

CITY OF FRONTENAC



MINUTES OF THE WAYS AND MEANS COMMITTEE WORKSHOP MEETING FRONTENAC CITY HALL TUESDAY MARCH 24, 2020

A. CALL TO ORDER

The March 24, 2020 workshop meeting of the Ways and Means Committee of the City of Frontenac was called to order at 5:05 p.m. The meeting took place via teleconference.

B. ROLL CALL

Acting Chairperson Dan Millman	Warren Winer
Joe Stergios	Bob Lenzen
Jane Rubin	Ex-Officio Emily Arneson

Ms. Ross stated there was a quorum.

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

Mayor Hatfield was present.

Chairman Millman stated we would remove items C, approval of agenda & I, possible bond changes – recommendation, from the meeting agenda.

C. COMMENTS BY COMMITTEE MEMBERS

No comments were made.

D. CHAIRPERSON'S COMMENTS

Acting Chairperson Millman made no comments at this time.

E. POSSIBLE BOND CHANGES – DISCUSSION

Ms. Bennett stated she spoke to Stifel Nicolaus and the muni bond market is off and the rates are up 2%. Instead of \$18,000 to \$20,000 savings, they said in this market they forecasted a savings of \$0 to \$5,000. Currently the recommendation is to not take further action. Additional discussion occurred.

F. REVIEW OF FINANCIAL REPORTS

Ms. Bennett gave an overview of the financials for February. Ms. Bennett stated revenues were down 2.4% and expenses are down 1.6%. She said we won't see effects of the present economy for several months. Also, it is hard to project revenues for the remainder of the year. Additional comments were made.

G. OLD BUSINESS:

Sales Tax Trends

Ms. Bennett stated on the apples to apples report, it showed a 2% decline, and a shorter view of the last six months showed a one percent decline. The first six months showed more of a decline, than the last six months. There was discussion that Plaza Frontenac is currently closed. Ms. Bennett gave numbers of what was received in the period of April to June in 2019 and stated she expects to see less than half of those amounts this year. Additional comments were made by the committee members regarding Plaza Frontenac and local restaurants who are currently open.

Mr. Lenzen asked how we will make up the shortfall of \$200,000. Mayor Hatfield mentioned the Cares Act, to give funds to the municipalities. Government employers were excluded from the stimulus package. She said the Cares Act will get funding to municipalities, to help support the municipalities.

Mr. Warner said he is concerned about the amount of reserves we will need. He said we may need to discuss the possibility of a sales tax increase.

Mr. Stergios said in the case of an unforeseen interruption, the purpose of reserves is to anticipate the unexpected will happen. He said the funding will be provided from reserves, minus the federal support. He also stated a short fall and gap, will have to be addressed through sales tax or an adjustment. Ms. Rubin stated people are looking to see if anything can be put off at this time.

Mayor Hatfield asked Ms. Bennett how the recovery of sales tax is going. Ms. Bennett said a large retailer who had not paid a sales tax in December 2017, was received this month. The total was close to \$50,000.

Sales Tax & Utility Tax Audit

Ms. Bennett said the representatives from Azavar were here and they scanned three years of remittances for telephone, gas, water, etc. She said they took all the bills we pay for phone, gas and electric, and determined we were getting the best rates we could. She said there would be no savings on bills we pay. She said the utility tax is in the works and will take some

time. She said she does not foresee any information for several months. She also stated she was working with Ms. Ross to send out letters, to some of the largest retailers, asking for sales tax returns the last couple of years, to see if they are remitting correctly.

Budget Schedule

Ms. Bennett stated the budget process is on hold. She said we won't know the impact of COVID-19 for the next several months. On the revenue side, she will work on something and send it out and give comments. She suggested some phone meetings. A budget adjustment will be expected after year end, until the real impact is seen. Expense meetings will be continued in the departments. Acting Chairman Millman asked should we hold off on the revenue meeting on Thursday, Ms. Bennett stated yes. She said the next expense meeting on April 2, she is unsure if the departments have time to meet, and she suggests this is postponed. Mr. Lenzen asked about pushing back the dates. Mr. Christensen said with the expenditure subcommittees in the past, they went through the budget, and he said we will have a scaled down budget on the expenditure side. He said we may need fewer meetings and streamline the process. Additional comments were made. Mr. Christensen stated 80% of the budget is employee salaries. He stated he hopes to hold off on major expenditures on the capital side. Additional discuss occurred on the future budget. Acting Chairman Millman suggested a stop gap budget or a six-month budget. Ms. Bennett said an option to pass a budget and assume the worst, nothing stops the city for doing a budget adjustment at that point, for capital items or salaries.

Library Lawsuit Updates

Mr. Christensen stated the city has spent \$48,000, \$34,000 on legal and \$14,000 on PR. We have another legal invoice for \$6,000 and said legal expenses will be \$40,000. He said we are getting close to announce some progress. Mayor Hatfield said we are in mediation, it has gone well, and we hope it is something we can publish soon.

Utility Tax Lawsuit Updates

Mr. Christensen stated nothing has changed on the Charter lawsuit from what he said last month, and there are no updates at this point. He said the judge had entered for the class a judgement of \$22 million dollars, but we are not sure how much we will receive. The judge entered the judgment and retired. There has been no ruling on the AT&T case.

Multi-Year Plan

Acting Chairman Millman and Ms. Bennett met with Mr. O'Connell. They went over the model. Acting Chairman Millman has reached out to Mr. O'Connell, who said he is at our disposal.

Worker's Comp Insurance

Ms. Bennett stated there is nothing to report at this time.

Sales Tax Interruption Insurance Coverage

Ms. Bennett stated they are waiting to hear an official word on this. She has explored the option to see if the pandemic will be covered. The carrier will be giving an official word. SLAIT does not believe a pandemic will be covered. Chairman Millman stated with the government closed the mall and asked if the policy is to cover against perils. Ms. Bennett stated this is not a peril. Perils are flood, earthquakes, fires. She stated there is no official word yet.

H. NEW BUSINESS

- COVID-19 Budget Impact and Response

Mr. Christensen stated what we have done with this year's budget and proposing expenditures for this year's budget and said there is not a lot to cut. He said they will push off purchasing a police vehicle and \$90,000 Spoeede Road maintenance. Another item, the comp plan, he said we need to talk to them. He said they received a bid of \$138,000 for the consulting work from H3 Studio Inc. to complete the comp plan. He said the city is postponing fire union negotiations at this time. He said there will be no significant expenditures.

There was discussion about the FY2020-2021 budget.

Mr. Winer stated it would be helpful to get a rough look to see where the reserves will end up. He would like to know where we will end up where our reserves are. Additional discussion about the city's pension cost. Mr. Winer stated he believes there will be a meaningful increase in pension costs. Ms. Bennett stated the increase is capped at 1% annually of employee's salary.

I. SCHEDULE DATES FOR NEXT MEETINGS:

There is a discussion for an upcoming meeting date. The day picked the day of Thursday, April 16 at 3:00 p.m.

Mr. Christensen sent over some of the city hall changes since the Pandemic.

Ms. Rubin asked about the court consolidation that she recently read about. Mr. Christensen said the City is in negotiations with the Cities of Creve Coeur, Ladue and Town & Country. He said the court staff would work at Creve Coeur and our court would be held there. He said there is additional discussion to take place before this is considered.

J. ADJOURNMENT

The meeting adjourned at 6:28 p.m.