

Proposed Fiscal Year 2023 Budget Preface

The FY 2023 Budget was prepared following the passage of a new 1% sales tax dedicated for roadway maintenance/improvements and policing services. This was the first new tax approved by voters in over 20 years for Weldon Spring and will allow the City to keep pace with the increasing street maintenance needs and costs for materials and services. In FY 2022 the City took a holding pattern pending the outcome of the Prop S sales tax ballot initiative to ensure adequate financial resources would be in place for the minimum operational expenses and maintenance needs of the City. During this period the City completed several planning processes including a citywide Parks & Greenways Master Plan and updating its Strategic Plan. Please review this Executive Summary of the FY 2023 Budget followed by the FY 2023 Budget documents, Exhibit A, Tables 1, 2, and 3 on the subsequent pages.

FY 2022 Recap:

The FY 2022 Budget began on October 1, 2021 and concludes on September 30, 2022. Though the Covid-19 Pandemic officially concluded during this period of time the economic impacts along with global military conflicts in eastern Europe emerged as major economic disruptions continuing the global supply issues which the pandemic initiated. The Federal Reserve began increasing interest rates aggressively in an attempt to cool the economy and slow inflation during a period of record unemployment and consumer demand. At the local economy level, the City has witnessed sharp increases to the costs of supplies including construction materials and labor. The City currently has no outstanding debt, so interest expense is not a factor. The City received the second and final tranche of ARPA federal funding equaling \$558,240. The second tranche of ARPA essentially saves the FY 2022 Budget and year-end estimates to reflect a surplus overall, with revenues outpacing expenditures.

From a financial standpoint the City's General Fund 10 and Parks/Facilities Fund 20 is showing a surplus. The State Revenue Sharing Fund 22, Road & Bridge Fund 23, and Sewer Funds 30-33 are all expected to operate deficits in FY 2022. Here are the year-end projected net balances by fund listed below:

- General Fund 10: positive \$640,515
- Parks/Facilities Fund 20: positive \$216,086
- State Revenue Sharing Fund 22: negative (\$101,994)
- Road & Bridge Fund 23: negative (\$251,679)
- Sewer Funds 30-33: negative (\$10,310)
- 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. Voters approved "Prop S" a new 1% sales tax dedicated to public roadway infrastructure maintenance/improvements and policing services.
2. Additional technology equipment was purchased and installed in the Board Room.

3. Electrical upgrades were completed which added a new meter and service connection for the historic Log Cabin and will be the future service for the large pavilion on the 'Brock' park expansion.
4. Completion and adoption of the citywide Parks & Greenways Master Plan.
5. Additional "emergency repairs and replacement" of various culvert pipes on back Wolfrum Rd. were completed by private contractors and separately by St. Charles County Hwy Dept.
6. The City's Sewer NID maintenance obligations for the 12 individual grinder pump systems were all completed. However, two locations where the City had special agreements the City will continued to provide maintenance.
7. Repairs were made to the exterior gables of City Hall.

Additional Projects/Initiatives not specifically identified in the FY Budget that were completed in FY 2022 were:

1. Major landscaping enhancements were begun, and substantial progress made to multiple areas around City Hall and in the main City Park.
2. The City Administrator facilitated an update to the Strategic Plan with the Mayor and Board of Aldermen; the Board ratified new Vision and Mission Statements for the City:
 - a. Vision Statement: ***The City of Weldon Spring fosters a premier Community that is a safe place to live and enjoy life.***
 - b. Mission Statement: ***The City of Weldon Spring will provide premier public services to the Community with integrity, transparency, and fiscal responsibility.***
3. The BOA reconsidered an updated Business Attraction & Retention Policy focusing on economic development goals and objectives and laying out the guidelines for use of Chapter 100 incentive mechanisms.
4. Explored opportunities to enhance and expand policing services. Presented results to the BOA and the Board selected St. Charles County Police Dept. to continue providing policing services.
5. Explored opportunities to outsource municipal court operations. Presented results to the BOA and the Board selected the City of O'Fallon to manage and operated the Weldon Spring Municipal Court.

FY 2023 Budget Summary:

Following updates to the City's Strategic Plan, the City set out to focus on projects and initiatives that the elected officials prioritized highest to provide the greatest positive impact for the community. The top two priorities identified were continued investment in 1) roadway/street maintenance and repairs as well as pedestrian/bicycle safety features, and 2) development and construction of new parks & recreation amenities and features.

The net revenues minus expenditures for FY 2023 Budget for each of the major funds are summarized below:

- General Fund 10: negative (\$6,660)
- Parks/Facilities Fund 20: negative (1,401,618)
- State Revenue Sharing Fund 22: positive \$256,816
- Road & Bridge Fund 23: negative (\$365,646)
- Sewer Funds 30-33: positive \$600

The above summary of fund balances when combined represents a **(\$1,516,509)** deficit, however, the shortfall of revenues vs. planned expenditures will be funded with the appropriate fund reserves including the availability of ARPA federal funding already received in prior periods. The short-term deficits can be covered by available reserve funding. For a full view of revenues and expenditures by fund please refer to the attached Exhibit A – “FY 2023 Budget” document. Additionally, past budget trends can be viewed in the Exhibit B – “FY 2023 Budget Trends Report” document.

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 Public Infrastructure Maintenance Plan that the City Engineer updated, the City is continuing to allocate more funding towards annual roadway maintenance efforts. Regarding policing services, the City pursued expanded services and selected St. Charles County Police Dept. to continue with a new agreement going into effect January 1, 2023.

The City will be seeking professional services in a variety of areas related to engineering design and facility needs and assessments. These professional services are often a first step in the process of executing an improvement plan and in some cases will also allow the City to seek external funding sources through a grant application process, such opportunities allow the City to leverage its limited financial resources.

The capital/special projects identified for the FY 2023 period are summarized below in order by Fund:

1. I-64 Corridor Sewer & Water Infrastructure Engineering Feasibility Study
2. Permitting/Code Enforcement Software Implementation
3. Municipal Court Operations Agreement with O’Fallon
4. Major Tree Removal/Trimming Services in Park
5. Roof Replacement for City Hall and small Pavilion
6. Site Engineering for Park amenities and buildings in City Park
7. Engineering Design for multiple “short” trail/walkway facilities along roadways
8. Park Capital Equipment Purchases
9. Construction of multiple “short” trails/walkway facilities along roadways
10. Construction of Park amenities and buildings in City Park
11. Installation of irrigation system for primary landscaping areas in City Park
12. Asphalt trail maintenance
13. Engineering Design for Siedentop Rd. Neighborhood Park
14. Construction of improvements for Siedentop Rd. Neighborhood Park
15. Enhanced Law Enforcement/Policing Services Agreement
16. Deployment of various technology devices to improve public safety
17. Major repairs to two 60” culverts on back Wolfrum Rd.

Please refer to the Table 1 – FY 2023 Budget Capital/Special Projects/Initiatives attachment for the full list and additional details.

FY 2023 Budget - Final Summary and Management's Opinion

The City is back on pace to plan and execute numerous major capital improvements and special projects that focus on roadway maintenance, public safety, and parks & recreation improvements. These areas of focus further highlight the needs and desires of the community to ensure long-term sustainability and preserve Weldon Spring as a premier community.

In no small part thanks to the recently approved 1% sales tax for roadway maintenance/improvements and policing services the City will be in a much stronger financial position for the short and long-term. The City estimates that the new funding source will generate an estimated \$700,000 annually; for FY 2023 however, the City pro-rated this figure down to \$570,000 anticipating that some delays in remittance to the State Department of Revenue (DOR) may occur.

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. Over the last two years the City has been making a conscience effort to pivot to more maintenance and preservation of public infrastructure while still investing in parks and recreation amenities and activities that are desired by the community. The City will continue pursue its Mission to provide premier public services to the Community with integrity, transparency, and fiscal responsibility.

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

General Fund 10: 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 20: 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 22 & 23: 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 30-33: 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.