

MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Jeremy Craig, Director of Finance and Administration
DATE: August 15, 2006
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Tuesday, August 15, 2006. Those in attendance included: Chairperson Bruce Geiger, Ward II, Councilmember Mike Casey, Ward III, Councilmember Mary Brown, Ward IV, City Administrator Mike Herring, Assistant City Administrator for Economic and Community Development Libbey Simpson, Director of Finance and Administration Jeremy Craig and Information Systems Manager Jim Michael. Also in attendance was Executive Secretary Caroline McDowell. The meeting was called to order by Chairperson Geiger at 7:30 a.m.

Mr. Herring opened the meeting by introducing his new Administrative Assistant, Pam Shelton. The Committee welcomed Pam to the City Staff.

1. Approval of Minutes—May 24, 2006

Councilmember Brown motioned to approve the minutes from May 24, 2006 and Councilmember Casey seconded. The minutes were approved 3-0.

2. Review and Recommendation of Financial Software System

Mr. Craig summarized the finalist process, explaining that the most influential factor was Staff's reactions to the in-house demos. According to their comments, technical expertise from the MIS Citizens Advisory Committee and cost issues, New World's Logos system was recommended as the software to purchase. City Attorney Rob Heggie was reviewing the contract with New World to bring the price to \$425,000. Because the F&A Committee approved a purchase of no more than \$475,000, the cost would allow \$25,000 for equipment/hardware and \$25,000 for contingencies.

Other points noted were: the software would fit with the City's evolving emergency disaster plan because users would be able to access the network off-site; two other cities in the St. Louis area are currently using Logos, so City staff would be able to refer to local vendors with questions.

Overall, Mr. Craig and Mr. Herring praised the MIS Citizens Advisory Committee for their commitment and expertise during this process.

Councilmember Casey made a motion to recommend that Council support the Staff and MIS Citizens Advisory Committee recommendation to purchase the Logos software from New World at a cost not to exceed \$475,000. Councilmember Brown seconded and the motion passed 3-0.

3. Presentation of Five-Year Forecast Draft

Mr. Craig presented a draft of the "5-year Forecast" so the Committee could review it before discussions began on the final version at the September meeting. He pointed out that this is the first forecast to integrate the dissolution of the TIF—Mr. Craig explained that \$2.4 mil from sales tax currently is

captured by the TIF. When the TIF dissolves, 55 percent of that sales tax will go to the sales tax pool—and include a stress test that clearly indicates that the future looks positive in terms of the projected fund reserve levels.

Councilmember Brown questioned the omission of new personnel and capital items. Mr. Craig explained that neither was included because those issues are random on a year-to-year basis; the forecast is ultimately a baseline for the five-year timeframe and will be updated following the budget process.

Chairperson Geiger noted that the new retail construction to the west may distract some sales from the Valley. Mr. Craig said that the forecast reflects a 2 percent decrease in sales tax but the Commons is still a one-stop retail destination so consumers will continue to visit. Mr. Herring added that that attribute, as well as the fact that the Commons and the Mall co-exist with separate and distinct shopping opportunities, suggest that the City will not suffer any ill effects from nearby retail centers.

Chairperson Geiger noted that though the cell phone tax issue is still in court, a decision will indicate an increase in revenues either way; he suggested that the tax be footnoted in the forecast. Mr. Herring took this opportunity to discuss the telecommunications tax, which would be a law, in essence, requiring cell phone companies to acknowledge the tax, collect it from the customers and pass it on to the cities where the cell phone users are billed. No money would be spent by the phone companies themselves, but they are concerned that cities will request payment of back taxes.

Mr. Craig said that no recommendation or action was necessary for the “Five-Year Forecast” at this time.

4. Financial Update

Mr. Craig briefly discussed the City’s financial status which is in line with the budget. Personnel costs are lower than expected due to turn-over in some larger departments. Revenue is low but Staff expect it to catch up once the electric utility collections for the summer arrive. Sales tax is low but the City shares 55 percent of the sales tax pool. Councilmember Casey asked that Mr. Craig put together an illustration about the sales tax pool and the City’s involvement he could use for resident education.

5 Update from Assistant City Administrator for Community and Economic Development

Ms. Simpson discussed her initiatives and efforts over the past year to promote community outreach, business attraction, retention and expansion. She explained that the Chesterfield Development Advisory Council and the recent publications and advertisements for the City have been very helpful and well-accepted.

[Councilmember Casey left the meeting at this point.]

6. Adjournment/Next Meeting

The next meeting was scheduled at 7:30 a.m. on Thursday, September 14, 2006.

The meeting was adjourned at 8:30 a.m.