



Work Session Agenda
BOARD OF ALDERMEN
CITY OF PARKVILLE, MISSOURI
November 19, 2019; 6:00 p.m.
City Hall Board Room

1. GENERAL AGENDA

- A. 2020 City of Parkville Operating and Capital Budget

CITY OF PARKVILLE

Policy Report

Date: December 1, 2017

Prepared By:
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Public Works Director

Reviewed By:
Joe Parente
City Administrator

ISSUE:
Fourth Budget Work Session – 2020 City of Parkville Operating and Capital Budget

BACKGROUND:

The City operates on a January 1 – December 31 fiscal year and therefore must adopt a 2020 budget before the end of the calendar year. The process involves four budget work sessions followed by final adoption of the final budget at a legislative meeting.

At the first budget work session, staff presented preliminary budget sheets for the General Fund, Emergency Reserve Fund, Debt Service Fund, Economic Development Fund, Fewson Fund, Nature Sanctuary Donations Fund, and Park Donations Fund. The second budget work session focused on the Parks Sales Tax Fund, Capital Improvement Program (CIP), and the Transportation Fund. The third budget work session focused on the Sewer Fund. The fourth work session will focus on follow-up matters in the Sewer Fund and a wrap up of other funds.

The Sewer Fund is a self-sustaining enterprise fund that operates on its own revenues distinct from the City's General Fund. In addition to routine operating expenses, City Administration recommends a capital outlay (CIP) budget to replace and upgrade sewer facilities. The five-year CIP projection includes funding to complete an annual closed-circuit television (CCTV) inspection and sewer cleaning program on a cycle of reviewing the entire sanitary sewer system every 8 years in accordance with industry best management practices. Funding is recommended to do a major repair project every two years to keep up with the maintenance needs. In 2016, the City contracted with Springsted, Inc. to study the sewer allocation transfer from the Sewer Fund to the General Fund. The allocation study reviewed the direct and indirect costs paid out of the General Fund to cover sewer-related functions. The Sewer Allocation Study determined that the City could reasonably transfer up to \$365,644 from the Sewer Fund to cover sewer-related costs that are paid through the General Fund.

During the third budget work session, staff presented a 3% sewer rate increase in 2020. Based on discussion during the work session, staff revised the 2020 budget projections to reflect a sewer rate increase of 5%. The proposed sewer rate increase could accommodate increasing the sewer allocation transfer from the previously recommended \$230,000 to \$280,000, which is 77% of the recommended allocation transfer from the Springsted study. The increase will allow the Sewer Fund to become less reliant on the General Fund.

The following table shows the proposed allocation transfer from the Sewer Fund to the General Fund, assuming future increases of \$15,000 starting in 2021.

ITEM 1A
For 11-19-19
Board of Aldermen – Work Session

<u>Year</u>	<u>Allocation from Sewer</u>	<u>Percent Increase</u>
2016	\$103,530	--
2017	\$150,000	44.9%
2018	\$190,000	26.7%
2019	\$230,000	21.1%
2020	\$280,000	21.7%
2021	\$295,000	5.4%
2022	\$305,000	5.1%

In 2017, 2018 and 2019, the sewer rate were increased 10% each year. It is proposed to increase the rates by 5.00% in 2020. Below are the projected rates that would fund the operating expenses and Capital Improvement Plan as it currently stands.

<u>Year</u>	<u>Actual/Proposed Rate Increase</u>	<u>Sewer Base Fee</u>	<u>Sewer Consumption Rate</u>	<u>Average Monthly Bill</u>	<u>Monthly Cost Difference</u>
2017	10.00%	\$13.77	\$0.651	\$41.75	
2018	10.00%	\$15.14	\$0.716	\$45.92	\$4.17
2019	10.00%	\$16.66	\$0.787	\$50.52	\$4.60
2020	5.00%	\$17.49	\$0.827	\$53.04	\$2.52
2021	3.00%	\$18.02	\$0.852	\$54.63	\$1.59
2022	3.00%	\$18.56	\$0.877	\$56.27	\$1.64
2023	3.00%	\$19.11	\$0.903	\$57.96	\$1.69

Included in the 2020 Sewer Budget is an update of the Sewer Admin Fee Cost Allocation Study. Costs have risen since the study was performed in 2016. Beginning with the 2021 Budget year, Administrative Transfers to reimburse the General Fund will be based on updated figures.

Lastly, an updated General Fund Budget Forecast Sheet is being provided to the Board. The Forecast Sheet has been updated to reflect the status of the 2019 Budget as of October 31, 2019, and any modifications to the 2020 Budget request since it was first presented last month.

BUDGET IMPACT:

As this is a work session, there is no budget impact at this time.

ALTERNATIVES:

1. Provide direction to City Administration regarding the 2021-2025 CIP and 2020 Operating Budget, including the sewer allocation transfer and sewer rate increase.
2. Postpone the discussion.

STAFF RECOMMENDATION:

Provide direction to City Administration regarding the 2021-2025 CIP and 2020 Operating Budget.

POLICY:

Section 112.070.D. of the Municipal Code directs the City Administrator to prepare a budget document with proper supporting schedules and analysis to be proposed to the Board of Aldermen for final approval.

SUGGESTED MOTION

As this is a work session, no motion is necessary.

ATTACHMENTS:

1. Sewer Fund (30)
 - a. 5-year Forecast Sheet
 - b. 2020 Budget Sheet
2. General Fund 5-year Forecast Sheet

Sewer Fund (30)

Last Updated 10/31/2019

	2017	2018	2019	2019	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Budget	YTD	Projected	Budget	Projected	Projected	Projected	Projected	Projected
<i>Beginning Fund Balance</i>	\$ 424,422	439,493	689,313	689,313	689,313	945,511	827,967	851,654	1,136,901	1,477,520	1,704,549
Revenues											
<i>Projected Rate Increase</i>	10.00%	10.00%	10.00%	10.00%	10.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sewer Charges	1,147,360	1,320,195	1,334,993	1,203,759	1,444,511	1,516,737	1,562,239	1,609,106	1,657,379	1,707,101	1,758,314
Sewer Tap Fees	28,405	41,850	30,000	33,000	33,000	30,000	30,450	30,907	31,370	31,841	32,319
Sewer Impact Fees	25,400	34,650	34,000	72,020	72,020	50,000	50,750	51,511	52,284	53,068	53,864
MOAW Bill Collection Payment	434	444	550	-	-	-	550	550	550	550	550
Grinder Pump Administrative Fee	4,620	4,620	4,620	3,850	4,620	4,620	4,620	4,620	4,620	4,620	4,620
Interest Income	4,019	4,160	5,000	3,243	4,865	4,500	5,050	5,101	5,152	5,203	5,255
Transfer from Sewer CIP (33)	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	22,317	22,317	-	-	-	-	-	-
Sewer Fund Revenues:	1,210,237	1,405,918	1,409,163	1,338,189	1,581,333	1,605,857	1,653,659	1,701,795	1,751,355	1,802,383	1,854,922
Total Sources:	1,634,659	1,845,411	2,098,476	2,027,502	2,270,646	2,551,368	2,481,626	2,553,449	2,888,256	3,279,903	3,559,471
Expenditures											
Operating Expenses	555,672	540,078	579,117	446,087	546,872	571,539	582,222	593,113	604,215	615,532	627,069
Capital Expenses	301,706	244,753	393,400	75,872	366,400	690,000	573,300	333,300	300,700	439,000	2,050,000
Debt Service	187,788	181,267	181,862	152,656	181,862	181,862	179,450	180,135	180,821	180,821	180,821
Transfer to General Fund - Admin Fee	150,000	190,000	230,000	191,667	230,000	280,000	295,000	310,000	325,000	340,000	355,000
Other Transfers											
Sewer Fund Expenditures:	1,195,167	1,156,098	1,384,379	866,281	1,325,135	1,723,401	1,629,972	1,416,548	1,410,736	1,575,353	3,212,890
Estimated Working Capital (deficit) :	439,493	689,314	714,097	1,161,221	945,511	827,967	851,654	1,136,901	1,477,520	1,704,549	346,581
TARGET*	\$364,206	\$363,786	\$384,141	\$312,094	\$376,080	\$394,747	\$398,756	\$405,913	\$413,125	\$419,704	\$426,338

Sewer Fund (30) Revenues and Expenses

Type	Account	Description	Account	2017 Actual	2018 Actual	2019 Budget	YTD 10/31/2019	2019 Projected	2020 Budget
Rev: Sewer	Beginning Fund Balance	Projected carryover from prior year.		424,422	439,493	689,313	689,313	689,313	945,511
	Sewer Charges	Charges levied on all utility customers for use of the City's sewer system.	41501-00	1,147,360	1,320,195	1,334,993	1,203,759	1,444,511	1,516,737
	Sewer Tap Fees	Fees required to connect to the City's sewer system (\$1,500/new home).	41502-00	28,405	41,850	30,000	33,000	33,000	30,000
	Sewer Impact Fees	Fees required to compensate the City for the increased demand on the sewer system (\$1,400/new home).	41502-01	25,400	34,650	34,000	72,020	72,020	50,000
	MOAW Bill Collection Payment	Money received from Missouri American Water for accepting water bills at City Hall.	41503-00	434	444	550	-		
	Grinder Pump Administration Fee	A fee paid by the Riss Lake Home Owner's Association for collecting and remitting monthly Riss Lake Subdivision grinder pump maintenance fees.	41504-00	4,620	4,620	4,620	3,850	4,620	4,620
Revenues: Sewer				1,206,219	1,401,759	1,404,163	1,312,629	1,554,151	1,601,357
Rev: Interest	Interest Income	Interest earned from sewer fund investments.	41701-00	4,019	4,160	5,000	3,243	4,865	4,500
Revenues: Interest Income				4,019	4,160	5,000	3,243	4,865	4,500
Rev: Misc	Miscellaneous	Includes reimbursements from entities for sewer related expenses.	41804-00	-	-	-	22,317	22,317	-
Revenues: Misc				-	-	-	22,317	22,317	-
Sewer Fund (30) Revenues				1,210,237	1,405,918	1,409,163	1,338,189	1,581,333	1,605,857
Total Sources				1,634,659	1,845,411	2,098,476	2,027,503	2,270,646	2,551,368

Sewer Fund (30) Revenues and Expenses									
Type	Account	Description	Account	2017 Actual	2018 Actual	2019 Budget	YTD 10/31/2019	2019 Projected	2020 Budget
Exp: Personnel	Salaries	The total salaries for sewer billing duties. A portion of staff salaries are covered by the Sewer Administrative Fee, as related to sewer work performed.	01-01-00	15,384	17,938	20,368	17,234	20,681	21,094
	FICA & Medicare	This is the City's share of FICA & Medicare cost for its employees.	01-21-00	1,174	1,909	1,558	1,315	1,579	1,650
	Professional Development	Cost of educational seminars and conferences attended by Sewer employees.	01-41-00	100		500	358	430	500
	Retirement	The City's LAGERS contribution for 2020 is 11.3% of general employee salaries.	01-22-00	1,261	425	2,505		0	2,450
	Tuition Reimbursement		01-43-00	480		0		0	0
Expenses: Personnel				18,400	20,272	24,931	18,908	22,689	25,694
Exp: Insurance	Property & Liability	Premium payment for the City's property & liability coverage.	02-01-00	-	1,313	1,400		1,400	1,400
	Health, Life, & Dental	The City offers health, dental, and life insurance to its employees and subsidizes a portion of the premium. Reflects premium increases for employees.	02-02-00	1,543	2,761	5,784	2,676	3,211	3,533
	Workers Compensation	The workers compensation premium that covers all sewer employees.	02-03-00	1,877	63	100		0	-
	Unemployment	This covers the cost of any unemployment insurance claims for the Sewer Department.	02-04-00	-		500		0	-
Expenses: Insurance				3,419	4,137	7,784	2,676	4,611	4,933
Exp: Utilities	Telephone & Voicemail	The charges for local and long distance telephone service for the sewer plant and lift station dialers.	03-01-00	1,109	212	1,400		0	-
	Electricity	Electric utility charges for the sewer plant and pump stations.	03-02-00	38,027	42,710	45,000	34,308	41,170	46,000
	Water	Water utility charges for the sewer plant.	03-04-00	1,390	1,190	2,000	618	742	1,500
	Wi-Fi	The cost of the Wi-Fi hotspot at the sewer plant for internet access.	03-06-00	560	480	650		0	-
	Trash Hauling	The charges for trash hauling at the sewer plant (\$70/year for Main Lift Station dumpster and \$356.52/year for Sewer Plant dumpster).	03-09-00	240	120	400	160	192	400
Expenses: Utilities				41,325	44,712	49,450	35,086	42,104	47,900
Exp: Office Expenses	Office Supplies	This includes items such as stationery, pens/pencils, folders, etc. as well as computer accessories, meeting supplies and general consumables.	05-01-00	404	217	300	20	25	150
	Postage	All postage and shipping costs, along with any incidental charges.	05-02-00	5,095	5,514	6,200	5,923	6,500	7,000
	Delinquencies	Administrative costs related to delinquency collections such as water shut off costs, filing property liens, and certified letters.	05-06-00	220	1,454	2,000	1,596	1,915	100
	Printing	Expenses for printing work not performed by City personnel. This includes items such as business cards, forms, letterhead, and books.	05-04-00	701	1,770	2,000	1,253	1,500	2,000
Expenses: Office Expenses				6,419	8,954	10,500	8,792	9,940	9,250

Sewer Fund (30) Revenues and Expenses									
Type	Account	Description	Account	2017 Actual	2018 Actual	2019 Budget	YTD 10/31/2019	2019 Projected	2020 Budget
Exp: Maintenance	Building Maintenance & Repair	General maintenance for the sewer plant. Includes crane for the new storage building, containment for diesel storage, soffit on sewer building, flashing on storage building, and new garage door.	06-01-00	13,178	17,752	20,000	3,353	15,000	20,000
	Pump Stations Maintenance	General maintenance for six pump stations in the City. Includes valves on FF Hwy pump station.	06-12-00	20,823	7,737	20,000	19,696	25,000	20,000
	Vehicle Repair & Maintenance	Maintenance for sewer vehicles. Include new tires for sewer truck.	06-21-00	113	1,170	500	213	500	250
	Tractor / Lawn Mowing Equipment	Maintenance for the sewer plant tractor and lawn equipment.	06-21-02	5,741	1,627	1,500	800	1,000	1,500
	Vehicle Gas & Oil	Fuel for sewer division vehicles.	06-22-00	841	871	1,500	561	1,000	1,200
	Equipment Gas & Oil	Fuel for sewer equipment, including the tractor, mower, and generator.	06-22-01	1,187	25	1,500	1,193	1,200	1,500
	Software Support Agreement	Annual software maintenance for Data Tech Summit sewer billing software.	06-33-00	2,546	2,750	3,000	-	0	
Expenses: Maintenance				44,429	31,931	48,000	25,816	43,700	44,450
Exp: City Services	Line Repairs	This covers emergency repairs to sewer lines and manholes. Root control and unexpected clogs. It does not cover repairs budgeted in the sewer CIP.	07-34-00	45,862	40,471	30,000	27,819	30,000	30,000
	One Call Utility Locating	This is a fee charged to the City for every One Call sewer utility locate requested in the City limits.	07-42-00	425	255	2,000	340	1,000	2,000
	KC Water Dept.	Fees paid to the KCMO Water Department for sewer service provided to some Parkville residents The decrease in 2016 is a result of the decommission of Eastside Pump station.	07-82-00	28,453	30,505	31,640	22,627	30,170	32,000
	Platte County Regional Sewer District	Fees paid to the PCRSD for wastewater treatment for Parkville residents formerly served by Eastside Pump station.		19,708	20,145	17,600	12,573	16,764	17,600
	Odor Control	Chemical used to mitigate odors from sewer lines.	07-91-00	28,511	10,549	24,000	18,789	19,000	24,000
Expenses: City Services				122,958	101,925	105,240	82,149	96,934	105,600
Exp: Professional Fees	Attorney Fees	Fees associated with contract reviews and sewer related legal questions.	08-01-00	-		2,500		0	
	Engineering Fees	This covers the fees for work performed by the City Contract Engineer for the sewer system, including SSES Program engineering and management.	08-03-00	15,900	16,200	16,000	9,134	10,000	16,000
	Management Contract	Contract with Alliance Water Resources to operate the sewer plant.	08-04-00	293,348	299,688	305,712	254,358	305,310	305,712
	Administration Fee	Administrative salaries for sewer related work, Missouri One Call services, and other sewer related administrative functions.	08-06-00	150,000	190,000	230,000	191,667	230,000	280,000
	Credit Card Fees	Costs associated with processing credit card transactions.	08-07-00	4,584	6,463	6,500	6,548	7,857	8,000
	Sewer Refunds	Refunds for bill over payments	08-08-00	2,073	1,502	1,000	200	300	500
Expenses: Professional Fees				465,904	513,853	561,712	461,906	553,467	610,212
Exp: Other Exp.	Miscellaneous	Miscellaneous includes uncategorized expenses.	09-21-00	918	2,380	1,500	493	1,500	1,500
	DNR Fees	Annual fee to the Missouri Department of Natural Resources based on the number of sewer connections in the City.	09-22-00	1,899	1,913	-	1,927	1,927	2,000
Expenditures: Other Expenditures				2,817	4,293	1,500	2,420	3,427	3,500

Sewer Fund (30) Revenues and Expenses									
Type	Account	Description	Account	2017 Actual	2018 Actual	2019 Budget	YTD 10/31/2019	2019 Projected	2020 Budget
Exp: Capital Outlay	Equipment & Machinery	No equipment purchases planned for 2020.	04-31-00	6,119	7,691	84,000	24,564	76,000	-
	Sewer Plant Improvements	Improvements to the sewer plant operations. Replace RAS Pump (\$11,500) and upgrade exterior lighting (\$9,000). .2019 Carryover: RAS Flow Meters (\$17,000).	04-51-00	3,987	8,876	16,400		16,400	37,500
	Pump Station Improvements	Improvements to pump stations. No pump station improvements planned for 2020.	04-61-00	93,454	80,466	-		0	-
	Line Maintenance	Includes 2020 CCTV & Cleaning (\$30,000); Manhole Inspection Program (\$30,000) and McAfee Forcemain Improvements (\$475,000). 2019 Carryover: Sanitary Sewer Phase 5 (\$117,500)	06-42-00	198,146	147,720	293,000	51,308	274,000	652,500
	Other Maintenance	No other maintenance planned for 2020.	06-99-00	-	-	-		0	-
Expenditures: Capital Outlay				301,706	244,753	393,400	75,872	366,400	690,000
Exp: Transfers	SRF Principal Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-00	150,000	155,000	160,000	133,333	160,000	160,000
	SRF Interest Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-01	23,889	20,432	16,000	13,512	16,000	16,000
	SRF Admin Fee Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-02	13,900	5,834	5,862	5811	5,862	5,862
Expenditures: Transfers				187,788	181,267	181,862	152,656	181,862	181,862
Total Sewer Fund (30) Expenditures				1,195,167	1,156,098	1,384,379	866,281	1,325,135	1,723,401
Ending Fund Balance Sewer Fund (30)				439,493	689,313	714,097	1,161,221	945,511	827,968

General Fund (10)

Last Updated 10/31/2019

	2017	2018	2019	2019	2019	2020	2021	2022	2023	2024
	Actual	Actual	Budgeted	YTD	Projected	Budgeted	Projected	Projected	Projected	Projected
<i>Beginning Fund Balance</i>	\$ 1,675,331	1,598,030	1,747,951	1,747,951	1,747,951	1,783,728	\$ 1,103,597	\$ 492,840	\$ (39,493)	\$ (366,692)
Revenues										
Taxes	2,245,141	2,323,418	2,412,515	2,281,326	2,429,745	2,505,861	\$ 2,555,978	\$ 2,607,098	\$ 2,659,240	\$ 2,712,424
Licenses	56,257	57,943	58,500	53,153	61,240	59,000	\$ 59,590	\$ 60,186	\$ 60,788	\$ 61,396
Permits	309,647	425,574	294,470	411,224	460,128	344,600	\$ 350,590	\$ 350,309	\$ 355,735	\$ 361,268
Franchise Fees	844,467	890,574	907,000	505,261	874,306	884,000	\$ 901,670	\$ 919,693	\$ 937,047	\$ 955,788
Other Revenue	37,645	38,426	40,825	13,094	19,859	40,850	\$ 41,405	\$ 41,970	\$ 42,548	\$ 43,138
Court Revenue	174,730	154,101	180,000	98,401	117,284	150,000	\$ 152,250	\$ 154,534	\$ 156,852	\$ 159,205
Interest Income	7,673	7,919	8,400	6,280	9,215	8,000	\$ 8,160	\$ 8,323	\$ 8,490	\$ 8,659
Miscellaneous Revenue	99,917	106,695	52,200	587,210	583,664	952,500	\$ 463,000	\$ 467,010	\$ 467,530	\$ 468,061
Grant Revenue	10,000	6,101	9,250	13,019	430,407	9,250	\$ 9,250	\$ 1,500	\$ 1,500	\$ 1,500
Transfers	375,000	405,000	415,000	345,833	428,500	505,000	\$ 520,000	\$ 545,000	\$ 560,000	\$ 575,000
Total - General Fund Revenues:	4,160,476	4,415,750	4,378,160	4,314,802	5,414,347	5,459,061	5,061,893	5,155,623	5,249,728	5,346,438
Total Sources	5,835,807	6,013,780	6,126,111	6,062,753	7,162,298	7,242,789	6,165,490	5,648,463	5,210,236	4,979,746
Expenditures										
Administration	1,084,326	1,051,339	1,211,565	1,197,618	1,406,247	1,330,181	\$ 1,356,528	\$ 1,383,644	\$ 1,411,553	\$ 1,440,286
Police	1,132,535	1,119,196	1,382,804	1,075,765	1,310,085	1,484,165	\$ 1,517,746	\$ 1,552,237	\$ 1,587,666	\$ 1,624,064
Municipal Court	139,437	146,193	161,591	130,925	156,382	167,588	\$ 170,928	\$ 174,349	\$ 177,853	\$ 181,443
Public Works	229,501	221,013	246,742	224,319	260,341	318,211	\$ 324,633	\$ 331,214	\$ 337,957	\$ 344,869
Community Development	279,946	282,135	307,720	234,398	307,601	316,597	\$ 323,216	\$ 329,994	\$ 336,935	\$ 344,044
Streets	387,692	385,122	446,893	334,368	440,270	465,110	\$ 475,844	\$ 486,876	\$ 498,218	\$ 509,879
Parks	334,099	327,323	380,221	280,925	366,562	408,639	\$ 416,462	\$ 424,494	\$ 432,743	\$ 441,214
Nature Sanctuary	40,026	43,870	55,276	36,728	51,145	53,864	\$ 54,327	\$ 54,795	\$ 55,267	\$ 55,743
Information Technology	51,707	49,205	48,128	35,088	46,044	58,352	\$ 58,644	\$ 58,937	\$ 59,232	\$ 59,528
Public Information	15,100	15,370	21,010	13,738	19,157	21,210	\$ 21,316	\$ 21,423	\$ 21,530	\$ 21,637
Total Operating Expenses	3,694,369	3,640,766	4,261,951	3,563,873	4,363,833	4,623,919	4,719,645	4,817,962	4,918,954	5,022,708
Capital Outlay (CIP)	225,909	358,594	277,102	638,672	697,238	592,451	430,184	347,172	177,975	135,120
Transfers	317,500	317,500	317,500	264,583	317,500	922,822	522,822	522,822	480,000	480,000
Total - General Fund Expenditures:	\$ 4,237,778	\$ 4,316,860	\$ 4,856,553	\$ 4,467,128	\$ 5,378,571	\$ 6,139,191	\$ 5,672,650	\$ 5,687,956	\$ 5,576,928	\$ 5,637,828
Estimated Ending Balance (deficit) :	\$ 1,598,029	\$ 1,696,920	\$ 1,269,559	\$ 1,595,625	\$ 1,783,728	\$ 1,103,597	\$ 492,840	\$ (39,493)	\$ (366,692)	\$ (658,082)