Parkville Missouri

Finance Committee Meeting
Tuesday, February 9, 2021 3:30 PM
Administration Conference Room, City Hall

Minutes

1. Call to Order

Chair Sportsman called the meeting to order at 3:33 p.m. A quorum was present.

Members Present: Ward 4 Alderman Marc Sportsman, 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, Assistant to the City Administrator Anna Mitchell, Public Works Project Manager Chris Ashley and City Clerk Melissa McChesney

2. Financial Updates

A. City Administrator Approvals

City Administrator Joe Parente provided an overview of approvals made within his authority.

B. 4th Quarter 2020 Budget Variance Report

City Administrator Joe Parente provided an overview of the budget variance report, noting that it was an unaudited year-end report. The report showed that the General Fund would end approximately $500,000 under budget because some of the capital projects were deferred.

3. Action Items

A. Approve the minutes for the January 25, 2021, meeting

Robert Lock moved to approve the minutes for the January 25, 2021, meeting. Tina Welch seconded; motion passed 4-0.

B. Approve a land use and waste disposal agreement with Damon Pursell Construction for the use of its property for the annual clean-up events in 2021

Public Works Director Alysen Abel stated that the annual agreement allowed the use of the Damon Pursell Construction lot for the spring and fall cleanup events and included lot rental fees and unit pricing for yard waste at approximately $1,300 per event.

Lock moved to recommend that the Board of Aldermen approve the land use and waste disposal agreement with Damon Pursell Construction for the 2021 clean-up events. Welch seconded; motion passed 4-0.

C. **<u>Approve Work Authorization No. 131 with North Hills Engineering for the 2021 Sanitary Sewer Repairs program</u>**

Public Works Director Alysen Abel stated that North Hills Engineering evaluated the sanitary sewer system annually through closed-circuit televising of the sewer lines to locate issues and prioritize repairs. The 2021 program would include areas west of Route 9 between 4th and 13th streets. The work authorization included design and construction document management for the projects that would be completed; construction of the projects would be bid later in the year.

Lock moved to recommend to the Board of Aldermen to approve Work Authorization No. 131 with North Hills Engineering for the 2021 Sanitary Sewer Repairs program in the amount of $23,254. Welch seconded; motion passed 4-0.

4. Non-Action Items

A. **<u>Quarterly Projects Update</u>**

Assistant to the City Administrator Anna Mitchell provided an overview of the 2020 Capital Improvement Program projects, noting that 28 were completed and 76 percent of the budget was spent. The remainder of the projects were deferred to 2021 or 2022.

B. **<u>Missouri American Water Rate Increase</u>**

City Administrator Joe Parente said that Vice Chair Rittman had reached out to staff to find out if the City planned to oppose the rate increase. For rate changes, Missouri American Water was required to obtain approval from the Public Service Commission who had recommended that no increases would be approved. A document with frequently asked questions about the increase was distributed to the Finance Committee prior to the meeting via e-mail and is attached as Exhibit A.

C. **<u>Administrative Charge to Sewer Fund Allocation Study</u>**

City Administrator Joe Parente introduced Nick Dragisich, Baker Tilly, who worked on the allocation study update. Slides from the work session presentation regarding the 2021 Sewer Fund budget was distributed to the Finance Committee prior to the meeting via e-mail and is attached as Exhibit B.

Nick Dragisich, Baker Tilly, provided an overview of the updated study; presentation attached as Exhibit B. He said that the allocation study was originally completed in 2015. The update helped to identify operating costs with direct and indirect costs to run the wastewater treatment plant.

Discussion focused on how overhead was calculated; an explanation as to why the cost for the Administration Department was higher than Public Works; the rate increase percentage that would be needed to cover the entire allocation recommendation; revisiting discussions about selling the sewer utility or consolidating with the Platte County Regional Sewer District; and the creation of a stand-alone department to be fully funded by the Sewer Fund. Public Works Director Alysen Abel stated that a 13 percent increase would be needed in order to cover the recommended allocation.

The consensus of the Committee was to recommend a six percent rate increase. They also recommended that staff analyze consolidation, selling or creating a stand-alone sewer department.

5. Unfinished Business (postponed from prior meetings)

6. Other Business

7. Adjourn

Chair Sportsman adjourned the meeting at 5:23 p.m.

Submitted by:

Melissa McChesney
Melissa McChesney
City Clerk

February 22, 2021
Approval Date

City of Parkville, MO
Update Administrative Charge to Sewer Fund

February 9, 2021

Presented by: Nick Dragisich

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1

Purpose

- Update 2015 administrative charge allocation from General Fund to Sewer Fund
  - Operating cost that provide direct support to the Sewer Utility
  - Overhead costs incurred in providing services
  - Avoid duplicate charge allocations

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2

2

Why Allocate Costs

- Sewer customers and taxpayers are not the same base
- City taxpayers exclude
  - Exempt properties who can be relatively large sewer users
  - Out-of-town sewer customers
- Provides equity by allocating costs to properties/customers who receive sewer services

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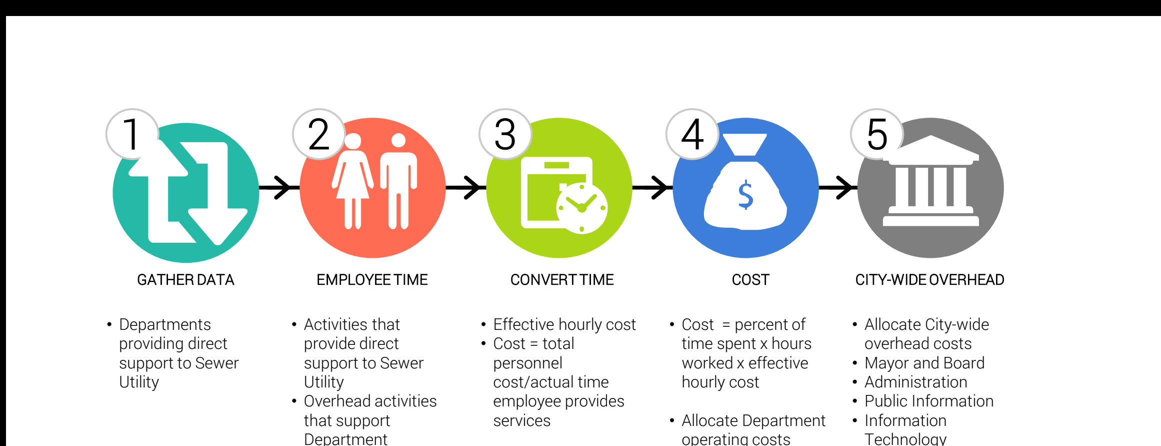
3

3

Process



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4

4

Administration Department

- Handling sewer customer complaints
- Responding to questions related to the Sewer Fund
- Accepting and processing payments for sewer services
- Supervision of sewer billing staff and processes
- Preparing and mailing sewer bills to customers
- Stopping and starting sewer services

Administration Department Operating Costs that Support the Sewer Fund		
Sewer Related Activities	$	194,136
Department Overhead	$	15,122
Total Costs Supporting the Sewer Fund	**$**	**209,258**

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5

5

Public Works Department

- Managing capital improvement projects from conception through construction
- Creating bid documents, contracts, and policy reports for sewer capital improvement projects
- Reviewing contract and insurance documents for compliance to contracts
- Communication with contractors regarding contract documents and compliance
- Performing inspections on construction of sewer infrastructure and compile inspection reports

Public Works Department Operating Costs that Support the Sewer Fund		
Sewer Related Activities	$	104,577
Department Overhead	$	28,070
Total Costs Supporting the Sewer Fund	**$**	**132,647**

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6

6

Community Development Department

- Ensure adequate sewer easements are identified on applications, plats and maps for building and development within the City limits
- Coordinate and provide data, information, maps and imagery to the City's Public Works Director and on-call engineer for tasks pertaining to the mapping of existing and new sewer lines
- Provide records of sewer lines identified on past applications and approved plans

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Community Development Department Operating Costs that Support the Sewer Fund	
Sewer Related Activities	$ 21,825
Department Overhead	$ 7,106
Total Costs Supporting the Sewer Fund	**$ 28,931**

7

7

City-Wide Overhead

- Cost incurred to provide support to operating department and funds
  - Paying bills
  - Issuing payroll checks
  - Coordinating purchasing functions
  - Human Resources
  - Information Technology
  - Overall policy, goals, and direction
  - Other

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8

8

City-Wide Overhead

2021 Budget			Mayor and Board	Administration	Public Information	Information Technology	Total Allocated Overhead
F.T.E.s			-	6.50	-	-	6.5
Total Expenses			$ 73,206	$ 1,380,085	$ 30,410	$ 60,745	$ 1,544,445
Expenses Allocated to Activities			$ -	$ 301,857	$ -	$ -	$ 301,857
Net Expenses			$ 73,206	$ 1,078,228	$ 30,410	$ 60,745	$ 1,242,588
Percent City-Wide Overhead			100.00%	78.13%	100.00%	100.00%	
Allocation Based on F.T.E.s			0.00%	40.00%	0.00%	100.00%	
Allocation Based on Expenses			100.00%	60.00%	100.00%	0.00%	
	F.T.E.s	Expenses					
Mayor and Board	-	$ 73,206	$ 428	$ 3,779	$ 178	$ -	$ 4,384
Administration	6.50	$ 1,078,228	$ 6,298	$ 114,672	$ 2,616	$ 8,312	$ 131,898
Municipal Court	2.00	$ 172,699	$ 1,009	$ 27,074	$ 419	$ 2,558	$ 31,059
Community Development	5.00	$ 359,311	$ 2,099	$ 63,945	$ 872	$ 6,394	$ 73,310
Police	18.00	$ 1,660,413	$ 9,698	$ 249,140	$ 4,029	$ 23,019	$ 285,886
Public Works	14.00	$ 799,978	$ 4,672	$ 168,409	$ 1,941	$ 17,904	$ 192,926
Parks & Recreation	-	$ 450,654	$ 2,632	$ 23,261	$ 1,093	$ -	$ 26,986
Sewer Utility	0.50	$ 1,661,220	$ 9,703	$ 90,285	$ 4,031	$ 639	$ 104,657
Nature Sanctuary	1.50	$ 61,898	$ 362	$ 16,815	$ 150	$ 1,918	$ 19,245
Public Information	-	$ 30,410	$ 178	$ 1,570	$ 74	$ -	$ 1,821
Information Technology	-	$ 60,745	$ 355	$ 3,135	$ 147	$ -	$ 3,638
Transportation Sales Tax Fund	-	$ 1,159,072	$ 6,770	$ 59,826	$ 2,812	$ -	$ 69,408
Debt Service Funds	-	$ 2,658,419	$ 15,527	$ 137,216	$ 6,450	$ -	$ 159,193
Reserve Fund	-	$ -	$ -	$ -	$ -	$ -	$ -
Eliminations	-	$ -	$ -	$ -	$ -	$ -	$ -
Park Sales Tax Fund	-	$ 1,471,200	$ 8,593	$ 75,937	$ 3,570	$ -	$ 88,099
Economic Development	-	$ 10,000	$ 58	$ 516	$ 24	$ -	$ 599
Parks Donations	-	$ -	$ -	$ -	$ -	$ -	$ -
Veterans Memorial	-	$ 65,000	$ 380	$ 3,355	$ 158	$ -	$ 3,892
Court Recoupment Fees	-	$ 544	$ 3	$ 28	$ 1	$ -	$ 33
Police Training Fees LET	-	$ 2,048	$ 12	$ 106	$ 5	$ -	$ 123
Police Shop	-	$ 9,593	$ 56	$ 495	$ 23	$ -	$ 574
TIF Development	-	$ 480,224	$ 2,805	$ 24,787	$ 1,165	$ -	$ 28,757
Market Place Project 1 &2	-	$ -	$ -	$ -	$ -	$ -	$ -
Market Place CID #1 & #2	-	$ 1,793	$ 10	$ 93	$ 4	$ -	$ 107
Creekside Development	-	$ -	$ -	$ -	$ -	$ -	$ -
Fewson Project	-	$ -	$ -	$ -	$ -	$ -	$ -
Capital Projects	-	$ 267,085	$ 1,560	$ 13,786	$ 648	$ -	$ 15,994
Totals	**47.50**	**$ 12,533,739**	**$ 73,206**	**$ 1,078,228**	**$ 30,410**	**$ 60,745**	**$ 1,242,588**

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now joined with Springsted and Umbaugh

Total Cost of Supporting Sewer Utility

- Total cost is sum of:
  - Administration
  - Public Works
  - Community Development
  - City-wide overhead
- Less costs already allocated
  - $25,694 personnel costs in Administration Department

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Total Cost of Supporting Sewer Utility

City Costs Supporting the Sewer Fund	Sewer Related Activities	Overhead	Total
General Fund Administration	$ 194,136	15,122	209,258
General Fund Community Development	$ 21,825	7,106	28,931
General Fund Public Works	$ 104,577	28,070	132,647
City Wide Overhead	$ -	104,657	104,657
Total Cost Supporting the Sewer Fund	**$ 320,538**	**154,955**	**475,494**
Less Costs Allocated in Budget	**$ (25,694)**	**-**	**(25,694)**
Net Cost Available to Allocate to the Sewer Fund	**$ 294,844**	**$ 154,955**	**$ 449,800**

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11

11

Questions?

- Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly-owned subsidiary of Baker Tilly Virchow Krause, LLP, an accounting firm. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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12

12