

# CITY OF FRONTENAC



## MINUTES OF THE WAYS AND MEANS COMMITTEE REGULAR MEETING FRONTENAC CITY HALL SEPTEMBER 15, 2020

### A. CALL TO ORDER

The September 15, 2020 regular meeting of the Ways and Means Committee of the City of Frontenac was called to order at 5:00 p.m. The meeting took place via teleconference.

### B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Tim Sant	Tom Mug
Ken Marx	Aldersperson Dan Millman
Ex-Officio Emily Arneson, Assistant Treasurer	

Mr. Lenzen was not present

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; Fire Chief, Mark Ulses; and Assistant Fire Chief, Floyd Blake.

Mayor Kate Hatfield was present.

Martin Ghafoori of Stifel, Nicolaus & Company, Inc. was also on the call.

### C. VOTE TO APPROVE AGENDA

Chairperson Sherwood asked for a motion to approve the September 15, 2020 agenda.  
Winer/Millman

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

### D. VOTE TO APPROVE MEETING MINUTES

- **August 18, 2020**

Chairperson Sherwood asked for a motion to approve the August 18, 2020 meeting minutes.

**MOTION:** Mr. Mug made a motion and Mr. Marx seconded to approve the August 18, 2020 meeting minutes with two corrections: on page 4, adding Mr. Winer’s vote on the motion, and on page 5, the comments made in the first paragraph were made by Mr. Marx, not Mr. Mug. All voting members present voted in the affirmative on the minutes as amended. **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 said she wanted to offer congratulations to Mr. Christensen who has been designated as a credentialed manager by ICMA.

**H. REVIEW OF FINANCIAL REPORTS – July 2020**

- **July 2020**

Ms. Bennett stated revenues are down 22% for August due to sales tax. All sales taxes and business licenses will be accrued back into the fiscal year 19-20 budget. Expenses are up year to date due to the timing of equipment contracts and capital expenditures. The Committee members asked clarifying questions.

**I. OLD BUSINESS:**

**Sales Tax Trends**

Ms. Bennett stated for the months of July and August sales were down overall; however the receipts for some entities were higher than those in the prior year. Ms. Bennett stated things seem to be better than anticipated.

**Bond Refinance Discussion**

Mr. Martin Ghafoori of Stifel Nicolaus was present. Ms. Bennett stated updated funding options were in the packet. Ms. Bennett stated the City signed an engagement letter with Stifel that resulted in the updated options as a first step. Mr. Ghafoori discussed the funding options and asked whether the City wanted to fund police vehicles at a cost of \$84,000 and an ambulance at the cost of \$350,000.

Mr. Ghafoori stated banking options have not been shopped. There was discussion about the City's bond rating, and the difference of costs if the City's rating was downgraded. Mr. Ghafoori stated it would .05 or .07 basis points and estimated the cost to be \$1,056 for each basis point.

Chairperson Sherwood stated everyone is in favor of refinancing the bonds or shopping for a bank to get a lower interest rate. Additional discussion ensued. The Committee agreed that the ambulance should be included in the funding, but not the police vehicles, which are more of a "regular" expense.

Chairperson Sherwood asked what the next step would be. Mr. Christensen recommended Mr. Ghafoori work with him and Ms. Bennett to get various local banks to be included in the 20 to 25 banks that Mr. Ghafoori will approach. This will not require incurring the cost of the bond certification.

The Ways & Means Committee decided to hold a special meeting on Monday, September 28 at 3:00 p.m. to review options and make a recommendation to the Board of Alderperson at their upcoming meeting on Tuesday, September 29.

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

Ms. Bennett stated there is no update at this time.

#### **Sales Tax Interruption Coverage**

Mr. Christensen stated there are no updates at this time. He said the claim has been denied, and legal counsel is working on a response. Ms. Bennett stated the City Attorney has asked for a three-year average of each sales month for each policy location, which she is working on.

#### **PILOTS**

Mr. Christensen stated, in reference to why the City does not have a PILOT agreement with Triad Bank, that the City simply was not in the practice of requesting PILOTS when banks were opened in earlier years.

#### **Utility Tax Lawsuit Updates**

Mr. Christensen stated he has no updates.

## **Development Updates**

Mr. Christensen stated Chase bank is opening this month and Uncle Julio's is targeted to open in December.

## **COVID-19 Updates**

Mr. Christensen stated recent news from the County that the CARES Act funds will be distributed based on a model of \$68 per capita, which will generate \$239,000 to \$250,000 depending on which census estimate is used, one half of which will be paid to the City up front, and the other half being contingent on the City substantiating reimbursable expenses for first responders.

## **Worker's Comp Update**

Chairperson Sherwood stated the City and SLAIT have had some difficulty setting up a meeting but that the SLAIT Administration agreed the premium tax had been calculated incorrectly. However, while SLAIT is reviewing the details, the SLAIT Administration indicated SLAIT may not correct the problem.

## **Multi-Year Plan**

Aldersperson Millman stated he would like to thank John O'Connell for loading the budget into the model. Aldersperson Millman showed several key slides from the model. He said the model is only as good as the assumptions and stated the long-term assumptions related to tax growth have not changed. He said looking at the model, revenue has a significant step down for fiscal year 20-21 as a result of the budget and with no immediate recovery due to long term assumptions not changing. He said bad things are going to happen in the fiscal year 21-22 with no recovery. There was additional discussion of the future financial needs of the City as well as having a group meeting to discuss the long-term assumptions of the model once more data is gathered.

Chairperson Sherwood said the City is approving the property tax rates for 2020 at the end of the month. Mr. Winer stated we need to begin to model some property tax or utility tax rate increases to begin to prepare a recommendation to the Board of Alderspersons for a tax increase in the spring or spring of 2021.

Mayor Hatfield spoke about other cities who have passed ballot initiatives and stated Creve Coeur, Town & Country and Ladue are all doing leg work to move forward with tax increases soon. She suggested the City get their information, model it for Frontenac's issues and begin sharing it with our residents. Chairperson Sherwood said we need to continue discussing this at the October meeting and make a recommendation to the Board of Alderspersons at the appropriate time.

## **J. NEW BUINSESS**

### **Fire Dept Salaries**

Mr. Christensen presented information regarding the turnover rate for the Fire Department in the last five years. He said since July 2016, the Fire Department has lost 11 firefighters, and that all but two of those had 2.1 years or less of service with the City. Most of them left to go to fire districts which pay a higher salary and have richer benefits. Mr. Christensen stated that his largest concern is succession planning, as up to six Fire Department employees will leave in the next two to three years, including the Fire Chief and all three Fire Captains.

In the second slide he showed the 60<sup>th</sup> percentile among comparable cities. He said we cannot compete with the districts. The City's max pay is currently at the 43<sup>rd</sup> percentile. There was additional discussion on the pay schedule, salary steps and turn-over information presented by Mr. Christensen.

Mayor Hatfield stated it is just not competition with the fire districts. Mayor Hatfield stated we are not getting the applicants, and this is not just a fire district issue. She said our pension plan does not vest until five years, and she said they are leaving the pension on the table. Mr. Christensen stated morale is good in the Fire Department and that Chief Ulses and Assistant Chief Blake are doing a great job.

Mr. Christensen stated he feels reducing the steps will have the most impact. He also said we should maintain competitive pay and get to the 60<sup>th</sup> percentile.

Chairperson Sherwood stated we should have all employees at the 60<sup>th</sup> percent. She suggested this discussion continue next month after the property tax rates are set and the model is updated.

Alderman Millman suggested a workshop meeting to go over the model.

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

Special Meeting, Monday, September 28, 2020 at 3:00 p.m.

Next Regular Scheduled Ways & Means Committee Meeting, Tuesday, October 20, 2020, 3:00 p.m.

## **L. ADJOURNMENT**

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

The meeting adjourned at 6:51 p.m.