



REQUEST FOR COMMISSION ACTION
CITY OF INDEPENDENCE
August 26, 2021

Department Finance

Director Approval Lacey Lies

AGENDA ITEM Consider approving exceeding the Revenue Neutral Rate “RNR” and setting the maximum rate of 63 mills for 2022.

SUMMARY RECOMMENDATION City Staff recommends adopting the resolution to exceed the Revenue Neutral Rate and setting the maximum rate of 63 mills for the 2022 budget.

BACKGROUND The City of Independence is requesting the authority to increase the mill levy to a maximum of 63 mills from 55.249 mills. Total taxes levied for 2022 would be \$3,002,780 a \$403,281 increase from the \$2,599,499 levied each year since 2017. The increase is driven by two main factors, 1) employee compensation. Our employees are our largest operating expense in the General Fund and our biggest asset; and 2) rising operating costs to the City, such as property, auto, and health insurance, workers compensation insurance, utilities, gasoline, parts, equipment, and many other daily inputs and supplies. A 14% increase cost in health insurance, 2% cost of living increase and a 2% average merit raise yields a \$317,613 increase to payroll expenses in the General Fund and General Fund Employee Benefits. It should be noted that the actual merit increase per employee is determined by the results of a performance evaluation and may be less or more than 2%. Adding two additional police offers adds an additional \$96,773, bringing the total payroll related increase to \$414,386.

The need to hold a RNR Hearing was derived from Senate Bill 13. The City will still need to hold a separate Budget Hearing where they determine the final levy amounts. These amounts shall not exceed the rate set at the RNR hearing.

SUGGESTED MOTION I move to adopt the resolution authorizing the City to exceed the Revenue Neutral Rate and set the maximum rate of 63 mills to be levied for 2022.

SUPPORTING DOCUMENTS

1. Resolution to Exceed the Revenue Neutral Rate
2. Revenue Neutral Rate Hearing Notice
3. Example of Effects of Proposed Increase to a Property Based on Appraised Value
4. History of City Tax Levy.