Mayor Nanette K. Johnston opened the work session at 6:01 p.m. on July 21, 2020, at City Hall, 8880 Clark Avenue, Parkville. In attendance were aldermen Welch, Wassmer, Rittman, Whitley, Lock, Wylie, Sportsman and Plumb.

1. GENERAL AGENDA

A. Review of 2020 Operating and Capital Budget and potential impacts of COVID-19 on revenues

City Administrator Joe Parente provided an overview of the impacts of the COVID-19 pandemic on the 2020 budget and Capital Improvement Program (CIP); presentation attached as Exhibit A. He said that the Platte County Health Department Stay at Home Order went into effect at the end of March. Staff reviewed the sales tax collections for the months of March through May. He presented two options to tackle the deficits created by the pandemic that included a reduction in spending or the use of General Fund Reserves or the Emergency Reserve Fund. If one hundred percent of the planned 2020 CIP projects were completed, there would be an excess of $260,000. Parente noted that there were ample reserves to close the revenue shortfall.

Discussion focused on the use tax, including if and when to place it on the ballot, dedicate the revenue to a specific purpose, statistics from other municipalities that approved the use tax and the impact it had on their revenues, determining which election was more successful in voter approval of the use tax and discussing the use tax with other brick and mortar merchants to get their feedback. Parente noted that if approved, the use tax would not sunset.

B. Review of Draft Parks Sales Tax Capital Improvement Program

City Administrator Joe Parente stated that the park sales tax was performing well and there were no tax increment financing economic activity taxes taken from the revenue. The sales taxes were on target to receive approximately $550,000 annually which would meet the expectations given to voters.

He provided an overview of the 2021 CIP projects using the sales tax revenues, noting that the future multipurpose fields in Platte Landing Park would be the most costly project planned. Funding for the fields would total around $3 million, with $2.5 from the park sales tax revenue and the remaining $500,000 from other sources. It would leave approximately $400,000 per year for projects not identified in the CIP. Discussion focused on deciding which projects to plan for 2021 and the level of funding needed for the projects which would be discussed during the 2021 budget planning process.

2. ADJOURN

The work session ended at 7:00 p.m.

The work session minutes for July 21, 2020, having been read and considered by the Board of Aldermen, and having been found to be correct as written, were approved on this the 4th day of August 2020.

Submitted by:

Melissa McChesney
City Clerk Melissa McChesney

SEAL OF THE CITY OF PARKVILLE
PLATTE COUNTY MISSOURI

City of Parkville 2020 - 21 Budgets
COVID-19 Impacts

July 21, 2020

Sales Tax Impact

COVID Impacted March to June Period – Down 3.7%
- YTD over 2019 - Down 6.3%

Sales Tax Distributions May through July (March – May sales):

2020 $233,978

2019 $243,037

Difference: -$9,059 (-3.7%)

Sales Tax Distributions January through July:

2020 $584,384

2019 $623,653

Difference: -$39,269 (-6.3%)

Sales Tax Impact Transportation Fund

COVID Impacted March to June Period – Down 5.1%
- YTD over 2019 - Down 7.0%

Sales Tax Distributions May through July (March – May sales):

2020 $110,808

2019 $ 116,742

Difference: -$5,935 (-5.1%)

Sales Tax Distributions January through July:

2020 $~~584,384~~ $273,885

2019 ~~$623,653~~ $294,476

Difference: -$20,592 (-7%)

2020 Budget Impact of a 7.5% Reduction in Sales Tax?

- General Fund = $80,000
- Transportation Fund = $37,750
- County Transportation Sales Tax = $17,600

Total = $135,350

Other Potential Areas for Concern?

Property Tax Levy Impact – No impact on 2020 or 2021 Budget

Court Revenue and other revenue streams?

- Court Revenue expected to be down
- Park Reservation Fees

Fund Balance Analysis

General Fund (10)

Last Updated 5/08/2020

	2017 Actual	2018 Actual	2019 Unaudited	2020 Budgeted
Estimated Ending Balance *(deficit)* **:**	**$1,598,029**	**$ 1,696,920**	**$1,751,452**	**$1,187,395**
GF TARGET (at least 5%)			$ 278,238	$ 309,291
GF TARGET (15%)			$ 834,713	$ 927,874
EXCESS GF BALANCE			**$ 916,739**	**$ 259,520**

Emergency Reserve (50)

Last Updated 05/08/2020

	2017 Actual	2018 Actual	2019 Unaudited	2020 Budget
Estimated Ending Balance *(deficit)* **:**	**1,446,615**	**1,346,454**	**1,232,108**	**1,332,108**
TARGET (per reserve policy):	**1,166,960**	**1,141,569**	**1,214,138**	**1,394,964**

Scheduled CIP 2020

Total GF Capital Outlay Projects:	$592,451

Projects that may be Deferred:

Water Plant Property Acquisition	$65,000
Court Room Broadcasting Equipment	$25,500
Hawver Gulch Watershed Study	$80,000
River Road Ditch	$30,000
76th Street Bridge Engineering	$20,000
Total	$215,500

Interim Plan?

- Defer some capital projects for now
- Meet or exceed historical budget performance to preserve Fund Balance
- 2021 Budget Process is underway
  - Continue to monitor sales tax distributions and COVID-19 Impacts
    - December budget passage will have October sales distribution.

Use Tax?

- Parkville does not collect a Use Tax. Voter approval is required.
- Wayfair Legislation did not pass the Missouri Legislature this past session.
- Improved ballot language modifying awkward wording was included in omnibus local government bill that was vetoed by the Governor.

Shall the ______ (county or municipality's name) impose a local use tax at the same rate as the total local sales tax rate, [currently ______ (insert percent),] provided that if the local sales tax rate is reduced or raised by voter approval, the local use tax rate shall also be reduced or raised by the same action? [A use tax return shall not be required to be filed by persons whose purchases from out-of-state vendors do not in total exceed two thousand dollars in any calendar year.] Approval of this question will eliminate the disparity in tax rates collected by local and out-of state sellers by imposing the same rate on all sellers.

YES NO

Use Tax Considerations

- Difficult to message/explain
  - Rely on message to support for funding for police protection, roads, and other city services (Prop P was easier to message).
  - Is it a new tax or the closing of a "loop" for the new world of online sales?
  - No city tax for online sales is unfair for brick and mortar retailers.
- August 18th - Deadline to certify a question for the November 3rd ballot (January 19, 2021 for the April 6, 2021 ballot)
- General Election or Municipal Election?
- Wait for General Assembly to provide better ballot language and to require the collection of taxes on out of state sales?