

Mayor Nanette K. Johnston opened the work session at 6:04 p.m. on November 20, 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, 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
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

Public Works Director Alysen Abel provided an overview of the Sewer Fund; presentation attached as Exhibit A. She reviewed emergency repairs completed in 2018 and said multiyear projects were budgeted to include design costs in one year and construction costs the next year.

Abel provided an overview of the Sewer Fund Capital Improvement Program, noting that the headworks screen project was over budget due to the amount of steel needed. Project savings and deferring two projects to 2019 helped cover the overage. She stated that staff budgeted money in 2023 in anticipation of additional regulations from the State for the wastewater treatment plant.

Discussion focused on phasing projects over multiple years to help the fund balance, adding money into the Sewer Fund or getting a loan to cover the anticipated expense in 2023, consolidating sewer districts and the Springsted Sewer Allocation Study.

City Administrator Joe Parente said that as the transfer to the General Fund increased, the transfer to the Transportation Fund decreased by an equal amount to provide more funding for roads. He noted that with more money transferred there would be less money for sewer projects. Alderman Sportsman requested an itemized explanation to help the public understand the purpose of the transfer.

Abel provided an overview of the proposed six percent sewer rate increase for 2019, noting that every percent increase represented a \$12,000 increase in the Sewer Fund. The average sewer customer, based on a four person household using 4,300 gallons per month, would see a \$2.76 per month increase to his/her sewer bill.

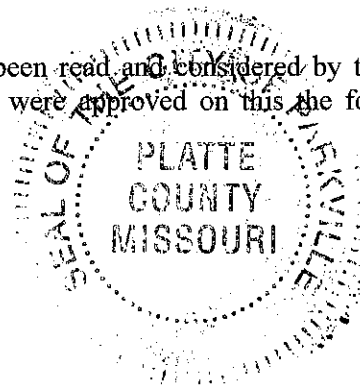
Discussion focused on how customers would be affected by an eight or ten percent increase and if discontinuing sending sewer to Kansas City, Missouri, was an option. The consensus of the Board was to increase the sewer rate increase to ten percent and increase the transfer to the General Fund to \$40,000.

The work session ended at 7:01 p.m.

The work session minutes for November 20, 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 fourth day of December 2018.

Submitted by:


City Clerk Melissa McChesney



City of Parkville 2019 Budget

Third Budget Work Session

November 20, 2018

1

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
 - Capital Projects Fund
- Debt Service
 - Brink Meyer NID
 - Brush Creek NID
 - River Park NID
 - Sewer Service
 - COPS

2

Third Budget Work Session Topics

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

3

Sewer Fund

4

2018 Sewer Budget Recap

- Unbudgeted / Emergency Projects
 - Sewer Repair – 6149 Southlake Drive (\$1,175)
 - Sewer Repair – Curth Ridge (\$3,475)
 - Sewer Repair – Clearwater (\$1,550)
 - Sewer Repair – Parkview & Manor (\$1,875)
 - Blower Repair – WWTF (\$14,114)
 - Forcemain Repair – ELP (\$11,686)

5

2018 CIP Recap

- Carry-Over from 2017
 - Gravel Access Road (\$4,834)
 - Replace Sewer Plant Doors (\$4,042)
- Multi-Year Projects
 - Downtown Sewer Repairs
 - Design Completed in 2017
 - Construction Completed in 2018
 - S. National Pump Station Design
 - Design Completed in 2017
 - Construction Completed in 2018

6

2018 CIP Project Overview

- WWTP Headworks Screen
 - Budget = \$90,000
 - Actual Project Cost = \$146,975
 - Over Budget by \$56,975
- S. National Pump Station
 - Budget = \$63,000
 - Actual Project Cost = \$84,928
 - Over Budget by \$21,928

7

2018 CIP Project Overview

- Annual CCTV Program
 - Budget = \$57,000
 - Actual Project Cost = \$41,360
 - Under Budget by \$15,640
- Downtown Sewer Repairs
 - Budget = \$130,000
 - Actual Project Cost = \$91,624
 - Under Budget by \$38,376

Net Budget Impact (\$24,887)

8

2018 CIP Recap

- Projects deferred to 2019
 - Sanitary Sewer Repairs – Engineering (\$15,000)
 - Manhole Reconstruction – Downtown (\$12,000)

Total Amount Deferred to 2019 = \$27,000

9

Beginning Fund Balance

<u>Year</u>	<u>Beginning Fund Balance</u>
2013	\$605,952
2014	\$516,873
2015	\$1,101,730
2016	\$795,105
2017	\$424,422
2018	\$420,915

10

2019 CIP – Sewer Fund

	<u>Project/Equipment</u>	<u>2019 Budget</u>
Equipment & Machinery	WWTF RAS Flow Meters	\$34,000
	Sewer Truck	\$31,000
	Equipment Trailer	\$3,000
Sewer Plant Improvements	WWTF RAS Pit Cleanout	\$11,000
	RAS Pump AFDs	\$5,400
Pump Station Improvements	No Improvements in 2019	\$0
Line Maintenance	CCTV	\$58,000
	Sanitary Sewer Phase 4	\$235,000
Other Maintenance	No Improvements in 2019	\$0

11

Proposed Sewer CIP

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Equipment & Machinery	\$68,000	\$11,000	-	-	\$13,000
Sewer Plant Improvements	\$16,400	\$125,000	\$4,000	-	\$1,350,000
Pump Station Improvements	-	\$4,500	-	\$32,800	
Line Maintenance	\$293,000	\$289,000	\$260,000	\$261,000	\$262,700
Other	-	-	-	-	-
TOTAL	\$377,400	\$369,100	\$334,300	\$338,300	\$1,625,700

12

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.”

13

Working Capital Estimates

Year	Estimated Working Capital	90-day Target	Difference
2018	\$478,349	\$364,264	\$114,085
2019	\$499,662	\$372,242	\$127,419
2020	\$539,248	\$382,471	\$156,777
2021	\$627,648	\$389,676	\$237,972
2022	\$727,051	\$396,935	\$330,116
2023	\$(444,231)	\$403,563	(\$847,794)

14

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. \$190,000 transfer in 2018.

15

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	\$205,000
2020	\$220,000
2021	\$235,000
2022	\$250,000

Sewer Allocation Study recommendation = \$365,644

16

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%

17

Sewer Rate Proposal

- Proposal

<u>Year</u>	<u>Sewer Rate Increase</u>
2019	6%
2020	3%
2021	3%
2022	3%
2023	3%

18

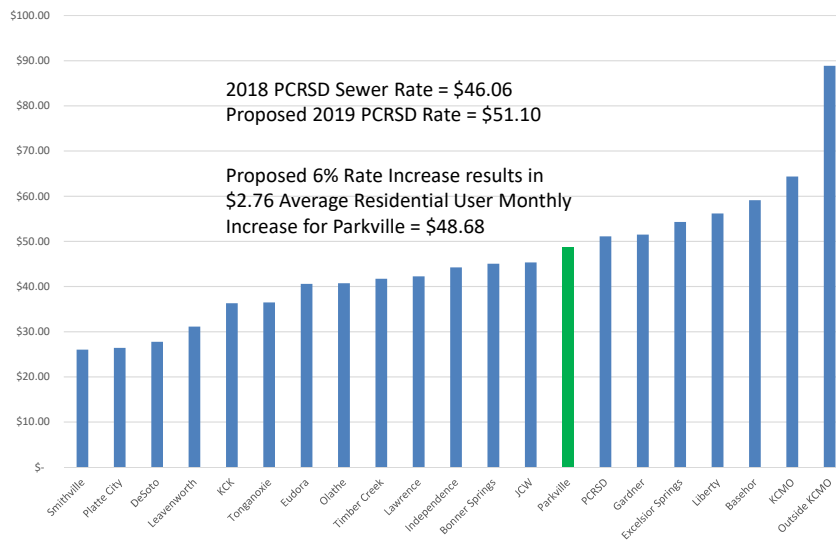
Sewer Rate Breakdown

Sewer Rate	Sewer Base Fee	Consumption Rate	Average Monthly Bill*	Monthly Cost Difference
Current Rate	\$15.14	\$0.716 per 1,000 gallons	\$45.92	-
3%	\$15.60	\$0.737 per 1,000 gallons	\$47.30	\$1.38
6%	\$16.05	\$0.759 per 1,000 gallons	\$48.68	\$2.76
10%	\$16.66	\$0.787 per 1,000 gallons	\$50.52	\$4.60

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

3% Rate Increase = \$36,409 Revenue
 6% Rate Increase = \$72,818 Revenue
 10% Rate Increase = \$121,363 Revenue

Comparable Sewer Rates



Sewer Fund Recommendation

1. Adjust the Sewer Allocation for Administrative Charge
 - \$205,000 (increase \$15,000)
2. Proposed CIP
 - \$377,400
3. Increase Sewer Rates
 - Proposed 6% rate increase

21

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. 18th

22

Next Steps

- ~~October 16~~ — Revenue Projections, General Fund, Debt Service
- ~~November 6~~ — CIP, Transportation Fund, miscellaneous follow-up
- ~~November 20~~ — Sewer Fund, miscellaneous follow up, summary review
- 2018 Capital Outlay Carryover Projects added to 2019 Budget
- December 4 – Adoption – 1st Reading
- December 18 – Adoption – 2nd Reading

23