

City of Parkville 2021 Budget

Third Budget Work Session

November 16, 2021



Third Budget Work Session Topics

- Sewer Fund
- Sewer CIP
- Sewer rates
- Sewer Options Follow-up
- Follow-up from previous work sessions



Sewer Fund



2021 Sewer Budget Recap

- Unbudgeted / Emergency Projects
 - Sewer Repair – 8520 NW Lakeview (\$2,175)
 - Sewer Repair – 8415 NW Vista Cir (\$1,700)
 - Sewer Repair – 5609 Meadowlake (\$2,175)
 - Sewer Repair – Deer Run (\$800)
 - Sewer Repair – Meadowlake/Southlake (\$10,400)
 - Sewer Repair – 5601 Spinnaker (\$2,750)
 - Sewer Repair – 5607 Woodhaven (\$2,850)
 - Sewer Repair – 6066 Southlake (\$1,850)



2021 Sewer Budget Recap

- Building Maintenance Expenses
 - Basement Sump Pump - \$11,882
 - Aeration Blowers - \$22,836
 - RAS Maintenance - \$6,382
 - Generator Maintenance – \$4,752
 - Grading at the Plant - \$2,435
- Pump Station Expenses
 - Pinecrest - \$2,971
 - FF Hwy - \$3,332
 - River Hills Generator - \$2,890



2021 Sewer CIP Recap

- Carry-Over from 2020
 - Sewer Plant Lighting - \$5,390
 - Truck Equipment (Lights) - \$1,493



2021 CIP Project Overview

- FF Highway Pump Station
 - Budget = \$140,000
 - Actual Project Cost = \$156,152
 - Status: To be completed in late 2021
- Annual Sewer CCTV & Cleaning
 - Budget = \$60,300
 - Anticipated Cost = \$40,556
 - Status: To be completed in late 2021



2021 CIP Project Overview

- Dissolved Oxygen Meter
 - Budget = \$20,500
 - Anticipated Cost = \$11,041
 - Status: Project Complete
- Clarifier Drive
 - Budget = \$16,000
 - Deferred to 2022



2021 CIP Project Overview

- Basin Mixer Replacement
 - Budget = \$12,000
 - Anticipated Cost = \$10,265
 - Status: Project Complete
- UV Bulb and Ballast Replacement
 - Budget = \$14,000
 - Anticipated Cost = \$13,155
 - Status: Project Complete



2021 CIP Project Overview

- Sanitary Sewer Repairs Program
 - Budget = \$240,000
 - Anticipated Cost = \$295,340
 - Status: Project Complete
- Zero Turn Mower Purchase
 - Budget = \$17,000
 - Anticipated Cost = \$14,628
 - Status: Project Complete



2021 CIP Project Overview

- Clarifier Floor Replacement
 - Budget = \$54,000
 - Deferred to 2023



Beginning Fund Balance

<u>Year</u>	<u>Beginning Fund Balance</u>
2014	\$516,873
2015	\$1,101,730
2016	\$795,105
2017	\$424,422
2018	\$420,915
2019	\$531,261
2020	\$979,986
2021	\$898,030



2022 CIP – Sewer Fund

	<u>Project/Equipment</u>	<u>2022 Budget</u>
Equipment & Machinery	Sludge Wagon Purchase	\$10,000
Sewer Plant Improvements	Aeration Blower	\$14,000
	Aeration Mixer	\$13,000
	Stair Replacement	\$30,000
	Aeration Basin Diffusers	\$45,000
	SCADA System	\$54,000
	Clarifier Drive	\$17,000
Pump Station Improvements	McAfee Pump Station Replacement	\$30,000
Line Maintenance	CCTV	\$61,500
	Riss Lake Structure Survey	\$17,000
	Sanitary Sewer Repairs	\$220,000
Other	Consulting Fees for Appraisal / Rate Study	\$150,000



Proposed Sewer CIP

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Equipment & Machinery	\$37,500	\$10,000	-	-	-	-
Sewer Plant Improvements	\$96,000	\$173,000	\$153,000	\$778,000	\$965,000	-
Pump Station Improvements	\$140,000	\$30,000	\$16,000	\$131,000	-	-
Line Maintenance	\$300,300	\$298,500	\$287,700	\$279,000	\$265,000	\$266,000
Other	\$150,000	-	\$12,000	-	-	-
TOTAL	\$723,800	\$511,500	\$468,700	\$1,188,000	\$1,230,000	\$266,000



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 Estimates

<u>Year</u>	<u>Estimated Working Capital</u>	<u>90-day Target</u>	<u>Difference</u>
2020	\$895,306	\$392,770	\$502,536
2021	\$769,361	\$420,013	\$349,348
2022	\$494,694	\$429,312	\$65,381
2023	\$507,029	\$422,378	\$84,652
2024	\$(161,874)	\$428,590	\$ (590,464)
2025	\$(842,369)	\$430,167	\$ (1,272,536)
2026	\$(388,515)	\$293,444	\$ (681,959)



Sewer Allocation Study

- Sewer Allocation Study by Baker Tilly updated in 2021
- Study Recommendation
 - Reasonable Transfer of \$449,800 from Sewer Fund to General Fund
- After much discussion, the Board settled on a transfer of \$350,000 in 2021
- Proposed 2022 Budget includes \$350,000 in 2022




History of Sewer Allocation

<u>Year</u>	<u>Allocation from Sewer</u>
2016	\$103,530
2017	\$150,000
2018	\$190,000
2019	\$230,000
2020	\$280,000
2021	\$350,000




Proposed Sewer Allocation

<u>Year</u>	<u>Allocation from Sewer</u>
2022	\$350,000
2023	\$360,000
2024	\$370,000
2025	\$380,000



Past Sewer Rate Increases

<u>Year</u>	<u>Sewer Rate Increase</u>
2014	3%
2015	3%
2016	2.5%
2017	10%
2018	10%
2019	10%
2020	5%
2021	6%



Sewer Rate Proposal

Year	Sewer Rate Increase
2022	3%
2023	3%
2024	3%
2025	3%
2026	3%

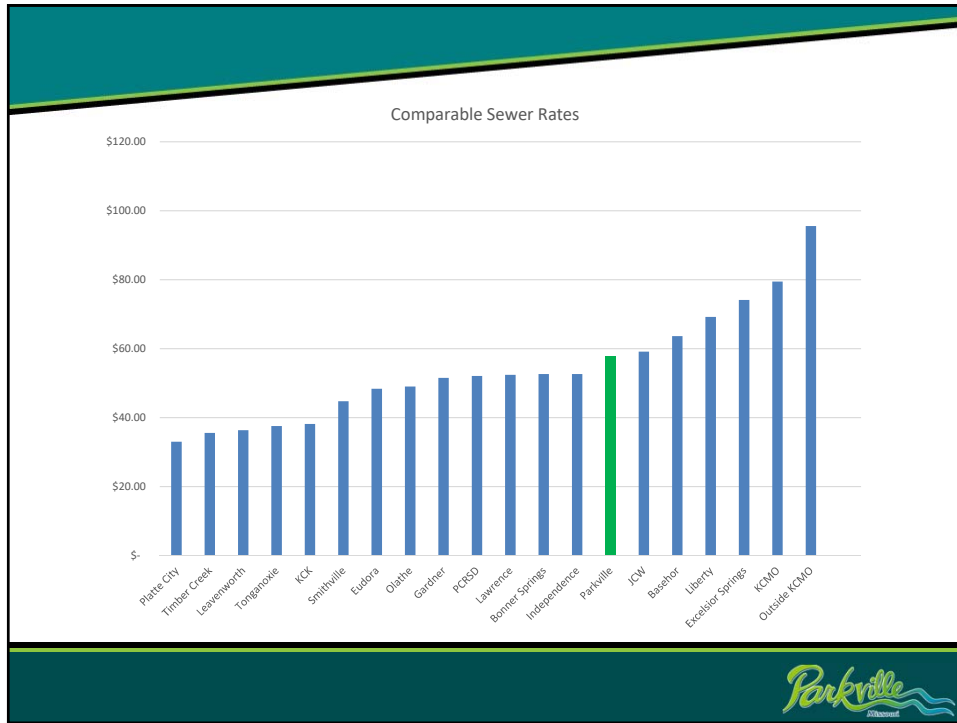


Sewer Rate Breakdown

Sewer Rate	Sewer Base Fee	Consumption Rate	Average Monthly Bill*	Monthly Cost Difference
Current Rate	\$18.54	\$0.876 per 1,000 gallons	\$56.22	-
3%	\$19.10	\$0.903 per 1,000 gallons	\$57.91	\$1.69
6%	\$19.65	\$0.929 per 1,000 gallons	\$59.60	\$3.38
10%	\$20.40	\$0.964 per 1,000 gallons	\$61.85	\$5.63

* Based on the average consumption rate of 4,300 gallons per month for a 4-person household
 3% Rate Increase = \$44,141 Revenue
 6% Rate Increase = \$88,282 Revenue
 10% Rate Increase = \$147,136 Revenue





Sewer Options Study

Past Discussion on Sewer Options

- February 16th Board Meeting – Board Request for Sewer Options
- February – March The City Administrator, Public Works Director and City Engineer examined sewer Options, and identified five options. Developing a written report on the options was initiated.
- April 6th - The Options were presented in summary form at the April 6, 2021 Board of Aldermen Meeting
- May 4th - Board Work Session was held to present the detailed Sewer Options Report:
 - OPTION 1: NO CHANGE TO THE SEWER UTILITY
 - OPTION 2: EXPANDED SERVICES BY AWR
 - OPTION 3: STAND ALONE SEWER BUDGET
 - OPTION 3: CONSOLIDATION WITH THE PLATTE COUNTY REGIONAL SEWER DISTRICT
 - OPTION 5: SELL THE UTILITY
- May to August - Follow-up on Board Work Session (Explore Sewer System Appraisal options; CIP and Rate Study options; identify firms and RFP for both; Alliance Sewer Billing services; and review the staff time allocation in the Cost Allocation Study)



Next Steps – Sewer Options

1. FY 2022 Budget includes funding for a Sewer System Appraisal, and a sewer rate study that includes an assessment of long term capital improvement needs.
2. Develop and issue RFQ/RFP's
3. Finish review of staff time allotments to Cost Allocation Study. Work with Baker Tilly to update the model.
4. Future Steps:
 1. Based on results of study, possibly engage in discussions with SPRSD and/or private utilities.
 2. Develop a staff impact transition plan.



Sewer Fund Recommendation

1. Increase Sewer Rates
 - Proposed 3% rate increase
2. Adjust the Sewer Allocation for Administrative Charge – no change (\$350,000)
3. Proposed CIP (Includes \$150,000 for Sewer System Studies)
 - \$661,500



Need Direction

- Sewer Fund Options
 - Allocation
 - CIP
 - Sewer Rates
- Any additional changes or information desired by the Board of Aldermen prior to final adoption on Dec 21st



Previous Work Session Follow-up



Changes made based on Previous Work Sessions

- Changes made to budget based on first three work sessions:
 - Incorporated recommended Police Salaries into FY 22 Budget.
 - Included a Park's Director in the budget
 - Included a Parks Sales Tax CIP Project – Farmer's Market Relocation Feasibility
 - Incorporated ARPA Budget into adjusted Transportation, Projects, and GF Budgets



Follow-up Items – Need Direction

- Review projected minimum Fund Balance
- Are any cuts required?
- Compensation Study Update Increases for General Employees?




General Fund (10)											
Last Updated 10/31/2021											
	2019	2020	2021	2021	2021	2022	2023	2024	2025	2026	2027
	Actual	Actual	Budgeted	YTD	Projected	Budgeted	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	1,747,951	1,801,183	990,919	990,919	990,919	1,156,570	1,195,037	463,416	(27,031)	(500,288)	(876,425)
Revenues											
Taxes	2,434,183	2,369,979	2,538,198	2,379,866	2,571,340	2,646,267	2,699,193	2,753,177	2,808,240	2,864,405	2,921,693
Licenses	61,510	56,621	62,700	67,118	71,594	71,594	72,283	72,979	73,682	74,391	75,108
Permits	509,382	504,098	389,100	408,339	460,100	396,139	402,529	409,044	415,684	422,454	429,354
Franchise Fees	803,146	792,513	859,000	497,641	848,083	858,000	875,160	892,663	910,516	928,727	947,301
Other Revenue	16,169	15,188	34,194	29,425	29,973	30,905	31,451	32,008	32,577	33,158	33,750
Court Revenue	130,597	61,118	130,000	59,421	71,305	75,000	76,125	77,267	78,426	79,602	80,796
Interest Income	7,121	6,755	7,500	4,667	6,763	6,763	6,879	6,998	7,119	7,242	7,367
Miscellaneous Revenue	671,716	835,758	506,500	285,744	852,878	539,907	543,309	551,799	555,377	554,951	558,593
Grant Revenue	430,406	-	7,320	60,881	60,881	10,000	10,000	10,000	10,000	10,000	10,000
Transfers	415,000	289,221	566,200	453,700	566,200	1,077,936	691,524	705,520	719,935	734,783	750,077
Total - General Fund Revenues:	5,479,230	4,931,250	5,100,712	4,246,803	5,539,118	5,712,511	5,408,454	5,511,453	5,611,556	5,709,713	5,814,041
Total Sources	7,227,181	6,732,433	6,091,631	5,237,722	6,530,037	6,869,081	6,603,490	5,974,869	5,584,525	5,209,425	4,937,616
Expenditures											
Administration	1,520,659	1,358,080	1,388,267	1,219,918	1,429,341	1,291,661	1,318,595	1,346,334	1,374,905	1,404,339	1,434,667
Police	1,286,838	1,334,469	1,660,413	1,226,219	1,492,968	1,872,930	1,915,491	1,959,198	2,004,087	2,050,197	2,097,565
Municipal Court	155,778	150,061	172,699	108,667	130,440	139,569	142,342	145,183	148,094	151,077	154,135
Public Works	277,370	282,824	313,199	239,310	295,654	316,139	322,639	329,304	336,140	343,152	350,346
Community Development	292,943	301,398	359,311	290,533	350,933	367,386	375,157	383,116	391,267	399,615	408,168
Streets	399,253	416,669	486,779	417,909	507,057	512,750	525,105	537,822	550,916	564,398	578,283
Parks	350,375	423,476	450,654	361,310	435,503	527,476	538,018	548,851	559,985	571,431	583,199
Nature Sanctuary	46,583	51,679	61,898	49,543	59,452	62,941	63,660	64,393	65,139	65,900	66,676
Information Technology	48,796	63,049	60,745	44,857	60,310	64,136	64,457	64,779	65,103	65,428	65,756
Public Information	19,602	23,753	30,410	16,177	29,741	29,560	29,708	29,856	30,006	30,156	30,306
Total Operating Expenses	4,398,198	4,405,458	4,984,375	3,974,444	4,791,397	5,184,548	5,295,171	5,408,836	5,525,642	5,645,694	5,769,100
Capital Outlay (CIP)	710,300	366,550	323,975	100,094	222,650	198,335	553,741	301,902	268,009	148,992	117,066
Transfers	317,500	972,618	359,420	359,420	359,420	291,162	291,162	291,162	291,162	291,162	291,162
Total - General Fund Expenditures:	5,425,997	5,744,625	5,667,770	4,433,958	5,373,467	5,674,045	6,140,074	6,001,901	6,084,814	\$ 6,085,849	\$ 6,177,328
Estimated Ending Balance (deficit):	1,801,183	987,808	423,861	803,763	1,156,570	1,195,037	463,416	(27,031)	(500,288)	\$ (876,425)	\$ (1,239,712)
						388,301	236,802	(177,880)	(188,545)	(205,248)	(227,144)
						(163,198)					

General Fund Budget Follow-up

Personnel costs spending impacting deficit...

Description	Estimated Budget Impact
Presently Included in FY 2022 Budget Estimate:	
3% wage increase (based on satisfactory performance)	73,365
Increase employee health benefits	10,104
Police salaries increase budget impact	157,794
Not included in current Budget Estimate:	
General Government Compensation Study Increases (Proposed for FY 22)	64,219 (60% Market)
Additional Public Works Employee and Benefits	46,000



Parks Sales Tax Fund

CIP Updates - (Modified to incorporate Board Comments)	Estimated Budget Impact
Park's Director – Transfer to GF Parks Budget (mid-year hire)	50,000
Capital Outlay (CIP) – Farmer's Market Options Note: Existing FY 2021 Funds available to review structural issues	20,000



Need Direction

- Any additional changes or information desired by the Board of Aldermen prior to final 1st Reading of the Budget Ordinance on December 7, 2021?



Next Steps

- ~~October 19 – Revenue Projections, General Fund, Debt Service, Minor Funds~~
- ~~October 25 – CIP, Parks Sales Tax Fund, Transportation Fund, miscellaneous follow-up~~
- ~~November 2 – Cancelled~~
- ~~November 16 – Sewer Fund and summary review of final budget and miscellaneous follow-up~~
- December 7 – Adoption – 1st Reading
- December 21 – Adoption – 2nd Reading

