BUDGET WAYS & MEANS COMMITTEE
MONDAY, NOVEMBER 4, 2019 5:30 P.M.
CITY HALL COUNCIL CHAMBERS

MEMBERS PRESENT: Alan Snow, Darren Collier, Juan Topete and Ray West.

OTHERS PRESENT: Mayor Dan Rife, City Administrator Tom Short, City Clerk Traci Cox, Parks & Recreation Director Mark Peterson, Council Members Ceri Otero, David Armstrong, and Kirby Newport, Chamber President Mark Elliff, CVB Director Niki Cloud, 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. **Consideration and approval of minutes from previous meeting.** Mr. Topete made a motion to approve the minutes for the October 7 Budget meeting. Motion carried 4-0.

2. **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, to be determined, election.**

"The Committee will provide for additional open discussion about a possible use tax at the November 4, 2019 meeting. The agenda will include a one-hour session to discuss the need for a use tax, and the possibility of an authorization vote sometime in 2020. This item was requested to be considered again at this month's meeting and seek a wider audience for discussion of the issue. Currently, there is no outside imposed deadline to enact conducting an election. 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, 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 has 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. Additionally, the City of Carl Junction has attempted three times, and failed, to get this item passed. The City of Neosho has placed the Use Tax question on the November 2019 ballot after having it been defeated in April. Included is information regarding Use Taxes for background that was in the last packet, a US Census Bureau News report about the growth of e-commerce, an estimated amount of potential 2015 Use Tax projected by the Department of Revenue provided by MML, a list of Municipalities with a Use Tax as of 5/10/2018, and an election calendar for 2020. Timing is as much a factor in passing issues like this as the issue itself. The Committee discussed some of the timing concerns at the previous meeting. The full Council was invited to the Committee meeting as well as businesses via Eli Bruton."

Committee Chair Mr. Snow informed those present that this portion of the meeting was designed to capture ideas, without debate, to help determine the necessity of a use tax. Everyone in attendance agreed that a use tax was necessary. Ideas presented were as follows:

- Future Vision for Parks
- Eliminate Business License Fees
- New Business Incentives
- Historic Preservation Grants
- N. Garrison Bridges
- Improvement to Baker Street
- Streets and Bridges
- City Beautification
- Expanded Farmers Market
- Cleanup of Blighted Properties
- Route 66 Focus/100 year anniv 2026
- Tourism
- Marketing of Carthage
- Civil War Tourism
- Sidewalk Improvement
- Curb and Gutter Improvement
- Economic Incentives for Downton
- Walkable Community Improvement
- Expanded Department Services
- Expanded Trails
- Nature Center at Kellogg Lake
- Additional Holiday Events (Lighting and Sound on Square)
- Connect Trails to Bike Routes
- Performing Arts Center
- Water park/Aquatic Center
- Renovation of Ball Complex
- Renovate Rock Stadium
- Master Plan
- Industrial Park
- Carthage Militia
- Acquisition of Kendrick House
- More Roundy Rounds
- Funding Public Safety Retirement Fund
- Beautify Entrances to City
- Golf Course
- Neighborhood Revitalization
- Magnet District
- Dome Over Square
- Driving Range Improvements
- Public Shooting Range
- Business Incubator
- Residential Incentives
- Dredging Kellogg Lake

NEW BUSINESS

1. **Consider and discuss proposed CVB merger with Chamber of Commerce.**

"As reported at last meeting, the Chamber of Commerce was reviewing/discussing a request that it received from the CVB Board to merge the CVB functions in to the Chamber. The plan was to have the Chamber of Commerce present their "proposal" to the Budget Committee regarding the CVB Agreement for discussion, etc., for a recommendation to the full Council. As this is a contractual service, the City has to agree as to how it would like to handle this service. Included is information ***provided by the Chamber*** *and the CVB, regarding the merger. This includes a "Summary of Carthage Chamber of Commerce and Convention and Visitors Bureau Merger" and a Word document of a conversation with the City of Moberly's Chamber of Commerce who contract for CVB services with the City of Moberly. Also included is information* ***supplied by staff*** *regarding this proposal along with a brief history and work previously completed regarding the formation of a CVB (LODGING TAX/CVB PROPOSAL 2001/2019)."*

Mark Elliff and Niki Cloud discussed benefits of merging the Chamber of Commerce and the CVB, noting the idea began when a long-term employee left employment at the Chamber. Merging the two entities would allow them to work together during busy times. The merger would also allow the CVB Director position to obtain benefits including health insurance and retirement currently provided to Chamber employees. A portion of the CVB salary would come out of Maple Leaf funds and Chamber funds. The CVB would have an Advisory Committee and the CVB Director would report to the Chamber Director. Merging the two would require a change to the bylaws and the Chamber and CVB would like approval from the City before proceeding with hiring an attorney to change the bylaws. There was a 3-1 committee consensus to support the merger, but no action was taken. This topic will be reported on at the next Council Meeting to determine a council consensus before proceeding with bylaw changes.

2. **Consider and discuss lease of basement space with Jasper County Circuit Court.**

"As reported at the last meeting, the County Court inquired about using City facilities for conducting court during the court construction project. That request has been withdrawn. However, they would like to use our basement for storage of office furniture during construction. They are needing a place to store the office furniture for 3 Judges, 1 Family Court Commissioner and the Jasper County Circuit Clerk for a year to 18 months. The City and the Court previously had an agreement for leasing space in the basement of City Hall. The Committee agreed to refine the agreement to facilitate this arrangement. Included in this packet is the Agreement."

Mr. Short presented a proposed lease agreement that would allow the Jasper County Circuit Court to utilize space in the basement of City Hall to store office furniture during the remodel at the courthouse. The lease is for one year and can be renewed on a monthly basis if more time is necessary. Mr. Collier moved to forward the contract to council for approval. Motion carried.

3. **<u>Consider and discuss budget adjustment resolution.</u>**

"This adjustment involves the WWTP and the financing of its improvements. You may recall that the Council approved the documents regarding the Direct Loan and approved the bid from McClanahan Construction Co. Inc. of Rogersville. Allgeier Martin, the project engineers, had provided a tentative schedule for estimated closing costs based on preliminary information. This closing was been scheduled for Friday, September 27, 2019. One of the estimated costs involved the City's Financial Advisor, Baker Tilly (formerly Springsted). The Engineer's estimate was $18,000. The actual amount of their services was $2,031.25. Due to the timing of the issue and the closing, the financing was closed with the original estimates which were correct except for the City's financial advisor. Our Bond Counsel, with DNR agreeing, recommended that the difference be remitted directly to CW&EP for eligible project expenses. As this project is a City project, the difference was remitted to the City. This adjustment will authorize the City transferring the balance of $15,967.75 to CW&EP for project related costs. This issue was closed as scheduled."

Mr. Short reported the adjustment was due to the closing costs for the WWTP Improvements being estimated too high. The funds were refunded to the City and need to be appropriated back to CWEP. Mr. West moved to forward the Budget Adjustment Resolution to council. Motion carried.

4. <u>Staff Reports</u>.

a) ***Sales Tax Report****; as of the writing of this memo, we do not have the Sales Tax report for this month. If it is received before the meeting, we will bring it to the meeting.*

b) ***Monthly Budget reports****; as of this writing, due to the change in the meeting date, we do not currently have the reports as the month has yet to be closed out. If the month can get closed out, we will bring the Summary Report to the meeting.*

c) ***Comprehensive Compensation Study****; this item is currently out to bid. We have received some initial responses for information and have received one proposal so far.*
Proposals are scheduled to be submitted by November 08, 2019

d) *Due to weather, the School and* ***City Auction*** *has been delayed again with the probability of waiting until spring. In the meantime, staff will investigate the feasibility of conducting its own Auction.*

e) *Traci and I met with Beimdiek Agency about the City's renewal of its* ***Group Health Insurance*** *plan. Beimdiek reported that there would be no premium increase for next year. Additionally, Beimdiek was asked to look at a couple of other options to lower plan premiums without unduly impacting participants. Traci will discuss these with the Committee on Insurance & Claims. Beimdiek's HR group was also asked to assist in potential changes to the City's Personnel Policies due to the vote legalizing Medical Marijuana. This will be taken to the Committee on Insurance & Claims when appropriate.*

f) ***Butterball crossing****; an Agreement will be on the next Council agenda (November 12, 2019) regarding this street crossing. It is anticipated that if agreed to, we will have to appropriate funds for this project and then be reimbursed by Butterball.*

g) ***Potential/Future Budget Adjustments*** *(informational); bids will be opened for HVAC units at the Fire Department and City Hall November 12, 2019. These were not budgeted for in this fiscal year. An adjustment may also be needed in* *the Emergency Management Department for needed repairs and replacements for the emergency sirens. We'll continue to monitor the budget to determine when and if one will be needed. Depending on our meetings regarding changes in the IT department to try to provide for a smooth transition due to Amon leaving to pursue other opportunities, a re-alignment of the budget may be necessary. Again, we'll continue to monitor the budget to determine when and if one will be needed.*

h) *I've included a copy of an email that was sent to the Public Services Committee from Mark Peterson about the* ***Aquatics Center*** *work, to keep you in the loop as to what's going on concerning this YMCA project. I believe the full Council has been sent copies of the documents. If you need copies of the documents please let me know and we'll forward you the original email.*

i) ***Economic Development*** *Services* ***reports****; some discussions have taken place and are attempting to come up with an acceptable alternative.*

Mr. Short reviewed the above items and also reported the position for the IT Technician is currently being advertised due to the departure of Amon Henady effective November 6. One of the main projects remaining was to upgrade computers to Windows 10. It is being considered to allocated funds within the IT budget to replace all machines instead of just upgrading existing computers to Windows 10. The City currently has an IT assistance contract with Pearson Kelly. Administration is in discussion with Pearson Kelly to convert to a Total Care contract until additional staff can be hired. The 2017 hail damage insurance claim has been settled and an additional $77,000 will be received from the insurance company. There is the possibility of a substantial increase in insurance costs due to property being covered below appraised values. Administration continues to work on reporting requirements for economic development.

ADJOURNMENT: The meeting adjourned at 7:30 P.M. on motion by Mr. Collier.

Respectfully submitted,
Traci Cox