



FY 2021-22 Proposed Budget

City Council Study Session Presentation

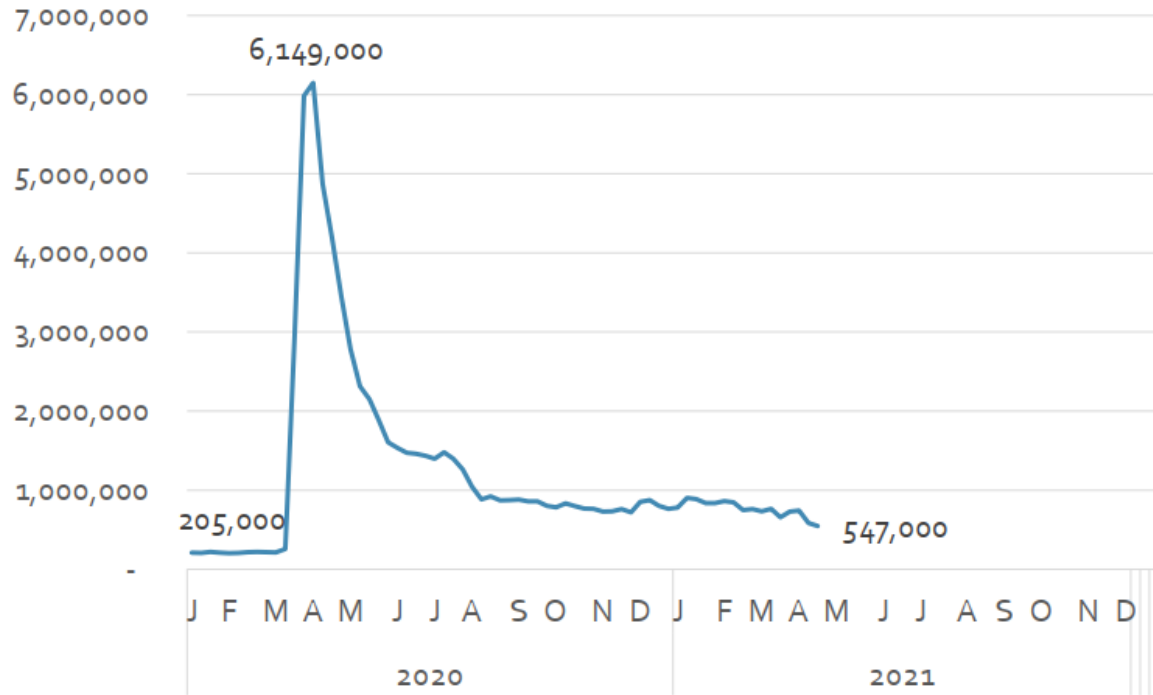
★A GREAT AMERICAN STORY★

COVID-19 Update

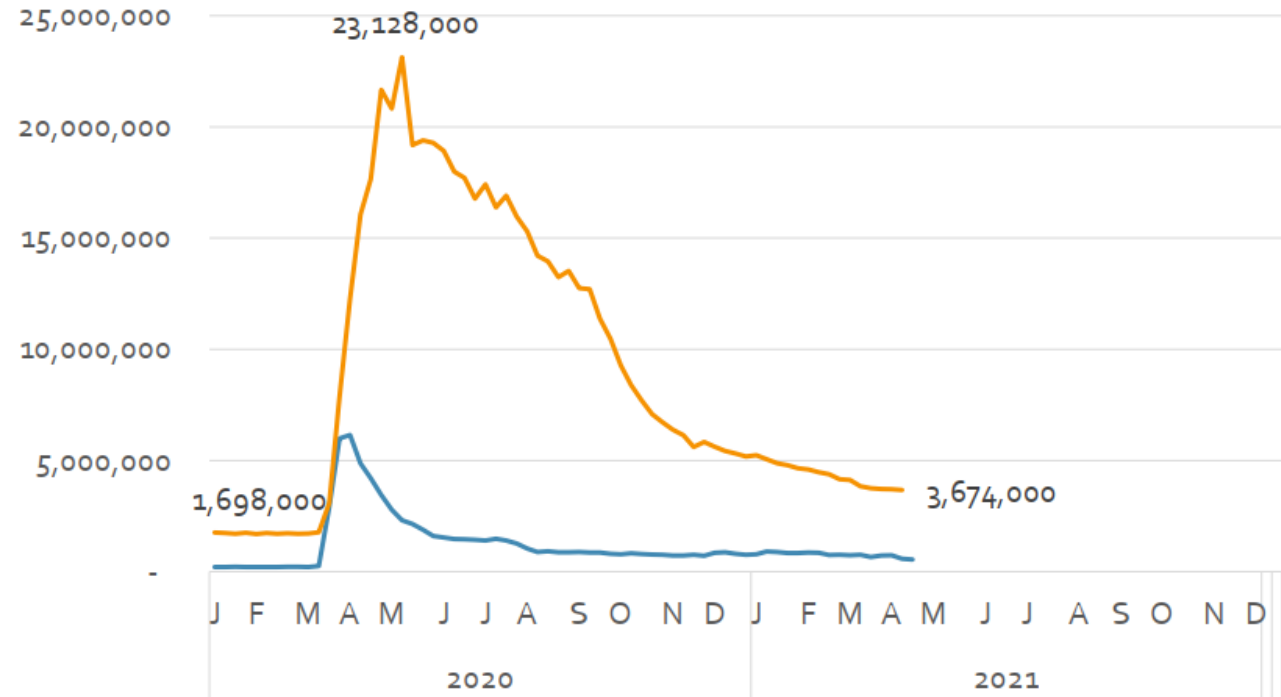
- Total confirmed cases in the U.S.: 32.5 million
- U.S. is vaccinating 3M people per day, estimate for herd immunity is mid-July
 - Reduction in demand as remaining population is vaccine hesitant
 - Concerns over bottlenecks in production / distribution
- 6.62% Jackson County positivity rate for the last 14 days (May 3rd)
- American Rescue Plan will provide \$1.9 trillion
- “Build Back Better” package – late FY21 with \$2T in infrastructure and \$1T in social benefits over next ten years
- K shaped recovery

Unemployment

U.S. Initial Unemployment Insurance Claims (Weekly)
Seasonally Adjusted (through April 17, 2021)



U.S. Continued Unemployment Insurance Claims (Weekly)
Seasonally Adjusted (through April 10, 2021)



Glass Half Empty

National Indicators:

- Reduced vaccine demand as remaining population is vaccine hesitant
- Potential disruptions in vaccine production
- Resurging virus and hesitant public result in increased infections, resulting in some shutdowns or restrictions
- Inflation fears and higher interest rates
- Employment recovery is delayed to second half of decade

Regional Indicators:

- Unemployment rate 1.5% above pre-recession levels
- April 2021 vs. January 2020:
 - Consumer Spending is 24% less
 - Small businesses open is 26% less



Or, Glass Half Full

National Indicators:

- Herd immunity achieved sooner than anticipated
- Pent up demand for home ownership by Millennials
- Extra savings cushion = boost to consumer spending
- Recovery begins in Q2 2021 (GDP)
- Employment recovery begins Q2-Q4 of 2022

Regional Indicators

- Recovered nearly $\frac{3}{4}$ of the 143K jobs lost in early 2020
- Unemployment rate 1.3% below US
- Job postings increased 32% as of April 2021 vs. January 2020
- Recovery 3x faster than Great Recession



Missouri Overview

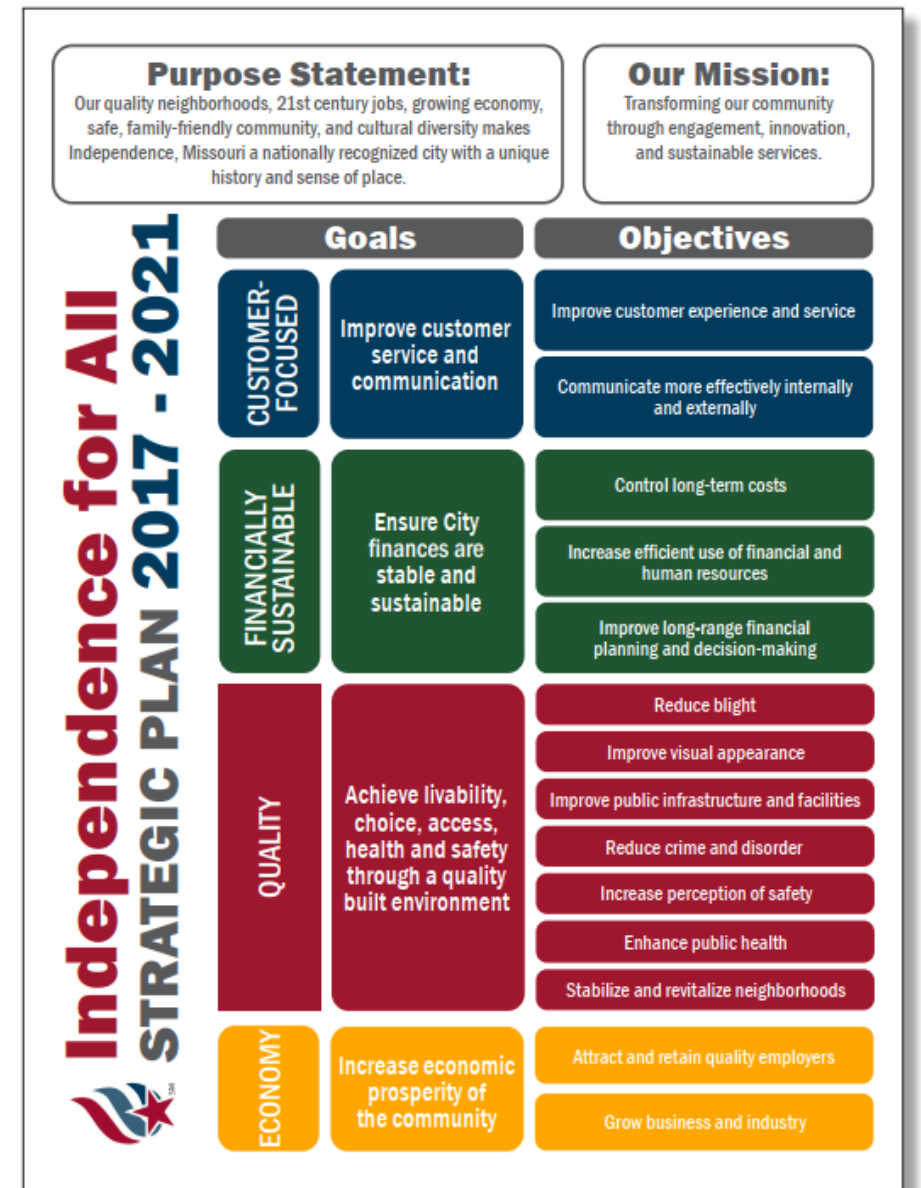
Tourism

- Tourism had a nearly \$18 billion impact on Missouri's economy in FY 2019
- In FY 2020, the economic impact fell to a 10-year low of \$14.5 billion
- Occupancy has exceeded 50% over the past 5 weeks, compared to 20% one year ago

Economy

- Missouri has rebounded better than most states in terms of employment and GDP
- The state is heavily reliant on the economies of its two large metros
- There is a lot of uncertainty in how the post-COVID economy will shakeout, but Missouri's key industries look mostly solid in the near-term.

Independence for All



FY 2021-22 Proposed Budget= Cautious Optimism

Conservatively
estimate
revenues

Accurately budget
for all known
expenditures

Address City
Council strategic
priorities as
outlined in
Independence for
All

Make strategic
use of one-time
revenues to
further navigate
economic
uncertainties



FY 2021-22 Proposed Budget

- Total Budget: \$336,803,612
- 7.0% increase over FY 2020-21, which was reduced due to COVID-19
- Fully funding all positions frozen during pandemic
- Did not utilize \$25M pooled funds loan



FY 2021-22 Budget Pressures

- Workers' Comp charge increases, \$1,066,160
- City Share of Employee Health Insurance (15%), partially funded with ARP
- Retiree Health Insurance Increase: \$2,724,320, total is \$6,203,000
- ERP Fund charge increase: \$770,000 across IPL, Water, WPC, GF
- 1% LAGERS Increase
- Contractually obligated public safety pay adjustments:\$1.5M
- Final year of CDBG-CV funds to support transit

General Fund Overview

Revenue

- Use tax revenues, \$448,000
- 1.5% increase in sales tax revenue
- Decreases in cable & telephone franchise fees, fines & court costs
- ARP supplement – one time money, \$4,172,000

Expenditures

- Total General Fund is \$78,362,743
- Increase of \$3.9M or 5.3% over FY 2020-21 adopted budget
- Increases due to budget pressures on prior slide

Notable Changes

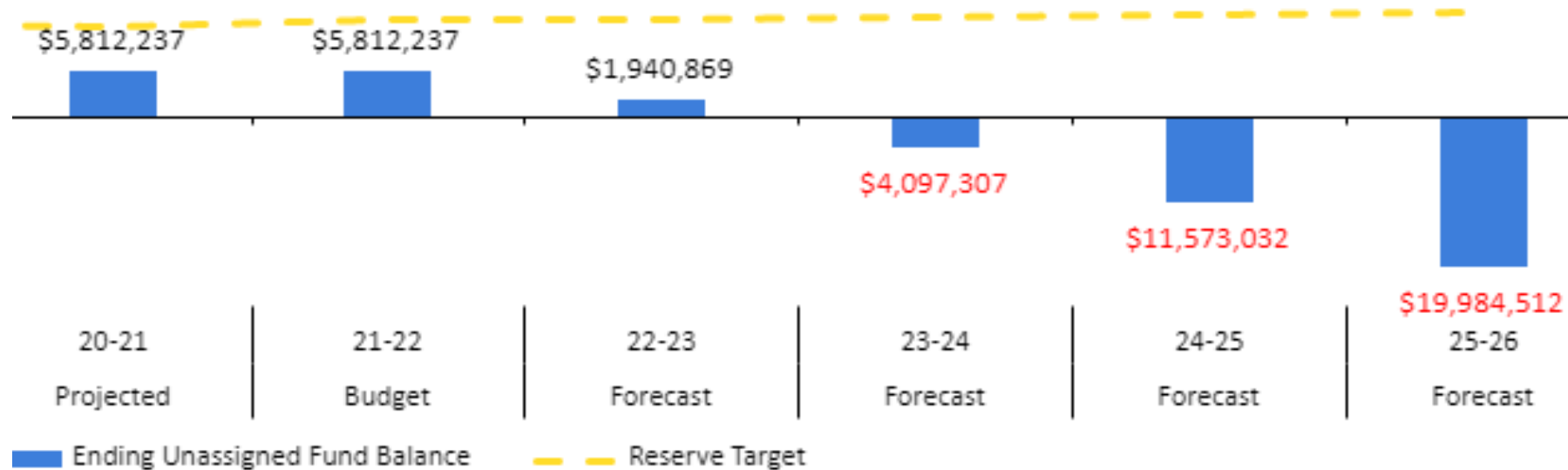
- \$295,000 for street light consumption costs
- Convert 6.0 Police Officer positions to Cadets to begin new recruitment program
- Neighborhood Services Manager for proactive code enforcement
- 2% Across-the-Board Wage Increase for Non-Represented Employees
- \$300,924 to serve as a COVID contingency



General Fund Overview

Estimated ending fund balance FY 2021-22 \$5,812,237 (8.68%)

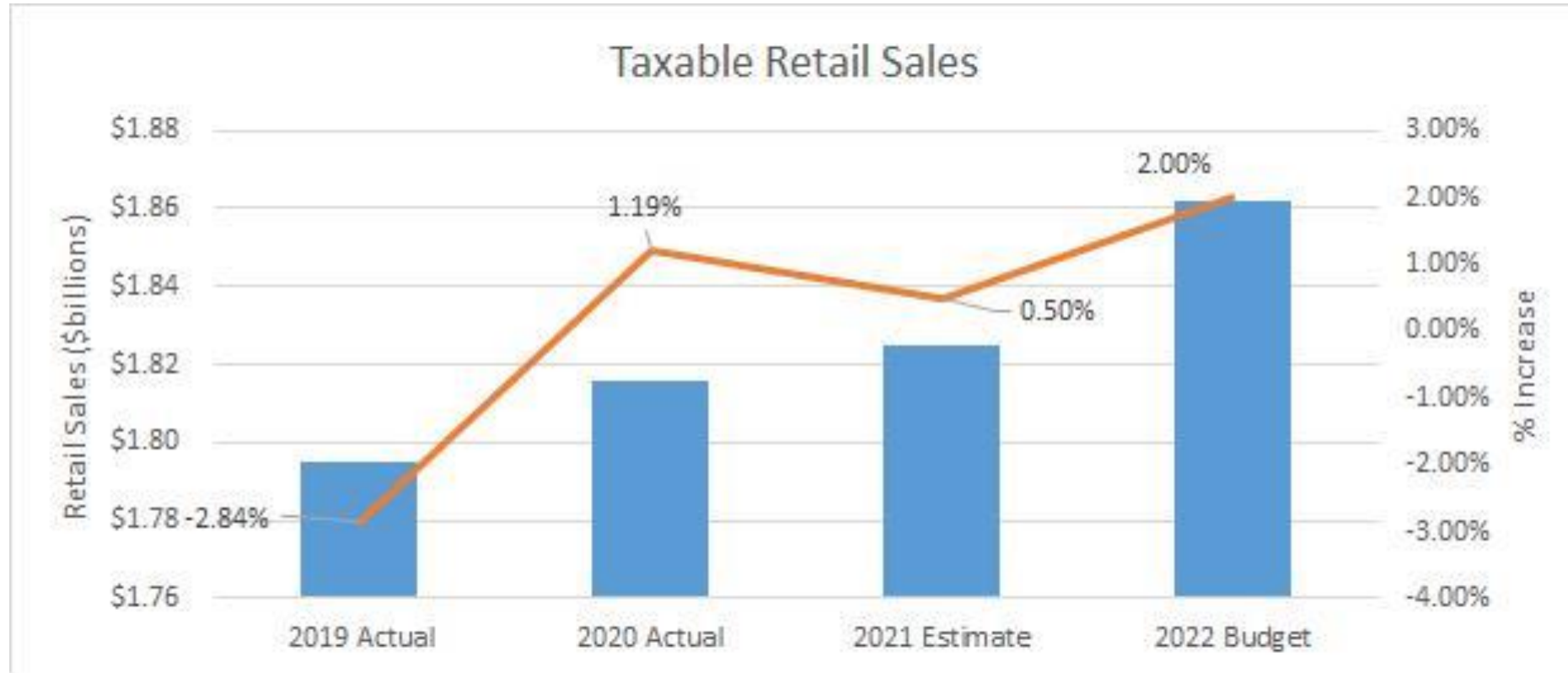
Fund balance versus policy (16% of revenue)



Use Tax / Waterfall Revenue

Estimated sales subject to Use Tax	\$ 44,592,694
Animal Shelter Use Tax (010)	\$ 762,750
Police (018)	\$ 3,032,000
Waterfall	
General Fund (002)	\$ 448,000
Street Improv Sales Tax (011)	224,000
Park Improv Sales Tax (012)	112,000
Storm Water Sales Tax (013)	112,000
Police Public Safety Sales Tax (016)	56,000
Fire Public Safety Sales Tax (017)	56,000
	<hr/>
	\$ 1,008,000
Total Revenue (All funds + Waterfall)	\$ 4,802,750

Sales Tax Summary



Health and Animal Services

- Reestablish Health Department with baseline funding
- Supported by American Recovery Act Funds (\$150K/yr. for 2 years)
- Long-term resources (or reductions) required beyond FY 2022-23
- Health and Animal Services were combined for efficiency, and the shared goal of protecting and promoting the health of the city
- In the first two months of the COVID-19 clinic, delivered over 15,000 doses of the vaccine; uses primarily volunteers and salaried staff
- The Health Department delivered over 5,000 vaccination doses in March 2021, and over 10,100 vaccination doses in April 2021

Enterprise Funds

- Forecast very limited revenue growth due to COVID-19 and limited expansion
- Strategic drawdown from fund balance for CIP in Sewer and Water Funds
- Careful financial management in IPL to determine if capital projects can be supported
- Notable changes:
 - Full-year funding for Public Education and Outreach Coordinator
 - \$1,467,000 additional funding for Retiree Health Insurance
 - Increase of 3.0 FTE for temporary Meter Readers
 - \$136,000 for meter reading handheld computers
 - Multi-year planned drawdown of fund balance in the Water Fund for Water Main Replacement Program
 - \$450,000 in Sewer Fund for Little Blue Valley Sewer District rate increase
 - \$184,000 for 3.0 FTE for an infiltration project

Looking Ahead

To build a financially sustainable budget, we must:

- Make strategic changes to legacy expenditures that are growing at unsustainable rates, such as health benefits, vested leave payouts, and other benefit programs;
- Attract and retain industry that meets market demand and provides employment opportunities for Independence residents;
- Pursue other revenue growth opportunities through ballot initiatives;
- Evaluate citizen demand for services and strategically address service-level deployment models to match citizen/service level demand, emerging technologies, regional capacity, and industry best practices; AND/OR
- Make across-the-board reductions to an already-meager workforce and further reduce our ability to meet citizen demand for basic service delivery in high-priority areas.