FINANCE COMMITTEE

Monday, December 7, 2020 3:30 PM

Administration Conference Room, City Hall

In light of public health orders from the Missouri Governor and Platte County related to the COVID-19 pandemic, and given the nature of the items to be considered at this particular meeting, the members of the Finance Committee will meet via telephone or video conference. Members of the public interested in this meeting are encouraged to listen in on the meeting via the following – Telephone: (312) 626-6799; Meeting ID: 878 9347 1677; Password: 316398 – rather than appear at City Hall (note: occupancy will be limited).

1. Call to Order

2. Financial Updates

A. City Administrator Approvals

3. Action Items

A. Approve the minutes from the November 23, 2020, meeting

B. Authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2021 (Public Works)

4. Non-Action Items

5. Unfinished Business (postponed from prior meetings)

6. Other Business

7. Adjourn

Posted Date & Time: 12/4/20; 2:14 p.m. By: MM

CITY ADMINISTRATOR

PURCHASING APPROVAL

City of Parkville

Preparation date: December 2, 2020

Department: Public Works

Low Bidder and Contract Amount:

American Lawn & Fence LLC
201 Maron St
Leavenworth, KS 66048

$4,000

General Scope of Work Description/Project:

Handrail Installation – Pocket Park:

The steps located on the south side of Pocket Park are sloping, there is a need to install handrail in various locations along the stairs. Staff determined the areas where handrail will be required. The stairs will be improved in the future, with upgrades to the Pocket Park Master Plan.

Staff contacted three fencing contractors to obtain quotes for the handrail. Two of the contractors declined to bid on the project due to the small scale. American Lawn & Fence provided a quote for approximately 31 feet of handrail along the stairs in Pocket Park. The total cost is $4,000.

There is funding available in the Parks Sales Tax budget to cover this project expense.

Competitive Purchasing Information: (List bidder, address, and price):

Staff contacted three fencing contractors to provide bids for the installation of the handrail along the stairs in Pocket Park.

Project Start Date: 12/2/20

Estimated Completion Date: 2/1/21

Budget Account Code: 41-560.52-50-00

Authorization:

☐ City Administrator: ____________ Date: ____________
☐ Department Head: Alyssa Makel 12/2/20
☐ Mayor (if applicable): ____________ ____________
☐ Submit to the Finance Committee for Authorization (if requested by the City Administrator)

American Lawn & Fence LLC
201 MARION ST
LEAVENWORTH, KS 66048
americanlawnandfence@gmail.com

Estimate

ADDRESS
City Of Parkville 9300 NW 45 Hwy Parkville, MO 64152

ESTIMATE #	DATE	EXPIRATION DATE
1299	11/02/2020	12/02/2020

P.O. NUMBER
Railing for park

SALES REP
Jake

ACTIVITY	QTY	RATE	AMOUNT
Fence Project Furnish and installation of approx 31' of 1 1/2"x1 1/2" square tube hand railing. Posts will be anchored using plated posts and concrete expansion anchors.	1	4,000.00	4,000.00

TOTAL **$4,000.00**

Accepted By

Accepted Date

Finance Committee Meeting
Monday, November 23, 2020 3:30 PM
Administration Conference Room, City Hall

Minutes

1. **Call to Order**

Chair Sportsman called the meeting to order at 3:31 p.m. A quorum was present.

Members Present: Ward 4 Alderman Marc Sportsman, Ward 2 Alderman Dave Rittman, Mayor Nan Johnston, Ward 1 Alderman Tina Welch, Ward 3 Alderman Robert Lock

City Staff Present: City Administrator Joe Parente, Police Chief Kevin Chrisman, Public Works Director Alysen Abel, Finance/Human Resources Director Matthew Chapman, Community Development Director Stephen Lachky (*arrived at 4 p.m.*) Assistant to the City Administrator Anna Mitchell, Public Works Project Manager Chris Ashley and City Clerk Melissa McChesney

2. **Financial Updates**

3. **Action Items**

A. <u>**Approve the minutes for the November 9, 2020, meeting**</u>

Dave Rittman moved to approve the minutes for the November 9, 2020, meeting. Tina Welch seconded; motion passed 5-0.

B. <u>**Approve the employee health insurance renewal for 2021 with Blue Cross/Blue Shield**</u>

Finance/Human Resources Director Matthew Chapman said that staff recommended renewing health insurance with Blue Cross Blue Shield with the same plans as 2020. The increase for 2021 was 17 percent that would be shared between the City and employees. Chapman noted that dental insurance was also marketed and staff did not recommend any changes. The increase to the budget in 2021 would be $36,000.

Discussion focused on what changes would occur if the City had 51 employees and Chapman responded that there would be more competition from other insurance companies. He added that the City would have close to 50 employees in 2021.

Rittman moved to recommend that the Board of Aldermen approve the health, dental and vision insurance renewals for 2021 with Blue Cross/Blue Shield with the premium plans, rates, and costs shares, using Option A where the City and employees will share in the cost adjustments in health, dental and vision insurance premiums, attached hereto as Attachments 1 and 2 and incorporated by reference. Welch seconded; motion passed 5-0.

4. **Non-Action Items**

5. **Unfinished Business (postponed from prior meetings)**

6. Other Business

Community Development Director Stephen Lachky joined the meeting at 4 p.m.

Chair Sportsman requested an update on COVID testing at the sewer plant and Public Works Director Alysen Abel said that she reached out to experts through the Missouri Department of Natural Resources and the University of Kansas and was waiting on replies.

Chair Sportsman also requested an update on Pocket Park and Abel responded that the Community Land and Recreation Board (CLARB) meeting on November 18 was postponed to December 8 due to the lack of a quorum, which would push back adoption of the master plan to December 15. She noted that staff was actively looking at alternatives for the hand rails on the steps. He suggested that staff move forward with obtaining quotes for the railing, moving the Grigsby Statue, installing bollards and repairing the decking on the second level. Abel noted that she would solicit quotes and provide recommendations to CLARB at their December 8 meeting.

7. Adjourn

Chair Sportsman adjourned the meeting at 4:40 p.m.

Submitted by:

____________________ _________________

Melissa McChesney City Clerk	Approval Date

ITEM 3.B.

For 12/7/2020

Board of Aldermen - Finance Committee Meeting

CITY OF PARKVILLE
Policy Report

Date: December 3, 2020

Prepared By:
Alysen Abel, Public Works Director

Reviewed By:
Melissa McChesney, City Clerk

ISSUE:
Authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2021 (Public Works)

BACKGROUND:
The Sewer Fund is a self-sustaining enterprise fund that operates on its own revenue distinct from the City's General Fund. In addition to routine operating expenses, the recommended 2021 budget (scheduled for adoption on December 15, 2020) includes capital outlay of $573,800 in the Sewer Fund. This includes carryover from one project that was deferred to 2021.

The five-year Capital Improvement Program (CIP) projection includes funding to complete an annual closed-circuit television (CCTV) inspection and sewer cleaning program on a cycle of reviewing the entire sanitary sewer system every eight years in accordance with industry best management practices. Funding is recommended for major repairs every two years to keep up with maintenance needs.

The following table shows the revenue and expenditures for the Sewer Fund.

	2018 Actual	2019 Actual	2020 Projected	2021 Budget
Expenditures	$1,156,098	$1,860,101	$1,664,780	$1,661,220
Revenue	$1,826,833	$2,164,980	$2,523,639	$2,441,409
Working Capital	$670,736	$969,936	$858,858	$780,189
Target Working Capital	$363,786	$381,464	$397,337	$407,513

*Revenue projection for 2021 assumes a 3% rate increase.

It is the City's policy to maintain a target working capital of at least three months of operations plus current fiscal year debt service payment for sewer-related emergencies. Based on a 3% rate increase, the working capital would be $407,513, which is $372,676 above the target working capital.

In 2016, the City contracted with Springsted, Inc. to study the sewer allocation transfer from the Sewer Fund to the General Fund. The study suggested that a reasonable transfer of $365,644 could be made from the Sewer Fund to the General Fund to cover personnel costs, as well as direct and indirect costs for sewer-related expenses funded by the General Fund.

The following table shows the past and proposed allocation transfer from the Sewer Fund to the General Fund.

Year	Allocation from Sewer
2016	$103,530
2017	$150,000
2018	$190,000
2019	$230,000
2020	$280,000
2021	$300,000

In 2017, 2018 and 2019, the sewer rate were increased 10% each year, and was stepped back to 5% in 2020. The current proposal is to increase the rates by 3.00% in 2021. Below are the projected rates that would fund the operating expenses and Capital Improvement Plan as it currently stands.

Year	Actual/Proposed Rate Increase	Sewer Base Fee	Sewer Consumption Rate	Average Monthly Bill	Monthly Cost Difference
2017	10.00%	$13.77	$0.651	$41.75	
2018	10.00%	$15.14	$0.716	$45.92	$4.17
2019	10.00%	$16.66	$0.787	$50.52	$4.60
2020	5.00%	$17.49	$0.827	$53.04	$2.52
2021	3.00%	$18.02	$0.852	$54.63	$1.59
2022	3.00%	$18.56	$0.877	$56.27	$1.64
2023	3.00%	$19.11	$0.903	$57.96	$1.69
2024	3.00%	$19.69	$0.930	$59.70	$1.74

BUDGET IMPACT:

Each 1% rate increase results in approximately $15,167 in revenue. A 3% rate increase is recommended in 2021 in order to ensure that revenues meet budgeted expenditure levels and to continue the maintenance and repair work planned in the CIP. The 3% rate increase would result in an additional $45,502 in revenue.

ALTERNATIVES:

1. Authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2021.
2. Authorize staff to implement a modified rate structure to meet the desires of the Finance Committee.
3. Take no action and do not implement a rate change in 2021.

4. Postpone the item.

STAFF RECOMMENDATION:

Staff recommends that the Finance Committee authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2021. If authorized, the public notice will be sent for publication on December 16, 2020. The first reading of the sewer rate ordinance will be read during the December 15, 2020, Board of Aldermen meeting. A public hearing will be held and the second reading will be read during the January 19, 2021, Board of Aldermen meeting.

POLICY:

Section 703.030(A) of the Parkville Municipal Code states that, “the user charge system shall generate adequate annual revenues to pay the costs of annual operation and maintenance including replacement and cost associated with debt retirement.”

The Reserve Policy (Resolution No. 12-01-13) states that, “the sewer utility fund balance should be able to provide 90 days of operations in addition to the current fiscal year debt service payments.”

RSMo 250.233 states that prior to establishing sewer charges, a public hearing shall be held following at least 30 days’ notice.

SUGGESTED MOTION:

I move to recommend that the Board of Aldermen authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2021.

ATTACHMENTS:

1. Ordinance
2. Sewer Fund Forecast
3. Sewer Fund Worksheet
4. Sewer Fund CIP
5. Sewer Allocation Study
6. Public Hearing Notice

BILL NO. ____ ORDINANCE NO. ____

AN ORDINANCE AMENDING SECTION 703.040 OF THE PARKVILLE MUNICIPAL CODE REGARDING THE USER CHARGE SYSTEM FOR THE PARKVILLE SANITARY SEWER UTILITY

WHEREAS, the City of Parkville, Missouri has constructed wastewater treatment works; and

WHEREAS, the City of Parkville must pay all expenses associated with said treatment works and charge the users of said treatment works accordingly.

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF PARKVILLE, MISSOURI AS FOLLOWS:

Section 1. Subsection C of Section 703.040 is hereby repealed and replaced to read as follows:

C. The minimum charge per month shall be seventeen dollars and forty-nine cents ($17.49). The minimum charge shall apply to all properties connected to the sewer system regardless of water consumption. In addition, each contributor shall pay a user charge for operation and maintenance, including replacement, of eighty-two and seven-tenths cents ($0.827) per one hundred (100) gallons of water as determined in the preceding section.

Section 2. Subsection D of Section 703.040 is hereby repealed and replaced to read as follows:

D. For those contributors who contribute wastewater the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal user charge will be collected. The surcharge for operation and maintenance, including replacement, is

$1.0548 per pound BOD
$0.9072 per pound SS

Section 3. If any portion or section of this ordinance is determined to be invalid, illegal, or unconstitutional by a court of competent jurisdiction, the decision shall in no manner affect the remaining portions of this Section, which shall remain in full force and effect.

Section 4. This ordinance shall be in effect immediately upon its passage and approval.

PASSED and APPROVED this 21st day of January 2020.

____
Mayor Nanette K. Johnston

ATTESTED:

____
City Clerk Melissa McChesney

Sewer Fund (30)

Last Updated 10/31/2020

	2018 Actual	2019 Actual	2020 Budget	2020 YTD	2020 Projected	2021 Budget	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Beginning Fund Balance	**$420,915**	**531,261**	**979,986**	**979,986**	**979,986**	**858,858**	**780,189**	**757,834**	**1,012,260**	**1,150,341**
Revenues										
Projected Rate Increase	*10.00%*	*10.00%*	*5.00%*	*5.00%*	*5.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Sewer Charges	1,320,195	1,471,357	1,516,737	1,184,759	1,421,711	1,464,362	1,562,239	1,609,106	1,657,379	1,707,101
Sewer Tap Fees	41,850	36,500	30,000	49,000	58,800	59,976	30,450	30,907	31,370	31,841
Sewer Impact Fees	34,650	94,076	50,000	46,200	55,440	50,000	50,750	51,511	52,284	53,068
MOAW Bill Collection Payment	444	442	-	-	-	-	550	550	550	550
Grinder Pump Administrative Fee	4,620	4,620	4,620	3,850	4,620	4,712	4,620	4,620	4,620	4,620
Interest Income	4,160	4,407	4,500	2,568	3,081	3,500	5,050	5,101	5,152	5,203
Transfer from Sewer CIP (33)	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	22,317	-	-	-	-	-	-	-	-
Sewer Fund Revenues:	**1,405,918**	**1,633,719**	**1,605,857**	**1,286,377**	**1,543,653**	**1,582,551**	**1,653,659**	**1,701,795**	**1,751,355**	**1,802,383**
Total Sources:	**1,826,833**	**2,164,980**	**2,585,843**	**2,266,363**	**2,523,639**	**2,441,409**	**2,433,848**	**2,459,629**	**2,763,615**	**2,952,724**
Expenditures										
Operating Expenses	540,078	548,872	571,539	478,736	581,898	606,543	617,885	629,448	641,235	653,253
Capital Expenses	244,753	229,426	826,700	386,617	621,020	573,800	561,500	300,700	439,000	3,100,000
Debt Service	181,267	186,746	181,862	158,865	181,862	180,877	176,629	177,221	173,039	30,416
Transfer to General Fund - Admin Fee	190,000	230,000	280,000	233,333	280,000	300,000	320,000	340,000	360,000	380,000
Other Transfers										
Sewer Fund Expenditures:	**1,156,098**	**1,195,044**	**1,860,101**	**1,257,552**	**1,664,780**	**1,661,220**	**1,676,014**	**1,447,369**	**1,613,274**	**4,163,669**
Estimated Working Capital ***(deficit)*** **:**	**670,736**	**969,936**	**725,742**	**1,008,811**	**858,858**	**780,189**	**757,834**	**1,012,260**	**1,150,341**	**(1,210,945)**
TARGET*	$363,786	$381,464	$394,747	$336,882	$397,337	$407,513	$411,100	$419,583	$423,348	$288,729

Type	Account	Description	Account	2018 Actual	2019 Actual	2020 Budget	YTD 10/31/2020	2020 Projected	2021 Budget
	Sewer Fund (30) Revenues and Expenses								
Rev: Sewer	Beginning Fund Balance	Projected carryover from prior year.		420,915	531,261	979,986	979,986	979,986	858,858
	Sewer Charges	Charges levied on all utility customers for use of the City's sewer system.	41501-00	1,320,195	1,474,757	1,516,737	1,184,759	1,421,711	1,464,362
	Sewer Tap Fees	Fees required to connect to the City's sewer system ($1,500/new home).	41502-00	41,850	36,500	30,000	49,000	58,800	59,976
	Sewer Impact Fees	Fees required to compensate the City for the increased demand on the sewer system ($1,400/new home).	41502-01	34,650	94,076	50,000	46,200	55,440	50,000
	MOAW Bill Collection Payment	Money received from Missouri American Water for accepting water bills at City Hall.	41503-00	444	442				
	Grinder Pump Administration Fee	A fee paid by the Riss Lake Home Owner's Association for collecting and remitting monthly Riss Lake Subdivision grinder pump maintenance fees.	41504-00	4,620	4,620	4,620	3,850	4,620	4,712
			Revenues: Sewer	1,401,759	1,610,395	1,601,357	1,283,809	1,540,571	1,579,051
Rev: Interest	Interest Income	Interest earned from sewer fund investments.	41701-00	4,160	4,407	4,500	2,568	3,081	3,500
	Revenues: Interest Income			4,160	4,407	4,500	2,568	3,081	3,500
Rev: Misc	Miscellaneous	Includes reimbursements from entities for sewer related expenses.	41804-00		22,317				
			Revenues: Misc	-	22,317	-	-	-	-
			Sewer Fund (30) Revenues	1,405,918	1,637,119	1,605,857	1,286,377	1,543,653	1,582,551
			Total Sources	1,826,833	2,168,380	2,585,843	2,266,363	2,523,639	2,441,409

Sewer Fund (30) Revenues and Expenses										
Type	**Account**	**Description**	**Account**	**2018 Actual**	**2019 Actual**	**2020 Budget**	**YTD 10/31/2020**	**2020 Projected**	**2021 Budget**
Exp: Personnel	Salaries	The total salaries for sewer billing duties. A portion of staff salaries are covered by the Sewer Administrative Fee, as related to sewer work performed.	01-01-00	17,938	20,367	21,094	15,807	21,149	29,137
	FICA & Medicare	This is the City's share of FICA & Medicare cost for its employees.	01-21-00	1,909	1,555	1,650	1,206	1,447	2,229
	Professional Development	Cost of educational seminars and conferences attended by Sewer employees.	01-41-00		358	500		0	500
	Retirement	The City's LAGERS contribution for 2020 is 11.3% of general employee salaries.	01-22-00	425	-	2,450		0	3,292
		Expenses: Personnel		20,272	22,280	25,694	17,012	22,596	35,158
Exp: Insurance	Property & Liability	Premium payment for the City's property & liability coverage.	02-01-00	1,313	-	1,400		1,400	-
	Health, Life, & Dental	The City offers health, dental, and life insurance to its employees and subsidizes a portion of the premium. Reflects premium increases for employees.	02-02-00	2,761	3,183	3,533	2,411	3,339	3,673
	Workers Compensation	The workers compensation premium that covers all sewer employees.	02-03-00	63	-	-			-
		Expenses: Insurance		4,137	3,183	4,933	2,411	4,739	3,673
Exp: Utilities	Telephone & Voicemail	The charges for local and long distance telephone service for the sewer plant and lift station dialers.	03-01-00	212	-	-	317	380	-
	Electricity	Electric utility charges for the sewer plant and pump stations.	03-02-00	42,710	43,458	46,000	28,898	44,000	46,000
	Water	Water utility charges for the sewer plant.	03-04-00	1,190	1,016	1,500	730	1,000	1,500
	Wi-Fi	The cost of the Wi-Fi hotspot at the sewer plant for internet access.	03-06-00	480		-		0	-
	Trash Hauling	The charges for trash hauling at the sewer plant ($70/year for Main Lift Station dumpster and $356.52/year for Sewer Plant dumpster).	03-09-00	120	160	400	-	400	400
		Expenses: Utilities		44,712	44,634	47,900	29,945	45,780	47,900
Exp: Office Expenses	Office Supplies	This includes items such as stationery, pens/pencils, folders, etc. as well as computer accessories, meeting supplies and general consumables.	05-01-00	217	331	150	210	251	150
	Postage	All postage and shipping costs, along with any incidental charges.	05-02-00	5,514	6,145	7,000	5,813	6,976	7,000
	Delinquencies	Administrative costs related to delinquency collections such as water shut off costs, filing property liens, and certified letters.	05-06-00	1,454	1,253	100	158	189	100
	Printing	Expenses for printing work not performed by City personnel. This includes items such as business cards, forms, letterhead, and books.	05-04-00	1,770	1,796	2,000	314	376	2,000
		Expenses: Office Expenses		8,954	9,524	9,250	6,494	7,793	9,250

Sewer Fund (30) Revenues and Expenses										
Type	Account	Description	Account	2018 Actual	2019 Actual	2020 Budget	YTD 10/31/2020	2020 Projected	2021 Budget
Exp: Maintenance	Building Maintenance & Repair	General maintenance for the sewer plant. Includes crane for the new storage building, containment for diesel storage, soffit on sewer building, flashing on storage building, and new garage door.	06-01-00	17,752	3,429	20,000	32,710	32,710	25,000
	Pump Stations Maintenance	General maintenance for six pump stations in the City. Includes valves on FF Hwy pump station.	06-12-00	7,737	20,071	20,000	13,064	15,000	25,000
	Vehicle Repair & Maintenance	Maintenance for sewer vehicles. Include new tires for sewer truck.	06-21-00	1,170	213	250		500	250
	Tractor / Lawn Mowing Equipment	Maintenance for the sewer plant tractor and lawn equipment.	06-21-02	1,627	800	1,500	274	400	1,000
	Vehicle Gas & Oil	Fuel for sewer division vehicles.	06-22-00	871	754	1,200	365	600	1,000
	Equipment Gas & Oil	Fuel for sewer equipment, including the tractor, mower, and generator.	06-22-01	25	1,202	1,500	37	1,200	1,500
	Software Support Agreement	Annual software maintenance for Data Tech Summit sewer billing software.	06-33-00	2,750	2,867				
		Expenses: Maintenance		31,931	29,336	44,450	46,451	50,410	53,750
Exp: City Services	Line Repairs	This covers emergency repairs to sewer lines and manholes. Root control and unexpected clogs. It does not cover repairs budgeted in the sewer CIP.	07-34-00	40,471	38,132	30,000	36,353	38,000	40,000
	One Call Utility Locating	This is a fee charged to the City for every One Call sewer utility locate requested in the City limits.	07-42-00	255	340	2,000	85	200	2,500
	KC Water Dept.	Fees paid to the KCMO Water Department for sewer service provided to some Parkville residents.	07-82-00	30,505	30,728	32,000	32,097	38,517	32,000
	Platte County Regional Sewer District	Fees paid to the PCRSD for wastewater treatment for Parkville residents formerly served by Eastside Pump station.		20,145	21,040	17,600	8,879	10,655	17,600
	Odor Control	Chemical used to mitigate odors from sewer lines.	07-91-00	10,549	18,789	24,000	19,080	28,800	29,000
		Expenses: City Services		101,925	109,029	105,600	96,494	116,172	121,100
Exp: Professiona	Engineering Fees	This covers the fees for work performed by the City Contract Engineer for the sewer system, including SSES Program engineering and management.	08-03-00	16,200	14,755	16,000	11,589	14,000	16,000
	Management Contract	Contract with Alliance Water Resources to operate the sewer plant.	08-04-00	299,688	305,310	305,712	254,760	305,712	305,712
	Credit Card Fees	Costs associated with processing credit card transactions.	08-07-00	6,463	8,071	8,000	7,106	8,527	10,000
	Sewer Refunds	Refunds for bill over payments	08-08-00	1,502	330	500	2,013	2,416	500
		Expenses: Professional Fees		323,853	328,466	330,212	275,468	330,655	332,212
Exp: Other Exp.	Miscellaneous	Miscellaneous includes uncategorized expenses.	09-21-00	2,380	493	1,500	2,508	1,800	1,500
	DNR Fees	Annual fee to the Missouri Department of Natural Resources based on the number of sewer connections in the City.	09-22-00	1,913	1,927	2,000	1,954	1,954	2,000
		Expenditures: Other Expenditures		4,293	2,420	3,500	4,461	3,754	3,500

Sewer Fund (30) Revenues and Expenses										
Type	Account	Description	Account	2018 Actual	2019 Actual	2020 Budget	YTD 10/31/2020	2020 Projected	2021 Budget
Exp: Capital Outlay	Equipment & Machinery	Includes purchase of zero turn mower for maintenance of the sewer plant and pump stations ($17,000) and DO Meter Unit ($20,500).	04-31-00	7,691	26,638	-	36,026	36,026	37,500
	Sewer Plant Improvements	Improvements to the sewer plant operations. Replace clarifier floor ($54,000), mixer for sewer plant ($12,000) and replace UV bulbs/sleeves/ballasts ($14,000). 2020 Carryover: Clarifier Drive ($16,000).	04-51-00	8,876		75,900	5,806	56,232	96,000
	Pump Station Improvements	Improvements to pump stations. Includes FF Hwy Pump Station Repairs ($140,000)	04-61-00	80,466		-			140,000
	Line Maintenance	Includes 2021 CCTV & Cleaning ($60,300); and Sanitary Sewer Repairs ($240,000).	06-42-00	147,720	202,788	750,800	344,785	528,762	300,300
	Other Maintenance	No other maintenance planned for 2020.	06-99-00			-		0	-
			Expenditures: Capital Outlay	244,753	229,426	826,700	386,617	621,020	573,800
Exp: Transfers	Administration Transfer to General Fund	Administrative salaries for sewer related work, Missouri One Call services, and other sewer related administrative functions.	08-06-00	190,000	230,000	280,000	233,333	280,000	300,000
	SRF Principal Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-00	155,000	160,000	160,000	146,667	160,000	160,000
	SRF Interest Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-01	20,432	16,267	16,000	11,970	16,000	15,957
	SRF Admin Fee Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-02	5,834	10,479	5,862	228	5,862	4,920
			Expenditures: Transfers	371,267	416,746	461,862	392,198	461,862	480,877
			Total Sewer Fund (30) Expenditures	1,156,098	1,195,044	1,860,101	1,257,552	1,664,780	1,661,220
			Ending Fund Balance Sewer Fund (30)	670,736	973,336	725,742	1,008,811	858,858	780,189

Sewer CIP														
Division	Type	New or Replacement?	Name	Project Description	Comments	Funding Source	Total Cost	2021	2022	2023	2024	2025	Future	Column1
Sewer	Equipment	Replacement	Pump	Pinecrest Pump Rebuild	Replace three adjustable frequency drives, one per year for three years.	100% Sewer Fund	$ 4,800		$ 4,800					Equipment & Machinery
Sewer	Equipment	Replacement	RAS Pump Replacement	Replace RAS Pump at WWTP	Replace one return activated sludge pumps. These pumps recycle the organisms that perform the biological treatment.	100% Sewer Fund	$ 13,000			$ 13,000				Equipment & Machinery
Sewer	Equipment	Replacement	Zero Turn Mower			100% Sewer Fund	$ 17,000	$ 17,000						
Sewer	Equipment	Replacement	Clarifier Drive			100% Sewer Fund	$ 16,000	$ 16,000						
Sewer	Project	Replacement	Clarifier Floor	Replacement of Clarifier Floor. One in 2016 and the other in 2018.	Includes removal and replacement of the grout topping on the clarifier floor.	100% Sewer Fund	$ 54,000	$ 54,000						Sewer Plant Impvts
Sewer	Project	Replacement	WWTF Treatment Upgrades	Upgrade the treatment processes at the Sewer Plant.	Includes grit removal, third clarifier, sludge dewatering, controls and blower replacement.	Possible SRF Loan	$ 1,380,000		$ 30,000	$ 1,350,000				Sewer Plant Impvts
Sewer	Project	New	WWTF Effluent Pump Station	Install new pump station to protect UV building.	Install effluent pump station to protect the UV building from the flood water of Rush Creek.	100% Sewer Fund	$ 140,000	$ 140,000						Sewer Plant Impvts
Sewer	Equipment	New	UV Bulbs, Sleeve & Ballasts			100% Sewer Fund	$ 14,000	$ 14,000						Sewer Plant Impvts
Sewer	Equipment	Replacement	Self Priming Pump	Engine Driven Trash Pump for By-Pass and Tank Cleaning. Can be used for flood response and system overflow bypasses.	Portable Unit used to clean various pump station and plant basins	100% Sewer Fund	$ 28,000		$ 28,000					Equipment & Machinery
Sewer	Project	New	Ongoing Sanitary Sewer Repairs	Maintenance based on CCTV results		100% Sewer Fund	$ 1,040,000	$ 240,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000		Line Maintenance
Sewer	Equipment	New	Mini Camera	Small CCTV camera for smaller segments of pipes		100% Sewer Fund	$ 25,000		$ 25,000					Line Maintenance
Sewer	Project	New	CCTV	Program to clean and televise a portion of the 15,000 feet per year of the City's sewers.	Ongoing program, part of the SSES program, will examine the entire system on an 8-year cycle.	100% Sewer Fund	$ 248,500	$ 60,300	$ 61,500	$ 62,700	$ 64,000			Line Maintenance
Sewer	Project	Replacement	Mixer for Sewer Plant	Replacement of the mixer at the sewer plant	The existing mixer needs to be replaced. It has been repaired numerous times over the past few years to help extend its life.	100% Sewer Fund	$ 12,000	$ 12,000						Sewer Plant Impvts
Sewer	Project	New	DO Meter Unit	Replacement of DO Meter Unit	The DO meter unit needs to be replaced.	100% Sewer Fund	$ 20,500	$ 20,500						
							$ -							
							ANNUAL TOTALS	$ 573,800	$ 349,300	$ 1,625,700	$ 264,000	$ 200,000	$ -	
								2021	2022	2023	2024	2025		

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MEMORANDUM

TO: City of Parkville, Missouri

FROM: Nick Dragisich

DATE: October 6, 2016

SUBJECT: Administrative Charge to Sewer Service Fund

Springsted was retained to assist the City in determining and recommending an administrative charge allocation from the City' General Fund to its Sewer Service Fund. The administrative charge should reflect the direct support provided by the General Fund to the Sewer Service Fund and also indirect support provided by the City's overhead activities that benefit the Sewer Service fund.

Underlying any cost study is the necessity to identify all costs which are incurred by the General Fund when providing a service to another fund. Without this information, an accurate determination of the appropriate level of cost identification becomes difficult, if not impossible. The General Fund incurs two types of costs in providing support to the Sewer Service Fund. The most obvious costs are those direct costs for services where City staff accounted for in General Fund operating budgets undertake activities that directly benefit the Sewer Service Fund. These would include services like, inspection of sewer construction, filing sewer service forms, and other activities directly related to and benefiting the Sewer Service Fund. The General Fund also incurs indirect costs that benefit the Sewer Service Fund which we define as City-wide overhead activities. These include services like paying bills, issuing payroll checks, coordinating purchasing functions, helping to define policy goals and direction, and other services.

In order to determine these costs, City staff was asked to estimate the time they spent over the course of an average year on activities that directly benefited the Sewer Service Fund and on City-wide overhead activities. General Fund activities that directly benefitted the Sewer Service Fund were reported in Administration, Public Works Administration, Public Works Operations Street, and in Community Development. General Fund overhead activities were reported in Administration, Police, Public Works Administration, Public Works Operations Streets, Community Development, Public Information Division, and Information Technology Division.

The time reported to be spent on either direct or overhead activities by each staff member was used to estimate the personnel related costs for that activity. The personnel related costs included salary, benefits, FICA and Medicare, retirement, and auto allowances. The personnel costs were then multiplied by the percentage of time the employee estimated they spent on the activity to arrive at the personnel cost of that employee providing that service. For example, the City Administrator reported spending 60% of her time on overhead related activities. The total personnel costs for the City Administrator was determined to be $145,251. That results in an overhead cost of

$87,151 ($145,251 x 0.60 = $87,151). The total personnel costs for each employee related to an activity were summed to get the total personnel costs for that activity.

The total personnel cost for each activity was then divided by the total personnel costs for the department to arrive at a percentage that was used to allocate other department costs. For example, in Administration it was determined that $230,896 of personnel costs were related to overhead activities. The total personnel costs in Administration are $459,598. The $230,896 of personnel related cost for overhead was divided by the total $459,598 of personnel cost resulting in a ratio of 50.24%. The non-personnel costs for the Administration department were multiplied by that 50.24% to allocate their cost to the overhead activity. For example, the cost of utilities in the Administration budget was $73,270. This amount was multiplied by 50.24% which resulting in an allocation of $ $36,810 ($73,270 x 0.5024 = $36,810) of utility costs to the overhead activity. The personnel costs for each activity and the allocated non-personnel costs were added up to arrive at the total cost of each activity for the department under consideration.

This cost allocation carried out for each department reporting overhead and/or sewer service related activities resulted in overhead activities totaling $630,061 and direct sewer service activities totaling $106,249 as shown in the table below.

General Fund	**2016 Budget**	**Overhead Activities**	**Direct Sewer Service Activities**
Administration	$ 1,329,483	$ 552,860	$ 25,634
Police	$ 1,223,870	$ 6,294	$ -
Municipal Court	$ 153,471	$ -	$ -
Public Works Admin & Streets	$ 651,343	$ 7,140	$ 60,469
Community Development	$ 316,393	$ 5,983	$ 20,146
Operations Division Parks	$ 356,007	$ -	$ -
Nature Sanctuary	$ 39,681	$ -	$ -
Public Information Division	$ 13,810	$ 13,810	$ -
Information Technology Division	$ 43,974	$ 43,974	
Capital Outlay	$ 351,035	$ -	$ -
Totals	**$ 4,479,067**	**$ 630,061**	**$ 106,249**

The direct sewer service activities can be charged directly to the Sewer Service Fund. However, the overhead activities costs need to be converted to an overhead percentage that can then be charged to the Sewer Service Fund. This percentage was determined to be 18.01% as shown in the table below. Capital outlay was subtracted because it is not an operating expense.

Total General Fund	$ 4,479,067
Less Capital Outlay	$ (351,035)
Net operating	$ 4,128,032
Less Overhead	$ (630,061)
General Fund Overhead Basis	$ 3,497,971
Overhead percent	**18.01%**

The overhead allocation to the Sewer Service Fund was determined by subtracting the current $103,530 administration fee charged to the Sewer Fund from the total Sewer Service Fund expenses of $1,543,461 to avoid the overcharging of overhead. The remaining $1,440,111 was multiplied by the overhead percentage of 18.01% to determine the total City overhead allocation of $259,396. The direct activity expenses of $106,249 was then added to the overhead allocation to arrive at a total administrative charge of $365,644 which is the amount the Sewer Service Fund should pay to the General Fund for the support it receives from that fund. The administrative charge should be updated each fiscal year based on then current costs and time allocations. The administrative charge calculation is shown in the table below.

Total Sewer Expenses	**$ 1,543,641**
Less Administration Fee	**$ (103,530)**
Net Sewer Expenses	**$ 1,440,111**
City overhead Allocation	**$ 259,396**
City Direct Expenses	**$ 106,249**
Total Sewer Administration Fee	**$ 365,644**

CITY OF PARKVILLE, MISSOURI
NOTICE OF PUBLIC HEARING

The City of Parkville, Missouri, will hold a public hearing to discuss a proposed sewer rate increase during its regular Board of Aldermen meeting on January 19, 2021, at 7:00 p.m. in the Municipal Court/Board Room of City Hall, 8880 Clark Avenue, Parkville, Missouri. All interested parties are invited to attend and be heard.

Melissa McChesney
City Clerk