

**Appendix F:**

- 1) BRC May 22, 2008 meeting agenda**
- 2) BRC May 22, 2008 meeting summary**
- 3) Sales and Use Tax overview**
- 4) “St. Louis County’s Capital Investment Initiative 2008: Revitalization of our Infrastructure” (PowerPoint presentation)**

**ST. LOUIS COUNTY  
CAPITAL INVESTMENT INITIATIVE  
BLUE RIBBON COMMISSION**

Agenda for May 22, 2008 Meeting

1. Summary of past meetings
2. Presentation by Garry Earls
  - A. MSD plans for bond issue in August
  - B. Metro plans for Proposition M sales tax in November
3. Tim Fischesser, Executive Director St. Louis County Municipal League
4. Setting of date for a Commission Public Hearing
5. Discussion of funding priorities and timing
6. Setting of next meeting date
7. Adjournment

Summary of May 22, 2008 meeting (held on the 10<sup>th</sup> floor of the 121 S. Meramec Building)

Commissioners attending: Skip Mange (Chairman); Frederick Douglas, David Mason, Don Musick, James Qin, Pat Kellett; John Siscel; Nancy Cross; John Strasser (representing Sally Roth); Colleen Wasinger; Hazel Erby; Barbara Fraser, Judith Metzger and Steve Lichtenfeld.

St. Louis County Government personnel attending: Garry Earls, Chief Operating Officer; Paul Kreidler (representing Pam Reitz, Director of Administration); Sheryl Hodges, Director of Highways & Traffic and Public Works; Lindsey Swanick, Director of Parks and Recreation; Jackie Wellington, Executive Vice President of the Economic Council; Darin Cline, Director of Intergovernmental Affairs; Stephanie Leon Streeter, Deputy Director of Highways & Traffic and Public Works and David Wrone, Public Information Manager for Highways & Traffic and Public Works.

Tim Fischesser, director of the St. Louis County Municipal League, attended and gave a presentation.

Garry Earls opened the meeting by giving an overview of St. Louis County's infrastructure needs and potential funding solutions for those needs. He also discussed Metrolink, Missouri American Water and MSD infrastructure upgrade and maintenance requirements that could soon result in tax increase referendums and/or significant increases in service costs.

After noting the St. Louis County region's significant financial contribution to the State of Missouri's job and tax base, Earls likened County Government's buildings, streets and parks to County Government's logo – a 19<sup>th</sup> Century plow. "Much of our infrastructure is like that emblem; it's outdated," Earls said. "We have an enormous obligation to ensure that that infrastructure continues to support not just the region but the entire state. We have very real issues and very real concerns."

Earls then observed that a sizeable portion of the Metropolitan Sewer District's sanitary storm sewer system is outdated. MSD is proposing a \$275 million bond issue to upgrade sanitary lines. A measure that would generate those funds could be on the August ballot, Earls said. He added that Metrolink needs substantial funding both to continue current operations and to expand. County voters will be asked this November to approve a sales tax increase (Prop M) to provide that money, Earls said. "Cutting Metro's services would be a step back to the plow," he said. "They need that additional money."

If successful, the sales tax increase – in addition to providing Metrolink an additional \$80 million - would allow St. Louis County to increase its share of an existing sales tax and dedicate that additional money to the County's arterial road system, officials said.

Commission member/County Councilwoman Barbara Fraser encouraged the County to invest more money in sidewalks. "We may be a walking community more in 2015 than

we are now,” Fraser said. “If there’s going to be more money, we need to also look at pedestrian access, so that people can get to where they want to go on foot. It’s not just about new driving lanes.”

In concluding the subject of County-based utility company infrastructure financial needs, Earls explained that Missouri American Water is in the middle of a \$100 million capital renewal program as it continues to modernize its 5,000 miles of pipe. The water utility expects to invest additional and equally significant funds on upgrades next year. Water rates will likely continue to increase as a result – applying further economic pressures on the typical County resident, Earls said.

Tim Fischesser, director of St. Louis County’s Municipal League, then explained another ballot measure that County voters could soon be asked to consider: a use tax on goods purchased outside the State of Missouri by County residents and businesses. Voter approval of a use tax would generate tens of millions of dollars in additional tax revenue, a large percentage of which could be used to help develop and install a new “interoperable” communications system that will ensure unimpeded communication between emergency responders throughout the county. Presently, Fischesser said, individual agencies are shackled to the radius of their respective communications towers. Once a particular fire truck or police car passes out of range of its tower, its ability to communicate is effectively terminated. And when that occurs at a multi-jurisdictional emergency, “we use what the Incas used – we run people back and forth with verbal messages,” Fischesser said.

An “interoperable” communications system would connect emergency responders throughout the County by a satellite dish and a network of 400 to 500-foot tall towers. It would ensure the ability of police officers, ambulance drivers and firefighters to communicate with one another, regardless of their physical location, the Municipal League official concluded.

Before making a final recommendation on County Government’s own infrastructure improvement needs, Blue Ribbon Commission members agreed that it was essential to first solicit public feedback. To that end, the Commission scheduled a June 12, 2008 public hearing in the County Council Chambers (41 S. Central Avenue, in Clayton). The hearing will run from 7 to 9 p.m.

The public may also share its thoughts at the Commission’s June 17<sup>th</sup> meeting – to be held at 8:30 a.m. on June 17 on the eighth floor of the County Government Center (41 S. Central Avenue in Clayton.)  
Clayton.

St. Louis County Use Tax as of March 2008 (Not yet approved by voters)  
Section 144.757 RSMo and after

Changes to the statute governing the use tax in St. Louis County were made several times since 1990. In 2007, public safety and parks were added to the portion of funds set aside for economic development and that term was changed to "job creation". This was designed to provide funding for a new emergency communications system in the County, among other priorities.

On March 26, 1996, the Missouri Supreme Court held that Section 144.748, that set one USE TAX rate for all localities in Missouri, was unconstitutional and local governments had to refund money received. SB 981 was passed to clarify that the county-wide use tax must be at the same rate at the county-wide sales tax, now 1.85%. Local votes are required for any tax, including this one. The use tax automatically changes if sales tax rates changes in any given locality (cities, counties and also the state).

The vast majority of use tax is collected when a purchaser buys goods from a vendor located in another state. For practical purposes, all the tax is paid by businesses as citizens are on an honor system and the use tax exempts the first \$2,000 in purchases. Without the use tax, there is an incentive for businesses to purchase from out of state vendors, thereby avoiding the tax payment and hurting our local brick and mortar stores in Missouri who lose sales to out-of-state vendors.

It is difficult to estimate potential revenue from the use tax but some have projected a County-wide figure of about \$30 million in 2004. St. Charles passed the tax several years ago for its new county park system and it generated \$4.3M in 2004, \$6.6 in 2006. The City of St. Louis passed it (after one or two defeats) and it generated about \$25 million in 2004, 05, 06, about 30% more than estimated. While St. Louis City and St. Charles County have similar populations, the City has far more businesses, which demonstrates that use taxes are much more commonly paid by businesses. About 18 cities in St. Louis County have also passed the use tax. It has been defeated twice on a county-wide vote.

At this time (3/08), the county-wide sales tax in St. Louis County is:

1. 1 cent shared between the County and cities based on their grouping (A or B);
  2. ½ cent transportation tax controlled by the county and used for road and transit;
  3. ¼ cent for Metrolink;
  4. 1/10 for regional, county, and municipal parks.
- Total = 1.85%

The current use tax statute is worded as follows, in part due to compromises addressed over the last 15 years:

- 3/6 (estimated to be \$15M) for public safety, parks, and job creation, to be distributed according to a plan jointly approved by the County and Municipal League and subject to annual audit. (In the revenue sharing plan initiated by the

county and approved by the legislature in 1993, the use tax was to be simply split between the county and municipalities, with the county receiving 1/3 and the cities receiving 2/3. Only B and low A cities were to share the municipal portion since the goal was to help those with lower sales tax revenues reach the average in the county. This was allocated for general revenue).

However, in 2000, the County asked the League and the League agreed to a county proposal to take 50% of all funds and allocate them for economic development activities to be spent according to a joint plan approved by the county and municipalities.

In 2007, that purpose was expanded to allow the funds to also be used for public safety and for parks.

- 1/6 (\$5M) to St. Louis County for general revenue.
- 2/6 (\$10M) to B cities as part of the sales tax sharing plan promoted by the County in the early 1990's (but not the B unincorporated area), and to low A cities to bring them up to the county-wide average.

For discussion purposes, a substantial portion of the first 3/6 could pay bonds for a new emergency communication system, and perhaps do some high priority or specialized park work (maybe a small system of facilities for the disabled and elderly), and stimulate some job creation (at one time, the priority was to assemble disjointed lots to make them marketable because potential businesses claim it takes too long and has too many risks for them to do so, hence discouraging new businesses in developed areas).

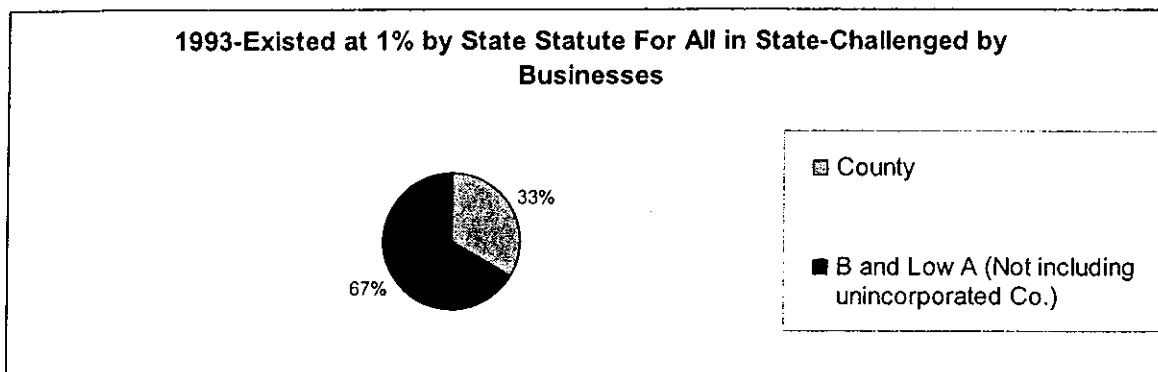
Or it may be possible to pay-as-go as we build a new emergency communication system without bonds, depending on the split of funds and the speed at which a new system is constructed.

Supporters are hopeful that a thoughtful division of the funds with attractive outcomes would generate voter support, particularly if citizens understand how the tax is generated, and various groups help promote the benefits noted above.

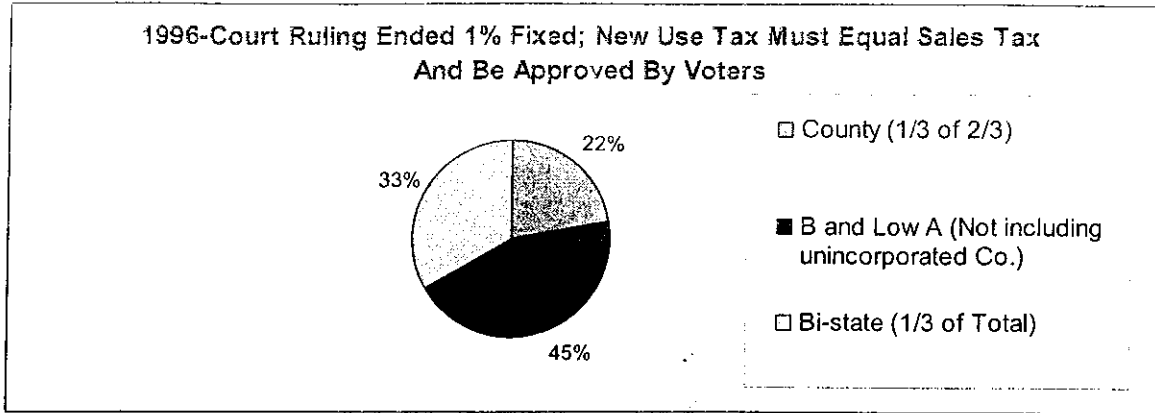
## Statutory History of County-Wide Use Tax

(Not Yet Approved By Voters)

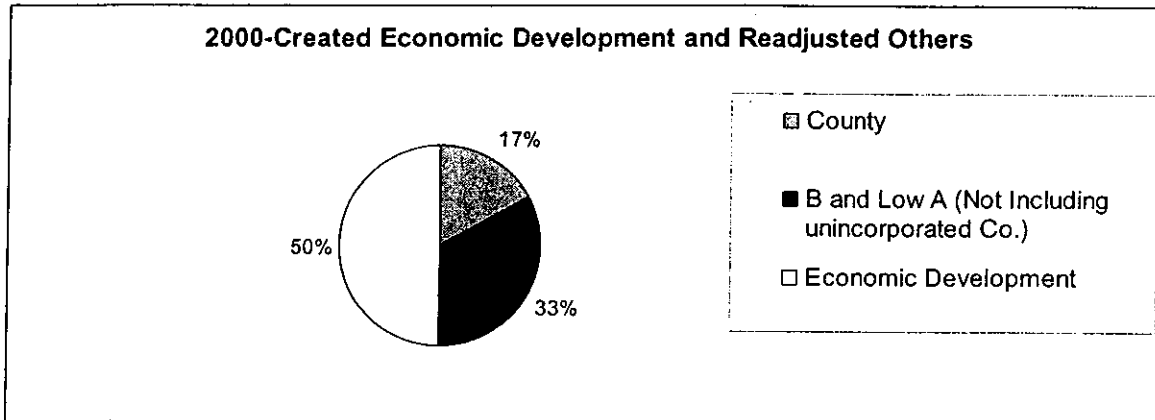
1993



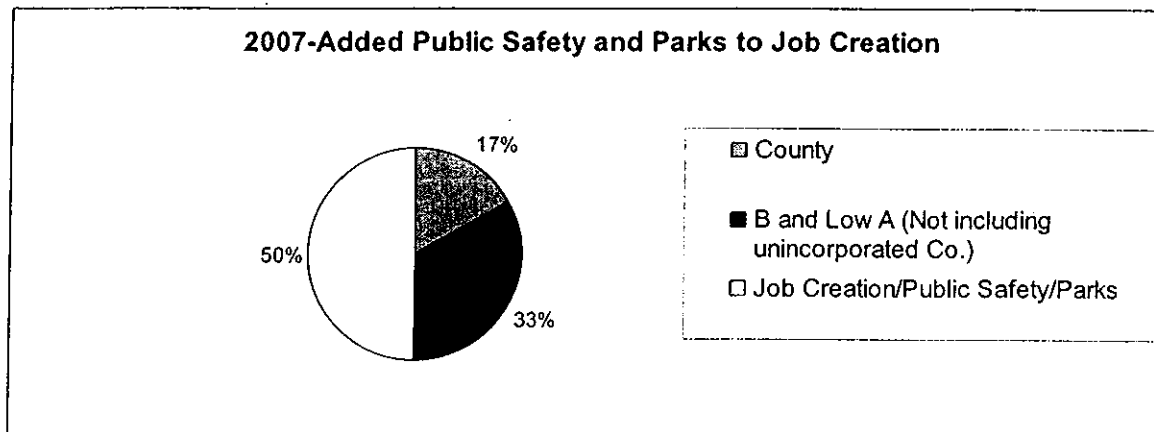
1996



2000



2007





# St. Louis County's Capital Investment Initiative 2008

“Revitalization of our infrastructure”

Presentation to the  
The Blue Ribbon Commission  
May 22, 2008



# Questions for the BRC:

- Have we identified the critical needs of St. Louis County?
  - Do these requirements meet the future demands for service by our community?
  - Have we missed something?
- What funding mechanism should be used to meet the expenditure requirements of these needs?
  - GOB? COP? Master lease? Outsource?



# Competing Infrastructure

- **MSD Bond Issue**

- August 2008
- \$275 M in added bonding authority
- Choice is higher rates or **much higher** rates
  - Average from \$29 to \$38 if passed
  - **\$29 to \$44 if fails**

- **METRO Sales Tax increase**

- Must ask the voters to support current services
  - Before potential catastrophic reduction in Jan 2009

- Water Company Capital renewal - \$100 M in 2008

- Ameren reinvestment

- Highway 40



# Schedule of the election (s)

- November 2008 is a compelling date
  - Maximum turn out
  - Still have time to get on the ballot
- For Metro – precedes Jan 09 cut backs
- For GOB – next real opportunity is 2010 – too late for some requirements
- For Sales / use tax – need to get interoperable radio system constructed
  
- So schedule NOT really in question



# TYPICAL CAPITAL INVESTMENT CATEGORIES

○ Buildings	\$112.8M
○ Transportation Facilities	\$213.4M
● Roadway, Bridges, Sidewalk, Intersection, Rehabilitation	
○ Parks Improvements	\$43.9M
○ Economic Development	\$41.5M
○ Safety/Security and Communication	\$17.1M
	<hr/>
	\$428.7M

Every aspect of our mission has capital requirements.



# WHAT CONSTITUTES A “TOP CAPITAL NEED”

- Poor pavement condition
- High accident rate
- Poor level of service (delay, congestion)
- Code violations
- High utility consumption
- Health and Wellness issues
- Poor trail/park access
- Challenged geographical area



# Buildings

<b>Building Priorities</b>	<b>Yr Funds Available</b>	<b>Proposed Let Year<sup>1</sup></b>	<b>Anticipated Funds Needed<sup>2</sup></b>
<b>Replace Family Courts</b>	<b>2012</b>	<b>2012</b>	<b>\$71M</b>
<b>Replace Health Facility (111)</b>	<b>2010</b>	<b>2010</b>	<b>\$17M</b>
<b>Replace 121 Meramec</b>	<b>2009</b>	<b>2009</b>	<b>PPP</b>
<b>Replace Animal Shelter</b>	<b>2009</b>	<b>2009</b>	<b>\$2.2M</b>
<b>Update Courts (Renovate)</b>	<b>2013</b>	<b>2013</b>	<b>\$14M</b>
<b>Reloc./Replace Police Crime Lab</b>	<b>2009</b>	<b>2009</b>	<b>\$8.6M</b>

<sup>1</sup>Dependent on Funding Availability

<sup>2</sup>Funding in Let Year

**Building Priority Funds Needed = \$112.8M**



# Transportation

<b>Transportation Priorities</b>	<b>Yr Funds Available</b>	<b>Proposed Let Year<sup>1</sup></b>	<b>Anticipated Funds Needed<sup>2</sup></b>
<b>County Wide Road Preservation</b>	<b>2010</b>	<b>2011-2015</b>	<b>\$10.2M</b>
<b>Hanley Road – Phases 1 &amp; 2</b>	<b>2010; 2012</b>	<b>2011; 2015</b>	<b>\$25.3M</b>
<b>141 Extension</b>	<b>2010</b>	<b>2013</b>	<b>\$12.9M</b>
<b>270/Dorsett Interchange</b>	<b>2010</b>	<b>2010</b>	<b>\$5.1M</b>
<b>Creve Coeur Mill Road Bridge</b>	<b>2012</b>	<b>2012</b>	<b>\$3.7M</b>
<b>Heintz Road</b>	<b>TBD</b>	<b>2015</b>	<b>\$6.3M</b>
<b>Charb/Howdershell/Shackelford Inter.</b>	<b>2010</b>	<b>2010</b>	<b>\$1.5M</b>
<b>Other Transportation Priorities</b>	<b>2010, 2012</b>	<b>2009-2015</b>	<b>\$148.4M</b>

<sup>1</sup>Dependent on Funding Availability

<sup>2</sup>Funding in Let Year

**Transportation Priority Funds Needed = \$213.4M**



# Parks

<b>Parks Priorities</b>	<b>Yr Funding Available</b>	<b>Proposed Let Year<sup>1</sup></b>	<b>Anticipated Funds Needed<sup>2</sup></b>
<b>Veterans Memorial Park/North County Recreation Complex</b>	<b>2011</b>	<b>2011</b>	<b>\$10.5M</b>
<b>Creve Coeur Park</b>	<b>2011</b>	<b>2011</b>	<b>\$4.4M</b>
<b>Queeny Park/Greensfelder Recreation Complex</b>	<b>2011</b>	<b>2011</b>	<b>\$5.7M</b>
<b>Lemay Community Center</b>	<b>2011</b>	<b>2011</b>	<b>\$2.7M</b>
<b>Kennedy Recreation Complex</b>	<b>2011</b>	<b>2011</b>	<b>\$11M</b>
<b>Other Park Priorities</b>	<b>2011</b>	<b>2011-2015</b>	<b>\$9.6M</b>

<sup>1</sup>Dependent on Funding Availability

<sup>2</sup>Funding in Let Year

**Park Priority Funds Needed = \$43.9M**



# Economic Development

<b>Economic Development Priorities</b>	<b>Yr Funding Available</b>	<b>Proposed Let Year<sup>1</sup></b>	<b>Anticipated Funds Needed<sup>2</sup></b>
<b>MET Center Build-out &amp; Childcare Center</b>	<b>2012</b>	<b>2015</b>	<b>\$9.8M</b>
<b>Property Acquisition and Environmental Cleanup</b>	<b>2012</b>	<b>2015</b>	<b>\$4.2M</b>
<b>North County Enterprise Center</b>	<b>2010</b>	<b>2015</b>	<b>\$14.8M</b>
<b>Commercial District Impr. Prog.</b>	<b>2012</b>	<b>2015</b>	<b>\$5.3M</b>
<b>Other Econ Dev. Priorities</b>	<b>TBD</b>	<b>2015</b>	<b>\$7.4M</b>

<sup>1</sup>Dependent on Funding Availability

<sup>2</sup>Funding in Let Year

**Economic Development Priority Funds Needed = \$41.5M**



# Safety and Security

Safety and Security Priorities	Yr Funding Available	Proposed Let Year <sup>1</sup>	Anticipated Funds Needed <sup>2</sup>
Repair and Expansion of the Early Warning Communication System	2010	2010	\$7.4M
Four Regional Shelters	2010	2010	\$9.2M
Other Safety and Security priorities	2010	2010	\$0.5M
<b>[Countywide Interoperable Communication System]</b>	<b>2010</b>	<b>2010</b>	<b>[\$100M]</b>

<sup>1</sup>Dependent on Funding Availability

<sup>2</sup>Funding in Let Year

**Safety and Security Priority Funds Needed = \$17.1M**

**With Countywide Interoperable Communication System = \$117.1M**



# Funding Summary for Construction '09-'13

## Summary by Category/Source

Buildings	Transp.	Parks	Ec. Dev.	Safety Security	Total	Funding Source
\$110 M	\$0	\$0	\$0	\$7.4 M	\$120M	General Obligation Bonds (GOs)
\$0	\$90.7M	\$0	\$8.8 M	\$0	\$100M	Certificates of Participation (COPs)
\$0	\$0	\$70 M	\$0	\$0	\$70M	New Parks Sales Tax – Bonded with COPs
\$1.7M	\$0	\$0	\$14.3M	\$108.6M	\$150M	Sales and Use Tax – Bonded with COPs
\$1.7M	\$0	\$0	\$0	\$0	\$1.7M	Master Lease
\$0	\$99.5M	\$0	\$0	\$0	\$99.5M	Transportation Trust Fund Sales Tax - Construction