

CITY OF FRONTENAC



MINUTES OF THE WAYS AND MEANS COMMITTEE FRONTENAC CITY HALL TUESDAY, SEPTEMBER 17, 2019

A. CALL TO ORDER

The September 17, 2019 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 5:00 p.m.

B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Jane Rubin	Bob Lenzen
Aldersperson Dan Millman	Assistant Treasurer, Emily Arneson, Ex Officio

Mr. Christensen stated there was a quorum.

Also in attendance were City Manager Jaysen Christensen and Finance Officer Lea Ann Bennett.

C. APPROVAL OF AGENDA:

Chairperson Sherwood asked for a motion to approve the September 17, 2019 agenda.

MOTION: Mr. Lenzen motioned and Mr. Winer 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 August 20, 2019 minutes.

Ms. Rubin requested that the word “consider” be added to the last sentence of page two so that the sentence reads, “Ms. Rubin suggested the City consider only contracting for a utility tax audit.”

MOTION: Alderman Millman motioned and Ms. Rubin seconded approval of the August 20, 2019 minutes as amended. All voting members present voted in the affirmative. **MOTION PASSED.**

Chairperson Sherwood asked that the minutes reflect that the Committee thanks Ms. Ross for sending out the August minutes promptly.

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 stated that Ms. Rubin was correct regarding the Life Time Fitness sales tax percentage being higher than the City's regular sales tax. This is discussed further below.

H. REVIEW OF FINANCIAL REPORTS:

Ms. Bennett gave an overview of the financials for August, noting that year to date, revenues are down 4.2% and expenses are down 0.4%.

A brief discussion was held on the purpose of tracking court revenues. Court revenue data are considered along with all other revenue data to help the Committee project accurate overall budget estimates.

I. OLD BUSINESS:

Sales Tax Trends

Ms. Bennett stated there were no significant changes this month.

Utility Tax Lawsuit Updates

Mr. Christensen stated he spoke to Attorney John Mulligan who reported the trial with Charter went well and that post trial findings are due September 17 and closing arguments on September 25. Mr. Christensen also was told motions on the AT&T case were argued on September 6. It is not known when a ruling AT&T is expected.

Sales Tax & Utility Tax Audit

Ms. Bennett stated that she has written the Department of Revenue, Director of Administration, requesting to audit Frontenac's sales tax revenues but has not received a response at this time.

Ms. Bennett stated that four cities have confirmed that they are interested in participating with Frontenac in hiring Azavar to audit their utility taxes. Ms. Bennett stated that if 9 or more cities join the audit, Azavar will lower its fee from 42% to 33% of recovered revenues.

Ms. Bennett discussed attending a State Auditor Local Government Day in Jefferson City on September 12. She stated that she had a conversation with a representative from the Auditor's office related to the sales tax issues and the Department of Revenue.

Library Lawsuit

Mr. Christensen stated the city has spent approximately \$14,867 to date of the \$60,000 authorized by the Board of Aldermen on legal costs associated with the Library situation. The hearing that was scheduled on September 9 has been rescheduled to October 11.

Fund Balance Policy Review

Ms. Bennett reported that the City's fund balance policy, which requires the City to maintain a minimum fund balance of 50% annual operating expenditures, is substantially higher than the GFOA recommended minimum of 15%. Ms. Sherwood thinks this may still not be high enough due the high percentage of the City's budget that relies on relatively volatile sales tax revenues. Neighboring cities to Frontenac also have much higher fund balances than the GFOA minimum. The Ways and Means Committee will discuss this topic further as part of the budgeting process in the spring.

DESCO Project Sales Tax

Ms. Bennett reported that 1% of the 11.238% DESCO sales tax is for a Community Improvement District tax and 1% is for a Transportation Development District tax. Both taxes have the purpose of offsetting costs to infrastructure on and immediately around the site. Community Improvement District taxes are approved by the property owner (DESCO in this case) rather than through a citywide ballot measure. Transportation Development taxes are approved by a judge.

Multi-Year Plan

Alderpersion Millman stated that he and John O'Connell are planning to meet in October or early November to review the multi-year plan.

Worker's Comp Insurance

Chairperson Sherwood stated that the City's worker's compensation insurance premium increased by 26%. Chairperson Sherwood stated that the experience modification factor increased by 9.8%. There also was a 12.4% increase in the overall rate level including the

off-balance factor and a 2.1% payroll increase. This comparison is based off the City's 7/1/18-19 initial premium deposit. When the City receives the 7/1/18-19 audited premium, Chairperson Sherwood will update the comparison.

It also appears that SLAIT is not collecting premium tax correctly. The City will follow up with SLAIT on this matter.

Sales Tax Interruption Insurance

Chairperson Sherwood stated she had done an initial, quick review of the expiring policy and did not see any red flags. She received the final policy today and expects to do a more thorough review prior to the next Ways and Means Committee meeting. She also wants to compare the City's sales tax revenues from the subject properties to the limits for those properties in the policy.

J. NEW BUSINESS:

No comments were made.

K. SCHEDULE DATES FOR NEXT MEETINGS:

Tuesday, October 15, 2019, 5:00 p.m.

Tuesday, November 19, 2019, 5:00 p.m.

L. ADJOURNMENT

Chairperson Sherwood asked for a motion to adjourn the meeting.

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

The meeting adjourned at 6:10 p.m.