

MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Jeremy Craig, Director of Finance and Administration
DATE: June 1, 2005
SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING

The Finance and Administration Committee met on Wednesday, June 1, 2005. Those in attendance included: Chairperson Jane Durrell, Ward I, Councilmember Bruce Geiger, Ward II, Councilmember Dan Hurt, Ward III, Councilmember Mary Brown, Ward IV, City Administrator Mike Herring, and Director of Finance and Administration Jeremy Craig. Also in attendance was Executive Secretary Caroline McDowell. The meeting was called to order by Chairperson Durrell at 6:05 p.m.

1. Approval of Minutes—March 9, 2005

Councilmember Brown motioned to approve the minutes from March 9, 2005 and Councilmember Geiger seconded. The minutes were approved 3-0. Councilmember Hurt was not yet present for the vote.

2. Selection of Vice-Chair

Councilmember Brown was appointed Vice-Chair, by acclamation.

[NOTE: Councilmember Hurt arrived at this point in the meeting.]

3. Appointment of Committee Liaisons

By acclamation, Committee liaisons are:

Historical Commission	Jane Durrell
Human Rights Commission	Mary Brown
F&A CAC	Bruce Geiger
MIS CAC	Dan Hurt

4. Requests for Contributions

The Chamber of Commerce and the Drug Abuse Task Force submitted requests for contributions for \$3,000 and \$1,000 respectively. Contribution distributions are budgeted at \$10,000 annually; approval of both requests would leave \$6,000 for future requests. Chairperson Durrell pointed out that the distribution spreadsheet indicated the Citizens for a Drug-Free Chesterfield received a contribution last year; she requested that if this organization and the Drug Abuse Task Force are the same entity, have the spreadsheet identify it with the proper name. Councilmember Geiger stated that he would approve the requests, but the Drug Abuse Task Force should be asked to complete the “matching request” portion of the application.

Councilmember Brown motioned to approve the Chamber of Commerce request for \$3,000 and the Drug Abuse Task Force request for \$1,000. Councilmember Geiger seconded and the motion passed 4-0.

5. Review of Current Financial Report

Mr. Craig reported that revenues, updated through May 26, 2005, are ½ percent below budget numbers, which is good. The forecast predicts a 3 percent growth in sales tax, even though the sales tax pool is doing poorly. Among the participating cities, Chesterfield’s sales tax is increasing while other cities’ are decreasing. Mr. Hurt

asked that Staff review sales tax receipts in Ballwin, Creve Coeur, Maryland Heights and St. Peters, in comparison to the City of Chesterfield to see if the situation is regional or specifically related to the St. Louis County tax pool. Mr. Herring also recommended that the per capita number, which Chesterfield receives from the sales tax pool, be studied to determine if it has risen or fallen over the past 5 years.

Councilmember Geiger noted that the numbers indicate a 5 percent sales tax growth while Mr. Craig was noting a 3 percent growth. Mr. Craig explained that when Circuit City moved into the Valley in 2003, it did not provide the State Department of Revenue with its new address and the State assumed that it was still paying sales tax in Ellisville. Early in 2005, due to Mr. Craig's efforts, Chesterfield collected the 14 months of misdirected sales tax, which makes the growth appear larger than actually predicted.

Chairperson Durrell noted that expenses for the year-to-date are less than expected. Mr. Craig explained that May and June are big months for City expenses due to a large number of capital items that will be delivered, and at that time, the budget will catch up to itself.

On a side note, Councilmember Hurt inquired about the status of the "wireless" tax issue. Mr. Herring said that a new "wireless" revenue law was amended, with the help of Senator Griesheimer, to tax land lines and generate 100 percent of the amount received during the previous year, for the first year of implementation, and one-half of the revenue from new "wireless" services in subsequent years. That would have resulted in an estimated doubling of current revenues for the City of Chesterfield. However, on the last day of the recently-concluded legislative session, an amendment was added that removed the new wireless revenues from taxation. It is Mr. Herring's hope that, with Senator Griesheimer's help, legislators will rewrite the law to include the new "wireless" revenue, but the next regular session does not convene until September and the results will be unknown for a while.

The members of the Committee accepted Mr. Craig's report as information and took no further action.

6. Requested Change to Budget Reporting and Amendment Procedures

Mr. Craig stated that during the audit process, the City's auditors pointed out that the City currently has a legal budget authority, so each individual category is a line item in the City's budget. Technically, under this construction, City Council would need to approve every movement of line items if a division were over or under budget, which would create a paperwork "nightmare". Therefore, Staff recommends that the legal authority be established at the division level so Staff would have the ability to redistribute funds within each division to balance without City Council approval. The practice is already in use, but an ordinance change is necessary in order to support it. Mr. Craig stressed this construction is strictly for the government audit and there will be no change in the process through which allocations are approved by Committee and/or by City Council.

Councilmember Brown motioned to recommend that City Council adopt an ordinance to amend the budget ordinance to allow this change, as recommended by Staff. Councilmember Geiger seconded and the motion passed 4-0.

7. Review of Neighborhood Improvement District (NID) Program

Councilmember Geiger summarized his conversation with the Shenandoah subdivision and its interest in a NID, which lead to Staff drafting a rough draft of a NID policy for review by this Committee. The policy, written with the aide of Attorney Jim Mello, is all-inclusive and the Committee was asked to review and forward a recommendation to City Council for adoption.

The main concern over the policy is the expense to the City. To become a NID, a subdivision would need either a petition from 2/3 of its involved parties or an election won by 2/3 of the vote. Once passed and formed, the City would lend its expertise in the initial set-up of the project, including proposals, bids, etc. After that phase, it would only become involved with the project again at the end for inspection purposes. The costs of an election and the initial set-up are unknown at this point, and if an election fails to create a NID, the City has no recourse to collect the cost of the election.

After further discussion, Mr. Herring suggested the draft policy be brought back to this Committee, along with an explanatory memo from Mike Geisel, Director of Public Works and City Engineer, outlining the Public Works Department's role and costs with a NID. He also suggested that Mr. Mello attend the next meeting to answer any questions. Chairperson Durrell requested that a simple explanation of a Community Improvement District (CID) be included for additional discussion by this Committee.

Councilmember Hurt motioned to direct Staff to finalize the NID policy, for final review by the F&A Committee, at the next Committee meeting. This motion includes direction to Staff to provide the Committee with cost estimates regarding the establishment of a NID, details regarding the potential impact to the Public Works Department and that Attorney Jim Mello attend the next Committee meeting to answer any questions. Councilmember Gieger seconded and the motion passed 4-0.

8. Review of Active Service Pay Differential Policy

Chairperson Durrell summarized that the City's policy currently holds an employee's position open for 12 months, which was increased from the previous benefit level of 6 months, during an employee's call to active service. The City also pays the difference between an employee's City salary and his/her military salary, if the military salary is LESS than the employee's City salary. Mr. Herring pointed out that, based upon a survey of other cities, Chesterfield's policy is above average in its 12-month allotment and the City was recognized by the Employer Support for Guard and Reserve organization for its generous policy. Currently, two staff members have been activated and Mr. Herring recommended that no changes be considered to the current policy. Councilmember Brown agreed, stating that the policy should be revisited if an employee is in-service for over 12 months. No further action was taken by the Committee.

Other Items

Council Office and Court Office Access

Chairperson Durrell said that Councilmember Flachsbart asked that the F&A Committee consider the possibility of installing a card reader box on the City Council office door, located on the first floor at City Hall. Mr. Herring added that the request would also include installation on the Court office door, with the costs being \$3,850 and \$5,285 respectively. Chairperson Durrell asked for a motion and Councilmember Brown made a motion to deny the request. There was no second and the motion died in Committee. Mr. Craig said that Les Siars was researching cheaper options such as a punch code box for the Court office. Councilmember Hurt also recommended looking into a buzzer for the door. In both cases, Councilmember Hurt would like Chief Johnson to review any further recommendations in terms of whether security is enhanced or diminished.

Adult Entertainment Licensing

Mr. Herring said that the Planning and Zoning Committee has reviewed the issue of zoning authorization for adult entertainment establishments and, assuming that ordinance is approved by City Council, it is necessary to create a business license category to cover such establishments. Councilmember Hurt requested that City Attorney Dough Beach review the ordinance document, specifically Item G on page 5 to re-evaluate the term "rap studio", which Councilmember Hurt does not categorize as adult entertainment.

Councilmember Hurt made a motion to forward to City Council an ordinance establishing a business license category to cover any adult-oriented businesses, which might be approved by City Council, under the new zoning classification currently under consideration by City Council. Councilmember Geiger seconded and the motion passed 4-0.

9. Review of Preparation/Adoption of Five-Year Forecast and Annual Operating Budget

Councilmember Geiger motioned that the Budget calendar be amended to provide that the F&A Committee review the entire proposed fiscal year budget before it goes to City Council, so the Committee members have a

general understanding of the proposed budget and can help lead discussions at the City Council level. Councilmember Brown seconded and the motion passed 4-0.

[NOTE: Councilmember Hurt left the meeting early at this point.]

10. Adjournment

Chairperson Durrell asked some questions regarding the *Citizens Newsletter*, and the process leading up to publication. Mr. Herring said that City Clerk Marty DeMay gathers articles, submits them to him for editing and then forwards them to a printing company, which completes the layout and printing. Chairperson Durrell said that she thought City Council had previously been given a copy of the rough draft of the newsletter for review prior to the document being sent to the printer. A general discussion followed with all members of the Committee expressing a desire to see the rough draft before it goes to print. Mr. Herring noted he would direct Ms. DeMay to provide a copy to Council for review. Typically, this would be provided PRIOR to a City Council meeting and the newsletter would NOT be sent to the printer until AFTER that City Council meeting. This would afford the members of City Council with an opportunity to review all articles in advance of publication. Mr. Herring noted that the only exception would be the "Mayor's Letter", which is printed, unedited, as submitted by the Mayor. The Committee agreed with that exception.

Mr. Herring provided an update on the hiring process regarding the Assistant City Administrator for Economic and Community Development position. Mr. Herring noted that advertisements for the position were placed in strategic publications and he has received many qualified applications. He has sent initial responses, requesting more information from the applicants, and at this point is waiting for replies. Following, he will begin the formal review and interview process. Mr. Herring noted that the process is CONFIDENTIAL and that he would only release the name of the person selected when the process has been completed.

The meeting was adjourned at 7:50 p.m.