

Mayor Nanette K. Johnston opened the work session at 5:37 p.m. on October 17, 2017, at City Hall located at 8880 Clark Avenue, Parkville. In attendance were aldermen Greg Plumb, Douglas Wylie, Brian Whitley, Kevin Heaton, Tina Welch, Dave Rittman, Robert Lock and Marc Sportsman.

The following staff was also present:

Joe Parente, City Administrator

Kevin Chrisman, Police Chief

Alysen Abel, Public Works Director

Stephen Lachky, Community Development Director

Melissa McChesney, City Clerk

Matthew Chapman, Finance/Human Resources Director

Anna Mitchell, Assistant to the City Administrator

Chris Williams, City Attorney

1. GENERAL AGENDA

A. 2018 City of Parkville Operating and Capital Budget

City Administrator Joe Parente provided an overview of the proposed 2018 budget; presentation attached as Exhibit A. He outlined the revenue sources, including sales tax that had remained flat in 2017 and court revenues that had decreased in prior years. Discussion focused on the reasons for the decrease in court revenue in prior years, which could have been attributed to staff vacancies or structure changes required by Senate Bill No. 5, and the reason for projecting an increase in 2018. The consensus was for staff to complete a thorough analysis of the court system to help understand why revenues continued to decrease.

Parente provided an overview of projected expenses in 2018 which were two percent above the projected expenses in 2017 and included the net of the transfer to the Emergency Reserve Fund and capital outlay. He noted that the projected expenses were calculated similar to what was done in prior years to budget for full employment.

Parente outlined proposed changes to the General Fund budget that included a two percent merit increase and implementation of 50 percent of the salary survey recommendations. Staff proposed implementing the first recommendation to bring positions below the minimum to the recommended minimum of the proposed ranges at the 60th percentile of the market which was estimated around \$45,000. Discussion focused on the proposed merit increase, cost of living adjustments and the employer index. Parente noted that implementing part of the salary survey would lower the estimated surplus for the 2018 budget.

Parente said that the Board discussed additional revenue sources at the strategic planning session in August. They included a use tax on internet sales which would require voter approval and was estimated to bring in around \$200,000 annually, or the addition of a park sales tax that could collect approximately \$500,000 annually. The consensus was for staff to begin looking at a possible parks tax in 2019 so the City would be prepared for when the Platte County transportation sales tax ended in 2020.

Further discussion focused on the decrease in court revenues. Police Chief Kevin Chrisman said that an analysis had not been completed to determine the reasons behind the decrease but it could have been attributed to the inability for the Police Department to conduct self-initiated activities, such as traffic enforcement, because of theft in the newer areas of the city and increased paperwork due to Senate Bill No. 5.

Parente also provided a brief overview of smaller funds that included the guest room tax that paid for economic development activities and the Emergency Reserve Fund that helped pay for the gap on what was not collected through the Brush Creek Drainage and Brink Meyer Road neighborhood


improvement districts. Discussion focused on budgeting the debt payments in the General Fund or continuing to pay from the Emergency Reserve Fund.

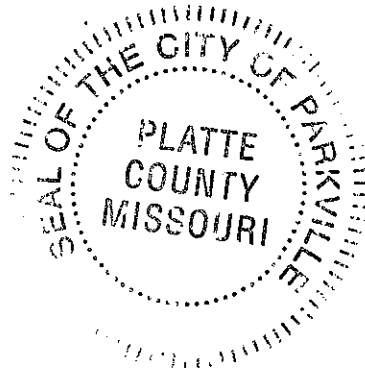
The Board provided direction to staff that included implementing 50 percent of the salary survey recommendations, having a true balanced budget and completing a mid-year review of personnel savings and make adjustments accordingly.

The work session ended at 6:55 p.m.

The work session minutes for October 17, 2017, having been read and considered by the Board of Aldermen, and having been found to be correct as written, were approved on this the seventh day of November 2017.

Submitted by:


City Clerk Melissa McChesney



City of Parkville 2018 Budget

First Budget Work Session

October 17, 2017

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First Budget Work Session Topics

- General Fund Overview
 - 2017 Year-End Projections
 - 2018 Revenue Estimates
 - 2018 Budget Estimates
- General Fund Balance Strategy and Target
- Outline of Key Decisions for 1st Work Session
- Review of Future Work Session Topics

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Budgeted Funds

Tonight:

General Fund
 Emergency Reserve Fund
 Economic Development Fund
 Fewson Project Fund
 Nature Sanctuary Fund

Future Budget Work Session:

Capital Outlay and Capital Improvement Plan
 Sewer Fund
 Transportation Fund
 Equipment Reserve Fund
 Park Donations
 Capital Projects Fund
 Debt Service Funds

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2017 General Fund Projections (Revenue)

- 2017 starting balance (2016 carryover) was \$193,616 higher than expected.
- Overall, Revenues are expected to meet projections.
 - Building permit fees are over performing.
 - Healthy property taxes
 - Sales taxes are flat, although they are expected to meet conservative projections.
 - Drop in court revenue over what was projected. Trend actually began during the 2nd half of 2016. Revenue down in excess of 40%. More discussion on this later.
 - Franchise fees are down a small amount. Variances from year to year impacted by weather.

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2017 General Fund Projections (Expenditures)

- Expenses currently projected to be \$217,338 below budget.
 - Closer to target than last three years, but still outperforming budget.
- 2017 projected year-end balance of \$1,368,372 is on target to exceed budget by \$279,672, compared to \$482,000 in 2016 and \$750,000 in 2015. More on this later.

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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.

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Critical Success Factors	
Basic Services	
Parkville will be a role model for delivery of City services and will meet citizens on their level with customer service that consistently exceeds expectations.	
Infrastructure	
Maintain existing infrastructure and construct new facilities that support safety, standards, and aesthetics, using cost efficient and best management practices while thinking strategically.	
Economic Development	
Parkville employs an economic development strategy that supports community and market needs, provides diverse quality development opportunities, makes strategic use of incentives, and encompasses all areas of the community.	
Parks	
Our parks are regionally recognized for diverse use and quality facilities that provide residents and visitors an outdoor destination. All neighborhoods will be connected by trail to each other, the City, and regional park systems.	
Finances	
Stable finances give us a road map for future priorities while guiding staff's allocation of time and resources. Although a finite resource, it emphasizes the need for quality economic development, serves as a positioning tool for strategic partnerships, and allows us to make decisions based on long-term cost efficiencies versus short-term responses.	

2018 Priorities	
Priority	2018 Budget Impact
Promote downtown revitalization.	Street and sidewalk funding program includes work in downtown.
Implement a viable strategy to develop Highway 45/435 Corridor	Continue \$30,000 investment to Parkville EDC
Continue to focus on the Highway 9 improvements.	First two segments construction funding included in budget. Preliminary engineering funding for segment 3.
Conduct an ongoing comprehensive capital improvement plan.	Engineering funding included for storm sewers and sanitary sewers. Building/property maintenance projects included in Capital Outlay budget.
Begin implementing Compensation Study Recommendations	Budget Discussion Item for the Board
Provide additional opportunities for printed and electronic communications to the public.	Funding included for a third newsletter.
Complete PLP Acquisition and related park improvements	Wetlands project design and construction; Low Water Crossing project design and construction.

General Fund Revenues

	2016 Actual	2017 Budget	2017 Projected	2018 Budget
Taxes	2,183,385	2,213,500	2,228,537	2,287,121
Licenses	60,507	57,800	59,000	57,800
Permits	267,732	221,670	298,266	239,470
Franchise Fees	875,432	874,000	839,479	870,000
Other Revenue	42,362	40,761	38,454	40,761
Court Revenue	191,726	220,000	154,890	180,000
Interest Income	8,149	8,000	8,000	8,160
Miscellaneous	109,703	22,080	38,451	52,080
Grants	11,711	10,750	11,500	9,250
Transfers	293,530	375,000	375,000	390,000
Total	4,044,237	4,043,561	4,051,577	4,134,642

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.

General Fund Expenses

	2016 Actual	2017 Budget	2017 Projected	2018 Budget
Administration	965,181	1,098,192	1,031,076	1,137,258
Police	1,072,499	1,242,136	1,151,214	1,265,075
Municipal Court	140,472	155,900	137,050	143,685
Public Works	181,720	226,756	243,290	240,127
Community Development	260,370	293,038	286,106	303,400
Streets	385,138	422,576	408,690	423,089
Parks	324,262	373,479	335,230	373,185
Nature Sanctuary	33,546	40,201	38,643	43,730
Information Technology	45,236	49,907	52,348	48,611
Public Information	12,258	13,260	14,460	14,610
Capital Outlay (CIP)	300,328	384,895	330,577	356,669
Transfers	333,410	317,500	317,500	317,500
Total	\$ 4,054,420	\$ 4,617,840	\$ 4,346,184	\$ 4,666,939

Operating revenues exceed expenses by \$141,872 (excludes emergency reserve and capital outlay).

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General Fund Changes - Highlights

Description	Budget Impact
2% wage increase (based on satisfactory performance)	\$30,500
Implement 50% of Compensation Study (not included in budget)	\$45,326
No new positions, additional hours for two part time positions	\$9,000
Increase employee health benefits (currently projected at 5%)	\$27,807
Liability Insurance Increase	\$12,741
Utility Increase for Electricity	\$7,600
Professional Development Increase – Certification Maintenance	\$7,000
Emergency Reserve Transfer (per NID financing strategy)	\$317,500
Capital Outlay (CIP)	\$ 356,669

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General Fund 2017 Projected to 2018 Budget

Category	2017 Projected	2018 Budget	Difference \$	Difference %
Personnel	2,479,628	2,646,651	167,023	7%
Insurance	421,040	457,315	36,275	9%
Utilities	152,139	137,040	(6,037)	-4%
Capital Outlay	330,577	357,319	26,092	8%
Maintenance	154,295	189,042	34,747	23%
Office Expenses	99,750	89,095	(10,655)	-11%
Professional Fees	264,870	314,700	49,830	19%
Services	114,972	136,427	21,455	19%
Other	20,050	21,750	1,700	8%
Transfers	317,500	317,500	0	0%

63% of the difference is in 2 categories – personnel and insurance.

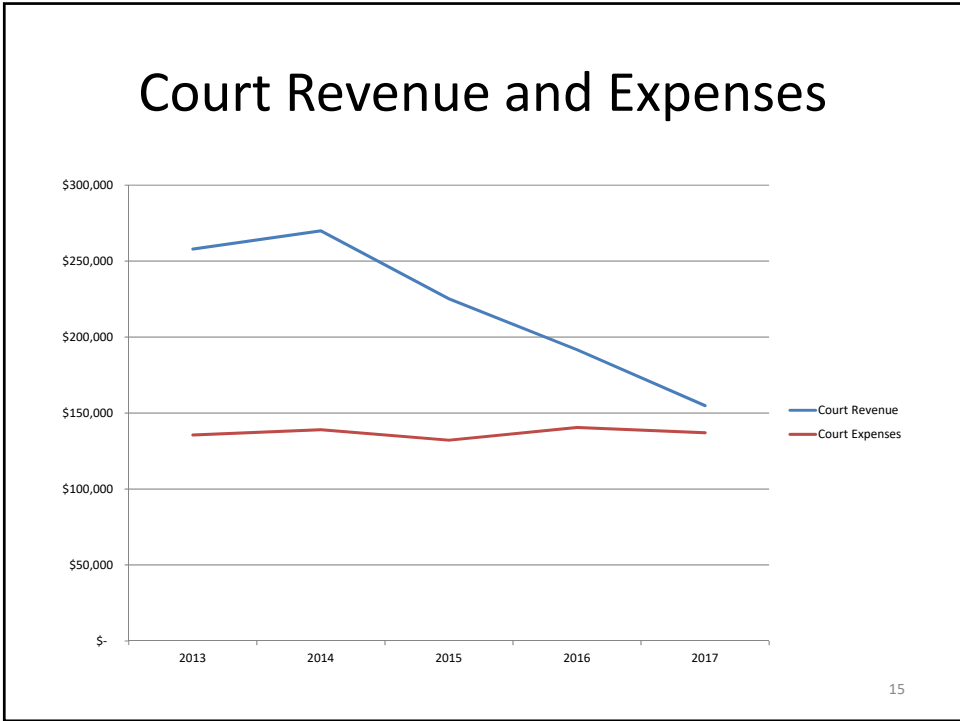
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2018 General Fund CIP *(preliminary)*

Department	Project	GF Impact
Administration	Replacement Copy Machine	\$15,000
IT	Computer Equipment Replacement Cycle (25%)	\$6,000
Administration	Routine building maintenance for City Hall per reserve study (carpet, concrete, landscaping)	\$40,365
Administration	Building safety upgrades phase two	\$8,920
Police	Replace police patrol vehicle and equipment	\$37,075
Police	Replacement of CrimeStar Records Management	\$13,850
Police	Purchase of two replacement servers	\$10,000
Public Works	Relocate Siren #4	\$5,500
Comm Dev	Integration of Development Code into eCode360	\$10,000
Parks	Friends Field	\$100,000
Parks	Year two funding Maintenance and equipment storage facility	\$70,000
Parks	ELP Low Water Crossing – Local Cost Share	\$24,000
Parks	Equipment trailer for mowing equipment	\$10,000

GF Fund Balance Target for 2018 Budget

- In the current iteration of the General Fund, there is an operating surplus of \$142,172.
- We will need to tap General Fund reserves to cover one-time capital outlay costs (\$356,669) and emergency reserve transfer (\$317,500).
 - This is not necessarily bad since 2017 carryover is better than the original budget projections, and General Fund reserves remain healthy.
 - Warning: this will be harder in future years unless we continue to outperform budget. Capital Outlay spending may be restricted.
 - Discussion concerning revenue enhancements
 - Discussion concerning Municipal Court
- Estimated ending fund balance is \$836,075 or 18% of budget. Policy is to maintain 5-15%.
- Need direction on a target so staff can make adjustments to satisfy the Board's desires for 2018.



Other Funds Being Reviewed in the 1st Work Session

- Economic Development Fund
- Emergency Reserve Fund
- Fewson Fund
- Nature Sanctuary Fund

Next Steps

- October 30 – CIP (Part 1), Debt Service, General Fund follow-up
- November 7 – CIP (Part 2), Transportation Fund, miscellaneous follow-up
- November 15 – Sewer Fund (operating and CIP), summary review
- December 5 – Adoption – 1st Reading
- December 19 – 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.

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