

**Minutes of Meeting  
City of Ladue  
Finance, Revenue, and Taxation Committee  
November 7, 2016**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on November 7, 2016 at 1:05 p.m. at the City Hall Council Chambers. The following members were present:

Mr. Joe Gazzoli	
Ms. Gina Hoagland	
Mr. Jim Thompson	
Ms. Stacey Kamps	
Mr. Joseph Rechter	Ex-Officio
Mayor Nancy Spewak	Ex-Officio
Mr. Richard Lincoff	Ex-Officio

Absent:

Chairman Jim Schiele

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

The meeting was called to order by Mayor Spewak at 1:05 p.m.

An update on the fire house construction and impacted soil process was given by Councilman John Fox. Approximately 50% of the contingency fund set aside for remediation of impacted soil has been used. Since expenses such as this crop up on the front end of any project, it can be safely assumed that there will be enough money in the budget if there are any further issues.

**Approval of the Agenda:**

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

**Approval of the Minutes:**

Ms. Hoagland moved approval of the minutes from the June 7, 2016 meeting, seconded by Mr. Gazzoli which motion passed unanimously.

**Public Forum: None**

Finance Director Sam Zes gave a summary of the proposed budget for 2017. The General Fund shows an \$881,000 deficit with a projected fund balance at year-end of \$10.3 million. There has been a decline in revenue from several sources. Medical insurance and pension costs are driving the deficit. The projected increase for medical insurance is 15%. Mr. Zes acknowledged that 15% was a conservative estimate. At renewal next spring, the City will look at potential options to reduce costs.

Discussion ensued regarding utility taxes. Mr. Zes pointed out that due to changing technology, decreasing landlines and the way consumers purchase equipment, telecommunications taxes will continue to decline. Other utilities will hold steady, although weather does affect utility income.

There was discussion of benefits, salary increases and city wide staffing levels. Mayor Spewak stated that salary increases help with retention and morale. A 1% salary increase totaling \$70,000 is included in the 2017 draft budget. Mr. Rechter stated that the Pension Board will be adopting new mortality tables and changing assumptions as to when our employees actually retire. The adoption of these new tables will result in additional pension costs.

It was suggested that benefit statements are very beneficial and the City should consider preparing and distributing these to employees. Benefit statements show the total amount that the City pays in salary and benefits on the employees' behalf.

Revenue sources including sales taxes, property taxes, licenses and permits were discussed. Mr. Zes indicated that he will be reviewing all revenue sources through the end of November and will update the Committee of any changes in his projections. It was noted that the Ladue property tax rate is very low compared to other cities. Mr. Zes stated that the line item for permits and fees showed an increase due to the high school building project permit fees. There are two proposed cell tower sites coming before the City soon and the potential of income generated from these is not known at this time.

Mayor Spewak stated that the draft budget has been reviewed multiple times and assured the members that everything that can be cut has been cut.

Mr. Lincoff stated that the City must look at long term solutions to offset the deficit. The members agreed and the consensus was that ways to increase revenue and reduce expenses must be explored. Mayor Spewak stated that the departments will be reviewing their operations and making recommendations on ways to reduce costs. The City will have a deficit budget for 2017 but 2016 will have a surplus due to the high school building project building and permit fees.

The Committee asked Mr. Zes to review the budget, and if warranted, to revise the revenue projections as he realistically expects them to be and to eliminate the 1% salary increase.


The City Council will address the salary increase at their budget work session in two weeks. Councilman Fox indicated that he would ask the Council to re-consider the salary increase.

The Committee will address departmental recommendations and any other options for a long term solution at their first meeting in 2017.

There was no action taken to adopt or recommend the proposed budget to the Council.

Mr. Gazzoli made a motion to adjourn, seconded by Mr. Thompson, which motion passed unanimously.

The meeting adjourned at 2:30 p.m.



James E. Schiele  
Chairman

