

MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Jeremy Craig, Director of Finance and Administration
DATE: July 20, 2005
SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING

The Finance and Administration Committee met on Wednesday, July 20, 2005. Those in attendance included: Chairperson Jane Durrell, Ward I, Councilmember Bruce Geiger, Ward II, Councilmember Dan Hurt, Ward III, Councilmember Mary Brown, Ward IV, CBIZ Consultant Beth Grellner, Attorney Jim Mello, City Administrator Mike Herring, and Director of Finance and Administration Jeremy Craig. Also in attendance was Executive Secretary Caroline McDowell. The meeting was called to order by Chairperson Durrell at 5:30 p.m.

1. Approval of Minutes—June 1, 2005

Councilmember Geiger motioned to approve the minutes from June 1, 2005 and Councilmember Brown seconded. The minutes were approved 3-0. Councilmember Hurt was not yet present for the vote.

2. MIS CAC Recommendation of Off-Site Data Storage

Mr. Craig summarized Information Systems Manager Jim Michael's memo, recommending off-site data storage for the City's backup data tapes. Iron Mountain, a reliable company within that arena, would provide a three-layered system, with one set of data in their vault, one en-route on weekly pick-ups and one on-site at the City. The cost of \$200 per month is unbudgeted, but the year's budget savings should provide coverage of the cost without using fund reserves.

Councilmember Geiger motioned to approve \$200 per month from the 2005 budget savings for off-site data storage. Councilmember Brown seconded and the motion was approved 3-0. Councilmember Hurt was not yet present for the vote.

3. Council Chambers Sound System

Mr. Craig summarized Mr. Michael's second memo about the Council Chamber sound system, explaining that the system was not optimally installed. The eight speakers current installed must be used at maximum volume to function, but this setting distorts the sound quality. The proposed system will have two new sound boards and twenty speakers, utilizing the eight already in place, arranging them strategically and at a lower volume setting to produce the best quality. The system installation would cost approximately \$18,900, an unbudgeted amount that would be covered within the budget by the savings from the City's health insurance plan.

On the same note, Councilmember Brown noted that sometimes presenters at Council and/or Planning Commission meetings need the hand microphone in addition to the podium microphone. And Councilmember Geiger noted that the video presentations do not always work. Mr. Craig said that the new system should address the microphone problems, and in the future, presenters will be contacted to do a dry-run of their presentations prior to meetings. IT staff will also be on-hand during meetings when known video presentations will occur.

Councilmember Geiger motioned to recommend to Council the approval of no more than \$20,000 from the fund balance to finance the installation of the proposed sound system improvements in the Council

Chambers. Councilmember Brown seconded and the motion was approved 3-0. Councilmember Hurt was not yet present for the vote.

4. Staff/CBIZ Recommendations for Changes to the Retirement Plan

Mr. Craig explained that the CBIZ RFP, the last step in the retirement plan study, evaluated potential providers based on total plan cost, investment performance and employee services provided. CBIZ consultant Beth Grellner explained that from the eleven companies who responded, the top three were chosen to meet with three City employees to determine which company could meet the key goal of truly helping employees invest their retirement savings. [NOTE: Councilmember Hurt arrived at this point in the meeting.] From these meetings, Hartford/Retirement Plan Advisors (RPA) provided the highest level of investment information, not only taking into account employees' goals, but also the circumstances of their family and other personal matters. Mr. Craig said that Hartford/RPA offered to meet with employees at initial orientations, outside of work hours and at more convenient locations.

In response to councilmember Hurt's inquiry about transaction costs, Ms Grellner said that the investment management fees are built into the cost structure (\$119,000 total for Hartford/RPA) and there are no additional fees for moving around within mutual funds. Councilmember Hurt also asked if direct stock funds would be available in addition to mutual funds. Mr. Craig explained that the retirement plan is limited to high-rated mutual funds to insure the City as a good fiduciary provider and avoid legal recourse from employees who invest in stocks and lose substantial portions of their retirement savings.

Mr. Craig noted that Hartford/RPA offers an option for employees to turn over their portfolios to professional managers for a one percent management fee and guaranteed returns. Mr. Herring added that the Hartford provides on-going reviews of employee portfolios, consistent meetings with employees, and statements that combine employees' 401(a) and 457 plans, converting the savings into a monthly payment that employees can understand.

Chairperson Durrell asked why each company had two names associated with it. Ms. Grellner explained that the first name in each pairing was the investment manager and the second name was the independent investor. The information provided to Council will include an explanation of these names and also Manulife information so that a direct comparison can be made from the current versus potential plan.

Councilmember Brown motioned to recommend to Council to choose the Hartford/Retirement Plan Advisors to provide both the 401(a) and 457 employee retirement plans. Councilmember Geiger seconded and the motion passed 4-0.

Councilmember Geiger praised the retirement study process and results. Mr. Herring also commended Ms. Grellner and Mr. Craig for their involvement and agreed the study results will provide more for employees than he thought possible.

5. Review of Neighborhood Improvement District Policy

Mr. Craig presented the Neighborhood Improvement District (NID) policy drafted by staff and Director of Public Works and City Engineer Mike Geisel's memo. He noted that staff is very comfortable with the policy and the discussion at this meeting would concern just setting the policy; if and/or when requests begin, staff will begin making accommodations.

In response to the Committee's questions, Attorney Jim Mello said:

- The Public Works Department can do the initial estimate for a NID project, estimating high so there is room to go over the 25 percent over-estimate allotment.
- After the initial cost estimates are done, the subdivision can opt for a series of temporary notes throughout the project and at completion, issue the general obligation bonds.
- At the end of the project, the subdivision can opt to pay for the whole project immediately or assess the cost on property over a number of years.

- If the project is not done properly, the City can go against the contractor's insurance for amendments.
- City staff can be reimbursed as long as documentation is provided. However, most cities/counties that employ a NID program use outside consultants.

He also highlighted that a successful NID program gives citizens a mechanism to fix problems that are not the responsibility of the City and, therefore, alleviates the number of complaints the City receives.

Councilmember Geiger motioned to forward the NID policy to Council for approval. Councilmember Brown seconded and the motion was approved 4-0.

[NOTE: Councilmember Geiger left at this point in the meeting.]

6. Executive Session—Personnel Matter

The Committee went into Executive Session to discuss personnel matters under RSMo 610.021(3).

[NOTE: Councilmember Geiger returned at this point in the meeting.] Motion made by Councilmember Durrell and seconded by Councilmember Brown. Roll call vote was taken with all four members voting yes. The committee emerged from executive session and went back to public meeting at 7:30 p.m.

Other Matters – Upon emerging from executive session Councilmember Durrell discussed the meeting of the Chesterfield Community Development Corporation (CCDC). Councilmember Brown noted four council members were in attendance. Mr. Craig inquired about the posting and minutes availability of the CCDC meeting to ensure compliance with the Sunshine Law. Ms. Durrell noted the CCDC seemed confused about what its current role is within the City and needed further guidance. Ms. Brown concurred and recommended the next committee agenda include this area for discussion. Mr. Herring noted he is close to filling the new Assistant City Administrator for Community and Economic Development position and that person could attend the next committee meeting to share their insights into how best utilize the CCDC moving forward to maximize their contribution to the City.

7. Adjournment

The next meeting date was tentatively set for September 14th at 5:30 pm. The meeting was adjourned at 7:45 p.m.