

**FINANCE AND ADMINISTRATION
COMMITTEE MEETING
COUNCIL CHAMBERS
MONDAY, January 12, 2009
6:00 P.M.**

The Finance and Administration Committee of the Merriam City Council met at 6:00 p.m. Monday, January 12, 2009. Councilmembers present included: Committee Chair, Bryan Burks, and Councilmember Pam Bertoncin. Councilmember Nancy Hupp and Councilmember Dan Leap were absent. Staff present included Cindy Ehart, Finance Director; Phil Lammers, City Administrator; Bill Lietzke, Police Chief; and Juli Pinnick, City Clerk.

Finance Department – Cindy Ehart

1. Review of monthly financial report.

Finance Director Cindy Ehart presented the financial report for the month of December. City and County sales are taxes running below a typical December; however, they were better than expected. The city sales tax is 4% below average and the county sales tax running at 2% below a typical December. Auto sales are still running a bit ahead of budget. Expenditures for December are below budget.

2. Year end Fund Balance projections.

The 2008 Fund Balance projections indicate that historically the highest year end fund balance was in 1998 with just over \$5 million. The lowest was in 2003 with \$3.7 million. Since 2004 the year end fund balance has been running at about \$4 million and that is anticipated where 2008 will end up.

The City's debt level has been the lowest at \$11.4 million in 2001; the highest occurred in 2006 at \$26 million. The 2008 debt level is just under \$21 million.

Sales tax reflects flat collections in the sales and use tax. The lowest year was 2000 with \$ 5.1 million collected; the highest was 2006 with \$5.44 million collected. 2008 estimates are \$5.33 million. The difference from highest to lowest is approximately \$340,000. So those collections have remained flat for the past seven years, reflecting only a 6% growth range increase.

2008 Fund Balance projections are estimated to be \$4,250,000. Revenue estimates are expected to break even, with expenditures falling \$1.25 million under budget.

The impact of sales tax declines for 2008 could result in sales tax revenues falling \$115,000 under budget. This is using the assumption that auto sales tax decline 30%. This is based on general reports of auto sales down 30% nationwide for the month of December. It remains to be seen if that will be the case for Merriam. All other sales taxes are being estimated at 10% below normal collections.

2008 projected expenses are reflecting salaries and benefits being under budget. Other expenditures are coming in under budget as well, resulting in \$1,250,000 under budget for all general fund expenditures.

Looking to 2009, assuming auto sales tax being off 30%, and all other sales tax collections being down 10% the impact to the 2009 budget would be \$1,165,000 under budget for the general fund. Projected expenditures for 2009 only reflect two possible adjustments. One adjustment would include no use of contingency funds and the reduction of transfers to CIP based on the formula and decreased sales tax collections.

Projections for fund balances are difficult to predict without knowing the local impact of the recent economic downturn.

Considerations for 2009 to minimize the impact of the economic downturn will include City Administrator reviewing and approving any hiring of open positions. Close review and approval of all capital asset purchases; consider postponement of CIP projects; the ¼ cent County Public Safety sales tax recently approved was not included in the 2009 budget, so those dollars can be used in 2009; Department Heads have already been asked to consider reductions to the 2009 budget if the sales tax predictions hold true.

A recent meeting with the Johnson County Appraiser's Office resulted in preliminary estimates for county-wide decreases in real estate and personal property of 2.8% to 4.1%. Merriam specifically should expect decreases of 3.4% to 4.9%. These numbers are more reflective of the current trend due to increased foreclosures.

3. Consider approval of a contract with U.S. Bank for banking services in accordance with banking services RFP.

Finance Director Cindy Ehart provided the background for this item, Staff is recommending approval of the contract with U.S. Bank as the provider of banking services and withdrawal of the prior award to Commerce Bank. In November 2008, staff recommended Commerce Bank as the provider of banking services and received council support to execute the contract subject to approval of the City Attorney. Commerce was unable to provide a contract with adequate coverage to the City in the areas of liability and indemnification.

Staff is now recommending U.S. Bank as the best provider of services as detailed in the City's RFP and they have provided a satisfactory contract.

Two representatives from U.S. Bank, Alan Franklin and Rob Warner are present tonight to address any questions. These two have worked very diligently to provide the City with a satisfactory contract and was able to provide that contract within a week of the City's request.

Alan Franklin, U. S. Bank Relationship Manager addressed the committee regarding their strength, stability and superior customer service of U.S. Bank.

There was some discussion regarding the ATM machine located at City Hall. As the machine has such a low volume of transactions that occur on the machine all of the banks sent the RFP acknowledged that they would not be able to provide an ATM because of the low volume.

Councilmember Burks stated that since there are only two members of the committee present tonight, the committee will forward this item to the full council for consideration.

4. Consider addition of U.S. Bank to list of eligible depository financial institutions.

This item was forwarded to the full council for consideration.

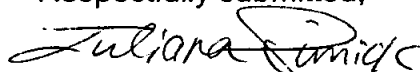
5. Update on electronics recycling event.

City Administrator Phil Lammers, stated that staff is recommending not doing the event this winter as the vendor originally scheduled to handle the event has gone out of business. While another vendor is ready to step up and handle the collection of materials, there are more costs and staffing requirements for this vendor.

The committee felt it best to wait until spring to see if there is a better opportunity to hold the event.

There being no further business to come before the committee, the meeting adjourned at 6:42 p.m.

Respectfully submitted,



Juliana Pinnick
City Clerk

