



## **RECORD OF PROCEEDING**

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

**DECEMBER 3, 2012**

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Mayor Bruce Geiger called the Public Hearing to order at 6:30 P.M. There were six (6) people in attendance.

Mayor Geiger recognized City Administrator Mike Herring who began his presentation by pointing out that 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. Herring noted that his presentation would satisfy all requirements of Ordinance No. 10. He also stated that the FY2013 Budget reflected all decisions/changes made by the Mayor/City Council, during a Finance and Administration "Committee-of-the-Whole" budget workshop, which took place on November 19th.

Mr. Herring provided a performance summary of the FY2012 Capital Improvement Sales Tax Fund and noted that this fund is basically self-sufficient since it is funded from the ½ cent sales tax, approved in 1996, as Propositions "R" and "S." Mr. Herring stated that the City only receives about 85% of the total money it gets from 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. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$6,630,895 in FY2012, or 3.0% above budget. Expenditures are projected to total approximately \$5,510,478 in FY2012, or 2.5% above budget, and include numerous capital construction projects citywide. Transfers out for debt payments on Propositions "R" and "S" are projected to total approximately \$1,981,601.

Mr. Herring 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 the City receives 100% of the revenue

from this tax. Mr. Herring pointed out that the State Legislature and the Governor did not re-establish the sales tax on out-of-state vehicle purchases, by Missouri residents, which resulted in the City losing approximately \$25,000. However, indications are that the State Legislature will correct this problem, during the upcoming legislative session. Mr. Herring reported that revenues in the Parks Sales Tax Fund are projected to total approximately \$7,538,815 in FY2012, or 3.4% above budget, due, primarily, to increased revenues from the ½ cent sales tax. He also noted increases in user fees from the athletic fields, Eberwein Dog Park and the Family Aquatic Center. Mr. Herring stated that the City is anticipating that Parks Sales Tax Fund Fund Reserves will total \$2,459,056 as of 12/31/12, which is 25% higher than required by City policy. Mr. Herring stated that the City's parks system provides multiple opportunities for residents to recreate, either actively or passively.

Mr. Herring reported that the City is anticipating that General Fund revenues for FY2012 will total \$20,693,969, or .2% above original projections. Even though General Fund expenditures are projected to total \$21,396,890, which includes \$2,452,198 for debt service payments and other operating transfers, actual departmental expenditures are projected to finish 1.5% below budget. He stated that total expenditures exceed total revenues because City Council approved various expenditures throughout the year, funded by the planned use of General Fund Fund Reserves. As of 12/31/12, General Fund Fund Reserves are projected to total approximately \$13,364,994. Mr. Herring said that the City remains fiscally strong and is able to fund its commitments, due in large part to policies established by the Mayor and City Council regarding the maintenance of General Fund Fund Reserves, equal to 40% of the City's General Fund operating budget. Through a fiscally-conservative approach to budgeting, the City has accumulated significant fund reserves IN EXCESS of the City's 40% policy.

Mr. Herring reported that the two major sources of General Fund revenues are utility taxes and sales tax, which represent and 35.1% and 29.6% respectively. Mr. Herring said that the General Fund Budget for FY2012 includes the City's two largest areas of operation, Police and Public Services. The Police Budget at \$8,150,779, represents 43.1% of the budget and the Public Services budget at \$7,049,158, represents 37.2% of the budget.

Mr. Herring stated that the City does not have a General Fund property tax and the City's total assessed valuation is just under \$1.8 Billion. Mr. Herring stated that the City's total decrease in assessed valuation in 2009-2012 was 8.4%, which was significantly lower than the drop in assessed valuation in St. Louis County as a whole during this same time period.

Regarding the proposed FY2013 Budget, Mr. Herring reported that revenues in the Capital Improvement Sales Tax Fund are projected to total approximately \$5,416,604, which includes \$5,266,604 in sales tax and \$150,000 in grant funds. Proposed expenditures for Fiscal Year 2013 are \$3,422,346 for capital projects and improvements, with the balance of the fund's revenues being spent for debt service payments, regarding Propositions "R" and "S". Mr. Herring reported that the starting balance in the Capital Improvement Sales Tax Fund Fund Reserves is \$339,443. As of 12/31/13, Capital

Improvement Sales Tax Fund Fund Reserves are projected to total approximately \$318,038. Given City Council's desire to spend all of these dollars, each fiscal year, Staff will investigate the possibility of funding other qualifying capital improvement projects.

Mr. Herring stated that sales taxes are projected to increase by 3% during FY2013, within the Parks Sales Tax Fund. No increase was projected as a result of the potential outlet malls being constructed in the Valley. Total revenue in the Parks Sales Tax Fund is projected to generate approximately \$7,530,210, during FY2013. Mr. Herring reported that FY2013 expenditures and transfers in the Parks Sales Tax Fund are projected to total \$7,456,043 (\$4,571,964 for the operating budget and \$2,884,079 in debt service payment). Mr. Herring noted that the FY2013 Parks Sales Tax Fund includes the addition of three (3) full-time employees. Mr. Herring reported that FY2013 capital expenditures in the Parks Sales Tax Fund are projected to be \$203,025. Mr. Herring stated that the City is anticipating that Parks Sales Tax Fund Fund Reserves will total \$2,533,223 as of 12/31/13.

Mr. Herring reported that General Fund revenues are projected to total \$20,901,911 for FY2013, which includes \$7,407,200 (35.4%) in utility tax, \$6,303,441 (30.2%) in sales tax, and \$4,185,822 (20%) in intergovernmental revenues. The remaining revenue is made up of licenses and permits (7%), court receipts (6.1%), and other miscellaneous sources (1.3%).

Mr. Herring reported that General Fund Expenditures are projected to total \$19,102,319, excluding operating transfers out, for FY2013. Mr. Herring stated that the City's two largest areas of operation, Police and Public Services, comprise the majority of all operating expenditures, totaling a combined 80.8% of the proposed budget. The Police budget, at \$8,516,315, represents 44.6% of the budget and the Public Services budget at \$6,919,438, represents 36.2% of the budget. He noted that the City has a planned process of replacing capital equipment, which is based upon the expected life of the equipment. The City annually replaces half of the Police Department's patrol cars to ensure they can respond in a timely manner. Capital equipment purchases in the General Fund total \$677,594, for the various departments of the City.

Mr. Herring stated that the City maintains General Fund Fund Reserves of over 40% of the City's operating budget. He stated that the General Fund Fund Reserves balance is projected to total \$13,514,994 as of 12/31/13 and leaves \$4,623,175 available to fund additional projects, as reviewed/approved by City Council, during FY2013.

Mr. Herring expressed his appreciation to the members of the Management Team for their time and effort to deliver the level and quality of services provided by the City. Mr. Herring commended Finance Director Brian Whittle for his professionalism and great work performance during the entire budget preparation process.

Mayor Geiger thanked City Administrator Mike Herring, Finance Director Brian Whittle, and the members of the Management Team for their hard work on the budget. Mayor

Geiger noted that the City's responsible fiscal management contributed to City's ability to add two Police Officers and three Parks employees in the FY2013 Budget.

**ADJOURNMENT**

There being no public discussion or comment, Mayor Geiger adjourned the meeting at 7:00 p.m.

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Mayor Bruce Geiger

**ATTEST:**

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Judith A. Naggiar, City Clerk