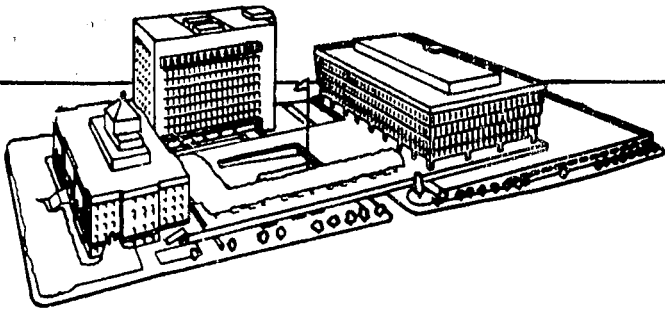


**PROPOSED ANNEXATION BY
CITY OF BERKELEY
(MCDONNELL DOUGLAS AREA)**

**Report on BC 9608 Prepared by:
St. Louis County Department of Planning
for Submittal to:
Boundary Commission, St. Louis County
August 27, 1996**



ST. LOUIS COUNTY, MISSOURI

BUZZ WESTFALL, COUNTY EXECUTIVE

DEPARTMENT OF PLANNING
JUNE MCALLISTER FOWLER, DIRECTOR

August 27, 1996

Boundary Commission, St. Louis County
1516 South Brentwood Boulevard, Suite 101
St. Louis, Missouri 63144

Re: Proposed Berkeley Annexation (BC 9608 - McDonnell Douglas Area)

Dear Commissioners:

St. Louis County Government is pleased to submit its analysis of the annexation proposed by the City of Berkeley. This report is a review of the proposed annexation from the perspective of St. Louis County Government. It is intended as an objective analysis of this proposal that will serve as a guide to the Boundary Commission in its deliberations. The final section of our report includes a summary of issues organized by the Boundary Commission review factors outlined in RSMo 72.403.

Should the Commission require information in addition to what is contained in this report, we will make every effort to respond to your request in a timely manner.

Sincerely,

June McAllister Fowler, Director
Department of Planning

JMF/CWT/dhc
(bnd\berkeley.mcd)



**ANALYSIS OF PROPOSED BERKELEY
MCDONNELL DOUGLAS AREA**

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Attachment: Map

I. INTRODUCTION

A. Purpose

The purpose of this report is to provide information regarding a proposed annexation of 402 acres of unincorporated St. Louis County by the City of Berkeley. This analysis is primarily based on a review of the Plan of Intent and accompanying documents originally submitted to the Boundary Commission, and documents submitted later by the City of Berkeley including "McDonnell Douglas Area Annexation, Corrections, and Additions".

B. History of Previous Annexation Proposals Affecting Area

The northernmost 192 acres of the area under consideration is the subject of an annexation attempt by the City of Hazelwood (BC 9606). This proposal is pending before the Boundary Commission at this time.

II. AREA PROPOSED TO BE ANNEXED

A. General Description

The 402 acre area proposed for annexation is located along the western limits of Berkeley. The McDonnell Douglas Area adjoins the City of Berkeley on the east and the City of Hazelwood on the north and west. The Lambert St. Louis International Airport, which is in unincorporated St.

C. Comparison of City and County Zoning

The following analysis compares the provisions of the existing St. Louis County zoning in the area with the most similar Berkeley zoning district. Only limited information is provided in the Plan of Intent regarding details of the Berkeley zoning district.

The M-1 Industrial District is the Berkeley zoning district which would permit all of the existing uses in the area proposed to be annexed. The Plan of Intent indicates that the uses currently permitted under the existing zoning would be allowable and expandable within the City's M-1 District.

III. THE ANNEXING CITY: FINANCIAL BACKGROUND

A. Revenues

The City of Berkeley's current property tax rate is \$1.14 per \$100 of assessed value of real and personal property. The City's utility tax rate is 8 percent. This rate is higher than St. Louis County's utility tax rate of 5 percent. Berkeley is a "point of sale" city; it receives sales tax revenue based on retail sales activities within its borders. For newly annexed portions of the City, it receives sales tax revenue as a "pool" sales tax city on a per capita basis. This sales tax split is dictated by State law. The following table illustrates the major sources of General Fund revenues for the City.

TABLE 3

GENERAL FUND EXPENDITURES		
Sources	1995 (Actual)	Percent of Total
Administration	\$1,220,086	22.1
Public Works	1,056,457	19.2
Police	2,024,733	36.7
Fire	1,211,910	22.0.6
TOTALS	\$5,513,186	100.0

Source: City of Berkeley Comprehensive Annual Financial Report for fiscal year ended June 30, 1995

Over one-third (36.7 percent) of the City's General Fund revenues are spent on police protection. The City commits 22.1 percent of its spending to Administration expenses, with another 22 percent of its expenditures devoted to fire protection.

services provided by St. Louis County would be transferred to the City of Berkeley. The following table lists basic municipal-type services provided in the area proposed to be annexed and identifies their current and proposed provider.

TABLE 5

SERVICES		
Service	Current Provider	Proposed Provider
Police Protection	St. Louis County	City of Berkeley
Fire Protection/EMS/ALS	McDonnell Douglas	McDonnell Douglas
Streets	McDonnell Douglas	St. Louis County, City of Berkeley ¹
Planning, Zoning, and Subdivision Regulations	St. Louis County	City of Berkeley
Building Code, Mechanical Permits and Inspections ²	St. Louis County	St. Louis County, City of Berkeley
Health Services - Rodent Control, Mosquito Fogging, Animal Control ³	McDonnell Douglas	City of Berkeley
Municipal Court	St. Louis County	City of Berkeley

¹ The portion of McDonnell Boulevard which serves the area would remain a County responsibility, as it is part of the County's Arterial Road System. A .28 mile section of Banshee Road would become the responsibility of Berkeley.

² Berkeley contracts with St. Louis County to issue permits or enforce codes relating to weights and measures.

³ While the City of Berkeley would assume primarily responsibility for these services, St. Louis County would continue to provide certain rodent and animal control services even if the area is annexed by the City.

B. Services Not Affected

As stated in the Plan of Intent, the area receives private fire protection and ambulance service from the McDonnell-Douglas Corporation. Annexation of the area by the City of Berkeley would not change this service. However, if the area is annexed, property owners would pay the 1995 Berkeley tax rate of \$1.14 per \$100 of assessed valuation on real estate and personal property value.

The "Corrections and Additions" document give no detail as to how the newly proposed tax abatements and reductions would be accomplished. The Planning Department is unaware of any legal means to accomplish what is proposed by the City of Berkeley. Requests by Department of Planning staff for additional information were not answered. Therefore, it appears as if businesses in the annexation area would experience a tax increase of approximately \$1 million.

B. Impact on St. Louis County

The total annual revenue loss that County Government could experience if the proposed annexation is approved is estimated to be \$647,313. A breakdown of County revenue loss by funding source is provided below.

TABLE 6

ANNUAL COUNTY REVENUE LOSS FROM THE PROPOSED ANNEXATION	
	Annexation Area
Utility Tax ¹	\$500,000
C.A.R.T. ²	94,032
County Road and Bridge ²	53,281
TOTAL	\$647,313

¹ Estimate from Berkeley's Plan of Intent using St. Louis County's utility tax rate.

² Estimate by St. Louis County Department of Highways and Traffic.

The County loss is the sum of revenues that would no longer be received from three sources: State Road Aid (\$94,032), County Road and Bridge Tax Funds (\$53,281), and Utility Gross Receipts Tax Funds (\$500,000). The first two estimates were calculated by the St. Louis County

TABLE 7

CITY AND COUNTY ESTIMATE OF BERKELEY'S NEW ANNUAL REVENUES		
Source	County Estimated Amount	City Estimated Amount ⁵
Utility Gross Receipts Tax ¹	\$800,000	\$806,00
County Road and Bridge ²	53,281	
Property Tax ³	578,476	620,500
Miscellaneous taxes/permits/licenses/fees ⁴	23,000	23,000
TOTALS	\$1,454,757	\$1,449,500

¹ Estimate from Plan of Intent based on Berkeley's utility gross receipts tax rate of 8 percent levied on an estimated \$10 million in annual utilities expenses for the area.

² Rate is \$1.05 per \$100 assessed valuation.

³ Berkeley property tax rate is \$1.14 per \$100 on real and personal property.

⁴ City of Berkeley estimate.

⁵ Estimates from Berkeley's Plan of Intent.

The County estimates that Berkeley will receive \$1,454,757 from the area if the annexation attempt is successful; the City's Plan of Intent estimates revenues of \$1,449,500. The difference between the City and County estimates is due to different assessed valuation information used to calculate property tax and income from County Road and Bridge tax receipts, which the City of Berkeley does not include in its estimate.

Information contained in the "Corrections and Additions" document indicate that the City of Berkeley would receive \$400,000 to \$700,000 in increased annual tax benefits during the twelve-year period following a successful annexation.

D. Summary

While the "Corrections and Additions" document states that businesses in the annexation area would not pay Berkeley's tax rate of 8 percent on utilities gross receipts or its current property tax of \$1.14 per \$100 of assessed valuation, St. Louis County believes that the proposed

VII. SUMMARY OF ISSUES BY BOUNDARY COMMISSION FACTOR

Factor 1 Impact

According to the Plan of Intent businesses in the area would experience a substantial increase in taxes of some \$1 million per year if the annexation is approved. This would result from paying higher taxes on utilities gross receipts (8 percent by the City of Berkeley compared to 5 percent for St. Louis County) and additional property taxes levied on real and personal property at a rate of \$1.14 per \$100 of assessed valuation. Businesses in the area would also be subject to license fees assessed by the City.

The Department of Planning received a copy of the document titled "McDonnell Douglas Area Annexation, Corrections and Additions" on July 26th. This document states that businesses in the annexation area would be required to pay gross receipts tax at a rate of between 1 and 4 percent over a twelve-year period following a successful annexation. This rate would rise to 5 percent in the 13th year. Also, instead of paying property taxes at the City's current rate of \$1.14 per \$100 of assessed valuation, businesses would pay at a rate of .44 cents per \$100. Finally, the new information states that Berkeley would not charge businesses in the area any license fees for a twelve-year period.

The "Corrections and Additions" give no detail as to how the newly proposed tax abatements and reductions would be accomplished. The Planning Department is unaware of any legal means to accomplish what is proposed by the City of Berkeley. Requests by Department of Planning staff for additional information were not answered. Therefore, it appears as if businesses in the annexation area would experience a tax increase of approximately \$1 million.

Factor 2 Legal Description

No comment.

Factor 3 Orderly Incorporation in the County

The Plan of Intent's heading for Factor 3, "ABILITY TO ACCOMMODATE ORDERLY INCORPORATION OF THE COUNTY" misstates the Boundary Commission Factor. The correct wording from the text of Factor 3 is "The ability to accommodate the orderly incorporation in the County ...". The wording does not imply a mandate for full incorporation of the County. The intent of Factor 3 is to allow the Boundary Commission the ability to gauge whether the proposal has any flaws regarding legal boundaries, technical or service delivery problems, or boundaries which overlap other proposals.

The City of Hazelwood has also filed a proposal with the Boundary Commission to annex a smaller 192.37 acre area which is contained within the area sought for annexation by Berkeley. This proposal is also pending before the Boundary Commission at this time.

The potential transfer of Utility Gross Receipts Tax funds from the County to the City can be contrasted with the redistribution of sales tax revenues that occurs when an annexation becomes effective. When there is an annexation without population the annexing city accrues no sales tax revenue gains. Even in cases where there is population, the impact of sales tax revenue loss to the County is somewhat mitigated by the provisions in the 1993 sales tax statutes, which enable the County to retain a share of sales tax following a boundary change.

Factor 9 Zoning

The Plan of Intent states that the area proposed for annexation is currently zoned M-3 planned industrial District by St. Louis County. This information is incorrect. The area is presently zoned M-1 Industrial District, FPM-1 Flood Plain Industrial District, and NU Non Urban District. However, no problems are anticipated regarding zoning if the area is annexed by Berkeley.

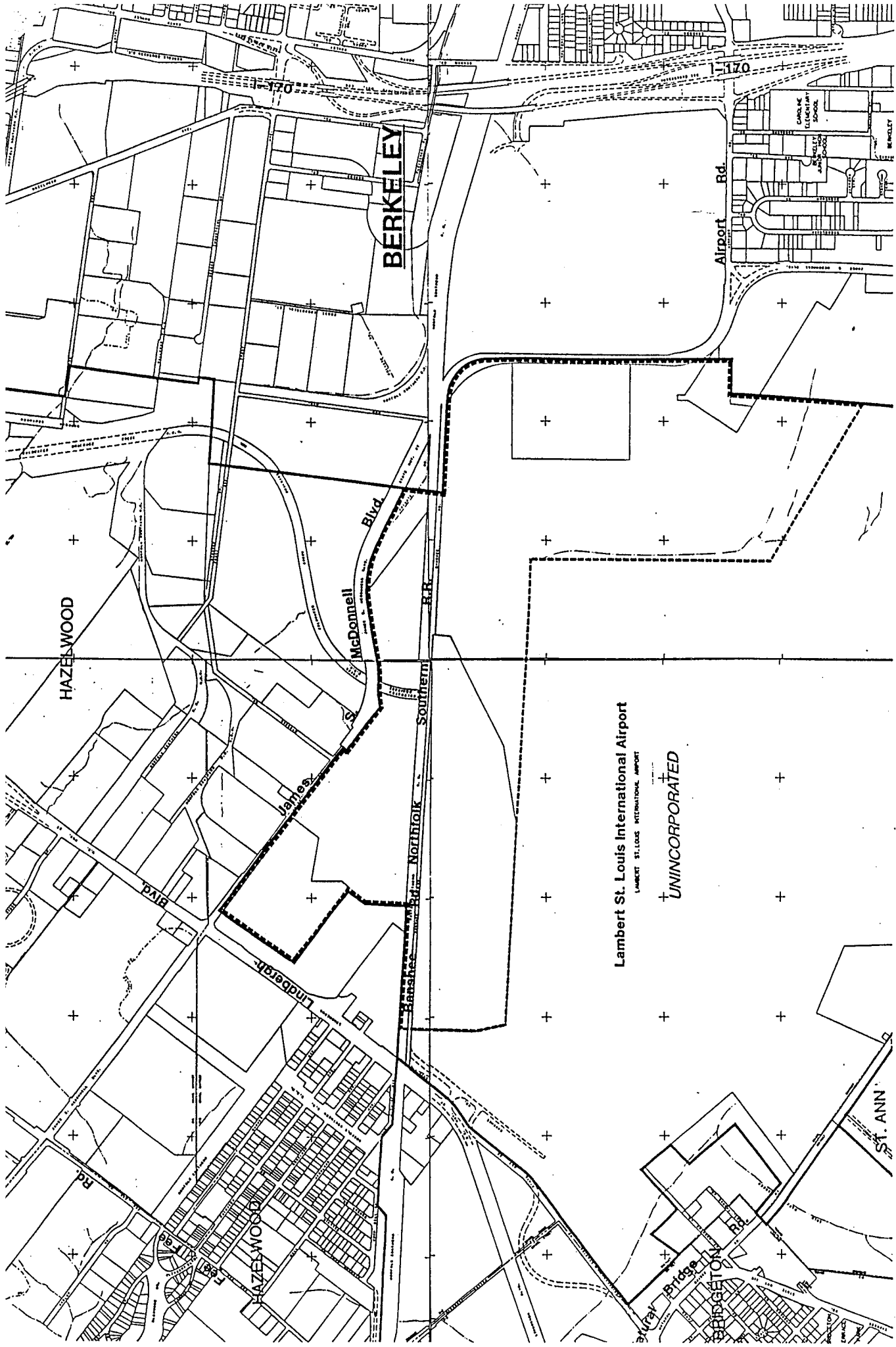
Factor 10 Compactness

Berkeley's Plan of Intent states that the annexation of the area under consideration would represent a reclaiming of the City's original corporate limits. The reclaiming of past municipal boundaries is not listed among the four criteria to be considered when reviewing the compactness of an area to be annexed.

It should also be noted that the large area occupied by Lambert St. Louis International Airport directly adjacent to the south of the area proposed to be annexed is, and would remain, unincorporated.

Factor 11 Effective Date of Annexation

No comment.



PROPOSED ANNEXATION OF THE CITY OF BERKELEY, MISSOURI

TOTAL ACREAGE: 402.29 Acres
 = 0.62 Sq. Mi.

- Proposed Annexation
- Existing City Limits



Lambert St. Louis International Airport
 LAMBERT ST. LOUIS INTERNATIONAL AIRPORT

UNINCORPORATED

ST. ANN

HAZELWOOD

BERKELEY

Airport Rd.

McDonnell Blvd

Southern R.R.

Norfolk

HAZELWOOD

BRIDGETON