



Exhibit D

AGENDA ITEM STAFF ANALYSIS

Project/Issue Name: Bill #13-01 An Ordinance of the City of Republic, Missouri, Imposing a Sales Tax for the Operation of the City of Republic Fire Department; Calling an Election in the City of Republic, Missouri, on the Question of Imposing Said Sales Tax; Designating the Time for Holding Said Election; and Authorizing and Directing the City Clerk to Give Notice to the County Clerks of Said Election.

Submitted by: Jim Krischke, City Administrator

Date: January 14, 2013

Issue Statement

Place a referendum before residents seeking a one-eighth percent (1/8%) sales tax for operation of the City of Republic Fire Department. Staff is proposing a ten-year sunset or a fifteen year (substitute bill) sunset on the referendum.

Discussion and/or Analysis

In 2007, to meet the growth needs, the City made a significant investment in the Republic Fire Department by constructing a new fire station in the former Village of Brookline area and expanding Fire Station #1 located on US Hwy. 60 creating two 24/7 operations within the City.

In addition to the investment in facilities, the city also hired additional full-time fire personnel to man the two stations as well as invested in fire equipment and vehicles from the secondary market to meet the needs of the city. These additions have steadily increased the Fire Department budget over time with the current 2013 Republic Fire Department budget at \$2,206,589.00 which includes annual debt payments of \$273,000.00 and the purchase cost of two fire vehicles in the total amount of \$750,000.

Currently, from a facility standpoint, the fire department is well positioned for growth for the next seven to ten years. However, the age of our fleet of vehicles is a major concern. Our current fleet consists of ten (10) firefighting (non- administrative) vehicles with an average age of 20.3 years old. The average lifespan by industry standards of a fire vehicle is 20 years. With an average age slightly over 20 years, our current fleet leaves our city open to potential risk in the future. In particular need of short/mid-term attention, would be the three (3) engine/pumper trucks (average age 24 years) and the two (2) aerial ladder trucks (average age

20 years). Moreover, the need to replace other aging vehicles over the span of the next 10-15 years is significant. Those vehicles would include three (3) tankers (average age 21.8 years old) valued at \$200,000 per vehicle and one (1) fire rescue vehicle (average age 21 years old) valued at \$250,000.

In August of 2012, the City Council approved the purchase of two new fire pumper vehicles at a cost of \$750,000 with the understanding that this will be financed over a five to ten year period. Furthermore, during the budget meetings, there was discussion of the need to purchase two new fire aerial/ladder trucks in the near future. The total cost of these two vehicles is estimated to be in the \$1,500,000 range.

The Fire Department budget has no significant revenue source and is almost entirely funded through general fund revenue. When considering the cost of new vehicles and equipment that will be required over the course of the next few years, it became apparent that a funding source needed to be secured. Councilman Shane Grooms requested that staff look into the option of implementing a sales tax focused entirely on Fire Department operations.

Upon researching the issue, it was determined the city has an option to seek a sales tax of up to one-quarter percent (1/4%) to support the of fire department operations. When evaluating the cost of the new equipment needed by the Fire Department, it became apparent that the city would need to fund approximately \$2,250,000 over a ten (10) year period of time to address the immediate needs of two (2) engines and two (2) aerial ladder vehicles. Moreover, to fully address all the needs of the fire department, additional funds in the amount of approximately \$1,250,000.00 would be required for vehicles, other equipment (radios, air packs), future land acquisition, and operational expenses.

After reviewing the situation carefully, staff is presenting City Council with two (2) options. The first proposal is for a sales tax of one-eighth percent (1/8%) over a period of ten years that would generate sufficient revenue to offset the needs of the fire department over a ten year period. Option two would be to seek the same one-eighth percent (1/8%) sales tax but extend the sunset period to fifteen (15) years to address the majority of these expenses. The projected total amount of sales tax revenue generated over the ten year span, at one-eighth percent, would equate to approximately \$2,500,000 using the current revenue figures and adjusting annual revenue by 2-3%. The projected revenue over a fifteen (15) year period would amount to approximately \$3,900,000.00.

If City Council wishes to move forward with a referendum for a sales tax referendum on April 2, 2013, the City Council would need to approve this ordinance tonight to meet the January 22, 2013, deadline. Due to the cancellation of the last City Council meeting in December, this would require an emergency second read. If City Council prefers another date, the next available dates would be August 6, 2013, or November 5, 2013.

If the referendum is placed on the April ballot, and approved by voters, the sales tax rate would increase by 1/8% to 7.85% in Greene County and to 8.35% in Christian County. The tax would go into effect October 1, 2013, for a period of ten to fifteen years. The positives to this initiative would be;

1. Voter approved/disapproved by referendum. Decided by residents.
2. Low interest rate environment conducive to short to medium term debt financing.
3. Maximize resale value of existing vehicles.
4. Reduce fire vehicle fleet maintenance expense.
5. Low sales tax increase (1/8%), less than maximum allowed.
6. Sunset clause of ten or fifteen years.
7. Revenue generation from resident and non-resident sources.
8. Immediate needs driven with defined benefits and specific use of funds.
9. Lower election cost by combining with municipal election versus stand-alone initiative.

A key point to consider is how this referendum may impact potential future sales tax referendum renewals. Current parks sales tax for the Aquatic Center sunsets in 2022, current parks sales tax for the recreation center sunsets in 2023, and the projected timeline for the storm water sales tax sunset would be 2022. Strong consideration needs to go into the timing of these sales tax referendum renewals.

Recommended Action

Staff recommends the approval of an ordinance for placement of a referendum on the April 2, 2013, election and requests an emergency second read to meet the deadline of January 22, 2013.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REPUBLIC, MISSOURI, IMPOSING A SALES TAX FOR THE PURPOSE OF PROVIDING REVENUES FOR THE OPERATION OF THE CITY OF REPUBLIC FIRE DEPARTMENT; CALLING AN ELECTION IN THE CITY OF REPUBLIC, MISSOURI, ON THE QUESTION OF IMPOSING SAID SALES TAX; DESIGNATING THE TIME FOR HOLDING SAID ELECTION; AND AUTHORIZING AND DIRECTING THE CITY CLERK TO GIVE NOTICE TO THE COUNTY CLERKS OF SAID ELECTION

WHEREAS, the City of Republic, Missouri, (herein called the "City") is a municipal corporation located in Greene and Christian Counties, Missouri, being duly created, organized and existing under the laws of the State of Missouri; and

WHEREAS, the City is authorized under the provisions of the Constitution and the statutes of the State of Missouri, to impose a sales tax of one eighth of one percent (1/8 of 1%) for the purpose of providing revenues for the operation of a city fire department; and

WHEREAS, the City Council of the City of Republic, Missouri, has determined that it is necessary and desirable to impose a sales tax for the purpose of providing revenues for the operation of a city fire department as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF REPUBLIC, MISSOURI, AS FOLLOWS:

Section 1. Pursuant to Section 321.242 of the Revised Statutes of Missouri (the "Act"), a sales tax at the rate of one eighth of one percent (1/8 of 1%) is hereby imposed on all persons in the City of Republic, Missouri, who are engaged in the business of selling tangible personal property and taxable services subject to a sales tax under the provisions of Sections 144.010 to 144.525, inclusive, of the Revised Statutes of Missouri (the "Sales Tax Law"), for the purpose of providing revenues for the operation of a city fire department with said tax to be collected for a period of ten (10) years beginning October 1, 2013. Said tax is for the privilege of engaging in such business in the City and shall be in the manner and to the extent provided in the Sales Tax Law and the rules and regulation of the director of revenue of the State of Missouri issued pursuant thereto.

Section 2. All sales tax collected by the City from said tax shall be deposited in a special trust fund and shall be used solely for the purpose of providing revenues for the operation of a city fire department; said trust fund shall be designated as the City of Republic, Fire Protection Sales Tax Trust Fund and shall be expended only in the manner and for the purposes enumerated in the Act.

Section 3. An election is hereby ordered to be held in the City of Republic, Missouri, on April 2, 2013, on the following question:

QUESTION**SHALL THE CITY OF REPUBLIC, MISSOURI, IMPOSE A SALES TAX AT THE RATE OF ONE EIGHTH OF ONE PERCENT (1/8 OF 1%) TO BE COLLECTED FOR A PERIOD OF TEN (10) YEARS BEGINNING OCTOBER 1, 2013, FOR THE PURPOSE OF PROVIDING REVENUES FOR THE OPERATION OF THE CITY OF REPUBLIC FIRE DEPARTMENT?**

The authorization of said sales tax will authorize the levy and collection of a sales tax in addition to the other taxes provided for by law, on all retail sales made in such county which are subject to taxation under the provisions of Sections 144.010 to 144.525, inclusive, of the Revised Statutes of Missouri.

Section 4. That the City Clerk is hereby authorized and directed to conduct said election in a manner consistent with the provisions of Chapter 115 of the Revised Statutes of Missouri.

Section 5. That the form of the notice of said election, a copy of which is attached hereto and made a part hereof, is hereby approved.

Section 6. That a copy of this ordinance shall be filed with the County Clerks of Greene County and Christian County, Missouri, no later than 5:00 o'clock p.m. on January 22, 2013.

Section 7. If the sales tax is approved by a majority of the votes cast by the qualified voters voting thereon, then the City Clerk shall within ten days forward to the director of revenue of the State of Missouri by United States registered or certified mail a certified copy of this ordinance with a map clearly showing the boundaries of the City and said sales tax shall become effective the first day of October 1, 2013, and shall be levied, collected and distributed in the manner provided by the Act.

Section 8. This ordinance shall be in full force and effect from and after its passage by the City Council, and approval by a majority of the qualified voters of the City voting in favor of imposing said sales tax.

Section 9. The City Council hereby finds and declares that this ordinance constitutes an emergency for the reason that in order to meet the deadline for placing the issue on the April 2013 municipal election and thereby avoid the cost of calling a special election, the passage of this ordinance will allow the statutory deadline to be met, therefore, this ordinance shall be in full force and effect from its date of passage.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Republic, Missouri, this _____ day of _____ 2013.

Brian C. Buckner, Mayor

Attest:

Brenda Jackson, City Clerk

Approved for Council Action: _____, City Administrator

Approved as to Form: _____, City Attorney

Final Passage and Vote: _____

[The following notice must be published in compliance with RSMo. Section 115.127(2).]

NOTICE OF ELECTION

REPUBLIC, MISSOURI

Notice is hereby given to the qualified voters of the City of Republic, Missouri, that pursuant to an ordinance duly adopted, the City Council of the City of Republic, Missouri, has called an election to be held in the City on April 2, 2013, commencing at 6:00 o'clock a.m. and closing at 7:00 p.m., for the purpose of submitting to the qualified voters of the City the question contained in the following sample ballot:

**OFFICIAL BALLOT
SALES TAX ELECTION
REPUBLIC, MISSOURI**

April 2, 2013

QUESTION

SHALL THE CITY OF REPUBLIC, MISSOURI, IMPOSE A SALES TAX AT THE RATE OF ONE EIGHTH OF ONE PERCENT (1/8 OF 1%) TO BE COLLECTED FOR A PERIOD OF TEN (10) YEARS BEGINNING OCTOBER 1, 2013, FOR THE PURPOSE OF PROVIDING REVENUES FOR THE OPERATION OF THE CITY OF REPUBLIC FIRE DEPARTMENT?

**YES []
NO []**

INSTRUCTIONS TO VOTERS: If you are in favor of the question, punch a hole in the box opposite "YES". If you are opposed to the question, punch a hole in the box opposite "NO".

The authorization of said sales tax will authorize the levy and collection of a sales tax in addition to the other taxes provided for by law, on all retail sales made in such City which are subject to taxation under the provisions of Sections 144.010 to 144.525, inclusive, of the Revised Statutes of Missouri, the "Sales Tax Law", as amended.

The election will be held at the following polling places in the City:

- | | |
|--|---|
| 1. Republic Community Center
711 E. Miller Road | 3. Republic Middle School
(former High School)
#1 Tiger Drive |
| 2. Republic Senior Friendship Center
210 E. Hines St. | 4. Republic Fire Station #2
3425 E. Sawyer Road |

Substitute Bill #13-01

AN ORDINANCE IMPOSING A SALES TAX FOR THE PURPOSE OF PROVIDING REVENUES FOR THE OPERATION OF THE CITY OF REPUBLIC FIRE DEPARTMENT; CALLING AN ELECTION IN THE CITY OF REPUBLIC, MISSOURI, ON THE QUESTION OF IMPOSING SAID SALES TAX; DESIGNATING THE TIME FOR HOLDING SAID ELECTION; AND AUTHORIZING AND DIRECTING THE CITY CLERK TO GIVE NOTICE TO THE COUNTY CLERKS OF SAID ELECTION.

WHEREAS, the City of Republic, Missouri, (herein called the "City") is a municipal corporation located in Greene and Christian Counties, Missouri, being duly created, organized and existing under the laws of the State of Missouri; and

WHEREAS, the City is authorized under the provisions of the Constitution and the statutes of the State of Missouri, to impose a sales tax of one eighth of one percent (1/8 of 1%) for the purpose of providing revenues for the operation of a city fire department; and

WHEREAS, the City Council of the City of Republic, Missouri, has determined that it is necessary and desirable to impose a sales tax for the purpose of providing revenues for the operation of a city fire department as herein provided;

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Section 2. All sales tax collected by the City from said tax shall be deposited in a special trust fund and shall be used solely for the purpose of providing revenues for the operation of a city fire department; said trust fund shall be designated as the City of Republic Fire Protection Sales Tax Trust Fund and shall be expended only in the manner and for the purposes enumerated in the Act.

Section 3. An election is hereby ordered to be held in the City of Republic, Missouri, on April 2, 2013, on the following question:

QUESTION**SHALL THE CITY OF REPUBLIC, MISSOURI, IMPOSE A SALES TAX AT THE RATE OF ONE EIGHTH OF ONE PERCENT (1/8 OF 1%) TO BE COLLECTED FOR A PERIOD OF FIFTEEN (15) YEARS BEGINNING OCTOBER 1, 2013, FOR THE PURPOSE OF PROVIDING REVENUES FOR THE OPERATION OF THE CITY OF REPUBLIC FIRE DEPARTMENT?**

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Section 8. This ordinance shall be in full force and effect from and after its passage by the City Council, and approval by a majority of the qualified voters of the City voting in favor of imposing said sales tax.

Section 9. The City Council hereby finds and declares that this ordinance constitutes an emergency for the reason that in order to meet the deadline for placing the issue on the April 2013 municipal election and thereby avoid the cost of calling a special election the passage of this ordinance will allow the statutory deadline to be met, therefore, this ordinance shall be in full force and effect from its date of passage.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Republic, Missouri, this _____ day of _____ 2013.

Brian C. Buckner, Mayor

Attest:

Brenda Jackson, City Clerk

Approved for Council Action: _____, City Administrator

Approved as to Form: _____, City Attorney

Final Passage and Vote: _____

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QUESTION

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YES []
NO []

INSTRUCTIONS TO VOTERS: If you are in favor of the question, punch a hole in the box opposite "YES". If you are opposed to the question, punch a hole in the box opposite "NO".

The authorization of said sales tax will authorize the levy and collection of a sales tax in addition to the other taxes provided for by law, on all retail sales made in such City which are subject to taxation under the provisions of Sections 144.010 to 144.525, inclusive, of the Revised Statutes of Missouri, the "Sales Tax Law", as amended.

The election will be held at the following polling places in the City:

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(former High School)
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| 2. Republic Senior Friendship Center
210 E. Hines St. | 4. Republic Fire Station #2
3425 E. Sawyer Road |

321.242. Additional sales tax, certain cities--ballot, form--fire protection sales tax trust fund, deposit of funds--abolition of tax, procedure--dissolution of district, effect

1. **The governing body of any** fire protection district which operates within and has boundaries identical to a city with a population of at least thirty thousand but not more than thirty-five thousand inhabitants which is located in a county of the first classification, excluding a county of the first classification having a population in excess of nine hundred thousand, or the governing body of any **municipality having a municipal fire department may impose a sales tax in an amount of up to one-fourth of one percent on all retail sales made in such fire protection district or municipality which are subject to taxation pursuant to the provisions of [sections 144.010 to 144.525, RSMo.](#)** The tax authorized by this section shall be in addition to any and all other sales taxes allowed by law, except that no sales tax imposed pursuant to the provisions of this section shall be effective unless the governing body of the fire protection district or municipality submits to the voters of such fire protection district or municipality, at a county or state general, primary or special election, a proposal to authorize the governing body of the fire protection district or municipality to impose a tax.

2. The ballot of submission shall contain, but need not be limited to, the following language:

Shall (insert name of district or municipality) impose a sales tax of (insert rate of tax) for the purpose of providing revenues for the operation of the (insert fire protection district or municipal fire department)?

YES NO

If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor of the proposal, then the sales tax authorized in this section shall be in effect. If a majority of the votes cast by the qualified voters voting are opposed to the proposal, then the governing body of the fire protection district or municipality shall not impose the sales tax authorized in this section unless and until the governing body of such fire protection district or municipality resubmits a proposal to authorize the governing body of the fire protection district or municipality to impose the sales tax authorized by this section and such proposal is approved by a majority of the qualified voters voting thereon.

3. **All revenue received by a fire protection district or municipality from the tax authorized pursuant to the provisions of this section shall be deposited in a special trust fund and shall be used solely for the operation of the fire protection district or the municipal fire department.**

4. All sales taxes collected by the director of revenue pursuant to this section on behalf of any fire protection district or municipality, less one percent for cost of collection which shall be deposited in the state's general revenue fund after payment of premiums for surety bonds as provided in [section 32.087, RSMo](#), shall be deposited in a special trust fund, which is hereby created, to be known as the "Fire Protection Sales Tax Trust Fund". Any moneys in the fire protection district sales tax trust fund created prior to August 28, 1999, shall be transferred to the fire protection sales tax trust fund. The moneys in the fire protection sales tax trust fund shall not be deemed to be state funds and shall not be commingled with any funds of the state. The

director of revenue shall keep accurate records of the amount of money in the trust fund and of the amounts which were collected in each fire protection district or municipality imposing a sales tax pursuant to this section, and the records shall be open to the inspection of officers of the fire protection district or municipality and the public. Not later than the tenth day of each month, the director of revenue shall distribute all moneys deposited in the trust fund during the preceding month to the fire protection district or municipality which levied the tax. Such funds shall be deposited with the treasurer of each such fire protection district or municipality, and all expenditures of funds arising from the fire protection sales tax trust fund shall be for the operation of the fire protection district or the municipal fire department and for no other purpose.

5. The director of revenue may authorize the state treasurer to make refunds from the amounts in the trust fund and credited to any fire protection district or municipality for erroneous payments and overpayments made and may redeem dishonored checks and drafts deposited to the credit of such fire protection districts or municipalities. If any fire protection district or municipality abolishes the tax, the fire protection district or municipality shall notify the director of revenue of the action at least ninety days prior to the effective date of the repeal and the director of revenue may order retention in the trust fund, for a period of one year, of two percent of the amount collected after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such fire protection district or municipality, the director of revenue shall remit the balance in the account to the fire protection district or municipality and close the account of that fire protection district or municipality. The director of revenue shall notify each fire protection district or municipality of each instance of any amount refunded or any check redeemed from receipts due the fire protection district or municipality. In the event a tax within a fire protection district is approved pursuant to this section, and such fire protection district is dissolved, if the boundaries of the fire protection district are identical to that of the city, the tax shall continue and proceeds shall be distributed to the governing body of the city formerly containing the fire protection district and the proceeds of the tax shall be used for fire protection services within such city.

6. Except as modified in this section, all provisions of [sections 32.085](#) and [32.087, RSMo](#), shall apply to the tax imposed pursuant to this section.