

City of Troy, Missouri
Budget Workshop
Tuesday, May 15, 2018
6:30 P.M.

Present for the meeting were Aldermen Walker, Curt, Norman, Sconce, Anderson and Mayor Cross. Alderman Detert arrived later as noted below. Also present were Assistant Public Works Superintendent Burkemper, Building Official Lindsey, GIS Infrastructure-Building Inspector Shaw, Major Floyd, Parks Director Howell, Wastewater Superintendent Peasel, Water Superintendent Lourance, Treasurer Flinn, and City Clerk Schneider.

Mayor Cross called the Budget Workshop to order and announced a quorum present.

Treasurer Flinn handed out a FY2019 Budget Summary, Departmental Budget Requests and Capital Project worksheets (attached) and relayed the following notes to everyone present at the onset of the meeting:

- All figures were preliminary and only major funds were discussed
- All budget requests were entered. A meeting was held with staff and a few cuts were made prior to this work session
- Sales taxes were budgeted at slightly less than flat
- Water and sewer revenues were projected according to a rate analysis which included the November 2016 rate increases
- Health insurance was projected to increase by 30% for the second half of the fiscal year per our broker. The Mayor will offer detail later in the meeting
- Budgeted the FY2019 Missouri Lagers contribution rates based on actuarial valuation as 10.2% General and 9.6% Police (contribution rates expected lower beginning in 2019 due to a doubling of the target return as of 2/2018)
- No pay increases have been included
- Dispatching for the second half of the fiscal year has been calculated at an increase of 9%
- Property tax rollback guidance requested
- Street Fund has a negative balance but it cannot remain at negative—need prioritization of projects guidance
- The final payment on the Series 2004 Water Well Project will be made in this budget year (approximately \$60,000.00)
- The final payment will be made on the Aquajetter lease in this budget year of \$58,467 split between water and sewer funds
- Projects that are in progress that are not completed by year-end will be moved to FY2019 budget

Currently:

- Sewer rights-to-connect are higher than anticipated and currently at 64 (budgeted 58) +\$24,000.00

- Sales tax receipts are slightly higher than budgeted (1.07% ahead of budget, 1.90% ahead of last fiscal year); May's deposits were 11.4% lower than May of 2017
- Interest earnings has exceeded budget by nearly 400%
- Fines and Court costs will be well below budget (probably Senate Bill 5 impact)
- Building permits will be well below budget primarily due to lack of commercial fees
- The beginning balance for the Street Fund is much more than projected for the following reasons:
 - The Mennemeyer Road project did not commence (net cost \$465,000)
 - Street Maintenance not fully expended (overtime only used by half, savings on health insurance due to decrease in family coverages, etc. This may change if more concrete work is completed).
- The beginning balance for Capital Improvements fund is higher than projected for the following reasons:
 - Budgeted transfer of \$725,000 to the Sewer Fund was not made in full—only transferred \$200,000
 - Budgeted transfer of \$100,000 to the Street Fund was not made
 - Treasurer entered \$500,000 of the unused portion of the transfer to the Sewer Fund in FY2018 into the FY2019 Budget
- The beginning balance for Water fund is higher than projected for the following reasons:
 - Water sales revenue and rights-to-connect look to be much higher than budgeted
 - Well maintenance, fuel, engineering, not fully expended
 - Water main replacement (was Cherry Street, now Third Street) not completed in the current budget year—moved to FY2019 Budget

Unknowns:

- Possibility of having to increase the budget for bio-solids removal
- Possibility of having to budget for interest payments on the SRF Loan, depending on when it closes

Mayor Cross alerted the Board that only in even years can the voluntary property tax rollback be removed or adjusted. Mayor offered an example that if adjusted by five cents, the City would receive increased revenues of \$100,000.00 based on current valuations. Secondly, after a discussion with the City's health insurance broker, Mayor requested two Board member volunteers to serve on a sub-committee regarding the projected escalating health care costs. Alderman Sconce and Alderman Walker agreed to volunteer.

Various questions regarding Street and Capital Improvement Projects and Budget Requests were directed to Department Directors for discussion. Alderman Sconce asked why the (\$334,180) shortfall in General Fund. Treasurer Flinn gave a breakdown of \$100,000 health insurance increase, MS4 employee, \$55,000 building, \$17,000 truck and decreased revenues for fines/court and building permits resulted in the shortfall.

Alderman Detert arrived at 6:54 p.m.

Alderman Walker asked for explanation of the voluntary property tax rollback. Mayor Cross relayed that the City's 2011 Capital Improvements Ballot Initiative for streets, sewer and aquatic center included a rollback of fifteen cents but the City can take it back any time. Alderman Curt was not in favor of raising taxes due to the rise in real estate values and corresponding tax increase. Alderman Anderson stated that every year it is discussed at Budget Workshop and the Board always responds no. She continued that the City receives the capital improvements tax which was a good trade-off.

Treasurer Flinn requested guidance on the negative balance in the Street Fund. Mayor Cross directed Treasurer Flinn to Remove \$27,000 Engineering for Sidewalk on West Side of Main Street. It was agreed to remove \$20,000 from Castlewood & Bishop Concrete Panels and \$20,000 from Enterprise Way Concrete Panels (to either scale back or perform the work ourselves).

Alderman Norman asked about the MS4 Employee and if there was someone in mind for the position. Building Official Lindsey offered a handout and said the opening would be posted internally/externally with a job description.

Alderman Anderson requested all departments to evaluate head count and whether to get by without/reduce staff since raises take \$100,000 and she would not advocate to go (\$400,000) in the General Fund.

Alderman Anderson asked if HPC spent any money for training last year? Alderman Sconce replied no, that there was no budget given. Anderson continued that they were instructed to come and make a request as needed. Sconce replied that although they required training to be accredited, HPC was doing the best they could.

Alderman Sconce pointed out that something had to change from (\$334,000) in the red (to \$400,000 if adding wage increases). He continued if Budget Summary of General Fund \$185,000 was removed, there would still be a shortfall of (\$200,000). Another meeting was requested.

Next Budget Workshop was set for Thursday, May 31, 2018 at 6:30 p.m. Meeting adjourned at 7:35 p.m.