RECORD OF PROCEEDING

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

DECEMBER 5, 2016

Mayor Bob Nation called the Public Hearing to order at 6:35 p.m. Councilmembers Flachsbart, McGuinness, Tilman, Hurt, Logan, DeCampi and DeGroot were also in attendance, along with approximately fifteen visitors/members of the Press. Councilmember Nations was absent.

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. Geisel's presentation satisfies all requirements of Ordinance No. 10.

Mayor Nation recognized City Administrator Mike Geisel who noted that the budget has been created around the City's Mission Statement. Mr. Geisel continued by summarizing the budget process. The initial budget was submitted to Council on September 16, 2016. Three budget workshops followed on September 26, October 5 and October 24. During the budget process, Council and Staff worked to reduce proposed expenditures by $932,298 on an annualized basis. This reduction was achieved without any reduction in programming and without deferring or delaying normal routine replacement of assets. The savings of $932,298 will be pro-rated across the three major funds and set aside for early retirement of debt. Mr. Geisel noted that the 2017 budget provides no funds for merit increases; however, money has been set aside for a compensation study. Mr. Geisel explained that there is always turnover, so this budget reflects real life conditions, and a total projected offset of $365,051 has been distributed to the two major beneficiaries (General Fund - $330,000 and Parks Sales Tax Fund - $35,051).

Capital Improvement Sales Tax Fund

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. Geisel 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. Geisel 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. Mr. Geisel reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately $10,333,844 (0.7% below budget) in FY2016. Expenditures are expected to total approximately $15,937,056 (3.2% below budget) in FY2016. Current projections indicate that ending fund reserves at December 31, 2016 will be $970,991. 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 $3,290,849.

Mr. Geisel explained the impact of grant funds on the FY2016 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 FY2017 Budget, Mr. Geisel reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately $7,707,880, which includes $6,315,000 in sales tax and $1,392,880 in grant funds. Proposed expenditures for FY2017 are $6,387,396 for capital projects and improvements. Capital Improvement Sales Tax Fund – Fund Reserves are budgeted to decrease by $568,916, to $402,075, during FY2017. Of the $932,298 in savings from the original proposed budget, $59, 431 will be set aside for early debt service payments in this fund.

Parks Sales Tax Fund

Mr. Geisel 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. 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. Geisel reported that revenues in the Parks Sales Tax Fund are projected to total approximately $9,127,425 in FY2016. Total expenditures of $6,616,195 are projected to finish 0.003% below budget. Debt service payments during FY2016 totaled $2,915,506 and reflect savings realized by a City Council-authorized refinancing that occurred in 2014. Mr. Geisel stated that the City is anticipating the Parks Sales Tax Fund - Fund Reserves will total $2,251,975 as of December 31, 2016.

Mr. Geisel stated that sales tax revenues are projected to increase by 2.0% during FY2017 within the Parks Sales Tax Fund. Total revenue in the Parks Sales Tax Fund is projected to generate approximately $9,391,620 during FY2017. Expenditures and transfers out are projected to total $9,136,509. The Parks Sales Tax Fund includes no new positions. FY2017 capital expenditures in the Parks Sales Tax Fund are projected to be $312,000. Mr. Geisel stated that the City is anticipating the Parks Sales Tax Fund Fund Reserves will total $2,507,086, as of December 31, 2017.

Of the $932,298 in savings from the original proposed budget, $206,482 will be set aside for early debt service payments in this fund.

General Fund

Mr. Geisel reported that General Fund revenues are projected to total $22,169,407 for FY2016 (0.7% below budget). General Fund expenditures and transfers are projected to total $20,040,734 and $1,526,285, respectively. Total expenditures are projected to finish 3.02% below budget.

Mr. Geisel reported that General Fund revenues are projected to total $22,016,583 for FY2017. The two major sources of General Fund revenues are sales taxes and utility taxes, which represent 34.0% and 31.6% respectively. Intergovernmental revenues, including motor fuel taxes, motor vehicle sales taxes, cigarette taxes, road and bridge taxes, and other grant sources represent 21.1% of the City's total revenues. The remaining 13.3% is made up of licenses and permits (7.0%), charges for services (0.5%), court receipts (4.2%) and other miscellaneous sources (1.6%).

Mr. Geisel reported that General Fund expenditures are projected to total $20,040,734 for FY2017. This includes the addition of one records clerk position in the Police Department to perform report writing services. Mr. Geisel stated that the City's two largest areas of operation, Police and Public Services, comprise the majority of all operating expenditures, totaling a combined 82.5% of the proposed General Fund budget (excluding transfers out). The Police budget, at $9,683,203, represents 48.3% of the budget and the Public Services budget, at $6,852,571, represents 34.2% of the budget. Capital equipment purchases in the General Fund total $501,823 for the various departments of the City.

Mr. Geisel 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 $9,827,945 as of December 31, 2017 and, when factoring in the amount required to be set-aside, due to the City's "40%" policy, leaves $2,500,000 available over and above the 40% fund reserve policy to fund additional projects, as reviewed/approved by City Council, during FY2017 and beyond.

Of the $932,298 in savings from the original proposed budget, $412,588 will be set aside for early debt service payments in this fund.

ADJOURNMENT

Mr. Geisel expressed his appreciation to City Council and Staff for their cooperation and communication during the budget process.

Councilmember DeGroot, Chairperson of the Finance and Administration Committee, thanked Mr. Geisel for his hard work and cooperation during the budget process, and complimented him on his presentation of the budget.

There being no public discussion or comment, Mayor Nation adjourned the meeting at 7:02 p.m.

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Mayor Bob Nation

ATTEST:

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Vickie J. Hass, City Clerk