

Tentative Agenda
Finance Committee
February 2, 2016
6:00 p.m.
City Hall Council Chambers

Roll Call

DISCUSSION ITEMS

- 1) Overview of Committee Purpose
- 2) Little Blue Valley Sewer District and Sewer Rates
Mark Loughry, Finance Director
- 3) Contractor License Fees
Brenda Gustafson, Public Information Officer
- 4) Next Meeting Date and Time – March 8, 2016 at 6:00 p.m.
- 5) Other Business

Adjournment



FINANCE DIRECTOR'S OFFICE

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MEMORANDUM

Date: 01/14/2016

To: Finance Committee

From: Mark Loughry, Finance Director

Re: Little Blue Valley Sewer District and Sewer Rates

Committee,

Recently the City received its annual notification of fees from Little Blue Valley Sewer District (LBVSD). For the most part LBVSD calculates their annual budget and then divides that proportionately amongst the District members. There is a small portion of fixed fees that are levied regardless of size. Typically the City sees a 6% to 8% increase in fees as the budget for LBVSD grows at a similar rate. Once calculated LBVSD notifies each member in late November or early December what their fees for the coming year will be. This year the City received notice that our rate would increase approximately 28% or roughly \$600,000.00. This increase is based on Raytown's projected contribution to flow next year.

LBVSD calculates projected flows using the previous 20 quarters of consumption and applying a slope calculation to forecast the next four quarters flow. This method was adopted so that communities with growth would pick up a larger portion of the operating costs and debt expenses for plant expansions. For Raytown this creates a scenario that inflow and infiltration has a very dramatic impact on projected flows and subsequently the portion of LBVSD's budget allocated to us.

In November 2015 the City implemented a 4% rate increase in sewer fees to offset forecasted increases in operating costs. That rate increase was the first in over four years. In November this increase from LBVSD was not anticipated. To cover the increase in the annual fees from LBVSD would require an approximate 8% increase in sewer rates for Raytown customers. Additionally the annual increases from KCMO require an increase of approximately 2%. At this point staff does not believe that the projected revenue from sewer fees will be sufficient to cover the total operating budget for the Sewer Fund.

A few options considered to address the above projected shortfall are rate increases, elimination of sewer capital projects, allocating funds from fund balance or a blended approach utilizing some or all of these options. Staff's current stance is to allocate fund balance towards the current shortfall via a budget amendment and then account for the ongoing cost with a rate increase this November.

Sincerely

Mark Loughry, CPM
Finance Director

CITY OF RAYTOWN
Request for Committee Action

Date: January 15, 2016
To: Finance Committee
From: Brenda Gustafson, Public Information Officer

Action Requested: Finance Committee discussion of the revamping of contractor license fees.

Recommendation: Approval to send to Board of Aldermen for consideration.

Analysis: This discussion will review a change of fee schedule for contractors to one price for everyone.

Alternatives: No action

Budgetary Impact: There will be a slight increase in revenues. (see attached).

Not Applicable

Additional Information: None



To: Finance Committee

From: Brenda Gustafson, Public Information Officer

Re: Changing Fee Structure for Contractors

Currently our contractor fee structure for a business license in Raytown has 36 categories with varying fee amounts from \$35 to \$100. I am proposing changing the structure to all contractors paying \$50 resulting in one fee structure for all. Just a note, this change is for contractors only and would not affect gross business (retail) licensing.

The change would help simplify the licensing application for our contractors. It would also make paying online easier. Our fees have not changed in ten years.

How would the change affect City revenues?

Will the City lose revenue? And, how many contractors will be affected?

Contractors breakdown by fee:

Fee	No. of contractors	Current Revenue	Change in Revenue
\$35 contractors	355	\$15,731.60	+\$5,325
\$50 contractors	313	\$21,030.10	no change
\$75 contractors	120	\$10,437.50	-\$3,000
\$100 contractors	1	\$100.00	-\$ 100
Net change to City Revenue			+\$2,225

What do other jurisdiction do?

Lee's Summit	Flat \$50
Blue Springs	Flat \$75
Gladstone	Flat \$100
Raymore	Flat \$100