

Mayor Nanette K. Johnston opened the work session at 6:05 p.m. on November 5, 2019, at City Hall located at 8880 Clark Avenue, Parkville. In attendance were aldermen Greg Plumb, Douglas Wylie, Brian Whitley, Philip Wassmer, Dave Rittman, Robert Lock and Marc Sportsman.

The following staff was also present:

Joe Parente, City Administrator

Kevin Chrisman, Police Chief

Matthew Chapman, Finance/Human Resources Director

Alysen Abel, Public Works Director

Stephen Lachky, Community Development Director

Anna Mitchell, Assistant to the City Administrator

Chris Williams, City Attorney

Melissa McChesney, City Clerk

Richard Wilson, Alliance Water Resources

## **1. GENERAL AGENDA**

### **A. 2020 City of Parkville Operating and Capital Budget**

Public Works Director Alysen Abel provided an overview of the Sewer Fund, including sewer projects and emergency repairs that were completed in 2019; presentation attached as Exhibit A. She said that due to several emergency repairs to the force main near Grigsby Field, staff recommended being proactive by budgeting funds to repair sections of the force main each year, starting in English Landing Park and going west to the sewer plant.

Abel provided an overview of the 2019 Capital Improvement Program (CIP), noting that the clarifier drive rebuild project was carried over from 2018 and completed in 2019. She anticipated that the downtown sanitary sewer project and the flowmeter project would be carried over to 2020. The closed-circuit televising (CCTV) project was dialed back to ensure there was enough capacity for the downtown sanitary sewer project. She added that none of the projects would be deferred.

Abel provided an overview of the 2020 CIP, noting that money was budgeted in future years for improvements to the sewer plant. She noted that the City would need to take out a loan to help pay for the improvements.

Discussion focused on the transfer from the Sewer Fund to the General Fund to cover administrative costs and overhead for sewer-related projects. Staff recommended increasing the amount by \$15,000 to get closer to the recommended transfer in the sewer allocation study conducted in 2016. The consensus of the Board was to add more to the transfer and to re-evaluate the sewer allocation study to determine if the transfer amount was still accurate.

Abel provided an overview of prior sewer rate increases and discussion focused on maintaining the ten percent increase that was approved the past three years to help cover the difference in the transfer to the General Fund.

Further discussion focused on maintaining the sewer system and being proactive with improvements through the CIP. Abel said that the CCTV program helped determine what underground and to budget for future repairs and improvements. In regards to sewer rates, staff would look at the total amount needed for the transfer and then determine an appropriate rate increase percentage. It was recommended as part of the annual budget process that staff include expenditures in the Sewer Fund to help get the transfer number closer to the recommended level.

The work session ended at 7:08 p.m.

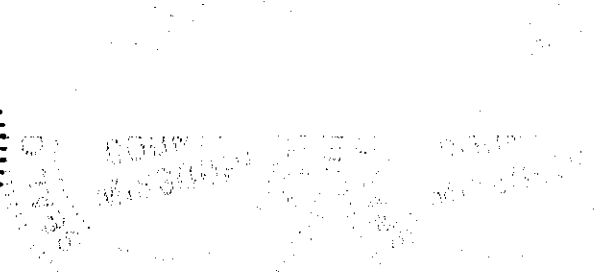
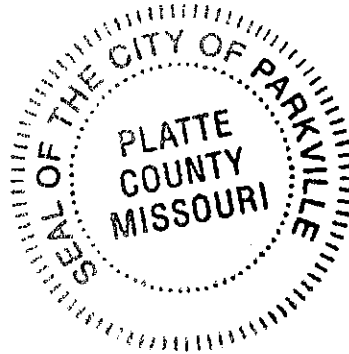
WORK SESSION MINUTES OF THE BOARD OF ALDERMEN OF NOVEMBER 5, 2019

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The work session minutes for November 5, 2019, having been read and considered by the Board of Aldermen, and having been found to be correct as written, were approved on this the nineteenth day of November 2019.

Submitted by:

Melissa McChesney  
City Clerk Melissa McChesney



# City of Parkville 2020 Budget

## *Third Budget Work Session*

November 5, 2019

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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
  - Parks Sales Tax Fund
  - Veteran’s Memorial Fund
  - Capital Projects Fund
- Debt Service
  - Brink Meyer NID
  - Brush Creek NID
  - River Park NID
  - Sewer Service
  - COPs

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## Third Budget Work Session Topics

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

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## Sewer Fund

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## 2019 Sewer Budget Recap

- Unbudgeted / Emergency Projects
  - Sewer Repair – Woodhaven (\$1,800)
  - Sewer Repair – Northlake (\$2,100)
  - Sewer Repair – 304 East Street (\$3,525)
  - Sewer Repair – Timbercrest Way (\$2,625)
  - Sewer Repair – 2<sup>nd</sup> & Main Street (\$7,500)
  - Sewer Repair – Oakdale (\$2,035)
  - Sewer Repair – 9<sup>th</sup> & Main Street (\$2,242)

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## 2019 Sewer Budget Recap

- Emergency Forcemain Repairs
  - July 2018 – \$2,990
  - July 2018 – \$1,550
  - August 2018 – \$5,250
  - October 2018 – \$2,705
  - October 2018 – \$3,083
  - August 2019 – \$4,975

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## 2019 CIP Recap

- Carry-Over from 2018
  - Clarifier Drive Rebuild (\$16,000)
- Multi-Year Projects
  - Sanitary Sewer Repairs
    - Design started in late 2018 / completed in 2019
    - Construction started in 2019 / to be completed in 2020
  - Flowmeter
    - Design completed in 2019
    - Construction started in 2019 / to be completed in 2020

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## 2019 CIP Project Overview

- WWTF RAS Flow Meters
  - Budget = \$34,000
  - Anticipated Cost = \$32,900
  - To be completed in early 2020
  - 50% carryover into 2020 = \$17,000
- Sewer Truck
  - Budget = \$31,000
  - Anticipated Cost = \$29,000
  - To be completed in late 2019

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## 2019 CIP Project Overview

- Equipment Trailer
  - Budget = \$3,000
  - Anticipated Cost = \$3,000
  - To be purchased in late 2019
- WWTF RAS Pit Cleanout
  - Budget = \$11,000
  - Anticipated Cost = \$11,000
  - To be completed in late 2019

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## 2019 CIP Project Overview

- RAS Pump AFDs
  - Budget = \$5,400
  - Anticipated Cost = \$5,400
  - To be completed in late 2019
- Annual CCTV Program
  - Budget = \$58,000
  - Actual Project Cost = \$43,295
  - Under Budget by \$14,705

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## 2019 CIP Project Overview

- Sanitary Sewer Repairs
  - Budget = \$235,000
  - Actual Project Cost = \$236,500
  - Over Budget by \$1,500
  - To be completed in early 2020
  - 50% carryover into 2020 = \$117,500

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## 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	\$439,493
2019	\$689,313
2020	\$878,711

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## 2020 CIP – Sewer Fund

	<u>Project/Equipment</u>	<u>2020 Budget</u>
Equipment & Machinery	No Improvements in 2020	\$0
Sewer Plant Improvements	RAS Pump Replacement	\$11,500
	WWTP Exterior Lighting Upgrade	\$9,000
	RAS Flowmeter (Carryover from 2019)	\$17,000
Pump Station Improvements	No Improvements in 2020	\$0
Line Maintenance	CCTV	\$30,000
	Manhole Inspection Program	\$30,000
	McAfee Forcemain Improvements	\$475,000
	Sanitary Sewer Phase 4 (Carryover from 2019)	\$117,500
Other Maintenance	No Improvements in 2020	\$0

Total 2020 CIP Program = \$690,000

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## Proposed Sewer CIP

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Equipment & Machinery	\$0	\$48,000	\$28,000	\$13,000	-	
Sewer Plant Improvements	\$37,500	\$265,000	\$14,000	\$25,000	\$75,000	1,350,000
Pump Station Improvements	-	-	\$4,800	-	-	
Line Maintenance	\$652,500	\$260,300	\$286,500	\$262,700	\$364,000	700,000
Other	-	-	-	-	-	
<b>TOTAL</b>	<b>\$690,000</b>	<b>\$573,300</b>	<b>\$333,300</b>	<b>\$300,700</b>	<b>\$439,000</b>	<b>\$2,050,000</b>

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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 Estimates

Year	Estimated Working Capital	90-day Target	Difference
2019	\$ 878,711	\$ 380,750	\$ 497,961
2020	\$ 716,303	\$ 387,126	\$ 329,177
2021	\$ 580,062	\$ 391,938	\$ 188,124
2022	\$ 699,610	\$ 399,135	\$ 300,475
2023	\$ 868,587	\$ 406,386	\$ 462,201
2024	\$ 917,854	\$ 413,006	\$ 504,848
2025	\$(624,181)	\$419,682	\$(1,043,863)

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## Sewer Allocation Study

- Sewer Allocation Study by Springsted in 2016
- Study Recommendation
  - Reasonable Transfer of \$365,644 from Sewer Fund to General Fund
- Current Plan – increase \$15,000 per year. \$245,000 transfer in 2020.

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## History of Sewer Allocation

<u>Year</u>	<u>Allocation from Sewer</u>
2013	\$100,000
2014	\$100,000
2015	\$101,500
2016	\$103,530
<u>Year</u>	<u>Allocation from Sewer</u>
2017	\$150,000
2018	\$190,000
2019	\$230,000
2020	\$245,000
2021	\$260,000
2022	\$275,000

Sewer Allocation Study recommendation = \$365,644

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## Past Sewer Rate Increases

- Sewer Rate Increases:

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

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## Sewer Rate Proposal

- Proposal

<u>Year</u>	<u>Sewer Rate Increase</u>
2020	3%
2021	3%
2022	3%
2023	3%
2024	3%

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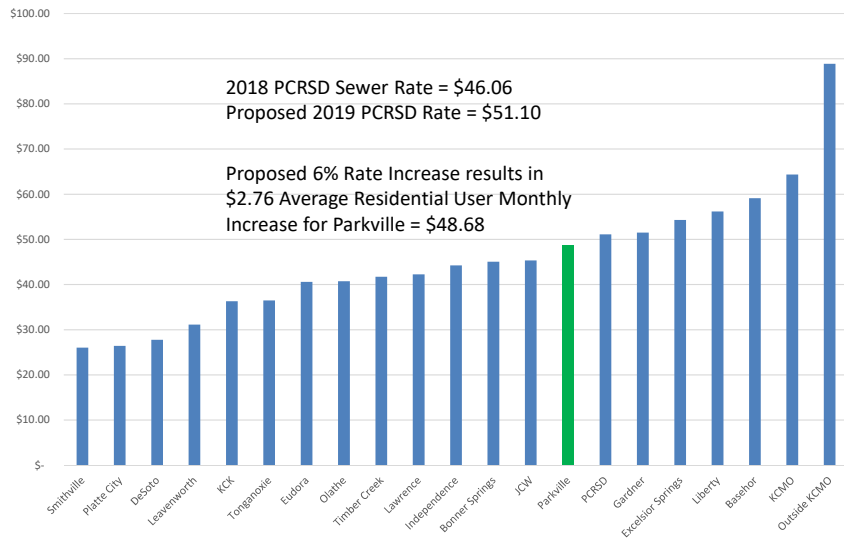
## Sewer Rate Breakdown

Sewer Rate	Sewer Base Fee	Consumption Rate	Average Monthly Bill*	Monthly Cost Difference
Current Rate	\$16.66	\$0.787 per 1,000 gallons	\$50.52	-
3%	\$17.16	\$0.811 per 1,000 gallons	\$52.03	\$1.51
6%	\$17.66	\$0.835 per 1,000 gallons	\$53.55	\$3.03
10%	\$18.33	\$0.866 per 1,000 gallons	\$55.57	\$5.05

\* Based on the average consumption rate of 4,300 gallons per month for a 4-person household

3% Rate Increase = \$40,050 Revenue  
 6% Rate Increase = \$80,100 Revenue  
 10% Rate Increase = \$133,499 Revenue

## Comparable Sewer Rates



## Sewer Fund Recommendation

1. Adjust the Sewer Allocation for Administrative Charge
  - \$245,000 (increase \$15,000)
2. Proposed CIP
  - \$690,000
3. Increase Sewer Rates
  - Proposed 3% rate increase

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## 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 17<sup>th</sup>

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## Next Steps

- ~~October 15~~ — Revenue Projections, General Fund, Debt Service
- ~~October 28~~ — CIP, Transportation Fund, Park Sales Tax Fund, miscellaneous follow-up
- ~~November 5~~ — Sewer Fund, miscellaneous follow up
- November 19 – Miscellaneous follow up, summary review
- December 3 – Adoption – 1<sup>st</sup> Reading
- December 17 – Adoption – 2<sup>nd</sup> Reading

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