Finance Committee
Committee Meeting Agenda
December 15, 2021
3:00 PM
Online

1. **Zoom Meeting Information**

   Due to extreme circumstances regarding the COVID-19 pandemic, this meeting will be held online only. Members of the public may access live audio and/or video at the following link:

   https://us02web.zoom.us/j/2145398964

   Meeting ID: 214 539 8964

2. **Call to Order**

3. **Roll Call**

4. **Approval of Agenda**

5. **Approval of Minutes**

   Approval of October 26, 2021 Finance Committee Meeting Minutes

6. **Reports**

   Chairperson

   Audit Committee

   Pension Board

   Council Liaison

   Staff

7. **Unfinished Business**

8. **New Business**

   Review Purchasing Policy Changes

   Review Fixed Asset Policy

   Discussion of Use Tax

   Memo-Use Tax from City Administrator

   Memo-Use Tax from the Director of Finance

Use Tax General Fund Financial Projections

Use Tax Map Parcitipants

Cities that Have the Use Tax and the Revenue that is Generated

Use Tax Facts from MML

Use Tax Prop U Brochure from MML

Use Tax Sample Ordinance

9. Other Business

FY22 Meeting Schedule

10. Public Comments

11. Adjourn

12. Communications

Finance Committee
Committee Meeting Minutes
October 26, 2021
3:00 PM
Administrative Conference Room

1. Zoom Meeting Information

Due to extreme circumstances regarding the COVID-19 pandemic, this meeting will be held online only. Members of the public may access live audio and/or video at the following link:

https://us02web.zoom.us/j/2145398964

Meeting ID: 214 539 8964

2. Call to Order

3. Roll Call

Marjorie Richter	Committee Member	
Adam Shulenburger	Vice-Chair	
Ted Armstrong	Committe Member	(Absent)
Betty Kagan	Committe Member	
Cynthia Jordan	Committee Member	
Paul Gallant	Chair	
Timothy Smith	Committee Member	
Luis Ortiz	Committee Member	
Lori Obermoeller	Director of Finance	

4. Approval of Agenda

Motion to Approve Agenda

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Marjorie Richter, Committee Member
SECONDER:	Betty Kagan, Committe Member
AYES:	Richter, Shulenburger, Kagan, Jordan, Gallant, Smith, Ortiz
ABSENT:	Armstrong

5. Approval of Minutes

Approval of August 31, 2021 Finance Committee Meeting Minutes

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Timothy Smith, Committee Member
SECONDER:	Marjorie Richter, Committee Member
AYES:	Richter, Shulenburger, Kagan, Jordan, Gallant, Smith, Ortiz
ABSENT:	Armstrong

6. Reports

Chairperson

Chairman Paul Gallant asked at the end of the meeting if the committee wanted to continue with Zoom meetings or to meet in person. The consensus was to remain with zoom until the January meeting and 3 p.m. was fine, and then we could decide future meetings in January.

Audit Committee

Betty Kagan stated that the first audit committee meeting was held the end of September to meet with the auditors and to review the upcoming audit process. They have not scheduled their 2nd meeting yet.

Lori Obermoeller stated that the audit field work is done, but we are waiting for the pension information from LAGERs and then the MD&A will be completed. Once all of that is done, then they will schedule the 2nd meeting, which will be some time the middle or the end of November.

Pension Board

Joe Martinich gave the Pension Board report. Mr. Martinich stated that the Pension Board met last week and several members met with the City Council last night at the joint work session.

The actuary from Milliman discussed the actuarial report and according to the report, the actuarial required contribution (ARC) for the City was $977,511. However, the City Council decided to contribute $1,287,116, which was $17,966 less than what was budgeted and more in line with past contributions.

Ms. Obermoeller reported that the Pension Plan had a 28.2% rate of return on the investments this past year, which was the main reason for the decrease in the ARC this year.

Council Liaison

Mr. Gallant asked about the status of the QuikTrip litigation. Mr. Martinich stated that it is still in the appeal process.

Mr. Gallant also asked for an update on the Santino Court homes being built at the corner of Ladue Road and New Ballas Road. Mr. Matinich stated that he believed any future permits are currently on hold until the builder complies with some outstanding issues.

Staff

Ms. Obermoeller stated that she didn't have anything to report, other than the City is still waiting to get more clarification on how to use the ARPA funds before making any decisions. We are hoping to know more soon so that we can bring some ideas to the Finance Committee in January and have some of those discussions during the capital budget sessions.

7. Unfinished Business

8. New Business

Review of First Quarter Financial Report

Ms. Obermoeller reported on the first quarter of FY2022, which goes through September 30, 2021. The first section discusses the General Fund. The revenues are a little more than $2.7M more than last year at this time, with $1.8M of that being due to the funds that the City received from ARPA. The next biggest reason for the increase in revenues was building permits being $400,000 more than last year due to 2 really big permits this quarter. Spoede School and Mercy were the 2 permit holders for those. Sales tax revenues were up over $276K more than last year due to businesses opening back up and getting more back to normal. Expenditures for the General Fund were $464K more than last year, with most of this being a result of the Pension Payment that was made in July. This payment was about $350 more than last year because the Pension Board decided it was ok to go ahead and make the fixed allocation portion of the payment, as well as what the quarterly amount of the rest would be. While revenues are way up from the previous year and expenditures also being up, we are within budgeted expectations (with the exception of the ARPA funds that were received unexpectedly).

The Enterprise Fund revenues are only $3K more than last year. The golf revenues have finally reached its peak and is now $32K less than last year, but ice is $35K more than last year. It seems like when Golf is up, Ice is down and vice-versa. Expenditures are less than $10K more than last year and that's mainly due to personnel costs. We budgeted a decrease in revenues and expenditures, we budgeted a transfer-in from the General Fund of $83,291, and we budgeted an ending deficit of $7,836 for FY2022, but because we are ending FY2021 with a surplus of almost $57K instead of a deficit of $23K, we may not need the transfer-in from the General Fund. So the Enterprise is looking good.

The Capital Fund revenues are $522K more than last year, but due to a $447K grant that was received (lots of fluctuations in this fund because of ongoing grants and projects). Expenditures are $442K more that last year because last year we held off on street and sidewalk projects due to COVID-19. Overall, the Capital Fund is within budget.

Park & Stormwater Fund just started April 2021, so the first quarter we received $589K. The only expenditure so far has been for the Malcolm Terrace Park Nature Trail Rehabilitation for $51,150.

The Public Safety Sales Tax Fund revenues are $39K more than last year due to the increase in sales tax. Expenditures are $187K less than last year because we had used Public Safety Sales Tax funds for the Pension Payment in the 1st quarter last year, where we will be using these funds in the 2nd quarter for FY2022, so it's just a timing issue. As a reminder, all of the operational expenditures for the new police building are now in this fund, 20% of the funds from the sales tax are used for the pension payment and $209,995 will be transferred out of this fund into the General Fund to cover the ongoing costs of moving the police officers to 12 hour shifts in FY2019 and for the market equity adjustments that were done in FY2022.

Also attached is the investment report. Overall, everything is looking pretty good.

Mr. Gallant asked where we were with the dog? Ms. Obermoeller stated that Frizbi, the dog, was purchased around February and Phil Lane was the officer that was trained and is caring for the dog. Frizbi has been used while on duty, but not sure of all of the instances.

Mr. Martinich had a question regarding the budget process. Mr. Martinich asked about the process for submitting stormwater issues into the budget process. Does the committee have to include funding in the budget for these requests or how does it get included? What is the committee's role and the timing? Ms. Obermoeller stated that the City Engineer Matt Wohlberg will be sending out an email in January or February for requests like this for the Capital Budget. Once he has all of the requests, he will either incorporate the requests, or discuss why he didn't include those, in the 5-Year Capital Improvement Plan; and then he will go over this 5-Year Plan during the joint work session with the City Council and the Finance Committee on March 14, 2022. Because we now get funds from the Park & Stormwater Sales Tax, there could possibly be more money available for stormwater. In addition, I think we get money from Deer Creek for projects. But either way, this will all be covered in the 5 Year Capital Budget process with the Finance Committee in March.

Mr. Martinich also asked about Street Light projects. Do we have funds in the budget now to add street lights throughout the year if someone requests it, or do we have to wait until the budget process? How does that work? Ms. Obermoeller stated that there is a process to request the street light, but believes that the subdivision would be responsible for the costs of running the wire to the street light, but then Ameren might supply the pole and light, and the City could possibly pay the monthly costs for having that light. Because the monthly costs usually aren't much, the City probably has the funds in the budget now to do any time throughout the year, but then we would add that street light to our total street light count during the next budget process. Mr. Martinich said that the street light approval process was really outdated and wondered who he should talk to about that process? And does the subdivision approach Ameren, or do they approach the City and then the City approaches Ameren, or what is the process? Ms. Obermoeller stated that Public Works Director Jim Heines would be the person to get a hold of about the outdated process and to find out who starts the request for the street light?

9. Other Business

FY22 Meeting Schedule

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Richter, Shulenburger, Kagan, Jordan, Gallant, Smith, Ortiz
ABSENT:	Armstrong

10. Public Comments

11. Adjourn

Motion to Adjourn

Finance Committee
Committee Meeting Minutes
October 26, 2021
3:00 PM
Administrative Conference Room

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Adam Shulenburger, Vice-Chair
SECONDER:	Luis Ortiz, Committee Member
AYES:	Richter, Shulenburger, Kagan, Jordan, Gallant, Smith, Ortiz
ABSENT:	Armstrong

MEMORANDUM

DATE: November 1, 2021

TO: Mark Perkins, City Administrator

FROM: Lori Obermoeller, Director of Finance

SUBJECT: Purchasing Policy Changes

The attached resolution will make the following changes to Chapter 140 Finances of the City Charter:

- Update the definition of Departments to include legislative, legal and administration.
- Update the definition of Requisition to reference a financial software system process rather than a manual process of hand printing and physically sending to the finance department.
- Correct some misspellings and other minor imperfections.
- Change the informal bid process from $1,500 to $2,500.
- Eliminate the need for a Purchase Order (PO) for purchases between $2,500 and $7,499. The general purpose of a PO is to recognize a contract between the City and a vendor, verify the purchase has been created by the authorized personnel and to make sure all amounts paid by the City are withing the contractual agreement. POs are a great option when we need more than an invoice, such as a contract, but because items less than $7,500 generally don't need a contract, it is not necessary to go through the PO process. Informal bids will still be required and uploaded to the winning vendor's file in the financial software system, but created a PO is not necessary.
- Eliminate the need for a PO for all Exempt Purchases (ex. sole-source, fuel purchases, professional services, term & supply and annual contracts, emergency purchases, employee benefits, debt service payments, maintenance contracts for already purchased items).
- Include State of Missouri Cooperative Purchasing Agreements in addition to Cooperative Purchasing Agreements.
- Reorganize Section 140.030 General Guidelines B. 8. Exempt Purchases, so the following Section D – I, are in the same order as the exempt purchases listed in B.8.
- Require all Contracts with supporting documentation (resolution, insurance, bonds, etc.) to be entered and managed in the financial software system.
- Make the disposal of surplus goods match what goes to council for purchases ($25K or more instead of $20K or more).
- Eliminate encumbrances from being displayed on the financial reports since we no longer do this.
- Update the city's depository to every 5 years instead of every 3 years, since this will allow for better pricing, and the City has the ability to terminate if necessary.
- Re-enforce the entry of a requisition in the financial software system and not through a manual printing and submission process.
- Include all requisitions and purchase orders be retained in the financial software system no less than what is required by the State of Missouri's local government records retention schedule.

- Change Professional Services Contracts approval for the Finance Director and City Administrator from $10,000 to $20,000 since the cost of professional services has risen substantially since the code section was last revised.

A red-lined version of the recommended changes is also attached with the resolution. I'd be happy to answer any questions.

The following Code does not display images or complicated formatting. Codes should be viewed online. This tool is only meant for editing.

Chapter 140
Finances

Charter References — Financial procedure, §§9.1 et seq.

Section 140.010 **Purchasing and Sales Policy.**
[R.O. 2008 §2-216; Ord. No. 829 §1, 12-12-1977; Ord. No. 4000 §1, 1-9-2006; Ord. No. 5089 §1, 6-22-2009]

A. *Purchasing And Sales Policy.*

1. *Purpose.* The purpose of this Chapter is to establish guidelines regarding purchases made by the City and the sale of City property in order to maximize the value realized for each public dollar spent and for public property.

2. *Scope.* This Chapter is applicable to all purchasing for the City and the sale of any City property outside the scope of ordinary services.

3. *Basic goals.* The basic goals of the City are:

a. To comply with all applicable legal requirements.

b. To assure vendors and buyers that impartial and equal treatment will be afforded to all who wish to do business with the City.

c. To maximize the value realized for each public dollar spent and for public property.

d. To obtain goods and services at the time and place needed in the proper quantity and quality.

e. To purchase only goods and services for which funds have been approved and not previously encumbered.

f. To sell or lease property that is no longer necessary or useful to the City and that can be better used by the private sector.

g. To promote environmentally sustainable practices by including environmental considerations in purchasing decisions.

If the procedures and guidelines established in this Chapter are followed, each department should efficiently manage, control and plan its available resources to meet present and future departmental needs and help the City meet its goals.

B. *Definitions.* The following terms shall be defined as stated for purposes of this Chapter:

APPROPRIATION

The legal authorization of monies for anticipated or incurred expense.

BUDGET

A document which sets forth proposed revenues and expenses to be incurred during a fiscal year for the various City operations.

CAPITAL EXPENDITURE

Any project included in the capital improvements account within the annual budget, but shall not include items within the capital outlay for any department, division or agency budget.

CONSTRUCTION

The process of building, altering, repairing, improving or demolishing any public structure or facility or other public improvement of any kind.

CONTRACT

A legally binding promise enforceable by law and, generally, in writing.

DEPARTMENTS

Includes legislative, legal~~law~~, administration, finance, police, parks and recreation, community development and public works, purchasing and personnel.

ENCUMBRANCE

The reservation of monies to meet a prior financial commitment.

ENVIRONMENTALLY PREFERABLE PRODUCTS

Commodities and services that carry the certification or label of one (1) of the following national independent environmental certifying programs:

EPEAT (Electronic Product Environmental Assessment)
Energy Star
Environmental Choice (Canada EcoLogo)
Forest Stewardship Council
Green Guard for Children and Schools
Green Seal
Green-e
USDA Organic

or that assume one (1) or more of the following qualities to a greater degree than comparable commodities and services:

Biobased
Biodegradable
Carcinogen-free
Chlorofluorocarbon (CFC-free)
Compostable
Durable or reusable, as opposed to single-use or disposable
Energy efficient

Heavy metal free (e.g., no lead, mercury, cadmium)
Less hazardous
Low volatile organic compound (VOC) content
Low-toxicity
Made from rapidly renewable materials
Persistent, bioaccumulative toxic (PBT)-free
Procured from vendors and contractors that follow green policies in their own operations
Produced locally or regionally (to minimize environmental costs associated with shipping)
Recyclable
Recycled content
Reduced greenhouse gas emissions
Reduced packaging, especially polystyrene
Refurbished
Resource efficiency
Upgradeable
Water efficient

EXISTING PURCHASING CONTRACT

A contract previously entered into by the City and currently existing including, but not limited to, a term-and-supply contract, an annual contract, a maintenance contract and a warranty contract.

FORMAL WRITTEN BID

A competitive bid for supplies and services must be submitted in response to an advertised request in a prescribed format pursuant to applicable instructions, including typically that the bid be submitted in a sealed format to be opened in public at a specified time.

[Ord. No. 5609, 10-10-2018]

INFORMAL WRITTEN BID

A competitive bid for supplies or services conveyed to the City in writing, generally without prior advertising, pursuant to applicable instructions.

[Ord. No. 5609, 10-10-2018]

ITEM

A product, material or service.

MATERIAL VALUE

The value of an item to be purchased or sold, to be determined in the first (1st) instance by the department director.

PROCUREMENT

Purchasing, renting, leasing or otherwise acquiring any supplies, services, property or construction, including performance of any necessary functions such as writing specifications, selection and solicitation of sources, preparation and award of contract and contract administration.

QUOTATION

A statement of price, terms of sale and description of property, goods or services offered by a vendor to a prospective purchaser by letter, fax, telephone or other means of communication.

REQUISITION

An internal document by which a department ~~sends~~ enters details of supplies, services or material required to the Finance Department, including documentation of authority to commit funds for the purchase, into the financial software for approval.

SCOPE OF SERVICES

A detailed description of the tasks to be performed.

SPECIFICATIONS

A description of the environmental, physical or functional characteristics or of the nature of a supply, service, property or construction item; the requirements to be satisfied by a product or process; indicating, if appropriate, the procedures to determine whether the requirements are satisfied and/or the capabilities and performance characteristics that the item must satisfy.

Section 140.020 **Payments.**
[R.O. 2008 §2-217; Ord. No. 829 §4(B)(3), 12-12-1977; Ord. No. 4000 §2, 1-9-2006; Ord. No. 5089 §2, 6-22-2009]

A. The City Administrator shall have the discretion to direct payment of an invoice so long as the funds have been appropriated and the transaction was approved in compliance with Section **140.030**. Any other invoice shall require review and approval by the City Council prior to payment.

B. At each regularly scheduled City Council meeting, the City Administrator shall present a listing of all invoices which have been received since the previous regular City Council meeting.

Section 140.030 **General Guidelines.**
[R.O. 2008 §2-218; Ord. No. 829 §5, 12-12-1977; Ord. No. 2130 §1, 6-11-2001; Ord. No. 4000 §3, 1-9-2006; Ord. No. 5089 §§3 — 4, 6-22-2009]

A. *General Guidelines.*

1. *Local and regional buying preferences.* It is the desire of the City to purchase from Creve Coeur, Missouri, and/or American vendors whenever possible. When all other factors are equal, preference shall be provided to Creve Coeur vendors first (1st), Missouri vendors second (2nd) and American vendors third (3rd). To be considered a Creve Coeur vendor, the person or entity must have a physical place of business located in the City and a City business license. To be considered a Missouri vendor, the person or entity must have a physical place of business in the State and authority to conduct business in the State. To be considered an American vendor, the person or entity must have a physical place of business in the country and authority to conduct business in the country. Every contract for public works construction or maintenance in excess of one thousand dollars ($1,000.00) shall contain the following provision: "The contractor is requested to use American products in the performance of this contract whenever the quality and price are comparable with other goods."

2. *Environmental preference.* The City shall prefer environmentally preferable products in all purchasing decisions; however, nothing in this Section shall be construed as requiring the City to procure products

or services that are inferior in quality, do not perform adequately for their intended use, exclude adequate competition, are not available at a reasonable price in a reasonable period of time, or exclude the consideration described under Subsection **(9)** below.

All requests for proposals and bids shall contain the following provision: "Environmentally-friendly buying preferences: The City of Creve Coeur promotes environmentally sustainable practices by purchasing environmentally preferable products when cost, quality, variety, quantity, delivery time and any other defined specifications are not significantly inferior to competing commodities and services. Whenever possible, proposals shall provide applicable information relating to how the vendor's product is environmentally preferable. Environmentally preferable products are commodities or services that carry the certification of one (1) of the following national independent environmental certifying programs:

EPEAT (Electronic Product Environmental Assessment)
Energy Star
Environmental Choice (Canada EcoLogo)
Forest Stewardship Council
Green Guard for Children and Schools
Green Seal
Green-e
USDA Organic

or that assume one (1) or more of the following qualities to a greater degree than comparable commodities and services:

Biobased
Biodegradable
Carcinogen-free
Chlorofluorocarbon (CFC-free)
Compostable
Durable or reusable, as opposed to single-use or disposable
Energy efficient
Heavy metal free (e.g., no lead, mercury, cadmium)
Less hazardous
Low volatile organic compound (VOC) content
Low-toxicity
Made from rapidly renewable materials
Persistent, bioaccumulative toxic (PBT)-free
Procured from vendors and contractors that follow green policies in their own operations
Produced locally or regionally (to minimize environmental costs associated with shipping)
Recyclable
Recycled content
Reduced greenhouse gas emissions
Reduced packaging, especially polystyrene
Refurbished
Resource efficiency
Upgradeable
Water efficient"

3. *Planning.* Small orders and last-minute purchases should be minimized, thereby increasing the

capability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts possible.

4. *Overdrafts prohibited.* No purchase will be authorized which would overdraft a budgetary line item account in the absence of approval from the City Administrator or City Council as provided in Sections 9.8 and 9.9 of the City Charter.

5. *Buying proper quality.* It is the duty of the requisitioning department to secure the best quality for the purpose intended. *"Quality buying"* is the buying of goods or services that will meet or exceed the requirements for which they are intended. The environmental characteristics of a service or product shall not be excluded from determination of proper quality.

6. *Sales tax.* The City is generally exempt from paying local and State sales taxes and Federal excise taxes (except for motor fuels). The Finance Department can provide the necessary exemption documents to any vendor upon request.

7. *Endorsements.* It is the policy of the City not to endorse or in any way permit an employee's name, position or the City's name to be used and advertised as supporting a product or vendor.

8. *Personal purchases.* Purchases for personal use by employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases.

9. *Lowest and best bidder.* Contracts for purchases shall be awarded to the lowest and best bidder. In determining the "lowest and best bidder", in addition to price, the City will consider, when applicable, these considerations:

a. Whether or not the commodity or service is "environmentally preferable" as defined in Subsection **140.010(B)**.

b. The life-cycle cost and return on investment of a commodity or service, in addition to the initial cost.

c. The ability, capacity and skill of the bidder to perform the contract or provide the service required.

d. Whether the bidder can perform the contract or provide the service promptly or within the time specified without delay or interference.

e. The character, integrity, reputation, judgment, experience and efficiency of the bidder.

f. The quality of performance of previous contracts or services.

g. The previous and existing compliance by the bidder with applicable laws.

h. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.

i. The quality, availability and adaptability of the supplies or contractual services to the particular use required.

j. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.

k. The number and scope of conditions attached to the bid.

l. Any other pertinent factor.

B. Purchasing Procedures. No purchase or contracts for services or supplies paid from funds of the City, shall be made by any officer, employee or agent of the City, or City Administrator, except in the manner hereinafter set forth. **[Ord. No. 5609, 10-10-2018]**

1. Purchases with material value from zero dollars ($0.00) to ~~one~~ two thousand four hundred ninety-nine dollars ($~~1~~2,499.00). Whenever any contemplated purchase or contract for services is under ~~one~~ two thousand five hundred dollars ($~~1~~2,500.00) and within budget, the City may order the item or items as needed without any further formality. It is the responsibility of each department director to ensure control over this process. Final approval of the purchase or contract shall be by the department director. No quotes are necessary and no purchase order is required.

2. Purchases with material value from ~~one~~ two thousand five hundred dollars ($~~1~~2,500.00) to seven thousand four hundred ninety-nine dollars ($7,499.00). Whenever any contemplated purchase or contract for services are within this range and budget, at least three (3) informal written bids for the items or services shall be submitted in bid form. The City may purchase items or contract for services from the lowest responsible bidder whenever reasonably possible. ~~The requisition for purchase of the items or services must be approved by the department director and the Director of Finance for issuance of a purchase order.~~ All received bid documentation will be ~~attached to the requisition/purchase order~~uploaded to the winning vendor's file in the financial software system. No purchase order is required.

3. Purchases with material value from seven thousand five hundred dollars ($7,500.00) to twenty-four thousand nine hundred ninety-nine dollars ($24,999.00). Whenever any contemplated purchase or contract for services are within this range and budget, at least three (3) written bids for the items or services shall be submitted in bid form. The City may purchase items or contract for services from the lowest responsible bidder whenever reasonably possible. The requisition for purchase of the items or services must be approved by the department director, the Director of Finance and the City Administrator for issuance of a purchase order. All received bid documentation will be attached to the requisition/purchase order.

4. Purchases with material value of twenty-five thousand dollars ($25,000.00) and above. Whenever any contemplated purchase or contract for services are within this range, at least three (3) written bids for the items or services shall be submitted in bid form. Items in this category may be ordered only after review by the City Attorney and official approval by the City Council. For purchases exceeding fifty thousand dollars ($50,000.00), a formal written request for bids including a general description of the articles to be purchased or services performed and the time and place for opening the bids, shall be posted on the City's website. In an effort to obtain the best bids possible, further notice shall be provided, as determined by the Finance Director, such as posting on pertinent online bidding sites, advertising in relevant trade publications, and mailing or emailing to responsible prospective suppliers of the items to be purchased or services performed. Newspaper advertisement shall be used when

required by law or when otherwise deemed beneficial by the Finance Director. Final approval of the purchase or contract shall be by affirmative vote of a majority of the City Council. After approval by the City Council, the requisition for purchase of the items or services must be approved by the department director, the Director of Finance and the City Administrator for issuance of a purchase order. All received bid documentation will be attached to the requisition/purchase order.

5. Bidding. The City and all parties contracting with the City shall follow the procedure hereinafter set forth in relation to all purchases exceeding fifty thousand dollars ($50,000.00):

a. All notices and solicitation of bids shall state the time and place for opening.

b. All bids shall be submitted sealed, either electronically or in writing, and shall be identified as "sealed bids" on the envelope or electronic subject line.

c. All bids shall be opened in public at the time and place stated in the public notice.

d. A tabulation of all bids received shall be available for public inspection per request.

e. The City shall have the authority to reject any and all bids and parts of all bids and re-advertise or re-solicit bids.

f. Determining Lowest Responsible Bidder. Unless there is an exercise of the right of rejection, the purchase or contract shall be made from and with the lowest responsible bidder for any article or to the lowest responsible bidder for the entire purchase or contract for any part thereof. In determining the lowest responsible bidder, the following shall be considered:

(1) The ability, capacity and skill of the bidder to perform the contract or provide service required.

(2) Whether the bidder can perform the contract or provide the services promptly or within specified time, without delay or interference.

(3) The quality of performance of previous contracts or services.

(4) The previous and existing compliance by the bidder with laws and ordinances of the City.

(5) The financial resources and ability of the bidder to perform the contract or provide the service.

(6) The quality, availability and adaptability of the supplies or service.

g. Performance Bond. In addition to bonds required by law, the City shall have the authority to require a performance bond, in cash or otherwise, for such amount as it may deem sufficient to secure the execution of the contract of furnishing supplies or services for the best interest of the City.

6. Multiple Or Repeat Orders. Multiple or repeat orders cannot be used to avoid the requisite approvals for the total purchase amount.

7. Special Circumstances. If less than three (3) quotes are received and the quotes all exceed the amount budgeted for the purchase, departments should either request new bids for the desired goods or services

or obtain approval from the Director of Finance to proceed based on the initial quote(s) on the grounds that special circumstances exist such that requests for new bids would not generate different quotes. Such special circumstances should be explained in a memorandum accompanying the purchase order.

8. Exempt Purchases. The following purchases, by their very nature, are exempt from the normal purchasing guidelines, do not require a purchase order and require the special procurement practices set forth in subsequent Sections of this Chapter:

a. Sole-source or monopoly purchases;

b. State of Missouri Cooperative purchasing agreement or Other Cooperative purchasing~~e~~ agreements;

c. Fuel purchases;

d. Professional services;

e. Term and supply and annual contracts;

f. Emergency purchases;~~.~~

g. Payments to risk management pools, employee benefit payments (note: health insurance requires bidding every three years per 67.150 RSMo), debt service payments and maintenance contracts, i.e., software maintenance, associated with items already purchased by the City. At times there may be an item that is unable to be processed through a purchase order based upon varying circumstances and those situations shall receive Finance Director approval to proceed without going through the purchase order guidelines and procedures. A purchase of a good or service shall not be made until it has been approved, unless the procedures for an emergency purchase has been followed.

C. *Change Orders.* **[Ord. No. 5576, 3-26-2018; Ord. No. 5588, 5-29-2018; Ord. No. 5609, 10-10-2018]**

1. Construction Change Orders Approved By City Administrator. The City Administrator is authorized to approve change orders not exceeding ten percent (10%) of the original contract or up to fifty thousand dollars ($50,000.00), whichever is less.

2. Construction Change Orders Approved By City Council. Construction change orders approved by City Council. In the event a construction change order contains costs in an amount that exceeds the authorization of the City Administrator, the change order must go to City Council for approval. In the event change orders on a single contract accumulate to an amount in excess of the City Administrator's authorization, all subsequent change orders, regardless of amount, must go to City Council for approval. On a project-by-project basis, the City Council may authorize the City Administrator to approve up to twenty-five thousand dollars ($25,000.00) in additional change orders following City Council review of all previous change orders, but in no event shall such additional authorization exceed ten percent (10%) of the original contract.

3. Changes To Purchase Orders. The City Administrator is authorized to approve change orders for purchases not exceeding ten percent (10%) of the original contract or up to twenty-five thousand dollars ($25,000.00), whichever is less so long as the proposed changes are in response to conditions

unforeseen at the time the purchase order was awarded. Change orders may not be used to overdraw a budgetary account, to avoid the City's competitive bidding process or to materially alter the purpose of the original bid or contract. Changes to purchase orders in excess of ten percent (10%) or twenty-five thousand dollars ($25,000.00) must be approved by City Council.

D. *Sole-Source And Monopoly Purchases.* **[Ord. No. 5638, 4-22-2019]**

1. The Director of Finance or designated representative and department director or designated representative shall authorize a sole-source purchase and accordingly waive competitive purchasing procedures when such a request is presented in writing by the requesting department that only a single feasible procurement source exists. A single feasible sole source exists when:

   a. Supplies or services are proprietary and only available from a single manufacturer or a single distributor, or

   b. It is determined that only one (1) distributor services the region, or

   c. When supplies or services are available at a significant discount from a single distributor for a limited period of time, or

   d. When a project with specific circumstances requires specialized consultant or technical services with a unique combination of abilities or expertise.

2. In the event the amount of a sole-source purchase will exceed twenty-four thousand nine hundred ninety-nine dollars ($24,999.00), it must also be approved in advance by the Director of Finance and City Administrator or their designated representatives and must be approved by the City Council.

3. Purchases of services that are provided on a monopoly basis such as electrical, gas and water utility services do not require specific City Council approval unless budgeted amounts are exceeded.

~~*Fuel Purchases.* Bulk fuel purchases for vehicles may be made without approval of a purchase order, provided that three (3) quotes are obtained and the lowest cost vendor is selected. A requisition shall still be submitted. To the extent vehicles cannot be fueled through the City's bulk-purchasing program, purchases may be made at any commercial service station, although price shopping is still encouraged. Documentation of the purchase shall be submitted.~~

E. *State of Missouri Cooperative Agreement Or, Other Cooperative Agreements.* **[Ord. No. 5638, 4-22-2019]**

1. The City may contract directly with the State of Missouri or other governmental entities for the purchase of items. The City may also participate in, sponsor, conduct or administer a cooperative purchasing agreement whereby items are procured in accordance with a contract established by the State of Missouri or another governmental entity provided that such contract was established in accordance with the laws and regulations applicable to the establishing governmental entity.

2. From time to time, but not less than each July of each even-numbered year, the Finance Department shall provide a list of cooperative purchasing programs in which the City will participate. The Finance

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Department shall be responsible for notifying the departments of current approved cooperative purchasing agreements and any limitation or special requirements for their use.

3. The City Administrator will review and approve all cooperative purchasing agreements with other governmental agencies with material value under twenty-five thousand dollars ($25,000.00) prior to their use. The City Council shall review and approve cooperative purchasing agreements with material value of twenty-five thousand dollars ($25,000.00) or more. Competitive bidding procedures do not apply to such purchases made through approved cooperative purchasing agreements.

4. *"Acceptable cooperative purchasing agreements"* are agreements which contain the same terms, conditions, specifications and pricing for the respective item that the department would bid and purchase on their own.

5. Additional City Council approval shall not be required for the purchase of any budgeted items from approved cooperative purchasing agreements.

F. *Fuel Purchases.* Bulk fuel purchases for vehicles may be made without approval of a purchase order, provided that three (3) quotes are obtained and the lowest cost vendor is selected. A copy of all of the quotes will be attached to the winning vendor's file in the financial software system. To the extent vehicles cannot be fueled through the City's bulk-purchasing program, purchases may be made at any commercial service station, although price shopping is still encouraged. Documentation of the purchase shall be submitted.

G. Professional Services Contracts. **[Ord. No. 5609, 10-10-2018]**

1. Contracts for professional services provided by financial advisors, physicians, certified public accountants, engineers, architects, land surveyors, brokers, consultants and other specialized or technical services shall be obtained through the special procurement procedures set forth in this Section.

2. Requests for qualifications or proposals, as applicable, for professional services shall be submitted to the City Administrator for review and approval prior to distribution. When an RFQ or RFP for professional services is approved, a limited number of qualified professionals known to the City will be invited to submit a response setting forth their interest, qualifications and description of proposed services. A contract will be negotiated with the professionals deemed to best meet the City's needs.

3. Upon approval of the Finance Director and City Administrator, professional services contracts under nineteen thousand nine hundred ninety-nine dollars ($19,999.00) may be exempt from the request for proposal process.

4. Professional services contracts for twenty-five thousand dollars ($25,000.00) or more must be approved by the City Council.

5. The City Administrator is authorized to approve change orders for professional service contracts not exceeding ten percent (10%) of the original contract or up to twenty-five thousand dollars ($25,000.00), whichever is less so long as the proposed changes are in response to conditions unforeseen at the time the purchase order was awarded. Change orders may not be used to overdraw a budgetary account, to avoid the City's competitive bidding process or to materially alter the purpose of the original bid or

contract. Changes to contracts in excess of ten percent (10%) or twenty-five thousand dollars ($25,000.00), must be approved by City Council.

~~F~~H. *Term And Supply And Annual Contracts*~~—Open Purchase Orders~~. **[Ord. No. 5638, 4-22-2019]**

1. Term and supply contracts and annual contracts shall be bid through each department following the same procedures established by this policy for other purchases based upon estimated material value of contract. The department requesting the service shall prepare a recommendation of award for City Council approval for all term and supply and annual contracts with material value of twenty-five thousand dollars ($25,000.00) or more based upon the annual value of the contract. All multiple year contracts should contain a clause explaining that the obligation of the City to pay for goods and/or services under the contract is limited to payment from available revenues and shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City nor shall anything contained in the contract constitute a pledge of the general tax revenues, funds or monies of the City and all provisions of the contract shall be construed so as to give effect to such intent.

2. Once such a contract is approved, specific purchases within budget should be made on an "as-needed" basis without further bidding while the contract remains open, unless and until the City terminates the contract. Any department that believes such a contract is no longer competitive should provide such information to the Finance Director. All contracts with supporting documentation (resolutions, insurance, bonds, etc.) must be entered and managed in the financial software system.

~~G. Professional Services Contracts. **[Ord. No. 5609, 10-10-2018]**~~

~~1. Contracts for professional services provided by financial advisors, physicians, certified public accountants, engineers, architects, land surveyors, brokers, consultants and other specialized or technical services shall be obtained through the special procurement procedures set forth in this Section.~~

~~2. Requests for qualifications or proposals, as applicable, for professional services shall be submitted to the City Administrator for review and approval prior to distribution. When an RFQ or RFP for professional services is approved, a limited number of qualified professionals known to the City will be invited to submit a response setting forth their interest, qualifications and description of proposed services. A contract will be negotiated with the professionals deemed to best meet the City's needs.~~

~~3. Upon approval of the Finance Director and City Administrator, professional services contracts under ten thousand dollars ($10,000.00) may be exempt from the request for proposal process.~~

~~4. Professional services contracts for twenty-five thousand dollars ($25,000.00) or more must be approved by the City Council.~~

~~5. The City Administrator is authorized to approve change orders for professional service contracts nor exceeding ten percent (10%) of the original contract or up to twenty-five thousand dollars ($25,000.00), whichever is less so long as the proposed changes are in response to conditions unforeseen at the time the purchase order was awarded. Change orders may not be used to overdraw a budgetary account, to avoid the City's competitive bidding process or to materially alter the purpose of the original bid or~~

~~contract. Changes to purchase orders in excess of ten percent (10%) or twenty-five thousand dollars ($25,000.00), must be approved by City Council.~~

~~H~~I. *Emergency Purchases.* In case of an emergency which requires immediate purchase of supplies or services, the City Administrator may authorize such purchase or secure such services needed without complying with the procedures as set out above. Department directors faced with an emergency purchase need shall notify the City Administrator as soon as possible. When possible (if purchase is greater than twenty-four thousand nine hundred ninety-nine dollars ($24,999.00~~)~~), in such an emergency, the City Administrator shall seek approval from the City Council at a special or regular meeting prior to the purchase. If a timely special or regular meeting of the City Council is not possible, a full report of such an emergency purchase shall be made by the City Administrator to the City Council as soon as possible. **[Ord. No. 5638, 4-22-2019]**

~~I. *Sole-Source And Monopoly Purchases.* **[Ord. No. 5638, 4-22-2019]**~~

~~1. The Director of Finance or designated representative and department director or designated representative shall authorize a sole-source purchase and accordingly waive competitive purchasing procedures, when such a request is presented, in writing, by the requesting department with the requisition, documenting that only a single feasible procurement source exists. A single feasible sole-source exists when:~~

~~a. Supplies or services are proprietary and only available from a single manufacturer or a single distributor, or~~

~~b. It is determined that only one (1) distributor services the region, or~~

~~c. When supplies or services are available at a significant discount from a single distributor for a limited period of time, or~~

~~d. When a project with specific circumstances requires specialized consultant or technical services with a unique combination of abilities or expertise.~~

~~2. In the event the amount of a sole-source purchase will exceed twenty-four thousand nine hundred ninety-nine dollars ($24,999.00), it must also be approved in advance by the Director of Finance and City Administrator or their designated representatives and must be approved by the City Council.~~

~~3. Purchases of services that are provided on a monopoly basis such as electrical, gas and water utility services do not require specific City Council approval unless budgeted amounts are exceeded.~~

J. *Lease Of Real Property.*

1. Upon action of the City Council, the City may lease real property that it owns for fair market value, when such property is currently underutilized, in order to maximize the return of the property to the City until such time as such property shall be required for public usage.

2. Nothing herein shall prevent the City Administrator or designated representative from negotiating a higher rent for a lessee of any real property that is shown to have a unique value to such lessee due to its

configuration, accessibility or size, subject to approval from the City Council.

K. *Sale Of Real Property.*

1. Upon action of the City Council, the City may sell unneeded real property for fair market value.

2. Nothing herein shall prevent the City Administrator or designated representative from negotiating a higher price for sale or trade to a buyer for any real property that is shown to have a unique value to such buyer due to its configuration, accessibility or size, subject to approval from the City Council.

L. *Disposal Of Surplus Goods.* The City should promptly dispose of all surplus property to the economic advantage of the City. Competitive bidding on surplus, obsolete or unusable goods is required through sealed bids, auction, open market sales or other available means. The disposal of all such goods requires the approval of the City Administrator; additional approval by the City Council is required for goods in excess of twenty-four thousand nine hundred ninety-nine dollars ($24,999.00) ~~nineteen thousand nine hundred ninety-nine dollars ($19,999.00)~~ in total material value. Trade-in opportunities should be pursued when available to reduce the City's purchasing costs. Competitive bidding shall only apply to a trade-in to the extent it applies to the new purchase. Approvals of a trade-in shall be handled in conjunction with the approval of the new purchase as dictated by the purchase price.

M. *Designated Representatives.*

1. Throughout this policy several references have been made to "designated representatives"; in order to assure that proper authority has been given to an individual who represents themselves as a "designated representative", the departments are requested to make an effort to communicate said designated authority to the Finance Department when appropriate.

2. The Finance Department shall be provided evidence of an individual's "designation" immediately upon request.

N. *Purchasing Policy Supplements.* In the event a specific procurement procedure is required to be in writing when the City is purchasing an item which is funded in whole or in part by grant funds, i.e., CDBG, the City Administrator shall have the authority to supplement this Section to incorporate the special requirements of that procurement.

O. *Policy Clarification.* The City Administrator may clarify the provisions of this Chapter in furtherance of the stated goals of this Chapter by written statement, provided the City Administrator cannot alter in any way the extent to which City Council action is required hereunder.

P. *Yearly Report.* The City Administrator shall provide a yearly report to the City Council of the dollar amount of environmentally preferred products purchased by the City in the preceding year, the categories of products purchased, the savings or costs associated with the green purchasing policy, and any other effects associated with the City's green purchasing program.

Section 140.040 **Accounting Standards and Procedures.**
[R.O. 2008 §2-219; Ord. No. 829 §6, 12-12-1977]

The City shall adopt the accounting standards as prescribed by the American Institute of Certified Public

Accountants and the Governmental Accounting Standards Board. The City Administrator may promulgate administrative accounting procedures for uniform accounting procedures.

Section 140.050 **Financial Reports.**
[R.O. 2008 §2-220; Ord. No. 829 §8, 12-12-1977; Ord. No. 2130 §1, 6-11-2001]

A. The City Administrator shall prepare or cause to be prepared quarterly statements of municipal revenue, expenditures and current financial condition. Such reports shall be distributed to the Mayor and City Council.

~~B. For the purposes of financial reports, any encumbrance or contractual financial commitment in excess of two thousand dollars ($2,000.00) shall be reflected as an expense during the month and fiscal year in which it is incurred. Any such encumbrance shall be deducted from any cash balance to reflect an accurate accounting of uncommitted funds. Encumbrances shall not lapse at year-end.~~

Section 140.060 Investments.

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[R.O. 2008 §2-221; Ord. No. 829 §9, 12-12-1977; Ord. No. 3053 §1, 3-28-2005]

A. The City Administrator shall seek the highest yield from the investment of surplus City funds consistent with the safety of investment and cash flow requirements of the City provided such investments are consistent with State Statutes regulating such investments. A report shall be made to the Mayor and City Council.

B. The City Council shall designate a City depository for handling any City checking account at least once every ~~three (3)~~five (5) years.

Section 140.070 **City Administrator's Supplement To City Purchasing and Sales Policy.**
[R.O. 2008 §2-222; Ord. No. 4000, 1-9-2006]

A. *Purchase Orders.*

1. After approval of a requisition in the financial software system, the requesting department~~City purchase order form will be completed and signed by the Director of Finance~~ will complete the requisition process which will create the purchase order~~ in accordance with these procedures~~. In order to ~~insure~~ensure expeditious processing of purchase orders, it is important that the requisition be completed accurately by the requisitioning department. When applicable, a copy of City Council approval action shall be attached to the requisition.

2. A *"purchase order"* is an offer to make a contract between the City and a vendor. The contract is not binding until it is accepted by the vendor. The issuance of purchase orders or direct purchases by unauthorized individuals or any other unauthorized purchase (including, but not limited to, personal expenses) will not be recognized by the City and payment for these obligations will not be approved. Purchase orders in excess of ~~five thousand~~seven thousand five hundred dollars ($7,500~~5,000.00~~) must be ~~signed~~ approved by the City Administrator.

3. The requisition and purchase order will be retained~~consist of three (3) copies; one (1) copy will remain~~ in the financial software system no less than what is required by the State of Missouri's local government records retention schedule~~Finance Department (attached to the requisition) and two (2)~~

Communication: Review Purchasing Policy Changes (New Business)

~~copies will be returned to the requisitioning department~~.

4. Purchase orders are classified as either "original" or "confirming" based on whether or not the vendor has previously been notified of the City's intent to make the purchase of goods or services.

B. *Construction Contracts.*

1. Construction contracts supervised by City personnel shall be bid through the Public Works Department in accordance with the procedures established for other purchases according to the applicable price range.

2. Construction contracts supervised by outside consulting services shall be bid in coordination with the Public Works Department. A bid package shall be reviewed by public works and approved by the department head or designated representative. The consultant as determined by the Public Works Department and the department head or designated representative shall distribute the bid package to potential bidders. Public works shall receive, record and tabulate the bids and shall certify that bids were opened in compliance with all purchasing policy requirements. The final award of the bid shall be communicated to the successful bidder by the Public Works Department.

3. All required performance bonds must be obtained.

C. *Product Testing/Demonstrations.*

1. Product demonstrations may be held as deemed appropriate by a department director without prior approval of the Finance Department.

2. Prior to taking into the City's possession any item for testing or evaluation, departments shall contact the Director of Finance for approval. The department shall notify the vendor in writing that the City has taken the item into possession for test purposes only and if a purchasing decision is made, that decision will be communicated directly to the vendor at the end of the test period. In no event shall the retention of a test item by the City be evidence of intent to purchase said item.

D. *General Instructions.*

1. *General specifications.*

a. Keep specifications as simple as possible while maintaining the exactness required to ~~insure~~ensure bidders provide the quality goods or services as required by specifications.

b. Whenever possible, identify the equipment or material required with some name brand or known standard specifications already on the market.

c. Specifications should promote competition. Justification must be provided to the City Administrator for restrictive specifications.

d. Flexibility in the specifications is desirable in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals.

e. Specifications should be written with clear, simple language.

2. *Types of specifications.* There are several ways of structuring specifications to protect the integrity of the purchasing process and to ~~insure~~ensure that the needs of the City are met. Different methods of structuring specifications include:

a. *Qualified products or acceptable brands list.* These lists are developed only where it is not possible to write specifications adequate to identify the quality and performance required of the goods or services to be purchased. Acceptable brands lists are also used when tests that would be necessary to determine compliance with technical specifications are lengthy, costly or require complicated technical equipment.

b. *Specifications by brand or trade name.* Brand or trade names should be used where brand-name products have been found to be superior to others for the purpose intended.

c. *Specifications by blueprint or dimension sheet.* Specifications of construction projects for everything from buildings and streets to custom-built cabinets, furniture, machines or other equipment should be written to reference the blueprints or dimension sheets prepared by the engineer or architect.

d. *Specifications by chemical analysis or physical properties.* Specifications which include the chemical analysis or physical properties of the goods, when clearly requested, place responsibility on the supplier to provide exactly those items requested.

e. *Specifications by performance, purpose or use.* Specifications which include a set of performance criteria for the goods or services required will provide flexibility for vendors to design products or programs specifically aimed at meeting such criteria.

f. *Specification by identification with industry standards.* Specifications will often refer to industry-wide standards or to standards set by other public jurisdictions.

g. *Specifications by samples.* Whenever appropriate, a sample is always a good way to make requirements perfectly clear.

3. *Delivery and performance guidelines.* A contract or purchase order that is complete in all respects and that is accepted by the parties concerned still must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies or equipment.

a. *Follow-up and expediting.* Follow-up normally applies to the monitoring of the delivery schedules to assure compliance. Expediting, in the purest sense, involves an attempt to improve or to reduce the contractually stipulated delivery time for various reasons and the vendor is not legally obligated to comply. The primary objectives of the follow-up function are:

(1) To assure full compliance by the vendor; and

(2) To develop documentation for future evaluation of the vendor's performance.

If delivery problems develop, there are certain techniques that may be used to help solve them:

(a) Contact the salesman for assistance.

(b) Initiate collect phone calls; letters may also be used.

(c) Visit the vendor's plant. This might help solve the problem and will assist in verifying any reason for the delay.

(d) Cancel the contract for non-performance.

Prior to the cancellation, authorization from the Director of Finance or City Administrator must be obtained.

4. *Delinquent deliveries.* When follow-up efforts have failed and the deliveries have become delinquent, one (1) of two (2) actions must be taken:

a. Authorize additional time for delivery; or

b. Cancel and order from other sources.

Prior to cancellation, authorization from the Director of Finance or City Administrator must be obtained. In all cases, the reasons for delinquent deliveries should be documented. This information may be needed in evaluating future bids submitted by that particular vendor.

5. *Partial deliveries.* Some purchase orders may list several items. If these items can be used separately, partial payments can and should be authorized. However, if the separate items are part of a system, then partial deliveries should not be authorized.

6. *Substitution.* To meet the contractual delivery schedule, it may be appropriate in some situations to consider substitute items. The specifications may cover such a possibility.

Whenever substitutions are necessary due to shortcomings of the vendor, it is the responsibility of the purchaser to seek and obtain an adjustment for lower prices on the substituted items.

7. *Non-performance.* Should the vendor fail to meet any requirements of the specifications, the vendor can be cited for non-performance. Recourse could include:

a. The City may exercise its rights under a liquidated-damages clause or under the terms of a performance bond.

b. The City may obtain the needed items from another source and charge delinquent vendor the excess difference in cost.

c. The City may terminate the contract for default if it is in the best interest of the City and items can be obtained under more favorable conditions from other sources.

Any such action should be approved by the Finance Director or the City Administrator.

8. *Inspection and testing guidelines.* Goods and materials should be checked at the time of receipt to detect any damage or defects. Inspection and testing may be performed at origin or destination.

a. *Reports, rejection and return authorization.* Whenever an inspection is performed, all reports to properly support claims or actions must be thoroughly documented. A copy of the inspection report will normally be used to substantiate payment for the goods and verification of receipt. In the event of rejection, for whatever purpose, certain steps must be taken to inform and protect the rights of the vendor as well as the City. Reasons for rejection must be listed and these reasons should reference specific requirements of the contract.

b. *Damage during shipment.* It is important that all damage be completely described on the receiving report. Any evidence of concealed damage should be noted at this time. The carrier should be notified immediately and a joint inspection should be scheduled with the carrier's representative. When it is apparent that the extent of the damage causes the goods to be worthless, they should not be accepted.

c. *Latent defects.* Latent defects may be the result of damages in transit or of failure of the manufacturer to conform to specifications. If specific liability for the defect cannot be determined between the carrier, the vendor or the manufacturer, the City may have to file a claim against all parties seeking their cooperation in resolving the situation.

9. *Invoices.* Vendors are to be instructed to send all original invoices to the City of Creve Coeur, Accounts Payable Department, 300 North New Ballas Road, Creve Coeur, Missouri 63141.

10. *Purchases supported by grant funds.* Departments shall review all requirements for grant funds used in the procurement of items to ~~insure~~ensure the bidding process required as a condition to receiving said grant funds is complied with during the procurement of the item. The Finance Department will assist in the inclusion of all required procedures that are in addition to the requirements of the policy.

11. *Delivery of items.* When items are delivered to City departments, the only paperwork to be signed is the delivery notice. Any other vendor purchase order, document, contract, warranty, maintenance agreement, etc., is not to be signed at delivery. All such documents shall be forwarded to the Finance Department or retained by the appropriate department.

E. *Disputes, Adjustments And Appeals.*

1. Departments shall notify the Finance Department in a timely manner concerning any complaint or dispute regarding an order, delivery, specification, defective goods or poor performance by a supplier. Any decision concerning an attempt to cancel a contract or an attempt to resolve a dispute regarding defective products or unacceptable services shall be made jointly by the Finance Department and the department director or department designated representative. Any correspondence with suppliers shall be made available to both the department director and the Director of Finance.

2. In the event a procurement dispute arises between the requesting department and the Finance Department, the City Administrator shall make the final decision.

F. *Compliance With Applicable Law.* All transactions shall be made in compliance with applicable law, including, but not limited to, the City's Charter and ordinances and also State laws governing such issues as general construction bidding requirements per Chapter 8, RSMo., guaranteed energy cost savings contracts (Section 8.231, RSMo.), buying preferences (Sections 34.073 et seq., RSMo.), health insurance (Section 67.150, RSMo.), transactions with Federal and State Government (Sections 70.100 et seq., RSMo.), special assessment sidewalks (Sections 88.880 et seq., RSMo.), solid waste (Section

260.208, RSMo.) and prevailing wage on public works projects (Section 290.250, RSMo.). Before commencing efforts regarding a transaction involving an unfamiliar subject area, a determination should be made as to whether a consultation with the City Attorney is necessary.

G. *Responsibility For Enforcement.* The Director of Finance shall be responsible for monitoring the compliance with this policy. Department directors will be entrusted with the responsibility of enforcing the policy within their departments.

BILL NO._____________ **ORDINANCE NO._____________**

AN ORDINANCE AMENDING CHAPTER 140 FINANCES OF THE PURCHASING AND SALES POLICY FOR THE CITY OF CREVE COEUR

WHEREAS, the City Council of the City of Creve Coeur, Missouri has determined that it is necessary to revise the provisions of the Code of Ordinances regarding Section 140.010 purchasing and sales policy, Section 140.030 general guidelines, Section 140.050 financial reports, Section 140.060 investments and Section 140.070 city administrator's supplement to city purchasing and sales policy;

WHEREAS, the City desires to improve the efficiency and effectiveness of its purchasing policy and procedures; and

WHEREAS, in order to improve its purchasing process certain changes to the current city code are necessary;

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Creve Coeur, Missouri, as follows:

SECTION 140.010 PURCHASING AND SALES POLICY

B. Definitions.

Departments – Includes legislative, legal, administration, finance, police, parks and recreation, community development and public works, purchasing and personnel.

Requisition – An internal document by which a department enters details of supplies, services or material required to the Finance Department, including documentation of authority to commit funds for the purchase, into the financial software for approval.

SECTION 140.030 GENERAL GUIDELINES:

B.1. Purchasing with material value from zero dollars ($0.00) to two thousand four hundred ninety-nine dollars ($2,499.00). Whenever any contemplated purchase or contract for services is under two thousand five hundred dollars ($2,500.00) and within budget, the City may order the item or items as needed without any further formality. It is the responsibility of each department director to ensure control over this process. Final approval of the purchase or contract shall be by the department director. No quotes are necessary and no purchase order is required.

B. 2. Purchases with material value from two thousand five hundred dollars ($2,500.00) to seven thousand four hundred ninety-nine dollars ($7,499.00). Whenever any contemplated purchase or contract for services are within this range and budget, at least three (3) informal written bids for the items or services shall be submitted in bid form. The City may purchase items or contract for services from the lowest responsible bidder whenever reasonably possible. All received bid documentation will be uploaded to the winning vendor's file in the financial software system. No purchase order is required.

B. 8. Exempt Purchases. The following purchases, by their very nature, are exempt from the normal purchasing guidelines, do not require a purchase order and require the special procurement practices set forth in subsequent Sections of this Chapter:

b. State of Missouri Cooperative purchasing agreement or Other Cooperative purchasing agreements.

g. Payments to risk management pools, employee benefit payments (note: health insurance requires bidding every three years per 67.150 RSMo), debt service payments and maintenance contracts, i.e., software maintenance, associated with items already purchased by the City. At times there may be an item that is unable to be processed through a purchase order based upon varying circumstances and those situations shall receive Finance Director approval to proceed without going through the purchase order guidelines and procedures. A purchase of a good or service shall not be made until it has been approved, unless the procedures for an emergency purchase has been followed.

E. State of Missouri Cooperative agreement or Other Cooperative agreements.

1. The City may contract directly with the State of Missouri or other governmental entities for the purchase of items. The City may also participate in, sponsor, conduct or administer a cooperative purchasing agreement whereby items are procured in accordance with a contract established by the State of Missouri or another governmental entity provided that such contract was established in accordance with the laws and regulations applicable to the establishing governmental entity.

G. Professional Services Contracts.

3. Upon approval of the Finance Director and City Administrator, professional services contracts under fourteen thousand nine hundred ninety-nine dollars ($14,999.00) may be exempt from the request for proposal process.

F. Term and Supply and Annual Contracts – ~~Open Purchase Oders~~.

2. Once such a contract is approved, specific purchases within budget should be made on an "as-needed" basis without further bidding while the contract remains open, unless and until the City terminates the contract. Any department that believes such a contract is no longer competitive should provide such information to the Finance Director. All contracts with supporting documentation (resolutions, insurance, bonds, etc.) must be entered and managed in the financial software system.

L. Disposal of Surplus Goods. The City should promptly dispose of all surplus property to the economic advantage of the City. Competitive bidding on surplus, obsolete or unusable goods is required through sealed bids, auction, open market sales or other available means. The disposal of all such goods requires the approval of the City Administrator; additional approval by the City Council is required for goods in excess of twenty-four thousand nine hundred ninety-nine dollars ($24,999.00) in total material value. Trade-in opportunities should be pursued when available to reduce the City's purchasing costs.

SECTION 140.050 FINANCIAL REPORTS.

~~B. For the purposes of financial reports, any encumbrances or contracted financial commitment in excess of two thousand dollars ($2,000.00) shall be reflected as an expense during the month and fiscal year in which it is incurred. Any such encumbrance shall be deducted from any cash balance to reflect an accurate accounting uncommitted funds. Encumbrances shall not lapse at year end.~~

SECTION 140.060 INVESTMENTS.

B. The City Council shall designate a City depository for handling any City checking account at least once every five (5) years.

SECTION 140.070 CITY ADMINISTRATOR'S SUPPLEMENT TO CITY PURCHASING AND SALES POLICY.

A. 1. After approval of a requisition in the financial software system, the requesting department will complete the requisition process which will create the purchase order. In order to ensure expeditious processing of purchase orders, it is important that the requisition be completed accurately by the requisitioning department. When applicable, a copy of City Council approval action shall be attached to the requisition.

2. *"purchase order"* is an offer to make a contract between the City and a vendor. The contract is not binding until it is accepted by the vendor. The issuance of purchase orders or direct purchases by unauthorized individuals or any other unauthorized purchase (including, but not limited to, personal expenses) will not be recognized by the City and payment for these obligations will not be approved. Purchase orders in excess of seven thousand five hundred dollars ($7,500) must be approved by the City Administrator.

3. The requisition and purchase order will be retained in the financial software system no less than what is required by the State of Missouri's local government records retention schedule.

SECTION 2: This Ordinance shall take effect in accordance with Section 3.11(g) of the Charter.

ADOPTED THIS ________DAY OF ____________________, 2021.

HEATHER SILVERMAN
PRESIDENT, CITY COUNCIL

APPROVED THIS _______DAY OF_____________________, 2021.

DR. ROBERT HOFFMAN

MAYOR

ATTEST:

KELLIE HENKE
CITY CLERK

CAPITAL ASSET POLICY

POLICY OVERVIEW

The City of Creve Coeur (City) has established a Capital Asset Policy in order to safeguard its investment in capital assets and to be able to demonstrate accountability to its various constituencies: citizens, oversight bodies, creditors, and regulators. All public information pertaining to capital assets will be made available in the annual audited financial report

The City's Finance Department is responsible for establishing an accounting and internal control structure designed to maintain a complete and accurate accounting for capital assets with significant value. Adequate accounting procedures and records of capital assets or fixed assets are essential for effective asset management and control. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are attained.

PURPOSE

This policy establishes uniform guidelines to provide for:

1. The collection of information necessary to properly capitalize the cost of assets; and

2. To provide for consistent and accurate capitalization of all assets held by the City in compliance with all generally accepted accounting standards and government regulations.

SCOPE

This policy and related procedures are applicable to all City departments, divisions and programs regardless of the source of funds. If expenses are to be charged to a sponsored program, grant, or contract, the terms of the sponsored program, grant, or contract will take precedence if they are more restrictive than the City policy.

CAPITALIZATION POLICY

All assets acquired by the City that have a useful life of more than one year, are of a tangible nature and have a value of $5,000 or greater shall be recorded as a distinct asset for the purposes of reporting asset values. The Enterprise Fund capitalization threshold is $750.00. The costs for improvements to current assets are to be added to the cost of the existing asset where practical. In certain ~~cases~~cases, improvements may be identified to be a unique asset. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Certain assets valued at less than $5,000 in the General Fund and $750 in the Enterprise Fund are considered fixed assets if they form an integral and essential part of another piece of equipment or structure considered to be a fixed asset or are part of a capital project.

Assets below those thresholds but considered significant enough to warrant the monitoring of their condition, location, availability and usage will be tracked by the department head or designated steward. The value of such assets shall additionally be tracked. Such items include, but are not limited to, computers, printers, minor furnishings, firearms, and general office equipment.

DEFINITIONS

Betterment is an addition made to, or modification of an existing capital asset, which is expected to prolong its useful life or to increase its efficiency over and above that arising from maintenance. The cost of a betterment should be added to the capital asset record as a separate item. Betterments should have a cost of $5,000 or greater to be included as a capital asset.

Capitalize is to record the cost of property as an asset subject to depreciation over its estimated useful life, rather than as an expense of one period.

Depreciation is a method for allocating the cost of buildings and equipment over their useful lives. Generally accepted accounting principles dictate that the value of capital assets must be written off as an expense over the life of the asset as an indirect cost.

Fixed Asset is an item that is tangible and permanent in nature, has a useful life of at least one year, is held for purposes other than investment or trade, and has a value of $5,000 or more. The Enterprise Fund policy is a value of $750 or greater. The six types of fixed assets are:

1. *Land* – includes land itself, both under buildings and open space, and improvements that grade, contour and shape it. Land will be carried on the Fixed Asset Schedule at acquired cost, or if donated, at assessed or fair market value. All costs for legal services incidental to the acquisition and other charges incurred in preparing the land for use shall be included in the cost. Land and land improvements are not depreciated.

2. *Construction in progress* – assets under construction that are recognized as a capital asset. This classification is primarily used in conjunction with Capital Projects. Capital Project costs are accumulated until completion of the project when costs are transferred to the appropriate fixed asset account.

3. *Buildings* – a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. All structures designated and erected to house equipment are included. All buildings will be valued at purchase price or construction cost. Cost should include all charges applicable to the building acquisition including fees for brokers, appraisers, engineering consultants, legal services, and architects.

4. *Improvements* – building improvements are capital assets that materially extend the useful life of a building or increase the value of a building, or both. Building improvements are permanently attached fixtures or machinery that cannot be removed without impairing the use of the building.

   Building improvements include systems, services and fixtures within the buildings, and structural attachments such as porches, patios, canopies, garages, stairs, fire escapes, lighting fixtures, flag poles, and all other such items such as storage tanks that serve the building. Permanent fixtures that function as an integral part of the structure are included such as plumbing systems, lighting systems, heating, cooling, ventilating and air handling systems, alarm systems, sound systems, telephone and data systems, surveillance systems, passenger and freight elevators, emergency power generators, built-in cabinets, walk-in coolers and freezers, fixed shelving, and other fixed equipment are included, if owned. Communication antennas and/or towers are not included as buildings. These are parts of the equipment units that they serve.

5. *Infrastructure* – assets that are long lived, can be preserved for a significant number of years and are normally stationary in nature. Examples include roads, road signage, traffic lights, street lights, alleys, sidewalks, bridges, tunnels, boat ramps, marinas, trails, man-made lakes, drainage systems, culverts, reservoirs, and berms. Infrastructure assets do not include buildings, drives, parking lots or any other examples given above that are incidental to property or access to the property above. Infrastructure assets will be capitalized and depreciated.

6. *Vehicles and Equipment* – includes fixed or movable personal property to be used for operations having a life expectancy of one or more years. Installation costs should be included in the capitalization amounts. Equipment includes office mechanical equipment, data processing equipment, office furniture, appliances, furnishings, machinery items, tools, maintenance equipment, earth moving equipment, and boats. Trailers, self-propelled roadway equipment (graders, loaders), mounted equipment with truck chassis (aerial platforms), and mobile heavy equipment are included. Software is categorized as equipment. All supplies are excluded. All vehicles titled and/or registered with the Missouri Department of Revenue will be considered fixed assets regardless of cost.

Expensed assets are assets that are not capitalized (General Fund items less than $5,000 and Enterprise Fund items less than $750) and are considered expenses in the year of acquisition.

Useful life is the period of time over which an asset is useful to the City in performing the function for which it was acquired.

RESPONSIBILITIES AND AUTHORITY

The Finance Department shall be responsible for maintaining and controlling the capital asset accounting system according to generally accepted accounting principles. The Finance Department is responsible for ensuring that the capital asset report is updated annually to reflect additions, deletions and transfers and to reflect the new, annual capital asset balance for financial purposes and the annual accumulated depreciation calculations.

It is the responsibility of each Department Head to act as, or to designate a steward for, each capital asset. The Department Head or designated steward shall be responsible for providing information about the availability, location, condition, and usage of the asset.

PERIODIC INVENTORIES

A physical inventory of all capital assets exceeding $5,000 for the General Fund and $750 for the Enterprise Fund will be conducted by the Finance Department periodically (at least every 2 years). Department Heads will be accountable for the capital asset non-capitalized inventory charged to their departments by verifying a list of their capital assets.

ASSET ACCOUNTABILITY

Regardless of the method of acquisition, each department shall report acquisition of any capital item to the Finance Department in the manner prescribed by the Finance Department. Property shall not be transferred, sold or otherwise disposed of without providing notification to the Finance Department. All disposals must be pre-approved by the City Administrator prior to disposal. Stolen and lost property shall be reported in the same manner.

CAPITAL ASSET VALUATION

For valuation purposes, capital assets fall into five categories based upon how they were acquired.

1. Purchased Assets - The value of the asset must include the purchase price, shipping, handling, in-transit insurance, installation costs including site preparation, value received from trade-in, and any other direct expenses incurred by the City in obtaining the asset.

2. Donated Assets – The value recorded by the City for a donated asset is the fair market value of the asset when it is given. Determination of the fair market value of the asset may use appraisal price, the selling price of an equivalent item and/or information provided by the donor, typically on IRS Form 8283. The costs of transportation and installation paid by the donor should be included when valuing a donated asset.

   In some cases, the City receives title to an asset that was purchased with outside agency funds and whose title was held by the funding agency. When title is transferred, the City receives a gift-in-kind for the fair market value of the item on the date it transferred, not for the original acquisition amount. To facilitate proper stewardship and to meet IRS requirements, all gifts of capital assets must be added to the capital assets inventory.

3. Leased Assets – These are assets acquired under a capital lease, which is defined as an installment payment agreement used to acquire capital assets. The lease may contain a “purchase option” that permits the City to acquire the asset at its fair market value at the end of the lease period. Leased assets are not considered capital assets until the “purchase option” is exercised. The leased asset would then be recorded at the fair market value.

4. Fabricated Equipment – The value of fabricated equipment (equipment built on site, not purchased in final form) is determined by the total of the costs associated with the construction of the asset. These include both invoiced charges for purchased parts, materials, shipping, and reasonable internal charges for labor involved in assembly.

5. Constructed ~~- Buildings, and Improvements/Renovations, Infrastructure Additions~~ – The value of a constructed building, improvements/renovations or infrastructure additions include~~s~~ the total amount paid for acquiring or improving the asset. This includes not only labor, shipping and materials, but also the costs of landscaping related to the building and of utilities used for construction, as well as architectural and design fees, building permits, inspections, filings, and other legal costs.

   All City owned facilities that are permanent structures must be recorded as fixed assets. Any alteration or renovation of an existing facility must be recorded as a capital asset if it:

   a. Adds usable square footage of facility space, regardless of cost: or

   b. Extends the facility’s useful life and meets minimum cost standards.

ASSET DEPRECIATION

With the exception of land and construction in progress, all capitalized assets shall be depreciated using the strait-line method over the useful life of the asset. The calculation of depreciation should be based on historical or capitalized costs. Depreciation is calculated using the first day of the month the asset is acquired. Salvage value should generally not be utilized in calculating depreciation unless the salvage value is specifically known.

Appendix "A" attached provides a Capital Asset Average Lives Table (Useful Lives Table) to be used as a guide for determining an assets useful life in the absence of a useful life as recommended by the department head.

CAPITAL ASSET DISPOSAL

A capital asset is determined to be surplus when the department head determines that the asset is no longer needed for the function it was originally purchased for and the asset cannot be utilized by another City department. Examples include office furniture, computer equipment, vehicles, and items determined to be obsolete, overstocked or having an impairment which makes the asset no longer functional or operational.

A. Disposal of Personal Property

Capital assets determined to be surplus and retaining residual value are to be disposed of in the most efficient and ~~cost effective~~cost-effective manner possible, either through an auction process, solicitation of sealed bids, through a negotiated sale, as a trade-in for a usable asset having an equal or greater value, or through another method as preapproved by the City Administrator. Residual value will be determined by the department head based on the condition of the asset and the fair market value of similar assets in similar condition. Based on the residual value, a determination will be made as to the best disposal method.

Capital assets determined to be surplus and having negligible residual value may be disposed of without going through an auction, bid or other process. Negligible residual value will be determined by the department head based on the condition of the asset, the fair market value of similar assets in similar condition and a determination that it is impractical to repair, sell or trade the asset.

If it is determined by the City Administrator to be in the public interest, the City may dispose of surplus property by donating it to another public agency or to an Internal Revenue Code 501(c)(3) organization.

The City Administrator or ~~his~~ designee must approve of the disposal all capital assets. All items are to be sold "as-is" with no warranty or warranties, express, implied or otherwise. The Director of Finance or designee must be notified of the disposal of any capital asset.

B. Disposal of Real Property

Real property, including land, land improvements, buildings, and infrastructure shall be disposed of only after approval by the City Council under authority stipulated. The City shall dispose of all real property through an auction process, solicitation of sealed bids, through a negotiated sale, or by using a qualified real estate broker, whichever is in the best interest of the City.

CONCLUSION

This policy has been designed to support the value of capital assets reported in the City's financial reports. In addition, the policy should provide the appropriate level of internal control to minimize loss of the assets.

CITY OF CREVE COEUR

December 9, 2021

To: Mayor and City Council

From: Mark Perkins, City Administrator

Re: Use Tax

With the passage of SB 154 by the Missouri Legislature last spring, there is renewed interest among municipalities to adopt a use tax. A use tax is applied to the purchase of goods by residents and businesses from out-of-state vendors. Products exempt from the sales tax would be exempt from the use tax, and in no situation would a product be subject to both a sales tax and a use tax.

Like other cities across the state and nation, the City of Creve Coeur has seen a steady decline in its sales tax revenues due to the emergence of on-line sales. Creve Coeur relies heavily on sales tax to fund its day-to-day services as well as capital improvements. Sales tax revenues represent about 30% of the city's general fund revenue and about 35% of the city's total revenue. The continued decline of this revenue source is a significant reason for the projected operating deficits in the city's General Fund over the next five years. Operating deficits are projected to exceed $900,000 in FY23, and then grow to $1.6 million in FY26. Adoption of the use tax would substantially reduce these projected deficits and largely replace the sales tax revenue not captured due to out of state purchases and on-line purchases.

The City of Creve Coeur has other options for revenue enhancement as well as service reductions, such as property tax increases or requiring a fee for trash and recycling service, but these measures will impact residents more directly and potentially severely than adoption of a use tax. The city's Finance Committee has had numerous discussions about the use tax over the years and plans to discuss this at its meeting next week.

I encourage the City Council to give consideration to placing the use tax on the ballot some time in 2022. A number of cities are planning to place the matter on the April 2022 ballot, which could provide the participating cities an opportunity to coordinate public education efforts. Ballot measures must be filed with St. Louis County Board of Elections by January 25, 2022.

MEMORANDUM

DATE: December 9, 2021

TO: Mark Perkins, City Administrator

FROM: Lori Obermoeller, Director of Finance

SUBJECT: Use Tax

I have compiled and attached a spreadsheet that shows the Estimated Use Tax Revenue for our comparative cities based on the taxable sales reported to the Department of Revenue by City for calendar years 2016 – 2020.

The last column of this spreadsheet states the actual revenue reported from each of the cities that have a Use Tax so you can see how it compares to the Estimated Numbers. There are a lot of reasons the actual numbers don't exactly line up with the estimates. Some reasons for the discrepancies are as follows:

- DOR is reporting on a calendar year, where the city may be reporting with a different fiscal year
- The city is reporting based on the accrual method
- According to DOR, for those cities without a Use Tax, the vendor is not required to report the city in which it conducted sales to the DOR; as a result, sales are under-reported for those Cities
- Beginning 10/1/21, cities no longer have a sharing option. Whatever is collected for the city is distributed directly to that city.

I would be happy to answer any questions.

USE TAX REVENUE BASED ON DOR TAXABLE SALES BY CITY PER CALENDAR YEAR

Municipality	Local Sales Tax Rate	2016 Estimated Revenue	2017 Estimated Revenue	2018 Estimated Revenue	2019 Estimated Revenue	2020 Estimated Revenue	ACTUAL REVENUE	Comments
BALLWIN	1	$54,272	$74,984	$92,846	$123,076	$98,162		
BRIDGETON	1.25	$329,571	$382,795	$307,152	$383,533	$288,850	$240,850	Only 3 months
CHESTERFIELD	1	$776,379	$765,490	$1,138,451	$828,098	$859,359		
CLAYTON	1.5	$248,526	$553,841	$2,181,528	$811,580	$1,419,616	$1,094,947	
CREVE COEUR	1.25	$667,536	$348,404	$204,737	$230,074	$313,185		
DES PERES	1.75	$992,273	$1,096,356	$1,376,217	$1,283,253	$1,409,816	$1,272,261	11m of 2021
FRONTENAC	1.5	$87,393	$131,603	$133,708	$212,835	$197,638	$176,081	2 year ave 6/30
LADUE	1.25	$44,857	$66,457	$55,026	$54,932	$85,487		
MAPLEWOOD	1.75	$187,496	$206,524	$246,709	$233,525	$346,223	$267,756	6/30/2021
MARYLAND HEIGHTS	0.5	$441,611	$530,487	$695,031	$744,476	$648,972		
OLIVETTE	1.5	$250,895	$332,591	$359,534	$330,458	$436,104	$319,222	6/30/2021
RICHMOND HEIGHTS	1.75	$592,685	$710,730	$874,461	$956,855	$931,600	$898,746	6/30/2021
TOWN AND COUNTRY	1.25	$645,829	$360,334	$367,405	$606,817	$300,869		

These numbers are based on DOR Taxable Sales Reported by City
I have adjusted the local sales tax to only reflect the local and not the 1% county wide

GENERAL FUND
FINANCIAL PROJECTIONS

The General Fund is used to account for all activities associated with the general government of the City, and it funds all services except those services attributed to the Capital Improvement Fund, Employees Retirement Fund, Municipal Enterprise Fund, Sewer Lateral Fund, Public Safety Fund (new FY 2018) and Park & Stormwater Fund (new FY 2022).

FY 2021 projected revenues and transfers-in to the General Fund are estimated to be more than budgeted expenditures and transfers out by $1.48M. This is primarily due to $1.2M that the City received from the CARES Act Relief program due to COVID-19. Without this $1.2M, overall revenues for FY 2021 would have been almost $700K less than FY 2020 due to COVID-19, with Sales Tax being hit the hardest. Most revenues will continue to decrease for FY 2022, but will then hopefully start to increase slightly for FY 2023 through FY 2026.

FY 2022 General Fund budget anticipates a $891,312 deficit including transfers. Revenues are anticipated to decrease 2.2% in FY 2022 (excluding the $1.2M received in FY 2021) once again due to COVID-19. Expenditures for FY 2022 are expected to increase by 6.14%. The main reason for the increase is because a 2% salary increase has been budgeted for FY 2022 and some of the items that were deferred or cut from FY 2021 were included in FY 2022.

The following table shows the position of the General Fund balance over the next five years, based on estimated numbers as of June 30, 2021 and incorporates the following assumptions:

Revenue Assumptions:

- Telephone receipts continue to decrease with a 6% decrease for FY 2022 due to more people eliminating their landlines, less reliance on voice and more use of texting and data.
- Sales tax revenue is budgeted to increase 2% for FY 2022 in anticipation of an easing of the economic impact of the pandemic.
- Other Agency Funding is budgeted to decrease 98% ($1.2M) due to the City receiving $1.2M in FY 2021 from the CARES Act Program.
- Building Permits are budgeted to decrease 34% as a result of FY 2021 being an exceptional year with several large projects.
- Charges for Municipal Facilities are budgeted to increase 82% ($13K) for FY 2022, but still not at the level prior to the COVID-19 Pandemic. However, it is expected to increase 89% in FY 2023 and an average of 7% from FY 2024 through FY 2026 where it will hopefully get back to the revenues received prior to the Pandemic.
- Misc. Revenue will decrease 42% in FY 2022 because FY 2021 included a one-time reimbursement from WCDC's reserve fund balance.
- Beginning with FY 2022, the Park & Stormwater Sales Tax Fund (began April 2021) will transfer 20% of the revenue to the General Fund to offset a portion of the parks and stormwater operations and maintenance expenditures.
- The Transfer In from the Public Safety Sales Tax funds used for transitioning the Police officers to 12-hour shifts in FY 2019 (an on-going expense) and for the pay adjustments of $68,057 in FY 2022 (which will also be an on-going expense) is $196,366 for FY 2021 and $209,995 for FY2022, increasing 3% annually thereafter.

GENERAL FUND
FINANCIAL PROJECTIONS
(CONTINUED)

Expenditure & Fund Balance Assumptions:

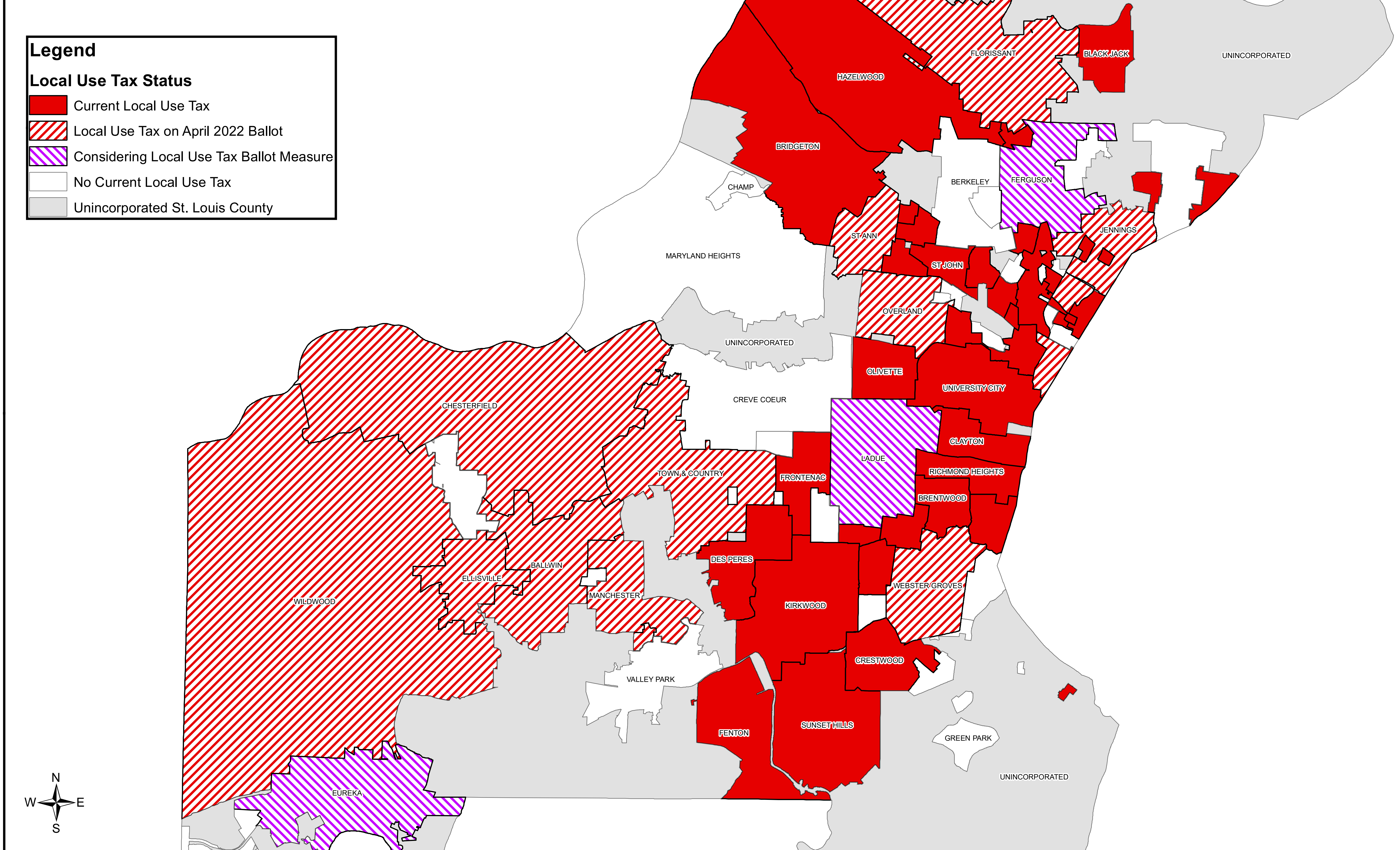
- Overall expenditures will increase 6.14% in FY 2022 and then on an average of to 2.53% from FY 2023 through FY 2026.
- 2% salary increases are budgeted for FY 2022 and then projected with a 3% from FY 2023 through FY2026.
- Total salary & benefit expenditures will increase an average of 2.92% through FY 2026.
- Health and other insurance benefits are budgeted to increase 3% over the next 5 years.
- Pension for the LAGERS Plan is budgeted to remain the same for FY 2022, and then increase 5% each year thereafter.
- The Legacy Pension Plan's contribution for FY 2022 is projected to increase 2.7% and an average increase of .28% per year for FY 2023 through FY 2026.
- The amount of Public Safety Sales Tax Revenue used for the Police Pension increased from 15% to 20% in FY 2021 and is projected at 20% through FY 2026. The budgeted transfer for FY 2022 is $176,335, which offsets the expense from the General Fund.
- Operating expenditures will increase 1.5% for contractual services, 4% for Trash/Recycling use and 2% for commodities annually.
- $200K of the General Fund Balance is Reserved for Street Reconstruction.
- $2M set aside for Govt. Center will be included in the 5 Year Capital Improvement Program in FY 2022 ($250K), FY 2023 ($200K) & FY 2024 ($1.55M).
- $749,533 of the GF Balance is Reserved for the purchase of land or construction of improvements in city parks or other public recreational spaces or facilities per Ordinance 5380.
- Transfer out $400K each year to the Capital Fund from the County Road & Bridge Tax revenue which must be used for the improvement and repair of public roads, streets and bridges within the City. The balance of these funds remain in the General Fund to support the Street Division operation.
- Starting in FY 2022, $83,391 Transfer Out to the Enterprise Fund will be needed to cover the operating deficit and an average of $102K per year will be needed throughout FY 2026.

GENERAL FUND
FINANCIAL PROJECTIONS
(CONTINUED)

	FY 2021	FY 2022	FY 2023
Revenues	16,305,817	14,769,502	14,948,205
Expenditures	(14,619,094)	(15,517,418)	(15,895,367)
Revenue over (under) Expenditures	1,686,723	(747,916)	(947,162)
Operating transfers - In (Public Safety)	196,366	209,995	216,295
Operating transfers - In (Park & Stormwater)	0	380,000	380,000
Operating transfers - Out (Enterprise)	0	(83,391)	(105,347)
Operating transfers - Out (Capital)	(400,000)	(650,000)	(600,000)
Net Change in Fund Balance	1,483,089	(891,312)	(1,056,214)
Fund Balance - Beginning of year	17,004,854	18,487,943	17,596,631
FUND BALANCE - End of the Year	18,487,943	17,596,631	16,540,416
Less RESERVE GF BALANCE FOR CAPITAL CONST.	2,200,000	1,950,000	1,750,000
Less RESERVE GF BALANCE FOR PARKS	749,533	749,533	749,533
Unassigned Fund Balance	15,538,410	14,897,098	14,040,883

	FY 2024	FY 2025	FY 2026
Revenues	15,137,935	15,316,240	15,510,875
Expenditures	(16,300,837)	(16,718,408)	(17,148,465)
Revenue over (under) Expenditures	(1,162,902)	(1,402,168)	(1,637,590)
Operating transfers - In (Public Safety)	222,784	229,467	236,351
Operating transfers - In (Park & Stormwater)	458,864	468,041	477,402
Operating transfers - Out (Enterprise)	(95,949)	(108,762)	(100,132)
Operating transfers - Out (Capital)	(1,950,000)	(400,000)	(400,000)
Enforcement)	0	0	0
Net Change in Fund Balance	(2,527,204)	(1,213,422)	(1,423,969)
Fund Balance - Beginning of year	16,540,416	13,554,349	11,872,886
FUND BALANCE - End of the Year	13,554,349	11,872,886	9,971,515
Less RESERVE GF BALANCE FOR CAPITAL CONST.	200,000	200,000	200,000
Less RESERVE GF BALANCE FOR PARKS	749,533	749,533	749,533
Unassigned Fund Balance	12,604,816	10,923,353	9,021,982

St. Louis County Local Use Tax Participants



St Louis County Municipalities that have the Use Tax

CITY	POP	1/8 or 1/4 CENT GEN REV Chapter 94.850	1/2 CENT CAP IMP Chapter 94.890	CAPITAL IMPROV DISTRIB OPTION	UP TO 1/2 CENT STORM & PARKS Chapter 644.032	UP TO 1/2 CENT ECON. DEV. Chapter 67.1305	UP TO 1/2 CENT FIRE DEPT Chapter 321.242	Special Taxes See Below	MUNI TAX RATE	TOTAL TAX RATE	LOCAL USE TAX Chapter 144.757	12 Month Revenue
Bella Villa	757		Apr-96	2					0.50	8.2375	Aug-96	
Bel-Nor	1,399		Aug-95	2					0.50	8.2375	Aug-96	
Bel-Ridge	2,132	Feb-05	Aug-95	2	Feb-05				1.25	8.9875	Apr-16	
Beverly Hills	475		Nov-95	2	Nov-95	Apr-06			1.50	9.2375	Nov-17	
Black Jack	6,634		Nov-95	2					0.50	8.2375	Aug-96	
Breckenridge Hills	4,458	Apr-94	Nov-99	1	20-Jun				1.25	8.9875	Apr-97	
Brentwood (1)	8,233	Nov-93	Apr-94	1	11/95,11/9	Apr-19	Aug-02		2.00	9.7375	Nov-20	
Bridgeton	11,445	Aug-13	Apr-06	1	Nov-97				1.25	8.9875	Apr-21	$240,850
Calverton Park	1,143		Apr-02	2					0.50	8.2375	Jun-20	
Clayton	17,355	Nov-93	Nov-95	1	Apr-97		Apr-14		1.50	9.2375	Nov-18	$1,094,947
Cool Valley	1,039	Apr-18	Apr-02	1	Apr-18	Apr-18			1.75	9.4875	Apr-18	
Country Club Hills	1,014	Apr-15	Nov-95	2	Apr-07	Aug-10			1.75	9.4875	Apr-16	
Crestwood	12,404	Nov-93	Nov-93	1	Aug-00		Aug-03		1.50	9.2375	Apr-16	$343,996
Des Peres (11)	9,193	Nov-93	Nov-94	1	Aug-00		11/03 & 8/20		1.75	9.4875	Aug-96	$1,272,261
Edmundson	860	Nov-93	Feb-94	1	Nov-97	Feb-06			1.75	9.4875	Aug-96	
Flordell Hills	724		Nov-96	2					0.50	8.2375	Apr-97	
Frontenac	3,612	Nov-93	Nov-94	1	Nov-04		Apr-02		1.50	9.2375	Apr-16	$176,081
Glendale	6,176	Apr-96	Aug-95	2	Apr-98		Aug-16		1.50	9.2375	Aug-96	$176,293
Greendale	642		Nov-03	2	Nov-03				1.00	8.7375	Aug-17	
Hazelwood (11)	25,458	Apr-15	Apr-96	2	Nov-01	Nov-06	8/14 & 8/20		2.25	9.9875	Aug-96	
Kirkwood	29,461	Nov-94	Nov-94	1	Apr-98		Apr-15		1.50	9.2375	Aug-96	$853,886
Maplewood (11)	8,269	Feb-94	Feb-94	1	Nov-97		4/03 & 6/20		1.75	9.4875	Aug-96	$267,756
Moline Acres	2,156	Apr-17	Nov-05	2	Apr-17				1.25	8.9875	Aug-17	
Normandy	4,287		Apr-96	2	Nov-04	Apr-07			1.50	9.2375	Apr-07	
Olivette	8,504	Nov-93	Nov-95	1	Apr-02		Nov-01		1.50	9.2375	Aug-96	$319,222
Pagedale	2,554	Apr-03	Nov-95	2	Aug-02				1.25	8.9875	Nov-17	
Pasadena Hills	912		Nov-95	2					0.50	8.2375	Aug-96	
Pine Lawn	2,754	Nov-17	Aug-95	2	Apr-98	Aug-18			1.75	9.4875	Apr-19	
Richmond Heights	9,286	Nov-93	Jun-94	1	Aug-97		4/03 & 4/21		1.75	9.4875	Nov-15	$898,746
Riverview	2,397		Nov-95	2					0.50	8.2375	Aug-96	
Rock Hill	4,750	Nov-93	Aug-94	1	Nov-99		Apr-01		1.50	9.2375	Apr-21	
St. John	6,643	Apr-15	Nov-95	2	Apr-05				1.25	8.9875	Apr-18	
Sunset Hills	9,198	Apr-94	Apr-94	1	Apr-07				1.25	8.9875	Apr-21	
University City (6)	35,065		Apr-96	2	11/01,11/0	Aug-06	**Nov-01**		1.50	9.2375	Apr-98	$1,049,020
Uplands Park	312		Nov-95	2					0.50	8.2375	Aug-96	
Velda Village Hills	881		Nov-95	2	Aug-16				1.00	8.7375	Apr-19	
Vinita Park	1,970		Nov-95	1	Nov-16				1.00	8.7375	Aug-96	
Warson Woods	2,018	Apr-96	Aug-94	1	Aug-14				1.25	8.9875	Apr-21	
Woodson Terrace	3,950	Nov-93	Apr-94	1	Apr-02	Feb-06			1.75	9.4875	Aug-96	
# of cities that have adopted the tax											39	

FAQ: Local Use Tax (Proposition U)

by MML Staff

What is a use tax?

A use tax is a tax on the purchase of goods by Missouri residents from out-of-state vendors. Products exempt from the sales tax would be exempt from the use tax.

What is the rate of the local use Tax?

The local use tax rate is the same rate as the total local sales tax rate. If the local sales tax is reduced or raised by voter approval, the local use tax shall also be reduced or raised by the same action.

When must the local use be passed?

There is no deadline for the passage of the local use tax. However, cities that did not receive voter approval for continuation of the local sales tax on motor vehicles, trailers and outboard motors will lose this revenue November of 2022 unless the city passes a local use tax.

Is the Missouri Department of Revenue currently collecting the local use tax and holding those funds for cities?

The local use tax is only imposed upon voter approval. The Missouri Department of Revenue (MoDOR) will not collect a local use tax until citizen's approval of the tax locally. Additionally, MoDOR is not holding any fund for cities to be turned over upon passage of the use tax.

What if the city's voters turn down the use tax?

If the voters of the city do not authorize a local sales tax, the legislative body of the city may submit the sales tax proposal again at a later election. There is no limitation as to how many times the local sales tax proposal may be submitted to the electorate.

When does a city use tax ordinance take effect?

If the city voters approve the local use tax, then the tax becomes effective on the first day of the calendar quarter which begins at least forty-five days after the Missouri Director of Revenue receives notice of adoption of the local use tax.

How is the tax collected?

The online or catalog vendor will collect the local use tax, along with the state use tax, and remit both to the Missouri Department of Revenue (MoDOR).

What does the state charge for the collection of the city use tax and how is the city tax accounted for?

The director of revenue is required to deposit all city use taxes collected in a special City Use Tax Trust Fund, less 1% for the cost of collection. The 1% deducted, less the cost of premiums on surety bonds, is deposited in the State General Revenue Fund. The director of revenue of the state is to keep an accurate record of the amount of money collected from each city.

How much will my city receive from a local use tax?

It is difficult to accurately estimate the prospective revenue from a local use tax. A rough estimate of prior gross sales recorded as a use tax transaction per city can be found at https://dor.mo.gov/public-reports/#pubtax.

What changes did the legislature make in the 2021 "Wayfair" legislation (SB 153)?

The major modifications the legislation made to Missouri's use tax law was to require all online and catalog vendors to collect and remit the local and state use tax, including those vendors that do not have a physical presence in the state. Also, online vendors who facilitate transaction for a third-party vendor must collect and remit local and state use taxes on those facilitated transactions. Essentially, the new law makes the collection and remittance of the use tax similar to the way the sales tax is collected and remitted to the Missouri Department of Revenue.

MML and the Municipal League of Metro St. Louis have collaborated on Use Tax ***educational materials*** for you to use in your city, and a separate ***advocacy kit*** for campaign committees.

Learn more about materials for Proposition U at:
www.mocities.com

The purpose of the proposal is to assess the same tax rate on out-of-state purchases as local purchases.

Election Date Here

Learn more about Proposition U at:

your website here

Your City Logo Here

Your Address

Your Phone | **Your email**

This brochure was prepared by the Missouri Municipal League and the Municipal League of Metro St. Louis solely to educate and inform about Proposition U.

PROPOSITION U

LOCAL USE TAX

The Facts!

- ***Generates Local Revenue***
- ***Helps Your Community***
- ***Not a Double Tax***

A **Local Use Tax** will help pay for:

- Police and Fire Personnel
- Roads
- Sidewalks
- Parks
- Emergency Vehicles and Equipment

PROP. U
Local Use Tax

- The purpose of the proposal is to assess the same tax rate on out-of-state purchases as local purchases.
- If you already pay local sales tax on a purchase, you will NOT pay a Use Tax on the same purchase.
- The local Use Tax rate is the same amount as the sales tax rate.
- A local Use Tax ensures out-of-state purchases are taxed at the same rate as purchases from your local business.
- A local Use Tax produces local funds for community services.
- Funds generated will help pay for public safety, roads, sidewalks, parks, and emergency vehicles/ equipment.

Helps Your Community • Generates Local Revenue
NOT A Double Tax!

What is a local Use Tax?

A Use Tax is a tax on the purchase of goods by Missouri residents from out-of-state vendors. Products exempt from the sales tax would be exempt from the Use Tax.

I already pay sales tax. Is this the same thing?

No. The sales tax applies to purchases made at local retailers within Missouri, while the Use Tax applies to purchases made from out-of-state vendors. Purchases cannot fall into both groups and cannot be taxed twice.

How can a Use Tax benefit my community?

As internet purchases increase, local revenues decrease. Funds generated from the Use Tax can be used to pay for vital municipal services including: public safety, additional sidewalks and parks, and emergency equipment.

What is the rate of the Use Tax?

The local Use Tax rate is the same rate as the local sales tax rate. If the local Sales Tax is reduced or raised by voter approval, the local Use Tax shall also be reduced or raised by the same action.

PROPOSITION U
LOCAL USE TAX

A SAMPLE CITY USE TAX ORDINANCE
(This sample ordinance is to be considered only as a guide for local adoption)

For use by all municipalities

BILL NO. _________________

ORDINANCE NO. ____________

An ordinance of the City of ________________________, Missouri, imposing a use tax for general revenue purposes at the rate equal to the total local sales taxes in effect for the privilege of storing, using or consuming within the City any article of tangible personal property pursuant to the authority granted by and subject to the provisions of Sections 144.600 through 144.761 RSMo; providing for the use tax to be repealed, reduced or raised in the same amount as any city sales tax is repealed, reduced or raised; and providing for submission of the proposal to the qualified voters of the City for their approval at the (Special) (General) (Primary) election called and to be held in the City on , _____(Day)___, ___(Month)___, 20____.

WHEREAS, the City has imposed total local sales taxes, as defined in Section 32.085 RSMo, at the total rate of __________________%; and

WHEREAS, the City is authorized, under Section 144.757 RSMo, to impose a local use tax at a rate equal to the rate of the total local sales taxes in effect in the City; and

WHEREAS, the proposed City use tax cannot become effective until approved by the voters at a municipal, county or state general, primary, or special election;

NOW, THEREFORE, be it ordained by the (City Council) (Board of Aldermen) (Board of Trustees) of ___(City)____, as follows:

Section 1. Pursuant to the authority granted by, and subject to, the provisions of Sections 144.600 through 144.761 RSMo, a use tax for general revenue purposes is imposed for the privilege of storing, using or consuming within the City any article of tangible personal property. This tax does not apply with respect to the storage, use or consumption of any article of tangible personal property purchased, produced or manufactured outside this state until the transportation of the article has finally come to rest within this City or until the article has become commingled with the general mass of property of this City.

Section 2. The rate of the tax shall be equal to the total local sales tax in effect. If any city sales tax is repealed or the rate thereof is reduced or raised by voter approval, the city use tax rate also shall be deemed to be repealed, reduced or raised by the same action repealing, reducing or raising the city sales tax.

Section 3. This tax shall be submitted to the qualified voters of ___(City)____, Missouri, for their approval, as required by the provisions of Section 144.757 RSMo, at the (Special) (General) (Primary) election hereby called and to be held in the City on __(Day of Week)__, the ___________________ day of ____________________, 20_____. The ballot of submission shall contain substantially the following language:

> Shall the.............. (municipality's name) impose a local use tax at the same rate as the total local sales tax rate, provided that if the local sales tax rate is reduced or raised by voter approval, the local use tax rate shall also be reduced or raised by the same action?

☐ Yes ☐ No

If you are in favor of the question, place an "X" in the box opposite "Yes."
If you are opposed to the question, place an "X" in the box opposite "No."

Section 4. Within ten (10) days after the approval of this ordinance by the qualified voters of (City), Missouri, the City Clerk shall forward to the Director of Revenue of the State of Missouri by United States registered mail or certified mail, a certified copy of this ordinance together with certifications of the election returns and accompanied by a map of the City clearly showing the boundaries thereof.

Section 5. This Ordinance shall be in full force and effect from and after the date of its passage and approval.

City of Creve Coeur
Finance Committee
FY22 Meeting Schedule
Meeting Time 3:00 PM to 4:30 PM

DATE	TOPIC
August 31, 2021	Nominate Chair & Committee Liaisons Review PAFR Publication 4th Quarter Financials and Year-End
October 26, 2021	Review of 1st Quarter Financials, Further Discussion of Revenue Options
January 25, 2022	Review of 2nd Quarter Financials, Review of Financial Policies
March 14, 2022	Joint Work Session with City Council to Review of Proposed 5-Year Capital Plan
March 22, 2022	Review Proposed 5-Year Capital Plan Update on Capital Projects
April 26, 2022	Review Proposed Budget Preview Review 3rd Quarter Financials
May 10, 2022	Review of Proposed Budget
June 28, 2022 Move to July 19, 2022	Olive/Graeser TDD Review (every 3 years) Review of Budget/PAFR Publications

FINANCE COMMITTEE PRIORITIES

- As part of the budget review process, evaluate economic justification and risks of proposed single-project capital and operational expenditures in excess of $100,000 or a combination of multiple similar projects or the aggregate value of multi-year projects over $1 million.
- Review proposed financing, bond indebtedness, taxation and leases greater than $10,000 prior to council action.
- Review project closeout reports for scope, schedule and cost variation.
- Periodically review and comment on the surplus funds investment policy and financial performance.
- Review opportunities for cooperative purchasing or contracting ventures with other municipalities.