

City of Troy, Missouri
Budget Workshop
Wednesday, February 10, 2021
6:30 P.M.

Present for the Budget Workshop were Aldermen Detert, Dunard, Horner, Norman, Anderson (arrived at 6:45 p.m.), Grimstead and Mayor Sconce. Also present were Public Works Superintendent Cunningham, Building Official Lindsey, Parks Director Howell, Chief Taylor, Water Superintendent Lourance, Treasurer Flinn and City Clerk Schneider.

Also present were Aldermanic Candidate Steven P. Jones and Mayoral Candidate April Bryant. Troy Chamber Director Rachel South along with Police Detective Voland, Major Floyd, Lt. Mauzy and Sergeant Chad McAllister were also present.

Mayor Sconce opened the Budget Workshop, announced a quorum present and led in the Pledge of Allegiance.

Mayor Sconce handed out an Outline and said the review would be informational and not include expenditure requests by Departments.

Mayor Sconce directed attention to the Missouri Municipal League's Newly-Elected Official Manual, pages 53-50, on budgeting.

Mayor Sconce relayed that the April-June Budget Workshop annual procedure did not occur in 2020 due to the pandemic and wanted to give historical, current and future information on the budget. Mayor Sconce alerted that State law mandates the preparation of a budget and the City prepares and adopts the budget by ordinance making it law. An amendment to the budget is not an easy process.

Mayor Sconce requested everyone turn to page 6 entitled "Budget Summary" of the FY2021 Budget. Mayor Sconce said it is important to understand the basis of the budget process as it affects today but also has a far-reaching impact down the road.

Treasurer Flinn handed out a presentation entitled "The City of Troy Budget 101." Treasurer Flinn read through each slide.

Alderman Anderson arrived at 6:45 p.m.

Mayor Sconce handed out an informational brochure from 2011 on the City's ½ cent Capital Improvements Sales Tax wherein it states the revenue generated would go to fund the pool, streets and sewers and included a rollback of property tax as part of the ballot issue.

Treasurer Flinn pointed out that transferring revenue from an enterprise fund to another (i.e., water fund revenues to pay for sewer fund expenses) was not a favorable practice and may be questioned as to why not raise rates if more revenues were required.

Treasurer Flinn pointed out that MBR funds no longer exist because of the 2020 Refinancing.

Treasurer Flinn ended the presentation stating that a budget is a spending plan of what your needs are now and going to be and its best to plan and not amend in mid-year as it is a legal document.

Mayor Sconce said normally estimated revenues are budget flat as compared to the prior year but due to the pandemic and projected loss of revenues, estimated revenues were projected at -20% instead and there were enough reserve dollars to help the City do it. All expenditures were stripped out and it still required money out of reserves to balance the budget. In 2008-2010, budget decision-making was a different story with a reserve fund balance of only \$293,021. Sacrifices were made to build-up reserves.

Mayor Sconce said the City is 10% ahead in estimated revenues compared to FY20.

Mayor Sconce said the first round of reimbursement of CARES Act dollars administered through Lincoln County applied to a small amount of expenditures because the rule was that it should not apply to budgeted expenses. The second round of reimbursement allowed the City to submit police salary expenditures (contrary to the rule in the first round) and is questionable since there is no legal document stating this fact but only a conference call with the State Treasurer's office and someone from a Federal office to back it up. The City went ahead and turned in its application and was awarded approximately \$400,000.

Mayor Sconce said the FFCRA paid leave portion of the CARES Act did not reimburse local government. The FFCRA paid leave has been coming out of the City's pocket and has been recently extended through March 31, 2021. A portion of the CARES Act receipts will need to be used to cover the paid leave.

Mayor Sconce said the budget for the Street Fund should be spent every year entirely to maintain streets. However, the General or Water Funds should not be spent down every year to build a reserve to provide these services even through an economic downturn. The Capital Improvement Fund balances are attributable to the sewer plant project.

All Boards will make mistakes recognized in hindsight. For instance, the remaining \$7 million debt from the last sewer plant decision needs to be paid in addition to the \$22 million debt for the new sewer plant.

Mayor Sconce said the next budget for FY22 will need to include debt service for the \$18.8 million dollar sewer plant project and also a \$2 million cash out equating to \$1.5 million dollar payments allocated in the budget to debt service annually.

Mayor Sconce said that in 2016, the estimated cost of the Cherry Street project was \$3 million dollars but may bid out higher in 2021. Mayor Sconce believes this to be true since the recent Cherry Street Water Line project bid out at 25% higher than budgeted as a comparison. Alderman Detert questioned why 25% higher and Water Superintendent Lourance said that there is lots of work available and contractors can bid jobs higher.

Alderman Anderson relayed that budget battles will occur as all departments bring items of equipment and staffing to the workshop but ultimately the Board has to make hard decisions on what to fund for the budget year. Alderman Anderson requested Treasurer Flinn look into a recommended reserve balance or best-practice policy for a City our size for a reserve fund.

Alderman Grimstead referred to page 22 General Fund Debt Service balance does not appear to be reducing. Treasurer Flinn said the City structures its debt by using Level Debt Service. Level Debt Service allows the budget to remain near to the same amount or level every year making it easier to estimate.

Alderman Anderson said that it is important to consider water and sewer rate structures in the future as the City's current rate structure ordinance will expire in FY22. The City's water rates had not been increased in many years prior to its adoption and was based on a water and sewer rate study which considered rate of growth, costs to maintain the system, etc. Treasurer Flinn commented that the State's Revolving Fund will mandate structured rates going forward.

Mayor Sconce asked if any Department Directors wanted to speak. Chief Taylor handed out a salary request packet and requested the Police Department receive a 10% salary increase across the Board. Alderman Anderson asked what the annual increase to the police salary budget would be and Major Floyd answered 10% or \$100,000 of the \$1 million dollar budget over this year. Major Floyd asked about the 911 tax money previously going to Lincoln County from the police budget being reinvested in the police department budget but had not been seen. Alderman Dunard asked if using CARES Act funds to pay for the police salary increase request was an option and Mayor Sconce said yes but how do you sustain the salaries annually.

With no further business, the Mayor adjourned the Budget Workshop at 7:37 p.m.

ATTEST:

City Clerk

Mayor Ron Sconce

DRAFT