

# **ANNUAL REPORT**

**FY2019**



# who we are

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The City of St. Louis Treasurer's Office is responsible for the Office of Financial Empowerment, and the City's Parking Division, and Treasury Operations.



# contact

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## WEBSITES

[www.stlofe.org](http://www.stlofe.org)  
[www.parklouie.com](http://www.parklouie.com)  
[www.stltreasurer.org](http://www.stltreasurer.org)

## ADDRESS

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St. Louis, MO 63103

**City of St. Louis  
Treasurer's Office**

**ANNUAL REPORT  
TO THE COMMUNITY**

**FOR FISCAL YEAR 2019**



Tishaura O. Jones, Treasurer

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## From the Desk of the Treasurer

### Letter to the Community

Spend some time in my office, and you'll eventually hear me say these words: "Work smarter, not harder."

That's not only my mantra, it's what drives my planning and decision making as Treasurer. When I took office in 2013, I discovered a place that time forgot. Few employees had computers, and everything was done by hand. There were no manuals or policies. Customers could only pay for parking with coins or cash if they parked in a garage.

And don't get me started on all of the paper. It was literally everywhere.

If we wanted to work smarter and not harder, that had to change. We took all City employees to direct deposit, saving the City thousands of dollars in the process. We upgraded and modernized the Parking Division, so customers could pay for parking with credit and debit cards and smartphone apps. The Treasury Operations division renegotiated bank fees and started actively managing our investments, savings and making the city millions of dollars.

We also invested in the future of St. Louis by starting the College Kids Children's Savings Account Program, which provides college savings accounts for every kindergarten student in a City of St. Louis public or charter school. We launched the City's first Office of Financial Empowerment, a public-private partnership dedicated to helping our citizens make better financial decisions.

As Treasurer, my goal for the future is to increase efficiency and mobility. For the Parking Division, that means our focus is to get people where they need to go in easier, in less expensive and faster ways. We are embracing the changes to the city, including a gradual increase of city drivers, making curbside space available for everyone from food trucks, to drivers.

For Treasury Operations, that means continuing to look at our investments and making sure we are getting a solid return on investment for the City.

For the Office of Financial and Empowerment and College Kids, that means partnering with non-profit agencies, businesses, and universities that will provide us with research and information that will help us reach more people.

That's how you work smarter, not harder.

Sincerely,



Tishaura O. Jones, Treasurer, City of St. Louis



# Executive Summary

## Report Highlights

The City of St. Louis Treasurer's Office consists of the following divisions: the Office of Financial Empowerment, Parking Division, and Treasury Operations.

### ● Parking Division

The number of customers paying for parking with credit and debit cards and smart phone app continued to increase, while the number of parking tickets issued continued to decrease.

Plans are underway to allow patrons to pay for event parking via phone app or credit card for events at city-owned garages.

### ● Treasury Operations

The Treasurer serves as the chief banking officer of the City of St. Louis, which means reducing bank fees is a top priority. Thanks to the due diligence of the Treasury staff, Bank of America, U.S. Bank, and UMB Bank proposed changes that will reduce bank fees by over \$100,000 without a compromise in service. The Treasurer also serves as the chief investment officer.

The total overall yield at market for the City's managed portfolios has increased from 0.25% in fiscal year 2014 to 2.00% in fiscal year to date.

### ● Office of Financial Empowerment

In 2017 the College Kids Children's Savings Account Program reached a milestone by enrolling 10,000 students.

Over 1,700 residents received financial empowerment education from our office. We also expanded our community outreach efforts through new partnerships with the St. Louis Housing Authority and the Taxpayer Advocate Service (TAS). We work with both organizations to provide financial empowerment education and credit counseling. We also work closely with St. Louis YouthBuild, a highly successful, alternative education program for young people ages 16-24 who have a high school diploma, GED or HSE. We meet monthly with St. Louis YouthBuild clients to provide financial educational classes.

# Section 1

## Parking Division

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# Parking Division

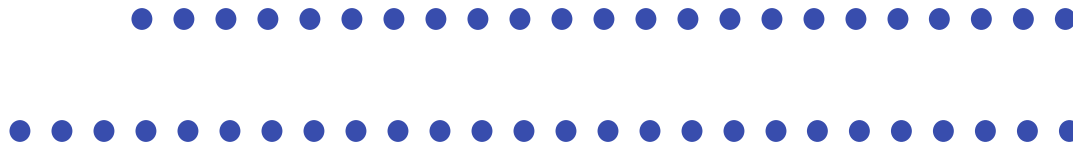
## WHAT WE DO

The City of St. Louis Treasurer's Office manages, owns and leases six parking facilities and garages: Kiel Garage, Justice Garage, Central Downtown Garage, Cupples Garage, Argyle Garage, Abrams Garage, 9 North Garage and Seventh and Pine Garage. We also manage parking lots in Soulard, south St. Louis, and at City Hall. The combined number of parking spaces of all facilities is over 4,826 parking spaces, with 7,700 off-street parking spaces.

Our locations are supported by a team of parking professionals consisting of five (5) Directors, two (2) Managers, three (3) Parking Enforcement Officer (PEO) Supervisors, two (2) Compliance Officers as well as 30 hourly PEO's available to meet the demands of the Parking Division.

Our Parking Division has decades of experience which permits us to provide valuable perspective on emerging industry trends. Whether we're helping to plan a phase of a new project or manage the operation of existing facilities, our team's extensive knowledge allows us to foresee and overcome obstacles for the city's parking needs. As a publicly operated city government department, residents and visitors can interact directly with us, giving them the confidence that we will stand behind our policies.

Parking Management  
is one of our most  
important  
areas to maintain an  
efficient department.



This system is vital for monitoring and achieving objectives of transportation and supporting the role of public parking in commercial and residential areas throughout the City. We support the comprehensive development of the City of St. Louis area business districts and promote economic growth and stability by supplying a sufficient number of parking spaces to accommodate the public demand.

Additionally, we develop and implement parking management strategies designed to maximize the usage of the available parking supply. Patrons range from businesses to residents, allowing each entity to purchase parking permits for monthly or daily use. See the Parking Division Organizational chart for a breakdown of roles and positions.



## ParkLouie

This private-public partnership with ParkLouie has simplified the parking process by making it easier to find and pay for parking through green technology which optimizes internal operations and manages data. Patrons have the option to pay for parking via mobile device using the ParkLouie app.



## The Future of Parking in the City of St. Louis

The Parking Division plans to advance local parking functionality. Customer service is a major component of this piece and we will continue the route of supreme service by ensuring our Parking Enforcement Officers and management are well trained to provide the best service to patrons.



As attendance at events increases, so does the desire for a guaranteed parking space. To better serve the needs of the patrons as attendance at events increases, the Parking Division will roll out an important update to the parking system in 2019. The test location will be the Justice Garage where customers will be able to purchase parking in advance for events. Post the pilot stage, this function will be available at select parking venues.



## Parking Expenses

In FY 2019, our expense budget increased \$673,000 over FY2018. Parking Enforcement Officers received a modest raise of \$.79, while hourly event staff will receive a raise to \$12 per hour. These increases are necessary to stay competitive and to decrease turnover.

We continue to invest in equipment upgrades, which contribute to the increase in the expense budget. New PARCS equipment in our garages will cost \$51,000, while we purchased some new maintenance tools for \$7,000.

Credit card usage continues to increase, which results in an increase in the merchant fee we pay to Chase. We will see an increase of \$111,000 in merchant fees for FY2019, despite negotiating a decrease in the per transaction fee. In negotiation of merchant fees, we reduced our rate by partnering with the airport. the projected annual savings total is \$119,089 (Parking \$38,536; Airport \$80,000)

A modern parking operation requires investments in information technology. We plan to install fiber lines and purchase additional equipment so customers can eventually use our ParkLouie parking app to pay for event parking.

The outsourcing contract for meter maintenance, parking ticket collection and booting has a standard annual increase based on CPI, resulting in an expenditure increase of \$176,000.

Other major expenses include:

### FY2019 Expenses

	FY18 Budget	Projected FY 18	FY 19 Budget	Budget Variance	Percentage
Personnel	6,321,595	5,916,525	6,619,153	297,558	4.7%
Supplies	247,351	213,315	302,908	55,556	22.5%
Fleet Rental		1,298	500	500	
Equipment/Tenant Improvements	276,526	135,211	208,496	(68,030)	-24.6%
Other contractual obligations	2,628,299	2,968,204	2,972,541	344,242	13.1%
Outsourcing	2,716,140	2,889,867	2,914,046	197,906	7.3%
Projects	351,059	318,941	378,168	27,109	7.7%
Principle	2,938,031	2,661,588	2,761,588	(176,443)	-6.0%
Debt Fees	35,000	25,860	28,000	(7,000)	-20.0%
27th Payroll	17,320	16,582	18,020	699	4.0%
<b>Total</b>	<b>15,531,322</b>	<b>15,147,390</b>	<b>16,203,420</b>	<b>672,098</b>	<b>4.3%</b>

# Parking Revenue

Since we upgraded parking technology to increase payment options, we have seen an increase in the use of credit card, debit card, and smartphone app payments, while we have seen a decrease in coin payments. In addition, we have seen a decrease in the number of parking tickets issued, as the upgraded technology provides more payment options for customers.

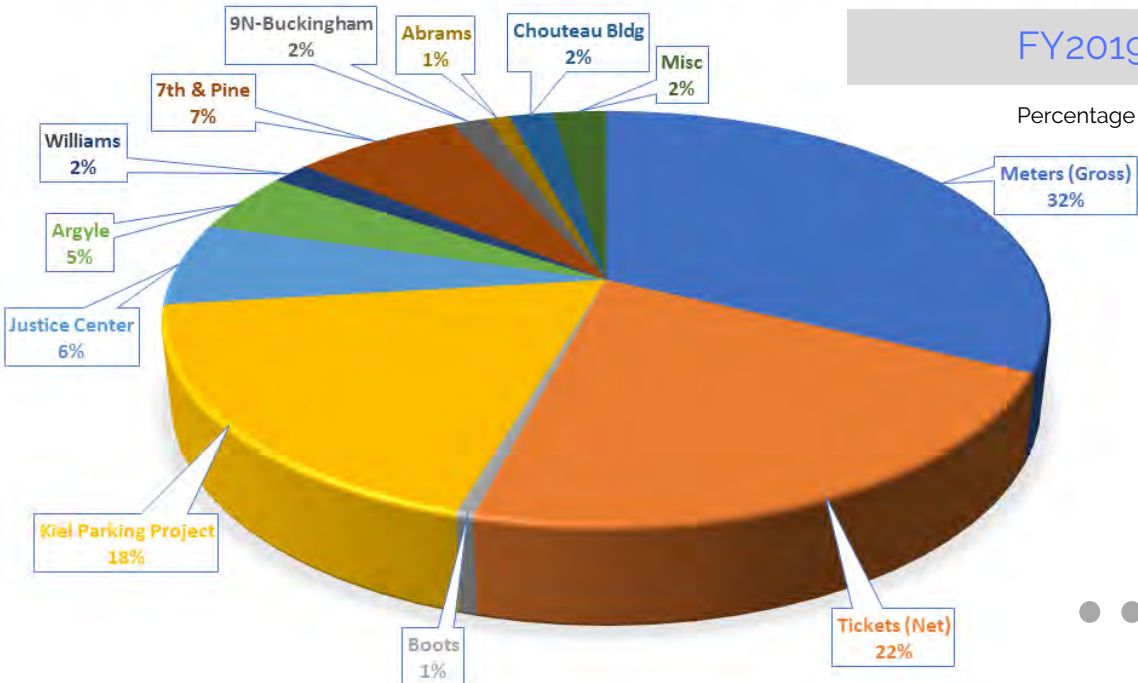
Our Central West End garages (Argyle Garage and 9 North/Buckingham Garage) have seen a decrease in parking revenue due to a decrease in parking associated with now-completed construction projects on Lindell Boulevard and Laclede Avenue. Our Justice Center garage in downtown has seen a decrease in revenue due to vacancies in the Chouteau Building.

## FY2019 Revenue

	FY18 Budget	Projected FY 18	FY19 Budget	Budget Variance	Percentage
Meters (Gross)	5,547,595	5,565,624	6,022,613	475,018	8.6%
Tickets (Net)	4,085,615	4,109,586	4,120,000	34,385	0.8%
Boots	104,230	96,488	105,000	770	0.7%
Kiel Parking Project	3,444,787	3,616,920	3,470,837	26,050	0.8%
Justice Center	1,231,290	1,256,447	1,216,084	(15,206)	-1.2%
Argyle	1,116,289	742,422	880,225	(236,064)	-21.1%
Williams	304,850	379,520	316,450	11,600	3.8%
7th & Pine	1,261,730	1,359,080	1,367,529	105,799	8.4%
9N-Buckingham	320,234	297,432	293,574	(26,660)	-8.3%
Abrams	178,968	180,115	181,401	2,433	1.4%
Chouteau Bldg	443,286	438,564	359,872	(83,414)	-18.8%
Misc	170,000	442,013	440,000	270,000	158.8%
<b>Total</b>	<b>18,208,874</b>	<b>18,484,211</b>	<b>18,773,585</b>	<b>564,711</b>	<b>3.1%</b>

## FY2019 Revenue

Percentage breakdown of the chart above.



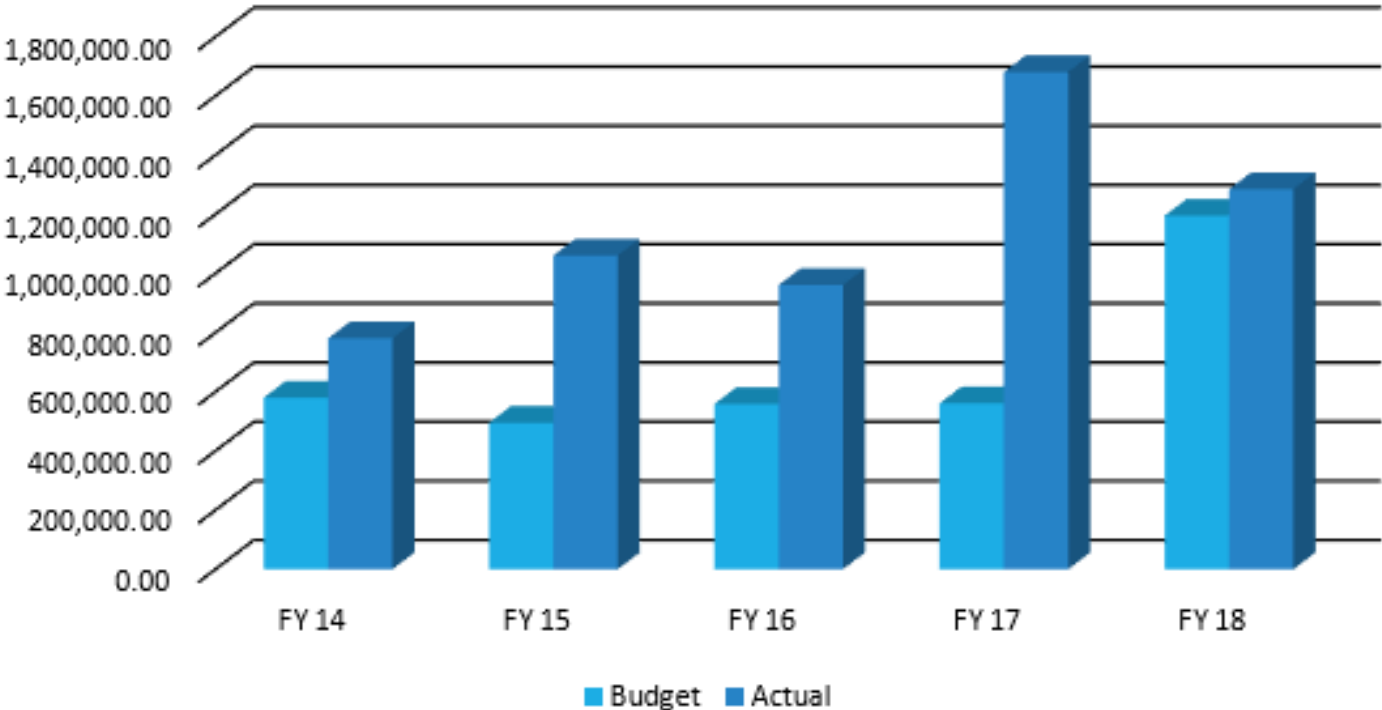
# General Revenue (GR) Transfer



The Parking Division continues to increase the amount transferred to the city's general revenue fund per RsMO 82.485, which requires 40% of the change in net position.

The chart below details the actual and amount spent and the projected budget, since FY 2014.

40% Annual Transfer to City GR Fund  
Budget vs Actual since FY2014.



## Section 2

# Treasury Operations

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# Treasury Operations

## WHAT WE DO

The budget for Treasury Operations and the Office of Financial Empowerment includes the salaries of staff, the Treasurer, and her administrative assistant.

Additionally, the Office of Financial Empowerment is a non-operational expense of the Parking Division that is authorized by Ordinance 70057 and is a division of the Treasurer's Office. Below is a summary of major expense categories:

The Treasurer serves as the chief banking officer of the City of St. Louis, which means reducing bank fees is a top priority. Thanks to the due diligence of the Treasury staff, Bank of America, U.S. Bank, and UMB Bank proposed changes that will reduce bank fees by over \$100,000 without a compromise in service.

### Treasury Operations and OFE Budget

	FY16	FY17	FY18	FY19
<b>Treasury Operations</b>				
<b>Personnel</b>	697,756	665,730	667,855	685,960
<b>Materials and Supplies</b>	4,845	7,824	6,430	6,530
<b>Non-Capital Equipment</b>	9,967	1,699	2,400	2,496
<b>Contractual and Other Services</b>	12,367	29,934	36,786	37,200
<b>Total</b>	<b>724,935</b>	<b>705,187</b>	<b>713,471</b>	<b>732,186</b>
<b>OFE**</b>				
<b>Personnel*</b>	56,800	-	146,811	150,895
<b>Materials and Supplies</b>	17,587	2,563	11,000	10,100
<b>Non-Capital Equipment</b>	5,649	5	1,050	2,500
<b>Contractual and Other Services</b>	32,358	15,504	16,080	25,850
<b>Seed Funding for CK Accts</b>	175,000	264,277	175,000	175,000
<b>Total</b>	<b>287,394</b>	<b>282,349</b>	<b>349,941</b>	<b>364,345</b>
<b>Total Treasury and OFE</b>	<b>1,012,329</b>	<b>987,536</b>	<b>1,063,412</b>	<b>1,096,531</b>

\*FY 17 was the year the Board of Alderman slashed funding for OFE staff.

\*\*OFE is a non-operational expense of the Parking Division authorized by St. Louis City Ordinance. 70057.

## Growth and Investments

The Treasurer also serves as the city's chief investment officer. Investment returns over time have been moderate due to the historically low interest rate environment that has persisted in the market. However, the U.S. economy has gained some momentum over the past fiscal year, and this has led to a notable rise in interest rates, allowing the Federal Reserve the opportunity to raise the overnight bank rate to its current level of 1.50% - 1.75%.

We have appropriately structured our funds for a market where the Fed continues to modestly tighten monetary policy. As a result, we have outperformed referenced benchmarks since the inception of our various investment portfolios. For the quarter ending March 31, 2018, our managed portfolios had the following returns:

### Summary of Managed Accounts

<b>Total Return Performance</b>	<b><u>Q3 2018 Return</u></b>	<b><u>1-Year Return</u></b>	<b><u>3-Year Return</u></b>	<b><u>Since Inception*</u></b>
Airport General	0.05%	0.52%	0.57%	0.48%
Airport PFC	0.05%	0.52%	0.57%	0.48%
City General	0.05%	0.49%	0.56%	0.46%
<i>Custom Benchmark Index</i>	<i>0.02%</i>	<i>0.35%</i>	<i>0.32%</i>	<i>0.29%</i>

Additionally, the total overall yield at market for the City's managed portfolios has increased from 0.25% in fiscal year 2014 to 2.00% fiscal year-to-date.

For fiscal year 2017, the City's actual net earned income for all of its assets (including operating and bond proceeds funds) was \$3,695,607. Projected accrued interest earnings for the fiscal year 2018 is expected to be approximately \$4.4 million.

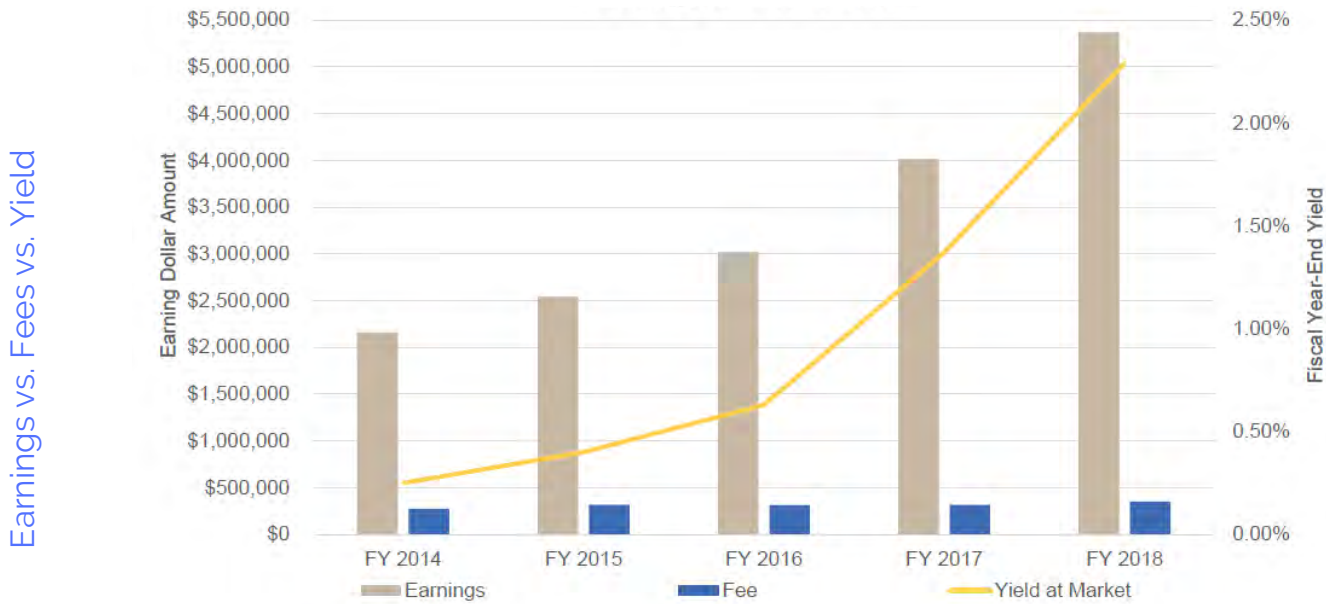
The City's total aggregate portfolio is following the City's investment policy statement and the Missouri constitution, as all the investment holdings are of very high quality.

Our primary objective is to protect the value of the City's assets. We continue to monitor market indicators which track market expectations for changes in monetary policy, economic activity, rising inflation, or diminishing inflation due to rising risk. We are ready to adjust portfolio strategy if needed.

Since 2013, benchmarks have outperformed with strong records of investment returns since PFM took over asset responsibilities for the City's operating accounts. The City earned over \$5.3M in interest earnings in FY 2018, while only paying \$355K in investment advisory fees and accrued over \$17 million dollars total in interest earnings since the start of PFM's management.

On a mission to meet the City's needs, the office has taken a holistic approach to managing funds with PFM Asset Management LLC. Since inception, PFM has updated and revised cash flow analysis for the City to determine how excess cash can best be invested for long-term interest earnings. Additionally, the City has diversified its banking options and transferred funds to a higher yielding investment option under MOSIP. Further investments have been proportionately made into the annual TRANS issuance and the College Kids Children's Savings Account Program.

### City of St. Louis Earnings Summary



### Earnings Reconciliation Since Inception (Accrual Basis)

<b>Interest Earnings</b>	<b>\$17,094,007</b>
<b>Management Fee</b>	<b>\$1,580,543</b>
<b>Net Earnings</b>	<b>\$15,513,464</b>

From the start of PFM's contract in FY2014, the City has earned over \$15 million (net of fees) on investments. Almost \$5 million was earned in the first quarter of FY 2018.





**Section 3**  
**Office of Financial Empowerment**

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# Office of Financial Empowerment

## WHAT WE DO

The St. Louis Office of Financial Empowerment (“OFE”) is a public-private partnership dedicated to helping citizens make better financial decisions. Founded in 2014 by the St. Louis City Treasurer, the OFE furthers its mission by hosting financial literacy classes, encouraging personal responsibility, and participating in asset-building initiatives.

Financial empowerment is important because St. Louis is consistently ranked among the top five cities in the United States with the highest percentage of unbanked and underbanked households. Unbanked families spend almost \$1,200 just to get access to their money.<sup>1</sup>

Many St. Louis residents also have low credit scores, which make it difficult to successfully navigate life. It is tough to find a job, a place to live, or afford reliable transportation when your credit is poor. A person with low credit will also pay more for basic goods and services, and they tend to be in poor health due to stress brought on by financial difficulties.<sup>2</sup>

To combat this, the OFE works with several other banks and non-profits to provide over 20 different financial management classes on various topics, including How to Purchase a Home; Entrepreneurship; Investing; and Public Service Student Loan Forgiveness. Classes are offered at either our St. Louis City Hall office and at various locations in the St. Louis community.

St. Louis is a member of Cities for Financial Empowerment, an invitation only coalition of fifteen other cities including Chicago, Nashville, New York, San Antonio, and San Francisco, that have opened similar financial empowerment centers within municipal governments.

With the support of our community partners Kingdom House and Midwest BankCentre, we expanded our outreach to the Hispanic community. We taught classes in Spanish on topics such as budgeting and saving and home mortgages. We expect to build on this effort in 2018 with outreach to the Bosnian community in St. Louis.

We also expanded our community outreach efforts through new partnerships with the St. Louis Housing Authority and the Taxpayer Advocate Service (TAS). We will work with both organizations to provide financial empowerment education and credit counseling.

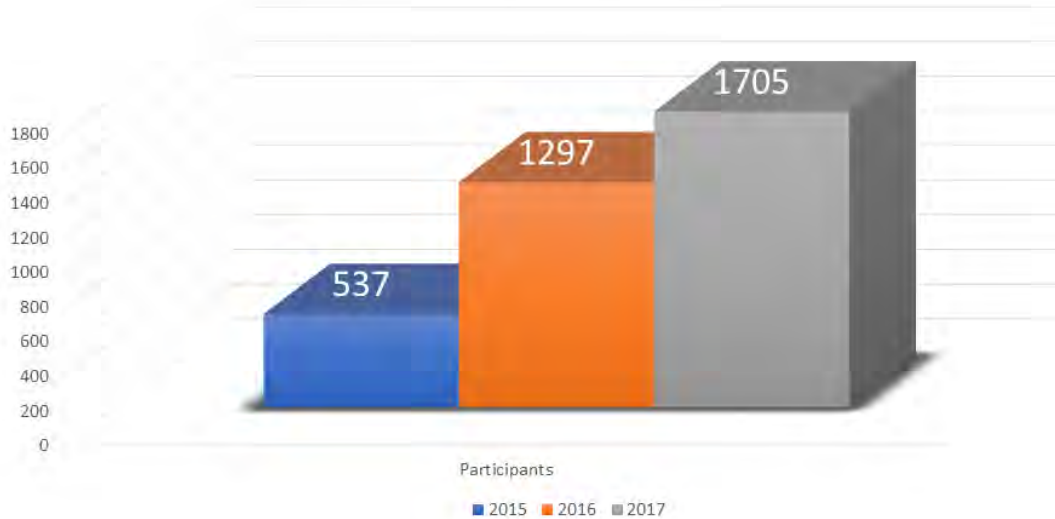
<sup>1</sup> Martha Perine Beard, "In-Depth: Reaching the Unbanked and Underbanked," Central Bank Winter 2010, Federal Reserve Bank of St. Louis, Web, 20 November 2018.

<sup>2</sup> [www.operationhope.org](http://www.operationhope.org)

We also work closely with St. Louis YouthBuild, a highly successful, alternative education program for young people ages 16-24 who have a high school diploma, GED or HSE. We meet monthly with St. Louis YouthBuild clients to provide financial educational classes.

In addition, we partnered with Wells Fargo Advisors, the St. Louis Housing Authority, Community Health-in-Partnership Services (CHIPS), and Midwest BankCentre to provide financial empowerment classes to senior citizens. We have reached over 300 seniors through presentations and private financial counseling with our Operation HOPE financial wellbeing coach. Since its inception, the OFE has seen steady growth in the number of clients served.

### Growth of OFE Participants



### College Kids



The signature program of the OFE is the College Kids Children's Savings Account Program, which provides college savings account to every kindergarten student in public and charter schools in the City of St. Louis.

It works like this: every child gets a savings account with \$50 when they enter kindergarten. The \$50 deposit is funded by residual revenue from the Parking Division, so if you get a parking ticket in the City, or park in a City owned garage or parking lot, you're helping to send a kid to college!

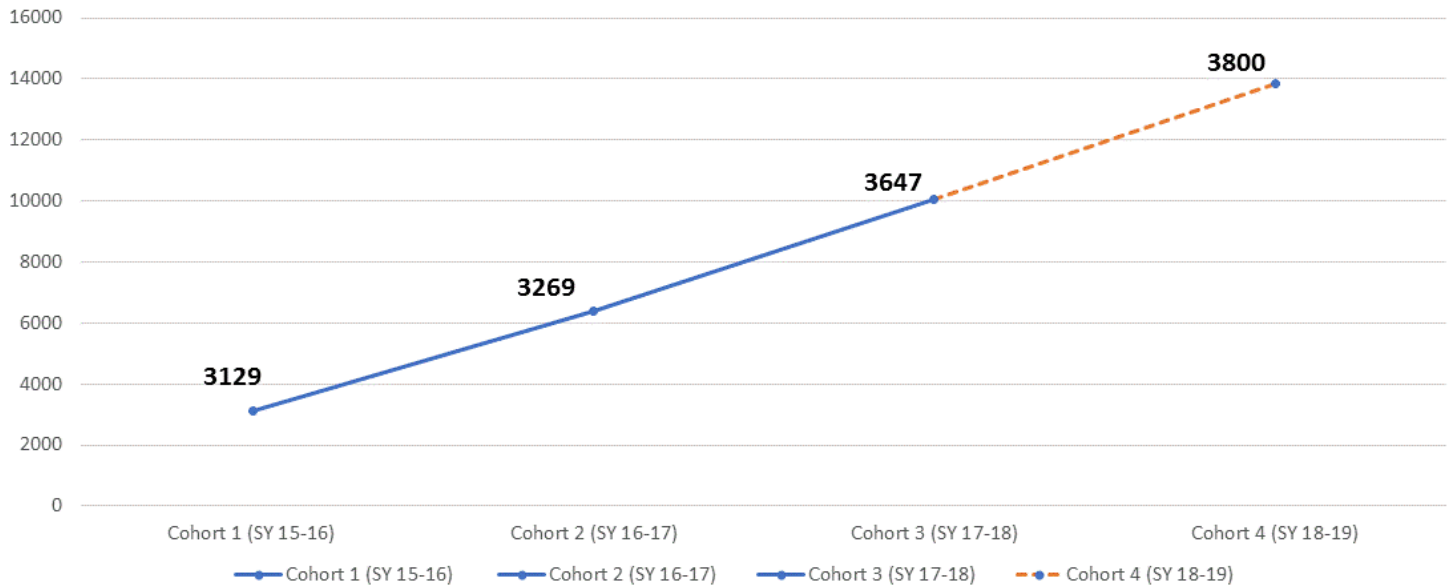
In addition, families can earn incentives like matched saving for good attendance, and participating in financial education offerings. The incentives are raised through private fundraising efforts.



The mission of College Kids is to improve college access and attainment among youth, increase assets for low-to-moderate income families living within the city, and promote the use of safe and affordable mainstream financial services and products.

The program hit a milestone during the 2017-18 school year, when we reached 10,000 students enrolled. We expect to reach over 13,000 students enrolled with the 2018-19 school year.

### Total Number of College Kids Accounts Opened by COHORT



Total Number of College Kids accounts opened by cohort and corresponding school year. Cohort 4 (SY 18-19) is a projection.

# Operation HOPE



A key member of our public-private partnership is Operation HOPE, a global leader in the financial empowerment movement. Operation HOPE has served more than 2.8 million individuals and directed more than \$2.7 billion in economic activity into disenfranchised communities—turning check cashing customers into banking customers, renters into homeowners, small business dreamers into small business owners, minimum wage workers into living wage consumers, and uncertain disaster victims into financially empowered disaster survivors.<sup>1</sup>

Our Operation Hope center offers free and professional services designed to help clients achieve financial independence and empowerment. Our money management and financial literacy workshops and professional one-on-one credit counseling help clients formulate a plan of action while offering coaching on how to successfully implement the plan. The Operation HOPE staff person is underwritten by the generosity of the following financial institutions:

- Wells Fargo
- Midwest BankCentre
- BMO Harris
- Busey Bank
- Enterprise Bank
- Carrolton Bank

The following data charts contain Operation HOPE information obtained since June 2018.

## HOPE Inside

<b>OVERALL CLIENTS SERVED</b>	201
<b>FINANCIAL WORKSHOP PARTICIPANTS</b>	146
<b>NUMBER OF WORKSHOPS/CLASSES CONDUCTED</b>	22
<b>CREDIT AND MONEY MANAGEMENT WORKSHOP PARTICIPANTS</b>	63
<b>CREDIT COUNSELING ENROLLMENTS</b>	51
<b>FOLLOW-UP SESSIONS COMPLETED</b>	233

<sup>1</sup> "Operation HOPE and AFCPE partner to certify HOPE Inside financial wellbeing coaches," Press Releases 3 October 2018, Operation HOPE, Web, 20 November 2018.