

**CITY OF CLAYTON
FY19 Budget Questions Response #1**

General Financial

- 1) **General Fund Surplus - Is our expected General Revenue surplus for the current year \$1.06m as noted on page 37?**

For where we are in the fiscal year, this is our best projection. Remember that these projections were completed when there were still several months left in the current budget year and both revenue and expenditures are likely to change somewhat.

- 2) **Prop P - What was the original revenue estimate of Prop P vs. the actual estimated receipts? How are we using those funds?**

The original budget amount for Prop P funds was \$792,000 for the current fiscal year and we estimate our final revenue will be approximately \$746,000. In 2018, the first year of Prop P revenue, the City will spend over \$13m in qualifying Prop P expenditures. To clarify the usage requirements of Prop P, the ordinance placing the item on the St. Louis County ballot stated the tax was to be used for “the purpose of providing funds to improve police and public safety”.

Revenue

- 3) **Revenue Items - There were several questions asked regarding specific changes in revenue. We have provided those answers in the schedule below for ease of reference.**

Page	Dept/Account	2019 Increase from 2018 Budget	2019 Increase from 2018 Estimate	Explanation
13	Property Tax	N/A	2.7%	<i>Why is there a bump in property tax for the General and Special Business District funds in 2017?</i> In 2017 there was a greater amount of funds available to be recouped from successfully protested property tax on cases which were resolved in the year prior to 2017.
15	Utility Tax (in total)	N/A	1.5%	<i>Why only a 1.5% growth?</i> Most of the utilities have a larger growth factor, but this last winter was a much colder winter than in prior years generating larger natural gas receipts which may not continue in future years.
18	Parking Receipts (in total)	N/A	-3.7%	<i>With the new mobile app and increased rates, why would parking revenue go down?</i> This revenue category includes metered parking, as well as revenue from various lots and parking structures. We believe we may have hit our meter revenue maximum at the current rates as parker behavior may have changed, which was our original goal. Also, we are in the process of selling a parking lot which will reduce parking revenue and other parking lots & structures have fluctuation which is also causing the total revenue to decrease.

41	Shaw Park Ice Rink Admissions	-11%	6%	Why would Ice Rink admissions go down so much? In 2016 the rink had one special promotion and one event that we did not have in 2017 or 2018. These included a Daily Deal coupon which brought in \$8,481 and the televised St. Louis Blues watch event which sold \$8,649 in tickets. At the time the 2018 budget was developed we thought both would be held in 2018 and neither one occurred.
42	Private Subdivision Fees	0%	88%	Why is there a dip in private subdivision fees for 2018? You may recall that the City billed for past missed fees for areas outside of Clayton city limits and recorded the revenue for those fees in 2017. The amount of the 2019 budget reflects the additional fees for properties outside of Clayton city limits. The Board will need to discuss these fees at the next budget meeting, therefore a conservative amount of revenue was used for the 2018 estimated amount of revenue.
42	Convenience Fees	Varies	Varies	What is a Convenience Fee? These are small fees added to online credit card payments which help offset the City's credit card fees and the cost to provide online system payment access.

4) Sale of Assets - On page 16, is the amount of sale of assets for the Capital Improvement Fund the sale of the old police building and the parking lot at Forsyth and Brentwood?

Yes, the police building sale price is \$2,375,000 and the parking lot is \$1,100,000.

5) Use Tax – What is the anticipated amount of Use Tax receipts including the effect of the Supreme Court Ruling?

If Clayton received voter approval, we would receive about \$215,000 annually, after required sharing, for the businesses who are now paying Use Tax through the state. The Missouri Dept. of Revenue has not provided any estimates regarding updated potential revenue amounts due to the Supreme Court Ruling, but we believe this amount is significant. The Missouri legislature would need to address this issue at an upcoming legislative session for the effect of the Supreme Court Ruling to be applied to Missouri and we have no information as to whether that is likely to occur.

6) Gas Tax – Since there is a state-wide November election to increase the Gas Tax, (Motor Fuel), did you include the increased amount in the budget? And how much would the revenue increase if this ballot issue passed state-wide?

Clayton's revenue gas tax is projected at \$428,017 for 2019. If the state-wide ballot issue passes in November it is projected to generate approximately \$250,000 additional funds annually for Clayton, although it would have a lesser first year impact since it would be effective part way through our fiscal year.

7) Property Tax - We talk about the delay in property tax revenue coming on from the current new construction development, with some of it starting to show up in this budget. Do we have a rough estimate by year of what we might expect to see added over the next 10 or so years?

Below are the estimated additions to property tax from development. The additions in the years included in the budget document are for fiscal years 2019 - 2021. The Proposed Projects includes estimated amounts in the out years for projects currently under discussion but not yet presented and/or approved. The full impact line in the schedule below includes 75% of the estimated full revenue impact of the proposed projects if approved and completed. These revenue amounts would annually grow slightly each year.

Estimated Property Tax from Development

	Estimated Completion Date	Estimated Annual Property Tax Upon Completion & Occupancy	FY19	FY20	FY21	FY22	FY23
Centene 1 & 2A	4/1/19	233,764	-	-	93,506	198,232	246,967
Ceylon	11/1/17	37,584	37,584	37,960	38,339	38,723	39,110
Barton	4/1/18	52,573	-	52,573	53,098	53,629	54,166
Two Twelve	9/1/17	56,528	56,528	57,093	57,664	58,241	58,823
Regions Bank	2/1/18	4,984	-	2,492	4,984	5,034	5,084
Maryland School	1/1/20	34,176	-	-	34,176	34,518	34,863
Budgeted Impact of Approved Projects			94,112	150,118	281,768	388,376	439,013
Proposed Projects			-	-	122,535	402,058	406,079
Full Impact of Development			94,112	150,118	404,303	790,435	845,092
Budgeted Impact of Development (includes full revenue on Approved Projects and 75% of revenue on Proposed Projects			94,112	150,118	373,669	689,920	743,572

8) Property Tax - What percent is budgeted for increase in 2019?

The total increase in real and personal property is budgeted at 3.7%, of which 2.1% is normal growth, and 1.6% is related to new development revenue.

9) Property Tax Recoupment - Why is there a bump up in property tax for the General Fund and Special Business District funds in 2017? The budget mentions that in 2018 there will be revenue available due to recouping funds from tax protests. Why does this occur in some years and not others and does it apply to residential, as well as commercial protests?

In 2017 there was a greater amount of funds available to be recouped from successfully protested property tax on cases which were resolved in the year prior to 2017. We believe there may be funds available for recoupment in the current year but that is currently being calculated. The amounts depend on both the protested cases resolved in the last 12 months and also the effect those changes would have on our tax rates. These recoupments do apply to both commercial and residential property, but the effect is generally higher for commercial properties.

10) Bond Proceeds (page 131) – What projects are related to the Bond Proceeds?

The larger amounts in 2019 and 2020 represent the use of bond funds for most of the construction of the Ice Rink and improvements to the Center of Clayton.

11) Miscellaneous Revenue (page 6) – What does this revenue category comprise and why is there a large increase for 2019 and 2020?

In the General Fund, the largest revenue areas under the Miscellaneous category are investment interest, ambulance charges and some reimbursements from non-government entities. We do use this category to list “Use of Bond Funds” prior to terming the movement of bond funds for construction as “Transfers-in” to the fund where the construction occurs, prior to setting up a debt service fund for a future planned issuance. See Bond Proceeds question above.

12) Why did interest income dip in 2017?

This is a revenue area which we have reviewed well, as also did the auditors, and there were several items that occurred to cause the reduced interest revenue. We moved to pooling investments for all funds, rather than recording investments in each individual city fund, which slightly changed the interest allocation. We made this change to bring about more efficiency in the processes of recording investments, accruing monthly interest and recording maturities. We also changed the method of recording CDs purchased at a discount or premium rather than recording them initially at par or cost. Lastly, we had more cash on hand and did some short-term investing due to needing to keep funds available for some large construction projects which caused these funds to be invested at a lower short-term rate.

Expenditures

13) There were various questions regarding specific expenditures. We have provided those below for ease of reference.

Page	Dept/Account	2019 Increase from 2018 Budget	2019 Increase from 2018 Estimate	Explanation
10	Admin Services	N/A	17.5%	See items listed below in the City Manager’s Office, Economic Development and Human Resources below. In addition, there are 2 new Technology employees due to the recent addition of the Richmond Heights Technology Services contract.
47	Building Structures & Improvements	-87%	-95%	This is in the area of Building Maintenance and this account reduced for 2019. In 2018 we had some small items budgeted, but there were some larger items that came up throughout the year, including adding a parking coin storage room to reduce banking costs, improvements to police officer report writing area, improvements to the municipal garage bay floor surface, and gutter and roof repairs. No projects are planned for 2019.
57	City Manager Contractual Services	48%	35%	The largest additions in this area were the biennial citizen survey, the addition of a Leadership Team Retreat for leadership development for most managers throughout the City, and the largest item which is a consultant to assist with establishing a new strategic plan for approximately \$50,000.

58	Economic Development - Professional Services	100%	100%	We are recommending the funding of a 3-year contract at \$50,000 per year for a firm to provide consumer data which would help the City recruit retail businesses. These firms require a 3-year contract.
61	Human Resources - Professional Services	116%	97%	This account includes the compensation and benefits study for 2019, which occurs every 4 years, which is budgeted at \$45,000.
77	Fire Overtime	31%	3%	In evaluating the history of this account, we have exceeded the overtime budget several times in the last few years (note prior year amounts on this same budget page) and believe we have been underbudgeting overtime in respect to the effect of injuries and illness. While the budget amount has increased, the increase over the prior years' actual expenditures is small. The new proposed firefighters will not reduce this amount because with the increase in employees, the minimum staffing also increases.
84	PW – Engineering Employee Health care	-9%	-7%	The reason this account has a decrease is because employees periodically make changes to their health care coverage tiers which can increase or decrease total city cost, depending on the level of dependent coverage selected.
85	PW – Street Maint. Contractual Services	59%	40%	The Emerald Ash Boer work is contained in this account at \$50,000. The cost of this work fluctuates from year to year. In 2018 the estimated cost was only \$19,000 but did not include injections. The City is applying for a \$10,000 grant to cover a portion of this work.
88	PW – Fleet Maint. Outside Repair	100%	100%	This was a change in the accounts in which we budget activity. Items were previously budgeted in 270 - Contractual Services, but were divided out into several other accounts this year. There is a corresponding reduction in account 270.
97	P& R - Administration Contractual Services	1,073%	328%	This account added an assessment update to the Hanley House Building in the amount of \$15,000.

14) Commodity Increases – What are the areas causing the increase in the commodities budget?

Below is an explanation of the majority of the General Fund contractual service increases.

Commodity Increases

Department	Budget Increase	Explanation
Information Technology	\$21,867	Computer Accessories
Police	\$23,090	Supplies & Uniforms
Fire	\$85,506	Supplies, Uniforms & Equipment Parts (most of this is related to new employees)
Public Works	\$63,675	Snow Removal, Gas & Oil, Equipment Parts, Traffic Control, Supplies
TOTAL	\$194,138	

Equipment Replacement

- 15) ERF Expenditures (page 117)– Why are the equipment replacement expenditures high in some past years, also high in 2019 and 2020, but then lower in 2021.**

This is exactly the reason we have this sinking fund as the timing of replacement items varies. There have been some larger items in the past couple of years such as an aerial bucket truck, large dump trucks, cardiac monitors, installation and reconfiguration of Fire department bed systems, and several software systems. There are also some large items for purchase in 2019 and 2020 including an ambulance, facility electrical maintenance, large dump trucks, the Fire department self-contained breathing system, several traffic signals, and the filter replacement system in at outdoor aquatic center.

Capital Improvements

- 16) On page 19, what are the “two federal projects” that are referenced in the last sentence stating that they are approved and revenue will increase beginning in 2019?**

The two upcoming federal projects are Brentwood and Maryland.

Miscellaneous

- 17) What should the target fund balance be for the Sewer Lateral Fund (page 109)?**

Currently, our reimbursement amount is \$3,000. We will be evaluating options for slowing this decline in the next year, including potentially adjusting the reimbursement level.

- 18) Special Business District Fund (page 112) – This fund appears to have periodic years where there is a deficit. Is this by choice?**

Yes. The intent is to transfer-out the estimated amount of revenue. There will be years where the fund receives more revenue than planned resulting in a surplus and in the following year or two the additional funds will be used for one-time items such as the parking study or a retail study, which results in a deficit.

- 19) Per the budget transmittal letter, will Centene actually be the largest property owner as stated? What about the Enterprise complex?**

To clarify, Centene will be the largest property owner by assessed value. Enterprise is in control of a larger group of properties geographically.