

# Questions and Answers

## FAST FACTS 2018 Museum Tax Levy

<i>Comparison to Area Property Tax Rates</i>		
	<u>Tax Rate</u>	<u>Rank</u>
Rural Ray County	\$6.82400	1
Wood Heights	6.99860	2
Rural Clay County	7.06790	3
Excelsior Springs - Clay County	7.26470	4
Mosby	7.38270	5
Richmond	7.45510	6
Excelsior Springs - Ray County	7.51990	7
Kearney	7.84450	8
Holt	7.92850	9
Lawson - Clay County	7.95190	10
Crystal Lakes	8.18680	11
North Kansas City	8.39260	12
Liberty	8.52250	13
Gladstone	8.54220	14
Lawson - Ray County	8.76500	15
Kansas City - Clay County	9.21380	16

**Q** – Why can't this be done through private donations/fundraising?

**A** – The Museum has been raising funds through donations and private investments for the past 50 years before coming to the public. The needs of the historic buildings that both the Hall of Waters and Museum are in need of are beyond what private fundraising can provide. While our citizens overwhelmingly indicated their support to save these two buildings, it has not been convenient to make a donation to support every need campaign. The Museum volunteers spend more time and effort on raising money than they do on preserving the collections or opening their doors to the public.

**Q** – Why should we support another tax? Our taxes are too high now.

**A** – Please look at the chart to see how Excelsior Springs compares to our neighboring communities. Excelsior Springs' property tax is only higher than Rural Ray and Clay County and

Wood Heights. This tax would increase the Clay County portion of Excelsior Springs above Mosby and Richmond's tax rate. Please look at the chart below to compare your home value to determine what this tax might be for your property. The median home value in Excelsior Springs is a little over \$100,000; the tax would be \$57 per year. Half of the homeowners will pay less than this and half will pay more.

	Per \$50,000 Market Value	Per \$100,000 Market Value	Per \$200,000 Market Value	Per \$300,000 Market Value
<b>Residential Valuation</b>	\$28.50 per year	\$57 per year	\$114 per year	\$171 per year
<b>Commercial Valuation</b>	\$45 per year	\$90 per year	\$180 per year	\$270 per year
<b>Agricultural Valuation</b>	\$18 per year	\$36 per year	\$72 per year	\$108 per year

**Q** – Won't our poor be over burdened with this additional tax?

**A** – A property tax impacts lower income brackets less than a sales tax does; due to the percent of a person's income that is spent on consumables. Also, the tax will only be paid by persons who own real estate or vehicles; persons who rent an apartment or home will not pay a tax; if you do not own a vehicle you will not pay a tax.

**Q** – What is the \$104,000 being spent on the Hall of Waters currently used for?

**A** – Utilities cost \$40,000; staff is \$31,600; regular maintenance \$10,000; maintenance contracts \$7,200; insurance \$10,500; cleaning supplies \$3,800; and phone \$900.

**Q** – What will the money be used for?

**A** – The tax will be used for operating expenses, building improvements, and to protect the historic collections for the public's viewing in both locations. The Museum board also has a goal to hire a Curator for the Museum. This will allow them

to apply for grant funding that is not available now, since most funders require a staff person to oversee the grant.

**Q** – Why is our water/sewer bill so high?

**A** – The City delivers quality water, sewer and trash services that meet or exceed health and environmental standards that needs no apology. If we fail to meet quality standards, we risk the health of our consumers. City employees are proud of the services they provide their community, even though rate increases have caused our citizens to seek answers to why and assurance that there is no mismanagement. Yes, the City has deferred building maintenance to these systems in the past, as has every city in the country, in order to provide these services at a low cost. We recognize every customer wants a quality service at the lowest cost possible, but quality should not be compromised in order to be popular. We know that as rates go up, consumers look for ways to conserve to keep the price the same. Unfortunately, the City's costs are fixed costs and there is a limited market to sell our product – so as people consume less, the City has to keep raising the price. Fortunately, half of the water Excelsior Springs' produces is sold to other cities and water districts in an effort to find ways to keep the cost down to all consumers.

**Q** – Isn't the City going to be reaping a windfall if our properties increase in value?

**A** – Actually, because of the Hancock Amendment, the City is unable to experience a windfall. When reassessment occurred for the first time in the early 80s, the General Fund tax rate went from \$1.00 to 57-cents. The formula is assessed value x tax rate = tax revenue; revenues cannot grow greater than the cost of living (COL), if it does, the tax rate is rolled back. Excelsior Springs current tax rate is 64-cents, which tells you our property values have not kept pace, because we have not had a tax increase.

**Q** – Why doesn't the City do economic development instead?

**A** – Preservation of our historic buildings is economic development. Cultural or heritage tourism is one of the leading income-producers for Missouri, second only to agriculture, with over \$16 billion spent in our state in 2017. Tourism is an economic driver that creates jobs, supports the local tax base and aids in the development of the infrastructure, while preserving the local culture. This tax is an investment that will encourage investment, public and private, so private activity will increase the revenues our businesses and city operations earn. Tourism supports our quality of life, as well as many jobs and businesses. The establishment of a dedicated revenue for the Museum and Hall of Waters will increase foot traffic, visitors will spend more money, which improves our business district and city coffers.

**Q** – Our local economy is drying up...

**A** – Our tourism economy is not. The Solar Eclipse was marketed and brought in an additional 1,000 persons during that weekend and the downtown businesses report that activity is increasing. The Wine Fest doubled their attendance this year over 2017, as an example of increasing interest. Also, it is reported that Waterfest had its best year ever.

**Q** – Are there any plans for the redevelopment of the buildings?

**A** – The City completed a Facilities Plan for the Hall of Waters in 2016. The Museum is currently developing a facility plan for its buildings. The Hall of Waters' Facility Plan is available for review.

**Q** – What is being done about the flooding of the building?

**A** – The City commissioned a study to alleviate some of the impacts to the Hall of Waters basement and sub-basement from flooding, which was recently completed. The estimate for this

improvement is \$5.3 million. We would need to seek grant funding to assist with this improvement as well as consider if there are other alternatives. Even with grant funds the local share of this project would likely be at least \$1 million. The study will be incorporated into the Facilities Plan for the Hall of Waters.

**Q** – Why isn't this being done as a sales tax or court usage fees?

**A** – The City is actually limited in the revenue sources it can use by state statute. The City is allowed to pass a Museum Property Tax that cannot be used for any other purpose. The state statute also includes language for Hospital use, however, that is not being considered at this time. See official election ballot language.

**Q** – Why not raise taxes to support the fire department instead?

**A** – The Museum Tax can generate economic activity in our community that will increase the revenues that are used to support the Fire Department and other city departments. Additionally, this proposal can indirectly do that by freeing up money from the general fund or Capital Improvement Authority used for maintenance of the Hall of Waters now and in the future.

**Q** – Once all the repairs are completed, what is the plan with the excess funds?

**A** – The Museum Tax will generate approximately \$462,000 annually. Some have suggested that the tax be retired after 10 years. The ballot language cannot be changed, it was set as required 8 weeks before the election. But the tax can be retired or reduced by city council vote at any time the council deems it appropriate.

The only resource the city has to make needed improvements to

the Hall of Waters is the Capital Improvement Sales Tax. This fund provides important funding for the City to improve the delivery of city services (equipment replacements, building improvements, infrastructure upgrades) and due to the list of city wide needs, it does not seem reasonable to continue to make emergency repairs to the Hall of Waters, if we can never spend enough to solve the issues. A dedicated revenue source for the Hall of Waters and Museum will send the message that the public wants this building to be saved.

The solution is not a quick fix. Today's cost of needed repairs is an estimated \$13,663,000, and the current construction annual inflation rate is 5.6%, twice the consumer inflation rate. As you can see the dedicated tax can provide seed money, but would never be able to solve this problem alone. It will require very careful planning to select improvements annually that can be completed within the available funding and achieve our goal of creating a building that can sustain itself without competing for funds that are needed for city operations, such as Police, Fire and Public Works. The museum tax will make it possible to seek Historic Tax Credits and grant funds to reduce our local costs, IF and only IF the building supports either private tenants that bring jobs and private investment or sustains the mineral water history. These outside funding sources are not available to make improvements to a city hall. This tax proposal is intended to position the Hall of Waters to be a key element of our tourism industry and to move the building away from using city revenues that are needed to support city services.

Without inflation or outside funds it would take at least 29 years to cover these costs and that does not take into account the repairs needed at the Museum and Archives. Also, to make this building sustainable for our community; there will always be ongoing maintenance needs.

**Q** – Why don't we give it to the National Trust?

**A** – The National Trust for Historic Preservation is not able to accept a liability, which the building is, considering the condition it is in; they have discussed placing it on the National Endangered Buildings list. Several years ago, local citizens worked to get the Hall of Waters designated a National Treasure under the National Trust's Save America's Treasures program in order to apply for grant funding. Those Federal grant funds were taken from the budget the year after the Hall received its designation.

**Q** – Why would we be asked to pay for a curator for the Museum? The money should go to maintenance, not salaries.

**A** – The Museum board published their overall goals because they have not completed a facility plan for the building. When completed, the facility plan will be used to set building maintenance priorities. Having a dedicated source of income to help with building repairs will free up money to be used for other operation expenses, like hiring a curator. The reason a paid staff person is so important is because it will allow the Museum to apply for grant funds they are not able to acquire now. Many funders require a staff person so there is someone accountable for the grant administration and outcomes.