

**Minutes of Meeting  
City of Ladue  
Finance, Revenue, and Taxation Committee  
Wednesday October 30, 2019 8:00 A.M.**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on October 30, 2019 at 8:00 a.m. in the Ladue Police Department 2<sup>nd</sup> Floor Conference Room. The following members were present:

Chairman Joseph Gazzoli	
Mr. Maurice Quiroga	
Mr. Jim Schiele	
Mr. Jim Thompson	
Mayor Nancy Spewak	Ex-Officio
Mr. Joseph Rechter	Ex-Officio

Also present were Council Members John Fox and Stacey Kamps; Mr. Sam Zes, Finance Director; and Ms. Laura Rider, City Clerk/Assistant to the Mayor. Committee Member Gina Hoagland was absent.

The meeting was called to order by Chairman Gazzoli at 8:00 a.m.

**Approval of the Agenda:**

Mr. Schiele moved approval and adoption of the agenda; seconded by Mr. Quiroga which motion passed unanimously.

**Approval of the Minutes:**

Mr. Quiroga moved approval of the minutes from the July 23, 2019 meeting, seconded by Mr. Thompson, which motion passed unanimously.

**Public Forum:** Tony Bommarito was present but offered no comment.

Mr. Zes discussed the 3<sup>rd</sup> quarter financial statements. The City's overall revenues across all major funds are 3.3% higher compared to the year-to-date budget. Combined major fund expenditures are lower compared to the year-to-date budget with a variance of 9.17%. Current expense variances are primarily related to the timing of major capital expenditures and timing of projects in the Road & Bridge and Storm Water Funds.

General Fund revenues are .33% higher than the YTD budget. This increase is largely due to increased public utility license tax revenue from Spire and earnings on investments. Investment earnings are continuing to increase due to improved cash flow management. Telephone utility taxes are 18.89% lower compared to the YTD budget and the city attorney is currently investigating the cause of the decrease.

General Fund year-to-date expenditures are 5.29% lower than the YTD budget. Personnel expenditures are .6% lower while non-personnel expenditures are 26.81% lower than YTD budget. Current expense variances in accounts are related to timing and management continuously looking for ways to cut costs while maintaining City services.

The Road and Bridge Fund YTD revenues are 12.79% higher than YTD budget due to increasing tax revenue and earnings on investments. While expenses are 27.95% lower than YTD budget due to timing of projects which in turn impact the timing of reimbursements.

The Capital Improvement Fund YTD revenues are 7.68% higher than YTD budget due to an increase in sales tax revenue and earnings on investments. Expenses are 9.37% lower than YTD budget due to the timing of purchases and are not expected to exceed budgeted amounts.

The Storm Water Fund YTD revenues are 9.29% higher than YTD budget which is attributed to increased sales tax revenue and earnings on investments. YTD expenses are 3.24% lower than the YTD budget due to timing and will not exceed the budget.

The Public Safety Fund revenues are 10.64% higher than YTD budget which is attributed to increased sales tax revenue. The Public Safety Fund has one annual transfer to the General Fund and one transfer to the Capital Improvement Fund to provide for Police and Fire Department needs.

Mr. Zes then reviewed the 2020 draft budget. He stated each year department heads work to tighten expenditures and work towards being as accurate as possible, noting total revenues for 2019 are anticipated to come in close to budget and the expenditures for 2019 are anticipated to come in slightly under budget by 4-5%. Improvements have been made in this process every year and the budgeting will continue to improve once the new financial software implementation is complete. As expected, there is a deficit budgeted for 2020. Major increases in salaries are due to uniform step increases and added Police personnel as well as insurance and pension costs. Mayor Spewak stated the City Council is committed to always paying the full budgeted amount of Pension dollars even if the ARC is lower than expected. Mr. Zes noted health insurance costs are expected to rise 15-28% and are increasingly difficult to predict. Other budget increases are due to legal fees, professional fees, and insurance.

Mr. Rechter inquired if there are any possible revenue enhancements the City should explore before considering a property tax increase. Mr. Zes stated the City should ask the voters to approve a use tax on internet sales. Mr. Fox stated the City should explore "payments in lieu of taxes" by certain properties using Ladue services but who are not required to pay property taxes. The committee agreed to explore these options and discuss the use tax at the next meeting.

Chairman Gazzoli asked Mr. Zes about the City's vehicle retention policy; the basis for determining the timing of replacements and whether the City has researched leasing versus purchasing vehicles. Mr. Zes stated individual departments have certain criteria, but the City as a whole, does not have an official policy and usually determines this by evaluating mileage, age, and maintenance costs of each vehicle. Mr. Gazzoli then inquired the cost effectiveness of a Virtual Reality Training System for the Police Department. Mr. Zes stated these funds were coming from the Proposition P tax which is specifically designated for emergency personnel training and other costs. Mayor Spewak then noted training using this updated technology could be especially useful in today's environment. Mr. Zes then noted beginning on page 78 of the 2020 budget is a page for each line item in the Capital Budget which specifies: Department, Item, Cost, New or Replacement, Existing Condition, Funding Source, Budgetary impact, and photographs.

Mr. Thompson moved adjournment; seconded by Mr. Quiroga, which motion passed unanimously.

The meeting adjourned at 9:05 a.m. The next meeting was set for Wednesday December 11, 2019 at 8:00 a.m.

Joseph Gazzoli  
Chairman