

**SPECIAL ROLLA CITY COUNCIL WORKSHOP MINUTES
MONDAY, AUGUST 31, 2021; 5:30 P.M.
ROLLA CITY HALL COUNCIL CHAMBERS
901 NORTH ELM STREET**

Presiding: Mayor Louis J. Magdits, IV

Council Members in Attendance: Moriah Renaud, Terry Higgins, Megan Johnson, Matthew Fridley, Lister Florence, Jody Eberly, Robert Kessinger, Stanley Mayberry, Victoria Steen.

Council Members Absent: Ann Murphey, Carolyn Bolin, and Deanne Lyons

Department Directors and other City Officials in Attendance: Finance Director Steffanie Rogers, Fire Chief Ron Smith, Police Chief Sean Fagan, Public Works Director Steve Hargis, Environmental Services Director Brady Wilson, Parks Director Floyd Jernigan, Recreation Director Marci Fairbanks, City Engineer Darin Pryor and Community Development Director Steve Flowers

Mayor Louis J. Magdits, IV called the workshop to order at approximately 5:30 p.m.

FY 2021-2022 Budget: Mayor Magdits turned the floor over to City Administrator John Butz. He explained the total proposed budget for all nine funds (General Fund, Sewer Fund, Environmental Services Fund, Park Fund, Park Land Reserve Fund, Airport Fund, Cemetery Fund, Street Fund, and Recreation Fund) has revenues estimated at \$45,366,092 and expenses at \$42,546,680. It was noted that this includes Sewer Bond proceeds of \$5,275,586, MRTDD reimbursements of \$1,560,660 and financing for the New Public Works Facility (Phase 2) of \$3,500,000. Without the major capital projects, the City's budget is approximately \$32,000,000.

Regarding personnel related costs: Cost-of-living (COLA) increases and merit increase considerations budgeted, were tailored to each division.

- The starting salary for Public Safety Officers and Firefighters, previously increased to \$36000 in 2021, will be increased again to approximately \$39,900 in FY 2022 with a 4% COLA plus 5% by the Use Tax and access of up to 1.5% merit increase for a total possible increase of 10-5%.
- Public Works: Grade 7-11 employees will receive a 4% COLA and a 10% reclassification and no merit consideration for a total increase of 14%.
- Remaining Administration and General Employees will receive a 4% COLA and access of up to 3% merit consideration for an average increase of 7%.

While this is a significant difference from the 1.75% averaged over the last 10 years, these adjustments will not solve all compensation issues. This raises salaries to a

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competitive level to help recruit manpower and to retain existing employees. Additional pay adjustments will be needed in FY 2023 when minimum wage goes to \$12/hr. It was noted that raises this year were only made possible due to the Use Tax (which makes up 7% of the General Fund) and ARPA funding.

Total Personnel-related costs (all funds) equals approximately 50% of the operating budget at \$16,053,835. \$9,819,400 of which is for 176 full-time employees, \$3,181,350 for part-time employees, and \$1,035,000 for LAGERS retirement.

In an attempt to shift more money into pay, all benefits will need to be re-evaluated in early 2022 to take effect in 2023.

The City is set to receive approximately \$4,000,000 in ARPA funds, half of which should be deposited within the next couple of weeks.

The following critical funded requests include: Public Safety radios at \$1,135,000 made possible with ARPA funds. Public Safety compensation at \$489,125, RFD station renovation at \$75,000, Public Safety vehicles at \$191,000, and the new Animal Shelter building shell at \$620,000.

The following critical unfunded requests include: Phase 2 Animal Control shelter completion at \$650,000, Administration succession planning at \$175,000, and Law Enforcement body cameras with an annual reoccurring charge between \$45-\$50,000.

In regards to the Recreation Centre: In November of 2020, all Centre employees transferred to Power Wellness, the contracted management/operations company for the Centre. ARPA loss revenue reimbursement of \$815,000 for 2020-2022 is anticipated but a plan of sustainability it needed.

In regards to the Sewer Fund: Makes up 20% of the Total Budget. The Sewer Fund budget is over inflated due to the \$25M Bond issue for Treatment Plant upgrades to be completed in 2022 (\$3.7M in FY 2022). Good Reserve balance of \$5M which is accumulated to make additional debt service payments thru 2027. The budget includes a \$.025/1,000 gal increase in user rate (total \$5.65/1,000 gal)

In regards to the Environmental Services Fund: Makes up 9% of the Total Budget. Good reserve balance of \$1.4M. Thanks to a combination of high quality recycling material and the rebounding of the recycling market, Brokers are again able to negotiate a decent revenue. (\$270,000 projected revenue). The 2nd of the 3 proposed automated trash trucks (\$345,000) will be ordered this year. At twice the price of a regular trash truck, it completely changes how the fleet is operated and more efficiently utilizes the labor force.

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Once all the transfers for expenses are complete, there will be a \$100,000 deficit for Environmental Services. The budget includes a 15% increase in residential trash fee and 5% increase in commercial trash fees. The 15% residential increase can be avoided if the service for residential recycling pick-up is discontinued. Approximately 30% of single housing units in Rolla are currently utilizing the curbside recycling pick-up. Even with the proposed salary increases, there may still be a labor shortage on the recycling crew.

In regards to the Airport Fund: Makes up 2% of the Total Budget. The General Fund subsidized this Fund for decades. With recent improvements, it has been consistently subsidized \$150-\$200,000 a year. In 2020 the Airport moved to the Street Capital Improvement Fund; saving \$150-\$200,000 a year in the General Fund but at the expense of street capital improvements. This fund has minimal reserves projected at \$13,914. Fuel Sales have rebounded (\$370K) and AG Lease/Ground Leases are updated. The users of the airport, cover the operating expenses at the airport.

In regards to the Cemetery Fund: The City acts as “trustee” of the perpetual care of the Cemetery through the selling of plots. A portion of plot sales goes into the Cemetery Reserve Fund, which currently has a balance of \$331,647. Because funds were not set aside from the beginning, services for eternal care are severely underfunded, so the City Parks Department has maintenance responsibilities. An increase in burial service fees is budgeted in 2022 for the labor associated with burials.

In regards to the Street Fund: Makes up 29% of the Total Budget. Currently has a solid unrestricted reserve projected of \$1.24M. The Budget appears overinflated due to MRTDD projects still in progress with funds we are managing. In 2022 Budget includes, University Drive at \$8.5-9M of which the University will be paying half. Other projects include the removal of the Ransdale building, construction and financing of Street Shop-PW Yard (\$3.5 M), and 6 miles of thin road overlay and sidewalk improvements.

In regards to the Park Fund: Has a reasonable Reserve Fund balance of \$114,526. Primary revenues include property tax and the ¼ cent sales tax. Prop P was vital in saving the Park system. It provides \$1,154,000 in dedicated park funding (25% expires in 4/23). The Parks Fund shows capital expenses in excess of \$350,300 (backhoe, mower, Buehler Park playground, and sidewalk improvements). The City will be asking the voters for Prop P reauthorization (1/16th sales tax sunset) \$45K will be budgeted of ARPA funds do to COVID loss revenue.

In regards to the Park Land Reserve Fund: Requires 2/3 Council Vote to authorize the spending of same. \$39,500 was approved for the Buehler Park playground. There is currently a balance in Escrow of \$73,119. These funds are from land sales and residential subdivision development loss of green space.

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ADJOURNMENT

Having no further business, the workshop adjourned at approximately 7:26 p.m.

Minutes respectfully submitted by City Clerk Lorri Thurman.

CITY CLERK

MAYOR

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