

CITY OF FRONTENAC



MINUTES OF THE CITY OF FRONTENAC WAYS AND MEANS COMMITTEE FRONTENAC CITY HALL MONDAY, JANUARY 14, 2019

A. CALL TO ORDER

The January 14, 2019 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:

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|---------------------------|----------------|
| ✓ Chairman John O'Connell | ✓ Jane Rubin |
| ✓ Alderman Bray | ✓ Tim Sant |
| ✓ Michelle Bock | ✓ Warren Winer |
| ✓ Amy Boltzman | |

Ms. Cooper noted there was a quorum.

Also in attendance were City Administrator Jaysen Christensen, Finance Officer Lea Ann Bennett, and Administrative Assistant Shari Cooper.

C. APPROVAL OF AGENDA:

Chairman O'Connell requested approval of the January 14, 2019 agenda.

Chairman O'Connell asked for a motion to approve the agenda.

MOTION: Mrs. Rubin motioned and Alderman Bray seconded approval of the agenda. All voting members present voted in the affirmative. **MOTION PASSED.**

D. APPROVAL OF MINUTES:

Chairman O'Connell requested approval of the December 11, 2018 minutes as amended.

Chairman O'Connell asked for a motion to approve the minutes as amended.

MOTION: Mr. Winer motioned and Mrs. Rubin seconded approval of the December 11, 2018 minutes as amended. 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 comments were made at this time.

G. CHAIRMAN'S COMMENTS:

No comments were made at this time.

H. AUDIT PRESENTATION:

Mike Williams of Hochschild, Bloom & Company LLP reviewed with the members the Comprehensive Annual Financial Report for the year ended June 30, 2018. He discussed each of the significant points within the report.

I. REVIEW OF FINANCIAL REPORTS:

December 2018:

Ms. Bennett requested if there were any questions that needed to be addressed. Ms. Bennett stated that there is a negative for miscellaneous income. A \$6,000 expense was paid in December, but the vendor had sent two different invoices including invoice numbers and they refunded the \$6,000 but that came back in January.

Mrs. Rubin stated that the numbers jump around. Mrs. Rubin added that it looks like we are way down but maybe it's just hard to average the budget. Alderman Bray stated that we have been down an officer a couple of times throughout the year and that could explain some of the ups and downs. Mrs. Bennett stated that this is the hardest revenue item to budget.

Chairman O'Connell stated that this was a pleasant surprise being under budget during mid-year. Ms. Bennett stated we are short an officer, but safety enforcement is still priority.

J. OLD BUSINESS:

Sales Tax Trends

Ms. Bennett referenced page 23 on sales tax totals. Ms. Bennett stated we are still showing up 2.34% but not quite the 4% that it has been. She hasn't been able to look at the detail report from the state that was received on the 10th but it is still an improvement. December sales which we will see next month are still up.

Alderman Bray stated that we shouldn't get rattled about being down to the 2% in a month because we've been down this road before. Ms. Bennett suggested looking at the rolling 12, and we are still up 4% vs. budget.

Discussion regarding area sales and use tax was held.

Lawsuit Updates

Mr. Christensen stated that there were no new updates. Chairman O'Connell agreed to take this off the agenda from now on. Mr. Christensen stated that if anything relevant takes place it will be reported.

Utility Tax Lawsuit Updates

Mr. Christensen stated that there was nothing to add as of this month.

Internal Controls Review

Ms. Bennett stated there are no changes. She did point out that she spoke with the auditors about their internal controls assessment and they did make one point that stood out. They said our court was cleaner than in most cities they see. She stated that Joyce Lee, Court Administrator, is doing a great job.

Fiscal Outlook

Chairman O'Connell stated there are no updated scenarios to review or illustrate today, at this point we are in a pause state. Chairman O'Connell asked Mr. Christensen and Ms. Bennett to identify some areas where he is concerned our estimates in terms of impact of sales tax before we generate another go around.

Mrs. Rubin asked if there is any revenue or expense impact from the proposed library building. Mr. Christensen stated that we calculated the annual property tax to be about \$1,500 a year on the four houses, not a significant portion to the City. She confirmed that there is no direct revenue that comes from the library being placed at that site. Mrs. Bock stated that she doesn't think we can count on any revenues coming from this location.

Discussion was held regarding the property at Spoede and Highway 40.

IT Systems Audit

Mr. Christensen stated it is recommended that the City keep all servers on-site as opposed to hosting on the cloud. This is based on both a financial and risk/logistics assessment. It is estimated that the City would save around \$25,000 over the course of 60 months by keeping all servers on site. Mr. Christensen thanked Mr. Kiehl, Chief Trout, and Acumen Consulting for their work in researching the City's IT server needs and developing a recommendation.

Mr. Christensen stated that the City budgeted \$50,000 for server and IT needs in the current fiscal year and it looks like total expenditures will be \$30,000 or less. Alderman Bray asked if this includes the council room AV improvements. Mr. Christensen stated that the council room AV improvements were not included in this year's budget; however, staff is currently seeking bids for the AV to see if there may be enough IT funds left over in the current year budget to consider purchasing the AV upgrades this year.

Employee Salaries

Chairman O'Connell suggested that if it is acceptable to the Ways & Means Committee that the Committee put the question to the Board of Aldermen of whether the Board desires the Ways & Means Committee to initiate an employee salary study and recommendation. Chairman O'Connell stated that it is not the Committee's position to say that we are recommending a budget change without the Board of Aldermen at least having welcomed the input. In a conversation with Mr. Christensen and Ms. Bennett, Chairman O'Connell floated the idea that if we agree as Ways & Means Committee to inform the Board of Alderman we have done a lot of work on a plan to increase employee salaries to the 60th percentile of the market to get back on track and would, at this point, like to hear their feedback and direction as to whether they would like Ways & Means to turn around and give them proposals.

MOTION: A motion was made by Mr. Winer, and seconded by Mrs. Rubin, to inform the Board of Alderman that with all due respect to the financial constraints of the City; the Ways & Means Committee feels it appropriate to institute a disciplined salary administrative program. While in the past discussions have projected a "70th percentile of peer cities" goal, Ways & Means has been exploring the costs to achieve a 60th percentile proposal now. This should be considered in full light of the negotiations with the Fire Department Union and should be taken up only upon a request by the Board of Alderman. All members say "Aye". Motion passed.

K. NEW BUSINESS:

No comments were made at this time.

L. SCHEDULE DATES FOR NEXT MEETINGS:

Tuesday, March 12, 2019 at 7:00 pm

M. ADJOURNMENT

Chairman O'Connell asked for a motion to adjourn the meeting.

MOTION: Alderman Bray motioned and Mr. Sant seconded the meeting be adjourned. All commission members presented voted "Aye". **MOTION PASSED**.

The meeting adjourned at 8:25 p.m.