



WILDWOOD

MEMORANDUM

To: Economic Development Committee Members

Cc: Mayor Bowlin and other City Council Members
Sam Anselm, City Administrator

From: Julian M.D. Jacquin, Economic Development Manager

Date: May 27, 2020

Re: Modifications to Budget Due to COVID-19

Background

As you know, the City Administrator has asked each Standing Committee to meet virtually this month to review their respective budget and any adjustments due to COVID-19. In preparation for those discussions, the City Administrator provided the City Council with a report describing the estimated budgetary impact of COVID-19 on the City of Wildwood and his recommendations for reductions in operating expenditures and capital expenditures. A copy of this report has been attached to this memorandum for your review.

Economic Development Budget

The City's Economic Development Program is funded as part of the Administration Operating Budget. At its meeting in October 2019, the Economic Development Committee approved a 2020 budget for this Program, which was then approved as part of the overall budget for the Department of Administration later that month. To keep a balanced budget in 2020, certain expenditures from the Economic Development Program were then reduced by the City Council in the final budget approved in December 2019. This approved 2020 budget includes the attached Economic Expenditure Detail, which identifies the Personnel, Operating and Contractual Expenditures for the City's Economic Development Program.

In total, the City's Economic Development Program has a total 2020 budget of \$147,623, representing only 1.31% of the overall City Operating Budget. Operating expenditures represent only \$29,348. The table below shows budgeted amounts for operating expenditures in 2018, 2019 and 2020 (recommended by the Committee and final approved).

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>Recommended 2020 Budget</u>	<u>Final Approved 2020 Budget</u>
Community Relations:	\$15,000	\$15,000	\$15,000	\$10,000
Dues/Memberships:	\$1,520	\$1,678	\$2,398	\$2,398
Vehicle Maintenance:	\$0	\$0	\$500	\$500
Office Supplies:	\$0	\$0	\$500	\$500
Training:	\$3,000	\$3,000	\$3,000	\$3,000
Travel:	\$12,000	\$12,000	\$7,000	\$7,000
Utilities-Telephone:	\$637	\$660	\$950	\$950
Consultant Costs:	\$10,000	\$10,000	\$10,000	\$5,000
Total	\$42,157	\$42,338	\$39,348	\$29,348
% Change from Prior Year:		+0.4%	-7.1%	-30.7%

As you can see, the Economic Development Committee originally recommended a reduced 2020 budget by 7.1% from 2019, which was then approved by the Administration and Public Works Committee. The City Council then approved a \$15,000 reduction from 2019 (or 30.7%) for the Economic Development Program expenditures as part of a balanced budget for 2020. For use in the Committee’s discussion, I have also attached a table showing remaining costs in each of these expenditure categories yet to be incurred in 2020.

Please note that certain events involving the City’s Economic Development Program have been postponed or canceled for 2020, including the Lawn & Garden Summit (March 2020), the Wildwood Tack Swap (April 2020) and the “Summer Tour of Wildwood” Passport Program (Summer 2020). The operating costs for these events are generally minimal, but the potential canceling of these events in 2020 may result in a cost savings of approx. \$500 - \$1,000.

I will also mention that the City’s sales tax revenue was strong for the month of March, the first month that St. Louis County’s Stay-at-Home Order took effect. Wildwood's revenue was \$331,966. This exceeds the budgeted March figure of \$287,554 and the amount collected at the same time last year. The April collections will reflect a full month of the order, which will be disbursed to the City in June. While an impact will be expected, some offsets may occur from a shift in spending to essentials, such as grocery stores. Cumulatively, year to date revenues are running approximately \$10,000 under budget.

Next Steps

At its meeting on May 27, the Committee will be asked to review the Economic Development Program’s operating expenditure categories and determine any modifications to be made due to COVID-19.

I will be available for any comments or questions at the May 27, 2020 Meeting of the Economic Development Committee.

JMDJ



City Administrator's Office
16860 Main Street
Wildwood, MO 63040
636-405-2041

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
2020 Budgeted Revenues	11,308,000	3,250,000	2,418,000
25% Contingency*	2,817,045	N/A	N/A
Reserves/Fund Balance	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
March	\$ 290,883	\$ 286,970	\$ 71,743	\$ 143,485
April	455,374	449,249	112,312	224,625
May	480,142	473,684	118,421	236,842
June	365,029	360,120	90,030	180,060
Total	\$1,591,428	\$1,570,023	\$392,506	\$785,012

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.

**City of Wildwood
Fiscal Year 2020**

1 full-time equivalent employees

**(10) Administration
Economic Expenditure Detail**

General Fund (10)	Estimated ₁ 2017	Estimated ₁ 2018	Original Budget 2019	Final Budget 2019	Estimated 2019	Budget 2020	Percentage of Subtotal	Percentage Increase (Decrease) from PY Est	3 Year Cumulative Increase (Decrease)
<u>Personnel Expenditures</u>									
101-14 Regular Salaries - Econ. Dev.	84,096	87,360	90,855	95,855	95,855	95,384	81%	0%	13%
120-14 FICA - Econ Dev.	6,395	6,683	6,951	6,951	6,951	7,297	6%	5%	14%
140-14 Employee Health Benefits - Econ. Dev.	5,992	5,970	7,901	7,901	7,901	7,944	7%	1%	33%
142-14 Insurance (Life & Disability) Econ. Dev.	775	775	776	776	776	776	1%	0%	0%
144-14 Pension Expense - Econ. Dev.	3,924	6,115	7,313	7,313	7,313	6,677	6%	-9%	70%
180-14 Worker's Compensation Econ. Dev.	168	175	182	182	182	197	0%	8%	17%
	101,351	107,078	113,978	118,978	118,978	118,275	100%	-1%	17%
<u>Operating Expenditures</u>									
201-14 Community Relations - Econ. Dev.	9,569	15,000	15,000	15,000	15,000	10,000	41%	-33%	5%
204-14 Dues/Memberships - Econ. Dev.	1,070	1,520	1,678	1,678	2,113	2,398	10%	13%	124%
224-14 Maintenance - Vehicles Econ Dev.	-	-	-	-	500	500	2%	0%	N/A
268-14 Supplies - Office Econ Dev	-	-	-	-	500	500	N/A	0%	N/A
270-14 Training - Econ. Dev.	5,251	3,000	3,000	3,000	3,000	3,000	12%	0%	-43%
274-14 Travel - Econ. Dev.	13,955	12,000	12,000	7,795	7,795	7,000	29%	-10%	-50%
282-14 Utilities - Telephone	636	637	660	660	880	950	4%	8%	49%
293-14 Computer Equipment Under \$5K	-	-	-	1,205	1,205	-	N/A	-100%	N/A
	30,481	32,157	32,338	29,338	30,993	24,348	98%	-21%	-20%
<u>Contractual Expenditures</u>									
340-14 Consultant Costs - Econ. Dev.	4,865	10,000	10,000	10,000	10,000	5,000	100%	-50%	3%
	4,865	10,000	10,000	10,000	10,000	5,000	100%	-50%	3%
<u>Capital Expenditures</u>									
	-	-	-	-	-	-	0%	N/A	N/A
<u>Special Projects</u>									
	-	-	-	-	-	-	N/A	N/A	N/A
Total Administration	136,697	149,235	156,316	158,316	159,971	147,623	100%	-8%	8%

1 - 2017 & 2018 Combined with Other Administrative Expense Accounts therefore estimates are provided.

Category/Expense	Date	Cost	Status	Note
<u>201-14 Community Relations - Econ. Dev.</u>		<u>\$10,000</u>		
Meetings with Business Owners	Ongoing	\$700	On hold	\$100/month - approximate average for coffee, lunches, etc.
Recruitment Meetings with Businesses/Developers	Ongoing	\$700	On hold	\$100/month - approximate average for coffee, lunches, etc.
West County Chamber Membership Meetings	Ongoing	\$0	On hold	Canceled until August; entire \$300 annual registration cost was prepaid for the year
Printing Expenses	Ongoing	\$2,000	Still on	Estimated cost for printing Visitor's Guides, City swag bags/pens for trade shows
New Resident Welcome Packets	Ongoing	\$3,000	Still on	\$1,000 folders/labels + \$2,000 for custom brandelope mailing jackets
Special Business Events	Ongoing	\$1,500	Unknown	Chamber Golf Classic, YMCA Golf Tournament, La Salle Retreat Golf Tournament
<u>204-14 Dues/Memberships - Econ. Dev.</u>		<u>\$2,398</u>		
Chamber, WBA, IEDC, MEDC, MEDFA, ICSC				Already paid/renewed for 2020
<u>270-14 Training - Econ. Dev.</u>		<u>\$3,000</u>		
MEDC Annual Conference at Ozarks	Jun-20	\$600	Canceled	
Governor's Conference on Econ Dev in Springfield	Aug-20	\$550	Still on	\$250 Registration + \$250 lodging + \$50 meals
MEDFA Annual Conference in St. Louis	Oct-20	\$250	Still on	\$250 Registration
MEDC Fall Conference in Branson	Oct-20	\$500	Still on	\$250 Registration + \$200 lodging + \$50 meals
<u>274-14 Travel - Econ. Dev.</u>		<u>\$7,000</u>		
ICSC Annual RECon in Las Vegas	May-20	\$2,000	Canceled	\$630 Registration rolled over to 2021; airfare already credited
IEDC Annual Conference in Dallas	Oct-20	\$1,600	Still on	Not going due to freeze on out-of-state travel
ICSC DealMaking Convention in Chicago	Oct-20	\$850	Still on	\$100 Registration + \$200 airfare + \$500 lodging + \$50 meals
<u>340-14 Consultant Costs - Econ. Dev.</u>		<u>\$5,000</u>		
CoStar Real Estate Database Membership	Ongoing	\$3,000	Still on	
Design Changes to City Printed Materials	Ongoing	\$1,000	On hold	Visitor guides, marketing brochures, trail maps, City swag giveaways
Economic Impact Study of Main St Extension	TBD	TBD	On hold	Not included in 2020 budget; cost dependent on scope of services