

ORIGINAL

BILL NO.

4754

ORDINANCE NO.

4754

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FESTUS, MISSOURI; AUTHORIZING THE MAYOR TO ENTER INTO AND EXECUTE A REVENUE SHARING AGREEMENT WITH JEFFERSON COUNTY, MO. FOR THE ONE-HALF OF ONE- PERCENT SALES TAX FOR CAPITAL IMPROVEMENTS TO PUBLICLY MAINTAINED ROADS; INCORPORATING SAID AGREEMENT AS A PART OF THIS ORDINANCE; PRESCRIBING THE CONDITIONS THERETO; AND ESTABLISHING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FESTUS,

MISSOURI, as follows:

SECTION I. That the Mayor is hereby authorized to enter into and execute a Revenue Sharing Agreement with Jefferson County, Missouri for the one-half of one-percent sales tax for capital improvements to publicly maintained roads.

SECTION II. That said Revenue Sharing Agreement is incorporated in this Ordinance as if fully set out herein.

SECTION III. This Ordinance shall be and become in full force and effect from and after the date of its passage by the City Council and the approval of the Mayor.

READ TWO TIMES AND PASSED THIS 21 DAY OF November, 2023

Saml F. Richard

President of the City Council

APPROVED THIS 21 DAY OF November, 2023

Saml F. Richard

Mayor of the City of Festus

ATTEST:

K. D. Patel

City Clerk





Jefferson County, Missouri

Maple Street Annex
725 Maple Street · PO Box 100
Hillsboro, Missouri 63050

Dennis Gannon
County Executive

DEPARTMENT OF PUBLIC WORKS

Jason Jonas, P.E. – Director
Daniel Naunheim, P.E. – Deputy Director

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Facility Services Manager
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Mike Cook
Stormwater Manager
636-797-6318

To: Incorporated Municipal Representative

RE: **Capital Improvements**

As your agency is aware, the County shares the one-half percent sales tax for roads, with the Cities based on the requirements of the Tax Revenue Sharing Agreement. The chief elected official from each City has entered into this signed agreement with the County. This agreement states capital improvements that are reimbursable; defines a publicly maintained road; explains the tax revenue sharing formula; defines the individual components of the revenue sharing formula and explains accounting, allocation and reimbursement procedures.

As stated in the agreement, each City is required to submit to the County Council, by November 30th of each year, a list of all capital improvements and estimated costs anticipated for the sales tax year beginning October 1st and ending September 30th of the following year. This list is submitted for eligibility approval prior to commencement of capital improvement roadwork. Also note in the agreement, additional proposed projects and capital improvements can be submitted to the County at any time for eligibility approval.

In addition to the submittal of your City's capital improvements list, it would be wise at this time to consider your agency's roads that are not included in the revenue sharing formula. Please note that it takes three (3) years of documented City maintenance for a publicly-maintained road to become part of the tax revenue sharing formula. All Cities have been given a copy of their agency's approved roads, which include the total road mileage that help determine funding percentages.

This letter is to serve as a reminder of some of the critical points to the Tax Revenue Sharing Agreement. **Please have a representative from your City submit a list of all capital improvements and estimated costs anticipated for the upcoming year by November 30, 2023.** Please submit your list to the Department of Public Works, Attn: Julie Pillen, P.O. Box 100, Hillsboro, MO 63050, or via email to jpillen@jeffcomo.org. We will review and reply to your submissions so that you may proceed forward. A copy of the signed agreement or approved roads for your City can be provided to you upon request.

I am excited for the opportunity to work with all of the incorporated municipalities in our County. If you have any questions, comments or concerns; then please do not hesitate to contact me.

Sincerely,

Dan Naunheim, P.E.
Deputy Director of Public Works
(636) 797-5569

TAX REVENUE SHARING AGREEMENT

BY AND BETWEEN JEFFERSON COUNTY, MISSOURI

AND

INCORPORATED MUNICIPALITIES FOR THE ONE-HALF OF ONE-PERCENT
SALES TAX FOR CAPITAL IMPROVEMENTS TO
PUBLICLY MAINTAINED ROADS

This Tax Revenue Sharing Agreement of the one-half of one-percent sales tax for capital improvements to publicly maintained roads, dated as of **January 1, 2024**, is entered into by and between Jefferson County, Missouri (hereafter, the "County"), a county of the first classification, and the City of Festus, Missouri, an incorporated municipality of Jefferson County, Missouri (hereafter, the "City").

RECITALS

The County desires and agrees to share and the City desires and agrees to receive and spend the revenue generated by the imposition of a county-wide sales tax at the rate of one-half of one-percent (1/2 of 1%) for capital improvements to publicly maintained roads, as adopted by the voters of Jefferson County on April 1, 1986 and authorized by the County Commission on April 10, 1986; said original tax to expire fifteen (15) years from the date of its original authorization of September 30, 1986 and subsequently extended twice for two additional fifteen (15) year renewals subsequent to its original date of expiration.

WHEREFORE, for valuable consideration and the mutual promises contained herein, County and City agree as follows:

SECTION 1: CAPITAL IMPROVEMENTS

- 15.1 Capital improvements to publicly maintained roads must occur within the right-of-way (prescriptive or dedicated), and/or grading, drainage easements.
- 15.2 Capital improvements do not include normal road maintenance.
- 15.3 The following items, but not limited to, are eligible for funding with capital improvement tax monies.
 - 15.3.1 Purchase of equipment used exclusively for road improvements.
 - 15.3.2 Construction of new roads and appurtenances.
 - 15.3.3 Road rebuilding and pavement overlays.
 - 15.3.4 Drainage structures.
 - 15.3.5 Bridges.

15.3.6 Salaries of personnel employed to make and administer road improvements.

15.3.7 Engineering and planning fees for the preparation of plans and specifications.

15.4 The City shall submit to the County Council, by November 30th each year, a list of all capital improvements and estimated costs anticipated for the calendar year beginning January 1st and ending December 31st of the following year.

15.4.1 A brief description of each anticipated road improvement project shall be submitted for eligibility approval prior to commencement of capital improvement roadwork.

1.4.1.1 Additional proposed projects and capital improvements can be submitted to the County at any time.

15.4.2 The County Engineer shall ascertain if the proposed capital improvement and/or project are eligible for reimbursement or direct payment.

15.4.3 Processing of payment requests will be withheld from cities failing to submit a list of all capital improvements with estimated costs until such time that all requested information is submitted.

SECTION 2: PUBLICLY MAINTAINED ROADS AND FACILITIES

2.1 For use in the tax revenue sharing formula, a publicly maintained road is defined as a thoroughway maintained by the City or County for at least three (3) years, utilized by vehicular traffic, fronting on residences, businesses, industries and farms; subject to the following limitations:

2.1.1 Alleys, dead-end streets, roads within industrial or municipal parks, drives and parking areas serving government buildings, sidewalks and bike trails shall not be classified as publicly maintained roads.

2.1.2 The existing road surface must consist of one of the following: concrete, asphalt, macadam, crushed stone, or gravel.

2.1.3 Public rights-of-way that have not been improved and surfaced shall not be classified as a publicly maintained road.

2.2 For the purpose of capital improvement funding eligibility, a publicly maintained facility is defined as a transportation improvement maintained by the City or County, utilized by pedestrian or vehicular traffic, not classified as a roadway that is to be included in the tax revenue sharing formula; subject to the following limitations:

2.2.1 Alleys and dead-end streets shall be classified as publicly maintained facilities.

2.2.2 Named streets within industrial or municipal parks shall be classified as publicly maintained facilities.

2.2.3 Named drives, parking areas serving government buildings and public parking lots shall be classified as publicly maintained facilities.

2.2.4 Sidewalks, street lighting and bike trails that are immediately adjacent to any of the capital improvements stated in Sections 2.1 and 2.2 shall be classified as publicly maintained facilities.

SECTION 3: TAX REVENUE SHARING FORMULA

3.1 The tax revenue sharing formula is established to determine the equitable share that unincorporated Jefferson County and the incorporated Cities within Jefferson County shall receive from the one-half cent sales tax for capital improvements to publicly maintained roads and facilities.

3.2 The formula is based on the following:

3.2.1 Fifty percent of the City/County share on percentage of total road mileage.

3.2.2 Fifty percent of the City/County share on percentage of total population.

3.3 The tax revenue sharing formula is described in the equations printed below:

$$50\% \text{ of Share} = \frac{\text{total tax revenue}}{2} \quad X \quad \frac{\text{individual City or unincorporated County total road mileage}}{\text{total road mileage of Jefferson County}}$$

$$50\% \text{ of Share} = \frac{\text{total tax revenue}}{2} \quad X \quad \frac{\text{individual City or unincorporated County total population}}{\text{population of Jefferson County}}$$

3.4 The sum of the two equations is the total tax received by the City or County.

3.5 Revenue shall be allocated to the City and the County on a monthly basis.

3.6 Total road mileage of Jefferson County is equal to the summation of publicly maintained road mileage in all incorporated and unincorporated areas.

3.7 Total population of Jefferson County is equal to the summation of all population in incorporated and unincorporated areas.

3.8 An incentive bonus program exists for any City that generates a certain share on percentage of the total gross sales within the County for the previous calendar year ending December 31st. The bonus shall be received by the City over the course of the following year in monthly increments and funded out of the County portion of the tax sharing allocation. For the avoidance of doubt, any one (1) City may qualify for no more than one (1) of the incentive levels described in Section 3.8 or its sub-sections in any given year. This program is to be effective as of and after January 1, 2016. The following is the gross sales ranges with the associated incentive bonus:

3.8.1 An additional sum total of 1.5% of the total estimated sales tax to be collected shall be allotted to the City when total gross sales rate for the City exceeds 20% of the total gross sales for the entire County.

3.8.2 An additional sum total of 3.0% of the total estimated sales tax to be collected shall be allotted to the City when total gross sales rate for the City exceeds 25% of total gross sales for the entire County.

3.8.3 An additional sum total of 4.5% of the total estimated sales tax to be collected shall be allotted to the City when total gross sales rate for the City exceeds 30% of total gross sales for the entire County.

SECTION 4: ROAD MILEAGE

4.1 A newly incorporated City shall submit to the County, the following:

4.1.1 A road map showing the publicly maintained roads within its corporate boundaries. The publicly maintained roads shall be highlighted and named.

4.1.1.1 Roads maintained by the State of Missouri shall not be counted.

4.1.2 A list of all publicly maintained roads and associated road mileage.

4.2 A newly incorporated City shall submit a road map and a list of all publicly maintained roads with associated road mileage in accordance with Section 4.1.1 and 4.1.2 to the County by October 31st following the date of incorporation.

4.2.1 Only publicly maintained roads previously inventoried by the County may be inventoried by the City.

4.2.2 The newly incorporated city's share of tax revenue shall become effective October 1st following the date of incorporation.

4.2.3 New incorporated cities shall be subject to the same regulations as those cities incorporated before October 31, 1986.

4.3 The summation of all of the road mileage for each City will be utilized in the "Tax Revenue Sharing Formula".

4.4 The City's total mileage of publicly maintained roads shall only be updated once annually by the County Engineer with the following exception:

4.4.1 Publicly maintained road mileage may be increased by annexation of additional area into the incorporated limits of the City. Only publicly maintained roads previously inventoried by the County may be added to the city inventory.

4.4.1.1 A revised road map of publicly maintained roads and a list of all publicly maintained roads with associated road mileage (clearly identifying the publicly maintained roads being added through annexation only) may be submitted yearly, no later than October 31st.

4.5 Private Roads accepted for maintenance by the City shall only be added to the list of publicly maintained roads under the annual inventory update performed by the County Engineer.

4.6 Redistribution of publicly maintained total road mileage between the City and the County due to annexation of additional areas by the City shall be effective January 1st each sales tax year.

SECTION 5: POPULATION

- 5.1 The City shall submit to the County Council the total number of its population within its incorporated limits.
- 5.2 The population shall be established by the most recent United States Decennial Census for the City.
- 5.3 The population number will be utilized in the "Tax Revenue Sharing Formula".
- 5.4 The total population of the City may only be updated by the next United States Decennial Census with the following exceptions:
- 5.4.1 The City may increase its population by annexing additional area into its corporate limits. The population within the annexed area shall be established by one of the two following methods:
- 5.4.1.1 Annexation report, if available.
- 5.4.1.2 Applying the following formula:
- Population = persons per dwelling unit x number of dwelling units.
- 5.5 If the City was incorporated after the most recent Census report then its population shall be established by one of the two following methods:
- 5.5.1 Incorporation report, if available.
- 5.5.2 Applying the following formula:
- Population = persons per dwelling unit x number of dwelling units.
- 5.6 The following terms have the following meanings as apply to Sections 5.4.1.2 and 5.5.2:
- 5.6.1 "Person per dwelling unit" shall be established by the most current Decennial Census of the United States Census Bureau according to the "Persons Per Dwelling Unit" established for each municipality.
- 5.6.2 "Number of Dwelling Units" shall be submitted by the municipality.
- 5.6.3 "Persons per Dwelling Unit" shall be established by the most current Decennial Census of the United States Census Bureau according to the "Person Per Dwelling Unit" established by appropriate census tract.
- 5.6.4 "Number of Dwelling Units" shall be submitted by the municipality per census tract.
- 5.7 The City's population number will be revised (for utilization in the tax revenue sharing formula) if the United States Decennial Census is officially revised by the Census Bureau.

5.7.1 The revised population number will become effective January 1st following the official publication of the population revision.

5.7.2 The City will not be eligible to claim from the County Capital Improvement Tax Fund, a retroactive increase in shares of tax revenue due to an increase in population.

5.7.3 The City will not be liable to reimburse the County Capital Improvement Tax Fund for a retroactive decrease in shares of tax revenue due to a decrease in population.

5.7.4 The City shall submit, yearly, no later than October 31st, a revised population number if the official Decennial Census was revised.

5.8 The City may submit a revised population number reflecting an increase in population (gained only through annexation), no later than October 31st yearly.

5.9 Redistribution of the population numbers between the City and the County due to annexation of additional area shall be effective January 1st of each year.

SECTION 6: COST ACCOUNTING

6.1 The cost of implementing capital improvements shall be accounted for in accordance with the following procedures:

6.2 Interest income earned by the investment of capital improvement money shall be expended only for approved defined road improvements.

6.3 The cost of third party construction and professional contracts plus the cost of administering these contracts by City personnel shall be reimbursable or directly payable.

6.3.1 The cost of administration of construction or professional contracts by City personnel shall be accounted for by the following formula:

63.1.1 Total Cost of Administration = Hours actually incurred x direct personnel expenses (DPE) for persons performing administrative tasks.

6.4 The cost of road improvements implemented by the City personnel shall be reimbursable.

6.5 The cost of materials is reimbursable or directly payable.

6.6 The costs of labor, supervision and administration are reimbursable and shall be calculated based on the following formulas:

6.6.1 Total cost of labor supervision and administration is equal to the product of hours actually worked by persons multiplied by direct personnel expenses (DPE).

66.1.1 Direct personnel expenses (DPE) is equal to direct salary cost multiplied by 1 plus the fringe benefit burden factor (FBBF)

6.7 The cost of equipment rental from private sources and fuel for rental equipment is reimbursable or directly payable.

6.8 The cost of extraordinary expenses such as the cost of high wear-out ground engaging components, such as hammers, drill bits, teeth, etc., are reimbursable or direct payable.

6.9 The cost of equipment owned and operated by the City (not purchased with capital improvement funds) which is utilized for approved road improvements is reimbursable.

6.10 The cost of equipment and operating expenses shall be calculated based on the following formulas:

6.10.1 In accordance with procedures established by the Missouri Highway and Transportation Commission. The most current "Rental Rate Blue Book", or designated equivalent, shall be utilized to calculate cost recovery (rental rates) and operating cost/hour, (estimated operating cost/hour) for equipment.

6.10.2 Cost recovery (rental rates) is dictated by the "Rental Rate Blue Book" by equipment manufacturer and model. Rates are calculated based on the year each model was discounted and are adjusted for climate and regional costs.

6.11 Fringe Benefit Burden Factor (FBBF) is defined as: total cost of municipal fringe benefits as defined for the municipality's last fiscal year divided by total Gross Payroll of the municipality for the last fiscal year.

6.11.1 Fringe benefits include: FICA, FUTA, vacation, sick pay, holidays, workman's compensation insurance, health insurance, pension benefits, etc.

6.12 Operating cost/hour shall be calculated based on the actual number of hours a particular piece of equipment is operated.

6.13 Equipment purchased by the City with capital improvement funds shall not be eligible for cost recovery.

6.14 Equipment purchased by the City with capital improvement funds shall be eligible to account for operating cost/hour.

SECTION 7: TAX REVENUE SHARE ALLOCATION AND DISBURSEMENT PROCEDURE

7.1 The County shall, upon receiving tax revenue from the State of Missouri, deposit the revenue into the County Capital Improvement Fund Account.

7.2 Shares of the fund shall be allocated to each program participating city and the County in accordance with the Tax Revenue Sharing Formula.

7.2.1 Interest accrued on the tax fund shall be credited to each City's account and the County's account

7.2.2 Each program participating City and the County shall receive a monthly tax revenue share statement.

7.3 The City shall submit to the Department of Public Works, payment requests for capital improvements made the previous period.

7.3.1 The City shall submit online payment requests using the following link:
<https://jeffcomo.seamlessdocs.com/f/PW/CityReimburse>.

7.3.1.1 An instructional guide to completing the web-based Reimbursement Request Form shall be provided by the Department of Public Works.

7.3.1.2 Each project or other capital improvement payment request shall provide proof to the County that a competitive bidding process was followed by one of the following methods:

- (1) For equipment purchases, the City shall provide a copy of an approved form of legislation (i.e. City Ordinance, etc.) supporting the award, or written quotes from two (2) or more vendors/suppliers and a written explanation for award to the chosen company.
- (2) For State or Federally funded infrastructure projects, the City shall provide a copy of an approved form of legislation (i.e. City Ordinance, approved funding agency agreement, etc.) supporting the contractor award. This is only a requirement for the first invoicing of each project.
- (3) For locally funded infrastructure projects, the City shall provide a copy of an approved form of legislation (i.e. City Ordinance, etc.) supporting the contractor award or written quotes from two (2) or more contractors, and a written explanation for award to the chosen company. This is only a requirement for the first invoicing of each project.
- (4) For **all** infrastructure projects, the City shall provide a copy of an approved form of legislation (i.e. City Ordinance, etc.) supporting a contract award to a Consultant for architectural, engineering, and/or land surveying services, and all appropriate documentation to prove that the firm was chosen in compliance with RSMo 8.285 through 8.291. This is only a requirement for the first invoicing of each project milestone (i.e. consultant services, right-of-way acquisition and construction inspection).

This provision will apply to any architectural, engineering, and/or land surveying services contracts executed by the City as of January 1, 2024.

Failure to comply with the provisions of Section 7.3.1.2 shall result in a recommendation from the Department of Public Works that the Jefferson County Council deny the City's reimbursement request.

- 7.3.2 The County Engineer shall ascertain if the request is eligible for reimbursement.
- 7.3.3 The County Engineer shall then submit an Ordinance to the County Council for a recommendation of approval or denial of any reimbursement requests received by noon on the Monday prior to the next regular meeting of the County Council.
- 7.3.4 The City shall submit payment requests only for capital improvements and projects previously submitted to the County and approved for eligibility.
- 7.3.5 Requests for payment received by noon on the Monday prior to the next County Council regular meeting agenda deadline, as established by the Director of Administration, will be processed for payment upon final execution of the approved Ordinance.

7.3.5.1 Payments shall be made directly to the issuer of the invoice.

This Agreement, containing seven (7) sections, represents the complete understanding of the parties to the Agreement. No changes shall be made to this Agreement except in writing and approved by the parties. This Agreement shall be subject to renewal at the end of the sales tax year.

This Agreement shall be in full force and effect after its passage by the Jefferson County, Missouri, Council and the City through **December 31, 2024**, and is subject to renewal thereafter upon mutual agreement of the parties.

Both County and the City have adopted an appropriate resolution, order or ordinance authorizing the execution of this Agreement.

JEFFERSON COUNTY, MISSOURI:

By: _____
Dennis Gannon, Jefferson County, Missouri, Executive

Attest:

Jeannie Goff, County Clerk

By: _____
Deputy County Clerk

Approved as to form:

Jalesia F.M. Kuenzel, County Counselor

CITY OF Festus, MISSOURI:

By: Samuel F. Richards
Chief elected official

Mayor
Title

Attest:
K. Pallet
Clerk





October 17, 2023

Dan Naunheim, Deputy PW Director
PO Box 100
Hillsboro, MO 63050

Re: 2024 CIP Improvement List

Please accept this letter as our required annual submittal to the County Council regarding the CIP Sales Tax Revenue Sharing Agreement. The road projects below represent the City of Festus' anticipated improvements for the fiscal year beginning October 1st, 2023, through September 30th, 2024.

- **2023-24 Annual Street Project** – Sunnyside Group (asphalt overlay, concrete slab replacement, sidewalk ADA improvements and concrete curbing)
Estimated Cost: \$725,000
Contract Award: Not yet bid
Estimated Start: Spring/Summer 2024, to be completed by September 30th, 2024
Funding: Jefferson County T-tax

Please feel free to call or email me with questions regarding this submittal.

Respectfully,

Matthew Unrein

Matthew Unrein
Assistant City Administrator – Director of Public Works
636.937.6646
munrein@festusmo.gov