

CITY COUNCIL WORK SESSION MEETING

AUGUST 8, 2023

A Work Session meeting of the Warrensburg City Council was held on August 8, 2023, beginning at 4:00 p.m., at the Police Department Training Room, 102B South Holden, with Mayor Jim Kushner presiding. Mayor Kushner called the meeting to order. Roll was called as follows, Present: Osborne, Uhler, Jones, Kushner. Absent: Bentley.

Also present were City Manager Dulin, Assistant City Manager/Public Works Director Villegas, Community Development Director Carroll, Fire Chief Jennings, Assistant Police Chief Fiddler, Tourism Director Barnhart, and Finance Director McCoy. Also present were David McCannon and Meliyah Venerable.

City Manager Dulin said that Finance Director McCoy will present the FY24 budgets for Capital Improvements, Special Funds including Capital, Trust and Debt/Special Districts and General Fund including Last-Time and One-Time Items. City Manager Dulin will present the FY24 budget for Personnel.

McCoy said Capital Funds include Transportation 210, ½ Cent Sales Tax 215, General Obligation (G.O.) Bond 225 and American Rescue Plan Act 240 budgets.

The Transportation 210 fund are revenues received by gasoline tax, motor vehicle sales tax, motor vehicle fee, and development fees and interest totaling \$1,041,000. McCoy noted the revenues projected from gasoline tax is \$700,000 taking into consideration the \$2.5 cent sales tax increase implemented by the State every July until 2025. The fund expenditures include streets and include outside services capital improvements such as street maintenance, services and stormwater infrastructure (curbs, gutters and sidewalks attached to the City's right-of-way) totaling \$1,041,000. McCoy noted that this fund is used for the Cooper Blvd. Extension Project TDD passthrough account. Mayor Kushner asked if stricter compliance with payment up front at the dealer of motor vehicle sales tax will have an impact on revenue. McCoy said there may be increases in revenue for stricter compliance, but it will take a couple of years to implement the software and the delinquency of motor vehicle sales tax receipts to use as a comparison is unknown.

McCoy said the ½ cent Capital Improvement Sales Tax Fund 215 is set to expire in December 2025 and includes revenue from sales tax, use tax and interest totaling \$2,465,120. The fund expenditures include outside services, Vehicles in Finance (1), Fire (3 Division and Deputy), Law Enforcement (2 with computers) and Community Development (2). The expenditures also include capital improvement for buildings (Police Dept roof and City Hall remodel for upstairs/downstairs lobby area for security), equipment/vehicles (Skid Steer, Trucks (2), infrastructure (storm water), and debt service payment for Certificates of Participation (COP) issued in 2013, 2014 and 2017 for total expenditures of \$2,662,440. Dulin said as solid waste recommendations are discussed at the next council meeting, there may be a need for a solid waste coordinator if solid waste is contracted and additional office space at city hall for additional personnel. McCoy pointed out the largest of the \$2.6 million in this fund expenditures is the debt service payment of \$1,353,790 that will have to be paid on the COP outstanding now.

McCoy said the General Obligation (G.O.) Bond Fund 225 is the \$17 million dollars authorized and issued to spend on Maguire Street. The revenue for this debt is paid by the \$.59 cent property tax on real estate only in the projected amount of \$1,230,070. The city has not spent the \$17 million dollars and is earning interest of 5% totaling \$419,000 but this amount will go down as the issuance is spent. The total revenue for this fund is \$1,649,070 and will be used to pay debt on the available bond proceeds of \$16,534,211. McCoy said the fund expenditures include outside services (finance fees) \$8,000 and capital improvement (street improvements) of \$15,511,630 and debt service payment (for the 2022 issuance) of \$1,142,190 for a total expenditure of \$16,661,820.

McCoy said the American Rescue Plan Act Fund 240 is a legislative contract for three years through 2024 wherein the funds have to be obligated by December 2024 and 100% spent including interest earnings by December 2026. McCoy said the interest earned is \$51,000 and expenditures for outside services is \$63,000 for the legislative contract.

McCoy said the Park and Water Pollution Control Capital Requests include Parks Capital (maintenance, mower, tree cameras, parking lot repairs, carpet/windows in community center) of \$105,000 and Water Pollution Control (WPC) (lab equipment, clarifier, skid steer, mixers, truck, UTV, additional SCADA work, retire enterprise pump station, lift station) of \$1,943,650.

Councilmember Uhler asked what is the interest rate on the G.O. Bonds. McCoy said the interest rate is 4.5%. McCoy cautioned that in finance if issued debt and have those proceeds earning greater interest than what you are paying (proceeds at 5%) then rebate that money into an arbitrage account.

McCoy said Trust Funds include Stevenson, Brown, Anderson, Crissey, Tricentennial, Children's Memorial, Arts Commission and Public Arts budgets.

McCoy said the Stevenson Fund 710 earns interest revenue in the amount of \$950 (with a planned use of reserve \$2,920) for FY24. The expenditures for this fund include outside services (financial banking services) and slated to spend \$3,000-\$4,000 fulfilling donation requests per year. McCoy said until interest earnings are greater, the expenditures will spend down \$2,920 available in that fund now.

McCoy said the Brown Fund 720, Anderson Fund 730, Chrissey Fund 740, Tricentennial Fund 750 earns interest for revenue with expenditure for outside services (financial) every year. The Children's Memorial Fund 810 has a fundraiser every year with projected earnings of \$20,000 used to spend for park maintenance, advertising, Children's Day, engraving and grants. The grant request maximum will increase from \$750 to \$1,000. McCoy explained that outside services are a ratio of banking fees of a financial services fee charge \$5,000-\$6,000 to hold funds annually and then divided by accounts in commercial, online services ach, online access paid by a banking contract and bid the service out every three years. McCoy said in 2021, the city received three bid proposals received from Equity, UMB and Central Bank. The proposals were compared on fees and guaranteed interest of 2% on \$10 million balances. McCoy said it will be bid again in 2024 or exercise its option to renew through 2026. McCoy said the positive pay online services to view check images to catch washed checks has proven invaluable to prevent check fraud.

McCoy said the Arts Commission 820 and Public Arts Fund 825 run on grant money and partner with art show and theatre for admission revenue, silent auction event and general donations

totaling \$7,500. The expenditures include art maintenance like circle on Pine Street, art walk programs, shows/events partnering with Mid-Missouri Artists or \$3,000 in grants if an artist or program is in need money set aside operating on cash available earning or generating enough to fund programs to not spend down the funds totaling \$9,000. There is a revenue mechanism established when actual capital improvements occur (above ground) that helps fund the public arts fund.

McCoy said Debt and Special Districts Funds include Debt Service, Neighborhood Improvement District, and Tax Increment Financing budgets. McCoy said debt service and special districts, 310, 410, 440 do not hold for each fund but instead are transfer funds. McCoy said the ½ cent pays into Fund 310 and Neighborhood Improvement District (NID) Fund 410 is Hawthorne and Tax Incremental Financing (TIF) Fund 440 is at the junction of Russell and Business 13.

McCoy said Fund 310 is a pass-through account showing \$2.8 million in revenue and \$2.8 million in expenditures. The expenditures include the street sweeper \$51,740, Parks 2017 COP bond issuance of \$322,630 and bond fees. The 2013 and 2014 COP issuances expire in 2024 with the 2017 COP issuance remaining. The revenues total expenditures of \$2,870,350.

McCoy said NID Fund 410 is debt refinanced in 2019 and the revenue comes from a property tax special assessment on Hawthorne lots. There is a fund balance existing and to make final debt payment of \$94,180 transfer in from general fund. The revenues total expenditures of \$159,680.

McCoy said TIF Fund 440 generates revenues from Payment in Lieu of Taxes (PILOTS) property tax. McCoy explained PILOTS are the difference between property tax on a vacant lot and now a developed lot with a business and the earned difference reimbursed to the developer. Additional revenue is generated by sales tax from the business in the district. The administrative fee is the City's fee for administering the fund. The revenues total expenditures of \$189,000.

McCoy said the One-Time/Last-Time Expenditures total \$245,730 from General Fund and include the brush dump and citywide cleanup which is thought to be a last time expenditure and paid out of a solid waste program instead, the last payment of the street sweeper \$52,000, an air-conditioning unit for the police department, records imaging grant, cabinets in community development and personal protective equipment (PPE) for fire dept. Councilmember Uhler asked about the Tricentennial Fund in that a bicentennial fund was not set up. McCoy said the tricentennial fund was set up in 2015 for the occasion of the country's founding in 2076.

Assistant City Manager/Public Works Director Villegas showed capital improvement projects for Public Works on the GIS zoning map from the City's website. Villegas said the sidewalk project will be advancing to Zone 3 by the end of this year. The goal is to finish inspections of Warrensburg and bid it out every year for completion in seven years. Villegas said the crew uses a camera to identify sewer linings and manhole rehabilitation for budgeted improvements to the collection system. Councilmember Jones asked whether manholes can be lined like sewers. Villegas said manholes can be lined like sewers using epoxy spray. Councilmember Jones asked if that was the plan to reline them for strength. Villegas said if the manhole is in good enough condition, the to follow would be to clean and use the epoxy paint for bond adherence but if determined not salvageable then it would be to remove and replace the manhole.

Villegas said Transportation Fund 210 and ½ cent Capital Improvement Sales Tax Fund 215 projects were consolidated on the GIS map and shown in green for proposed mill and overlay and purple for proposed storm sewer improvements. Villegas thanked Dulin for increasing the budget for emergency stormwater repairs from \$100,000 to \$400,000 in an effort to get caught up. Villegas said these repairs include stormwater infrastructure under the road wherein the bottom of the pipe is completely eroded and failing (sewer lining would not be used and does not add structural integrity). Villegas said that short runs to replace would be done in-house and incorporated into daily operations. On the map, Villegas pointed out an area by storage units on Creach Drive near Enersys and the carwash that would need lining and replacement. Villegas said Zoll Street and Ridgeview storm sewers need action by a contractor soon or jeopardize the road for more costly repairs.

Villegas said Fund 210 includes a pass-through for TDD and there are still additional monies available for use within the district. Villegas wanted to address Hawthorne Blvd. and the roller-coaster effect of this road despite attempts to stabilize through patching and chip/seal.

Villegas said this is a rough start of all proposed mill and overlay completed to 90%. Villegas believes Maguire St. project will start in 2024. The application period will be opening in April 2024 instead of October 2023 per HUD for the West Market CDBG project (re-application).

Villegas and Dulin identified a project for the use of ARPA funds (a one-time offering from the federal government) and recommended the funds be used to rehabilitate Lion's Lake to fix stormwater flooding and make pedestrian safety enhancements. The rehabilitation would include improvement to the storm sewer crossing near Southwest Drive and Main Street by replacing an undersized pipe with a concrete box structure to allow more flow and to appropriately capture sediment using a forebay, dredge the lake and install rip rap around perimeter. In addition, adding a pedestrian bridge as a connecting trail (instead of pedestrians using the street) and potentially adding a little fishing dock or picture backdrop opportunity. The bridge would add newness, pedestrian safety in addition to rehabilitating the parking which is almost gravel at this point.

Villegas said the City no longer used the software platform by Neer Consulting but planned to continue the approach to use the data from GIS to develop a watershed model for identifying and discovering I&I hotspots within a unique watershed.

Councilmember Uhler asked what the algae build-up is again on Lion's Lake and wondered if it is the fertilizer runoff of nitrogen from the golf course. Villegas said the water has been tested and sedimentation comes from Southwest Drive and Pertle Springs and Lion's Lake appears to be a catch basin. Dulin said there have been recent conversations with UCM to improve the area water quality. Dulin said the pond weed and algae in the warmth of the season got away from park maintenance this year. Councilmember Jones said the said Lion's Lake is so low and not running over the spillway.

Dulin said the ARPA funds equal one-time dollars for improvements to point to in the future as a large sum of money unique to a generation quality of life in Warrensburg better and we think a significant improvement at Lion's Lake would be it. Councilmember Uhler said a pedestrian bridge would be great.

Councilmember Uhler stated that using contractors to do some of the street maintenance work appeared to be hit or miss, and asked what is the plan going forward to avoid the misses.

Villegas said there have been some ongoing discussions with internal staff on holding additional construction meetings with contractors for Q&A, and updating construction specifications to get ahead of construction. Villegas said the recent street maintenance issues were a freak incident since the city has used the same contractor for 6-7 years without incident. Councilmember Jones asked if some requirements are added to the scope of work before it is put out to bid. Villegas answered affirmatively and said the relevant specifications are found in the signed contract.

Dulin sought feedback from business owners, city council and other community relationships on why the 1% sales tax failed on the ballot this year and what should the City's strategy be moving forward. Based on the feedback of the 1% putting the City over ten percent, and the support for a dedicated tax, Dulin's recommendation is to go out in April 2024 and renew the ½ cent capital improvement sales tax that will expire in 2025. Several financial strategies can be used including debt attached until 2029 to the ½ cent capital improvement sales tax with a renewal to finish off debt obligations, and to tackle street issues, mill and overlay to supplement 210 Fund with additional 215 Fund money, and to make sure addressing facility needs, firefighters and police officers in vehicles of a standard, and to continue public works crew in safe sound bucket trucks. Dulin would ask the City's lobbyist in Jefferson City to go to legislators to authorize Warrensburg for that public safety sales tax. Once the City is authorized to place it on the ballot, then run a dedicated public safety sales tax in 2025 or 2026. Dulin said going for the dedicated ½ cent and then legislation dedicated for public safety. Councilmember Jones asked why public safety legislation needed approval. Dulin said the State only gave certain cities the ability to go for a public safety sales tax. Warrensburg tried for it in 2022 along with a slate of other cities but it was attached to an omnibus bill with minimum wage in St. Louis. Dulin said last year other cities got it but Warrensburg was running a 1% ballot question instead. There is a movement to remove limits that only certain cities can ask for it and replace with any city can put it on the ballot. Dulin will continue to explore the best way to get that on the ballot and revisit it again before January.

Dulin said although numbers are still being finalized, the real fund balance for General Fund is \$147,000 in operational costs by not adding any additional personnel to any department and freezing two positions in police department of an administrative position and command staff. Dulin said in utilizing a different strategic approach, an effort is being made to fill all frontline police officer positions this year. The police department has five people signed up for the police academy. These graduates however would not be on the road operating independently until January 2024 which offers some salary savings but are still needed to fill vacancies. Dulin is encouraged with Phase 1 of the pay plan to fill vacancies with the police officer starting salary of \$43,000.

Dulin said several positions have been retooled based on needs and retirements. Those positions include HR director retooled into HR Specialist to fill more detail-oriented and operational needs; retooled PW Project Administration into Budget and Grant Administrator; retooled the Parks and Recreation Office Manager position to Recreation Services Manager and PW Senior Project Manager to City Engineer to fill gaps in plan review; combining the Parks and Recreation Business Information Specialist and Recreation Superintendent into Assistant Parks and Recreation Director position; and combining Street Maintenance Supervisor and Wastewater Operations Manager into Assistant Public Works Director position.

Dulin reminded that Consultant Courtney Christiansen discussed with city council the Phase 1 pay plan implementation in the amount of \$234,000 in market adjustments with total wage/benefits in General Fund of \$8,095,650, Water Pollution Control Fund of \$900,600 and Park Fund of \$711,670 for a total budget impact of \$9,707,920. These market adjustments were discussed with the department directors and the issue of inability to recruit and retain personnel. Additionally, employees with 7-10 years of service would be moved within their range for time and expertise in future phases.

A priority for a Phase 1 implementation was to reward for merit and a job well done in the amount of \$177,840 (3%) for merit raises in addition to market adjustments with total wage/benefits in General Fund of \$8,242,570, Water Pollution Control Fund of \$917,500 and Park Fund of \$725,690 for a total budget impact of \$9,885,760.

Dulin reminded everyone that the Phase 1 market adjustment pay plan does not include anyone on the management team. Dulin said no dept directors will receive a market adjustment and most new hires within the past two years since they were brought in at a higher competitive rate will not see a large impact. Dulin said what the number does to general fund is the difference between doing market adjustments and market adjustments plus merit raise is \$146,000.

Dulin thanked the department directors and Finance Director McCoy and her team for putting forth a budget only using fund balance to supplement that 3% merit raise so moving forward the City will be sustainable. Dulin said not doing any market adjustment with employees by spending down fund balance to pay for salaries for our employees. Dulin is proud of that number and that is the recommendation for personnel. Dulin offered a reminder that market adjustments for future phases for all departments total \$375,000 to finish out to pay people competitively. There was consensus by city council in support of the recommendation and appreciation for the hard work, consolidation of jobs and sound strategy for moving forward. Dulin said based on council's comfort level, the recommendation will be included in the budget and if adopted, the pay plan will impact the October 20th payroll for market adjustments and January for merit raises.

Community Development Director Carroll handed out a solid waste management plan offered by the consultant for city council's review prior to the work session set for Monday, August 14th. Councilmember Osborne asked if there would be time for input from the community at the work session on solid waste. Dulin said it was at the discretion of city council and suggested to email information to the city clerk for distribution to the council prior to the work session.

The work session adjourned at 5:43 p.m.



Jim Kushner, Mayor

Attest:



Jodi L. Schneider, City Clerk

