

Mayor Nanette K. Johnston opened the work session at 5:32 p.m. on October 18, 2016, at City Hall located at 8880 Clark Avenue, Parkville. In attendance were aldermen Greg Plumb, Douglas Wylie, Jim Werner, Diane Driver, Tina Welch, Dave Rittman, Robert Lock and Marc Sportsman.

The following staff was also present:

Lauren Palmer, City Administrator

Kevin Chrisman, Police Chief

Alysen Abel, Public Works Director

Stephen Lachky, Community Development Director

Matthew Chapman, Finance/Human Resources Director

Tim Blakeslee, Assistant to the City Administrator

Melissa McChesney, City Clerk

1. GENERAL AGENDA

A. 2017 City of Parkville Operating and Capital Budget

City Administrator Lauren Palmer stated that the items to be discussed at the first budget work session included the General Fund, 2016 year-end projections, 2017 revenue estimates and a review of the City's priorities for 2017; presentation appended hereto as Exhibit A.

Palmer provided an overview of the budgeted funds, noting that revenues were projected to fall below estimates by approximately \$72,000, with \$50,000 of that number from the Transportation Fund transfer that was used for street maintenance. She noted that sales taxes performed above budget, there was underperformance in other areas and there was help from one-time revenues that included a reimbursement from the Federal Emergency Management Agency from the 2011 flood and the cell tower lease payment. Palmer added that approximately \$166,000 was carried over from the 2015 budget which provided a cushion for the lower than anticipated revenues.

Discussion focused on building permit revenues being lower than anticipated. Lachky noted that there were two projects approved but had not started, but staff expected to receive them by the end of the year. He added that the projections did not account for the revenues from the Missouri-American Water plant relocation, which could cover the difference between the actual and estimated revenues.

Palmer said that expenses were \$387,000 less than anticipated, which had been a recurring theme every couple of years. Personnel savings were the largest contributor because the budget assumed full employment. In 2015 the Board directed staff to look at mid-year savings and redirect them to street maintenance. Another large impact to reduced expenses was deferred capital outlay.

Discussion focused on personnel savings and completing projects with the savings earlier in the year. Palmer responded that staff learned from the process how to time projects better. She cautioned the Board about relying on personnel savings for future years because personnel savings were not guaranteed.

Palmer said that the General Fund operating revenues were projected to be flat in 2017. Sales taxes were budgeted flat in 2017 compared to 2016 actuals which was a conservative position, but there was potential to increase the budget forecasted revenues. The Board discussed the impact from QuikTrip on sales taxes and Palmer noted that staff had not received retail projections, but the budget included assumptions about the impact on sales taxes. Palmer also noted that staff was working on a strategy to reduce the reliance of the General Fund on the Transportation Fund transfers; the 2017 budget included a decrease in transfers of \$10,000.

Palmer explained that staff recommended a three percent operating increase over the 2016 budget and operating revenues would exceed operating expenses. Several changes made to personnel

included upgrading the Missouri Local Government Employees Retirement System (LAGERS) to the next tier for employees, a merit raise of one percent and an increase in the entry level pay for police officers. Palmer noted that staff planned to hire a third party to complete a comprehensive salary survey in 2017.

Palmer provided an overview options for debt financing, including accelerating the design of the first phase of the Route 9 project in 2017 because the grant money would not be available until the federal fiscal year 2019-2020. Another option was a packaged debt financing for street maintenance with a five to six year payback through a local bank loan. Palmer said staff was looking for guidance from the Board on whether to proceed with the second option. The Board directed staff to see what the plan would look like and to include possible savings with inflation and increased costs over the years if the work was done annually instead of a large portion at one time.

Palmer said that staff was working to negotiate a lucrative cell tower lease and planned to budget all the money in the Projects Fund to be set aside for one-time projects for the community. Options included the English Landing Park low water crossing project or downtown improvements. Discussion focused on what the City could legally do with the additional revenue.

The work session ended at 6:52 p.m.

The work session minutes for October 18, 2016, having been read and considered by the Board of Aldermen, and having been found to be correct as written, were approved on this the first day of November 2016.

Submitted by:

Melissa McChesney
City Clerk Melissa McChesney



City of Parkville 2017 Budget

First Budget Work Session

October 18, 2016

1

First Budget Work Session Topics

- General Fund Overview
 - 2016 Year-End Projections
 - 2017 Revenue Estimates
 - 2017 Starting Point: Board Priorities Recap
- General Fund Strategy and Target
- Outline of Key Decisions for 1st Work Session
- Review of Future Work Session Topics

2

Budgeted Funds

- **General Fund**
- **Emergency Reserve Fund**
- Sewer Fund
- Transportation Fund
- **Other Special Revenue Funds**
 - **Economic Development Fund**
 - Equipment Reserve 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

3

2016 General Fund Projections

- Revenues are expected to fall below budget by approximately \$72,000.
 - Reduced Transportation Fund transfer to enhance street maintenance (\$50K)
 - Healthy property taxes and sales taxes offset by underperformance with building permits and franchise fees
 - Court revenues have dropped by 36% since 2012
 - Help from one time revenues (FEMA reimbursement, leases)
- 2016 starting balance (2015 carryover) was \$166,500 higher than expected.
- Expenses are expected to be \$387,000 below budget.
 - Closer to target than last two years, but still outperforming budget.
 - Largest savings are in personnel (\$125K in Police Department alone);
 - \$50,000 of personnel savings was redirected to street maintenance through reduced Transportation Fund transfer.
 - \$45,000 of deferred capital outlay (project savings or carryover to 2017)
- 2016 year-end balance is on target to exceed budget by \$482,000, compared to \$750,000 in 2015.

4

Vision Statement

Parkville will offer an exceptional quality of life for residents and visitors by embracing opportunities to enhance commerce and economic activity, while preserving the community's historic charm, attractive character, and unique natural environments.

5

Critical Success Factors

Basic Services

Parkville will be a role model for delivery of City services and will meet citizens on their level with customer service that consistently exceeds expectations.

Infrastructure

Maintain existing infrastructure and construct new facilities that support safety, standards, and aesthetics, using cost efficient and best management practices while thinking strategically.

Economic Development

Parkville employs an economic development strategy that supports community and market needs, provides diverse quality development opportunities, makes strategic use of incentives, and encompasses all areas of the community.

Parks

Our parks are regionally recognized for diverse use and quality facilities that provide residents and visitors an outdoor destination. All neighborhoods will be connected by trail to each other, the City, and regional park systems.

Finances

Stable finances give us a road map for future priorities while guiding staff's allocation of time and resources. Although a finite resource, it emphasizes the need for quality economic development, serves as a positioning tool for strategic partnerships, and allows us to make decisions based on long-term cost efficiencies versus short-term responses.

2017 Priorities

Priority	2017 Budget Impact
Implement a viable strategy to develop Highway 45/435 Corridor	Continue \$30,000 investment to Parkville EDC
Complete/develop Platte Landing Park and sports fields	Working on grants/partnerships for Friends Field concept and wetland project
Improve streets and sewers	Enhanced maintenance recommended in CIP
Complete/developer trails and connections	Outreach grant for small dog park; riverfront trail connection; Route 9 pedestrian improvements
Regularly conduct a comprehensive capital needs assessment	Enhanced funding for building/property maintenance based on reserve study; recommending enhanced sewer assessments
Review and ensure proper package of basic services, assessing value and cost	Focus on delivering exceptional quality with status quo; no new services recommended in 2017
Raise low water crossing at English Landing Park	Recommended in 2017-18 CIP, grant or special revenue funding
Restrooms at English Landing Park	Phase 1 funded in 2016; Phase 2 programmed for 2018

7

General Fund Revenues

	2015 Actual	2016 Budget	2016 Projected	2017 Budget
Taxes	2,132,142	2,159,187	2,195,701	2,218,500
Licenses	59,563	56,160	56,685	54,993
Permits	256,201	263,415	195,015	217,170
Franchise Fees	828,215	874,000	840,384	871,000
Other Revenue	35,096	35,261	41,161	42,593
Court Revenue	225,128	250,000	207,000	220,000
Interest Income	7,623	8,000	8,000	8,160
Miscellaneous	60,460	25,183	95,803	22,080
Grants	8,827	1,500	10,756	10,750
Transfers	348,251	343,530	293,530	375,000
Total	3,961,506	4,016,236	3,944,035	4,040,246

*Flat operating revenues (<1% difference 2016 projected to 2017 Budget)
net of transfers and fund balance.*

8

General Fund Expenses

	2015 Actual	2016 Budget	2016 Projected	2017 Budget
Administration	789,401	1,011,983	980,489	1,062,881
Police	1,036,581	1,223,870	1,055,193	1,255,456
Municipal Court	132,141	153,471	145,719	157,239
Public Works	172,372	215,770	175,292	215,970
Community Development	267,231	316,393	266,456	296,641
Streets	356,757	399,656	371,805	430,342
Parks	319,765	356,007	314,792	375,968
Nature Sanctuary	29,834	39,681	30,033	40,201
Information Technology	34,185	43,974	40,646	49,907
Public Information	15,357	13,810	13,325	13,260
Capital Outlay (CIP)	149,139	351,035	306,164	384,895
Transfers	282,077	317,500	355,825	313,134
Total	\$ 3,584,841	\$ 4,443,150	\$ 4,055,738	\$ 4,595,894

Operating revenues exceed expenses by \$145,000 (excludes emergency reserve and capital outlay).

General Fund Changes - Highlights

Description	Budget Impact
1% wage increase (based on satisfactory performance)	\$17,848
Upgrade LAGERS retirement benefit (tier 3 of 7)	\$48,253
Increase employee health benefits (currently projected at 10%)	\$27,807
Increase entry level pay for police officers	\$3,000
Holiday pay and sick leave for part-time employees	\$6,260
Increase longevity bonus (from \$50 to \$100 per year of service)	\$4,000
Increases to meet new FLSA mandate for exempt status	\$7,426
Engineering professional fees for inspections and advanced plan reviews (offset by new revenues)	\$20,000
Emergency Reserve Transfer (per NID financing strategy)	\$313,134
Capital Outlay (CIP)	\$384,895

General Fund 2016 Projected to 2017 Budget

Category	2016 Projected	2017 Budget	Difference \$	Difference %
Personnel	2,205,264	2,513,626	308,362	14%
Insurance	460,865	525,789	64,924	14%
Utilities	123,450	130,770	7,320	6%
Capital Outlay	306,991	385,545	78,554	26%
Maintenance	146,841	177,584	30,743	21%
Office Expenses	80,295	90,245	9,950	12%
Professional Fees	243,390	293,670	50,280	21%
Services	116,968	145,981	29,013	25%
Other	15,850	20,050	4,200	26%
Transfers	355,825	313,134	(42,691)	-12%

84% of the difference is in 3 categories – personnel, insurance, and capital outlay.

11

2017 General Fund CIP *(preliminary)*

Department	Project	GF Impact
Administration	Phone system replacement	\$30,000
IT	Computer Equipment Replacement Cycle (25%)	\$6,000
Administration	Routine building maintenance for City Hall per reserve study (carpet, concrete, wallpaper)	\$35,895
Administration	Building safety upgrades	\$17,850
Police	Replace police patrol vehicle and equipment	\$37,075
Police	Year 2 of in-car video system upgrades	\$4,075
Public Works	PAC Detention Pond improvements	\$58,000
Public Works	Storm sewer evaluation	\$36,000
Com Dev	Plotter replacement	\$9,000
Parks	Commercial soil/drill seeder	\$8,000
Parks	Maintenance and equipment storage facility	\$120,000
Parks	Zero turn mower	\$18,000
Parks	Spirit Fountain LED Lighting	\$5,000

12

GF Target for 2017 Budget

- In the current iteration of the General Fund, there is an operating surplus of \$142,381.
- We will need to tap General Fund reserves to cover one-time capital outlay costs (\$384,895) and emergency reserve transfer (\$313,134).
 - This is not necessarily bad since 2016 carryover is high and General Fund reserves remain healthy.
 - Warning: this will be harder in future years unless we continue to outperform budget.
- Estimated ending fund balance is \$847,000 or 18% of appropriations. Policy is to maintain 5-15%.
- Need direction on a target so staff can make adjustments to satisfy the Board's desires for 2017.

13

Next Steps

- October 25 – CIP (Part 1), Debt Service, General Fund follow-up
- November 8 – CIP (Part 2), Transportation Fund, miscellaneous follow-up
- November 15 – Sewer Fund (operating and CIP), summary review
- December 6 – Adoption – 1st Reading
- December 20 – Adoption – 2nd Reading

14

Forecast for 2nd Work Session

1. **Debt Service:** Appetite for new debt for key projects (Route 9 and street maintenance)?
2. **CIP:** Cell tower lease revenues – ELP low water crossing, downtown improvements or other priorities?
3. Other information desired for future work sessions.

15

Need Direction

1. Changes to revenue projections.
2. Guidance on revenue transfers from Sewer Fund and Transportation Fund.
3. Personnel adjustments.
4. Budgeting for full employment or vacancies.
5. Guidance on the General Fund target to help staff complete recommended CIP.
6. Reaction to new debt service or cell tower revenues in preparation for 2nd work session.

16

General Fund 2016 Budget to Projected

Category	2016 Budget	2016 Projected	Difference \$	Difference %
Personnel	2,458,085	2,205,264	252,821	-10%
Insurance	487,315	460,865	26,450	-5%
Utilities	129,970	123,450	6,520	-5%
Capital Outlay	352,235	306,991	45,244	-13%
Maintenance	176,584	146,841	29,743	-17%
Office Expenses	87,895	80,295	7,600	-9%
Professional Fees	285,620	243,390	42,230	-15%
Services	129,396	116,968	12,428	-10%
Other	18,350	15,850	2,500	-14%
Transfers	317,500	355,825	(38,325)	12%