

2022 BUDGET

Honorable Mayor and Members of the City Council:

In accordance with state statute and City ordinance, I am submitting the proposed balanced budget of all general government funds for the fiscal year beginning January 1, 2022. This proposal reflects the mission, policies and operational priorities established by the City Council, and it is realistic to our core value of “Responsibility” - to manage our financial and human resources prudently and efficiently.

The budget includes projected revenues and expenditures for 14 general government funds: General, Capital Improvement, Parks, Community Center Debt Service, Streetlight, Police Forfeiture, American Rescue Plan, Police Training, Sewer Lateral, Tourism Tax, Dorsett Road TIF, Beautification, Westport Plaza TIF and Reserve.

Revenues and Expenditures

Total 2022 budgeted revenues for all governmental funds is \$41.3 million, an increase of \$6.9 million (20%) from the estimate for 2021 of which \$4.9 million (71%) relates to significant one-time revenue sources. The budget plan includes use of \$3.3 million of federal assistance related to the American Rescue Plan Act. Please see the introductory section, “American Rescue Plan” on page 16 for additional details. An additional \$1.6 million is related to funding from grants and donations for a city project. Excluding those two one-time revenue sources, 2022 revenues would increase \$2 million (5.8%) from 2021.

Much of the City’s tax revenues depend on activity in office buildings, hotels, restaurants, youth and adult sports, concert venues and the casino. With the pandemic still lingering, uncertainty exists surrounding return to work, leisure, and travel. The 2022 revenue anticipates a moderate increase from 2021 to pre-pandemic (2019) levels. The City has purposely accumulated a healthy fund balance during good economic times. These reserves allow the City to continue a high level of service with minimal disruption during economic downturns.



World Wide Technology’s headquarters had minimal in-person activity in 2021 due to the COVID-19 pandemic.

Gaming taxes are projected to be up \$1 million from 2021 to \$9 million in 2022. This projection is 90% of levels seen pre-COVID-19 (2019). Utility taxes and sales taxes are projected at 92% of the 2019 actual received as the economy slowly recovers. Recreation user fees are budgeted at \$1.8 million in 2022, up from \$1.4 million in 2021, as demand for recreation programs and attendance at the City’s newly renovated water park, Aquaport, are expected to generate additional fees.

Intergovernmental revenues will be up significantly due to the federal assistance received from the American Rescue Plan Act of \$3.3 million. Additional major one-time revenue sources include a federal grant of \$630 thousand to offset construction costs related to rehabilitation of Fee Fee Road, and grants and donations of \$1.62 million to complete the construction of the Sustainability Center.

Total expenditures in 2022 of \$42.1 million, reflects an increase of \$2.9 million (7.5%) from 2021 of which \$1.8 million relates to operational expenditures returning to a pre-COVID-19 level. Capital Improvement expenditures are \$1.3 million higher.



General Fund 2022 expenditures are up \$1 million (4.4%) compared to 2021. Personnel costs represent \$456 thousand of the increase which reflects a 2% market adjustment in the full-time employee pay plan. Other operational expenditures will increase \$608 thousand from 2021 of which \$214 thousand (35%) is related to road and bridge maintenance. Capital outlay expenditures will increase 63% (\$73 thousand) from 2021.

Capital Improvement Fund expenditures are expected to increase \$560 thousand (13.2%) related to various road, equipment, and stormwater projects. Park Fund expenditures are projected to be \$1.6 million (30.8%) higher in 2022 than 2021. \$818 thousand of the increase relates to higher operational costs from higher demand for recreation and facility use in 2022. Another \$825 thousand relates to higher capital improvement expenditures than 2021. Construction expenditures related to the City's Sustainability Center is projected at \$1.62 million in 2022.

At the end of 2022, the City's Reserve Fund will be over \$25 million, equal to 100% of 2022 General Fund expenditures; the City's goal is to maintain a level of 75%. The Capital Improvement Fund will decrease \$1.5 million as planned project expenditures are expected to exceed gaming tax and grant funding. All budgetary funds will total \$31.5 million at the end of the year of which \$1.7 million is restricted to tax increment financing activities.

2022 Preview

As in years past, the City will continue to prepare for new and exciting growth opportunities. While tax revenues have started to bounce back in 2021, they are still behind levels seen previous to the COVID-19 pandemic of 2020. Balancing revenues and expenditures continues to challenge the financial resources of the City. The receipt of federal assistance from the American Rescue Plan Act for revenue losses incurred during the pandemic will provide the City staff time to monitor and forecast not only the 2022 budget, but future revenue flow. Decisions will benefit the City and facilitate achievement of our objectives by providing the necessary funding allocations across all departments.

To accomplish our objectives, staff and City Council must be diligent in our actions and mindful of future budgetary commitments that may negatively influence future growth. We understand that decisions made today must be weighed against the potential impact to the future.

The 2022 budget is structured to include funding for various programs, projects and services to improve the quality of life of our residents and embrace future economic development opportunities. Among the highlights for 2022:

2022 Budget Summary

At the end of 2022, fund balances will amount to \$31.5 million of which \$25.3 million is in reserve. The following table provides a summary of all funds budgeted for 2022.

CITY OF MARYLAND HEIGHTS
Summary of budget-by fund
Year ended, December 31, 2022

Fund	Revenues	Expenditures	Transfers/Advances	Change in fund	Begin balance	End balance
General	22,609,864	25,110,272	2,500,408	0	0	0
Streetlight	460,000	464,500		(4,500)	1,000,000	995,500
Tourism	320,000	220,000		100,000	(100,000)	0
Capital Improvement	3,330,000	4,808,913		(1,478,913)	2,670,000	1,191,087
Police Forfeiture	40,000	216,500		(176,500)	263,000	86,500
Parks	7,917,400	6,979,431	(1,260,000)	(322,031)	1,359,000	1,036,969
Reserve	0	0	251,754	251,754	25,040,000	25,291,754
American Rescue Plan	3,277,162	0	(3,277,162)	0	0	0
Sewer Lateral	375,000	270,000	-	105,000	1,026,000	1,131,000
Police Training	7,000	20,100		(13,100)	14,000	900
Beautification	11,000	18,100	-	(7,100)	30,000	22,900
Community Center DSF	0	985,000	985,000	0	30,000	30,000
Westport Plaza TIF	2,860,000	2,860,000		0	1,600,000	1,600,000
Dorsett TIF	150,000	150,000		0	106,000	106,000
	41,357,426	42,102,816	(800,000)	(1,545,390)	33,038,000	31,492,610

- The Sustainability Center will feature many amenities including greenhouses, a community garden and space to conduct educational programs on sustainable energy and practices. The Center will facilitate field trips to showcase sustainable energy solutions practiced at the nearby landfill operated by Waste Connections and offer community programs for youth and adults.
- Implementation of a residential mechanical, electric, and plumbing permitting and inspections program. Previously contracted through St. Louis County, bringing this program in-house will provide convenience and a more responsive service to our residents.
- Implementation of a social services program to connect residents in-need with local social service and provider organizations.
- Developing a plan for a new Memorial Park to honor veterans.
- Capital Improvement Program (CIP) projects including local and collector street improvements to Fee Fee Road and bridge, McKelvey Road, and Adie Road. Additional Capital Improvements planned for 2022 include annual pavement maintenance and equipment replacement program, various stormwater improvements, sidewalk construction, and parking lot maintenance at the Government Center.
- Implementation of a new financial software system to enhance efficiencies in payroll, accounts receivable/payable, purchase orders, etc.
- Ongoing support of development agreements related to an entertainment district and Maryland Park Lake District, the approximately 1,800 acres along Route 141 between I-70 and Route 364.

The Comprehensive Master Plan will guide development decisions and policies throughout the City so we are working within a cohesive vision. The City will continue to monitor the following potential challenges to future revenue growth and sources of funds:

- Lingering effects of the COVID-19 pandemic on entertainment, recreation and hospitality venues within the City.
- State legislation that affects existing gaming tax revenue and future approval of video lottery terminal (VLT's), sports betting and on-line wagering.
- Maturation of the local and state gaming market and long-term impact on gaming tax revenue.
- Legislation and energy initiatives that have a long-term impact on utility tax revenue.
- Market resistance to creation of new revenue sources – reliance on existing revenue sources for funding.
- Long-term development costs associated with the Maryland Park Lake District.
- Legislation and local agency approvals on development activity within the Maryland Park Lake District.
- Personnel costs and staffing challenges in a competitive labor market.
- Continued long-term impact of Senate Bill 5 and other state efforts to legislate control over Municipal Court operations.
- Demands of services on all departments, particularly Parks and Recreation, Public Works and Police.
- Long-term maintenance of city owned facilities.
- Long-term commitment to providing a backstop to the debt of the Centene Community Ice Center.



The St. Louis Taiko Drummers perform during WorldFest. 2021 marks the first year that this Parks and Recreation event was held at the St. Louis Music Park.

Preparation and Presentation

The budget is presented in six sections: The Introduction section contains a summary of the policies and assumptions used to develop the budget. The Revenues section provides an analysis of major revenue sources. The All Funds section contains an overview of anticipated revenues and expenditures for all funds. Five-year projections for each operating fund are included, as well as a table showing all employee positions by program.

The next section is a User's Guide that explains the various elements of department and program budgets. The sections that follow contain nine departmental expenditure budgets organized into 41 programs and 18 capital projects, allowing the reader to get a view of the City's operations for the next year.

The Appendix section contains supplemental information to assist the reader in fully understanding the proposed budget, including a glossary of terms and abbreviations used throughout the budget, the adopted five-year Capital Improvement Program (CIP) for 2022-2026, the proposed Classification and Pay Plan and background information about our city.

Economic Outlook

Although local economic factors can affect business performance, labor constraints along with viability and growth are factors of the global market that also have an impact. The city will continue to feel the negative impact of COVID-19 for years to come. All city leaders are tasked with analyzing future opportunities to achieve the financial outlook desired with limited funding sources.

Maryland Heights, which is a hub for business and commercial development in the St. Louis Metropolitan Area, has been challenged by the recent events, but is still receiving strong interest in future development along with a solid residential resale market. Focus has intensified in the Maryland Park Lake District as developments continue. This growth is creating temporary and permanent employment throughout the region. This continued interest in Maryland Heights is encouraging; the City is hopeful that economic activity will return to pre-COVID levels once this pandemic recedes.

As a city with a diverse economy, we have remained well balanced even with the negative impacts of COVID-19. Current unemployment rates within the City of Maryland Heights are lower than the National, State or St. Louis County rates at 3.1% versus 5.3%, 4.0%, and 3.7% respectively. Concerns remain that job growth will remain slow in the region, however, current data suggests employment has recently increased and will continue to increase as the pandemic diminishes. Despite all of these challenges, staff remain optimistic in the economic forecast for our community.

Internal and external impacts will have to be carefully monitored as economic and market conditions continue

to affect the City on both a short-term and long-term basis. Furthermore, economic conditions need ongoing monitoring relative to all city expenditures, specifically personnel cost in future years.

2021 in Review

Globally, COVID-19 has significantly impacted the City's numerous entertainment destinations and hospitality venues including Hollywood Casino and Amphitheatre, Centene Community Ice Center, Saint Louis Music Park, as well as many of the hotels and restaurants that bring thousands of visitors and tax dollars to Maryland Heights each year. These facilities are experiencing far fewer guests and in some cases, were unable to operate. These factors, as well as the decision by many of the larger employers based in Maryland Heights to have their employees work remotely from home, continues to greatly reduce the City's revenues.

Despite these unprecedented times, the City continues to address three important categories: resident quality of life, municipal services, and residential and commercial development. The demands of city resources tested our leadership, as the safety of our residents and staff emerged as a pressing priority amidst the continued threat of COVID-19. Many businesses were also forced to close their doors, yet some remained open and continue to thrive or salvaged what they could to continue operation.

In the category of resident quality of life, the City has undertaken numerous projects and ongoing efforts including continued Fee Fee Greenway Trail expansion and improved access from neighborhoods, expanded and enhanced parks and recreation programming with new locations such as the Centene Community Ice Center and the Saint Louis Music Park, continued work on the Fee Fee Baseball Fields including a new culvert, as well as the renovations to our waterpark, Aquaport.



Aquaport's newest addition, the FlowRider, provides patrons with the only surfing simulation available within the St. Louis region.

These projects reflect the City Council's dedication to making Maryland Heights a better place to live, work and play by listening to residents' feedback.

Despite setbacks from the pandemic, the City of Maryland Heights has continued to witness growth and development during the past year in both residential and business development.

Recent projects, completed under the direction of the Economic Development and Community Development departments include:

- Expansion projects with Safety National, Aquaport and the Maryland Heights Fire Protection District had a combined construction cost of over \$27 million.
- The issuance of taxable industrial revenue bonds for the CJC Millpark, LLC project in an amount not to exceed \$15,000,000, entails construction of an office-warehouse complex on a nine-acre site within the Maryland Park Lake District and fosters job creation and expansion of logistic and technology uses.
- The Flats at Dorsett Ridge, a 218-unit luxury multi-family residential complex, is expected to be completed by years end, redeveloping a long vacant commercial property.
- Neo Vantage Point, 266 luxury apartments including a parking garage, is set to be constructed near I-270 & Page Avenue with an estimated construction cost of \$54 million.
- NorthPoint's Riverport Logistics Park located within the Riverport Business Park, encompasses a total of approximately 591,000 square feet over three buildings with an estimated construction cost of \$37 million.
- Maryland Park Commerce Center, a 1.3 million square foot logistics park within the Maryland Park Lake District, is currently under construction off River Valley Drive.
- National Healthcare Corporation is constructing a 11,000 sq. ft. building adjacent to their existing nursing home to house an additional 16 additional beds.
- Tony's Donuts is renovating the building at 11525 Dorsett Road to establish a fast food restaurant with drive-through service and outdoor seating.

- Creative Testing Solutions, in partnership with the American Red Cross, is constructing a two-story 124,000 square foot laboratory/office building with a two-story parking garage with an estimated construction cost of \$19.9 million.
- The Sustainability Center is a partnership between the property owner, Waste Connections, Pattonville High School and the City of Maryland Heights to create a campus focused on urban agriculture and renewable energy. The project will include greenhouses, a retail garden center, offices and meeting space for educational programs, a pavilion, a community garden, and trail system.



A hive of bees is discovered in the wall of an existing barn at the Sustainability Center site. These bees were relocated to a brand new hive on the same property.

- Housing development continues throughout the City where open land is available. The latest project located in the Rose Meadow neighborhood includes a ten-lot single-family residential subdivision across from Rose Acres Elementary School. The Daley Avenue subdivision is also under construction and includes five single-family dwellings. McBride Homes recently completed the Magnolia Gardens subdivision, consisting of five homes along Eldon Avenue.
- The Capital Improvement Plan for the next five years beginning January 1, 2022 and ending December 31, 2026 will guide capital projects and manage available funds for the near future to help accommodate future residential and commercial development. (In the Appendix, you will find a copy of the projects planned for the next five years.)



St. Louis Music Park, a 4,500 seat outdoor concert venue located within the Centene Community Ice Center, kicked off a very successful 2021 season after not being able to operate throughout 2020 due to the COVID-19 pandemic.

The City of Maryland Heights provides residents with an array of amenities and services such as solid waste/trash services, recreation opportunities, sidewalks and street construction/maintenance and much more. While some of these amenities primarily serve residents, others ensure accessibility to quality municipal services for the entire community. This has and remains a goal to provide these services to all our residents, visitors, business owners and other guests.

Overall, 2021 was a year of many challenges. Staff and city leaders depended on one another to navigate the uncertainty and consequences of the continued global pandemic. Despite the setbacks we experienced, each department continued to share their opinions and ideas in an effort to move the City forward. Challenges such as limited to no professional development and travel, finding new means to support our business community, the staff shortages felt throughout the area, the navigation of a concert season that began later than anticipated at both Hollywood and the St. Louis Music Park, and the continued maintenance of our infrastructure tested our ability to provide enhanced city services and programs. The City, supported by the leadership of their elected officials, continues to grow and prosper.

Acknowledgements

This budget is the result of many hours of effort by many people. I specifically want to thank Cathy Malawy, the Director of Finance, Gail Reader, Information Systems Manager and Trisha Hall the Communications Manager for their dedication in the preparation of this budget document. Their hard work, and commitment to the City were instrumental in the creation of this budget document. We look forward to working with the Council to finalize a budget that will provide outstanding municipal services in a safe and appealing setting in order to attract and retain residents committed to our city, to facilitate thriving businesses and remain a premier hospitality venue during the coming year.

Respectfully submitted,

A handwritten signature in black ink that reads "Tracey Anderson". The signature is fluid and cursive, written in a professional style.

Tracey A. Anderson, City Administrator
November 5, 2021



Introduction

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2022 BUDGET



Mayor

G. Michael Moeller

Councilmembers

Ward 1

Julia K. Bietsch

C. Susan Taylor

Ward 2

Kimberly L. Baker

Howard M. Abrams

Ward 3

Charles G. Caverly

Nancy E. Medvick

Ward 4

Steven A. Borgmann

Norman A. Rhea

Administration

Tracey A. Anderson, City Administrator

Catherine L. Malawy, 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, Superintendent Rec Facilities

Howard Paperner, City Attorney

Municipal Court

Kevin R. Kelly, Municipal Judge

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