



City Council Study Session Minutes

February 10, 2025 6:00 PM

Council Chambers - 111 E. Maple Ave.

PRESENTATIONS

1. I Love Independence Film Contest Update

Mayor Rory Rowland, Presiding Officer of the City Council, called the meeting to order. Those present: Councilmember Vaught, Councilmember Wiley, Councilmember McCandless, Mayor Rowland, Councilmember Fears appeared via Teams. Those absent: Councilmember Perkins and Councilmember Stewart

Brent Schondelmeyer discussed this topic. The film festival took place in 2024. Major financial support was provided by the Missouri Humanities Council, and the Chamber of Commerce was the sponsor.

The City did not fund any part of this contest. Winners were selected by an independent panel of Judges.

<https://drive.google.com/file/d/1Or70TZq2UL5zBUh9YBujZHJGU5g5pls2/view>

2. Extended Stay Hotel Update

Tom Scannell, Director of Community Development, gave this presentation.

This is related to a 1R ordinance from last week's meeting. The 2R will be on the next agenda. The purpose of this ordinance is to ensure that extended-stay hotels operate consistently with the City's regulations to maintain the transient nature of the business.

Current Extended Stay Regulations

- Limit the length of stay by a transient guest.
- Extended stays by guests are allowed in certain facilities which have certain requirements.
- Require extended stay hotels to note such on their annual business license.
- Outlines occupancy standards for extended stay hotels including reregistration and occupancy limits.
- Allows the extended stay hotel to eject a person from the hotel under certain circumstances and to notify the appropriate local law enforcement authorities.

Since the adoption of these regulations, the City has had ongoing conversations with community members on updates and changes to these regulations. These conversations led to the proposed ordinance that revised and clarified the requirements for hotels and extended-stay hotels.

Proposed Changes – Applicable to All Lodging

- Changes title to Hotels and Extended Stay Hotels and reorganized into 2 divisions
 - Modifies definitions
 - Modifies the Penalty and Interest to clarify that any operator could be subject to the suspension and revocation procedures for delinquent tax payments.
 - New requirement – operators who are delinquent 3 or more months in remitting transient guest tax will be required to post a payment to the City as part of the business license and/or liquor license renewal. This payment would equal the taxes due for the preceding year.
 - All extended stay regulations moved to Division 2.
 - Adds legally existing extended stay hotels that were designed and constructed without the interior hallway access are exempted from that requirement. –If the legally existing extended stay hotel is expanded in either square footage or number of rooms, the building shall comply with that requirement
 - Registered guests desiring to stay at the facility for more than thirty (30) days will be required to re-register and be issued new keys every thirty (30) days.
 - No maximum time limit applies to extended-stay hotel
- Clarifies that guests in a hotel can stay no longer than 30 consecutive days.

Councilmember McCandless clarified that this also gives more clarity as to what an extended-stay hotel. It is not just a place to stay, but also has a kitchenette that provides a small area to prepare food. This also adds a requirement that people show their ID so management knows that the people who are staying there are the people who originally rented the room.

3. Mid-Year Financial Update and Forecast

Melissa Cabrera, Director of Finance gave a presentation on this topic.

- Financial Update
- Revenues & Forecast
- What are the City's primary revenue sources and how are they trending?
- Independence Economic Growth Indicators
- General Fund Five Year Forecast
- What are the City's primary expenses and how are they trending?
- Fund Balance

- Budget Pressures
- Grant Funding
- Personnel Costs
- Salaries
- Healthcare
- Overtime

Economic Forecast – State of Missouri \

- State of Missouri expects continued slowdown of growth in 2025. Steady growth in 2026.
- Employment growth is expected to slow, while unemployment increases.
- Risks:
 - Geopolitical conflicts in the Middle East and Ukraine
 - Tariffs may elevate inflation
 - Tax Cut and Jobs Act (TCJA 2018) expires in 2025
 - Continued shifts in consumer behavior

Independence supports a \$2.4B (brick & mortar) retail economy

- Independence has experienced a \$15.3M decrease in retail sales since October 2023.
- Currently, the City has seen a negative growth of 1% over the past 12 months, compared to a 2.6% annual increase in CPI.

Economic Growth Indicators – Use Tax

- Health & Animal Services and Police were set to receive capped amounts initially of \$762,750 and \$4,000,000 to increase by CPI in FY 21/22.
- Increases in following years as follows:
 - 2.5% in 22/23
 - 9.3% in 23/24
 - 4.5% in 24/25
 - 2.1% in 25/26

Independence supports a \$380M online retail economy

- Independence has experienced a \$46.4M increase in retail sales eligible for Use Tax collection since October 2023.
- Currently, the City has seen a growth of 11% over the past 12 months, compared to a 2.6% annual increase in CPI.

General Fund Forecast for FY 2024-25

Top 3 revenue categories represent 65% of GF revenue – this is relatively unchanged.

- Sales Tax susceptible to economic cycles
- Use Tax growing at a steadier rate than Sales Tax
- Franchise fees: Uncertain long-term outlook
- Energy efficiency (gas, electric)
- Technological change and customer trends (telephone and cable)
- Telephone has been steadily decreasing while cable faces state legislative changes
- Total General Fund projected revenues for FY 2024-25 are \$83.9M

The City presented a balanced budget for FY2024/2025

- Adjustments were made to budgeted revenues to maximize available funds for City projects and programs in the budget
- Use Tax revenues were significant portion of the excess of revenues over expenditures for FY2023 and FY2024

FY 2024-25 Spending by Type

Salaries & Benefits 128,919,969

Retiree Health 6,935,237

Capital Improvements 57,802,103

Operating Expenses 190,027,746

Contingency 834,925

Transfers Out 910,000

Debt Service 21,025,863

Equipment 6,745,177

Total \$413,201,020

General Fund Expenditure and Revenue Growth Forecast

Conservative Financial Planning - Forecast with no modification current spending habits and no new revenue sources

- Model assumes full employment
- \$5.4M projected funding gap in FY2025-26
- 10% annual health increase costs
- Loss of federal funding for transit program in 2024-2025
- 1% LAGERS increases annually
- Reduction in Franchise Fees (revenue base eroding)

Budget Pressures

Grants

Current grant receivable balance of roughly 1.4 million.

- Many grants have been billed only through November, making the total considerably larger.
- Grants are used for:
- OT for Police for certain public safety services
- Full & Partial salaries and benefits for multiple employees
- Police
- Health
- Community Development
- Law
- Multiple capital projects for City infrastructure

Loss of funding would decrease the ability to provide other important City programs and services, such as: T

Transit services

Programs provided by the Palmer Senior Center, which includes frozen meal delivery.

Health and Animal Service programs and initiatives.

Emergency Preparedness programs and initiatives.

Domestic Violence enforcement and prosecution.

Subrecipients Affected:

- Truman Heritage Habitat for Humanity
- Hope House
- Meals on Wheels
- Salvation Army
- Metro Lutheran Ministries
- Community Service League
- Mother's Refuge
- Child Abuse Prevention Agency
- Northwest Community Development Corp
- restart, Inc.

Summary

Expenditure growth continues to outpace revenue growth

- Current economic indicators show a slight downturn in Independence's retail economy
- Increased revenue is necessary for long-term budget stabilization
- General Fund currently meeting reserve requirements
- Many of the budget pressures the city has previously faced remain unchanged.
- Some new budget changes including unknowns surrounding inflation and potential significant loss of grant funding present new challenges

Councilmember McCandless said it's very important for the City to have a rainy-day fund.

The top three budgetary challenges for the City would be slow revenue growth, personnel, and looking at how we budget for, operate and align our public safety resources. There is a need to fill vacancies within the fire and police departments versus paying overtime to current employees.

The increase in health care costs are something that everyone is experiencing across the nation.

Some of the police overtime is reimbursable (ie, emergencies, emergency assistance to other jurisdictions, etc) but the LAGERS cost is not a reimbursable cost. That is a cost to the City. She will get a better breakdown as to how much of the overtime is reimbursable.

4. GO Bond Question 3 Overview: Parks, Historic Sites and the Independence Athletic Complex

Morris Heide, Director of Parks, Recreation and Tourism gave a presentation on this item.

GENERAL OBLIGATION BOND QUESTION NO. 3

- Shall the City of Independence, Missouri, issue its general obligation bonds in the amount of \$12,000,000 for the purpose of renovating, improving and equipping parks and recreation buildings, facilities and grounds, including historic buildings and the Independence Athletic Complex?

The IndeGO Bond program includes \$12 million for historic sites and the Independence Athletic Complex.

- Bingham-Waggoner Maintenance & Repair \$3,799,531
- Vaile Mansion Maintenance & Repair \$2,231,361
- Truman Memorial Building Maintenance & Repair \$969,108
- Independence Athletic Complex Improvements \$5,000,000 Total \$12,000,000

Bingham-Waggoner Project Highlights

- Remove old knob & tube wiring and rewire the Main House
- Install air conditioning in the Main House
- Replace deteriorated concrete and asphalt on the site
- Roofing replacements
- Plaster repair and painting on several buildings
- Siding and window repairs

Vaile Mansion Project Highlights

- Replace wood windows and install exterior wood storm windows
- Replace/repair/repaint missing or deteriorated wood trim
- Repair/replace deteriorated limestone sills
- Replace HVAC units
- Repave asphalt parking lot and driveway
- Replace cracked concrete curbs and sidewalks
- Repair/repoint/clean exterior walls

Truman Memorial Building Project Highlights

- Exterior masonry repairs and site work to repair water infiltration
- HVAC improvements
- Roof repairs
- Replace audio/visual equipment
- Replace signage

Independence Athletic Complex Project Highlights

2010 Parks Master Plan recommendations:

- Field renovations
- Overlaying parking lot
- New playground
- New shelters and restrooms
- Storage buildings
- Spray ground
- Replace site amenities

Sports Tourism / Soccer Complex Concept

- Convert into soccer-only Complex with 17 full-size soccer fields

- Increase 752 parking stalls to 1,973 parking stalls (116 per field)
- Host local and regional tournaments
- In future phase upgrade/expand softball, baseball and football fields at other Park locations

Summary of GO Bond Question 3

- \$7,000,000 for historic sites
- \$3,799,531 for Bingham-Waggoner Estate
- \$2,231,361 for Vaile Mansion
- \$969,108 for Truman Memorial Building
- \$5,000,000 for the Independence Athletic Complex
- Sports Tourism / Soccer Complex improvements

INFORMATION ONLY

1. ***Please Note:*** *In accordance with RSMo. 610.021, the City Council may convene in an Executive Session during or after the meeting, in the Council Chambers and move to Conference Room D for the closed meeting, on matters of litigation, legal action, and/or attorney client communications, as permitted by Sec. 610.021(1), on matters of personnel, as permitted by Sec. 610.021(3) and personnel records, as permitted by 610.021(13), on matters of contracts, as permitted by 610.021(12), on matters of real estate, as permitted by 610.021(2) and/or matters of labor negotiations, as permitted by 610.021(9).*