

MEMORANDUM

TO: Members – F&A Committee
FROM: Michael G. Herring, City Administrator
DATE: November 23, 2015
SUBJECT: Minutes – 11-16-2015

The Finance and Administration Committee of the Whole met on November 16, 2015. Those in attendance included: Chairperson Barry Flachsbart, Ward I; Council Committee Member Elliot Grissom, Ward II; Council Committee Member Bruce DeGroot, Ward IV; City Administrator Mike Herring; Finance Director Craig White; Director of Public Services Mike Geisel; and Interim City Attorney Harry O'Rourke. Those also in attendance included: Councilmember Bridget Nations, Ward II; Councilmember Mike Casey, Ward III; Councilmember Connie Fults, Ward IV; Chief of Police Ray Johnson; Director of Public Works, Jim Eckrich; Director of Economic Development, Libbey Tucker; Planning and Development Services Director, Aimee Nassif; Police Captain, Ed Nestor; Police Captain, Steve Lewis, Management Analyst, James Mello Jr, two members of the press, and 4 members of the public.

Chairperson Barry Flachsbart called the meeting to order at 5:30 p.m.

1. Introduction

Mr. Herring, City Administrator, introduced himself and Craig White, Finance Director. Mr. Herring then gave a general overview of the purpose of the meeting and the order in which the information would be presented.

2. Capital Improvement Sales Tax Fund

Mr. Herring explained the details regarding the projected FY2015 performance of the Capital Improvement Sales Tax Fund. The ½-cent capital improvement sales tax is collected on a point-of-sale basis. However, the City loses 15% of the amount generated to the St. Louis County Sales Tax Pool. Revenue projections, through 12/31/15, are expected to total \$7,680,118 of that \$6,082,573 is from sales taxes. Expenditures, as of 12/31/15, are expected to total \$7,912,873 which includes numerous capital construction projects, citywide, and debt service payments are expected to total \$1,941,292. Current projections indicate that fund reserves, as of 12/31/15, are projected to be \$1,482,756. However, revenues for the months of October, November and December have not yet been received and could impact the ending fund balance, within this Fund.

The following list of FY2015 budgeted expenditures was presented.

Asphalt Overlays	\$ 167,000
Concrete Street Reconstruction Program	1,950,000
Ladue Road Construction	2,490,000
Timberlake Bridge Construction	900,000
Trench Grate Replacement	20,000
Sidewalk Replacement	200,000
Radios	55,000
Olive and Woodsmille	24,000
Route 141 Beautification	157,000
Misc Landscaping Improvements	102,582
PW Facility Waste Oil Heaters (2)	24,800
Tandem Dump Truck	148,102
2.5 Ton Dump Truck	131,670
1 Ton Flatbed Truck	58,183
1.5 Ton Dump Truck	68,000
Truck Equipment	59,100
Salaries/Benefits	214,569
Crack sealing	147,000
Seal Parking Garage Deck	65,000
South Greentrails Drive Design	183,000
App Trail Phase 2 Design	120,000
Wilson Road Design	160,000
Kehrs Mill / Long Road	49,000
Inspection/Testing Services	273,000
Veterans Honor Park	46,000
TDD Beautification	65,000
Grant Applications	23,000
Other Design	10,125
	<u>\$ 7,911,131</u>

Councilmember Casey commented that the road improvements completed in Ward III during the year were well done.

During FY2016, this ½-cent sales tax will fund the projects noted below, as well as the annual debt service payment, on a \$30 million bond issue. In FY2016, revenues are

projected to total approximately \$9,883,623, which includes \$6,265,050 in sales tax and \$3,618,073 in grant funds, for the Schoettler Road Bridge Right-of-Way, Greentrails reconstruction, Chesterfield East Pedestrian Bridge, and the CNG Conversion. City Staff has been aggressive in seeking grant funds to supplement dollars from this Fund, which are used for major capital improvement projects. Proposed capital expenditures for FY2016 are \$10,059,030 which includes some carry-forward for unfinished FY2015 projects.

The following schedule of FY2016 budgeted expenditures was presented:

Greentrails Drive South	\$ 2,225,000
Chesterfield Pkwy East Pedestrian Bridge	1,991,000
Concrete Street Reconstruction	1,950,000
(7) 2.5 Ton Dump Replacement CNG	1,330,000
Design and Construction of CNG Station	1,048,030
Wilson Road culvert replacement	420,000
Selective Slab Replacement	250,000
(3) 1.5 Ton Flat Bed Replacement CNG	246,000
Asphalt Overlays	225,000
Sidewalk Replacement (CDGB Grant)	200,000
(2) 1 Ton Flat Bed Replacement CNG	154,000
Trench Grate Replacement	20,000
Salaries/Benefits	256,492
Inspection/Testing - slab/sidewalk/asphalt	115,000
Crack sealing	105,000
Schoettler Rd Bridge ROW Acquisitions	55,000
Culvert Repair/Fencing	25,000
Misc. Inspection and Construction Testing	25,000
Misc. design	20,000
South Outer I-64 Phase I Grant Application	20,000
Misc. Capital Contracts	10,000
Schoettler Rd Phase I Grant Application	10,000
	<u>\$ 10,700,522</u>

As previously noted, it is City Council's policy to spend all funds available, within this Fund, on an annual basis. Based upon the projects scheduled for completion, during FY2016, Fund Reserves should be reduced to a balance of just \$572,639, as of 12/31/16.

Councilmember Casey asked a clarifying question regarding the differences between CNG and propane, which was addressed by Director of Public Services Mike Geisel.

3. Park Sakes Tax Fund

Mr. Herring explained the details regarding the projected FY2015 performance regarding the Parks Sales Tax Fund. 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, which is generated on a point-of-sale basis. Staff projections for 12/31/15 indicate total revenue of \$9,588,987, which is within 1.7% of the original budget projections. Total expenditures, including transfers out of the fund, totaled \$9,862,107. Debt service payments, during FY2015, totaled \$2,867,307 and reflect savings realized by a City Council-authorized refinancing in FY2014. Current projections, indicate that ending fund reserves, as of 12/31/15, will be \$2,762,105, with \$377,735 available, above the City's "40% Policy".

During FY2016, the Parks Sales Tax is estimated to generate approximately \$9,139,468 in revenue. During FY2016, sales taxes are projected to increase by 3.0% for a total of \$7,369,485. It was noted that revenues generated by "user fees", at recreation facilities, like the Chesterfield Valley Athletic Complex and Family Aquatic Center, represent approximately 18% of total revenues and are anticipated to total \$1,728,983.

FY2016 expenditures are projected to total \$9,079,883 (\$6,156,526 for the operating budget, \$2,923,357 in debt service payments and related fees). The debt service payments reflect savings realized, due to a refinancing that occurred, in 2014. Three new positions, a Recreation Aide and two CVAC Facility Attendants are proposed to be added, during FY2016. Total revenues are projected to be \$59,585 above expenditures, including transfers and debt payments, and fund reserves are projected to increase to \$2,821,690, or \$359,080 above the "40% policy".

4. General Fund

Mr. Herring explained the details of the projected performance of the FY2015 General Fund Budget. The FY2015 General Fund Budget currently projects revenues to total \$21,824,957, or within 0.7% of the original budget. General Fund expenditures and net 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 \$2,751,180 and included items such as the new HVAC system at City hall and the Chesterfield Parkway East Pedestrian Bridge.

Mr. Herring continued by explaining the details of the proposed FY2016 General Fund Budget. General Fund revenues are estimated to total \$22,014,716 for FY2016. Revenues from sales tax and utility gross receipts taxes represent 32.3% and 33.4%, respectively, of the General Fund's total revenue. 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%).

Projected FY2016 revenues, of \$22,014,716, represent an increase of 0.9% from our 2015 budget. Sales taxes are projected to grow 3% in 2015 and utility taxes are projected to increase by just 0.5%. We believe this growth is conservative based on historical trends and the current economic climate. Slow growth in utility taxes is primarily driven by decreases in phone utility tax as landlines are abandoned and no taxes are collected on cellular data plans.

The General Fund Budget for FY2016, excluding operating transfers out, reflects total estimated expenditures of \$19,955,994. This number is comprised of operating expenses and capital equipment purchases for the various departments of the City. Including net operating transfers, of \$1,472,212, General Fund expenditures will total \$21,428,206. "Operating transfers" include debt service payments for our City Hall and additional minor transfers. Based on the revenue and expenditure projections, General Fund - Fund Reserves will increase by \$586,510 in FY2016. The proposed FY2016 Budget includes funding for no new positions, but will now fund an existing police officer position whose salary and benefits were previously paid for via a grant that no longer exists.

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 budget (excluding transfers out). The Police budget, at \$9,262,556, represents 46.41% of the budget and the Public Services budget at \$7,121,144, represents 35.68% 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 \$10,701,020, reflecting a total commitment of \$17,822,164. Capital equipment purchases in the General Fund total \$260,200 for the various departments of the City.

Fund Reserves are projected to increase by \$586,510, to \$12,945,564, as of 12/31/2016. The City of Chesterfield remains fiscally strong and maintains General Fund - Fund Reserves of over 40% of the City's operating budget. This policy was put in place by the City Council to ensure the financial strength of the City. The 40% policy means that \$8,571,282 must be set aside and not spent.

Councilmember Flachsbart made a motion to reduce the budget for merit salary adjustments from 3.0% to 2.5% as recommended by the Finance & Administration Committee. The action will reduce the City's budgeted expenditures by \$34,868 (General Fund - \$28,947; Parks Sales Tax Fund - \$5,225; and Capital Improvement Sales Tax Fund - \$498). The motion was seconded by Councilmember DeGroot, a voice vote was taken and passed by a vote of 6-0. This change will be reflected in the budget proposed at the December 7 City Council meeting.

Councilmember Flachsbart made a motion to recommend the approval of the FY2016 Capital Improvement Fund Budget for presentation and approval at a public hearing and

subsequent City Council meeting on December 7, 2015, seconded by Councilmember Fults, passed by vote of 6-0.

Councilmember Casey made a motion to recommend the approval of the FY2016 Parks Sales Tax Fund Budget for presentation and approval at a public hearing and subsequent City Council meeting on December 7, 2015, seconded by Councilmember Nations, passed by vote of 5-1, with Councilmember DeGroot voting against.

Councilmember Casey made a motion to recommend the approval of the FY2016 General Fund Budget, with the amendment made for the merit raise pool, for presentation and approval at a public hearing and subsequent City Council meeting on December 7, 2015, seconded by Councilmember Grissom, passed by vote of 6-0.

During the meeting the F&A Committee requested that the following items be periodically provided by Staff:

- A report of revenues/expenses for various Parks assets (pool, CVAC fields, etc.)
- A graphical representation of Parks/PW employment (temporary and full time) to provide a picture of the fluctuations and staffing needs during off seasons
- A monthly breakdown of overtime hours

10. Adjournment

There being no further business to discuss, Chairperson Flachsbart adjourned the meeting at 6:58 p.m.