Finance Committee
Committee Meeting Agenda
January 9, 2018
5:30 PM
Administrative Conference Room
300 N New Ballas Rd

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Approval of Minutes**

    Approval of November 7, 2017 Finance Committee Meeting Minutes

5. **Reports**

    Chairperson

    Audit Committee

    Pension Board

    Building Task Force

    Finance Director

6. **New Business**

    Review of Service Costs

    Reveiw of Revenue Sources

    Capital Return on Investments

    Economic Impact on New Business

    Citizens Survey - see link below on packet page 26

7. **Unfinished Business**

    Prop P Policy Follow Up

    Fund Balance Policy Follow Up

    Update of Software Purchase

8. **Other Business**

FY18 Meeting Schedule

9. Public Comments

10. Adjourn

11. Communications

Finance Committee
Committee Meeting Minutes
November 7, 2017
5:30 PM
Administrative Conference Room
300 N New Ballas Rd

1. Call to Order

2. Roll Call

Richard Kutta	Vice-Chairperson	
Larry Potashnick	Board Member	
Ronald Abeles	Board Member	
Marjorie Richter	Board Member	
Adam Shulenburger	Board Member	(Absent)
Phillip Hellwege	Chairperson	
Tim Fogerty	Board Member	
Debbie Loso	Assistant	
Lori Obermoeller	Director of Finance	
Mel Clearman	Citizen	
Tracy Brothers	Finance Clerk	
James Faron	Council Liason	(Excused)

3. Approval of Agenda

1. Approve Agenda

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Richard Kutta, Vice-Chairperson
SECONDER:	Marjorie Richter, Board Member
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

4. Approval of Minutes

Approval of September 5, 2017 Finance Committee Meeting Minutes

Mr. Kutta requested the topic of the Prop P money and how the funds will be handled be added to the next meetings agenda under Unfinished Business.

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Marjorie Richter, Board Member
SECONDER:	Larry Potashnick, Board Member
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

5. Reports from Committee Liaison's

Chairperson

Chair has nothing to report at this time.

Audit Committee

Audit Committee meeting is scheduled for Monday, November 13, 2017 to review the results of the Audit.

Pension Board

Mr. Potashnick stated he was taking a six hour training course on Remedial Governmental Trustee Education sponsored by the City's pension fund manager.

Mr. Potashnick reported to the Committee an overview of the LAGERS funding ratios for all plans in LAGERS and individual ratios. He also gave the Committee a review of what would happen if LAGERS took over the City's current Defined Benefit Plan.

Building Task Force

Mr. Kutta stated the new Police Building now has an appearance. The Council will be presented with a recommendation for the facade at the next City Council meeting on Monday, November 13, 2017. Plan is to have a contract by the end of the year.

6. Unfinished Business

7. New Business

FY18 1st Quarter Financial Report

Ms. Obermoeller presented the Committee with an overview of the First Quarter Financial Report for FY2018. Revenues were down slightly in the 1st quarter compared to last year. Expenditures are approximately $26,000 less than last year due to timing of the financial software invoice paid in 2nd quarter instead of the 1st quarter.

Enterprise fund revenues are substantially less due to receiving a tower lease payment last year of $120,000 and the Creve Coeur Hockey League rental payment received in the 2nd quarter this year instead of the 1st quarter like last year. Expenditures are slightly more which the City anticipated.

Question was asked about why Legislative and Park maintenance seems to be higher.

Budget Amendment #3

This was to reallocate street money to different projects. There is not a change in the budgeted amount.

Budget Amendment #4

The Tree limb service company use to haul off the leave mulch but now they will be charging for the service to haul the leave mulch away and this was not in the budget.

Budget Amendment #5

This reallocates funds from one project to another for a net result of zero to the Capital Fund.

Fund Balance Policy

Ms. Obermoeller stated the Fund Balance Policy is to be reviewed every couple years.

The Committee recommended the Audit Committee at their next meeting review the possible changes to the policy.

Mr. Fogerty volunteered to be of assistance to help with the revision of the policy.

Motion was made to present the possible changes to the policy to the Audit Committee.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Marjorie Richter, Board Member
SECONDER:	Richard Kutta, Vice-Chairperson
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

New Hotel Redevelopment

The Committee discussed the economic impact on new businesses wanting to come into the City or to redevelop current property. The Committee thought maybe they could have an impact on the decision about new revenue resources from business's coming into the City.

The Committee also discussed new revenue streams for the City. The Committee requested to add to the next meeting agenda the discussion of revenues and expenditures. The Committee suggested looking back at previous meeting minutes to get a list of revenue discussions the Committee has previous had and bring to the next meeting.

Mr. Faron stated he would bring these topics to the City Council in his Liaison report at the next Council Meeting. The topics include what the Council could task the Committee to look into and what recommendations they have, having a work session to give an economic matrix before a project is presented to the Council and additional revenue for the City. He also stated that the Council has discussed some of the revenue sources such as Stormwater, a use tax and utility tax. Mr. Faron recommended Ms. Obermoeller check with Mr. Perkins to see were the Council and City currently are on those topics.

Financial Policy for Capital Return on Investment

Deferred to next meeting

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

8. Other Business

A request was made by the Committee to add to the next agenda a discussion for the new financial software.

The Committee suggested Ms. Obermoeller discuss with Mr. Perkins whether to have another meeting before the next scheduled meeting in February.

FY18 Meeting Schedule

RESULT:	**DEFERRED [UNANIMOUS]**
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

9. Adjourn

1. Adjourn Meeting at 7:00 PM

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Ronald Abeles, Board Member
SECONDER:	Marjorie Richter, Board Member
AYES:	Kutta, Potashnick, Abeles, Richter, Hellwege, Fogerty
ABSENT:	Shulenburger

CITY OF CREVE COEUR

January 5, 2018

To: Finance Committee

From: Mark Perkins, City Administrator

Re: Long Range Financials – Pre-FY 2019 Budget Outlook

City staff will soon be working on preparing the FY2019 annual budget. As we cross the halfway point in FY 2018, we are seeing a continuation of stagnant revenue trends, particularly in sales tax and utility tax. We are also seeing a substantial decrease in court fines for the second year in a row, due in part to recent changes in state law. The new Public Safety sales tax is now being collected and will provide additional funding for police and other public safety functions but is limited to use in these service areas.

Revenue growth for the City's General Fund has averaged only 0.5% over the last ten years. During the same period, expenditures have increased 1.7% annually over the same period, a modest amount yet beyond the tepid rate of revenue growth. The General Fund has concluded each of the last twelve fiscal years with an operating surplus before transfers. However, changes in either the revenue side, expenditure side or both will be required in the near future in order to maintain this track record. This issue has become more pronounced with a 5.5% *decrease* in General Fund revenue experienced in FY2017.

Last fall, city staff presented a variety of options for generating additional revenue to maintain city services. These alternatives were reviewed by the Finance Committee at their meeting of September 5, 2017. The City has a variety of options for increasing revenue and is fortunate to have a very strong tax base, both commercially and residentially.

While revenue enhancements are an option, city staff is also reviewing current services and expenditures to ascertain where cost reductions can be obtained. As a service organization, about 70% of our General Fund expenditures are personnel related, so this will be an area of focus. Areas for possible cost savings include:

- Reducing annual salary increases, which currently average 3% of salary.
- Re-evaluating vacant positions to determine if the position can be reduced or eliminated (either temporarily or permanently). The City currently has about five open positions, out of 109 total authorized full time employees.
- Seeking joint partnerships with other cities to improve efficiency and lower the cost of service (municipal court, for example); the city currently utilizes regional and state purchasing programs for a large variety of purchases, grants for various programs, a regional health, worker's compensation and liability insurance pool, and a regional dispatch center.
- Reducing transfers from the General Fund to the Capital Fund.
- Deferring the Government Center Renovation, which is currently scheduled for design work to be initiated in FY2019.

In May of last year, staff developed a report delineating the cost of various city services. The services listed in this report will also be a part of the discussion in identifying opportunities for significant cost reduction.

Lori Obermoeller, Finance Director, is in the process of updating our long-range financial projections. Once these are complete, we will begin to more specifically identify our options based on current projections.

I have attached a 2010 staff report outlining a variety of possible cost saving measures and revenue enhancement options, many of which were subsequently implemented. I thought you might find this interesting.

Staff looks forward to discussing these issues with the Finance Committee.

Estimated Cost of Major Services FY17*

**except where noted*

Public Works

- Street maintenance, per lane mile – includes operating, capital, fuel, equipment, labor (154 lane miles)
  - Capital: $9,692/per lane mile
  - In-House Labor/Materials/Equipment: $5,311/per lane mile
  - Total: $15,002/per lane mile

    **equipment costs 75%/25% between streets/parks avg. annual $275,000*

- Trash service, per household – includes operating and labor (4,900 single-family)
  - Total: $891,915
  - Annual Cost per single-family residence: $182

- Snow removal per lane mile - includes materials, equipment, fuel, and labor (154 lane miles)
  - $725/per mile (very light year for snow and ice control)

    **equipment costs based on FEMA equipment rates*

- Leaf and limb, per household – includes equipment/labor – 4,900 single-family
  - Leaf Collection Services: $65/per residence
  - Limb Collection Services: $74/per residence

- Park maintenance, per acre of park land – includes operating, fuel, equipment, labor
  - Developed (62.6 AC): $8,189/acre
  - All Park Land (95.2 AC): $5,385/acre
  - *Does not include Golf Course acreage*

    **based on equipment costs 75%/25% between streets/parks avg. annual $275,000*

Police Service (per capita 17,900; per capita daytime 50,000)

- Overall (includes salary, benefits, supplies, equipment – does not include building or CIP expenses):
  - Total cost: $7,290,341
  - $407.28/per capita
  - $145.81/per capita daytime
- Traffic Division: (includes avg. salary, benefits, supplies 2.5 FTEs; .5 FTE paid for by grant, equipment; does not include building or vehicle expenses):
  - Total Cost: $194,142
  - $10.84/per capita
  - $3.88/per capita daytime
- St. Louis County Drug Task Force (includes salary & benefits for 1 FTE – does not include equipment/vehicle expenses paid for by other agency):
  - Total Cost: $98,818
  - $5.52/per capita; $1.98/per capita daytime

    **does not include drug seizure proceeds received by City*

Community Development

- Nuisance / exterior property maintenance enforcement
  - Total Estimated Cost (FY16): $33,855 (salaries, benefits, supplies for .35 FTEs)
  - Number of Investigated Complaints (FY16): 221
  - Avg. Cost Per Nuisance/Complaint (FY16): $153

- Building permitting – total (salaries, benefits, supplies) and net of fees
  - Total Revenue (FY16): $774,818
  - Total Expense (FY16): $911,817
  - Total Cost (FY16): $136,999
  - Percentage received through fees (3-year average): 90%

City newsletter (includes printing, postage, handling, software, salary, benefits) - *updated 1/4/18*

- Total Cost: $87,547
- Total Cost Per Household (8,039): $10.89/household

ALTERNATIVES FOR EXPENDITURE REDUCTIONS

AND REVENUE ENHANCEMENTS (2010)

Below is an outline of alternatives for both expenditure reductions and revenue enhancements. The city's operating deficits are projected as follows, based on 2009 projections:

FY 2012 - $920,000

FY 2014 - $2,000,000

Expenditures

1. Service Levels and Funding Alternatives

   a. Trash and recycling

      i. Change point of collection for trash from rear yard to curb side (rear yard option available for fee); proposal received from hauler; rear yard option fee is $30 per month. Residents would be required to use a hauler-provided trash toter. Annual savings: $290,000

      ii. Retain existing rear yard trash and curbside recycling service; direct billing of residents for a portion or all of total cost of approximately $20 per month (includes $1.30 per quarter administrative billing fee)

         - Savings to city based on 75% city funding / 25% user fee: $325,000
         - Savings to city based on 50% city funding / 50% user fee: $650,000
         - Savings to city based on 100% user fee: $1,300,000

   b. Leaf vacuuming

      i. Total Cost of leaf vacuuming service is $330,000 annually including both hard and soft costs; soft costs include staff salaries and equipment that would need to be retained for other services if leaf vacuuming service is eliminated. Total savings if the program is eliminated: $189,000

      ii. Reduce service to 2 collections in fall, 1 time in spring; savings: $90,000

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

   c. Limb chipping

      i. Total Cost of limb chipping service is $275,000 annually including both hard and soft costs; soft costs include staff salaries and equipment that would need to be retained for other services if limb chipping service is eliminated. Total savings if the program is eliminated: $181,000

d. Snow removal on private streets

    i. consider discontinuing this service or establishing user fee - $41,000

2. Opportunities for Joint Service arrangements with other cities, St. Louis County and outsourcing exist in a variety of areas. Savings: $50,000 to $300,000;

    a. The city is one of 12 charter members to a new municipal self-insurance health pool, effective July 1, 2009

    b. Staff is actively pursuing service areas for joint services

3. Wages and Benefits

    a. Reduce salary increases or freeze salaries; For FY 2010, salary increases were reduced to avg. of 3%. Salary increases to be further reduced or eliminated in FY 2011. Each 1% of salary increase costs approximately $65,000.

    b. increase employee share of health insurance benefit cost

        i. For FY 2010, employee share for dependent coverage increased from 16% to 20%, resulting in savings of $23,000.

        ii. Effective January 1, employee share for dental coverage is proposed to increase from 17.5% to 24% for single, and 23.7% to 27.5% for dependents.

    c. Freeze Longevity pay; New hires are no longer eligible for longevity pay, a freeze would accelerate annual cost savings; savings: $5,000.

    d. Reduce vacation buyback from 2 weeks to 1 week; Savings: $13,000

    e. Eliminate P&Z and BOA Board Member Salaries; Savings: $9,000

4. Other

    a. Reduce fleet of 2-ton trucks - review of public works vehicle fleet is underway, to reduce ongoing operating and maintenance costs; Savings: to be determined.

    b. energy efficiency improvements – city is lead agency on a multi-city grant to replace lighting fixtures, estimated payback of investment to occur within 2.5 years;

    c. Reduce Staffing levels through attrition

        i. FY 2010 budget included 4.5 fewer full-time positions for savings of $300,000;

        ii. Additional opportunities for staff reductions through attrition are limited without affecting service levels. Savings resulting from eliminating 2 additional positions: $125,000

    d. Reduce printing of newsletter from monthly to bi-monthly, issuing the newsletter in electronic form in the other months. Savings: $20,000

e. Special Event Activities

    i. Reduce annual commissions dinner to reception; Savings: $3,000; savings if event is eliminated entirely: $8,000

    ii. Flicks on the Fairway to be held only upon full sponsorship; Savings: $2,000

Alternatives for Revenue Increases

1. Adjust fees for community center, Golf and Ice (completed annually)

    a. Increase to most golf course fees effective January 1, 2010, projected to increase revenue by $40,000;

    b. Ice arena fees are currently under review.

2. Business License Compliance Audit – conducted in fall 2008; collection process under way: potential additional revenue: $30,000

3. Review building permit fees – currently underway

4. Consider increase to business license fee schedule (voter approval required); potential additional revenue: $200,000 to $400,000

5. In lieu of a business license fee increase, consider an increase in the commercial gross receipts tax from 7% to 8 or 9%. potential revenue: $170,000 for each 1% increase for electric only.

6. Consider one-quarter center local option sales tax (voter approval required); potential additional revenue; $850,000

7. Implement new user fees for trash, recycling, etc. as indicated above.

Prepared by:

Mark Perkins, City Administrator

Dan Smith, Director of Finance

December 3, 2009 (Updated February 19, 2010)

Review of Major Revenue Sources for City of Creve Coeur

Finance Committee

Presented by:

Lori Obermoeller

Director of Finance

September 5, 2017

Follow up from May 23rd Finance Committee Meeting

Look at the following items:

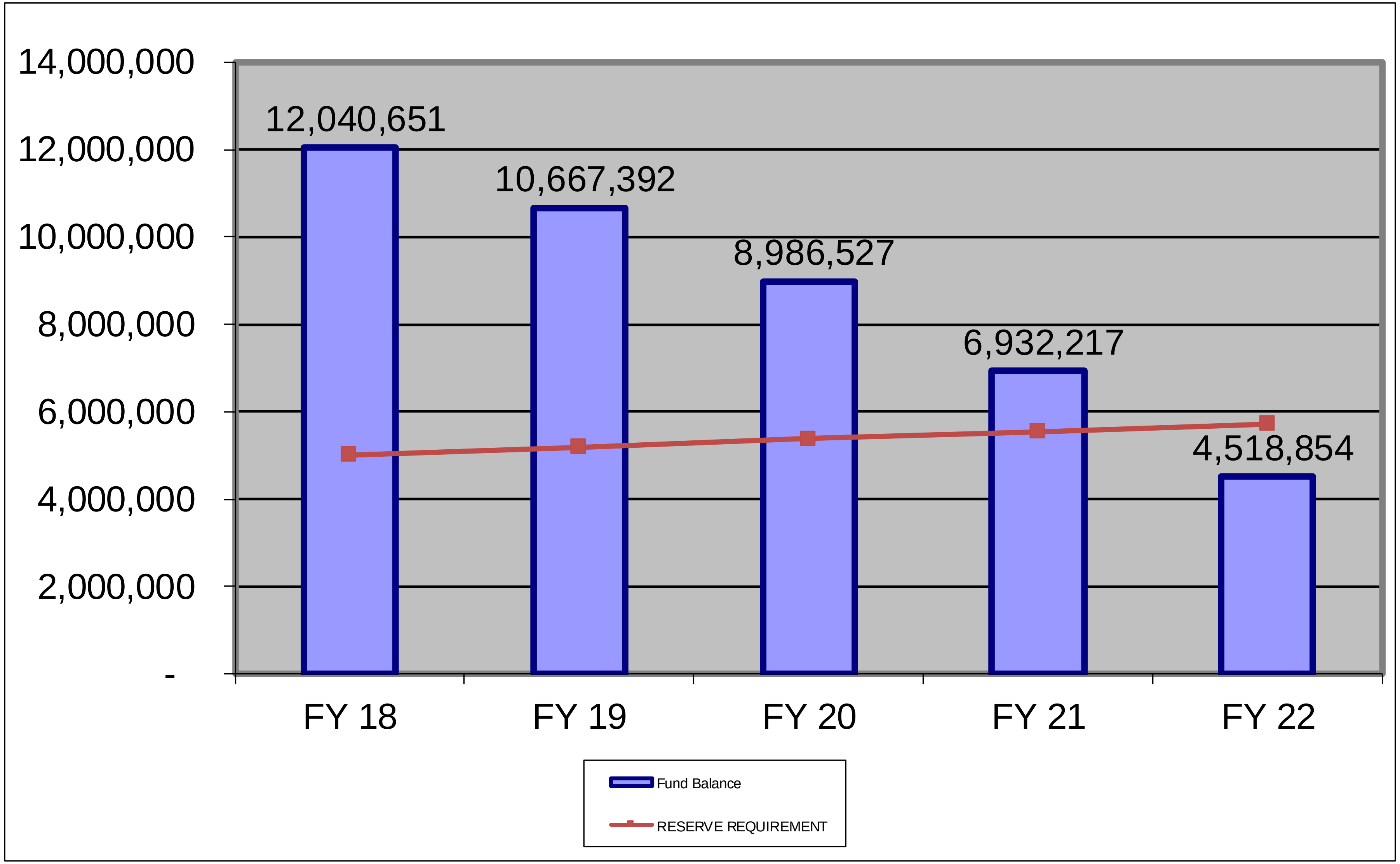
- Long-term Financial Projections
- Increased Revenues
- Sales Tax
- Use Tax
- Business License Fees
- Shared Services with other Municipalities
- Prop P Funds

Current Revenues

General Fund Revenues:	2018 Adopted Budget	2017 YTD Actual	2016 YTD Actual
Property Taxes	552,000	569,357	540,881
Utility Taxes	5,862,000	5,631,019	5,964,434
Sales Taxes	*5,450,000	4,815,331	5,110,088
Cigarette, Gasoline & Road Tax	1,693,000	1,725,145	1,676,956
Licenses and Permits	977,650	1,025,920	1,064,894
Charges for Services	103,060	96,519	92,811
Municipal Court	600,000	550,811	933,401
Other Revenues	535,268	574,347	608,439
Transfers	0	0	0
Total Revenues	**15,772,978**	**14,988,449**	**15,991,904**
*Includes New "Law Enforcement Sales Tax - $500K"			

Communication: Reveiw of Revenue Sources (New Business)

Projected General Fund Ending Balance with Reserve Requirement for 2018-2022



Communication: Reveiw of Revenue Sources (New Business)

Revenue Sources

- Taxes
  - Sales Taxes
  - Use Tax
  - Utility Gross Receipt Taxes
- Fees
  - Business Licenses

Sales Taxes

- Many Kinds of Sales Taxes
  - *General Sales Tax – 1% "A/B" City
  - *Local Option Sales Tax – 1/8 or ¼ cent
  - *Capital Improvement Sales Tax – ½ cent
  - Economic Development Sales Tax – Up to ½ cent
  - Stormwater/Parks Sales Tax – Up to ½ cent
  - Fire Sales Tax - NA
- May only be implemented with voter approval
- Creve Coeur's Sales Tax Rate – 8.3625% (includes new Law Enforcement Sales Tax effective 10/1/17)

*Indicates the City has Sales Tax

Sales Tax Rates (Includes new Law Enforcement Sales Tax-effective 10/1/17)

	Population	1/8 or 1/4 CENT GEN	1/2 CENT CAPITAL	CAPITAL DISTRIB OPTION	UP TO 1/2 CENT STORM & PARKS	UP TO 1/2 CENT ECON.	UP TO 1/4 CENT FIRE	MUNI TAX RATE	Total Tax Rate	LOCAL USE TAX	Out of State AUTO RETAIN
Clayton	15,939	Nov-93	Nov-95	1	Apr-97		Apr-14	1.50	9.1125		Apr-16
Des Peres	8,373	Nov-93	Nov-94	1	Aug-00		Nov-03	1.50	9.1125	Aug-96	NA
Frontenac	3,482	Nov-93	Nov-94	1	Nov-04		Apr-02	1.50	9.1125	Apr-16	Apr-16
Kirkwood	27,540	Nov-94	Nov-94	1	Apr-98		Apr-15	1.50	9.1125	Aug-96	NA
Maplewood	8,046	Feb-94	Feb-94	1	Nov-97		Apr-03	1.50	9.1125	Aug-96	NA
Olivette	7,737	Nov-93	Nov-95	1	Apr-02		Nov-01	1.50	9.1125	Aug-96	NA
Richmond Heights	8,603	Nov-93	Jun-94	1	Aug-97		Apr-03	1.50	9.1125	Nov-15	Nov-15
Webster Groves	22,995	Nov-04	Apr-96	2	Apr-99		Nov-04	1.50	9.1125		Apr-16
Ladue	8,521	Nov-93	Nov-94	1	Jun-03			1.25	8.8625		
Manchester	18,094	Aug-94	Aug-94	1	Aug-00			1.25	8.8625		Apr-16
Town & Country	10,815	Nov-94	Nov-94	1	Apr-98			1.25	8.8625		Apr-16
Ballwin	30,404		Nov-95	1	Apr-01			1.00	8.6125		Apr-16
Chesterfield	47,484		Nov-96	1	Nov-04			1.00	8.6125		Apr-16
Creve Coeur	**17,833**	**Nov-10**	**Nov-97**	**1**				**0.75**	**8.3625**		**Apr-16**
Maryland Heights	27,472				Nov-95			0.50	8.1125		Apr-16

Communication: Reveiw of Revenue Sources (New Business)

Use Tax

- Applied on MO transactions purchased from Out-of-State vendors
  - Applied to the same type of products subject to the traditional Sales Tax…its only subject to 1 tax, so its not a double taxation
  - Rate applied at the same rate as the local Sales Tax Rate – Creve Coeur's current local rate is .75%...possible revenue of $340K per year after sharing 15% with "Pool"
  - Rate is determined based on Point of Delivery, instead of Point of Sale
  - Vendor remits to the DOR, who then sends back to the municipality
  - State of Missouri Rate is 4.225%
  - 24 St. Louis County Municipalities have it
- May only be implemented with voter approval

Utility Gross Receipt Taxes

- Levy on Gross Sales from telephone, electric, gas and cable companies
- Creve Coeur - 7% on Res. and Comm. utility companies, except Res Electric is 5.5% - max allowed per Ordinance is 10%
- Franchise Tax for Cable is 5%
- Res. Electric - each 1% generates $130K
- Comm. Electric - each 1% generates $357K
- All Utilities - each 1% generates $877K

Utility Gross Receipt Tax Rates

City	Res Elec	Comm Elec	Res Gas	Comm Gas	Res Water	Comm Water	Res Phone	Comm Phone
Olivette	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Maplewood	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Clayton	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Frontenac	0.50	8.00	0.50	8.00	0.50	8.00	0.50	8.00
Kirkwood	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Ballwin	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Webster Groves	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Creve Coeur	**5.50**	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**
Ladue	6.90	6.90	7.00	7.00	7.00	7.00	7.00	7.00
Town & Country	0.00	6.75	0.00	7.00	0.00	7.00	0.00	7.00
Richmond Heights	5.63	5.63	6.00	6.00	6.00	6.00	6.00	6.00
Maryland Heights	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Chesterfield	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Manchester	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Des Peres	3.50	3.50	4.00	4.00	5.00	5.00	5.00	5.00

Business License Fees

- Creve Coeur's Business License Fee was last updated in 1995
- Creve Coeur charges $30 per 1000 Sq. Ft. for all, except Warehouse is $20 per 1000 Sq. Ft. (Min $40/Max $1000)
- Business License Fee Approaches:
  - Flat Fee (115 cities in MO)
  - Gross Receipts (37 cities) – generates the most revenue
  - Number of Employees (6 cities)
  - Square Footage (4 cities including Creve Coeur)
  - Other/Mixed (30 cities)

Business License Fees

Municipality:	Total revenue	Methodology that best matches the business license tax formula?
Town and Country	$1,691,788	Percentage of Gross Receipts and Linked to Square Footage of Business
City of Des Peres	$1,116,500	Percentage of Gross Receipts and Other
City of Kirkwood	$773,263	Percentage of Gross Receipts
City of Ballwin	$624,718	Percentage of Gross Receipts
City of Chesterfield	$623,767	Linked to Square Footage of Business
Maryland Heights	$550,000	Linked to Square Footage of Business
City of Clayton	$441,317	Percentage of Gross Receipts
City of Webster Groves	$376,576	Percentage of Gross Receipts
City of Frontenac	$367,075	Percentage of Gross Receipts
City of Olivette	$230,439	Percentage of Gross Receipts and Other
Creve Coeur	**$176,461**	**Linked to Square Footage of Business**

Click the link below to go to the Citizens survey's on the City website;

http://creve-coeur.org/64/Resident-Survey

City of Creve Coeur

Proposition P Police Funds – Policy Draft

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

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

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

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

July 2017

CITY OF CREVE COEUR, MISSOURI

GOVERNMENTAL ACCOUNTING
FUND BALANCE CLASSIFICATIONS AND POLICY

Adopted November 28, 2011; Revised November 27, 2017

Background

The Governmental Accounting Standards Board (GASB) is an independent, private-sector, not-for-profit organization that, through an open and thorough due process, establishes and improves standards of financial accounting and reporting for U.S. state and local governments. These governments and the accounting industry in general, recognize the GASB as the official source of authority for generally accepted accounting principles (GAAP) applicable to state and local governments. While the GASB does not have specific enforcement authority to require government to comply with its standards, compliance with the GASB's standard is enforced through the external audit process where auditors render opinions on the fairness of presentations in conformity with GAAP. In addition, the municipal bond industry places a great deal of importance on governments issuing debt to prepare their financial statements on a GAAP basis.

This policy addresses GASB Statement No. 54 which redefines the classification of fund balance in the governmental funds. Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, was issued in March 2009 to enhance how fund balance information is reported, to improve its usefulness in the decision-making process and to provide fund balance categories and classifications that will be more easily understood. It further delineates fund balance based on the spendable makeup of the fund's cash and net assets portions fund balance. The previously used "Reserved" component of fund balance will be eliminated in favor of a new classification called Restricted Fund Balance. This will enhance the consistency between information reported in the government-wide statements and information in the governmental fund statements and avoid confusion about the relationship between Reserved Fund Balance and Restricted Net Assets. The requirements of this statement are effective for financial statements prepared for periods ending June 30, 2011 and thereafter. Therefore, it is effective for the City of Creve Coeur's June 30, 2011 financial statements and all subsequent annual financial statements until superseded.

Policy

Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. (Note – A somewhat similar term for the City's Enterprise Funds, such as the Dielmann Complex operation, would bet 'Net Assets'. However, those recreation accounts are not required to be affected by this policy, but can and may be included for budgetary and internal reporting purposes.) Fund balance information is one of the most widely used elements of state and local government financial statements and is invaluable in the budgeting process.

The new standard for Fund Balance components requires that governmental funds report classifications that consist of a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those accounts can be spent. This includes external as well as internal constraints on the net assets contained within the fund's balance such as financial stabilization.

The City of Creve Coeur has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The City's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The City of Creve Coeur also seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of a healthy fund balance. Currently our rating is AAA.

It is the policy of the City of Creve Coeur to adhere to GASB Statements and to follow GAAP; therefore, this policy is prepared in that spirit.

Definitions

Fund balance – The excess of assets over liabilities in a governmental fund.

Nonspendable fund balance – The portion of fund balance that is not in a spendable form or is required to be maintained intact (such as inventory or prepaid expenses). The "not in spendable form" criterion includes items that are not expected to be converted to cash in the normal course of business, such as, inventories and prepaid amounts. It also includes items that are not convertible to cash in the near term, such as, the long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is subject to external restrictions imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed fund Balance – The portion of fund balance with self-imposed constraints or limitations that have been placed by the City Council, the highest level of decision making, and remains legally binding unless removed in the same manner.

Assigned fund balance – The portion of fund balance that the City intends to use for a specific purpose; intent can be expressed by the City Council or by a City Official to which the City Council has designated authority that is neither formally restricted by external sources nor committed by City Council action. For the City of Creve Coeur, at this time, no city official will be empowered to assign fund balance without City Council approval.

Assigned fund balance would also include all remaining amounts (except for negative balances) that are reported in governmental funds other than the General Fund that are not already classified as non-spendable, restricted or committed. These amounts are considered Assigned by definition, rather than by Administrative action, since they are placed in a governmental fund separate from the General Fund. These would include: special revenue funds, capital project funds, debt service fund, or permanent funds.

Assignment within the General Fund conveys that the intended use of these amounts is for a specific purpose that is narrower than the general purposes of the government itself. However, the City cannot report an assignment for an amount to a specific purpose if the amount would result in a deficit in unassigned fund balance.

Unassigned fund balance – Amounts that are available for any purpose: these amounts are reported only in the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund will be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if the assigned fund balance is negative, it will be necessary to report it as a negative unassigned fund balance.

A. Use of Restricted or Unrestricted Fund Balance
When an option exists for the use of fund balance components, the classification with the greatest eligible degree of constraint should be used first. This will be followed by succeeding fund balance components with a lesser degree of constraint. The order in the use of funds therefore would be Restricted, Committed, Assigned and Unassigned to the extent that each category is eligible.

General Fund Stabilization Balance Policy

The Fund Balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 33.33% of average annual operating expenditures for the prior two fiscal years. Should the balance fall below 33.33% the City will identify a plan to restore the Fund Balance to its target amount as part of the budget proposal.

The City's basic goal is to maintain annual expenditure increases at a conservative growth rate, and to limit expenditures to anticipated revenues in order to maintain a structurally balanced budget. The decision to retain a fund balance of not less than 33.33% of operating expenditures stems from the following considerations

- This amount provides adequate funding to cover approximately 4 months of operating expenses.
- It provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule.
- It provides the liquidity to respond to contingent liabilities.

Fund balance may be accessed under the following conditions:

- To allocate funds for capital expenditures, long term obligations, debt service needs, or revenue shortfalls in the Enterprise Fund.
- To respond to emergency funding necessities.

The City will spend the most restricted dollars before less restricted in the following order, except as noted above:

a. Nonspendable (if funds become spendable)
b. Restricted

c. Committed
d. Assigned
e. Unassigned

For capital funds and special revenue funds, a fund balance level has not been established as the underlying goal is to spend available revenue sources on a number of planned projects that are a part of the 5-year capital improvement plan and other committed expenditures. However, for the purposes of budgeting, the unspent appropriations from prior budgetary periods will be classified within the definitions of GASB 54 Fund Balance for internal purposes.

This policy has been approved by the City Administrator and Director of Finance, adopted by the City Council by Resolution No. 987, and revised by Resolution N. XXX. The Fund Balance Policy will be reviewed biannually and can be adjusted at any time by action of the City Council.

CITY OF CREVE COEUR, MISSOURI

GOVERNMENTAL ACCOUNTING
FUND BALANCE CLASSIFICATIONS AND POLICY

Adopted November 28, 2011; Revised November 27, 2017

Background

The Governmental Accounting Standards Board (GASB) is an independent, private-sector, not-for-profit organization that, through an open and thorough due process, establishes and improves standards of financial accounting and reporting for U.S. state and local governments. These governments and the accounting industry in general, recognize the GASB as the official source of authority for generally accepted accounting principles (GAAP) applicable to state and local governments. While the GASB does not have specific enforcement authority to require government to comply with its standards, compliance with the GASB's standard is enforced through the external audit process where auditors render opinions on the fairness of presentations in conformity with GAAP. In addition, the municipal bond industry places a great deal of importance on governments issuing debt to prepare their financial statements on a GAAP basis.

This policy addresses GASB Statement No. 54 which redefines the classification of fund balance in the governmental funds. Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, was issued in March 2009 to enhance how fund balance information is reported, to improve its usefulness in the decision--making process and to provide fund balance categories and classifications that will be more easily understood. It further delineates fund balance based on the spendable makeup of the fund's cash and net assets portions fund balance. The previously used "Reserved" component of fund balance will be eliminated in favor of a new classification called Restricted Fund Balance. This will enhance the consistency between information reported in the government-wide statements and information in the governmental fund statements and avoid confusion about the relationship between Reserved Fund Balance and Restricted Net Assets. The requirements of this statement are effective for financial statements prepared for periods ending June 30, 2011 and thereafter. Therefore, it is effective for the City of Creve Coeur's June 30, 2011 financial statements and all subsequent annual financial statements until superseded.

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The new standard for Fund Balance components requires that governmental funds report classifications that consist of a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those accounts can be spent. This includes external as well as internal constraints on the net assets contained within the fund's balance such as financial stabilization.

The City of Creve Coeur has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The City's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The City of Creve Coeur also seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of a healthy fund balance. Currently our rating is AAA.

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Definitions

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Restricted fund balance – The portion of ~~a governmental fund's net assets~~fund balance that is subject to external restrictions imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation. ~~with self-imposed constraints or limitations that have been placed by the City Council, the highest level of decision making.~~

Committed fund Balance – The portion of ~~a governmental fund's net assets~~fund balance with self-imposed constraints or limitations that have been placed by the City Council, the highest level of decision making, and remains legally binding unless removed in the same manner.

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Assigned fund balance – The portion of ~~a governmental fund's net assets~~fund balance that the City intends to use for a specific purpose;~~,~~ intent can be expressed by the City Council or by a City Official to which the City Council has designated authority that is neither formally restricted by external sources nor committed by City Council action. For the City of Creve Coeur, at this time, no city official will be empowered to assign fund balance without City Council approval.

Assigned fund balance would also include all remaining amounts (except for negative balances) that are reported in governmental funds other than the General Fund that are not already classified as non-spendable, restricted or committed. These amounts are considered Assigned by definition, rather than by Administrative action, since they are placed in a governmental fund separate from the General Fund. These would include: special revenue funds, capital project funds, debt service fund, or permanent funds.

Assignment within the General Fund conveys that the intended use of these amounts is for a specific purpose that is narrower than the general purposes of the government itself. However, the City cannot report an assignment for an amount to a specific purpose if the amount would result in a deficit in unassigned fund balance.

Unassigned fund balance – Amounts that are available for any purpose;~~,~~ these amounts are reported only in the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund will be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if the assigned fund balance is negative, it will be necessary to report it as a negative unassigned fund balance.

~~***Procedure***~~

~~The classifications of fund balance components (in declining order of constraint) according to Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions are: A. Non-spendable Fund Balance; B. Restricted Fund Balance; C. Committed Fund Balance; D. Assigned Fund Balance; and, E. Unassigned Fund Balance.~~

~~A. Non-spendable Fund Balance~~

~~The Nonspendable Fund Balance classification includes amounts that cannot be spent because they are either:~~

~~(1) Not in spendable form; or,~~

~~(2) Legally or contractually required to be maintained intact.~~

~~The "not in spendable form" criterion includes items that are not expected to be converted to cash in the normal course of business, such as, inventories and prepaid amounts. It also includes items that are not convertible to cash in the near term, such as, the long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.~~

~~B. Restricted Fund Balance~~

~~The Restricted Fund Balance classification includes amounts where constraints are placed on the use of those resources which are either:~~

~~(1) Externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or,~~

~~(2) Imposed by law through constitutional provisions or enabling legislation.~~

~~C. Committed Fund Balance~~

~~The Committed Fund Balance classification includes amounts which can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified amounts by use of the same formal action that it employed to previously commit those amounts.~~

~~D. Assigned Fund Balance~~
~~The Assigned Fund Balance classification includes amounts which are constrained by city management's intent for these to be used for a specific purpose but are neither formally restricted by external sources nor committed by City Council action. For the City of Creve Coeur, at this time no city official will be empowered to assign fund balance without City Council approval.~~

~~Assigned fund balance would also include all remaining amounts (except for negative balances) that are reported in governmental funds other than the General Fund that are not already classified as non-spendable, restricted or committed. These amounts are considered Assigned by definition, rather than by Administrative action, since they are placed in a governmental fund separate from the General Fund. These would include: special revenue funds, capital project funds, debt service fund, or permanent funds.~~

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~~E. Unassigned Fund Balance~~
~~Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.~~

~~The General Fund will be the only fund that reports a positive unassigned fund balance amount. In the other governmental funds if the assigned fund balance is negative it will be necessary to report it as a negative unassigned fund balance.~~

~~F.~~A. Use of Restricted or Unrestricted Fund Balance
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- This amount provides adequate funding to cover approximately 4 months of operating expenses.
- It provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule.
- It provides the liquidity to respond to contingent liabilities.

Fund balance may be accessed under the following conditions:

- To ~~draw down the City's fund balance to the recommended funding rate by using these~~allocate funds for capital expenditures, long term ~~obligations~~ obligations,~~or~~ debt service needs, or revenue shortfalls in the Enterprise Fund.
- To respond to emergency funding necessities.

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This policy has been approved by the City Administrator and Director of Finance, ~~and~~ adopted by the City Council by Resolution No. 987, and revised by Resolution N. XXX. The Fund Balance Policy will be reviewed biannually and can be adjusted at any time by action of the City Council.

Memorandum

DATE: December 7, 2017
TO: Mark Perkins, City Administrator
FROM: Lori Obermoeller, Director of Finance; Chris Tumbarello, Information Systems Coordinator; Sharon Stott, Assistant City Administrator
RE: Tyler Technologies Software

Background

The city's current financial, payroll and human resources software, GEMS, was purchased approximately 10 years ago. GEMS software is not intuitive/user friendly and provides very few or no modules for most city departments. To compensate for its limitations, department staff currently uses various Excel spreadsheets, department-specific software products, or paper files to conduct day-to-day operations. None of these methods are capable of sharing data with GEMS. Software technology has advanced significantly since the city transitioned to GEMS, and in recent years city staff began looking for better solutions that streamline data sharing between departments and improve productivity.

Beginning in summer of 2016, representatives from the city's IT management contractor, Winning Technologies, and city staff from each department met several times to discuss software needs. From those meetings a list of needs was developed. The next step of developing a Request for Proposal (RFP) for a new comprehensive software package was delayed until a new Finance Director was hired in 2017 so that she could participate in the selection process.

By spring 2017, a new finance director was hired. With assistance of City Attorney Carl Lumley and Winning Technologies representatives, an RFP was developed and advertised. Key features of the RFP included:

- A software solution focused on three main components: Financials/Payroll, Human Resources, and Community Development
- Inclusion of features currently absent or lacking in the City, such as an employee self-service portal, budgeting, asset management, benefit enrollment, and time-keeping system
- Ability for field staff to interact with the system via mobile devices
- Online interaction with the public (business license renewals, permit payments, tracking active permits status)
- Cost-effectiveness

Review of Proposals

The City received proposals from seven vendors, with three vendors being eliminated as a result of offering very limited modules. The remaining four offered comprehensive software packages consistent with the city's goals – BS&A, Caselle, Tyler Technologies and Harris, the city's incumbent vendor now offering a more advanced product. Three of the four vendors were cost competitive with total initial purchase for in-house hosting ranging from $240,664, to $352,870; however, the bid from Harris was the most expensive ($445,359) and was eliminated due to cost.

Individual staff members, including the IT Coordinator, contacted various cities and counties listed as references for each of the top three vendor to determine how satisfied these agencies were with their software and to discuss any pros or cons they may have experienced during and after implementation.

In the summer of 2017, each of the three vendors provided a half-day demonstration to touch on all aspects of their software packages with various City staff in attendance. City staff were polled after the demonstrations and agreed Tyler Technologies provided the best software platform for the City based on its needs. Tyler Technologies then provided an additional two-day demonstration in order for staff to receive more detailed demonstrations of the software capabilities.

Once Tyler Technologies was determined to be the preferred choice, staff from Finance and Administration attended an on-site visit with the City of Maplewood to learn more about the Tyler financial/payroll/human resources modules they use. Similarly, staff from Community Development/Building Division made on-site visits to the cities of Blue Springs and North Kansas City for the permitting and business license module of the software package. Additionally, many of the same individual staff members contacted Tyler's municipal government references in Missouri and surrounding states to determine their level of satisfaction with the software, Tyler's customer service and the implementation process. The majority of cities contacted gave high marks to Tyler Technology and its customer service. A couple cities recommended ensuring all costs for implementation and conversion were clearly defined in the contract. In response to this comment, the city would request not-to-exceed cost for project management hours.

Data Hosting Options: SaaS vs. In-House

Tyler Technologies provided two options for hosting: one option is for in-house hosting and a Software as a Service (SaaS) option, also often referred to as a cloud-based or off-site solution.

With an in-house option, the upfront cost is generally more expensive than SaaS, but ongoing annual maintenance fees are significantly less expensive. All software, data and hardware are housed on city property and maintained by the city IT staff. We believe we will have more control of the data with immediate access for an indefinite amount of time; therefore, staff recommends remaining with its existing practice of in-house hosting.

Citizen Transparency Module

The city currently uses OpenGov software to provide a public portal to view City finances online. The city pays approximately $5,000 annually in associated annual fees with OpenGov and the current contract expires in February 2018. Staff have monitored the use of this system over the past couple years and have determined OpenGov is not being utilized by the public. Tyler Technologies offers a very similar product, Tyler Citizens' Transparency Portal. While there has been some usefulness internally for OpenGov, it has not been used at a level to justify the cost. Therefore, staff does not recommend renewing its contract with OpenGov, or purchasing the optional module with Tyler Technologies at this time.

The city can continue to provide a high level of financial transparency to its citizens without such software. For example, the quarterly financial reports, the Comprehensive Annual Financial Report, and the annual budget are all available on the city website. A bills payable report is included in every City Council agenda, and Creve Coeur is one of the few cities to provide a Popular Annual Financial Report to its residents by mail in the January resident newsletter.

Recommendation

Based on the proposals received, demonstrations, client references and on-site demonstrations, it is staff's recommendation that the City of Creve Coeur award the licensing contract to Tyler Technologies for in-house hosting. The recommendation is based on the following:

1) **Scope of Software.** Tyler Technologies was among the top two vendors that offered the most modules/items requested by the City. The software was rated high by several staff for its ease of use and interoperability with other modules. Increased efficiencies and benefit from the new software will include among other things:
    a. Incode Financial Management Suite (general ledger, budget preparation, bank reconciliation, accounts payable)
    b. Incode Personnel Management Suite (position budgeting, employee portal/self service)
    c. ExecuTime (time and attendance, mobile access)
    d. Incode Customer Relationship Management (cashiering/cash/debit/credit card collection and receipting)
    e. Energov Product Suite – partial (business license and regulatory management, customer portal)
    f. Content Management Suite (document record keeping such as invoicing, personnel records)
    g. Disaster Recovery Services (disaster recovery assistance)
2) **Government Experience.** Tyler Technologies has 14,000 clients in all 50 states, Canada, the Caribbean, UK and other international locations. They have decades of public sector experience.
3) **Local clients.** Tyler Technologies have several local clients in the St. Louis area that can be used as additional resources.
4) **Cost.** Tyler Technologies in-house hosting proposal is a not-to-exceed price of $211,929. This cost is comparable to the other two vendors the city considered (see Attachment 1).

The Investment Summary in the contract (Exhibit A) also includes additional optional modules available from Tyler Technologies with a rate guarantee of 24 months from the time the contract is signed by both parties. The applicable costs for these optional modules are not included in the aforementioned not-to-exceed costs and would be budgeted for Fiscal Year (FY) 2019.

Impact on Budget

In FY17, the city budgeted $375,000 for the software transition anticipating the entire implementation process would be completed during one budget year; however, as previously mentioned, the process was postponed until a new Finance Director was hired.

In FY18, the city budgeted $200,000 assuming implementation and associated costs would occur over two budget years. Even though the not-to-exceed cost of $211,929 is more than the FY18 budgeted amount of $200,000, staff does not anticipate any budget amendment will be necessary for the software purchase because it includes $28,452 of annual maintenance fees which will not commence during this budget year, and will be budgeted annually moving forward. Additionally, the total cost includes approximately $10,000 in travel expenses for project managers to install the various modules. Tyler Technology has a local project manager which may be able to assist with the two modules involving the most data conversation (general ledger, bank reconciliation, payroll, position) and the city anticipates travel expenses will be less than estimated.

With the purchase of Tyler Technologies software, there will be associated hardware costs in FY18 not included in aforementioned pricing. The cost of equipment and applicable server licensing and security fees is expected to be $78,420. The new hardware meets all of Tyler Technologies system requirements, and will also serve as host to City data currently housed on existing individual servers regularly scheduled for replacement. The hardware purchase will be presented for City Council approval at an upcoming meeting. The hardware costs can be expensed to the FY18 Capital Improvement Fund and is within budget as a result of cost savings on other capital equipment purchased in FY18.

In FY19, staff will include a budget request for most of the remaining optional modules including Applicant Tracking, Miscellaneous Accounts Receivable, Asset Management, Permitting & Land Management, Code Enforcement, Customer Portal for Permitting & Inspections, iG Workforce Server, and iG Workforce iPad Apps. The FY19 budget request is expected to total $97,820, for a total software project cost is $309,749.

The total combined project cost for software ($309,749) and hardware ($78,420) is in-line with the original projected cost of $375,000.

Please let us know if you have any questions.

Memorandum

DATE: January 3, 2018
TO: Mark Perkins, City Administrator
FROM: Lori Obermoeller, Director of Finance; Chris Tumbarello, Information Systems Coordinator; Sharon Stott, Assistant City Administrator
RE: Hardware Purchase for Tyler Technologies Comprehensive Software

On December 11, 2017, City Council approved the city entering into an agreement with Tyler Technologies for an enterprise software package (Resolution 1328). As a result of the software purchase, city staff was tasked with the decision on selecting the hardware configuration that best suited the Tyler software and the city IT infrastructure.

During staff's presentation to City Council about the software, staff recommended hosting Tyler Technologies software and data internally rather than in the cloud. In-house hosting is consistent with the city's current practice and its benefits include having unlimited access to software and all data, and paying less in annual maintenance costs.

Background

Staff worked with Winning Technologies, the City's IT management contractor, to review three options with associated costs for hardware requirements that meets Tyler Technologies system requirements for the software, and for the city's IT infrastructure needs (see Appendix 1 – Winning Technologies Report).

- **Virtualized In-House Server:** Two servers will be the host servers which will be load balanced and redundant and connected to a storage area network (SAN). The SAN will house the virtualized servers and these virtual servers will then be distributed between Host 1 and Host 2 for users to connect. This allows for high availability and redundancy for disaster recovery. Page 3 of the Winning Technologies report has a visual representation of the virtualized in-house environment. The city currently backs up data to the Cloud using Barracuda and anticipates continuing this practice. Disaster recovery services are included in the contract costs with Tyler Technologies.

  A virtualized in-house server has the storage capacity to support all the Tyler Technologies software requirements as well as store all the city data currently hosted on its existing stand-alone servers. Switching to a virtualized in-house server is anticipated to reduce the need to purchase replacement stand-alone servers normally budgeted for replacement annually. Instead, the city would transfer the data from the older stand-alone servers to the virtual in-house server. The City estimates the cost savings of replacement for stand-alone servers for the next three years to total approximately $24,000.
    - **Upfront Cost:** $63,322.61
    - **Annual Cost:** $669.98

- **Cloud-Based XpressHost System (Hybrid Cloud):** In this option, some of the resources remain in-house while the primary systems are based in the XpressHost tier four data center (managed by Winning Technologies). Since most of the resources are off-site, there is high availability and redundancy built in, as well as disaster recovery. This hybrid cloud option is less costly upfront; however, monthly fees for hosting off-site results in a high annual cost. Page 6 of the Winning Technologies report has a visual representation of the hybrid cloud environment.
    - **Upfront Cost:** $11,078.00
    - **Annual Cost:** $37,872.00

- **Stand Alone Servers:** With this option, the city would purchase physical servers that are located in-house and maintained by city staff and Winning Technologies. This is the city's existing practice for storing data and operating city software programs. This option is for running Tyler Technologies software only; it does not allow migration of older city servers to this environment. With this option, the existing replacement schedule for in-house servers would not change; therefore the city estimates spending $24,000 for the next three years to replace existing servers.
    - **Upfront Cost:** $38,878.28
    - **Replacement Cost of Older Servers Normally Scheduled for Replacement:** $24,000 (total for three years)
    - **Annual Cost:** $669.98

Recommendation
Based on the system requirements of the Tyler software, the options discussed between city staff and Winning Technologies, and hardware lifecycle constraints, it is staff's recommendation that the City of Creve Coeur move forward with a virtualized in-house server system. The recommendation is based on the following:

1) **System Requirements.** Tyler Technologies recommended system requirements are met with the virtualized in-house solution, and it will provide a platform to consolidate data from existing individual city servers to the new system, removing several physical standalone servers in the process.
2) **High Availability and Redundancy.** The virtualized in-house solution provides high availability with minimal interaction in terms of upkeep. Dual host servers provide redundant access for employees. Virtualized data stored on the SAN is configured in a redundant array of independent disks (RAID) environment. With a RAID system, the software and data is dispersed to several hardware disks to minimize down time in the event of a disk failure.
3) **Local Support.** With Winning Technologies as the main project manager and installer of the software and hardware, any issues can be addressed using the benefit of their expertise.
4) **Cost.** While the virtualized in-house solution is higher in cost than standalone servers, the pricing includes enough data storage to house all the data on current individual city servers and lessens the need to replace servers every 4 to 5 years. The City tries to purchase equipment whenever possible through State of Missouri cooperative purchasing agreements for state and local governments. The hardware and software can be purchased this way with Dell. The resolution included with this memo is for the purchase of the hardware (NASPO Contract WN18AGW) and software (MHEC Contract 99AGZ) associated with the Dell.

Impact on Budget
A Capital Improvement Fund budget adjustment will be necessary for the hardware purchase; however, because the city has experienced cost savings on other capital equipment in FY18, those savings will more than cover the cost of this hardware. Staff will be presenting a budget amendment will be presented at an upcoming meeting for City Council's consideration.

The costs associated with the virtual in-house system are as follows:

Description	**Cost**
Hardware (NAPSO State Contract with Dell #WN18AGW)	$39,798.36
Software (MHEC State Contract with Dell #99AGZ)	$9,774.30
SSL/UCC Certificates	$669.98
Security Device	$3,479.97
Special Project Management Costs (Winning Technologies)	$9,600
TOTAL	$63,322.61

When the city began the software review process in FY17, the city anticipated the cost of the software transition would be $375,000. Both the software purchases in FY18 and FY19 ($309,749) and the hardware purchase in FY18 ($63,323) are in-line with the original projected cost.

Please let us know if you have any questions.

Appendices:

Resolution for Dell Purchase
Winning Technologies Report
Dell Hardware Quote
Dell Software Quote

City of Creve Coeur
Finance Committee
FY18 Meeting Schedule

DATE	TOPIC
July 25, 2017	Prop P Policy Draft
September 5, 2017	Review of 4th Qtr Financials and Year-End, Discussion of Revenue Options
November 7, 2017	Review of 1st Quarter Financials, Further Discussion of Revenue Options
February 13, 2018	Review of 2nd Quarter Financials, Review of Financial Policies
March 6, 2018	Review of Proposed 5-Year Capital Plan
March 20, 2018	Review of Proposed 5-Year Capital Plan
April 24, 2018	Review Proposed Budget Preview
May 8, 2018	Review of Proposed Budget, Review 3rd Quarter Financials
June 5, 2018	Further Review of Proposed Budget, Olive/Graeser TDD Audit (every 3 years)

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.