

MEMORANDUM

TO: Members – F&A Committee
FROM: Michael G. Herring, City Administrator
DATE: July 9, 2013
SUBJECT: Minutes – 07-08-2013

The Finance and Administration Committee met on July 8, 2013. Those in attendance included: Chairperson Mike Casey, Ward III; Council Committee Member Nancy Greenwood, Ward I; Council Committee Member Elliot Grissom, Ward II; Council Committee Member Connie Fults, Ward IV; Mayor Bob Nation; Councilmember Dan Hurt, Ward III; Councilmember Bruce DeGroot, Ward IV; City Administrator, Mike Herring; Community Services & Economic Development Director, Libbey Tucker; Finance Director, Brian Whittle; Police Chief Ray Johnson; Director of Public Services, Mike Geisel; Information Technology Manager, Matt Haug; Management Intern, James Mello; and two visitors.

Chairperson Mike Casey called the meeting to order at 5:30 p.m.

1. Approval of Minutes—June 24, 2013

Councilmember Fults motioned to approve the minutes from the June 24, 2013 meeting of this Committee. Councilmember Greenwood seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. City Council Meeting Schedule 2014

Councilmember Fults motioned to approve the proposed 2014 City Council Meeting. Councilmember Greenwood seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

4. Chesterfield Valley Transportation Development District (TDD)

Chairperson Casey noted that, at the request of Mr. Herring, this item would be discussed next.

Mr. Geisel noted that, for this presentation, he was speaking both as the City's Director of Public Services and the TDD's Executive Director. He informed the Committee that the Chesterfield Valley TDD has three projects currently in various stages of planning and construction – Long Road\ Wildhorse Creek\ Kehrs Mills Road, a major beautification project, at/near this intersection and the Levee Trail. He noted that each of those projects were authorized by voters of the District, which is located completely within the City of Chesterfield, when the TDD was established. He noted that the District is financially healthy; however, there is not enough current revenue to cover the capital costs

associated with each of these projects. With this in mind and in order for the above-mentioned projects to be finished without interruption, Mr. Geisel is recommending that they be forward-funded, until the next debt issuance by the TDD, which is anticipated to occur, during 2015. The source of this forward-funding will be General Fund – Fund Reserve dollars, above and beyond the City’s 40% policy.

Mr. Geisel calculates that the City of Chesterfield would need to forward fund up to \$1.1 million for the projects to be funded. He stressed that the forward funding would be **fully reimbursed** by the TDD when those funds become available, which, again, is anticipated to occur in 2015, at the latest. Mr. Geisel said that the County has already forward funded \$3.36 million for TDD projects and will also be reimbursed with the anticipated 2015 debt issuance. Mr. Geisel further clarified that, should TDD annual revenues improve, as a result of continued and/or new economic development within the District, those dollars would be obligated to the County, due to their having already agreed to forward-fund their portion of various projects.

Mr. Geisel further mentioned that the forward-funding would finance the Kehrs Mill extension which would remove the blind curve; finance the beautification project, at/near the intersection of Kehrs Mill and Wild Horse Creek Road; and finance the final phase of the Monarch Levee Trail. He said the total of the projects is conservatively estimated to cost \$2.2 million and that the TDD has approximately \$1.1 million in cash accounts, which the TDD Board has already voted to allocate, for these three projects. That leaves the \$1.1 million which the City is being asked to forward-fund.

Mr. Geisel stated for those projects to be completed, two actions would need to be taken: the City would have to formally approve a revised escrow agreement and agree to temporarily forward-fund the amounts necessary for the projects to proceed without interruption.

Mr. Herring, as a member of the TDD Board, confirmed that the TDD board has already voted to proceed with all of these projects AND to fully repay the City any amount that is forward-funded. He also noted that the TDD Board is comprised of the Chesterfield Mayor and City Administrator and the County Executive and Director of Administration.

Councilmember Fults stated that completing the Kehrs Mill road project is important for residents and that the blind curve is a safety issue. She noted that all of the projects discussed by Mr. Geisel were promised to residents when the TDD was created in 2005 and that they should be finished, ASAP, since they are so close to completion.

Councilmember Greenwood stated she would prefer that the projects be funded as there is money available and in particular thought the beautification and Levee Trail work could wait until the TDD had the available financing.

Mayor Nation noted that City will be reimbursed before the funds are needed and he felt the projects should be completed now while there is a great opportunity. He further commented that he had met with Mr. Geisel, prior to this meeting, and fully-supports the

use of General Fund – Fund Reserves to “bridge the temporary funding gap”, on behalf of the TDD.

Councilmember Fults made a motion to recommend that City Council accept the revised escrow agreement. Councilmember Grissom seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

Councilmember Fults made a motion to recommend that City Council earmark \$1.1 million for the projects discussed/described above. Councilmember Grissom seconded the motion. The motion passed 3-1, with Councilmember Greenwood voting “no” and will be forwarded to City Council for final review/approval.

3. Upcoming Capital Needs

Mr. Herring stated the “Capital Needs” memo was created, at his direction, with significant effort and time from Mike Geisel, Chief Johnson, Matt Haug and Brian Whittle. He said the memo was created to identify future capital needs of the City, which by their nature and cost, cannot be funded by the operating budget. He noted that there is currently \$4.2 million in General Fund – Fund Reserves, over and above the amount required by the City’s 40% policy. He noted that this portion of General Fund – Fund Reserves has historically been used to pay for capital projects. In essence the amount over the 40% has become a de facto ‘**Capital Replacement Fund**’. He pointed out that Staff was, in fact, recommending formalizing that practice, by designating those currently available FUND RESERVES, for this purpose. The memo specifically includes a list of major projects that will need to be funded by reserves.

Mr. Geisel, stated that the “Capital Needs” were identified by determining the most significant future liabilities. He noted that the memo divides the needs into three categories based on what Staff perceives as the most urgent needs but ultimately, priorities will be established by the Council. He said that having a Capital Replacement Fund would allow staff to replace items when needed and not based on a replacement schedule. He also noted that these items cannot be financed through the operational budget.

Councilmember Fults applauded the effort of the Staff in creating the “Capital Needs” list. She noted the list is an item the Council has needed for a long time and will be very helpful in planning for the future. She commended Mr. Herring for responding to City Council, in this manner and for reminding everyone that there are “future needs” that the Mayor/City Councilmembers need to fund. She noted that setting Fund Reserve dollars aside, for these purposes, makes sense.

Councilmember Greenwood also appreciated the efforts of the Staff in identifying the future capital needs and for calling for the establishment of a “Capital Replacement Fund”, by using these “available” Fund Reserves. She suggested that both the list of projects and the establishment of a “Capital Replacement Fund” could/should be discussed by the entire City Council, at an upcoming retreat.

Councilmember Grissom asked what steps should be taken. Mr. Geisel said the first step was identifying the need and then the funds should be set-aside. He stressed that no set-aside funds would be spent without direct authorization by the Council. Mr. Herring further noted that each project would be bid, evaluated by Staff and brought forward for City Council review/approval, per the normal process.

Mr. Herring commented that the MIS Cit. Advisory Committee was currently reviewing the recommendations regarding a new “phone system” and a “document management system” and that any action on those two items should wait until that citizens committee has completed its review. Councilmember Grissom, as liaison to the MIS Cit. Advisory Committee supported holding any action on these two items, to enable the MIS Committee to complete its review and there was a general agreement with that sentiment. Mr. Herring pointed out that included those items, on this list, was simply done to create a “place-holder” for both projects.

Councilmember Grissom motioned to recommend the Council approve \$34,500 to be appropriated from General Fund – Fund Reserves in order to purchase the City Hall Solar Thermal Additions. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved and will be forwarded to City Council.

5. Adjournment

Mr. Herring noted that he had received responses from all elected officials regarding their availability to attend retreats. After some discussion, both August 24 and September 14 were identified as the dates for those retreats. Mr. Herring committed to sending an e-mail confirmation to the entire City Council and all members of the Management Team.

There being no further business to discuss, Chairperson Casey adjourned the meeting at 6:50 p.m.