

MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

August 5, 2020

The Mission Finance & Administration Committee met virtually via ZOOM on Wednesday, August 5, 2020. The following committee members were present: Hillary Thomas, Trent Boultinghouse, Arcie Rothrock, Nick Schlossmacher, Kristin Inman, Sollie Flora and Ken Davis. Mayor Appletoft was also in attendance. Councilmember Kring was absent. Councilmember Thomas called the meeting to order at 6:32 pm.

The following staff were present: City Administrator Laura Smith, Assistant City Administrator Brian Scott, City Clerk Audrey McClanahan, Assistant to the City Administrator Emily Randel, Public Works Director Celia Duran, Public Works Superintendent Brent Morton, Parks & Recreation Director Penn Almoney and Police Captain Kevin Self.

Public Comments

Councilmember Thomas explained that this meeting is being held virtually via Zoom and participants can make a comment through the chat feature.

There were no public comments.

Public Presentations

2021 Budget Public Hearings

Councilmember Thomas explained that tonight was the official public hearing on the 2021 Budget for the City of Mission, Rock Creek Drainage District #1 and Rock Creek Drainage District #2. The notice of the public hearing was published in The Legal Record on July 21, 2020.

Ms. Smith presented on the Recommended 2021 Budget which reflects the impacts of the COVID-19 pandemic and will require continued evaluation and consideration. The budget covers the period of January 1st through December 31st which includes approximately \$19.75 million of total revenues and \$21.42 million of expenses accounted for in seventeen individual funds. Expenses exceed revenues as the result of the expenditure of existing bond proceeds and the intentional use of excess General Fund reserves to address revenues impacted by the coronavirus pandemic. Our current fund balance position provided a unique opportunity to approach the 2021 budget deliberations cautiously, while also eliminating the need to make immediate decisions in fiscal years 2020 and 2021 that could have potentially long-ranging impacts. Reliance on reserves is not a sustainable budget strategy, but Mission's conservative fiscal management over the past several years has provided an opportunity to maintain the level of programs and services that businesses and residents have come to expect.

The City's General Fund accounts for core municipal functions and services such as Public Safety, Public Works, Parks & Recreation, Community Development, and Administration. It is an operating budget, focused primarily on revenues and expenses in the current fiscal year. Total estimated General Fund Revenues in the 2021 Recommended Budget are \$12.1 which represents a 7% increase over the 2020 Estimated Budget, but a 10% decrease from the original 2020 Budget and a 5% decrease from 2019 actuals. This annual operating budget is supported by four primary revenue streams: sales/use taxes (local and intergovernmental), property taxes, parks and recreation revenues, and fines and forfeitures. Fluctuations in these revenue streams impact how the City is able to pay for and maintain core services. The sales and use taxes is the largest revenue stream which includes 1% general sales taxes and a portion of the County's sales taxes. The 2020 Estimated Budget and 2021 Recommended Budget will include a sales tax reduction of 10%. Property tax revenues are the next largest share, Mission's 2020 assessed valuation has been estimated at \$172,504,333 which represents an increase of 5% from the current year. One mill in the 2021 budget will generate approximately \$172,500. The draft budget assumes the current mill levy (17.57) mills remains constant. Of the total mill levy, 7 mills are assessed for street maintenance with the balance (10.57 mills) dedicated to General Fund operations.

Parks & Recreation revenues are generated through memberships, facility rentals, class/program fees and summer camp fees. However, due to impacts of the COVID-19 situation, the 2020 Estimated Budget anticipates a 50% revenue decline. Fine and forfeiture revenues are collected as a result of law enforcement activity, primarily traffic enforcement, and associated municipal court charges. Revenues were brought in line with 2019 collections, and then decreased by 30%.

General Fund Expenditures:

- Estimated 2021 total \$13,127,185 in expenses (\$12,039,685 for Departments and \$1,177,500 in Transfers).
- 5% increase over the 2020 Estimated Budget.
- Personnel - largest expenditure, budgeted at \$7.97 million with seventy-five full-time employees. Includes a 3.5% merit pool and estimated 5% decrease in health/welfare benefits.
- Contractual services and commodities will total approximately 3.77 million. These include contractual services such as utilities, legal services, prisoner housing, etc. and commodities such as fuel, salt, program supplies, etc.
- Capital Expenditures total \$111,200, majority from financial management software (\$100,000).
- Includes debt service for 2013A Bonds, totaling \$80,000 and annual lease payment for police vehicles in the amount of \$108,000.
- Transfers are included in the amount of \$1,102,500 for street maintenance, representing the transfer of revenues generated by the 7 mills dedicated to streets.

- \$75,000 transfer to Solid Waste Utility Fund to subsidize a portion of the contract with Waste Management

Several projects, programs or equipment priorities, which were either carried over from 2019 or approved for 2020, have not yet been completed or in some cases even started. The exception is of the vehicles for the Police Department's Directed Patrol Unit (DPU) which has been deferred, all of those previously approved expenses are included in the 2020 Estimated Budget and 2021 Recommended Budget. Timing of purchases and expenditures will be closely monitored to ensure revenues are sufficient to move forward with any specific program or services. In addition, capital and supplemental requests submitted by the Departments for 2021 have been incorporated. These include projects such as wifi access points (hubs), technology replacement, software licensing, Council constituent communications, greenhouse gas inventory update, COVID-19 housing relief fund, tree maintenance, replacement of Public Works' lighted arrow board, TrafficCAD sign plotter and squeeze roller, digital signage, mailings, Directed Patrol Unit, and Police Department server.

The City Council has an established fund balance target/goal of 25% of budgeted revenues in the General Fund which equates to \$3,025,714, leaving an estimated unrestricted General Fund balance in excess of the Council's fund balance target of \$123,384. By using excess reserves to help cover anticipated revenue shortfalls in 2020 and 2021 we are able to continue to minimize service delivery impacts for residents and businesses.

The City uses a multi-year Capital Improvement Program (CIP) to address infrastructure investments. Mission's CIP is focused around three primary program areas: streets, stormwater, and parks and recreation. It serves as a guide for the efficient and effective provision of public infrastructure by outlining a schedule of capital projects over a five-year horizon. Capital infrastructure projects are generally large in scope and often take several years to complete, making it more appropriate to handle them outside of the General Fund. The City has consciously used debt to address deferred infrastructure needs and to complete projects which exceed the City's cash flow abilities. The amount of debt is continually evaluated in relationship to the overall increase in the City's net assets, as well as the useful life of the assets being constructed or repaired. The majority of the City's existing debt is related to capital improvement projects. Annual debt service requirements remain constant at approximately \$4 million/year through 2022, then decrease significantly in 2023, and again in 2024 and 2027. All debt currently supported by the capital project funds will be retired by 2031.

The recommended 2021-2025 CIP includes the following policies and priorities:

- Maintain the Stormwater Utility Fee at \$28 per ERU per month. This provides an estimated \$2.5 million annually in Stormwater Utility fees for repayment debt service and maintenance of stormwater infrastructure.
- Establish a property tax mill rate of 9.856 mills in Rock Creek Drainage District #1 which is anticipated to generate approximately \$25,000 annually.

- Establish a property tax mill rate of 9.771 mills in Rock Creek Drainage District #2 which is anticipated to generate approximately \$77,000 annually.
- Maintain the total mill levy in the General Fund at an estimated total mill rate of 17.570. The revenues equivalent to approximately 7 mills (\$1,103,000), will be transferred to the Capital Improvement Fund to support street maintenance activities.
- Use revenues from the $\frac{3}{8}$ -cent Parks & Recreation Sales Tax (\$875,000) for debt service on the outdoor aquatic facility, facility/equipment costs associated with the Sylvester Powell, Jr. Community Center and maintenance of the City's outdoor park and trail amenities.

The General Fund and the various funds that support the 5-Year Capital Improvement Program make up the majority of the City's total annual budget. There are several other miscellaneous funds which the City maintains separately. First, the Special Alcohol Fund is expected to be impacted by COVID-19 resulting in decreased revenues for 2020 (\$50,000) and 2021 (\$70,000). The majority of this funding will go towards the Drug and Alcoholism Council and approximately \$15,000 will go to the DARE program in local elementary schools and \$30,000 to cover costs associated with Mission's participation in the Johnson County mental health co-responder program. The Solid Waste Utility Fund is collected through single-family residential properties and supports the annual trash, recycling and yard waste contract with WCA. The 2021 budget anticipates a 3% increase in the contract with the estimated resident charge of \$183.83 annually for 2021, or an increase of \$0.67/mo. The General Fund Budget includes a transfer in the amount of \$75,000 to support this contract which represents 15% of total annual contract costs.

The Mission Convention and Visitors Bureau (MCVB) was formed by City ordinance in February of 2009 to assist in the revitalization and redevelopment of the Mission business district. In 2016, the Council disbanded the MCVB Committee, but the fund is maintained to account for transient guest tax revenues (9% hotel/motel tax) received by the City. These funds are used exclusively to support the publication and distribution of five issues of the Mission Magazine each year. The MCVB Fund also currently manages revenues and expenses for the Mission Business Partnership and the annual Holiday Adoption program on a "pass-through" basis, and is anticipated to continue to do so in the 2021 Proposed Budget. The 2020 Budget includes \$10,000 for the purchase of banners (2 styles) for the entire length of Johnson Drive and no specific projects have been identified for 2021.

Mission Crossing TIF/CID Fund is used to account for the revenues and expenses associated with the Tax Increment Financing District (TIF) and Community Improvement District (CID) associated with the Mission Crossing Development. All distributions from this fund are made in accordance with a development agreement for this project, and reimburse the developer for certain approved development costs. The TIF property tax revenues are distributed to the City through Johnson County. The TIF sales tax (1% City General) and CID sales tax (1% additional) are received from the State. Staff verifies and performs any necessary calculations prior to distributing to the developer on a quarterly basis. Cornerstone Commons CID Fund is used to

account for the revenues and expenses associated with the Community Improvement District (CID) associated with the Cornerstone Commons Development. All distributions from this fund are done in accordance with a development agreement, and reimburse the developer for certain approved development costs. The CID sales tax (1% additional) is received from the State and calculated/verified and distributed by staff. Payments are made to the developer quarterly.

There were no comments from the public and the public hearing was closed.

**Acceptance of the July 1, 2020
Finance and Administration Committee Minutes**

Minutes of the July 1, 2020 Finance and Administration Committee Meetings were provided to the committee. There being no objections or corrections, the minutes were accepted as presented.

Contract for Crossing Guard Services

Captain Self reported that the City of Mission has contracted with All City Management, Inc. to provide crossing guard services at: 51st and Lamar (Rushton School) and 62nd and Roe (Highlands School) since August 2016. Prior to 2016, crossing guards had been part-time employees of the City, but enough interest in the position could not be maintained to ensure coverage should an employee need to take sick or vacation time. All City Management was selected following research of how other local cities were providing these services.

The Police Department has been pleased with the services provided by All City Management Services, Inc. and recommends entering into a new agreement for 2020-2021. An amendment to the original agreement has been prepared and includes:

1. Extension of Term. The City and All City Management, Inc. agree to extend the term of the agreement beginning July, 2020 through June, 2021.
2. Price Adjustment. The City would agree to pay the Contractor Twenty-three Dollars and One Cent (\$23.01) per hour for a minimum of 2.0 hours per guard, per school day.

The rate increase from \$21.08 per hour to \$23.01 per hour represents a total increase of \$1,389.60 per year.

Councilmember Davis asked how the impact of COVID-19 will affect this contract in regards to school closure or virtual learning. Captain Self confirmed the contract is based on an hourly rate and it will not be affected.

Councilmember Davis recommended the amendment to the contract with All City Management Services to provide school crossing guard services at multiple locations in the City of Mission be

forward to Council for approval. All on the Committee agreed, this will be on the consent agenda.

Community Strategy Update

Ms. Randel presented an update on the contract with Crux for communication, branding and public relations services. Stating that the City's communication team, representing all departments, have met and discussed items that will be released to the public. The research phase has been completed and includes individual interviews, focus groups and surveys with members of the community, staff and the Governing Body. The Crux team completed a marketing audit of existing collateral, website, social media, email and print publications, and a comparison of Mission's communication practices to those of comparable local governments in the area. Crux also established a baseline for Google analytics, showing traffic and duration patterns on the City's website as well as social media accounts. Representatives from Crux presented their findings at the Finance and Administration Committee meeting in June. Crux has been collaborating with staff to develop a 30-60-90-120 communications plan and has engaged in the following steps:

- Coordinating communication roles and responsibilities in each City department
- Brainstorming new methods to increase reach and engagement
- Participated in an introductory meeting with the Mission Magazine editorial board
- Expanded the City's existing list of media contacts
- Prioritizing collateral and other deliverables to address most quickly as the new branding is implemented.

Ryan Hembree, Vice-President of Crux, addressed developing the elevated brand for the City and its departments adding the importance of producing consistent branding and messaging with a new logo. Mr. Hembree then presented two design concepts for Council's consideration. The concepts are based on the feedback shared during the research phase of the project and both concepts aim to highlight the best of Mission in a way that feels current and unique. If there is consensus around one of the design options, development of the new branding materials will begin right away. The new branding will be incorporated in things like applications, meeting notices, official letterhead, printed publications, apparel, City vehicles, and more. The implementation of the new designs will be made in a thoughtful manner, balancing considerations for visibility, frequency of use, and cost.

Councilmember Schlossmacher asked about the progress of updating the website. Mr. Hembree replied that they have been conducting research and assessing the structure of the current website. However, before launching the new website, they would like to solidify the brand development to ensure consistent messaging and implementation. Ms. Randel added that they have been looking at pages in the website that are visited frequently and indexing how those will be profiled. While there hasn't been a lot of movement with the website look, the content is being evaluated so it can be executed efficiently and effectively.

Councilmember Davis complimented on the work the team has done and the concepts that have been put into the designs. He added that option two was a bit softer because of the rounded edges.

Councilmember Schlossmacher was concerned that the first option resembled the Slack logo. Mr. Hembree replied that this is a very unique concept in relation to other cities' logos and doesn't think there will be an issue in relation to the Slack logo.

Councilmember Thomas asked if there was the possibility of a hybrid logo if there were elements of both designs that the Council preferred. Mr. Hembree replied that the logo could be adjusted and refined if needed. Councilmember Flora said she liked the first design but possibly favored the navy and font of the second design but was concerned that the second logo looked unbalanced.

Councilmember Schlossmacher expressed concerns with the style of the lettering for the logos and preferred uppercase for Mission. Mr. Hembree commented that they are working towards making sure this logo can be used for many years and is timeless.

Councilmember Boultinghouse thanked the Crux team for presenting the two logo options and thinks that either option will be a good position for the City, adding that he preferred the darker navy font but was concerned the script writing was outdated.

Councilmember Thomas asked about presenting this information to the public and receiving their feedback about design. Mr. Randel replied that was discussed and they wanted to have Council's views and considerations before it was released to a broader audience.

Councilmember Davis asked if there would be issues in regards to the costs of publishing/printing the multi-colored logo. Mr. Hembree answered that the logo would be featured primarily online and that the cost of printing has decreased considerably and the biggest challenge is not necessarily how many colors the logo has but will it work in black and white. The multi-color also provides greater versatility so that there is more variance in design. Councilmember Flora asked for Council to be able to see the black and white versions for consideration. Councilmember Thomas expressed the importance of receiving feedback from the public going forward.

Councilmember Davis asked about the copyright process for the logo. Mr. Hembree reported that Crux recommends that the final design is taken to an intellectual property attorney to perform a trademark search then have it copyrighted so it can't be reproduced outside of the organization.

Councilmember Thomas asked if the rebranding collateral was reflected in the 2021 budget. Ms. Smith said that there are printing costs in the budget and the City has been utilizing current

stock in order to prepare for the new inventory. As far as displaying the logo on the vehicles, the associated costs would need to be evaluated. The City banners, which will have a significant visual impact in the community, have been set aside in the 2020 budget to produce two sets. Ms. Randel added there is also an apparel budget that is a rolling amount for each year.

Councilmember Schlossmacher asked if there was any feedback about trying to incorporate the sunflower into the design. Ms. Randel replied that it was discussed and that the direction they were heading was a new look with a current design. Mr. Hembree said another consideration they wanted to take into account was whether this logo would differentiate the City from other designs and these two options were the best presented.

Councilmember Davis thanked the team and appreciated the idea of the crossroads theme in the second logo.

Councilmember Davis recommended the rebranding designs for use throughout the City's communications including logo, signage, website and other essential materials be forward to Council for approval. All on the Committee agreed, this will be on the non-consent agenda.

2021 Budget Resolution

Ms. Smith reported that as a part of the annual budget process, the City Council adopts a budget resolution which outlines and describes the financial policies, tax and fee structures, and other related issues identified in a particular fiscal year. This includes the budgets for the City of Mission, Rock Creek Drainage District #1 and Rock Creek Drainage District #2. This year's Resolution has been prepared based on the staff, Council and public input received to date in the budget process and allows for a quick reference in communicating and presenting the information. It is designed to explain the policies that are utilized to support the CIP or infrastructure portion of the budget. The next section addresses basic service delivery and City operations as part of the General Fund and related policies, fees and objectives. Finally, the last section is left for any other specific items that the governing body wants the staff to pursue for the balance of the year.

Ms. Smith added that it includes maintenance of the stormwater utility fee, the middle levies for the drainage districts, special sales taxes versus debt service as well as dedicated street and Parks & Recreation activities. Unless Council has any changes then the Resolution will be presented at the City Council meeting on August 19th.

Councilmember Davis recommended the 2021 Budget Resolution outlining the policy decisions, mill levies, and fees included in the City of Mission, Rock Creek Drainage District #1 and Rock Creek Drainage District #2 budgets for 2021 be forward to Council for approval. All on the Committee agreed, this will be on the non-consent agenda.

2021-2025 CIP Resolution

Ms. Smith explained that also as a part of the annual budget process, the Governing Body adopts a resolution that addresses the recommended five-year infrastructure plan, referred to as Mission's Capital Improvement Program (CIP). The revenues and expenses programmed in the CIP for 2021 are included in the 2021 Recommended Budget in the appropriate funds. The remainder of the CIP is designed to be fluid and flexible in order to evaluate and address changes in resources or priorities in future years. Projects which have been identified or discussed but were not specifically included in the 2021-2025 CIP may be outlined in the body of the Resolution in order to establish a public record/reminder of historical considerations. These projects may eventually be programmed within the 5-year plan as a part of future budget discussions. Approval of the 2021-2025 CIP does not commit the City to any specific expenditures beyond those detailed in the 2021 Budget.

Councilmember Davis recommended the Resolution adopting the City of Mission's 2021-2025 Capital Improvement Program (CIP) be forward to Council for approval. All on the Committee agreed, this will be on the non-consent agenda.

Adoption of the 2021 Budget

Ms. Smith clarified that the final step in two weeks will be adopting the 2021 Budget for the City of Mission as well as Rock Creek Drainage Districts #1 and #2. The 2021 Budget is a balanced budget, as required by law, and maintains the City's high service levels and sound financial position while also minimizing the tax burden on citizens and businesses. The 2021 Budget addresses challenges from the COVID-19 pandemic which will be continually monitored. In order to complete the process and formally adopt the 2021 budgets, the Council will take action, at the August 19th legislative meeting, in the form of three separate motions.

Councilmember Davis asked about the impacts of the property valuations from the County and the mill levy. Ms. Smith explained that based on the current assessed valuation, it was anticipated that a mill will generate about \$172,500. The estimates in various places in the budget may not currently reflect that revenue, but when the property tax receipts are received, in January and June, Mr. Scott will complete a calculation based on those receipts then transfer that amount from the General Fund to the CIP Fund. After those are adjusted it will ensure a transfer of a full seven mills or equivalent.

Councilmember Boultinghouse referenced the Community Center in regards to the fifty-percent reduction in patronage and possible continued/future COVID-19 impacts. Ms Smith replied that July was the first month that the City reinstated membership dues and will need to evaluate the financial receipts once those are received. The City will continue to monitor the situation and make cost benefit analysis to make sure appropriate action is taken and implemented. This may result in restructuring plans for the Community Center. Also, when there is a structural

imbalance in budget then a way to increase revenue is decrease expenses, this could be accomplished through personnel and continuing to hold on hiring for vacant positions.

Councilmember Thomas was concerned with investing around \$400,000 in equipment replacement at the Community Center for 2021. Ms. Smith clarified that even though it is a budgeted project expenditure that it won't necessarily be approved for purchase or construction. Anything that is a larger expenditure, over \$10,000, would have to come back to the Council for approval. This will be an ongoing discussion on how resources are allocated to address the needs and priorities identified.

Councilmember Flora wondered if staff had developed benchmark criteria to know when to bring the budget back to Council for consideration or potential revision. Ms. Smith answered that right now the biggest impact on expenditures will be holding vacant positions open. Currently, the only position being filled is municipal court clerk, which is crucial for the implementation of the new software. It will be important to continue to evaluate those changes and develop benchmarks in the process.

Councilmember Davis stressed the importance of pausing and looking at how there are many necessary services, provided by the City, which don't produce revenue, adding that he appreciates the work by staff in estimating revenues and expenses. Councilmember Thomas agreed and thinks it's important to subsidize the Community Center in any capacity in order to keep it going and supported Councilmember Flora's concept regarding utilizing benchmarks in order to assess the budget. Councilmember Thomas thanked staff for their work on the budget and hoped there was a way to add to the residential street program, stormwater and parks by possibly reallocating funds. Ms. Smith answered that the City has been consciously working towards building those funds and when it is in the position of having excess funds then the Council can address where those funds should be spent.

Councilmember Davis recommended the adoption of the 2021 Budget be forward to Council for approval. All on the Committee agreed, this will be on the non-consent agenda.

Discussion Items

There were no discussion items.

OTHER

Department Updates

There were no departmental updates.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 8:09 p.m.

Respectfully submitted,

Audrey M. McClanahan
City Clerk