

**MINUTES OF THE
SPECIAL CALLED MEETING
CITY COMMISSION**

The Board of Commissioners of the City of Danville, Kentucky convened in a Special Called Commission Meeting in the public meeting room of City Hall on Thursday, April 26th, 2018 at 5:30 p.m.

COMMISSIONERS PRESENT:

Mayor Perros
Commissioner Atkins
Commissioner Serres
Commissioner Caudill
Commissioner Terry

OTHERS PRESENT:

Ron Scott, City Manager
Donna Peek, City Clerk/Human Resource Director
Tony Gray, Police Chief
Bridgette Lester, Codes Director
Alex Carney, IT Tech
Earl Coffey, City Engineer
Michele Gosser, CFO
Ben Kleppinger, Advocate Messenger
Ben Nelson
Wilma Brown
Nick Wade, Heart of Danville Director
J.P. Brantley
Jennifer Kirchner
John Drake, Parks and Rec Director
Lori K. Moore
Lori-Anne Clark
Others

Mayor Perros opened the meeting the time being 5:30 p.m. and welcomed everyone in attendance.

1. BANNER REQUEST – JENNIE CAROL 5K:

Lori-Anne Clark addressed the Commission and requested that a banner be placed at City Hall to announce the 10th Annual Jennie Carol 5K. Commissioner Caudill made a motion to approve the banner request as presented. The motion was seconded by Commissioner Atkins and unanimously approved upon voice vote.

2. PRELIMINARY BUDGET PRESENTATION – 2018-2019 FISCAL YEAR:

City Manager Ron Scott presented the preliminary budget to the Commission and reviewed his memorandum. (See attached document).

The Commission thanked staff for the budget presentation and for thinking forward.

3. 1st READING – ORDINANCE #1913 – MAYOR AND COMMISSION SALARY INCREASES:

Mayor Perros made a motion to amend ordinance #1913 as per recommendation of the City Manager. This commission has undertaken the unpleasant task of bringing up to date the cities various sources of revenue in order to meet the needs and position the city for the future. This Commission has chosen to face the

facts and not quote, "kick the can down the road" and as Mr. Scott has made you aware, when compared to other cities and counties we are the lowest paid currently, yet we are the largest and without a doubt the most complex. It takes money to run for office and I personally paid well into five figures during my election. I did so because I believed in being part of leadership in the city and making changes for the future. I am proud of what this Commission has accomplished, I am proud of the city and staff and what we have done. But it does take finances to get here and none of us are truly paid based on the amount of time spent and it is considerable to study the issues and challenges of the City. We are here because we believe in our community and while no one on the current commission serves for the money, without a modest increase, I personally fear the only people that will be able to serve in these seats are those that are established well financially or those who are retired and have time to spare. This present Commission is a well-balanced diverse group composed of male and female, represented well by small businesses and even the retired perspective. This type of balance is critical and the principle reason, in my opinion that this commission has been willing to make the hard choices and decisions – that is my motion, do I hear a second. This motion was seconded by Commissioner Atkins.

Mayor Perros said the floor was open for discussion.

Commissioner Terry requested the numbers again. Michele Gosser said the current commissioners make \$6056.04 annually and the Mayor makes \$10,272.96 with the proposed increase the commission would make \$9,084.06 and the Mayor would make \$15,409.44.

Mayor Perros noted that the Commission is only about 50% hirer now in 24 years. I think it is due and there will be more commissioner behind us and we need to have talent.

Commissioner Serres said he would not want to go to a vote unless he heard from all commissioners. He said the Mayor was making good points and said it has been a while and as we have slowly increased the city staff's pay by one and two percent, he agreed it should be looked at. However similar to the storm water increase, he said he would like to take baby steps instead of one big gulp.

Commissioner Atkins presented his survey of the salary information of surrounding Mayor, Commissioners, Council members and magistrates.

Commissioner Terry asked for clarification of when the salaries were last increased. I feel like our county population is around 35,000 – almost half city and county residents, but we draw 100000 people to our restaurants, jobs, who use our services, road, etc. She said that the City needs to adopt the mentality all around as operating as a larger city than what we are and this is part of it.

Commissioner Serres said this Commission does meet more than other than other cities and while none of us ran for the money it is nice to receive a stipend, because we all make sacrifices.

Commissioner Terry said while no one is here for the money you cannot put a price on the sacrifices, and added that she was glad to do it. She noted that his would be for the individuals that run in the future.

Commissioner Caudill said even though an increase may be warranted, he was only speaking for himself, he appreciates what the taxpayer does for him and said with the stipend and insurance, he is good.

Commissioner Serres stated that this vote would be for future Commissions, not themselves.

Upon roll call the motion failed 3-2 with Commissioner Atkins, Commissioner Caudill and Commission Serres voting no. Mayor Perros and Commissioner Terry voting yes.

Next, Commissioner Serres made a motion to move the salaries of Commissioners to 7,500 and Mayor to 12,500. The motion was seconded by Commissioner Atkins and failed 3-2. Mayor Perros, Commissioner Caudill and Commissioner Atkins voted no. Commissioner Terry and Commissioner Serres voted yes.

Mayor Perros made a motion upon recommendation of the City Manager to increase salaries as originally proposed. The motion was seconded by Commissioner Terry. Upon roll call the motion passed 3-2 with Mayor Perros, Commissioner Atkins and Commissioner Terry voting yes. Commissioner Caudill and Commissioner Serres voted no.


ADJOURN:

There being no further business before the Commission, Commissioner Caudill made a motion to adjourn. The motion was seconded by Commissioner Terry and unanimously approved upon voice vote. The time was 7:40 p.m.

APPROVED:


MAYOR G. MICHAEL PERROS

ATTEST:


DONNA PEEK, CITY CLERK

April 26, 2018

Mayor G. Michael Perros
Commissioner J. H. Atkins
Commissioner Denise Terry
Commissioner Kevin Caudill
Commissioner Rick Serres

Honorable Members, Board of Commissioners:

Re: Overview of the Proposed FY 2018-19 Budget

I am pleased to present to you the Proposed Budget for the City of Danville for the FY 2018-19 operating year. As required by law, it is a balanced budget in terms of revenue and expense and was developed through the cooperative efforts of all our city department heads following a strategic planning meeting of our city commission. The budget summary/overview presented herein addresses: 1) the 2018-19 General Fund Budget, 2) the 2018-19 Utility Fund Budget, 3) the 2018-19 Minor Funds Budgets, and 3) the FY 2018-19 Capital Budget (and 10 year forecast).

Overview, General Fund, Fiscal Years ending June 30, 2017 and 2018

As we begin our review, it's important to have an understanding of "where we are, financially". For the General Fund, the total Fund Balance as reflected in the audit for FY 2016-17 was **\$9,932,936**. After factoring the \$783,452 of restricted funds, the General Fund had as of June 30, 2017 an **unrestricted fund balance of \$9,149,482**.

We have carefully reviewed resources and appropriations for the current fiscal year and have concluded that the Total Fund Balance will further decline this fiscal year and will be **approximately \$8,397,121 on June 30, 2018**. The principal reasons for this decline of the Total Fund Balance in the current fiscal year (ending June 30, 2018) are:

- Capital Purchase of Fire Truck (\$1,500,000)
- Parks and Trails Capital Improvements (\$259,100)
- Capital Upgrade to Fire Station # 2 (\$200,000)
- Re-location of Communication Center (\$250,000)

The Proposed Budget for FY 2018-19 will address priority needs (as may be approved) but at the end of the next fiscal year the Total Fund Balance is projected to further decline to be **approximately \$6,032,443 on June 30, 2019**. The principal reasons for the further decline in the Total Fund Balance projected for the next fiscal year (ending June 30, 2019) are:

- Completion of capital renovation of the Public Works Facility in which the City previously borrowed money (\$640,000)
- Upgraded Fire Equipment (\$451,000)
- Capital Upgrades to Parks and Trails (\$258,600, which is "net" of the \$100,000 grant applied for to construct the Mountain Bike Trail)

- Required Moving and Upgrade of Central Communication Tower (\$125,000)
- Police Equipment (\$175,000)
- Essential Finance and Utility Billing Software (\$500,000)
- Public Service Equipment (\$200,000)
- Wayfinding (\$50,000)

A summary of the Proposed FY 2018-19 Budget, For All Funds, is found on page 1 of the attached Proposed Budget. It summarizes, For All Funds, the total **Resources (\$61,750,951)**, **which includes all funds carry forward balances, Appropriations (\$51,642,127)**, and **Reserves (\$10,108,824)** as proposed for FY 2018-19.

A General Fund Summary is presented on Page 2. The biggest change (in resources) is special purpose revenue (\$9,500,000 from a proposed bond issue). The biggest change in appropriations is non-operating expenditures (capital expenditures of \$12,074,208). These items are related to construction of a new fire station, the capital expenses noted above, and completing the city's energy efficiency upgrades (the latter is guaranteed to recover the capital cost over time).

The Proposed FY 2018-19 General Fund Budget

The FY 2018-19 Proposed General Fund Budget reflects our city government's commitment to the following funding priorities and goals:

- To operate within the existing tax structure for FY 2018-19;
- to continue to deliver essential services in a cost-effective and reliable manner;
- to continue to protect the safety of our citizens, which requires upgrading to a new fire truck and the construction of a new fire station (and continued full funding of police/fire authorized positions);
- to continue to fund programs that maintain and improve our quality of life (parks and recreation, trails programs, and support of other programs/activities);
- to fully fund our pension obligations to employees/retirees as required by law;
- to continue to make improvements to our streets, roads, and sidewalks;
- to balance and continue our funding support for economic development efforts;
- to continue to fund (although reduced) community service agencies;
- to make improvements to our city cemeteries;
- to plan for the future needs of the city (in the General Fund and Utility Fund).

Details regarding the proposed funding for each of these areas (including an organizational/staffing chart) will be reviewed in the appropriate sections of the Proposed FY 2018-19 General Fund Budget (and in Minor Funds Budgets and the Utility Budget).

Comments Regarding Proposed General Fund Budget (and Utility/Other Fund Budgets)

General Comments

The Proposed General Fund Budget, FY 2018-19 (and Proposed Utility/Other Fund Budgets):

1. Provides 2% cost of living adjustments for all full-time and part-time employees.
2. Provides 1% merit raises for all full-time employees.
3. The proposed effective date for the above adjustments are July 1, 2018, except for the City Manager (an annual performance review is scheduled November/December 2018).
4. The proposed budget reflects the required phase-in of new, higher contribution rates for CERS retirement at 21.48% of payroll for nonhazardous and 35.34% for hazardous in each city department.

This new "phase-in" of higher County Employees Retirement System (CERS) pension contribution rates for cities (and counties/others) is a result of legislation passed by the 2018 Kentucky General Assembly, and was a desired outcome compared to other proposals. While certain aspects of the various pension reform bills enacted during the recent legislation session are yet to be clarified, it appears certain that the "phase-in" of higher CERS rates will become effective July 1, 2018. This phase-in of required higher contribution rates means that while contribution rates for FY 2018-19 will not be increased in excess of twelve percent (12%) over the rates in effect in the previous year, it also means that new increased rates (now at 21.48% for non-hazardous and 35.34% for hazardous employees, for all city funds and departments, effective July 1, 2018) can also grow each additional fiscal year by up to an additional 12%. This progression of adding up to 12% in additional pension contributions in each successive year to the rates increased in the prior year will over time impact our city's ability to provide services in the general fund and utility fund (until our pension obligations are more fully funded, which would result in lower rates, or unless new revenue sources/additional revenue is generated).

Below are "page by page" highlights of the Proposed FY 2018-2019 General Fund Budget (and following, the Proposed Budgets for the Utility Fund, Minor Funds, and Capital Budget). It's helpful to review each page of the respective budgets as we discussed the main points that are highlighted:

General Fund Revenue (page 3)

We use the most recent revenue receipts (up to and including 1st quarter, 2018) to project next year's revenue. This is the same consistent (and accurate) way we have projected revenue for the past number of years. Key assumptions/projections are as follows:

1. No tax increases are proposed (property, motor vehicle, or occupational/net profits).
2. For FY 2018-19, the city will receive the first full year of occupational license/net profits fee (1.9% and 1.75%, respectively). Total annual revenue of \$8,100,000 and \$1,080,000, respectively.
3. For the FY ending June 30, 2018, city received \$804,952.69 from Boyle County from held 911 funds. The city is using those to upgrade for a new 911 Computer Aided Dispatch (CAD) and Recorder System; the remaining funds will be held for future needs.
4. The balance of the Energy Efficiency Loan (bond) of \$9,500,000 is budgeted for the next fiscal year to complete the planned improvements.

5. A new loan (bond) of \$9,500,000 is planned for the construction of a new fire station (and to reimburse the general fund expense incurred for the new fire truck to be received prior to June 30, 2018).

Legislative & Executive (page 4)

1. Staffing changes are recommended for the next fiscal year: A total six (6) new positions are recommended for the next fiscal year for the city meet current/future workloads. These recommended changes are discussed within each departmental budget.
 - a) Given the magnitude of the demands and responsibility of providing regional water/sewer services, it is recommended that the current city engineer be transferred to the Utility Fund in the newly-created position of "Utilities Engineer", after hiring a new city engineer to address the city's many general fund needs. The Utilities Engineer would report to the City Manager. A new position of administrative analyst would also be created in the utility fund. Given growth in the size of both city general fund and utility operations, it is no longer feasible to attempt to deliver services under the present arrangement of having all water/sewer/storm water/cemetery/public works/general city engineering work under the direction of a single city engineer. Total new position(s): two (2).
 - b) Hire a new city engineer (reporting to the city manager), to address the city's general engineering needs and oversee the operations of public works, storm water, and cemetery operations. This is an existing, authorized position.
 - c) Establish the new, full-time position of Human Resources Director (currently, the position is combined with the city clerk position). Personnel costs are the greatest operational cost for any organization, including the city (currently employing about 150 full-time/part time personnel). Increasingly, the "baby boomers" are retiring and recruitment of staff of the "next generation" warrants a full-time effort. The Human Resources Director (reporting to the City Manager) would be primarily responsible for recruitment efforts, administration of the personnel matters (retirement/disability), coordination of self-funded health /other insurance benefits, coordination of the city's insurance/claims activities, planning/providing staff professional training opportunities and related matters. This position would continue to be supported by an administrative assistant (an existing position). Total new position(s): one (1).
 - d) The existing position of city clerk (reporting to the city manager) would remain (after creating new position of Human Resources Director). This person would provide support to the city commission in preparing agendas and fulfilling the other administrative duties (such as responding to open record requests).
 - e) Funding for a part-time college intern is continued for the next year (now currently assisting in city utilities).
2. Contract Services is funded at \$124,000. This funding provides flexibility to address specific specialized legal or other needs in lieu of creating a full-time position. For next year, this amount plans for the general expenditure of \$20,000 (which, for example, might be used to hire a part-time grant writer), expenses associated with publication of a quarterly newsletter to all city customers (\$24,000), the funding for the completion of the Master Parks Study (\$40,000), wayfinding/signage of \$30,000 and other non-specified at \$10,000).

3. Consultants. Funding is provided (\$45,000). These funds are used for interpreters for City Commission Meetings or at other City Committee Meets/Other Events and to fund Human Resource's employee assistance/support needs.
4. Increase in Salary for Mayor/Commissioners. Based upon earlier preliminary discussion, included is a fifty percent (50%) increase in the annual salary provided to the Mayor/City Commissioners. The last salary adjustment made was in 2006, with the current annual salaries being: Mayor: \$10,272.96 and Commissioners: \$6,056.04. The salary adjustment contemplated by this proposed budget would be to provide an annual salary of \$15,409.44 for the Mayor and an annual salary of \$ 9,084.06 for each commissioner. Inclusion of these amounts in the FY 2018 Proposed Budget would not result in changes in compensation being made unless the current city commission passes an ordinance to change their current compensation. Changes in compensation would become effective for the next Mayor/Commissioner taking office, effective on January 1, 2019.

Finance & Administration (page 5)

1. Consultants & Commission Fees budgeted at \$214,890. Danville pays Boyle County (for collection of taxes and fees) 2.25% of property taxes (\$39,240), and 1.75% of payroll /net profits collected (\$160,650). No change is recommended in the next fiscal year.
2. Part-time wages are increased slightly due to an anticipated employee maternity leave.

Information Technology (IT) (page 6)

1. Information Technology (IT) has seen a significant increase in the scope of their work due to: a) Upgrading of 911 Dispatch Equipment; b) increased use of IT equipment/communication at the water/sewer treatment plants, c) increased use of technology in both the police/fire department; d) increased complexity of operations in water collections/billings/general accounting, general city hall and other usage. There is the inherent need to have timely planning and coordination in providing city IT Services; increasingly, there are ongoing cyber-security issues and requirements to be addressed.
2. Accordingly, it is recommended that Information Technology (IT) be established as a regular city department and changing the current IT Manger's position (which currently pays overtime) to the salaried position of IT Director with increased emphasis on planning/security, coordinating/supervising IT staff to meet the city's current and future needs. One additional IT Technican (non-exempt) is recommended to be created. This would result in a department of four people (one of which would be the IT Director).
Total New Position(s): one (1).

Police Department (page 7)

1. Funding is provided for a fully staffed department of 35 officers and two assistants.
2. In FY 2017-18, overtime is over the established budget (due to short staffing). At the next hiring the department will be at full staff, which should reduce overtime costs. However, further retirements are likely during the next year. Of note, due to state funding/staffing shortages at the Department for Criminal Justice Training (DCJT) and high enrollment demand, state-wide there continues to be a long delay in having candidates become enrolled. This at times necessitates the city "over-hiring" in order to be able to "get in line" for the required DCJT training
3. Budget reflects the increased pension costs mandated by state law.

4. A new line item has been added to track firing range/ammo supplies next year (\$15,000).
5. Other operational cost increases are the "normal" inflationary increases.
6. Of note, our city should be aware that the State Police will start next fiscal year the "Angel Program" wherein persons having drug addictions may call them and "surrender" and seek treatment. Locally, our police can assist in that process. A challenge will be the adequacy/availability of treatment center space/beds.

Fire/Emergency Services (page 8)

1. Funding is provided next year to continue present funding of twenty-five full time fire fighters and one (1) administrative assistant.
2. In order to effectively compete to hire qualified firefighters, the budget reflects that the city will start paying retirement for part-time firefighters that work for both Danville and other cities or counties. Unless we pay retirement on our wages paid where firefighters qualify for that payment (i.e., work for both us and other jurisdictions), we will not attract the more-qualified part-time firefighters (which we use to supplement our full-time firefighter staff to save money). It should be recognized that the hiring of part-time firefighters is often a key step in the recruitment of full time firefighters.
3. Of note, the city will receive a new fire hook/ladder truck prior to June 30, 2018 which cost (fully equipped) approximately \$1.5 million. In the next fiscal year, the city plans to construct a new fire station to replace the obsolete fire station on Main Street (to be discussed in the capital budget).

Communication & Administrative Services (page 9)

1. Recall, in the current fiscal year Boyle County transferred to the City all held 911 funds previously distributed by the state. The City is operating the 911 Center and providing services to Boyle County, Perryville, and Junction City under a Service Agreement. Since mid-February 2018, the 911 Center has been providing "Medical Dispatch" services where necessary in addition to "regular" 911 dispatch services. This has been accomplished through payment of overtime to our regular fully-certified staff and through employing certified part-time employees.
2. Currently, there are twelve (12) employees in the 911 Communications Center. The budget for next year includes funding for hiring 1 new position (dispatcher). The proposed budget would fully staff the 911 Center with 13 employees.
3. Some supplementation with part-time certified 911 dispatchers (where we will have to pay retirement) is anticipated for the next fiscal year. Total New Position(s): one (1).

Codes Enforcement (page 10)

1. Continued funding of part-time Architectural Heritage Board support staff (\$25,000 annually) required to support AHB functions and consistent with our agreement with the state on supporting preservation/Main Street Program.
2. \$90,000 allocated for demolition of blight and/or legal support.
3. Continued funding of Director, two codes officers, and support staff (no change).

Public Services (page 11)

1. Recommend adding one (1) new public works employee.
2. Vacancy currently exists in position of Public Works Director (this position has a shared cost expense with the Stormwater Fund).
3. This Department will continue to be supervised by the City Engineer.
4. Allocation of extra funds (again) of approximately \$125,000 for continued construction of sidewalks. **Total new Position(s): one (1)**

Community Agencies (page 12) and Non-Departmental (page 13)

1. Senior Citizens is fully funded as requested (\$66,500).
2. Continues the present level of support for economic development funding of \$145,000 for the next fiscal year, and rebalances that funding by allocating \$72,500 to the Heart of Danville and allocating \$72,500 to the Economic Development Partnership.
3. The Boyle-County Airport is fully funded as requested (\$15,000).
4. The remaining other community agencies are funded at ½ of the funds they received in FY 2017-18 if they again requested funding this year.
5. Parks and Recreation is allocated \$240,000 (a \$2,000 increase); the city also provides substantial in-kind services and also currently pays water/sewer (to be discussed with the fiscal court for cost-sharing). In addition, as discussed in our city-county ad hoc parks and recreation committee, funding is included to provide an additional \$100,000 in city-county funding (\$50,000 in city funding). The funded projects that total \$100,000 (if the county also funds) will make improvements to:
 - a. Share areas for playground softball bleacher area (\$40,000);
 - b. Complete the fencing at the volleyball pit (\$10,000);
 - c. Repaving of the softball parking lot (\$35,000);
 - d. Address baseball #3 water drainage concerns (\$15,000).
6. The city's contribution to our closed police/fire pension fund was lowered to \$135,000.
7. This Non-Departmental Account is where operational transfers are made to support the operations of numerous other funds (museum, garbage, parking, municipal aid, streetscapes, etc.).

Debt Service, General Fund (page 14)

1. General Fund debt service is itemized on this page, and is budgeted at **\$1,485,857.01** for next fiscal year.
2. It should be recognized that debt service for fleet vehicles (\$275,000) and for energy efficiency improvements (\$40,934.88) are programs that have demonstrated cost-savings through issuance of debt/making the improvements.

General Fund, Capital Expenditures, and Minor Funds (page 15)

1. Public Services – Parks, allocated \$358,600. This is to: Complete the Henson Trail (\$88,600), erect the Gazebo in Millennium Park (\$25,000), install a small neighborhood playground at Henson Park (\$75,000), Complete the spiral water splash pad at the Water Treatment Plant Park (\$100,000, with \$50,000 being funded by storm water/education and \$50,000 being funded by Public Works). And additional \$120,000 would be used to construct the Mountain Bike Park (\$100,000 also anticipated in grant funds).

2. The other general fund accounts listed here are better viewed (with greater detail) on the **City of Danville 10 year Capital Forecast**. Turning to that document, you will see a total of \$12,074,208 in general fund expenditures projected for FY 18-19. Expenses are as follows, by department:
 - a) Police Department - \$175,000 in total. Video Cameras (\$35,000), building repairs in the police department (\$20,000 for floor tile replacement/wall repairs), and various vehicle equipment (\$30,000) are the major items.
 - b) Fire Department - **A new fire station (\$9,500,000) is the major item.** A total of \$125,000 is allocated to move/upgrade the main communication tower at its current location (this is now in the communications equipment category on the budget, page 15). A total of \$400,000 is allocated to replace fire turnout gear/coats.
 - c) Communications – No capital expenditures projected for the next fiscal year. Just completed a projected CAD/Recorder/Server/Other upgrades of the 911 Center for \$434,500.
 - d) Public Works – **Completion of the public works garage (\$640,000) is planned** (now that other major construction projects have been completed). Funding is provided for several types of equipment. Funding to complete trails is included (\$208,600 and \$125,000) as discussed earlier in public services (above).
 - e) Other General Fund – Purchase copier (\$15,000). **Replace city hall/finance department computer server and make a long over-due software upgrade to permit improved utility billing (\$500,000).** Allocate \$50,000 for beginning to implement wayfinding signs. Fund energy efficiency project at city hall and Millennium Park for \$59,608.
 - f) Stormwater – Purchase equipment as noted, do limited stormwater improvements, partial funding (\$50,000) of educational park at water treatment plant (page 29).
 - g) Cemetery – Install security cameras (\$25,000) and begin to make upgrades (to be determined) on property acquired at Bellevue (\$25,000) (see page 27).

Municipal Aid Fund (with transfer from General Fund) (pages 16-17)

1. Further increased general fund transfer to this fund by \$100,000 to a new total of \$600,000 to do more paving while we are still able to benefit from access to the state price contract for asphalt (with plans to keep it at \$500,000 – an increased level—next fiscal year).
2. Making essential repairs to the 2nd Street Bridge (\$135,000) in the current fiscal year and \$65,000 budgeted in 2018-19 to complete the bridge replacement project.

Police Safety Fund (pages 18-19) - As listed.

Drug Forfeiture Fund (pages 20-21) – As listed.

Renaissance Fund (pages 22-23) – As listed.

Streetscapes Fund (pages 24-25)

1. Budgeted for streetscape improvements to be made on Main Street from 5th to 4th Street (\$250,000);
2. Also budgeted for potential of receiving \$900,000 Streetscape grant to make improvements on Main Street from 4th to 3rd Street; and
3. If additional grant is not received, the general fund transfer of \$384,265 will be used to make curbing and other improvements at the intersection of Main and 3rd Streets.

Cemetery Operations, (pages 26-27)

1. Landscaping and flowers contractions increased from \$5,000 to \$10,000.
2. Landscaping and flowers materials increased from \$6,000 to \$12,000.
3. Capital expenditure of \$50,000 (for security cameras and upgrades to recent land acquired).
4. Additional paving of roads in cemeteries (\$20,000).

Stormwater Operations (pages 28-29)

1. No proposed increase in fees.
2. Continue Engineering for Sub-Basins and minor projects.

Parking Fund (pages 45-46)

1. Continue supplementing with General Fund transfers.
2. Finish Energy Efficiency Project that will help with the electricity costs.

This concludes the review of the Proposed FY 2018-19 General Fund Budget and budgets for minor funds. A total of six (6) new positions are included in the proposed FY 2018-19 Proposed Budget. These much-needed additional positions are: Utility Engineer (1); Utility Administrative Analyst (1); Human Resources Director (1); IT Technician (1); 911 Dispatcher (1); Public Works Employee (1).

Proposed FY 2018-19 Utility Fund Budget

Utility Fund Summary

1. Declining fund balance due to use of borrowed funds. (Completion of Water Treatment Plant)
2. Leaving a Fund Balance after expenditure of borrowed funds of only \$624,416. This is a very small Fund Balance for the Utility Operations.

Utility Fund Revenue (page 33)

1. Projects moderate increases in service revenue.
2. Borrowing approximately \$6,065,000 in the budget year to cover most of the capital.
3. The majority of the remaining capital will be paid (\$950,000) that was awarded to the City from the EDA grant.

Water Treatment Plant (page 34)

1. Adding one new employee for the operations of the water treatment plant. It takes several years for an employee to receive all the proper training and obtain a class 4 water treatment plant operator classification. The City is planning for the future to have proper employee's trained for continued operations when current employees retire.
2. Electric Services is a significant part of the water plants budget and this budget reflects the first full year of operations with the new plant.
3. Chemicals are another significant cost at the water treatment plant. Again this will be the first full year of operations with the new plant and new system. The City continues to try to get best prices for chemicals by having the reverse bid process.

Water Distribution (page 35)

1. Water Distribution meters was a significant portion of the Energy Efficiency Project upgrades. Monitoring and assisting with these activities resulted in an increase in overtime in the current physical year. The City anticipates this to reduce to a normal range in the budget year and to continue to decrease in the future as a benefit of the project. All energy efficiency work (include meter replacements) should conclude November 2018.

Wastewater Treatment Plant (page 36)

1. The sewer treatment plant is budgeted for a major needed upgrade.
2. As with the water treatment plant electric services is a significant portion of the budget and will be addressed when considering the plant upgrades.
3. Maintenance of the UV Light system is a large cost to the plant as well and this system will be evaluated during the upgrade process.

Sewer Collection & Rehab (page 37)

1. Maintaining the sewer pumps and lift stations are a large fluctuating part of the budget. During the current year with large amounts of rain the expense has been larger than normal.
2. The City has budgeted to borrow funds for the upgrade of Spears Creek Station.

Perryville Plant (page 38) – as listed

Non-Departmental – Utility (page 40)

1. Wages have been moved for Utility Engineer and Administrative Assistant to this area as discussed previously.
2. The interfund charge back to the City is in this area along with contingency and legal fees.

Utility Debt Service (page 41)

1. Utility Debt Service budgeted for next fiscal year is \$2,878,789. This included new debt to fund capital that is in the budget.
2. As with the General Fund, it should be recognized that debt service for fleet vehicles (\$199,075) and for energy efficiency improvements (\$275,000) are programs that have demonstrated cost-savings through issuance of debt/making the improvements.

Utility Capital (page 42)

1. As previously discussed, the capital budgeted will have to be paid with grant or borrowed funds.
2. Some of the Capital needs are:
 - a. Corporate Drive upgrades (\$2,400,000)
 - b. Storage Tank painting and improvements (\$540,000)
 - c. Beginning Sewer Plant upgrades (\$1,500,000)
 - d. Lift Station and Pump upgrades (\$1,000,000)
 - e. Finishing the Energy Efficiency Project (\$1,312,836)

This concludes the overview presentation on the proposed budgets (all funds) for the next fiscal year.

Thank you for your attention and consideration of these recommendations.

If you should have questions, I and/or Michele Gosser, Chief Financial Officer, will be glad to answer those.