

SMITHVILLE BOARD OF ALDERMAN

WORK SESSION

December 7, 2021, 6:00 p.m.
City Hall Council Chambers

Due to the COVID-19 pandemic this meeting was held via teleconference.

The meeting was streamed live on the city's FaceBook page.

1. Call to Order

Mayor Boley, present via Zoom, called the meeting to order at 5:59 p.m. A quorum of the Board was present via Zoom meeting: Steve Sarver, Kelly Kobylski, Dan Ulledahl, John Chevalier, Dan Hartman and Marv Atkins.

Staff present via Zoom: Anna Mitchell, Chief Jason Lockridge, Matt Denton, Stephen Larson, Chuck Soules, Jack Hendrix and Linda Drummond. Cynthia Wagner was absent.

2. Discussion of FY21 Budget Review

Stephen Larson, Finance Director, presented the FY21 budget review.

General Fund

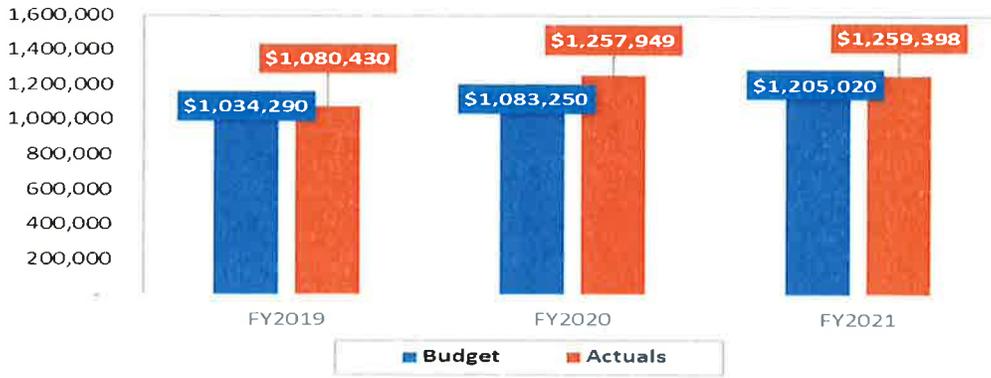
General Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$3,152,642	\$3,558,070	\$3,558,070	\$405,428
Revenues	\$4,634,040	\$5,182,702	\$5,431,291	\$797,251
Expenditures	\$5,576,540	\$5,284,568	\$5,259,922	\$291,972
Ending Cash Balance	\$2,210,142	\$3,456,204	\$3,729,439	\$1,519,297

- Goal is to maintain a reserve level at 40% of actual expenditures. This amount is about \$2.1 million for FY2021 ending balance

General Fund	FY22 Budgeted	FY22 Forecasted	Delta (Budget vs. Projected)
Beginning Cash Balance	\$3,456,204	\$3,729,439	\$273,235
Revenues	\$4,918,620	\$4,918,620	-
Expenditures	\$5,721,850	\$5,721,850	-
Ending Cash Balance	\$2,652,974	\$2,926,209	\$273,235

- Goal is to maintain a reserve level at 40% of expenditures. This amount is about \$2.3 million for FY2022.

1% City Sales Tax - Received Through Fiscal Year

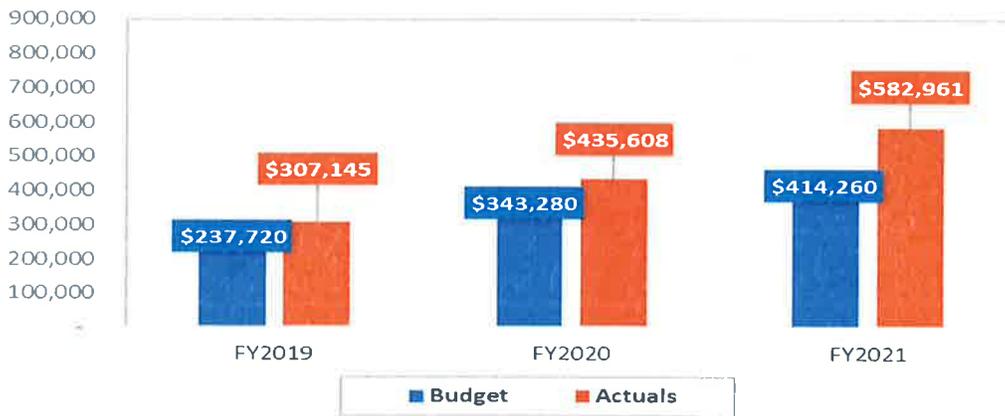


FY2019
104% budget received

FY2020
116% budget received
16.4% growth

FY2021
104% budget received
0.1% growth

City Use Tax - Received Through Fiscal Year

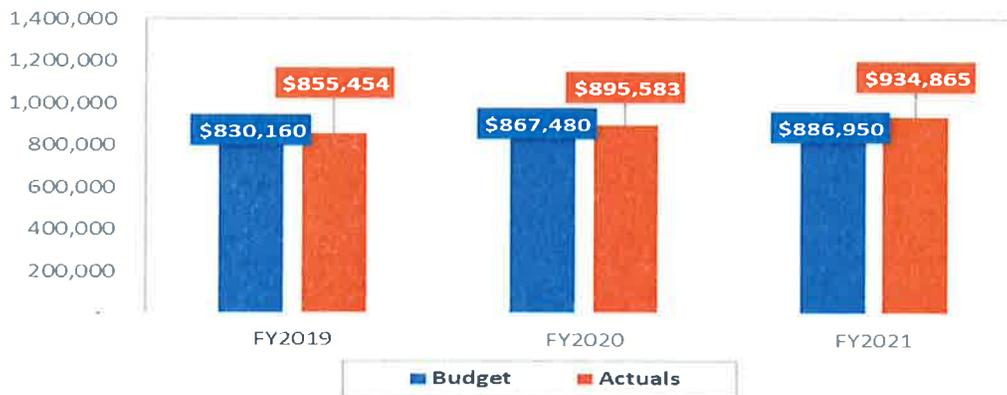


FY2019
129% budget received

FY2020
127% budget received
42% growth

FY2021
140% budget received
34% growth

Property Tax - Received Through Fiscal Year



FY2019
103% budget received

FY2020
103% budget received
4.7% growth

FY2021
105% budget received
4.4% growth

Key Objective Code Summary

Revenue Line Item	FY2021 Budget	FY2021 Actual	Difference
Sales Tax	\$1,205,020	\$1,259,398	\$54,378
Use Tax	\$414,260	\$582,732	\$168,472
Telecom Franchise Fees	\$83,340	\$85,478	\$2,138
Electric Franchise Fees	\$445,120	\$455,093	\$9,973
Building Permits	\$169,250	\$284,058	\$114,808
Smith's Fork Campground	\$154,070	\$265,527	\$111,457
Court Fines	\$169,980	\$138,949	(31,031)
Interest Income	\$45,000	\$50,320	\$5,320
Adult Recreation Fees	\$15,800	\$13,970	(1,830)

Expenditure Line Item	FY2021 Budget	FY2021 Actual	Difference
Personnel - Police	\$1,568,980	\$1,437,158	\$131,822
Personnel - Admin	\$473,890	\$417,477	\$56,413
Admin - CIP	\$441,000	\$342,490	\$98,510
Contractual Services - Streets	\$351,930	\$89,607	\$262,323
Operations and Maint - Parks	\$178,090	\$224,394	(46,304)

General Fund Considerations

- Compensation and Classification Study Implementation
- Performance of Local Economy
 - Inflation = Increased Expenditures
 - Consumer Spending
- Future Staffing and Infrastructure Needs
 - Parks and Public Works Building
 - Police Facility
 - Budget Built With Assumption of Using Fund Balance

Mayor Boley noted that we ended FY21 with over 100% needed in our reserve.

Mayor Boley asked if the increase in the building permit totals were mostly from commercial or combination of residential and commercial?

Jack Hendrix, Development Director stated it was mostly from commercial.

Stephen noted that the FY22 budget was built with the assumption of using that fund balance drawing down that 3.7% to 2.9%, we are lowering it we are still maintaining our reserves, but he thinks we are making the right Investments and are using it strategically.

Alderman Hartman asked about the inflation numbers used, he noted that nationally they figure 6%. He said that in talking about this in the past he thinks that we definitely need to pay closer attention to this. He asked if there a percentage that staff is comfortable with presenting to the Board as we move

forward, and staff feel like we will have to make any adjustments because of that inflation?

Mayor Boley said that we are going find out pretty soon as we are putting project out to bid. He asked if the UV lights were much more expensive than the other ones put in but 10 years ago?

Chuck Soules, Public Works Director noted that they had went up little bit but the \$40,000 we had budgeted is what we were quoted last year. The Menke project, they mentioned that they might be able to do First Street waterline extension for less than \$40,000 and their bid was \$47,000. This is due to the prices is going up due to COVID.

Mayor Boley said that we have been contacted by electricians, plumbers and other contractors doing work for the city and they have all expressed this concerns. He noted that we do not have a percentage number but as we put the projects out to bid, he believes we are going to have to expect potentially higher prices than we originally budgeted.

Alderman Hartman agreed and noted we needed to consider the rising fuel cost. He said that it was discussed as we were putting the budget together and he thinks we were trying to be a little more than above conservative. He noted that the higher costs are all around the state and we just need to pay attention to them and what they will do to the budget.

Stephen noted that when the budget was prepared, they used the fuel price \$2.75 gallon, so it is something to watch.

Combined Water and Wastewater Fund

Combined Water/Wastewater Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$2,902,646	\$4,528,147	\$4,528,147	\$1,625,501
Revenues	\$4,808,890	\$4,919,703	\$4,954,842	\$145,952
Expenditures	\$6,127,260	\$4,804,800	\$4,012,869	\$2,114,391
Ending Cash Balance	\$1,584,276	\$4,643,050	\$5,470,120	\$3,885,844

Combined Water/Wastewater Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$4,643,050	\$5,470,120	\$827,070
Revenues	\$5,119,400	\$5,119,400	-
Expenditures	\$6,485,415	\$6,485,415	-
Ending Cash Balance	\$3,277,035	\$4,104,105	\$827,070

FY2022 CWWS Considerations

- Utility Rate Study
- Use of ARPA Stimulus Money
- Continue to work with MARC and Clay County on potential funding beyond the Raw Water Pump Station, Zebra Mussel, Valve Box project
- COP (Certificate of Participation) issuance in FY2023

Mayor Boley thanked Chuck for all his hard work for everything we have been able to accomplish and for working with MARC to receive the grants. He noted that we are having conversation with Clay County Commissioners and staff, and we have submitted some of our costs to them due to the zebra mussels.

Key Object Code Summary

Revenue Line Item	FY2021 Budget	FY2021 Actual	Difference
Water Sales	\$2,493,650	\$2,625,091	\$131,441
Wastewater Sales	\$1,689,910	\$1,775,549	\$85,639
Connection Revenue	\$75,000	\$53,245	(21,755)
Water Impact Fees	\$176,590	\$134,400	(42,190)
Wastewater Impact Fees	\$202,420	\$157,896	(44,524)

Expenditure Line Item	FY2021 Budget	FY2021 Actual	Difference
Electricity	\$292,910	\$225,508	\$67,402
Repairs & Maint - Water Plant	\$67,500	\$85,214	(17,714)
Capital Improvement Projects	\$2,986,000	\$249,003	\$2,736,997
Professional Services	\$377,740	\$502,948	(125,208)
Wastewater Treatment Service	\$129,240	\$119,940	\$9,300
Water Impact Projects	\$1,000,000	\$205,663	\$794,337

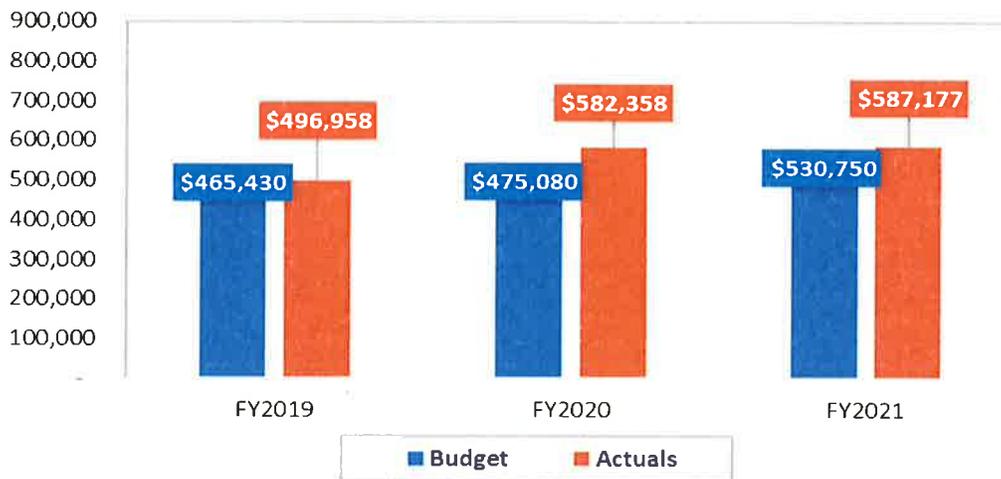
Special 0.5% Sales Tax Funds

Transportation Sales Tax Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$447,087	\$762,606	\$762,606	\$315,519
Revenues	\$530,750	\$558,000	\$587,177	\$56,427
Expenditures	\$509,250	\$895,411	\$893,832	(384,582)
Ending Cash Balance	\$468,587	\$425,195	\$455,951	(12,636)

- Original FY2021 Budget Shown.
- Budget Amendments were authorized by the Board for Streetscape East project and the 2021 Street Maintenance Mill and Overlay Program led to increased expenditures over original budget.

Transportation Sales Tax Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$425,195	\$455,951	30,756
Revenues	\$569,160	\$569,160	-
Expenditures	\$782,630	\$782,630	-
Ending Cash Balance	\$211,725	\$242,481	30,756

TST- Received Through Fiscal Year



FY2019
107% budget received

FY2020
122% budget received
17% growth

FY2021
110% budget received
0.8% growth

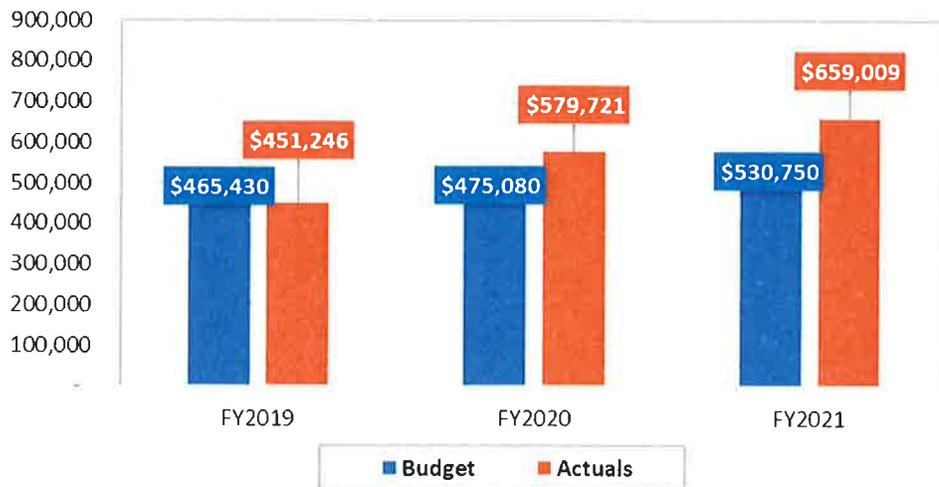
Capital Improvement Sales Tax Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$34,679	\$347,270	\$347,270	\$312,591
Revenues	\$530,750	\$615,250	\$659,009	\$128,259
Expenditures	\$509,250	\$752,250	\$752,250	(243,000)
Ending Cash Balance	\$56,179	\$210,270	\$254,029	\$197,850

Original FY2021 Budget shown. Budget Amendments authorized by the Board for Streetscape East project led to increased expenditures.

Capital Improvement Sales Tax Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$210,270	\$254,029	\$43,759
Revenues	\$627,555	\$627,555	-

Expenditures	\$575,550	\$575,550	-
Ending Cash Balance	\$262,275	\$306,034	\$43,759

CIST- Received Through Fiscal Year



FY2019
97% budget received

FY2020
122% budget received
28% growth

FY2021
124% budget received
13% growth

Park and Stormwater Sales Tax Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	-	-	-	-
Revenues	\$442,290	\$565,960	\$614,190	\$171,900
Expenditures	\$225,000	\$225,000	\$176,872	\$48,128
Ending Cash Balance	\$217,290	\$340,960	\$437,318	\$220,028

Park and Stormwater Sales Tax Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$340,960	\$437,318	\$96,358
Revenues	\$627,555	\$627,555	-
Expenditures	\$485,000	\$485,000	-
Ending Cash Balance	\$483,515	\$579,873	\$96,358

Mayor Boley asked if part of the Parks and Stormwater sales tax is being put into the capital improvement fund in the unbudgeted number so that when we have big ticketed projects we will have money set aside for them?

Stephen said that we could look at doing that but are not at this time.

Mayor Boley noted that in the Parks and Recreation Master Plan there are some multi-million-dollar projects and wondered if we would separate it money into a different fund or if it would just stay in this fund until it is needed?

Stephen said that the plan was for the money to remain in this fund. Staff will update the Board every year during the budget process on the cash flow and on available funds for larger projects.

Mayor Boley stated that in looking at the ending balance we need to note that a lot of it will be spent in the future on the bigger projects.

Capital Project Fund and Internal Service Funds

Capital Projects Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$243,440	\$1,261,031	\$1,261,031	\$1,017,591
Revenues	-	\$301,827	296,689	\$296,689
Expenditures	\$243,440	\$1,556,608	\$1,536,744	(1,293,304)
Ending Cash Balance	-	\$6,250	\$20,976	\$20,976

Original FY2021 Budget shown. Budget Amendments authorized by the Board for the Main Street Trail project and Downtown Streetscape project led to increased expenditures.

Capital Projects Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$6,250	\$20,976	\$14,726
Revenues	\$137,000	\$122,274	(\$14,726)
Expenditures	\$127,000	\$127,000	-
Ending Cash Balance	\$16,250	\$16,250	-

Debt Service Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$231,260	\$231,262	\$231,262	\$2
Revenues	\$342,190	\$342,190	\$342,190	-
Expenditures	\$329,860	\$329,860	\$329,855	\$5

Ending Cash Balance	\$243,590	\$243,592	\$243,597	\$7
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Debt Service Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$243,592	\$243,597	\$5
Revenues	\$351,550	\$351,550	-
Expenditures	\$339,213	\$339,213	-
Ending Cash Balance	\$255,929	\$255,934	\$5

Sanitation Fund	FY21 Original Budgeted	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	\$32,039	\$55,436	\$55,436	\$23,397
Revenues	\$890,550	\$867,351	\$872,880	(17,670)
Expenditures	\$885,710	\$864,412	\$865,324	\$20,386
Ending Cash Balance	\$36,879	\$58,375	\$62,992	\$26,113

Sanitation Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$58,375	\$62,992	\$4,617
Revenues	\$849,530	\$849,530	-
Expenditures	\$836,450	\$836,450	-
Ending Cash Balance	\$71,455	\$76,072	\$4,617

VERF Fund	FY21 Original Budget	FY21 Forecasted	FY21 Actual	Delta (Budget vs. Actual)
Beginning Cash Balance	-	-	-	-
Revenues	\$165,000	\$91,971	\$91,972	(73,028)
Expenditures	\$125,000	\$65,838	\$66,296	\$58,704
Ending Cash Balance	\$40,000	\$26,133	\$25,676	(14,324)

VERF Fund	FY22 Budgeted	FY22 Projected	Delta (Budget vs. Projected)
Beginning Cash Balance	\$26,133	\$25,676	(457)
Revenues	\$284,000	\$284,000	-
Expenditures	\$175,749	\$175,749	-
Ending Cash Balance	\$134,384	\$133,927	(457)

Year End Budget Accomplishments

- Improved Budget Document (Fund Summaries, Dept Pages)
- Improved 5 Year CIP Document (Summaries, CIP Project Pages)
- Popular Annual Financial Report (Drafting Stage)
- Enhanced Quarterly Budget Updates to Board of Aldermen

Alderman Hartman commended Stephen and his staff for the great job presenting the budget review and for all his hard work.

The Board all agreed and thanked Stephen.

3. Discussion of Courtyard Alleyway RFP Draft

Anna Mitchell, Assistant City Administrator, noted that earlier this this year staff received some communication pertaining to the piece of land that is directly south of Humphrey's Bar & Grill. At the May 4 work session, the Board directed staff to research their options. On September 16 staff brought forward three separate options the city could do with that parcel of land. The three options were lease, sell or do nothing and the Board came back with the decision to sell the land. Presented in the packet was an RFP (request for proposal) for the sale of that piece of land. Staff is looking for direction from the Board as far as changes that they might want to see prior to posting the RFP. The RFP has a posting date of December 9 which is a Thursday and a closing day of January 3. There will be a 30-day timeline as far as negotiations and getting contacts around. The RFP has been seen by city's legal staff and they have given their seal of approval. Anna asked if there were any changes the Board would like to see made to the RFP.

Alderman Hartman noted that in reviewing it believes it is put together well. He said it will be interesting to see developer's presentations. He asked what the actual process steps for this would be?

Anna said that once we receive proposals for the RFP, staff will look at all the proposals submitted, and this RFP is based on the highest proposal as far as

value of the land. This is not necessarily a development this is strictly the sale of that piece of land. We will most likely will not receive potential projects along with the responses, but they could possibly accompany it. The RFP is only for the sale of the land. After the proposals are received staff would then talk with city legal staff, get contracts drawn up for Board approval.

Alderman Chevalier noted he is still not really in favor of selling the land. He said that this particular section of land is so close to the stage, and he just does not want to lose control over that.

Alderman Sarver noted it covers everything they talked about.

Alderman Atkins noted that they had already reviewed selling it and does agree with Alderman Chevalier and hates to see that access area to the stage gone. But said as long as we protect the other half of the area for stage access, he is okay with it. The sell of the land is different than property development.

Mayor Boley noted that we were only wanting feedback on the language for the RFP sale of the land.

Alderman Ulledahl noted he had no changes.

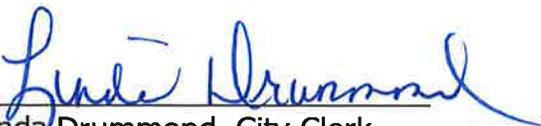
Alderman Kobylski agreed with the document that was presented and is excited to see what potentially may come.

Mayor Boley reported that we will be hosting the MML (Missouri Municipal League) West Gate meeting January 27 at White Iron Ridge. We have a menu put together with three chefs here in Smithville from Chops, KoZak's and Aroma Bistro. The menu will include ceviche, smoked brisket, shrimp, fiesta salad, corn bread and a trio dessert sampler. He believes it will be a good representation of the cuisine here in Smithville and at a beautiful venue. Mayor Boley invited the Board to attend and help show off the City of Smithville and everything we have been able to accomplish over the last few of years.

4. Adjourn

Alderman Hartman moved to adjourn. Alderman Atkins seconded the motion.

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:36 p.m.


Linda Drummond, City Clerk


Damien Boley, Mayor