

**CITY OF HAZELWOOD  
COUNCIL BUDGET WORK SESSION  
APRIL 13, 2016**

**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 13, 2016, in the Council Chambers at Hazelwood City Hall, 415 Elm Grove Lane.

The following members of the Council were present:

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

Mrs. Wolf declared a quorum was present. Also present were City Manager Matt Zimmerman and City Clerk Colleen Wolf.

**AGENDA**                    Mayor Robinson requested consideration of the Admission and Stipulation of Facts and Submission to Disciplinary Action for Jay's Classic Bar & Grill and a report on the fire district issue be added to the agenda.

Mr. Taylor moved, seconded by Mrs. Hendon, to amend the agenda by the addition of consideration of the Admission and Stipulation of Facts and Submission to Disciplinary Action for Jay's Classic Bar & Grill and a report on the fire district issue and to adopt the agenda as amended. The motion passed unanimously.

**SPECIAL ORDER OF BUSINESS**

**RETIREMENT**                Fire Chief Dave Radel announced his plan to retire February 1, 2017.

**FY '17 BUDGET**             Staff gave an overview of the proposed fiscal year 2017 budget by fund.

Finance Director Lori Helle reviewed the General Fund budget. In 2015 of the current fiscal year, revenues began to drop below expenditures. Revenues decreased 3% and are currently 9% below budget. Every 1% is equal to approximately \$250,000. Fiscal year 2016 is expected to end with a 21% reserve and fiscal year 2017 is expected to end with a 13% reserve with the proposed budget. Policy requires a 17% minimum

reserve. Fiscal year 2016 began with a reserve of approximately \$6.3 million or 26%. Revenues, which include nine months of the quarter cent general sales tax, are estimated to be \$23.5 million and expenditures are estimated to be \$24.5 million. The fiscal year is projected to end with a reserve of \$5.2 million. Revenues in the proposed fiscal year 2017 budget are estimated at \$24.7 million and expenditures at \$25.6 million, leaving a deficit of \$1.8 million and reducing the reserve to \$3.4 million or 13%. Fiscal year 2017 revenue assumptions include a 1% decrease in A City (original City) sales tax, a 1% increase in B City (pool area) sales tax, a 1.5% decrease in parks and storm water sales tax, a 1% increase in capital improvement sales tax, a 1% decrease in economic development sales tax, a 1.5% decrease in property tax, a 1.1% increase in personal property tax, a 4.9% increase in utility franchise tax due to the water and sewer rate increases and an increase in new business growth, a 2.6% decrease in business license fees, and a 3% decrease in the cigarette tax. Although conservative revenue increases were budgeted for fiscal year 2016, many revenues came in considerably below budget. For example, A City sales tax came in at -7%, park and storm water sales tax at -10%, and fire sales tax at -17%. Therefore, most revenue items have been decreased in the proposed fiscal year 2017 budget. The quarter cent local sales tax reflects a significant increase because it will be collected for the entire year as opposed to nine months during fiscal year 2016. Personnel expense assumptions include step increases for all but 12 employees and maintaining full staffing. Pension funding would remain the same at 12.7% of payroll. A 15% increase was budgeted for health insurance and a 3% increase for workmen's compensation.

Ms. Helle reviewed the proposed Capital Improvement Fund budget which includes \$2 million for Missouri Bottom Road reconstruction of which \$1.8 million will be funded by a grant, \$200,400 for the Fusz soccer fields, and \$1.5 to 1.9 million for local incentive programs. Fiscal year 2017 projected revenues are slightly more than 2016, primarily due to the grant revenue. Projected revenues are \$1.9 million more due to an increase in projects and the local incentive programs. Fiscal year 2016 began with a fund balance of \$2.1 million and is expected to end with a fund balance of \$2.4 million. Fiscal year 2017 is expected to end with a fund balance of \$1.2 million.

Ms. Helle reviewed the Capital Improvement Fund budget. Fiscal year 2017 revenues are estimated at \$284,000 less than 2016 due to a decrease in lease/purchase transactions. Proposed expenditures are estimated at \$636,000 and include City Hall/Police Complex window replacement, concrete replacement, Howdershell Park improvement, ten vehicle replacements, and an increase in the amount for sidewalk replacement. Fiscal year 2016 began with a fund balance of approximately \$278,000 and will end with approximately \$628,000. Fiscal year 2017 is expected to end with a fund balance of about \$58,000.

Ms. Helle reviewed the Asset Forfeiture Fund budget. No revenues are budgeted. Expenditures are expected to be approximately \$113,000. Fiscal year 2016 began with a fund balance of about \$277,000 and will end with about \$170,000. Fiscal year 2017 is expected to end with a fund balance of approximately \$57,000.

Ms. Helle reviewed the Sewer Lateral Fund budget. Fiscal year 2017 revenues are expected to remain about the same as 2016 and expenditures are projected to be

\$30,000 more. Fiscal year 2016 began with a fund balance of approximately \$330,000 and is expected to end with a balance of \$293,000. Fiscal year 2017 is projected to end with a balance of \$228,000. It may be necessary to increase the annual assessment in a year or two.

Ms. Helle reviewed the Debt Service Fund budget. At the end of fiscal year 2016 the outstanding balance will be approximately \$19.5 million and at the end of fiscal year 2017 it will be \$16.2 million. Debt includes the following outstanding bond issues: Lambert Pointe Neighborhood Improvement District, General Obligation street bonds, Cabela's Museum, aquatic center, and the energy efficiency project.

Mrs. Singleton asked if the focus of economic development was changed from creating jobs to creating revenue as was previously discussed.

Mr. Zimmerman stated the revenue component is considered. However, the only project the City has had since that time is Silgan Plastics. He added staff's focus has been on retail development at the mall and Village Square.

Mrs. Stoker noted property values are increasing and property tax revenue should increase after reassessments in 2018.

Mr. Zimmerman stated the Council has been provided with a list of suggested reductions to the proposed budget. The goal in preparing the list was to sustain a General Fund reserve of 17% or more, maintain City services, and improve operating efficiencies. Certain programs would be significantly reduced or eliminated. Proposed reductions include flat-lining pension contributions. The Pension Plan Board of Trustees unanimously approved the recommendation. In addition, no step increases would be given and all employees would receive a 1% cost of living adjustment. Options for increasing use of economic development funds could be considered. State statute allows 25% and we're currently at 23%. In accordance with the Personnel Rules and Regulations, the City Manager has authority to restructure duties and responsibilities. Restructuring could reduce personnel costs by approximately \$670,000.

Mr. Aubuchon noted that's a significant amount and asked what the restructuring would include.

Mr. Zimmerman stated the proposal is to redistribute duties to eliminate three vacant full-time, two vacant part-time, six filled full-time, and three filled part-time positions. He noted personnel costs would need to be reduced an additional \$100,000 to maintain an 18% reserve. He stated the proposal could be discussed in closed session if specific personnel are discussed.

Mayor Robinson stated the Council should either approve or reject the proposal and should not discuss the matter in closed session. If approved, the City Manager should be given authority to make the cuts he deems necessary. The Council should not be involved because of personal feelings they may have toward a particular employee.

Mrs. Hendon stated she would like to know the reason an employee is no longer needed.

Mr. Zimmerman responded he doesn't believe the City's overstaffed, but is attempting to balance the budget. He added there will be a reduction in our ability to provide services. This is a revenue issue and not an expense issue. However, if revenues don't increase, we must manage to the best of our ability.

Mr. Aubuchon asked if it would be best to wait and see how the fire district issue plays out since progress is being made.

Mr. Zimmerman responded if the Council chooses to make the series of budget cuts and to eliminate only the vacant positions, we can get to a 16.9% reserve based on budget projections. However, there will be ongoing deficits if personnel aren't cut because personnel costs are 68% of the budget.

Mrs. Stroker asked if personnel expense could be reduced by attrition.

Mr. Zimmerman replied, for payout purposes, the budget assumes we have six retirements. It doesn't assume the position will remain vacant. For some positions, attrition is an option and for others it isn't. For example, if a fireman retires and we're going to maintain four men on a truck, we must fill the position. Certain positions can't be eliminated, such as the City Clerk or Fire Chief, and others may be key positions.

The list of proposed budget reductions was discussed. The Council expressed an interest in maintaining funding for the newsletter and suggested a more effective way of publishing it should be sought. The Council also agreed to maintain funding for mosquito spraying of \$8,400 and to add elimination of three of the four Truman Park concerts, at a cost of \$2,000, to the list of reductions.

In response to Mr. Aubuchon's inquiry, Mr. Zimmerman stated funding for tuition reimbursement for all departments, except police and fire, was eliminated during the last round of budget cuts. Eliminating the police and fire tuition budgets would provide a uniform reduction. Staff felt fringe benefits should be eliminated before reducing personnel. He stated funds for police and fire certifications are allocated in the training accounts.

JAY'S CLASSIC                      The Council discussed the Admission and Stipulation of  
DISCIPLINARY ACTION      Facts and Submission to Disciplinary Action for Jay's Classic  
Bar & Grill at 7217 North Lindbergh Boulevard.

Mrs. Wolf stated Renita Hill, the managing officer, admits to all violations.

Police Chief Gregg Hall recommended notifying Ms. Hill tomorrow that her liquor license is revoked for 18 months and the effective date is stayed on the condition that there is no violation of any state law or municipal ordinance applicable to the operation of the licensed business on or about the premises. If there is a violation, the Order of Revocation will be put into effect immediately. Additionally, the license will be

suspended for a period of 45 days, beginning April 15, and no alcohol may be sold or consumed on the premises. Lastly, Ms. Hill and the establishment's employees must attend and successfully complete training developed by Chief Hall pertaining to safe and lawful operation of a licensed business.

Mrs. Singleton asked the meaning of "on or about the premises."

Mr. Zimmerman responded the Code specifically states the licensee isn't responsible for the parking lot. This language makes Ms. Hill responsible for the parking lot.

Mr. Aubuchon asked if the suspension prohibits the sale of any alcoholic beverage for 45 days.

Chief Hall replied affirmatively. He stated the liquor must be locked up.

In response to additional questions from Mr. Aubuchon, Mr. Zimmerman stated the license is permanently revoked if there is any violation during the 18 month period.

Mr. Taylor moved, seconded by Mr. Ryan, to accept the Admission and Stipulation of Facts and Submission to Disciplinary Action pertaining to Jay's Classic Bar & Grill at 7217 North Lindbergh Boulevard. The motion passed unanimously.

**FIRE DISTRICTS** Mayor Robinson reported the Robertson Fire Protection District (RFPD) has agreed to support a five year property tax roll-off if the City supports a quarter cent sales tax for the district.

If approved by the voters, 50% of the sales tax would go towards reducing the property taxes currently imposed. The first year the residents would pay 20% of the existing property tax. Each subsequent year they'd pay 20% more, until the fifth year when they'd pay 100%.

Mr. Aubuchon asked if state statute allows fire districts to collect the quarter cent sales tax.

Mayor Robinson replied affirmatively. He added the Missouri Municipal League's and the Municipal League of Metro St. Louis's policies are to oppose sales taxes for entities other than municipalities.

Mr. Zimmerman stated the tax would only apply to the Cities of Hazelwood, Crestwood, and Des Peres.

Mrs. Singleton asked if the tax would apply to the Florissant Valley Fire Protection District (FVFPD).

Mr. Zimmerman replied affirmatively. He explained the tax would apply in those areas within fire district boundaries. However, the property tax rate would be rolled off in those

areas and the new sales tax would generate half the money. The five year property tax roll-off would be automatic even if the voters don't approve the sales tax.

Mr. Aubuchon asked if the FVFPD is also considering putting the sales tax on the ballot.

Mayor Robinson responded they will most likely follow the RFPD.

Mr. Aubuchon asked how much the quarter cent sales tax would generate for the RFPD. He noted the district has limited retail businesses.

Mr. Zimmerman replied the district extends to Bridgeton. It has a fair amount of retail which includes St. Louis Outlet Mall. Based on Bridgeton and mall sales, the quarter cent tax should generate approximately \$1 million per year. He emphasized the legislature and governor must approve the legislation which presents a challenge.

In response to Mrs. Singleton's inquiry, Mr. Zimmerman stated the roll-off would affect the 2016/2017 City budget if the law becomes effective August 28, 2016.

After additional discussion Mr. Todd moved, seconded by Mrs. Hendon, to go into executive session immediately following this meeting to discuss a personnel matter in accordance with the provisions of RSMo 610.021(3). The following vote was recorded on the motion:

AYE - 9

NAY - 0

Mrs. Stroker  
Mr. Aubuchon  
Mr. Ryan  
Mr. Parkin  
Mayor Robinson  
Mr. Todd  
Mr. Taylor  
Mrs. Hendon  
Mrs. Singleton

The motion passed unanimously.

**ADJOURNMENT**

The meeting was adjourned at 7:10 p.m.

ATTEST:

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Matthew G. Robinson - Mayor  
City of Hazelwood, Missouri

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