

Adie Road Reconstruction,
Completed 2017



WWT Headquarters,
Completed 2017



Community Center
Construction, Completed 2017



CITY OF MARYLAND HEIGHTS, MO BUDGET IN BRIEF 2018

Building a stronger community one project at a time.

Legacy Ice Complex,
Construction Begins 2018



McKelvey Woods Trail
Extension, Expected
Completion 2018



New Marriott Hotels,
Expected Grand Opening
2018



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.

Total revenues for all funds are projected to be \$38,872,500 in 2018, a decrease of \$4.3 million (9.9%) from 2017. Intergovernmental revenues and reimbursements, primarily comprised of one-time sources related to capital improvements, will be about \$6.1 million lower in 2018 due to a (one-time) reimbursement of that amount in 2017 to fund a new hiking/biking trail. A new County-wide half-cent sales tax to support public safety is projected to provide \$1.35 million in 2018. Recreation fees for programs and memberships at the new community center are expected to be \$228 thousand higher in 2018 than in 2017 reflecting the first full year of operating the facility. Increases in gaming taxes (\$80,000) and other sales taxes (\$200,000) will offset a drop in building permits (\$120,000).

Expenditures for all funds are projected to be \$44,932,932 in 2018, a decrease of \$7.1 million (13.7%) from 2017. Capital improvement expenditures in 2017 of \$18 million include significant appropriations for a new hiking/biking trail (\$6.1 million) and \$5 million pursuant to an agreement with a private concern to build an ice arena. The General Fund, the main operating fund for city services other than parks and recreation, will increase \$1.6 million (7%) from 2017 including 12% (\$1.3 million) more for police services, made possible by the new sales tax.

At the end of 2018, the City's Reserve Fund is expected to be over \$25 million, equal to over 100% of annual General Fund expenditures; the City's goal is to maintain a level of 75%. Budgetary funds will total \$33 million at December 31, 2018.

The 2018 budget, along with advanced funding from the 2017 budget, has been structured to include funding for various programs, services and goals meant to enhance the quality of life of our residents as well as embrace future economic opportunities of the City. Among the many new and exciting opportunities for 2018 will be:

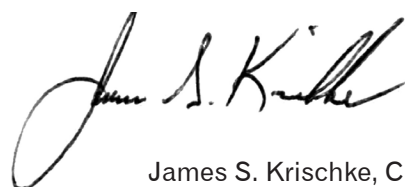
- The first full year of operation of the Community Center with many new recreation/leisure programs/services.
- Over \$1.3 million in increased funds for police operations, capital outlay, and pension contributions.
- Implementation of a Parks and Recreation master plan.

- Over \$700,000 budgeted for renovations at Aquaport, updated ADA (handicap accessible bathrooms) at Vago Park, and new playground surface at Parkwood Park.
- Capital projects including improvements to Grissom Avenue and large storm water projects.
- Completion of advanced engineering and site planning analysis on potential development in the Maryland Park Lake District (MPLD).
- Negotiation and preparation of documents and agreements in support of a public/private partnership for development of the Legacy Foundation Ice Arena within the MPLD.

With that said, in year 2018 and beyond, the City's finances will continue to face a few major challenges. The ongoing concern of the future of gaming taxes, based on the competitive and maturing St. Louis marketplace for casino business, along with increased regulatory activity by the State, will impact our ability to project future resources. Moreover, Senate Bill 5, passed by the Missouri legislature in 2015, and Senate Bill 561 passed in 2016 have contributed to a decrease of over \$900,000 in annual court-related collections.

Although the City has recently experienced multiyear signs of increased economic development, the long-range forecast for the City remains difficult to project. While development in the City has remained steady, there are still uncertainties with how these investments will impact future revenues and costs. Moreover, non-gaming revenues are mixed as the local economy has leveled. The City's share of county-wide sales tax (pool) increased substantially in 2017 due to a new municipal sharing formula enacted by the state legislature for St. Louis County municipalities. In 2018, the City will begin to see the proceeds of a new sales tax levied in St. Louis County to support public safety. Conversely, gross receipts of utility taxes remain inconsistent as do municipal court revenues which have fallen in recent years in excess of 20% year over year.

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, South Heights TIF, Beautification Funds
- **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 \$38.9 million in 2018, down 9.9% from \$43.2 million in 2017. For 2018, 68% of total revenue is comprised of three sources: gaming taxes (27%), sales taxes (26%), and gross receipts taxes on utilities (15%).

Economic Impact

Inflation for 2017 was .6%, 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 2018 budget.

2018 Revenue Projections

Gaming Tax
\$10,500,000

Half-Cent Sales Tax
\$4,400,000

County Sales Tax
\$4,400,000

County Sales Tax-Prop P
\$1,350,000

Utility Tax (Electric)
\$3,685,000

Utility Tax (Gas)
\$660,000

Utility Tax (Water)
\$407,000

Utility Tax (Phone)
\$1,210,000

Court Fees/Fines
\$1,200,000

Incremental Taxes
\$1,650,000

County Road Refund
\$950,000

Motor Fuel Tax
\$730,000

Recreation Revenue
\$1,391,900

Business Licenses
\$630,000

Building Permits
\$650,000

Occupancy Permits
\$220,000

Investment Income
\$350,000

Aquaport Revenue
\$475,000

Sportport Revenue
\$67,000

Cable Franchise Fee
\$400,000

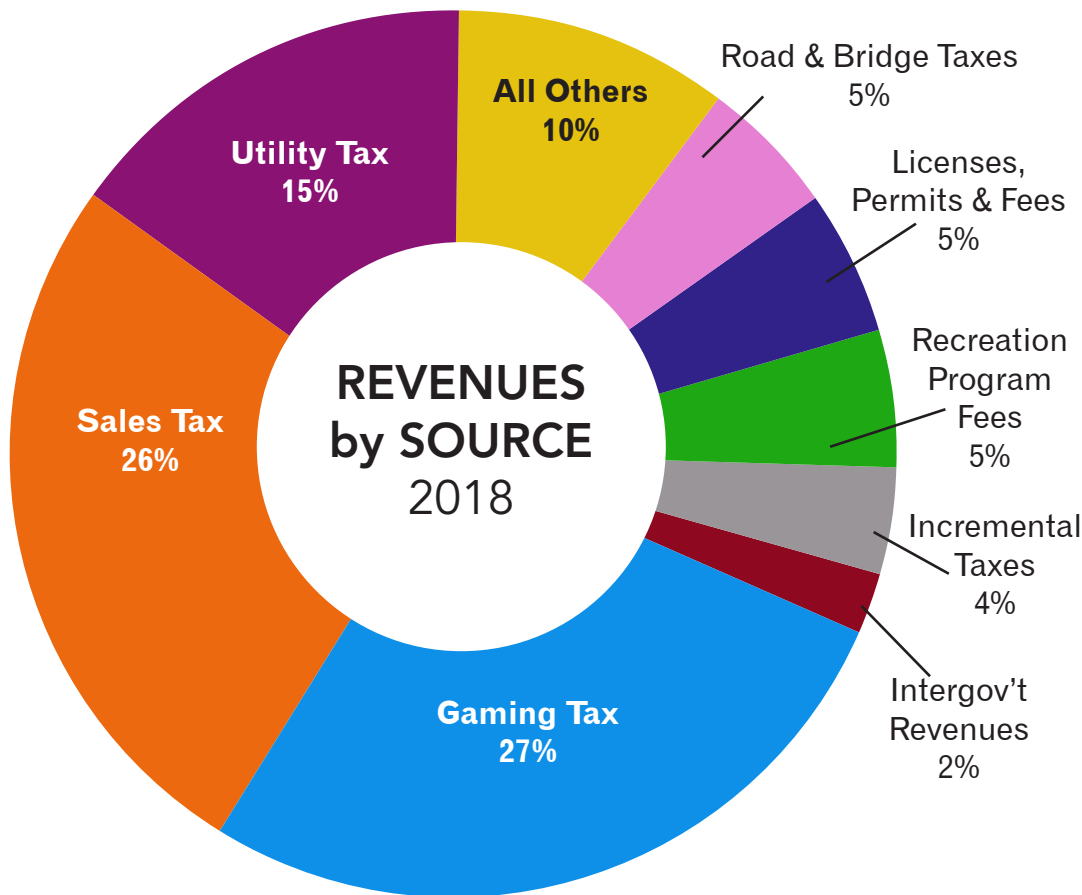
Vehicle Sales Tax
\$350,000

Tourism Tax
\$320,000

Sewer Lateral Fee
\$355,000

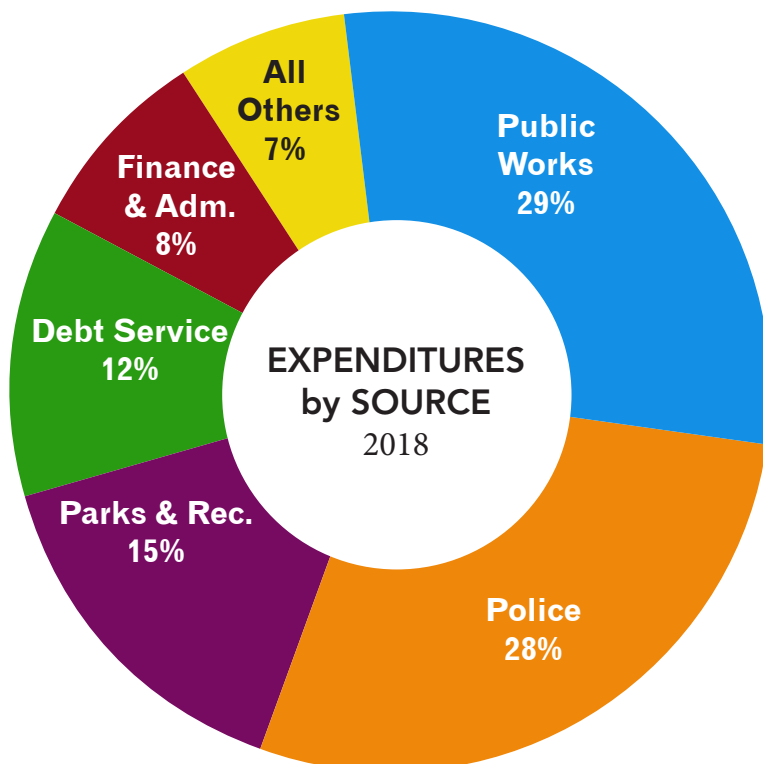
Cigarette Tax
\$70,000

REVENUES: WHERE THE MONEY COMES FROM



Revenue Source	Amount Collected (in thousands)
Gaming Tax	\$10,500
Sales Tax	10,150
Utility Tax	5,962
Incremental Taxes	1,650
All Others	3,930
Intergov't. Revenues	716
Roads/Bridges Taxes	2,030
Licenses/Permits/Fees	2,001
Rec. Program Fees	1,934
Total	\$38,873

EXPENDITURES: WHERE THE MONEY GOES



Expenditure Source	Amount Collected (in thousands)
Public Works	\$13,175
Police	12,444
Parks & Rec.	6,878
Debt Service	5,525
Finance/Adm.	3,754
All Others	3,158
Total	\$44,934

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 \$24.7 million in 2018.

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 \$25.1 million available in the fund for this purpose.

Streetlight Fund

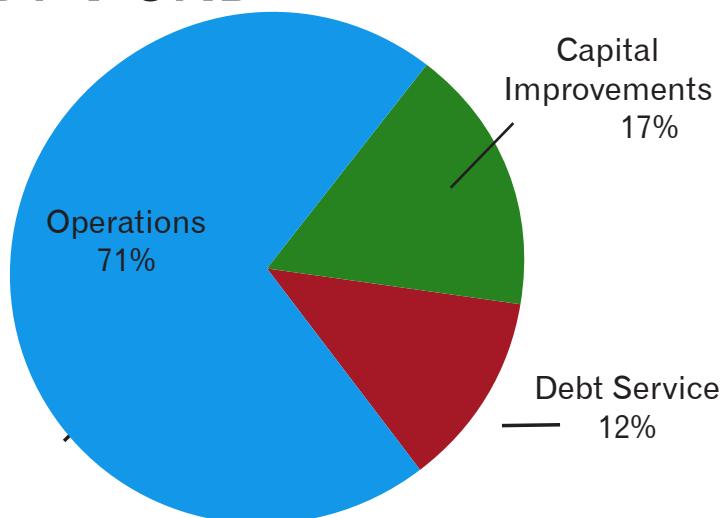
The Streetlight Fund was established in 1987 to account for a 0.5 percent tax on the gross receipts of utility companies (gas, telephone, water and electric). Monies in this fund are spent on building, installing and maintaining streetlights in the City. Expenditures are estimated at \$562,700 in 2018.

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 2018 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 \$320,000 in 2018.



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 2018 are \$108,100.

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 (Aquaport admission, recreation program registration fees, etc.). Expenditures on parks and recreation programs and facilities are projected to total \$6.2 million in 2018. 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 2018 are estimated at \$16,650.

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 2018.

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 2018 are \$27,200.

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 2018 are estimated at \$150,000.

South Heights TIF Fund

The South Heights TIF Fund accounts for incremental tax revenues generated from the district and for eligible expenditures to the redevelopment area. Total expenditures for 2018 are estimated at \$4.6 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. 2018 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.

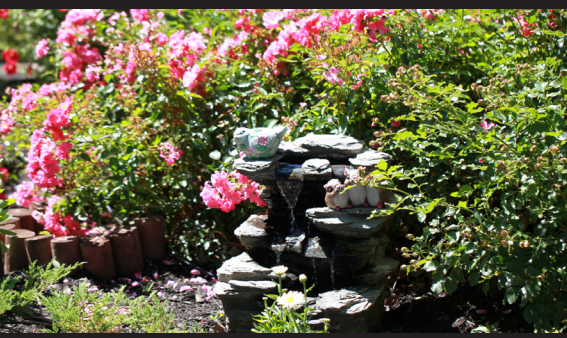
Human Resources administers the City's personnel policies and conducts training programs for employees. This office also oversees workers' compensation, employee wellness and other benefits programs.

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 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:	\$377,222
Legal Services:	308,764
City Administrator's Office:	405,684
Human Resources:	281,299
Communications:	258,181
Central Services:	89,425
Risk Management:	445,000
Total:	\$2,165,575



Finance

In addition to finance personnel, 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.

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:	\$477,334
Geographic Information Services:	238,321
Information Technology:	872,433
Capital Projects	100,000
Total:	\$1,688,088

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:	\$361,789
Inspections:	1,395,321
Economic Development:	334,767
Promotion of Tourism:	320,000
Total:	\$2,411,877

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:	\$511,009
Patrol Services:	6,283,908
Investigation:	1,629,295
Communications:	1,061,677
Community Services:	1,116,406
Police Records:	190,545
Community Response Unit:	1,400,745
Supplemental Pension Contribution:	250,000
Total:	\$12,433,585

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:	\$367,768
Roads and Bridges:	1,967,547
Stormwater:	586,714
Streetlighting:	484,700
Solid Waste:	1,949,709
Vehicle/Equipment Maintenance:	509,452
Sewer Lateral:	250,000
Capital Projects:	6,731,000
Capital Projects Management:	228,195
Total:	\$13,075,085

Proposition P Revenues

In April 2017, St. Louis County voters approved a new half-cent sales tax to fund public safety for St. Louis County and each of the municipalities within the County. A portion of the tax revenues will be distributed to cities based on population.

The tax took effect in October 2017, making 2018 the first full year of collection. The City expects to received \$1.35 million in 2018. These funds will enable the City to provide for various items in the General Fund, Police Department Budget.

In total, the 2018 General Fund budget for police expenditures is \$1.33 million higher than 2017. The expenditures listed below are funded by Proposition P revenues.

Body Cameras:	\$125,000
In-vehicle Cameras:	77,500
File Servers (for cameras):	16,000
Police Station Security System:	327,500
In-vehicle, "Toughbook" Computers:	45,000
Mapping System:	16,000
New Weapons:	13,000
New Animal Control Program:	35,000
Taser Program:	16,000
Crash Reconstruction Software:	25,000
Increased Officer Compensation:	325,000
Supplemental Contribution to Police Pension System	250,000

Total: \$1,271,000





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:	\$254,757
Recreation Services:	2,661,513
Community Center Maintenance:	890,870
Government Center Maintenance:	652,246
Aquaport:	618,586
Parks Maintenance:	1,043,044
Beautification:	16,650
Capital Projects:	740,000
Total:	\$6,877,666

Human Services

The Human Services Division administers utility tax rebates for 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. In 2007, the City issued tax increment financing bonds to cover redevelopment costs in the South Heights Redevelopment District.

Expenditures:	\$4,540,000
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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 Finance Director.

Expenditures:	\$348,213
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Contact Us

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City Administrator

Jim Krischke

City Clerk

JoAnn Cova

Director of Finance

David Watson

Interim Director of Community Development

Mike Zeek

Interim Director of Public Works

Cliff Baber

Director of Parks & Recreation

Tracey Anderson

Chief of Police

Col. Bill Carson