

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council

FROM: Mari E. Macomber, City Manager

SESSION DATE: August 8, 2016

TIME: 6:00 pm

PLACE: City Council Chambers

AGENDA:

- Property Tax Levy
- Security Camera Update
- Website Redesign
- Community Improvement Districts
- Council Newsletter Review

Property Tax Levy

Sales tax, property tax and utility gross receipts taxes are the primary revenue sources for the City of Kirksville general operations. Unlike other cities in other states, Missouri cities rely more on local revenues than on funds received by the state. In addition to this reliance, cities must also insure compliance with State laws. In Missouri we have what is known as the Hancock Amendment, which was an amendment to our Missouri Constitution.. This Amendment was approved by voters in 1980 and is found in Article X §§ 16-24. This amendment was intended to limit both the state of Missouri and Missouri local governments spending and taxation.

In Missouri, cities are limited to \$1 per \$100 of assessed valuation. In 2015, the City's levy was \$0.6875 per \$100. Property Tax rates are based on the revenues that had been permitted for the prior year with an allowance for growth based on the rate of inflation. Projected revenue needs for the current taxable year are divided by assessed valuation of the taxing district with values from new construction and improvements, and any increment in personal property valuation, held aside. The resulting tax rate becomes the permitted rate for the year if it falls within the ceiling permitted. Rate ceilings set the limit for the amount of taxes that can be levied. Ceilings are determined annually and are adjusted to ensure that the revenue remains neutral.

The process outlined in these few sentences seems fairly simple, but cities must work with their County officials and the State Auditor's Office. As part of the process, we are required to submit what we calculate to be our proposed property tax rates to the county. The County then sends the data to the State Auditor's Office, which determines whether the proposed rate complies with state law.

On Monday, since the tax levy hearing will be held on August 15, we wanted to take time reviewing the process and the resulting rate, which will be \$0.6910.

As noted, Kirksville's property tax levy could go to \$1, but that would require 51% voter approval. In addition to the \$1 limit, there are special provisions that would allow a city to increase its levy \$.30 over the \$1.00 with 2/3 voter approval and only for four years.

Security Camera Update

After soliciting for bids and receiving none, we revised our bid specifications and began the process again. Chief Hughes reached out to several vendors including two local. Only one local vendor responded. In reviewing the bid responses, the local vendor is also the lowest bid, but the technology being used limits its ability to upgrade the system in the future. The outside vendors bid newer technology.

Since we revised our bid specifications to try and encourage response, vendors were given more latitude to submit the system they believed would meet our minimum standards.

Since the purchase of security cameras was a City Council initiative, it is important that we review the information with the Council and obtain direction on how you wish to proceed before we ask for final approval.

Chief Hughes will discuss the various components of the bids with the Council on Monday evening.

Website Redesign

City staff have been working to upgrade/update/refresh our website. As discussed with the Council previously, we are working toward establishing a uniform public image and expanding the ways in which we communicate with the community.

The development of the website has been the work of the Community Services Division and has included time and talent from all of our departments.

Included with this cover report is a staff report from Ashley Young. In his report he notes that a portion of the funds came from the airport marketing grant. One of the things that you will see when we review the website is that the Airport Website presence has been enhanced significantly. This will help to promote our essential air service, as well as the general aviation fixed based operation services.

We are excited about this new site, and once we review it with the City Council on Monday, barring any concerns from the Council, plan to go live on Tuesday, August 9.

Community Improvement Districts

In February the City Council approved the Franklin Street Community Improvement District (CID) in support of the Holiday Inn project. This CID was for a 20 year period. In that CID, various projects were listed including: sidewalks, internal streets, internal traffic

signs and signals, utilities, drainage, water, storm and sewer systems, and other site improvements; parking lots; streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls, and barriers; enhancements to the access to the Property, removal of the existing structure, and replacement of the parking field, lighting and landscaping improvements.

One of these improvements – the roadway – is one that the City Council needs to discuss. After reviewing their plans for the development, Holiday Inn would like to have a roadway that extends from Baltimore to Franklin Street. Since they are planning to develop more than a hotel, they hope to be able to obtain access from both routes. In discussions with MoDOT officials, they would consider allowing the road to connect to Baltimore, but their preference is that the City own the roadway. In addition, the developer would also like for the City to own the roadway since it would also serve as a connector between Baltimore and Franklin.

In addition to this CID, there are two other CID's waiting for presentation to the City Council. The first is the Baltimore Commons CID. This CID is for the Hampton Inn Hotel, and was expected by the City Council. The second CID is the North Baltimore Street CID. This CID is for land located at the corner of Baltimore and Highway 6 west. This CID is proposed for 25 years. City staff will review both of these CIDs with the Council on Monday. Both of these CIDs would establish a sales tax that would be used to pay for the improvements outlined in their plans.

As a reminder, a CID is a separate legal entity, and is distinct and apart from the municipality that creates the district. A CID is created by ordinance of the governing body of the municipality in which the CID is located, and may have other direct organizational or operational ties to the local government, depending upon the charter of the CID. Funding of CID projects and services must be set forth in the requesting petition that is presented to the local governing body in which the CID is located. Funding may be accomplished by district-wide special assessment, rents, fees, and charges for the use of CID property or services, grants, gifts or donations. If the CID is organized as a political subdivision, property and sales taxes may also be imposed within the boundaries of the CID. This CID will be established to allow for the implementation of sales tax. Once approved, we will move forward with the sales tax election process.

In each of these CIDs the City would serve as the administrator. The City would also have membership on the CID board.

Attachments

- Property Tax Levy Staff Report
- State Statute RSMo 67.110.1
- Security Camera Staff Report
- Website Redesign Staff Report
- Community Improvement District Summary Document

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: General Operating Property Tax Levy for 2016

STUDY SESSION MEETING DATE: August 8, 2016

CITY DEPARTMENT: Finance

PREPARED BY: Lacy A. King, Finance Director

Each year, the City sets its tax levy in conjunction with the requirements as set forth by the Office of Missouri State Auditor. As part of this process, a public hearing and ordinance approval are required. The City has reviewed the data, as prepared by the Adair County Clerk's Office, on behalf of the Missouri State Auditor and has certified this information to be true and correct.

Based on the information provided, which includes a review and revision of prior year assessed valuations, the City's aggregate assessed valuation for 2016 totaled \$169,197,323. This was an increase of \$600,863 or 0.36%, over the 2015 tax year. Both locally assessed real estate and personal property values, which comprise 94% of the total assessment, increased by 1.68% and include new construction values of \$1,354,181. However, State assessment for railroad, utilities and commercial aircraft, which comprise the remaining 6% of the total assessment, decreased by 30.45%.

The State Auditor has calculated the General Fund levy should increase in 2016 to \$0.6910 from \$0.6875 per \$100. The amount of revenue from property tax collections approved in December 2015 for the City's FY 2016 Annual Budget for the General Fund is \$1,035,777 and the Tax Increment Fund is \$260,242, net of uncollectibles, releases and County collection costs of 4%. This amount will be reviewed and adjusted accordingly as part of the FY 2017 budget process.

Missouri Revised Statutes

Chapter 67 - Political Subdivisions, Miscellaneous Powers

Section 67.110.1

August 28, 2015

Fixing ad valorem property tax rates, procedure--failure to establish, effect--new or increased taxes approved after September 1 not to be included in that year's tax levy, exception.

67.110. 1. **Each political subdivision** in the state, except counties and any political subdivision located at least partially within any county with a charter form of government or any political subdivision located at least partially within any city not within a county, shall fix its ad valorem property tax rates as provided in this section **not later than September first** for entry in the tax books. Each political subdivision located, at least partially, within a county with a charter form of government or within a city not within a county shall fix its ad valorem property tax rates as provided in this section not later than October first for entry in the tax books for each calendar year after December 31, 2008. Before the governing body of each political subdivision of the state, except counties, as defined in section [70.120](#), fixes its rate of taxation, its budget officer shall present to its governing body the following information for each tax rate to be levied: the assessed valuation by category of real, personal and other tangible property in the political subdivision as entered in the tax book for the fiscal year for which the tax is to be levied, as provided by subsection 3 of section [137.245](#), the assessed valuation by category of real, personal and other tangible property in the political subdivisions for the preceding taxable year, the amount of revenue required to be provided from the property tax as set forth in the annual budget adopted as provided by this chapter, and the tax rate proposed to be set. Should any political subdivision whose taxes are collected by the county collector of revenue fail to fix its ad valorem property tax rate by the date provided under this section for such political subdivision, then no tax rate other than the rate, if any, necessary to pay the interest and principal on any outstanding bonds shall be certified for that year.

2. The governing body **shall hold at least one public hearing** on the proposed rates of taxes at which citizens shall be heard prior to their approval. The governing body shall determine the time and place for such hearing. A notice stating the hour, date and place of the hearing shall be published in at least one newspaper qualified under the laws of the state of Missouri of general circulation in the county within which all or the largest portion of the political subdivision is situated, or such notice shall be posted in at least three public places within the political subdivision; except that, in any county of the first class having a charter form of government, such notice may be published in a newspaper of general circulation within the political subdivision even though such newspaper is not qualified under the laws of Missouri for other legal notices. Such notice shall be published or posted at least seven days prior to the date of the hearing. The notice shall include the assessed valuation by category of real, personal and other tangible property in the political subdivision for the fiscal year for which the tax is to be levied as provided by subsection 3 of section [137.245](#), the assessed valuation by category of real, personal and other tangible property in the political subdivision for the preceding taxable year, for each rate to be levied the amount of revenue required to be provided from the property tax as set forth in the annual budget adopted as

provided by this chapter, and the tax rates proposed to be set for the various purposes of taxation. The tax rates shall be calculated to produce substantially the same revenues as required in the annual budget adopted as provided in this chapter. Following the hearing the governing body of each political subdivision shall fix the rates of taxes, the same to be entered in the tax book. Failure of any taxpayer to appear at such hearing shall not prevent the taxpayer from pursuit of any other legal remedy otherwise available to the taxpayer. Nothing in this section absolves political subdivisions of responsibilities under section [137.073](#), nor to adjust tax rates in event changes in assessed valuation occur that would alter the tax rate calculations.

3. Each political subdivision of the state shall fix its property tax rates in the manner provided in this section for each fiscal year which begins after December 31, 1976. New or increased tax rates for political subdivisions whose taxes are collected by the county collector approved by voters after September first of any year shall not be included in that year's tax levy except for any new tax rate ceiling approved pursuant to section [71.800](#).

4. In addition to the information required under subsections 1 and 2 of this section, each political subdivision shall also include the increase in tax revenue due to an increase in assessed value as a result of new construction and improvement and the increase, both in dollar value and percentage, in tax revenue as a result of reassessment if the proposed tax rate is adopted.

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Security Cameras

STUDY SESSION MEETING DATE: August 8, 2016

CITY DEPARTMENT: Kirksville Police Department

PREPARED BY: Chief Jim Hughes

In 2015 members of the City Council expressed interest in adding various electronic security measures/devices at City Hall.

An all-encompassing and detailed bid proposal was developed. To allow Council to pick from any number of discussed and/or related interests (e.g. camera at the Airport/TSA), the proposal included a number of options to be bid separately and, to a certain extent, independently.

The bid was advertised on the City Web Site (and an abbreviated version mailed to those on the identified vendor list) in April, 2016. No bids were received.

In June, a simplified invitation to bid was again put forth. The bid opening was June 28th.

At that time four acceptable proposals were received.

Since each bidder was able to design their own system for covering the required area/specifications a review of the proposals was a little like comparing apples to oranges.

The two lowest bids, which did include a local vendor (as the lowest bid), were approximately \$94 apart. However, each system was different and provided their own advantages/disadvantages.

Since the two lowest bids were so different technologically Staff would like to brief Council on those variations and see if they have a recommendation on how to proceed.

As a side note, the two lowest bids came in approximately \$5,000 over the budgeted amount.

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: City Website Redesign

STUDY SESSION MEETING DATE: August 8, 2016

CITY DEPARTMENT: Public Information

PREPARED BY: Ashley Young

City staff have been working since the beginning of the year to redesign the City website. Staff have been working with the City's web services provider, QScend Technologies, Inc., to complete this redesign, which involved creating an entirely new "look", or aesthetic, from scratch. The redesign wasn't completed just for the sake of a new "look", however: the website itself has been streamlined and reorganized to make citizen interaction an easier, more productive experience.

Firstly, social media (e.g. Facebook, Twitter, and YouTube) has been directly integrated with the website, providing an additional channel of communication from City to citizen, and vice versa. Secondly, we transitioned from the third-party provider of our Citizen Request Tracker software, CivicPlus, to QScend's own integrated citizen service request software, QAlert, at a nominal savings of \$19 per year (\$1,000 per year compared to \$1,019). While the savings is minimal, the added functionality, such as allowing citizens to pinpoint the location of their request on an interactive map, is much improved compared to the previous software. Thirdly, not only was the website streamlined and made more "user-friendly", but a new landing page was created for the Regional Airport, to improve the experience for both commercial and general aviation users. This template will be used as a model moving forward to create similar landing pages for Emergency Services, Parks and Recreation, and other areas of City government as needed.

In addition to the changes made to the website as part of the redesign project, there has been a significant amount of staff training behind the scenes. In mid-June, 2016, QScend sent a trainer to Kirksville who spent three days training City staff on how to keep the City website up-to-date and make changes, as necessary. Each City department was asked to identify two employees (a primary user and a backup) who would be responsible for updating their department's section of the website. These employees were then trained on how to do so during the training. In addition to the training, our contract with QScend includes access to online training resources through their QScend Academy.

The total for the City website redesign came to \$11,295. The last City website redesign was in 2008, and went live at the beginning of 2009, or over seven and a half years ago. Of the total above, \$5,400 of the amount was for employee training. The project was paid for primarily from the Information Systems budget, with supplemental funds from the Airport Marketing Grant. All project costs came in under budget. City staff look forward to debuting the redesigned City website to the Council!

A Community Improvement District (CID) is a non-profit corporation or a separate political subdivision of the state that may be created for the purpose of issuing bonds, levying taxes, and applying special assessments to finance public improvements, public services, and blight removal within a defined area.

Authorization

Sections 67.1401 to 67.1561 RSMo.

Eligible Activities

Public improvements and services and blight removal may be financed by a CID. The improvements or services must be located or provided within the district boundaries. Eligible public improvements and services include, but are not limited to the following:

Improvements

- Bridges
- Convention centers
- Parking lots
- Parks
- Sanitary Sewer
- Sidewalks
- Storm water facilities
- Streets

Services

- Bridges
- Convention centers
- Parking lots
- Parks
- Sanitary Sewer
- Sidewalks
- Storm water facilities
- Streets

Financing

The following sources of revenue may be utilized by CIDs organized as either political subdivisions or nonprofit corporations:

- Special Assessments - if approved by owners collectively owning more than 50% of the assessed value, and by more than 50% per capita of property owners in the district
- Fees and rents for district property or services
- Grants, gifts, or donations

The following sources of revenue are available only to CIDs organized as political subdivisions:

- Property Tax - may be imposed if approved by majority vote of qualified voters in the district.
- Sales Tax - may be imposed in 1/8% (0.125%) increments up to a maximum of 1% if approved by majority vote of qualified voters in the district.

Qualified voters are defined as registered voters living in the district or, if there are no registered voters, the property owners within the district.

Bonds

Community Improvement Districts may issue bonds, notes, and other obligations. Such obligations shall mature within 20 years of the date they are issued.

Approval Process

A Community Improvement District is created by petition of the property owners. The petition must contain the signatures of property owners collectively owning more than 50% of the assessed value of real property, and more than 50% per capita of all owners of real property within the district. The petition must also contain the following elements:

- A 5 year plan that describes the purposes of the proposed district, the proposed public improvements and services, and the estimated costs of those improvements and services
- Information on the type of district being proposed and its governance. CIDs may be organized either as a separate political subdivision of the state or as a nonprofit corporation (this affects how the district may fund improvements and select its board of directors)
- The maximum rates of property taxes and special assessments, if any, that may be imposed
- A statement concerning whether a sales tax will be sought
- A statement of limitations on the borrowing capacity and revenues of the district
- The period of time the CID will exist

State Law

State law provides specific direction concerning the elements that must be contained in the petition. State law also provides specific direction concerning the time period for certification of the petition by the City Clerk and for notice to property owners and the public. After giving proper notice, City Council shall hold a public hearing. Following the public hearing, City Council may adopt an ordinance establishing the district. The process for creating a Community Improvement District is relatively short, usually taking no longer than 2 months.

Board of Directors

Political Subdivision - The petition specifies whether the Board of Directors will be elected by qualified voters or appointed by City Council. The Board of Directors shall consist of at least 5 but not more than 30 members. Each director must either be a registered voter or an owner or authorized representative of a business or property in the district.

Nonprofit Corporation - Directors are elected in accordance with Chapter 353 RSMo.