



**City Administrator's Office**  
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To: Mayor Bowlin and Members of The City Council  
 From: City Administrator Sam Anselm  
 Date: May 6, 2020  
 RE: COVID-19 Impact on the City of Wildwood

**Introduction**

In accordance with our charter, this report is being provided to you in response to the COVID-19 pandemic and its probable impact on our city budget.

Section 6.7(b) of our Charter states:

*“6.7(b) Reduction Of Appropriation. If at any time during the fiscal year it appears probable to the City Administrator that the revenues available will be insufficient to meet the amount appropriated, the City Administrator shall report to the City Council without delay, indicating the estimated amount of the deficit, any remedial action taken and recommendations as to any other steps to be taken. The City Council shall then take such further action as it deems necessary to prevent or minimize any deficit, and for that purpose it may by ordinance reduce one or more appropriations.”*

The report below includes the estimated budgetary impact that the pandemic will have on our budget, current actions taken to date, and my recommendations on next steps to be taken by the City Council.

**Estimated Budgetary Impact**

April was the first full month after the stay-at-home orders from St. Louis County and the State of Missouri were put into effect, but we will not receive our sales tax pool allocation for the month of April until June. I expect general sales taxes, gasoline/fuel taxes, utility franchise taxes, and court fines to be down significantly, but the actual amount is unknown. Another unknown is how long we can expect to see this decrease – there are a number of factors that will determine this, but I expect sales tax revenues will be the slowest to recover and will take several months to do so.

The following table shows our budgeted revenues for 2020 as well as available reserves or fund balance in the General Fund, Capital Improvements Sales Tax Fund, and the Road & Bridge Fund.

*Table 1. Current Budget Status*

Fund	General Fund	Capital Improvements	Road & Bridge Fund
<b>2020 Budgeted Revenues</b>	11,308,000	3,250,000	2,418,000
<b>25% Contingency*</b>	2,817,045	N/A	N/A
<b>Reserves/Fund Balance</b>	11,803,793	3,820,968	3,049,575

\*- Contingency funds are set aside to cover normal operating costs in the event of an (un)expected loss in revenues. This is equivalent to three (3) months of operating costs, or 25% of our operating budget. This contingency is in place as a result of the adoption of Resolution #2011-37.

### Estimated Impact

I believe our revenue losses for half of March and all of April, May and June, will fall somewhere between 25-50%. The following table shows what our monthly revenues might be, based on our 2020 adopted budget, if we see a 25% and a 50% reduction in sales tax revenues.

*Table 2. Possible 1% General Sales Tax Revenue Loss, Monthly*

Month	2019 Actual	2020 Budget	25% Loss	50% Loss
<b>March</b>	\$ 290,883	\$ 286,970	\$ 71,743	\$ 143,485
<b>April</b>	455,374	449,249	112,312	224,625
<b>May</b>	480,142	473,684	118,421	236,842
<b>June</b>	365,029	360,120	90,030	180,060
<b>Total</b>	<b>\$1,591,428</b>	<b>\$1,570,023</b>	<b>\$392,506</b>	<b>\$785,012</b>

### Available Contingency and Reserve Funds

Resolution 2011-37 establishes a “Minimum Fund Balance” reserve equal to 25% of our operating budget, which, “may be accessed only to respond to emergency funding necessities when expressly authorized by the City Council.” The anticipated loss in revenues as a result of the COVID-19 pandemic will almost certainly create an emergency funding necessity, and with Council approval, these reserves could be available to cover any temporary shortfalls in our operating budget and allow services to continue for the next several months as our financial picture becomes clearer.

Given the revenue loss scenarios presented in Table 2, our available Contingency funds (\$2,817,045) would more than cover our revenue losses for these months and enable the city to maintain current service levels, should the council choose to use these funds.

Separate and apart from our contingency funds, we have \$11,803,793 in our Unreserved Fund Balance in the General Fund, which can be used to cover operations in the General Fund, or any shortfalls in other funds, including the Capital Improvements and/or the Road & Bridge Funds. This unrestricted fund balance in the General Fund is equal to one year’s worth of operating expenditures. It takes smart financial planning to build up that amount of reserves, and I give credit to the governing body and administration for their efforts to build a solid financial foundation. Our healthy reserves, coupled with careful spending, put us in a strong financial position and capable of weathering the next several months of uncertainty.

### Current Actions Taken

To keep city hall operating, team members have been working diligently to make city services available online. This includes permit applications, zoning authorizations, and soon business licenses will be available as well. City Hall remains open by appointment, although most business is being conducted via teleconference. Our migration to Office 365 last fall/winter has been key in our ability to continue to work together as a team, even while many are working from home.

It is estimated that we have saved approximately \$83,000, inclusive of any revenues we would have received, as a result of canceled events and the closure of the City of Ellisville’s swimming pool. There would be additional savings if other events are cancelled this year.

As a result of court cancellations in March, April, and May, our next invoice from St. Louis County Police will show a reduction of \$10,531.92 as a result of staffing not provided during court nights. Police overtime for events is also down significantly.

Team members are also making a concerted effort to reduce spending where possible while still maintaining current levels of service. There are several additional options for reducing operating expenses, including reducing tree trimming, right-of-way or park mowing, but these choices would begin to impact our level of service. If a reduction in service/maintenance levels is an option council members would like to pursue, we can further explore ways to reduce expenses, but I am hesitant to make such a recommendation at this time without council direction or a clearer picture of what our losses will be.

## Recommendations

### Reduce Operating Expenditures

- Suspend all out-of-state travel, which will result in a savings of \$21,038
- Keep a vacant PT position unfilled, saving \$31,000
- Continue spending only on necessary items

### Freeze Capital Expenditures

The following list contains planned project expenditures for FY2020 that are either partially or fully uncommitted at this time, meaning no contracts have been signed, nor encumbrances made in our financial system, for these projects. Projects are included in two funds – our Capital Improvement Sales Tax Fund, and the Road & Bridge Fund.

#### Capital Improvement Sales Tax Fund

In the Capital Improvement Sales Tax Fund, which consists of revenues from the ½-cent Capital Improvement Sales Tax, we have a current projected ending fund balance of \$3,820,968 after revenues and expenses are accounted for. Projects on the list I am recommending be frozen include:

Account Description Project	Cost/ Uncommitted
40-480-07 Property Acquisitions	\$100,000
40-480-34 Kohn Park Repairs	\$7,500
70-460-37 Strecker Road Sidewalks - Easement Acquisition	\$20,000
70-460-27 Eatherton Road Reconstruction - Final Design	\$75,000
70-460-40 Strecker Road Sidewalk - Construction	\$105,000
70-460-41 Woods Road Flood Mitigation - Final Design	\$50,000
70-470-12 Bridge #387 (Wild Horse Creek Rd.) - Final Design	\$150,000
70-490-12 Misc. Sidewalk Improvements	\$25,000
70-490-14 Emerald Ash Borer/Ash Tree Program*	\$75,000
<i>Subtotal in Capital Improvement Sales Tax Fund</i>	<i>\$607,500</i>

\* - A decision was made by the Council to postpone this item.

#### Road and Bridge Fund

In the Road and Bridge Fund, which consists of revenues from the Motor Fuel/Gas Tax, the Road & Bridge Tax, and Interest, we have a current projected ending fund balance of \$3,049,575 after accounting for budgeted revenues and expenses. With fewer motorists driving during this period, I am expecting a significant drop in revenues within this fund. Projects or uncommitted funds that I am recommending be frozen include:

Account Description Project		Cost/ Uncommitted
70-490-01	Asphalt Pavement Resurfacing**	\$700,000
70-490-12	Bridge Maintenance and Deck Sealing	\$50,000
70-480-21	Other Engineering Services	\$33,171
70-480-56	Salt Brine Equipment	\$30,000
<i>Subtotal Road and Bridge Fund</i>		<i>\$813,171</i>

\*\* - Bids have been received for this work, but I am recommending we delay the decision on a full contract and increase our asphalt crack-sealing and joint crack-sealing expenditures, only if repairs are needed.

*Total Savings in Both Funds* *\$1,420,671*

### Use of TGA Special Revenue Funds

I do not recommend the use of East or West TGA Funds to continue with any of the capital projects listed above, for two reasons:

1. Budgeted Fund Balances for the East and West TGA Funds are \$535,817 and \$91,724, respectively, with no planned expenditures during this Fiscal Year.
2. More importantly, these funds are restricted and can only be used to fund roadway improvements within developments from where the fees were collected.

As part of the mid-year 2021 budget process, City Team members will review the list of projects included in the 5-Year Capital Improvements Sales Tax Fund to see which, if any, may qualify for use of TGA funds. This will include the previously-discussed Birch Forest Turnaround project that Council voted to postpone.

### Next Steps

City team members will continue to evaluate priorities on necessary spending and projects. My recommendation is to use our Standing Council Committees in May to have further discussions about these and other recommendations brought forth by City Team Members and/or Council Members, with a possible vote by the full City Council on formal actions to be taken in June, consistent with Section 6.7(b) of our Charter.