

Budget in Brief 2020



City of Maryland Heights



The complete 2020 budget is available at www.MarylandHeights.com/Budget



CITY ADMINISTRATOR'S COMMENTS

The "Budget in Brief" is designed to give the public a concise overview of the City's financial status and plans for the coming year.

Revenues for 2020 will be \$43.6 million, an increase of \$844 thousand (2%) from 2019. Following a 3% drop in 2019, in 2020, gaming taxes are expected to return to levels seen in previous budget years (2015 to 2018). This will result in an increase in revenue of \$300 thousand. Intergovernmental revenues will be up \$431 thousand primarily related to specific grants for infrastructure improvements. Recreation user fees are projected to increase \$140 thousand, bolstered by admissions and concession sales at Aquaport, the City's waterpark, which will be renovated this year. Investment income will decline by \$150 thousand (19%) due to a lower Reserve Fund balance, the major source of idle funds. All other revenues are expected to remain near 2019 levels.

Expenditures for all funds in 2020 will be \$49.6 million, a decrease of \$3.9 million (7.3%) from 2019. In terms of general government uses of funds, in addition to \$53.5 million of expenditures in 2019 and \$57.8 million in 2018, the City committed \$5.8 million in 2018 and \$3.5 million in 2019 toward the construction of a new Ice Arena as part of a partnership with the St. Louis Legacy Ice Foundation. This investment is reflected in transfers to the Ice Arena Fund, a new Enterprise fund created in 2018. In 2020, pursuant to a financing agreement with Legacy, the budget provides an appropriation (as a transfer from the Reserve Fund) of \$625,000 to backstop the debt service obligations on the facility. The Ice Arena Fund is not included as part of the 2020 budget.

At the end of 2020, the City's Reserve Fund will be over \$25 million, equal to over 100% of annual General Fund expenditures; the City's goal is to maintain a level of 75%. Due to capital improvements, the Park Fund will decrease from \$6 million to \$3 million and the Capital Improvement Fund will drop from \$5.4 million to \$2 million. All budgetary funds will total \$37.7 million at December 31, 2020, a decrease of \$6.6 million. Of this total, \$4.3 million is restricted for use in tax increment financing efforts.

The 2020 budget is structured to include funding for various programs, projects, and services to enhance the quality of life of our residents and embrace future economic opportunities. Among the highlights for 2020:

- Expansion of recreational programs at Community Center and the Centene Community Ice Center.

- Completion of the Rink# 4 at the Centene Community Ice Center including the outdoor amphitheater which will provide space for up to 4,500 concert-goers for shows offered by the City and Live Nation.
- Renovations to Aquaport, including major improvements to the entrance way, replacement of pump/ filtration system and addition of a new feature.
- Renovations to the Fee Fee Baseball Fields (formerly the Maryland Heights Athletic Association).
- Infrastructure projects including local and collector street improvements, annual pavement maintenance program, annual sidewalk program, Westglen Estates trail connection, Westport Plaza Bridge fence replacement and storm water improvement projects at Rose Acres tributary and Fee Fee Creek.
- Design and implementation of a new financial software system.
- Development of a new and improved City website.
- Additional Police Department staffing to increase patrol coverage and improve service.
- Implementation of the Maryland Park Lake District development plans with related Tax Increment Financing Dist.(TIF) and other special taxing districts.
- Development of new residential units within the East Dorsett Road TIF area.

The continued strength of the economy, along with quality business development within the City, will help grow and solidify city revenues. With that said, internal and external influences will have to be carefully monitored as economic and market conditions can affect the City on a short-term basis. Moreover, economic conditions need persistent monitoring as it relates to city expenditures, specifically personnel cost in future years.

Your input is important to us, and we hope you will share any comments or questions you may have about the budget or other city matters. You can email us at feedback@marylandheights.com or call (314) 291-6550.



James S. Krischke, City Administrator



GENERAL INFORMATION

Annual Budget

The budget is intended to present a complete financial plan for the coming budget year and includes the following information:

1. A budget message describing the important features of the budget and major changes from the prior year.
2. Estimated revenues to be received from all sources for the budget year with a comparative statement of actual or estimated revenues for the preceding two years, itemized by year, fund and source.
3. Proposed expenditures for each department, office, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the preceding two years, itemized by year, fund, activity and object of expenditure.
4. The amount required for the payment of interest, amortization, and redemption charges on any debt of the City.
5. A general budget summary.

Balanced Budget

The budget must conform to the statutory requirement that the total proposed expenditures from any fund shall not exceed the estimated revenues to be received, including debt issuances, transfers from other funds, and advances from other funds plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

Budget Officer

The City Administrator is the designated Budget Officer charged with preparing a proposed budget for submission to the City Council.

Fiscal Year

The City's fiscal year begins January 1 and runs through December 31.

Investments

The City invests public funds in a manner that provides the highest investment return with maximum security while meeting daily cash flow demands and conforming to all state and local laws governing the investment of public funds.

Accounting and Reporting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. An independent audit of all funds is performed annually. The City produces annual financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The City's budget consists of 13 distinct funds that fall within four fund types:

- **General (2):** General and Reserve Funds
- **Special Revenue (9):** Streetlight, Parks, Tourism, Sewer Lateral, Dorsett TIF, Police Training, Police Forfeiture, Beautification Funds, Westport TIF
- **Debt Service (1):** Community Center Debt Service Fund
- **Capital Projects (1):** Capital Improvement Fund

Gaming Tax Revenues

The City receives about one-fourth of total revenues from taxes generated by the riverboat casino located within the City. The City Council has established a policy on the use of gaming taxes based on allocation to the various funds:

- **General Fund:** 70%
- **Capital Improvements Fund:** 30%

Revenue Assumptions

Total revenue is projected to be \$43.6 million in 2020, up 2% from \$42.7 million in 2019. For 2020, 62% of total revenue is comprised of three sources: sales taxes (26%), gaming taxes (23%), and gross receipts taxes on utilities (13%).

Economic Impact

Inflation for 2019 was .8%, as published in the St. Louis Regional Consumer Price Index - Urban Areas (CPI-U) calculated by the U.S. Department of Labor. A projected rate of 2% was used in the development of the 2020 budget.

2020 Revenue Projections

Gaming Tax
\$10,000,000

Half-Cent Sales Tax
\$4,800,000

County Sales Tax
\$4,800,000

County Sales Tax-Public Safety
\$1,550,000

Utility Tax (Electric)
\$3,465,000

Utility Tax (Gas)
\$715,000

Utility Tax (Water)
\$462,000

Utility Tax (Telecom)
\$935,000

Court Fees/Fines
\$1,100,000

Incremental Taxes
\$6,850,000

County Road Refund
\$1,000,000

Motor Fuel Tax
\$749,000

Recreation Revenue
\$1,600,000

Business Licenses
\$610,000

Building Permits
\$750,000

Occupancy Permits
\$220,000

Investment Income
\$650,000

Aquaport Revenue
\$510,000

Sportport Revenue
\$67,000

Cable Franchise Fee
\$330,000

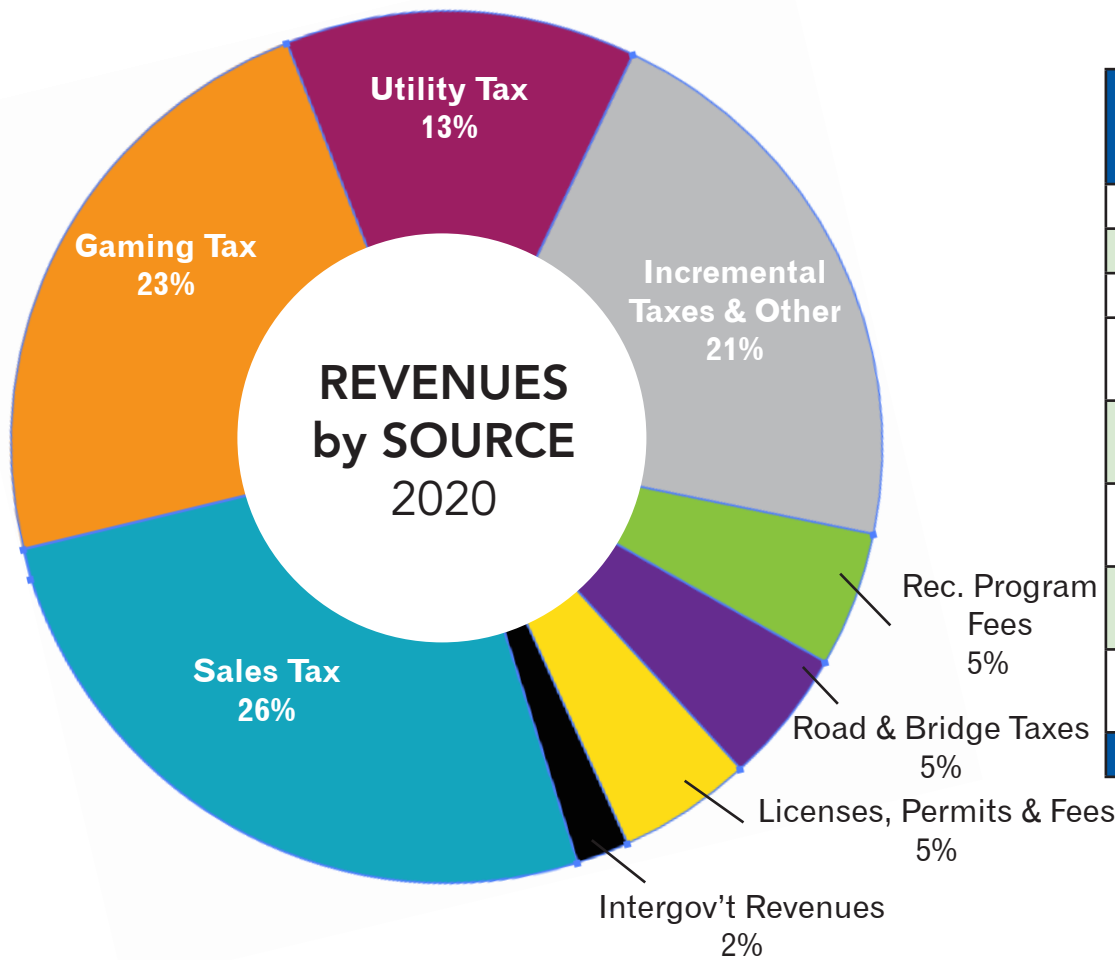
Vehicle Sales Tax
\$360,000

Tourism Tax
\$360,000

Sewer Lateral Fee
\$375,000

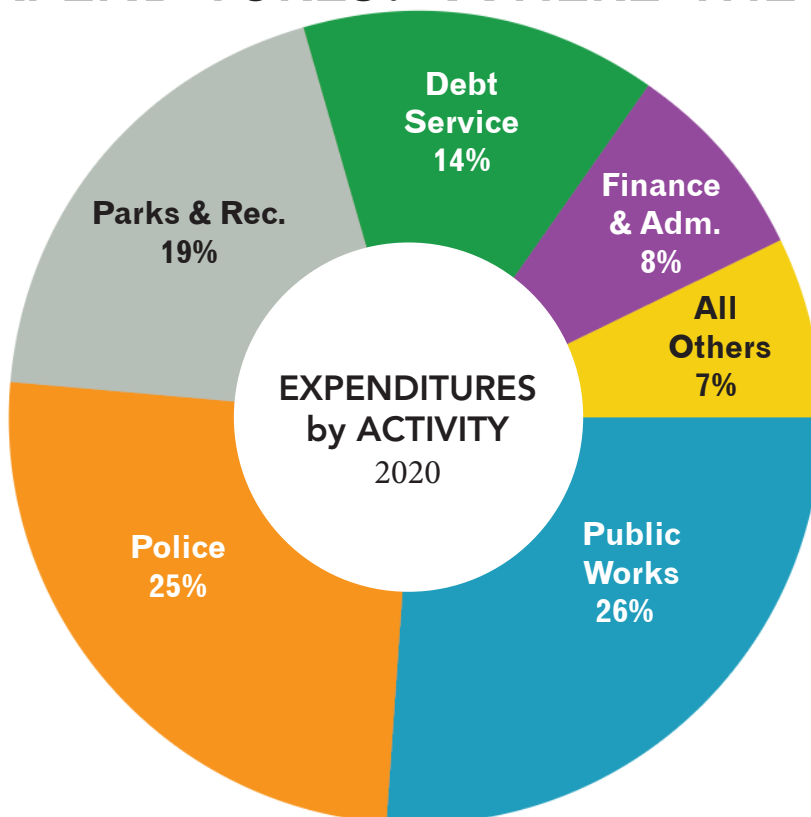
Cigarette Tax
\$60,000

REVENUES: WHERE THE MONEY COMES FROM



Revenue Source	Amount Collected <i>(in thousands)</i>
Gaming Tax	\$10,000
Sales Tax	11,150
Utility Tax	5,577
Incremental Taxes & Other	9,020
Intergov't. Revenues	961
Roads/Bridges Taxes	2,100
Licenses/Permits/Fees	2,285
Recreation Program Fees	2,207
Total	\$43,600

EXPENDITURES: WHERE THE MONEY GOES



Expenditure Source	Amount Collected <i>(in thousands)</i>
Public Works	\$13,050
Police	12,368
Parks & Rec.	9,533
Debt Service	6,985
Finance/Adm.	4,038
All Others	3,616
Total	\$49,590

CITY EXPENDITURES BY FUND

General Fund

The General Fund is used to cover most day-to-day operational expenses, including personnel, police services, facility maintenance, communications and trash, yard waste and recycling pickup. Fund sources are comprised of a variety of revenues: various taxes (utility, sales, road/bridge, cigarette and gaming), business license fees, building permits, court fines, grants and interest on investments. The City of Maryland Heights does not levy a property tax. Expenditures are estimated at \$24.8 million in 2020.

Reserve Fund

This fund was established in 2000 to provide resources to other funds in the event of temporary deficits or unforeseen needs. There is \$26 million available in the fund for this purpose.

Streetlight Fund

The Streetlight Fund was established in 1987 to account for a 0.5 percent tax on the gross receipts of utility companies (gas, telephone, water and electric). Monies in this fund are spent on building, installing and maintaining streetlights in the City. Expenditures are estimated at \$484,200 in 2020.

Capital Improvement Fund

This fund receives its revenue from gaming taxes and grants. It is used to fund projects in the Capital Improvement Plan (CIP), which includes investments in major city assets that have long, useful lives, such as construction of roads, bridges or facilities. Expenditures for 2020 are estimated at \$7.0 million.

Tourism Tax Fund

This fund comes from the half-cent tax collected on hotel rooms within the City. These revenues are dedicated to promoting tourism in the City through the Maryland Heights Convention and Visitors' Bureau (MHCVB). Expenditures are expected to total \$360,000 in 2020.

Police Forfeiture Fund

This fund is used to account for monies or other assets received by the City as a result of judgments in court cases. These resources are used to fund law enforcement programs. Projected expenditures for 2020 are \$224,925.

Parks Fund

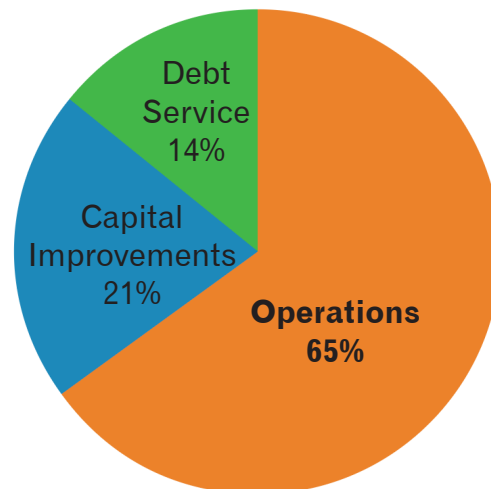
This fund accounts for revenues from a one-half cent sales tax approved by voters in 1995. The Parks Fund receives 100 percent of this revenue source. This fund also receives revenues from user fees charged for activities, programs and events (Aqua-port admission, recreation program registration fees, etc.). Expenditures on parks and recreation programs and facilities are projected to total \$9.0 million in 2020. In addition, a transfer of \$985,000 will be made from this fund to the Community Center Debt Service Fund.

Beautification Fund

This fund was established in 2005 to account for revenue derived from a license fee on billboards approved by voters in 2004. Expenditures are restricted to beautification efforts within the City. Expenditures for 2020 are estimated at \$25,600.

Sewer Lateral Fund

This fund is used to repair broken sanitary sewer laterals within the City. Fund Revenues come from a \$50 annual fee collected from each single-family residence. The City expects to spend about \$250,000 from this fund in 2020.



Police Training Fund

Created in 2002 to account for money received from the POST Commission Fund of the State of Missouri, funds are used for training of police officers and other law enforcement employees. Planned expenditures in 2020 are \$22,950.

Dorsett Road TIF Fund

The Dorsett Road TIF Fund is a special revenue fund established to account for incremental tax revenues generated from the district and for eligible expenditures to the redevelopment area. Total expenditures for 2020 are estimated at \$150,000.

Westport Plaza TIF Fund

The Westport Plaza TIF Fund is a special revenue fund established to account for incremental tax revenues generated from the district and for eligible expenditures to the redevelopment area. Total expenditures for 2020 are estimated at \$6.3 million.

Community Center Debt Service Fund

This fund was established to account for the resources to be used to pay interest and principal on the debt issuance related to the construction of the new community center. Resources will consist of transfers from the Parks Fund. 2020 expenditures will total \$985,000.

BUDGET SUMMARY BY DEPARTMENT

Administration

This area includes the City Administrator, City Clerk, Human Resources, Communications and Legal Services.

The City Administrator is responsible for the daily operations of the City. He supervises all departments, sees that ordinances are enforced and contracts are performed and makes recommendations to the City Council regarding budget, operations and policy.

The City Clerk's Office maintains all city records, including minutes of City Council, Council Committee and Boards and Commissions meetings. The Clerk's Office processes liquor and business licenses and coordinates municipal elections with the St. Louis County Board of Election Commissioners.

Human Resources administers the City's personnel policies and conducts training programs for employees. This office also oversees workers' compensation, employee wellness and other benefits programs.

The Communications Office works to maintain two-way communication between the City and our residents, business community and visitors. This office manages the monthly newsletter, website, video production and other publications and programs.

Legal Services includes the City Attorney, who represents the City in civil and criminal suits and provides legal counsel as necessary, and two part-time City Prosecutors, who prosecute violations of city codes and ordinances.

Expenditures:

City Clerk's Office:	\$422,387
Legal Services:	315,247
City Administrator's Office:	348,407
Human Resources:	343,436
Communications:	344,030
Central Services:	91,675
Risk Management:	455,000
Total:	\$2,320,182



Finance

In addition to finance, this department includes Information Technology (IT) and Geographic Information System (GIS). Finance supports other departments in achieving strategic goals, as well as to provide IT and data collection services to aid in decision-making. In 2020, the City has funded the implementation of a new financial software system.

The City's finance staff manages all financial and accounting functions of the City, including budgets, financial reports, cash management and payroll. The GIS coordinator provides maps for use by all departments. IT staff maintain the City's computer network, phone systems and other office equipment.

Expenditures:

Finance:	\$564,153
Geographic Information Services:	200,349
Information Technology:	953,325
Capital Projects:	441,000
Total:	\$2,158,827

Community Development

This department is responsible for planning and zoning, construction permits, building inspections and code enforcement.

The Planning and Zoning Division manages future land development in accordance with community needs and the City's Comprehensive Plan; oversees zoning and subdivision codes; works with the Beautification Commission to improve the City's visual character; and reviews development proposals to make sure they follow zoning regulations and meet safety and design standards.

The Building and Codes Division reviews all construction plans; conducts building and occupancy inspections; and enforces property maintenance, building and zoning codes.

Expenditures:

Planning and Zoning:	\$372,367
Inspections:	1,461,859
Economic Development:	633,444
Promotion of Tourism:	360,000
Total:	\$2,827,670

Police

The Police Department strives to provide responsive, proactive and efficient service and create a safe environment for those who live in, work in and visit our city.

The Administration Division coordinates training, scheduling, staffing and reporting. The Patrol Division works to prevent crime and responds to existing issues and incidents. The Investigation Division investigates all crime reports. This unit also processes evidence and manages juvenile cases. The Communication Division handles all incoming calls and works with other emergency agencies to respond to incidents. The Community Services Division interacts with the public through special programs like D.A.R.E., Citizens Police Academy and Maryland Heights Night Out. The Records Division maintains police reports, booking sheets and other information. The Community Response Unit coordinates the Department's covert investigations, K-9 Unit, traffic enforcement and hotel liaison programs.

Expenditures:

Administration:	\$657,686
Patrol Services:	6,465,423
Investigation:	1,701,199
Communications:	1,217,410
Community Services:	1,170,234
Police Records:	201,169
Community Response Unit:	955,351
Total:	\$12,368,472

Public Works

This department ensures that the City's transportation systems and other infrastructure are safe, efficient and attractive. Public Works activities also include stormwater management, streetlighting, solid waste collection, vehicle and equipment maintenance, parks maintenance and government center maintenance.

The Operations Division maintains all city-controlled roads and bridges by replacing obsolete streets, patching potholes, sweeping streets, sealing cracks and making sure roads, bridges and sidewalks are safe. This division also oversees solid waste collection, snow removal, mosquito control and the planting and trimming of trees within city rights-of-way.

Expenditures:

Engineering and Administration:	\$405,712
Roads and Bridges:	2,058,885
Stormwater:	606,385
Streetlighting:	474,200
Solid Waste:	1,703,602
Vehicle/Equipment Maintenance:	527,993
Sewer Lateral:	250,000
Capital Projects:	6,340,000
Capital Projects Management:	241,761
Total:	\$12,608,538

Public Safety Sales Tax Revenues

In 2017, St Louis County voters approved a half-cent sales tax to provide for public safety. The County receives 37.5% of the proceeds. The remaining 62.5% is distributed based on population to the municipalities and the County (based on the population of the County's unincorporated areas). The City accounts for the sales tax separately from other revenues and expects \$1.55 million from this source in 2020.

Among other public safety efforts, the City's police department has a 2020 General Fund budget of \$12.1 million; in 2017, the last year prior to the passage of the tax, the City expended \$10.6 million on police activities. Personnel costs in the police department are \$1.25 million higher in the 2020 budget than 2017.





Parks and Recreation

This department administers parks and recreation programs and maintains city recreation facilities, including the community center, Aquaport and Dogport. The Department's mission is to build a greater sense of community and provide residents with a higher quality of life. In partnership with three other local municipalities, the Inclusion Services Office provides services and programs to individuals with disabilities. The Parks Maintenance and Government Center Maintenance Divisions work to clean, maintain and repair city parks and the Government Center.

Expenditures:

Administration:	\$179,040
Recreation Services:	2,762,110
Community Center Maintenance:	946,344
Government Center Maintenance:	535,181
Aquaport:	556,913
Parks Maintenance:	828,249
Beautification:	25,600
Capital Projects (<i>Aquaport & Fee Fee Ballfields</i>):	3,700,000
Total:	\$9,533,437

Human Services

The Human Services Division administers utility tax rebates for eligible residents age 62 and over.

Expenditures:	\$225,000
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Debt Service

In 2015, the City issued approximately \$15 million in "certificates of participation" to fund about 50 percent of the construction cost of the new community center.

Expenditures:

Community Center Debt Service Fund:	\$985,000
Westport Plaza TIF:	\$6,000,000

Municipal Court

The Municipal Court is the judicial branch of city government. The Municipal Judge serves on a part-time basis and is appointed to a four-year term by the Mayor with the consent of the City Council. Traffic, code enforcement and other ordinance violations are tried by the Court. The Violations Bureau provides for the efficient collection of fines and costs assessed by the Municipal Court. The Court Administrator operates this bureau and administers the day-to-day records management functions of the court under the supervision of the City Administrator.

Expenditures:	\$368,295
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Contact Us

11911 Dorsett Road
 T: (314) 291-6550
www.marylandheights.com

Mayor

Mike Moeller
 (314) 878-6730

City Council

Ward 1

Gavin Park
 (314) 452-0762

Susan Taylor
 (314) 484-7627

Ward 2

Kim Baker
 (314) 275-4954

Ed Dirck
 (314) 878-9001

Ward 3

Chuck Caverly
 (314) 566-0424

Nancy Medvick
 (314) 703-8987

Ward 4

Steve Borgmann
 (314) 393-9448

Norm Rhea
 (314) 739-0096

City Administrator

Jim Krischke

City Clerk

JoAnn Cova

Director of Finance

David Watson

Director of Community Development

Mike Zeek

Director of Public Works

Cliff Baber

Director of Parks & Recreation

Tracey Anderson

Chief of Police

Col. Bill Carson