



## **WORK SESSION MINUTES**

A work session of the Kirkwood City Council was held on February 20, 2025, at 5:00 p.m. at Kirkwood City Hall, 139 S. Kirkwood Road, Kirkwood, Missouri. Present Mayor Gibbons, Council Members Jaksetic, Luetzow, McLean, Rheinnecker, Schaefer, and Zimmer. Also in attendance were Chief Administrative Officer Russ Hawes, Assistant Chief Administrative Officer David Weidler, City Clerk Laurie Asche, Director of Public Services Chris Krueger, Director of Finance Mary Sprung, Communication Manager Jessica Winter, and City Attorney John Hessel.

### **APPROVAL OF THE FEBRUARY 13, 2025 WORK SESSION MINUTES**

Motion was made by Council Member Zimmer and seconded by Council Member Schaefer to approve the minutes of the February 13, 2025 work session meeting.

Motion was made by Council Member Luetzow and seconded by Council Member Schaefer to amend February 13, 2024, minutes by changing the wording on page 4, under discussion, bullet 8, to read, "The revenue from tickets goes to the City's General Fund."

The minutes as amended were unanimously approved.

### **BUDGET DISCUSSION**

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

The Water fund transfer started in 2017. The City Council decided to transfer funds to be used towards street repairs. The City adopted its street restoration program in 2015, which continued year after year. The transfer has not been made in the last two years because the Water Department has not brought in the revenues needed to do the transfers. The City spent \$1.8 million on roads during the previous two years. In the current year, the City spent \$1 million on roads, which was budgeted. The City has several large-scale projects, so it is necessary to make the transfer. The last projects were in the \$1.4 million per year range. Going to \$2.4 million will require a rate adjustment, as will the anticipated costs for the lead service line placement program. In conjunction with these costs, drive the number provided and what we recommend in the budget. The 27% rate increase is still below Missouri American Water's anticipated rate.

The amount that goes to the street restoration projects would need to be adjusted to accommodate the lack of the transfer out of Water. Some of them could be put on hold for a short period, such as a year, and then we'll get TDD funds. There are two scenarios in front of the Council. One shows a more significant climb if you don't make the transfer in cash on hand. Then, the other scenario is that it will still support taking care of it, transferring the funds to the capital program. It'll be a slower climb in the overall growth of the water department's cash on hand, but either one works.

Some discussion took place as follows:

- The transfer out of Water in the amount of \$710,000 is currently in the proposed FY25/26 budget.



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- Question was raised regarding if the \$710,000 proposed for a transfer out of Water is not done, could the funds be used towards water main repairs? If the transfer out of Water is not made, that amount goes towards cash.
- Concern was raised that a 1% water main replacement rate is not accomplished. 1% water main replacement will start in FY27.
- Question was raised regarding if the transfer out of Water is made, will there be \$1.8 million put towards streets? Yes.
- A question was raised regarding whether each fund has a reserve balance and where the reserve amount is growing from. What is not spent from the current fiscal year rolls over into the next fiscal year?
- It was recommended that a cost sharing program be developed for the lead service line program.
- A question was raised asking about the \$220,000 contingency line item.
  - The contingency is for items that are not budgeted for or projects that come along that the Council chooses to do.
- A question was raised regarding if the proposed 27% water rate increase could be split in half and take some from the electric department.
  - That would not be recommended.
- Concerns were raised regarding the possible sale of the water department should the transfer continue. Future discussion will take place after the completion of the Water Master Plan in May 2025.
- Concern was raised regarding the Police and Fire Department's overtime budget being under budget.
- Concern was raised that Fire House #3 continues to be understaffed. Staff does not support the addition of 3 additional staff at this time.

The 27% rate increase will be on the March 6, 2025 Council agenda. A majority of the City Council agreed to leave the \$710,000 transfer out of Water in the budget.

**MOTION TO CLOSE THE MEETING**

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

Roll Call:

Mayor Gibbons	“Yes”
Council Member McLean	“Yes”
Council Member Rheinnecker	“Yes”
Council Member Schaefer	“Yes”
Council Member Zimmer	“Yes”
Council Member Jaksetic	“Yes”
Council Member Luetzow	“Yes”

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.



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Roll Call:

Mayor Gibbons	"Yes"
Council Member McLean	"Yes"
Council Member Rheinnecker	"Yes"
Council Member Schaefer	"Yes"
Council Member Zimmer	"Yes"
Council Member Jaksetic	"Yes"
Council Member Luetzow	"Yes"

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

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Laurie Asche  
City Clerk