

SMITHVILLE BOARD OF ALDERMEN

WORK SESSION

July 18, 2023, 5:00 p.m.

City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley, present, called the meeting to order at 5:00 p.m. A quorum of the Board was present: Melissa Wilson, Ronald Russell, Marv Atkins, Dan Ulledahl and Leeah Shipley. Dan Hartman was present via Zoom.

Staff present: Cynthia Wagner, Gina Pate, Captain Tony Roetman, Chuck Soules, Matt Denton, Stephen Larson and Linda Drummond.

2. Discussion FY2023 Employee Handbook

Gina Pate, Assistant City Administrator, presented the FY2023 Employee Handbook recommended updates.

1. Added language to incorporate CBD (hemp oil) products into the Alcohol & Controlled Substance Use, Abuse & Testing Policy (Section 3-2).

CBD (hemp oil) products are not approved or regulated by the FDA. CBD oil can contain THC. The City cannot comment, condone, or guide employees who choose to use such products. All CBD oils are not created equal and therefore may, in fact, cause a positive drug screen. All positive drug tests will follow the same corrective actions outlined in this policy.

2. Revising language associated with the introductory period for new hire law enforcement personnel (Section 5-2).

All original appointments and re-employments to full-time and part-time positions shall be tentative and subject to an introductory period. For entry-level personnel in the law enforcement department, this period shall be for six (6) months after the successful completion of the Field Training Program. All other appointments shall be subject to an introductory period of at least six (6) months.

3. Added clarifying language for absences immediately prior to or following a City Paid Holiday (Article 9).

Any employee absent without authorized leave on the day preceding and/or following a holiday shall not receive regular compensation for the holiday. Employees may not work additional hours prior to or following a holiday to prevent use of leave time on regularly scheduled work days immediately preceding and/or following a holiday. An employee must work their fully assigned shifts or be absent using vacation leave, sick leave with a physician's note, or pre-approved sick leave for a doctor's appointment, on the employee's regularly scheduled workday immediately preceding the holiday, on the day of the holiday (if scheduled to work), and the employee's regularly scheduled workday immediately following the holiday to receive his/her holiday pay.

Alderman Russell asked why the changes for the Police Department, what was the reason for the reduction.

Gina explained that it was originally one year and a lot longer than other employees.

Cynthia noted that this change brings the Police Department inline with all the other employees. All employees are continually reviewed, and the Police Department does it on a more consistent basis.

Alderman Wilson asked how long the field training lasts.

Captain Roetman explained that it is done in three phases, six weeks, six weeks and four weeks.

Cynthia explained that is the normal Field Training Officers (FTO) program but can be extended based on their review.

Alderman Wilson asked if that would be another 16 weeks potentially if everything goes well.

Cynthia noted it would be a minimum of 16 weeks.

3. Discussion FY2023 Compensation Plan

Gina Pate, Assistant City Administrator, presented the recommended updates to the FY2024 compensation Plan.

The purpose of the Compensation Plan is to define the philosophy of compensation in the City of Smithville for regular employees, and to specifically define how compensation increases for various job classifications are determined, in accordance with Article 6 of the Employee Handbook.

This compensation plan is effective November 1, 2023 and will remain in effect until such time a subsequent compensation plan supersedes it. It is the policy of the City of Smithville to maintain fair and competitive salary ranges consistent with the economic constraints of the City and the labor market in which we compete to attract and retain qualified personnel at all levels of the organization.

Consumer Price Index Adjustment

It is the intent of the City of Smithville to provide cost of living adjustments to the pay grade schedule, subject to the discretion of the Board of Aldermen. For the purposes of this section, "consumer price index" means, for any fiscal year, the previous year's total consumer price index from July 1 through June 30, using the official current base, compiled by the bureau of labor statistics, United States department of labor for all urban consumers (CPI-U) for the Midwest Region.

The Mid-West Region Consumer Price Index for the period of June 1, 2022, through June 30, 2023 was 2.4%. The 2023-2024 compensation plan reflects a 3% cost of living adjustment to the pay ranges. This adjustment helps to keep the City's compensation plan competitive in the market.

Merit

Each Spring, the City conducts performance evaluations for all full-time and part-time employees. Employees are eligible for a merit pay adjustment based on their performance throughout the year. In past years, the City has budgeted merit increases generally in the range of 2-3% and employees receive the pay adjustment in May.

Each employee submits a self-evaluation of their An evaluation of “successful” or better is required to qualify employees for a pay increase within the range of their classification. In past years, the City has budgeted merit increases generally in the range of 2-3% and employees receive the pay adjustment in May.

Retirement

The City of Smithville participates in the Missouri Local Government Employees Retirement System (LAGERS). Individual pension benefits are based on the benefit multiplier, final average salary, and credited service. Smithville participates in the program at the L-7 level, which is a 1.5% multiplier. Programs are contributory or non-contributory. Smithville is a contributory plan, meaning that employees contribute a portion of the rate paid to the system. The FY2023 Budget includes funding which allowed the contribution rate to be reduced from 4% to 2% of gross salary.

2024 Draft Budget

As discussed at previous work sessions, the 2024 Draft Budget includes A 3% pay range increase effective November 1, 2023 and a merit pool of \$100,000 in May 2024 are included in the base FY2024 budget as currently drafted.

Employee Survey

In order to assist in review of compensation priorities, the Board of Aldermen at the May Board retreat requested feedback from staff on what enhancements they would like to see this upcoming budget year. HR surveyed staff to gauge employee feedback on potential enhancements to compensation and retirement. 36 employees completed the survey. Results are detailed below.

Alderman Russell asked what the response rate was for the survey.

Gina explained that it was just over 50% of employees that completed the survey.

In Question 1, employees were asked which they preferred: a focus on compensation only or a focus on addressing compensation and retirement. The majority of employees preferred a mix of compensation and retirement enhancements.

1. What potential enhancements would you like to see?



- Compensation only (5)
- A mix of compensation and retirement (31)

In Question 2, employees were asked to select the type of retirement change they would like to see. The majority of employees reporting selected moving from the current LAGERS program benefit of L-7 (1.5 benefit multiplier) to the L-12 (1.75 benefit multiplier). It was noted in the survey that this enhancement would increase the employee contribution from 2% to 4%.

2. If a change to retirement was made, which change would you prefer?



- Stay at L-7 (1.5% multiplier) and reduce your contribution from 2% to 0% (3)
- Move to L-12 (1.75% multiplier) and increase your contribution from 2% to 4% (28)
- Implement a match to deferred compensation (no change to LAGERS) (5)

Question 3 asked to rank four options for potential enhancements. The majority of employees prioritized moving to the L-12 benefit with a 4% employee contribution.

3. Please rank the following options based on your priority:



- 1: Increase LAGERS to L-12
- 2: Go to noncontributory for L-7
- 3: Pay range adjustment only
- 4: Deferred compensation

Continued Budget Development Discussion

As noted earlier, a CPI adjustment of 3% is contemplated in the draft budget. Staff recommends this remain.

Based on survey results, employees prioritized enhancing the retirement benefit to the L-12 (a 1.75% multiplier) level over enhancements to the deferred compensation plan.

Gina explained that LAGERS is calculated by taking three years of an employee's highest salaries times years of service and multiplied by that benefit multiplier. Going from L-7 to L-12 would increase the benefit multiplier from 1.5% to 1.75%.

Costs to change to the higher benefit are outlined below. In addition, such an enhancement to retirement would require a change back to 4% employee contribution to the plan. A future move would be to reduce the contribution to 2%. The cost to make this improvement is \$106,000, \$87,000 in the General Fund as outlined below.

*L-12 4% Contributory
General Fund \$ 87,000
CWWS \$ 19,000
Total Impact \$ 106,000*

Again, based on survey results, staff is recommending that merit increases not be implemented for FY24. Staff would use these funds to enhance the LAGERS retirement benefit to L12 (1.75 benefit multiplier. Staff will receive an official estimate from LAGERS in August 2023, it generally takes 30 days to receive the estimates. Employees would increase their contribution from 2% to 4%. The funds allocated for merit increases in past years have been approximately \$100,000.

It is the intent of the City of Smithville to implement a professional development program to replace the annual evaluation system. The City of Smithville values our employees and desires to provide opportunities for employees to grow in their positions. The purpose of this program is to provide ongoing opportunities for employee feedback and identify opportunities for professional development. The philosophy of this program is that there is the opportunity for continuous improvement at Smithville to provide the best possible services to residents and visitors of Smithville. The goal of this program is to develop employees to become more efficient and effective in their roles and provide new opportunities for leadership development.

Staff will be providing more detailed information at a future work session to review the program, and certification pay adjustments.

Next Steps

The City Administrator meets quarterly with employees in each department. The next series of meetings is scheduled for mid-July. At those meetings, these changes will be outlined, along with survey results. Should discussion from those meetings not support the survey information, staff will review and revise these recommendations as appropriate.

At this time, staff seeks direction from the Board on any changes to the pay range adjustments for CPI, the changes to the merit-based pay, and moving to the LAGERS L-12 retirement benefit.

The revised Plan will be brought back to the Board for consideration with other budget documents this fall, to be effective November 1, 2023.

Alderman Russell asked what the budget impact would be if we stayed at the same level for Lagers.

Gina explained that it would not impact the budget if we remained at L-7.

Alderman Russell asked how our level for LAGERS compares to other cities.

Gina explained that most cities are moving towards the L-6 or L-12 program, or if they are still at the L-7 level, there is no employee contribution.

Cynthia added that at the L-7 (1.5 multiplier) level, Smithville is the only city that has employees contributing. Cynthia explained that the L-6 level is a 2% contributory rate and at this time the City cannot even consider because of the cost.

Gina explained that each level in LAGERS is a step, and it is better to move up one step at a time because of the costs associated with moving up the levels. Each time that you move up a step in LAGERS you are buying up all of your employees to the new level.

Gina noted that she and Cynthia have two more departmental meetings with employees to finish gathering feedback about the proposed changes, retirement changes and moving from merit to a professional development plan. The professional development plan would reward employees on certification and education and would be moving away from performance evaluation. More information will be brought forward for Board discussion at the August 15 meeting for FY2024 budget discussion.

Alderman Hartman appreciated staff reaching out to the employees for their feedback.

Alderman Wilson asked if all employees would receive the Consumer Price Index (CPI) adjustment and if all employees were enrolled in LAGERS.

Gina explained that that all employees would receive the CPI and that it is mandatory for all employees to be enrolled in LAGERS.

Alderman Wilson asked if the employees would have a choice in the 4% contribution to LAGERS.

Cynthia explained that she and Gina are trying to make sure that they are communicating the changes with staff. In January, employees went from a 4% contribution to a 2% contribution for LAGERS. In order to move up to the L-12 employees would have to go back to the 4% contribution for LAGERS. Employees would receive the 3% CPI in November and go from 2% contribution to 4% for LAGERS in January, which is pre-taxed. Basically, employees would be receiving a little more than a one percent pay increase. Cynthia noted that based on the survey the majority of employees would like to see some type of blend of merit and retirement. Cynthia noted that when the LAGERS employee contribution dropped to 2%, some employees took the opportunity to do a voluntary contribution to a 457 retirement plan similar to a 401K. The survey asked employees if they would be interested in a matched contribution to the 457, which got very little response.

Cynthia noted that some of the feedback they received from employees is that costs are going up and they need the money in their paychecks, others say costs are going up and they will need more money in their retirement, other comments were they are young and can not count on social security so they need a way to enhance their retirement options. Cynthia noted that they have two more meetings this week with

departments and would have more feedback to bring forward at the August 15 work session.

4. Discussion of Utility Rates

Stephen Larson, Finance Director, present the FY2024 proposed utility rate adjustments.

Utility Rate Adjustments – Review Process

May 2023 – Utility Rate Model Update

June 2023 - Staff Review

July 2023 – Review with Board of Aldermen

October 2023 – Approval of Utility Rate Adjustments

Developing the CWWS Fund Budget

Utility rate adjustments are necessary to fund the following items:

- Ongoing Water & Sewer “Pay-As-You-Go” (Cash Funded) Capital Improvement Projects Recommended from Water and Wastewater Master Plans
- Future Water & Sewer Debt Financed Projects (WTP & WWTP Plant Expansion Projects) Recommended from Water and Wastewater Master Plans.
- Increased Expenses for Operational Maintenance and Repairs for the CWWS System
- Additional Staffing Request (Additional FTE - Wastewater Treatment Plant Operator Position is Requested)
- Equipment Upgrades (such as Sewer Jetter, Lab/Titrator Equipment) & CWWS Building Improvements (WTP Lighting and New HVAC)

Five Year CIP – CWWS Fund

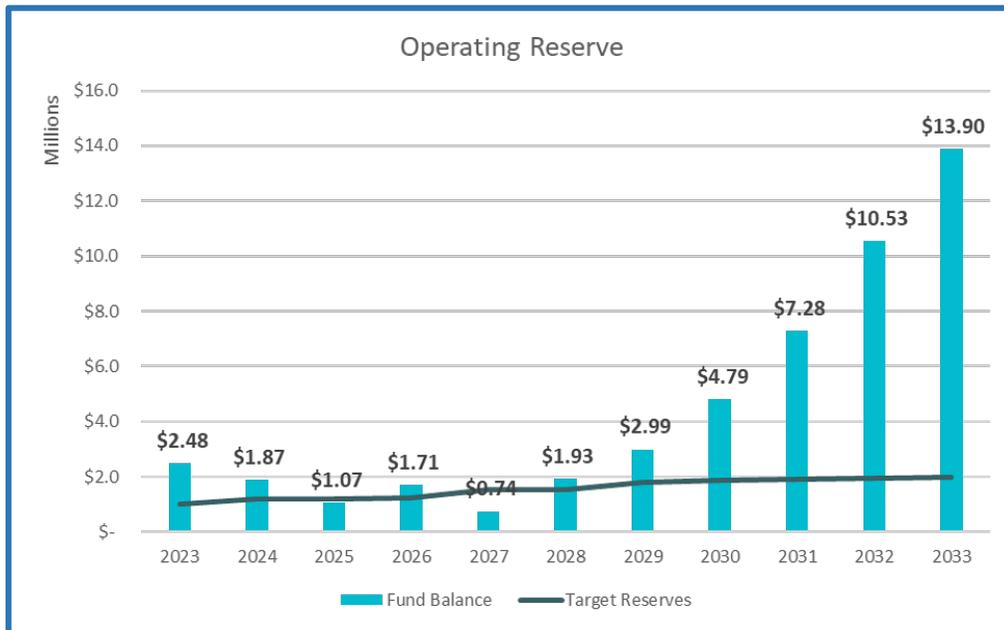
Capital Improvement Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Interconnect Mains at 144th Street/169 Highway (Construction)	\$55,000	-	-	-	-
Highway 92 & Commercial Street Waterline (Engineering)	\$125,000	-	-	-	-
Owens Branch Gravity Line Phase #1, Line #1 (Construction)	\$2,200,000	-	-	-	-
144 th Street Lift Station (Construction)	\$1,700,000	-	-	-	-
West Bypass of the 144 th Street Lift Station (Construction)	\$2,200,000	-	-	-	-
Maple Lane & River Crossing 12" Waterline (50% of Construction)	\$700,000	-	-	-	-
Smith's Fork Force Main (Construction)	\$300,000	-	-	-	-
McDonalds/Central Bank Lift Station (Engineering)	\$100,000	-	-	-	-
Smith's Fork Park Waterline (Construction)	\$170,000	-	-	-	-
Headworks Bar Screen (Construction)	\$325,000	-	-	-	-
Stonebridge Lift Station (Engineering)	\$250,000	-	-	-	-
Stonebridge Lift Station (Construction)	\$500,000	-	-	-	-
Grand Total (Net Cost)	\$8,625,000			See Next Page	

**Projects with a green background are the new to the 5-Year CWWS CIP*

Capital Improvement Project	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
McDonalds/Central Bank Lift Station (Construction)	-	\$500,000	-	-	-
Highway 92 & Commercial Street Waterline (Construction)	-	\$300,000	-	-	-
Owens Branch Gravity Line Phase #1, Line #2 (Engineering)	-	\$600,000	-	-	-
Owens Branch Gravity Line Phase #1, Line #2 (Construction)	-	-	\$2,500,000	-	-
Water Plant Expansion (Engineering)	-	-	\$2,100,000	-	-
Wastewater Treatment Plan Expansion (Construction)	-	-	\$3,000,000	\$3,000,000	-
Future Water and Wastewater Project Funding	-	-	-	\$2,000,000	-
Water Plant Expansion, Phase I (Construction)	-	-	-	-	\$7,500,000
Future Water and Wastewater Project Funding	-	-	-	-	\$2,000,000
Grand Total (Net Cost)	-	\$1,400,000	\$7,600,000	\$5,000,000	\$9,500,000

**Projects with a GREEN background are new to the 5 Year CWWS CIP*

Long Term CWWS Cash Flow



- Cashflow chart, which is sourced from the utility rate study, reaches a *five-year low* at \$740,000 in FY2027, which is just slightly below the CWWS Fund reserve target of 20%.
- Model assumes ongoing rate adjustments for water and wastewater rates each year.
- Large upward arc appears in 2029 and continues on to 2033 because capital projects are not yet slotted into the model for this time period.

Proposed Changes – Water Fixed Rates

Water Rates	FY2023 (Current)	FY2024 (Proposed)
Monthly Water Fixed Charge (3/4" and 1" Residential Meter)	\$12.78 / Month	\$14.70 / Month
<i>Senior</i> Monthly Water Fixed Charge (3/4" and 1" Residential Meter)	\$11.77 / Month	\$12.50 / Month*

15% Proposed Increase on the Monthly Water Fixed Charge.

**Senior Rate retains the 15% discount from the regular rate*

Proposed Changes – Water Volume Rates

Water Rates	FY2023 (Current)	FY2024 (Proposed)
Monthly Water Volume Charge	\$9.04 Per 1,000 Gallons Used	\$10.40 Per 1,000 Gallons Used
Wholesale Water Rate	\$5.40 Per 1,000 Gallons Used	\$6.21 Per 1,000 Gallons Used

15% Proposed Increase on the Monthly Water Volume Charge (Including Wholesale Rate at Which Water is Sold to PWSD #8)

Proposed Changes – Wastewater Fixed Rates

Wastewater Rate	FY2023 (Current)	FY2024 (Proposed)
Monthly Wastewater Fixed Charge (3/4" and 1" Residential Meter)	\$18.43 / Month	\$21.19 / Month
<i>Senior</i> Monthly Wastewater Fixed Charge (3/4" and 1" Residential Meter)	\$16.02 / Month	\$18.01 / Month*

15% Proposed Increase on the Monthly Wastewater Fixed Charge

**Senior Rate retains the 15% discount from the regular rate.*

Proposed Changes – Wastewater Volume Rates

Wastewater Rate	FY2023 (Current)	FY2024 (Proposed)
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Monthly Wastewater Volume Charge	\$7.69 Per 1,000 Gallons Used	\$8.84 Per 1,000 Gallons Used
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15% Proposed Increase on the Monthly Wastewater Volume Charge

Proposed Changes – Wastewater Fixed Rates

Wastewater Rate	FY2023 (Current)	FY2024 (Proposed)
"Sewer Only" Customers Flat Monthly Rate (Outside City Limits)	\$64.00 / Month	\$81.68 / Month**

***Flat Rate May Only be Changed By Ordinance (Section 705.040 of the City Code of Ordinances). This fee is charged for 64 utility accounts. \$81.68 is 1.5 times the average monthly wastewater bill in the City.*

Alderman Wilson asked when talking about the future financing debt service, what the outstanding balance is for the Certificates of Participation (COP) for the water treatment plant.

Stephen explained that he did not know the exact number, but he believed the total amount was around eight or nine million dollars for the sewer interceptor project and we have paid on that project for five years. He believed the balance is between six and seven million dollars.

Alderman Wilson asked how many more years was left on that note.

Stephen explained that it is a twenty year note that will go through year 2038. The principle payment is around \$140,000 plus interest.

Proposed Changes – Sanitation Fees

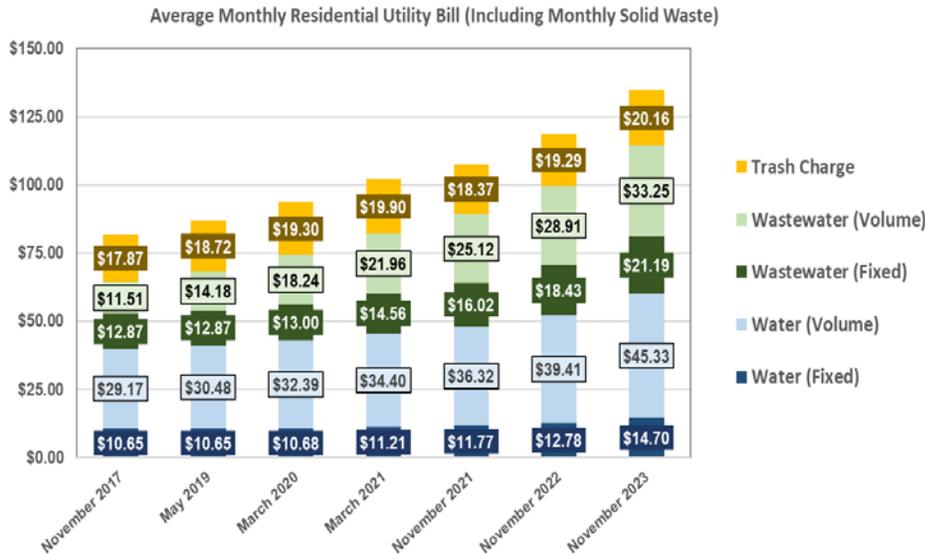
Monthly Trash Charge	FY2023 (Current)	FY2024 (Proposed)
Monthly Trash Charge	\$19.29 / Month	\$20.16 / Month
Senior Discount	\$16.40 / Month	\$16.40 / Month*

4.5% Proposed Increase on the Monthly Trash Charge

**No Proposed Increase on Senior Discount Rate as Result of Negotiations with GFL Sanitation*

Alderman Wilson asked

Average Monthly Utility Bill



November 2017
\$82.06
May 2019
\$86.89
March 2020
\$93.61
March 2021
\$102.03
November 2021
\$107.60
November 2022
\$118.83
November 2023 (Proposed)
\$134.63

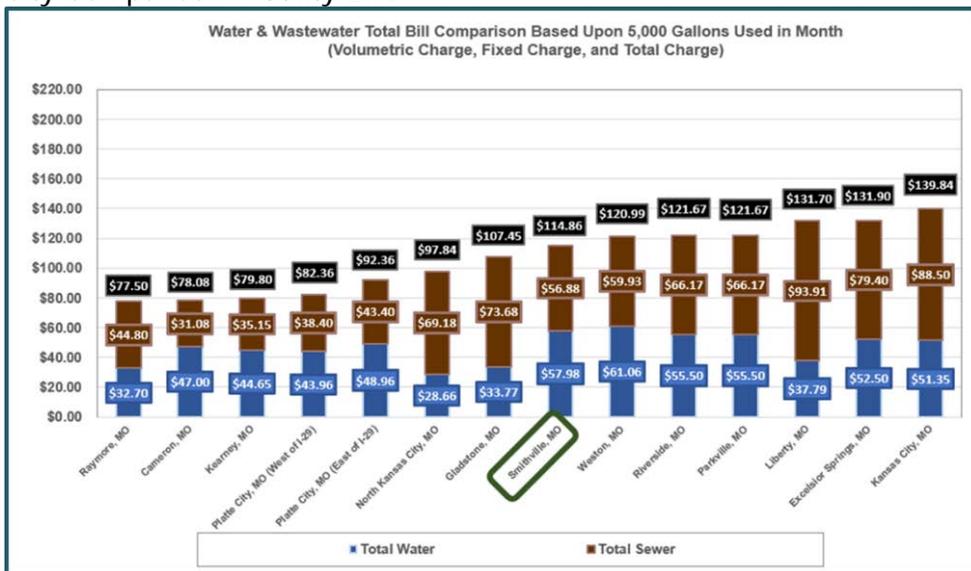
Water Usage Assumption: **4,360** Gallons. Wastewater Usage Assumption: **3,760** Gallons

Alderman Wilson asked for the senior discount rate comparison in the future.

Alderman Hartman asked what the average usage was out of the 4,200 customers.

Stephen explained that the City residential customers have either a three-quarter inch meter and or a one-inch meter. Staff runs a report based on total accounts for those two meters for consumption that give the City's average for the entire year. The average for water usage assumption is 4,360 gallons and for wastewater usage assumption is 3,760 gallons.

City Comparison – Utility Bills



5,000 Gallons Monthly Usage is the Assumption Used in Chart

Mayor Boley noted that some cities do not offer the winter averaging. He reminded everyone that the City's water and wastewater is a self-funded utility paid for by the utility itself unless we are able to get grants for projects. He asked that staff look at adding unincorporated Clay and Platte County rates in the chart.

Alderman Wilson said that she would like to comparisons from other cities that provide the same services in house for water and wastewater.

Mayor Boley noted that we received notice from Kansas City that they were raising our rates for Forest Oaks subdivision.

Alderman Russell asked how much the increase was.

Stephen explained that he would go back and see but it typically averages an increase of seven to ten percent a year.

FY2024 Budget Process Schedule

- FY2024 Operating Budget and 5 Year CIP Review: 1st Discussion (**August 15**)
- FY2024 Operating Budget and 5 Year CIP Review: 2nd Discussion - If Needed (**September 5**)
- Public Hearing for Sewer Rates as Required by Missouri State Statute (**October 3**)
- Adopt Water & Wastewater Utility Rates by Board Resolution (**October 17**)
- Adopt the FY2024 Operating and Capital Budget on 2nd Reading (**October 17**)

Public Comment:

Kristine Bunch, 18608 Primrose Street, asked that the Board consider including a women's restroom when the new facility is built for the water plant since at this time there is only a coed restroom.

Ms. Bunch also requested that the Board reconsider raising the cost of the water sold to Public Water Districts #8 and #9. She said that if they keep increasing the cost those water districts would be looking to get their water from Kansas City.

5. Discussion of Schedule of Fees

Stephen Larson, Finance Director presented the proposed changes for consideration for the FY2024 Proposed Schedule of Fees.

Administration – Proposed Fee Changes

Currently, peddlers who do not have a business license must pay \$50.00 to acquire a Peddler's permit. Staff are proposing to expand the \$50.00 fee associated with a Peddler's permit to also be charged for the acquisition of a Solicitor's permit. City staff are planning to bring ordinance changes forward to the Board of Aldermen, which would require the fee to be paid for not only peddlers seeking a permit, but also solicitors seeking a permit.

Other Licenses	FY2023 (Current)	FY2024 (Proposed)
Peddler Permit	\$50.00 (Peddlers With No Business License)	\$50.00 (Fee Applies for all Peddlers & Solicitors)

Peddler/Solicitor Definition: Individual attempting to sell a good or service (without prior specific invitation or appointment)

Canvasser Definition: Individual attempting to obtain a donation (without prior specific invitation or appointment)

For specific solicitation relating to an educational or non-profit purpose (such as fundraising for the Smithville Warriors or Girl Scouts), an exemption is furnished so that the individual does not need to pay the fee or acquire a permit.

Parks & Recreation – Proposed Fee Changes

Parks & Recreation staff are proposing to add more Senior Center rental options. This includes a weekend half day morning rental (from 9:00 AM to 3:00 PM) and a weekend half day evening rental (from 4:00 PM to 11:00 PM). These options will each cost \$125.00 (which is 50% of the cost of a weekend full day rental) and each rental option is subject to a \$200.00 damage deposit. A weekend full day rental option is still retained as an option with no proposed change. It is important to note that weekday half-day evening rentals are available, but not half-day morning rentals, as this is the time when senior citizens are using the Senior Center.

Alderman Russell asked who checks the Senior Center to make sure it was left correctly after each rental.

Matt Denton, Parks Director explained that park staff check it before the deposit is returned.

Police Department – Proposed Fee Changes

Police Staff are proposing to add a two-year dog license and a three-year dog license to the existing one-year dog license offering for the ease of convenience to Smithville residents. This means residents can opt in for a longer period in which the license is valid, rather than coming into City Hall annually for a dog license renewal. Multi-year dog licenses will only be issued to applicants who provide multi-year rabies vaccine certificates/documentation. Veterinarians can provide multi-year vaccinations which would be required to have the multi-year dog license.

Dog Licenses	FY2023 (Current)	FY2024 (Proposed)
Annual License - Spayed or Neutered	\$10.00	No Change
Annual License - Unaltered	\$20.00	No Change
Two Year License - Spayed or Neutered	None (New Fee)	\$20.00

Two Year License - Unaltered	None (New Fee)	\$40.00
Three Year License - Spayed or Neutered	None (New Fee)	\$30.00
Three Year License - Unaltered	None (New Fee)	\$60.00

In addition, Police staff are proposing to restructure the fingerprinting service fee in the effort to align the fee directly with the number of fingerprinting cards completed for the customer. Right now, fingerprinting services are \$15.00, but there is no standardized procedure on how many fingerprinting cards/prints may be purchased for \$15.00. Therefore, this proposed fee change sets up a process whereby fingerprinting services will cost \$10.00 per card produced.

Fingerprinting Services	FY2023 (Current)	FY2024 (Proposed)
Fingerprinting Services at Police Department	\$15.00 for Fingerprinting Services	\$10.00 Per Fingerprinting Card*

Public Works – Proposed Sanitation Fees

The City holds an active contract with GFL (Green for Life) to provide trash service to residents. The City signed the contract with GFL on November 1, 2021, and the agreement outlines that the contract will terminate on October 31, 2026. Unless notice of termination is received prior to February 1, 2026, the agreement will be renewed on an annual basis.

As established in the agreement, the annual increases shall not exceed the Consumer Price Index for all Urban Consumers (CPI-U) for garbage and trash collection. Verified Head of Household Utility customers ages sixty-five and over who have been approved by the City will be eligible for a 15% monthly rate reduction.

The following bullets comprise GFL's scope of services:

- Weekly Curbside Trash and Recycling Pick-Up*
- Yard Waste Collection*
- Two Bulky Item Collections Per Year*
- Customer Services*
- Commercial Cardboard Recycling Container (Located in Downtown Smithville)*
- Annual Paper Shredding and Electronics Waste Event*

For services beginning November 1, 2023, the City has received a proposed contract rate of \$19.78 per month (4.8% increase), up from the current contracted rate of \$18.88 per month. Staff is proposing the City charge be \$20.16 per month (4.8% increase). This rate difference of \$0.38 between the City's cost of \$19.78 and the customer cost funds the City's participation in the MARC Regional for Household

Hazardous Waste program. Residents can visit any of the mobile events in the region as well as the two permanent facilities year-round at no additional cost.

This rate proposed increase comes on the heels of increased inflation for most goods and services. In the proposed rate letter, GFL cites the Consumer Price Index (for Garbage & Trash Collection) which was shown as 6.9% as of April 2023.

Staff requested an additional bulky item pickup (third). They have agreed to provide a smaller bulky item event. Date to be determined.

FY2024 Budget Process Schedule

FY2024 operating budget and five-year CIP review first discussion – August 15

FY2024 operating budget and five-year CIP review second discussion if needed – September 5

Adopt the FY2024 operating budget and capital budget first reading October 3, second reading October 17

6. Discussion of Commercial Wastewater Leak Adjustment Policy

Stephen Larson, Finance Director, presented the organizational history of leak adjustment policy.

The first policy addressing leak adjustments was approved in November 1997. The policy only provided for financial adjustments to the wastewater bill for a water leak. In October 2017, the Board approved changes which phased in adjustments to both the water and wastewater portion of the bill. The policy allowed for adjustments to the wastewater portion for commercial accounts, but not the water portion.

The Code of Ordinances specifically outlines that residential leak adjustments are reviewed and approved by the Board of Aldermen given that the adjustment request meets certain requirements. In reading the Code, the Code does not specifically outline how a wastewater adjustment for a commercial account shall be approved. This becomes a grey area for staff in understanding how to proceed with a leak adjustment for a commercial account.

What Prompted this Issue for Discussion with Board of Aldermen?

End of last year, Hillside Development (which is the name of the commercial utility account for the strip of businesses located at 201 – 219 U.S. 169 Highway) experienced a large leak in one of their 2" waterlines. Once Hillside Development realized the leak was significant in nature, they worked with Hampton Plumbing out of Kearney to diagnose the situation and fixed the leak by replacing the 2" waterline.

In reviewing the utility bill for the account, in the January 2023 billing cycle, consumption totaled 201,200 gallons. In the February 2023 billing cycle, consumption totaled 315,500 gallons. With this much consumption, the total utility bill for the January 2023 cycle was \$3,553.02 and the total utility bill for the February 2023 cycle was \$5,552.83.

Both bills were much higher than the normal bill, which prompted an individual from Hillside Development to reach out to staff to inquire about a leak adjustment. Staff

relayed that the Code of Ordinances only permitted wastewater adjustments for commercial businesses.

Given the ability to grant a leak adjustment, staff calculated the credit amount which Hillside Development would be eligible for. That calculation sheet, which is the same one used for calculating credits for leak adjustments, is included in your packet and indicates that the total credit would be in the amount of \$3,312.61 In addition, staff requested proof of repair of the 2" waterline to ensure a leak occurred. That receipt from Hampton Plumbing was provided by Hillside Development and is also included in your packet.

Again, as touched upon in the opening paragraphs of this staff report, the crux is the issue pertains to the approval procedures outlined in the City Code of Ordinances. Leak adjustments granting credits to residential accounts must be approved by the Board of Aldermen. However, as stated, the Code does not specific outline that wastewater adjustments for commercial accounts must be approved by the Board of Aldermen. Rather, the Code may be interpreted as allowing the City Administrator to have the administrative authority to approve commercial wastewater adjustments/credits.

What Shall Staff Do Going Forward?

Staff are seeking Board input on what type of review process the Board would like for commercial wastewater adjustments. If it is the Board's desire, the Code can be written so that commercial wastewater adjustments must be approved by the Board, just like a leak adjustment for a residential account. Or, if it is the Board's desire, the Code can remain as is which would grant administrative approval to the City Administrator to approve commercial wastewater adjustments/credits.

Alderman Wilson said that she would like it to mirror residential to be consistent.

The Board all agreed.

7. Discussion of Commercial Winter Sewer Averaging

Stephen Larson, Finance Director, presented the reason for the discussion of commercial winter sewer averaging.

In March of 2021, the Board of Aldermen approved Ordinance 2093-21, which made significant changes to the winter averaging process for new residential utility accounts by allowing a new account holder to elect for the residential winter sewer average without needing a previously established average. Previously, new Smithville residents were required to furnish a utility bill from their previous residence to establish an average, otherwise the wastewater portion of their bill would be billed in accordance with the water portion of the bill (which created a major financial burden when performing watering and landscaping activities during the summer months).

In addition, the ordinance expanded the exclusion from winter sewer averaging for just a few identified businesses (such as the Smithville School District, Carwashes), to all Smithville based businesses. That change meant that the wastewater portion of the bill would be based upon actual water used year-round, and not just the usage that occurred during the three months of December, January, and February. In performing

calculations in 2023, it was discovered that the provision excluding all businesses from the winter sewer averaging process was not activated in the calculations.

As a result of this error, businesses are currently being averaged based upon their usage from the previous winter quarter and billed accordingly. Staff anticipates implementing the code language, as written, in March of 2024 when winter sewer calculations are updated for the new cycle so that all businesses are excluded from winter sewer averaging.

Alderman Russell asked what was driving this change.

Stephen explained that a couple of years ago we adopted new language to our Ordinance that we had borrowed from another municipality that established that only residential accounts will be averaged and commercial accounts are not averaged. One of the responsibilities of the Finance Department is to do the winter sewer average calculations. Stephen explained that with the changes in the Ordinance language staff will now begin in FY2024 calculating only residential winter sewer averaging and businesses will be excluded.

Cynthia noted that this is just to make the Board aware of this issue.

8. Marketplace Annual Update

Stephen Larson, Finance Director, presented the Marketplace Annual Update. Smithville Marketplace TIF District Overview.

- The Smithville Marketplace TIF Plan was adopted by the Board of Aldermen (Ordinance #2969-17) on **August 1, 2017**.
- The plan identified a redevelopment area of approximately 66.3 acres located between Cliff Drive and U.S. Highway 169.
- Previously, this site was commercially developed in 2009 as a large-scale multi-tenant retail site. Unfortunately, by 2011, the development did not have occupants and was foreclosed upon.
- The Smithville Marketplace TIF Plan included *specific projections* on estimated Assessed Valuation, estimated PILOTs, and estimated Economic Activity Taxes (EATS) based upon the types of businesses planned in the redevelopment area. A tractor and supply store, which was initially planned for the TIF, *is not located in the TIF redevelopment area*.

Active and Future Businesses

Scooter's Drive-Thru Coffee

Taco Bell

Domino's Pizza

Cosentino's Price Chopper

Porter's Ace Hardware Store

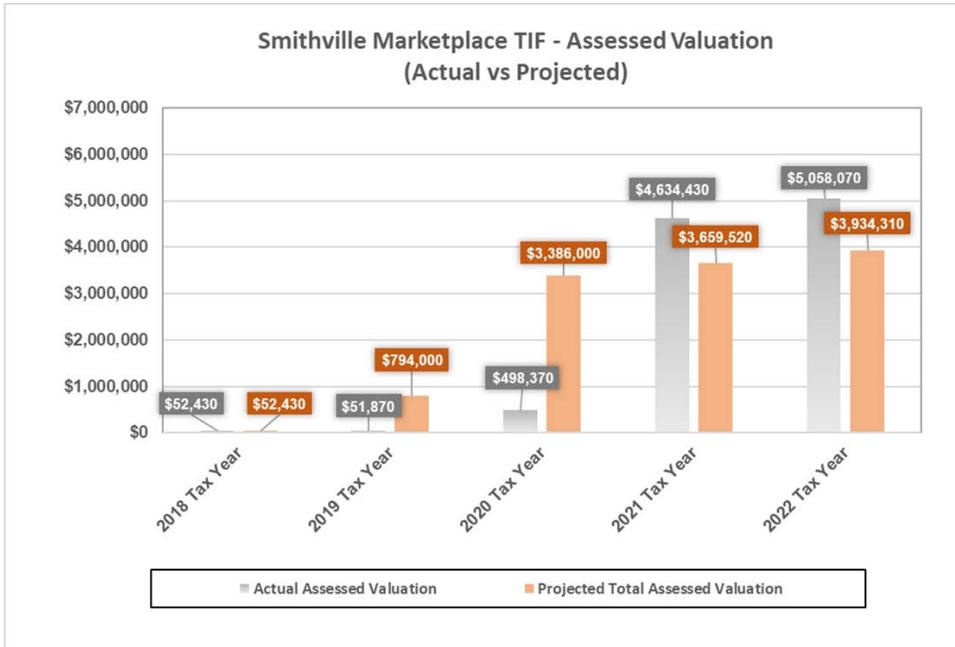
Burger King

Jimmy John's

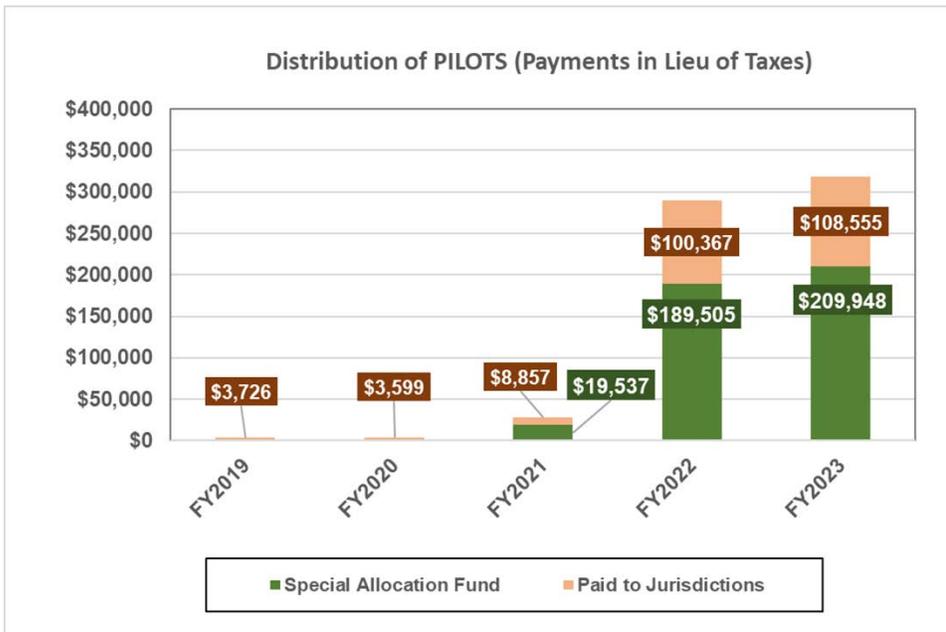
Dentistry at Marketplace

Smithville Marketplace TIF Assessed Valuation (Actual vs Projected)

- The projected total assessed valuation figures were established by the developer in the TIF Plan.
- Preliminary assessed valuation figures provided by Clay County indicated a total value of \$6,075,540 for Tax Year 2023, which would *eclipse the projection for 2040 established in the TIF Plan*.



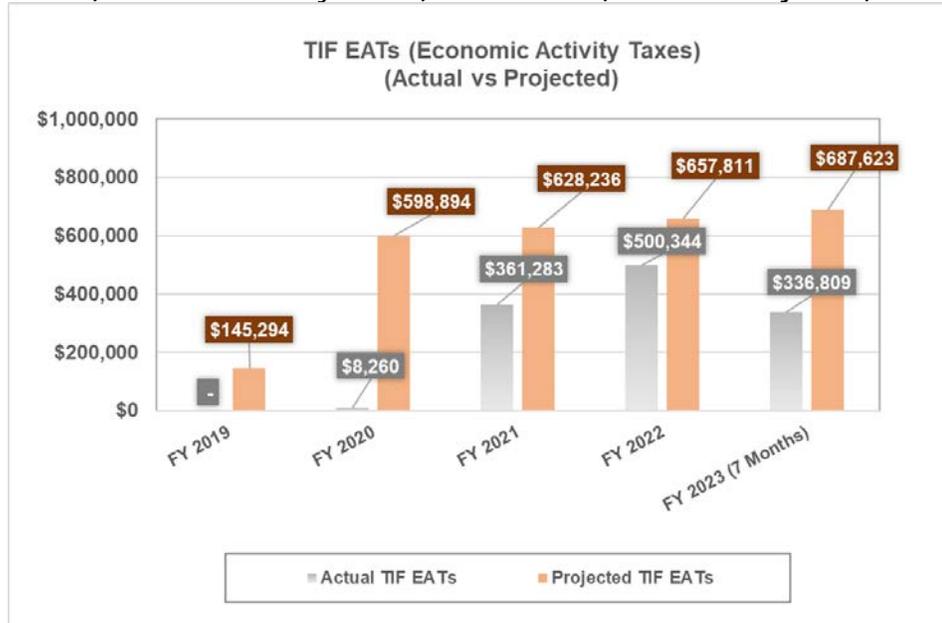
PILOTS (Payments in Lieu of Taxes) Collected



- Tax Year 2018 & 2019 AV: \$52,430 & \$51,870. Jurisdictions received the base property tax in FY2019 and FY2020.

- Tax Year 2020 AV: \$498,370. This growth in AV became the basis for the property tax increment in FY2021
- Tax Year 2021 AV: \$4,634,430. This became the basis for the property tax increment in FY2022
- Tax Year 2022 AV: \$5,058,070. This became the basis for the property tax increment in FY2023.
- Jurisdictions receive the base property tax amount plus the tax increment amount based upon the “subject to TIF percentages” outlined in the TIF Plan.

EATs (Economic Activity Taxes) Collections (Actual vs Projected)

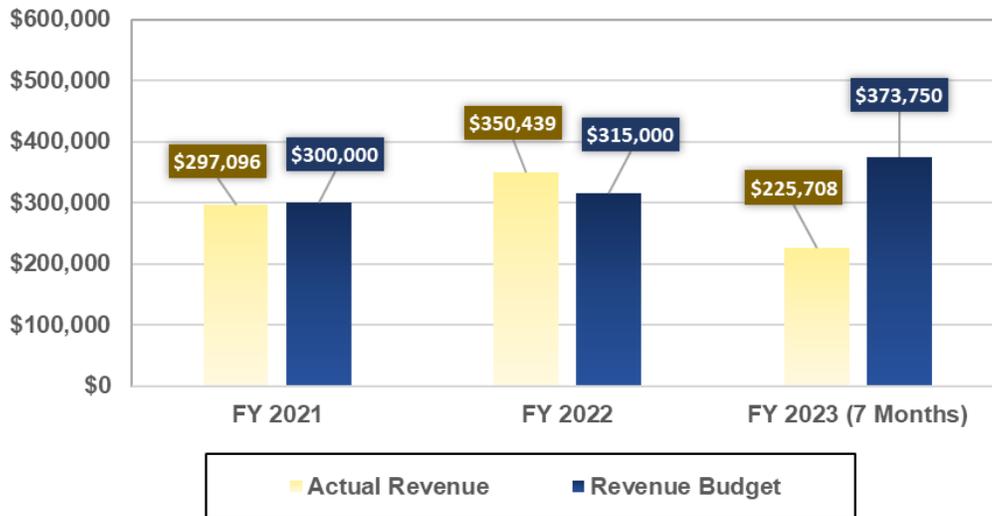


- The projected Economic Activity Taxes figures were established by the developer in the TIF Plan.
- EATs are trending upwards as businesses have opened in the Marketplace.

Alderman Wilson commented that one of the big businesses that was supposed to go in at that location did not and that is part of the reason for the projection numbers being off.

CID (Community Improvement District) 1% CID Sales and Use Tax Collected

CID Sales and Use Tax History - Actuals vs. Budget



Annual Report – Conclusion

- Modern and attractive businesses have opened in the redevelopment area which has increased Smithville’s commercial presence.
- Assessed valuation is tracking above the TIF Plan projections after initial delays in opening businesses.
- Given the current status of the redevelopment area and the businesses located in the area, sales tax performance is meeting expectations. Economic Activity Taxes (EATs) are being collected from both the City and the other applicable taxing authorities and are being distributed into the Special Allocation Fund.
- CID Sales Tax performed well in the first fiscal year and staff is noting growth in the CID sales tax revenues in the second fiscal year as new businesses have opened in the redevelopment area.
- While planned businesses were not constructed in the anticipated timeframe, the project concept plan has been completed (Grocery Store, Hardware Store, Pad Sites).

9. Adjourn

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

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:26 p.m.

Linda Drummond, City Clerk

Damien Boley, Mayor