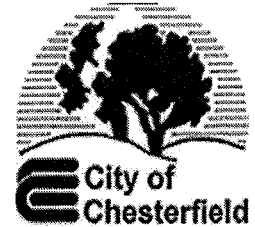


MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Michael G. Herring, ICMA-CM – City Administrator
DATE: March 21, 2013
SUBJECT: Finance and Administration Committee Meeting



The next meeting of the Finance and Administration Committee has been scheduled for 5:30 p.m. on Thursday, March 28th in Conference Room 202.

The following list of items has been scheduled for discussion at this meeting:

1. Approval of Minutes from January 28, 2013 – Chairperson Matt Segal, Councilmember – Ward I (enclosure)
2. Set-Aside for Bond Payments (Enclosure) – City Administrator Michael G. Herring
3. Adjournment – Chairperson Matt Segal, Councilmember – Ward I

If you have any questions or would like to add any items to this agenda, please let me know as soon as possible.

Notice is hereby given that the Finance and Administration Committee may hold a closed meeting for the purpose of dealing with matters relating to one or more of the following: legal actions, causes of action, litigation or privileged communications between the City's representatives and its attorney (RSMo 610.021(1) 1994); lease purchase or sale of real estate (RSMo 610.021(2) 1994); hiring, firing, disciplining or promoting employees within employee groups (RSMo 610.021(3) 1994); bidding specifications (RSMo 610.021(11) 1994); and/or proprietary technological materials (RSMo 610.021(15) 1994).

PERSONS REQUIRING AN ACCOMMODATION TO ATTEND AND PARTICIPATE IN THE CITY COUNCIL MEETING SHOULD CONTACT CITY CLERK JUDY NAGGIAR AT (636) 537-6716, AT LEAST TWO (2) WORKDAYS PRIOR TO THE MEETING.

cc: Mayor Bruce Geiger and City Council
Michael Herring, City Administrator
Rob Heggie, City Attorney

Customer Service Center
Management Team

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.

MEMORANDUM

DATE: March 19, 2013
TO: Michael Herring, City Administrator
FROM: Brian Whittle, Finance Director *BW*
SUBJECT: Set-Aside for Bond Payments



As recommended by the F&A Committee, City Council authorized the use of Fund Balance generated within the General Fund, during FY2012, to off-set and fully-fund any shortfalls projected regarding the revenues needs to make debt service payments, for the Parks General Obligation Bonds. As you know, the last payment due on those bonds is scheduled to occur, in 2015. The goal of both the F&A Committee and City Council was to keep the current property tax rate at \$.03/\$100 of assessed valuation. That rate, which represents less than ½ of 1% of the total property tax rate paid by residents of Chesterfield, was originally approved by the voters to be \$.13/\$100. It has been lowered by City Council, several times since then, due to the growth in our total assessed valuation, which currently totals just under \$1.8 BILLION and is the HIGHEST assessed valuation in St. Louis County. Revenues generated by this tax are dedicated and can only be spent for debt retirement on these bonds.

When City Council originally approved this “set-aside”, we were forecasting that the performance of our FY2012 Budget would generate an additional \$400-500,000 in fund reserves. Based upon our final, audited numbers, I am very pleased to share with you that the FY2012 Budget has performed BETTER than anticipated and that, based upon total revenues, total expenditures and all fund transfers, as of 12/31/2012, this number has grown to \$883,577. Based upon a very conservative projection, assuming NO GROWTH in assessed valuation and maintaining the current \$.03/\$100 tax rate, between now and 2015, I project that a total of \$809,852 would need to be transferred to the Debt Service

Fund, for those parks bonds, to cover all debt service obligations, along with revenues generated, each year, by the current property tax. [See Attachment 1]

By way of doing everything possible to make sure that funds only need to be transferred one time, I recommend that \$825,000 of FY2012 Fund Balance (\$883,577) be set-aside for this purpose. Even after this set-aside, I project \$4,270,621 will still be available, above City Council's 40% fund reserve policy. [See Attachment 2]

My understanding is that the previous action by City Council was to authorize the F&A Committee to affirm the actual amount of the set-aside, based upon Staff's recommendation. If affirmed by the F&A Committee, we will continuously monitor this set-aside, to reflect any changes and will provide annual updates to the F&A Committee.

oh'd
2/20/13
3/20/13

Attachment 1



City of Chesterfield, Missouri

Debt Service Fund Projections - GO Bonds, Series 2008

Forecast no assessed valuation increase and no change in the levy.

Year	Assessed Valuation ¹	Levy ²	Taxes Collected ³	Total Debt Service	Annual Decrease	Transfer or Taxes Needed ⁴	Fund Balance
2012							348,915
2013	1,762,893,244	0.0300	507,872	891,252	(383,380)	34,465	-
2014	1,762,893,244	0.0300	507,872	893,078	(385,206)	385,206	-
2015	1,762,893,244	0.0300	507,872	898,053	(390,181)	390,181	-
Totals			1,523,617	2,682,383		809,852	

¹ The 2013 Assessed Valuation is based on the St Louis County Assessor's valuation. Subsequent reassessment years (odd years) assume a 3% increase.

² Assumes tax rate remains at \$.03/\$100 of Assessed Valuation.

³ Assumes a 3% uncollectible allowance and a 1% County collection fee.

⁴ This will be the amount needed to make debt payments in addition to the tax collections

Attachment 2

Fund Reserves for the General Fund - 12/31/13

12/31/12 General Fund Reserves **\$14,112,287**

FY2013 Estimated General Fund Activity

\$150,000

Projected 12/31/13 General Fund Reserves **\$14,262,287**

Less:

1) Funds Designated for POST (Funds from the State for Police Training Only) (\$91,147)

2) Funds Designated for Inmate Security (\$39,740)

3) Funds Designated for Valley Capital Improvements (Forward Funding Reimbursements) (\$273,474)

Total Designated Funds

(\$404,361)

Projected 12/31/13 Unreserved General Fund Reserves **\$13,857,926**

Less 40% Requirement of Expenditures including Transfers:

(\$8,317,458)

FY2013 Projected Expenditures

\$19,102,319

FY2013 Transfers Out :

City Hall Debt

\$1,461,400

PW Debt

\$225,010

Debt Service Fees

\$4,915

Total Projected Expenditures including Transfers

\$20,793,644

(\$20,793,644 x 40% = \$8,317,458)

Total Available for Council above the 40% Requirement Policy

\$5,540,468

Less One Time Expenditures

4) Local Match for Pathway/Parkway--Eastern Half - pending

(\$420,000)

5) Tree/Stump Removal Adjacent to Schoettler Road

(\$5,000)

6) New Street Banners

(\$21,000)

7) Daniel Boone Project

(\$221,000)

8) Transportation Improvement Program application fee

(\$27,847)

9) Set aside for Parks General Obligation Bond

(\$825,000)

(\$1,519,847)

One Time Reimbursements

7) Temporary Transfer to Special Projects Fund for Wetland Mitigation

\$250,000

Total Left Above the 40% Requirement Policy

\$4,270,621