



**THREE YEAR OPERATING  
AND  
CAPITAL IMPROVEMENTS BUDGET**

*Fiscal Years*

*October 1, 2008 - September 30, 2011*

**CITY OF CLAYTON, MISSOURI**

**THREE YEAR OPERATING  
AND  
CAPITAL IMPROVEMENTS BUDGET**

**For the Fiscal Year October 1, 2008 to September 30, 2011**

**MEMBERS OF THE BOARD OF ALDERMEN**

**Mayor**

Linda Goldstein

**Aldermen**

Alex Berger, III	Judy R. Goodman
Michelle Harris	Steven E. Lichtenfeld
Andrea Dallas-Maddox	Cynthia Garnholz

**City Manager**

Craig S. Owens

**Finance Director**

Donald J. Yucuis

CITY OF CLAYTON  
FY 2009 – 2011 BUDGET



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Clayton  
Missouri**

For the Fiscal Year Beginning

**October 1, 2007**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Award to the City of Clayton, Missouri for the Annual Budget beginning October 1, 2007. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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## The City of Clayton

10 N. Bemiston Avenue • Clayton, Missouri 63105-3397 • (314) 727-8100 • FAX: (314) 863-0295 • TDD: (314) 290-8435

October 1, 2008

Honorable Mayor and Board of Aldermen  
City of Clayton, Missouri

Submitted herewith is the annual operating budget for the City of Clayton, Missouri, adopted by the Board of Aldermen on August 26, 2008. This budget covers the period from October 1, 2008 to September 30, 2009. It is the cumulative result of a comprehensive effort by City staff and the Board of Aldermen to create a budget that reflects the necessary funding to provide a high level of services to the residents of Clayton. It is also the result of prudent fiscal management that stems in large measure from the objectivity and discipline the Board has consistently brought to the budget process and other fiscal matters.

The City will maintain the current high level of municipal services and continue to make capital investments to improve City infrastructure and replace equipment that has come to the end of its useful life.

### Revenues

The City expects to receive more than \$36.3 million in revenue, which includes \$5.7 million of inter-fund transfers. Property tax totaling \$6.7 million is 23% of the total and \$283,000 more than the FY 2008 budget. Sales tax totaling \$5.9 million is 19% of the total and \$489,000 more than the FY 2008 budget. The FY 2008 sales tax budget included an estimated decrease in revenue due to the Interstate 64 construction that did not materialize. The construction project will continue for the next fifteen months. Utility tax revenue from electric, gas, water and telephone totaling \$4.81 million is 16% of the total and approximately the same as the FY 2008 budget. Licenses and fees totaling \$3.5 million are 11% of the total and \$728,000 more than the FY 2008 budget mainly due to the expected revenue from building permits related specifically to two sizeable developments. Miscellaneous revenues totaling \$4.7 million is 15% of the total and \$577,000 less than the FY 2008 budget. This line item includes investment income and is the main reason for the decrease as interest rates have declined over the past year and market returns in the two pension funds have reduced their fund balances available for investment. The bond proceeds of \$8.135 million were issued only in FY 2008 to refund the 2002 special obligation bonds that were due and payable.

### Expenditures

Overall expenditures are expected to decrease \$4,692,438 in FY 2009 from \$42,011,258 to \$37,318,820 (which includes inter-fund transfers). The majority of the decrease in expenditures is due to the \$8.175 million bond issue in FY 2008 to refund the 2002 special obligation bonds. If the \$8.175 million is excluded in FY 2008, the overall FY 2009 budget is \$3,482,562 or 10.3% higher than FY 2008. Capital expenditures in the Equipment Replacement, Revolving Public Improvement and Recreation & Storm Water Funds account for \$1.95 million of the increase and reflect the emphasis on major

projects. General Fund expenditures account for another \$800,000 of the increase and are due to increases in personnel costs, 1.25 new positions, increases in the refuse contract and commodities (gasoline in particular).

### **Capital Improvements and Capital Expenditures**

The planned capital outlay and equipment purchases for the next three-year period beginning October 1, 2008 are approximately \$29.5 million. Included in the \$29.5 million is \$14 million allocated for a new Police Building planned in FY 2011; ongoing improvements to streetscape, streets, sidewalks, and alleys of \$8.4 million; fleet and equipment replacement totaling \$2.9 million; and park improvements of \$2.4 million.

### **Conclusion**

The proposed budget ensures our continued ability to provide a high level of quality services. At the same time, it is fiscally conservative to maintain protections for the City as it continues to be impacted by volatile oil prices, flat retail sales, unrest in the international climate, and a housing market that continues to weaken regionally. Past foresight and leadership by the Board of Aldermen and realistic planning and financial management has positioned Clayton to moderate the affects of external impacts on revenue and service provision to the Citizens of Clayton.

Special thanks is also extended to the entire management team who contributed to the development of the budget. This budget is the product of a team approach involving each Department Head and the entire Finance Department staff.

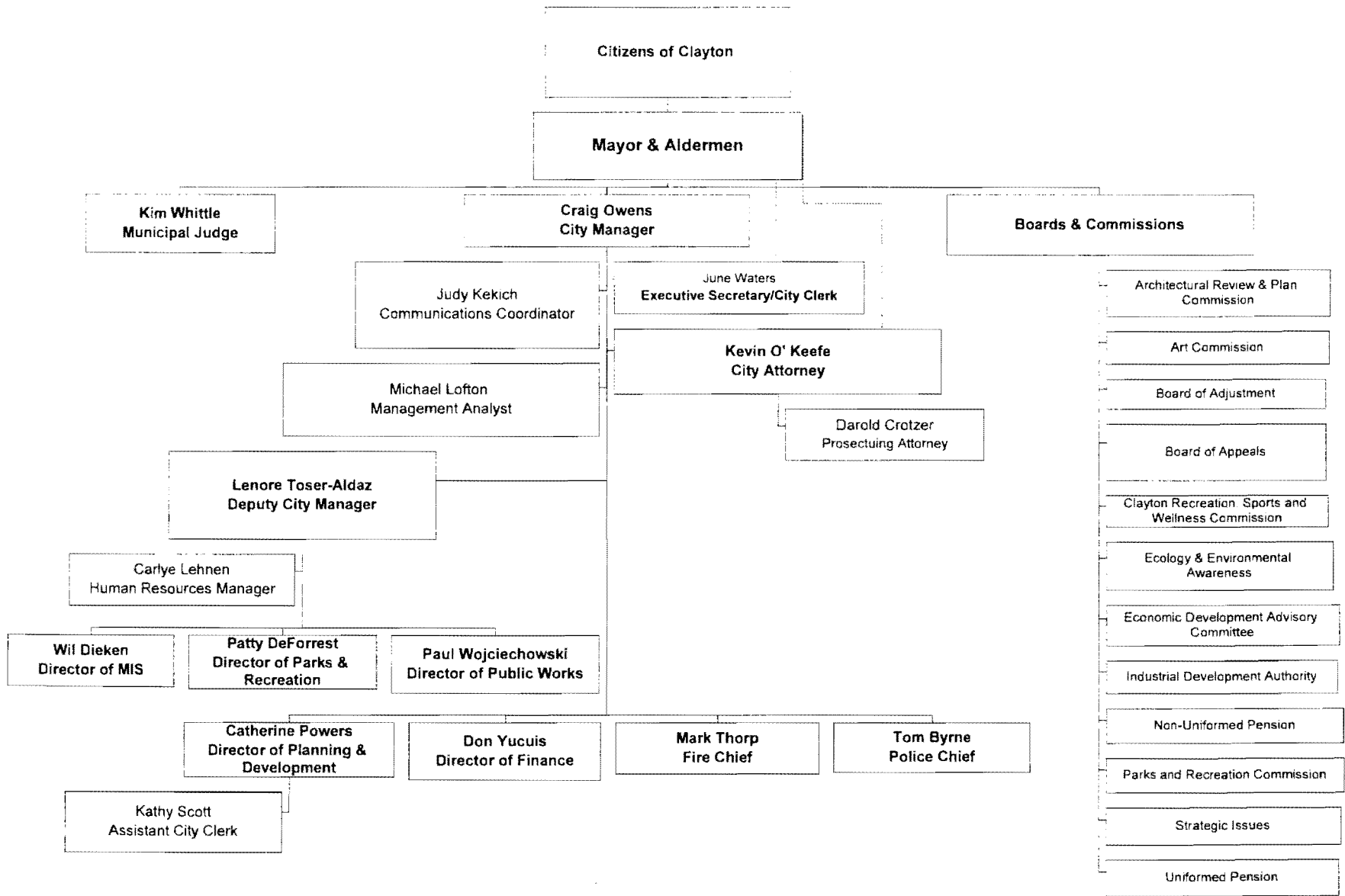
A big thank you goes to Lenore Toser-Aldaz, Don Yucuis and Betty Luebke for their hours of assistance in preparing much of the data and documents for this budget document. These individuals have provided the necessary professionalism that is essential for sound financial management. This was especially important during the City Manager transition this year.

Quality service and efficient government is more easily provided through quality people — clearly, our Department Heads and employees help make this a great community.

Respectfully submitted,



Craig S. Owens  
City Manager



Dashed line represents additional relationship



**CALENDAR FOR FY2009-2011 BUDGET**

<u>Date</u>	<u>Day</u>	<u>Description</u>
<u>April 17, 2008</u>	Thursday	<ul style="list-style-type: none"> <li>▪ Distribute and discuss budget instructions</li> </ul> Finance will distribute the current and future year Personnel Schedule & Payroll/Benefit Spreadsheets to departments
<u>April 30, 2008</u>	Wednesday	<ul style="list-style-type: none"> <li>▪ Equipment Replacement Requests/Changes – meetings with Paul Wojciechowski completed by this date</li> <li>▪ Personnel Advertising Requests due to Lenore Toser-Aldaz</li> <li>▪ Computer Equipment and Software requests due to Wil Dieken</li> <li>▪ Requests for new positions need to be in a separate memorandum and submitted to Lenore Toser-Aldaz and Don Yucuis</li> </ul>
<u>May 8, 2008</u>	Thursday	<ul style="list-style-type: none"> <li>▪ Deadline for FY2009-2011 Budget Requests</li> <li>▪ Proposed Fee Structure due</li> <li>▪ Advisory Board &amp; Commission requests due to Lenore Toser-Aldaz</li> <li>▪ Personnel Schedules due</li> </ul>
<u>May 12 - May 29, 2008</u>	Monday- Thursday	Budget Committee review and Department Head Budget Presentations
<u>May 30- June 26, 2008</u>	Friday - Thursday	Preparation of recommended budget document
<u>June 27, 2008</u>	Friday	Distribution of recommended budget document to Board
<u>July 22, 2008</u>	Tuesday	Publish Public Notice for August 12 Public Hearing (15 days req'd)
<u>July 14 - July 28, 2008</u>	Monday- Monday	Budget Review by Board of Aldermen
<u>August 12, 2008</u>	Tuesday	Public Hearing and 1 <sup>st</sup> Reading of Proposed Budget Ordinance Public Hearing and 1 <sup>st</sup> Reading of Proposed Property Tax Levy
<u>August 26, 2008</u>	Tuesday	2 <sup>nd</sup> Reading and Adoption of Budget Ordinance 2 <sup>nd</sup> Reading and Adoption of Property Tax Levy
<u>August 29, 2008</u>	Friday	File Tax Levy no later than this date.
<b>Board Meetings:</b>	July 8, 2008      July 22, 2008      August 12, 2008      August 26, 2008	

## BUDGET OVERVIEW

This budget, as in prior years, will continue to act as a planning tool for accomplishing programs related to the objectives and goals as determined by the Board of Aldermen and each City department. The budget reflects our expected costs and revenues over a three-year period. With an uncertain financial future and the challenges of a volatile national economy, it is important to utilize multi-year budgeting to prudently manage the City's finances.

The budget for FY 2009 revenues is \$36,351,000 and \$37,318,820 of expenditures, which includes inter-fund transfers. The following table provides a summary of the FY 2009 budget for each of the City's thirteen Funds:

<b>Fund</b>	<b>FY 09 Revenues</b>	<b>FY 09 Expenditures</b>	<b>Over / (under)</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>% of ending balance to expenditures</b>
General	19,133,571	19,020,320	113,251	9,405,874	9,519,125	50%
Sewer Lateral	102,850	100,000	2,850	250,311	253,161	
Parking	1,851,846	2,002,390	-150,544	10,585,320	10,434,776	521%
Uniformed Pension	2,812,396	1,233,272	1,579,124	26,817,900	28,397,024	
Non-uniformed Pension	733,950	329,241	404,709	9,931,867	10,336,576	
Special Business District	240,955	251,227	-10,272	213,965	203,693	81%
Equipment Replacement	521,051	1,173,610	-652,559	2,539,739	1,887,180	161%
Revolving Public Improvement	3,581,536	5,334,023	-1,752,487	2,468,032	715,545	13%
Insurance	2,057,974	2,162,959	-104,985	659,470	554,485	26%
Rec. & Storm Water	2,120,500	2,515,446	-394,946	714,494	319,548	13%
Debt Service 2005 A	1,090,277	1,090,277	0	1,254,641	1,254,641	
Debt Service 2007	998,344	998,344	0	817,500	817,500	
G.O. Bond Debt 1999	1,105,750	1,107,711	-1,961	788,892	786,931	
<b>SUBTOTALS</b>	<b>36,351,000</b>	<b>37,318,820</b>	<b>-967,820</b>	<b>66,448,005</b>	<b>65,480,185</b>	
Inter-fund Transfers	5,703,537	5,703,537				
<b>TOTALS</b>	<b>30,647,463</b>	<b>31,533,359</b>				

The Equipment Replacement Fund, Revolving Public Improvement Fund, Insurance Fund and Recreation & Storm Water Fund are all projected to have fund variances of more than 10% in FY 2009.

The Equipment Replacement Fund cash balance is projected to decrease this year primarily due to the replacement of a street sweeper, 2 dump trucks, an ambulance and progress payments for the scheduled purchase of a 100 foot ladder truck for the Fire Department to be delivered in FY 2010.

The Revolving Public Improvement Fund (RPIF) is a capital projects fund. Sales tax revenue is projected to equal the better than expected results of FY 2008 (\$1.284 million) even with the

closure of the western leg of Interstate 64 due to reconstruction through 2008, and the eastern leg closure during 2009. St. Louis County Road & Bridge Tax is expected to increase slightly over FY 2008 to \$809,500. Additionally, less investment income is projected due to lower interest rates and invested fund balance. The fund balance is also reduced by an aggressive capital projects program (see capital improvements paragraph on page vii) including initial plans to construct a new Police Building, street reconstruction, street micro surfacing, two streetscape projects, plus a pedestrian safety project partially funded through a grant.

The Insurance Fund, an internal service fund, was budgeted at a deficit. The City has made a conscious decision to spend down the fund balance which was accumulated over a decade's time when the City was self-insured for Worker's Compensation. A larger fund balance was needed to build reserves to cover potential catastrophic losses. The City joined a local government insurance pool in 2005 and is no longer self-insured. This program change has reduced the financial exposure for losses.

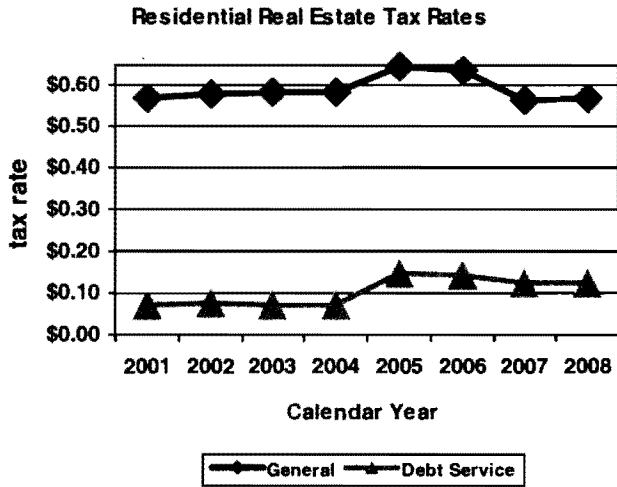
### **Major Items in FY 2009 Budget**

The following highlights policies that were included in FY 2008 and readopted as part of the FY 2009 budget:

- **Road & Bridge Tax:** For FY 2005 and prior, the County Road and Bridge Property Tax revenues were allocated to the General Fund. However, such revenues are restricted to be used only for road and bridge improvements. The \$809,000 expected to be received in FY 2009 from the Road & Bridge Property Tax will be the fourth year of allocation to the Revolving Public Improvement Fund. This move ensures that the funds are properly used for their intended purpose.
- **Utility Tax in Revolving Public Improvement Fund (RPIF):** For FY 2005 and prior the City had set as policy to allocate 12.5% of the Utility Tax revenues to be received in the Revolving Public Improvement Fund. This policy was intended to provide additional funding in order to maintain the significant level of infrastructure improvements of the City. FY 2009 marks the fourth year in a row that all Utility Tax revenue, estimated at \$4,817,625, will remain in the General Fund due to the reallocation of the Road & Bridge Tax from the General Fund to the RPIF.
- **Equipment Replacement Fund (ERF) payments:** ERF payments are those annual allocations that provide a portion of the expected replacement cost of large-scale capital expenditures. The ERF is essentially a savings account to provide for replacement, on a specific schedule, of vehicles, equipment, fire apparatus and other capital purchases. FY 2009 marks the fourth year in a row that payments will be allocated from the RPIF. A majority of the funding for the RPIF is from the ½ cent Capital Improvements Sales Tax -- a restricted-revenue source that can only be used for improvements to, maintenance of, or purchase of capital items. As such, it is more appropriate for the ERF payments to be allocated to the RPIF. Also, moving these costs to the RPIF in FY 2006 reduced the total expenditures in the General Fund, and in turn, helped with the General Fund's bottom-line. In FY 2009, \$364,387 or 50% of annual ERF funding needed is allocated from the RPIF.
- **Property Tax:** The City's overall property tax rate in FY 2006 and subsequent years was changed to levy at or near the maximum rate allowable by the State of Missouri and to levy separate rates for each category, residential, commercial and personal property.

In FY 2009, the City's overall assessed valuation increased modestly due to new construction, as this was a non reassessment year.

Below is a comparison chart of the property tax rates by category since FY 2006:



	FY06	FY07	FY08	FY09
Residential	.646	.634	.566	.568
Commercial	.694	.694	.636	.636
Personal Prop	.720	.707	.707	.707
Debt	.150	.146	.125	.122

It is estimated that the FY 2009 tax rate will generate approximately \$6,398,000 or an increase of \$140,935 over FY 2008.

The Special Business District tax, which is a special property tax on those properties within the Central Business District, will increase to .074 from last year's rate of \$0.060. This is expected to raise

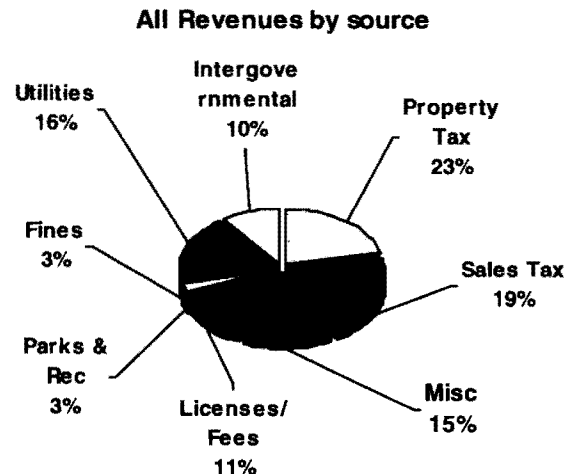
approximately \$236,000 or \$53,000 more than FY 2008. The increase will pay for ¾ of a new Economic Developer position as well as marketing, streetscape improvements, and other economic development activities for the Clayton Central Business District.

The City follows the Budget Administration Policy amendment process included in the Appendix of the budget on page 160. Each fiscal quarter the Board of Aldermen will receive a written financial summary covering the performance of all budgeted funds showing variances and trends, as well as comparisons to the previous year. All unusual variances to either revenue or expenditure projections are reported to the Board of Aldermen as they occur by the City Manager's Office. Starting FY 2009, a formal budget amendment report will be recommended to the Board of Aldermen on a quarterly basis and if approved, recorded in the financial accounting system. The amendments are processed on a fund and department level.

**Revenues**

The significant decrease from \$42.7 million to \$36.3 million is attributed to a bond sale of \$8.135 million in FY 2008 and none in FY 2009.

Net of transfers, the City expects to receive more than \$30.6 million in revenue. Property tax totaling \$6.7 million is 23% of the total and \$283,000 more than the FY 2008 budget. Sales tax totaling \$5.9 million is 19% of the total and \$489,000 more than the FY 2008 budget. The FY 2008 sales tax budget included an estimated decrease in revenue due to the Interstate 64 construction project but the decrease did not



materialize. The construction project will continue for the next fifteen months and is projected to end in FY 2010. Utility tax revenue from electric, gas, water and telephone totaling \$4.81 million are 16% of the total and approximately the same as the FY 2008 budget. Licenses and fees totaling \$3.5 million are 11% of the total and \$728,000 more than the FY 2008 budget mainly due to the expected revenue from building permits related specifically to two sizeable developments. Miscellaneous revenues totaling \$4.7 million is 15% of the total and \$577,000 less than the FY 2008 budget. This line item includes investment income and is the main reason for the decrease as interest rates have declined over the past year and market returns in the two pension funds have reduced their fund balances available for investment. The bond proceeds of \$8.135 million were issued only in FY 2008 to refund the 2002 special obligation bonds that were due and payable.

Below is a comparative summary of revenues by major category including the dollar and percentage change between the FY 2009 and FY 2008 budgets:

<b>Revenues</b>	<b>2009 Budget</b>	<b>Percent of Total</b>	<b>2008 Budget</b>	<b>Increase (decrease) from Prior Year</b>	<b>Percent of increase/ -decrease</b>
Property Tax	6,743,046	18.55%	6,459,684	283,362	4.39%
Licenses/Fees	3,520,896	9.69%	2,792,518	728,378	26.08%
Utilities	4,817,625	13.25%	4,810,087	7,538	0.16%
Sales Tax	5,929,000	16.31%	5,440,000	489,000	8.99%
Intergovernmental	3,082,016	8.48%	3,054,949	27,067	0.89%
Parks & Rec	797,577	2.19%	712,656	84,921	11.92%
Fines	1,047,740	2.88%	897,557	150,183	16.73%
Misc	4,709,563	12.96%	5,286,594	-577,031	-10.91%
Bond Proceeds	0	0.00%	8,135,000	-8,135,000	-100.00%
<b>Subtotal</b>	<b>30,647,463</b>	<b>84.31%</b>	<b>37,589,045</b>	<b>-6,941,582</b>	<b>-18.47%</b>
Transfer In	5,703,537	15.69%	5,089,349	614,188	12.07%
<b>Total</b>	<b>36,351,000</b>	<b>100.00%</b>	<b>42,678,394</b>	<b>-6,327,394</b>	<b>-14.83%</b>

## Expenditures

Overall expenditures are expected to decrease \$4,692,438 in FY 2009 from \$42,011,258 to \$37,318,820. The majority of the decrease in expenditures is due to the \$8.175 million bond issue in FY 2008 to refund the 2002 special obligation bonds. If the \$8.175 million is excluded in FY 2008, the overall FY 2009 budget is \$3,482,562 or 10.3% higher than FY 2008. Capital expenditures in the Equipment Replacement, Revolving Public Improvement and Recreation & Storm Water Funds account for \$1.95 million of the increase and reflect the emphasis on major projects. General Fund expenditures account for another \$791,140 of the increase and are due to increases in personnel costs, 1.25 new positions, increases in the refuse contract and commodities (gasoline in particular).

Below is a summary by fund of the budget changes from FY 2008 to FY 2009:

<u>Expenditures</u>	<u>2009 Budget</u>	<u>Percent of Total</u>	<u>2008 Budget</u>	<u>Increase (decrease) from Prior Year</u>	<u>Percent of increase/ decrease</u>
General Fund	19,020,320	50.97%	18,229,180	791,140	4.34%
Sewer Lateral Fund	100,000	0.24%	100,000	0	0.00%
Parking Fund	2,002,390	4.62%	1,940,130	62,260	3.21%
Uniformed Pension	1,233,272	2.62%	1,100,000	133,272	12.12%
Non-Uniformed Pension	329,241	0.73%	307,900	21,341	6.93%
Special Tax District	251,227	0.45%	188,464	62,763	33.30%
ERF Fund	1,173,610	1.69%	711,239	462,371	65.01%
RPIF Fund	5,334,023	10.70%	4,497,097	836,926	18.61%
Insurance Fund	2,162,959	5.12%	2,149,169	13,790	0.64%
Rec & Storm Water Fund	2,515,446	4.44%	1,863,948	651,498	34.95%
Debt Service 1999 GO Bonds	1,107,711	2.63%	1,105,332	2,379	0.22%
Debt Service 2005 A	1,090,277	2.61%	1,098,053	-7,776	-0.71%
Debt Reserve 2005 A	0	0.13%	55,000	-55,000	-100.00%
Debt Service 2002	998,344	20.63%	8,665,746	-7,667,402	-88.48%
<b>Total</b>	<b>37,318,820</b>	<b>100.00%</b>	<b>42,011,258</b>	<b>-4,692,438</b>	<b>-11.17%</b>

**Personnel Costs:**

In April 2006, a new salary schedule was adopted based on recommendations received from CBIZ, a compensation consultant. In FY 2007, this schedule was adjusted by 2.6% across the board and in FY 2008 the same factor was recommended based on market information received from CBIZ. In FY 2008 the Board of Alderman approved the staff recommendation to increase the lower half of the pay plan tiers by 2.6% for minimum, mid-point and maximum and to increase just the mid-point by 2.6% but not the minimum and maximum in the upper half of the pay plan tiers. The reason for this is the relatively large “spread” from minimum to maximum of the salary ranges nearer to the top as well as a need to tie these minimums to a market position. At the time of budget adoption, the FY 2009 recommendation had not been received from the City’s consultant. As a result, a range adjustment of 2.5% was projected.

*Merit Pay Adjustments:* Employees currently progress through their established position range based on meritorious performance. Formal performance evaluations are conducted for each employee at the end of every fiscal year, and are the basis for all merit adjustments. Merit adjustments coincide with the beginning of the new fiscal year. Annually, the Board of Aldermen establishes a merit pay pool to reward employees’ exemplary performance. For employees who have not attained their maximum salary, an adjustment is made to their base wage. For employees that have attained their maximum salary, a merit adjustment is made in the form of a lump-sum payment. The FY 2008 budget included a 3.5% allowance for City-wide merit pay increases. In FY 2009, a 3% merit increase is provided, which equates to a \$277,422 increase over FY 2008.

*Mid-point adjustments:* If an employee's salary falls below midpoint on their anniversary date, they are eligible to receive a step increase in addition to their merit increase. In FY 2008, the increase was up to 3% and 2.5% is included in the FY 2009 budget. Of the City's full-time employees, 55 were eligible for this adjustment in FY 2008 and in FY 2009 59 of the 182 full-time employees are eligible for this adjustment. Given current salary rates and anniversary dates for affected employees, \$33,752 is included in FY 2009 for mid-point adjustments. Together, the merit pay pool and step plan would increase employee salaries by \$311,174.

*New personnel:* A net of two new full-time positions are added to the FY 2009 budget. The two positions include an Economic Developer position to assist the City Manager's Office with development requests and a Technology Specialist in Management Information Systems to manage information technology and assist with server and network administration.

The Property Maintenance Inspector position in the Planning Department was not filled and was subsequently changed to a Planning and Code Technician position.

A Community Resource Coordinator position in Parks and Recreation to coordinate programming at the Hanley House and to provide support for the Century Foundation was added in FY 2008 but was offset by the elimination of a Data Analyst position in the Police Department.

An Engineer position was added in the Public Works Department to assist with specification development and project tracking and oversight but was offset by the elimination of a Mechanic position in Public Works.

*Health insurance:* In FY 2009, the City will experience an 8.2% increase in its health insurance premium, but somewhat offset this by an increase in the employee contribution from \$70 a pay period for family plans to \$80 and an increase from \$15 to \$17 for a single plan. The net FY 2009 change is an increase of \$125,000. In FY 2008, the City negotiated a zero percent increase in the health premium by converting to a higher deductible for the employee. with no change in the employee premium contribution.

## **GENERAL FUND**

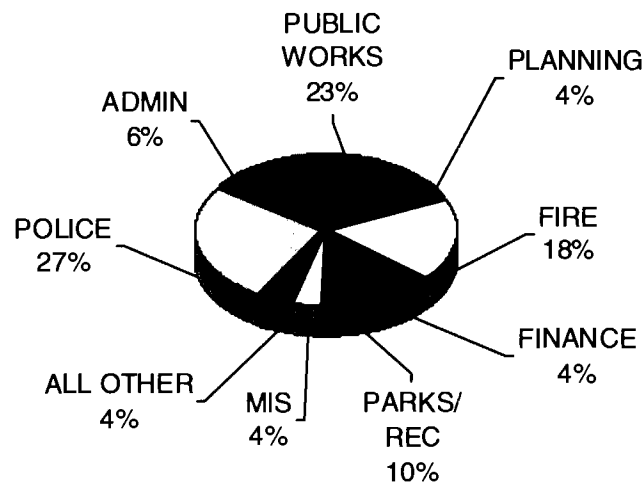
The Board of Aldermen established a fund balance goal equaling 120 working days or 33% of the current fiscal year's projected general fund operating expenses in the General Fund. This fund balance goal gives the City the ability to deal with the unexpected, such as emergency expenditures and revenue shortfalls that may occur during a fiscal year. At a minimum, the City will maintain a fund balance equivalent to 90 working days or 25% of projected annual expenditures in the General Fund. The General Fund balance is projected to total \$9,519,125 by September 30, 2009, which is 50% of total expenditures.

The General Fund FY 2009 expenditure budget reflects a total increase of \$791,140 over the FY 2008 original budget. The major areas of increase include salary increases plus the new positions totaling \$305,200, a refuse contract increase of \$106,937, a health reimbursement deductible reimbursement of \$105,000, and gas and oil increases of \$86,700 due to higher prices per barrel.

Below is a summary of expenditures for the major departments within the General Fund:

<u>Expenditures</u>	<u>2009</u> <u>Budget</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2008</u> <u>Budget</u>	<u>Increase</u> <u>(decrease)</u> <u>from Prior</u> <u>Year</u>	<u>Percent of</u> <u>increase/</u> <u>decrease</u>
<b><u>General Fund</u></b>					
Legislative	74,308	0.39%	70,511	3,797	5.4%
Administration	1,100,246	5.78%	1,031,764	68,482	6.64%
Planning	805,386	4.23%	780,033	25,353	3.25%
Finance	732,254	3.85%	704,729	27,525	3.91%
MIS	686,226	3.61%	590,268	95,958	16.26%
Non-Departmental	725,975	3.82%	664,764	61,211	9.21%
Public Safety	8,481,060	44.59%	8,322,810	158,250	1.90%
Public Works	4,441,842	23.35%	4,197,092	244,750	5.83%
Parks & Rec	1,973,023	10.37%	1,867,209	105,814	5.67%
<b>Total General Fund</b>	<b>19,020,320</b>	<b>100.00%</b>	<b>18,229,180</b>	<b>791,140</b>	<b>4.34%</b>

**General Fund Expenditures by Department**



### Grants – Federal/State/County

The City of Clayton will receive grant funding from a few sources. These sources include the Mid-Metro 4 grant awarded to the cities of Clayton, Richmond Heights, Brentwood and Maplewood to assist with communication efforts to the public on ways to access the cities during the Interstate 64 reconstruction project, and the balance due on a \$4 million grant for a streetscape/pedestrian safety project from East-West Gateway.

**Capital Improvements**

The planned capital outlay and equipment purchases for the next three-year period beginning October 1, 2008 are approximately \$29.5 million. Included in the \$29.5 million is \$14 million allocated for a new Police Building planned in FY 2011. Capital expenditures are those expenditures for equipment that has an expected life of more than two years and a cost in excess of \$5,000. Capital items include real property, office equipment, furnishings and vehicles.

The following projects attempt to support the City's ongoing efforts to maintain our infrastructure in a fiscally responsible fashion. The capital improvement projects are paid for out of the Equipment Replacement, Parking, Revolving Public Improvement and Recreation & Storm Water Funds. Below are a few of the significant projects planned for FY 2009:

- Fleet & Equipment Replacement (as needed) \$1,173,610
- Streetscape 2,518,560
- Street resurfacing 455,785
- Police Building (design) 400,000
- Alleys and sidewalks 282,150
- Pedestrian Safety project 200,000
- Micro surfacing 164,578
- Park improvements
  - Ball Fields 1 & 2 260,000
  - Tennis Center 250,000
  - Shaw Park Pool 79,800
  - Shaw Park sidewalk and roads 38,300
  - Ice Rink 28,000
  - Oak Knoll 137,300
  - Hanley House 75,000
  - Tree Management 35,000
  - Park Signage 25,000
  - Other park projects 67,300

Approximately \$20.5 million is currently planned for the remaining two years of the three year plan. The major projects identified include:

- Police Building (construction) \$12,600,000
- Ongoing improvements to streets, sidewalks, and alleys 4,747,989
- Regular replacement of City vehicles and equipment 1,691,178
- Inclusion playground 400,000
- Tennis Center/Ice Rink 391,220
- Taylor Park 160,000
- Wydown irrigation 150,000
- Hanley House 150,000
- Oak Knoll Park 115,000
- Ball field repairs (1 and 2) 90,000

## **Bonded Indebtedness**

As of August 2008, the total assessed valuation for the City of Clayton was \$914,554,030. Under Missouri law, the City is legally able to incur general obligation debt totaling no more than 10% of the City's assessed valuation, or \$91,554,030 if approved by the voters. The current voter approved general obligation outstanding debt is \$4,885,000, which allows additional voter approved debt of \$86,669,030. In addition, the City has \$20,150,000 of special obligation debt that is not part of the debt ceiling. The total debt outstanding as of September 30, 2008 is \$25,035,000.

In November 1993, the voters of Clayton passed four propositions on two separate general obligation bond issues totaling \$14 million. The 1993 Bond Issue for \$9,500,000 was used to improve the City's parks, to resurface and repair streets and sidewalks throughout the City, to pay infrastructure costs for improvements to neighborhoods, to fund the construction of a new sound wall to resolve sound and safety problems in the Clayshire neighborhood, and to bring buildings into compliance with the Americans with Disabilities Act. The 1994 Bond Issue for \$4,500,000 was used for improvements to the Central Business District, improvements to the City's recreational facilities and to replace underground tanks at the City's Municipal Garage. The 1999 Bond Issue for \$8,410,000 was issued to refund the 1993 and 1994 Bond Issues which were paid off in February 2004. The principal balance on this bond issue at September 30, 2008 was \$4,885,000.

In FY 1998, the City issued debt in three separate bond issues for the construction of a joint use recreation center, ice rink and tennis court renovations, two neighborhood improvement districts, and a parking garage. In 2005, the 2005A Series was used to refinance the 1997 and 1998 Bond Issues and a 2005B Series was used to refinance the 1998B Bond Issue. The principal balance at September 30, 2008 for the 2005 A and 2005 B issue was \$9,935,000 and \$2,040,000 respectively. A separate Debt Service Reserve Fund for the 2005A and 2005B Bond Issues of \$1,482,000 was combined into the respective debt service funds during FY 2008.

In FY 2003, the City issued \$9.95 million of special obligation bonds to pay for the majority of costs associated with the new Shaw Park Pool, a new Fire Station and renovations to City Hall. In FY 2008, \$8.175 million of special obligation bonds were issued to refund the principal coming due on the 2002 bonds and establish a long term debt repayment structure and reserve.

## **THE CITY OF CLAYTON – A PERSPECTIVE**

### **Community Overview**

Just west of the City of St. Louis, Clayton is the hub of metropolitan St. Louis and the seat of St. Louis County. On April 14, 1913 voters approved incorporation of the City. The City has a residential population of approximately 15,936 and estimated daytime visits of 80,000. The City's central location and convenient access to several interstates and major arteries, including Interstate 64, place it within minutes of just about anywhere in the region. Furthermore, Clayton is just twelve minutes from Lambert International Airport and downtown St. Louis.

Within two and a half square miles, Clayton blends a bustling business district with an outstanding housing mix and beautiful, quiet, and secure residential neighborhoods. The Central Business District (CBD) combines approximately 7,000,000 square feet of prestigious office space with the vitality of 1,000,000 square feet of retail space. Clayton's charming residential neighborhoods include stately single-family homes, condominiums and multi-family apartment dwellings. Much of the residential area is within walking distance of specialty boutiques, shops and cafes, which compliment the fine architecture of Clayton's business district.

Clayton's thriving retail community includes approximately 86 restaurants (many of which are award-winning), 93 vibrant retail boutiques and 234 personal service businesses. Clayton's downtown is the region's premier business district and home to Forbes and Fortune 500 headquarters and branch offices. To name just a few, Clayton's quality of life has attracted Enterprise Rent-A-Car, Brown Shoe Group, Commerce Bank, National City Bank, Rehab Care Group, Graybar, Barry-Wehmiller Companies, Olin Corporation, and many of the largest law firms in the St. Louis area. Clayton maintains one of the highest commercial occupancy rates in the region, is the second largest business district in the St. Louis office market, and one of the steadiest submarkets in the St. Louis area. The overall office vacancy rate has decreased steadily for the last four years to 9.7%, one of the lowest vacancy rates in the metropolitan area.

While the economy as a whole has experienced a downturn over the past year, Clayton's retail has remained stable. Even with the portion of Interstate 64 west of Interstate 170 to Interstate 270 shut down for reconstruction, sales tax revenue in Clayton remained strong in FY 2008. A group of four communities including Clayton applied for and received a grant from the Missouri Department of Transportation to assist with marketing over the planned two and half year construction project.

In addition, while nationally, home values in the top twenty housing markets have dropped by an average of 23%, Clayton's one year value change dropped only approximately 7% in FY 2008.

### **Development**

Clayton continues to be the premier business location in the region. The City's unique mix of retail, office and residential has provided an attractive environment for developers. Confidence in the viability of the Clayton commercial properties is substantiated by plans from businesses and developers to build new commercial and residential developments. Clayton is experiencing a tremendous amount of attention from businesses interested in

expanding their presence in the City and developers with plans for remarkable mixed-use developments.

In January 2008, Mark S. Mehlman Realty celebrated the opening of The Crescent, a nine story, \$40,000,000 mixed-use development on the north side of Carondelet Plaza across from the Plaza in Clayton. The Crescent features 72 luxury condominium units, approximately 26,000 square feet of ground level retail space and 259 parking spaces. The building is designed to follow the curvature of Carondelet Plaza around the fountain and sculpture, Still Point, adjacent to the Plaza in Clayton and The Ritz-Carlton, St. Louis.

DeMun Pointe recently added 27 condominium units to Clayton's residential inventory. The \$13.9 million, 3 1/2 story project was built by Opus Properties Development at 6447 Clayton Road. In addition to the units, it offers 9,000 square feet of ground floor commercial space. DeMun Pointe is Clayton's first green mixed-use building and was built according to Leadership in Energy and Environmental Design (LEED) standards.

The City has approved Orchard Development Group's proposal to build the Trianon, a mixed-use project at 7454 Forsyth, just east of the Ritz-Carlton Hotel. Plans for the \$150 million development include approximately 175 apartments and 175 condominium units with a variety of floor plans and prices and 33,500 square feet of street-level retail space. The project is unique because of its proximity to the MetroLink (the region's light rail system) passenger station at Forsyth Boulevard and Forest Park Parkway. The project is proposed to be a Transit Oriented Development (TOD). In TODs, developers are able to market the project's affordable luxury units to buyers who are interested in taking advantage of the accessibility to mass transportation such as the MetroLink and its passenger stations.

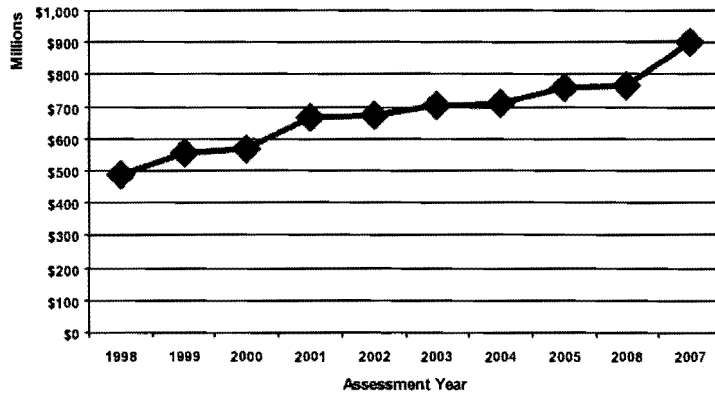
Mark S. Mehlman Realty has presented plans for the Carondelet Village, a mixed-use development with approximately 100,000 square feet of retail space, 13,000 square feet of entertainment space, 100,000 square feet of office space, a 125-room boutique hotel and 755-space parking facility. With the addition of a critical mass in retail, the developer feels that the \$128 million project will reestablish Clayton as a shopping destination. The proposed Village will offer Clayton residents the opportunity to stay in Clayton to shop, while drawing visitors from the entire region to shop and dine in Clayton. In December 2007, the Board of Aldermen unanimously approved the City's first use of Tax Increment Financing (TIF) for the proposed development. Following the adoption of the ordinance authorizing the use of TIF, the project must go through the site plan review process. The Board must also negotiate a redevelopment agreement.

R.J. York Development recently proposed a \$110 million mixed-use construction project to be located near Central Avenue and Maryland Avenue. The project is estimated to be a high rise tower that will include a 241 room boutique hotel, 5,800 square feet of retail, and approximately 18 luxury residential condominiums, as well as a nearby parking infrastructure with 16,500 square feet of additional retail. The project, if approved, is expected to generate significant additional economic activity for the City at the very core of the Central Business District. Further, existing retail business adjacent to the project is expected to increase with the construction of the new development.

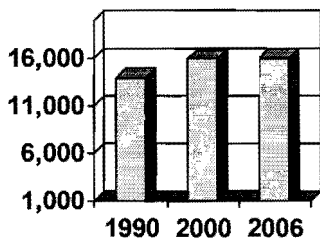
Centene Corporation and Brown Shoe recently announced they would be expanding their world headquarters in Clayton. Centene's new \$215 million headquarters will include a 21-story, 584,000 square foot office tower and street level retail space. The second phase will include an 11-story tower with approximately 250,000 square feet. The Brown Shoe development will include the expansion of its global headquarters with a \$568 million mixed-use development. It will be one of the largest commercial developments under way in St. Louis County.

Despite a slowdown in the housing market in both the region and at the national level, the City continues to experience solid growth in its overall assessed valuation. Since 1998, the City's total assessed valuation has increased by 85%. This growth is further shown by the significant increase in residential upgrades, condominium conversions, home remodeling/additions, and new condominium buildings. In fact, since 2003, more than \$300 million has been spent on such residential improvements. In the past 12 months alone, the City has experienced more than \$40 million in construction of new homes and remodeling of existing residential structures. Even with the challenges of a slower housing market, the City expects continued reinvestment in its neighborhoods, continued conversions of multi-family apartments into condominiums, new homes in place of smaller ranch-style structures, and additional residential projects within the Central Business District.

**Total Assessed Valuation**



**City of Clayton Population**



Population growth directly impacts the City's revenues. The 2000 census determined that 15,936 people resided within the City of Clayton. This reflected a 12.9% increase over the 1990 census, which indicated the City's population to be 13,874. Since a portion of the City's revenue sources are impacted by population (for example: sales tax, motor fuel tax, motor vehicle sales tax and property tax), this increase in population had a positive impact on the City's revenues. The State only adjusts revenue distribution based on population once every ten years, so there will be no additional revenues based on growth in population until after the census in 2010.

## Clayton's Quality Of Life

Clayton is becoming a regional leader as a "green" city. The City emphasizes sustainable practices such as a reduction in fossil-fuel dependency, assessment of utility usage, adoption of LEED certification in the City's zoning code to incentivize new developments, expansion of citywide recycling efforts, and creation of pedestrian-friendly environments.

While the City maintains a thriving business district, it has also devoted over 70 acres to passive and active park areas. Approximately 81% of Clayton's land is dedicated to residential or park use. The Cross County MetroLink Extension through downtown Clayton further enhances its outstanding quality of life and viability as the region's second downtown. The MetroLink provides easy and quick access to downtown St. Louis, the airport and parts of south St. Louis County. A regional bus transfer station that is connected to the Central Avenue MetroLink station provides public transportation access to most of the region.

Enriching the City's quality of life is its award-winning public school system. The Clayton School District is one of the nation's best, with 96% of its high school graduates going on to college. Clayton is also home to several stellar private institutions, including Washington University, Fontbonne University and Concordia Seminary.

Clayton's community services set the standard for the region. The Parks and Recreation Department not only maintains the City's many well-manicured parks, it also conducts a multitude of athletic activities on lighted baseball, softball, sand volleyball and soccer fields. The Center of Clayton, the City's 124,000 square-foot community recreation center, offers sports, fitness, swimming, recreational, educational and lifestyle enhancing programs.

Additional support to the overall quality-of-life is the professional City services that are provided to our residents and businesses. The Police Department is accredited through the Commission on Accreditation for Law Enforcement Agencies (CALEA). This international designation requires the Department to meet more than 400 standards – very few departments in the Country receive such official designation.

The Fire Department maintains a rating from the Insurance Service Organization (ISO) of three (one is the highest and best rating). This rating is achieved by satisfying numerous emergency and fire response, and safety standards. This rating places our Department in the top nine percent (9%) of all departments in the country. Also, the Fire Department has received the International Fire Life Safety Award for the last 13 years – only 1,100 departments in the world receive such an award.

The Planning and Development Services Department was also rated by ISO and received a 2 rating (1 being the highest). This rating is based on satisfying certain educational and training requirements for all inspectors as well as adopting certain housing codes and maintaining a comprehensive inspection process. No other department in the state of Missouri has received such a rating.

These ISO ratings not only designate the high standards of service being provided to residents, but also can translate into lower property insurance rates for residents and businesses.

The Public Works Department continues to maintain and revitalize the City's infrastructure including streets, lights, traffic signals, signage, sidewalks and streetscapes, as well as the City's buildings and fleet of vehicles.

The Finance Department provides prudent fiscal management and was recently awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association - for the 20<sup>th</sup> year in a row. Additionally, in FY 2008 the Finance Department received the Distinguished Budget Presentation Award from the Government Finance Officers Association on the initial attempt. The award is the highest form of recognition in governmental budgeting.

The MIS Department has significantly expanded the City's home page and maintains a state-of-the-art information system. This array of services, including the provision of various WI-FI hotspots, further enhances the quality neighborhoods and world-class Central Business District.