JOINT WORK SESSION MEETING
AGENDA
CITY OF CREVE COEUR
CITY COUNCIL AND FINANCE COMMITTEE
300 NORTH NEW BALLAS RD
FEBRUARY 26, 2018
6:00 PM

CALL TO ORDER

ROLL CALL

DISCUSSION ITEMS

1. **Work Session Minutes Dated February 12, 2018**

2. **Long Term Financial Projections**
   Summary: Staff will review the long-term financial projections for the General Fund with the City Council and Finance Committee, and discuss possible expenditure reductions and revenue enhancements.

3. **Executive Session**
   Summary: Executive Session is requested for attorney-client communication and personnel.

Pursuant to Section 610.022 RSMo., the City Council could, at any time during the meeting, vote to close the public meeting and move to closed session to discuss matters relating to litigation, legal actions and/or communications from the City Attorney as provided under Section 610.021(1) RSMo. and/or personnel matters under Section 610.021(13) RSMo. And/or employee matters under Section 610.021(3) RSMo. and/or real estate matters under Section 610.021(2) or other matters as permitted by Chapter 610.

Posted: ___________________________ posted 02/22/2018
Deborah Ryan, MPCC
City Clerk

City Council

300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 02/26/18 06:00 PM
Department: Legislative /City Clerk
Category: Report
Prepared By: Debbie Ryan
Initiator: Debbie Ryan
Sponsors:
DOC ID: 2909

DRAFT MINUTES (ID # 2909)

Work Session Minutes Dated February 12, 2018

WORK SESSION MEETING
MINUTES
CITY OF CREVE COEUR
CITY COUNCIL
300 NORTH NEW BALLAS RD
FEBRUARY 12, 2018
6:00 PM

Present: Mayor Glantz, Council Members Travers, Baseley, Lawrence, Hoffman, Saunders, D'Alfonso and Faron

Also Present: Todd Sweeney and Jen Kissinger from Navigate and Marianne Maxville from ArchImages

Staff Present: Mark Perkins City Administrator, Carl Lumley City Attorney, Chief Eidman, Sharon Stott Assistance City Administrator, Jason Jaggi Community Development Director, Lori Obermoeller Finance Director, Jim Heines Public Works Director, Matt Wohlberg City Engineer and Deborah Ryan City Clerk

1. Work Session Minutes Dated January 22, 2018

Council Member Hoffman moved, seconded by Council Member Saunders to approve work session minutes dated January 22, 2018.

Approved by unanimous vote.

2. Police Station

Mark Perkins reviewed the memo from Jen Kissinger, Project Director dated February 7, 2018 (Exhibit A) regarding the additional options to consider adding to the project.

Mark Perkins stated that the plumbing proposal in the base bid includes copper for mains and long runs, and PEX for the shorter runs and turns. Following discussion, Council consensus to take the alternate for all – copper plumbing.

Todd Sweeney of Navigate reviewed the sustainability initiatives included in the project, as outlined in the February 7 memo. The design team has prepared a score card and will share it with the Council.

Mark Perkins reviewed the additional possible project enhancements: floor drains/sand & oil separator in the sallyport with a projected cost of $30,000, upgrading the roof membrane from 60 mil to 80mil, enhanced vehicle protection at the main entry and south elevation with a wall that will be constructed around the sculpture site; and additional retaining walls and landscaping at northwest corner and native grasses.

Mark Perkins stated that prices will be obtained from the contractor on all of the items discussed, and the Council will have the opportunity to decide which enhancements to incorporate into the project.

Mayor Glantz stated this is a lot to think about and Council will need to prioritize and discuss at a future work session.

3. Strategic Plan FY18-FY20 Update

Mark Perkins stated staff has updated the Strategic Plan and briefly reviewed three items of note – 1) a park master plan is proposed in the upcoming CIP, to develop a long range plan for addressing the city's park and recreation needs; 2) The citizen survey is in its early stages and will be the subject of a council work session in March; 3) Staff will be presenting updated long-range

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financial projections to Council and Finance Committee at the February 12 work session, to also include a discussion of alternatives for expenditure reductions and revenue enhancements.

Council Member Hoffman moved, seconded by Council Member D'Alfonso to go into Executive Session pursuant to Sections 610.021 and 610.022 to discuss attorney-client communications, real estate and litigation at 6:38 p.m., with the vote upon such motion being as follows, to-wit:

Council Member Lawrence – Aye
Council Member Faron – Aye
Council Member Hoffman – Aye
Council Member Travers – Aye
Council Member Baseley – Aye
Council Member D'Alfonso - Aye
Council Member Saunders - Aye

The motion carried 7 ayes and 0 nays, motion carried.

Work Session Adjourned at 6:38 p.m.

Respectfully submitted: Deborah Ryan, City Clerk

City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

STAFF REPORT

Meeting: 02/26/18 06:00 PM
Department: City Administrator
Category: Report
Prepared By: Mark Perkins
Department Head: Carl Lumley

Long Term Financial Projections

Staff will review the long-term financial projections for the General Fund with the City Council and Finance Committee, and discuss possible expenditure reductions and revenue enhancements.

CITY OF CREVE COEUR

February 22, 2018

To: City Council and Finance Committee

Re: February 26 Work Session - Long Range Financials

For the February 26 Work Session, City staff will review the updated long-range financial projections with the City Council and Finance Committee. As we are in the early stages of preparation for the FY2019 annual budget, this discussion is timely.

We continue to see a trend of stagnant revenue growth, particularly in sales tax and utility tax – which together comprise 80% of the city's General Fund revenues.

Revenue growth for the City's General Fund has averaged only 0.5% over the last ten years. During the same period, expenditures have increased 1.7% annually over the same period, a modest amount yet beyond the tepid rate of revenue growth. The General Fund has concluded each of the last twelve fiscal years with an operating surplus before transfers. However, changes in either the revenue side, expenditure side or both will be required in the near future in order to maintain this track record.

City staff has prepared a list of potential options for both expenditure reduction and revenue enhancement for discussion with the City Council and Finance Committee. These alternatives were initially reviewed by the Finance Committee at its February 13 meeting.

The new Public Safety sales tax is now being collected and will provide additional funding for police and other public safety functions. Staff has developed a draft policy for use of public safety tax funds. This draft has been previously reviewed and discussed by the City Council and Finance Committee, and we will briefly review this proposed policy again at Monday's Work Session.

Sincerely,

Mark Perkins
City Administrator

Cc: Lori Obermoeller, Director of Finance

GENERAL FUND
FINANCIAL PROJECTIONS - DRAFT 2/9/18

The General Fund is used to account for all activities associated with the general government of the City and funds all services except those services attributed to the Capital Improvement Fund, Employees Retirement Fund, Municipal Enterprise Fund, Sewer Lateral Fund and Public Safety Fund (new FY 2018).

Fiscal year 2018 budget revenues and transfers-in to the General Fund are estimated to be less than budgeted expenditures and transfers out by $1,942,626. This is primarily due to an unexpected transfer out of the General Fund to the Capital Fund to cover the Ladue Road Emergency Project (approx. $800K). We moved Public Safety Sales Tax out of the General Fund, which reduced the budget for FY 2018, but overall revenues were still significantly lower than anticipated. Expenditures were also lower than anticipated, thereby offsetting some of the under producing Revenues, but had grown almost 4.5% more than FY 2017.

The Fiscal Year 2019 General Fund budget anticipates a $1,589,199 deficit including transfers. Revenues are anticipated to decrease in FY 2019 due to a one-time Ameren lawsuit settlement in FY 2018, as well a decline in Sales Tax, Utility Taxes and Court Revenues. Expenditures are expected to grow only 1.66% due to one-time purchase of financial software (approximately 185K) in FY 2018.

The following table and graph shows the position of the General Fund balance over the next five years, based on estimated numbers as of June 30, 2018 and incorporates the following assumptions:

- Assumes FY 2018 base year.
- Opera•ng revenues will increase approximately .64% to .74% from FY 2019 through FY 2023.
- Salary expenditures will increase at 2% in FY 2019 and 2020. Then increase 3% in FY 2021, 2022 and 2023. Benefits and Welfare will increase 5% annually (excluding pension). Pension will increase in FY 2019 by 5% and then only 2% for future years. Total Personnel expenditures will incresae 2.5% - 3.16% through FY 2023.
- Opera•ng expenditures will increase 2% for contractual services and 2% for commodi•es annually.
- Overall expenditures will increase 2.32% to 2.8% from FY 2019 through FY 2023.
- Property tax rates will increase to the maximum level, which will add about $100,000 in FY2019.
- Reserve 2.0 million of GF Balance for City Facili•es in FY 2019 and will remain reserved in the future.

	FY 2018	FY 2019	FY 2020
Balance, Beginning of year	$ 14,762,004	$ 12,819,378	$ 11,230,179
Revenues	14,798,633	14,609,376	14,717,461
Expenditures	(15,541,259)	(15,798,575)	(16,164,657)
Operating transfers - In	0	0	0
Operating transfers - out (Enterprise)	0	0	0
Operating transfers - out (Capital)	(1,200,000)	(400,000)	(400,000)
Operating transfers - out (Capital-Law Enforcement)	0	0	0
RESERVE GF BALANCE FOR CAPITAL CONST.	2,000,000	2,000,000	2,000,000
Unassigned Fund Balance (cash basis)	$ 10,819,378	$ 9,230,179	$ 7,382,983
TOTAL FUND BALANCE CASH BASIS	$ 12,819,378	$ 11,230,179	$ 9,382,983

	FY 2021	FY 2022	FY 2023
Balance, Beginning of year	$ 9,382,983	$ 7,183,714	$ 5,015,817
Revenues	14,815,116	14,910,619	15,013,774
Expenditures	(16,614,385)	(17,078,516)	(17,557,561)
Operating transfers - in	0	0	0
Operating transfers - out (Enterprise)	0	0	0
Operating transfers - out (Capital)	(400,000)	0	0
Operating transfers - out (Capital-Law Enforcement)	0	0	0
RESERVE GF BALANCE FOR CAPITAL CONST.	2,000,000	2,000,000	2,000,000
Unassigned Fund Balance (cash basis)	$ 5,183,714	$ 3,015,817	$ 472,030
TOTAL FUND BALANCE CASH BASIS	$ 7,183,714	$ 5,015,817	$ 2,472,030

ALTERNATIVES FOR EXPENDITURE REDUCTIONS

AND REVENUE ENHANCEMENTS – 2018 (Version 2/22/18)

Below is an outline of alternatives for both expenditure reductions and revenue enhancements. The city's operating deficits are projected as follows, based on February 2018 projections:

FY 2019 - $ 1.2 million

FY 2021 - $ 1.8 million

Expenditures

1. Wages and Benefits

   a. Each 1% of salary increases costs approximately $54,000 (assumes no changes made to grade min and max);
      i. Reducing the normal annual salary increase amount from 3% to 1.5% will result in a savings of $81,000;
      ii. Eliminating pay increases will result in a savings of $162,000.

   b. Defer filling or eliminate three vacant full time positions:
      i. Public Works Maintenance Worker I = $55,500
      ii. Police Traffic Safety Officer $58,800 (grant pays for other 50%)
      iii. Police Support Services Aide = $62,740 (FT cost) - $28,652 (PT cost) = $34,100

      Total Savings, 3 FT positions = $148,400

   c. Move the Civil Engineer funding to Capital Fund – Reducing General Fund Expenditures by $83,000

   d. Increase employee share of health insurance premiums for dependent coverage from 20% to 25% savings of $32,000

      i. Impact to employees with dependent coverage: $25 to $52 per month

2. City Services

   a. Curbside trash and recycling service, currently paid 100% by City.

      i. Savings to city based on 75% city funding / 25% user fee: $193,750

      ii. Savings to city based on 50% city funding / 50% user fee: $387,500

      iii. Savings to city based on 100% user fee: $775,000

         a. Impact to users: Up to $14 per month

b. Leaf vacuuming

   i. Total Cost of leaf vacuuming service is $312,896 annually including both hard and soft costs; soft costs include staff salaries and equipment that would need to be retained for other services if leaf vacuuming service is eliminated. Total savings if the program is eliminated: $202,096

   ii. Reduce service to 2 collections in fall, 1 time in spring; savings: $101,048

   iii. Consider user fee, but thereby creating a significant administrative billing and collection process; savings would be less new administrative costs associated with billing and collection, loss of efficiency due to serving only subscribing homes.

c. Limb chipping

   i. Total Cost of limb chipping service is $350,500 annually including both hard and soft costs; soft costs include staff salaries and equipment that would need to be retained for other services if limb chipping service is eliminated. Total savings if the program is eliminated: $241,300

d. Snow removal on private streets

   i. consider discontinuing this service or establishing user fee - $48,000

3. Joint Services and Outsourcing. The city has entered into intergovernmental agreements and cooperatives for a number of services including police dispatching, health, worker's compensation and liability insurance, and purchasing, resulting in substantial savings.

   a. A future opportunity for joint service is the consolidation of municipal courts, resulting in savings of $25,000 to $50,000.

4. Other

   a. Public Works has reduced the size of our two-ton fleet to nine trucks and reduced the number of leaf vacuums to nine unit. We have also started purchasing half of the one-ton fleet without plow and spreaders. This has been made possible by purchasing diesel powered trucks and vacuums which require less maintenance and are more reliable. Reduction of these areas of our fleet have resulted in lower maintenance costs, better performance, as well as allowing purchase cycles to be extended therefore lowering our annual CIP Equipment purchase costs.

   b. Reduce printing of newsletter from monthly to bi-monthly. The newsletter could be distributed electronically in other months. Savings: $25,000

   c. Special Event Activities

      i. Replace annual commissions dinner with a summer picnic; Savings: $5,000; savings if event is eliminated entirely: $10,000

      ii. Eliminate subsidy of Farmer's Market: $10,000

Alternatives for Revenue Increases

1. Consider ordinance to increase the gross receipts tax rate, currently 7%, except residential electric is 5.5% and cable TV is 5%. Potential revenue:

    a. Each 1% increase in residential electric gross receipts - $126,000

    b. Each 1% increase in commercial electric gross receipts - $341,000

    c. Each 1% increase in all utilities gross receipts (except cable) - $776,000

        i. Impact: A 1% rate increase in a $200 monthly utility bill will increase the cost by $2.

2. Consider increasing real estate tax to cap. Potential revenue: $100,000

    a. Impact: An increase in the tax rate from $0.068 to $0.082 will result in an annual increase of $14 on a home with a market value of $400,000.

3. Consider seeking voter approval of an increase in business license fees; Potential revenue: $180,000 to $900,000

    a. Average current business license fee is currently $190, based on square footage; (954 licensed businesses, $184,000 in annual revenue)

    b. Impact: Varies, dependent upon method of calculation and rate;

    c. Compliance Audit – to be conducted summer 2018; Estimated Revenue $20,000

4. Consider placing the Local Option Use Tax on the ballot, Potential revenue $340,000

    a. Impact: The use tax is levied at the same rate as sales tax, but no user is ever subject to both. The use tax is primarily a business-to-business tax on out-of-state purchases. The first $2,000 in annual purchases are exempt so the impact on individuals is negligible.

5. Consider placing a one-half cent Parks and Storm water sales tax on the ballot, which would be primarily used to fund park and storm water capital projects, but could also be used to offset park operating costs of $400,000 annually. Total park/storm water tax revenue $2.4 million.

    a. Impact: For every $100 in retail sales, the additional tax due would be $0.50. The current local sales tax rate is 1.75%, the total sales tax rate in Creve Coeur is 8.3625%

6. Review planning & zoning and building permit fees – currently underway.

Mark Perkins

City Administrator

February 22, 2018

City of Creve Coeur

Proposition P Police Funds – Policy Draft

Missouri statutes require revenues from the law enforcement sales tax to be used for police and public safety purposes.

Funds initially will be used for furniture, fixtures, equipment including technology and audio-visual equipment for the new Police Station, up to $325,000.

Thereafter, the policy on the use of funds will be as follows, subject to annual review by the City Council:

1) Police operating costs – 60%
   a) Future police compensation increases as may be needed to maintain competitive salaries and benefits.
   b) Training
   c) Contractual and other expenditures to maintain police service levels.
2) Public safety capital expenditures – 15%
   a) Police equipment and capital improvements, including technology and communication upgrades, enhanced in-car cameras
   b) Public safety improvements such as security enhancements at city facilities or parks; or future improvements to the new police station
3) Police building maintenance and operating costs - 15%
4) Reserve for police pension liability - 10 %

July 2017

City Council
300 North New Ballas Rd
Creve-Coeur, MO 63141

SCHEDULED

Meeting: 02/26/18 06:00 PM
Department: City Administrator
Category: Report
Prepared By: Mark Perkins
Department Head: Carl Lumley

STAFF REPORT

Executive Session

Executive Session is requested for attorney-client communication and personnel.