Minutes of the November 12, 2018
Joplin City Council Work Session

The City Council of the City of Joplin, Missouri, held a work session beginning at 5:45 p.m. on Monday, November 12, 2018, in the 5th Floor Council Chambers, 602 S. Main to hear the following topic below.

In attendance were Council Members: Brown, Colbert-Kean (via phone), Monteleone, Reid Adams, Shaw; Stanley, Stinnett, and West. Also, in attendance were City Manager Sam Anselm and City Attorney Peter Edwards. Absent: Lawson.

Discussion of the Finance Committee Revenue Options Report

Mayor Shaw called the work session to order. He thanked Finance Oversight Committee Co-Chairs Tom Franz and Russ Alcorn, city staff and the council members for being present.

Finance Director Leslie Haase reviewed the charge from the City Council to the Finance Committee, which was to look at revenue source options for the long term financial sustainability of the general fund. The committee presented a revenue options report that was presented to Council at the November 5 council meeting. The report listed five proposed sources: Use Tax; City Fire Protection District Tax; increasing the General Sales Tax by ½%; general real property tax for municipal purposes; and increasing the personal property tax.

Mr. Franz and Mr. Alcorn discussed the advantages and disadvantages of the proposed sources.

The use tax could generate a projected $1.2 million a year by collecting sales tax on internet sales. This would level the playing field with out-of-state businesses selling in Joplin. Voters defeated the use tax issue in August by a narrow margin. It was stated that with better marketing and support, the use tax could pass in 2019. Requires voter approval.

A fire protection tax would raise approximately $3.37 million but only serves one department. If this tax is used and other funding sources for the Fire Department are reduced, it may have implications in the future. The tax would be an additional sales tax and the city is already dependent upon sales tax which can vary in economic slowdowns. Requires voter approval.

An increase in the general sales tax would generate approximately $6.74 million. This tax could be designated for specified purposes similar to existing sales tax designations for public safety, transportation, etc. Requires voter approval. The City needs to address pension plan issues and the general sales tax has been discussed as a potential source of funds.

The general real property tax for municipal purposes could generate an estimated $4.7 million depending on assessment amount. This tax would help diversify the City's revenue sources and is a more stable revenue source that doesn't fluctuate as much in recession. This tax could be designated for specified purposes similar to existing sales tax designations for public safety, transportation, etc. Requires voter approval.

A personal property tax could generate an estimate up to approximately $2 million. It would diversify the City's revenue source and is a more stable revenue source that doesn't fluctuate as much in recession. Joplin's property tax is lower than other cities. This tax could be designated for specified purposes similar to existing sales tax designations for public safety, transportation, etc. Requires voter approval.

The council discussed the advantages and disadvantages of each of the revenue options.

Mr. Stanley stated he would like to address three issues with a new revenue source. One is to raise city pay to stay competitive. Another is the issue with the police and fire pension being underfunded. The third concerns how the City has pledged itself to sales tax to be only as good as our sales tax revenue. And the challenge with that is when the economy contracts, our budget is going to get squeezed big time. The sales tax is very economically sensitive. His suggestion is to focus on the risks then decide where the revenue is to come from. He would propose a higher property tax.

Mayor Shaw stated the most stable funding source, as far as income, would be an increase in property tax, but it's also the one that most people have to absorb the most load on and there are fewer people to absorb that load and probably would be the harder to one to sell.

Mr. Stinnett stated it is his opinion that the half-cent increase in the general sales tax would help sustain the dollar amounts necessary to pay off the funds necessary to do something with the (police and fire) pension fund.

Mr. West stated many retirees and senior citizens are on fixed incomes and an increase in property taxes may cause some resistance.

Mrs. Reid Adams favors a fire protection district tax because she feels it would be an easier tax to pass and it could only be used for the Fire Dept.

City Manager Anselm stated we need to make sure that whatever tax initiative is put on the ballot that it is thoroughly vetted by the citizens, city council, the citizen finance committee.

To put a tax proposal before the voters in April 2019, a decision by the council will need to be made in December. The final certification date for the counties is January 22, 2019.

Mrs. Colbert-Kean asked City Manager Anselm for an update on Priority Based Budgeting. The programs have all been consolidated for each department. Some of the scoring needs updated. Costs have been reallocated. Sam will get the list of programs and the costs to the city council soon.

Mr. Stanley asked how long and how much it would take to fully fund the pension plan move to LAGERs. Director Haase clarified that closing the pension plan to new members is what we're talking about. Everyone on the pension plan now would not be affected. They will remain on the pension plan. No current or retired employees would be impacted. The numbers we need the actuaries to look at are what would it take to fully fund it. Then we would have to go to LAGERs to find out what their plan is and what the rate is for that plan. She stated it would take several months to get information together to determine how much is needed to resolve the pension fund issue

Mr. Stanley stated he would like the council to come back at the first meeting in December with a decision of whether to put an issue on the ballot in April 2019.

Mr. Stinnett asked Mr. Franz and Mr. Alcorn if they had any input. Mr. Alcorn felt the use tax would be the easiest tax to pass as it was narrowly defeated in August. He suggested marketing the campaign better by using the police and fire departments.

Mr. Franz stated having a clear purpose for increasing taxes might help get the citizenry behind you. The pension plan is a huge issue and addressing that may free up some funds for the general fund.

Mr. Brown wanted to know more about the risks and what the citizens want. He would like to allow more time to form appropriate committees and put together the right campaign and marketing. He still would like to meet in December to discuss the issue further, but he'd rather wait until August 2019 to propose a ballot issue.

With no further comments, the meeting was adjourned

Respectfully,

Barbara Gollhofer
City Clerk