

**MINUTES OF THE REGULAR MEETING OF FINANCE COMMITTEE OF THE CITY OF SUNSET HILLS,
MISSOURI HELD ON MONDAY, SEPTEMBER 24, 2018**

Meeting convened at 5:30 p.m.

Place of meeting: Public Works Conference room at Sunset Hills City Hall.

The Finance Committee of the City of Sunset Hills, Missouri met in open session. Chairman/ Alderman Mark Colombo, Member Michael Sawicki, Alderman Nathan Lipe, Member Joe Stewart, Member Mike Fitzgerald, Finance Director Susanna Messmer and City Administrator Eric Sterman were personally in attendance. Member Jeff Camilleri was absent.

Approval of Minutes:

The minutes of the July 23, 2018 Finance Committee meeting were distributed for review. A motion was made by Member Sawicki to adopt the minutes. Member Fitzgerald seconded the motion and it was passed unanimously.

Review of 2019 Budget Proposal:

Mr. Sterman distributed the proposed 2019 budget package and requested the committee first review the "2019 Budget Summary" page. The following are key messages:

- Debt service was eliminated per suggestion of external auditors. Debt service expenditure is now carried in the Parks/Storm Water fund.
- The General Fund's revenue and expenditures are balanced, with a resultant minor surplus of \$18,000. By statute, the fund balance in cash and investments must be 30% to 50% of prior year's annual operating expenses or revenues excluding grants, whichever is greater. The 2019 total reserve is budgeted to be at 86% of operating expenses.
- The Capital Fund, County Road Fund and Parks/Storm Water Fund - the 2019 budgeted deficit of \$0.7M will reduce the surplus of \$4.5M to \$3.8M by the end of 2019.
- The City exercises conservatism with operating expenses to ensure that the General Fund reserve is not eroded. It would be a slow process to rebuild the reserve if there was aggressive deficit spending.
- Some parks related operational expenses have been moved from the General Fund into the Parks/Storm Water fund since it has a surplus. The Parks/Storm Water sales tax revenue will sunset in approximately 2028 in rough alignment with the debt payoff.
- The debt refinancing which occurred in 2016 saves the City approximately \$75,000 per year and is a factor in this fund having a surplus.
- Focus is on maintenance and repair versus replacement if feasible. This reflects the effort to be fiscally conservative.

Mr. Sterman then discussed the 2019 Budget Highlights:

General Fund:

Revenue:

- 3% decrease in sales tax projected (on target for 2018)
- \$25,000 increase in Prop P sales tax (up from \$400k in 2018)
- \$40,000 decrease in telephone utility tax

Expenses:

- 5% business insurance increase
- 3.9% health insurance increase (other lines flat)
- 3% average raise (1 step)
- LAGERS rates down .2% for General (6%), and up .4% for Police (4.3%)
- TRANE energy project \$62,000 savings

Capital Fund:

Major Projects (\$25k+):

- Public Works – City campus parking lots/curb/gutter – Phase 1 \$250,000
- Public Works – Lindbergh sidewalks (grant match) \$242,000
- Public Works – 4 post lift \$50,000
- Public Works – Sidewalk ADA plan \$35,000
- Public Works – Mentz Hill Acres bridge \$110,000
- Parks – Replacement lights at Athletic Complex \$185,000
- Parks – Replacement wiring at Aquatic Facility \$33,000
- Parks - Gym equipment \$25,000
- Parks – Replacement Tool Cat vehicle \$75,000
- Police - 4 new vehicles (3 marked, 1 unmarked unit commander) \$128,100
- Police – 6 new dashcams and 7 bullet resistant vests \$42,300
- City facility energy upgrades – debt payment \$142,000

Road and Bridge Fund:

- Public Works - Asphalt work on City streets \$350,000
- Public Works – Salt \$50,000

Parks and Stormwater Fund:

- Parks - Maintenance position, grade 2 - \$50,000 (including benefits)
- Parks - Maintenance supplies/equipment

Encumbered projects carried over from 2018:

- Administration – Capital Fund – City monument sign \$50,000

Projects in Capital Plan but not funded:

- Sunset Lakes property
- Leebur Sidewalk \$300,000
- Portable air compressor \$25,000
- City hall renovations \$150,000

- Watson Trail Park lake dredging \$68,000

Discussion ensued about the following:

- Parks program income does not cover parks program expense. Mr. Sterman stated that the pool and community center strive to breakeven operationally but will never pay for the debt service and capital needs.
- Sales tax generated from internet sales is a work in progress in Missouri. Municipalities need get voter approval to adopt a cyber sales tax.
- The Sunset Lakes property donated to the City by Dr. Bander includes the land but not the clubhouse. The clubhouse will be sold to Andre's Banquet Center. Various potential usages of land were discussed.
- Prop P income is earmarked by the City for the Police Department; however, by statute it can be used for other types of expenses.
- Telephone utility taxes have been declining due to transition to VOIP and other technologies. Some municipalities have joined a class action lawsuit to require taxation on these replacement technologies.

Chairman Colombo requested that the budget be further studied with the objective of reaching consensus in the October meeting. That consensus will then be presented to the Board of Alderman in their November meeting.

Other Matters:

Mr. Sterman stated that the City received four proposals in response to the RFP for audit services. After some discussion, It was decided that all four candidates be invited for interview. Date for interviews was set for October 1st.

Next meeting will be on October 22, 2018.

Adjournment:

Member Colombo made a motion to adjourn the meeting. Member Stewart seconded the motion and it passed unanimously. Meeting adjourned at 6:54 p.m.

Recording Secretary – Dede Hendricks