

MEMORANDUM

TO: Members – F&A Committee

FROM: Michael G. Herring, City Administrator

DATE: August 28, 2013

SUBJECT: Minutes – 08-26-2013

The Finance and Administration Committee met on August 26, 2013. Those in attendance included: Chairperson Mike Casey, Ward III; Council Committee Member Nancy Greenwood, Ward I; Council Committee Member Elliot Grissom, Ward II;; Mayor Bob Nation; Councilmember Barry Flachsbart, Ward I; Councilmember Derek Grier, Ward II; City Administrator, Mike Herring; Community Services & Economic Development Director, Libbey Tucker; Finance Director, Brian Whittle; Police Chief Ray Johnson; Director of Public Services, Mike Geisel; City Attorney Rob Heggie; Attorney Jim Mello; and two representatives from the Chesterfield Hill subdivision, Steve Wuennenberg and Gary Polette. Council Committee Member Connie Fults, Ward IV, was unable to attend the meeting.

Chairperson Mike Casey called the meeting to order at 5:30 p.m.

1. Approval of Minutes—July 8, 2013

Councilmember Greenwood motioned to approve the minutes from the July 8, 2013 meeting of this Committee. Councilmember Grissom seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

Chairperson Mike Casey moved up Agenda Item #5 to the second agenda item.

5. Chesterfield Hill NID Re: Assessment Roll

Libbey Tucker stated that the Chesterfield Hill Neighborhood Improvement District (NID) was created in October 2010. The NID was established to improve two water detention ponds in the subdivision. She noted that the cost of the work was forward-funded by the City with the amount being repaid by an annual assessment of landowners in the district over 20 years. Landowners also have the option of paying all of the assessment up front to avoid interest payments.

Ms. Tucker noted that the NID Board of Trustees and residents are very happy with the work done on the detention ponds. She noted that total cost of the project was \$214,727 which was slightly higher than the \$211,750 approved by the ordinance that established the NID. She stated that the slight overage was paid through the Public Works budget. And that the 151 residents will have the option of paying an annual assessment of \$121.53 over 20 years or pay \$1,402.32 up front. She recommended the Council adopt the ordinance that will allow the collection, by the City, of the costs associated with NID.

Special Counsel to the City, Attorney Jim Mello, stated that the County would not be collecting the assessment, as we had originally planned, even though he believes state law requires them to. Mayor Nation stated that he would have preferred knowing this, before the City voted to authorize the NID, in the first place. However, he understood Staff could not control the County's decision-making process or have known about this change in direction, in advance. Councilmember Flachsbart said that Mr. Herring and the Mayor should send a letter to the County expressing the Council's disappointment in not collecting the assessment as required by state law.

Councilmember Flachsbart stated that he felt that the NID was a good project and he has heard good feedback from residents in the NID. He recommended that if a NID is undertaken in the future, that steps be to make sure there is no cost overages. There was a general consensus of his view of the project.

Steve Wuennenberg, a resident in the NID and a former Trustee of the Subdivision, said he felt that NID was a complete success. He said that the Subdivision could not have done the work without the City's help and that he was grateful for all the City had done. He said he has heard only positive feedback from people in the subdivision. Gary Polette, a current

Chesterfield Hill Trustee, also echoed Mr. Wunnenberg's appreciation and satisfaction with the project.

Councilmember Grissom made a motion to recommend the Council approve the attached ordinance. Councilmember Greenwood seconded the motion. Councilmember Flachsbart's suggestion, that a letter be sent to the County (see above), was made a part of this motion. A voice vote was taken, with a 3-0 result, and the motion was approved

2. Projected Impact of Outlet Malls: General Fund Budget

As an informational item only, Mr. Herring presented his analysis of the impact of the outlet malls on the General Fund's budget. He noted that while the impact will be beneficial for the Parks and Capital Improvement Sales Tax Fund, the impact on the General Fund will be muted, by comparison.

Mr. Herring said he estimates that the General Fund will receive about \$265,000 more a year from sales taxes, utility taxes, and the county road and bridge tax as a result of the outlets opening. He said the number was much smaller for the General Fund because the General Fund must share its tax receipts with the County and other 'pooled' cities in the County. He said that City will contribute an estimated \$2,000,000 MORE to the pool as a result of the outlets but only receive about 6.5% or \$130,000 back of that additional contribution.

3. Existing Property Tax Supported Debt

Mr. Herring said that, as a result of general interest from the Council, he looked into the costs of paying off the 2008 General Obligation Bond early and ending the related \$.03/\$100 property tax. He said the bond is currently scheduled to be paid off in 2015. He reminded the Committee that, via a plan approved earlier in the year by City Council, approximately \$825,000 had been transferred from General Fund – Fund Reserves. Those funds, coupled with the amount to be generated each year, by the \$.03/\$100 property tax, will enable the City to completely pay off this debt, in 2015, without having to raise the current property tax rate.

He stated that paying off the bond in 2013 would cost \$2,240,000, of which \$825,000 has already been set aside by Council. That would necessitate a transfer of \$1,415,000 from fund reserves to pay off the bond this year. In 2014, he said the cost would be \$1,740,000 and would require an additional \$954,500 transfer from fund reserves, over and above the \$825,000 already set-aside. He noted that both estimates included interest savings, resulting from paying off the debt early.

Councilmember Greenwood stated that paying off the debt early and ending the property tax would send a positive message to the citizens. However, she felt this year was too early to do that. Councilmember Grissom stated that it is an issue that should be looked at next year and that there was no action needed at this time.

Chairperson Casey agreed with the general consensus that this issue should be reexamined in the middle of 2014.

4. General Fund Excess Fund Reserves

Mr. Herring reminded those in attendance that Staff had previously discussed a proposal, with this Committee, to formally set-aside all General Fund – Fund Reserves, above the City’s 40% requirement, to be used as funding for a “Capital Projects/Replacement Fund”. He commented that the language in Mr. Geisel’s MEMO, regarding this subject, may have given the wrong impression regarding the status of this proposal. Staff felt that the discussion held, previously, with the members of the F&A Committee, was positive and that there was general support for the concept. However, NO ACTION was taken by the Committee and tonight’s meeting was intended to be a continuation of that initial discussion. Mr. Herring reiterated his support for this proposal and noted, again, that the General Fund Budget simply cannot accommodate those costs, via normal growth in revenues, from year to year.

Mr. Geisel stated that he updated the list of upcoming capital needs which total \$3.9 million. He noted that the total cost of currently identifiable “capital needs” exceeded the amount of available Fund Reserves, but that Staff works hard to secure the lowest and best bids and it is likely that actual costs will be lower. While his original proposal did not contain any prioritization, he revised it, with Mr. Herring’s support, to include those specific projects that can/should be funded by available Fund Reserves,

ASAP, and then completed, if possible, during 2014. Again, the General Fund will not be able to fund those projects, via the normal budgeting process. The immediate needs include items such as the replacement of the Wilson Road one lane bridge and the Veterans Honor Park.

Mr. Herring noted that even if no action is taken, Council now has a listing of upcoming capital needs which can be used when making financial decisions. There was general consensus that the work to create this list of “future liabilities” was timely and very beneficial.

Councilmember Grissom commended Staff and asked for the listing to be provided in a spreadsheet format with the items split between needed in 1 year, needed in 2 years, and needed in 3 plus years.

Councilmember Greenwood also commended Staff on the listing and said she felt it was needed. She asked why some of the parks related items were not being funded by parks Fund Reserves. Mr. Geisel noted that, at this time, there is NO funding available in the Parks budget, above the Council’s 40% policy, for those items.

Councilmember Grier expressed support for the idea of moving the excess reserves fund to a Capital Replacement Fund. He also stated that he did not feel some of the items on the list were necessary but noted that City Council would have the ultimate control over what is funded by a Capital Projects Replacement Fund.

Chairperson Casey and Councilmember Flachsbart both commended the list but they did not feel another fund was necessary. They both noted that, as such needs have previously been identified, Staff has simply brought them to City Council’s attention and asked that they be funded, using General Fund – Fund Reserves. There is no reason to believe that this same process cannot continue to work well, to meet the City’s needs.

Mr. Herring commented that part of the benefit/value of this discussion was the recognition that “available Fund Reserves” are, in fact, needed to cover items that the General Funds’ budget could not accommodate.

With the concurrence of the other Committee members, Chairperson Casey stated that this item would be HELD, until the Committee could schedule its next meeting. Hopefully, Councilmember Fults could attend that meeting.

Chairperson Casey stated that since Chief Johnson could not stay for the full meeting he would hold Agenda Items #6 & 7 (Ordinance Re: Liquor Law Changes & Recommendation – Proposal to Hire additional Police Officers) until the next F&A Committee meeting.

8. Legislative Changes Re: Councilmember Terms

Mr. Herring presented information regarding a recent change in State law that allows Councilmembers, in Third Class Cities, to serve 4-year terms. The longer terms must be approved by the voters in Chesterfield and, if/when approved, the 4-year terms would then apply to Councilmembers elected after that time. He stressed that he was presenting the item for information purposes only. He thanked Councilmember Greenwood for calling this matter to his attention.

A brief and general discussion of the information took place and no action was taken.

9. Life Insurance – Mayor/City Councilmembers/Certain Appointed Officials

Mr. Herring stated that the Mayor and Council have received a life insurance benefit since mid-2008. He stated that the benefit was put in place following the shootings in Kirkwood, along with numerous safety enhancements enacted at that same time. He stated the annual cost to provide this benefit to the Mayor and Council is approximately \$1,500 a year. He said the level of coverage is \$100,000, but decreases with age. He noted that three current Councilmembers have elected not to receive the benefit and those were the only three since 2008 who have not elected to have the coverage.

A brief and general discussion of the topic took place.

Councilmember Greenwood made a motion to hold the topic until the next meeting. Councilmember Grissom seconded the motion. A voice vote was taken, with a 3-0 result, and the motion was approved

11. Executive Session (CLOSED MEETING)

At 7:08 P.M. Chairperson Casey made the motion to go into Executive Session, as provided for by RSMo 610.021. Councilmember Grissom seconded the motion. A roll call vote was then taken, with the following results: AYES: Casey; Grissom; Greenwood. NAYS: NONE. The Committee went to Executive Session (CLOSED MEETING).

10. Adjournment

There being no further business to discuss, Chairperson Casey adjourned the meeting at 7:45pm.