

### **Proposed Fiscal Year 2022 Budget Preface**

The FY 2022 Budget documents were prepared shortly after the completion of a community-wide satisfaction survey. The survey focused on the wide array of municipal services, but for one key question, “Overall value received for city taxes & fees”, the City received a 72% satisfaction score compared to the national average of 44%. This speaks volumes towards the success of one of the City of Weldon Spring’s core goals to provide quality municipal services in a fiscally responsible manner while preserving the public’s trust in their local government. In FY 2021 greater clarity and light was shed on the needs and wants of the community as it relates to municipal services. The FY 2022 Budget attempts to address the highest priorities working within the constraints of the available resources. Please review this Executive Summary of the FY 2022 Budget and accompanying Budget trend details on the following attached pages.

#### **FY 2021 Recap:**

The FY 2021 Budget began on October 1, 2020 and concludes on September 30, 2021. The Covid-19 Pandemic continued through much of the start of this fiscal year and is still present today with variants of the original virus emerging. However, the vaccine became widely available to the general public from February – April of 2021. The City began holding more “normal” in-person public meetings with the virtual option in April of 2021. The FY 2021 Budget and Year-End Estimate is relatively on target, with overall underruns on expenditures but still reflecting the anticipated overall deficit among all major Funds with the exception of a \$100K anticipated General Fund surplus.

From a financial standpoint the City’s General Fund is showing a likely surplus due to a variety of line items coming in under budget in relatively small increments. The Parks, State Revenue Sharing, Road & Bridge and Sewer Funds are all expected to operate a deficit in FY 2021. Here are year-end projected net balances by fund below:

- General Fund: positive \$106,117
- Parks/Facilities Fund: negative (\$258,821)
- State Revenue Sharing Fund: negative (\$18,428)
- Road & Bridge Fund: negative (\$170,519)
- Sewer Funds: negative (\$6,862)
- The Independence Rd. Phase IV was completed in FY 2020 but the final federal and county road board grant reimbursements were received in FY 2021 totaling: \$159,013.
- The Independence Rd. Phase III still has pending litigation between the City and General Contractor.

Of the capital/special projects identified at the start of the fiscal year eleven planned projects/initiatives were completed or substantially completed by the fiscal year end. The completed projects or initiatives are as follows:

1. City-wide Community Survey.
2. Replacement of additional desktop and laptop computers for staff.
3. Gravel portion of Nancy Lane was repaired and upgraded with improved drainage swales and central pipe.

4. The City Hall/Park parking lot was repaired and overlaid.
5. Programable and automatic locks were installed on the two Park restrooms.
6. Additional technology equipment was purchased in installed in the Board Room.
7. The new walking trails in the City Park were constructed adding approximately ½ mile of additional asphalt trails to the main Park.
8. Electrical upgrades were made to the exterior lighting fixtures and replacement of all the parking lot light fixtures around City Hall and the Parks Building.
9. Award of contract and beginning of Parks & Trails Master Plan process.
10. Review of firms' proposals but delay of contract for the Facilities Conditions & Needs Assessment (FCNA) project (will be re-reviewed in consideration of the FY 2023 Budget).
11. Emergency repairs and replacement of an additional culvert pipe on back Wolfrum Rd. was completed by St. Charles County Hwy Dept.

Additional Projects/Initiatives not specifically identified in the FY Budget that were completed in FY 2021 were:

1. Roadway safety improvements to the Sammelman Rd. "90° Curve" were engineered and construction substantially completed.
2. City Engineer expanded his review and analysis of the City's public infrastructure and prepared and presented to the BOA a five-year maintenance plan and budget.
3. The City selected an engineering firm to completed a "Site Concept Plan" for the future pocket park along Siedentop Rd. next to the Trace Apartments.
4. City Planner and Staff reviewed potential Chapter 400 code changes and presented to the P&Z Commission and Board of Aldermen for consideration.
5. City Clerk researched and prepared a Business License ordinance update which was approved by the BOA.
6. The City Administrator and City Clerk prepared and presented details regarding the economic development process and efforts and a draft policy on the use of incentive programs to attract and retain businesses was presented.

Three projects that were not completed included 1) major maintenance to City Hall front gables; this was postponed pending the results of the FCNA project, 2) securing excess MoDOT right-of-way along Rt. 94 across from John Weldon's spring, and 3) shifting certain roadway maintenance items from County Hwy Dept. to direct contract with the City; this was not deemed necessary as the County Hwy Dept. adequately addressed or plan to address all major work orders and scheduled maintenance items during calendar 2021.

#### **FY 2022 Budget Summary:**

The City completed an independent community-wide survey for residents and businesses in May of 2021. The results were very positive overall, and the feedback provided is being used to help assist with prioritizing projects and initiatives as well guild budgetary decisions. The top two priorities identified and supported by the public for emphasis and investment were 1) roadway improvements/upgrades, safety features and maintenance of existing streets, and 2) increases to police presence/dedicated patrol in the City. Additionally, the pubic

supported the following park amenity/improvement projects to be pursued: 1) walking trails, 2) pavilion/shelters, 3) playground equipment, and 4) outdoor amphitheater. Some of the above areas of support and emphasis are identified through a series of additional planning and implementation efforts in the FY 2022 Budget.

In the area of Public Safety, which includes roadway improvements and maintenance as well as police protection/services the City is taking the following actions. Building on the recently updated and expanded Public Infrastructure Maintenance Plan that the City Engineer completed, the City is beginning to allocate more funding towards annual roadway maintenance efforts. The City is finding that the age of most of the subdivision streets combined with the need to apply routine maintenance to the upgraded asphalt minor collector streets is requiring over \$500,000 annually. The City is shifting gears from making major investments into safety upgrades of existing main thoroughfares to maintaining these and the neighborhood streets. Regarding policing services, the City is committed to exploring the feasibility of expanding these services with St. Charles County Police Dept. However, the combination of greater roadway maintenance demands and covering the existing policing services costs are creating a growing deficit in annual spending which will not be sustainable indefinitely.

The City has selected a consultant to begin a Parks & Trails Master Plan which will update and align the city's existing planning documents into a comprehensive long-term plan identifying specific goals and objectives. Funding has been postponed for the site engineering and preparation of bidding documents for the construction of a new pavilion, restrooms and outdoor amphitheater for the Weldon Spring City Park. Funding has also been postponed for the completion of a Facility Conditions & Needs Assessment (FCNA) for the City Hall building; both these projects will be revisited in preparation of the FY 2023 Budget. The FCNA would provide a roadmap for the City Hall building into the future so resources can be allocated accordingly to meet current and future facility capacity needs of the organization and community.

The net revenues minus expenditures in FY 2022 for each of the major funds are estimated below. The City took a second look at the initial proposed FY 2022 Budget and made further and more drastic cuts to planned priority spending in an effort to reduce the overall deficit. The reason for this is related to the Public Safety aspect of city services and the growing need and cost of roadway repairs and the possible expansion of policing services. Both these areas of municipal services are requiring funding levels that currently exceed revenue levels. Greater reliance on the General Fund reserves is becoming necessary but these reserves funds will eventually be depleted and are not recommended to supplement ongoing operational expenses.

- General Fund: negative \$24,467
- Parks/Facilities Fund: positive \$140,996
- State Revenue Sharing Fund: negative (\$18,556)
- Road & Bridge Fund: negative (\$236,062)
- Sewer Funds: positive \$10,400

The above summary of fund balances when combined represents a (\$78,755) deficit, however, the shortfall of revenues vs. planned expenditures will be funded with the appropriate fund reserves. The short-term deficits can be covered by available reserve funding but will likely be depleted within 2-3 years if current forecasted

expenditure levels are maintained. For a full view of revenues and expenditures by fund please refer to the attached Exhibit A – “FY 2022 Budget” document. Additionally, past budget trends can be viewed in the Exhibit B – “FY 2022 Budget Trends Report” document.

The capital/special projects for the FY 2022 Budget are summarized below in Table 1.

<b>Table 1: FY 2022</b>				
<b>Capital Projects or Special Funding Activities Summary</b>				
<b>Fund:</b>	<b>Line Item/Category:</b>	<b>Description:</b>	<b>Purpose:</b>	<b>Amount:</b>
Parks/ Facilities	Park - Repairs	Major tree removal/trimming in City Park - Brock Addition	Remove unsafe/hazardous trees	\$10,000
Parks/ Facilities	Park - Repairs	Misc. maintenance/repairs for unforeseen needs	TBD	\$5,000
Parks/ Facilities	City Hall - Repairs/Maint.	Repair/replace wood gables on front of City Hall	Major exterior building repairs.	\$8,000
Parks/ Facilities	Capital Equipment- Parks	Purchase of new zero-turn commercial mower	Replace one existing zero-turn mower	\$12,750
Parks/ Facilities	Real Property Improvements	Park Electrical Improvements	Extend electrical services to Log Cabin	\$7,500
Parks/ Facilities	Park Planning/Engineering	Develop citywide Park & Update Trail Master Plan (1/2 funding carried over)	Master planning for parks system.	\$15,000
			<b>Subtotal Parks Fund:</b>	<b>\$58,250</b>
State Rev. Sharing	Outside Attorney	Dealing w/ ongoing litigation w/ PSL	Legal Fees	\$8,500
			<b>Subtotal State Rev. Sharing Fund:</b>	<b>\$8,500</b>
Sewer Funds	Capital Equipment - Sewer (31)	Replacement of major capital equipment related to NID Grinder Pumps systems	Transfer maintenance responsibilities to individual property owners.	\$5,000
Sewer Funds	Operations/Maintenance - Sewer (33)	Replacement and repairs of accessory support systems to NID Grinder Pumps	Transfer maintenance responsibilities to individual property owners.	\$5,000
			<b>Subtotal Sewer Funds:</b>	<b>\$10,000</b>



### **FY 2022 Budget - Final Summary and Management's Opinion**

The City has slowed its aggressive budgeting of major capital improvements and special projects to focus more emphasis on roadway maintenance and short/long-term planning initiatives. These planning initiatives will further highlight the needs and desires of the community so that a sustainable funding source can be identified and presented to the voters.

1. It is recommended that the City immediately begin pursuing the adoption of a 1% sales tax dedicated to Public Safety for roadway maintenance and safety improvements and police protection services. The funds that support these activities have in recent years operated deficits and are forecasted to continue to do so in order to meet the growing maintenance needs and keep pace with inflationary factors.
  - a. The City of Weldon Spring has one of the lowest overall taxing levels of any community in St. Charles County yet is one of the most affluent in the St. Louis Metropolitan Area. To maintain the high level of quality-of-life standards that the community has come to expect, the City must take steps to establish new, reliable revenue streams to cover the growing needs of the community.
  - b. According to the City's community-wide survey when residents were asked if they would, "Support a 1% Sales Tax that would be dedicated to Public Safety, specifically police services and roadway improvements/maintenance?" 58% of respondents indicated they would support such a tax initiative and another 26% indicated they would 'need more information' while only 16% indicated they would 'not support such' a tax initiative.
  - c. If a 1% sales tax is passed by voters, it would upon full implantation generate an estimated \$600,000 - \$700,000 in new revenues annually based upon current trends and projections.

In closing the City has historically provided municipal services in the most cost-effective manner possible while leveraging grant funding for major roadway infrastructure safety improvements. The City now needs to begin pivoting to more of a maintenance mode regarding public infrastructure while still investing in parks and recreation amenities and activities that are desired by the community. In order to successfully execute this transition in spending and focus the City will quickly need a new dedicated source of revenue or will be required to pull back spending forecasts and begin deferring roadway maintenance, freeze current policing levels and/or delay other capital improvement projects in order to maintain a balanced budget.

***Below is a brief description and explanation of what each fund or fund category is and their characteristics.***

**General Fund:** This is the “multipurpose” fund which can be used for any type of municipal expenditure; it is an “unrestricted fund”. Some examples of revenues include franchise fees on gas and electric utilities, licensing and permitting fees and fines/forfeitures from court operations. Examples of some expenditures typical of this fund are wages/benefits, printing, insurance, professional consultant services and travel/training expenses.

**Parks/Facilities Fund:** This is a “restricted fund” and monies are earmarked for parks, recreation and municipal buildings/facilities operations and capital/special projects. Examples of these revenues include the ½% sales tax, parks reservation/user fees and a portion of the Metro Parks Sales tax. Some examples of expenditures include parks related wages/benefits, special events, facility/grounds maintenance, equipment/fixtures as well as real property improvements and purchases.

**Roads & Public Safety Funds:** This is a culmination of several control funds including: State Revenue Sharing, County Road & Bridge, as well as all major roadway improvement special projects. All these funds are “restricted”, and monies can only be spent on roads and/or public safety related activities. Some examples of the revenue typical of these funds are Motor Fuel tax, Motor Vehicle Sales tax, County Road & Bridge property tax, County Road Board grants and Federal Highway grants. The expenditures which hit these funds are road improvement capital projects, policing services, and roadway and trail maintenance expenses.

**Sewer Funds:** This category of funds includes all Neighborhood Improvement District (NID) revenues and expenditures which are “restricted” to the sewer collection system. The City constructed the collection system to serve a portion of the community that did not have access to public sewer. Each property within the district pays an annual assessment and fees to cover the debt service and maintenance for the system.