



## Finance and Administration Committee Meeting Minutes

November 8, 2021

6:00 PM 1 GOVERNMENT CTR. BALLWIN, MO 63011

The Finance and Administration Committee meeting was called to order at 6:15 by Chairman Fleming. Members in attendance included Aldermen Kerlagon, Stallmann, Finley, Utt, Bullington, and Roach, Mayor Pogue, City Administrator Serman, Finance Officer Keller and City Attorney Jones, Public Works Director Link and Police Chief Schaeffler.

Finance Officer Keller shared that financing of a new police department building was discussed at a strategic planning meeting in August 2019. Different options were talked about and it was decided to go with the infrastructure fund with the expectation that the City would have to borrow money. That fund received a transfer of \$1 million from the unassigned fund balance and at the end of each year receives 50% of the surplus operating funds. This will continue until 2025. Currently, we have \$8 million of unexpected funds at our disposal; \$2 million from the CARES Act received last year and \$6 million from ARPA (\$3 million received in August 2021 and \$3 million to be received in August 2022).

Ms. Keller then presented how it is felt it would be ideal to pay for the police building given the current situation. The total projected cost of the new building is \$12,087,193, with most of that being paid out over 2022-2023. It is anticipated that, by the end of 2021, \$760,000 will be paid out, leaving projected costs of \$12,087,193 to be paid out over 2022-2023. By the end of 2021, we will have accumulated a restricted fund balance of public safety money of \$2.3 million (between the general and capital fund). We expect to have an additional \$695,000 of public safety funds to dedicate to the building in 2022, to total just under \$3 million. At the end of the year, we expect \$3.2 million in infrastructure funds and \$6 million in ARPA funds. The total of these revenue sources of \$12,293,000. Alderman Roach asked about how the CARES funding is divided; Ms. Keller further explained. There was also discussion of what would happen if there was a delay in receiving funds. Alderman Fleming stated that, even if there was a delay, we are still able to fund the project until money actually arrives. Alderman Fleming also asked how we would be paying for the project; is it invoice based, milestone based or contractual agreement. He also stated he would ask this question during the police building presentation at the Board meeting. Mr. Serman explained that, typically, it is a certain percentage. He also stated construction is slated to begin in early 2022 and complete in 2023. Ms. Keller further explained that we have \$12 million in the bank and \$3.5 million in CD's which mature by the end of 2022, so we would be able to fund through construction even if the second ARPA payment wasn't received.

Ms. Keller shared information regarding the unassigned fund balance over the last 10 years. In 2017, we started collecting the public safety tax, which will have accumulated \$2.1 million of unspent funds by the end of this year. In 2019, the new infrastructure fund was started to be used for the new police building and public works yard and is expected to have \$4.7 million by the end of the year. She also shared how money has been used for different projects for the city. It is expected that the unassigned fund balance will have \$12.1 million at the end of the year. Ms. Keller also stated we are required to maintain a fund balance of 25% of our expenses though we prefer to keep it around 40%. Alderman Fleming brought up that while most cities maintain a lower than 25% balance, we typically maintain around 40% and is pleased that we don't have to borrow money for the project.



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Mayor Pogue echoed Alderman Fleming's statement and commended staff as we have been able to build the new city hall without borrowing money and will now be able to build the new police building without long term debt. This speaks a lot for our staff who have exercised the fiscal responsibility. Alderman Stallmann agreed with Mayor Pogue. Alderman Fleming stated that our conservative nature has been a benefit to us and shared again that he is pleased to do this project with little to no debt.

Ms. Keller also shared about how the public safety tax money has been used. Mr. Sterman also talked about Prop P funding and options which were discussed as to its use for the new building. He also talked about the \$6 million ARPA funding and the plan to use it for the police building instead of dividing it among the city's three large departments. The police department would pay back over time, approximately \$4 million using a schedule for payback of the funds from Prop P. Alderman Fleming asked if there was an end date for Prop P funds; there is not. Mr. Sterman further explained that we are not bound to the plan as it is not actual debt if the Board would see other needs for the money in the future. He wants the Board to be comfortable with the schedule as it will dictate how we budget over the next several years.

The meeting was adjourned at 6:50.