

MEMORANDUM

TO: Michael G. Herring, City Administrator
FROM: Lori Helle, Director of Finance and Administration
DATE: July 15, 2008
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Monday, July 14, 2008. Those in attendance included: Chairperson Lee Erickson, Ward II; Councilmember Gene Schenberg, Ward I; Councilmember Connie Fults, Ward IV; City Administrator Mike Herring; and, Director of Finance and Administration Lori Helle. Also in attendance were: Mayor John Nations, Councilmember Bruce Geiger, Ward II; Councilmember Mike Casey, Ward III, Councilmember Bob Nation, Ward IV, Asst. City Administrator for Economic/Community Development Libbey Malberg, Director of Parks & Recreation Darren Dunkle, Police Chief Ray Johnson, Information Systems Manager Matt Haug, Asst. Director of Finance and Administration Kelly Vaughn, as well as Mike Williams and Donna Wallace with Hochschild Bloom & Company. There was also one visitor in attendance.

The meeting was called to order by Chairperson Erickson at 5:30 p.m.

1. Approval of Minutes—June 9, 2008

Councilmember Fults motioned to approve the minutes from June 9, 2008. Councilmember Schenberg seconded and the motion passed 3-0.

2. Discussion of FY2007 Audit/CAFR

Mr. Herring noted that, per City Council policy, the auditors appear before the F&A Committee to personally discuss/explain the annual audit. He noted that CAFR (“Comprehensive Annual Financial Report”) is prepared, each year, as soon as the audit has been completed. He commented regarding the value of the CAFR as a “snapshot” of the City’s overall financial health.

Mr. Williams began with highlights of the annual audit of the fiscal year ended December 31, 2007:

- The City received the Certificate of Achievement from the Government Finance Officer Association for the 18th year;
- The audit includes an independent auditor’s report, which indicated a clean opinion. There were no qualifications, which is the highest opinion that an independent firm can offer;
- General Fund Reserves increased in 2007;

- Revenues were over budget and expenses were under budget. These are both very positive reflections upon the City's overall fiscal health;
- The City is in a good financial position.

Mr. Williams also stated there were four comments/recommendations, however, he noted that the City has "no deficiencies in material compliance". He also noted that they did not identify any problems/concerns with internal controls.

Mr. Williams next discussed, in general terms, the recommendations contained within the "Management Letter". Mr. Herring commented that Staff uses the information gained from the audit and it is important for the auditors to be thorough. With this in mind, Ms. Helle noted that each of the recommendations from the "Management Letter" have already been implemented. Mr. Herring clarified that the auditors are required to make their comments, based upon conditions in place, at the end of the fiscal year being audited. So, even though Staff has implemented each of those recommendations, they needed to be included in the "Management Letter". General discussion followed, with questions asked by members of the Committee.

Mr. Herring stated that the audit is a serious process and that Staff takes accounting for the City's money very seriously. Mr. Herring commented that he is very pleased that the entire Dept. of Finance and Administration is doing its job and that the comments and recommendations made by the auditors have been addressed. He commended both Ms. Helle and Ms. Vaughn for their leadership.

Mr. Williams thanked the City Staff for all of their cooperation.

Chairperson Erickson asked for a motion to forward the audit to City Council, with a recommendation to approve/accept the audit. Councilmember Schenberg made such a motion, which was seconded by Councilmember Fults and the motion passed 3-0.

3. Proposed Modifications to Citizen of the Year Guidelines

Assistant City Administrator for Economic/Community Development Libbey Malberg asked for some input on the proposed modifications to the Citizen of the Year Guidelines. Councilmember Fults stated that Item 6 should not mean that the Committee is made up of 4 members from each of the Committees listed. It should mean a total of 4 members and that they are randomly picked from those listed committees each year.

Selection criteria should include applicants not necessarily related to the City operations or projects, but were notable for their volunteer time in the community. Additional discussion followed.

No further action was necessary.

4. Discussion: Article VII. Boards, Commissions, Committees, etc.

Mr. Herring stated that former Councilmember Durrell had requested that the 50% attendance rule be removed from Article VII. Boards, Commissions, Committees, etc., of the City's "Code of Ordinances".

Chairperson Erickson stated that it wasn't mandatory to remove someone, simply because he/she cannot attend at least 50% of the meetings, it just gives the City the right to do so if the need should arise. However, Mr. Herring noted that, to his knowledge, at least, no one has ever been removed from a Committee.

Following some additional discussion, it was the consensus of the Committee to leave the current ordinances, unchanged.

No action was taken.

5. Recommendation to move Forward with Phase II of the Web Design & to Request Additional Funding

City Administrator Herring noted that, as previously recommended by the MIS Citizens Advisory Committee and approved by City Council, Captiva has finished Phase I of the Web Design and had submitted a proposal for Phase II. Phase II will make doing business with the City of Chesterfield, via the City's website, much easier and more convenient for citizens. He noted that, with the exception of Mr. Geisel, who had a scheduling conflict, each of the Dept. Heads were present at this meeting, in support of Staff's recommendation to proceed and fully-fund Phase II. He then asked Information Systems Manager Matt Haug to give a quick overview of the Phase II proposal and how the City and citizens will benefit from this project.

Mr. Haug explained to the Committee members that Captiva finished Phase I, which was the discovery, design, and implementation overview and was now ready to move forward with Phase II, which is the actual development of the new website. Mr. Haug then explained many of the enhancements of Phase II and how they will all benefit the users of the website, as well as the City of Chesterfield.

Mr. Herring then stated that there was \$24,000 budgeted in FY2008 and approximately \$10,000 was spent from Phase I; therefore, \$14,000 is currently available for Phase II. As recommended by Staff, the total cost for the implementation of Phase II is \$67,550, leaving a current shortfall of \$53,550. He noted that Phase I of this project actually provided much more insight to Staff and the members of the MIS Citizens Advisory Committee, as to what was possible. When the original budget was prepared for this project, our understanding of the potential and possibilities for use of our website simply was not as complete.

However, according to Mr. Herring, City Council established a \$300,000 Contingency account, within the FY2008 budget, to cover non-budgeted cost overruns, such as this. So, this project can be funded using budgeted dollars, already contained within the FY2008 Budget, without the need to use Fund Reserves.

Mr. Haug noted that Phase II will take 15 – 20 weeks to complete.

Councilmember Schenberg commented that implementation of this project will increase traffic to the City's website dramatically and asked about server capacity. Mr. Haug stated that this was already anticipated and there should be no problems. He pointed out that the City has excess bandwidth available.

Mr. Herring stated that each department will be responsible for their own content, but Matt will oversee the whole website. He commended Mr. Haug and each of the Dept. Heads for their participation in the process of developing their recommendations for improvements to the City's website.

Councilmember Schenberg made a motion to forward a recommendation to City Council, to approve moving forward with Captiva, for implementation of each component of Phase II, including a transfer of \$53,550 from the Contingency Account, to fund this project. Councilmember Fults seconded and the motion passed 3-0.

6. Discussion Regarding Prioritization of Uses for Available Fund Reserves

Mr. Herring stated that, in response to direction provided by the F&A Committee, he worked with the Dept. Heads to develop his original memo, in March, 2007, listing possible uses of "available" Fund Reserves. He noted that City Council had already authorized use of Fund Reserves to cover the City's share of three-party agreement with Maryland Heights and St. Louis County (\$200,000) and the local match for a grant application to extend the "Pathway on the Parkway" project to the eastern half of the Chesterfield Parkway (\$400,000). The members of the Committee agreed that those "commitments" should be itemized and subtracted from the total "available" dollars, even though those funds have not yet been spent.

Mr. Herring summarized Staff's recommendations for the purchase/installation of a new generator, at City Hall (\$550,000). Discussion ensued regarding the possible use of Fund Reserves to fund a secondary ingress/egress for the Nooning Tree development and the use of Fund Reserves to supplement funds already allocated for the Levee Trail project.

Mr. Herring also commented that he and Darren Dunkle, Director of Parks and Recreation, were finalizing their recommendations for Phase II of the Parks plan, which will include a wide variety of projects, as well as alternatives for funding same. He noted that these projects were above and beyond those projects that the City had committed to complete, when Proposition "P" was submitted to the voters, in November of 2004.

Councilmember Geiger complimented Staff for their work in completing a “5-year Forecast”, for the Parks Sales Tax Fund. He noted that the Parks and Recreation Committee had recently voted to recommend approval of that “5-year Forecast”. Mr. Herring commented that this item would be on the July 21 City Council AGENDA, for approval. Councilmember Geiger further commented that the “5-year Forecast”, while only a “forecast”, provides insight, for the first time, into available funds that could be used, in the future, to fund the cost of additional Parks improvements. He noted that the cost for all of the future parks improvements would likely exceed the funds that would be available, on a cash basis. So, it is likely that General Fund Fund Reserves would also be necessary to complete all of those projects. Mr. Herring noted that Parks Sales Tax Fund revenues were projected to exceed operational expenses and debt service expenses. Mr. Herring further commented that Staff was preparing funding alternatives, for Phase II of the Parks plan, including paying for the projects on a “cash” basis and/or issuing bonds to cover the expenses.

Councilmember Fults commented that she wanted to review the Parks “Phase II” proposal, before making any final decisions on the use of General Fund Fund Reserves. She noted that if there weren’t enough funds, in the Parks Sales Tax Fund, to cover the cost of projects like additional fields at the CVAC, an amphitheater, etc., she would propose using General Fund Fund Reserves to cover those expenses.

Mr. Herring noted that City Council had designated City Hall as both a “heating” and a “cooling” center, in the event of major power failures, during the summer or winter. He asked that consideration be given to fund an additional “generator”, at City Hall (\$550,000). He noted that this cost was just an estimate and that our needs would need to be studied thoroughly, before a contract would be awarded to purchase/install a new generator.

Councilmember Schenberg made a motion to recommend to City Council that Fund Reserves be used to cover the cost of purchasing/installing a new generator, at City Hall, at an estimated total cost of \$550,000. Councilmember Fults seconded the motion. [Councilmember Hurt arrived at this time.] The motion passed 4-0.

Chairperson Erickson stated that it appeared from the discussion above that the Committee wished to table this item, until the next meeting, to enable Mr. Herring and Mr. Dunkle to complete work on Phase II of the Parks plan. He, again, reiterated his support for the funding of an amphitheater, in Central Park and that he would recommend use of Fund Reserves to fund this project, if it could not be completely funded via Phase II of the Parks plan. He and Councilmember Geiger also expressed support for the construction of a secondary ingress/egress for the Nooning Tree development.

Mr. Herring noted that Mr. Dunkle and he were close to completing work on Phase II of the Parks Plan and would forward their recommendations to the Parks/Recreation Committee of City Council, as soon as possible.

Chairperson Erickson then adjourned the meeting at 7:25 p.m.

