

WAYS & MEANS COMMISSION MINUTES
CITY OF TOWN & COUNTRY, MO
June 19, 2020
Via Zoom Videoconference
8:00 AM

Given the current public health crisis, various emergency meeting declarations, and in accordance with the provisions of Sec. 610.020, RSMo., this Ways and Means Commission meeting was held via Zoom videoconference and streamed live to YouTube. Public comments on agenda items were solicited via email. Real-time public viewing of the meeting was made available via the City's website at www.town-and-country.org.

MEMBERS:

Alderman Sue Allen, Chairperson
Mayor Jon Dalton
Finance Director Pam Reitz
City Administrator Bob Shelton

Ward 1

Randi Weber
Bob Aikin

Ward 2

Oz Conrad
Michael Goldberg

Ward 3

Hans Fredrickson
John Wichlenski

Ward 4

Bob Proost
Don Roberts
Jeff Parrotte, At-Large

OTHERS PRESENT:

City Planner Ryan Spencer and Communications and Administrative Assistant Morgan Kuepfert. Also in attendance for the second agenda item was Christina Jacquin from the accounting firm of Schowalter and Jabouri.

City Administrator Bob Shelton called the meeting to order at 8:00 a.m. and the roll as noted above was taken. There was a quorum.

1. Presentation of the 2019 Comprehensive Annual Financial Report by Schowalter & Jabouri, P.C

Christina Jacquin, Schowalter & Jabouri, presented the City's 2019 financial audit report. She provided highlights and explained the method behind the audit. Ms. Jacquin explained that the audit was prepared using a major fund concept which broke the financial data into the General Fund, Road Fund, Capital Expenditure Fund, and the Parks and Stormwater Fund and provided ending fund balances. A report on internal control related matters was provided that contained suggestions on ways to increase control and efficiency.

General discussions took place relating to specific line items. In response to questioning, Ms. Reitz explained that the land value is up 16% due to improvements at Town Square. Additional inquiry arose relating to the Report on Internal Controls. Ms. Reitz explained that the suggestions from the audit have already been put in place to increase controls and efficiency and that additional review and oversight was added last year. Mr. Conrad

recommended a review within the Ways and Means Commission every 6 months or when other improvements have been made. Mayor Dalton stated that Mr. Conrad raises an excellent point and made a motion to review internal control and oversight every 6 months. The motion was seconded by Mr. Conrad. Upon a vote being taken, the motion passed.

2. Approval of May 6, 2020 Minutes

Mr. Conrad made a motion to approve the Minutes of May 6, 2020, seconded by Mr. Goldberg. Discussion held relating to a scrivener's error on roll call and it was noted that Mr. Goldberg was present at the May 6th meeting. Upon a vote being taken, the motion passed.

3. Update on revenue and expense status resulting from COVID-19 impacts

A summary document was distributed to the commissioners. Ms. Reitz stated that the biggest change came with sales tax revenue that was received in June, which would have been monies collected through April. It was noted that the sales tax is coming in stronger than originally anticipated. The worst case scenario for the general fund is a \$1.8 million decrease in sales tax. Other major revenue sources, such as gross receipts, permits, and business licenses were evaluated as well. Ms. Reitz stated that business license fees have been coming in at a slower rate, however, the State has extended their license period for two months and many businesses are just starting to return. More firm numbers relating to business license revenues will be available next month.

Ms. Reitz explained that Municipal Court fees are down and noted that fees are generally not paid until after the court date. She expects that those revenues will remain down. Additionally, interest revenue has decreased from 1.5% to 0.04%. Other investments, such as the higher yielding investments, are beginning to drop off as well. Ms. Reitz stated she estimates the year-end fund reserves will be about \$6 million, which is still \$800,000 over what is statutorily required. It is estimated that we will end the year with about 53% coverage. Ms. Reitz stated that radical cuts will need to be made over the next few years or new revenue sources to replenish the reserves and stay over 50% coverage.

General discussion was held relating to specific line items, cuts that have already been made and other sources of revenues.

In response to questioning, Ms. Reitz explained that the 2020 budget has been thoroughly reviewed and \$136,000 in general revenue expenses have been cut. She explained that every single expenditure is reviewed to decide if it can be postponed. Other cuts have included conferences, some Board members and the Mayor choosing to forgo their pay, public hearings and court reporters have been significantly reduced, codifications, newsletter printing and no overtime.

Mayor Dalton stated that the comments and observations by this Commission are very productive and accurate. He explained his involvement in the Metro Mayor's organization and discussed Town and Country's circumstances compared to some other municipalities.

Mayor Dalton wishes to recognize the fortunate position that Town and Country is in due to thoughtful planning from the various Commissions and professional staff.

Additional discussions were held pertaining to the financial future of the City. Mr. Parrotte noted that the reserves exist for these situations and believes they are functioning exactly as they are intended.

Mr. Conrad questioned, from an operating standpoint, what would happen if the reserves dropped below 50%. Mr. Conrad would like to review and discuss the ordinance at the next meeting. Mayor Dalton stated that it is the responsibility of this Commission to make policy recommendations for the Board's consideration. He explained that to go below 50% reserves required a super majority vote from the Board of Aldermen. Mayor Dalton explained that that is reactive and the Ways and Means Commission should look at what to do before that happens and other safeguards that would serve the City well. Following discussion, Mayor Dalton made a motion to examine the current ordinance and consider any additional planning mechanisms that may need to be included when the Ways and Means Commission expects significant losses. The motion was seconded by Mr. Conrad and approved unanimously.

4. Update Town Square

Mr. Shelton explained that there have been no recent expenditures and that \$303,000 is being withheld before all work is completed including tree replacement, landscaping, concrete and bio retention ponds. He explained that they are waiting for a good rain to assure that the retention ponds are working properly, then the final funds will be released to Brinkmann and the agreement will be complete.

5. Property Tax Rate

Ms. Reitz explained that the rate will be set in September. The public hearing and first reading will be August 24, second reading and approval on September 14, 2020, and sent to the County by October 1. Ms. Weber inquired if the rate should remain at zero. Ms. Reitz responded that it should be discussed and could be a viable option but still has pros and cons. In response to questioning, Ms. Reitz explained that if a property tax was added at 0.5%, \$500,000 would be brought in each year to the general fund, and \$900,000 would be brought in at 1 cent. Additional discussions were held relating to the different rate options.

6. 2021 Budget Preparations

2021 budget preparations will begin in mid-July, with a requested completion date of August 14. Ways and Means will meet in mid-august to begin discussions.

7. Revenue Enhancements

Mr. Shelton stated that Ms. Reitz will be putting together property tax scenarios. He explained that Ryan Spencer, City Planner, has been researching other municipalities and their revenue sources, what they have in the way of fees, taxes, etc. and will provide that information at the next meeting.

8. Economic Update

Mr. Spencer stated that some businesses have vacated and expects to see a few more through the end of the year. He noted that commercial permits are also down. Mr. Spencer expects 25 new homes at \$1 million - \$2 million in value. New projects on the horizon include a new addition at Covenant Presbyterian Church, Principia field house and athletic improvements, and renovations/new tenants at the Roger Riney office building.

9. Bryn Wyck Update

Ms. Reitz noted that the request has been approved by the Board of Aldermen and that the loan ended up being \$168,827 and will be paid off over 5 years with \$5,908 in interest in the first year as well as principal payment collected as assessed through St. Louis County. These funds should be received in December and January.

10. Public Infrastructure Task Force

Alderman Allen noted that the Task Force has many great ideas, however those are set aside at this time. Mr. Shelton explained that the task force looks at all City assets – property, buildings, vehicles, equipment, and where money is spent and out of what fund.

In response to questioning, Alderman Allen noted that the Fire and EMS Task Force has been established and a decision on the current contract needs to be made by December 31.

11. Adjourn

Mr. Conrad made a motion to adjourn, seconded by Mr. Proost. Approved unanimously.