with the lack of shopping and dining opportunities for residents of Grandview. For example, there are few full service restaurants in the city. Several factors were identified as being attributable to this issue, including:

- Grandview is a mature suburban community.
- Grandview's residential growth is slow to moderate.
- Grandview is changing demographically.
- Several of Grandview's major commercial areas are located along the frontage roads of I-49 / US71, which only allow for one-way traffic.
- Portions of I-49 / US71, Grandview's "Main Street," are visually unappealing.
- Grandview is not only a nearly fully developed community, but it is also a physically landlocked community with no opportunity for annexing undeveloped land. Thus, future development must also include plans for redevelopment.

#### Recommended Strategic Objectives:

S&D #1 - Make retail redevelopment a No. 1 priority for the community; ***redevelopment of Truman's Marketplace shopping center in progress and expected completion in fall 2016***

S&D #2 - Determine what types of retail are most needed and best suited (through the comprehensive planning process).

S&D #3 - Divide the community into specific geographic areas that can be focused on by type of retail development.

S&D #4 - Share success stories with local and national realtors and developers.

S&D #5 - Make sure our citizens are aware of actions being taken to promote retail development.

### Community Recreational Center

A strong desire has been identified for a community recreational center that would serve not only the recreational and fitness needs of the Grandview community, but also as a gathering place for civic events and a meeting place for community organizations. To turn this desire into reality, the following challenges need to be addressed.

- What amenities should be included in a community center?
- Where to locate the community center?
- Planning for future expandability of the facility.
- How to finance a community center?
- Encourage community participation.
- Convincing voters to approve the proposed financing mechanism.

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Recommended Strategic Objectives:

- CRC #1 - Conduct a citizen survey to determine what amenities citizens desire in a center and what level of support they may have for a particular funding mechanism – sales tax versus property tax. **Completed**
- CRC #2 - Tour other community centers in the Kansas City metro area and other parts of the Midwest to determine what has worked and not worked, and appealing design elements. **Completed**
- CRC # 3 - Complete a feasibility study to determine features of a center, size, construction costs, and operational costs. **Completed**

### **Image Improvement**

Grandview's perception, image, and reputation are often misunderstood both inside and outside the community. Not only do these need to be communicated in a more positive manner, but the City needs to market its rich heritage, deep diversity, sense of strong community, and dynamic future to visitors and the community at large.

### Recommended Strategic Objectives:

- II #1 - Develop a marketing and communication plan (involving community organizations, City officials, and Chamber of Commerce) that will inspire prospective residents and companies to live and work in Grandview. Such a plan would emphasize the positive aspects of Grandview including the low crime rate; the affordable, high quality housing; good schools, etc. to not only the Grandview community, but to the larger metro area. **Completed**
- II #2 - Develop a good and meaningful slogan for the City of Grandview. The Image Improvement Task Force suggests that the City should have a meaningful slogan that puts forth a single, positive message about the community.
- II #3 - Establish a plan of action, with the assistance of the other Visioning Task Forces that promotes a positive image, perception, and reputation for the City of Grandview. Communicate these actions to the community at large and visitors. **In Progress**
- II #4 - Establish consistent collaboration between the City Officials of Grandview, Chamber of Commerce, and Community Organizations in the development of initiatives and activities that will enhance Grandview's image, perception, and reputation. **In Progress**

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Community Appearance & Code Enforcement

Community appearances are governed as much by attitudes and behavior as by codes and enforcement practices. Code enforcement can either serve to motivate positive responses and corrective action, or foster negative attitudes and false perceptions among property owners. A recent series of articles in the *Kansas City Star* emphasized the impact appearances and maintenance of property can have on crime, economic development, and in defining the overall image of a community.

Grandview must continue to find ways to assure that its commercial and residential buildings and properties are attractive and well kept. The City needs to also continue to keep streets, highway rights-of-way, and public spaces free of litter, trash and debris.

#### Recommended Strategic Objectives:

- CA #1 - Informal benchmark discussions with code enforcement officials in Belton and Raytown suggest some of the code ordinances should be reviewed to see if they might be modified to strengthen code enforcement practices and achieve more effective and timely abatement of violations.
- CA #2 - Use of private contractors to initiate abatement of property and grounds code violations and more frequent and prompt follow up on judicial actions allows Neighborhood Services to be proactive in correcting conditions and should be adopted by the building official in addressing building exterior appearance violations. **Completed**
- CA #3 - Develop a strategy to coordinate trash collection within given geographical areas of the city, and give further consideration to a recycling program to help offset the cost of curb-side pick up of solid waste.
- CA #4 - Develop a strategy to improve the working relationship between Community Development and the Municipal Court in order to achieve more timely and effective correction of violations and/or develop an initiative to make the Municipal Judge an appointed position similar to the posture in other nearby communities.
- CA #5 - Adopt a more customer service posture in the ways codes are administered – i.e. the manner in which complaints are addressed and letters and GOS are issued. **Completed**

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Historic Preservation & Promotion

Much of Grandview's history can be found in the historic Main Street business district and residential areas surrounding downtown Grandview. In addition, there is the Grandview railroad depot, managed by the Grandview Historical Society, and the Truman Farm Home and what remains of the Truman Farm, managed by the National Park Service.

By preserving and protecting the unique and historically significant buildings in our community, citizens can enjoy and experience Grandview's rich heritage. This will logically carry over into improved maintenance of all properties and structures in our community. Ultimately the total of our efforts will demonstrate a growing sense of community spirit and community pride in Grandview.

#### Recommended Strategic Objectives:

- HP&P #1- Develop historic resource baseline data for the City. The purpose of this strategy is to use all sources of information available to create an accurate database of current historic resources (those that are 50-years of age or older) in the City of Grandview. **Completed**
- HP&P #2- Develop a Historical Preservation Plan. This will put in place a mechanism to preserve the remaining historic structures or other historic features in the community. It will also set up a procedure for reviewing properties 50 years of age or older before they are demolished or in other ways altered. This plan would permit the City to preserve the history that it has today and what will become historical in the future. **Completed**
- HP&P #3 - Develop a Historic Preservation Ordinance, which would carry out the Historic Preservation Plan noted above. **Completed**
- HP&P #4 - Establish a Historic Preservation Manager who would be responsible for carrying out the Historic Preservation Ordinance and Plan. This person would be the primary contact person for the public and city officials on historic preservation matters within the City of Grandview.
- HP&P #5 - Establish a tourism promotion office to promote the historical resources within the City of Grandview. The promotion would have three objectives:
- to familiarize the citizens of Grandview with the historic resources in their community;
  - to help the citizens realize the importance of preserving these resources for future generations to learn from and appreciate; and
  - to draw visitors into the City to see its historical features and add to its economy.

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Housing and Neighborhood Development and Preservation

For Grandview to continue to remain a strong community steps must be taken for the quality of its housing stock and neighborhoods to be preserved.

#### Recommended Strategic Objectives:

- H&N #1 - Bolster existing neighborhood associations.
- H&N #2 - Create new associations in existing neighborhoods without associations.
- H&N #3 - Give subdivisions identities.
- H&N #4 - Promote new upscale housing with neighborhood associations.
- H&N #5 - Promote affordable senior housing.

### Transportation and Infrastructure

One of the cornerstones to building Grandview's future is to ensure adequate transportation access and quality infrastructure both within and around the City. Properly managed transportation routes encourage economic development opportunities for the community as well as provide a stronger residential base and higher quality of living.

#### Recommended Strategic Objectives:

- T&I #1 - Grandview should continue to work with the Missouri Department of Transportation (MoDOT) on proposed highway improvements in and around the City to assure that such improvements do not have an adverse impact on traffic within the community and access to business, industrial areas, and undeveloped land. ***In Progress; several joint projects in 2016 budget.***
- T&I #3 – The City of Grandview should work toward accomplishing long term plans to extend and widen arterial roads and streets in order to provide better access to Interstate 49 and Missouri Highway 150. ***In Progress; project in 2016 budget.***
- T&I #7 – The City of Grandview plans to reconstruct Blue Ridge Blvd. in order to provide better clearance for truck traffic under the Frisco Rail Road crossing. The City should explore other areas within the city that need to better transverse railroad right-of-way. ***Completed***
- T&I #8 - The City should continue to implement improvements to the storm and sewer drainage system by constructing new facilities using the revenues from the Capital Improvements Sales Tax Fund. ***In Progress***
- T&I #9 - Grandview should continue to concentrate efforts to improve the appearance of the West Frontage Road and continue to extend enhancements south to 135<sup>th</sup> Street as funding allows. ***In Progress (West Frontage Road project included in Capital Improvements Sales Tax Renewal)***

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### **Business & Industry**

The City needs to develop a number of strategies in order to continue to attract business and industry to Grandview. Because Grandview is confined to fifteen square miles, much of which is already developed, the City is landlocked, industrial land is limited, and industrial truck traffic has restricted access, it is important that Grandview develop the right strategies to continue courting desirable industries.

#### Recommended Strategic Objectives:

- B&I #1 - Continue marketing Grandview through cooperative efforts with the Grandview Chamber of Commerce and Grandview Economic Development Council, Jackson County EDC, Kansas City Area Development Council, and the Missouri Department of Economic Development. ***In Progress***
- B&I #2 - Provide special economic incentives for local business expansion and court new companies to locate in undeveloped or underdeveloped areas of Grandview in furtherance of the Grandview "Economic Development Policy" and encourage "infill" development and redevelopment in aging areas of Grandview. ***Completed***
- B&I #3 - Expand the City's knowledge and use of employment and training funds.
- B&I #4 - Create a public relations position to ensure Grandview's strengths are communicated thoroughly and consistently to Grandview residents and businesses and to the metro Kansas City market and beyond. ***Completed***
- B&I #5 - Improve the image of Grandview through physical improvements and telling the "good story" about what is happening in the community. ***In Progress, new Police Department recruitment videos***
- B&I #6 - Take strategic steps promoting development of "upscale housing" to provide an incentive for business owners/managers and other leaders to live in Grandview.
- B&I #7 - Create a new City logo and use it on all City stationery, brochures, newsletter, etc. so as to provide the reader with a fresh and positive image of the City of Grandview.
- B&I #8 - Continue public infrastructure improvements to support the current and long-term needs of existing and future industrial areas in Grandview.
- B&I #9 - Expand the content of information on the City's television channel to better inform viewers of such topics as new businesses and Chamber of Commerce programs and projects; City projects and programs; school programs, activities, and upcoming events; and water district initiatives and projects. This would require "partnering" with these organizations.

# City of Grandview Fiscal Year 2016 Annual Budget

## Long Term Strategic Objectives

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### Community Involvement

Like many communities across the country, Grandview is faced with the age old question of "How to get more people involved in the Grandview community?"

#### Recommended Strategic Objectives:

- CI #1 - Establish a "Grandview Volunteer Day" - The City or a volunteer group could get involved with one of the national organizations promoting volunteerism.
- CI #2 - Create a database of individuals who currently volunteer or who want to. This database should also include groups or small projects that volunteers can complete. **Completed**
- CI #3 - The most important action step would be to recognize volunteers, even if it is only for a few hours, as an incentive to become involved in civic activities.

### Schools

It is important that the City lends increased support to the Grandview Consolidated School District #4 through citizen involvement. An important goal is the City's support of a citizen committee to maintain focus on continuing school improvement. Grandview's ability to grow and compete with other cities relies in part on success of the School District.

#### Recommended Strategic Objectives:

- S #1 - Citizen financial support of school improvements is a basic necessity for a proper learning environment. Citizens should be aware of school issues in order to respond to CSC #4 initiatives and financial plans to make informed decisions.
- S #2 - The school district has practical skill plans, which include: business learning co-op, vocational –technical, employment scholarship program (ESP), and service learning. These skill learning opportunities can be supported further by increased co-operation with the business community.
- S #3 - Youth involvement in the community is by invitation from the City.
- S #4 - Student discipline, safety crisis planning, which are of interest to the entire community, should be reviewed each year.
- S #5 - Students can gain community involvement, knowledge of public speaking, and a larger audience for school functions through greater participation at City Hall and club meetings.
- S #6 - As the School District's long time advocate, the City of Grandview has an obligation to increase its support. This could be accomplished by sharing its resources, citizens' involvement, and appointment of a citizen's action group. This permanent committee would be involved in the aforementioned issues on a short and long-term basis.



# City of Grandview Fiscal Year 2016 Annual Budget

## Budget Goals and Policies

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### Budget Goals:

- Maintain essential services.
- Identify weak services and strengthen those services.
- Balance revenue with expenditures through the long-range plan.
- Present a balanced budget (revenues are equal or close to equal to expenditures) within half of one percent of the total.
- Continue to adequately fund vehicle/equipment replacement.
- Maintain infrastructure by adequately funding repair programs.
- Fund the adjustment of pay ranges to the market average.

### Budget Policies:

#### **Revenue Policies**

- Maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
- Revenues will be estimated annually in an objective and analytical process.
- The Five Year Financial Forecast will be used to ensure current year budget decisions do not adversely impact long-term financial goals of the City.
- User charges and fees will be established to recover all or a portion of those costs that can be directly associated with providing specific services. User charges and fees will be reviewed annually to determine if they are meeting their stated objective.
- One-time revenue sources or windfalls will not be used to support on-going, operational expenditures.
- Budget will be structurally balanced to ensure financial sustainability for multiple years into the future.

#### **Operational Policies**

- Maintain a fund balance in all funds that is adequate to meet cash flows and unforeseen expenditures or emergencies. A fund balance of 10% of expenditures is considered to be the minimum required; 20% in the General Fund.
- Maintain competitive salaries and benefits for City employees.
- Positions may not be created without the consent of the Board of Aldermen.
- If the budget is found to be in error or if new circumstances require an amended budget, an ordinance shall be enacted that amends the previously adopted budget ordinance.
- General Fund services that are directly related to activities in other funds will be charged to the fund receiving those services.

# City of Grandview Fiscal Year 2016 Annual Budget

## Financial Goals and Policies

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### Financial Goals:

- Ensure all idle funds are safeguarded to the maximum extent possible.
- Within state statutes and City's investment policies, maximize investment income to reduce the tax burden of local taxpayers.
- Maintain a diversified investment portfolio to minimize risk of loss of public funds.
- Establish and maintain a capital asset inventory to continue adequate funding of vehicle/equipment replacement.
- Perform cash flow analysis, particularly in relation to large-scale capital projects or equipment purchases, to ensure adequate funds are available to pay obligations as they occur.
- City will maintain its AA- bond rating from Standards and Poor.

### Investment Policies:

#### **Deposits and Investments**

- City will invest monies as allowed by state statutes and its investment policy.
- Deposit funds only in open accounts and certificates of deposit.
- Invest funds only in direct obligations of the U.S. Government, U.S. Government agency obligations and repurchase agreements.
- Require collateral pledged at a fair market value of 110% of the funds on deposit.
- All collateral securities will be held by the City or a disinterested third party.

#### **Credit Risk**

- Credit risk will be minimized by limiting investments to certificates of deposit, bonds, or other obligations of the United States Government.
- Debt securities purchased by the City will be reviewed based on the highest available rating by a nationally recognized statistical rating organization (e.g. Standard and Poor's or Moody's).
- No limit on the amount that can be invested with any one issuer; however, investments that represent more than five percent (5%) of the total portfolio will be reported in the annual Comprehensive Annual Financial Report (CAFR).

#### **Interest Rate Risk**

- Investment maturities will be limited to five years as a means of minimizing fair market value losses.
- Investments will be closely matched to cash flow and invested accordingly to prevent early sale of obligations and loss of principal due to interest rate volatility.

# City of Grandview Fiscal Year 2016 Annual Budget

## Financial Goals and Policies

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### Debt Policies:

#### **Long Term Debt**

- Internal debt – borrowing available monies from other funds – is preferred for funding capital projects over issuing any external debt financing.
- Debt will not be issued for capital projects when the debt service would exceed the useful life of the capital project.
- Existing bonds will be refunded when a cost-benefit analysis indicates significant long-term savings can be realized through the refunding.
- Bonded indebtedness will not exceed 20% of assessed valuation.
- City will issue certificates of participation (COPs) in instances where a new facility is purchased and there is a dedicated revenue source to pay debt service associated with the COPs.
- Conduit debt (Industrial Development Bonds) will only be issued in circumstances where there is a quantifiable tax benefit to taxpayers; and solely repaid by the private-sector entity receiving the assistance.
- All long-term debt will be synchronized with Five Year Financial Forecast annually to coordinate the issuance of bonds with future needs; and to ensure the City maintains a consistent debt service levy funding schedule.

# City of Grandview Fiscal Year 2016 Annual Budget

## Budget Process and Calendar

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The City must adopt an annual budget prior to October 1<sup>st</sup>, the beginning of the fiscal year. This meets legal requirements, enables City officials and staff to assess the City's financial strength, and helps the City focus its efforts in meeting the citizens' service needs through the strategic goals. The budget process begins in May and ends in late September when the budget is adopted.

### Budget Preparation:

**May:** Budget preparations start when the City Administrator briefs the Board of Aldermen on the upcoming budget outlook and revenue forecast. A set of parameters on guiding the process are determined and approved by the Board.

**June -July:** Each department prepares budget requests based on previously established parameters. The items that cannot be afforded within the base budget are submitted as extra items for additional consideration.

The City Administrator reviews these budgets with the department directors and staff to determine if there are any areas that are either underfunded or overfunded and which items may be added or reduced.

**August:** After approximately two weeks of final preparation, the City Administrator's Proposed Budget is given to the Mayor and Board of Aldermen, and is available for public review.

**August – September** Budget review sessions are scheduled from mid August through the beginning of September. This allows the Board to question directors about their budgets and to raise additional deletions or additions. A last meeting is held for final decision and the budget is brought forward for adoption by early to mid-September.

# City of Grandview Fiscal Year 2016 Annual Budget

## Fiscal Year 2016 Budget Calendar

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<u>Key Dates</u>	<u>Budgetary Action</u>
April 1 – April 30	A five-year projection of revenues and expenditures prepared based on a ten-year history and six-months of actual figures for the current fiscal year. General assumptions about revenues and expenditures determined and estimates of future revenues are finalized. Initial personnel costs were also prepared, and budget instructions prepared.
May 1	Budget instructions issued to City departments.
May 29	Departments submit budget requests to Administration.
June 22	First draft of Annual Budget submitted to City Administrator.
June 29 – July 10	City Administrator meets individually with each department director to discuss department's budget.
July 13 – August 13	Budget reviewed and finalized for presentation to the Board of Aldermen.
August 11	Public hearing is held for consideration of the proposed 2015 property tax rate.
August 14	Budget presented to the Board of Aldermen.
August 18 – September 1	Budget work sessions to review FY 2016 Budget with Board of Aldermen.
August 20	Notice of Public Hearing published in <i>Jackson County Advocate</i> .
August 25	Board of Aldermen holds a public hearing to receive comments regarding the FY 2016 Budget and adopts property tax rate for 2015.
September 8	FY 2016 Budget adopted.

# City of Grandview Fiscal Year 2016 Annual Budget

## Basis of Budgeting and Accounting

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The City of Grandview budgets and accounts for revenue and expenditures in accordance with the Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB). The budgeting and accounting of revenues and expenditures is done through a series of funds. Each fund is a separate set of interrelated accounts, which record assets (revenues) and liabilities (expenditures/obligations) related to a specific purpose. Governmental agencies such as the City of Grandview utilize three general groups of funds: governmental, proprietary, and fiduciary.

### **Governmental Funds**

Governmental funds are those through which most general governmental functions are financed. The acquisition, use and balance of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position.

Governmental funds utilize a "modified accrual" basis of accounting, meaning that the financial transaction, either the addition of revenue or the subtraction of liability is not recognized until the transaction is measurable and available. In other words, revenues are not accounted for until they are actually identified and available to be utilized. Likewise, liabilities are not accounted for until identified and is expected to draw on funds currently available.

The City of Grandview utilizes several fund types within the general group of governmental funds. These fund types include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

### **General Fund**

The General Fund is the single primary operating fund of the City. The General Fund includes all revenue and expenditures not required to be accounted for in other specific funds. Departmental operations such as Fire, Police, and Public Works are accounted for in this fund.

### **Special Revenue Funds**

Special Revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. Special revenue funds of the City of Grandview include:

- Transportation Sales Tax Fund
- Capital Improvement Sales Tax Fund
- Community Center Sales Tax Fund
- Tax Increment Financing (TIF) District Funds 8-10 and 12-16
- Park Levy Fund
- Housing Rehabilitation Funds
- Revolving Loan Fund
- Police Forfeiture Fund
- Law Enforcement Block Grant Fund
- Economic Development Enhancement Fund

# City of Grandview Fiscal Year 2016 Annual Budget

## Basis of Budgeting and Accounting

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### Capital Project Funds

Capital Project Funds are utilized to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by one of the special revenue funds or the proprietary funds. The City's maintains two capital project funds:

- Public Works Facility Fund
- 2014 General Obligation Bond Project Fund

### Debt Service Funds

These funds are used to account for the payment of general long-term debt. Funds include:

- General Obligation Bonds Debt Service Fund
- Certificates of Participation Debt Service Fund
- Gateway Commons TIF Debt Service Fund

### Proprietary Funds

Proprietary Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the City is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Under generally accepted accounting procedures (GAAP), Proprietary Funds utilize a "full accrual" accounting basis. Under this basis, revenues are recognized when earned, regardless of whether they are actually received, and expenses are recorded as liabilities when incurred. The City of Grandview uses GAAP for both budgeting and accounting purposes in its proprietary funds.

### Internal Service Funds

An internal service fund is a cost center to charge other departments and funds for the cost of certain capital items and/or services internal to city operations. The City of Grandview has one internal service fund:

- Insurance Deductible Fund

### Enterprise Funds

An enterprise fund is used to finance the acquisition, operation, and maintenance of governmental facilities and services, which are self-sustaining through assessed fees and user charges. The City of Grandview has one enterprise fund:

- Sanitary Sewer Fund

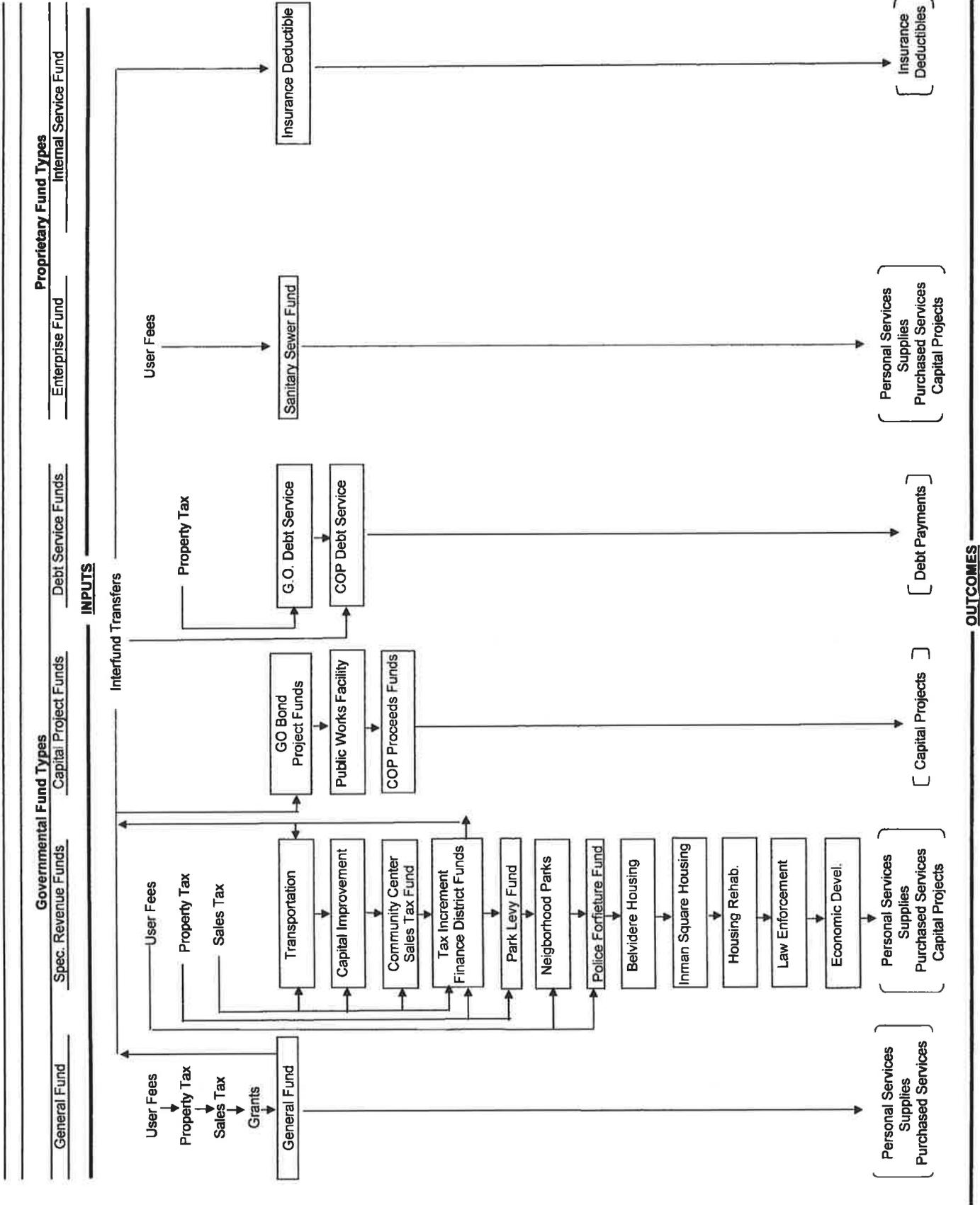
### Fiduciary Funds

Fiduciary Funds are those funds that are held by the City on behalf or for the benefit of a third party. The City of Grandview does not account for fiduciary funds in its budget.

Adjustments to the budget are reflected in the estimate column of the annual budget. Actual results could differ from these estimates. The budget is organized along these fund types and groups. A summary of the Fiscal Year 2016 budget by each fund type and group is found on the following page.

# City of Grandview Fiscal Year 2016 Annual Budget

## Flow of Inputs Into Funds and Outcomes



# City of Grandview Fiscal Year 2016 Annual Budget

## Summary of Revenues and Expenditures for All Funds

	Governmental Fund Types				Proprietary Fund Types		2015-16 Budget	2014-15 Estimate	2013-14 Actual
	General	Special Revenue		Debt Service	Enterprise	Internal Service			
		Capital Projects							
<b>FUNDS AVAILABLE OCT. 1</b>	4,461,016	3,439,757	6,563,880	2,228,846	3,993,760	108,871	15,766,602	20,976,252	
<b>REVENUES</b>									
Property Tax	2,818,500	1,072,300	-	1,043,000	-	-	4,933,800	4,454,836	
Franchise Tax	3,780,000	-	-	-	-	-	3,780,000	3,612,000	
Sales Tax	2,483,000	5,380,745	-	-	-	-	7,863,745	5,844,572	
Other Taxes	1,053,000	100,000	-	-	-	-	1,153,000	1,120,248	
Service Charges	1,487,000	1,049,553	-	-	3,488,000	-	6,024,553	5,355,728	
Licenses & Permits	534,500	-	-	-	-	-	534,500	546,858	
Municipal Court Receipts	1,550,000	-	-	-	-	-	1,550,000	1,742,210	
Interest Earnings	52,500	43,900	500	9,000	30,000	1,000	136,900	133,852	
Grants	393,500	1,752,258	-	-	-	-	2,145,758	620,489	
One-Time Revenues	125,000	-	-	-	-	-	125,000	147,060	
Bond Proceeds	-	-	3,500,000	-	-	-	3,500,000	9,725,849	
Miscellaneous Revenue	335,400	139,650	-	-	1,000	-	476,050	604,927	
Transfers In	458,400	201,000	-	990,000	-	-	1,649,400	1,904,057	
<b>Total Revenues</b>	<b>15,070,800</b>	<b>9,739,406</b>	<b>3,500,500</b>	<b>2,042,000</b>	<b>3,519,000</b>	<b>1,000</b>	<b>33,872,706</b>	<b>25,974,246</b>	
<b>EXPENDITURES</b>									
Personal Services	7,987,874	870,429	-	-	464,407	-	9,322,710	8,614,574	
Salaries	745,790	21,784	-	-	18,156	-	785,730	993,774	
Other Pay	2,845,830	187,582	-	-	158,378	-	3,191,790	3,100,523	
Benefits	11,579,492	1,079,795	-	-	640,942	-	13,300,230	12,708,871	
Total Personal Services									
Operations	302,550	190,020	-	-	20,500	-	513,070	449,354	
Supplies	2,223,142	3,292,214	-	26,200	157,410	50,000	5,748,966	4,322,449	
Purchased Services	224,600	-	-	-	25,000	-	249,600	256,828	
Internal Services	310,000	-	-	-	-	-	310,000	308,455	
Street Lights	332,500	-	-	-	-	-	332,500	313,226	
Insurance	-	-	-	-	250,000	-	250,000	263,576	
Depreciation	-	-	-	-	1,750,000	-	1,750,000	1,824,205	
Sanitary Sewer Treatment	-	-	-	-	125,000	-	125,000	107,467	
Sanitary Sewer Collections	3,392,792	3,482,234	-	26,200	2,327,910	50,000	9,279,136	7,845,560	
Total Operations									
Debt Repayment	-	-	-	2,099,400	-	-	2,099,400	2,119,378	
Capital Purchases/Outlay	-	5,847,923	6,655,000	-	632,500	-	13,135,423	6,606,030	
Transfers Out	201,000	1,170,000	-	-	293,400	-	1,664,400	1,904,057	
Total Expenditures	15,173,286	11,579,952	6,655,000	2,125,600	3,894,752	50,000	39,478,588	31,183,896	
<b>SURPLUS/SHORTAGE</b>	<b>(102,486)</b>	<b>(1,840,546)</b>	<b>(3,154,500)</b>	<b>(83,600)</b>	<b>(375,752)</b>	<b>(49,000)</b>	<b>4,885,425</b>	<b>(5,209,650)</b>	
<b>FUNDS AVAILABLE SEPT. 30</b>	<b>4,358,530</b>	<b>1,599,211</b>	<b>3,409,380</b>	<b>2,145,246</b>	<b>3,618,008</b>	<b>59,871</b>	<b>20,652,027</b>	<b>15,766,602</b>	

# City of Grandview Fiscal Year 2016 Annual Budget

## Summary of Revenues and Expenditures for All Funds

Chart 1.

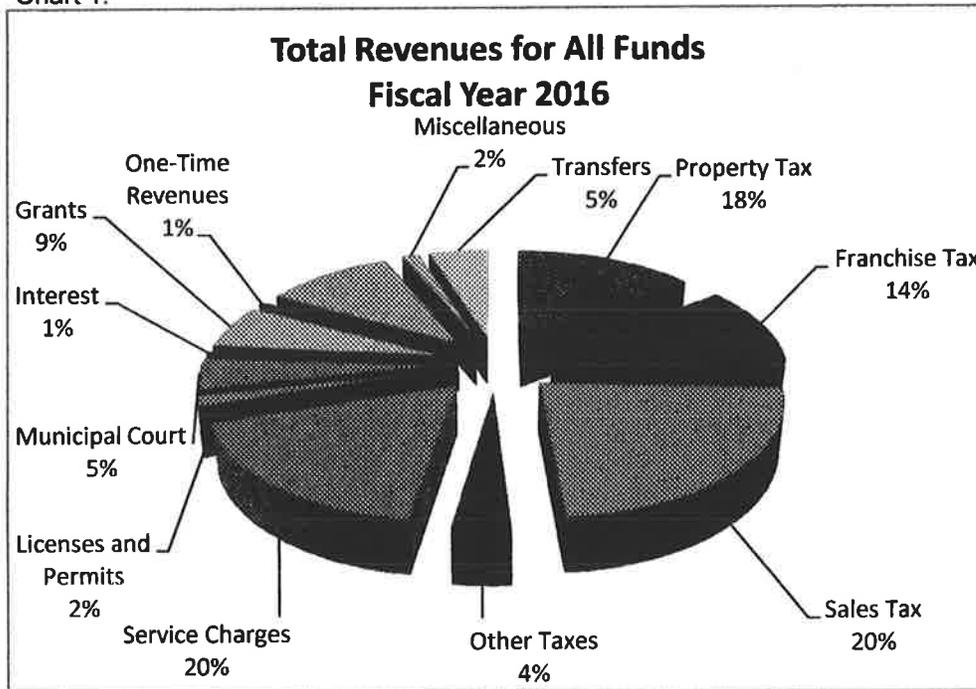


Chart 2.

