

# CITY OF FRONTENAC



## MINUTES OF THE WAYS AND MEANS COMMITTEE REGULAR MEETING FRONTENAC CITY HALL DECEMBER 22, 2020

### A. CALL TO ORDER

The December 22, 2020 regular meeting of the Ways and Means Committee of the City of Frontenac was called to order at 3:03 p.m. The meeting took place via teleconference.

### B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Tim Sant	Tom Mug
Bob Lenzen	Aldersperson Dan Millman
Emily Arneson, Assistant Treasurer, ex-officio	

Ms. Ross stated there was a quorum.

Mayor Hatfield was also in attendance.

Also in attendance were City Administrator Jaysen Christensen; Finance Officer, Lea Ann Bennett; and City Clerk, Leesa Ross.

### C. VOTE TO APPROVE AGENDA

Chairperson Sherwood asked for a motion to approve the December 22, 2020 agenda.

**MOTION:** Mr. Mug motioned and Mr. Winer seconded approval of the agenda. All voting members present voted yes. **MOTION PASSED.**

### D. VOTE TO APPROVE MEETING MINUTES

November 17, 2020 meeting minutes.

**MOTION:** Mr. Lenzen motioned and Aldersperson Millman seconded approval of both the November 17, 2020 meeting minutes. All members present voted yes. **MOTION PASSED.**

### E. PUBLIC FORUM

There were no comments by the public at this time.

## **F. COMMENTS BY COMMITTEE MEMBERS**

There were no comments made at this time.

## **G. CHAIRPERSON'S COMMENTS**

Chairperson Sherwood would like to thank Ms. Bennett for the tremendous job putting together the mid-year budget review.

## **H. REVIEW OF FINANCIAL REPORTS**

### **• November 2020**

Ms. Bennett stated looking at November, month to date, the largest change was building permits due to the Arbors at Frontenac. Other revenues are the grant revenue from the County of \$119,793, for the Cares Act Funding. She also said expenses are close to expected year to date, up by 0.2.

## **I. OLD BUSINESS:**

### **Sales Tax Trends**

Ms. Bennett stated December sales tax revenue received is not reflected in the financial statements but is 37-40% down from last year. Sales tax revenues are performing better than anticipated overall. Total revenues, however, are below budget by 17%. She said that except for November, sales tax has outperformed budget for the fiscal year.

Sales tax was expected to be down 25% from last year's budget. When looking at the "apples to apples" comparisons, September sales are down 23%, while August sales are down 21%.

### **Sales Tax & Utility Tax Audit**

Ms. Bennett had no update at this time.

### **Mid-Year Budget Review**

There was a one-page summary with the second page being the underlying detail for the baseline case. Ms. Bennett explained the accrued data year to date and how she came up with the expected numbers for the remainder of the year.

The City did not budget for the \$119,000 brought in for CARES Act reimbursement nor for the \$8,270 of expenses for the two new hire firefighter/paramedic candidates for their firefighter training. There is an additional \$10,800 for tree trimming in West End Park that will be

reimbursed in the next budget year. There also an employee holiday retention incentive bonus, at a cost of \$100.00 per employee, that was approved by the Board of Alderpersons in November that totals \$5,400. The real estate taxes are higher than budgeted. Mr. Winer said expenses are within \$2,400 of budget. Ms. Bennett stated all expenses that were taken out prior to budget approval are not included in this analysis, except for the ambulance purchase that was done through the bond refinance.

Chairperson Sherwood stated the worst case scenario is that the sales tax revenue is down 50% for the remainder of the year (instead of being down 25% as per the budget), and the best case scenario is that the sales tax revenue is back to “normal” for the remainder of the year. There was discussion about the items that did not make it into the budget, such as bullet proof vests for the firefighters. Some items such as the comprehensive plan, an additional police vehicle and some audio-visual upgrades to the council room were postponed. Chairperson Sherwood noted there were no salary increases and no step-increases in the current year. Mr. Christensen stated the City targeted the 60<sup>th</sup> percentile and has dropped to between the 40<sup>th</sup> and 50<sup>th</sup> percentile. He said a lot of cities did go forward with increases in their 2020-2021 budgets.

## **J. NEW BUSINESS:**

### **ClearGov Discussion**

Chairperson Sherwood stated ClearGov is on the agenda tonight to review two of the three modules and that staff has not had time to review the modules. She said she has trouble with this expenditure. While she supports good communications internally and with the residents, she feels that in light of the need of a new copier and the fact that there no salary increases, buying a software package might not go over well with the City employees.

Mayor Hatfield wants the City to purchase ClearGov’s budget book builder and insights suite modules and wait on the budget suite/platform that contains the forecasting and benchmarking tools. The parts the Mayor wants the City to purchase will help the City to efficiently identify and evaluate blind spots and best practices in the region and across the nation that is needed for assessing how the City is progressing with its strategic plan. She also noted that the ClearGov modules could help the City automate some of Lea Ann’s work. Mayor Hatfield stated this software was reviewed at the last BOA meeting.

Mr. Christensen stated he was not impressed by the budget book module as a tool to help communicate the City’s finances. Regarding the purchase of a software package not going over well with employees in a year when there are no salary increases, Mr. Christensen said it is hard to know what the employees would think, but if the intent of the budget book module is to help communicate the City’s finances to residents and thus help pass the tax increase to fund more competitive salaries, it will be important to clearly communicate that to employees.

Aldersperson Millman stated this software purchase is worth discussing, as the City doesn't have a large staff. He stated he thinks there are good tools, i.e., forecasting and budgeting. He said he believes it will help with communicating the need tax increase, but he said he also shares Ms. Sherwood's concerns.

Mr. Christensen stated he and Lea Ann have not sat down with the company to go over the modules in detail. He noted there was a presentation from ClearGov at the last Board meeting. Based on that presentation, he thought it looked like it could be a great tool.

Chairperson Sherwood asked the Committee members to give their feedback. The members had mixed views of the modules, with some in favor and others not in favor of making the purchase at this time. When asked, Ms. Bennett stated she would prefer to stay out of the conversation and doesn't know anything about the software.

## **I. OLD BUSINESS CONTINUED**

### **Property Tax**

Chairperson Sherwood asked Ms. Ross what the date of certification for the April 6, 2021 election is. Ms. Ross said it must be certified to the County by January 26, 2021. She also stated the last day to certify for the August 3, 2021 election is May 25, 2021.

### **Sales Tax Interruption Coverage**

Mr. Christensen stated she has no updates.

### **Utility Tax Lawsuit Updates**

Mr. Christensen said there are no updates.

### **Development Updates**

Mr. Christensen stated there are no updates. He said he is encouraged that the traffic at Plaza Frontenac is about 60-70%. Plaza Frontenac currently only has three spaces that are not occupied or not under contract. He said Uncle Julio's and 801 Grill don't have final opening dates right now, but Uncle Julio's is slated to open either in March or May and 801 Grill to open sometime in the second half of the year.

### **COVID-19 Updates**

Mr. Christensen stated the City received the first half of the CARES Act funding. He also said there is not a lot of overtime or quarantining among employees.

### **Worker's Comp Update**

Chairperson Sherwood she had no update.

### **Multi-Year Plan**

Aldersperson Millman stated there is no update. Mr. O'Connell received the November information as of last week.

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

Chairperson Sherwood asked if a work session is needed to go over the assumptions for the model. Mr. Millman said the impact of the model will not say whether we go for a tax increase in April or August but thinks the City has the best chance of passing it in August. Mr. Winer asked if property tax where the City wants to go instead of a sales tax increase. Chairperson Sherwood said the City would not get enough money from a sales tax increase to make the kind of difference the City needs and could make negatively impact shopping in the City. There was additional discussion regarding an upcoming tax increase.

Chairperson Sherwood said it was clear the Committee needed a work session to discuss the model. Aldersperson Millman stated he would like to discuss the model, and he likes the idea of multiple cases over the assumptions. The Committee decided the first workshop will be about revenue, and the second about expenses. The Committee decided on Wednesday, January 13 at 3:00 p.m. for the Ways & Means Multi-Year Plan Workshop to discuss the model assumptions

Next Regular Scheduled Ways & Means Committee Meeting, Tuesday, January 19, 2021, 3:00 p.m.

### **L. ADJOURNMENT**

**MOTION:** Mr. Mug made a motion and Aldersperson Millman seconded to adjourn the meeting. All Committee members voted "Aye".

The meeting adjourned at 4:32 p.m.