

BUDGET WAYS & MEANS COMMITTEE
MONDAY, OCTOBER 7, 2019 5:30 P.M.
CITY HALL CONFERENCE ROOM

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

OTHERS PRESENT: City Administrator Tom Short, City Clerk Traci Cox, Council Members Ceri Otero and Ed Barlow, and Citizen Eli Bruton

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 September 5 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.**

“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 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, 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. 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. We'll discuss some timing concerns along this line at the meeting."

Mr. Short reviewed the election calendar, noting the importance of timing. In 2015, it was estimated that the City would generate an additional \$263,000 in revenue with passage of a use tax. Citizen Eli Bruton noted e-commerce isn't going away. Mr. Bruton suggested waiving the fee for occupational license for businesses as an incentive to get business owners to support the use tax initiative. Mr. Snow suggested a marketing strategy be devised and capital improvements should be reviewed to determine how the additional revenue could be used. The November meeting was rescheduled to November 4 due to Veteran's Day falling on the next regularly scheduled meeting. Mr. Snow suggested inviting all department heads and all council members to the meeting for a one-hour mini workshop to be included on the agenda.

NEW BUSINESS:

1. **Consider and discuss Request for Proposals for Comprehensive Compensation Study.**

"The idea of a new Classification and Compensation Study has been discussed at a number of previous meetings. Included in the packet is a DRAFT of a Request for Proposal (RFP) whereby The City of Carthage, Missouri invites proposals from qualified consulting firms to complete a Classification and Compensation Study. The TENTATIVE TIMETABLE for the study would attempt to have numbers for the fiscal 2021 budget. The TENTATIVE TIMETABLE is:

<i>Release of Specifications</i>	<i>October 14, 2019</i>
<i>Initial response date</i>	<i>November 08, 2019</i>
<i>Short list</i>	<i>November 14, 2019</i>
<i>Personal interviews</i>	<i>November 21, 2019</i>
<i>Reference checks and review</i>	<i>November 28, 2019</i>
<i>Recommendation to Committee</i>	<i>December 09, 2019</i>
<i>Contract negotiations</i>	<i>December 16, 2019</i>
<i>Contract award</i>	<i>January 14, 2020</i>
<i>Effective Date</i>	<i>January 15 2020</i>

Additionally, a Review Committee consisting of five (5) members would review the submissions, prepare a short list, conduct the interviews, and negotiate a contract. The Review Committee would then forward its recommendation to the full City Council for final action. The Review Committee would consist of the Chairman and Vice-Chairman of the Budget Ways & Means Committee of the City Council, the Mayor, City Administrator, and City Clerk. A final contract would be presented to the City Council for approval. If the Committee is generally satisfied with the RFP, we would send it out to vendors we know that are interested and advertise it no later than October 14, 2019. We will also need to eventually amend the budget to appropriate funds for the study. We can do this prior to awarding a contract when we have specific numbers or can estimate about \$30,000 -

\$45,000.”

Mr. Short reported the specifications are basically the same as used in 2008 and 2015 with minor wording changes. The tentative timeline was reviewed. The committee that will review the proposals consists of the Mayor, City Administrator, City Clerk, and Budget Committee Chair and Vice Chair. Mr. Short has a list of twelve companies to contact regarding the study. Mr. Topete wants to ensure transparency throughout the process. The Committee approved the RFQ and instructed Mr. Short to send out the proposals.

2 Staff Reports.

- a) *Sales Tax Report; as of the writing of this memo, we have not received the Sales Tax numbers for October. We do expect them by Monday. If we receive them, we will bring the report to the meeting.*
- b) *Due to time constraints, we will not have the detailed spreadsheets on the first quarter's unaudited budget reports for the Committee. However, we've included the regular monthly reports for the Committee. We will review and discuss these at the meeting. We want to keep up on any potential problems or concerns regarding the economic condition of the City's budget in order to make any necessary adjustments in a timely manner in case reviews reveal serious problems in order to preserve services levels. Right now, there are no red flags.*
- c) *As you may recall, 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. If there are no problems with this, we will refine the agreement to facilitate this.*
- d) *The Chamber of Commerce is reviewing/discussing a request that it received from the CVB Board to merge the CVB functions in to the Chamber. The plan is 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. It is anticipated that a full proposal will be submitted to the Committee for its November meeting.*
- e) *It looks like the Committee's next scheduled meeting falls on November 11, 2019. This is Veterans Day and a City Holiday. In light of the above item, the Committee will need to decide about rescheduling the meeting.*
- f) *The Direct Loan for the Wastewater Treatment Work, which was approved by the Council at the September 24, 2019 meeting was closed on Friday, September 27, 2019.*

Mr. Short reviewed the sales tax revenues which are up approximately 5.96% compared to the same time last year. Financial reports were reviewed with no red flags noted. Staff is working with the county regarding using the basement at City Hall to store their office furniture during remodel. The possible merger of the Chamber and CVB was discussed. Any contract changes for these entities would need to be approved by the Budget Committee and then Council.

3. Other Business. None known at this time.

ADJOURNMENT: The meeting adjourned at 6:54 P.M. on motion by Mr. Collier.

Respectfully submitted,
Traci Cox