

MEMORANDUM

TO: Michael G. Herring, City Administrator
FROM: Kelly Vaughn, Director of Finance and Administration
DATE: March 24, 2009
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Monday, March 23, 2009. Those in attendance included: Councilmember Gene Schenberg, Ward I; Councilmember Dan Hurt, Ward III; Councilmember Connie Fults, Ward IV; City Administrator Mike Herring; Director of Finance and Administration Kelly Vaughn; and, Asst. City Administrator for Community Services/Economic Development Libbey Malberg. Those also in attendance were Councilmember Bruce Geiger, Ward II and Councilmember Mike Casey, Ward III.

Mr. Herring informed the Committee that Chairperson Lee Erickson had called, just prior to this meeting, to let him know that, unfortunately, he would not be able to attend tonight's meeting. Mr. Herring noted that Councilmember Fults was Vice-Chair of the Committee and would, as a result, be presiding over tonight's meeting.

Vice-Chairperson Fults then called the meeting to order at 5:32 p.m.

1. Approval of Minutes—February 23, 2009

Councilmember Schenberg motioned to approve the minutes from the February 23, 2009 meeting of this committee. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. Discussion Regarding FY2008 Financial Update

Ms. Vaughn presented a preliminary financial update which was based on unaudited FY2008 financial information. She explained that the City's auditors, Hochschild Bloom & Company, LLP, were on site earlier in the month conducting the annual audit. She stated that to date, they have not indicated any significant changes relating to the revenue and expenditures being presented for FY2008. Therefore, the financial update that was presented at the previous F&A Committee meeting remained relatively unchanged.

Councilmember Hurt stated that his main concern was with the sales tax revenues within the Parks Sales Tax fund. He asked Ms. Vaughn to elaborate on the December sales tax revenues within this fund. Ms. Vaughn explained that the December 2008 revenues were roughly 6.4% below December 2007 revenues. She stated that the national average for December 2008 was 10.5% below December 2007, which reinforces the significantly "better than average" economic health of the City.

Councilmember Fults asked if the increase in Utilities taxes in 2008 was related to the wireless settlements received in 2008. Mr. Herring confirmed that this was correct. Councilmember Fults also inquired about the decrease in “Charges for Services” revenue in 2008 as compared to 2007. Ms. Vaughn explained that this was related to the decrease in inspection fees received during the year. The Committee accepted the report as information and took no further action.

3. Discussion Regarding FY2009 Financial Update

Councilmember Fults stated she especially appreciated the inclusion of charts, to graphically show the variations in various revenues, throughout the year. Mr. Herring commended Ms. Vaughn on the presentation of the financial information.

Ms. Vaughn presented a financial update for the period ending February 28, 2009. She stated that overall, General Fund revenues were performing close to the FY2009 budget. She noted that sales tax revenue was below expectations, but that other revenues such as utility taxes and court fines and fees were performing at or above the amounts budgeted for FY2009, which offset the shortfall from sales tax revenue.

Ms. Vaughn stated that expenditures, as a whole, within the General Fund were slightly less than expected. She explained that this was partly due to the delay in receiving the new fleet of vehicles in the Police Department. However, she noted that there were several “one-time” expenditures that had already occurred which would initially inflate the expenditure percentages causing them to appear higher than if the expenditures occurred evenly through out the year. Ms. Vaughn also pointed out that under the direction of Mr. Herring, Department Heads are being very cautious with spending and limiting expenditures when possible. Councilmember Geiger commented on how Mr. Herring has always done a good job of managing expenditures. Mr. Herring emphasized that revenues are in line, and expenditures are under control, but that we will absolutely remain focused on them as we continue through 2009.

Ms. Vaughn explained that both Parks Sales Tax and Capital Sales Tax funds are experiencing a slight decrease in sales tax revenue. She stated that, in comparison to the General Fund, the decrease in Parks and Capital sales tax revenue was significantly less. This is a direct representation of the City’s performance which is significantly better than the national average. Ms. Vaughn further explained that expenditures appear to be in line with expectations for these funds. As with General Fund, Department Heads are closely monitoring expenditures and identifying savings when possible.

Councilmember Hurt expressed his concern for retail vacancies in the Valley which could negatively affect future sales tax revenue, especially within the Parks Sales Tax fund. Councilmember Fults stated she was concerned with the number of “For Rent” and/or “For Sale” signs she has seen lately. Ms. Malberg noted that she now has new software that will enable her to track vacancies which will be very beneficial. She also stated that most of those vacancies are smaller offices and not retail, thus having very little impact upon sales tax revenues. Further discussion followed and Councilmember Hurt

suggested Ms. Malberg monitor/consult the trucking industry, as it could be an indicator for future sales tax revenue trends.

Mr. Herring expressed that while he can offer no explanation, the City always seems to fair well during difficult economic periods. Councilmember Hurt stated that he believes Chesterfield has a better mix than others and that this could be a big factor.

A discussion took place concerning the trends that were apparent via the revenue graphs that were presented. It was suggested that Staff consider promoting how well local restaurants and retails businesses have been doing, relative to the rest of our region.

4. Discussion Regarding Proposed Request for Proposal (RFP) for Investment Advisory Services

Ms. Vaughn recommended that the City seek requests for proposals for investment advisory services. She explained that now more than ever, the City needs to be receiving the highest return possible on its investments, while continuing to maintain the safety and liquidity of the investments. Mr. Herring noted that the idea for seeking such proposals resulted from an independent consultant, who has sought the City's investment services business. Mr. Herring consulted other City Administrators and learned that several had recently begun utilizing these types of services. At that point, he directed Ms. Vaughn and Michelle Bock, the City's Financial Advisor, to work to prepare the RFP that was included in the packet, for tonight's meeting.

Mr. Herring emphasized that the selected advisor would be required to adhere to the City's investment policy and State law and that all investing activities would continue to be closely monitored. He stated that the purpose for bringing this to the Committee was simply to keep them informed. He explained that after the submitted proposals are reviewed, the best proposal would be brought back to the Committee for approval. The Committee commended Mr. Herring and Ms. Vaughn for their efforts.

5. Adjournment

There being no further business to discuss, Vice-Chairperson Fults adjourned the meeting at 6:25pm.

6. Next meeting

The next meeting of this Committee has not been scheduled due to the upcoming election and change in members of the F&A Committee. A meeting will be scheduled after the election which will take place on April 7, 2009.