

## MEMORANDUM

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**TO:** Michael G. Herring, City Administrator  
**FROM:** Kelly L. Vaughn, Director of Finance and Administration  
**DATE:** January 25, 2010  
**SUBJECT:** Finance and Administration Committee Meeting

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The Finance and Administration Committee met on Monday, January 25, 2010. Those in attendance included: Chairperson Bruce Geiger, Ward II; Councilmember Matt Segal Ward I; Councilmember Randy Logan, Ward III; Councilmember Connie Fults, Ward IV; City Administrator Mike Herring; Director of Finance and Administration Kelly Vaughn; and, Assistant City Administrator for Community Services and Economic Development Libby Malberg. Those also in attendance included Mayor John Nations, Councilmember Mike Casey, Ward III; Councilmember Bob Nation, Ward IV; Councilmember Barry Flachsbart, Ward I and Assistant Director of Finance and Administration Brian Whittle.

Chairperson Bruce Geiger called the meeting to order at 5:36 p.m.

### **1. Approval of Minutes—October 26, 2009**

Councilmember Fults motioned to approve the minutes from the October 26, 2009 meeting of this Committee. Councilmember Logan seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

### **2. Discussion Regarding On-Line Posting of Check Register Provided to City Council**

Councilmember Flachsbart recommended that the check register provided to City Council should be posted on-line. He said many communities are moving to more fiscal transparency including the state of Missouri. Councilmember Logan clarified that he would not want employee pay posted on-line.

Mr. Herring, stated that a check listing of checks over \$5,000 was currently given to all Councilmembers and a listing of all checks was provided to the Mayor. He felt that posting this listing on-line would actually give less information because there is no explanation associated with the check.

Councilmember Fults agreed with Mr. Herring and stated that the Council used to get the full list and actually asked to stop receiving it. She also felt it may lead to residents contacting vendors directly regarding why they received City money.

Councilmember Segal stated that this information is already publicly available if someone were to ask for the information. He felt that information like the budget and financial report provided sufficient fiscal information. Additionally, he felt those reports would provide a good starting point for anyone to ask for further information.

Mayor Nations agreed with Mr. Herring and stated that just because it may provide more information it does not mean it will make people more informed. Additionally he said that when a poll was taken of residents a few years ago, restoring integrity to the city ranked dead last as an issue. Therefore, he did not feel posting all checks on-line would satisfy any need of the citizens.

No one motioned to approve the on-line posting of the checks.

### **3. Discussion Regarding Email Retention Policy Regarding Mayor/City Councilmembers**

Mr. Herring stated that the City adopted a policy to delete emails after 30 days. He clarified that only emails that were not put in a archive folder or downloaded would be deleted. He stated that the policy was implemented to reduce electronic storage costs and remove 'conversational' emails from the City. Additionally, the policy is in place for employees of the City.

Councilmember Flachsbart expressed concern about losing emails with residents because of this policy. Councilmember Geiger stated that it was possible to store the emails permanently through the archive folders. Mr. Herring clarified that policy only affected files in the in-box and would not impact saved emails.

Councilmember Geiger asked if the Sunshine Law required email retention. Mr. Herring stated the Sunshine Law did not currently require it. He did say that at some point it might be required in the future.

Councilmember Segal motioned to recommend approving the policy to delete emails after 30 days. Councilmember Logan seconded the motion. Councilmember Segal amended the motion to wait until March 1, 2010 in order to give time for everyone to meet with Matt Haug and set up the archive folder. A voice vote was taken, with a unanimous result, and the motion was approved.

### **4. Discussion Regarding List Serve**

Ms. Malberg, said the List Serve will enable residents to receive information on various categories that are set-up. She said that an un-limited number of categories could be created. She gave the example of being able to send out the City Newsletter to all

residents who request it. Councilmember Geiger asked if residents would still get the hard copy of the newsletter. Ms. Malberg said they would still get the hard copy. Councilmember Geiger then requested that a document explaining the new service be made available for residents.

Councilmember Fults questioned if the List Serve would become a chat room. Ms. Malberg stated that the List Serve is only a one-way service and department heads would have final approval on anything put on the List Serve.

Councilmember Logan stated that he worked with Libbey and Matt to create a website for the Chesterfield Alliance for Positive Youth. He said they were a tremendous help and that any City group could create a page.

Mr. Herring stated that everyone was very excited about the capability. He said the first step will be getting the word out about the new capability and that the sky was the limit in the uses of the List Serve.

## **5. Discussion Regarding FY2009 Financial Update**

Ms. Vaughn presented a financial update for the period ending December 31, 2010. She stated that sales tax in the General Fund increased by 7.13% over November 2008 and the results were even better for the Parks Sales Tax Fund (+9.47%) and the Capital Improvement Sales Tax Fund (+9.36%). She stated that when the City developed the sales tax projections for 12/31/09, a conservative estimate of approximately 4% below 2008 in the General Fund was used, and 8% below 2008 in the Parks Sales Tax and Capital Improvement Sales Tax Funds. Therefore, these numbers will have positive implications for the close-out of the FY2009 Budget.

Additionally, Ms. Vaughn stated that the sales tax increase coupled with Mr. Herring's directions to Department Heads to reduce/control expenditures, as much as possible, have had a positive impact upon our Fund Reserve projections, as of 12/31/09. She stated that when the proposed FY2010 Budget was made, an original projected shortfall as of 12/31/09, in the General Fund, was \$297,705. The latest projections are such that this number has been reduced, by \$96,555, to \$201,150. This means that the amount that Fund Reserves needs to provide, in order to balance our FY2009 Budget, has also been reduced, by that same amount. She further projected 12/31/09 Fund Reserves to total \$14,022,670. Mr. Herring reiterated that Parks Sales Tax and Capital Improvement Sales Tax are point of sale and are a reflection of the strength of the City.

Ms. Vaughn stated that even though sales tax revenue, within the Capital Improvement Sales Tax Fund, increased in November (from prior year), by \$45,604, our projections for 12/31/09 still reflect a year-ending shortfall of approx. \$407,500. She said this is due, primarily, to the fact that the anticipated grant fund reimbursements for the Stablestone project will not be received until FY2010.

Ms. Vaughn stated that the Parks Sales Tax Fund is also performing better than originally expected. She said that rather than a slight increase to Fund Reserves of +\$228, she now anticipates that Fund Reserves will grow by \$121,537, to \$3,099,666, as of 12/31/09.

## **6. Fund Reserves Update**

Ms. Vaughn discussed the General Fund Reserve. She said fund reserves were updated to reflect the financial performance previously discussed. She said that General Fund reserves over the 40% policy increased from \$2.65 million to \$2.70 million. She said that Parks Sales Tax Fund reserves over the 40% policy increased from \$1.38 million to \$1.50 million.

Councilmember Geiger cautioned that even though November sales tax numbers were positive, October sales tax numbers performed negatively.

Mr. Herring stated that if sales tax receipts are this positive, for December 2009, and if utility tax receipts positively reflect December's very cold weather, the budgetary shortfall and resultant impact on Fund Reserves could be further reduced.

## **7. Recommendation Regarding FY2010 Capital Improvement Sales Tax Fund/General Fund Transfer**

Mr. Herring stated that when the FY2010 budget was prepared, the City Council was supportive of his recommendation to transfer \$528,834 from the General Fund Fund Reserves to supplement the revenues of the Capital Improvement Sales Tax Fund. He is now concerned that by recommending the transfer, he created a precedence of the General Fund always supporting any shortfall in the Capital Improvement Fund. Furthermore, he still agreed with the 2009 transfer because it showed that the City was prepared to fully fund all originally budgeted operations when things were at their bleakest. Due to all of those factors, he felt that going forward, the City should not make this transfer and he did not feel it was necessary in 2010.

He stated that Mr. Geisel, Director of Planning and Public works, initially submitted his budget for the fund without the need for a transfer. He stated that Mr. Geisel, fully supported Mr. Herring's recommendation and thought the fund should 'stand on its own'. He said that the City was not yet at the point in 2010 where the transfer was necessary because not all of the projects have been initiated.

Councilmember Fults stated that she originally supported the measure because she felt the City could get 'more bang for their buck' due to the economic times. Councilmember Segal agreed with Councilmember Fults and said that is why he also supported the measure. Mr. Herring, said that was never his rationale for supporting the measure and

instead he merely wanted the General Fund to supplement revenues so the maximum amount of projects could be done. At the time, he felt that the City should do that because it was done in 2009. He changed his mind, because he did not want the City to get in the habit of always making the transfer. He felt the transfer was not necessary or prudent and would only draw down fund reserves over time. He further stated that 'living within our means' has been the policy of the fund since it was started and 2009 was the first year that policy had been broken.

Councilmember Logan asked what the average overages/shortfalls were for the fund. Mr. Herring stated that there was about \$800,000 that had accumulated in the fund at the start of 2009. Councilmember Logan then asked what projects would be cut.

Mayor Nations, stated that Public Works has a very extensive database of all the roads in the City and uses that to identify areas of improvement. He said based on conversations he had with public works staff, that even with the cut, Chesterfield will still be able to provide high quality roads. Furthermore, he noted that the Public Works staff feels that street standards in the City are much higher than other Cities and those standards will not be decreased with the reduction.

Councilmember Flachsbart stated he was not in agreement with the cut and thought the budget should never be reduced below \$2 million. Mr. Herring stated that Mr. Geisel said that all needed projects will be accomplished in 2010 even with the cut. Furthermore, Mr. Herring did not feel that spending all of the money in 2010 will guarantee any savings in 2011.

Councilmember Geiger said he was in favor of the reduction. He said, however, if Mr. Geisel finds an opportunity to forward fund any projects or finds a great deal, he should still present it to the Council. Mr. Herring agreed and said that the City is ahead of the curve on projects but would try to take advantage of any opportunities if they became available.

Councilmember Fults expressed displeasure that it has been only a month since the budget was approved. She felt that in the future these decisions should be made earlier. Mr. Herring agreed with the criticism but stated he felt a responsibility to suggest the change.

Councilmember Geiger made a motion to modify the budget and eliminate the \$528,834 transfer to Capital Improvement Sales Tax Fund. Councilmember Logan seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

## **8. Recommendation of Purchase of Court Software**

Ms. Vaughn stated that the current court software would no longer be supported as of April 2011. She stated that the current software had been in use for over 13 years. She also stated that City needed new software due to the growth of the courts, regardless of

the change in the current software. She said based on the amount of time needed to implement new software, staff began identifying new software last year. She said Nancy Morr, Court Administrator, identified three software companies based on conversations with her peers and other research. Those three software companies, REJIS, InCode, and JustWare, were all invited to the City to make a presentation. Representatives from Courts, Finance, and IT and the Judge all attended these presentations. Everyone who attended these meetings agreed that JustWare was the best software for the needs of the City. Ms. Morr then discussed the software with other cities that use JustWare and found that they all highly recommend the software. Additionally, JustWare has a 98% customer retention rate, which is very high for software.

Ms. Vaughn stated that JustWare has the highest upfront cost of all the companies but over a ten-year period, they are the cheapest. She also noted that a large part of the upfront cost is a conservative estimate of the data conversion. She said that cost may decrease but conservative numbers were used for comparative purposes.

Councilmember Logan asked what the City currently paid for support. Ms. Vaughn stated that the City currently pays about \$825 annually, which provides the City with 20 hours of maintenance. Ms. Vaughn states that all estimates were based on the companies providing the same amount of maintenance.

Councilmember Fults asked if the current accounting software had a court package. Ms. Vaughn stated that New World did not have a court application. Councilmember Segal stated that he felt there should be a lot of IT help included in the upfront cost for the software. Ms. Vaughn stated that bid includes a set amount of hours and that the IT department felt those hours were on the high side of what is needed to implement the new software.

Councilmember Segal made a motion to approve the purchase of JustWare software in an amount not to exceed \$142,002. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

## **9. Possible Revenue Enhancements**

Discussion was postponed until the next meeting.

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There being no further business to discuss, Chairperson Geiger adjourned the meeting at 7:00 p.m.