

Mayor Nanette K. Johnston opened the work session at 5:32 p.m. on November 15, 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:

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
Jay Norco, City Engineer, North Hills Engineering
Richard Wilson, Alliance Water Resources

1. GENERAL AGENDA

A. 2017 City of Parkville Operating and Capital Budget

Public Works Director Alysen Abel provided overview of topics of discussion; presentation appended hereto as Exhibit A.

Assistant to the City Administrator Tim Blakeslee provided a follow-up to the discussion from the November 8 work session regarding the Transportation Fund. He presented highlights of the two proposed plans for street maintenance. The pay as you go plan was similar to what the City had been doing in the past and an additional \$25,000 was added for 2017. The plan would take care of five percent of the total street system and approximately 13 percent of streets on the five-year mill and overlay forecast. Blakeslee noted that under a bad year the street ratings would continue to deteriorate.

Under the debt financing plan, the City would issue debt for approximately \$1 million for additional street maintenance in 2017. The plan would take care of 17.5 percent of the street system and 54 percent of the streets on the five-year mill and overlay forecast. In addition, the annual street maintenance would be reduced annually and there would be costs for interest and issuance of the debt. The debt financing plan would take advantage of low interest rates, the dollar value before inflation and efficiencies in mobilization. Blakeslee added that staff worked with Tom Kaleko, Springsted, to determine the calculations of the net present value.

Discussion focused on the City's cost compared to rates paid by Platte County customers for street maintenance. Abel noted that the City had previously tried to piggyback bidding with Platte County but the idea was rejected because the City's documents were too extensive and required prevailing wage.

The Board also discussed the impact of the additional street maintenance projects on the street ratings, the time it would take to get on a schedule of preventative maintenance instead of fixing the problems as they occurred and the future impact on the additional roads when they needed to be fixed again. Abel said that staff had not created a long-term plan. The Board requested a spreadsheet that included future roads and potential costs to help them see a longer term view of the budget for street maintenance.

Abel provided an overview of the Sewer Fund and reviewed the administrative charge transferred from the Sewer Fund to the General Fund. She said that Springsted determined that a reasonable transfer for 2017 was \$365,000 to cover personnel and direct and indirect costs. Staff recommended the transfer of \$150,000 and an annual step increase of \$15,000 for five years. The recommendation was a 44 percent increase from 2016 and was 31 percent of the total

recommended by Springsted. Abel said the transfer would help infuse the General Fund to cover sewer-related activities.

Abel provided an overview of the 2016 Capital Improvement Program (CIP) projects and the projects staff recommended be deferred to 2017. She also provided an overview of unbudgeted items and of the 2017 CIP. Options for the CIP included completing the full CIP as planned, trimming back to defer three projects to 2018, and transferring \$148,300 from 2017 to 2018 to help level out the CIP.

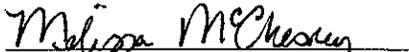
Staff presented two proposals for sewer rate increases. The first option was a 10 percent increase and the second option was a 6 percent increase. Abel reviewed the impact to residential customers based on each rate increase percentage. A 10 percent rate increase would be an estimated monthly increase of \$3.80 per household. A 6 percent rate increase would be an estimated monthly increase of \$2.28 per household. She noted that another option would be to increase the usage rate instead of the base rate.

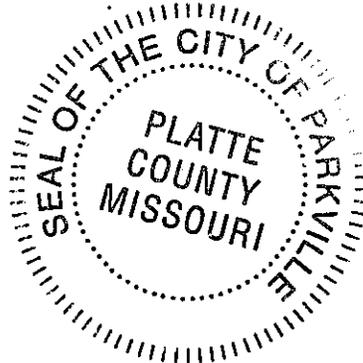
Staff recommended the \$150,000 allocation from the Sewer Fund to the General Fund with \$15,000 step increases per year for the next five years, the CIP proposal option 2 deferring three projects to 2017, and a sewer rate increase of 10 percent based on consumption.

The work session ended at 7:03 p.m.

The work session minutes for November 15, 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 sixth day of December 2016.

Submitted by:


City Clerk Melissa McChesney



City of Parkville 2017 Budget

Fourth Budget Work Session

November 15, 2016

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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

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Fourth Budget Work Session Topics

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

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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

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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

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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

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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

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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

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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

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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

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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

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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%

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Proposed Sewer Allocation

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

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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

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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

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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

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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)

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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

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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
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

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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

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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

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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

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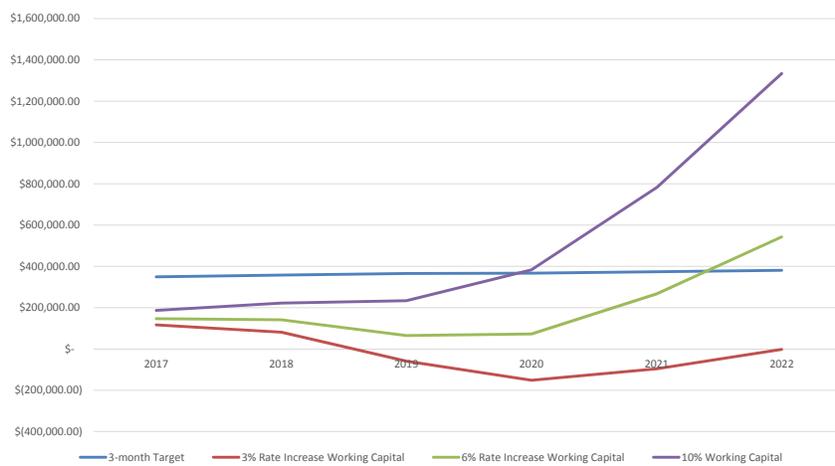
Sewer Fund Working Capital Policy

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.”

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Working Capital Scenarios



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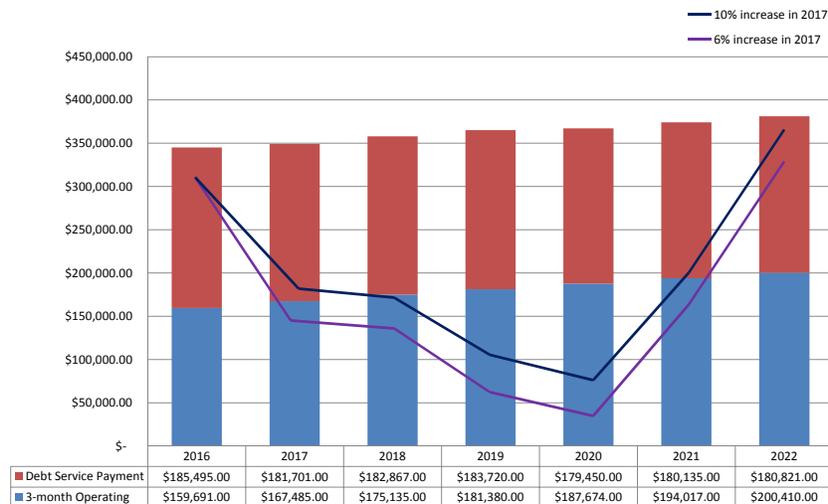
Sewer Rate Proposal

- 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

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Working Capital



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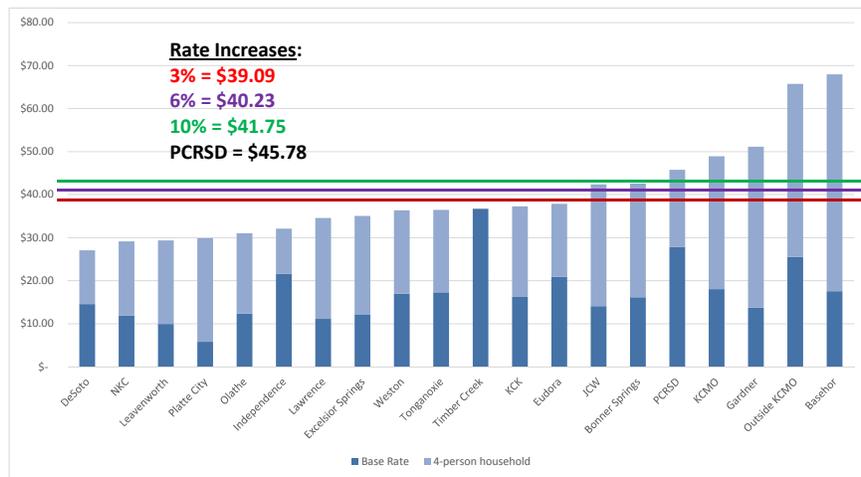
Sewer Rate Breakdown

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%

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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**)

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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

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