



**MINUTES OF THE  
CITY OF FRONTENAC  
WAYS AND MEANS COMMITTEE  
TUESDAY, SEPTEMBER 8, 2009, 7:00 P.M.**

**A. CALL TO ORDER**

The September 8, 2009 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 7:00 p.m.

**B. ROLL CALL**

The following Committee members were present:

- |                               |                  |
|-------------------------------|------------------|
| ✓ Chairman Warren Winer       | ✓ Mark Kiehl     |
| ✓ Treasurer Ronald Tennenbaum | ✓ Jim Kienker    |
| ✓ Alderman Tom Hizar          | ✓ John O'Connell |
| ✓ Joanne Johnson              | ✓ Jane Rubin     |

Also in attendance were Finance Officer Julie O'Guinn; City Administrator Bob Shelton; and City Clerk, Leesa Ross.

**C. APPROVAL OF AGENDA:**

Chairman Winer requested approval of the September 9, 2009 meeting agenda.

**MOTION:** Mr. O'Connell and Ms. Rubin seconded approval of the agenda. All voting members present voted in the affirmative. **MOTION PASSED.**

**D. APPROVAL OF MINUTES:**

Chairman Winer requested approval of the June 9, 2009 regular meeting minutes.

**MOTION:** Mr. O'Connell motioned and Mr. Kiehl seconded approval of the June 9, 2009 meeting minutes. All voting members present voted in the affirmative. **MOTION PASSED.**

**E. PUBLIC FORUM (PRESENTATION OF REMARKS AND/OR PETITIONS):**

No comments were made at this time.

**F. COMMENTS BY COMMITTEE MEMBERS:**

No committee members made comments at this time.

**G. CHAIRMAN'S COMMENTS:**

Chairman Winer stated he was sorry he missed the Board of Aldermen workshop meeting, prior to this meeting. He stated he was unaware of the meeting.

**H. REVIEW OF FINANCIAL REPORTS:**

July & August 2009

Ms. O'Guinn reviewed her top line report and stated revenues were up by 2% compared to budget. The general fund and capital improvement were down 10.5% compared to last year. Ms. O'Guinn stated in the variance report, building permits are down 24%, and expenditures are down 27% compared to budget, and down 5% compared to last year. Chairman Winer stated it is all about the revenue and understanding the revenue line, as the committee built in conservatism, but asked why we are down 10%. Mr. Shelton advised that September's number were in and they show that our revenues are down by a total of 16%. Chairman Winer stated he is concerned that September revenues were down 19% from the prior year when the highway was shutdown. Mr. Kiehl stated this information supports us financing less of the municipal complex project, and keeping more in reserves.

Ms. O'Guinn stated she will attempt a quarterly review and hopes to have it at next month's meeting. Ms. Rubin asked what the revenue projections were for 2009-2010. Mr. Kiehl stated they were flat for 2009-2010 however the City budgeted a 5.1% increase in 2010-2011, and an increase of 7% for 2011-2012.

Mr. Kiehl asked if the city changed health care coverage. Mr. Shelton stated yes, we did join a consortium with thirteen cities which is a self-insured health pool, through SLAIT, St. Louis Area Insurance Trust effective July 1<sup>st</sup>. He said the policy is underwritten by United Healthcare, which is a three year agreement. Our insurance premiums were estimated to increase 20% however with the new insurance pool, the increase was 7%. Chairman Winer asked if we had any stop loss coverage in case of a large claim. Mr. Shelton stated yes, it does, and he will forward the information to the Ways & Means Committee, via email.

Mr. Shelton stated because of our ISO issue, it will change the expense budget because new employees will be hired. He stated he will target January 1<sup>st</sup> for the addition of an ambulance and new employees. Ms. Rubin asked given that revenues are down is there an effort of cost containment. Mr. Shelton stated yes, the department heads know of cost containment. He stated budgeted items do not have to be approved unless they are above \$7,500. He also stated overtime and salary expense is up because of the loss of our court clerk, with other city personnel filling in.

## I. OLD BUSINESS:

### ✦ Municipal Facility Update

Mr. Shelton stated at the workshop meeting, the two scenarios were given, the first is to move forward and build with the municipal complex at a total cost of \$10,500,000; however the second scenario, the no build scenario was to pay \$5,000,000 to expand and repair the existing buildings and to bring them up to ADA codes, however the City would not be able to afford the a new municipal complex in ten years, because of depletion of the capital improvement fund. Mr. Shelton said the Mayor and Board of Aldermen gave the go ahead to move forward. He stated the city is preparing a direct mail piece, which will be sent to each residence; and will hold a public hearing on Tuesday, September 23<sup>rd</sup>. The City is proposing to move the trash costs to the residents effective January 1, 2010 in which the City will bill residents; however the city is proposing to continue paying for leaf vacuuming services.

Chairman Winer stated it all comes down to revenue and that it was concerning to see revenues at the levels that we are. He stated it is a bad scenario if we stay at this level and don't go up. He said neither scenario looks good, the action of moving the trash costs may be step one of other steps that may need to be addresses by the Board of Aldermen such as a utility tax or a property rate tax increase.

Mr. Kiehl states he supports financing construction with less revenue than proposed earlier. He stated it is important that the public know the City can deliver services cheaper than what it can otherwise be purchased for. He also stated adding an ambulance should be cost competitive with a cooperative arrangement such as a fire protection district.

Mr. Shelton stated the City will continue to provide service contracts and build to do other cooperative things. He said the City is looking to dispatch for other cities and to hold prisoners.

Mr. Kiehl stated the result of negotiations with Ladue may have been different if the City had the new facility. He also stated currently the fire truck goes out on all calls, in the future, with an ambulance, the pumper will not have to go out on all calls. Mr. Shelton stated only the ambulance will run on sick calls.

Chairman Winer stated he would like to look at the long range plan and stated if revenues continue exceeding expenses it will be a tougher long range outlook. Mr. Kienker stated we are looking at unfavorable comparisons however we need to believe that things will get better. He said it is a great time to finance.

### ✦ Bond Rating and Interest Rate

Mr. Tom Curran of Pipar Jaffray was present and commented on our AA Status indicating the city was in a good position to obtain the highest rating. Mr. Curran stated

Standard and Poors of Chicago will underwrite our loan and will need three years of audited financial statements; the current budget and an official statement from the City. This information will then send to John Brickler of Spencer Fane who is the City's bond counsel. Additional items they will need are demographics of the largest tax payers, and a tax history of the City. Also, Standard and Poors may choose to do a site visit of the City, if not, visuals of the City will be sent to them, to show off the City. Mr. Curran stated an official statement should be presented by the end of the month. He said the bonds will be sold the morning of October 13<sup>th</sup>, and that evening, the Board of Aldermen are scheduling a meeting to authorize the bonds, and then meet on October 20<sup>th</sup> to ratify the sale and then they will close within a month.

Mr. Curran stated rates have come down and dropped significantly with numbers of 420, with an AA rating. He stated the amounts due were estimated at \$300,000, but may be in the \$290,000 range - between \$287,000 to \$292,000.

Chairman Winer suggested to the members to consider borrowing, \$4.5 million and keeping more funds in reserves. Mr. Shelton stated the last scenario was to borrow less and put more in reserves. Chairman Winer stated at this time he would suggest to borrow more and keep less in reserves. Mr. Curran stated the large factors are the ability to raise taxes and the tax base in our City, and the greater factor to spend down revenues. Additional discussion occurred regarding the ratings and ideas of borrowing more funds. Mr. Kiehl asked Mr. Shelton if any other surrounding cities had any COPs. Mr. Shelton stated Richmond Heights, Brentwood and Des Peres all have them. He stated he believes Town & Country has no debt.

Chairman Winer asked for a voice vote of the committee members regarding the City borrowing \$4 million or \$4.5 million. All committee members voted in favor of borrowing \$4.5 million.

## **J. NEW BUSINESS:**

### *✦ End of Prior Fiscal Year – Audit Report*

Ms. O'Guinn stated the auditors will be come back to City Hall to finalize the audit report the last week in September. She stated they should finish the audit in October and present it to the committee in November. Ms. O'Guinn presented final figures for the 2008-2009 budget regarding excess court fines in the amount of \$224,000, and a sales tax revenue decline of \$108,000 and building permit revenue decline of \$32,000. She also stated PILOT revenues may be broken out of the business license fees in the 2009-2010 budget. Ms. O'Guinn stated overall there was a reduction of \$500,000 of budgeted expenses.

Chairman Winer inquired about the June yearend financial statement. Ms. O'Guinn stated it had been sent to committee members via email, however she will email the statement again to all committee members.

**K. SCHEDULE DATES FOR NEXT MEETINGS:**

Tuesday, October 13, 2009, 7:00 pm

**L. ADJOURNMENT**

Chairman Winer requested approval for adjournment of the June 9, 2009 meeting.

**MOTION:** Alderman Hizar motioned and Mr. O'Connell seconded that the meeting be adjourned. All voting members present voted in the affirmative. **MOTION PASSED.**

Meeting adjourned 8:09 pm