



**MINUTES OF THE BOARD OF ALDERMEN MEETING
CITY OF BALLWIN – 300 PARK DRIVE**

September 24, 2012

The meeting was called to order by Mayor Pogue at 7:00 p.m.

PRESENT

MAYOR TIM POGUE
ALDERMAN JIMMY TERBROCK
ALDERMAN MARK HARDER
ALDERMAN SHAMED DOGAN
ALDERMAN FRANK FLEMING
ALDERMAN JIM LEAHY
ALDERMAN RICHARD BOERNER
ALDERMAN KATHY KERLAGON
CITY ADMINISTRATOR ROBERT KUNTZ
CITY ATTORNEY ROBERT E. JONES

ABSENT

ALDERMAN MICHAEL FINLEY – BUSINESS TRIP

The Pledge of Allegiance was given.

MINUTES

The Minutes of the *September 10, 2012 Finance & Administration Committee meeting, Board of Aldermen meeting and closed session* were submitted for approval. A motion was made by Alderman Fleming and seconded by Alderman Leahy to approve the Minutes. A voice vote was taken with a unanimous affirmative result and the motion passed.

PRESENTATION

None.

PENDING ISSUES

None.

CITIZEN COMMENTS

None.

PUBLIC HEARINGS

None.

NEW BUSINESS

LEGISLATION

A RESOLUTION endorsing the regional bicycle plan identified as The Gateway Bike Plan developed by Great Rivers Greenway District and partner cities and agencies in St. Charles County, St. Louis City and St. Louis County.

A motion was made by Alderman Fleming and seconded by Alderman Harder to adopt the Resolution. A voice vote was taken with a unanimous affirmative result and the motion passed and the Resolution was accepted.

CONSENT ITEMS: (Budgeted items which are low bid and do not exceed expenditure estimates and/or items which have been previously approved in concept.)

A. Golf Carts

Alderman Harder asked, "Are we going to go back out to bid and start over?" Director of Parks & Recreation Bruer said, "When we sent out specifications, the trade-in list had an error. A model year was incorrectly listed, which would affect the trade-in number. We didn't catch it in time to send out an addendum, therefore, we have to re-bid."

A motion was made by Alderman Harder and seconded by Alderman Leahy to accept the Consent Item to reject the bids and re-bid the golf carts. A voice vote was taken with a unanimous affirmative result and the motion passed.

MAYOR'S REPORT

Deer Control: Mayor Pogue said that draft ordinances from Ellisville and Creve Coeur are presented for consideration to allow bow hunting as a method of deer control within the Ballwin city limits. The main difference in the two ordinances is the amount of property needed. Creve Coeur allows hunting on 1 acre, and Ellisville's ordinance allows hunting on 3 acres. Alderman Harder, City Administrator Kuntz and Mayor Pogue attended the Ellisville meeting. Mayor Pogue said he believes that 1 acre would be an acceptable amount in Ballwin. The biggest constraint that hunters will see is how far they have to be from property lines, dwellings, schools, etc. He said deer hunting won't be allowed in his subdivision because the constraints will be too tight within buildings and property lines. This is the case many Ballwin subdivisions. This will limit the properties that will be available for deer hunting.

Alderman Leahy said in his neighborhood, there are quarter-acre lots and 12 acres of common ground. He asked how would that work with this proposal? Mayor Pogue said the controllers of the common ground would be the trustees of the subdivision, and they would make the decision. If they are not comfortable doing this, they might put it to a vote of the subdivision. It would become a subdivision issue. City Attorney Jones said it looks like, under both ordinances, it's the property owner that makes the decision, and the association is usually the owner of the common ground, as opposed to the low owners in a fractional interest as in a condominium.

Mayor Pogue said the City of Creve Coeur requires actions of property owners and what is to be considered if they are allowing hunters; a form for Notification of Intent to Hunt that is turned in to the City, and also a form for notification of the surrounding properties. Every hunter has to put their hunter identification number on their arrows, so that the hunter can always be identified in the event of any violation. The hunter's vehicle must have specific identification and be parked on the property where they are hunting.

Alderman Harder said the model ordinance doesn't say anything about hunting on your own property. Are there certain rules waived if it's the hunter's property? City Attorney Jones said he doesn't think any of the rules would be waived, at least under the two models being reviewed. He said he noticed that while Ellisville requires a 3-acre parcel, Creve Coeur requires a 1-acre parcel. Both indicate that adjoining property owners that have adjacent lots can combine their lots. In the example of Alderman Leahy's subdivision, if there were 4 quarter-acre lots, this would be an acre, which would be acceptable under Creve Coeur's definition of size of the lot, but they would be restricted to the same setbacks, distance from a structure and property lines. This would make hunting most likely impossible.

Alderman Harder asked if restrictions need to be spelled out regarding someone's own property, or is it implied? City Attorney Jones said you would be governed by the same regulations as any other property owner. There wouldn't be any greater rights than any other property owner. The owner would still have to come to the police to fill out the forms, but would not have to get permission from the owner, because this is the owner, but would still have to get permission from the neighbor. Mayor Pogue said, under these model ordinances, you do not have to get permission from the property owners unless you plan on hunting that property. You have to notify the surrounding property owners of your intent to hunt, but do not have to have their permission, unless you plan on hunting on their property.

City Administrator Kuntz said people are governed by the State regulations also. There are seasons of the year and other regulations that specify when bow hunting can be done.

Alderman Harder asked if there are any conflicts with the State law. City Attorney Jones said this will be governed by the Conservation Commission's rules and regulations. There is an urban season that you can apply for. The typical archery season runs from September 15 to January 15.

City Administrator Kuntz said he thinks the intent right now is over the course of time, there have been periodic communications about this. If you want to do something to address this, these model ordinances have worked successful in neighboring communities, and it's an appropriate time of the year. If we don't do it within this window, it will be about a year from now.

Mayor Pogue said both models are similar to the ordinance that Clarkson Valley has in place. Their lots are significantly larger and use a 3-acre minimum. The rest of the language in their ordinance is very similar. In a period of 8 – 10 years, almost 1,000 deer have been removed from Clarkson Valley since they started the deer hunting. Alderman Harder said it's about 400 per year.

Alderman Boerner said that we may have a different situation than where the cities are bounded by other cities on all sides because we have Castlewood Park as a border. Would there be an initiative to coordinate this with the State in terms of Castlewood Park, or are we going to review the deer population. He said he can't imagine thinning out number of deer that we would have to worry about the deer population. It's a possibility. He said the problem won't be solved by just hunting in Ballwin if there's nothing going on in Castlewood and surrounding areas.

Mayor Pogue said Castlewood is definitely a sanctuary. There is a section between Ballwin and Castlewood that is unincorporated St. Louis County on which they already allow bow hunting. City Administrator Kuntz said that we have had discussions with the State. The Department of Natural Resources is not interested in the deer control issue from a hunting standpoint. Director of Parks & Recreation Bruer said at that time, the State had no interest in doing this kind of hunt in Castlewood Park.

Mayor Pogue said, this year, they are doing two managed hunts at the Klamberg Woods Conservation Area in Ellisville, which is governed by the Department of Conservation, which tends to have a different philosophy on a lot of issues than the Department of Natural Resources. City Administrator Kuntz said if the Board approves, we can send a letter, asking for reconsideration in lieu of what Ellisville is going to do and what this Board is considering. So far, they have not expressed any interest.

A motion was made by Alderman Harder and seconded by Alderman Boerner to draft legislation for consideration, using the Creve Coeur model with 1-acre. A voice vote was taken with a unanimous affirmative result and the motion passed.

National Night Out: Mayor Pogue said the annual National Night Out will be October 2. The date was changed from August to October for cooler weather. If there are subdivisions that are going to participate, Police Chief Schicker needs notification.

CITY ADMINISTRATOR'S REPORT

Renovations: City Administrator Kuntz said this is a follow up from the presentation of the architectural study that was done regarding renovations to the Board room and Government Center. In light of the budget considerations, he recommended that the Board consider a modified approach to move forward with the Board room renovations in 2013, and postpone the Government Center renovation until 2014. In 2014, the remainder of the debt obligations will be retired, giving more flexibility at that time. If the Board is interested in this approach, he recommended that a professional service contract be awarded to JEMA, the firm that provided the study, to prepare construction plans. This would include preparing the bid specifications and the appropriate documents so that we can consider a contract award and have a good budget number. The contract could then be awarded in 2013.

Alderman Fleming said he agrees with the recommendation. The reserves are such that he would be uncomfortable with taking money out for both renovations. It's best not to go back into debt. A little at a time is the best way to do this.

Alderman Boerner asked, did we specifically decide upon which configuration will be used? City Administrator Kuntz said that three cost estimates were presented. There was no interest in expanding the building, the most costly of the three plans. There was a small spread, \$10,000 or less, to do an additional rest room facility and to flip the two spaces adjacent to this room, both for the benefit of the internal use of the employees, as well as for any meeting application and not being reliant exclusively on the lobby facility. A vote was not taken.

Alderman Leahy asked, are we up to our ordinances on the bidding process for the construction? We don't have to use a bidding process for the consultant, but will the consultant then put the rest of the project out to bid, with separate bids, or how does that work? City Administrator Kuntz said they will put the bid documents together for staff to review, and for the Board to award. Ballwin will do the bidding.

A motion was made by Alderman Boerner and seconded by Alderman Fleming, to move forward with the contract and design phase of the project to renovate the Board room, using the configuration, including the restroom, in the location of the current Board room. A voice vote was taken with a unanimous affirmative result and the motion passed.

Compensation Issues: City Administrator Kuntz said during the Finance & Administration Committee meeting on September 10, the issues of the 2013 pay plan and police pension were discussed. The Committee and Board asked for additional information. It was the Committee's recommendation that we defer from the 70th percentile of comparable cities, that we keep the same comparable cities, but that we re-calculate the formula of Ballwin's relative standing to the average of those ten cities. Human Resource Coordinator Morrison did that, it's included in the packet, as well as the affected costs. The reason the number is as high as it is, is because Ms. Morrison also took into account the relative standing throughout the ranges that would be caused by compression. You couldn't just adjust the bottom and the top. Where there were several employees in one range or one pay grade, you needed to make adjustments all the way up the scale to prevent compression.

City Administrator Kuntz said that Alderman Harder asked about trying to compare supervisory levels. HR Coordinator Morrison sent an e-mail to Alderman Harder relative to this issue within the area departments as to how many officers are supervised. He said the results are not conclusive but they are illustrative.

City Administrator Kuntz said the Committee asked what other cities have done with their police pension conversion. Police Chief Schicker volunteered to contact those agencies. He compiled the information from 4 cities and provided to the Board.

City Administrator Kuntz said that one of the Board members asked City Attorney Jones to do further research relative to the legal ramifications of a retro-active adjustment. Mr. Jones said after looking at the average, there was discussion at the Committee meeting about the cost to change the pension level from the bottom L3 level of LAGERS to the L7. LAGERS was contacted. The L7 changes the amount of pension by either ¼ percent or ½ percent.

City Administrator Kuntz said, an alternative approach would be a less expensive adjustment where a merit increase would apply to all except the top of the ranges where the survey indicated we were in good shape. Those at the top would not be adjusted further. The bottom would receive a 2% increase, with the potential for an additional merit increase based on performance. The Board might wish to revisit the pension adjustment. He said that if the pension is changed for all employees, the \$80,000 cost for the next year would be \$160,000 moving forward in subsequent years. This is a key component of the direction the Board wants to go in terms of budget, and also in the interest of the officers and the future application of their pension dollars, and, what, if any, adjustment the Board wants to make with respect to the conversion from the defined contribution to the defined benefit plans.

Alderman Fleming said, “Regarding the previous pay plan: I’m not disagreeing with what City Administrator Kuntz said, but it was stated that it was the recommendation of the committee to go with the 50% of the average. We really struggled during the committee meeting to come up with an idea. Looking at how the numbers came out, they didn’t come out how I thought they would. The best idea I had at the time, I don’t think it’s an idea we can take action on. I’m just explaining how the conversation came about.”

Alderman Fleming asked Ms. Morrison if she is uncomfortable not having a formal pay plan at this point? Ms. Morrison said, “No, I just think there should be some guidance. We can work with the ranges that we have, and then if the Board adjusts them according to the increases on a budgetary assignment, we’ll continue to work with that. That’s kind of what we’ve done the last few years because the 70th percentile was too costly to maintain.”

Alderman Fleming said the suggestion that he offered which he thought would boost the minimums a little bit ended up dragging it up a lot. We may have to continue as we have been with percentage increases until we come up with a new pay plan.

City Administrator Kuntz said, “The 50% adjustment costs \$406,000, and it only affects 70 full-time employees. The rest get zero.”

Mayor Pogue asked, “Are there any positions that are significantly out of sync with each other?” Human Resource Coordinator Morrison said, “I gave you a new salary range based on the average base minimum, and our current range. The police officer range starts now at \$40,000. If you were to adjust it to an average base minimum, it would be \$47,592. If you were to adjust only those below the range, that would be 23 employees that would move up. Some of those people have considerable seniority. It would catch those individuals up who just started, to people who have been here for 10 years. That’s why I factored in the compression. That experience should be valued. The Sergeant position starts at \$52,334. At an average base minimum, it was \$60,000. The Lieutenants would go from \$55,000 to \$64,000. Dispatchers increased \$4,000. The Rec Specialist would move from \$32,300 to \$34,700.”

Mayor Pogue said that the police officers minimum salary is \$5,000 less than the lowest of the comparable cities. Human Resource Coordinator Morrison said there is an 18% difference between the lowest paid employee and the new average-base minimum. The employees below that range were moved to the new range. Everybody else would need to be adjusted according to the 18%, not exceeding what the maximum is in order to keep them in line with each other.

Alderman Harder said, "In that analysis, when you talk about the police officers moving up, and it affects 37 of the officers, are you including both the compression officers as well as the bottom officers?" Ms. Morrison said yes. "This is for a total of 37 patrolmen. When the bottom moves up, everybody moves up with the total cost of \$200,000 to do the whole re-work. The new minimum would jump to \$47,592, and you would have 23 police officers below that level. All those individuals, even new officers, would be making just under what someone of 10 years would be making. If you didn't adjust them, there could be morale issues."

Alderman Terbrock said how did we get into this situation? Alderman Fleming said, "We haven't been following the pay plan for several years. We looked at it and decided to wipe out the old ones that we hadn't been using, and try to re-adjust." Alderman Terbrock asked how did we get so far off? Human Resource Coordinator Morrison said, "In 2008, for example, the minimums were held the same and we only adjusted the max. Salaries were only adjusted according to whatever the merit raise that were awarded. This kind of approach caused Ballwin to fall behind the average."

Alderman Terbrock said, "We have to do something. I don't think saying that it's not in our budget at this time is the wise move. We have to dig deeper into this and figure out what to do. We brag about what a great city this is. Pretty soon we won't have anyone to keep us that great. If we start looking at percentages, and the biggest gaps, perhaps we can develop a 5-year plan to catch up. If we did a 5-year plan, how much further would we be behind trying to get to the appropriate levels?" Alderman Fleming said he has not made those projections at this time. Alderman Terbrock said, "It's hard to sit here and talk about all the great services we provide to the residents, when we are not even on the scale."

Mayor Pogue said, "I'm concerned about the sustainability of our employees. Are some of the employees here for 1 or 2 years, getting experience under their belt, and then going to other municipalities to work?" Alderman Terbrock said, "In addition to that, we have employees with 10 years of service that are so far behind from being started so low. It's the employees with 5, 6, 7, 8 years experience that are not getting the raises, and keep falling further and further behind. This is not just about the police department. This situation exists all across the board."

Alderman Boerner said, "According to our packet of information, we have much lower turnover than most other cities, as it relates to the Ballwin Police Department." Mayor Pogue asked, "How is that going to continue on if we stay on a low pay scale? If we continue without any change to this, I don't think it's going to stay that way."

Alderman Boerner said, "The compensation issue also includes the LAGERS levels." Mayor Pogue said that LAGERS is a separate item. He recommended that the Finance & Administration Committee or the whole Board should attempt to work out a plan to solve this issue. Alderman Fleming said this needs to be more of a collaborative process. He said he hopes that we can at least do something for this budget year. In general, the question is how do we catch up our pay plan; 3 years, 5 years?

Alderman Terbrock said, "This could become a huge issue. We should solve this because it's not going to go away."

Mayor Pogue asked, "Was the salary survey provided from the Municipal League?" Human Resource Coordinator Morrison said she had to contact each city.

Alderman Boerner said, "We are trying to catch up to what?" Alderman Fleming said, "Ms. Morrison did all of the calculations. The chart indicates that our minimums aren't across the board way out of wack, but they are on a few positions."

Alderman Boerner said, "The maximum salary was retained for 12 positions, as opposed to using the average." Ms. Morrison said, "We adjusted the new minimum, but not the maximum. The new minimum range was calculated as the average." Alderman Boerner asked why was one adjusted but not

the other? Mayor Pogue said, "The maximum has been adjusted by the merit increase every year." Ms. Morrison said, "The max ranges, even on the 70th percentile, weren't that far out of wack. It was the entry level that was an issue."

Alderman Boerner said, "I don't understand the mixing of the methodology. You're using one methodology one place, it should be used in the other also. If you're going to use one assumption, it should be used in both places."

Alderman Fleming said, "If you want to do the average and raise the max, then there will be problems on the low end and the high end to deal with." Ms. Morrison said, "It will probably make your number larger because several of the more senior employees are topped out at where the max is now. If you raise that max, they will be eligible for a larger increase. It will probably make that number bigger."

Mayor Pogue said, "Let's say we have employees at the top of the range, and we give a 2% increase. If the max is goes up 2%, their salaries will go up 2% depending on their evaluation." City Administrator Kuntz said, "There are two separate issues. We're not going to solve the pay plan issue tonight, because the Board is asking for 2 or 3 alternatives as to doing this over 2 years, 3 years, 5 years, and if we did the max and the entry. If we come to the average, what's a practical implementation strategy that doesn't string out so long that it has to be done all over again, and providing enough dollars in an orderly manner to adjust the pay plan or pay ranges? Then, on the separate issues, there is the question what the Board wants to do with respect to the police pension conversion, and what, if anything, it wants to do with the employee compensation for the 2013 budget. The issue that you want more information is acceptable in order to adjust our pay plan, moving forward, to put Ballwin in a more competitive place, and not continue to fall behind the comparison cities."

Alderman Boerner asked, "When you decide what the pay should be, there's a minimum and maximum. You've done that analysis on the minimum and maximum." Ms. Morrison said, "We would bump the minimum based on what the average would be of the ten cities, and leave the maximum the same." Alderman Boerner asked, "Are you assuming that if you adjusted the hypothetical pay for each employee, based on the number of years of service, that they can reach their maximum within a given year?" Ms. Morrison said, "We've not gotten that far. When they did the pay plan before, there was an idea that employees should be maxed out in a certain amount of time, but I don't think that ever came to fruition. There's nothing established that says after a certain amount of years, an employee will max out. There's nothing on the books right now that says that. This proposal brings everybody up to what the average base salary would be. It would max out people who have been here quite a number of years, but it doesn't mean it would max out everybody. All the other employees that were within the range were adjusted according to what the percent difference was between lowest paid employee in the range and what the new minimum was. That would be different for each position."

Alderman Boerner said, "You did a calculation based upon the current scale as to where they were within that range, and then used the new range, and did that calculation, and said, if they are 50% up on that range with the old way, they need to be 50% up in the calculation that we're doing now. Is that correct?" Ms. Morrison said, "I took the lowest paid employee in the range, and found out what that difference was between that person's pay and what the new average base minimum was. All the other employees were then adjusted according to that percent, not to exceed the maximum. That way, they were all kept in the same relative position."

Alderman Boerner asked, "Was it taken into consideration that we increased the pay scale from the lower to the higher at an accelerated rate compared to other cities? The last time, it didn't look like it should have caused that much of a discrepancy. I'm trying to understand how that could have caused that kind of a discrepancy. That's the only way to explain it, that there were other adjustments involved." Ms. Morrison said, "I adjusted them according to what that difference was. I didn't run this for the positions in the 70th percentile. I have no idea what that number would be."

Alderman Terbrock asked, "Are we trying to stay at the 70th percentile?" Mayor Pogue said that was the old plan. City Attorney Jones said, "From a legislative standpoint, the Board adopted a motion and directed me to prepare legislation repealing Ordinance #2560, which had very specific salary ranges for each position, but was largely based on the 70th percentile factor. When I looked at the codified section, which is Section 2-34, I saw that Ordinance 2560 had effectively been already repealed. It was modified in 2000, 2001, and 2006. The only thing that remains is a general statement that says, 'Unless otherwise determined by the Board of Aldermen, the ranges shall automatically be adjusted to fall within the 70th percentile of ten selected comparable cities. The range will be adjusted to fall within the 70th percentile, not an individual employee's salary. Based on what the Board does during the budgeting process, you've been following the ordinance, you haven't necessarily been following the pay plan as it was codified at one time, but has since been repealed in part and modified. That's why even though I prepared an ordinance for tonight, this is the reason it's not on the agenda. Once we looked at it, we realized that there was no significant part of Ordinance 2560 left on the books to repeal."

Alderman Leahy said, "I agree that something needs to be done. We are coming off of a lot of debt. In my assumption, the tax payers are going to want to know what are we going to do for them regarding their streets and other services. I think it's important that we bring the pay scale up for the employees, but we need to do it in a responsible way. We need to take a serious look at this because we're going to have to live with it whatever we do."

Alderman Dogan said, "I like Alderman Terbrock's idea of taking the \$400,000 increase as an aspirational goal, and spreading it out over time. That's one solution that would be appealing. We would be doing something, but not having a 100% budget impact in year 1, but you're getting at least close to the number even if everyone's salaries increase over 5 years. Also, instead of taking the average minimum, which in some cases there is a big gap between the current minimum and the average minimum, I think we might want to do is to consider taking a percentage of that figure, like 90% or 95% of the average minimum, and that would get us to a reasonable amount on some of those numbers."

Mayor Pogue said, "I was discussing this with City Administrator Kuntz that perhaps we should look at the averages, and then in year one, go with 90% of that average, then use the 95%, and the third year plan will be at the initial goal. This could be spread out over three years. This would mean that surveys from the cities would have to be done every year. The amount would fluctuate up and we would have to adjust accordingly every year."

Alderman Terbrock said, "According to City Attorney Jones, our ordinance states that we are supposed to be within the 70th percentile of comparable cities for our salary range. We're not? Why is that?" City Administrator Kuntz said, "The pay plan was adopted in 1998. It was a suggestion by then Mayor Montgomery, based on the private sector model. We did a two year, two phase catch up that got us there, and then the economy started to impact. One year, there was no increases, no salary adjustments whatsoever. The salary adjustments, based on budgetary consideration and authorization by this Board, have been lean and low at best over the years since the plan was implemented. We did not keep pace with that plan because we could not afford to do so. The legislation that the City Attorney refers to, gave the Board the out, subject to budgetary authorization. It's been getting to that level, but you did other things for the employees over that time, such as absorb the employees' share of health premium costs; one year when you offered no salary adjustments, we added personal paid leave. We did not lay off any employees, and we didn't do any roll back of pay ranges. We've been floating through a bad economic time. As we're starting to see the light at the end of the tunnel, we're once again calling it back to your attention and saying that we can't put this off any longer. Alderman Fleming said, when we crunched the numbers for the 70th percentile, it looked scary. For whatever reason, we said to go to the average, which is something that everyone can understand. Take the same ten cities, provide the impact based on the average. That's what Ms. Morrison did. The average is still a big number, which is \$400,000 for 72 employees. It doesn't address the rest of the employees. If we do nothing, they will fall outside the range next year. You have to do this, but it's more than one area. It's the pay plan and the annual compensation issue."

Alderman Terbrock said, "All of the cities listed have gone through the same economic downturn as we have. Somehow, they have been able to maintain that level. Maybe other things are suffering for it or are having a hard time meeting their budget numbers. Somehow they have been able to do this."

City Administrator Kuntz said, "Based on what we're being told, our turnover rate is very low compared to a lot of other cities. When you don't have turnover, you build in a higher number into your payroll base. We've also tried to keep our payroll costs at about 65% of operating budget. We've been able to maintain all other services at the same time, and we haven't cut anything."

Alderman Terbrock said, "If we are going to make an effort to get back to the correct level, we also have to have something in place to keep us there rather than fall back again, and then have to deal with what we should do."

Alderman Terbrock said, "I would be interested to know what some of the other city's philosophy is. Somebody is doing something that we are not doing. They have all experienced the same economics that we have. Since I've been on the Board, we have gotten more conservative each year with the pay increases."

City Administrator Kuntz said, "You have to consider what has changed the other cities economic climates. What's their revenue. Maplewood's situation before the TIF and Walmart came in is a lot different than it is today. Maryland Heights has a revenue stream that we could only dream about. You can make comparisons, but every city is different. A lot of our retail over the past ten years, has leaked its way into Chesterfield Valley and other locations. Our sales tax isn't what it was ten years ago. It isn't even close to what we had ten years ago. When revenues are diminishing and no property tax, and no other source other than utilities and sales, you're budget is subject to the economics."

Alderman Terbrock said, "When you look at the list of cities, you can pick out quite a few that have had a good economic boom in development, like Chesterfield, Clayton, Creve Coeur, Maryland Heights, O'Fallon. There's a lot more to this issue and needs more discussion."

Alderman Fleming said, "In my years on the Board, the most we ever approved was 4% for one year. Everything else has been 1%, 2%, one year had no increase." City Administrator Kuntz said the 4% came after the zero year."

Alderman Fleming said, "Looking at City Administrator Kuntz's memo, it shows a 2% merit pay increase. If we increased it to 3% for planning purposes, the number would be a little shy of 200 for next year. We want to show the employees that we are edging it in the right direction. Let's give staff guidance to advise staff to go to 3% instead of 2%. I still like the idea of moving from L3 to L7 for the reason that if you look at the numbers in the chart and what the monthly benefit is, depending on how many years after retirement that someone collects, that's a tangible benefit to the employees. It's not out of our pocket now, other than the increased cost from L3 to L7."

City Administrator Kuntz said, "If the Board could agree on a merit percentage for 2013, we could recalculate what the average is, and report back. Based on the assumption that everything is moved up, you can take a look at a couple of phased options, what it would take to make Ballwin whole in one year, or over a 2 or 3 year plan, similar to the percentage format that Alderman Dogan and Mayor Pogue mentioned. That will change all of the numbers. The pay plan number may not be quite as scary and can be achieved in 2 or 3 years. You could set a goal and implementation strategy. It's a way to get it moving forward."

Alderman Fleming said, "When we talk about what's 65%. We don't have Glenda sitting here right now. I can't cut the numbers the way we used to be able to. I suggest going from 2% to 3% to at least show the

employees we are trying to take this in the right direction. We're talking about moving everybody from L3 to L7."

Mayor Pogue asked, "Does anyone have any reservation to going to 3% on the merit increase?" Alderman Terbrock said, "I do. If we're going to talk about going to L7, I do. I think we shouldn't limit it just at that. Going to L7, there's more employee contributions that must be made, which takes away from them." City Administrator Kuntz said, "It's 100% city contribution."

Alderman Boerner said, "Another issue is the actual rate that has been calculated for the police versus regular employees." City Administrator Kuntz said, "We didn't calculate that. That's a catch up provision from LAGERS because they are eligible to retire at an earlier age, and because we're converting to it. They are putting a weighting factor for 2 years, and then all employees will the same rate again."

Alderman Boerner said, "Our liability doesn't stop as far as contributing to the plan when the employee retires, because we still have to contribute. There's still unfunded liability when they retire." City Administrator Kuntz said, "No. That's not ours." Alderman Boerner said, "Is there an obligation to make the payments for retirees for unfunded future benefits?" City Administrator Kuntz said, "The City stops contributing when the employee stops earning wages from the city. We're done." Alderman Boerner said, "That's not the way any pension plan in the world is structured. I will have to look at this. Contributions are made based on current salaries, but you still have a liability. I don't see how that agrees with the State. This needs more research. Every other pension plan in the world is calculated and operated differently." City Administrator Kuntz said, "When they stop earning compensation, we stop paying. That's the end. When the final check is done with the city, the person can either leave it on deposit, or file for their retirement benefits. We don't even see it at that point. It's between that person and the State of Missouri." Alderman Boerner said, "I will have to be convinced of that because that's where states like California and many municipalities have run into problems when they are funding the benefits for their retirees." City Administrator Kuntz said, "We're not funding it. All we're doing is contributing to a State fund. It's not a private plan. The City has nothing further to do with it. That's the whole reason we got into it in the first place, is that it's not a private pension fund, it's the State Municipal Employee Pension system. It has a Board of Directors and a portfolio of investments. We have no input other than to pay a percentage based on their actuarial calculation of what's available in the fund, and Missouri is one of the most highly funded of all the state pension programs listed in the reports. They do that for us. We are totally out of it."

Alderman Fleming said, "The motion I'm going to make is to give staff guidance so that they can start working on the budget and other calculations. By saying yes to the motion, you're not saying that we are going from L3 to L7. There will still be time to investigate other options. My thinking is to budget a 3% increase, based on merit, which means job performance is important, and to go from L3 to L7 is for all employees."

Alderman Boerner said, "one thing we're not considering in the benefits is the social security. If we say we want people to retire, the issue should be what the total benefits package will be because we pay into this. We will be paying roughly 15% of the salary into the retirement plan for the employees. The employees also contribute into social security. This should be one of the considerations to see what people should have in retirement."

City Attorney Jones said, "LAGERS has a different funding level for those cities that don't participate in social security. Since Ballwin has always contributed to social security, we're not eligible for that level. It's taking into consideration the instruction from LAGERS."

Alderman Boerner said, "You have to assume that every one of our employees is going to have a social security benefit. That's part of their retirement. This is a great plan. It's well funded and one of the best

plans available anywhere, but it is a pension plan. We have to look at all of the pieces that go into the retirement of our employees.”

A motion was made by Alderman Fleming, and seconded by Alderman Terbrock to prepare for the preliminary budget and offer pay plan recommendations, assuming a 3% merit increase, and a move from L3 to L7. A voice vote was taken with the following result: Aye: Kerlagon, Leahy, Fleming, Terbrock
Nay: Boerner, Dogan, Harder. The motion passed by a vote of 4-3.

Alderman Harder said, “The reason I voted nay was because of the complexity of this. I don’t want to take a stab at this because of the time and end up back tracking two weeks from now or doing something different. I feel like we’re kind of in the dark because we don’t deal with this every day. For my own personal comfort, I don’t have enough information on this. Just looking at one job, police officer, we’re 14% below our average for the area. To give a 3% merit pay increase, it’s going to take 6 years to catch up.” City Administrator Kuntz said, “This is going to get resolved as a separate discussion, as a supplement to tonight’s vote on this. Now that you are approving 3%, I would like to re-calculate and see what the new number is, and then have discussion about what it takes to implement that.”

Alderman Fleming said, “That’s the reason I stated the motion so that there would be something to work with.” Alderman Terbrock said, “I thought we were giving staff a number to budget from.”

Alderman Dogan said, “One of my main concerns and part of the reason I voted no was that there are three separate issues, and I don’t want them to get conflated. I was concerned that the motion mixed together the merit pay and the LAGERS increase. I hope that when we consider those, that we’ll vote on the items as separate items, not just take it all or leave it.”

City Administrator Kuntz said, “We are going to reflect them both in the budget that will be presented to the Board because that’s what the motion was. We will talk about the pay plan at the next meeting and get direction for either a lump sum, a three-year or two year phase. This will be worked into the budget numbers that will be presented to the Board. If you want to do something different, the motion should have been voted down instead of up. I’m taking this as direction. That’s the way I thought it was intended, but that’s not what I heard from Alderman Dogan.”

Alderman Fleming said, “That’s the way I intended it, but I believe his point is when we actually get the numbers, we will discuss the individual parts instead of all or nothing.” City Administrator Kuntz said, “Any Board member can look at the budget at any time. It’s going to be in there because that’s what the majority said to do.”

Alderman Fleming said, “Basically, we are telling Mr. Kuntz that we’re not going to do anything about the police pension conversion loss adjustments. Unless someone wants to instruct Mr. Kuntz to do something in the Budget related to the Police Chief’s memo, I don’t feel we should ignore this. What does everyone want to do?”

Mayor Pogue said, “What I’ve heard from the City Attorney and comparisons in regards to the memos, I don’t there’s anything we can do in regards to this.” City Administrator Kuntz said, “You might be indirectly be doing something about it if you adjust the pay plan. There’s more than one way to make a pro-active statement. You have numbers to work from. I said I would bring the question up if the police decided to go from defined contribution to defined benefit. It’s been demonstrated as a shortfall. I don’t know what that number is or how many officers are applying their contribution from Lincoln to the LAGERS plan. There are issues and complications. I said I would bring it back to the Board. The Chief tried to address how those were dealt with in other communities, Mr. Jones gave his legal opinion that was requested. It’s on the table but needs an answer.”

Alderman Fleming said, "I'll echo Mayor Pogue's comments, I don't see a financial way to do it, and I don't see that it's fair within the police department or fair to the other employees either."

Alderman Terbrock said, "I want to try to bring the salaries back up, but in this situation, I don't think that we could do this." Alderman Harder said, "I agree from the standpoint that we need to work on the other issues first. This is something that we can handle in the future. I think bringing up the average is something that we need to do as our first priority in the next fiscal year."

City Administrator Kuntz said, "The Minutes are going to reflect that after prior discussion, it was determined by comments that the Board has determined to take no further action at this time."

Budget: City Administrator Kuntz said, "My original plan was to start at 6:00 p.m. at the next meeting, and give a preliminary overview of where we think we'll be with the 2013 revenues, and also what the impact of 2013 will mean on our debt obligation, since this is a full year of transition and the final year on payments to see exactly where we are moving into 2013, and to answer any questions from a layman's perspective. The Finance Officer has been selected, but will not start until October 15, due to notification of the current employer. It's important that we don't delay the budget process, and I think having a preliminary indication of where we're trending on the revenue side will give some focus, and hopefully some comfort level when we put some of the other numbers together. You've given me two big numbers tonight, which are very important towards working on the expenditure side. You made a determination on the renovations, and we will proceed with that for 2013, and you've given direction with respect to the employee compensation. The issue of the pay plan can be handled a number of ways. We can see what our budget comes in and what the two or three year plan is. It reflects the development plan for Ferris Park, as determined by the citizen input and the consultants that have felt the alternatives. There are other initiatives in it that have to do with maintenance of our facilities, but it's the most comprehensive of all, and I thought that there might be questions."

City Administrator Kuntz said, "This evening, I've asked the Public Works Director, Assistant City Administrator, and Police Chief to give me what you asked for at the last meeting, and that is to tell us what's going to be different for 2013 from 2012. They have done that. They have short lists. We've also received some further cost numbers from our IT upgrade coordinator's position. Some of the IT upgrades were going to be rolled into the renovations of the Government Center, which we're not going to do in 2013. The costs are different than the laundry list that we presented 2 weeks ago. The department heads will go over those portions of their budget so that you can see what major items that haven't been discussed yet, and what numbers might be relative to those major numbers." City Administrator Kuntz asked for a motion to conduct a work session for budget purposes at 6:00 p.m. on October 8, and then to present the Parks highlights as part of the staff report on the regular agenda, or is there an alternative plan. Under his report next time, he would try to provide more information and see if it leads toward a consensus on where the Board wants to go with the pay plan and pay plan option.

A motion was made by Alderman Leahy, and seconded by Alderman Kerlagon, to conduct a budget work session at 6:00 p.m. on October 8. A voice vote was taken with a unanimous affirmative result, and the motion passed.

Administration: Assistant City Administrator Aiken said, "This report outlines differences that are non-recurring expenses, things that happen one time and don't recur annually. These items occurred in 2012. There's a long list under Support Services."

Assistant City Administrator Aiken said, "I bring your attention to those that show a budget item of zero, because all of those are things that the Board agreed to do after the budget was approved. We have not

done yet a re-appropriation in 2012. I fully expect all of those to become budgeted line items in any re-appropriation that takes place. They were all, for the most part, related to construction type issues that have taken place in the community; the solar panels at The Pointe, Government Center, retaining wall along Seven Trails Drive that we shared the cost with Seven Trails Apartments as a part of the U-Gas site redevelopment program, personnel manual review, etc. We sold some excess right-of-way, which doesn't come up very often. We acquired \$119,000 from that. We have a subdivision recreational contribution element of the subdivision ordinance that generated \$29,000 in 2012, and finally the finance software, which is the final payment."

Assistant City Administrator Aiken said, "In 2013, at this point, I'm expecting substantially less in terms of these types of items. The Board room remodel is included, which the Board agreed to tonight. The number included is the maximum number, but it will be less now that the Board has decided exactly what option to pursue. I anticipate a subdivision recreation contribution in the range of \$100,000 next year, which is the 7-acre parcel behind Target on Kehrs Mill Road.

Assistant City Administrator Aiken said, "City Administrator Kuntz will not be attending the ICMA Conference. There will be minimal out-of-state travel by staff, which will save funds. Regarding Information Services, attached is an addendum to Ms. Reeds report that was received at the last meeting. It was my understanding that the Board wanted some numbers to be attached to some of the long-range things that Paula Reeds included. The farther out you get on this, the less accurate the numbers will be. I think it gives a good idea of how well she put this together and tried to balance the costs over the next three years. She listed numbers for those items that fall into this category of non-recurring costs. But many of the things on the list fall within standard annual IT budget expenditures."

City Administrator Kuntz said, "Mayor Pogue pointed out that there was \$310,000 budgeted for Great Streets, and we are expending none, so there's actually going to be quite a bit of carryover from this year that we didn't spend; plus, there's a whole shorter list. Mayor Pogue mentioned that he would like to put something, even a token amount in terms of a cooperative effort on the Great Streets." City Administrator Kuntz said, "There would be a number, but it looks like zeros, so I know questions would be asked." Assistant City Administrator Aiken said, "I wouldn't expect it to be anywhere near \$310,000. If everything comes down according to the money that's been put forth by MoDOT to pay for the first round, that's a big chunk of the easy things to do, and any substantial additional work along Manchester Road is going to be dependent on the private sector development of a parcel. It doesn't make sense to start reworking curb cuts and doing a lot of work until you have a better sense of how that site is going to be developed. As much as I would like to say we can do that, I think that would not be a logical way to move forward, given the financial circumstances the city is faced with."

Assistant City Administrator Aiken said, "The footnote says we are really starting to run into a backlog of clerical work in the Inspections Department. We're trying hard not to increase personnel expenditures unnecessarily or add new people, but I would like to consider taking our part-time clerical person and moving her to full-time from April 1 through October 1. It's a relatively a small amount of money, but that time frame would free up other staff to get caught up on paperwork. We're getting behind. If we don't get caught up with it soon, it's going to be one of the big piles of things that we're never going to get out from under. We're seeing permit and inspection activity levels that resemble the pre-economic downturn. It's becoming a situation that we have to address to keep up."

City Administrator Kuntz said, "When we looked at park changes, at the very least, we are asking the Board to consider replacing Ameren fixtures with city-owned energy-efficient fixtures, and part of our meter system. We won't have to go through their network if we are strictly on our property."

Police: Police Chief Schicker said, "We are looking at non-reoccurring costs. We looked at replacing the floor covering. When we kicked around figures, we're thinking it will cost \$20,000 plus. The figure that I provided the Board with was a very rough quote of \$38,000. John Hoffman was in the process of

providing a figure for the budget, which was \$45,441. We may want to do this in two phases, upper level and then the lower level. One thing we didn't take into account is the conference room and court clerk's office because of the possible renovation of the Board room and the impact it would have on any changes in that room. The phased approach will be taken into consideration as we move forward with the budget preparation."

City Administrator Kuntz said, "This will minimize the internal disruption because all the furniture will have to be moved, there are employees on three shifts because of the 24-hour building. We are going to try to get something that's very low maintenance. The wall covering was taken care of this year. It's an environment that has 50-some officers that are not all here at the same time, clerical employees, etc."

Public Works: City Engineer Kramer said, "The biggest project is Kehrs Mill Road, and will be finished this year. We also have the Holloway Road culvert, engineering, but construction funds will not be available until 2014. The resurfacing of Reinke Road has been completed. There was \$10,000 in the budget to do a State funded study of the signs, but the Federal Highway Administration backed off on the compliance date. Now we have to comply as individual signs need to be replaced, to bring the sign to the current standards. We also put in \$116,000 in 2012 for the Holloway culvert. That was a portion of the culvert, but when the budget was done a year ago, we were not aware that there was going to be off-system bridge money available, which we applied for earlier this year, and we're headed for approval. We won't spend the \$116,000 of our money this year. We'll spend 20%, and use 80% of the federal money for the whole culvert. Next year will be for engineering, and the following year will be for construction."

City Engineer Kramer said, "We need equipment replacement, a sidewalk grinder that is 11 years old. The one before lasted only 5 years. Rojean is similar to what we did on Debula. Ellisville is reconstructing their portion of Rojean, which is a bigger portion than ours. We were going to do it this year, but they weren't ready because of easements. It will be taken down to dirt and rebuilt to standards. This will be in next year's budget.

City Engineer Kramer said, "Truck replacement is an annual expense. This year, we replaced 2 two-ton dump trucks. Next year we would like to replace 1 two-ton truck with one tandem. The reason for the tandem is when we go get asphalt, or haul debris to a disposal site, we can make fewer trips, and consume less fuel with a tandem than with our two-ton trucks."

City Engineer Kramer said, "This year, we had a 3-year financing arrangement for a front wheel loader, which is the third and final year for this equipment. It will be paid off this year. We will still do the standard street improvements, such as paving, slab replacement, etc. This will be re-occurring. An amount may go up and one will go down, but what we're doing will stay the same."

Alderman Harder asked, "What do you think the budget will be for replacements?" City Engineer Kramer said, "My plan is to keep it the same as this year. Kehrs Mill Road was only 20% of our money. I think we have about \$700,000 in debt for the street bond issue." City Administrator Kuntz said, "This is approximately \$1,000,000, based on the list that reflects all four wards. There is a contingency amount to be applied to modify and adjust quantities, based on what the economy does. If we get a good price, we'll come back and ask for supplemental appropriation. In 2011, we supplemented it because the petroleum prices were very good. In 2012, they were not as favorable." City Engineer Kramer said, "In 2012, we also supplemented with surplus salt."

Alderman Fleming said, "I want to make sure I understand the Holloway culvert line for 2013. The \$70,000 is going to be the engineering portion, which will be 20% to the city, and 2014 will be the actual

construction.” City Engineer Kramer said, “That’s the way it was presented to us. There won’t be money for construction in 2013 even if we are ready for it. This project will not require any easements or utility re-locations. It’s all inside the culvert. As soon as the drawings are approved by MoDOT, we will have to wait until next year to bid it.”

Alderman Fleming asked, “Is it the difference between \$116,000 and \$170,000, or is it some other number for construction?” City Engineer Kramer said, “I think the total cost is \$600,000. We always budget expenses for the full amount, and then show the reimbursements on the revenue side.”

Alderman Kerlagon said, “A citizen has contacted me several times about Twigwood. It’s my understanding that you were working at Far Hill, and the street needed repairs, maybe not a complete effort as to what’s needed.” City Engineer Kramer said, “You don’t see the mill and repaving effort in 2012, because of keeping to the \$1 million budget, but we would like to do Twigwood in a 2-year program, like we have done other streets. Right now we’re thinking New Ballwin to Ballwood as the first year, then Ballwood to Ries Road the next year, including sidewalks.”

Alderman Terbrock said, “How much do you expect the Holloway culvert to cost in 2014?” City Engineer Kramer said, “It’s about \$600,000 for both the small section and large section.” Alderman Terbrock said, “A couple of years ago when this first came up, it was \$300,000.” City Engineer Kramer said, “The scope of the project changed. The \$116,000 for this year was for the small section. With the grant, we are able to do more culverts. You always set the budget to make sure there’s enough money for the project.”

Alderman Harder asked, “About the Kehrs Mill project: I noticed that the sidewalks that they are laying, they are going around trees. Some of the trees look like they should be taken out, but we are going around them to keep from disturbing the roots.” City Engineer Kramer said, “There are places we have raised the sidewalk to get over the roots so that the tree didn’t have to be cut down. There are a couple of trees that were too big and we couldn’t get around the tree. The plan was to save all the trees possible, without having to buy excessive amounts of easements, but there was a few that we couldn’t save.” City Administrator Kuntz said, “If we don’t do this, six months later a resident will say that we killed their tree.”

Alderman Terbrock said, “The raised portion of the sidewalk seem a little extreme. I’m concerned about the fact that we’re going over the top of the roots and in a couple of years, the sidewalk will be torn up by the roots. It’s like throwing good money after bad.” City Engineer Kramer said, “When we buy an easement, we will be paying also for the tree.” Alderman Terbrock said, “There are residents that are complaining about their sidewalks being raised because of tree roots. I don’t find any logic in this.”

STAFF REPORTS

None.

CITY ATTORNEY’S REPORT

Closed Sessions: City Attorney Jones said, “I would like to propose a procedural matter. If it’s acceptable to the Mayor and Board to have a motion at the end of each meeting, or somewhere along the way on the agenda, to hold a closed session at the next meeting, to be sure we comply with Chapter 610 with regard to posting notice of our meetings 24 hours in advance with a tentative agenda. The last meeting did have on the agenda the request for a closed session to request a personnel matter, under the City Administrator’s report. It was on the tentative agenda and posted 24 hours in advance. Rather than making sure that we have that, we would be better off to have it on each agenda, and then not hold the closed session, which happens 99% of the time. Other cities are doing this on a regular basis to make sure we don’t miss the opportunity to advertise the tentative agenda showing the closed session, under Section 610.021 1, 2 and 3. We could routinely have a motion for the next meeting.”

City Administrator Kuntz asked if the closed session statement could be placed at the bottom of the agenda as a Note? This is posted at all of our buildings and on the website. City Attorney Jones said, "This will be acceptable, however, we will still have to have a vote to go into closed session. I want it to show on the tentative agenda." Mayor Pogue said, "Some other cities put on all of their agendas that they reserve the right to hold a closed session to discuss a certain subject, according to state statute."

Alderman Terbrock asked, "Isn't the only time a closed session might not be advertised would be if something came up during the meeting? We would be covered because the subject would be personnel." City Attorney Jones said yes. "I want to make sure this is on the agenda so that we're not criticized. I'm not aware of any situation where this has happened."

A motion was made by Alderman Kerlagon and seconded by Alderman Terbrock for the City Administrator to revise the proposed agendas to reflect the recommendation of the City Attorney. A voice vote was taken with a unanimous affirmative result and the motion passed.

ALDERMANIC COMMENTS

Tall Grass Legislation: Alderman Harder asked if the legislation is ready for review regarding tall grass. City Attorney Jones said that the document is in process and it was stated that the legislation would be presented at the October 8 Board meeting. City Administrator Kuntz said that the October meeting date was stated so that Assistant City Administrator Aiken, who was out of town, could review the proposed legislation. City Attorney Jones said that he also wanted to review the policy of other cities on this subject.

Adjourn: A motion was made by Alderman Fleming and seconded by Alderman Leahy to adjourn. The motion passed unanimously and the meeting was adjourned at 9:07 p.m.

TIM POGUE, MAYOR

ATTEST:

ROBERT A. KUNTZ, CITY ADMINISTRATOR

MC

September 24, 2012