



CITY COUNCIL WORK SESSION
Wednesday, April 27, 2022 at 6:30 p.m.

POWELL COMMUNITY CENTER
6200 MARTWAY

Meeting In Person and Virtually via Zoom

This meeting will be held in person at the time and date shown above. In consideration of the COVID-19 social distancing recommendations, this meeting will also be available virtually via Zoom (<https://zoom.us/join>). Information will be posted, prior to the meeting, on how to join at <https://www.missionks.org/calendar.aspx>.

If you require any accommodations (i.e. qualified interpreter, large print, reader, hearing assistance) in order to attend this meeting, please notify the Administrative Office at 913-676-8350 no later than 24 hours prior to the beginning of the meeting.

AGENDA

1. Parks + Recreation Sales Tax Renewal Discussion – Laura Smith/Penn Almoney

The City Council has determined that they will conduct a mail ballot election on September 20, 2022 for Mission voters to consider renewal of the dedicated Parks + Recreation Sales Tax. This will be the first work session of at least two where the Council will have the opportunity to review the parks related needs, projects and priorities for the next 10 years as decisions are made for recommending an appropriate renewal rate as ballot language will need to be finalized in June.



MEMORANDUM

Date: April 26, 2022
To: Mayor and City Council
From: Laura Smith, City Administrator
Penn Almoney, Parks + Recreation Director
RE: Parks + Recreation Sales Tax Renewal – Work Session 1

Background/History on Current Parks + Recreation Sales Tax

In June 2012, the Mission City Council authorized a ballot question asking Mission voters to consider a $\frac{3}{8}$ -cent sales tax dedicated to parks and recreation amenities, which would include immediate replacement of the outdoor swimming pool.

The ballot initiative grew out of more than a year's worth of study and analysis by a Swimming Pool Task Force, appointed to evaluate the condition of the existing outdoor pool and to recommend how the City should move forward with outdoor swimming opportunities. The pool had exceeded its useful life and major structural deficiencies and failures were being addressed on an annual basis, creating excessive strain on, and uncertainty in the General Fund budget.

The Task Force's recommendation was to construct a new outdoor aquatic facility in Andersen Park with features and amenities that served a variety of users, and included a recommendation to fund pool construction through a dedicated $\frac{1}{4}$ -cent sales tax with a 10-year sunset provision.

As the City Council considered the recommendation of the Task Force, they also discussed other parks and recreation needs which included operation, maintenance and improvements to the Powell Community Center, maintenance and upgrades to the outdoor park system, trail maintenance and future maintenance of the Mission Family Aquatic Center. Based on these additional needs, the Task Force's original recommendation was modified, and the Council increased the dedicated sales tax from $\frac{1}{4}$ -cent to $\frac{3}{8}$ -cent. The ballot question which appeared on the November 6, 2012 General Election ballot asked:

Shall the following be adopted?

Shall the City of Mission, Kansas be authorized to: (1) impose a three-eighths percent (¾%) city-wide retailers' special sales tax (the "Sales Tax"), the proceeds of which shall be used only to finance the costs of the acquiring, constructing, improving and equipping parks and recreational facilities and related appurtenances thereto, (the "Project") and paying costs of operation and maintenance of the Project; the collection of such Sales Tax to commence on April 1, 2013, or as soon thereafter as may be permitted by law and shall terminate ten years after the commencement; and (2) issue sales tax revenue and/or general obligation bonds to pay the costs of the Project and associated interest costs on such bonds during construction of the Project and payment of bond issuance costs; all pursuant to the provisions of K.S.A. 12-187 et seq., as amended and K.S.A. 10-101 et seq., as amended?

The ¾-cent sales tax was approved (YES: 53.83%; NO: 46.17%) and became effective April 1, 2013 with an expiration date of March 31, 2023.

Parks and Recreation Capital and Maintenance Funding Since 2013

There are two distinct revenue streams which have funded parks and recreation capital improvements and maintenance projects since 2013. They are highlighted in the table below:

Funding Source	Established By	2021 Actual Revenues	2022 Estimated Revenues
¾-cent Sales Tax	Voter Approval	\$1,010,000	\$1,005,000
Special Parks and Recreation Funds	Pass through revenue from State (1/3 special alcohol funds)	\$ 90,000	\$ 90,000
	Total Funds Available:	\$1,100,000	\$1,095,000

Since implementation, the dedicated parks and recreation sales tax has generated approximately \$7.79 million in revenues. At the current collection rates, an additional \$1.26 million is anticipated to be generated through March 31, 2023.

When the sales tax was approved, the plan (hierarchy) for expenditure of the sales tax revenues was as follows:

- Replace Mission Family Aquatic Center (debt service)

- Address deferred maintenance at Powell Community Center
- Create Parks Master Plan
- Create maintenance reserve funds for MFAC and PCC
- Maintain and expand trail network
- Develop conceptual plans for outdoor park improvements
- Implement outdoor park improvements

Expenditures for these various categories or facilities is discussed in the narrative which follows.

Mission Family Aquatic Center (MFAC)

As previously detailed above, the primary driver for consideration of a dedicated parks and recreation sales tax was to fund replacement and upgrades to the Mission Family Aquatic Center (MFAC). The City issued \$4.51 million in Series 2013B General Obligation bonds in July 2013 to fund the outdoor pool improvements. The bonds were amortized over ten (10) years, with average annual debt service of \$530,000 and total principal and interest payments of \$5.29 million. Approximately 60% of the annual sales tax revenues has been required for debt service.

In addition to the debt service on the MFAC, there have been limited sales tax funds allocated to capital replacement and maintenance projects at the MFAC.

Powell Community Center

After the MFAC, the next highest priority for the sales tax revenues was to address deferred maintenance at the Powell Community Center (PCC). Originally constructed in 1999 and expanded in 2004, operating budgets never accounted for maintenance, repairs or replacement of the equipment, amenities or major mechanical systems in the facility. Both annual operating expenses as well as capital projects had to be considered within the existing General Fund budget. As the facility aged, this placed considerable strain on the annual operating budget and often resulted in “last minute” or “emergency” funding needs to keep the building operational.

The parks and recreation sales tax funds have allowed the City to address much needed replacement of equipment, refresh or repurpose existing spaces and maintain various aspects of the building and grounds. In addition to the use of the sales tax funds, the building’s major mechanical systems were upgraded as a part of the Facility Conservation Improvement Program (FCIP). Debt was issued to complete the

improvements, with debt service being funded through a combination of guaranteed energy savings and other General Fund revenues.

The COVID-19 pandemic had an adverse impact on the PCC, and the facility experienced a dramatic decline in cost recovery in 2020 and 2021. The City is experiencing a slight improvement YTD in 2022, but, based on the experience of the past two years, the Council authorized a feasibility study to examine and make recommendations for the long term sustainability and viability of the Center. That study is currently underway with recommendations anticipated in June/July to help inform budget discussions.

The historical self-sufficiency (cost-recovery) rate for the PCC (the rate at which fees and charges for programs offered offset the cost of operations) is highlighted in the table below.

Powell Community Center Cost Recovery Comparison 2015 – YTD 2022								
	2015	2016	2017	2018	2019	2020	2021	2022 YTD
Revenues	\$ 1,780,144	\$ 1,817,753	\$ 1,758,157	\$ 1,675,697	\$ 1,698,878	\$ 710,775	\$ 791,076	\$ 254,462
Expenses	\$ 2,089,988	\$ 2,225,928	\$ 2,284,283	\$ 2,342,798	\$ 2,425,932	\$ 2,062,448	\$ 2,223,355	\$ 585,212
Difference (\$)	\$ (309,845)	\$ (408,175)	\$ (526,127)	\$ (667,101)	\$ (727,054)	\$ (1,351,673)	\$ (1,432,279)	\$ (330,750)
Cost Recovery %	85%	82%	77%	72%	70%	34%	36%	43%

Assuming the feasibility study can bring cost recovery for operations back within acceptable limits, the Council will want to consider an appropriate investment in capital replacement, repairs and maintenance to be funded from a renewed sales tax.

Park Master Plan

Following passage of the parks and recreation sales tax, the Council approved a contract with Confluence to create the City's first Park Master Plan. Based on the historical focus of resources at the Powell Community Center and Mission Family Aquatic Center, the master plan's primary focus was on investment in the outdoor park system.

The process was divided into three phases with each phase integrating input from the public, a Steering Committee and City staff. The three phases included:

- Needs Assessment
- Recommendations

- Implementation Strategies

There have been a number of goals and objectives from the plan which have been accomplished, with many of the others hinging on successful renewal of the parks and recreation sales tax, or the allocation of other resources. The bottom line goal of the Master Plan is still to continue to refine how the PCC and MFAC operate and to chart a long term course for providing high quality, well maintained park facilities and popular, well attended recreation and enrichment programs.

Outdoor Parks/Trails

Although the City had a number of parks in its outdoor park inventory, maintenance, improvements or upgrades to the features and amenities have not been a high priority through the years. Since 2005, a number of efforts were made to develop long-range strategic plans for outdoor park improvements, but they did not result in implementation of significant projects. Part of this was due to process issues (staff led, staff turn-over), but even as priorities were potentially identified, there was no dedicated or reliable funding source to move these projects to reality.

The current Council has a desire to see not only an increased investment in the City's outdoor parks, but to see the improvement on a potentially accelerated timeline. This goal is also supported by Mission residents as evidenced through results from the 2021 DirectionFinder survey. We anticipate this to be a primary driver for setting the appropriate rate for renewal of the parks and recreation sales tax.

Other

The ballot language was written very broadly in 2012 to include the acquisition, construction, improvement, equipping, operating and maintaining of parks and recreational facilities along with the payment of debt service associated with any bonds issued for the same. This provided the most flexibility in how funds could be used throughout the life of the sales tax.

With the exception of the debt service obligations, it is completely within the discretion of the City Council during each annual budget process to determine the allocation of any remaining parks and recreation sales tax funds. Since the inception of the sales tax, only \$125,000 has been allocated to operating costs for parks and recreation programs or services. The Council may wish to consider renewing the sales tax with the same broad language as currently exists.

Expenditure Considerations for Renewed Sales Tax

As the Council moves forward to establish an appropriate rate for renewal of the parks and recreation sales tax, there are several factors to be considered. This includes things such as: known and unanticipated maintenance, desired amenities, and expansion of greenspace.

The benefits of a healthy and vibrant park and recreation system include:

- Enhanced Community Identity
- Active and passive recreational opportunities
- Appeals to and supports Communities of All Ages
- Allow healthy outlets for physical exertion
- Outlets for emotional wellness and areas of reflection
- Contribute tree canopies that improve carbon footprints
- Lowers temperature in urban areas as much as 7-13 degrees
- Spaces to connect with neighbors and build community
- Improves property values of neighboring homes
- Conserves habitat for nature and the ability for humans to witness and interact
- Reduces crime in neighboring areas
- Offers free activity spaces for families and promotes social equality
- Economic investment from businesses seeking to attract and keep top-level employees

But these benefits come at a cost, and the challenge is now to determine how to prioritize them and set the best rate for renewal of the parks and recreation sales tax. The major funding drivers for renewal of the sales tax are addressed below.

Park Maintenance

Parks and Recreation currently has one full-time park technician responsible for maintaining approximately 30 acres of outdoor parks. This position was an existing maintenance position at the PCC that was reassigned to focus on outdoor parks including litter control, facility and amenities maintenance, tree care (at each park and along the Rock Creek Trail), and turf care. In addition, pavilions, playgrounds, trails, signs, benches, lights and grills all fall within the position's maintenance responsibilities. Mowing, along with other specialized services such as high tree top pruning, are services which are still more efficient to sub-contract.

Prior to the assignment of this position with the Parks and Recreation budget, Public Works staff were performing limited park maintenance functions as schedules allowed.

Now, monthly priorities are established and those items addressing safety and high risk issues get resolved first by parks staff. Mission's parks look better and are better cared for; however, to achieve the level of maintenance desired by the public and the Council, there is a need for additional resources, including staffing.

For the last 12-18 months, staff has been working to develop specific maintenance standards and inputs for each of the City's parks to develop pro forma budgets. These budgets can vary based on the existing or anticipated amenities to be maintained in each park. Examples of factors considered in each budget include, but are not limited to:

- Turf care: includes mowing, string trimming, edging, aerating, seeding and fertilizing
- Landscaping: includes pruning, tree replacement, blowing and raking leaves, snow removal, mulching, planting annuals and weeding
- Sustainable practices: includes environmentally friendly pest control, perennial and native plant care, utilities, playground inspections, litter control, parking lot and trail maintenance
- Facility maintenance: includes restrooms cleaning and inspections, cleaning supplies, vandalism and graffiti repair, pavilion reservation preparation, playground maintenance and repair, soft fall zone surface replacement, shade system install and repair, benches, tables, trash receptacles, sign and fence repair, etc.

Sample budgets will be reviewed in more detail during the work session presentation.

Outdoor Park Improvements

Since late 2019, in anticipation of the sales tax renewal, staff began actively pursuing conceptual designs for the City's five major parks: Mohawk, Broadmoor, Waterworks, Streamway and Andersen. The work started with Mohawk Park as the addition of restrooms in Mohawk Park was a top priority from the Park Master Plan and also for the Parks, Recreation and Tree (PRT) Commission.

Conceptual design work is an important part of the overall planning process as it allows the City to develop order of magnitude costs for future park improvements, identify potential maintenance, replacement or repair costs based on desired amenities, evaluate the potential for phased improvements, and pursue grant funding or partnership opportunities.

For the Mohawk, Broadmoor and Waterworks Parks planning processes, a steering committee/stakeholder group was formed which included a City Council member, members of the PRT Commission, surrounding neighborhood residents, and, where applicable, current user groups of the park. Confluence, the consultant selected to lead the conceptual design process, worked with staff to develop and refine options for the future development of each park including order of magnitude costs for each park. In addition to the three parks listed above some preliminary planning was done to evaluate the potential of Streamway Park as an alternative location for a dog park (as opposed to Broadmoor Park).

The preliminary order of magnitude costs for each park are shown in the table below. Specific phasing and timing for all proposed park improvements will ultimately be dependent on successful renewal of the parks and recreation sales tax and might realistically be accomplished over a time period greater than ten years.

Park	Total Estimated Costs
Mohawk	\$3,495,000
Broadmoor	\$2,425,000
Waterworks	\$1,740,000
Streamway	\$1,905,000
Andersen	TBD
Other: Beverly, Pearl Harbor, Legacy	TBD
Total	\$9,565,000

Powell Community Center Capital Projects

The Powell Community Center (PCC) has been a centerpiece of Mission's Parks and Recreation amenities for over twenty-two years. Competing facilities in neighboring communities and the COVID-19 pandemic have eroded memberships and attendance in recent years, and the City is currently exploring options to restore the center to pre-pandemic cost recovery levels and ensure long-term operational viability.

Through the use of parks and recreation sales tax dollars over the last several years, and most recently through the Facility Conservation Improvement Program, many of the deferred maintenance items or investment needs have been addressed. As the sales tax nears its sunset, however, there are still four important projects outstanding for the PCC including:

1. Roof replacement (\$400,000)
2. Parking lot replacement/maintenance (\$300,000)
3. Flooring replacement
 - a. North bathroom tile (\$75,000)
 - b. Walking track (\$175,000)
4. Elevator replacement (\$100,000)

In addition, staff estimates that \$250,000-300,000 per year should be ear-marked for the PCC based upon anticipated replacement cycles for items including, but not limited to: fixtures, tables, seating, room remodels, staining, painting, blinds, technology upgrades, fitness equipment, carpet, backboards, aquatic pumps/UV lights/seals, pool linings and drains. This brings the total anticipated for capital needs at the PCC to approximately \$3.5 million over the 10 year life of a new parks and recreation sales tax.

Mission Family Aquatic Center Capital Projects

The Mission Family Aquatic Center (MFAC) will require repairs and maintenance over the next ten years as well. Some repairs, such as the concrete surrounding and supporting the various pools will be more expensive. Additionally, the facility will require more routine maintenance or replacement of things like the slides, sprayground water features, shade systems and pumps. It is anticipated that repairs and maintenance to the MFAC over the next ten years would total approximately \$1.5 million.

Sales Tax Capacity, Funds Generated and Comparison of Current Sales Tax Rates

In accordance with KSA 12-187 *et seq.* and 12-189, cities are provided with the statutory authority to levy retailer's sales taxes. A city's sales tax capacity is capped at 3%, which includes up to 2% for "general" purposes and up to 1% for "special" purposes.

Effective April 1, 2022, the City of Mission's current sales tax rate is 9.725%, allocated as follows:

State of Kansas	6.500%
Johnson County	1.475%
City of Mission	
General	1.000%
Streets	0.375%
Parks & Rec	<u>0.375%*</u>
Total	9.725%

*Current only through March 31, 2023 pending renewal of the parks and recreation sales tax.

Sales tax may be levied in increments of 0.05%, up to the maximums allowed under the state statutes. Based on Mission's current sales tax rates, the total capacity available upon expiration of the current parks and recreation sales tax is 0.625% or $\frac{5}{8}$ of 1%.

Currently, there are three special districts in Mission where an additional 1% sales tax is levied through a Community Improvement District or CID. Those include the Mission Crossing, Cornerstone Commons and Gateway projects, bringing the sales tax rate in these areas to 10.725%. **

**Current request from the Gateway developers would impose a 2% CID within that district, bringing the total sales tax rate to 11.725%.

Information on the sales tax increments available to Mission in conjunction with a parks and recreation sales tax renewal and the corresponding estimated annual revenues generated (in 2021 dollars) are included in the table below.

Sales Tax Rate	Estimated Annual Revenues
$\frac{1}{8}$ -cent (0.125)	\$335,000
$\frac{1}{4}$ -cent (0.25)	\$670,000
$\frac{3}{8}$ -cent (0.375)	\$1,005,000
$\frac{1}{2}$ -cent (0.5)	\$1,340,000
$\frac{5}{8}$ -cent (0.625)	\$1,675,000

When considering sales tax as a revenue option, cities often evaluate their retail sales tax "pull factor" to determine what percentage of the sales tax is collected from non-residents. A pull factor greater than 1.0 indicates a city is pulling trade from beyond their borders. Since non-residents are users of and benefit from Mission's parks and recreation amenities, funding these programs and services with sales tax helps to relieve Mission residents and businesses from paying 100% of the associated costs.

Based on the Kansas Department of Revenue 2021 Annual Report, Mission's pull factor is 1.60. In order to determine the percentage of sales tax receipts generated by non-residents, the following formula applies: $((\text{Pull Factor}-1)/\text{Pull Factor})$. Approximately 38% of Mission's sales tax receipts are generated from non-Mission residents. Comparatively, Merriam has a pull factor of 80% (primarily because of auto dealerships), Roeland Park has a pull factor of 30% and Prairie Village's pull factor is – 52% meaning they are losing sales tax to other jurisdictions.

The table below details the total sales tax rates for other cities in Johnson County showing where Mission would fall comparatively if the parks and recreation sales tax were renewed at the current $\frac{3}{8}$ -cent rate. For illustration purposes, the total Mission rate would be 9.6% with a $\frac{1}{4}$ -cent sales tax, and 9.85% with a $\frac{1}{2}$ -cent sales tax.

City	Total Sales Tax Rate (%)
Prairie Village	8.975
Leawood	9.100
Overland Park	
Lenexa	9.350
Merriam	9.475
Olathe	
Roeland Park	
Shawnee	9.600
Mission (current)	9.725
Fairway	9.975

During this first work session we will more fully explore and discuss the preferred rate so staff can work to finalize a recommendation to be considered by the PRT at their May meeting and return to the Council in a May 25 work session. Following the May work session, an action item will be developed for the June 1 Finance & Administration Committee meeting.

Mail Ballot Election and Council Goals Prior to Renewal

The existing parks and recreation sales tax will sunset on March 31, 2023. As the Council is aware, sales taxes may only be initiated at the beginning of a quarter, and notice must be provided to the Kansas Department of Revenue (KDOR) a full quarter in advance of when the city desires the sales tax to become effective. Therefore, if the City desires to have no lapse in sales tax collection, notice of a renewed parks and recreation sales tax would have to be provided to KDOR by December 31, 2022.

In the fall of 2021, Council discussed the options available for placing the sales tax renewal question in front of Mission voters – either through a mail ballot, or as a part of a regularly scheduled election. Regardless of the form of the election, the process for certifying the question is the same for either type of ballot and includes:

- Adopting a resolution calling the election
- Publishing notice of the election
- Voter approval on election date

- Passing an ordinance levying the sales tax
- Sending proceedings to KDOR to begin levying the sales tax

During the February 5, 2022 City Council retreat, Council discussed their preferences for the type of election (mail ballot or regular election) and directed staff to proceed with the Johnson County Election Office to plan for a mail ballot election to occur on September 20, 2022. Based on that direction, the following schedule is anticipated for renewal of the dedicated parks and recreation sales tax:

June 15, 2022	Adopt Resolution Calling the Election (ballot language)
First week of September	Ballots mailed to “Active” registered voters in Mission*
September 20, 2022	Ballots due to Election Office/Preliminary Election Results Available
September 27, 2022 (est)	Final Election Results Certified
October 19, 2022	Adopt Ordinance Levying the Sales Tax
November 30, 2022	Notice of Sales Tax Rates to KS Department of Revenue

*In a special mail-ballot election, ballots are mailed only to “Active” registered voters. Mission currently has 7,059 “Active” registered voters.

With a September 20 special mail-ballot election, the voter registration process for all voters living within the City of Mission will close 21 days prior to that election date. This would mean voter registration closes on Tuesday, August 30, 2022.

Next Steps

In order to advance the discussions surrounding the desired rate for renewal of the dedicated parks and recreation sales tax, staff is proposing the following next step:

Week of May 9	Conduct public input forum to solicit additional feedback on conceptual park plans
May 16	PRT Reviews information and makes final recommendation to City Council regarding parks and recreation improvements and priorities and sales tax rate
May 25	City Council reviews information from public input meeting and PRT recommendation to reach consensus on preferred improvements/priorities and sales tax rate
June 1	Proposed ballot language and preliminary implementation plan presented at Finance & Administration Committee meeting
June 15	Ballot language approved at Council meeting



We look forward to a dynamic conversation during Wednesday's work session.