



Introduction

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2021 BUDGET



Mayor

G. Michael Moeller

Councilmembers

Ward 1

Julia K. Bietsch

C. Susan Taylor

Ward 2

Kimberly L. Baker

Edwin L. Dirck, Jr.

Ward 3

Charles G. Caverly

Nancy E. Medvick

Ward 4

Steven A. Borgmann

Norman A. Rhea

Administration

Tracey A. Anderson, City Administrator

David V. Watson, Director of Finance

Joann M. Cova, City Clerk

William D. Carson, Chief of Police

Cliff S. Baber, Director of Public Works

Michael L. Zeek, Director of Community Development

Adam M. Peper, Interim Director of Parks and Recreation

Howard Paperner, City Attorney

Municipal Court

Kevin R. Kelly, Municipal Judge

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maryland heights at a glance

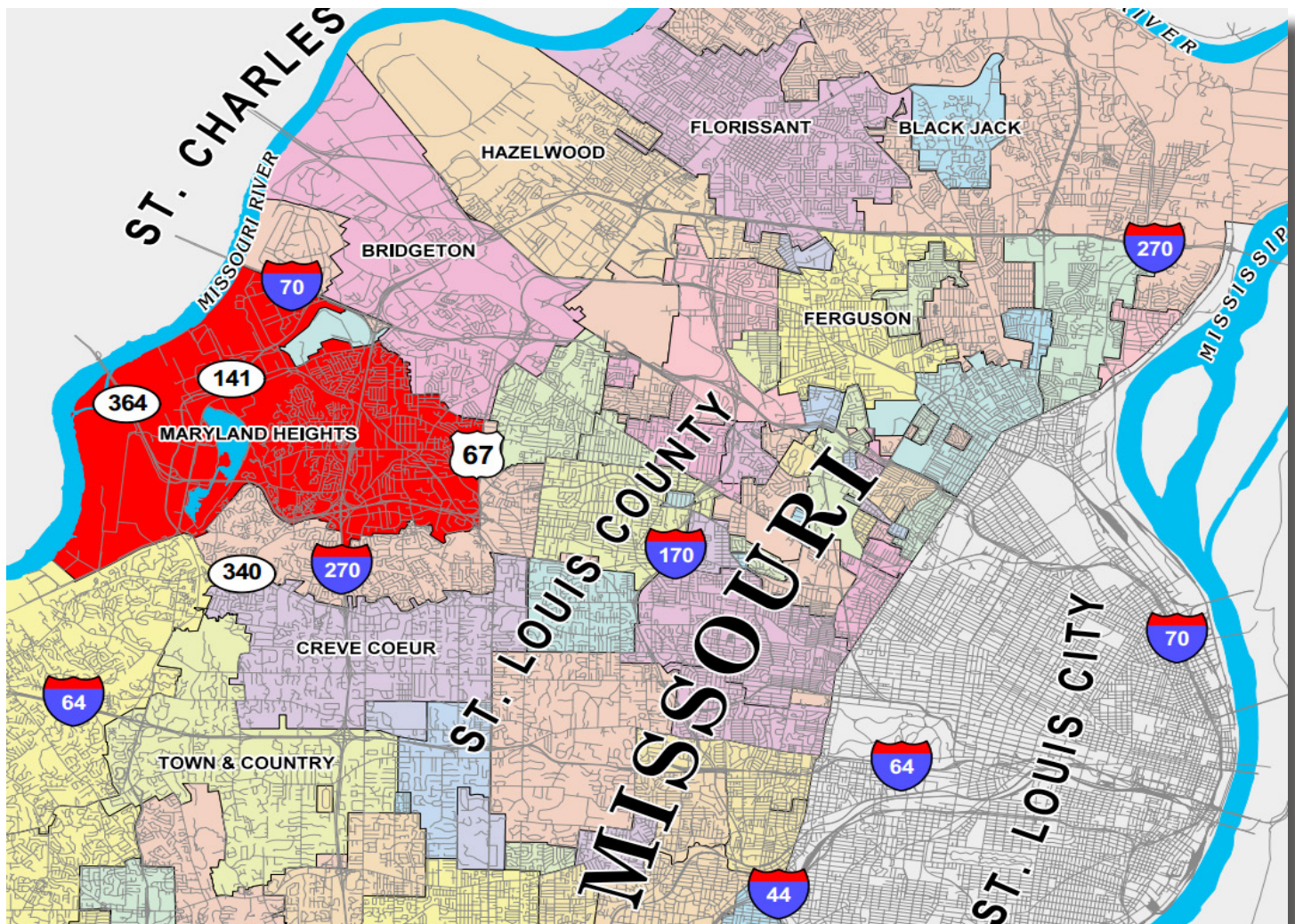
Our City

Maryland Heights, incorporated in 1985, operates under the City Administrator form of Mayor/Council government and is a Third-Class City as defined by Missouri statutes.

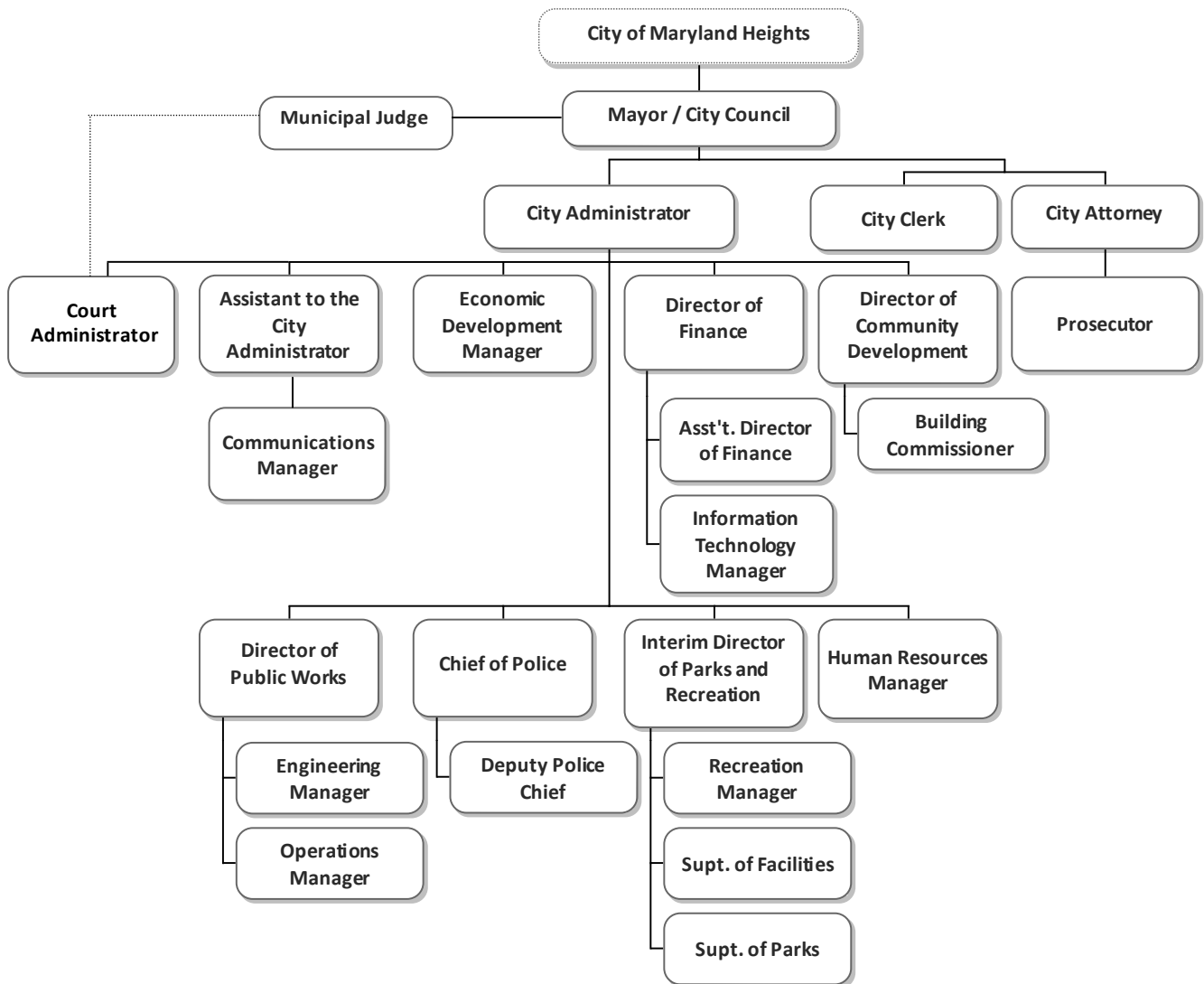
The City occupies 23.42 square miles and is located 21 miles northwest of downtown St. Louis. Maryland Heights is served by two award-winning school districts, Pattonville and Parkway, and four fire protection districts—Maryland Heights, Creve Coeur, Monarch and Pattonville. These school and fire districts are politically independent from the City.

Maryland Heights is both a residential community and an employment center. The city has a population of 27,472 occupying approximately 13,092 housing units and an estimated 45,000 jobs at 1,811 businesses. Services provided by the city include:

- Police patrol and investigations
- Street maintenance and other public works functions
- Recreation and park services
- Planning and zoning
- Licensing, permitting, and inspections
- Municipal court



our organization



Personnel			
	2019	2020	2021
Administration	12.25	11.25	10.50
Finance	8.00	8.00	9.00
Community Development	19.25	20.25	20.25
Public Works	29.75	29.00	29.00
Police	98.90	100.40	100.90
Municipal Court	4.80	3.80	3.80
Parks & Recreation	88.68	86.01	82.60
Total Personnel (FTE)	261.63	258.71	256.05

planning for our future

The City of Maryland Heights adopted a Vision Statement, along with a guiding set of Core Values and Strategic Goals. The Vision Statement represents what Maryland Heights will be, and the Values and Goals specify how Maryland Heights will achieve that Vision. The City is in the process of updating its strategic plan and Resident Satisfaction Survey.

In order to measure progress, each Strategic Goal is accompanied by several Key Performance Indicators. Data for these Indicators is collected throughout the year and is compared to previous years, other agencies, and established benchmarks in order to gauge the City's progress. The following pages provide Key Performance Indicator data, organized by Strategic Goal area.

Maryland Heights' **vision** - what we will be:

Maryland Heights is a great place to call home where residents of all ages come together, where businesses seek to locate, and where the region comes to play.

Maryland Heights' **values** and **goals** - how we will get there:

Value #1: **Responsibility** - We will manage our financial and human resources prudently and efficiently.

Related Strategic Goal: Financial Stability

Value #2: **Planning** - We realize change is inevitable; it is our responsibility to prepare for it.

Related Strategic Goal: City Services

Related Strategic Goal: Economic Development

Related Strategic Goal: Public Safety

Value #3: **Balance** - We believe consideration of the interest of residents, businesses and visitors are important to our future.

Related Strategic Goal: Economic Development

Related Strategic Goal: Quality Housing

Related Strategic Goal: City Services

Value #4: **Communication** - We emphasize clear, timely two-way communication between the city and those we serve.

Related Strategic Goal: Building Community

Value #5: **Equity** - We treat all those receiving city service fairly and equitably.

Related Strategic Goal: City Services

planning for our future

Strategic Goal 1: Quality Housing - “We will be proactive in maintaining and improving our housing stock to stabilize population and home ownership in our city.”

What we do to improve housing:

	2018	2019	2020*
Single Family Housing Re-occupancy Inspections	1,471	1,193	1,313
<i>Occupancy inspections ensure inspected homes are up to code</i>			
Multi Family Housing Re-occupancy Inspections	2,590	2,239	2,187
<i>Occupancy inspections ensure inspected apartments are up to code</i>			
Concrete Sidewalk Repaired or Replaced, in Square Feet	9,647	7,803	10,000
<i>Sidewalks in good condition encourage walking and reinforce positive perceptions of the city</i>			
Sewer Lateral Repairs Completed	65	70	65
<i>Sewer laterals are an essential piece of home infrastructure</i>			
Street Sweeping Miles	531	321	300
<i>Street sweeping keeps city-maintained streets in appealing condition</i>			
Trees Maintained	1,685	1,274	1,200
<i>Maintaining trees enhances the natural beauty of the city and contribute to environmental quality</i>			
Beautification Awards Nominees	32	ND	ND
<i>The Beautification Awards encourage property owners to improve the appearance of their property. (This program has been discontinued and replaced by other programs.)</i>			
City Newsletter Articles Covering this Topic	10	9	13
<i>Newsletter articles raise awareness of home improvement and maintenance issues</i>			

Outcomes we track:

	2018	2019	2020*
Average Sale Price of Single-Family Homes in Maryland Heights	\$178,450	\$177,350	\$199,900
Average Number of Days on Market for Single-Family Homes Sold in City	11	21	8

* projected

planning for our future

Strategic Goal 2: Building Community - “We will create connections between people and places to enhance the sense of community in our city.”

What we do to build community:

	2018	2019	2020*
Facebook Posts	700	1,035	663
<i>Social media is one way our residents can directly connect and interact with the city</i>			
Issues of City Newsletter	12	12	12
<i>The city newsletter is another means of directly communicating with our residents</i>			
Total Senior Program Attendance (all senior programs)	8,879	8,843	2,054
<i>The city offers a variety of programs tailored for older residents</i>			
Parks Facilities Reservations	336	334	59
<i>The use of city parks facilities is an indicator of overall use of city parks</i>			
Dogport Memberships	173	185	106
<i>Dogport - the city's dog park - provides another venue for residents to interact</i>			
Maryland Heights Night Out Block Parties	24	21	0
<i>Maryland Heights Night Out is a community-wide civic engagement effort focused around block parties that encourage neighborly communication and interaction with public officials. This event was modified in 2020 to not include block parties due to COVID-19.</i>			

Outcomes we track:

	2018	2019	2020*
Total Number of Senior Newsletters Distributed (mail & email)	1,832	3,438	640
<i>The Communications Division overhauled the mailing list to remove seniors who no longer participated in programs and/or no longer wished to receive the newsletter in the mail.</i>			
Total Number of Social Media Accounts Maintained by the City	15	15	15
Total Senior Lunch Attendance	1,189	1,041	205
Total Number of New Facebook “Likes” (City Page)	270	209	464
Total Number of New Facebook “Likes” (Parks and Recreation Page)	430	657	540
Total Number of New Facebook “Likes” (Police Page)	2,780	4,963	717
Total Number of New Facebook “Likes” (Aquaport Page)	412	83	(61)
Number of Transportation Services (One-Way Trips) for Seniors and/Disabled	4,038	9,704	4,500

* projected

planning for our future

Strategic Goal 3: City Services - “We will strive to preserve and continually improve the level of service enjoyed by residents and businesses in our city.”

What we do to improve city services:

	2018	2019	2020*
Average Issuance Time for Conditional Use Permits (# of days)	47	39	32
<i>Reducing the amount of time to issue a C.U.P. saves businesses money</i>			
Building & Grounds Maintenance Work Orders Completed	425	1,301	630
<i>Maintaining city property ensures residents enjoy high quality public spaces</i>			
Park Work Orders Completed	225	192	113
<i>Park work orders ensures residents enjoy high quality, well-maintained parks facilities</i>			
Concrete Pavement Replaced (square yards of concrete)	1,883	840	850
<i>Pavement replacement keeps city streets in good condition</i>			

Outcomes we track:

	2018	2019	2020*
Traffic Control Signs Installed/Replaced (each)	648	172	300
Mosquitocide Applications (city-wide) (each)	19	19	19
Linear Feet of Creeks Cleaned	2,650	2,550	2,500
Recycling Quantity in Tons Annually Collected from Residences	1,829	1,603	1,819
Total Number of Utility Tax Rebate Applications Processed	1,572	1,339	1,300
Sewer Lateral Investigations	75	83	75

* projected

planning for our future

Strategic Goal 4: Financial Stability - “We will continue to utilize sound fiscal policies and prudent budgeting to ensure long-term stability in our city.”

What we do to maintain financial stability:

	2018	2019	2020*
General Fund/Reserve Fund Year-End Balance	\$29,600,000	\$31,200,000	\$23,000,000
<i>The Reserve Fund serves as a financial safety net for the city</i>			
Reserve Fund Balance as a Percentage of General Fund Expenditures	125%	133%	93%
<i>City policy is to maintain at least 75% of General Fund expenditures in the Reserve</i>			

Outcomes we track:

	2018	2019	2020*
Annual Audit Completed with an Unqualified Opinion from Auditor	Yes	Yes	Yes
Distinguished Budget Presentation Award Received	Yes	Yes	Yes
Achievement for Excellence in Financial Reporting Award Received	Yes	Yes	Yes

* projected

Strategic Goal 5: Public Safety - “We will provide responsive, proactive and effective enforcement of laws and codes in order to maintain a safe environment for residents, businesses and visitors in our city.”

What we do to improve public safety:

	2018	2019	2020*
Percent of Emergency Calls Responded to in 4 Minutes or Less	77%	77%	74%
<i>How quickly the police respond is a key element of public safety</i>			
Percent of Non-Emergency Calls Responded to in 7 Minutes or Less	88%	85%	87%
<i>How quickly the police respond is a key element of public safety</i>			
Detective Bureau Case Clearance Rate	45%	47%	44%
<i>The clearance rate measures the effectiveness of our detective bureau</i>			

Outcomes we track:

	2018	2019	2020*
Uniform Crime Report - Ratio of Part I Crimes Reported per 1,000 Population	32	37	35
Canine Narcotic Responses/Events	278	288	148
Dispatcher Performance Audits	402	400	150

* projected

planning for our future

Strategic Goal 6: Economic Development - “We will enhance and diversify our economic base in order to maximize our commercial space and developable land, create jobs, maintain financial strength of local governmental jurisdictions serving our residents, and improve the quality and appearance of our city.”

What we do to improve the economy:

	2018	2019	2020*
Commercial re-occupancy inspections	370	310	323
<i>Inspecting properties as they are re-occupied ensures inspected properties are up to code</i>			
Building inspections	4,046	3,461	3,117
<i>Building inspections ensure new construction is up to code</i>			
Right of Way Mowing (each)	13	12	10
<i>Right-of-Way mowing maintains the city as an attractive place to do business</i>			
Street Sweeping (miles)	531	321	300
<i>Street sweeping maintains the city as an attractive place to do business</i>			

Outcomes we track:

	2018	2019	2020*
Annual Total Assessed Value of All Real Property in Maryland Heights	\$1,054,934,380	\$1,146,483,170	\$1,181,666,200
Revenue Generated by one-half cent Sales Tax	\$4,782,525	\$5,000,792	\$4,400,000
Commercial Space Occupancy Rate	94.59%	91.47%	92.95%
Industrial Space Occupancy Rate	94.80%	96.52%	96.35%
Hotel Revenue per Available Room	\$63.00	\$62.00	\$30
<i>The hospitality industry has been significantly impacted by COVID-19 and the related travel and gathering-size limitations put in place.</i>			
Average Hotel Room Rate	\$94.00	\$92	\$72
<i>The hospitality industry has been significantly impacted by COVID-19 and the related travel and gathering-size limitations put in place.</i>			
Businesses Licensed as of 12/31 (includes home-based businesses)	1,854	1,860	1,875

* projected

planning for our future

Strategic Goal 7: Creating Identity - “We will enhance our identity and visual appearance in order to strengthen our position as a desirable residential community, as a major business center and as the hospitality hub of the region.”

What we do to create identity:

	2018	2019	2020*
Facebook Posts	700	1,035	663
<i>Social media is one way our residents can directly connect and interact with the city</i>			
Cultural Arts Events	9	11	7
<i>These events can attract people from throughout the region & promote cultural awareness</i>			
Maryland Heights Night Out Block Parties	24	21	0
<i>Maryland Heights Night Out is a community-wide civic engagement effort focused around block parties that encourage neighborly communication and interaction with public officials. This event was modified in 2020 to not include block parties due to COVID-19.</i>			
Trees Maintained	1,685	1,274	1,200
<i>Maintaining the urban canopy improves the environment and appearance in the City.</i>			
Concrete Pavement Replaced (square yards of concrete)	1,883	840	850
<i>Pavement replacement keeps city streets in good condition</i>			

Outcomes we track:

	2018	2019	2020
Visits to the City Website	225,100	228,348	228,225
Total Senior Lunch Attendance	1,189	1,041	205
<i>Senior luncheons were suspended due to COVID-19 and associated social distancing protocols and gathering size restrictions.</i>			
Aquaport Attendance	45,000	46,756	0
<i>Aquaport did not open for the 2020 season due to remodeling construction.</i>			
Total Number of New Facebook “Likes” (Parks and Recreation Page)	430	657	528

* projected

major budget policies

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 preceding 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. (RSMO 67.010)

Balanced Budget

The proposed budget and any revised 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. (RSMO 67.010)

Budget Officer

The City Administrator is the designated Budget Officer charged with preparing a proposed budget for submission to the City Council. (RSMO 67.020, Ord. 3759)

Fiscal Year

The City's fiscal year begins January 1 and runs through December 31. (Ord. 3759)

Accounting, Auditing 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.

The City's budget consists of 13 distinct funds, all of which are in the governmental fund category. The City's funds fall within four fund types:

General (2)

General and Reserve Funds

Special Revenue (9)

Streetlight, Parks, Tourism, Sewer Lateral, Dorsett TIF, Westport Plaza TIF, Police Training, Police Forfeiture, Beautification Funds

Debt Service (1)

Community Center Debt Service Fund

Capital Projects (1)

Capital Improvement Fund

The City maintains its records and presents fund financial statements on the modified accrual basis of accounting: revenues are recorded when susceptible to accrual, i.e. measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

The budget for all funds is prepared on the modified accrual basis, except that encumbrances are reflected as expenditures and market value adjustments for investments held in the General Fund are not recorded.

The City accounts for advances between funds as an asset in the fund providing the advance and as a liability in the fund receiving the advance. For budgetary purposes, any advance received is treated as a source of funding and an advance provided to another fund is not considered as available until repaid. Repayments increase the fund balance of the fund that receives repayment.

An independent audit of all funds is performed annually. (Ord. 3759) The City produces annual financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

major budget policies

Other City Funds

The following city funds are not included in the 2021 budget:

- Trust and agency — a custodial fund to account for court bonds and escrow deposits made for certain development projects. This fund is unavailable to finance city services.
- Retiree Health Plan — an OPEB fund used to fund eligible retirees' health insurance benefits.
- Ice Arena — an enterprise fund established in 2018 pursuant to various agreements with the Legacy Ice Foundation to construct and operate a multi-purpose sports and entertainment facility. The facility opened in 2019. (See “Ice Arena” in this introductory section.)

Level of Control

The City Council exercises control at the program level. Capital improvements are controlled at the project level. (Ord. 3759)

Budget Transfers

Transfers within the budget may be made as follows:

- Heads of departments may transfer within a program with the approval of the City Administrator. (Ord. 3759)
- Heads of departments may make transfers between programs within their departmental budget up to \$12,000 with prior approval from the Finance Director and City Administrator (Ord. 3759)
- Transfers in excess of the above limits, transfers between departments, transfers between funds and transfers from contingency require majority approval of the City Council (Ord. 3759)

Budget Revisions

Budget revisions must be approved by a majority vote of the City Council. (Ord. 3759) Such revisions are subject to the balanced budget requirement. (RSMO 67.030)

Rebudgeting

To accommodate the potential changes in city revenues and demand for services, as well as provide for greater flexibility in the budgetary process, the City Council reviews the budget at mid-year to make any necessary adjustments or corrections.

Capital Expenditures

The City considers the expenditure of \$5,000 or more on an item that has an expected life of over one year to be a capital asset for purposes of classification of expenditure.

Capital Improvement Plan (CIP)

Annually, the City updates its five-year Capital Improvement Plan (CIP) and makes all capital investments costing over \$100,000 in accordance with the plan. The City's CIP includes a funding plan. City funds provide financing of capital improvements (see below).

Capital Improvement Fund

Funds infrastructure and facility projects not designated in another fund.

Streetlight Fund

Funds projects related to lighting city streets including new installations, replacements and upgrading of poles and fixtures.

Parks Fund

Funds major improvements and acquisition of parks facilities including playgrounds, the aquatic park, and related buildings, parking areas, pavilions and restrooms.

Debt

The State of Missouri authorizes cities to incur indebtedness in an amount up to 10% of the assessed value of taxable property by citizen vote to issue general obligation debt. In 2021, this would allow the City to borrow (with voter approval) about \$100 million. No debt is currently issued or authorized under this limitation.

The City has adopted a policy (Resolution 2014-1151) that establishes the parameters of issuing long-term debt.

In 2015, the City issued \$15 million in “certificates of participation” to fund 50% of the construction cost of a new community center (see “Community Center Construction and Financing”). The certificates do not

major budget policies

constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction.

In 2020, the City issued \$20,640,000 of Tax Increment Financing (TIF) and Special District Revenue Bonds to finance eligible redevelopment costs in the Westport Plaza Redevelopment Area. The Series 2020 Bonds were issued pursuant to the TIF Act for the purpose of refunding notes previously issued, funding a debt service reserve and paying issuance costs. The debt service is payable from proceeds of the bonds and certain revenues generated within the district. These bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation.

See “Ice Arena” in this section for information on the governmental obligations of the debt issuance for the Centene Community Ice Center. See Appendix for debt service schedule.

Gaming Tax Revenues

The City receives 23% of its total revenues from taxes generated by a casino located within the City. From 2015 to 2019, the City has used 70% of gaming taxes to fund general services and 30% to finance certain capital improvements (Resolution 2014-1156). In 2020, in response to impacts from COVID-19, the Council adopted Resolution 2020-1310 that provides all gaming taxes received in 2020 and 2021 will be distributed to the General Fund.

Reserve Fund

The purpose of the Reserve Fund is to provide resources to other city funds to avoid deficits, maintain sufficient funds for cash flow needs of all city funds in order to minimize external borrowing, and provide for unanticipated expenditures or revenue shortfalls.

1. Any unencumbered budgetary balance existing in the General Fund at the end of a fiscal year shall be transferred to the Reserve Fund. Likewise, if a deficit balance exists in the General Fund at yearend, a transfer from the Reserve Fund shall be made to offset the negative fund balance. The 2021 budget projects a General Fund deficit of \$154,608.
2. If any city fund other than the General Fund has a negative fund balance at the end of the fiscal year, a transfer or advance from the Reserve Fund shall be

made to avoid any deficit. If the Council determines that the fund will repay the funds from future years’ resources, an advance shall be made. If the Council determines that there will be no repayment, a transfer shall be made.

3. Subject to appropriation, the City has agreed to transfer up to \$625,000 a year to the Ice Center Fund to replenish the Debt Service Reserve Fund of the Series 2018 A bonds issued to finance the facility. (See “Ice Arena” and “Operating Transfers (4)” in this introductory section.)
4. At the end of 2020, the Ice Center Fund (enterprise fund) owes the Reserve Fund \$1 million from an advance during 2020. This advance will be repaid in 2021 and is treated the same way as an incoming transfer.

The City strives to maintain a fund balance in the Reserve Fund equal to seventy-five percent (75%) of annual expenditures of the General Fund. The 2021 budget projects a year-end Reserve Fund balance of \$23 million, which equates to over 95% of 2021 General Fund budgeted expenditures (\$24 million). (Resolution 2014-1155; Ordinance 2014-3932)

Operating Transfers

There will be six operating budget transfers in 2021.

1. General Fund budgeted expenditures for 2021 exceeds revenues and other transfers in by \$154,608. This amount will be transferred from the Reserve Fund.
2. The Park Fund will transfer \$985,000 to the Community Center Debt Service Fund to provide for financing obligations in 2021 on the long-term debt.
3. The Park Fund will annually transfer funds to General Fund to offset a part of the administrative costs contained in the General Fund related to parks and recreation activities. The General Fund expenditures include centralized costs for property and liability insurance, human resources, legal services, and financial and accounting costs. The allocation to the Park Fund is computed as the fund’s pro-rata share of the administrative costs based on the percentage of total city salaries expended in the Park Fund. The transfer shall equal \$100,000 or the amount derived in this formula, whichever is lower.

major budget policies

The 2021 budget estimates total salaries (all funds) of \$16 million of which \$2.7 million is in the Park Fund. Therefore, the percent of total city wages in Park Fund is 17%. The total cost of administrative services in the General Fund as listed above is \$2.4 million. The Park Fund share as provided in the formula is \$2.4 million times 17%, or \$410,000. The amount of the transfer for 2021 is limited to \$100,000.

2021 General Fund Administrative Expenditures (in thousands)

Property & Casualty Insurance	\$475
Legal	100
Finance & Accounting	617
Information Technology	860
Human Resources	358
Total	<u>\$2,410</u>
Park Fund Share (17%)	<u><u>\$410</u></u>

- As detailed in “Ice Arena” in this Introductory Section, the City has agreed, subject to annual appropriation, to transfer up to \$625,000 per year to The Ice Arena Fund to replenish any needed use of the Debt Service Reserve on the Series 2018A bonds issued to construct the facility. The 2021 budget provides for a transfer from the Reserve Fund to the Ice Arena Fund. The transfer will occur only if needed under the provisions of the financing agreement.
- Pursuant to a financing agreement, the City will transfer \$175,000 in 2021 to the Ice Center Fund. (See Ice Center Fund in these policies.)
- Due to the impact of COVID-19 on City resources, the City will transfer \$1 million from the Streetlight Fund to the Capital Improvements Fund to lessen the impact of lower funds from gaming taxes. (See gaming taxes in this section.) The Streetlight Fund primarily is used to provide for costs related to street lighting. Any surplus funds can be used for capital improvements.

Contingency

In the event of unanticipated needs as a result of litigation, grant-matching, natural disasters, revenue shortfalls, etc., the City has resources to address the situation. Most of the individual funds have unappropriated fund balances that can be utilized. In the event that unforeseen events result in a fund deficit, the Reserve Fund provides advances or transfers to other funds (see Advances). (Ordinance 3426)

Fund Balances

The City’s budgetary fund balances will total \$31.2 million at the end of 2021, a decrease of \$3.6 million from the end of 2020.

The Capital Improvements Fund will decrease \$2.5 million and the Streetlight Fund will decrease \$1.0 million from the use of accumulated balances for specific capital projects.

Advances

The Reserve Fund provides advances to funds that have temporary deficits that are expected to repay the fund from future years’ resources. Capital projects that are funded from the receipts of gaming taxes may need advances to prevent external borrowing for the financing of improvements.

Advances are treated as transfers of fund balance. Therefore, a fund receiving a transfer can utilize the funds for budgetary purposes. A fund making the advance (Reserve Fund) experiences a reduction in budgetary fund balance until the advancement is repaid. This ensures that advances do not exceed current available resources.

An advance of \$1.0 million is outstanding in the Reserve Fund from the Ice Center Fund. It will be repaid in 2021.

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 statutes governing the investment of public funds. (RSMO 30.950, Resolutions 2008-942, 2009-1017, 2013-1113 and 2014-1136)

major budget policies

Unencumbered Funds

Unencumbered appropriations lapse at year-end.

Parks and Recreation Funding

Since 1996, the City has levied a sales tax of one-half cent to fund parks and stormwater activities. Beginning in 2015, the City distributes 100% of the sales tax to the Parks Fund. (Resolution 2014-1156)

In addition to the sales tax, revenues from recreation program fees and grants are received by the Parks Fund. Resources in the Parks Fund are used to pay the costs associated with parks and recreation facilities and programs included in the department's budget. Further, the Parks Fund annually transfers funds to the Community Center Debt Service Fund equal to the principal and interest obligations due and the General Fund for administrative support. (See "Operating Transfer" in this section.)

The Capital Improvement Plan for 2021 through 2025 utilizes the revenues and fund balance of the Parks Fund to invest in expansion, renovations and improvements to recreation facilities.

In 2021, the City plans to invest \$500 thousand in recently acquired ballfields located on Fee Fee Road. This will result in a decrease of \$459 thousand in the Park Fund.

Ice Arena

In 2018, the City entered into various agreements to finance, construct and operate a new 277,000 square foot multi-purpose ice complex. Construction began in late summer of 2018; the facility opened in September of 2019. Pursuant to an operating agreement with the City, the St. Louis Legacy Ice Foundation ("Operator") will manage all aspects of the Ice Arena. An Operating Committee established by the Operator, which the City has the right to appoint a majority of the members, will provide oversight and make specified decisions respect to the facility.

The Ice Arena Fund is an Enterprise Fund of the City and is included in the Comprehensive Annual Financial Report for the City's fiscal period ending each December 31; however, the "Operating Year" of the facility begins on September 1 and ends the following August 31 to coincide with ice sport activities. On or before July 1 of

each year the Operator shall submit to the committee an Annual Plan budget for the succeeding year that includes an Operating Budget.

As explained below in detail, the City's annual obligation from governmental funds, subject to appropriation each year, consists of two separate commitments:

1. Annual payments that include the City's use of the facility

Pursuant to a financing agreement between the City, the St. Louis Legacy Ice Foundation and the St. Louis Ice Center Community Improvement District to issue \$55.5 million in revenue bonds, the City will make annual payments.

The 2021 budget provides for a transfer of \$175,000 from the Park Fund to the Ice Arena Fund to satisfy the commitment that also includes recreational use of the facility by the Parks and Recreation Department for programming time and special events.

2. Backstop to the Debt Service

The financing agreement also provides that the City, subject to appropriation by the City Council, in the event of shortfalls, to provide up to \$625,000 in additional annual payments to replenish the debt service reserve of the Series 2018A bonds. **The 2021 budget includes a transfer of \$625,000 from the Reserve Fund to the Ice Arena Fund in the event this "backstop payment" is necessary.**

Public Safety Sales Tax

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 \$1.365 million from this source in 2021. Among other public safety efforts, the City's police department has a 2021 General Fund budget of \$11.7 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 \$960 thousand higher in the 2021 budget than 2017.

major budget policies

Pay Plan

In 2018, the City implemented a market-based pay plan for all City employees. The City has identified 11 peer cities and St. Louis County as public employers that offer similar jobs and have resources to compensate employees among the highest in the region. The City formulates a policy of where they wish to rank among its comparators and, considering resources, will periodically adjust the pay scale according. No adjustments to the pay plan are provided in the 2021 budget. Employees will not be eligible for step increases in 2021.

The personnel costs reflect an assumption that full-time positions are filled for the entire year with no turnover. Employees are paid based on 2,080 hours per year, twenty-six periods of 80 hours. The 2021 budget reflects an additional eight hours due to a full accrual of all paid work days.

Impact of COVID-19 and Economic Outlook

The 2021 budget was prepared with the recognition that the global pandemic's (COVID-19) impact on the international economy and the City's revenue sources will be felt for a significant time. The City relies heavily on the hospitality industry including business and leisure travel to generate tax revenues and other fees. The City estimates that COVID-19 resulted in a revenue loss of over \$6.5 million in 2020.

Specifically, gaming taxes, which has averaged \$10 million annually the last several years, will total less than \$6 million in 2020 due to the closure of the casino for three months. Upon reopening, tax revenues are down 35% compared to the same period in 2019.

Other major revenue sources have experienced major declines. The City's half-cent sales tax to fund Parks and Recreation declined over 25% due to COVID-19. User fees, memberships, facility rentals and recreation programs have declined due to health restrictions and lower demand. The City's water park, Aquaport, was closed in 2020 due to renovations but otherwise would have had limited capacity and presumably lower demand.

The City's share of a county-wide sales tax has dropped 19% since March from the same period in 2019. The

City's gross receipts tax on electric utilities, a major indicator of commercial activity in the City, is down 8%.

The 2020 fiscal impact was softened by the receipt of \$1.9 million in federal assistance. This represents less than one-third of the decline in revenues. The City also deferred or cancelled about \$3 million in planned capital improvements. A decrease in part-time salaries in the Parks and Recreation Department offset a portion of the revenue loss in the Park Fund.

The 2021 revenue budget presumes that sales tax and utility taxes return to 90% of 2019 levels. A more conservative approach is taken with gaming taxes. The budget forecast is for \$8 million which is 80% of the pre-COVID-19 level. Further, all of the gaming taxes will fund General Fund operations; previously 30% of gaming taxes were distributed to the Capital Improvement Plan.

The 2021 expenditure budget reflects cuts in travel-related training and contains no employee compensation increases including no step increases.

The St. Louis Regional Consumer Price Index - Urban Areas (CPI-U) calculated by the U.S. Department of Labor increased .8% for the year ended Sept. 30, 2020. A projected rate of 1% was used in the development of the 2021 budget.



Officer Mancusi distributes frozen treats to participants of the City's outdoor movie night. The Departments of Police and Parks and Recreation partnered to provide socially-distanced and free movie nights with treats throughout the summer.

major budget policies

Revenue Projections

For operations the City relies heavily on three sources of revenues: sales taxes, gaming taxes and utility gross receipts taxes. These sources combine for over 65% of all revenues. Projecting revenues for 2021 in an economy dealing with an historic pandemic is challenging.

Forecasts about the timing and speed of a recovery are difficult. In addition, the safety concerns for gatherings, sports and athletic participation, and other recreational events are still uncertain. (See “COVID-19 Impacts” in this section).

Total revenue for 2021 is projected to be \$35.3 million, an increase of \$1.7 million (5.2%) from 2020. The 2021 budget for sales taxes and utility taxes are based on 90% of 2019 actual revenues. Gaming taxes are estimated at 80% of 2019 receipts.

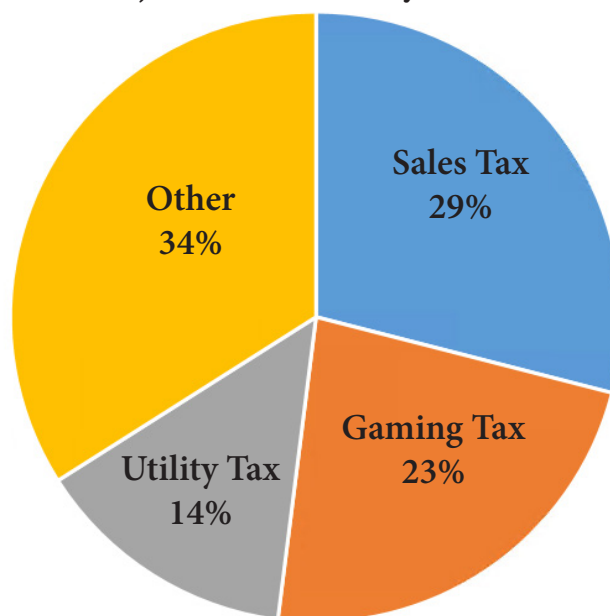
Gaming taxes are projected to be \$8 million in 2021, an increase of \$2.15 million from 2020 when the casino located in Maryland Heights was closed for three months due to the pandemic.

An increase of \$265 thousand (2.7%) in sales taxes offsets an expected 3.6% decline in utility taxes.

A decrease of \$1.6 million in intergovernmental revenues reflects a one-time receipt of \$1.9 million in 2020 related to federal assistance for COVID-19 relief.

Recreation revenues are expected to be significantly higher in 2021 than 2020 with higher demand and availability of the City’s recreational programs and facilities including the newly renovated water park (Aquaport).

Projected Revenues by Source



Revenues by Source: All Funds
(in thousands)

	Actual 2017	Actual 2018	Actual 2019	Estimated 2020	Budget 2021
Gaming taxes	10,388	10,010	9,983	5,950	8,000
Utility taxes	5,893	6,373	5,537	5,225	5,038
Sales taxes	9,273	11,075	11,245	9,850	10,115
Cigarette taxes	68	60	57	50	50
Road & Bridge	2,022	2,184	2,171	2,010	2,110
Hotel taxes	339	372	368	180	320
Licenses/permits	2,208	2,041	1,861	2,096	1,858
Court	1,340	1,222	989	600	800
Investment income	523	920	1,165	650	250
Intergovernmental	5,969	1,887	488	2,951	1,377
Recreation User Fees	1,509	2,098	2,177	630	1,860
Sewer Lateral tax	364	373	375	375	375
Incremental/special districts	2,977	5,424	5,626	2,750	3,010
Other	355	1,534	345	289	180
Total	43,228	45,573	42,387	33,606	35,343

major budget policies

Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented its award for Distinguished Budget Presentation to the City of Maryland Heights for the annual budget for the fiscal year beginning January 1, 2020.

To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

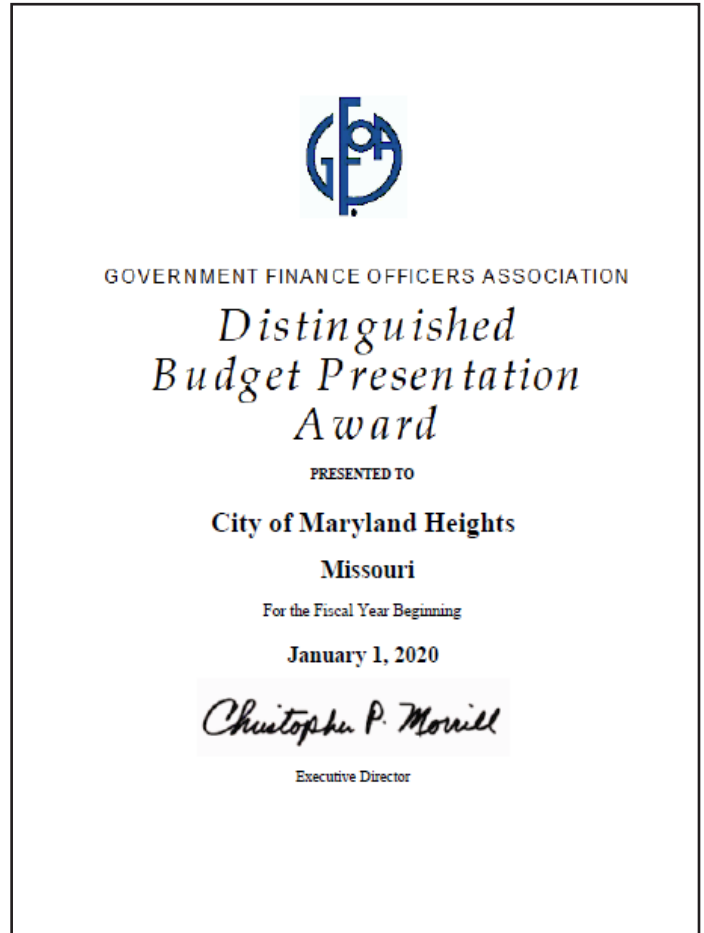
The award is valid for one year only. The City believes its current budget continues to conform to the program requirements and it will be submitted to GFOA for judging of eligibility for another award for fiscal year 2021.

The City has received this award for the last 34 consecutive years.

Additional Budget Education Resources

The City of Maryland Heights produces and makes available to the public several documents that provide more financial information. The City's **Comprehensive Annual Financial Report (CAFR)** provides very detailed information about the City's finances in a given year. The City's **Popular Annual Financial Report (PAFR)** provides a summary of the CAFR for a given year and is created to communicate the City's financial position to tax payers in more generalized, easier to consume terms. Additionally, the City produces a **Budget in Brief**, which is a summary of the City's annual budget document and presents information in a layout and language choice that is easier to consume. The current version of all three documents are available at these links:

- www.marylandheights.com/CAFR
- www.marylandheights.com/PAFR
- www.marylandheights.com/BudgetBrief



2021 budget process

key dates

