



## OFFICE OF THE CITY ADMINISTRATOR

### Memorandum

---

**TO:** Members - Finance and Administration Committee

**FROM:** Michael G. Herring, City Administrator

A handwritten signature in black ink, appearing to read 'M. G. Herring', is written over the printed name of the City Administrator.

**DATE:** October 28, 2008

**RE:** MINUTES - October 27, 2008

---

A meeting of the Finance and Administration Committee took place on Monday, October 27, 2008. Those in attendance included Chairperson Lee Erickson, Ward II, Councilmember Gene Schenberg, Ward I, Councilmember Connie Fults, Ward IV, City Administrator Mike Herring and Ass't City Administrator for Community Services and Economic Development Libbey Malberg. Also in attendance were Councilmember Bruce Geiger, Ward II, Chief Ray Johnson, Sarah Cantlon, Community Services & Economic Development Specialist and Ada Sanders, Intern with Community Services & Economic Development. [Mr. Herring noted that Acting-Director of F&A Kelly Vaughn was unable to attend this meeting. She is nearing completion of her MBA and her class meets exclusively on Mondays.]

The meeting was called to order by Chairperson Erickson, at 5:30pm.

1. A motion was made by Councilmember Schenberg, seconded by Councilmember Fults, to approve the MINUTES from the August 25, 2008 meeting of this Committee. A voice vote was taken, with a unanimous affirmative result, and the MINUTES were approved.
- Chairperson Erickson complimented Ms. Malberg on her work to update/improve the "Chesterfield Demographics Public Relations Folder", which had recently been distributed to the Mayor and City Council. Ms. Malberg, in turn, complimented Ms. Cantlon who had also worked on this project.

- Chairperson Erickson next noted that Mr. Herring had asked the Committee to first consider Items 2, 5 and 6. The Committee members agreed.
2. Ms. Malberg summarized the request submitted by Piwacket Theatre for Children. While "Piwacket" is requesting \$5,000, there is only \$3,000 remaining in the FY2008 Budget. Ms. Malberg confirmed that there are no other requests pending for this funding support by the City. Discussion followed. A motion was then made by Councilmember Fults, seconded by Councilmember Schenberg to award \$3,000 to Piwacket. The motion was approved by a vote of 3-0.
  5. Mr. Herring next summarized the proposed "CITY COUNCIL MEETING SCHEDULE" for 2009. With the exception of meetings in January, February and September being moved to Wednesdays, to avoid Monday holidays, no other meeting dates have been changed, from the standard first and third Mondays of each month. As has been the case in the past, there will be just ONE City Council meeting in April, July and December. Following some additional discussion, a motion was made by Councilmember Schenberg, seconded by Councilmember Fults to recommend approval of this proposed "CITY COUNCIL MEETING SCHEDULE" for 2009. The motion was approved by a vote of 3-0.
  6. Mr. Herring noted that Proposition "H" was on the November 4 ballot. He explained that, if approved by the voters, the current countywide sales tax rate of 1.85% would be applied to all out-of-state purchases made by residents/businesses of St. Louis County, via the Internet or via catalogs. As a result, a "level playing field" would be created by eliminating the competitive disadvantage currently experienced by St. Louis County businesses. He noted that St. Louis City and St. Charles County had already passed a similar ballot issue. He distributed summary/information sheets, detailing the amount of revenue that it is estimated Proposition "H" will generate on an annual basis. Of the \$30 million in estimated revenue, \$15 million would be distributed among St. Louis County, all "B" sales tax cities and some low "A" sales tax cities. Chesterfield would realize an estimated \$936,000 in new annual revenue from this source. The remaining \$30 million would be used to fund a major upgrade to the St. Louis County communications system, an expansion of the County's incubator program and the creation of a grant program to enhance accessibility to parks. Chief Johnson next discussed the current problems resulting from an inability of "first-responders" to communicate with each other. He noted that the federal government has mandated that this problem be corrected, by 2013. Should Proposition "H" fail, cities and St. Louis County would need to pay for the upgrade themselves. It is estimated that, since Chesterfield contracts with St. Louis County for dispatching services, the cost to the City would, in today's dollars, cost approximately \$225,000, which doesn't include increased dispatching costs passed thru to Chesterfield, by St. Louis County. Discussion ensued. While each member of the Committee understands and supports the need to address and correct the communication problems described by Chief Johnson, there was general sentiment that Proposition "H" would fail, due to proposed allocation of funding for "unnecessary" "economic development" and "parks" programs, and due to the fact that, until now, there has been NO ad campaign, promoting passage of this ballot issue. With that in mind, Mr. Herring informed the Committee that the St. Louis County Municipal League had organized an effort, seeking funding support from all member cities, for an ad campaign in support of Proposition "H".

Chesterfield's pro rata share would be \$9,360.40. Following much discussion, Councilmember Fults made a motion to recommend that City Council appropriate \$3,000 towards this ad campaign. The motion failed for lack of a second. However, both Chairperson Erickson and Councilmember Schenberg indicated that, should this ballot issue fail, they would support bringing this back to the voters, in April, 2009, but only if revenues would be more appropriately directed to fixing the countywide communication problem.

3. Mr. Herring next summarized the "8/31/08 Financial Update", prepared by Kelly Vaughn, Acting-Director of F&A. He noted that, while there is no immediate cause for alarm, the impact of the current financial crisis warrants closely monitoring. Chairperson Erickson pointed out that, as of 8/31/08, the "recession" had not yet arrived. Mr. Herring distributed two additional sheets, which compare/contrast sales tax revenues from both the Parks Sales Tax and the Capital Improvements Sales Tax, as of 8/31/07 and 8/31/08 and which detail the impact of the TIF closure, as of 12/31/07, on both revenue sources. Mr. Herring explained that both taxes are collected on a "point-of-sale" basis and provide a very good picture of the local economy. In both cases, revenues have increased by approximately 5.7%, even though sales tax revenues, from the Sales Tax Pool, have been relatively flat. Mr. Herring noted that expenditures are below budget and that the one problem area, motor fuel purchases, has improved dramatically, with the recent drop in prices. General discussion ensued. The Committee accepted the updates as information and urged Mr. Herring and Ms. Vaughn to continue to monitor the performance of the FY2008 Budget very carefully.
4. Mr. Herring next summarized the City's investment policy and assured the members of the Committee that all City funds are SAFE! The Committee members accepted this update as information. Councilmember Geiger noted that "safety" and "preservation of principle" should always be more important than "interest earnings".
7. Chairperson Erickson noted that further discussion of AmerenUE's "Pure Power" program had been placed on this agenda, at the request of Councilmember Hurt. Mr. Herring reminded everyone that the Citizens Committee for the Environment had proposed that the City exempt revenues from this voluntary program from the City's utility tax. Mr. Herring stated that he continues to strongly recommend against any sort of exemption. A motion was made by Councilmember Schenberg, seconded by Councilmember Fults, to TABLE this issue.
8. Chairperson Erickson reminded the members of the Committee that the "Budget Workshop", which is actually an "F&A Committee-of-the-Whole" meeting, regarding the proposed FY2009 Budget, had been scheduled for Monday, November 15. Mr. Herring commented that, since that is the same night as a regular City Council meeting, he had discussed the timing of these meetings with Mayor Nations. Mayor Nations has directed Mr. Herring to begin the "budget workshop" at 5:30pm, with the regular City Council meeting starting at 7pm. Mr. Herring noted that, at the request of City Council, he had directed Staff to MINIMIZE the size of the AGENDA for that City Council meeting. If necessary, the "budget workshop" could be extended/resumed, immediately following the regular City Council meeting. Councilmember Geiger pointed out that the proposed FY2009 Budget will need to be adopted by City Council, at the December 1 City Council meeting. Mr. Herring

indicated that he hoped that Ms. Vaughn and he would soon complete work on the proposed FY2009 Budget and would, at that time, distribute same to City Council, for review. [Councilmember Dan Hurt, Ward III, arrived at this time.]

9. Mr. Herring next distributed updated/revised copies of a worksheet, entitled "Fund Reserves for the General Fund". He commented that this worksheet indicates that \$7,999,677 is the current amount of Fund Reserves, required to be maintained, vis-à-vis the City's current "40% policy". After specifically identifying all of the expenditures of Fund Reserves, already approved by City Council, a balance of \$2,501,103 remains, above and beyond the "40% policy". The F&A Committee could recommend that some or that entire amount be used to fund additional capital improvement projects. Mr. Herring next commented that, due to the current economic uncertainty, he would recommend that **NO FURTHER EXPENDITURES** be proposed, from this remaining balance. Discussion ensued. Councilmember Schenberg requested that he and the other Committee members be provided a copy of the original "wish list" of projects, for further review. The Committee agreed with Mr. Herring's recommendation and no further action was taken.
10. Chairperson Erickson adjourned the meeting at 7PM.