

MEMORANDUM

TO: Members – F&A Committee
FROM: Michael G. Herring, ICMA-CM – City Administrator
DATE: January 29, 2013
SUBJECT: Minutes – 01-29-2013

The Finance and Administration Committee met on January 28, 2013. Those in attendance included: Chairperson Matt Segal, Ward I; Council Committee Member Elliot Grissom, Ward II; Council Committee Member Mike Casey, Ward III; Council Committee Member Bob Nation, Ward IV; Mayor Bruce Geiger; Councilmember Derek Grier, Ward II; Councilmember Randy Logan, Ward III; Councilmember Connie Fults, Ward IV; City Administrator Mike Herring; Police Chief Ray Johnson; Director of Public Services Mike Geisel and Finance Director Brian Whittle.

Chairperson Matt Segal called the meeting to order at 5:30 p.m.

1. Approval of Minutes—November 19, 2012

Councilmember Grissom motioned to approve the minutes from the November 19, 2012 meeting of this Committee. Councilmember Casey seconded the motion. A voice vote was taken, with a 4-0 result, and the motion was approved.

2. Reaffirm City's Current Utility Tax Rate

Mr. Herring stated that the Public Service Commission recently approved a rate hike for Ameren UE of 10.05%. He said that whenever a rate hike of over 7% is approved, municipalities must reaffirm their utility tax rate. The rate at Chesterfield is currently 5% and has been since the inception of the City. He stated that reaffirming the rate will have an effect of only **75 cents** on the average residential customer a month. He noted that the City went through the same process approximately a year and a half ago. At that time, the Council decided to reaffirm the 5% rate and that measure saved the City an estimated \$204,000 in 2012. Even though City Council reaffirmed this rate, last time, and the City experienced one of the hottest summers on record, total revenues for Utility Tax, for FY2012, are still projected to be approximately \$115,000 BELOW BUDGET, due to the mild winter and its impact on receipts from Laclede Gas. Additionally he said that every City in the region is planning on reaffirming its current rate, including Des Peres, which was the only City to lower its rate, last time.

Councilmember Casey asked what would happen if the rate was decreased at this time and in particular if the rate could be brought back up to 5%. Mr. Herring replied that if the rate was decreased, it would take a vote of the people to bring it back up to its original level. Councilmember Casey noted that this is a volatile revenue source and taking the irreversible action of lowering the rate could reduce future revenues at the City.

Councilmember Nation asked if the FY2013 Budget included any projected growth as a result of the rate increase. He stated that if the increase was not in the budget then the increase would cause an additional surplus. Councilmember Segal indicated that was contemplating a minimal reduction to a new rate of 4.75%. Councilmember Nation also expressed support for a 4.75% rate. Mr. Herring replied that revenues, from this source, were projected to increase from FY2013 revenues, by 4%. That amount of increase was put into the budget based on a variety of factors, including the rate hike. However, he stated that due to lower than projected revenues in the last few months of 2012, in order to meet the FY2013 projected revenues, revenues from this source would need to grow by 6%, over 2012 collections.

Councilmember Grissom stated he was not happy about the 10% increase granted to Ameren, but he pointed out that the Public Service Commission granted this rate increase and NOT the City of Chesterfield. He felt that the difference between collecting an additional 75 cents, based upon the City's current 5% rate or collecting an additional 60 cents, based upon a 4.75% rate per Ameren customer, was insignificant. He agreed with maintaining the 5% rate.

Councilmember Logan noted that every year, for the past 24 years, the Council has voted to maintain the 5% rate, which has been in place since the voters approved that rate, in August, 1988, by voting to adopt/approve the City's budget.

Councilmember Casey made a motion to reaffirm the rate at 5%. Councilmember Grissom seconded the motion. The motion did not move forward with a tied vote of Councilmember Grissom and Councilmember Casey for the motion and Councilmember Nation and Councilmember Segal against the motion. Mr. Herring informed the Committee that the Staff Attorney for Ameren, in response to an inquiry from Mr. Whittle, stated that if the City were to take NO ACTION, Ameren would simply MAINTAIN the City's current rate, at 5%.

3. Other

No other items were discussed

4. Executive Session (CLOSED MEETING)

At 6:20 P.M. Councilmember Grissom called for an executive session under RSMo 610.021. Councilmember Nation seconded the motion. By a vote of 4-0, the committee went to Executive Session (CLOSED MEETING).

5. Adjournment

The Committee's next meeting has been tentatively scheduled for Monday, February 28th, at 5:30pm.