

**CITY OF HAZELWOOD
SPECIAL COUNCIL MEETING
APRIL 14, 2014**

CALL TO ORDER

A special Council meeting was called to order by Mayor Matthew G. Robinson at 5:35 p.m. on Monday, April 14, 2014, in the Council Chambers at Hazelwood City Hall, 415 Elm Grove Lane.

On roll call the following members of the Council were present:

Robert M. Aubuchon
Don W. Ryan
Michael J. Conley
Matthew G. Robinson
Russell Todd
Rosalie Hendon
Mary G. Singleton
Carol A. Stroker

Councilman Warren H. Taylor was not present. Mrs. Wolf declared a quorum was present. Also present were City Clerk Colleen Wolf and City Manager Matt Zimmerman.

SPECIAL ORDER OF BUSINESS

FIVE YEAR CAPITAL IMPROVEMENT PLAN Mr. Zimmerman had provided the Council with a proposed Five Year Capital Improvement Plan (CIP).

Mr. Zimmerman explained the CIP is established in order to plan sufficient funding for large capital projects with incremental steps for very large projects. He stated, for fiscal year 2015, the proposed CIP includes projects that exceed revenues by \$285,000. In order to balance the budget, staff proposes to postpone all the highlighted projects to future years. Mr. Zimmerman noted the City has utilized debt to fund capital projects which is a common practice for municipalities during deficit situations. The City's final debt payment is scheduled for 2028.

The Council reviewed the CIP and discussed some of the projects proposed to be postponed including repairs to the garage roof and Community Center gym wall.

PROPOSED F.Y. 2015 BUDGET Mr. Zimmerman explained the proposed fiscal year 2015 budget is based on existing revenue sources and includes a deficit of \$1.7 million.

Mr. Zimmerman stated the Council has been provided with a series of recommendations to close the gap including a utility tax as a new revenue source. He

stated reserves have been calculated based on expenses rather than revenues as was done in the past. He stated this method is the industry standard. In addition, expenses are controllable.

Finance Director Lori Helle gave a PowerPoint presentation while explaining the proposed fiscal year 2015 budget. Expenditures have exceeded revenues since 2012. Significant revenue assumptions include a 34% increase in the Hotel/Motel Tax due to the plan to increase the tax from 4% to 5% and the addition of a new hotel, a 3.8% increase in business license fees primarily due to the proposed vacant property license, and a 20% decrease in court fines. Personnel assumptions include no cost of living adjustment, no step increases, an increase of 12.9% for pension funding, and a 15% increase in health insurance cost. In addition, the following four vacant positions were included in the budget as presented: (1/2) Maintenance Division Secretary, Park Maintenance Worker, Fire Marshal, and Police Officer. General Fund expenditures in order by department are 33% police, 18% fire and ambulance, 16% fire districts, followed by administration, maintenance, and recreation. Revenues for 2015 are projected to be \$721,000 less than fiscal year 2014. A new 6% residential utility tax would generate revenue of approximately \$1.3 million and increase fiscal year 2015 revenues by \$580,000. The bond payment for the Cabela's museum will increase General Fund expenditures by \$115,000. Proposed 2015 General Fund expenditures are \$784,000 more than fiscal year 2014 primarily due to adding the four vacant positions back into the budget. The fiscal year 2014 budget included a deficit of \$692,000 and the deficit is now estimated to be \$477,000. The proposed 2015 budget includes a deficit of \$1.7 million without a new residential utility tax. With the tax, the approximate deficit would be \$412,000. Fiscal year 2013 ended with a 24% reserve and fiscal year 2014 is expected to end with a reserve of 21%. With a new residential utility tax, fiscal year 2015 is expected to end with a 19.5% reserve. Without the tax, it would end with a 14% reserve which is below the General Fund Balance Policy requirement of a minimum 17% reserve. Economic Development Fund expenditure assumptions include \$1,707,000 for the Fee Fee Road (South) project and \$80,000 for the Missouri Bottom Road project. Both of these projects are being funded by an 80% Federal grant. Also included are a down payment of \$160,000 for the fiber-optic network and \$500,000 for the Local Incentive Program. Fiscal year 2014 began with an Economic Development Fund balance of \$1.4 million and fiscal year 2015 is projected to end with a balance of \$1.5 million. This is primarily due to an increase in projects and grant revenue received. Fiscal year 2015 estimated Capital Improvement Fund revenues are \$274,000 and expenditures are estimated to be \$990,000. The increase in expenditures is due to more street and park improvement projects and more large equipment purchases. Fiscal year 2014 began with a Capital Improvement Fund balance of \$119,000 and fiscal year 2015 is projected to end with a balance of \$266,000. The Sewer Lateral Fund had a balance of \$453,000 at the beginning of fiscal year 2014 and is expected to have a balance of \$299,000 at the end of fiscal year 2015. Finally, in fiscal year 2014 the Debt Service Fund outstanding balance was \$21 million and will be \$19.5 million at the end of fiscal year 2015. The fund includes debt from the following: Lambert Pointe Neighborhood Improvement District bonds, general obligation street

LANDLORD
REGISTRATION
PROGRAM

Code Administrator Pat McSheehy explained the proposal to amend the Code to require an annual business license for non-owner occupied residential properties including single-family and two-family attached residential units and condominiums.

Mr. McSheehy stated the proposal is similar to the City of Ferguson's program which was designed by Stephanie Carr, an associate of City Attorney Kevin O'Keefe. St. Louis County records show the City as having 1,376 residences that meet the criteria. With a \$50 annual license fee, annual revenue is anticipated to be \$68,800. The program would benefit the City by providing the ability to control landlords with multiple properties who don't maintain their properties. Mr. McSheehy stated a list of the properties and owners would be obtained from St. Louis County and the City would mail notices. A license would then have to be obtained prior to issuance of an occupancy permit for these properties. He stated the City receives a monthly list of new electric services from Ameren which would aid in bringing it to the attention of the City when people move in without a permit. He stated he believes it will take several years for the program to be fully functional.

VACANT PROPERTY
REGISTRATION
PROGRAM

Mr. McSheehy explained the proposal to amend the Code to modify Chapter 507, Registration of Vacant Residential Structures.

The registration requirement, process, and semi-annual fee were established by Ordinance 3404-03, adopted January 15, 2003, and amended by Ordinance 3439-03, adopted June 4, 2003 to increase the fee to \$200. Mr. McSheehy explained properties with housing violations that have been vacant for at least six months are required to be registered every six months and a lien placed on the property for any unpaid fee. The former Finance Director didn't support the program because of the cost associated with filing the liens and the liens were forgiven once the properties were sold. Staff initiated the first steps of the process three times, but no property owners were ever billed or monies collected. Mr. McSheehy suggested adding the fee to the annual real estate tax bill as a nuisance fee. He stated our nuisance abatements such as grass cutting and trash removal are currently collected in this manner through St. Louis County. He stated the Code amendment would require Mr. O'Keefe's review and approval. He noted some property owners pay their real estate taxes up to three years late and some properties are abandoned. However, the fees will continue to accumulate and must be paid once the property is sold.

In response to Council inquiries, Mr. McSheehy stated the City has a contract with St. Louis County to collect nuisance fees. He stated he believes County would add the fee to the tax bill if the Code is amended to refer to it as a nuisance fee. He stated he believes the program would provide incentive for property owners to maintain their properties and to sell or rent them. He reiterated it would be necessary for Mr. O'Keefe to review the proposed amendment.

The Council expressed support of the proposal.

COUNCIL'S
F.Y. 2015
BUDGET

Mayor Robinson suggested cutting Council participation in the National League of Cities Congressional Cities and Congress of Cities conferences from the proposed fiscal year 2015 budget.

The Council expressed support of the proposal.

Mr. Conley stated the budget includes funds for all nine Council members and their guests to attend the St. Louis County Municipal League and Greater North County Chamber of Commerce installation dinners. He suggested Council members pay for their guest.

Mayor Robinson suggested budgeting for only two or three Council members to attend the dinners. He added it's important for the City to be represented at these events.

ADJOURNMENT

The meeting was adjourned at 8:05 p.m.

Matthew G. Robinson - Mayor
City of Hazelwood, Missouri

ATTEST:

Colleen Wolf, MMC - City Clerk
City of Hazelwood, Missouri