



WHERE COMMUNITY AND SPIRIT MEET®

WORK SESSION MINUTES - AMENDED

A work session of the Kirkwood City Council was held on February 13, 2025, at 4:30 p.m. at Kirkwood City Hall, 139 S. Kirkwood Road, Kirkwood, Missouri. Present Mayor Gibbons, Council Members Jaksetic, Luetzow, McLean, Schaefer, and Zimmer. Also in attendance were Chief Administrative Officer Russ Hawes, Assistant Chief Administrative Officer David Weidler, City Clerk Laurie Asche, Planning & Development Director Jonathan Raiche, Director of Public Services Chris Krueger, Fire Chief Silvernail, Assistant Fire Chief/Fire Marshal Dave Smith, Director of Finance Mary Sprung, Assistant Director of Finance Jen Forgy, Director of Electric Mark Petty, Communication Manager Jessica Winter, and City Attorney John Hessel. Council Member Rheinacker participated via the phone.

APPROVAL OF THE FEBRUARY 6, 2025 WORK SESSION MINUTES

Motion was made by Council Member Schaefer and seconded by Council Member Zimmer to approve the minutes of the February 6, 2025 work session meeting. The motion was unanimously approved.

CHIEF ADMINISTRATIVE OFFICER BUDGET PRESENTATION

Chief Administrative Officer Russ Hawes presented the Fiscal Year 2025-2026 Operational Budget Overview to the Council. Some of the information presented and discussed is as follows:

The FY26 budget for the City of Kirkwood utilizes adaptive strategies to maintain the City's strong financial position in light of shifting trends. It reflects conservative projections for proposed expenditures and anticipated revenues, focusing on maintaining essential services through economic uncertainty.

For the past decade, revenue growth has generally offset operational expenses. FY25: revenue growth plateaus while expenses continue to rise. FY26: financial outlook reflects continued challenges. Strategic adjustments are needed to ensure fiscal responsibility.

Financial stability is vital for the City of Kirkwood to ensure the continuation of services and uphold community trust. A stable budget fosters economic growth and mitigates risks associated with unforeseen financial challenges.

Over the past decade, Kirkwood has experienced steady growth in revenue streams driven by expanding economic activity and sales tax revenue. The current trend shows a slowing of this growth, indicating a need for adaptive fiscal strategies to maintain financial health and sustainability.

The City's General Fund balance is impacted by increased inflation and rising interest rates. There has been a 9% expense increase from FY24 to FY25, and will see a 4% increase from FY25 to FY26. FY 24 General Fund cash balance is \$17.4 million or 52.6% of General Fund expenditures. FY24 General Fund balance is \$12.1 million or 36% of expenditures. There is an additional to the fund balance in FY24 of \$2.6 million.

As we look to FY26, Kirkwood faces significant challenges such as stagnant revenue growth, rising operational and capital costs, and community demands for enhanced services. Administrative strategies: working with Department Heads to differentiate



needs from wants and hiring holds through review of position vacancies, operational efficiencies, and determining necessity. Future collaboration with the City Council to address potential expenditure reductions and opportunities to increase revenues.

CAO Hawes went over departmental highlights for the proposed FY25/26 budget:

Administration Department

- Medical plan: 5% increase in health insurance premiums.
- Dental plan: 4% increase in premiums.
- Compensation adjustment of 2% merit plus 1.5% CPI.
- Reduction of one full-time employee.

Management Information Service (MIS)

- Enterprise Resource Program (ERP) transition underway to new system funded through FY26.
- ARPA allocation of \$2.6 million.
- Business continuity and cybersecurity in the amount of \$90,000.
- Reduction of one full-time employee.

Police Department

- Operational initiatives include: fully-staffed for first time since 2020, decreased overtime expense projected, opioid settlement funds in the amount of \$78,500.
- Capital expenditures include: patrol vehicles in the amount of \$290,000, detective vehicles in the amount of \$90,000, leased vehicle in the amount of \$10,300, and mobile data terminals in the amount of \$12,000.

Fire Department

- There were 6,040 calls for service last year.
- Average ambulance arrive time was 5 minutes 38 seconds, compared to national standard of 8 minutes 58 seconds.
- Average first arriving engine on a structure fire was 4 minutes 12 seconds, compared to the recommended average of 5 minutes 20 seconds.
- Capital items for FY25/26 include: cardiac monitors/defibrillators in the amount of \$400,000, mobile radios in the amount of \$100,000, and command vehicle in the amount of \$75,000.
- There is a proposed 13.6% increase in ambulance response fees proposed.
- Manage Care Organizations now included in GEMT.
- The Fire Department completed a service delivery analysis of House 3. This firehouse has the least activity of the City's three firehouses. Under minimal staffing, House 3 operates with 4 personnel and the others operate with 5.
- Structure fire response and ambulance response is closely monitored.
- Since inception in 2022, ladder truck has responded to all structure fires in the City and ambulance response times have met all national standards.
- In order to bring Fire staffing at House 3 from the current minimum staffing of 4 to a staffing of 5, three firefighters would need to be added (one per shift). Adding these personnel would provide some benefit in emergency response. The cost would be over \$360,000. Management does not support this addition at this time, but may be considered in future years with additional revenue streams.



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Engineering and Infrastructure

- Over the past decade, Kirkwood has prioritized street restoration and preservation.
- Pavement Condition Index improved from 64 in 2015 to 85 in 2024.
- The City will invest \$1.8 million in street resurfacing in FY26.
- Street improvements funded through the new TDD, which will begin in FY27.

Water Department

- FY24 water main breaks decreased from previous years.
- Water loss reduced to 7% compared to 16% in FY23 and 26% in FY22.
- Key factors in reduction include: replacing problematic mains and exercising and replacing valves for quicker shutoffs.
- Water main replacement and capital improvements include:
 - FY25 completed projects: 2,440 feet replaced on Rayner Road and Taylor Young, and 2,315 feet replaced on Big Bend (Kirkwood Road to Fillmore).
 - FY26 planned projects include: Woodgate and Lockett Road (currently in design phase in FY25) in the amount of \$1,425,000, and replacement of Pump Station 1 in the amount of \$3,000,000.
- New Federal and State mandate went into effect in FY24 requiring all lead and galvanized service lines to be replaced within 10 years.
- FY27 goal is to achieve 1% main replacement rate per year and initiate lead service line replacement program.
- There is a proposed 27% increase in water consumption rate and infrastructure renewal charge, which would result in about a \$16 per month increase to the average customer. Future annual rate increases of 5% projected to keep pace with costs.

Electric Department

- The completion of the Sugar Creek Substation marks the end of the system upgrade program.
- Kirkwood Electric will scale back capital expenditures and focus on rebuilding cash reserves.
- Energy losses will be minimized, and overall system reliability will improve.
- Capital budget allocation for FY26 include: distribution system/circuit upgrades in the amount of \$862,500, line clearance in the amount of \$310,000, line services in the amount of \$250,000, and underground boring services in the amount of \$150,000.

Sanitation Department

- New landfill agreement goes into effect in FY25 with a FY25 disposal cost of \$45.93 per ton.
- The FY24 average cost for recycling is \$102 per ton (up from \$85.27 in the previous year).
- Budgeted FY26 recycling cost of \$100 per ton (up from \$90 per ton in FY25).
- Budgeted costs for FY25/26 include: sideloader truck in the amount of \$325,000, rearloader truck in the amount of \$275,000, roll-off truck in the amount of \$160,000, and flat bed truck in the amount of \$80,000.



Recreation Department

- Capital budget allocation for FY25/26 include: Community Center renovation in the amount of \$2,060,518, Ice Rink mechanical in the amount of \$3,000,000, Pool painting in the amount of \$45,000, Pool repairs in the amount of \$65,000, Aquatic Center electric in the amount of \$160,000, and Kirkwood Performing Arts Center equipment in the amount of \$5,000.
- Current Aquatic Center will soon be reaching the point of diminishing returns for capital improvements. FY26 budget includes \$35,000 to complete a feasibility study on a reimagined and new Aquatic Center. Moving to begin the process will mitigate significant capital expenses and will require a voter-approved GO bond.

Some of the discussion is as follows:

- The deficit that is projected for FY25/26 is higher than in previous years.
- Concern was raised regarding increase in expenses over the last five years.
- Question was raised regarding if a 9% increase in expenses from FY24 to FY25 is the actual? The answer is yes.
- The current positions that are vacant and are not included in the FY25/26 budget to be filled are: Assistant Forester, IT Analyst, and Administration Department Administrative Assistant.
- Question was raised regarding if the proposed 2% merit and 1.5% CPI will keep the City in the 65th percentile? The answer is yes.
- Question was raised regarding why the Police Department leases a vehicle? The leased vehicle is for the SEG unit and is reimbursed by the State.
- It was requested that the City Council received a list of asset inventory from the Fleet Services Department.
- Question was raised regarding where revenues from tickets/court fines go to? The revenue from tickets goes to the City's General Fund. Court fines are under the purview of the Judge and Courts.
- The Fire Department has not raised fees since 2018.
- The Fire Department did a fee study and found that ambulance response fees were lower than the average.
- The Fire Department estimates that a 13.6% fee increase will net approximately \$606,000 in revenues.
- 25-30% of ambulance calls are not billed.
- Concern was raised regarding Fire Department overtime and it was requested that the City Council be provided with a realistic budget amount for overtime.
- Question was raised regarding if there are any anticipated issues with federal funding on transportation projects? The City has not received any indication that federal funds will not be received.
- Question was raised regarding if the water pump station was previously valued as lower? The answer is yes.
- Question was raised regarding why the Water Department is not planning do go to 1% in planned projects/distribution system? This is due to costs.
- Concern was raised regarding the proposed transfer out of the Water Department in FY25/26. It was the consensus of the Council to not include the transfer out of the Water Department in FY25/26.
- Question was raised regarding if there is any concern about revenues versus expenses budgeted for in FY25/26 for the Electric Department? The answer is no.



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- Question was raised regarding the state of Prairie State’s plant? The plant is doing well.
- Question was raised regarding if there was any concern with the Sanitation Department being budgeted for at a loss? A loss is anticipated, but may not be realized.
- A feasibility study on the Aquatic Center is being proposed this next fiscal year, with \$35,000 budgeted for in the FY25/26 budget.
- The City has seen great revenue growth from the Kirkwood Performing Arts Center.

MOTION TO CLOSE THE MEETING

Motion was made by Council Member Zimmer and seconded by Council Member Luetzow to close the meeting pursuant to RSMo Chapter 610.021 (1 – Legal & Approval of Closed Session Minutes).

Roll Call:

Mayor Gibbons	“Yes”
Council Member Luetzow	“Yes”
Council Member McLean	“Yes”
Council Member Rheinnecker	Joined the meeting via the phone and could not participate in a roll call vote
Council Member Schaefer	“Yes”
Council Member Zimmer	“Yes”
Council Member Jaksetic	Absent

The meeting was closed.

MOTION TO OPEN THE MEETING

Motion was made by Council Member Zimmer and seconded by Council Member Schaefer to open the meeting.

Roll Call:

Mayor Gibbons	“Yes”
Council Member Luetzow	“Yes”
Council Member McLean	“Yes”
Council Member Rheinnecker	Joined the meeting via the phone and could not participate in a roll call vote
Council Member Schaefer	“Yes”
Council Member Zimmer	“Yes”
Council Member Jaksetic	“Yes”

The meeting was opened. Since no further matters were to come before the council, it was adjourned.

Laurie Asche
City Clerk