

MEMORANDUM

TO: Michael G. Herring, City Administrator
FROM: Kelly L. Vaughn, Director of Finance and Administration
DATE: April 27, 2010
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Monday, April 26, 2010. Those in attendance included: Chairperson Randy Logan, Ward III; Councilmember Lee Erickson, Ward II; Councilmember Bob Nation, Ward IV; City Administrator Mike Herring; Assistant City Administrator for Community Services and Economic Development Libbey Malberg; and, Director of Finance and Administration Kelly Vaughn. Those also in attendance included Councilmember Bruce Geiger, Ward II; Councilmember Mike Casey, Ward III; and, Assistant Director of Finance and Administration Brian Whittle.

Chairperson Randy Logan called the meeting to order at 5:30 p.m.

1. Approval of Minutes—March 22, 2010

Councilmember Erickson motioned to approve the minutes from the February 22, 2010 meeting of this Committee. Councilmember Nation seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. Selection of Vice-Chair

Councilmember Nation made a motion to name Councilmember Erickson as Vice-Chair of the Finance and Administration Committee. Councilmember Erickson seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

3. Selection of Citizen Advisory Committee Liaisons

Councilmember Nation made a motion, which was seconded by Councilmember Erickson, to approve the following Committee liaisons: Councilmember Nation as a liaison to the Finance & Administration Citizens Advisory Committee; Councilmember Segal as liaison to the Human Rights Commission; and, Councilmember Erickson as liaison to the MIS Citizens Advisory Committee. A voice vote was taken, with a unanimous result, and the motion was approved.

4. F&A Committee Meeting Schedule for 2010/2011

Chairperson Logan stated that the meetings are currently planned for the fourth Monday of every month. He said there have been suggestions of only meeting once a quarter

while still receiving the financial reports every month. He said that option would leave open the possibility of additional meetings when needed.

Councilmember Erickson felt that the meeting should still be scheduled every month and canceled if there are no agenda items.

Councilmember Erickson made a motion to approve the meeting schedule as proposed. Councilmember Nation seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

5. Proposed 2011 City Council Meeting Schedule

Mr. Herring stated the schedule is made in advance every year by City Clerk, Judy Naggia. He said during the scheduling process, Ms. Naggia tries to account for all holidays and religious observances so no citizens would be excluded from attending City Council meetings.

Councilmember Nation made a motion to recommend that City Council approve the proposed meeting schedule, for calendar year 2011. Councilmember Erickson seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

6. Follow-Up Discussion Regarding Sales Tax Holiday

Ms. Vaughn stated that this item was discussed at the previous F&A Committee meeting and that she was directed to include the item on this meeting's Agenda. She said the City can only opt out of the holiday, regarding both the Parks and Capital Improvement Sales taxes. She pointed out that the City cannot opt out of the General Fund Sales Tax Holiday because that decision is controlled by the County. Ms. Vaughn stated that a decision needed to be made prior to the submission deadline of June 22, 2010.

Councilmember Nation asked Ms. Vaughn how much the city loses from the holiday. Ms. Vaughn replied that there is no way to quantify the amount because it is only for a few days during the month and it is not on all goods. Additionally, stores are not required to report their tax-exempt sales to the City.

General discussion ensued. It was decided that no action was to take place regarding opting out of the sales tax holiday. Therefore, the City will participate in the 2010 Sales Tax Holiday in the month of August.

7. Discussion Regarding Proposed Distribution of Retirement Forfeiture Funds

Ms. Vaughn stated that the Employee Retirement Board of Trustees held its annual year end review on February 24, 2010. She said as of December 31, 2009 the City had a fund balance designated for forfeitures of \$97,538. She said that due to no salary increases being given to employees this year, the Board voted to recommend distribution of the

forfeiture funds to eligible employees' retirement accounts. She said employees would receive a distribution of approximately .88% of their annual salary. She reiterated that the City can only use the funds for retirement education or for employee retirement accounts.

Councilmember Logan inquired about the Employee Retirement Board of Trustees. Mr. Herring stated that it is made up of one uniformed employee, one non-uniformed employee, the City Administrator, the Chairperson of the Finance and Administration Committee and the Director of Finance and Administration.

Councilmember Logan stated that if an employee leaves and forfeits his/her retirement, he/she could get the money back if they are re-hired, within five years from the date of separation. Mr. Herring noted that the Committee would discuss that as the next agenda item.

Councilmember Erickson asked what was being done for education currently. Ms. Vaughn stated that Retirement Plan Advisors come in twice a month to discuss the retirement with employees and that they put on quarterly seminars for employees. Councilmember Geiger commended the job Retirement Plan Advisors has done and said that it has reduced the need to spend forfeiture money on retirement education.

Councilmember Erickson made a motion to recommend that the City Council approve use of the forfeiture funds, as noted above, to provide a one-time increase in the retirement plan contribution, to all eligible employees. Councilmember Nation seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

8. Discussion of Possible Policy Change Regarding Retirement Forfeitures

Mr. Herring stated that, as previously mentioned by Chairperson Logan, the current retirement plan document allows for restoration of forfeited retirement contributions to ex-employees who are re-hired within five years, from the date of their separation. Mr. Herring pointed out that a job would need to be available and he would have to approve the re-hire of the former-employee. He stated that this has actually happened only rarely, during the City's 22-year history and, in each instance, the re-hiring took place within a couple months of separation. Furthermore, he stated that when the five-year vesting schedule was adopted, it was done to encourage employees to stay. With all of this in mind, Mr. Herring recommended that this provision be amended to reduce the five (5) years, to one (1) year.

Councilmember Logan felt that it should be changed to a one to two year period. Councilmember Nation said that a longer period would be needed and suggested three years. General discussion ensued.

Councilmember Erickson made a motion to recommend that the City Council change the restoration period, from five to three years. Councilmember Nation seconded the motion.

A voice vote was taken, with a unanimous result, and the motion was approved. An ordinance will be prepared, to amended the Retirement Plan documents accordingly and then forwarded to City Council.

9. Recommendation to Terminate Agreement with Network1 Communications

Mr. Herring said that the City of Chesterfield, along with five other Cities, has drafted a settlement with Network1 Communications to terminate their wireless network agreement. He said that this agreement would need City Council approval. He pointed out that each of the other cities (Ballwin, Creve Coeur, Olivette, Maryland Heights and Hazelwood) has already approved this agreement.

Councilmember Nation made a motion to recommend that the City Council approve the RESOLUTION, terminating the agreement with Network1 Communications. Councilmember Erickson seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

10. Discussion Regarding FY2010 Financial Update

Ms. Vaughn stated that most revenue sources in the General Fund are performing at or above budgeted levels, with sales tax being an exception. She noted that sales tax collections for the month of February were 6.4% above the prior year which was better than the prior month decline. She also stated that expenditures as a whole are below budget and are below prior year to date expenditures. She said that the decrease in expenditures continues to be greater than the decrease in revenues.

Ms. Vaughn said that Parks Sales Tax Fund and Capital Improvement Sales Tax Fund both saw significant increases in sales tax revenue. Parks sales tax was up 11.7% for the month of February 2010, from February 2009, and Capital sales tax was up by 11.92%. She also stated that expenditures within these funds are below budget, and are less than the amount expended at this time last year.

Councilmember Geiger expressed concern that sales tax revenues were down in total for the two months of collections so far this year. However, he noted that it was too early to make any projections for the year. Councilmember Logan agreed and stated that even though the February increase was positive, it did not offset the January decrease.

11. Economic Update and Outlook

Chairperson Logan led a general discussion regarding the economic outlook.

12. Adjournment

There being no further business to discuss, Chairperson Logan adjourned the meeting at 6:31 p.m.