

**CITY OF HAZELWOOD
COUNCIL BUDGET WORK SESSION
APRIL 22, 2015**

CALL TO ORDER

A Council budget work session was called to order by Mayor Matthew G. Robinson at 5:40 p.m. on Wednesday, April 22, 2015, in the Council Chambers at Hazelwood City Hall.

The following members of the Council were present:

Don W. Ryan
Matthew G. Robinson
Russell Todd
Warren H. Taylor
Rosalie Hendon
Mary G. Singleton
Carol A. Stroker
Robert M. Aubuchon

A quorum was present. Also present were City Clerk Colleen Wolf and City Manager Matt Zimmerman.

SPECIAL ORDER OF BUSINESS

FY '16 BUDGET Staff reviewed the proposed fiscal year 2016 budget.

Mr. Zimmerman stated the budget was originally prepared under the assumption Proposition P, to authorize a quarter cent sales tax increase, would not pass. The voters passed the proposition sending a message that they want a high service City. Programs, services, and positions that were cut have therefore been restored. In addition, \$453,000 has been budgeted for salary and benefit increases. The current budget will leave a surplus of approximately \$346,000 and the proposed fiscal year 2016 budget would leave a surplus of \$47,000.

Finance Director Lori Helle stated fiscal year 2015 began with a General Fund reserve balance of \$5.9 million and is expected to end with a reserve of \$6.2 million. This represents a 26 percent reserve. The Fund Balance Policy requires a minimum reserve of 17 percent based on total operating expenditures. Fiscal year 2016 is projected to end with a \$6.3 million reserve or a 25 percent General Fund balance. Ms. Helle noted the proposed budget includes nine months of revenue from the new quarter cent sales tax. She stated 2016 revenue projections include a one percent increase in all sales tax, a four percent increase in utility franchise tax, a three percent increase in business license fees due to new businesses, and a 19 percent decrease in court fines due to the new fines in effect. Personnel expenditures include a \$453,000 increase in salaries and benefits.

In response to Mr. Todd's inquiry, Mr. Zimmerman stated this amount would provide for a two percent cost of living adjustment and step increases of 2.5 percent for employees not at the top of their pay scale plus related increases in benefits such as pension and employer payroll taxes.

Ms. Helle continued discussing proposed General Fund expenditures stating all positions were restored including police sergeant, dispatcher, code enforcement officer, fire marshal, and two park maintenance workers. Part-time positions including accounting clerk, City Clerk secretary, Public Works secretary and Maintenance Division secretary have been restored to full-time. The pension funding rate decreased from 12.9 percent to 12.1 percent. A 15 percent increase in health insurance expense has been budgeted. Last year there was a 9.5 percent increase. Dental and vision insurance are due for renewal and eight and five percent increases have been budgeted, respectively. A three percent increase has been budgeted for workmen's compensation. Ms. Helle stated by department, the Police Department budget is \$8 million and the Fire Department budget, including payments to the districts, is \$9.6 million. Sixty-nine percent of the budget is public safety.

Ms. Helle stated the proposed Economic Development Fund budget includes the Fee Fee Road – South and fiber network projects plus an increase from \$500,000 to \$1 million for the Local Incentive Program due to the Silgan project. The fund balance is projected to be \$2.7 million at the end of fiscal year 2015 and \$2.3 million at the end of fiscal year 2016.

Ms. Helle stated, due to the amount of grant funds received in fiscal year 2015, a \$532,000 decrease in Capital Improvement Fund revenues has been budgeted for 2016. Expenditures for 2016 will be approximately \$800,000 less than 2015. The decrease is due to the reduction in grant projects and the vehicles purchased in 2015. Fiscal year 2015 is expected to end with a \$22,000 deficit in the Capital Improvement Fund and fiscal year 2016 is expected to end with a balance of \$58,000.

Ms. Helle stated no revenues are anticipated for the 2016 Asset Forfeiture Fund. Proposed expenditures can't exceed the fund balance from the previous fiscal year. The balance at the end of fiscal year 2015 is estimated to be \$265,000. Therefore, expenditures of \$139,000 have been budgeted, leaving the balance at \$126,000 at the end of fiscal year 2016.

Ms. Helle stated the Sewer Lateral Fund is funded by a \$5 annual fee to every household. Fiscal year 2016 expenditures are anticipated to be \$11,000 more than 2015. Expenditures each year are approximately \$80,000. Fiscal year 2015 is expected to end with a fund balance of \$315,000 and 2016 with a balance of \$225,000. It may be necessary to increase the annual fee in a year or two. A \$28 fee was approved by the voters and the fee may be increased without additional voter approval.

Ms. Helle stated the outstanding balance in the Debt Service Fund is estimated to be \$19.5 million at the end of fiscal year 2015 and \$18 million at the end of 2016. Debt includes the Lambert Pointe Neighborhood Improvement District which is covered by

real estate taxes, the 2005 and 2007 general obligation street bonds, the Cabella's museum, the aquatic center, and the energy efficiency project.

Mr. Aubuchon asked, of the items that had been cut from the budget, what items were not restored.

Mr. Zimmerman replied the Florissant Valley of Flowers parade float at \$2,600, mosquito spraying at \$9,525, opening Civic Center East at 6:00 a.m. instead of 8:00 a.m. at \$3,200, opening the recreation centers on holidays at \$1,600, and closing the pool at 7:00 p.m. instead of 6:00 p.m. at \$13,650. In addition, the craft show and daddy/daughter dance, the skate park attendant, and heating the former Beldt's building were also not restored.

Mr. Aubuchon stated the float gives the City exposure and, for the cost, he believes it's worthwhile to restore.

The Council discussed participation in this year's and next year's Florissant Valley of Flowers parade.

Mrs. Wolf reviewed the City Council's proposed budget and each department head reviewed their respective proposed budgets.

Mr. Zimmerman asked if the Council wished to restore funding in fiscal year 2016 for the Florissant Valley of Flowers parade float and National League of Cities membership dues. The Council agreed to restore funding for these items.

Mr. Zimmerman asked if the Council wished to place consideration of a contract for a fireworks display this July on the May 6 agenda. The Council agreed.

The proposed Economic Development Fund, Capital Improvement Fund, and Asset Forfeiture Fund budgets were reviewed.

Mr. Zimmerman stated, if the Council desires, first reading of a bill to approve the budget could be placed on the May 20 agenda. There were no objections.

ADJOURNMENT The meeting was adjourned at 7:45 p.m.

ATTEST:

Matthew G. Robinson - Mayor
City of Hazelwood, Missouri

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