



January 22, 2007

TO: Mayor and City Council

FROM: Mari E. Macomber, City Manager *MEM*

SUBJECT: Study Session – **January 24, 2007**

The City Council will convene in Study Session at 5:30 p.m. in the second floor Conference Room of City Hall on Wednesday, January 24, 2007. The following are the agenda items for this meeting.

- 1. CAPITAL IMPROVEMENTS SALES TAX PLAN**
- 2. REVIEW HAZEL CREEK RECOMMENDATIONS**
- 3. REVIEW PROPOSED BUSINESS AND LIQUOR LICENSE CHANGES**
- 4. REVIEW NEWSLETTER – January 12 and 20 2007**

1. CAPITAL IMPROVEMENTS SALES TAX PLAN

Background

On December 6, 2006, the City Council voted to place the renewal of the ¼ cent capital improvements sales tax on the April 3 ballot. This tax has been in place since 1992. The funds generated from this tax have been used to pay off the debt incurred by the City for the construction of Hazel Creek reservoir (1/2 of the funds were used for this purpose); fire truck; 911 communications equipment, police and fire radio equipment, sidewalks, traffic signal control equipment, park improvements and playground equipment, and since 2003, the funds have been used to support economic development through the purchase of the manufacturing building at 3010 Industrial Road - Home to Commercial Envelope.

The City has deferred both projects and capital purchases since that time, as all of the funds collected were intended for this building. With KREDI attracting Commercial Envelope to this building, the cost of maintenance for the building

including full-time staff was eliminated. The City now pays for annual insurance coverage of approximately \$20,000 and will receive \$9,500 per month from Commercial Envelope for lease payment.

Authority of the Funds

The Capital Improvements Sales Tax is authorized by State Statute. Following is an excerpt from Missouri Revised Statutes - 94.577.

Capital Improvements Sales Tax - The governing body of any municipality is hereby authorized to impose, by ordinance or order, a one-eighth, one-fourth, three-eighths, or one-half of one percent sales tax on all retail sales made in such municipality for the purpose of funding capital improvements, including the operation and maintenance of capital improvements, which may be funded by issuing bonds which will be retired by the revenues received from the sales tax authorized by this section or the retirement of debt under previously authorized bonded indebtedness. The tax authorized by this section shall be in addition to any and all other sales taxes allowed by law; but no ordinance imposing a sales tax under the provisions of this section shall be effective unless the governing body of the municipality submits to the voters of the municipality, at a municipal or state general, primary or special election, a proposal to authorize the governing body of the municipality to impose such tax.

The question will be on the April 3 ballot for voter consideration.

Purpose and Use of Sales Tax

The Capital Improvement Sales Tax funds are a necessary part of the City's overall operations. This ¼ cent tax is paid on all retail sales in the City, with the exception of domestic utilities. Based upon previous collections, we estimate that the continuation of this tax will generate almost \$600,000 per year.

It is the goal of the City to use the funds for needed equipment and capital projects including a ladder truck; police cars; equipment for street work; vehicles for codes and engineering; storm drainage; park and recreation improvements; sidewalk replacement; trails; housing rehabilitation and demolition; airport capital; city facility maintenance projects; communications equipment; computer equipment; and a business improvement loans.

The City Council has discussed and supported the attached list that outlines how the funds could be used. Keep in mind that the City will not be receiving funds until the end of 2007 and that the budget contains a couple of items that were contingent upon the tax passing – the Skate Park grant match and the Cottage Grove, Patterson Street and Library trails.

Based upon the allocation, it may take two years for enough funds to be generated to work on a project. How flexible do you want to be with the allocation of funds? For example, the Rotary Club is interested in seeing the parking area completed at the Rotary Centennial Amphitheater. The estimate for the project is over \$70,000. Would you want the flexibility to adjust the allocation to complete a project like this, combine the resources from another project area, etc? If there were an economic development project that would require additional funds, again would you want the flexibility?

I would suggest that we develop a fluid five-year plan that would allocate the funds over that period of time. Allowing for the completion of one project then the next, so that at the end of a five year period, the total funds budgeted for example for storm drainage would be \$250,000. This amount represents the annual allocation of \$50,000 for five years. The funds might be divided to complete small projects or one large project. But the intent of allocating so much to storm drainage would be in place.

The plan would need to be flexible enough to allow for the reallocation of funds. For example, if there are no low interest loans requested for small business should the City accumulate those funds so that at the end of a five year period there is \$125,000 available? Probably not, for both the loan program and sidewalk program, the annual allocation should be \$15,000 and \$25,000 respectfully and unused funds should be added to the fund balance and made available for those one time projects that come up.

Public Information Plan

City staff is in the process of outlining presentation dates for City personnel to attend the various service club meetings. We will also have information available at the Spring Expo. The Kirksville Connection will go out the second or third week of March and will feature the Capital Improvements Sales Tax.

We have also requested support from a few community groups, KREDI, KDIC and Chamber of Commerce. Both KREDI and KDIC voted to approve Resolutions outlining their support for the Capital Improvements Sales Tax.

Information has been presented on Area Scene a few times, and has been promoted positively by the News Director of the Radio Station. The Kirksville Daily Express Editor also noted the importance of the tax in a recent "What's Going On?" edition.

We are also considering conducting an open house in late March that would allow people to come out and see the equipment that we use, including the fire truck that is in need of replacement.

I would like to discuss this with the City Council to learn how you would like to promote the ballot issue. See last page of this packet for a brief list of meetings, events where tax will be explained.

Recommendation: It is recommended that the City Council review the above report and provide direction and feedback to the City Manager on the intended use of the Capital Improvements Sales Tax and the public information campaign.

2. REVIEW HAZEL CREEK RECOMMENDATIONS

The Hazel Creek Concerned Citizens group presented a letter outlining eight different points this group wanted considered. Some of the items included in the list were addressed by the City Council, such as a policy on how land is sold by the City. In fact, the City Council's Policy includes both the sale and purchase of land.

Another important initiative taken on by the City Council was the implementation of the Watershed Management Commission. This Commission was formally approved by the City Council in July 2005 and held its first meeting in November of the same year. Since that time the Commission has meet 13 times and has near completion of a Water Source Protection Plan which will be forwarded to the City Council at the end of February.

Since the formation of this Commission, the Hazel Creek Concerned Citizens Committee (HCCC) reorganized itself into several other smaller groups with different focuses. For example, one of the groups was established to look at forms of government for both the City and County. The City Council has discussed the formation of a city charter and concluded that this task really needs the support of a community group. The chairperson of this group has been approached by the City Manager to discuss a city charter.

The request from the HCCC included eight different points. They were as follows and are worded and written as they were in a letter received by the City some time ago.

1. you get the land back
2. you develop and pass better regulations on how city land is sold
3. you pass regulations that no city watershed land can be sold without voter approval
4. you assure a 300 foot buffer through volunteer land purchases and or restricted use regulations
5. you negotiate agreements with all watershed landowners limiting or controlling major sources of sedimentation and/or pollution
6. you effectively use the Watershed Management Commission yet accept full responsibility for acting on the issues in a timely fashion

7. You place on the ballot at the earliest possible time, a plan for the restructuring of our city government to increase the number of voting members from 5 to 7 or 9.
8. You authorize the necessary funds and process to conduct and independent investigation of the sale of the Hazel Creek watershed land

Response from City Council

The City Council did discuss the letter and actions that they would take. The City Council agreed to develop a policy regarding the sale and purchase of land. The City Council agreed to move forward with the work of the Watershed Management Commission. The City Council agreed in the formation of a city charter which would require placing the issue before the voters on the number of City Council members.

The other matters were addressed by the City Council and decisions to not pursue them were made.

Watershed Management Commission

The Watershed Management Commission is very close to finishing its work toward the development of the Source Water Protection Plan. In their meeting last week, the Commission requested, after making a few more changes that the document be presented at their next meeting in February for formal review and approval. The Commission also discussed the need to begin researching their other responsibilities and begin developing the Watershed Management Plan.

Recommendation: It is recommended that the City Council review the information and that you review the work of the Watershed Management Commission before any other policy decisions be considered regarding buffer strips.

3. REVIEW PROPOSED CHANGES TO BUSINESS LICENSE AND LIQUOR LICENSE ORDINANCES

City staff has been reviewing both the Business License Ordinance and the Liquor License Ordinance. A few changes are being recommended for City Council consideration.

There are three significant changes being proposed for the Business License Ordinance. All three changes affect Section 14-28 concerning the qualifications of an applicant.

Business License

Following is Section 14-28 as currently written.

Sec. 14-28. Qualifications of applicants generally.

The general standards herein set out relative to the qualifications of every applicant for a city license shall be considered and applied by the city clerk. The applicant shall:

- (1) *Character*. Be of good moral character. In making such determination the city clerk shall consider:
 - a. All convictions, the reason therefor and the demeanor of the applicant subsequent to his release.
 - b. The license history of the applicant: Whether such person in previously operating in this or another state under a license, has had such license revoked or suspended, the reasons therefor and the demeanor of the applicant subsequent to such action.
 - c. Such other facts relevant to the general personal history of the applicant as he shall find necessary to a fair determination of the eligibility of the applicant.
 - (2) *Obligations to city*. Not be in default under the provisions of this article or indebted or obligated in any manner to the city, except for current taxes.
 - (3) *Compliance with zoning regulations*. The proposed use of any premises will not be in violation of any city zoning ordinances.
- (Code 1974, § 12-24; Ord. No. 11497, § 5, 5-7-2001)

The issue of “Character” and what determines “good moral character” is one that requires more guidelines and parameters. For example, any one currently convicted of a felony regardless of what the felony may have been can not receive a city business license. We are not looking at a more practical approach to this determination. This change will help those individuals who have made mistakes and are trying to start over to obtain a license depending upon the felony conviction.

Another issue that is not included in this Ordinance is compliance with other fire codes. The Ordinance requires compliance with zoning codes, but currently when a fire inspection is completed, the Fire Department is limited on its ability to enforce the code when it comes to making insuring the buildings are safe for occupation. Some of the code violations could include emergency exits that are not operable, missing exit signs, and other similar issues. Added a section that would require compliance with the results of the fire code inspections, otherwise a license is not issued and in some cases could be suspended, or worse terminated. This issue is to bring about compliance, but it is also to improve the business owners operation and the safety of the customers.

The last issue would be one that would be contingent upon the results of the April 3 election. Should a business not comply, then the City should not issue a license to operate. This issue is one that would result in the rare event someone would fight compliance.

Liquor License

The City's policies and procedures for the issuance of liquor licenses follow the guidelines of Missouri State law. State law allows the City to approve liquor licenses closer than 100' to a church or school, but there is a process that needs to be implemented before this can be done.

Since the early 1980s the City has issued a temporary liquor license to ATSU for a one day event they host on their campus. The event they host does not include the sale of liquor, but it does require the issuance of a liquor license. After looking at this closer, it appeared that we needed to make a change in the current City Ordinances to allow for this event to continue. This is the only event of its kind that we are familiar with in town.

Following is language in the State Statutes that would allow us to make this exception and still comply with State law. It would require the City Council to give authority to the City Manager to approve a temporary liquor license. Current policy allows the City Manager to issue temporary licenses for those liquor license holders who wish to sell alcohol or serve alcohol in other locations. For example the sale of alcohol during the NEMO Fairground is done through the issuance of a temporary liquor license.

Sale of liquor prohibited near schools and churches, exceptions.

311.080. 1. No license shall be granted for the sale of intoxicating liquor, as defined in this chapter, within one hundred feet of any school, church or other building regularly used as a place of religious worship, unless the applicant for the license shall first obtain the consent in writing of the board of alderman, city council, or other proper authorities of any incorporated city, town, or village, except that when a school, church or place of worship shall hereafter be established within one hundred feet of any place of business licensed to sell intoxicating liquor, the license shall not be denied for this reason. Such consent shall not be granted until at least ten days' written notice has been provided to all owners of property within one hundred feet of the proposed licensed premises.

2. The board of aldermen, city council or other proper authorities of any incorporated city, town or village may by ordinance prohibit the granting of a license for the sale of intoxicating liquor within a distance as great as three hundred feet of any school, church, or other building regularly used as a place of religious worship. In such cases, and where the ordinance has been lawfully enacted, no license of any character shall be issued in conflict with the ordinance while it is in effect; except, that when a school, church or place of worship is established within the prohibited distance from any place of business licensed to sell intoxicating liquor, the license shall not be denied for this reason.

Recommendation: We are still in the process of fine tuning the language with the City Attorney, but intend to bring an Ordinance back for City Council consideration on February 7.

4. REVIEW NEWSLETTER – - January 12 and 20, 2007

Attachments

Capital Improvement Sales Tax Summary – pg. 9

Capital Improvement Educational List – pg. – 10

CAPITAL IMPROVEMENTS SALES TAX

1/4 cent will generate \$600,000

Set for renewal in April 2007, if not renewed will expire at end of September 2007

This is only a scenario and may not be amount allocated each year. Allocation will depend upon priority of Council, demand, readiness of projects with the exception of the fire truck which will need to be bid out and purchased as soon as the tax is approved by voters as it takes one year to construct a truck. The City will allocate \$100,000 of the CIP tax toward a lease/purchase option which will take about 7 ½ years to pay off.

\$200,000	<u>Capital Equipment</u> – police cars, street equipment and vehicles for general fund operations – streets, engineering, codes, fire and parks
\$60,000	<u>Parks and Recreation</u> – fields, parks, trails, shelters, recreation venues (skate parks, soccer fields), and facility maintenance
\$100,000	<u>New Fire Truck</u> – aerial ladder truck – will take approximately 8 years to pay-off
\$50,000	<u>Storm Drainage</u>
\$25,000	<u>Housing Rehabilitation and Housing Demolition</u>
\$50,000	<u>Airport Capital</u> – vehicles, equipment, city match for projects (reduce General Fund subsidy)
\$50,000	<u>Other Capital</u> – roof repairs, building maintenance, communications equipment, computer enhancements
\$25,000	<u>Sidewalk Replacement</u> – 50/50 program residential and business
\$15,000	<u>Business Improvement Loan</u> – downtown facades
\$25,000	<u>Fund Balance</u> – could be used toward grant matches

\$600,000 TOTAL

CAPITAL IMPROVEMENT SALES TAX PROMOTION CALENDAR

December

12th – K-REDI approved resolution of support

January

16th – KDIC approved resolution of support

22nd – Chamber of Commerce approved resolution of support

February

15th – Mayor speaks at Kiwanis and will touch on this

March

1st – Area Scene

15th – speaking engagement at Kiwanis

16th – Kirksville Connection goes to the Post Office

22nd – table with information at the Candidates Forum

24th – table with information at the Spring Expo

? – speaking engagement at Noon Rotary

? – speaking engagement at Optimists

? – speaking engagement at Morning Rotary

? – speaking engagement at Lions

? – speaking engagement at Quota

? – speaking engagement at Sojourners

April

3rd – Election!