



## AUDIT & FINANCE COMMITTEE

### MINUTES – July 26, 2023

The regular meeting of the Audit & Finance Committee was held Wednesday, July 26<sup>th</sup> at 4:30p.m. Those in attendance included:

Member	In Attendance	Absent
Randy Atkisson	X	
Rich Carver	X	
Brent Dolezalek	X	
Katrina Pon	X	
Lori Hartman		X
Connor Ward	X	
Patrick Barrett	X	

Also in attendance were:

Tracy Hansen, Director of Finance  
Douglas Harms, City Administrator

**July 2023 Sales Tax:** The Director of Finance gave an update of June sales tax receipts (May at the register). July sales tax has an increase of 7.04% or \$85,548 higher than July 2022. The biggest improvement is with the Use Tax coming in 38.92% higher, which is \$45,683. This bump is partially attributed to a persistent collection effort with a large merchant that owed for November 2022 and was finally received. All other categories held strong and came in higher than prior year.

On a cash basis, Sales Tax is 5.20% higher compared to 2022 across all categories. The Park Fund is a good indicator of only Des Peres activity and is performing 5.04% better than the same period of 2022.

The Cash and Accrual Projections continue to move closer to one another. Using the average of both results in coming in almost on budget. The 2023 Budget for Sales and Use Tax Revenue was intended to reflect what we were projecting for 2022 Sales Tax amounts but ended up being an average of 2% lower than the 2022 actuals.

The Director of Finance also provided a breakdown of sales tax by category: West County Mall, Grocery Stores, Restaurants, and Other.

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**June Financial Statements:** The Director of Finance distributed June 2023 financial statements. Mid-year through 2023 and the City is seeing a 7% increase in fund balance totaling **\$1,950,478**. The fund balance now sits at \$28,439,152.

The General Fund and Capital Funds are both showing decreases in fund balance, which is typical for the General Fund at this time of year and expected for the Capital Fund based on the 2023 budget. The General Fund will receive a transfer from the Fire Sales Tax Fund prior to year-end, which will bring it back into the positive. All other funds have increases in fund balance for a total increase of \$1,950,478.

The Park Fund is up 13.49% higher than this time last year. This can be attributed to memberships, Daily Fees, Fitness Programs, and Sports programs being higher than prior year to date. Mr. Ward asked if we had increased wages at the Lodge specifically the lifeguards. Ms. Hansen stated yes as we had to raise rates to attract new employees and stay competitive in the market. Ms. Hansen and Mr. Harms further explained that while there is no state mandated minimum wage increase for 2024, they will have to watch the market and upcoming legislature to change the part-time pay scale in the future. Mr. Ward asked if they are 100 percent staffed at the lifeguard position. Mr. Harms stated the Lodge is happy with where they are at for staffing.

**LAGERS update:** The Director of Finance gave some background into the City's retirement study. The City received pricing from LAGERS and will have a Retirement Plan Advisor do a presentation for the Mayor and Board of Aldermen comparing the current plan to the LAGERS options on August 7<sup>th</sup>. Ms. Hansen and Mr. Harms invited committee members to the meeting. Mr. Harms believes employees are currently split on the option to go to LAGERS. There are around 288 different options in LAGERS currently and Mr. Harms hopes to have it down to 3 that are viable options for the board to decide upon. Mr. Dolezalek asked if it was common for cities to give credit for years of service in LAGERS. He cited the city of Manchester as a recent example. Mr. Harms stated it's become a newer practice recently for cities to do this and was uncommon in the past. He gave examples of four different municipalities that recently went to LAGERS and what percentage they decided to give prior years of service credit for. Mr. Dolezalek asked if going or not going to LAGERS has had an impact on retaining Public Safety employees specifically police officers. Mr. Harms stated that the employees who have left have gone to the private sector and not other cities. He believes the city is one of the top paying cities in the region. They haven't experienced employee turnover due to not having a LAGERS plan to his knowledge. Mr. Dolezalek agreed that pay is the best retention plan. Mr. Carver stated that retirement pension is part of the compensation packet and stated that employees may have to keep a flat rate of pay if LAGERS or another retirement compensation package is more expensive. Mr. Harms stated that they will look at all options and are seeking an answer from the Board one way or another on the matter.

**Update on Building Renovations:** The Finance Director asked the City Administrator to give an update on where the three building projects stand after Mr. Carver asked about them and asked if there were any surprises so far in the process. The City Administrator said that there have been no major surprises so far but he expects that there may be some unforeseen issues due to the age of City Hall. Mr. Harms let the committee know that MSD was reviewing plans and there may be additional costs for the sewer lines for City Hall depending on what they find. The City is waiting for MSD to respond after seeing the plans for the building.

The addition to the Street Garage is estimated around \$3,000,000. Construction is slated to start on August 4<sup>th</sup>. The project is currently on budget after receiving \$600,000 increase from the Board of Aldermen. The project should finish in early March 2024.

The City Hall Renovation has an estimated cost of \$6,300,000 and the City will use fund balance to pay for the project. The City expects to go out to bid for the project in September and construction will start in January or February 2024. The construction should last about 12 months. The City is currently discussing plans to possibly move City Hall employee to the vacant Edward Jones building so there would be no interruption in service to residents during construction. A decision has yet to be made.

The Public Safety Building Renovation is on schedule and has not encountered any major hurdles. Current cost estimates are at \$10,700,000, but they are looking at ways to bring that down. The City plans to go out to bid for construction in November. This project has two options for staff during the construction phase. The first option would take 2 years to complete construction if the command staff, detectives, and administrative staff stay in the building and have to move around several times during the construction. Another option is to relocate the command staff, detectives, and administrative staff to an empty building owned by Edward Jones. They would charge the City \$1 per 1 year lease and the City would be responsible for utilities. This would cut construction time as staff would not have to continuously move around and it would also save the project between \$200,000 to \$500,000.

The City intends to issue bonds to pay for the Public Safety renovations. The Finance Director and City Administrator told the committee that they would be meeting with Reagan Holliday of Hilltop Securities later in the week to discuss upcoming options regarding the bonds that will pay for the renovation. The bonds could be issued anytime from November 2023 to February 2024.

**Other Items Discussed:** Mr. Harms invited newer committee members Mr. Ward, Mr. Dolezalek, and Alderman Barrett to attend upcoming budget meeting or meet with him or the Finance director to learn more about the upcoming budget process

**Adjournment:** The committee adjourned at 5:38 pm.

**Next Meeting Date:** The next meeting is August 23<sup>rd</sup> at 4:30 via zoom.

Respectfully Submitted,  
Jason Martine  
Accountant

## **AUDIT AND FINANCE COMMITTEE**

### **AGENDA**

**Wednesday, July 26<sup>th</sup> at 4:30 PM**

In light of ongoing concerns regarding the COVID-19 pandemic, public attendance at Des Peres Audit and Finance Committee meetings has been temporarily suspended. The City of Des Peres will be live streaming Audit and Finance Committee meetings during this pandemic to allow the public to observe meetings in real-time. The livestream will commence five (5) minutes prior to the start time of any meeting. Please use the link above for livestream access to our meeting.

I. Roll Call

II. July 2023 Sales Tax

III. June Financial Statements

IV. LAGERS update

V. Update on building renovations

VI. Adjournment