

MEMORANDUM

TO: Finance and Administration Committee of City Council

FROM: Michael G. Herring, City Administrator

DATE: February 16, 2005

SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING

The Finance and Administration Committee met on Tuesday, February 15, 2005. Those in attendance included: Chairperson Mary Brown, Ward IV, Councilmember Jane Durrell, Ward I, Councilmember Bruce Geiger, Ward II, and City Administrator Mike Herring. Also in attendance were Councilmembers Dan Hurt, Ward III and Barry Streeter, Ward II, CCDC board members Howard Rosen, President, Rodney Falgout, Treasurer, Alan Politte, Secretary, and Rudy Stinnett, CCDC Attorney Jim Mello, CCDC staff members Kathy Duepner and Tim Davidson, and Executive Secretary Caroline McDowell. Absent from the meeting were Councilmember Mike Casey, Ward III, and Director of Finance and Administration Jeremy Craig. The meeting was called to order by Chairperson Brown at 5 p.m.

1. Approval of Minutes—January 26, 2005

Councilmember Geiger moved to approve the minutes from January 26, 2005 and Councilmember Durrell seconded. The minutes were approved 3-0.

2. Discussion/Review of Chesterfield Community Development Corporation (CCDC)

Chairperson Brown introduced each member of the Committee to those in attendance and summarized the current situation with CCDC. In conjunction with the approval and adoption of the FY 2005 Budget, City Council reduced the budget for economic development to \$100,000 and voted to withhold any payments to CCDC until at least April 1 unless otherwise approved by City Council. Mayor Nations and City Administrator Herring recommended that economic development be moved in-house to City Hall. The F&A Committee was charged with reviewing that recommendation, analyzing the current structure for economic development and the relationship with CCDC, and deciding whether its employees should be moved into City Hall as City employees under the supervision of the City Administrator. Councilmember Geiger added that the "Economic Development Organizational Structure Comparison" submitted by the CCDC Board was a good start for the review process. It was his hope that the F&A Committee would have a recommendation for Council by March.

Mr. Mello was introduced to present the report, which included a review of CCDC and a comparative survey of cities and their economic development programs. He explained that CCDC was created as a separate legal entity from the City, but maintains close ties and receives the majority of its funding from the City. The mission statement was drafted jointly with City Council, and the organization focuses not only on economic growth but also on community growth. Mr. Rosen pointed out, however, that CCDC is getting mixed signals from the City about its function. Without support for the current structure, the organization cannot determine its needs, including funding, staffing, facilities, etc. He suggested that, until more information could be gathered, things be kept "status quo" with regard to their office space and employees as detailed within the proposal.

CCDC made the following recommendations:

- Establish a Joint Study Committee composed of three City Council members, three CCDC members, one Chamber of Commerce member, one Valley Coalition member and one Progress West 64 member.

- Once established, the Joint Study Committee will work to prepare a Request For Proposal (RFP) to secure the services of a professional consultant, at an estimated fee of \$25,000-\$50,000, for the purposes of developing recommendations regarding Chesterfield's current and future economic development objectives and needs, and how they could/should best be met. The consultant would complete a formal report to be presented to City Council no later than October 15, 2005 and the report could/should be used by City Council to determine any budget allocations for 2006.
- During the interim, CCDC will remain at its current location and maintain the \$100,000 funding from the City.

Mr. Falgout stated there is a comprehensive development plan that ideally defines what the City should be, but there is no action plan to get to that point; the consultant will help to shape the action plan while recommending how the City should structure itself to address economic development. Mr. Mello added that most innovative development comes from the City level and full-time economic development people are necessary in that function. Mr. Stinnett agreed, stating that to keep jobs and families in this area, the City needs to take an aggressive approach to economic development.

Mr. Herring restated Chairperson Brown's comment that City Council had allocated \$100,000 for economic development. In order to fund the cost of a professional consultant (\$25,000-\$50,000), it would be necessary to amend the budget and allocate funds from fund reserves. He asked Mr. Rosen if CCDC would be able to fund this additional expense. Mr. Rosen responded that CCDC did not have adequate funds to cover this cost. Mr. Herring asked how the appointment process of the 9-member Committee would be handled. Mr. Rosen indicated that CCDC had not discussed that detail, but it could probably be handled like other committees with an appointment by the Mayor and approval by City Council. Mr. Herring asked if there would be staff assigned to assist the committee. Mr. Rosen noted that CCDC had not discussed that either, but there would be a need for staff support. Mr. Herring asked if CCDC had discussed this proposal with the Chamber, Valley Coalition or Progress 64 West to determine if they would be supportive of this recommendation and/or if they would be supportive of funding all or part of the cost to hire the consultant. Mr. Rosen said that no contact had been made with those organizations. Mr. Herring asked if the RFP to secure the services of a professional consultant would be forwarded to City Council for review and approval before seeking proposals. Mr. Rosen answered that the process could be handled in that manner. Mr. Politte also suggested that, if necessary, the study could be conducted in phases, by the consultant, with funding allocated only for each phase in advance. If a conclusion not to proceed were reached following any of the phases, there would be no more funding allocated.

The CCDC Board members, staff and attorney left the meeting at this point.

Councilmember Geiger agrees that City Council needs to determine what exactly economic development means, but feels that eight months is too long for such a review. In the CCDC report, 14 cities were surveyed; 11 are a part of and funded by the cities for which they function. In essence, the report backs up the recommendation to move economic development in-house.

Mr. Herring pointed out that currently, the City is growing in a positive manner, motivated mostly by word-of-mouth, input and direction provided by City officials and quality developers, and the City's Comprehensive Plan. However, it's important to look forward and determine what structure will best serve the City in the years to come. He suggested the following questions will need to be addressed: 1) If the Committee agrees with the CCDC proposal, is the Committee willing to recommend funding the consultant through the use of fund reserves, or should that cost be covered by the \$100,000 already budgeted? 2) If the Committee recommends support for the formation of this Joint Study Committee, how should appointments be handled? 3) Should the City have final approval over any RFP developed by this committee? 4) Should the City provide staff support to any such committee?

Councilmember Durrell, while supportive of the idea, questioned the proposed membership on the Joint Study Committee. She noted that one of the main issues to be discussed by the committee would be the role of CCDC, especially if, like the majority of all other cities surveyed, employees were hired by the City to address economic development. While CCDC members could/should be interviewed by any consultant hired, she questioned if CCDC should actually be on the committee. Councilmember Durrell also questioned the funding and expressed concern regarding the use of fund reserves.

Councilmember Hurt addressed Mr. Herring's point that the City is now growing and developing because the timing is right and the market has identified Chesterfield as "the place to be". His concern was that steps need to be taken now to insure that the current growth can be sustained and consistently reshaped, in the future. According to Councilmember Hurt, Chesterfield needs industries such as Pfizer, Monsanto, etc, to attract the smaller businesses, development and families to continue to succeed.

There was general agreement that a long-range plan needs to be developed and reviewed by City Council on a regular basis.

Following additional discussion, the Committee decided to table any action regarding the CCDC proposal pending further discussion at the next meeting. The Committee directed Mr. Herring to contact Sachs Properties and learn the details of CCDC's current lease and to request that CCDC provide specific information regarding its current cash assets and projected revenues for the balance of their fiscal year, and all current liabilities including rent, salaries/fringe, etc.

3. Other Items

No other items were discussed.

The F&A Committee will next meet at 8 a.m. on Tuesday, February 22, 2005.

Chairperson Brown adjourned the meeting at 7 p.m.