

# City of Sedalia



## FY13 Operational Overview and FY14 Budget Preview

*Tuesday, February 19, 2013*

# Guiding Principles

## Vision

*Dynamic life and comfortable living in Greater Missouri*

## Mission

*The City of Sedalia is committed to meeting the needs of our community through professional leadership and operational excellence.*

*We deliver efficient, quality municipal services, create opportunities for growth and protect the quality of life that makes our community a desirable place to live.*

# Guiding Principles

## Our priority: **S.E.R.V.I.C.E.S.**

- **Safety of the Public** - The City of Sedalia will provide for the safety of its citizens and visitors. Across all City services, protecting the people and places of Sedalia is our highest priority.
- **Economic Growth** - Sedalia will promote all areas of economic development, including industrial/manufacturing and retail.
- **Residential Neighborhoods** - Residential areas throughout Sedalia will be safe, diverse, and accessible for all of our citizens and will have well-maintained neighborhoods that instill a sense of pride and community. Within our areas of responsibility, we will strive to maintain and improve our city's appearance.

# Guiding Principles

- **Vibrant Downtown** - The City will support efforts for an historic and well maintained downtown with a permanent combination of professional, commercial, residential and public uses. The city supports efforts to address building safety in the downtown area.
- **Investments in the Future** - The City will make strategic decisions that benefit the long-term, sustainable priorities of Sedalia. This includes long-term planning for all areas of Public Works.
- **City Government** - City government in Sedalia will provide fair treatment and exceptional service by being efficient, accessible, responsive, accountable, and financially responsible to the community we serve.
- **Employee Excellence** - The City of Sedalia honors its staff team as both the greatest asset of the City and the reason for the quality of our organization. The City supports employee development and encourages our employees to seek opportunities for personal and professional growth.
- **Stewardship of Public Funds** - Monitoring and maintaining expenditures and revenues with the goal of doing more with fewer dollars.

# Why Are We Here?

## ➤ Purpose of today's session

- Today's session serves as a preview for the upcoming FY2014 budget. A goal is to clearly tell the city's financial story without becoming too technical.
- This year it will be important to look closely at sales tax issues and projections.
- As in years past, an operational overview will be presented.
- We will revisit the anticipated debt service from fund 15 to assure you revenue will meet expenditures.
- You will be provided with an awareness of major decisions that the council and staff will be facing in FY14.

# Operational Overview

## Service Provided to Sedalians in 2012

- **Airport**
  - 13,000 aircraft landings / take-offs
  - 125,000 gallons of fuel sold (\$500,000 sold)
  - 100 catered meals
- **Finance Department**
  - Issued 1,379 business licenses
  - Issued 84 liquor licenses
  - 623 pet tags
- **Municipal Court**
  - 1,567 traffic tickets
  - 915 civil cases
- **Police Department**
  - 37,251 calls for service
    - 1,208 traffic accidents
    - 8,968 traffic stops
    - 2,978 animal control
- **Fire Department**
  - 2,616 Emergency incidents
    - 1,752 emergency medical
    - 864 fire/rescue
- **Sanitation**
  - Collected 21,432,840 lbs of refuse
  - Serviced 7,560 refuse accounts
- **Personnel**
  - 841 job applications
  - 24 positions filled
- **Street**
  - Patched 3,408 potholes
  - Swept 3,479.50 miles of streets
  - 17.5 miles of city streets resurfaced
- **Cemetery**
  - 142 gravesites sold
  - 4 columbarium niches sold
  - 135 burials/5 disinternments
  - 19 trees removed/28 planted
- **City Clerk**
  - Issued 1,476 garage sale permits
  - Answered 36,000 phone calls
  - Digitized 10,041 ordinances
- **Community Development**
  - Issued 486 permits
  - Provided 3,172 site inspections
- **Parks**
  - 190 Adult Rec League Teams
  - 750 youth in parks and rec sports leagues
  - 38,762 Admissions to Park Pools
  - 8,000 people attended special events
- **Water Pollution Control**
  - Treated 1.577 B gallons of wastewater
  - 115 sewer main repairs completed
  - 237,762 feet of sewer main clean/inspected
  - Processed 4,500 tons of product to produce 3,600 cubic yards of compost
- **IT Department**
  - Managing 350 devices with a value of \$276,000
  - Processed over 1,250 service requests from 225 city employees
  - Processed about 450,000 e-mails

# From 2012's Planning Session

## Policy/Operational Direction from February 18, 2012 *taken from the minutes of the session as adopted*

1. **Show Me Green Sales Tax Holiday** *Staff recommends that the City not participate. Completed*
2. **Phase III Streetscape – Funding unavailable; Phase IV City Hall – Funding unavailable**
3. **Continue efforts to maintain and build a vibrant downtown – Ongoing**
4. **Code enforcement and issue of substandard housing** - *Recommendations made to council and approved. Currently in phase II. Significant progress*
5. **More retail responsibility – Progress and ongoing**
6. **Continue to monitor expenditures/revenues on monthly basis in order to help maintain a strong General Fund Balance – Completed and ongoing**
7. **Ambulance ballot issue. If it fails at the polls, our budget could be impacted. Ballot issue was approved by voters. City budget not impacted.**
8. **Tourism ballot issue. If it fails, the city will need to decide if it will continue with annual payments. Ballot issue was approved by voters. CVB now has its own funding source. City will no longer make annual payments.**
9. **Begin system of performance measurement. Process is being implemented in the budget system with close tracking of expenditures in each department and close monitoring of revenues. Ongoing.**
10. **Arrange joint meetings with other public bodies. Incomplete. Only one such meeting was held (with the library board).**
11. **Facility tours. Incomplete**

# Review of Projects

- New fire station was approved. Bids came in within budget. Land acquisition approved by Mo. Legislature
- \$7.2 million dollar C.O.P. issue approved by the City Council.
- \$30 million dollar sewer project. Continues to show progress.
- Stormwater ordinance and policy. Council approved; work continuing
- Hubbard Park Storm Siren. Installed and operational
- Washington Street Bridge design completed. Construction bid awarded well below budget.
- Carnegie Library was on the verge of collapse. City agreed to add repair costs to its C.O.P. issue.
- Collapsed downtown buildings cleaned up. Fire destroyed two additional downtown buildings. Related issues being addressed.
- It committee was created. Safety committee was reinstated.
- Personnel manual completed and approved.
- History: pictures of former mayors installed. Downtown historical signs installed. City worked with Chamber leadership.
- Trust building sold with plans for renovation.
- Panera's and Freddy's opened.
- Significant amount of retail work underway. Could result in positive results this fiscal year.
- Transportation Enhancement grant for downtown arch and some street work received.
- Safe routes to school sidewalk project completed. City sidewalk projects completed.
- Clean Sedalia Committee completed phase I of its work and is now in phase II.
- Pay-study completed

# Established Priorities & Objectives

Assumption by staff is that the priorities and objectives will continue during the coming year. #'s 3,6 and 7 were added last year. #8 was added this year.

1. Continue focus on planned growth & development
2. Continue focus on delivery of services
3. Emphasize customer service
4. Continue focus on City Personnel
5. Continue focus on Downtown Improvements
6. Maintain strong budget with strong General Fund Balance.
7. Closely monitor expenditures while strengthening revenues.
8. Closely monitor and report to council on sales tax revenues.

Priorities and objectives are reflected through projects and programs outlined in the budget.

# SALES TAX REVIEW

The following is a review of:

1. Sales Tax Analysis - Sales tax makes up about 62% of total revenue
2. Fund 15 Analysis as it relates to sales taxes

# Sales Tax Review

## CURRENT SALES TAX PERFORMANCE

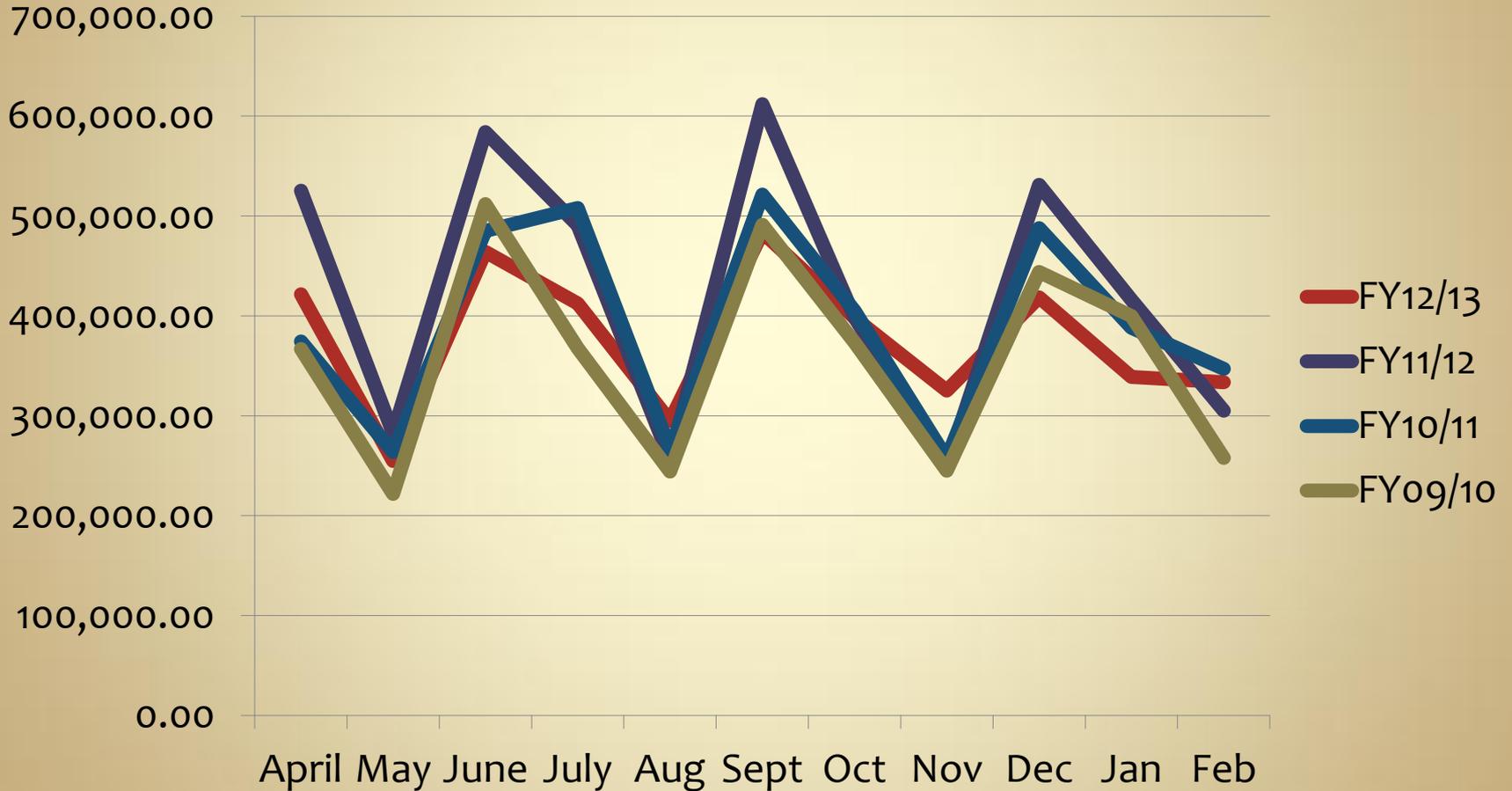
- Using the 1% General Fund as a Barometer – the FY13 Year-to-Date sales tax revenue is substantially below FY12. More specifically, as of the February report, it is \$504,983.51 or 10.86% below last year.
- It may be more accurate to compare to fiscal years prior to FY12. When this is done the decline still is noteworthy, but not nearly as dramatic. In the case of one of this years, an increase is shown.

See month-by-month, multi-year 1% sales tax comparison chart:

# Sales Tax Review

## General Fund Sales Tax Revenue

FY09/10 to FY12/13



# Sales Tax Review

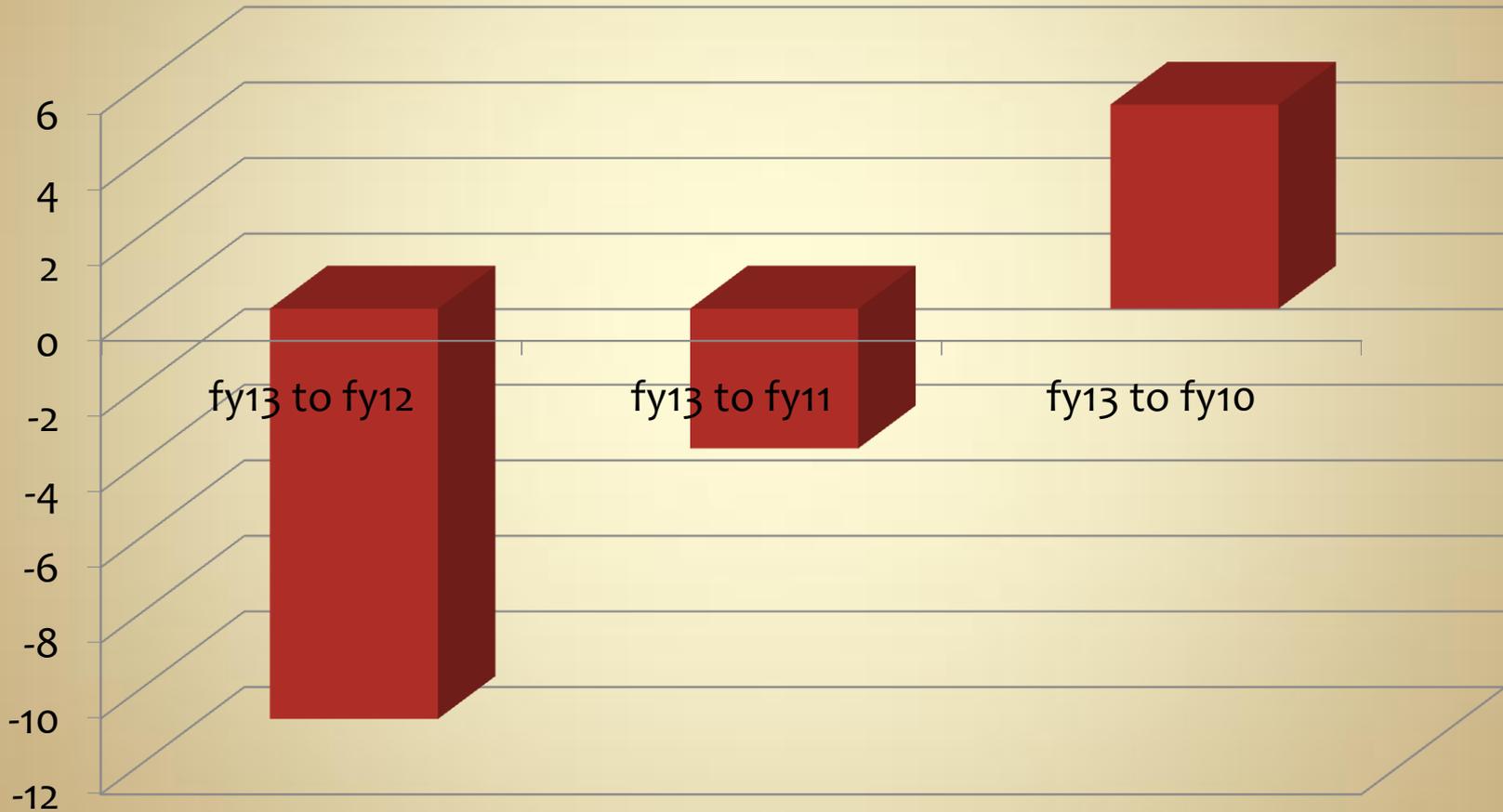
## FY12 AN ANOMALY

- FY12 can be considered an anomaly because sales tax revenues were extraordinarily high that year.
  - It is more accurate to use the two fiscal years prior to FY12 as comparisons.
1. YTD current FY to YTD FY12 - a decline of -10.86%
  2. YTD current FY to YTD FY11 - a decline of -3.7%
  3. YTD current FY to YTD FY10 - an increase of 5.4%

See bar graph on following slide:

# Sales Tax Review

Comparison to three different years



# Sales Tax Review

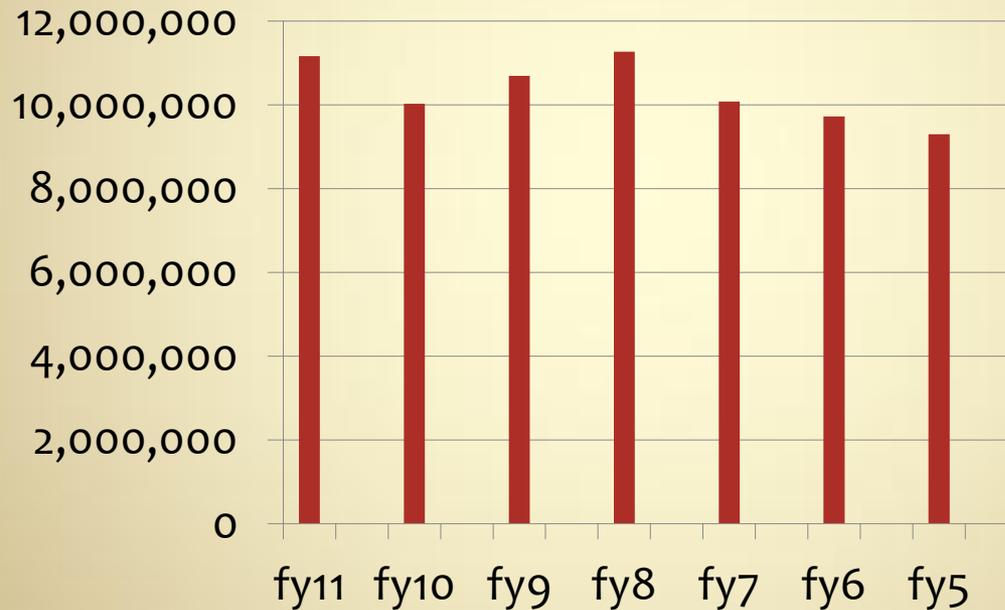
## **ACTUAL SALES TAX PERFORMANCE**

- When comparing total ACTUAL sales tax performance for a 7 year period, there is a strong consistency trend.
- This consistency trend helps confirm that FY12 is an anomaly and a comparison to the two previous fiscal years is warranted.

See all funds ACTUAL charts in following slide:

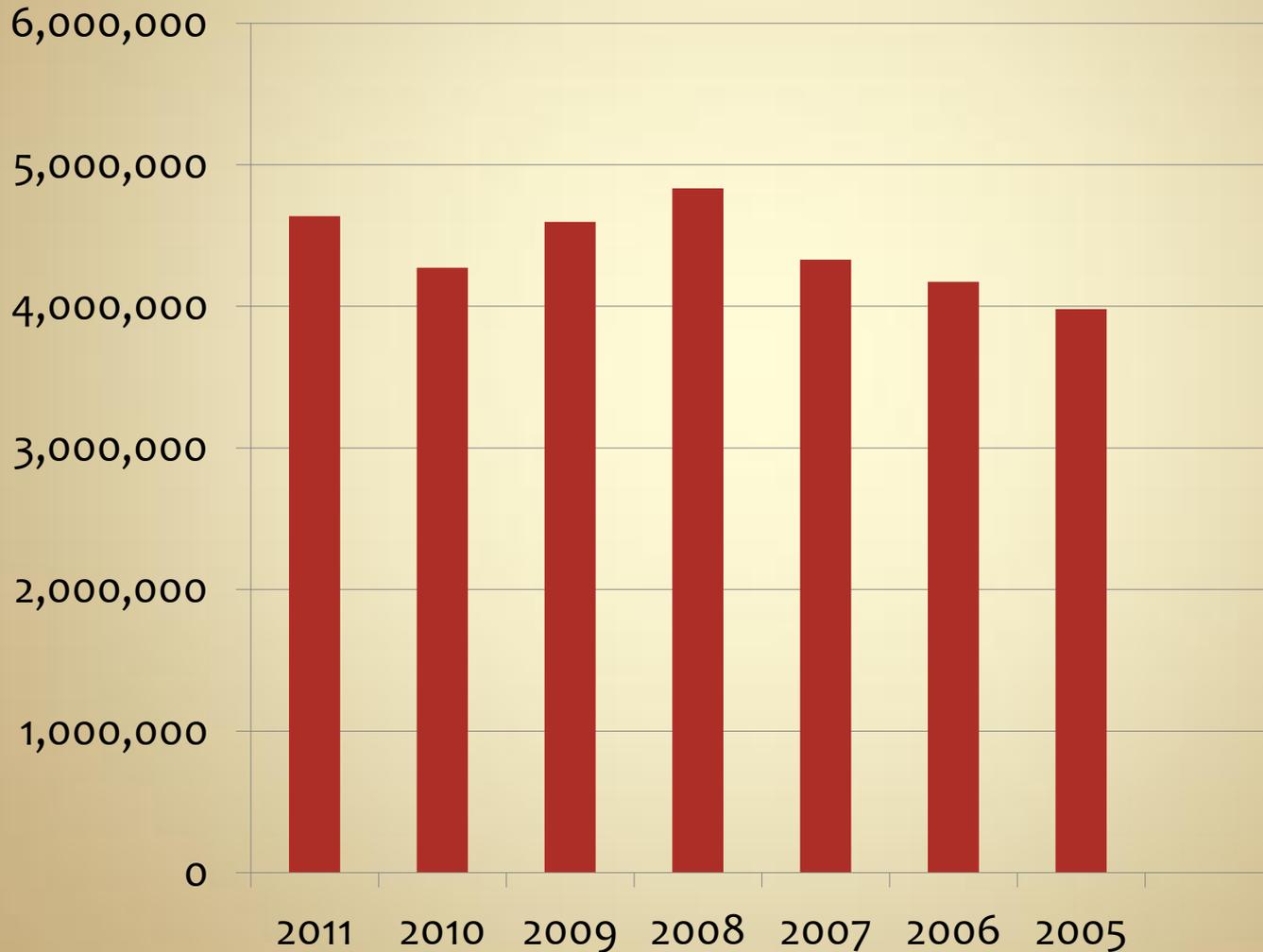
# Historical budget Perspective

Actual All Funds Sales Tax  
FY 2011 through FY2005



# Historical Budget Perspective

Sales tax Revenue  
General Fund Only  
FY2005 through FY2011



# Sales tax Review

## Sedalia Sales Tax Growth Projection for FY14

For FY14, the City of Sedalia is projecting:

### **No Growth**

- This is the first time no sales tax growth has been projected in Sedalia in recent memory. Of course, this means, fewer dollars with which to work.
- In FY13 (our current Fiscal Year) we projected one and a half percent growth. We anticipate coming in below that.

# Sales Tax Review

## Local Job Projections

- Because Sedalia/Pettis County are more self-contained and insulated from nearby large metro areas, local jobs have a direct impact on local sales tax revenue.
- If there are no jobs people don't purchase goods and fewer sales tax dollars are created.
- The local Economic Development office predicts no decline in the number of Sedalia/Pettis County jobs.
- There is the possibility of some added jobs.

**IN SUM, LOCAL JOB PROJECTIONS ARE STABLE WITH A CHANCE FOR GROWTH**

# Sales Tax Review

## Pettis County Sales Tax Projection

- Pettis County sales tax revenues were down 4.3% (\$250,000) in 2012 compared to 2011
- January 2013 sales tax revenues were off \$80,000
- The new Pettis county budget estimates that sales tax revenues will be down 5.7% (\$430,000) when compared to sales tax revenue received in 2012.

# Sales Tax Review

## State Sales Tax Projections

- For the remainder of this fiscal year the State of Missouri is projecting a 2.2% General Fund increase.
- For the upcoming fiscal year, the state is predicting 2.7% General Fund increase in sales tax.

**IN SUM, THE STATE IS PROJECTING A SLIGHT INCREASE IN SALES TAX REVENUE**

# Sales Tax Review

## National Retail Projection

- The International Council of Shopping Centers is predicting a slight decline in retail sales for 2013.
- In 2012 the retail sales growth was 4.2%.
- In 2013 the ICSC is projecting a retail sales decline of 0.8%. In other words, the decline goes from 4.2% for the just completed calendar year to the projected 3.4% for the current calendar year.

**IN SUM, NATIONAL RETAIL SALES ARE PROJECTED TO FALL SLIGHTLY IN CALENDAR YEAR 2013.**

# Sales Tax Review

## Potential Problem Areas for FY14

- **Local sales tax shortfall** - As of February, the City had an anticipated sales tax shortfall of \$504,983.51 when compared to last year.
- **Industry Sales Tax Laws** - For those industries that pay sales taxes, about two years ago, the state legislature exempted some of their sales from sales taxes. It is not yet known what impact this will or is having on sales taxes.
- **Out-of-State Auto Purchases** - The Mo. Department of Revenue anticipates a significant decrease in sales tax revenue in out-of-state auto purchases due to the Governor's 2012 veto. However, the impact in Sedalia has not yet been major. During a recent Missouri Municipal League legislative session, cities were told that a reversal of this state policy is not certain.
- **National Economy** - High unemployment nationally; huge deficits; the unresolved fiscal cliff continue to threaten national, state and local economies. The issue of the Build America Bonds (BAB's) is not yet resolved. It has only been delayed.

# Sales Tax Review

## Signs of Growth

- **Local job growth is strong.** The Pettis County unemployment rate is less than 6%
- **State Forecast.** The State of Missouri is predicting a slight sales tax revenue increase in the coming FY
- **Local jobs.** The local economic development office is not predicting any job decreases with a chance for growth in jobs
- **National Retailers.** National retailers are projecting a slight decline in sales, but many still are predicting an increase over the previous year.

### SUMMARY:

**All of these positive points point to the chance for strong sales tax projections. However, several potential problem areas present a very real threat to local sales tax revenue and require a cautious and conservative projection.**