

# City of Independence Revenue Comparison

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# Strategic Plan & Long-Term Goals

## FINANCIALLY SUSTAINABLE

Ensure City  
finances are  
stable and  
sustainable

Control long-term costs

Increase efficient use of financial and  
human resources

Improve long-range financial  
planning and decision-making

## Independence for All STRATEGIC PLAN 2017 - 2021

### Purpose Statement:

Our quality neighborhoods, 21st century jobs, growing economy, safe, family-friendly community, and cultural diversity makes Independence, Missouri a nationally recognized city with a unique history and sense of place.

### Our Mission:

Transforming our community through engagement, innovation, and sustainable services.

### Goals

### Objectives

#### CUSTOMER- FOCUSED

Improve customer  
service and  
communication

Improve customer experience and service

Communicate more effectively internally  
and externally

#### FINANCIALLY SUSTAINABLE

Ensure City  
finances are  
stable and  
sustainable

Control long-term costs

Increase efficient use of financial and  
human resources

Improve long-range financial  
planning and decision-making

#### QUALITY

Achieve livability,  
choice, access,  
health and safety  
through a quality  
built environment

Reduce blight

Improve visual appearance

Improve public infrastructure and facilities

Reduce crime and disorder

Increase perception of safety

Enhance public health

Stabilize and revitalize neighborhoods

#### ECONOMY

Increase economic  
prosperity of  
the community

Attract and retain quality employers

Grow business and industry



# Overview

1. Follow-up to Budget Constraints Analysis Presentation
2. What are surrounding cities top revenue sources?
3. Can Independence leverage any of these sources for additional revenue?

# Budget Constraint Recap

- Citywide:

Enterprise Activities	\$222,953,131
Voter Approved	\$33,409,523
Grant Funds	\$3,584,396

- General Fund:

Debt and Lease Payments	\$395,783
State Law and Charter	\$5,925,628
Voter Approved	\$620,000
Dedicated Revenue	\$4,632,422
Ordinance & Resolutions	\$837,816
Fixed Costs	\$58,908,717

- Leads to remaining balance, which is “flexible”, \$6,707,377, or 2.0%, of the \$337,354,393 budget

# Comparison Cities

		Total Budget	FTE	2019 Population	City Area (Sqr. Miles)	Residents Per FTE	
FY 2020-21	Budget	Blue Springs	\$83,531,171	314.5	54,850	22.49	174
		Liberty	\$66,194,837	250.0	31,328	28.83	125
		Raytown	\$31,350,844	156.0	29,264	9.97	188
FY 2021-22	Budget	Independence	\$337,357,793	1,149.0	117,087	78.44	102
		Kansas City	\$1.73B	7,321.0	508,090	318.98	69
		Lee's Summit	\$236,558,612	814.4	97,275	65.84	119

# Tax Comparisons

	Sales Tax			Real Estate	Personal
	City Share	Total	Use Tax	Tax	Property Tax
<b>Independence</b>	<b>2.25%</b>	<b>7.85%</b>	<b>2.25%</b>	<b>0.6103</b>	-
Blue Springs	2.98%	8.60%	none	0.6817	0.6817
Kansas City	3.25%	8.86%	3.25%	1.7529	1.7529
Lee's Summit	2.25%	7.85%	2.25%	1.4563	0.0146
Liberty	3.38%	8.85%	3.38%	0.7968	0.7968
Raytown	2.38%	8.35%	none	0.4791	0.4791
<b>Average of comparative cities</b>	<b>2.85%</b>	<b>8.50%</b>	<b>2.96%</b>	<b>1.0334</b>	<b>0.7450</b>

*\*Average rate for each city, excludes TIF/BID/CID or other district specific taxes.*

# Top General Fund Revenue Sources

- Independence:
  - PILOTs, Sales Tax, Franchise Fees, Property Tax
- Comparison cities are similar
- Notable exceptions:
  - Kansas City has an earnings tax that generates 42% of General Fund revenues (\$249M in GF)
  - Kansas City and Lee's Summit also receive significant revenue in charges for services
    - In Kansas City, this is comprised of fees for services in the areas of general government, health, parks and recreation, and public safety.
    - In Lee's Summit, this is primarily ambulance service fees, and other fees for services the city provides (\$9M).
    - Independence charges for services are roughly \$1.9M per year

# General Fund compared to Total Budget

General fund as percentage of total budget

	General Fund	Total Budget	
<b>Independence</b>	78,027,743	337,354,793	23.1%
Blue Springs	29,202,201	83,531,171	35.0%
Kansas City	544.5M	1.73B	31.5%
Lee's Summit	80,298,295	236,558,612	33.9%
Liberty	20,961,861	66,194,873	31.7%
Raytown	12,844,152	31,350,844	41.0%
<b>Average of Comparison Cities</b>			<b>34.6%</b>



# Personnel Expense in the General Fund

- Independence is higher in this category, primarily due to retiree health and health insurance costs
  - Health and dental = 11% of personnel exp in GF (\$7.1M)
  - Retiree Health ins = 6% of personnel exp in GF(\$3.8M)

	Personnel Exp	Total	Percent of total Employees in GF	
Independence	66,659,844	78,027,743	85.4%	55.1%
Blue Springs	18,542,862	29,202,201	63.5%	75.0%
Kansas City	293.9M	544.5M	54.0%	55.4%
Lee's Summit	55,285,727	80,298,295	68.9%	70.3%
Liberty	17,655,087	20,961,861	84.2%	not avail.
Raytown	8,976,744	12,844,152	69.9%	not avail.
<b>Average of Comparison Cities</b>			68.1%	66.9%

# General Fund Comparisons

- Typical departments supported in the General Fund
  - Consistent across all cities: Government Administration, Police, Fire, Community Development, Municipal Court, Public Works
- Internal Service Funds
  - Not all cities use this, some use cost allocation method (chargebacks)
  - Independence has Workers' Comp. , Risk Management, Staywell, ERP, Central Garage
  - Other cities also have: Healthcare, Tech Services, Unemployment / Disability, Claims & Damages

# Use of General Obligation Bonds

- **Blue Springs**
  - \$8.3M budgeted in payments this year
  - Total GO bonds payable: \$18,242,401 per June 2020 CAFR
- **Lee's Summit**
  - \$11.4M budgeted in payments this year
  - Total GO bonds payable: \$47,335,000 per June 2020 CAFR
- **Liberty**
  - budgeted in payments this year \$2.8M
  - Total GO bonds payable: \$16,885,000 per Dec 2020 CAFR
- **Kansas City**
  - \$800 million approved in 2017
  - \$40 million per year for 20 years (plan)
  - \$53.8M budgeted in payments this year
  - Total GO bonds payable: \$393,230,951 per June 2020 CAFR

# Enterprise and Special Revenue Funds

- Enterprise Funds

- most cities have Water, Wastewater, Sanitary Sewer / Solid Waste
- Independence also has Power and Light
- Typically supported by user fees

- Special Revenue Funds

- Common: Parks, Use Tax, Transient Occupancy / Hotel Tax, Safety, Grants, Cemetery, Streets / Transportation, Site Specific (Ex Waterpark, golf course), Economic Development, Capital, Stormwater
- Requires a dedicated revenue stream – tax, fee, grant, bond, or transfer

# Summary

- Independence can't reduce operating expenditures without cutting services and programs
- Budget pressures, including constantly increasing costs:
  - Workers' Comp
  - City Share of Employee Health Insurance
  - Retiree Health Insurance
  - 1% LAGERS Increase (annual)
  - Overall personnel costs increasing
  - Costs of goods and services expected to increase with inflation
- Increased revenue is necessary for long-term budget stabilization



# Questions/Discussion

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