Blue Springs, Missouri
Office of Administration

Thursday, August 1, 2024

Dear Mayor Chris Lievsay and Councilmembers:

I am pleased to submit the City of Blue Springs's recommended operating budget for fiscal year 2024-25 which will be presented at the August 15, 2024, budget work session. The recommended budget communicates the City's plan for allocating resources to provide services to the residents and businesses of Blue Springs.

The total proposed FY 2024-25 (hereafter FY 2025) budget of $95,995,532 is a financial plan that focuses on delivering essential services while maintaining fiscal discipline. The budget also includes several major initiatives that will significantly impact the trajectory of our city, not only in the upcoming year but for years to come.

Major Initiatives - New

Animal Control Services - Effective October 1, 2024, Animal Control Services will be reintegrated into the Police Department. Four Animal Control Officers will be hired to manage these services. Operations will be periodically reviewed and adjusted as necessary to ensure optimal performance.

Public Works Facility – This project includes renovation of the existing Public Works space and the addition of new space for vehicle equipment and storage, locker room facilities, conference/training room and secure storage of repair inventories and critical equipment.

Hidden Valley Park Improvements – Improvements include the installation of artificial turf on the infields of nine softball fields and the installation of new backstops. Improvements will also be made to the concession/restroom buildings throughout the entire park.

Highway AA Road Improvements - AA Highway will be improved from 40 Highway to the eastern city limits and includes road widening, profile safety corrections, new curb and gutter, accommodations for pedestrians and bicycles and improvements to the traffic signal at AA Highway and Adams Dairy Parkway.

Sni-A-Bar Wastewater Treatment Plant – The City's wastewater treatment plant is required to make $60.3 million in improvements within seven years to maintain compliant with the standards of the Environmental Protection Agency. The voters of Blue Springs will be asked to vote to issue bonds to complete this project. The City of Grain Valley will be responsible for 35% of the total project cost.

Major Initiatives – Ongoing

Wyatt Road East and West Construction – The funds were included for these projects in previous budget years and are expected to be constructed in FY 2025. Wyatt Road East will be reconstructed from 7 Highway to Adams Dairy Parkway. Wyatt Road West will be reconstructed from 7 Highway west to the Southern Jackson County Fire Department.

ARPA Stormwater Projects – Several stormwater projects are under construction that are funded by American Rescue Plan Act Funds. These projects include RD Mize to Vesper, Vesper Box culvert, Sunnyside Box culvert, Lake Village Boulevard, and Speas Drive. The ARPA funds must be spent by December 31, 2026.

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

Council Strategic Plan – Strategic planning was funded in the FY 2023 budget and the funds have been carried over for use in October 2025. Strategic planning helps guide the City into the future and contributes to more effective governance and the overall well-being of the City.

Parks, Recreation and Open Space Plan Update - The Parks and Recreation Department will be updating the Parks, Recreation and Open Space Master Plan in FY 2025. This is a 10-year plan that has been the catalyst for the Park improvements and expanded programs that have been occurring over the last 8 years.

Total Budget Summary

FY 2025 Budgeted Revenues

Staff projects total FY 2025 budgeted revenues to be $5,265,976 (6.32%) higher than the FY 2024 budget amount. The proposed revenue budget totals $88,566,678 plus $7,428,854 of cash reserves totaling $95,995,532 for planned expenditures. The use of cash reserves is primarily in the Water and Sewer funds for capital improvements.

Table 1-A compares the proposed FY 2025 revenue budget to the adopted FY 2024 revenue budget fund:

Table 1-A

Fund	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percentage Change	Percent of Total Budget
General	$ 29,637,561	$ 31,324,848	5.69%	32.63%
Hotel/Motel Tax	$ 690,293	$ 779,051	12.86%	0.81%
Public Safety Sales Tax	$ 5,079,949	$ 5,466,967	7.62%	5.70%
Parks Sales Tax	$ 5,863,482	$ 6,012,322	2.54%	6.26%
Debt Service	$ 1,850,582	$ 2,183,605	18.00%	2.27%
Capital Projects	$ 4,960,673	$ 5,203,936	4.90%	5.42%
TIF Capital Projects	$ 6,611,742	$ 6,936,973	4.92%	7.23%
Fieldhouse	$ 2,326,885	$ 2,718,221	16.82%	2.83%
Golf Course	$ 2,137,474	$ 2,334,660	9.23%	2.43%
Water	$ 11,780,771	$ 12,335,571	4.71%	12.85%
Sewer	$ 12,361,289	$ 13,270,525	7.36%	13.82%
Use of Cash Reserves	$ 2,445,579	$ 7,428,854	203.77%	7.74%
Total Budget by Fund	**$ 85,746,282**	**$ 95,995,532**	**11.95%**	**100.00%**

Table 1-A shows the projected changes in revenues by fund. The revenue budgets for all funds are increasing as compared to the adopted budget for FY 2024 with the largest increase of $1,687,286 in the General Fund.

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

Table 1-B compares the proposed FY 2025 revenue budget to the adopted FY 2024 revenue budget by category:

Table 1-B

Category	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percentage Change	Percent of Total Budget
Taxes	$ 45,198,605	$ 47,433,481	4.94%	49.41%
Intergovernmental	$ 5,027,007	$ 5,456,973	8.55%	5.68%
Charges for Services	$ 3,829,053	$ 4,270,546	11.53%	4.45%
Licenses and Permits	$ 1,183,580	$ 1,262,100	6.63%	1.31%
Fines and Forfeits	$ 440,289	$ 429,914	-2.36%	0.45%
Interest	$ 2,772,174	$ 3,505,072	26.44%	3.65%
Golf Course Fees	$ 2,129,276	$ 2,317,791	8.85%	2.41%
Utility Fees	$ 22,175,313	$ 23,285,182	5.00%	24.26%
Other	$ 545,404	$ 605,620	11.04%	0.63%
Use of Cash Reserves	$ 2,445,579	$ 7,428,854	203.77%	7.74%
Total Budget	**$ 85,746,282**	**$ 95,995,532**	**11.95%**	100.00%

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

The rising interest rate environment negatively impacts building and right of way permits while positively impacting interest received on the City's investments. Interest income is expected to increase by $732,898 or 26.44%

Taxes are estimated to increase by $2,234,846 or 4.94% and includes a full year of taxes from the sales tax on recreational marijuana. If the bond election is approved on August 6, these funds will be used, in addition to property tax, for debt service on the street projects.

Charges for Services are expected to increase by 11.53 % compared to FY 2024 due to growth in memberships at the Carson Ross Community Recreation Complex and increased participation in youth sports programs.

FY 2025 Budgeted Expenses

The proposed budget totals $95,995,532 for planned expenditures. This is an increase of 11.95% over the adopted FY 2024 budget.

Table 2-A compares the proposed FY 2025 expense budget to the adopted FY 2024 expense budget by fund:

Table 2-A

Fund	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percentage Change	Percent of Total Budget
General	$ 31,568,897	$ 33,179,596	5.10%	34.56%
Hotel/Motel Tax	$ 293,000	$ 380,000	29.69%	0.40%
Public Safety Sales Tax	$ 5,697,452	$ 5,444,574	-4.44%	5.67%
Parks Sales Tax	$ 1,450,000	$ 7,430,194	412.43%	7.74%
Debt Service	$ 1,710,326	$ 1,732,648	1.31%	1.80%
Capital Projects	$ 8,063,400	$ 5,768,650	-28.46%	6.01%
TIF Capital Projects	$ 6,395,261	$ 6,905,602	7.98%	7.19%
Fieldhouse	$ 4,832,718	$ 2,693,289	-44.27%	2.81%
Golf Course	$ 2,186,940	$ 2,384,660	9.04%	2.48%
Water	$ 12,179,934	$ 13,474,983	10.63%	14.04%
Sewer	$ 11,368,356	$ 16,601,337	46.03%	17.29%
Total Budget by Fund	**$ 85,746,282**	**$ 95,995,532**	**11.95%**	**100.00%**

The expense budgets for all funds except the Public Safety Sales Tax fund and the Fieldhouse/Aquatics fund are increasing as compared to the adopted budget for FY 2024.

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

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

Table 2-B compares the proposed FY 2025 expense budget to the adopted FY 2024 expense budget by category:

Table 2-B

Category	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percentage Change	Percent of Total Budget
Personal Services	$ 27,343,791	$ 29,117,037	6.49%	30.33%
Supplies and Materials	$ 3,566,974	$ 3,491,670	-2.11%	3.64%
Contractual Services	$ 20,814,175	$ 22,897,657	10.01%	23.85%
Sub-Total Operations	**$ 51,724,940**	**$ 55,506,364**	**7.31%**	**57.82%**
Debt Service	$ 17,177,168	$ 17,397,089	1.28%	18.12%
Capital Outlay	$ 2,032,243	$ 2,138,700	5.24%	2.23%
Capital Improvements	$ 14,811,931	$ 20,953,380	41.46%	21.83%
Total Budget	**$ 85,746,282**	**$ 95,995,532**	**11.95%**	**100.00%**

The operating budget that includes personal services, supplies and materials and contractual services is increasing by $3,781,424 or 7.31% while the entire expenditure budget is increasing $10,249,250 or 11.95%.

Employee Salaries and Benefits

Table 2-C compares the proposed FY 2025 personal services budget to the adopted FY 2024 personal services budget by account type:

Table 2-C

Account	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Dollar Change	Percent Change	Percent of Total Personal Services Budget
Full-Time Salaries	$ 17,014,824	$ 18,479,460	1,464,636	8.61%	63.47%
Part-Time Salaries	$ 1,595,869	$ 1,643,676	47,807	3.00%	5.65%
Overtime	$ 655,301	$ 655,301	-	0.00%	2.25%
FICA	$ 1,205,970	$ 1,296,193	90,223	7.48%	4.45%
Medicare	$ 282,085	$ 303,260	21,174	7.51%	1.04%
LAGERS	$ 1,544,499	$ 1,844,043	299,544	19.39%	6.33%
Health Insurance	$ 3,367,085	$ 3,127,894	(239,191)	-7.10%	10.74%
Dental Insurance	$ 197,504	$ 195,737	(1,767)	-0.89%	0.67%
Life Insurance	$ 78,819	$ 82,013	3,194	4.05%	0.28%
Vision Insurance	$ 25,080	$ 19,806	(5,273)	-21.03%	0.07%
Health Savings Account	$ 215,100	$ 201,600	(13,500)	-6.28%	0.69%
EAP	$ 6,606	$ 12,393	5,787	87.61%	0.04%
Unemployment Insurance	$ 25,000	$ 25,000	-	0.00%	0.09%
Worker's Compensation Insurance	$ 1,130,049	$ 1,230,662	100,613	8.90%	4.23%
Total	**$ 27,343,791**	**$ 29,117,037**	**1,773,247**	**6.49%**	**100.00%**

Costs of employee salaries and benefits are budgeted at $29,117,037, an increase of $1,773,247, or 6.4% over the prior year's budget of $27,343,791. Wages and benefits encompass approximately 30.33% of the total budget and 67.11% of the General fund budget, from which most employee costs are funded.

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

This budget includes a pay range adjustment of 1.5% for all non-represented positions, effective in October, and a 2.5% increase for employees on their service anniversary that may result in a lump sum payment if the employee is at the top of the pay range. The longevity plan also continues for all non-represented full-time and part-time employees who will receive a 2.5% pay increase at each 5-year service anniversary. Employees that are represented will be receiving raises as stipulated in their bargaining unit agreements.

The payroll budget includes a vacancy allowance, which means funds have not been included for five authorized police officer positions that are currently vacant. The reason for not budgeting for these positions is due to the current labor market conditions and the anticipated time it takes to fill these vacant positions. These positions will be filled as soon as possible, and the budget will be reviewed to determine if a budget amendment is needed. Budgeting for a

vacancy allowance is a common practice in organizations, especially when hiring for certain positions might take longer than expected due to factors like a competitive job market or specific skill requirements. This approach allows the City to be flexible in managing its budget while ensuring that necessary positions are eventually filled. In addition, funding for four full-time police officer positions has been transferred from the General Fund to the Public Safety Sales Tax fund to allow the City to adjust officer starting pay and reduce the number of steps in the step plan.

The rates for employee health insurance for the current year are decreasing by 7.1% This achievement can be attributed to employee participation in the wellness plan implemented by the organization. The City switched to Blue Cross Blue Shield for health insurance. Workers Compensation is increasing by $101,613 or 8.9%, due to the increased budget for salaries.

This budget includes 339.13 full-time equivalents which is a net increase of three positions over the number approved in the FY 2024 budget. The City Attorney position has been reclassified from a full-time position to a professional services agreement and four animal control officers have been added. Throughout the year, several positions were renamed based upon experience, job responsibilities and evolving organizational needs, without increasing the total number of employees. Those job titles include Senior Director, Assistant to the City Administrator, Assistant Director of Finance, Assistant Court Administrator, Senior Deputy Court Clerk, and Senior Administrative Assistant.

Table 2-D summarizes the changes to the full-time equivalent positions in the proposed FY 2025 budget:

Table 2-D
Changes to Full-Time Equivalent Positions

Summary of Full-Time Equivalents:		
Department	**Position**	**FTE Changes**
Adopted 2022-23 Budget FTE's		**336.13**
Law Department	City Attorney	-1
Police	Animal Control Officer	4
Subtotal FYE Proposed Changes		3
Proposed Budget 2023-24 FTE's		**339.13**

Capital Improvements Program (CIP)

The CIP guides the City in the planning, scheduling, and budgeting for maintenance, replacement, and major improvements related to City assets and infrastructure. It outlines expenditures, allocates existing funds, and anticipates future revenues to rehabilitate, restore, improve, and add to the City's infrastructure.

Each year, City staff develops a CIP forecast for the next five fiscal years. The process begins annually in December and usually concludes in late spring with its adoption by the City Council. This year's CIP was adopted by the City Council on July 5, 2024.

The proposed CIP for FY 2025 through FY 2029 identifies many potential CIP projects totaling $258.9 million of which $101 million are funded and $158 million are unfunded. The significant increase in the number of projects on the unfunded list is due to having new staff in key positions and better data to analyze and make recommendations for replacement and maintenance.

Although projects are recommended and adopted by the City Council each year, the CIP is only a proposed plan. Therefore, the CIP may be adjusted after adoption to reflect altered or emerging priorities of the City Council as well as any changes in available funds.

If the bond election is approved on August 6, by 4/7 of the voters, an additional $40 million in projects will be moved from this list to the funded list. Those projects include:

Project #	Project	Amount
ST-06	Neighborhood Street Preservation	$15,000,000
ST-09	Woods Chapel Road at 40 Hwy	$450,000
ST-49	ADP to Duncan Road Right Turn Lane	$1,725,000
ST-55	SW 12th Street Improvements	$4,885,000
ST-58	ADP Street Lighting – Moreland School Rd to Wyatt	$2,100,000
ST-61	Walnut Street Improvements	$8,250,000
ST-66	Mock Avenue Improvements	$5,925,000
CD-04	Downtown Master Plan Implementation	$5,000,000

The proposed budget for capital improvements and outlay for FY 2025 recommends capital expenditures totaling $23,092,080. Highlights of the approved amount include:

- $3.675 million for Hidden Valley Park Improvements
- $3.27 million for Public Works Building Renovations
- $2.65 million for the Pavement Management Program
- $1.6 million for AA Highway Improvements ($8.1 million total over two years)
- $2.1 million for capital outlay

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

Table 2-E

Improvement Type	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percent of Capital Budget
Parks and Recreation	$ 1,640,000	$ 5,220,000	23%
Public Safety	$ 1,100,000	$ 85,000	0%
Street Improvements & Equipment	$ 8,063,400	$ 5,768,650	25%
Sanitary Sewer System	$ 2,358,800	$ 7,287,973	32%
Water System	$ 1,649,731	$ 2,591,757	11%
Capital Outlay and Equipment	$ 2,032,243	$ 2,138,700	9%
Total Improvements	**$ 16,844,174**	**$ 23,092,080**	**100%**

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

Total General Fund Budget Summary

FY 2025 General Fund Revenues

Table 3-A compares the proposed FY 2025 General Fund Revenues to adopted FY 2024 General Fund Revenues:

Table 3-A

Revenue Source	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percent Change	Percent of Total Budget
Taxes	$ 21,163,144	$ 22,225,816	5.02%	65.99%
Administrative Charges	$ 2,147,395	$ 2,307,146	7.44%	6.85%
Licenses and Permits	$ 1,183,580	$ 1,262,100	6.63%	3.75%
Other Government Sources	$ 4,271,742	$ 4,698,081	9.98%	13.95%
Charges for Services	$ 1,602,844	$ 1,638,597	2.23%	4.86%
Fines and Forfeits	$ 440,289	$ 424,191	-3.66%	1.26%
Interest Income	$ 571,525	$ 650,419	13.80%	1.93%
Other	$ 404,438	$ 425,644	5.24%	1.26%
Transfers In	$ 83,939	$ 50,955	-39.30%	0.15%
Total General Fund Revenues	**$ 31,868,895**	**$ 33,682,949**	**5.69%**	**100%**

Some highlights from the proposed FY 2025 revenues in the General Fund are:

- General Fund revenues are projected to increase by 5.69% or $1,814,054
- Taxes are projected to increase by $1,062,672 or 5.02% over the FY 2024 budget. Sales taxes are projected to increase by $561,040 or 5.52%
- Licenses and permits are projected to increase by $379,008 or 6.63% over the FY 2024 budget due to projected higher revenues for building permits
- Charges for services are projected to increase by $35,752 or 2.23% over budget. This change is a result of the growth in Parks and Recreation youth sports programs
- Fines and forfeits are projected to decrease by $16,098 or 3.66% over the FY 2024 budget continuing the trend of reduced revenue from court fines
- Interest income is projected to increase by $78,894 or 13.8% over the FY 2024 budget due to receiving higher rates on investments

FY 2025 General Fund Expenditures

Total budgeted expenditures and transfers in the General Fund are estimated at $34,868,895 a decrease of $1,295,037 or -3.71% from the adopted FY 2024 expenditures and transfers. Most of this decrease is due to a $3 million transfer to the Capital Projects Fund in FY 2023-24 and transfer of $394,263 in FY 2024-25.

Table 3-B compares the proposed FY 2025 General Fund expenditure budget to the Adopted FY 2024 expenditure budget:

Table3-B

Category	Adopted Budget FY 2023-24	Proposed Budget FY 2024-25	Percentage Change	Percent of Operating Budget
Personal Services	$ 21,364,965	$ 22,532,215	5.46%	67.11%
Supplies and Materials	$ 2,403,585	$ 2,209,640	-8.07%	6.58%
Contractual Services	$ 6,892,845	$ 7,390,741	7.22%	22.01%
Capital Outlay	$ 907,500	$ 1,047,000	15.37%	3.12%
Transfers Out	$ 3,300,000	$ 394,263	-88.05%	1.17%
General Fund	**$ 34,868,895**	**$ 33,573,859**	**-3.71%**	**100.00%**

General Fund Reserve Information

The City's General Fund Reserve Policy is currently 25% of General Fund operating expenditures. In July 2021, the City Council amended the Governmental Fund Balance Policy that complies with Governmental Accounting Standards Board (GASB) Statement No. 54. The adopted reserve calculation in the policy is based upon the following goals:

1. Compliance with GASB Statement No. 54
2. Provide the capacity to provide sufficient cash flow for daily operating needs
3. Secure and maintain investment grade credit ratings
4. Offset economic downturns or revenue shortfalls and provide funds for unforeseen expenditures related to emergencies

In addition to reserves of 25%, each year 50% of the growth in unassigned fund balance will be allocated to the Pavement Management Program. The reserve total amount for the FY 2025 budget year is estimated at $8,033,149.

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

Table 3-C

General Fund	**Projected Fund Balance Ending Sept. 30,2024**
Non-spendable & Restricted	$2,300,000
25% Reserves	$8,033,149
Other Assigned & Committed Funds	$7,000,000
Unassigned	$1,949,151
Total Fund Balance	**$19,282,300**

Conclusion

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

I would like to extend my gratitude and appreciation to the leadership team and Lori Turner for their unwavering commitment and invaluable contributions to the development of this balanced budget for the fiscal year 2024-25.

Sincerely,



Christine Cates
City Administrator