

# CITY OF FRONTENAC



## MINUTES OF THE WAYS AND MEANS COMMITTEE FRONTENAC CITY HALL THURSDAY, DECEMBER 19, 2019

### A. CALL TO ORDER

The December 19, 2019 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 5:02 p.m.

### B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Tim Sant	Joe Stergios
Aldersperson Dan Millman	

Ms. Ross stated there was a quorum.

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

### C. APPROVAL OF AGENDA:

Chairperson Sherwood asked for a motion to approve the December 19, 2019 agenda.

**MOTION:** Mr. Winer motioned and Aldersperson Millman seconded approval of the agenda. All voting members present voted in the affirmative. **MOTION PASSED.**

### D. APPROVAL OF MINUTES:

Chairperson Sherwood asked for a motion to approve the November 19, 2019 minutes. She stated there were several typographical errors to correct.

**MOTION:** Mr. Stergios motioned and Aldersperson Millman seconded approval of the November 19, 2019 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.

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

Chairperson Sherwood thanked Alderperson Millman for chairing the November Ways & Means Committee meeting in her absence.

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

Ms. Bennett gave an overview of the financials for November. She stated revenues are down significantly due to sales tax reporting and expenses are down by 1.5% compared to budget. She said legal expenses are up \$30,000 year to date compared to the prior year, primarily due to library-associated expenses. Mr. Christiansen said the Board of Aldermen needed to amend the budget to reflect these additional expenses it authorized.

## **I. OLD BUSINESS:**

### **Sales Tax Trends**

Ms. Bennett stated November sales taxes for the one cent tax were down by 33% and December sales taxes reflected a 38% increase. She spoke to the general manager of Plaza Frontenac and will receive corporate contacts for our retail establishments in Plaza Frontenac. She will ask those establishments for their tax returns to compare to the sales taxes she is receiving.

Alderperson Millman asked about a possible ballot initiative for the April 2021 ballot. There was discussion by the Committee and a suggestion was to communicate the City's financial position and future financial needs to the residents when the City sends out communications. Mr. Christiansen and Ms. Bennett will work on this.

Ms. Bennett stated LifeTime Fitness is open and operating and Uncle Julio's advised their opening has been pushed back to May. The second restaurant in the office building also is slated to open around that time.

There was discussion regarding the City's expenses and sales taxes reports being down. Ms. Bennett suggested calling the bonds, due to the City paying 6% interest on the bonds, with current interest rates at about 1.5%. She stated we could pay them off early, but this would affect our reserves. The Committee will review this as part of its budget process.

Mr. Sant stated all these points make a compelling point for a tax increase initiative in the future. There was additional discussion on this topic.

Mr. Christensen discussed the possibility of a fire sales tax. Ms. Bennett stated we currently have a ¼ cent fire tax, and we are allowed up to ½ cent fire tax. She stated that tax currently generates \$589,000 per year. There was discussion about the utility taxes. Currently our

commercial tax is 8% and residential tax is 0.5%. In the past the Ways & Means Committee discussed whether to ask the residents to increase the residential tax. Ms. Bennett stated the utility taxes currently generate \$300,000 a year.

Ms. Sherwood stated we need to look at peer cities group sales tax trends going forward. Mr. Christiansen and Ms. Bennett will look into this and report back to the Committee.

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

Ms. Bennett stated the City is close to a final agreement with Azavar. The contract is with the City Attorney for review. She stated Azavar did extend the deadline to get a multi-city discount until January 31, 2020].

### **Library Lawsuit**

Mr. Christensen stated the City has spent approximately \$23,000 so far and the board has authorized up to \$60,000 for these legal expenses. There was additional discussion about the library situation.

### **Utility Tax Lawsuit Updates**

Mr. Christensen stated there were two lawsuits, one with AT&T and one with Charter. He stated there recently was a ruling on the Charter lawsuit and a settlement of \$22.5 Million was set. It is unknown how much Frontenac will get or how long the settlement may take.

### **Multi-Year Plan**

Aldersperson Millman stated he hopes to touch base with Mr. O'Connell soon, to set up a meeting in January.

Mr. Christensen said the City is working on a multi-year capital plan.

### **Fund Balance Policy Review**

Ms. Sherwood stated she is still working on this and has no update at this time.

### **Worker's Comp Insurance**

Chairperson Sherwood stated there is no final audited payroll. She stated Ms. Bennett found a discrepancy and the City is waiting on a revised payroll to review.

## **Sales Tax Interruption Insurance**

Chairperson Sherwood stated this feeds into the fund balance policy and has nothing to report at this time.

### **J. NEW BUSINESS:**

Mr. Christensen stated the City is working to update the Strategic Plan and read the mission statement from 2008. He stated vision values and strategic objectives have been added. He stated he would forward the plan to the Committee soon for their review and comments by mid-January.

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

Tuesday, January 21, 2020, 5:00 p.m.

### **L. ADJOURNMENT**

Chairperson Sherwood asked for a motion to adjourn the meeting.

**MOTION:** Mr. Stergios motioned, and Alderperson Millman seconded the meeting be adjourned. All Committee members presented voted "Aye." **MOTION PASSED.**

The meeting adjourned at 5:58 p.m.