



RECORD OF PROCEEDING

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

DECEMBER 7, 2015

Mayor Bob Nation called the Public Hearing to order at 6:30 p.m. Councilmembers Flachsbart, McGuinness, Nations, Grissom, Casey, Hurt, DeGroot and Fults were also in attendance, along with approximately fifteen visitors/members of the Press.

Mayor Nation recognized City Administrator Mike Herring who expressed his appreciation for the honor and privilege of serving as City Administrator, a position he has held since July, 1988. He noted that the proposed FY2016 Budget was the 29th Budget he has prepared, in his capacity as Chesterfield's 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 FY2016 Budget reflects all decisions/changes made by the Mayor/City Council, during the November 16 Finance and Administration "Committee-of-the-Whole" budget workshop.

Mr. Herring stated that this will be his last Budget presentation, because he will be retiring effective March 31, 2016.

Mr. Herring provided a performance summary of the FY2015 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 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 \$7,680,118 (4.8% below budget) in FY2015. Expenditures are expected to total approximately \$8,152,873 (9% below budget) in FY2015. Current projections indicate that ending fund reserves at December 31, 2015 will be \$1,482,755. 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. Transfers out for debt payments on Propositions “R” and “S” are projected to total approximately \$1,941,292.

Mr. Herring explained the impact of grant funds on the FY2015 Budget. Staff, at the request of City Council, is very aggressive in trying to acquire grant funds for major capital improvement projects. The City can obtain significant amounts of money, sometimes as much as 80%, funded by grants. The balance is then paid out of fund reserves. Staff has been very successful, with the support of Council, in acquiring a significant amount of grant funding over the years.

Regarding the proposed FY2016 Budget, Mr. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$9,883,623, which includes \$6,265,050 in sales tax and \$3,618,073 in grant funds. Proposed expenditures for FY2016 are \$10,059,030 for capital projects and improvements. Capital Improvement Sales Tax Fund – Fund Reserves are budgeted to decrease by \$1,482,755, to \$573,136, during FY2016.

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. Approximately 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 \$9,588,987 in FY2015. Total expenditures of \$9,862,107 are projected to finish 1.2% below budget. Debt service payments, during FY2015, totaled \$2,867,307 and reflect savings realized by a City Council-authorized refinancing that occurred in 2014. Mr. Herring stated that the City is anticipating the Parks Sales Tax Fund - Fund Reserves will total \$2,762,105 as of December 31, 2015. The projected reserves are \$377,735 higher than the 40% Fund Reserve Policy established by the City Council.

Mr. Herring stated that sales tax revenues are projected to increase by 3.0% during FY2016 within the Parks Sales Tax Fund. Total revenue in the Parks Sales Tax Fund is projected to generate approximately \$9,139,468 during FY2016. Expenditures and transfers out are projected to total \$9,074,658. The Parks Sales Tax Fund includes the addition of three new full-time positions, a Recreation Aide and two CVAC Facility Attendants. FY2016 capital expenditures in the Parks Sales Tax Fund are projected to be

\$267,900. Mr. Herring stated that the City is anticipating that Parks Sales Tax Fund Fund Reserves will total \$2,826,915, as of December 31, 2016.

Mr. Herring reported that the City is anticipating that General Fund revenues for FY2015 will total \$21,824,957 (0.7% below budget). General Fund expenditures and transfers are projected to total \$19,687,022 and \$1,469,777, respectively. Total expenditures are projected to finish 3.6% below budget. During FY2015, City Council approved a planned use of Fund Reserves, above the “40% Policy”, to cover a number of one-time expenditures totaling \$3,091,181 and included items such as the new HVAC system at City Hall and the Chesterfield Parkway East Pedestrian Bridge.

Mr. Herring reported that General Fund revenues are projected to total \$22,014,716 for FY2016. The two major sources of General Fund revenues are sales taxes and utility taxes, which represent 32.3% and 33.4% respectively. Intergovernmental revenues, including motor fuel taxes, motor vehicle sales taxes, cigarette taxes, road and bridge taxes, and other grant sources represent 20% of the City’s total revenues. The remaining 14.3% is made up of licenses and permits (7.3%), charges for services (0.7%), court receipts (4.8%) and other miscellaneous sources (1.5%).

Mr. Herring reported that General Fund expenditures are projected to total \$19,926,955 for FY2016. This includes the addition of one position in the Police Department, historically funded by grant funds, which are being phased out. 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 82.1% of the proposed General Fund budget (excluding transfers out). The Police budget, at \$9,245,471, represents 46.4% of the budget and the Public Services budget, at \$7,112,309, represents 35.7% of the budget. If, however, the total amount budgeted for the Capital Improvement Sales Tax Fund for FY2016 is added to the Public Services budget, the total amount budgeted in support of public infrastructure increases by \$10,700,522, reflecting a total commitment of \$17,812,831. Capital equipment purchases in the General Fund total \$260,200 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 increase by \$615,549 to \$12,634,341 as of December 31, 2016 and, when factoring in the amount required to be set-aside, due to the City’s “40%” policy, leaves \$3,531,906 available to fund additional projects, as reviewed/approved by City Council, during FY2016 and beyond.

Councilmember Hurt thanked Mr. Herring and complimented him on his presentation of the Budget.

ADJOURNMENT

There being no public discussion or comment, Mayor Nation adjourned the meeting at 7:10 p.m.

Mayor Bob Nation

ATTEST:

Vickie J. Hass, City Clerk