

MEMORANDUM

TO: Members – F&A Committee
FROM: Michael G. Herring, City Administrator
DATE: September 24, 2014
SUBJECT: Minutes – 9-22-2014

The Finance and Administration Committee met on September 22, 2014. Those in attendance included: Chairperson Derek Grier, Ward II; Council Committee Member Barry Flachsbart, Ward I; Council Committee Member Mike Casey, Ward III; Council Committee Member Bruce DeGroot, Ward IV; Mayor Bob Nation; City Administrator Mike Herring; Finance Director Craig White; Chief of Police Ray Johnson; Director of Planning and Public Works Mike Geisel; and, Community Services/Economic Development Director Libbey Tucker. Those also in attendance included: Councilmember Elliot Grissom, Ward II; Councilmember Dan Hurt, Ward III; Councilmember Connie Fults, Ward IV, Councilmember Nancy Greenwood, Ward I, who arrived later; and Management Analyst, James Mello Jr.;

Chairperson Derek Grier called the meeting to order at 5:30 p.m.

1. Approval of Minutes – August 25, 2014

Councilmember Casey motioned to approve the minutes from the August 25, 2014 meeting of this Committee. Councilmember DeGroot seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. Discussion Regarding New Policy for Executive Sessions to be Held Only at City Council Level

Councilmember Grier stated that it was his perception that it would be beneficial to create a policy stating that Executive Session meetings should only be held at the City Council level, with everyone in attendance. Executive session meetings are held infrequently to discuss a small number of items, but important items that would be beneficially discussed by the larger group.

Councilmember Hurt clarified that the only issues eligible to be discussed in Executive Session are litigation, personnel, and property acquisition.

Councilmember Flachsbart motioned to approve the new policy. Councilmember DeGroot seconded the motion. A voice vote was taken and the motion was passed 3-1, with Councilmember Casey voting against the motion.

3. Discussion Regarding Formalizing the Policy of 2-2 Votes Staying in Committee

Councilmember Grier explained that, with the exception of the Planning and Public Works Committee, it is a current practice of each Committee to not forward a recommendation to the full Council when the Committee vote is 2-2. However, there is no formal policy that states this. He clarified that even if an issue is not passed out of committee with a 3-1 or 4-0 vote, Councilmembers can still bring the issue up at a Council meeting under New Business if they so desire.

A general discussion ensued regarding the need to formalize such a policy when, in practice, it has not been an issue thus far.

Councilmember Grier made a motion to create a policy stating that items resulting in 2-2 votes would not be forwarded on to the City Council. There was no second and the motion was not brought to a vote. There was general consensus that the current “practice” should continue to be followed and that the Committee system has served the City well.

4. Elimination of Property Tax in 2015

Mayor Nation discussed his proposal to eliminate the three-cent property tax in 2015 stating that, while the savings to individual households is not large, the message sent to residents would be positive. Additionally, he stated that the City appeared to have sufficient funds in General Fund - Fund Reserves to cover the revenue that would otherwise be generated by this property tax. Finance Director Craig White clarified that the cost to the City would be approximately \$490,000 above funds already set aside to supplement property tax revenues to retire the debt, in 2015.

Councilmember Hurt reminded the Committee that Staff had produced a list of necessary capital projects, over the next ten years and had suggested that all available General Fund – Fund Reserves, in excess of the “40% policy”, be set aside to cover the cost of those projects. He noted that the estimated cost of those projects exceeded the total amount of Fund Reserves, currently above the “40% policy”.

Mayor Nation suggested, rather than using existing Fund Reserves, above and beyond the City’s “40% policy” that, if FY2014 ends on a positive note, with revenues exceeding expenditures, that those specific “surplus dollars” could be used for this purpose.

Mr. Herring and Mr. White made clarifying statements regarding the timing in which the actual amount of excess revenues could be calculated. They noted that Utility Tax revenues are the single largest source of revenue for the General Fund and that they are highly weather dependent and difficult to project so far in advance. The total amount of those revenues, for FY2014, like sales tax revenues, will not be known until February 2015. As such, Mr. Herring recommended revisiting Mayor Nation’s proposal at the

March 2015 F&A meeting to discuss further, when the 12/31/2014 final numbers would be known.

Councilmember Flachsbart motioned to eliminate the property tax in 2015 and to set aside \$490,000 from General Fund – Fund Reserves, to cover the total amount needed to make the final debt service payment. Councilmember DeGroot seconded the motion. A voice vote was taken and the motion failed to pass out of committee 2-2, with Councilmember Casey and Councilmember Grier voting against the motion. Both Councilmembers Casey and Grier noted that the current property tax, of \$.03/\$100, would only cost the owner of a \$300,000 home approx. \$17/year and that funds had already been set aside to make sure that the revenue generated from the current property tax would be sufficient to cover the final debt service payments. They also echoed Councilmember Hurts earlier comments regarding the need to use Fund Reserve dollars for needed capital improvement projects.

5. Discussion regarding the City paying for Certain Councilmembers and Staff to attend the STAGES Annual Gala Event

Councilmember Greenwood arrived at the meeting at this time.

Mayor Nation stated that in the past, the City has paid for certain Council and staff members to attend the annual STAGES fundraising gala in November and also subsidized half the cost of their spouses' attendance. Mayor Nation sought Committee input on continuing this practice.

Mr. Herring stated that in the past, only a small number of Council and Staff attended the event and that the Mayor's attendance, as well as that of the Mayor's spouse, was provided by STAGES, at no charge to the City. He also noted that the normal price of \$300/person would be reduced to \$275/person, if the City were to make payment, prior to September 30.

Councilmember Flachsbart stated that it was good for the City to be well represented at the event and that he had no issue with the Mayor, Mayor Pro-Tem, City Administrator, and Community Services/Economic Development Director attending this event and having their costs covered by the City, as well as half of the cost to bring their respective spouses. The Committee suggested that all members of City Council and/or the Management Team be able to attend, under the same conditions.

Councilmember DeGroot stated that he was comfortable with the past practice and had no issue with it continuing.

6. Hazardous Pay

Councilmember DeGroot stated that he would like a Hazard Pay policy to be instituted in the Police Department. He stated that the City's police officers risk their lives and safety

every day to make the residents and visitors to the City safe and that, though the dollar amount might not be significant, the gesture and message were very important.

Councilmember DeGroot briefly outlined a plan which would cost approximately \$30,000 per year, wherein 60 or so officers who, as determined by the Chief of Police based on the quantity and nature of the calls responded to, would receive approximately \$500 in addition to their normal salary and benefits.

Councilmember Hurt stated that this issue had been brought up in the past and, while he appreciates the hard work and risks assumed by the City's Police Department, many other professions are just as, if not more dangerous than Police work. He stated that the Police Department is properly trained and equipped to handle the hazards they faced and that they are compensated fairly. He suggested that it would be more appropriate to discuss adjusting police salaries, rather than implementing a hazard pay mechanism, if any Committee member felt that the current compensation is not sufficient.

Mayor Nation stated that, while the message the additional pay sends to the Police Officers might be well received, the broader message may be that the City is a hazardous place to live and work, which would be counterproductive. He noted that he would oppose any such proposal.

Councilmember DeGroot motioned to approve a policy to provide a hazard pay fund. Councilmember Flachsbart seconded the motion. A voice vote was taken and the motion failed to pass out of committee 2-2, with Councilmember Casey and Councilmember Grier voting against the motion.

7. Community Contributions

Community Services/Economic Development Director Libbey Tucker explained that the City had received a request for \$3,000 from the Children's Illustrated Art Museum, a not-for-profit organization located in the Chesterfield Mall. Such contributions of this nature are budgeted annually in the General Fund, with the Chamber of Commerce having received a contribution earlier in the year to help with the costs of the Concerts in the Park. Mr. Herring noted, as previously approved by City Council, that this Committee had been authorized to make a final decision regarding this funding request, without further review by City Council.

The Children's Illustrated Art Museum is open to the public for the price of admission, \$5 for an individual or -\$10 per family. They primarily feature a train exhibit and kids activities, in addition to have children's book authors and illustrators give presentations to children. Other artwork of the illustrators is also throughout the Museum. For this request, they Plan to create an immersive experience of the award winning book, *The Polar Express*. The exhibit will be open daily to the public and on weekends the exhibit will include actors playing characters from the book to guide visitors through the book as they act out the story. The funding requested would help defray the marketing and set design costs for the exhibit.

Councilmember Casey motioned to approve a contribution of \$3,000 to the Children's Illustrated Art Museum. Councilmember DeGroot seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

8. Pay Plan Mechanics/Analysis

Finance Director Craig White, Chief of Police Ray Johnson, and Director of Planning and Public Works Mike Geisel presented the information contained in their respective memos that had been provided to the Council and answered clarifying questions regarding the mechanics of the City's Pay Plan, as established in 1999 in conjunction with City hired consultants.

Mr. White began by providing a general overview of the City's pay plan. Mr. Geisel and Chief Johnson provided information about each of their departments including how the salaries compare to similar positions in other local municipalities. Generally, Chesterfield is in the top five which is consistent with the Council's direction.

Throughout the presentation, Staff made reference to the role turnover plays in controlling personnel costs. When positions are vacated the City hires replacements at the minimum of the position's pay range which results in savings. While individual compensation may increase based on merit during the year, each position's salary is limited to the pay grade's maximum which increases by no more than CPI each year.

Mr. Geisel stated that the City is considered a desirable place to work and learn. While turnover can have its challenges, it is generally mutually beneficial for the outgoing employee and the City as it presents the outgoing employee with new opportunities and the City with savings and, when promoting from within, advancement for existing employees.

Councilmember Greenwood stated that the comparisons used by the City should be expanded beyond St. Louis County, and specifically noted that St. Peters and O'Fallon should be included in the analysis. Chief Johnson stated that the only data he had to work from at the time the memo was written was that provided by the St. Louis Area Police Chief's Association, which St. Peters and O'Fallon are members but may or may not have reported for the survey.

Councilmember Flachsbart stated that, per his previous requests, he wanted an explicit comparison of pay range midpoints for all staff positions for review. It was noted by staff that it's difficult to make exact position comparisons due to our size and the way the organization is structured, which is unlike any other municipality in the region. Those in certain management and mid-management positions have responsibilities that vary, which makes it more difficult to compare positions across the board.

Mayor Nation stated that he wanted to see a comparison of annual increases to salary and benefit costs compared annual changes in the Consumer Price Index (CPI). He stated his

concern that regardless of the City's position relative to other governments and municipalities, that he wanted to be sure that costs were not out pacing projected future revenues.

Additional discussion took place regarding that, in light of the presentation, what specific information still needed to be provided. It was determined that a spreadsheet would be generated containing the previous 10 years of data for CPI, salary/benefit increases approved by Council, and actual dollars spent on employee compensation.

9. Adjournment

There being no further business to discuss, Chairperson Grier adjourned the meeting at 7:45 p.m.