

MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Jeremy Craig, Director of Finance and Administration
DATE: April 24, 2007
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met at 5:30 p.m. on Tuesday, April 24, 2007. Those in attendance included Chairperson Bruce Geiger, Ward II, Councilmember Jane Durrell, Ward I, Councilmember Dan Hurt, Ward III, Councilmember Connie Fults, Ward IV, City Administrator Mike Herring, Assistant City Administrator for Economic and Community Development Libbey Malberg, and Director of Finance and Administration Jeremy Craig. Also in attendance were Councilmember Lee Erickson, Ward II, Councilmember Bob Nation, Ward IV, and Executive Secretary Caroline McDowell. The meeting was called to order by Chairperson Geiger at 5:30 p.m.

1. Approval of Minutes–February 21, 2007

Councilmember Hurt motioned to approve the minutes from February 21, 2007. Chairperson Geiger seconded and the motion passed 4-0.

2. Vice Chair & Liaison Assignments

Chairperson Geiger nominated Councilmember Durrell for vice chair of the F&A Committee. Councilmember Fults made a motion, seconded by Councilmember Hurt. The motion passed 4-0.

Councilmember Fults made a motion to assign Councilmember Durrell as liaison to the Historical Committee. Councilmember Hurt seconded and the motion passed 4-0.

Councilmember Durrell made a motion to assign Councilmember Hurt as liaison to the MIS Citizens Advisory Committee. Councilmember Fults seconded and the motion passed 4-0.

Councilmember Fults made a motion to assign Chairperson Geiger as liaison to the F&A Citizens Advisory Committee. Councilmember Durrell seconded and the motion passed 4-0.

Chairperson Geiger made a motion to assign Councilmember Fults as liaison to the Human Rights Committee. Councilmember Durrell seconded and the motion passed 4-0.

Chairperson Geiger noted that as chair of the F&A Committee, he is automatically assigned as liaison to the Employee Retirement Board.

3. Fund Reserve Policy

Mr. Craig summarized his memo which outlined fund reserves under guidelines set by the Government Finance Officers Association (GFOA). The guidelines note that it is important to define fund reserves and recommends a 5-15 percent standard. The function is defined between a stabilizing fund, which is a concrete number, that the city would use to maintain basic service levels during a downturn, and a fund reserve that the city would use for unforeseen expenses and downturns.

The City's current fund reserve policy is 40 percent. Based on the GFOA guidelines, that number would be 36 percent.

The committee members agreed that the policy should be around 40 percent, and Mr. Craig's memo provides a concise rationale. Three suggestions for adjusting the fund reserve policy, should Council decide to do so, were:

- Use the GFOA guidelines of a stabilizing fund and fund reserve;
- Determine a minimum and maximum percentage for fund reserves;
- Leave the policy at 40 percent.

Once the policy has been reviewed and defined, the Council can then move forward with spending excess funds from fund reserves on priority projects recommended by staff.

Chairperson Geiger asked that the review of the fund reserves policy be added to the City Council agenda for June.

4. Recommendations for Possible Uses of Excess Fund Reserves

Mr. Herring summarized his memo, stating that about \$4.25mil would be available as excess fund reserves and the projects staff came up with would total \$1,175,000. The projects include:

- Funding for a connector between I-70/Earth City and I-170/South County;
- Enhancing the City Hall generator to maintain full power during emergencies/outages;
- Funding for a dog park;
- Funding for Phase II of Pathway on the Parkway.

Several other projects were suggested by committee members, which Chairperson Geiger said he would like to see on priority project lists compiled by the Councilmembers. He will address this at the next Council meeting.

5. Contribution Requests

One contribution request was received from the Chesterfield Chamber of Commerce in the amount of \$3,000 for the Summer Concert Series in Faust Park. Councilmember Fults made a motion to approve this request. Councilmember Durrell seconded and the motion passed 4-0.

The City budgeted \$10,000 for contribution requests, limiting the amount to \$3,000 per organization per calendar year. In 2007, \$6,000 was budgeted in the Police division for Citizens for a Drug-Free Chesterfield events; therefore, those requests will no longer be received by the F&A Committee. Additionally, Piwacket no longer has performances at the YMCA and those requests will cease. Chesterfield Arts events are now a budgeted item. The only new organization to submit a request in the past year is STAGES St. Louis.

6. 1st Quarter Budget Adjustments

Mr. Craig explained that these adjustments reflect projects that were appropriated in 2006 but completed in 2007, FEMA reimbursements and Parks grants. These adjustments have no impact on the budget, but per ordinance must be reviewed by the committee and approved by City Council. Councilmember Hurt motioned to recommend to Council approval of the budget adjustments as described in Mr. Craig's memo. Councilmember Fults seconded and the motion passed 4-0.

7. CID Discussion

Chairperson Geiger noted that Neighborhood Improvement Districts (NID) have been discussed and set forth by policy, but Community Improvement Districts (CID) have not received the same attention. Councilmember Fults motioned that Mr. Craig research CID in comparison to NID and address the committee at the next meeting. Councilmember Durrell seconded and the motion passed 4-0.

8. F&A Committee Item Reviews

Chairperson Geiger wanted it to be noted that the F&A Committee does not approve items. Per the policy, it reviews items in terms of their 5- and 10-year financial impacts on the City. These items are then forwarded to Council with the committee's findings.

9. Other Items

Chairperson Geiger distributed a handout giving a brief overview of the General Fund, Parks Fund and R&S Fund. The handout is an easy-to-read informative sheet that Councilmembers can keep with them to answer citizens' questions.

10. Financial Update

Mr. Craig said that the City is currently at 97 percent of budget. Sales tax has bounced back from this year's earlier slump. However, the City is sharing 62 percent of its sales tax in the pool. According to St. Louis County, the pool declines 3 percent each year, but Chesterfield continues to grow; therefore, Chesterfield's sharing percentage increases.

11. Adjournment

The meeting was adjourned at 7:00 p.m.