



CITY COUNCIL SPECIAL MEETING

May 13, 2024

7:30 PM, Council Chambers - 111 E. Maple Ave.

To view a Council meeting agenda, visit <https://independencemo.portal.civicclerk.com/> and select 'Most Recent Council Agenda'.

ROLL CALL

Reports and Recommendations of the City Manager

First Reading(s)

1. 24-040 1R An ordinance imposing a Police Sales Tax at the rate of one-fourth of one percent of the receipts from the sale at retail of all tangible personal property or taxable services at retail within the City of Independence, Missouri, which shall remain in effect at said rate thereafter until repealed by the voters of the City; calling for the proposition adopting said tax to be placed on the ballot at the regularly scheduled election to be held August 6, 2024; proposing the form of the ballots and directing the City Clerk to do all things called for by law in connection with the holding of said election. 1R

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).

ADJOURNMENT

City of Independence

AGENDA ITEM COVER SHEET

Agenda Title:

24-040 1R An ordinance imposing a Police Sales Tax at the rate of one-fourth of one percent of the receipts from the sale at retail of all tangible personal property or taxable services at retail within the City of Independence, Missouri, which shall remain in effect at said rate thereafter until repealed by the voters of the City; calling for the proposition adopting said tax to be placed on the ballot at the regularly scheduled election to be held August 6, 2024; proposing the form of the ballots and directing the City Clerk to do all things called for by law in connection with the holding of said election. 1R

Recommendations:

Staff recommends approval.

Background:

A Police Sales Tax is being proposed because limited general fund revenues have made it difficult for the City to stay competitive with Police Department salaries and provide for police operations and equipment at their desired levels. The Police Sales Tax would be in addition to current funding and not allow for a reduction of Police Department expenditures from the general fund.

Emergency Justification:**Fiscal Impact:****Council Action:**

This issue will be discussed at the City Council's Study Session on May 13, 2024.

**Department /
Contact**

City Manager /

REVIEWERS

Jeremy Cover
Meagan Borth
Zachary Walker
Susanne Holland

ATTACHMENTS:

1. Police sales tax draft ordinance, 5-10-24
2. FOP Study Session 5-13-24

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE IMPOSING A POLICE SALES TAX AT THE RATE OF ONE-FOURTH OF ONE PERCENT OF THE RECEIPTS FROM THE SALE AT RETAIL OF ALL TANGIBLE PERSONAL PROPERTY OR TAXABLE SERVICES AT RETAIL WITHIN THE CITY OF INDEPENDENCE, MISSOURI, WHICH SHALL REMAIN IN EFFECT AT SAID RATE THEREAFTER UNTIL REPEALED BY THE VOTERS OF THE CITY; CALLING FOR THE PROPOSITION ADOPTING SAID TAX TO BE PLACED ON THE BALLOT AT THE REGULARLY SCHEDULED ELECTION TO BE HELD AUGUST 6, 2024; PROPOSING THE FORM OF THE BALLOTS AND DIRECTING THE CITY CLERK TO DO ALL THINGS CALLED FOR BY LAW IN CONNECTION WITH THE HOLDING OF SAID ELECTION.

WHEREAS, the Council of the City of Independence, Missouri, has determined it would be in the best interests of the City of Independence, Missouri, to impose a Police Sales Tax to be used exclusively for salaries, operations, and equipment of the Police Department, and to submit such issue to the voters of the City; and,

WHEREAS, limited general fund revenues having caused the inability to stay competitive with Police Department salaries and provide for police operations and equipment at their desired levels. The Police Sales Tax would be in addition to current funding and not allow for a reduction of Police Department expenditures from the general fund; and,

WHEREAS, the Police Sales Tax shall be deposited into a special fund and shall be reviewed by the Public Safety Sales Tax Committee, at least annually, to ensure the tax is being used in the most effective way.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI, AS FOLLOWS:

SECTION 1. Pursuant to Section 94.500 to 94.550, RSMo., that a Police Sales Tax, at the rate of one-fourth of one percent of the receipts from the sale at retail of all tangible personal property or taxable services at retail within the City of Independence, Missouri, which are subject to sales tax under the provisions of Sections 144.010 to 144.525, RSMo., is hereby imposed on all sellers within the City of Independence, Missouri, beginning October 1, 2024, or as soon as permitted by the Missouri Department of Revenue. The tax is for the privilege of engaging in such business and is imposed at the above stated rate and in the manner and to the extent provided in Sections 94.500 to 94.550 and 144.010 to 144. 525, RSMo., and the rules and regulations of the Director of Revenue issued pursuant thereto. The amount reported and returned to the Director of Revenue shall be computed on the basis of the combined rate of all taxes imposed by the City of Independence and the tax imposed herein.

SECTION 2. That such Police Sales Tax is hereby imposed, levied, and submitted to the

voters and shall be collected if approved by said voters, all subject to and in the manner provided by the State of Missouri, and all such revenues received by the City of Independence shall be expended exclusively for salaries, operations, and equipment of the Police Department. Said revenues shall not be used for purposes other than as specified herein.

SECTION 3. That such Police Sales Tax shall remain in effect thereafter until repealed.

SECTION 4. That such Police Sales Tax shall not be effective unless approved by a majority of the votes cast by the qualified voters voting thereon at an election to be held Tuesday, August 6, 2024.

SECTION 5. That the proposition imposing such Police Sales Tax shall be placed on the ballot at an election to be held on Tuesday, August 6, 2024.

SECTION 6. That the Board of Election Commissioners of Jackson County, Missouri, be and hereby is authorized and directed to give notice of said election by causing to be published in one newspaper published in the City of Independence, Missouri, and qualified by law for the publication of such notice under Chapter 493, RSMo., as amended, there being only one so qualified newspaper within the bounds of the City; said notice to be published twice, the first publication occurring in the second week prior to the election, and the second publication occurring within one week prior to said election.

SECTION 7. That the Board of Election Commissioners of Jackson County, Missouri, shall provide the ballot and ballot labels, conduct the election, and cause the results thereof to be certified to the City Council as provided by law.

SECTION 8. That the ballots to be used at said election shall be in substantially the following form:

Shall the City of Independence impose a city sales tax of one-fourth (1/4) of one percent for the exclusive benefit of the Police Department?

☐ YES ☐ NO

SECTION 9. Within ten days after approval of such ballot proposition the City Clerk shall forward to the Director of Revenue of the State of Missouri, by United States Registered mail or Certified Mail, a certified copy of this Ordinance, the certified election results, as well as a map of the City of Independence, clearly showing the boundaries thereof.

SECTION 10. That the City Clerk shall deliver to the Board of Election Commissioners of Jackson County, Missouri, a certified copy of this Ordinance, which shall be the authority for said Board to conduct said election as provided herein and by law.

SECTION 11. That the City Clerk is further authorized to do all other things called for by law in

connection with the holding of said election.

SECTION 12. That the revenues from the Police Sales Tax would be in addition to the current Police Department General Fund expenditures.

SECTION 13. That this Ordinance, in accordance with Section 2.22 of the Charter of the City of Independence, Missouri, shall be in full force and effect from and after its passage and adoption.

SECTION 14. That correction of any scriveners' errors identified within this Ordinance are hereby authorized by this Ordinance.

PASSED THIS _____ DAY OF _____, 2024, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

Presiding Officer of the City Council
of the City of Independence,
Missouri

ATTEST:

City Clerk

APPROVED AS TO FORM AND LEGALITY:

City Counselor

REVIEWED BY:

City Manager

City Council Study Session

Labor Negotiations
Monday - May 13th, 2024

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Agenda

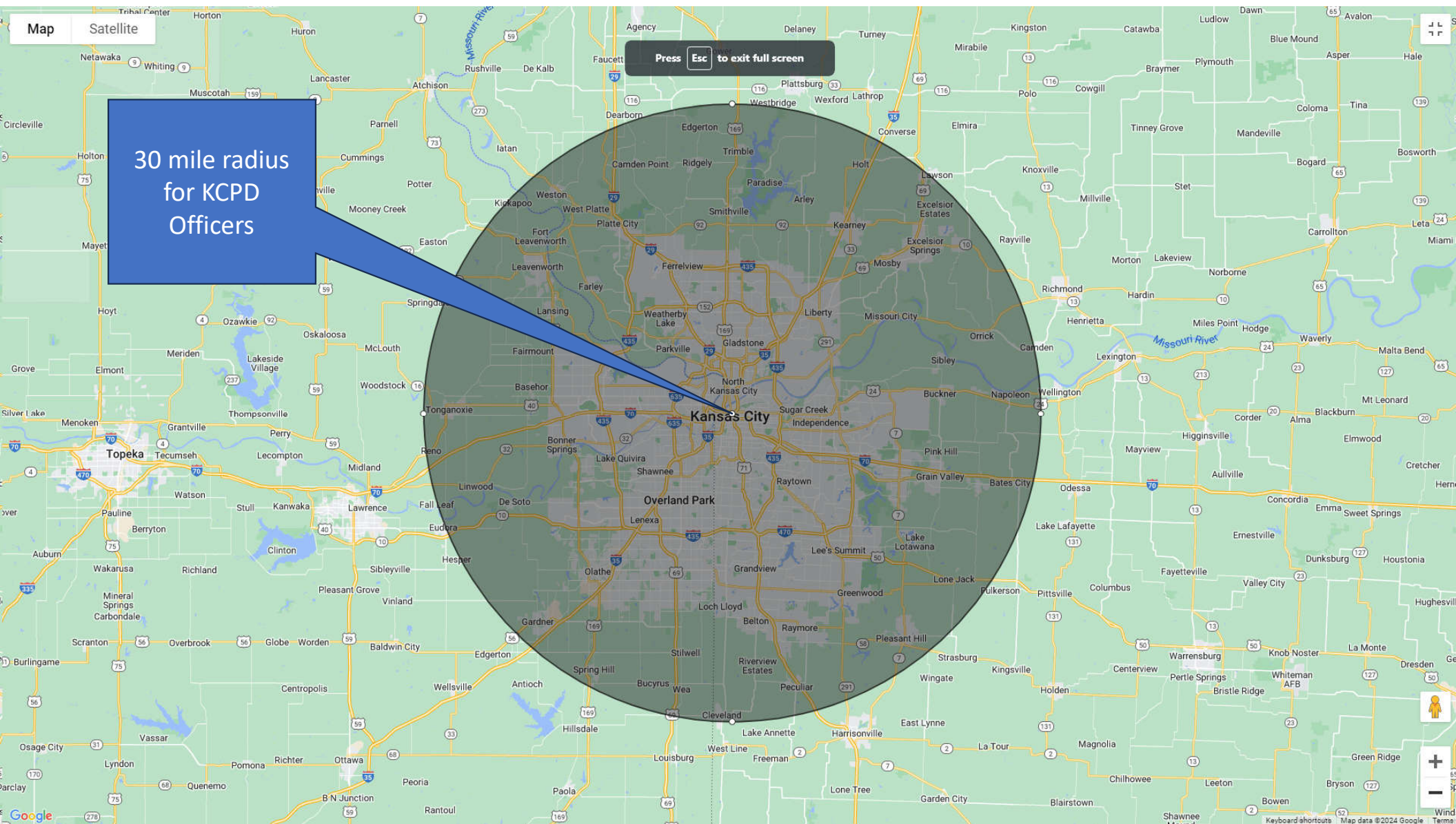
1. Status of FOP Labor Agreement
2. Review of Financial Impact
3. Presentation of Funding Option
4. Discussion

Status of FOP Labor Agreement

- Current agreement expires June 30, 2024
- Parties have tentatively agreed to a new agreement
- Major issue: Wages

Problem Definition

- The City of Kansas City, MO has adopted a new wage scale for KCPD
 - KCPD Officers allowed to live within 30 miles of KCMO
- The City of Riverside, MO has adopted a new wage scale that surpasses KCPD
- Other entities (Lee's Summit, Blue Springs, Jackson Co.) are already evaluating options



Widening the Gap

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Police Officer Wage Comparison - 20 Years

KCPD Police Officer Wages Through 20 Years	IPD Police Officer Wages Through 20 Years	IPD Wage Loss Through 20 Years
\$1,943,436	\$1,364,035	(\$579,401)

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Sergeant Wage Comparison - Year 1 to 9

KCPD Sergeant Wages Through 9 Years	IPD Sergeant Wages Through 9 Years	IPD Sergeant Wage Loss Through 9 Years
\$1,034,952	\$873,665	(\$161,287)

Total One-Year Cost to Match KCPD 7/1/24

Total Cost to Match KCPD	
Total One-Year Match <i>(Filled Positions Only)</i>	\$6,775,780.70

Why Should I Care?

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IPD Current Staffing

- The Independence Police Department has 230 sworn positions
 - 38 positions are currently vacant
 - ~10-12 individuals are estimated to leave without competitive wages
 - At 180 sworn positions, IPD will have to start suspending specialized units to place personnel on patrol
 - Recruiting will become more challenging as other municipalities renegotiate their CBAs with FOP
 - 12 individuals signed up to test for IPD on 5/1/24 - Only 2 showed up
 - KCPD: 44 **certified** applicants since raises became effective (as of 5/1/24)

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2023 Citizen Satisfaction Survey

- # of times “police” found in open-ended comments: 69
- # of times “crime” found in open-ended comments: 30
- Police services ranked second among city services residents thought most important to emphasize over next two years
- Priority public safety services:
- City effort to prevent crime
 1. Police presence in neighborhoods
 2. Police presence in commercial areas.

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Collaborating on a Solution

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Tentative Agreement Overview

- Bi-annual step increases with 1% added to proposed FOP salary scale for each step
 - Top-out pay lowered from 20 years to 16 years
- Sergeants start at 5% over highest level of Master Police Officer salary with a 2% increase at each step of 3, 6, & 9 years
- Command staff keep current steps
 - See a full increase in year one

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Pay Scale Scenarios

POLICE OFFICER/MASTER POLICE OFFICER			
Agency	Entry	Year 8	Year 16
KCPD	\$65,004	\$94,956	\$107,304
IPD	\$62,000	\$-	\$103,655
Variance	(\$3,004)	(\$19,309)	(\$3,649)

Note: KCPD top out is 9 years at a salary of \$107,304

SERGEANT				
Agency	Entry	Year 3	Year 6	Year 9
KCPD	\$109,992	\$115,620	\$115,620	\$115,620
IPD	\$108,837	\$111,014	\$113,234	\$115,499
Variance	(\$1,155)	(\$4,606)	(\$2,386)	(\$121)

Note: KCPD top out is 2 years at a salary of \$115,620

Closing the Gap: IPD vs. KCPD Comparison

Wages	Police Officer	Sergeant
Before	(\$579,401)	(\$161,287)
After	(\$211,669)	(\$29,035)
Variance	\$367,732	\$132,252

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How Much Does It Cost?

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Tentative Wage Agreement Two-Year Fiscal Impact

TOTAL TENTATIVE PLAN			
	Year 1: Loaded	Year 2: Loaded	GRAND TOTAL
GRAND TOTAL	\$1,900,889.39	\$1,680,503.04	\$3,581,392.44

Critical Caveat: Current Vacancies Not Funded

- Current Vacant Police Officer Positions: 38
- Proposed Starting Annual Salary: \$62,000
- Fully Loaded Cost: **\$3,180,600**

How Do We Pay for This?

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FY 24-25 General Fund Overview: Pressures

- Structural Imbalance: Base Budget (\$4.3M)
 - Includes continuation of \$3.3M hiring “chill” (\$2.5M IPD)
- Fire OT: +\$1.5M
- 2% Wage Increase
- Transit: Holding the line at \$1.3M (lost \$1.3M in ARPA \$)
- Status:
 - Balanced Budget
 - Net Savings: \$601,741

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General Fund Expenditures

- FY 23-24 General Fund Expenditures by Category
 - Salaries/Benefits/OT/Retiree Insurance: 96%
 - Operating Expenses/Equipment/Debt Service: 4%
- FY 23-24 General Fund Expenditures by Department
 - Police: 45.3%
 - Fire: 31.3%
 - All Other: 23.4%

Other Funding Sources

- Police Public Safety Sales Tax: Limited to equipment expenses only.
- Use Tax: Primarily operational expenses.
 - 30 sworn positions (Prop P)
 - Salary and benefit growth (Prop P Amendment): \$100,000 for FY 25
 - ERP charges: \$1.3 million
 - Axon contract (Body cameras and other technology upgrades)
 - Revenue growth: \$200,000 in FY24-25
 - Fund balance: Justice Center design fees
- Marijuana Sales Tax: Dedicated to Justice Center design fees.

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Utilizing One-Time Resources

- Remaining ARPA funds
 - \$232,439 remaining originally dedicated to PD
 - \$929,489 total available to be reallocated
- FY 24 Ending Fund Balance (Estimated): 14.3% (~\$10.7M)
- Pros: Solves immediate crisis
- Cons: ARPA funds are one-time dollars that must be spent this year
Fund balance still not at 16%

Will be right back here next year

ARPA Overview

Project	Current Balance	Future Need	Remaining Funds
Crysler Bridge	\$105,225	\$0	\$102,225
Phone System Upgrade	\$4,341.91	\$0	\$4,341.91
Co-Responder Pilot	\$85,332	\$0	\$85,332
Square Streetscape	\$1,435,000	\$1,000,000	\$435,000
ROW Trash Removal	\$435,387.08	\$120,000	\$315,387.08
DB Demo	\$218,233	\$221,000	(\$2,767)
Illegal Dumping Cameras	\$150,973	\$0	\$150,973
Police Hiring Incentives	\$53,805	\$211,000	(\$157,195)
Police Retention \$	(\$6,808.34)	\$0	(\$6,808.34)
Total	\$4,642,884.05	\$3,713,395.40	\$929,488.65

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Year 1 Plan

- Total need: **\$1,900,889.39**
- FY 25 General Fund savings: \$601,729
- ARPA: \$929,489
- General Fund Reserves: **(\$369,659)**



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Year 2 Overview

- Year 1 Cost: **(\$1,900,889.39)**
- Year 2 Cost: **(\$1,680,503.04)**
- Deficit: **(\$3,581,392.44)**



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Create New Funding Source

- Pursue Increase to Local Option Sales Tax
 - RSMO 94.510 (2): *Beginning August 28, 2017, no city shall submit to the voters any proposal that results in a combined rate of sales taxes adopted under this section in excess of **two percent**.* (Needs additional research).
 - Fiscal Impact: **Each 0.25% = \$5,470,000**

Summary of Recommendations

- Fund FOP wage agreement
 - APRA funds/GF savings/Fund Balance for FY 24-25 - \$1,900,889.39
- Identify ongoing revenues of **\$3,581,392.44**
- **Recommendation: Place ¼ cent sales tax on August 6th, 2024, ballot to fund Police salaries and benefits**
 - Generates \$5,470,000 annually
 - Fully funds new wage agreement AND 38 vacant positions at new starting salary

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Discussion

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