



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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Table of Contents

Introduction	Page No.	Program Budgets continued	Page No.
Letter of Transmittal.....	i	Executive/Legislative.....	111-124
Principal Officials of the City.....	-	Mayor, City Council	
Maryland Heights at a Glance.....	1	Administration.....	125-168
Organization Chart.....	2	City Clerk, Legal Services, City Administrator, Human Resources, Communications, Central Services, Risk Management	
Vision, Values and Strategic Goals.....	3	Finance.....	169-186
Strategic Goal Performance Measures.....	4-9	Finance, Information Technology	
Major Budget Policies.....	10	Community Development.....	187-222
Revenue Projections.....	17	Planning and Zoning, Inspections, Economic Development, Promotion of Tourism	
Budget Presentation Award.....	18	Public Works.....	223-290
Budget Process.....	19	Engineering and Administration, Roads and Bridges, Stormwater, Streetlighting, Solid Waste, Vehicle and Equipment Maintenance, Sewer Lateral, Capital Projects Management	
Revenues	20	Police.....	291-344
All Funds		Police Administration, Patrol Services, Investigation, Police Communications, Community Services, Police Records	
Revenues & Expenditures by Fund - 5 Years.....	47	Municipal Court.....	345-352
Statement of Budgeted Revenues & Expenditures & Changes in Fund Balance.....	48	Municipal Court	
Revenue & Expenditure Graphs.....	50	Parks and Recreation.....	353-406
Schedule of Budgeted Expenditures by Fund.....	51	Parks and Recreation Administration, Recreation Services, Community Center Maintenance, Government Center Maintenance, Aquaport, Parks Maintenance, Beautification	
Personnel Schedule.....	52	Human Services.....	407-412
Revenue & Expenditure Schedule by Fund		Human Services	
General Fund.....	57	Debt Service.....	413-422
Streetlight Fund.....	65	Debt Service	
Tourism Tax Fund.....	69	Community Center Debt Service Fund	
Capital Improvement Fund.....	71	Appendix	
Forfeiture Fund.....	75	Position Classification Plan.....	425
Parks Fund.....	77	Position Pay Plan.....	428
Reserve Fund.....	81	Demographic Data.....	432
American Rescue Plan Fund.....	85	Debt Service and Bonds Schedule.....	434
Sewer Lateral Fund.....	87	Glossary of Frequently Used Terms.....	435
Police Training Fund.....	89	Frequently Used Abbreviations and Acronyms.....	439
Dorsett Road TIF Fund.....	91		
Westport Plaza TIF Fund.....	93		
Beautification Fund.....	95		
Community Center Debt Service Fund.....	97		
Program Budgets			
User's Guide.....	99		

Capital Improvement Program

2022 - 2026 Capital Improvement Plan.....CIP 1



Maryland Heights at a Glance

Our City

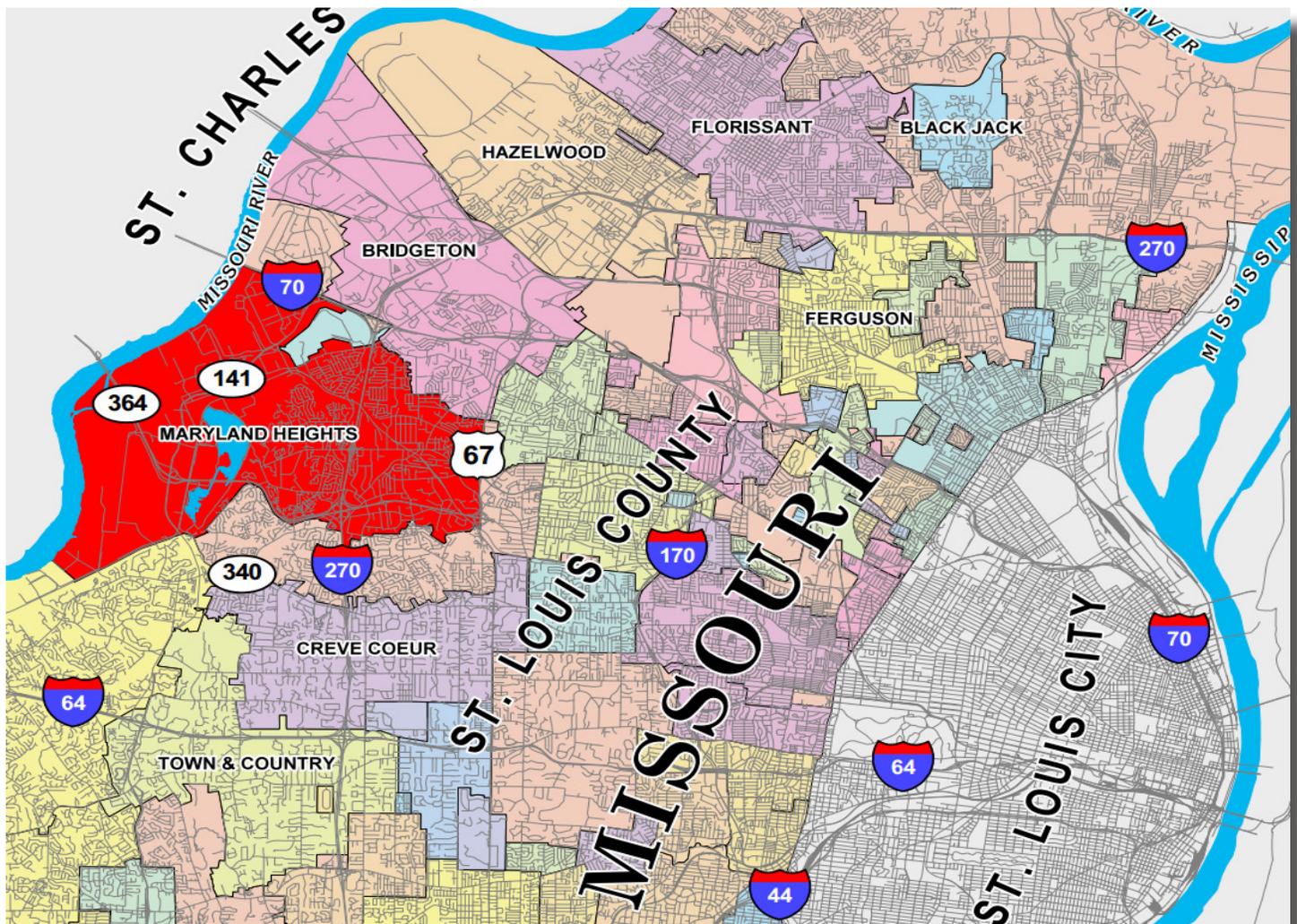
Maryland Heights, incorporated in 1985, operates under the City Administrator form of Mayor/Council government and is a Third-Class City as defined by Missouri statutes.

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.

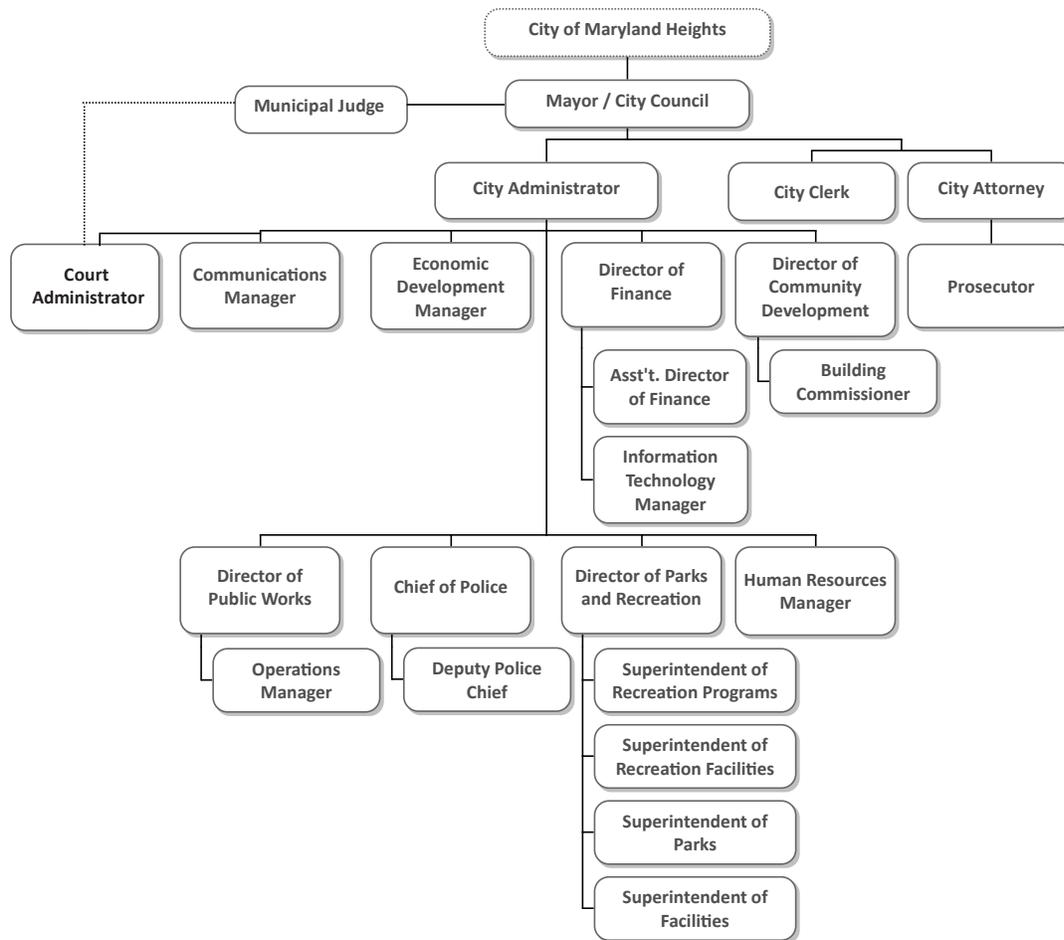
Maryland Heights is both a residential community and an employment center. The city has a population of 28,284 occupying approximately 13,425 housing units and an estimated 43,257 jobs at 2,035 businesses.

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			
	2020	2021	2022
Administration	11.25	10.00	10.00
Finance	8.00	9.00	9.00
Community Development	20.25	20.25	20.25
Public Works	29.00	29.00	29.00
Police	100.40	100.90	100.90
Municipal Court	3.80	3.80	3.80
Parks & Recreation	86.01	83.60	83.88
Total Personnel (FTE)	258.71	256.55	256.83

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:

	2019	2020	2021*
Single Family Housing Re-occupancy Inspections	1,193	1,299	1,412
<i>Occupancy inspections ensure inspected homes are up to code</i>			
Multi Family Housing Re-occupancy Inspections	2,239	2,129	2,420
<i>Occupancy inspections ensure inspected apartments are up to code</i>			
Concrete Sidewalk Repaired or Replaced, in Square Feet	7,803	9,691	10,000
<i>Sidewalks in good condition encourage walking and reinforce positive perceptions of the city</i>			
Sewer Lateral Repairs Completed	70	75	70
<i>Sewer laterals are an essential piece of home infrastructure</i>			
Street Sweeping Miles	371	350	350
<i>Street sweeping keeps city-maintained streets in appealing condition</i>			
Trees Maintained	1,274	1,147	1,300
<i>Maintaining trees enhances the natural beauty of the city and contribute to environmental quality</i>			
City Newsletter Articles Covering this Topic	10	9	10
<i>Newsletter articles raise awareness of home improvement and maintenance issues</i>			

Outcomes we track:

	2019	2020	2021*
Average Sale Price of Single-Family Homes in Maryland Heights	\$177,350	\$199,900	\$199,900
Average Number of Days on Market for Single-Family Homes Sold in City	21	8	8

* projected



New housing construction in Maryland Heights

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:

	2019	2020	2021*
Facebook Posts	1,035	663	730
<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)	8,843	2,430	4,200
<i>The city offers a variety of programs tailored for older residents</i>			
Parks Facilities Reservations	334	115	225
<i>The use of city parks facilities is an indicator of overall use of city parks</i>			
Dogport Memberships	185	123	182
<i>Dogport - the city's dog park - provides another venue for residents to interact</i>			
Maryland Heights Night Out Block Parties	21	0	26
<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:

	2019	2020	2021*
Total Number of Senior Newsletters Distributed (mail & email)	3,438	640	701
<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	14
Total Senior Lunch Attendance	1,041	205	175
Total Number of New Facebook “Likes” (City Page)	194	495	220
Total Number of New Facebook “Likes” (Parks and Recreation Page)	649	563	372
Total Number of New Facebook “Likes” (Police Page)	3,969	860	624
Total Number of New Facebook “Likes” (Aquaport Page)	81	78	24
Number of Transportation Services (One-Way Trips) for Seniors and/Disabled	9,704	5,546	7,500

* 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:

	2019	2020	2021*
Average Issuance Time for Conditional Use Permits (# of days)	39	32	35
<i>Reducing the amount of time to issue a C.U.P. saves businesses money</i>			
Building & Grounds Maintenance Work Orders Completed	1,301	630	1,100
<i>Maintaining city property ensures residents enjoy high quality public spaces</i>			
Park Work Orders Completed	192	113	250
<i>Park work orders ensures residents enjoy high quality, well-maintained parks facilities</i>			
Concrete Pavement Replaced (square yards of concrete)	840	763	1,000
<i>Pavement replacement keeps city streets in good condition</i>			

Outcomes we track:

	2019	2020	2021*
Traffic Control Signs Installed/Replaced (each)	172	145	300
Mosquitocide Applications (city-wide) (each)	19	18	19
Linear Feet of Creeks Cleaned	2,650	2,500	2,500
Recycling Quantity in Tons Annually Collected from Residences	1,603	1,901	1,921
Total Number of Utility Tax Rebate Applications Processed	1,345	1,328	1,300
Sewer Lateral Investigations	83	86	80

* projected



The Department of Public Works replaces concrete at a railroad crossing.

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:

	2019	2020	2021*
General Fund/Reserve Fund Year-End Balance	\$31,200,000	\$24,000,000	\$25,000,000
<i>The Reserve Fund serves as a financial safety net for the city</i>			
Reserve Fund Balance as a Percentage of General Fund Expenditures	133%	102%	104%
<i>City policy is to maintain at least 75% of General Fund expenditures in the Reserve</i>			

Outcomes we track:

	2019	2020	2021*
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:

	2019	2020	2021*
Percent of Emergency Calls Responded to in 4 Minutes or Less	71%	75%	75%
<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	85%	87%	87%
<i>How quickly the police respond is a key element of public safety</i>			
Detective Bureau Case Clearance Rate	47%	42%	44%
<i>The clearance rate measures the effectiveness of our detective bureau</i>			

Outcomes we track:

	2019	2020	2021*
Uniform Crime Report - Ratio of Part I Crimes Reported per 1,000 Population	37	35	35
Canine Narcotic Responses/Events	288	130	108
Dispatcher Performance Audits	400	150	350

* 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:

	2019	2020	2021*
Commercial re-occupancy inspections	310	320	369
<i>Inspecting properties as they are re-occupied ensures inspected properties are up to code</i>			
Building inspections	3,461	2,990	3,453
<i>Building inspections ensure new construction is up to code</i>			
Right of Way Mowing (each)	12	10	10
<i>Right-of-Way mowing maintains the city as an attractive place to do business</i>			
Street Sweeping (miles)	321	371	350
<i>Street sweeping maintains the city as an attractive place to do business</i>			

Outcomes we track:

	2019	2020	2021*
Annual Total Assessed Value of All Real Property in Maryland Heights	\$1,146,483,170	\$1,161,666,200	\$1,197,817,196
Revenue Generated by one-half cent Sales Tax	\$5,000,792	\$4,163,097	\$3,900,000
Commercial Space Occupancy Rate	90.75%	91.00%	89.00%
Industrial Space Occupancy Rate	96.53%	96.39%	96.20%
Hotel Revenue per Available Room	\$63	\$62	\$32
<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	\$92	\$80
<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)	1,860	1,875	2,035

* 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:

	2019	2020	2021*
Facebook Posts	1,057	958	910
<i>Social media is one way our residents can directly connect and interact with the city</i>			
Cultural Arts Events	9	7	7
<i>These events can attract people from throughout the region & promote cultural awareness</i>			
Maryland Heights Night Out Block Parties	21	0	26
<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	1,274	1,147	1,300
<i>Maintaining the urban canopy improves the environment and appearance in the City.</i>			
Concrete Pavement Replaced (square yards of concrete)	840	763	1,000
<i>Pavement replacement keeps city streets in good condition</i>			

Outcomes we track:

	2019	2020	2021*
Visits to the City Website	228,348	228,225	228,300
Total Senior Lunch Attendance	1,041	205	175
<i>Senior luncheons were suspended due to COVID-19 and associated social distancing protocols and gathering size restrictions.</i>			
Aquaport Attendance	46,756	0	41,564
<i>Aquaport did not open for the 2020 season due to remodeling construction.</i>			
Total Number of New Facebook “Likes” (Parks and Recreation Page)	649	563	373

* 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 14 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 (10)

Streetlight, Parks, Tourism, Sewer Lateral, Dorsett TIF, Westport Plaza TIF, Police Training, Police Forfeiture, American Rescue Plan, 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 2022 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 2022, 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 22% of its total revenues from taxes generated by a casino located within the City. From 2015 to 2019, the City used 70% of gaming taxes to fund general services and 30% to finance certain capital improvements (Resolution 2014-1156). In response to the financial impacts of COVID-19, the City Council adopted Resolution 2020-1310 which directs all gaming taxes received in 2020 and 2021 to be distributed to the General Fund.

For 2022, distribution of gaming taxes reverts back to the previous policy of 70% to the General Fund and 30% to the Capital Improvements Fund (Resolution 2014-1156).

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 2022 budget projects \$876,754 will be transferred to reserves.

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.)

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 2022 budget projects a year-end Reserve Fund balance of \$25 million, which equates to 100% of 2022 General Fund budgeted expenditures (\$25 million). (Resolution 2014-1155; Ordinance 2014-3932)



St. Louis Music Park, an outdoor space that transitions from outdoor skating rink to music venue, celebrated its first full season of performances after COVID-19 canceled their 2020 season.

Major Budget Policies

Operating Transfers

There will be six operating budget transfers in 2022.

1. General Fund budgeted revenues for 2022 plus other transfers in exceed expenditures by \$876,754. The amount will be transferred to the Reserve Fund.
2. The Park Fund will transfer \$985,000 to the Community Center Debt Service Fund to provide for financing obligations in 2022 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.
4. 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 2022 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.
5. Pursuant to a financing agreement, the City will transfer \$175,000 in 2022 to the Ice Center Fund. (See Ice Center Fund in these policies.)
6. A special revenue fund was established in 2021 (Ord 2021-4623) to account for the proceeds and uses of federal assistance received from the American Rescue Plan Act of 2021. The 2022 budget includes a transfer of \$3.3 million from the American Rescue Plan Fund to the General Fund to cover estimates of eligible general government expenditures (see "American Rescue Plan").

The 2022 budget estimates total salaries (all funds) of \$16 million of which \$3 million is in the Park Fund. Therefore, the percent of total city wages in Park Fund is 19%. The total cost of administrative services in the General Fund as listed below is \$2.8 million. The Park Fund share as provided in the formula is \$2.8 million times 19%, or \$536,000. The amount of the transfer for 2022 is limited to \$100,000.

2022 General Fund Administrative Expenditures (in thousands)

Property & Casualty Insurance	\$530
Legal	100
Finance & Accounting	633
Information Technology	1,195
Human Resources	366
Total	<u>\$2,824</u>
Park Fund Share (19%)	<u>\$536</u>

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 \$32.9 million at the end of 2022, a decrease of \$1.5 million from the end of 2022.

The decrease is the result of using accumulated balances in the Capital Improvement fund for specific capital projects.

Major Budget Policies

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.

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)

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, grants, and donations 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 2022 through 2026 utilizes the revenues and fund balance of the Parks Fund

to invest in expansion, renovations and improvements to recreation facilities.

In 2022, the City anticipates receiving \$1.6 million in grants and donations to invest in a sustainability project. This project includes developing a five acre site with greenhouses, community gardens and a classroom space to teach visitors the importance of sustainability, renewable resources, recycling and more. Through grants and donations, the construction will not impact the overall fund balance in 2022.



Classroom space located within the sustainability project's interpretive center will provide an opportunity for students to learn about sustainability, renewable resources, recycling and more.

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 with respect to the facility.

Major Budget Policies

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 2022 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 2022 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 \$1.45

million from this source in 2022. Among other public safety efforts, the City's police department has a 2022 General Fund budget of \$12 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 \$1.3 million higher in the 2022 budget than 2017.

Pay Plan

In 2018, the City implemented a market-based pay plan for all City employees. The City has identified peer cities which offer similar jobs and have resources available to compensate employees among the highest in the regional area. The City identifies where they wish to rank among the group of comparator cities and will periodically adjust the pay scale accordingly. No adjustments were made to the pay scale during 2021; including step increase for non-exempt staff. The 2022 budget includes a 2% market adjustment.

The personnel costs reflect an assumption that full-time positions are filled for the entire year with no turnover. Employees are paid based on 2080 hours per year, twenty-six periods of 80 hours.

Impact of COVID-19 and Economic Outlook

The 2022 budget was prepared with the assumption that the global pandemic (COVID-19) will continue to impact the City's revenues. The City relies heavily on the hospitality industry including business and leisure travel to generate tax revenues and other fees. The 2022 budget plan uses 2019 as a pre-pandemic base year to calculate revenue estimates. Certain City revenues such as gaming tax, sales tax, and utility tax are more prone to impacts of economic fluctuations.

Specifically, for several years prior to the pandemic, gaming taxes averaged \$10 million annually. The 2022 budget projects a moderate recovery to \$9 million which is 90% of the base year of 2019.

In 2022 the City's half-cent sales tax to fund Parks and Recreation is estimated at 90% of pre-pandemic levels. During 2021, half-cent taxes generated 80% of 2019 amounts.

Major Budget Policies

The 2022 budget anticipates the City's share of a countywide sales tax to be 94% of levels seen in 2019. Recent months taxes have been trending closer to amounts collected in the same period prior to the pandemic.

Utility taxes rely heavily on commercial activity within the City. As businesses become less subject to health restrictions and return workers to the office, the 2022 budget predicts 91% of pre-pandemic amounts.

The 2022 expenditure budget reflects a return to pre-pandemic service activity with an expected increase of 7.5% (\$2.9 million) over 2021 projections. Travel expenditures related to employee training were drastically reduced in 2021 due to pandemic restrictions and reduced resources are restored in the 2022 budget. Certain capital projects were delayed due to market conditions. The personnel budget reflects a 2% market adjustment for all full-time city staff. Capital expenditures were scrutinized and included only as necessary.

American Rescue Plan

The City's share of the American Rescue Plan Act of 2021 is \$5.4 million. This federal assistance provides partial relief of revenue losses incurred by the City of over \$8 million due to the COVID-19 pandemic.

The City established the American Rescue Plan Fund in 2021 to track revenues and eligible uses of grant proceeds. The 2022 budget plan includes use of \$3.3 million of these funds. This amount will be transferred to the General Fund to cover eligible government expenditures for residential trash hauling.

Using this one-time revenue source to offset general government expenditures allows the City time to evaluate the full impact of COVID-19 pandemic on revenues, and identify new revenue streams or cost-cutting measures. Meanwhile, the City will be able to maintain current staffing levels without disruption to service levels.

Revenues by Source: All Funds (in thousands)

	Actual 2018	Actual 2019	Actual 2020	Estimated 2021	Budget 2022
Gaming Taxes	10,010	9,983	5,704	8,000	9,000
Utility Taxes	6,373	5,537	5,021	4,952	5,060
Sales Taxes	11,075	11,245	9,699	9,365	10,450
Cigarette Taxes	60	57	57	50	50
Road & Bridge	2,184	2,171	2,089	2,110	2,210
Hotel Taxes	372	368	158	220	320
Licenses/Permits	2,041	1,861	1,935	2,188	1,956
Court	1,222	989	495	550	750
Investment Income	920	1,165	630	250	255
Intergovernmental/Donations	1,887	488	2,688	1,777	5,949
Recreation User Fees	2,098	2,177	738	1,423	1,792
Sewer Lateral Tax	373	375	372	375	375
Incremental/Special Districts	5,424	5,626	3,810	3,010	3,010
Other	1,534	312	321	180	180
Total	45,573	42,354	33,717	34,450	41,357

Major Budget Policies

Revenue Projections

Total revenue for 2022 is expected to be 20% (\$6.9 million) higher in 2022 than 2021 of which 70% is from one-time revenue sources. The City will use \$3.3 million of federal assistance from the American Rescue Plan during 2022 to offset general government expenditures (refer to “American Rescue Plan” for further details). Additionally, \$1.6 million of grants and donations will be used to cover eligible expenditures related to a capital project.

Other notable increases:

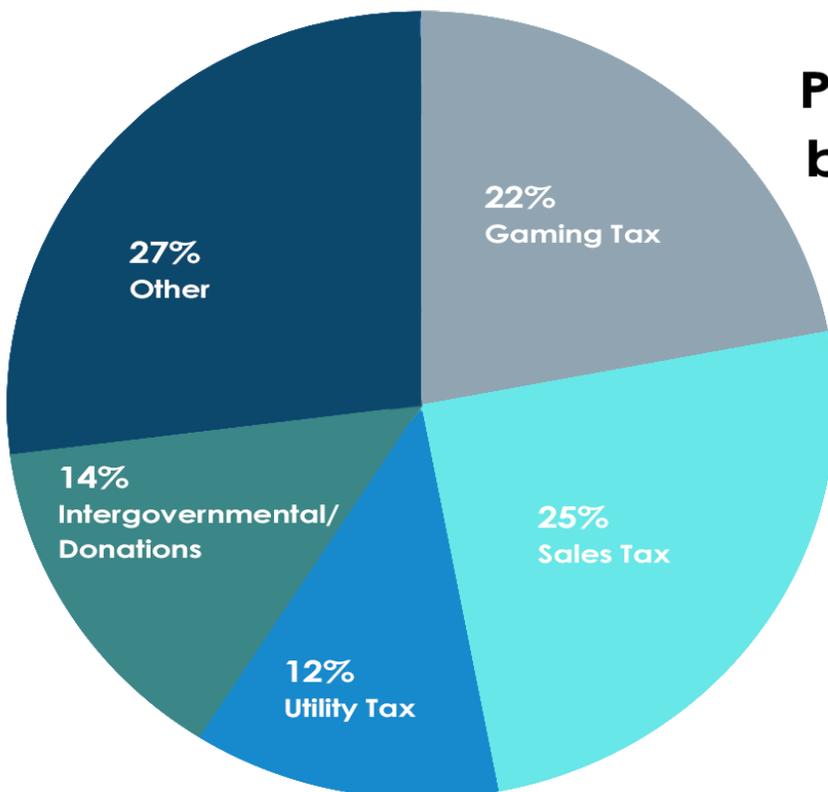
Gaming taxes are expected to be \$1 million higher (12.5%) in 2022 than 2021. Even with the anticipated increase, gaming taxes will be \$1 million less than pre-pandemic levels. Gaming taxes are 22% of 2022 City revenue sources; however, this percentage is lower than a typical year due to an influx of one-time revenue sources.

Sales Taxes are expected to increase 11.5% in 2022 from 2021. This assumes a return to more normal retail activity.

Recreation User Fees are expected to be 26% higher in 2022 compared to 2021. Anticipated increases in demand are expected as health restrictions related to COVID-19 pandemic are lessened. Estimated revenues reflect anticipated higher demand for recreation programs as well as higher activity levels at the newly renovated water park.

In-person court resumed in July 2021 after being virtual due to the pandemic. Court revenues are expected to slowly increase to pre-pandemic levels as backlogs of cases are processed.

Tourism tax will see a 45% in 2022 compared to 2021. Leisure travel increased in 2021. Business travel has been slower to return with many conferences and seminars offered virtually. Business travel is expected to increase in 2022.



Projected Revenues by Source

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, 2021.

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.

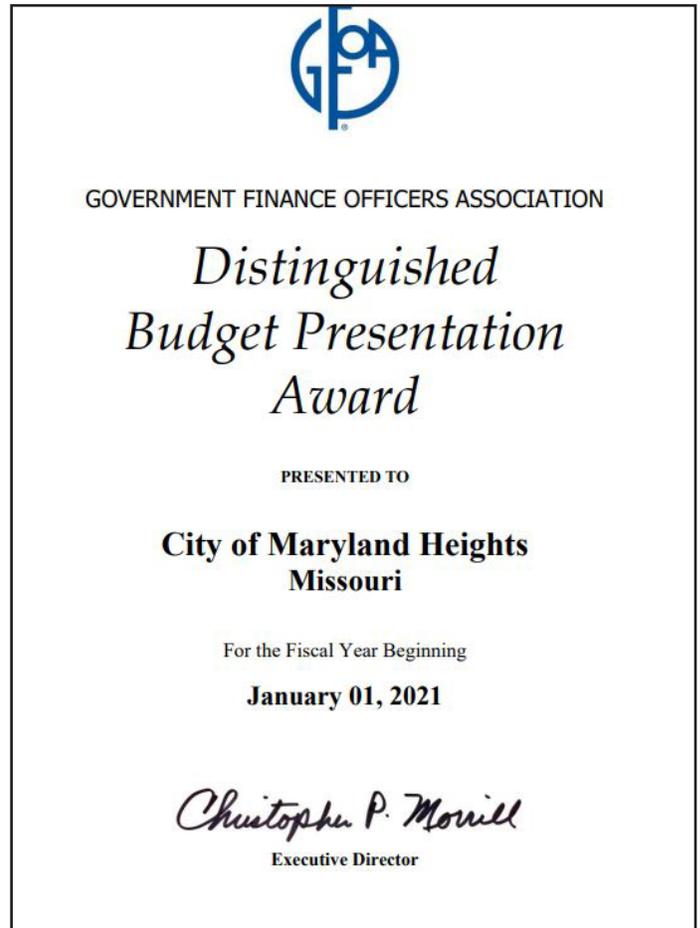
The award is valid for one year only. The City believes its current budget continues to conform to the program requirements and it will be submitted to GFOA for judging of eligibility for another award for fiscal year 2022.

The City has received this award for the last 35 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



2022 Budget Process

Key Dates

August - September 2021

City Council committees review and recommend service goals and priorities for the coming year.

September 17, 2021

Finance Director submits revenue and estimated beginning fund balance projections to City Administrator.

October 7, 2021

Council adoption of the Capital Improvement Plan (CIP).

November 10, 2021

Proposed budget submitted by City Administrator to City Council.

November 16, 2021

Council members review proposed budget. Council workshop(s) held.

December 2, 2021

Council adoption of budget resolution and other legislation necessary for implementation of budget.

August

September

October

November

December

January

August 31, 2021

Instructions and guidelines for preparation of the budget distributed to Department Heads.

September 20, 2021

Department budget requests submitted to City Administrator.

September 21 - September 30, 2021

City Administrator reviews revenue estimates and expenditure requests. Meetings held with Department Heads. Adjustments and revisions developed.

November 11, 2021

Proposed budget available for public inspection.

November 18, 2021

Public hearing on proposed budget.

January 1, 2022

Start of fiscal year 2022