

City of Parkville 2017 Budget

Fourth Budget Work Session

November 15, 2016

Budgeted Funds

- General Fund
- Emergency Reserve Fund
- Transportation Fund
- **Sewer Fund**
- Other Special Revenue Funds
 - Economic Development Fund
 - Equipment Fund
 - Fewson Project Fund
 - Nature Sanctuary Fund
 - Park Donations
 - Capital Projects Fund
- Debt Service
 - Brink Meyer NID
 - Brush Creek NID
 - River Park NID
 - Sewer Service
 - COPs

Fourth Budget Work Session Topics

- Follow-up from previous work sessions
- Sewer Allocation Study
- Sewer CIP
- Sewer rates

Transportation Fund

- **2019-2020 Federal Transportation Bill**
- **Street Maintenance Funding**
- **Direction Required: Street Maintenance Program**
 - **Option 1: Pay as you go**
 - **Option 2: Debt Financing**

Option 1

2017 CIP - Transportation Fund Street Repair - Pay as you go

Project/Equipment	2016 Budget
Crack Sealing	\$15,000
Street Striping	\$15,000
Curb & Sidewalk Repairs	\$100,000
Asphalt Mill & Overlay	\$250,000
TOTAL	\$380,000

Street Repair – Pay as you go

- \$380,000 in 2017, up to \$415,000 by 2022
- This program would repair 17 streets and provide 13,174 linear feet of street repair (5% of the street system). **13% (9,237 linear feet) of the streets on the five-year mill and overlay forecast.**

Parkville street rating and funding per year	
Year	2017
Avg. street rating per linear foot	3.4
Funds Spent	\$380,000

Option 2

2017 CIP - Transportation Fund Street Repair – Debt Financing

Project/Equipment	2016 Budget
Crack Sealing	\$15,000
Street Striping	\$15,000
Curb & Sidewalk Repairs	\$211,176
Asphalt Mill & Overlay	\$888,824
TOTAL	\$1,130,000

Street Repair – Debt Financing

- \$1,000,000 debt financing package. This program would repair 33 streets and provide 41,686 linear feet of street repair (17.5% of the street system). **54% (38,235 linear feet) of the streets on the five-year mill and overlay forecast in 2017**
- The annual street maintenance program would be reduced to \$230,000 beginning in 2018. Balance used for debt payment. Increases to \$255,000 by 2022.
- Debt financing term sheet estimates \$54,182 of interest payments and \$16,887 in expenses related to costs of issuance and fees.
- A tax-exempt lease purchase agreement, subject to annual appropriations.

Parkville street rating and funding per year	
Year	2017
Avg. street rating per linear foot	2.84
Funds Spent	\$1,130,000

Pay as you go	
Net Present Value (@ Bond Interest Rate)	\$2,261,973
Net Present Value per Linear Foot	\$30.88

Debt Program	
Net Present Value (@ Bond Interest Rate)	\$2,257,981
Net Present Value per Linear Foot	\$28.26

Linear feet completed with program	
Pay as you go	73,245
Debt Financing	79,905

Program Comparisons	2015 Parkville	2015 Platte County	2016 Parkville	2016 Platte County
Asphalt Overlay	\$60.95/ton	\$58.57/ton \$50.51/ton	\$58.00/ton	\$55.70/ton
Microsurfacing	N/A	\$2.40/sq yd	\$2.52/sq yd	\$2.21/sq yd

Sewer Allocation Study

- Sewer Allocation Study by Springsted
 - Personnel Costs
 - Direct / Indirect Budget Impact
 - Sewer related expenses from General Fund
- Study Recommendation
 - Reasonable Transfer of \$365,644 from Sewer Fund to General Fund

History of Sewer Allocation

<u>Year</u>	<u>Allocation from Sewer</u>	<u>Percent Increase</u>
2011	\$70,000	-
2012	\$75,000	7.14%
2013	\$100,000	33.33%
2014	\$100,000	0%
2015	\$101,500	1.5%
2016	\$103,530	2%

Proposed Sewer Allocation

- Proposed 2017 allocation of \$150,000
- Step increases to balance impact (\$15,000)
- Repeat study in 5 years

Proposed Allocation Schedule

<u>Year</u>	<u>Allocation from Sewer</u>	<u>Percent Increase</u>
2016	\$103,530	2%
2017	\$150,000	44.88%
2018	\$165,000	10%
2019	\$180,000	9.09%
2020	\$195,000	8.33%
2021	\$210,000	7.69%
2022	\$225,000	7.14%

Sewer Allocation Study recommendation = \$365,644

2016 CIP Recap

- Projects deferred to 2017
 - Sludge Application Equipment (\$7,000)
 - Misc Pump Station Improvements (\$11,800)
 - 45 Hwy Pump Station (\$6,200)

Total Amount Deferred to 2017 = \$25,000

2016 CIP Recap

- Unbudgeted / Emergency Projects
 - Blower Repair (\$7,438.53)
 - Mixer Repair (\$8,721.46)
 - S. National Pump (\$11,002.26)
 - Main Street Sewer Realignment
 - Riverchase Sewer Repair
 - Pinecrest Pump Station Repairs

*Note – Waterline Service Repair reflected in Sewer Operations budget

2016 CIP Recap

- Multi-Year Projects
 - WWTP Headworks Rebuild (Design only)
 - 45 Hwy Pump Station (Design only)
 - Riverchase Sewer Repair (Design only)
 - Sanitary Sewer Phase 2 (Carryover from 2015)
 - Pinecrest Pump Station (Carryover from 2015)
 - Clarifier Floor (Change Order for 2017)

Beginning Fund Balance

<u>Year</u>	<u>Beginning Fund Balance</u>
2012	\$493,616
2013	\$605,952
2014	\$516,873
2015	\$1,104,409
2016	\$797,784
2017	\$314,043

2016 CIP – Sewer Fund

	<u>Project/Equipment</u>	<u>2016 Budget</u>
Equipment & Machinery	Sludge Application Equipment	\$7,000
Sewer Plant Improvements	WWTF Headworks Screen Rebuild	\$47,000
	RAS Pump AFDs	\$5,000
	Clarifier Drives	\$15,000
	Clarifier Floor Replacement	\$32,300
	WWTF Building Improvements	\$6,000
	WWTF Site Improvements	\$13,000
Pump Station Improvements	Misc Pump Station Improvements	\$9,000
	45 Hwy Pump Station Improvements	\$66,000
	Fencing around Pump Stations	\$13,000
	S. National Pump Station	\$67,000
	McAfee Pump Station	\$9,000
Line Maintenance	Sanitary Sewer Phase 3	\$60,000
	CCTV	\$56,000
	Downtown Manhole Reconstruction	\$8,000
	Riverchase Sewer	\$40,000
Other Maintenance	Levee Repairs/ Bank Stabilization	\$50,000

Proposed CIP – Option 1

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Equipment & Machinery	\$7,000	-	-	-	-	-
Sewer Plant Improvements	\$118,300	\$44,600	\$37,500	\$10,000	\$140,000	\$12,400
Pump Station Improvements	\$164,000	-	-	\$4,500	\$9,000	\$10,500
Line Maintenance	\$164,000	\$178,000	\$346,000	\$334,000	\$60,000	\$156,000
Other	\$50,000	-	-	-	-	-
TOTAL	\$503,300	\$222,600	\$383,500	\$348,500	\$209,000	\$178,900

Reduced CIP – Option 2

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Equipment & Machinery	\$7,000	-	-	-	-	-
Sewer Plant Improvements	\$81,000	\$81,900	\$37,500	\$10,000	\$140,000	\$12,400
Pump Station Improvements	\$151,000	\$13,000	-	\$4,500	\$9,000	\$10,500
Line Maintenance	\$164,000	\$178,000	\$346,000	\$334,000	\$60,000	\$156,000
Other	\$50,000	-	-	-	-	-
TOTAL	\$456,000	\$272,900	\$383,500	\$348,500	\$209,000	\$178,900

\$50,300 Transferred from 2017 to 2018

Reduced CIP – Option 3

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Equipment & Machinery	-	\$7,000	-	-	-	-
Sewer Plant Improvements	\$66,000	\$96,900	\$37,500	\$10,000	\$140,000	\$12,400
Pump Station Improvements	\$75,000	\$89,000	-	\$4,500	\$9,000	\$10,500
Line Maintenance	\$164,000	\$178,000	\$346,000	\$334,000	\$60,000	\$156,000
Other	\$50,000	-	-	-	-	-
TOTAL	\$355,000	\$370,900	\$383,500	\$348,500	\$209,000	\$178,900

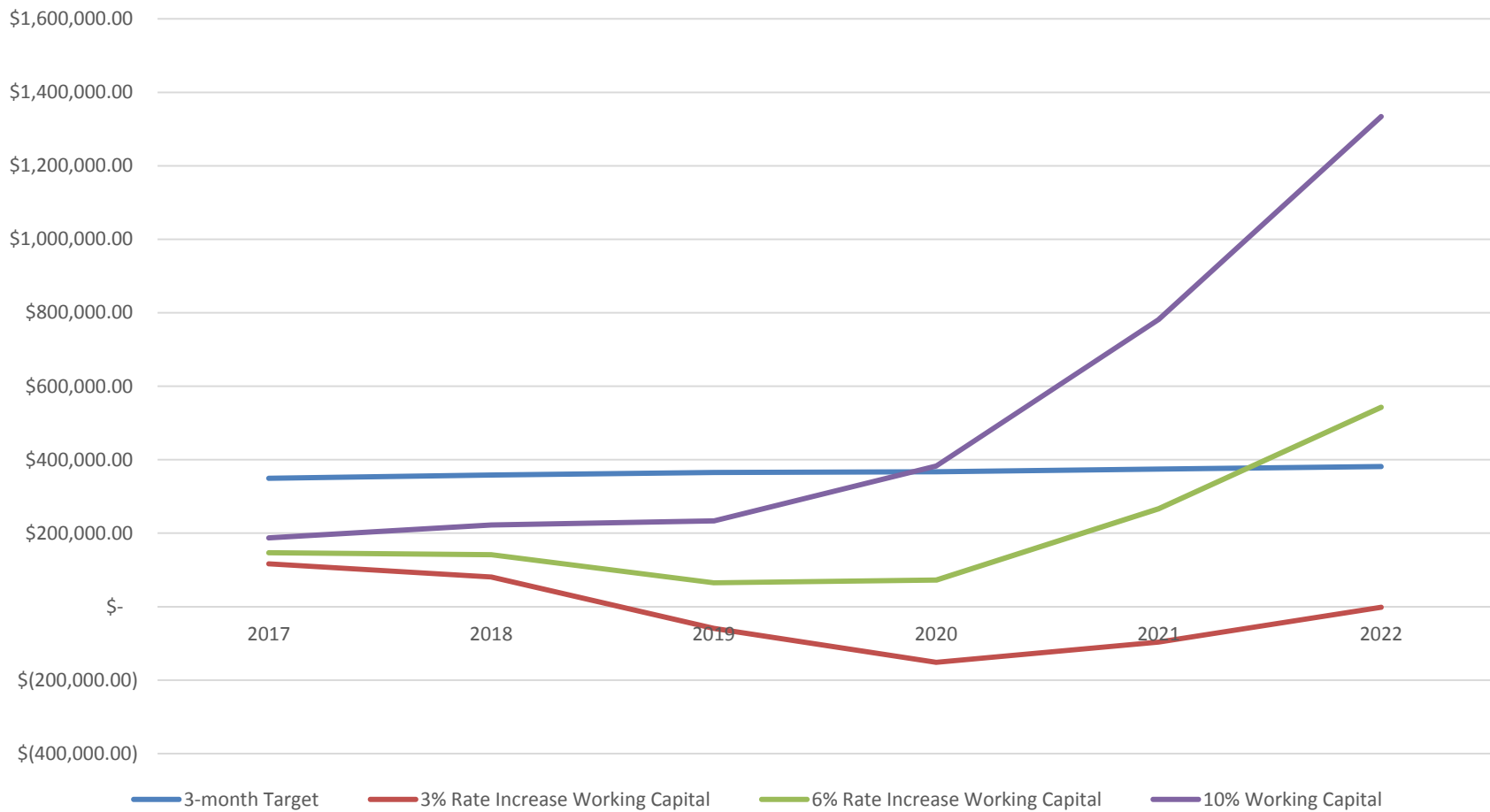
\$148,300 Transferred from 2017 to 2018

Sewer Fund Working Capital Policy

Reserve Policy – Resolution No. 12-01-13

“The sewer utility fund balance should be able to provide 90 days of operations in addition to the current fiscal year debt service payments.”

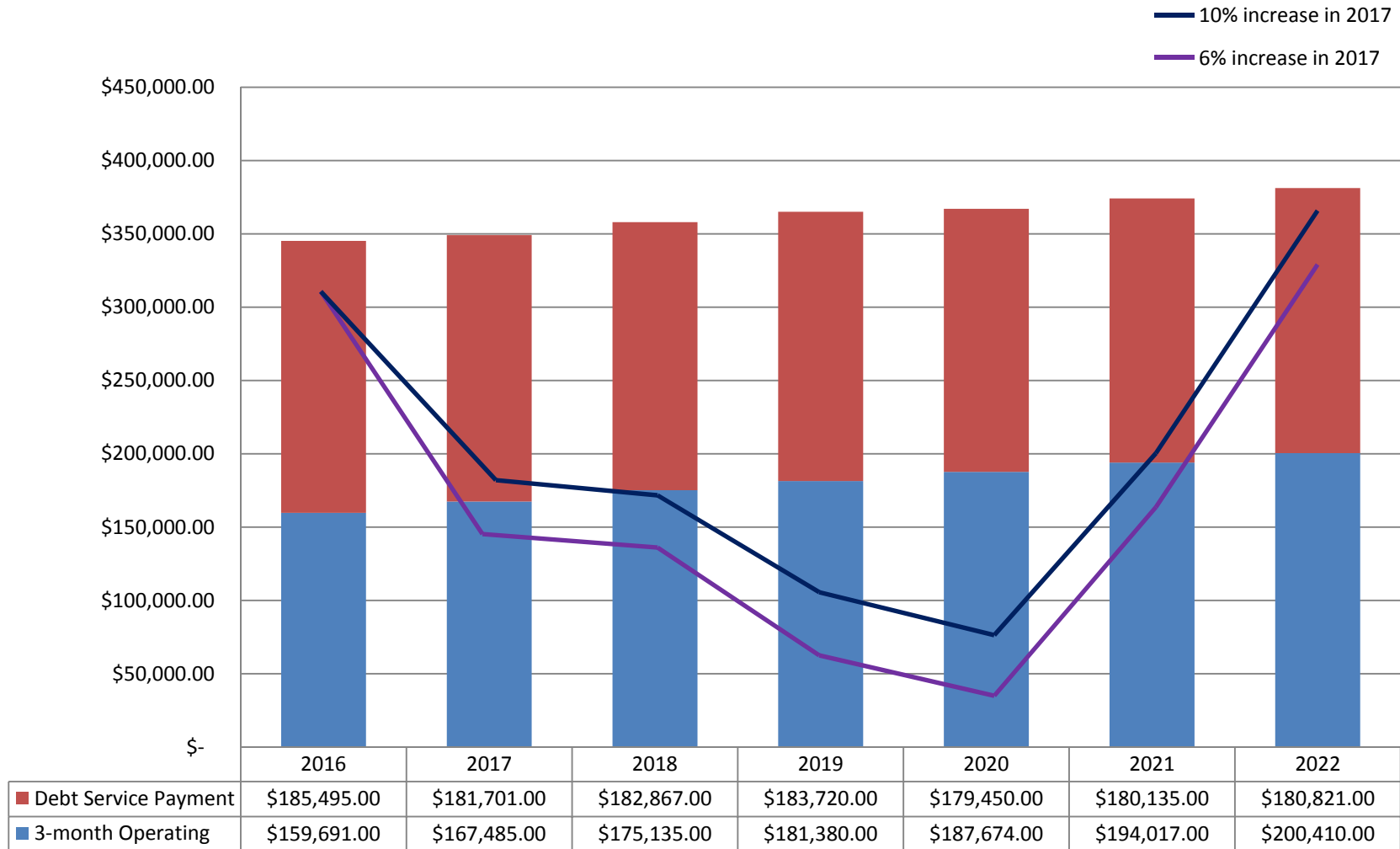
Working Capital Scenarios



Sewer Rate Proposal

- Proposal 1:
 - 10% Rate in 2017
 - 6% Rate in 2018 and 2019
 - 3% Rate in 2020, 2021 and 2022
- Proposal 2:
 - 6% Rate in 2017
 - 6% Rate in 2018 and 2019
 - 3% Rate in 2020, 2021 and 2022

Working Capital



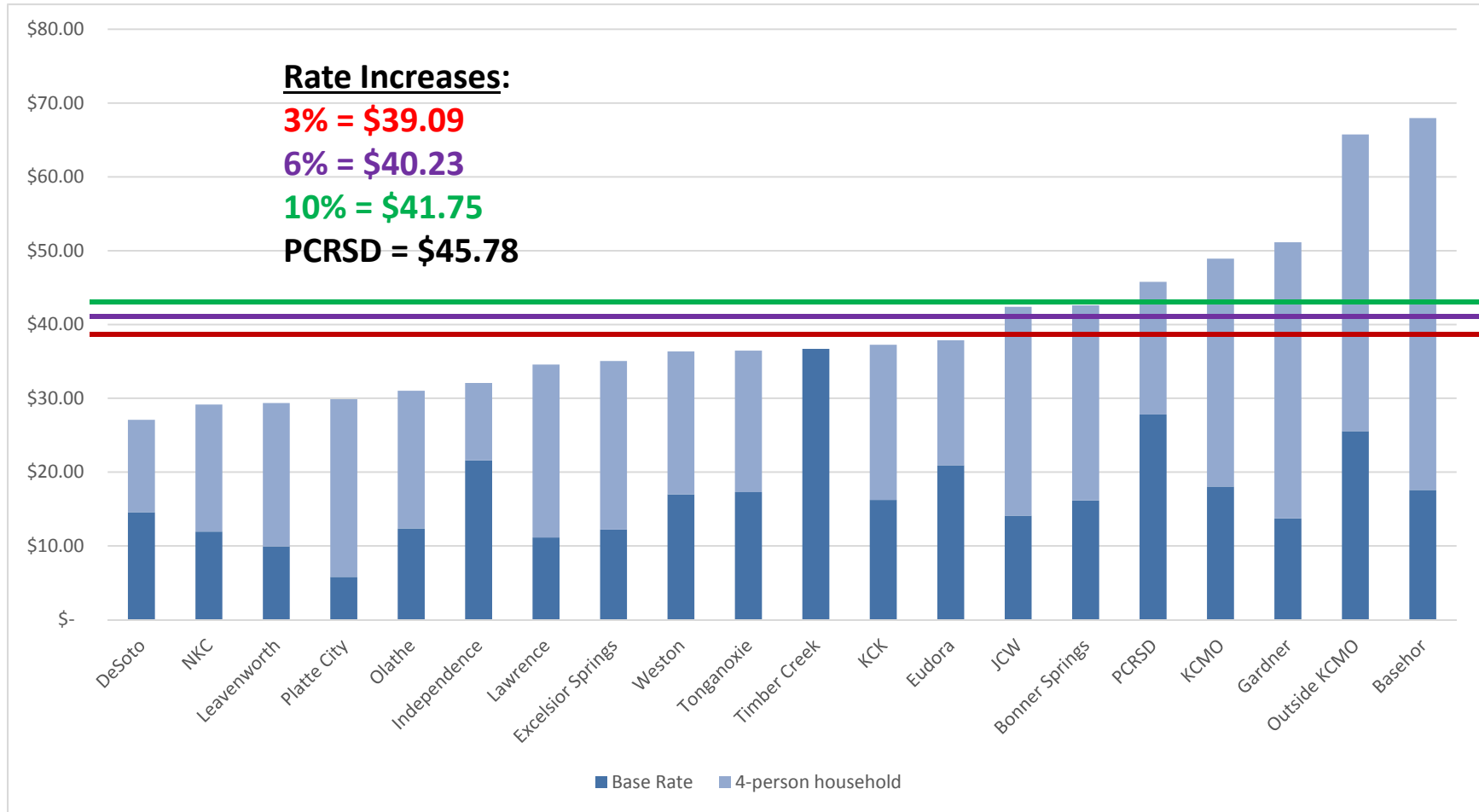
Sewer Rate Breakdown

Sewer Rate	Sewer Base Fee	Consumption Rate	Average Monthly Bill*	Monthly Cost Difference
3%	\$12.89	\$0.609 per 1,000 gallons	\$39.09	\$1.14
6%	\$13.27	\$0.627 per 1,000 gallons	\$40.23	\$2.28
10%	\$13.77	\$0.651 per 1,000 gallons	\$41.75	\$3.80

* Based on the average consumption rate of 4,300 gallons per month for a 4-person household

3% Rate Increase = \$30,090 Revenue
6% Rate Increase = \$60,180 Revenue
10% Rate Increase = \$100,300 Revenue

Sewer Survey Results



Sewer Fund Options

1. Adjust the Sewer Allocation
 - \$150,000
 - \$15,000 per year
2. Direct staff to reduce CIP
 - Option 1 (Full CIP)
 - Option 2 (\$50,300 moved to 2018)
 - Option 3 (\$148,300 moved to 2018)
3. Increase Sewer Rates
 - 3% to 10%

Staff Recommendations

1. Adjust the Sewer Allocation
 - **\$150,000**
 - \$15,000 per year
2. Direct staff to reduce CIP
 - Option 1 (Full CIP)
 - **Option 2 (\$50,300 moved to 2018)**
 - Option 3 (\$148,300 moved to 2018)
3. Increase Sewer Rates
 - 3% to 10% (**10% in 2017**)

Need Direction

- Sewer Fund Options
 - Allocation
 - CIP
 - Sewer Rates
- Transportation Fund Follow-Up
- Any additional changes or information desired by the Board of Aldermen prior to final adoption on Dec. 20th