

MEMORANDUM

TO: Michael G. Herring, City Administrator
FROM: Kelly L. Vaughn, Director of Finance and Administration
DATE: March 28, 2011
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Thursday March 28, 2011. Those in attendance included: Chairperson Randy Logan, Ward III; Councilmember Matt Segal, Ward I; Councilmember Lee Erickson, Ward II; Councilmember Bob Nation, Ward IV; City Administrator Mike Herring; Director of Finance/Administration Kelly Vaughn; Assistant City Admin. for Community Services/Economic Development Libbey Tucker; and, Assistant Director of Finance/Administration Brian Whittle. Those also in attendance included Acting-Mayor Barry Flachsbart, Councilmember Bruce Geiger, Ward II; Councilmember Mike Casey, Ward III; mayoral candidate Joseph Gambino and Patch.com editor Rachel Heaton.

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

1. Approval of Minutes—January 24, 2011

Councilmember Erickson motioned to approve the minutes from the January 24, 2011 meeting of this Committee. Councilmember Nations seconded the motion. A voice vote was taken, with a 4-0 result, and the motion was approved.

2. Contribution to Special Event

Ms. Tucker stated that, as budgeted in 2011, the Finance and Administration Committee can award up to \$6,000 each year, for community programs. She explained that the Chesterfield Chamber of Commerce is applying for \$3,000 of that amount, for the Summer Concert Series in Faust Park. She stated that in years past, the City has given \$3,000 for this event. Ms. Tucker also reminded the Committee that the budget for these “contributions” has been reduced, from \$9000 to \$6000, this year.

Ms. Vaughn noted that one of the major funding recipients, from past years, would not be applying this year.

Councilmember Logan made a motion to approve funding for the Summer Concert Series in Faust Park at \$3,000. Councilmember Erickson seconded the motion. A voice vote was taken, with a 4-0 result, and the motion was approved. Mr. Herring reminded the Committee that no further action was required, since City Council had previously authorized this Committee to make these funding decisions.

3. Suggestion to Investigate Changing City Logo

Councilmember Casey asked that this item be tabled until the next meeting. Councilmember Logan agreed and the item was tabled.

4. Discussion Regarding FY2011 Financial Update

Ms. Vaughn stated that it was still too early in the year to make any assumptions about revenues or notice any major trends with the revenues. She did note that expenditures as a whole and as a percent of budget are lower, so far, than last year.

She next noted that she anticipated telephone revenues to finish the year below budget due to some telephone companies remitting their revenues under protest or not at all. She stated that when they remit under protest, the City collects the money but must put the receipts in a liability account instead of a revenue account. Additionally, she said that AT&T Mobility II is no longer collecting the gross receipts tax on any internet based charges on the telephone bill. While she did not have enough information to get a firm number on the full year loss related to this drop in revenue, she believed it could be over \$200,000. The telephone companies in question believe that all internet access is tax free based on federal law, according to Ms. Vaughn.

Councilmember Erickson stated that he thought the City should work vigorously with our attorney and other cities to fight this position. Mr. Herring assured the Committee that the City attorney is working with the same group that won the cell phone settlements to dispute the telephone companies' current position. Additionally, he said that the St. Louis County Municipal League has money in escrow from the cell phone settlements in order to fight cases like this. Mr. Herring said he will keep the Committee and Council updated regarding this case.

Ms. Vaughn next presented a graph that shows the sales tax revenues on a 12 month rolling average. She stated that this graph was prepared at the request of Councilmember Geiger and that the graph serves to smooth out the drastic month-to-month fluctuations in sales tax collections. She said that this graph shows that sales tax collections are beginning to stabilize.

Councilmember Logan said that he was still concerned about the drastic month-to-month fluctuations and that they may indicate a processing problem at the State Dept. of Revenue. He reiterated that he believes Ms. Vaughn is doing a thorough analysis with the information that is given to her but he still has doubts about the accuracy of the information provided by the State.

Mr. Herring agreed that the month-to-month fluctuations are a problem and that all cities are experiencing the same problem. He said he believes that, based upon the work performed monthly by Ms. Vaughn and the members of her Department, the City is getting all sales tax due; it is just the timing of the collections that causes some confusion.

He said that he and Ms. Vaughn had talked to their counterparts at other cities and those cities had reached the same conclusion. Councilmember Segal agreed that it appears that the City is receiving all revenues due. He stated that the month-to-month fluctuations demonstrate the need to continue to examine the revenues on a quarterly basis instead of monthly. The Committee took no further action.

4. Adjournment

There being no further business to discuss, Chairperson Logan adjourned the regular meeting at 6:08 p.m. The Committee's next meeting has been tentatively scheduled for Monday, April 25, at 5:30pm.