City of Carthage, Missouri

BUDGET WAYS & MEANS COMMITTEE

January 9, 2023 - 5:30 PM
CITY HALL COUNCIL CHAMBERS

MINUTES

1. Call to Order

MEMBERS PRESENT: Alan Snow, Ceri Otero, Mark Elliff, David Armstrong

OTHER COUNCIL MEMBERS: Mayor Dan Rife

STAFF PRESENT: City Administrator Greg Dagnan, Assistant City Administrator Traci Cox, City Clerk Miranda Deal, Police Chief Bill Hawkins, Parks and Recreation Director Abi Almandinger, IT Administrator Kevin Kinsey

Chairman Snow called the meeting to order at 05:30 PM.

2. Old Business

1. Approval of December 12, 2022 Minutes

ACTION:	Motion to accept/approve item 2.1. by Mark Elliff
	Motion passed with a 4:0
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None

3. Citizens Participation

(Citizens wishing to speak should notify Department Head or Committee Chair in advance)

4. New Business

1. Consider and discuss firewall RFPs

IT Administrator Kevin Kinsey briefed the committee on the need for a new firewall system. The current firewall is over 10 years old and needs to be replaced. There were three bids received for this project, one from Firewalls.com, VDA Labs, and DaZZee. Mr. Snow asked if the higher priced bids would be better to go with if the committee approved allowing a higher budget. Mr. Kinsey explained that the other options have extra setup fees and installation costs. He was hoping to get a few more bids, but these were the only ones received. He believes the Firewalls.com bid would supply the City with what is needed. Mr. Armstrong voiced his concerns about not checking to see what the surrounding cities use for their firewall, he wants to make sure we have the best option out there so we aren't vulnerable to cyber attacks.

ACTION:	Motion to approve bid from Firewalls.com for a SonicWall NSA2700 in the am $5,099.05. by Mark Elliff
	Motion passed with a 3:1
AYES:	Alan Snow, Ceri Otero, Mark Elliff
NOES:	David Armstrong
ABSTAIN:	None

2. Consider and discuss engagement letter with Baker Tilley

Mr. Dagnan explained to the committee that other cities are hiring outside firms to find and write grants for them. The City does not have the capacity to write all the grants that we could potentially qualify for, so that is what Baker Tilly would be responsible for. The City will tell Baker Tilly what the priorities are and they would find a grant, present it to us and if we approve, they would apply for the grant on our behalf. The rate is $200 per project researched and $285 an hour to write a grant the City wants to apply for. Mr. Snow asked how long it takes to write one of these grants given the hourly rate. Mr. Dagnan said if he had to guess around 40-50 hours, some grants are more intense than others. Ms. Otero asked if the City has had a good relationship with Baker Tilly in the past, Mr. Dagnan assured her that yes, we have a great relationship and they have worked on things for both the City and CWEP.

ACTION:	Motion to approve the engagement letter and forward to Council. by David Ar
	Motion passed with a 4:0
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None

3. Consider and discuss adding a marijuana tax to the April 4th ballot

Mr. Dagnan explained that there are other items that still need to be done for the newly passed Marijuana bill, but in order for the City to receive this 3% tax that is already being collected and going to the State, it had to be on this April's ballot. If the committee passes this and forwards it to Council, it will need to be an emergency ordinance and read a second time at Council on January 10. Mr. Snow asked if there were any numbers on the estimated revenue, Mr. Armstrong mentioned that in talking with people from Blue Sage Cannabis, they expect their business to grow 5-6 times what it is now. Mr. Armstrong also mentioned that the tax is already being collected and sent to the State, so we might as well get it on the ballot and hopefully get it passed so it comes back to the City sooner. Ms. Otero asked why does the State automatically get the tax and not the City. Mr. Dagnan explained that the 3% tax was part of the amendment that was passed, it is being collected and going to the State regardless. However, due to the Hancock amendment, the City can't just get that tax, it has to be passed by the voters for the 3% to return to the City.

ACTION:	Motion to approve the marijuana tax and forward to Council for full approval. I Armstrong
	Motion passed with a 4:0
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None

4. Discuss mid-year update

Ms. Cox discussed the sales and use tax numbers. Sales tax is 30% higher than this time last year, there was $175,000 more collected in January than the previous January. The sales tax is at 68% of what was projected for this budget year. Ms. Otero asked if there was a correlation between sales tax numbers and increasing business licenses, Ms. Deal said that City Hall is in the middle of renewals, but by the March meeting there could be report provided showing the amount of licenses issued.

Ms. Cox reported that the use tax came in a little under what was estimated, but is still coming in strong. She reminded the committee that December of 2021 was the first month that the City received a use tax payment, and that it does not go into the general fund. It is appropriated to other funds for 3 years before it can go into the general fund and be used for other items. She reported that the General Fund revenue is up $1,000,000, around half of that is from the Use Tax collections, the other half is from the sale of land in Myers Park. Interest Revenue continues to do great, so far roughly $290,000 has been collected in interest revenue which tops the $67,000 total that was collected for the last fiscal year. Ms. Otero asked why the interest income is so much higher, Ms. Cox explained that part of our banking contracts include getting the best interest rates on our accounts and that the MOSIP interest rates are higher. Ms. Cox also mentioned she would be transferring $1,000,000 from the Capital Improvement Tax Fund to MOSIP to get more interest revenue.

Ms. Cox also briefed the committee on the expenses thus far. Insurance will be increasing by 6% for the next budget year, utilities are higher this year, fuel costs are still an issue in some departments. She mentioned there would be a few budget adjustments at future meetings, overall the expenses are on track in the general fund. Capital projects are underway, once spring hits, more projects will be able to get started and hopefully completed before the fiscal year ends. There are still issues ordering and receiving some items that the departments have requested to purchase this year.

Mr. Dagnan mentioned that we are on target for expenses and revenues, a COLA was given on January 1, so salaries have increased. He brought up the letter that Chief Hawkins had written to the committee regarding police cars. Chief Hawkins reminded the committee of the take-home car project that was budgeted for, they recently found 2 of the 6 cars needed to finish the project. However, the Ford Explorers are back ordered at this time and they are starting to have issues with the 3 oldest cars in the Police Department fleet that are scheduled to be replaced in July 2023. He has found 7 2022 Dodge Durangos in Wichita, Kansas that are on the lot and will be ready for patrol by April 2023. He has asked the committee to approve the purchase of the 4 Durangos to finish the take home care project, and purchase the additional 3 vehicles that would have been requested in the next budget year. Ms. Otero asked if this would ruin the state bid that the City has for the police cars, and Chief Hawkins assured her that it would not ruin it and that these are the only police cars available right now.

ACTION:	Motion to approve the purchase of the 7 Dodge Durangos by David Armstrong
	Motion passed with a 4:0
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None

Mr. Dagnan also mentioned that there would be a budget amendment in the future for the purchase of golf pro shop equipment. He estimated that it would be about $50,000.

5. Discuss Budget Calendar

Mr. Dagnan explained the new budget calendar to the committee. He wants to avoid a week full of meetings with departments going line by line on their budget. He walked the committee through the budget calendar, he mentioned the possibility of a planning session scheduled for January 30. He would like to involve the department committees more this year than in the past. Agency contracts will be negotiated outside of budget meetings and the budget committee will be responsible for approving or declining the contracts. By April and May, everything will come to the Budget committee, department heads will meet and discuss their budget before being sent to the Council in June. Ms. Cox also mentioned that department heads have been asked to prioritize their needs in case things need to be cut from the budget again this year. Mr. Armstrong voiced his appreciation for the change to the budget process.

ACTION:	Motion to approve item 4.5. by Mark Elliff
	Motion passed with a 4:0
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None

6. Staff Reports

   Mr. Dagnan let the committee know that City Attorney Nate Dally was in St. Louis for the oral arguments hearing for the railroad lawsuit. Our attorneys hired an oral argument specialist to present to the appeals board on our behalf. He also mentioned that the new CEDC President and Economic Development Director were hired and have started they will be in attendance at the Council meeting on January 10.

Ms. Cox mentioned that she had been working with Ms. Almandinger on the city procedures and policies and helping her get adjusted in her new role.

5. Adjournment

ACTION:	Motion to adjourn at 6:43 PM. by Ceri Otero
	Motion passed with a 4:0.
AYES:	Alan Snow, Ceri Otero, Mark Elliff, David Armstrong
NOES:	None
ABSTAIN:	None