



RECORD OF PROCEEDING

PUBLIC HEARING OF THE CITY COUNCIL
OF THE CITY OF CHESTERFIELD
690 CHESTERFIELD PARKWAY WEST

DECEMBER 3, 2007

The meeting was called to order at 6:30 P.M.

A roll call was taken with the following results:

PRESENT

Mayor John Nations
Councilmember Barry Flachsbart
Councilmember Jane Durrell
Councilmember Bruce Geiger
Councilmember Lee Erickson
Councilmember Dan Hurt
Councilmember Mike Casey
Councilmember Bob Nation
Councilmember Connie Fults

ABSENT

None

Mayor Nations recognized City Administrator Mike Herring who began his presentation by pointing out that Section 3 of Ordinance No. 10 requires the City Administrator to prepare and submit a budget for City Council to consider/adopt, prior to January 1 of each year. Section 4 of Ordinance No. 10 requires that a Public Hearing be held, prior to the adoption of the budget. Mr. Herring noted that his presentation would satisfy all requirements of Ordinance No. 10. He also stated that the FY2008 Budget reflected all decisions/changes made by the Mayor/City Council during the November 3rd Budget Workshop.

Mr. Herring informed City Council that the City is in excellent financial shape. He noted that Staff's projections, as of 12/31/07, are that total revenues will be less than 1% below projections and total expenditures will also finish below budget.

Mr. Herring informed the Council that due to the overall economic health of the Chesterfield Valley, resulting in increased sales tax and utility tax generation, as well as the continued growth in assessed valuation of all property in the Valley, the Chesterfield Valley Tax Increment Financing (TIF) District will be closed, as of December 31, 2007, which is ten (10) years ahead of schedule. Mr. Herring noted that the General Fund, Parks Sales Tax Fund, and Capital Improvement Sales Tax Fund will be significantly impacted by the TIF closure.

Mr. Herring noted that as a result of several years of effort by the City of Chesterfield in partnership with a consortium of other cities across Missouri, Verizon Wireless has announced settlement of litigation that will result in a one-time payment to the City of Chesterfield of just over \$412,000 and ongoing annual revenues of almost \$273,000. In addition, pending settlements with all of the remaining wireless companies, the City of Chesterfield is projected to receive a one-time payment of back taxes of just under \$1.9 million and should realize an additional \$810,000 in annual revenues. Mr. Herring gave credit for these results to City Attorney Rob Heggie and former City Attorney Doug Beach, and the St. Louis County Municipal League.

Mr. Herring informed the Council that revenues in the General Fund are projected to increase 7.26%, resulting from the TIF closure and the wireless litigation settlement with Verizon Wireless. General Fund revenues come from three major sources: sales taxes, utility taxes, and intergovernmental revenues.

Mr. Herring reported that a portion of the City's revenues is based on its assessed valuation and that the total assessed valuation has increased to \$1,752,932,526, which is the highest of all cities in St. Louis County. However, he pointed out that the City's property tax rate is the second lowest of any taxing jurisdiction in St. Louis County. Mr. Herring noted that all property tax revenue is dedicated for debt service on a previous Parks bond issue and cannot be used to support the General Fund.

Mr. Herring informed the Council the proposed budget included a balanced budget for general fund operations and the proposed budget included one new police officer. As submitted, the FY2008 General Fund Budget will fund all necessary expenditures including "transfers out"; and because revenues are projected to exceed expenditures, total Fund Reserves are projected to increase by just over \$256,000.

Mr. Herring noted that the TIF closure will add \$1,375,000 to the City's Parks Sales Tax Fund in 2008. The reduction in operating revenue is due to a major grant which was obtained during 2007. The increase to operating expenditures is due to funding for four new employees, contractual services with the pool and capital equipment expenditures. Mr. Herring stated that he is proud that the proposed FY2008 Budget contains funding for STAGES-St. Louis as it continues its transition to Chesterfield.

Mr. Herring highlighted the commitment by City Council to build Fund Reserves within the Parks Sales Tax Fund and to use the Fund Reserves to supplement bond proceeds and fund the construction of capital projects within the City's parks. Mr. Herring stated that just over \$2.8 million in Fund Reserves will be used to supplement bond proceeds and as

a result, almost every capital Parks project that was promised to the voters prior to the passage of Proposition "P" has either been built or is now under contract prior to December 31, 2007. The Parks Sales Tax Fund is projected to increase to just under \$3.5 million by the end of 2008.

Mr. Herring noted that the 2008 Capital Improvement Sales Tax Fund will also receive additional revenue from the TIF closure which will fund over \$6.5 million in total expenditures for scheduled slab replacement, completion of the Old Baxter Road project, and sidewalk replacements. The increased funding for capital construction projects resulted in a need to add one full-time engineer to supervise and coordinate these construction projects.

Mr. Herring summarized that the proposed FY2008 Budget includes funding for the addition of six full-time employees, funding for the continued provision of quality municipal services, funding for the scheduled replacement of capital equipment in all areas of operation, and funding for various capital construction projects and projects positive fund balances in each of the three major operating funds.

Mayor Nations commended Mr. Herring, Director of Finance and Administration Ms. Lori Helle, Staff, and City Council for their efforts during the entire budget preparation process.

Councilmember Bruce Geiger, Chairperson of the Finance and Administration Committee, thanked Mr. Herring, Ms. Helle, and Staff for their work on the budget process and congratulated them on receiving the Government Finance Officers Association (GFOA) Award.

Councilmember Barry Flachsbart expressed appreciation for the work City Staff performs in all aspects of City operations.

ADJOURNMENT

Mayor Nations adjourned the meeting at 6:45 p.m.

Mayor John Nations

ATTEST:

Judith A. Naggiar, City Clerk