

## MEMORANDUM

**TO:** Finance and Administration Committee of City Council

**FROM:** Jeremy Craig, CPA, Director of Finance and Administration

**DATE:** August 19, 2003

**SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING**

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The Finance and Administration Committee met Wednesday, August 27, 2003. Those in attendance included: Chairperson Jane Durrell, Ward I, Councilmember Bruce Geiger, Ward II, Councilmember Dan Hurt, Ward III, Councilmember Connie Fults, Ward IV, Councilmember Mike Casey, Ward III, City Administrator Mike Herring, Director of Finance and Administration Jeremy Craig, and Executive Secretary Shirley Yost. Also in attendance were Joel Smiley and Eric Winschel from the CCDC and Colonel Lee McKinney and Brian Calderwood. The meeting was called to order by Chairperson Durrell at 5:30 p.m.

**1. Approval of Minutes – June 12, 2003**

Councilmember Fults made a motion to approve the minutes from June 12, 2003 and Councilmember Geiger seconded the motion. The motion was approved 3-0.

*[Note: Councilmember Hurt arrived at 5:35 p.m.]*

**3. Contribution Requests**

The Committee discussed the Chesterfield Arts contribution request held from the June 12, 2003 meeting. The application was resubmitted under one of the Arts Roundtable of Chesterfield partner organizations, “Faust Cultural Heritage Foundation.” Councilmember Casey spoke on behalf of Chesterfield Arts. He stated that the contribution request of \$3,000 was for the “Calendar of Arts” publication.

Councilmember Geiger made a motion to approved \$1,000 for the Chesterfield Arts request. Councilmember Hurt seconded the motion. The vote was 2-2, motion failed.

Councilmember Fults made a motion to approve \$3,000 for the Chesterfield Arts request. Councilmember Durrell seconded the motion. The vote was 2-2, motion failed.

Councilmember Fults made a motion to approve \$1,500 for the Chesterfield Arts request and Councilmember Geiger seconded the motion. The motion was approved. 4-0.

Councilmember Durrell requested that the Committee review the rules of the contribution program.

## **2. Review/Discussion – CCDC Budget Request**

Mr. Herring stated that the Committee had asked Staff to work with the CCDC to obtain answers to questions from the Committee, regarding the CCDC budget request. He referred the Committee to a document contained in their Finance and Administration Committee packet. He stated that Joel Smiley, Eric Winschel, and Col Lee McKinney were present at the meeting to answer and/or clarify the Committee member questions.

Councilmember Hurt asked Colonel McKinney about the current status of the levee and if he could forecast a “horizon” to the project. Colonel McKinney gave a brief overview of the levee project. He stated that the levee project was initially scheduled to go until 2010.

The Committee reviewed each of the answers provided, regarding the CCDC’s budget. Committee members expressed concern over a budgeted 4% salary increase for CCDC employees when the City had only budgeted 1% for City employees. Other budget items such as out-of-town travel and conference expenses were discussed also. Councilmember Geiger asked about the CCDC’s fund reserves, which currently total approximately \$140,000. Mr. Smiley and Mr. Winschel answered each of the Committee members’ questions.

The Committee also asked the CCDC representatives what would prevent the CCDC from converting to a calendar-year fiscal year, like the City. Mr. Winschel stated that the CCDC fiscal year could be converted to a calendar-year fiscal year, but an additional financial audit would be required. The Committee decided not to request any changes at this time.

Chairperson Durrell thanked the CCDC representatives for attending the meeting. She stated that Council was looking at all expenditures and the CCDC may not receive the full funding requested.

Councilmember Hurt made a motion to forward to Council the CCDC budget request, pending budget review. Councilmember Geiger seconded the motion. The motion was approved 4-0.

*[Councilmember Hurt left the meeting at 7:15 p.m.]*

## **6. Discussion of Liquor Law Changes**

The Committee discussed an ordinance amending the liquor laws of the City of Chesterfield to reflect changes in the state law which allows for the sale of alcohol, by-the-drink and bulk package sales, beginning at 9:00 a.m. on Sundays.

Councilmember Geiger made a motion to amend the City’s regulation of liquor laws and the licensing therein to comply with the state statutes. Councilmember Fults seconded the motion. The motion was approved 3-0.

Councilmember Geiger made a motion to recommend to Council to amend the ordinance allowing liquor retail bulk sales, not for consumption on the premises, to be allowed by 9 a.m. on Sunday. The motion was approved 3-0.

#### **4. Review/Discussion Five-Year Budget**

Mr. Herring stated that the Five-Year budget reflects a change from last year's information, due to the continued sluggishness in the economy. The city is experiencing its third consecutive year of relatively flat growth in sales tax.

Mr. Craig stated that the Finance and Administration Citizen Advisory Committee had met recently and had reviewed the Five Year Budget. The committee had a detailed discussion on the assumptions and results of the five-year forecasts and wished to convey the following observations and recommendations to the Finance and Administration Committee: (1) The assumption of 8% for health care costs appears to be low, given current market conditions. If the City wished to contain costs at 8% it may need to consider alternative coverage and review employees' share of costs; (2) The committee agreed that the conservative approach for revenue assumptions was necessary, given the current economic environment; (3) A salary projection of only 3% for all five years appears too optimistic. The committee recommends using 3% for the first three years of the plan and using 5% for the last two years. The committee feels this is a necessary assumption to ensure salaries remain competitive long-term; (4) Given the results of the five-year forecast, the committee encourages the Finance and Administration Committee to begin considering remedies to the rapid fund reserve decline. Possible remedies discussed were a property tax (given the City's large assessed valuation, a small rate would generate funding), an additional sales tax (to address the almost \$1.5 million in operation/maintenance expenses for parks) or a hotel tax (to capture activity from visitors).

The Committee members requested additional time to review the five year budget and asked that a special meeting be scheduled on September 17, 2003, for this purpose.

#### **5. Reporting of Results from 2002 Audit**

Mr. Craig informed the Committee that the auditors had recently completed FY2002 audit and early implementation of GASB Statement #34. He further explained that the implementation created new statement formats and reporting procedures. Perhaps the largest change is the capitalization of infrastructure and the recording of long-term liabilities on the balance sheet. After discussion, the Committee accepted the update as information.

Mr. Craig noted that copies had already been provided to Mayor Nations and the other members of City Council.

7. **Other/Next Meeting**

The Committee scheduled a special Finance and Administration Committee meeting on September 17, 2003 at 5:30 p.m. to discuss the Five-Year Budget. The next regularly scheduled meeting of the Finance and Administration Committee will be held on Wednesday, October 22, 2003 at 5:30 p.m.

The meeting adjourned at 8:15 p.m.