Finance Committee
Committee Meeting Agenda
June 22, 2021
4:00 PM
Online Meeting

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Approval of Minutes**

   Approval of May 11, 2021 Finance Committee Meeting Minutes

5. **Reports**

   Chairperson

   Audit Committee

   Pension Board

   Council Liaison

   Staff

6. **Unfinished Business**

   Discussion of P&Z Financial Analysis

7. **New Business**

   Chair/Vice Chair
   EPA Portfolio Manager/Energy Star Discussion

   Utility Consumption Charts

   Building Department Task Force Update

   Building Department Recovery Costs

   TDD Update

   TDD Memo

8. **Other Business**

   2022 Meeting Schedule

9. **Public Comments**

10. **Adjourn**

11. **Communications**

Finance Committee
Committee Meeting Minutes
May 11, 2021
4:00 PM
Online Meeting

1. Zoom Meeting Information

Due to extreme circumstances regarding the COVID-19 pandemic, thsi meeting will be held online only. Members of the public may access live audio and/or video at the following link:

https://us02web.zoom.us/j/86512078961

Meeting ID: 865 1207 8961

2. Call to Order

Meeting was called to order at 4:05 PM

3. Roll Call

Richard Kutta	Chair	
Marjorie Richter	Committee Member	
Adam Shulenburger	Committe Member	
Ted Armstrong	Committe Member	
Betty Kagan	Committe Member	
Cynthia Jordan	Committee Member	(Absent)
Paul Gallant	Vice-Chair	
Joseph Martinich	Council Liaison	
Lori Obermoeller	Director of Finance	
Mark Perkins	City Administrator	
Tracy Brothers	Finance Clerk	

4. Approval of Agenda

Motion to Aprove Agenda

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Paul Gallant, Vice-Chair
SECONDER:	Marjorie Richter, Committee Member
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan, Gallant
ABSENT:	Jordan

5. Approval of Minutes

Approval of April 27, 2021 Finance Committee Meeting Minutes

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Paul Gallant, Vice-Chair
SECONDER:	Betty Kagan, Committe Member
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan, Gallant
ABSENT:	Jordan

6. Reports

Chairperson

Mr. Kutta reminded the Committee the meeting on June 22, 2021 will be the last meeting of the Fiscal year and his last meeting. He suggested if anyone is interested in serving as Chair, Vice-Chair or not wanting to serve on the Committee the next Fiscal year to please let Ms. Obermoeller know.

Audit Committee

Pension Board

Mr. Armstrong stated the Employee Pension Board met in April to review the first quarter results with Sunpointe Advisors. The results were above the bench marks due to the current market.

Council Liaison

Mr. Martinich stated that the City Council met on June 10, 2021 and was in the process of reviewing the Proposed FY22 operating budget.

Staff

7. Unfinished Business

Review Proposed FY2022 Budget

Mr. Perkins began by reviewing the Parks and Stormwater budget. He stated that $1.9 million of the interdepartmental Revenue listed is from the new Parks and Stormwater Sales Tax. The additional funds are from MSD and grant funds. The Other Financing Uses is a transfer of $380,000 to the general fund to offset the operation and maintenance cost. The City Council has created a policy that states how the funds will be used. Ms. Obermoeller reviewed the new Park and Stormwater Sales Tax policy with the committee. She stated the policy has been updated to reflect that 80% of the funds will remain in the Parks and Stormwater fund for capital improvements. The previous version stated the breakdown of how the funds would be spent on percentage basis. The policy was also using a five-year average, this has been changed to reflect the budget year and using 80% of the actual Parks and Stormwater Sale Tax revenue. The other 20% will be transferred out to the general fund to cover the cost of maintenance and operation expenditures for parks and stormwater maintenance and recreational programming. Staff is hoping this change is simpler and clarifies where the money is being spent. Mr. Armstrong asked how the Council arrived at the 20%. Mr. Perkins responded stating that the City Council wanted to make sure the vast majority was spent on capital projects. The Council also recognized there are operational and maintenance expenses that relate to parks and stormwater in the base of operations. Mr. Armstrong asked if there was a way to test this or confirm this was the appropriate percentage. Mr. Perkins stated City should be flexible going forward but needed a starting point. Moving forward there would be a review process to determine if the allocation needs to be adjusted. This would happen during the budget review process. For Fiscal 2022 there is $1.8 million in Park's development projects which are skewed initially for the proposed budget year. The budgeted amount is also high due to a grant that is funding the Conway Park and Malcolm Terrace Park improvement projects. There are fewer Stormwater projects because they take longer to ramp up. There is more planning, obtaining easements and analyzing for cost for stormwater projects. There is a demand to getting some of the Park renovations completed. Mr. Perkins also pointed out the Project Manager position that has been added to the budget. This is a new position that will be responsible for helping manage all the projects. This is similar to the Project Manager position that is budgeted in the Capital Improvement fund. There will be an additional position added once the stormwater projects start up.

Ms. Obermoeller stated she would be forwarding a survey from the Parks Director that is for the Millennium Park to the Committee to complete. The Committee is encouraged to pass the survey along to other residents to complete and voice their opinions.

Mr. Perkins reviewed the Police Building fund, debt service and the Public Safety fund budgets. The Public Safety fund helps the City fund the Police Officers' salaries, benefits, a robust training program, pension cost and helps offset the operating cost of the new police building.

Mr. Kutta asked about the electricity and how that compared by square footage to the Government Center. Mr. Martinich suggested entering the Police Buildings usage into the EPA Portfolio Manager Software. This allows the City to benchmark and track the energy usage and if the building really is energy efficient and score 75 or above, this will be good information to share with residents. If the building is in the top 25 percentile of comparable buildings the City will receive an energy star certification. Mr. Perkins stated that was a good idea and would be interesting to review the information and how the City fairs.

Mr. Martinich asked about the debt service bonds interest rate and if the City could refinance. Ms. Obermoeller stated that the City can refinance but thought it was seven years before the City could consider refinancing. She stated she would research and confirm this information.

Mr. Perkins reviewed the Sewer Lateral fund. He stated that beginning in 2015 through 2017 the fund went down to the minimum level. The City increased the fee in 2016 and reduced the reimbursement level to 50% in 2017. The fund is re-stabilizing and growing. The City will need to considering lowering the fee again. He cautioned on changing the reimbursement amount stating it will frustrate those that might have been reimbursed at a lower amount. Mr. Kutta asked if the reimbursements were in the older wards. Mr. Perkins stated he was not for sure. The City does require new sewer lateral's when a tear down and rebuild happens.

Mr. Perkins reviewed the Enterprise fund next, stating there were several COVID-19 related issues with the Ice Arena revenues. The Golf had a big uptick in rounds of golf played. The expenses are down a little. Overall, not a terrible year for FY21. For FY22 there will need to be a transfer of $83,000 from the general fund. Mr. Kutta asked about the food service returning. Mr. Perkins stated that the food service will return. He stated that the City has worked with Golf Now to help with adjusting the golf online fees for the Golf Course. He stated that the City is looking at incremental increases to raise the revenue for the Golf Course. Mr. Perkins stated staff is looking at fee increases next January due to increasing labor cost. The City is struggling to find labor for under $13 to $15 an hour.

Mr. Kutta asked when the refrigerant replacement will be projected. Mr. Perkins stated that there are some funds in the capital fund to look at the scope of the project. He stated there will have to review all factors before deciding on replacing the refrigerant.

Mr. Perkins reviewed the long-range operating revenues and expenses, stating that some years the Dielmann center does make money.

Mr. Kutta asked if the water usage at the golf course is figured into the MSD sewer charges. Mr. Perkins stated his understanding that it is not. Mr. Perkins stated he would double check with staff to confirm.

Mr. Perkins reviewed the Employee Pension fund with the Committee. He stated that the City has heard from a few of the retirees inquiring about a cost-of-living raise. Ms. Obermoeller stated a mortality table is getting put in place and dropping the interest rate from 6.75% to 6% would typically increase the fees but the committee decided to increase the fixed amortization from the 4 years left to another 4 years. This helped level out the fees. Mr. Perkins complimented the Employee Pension Board with all the changes they have made this year with pension plan. He states the plan is closed to any new participants. There are about 30 to 35 active participants with the youngest being in their 40's. The rest of the employees are in LAGERS.

Mr. Perkins reviewed the merit-based allocations and market adjustments for salaries in FY2022. Mr. Armstrong asked how the 2% increase compared to other cities. Mr. Perkins stated that it was about in the middle of what other Cities are proposing. He stated last year the City gave a one-time merit bonus to employees. The minimum and maximums of the grade levels are being increased this year.

Mr. Perkins reviewed the Spousal Health Surcharge that the Finance Committee was involved in implementing. He stated that the program has gone well. The City has seen a savings of about $123,000. This surcharge is only for those spouses that can have health coverage from their employer but choose to stay on the City's health insurance.

Mr. Shulenburger asked about the Building Department Task force. He feels the Finance Committee could be of help with what the possible savings could be for different proposed scenarios. Mr. Perkins stated that staff will provide some information to the Committee at their next meeting scheduled for June 22, 2021. Staff and the Committee discussed the permit fees and cost related to the Building Department.

Mr. Perkins asked the Chair if there are any comments or recommendations to the Council concerning the FY22 proposed operating budget. Mr. Kutta responded he did not have the letter prepared at this time. Mr. Kutta stated he will submit the letter in a couple days to Ms. Obermoeller to share with the Committee for their comments.

Mr. Armstrong made a motion to recommend the proposed FY22 operating budget to the City Council for approval. Ms. Kagan seconded the motion with all present voting aye.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Ted Armstrong, Committe Member
SECONDER:	Betty Kagan, Committe Member
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan
ABSENT:	Jordan, Gallant

Discussion of P&Z Financial Analysis

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan
ABSENT:	Jordan, Gallant

8. New Business

9. Other Business

FY21 Meeting Schedule

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan, Gallant
ABSENT:	Jordan

Proposed FY2022 Meeting Schedule

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan, Gallant
ABSENT:	Jordan

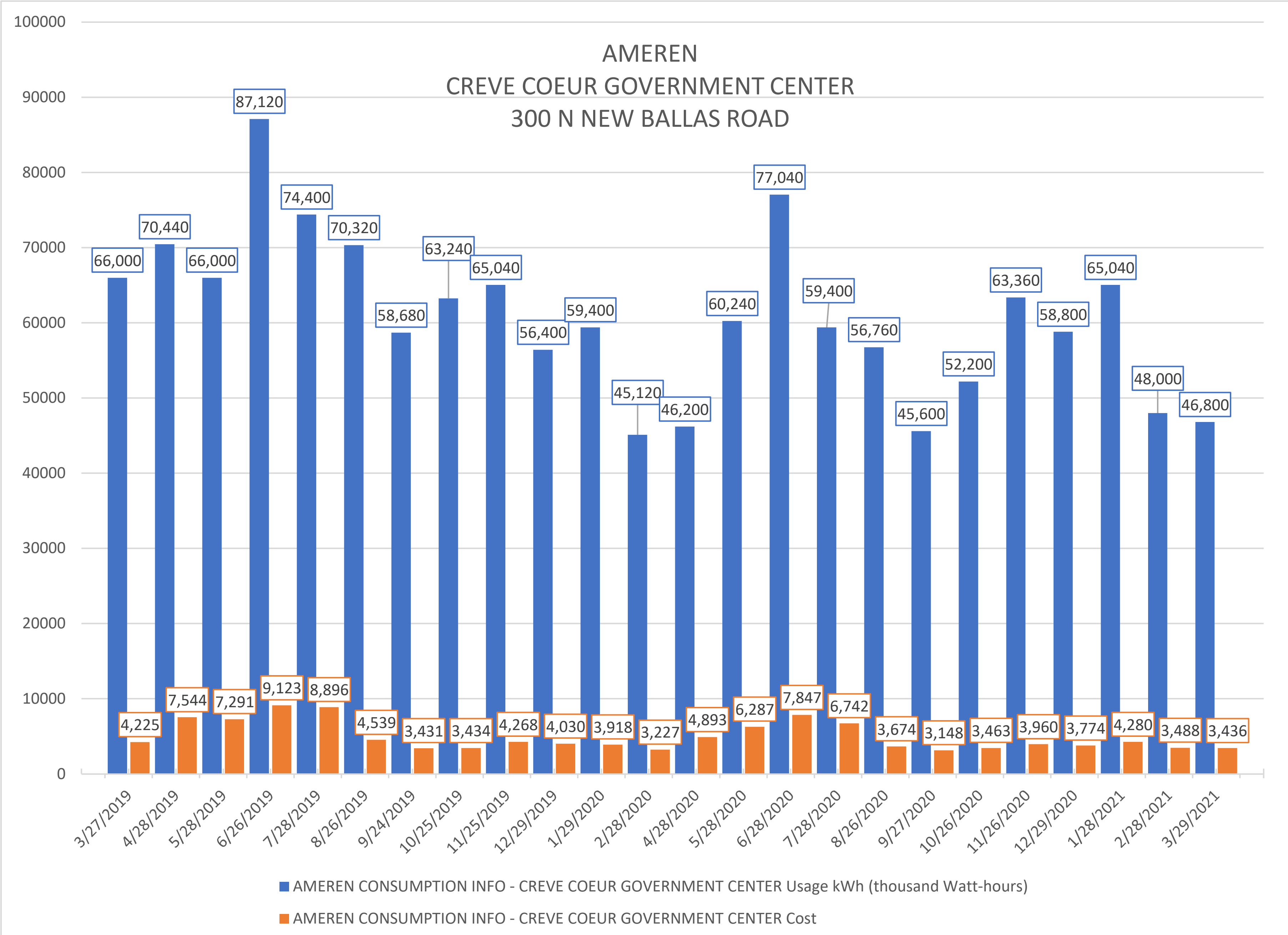
10. Public Comments

11. Adjourn

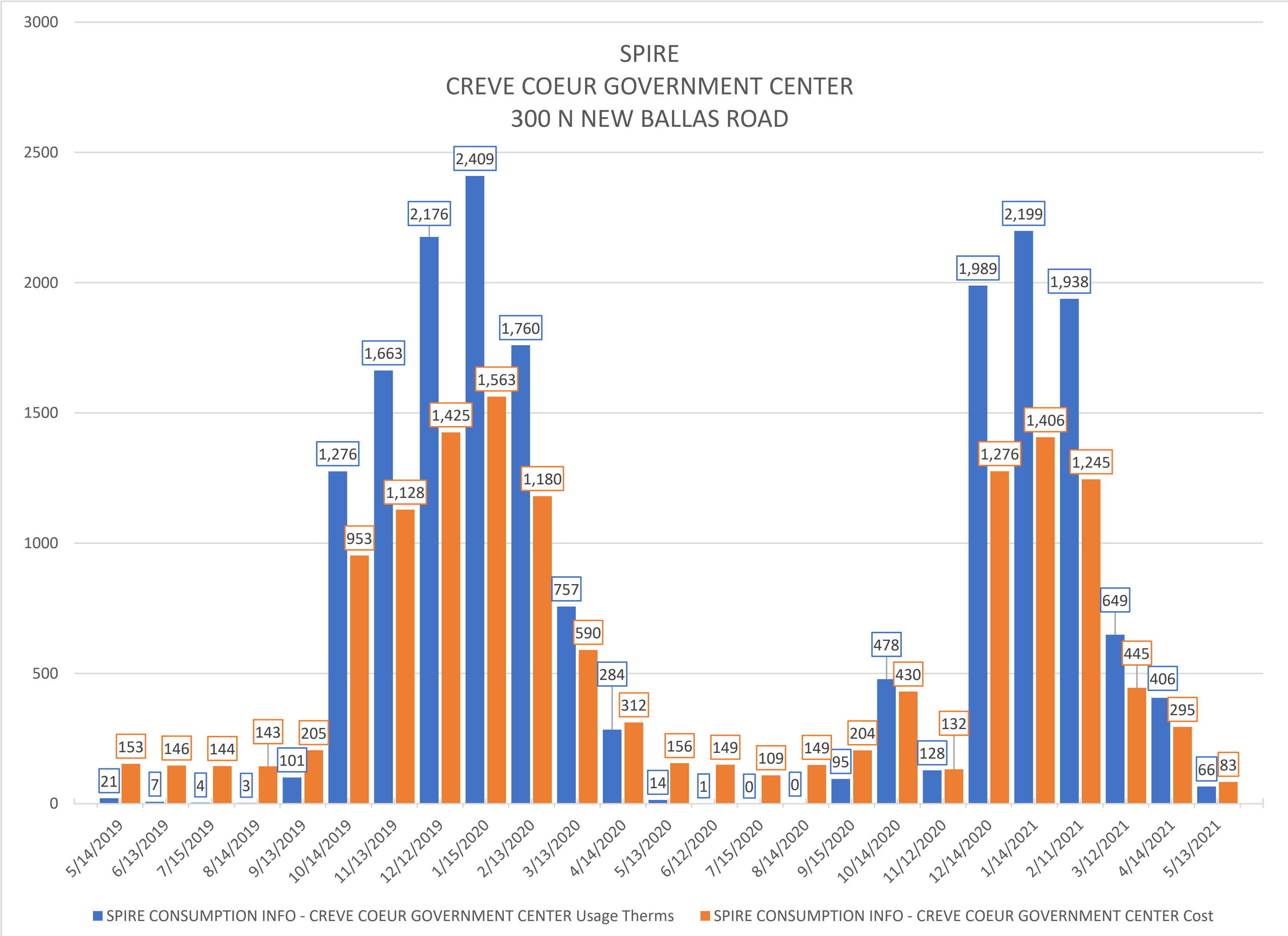
Motion to Adjourn Meeting

Meeting adjourned at 5:34 PM.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Marjorie Richter, Committee Member
SECONDER:	Ted Armstrong, Committe Member
AYES:	Kutta, Richter, Shulenburger, Armstrong, Kagan, Gallant
ABSENT:	Jordan



Communication: Utility Consumption Charts (EPA Portfolio Manager/Energy Star Discussion)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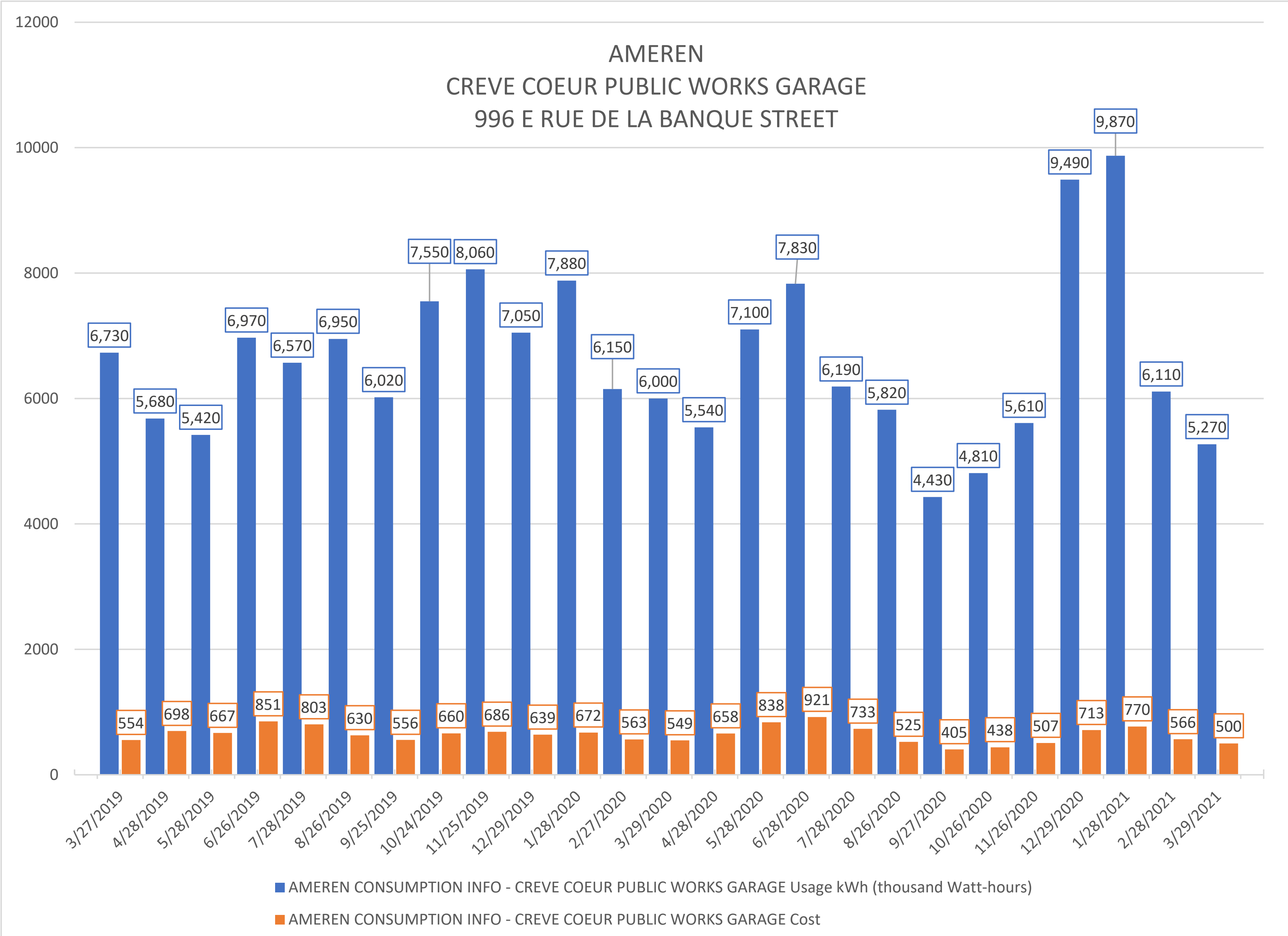
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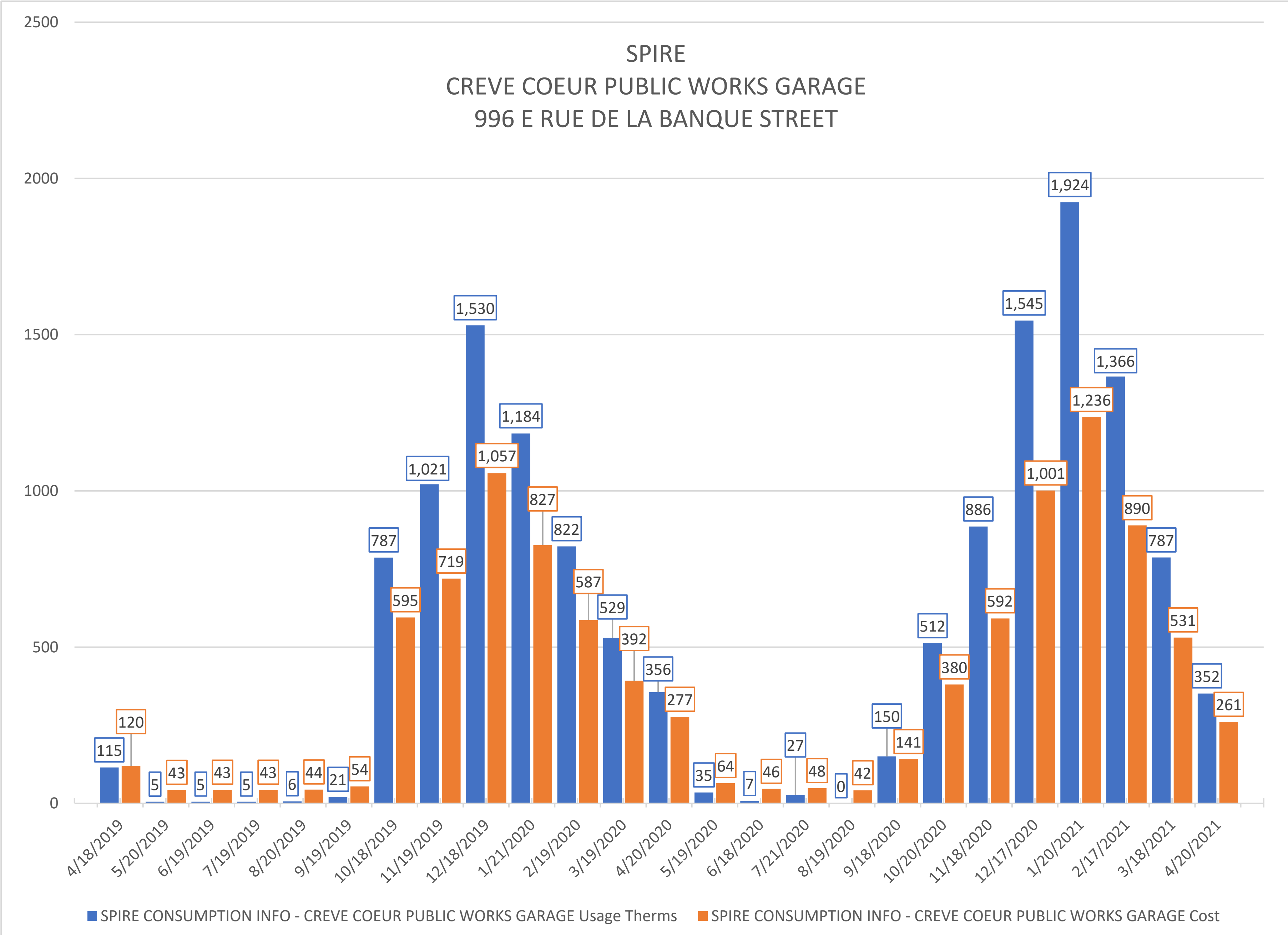
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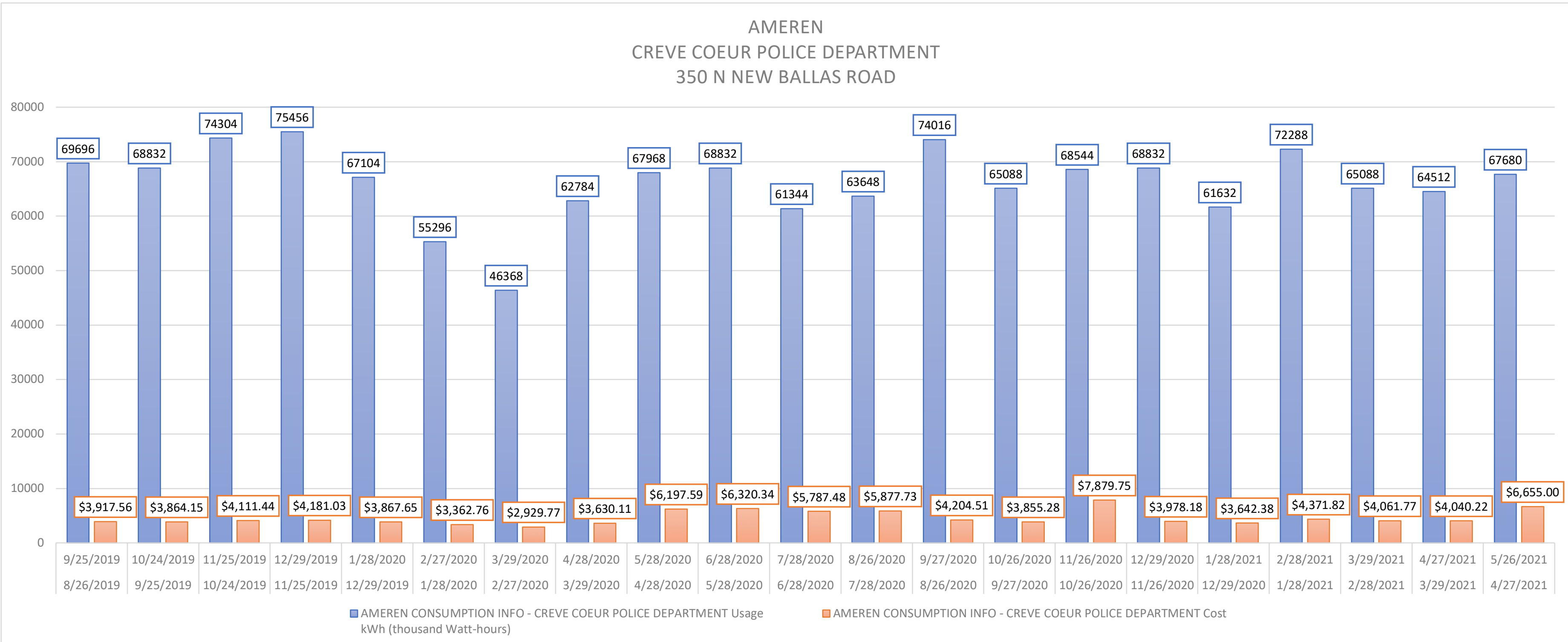
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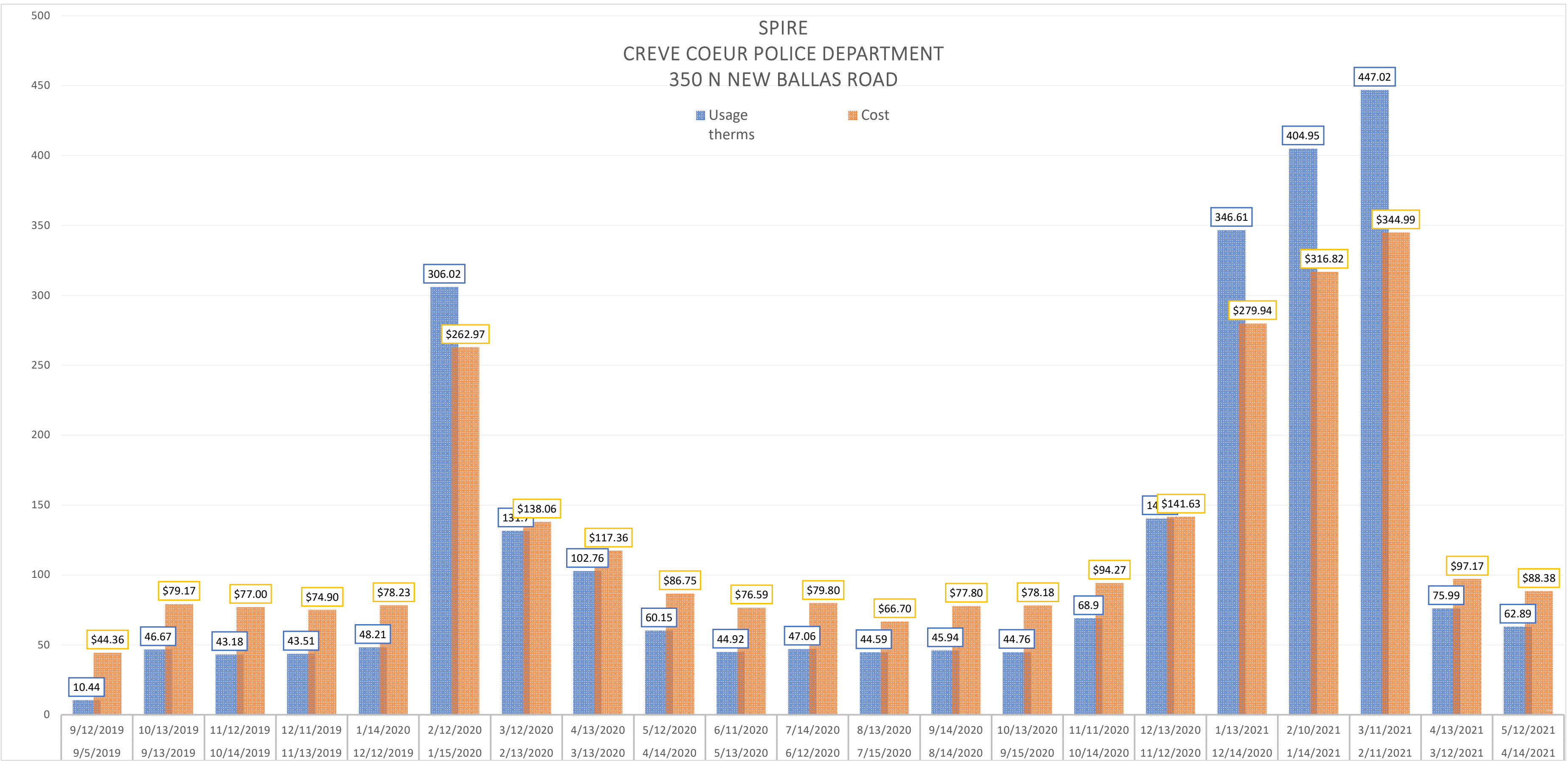
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Percentage of Recovered Building Code Enforcement Costs

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Projected	FY 2022 Estimated
Total Revenue Collected[1]	$699,870	$651,221	$741,332	$718,985	$761,231	$1,051,210	$723,935
Total Expenditures[2]	$865,687	$930,777	$967,571	$1,039,877	$1,094,354	$1,054,462	$904,087
(Loss)/Gain	-$165,818	-$279,556	-$226,239	-$320,892	-$333,123	-$3,252	-$180,152
% of Recovered Costs[3]	81%	70%	77%	69%	70%	100%	80%

[1]The sum total of Building Permit Fees, Commercial Certificate of Occupancy Fees, Sign Permit Fees, Demolition Permit Fees, Fence Permit Fees and Escrow Deductions. It does not include any revenues collected by the Apartment Re-Occupancy Program.

[2]Total costs for the Building Division plus Non-Departmental Overhead ($60K from FY 2018) allocated to the Building Division, less the costs for the Apartment Re-Occupancy Program ($106K).

[3]The City's goal is to recover at least 80% of its building code enforcement costs each fiscal year per Ord. No. 5166 which was approved in 2011.

FY 2020 - added additional employee to cover upcoming retirements, but is projected to be eliminiated in the future through attrition
FY 2021 - anomaly year with record number of building permits issued
FY 2022 - Pension Costs were reallocated to better reflect appropriate costs per each department

MEMORANDUM

DATE: June 17, 2021

TO: Mark Perkins, City Administrator

FROM: Lori Obermoeller, Director of Finance

SUBJECT: Update on Olive and Olive/Graeser TDDs

Here is our update on the Olive Blvd & Olive Graeser Transportation Development Districts (TDD).

Olive Graeser TDD
The City elected to purchase the Olive Graeser 2010 Series A Note totaling $1,300,283 ($1,260,000 plus accrued interes) in January 2012. The note will be outstanding until the earlier of repayment or October 1, 2050. The Note bears a variable interest rate that is adjusted annually based on the Prime Rate plus 200 basis points, but is not less than 5.55%, nor greater than 10%. The Note and accrued interest are repaid by a 1% TDD sales tax on all retail sales in the Olive Graeser TDD area.

Principal on the Series A City Note as of March 31, 2021 is $1,212,377 only a reduction of $87,906 in 8 years. Revenues have decreased about 2.9% since 2013. All past due payments of administrative expenses were completed in 2019. This has freed up surplus admin monies to help catch up on past due interest payments and to help pay down principal. Going forward, we should be able to apply more towards retiring the debt.

As indicated when the City purchased the Note in 2012, it is unlikely the Note will be retired at the end of the 38-year period due to the high interest rate on the note (currently at 6.75%). However, please keep in mind that the City is averaging about 1.33% on its current investments. If we applied the excess interest rate of 5.42% to the current principal of $1,212,377.10, we would generate almost $66,000 annually to help retire the principal. This annual amount, if maintained, would easily retire the note. Therefore, what we are not retiring in principal, we are receiving in excess interest income.

There is also a Series B Note: the City Series B Note is $217,253 ($200,000 plus issuance costs and accrued interest); St. Louis County Series B Note is $213,511 ($200,000 plus issuance costs and accrued interest); and the Developer Series B Note is $865,150 ($784,912 plus issuance costs and accrued interest). These will be repaid after the repayment of the Series A Note.

The funds from the Olive Graeser Note were for realignment of signalization of Olive and Graeser Road.

Olive TDD
The 2005 Revenue Bonds of $5,090,000 were issued with an interest rate of 4.5% to 4.875% and payable from a .5% sales tax within the Olive Blvd TDD boundaries. As a result of past increased revenues (prior to the COVID-19 pandemic) and reduced interest costs due to the 2015 TDD Bond refunding, we anticipate retiring the debt in FY 2022, which is 3 years sooner than the projected 2025 and 7 years before the 2029 maturity of the 2015 Bonds.

The Olive TDD Bond Issue was for road, pedestrian, lighting and aesthetic improvements along Olive Blvd from Interstate 270 to Craig Road. All of the Olive TDD projects are complete, and MoDOT has completed all of its reimbursements to the TDD.

I would be pleased to respond to questions.

City of Creve Coeur
Finance Committee
FY22 Meeting Schedule
Meeting Time 4:00 PM to 5:30 PM

DATE	TOPIC
August 31, 2021	Nominate Chair & Committee Liaisons 4th Quarter Financials and Year-End
October 26, 2021	Review of 1st Quarter Financials, Further Discussion of Revenue Options
January 25, 2022	Review of 2nd Quarter Financials, Review of Financial Policies
March 14, 2022	Joint Work Session with City Council to Review of Proposed 5-Year Capital Plan
March 22, 2022	Review Proposed 5-Year Capital Plan Update on Capital Projects
April 26, 2022	Review Proposed Budget Preview Review 3rd Quarter Financials
May 10, 2022	Review of Proposed Budget
June 28, 2022	Olive/Graeser TDD Review (every 3 years) Review of Budget/PAFR Publications

FINANCE COMMITTEE PRIORITIES

- As part of the budget review process, evaluate economic justification and risks of proposed single-project capital and operational expenditures in excess of $100,000 or a combination of multiple similar projects or the aggregate value of multi-year projects over $1 million.
- Review proposed financing, bond indebtedness, taxation and leases greater than $10,000 prior to council action.
- Review project closeout reports for scope, schedule and cost variation.
- Periodically review and comment on the surplus funds investment policy and financial performance.
- Review opportunities for cooperative purchasing or contracting ventures with other municipalities.