BUDGET WAYS & MEANS COMMITTEE
MONDAY, OCTOBER 13, 2020 5:30 P.M.
CITY HALL COUNCIL CHAMBERS

MEMBERS PRESENT: Alan Snow, Juan Topete and Ed Barlow. Ray West was absent.

OTHERS PRESENT: City Administrator Tom Short, City Clerk Traci Cox, Council Members Craig Diggs and Ceri Otero, Fire Chief Roger Williams, and citizen Abi Almandinger.

Mr. Snow called the meeting to order at 5:30 P.M.

***NOTE:** All areas *"italic"* below were submitted to the Committee in a pre-meeting memo by Mr. Short.

OLD BUSINESS:

1. **<u>Consideration and approval of minutes from previous meeting</u>.**

   Mr. Topete made a motion to approve the minutes of the September 14 Budget meeting. Motion carried 3-0.

2. **<u>Consider and discuss the imposition of a use tax for general revenue purposes by the qualified voters of the City for their approval at a future election to be determined.</u>** *"This item was requested to be considered again at this month's meeting. The Chairman and Committee requested discussion of this item at the last Committee (Sept. 14, 2020) meeting. The City has been discussing a Use Tax, in earnest, since 2012 when the "Street Decision" by the Missouri Supreme court created a loophole in the Missouri Sales Tax laws allowing vehicles purchased out of state or from an individual to be exempted from the local Sales Tax. For a short period, Missouri cities that did not have a local Use Tax in place, lost the tax revenues they once had from vehicle sales. In 2013 the City attempted to pass an issue involving the vehicle titling portion and the retail portion of this issue. It was defeated by a 13.8% or 33 vote margin. In August 2017, the City placed on the ballot just the titling (portion) of motor vehicles, trailers, boats and outboard motors that were purchased from a source other than a licensed Missouri dealer of this tax. Voters passed this tax by a margin of 69% for and 31% against. This progression was also roughly experienced by the Cities of Joplin, Carl Junction, Airport Drive and Alba. As Carthage's percentage of General Fund's Sales Tax is about 27% of revenues, and as sales from e- commerce continue to grow (especially with the COVID Pandemic), there is a concern of being able to maintain operational service levels in the General Fund, as well as leveling the playing field for brick and mortar businesses. The Budget Committee had previously discussed the possibility of calling for an August 07, 2018 election considering, among other things, what the City of Joplin would be doing. Included are a couple of Joplin Globe articles from back then regarding Joplin's discussions and the Committee's support for an*

August election, which ultimately was defeated. Since then, Joplin changed their position and have put a ½ percent General Sales Tax issue for vote on the November 2019 election. The tax would be dedicated to resolving the issues Joplin has been having with its Police & Firemen's Pension Fund and change out to a LAGERS system for new employees. This issue did pass. Additionally, the City of Carl Junction has attempted three times, and failed, to get this item (Use Tax) passed. They too are now looking at a November 2020 issue of a Public Safety tax of ½%. Included is information regarding Use Taxes for background that was included in previous packets plus additional information."

Mr. Snow reviewed the election calendar and potential dates for placing the use tax issue on a ballot. It was determined to place the issue on the August 3, 2021 ballot. Discussions will continue at the next meeting to narrow down the focus for explaining the necessity of the tax.

NEW BUSINESS

1. **Consider and discuss a Resolution Amending the 2020 – 2021 Annual Operating and Capital Budget for the City of Carthage.** *"The Parks & Rec. Department had been approved for a 100% grant from the Department of Natural Resources in late August 2020. Due to timing, it did not make its way into the fiscal 21 budget. Additionally, in applying for the non-matching grant, DNR did not disclose the specifics on how the grant would work. Therefore, we are requesting an adjustment for the grant. This is a 100% reimbursable grant for $24,000 from the Waste Management Program through the DNR for picnic tables and items all made of recyclable tires. The City has to purchase the products up front, and they (MDNR) confirm and reimburse the city. The grant budget and project period is from 09/20 through 12/2. Staff's intent is to purchase applicable items a.s.a.p. The resolution will set the account up to spend the money upfront and then be reimburses for it by the DNR. These would basically be pass-through funds."*

   Mr. Short explained the DNR grant is 100% reimbursable, but the funds must be expended in advance of reimbursement. Mr. Topete moved to forward the Resolution to Council for approval. Motion carried 3-0.

2. **Consider and discuss agreement between the City of Carthage, Missouri and the Carthage Humane Society.** *"The Humane Society has sent correspondence (attached) to the City regarding the current contract with the City. The original submitted contract for $36,000 was inadvertently signed instead of the amended $33,000 amount as approved by the Council. This contract was also signed by the Carthage Humane Society (attached). The following is from the minutes of the City Council meeting (June 23, 2020) approving the contract: C.B. 20-29 - An*

Ordinance authorizing the Mayor to execute an Agreement between the City of Carthage and the Carthage Humane Society for animal control services for the City of Carthage was placed on second reading. Mr. Snow made a motion, seconded by Mr. Armstrong, to amend the contract from $36,000 to $33,000. Motion carried by a vote of 6-4 with Daugherty, Otero, Thompson and West casting the Nay votes. C.B. 20-29 as amended was adopted by a roll call vote of 9 yeas and 1 nay. Ayes: Armstrong, Barlow, Daugherty, Diggs, Harrison, Otero, Snow, Thompson, and Topete. Nay: West. The council bill was approved and numbered 20-26. A situation developed in late September when the new Humane Society Board president stated she had not seen a contract. She stated in an email to the City's liaison, "We never received a copy of our agreement with the city for this year's budget. I'm not sure if Robin [the Board President at the time] signed it or not, but the board did not approve it yet, so we need a copy please so I can present it to the board." This is where it was discovered that the appropriate contract with the amended amount had not been signed. Consequently, the new Humane Society Board assumed that they would receive the yearly amount of $36,000. The City Attorney advised that as the Council did not authorize the contract at $36,000 but approved the $33,000 amount, the contract (as signed) was invalid. The City is meeting with the Humane Society to iron out the issue. We hope to have an arrangement for the Committee's consideration."

Mr. Short explained the contract for $36,000 was signed inadvertently. Since the Council had approved a contract for $33,000, the signed contract is invalid. The Humane Society is currently operating under the previous contract of $33,000. Mr. Barlow moved to forward a Resolution amending the contract to $36,000 to Council for approval. Motion carried 3-0.

3. **Staff Reports.**

a. **Sales Tax Report**; included is the Sales Tax Report for October 2020. The report indicates that the positive trend we had seen is continuing. October's receipts for the 1% General Fund was up 12% from last year.

b. As discussed previously, due to timing, internal software limitations and budget approval constraints, we did not have the detailed reports for the **unaudited budget** monthly budget reports. Since then, the budget for fiscal 2020 has been uploaded. Attached is September's **Summary Unaudited Revenue & Expenditure Report.** There are no big red flags. Revenues are at or above the 25% level for revenues or below the 25% level for expenditures.

c. **McGrath Compensation Study;** as of the writing of this memo, Staff was in the process of finalizing the particulars for the implementation of the salary changes effective for the September 24, 2020 payroll pursuant to the study.

d. In addition to reviewing the City **utilization figures**, staff met with Beimdiek Insurance Agency (BIA) about our **Health Insurance** policy renewal. We talked about an Anthem renewal, an Anthem "Get Strong" program inclusion, and an Anthem Nicotine Cessation program inclusion as part of the renewal. BIA was asked to go back to the carrier and negotiate further regarding possible changes to the pharmacy program and other possible changes to minimize any rate change to premiums. They have been able to negotiate with Anthem and get slightly more than 2% off the renewal rates by changing to the Essential prescription drug listing. This change would bring the overall renewal increase to 1.33%.

Mr. Short reviewed sales tax revenues which continue to show an increase. Financials were reviewed with no problems noted. Salary changes resulting from the McGrath Compensation Study have been implemented. Staff has reviewed health insurance proposals, including a High Deductible Health Plan (HDHP), and are recommending staying with the current plan with a 1.33% increase. The 2021 Budget included a 10% increase in health insurance premiums. Employee health insurance renewals will be presented to the Insurance, Audit and Claims Committee.

4. **Other Business.** None.

ADJOURNMENT: The meeting adjourned at 6:32 P.M. on motion by Mr. Topete.

Respectfully submitted,
Traci Cox