



## Board of Aldermen Request for Action

**MEETING DATE:** 10/4/2022

**DEPARTMENT:** Administration/Finance

**AGENDA ITEM:** Approve Bill No. 2962-22 Adopt FY2023 Annual Operating Budget – 1st Reading.

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**REQUESTED BOARD ACTION:**

A motion to approve Bill No. 2962-22, Adopt FY2023 Annual Operating Budget. 1st reading by title only.

**SUMMARY:**

City staff have worked collectively since January 2022 to determine the needs, and eventually propose recommendations, for the FY2023 Budget. On May 15, 2022, the Board of Aldermen met to hold a Financial Summit to discuss the goals and priorities of the City for upcoming fiscal year. Later in the budget preparation process, the City Administrator and Finance Director presented the proposed FY2023 Budget at the August 16, 2022, Board of Aldermen Work Session. During this Work Session, budget recommendations were discussed which were formed based upon input from the Financial Summit. Budgeted fund cashflows for major funds were presented, and the five-year CIP was reviewed. The Board provided feedback and input during the Work Session, which includes these changes to the five-year CIP, along with other recent changes/recommendations:

- During the five-year CIP review, the Board recommended inclusion of a Pedestrian Crosswalk and Flashing Beacon near Maple Elementary School. The Board also discussed additional outside funding/cost sharing opportunities to support the expenditures associated with this project. Based upon this discussion, a project expenditure budget of \$70,000 with a 50% cost sharing opportunity of \$35,000 in revenue is slotted for FY2023 in the Transportation Sales Tax Fund.
- The 4th Street and 4<sup>th</sup> Terrace Waterline project budget has also been increased from \$500,000 to \$575,000 with the addition of replacing the 4" watermain between Spelman, Manzanola, and 6<sup>th</sup> Street as the line has deteriorated to the point in which repair is no longer possible and full replacement is required. The CWWF Fund is in an appropriate position to support this increase in project expense.
- The Emerald Ridge Neighborhood Park & Signage project budget has been increased from \$150,000 to \$300,000 with a potential (right now, an unsecured) 50% Land Water Conservation Fund (LWCF) revenue match. In addition, the

timeline for completing the project has been pushed to FY2024. Staff is currently in the process of applying for these funds and can evaluate project feasibility following the result of the LWCF grant application.

- Engineering for Commercial Street Sidewalks was originally presented in the budget for \$150,000 in FY2023. The City will be contracting with BG Consultants for \$105,000 to do Commercial Streets engineering, a savings of \$45,000 from the original estimate. This expenditure update has been made in the Transportation Sales Tax Fund.
- As the FY2022 budget year ends, staff will not be utilizing \$200,000 in budgeted General Fund monies for the Streets/Parks Facility engineering. There will be substantial savings in the Streets Department Professional Services line item because of this decision. Instead, these monies will be slated to use in the Proposed FY2023 Budget for the renovation of a portion of the Litton Visitor Center for Parks and Public Works Administration staffing. The General Fund Proposed FY2023 CIP includes this \$200,000 as an update for the budget.
- In early September 2022, Public Works Utility staff received information regarding the EPA's Lead and Copper Rule which aims to protect public health and reduce exposure to lead and copper in drinking water by requiring inspections and planning to support lead and galvanized service line replacement. Based upon discussions with HDR Engineering, Inc., Public Works staff anticipate the service lines inspections and replacement plan development to cost about \$200,000. These funds have been added to the CWWS Fund Budget for the Proposed FY2023 Budget.
- Staff received the results of the DNR application for funding of the Diamond Crest Neighborhood Multi-Use Trail and the application was not successful in receiving funds for the FY2023 Budget year. The presented revenue budget included a \$181,000 grant from DNR to offset an estimated \$281,000 in expenditures for the project. Based upon this application news, the projected revenues and expenditures have been shifted from FY2023 to FY2024.
- In late September 2022, staff received a worker's compensation loss update from Midwest Public Risk, the City's insurance provider. Based upon this loss information, staff have increased the worker's compensation budgets for all City departments by a combined \$30,540. The original budget for FY2023 was \$152,700 for all General Fund departments and the CWWS Utilities department and this increase equates to a new budget amount of \$183,240.

The Proposed FY2023 Budget Book is included in the packet and the budget document incorporates Board direction from budget work sessions as well as ongoing board goals and recommendations of recently completed planning processes. This document will be finalized with updates to performance measures, as well as some other final additions to fulfill GFOA (Government Finance Officers Association) financial reporting criteria before

submitted for the GFOA Distinguished Budget Award. After approval of the budget, the final budget document will be posted to the City website under the "Annual Operating Budgets" page found under the Finance Department page.

Staff has incorporated some changes to the budget following the work session which includes unspent FY2022 expenditures in the Fiscal Year 2023 Budget:

- The Street Division in Public Works did not coordinate completion of the 2022 Street Striping Program (\$25,000 Budget) during FY2022. This \$25,000 will be rolled into the FY2023 Budget for a total Street Striping Program Budget of \$50,000.
- The City has contracted with Irvinbilt Construction to complete the Raw Water Pump Station (paid for using ARPA Funds) for the contracted price of \$2,983,795. \$927,307 in funds remain to be paid on the project contract and this rollover amount will be budgeted for FY2023. All ARPA funding (both Clay County and direct Treasury payments) has been received in FY2022, so the ARPA fund has the necessary revenues to support the completion of the project (if there are no significant change orders).
- The City has contracted with Snyder & Associates to complete Quincy Boulevard engineering for a contracted price of \$75,450. This engineering was budgeted in the Parks & Stormwater Fund in FY2022, and as of September 2022, \$67,732 in funds remain to be paid on the contract and this rollover amount will be budgeted for FY2023.
- The City has contracted with HDR Engineering to complete engineering for the West Bypass of the 144<sup>th</sup> Street Lift Station for a contracted price of \$346,050. As of September 2022, \$173,749 in funds remain to be paid on the contract and this rollover amount will be budgeted for FY2023.
- The City has contracted with HDR Engineering to complete engineering for Downtown Streetscape Phase III (Bridge Street) for a contracted price of \$181,380. \$116,022 in funds remain to be paid on the contract and this rollover amount will be budgeted for FY2023.
- The City has contracted with David E. Ross to complete the construction of the Aerobic Digester for a contracted price of \$491,900 and this entire amount of funds remain to be paid on the contract. This rollover amount will be budgeted for FY2023.
- The City has contracted with Surveying and Mapping, LLC for the completion of a Geographic Information System for the contracted price of \$212,080. \$15,250 in

funds remain to be paid on the contract and this rollover amount will be budgeted for FY2023.

- The City has contracted with Veenstra & Kimm, Inc. for the completion of 4<sup>th</sup> Street and 4<sup>th</sup> Terrace Watermain Improvements for the contracted price of \$89,290. \$80,837 in funds remain to be paid on the contract and this rollover amount will be budgeted for FY2023.

### Updated Total Budget Summary – For October 18, 2022 Approval

	2023 Projected Beginning Balance	2023 Proposed Revenues	2023 Proposed Expenditures	2023 Projected Ending Balance
<b>General Fund</b>	3,315,925	5,466,340	6,310,310	2,471,955
<b>Capital Improvement Sales Tax Fund</b>	394,454	1,160,435	1,355,370	199,519
<b>Capital Projects Fund</b>	181,855	40,000	-	221,855
<b>Combined Water/Wastewater Fund</b>	6,318,249	9,340,817	13,070,115	2,588,951
<b>Debt Service Fund</b>	255,934	354,845	343,040	267,739
<b>Park and Stormwater Sales Tax Fund</b>	749,556	672,435	497,750	924,241
<b>Sanitation Fund</b>	61,219	915,860	900,600	76,479
<b>Special Allocation Fund</b>	48,041	705,000	703,000	50,041
<b>CID Fund</b>	83,790	380,250	335,618	128,423
<b>Transportation Sales Tax Fund</b>	354,072	589,713	702,246	241,539
<b>Vehicle And Equipment Replacement Fund</b>	157,400	422,100	381,750	197,750
<b>American Rescue Plan Act Fund</b>	953,273	-	953,270	3
<b>Donation Fund</b>	16,500	10,500	20,000	7,000
<b>Appointed Council Fund</b>	2,045	-	1,650	395
<b>Judicial Education Fund</b>	3,447	-	3,447	-
<b>Technology Upgrade Fund</b>	2,474	-	2,474	-
<b>DWI Recovery Fund</b>	14,312	4,000	12,000	6,312
<b>Police Training Fund</b>	14,500	3,000	12,000	5,500
<b>Grand Total</b>	<b>\$ 12,927,046</b>	<b>\$ 20,065,295</b>	<b>\$ 25,604,640</b>	<b>\$ 7,387,701</b>

## Previous Total Budget Summary – Presented August 16, 2022

	2023 Projected Beginning Balance	2023 Proposed Revenues	2023 Proposed Expenditures	2023 Projected Ending Balance
General Fund	3,173,805	5,414,248	6,067,570	2,520,483
Capital Improvement Sales Tax Fund	261,454	1,152,100	1,305,370	108,184
Capital Projects Fund	181,855	40,000	-	221,855
Combined Water/Wastewater Fund	5,067,869	9,320,817	12,040,625	2,348,061
Debt Service Fund	255,934	354,845	343,040	267,739
Park and Stormwater Sales Tax Fund	762,118	845,100	861,000	746,218
Sanitation Fund	63,719	915,860	900,600	78,979
Special Allocation Fund	183,291	705,000	703,000	185,291
Commons CID Fund	126,096	377,250	483,773	19,573
Transportation Sales Tax Fund	348,072	582,250	702,250	228,072
Vehicle And Equipment Replacement Fund	170,382	422,100	381,750	210,732
American Rescue Plan Act Fund	-	-	-	-
Donation Fund	16,500	10,500	20,000	7,000
Appointed Counsel Fund	2,045	-	2,045	-
Judicial Education Fund	3,447	-	3,447	-
Technology Upgrade Fund	2,474	-	2,474	-
DWI Recovery Fund	13,972	4,000	12,000	5,972
Police Training Fund	14,500	3,000	12,000	5,500
<b>Grand Total</b>	<b>\$ 10,647,533</b>	<b>\$ 20,147,070</b>	<b>\$ 23,840,944</b>	<b>\$ 6,953,659</b>

**PREVIOUS ACTION:**

The Board of Alderman approved the FY2022 Budget last October.

**POLICY OBJECTIVE:**

Approval of operating and capital budget to achieve Board of Aldermen goals in FY2023

**FINANCIAL CONSIDERATIONS:**

Adopting expenditure and revenue budget for FY2023 which establishes spending and receipting authority for the City in FY2023.

**ATTACHMENTS:**

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|--|-----------------------------------|
| <input checked="" type="checkbox"/> Ordinance                                  | <input type="checkbox"/> Contract |
| <input type="checkbox"/> Resolution  | <input type="checkbox"/> Plans    |
| <input type="checkbox"/> Staff Report  | <input type="checkbox"/> Minutes  |
| <input checked="" type="checkbox"/> Other: FY22 City of Smithville Budget Book |                                   |

**BILL NO. 2962-22**

**ORDINANCE NO. 31XX-22**

**AN ORDINANCE ADOPTING THE FY2023 ANNUAL OPERATING BUDGET FOR THE CITY OF SMITHVILLE, MISSOURI, AND AUTHORIZING THE EXPENDITURES OF FUNDS FOR MUNICIPAL SERVICES.**

**BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:**

**THAT**, for the purpose of financing the conduct of affairs of the City of Smithville, Missouri during the fiscal year from November 1, 2022, and ending October 31, 2023 inclusive, the budget of the City's revenue and expenses for such period prepared and submitted to the Smithville Board of Aldermen by the City Administrator is hereby approved and adopted as the Official Budget of the City of Smithville, Missouri; and

**THAT**, the amounts set forth in the various funds are hereby appropriated to such uses, and authority is hereby given to the City Administrator of the City of Smithville to expend the amounts shown for the purposes indicated; and

**THAT**, the amounts for each fund, as shown in the Annual Budget shall not be increased or decreased except by the Board of Aldermen approval, but the various objects of expenses comprising the total appropriation for any fund may be increased or decreased at the discretion of the City Administrator, providing the adjustments shall not increase the total amount appropriated for that fund.

**INTRODUCED, READ, PASSED AND ADOPTED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE THIS 18<sup>th</sup> DAY OF OCTOBER 2022.**

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Damien Boley, Mayor

ATTEST:

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Linda Drummond, City Clerk

First Reading: 10/04/2022

Second Reading: 10/18/2022