



RECORD OF PROCEEDING

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

DECEMBER 5, 2011

Mayor Bruce Geiger called the Public Hearing to order at 6:30 P.M. There were four (4) people in attendance.

Mayor Geiger 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 FY2012 Budget reflected all decisions/changes made by the Mayor/City Council, during a Finance and Administration "Committee-of-the-Whole" budget workshop, which took place on November 21st.

Mr. Herring reported that the starting balance in the General Fund Fund Reserves is \$13,339,343. Mr. Herring stated that the City is anticipating that General Fund revenues for FY2011 will total \$20,794,921, or 5.00% above original projections. Even though General Fund expenditures are projected to total \$18,933,025, which includes \$1,563,964 for debt service payments and other operating transfers, actual departmental expenditures are 3.65% below budget. This reflects the "right sizing" decisions made at the end of 2010 and the hiring freeze; and employees worked harder to get the job done. This was accomplished without diminishing the quality and level of services provided to the community. Mr. Herring reported that \$297,932 was added to Fund Reserves. As of 12/31/11, General Fund Reserves are projected to total approximately \$13,637,275.

Mr. Herring reported that the two major sources of General Fund revenues are utility taxes and sales tax, which represent and 34.7% and 27.9% respectively. Mr. Herring noted that the utility taxes are projected to be within .82% of the original projections.

Intergovernmental revenues, representing 20.3% of General Fund revenue, is within .27% of the original projection; licenses and permits, representing 6.8% of General Fund revenue, is within 1.75% of the projection; court receipts, representing 5.95% of General Fund revenue, is below projection by 1.62%. Motor fuel revenues are projected to be down almost 3%; probably because people are buying more fuel efficient vehicles and people are buying less gas. Motor vehicle sales tax is up 7.9%. Mr. Herring stated that the City does a really good job of forecasting its revenues.

Mr. Herring said that the General Fund Budget for FY2011 includes the City's two largest areas of operation, Police and Planning /Public Works. The Police Budget, at \$7,829,184, represents 41.3% of the budget and the Planning/Public Works budget at \$6,803,216, represents 35.9% of the budget. Other expenditures are as follows:

Finance & Administration	\$ 2,343,205	12.4%
GR GD/NID/Valley Improvements	\$1,265,000	6.7%
CA & ACA/Comm Serv and Econ Dev & Cust Svc	\$ 624,767	3.3%
Executive/Legislative	\$ 67,653	0.4%

Mr. Herring reported that General Fund Fund Reserves were needed to supplement revenues within the General Fund in order to balance the FY2010 Budget. "Right-sizing" the organization increased fund reserves during FY2011, with no increase in taxes and no reduction in the level and quality of all services provided to the City's residential and business communities. This resulted in adding \$297,932 to the projected Fund Reserves as of 12/31/11.

Mr. Herring provided a performance summary of the FY2011 Capital Improvement Sales Tax Fund and noted that this fund is basically a self- sufficient fund. Mr. Herring stated that the City only receives about 85% of the total money it gets from 1/2-cent sales tax, due to a statutory requirement that the City "share" fifteen (15%) percent of the total with the St. Louis County sales tax pool. Mr. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$5,107,291 in FY2011, or 5.9% above budget. Expenditures are projected to total approximately \$3,365,944 in FY2011, or .04% below budget. Transfers out for debt payments on Propositions "R" and "S", which were passed in 1996, are projected to total approximately \$1,996,914.

Mr. Herring stated that the passage of Proposition "P", in November 2004, resulted in the creation of a Parks Sales Tax Fund, which funds all parks and recreation activities. The Parks Fund is supported by a 1/2-cent sales tax and the City receives 100% of the revenue from this tax. Mr. Herring stated that the City's major additions provide many amenities for people to enjoy and participate in. Mr. Herring reported that revenues in the Parks Sales Tax Fund are projected to total approximately \$7,079,545 in FY2011, or 6.1% above budget. Mr. Herring stated that the City is anticipating that Parks Sales Tax Fund Fund Reserves will total \$3,286,593 as of 12/31/11, which is a planned reduction of approximately \$330,000. The voters approved almost \$900,000 in capital improvements: Eberwein Park, the dog park at Eberwein Park, and the Amphitheater.

Mr. Herring reported that General Fund revenues are projected to total \$20,646,824 for FY2012. Mr. Herring said that there is a 2.3% projected increase in utility taxes revenue, which is the largest single source of revenue. This is primarily due to the fact that the Public Service Commission approved a rate increase for AmerenUE. Even though there is a projected 5.5% increase in sales tax, the real projected growth is 2%; the remaining 3.5% is because of increased population. The projected General Fund revenues for FY2012 are 0.7% below the projections for FY2011. Mr. Herring noted that FY2011 included a lot of one-time grant sources and dollars coming in that made the number higher, and the actual growth is about 1.9% when you remove these items. Mr. Herring noted that these revenue projections for FY2012, as well as those for the Parks Sales Tax Fund and the Capital Improvement Sales Tax Fund, do not reflect any additional growth in terms of new development. Mr. Herring noted that sales tax and utility tax represent about 65.3% of the total General Fund Revenues projected for FY2012.

Mr. Herring reported that General Fund Expenditures are projected to total \$18,751,492 for FY2012. Mr. Herring said that no new employees will be added in FY2012. Expenditures plus debt service equals just under \$20.4 Million, which leaves about \$270,000 unallocated that will be added to Fund Reserves. Mr. Herring stated that the City's two largest areas of operation, Police and Planning/Public Works, comprise the majority of all operating expenditures, totaling a combined 81.6% of the proposed budget. He noted that the City has a planned process of replacing capital equipment, which is based upon the expected life of the equipment. The City annually replaces half of the Police Department's patrol cars to ensure they can respond in a timely manner. The City purchases more fuel efficient vehicles and has extended the lifetime of every vehicle it purchases by one year, which results in an annual savings of approximately \$8,000.

Mr. Herring reported that the starting balance in the General Fund Fund Reserves is \$13,637,275. Mr. Herring stated that the City is anticipating that General Fund revenues for FY2011 will total \$20,646,824. As of 12/31/12, General Fund Reserves are projected to total approximately \$13,905,370. Mr. Herring said that the City remains fiscally strong and is able to fund its commitments, due in large part to policies established by the Mayor and City Council regarding the maintenance of General Fund Fund Reserves, equal to 40% of the City's General Fund operating budget. He noted that City Council spent a portion of the Parks Sales Tax Fund Fund Reserves in 2011 on enhancements and improvements to the parks system.

Mr. Herring stated that the City does not have a General Fund property tax and the City's total assessed valuation is just under \$1.8 Billion. Mr. Herring stated that the drop in assessed valuation in St. Louis County as a whole during this same time period has been 10.8% and the City's decrease in assessed valuation is 8.5%.

Mr. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$6,434,777 in FY2012, which includes \$5,052,090 in sales tax and \$1,382,687 in grant funds. Proposed expenditures for Fiscal Year 2012 are \$4,608,801 for capital projects and improvements, with the balance of the fund's revenues being spent for debt service payments, regarding Propositions "R" and "S". Mr.

Herring reported that the starting balance in the Capital Improvement Sales Tax Fund Fund Reserves is \$355,527. As of 12/31/12, Capital Improvement Sales Tax Fund Fund Reserves are projected to total approximately \$199,901.

Mr. Herring stated that the passage of Proposition P, in November 2004, resulted in the creation of a Parks Sales Tax Fund, which funds all parks and recreation activities. The Parks Fund is supported by a ½-cent sales tax and the City receives 100% of the revenue from this tax. Mr. Herring stated that Staff projections for FY2012 indicate a 2.0% increase in sales tax revenues in the Parks Sales Tax Fund.

Mr. Herring reported that FY2012 expenditures and transfers in the Parks Sales Tax Fund are projected to total \$7,084,799 (\$4,252,216 for the operating budget and \$2,832,583 in debt service payment). Mr. Herring noted that the FY2012 Parks Sales Tax Fund includes the addition of three (3) full-time employees to operate, manage and maintain the Amphitheater. Mr. Herring reported that FY2012 capital expenditures in the Parks Sales Tax Fund are projected to be \$239,865.

Mayor Geiger commended City Administrator Mike Herring and Staff for closely monitoring expenses in 2010 and 2011.

ADJOURNMENT

There being no public discussion or comment, Mayor Geiger adjourned the meeting at 7:00 p.m.

Mayor Bruce Geiger

ATTEST:

Judith A. Naggiar, City Clerk