

MEMORANDUM

TO: Finance and Administration Committee of City Council

FROM: Jeremy Craig, Director of Finance and Administration

DATE: October 5, 2004

SUBJECT: FINANCE AND ADMINISTRATION COMMITTEE MEETING

The Finance and Administration Committee met Tuesday, October 5, 2004. Those in attendance included: Chairperson Mary Brown, Ward IV, Councilmember Jane Durrell, Ward I, Councilmember Mike Casey, Ward III, City Administrator Michael Herring and Director of Finance and Administration Jeremy Craig. Also in attendance was Caroline McDowell, Executive Secretary. Absent from the meeting was Councilmember Bruce Geiger, Ward II. The meeting was called to order by Chairperson Brown at 5:30 p.m.

1. Approval of Minutes – September 15, 2004

Councilmember Casey made a motion to approve the minutes from September 15, 2004 and Councilmember Durrell seconded the motion. The motion was approved 3-0.

2. Contribution Requests

Of the \$10,000 allocated for contribution requests in 2004, the YMCA received \$3,000 and the Chesterfield Chamber received \$3,000. As of September 30, 2004, requests were also submitted from Piwacket Theatre for Children/OFF THE CUFF and the Drug Abuse Task Force, two organizations that the City has given to consistently over the past five years.

There was general discussion regarding the funding process. Mr. Herring noted that organizations can submit applications at any time during each year, but the date of each submission is probably a function of individual fiscal years and/or other internal issues. He noted that almost all of the requests are for partial funding of the total cost for any given program.

Councilmember Casey made a motion to distribute the remaining \$4,000 equally, with \$2,000 awarded to each organization. The motion was seconded by Councilmember Durrell and approved 3-0. Mr. Herring reminded the committee that City Council authorized the committee to make these decisions. Award checks will be prepared and delivered in early October.

3. 2005 Council Meeting Calendar

Chairperson Brown suggested that the meeting scheduled for July 6 be eliminated because of its proximity to the July 4th holiday and that a second meeting in August be added. In response to questions, Mr. Herring noted that the fall and spring are the busiest times for Council and, at one time, they had adopted a summer meeting schedule of one meeting per

month during July, August and September. Councilmember Casey motioned to recommend that the July 6 meeting be cancelled and that meetings be added on August 1 and August 15. Councilmember Durrell seconded the motion and it was approved 3-0. The calendar will be forwarded to City Council for review/approval at the meeting on October 18, 2004.

4. Five-Year Forecast

Chairperson Brown noted that she had invited Councilmember Geiger to meet with her, Mr. Herring and Mr. Craig to discuss the 5-year forecast. She said she was satisfied with the forecast and that Mr. Craig had thoroughly answered all of the questions that arose at the previous F&A Committee meeting.

Mr. Craig summarized the September 27, 2004 memo:

- By definition and state law, the City cannot deficit spend. Fund reserves have been used recently to supplement annual operating revenues.
- Because none the City's current debt can or will be paid off prior to 2015, there will be no possible budget savings until then.
- The TIF has \$45 million in bonds and \$8 million in notes.
- The TIF is scheduled to be paid off by 2017, or 23 years after it was established. At this time, we estimate (in 2003 dollars) that the General Fund will receive annual revenues from sales and utility taxes totaling approximately \$1.2 million and the ½-cent Capital Improvement Sales Tax Fund will receive approximately \$750,000 per year. The TIF has been performing well so there is a possibility that it will be paid off prior to 2017, but there is no way to forecast. If that were to happen, it would be after the timeframe contained within the current 5-year forecast.

In review of the revised Summary of Revenues & Expenditures sheet, Mr. Craig noted that, primarily because of the refinancing of City Hall debt, the projected fund balances over the forecast period have improved. He also noted that if Proposition P is approved, the impact will be very positive. Since operational expenses for parks and recreation will be covered by the new source of revenue, the current drain on the fund balance will end.

In response to the ensuing discussion, Mr. Craig pointed out that the City had appropriately planned for budget constraints by setting aside previous budget surpluses and current projections for fund reserves are still positive. In addition, placing Proposition P on the ballot was an important step to take in order to stop the drain on Fund Reserves. Overall, the 5-year picture is very positive and at the end of 2004, the City will still have \$10.5 million in fund reserves. He reminded the committee that the forecast is a non-binding document and City Council will be reviewing the proposed 2005 budget in the coming months.

Councilmember Casey asked if a fact sheet regarding Proposition P had been prepared. Mr. Craig said that Ms. McDowell was completing a brochure that, once finalized, will be distributed to the Mayor and City Council members, and will also be available at the front desk in City Hall. The committee commended Staff for the effort.

5. Other Items

Councilmember Durrell asked that the committee consider the role and function of the F&A Citizens Advisory Committee and add the issue to the next agenda.

Chairperson Brown adjourned the meeting at 6:40 p.m.