



AUDIT & FINANCE COMMITTEE

MINUTES – November 17, 2021

The regular meeting of the Audit & Finance Committee was held Wednesday, November 17, 2021 at 4:30p.m. Those in attendance included:

Member	In Attendance	Absent
Randy Atkisson	x	
Rich Carver	x	
Ted McNulty		x
Katrina Pon	x	
Lori Hartman	x	
Brent Dolezalek	x	
Dean Fitzpatrick		x

Also in attendance were:

- Tracy Hansen, Director of Finance
- Scott Schaefer, Assistant City Administrator

October 2021 Financial Statements: The Director of Finance presented the October 2021 financial statements. Revenues continue to be strong in sales and use tax categories. The Park fund is still struggling in membership and rental revenue. All Departments are within budget, except the Sports Department. The Sports expenditures are over budget because of the high enrollment in Sports programs this year. This is accompanied with Sports revenue also being significantly higher than budget. The City will complete supplemental appropriations at year end to increase the expenditure budget for the Sports department. As of October, the City has an overall increase in fund balance of \$3.7 million.

The Director of Finance will email the October financials to Committee members and encouraged them to review the financial statements and reach out to her with any questions.

November Sales Tax Update: The Director of Finance provided the sales tax analysis as of November 2021 receipts (September sales tax at the register), Year to Date performance, and budget comparison. November receipts were higher than 2019 by 12.45% over all of the sales tax categories. This increase is in part due to the increase in the Fire Sales tax rate from .25% to .50%. The Park fund is a good indicator of the City's performance because this tax does not include sharing with other municipalities. The Park fund is 3.97% lower than 2019. However, the Director

of Finance noted that after review of the detailed merchant reports, the November distribution does not include receipts from 4 large merchants.

The Director of Finance also noted that the City's sales tax revenue is projected to be 18.2% over budget by the end of 2021.

Final version of the 2022 budget: The Director of Finance presented the 2022 budget to the Committee. The 2022 budget will also be presented at the Public Hearing on November 22nd. She addressed the goals of the 2022 budget: continue to provide high quality services, long term sustainability of the City, and maintain low taxes and fees. The budget includes a 5% cost of living increase for employees, purchase of a new ambulance, increased premiums for employee benefits, and the continuation of free trash and recycling service to 3,250 homes. The 2022 budget is balanced with \$24 million in revenue, \$22.5 million in expenditures and an ending fund balance of \$20.8 million.

Mr. Atkisson asked about the Manchester road project. The Director of Finance explained that the State of Missouri is doing construction on Manchester Road and they have reached out to the City of Des Peres to give them an opportunity to piggy back on their project to do sidewalks, cross walks, etc. The grant covers 80% of the cost of the project.

Mr. Dolezalek asked if the ambulance rates were negotiated with individual insurance companies. Ms. Hansen stated there is not a negotiation with individual insurance carriers. The City charges \$1,000 plus mileage for ambulance transports. Medicare and Medicaid write down the cost. The City sends out two bills then the remainder is written off after 180 days. The Director of Finance noted this may be a project for the Audit and Finance Committee to review the ambulance policy in the first quarter of 2022.

The budget includes a planned use of fund balance in several funds. The Fire Fund is using fund balance to purchase a new ambulance. Each year a portion of the Fire Fund revenue is retained in the fund to save for future large capital purchases such as ambulances and fire trucks. The Capital fund is using fund balance in order to pay for infrastructure projects. The Sewer Lateral Fund also is expected to use fund balance. The Sewer Lateral Fund fluctuates each year based on the number of residential sewer line breaks that occur within the year.

The Director of Finance will email the presentation to the Committee after the meeting.

Public Safety Communication Tower Ground Lease: The Assistant City Administrator presented the Committee with a memo outlining the history, recent proposals, and the staff recommendation for the ground lease on a communication

tower located near the Public Safety building. He explained the current lease with American Tower Corporation has 9 years remaining. In 1990 when the lease was created, the lease amount was \$14,000 plus a 3% increase every year. In addition the City receives a 25% share of the tenant usage.

Recently, American tower has submitted 3 proposals to the City.

1. Lump sum payment of \$360,000 in exchange for a permanent easement.
2. \$388,000 over a 5 year period in exchange for a permanent easement after the five year period.
3. A 30 year extension on the current lease with a continued 3% increase each year, a \$20,000 signing bonus, and continued 25% share of tenant earnings.

The City has also received proposals from a competitor, Everest Infrastructure Partners with the following 3 options.

1. Lump sum payment of \$335,000 in exchange for a permanent easement.
2. \$375,000 over a 5 year period in exchange for a permanent easement after the 5 year period.
3. \$445,000 over a 10 year period in exchange for a permanent easement after the 10 years.

The staff recommendation is to extend American Tower Corporation's lease for another 30 years in order to have a continuous source of revenue, which will earn an estimated \$1.4 million over the life of the lease. All of the other options presented by both companies included the City turning over a permanent easement at the end of the contract and losing the ability to charge rent in the future.

Mr. Dolezalek asked if the 3% annual increase was still a competitive increase. Mr. Schaefer said he reached out to other City Managers to see what their tower lease amounts were, but unfortunately there are many variables such as location, population and usage that impact a lease amount.

Adjournment: The committee adjourned at 5:45 pm.

Next Meeting Date: The December meeting has been cancelled. The next meeting will be held on Wednesday, January 26th at 4:30pm via Zoom.

Respectfully Submitted,
Julie Lancaster
Accounting Supervisor

AUDIT AND FINANCE COMMITTEE

AGENDA

Wednesday, November 17, 2021 at 4:30 PM

[Audit and Finance Committee Livestream](#)

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. October 2021 Financial Statement
- III. November 2021 Sales Tax Update
- IV. Final Version of 2022 Budget Update
- V. Public Safety Communication Tower Ground Lease
- VI. Adjournment

AMERICANS WITH DISABILITIES ACT

The City of Des Peres will comply with the Americans with Disabilities Act. Individuals who require ADA modifications due to a disability to attend a meeting should contact the City Clerk at 314-835-6111 or cityclerk@desperesmo.org or use Relay Missouri 711 at least 72 hours in advance of the meeting date to communicate their needs.