

Mayor Nanette K. Johnston opened the work session at 4:10 p.m. on October 20, 2015, at City Hall located at 8880 Clark Avenue, Parkville. In attendance were aldermen Greg Plumb, Jim Werner, Diane Driver and Marc Sportsman. Aldermen Douglas Wylie and Kari Lamer arrived at 4:16 p.m.

The following staff was also present:

Lauren Palmer, City Administrator
Sean Ackerson, Assistant City Administrator/Community Development Director
Kevin Chrisman, Police Chief
Alysen Abel, Public Works Director
Matthew Chapman, Human Resources/Finance Director
Tim Blakeslee, Assistant to the City Administrator
Melissa McChesney, City Clerk

1. GENERAL AGENDA

A. Proposed 2016 Operating and Capital Budget

City Administrator Lauren Palmer provided an overview of the debt service funds; presentation attached as Exhibit A. She noted there were five active debt funds, including the 2006 Refunding Certificates of Participation for the ballot measure approved in 2004 and the new city hall initiative; staff planned on refunding them in December 2015 which would generate savings in interest and pay down the principal. In regards to the Sewer Debt Service Fund, Palmer noted that in 2015 the City paid off a lease purchase for the Sewer Fund and the remaining debt was for State Revolving Loan projects supported by sewer fees that would retire in 2025.

Palmer reviewed the Neighborhood Improvement Districts (NID) Fund that included the River Park NID set to expire in 2020 and the Brush Creek Drainage and Brink Meyer Road NIDs set to expire in 2034, noting that principal and interest payments would only be paid through December 2015 for the NIDs. Palmer said the general debt capacity almost doubled since 2014. She added that, under State law, the City could have an additional ten percent of assessed valuation for limited uses. The Board had set a debt management policy to voluntarily limit itself to issuing no more than 80 percent of the state's limit. She also said the interest-only payments on the NID debt would increase in 2017 when principal payments were added. The overall debt picture looked better after 2020 when the River Park NID bonds retire.

Palmer provided an overview of the Capital Improvement Program (CIP), noting that quarterly updates were provided to the Finance Committee and staff was working on the update for the next work session. She said that almost all the projects planned for 2015 were started and 15 were completed or were on track to be completed by the end of the year. There were nine projects that would be carried over to 2016 that required additional staff time to complete. Palmer noted the 2016 CIP was higher than future years but it was due to the large carryover from 2015.

Palmer said the Board might need to revisit the 2017 CIP project for the Nature Sanctuary interpretive center and the City's portion would be \$24,000. A work session was held on March 4, 2014, and the concept included a three-season facility with roll-down doors and interpretive programming. The Board requested a future work session to evaluate the concept.

In regards to future unfunded projects, Palmer noted that changes were made since 2014 because some projects were not relevant or were changed in 2015. She requested additional input from the Board to verify if the projects were captured correctly in the six-year list.

Palmer said the budget was started with operating and personnel to continue providing services at the same level and to address priorities determined by the Board at its strategic planning retreat on July 20. The remaining balance was used to fund capital outlay and an infusion into the Emergency Reserve Fund. Palmer noted the projects and amount could change based on the

Board's wishes. She also said that options for additional projects included those that could receive Platte County outreach grant money; there were one or two park projects that were applicable and could be reviewed by the Community Land and Recreation Board for a recommendation.

Palmer said that the Route 9 Corridor Study improvements, downtown improvements based on past studies and several other projects were included in the future unfunded list and requested feedback from the Board. The Board discussed the concerns with the uncertainty of Interstate 435 and Highway 45 development and prioritizing projects for after the issue was resolved.

Palmer stated that projects impacting other funds included the English Landing Park restroom which would use a Fewson Fund loan and would impact the General Fund in future years when the payments on the loan were due. She said based on the current revenue the only way to complete more projects was to determine how to get more revenues, take money from the General Fund to give to the Transportation Fund, or reduce the transfer from the Transportation Fund to the General Fund to cover Streets personnel.

The Board discussed infrastructure, maintenance of city assets and continuing with the parks projects and said they were important because that was what the city was known for. Palmer recommended the Board allow one more year to get through the Parks Plan for Progress update, and in 2017 and beyond the City could budget to accomplish goals from the master plans before taking on more projects to safeguard against a project that does not fit within the updated Parks Plan.

Further discussion focused on the amount of money needed to complete more streets and curbs, leveraging money by sharing the costs of curbs and sidewalks with property owners. Palmer said staff would look into how more money could be put into the Transportation Fund for more streets and curbs.

Palmer provided a follow-up from the October 20 work session and explained reasons behind the large 2015 carryover. Reasons included starting 2015 with a larger carryover than expected, being on target for revenues and expenses were under what was budgeted mostly due to personnel and risk coverage savings. She said the projected ending balance in 2015 was the starting point for the 2016 budget and noted it was important to use the General Fund forecast sheet during the budgeting process to see how future years would be impacted and demonstrate trends.

The Board discussed budgeting options that included being less conservative by budgeting for personnel vacancies knowing there would be a lower carryover in 2016 or being more conservative by not spending money until we had it. Palmer shared her concerns, stating that she did not recommend revisiting the budget several times per year because it was hard to do even on a quarterly basis and it was hard to commit that the numbers would be solid at the end of the year.

Further discussion focused on budgeting for 100 percent staffing and how much carryover to place in the Emergency Reserve Fund. Palmer recommended making changes in a future year once there was a clearer picture of the NID assessments.

Palmer requested direction from the Board regarding budgeting for vacancies and she recommended waiting to discuss the issue at the next work session during a review of the Transportation Fund. She also said staff could budget tighter knowing the carryover would be less in 2016 and the 2015 carryover could be used for one-time expenses in 2016.

B. Review the revised City of Parkville Personnel Manual

Finance/Human Resources Director Matthew Chapman explained the current version was adopted in January 2012. Due to the time required for review of the full manual and staff

constraints, a consultant was hired and legal was involved in the process. Chapman added that staff was seeking input on changes to the manual.

Leslee Rivarola, RR Municipal Advisory Services, LLC, provided an overview of the substantive changes. She noted the manual was reviewed to verify statutory compliance, overall standard practice and policy, and reflection of culture. The major themes of the manual were the voice of the document, the current manual read as an informal conversation but the revised manual was more formal, and it was crafted to recognize that the City had a professional city administrator to address issues and only the travel and training sections applied to appointed or elected officials.

Rivarola addressed the major changes in Article A regarding the Board of Aldermen and employee relationship of filtering questions through the city administrator and not directly; genetic information policies to safeguard employees; and a clearer picture regarding employee references. Article B was a new article that addressed job/position descriptions which would be reviewed routinely and pay range plans that would be adopted annually to allow the city administrator and Human Resources director to verify it was still appropriate.

Article C addressed employee recruitment and employment and reinforced to employees that they matter and can be groomed for promotions within the city. Rivarola said the most important change was delegating hiring authority to the City Administrator, as long as the position was budgeted, instead of the Board of Aldermen for all employees, except that department heads would still be hired by the Board. She added that the article also established a six month training period for new and promoted employees, addressed reductions in force, updated immigration law, and added a nepotism policy. Rivarola noted information about revisions to the manual would be provided electronically or questions could be addressed in one-on-one meetings.

A major change to Article D included a recommendation that once an employee was at the highest salary of his or her pay range would no longer receive a Cost of Living Adjustment. The article also addressed call back to work, reporting to work and compensating employees in adverse conditions. The Board discussed an option to include a spot bonus for the employees at the top of their pay range. The current revision did not include spot bonuses, but City Administrator Lauren Palmer noted that longevity bonuses were provided to employees in five-year increments.

Article E made changes regarding attendance and leave policies vacation increments that were adjusted down to one-hour increments, sick leave reports Human Resources would be provided to department heads on a monthly basis, leave of absence would no longer go through the Board but through the city administrator, the parental leave policy, the civil leave policy to include more than jury duty leave, and the addition of injury leave regarding workers' compensation.

Rivarola said that Article F addressed employee benefits, including the benefits offered and when they could be used, because the City provided a suite of benefits and the current manual was silent. She also said the car allowance policy to what happened if an employee got a car allowance but their ability to drive changes and the expectations of employees to report it.

Changes to Article G regarding travel and training included the removal of alcohol as a reimbursable expense. The Board discussed the option of allowing elected officials to purchase for others or change the policy to remove elected officials from the requirement. Rivarola noted the article also authorized the City to pay for one checked bag on a plane.

A minor change was made to Article H regarding tobacco usage and added smokeless tobacco and vaping to the list of tobacco prohibited in city vehicles or facilities.

Rivarola provided an update to Article I regarding a procedure for filing grievances, noting that the theme of the revision was to be an organization that promoted open dialogue but the City was

not statutorily required to have a grievance process. The revised manual suggested eliminating the current grievance policy and to allow all employees the opportunity to visit with any staff member. Rivarola added the article did not govern harassment which was addressed in another section.

Article N was a new section that addressed safe work practices and environments and the return to work policy. Article P updated the policy regarding technology use and social media.

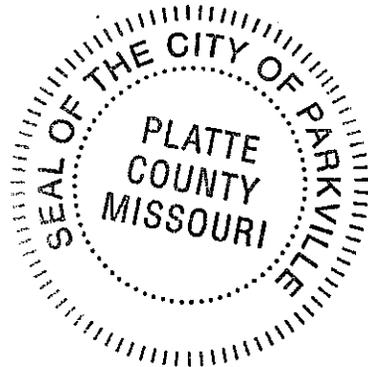
Chapman requested direction from the Board regarding compensation for employees at the top of their pay range and discussed options. Palmer said staff would put together alternatives and determine how it could be structured.

The work session ended at 6:28 p.m.

The work session minutes for October 27, 2015, having been read and considered by the Board of Aldermen, and having been found to be correct as written, were approved on this the second day of November 2015.

Submitted by:

Melissa McChesney
City Clerk Melissa McChesney



City of Parkville 2016 Budget

Second Budget Work Session

October 27, 2015

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Second Budget Work Session Topics

- Debt Service Funds
- Capital Improvement Program – Part 1
- General Fund Follow-Up
- Review of Future Work Session Topics

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Debt Service Funds

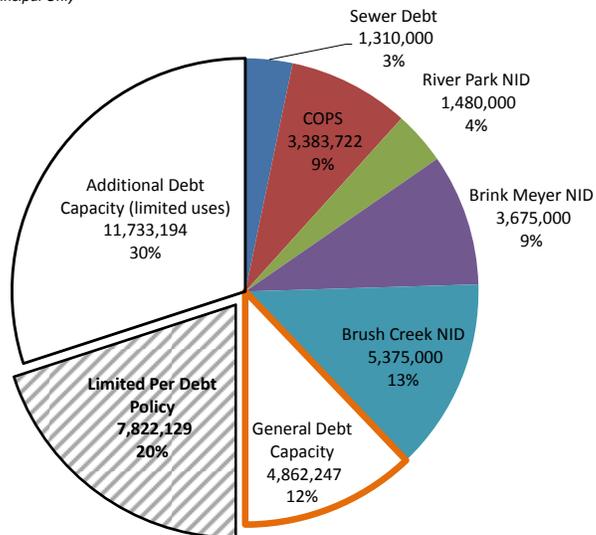
Five Active Debt Funds:

- 1. COPS Fund (22)** - 2006 Certificate of Participation (COPS), which includes the new City Hall and voter-approved projects from the 2004 ballot measure. Will be refunded in 2015 to reduce interest costs and General Fund impact.
- 2. Sewer Debt Service Fund (30)** - State Revolving Loan (SRF) projects that are supported by sewer fees. Retires in 2025.
- 3. Neighborhood Improvement Districts (21, 23, 24)** – supported by assessments on benefitting properties
 - a. River Park NID financed infrastructure in The National. Retires in 2020.
 - b. Brush Creek NID financed sewer expansion. Retires in 2034.
 - c. Brink Meyer NID financed road improvements. Retires in 2034.

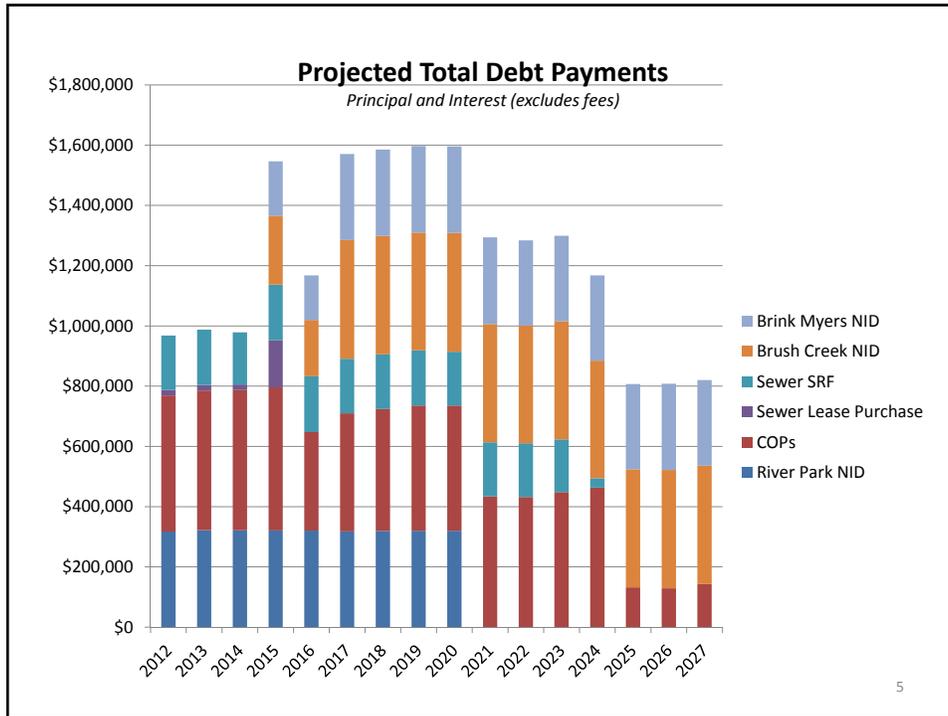
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Total Debt and Debt Capacity (Dec. 2015)
Based on 2015 Assessed Valuation
Principal Only

The General Obligation Debt Limit is 10% of the assessed value of the taxable tangible property. There is an additional 10% available for street and sewer expansions, or construction of utility plants. Total G.O. indebtedness may not exceed 20% of the assessed valuation of taxable property. By policy (Resolution No. 09-01-14), the Board has limited itself to no more than that 80% of the statutory limit.



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2015 CIP Review

Division	# of Projects	# Started	# Complete (year-end)	% Started	% Complete	Carryover to 2016
CD	2	2	1	100%	50%	1
Nature Sanctuary	1	1	1	100%	100%	0
Parks	4	4	1	100%	25%	3
Police	1	1	1	100%	100%	0
PW	4	4	3	100%	75%	1
Sewer	6	5	3*	83%	50%	3
Streets	6	5	5	83%	83%	1
TOTAL	24	22	15	92%	63%	9

**Count would be 4 if it included pump station equipment purchases that are substantially complete. The S. National lift station pump purchase was intentionally delayed to 2016 due to existing work needed on the lift station.*

Six-Year CIP by Year

budget impact only

	2016	2017	2018	2019	2020	2021
Admin/IT	\$5,000	\$36,000	\$6,000	\$6,000	\$6,000	\$6,000
Com Dev	\$94,000	\$8,000	-	-	-	-
Nat. Sanc.	-	\$24,000	-	-	-	-
Parks	\$354,500	\$57,400	\$39,900	\$39,900	\$39,900	
Police	\$40,380	\$38,025	\$35,000	\$36,000	\$37,100	\$38,200
PW	-	-	-	-	-	-
Sewer	TBD	TBD	TBD	TBD	TBD	TBD
Streets	\$488,000	\$356,000	\$315,000	\$340,000	\$340,000	\$340,000
TOTAL	\$981,880	\$519,425	\$395,900	\$421,900	\$423,000	\$384,200

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2016 General Fund CIP

Division	Project	GF Budget Impact
Admin/IT	Replace Microsoft Exchange 2007 Server	\$5,000
Com Dev	Upgrade zoning and subdivision regulations*	\$67,000
Com Dev	Replace line locator kit	\$5,000
Com Dev	Replace 2004 Ford Taurus (inspections vehicle)	\$22,000
Parks	Replace zero turn mower	\$17,500
Parks	Maintenance and equipment storage shed*	\$75,000
Parks	ELP low water crossing (grant match)	\$50,000
Parks	5K/10K Markers and Parks Signage	\$10,000
Parks	Parks Plan for Progress update*	\$42,000
Police	Replace patrol vehicle	\$32,960
Police	Replace in-car video system equipment	\$7,420
TOTAL		\$333,880

*Indicates a carryover project from 2015.

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What's Missing?

- Platte County Parks Outreach Grant Projects – CLARB Reviews on Nov. 12
- Route 9 Corridor Study recommendations
- Downtown Improvements – Vision Downtown Parkville and Livable Communities Study
- Numerous priorities itemized as Future Unfunded projects

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General Fund Target

Based on current projections (see General Fund forecast), a General Fund CIP of \$333,880 is reasonable for the 2016 budget.

Key considerations:

- Budget includes a larger transfer to the Emergency Reserve Fund in 2016.
- General Fund reserves are projected to decline over the next five years. Increases in capital outlay will cascade through this projection.
- Staff capacity to deliver projects on time and within budget.

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Other Funds 2016 Impact

Project	Source	Amount
ELP Restroom Facility	Fewson Fund Loan	\$155,000
ELP Restroom Facility	Park Donations Fund*	\$5,000
Sewer Projects	Sewer Fund	TBD
Street Equipment and Projects	Transportation Fund	\$488,000
TOTAL		\$648,000

**Indicates a 2015 carryover project.*

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Follow-Up from 1st Work Session

- 2015 Expenses – What explains the ≈\$760,000 excess carryover?
- What is the five-year trend of expenses compared to budget?

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2015 Carryover

	2015 Budget	2015 Projected	Difference	% Difference
1. 2014 Ending Balance/ 2015 Beginning Balance	\$1,006,217	\$1,137,653	\$131,436	13%
+				
2. 2015 Revenues	\$3,924,141	\$3,933,059	\$8,918	<1%
+				
3. 2015 Expenses	\$4,331,585	\$3,710,043	\$621,542	14.3%
=				
2015 Ending Balance 2015 Carryover	\$598,773	\$1,360,669	\$761,869	127%

What happens to excess carryover of \$761,869?

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General Fund Summary

	2014 Actual	2015 Budget	2015 Projected	2016 Budget
Beginning Balance	\$738,327	\$1,006,217	\$1,137,653	\$1,360,669
Revenues	\$4,283,121	\$3,924,141	\$3,933,059	\$4,016,229
Expenses	\$3,883,795	\$4,311,585	\$3,710,043	\$4,432,344
Operating Surplus/(Deficit)	\$399,326	(\$407,444)	\$223,016	(\$416,115)
Ending Balance (=beginning balance + operating surplus/deficit)	\$1,137,653	\$598,773	\$1,360,669	\$944,554

2015 Carryover
(\$598,773 + \$761,896) is
incorporated in 2016 Budget

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2015 General Fund Expenses

Division	2015 Budget	2015 Projected	Notes
Administration	995,582	842,078	Risk savings - \$52,300; personnel - \$10,200; legal - \$75,000
Police	1,246,588	1,078,999	Personnel - \$128,500 (Police Major vacancy); risk savings - \$12,300; maintenance - \$20,550
Court	156,709	140,540	Prosecutor savings - \$4,000; Boarding of Prisoners - \$10,800 (fluctuates year-to-year; County is changing fee policy)
Public Works	185,922	172,211	Personnel (director salary – using savings for intern in 2016) - \$17,600; Professional Fees – (\$5,000)
Com Dev	289,400	265,425	Personnel - \$18,123; code enforcement mitigation - \$7,000;
Street	382,729	366,136	Personnel (vacancies) - \$14,500
Parks	352,079	312,159	Personnel - \$12,100; risk savings - \$4,000; maintenance (fuel) - \$13,330; City services (landscaping) - \$4,000
Nature Sanctuary	31,077	29,142	Maintenance - \$1450
IT	40,324	37,514	Contractual services - \$4,000 (fluctuates based on need; hardware is aging)
PIO	17,750	15,500	Budget reduced to \$13,810 in 2016
Capital Outlay	356,175	168,511	Crooked Rd. savings - \$31,000; parks projects to be completed in 2016 - \$75,000; CD project to be completed in 2016 - \$67,000; vehicle purchase savings - \$6,700
Transfers	277,250	281,827	Route 9 Downtown Entryway Project (to Projects Fund) – (\$4,577)
Total	\$ 4,331,585	\$ 3,710,043	Difference = \$621,542

Items in red were adjusted for proposed 2016 budget.

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General Fund Expenses Actual Compared to Budget Six-Year Trend

	2010	2011	2012	2013	2014	2015	6-year average
Personnel Only	-1.5%	-4.5%	-3.0%	-6.9%	-7.5%	-8.7%	-5.4%
All Expenses	-2.7%	3.2%	4.7%	-4.5%	-8.0%	-14.3%	-3.6%

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Need Direction

- Budgeting for vacancies
- General Fund CIP – are there priorities that are missing?
- Additional information needed for 3rd work session

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Schedule

- ~~October 20 – General Fund Operating, Revenue Projections, Reserve Balances~~
- ~~October 27 – CIP (Part 1), Debt Service, General Fund follow-up~~
- November 3 – CIP (Part 2), Transportation Fund, miscellaneous follow-up
- November 17 – Sewer Fund (operating and CIP), summary review
- December 1 – Final Adoption

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