



**MINUTES OF THE  
AUGUST 22, 2023  
LENEXA SPECIAL CITY COUNCIL MEETING  
COMMUNITY FORUM, 17101 W 87<sup>th</sup> STREET PARKWAY  
LENEXA, KS 66219**

**CALL TO ORDER**

Mayor Boehm called the meeting to order at 7:02 PM.

**ROLL CALL**

Councilmembers Karlin, Eiterich, Nicks, Roh, Arroyo, and Sayers were present with Mayor Boehm presiding. Councilmembers Nolte and Denny were absent.

Staff present included Beccy Yocham, City Manager; Todd Pelham, Deputy City Manager; Mike Nolan, Assistant City Manager; Scott McCullough, Community Development Director; Sean McLaughlin, City Attorney; Jennifer Martin, City Clerk; and other City staff.

**PUBLIC HEARINGS**

1. Consideration of a resolution levying a property tax rate exceeding the revenue-neutral property tax rate of 25.644 mills for the FY 2024 budget
  - a. Public hearing to consider exceeding the revenue-neutral property tax rate for FY 2024
  - b. Resolution levying a property tax rate exceeding the revenue-neutral property tax rate of 25.644 mills for FY 2024  
*In 2021, the state legislature enacted notice and public hearing requirements for proposed budgets planned to exceed the revenue-neutral property tax rate. For the FY 2024 budget, the City's revenue-neutral property tax rate was calculated to be 25.644 mills by Johnson County. Since the estimated mill levy in the recommended FY 2024 budget is 27.372 mills (a 0.750 mill reduction from FY 2023) and exceeds the revenue neutral rate, the City will hold a public hearing and consider a resolution to exceed the revenue neutral rate for the FY 2024 budget.*

Nate Blum, Chief Financial Officer, reviewed the City's budget principles; budgetary pressures such as growth, costs of goods and services, and employee retention; and budget highlights.

Mr. Blum said that the total estimated 2024 assessed valuation is \$1.72 billion and staff recommends no changes to the stormwater service charge, user fees or franchise fees. He noted that the sales tax rate remains unchanged. He said that staff recommends the addition of 6.5 full time equivalent (FTE) positions

and a property tax mill levy of 27.372, which is a 0.750 mill reduction.

Mr. Blum said the proposed FY 2024 budget is \$224,781,100 and the FY 2023 adopted budget was \$204,159,901. He talked about expenditures and reserves for each. He presented a breakout of revenue sources and talked about expenditure projections by function. He showed a graph representing the mill levy reductions over time since 2017.

Mr. Blum reviewed the revenue neutral rate (RNR), what it accounts for and what it does not, and how it is calculated. He said the mill levy for the RNR would be 25.644.

Mayor Boehm asked Mr. Blum to clarify that the \$23 million under expenditures for economic development is mostly pass-through and Mr. Blum concurred.

Beccy Yocham, City Manager, reviewed the estimated property tax rates by mill levy broken out, using a property in the Olathe School District as an example. She reviewed an example for calculating city taxes, going through the quick calc example for a home with the average Lenexa home value of \$439,697. She pointed out that the monthly tax for a home of this value would be \$115.33 and she reviewed a list of services residents receive for their taxes.

Ms. Yocham reported on the 2021 Citizen Satisfaction Survey results that show residents are satisfied with the value they receive for their dollar. She noted the 2023 survey will go out to residents in the next few weeks.

Ms. Yocham reviewed the phases of the 2024 budget process, including the public-facing steps that have taken place since June. She added that the process for staff starts in the spring and she thanked Mr. Blum and the Finance team.

Ms. Yocham said that resident feedback has been received, compiled, and shared with the Governing Body prior to this meeting and will be made a part of the public record.

Ms. Yocham said there are two action items for consideration at this meeting. The first is to hold a public hearing to consider exceeding the revenue neutral property tax rate and consider adoption of a resolution levying a property tax rate exceeding the revenue neutral property tax rate of 25.644 for the FY 2024 budget. The second is to hold a public hearing to consider the FY 2024 budget and consider adoption of a resolution adopting the FY 2024 budget. Ms. Yocham said that staff recommends approval of both resolutions.

Mayor Boehm talked about an email received from Mr. Feller regarding the investment portfolio and clarified a misunderstanding about rates and underbudgeting interest income.

Councilmember Karlin said that would be proven in the unrealized losses.

Mayor Boehm said that a lot of attention was given to the reserve balances and explained that property tax revenues are received from the county in January and June so there are periods of time where the balances are high, until they get used to pay bills and debt service, and some funds are restricted to specific uses regardless of the balance. He added that the legislature's imposition of the revenue neutral rate does not allow cities to spend more than last year, but the costs of things like health care, resources, and personnel continue to rise so if the rate is not exceeded, services and people would have to be cut.

Mayor Boehm opened the public hearing at 7:27 PM.

Gaylene Van Horn, 8131 Rosehill Road, thanked the City for the recent storm debris cleanup. She explained why she does not want the City to exceed the RNR, due to the continuing cost increases of all goods and services. She talked about her concerns about living on a fixed income and having nine different taxing entities in Johnson County, which are all increasing taxes. Her priorities for the city are public safety and emergency management.

Mark Scannell, 9305 Alden Street, said he does not want the City to exceed the RNR. He talked about residents and business owners being crippled by inflation, as well as reckless fiscal and monetary policies of government. He said that sacrifices are being made by the community, so the City should as well. He talked about fiscal responsibility at the county and city levels and encouraged Councilmembers Sayers and Karlin to vote against exceeding the RNR. He referenced various other states and their different tax practices, saying that citizens will end up moving to places where taxing is not so high.

James Clark, 9396 Lind Road, said he has been a resident for 35 years and he "likes Lenexa." He thanked the Governing Body for all the time given to the city in a tough job. He said he does not want the City to exceed the RNR. He asked a few questions about the increases in the General Fund and in the reserves, as was published in the Kansas City Star. Mr. Blum explained that the state form that is published is not an "apples to apples" comparison because the recommended budget includes expenditures and reserves, and the adopted budget only includes expenditures. He also answered Mr. Clark's questions about reserves, explaining that part of the \$70 million in reserves are pass-through funds for developers for eligible costs, not revenue for the City or for City purposes.

Councilmember Sayers asked City Manager Beccy Yocham what are other cities are doing.

Ms. Yocham said that at a roundtable meeting of city managers' offices in June, all those in attendance, except Lansing, said they planned to exceed the RNR.

Councilmember Roh said he brought his tax form and it shows the state is flat, Johnson County Community College is above RNR by 4.871%, and Lenexa is above RNR by 6.738%, with the remaining taxing jurisdictions in the 10% and 20% ranges, so he was pleased to see that Lenexa was one of the lowest.

Councilmember Roh asked how the bond rating would be affected by lowered reserves and for the threshold to maintain the rating. Mr. Blum explained that funding the Pavement Management Program later this year will bring the reserves down to about 37%, which is the lowest he would feel comfortable going with the rating agencies.

Councilmember Karlin said he appreciates the public engagement and considers the feedback seriously. He talked about having family living on a fixed income and said he is understanding of that perspective. However, he said that because the RNR does not account for growth or inflation, and he does not believe cutting city services would be acceptable, he is in support of exceeding the RNR.

Councilmember Nicks talked about improvements that could be made in the budget document to help the community and those not as familiar with the details better understand the budget and how it works. He noted specifically the economic development portion of the pie chart, saying an asterisk with an explanation about the pass-throughs would be helpful. He said he is in support as well.

Mayor Boehm talked about the transfers and the pass-throughs in reserves growing larger over time as the businesses are successful in creating the increment on the sales or taxes that are being paid. He said that incentives keep Lenexa in competition with other cities for businesses and investment. He added that reserves are there for future needs, like Rec Center upgrades or maintenance, so that the operating budget does not need to be used.

Mayor Boehm talked about the department budgets being balanced and being able to support providing the high service levels Lenexa is known for. He talked about how the Municipal Services and Parks and Recreation Departments were able to coordinate with the City Manager and respond quickly to the storms this summer and get a plan in place to help residents with the storm debris as a result of having the capacity, autonomy, and authority to do the right thing for the citizens. He said it's the Governing Body's job to figure out that right balance so that people are proud to live here. He said that he cannot really see any way a city could not exceed the RNR unless it is fully developed and has no growth or inflation. He added that most of the budget is people and talked about how turnover is expensive and the team that has been assembled is important to hold on to.

Councilmember Eiterich said she appreciates staff's work, the budget book, and their explanations. She said resident feedback got her to look even deeper into the budget and she learned more about it as a result. She said Lenexa needs to account for its growth and to keep its diligent, responsive, and educated employees and cutting the budget means losing employees and services, which she does not want. She is in support of exceeding the RNR. She added that there is a property tax rebate program in the recommended budget to help those with lower incomes.

Ms. Yocham confirmed that the proposed FY 2024 budget includes \$100,000 for a property tax rebate program for income qualified residents. She said the details will be worked out this fall.

Councilmember Arroyo said that it will be important for the City to communicate about the property tax rebate program and she is thankful to see this in the budget to help those on a fixed income. She said she shares in the homeowners' frustration with property taxes as a new homeowner herself. She said that seeing the numbers put into perspective, seeing the services provided, makes the tax worth it. She added that the future uncertainty of state politics must be considered and therefore she supports exceeding the RNR.

Councilmember Roh thanked everyone who came to speak or to listen. He said he echoed the other comments. He said the challenge is communicating all of the details to everyone in this building-block process that started with public meetings in June. He added that Lenexa is one of the few cities in Kansas that is growing and has a low housing inventory. He is in support of exceeding the RNR.

*Councilmember Roh made a motion to approve the resolution levying a property tax rate exceeding the revenue-neutral property tax rate of 25.644 mills for FY 2024 and Councilmember Arroyo seconded the motion.*

Jennifer Martin, City Clerk, called the roll call vote:

Councilmember Karlin - Aye  
Councilmember Eiterich - Aye  
Councilmember Nicks - Aye  
Councilmember Nolte - No Vote/Absent  
Councilmember Roh - Aye  
Councilmember Arroyo - Aye  
Councilmember Sayers- Aye  
Councilmember Denny - No Vote/Absent  
Mayor Boehm - Aye

Motion passed 7-0.

*Councilmember Karlin made a motion to close the public hearing and Councilmember Arroyo seconded the motion. Motion passed unanimously.*

The public hearing closed at 8:05 PM.

2. Consideration of a resolution approving the FY 2024 budget

a. Public hearing to consider the fiscal year 2024 budget

b. Resolution approving the FY 2024 budget

Mayor Boehm opened the public hearing at 8:06 PM.

No one from the public spoke.

*Councilmember Eiterich made a motion to close the public hearing and Councilmember Roh seconded the motion. Motion passed unanimously.*

The public hearing closed at 8:07 PM.

Councilmember Roh said he believes there is work to do on communicating with the public about the reserves, but the rest of budget seems straightforward. He would like to see staff make some of the discussed changes in the future.

Ms. Yocham said that several of the questions received have helped staff understand how they can more clearly communicate some of this information in the future.

Councilmember Karlin thanked everyone who has worked on this and said it is an impressive document. He talked about the budget priorities and suggested adding a couple of new options for excess reserves.

Ms. Yocham said this can be discussed in the future.

Councilmember Roh asked if Councilmember Karlin proposes adding these options at the end of 2023 or in 2024. Councilmember Karlin said 2023.

Mayor Boehm asked Mr. Blum how doing this might impact the 2024 budget.

Mr. Blum said it would impact 2024 and that excess reserves are considered one-time revenue. He said on-going revenue should not be replaced with the one-time revenue.

Councilmember Sayers said she does not see any benefit to delaying the vote on the budget; that nothing occurring over the next two weeks would likely change staff's recommendation.

*Councilmember Roh made a motion to approve the FY 2024 budget and Councilmember Nicks seconded the motion.*

Ms. Martin called the roll call vote:

Councilmember Eiterich - Aye

Councilmember Nicks - Aye

Councilmember Nolte - No Vote/Absent

Councilmember Roh - Aye

Councilmember Arroyo - Aye

Councilmember Sayers - Aye

Councilmember Denny - No Vote/Absent

Councilmember Karlin - Aye

Mayor Boehm - Aye

Motion passed 7-0.

## **ADJOURN**

*Councilmember Roh made a motion to adjourn and Councilmember Karlin seconded the motion. Motion passed unanimously.*

The meeting adjourned at 8:20 PM.

/s/ Jennifer Martin  
City Clerk