

BETTER TOGETHER SERVICE & FISCAL IMPACT

PUBLIC FORUM AT THE LODGE
APRIL 29, 2019



SERVICES TO BE PROVIDED BY METROPOLITAN CITY

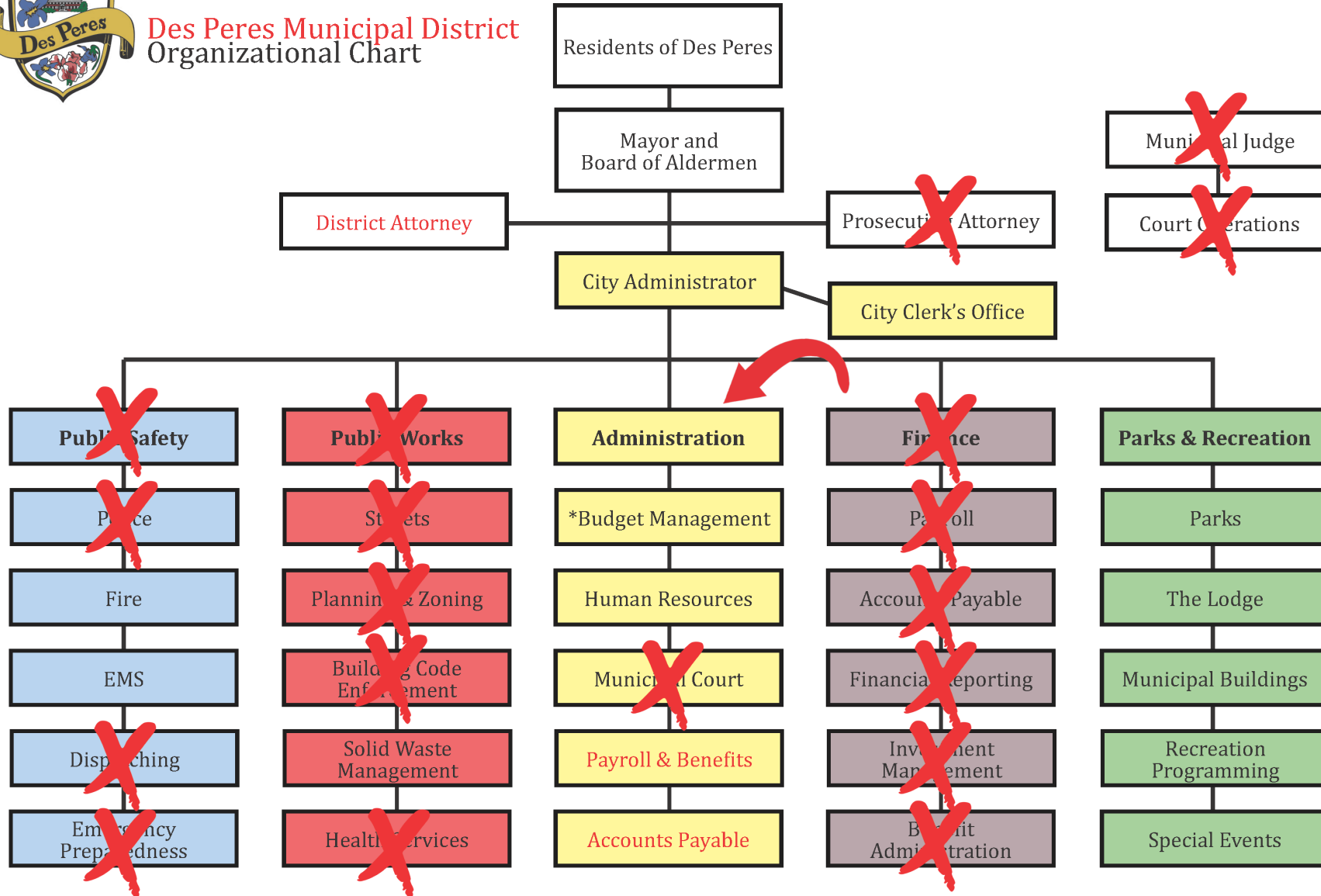
- ▶ All “County Services” to be provided by the Metropolitan City
 - ▶ Public Health, Jails, Courts (Circuit & Municipal),
 - ▶ Recorder of Deeds, Property Assessment, Tax Collection
- ▶ Metropolitan City - General District Services
 - ▶ Economic Development
 - ▶ Police, Emergency Dispatching & Communications
 - ▶ Roads & Bridge Maintenance including Residential Streets
 - ▶ Code Enforcement including Building Permits and Inspections,
 - ▶ Zoning Regulations and Enforcement,
 - ▶ Business Licensing, Regulation and Enforcement

SERVICES TO BE PROVIDED BY DES PERES MUNICIPAL DISTRICT

- ▶ Municipal District Governance
 - ▶ Governing Body - Mayor and Board of Aldermen
 - ▶ Authority to adopt budget and levy taxes and fees subject to approval of Metro City
 - ▶ Authority to legislation not inconsistent with provisions of Metro City Charter or Ordinances
 - ▶ Manage Municipal District Services
- ▶ Des Peres Municipal District Services
 - ▶ Fire and EMS Services
 - ▶ Parks & Recreation Service
 - ▶ Proprietary Services (Trash & Recycling)
 - ▶ General Administration & Support of Municipal District



Des Peres Municipal District Organizational Chart



*Municipal District budget would be subject to review and approval by Metro City

SERVICE LEVELS IN DES PERES MUNICIPAL DISTRICT

- ▶ CURRENT LEVEL OF SERVICE IN CITY OF DES PERES IS HIGH-
 - ▶ Police
 - ▶ Fire-EMS
 - ▶ Public Works
 - ▶ Street, Sidewalks & Bridges including Forestry
 - ▶ Zoning & Land Use Controls & Enforcement
 - ▶ Building & Code Enforcement
 - ▶ Parks & Recreation
 - ▶ Parks
 - ▶ The Lodge
 - ▶ General Government

QUALITY OF OVERALL CITY SERVICES ETC SURVEY 2017

- ▶ 90% of Residents rank Des Peres as an Excellent Plan to live and raise a family
- ▶ Des Peres ranks 53% above the national average in All Categories of City Services
- ▶ Des Peres ranked 20% over the national average in Quality of Police Protection, Police Response Times and Crime Prevention
- ▶ Des Peres ranked 25% above the national average for maintenance of streets and snow removal
- ▶ Des Peres ranked 25% above the national average in quality and maintenance of city parks and recreation facilities
- ▶ ETC commented that the scores in Des Peres' Resident Survey were among the highest they have seen in surveys they have done across the Midwest region and United States!

CONCLUSION

**Des Peres currently enjoy a very high level of municipal services
and our citizens have high expectations for city services.**

QUALITY OF PUBLIC SAFETY SERVICES ETC SURVEY JULY 2017

Satisfied or Very Satisfied	Des Peres	Mo/Kansas	Nationwide
Overall Police Protection	94.0%	66.0%	70.0%
Police Response Time	90.0%	66.0%	65.0%
Visibility of Police	74.0%	58.0%	59.0%
Quality of Fire-EMS	94.0%	83.0%	82.0%
Fire-EMS Response Times	87.0%	84.0%	84.0%

QUALITY OF PUBLIC WORKS SERVICES ETC SURVEY JULY 2017

Satisfied or Very Satisfied	Des Peres	Mo/Kansas	Nationwide
Residential Snow Removal	90.0%	51.0%	48.0%
Street Maintenance	73.0%	42.0%	41.0%
Sidewalk Maintenance	68.0%	46.0%	47.0%
Cleanliness of Streets	90.0%	62.0%	62.0%
Code Enforcement	73.0%	50.0%	51.0%

QUALITY OF PARKS & REC SERVICES ETC SURVEY JULY 2017

Satisfied or Very Satisfied	Des Peres	Mo/Kansas	Nationwide
Number of Parks	94.0%	72.0%	68.0%
Maintenance of Parks	97.0%	75.0%	70.0%
Quality of Recreation Facilities and Programs	93.0%	67.0%	64.0%

SERVICE EXPECTATIONS UNDER THE METROPOLITAN CITY

- ▶ Better Together studies report a wide disparity in the quality of city services in the region. One would have to assume that Des Peres ranks in the high end.
- ▶ One of the goals of Better Together is to **equalize the level of services** across the region:
 - ▶ Is it reasonable to believe that all will rise to the highest level of service being provided in communities like Des Peres?

OR

- ▶ Will services across the region be equalized to some middle norm as resources are not sufficient to rise all services to the highest level in all communities?
- ▶ Our belief is that **services in Des Peres and many cities will diminish** across the board in all general service areas under the Metro City and the Better Together Financial Plan to cut the combined budgets by services by 3.0% a year from 2019 Budgets going forward!

EXAMPLE - POLICE SERVICES

- ▶ THE BETTER TOGETHER PROPOSAL CALLS FOR MERGER OF ALL POLICE AGENCIES IN THE METROPOLITAN CITY
- ▶ BETTER TOGETHER WORKED WITH THE POLICE EXECUTIVE POLICE FORUM (PERF) IN 2015 TO STUDY POLICING IN THE ST LOUIS REGION
 - ▶ To examine how policing is currently being delivered in St Louis City and County
 - ▶ Make recommendations for moving forward to identify policing models and operational options
- ▶ PERF ISSUED CERTAIN FINDINGS AND RECOMMENDATIONS

PERF FINDING ON POLICING

- ▶ Policing is fragmented which undermine effectiveness
 - ▶ One third of area police agencies service less than 1 square mile leading to confusion and distrust among residents
 - ▶ Many small police departments have inappropriate goals as a revenue generator
- ▶ Police standards vary dramatically from agency to agency
 - ▶ Concerns about lack of pay, inadequate operational policies and practices; training and the “muni-shuffle” among smaller police agencies
 - ▶ They cited that less than 25% of police agencies in St Louis County are accredited by either CALEA or the Missouri Police Chiefs Association (Des Peres accredited by both) That data is from 2015 and does not reflect current statistics.

PERF RECOMMENDATIONS ON POLICING

- ▶ Create a single police training standard and agency for the region and enhance POST monitoring and oversight
- ▶ Establish regional standards in police policies, practices and operations
- ▶ Cross Deputize city and county police officers
- ▶ Consolidate and reduce the number of emergency dispatching centers in the region

WHAT PERS DID NOT RECOMMEND:

- ▶ **Wholesale mergers of police agencies are not recommended.** Attempting to do so would be met with community opposition and undermine productive partnerships that currently exist.
- ▶ They did NOT recommend merger of the St Louis and St Louis County Police Departments
- ▶ They did recommend merger of small police agencies in North County into 3 clusters centered around Berkeley-Ferguson; University City and Bellefontaine Neighbors.

POLICE SERVICES- ACCREDITATION

- ▶ There are ONLY 35 Internationally Accredited Police Agencies in the State of Missouri by the Commission on Accreditation for Law Enforcement Agencies (CALEA). Of those, 19 are located in the area of the proposed Metropolitan City:

City of St Louis Police Department & St Louis County Police Department

Municipal Police Departments: Brentwood, Chesterfield, Clayton, Creve Coeur, **DES PERES**, Florissant, Hazelwood, Kirkwood, Maplewood, Maryland Heights, North County Police Cooperative, Olivette, Richmond Heights, Rock hill, Shrewsbury, St Ann and Webster Groves.
(as of May 3, 2019)

- ▶ Other major departments statewide: State Highway Patrol, Jefferson County, St Charles County, Blue Springs, Gladstone, Lee's Summit, Joplin, Poplar Bluff, Springfield Police.
- ▶ Noticeably missing: Kansas City, Independence, Columbia, St Joseph, Branson University City, St Charles, O'Fallon, St Peters, Wentzville, Ballwin, Manchester,

MUNICIPAL SERVICES IN DES PERES- DEPARTMENT OF PUBLIC SAFETY

- ▶ Des Peres offers public safety service (Police, Fire, EMS) in a unique combined department not by separate Police and Fire Departments.
- ▶ Des Peres Public Safety Officers are uniquely trained - all are trained and certified as
 - ▶ Class A Police Officers per State of Missouri Standards
 - ▶ Certified Fire Fighters per St Louis County Standards
 - ▶ Licensed as Paramedics or Emergency Medical Technicians per National Standards
- ▶ In Des Peres, the first officer on the scene is trained to handle and react to any emergency and not simply wait for a police officer or firefighter or medical employee to arrive.
- ▶ We lose that unique and valuable skillset under Better Together' s Proposal

FISCAL PROJECTIONS BY BETTER TOGETHER

- ▶ Based on the Fiscal Note they provided to the State Auditors Office:
 - ▶ Better Together projects that the New Metropolitan City will SAVE over \$37 million in year one of consolidation (2023)
 - ▶ Since services in the former City of St Louis will be financed thru Metro City, the Municipal Corporation of St Louis can focus their resources on accelerated payment of their debt even with elimination of the earnings tax
 - ▶ Within 10 years post consolidation -
“as outstanding obligations are satisfied, and continued efficiencies and economies of scale are realized including through attrition of employees, consolidation of services and implementation of state-of-the art technology, revenues for Metro City are expected to exceed expenses by \$334 million per year by 2032”.

ANALYSIS OF BETTER TOGETHER'S FISCAL IMPACT NOTE

- ▶ Fiscal Note analyzed by 3 respected area college professors with broad experience in research methods and local government:
 - ▶ “Claims by Better Together of a reduction of government spending by \$3.2 from 2023-2032 and the claim of a \$4.9 billion surplus in those 10 years is an unrealistic fantasy.”
 - ▶ Revenue projections included in the BT Fiscal Note are unrealistic based on the history of the last decade in the region.
 - ▶ Projections of a 1.0% annual reduction in expenses (net of inflation) are not supported by any analysis other than the hope that employee attrition, savings from consolidation of services and technology will achieve cost reductions.
 - ▶ Their methodology is flawed and numbers are based on 2017 historic expenses (masked as a 2023 baseline in their analysis) ignoring 5 years of expenses including adoption of Prop P which added \$84 million to public safety expenses in 2018!

FISCAL ANALYSIS OF BETTER TOGETHER (CONTINUED)

- ▶ The professors concluded that “unfortunately for the elected officials in the new Metro City, our analysis concludes large deficits not surpluses from 2023-2032 even assuming a 1.0% reduction in expenditures”
- ▶ The expenditure projections also assume that once existing debt in Metro City’s paid off, no new debt will be incurred going forward which runs counter to the experience in major cities in the country.
- ▶ Academic research on similar city-county mergers have consistently found little or no cost savings after consolidation

FISCAL IMPACT NOTE TO STATE AUDITOR ON THE DES PERES MUNICIPAL DISTRICT

Operating Budgets	2019 Budget	Adjusted for Better Together	Difference
Revenues	18,103,225	6,392,877	(11,710,348)
Expenses	(16,814,565)	(11,147,959)	(5,666,606)
Transfers In (Out)	(1,185,500)	(1,207,000)	
Surplus (Deficit)	103,160	(5,962,082)	

REVENUES LOST: Sales & Use Tax (Except Fire), Intergovernmental, Business Licenses & Fees, Building Permits, Municipal Court

EXPENSES SHED: Police Operations & Dispatching: Public Works (Zoning & Building Codes), Streets

NET FISCAL IMPACT ON DES PERES

2019 Budget	General, Fire, PS Funds	Parks & Rec Funds	Total Operations	CAPITAL FUND
Revenues	11,833,947	6,269,400	18,103,347	3,227,055
Expenses	<u>(11,680,480)</u>	<u>(5,133,575)</u>	<u>(16,814,096)</u>	<u>(4,448,055)</u>
Surplus(Deficit	153,465	1,135,825	1,289,251	(1,221,000)
Transfers In(Out)	<u>29,000</u>	<u>(1,214,500)</u>	<u>(1,185,000)</u>	<u>1,213,000</u>
Change in FB	182,467	(78,716)	103,751	(8,000)
POST - BT				
Revenues	3,160,447	3,232,400	6,392,847	437,305
Expenses	<u>(6,014,343)</u>	<u>(5,133,575)</u>	<u>(11,147,918)</u>	<u>(2,400,900)</u>
Surplus(Deficit	(2,853,896)	(1,901,175)	(4,755,071)	(1,963,595)
Transfers In(Out)	<u>-0-</u>	<u>(1,207,175)</u>	<u>(1,207,000)</u>	<u>1,234,500</u>
Change in FB	(2,853,896)	(3,108,175)	(5,962,071)	(729,095)

FISCAL IMPACT NOTE SUBMITTED BY BETTER TOGETHER - MUNICIPAL DISTRICT

- ▶ Better Together amended their Fiscal Note to include a new section entitled “Analysis of Municipal District Revenues and Expenditures” offering their opinion of the impact on existing cities using 2017 Financial Data taken from published Comprehensive Annual Reports
- ▶ Their reports ASSUMES that the Metro City will distribute to the Municipal Districts all revenues collected within the district LESS any amounts used by the Metro City to provide general district services. Their report suggests they will distribute \$526 million in 2023 while the municipal districts will only have \$360 million in expenditures for municipal district services. They project a surplus in 55 municipal districts and deficits in 23 municipal districts which the Metro City would continue to cover by transferring additional revenues

REVISED FISCAL NOTE- BETTER TOGETHER PROJECTIONS FOR DES PERES

	2017 CAFR	BT ANALYSIS	DP ANALYSIS	DIFFERENCE
REVENUES	19,927,661	14,201,438	14,495,308	(293,870)
EXPENSES				
Operations	14,877,343	10,095,857	10,125,270	(29,413)
Capital	3,342,787	0,000,000	872,205	(872,205)
Debt	<u>1,335,543</u>	<u>1,3353,543</u>	<u>1,335,543</u>	<u>000,000</u>
TOTAL EXPENSES	19,555,673	11,431,400	12,333,018	(901,618)

The DP Analysis is an attempt to reconcile their projections with the assumptions we think have been made. The Better Together analysis is a summary with no details.

BETTER TOGETHER PROJECTIONS ON DISTRIBUTION OF TAX REVENUES

- ▶ Their projection in their fiscal note clearly reflect a substantial pass thru of sales and use tax revenues in 2032 based on 2017 CAFR actuals
- ▶ HOWEVER, the actual language of the constitutional amendment provides:
 - ▶ The metro city SHALL distribute to the municipal district funds levied by the municipality AS REQUIRED TO satisfy any outstanding obligations
 - ▶ The metro city SHALL distribute any remaining funds generated by property taxes levied in the municipality to the municipal district for the provision of MUNICIPAL DISTRICT SERVICES and for provision of GENERAL DISTRICT SERVICES UNTIL such general service is provided by the metro city
 - ▶ The metro city SHALL from any remaining funds from sales or use tax levied in the municipal district NECESSARY for provision of MUNICIPAL DISTRICT SERVICES and for provision of GENERAL DISTRICT SERVICES UNTIL such services are provided by the metro city.

PASS THRU SALES AND USE TAX AS NECESSARY...

- ▶ The language in the proposed constitutional amendments say as “NECESSARY” - a subjective term meaning that someone will determine what is necessary.
- ▶ The new Metro Mayor? The Metro Council? Eventually the State Supreme Court?
- ▶ It is not relevant what the authors of Better Together say their language means or what their intentions were when they wrote it. We must presume that each word, clause, sentence and section of the amendment will be given meaning by the courts. - what does the actual constitutional amendment say?
- ▶ The amendment also includes language that any remaining sales tax revenues MAY be used by the Metro City to finance general district services anywhere in the Metro City. Perhaps a more telling tale of intent of the authors?

SALES TAXES

Sales Tax (In Des Peres)	2019 Des Peres Budget	RETAINED BY METRO CITY	PASSED THRU TO MUNICIPAL DIVISION
1.25% General Sales & Use Tax	\$ 5,920,000	Metro City	None
0.50% Park Sales	\$ 3,037,000	Metro City	(i) Debt Service (\$0) (ii) Cost of P&R ?
0.25% Fire Sales Tax	\$ 1,547,000	Metro City	Assume 100% Passed Thru for Fire Service
0.25% Prop P Sales Tax	\$ 460,000	Metro City	None
0.50% Capital Sales Tax	\$ 2,600,000	Metro City	(i) Debt Service (\$0) (ii) Other ???

ASSUME BETTER TOGETHER PASSES - HOW DO YOU MAKE UP THE DIFFERENCE?

- ▶ CUTS in GENERAL ADMINISTRATION COSTS
- ▶ CUTS IN FIRE-EMS OR Shift Service to a Fire Protection District
(with voter approval and imposition of the FPD property tax)
- ▶ CUTS IN PARKS & RECREATION SERVICES
- ▶ ELIMINATE CITY PAYMENT FOR SOLID WASTE COLLECTION (\$300 per home)
- ▶ INCREASES IN TAXES, WITH VOTER APPROVAL) within the Des Peres Municipal District

REVENUE OPTIONS - MUNICIPAL DISTRICT

Potential Revenue Sources Under Better Together for Des Peres	Current Rates Levied by Des Peres 2019	Statutory Maximum Tax Rate Allowed by Law	MAXIMUM Additional Revenue Available to Des Peres
Real Estate Tax	\$ 0.00	\$ 1.00	4,148,734
Personal Prop Tax	\$ 0.00	\$ 1.00	457,157
Utility Taxes	3.6% to 5.0%	10.0%	1,563,488
Trash Fee	\$ 0.00	Actual Cost	887,625

Des Peres Municipal District Needs to generate \$6,000,000 in new revenue from Real Estate Taxes, Personal Property Taxes, Utility Gross Receipts Taxes and Trash Fees

LIKELY OUTCOME FROM BETTER TOGETHER IN DES PERES

- ▶ LOWER LEVEL OF GENERAL DISTRICT SERVICES THAT CURRENT SERVICES THRU DES PERES
- ▶ REDUCTIONS IN MUNICIPAL DISTRICT SERVICE IN DES PERES MUNICIPAL DISTRICT

OR

- ▶ HIGHER REAL ESTATE AND UTILITY TAXES LEVIED IN DES PERES

UPGRADES TO GENERAL DISTRICT SERVICES

- ▶ The language of the constitutional amendment and the intention as stated by representatives of Better Together at numerous public forums in response to public questions at meetings they have hosted in recent weeks:

If you are dissatisfied with the level of general district services (such as streets or police maintenance or snow removal) being provided by the Metropolitan City, residents MAY IMPOSE IN THE MUNICIPAL DISTRICT additional property taxes or assessments on themselves to PURCHASE additional services from the Metropolitan City