



RECORD OF PROCEEDING

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

NOVEMBER 16, 2020

Mayor Nation called the Public Hearing to order at 6:45 p.m. Councilmembers McGuinness, Monachella, Mastorakos, Keathley, Hurt, Moore, Ohley and DeCampi were in attendance, along with approximately ten attendees/members of the Press.

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. This budget presentation satisfies all requirements of Ordinance No. 10.

Mayor Nation recognized Finance Director Jeannette Kelly who noted that the budget has been created around the City's Mission Statement. The initial budget was submitted to Council and two budget workshops followed on October 6 and October 27.

Ms. Kelly stated that each department reviewed their respective budget, delaying expenditures wherever possible in anticipation of reduced revenues due to the pandemic. Budgeted revenues for FY2021 are estimated at \$37.6 million in the four major funds. This is \$1.5 million below the FY2020 adopted budget. Budgeted expenditures for FY2021 are estimated at \$35.9 million which is \$1.5 million below the FY2020 adopted budget. The proposed FY2021 budget provides for \$1.6 million net revenues over expenditures for the four major funds.

Ms. Kelly noted that the FY2021 budget includes estimated compensation for proposed step increases for the Fraternal Order of Police (FOP) – currently in negotiations – as well as a 2.5% merit pool increase for non-FOP employees effective July 1, 2021.

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.” Ms. Kelly 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 15% of the total with the St. Louis County sales tax pool.

Ms. Kelly reported that revenues in the Capital Improvement Sales Tax Fund are budgeted at \$5.4 million in FY2021 compared to \$5.7 million in the FY2020 adopted budget. Proposed expenditures for FY2021 are budgeted at \$4.9 million for capital projects and improvements.

The Capital Improvement Sales Tax Fund Reserve balance is estimated to be \$63,904 as of December 31, 2020. Based on the proposed FY2021 budget, the Capital Improvement Sales Tax Fund Reserve is estimated to have an ending balance of \$546,184 as of December 31, 2021 (an increase of \$482,280). The City does not generally intend to carry a fund balance in this fund; however, the balance is affected by timing of projects.

Parks Sales Tax Fund

Ms. Kelly 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 revenues from this tax.

City Council has previously earmarked \$3.5 million to pre-pay Parks debt service. A portion of these funds is used to provide uniform debt service payments of approximately \$2.8 million annually in the years 2021 through 2025.

Ms. Kelly reported that revenues in the Parks Sales Tax Fund are budgeted at \$6.4 million in FY2021 compared to \$6.7 million in the FY2020 adopted budget. Proposed expenditures for FY2021 are \$110,824 less than FY2020.

The Parks Sales Tax Fund Reserve balance is estimated to be \$1.9 million as of December 31, 2020. Based on the proposed FY2021 budget, the Parks Sales Tax Fund Reserve, with reduced revenues and expenditures due to the pandemic, is estimated to have an ending balance of \$1.9 million as of December 31, 2021. As a reminder, the 40% reserve policy does not apply to this fund.

Public Safety Fund

Ms. Kelly explained that the Public Safety Fund was created in FY2018 and acts as a net zero fund balance budget. Budgeted sales tax revenues for FY2021 are 6% lower than the FY2020 adopted budget and 5% lower than FY2019 actual budget. By fund

definition, revenues equal expenditures; therefore, any shortfall of revenues is funded by a transfer from the General Fund. This transfer amount is estimated to be \$8.2 million in FY2021 (\$848,000 higher than FY2019 actual).

General Fund

City Council has previously earmarked \$2.5 million to pre-pay City Hall debt which fully funds the last two years of debt service.

Ms. Kelly reported that revenues in the General Fund are projected to total \$20 million in FY2021 (5.7% lower than the FY2020 budget). Expenditures for FY2021 are projected to total \$18.8 million. With reduced revenues and expenditures due to the pandemic, the ending fund balance for FY2021 is estimated to be \$10 million. Ms. Kelly reminded Council that this fund balance reflects the anticipated Coronavirus Aid, Relief and Economic Security (CARES) funding of \$3.3 million as well as the \$3.9 million cash contribution for Downtown Chesterfield "Fairgrounds" land acquisition and refunding of Certificates of Participation Series 2014 debt in FY2020.

The General Fund – Fund Reserve balance is estimated to be \$929,638 over the 40% policy threshold as of December 31, 2020. Based on the proposed FY2021 budget, the General Fund – Fund Reserve is estimated to have an ending balance of \$10 million as of December 31, 2021. If Council approves funding of the FY2021 Emerald Ash Borer and Snow Removal Reimbursement programs, the unreserved General Fund – Fund Reserve balance is projected to be \$9.3 million (\$1.8 million above the 40% policy threshold) as of December 31, 2021.


ADJOURNMENT

There being no public discussion or comment, Mayor Nation adjourned the meeting at 6:58 p.m.



Mayor Bob Nation

ATTEST:



Vickie McGownd, City Clerk