

## CITY COUNCIL WORK SESSION MEETING

AUGUST 15, 2022

A Work Session meeting of the Warrensburg City Council was held on August 15, 2022, beginning at 6:30 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, Bentley, Lund, Uhler, Kushner. Absent: none.

The adoption of the agenda was considered. Lund moved to adopt the agenda. Yes: Osborne, Bentley, Lund, Uhler, Kushner. No: none.

City Manager Dulin thanked Finance Director McCoy and the finance department for the preparation of the proposed FY23 budget. The budget began with a \$1.2 million dollar deficit to start and was trimmed and cut to the bone by all departments.

McCoy focused on two points of the city's financial policies. First, the policies require the FY23 operating expenditures do not exceed the FY23 operating revenues, plus 50% of the unencumbered balance or less any deficit estimated for the beginning of the budget year. Second, the policies require a General Fund cash balance reserve of 22% of the General Fund expenditures for FY23 of approximately \$2.5 million dollars.

McCoy said as of June 30, 2022, all FY22 budget fund balances (note, fund balance is not all cash) shows a \$1.2 million dollar deficit. The FY22 budget deficit is a combination of General Fund, Capital Transportation, Parks and Recreation, Arts Commission and WCVB (and carryover projects from 2021) use of fund balance with the offset of planned receipts from the American Rescue Plan Act of 2021 ("ARPA") and Water Pollution Control depreciation. The FY22 actual fund balance shows \$14.1 million revenues over expenditures in part due to General Obligation bond proceeds of \$17 million dollars cash in the bank and invested until spent. McCoy noted that capital expenditure projects were just beginning and debt payments will be paid in September.

FY23 proposed Budget for all funds reflects a deficit of \$19.7 million dollars. The FY23 budget deficit is primarily the use of \$17 million in General Obligation bond proceeds and \$1.2 million of ARPA funds. It also includes a \$1.3 million in the Water Pollution Control budget for depreciation. The remaining is a combination of General Fund, Parks, Capital-Transportation, TIF, Stevenson & Crissey Trust and Arts Commission. General Fund is (\$645,550).

The General Fund Budget History from FY20 to FY23 has been to budget to spend reserve funds. The General Fund Actual History from FY20-21 and current through June 30, 2022 has built fund balance and available cash. McCoy said the elimination of the animal shelter reduced the deficit in 2021 and receipt of the Cares Act and ARPA funds and collected revenues attributed to cash balances equaling of \$1.7 million dollars.

The FY23 Proposed Budget General Fund Cash Balances included restricted funds of cemetery donations, tuition assistance, storm response, and traffic signal reimbursement totals, plus FY22 restricted reserve total of \$2.5 million plus non-restricted FY21 balance of \$3.6 totaled a beginning cash balance as of 6/30/2022 of \$6.4 million dollars.

The FY23 Proposed Budget for General Fund were revenues of \$11,387,290, expenditures of (\$11,880,475), Other Uses \$152,365 (which included Hawthorne NID debt payment and street sweeper lease) for a total of (\$645,550). McCoy noted the FY23 budgeted revenue reflects an 8% increase compared to the FY22 budget and one-time expenditures of \$495,520. The one-time expenditures were listed as Legislation-Visioning Process, records management software, police and animal shelter building maintenance, PPE for fire protection, E-Review Module and Bluebeam Professional License, Backhoe replacement and UTV with Blade for cemetery.

The FY23 Proposed Budget Items Currently Funded in General Fund include a 5% salary increase plus PTO payout, 27% increase in medical coverage, use of \$1,500 Cemetery Donations for signs, Community Funding \$87,410 and one-time expenditures of \$495,520.

City Manager Dulin said as a result of the City's personnel hiring freeze and attrition decisions for FY23, the Community Partner funding was reduced from \$112,000 to \$87,410. Some of the reductions included Big Brothers Big Sisters of \$5,000, reduced façade grants for downtown of \$2,500, and reduced Burgfest sponsorship from \$5,000 to \$2,500. The OATS-Old Drum funding remained the same as last year, WAFB Leadership Council will receive an increase of \$2,000 as requested and restored funding for Train Depot of \$5,000. It was proposed to become a sponsor with Warrensburg Main Street at the \$5,000 level and receive eight advertised events per year plus \$1,000 sponsorship for the Art Walk and Dickens Christmas, and Burgfest for \$2,500 plus in-kind donations reducing funding by one-half.

City Manager Dulin said FY23 proposed budget did not include funding for bulky item or yard waste pickup in the fall/spring. The change in solid waste carriers last year resulted in a large increase in cost and unreliability in service. Instead, the city would offer a site for citizens to bring these items and move away from a curbside pickup. There may be an opportunity to partner with Johnson County to provide drop-off sites as well. These items will be reviewed as part of the solid waste study currently being performed as the city moves toward a city-wide contract in 2024. The site used for yard waste drop-off is 330 E. Gay Street.

City Manager Dulin explained the debt on the Hawthorne lots was caused by an out-of-town developer's bankruptcy during the recession and unpaid bank note and NID assessment. The city had to step in. A sheriff's sale occurred in April 2013 and the purchaser was Omar Dewar. While the theatre building made payments to the bank, the properties remained undeveloped, unpaid and assessments were not received and had to be covered by the city. The city purchased lots that no one bought as a "credit bid." The city has sold a few lots. Two lots north of the theater were purchased for senior housing and multi-family.

City Manager Dulin said due to a compression in wages, police and fire experienced high turnover and the city was working towards fixing that issue. A 5% wage increase has been placed in the FY23 proposed budget and will result in higher benefit costs with Lagers, etc. Interim HR Director Courtney Christenson had discovered the pay ranges were not correct in the current pay plan and she did not have a wage analysis to present at this time. The 5% increase would be a market adjustment but would still not get employees where they need to be in the market. Discussion ensued on the use of reserves to get employees to market and bank on the 1% sales tax to carry that increase forward but if no 1% then spend out of reserves every year, the loss of human capital, and concern that if the city dipped into reserves and no sales tax increase then the city would need to look at cutting positions or freeze salaries.

City Manager Dulin said a 27% increase in health insurance has been placed in the FY23 proposed budget. The city's insurance broker initially said the increase would be at 30-35% but it was reduced as younger workers recently hired were choosing single coverage instead of family coverage. A 27% increase will increase employee premiums to \$300 a month for family coverages. Dulin said the city had bought down the increases using the health fund the last two to three years at 21%, 25% and 30-35%. It was recommended that the city buy down the increases for one more year. Dulin said other options were being looked at such as a pooled medical coverage group through Midwest Public Risk ("MPR"). It was noted that the city was too small to be self-insured and it was too risky.

City Manager Dulin said the city did not get the RAISE grant. However, after discussion with city staff, it was decided to not give up and move forward.

The question was asked about the animal shelter repairs. City Manager Dulin explained that the \$10,000 was to replace doors and windows.

McCoy outlined the FY23 Community Investment Plan (CIP)-Transportation. The funding is from the gasoline tax. The projects include Annual Street Maintenance Program, Cedar Court Concrete, Curb and Sidewalk Program and Traffic Signal Maintenance & Control Monitoring.

McCoy outlined the FY23 Community Investment Plan (CIP)-1/2 Cent Sales Tax and noted this funding will expire in 2025 unless it is renewed. The fund pays COP debt, capital improvement for buildings, computers, storm drainage and vehicles.

McCoy outlined the FY23 Community Investment Plan (CIP)-General Obligation Fund. The voter-approved issue of \$17 million renewed the debt levy in two issuances of \$5,000,000 and \$12,000,000. The bond proceeds to pay general obligation debt and street improvements.

McCoy outlined the FY23 American Rescue Plan Act Fund. The authorized expenditures from the fund include a public safety radio system and financial services bank fees. A second payment will be received in September this year.

McCoy outlined the FY22 and FY23 Neighborhood Improvement District Fund revenue and deficit paid by General Fund for the debt payment of \$90,000 annually.

McCoy outlined the FY23 Park Fund and FY23 Water Pollution Control Fund.

As there was no further business, the meeting adjourned at 8:12 p.m.

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Jim Kushner, Mayor

Attest:

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Jodi L. Schneider, City Clerk