



RECORD OF PROCEEDING

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

DECEMBER 2, 2013

Mayor Bob Nation called the Public Hearing to order at 6:30 p.m. There were six (6) people in attendance.

Mayor Nation recognized City Administrator Mike Herring who expressed his appreciation for the honor and privilege of serving as City Administrator. Mr. Herring continued by explaining 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 FY2014 Budget reflects 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 18.

Mr. Herring provided a performance summary of the FY2013 Capital Improvement Sales Tax Fund. Mr. Herring noted that, in conjunction with a \$30 million bond issue approved by the voters in 1996 for improvements to public rights-of-way, voters also approved a ½ cent sales tax for capital improvements. The Capital Improvement Sales Tax Fund is basically self-sufficient since it is funded from the ½ cent sales tax, approved in 1996, as Propositions "R" and "S." Mr. Herring stated that the City only receives 85% of the total money it gets from the ½ 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 \$5,711,868 (5.5% above budget) in FY2013. Expenditures are expected to total approximately \$4,914,718 (4.2% below budget) in FY2013 and include numerous capital construction projects as well as debt service payments regarding the previously mentioned bond issue, which funded various capital construction projects

Citywide. Current projections indicate that ending fund reserves at December 31, 2013 will be \$1,286,648. It should be noted that revenues for the months of October, November and December have not yet been received and could impact the ending fund balance. A significant portion of the projected fund reserves are scheduled to be used for various projects during FY2014. Transfers out for debt payments on Propositions “R” and “S” are projected to total approximately \$2,015,663.

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, unlike the General Fund Sales Tax and the Capital Improvement Sales Tax, the City receives 100% of the revenue from this tax. One-sixth of all revenues generated come from City functions such as athletic field fees, aquatic center fees, concessions and amphitheater fees. The Parks Sales Tax Fund pays for things such as the Athletic Complex, Central Park, Family Aquatic Center and Eberwein Dog Park. It also pays for a number of other things such as right-of-way landscaping maintenance as well as maintenance of various pocket parks and repair or replacement of City limit signs as needed. Mr. Herring reported that revenues in the Parks Sales Tax Fund are projected to total approximately \$8,026,589 (6.6% above budget) in FY 2013, due to increased sales tax collections, as well as higher than anticipated revenues from our athletic fields and aquatic center. Mr. Herring stated that the City is anticipating the Parks Sales Tax Fund Fund Reserves will total \$2,198,630 as of December 31, 2013. The projected reserves are \$131,258 higher than the 40% Fund Reserve Policy established by the City Council.

Mr. Herring reported that the City is anticipating General Fund revenues for FY2013 will total \$20,952,273 (.1% below budget). General Fund expenditures are projected to total \$19,060,786 (.9% below budget). Mr. Herring pointed out that, due to the actions of this Mayor and Council, the final debt service payment has been made for the Public Works Facility in FY2013. Five (5) additional police officers were added in FY2013 as well. As of December 31, 2013, General Fund Fund Reserves are projected to total approximately \$12,868,616. Mr. Herring stated 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.

Regarding the proposed FY2014 Budget, Mr. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$8,845,989, which includes \$6,201,929 in sales tax and \$2,644,060 in grant funds. We are projecting an increase of \$850,000 to revenues in the Capital Improvement Sales Tax Fund, due to the opening of the outlet malls. The City keeps 85% of the amount generated from this fund on a point-of-sale basis. The big change in this fund for FY2014 is the increase of grant funds in the amount of \$2,394,060 being received for Ladue Road and Timberlake Manor Bridge projects. Proposed expenditures for FY2014 are \$7,697,992 for capital projects and improvements. The only significant addition to this fund is the hiring of one (1) Fleet Mechanic to help manage the capital equipment that we have to maintain each year.

Mr. Herring explained the impact of grant funds on the FY2014 Budget. Staff, at the request of City Council, is very aggressive in trying to acquire grant funds for major capital improvement projects. We can get significant amounts of money, sometimes as much as 80%, funded by grants. The balance is then paid out of this fund. Staff has been very successful, with the support of Council, in acquiring a significant amount of grant funding over the years.

Mr. Herring stated that sales taxes are projected to increase by 13.6% during FY2014 within the Parks Sales Tax Fund. Total revenue in the Parks Sales Tax Fund is projected to generate approximately \$8,734,287 during FY2014. Expenditures and transfers are projected to total \$8,411,304 and the Parks Sales Tax Fund includes the addition of 3.5 full-time employees. FY2014 capital expenditures in the Parks Sales Tax Fund are projected to be \$519,885. Mr. Herring stated that the City is anticipating that Parks Sales Tax Fund Fund Reserves will total \$2,521,613 as of December 31, 2014.

Mr. Herring reported that the two major sources of General Fund revenues are utility taxes and sales taxes, which represent 35.6% and 30.3% respectively. Mr. Herring reported that General Fund revenues are projected to total \$21,175,636 for FY2014, which includes \$7,533,503 (35.6%) in utility tax, \$6,411,832 (30.3%) in sales tax, and \$4,076,055 (19.2%) in intergovernmental revenues. The remaining revenue is made up of licenses and permits (7.2%), court receipts (6.2%), and other miscellaneous sources (1.5%). This is a conservative estimate of 1% increase in total revenues.

Mr. Herring reported that General Fund expenditures are projected to total \$19,637,338 for FY2014. Mr. Herring stated that the City's two largest areas of operation, Police and Public Services, comprise the majority of all operating expenditures, totaling a combined 80.6% of the proposed budget. The Police budget, at \$8,990,003, represents 45.8% of the budget and the Public Services budget, at \$6,833,908, represents 34.8% of the budget. Capital equipment purchases in the General Fund total \$408,242, for the various departments of the City.

Mr. Herring stated that the City maintains General Fund - Fund Reserves of over 40% of the City's operating budget. The General Fund - Fund Reserves balance is projected to total \$12,955,747 as of December 31, 2014 and, when factoring-in the amount required to be set-aside, due to the City's "40%" policy, leaves \$3,347,765 available to fund additional projects, as reviewed/approved by City Council, during FY2014. Mr. Herring reminded City Council of the fact that the General Fund is simply not designed to fund large, capital projects. The General Fund is more of an "operational" fund. As it becomes necessary to undertake/complete those larger projects, Staff will submit proposals to City Council and request use of these available Fund Reserves, to fund those projects.

Councilmember Grier complimented the entire Management Team and Mr. Herring for the professional manner with which the City is run and for their commitment to sound fiscal principles in the preparation and management of the City's Annual Operating Budget. Mr. Herring expressed his appreciation to the members of the Management Team for their time and effort during the entire budget preparation process.

Mayor Nation thanked City Administrator Mike Herring, Finance Director Brian Whittle, and the members of the Management Team for their hard work on the budget.

ADJOURNMENT

There being no public discussion or comment, Mayor Nation adjourned the meeting at 7:03 p.m.

Mayor Bob Nation

ATTEST:

Vickie J. Hass, City Clerk