



MAY 22, 2023 * RECORD OF PROCEEDINGS

**CITY OF PACIFIC
SPECIAL MEETING OF THE BOARD OF ALDERMEN
300 HOVEN
PACIFIC, MISSOURI 63069**

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

A roll call was taken with the following results:

Present at Roll Call:

Alderman Kelley
Alderman Cleeve
Alderman Madrigal
Alderman Presley
Alderman Meadows
Alderman Lesh

A quorum was present.

Also present: Administrator Roth
Chief Melies
Public Works Commissioner Brueggemann
Community Development Director Myers
Tourism Director O'Malley
City Clerk Barfield

Pledge of Allegiance

The Pledge of Allegiance was done.

Public Participation

There were no speaker cards this evening.

Wastewater Financing

Administrator Roth thanked them for attending a special meeting. We engaged Stifel as our financial advisor about a month ago. They went out for rates, and there was information
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provided at the May 16th meeting. There was a favorable rate at that time from JP Morgan. Their rate was less at that time than it is now, but still favorable. They are essentially offering a 10-year rate at 3.74% with a call date of February 1, 2030. We then surveyed other banks as provided. The decision for the Board is do we engage JP Morgan as a private placement, meaning our entire debt is placed with them at that rate or do we do a public offering and build the deal and then sell it on open market to any investor. We could end up with multiple bond holders depending on how it goes. There are pros and cons. The pros with JP Morgan are a favorable rate, and if the rate is focused on the bottom line, it may be hard to beat that rate. The cons are it is at their terms, the call date is in seven years, we can't pay it off early, at least until the call date. He has discussed this with Attorney Jones and Erick Creach, Gilmore Bell. A public offering has risks. It would go out on the market in 8 to 10 weeks, which means we don't know what the interest rate will be. We do get the ability to set our own terms and conditions. With JP Morgan our annual debt service would be \$ 500,000 for 10 years would be tricky, with our wastewater budget right now. If we went out for a longer term, we would get a figure annual that is lower. The total finance charge is also something to consider. The answer is really whatever the Board is most comfortable with. He needs direction tonight from the Board. Mayor Filley asked about the public offering, and that is not one bidder, is that correct? Administrator Roth stated our rate would be defined, but there could be other rates behind that. Mayor Filley asked for any discussion. Discussion followed regarding the different options. Administrator Roth stated there was no word from the county, but thought it was more likely if we receive those funds to direct them at Phase 2 of the project. Administrator Roth stated if we went with JP Morgan, at some point rates would need increased. In order to generate \$ 500,000 in debt service and meet different sewer obligations there would need to be a small increase in rates in the near term. He has not analyzed it, but probably less than 5%. He thought we were in a better position of a debt of \$ 400,000. The design of the last rate increase was based off of \$ 400,000. Alderman Kelley asked about the phases. Administrator Roth stated Phase 1 is upgrading lift station 2 and putting a new force main from lift 2 to the treatment plant with a new headworks facility. Phase 2 is upgrade of all the gravity sewers from lift 2 upstream to the Brush Creek Sewer District flow meets the city system. Alderman Madrigal stated in order to easily make the annual debt, keep it below \$ 400,000 with a 15-year offering. The bonds will get placed. With that, even if we extend it to 15 years, we still save \$ 190,000 overall with regards to the interest rate. The other benefit is if we do go with public offering at 15 years, at the amount annual where we can overfund it and pay it off early, we save money within the interest and still in a comfort zone of not stressing and overtaxing the citizens. For him, he thought that was the best option. This saves money on interest and service fees and we're not stretched to think within our budget. This is his recommendation. **Motion made by Alderman Madrigal, seconded by Alderman Cleeve to go with 15-year public offering option. Mayor Filley asked for any more discussion. A voice vote was taken with an affirmative result. Nays: none. Abstain: none. Mayor Filley declared the motion carried.** Administrator Roth stated he was told it will take 8-10 weeks. Alderman Madrigal asked for the representative from Stifel to be present at the meeting when this comes up.

FY 24 Budget presentation

Administrator Roth stated he would go through the main budget document, spend time on revenues, and then funding debt service and capital expenditures and the pool planning.

Alderman Cleeve had a question on the memo, using contingency funds and using ARPA funds should be used as a last resort, and asked why? Administrator Roth thought they should be used for items not being able to be funded in our normal course of business. We don't have to spend ARPA funds until 2026. We recently spent \$ 500,000 on upgraded police equipment. There was no way to do that with the existing revenues. In this budget, we are directing \$ 250,000 towards parks improvements, and through the normal revenue stream it could not be funded. This leaves about \$ 750,000 in ARPA funds unallocated. The Board will determine what to spend those funds on. ARPA funds can be used for a wide range of things, but it cannot be used to pay debt. We haven't yet incurred debt on the pool, and there may be a work around. We are using \$ 300,000 of contingency funds in this budget. Alderman Cleeve stated we are talking about Hwy N Phase 4, is it fiscal 2023 or 2024. Administrator Roth stated that is a typo, this budget is for 2024. Alderman Cleeve stated there was another spot down below this one that reflects 2023 also. Administrator Roth stated this is for 2024, and he will clean those. There are three spots, paragraph 1, 3 and 4. Alderman Cleeve asked about the dispatch center, was there a decision on 911 service? Administrator Roth stated there was a meeting last Thursday, and they sent out invoices the following day. He will have a report for them at the June 6th meeting. It has not been decided. Alderman Lesh asked about the water meter replacement, was that money still in the funds from last fiscal year. Administrator Roth stated the funds were still there.

- A. Budget summary – this was reviewed.
- B. Assessed valuation – this has been increasing. Total assessed valuation is broken down by Franklin County and St. Louis County. In 5 years, we have gained \$ 40 million in assessed valuation, which is a good economic sign. Personal Property is also increasing and a good indication of the business industry.
- C. Sales Tax – we have had a great growth trend in these revenues. These were reviewed.
- D. Prop P – is a benefit to law enforcement. St. Louis County started in 2018 and Franklin County in 2019. Together, last fiscal year \$ 377,000 was collected. This continues to be strong. This is a quarter of our overall payroll. The city has more than matched that in our own resources. These funds are based on a formula and based off the number of officers. These payments are generally two to three months behind. Franklin County collects it all and distributes. This is a half cent sales tax, and is split.
- E. Water & Sewer billing – these numbers were reviewed. They do not include Brush Creek Sewer District receipts. Water rates were increased incrementally to keep up, but continues to struggle. The prison receipts are not in these numbers, this is just billing to city customers.
- F. Financial Statements – we do not have FY 22 financial sheets back up and is very unusual. The trends are positive and expect FY 22 statements to continue that.
- G. Reserves and balances – this is another table included in the board reports. We have good balances across the board. Water is a decent operating reserve, but nothing left for capital improvements. Tourism and Prop P reserves were moved to the regular fund. The bottom line is \$ 8.7 million which includes ARPA, \$ 7.7 million without ARPA. This is higher than any point in the past. There was a question about interest, City Clerk Barfield stated generally interest is posted separately.
- H. Outstanding debt – the statute is brief about requirements of the budget, but this is required. We have two different sewer and water issues, one lease purchase, the Missouri Development Finance Board loan. Lease purchase debt is not considered debt in the auditing sense, but it is city obligated so it is included. There is one payment left with the

Finance Board. The term 2031 is the Government Center and the interest rate is fixed. City Hall and Red Cedar are in one issue, but he split it out differently here because of the interest rates. Alderman Cleeve expected to see one line item, because he thought it was rolled into one thing. Administrator Roth stated it was bundled as one transaction, but there are two separate rates. Citizens and Bank Star combined and they have the low rate on city hall refi, and First State had the low rate on Red Cedar. In the bond transcript there are combined schedules, and separated schedules. He separated out on this. Alderman Cleeve thought the end date did not make sense. Administrator Roth stated the city hall debt was not extended, which is why there are two end dates. Administrator Roth stated transfers are scheduled to cover the date. The Series 2012 is water and sewer projects.

- I. Fund transfers – this is primarily for staff showing different activity between funds
- J. Capital Expenditures – he would rather come back to this, but it is a listing of the projects and capital improvements relating to vehicles and equipment.
- K. Federal Aid Projects – this shows all the projects. Most of them at 80-20% meaning 20% is local funds. There are some exceptions, such as Union St. sidewalks, that engineering the city is paying. We generate a lot of federal revenues for various projects. The Union St. sidewalks does not show a number, and that is a mistake.
- L. Pay and benefits – this is the current listing. There are no changes in this budget for the schedule, this is typically addressed mid-year. Alderman Cleeve asked about the collector's position, and looks to be one of the lowest. He asked if we could attract someone at that number. Administrator Roth stated that was set by ordinance, and he has not been included on those discussions. Mayor Filley stated the appointment to be made, the salary is set. There was discussion regarding once the seat was open, and if the salary could be adjusted.
- M. Line-item budgets – Administrator Roth stated on page 25 are the line-item budgets. There are a variety of revenues and broken down by category. The real property taxes current and delinquent are tracked separately. He continued with the review of different revenue line items. If Prop M (marijuana) reports it separately we would break that out also. It goes into effect October 1st, receiving revenues in January. He increased the line by \$ 150,000. Charter lost in the Missouri court recent appeal, so we expect those revenues to come in stronger. They are going to the US Supreme Court. There was discussion about phone utility tax, but has been declining. Motor Vehicle License was repealed. The Municipal Court generates modest revenues. The School Resource Officer is by contract. PILOT transfers are self-imposed on the water and sewer funds, this is .0742% of tax, this covers cost for overhead from water and sewer activities. There are other revenues for other funds also.

Specific Budget recommendations

- A. Page 55 – this is how debt service is funded. When we issue the debt, we didn't specify how the debt would be retired, which funds. The City Hall debt is mainly from CIST and water and sewer. When we issued Red Cedar debt, we used general fund. This budget reflects the total amount \$ 423,600, which represents bond fees also. Payments are made in February and August. Alderman Cleeve asked how much we have spent total on Red Cedar. Administrator Roth stated we have spent everything

but \$ 20,000 of the contract, so about \$ 2.2 million. We are holding that for retainage. We issued \$ 2.5 million in debt. We have \$ 275,000 we could use in the project fund. There are capital expenditures by department and those were reviewed. This is on page 18. Capital expenditures were reviewed by department, these include many items. Financial software is included in this, for the most part the police request is accommodated. Mayor Filley asked if they considered adding another canine officer. Chief Melies thought we were good with what we have for now. He is keeping statistics on this. Discussion followed. Administrator Roth stated anything over \$ 5,000 comes back to the Board. In water and sewer there is the water and sewer collection upgrade. The CIPP update is not in the budget. The budget includes a roof that needs replaced, insulate and heat the upper maintenance shed, this allows for vehicles and equipment to be stored in it, especially with salt spreaders and snow plows. This will help preserve the equipment. The 550 is a utility bed for a truck. Discussion followed about infrastructure. The Master Plan has been removed and the large water meter replacement project were removed. They do not fit in the budget now. The Parks & Recreation budget has been reviewed by the Park Board. The tennis court repair includes the pickle ball striping. Jensen's Point bathroom show \$ 19,000 for cash; but he believes this is in the grant agreement for in-kind. What is to be determined is if we can do the concrete work with our own forces. The disc golf course is included and could be done in the near time frame. This may go in the area across the creek in the back. The ADA sidewalks is all new construction, primarily at Liberty Field and Community Park. The volleyball courts will be done as soon as we can get to it, it is in the 2023 budget. PW Commissioner Brueggemann asked about the Hawthorne Pond fountain and didn't think that was needed because it is a stormwater pond. Mayor Filley suggested shifting those funds to additional playground equipment. Administrator Roth stated the plan for the Hawthorne Pond is in the stormwater budget, but has not been fully decided. Transportation Department includes sealing and stripping the lot, pavement marking stripping, traffic barrier filled with water, and brush burning at the lagoon. Discussion followed. The Tourism budget has gone through the commission, a lot of items were removed. Most of these are funded through grants or the remaining proceeds in the project fund. Alderman Kelley asked if the ice cream shop was the one that was turned down by the previous board. Director O'Malley stated it wasn't turned down; it was to think about in the future. The digital sign is for promoting tourism events, and goes up in the air, last weeks was the mural on the wall. Alderman Cleeve stated the amount should be \$ 10,000. The stormwater budget includes a project to be determined for \$ 500,000; we built a balance for this. HR Green is building a project. We have discussed potential improvements in Hogan Subdivision by the railroad tracks. Discussion followed. PW Commissioner Brueggemann thought the Hawthorne Pond number was a little high, and suggested reducing it to \$ 60,000. ADAMS's garden is budgeted at zero, as we are not budgeting any funds. There is \$ 19,167 in the ADAM's garden fund, on page 52. This was discussed at the last Park Board meeting, the irrigation improvements were authorized and considering a storage building to be placed up there which would also come out of these funds. The History Committee has \$ 16,000 for plaques and \$ 10,000 in just a general budget, page 34. There's \$ 4,500 that remains from when they came into the city, those funds would go through their committee. We consider them restricted.

Pool project considerations – Administrator Roth stated the proposal from May 2nd the board could levy the amount necessary to retire the bonds. How that is funded is at the Board's discretion. A \$ 500,000 total debt service would be difficult to pay. Going forward that will be

the case, unless we stop addressing capital needs. Alderman Lesh stated we need to save money for the pool now. The question is what about cutting 5% across the board in order to generate funds to put towards a pool. Administrator Roth stated the ability to cut is in general fund and capital improvement sales tax as the other funds are for certain purposes. Those other types of revenues are not eligible for use of a pool. Alderman Lesh stated a 10% cut on general fund and CIST is a payment for a pool. Administrator Roth stated he can do that; it will have drastic impacts. Mayor Filley stated the implications looking at general fund would have to be looked at closely before making that decision, salaries fall in this category, and could be impacted. Alderman Lesh thought if this goes out to a vote, he didn't think it would pass. We have to start saving to pay for this pool. He thinks we should start this year. Discussion regarding ARPA funds followed. **Motion made by Alderman Lesh, seconded by Alderman Cleeve for administrator to find \$ 300,000 from the budget to redirect it towards the pool. A voice vote was taken with an affirmative result. Nays: none. Abstain: none. Mayor Filley declared the motion carried.**

Adjourn

Motion made by Alderman Presley, seconded by Alderman Madrigal. Mayor Filley asked for any discussion. There being none, a voice vote was taken with an affirmative result.



Deather Filley

 Mayor Filley

ATTEST:

Kimberly Barquet

 City Clerk