



RECORD OF PROCEEDING

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

AUGUST 5, 2013

Mayor Bob Nation called the Public Hearing to order, at 6:45pm. All members of City Council were present, as were City Attorney Rob Heggie, Finance Director Brian Whittle and Chief of Police Ray Johnson. In addition, approximately ten (10) others were present and seated in the audience.

Mayor Nation recognized City Administrator Michael Herring, who noted that State Statutes require that a public hearing be held each year, prior to the establishment of the tax rate on real and personal property. Mr. Herring stated that Chesterfield voters approved the issuance of General Obligation Bonds for Parks in November, 1994, and the voters also authorized the City to levy property taxes sufficient to pay for the retirement of that debt.

Mr. Herring reported that the initial property tax rate was set at \$.13 per \$100 of assessed valuation, in 1995, and that the City has been able to lower the rate several times. The rate was lowered to \$.10 in 2000, to \$.06 in 2001 and then to \$.03, in 2008. Mr. Herring noted that each time the tax rate has been reduced it was due to the growth in total assessed valuation, which allowed a lowered tax rate to generate enough revenue to make payments every year. Mr. Herring noted that revenues collected from this property tax can only be used for debt service payments on the 1994 Parks Bond Issue.

Mr. Herring stated that the City's tax rate represents just over four-tenths of one percent of the total property tax rate for residents/businesses located within the Parkway School District, and just under four-tenths of one percent for those within the Rockwood School District. The City's 2013 assessed valuation is equal to approximately \$1.76 billion. That is based on a total valuation of \$7.9 billion. Of that total amount, residential equals 59%, commercial equals 27% and personal property equals 13%. Mr. Herring stated that the City of Chesterfield's total assessed valuation remains the highest in St. Louis

County. Mr. Herring stated that the City's assessed valuation has been affected slightly over the last several years by the economic downturn. Since 2008, the City experienced a total drop of 9.26% in assessed valuation, which is significantly lower than many places in St. Louis County. According to numbers from the last couple of years, the downturn seems to be ending. Given all of the positive new development in Chesterfield, both residential and commercial, Mr. Herring stated that he expects the total valuation to increase in the coming years and eventually surpass the 2008 valuation, which was the previous high.

Mr. Herring reported that the Debt Service Fund had a balance, as of December 31, 2012, of approximately \$344 thousand. Assuming the recommended \$.03 rate is applied to the total property in Chesterfield, it would generate approximately \$508 thousand. Total Debt Service for 2012 is \$891 thousand. This generates a shortfall of approximately \$39 thousand. Mr. Herring stated that earlier this year, City Council had the foresight to set aside \$825 thousand from Fund Reserves to cover this shortfall, as well as any shortfall in future years. City Council set aside this money so the tax rate would not need to be increased and Chesterfield could continue to have one of the lowest property tax rates in the area. Mr. Herring noted that in 2015 when the bond is retired, the property tax will also be retired. Projections currently show that only \$800 thousand of the set aside funds will need to be used from 2013-2015. Mr. Herring was hopeful that even less of the shortfall would need to be used as the City continues to grow and the assessment increases. Any unused amounts of that set-aside, will be returned to Fund Reserves.

Mr. Herring reported that, based on its calculations, Staff recommends that the 2013 property tax rate be set at \$.03 per \$100 of assessed valuation.

Mayor Nation called for questions and comments.

ADJOURNMENT

There being no public discussion or comment, Mayor Nation adjourned the meeting at 6:51 p.m.

Mayor Bob Nation

ATTEST:

Vickie J. Hass, City Clerk