



WHERE COMMUNITY AND SPIRIT MEET®

Minutes

CITIZEN'S FINANCE COMMITTEE

Friday July 17, 2009 – 7:00 A.M.

FIRE STATION #2
11804 Big Bend
2nd Floor Conference Room

Attendance

Carolyn Karelitz, Steve Powell, Matthew Biere, M. Karl Hawkins,
Ray DeVasto, Kathy Paese, John Banjak

Staff Liaison – Sandy Stephens and Teresa Walworth

Staff – Georgia Ragland

Citizen

CITIZEN COMMENT

The Steve Powell, chairman, asked for Citizen Comments. There were no citizen comments. However, there was one citizen in attendance who was interested in the committee and possibly joining.

Minutes 6/12/09 Meeting

Spelling error on page 5 first paragraph corrected.

Recommend approval Ray DeVasto; 2nd John Banjak,
minutes approved.

Steve Powell requested additional information on the request for additional water employee which had not been received from Tim

Rajchart. CFC will get with Tim and table the discussion until next meeting.

Special Committee Reports:

Revenue

A preliminary Revenue report was discussed. Kathy Paese summarized historical trends. Tax revenue was approximately \$900,000 below last year but previous year included approximately \$600,000 for communication protest settlement receipts. Natural Gas, 1-1/4 cent use tax, utility, license/permits, ambulance fees, and municipal court are all down. Biggest decline in revenue showed in the interest income. Recreation remains flat as is the property tax (due to the Kirkwood Commons TIF being paid off). There was a FEMA payment recorded as revenue last year which was not in this year. Steve Powell requested Kathy place as a side note on her report the FEMA money and communication protest money. Recreation department is doing well. Summer camp revenue is up.

Revenue report should be completed by the next meeting.

Reserves

John Banjak discussed that the trends have been analyzed but have not yet determined how specific the committee would be on recommendations, possible target of 8.0 million. John is befuddled at the lack of guidance with the issue of the fund balance. The city has a ballooning balance but there may be significant need for that money, i.e. water main replacement. The fund balance has dramatically increased from 1.8 million in 2003 to 8.7 million. John Adams has been very proficient in maintaining the fund. The trend has been toward the build-up in the reserves. Steve Powell asked Sandy Stephens to get information on the trends of re-appropriations and John Banjak will add a sub-category line on the fund balance with the re-appropriation information.

What the CFC needs to know is what the impact of re-appropriations would make on the city. What parameters should

we put on the reserve funds? What has access to those funds? The CFC needs to understand what is happening with the reserve fund balance. A lengthy discussion developed among the committee members on how fund balances and the re-appropriations are processed through the budget.

Last year the city did not use any of the fund balance, they added to it.

Karl Hawkins asked if the CFC could see a 5 year trend on the city's use of the fund reserve balance to balance the budget. What have the changes in the fund balance been from year to year?

Legal

A draft report was distributed to committee members. It was stated the committee is not recommending what the council does, but investigate how they are spending the fees and get some rational of what the city is spending. Karl Hawkins stated that Kirkwood is spending dramatically more money than other municipalities. Steve Powell requested the legal fees for the enterprise funds (water, electric, and sanitation) be removed from totals since the other cities surveyed do not have these specialized funds.

Discussions followed by asking if there are guidelines when department heads can discuss legal; Georgia Ragland stated Tuesdays of every month legal counsel is available on retainer in the city clerks office and they also have the ability to call him at any time. Steve Powell asked if we are effectively using our attorney. We may be using the attorney for things we may not necessarily need to. Carolyn Karelitz stated there is no city procedure for department heads to use the attorney. There is no management of use with the city. Steve Powell stated that time management seems to be out of control. Karl stated there might be

ways to economize the attorney time. John Banjak stated that there are different components of rates. We may be getting lower rates on corporate issues than a private corporation would receive and we may be getting higher rates on other issues. Carolyn stated with the information she accumulated, the time spent with the attorney averages out to 25 hours per week. Carolyn read Mike Brown's letter on legal fees. The CFC believes there is a lack of competitive pressure because there is no bidding process. Council has no evidence of any basis of how to evaluate the city's legal services. Electric uses other source of legal representation than Lewis Rice.

The CFC wants to encourage council to actively investigate and become more informed on legal fees.

Steve would like Carolyn Karelitz and Karl Hawkins to reformat the legal costs removing the enterprise funds. Have John Adams verify the allocations of legal fees and verify the numbers. Add a clause to the summary on competitive figures from the other cities that the information is based on goodwill and is indignant of the information. Create another draft and circulate to members for next meeting. The CFC commends the hard work that was put into the research and information provided.

Get with Tim Rajchart to refine the request of information requested for the additional employee.

The Five Year Capital Plan and Operating Budget should be signed off by Mr. Brown by the next meeting. Department head assignments will be given out at the next meeting. Next meeting will be August 14, 2009 in the lower level conference room at city hall at 7:00 a.m.