

Legislation Details (With Text)

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| Title: | Consideration of reassigning a portion of the debt levy to the General Fund operating levy | | |
| Sponsors: | | | |
| Indexes: | | | |
| Code sections: | | | |
| Attachments: | 1. Historical Review of Funding and Challenges, 2. Key Points to Support Consideration of Debt Levy Transfer to General Fund Levy, 3. Property Tax Rates-Historical Detail, 4. LSPD Blueprint 2019, 5. LSFDP Community Risk Assessment-Standard of Cover, 6. Emergency Dispatch Performance Audit | | |

| Date | Ver. | Action By | Action | Result |
|------------|------|--------------------------------|-----------|--------|
| 12/15/2020 | 1 | City Council - Regular Session | presented | |

Consideration of reassigning a portion of the debt levy to the General Fund operating levy

Issue/Request:

Consideration of reassigning a portion of the debt levy to the General Fund operating levy

Key Issues:

Over many years, the City of Lee's Summit has benefited from strong financial management and wise long-term planning. The City's residents have shown a steadfast support of City government through positive outcomes with ballot issues that have been placed before them. The August 2019 approval of the Use Tax is a recent example. As the City has grown and the cost of operations has grown, there is an increasing imbalance between the funding needed for general operating expenses and the funding needed for infrastructure development. With each new structure built with capital funding, there is a corresponding need for long-term operational support.

Also, the City has seen a decrease in revenues associated with certain franchise taxes. In addition, the City anticipates continued expenditure demands to meet the needs of attracting and retaining qualified personnel through our compensation structure. With the growth of the city we have seen service demand levels that will also require the support of additional employees throughout the organization. An overview of these current and future concerns have been provided in the attached document.

The City is now at a tipping point where it is ideal to ask our voters to approve a no-tax-increase redistribution of our annual property tax levy. Our annual levy is comprised of three components with the recently approved rates set at \$0.8384 for General Fund Operations, \$0.1482 for Parks Operations, and \$0.4697 for General Obligation Debt Service, totaling \$1.4563 per \$100 assessed valuation. At current levels of assessment valuations, for each \$0.01 shift of property tax levy from the debt service component to the general operating component, the change would shift approximately \$230,000 from debt service to operations. A shift of \$0.10 would move approximately \$2.3 million annually from debt service to operations.

Since all property tax levies require voter approval, this proposal would require that a ballot issue be presented to our residents.

Proposed City Council Motion:

Direct staff to prepare an ordinance for City Council that assigns \$0.10 of the existing debt levy to the General debt levy for the consideration of the voters in date to be determined in 2021.

Timeline:

Attached is a election ballot schedule for the 2021 calendar year.

Stephen Arbo, City Manager

Bette Wordelman, Finance Director