



CITY OF GRANDVIEW

**INTERDEPARTMENTAL
MEMORANDUM**

To: Mayor and Board of Aldermen
From: Cory Smith, City Administrator
Date: August 12, 2016
Subject: Proposed Fiscal Year 2017 Budget

A handwritten signature in black ink, appearing to read 'Cory Smith', is written over the 'Date:' field.

Following the worst month for post-recessionary job creation in May, June saw the largest increase since last October, with 287,000 new jobs. The job numbers for July were nearly as good a 255,000. This has helped ease some of the economic concerns created when voters in the U.K. decided to leave the European Union. Unfortunately, the sniper shooting and murder of police officers in Dallas in early June, following the back to back killing of two African Americans that same week, was then superseded by the horrific terrorist killing of 85 men, women and children in Nice, France the following week, and then more police officer homicides in Baton Rouge. All this has left the civilized world reeling from the amount of violence and ever growing threat of terrorism and mass murder in Europe, Asia, and America. Considering the nationwide concerns about the two Presidential candidates for this fall's major election, most Americans appear to be suffering from growing anxiety, fear, suspicion, distrust, and unrest about everything from national security to police/community relations and from future job creation to retirement security and affordable health care.

Despite the short-term impact and economic fallout from Brexit in May, the recent job reports included substantial increases in retail jobs, leisure and hospitality jobs, and financial related jobs. With both gas and oil prices remaining lower than normal, people have increasingly spent more on travel, tourism, and "fast casual" restaurant fare (*Forbes*, 7/9/16).

Overall, the Bureau of Labor Statics added that, despite the new jobs increase in June, total unemployment increased to 4.9%, and the number of unemployed people increased by 347,000 to 7.8 million. Meanwhile, despite the unemployment rates for adult men and women both being at 4.5%, the rates for teenagers (16%), African Americans (8.6%), and Hispanics (5.8%) remained problematic. The labor participation rate, reaching 40-year lows in recent years, remained at a slightly higher 62.8% in July.

Job increases reported by BLS for June also included 39,000 health care jobs, 15,000 child day care jobs, 44,000 IT jobs, and 38,000 professional and business service jobs. Average hourly earnings for all private nonfarm payrolls has increased 2.6% over the past year, or 65 cents an hour to \$25.61. However, the average workweek for the same private sector employees was 34.4 hours for five consecutive months. Combining those two figures results in an average private nonfarm wage of \$45,811 annually, not showing much growth since the recession.

In spite of the various other sector job increases, employment in construction, manufacturing, wholesale trade, transportation and warehousing, and government showed little or no change in June.

With relatively good employment news recently, the overall mood of the country at the present time has been described as uncertain, uneasy, distrusting, and anxious about the future, starting with the current race for the Presidency and general concerns about the growing threat of ISIS and the volatile economy. In a June study by the Economic Policy Institute, they indicated that the average disparity between the top one percent of earners and the average of the remaining 99% was a ratio of 25.3 to one – or the top one percent earns 25 times what everyone else earns on average. It was not clear if this is a trend that is worsening or not, but some cities and counties around the country were shown to have rates as high as 87 to 1 for the top one percent earners. Certainly, this adds to the growing concern about wages in America, good paying jobs, the impact of higher education, and growing unrest about globalization, free trade, third world economic growth, and how Americans can compete for and retain future high paying jobs.

To complicate that bit more, a recent (July) editorial by Chuck Plunkett of the *Denver Post*, used data from the Urban Institute to show how the proportions of the population in various income categories has changed in the 35 years from 1979 to 2014. While the \$30,000-\$49,999 income category (using a family of three equivalent) has decreased from 24% to 17%, and the \$50,000-\$99,000 income category has decreased from nearly 39% to 31%, the under \$30,000 income group has also declined from 24.3% to 19.8 %. The surprise category, upper middle incomes from \$100,000 to \$349,999, has increased from 13% to 29.4%. All income threshold levels were reportedly adjusted for inflation to make these comparisons.

Meanwhile, the upper income (above \$350,000)) group increased by a factor of 30 to 1.8% as a group. This may explain how they keep building upper middle class houses and beyond in Johnson County and similar demographic income areas, but it did not provide the most recent trends or how this necessarily translates to today's youth or to today's unemployed, unqualified, or underemployed- at least not without a huge investment in education & training.

So, this is the improving, but uncertain and volatile economy (particularly given the issues in China, Russia, and now the UK in the past year) that we find ourselves in this year as we have been preparing the FY 2017 budget.

Budget Overview and Executive Summary

This past year has been a very good one for Grandview, as we continue to make significant strides in a number of areas, particularly with the redevelopment of our 58-year-old shopping center and continued road and park infrastructure improvements (some of these transformational in nature). With construction of the new Gateway Village project now underway, it could be an extraordinary year. This all bodes well for a bright future and growing economy for Grandview, which also sits prominently in close proximity to the \$4.5 billion Cerner Corp. redevelopment project and major federal installations like the Honeywell/NNSA complex and our own brand new NOAA facility (now over 2,500 employees in or adjacent to us). Cerner's projected 3,500 new employees (first phase) moving into the new offices by January of 2017 provides even more

opportunities for new housing redevelopment in our city and likely even more commercial development in the coming years.

We have a great deal to be optimistic about. Once again, however, outside factors as well as our some of own necessary development decisions have continued to hold revenues down this past year. While some improvement is being seen in sales tax collection for this and the coming year, along with one-time construction-related fees, we have seen a decline of \$600,000 in just two revenue categories this year, with a nominal (if any) expected bounce-back in FY 2017.

The City's departmental management staff, particularly in Finance, has done an outstanding job this past year or so in working collaboratively, studying and evaluating various city-wide systems, and presenting cost saving alternatives that are already reducing costs this year and will lower them significantly over the coming years. Current revenue declines, however, in conjunction with the current budget deficit associated with last year's pay raises and a couple of new positions added to deal with increasing workloads, will combine to create a current-year deficit (revenues less expenditures of around \$485,879, further depleting the City's General Fund balance to around \$3.75 million, or about 25% of expenditures, down from 30% just two years ago.

In short, the demand for services, added workload, and increasing maintenance demands, coupled with sharply declining revenues in certain areas, are putting us in the position of simply trying to hold our own for the coming budget year. The following will provide more detail about revenues and expenditures in preparation for further consideration of the proposed fiscal year 2017 budget.

General Fund Revenues

Property tax revenues – From 2005 to 2010, these increased about 1.7% a year, at least a positive growth trend. Then, thanks to the recession and a county reassessment process that cut property values by 7%, tax revenues actually dropped 3.3% (about 0.7% lower each year) from 2010 to 2015. That's a growth rate of just under 0.5% per year, or just \$13,000 a year over ten years. With this year's 3.9% spike, it raises the average over an 11-year period to 0.9% per year, or around \$25,000 annually – pretty minimal for 19.7% of our revenue stream. Next year, the increase in assessed value (provided just recently) should double that to about 1.9% growth for fiscal year 2017.

Sales tax revenues – Since 2005, these have been our greatest disappointment, spurred by the recession, a declining shopping center, and the loss of a major retailer. This created a loss of more than \$500,000 over a decade, a huge drop in what was once by far the largest revenue source (25%). While new retail sales tax collections are up 5% this year, we are still 15%, or \$450,000, below 2005 levels. We are optimistically anticipating another \$100,000 increase in 2017, which would bring us within about 12% of our high 2005 level. We need this kind of growth annually at minimum in order to provide for annual pay raises, operating cost increases, and new demands for service from a sales tax that is now just 18.5% of General Fund revenues.

Franchise tax revenues – After the average 4% per year (or \$115,000) increases we saw from 2005 to 2015 (due mostly to the court's decision to apply municipal franchise taxes to wireless

phone charges), these revenues took a serious downturn this year. They are estimated to come in \$300,000 under budget, primarily due to the dramatic drop in the cost of natural gas and the associated mild winter's lower overall usage for heating. In addition, increased competition has lowered cell phone costs and the resultant franchise taxes (\$60,000 under budget this year). Because of a significant decline in certain other General Fund revenues, this category still represents 24.5% of the General Fund revenue stream, but the City is now seeing a lack of consistency, and even a decline, in franchise taxes related to gas service, land line phone service, and now cell phone charges. We should continue to see some increases in electricity rates and their related franchise taxes, but conservation efforts continue to reduce overall power usage as well.

Sales tax, property tax, and franchise tax revenues used to comprise 65% of the general revenue stream, but now amount to just 62.7% despite a severe decline in some other key revenue sources. Despite our recent successes in redevelopment, new development, and expansion, these three key revenue sources have not shown enough overall growth in the past decade or more, especially since the recession, to sustain the normal increases in operating costs that we would expect from year to year. This demands constant belt-tightening on departmental budgets.

In 2017, we expect a more normal winter and some return to typical gas franchise revenue levels, and thus 2.0% growth, or a \$70,000 increase.

In the meantime, the next five largest sources of General Fund revenue have dropped from a combined 26.3% of the total to 23.1% over the past two years, or a loss of around \$300,000 in a short period of time. As a result, the top eight General Fund revenue sources (the three above plus these five) have dropped from 88.1% of the General Fund total in 2014 to 85.6% this year. The total of these eight primary sources has declined by \$318,000 in just the past two years. A \$340,000 increase forecast for next year will fortunately boost the percentage back up to 87.4% for this group of eight. With the huge deficit projected for this year, however, that just brings the budget for next year back to a level that barely meets current expenditures. The City needs overall revenue increases of over \$300,000 or more each year at minimum to provide for normal personnel and operating cost increases. Instead, with the recent volatility of these eight since 2014, over a three-year period extending to our revenue estimates for FY 2017, the net increase is just a meager \$21,000 more in revenue – less than \$7,000 a year.

The good news trend is that sales tax and property tax revenues are rising this year (and as forecast, again next year). Our anticipated new development should also bring in more revenue to the City within two or three more years. In the interim, overall revenues now are a problem.

General Fund Expenditures

On the expenditure side, we have done a great deal in the past few years to hold down expenses, and to save a great deal through consolidation and/or changes in vendor contracts. This, along with greater cost-effectiveness and resultant cost savings, has allowed us to provide pay raises to our employees the past two years. 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 these pay raises, health care, employee retirement costs, property/casualty and workers' comp

insurance, technology, maintenance, utility and energy costs. This year's 2.6% average pay raise (effective last October) is an ongoing cost that also impacts each subsequent budget.

For next year, we are proposing a budget of \$14,763,733, which is actually 2.7% less than for FY 2016 due to some of the aforementioned revenue issues and challenges we continue to face. In fact, it is \$90,000, or 0.6% less than the amount budgeted in FY 2012; and it is presented as a balanced budget for next year in the General Fund. This puts a strain on departmental budgets, but we have taken the necessary steps to keep from depleting the fund balance even further in the coming year.

Economic Development Enhancement/Communications Fund

This fund currently has a funding problem. It doesn't have a funding source that supports all the related activities, 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. At the present time, this fund receives around \$120,000 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 (\$146,000), and \$40,000 annually for the festival the past few years (concerts and promotion). 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). Even using one-time new construction permit fees up to \$100,000, 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 even further in an amount of \$140,000 or more, and it's obvious why the City can't afford to do that too much longer. This special subsidy for FY 2017 is budgeted at \$145,000. Another hotel, as has been proposed in the northwest portion of the City near the renovated shopping center would be a welcome addition and could reduce this deficit substantially. The total proposed budget for this fund for FY 2017 is **\$335,823**.

Transportation Sales Tax Fund

This fund supports both street maintenance and construction projects each year, and we have received at least \$18 million in federal funding commitments over the past seven or so years now. However, as we have seen with the Main Street-Phase IV project as an example, it has become increasingly difficult to front-end all of the projects on the drawing board, with federal reimbursement coming a year or so later. The Sam's Club loss has seriously impacted this fund as well as the General Fund, adding to our financing funding shortfall. This left us with another General Fund subsidy (loan) of around \$400,000 this past year, in order to pay for Main Street Phase IV. Of course, this is also funding Main Street-Phase VII and the MoDOT Highway 150 Cost-Share projects, along with our annual street resurfacing program.

This half-cent sales tax was first approved by voters in 1986, then again in 1991, 2001 and 2011. It sunsets every 10 years, and will come up for renewal again in 2020. After committing \$6.8 million on road projects in 2015 and 2016, the proposed budget for this fund for next year is just **\$555,000**.

Capital Improvements Sales Tax Fund

Likewise, this is another fund supported by a half-cent sales tax 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 Civic Plaza area, Botts Road reconstruction, and the Main Street Corridor).

This fund, first voted on in 1998, brings in a bit more than the Transportation Sales Tax Fund (fewer exemptions), but as can be seen from the City’s adopted Capital Improvements Plan, there are far more needs than can be funded by around \$1.3 million a year in sales tax revenue, and this fund also lost substantial revenue with the Sam’s Club loss. This fund is hard pressed to fund all the needed items, but our priority list is included in a subsequent 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 of vital importance to support the City’s annual equipment replacement, as well as infrastructure needs as well. The proposed budget for this fund is **\$1,508,400.**

Sanitary Sewer Fund

This fund has struggled to catch up with skyrocketing cost increases over the past several 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 our costs within a five-year period from LBVSD, along with about a 50% increase in sewage treatment from the portion of our system that goes to Kansas City in the past four years. In addition, Public Works has been conducting inflow/infiltration studies for the past five or six 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 – since all sewage and storm water is metered as it flows to the Little Blue.

We have been increasing sewer rates for the past few years to catch up with annual operating costs and end the deficits of recent years in this fund, and we recommend a 5% increase this year as well. We also recommend that a new rate study be conducted this fall to provide direction for the next several years in this fund. Despite the comparatively high cost for water in Grandview, the City’s sanitary sewer service rates still remain among the lowest in the metro area. The FY 2017 proposed budget for this fund is **\$3,930,165.**

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, now approaching 2,000 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 some 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 is producing new or renovated stores like Burlington, TJ Maxx, Ross Dress, Petco, Five Below, Price Chopper, Citi Trends, Shoe Carnival, Sally Beauty, and pad sites that will

add a McAllister's Deli, Chipotle, AT&T and Verizon stores, Hardee's and Jack in the Box, along several others.

- 2) **TIF # 16** – Approved now and scheduled to produce 14 new competition soccer fields, hotels, retail and restaurant development, and eventually new apartments, single family homes, and more commercial development along Highway 150.
- 3) **TIF # 9** – Gateway Commons development (Gail's Harley-Davidson, Subway, Sonic, and Zipz!) – and much more acreage is now owned by the bank and readily available for additional commercial development there; and there is some very serious interest in that.
- 4) **TIF # 13** – Grandview Crossing redevelopment (Red X, E. Edwards, Grainger, Benjamin Moore Paint, Pizza Hut, Orlando's, etc.).
- 5) **TIF # 6** – Blue Ridge & Truman Drive (McDonald's, O'Reilly's, Sherwin-Williams Paint, etc.)
- 6) **TIF # 8** – Downtown TIF in conjunction with the Main Street Corridor improvements – Café Main, Songbird Café, Local Roots Market (closed now), Accurso's Catering, Joe's Cabinet Shop, El Altono Mexican Restaurant, Campestre Mexican Restaurant (now relocated), UPS Store, Unruh Furniture Shop (now relocated, Nevaeh Salon (relocated due to fire), Discount Liquor, and numerous other offices and shops, 100+ jobs.
- 7) **TIF # 10** – Burger and Brown Engineering, Fluid Systems & Components, PODS, and others, as well as more lots available in that industrial park.
- 8) **TIF # 12** – Holiday Inn Express – many visitors and hotel tax revenue.
- 9) **Chapter 100 Industrial Revenue Bonds** (for abatement purposes) – Sika Corporation (300 employees initially); MeadWestvaco-Calmar (now WestRock, with 450 employees).
- 10) **Chapter 353 Redevelopment** (for tax abatement) – Hickman Mills Medical Clinic/ Office relocation there, along with Albers Pharmacy (45-50 employees); Pride Cleaners headquarters and operations (around 80 employees); new Quik Trip – 15 employees).
- 11) **Transportation Development District** (added sales tax and/or property tax assessment) – Gateway Commons and Truman's Marketplace redevelopment.
- 12) **Community Improvement District** (similar to above) – Truman's Marketplace.
- 13) **Enhanced Enterprise Zones** (based on demographics for economically challenged areas in various census tracts in the City) – the National Oceanographic & Atmospheric Administration regional federal facility (80 employees); Snowmen; and Perfection Tile are all good examples of how we have used this tax abatement mechanism.

Tax incentives usually tie up the revenues generated by a project for a period of several years. Nine of the 16 TIF districts have now been closed out, however, and our Chapter 100 projects are 12 and 18 years old now, which allows properties to start paying 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 seven years or so. These have been particularly noteworthy in expediting and extending the Main Street Corridor, including future funding through 2017. More grant money is expected to help us 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 two years and 40 more single-family lots approved last summer. More apartment units are expected as part of

the new Gateway development in the coming years as part of their development. At the same time, the City has been very proactive in forcing renovation and redevelopment of older, run-down apartment complexes and homes in town – or face demolition. This has led to the renovation or remodeling of as many as 800 apartment units and numerous houses to date.

Using the Capital Improvements Sales Tax, the City has also tried to keep maintaining and renovating and remodeling City facilities and departmental areas like the License Office, Finance offices, Community Development/Public Works offices, Fire Station No. 1 (now), Police facilities, and our 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 lighting. We have changed out all facility lighting with LED bulbs now. We want City facilities to be attractive, comfortable, efficient, and beneficial to employee productivity, as well as the public.

The City has now enhanced and upgraded 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 fourth year, has already attracted many interested residents, and has received nothing but positive reviews so far. A branding process resulted in a new tag line and updated letterhead and logo this year too.

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, renovation and energy conservation efforts. In conjunction with the Grandview Chamber, the City started the Grandview Main Street program in 2015, using Missouri Main Street guidelines and assistance, with the goal of organizing and promoting business in this corridor and redeveloping and using older and 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: very good overall response times for police and fire; a cost-effective and smooth running court system processing a high level of cases; 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, and now taking credit cards; transitioning to more fuel-efficient vehicles; recycling our solid waste through a local non-profit, JobOne; instant messaging to citizens through an emergency notification system; providing a space for our local farmers market; weekly pre-application meetings to assist businesses, builders, and developers with their plans for development or construction; electronic ticketing by police officers; greater use of GIS in-house and online; and a focus on grant funding for everything from bridge design to street construction, and from traffic safety to neighborhood stabilization and bridge relocation or

design. General Fund revenues support the bulk of the City's operations and all but about 24 full-time employees in other funds. These will be discussed in the following sections.

The primary citizen concern has been the lack of new or improved retail opportunities in the community, but this year we got our shopping center redevelopment project going, a \$76 million TIF project that is already providing significant new retail opportunities, with more to come this summer and fall. This week, we just held the groundbreaking for a new \$234 development that could be the most significant commercial/recreation venture in the metro area.

In the new global economy, with a still uncertain job market and an upcoming transition of our federal Executive Branch and some in Congress, it has become much more difficult to obtain financing, sell bonds, or to keep revenues intact. Cities are under high pressure nationwide, and continue to look for development opportunities, new revenues, and jobs in the coming year, as well as new strategies to provide law enforcement, improve community relations, offer nice amenities, and build and maintain infrastructure for their citizens in a changing world.

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 \$40,000 to \$80,000 a year despite sharing annual cost increases with employees. This year's cost increase was more moderate, but still an additional cost of \$36,000 in premium costs and contributions to employee health savings accounts (total of \$1,240,000 from the City). In the meantime, retirement system contributions (entirely City paid) have typically continued to rise each year by as much as \$80,000. 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 by about \$30,000 annually. Meanwhile, cost is pushing employees toward the least expensive health plans. As of this July, 44% of our employees had migrated to the high deductible in lieu of traditional HMO plans being offered.

All the seemingly automatic cost increases each year leave no room for other rising costs. Last year we increased budgeted contractual service hours by 50%. Contract maintenance fees associated with our 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. New technology is not cheap, and these now constitute a relatively high percentage of our overall contractual service costs.

Over the past thirteen 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 13-year period, the City has cut or frozen 17 positions city-wide. Still, we've addressed areas of serious need, and have added nine new

positions, although only four of those are in the General Fund. The net effect has been a total reduction of about eight percent of the General Fund work force (without requiring layoffs). Of our entire employee complement, 65 percent are Police and Fire Department personnel.

Departments have for several years been asked to consider more cost control, i.e. additional consolidation, energy savings, alternative approaches, cost avoidance, and more creativity to counteract escalating costs. Department heads and employees alike have been creative, and even more was done this year. Some that are making a major impact on 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 fifth year, we were able to reduce it another 10% for 2017, holding losses to a minimum.
- 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. This past year, with a fire captain's major injury and some others, they will adversely affect us next year.
- 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. With fewer tickets and jail time this year, this is down even more in 2016. Scheduled video arraignments in between court sessions also reduce the jail population, reducing costs further.
- Saving around \$50,000 in debt service payments (City's subsidy) for the Gateway Commons commercial development by refunding those City-backed bonds this year.
- Saving \$55,000 a year by changing out our phone system and service provider.
- Hiring our IT contract service specialist this year and getting about 60% more hours at a savings of around \$20,000 to the General Fund.
- 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 Fire Chief's utility vehicle. Community Development is looking at a more fuel-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 using part of our 2014 bond package funds.
- 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 elimination of seasonal right-of-way mowing in Public Works, now using regular personnel and more efficient routes.
- Savings from facility audits conducted on City Hall and The View, most recently in 2011, resulting in several energy saving measures, retro-fits, and installations. Last year, we replaced lighting in City facilities with LEDs throughout.

These efforts don't count the potential cost savings from things like 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, regular street maintenance and sewer cleaning, programs like Pets Helping People and Coffee with a Cop, nuisance code enforcement, dangerous building demolition, predevelopment meetings, one-stop shopping in our tax collection and licensing offices, and lean, efficient court processing and adjudication.

The City also continues numerous cooperative efforts with other entities: property tax billing/collection (Jackson County), sewer service billing and collection (Water District #1), school resource officers and crossing guards (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, purchasing groups), regional training (MARC and KCPD), the state/regional law enforcement data network (REGIS), and drug enforcement operations (Jackson County Drug Task Force). Regional and cooperative efforts like these are cost effective for all parties involved.

Financial Strategy for Fiscal Year 2017

Now eight years after the recession began, we have experienced another 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. The rental market is still up significantly, but 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-age population either working or seeking work) reached the lowest level in 40 years in the past year, and was still at just 62.7% as of July.

Larger businesses continue to suggest they will be coming, expanding, or leaving based on tax incentives, and cities continue to provide TIF assistance or other incentives, only to find that many commercial centers struggle to meet projections. Grandview's retail TIF districts have languished over the years or failed to materialize in some cases. So, the current renovation and rebranding of Truman's Marketplace is a really significant breakthrough for Grandview, as centers in Mission, Metcalf South, and Metro North have also struggled for years and just now

receiving approvals to move forward pending final agreements. Now, if the Gateway Village development can get under way, with its sports fields, field house, hotels, retail and restaurants, and new housing opportunities, it has the potential to be a game changer for our 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, including restoration of the office building at Grandview Road and Main.

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 roads 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 this year to present to the Mayor and Board, we know that recent state legislation has had a significant impact this year, and will have further, but yet uncertain impact next year. Given the current climate in Missouri, bills are proposed each year that would reduce or eliminate city revenues, or in some cases nullify municipal authority over zoning or other matters of local interest – even the right to file class action lawsuits. If that doesn't change, our revenue sources and right to manage local issues will continue to deteriorate.

Over the past eight 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. We have yet to impose layoffs, furloughs, or salary reductions, although several cities around us have done so, particularly around 2009-2012.

The General Fund operating budget has been trimmed once again, and departmental budgets have not changed much over the past eight years or so. Maintenance costs, from numerous software packages in use, as well as for vehicles, field equipment, communications items, our facilities, along with legal costs, are among the few things that have changed because of greater technology usage, contractual maintenance and repair increases, and much more legal and litigation activity, affecting everything from dangerous buildings to environmental and land use challenges. Of course, we are also impacted by the residual effects of the employee pay raises from the past two Octobers, a cost of around \$480,000. 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 now looking for more development to occur (soccer complex, hotels, fast-food restaurants, retail), along with some associated new revenue. We should also see the additional one-time development related plan review and building permit revenues in the coming year, but that temporary funding doesn't provide any long term stability in and of itself.

With all the positive development news, new and impressive infrastructure and park amenities being built, and community outreach and communications programs, we believe that our greatest resource is our employees. Over the past two years, we have been able to provide pay raises of

six percent for those with over five years tenure, but only two-four percent for newer employees. This put the upper limit of our ranges closer to our comparison city averages, but they are still not competitive enough. This impacts our competitiveness as a city in recruiting for the best employees, particularly with those cities we compete with the most.

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. Hold an election next August to renew the Capital Improvements Sales Tax in order to maintain our ability to replace equipment, vehicles, and technology, and make facility repairs as needed. While other taxes might be considered, this one provides not only for all the above, but relieves pressure on the General Fund otherwise.
5. Continue to monitor revenues each month to keep track of the latest trends and impacts of new development, legislation, and other factors affecting them.

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 in 2014 since we were below the average for other cities and far from recovering our actual costs. Our costs for ambulances, pharmaceuticals, supplies, equipment, and personal service costs, along with our annual number of calls for service, continue to rise each year. The fee increase made a positive difference.

Our occupational license fees have not changed in 38 years, so our minimum and maximum fees have not remotely kept up with inflation and are too low. Similarly, our city, like most others in the area, does not have a local use tax, but those who do are able to apply sales taxes to out-of-state purchases of more than \$2,000, particularly for business purchasing. Finally, if Congress were 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, it would provide for much more sales tax revenue, which has been increasingly lost each year up to now.

As indicated previously, for the coming year, the total General Fund budget as proposed is \$14,763,733 or 2.7 percent less than the budget for the current fiscal year – and 3.3 percent less than estimated expenditures for this year. In fact, the proposed budget is currently 0.6 percent less (\$92,000) 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 sales tax for transportation 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 a third half-cent sales tax to build our community center, *The View*, which is now 12½ 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, facility or technology improvements, or other capital items.

Capital Improvements Sales Tax Fund

After consideration of numerous items requested by the departments this year, it’s clear that the City cannot afford all of those – hence the need to renew this tax. The following infrastructure and equipment items are considered high priorities and are recommended for Fiscal Year 2017:

Ambulance replacement	\$210,000
Bunker gear	82,000
Fire station driveway replacement	60,000
Field equipment	15,000
Jaws of life extraction equipment	34,000
Police package vehicles	185,000
Mobile data terminal/DVR replacement	26,400
Automatic electronic defibrillators for police cars	21,000
Tactical vest replacement	20,000
Municipal building HVAC replacement	250,000
Municipal building roof repair	60,000
New city-wide phone system	20,000
Computer and software replacement	40,000
Annual Public Works vehicle replacement	120,000
Annual storm sewer/drainage studies/repair	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 traffic signal repair parts	10,000
Emergency response trailer for Public Works	<u>5,000</u>
Total	\$1,508,400

Transportation Sales Tax Fund

Because of the Main Street Corridor Phase IV project, Main Street Phase VII project, and the Highway 150 cost-share projects being done this past year, this fund will likely end the year with a negative fund balance, covered on a temporary basis by the General Fund. As the federal grant reimbursements are received, it will allow for the next project in line to go forward, also with the help of federal funding. Meanwhile, road resurfacing and sidewalk/curb repairs will return to normal funding levels.

Consequently, new construction projects will be limited momentarily, and the following projects are recommended for fiscal year 2017:

Construction Projects	
New Curb Construction	50,000
Total	<u>\$50,000</u>
Maintenance Projects	
Street overlay program	\$375,000
Slurry seal program	65,000
Sidewalk and curb repair	<u>65,000</u>
Total	\$505,000
Total	\$555,000

2015 Public Safety Bond Improvement Fund

On August 5, 2014 voters approved a \$13 million bond issue to pay for numerous capital items for police and fire and parks and recreation. The proposal was split into two questions or packages, one for each major area of need. Last fiscal year, the City sold bonds to cover the first phase of public safety needs. Funds have now been spent on a new public safety radio system and a new fire pumper truck, with our aerial truck currently back at the manufacturer for total refurbishing, all part of the bond issue. This year, the City contracted for the renovation of two fire stations and for police storage building and access improvements. In 2017, we expect to fund the following projects:

Police Department shooting range	\$500,000
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As indicated above, in fiscal year 2015, the City sold the bonds approved by voters in 2014 and spent some of the funds for the design of the amphitheater project and the water park project. The amphitheater project is now complete and operational, but the bids for the water park have come in way over our original budget. That project has been put on hold, while we consider the sports field improvements necessary for Shalimar Park, another of the bond projects, along with the estimated cost. Decisions will have to be made then as to the scope both Shalimar Park and the water park project. The budget for FY 2017 will cover the following park projects:

Shalimar Park improvements	\$1,700,000
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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
Playgrounds	24,000
Field equipment	19,500
Vehicles – Replacement truck, police bicycles	26,000
Facility maintenance (playgrounds, shelters, parking lots, etc.)	161,000
Landscaping related items	27,000
Transfer to General Fund – 3 maintenance employees	<u>135,000</u>
Total	\$492,500

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 our community center, known to everyone now 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 serious blow to its revenue base with the loss of the Sam’s Club store in the fall of 2013, which still is having a major impact.

In the past few years, the staff at *The View* has reviewed operations and made changes in the staffing; and they have 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 2011, these costs have risen just 2.6 percent based on our current 2016 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 \$2,277,997, or 0.4 percent less than this year. Revenues and expenditures in this fund are 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 \$75,000 is still expected for the coming year. However, the annual debt service payments (like mortgage payments) will constitute a cost of close to \$700,000 or more annually. With debt payments increasing annually, sales tax and membership revenues don’t produce enough for a balanced budget. Until one or more of these rise, we will likely see deficits in this fund each year or, alternatively, the City will have to find 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, let alone pay back the General Fund for loans made several years ago.

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, after which we have seen more modest increases. Since about 2012, Kansas City has been increasing sanitary sewer costs by 10-15 percent a year in order to pay off a huge bond issue for long overdue 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, normal 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 and evaluate I/I sources; then make repairs, reline, and rehabilitate sewers to reduce the I/I entering the system. This has begun to make a significant difference and will 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 massive water and sewer system replacement. Starting in FY 2018, 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. A rate study is also proposed to help us look at long-term costs and make recommendations for any rate adjustments necessary. The proposed budget of **\$3,930,165** is just 0.9% higher, and 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 (also 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

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, distribute news, and promote tourism and attract more visitors, residents, and businesses to Grandview.

The fund itself has been created and 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 and economic development in the City. Those funds are used to further market the City; fund our annual Heritage Festival; promote Main Street and downtown; announce various events; 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 \$323,823. With one of our two hotels closed indefinitely for sale and/or 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 substantially. Revenues next year, despite adding one-time building permit fees, will come up significantly short again and require another General Fund subsidy of about \$145,000, not counting the \$100,000 in one-time building permit fees assigned here. Discussions with another hotel chain look promising, and one appears likely to go forward with their plans for development. Depending on the progress of our commercial areas and the construction of a new hotel, the City could certainly be in a better position in this fund a year or two from now. More detailed information will follow in subsequent sections.

Other Funds

The City has several other funds that account for tax increment financing activities associated with our remaining active 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, just like many of our businesses, is competing in a global economy that is not entirely stable, healthy or predictable at the present time. Technology, manufacturing, retail, housing, jobs, education, health care and medical breakthroughs, food production, social media, politics,

new legislation, and just about everything associated with all of these, continue 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 or manufacturer. 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 back to two-way, bringing 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, attracting 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, as well as the media and rest of the metro area. In addition, we continue to hire, train, and retain the highest quality employees we can attract, keeping in mind that we must continue to provide competitive pay and benefits to the extent we can.

The City has improved its image the past few years, making very 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 employees working for the betterment of the City. We expect to face the challenges ahead with strategies that provide for financial viability, infrastructure preservation and improvement, innovation and cost effectiveness, and continual improvements to 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 past years, investing \$22.5 million in infrastructure in the past three years and bringing an estimated \$300 million in new commercial development. Our parks are the most popular in the metro, and other cities are now trying to emulate our Main Street. We are a couple of years away from financial stability, but progress is being made on all fronts currently. New businesses are opening monthly, and our strategies have been working. We are fortunate at present not to have to make drastic cuts, personnel reductions, or serious 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 are doing even more with less, find savings and efficiencies, and they have kept operations running smoothly with fewer people than they really need. I appreciate their continued cooperation and creativity in an environment of shrinking resources and greater 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 truly appreciate their understanding and commitment. We must soon find ways to provide more competitive compensation for them in the coming year and beyond. This will remain one of our key goals in meeting the challenges yet to come.

I especially appreciate the efforts of Kirk Decker, Assistant City Administrator, Cemal Gungor, Finance Director, and newcomer Cynthia Wagner for their time and effort in developing the budget this year, and their understanding of and 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 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 respectively submit the enclosed proposed budget for fiscal year 2017, 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, two and a half percent lower than 2015. Building permit, plan review and TIF administration fees for development-related activities continue to be received this year related to *Truman's Marketplace* activity. These are one-time revenues and do not provide a reliable long-term revenue source. Sales tax revenues, however, do reflect new business as this district and others come on-line. We do need to proceed with caution as there has been no replacement for the revenue loss created by the closing of *Sam's Club*. As in past years, we finish 2016 and enter 2017 optimistic while continuing to 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, Grandview's assessed valuation increased slightly (1.3%) in 2016 – following a 5.44% increase in 2015. Even though there was an increase in overall assessed valuation, the Hancock Amendment limited the amount of revenue growth to the Consumer Price Index. Assessed valuation has still not recovered from the recession and is still four percent less than its high in 2007; and is two percent lower than one 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. A portion of these decreases have been offset by increases in state assessed (utility) real and personal property. Many of these recent real property assessed valuation increases can be attributed to new businesses locating along the Botts Road corridor and residential development in Creekwood and Sunrise Farms subdivisions; however, some of those increases have been offset by a steady decline in personal property assessments.

Real estate and personal property tax collections are meeting year-to-date expectations; and are 1.6% (\$42,000) above 2015 year-to-date revenues. However, due to current delinquent personal property tax collections and a projected shortfall (\$33,000), the total property tax revenues are projected at \$2,800,000, \$18,000 below budget. 2017 projected revenues are \$2,850,000, which reflects the increase in assessed valuation.

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 7.4% (\$32,000) less than year-to-date through June 2015. 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, and the proliferation of lower cost family and small business group plans. We expect the current trend to continue through 2016 and that telecommunication franchise fees will fall nearly 10% (\$60,000) below expectations.

It appears the long-term trend of declining land-based telephone usage is accelerating, as those revenues are now 12% (\$12,000) below year-to-date 2015. We expect this trend to continue through 2016.

Cable television revenues are trending higher than year-to-date 2015. Even though we anticipated an increase in the 2016 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 3.8% (\$10,000).

Natural gas fees are currently 28% (\$160,000) below year-to-date June 2015. Based on rate reductions and this past winter's mild weather, we expect 2016 natural gas revenues to fall 29% (\$195,000) below budget expectations.

Electric franchise fees were at the same level as June 2015, which is disappointing since we anticipated an increase due to the recent KCP&L rate increase. If current weather trends continue, however, electricity franchise fees will be below budget. Overall, the anticipated electricity fees are currently projected to be will be around 2.4% (50,000) below budget expectations.

Franchise fees have historically been one of the City's bright spots, particularly since wireless telecommunications revenues were realized. However, 2016 is expected to be much like 2012-2015 and fall well below expectations. Anticipated electricity, natural gas, wireless, and landline telephone shortfalls will cause franchise fees to fall 3% (\$305,000) below budget expectations, though about even with last year. The 2017 budget projects similar franchise tax revenues based on current trends, with total projected revenues of \$3,545,000, just 2% higher than 2016 projections.

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. The loss of *Sam's Club* in October 2013 further exacerbated the revenue decline. A replacement tenant was anticipated by summer 2015, but still has not materialized. The vacancy of this building continues to severely impact this revenue source.

Projected year-end sales tax collections reflect a 5.1% increase (\$123,000) over 2015. This is due in large part to the opening of several stores in *Truman Marketplace* shopping center and the City's receipt of a portion of the sales tax created from that development. Additionally, many areas of the local economy (e.g. construction-related services, food sales) continue to see a recovery from some of their retreat in 2013 and 2014. The 2017 budget projects a 4% increase in sales tax revenues (\$100,000).

The three key revenue sources from property taxes (\$2,850,000), franchise fees (\$3,545,000) and sales taxes (\$2,625,000) represent 61% of the General Fund's total revenues (\$14,771,000). 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 3% (\$281,000) 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. While not much of a factor in the budget, the 2016 revenues are projected to be \$20,000 more than 2015 due to more aggressive enforcement of delinquent accounts. This increase in revenue will not be repeated in 2017; and we expect cigarette taxes to return to historical levels.

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 in recent years, as the national recession caused fewer purchases of newer, more efficient vehicles and with fluctuating gas prices. These revenues are currently roughly at 2015 levels and the 2017 budget projects a 1% (\$5,000) reduction in gasoline tax revenues.

Since gasoline tax distributions are expected to fall below budget, revenues in this tax group are projected in 2017 to be \$9,600 less than 2016.

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 traditionally generate approximately \$1.4 to \$1.6 million annually in the General Fund.

Municipal Court revenues had a peak year in 2014, but retreated somewhat in 2015. We expected Senate Bill 5, and the removal of failure to appear fees and other limitations on municipal courts, to adversely affect the 2016 budget. The full impact of Senate Bill 5 has been substantially worse than originally expected. Due to this change, the number of Court cases declined 35% year-to-date. This has resulted in June year-to-date revenues being 26% (\$335,000) lower than 2015; and we expect to end 2016 nearly 22% (\$450,000) less than budgeted. Furthermore, the Legislature recently approved additional onerous regulations on municipal courts that could impact the City for years to come. Needless to say, this could have catastrophic effects on the General Fund and its long

term ability to provide basic services. For 2017 we are expecting a slight increase in Municipal Court revenues, as many of the disastrous effects of Senate Bill 5 will have already reduced revenues in 2016. In all, Municipal Court revenues experience a \$520,000 decline from 2015 levels.

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. 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 2016, 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 a number of 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. The rate increase resulted in a \$100,000 increase in EMS revenues in 2015. We are experiencing a slight increase in ambulance receipts in 2016 and they are 2% (\$11,000) higher than year-to-date 2015; however, we are projecting they fall short of budget estimates by \$70,000 (8%), which were obviously overly optimistic. For 2017 we expect EMS fees to remain steady with 2016 estimates.

License office collection fees derived from operating a state licensing office for motor vehicles and driver licenses declined from 2011 to 2013. Recent decreases were likely attributed to renewing motor vehicle licenses through the Internet rather than in person. That trend corrected itself in 2014 and 2015 as license bureau revenues saw a marked improvement over previous years. With more marketing and promotions, license bureau revenues are again exceeding expectations and are 1% (\$3,000) higher than year-to-date 2015. If this trend continues, license bureau revenues could exceed budget estimates by 2.5% (\$10,000). We expect this trend to continue in 2017, as we’ve aggressively mailed postcards to possible customers in the Grandview / Kansas City service area; and revenues are expected to increase \$5,000.

Plan review fees are approximately \$36,000 less than year-to-date 2015 – which was due to the large influx of fees for *Truman’s Marketplace* businesses. Due to the increase in

Truman's Marketplace and *Gateway Village* building activity during the summer months, however, it is anticipated that plan review fees will exceed original budget estimates by \$79,000 in 2016. We expect these fees to return to historic levels in 2017, as this estimate does not include fees associated with *Truman's Marketplace* or *Gateway Village*, 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 23% (\$19,500) higher than budgeted. For 2017 we expect these revenues to remain at their 2016 levels

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 \$45,000 (3%) by year-end. For 2017 we expect a pullback (\$4% or \$57,000), which is entirely due to less Plan Review Fees associated with the *Truman's Marketplace* project.

Licenses and Permits – As the economy continues emerging from the last recession, Grandview is poised for growth, with 500 - 600 housing units currently planned, in the coming years. 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 2015 by \$41,000 (30%) – which is the result of *Truman's Marketplace* construction in 2015. However, we fully expect these revenues will continue to rebound during this summer and end the year nearly double (\$117,000) what was budgeted. Additionally, building, electrical, mechanical, plumbing and special permits are collectively expected to exceed (\$192,000) budget expectations in 2016 due to construction-related projects related to *Truman's Marketplace* and *Project Gateway*. While we expect to experience a decline from 2016, building-related activities are still expected to remain strong in 2017.

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 by 4% (\$10,000) in 2016. We also expect several *Truman's Marketplace* businesses to be in their second year of operation, thus increasing their occupational license charge in 2017, with revenues expected to increase \$20,000 (7%).

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 \$204,000 (38%) in 2016 due to higher-than-

expected building permit, occupational license and construction-related licenses and permits.

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). 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 fall short of budget estimates by approximately \$6,300 (2%), mainly due to less-than-expected revenues from the sale of City property during the annual auction. These revenues are expected to decline by an additional 7% (\$29,000) in 2017, primarily due to a shortfall in reimbursements from the Grandview School District for school resource officer services – which was precipitated by the Police Department recalling them from the school duties to fill vacancies in the Patrol Division. It is anticipated that these SROs will return to school duty in January 2017. Currently, the Police Department has also recalled an officer from the Drug Task Force as well, which could further reduce these revenues.

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; money owed from other funds; one-time transfers; and donations. \$125,000 was budgeted in 2016 for one-time revenues, which is for Truman’s Marketplace developer contributions to cover public safety-related services at the shopping center. These revenues are expected to meet expectations in 2016 and remain unchanged in 2017.

Overall – General Fund operating revenues are expected to be 1 percent (\$183,000) less than year-to-date 2015; and they are expected to fall short of 2016 budget estimates by \$319,000 (2.2%). The primary cause for this shortfall is the significant impact of Senate Bill 5 on Municipal Court revenues and the mild winter’s impact on natural gas franchise fees. While some other revenues are experiencing increases, those increases are not significant enough to offset the dramatic losses in these two revenue sources.

FY 2017 Budget – Current estimates indicate that 2017 will be a difficult budget year for the City of Grandview. The loss of *Sam's Club* revenues, while we are still awaiting a replacement tenant, will be nominally 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 structural 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 2017 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's reimbursable costs. Coupled with the impact of Senate Bill 5 on the City's Municipal Court, General Fund revenues have been pummeled in recent years – while increases in some revenue streams, in conjunction cost-cutting measures, have kept the City's General Fund afloat and avoided serious degradation of municipal services.

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 Boulevard. In conjunction with *Project Gateway* along MO150, we have reason to be optimistic about the future and the impact these community-building projects will have on the City's revenue stream.

City of Grandview Fiscal Year 2017 Annual Budget

Summary of General Fund Revenues and Expenditures

	Fund: General			
	2013-14 Actual	2014-15 Actual	2015-16 Estimate	2016-17 Budget
FUNDS AVAILABLE OCT. 1	5,412,523	4,560,647	4,238,892	3,753,013
REVENUE				
Revenue Sources				
Property Taxes	2,724,110	2,694,120	2,800,000	2,850,000
Franchise Taxes	3,616,008	3,587,202	3,475,000	3,545,000
Sales Taxes	2,328,444	2,402,293	2,525,000	2,625,000
Other Taxes	1,028,935	1,079,925	1,069,601	1,060,000
Municipal Court Receipts	1,742,210	1,621,257	1,100,000	1,200,000
Service Charges	1,274,003	1,491,098	1,531,685	1,474,460
Licenses & Permits	546,858	707,375	738,476	634,950
Grants	377,101	403,748	454,225	430,520
Miscellaneous Revenues	396,899	387,371	381,613	352,873
One Time Revenues	43,099	38,445	125,000	125,000
Total Revenue Sources	<u>14,077,668</u>	<u>14,412,835</u>	<u>14,200,601</u>	<u>14,297,803</u>
Transfers				
Transfer From Other Funds	165,000	165,000	257,000	165,000
Transfer From Sanitary Sewer	259,400	259,400	293,400	308,800
Total Transfers In	<u>424,400</u>	<u>424,400</u>	<u>550,400</u>	<u>473,800</u>
Total Revenue	<u>14,502,068</u>	<u>14,837,235</u>	<u>14,751,001</u>	<u>14,771,603</u>
EXPENDITURES				
Personal Services				
Salaries	7,357,782	7,636,685	7,903,020	7,946,670
Other Pay	941,180	992,025	1,026,016	807,642
Benefits	2,741,177	2,744,431	2,781,707	2,749,048
Total Personal Services	<u>11,040,140</u>	<u>11,373,140</u>	<u>11,710,742</u>	<u>11,503,359</u>
Operations				
Supplies	312,868	312,840	337,038	306,650
Purchased Services	2,740,367	2,533,262	2,170,951	2,041,374
Capital Outlay	3,088	66	-	-
Internal Services	235,802	178,561	140,169	142,350
Insurance	313,226	235,741	417,382	300,000
Street Lights	308,455	315,379	259,597	265,000
Total Operations	<u>3,913,805</u>	<u>3,575,849</u>	<u>3,325,137</u>	<u>3,055,374</u>
Transfers Out To Other Funds				
Capital Funds	-	-	-	-
Other Funds	400,000	210,000	201,000	205,000
Total Transfers Out	<u>400,000</u>	<u>210,000</u>	<u>201,000</u>	<u>205,000</u>
Total Expenditures	<u>15,353,945</u>	<u>15,158,990</u>	<u>15,236,879</u>	<u>14,763,733</u>
SURPLUS/(SHORTFALL)	(851,876)	(321,755)	(485,879)	7,870
FUNDS AVAILABLE SEPT. 30	<u>4,560,647</u>	<u>4,238,892</u>	<u>3,753,013</u>	<u>3,760,883</u>

City of Grandview Fiscal Year 2017 Annual Budget

Fund Summary

Fund: General

Fund Description

The General Fund is used to account for resources traditionally associated with government operations, which are not required legally or by sound financial management to be accounted for in another fund. The fund collects general tax revenue and disburses it for general operating purposes to the major departments including Police, Fire, Public Works, Parks & Recreation and Community Development. The fund also supports administrative functions of the Mayor & Board of Aldermen, Administration, Finance, and Public Building & Grounds Maintenance.

This section provides summary as well as detailed information about the various revenue sources that provide the funding needed for general city obligations. Also included in this section is a summary budget of each department as well as detailed budgets for each division that make up the department operations. Each program budget contains a description of the program along with anticipated goals for the year as well as statistical information and performance measures.

Expenditure Funding by Department

	2013-14 Actual	2014-15 Actual	2015-16 Estimate	2016-17 Budget
Mayor & Board of Aldermen	\$ 480,302	\$ 354,735	\$ 302,587	\$ 295,446
Administration	974,478	966,121	1,026,779	1,004,905
Finance	1,498,906	1,499,350	1,595,964	1,432,176
Fire	3,665,419	3,783,135	3,800,263	3,538,707
Police	5,347,188	5,366,893	5,501,447	5,419,362
Community Development	674,985	728,878	688,885	683,873
Public Works	1,497,308	1,402,379	1,305,667	1,300,202
Parks and Recreation	527,377	564,039	516,917	596,096
Buildings and Grounds	287,981	283,459	297,370	287,967
Transfers	400,000	210,000	201,000	205,000
Total	\$ 15,353,945	\$ 15,158,990	\$ 15,236,879	\$ 14,763,733

Staffing: Full Time Equivalents (FTE)

	2013-14 Actual	2014-15 Actual	2015-16 Estimate	2016-17 Budget
Regular - Full-time	155.0	153.0	155.0	155.0
Regular - Part-time	10.9	12.8	12.7	12.7
Temporary/Seasonal	5.5	5.8	5.1	5.1
Total FTEs	171.4	171.6	172.8	172.8

City of Grandview Fiscal Year 2017 Annual Budget

Detailed Summary of General Fund Revenues

				Fund: General
	2014-15 Actual	2015-16 Actual	2015-16 Estimate	2016-17 Budget
<u>Property Taxes</u>				
Real Estate Property	2,294,634	2,324,140	2,415,480	2,458,613
Real Estate Replacement	121,744	124,720	129,622	131,937
Railroad & Utilities	80,255	87,512	90,951	92,575
Delinquent Individual Personal Property	168,854	107,567	111,794	113,791
Interest - Real Replacement	-	-	-	-
Penalties	58,623	50,181	52,153	53,084
Total Property Tax	2,724,110	2,694,120	2,800,000	2,850,000
<u>Franchise Taxes</u>				
Electricity	1,945,970	1,985,093	2,050,000	2,050,000
Natural Gas	629,140	632,935	480,000	550,000
Telephone	138,045	130,781	120,000	120,000
Cable Television	264,522	270,315	275,000	275,000
Telecommunications	638,330	568,078	550,000	550,000
Total Franchise Tax	3,616,008	3,587,202	3,475,000	3,545,000
<u>General Sales Tax</u>	2,328,444	2,402,293	2,525,000	2,625,000
<u>Other Taxes</u>				
Cigarette Tax	84,431	102,596	110,000	100,000
Financial Institution Tax	19,538	17,390	4,601	10,000
Gasoline Tax	631,527	653,349	645,000	640,000
State Motor Vehicles Sales Tax	190,050	200,124	205,000	205,000
State Motor Vehicles Sales Fees	103,389	106,466	105,000	105,000
Total Other Taxes	1,028,935	1,079,925	1,069,601	1,060,000
<u>Municipal Court Receipts</u>				
Fines	1,547,978	1,452,293	985,360	1,074,938
Court Costs	129,153	112,499	76,329	83,268
Police Training	21,448	19,677	13,350	14,564
DUI Costs	18,246	14,512	9,846	10,741
Inmate Security Fund	21,420	18,724	12,704	13,859
Crime Victims	3,967	3,553	2,411	2,630
Total Municipal Court Receipts	1,742,210	1,621,257	1,100,000	1,200,000
<u>Grants</u>				
Traffic Enforcement Grant	-	49,885	59,916	65,350
Highway Safety Grants	69,786	35,201	-	-
DWI Enforcement Grants	-	-	17,844	26,000
Bulletproof Vest Grant	-	-	5,462	6,000
POST Commission Funds	8,977	10,239	10,239	6,800
D.A.R.E. / COMBAT Grants	297,539	308,424	360,764	326,370
Underage Drinking (EUDL) Grant	-	-	-	-
Miscellaneous Grants	800	-	-	-
Total Grants	377,101	403,748	454,225	430,520

City of Grandview Fiscal Year 2017 Annual Budget

Detailed Summary of General Fund Revenues

	Fund: General			
	2014-15 Actual	2015-16 Actual	2015-16 Estimate	2016-17 Budget
<u>Services Charges</u>				
Outdoor Aquatics Fees	28	1	1	-
Recreation Fees	-	-	-	-
Ambulance Fees	701,971	813,702	821,311	820,000
Animal Control/Shelter	14,885	19,861	22,876	22,000
Admin. Tow	45	510	675	800
Weed/Trash Removal	17,259	48,776	40,000	40,000
Weed/Trash Removal/JACO	40,265	49,744	40,000	40,000
Weekend Clean-up Fees	17,885	15,142	15,374	16,000
Shelter Rentals	16,314	16,158	16,571	17,000
Sale of Reports, Maps, and Copies	11,541	11,547	11,277	11,500
Alarm Fees	6,600	6,660	12,355	7,000
Alarm Application Fees	1,270	1,390	1,360	1,360
TIF Planning and Filing Fees	6,000	6,600	21,000	26,000
TDD Administrative Fee	418	455	508	400
CID Administrative Fee	256	216	158	400
Vacant Property Registration Fees	4,950	6,200	6,220	5,000
Plan Review	62,767	94,980	119,150	60,500
Rezoning & Variances	300	2,850	2,850	1,500
State License Office Collection Fees	371,248	396,306	400,000	405,000
Total Service Charges	1,274,003	1,491,098	1,531,685	1,474,460
<u>Licenses & Permits</u>				
Business/Occupational Licenses	249,413	263,784	280,000	300,000
Business/Cigarette Licenses	900	925	925	1,000
Vehicle Licenses	86,408	86,729	88,102	88,250
Liquor Licenses	16,336	16,673	16,708	16,700
Liquor Worker Permits	7,850	8,565	8,200	8,200
Electrical & Mechanical Licenses	6,393	7,918	8,301	7,000
Electrical & Mechanical Permits	18,781	71,283	78,032	52,450
Plumbing Licenses	2,538	3,272	3,251	3,000
Plumbing Permits	9,072	14,105	17,410	18,000
Building Permits	102,658	172,006	211,787	130,000
Special Permits	45,750	61,355	25,000	9,600
Total Licenses & Permits	546,858	707,375	738,476	634,950
<u>Miscellaneous</u>				
Interest Earnings	43,806	62,554	52,500	52,500
County Collection Reimbursement	99,051	101,777	104,849	105,000
MARCIT Insurance Dividend	7,042	14,286	-	-
Grandview CSD # 4 Reimbursement	161,114	154,431	161,347	135,373
Insurance Reimbursement	1,867	2,831	3,599	-
Cash (Short)/Long	(1,712)	2,049	-	-
PILOTS	11,689	10,079	11,400	-
Sale of City Property	19,347	14,963	17,919	30,000
Miscellaneous	54,695	24,400	30,000	30,000
Total Miscellaneous	396,899	387,371	381,613	352,873

City of Grandview Fiscal Year 2017 Annual Budget

Detailed Summary of General Fund Revenues

	Fund: General			
	2014-15 Actual	2015-16 Actual	2015-16 Estimate	2016-17 Budget
<u>One Time Revenues</u>				
One-Time PILOT payments	43,099	35,445	-	-
TIF-Related City Service Fees	-	-	125,000	125,000
Donations	-	3,000	-	-
	43,099	38,445	125,000	125,000
Total One Time Revenues	43,099	38,445	125,000	125,000
<u>Transfer From Other Funds</u>				
Transfer From Sanitary Sewer Fund	259,400	259,400	293,400	308,800
Transfer from TIF Funds	30,000	30,000	30,000	30,000
Transfer From Other Funds	135,000	135,000	227,000	135,000
	424,400	424,400	550,400	473,800
Total Transfers From Other Funds	424,400	424,400	550,400	473,800
<u>TOTAL GENERAL FUND REVENUE</u>	14,502,068	14,837,235	14,751,001	14,771,603

City of Grandview Fiscal Year 2017 Annual Budget

Summary of General Fund As Percentages of Total Revenues and Expenditures

Fund: General				
	2013-14 Actual	2014-15 Actual	2015-16 Estimate	2016-17 Budget
REVENUE				
Revenue Sources				
Property Taxes	18.78%	18.16%	18.98%	19.29%
Franchise Taxes	24.93%	24.18%	23.56%	24.00%
Sales Taxes	16.06%	16.19%	17.12%	17.77%
Other Taxes	7.10%	7.28%	7.25%	7.18%
Municipal Court Receipts	12.01%	10.93%	7.46%	8.12%
Service Charges	8.78%	10.05%	10.38%	9.98%
Licenses & Permits	3.77%	4.77%	5.01%	4.30%
Grants	2.60%	2.72%	3.08%	2.91%
Miscellaneous Revenues	2.74%	2.61%	2.59%	2.39%
One Time Revenues	0.30%	0.26%	0.85%	0.85%
Total Revenue Sources	97.07%	97.14%	96.27%	96.79%
Transfers In From Other Funds				
Transfer from Other Funds	1.14%	1.11%	1.74%	1.12%
Transfer From Sanitary Sewer	1.79%	1.75%	1.99%	2.09%
Transfer From Cap. Improv. Sale	0.00%	0.00%	0.00%	0.00%
Total Transfers In	2.93%	2.86%	3.73%	3.21%
Total Revenue	100.00%	100.00%	100.00%	100.00%
EXPENDITURES				
Personal Services				
Salaries	47.92%	50.38%	51.87%	53.83%
Other Pay	6.13%	6.54%	6.73%	5.47%
Benefits	17.85%	18.10%	18.26%	18.62%
Total Personal Services	71.90%	75.03%	76.86%	77.92%
Operations				
Supplies	2.04%	2.06%	2.21%	2.08%
Purchased Services	17.85%	16.71%	14.25%	13.83%
Capital Outlay	0.02%	0.00%	0.00%	0.00%
Internal Services	1.54%	1.18%	0.92%	0.96%
Street Lights	2.01%	2.08%	1.70%	1.79%
Insurance	2.04%	1.56%	2.74%	2.03%
Total Operations	25.49%	23.59%	21.82%	20.70%
Transfers Out To Other Funds				
Capital Funds	0.00%	0.00%	0.00%	0.00%
Other Funds	2.61%	1.39%	1.32%	1.39%
Total Transfers Out	2.61%	1.39%	1.32%	1.39%
Total Expenditures	100.00%	100.00%	100.00%	100.00%

City of Grandview Fiscal Year 2017 Annual Budget

Summary of General Fund Revenue and Expenditures

Fund: General

Chart 3.

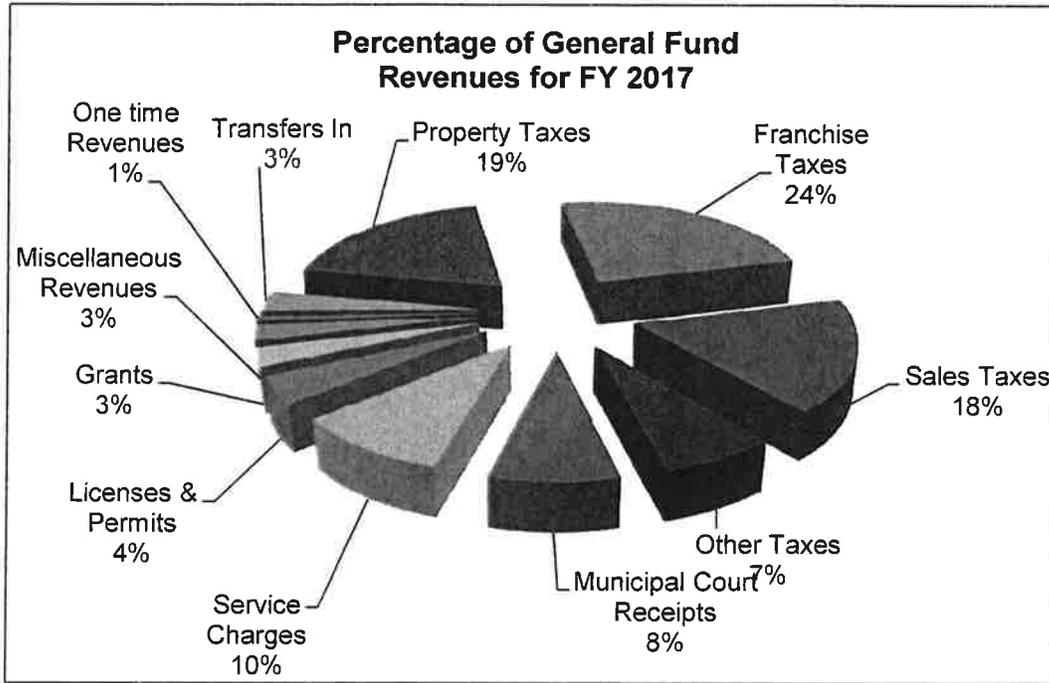
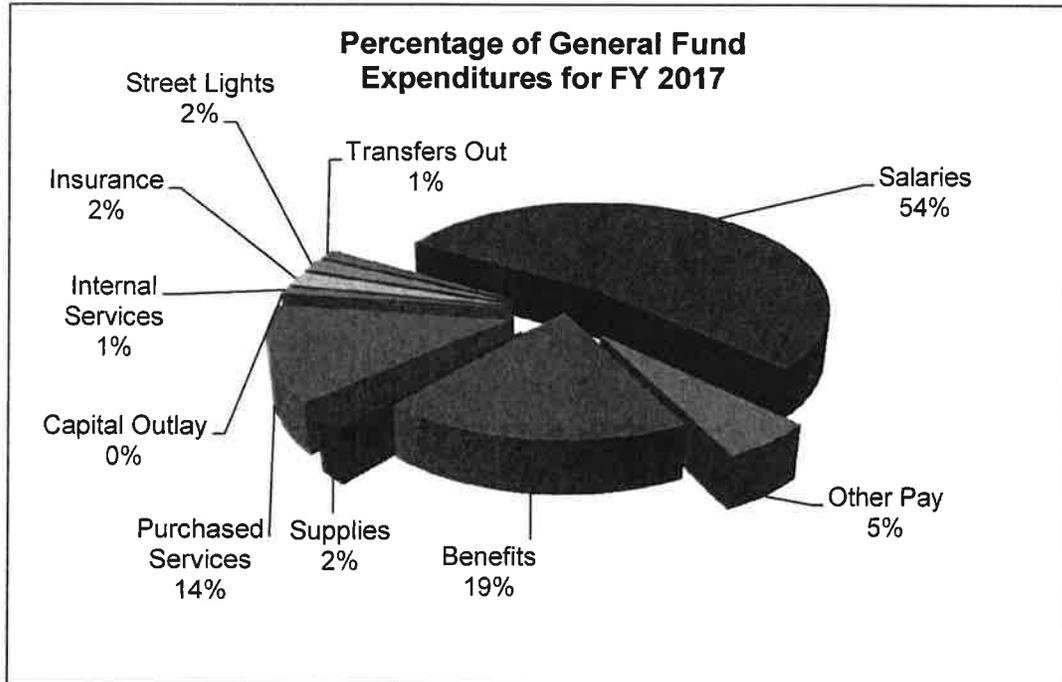


Chart 4.



City of Grandview Fiscal Year 2017 Annual Budget

Fiscal Year 2017 Operating Expenditures (Less Transfers) By Program and Type of Expenditure

								Fund: General
Department & Program	Personal Services	Supplies	Insurance	Street Lights	Purchased Services	Internal Services	Capital Outlay	Total
Mayor & Board								
Policy & Legislation	56,346	1,400	-	-	92,700	-	-	150,446
Legal Services	-	-	-	-	145,000	-	-	145,000
Total	56,346	1,400	-	-	237,700	-	-	295,446
Administration								
City Admin. Office	417,674	2,500	-	-	27,400	-	-	447,574
Human Resources	120,910	2,500	-	-	22,400	-	-	145,810
Municipal Court	231,018	9,200	-	-	74,000	-	-	314,218
City Clerk	60,848	550	-	-	35,906	-	-	97,304
Total	830,449	14,750	-	-	159,706	-	-	1,004,905
Finance								
Administration	276,911	5,800	-	-	70,130	-	-	352,841
Disbursements	50,147	1,000	-	-	1,600	-	-	52,747
Collections	181,799	4,000	-	-	143,000	-	-	328,799
Purchasing	35,713	750	-	-	1,000	-	-	37,463
State License Office	301,026	6,300	-	-	7,600	-	-	314,926
General Support	-	5,000	300,000	-	40,400	-	-	345,400
Total	845,596	22,850	300,000	-	263,730	-	-	1,432,176
Fire								
Administration	491,768	3,600	-	-	41,900	1,600	-	538,868
Emergency Services	2,646,137	90,450	-	-	147,400	20,000	-	2,903,987
Fire Prevention	86,702	4,150	-	-	4,000	1,000	-	95,852
Total	3,224,607	98,200	-	-	193,300	22,600	-	3,538,707
Police								
Patrol	2,512,815	62,000	-	-	259,794	58,000	-	2,892,609
Operations	1,195,233	4,500	-	-	31,076	12,000	-	1,242,809
Administration	1,140,267	20,500	-	-	123,177	-	-	1,283,944
Total	4,848,315	87,000	-	-	414,047	70,000	-	5,419,362
Community Development								
Development Services	178,436	500	-	-	14,110	-	-	193,046
Building Services	143,932	1,000	-	-	15,109	1,250	-	161,291
Neighborhood Services	217,464	1,900	-	-	105,672	4,500	-	329,536
Total	539,832	3,400	-	-	134,891	5,750	-	683,873
Public Works								
Engineering	119,442	5,000	-	265,000	61,800	2,000	-	453,242
Street Maintenance	503,460	12,450	-	-	276,050	25,000	-	816,960
Solid Waste	-	-	-	-	30,000	-	-	30,000
Total	622,902	17,450	-	265,000	367,850	27,000	-	1,300,202
Parks and Recreation								
Park Operations	81,006	-	-	-	8,500	-	-	89,506
Park Maintenance	364,740	38,700	-	-	86,150	17,000	-	506,590
Total	445,746	38,700	-	-	94,650	17,000	-	596,096
Buildings and Grounds								
Building Maintenance	89,567	22,900	-	-	175,500	-	-	287,967
Total	89,567	22,900	-	-	175,500	-	-	287,967
TOTAL	11,503,359	306,650	300,000	265,000	2,041,374	142,350	-	14,558,733

City of Grandview Fiscal Year 2017 Annual Budget

Fiscal Year 2017 Operating Expenditures (Less Transfers) By Program and Type of Expenditure

								Fund: General
Department & Program	Personal Services	Supplies	Insurance	Street Lights	Purchased Services	Internal Services	Capital Outlay	Total
Mayor & Board								
Policy Legislation	19.07%	0.47%			31.38%			50.92%
Legal Services					49.08%			49.08%
Total	19.07%	0.47%	0.00%	0.00%	80.45%	0.00%	0.00%	100.00%
Administration								
City Admin. Office	41.56%	0.25%			2.73%			44.54%
Human Resources	12.03%	0.25%			2.23%			14.51%
Municipal Court	22.99%	0.92%			7.36%			31.27%
City Clerk	6.06%	0.05%			3.57%			9.68%
Total	82.64%	1.47%	0.00%	0.00%	15.89%	0.00%	0.00%	100.00%
Finance								
Administration	19.33%	0.40%			4.90%			24.64%
Disbursements	3.50%	0.07%			0.11%			3.68%
Collections	12.69%	0.28%			9.98%			22.96%
Purchasing	2.49%	0.05%			0.07%			2.62%
State License Office	21.02%	0.44%			0.53%			21.99%
General Support		0.35%	20.95%		2.82%			24.12%
Total	59.04%	1.60%	20.95%	0.00%	18.41%	0.00%	0.00%	100.00%
Fire								
Administration	13.90%	0.10%			1.18%	0.05%		15.23%
Emergency Services	74.78%	2.56%			4.17%	0.57%		82.06%
Fire Prevention		0.12%			0.11%	0.03%		0.26%
Total	88.67%	2.78%	0.00%	0.00%	5.46%	0.64%	0.00%	97.55%
Police								
Patrol	46.37%	1.14%			4.79%	1.07%		53.38%
Investigations	22.05%	0.08%			0.57%	0.22%		22.93%
Police Services	21.04%	0.38%			2.27%			23.69%
Total	89.46%	1.61%	0.00%	0.00%	7.64%	1.29%	0.00%	100.00%
Community Development								
Development Services	26.09%	0.07%			2.06%			28.23%
Building Services	21.05%	0.15%			2.21%	0.18%		23.58%
Neighborhood Services	31.80%	0.28%			15.45%	0.66%		48.19%
Total	78.94%	0.50%	0.00%	0.00%	19.72%	0.84%	0.00%	100.00%
Public Works								
Engineering	9.19%	0.38%		20.38%	4.75%	0.15%		34.86%
Street Maintenance	38.72%	0.96%			21.23%	1.92%		62.83%
Solid Waste					2.31%			2.31%
Total	47.91%	1.34%	0.00%	20.38%	28.29%	2.08%	0.00%	100.00%
Parks and Recreation								
Park Operations	13.59%	0.00%			1.43%			15.02%
Park Maintenance	61.19%	6.49%			14.45%	2.85%		84.98%
Total	74.78%	6.49%	0.00%	0.00%	15.88%	2.85%	0.00%	100.00%
Buildings and Grounds								
Building Maintenance	31.10%	7.95%			60.94%			100.00%
Total	31.10%	7.95%	0.00%	0.00%	60.94%	0.00%	0.00%	100.00%
TOTAL	79.01%	2.11%	2.06%	1.82%	14.02%	0.98%	0.00%	100.00%

City of Grandview Fiscal Year 2017 Annual Budget

Fiscal Year 2017 Operating Expenditures (Less Transfers) By Program and Type of Expenditure

Fund: General								
Department & Program	Personal Services	Supplies	Insurance	Street Lights	Purchased Services	Internal Services	Capital Outlay	Total
Mayor & Board								
Policy Legislation	0.49%	0.46%			4.54%			1.03%
Legal Services					7.10%			1.00%
Total	0.49%	0.46%	0.00%	0.00%	11.64%	0.00%	0.00%	2.03%
Administration								
City Admin. Office	3.63%	0.82%			1.34%			3.07%
Human Resources	1.05%	0.82%			1.10%			1.00%
Municipal Court	2.01%	3.00%			3.63%			2.16%
City Clerk	0.53%	0.18%			1.76%			0.67%
Total	7.22%	4.81%	0.00%	0.00%	7.82%	0.00%	0.00%	6.90%
Finance								
Administration	2.41%	1.89%			3.44%			2.42%
Disbursements	0.44%	0.33%			0.08%			0.36%
Collections	1.58%	1.30%			7.01%			2.26%
Purchasing	0.31%	0.24%			0.05%			0.26%
State License Office	2.62%	2.05%			0.37%			2.16%
General Support		1.63%	100.00%		1.98%			2.37%
Total	7.35%	7.45%	100.00%	0.00%	12.92%	0.00%	0.00%	9.84%
Fire								
Administration	4.27%	1.17%			2.05%	1.12%		3.70%
Emergency Services	23.00%	29.50%			7.22%	14.05%		19.95%
Fire Prevention	0.75%	1.35%			0.20%	0.70%		0.66%
Total	28.03%	32.02%	0.00%	0.00%	9.47%	15.88%	0.00%	24.31%
Police								
Patrol	21.84%	20.22%			12.73%	40.74%		19.87%
Investigations	10.39%	1.47%			1.52%	8.43%		8.54%
Police Services	9.91%	6.69%			6.03%			8.82%
Total	42.15%	28.37%	0.00%	0.00%	20.28%	49.17%	0.00%	37.22%
Community Development								
Development Services	1.55%	0.16%			0.69%			1.33%
Building Services	1.25%	0.33%			0.74%	0.88%		1.11%
Neighborhood Services	1.89%	0.62%			5.18%	3.16%		2.26%
Total	4.69%	1.11%	0.00%	0.00%	6.61%	4.04%	0.00%	4.70%
Public Works								
Engineering	1.04%	1.63%		100.00%	3.03%	1.40%		3.11%
Street Maintenance	4.38%	4.06%			13.52%	17.56%		5.61%
Solid Waste					1.47%			0.21%
Total	5.41%	5.69%	0.00%	100.00%	18.02%	18.97%	0.00%	8.93%
Parks and Recreation								
Park Operations	0.70%	0.00%			0.42%			0.61%
Park Maintenance	3.17%	12.62%			4.22%	11.94%		3.48%
Total	3.87%	12.62%	0.00%	0.00%	4.64%	11.94%	0.00%	4.09%
Buildings and Grounds								
Building Maintenance	0.78%	7.47%			8.60%			1.98%
Total	0.78%	7.47%	0.00%	0.00%	8.60%	0.00%	0.00%	1.98%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	100.00%

City of Grandview Fiscal Year 2017 Annual Budget
Budget Personal Services (FTE) Summary for FY 2014 through FY 2017

	FY 13-14			FY 14-15			FY 15-16			FY 16-17		
	Full Time	Part Time	Total									
GENERAL FUND												
Administration												
City Administrator's Office	4.0	0.0	4.0	4.0	0.0	4.0	5.0	0.0	5.0	5.0	0.0	5.0
Human Resources	1.0	0.7	1.7	1.0	0.7	1.7	1.0	0.7	1.7	1.0	0.7	1.7
Municipal Court	3.0	1.1	4.1	3.0	1.8	4.8	3.0	1.7	4.7	3.0	1.7	4.7
City Clerk	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Total	9.0	1.8	10.8	9.0	2.5	11.5	10.0	2.4	12.4	10.0	2.4	12.4
Finance												
Administration/Accounting	2.5	0.0	2.5	2.5	0.0	2.5	3.5	0.0	3.5	3.5	0.0	3.5
Disbursements	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Collections	2.5	0.8	3.3	2.5	0.7	3.2	2.5	0.7	3.2	2.5	0.7	3.2
Purchasing	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0	0.5
State License Office	3.0	5.2	8.2	3.0	5.2	8.2	3.0	5.2	8.2	3.0	5.2	8.2
Total	9.5	6.0	15.5	9.5	5.9	15.4	10.5	5.9	16.4	10.5	5.9	16.4
Fire												
Administration	6.0	0.0	6.0	6.0	0.0	6.0	5.0	0.0	5.0	5.0	0.0	5.0
Emergency Services	36.0	0.0	36.0	36.0	0.0	36.0	36.0	0.0	36.0	36.0	0.0	36.0
Fire Prevention	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0	1.0	0.0	1.0
Total	42.0	0.0	42.0									
Police												
Patrol	36.0	1.9	37.9	35.0	3.1	38.1	34.0	3.1	37.1	34.0	3.1	37.1
Operations	15.0	0.0	15.0	14.0	0.0	14.0	15.0	0.0	15.0	15.0	0.0	15.0
Administration	16.0	1.2	17.2	17.0	1.3	18.3	17.0	1.3	18.3	17.0	1.3	18.3
Total	67.0	3.1	70.1	66.0	4.4	70.4	66.0	4.4	70.4	66.0	4.4	70.4
Community Development												
Development Services	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0
Building Services	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0
Neighborhood Services	4.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0	4.0
Total	8.0	0.0	8.0									
Public Works												
Street Maintenance	8.5	0.0	8.5	8.5	0.0	8.5	8.5	0.0	8.5	8.5	0.0	8.5
Engineering	2.5	0.0	2.5	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5
Total	11.0	0.0	11.0	10.0	0.0	10.0	10.0	0.0	10.0	10.0	0.0	10.0
Parks & Recreation												
Park Operations	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Park Maintenance	6.0	0.0	6.0	6.0	0.0	6.0	6.0	0.0	6.0	6.0	0.0	6.0
Total	7.0	0.0	7.0									

City of Grandview Fiscal Year 2017 Annual Budget
Budget Personal Services (FTE) Summary for FY 2014 through FY 2017

	FY 13-14			FY 14-15			FY 15-16			FY 16-17		
	Full Time	Part Time	Total									
Buildings & Grounds												
Public Buildings & Grounds	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5
GENERAL FUND TOTAL	<u>155.0</u>	<u>10.9</u>	<u>171.4</u>	<u>153.0</u>	<u>12.8</u>	<u>171.6</u>	<u>155.0</u>	<u>12.7</u>	<u>172.8</u>	<u>155.0</u>	<u>12.7</u>	<u>172.8</u>
OTHER FUNDS:												
Economic Development	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Community Center Sales Tax	10.5	3.6	30.9	11.5	2.2	30.5	11.5	2.2	30.5	11.5	2.2	30.5
Sanitary Sewer - Finance	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0	0.5
Sanitary Sewer - Public Works	10.5	0.0	10.5	11.0	0.0	11.0	11.0	0.0	11.0	11.0	0.0	11.0
OTHER FUNDS TOTAL	<u>22.5</u>	<u>3.6</u>	<u>42.9</u>	<u>24.0</u>	<u>2.2</u>	<u>43.0</u>	<u>24.0</u>	<u>2.2</u>	<u>43.0</u>	<u>24.0</u>	<u>2.2</u>	<u>43.0</u>
TOTAL FOR ALL FUNDS	<u>177.5</u>	<u>14.5</u>	<u>214.3</u>	<u>177.0</u>	<u>15.0</u>	<u>214.6</u>	<u>179.0</u>	<u>14.9</u>	<u>215.8</u>	<u>179.0</u>	<u>14.9</u>	<u>215.8</u>