

**Minutes of Meeting
City of Ladue
Finance, Revenue, and Taxation Committee
June 15, 2017**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on June 15, 2017 at 8:30 a.m. in the City Hall Council Chambers. The following members were present:

Chairman Jim Schiele	
Mr. Joe Gazzoli	
Ms. Gina Hoagland	
Ms. Stacey Kamps	
Mr. Joseph Rechter	Ex-Officio
Mayor Nancy Spewak	Ex-Officio

Absent:	Mr. Jim Thompson	
	Mr. Richard Lincoff	Ex-Officio

Also present were City Councilman John Fox; Ms. Laura Rider, City Clerk/Asst. to the Mayor; Mr. Sam Zes, Finance Director; and Ms. Shelly Benson, Finance Clerk.

The meeting was called to order by Chairman Schiele at 8:32 a.m.

Approval of the Agenda:

Ms. Kamps moved approval and adoption of the agenda; seconded by Mr. Gazzoli, which motion passed unanimously.

Approval of the Minutes:

Mr. Gazzoli moved approval of the minutes from the May 9, 2017 meeting, seconded by Ms. Kamps, which motion passed unanimously.

Public Forum: Susan Ryan was in attendance, however offered no comment.

Chairman Schiele stated the purpose of this meeting was to discuss the financial condition of the City, specifically to review the General Fund budget deficit and status of City reserve balances. Mr. Zes gave an overview of the Long Term projection of the General Fund revenues and expenses and how the City reserves were affected through the year 2025. He stated the central question was when the committee feels it is necessary to go to the voters with a tax increase. He noted the reserve balances remain fairly high and well above the GFOA recommended minimum of a 2 month reserve balance. Mr. Rechter asked what the total of the reserve balance is across all funds and Mr. Zes answered \$20 million. Mayor Spewak reminded the committee that most of the reserves are restricted and cannot be used for the General Fund, for which the reserve balance is \$11 million. She also stated that if this committee and City decide to work with a deficit budget and spend down the reserve balance, the City Council and Administration are going to continue to include employee increases to attract and maintain quality employees. Mr. Zes stated 3% annual increases are included in the long-term projection.

Chairman Schiele asked for individual opinions on the timing of a tax increase from each committee member. Ms. Hoagland stated there is no room to further reduce expenses, so the City should spend down reserves to acceptable levels, then go for a tax increase. Councilman Fox agrees and stated expenses have already been reviewed in depth and reduced as much as possible. He stated personnel is the City's largest expense and the Council wants to maintain its excellent staff and dedicated employees. He also stated the residents value having their local Police and Fire departments. Mr. Fox also reported to the committee the new Firehouse 1 project is on schedule and below budget. He stated

the City is not in a budget crisis, but is responsibly reviewing all options. Ms. Kamps agreed with Mr. Fox, and stated the City should investigate other revenue opportunities, including retail developments. Mr. Rechter and Mr. Gazzoli agreed with this idea. Mr. Rechter asked what our peer Cities have in reserves and asked if Ms. Rider and Mr. Zes could research. Chairman Schiele stated revenue is flat, personnel expenses are increasing, the City is facing multiple restrictions on revenue; including our own zoning restrictions, so a tax increase is inevitable. He stated he is in favor of a tax increase to maintain the advantages of living in Ladue.

Mayor Spewak asked Mr. Zes to research other cities reserve policies and formulate several case scenarios using historical data and 2, 4, and 6 month reserve policies.

The next meeting date was set for Tuesday September 12, 2017 at 8:30 a.m.

The meeting adjourned at 9:30 a.m.

James E. Schiele
Chairman