

Mayor Nanette K. Johnston opened the work session at 5:30 p.m. on October 16, 2018, at City Hall located at 8880 Clark Avenue, Parkville. In attendance were aldermen Greg Plumb, Douglas Wylie, Brian Whitley, Philip Wassmer, Tina Welch, Dave Rittman, Bob Lock and Marc Sportsman.

The following staff was also present:

Joe Parente, City Administrator

Kevin Chrisman, Police Chief

Alysen Abel, Public Works Director

Melissa McChesney, City Clerk

Anna Mitchell, Assistant to the City Administrator

Chris Williams, City Attorney

1. GENERAL AGENDA

A. 2019 City of Parkville Operating and Capital Budget

City Administrator Joe Parente provided an overview of revenue and expenditure projections for 2018 and the proposed budget for 2019; presentation attached as Exhibit A. He stated that property taxes increased approximately five percent annually and sales taxes increased three percent and were projected to continue into 2019. He stated that historically, budget savings were between zero and five percent and the 2019 budget projected a 6.3 percent increase over the 2018 budget. He noted that health insurance was proposed to increase by 9.9 percent and staff would determine how the cost would be divvied up between the City and the employees. The Finance Committee would discuss benefits at its meeting on October 29.

Discussion focused on budgeting in future years, tightening up the budget if the neighborhood improvement district (NID) debt payments went away and looking at all areas of the budget if cuts were needed.

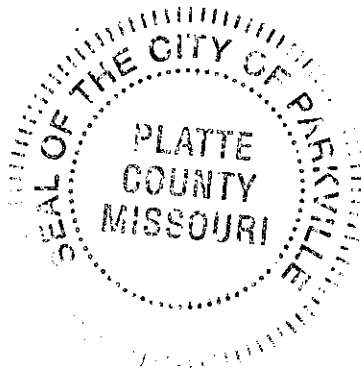
Parente concluded by providing an overview of the other funds and the NID strategy for future years.

The work session ended at 6:24 p.m.

The work session minutes for October 16, 2018, 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 November 2018.

Submitted by:

Melissa McChesney
City Clerk Melissa McChesney



City of Parkville 2019 Budget

First Budget Work Session

October 16, 2018

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First Budget Work Session Topics

- General Fund Overview
 - 2018 Year-End Projections
 - 2019 Revenue Estimates
 - 2019 Budget Estimates
- General Fund Balance Strategy and Target
- Debt Service and Minor Funds
- Outline of Key Decisions for 1st Work Session
- Review of Future Work Session Topics

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2018 General Fund Projections (Revenue)

- 2018 starting balance (2017 carryover) was \$148,278 higher than expected (\$1.6 million).
- Overall, Revenues are expected to exceed projections.

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2018 General Fund Projections (Expenditures)

- Expenses currently projected to be \$258,807 below budget.
 - Normal - < 5% Budget Variance due to staff vacancies and conservative spending practices.
- 2018 projected year-end balance of \$1,575,393 is on target to exceed budget by \$398,327
 - compared to \$279,672 in 2017, \$482,000 in 2016 and \$750,000 in 2015. More on this later.

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2019 General Fund Revenues

	2017 Actual	2018 Budget	2018 Projected	2019 Budget
Taxes	2,245,141	2,287,121	2,331,331	2,412,515
Licenses	56,257	57,800	58,063	57,850
Permits	309,647	239,470	338,955	294,470
Franchise Fees	844,467	870,000	911,245	907,000
Other Revenue	37,645	40,825	40,690	40,825
Court Revenue	174,730	180,000	171,944	180,000
Interest Income	7,673	8,160	8,324	8,400
Miscellaneous	99,917	52,080	83,123	52,200
Grants	10,000	9,250	6,101	9,250
Transfers	375,000	390,000	390,000	405,000
Total	4,160,476	4,134,706	4,339,776	4,367,510

*Flat operating revenues (2% difference 2017 projected to 2018 Budget)
net of transfers and fund balance, but less than 1% without transfer increase and a new revenue source.*

Budget and Strategic Plan

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.

Critical Success Factors:

Basic Services
Infrastructure
Economic Development
Parks
Finances

Strategic Planning Report Identifies:

Goal Areas
Strategies
Action Items

General Fund Expenses

	2017 Actual	2018 Budget	2018 Projected	2019 Budget
Administration	1,084,326	1,148,856	1,097,686	1,219,342
Police	1,132,535	1,285,992	1,221,855	1,412,653
Municipal Court	139,437	153,194	148,648	161,350
Public Works	229,501	241,219	238,089	248,513
Community Development	279,946	306,861	299,609	310,567
Streets	387,692	427,946	427,186	451,845
Parks	334,099	377,184	351,466	381,074
Nature Sanctuary	40,026	44,138	42,082	55,276
Information Technology	51,707	49,551	42,822	48,128
Public Information	15,100	15,510	14,960	18,510
Capital Outlay (CIP)	225,909	198,326	266,342	464,954
Transfers	317,500	317,500	211,667	317,500
Total	\$ 4,237,778	\$ 4,566,277	\$ 4,362,413	\$ 5,089,712

Operating revenues exceed expenses by \$60,252 (excludes emergency reserve and capital outlay).

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General Fund Highlights

Description	Estimated Budget Impact
2% wage increase (based on satisfactory performance)	\$32,000
Implement 50% of Compensation Study	\$45,326
One new seasonal streets worker, additional hours for Nature Sanctuary Director	\$28,000
Increase employee health benefits (currently projected at 19%)	\$71,834
Liability Insurance Increase	\$15,693
Professional Development Increase	\$5,300
Emergency Reserve Transfer (per NID financing strategy)	\$317,500
Capital Outlay (CIP)	\$ 440,603

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General Fund 2018 Budget to 2019 Budget

Category	2018 Budget	2019 Budget	Difference \$	Difference %
Personnel	2,696,980	2,869,490	172,510	6%
Insurance	457,315	553,256	95,941	21%
Utilities	137,040	135,720	(1,320)	-1%
Capital Outlay	198,976	441,227	242,251	122%
Maintenance	190,942	178,412	(12,530)	-7%
Office Expenses	90,745	91,970	1,225	1%
Professional Fees	314,770	317,700	2,930	1%
Services	140,159	138,186	(1,973)	-1%
Other	21,750	21,800	50	0%
Transfers	317,500	317,500	-	0%

54% of the difference is in 2 categories – personnel and insurance.

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2019 General Fund CIP *(preliminary)*

Department	Project	GF Impact
Administration	LED Lighting Conversion	\$20,000
IT	Computer Equipment Replacement Cycle (25%)	\$6,000
Administration	Routine building maintenance for City Hall per reserve study (carpet, concrete, landscaping)	\$62,735
Administration	Building safety upgrades phase three	\$13,600
Police	Replace police patrol vehicle and equipment	\$41,226
Public Works	6 th and Park Parking Lot Lease/Purchase	\$22,041
Public Works	Storm Sewer Evaluations and Repair	\$90,000
Community Dev	Master Plan Update (part)	\$75,000
Parks	Equipment Replacement	\$28,000
Parks	ELP Low Water Crossing – Local Cost Share	\$90,000

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GF Fund Balance Target for 2019 Budget

- Estimated ending fund balance is \$853,191 or 18% of budget. Policy is to maintain 5-15%.
- Factored into this is the use of General Fund reserves to cover one-time capital outlay costs (\$464,954) and emergency reserve transfer (\$317,500).
 - Warning: this will be harder in future years unless we continue to outperform budget. Capital Outlay spending may be restricted.
- Need direction on a target so staff can make adjustments to satisfy the Board's desires for 2019.

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Other Funds Being Reviewed in the 1st Work Session

- Debt Service Funds
- Emergency Reserve Fund
- Economic Development Fund
- Fewson Fund

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Debt Service Funds

Six Active Debt Funds:

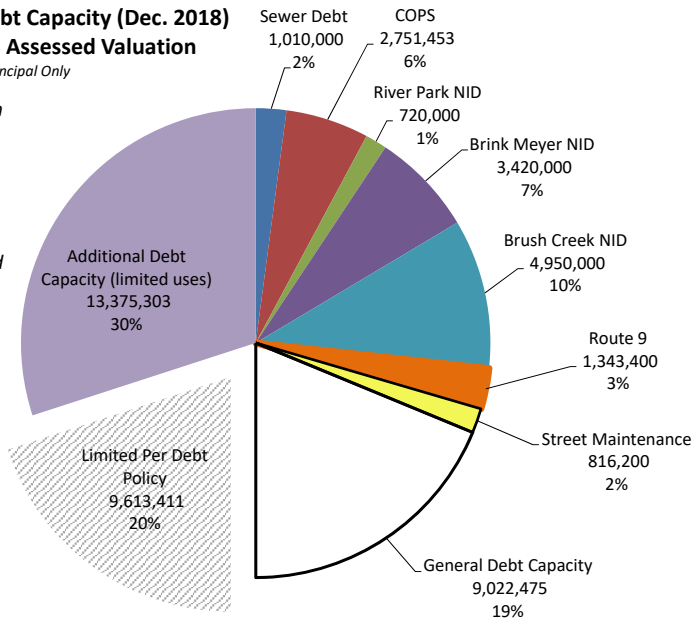
1. **COPs Fund (22)** - 2015 Lease-Purchase refunded the 2006 Certificate of Participation (COPS), which includes the new City Hall and voter-approved projects from the 2004 ballot measure. Retires in 2027.
2. **Sewer Debt Service Fund (30)** - State Revolving Loan (SRF) projects that are supported by sewer fees. Retires in 2025.
3. **Neighborhood Improvement Districts (21, 23, 24)** – supported by assessments on benefitting properties
 1. River Park NID financed infrastructure in The National. Retires in 2020.
 2. Brush Creek NID financed sewer expansion. Retires in 2034.
 3. Brink Meyer NID financed road improvements. Retires in 2034.
4. **2017 Lease Purchase Agreement** - Debt financing for 2017 Street Projects
 1. Route 9 Improvement – Grant Antic. Retires in 2020.
 2. Route 9 Improvement – City. Retires in 2021.
 3. Enhanced street maintenance program. Retires in 2022.

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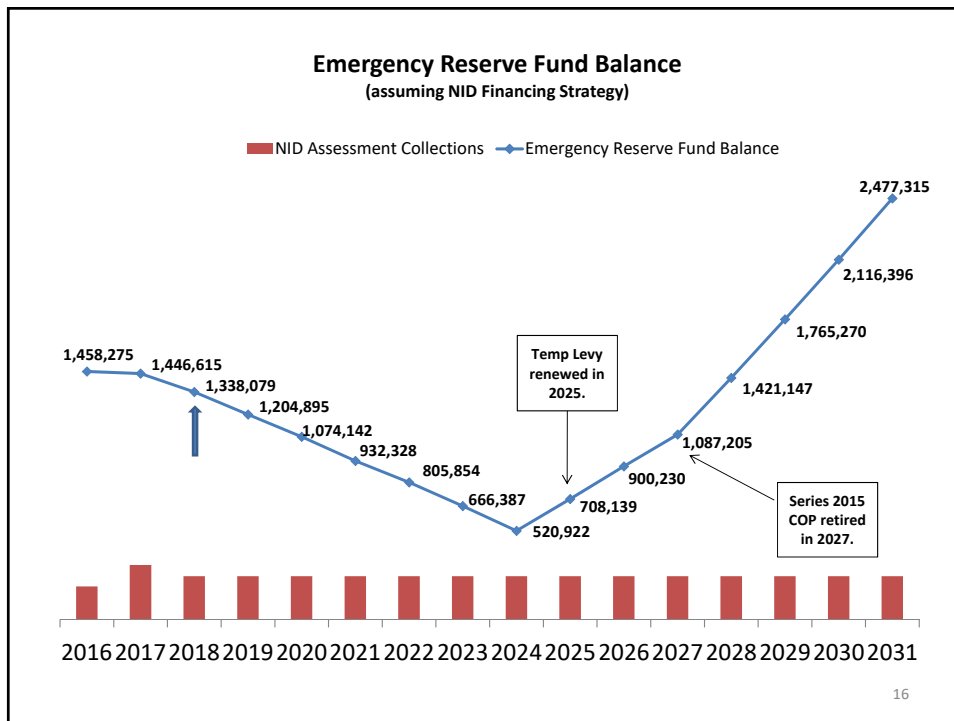
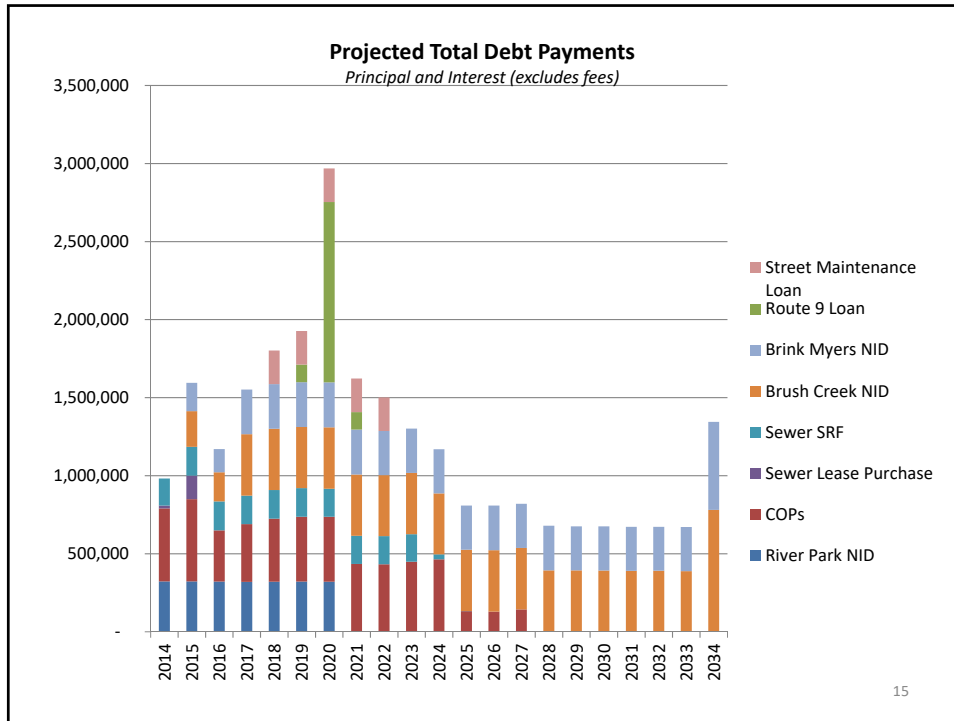
Total Debt and Debt Capacity (Dec. 2018) Based on 2018 Assessed Valuation

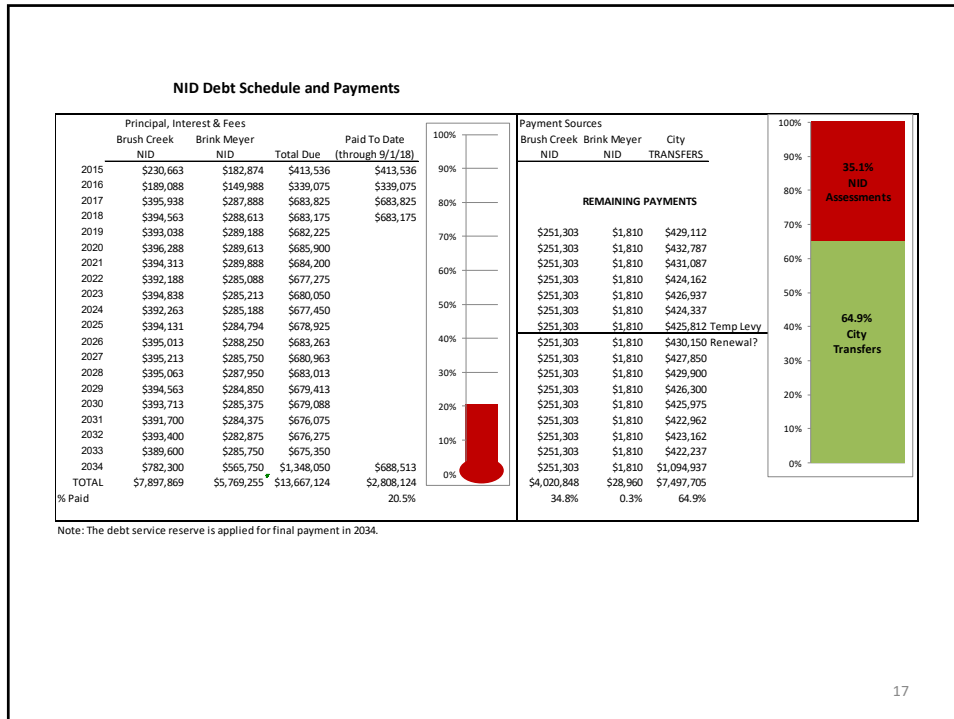
Principal Only

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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- ## Next Steps
- October 16 – Revenue Projections, General Fund, Debt Service
 - October 30 – Meeting Cancelled
 - November 6 – CIP, Transportation Fund, miscellaneous follow-up
 - November 20 – Sewer Fund, summary review
 - December 4 – Adoption – 1st Reading
 - December 18 – Adoption – 2nd Reading
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Need Direction

1. Changes to revenue projections.
2. Proposed Personnel adjustments;
Compensation Study.
3. Guidance on the General Fund target to help
staff complete recommended CIP.
4. Other issues that came up this evening.