



City of Sikeston

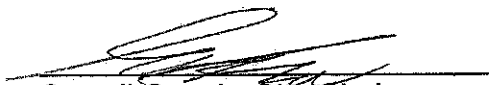
TENTATIVE AGENDA

SPECIAL CITY COUNCIL MEETING
SIKESTON CITY HALL

Monday, March 24, 2014
4:00 P.M.

- I. CALL TO ORDER
- II. RECORD OF ATTENDANCE
- III. OPENING PRAYER
- IV. ITEMS OF BUSINESS
 - A. Budget Work Session
 - B. Other Items As May Be Determined During the Course of the Meeting
- V. ADJOURNMENT

Dated this 19th day of March 2014


Carroll Couch, City Clerk

The City of Sikeston complies with ADA guidelines. Notify Linda Lowes at 471-2512 (TDD Available) to notify the City of any reasonable accommodation needed to participate in the City Council's Meeting.



Memorandum

To: Mayor and City Council
From: Jonathan "J.D." Douglass, City Manager
Date: 03/21/14
Re: FY2015 Budget – Introduction and Historical Information

This memo will provide some historical trend information, to help establish the context in which the City Council and staff will be preparing the FY2015 budget, for the fiscal year July 1, 2014 – June 30, 2015.

FY2014 Year End Revenue and Expenditure Projections

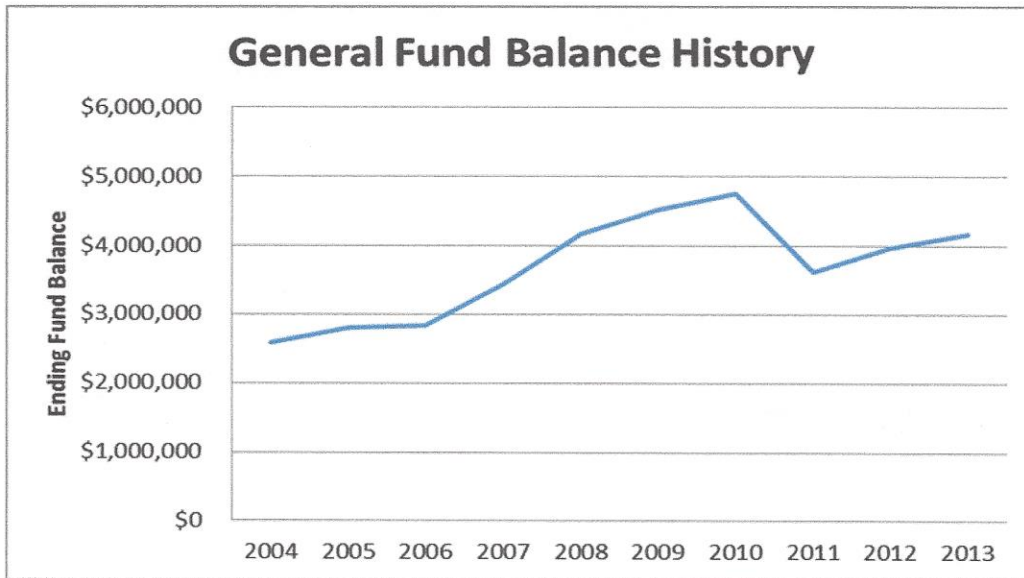
The City is currently 9 months into Fiscal Year 2014, and we have revenue and expenditure numbers for only the first 8 months of the fiscal year. Staff will be preparing a FY2014 budget amendment for Council to consider in May, to authorize certain previously unbudgeted expenditures such as costs related to hiring a new city manager and new public works director. By that time our expenditure projections will be much more precise than is possible at this time. To date, sales tax revenues have been essentially flat compared to last year, but sales tax revenues have been somewhat unpredictable (see graph in historical information section below). Sales taxes provide about 57% of the city's total revenue. Charges for services (mainly solid waste) provide about 13% of total city revenue. Property taxes and franchise taxes each provide about 9%, and other miscellaneous sources provide the rest.

FY2015 Expenditure Projections

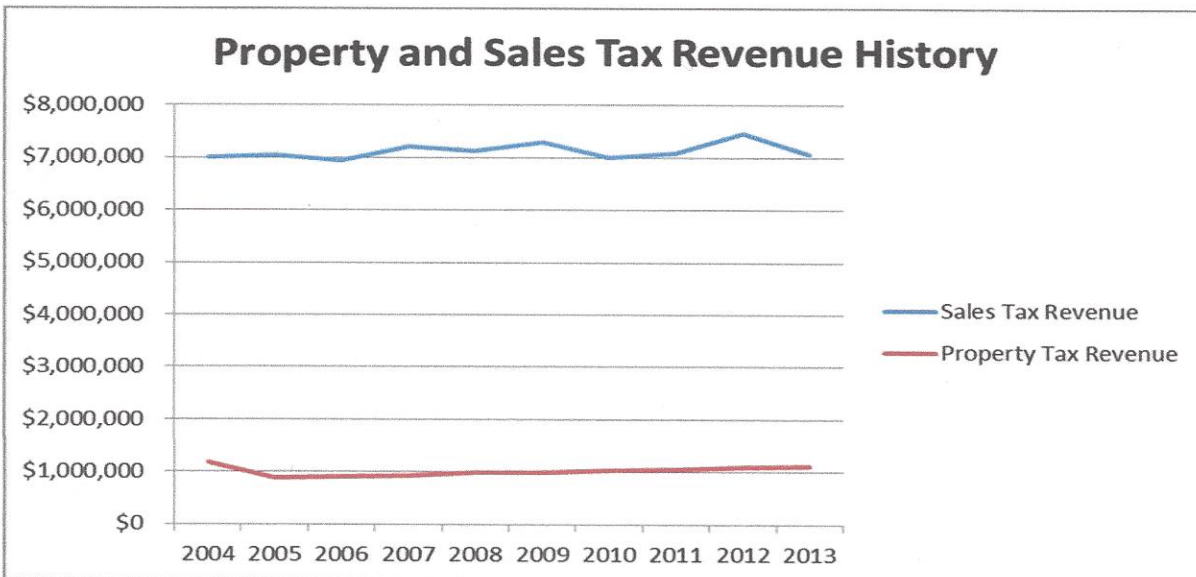
City departments are currently working on their preliminary budget requests, which are due to the city manager this week. The city manager will then review the submitted requests with each department, and begin formulating a recommended budget to submit to the City Council.

Historical Information

General Fund Balance: One measure of the city's overall financial health and stability is the multi-year trend of the year-end general fund balance. The general fund balance is essentially the city's reserves, which are important both for emergency preparedness and cash management. The FY2013 year-end general fund balance of approximately \$4.2 million dollars would fund the city government for about four months if a major disaster impaired our ability to collect revenues. Maintaining a healthy general fund balance is also important given the city's heavy reliance on sales tax revenues, which are somewhat unpredictable, and which could be dramatically affected by decisions of any number of our major retailers. The graph below illustrates our general fund balance over the last ten years. The dip from 2010 to 2011 was due to expenditures on the new DPS building.



Property and Sales Tax Trends: As you can see in the graph below, both sales and property tax revenues have been fairly flat over the last ten years. Sales tax revenues have been up and down over the years but remain today at essentially the same level as 2004 (\$7.01 million in 2004 vs. \$7.07 million in 2013). After the property tax reduction associated with passage of the one cent sales tax measure in 2004, property tax revenues have grown at a steady but slow rate from 2005 to 2013 (approximately \$893,000 in 2005 to \$1.1 million in 2013). The graph below also illustrates the city's relative dependence on sales vs. property taxes and the importance of growing our sales tax generation.



Memorandum

To: Mayor and City Council
From: Jonathan "J.D." Douglass, City Manager
Date: 03/21/14
Re: FY 2015 Budget – Compensation and Personnel Items

General Wage Adjustment Options

It is unknown at this time what level of general wage adjustment may be possible in FY2015. As department heads submit their budget requests to the city manager and as we close the books on revenues and expenditures over the next couple of months, we will start to make projections of FY2015 revenues and expenditures. If a general wage adjustment is possible for city employees, I suggest an across the board flat dollar amount rather than a percentage increase. For example, a \$500 or \$1,000 annual increase to base salaries could be considered. One effect of a flat dollar increase (rather than a percentage increase) is that lower paid employees get a bigger effective increase than higher paid employees. For example, a \$500 increase to an employee currently paid \$30,000 would represent a 1.7% increase, while it would represent a 1.0% increase to an employee currently making \$50,000.

We have completed some preliminary payroll projections based on full staffing and hypothetical options of no general wage adjustment, \$500 across the board increases, and \$1,000 across the board increases. Again, it is unknown at this time which, if any, of these options will be possible. Increases in base compensation also increase the city's costs for FICA (Social Security and Medicare), LAGERS (the State retirement system for local government employees), and workers compensation insurance. The projections also take into account the 2% compensation increase approved by the City Council in November of 2013, and the addition of a public works director position, neither of which were budgeted for FY2014.

	Total Payroll*	Increase over FY2014 Budget
FY2014 Budgeted Payroll Expenses	\$7,176,147	\$0
FY2015 Payroll w/ no general compensation increase	\$7,448,324	\$272,177
FY2015 Payroll w/ \$500 general compensation increase	\$7,524,944	\$348,797
FY2015 Payroll with \$1000 general compensation increase	\$7,601,557	\$425,410

*Total payroll includes some costs that are not tied to wage changes but may be projected to increase, such as health insurance and wellness programs. We are projecting a large increase (30%) to workers' compensation insurance, which rate is based on a variety of factors, including wages, job classifications, claims history, and insurance markets. The FY2014 budget also does not include a public works director position, which was added in November 2013 and is included in the FY2015 projections.

Isolating the costs of only the general wage adjustment shows that a \$500 increase would cost the city \$76,533. A \$1,000 increase would cost \$153,061. For comparison's sake, a 1% general increase last year was projected to cost approximately \$55,000.

General Wage Adjustment History

The general wage adjustment history since 1998 follows:

Date	COLA	One-time adjustment
7/5/1998	3%	
7/1/1999	--	--
7/2/2000	4%	
7/1/2001	6%	
7/1/2002	--	--
7/1/2003	--	--
7/1/2004	6%	
7/8/2005		\$ 500.00
11/8/2005		\$ 500.00
7/7/2006		\$ 1,000.00
6/24/2007	3%	
6/22/2008	2%	
12/10/2009		\$ 500.00
12/1/2010		\$ 500.00
7/1/2011	2%	
12/8/2011		\$ 500.00
12/7/2012		\$ 500.00
11/17/2013	2%	

History of Staffing Levels

A brief history of staffing levels and major changes follows:

Fiscal Year	Full-time	Part-Time	Seasonal	Notes
2010	125	7	81	
2011	125	7	35	Seasonal difference due mainly to changes in LCRA mowing program
2012	121	7	40	Loss of one tourism and four public safety officer patrol positions, addition of one communication officer
2013	121	7	40	
2014	120	7	30	Elimination of community redevelopment coordinator position; seasonal difference due mainly to changes in LCRA mowing program
2015	121	7	30	Addition of public works director

Turnover Data

There are obviously many contributing factors to turnover, and in a relatively small organization an unusual cluster of separations can cause a spike in turnover statistics, but our turnover is certainly higher than we would like to see. It is hard to say exactly what level of turnover is acceptable, but we would like to see the voluntary turnover reduced enough to get overall turnover into the single digits. In the coming months as we develop a recommended FY2015 budget, the city manager and department heads will be discussing strategies to reduce turnover in the coming year.

Department	Calendar Year 2012		Calendar Year 2013	
	# of employees separated	% turnover	# of employees separated	% turnover
Public Safety	7 voluntary 2 retired	11%	9 voluntary 2 retired	13.8%
Public Works	3 voluntary	12.5%	3 voluntary 1 retired 2 involuntary	25%
Governmental Serv.	None	0%	2 voluntary 2 retired 1 involuntary	29%
Total for City		10%		18.2%

Personnel Policy Changes

Staff has been contemplating and may recommend various personnel policy changes including smoking in city vehicles, leave payouts and leave carryovers. Still will continue internal discussions and may recommend changes to the City Council at a later date.

Memorandum

To: Mayor and City Council
From: Jonathan "J.D." Douglass, City Manager
Date: 03/21/14
Re: FY 2015 Budget -- Essex

The Essex fund has had two main funding sources – on-going lease payments from tenants of the city-owned Essex Building, and occasional one-time funding sources such as the sale of the Brown Shoe building. In 2013 the City Council directed that the on-going lease payments from the Essex Building be transferred into the general fund for the purpose of paying city-wide personnel expenses. The FY2015 budget will be formulated with that transfer continuing, unless the City Council directs otherwise. For planning purposes, the balance of the Essex fund, and expected and potential projects to be funded from the Essex fund, are outlined below:

Current Balance		\$1,542,313
Village Green Demolition - Estimated	(\$250,000)	
Essex Building Roof Repairs - Estimated	(\$15,000)	
Essex Building Exterior Paint - Estimated	(\$15,000)	
Railroad ROW Purchase	(\$350,000)	
Projected Balance		\$912,313

Potential Additional Projects to Fund from Essex Fund

- Airport Terminal Building
- Potential Additional Industrial Land Purchases
- Payoff of SAHEC Note (\$334,000)

City of Sikeston

Proposed Timeline FY-2015 Budget Preparation and Approval Process

Proposed adoption date: 06/02/14

Sikeston's City Charter sets forth specific deadlines for the review and adoption of the budget and capital improvement plan. This information is detailed in Article VI (page 11) of the Charter. Provided below is the proposed timeline for the FY-2015 budget process.

<u>Required Action</u>	<u>Charter Reference</u>	<u>Statutory Deadline</u>	<u>Proposed Date</u>
City Manager/Council Goal Setting Process			Jan/Feb. 2014
City Manager/Council review status FY-14 Budget			March 2014
City Manager/City Clerk prepare revenue projections	--	--	March 2014
City Manager/City Clerk prepare year-end expense estimates	--	--	March 2014
Budget worksheets distributed to Dept. Heads	--	--	March 2014
Dept. Heads submit budget request worksheets to City Manager	--	--	3/26/2014
Submission of Proposed Budget & Budget Message to City Council (On or before 60 days prior to July 1, 2014)	6.2	5/02/2014	4/28/2014
City Council Budget Work Sessions	--	--	TBA
Publish Notice of Public Hearing (Not less than 2 weeks prior to public hearing, notice must include budget summary/message)	6.5(a) 2	5/02/2014	4/30/2014
Formal Public Hearing on FY-15 Budget (At least 30 days prior to budget adoption)	6.5(a)2	5/15/2014	5/13/2014
Amendment prior to Adoption: After the public hearing Council may adopt the budget with or without amendment. In amending the budget Council may add or increase programs, delete or decrease any programs or amounts except expenditures required by law for debt service or for estimated cash deficit.	6.5(b)		
Public Hearing & 1 st Reading Budget Ordinances (At least 1 week must lapse between introduction and passage)	3.12(e)	6/06/13	06/02/14
2 nd Reading & Passage of Budget Ordinances (June 15, 2014 falls on Sunday)	6.5(c)2	6/15/14	06/09/14