

MEMORANDUM

TO: Members – F&A Committee
FROM: Michael G. Herring, City Administrator
DATE: June 19, 2015
SUBJECT: Minutes – 6-17-15

The Finance and Administration Committee met on June 17, 2015. Those in attendance included: Chairperson Barry Flachsbart, Ward I; Council Committee Member Elliot Grissom, Ward II; Council Committee Member Dan Hurt, Ward III; Council Committee Member Bruce DeGroot, Ward IV; Mayor Bob Nation; City Administrator Mike Herring; Finance Director Craig White; Captain Ed Nestor of the Chesterfield Police Department; Director of Planning and Public Works Mike Geisel; Public Works Director Jim Eckrich and, Community Services/Economic Development Director Libbey Tucker. Those also in attendance included: Councilmember Bridget Nations, Ward II; Councilmember Mike Casey, Ward III; Councilmember Connie Fults, Ward IV; and Management Analyst, James Mello Jr.;

Chairperson Barry Flachsbart called the meeting to order at 5:30 p.m.

1. Approval of Minutes from September 22, 2014

Councilmember DeGroot motioned to approve the minutes from the September 22, 2014 meeting of this Committee. Councilmember Hurt seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. Approval of Minutes from November 20, 2014

Councilmember DeGroot motioned to approve the minutes from the November 20, 2014 meeting of this Committee. Councilmember Hurt seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

3. Discussion Regarding Broadmoor Condos Neighborhood Improvement Dist. (NID)

Mrs. Tucker stated that she, along with Mr. Eckrich and Mr. Geisel, had been working with the property managers and trustees of the Broadmoor Condominium for one year. She noted that, on behalf of the residents of Broadmoor, they would like to reconstruct their streets and some parking areas. The City provided a cost estimate for this work of approximately \$1.5 million, which the City would manage. A petition was circulated among Broadmoor's 216 residents and 75% of the residents approved to move ahead with the NID process, which exceeds the City's 70% requirement.

Mr. White next discussed the information contained within his MEMO, that there are two options for financing the NID. Both options would give the property owners the choice to pay off their share of the project costs up front or over a period of 20 years, with payment secured by liens on the property. The first option calls for the City to issue bonds to pay for the construction. Bond issuance costs of approximately \$42,230 would be incurred and added to the amount owed by the property owners. The other option is for the City to forward fund the project. This would eliminate the issuance fees and create less of fiscal burden on the residents. The rate the City would charge in either case would be approximately 4%, which is significantly more than our current investment returns, which currently equal 1% or less. Either option would cost significantly less than the residents could obtain through traditional lending. The one other NID in Chesterfield, Chesterfield Hills, was also forward-funded by the City; however, it was a much smaller project amount of \$135,000.

Discussion ensued and it noted that should future NID project requests come to the City with these financing options, the Council would need to carefully evaluate the City's capacity to lend these funds and that staff should carefully explain that when working with the residents.

Councilmember Hurt inquired as to the anticipated life of the asset which Public Works Director Jim Eckrich confirmed was anticipated to last approximately 30 years or more.

The Mayor clarified that because on the City's involvement, contractors would be subject to prevailing wages. Jim Eckrich confirmed this, but stated that due to the nature of the work involved, prevailing wages were likely to be incurred regardless of who managed the project, and that it was not significantly impacting the projected cost of the project.

Councilmember Hurt inquired about resident vacancy and delinquent rates for property assessments within Broadmoor, which was confirmed to be low in both instances by the Property Manager of Broadmoor, Rob Keim, of RAFCO Properties.

Councilmember Flachsbart summarized the comments and identified two key issues; the approval of the NID and the recommendation for the City to forward fund the project.

Councilmember Hurt motioned to approve and forward to the full City Council, a recommendation for creation of the Broadmoor Condominiums Neighborhood Improvement District. Councilmember Grissom seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

A general discussion followed clarifying the nature of the City's forward funding, rates of return on the funds, and how it related to the City's Fund Reserves, especially relating to the 40% policy.

Councilmember Grissom asked if the investment could be bondable in the future, and Mr. White stated he would verify that information prior to the vote at City Council.

Councilmember Grissom motioned to recommend to the City Council that the City fund the Broadmoor Condominium NID project utilizing fund reserves. Councilmember Hurt seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

In response to questions from the Broadmoor Trustees, Director of Public Services Mike Geisel and City Administrator Mike Herring clarified the next steps: City Council will review and make a final decision regarding this proposed NID, vote at the July 20 Council meeting. Assuming an affirmative vote, by City Council, bids would be solicited, evaluated by Staff and then forwarded to City Council, for review/approval. The project would then be scheduled for Spring/Summer of 2016.

4. Review and acceptance of FY2014 Audit and “Comprehensive Annual Financial Report” (CAFR)

Councilmember Flachsbart introduced the agenda item and asked if there were any comments about the audit. Mr. Herring and Mr. White noted that the City received a clean opinion. General discussion ensued.

Councilmember DeGroot motioned to receive and accept the results of the audit. Councilmember Hurt seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

City Administrator Mike Herring took the opportunity to compliment and thank Mr. White and City Staff for another job well done.

5. Review and discussion regarding the process involving grant applications and acceptance

Director of Public Services Mike Geisel summarized the two categories of grants that the City pursues on a regular basis, recurring grants and opportunity grants, and outlined the process that by which grants are reviewed and approved by Council.

Councilmember Hurt motioned to accept and file the grant process as outlined by Mr. Geisel. Councilmember Grissom seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved. Mr. Herring commended Mr. Geisel and his Staff for their successful efforts, over the years, in acquiring grant funding.

6. Proposed modification to Vacation Policy

Finance Director Craig White discussed the City’s current vacation policy, noting that, since originally adopted by City Council, it allows employees with ten or more years of full-time service to earn a maximum of 4 weeks/year. A survey conducted by the City of Brentwood showed that a majority of comparable local municipalities allowed an additional level of vacation earnings: 5 weeks (25 days/year) for employees with over 25

years of full-time service. Only Chesterfield and one other City fell below this standard. Mr. White advised that he had met with Chief Ray Johnson and Mr. Geisel and that the three of them were now recommending that this change be approved by Chesterfield. In review of this recommendation, Mr. White, Chief Johnson and Mr. Geisel concluded that this proposed change would not result in any significant scheduling issues or costs to the City. He pointed out that the maximum accrual, as spelled-out within the City's Personnel Manual, that could be carried forward, from one year to the next, would remain unchanged at 30 days or 240 hours.

City Administrator Mike Herring stated that 28 employees were currently eligible for the benefit increase, and that 23 of them were in the Police Department. Captain Ed Nestor stated that he had discussed this with Chief Johnson and both were in agreement that, if this additional benefit were to be approved, there would be NO decrease to the existing quality of service provided by the Police Dept., nor would there be ANY increase in overtime pay.

A general discussion ensued. Several Councilmembers in attendance noted that their current or former employers offered similar or greater vacation earnings.

Councilmember Grissom motioned to recommend this increase in vacation earnings and that this benefit change be forwarded to City Council, for final approval. Councilmember DeGroot seconded the motion. A voice vote was taken and the motion was passed 3-1, with Councilmember Hurt voting against the motion.

7. Proposed modifications to "Citizen of the Year" Guidelines"

Both Councilmember Casey and Mayor Nation stepped out of the room at this time.

Mrs. Tucker stated that the Citizen of the Year Selection Committee had brought this issue to her attention and requested that a change be made to the policy which would not allow elected officials, currently serving in any office within Chesterfield's boundaries, to be eligible for the recognition nor would anyone who works in a paid position for which their efforts are being recognized. Also, the Committee suggested that rather than recognizing the winner at the bi-annual Volunteer Appreciation Dinner that a small reception be held each year, following the Council meeting, wherein the Citizen of the Year is recognized.

Mr. Herring noted that City Council has authorized this Committee to review/approve changes, such as these, without further review, by City Council.

Councilmember Grissom motioned to approve the changes outlined by Ms. Tucker. Councilmember Hurt seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

Councilmember Casey and Mayor Nation returned to the room at this time.

8. Discussion regarding increasing compensation for elected officials

Councilmember Flachsbart summarized the history of compensation provided for the Mayor and City Councilmembers, in Chesterfield. The original amounts were \$250/month for Councilmembers and \$500/month for the Mayor. When that was increased, approximately 20 years ago, to \$500/month for Councilmembers and \$1000/month for the Mayor, he voted against that recommendation. He stated that the current amounts were fairly comparable to other professionally-managed cities in St. Louis County, but noted that O'Fallon and St. Peters currently pay their Mayors \$2000/month and \$3,333/month, respectively.

Mayor Nation noted the time that he spends, as Mayor and that an increase in compensation seemed to be in order. General discussion ensued. There was no support expressed for an increase to the current compensation for Councilmembers.

Councilmember Flachsbart made a motion to increase the Mayor's compensation to \$2000/month (\$24,000/year). Councilmember DeGroot suggested that the motion be modified to increase the Mayor's compensation to \$1500/month or \$18,000/year. Councilmember Flachsbart then modified his original motion to reflect this new amount and Councilmember DeGroot seconded the motion. A voice vote was taken and the motion was passed 3-1, with Councilmember Grissom voting against the motion. Councilmember Flachsbart noted that, if approved by City Council, this increase in compensation would not take place until AFTER the April, 2017 Mayor's election.

9. Amount budgeted for employee merit increases

Councilmember Flachsbart distributed copies of Policy No. 40 for review by the attending Councilmembers.

Finance Director Craig White stated that May 2015 CPI figures were not yet available, and that June 2015 CPI figures would not be available until July 17, 2015. The April 2015 CPI is -1.1%.

Councilmember Hurt distributed information about the City's salary expenditures that he had previously received from Mr. White. A general discussion ensued and the Committee directed Staff to prepare information to clearly explain how the previously budgeted amounts for salary increases (3%) had impacted employees, located below and above the mid-point for their respective salary ranges and how total salaries had increased, over the years, with this 3% salary pool in place.

Generally, the Committee expressed a desire to gain a better understanding of the linkage between the compensation adjustment percentage and total salary expenditures.

10. Adjournment

Councilmember Flachsbart requested that Mr. Herring send an email to all members of this Committee, confirming that the next Finance and Administration Committee meeting would take place on July 27, 2015.

There being no additional business to discuss, the meeting was adjourned at 7:05 PM.