

2023 BUDGET IN BRIEF



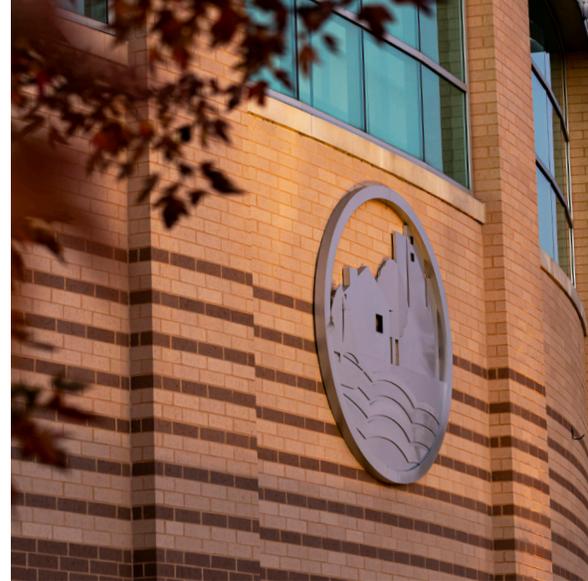
City Of
Maryland
Heights



GENERAL INFORMATION

The “Budget in Brief” is designed to give the public a concise overview of the City’s financial status and plans for the coming year.

Total 2023 budgeted revenues for all governmental funds is \$40 million, an increase of \$1.5 million (4%) from the estimate for 2022 of which \$4.3 million relates to significant one-time revenue sources. The budget plan includes use of \$2.2 million of federal assistance related to the American Rescue Plan Act. Please see the introductory section, “American Rescue Plan” on page 16 in the 2023 Budget (www.marylandheights.com/budget) for additional details. An additional \$2 million is related to funding from grants and donations for city projects. Excluding those one-time revenue sources, 2023 revenues would increase \$525 thousand (1.5%) from 2022 estimates.



Exterior of the Government Center

Much of the City’s tax revenues depend on activity in office buildings, hotels, restaurants, youth and adult sports, concert venues and the casino. The 2023 revenue anticipates a moderate increase from 2022 to near pre-pandemic (2019) levels. The City has purposely accumulated a healthy fund balance during good economic times. These reserves allow the City to continue a high level of service with minimal disruption during economic downturns.

Gaming taxes are projected to be up \$280 thousand from 2022 to \$9.2 million in 2023. This projection is 93% of levels seen pre- COVID-19 (2019). Utility taxes and sales taxes are projected at 98% and 99%, respectively, of the 2019 actual received as the economy continues to recover to pre-pandemic levels. Recreation user fees are budgeted at \$2 million in 2023, up from \$1.7 million 2022 estimates, as demand for recreation programs and attendance at the City’s newly renovated water park, Aquaport, are expected to generate additional fees.



Performer at WorldFest 2022

Intergovernmental revenues will be up due to the federal assistance received from the American Rescue Plan Act of \$2.2 million. Additional major one-time revenue sources include a federal grant of \$1.4 million to offset construction costs related to the rehabilitation of Fee Fee Road and Adie Road, and grants and donations of \$286 thousand for a park project at Vago Park.

Total expenditures in 2023 of \$44.7 million, reflects an increase of \$5.6 million (14.5%) from 2022 of which \$2.4 million relates to operational expenditures returning to a pre-COVID-19 level and including a 5% market adjustment to the City’s Pay Plan for all full-time employees. Capital Improvement expenditures are \$2.9 million higher than in 2022. The remaining increases include an increase in tourism promotion expenses, parks programming, and streetlighting expenses.

General Fund 2023 expenditures are up \$2.4 million (10%) compared to 2022 year-end estimates. Personnel costs represent \$900 thousand of the increase which reflects a 5% market adjustment in the full-time employee pay plan. Other operational expenditures will increase \$1.5 million from 2022 year-end estimates and is mostly related to actual 2022 expenditures coming in far less than anticipated at year-end compared budget. Other areas where expenditures will increase compared to 2022 include professional development, contractual services related to information technology and economic development, and capital outlay.

Students at Police Department Youth Academy



GENERAL INFORMATION

Capital outlay expenditures will increase 33% (\$64 thousand) from 2022.

- Capital Improvement Fund expenditures are expected to increase \$3 million (62%) related to various road, equipment, and stormwater projects. Park Fund expenditures are projected to be \$780 thousand (15.6%) higher in 2023 than 2022. The majority of the increase is related to increase in personnel costs as a result of the market adjustment for pay and higher operational costs from higher demand for recreation and facility use in 2023.
- At the end of 2023, the City's Reserve Fund will be over \$29 million, equal to 110% of 2023 General Fund expenditures; the City's goal is to maintain a level of 75%. The Capital Improvement Fund will decrease \$3.5 million as planned project expenditures are expected to exceed gaming tax and grant funding. All budgetary funds will total \$35.5 million at the end of the year of which \$3 million is restricted to tax increment financing activities.



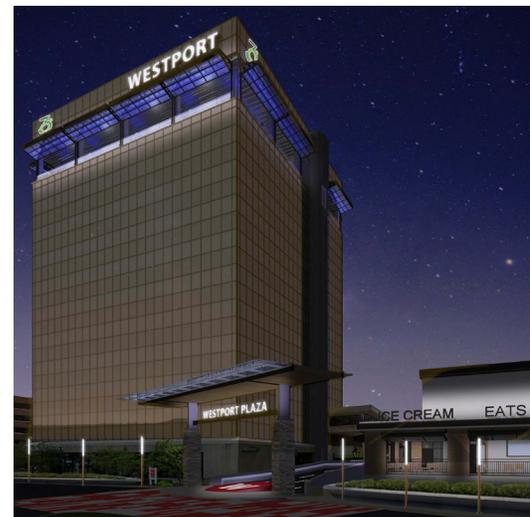
Public Works Department trimming a tree

The 2023 budget is structured to include funding for various programs, projects and services to improve the quality of life of our residents and embrace future economic development opportunities. Among the highlights for 2023:

- Phase II of The Sustainability Center will feature many amenities including greenhouses, a community garden and space to conduct educational programs on sustainable energy and practices. The Center will facilitate field trips to showcase sustainable energy solutions practiced at the nearby landfill operated by Waste Connections and offer community programs for youth and adults.
- Plans are underway to develop NorthPoint's Riverport Logistics Park, located within the Riverport Business Park, a 591,000 square foot development with over three office buildings.
- Redevelopment of the existing Westport Plaza began in 2022 and will include the construction of a multi-family residential apartments. Renovations at Westport Plaza will also include the relocation of Rawlings (headquarters) to the site and many other entertainment venues and restaurants will be relocating to Westport Plaza in the next couple of years.
- Capital Improvement Program (CIP) projects including local and collector street improvements to Fee Fee Road and Adie Road. Additional Capital Improvements planned for 2023 include the Fee Fee Greenway Extension, annual pavement maintenance and equipment replacement program, various stormwater improvements, and sidewalk construction.
- Implementation of a new financial software system to enhance efficiencies in payroll, accounts receivable/payable, purchase orders, etc.
- Ongoing support of development agreements related to an entertainment district and Maryland Park Lake District, the approximately 1,800 acres along Route 141 between I-70 and Route 364.



Rendering of Sustainability Center Project



Rendering of future renovations at Westport Plaza

Exterior of the Community Center



Your input is important to us, and we hope you will share any comments or questions you may have about the budget or other city matters. You can email us at feedback@marylandheights.com or call (314) 291-6550.

Tracey A. Anderson, City Administrator

GENERAL INFORMATION

ANNUAL BUDGET

The budget is intended to present a complete financial plan for the coming budget year and includes the following information:

1. A budget message describing the important features of the budget and major changes from the prior year.
2. Estimated revenues to be received from all sources for the budget year with a comparative statement of actual or estimated revenues for the preceding two years, itemized by year, fund and source.
3. Proposed expenditures for each department, office, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the preceding two years, itemized by year, fund, activity and object of expenditure.
4. The amount required for the payment of interest, amortization, and redemption charges on any debt of the City.
5. A general budget summary.

BALANCED BUDGET

The budget must conform to the statutory requirement that the total proposed expenditures from any fund shall not exceed the estimated revenues to be received, including debt issuances, transfers from other funds, and advances from other funds plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

BUDGET OFFICER

The City Administrator is the designated Budget Officer charged with preparing a proposed budget for submission to the City Council.

FISCAL YEAR

The City's fiscal year begins January 1 and runs through December 31.

Announcement of Rawlings move to Westport Plaza



COVID-19 IMPACT AND ECONOMIC OUTLOOK

Although local economic factors can affect business performance, labor constraints along with viability and growth are factors of the global market that also have an impact. The city will continue to feel the negative impact of COVID-19 for years to come. However, the City saw a positive turnaround in economic activity in 2022 and anticipates improvement in this area in 2023 and beyond. All city leaders are tasked with analyzing future opportunities to achieve the financial outlook desired with limited funding sources.



Solar canopies construction kick-off with Ameren MO

Maryland Heights, which is a hub for business and commercial development in the St. Louis Metropolitan Area, has been challenged by the recent events, but is still receiving strong interest in future development along with a solid residential resale market. Focus has intensified in the Maryland Park Lake District as developments continue. Major businesses have announced plans to relocate to Westport Plaza, including Rawlings Headquarters. This growth is creating temporary and permanent employment throughout the region. This continued interest in Maryland Heights is encouraging; the City is hopeful that economic activity will return to pre-COVID levels in 2023 and 2024.

As a city with a diverse economy, we have remained well balanced even with the negative impacts of COVID-19 and staff remain optimistic in the economic forecast for our community. Current unemployment rates within the City of Maryland Heights are at 2.2% and lower than the National and State rates, but slightly above the St. Louis County rates at 1.8%. Current data suggests that employment has increased in the region; however, with a recession looming, it is uncertain if this trend will continue. Despite all of these challenges, staff remain optimistic in the economic forecast for our community with ongoing interest in the redevelopment within the city.

Internal and external impacts will have to be carefully monitored as economic and market conditions continue to affect the City on both a short-term and long-term basis. Furthermore, economic conditions need ongoing monitoring relative to all city expenditures, specifically personnel cost in future years.

ICE CENTER

In 2018, the City entered into various agreements to finance, construct and operate a new 277,000 square foot multi-purpose ice complex. The facility opened in September of 2019. Pursuant to an operating agreement with the City, the St. Louis Legacy Ice Foundation (“Operator”) will manage all aspects of the Ice Arena.

The Ice Arena Fund is an Enterprise Fund of the City and is not included in the governmental fund. The City’s annual obligation from governmental funds, subject to appropriation each year, consists of two separate commitments:



Aerial view of the Centene Community Ice Center

Annual payments that include the City’s use of the facility

Pursuant to a financing agreement between the City, the St. Louis Legacy Ice Foundation and the St. Louis Ice Center Community Improvement District to issue \$55.5 million in revenue bonds, the City will make annual payments. The 2023 budget provides for a transfer of \$175,000 from the Park Fund to the Ice Arena Fund to satisfy the commitment that also includes recreational use of the facility by the Parks and Recreation Department for programming time and special events

Backstop to the Debt Service

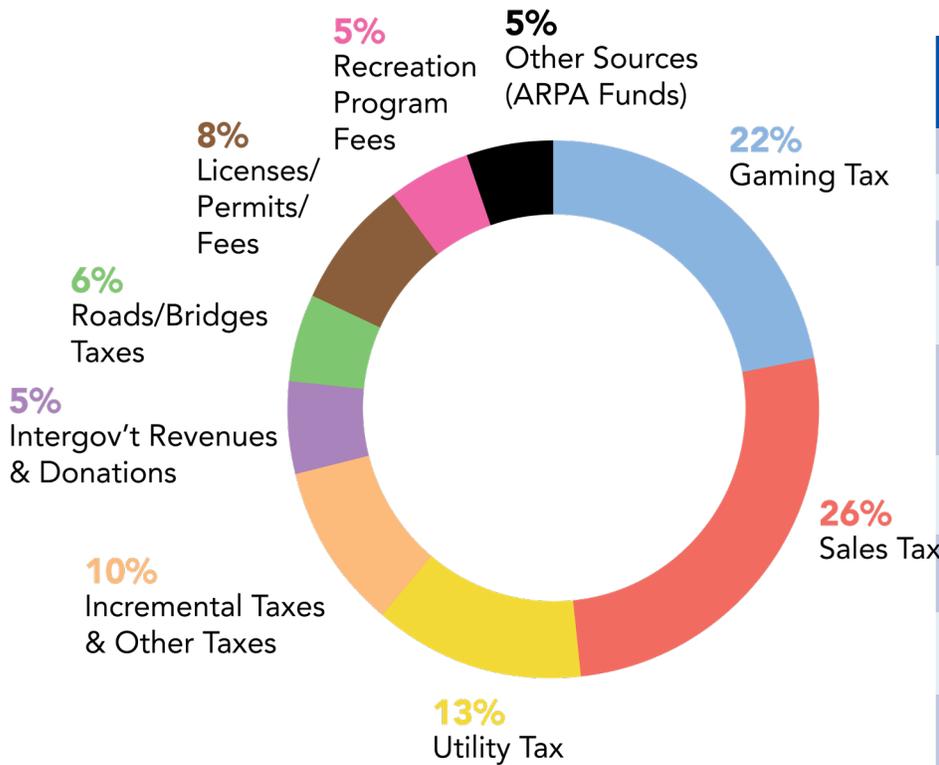
The financing agreement also provides that the City, subject to appropriation by the City Council, in the event of shortfalls, to provide up to \$625,000 in additional annual payments to replenish the debt service reserve of the Series 2018A bonds and the annual amount to pay the Subordinate 2018B bonds, should the operating revenues fall short in a given year. The 2023 budget includes two transfers, one in the amount of \$625,000 from the Reserve Fund and \$344,000 from the Reserve Fund for the 2018B bonds to the Ice Arena Fund in the event this “backstop payment” is needed.

2023 REVENUE PROJECTIONS

Gaming Tax	\$9,281,000	Court Fees/Fines	\$750,000
Half-Cent Sales Tax	\$4,743,000	Incremental Taxes	\$3,002,000
County Sales Tax	\$4,700,000	County Road Refund	\$1,027,572
Public Safety Sales Tax	\$1,700,000	Motor Fuel Tax.....	\$866,000
Utility Tax (Electric)	\$3,437,500	Recreation Revenue	\$1,285,400
Utility Tax (Gas)	\$825,000	Business Licenses	\$600,000
Utility Tax (Water)	\$489,500	Building Permits.....	\$1,000,000
Utility Tax (Telecom)	\$693,000	Occupancy Permits	\$190,000
<i>Aquaport’s new surfing simulator, The FlowRider</i>		Investment Income.....	\$760,000
		Aquaport Revenue	\$635,000
		Sportport Revenue	\$88,000
		Cable Franchise Fee.....	\$300,000
		Vehicle Sales Tax	\$420,000
		Tourism Tax	\$320,000
		Sewer Lateral Fee	\$375,000
		Cigarette Tax	\$53,000
		Intergovernmental Revenue.....	\$4,421,549

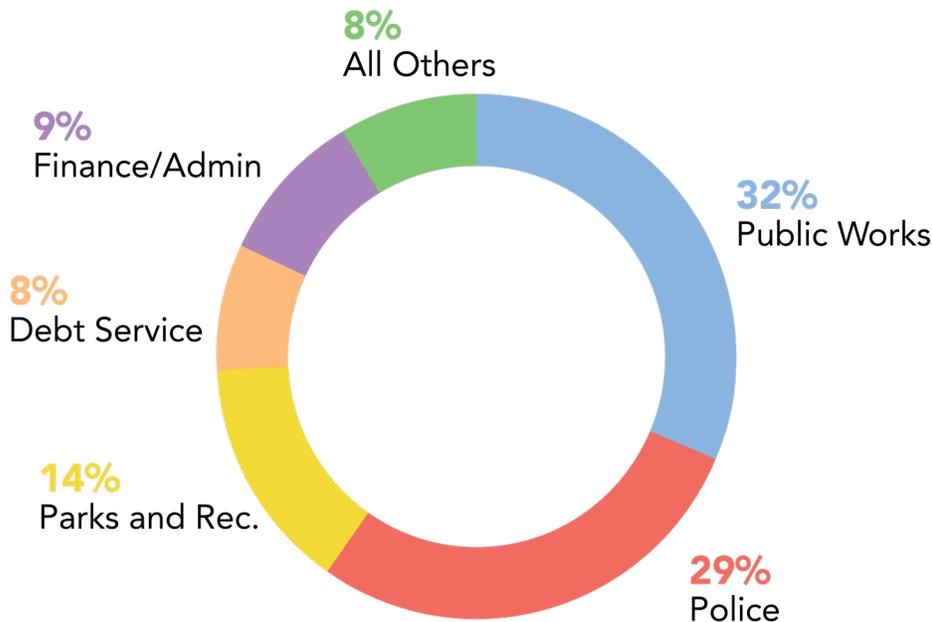


REVENUES: WHERE THE MONEY COMES FROM



Revenue Source	2023 Budget (in thousands)
Gaming Tax	\$9,281
Sales Tax	11,143
Utility Tax	5,445
Incremental Taxes & Other	4,227
Intergov't. Revenues & Donations	2,256
Roads/Bridges Taxes	2,314
Licenses/Permits/Fees	3,304
Recreation Program Fees	2,008
Other Sources (ARPA Funds)	2,218
Total	\$42,196

EXPENDITURES: WHERE THE MONEY GOES



Expenditure Source	2023 Budget (in thousands)
Public Works	\$14,117
Police	12,715
Parks & Rec.	6,362
Debt Service	3,579
Finance/Adm.	4,199
All Others	3,769
Total	\$44,741

CITY BUDGET BY FUND

The City's accounts are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

Fund	Description
American Rescue Plan	Established in 2021 to account for proceeds and eligible expenditures related to the Federal American Rescue Plan Act of 2021 which was enacted into law on March 11, 2021.
Beautification	Expenditures restricted to beautification efforts within the City. Revenues consist of a billboard license tax.
Capital Improvement	Funds projects in the Capital Improvement Plan (CIP) with long useful lives (ex. road construction).
Community Center Debt Service	Accounts for the resources used to pay interest and principal on the debt issuance in 2015 related to the construction of the new community center.
Dorsett Road TIF	Accounts for incremental tax revenues generated from the district and for eligible expenditures in the redevelopment area.
General	Covers most day-to-day operational expenditures including administration, public works, police services, facility maintenance, communications and solid waste services. <i>Fund sources: utility, sales, road/bridge, cigarette and gaming taxes; business license fees, building permits, court fines, grants and interest on investments.</i>
Parks	Accounts for revenues from a special one-half cent parks sales tax and user fees charged for activities, programs and events. Transfers \$985,000 annually to Community Center Debt Service Fund and \$175,000 annually to Ice Center Fund.
Police Forfeiture	Accounts for monies or assets received by the City as a result of judgments in federal drug cases. Resources used to fund law enforcement programs.
Police Training	Accounts for money received from the POST Commission Fund of the State of Missouri; funds must be used for training of police officers.
Reserve	Provides resources to other funds in the event of temporary deficits or unforeseen needs.
Sewer Lateral	Expenditures restricted to repair broken sanitary sewer laterals within the City. Funded from a \$50 annual fee collected from each single family residence.
Streetlight	Accounts for a 0.5 percent tax on the gross receipts of utility companies (gas, telephone, water and electric). Monies in this fund are spent on installing and maintaining city streetlights.
Tourism Tax	Accounts for revenues from the half-cent tax collected on hotel rooms. These revenues are dedicated to promoting tourism in the City through the Maryland Heights Convention and Visitor's Bureau.
Westport Plaza TIF	Accounts for incremental and special district tax revenues generated from the area and for eligible expenditures in the redevelopment area.

CITY OF MARYLAND HEIGHTS
Summary of budget-by fund
Year End, December 31, 2023

Fund	Revenues	Expenditures	Transfers/Advances	Change in fund	Begin balance	End balance
General	24,384,572	26,254,471	2,318,549	-	-	-
Streetlight	495,000	492,200	-	2,800	1,177,485	1,180,285
Tourism	320,000	300,000	-	20,000	1,003	21,003
Capital Improvement	4,231,000	7,796,426	-	(3,565,426)	1,038,507	(2,526,919)
Police Forfeiture	100,000	114,200	-	(14,200)	100,946	86,746
Parks	7,037,000	5,768,998	(1,260,000)	8,002	3,662,259	3,670,261
Reserve	-	-	(520,350)	(520,350)	29,180,864	28,660,514
American Rescue Plan	-	-	(2,218,549)	(2,218,549)	2,218,549	-
Sewer Lateral	375,000	266,133	-	108,867	1,136,974	1,245,841
Police Training	7,000	5,800	-	1,200	1,899	3,099
Beautification	16,000	15,000	-	1,000	62,911	63,911
Community Center DSF	-	979,160	985,000	5,840	29,769	35,609
Westport Plaza TIF	2,680,000	2,600,000	-	80,000	2,360,426	2,440,426
Dorsett TIF	332,000	150,000	-	182,000	474,989	656,989
	39,977,572	44,742,388	(695,350)	(5,908,816)	41,446,581	35,537,765

BUDGET SUMMARY BY DEPARTMENT

ADMINISTRATION

This area includes the City Administrator, City Clerk, Human Resources, Communications, Information Technology (IT) and Legal Services.

The **City Administrator** is responsible for the daily operations of the City. This position supervises all departments, sees that ordinances are enforced and contracts are performed and makes recommendations to the City Council regarding budget, operations and policy.

The **City Clerk's Office** maintains all city records, including minutes of City Council, Council Committee and Boards and Commissions meetings. The Clerk's Office processes liquor and business licenses and coordinates municipal elections with the St. Louis County Board of Election Commissioners.

Human Resources administers the City's personnel policies and coordinates training programs for employees. This office also oversees workers' recruitment, hiring, employee wellness and other benefits programs.

The **Communications Division** works to maintain two-way communication between the City and our residents, business community and visitors. This office produces the bimonthly newsletter, videos and other publications. Additionally, it maintains the City's website, social media accounts, app and other digital communication.

The **IT Department** maintains the City's computer network, phone systems, and other city-wide technology.

Legal Services includes the City Attorney, who represents the City and provides legal counsel as necessary, and two part-time City Prosecutors, who prosecute violations of city codes and ordinances.

Risk Management activities include costs for property and liability insurance.

Programs/Divisions:	2023 Budget
City Clerk's Office:	\$468,502
Legal Services:	351,393
City Administrator's Office:	259,629
Human Resources:	389,462
Communications:	320,180
Central Services:	91,750
Risk Management:	530,000
Information Technology:	1,167,368
Total:	\$3,578,284



Staff administers Utility Tax Rebates to residents

FINANCE

Finance supports other departments in achieving strategic goals. The City's finance staff manages all financial and accounting functions of the City, including budgets, financial reports, cash management, investments and payroll.

Programs/Divisions:	2023 Budget
Finance:	\$620,735
Total:	\$620,735

COMMUNITY DEVELOPMENT

This department is responsible for planning and zoning, construction permits, building inspections, code enforcement and economic development. New in 2022, the city provided all residential mechanical, electrical and plumbing permits and inspections.

The **Planning and Zoning Division** manages future land development in accordance with community needs and the City's Comprehensive Plan; oversees zoning and subdivision codes; and reviews development proposals to ensure compliance with zoning regulations and safety and design standards. The **Building and Codes Division** reviews all construction plans; conducts building and occupancy inspections; and enforces property maintenance, building and zoning codes.

Programs/Divisions:	2023 Budget
Planning and Zoning:	\$368,216
Inspections:	1,759,011
Total:	\$2,127,227

Mayor Moeller interacts with a young resident





Solar canopies construction kick-off

ECONOMIC DEVELOPMENT

The Economic Development Department manages development incentives and encourages businesses to stay in or relocate to Maryland Heights.

Programs/Divisions:	2023 Budget
Economic Development:	\$373,548
Promotion of Tourism:	300,000
Total:	\$673,548

POLICE

The Police Department strives to provide responsive, proactive and efficient service and create a safe environment for those who live in, work in and visit our city. The **Administration Division** coordinates training, scheduling, staffing and reporting. The **Patrol Division** works to prevent crime and responds to existing issues and incidents. The **Investigation Division** investigates all crime reports, processes evidence and manages juvenile cases, the Department's covert investigations, the K-9 Unit, traffic and drug enforcement, hotel liaison programs and the special response team. The **Communication Division** handles all incoming calls and works with other emergency agencies to respond to incidents. The **Community Services Division** interacts with the public through special programs like D.A.R.E., Citizens Police Academy and Maryland Heights Night Out. The **Records Division** maintains police reports, booking sheets and other information.

Programs/Divisions:	2023 Budget
Administration:	\$405,082
Patrol Services:	6,339,118
Investigation:	2,726,800
Communications:	1,405,309
Community Services:	1,505,307
Police Records:	213,384
Total:	\$12,595,000



Maryland Heights Police Department holds their annual Santa visit to a local pediatric hospital

PUBLIC WORKS

This department ensures that the City's transportation systems and other infrastructure are safe, efficient and attractive. Public Works activities also include stormwater management, streetlighting, solid waste collection, vehicle and equipment maintenance.

The **Roads and Bridges Division** maintains all city-controlled roads and bridges by replacing obsolete streets, patching potholes, sweeping streets, sealing cracks and making sure roads, bridges and sidewalks are safe. This division also provides snow removal, mosquito control and the planting and trimming of trees within city rights-of-way.

Public Works working on a road project



Programs/Divisions:	2023 Budget
Engineering and Administration:	\$409,350
Roads and Bridges:	2,067,080
Stormwater:	643,811
Streetlighting:	492,200
Solid Waste:	1,874,000
Vehicle/Equipment Maintenance:	569,254
Sewer Lateral:	266,133
Capital Projects:	7,550,000
Capital Projects Management:	246,426
Total:	\$14,118,254



Young residents enjoying swings at Parkwood Park

PARKS AND RECREATION

This department administers parks and recreation programs and maintains city recreation facilities, including the Maryland Heights Community Center, Aquaport and Dogport. The Department’s mission is to build a greater sense of community and provide residents with a higher quality of life.

The Parks Maintenance and Government Center Maintenance Divisions work to clean, maintain and repair city parks and the Government Center.

Programs/Divisions:	2023 Budget
Administration:	\$164,624
Recreation Services:	2,519,789
Community Center Maintenance:	1,055,098
Government Center Maintenance:	577,924
Aquaport:	741,456
Parks Maintenance:	1,002,031
Beautification:	15,000
Capital Projects:	286,000
Total:	\$6,361,922

HUMAN SERVICES

The Human Services Division administers utility tax rebates for eligible residents age 62 and over.

2022 Budget: \$225,000

DEBT SERVICE

In 2015, the City issued \$15 million in “certificates of participation” to fund about 50 percent of the construction cost of the new community center.

2022 Budget:

Community Center Debt Service Fund: \$985,000

In 2020, the City issued \$20,355,000 in Tax Increment Financing bonds to refund notes previously issued. Revenues generated in the Westport Plaza Redevelopment Area will be used to pay debt service.

2022 Budget:

Westport Plaza TIF: \$2,600,000

MUNICIPAL COURT

The Municipal Court is the judicial branch of city government. The Municipal Judge is appointed by the Mayor with the consent of the City Council. Traffic, code enforcement and other ordinance violations are tried by the Court. The Violations Bureau provides for the efficient collection of fines and costs assessed by the Municipal Court.

2022 Budget: \$363,614

CONTACT US

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CITY COUNCIL

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WARD 3

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Nancy Medvick • (314) 703-8987

WARD 4

Steve Borgmann • (314) 393-9448

Norm Rhea • (314) 739-0096

CITY OFFICIALS

CITY ADMINISTRATOR

Tracey Anderson

CITY CLERK

JoAnn Cova

DIRECTOR OF FINANCE

Danielle Oettle

DIRECTOR OF PUBLIC WORKS

Cliff Baber

DIRECTOR OF COMMUNITY DEVELOPMENT

Mike Zeek

DIRECTOR OF PARKS AND RECREATION

Amy Hays

CHIEF OF POLICE

Col. Bill Carson