



Agenda

**SPECIAL MEETING
GOVERNING BODY
CITY OF LENEXA, KANSAS
17101 W. 87th STREET PARKWAY**

**AUGUST 22, 2023
7:00 PM
COMMUNITY FORUM**

CALL TO ORDER Pledge of Allegiance

ROLL CALL

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.

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

The Governing Body reviewed the fiscal year 2024 recommended budget at Committee of the Whole meetings held in June and July. The total recommended fiscal year 2024 budget for all funds is \$224.8 million and the estimated mill levy for the budget is 27.372 mills.

ADJOURN

Dist. Governing Body; Management Team; Agenda & Minutes Distribution List

IF YOU NEED ANY ACCOMMODATIONS FOR THE MEETING, PLEASE CONTACT THE CITY ADA COORDINATOR, 913/477-7550. KANSAS RELAY SERVICE 800/766-3777. PLEASE GIVE 48 HOURS NOTICE



**CITY COUNCIL
MEMORANDUM**

ITEM 1

SUBJECT: 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

CONTACT: Nate Blum, Chief Financial Officer
Beccy Yocham, City Manager

DATE: August 22, 2023

ACTION NEEDED:

- a. Conduct a public hearing; and
- b. Adopt a resolution levying a property tax rate exceeding the revenue-neutral rate of 25.644 mills for the FY 2024 budget.

PROJECT BACKGROUND/DESCRIPTION:

During the 2021 legislative session, the state legislature established notice and public hearing requirements if a city's proposed budget planned to exceed the revenue-neutral property tax rate. The revenue-neutral rate is the mill levy rate that generates the same property tax revenue as the previous budget year using the current year's assessed valuation amount. For FY 2024, the City's revenue-neutral rate was calculated to be 25.644 mills by Johnson County. The estimated mill levy for the FY 2024 budget is 27.372 mills and would generate \$47.1 million in property tax revenue. Although the estimated FY 2024 mill levy exceeds the revenue-neutral rate, the proposed mill levy is 0.750 mills lower than the FY 2023 mill levy of 28.122 mills.

As required by state law, the County (on behalf of the City as well as other taxing jurisdictions) sent notice of a public hearing to consider exceeding the revenue-neutral property tax rate to every individual property taxpayer. The City also published notice of the public hearing, as required by state law, in the Kansas City Star on August 7, 2023. Furthermore, the City published the public hearing notice on the City's website during the second week of August 2023.

After conducting the public hearing, the Governing Body is required to immediately consider a resolution to exceed the revenue-neutral property tax rate.

FINANCIAL IMPLICATIONS/FUNDING SOURCES:

The proposed mill levy for the FY 2024 budget is 27.372 mills and would generate \$47.1 million in property tax revenue.

STAFF RECOMMENDATION:

Adoption of the resolution

VISION / GUIDING PRINCIPLES ALIGNMENT:

Vision 2040

Guiding Principles

Prudent Financial Management

ATTACHMENTS

1. Presentation
2. Resolution



City of Lenexa FY2024 Recommended Budget Overview

August 22, 2023



Agenda

- Budget Principles
- Proposed FY2024 Budget Overview
- Key Elements of Recommended Budget
- Calculating Your City Taxes/Value for Your Lenexa Tax Dollar
- Action Items

Budget Principles

- Fund on-going operating expenditures with on-going revenue sources
- Use one-time revenues for one-time expenditures
- Maintain sufficient reserve balances to address unforeseen events (COVID-19 pandemic, Great Recession)
- Use conservative approach to revenue estimating
- Prepare and fund equipment replacement/building maintenance schedules

BUDGETARY PRESSURES



GROWTH



**COST OF GOODS
AND SERVICES**



**EMPLOYEE
RETENTION**

Budget Highlights

- Total Estimated 2024 Assessed Valuation: \$1.72 Billion
- Recommend **no changes** to stormwater service charge, user fees or franchise fees
- Sales tax rate remains **unchanged**
- Recommend addition of 6.5 FTEs
- Recommended Property Tax Mill Levy: 27.372, a 0.750 mill **reduction**

Proposed Budget

Total FY2024 Recommended Budget: \$224,781,100

Expenditures \$154,335,843

Reserves \$70,445,257

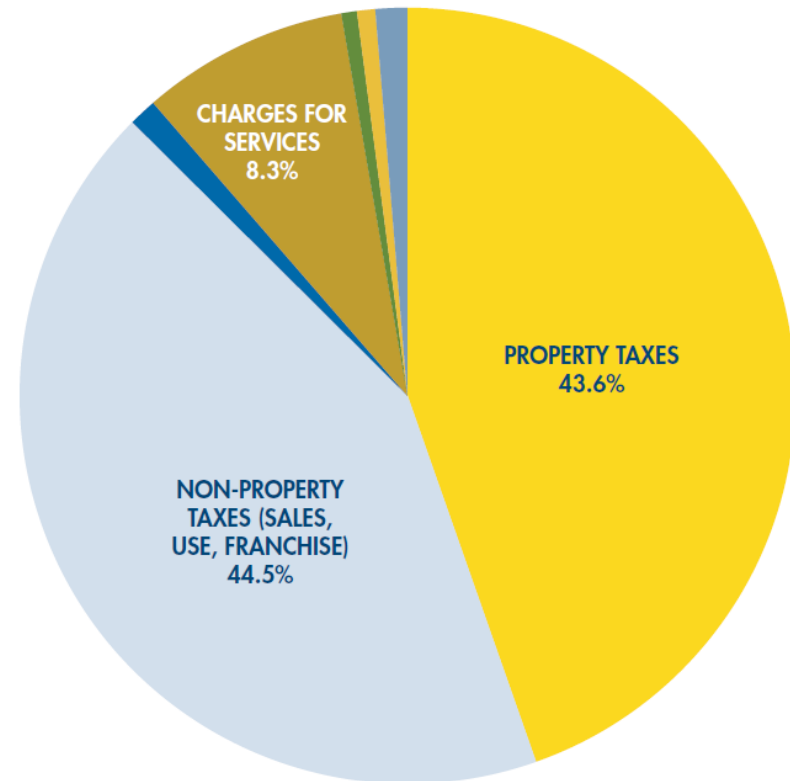
FY2023 Adopted Budget: \$204,159,901

Expenditures \$144,058,040

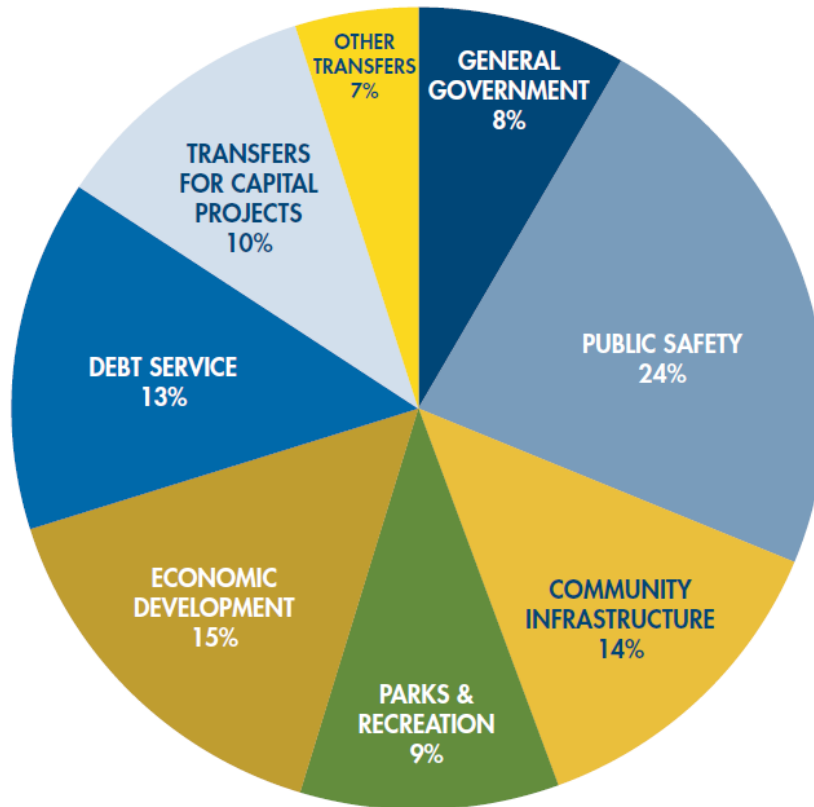
Reserves \$60,101,861

REVENUE BUDGET

REVENUES BY SOURCE		
Property Taxes	\$67,214,718	43.6%
Non-property Taxes <i>(Includes Sales Tax, Use Tax, Franchise Tax)</i>	68,657,380	44.5%
Licenses & Permits	2,038,500	1.3%
Charges for Services	12,734,353	8.3%
Fines & Forfeitures	991,000	0.6%
Transfers In & Use of Prior Year's Balance	1,056,578	0.7%
Other Revenues <i>(Leases, Etc.)</i>	1,643,314	1.1%
TOTAL	\$154,335,843	100%

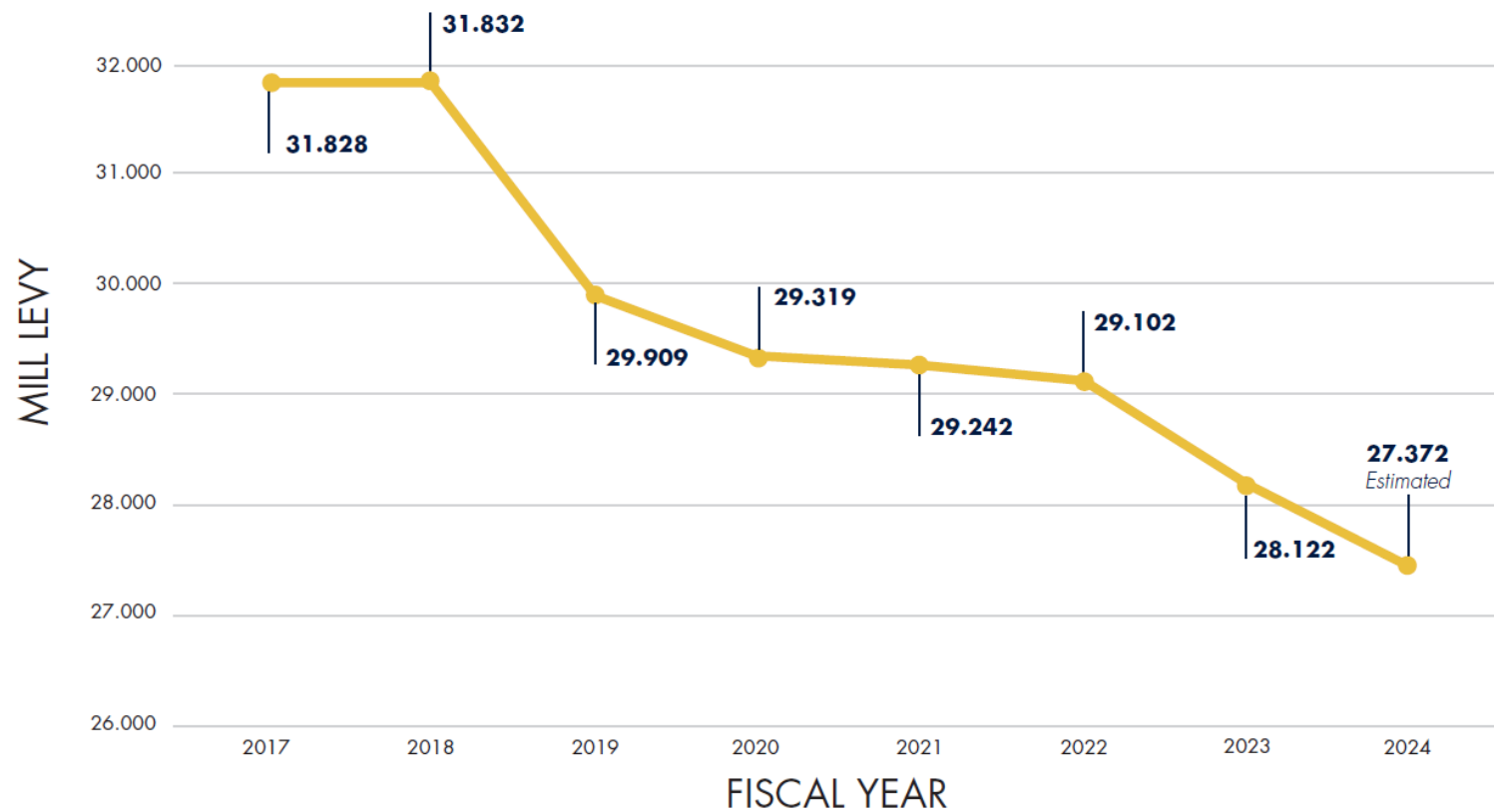


EXPENDITURE PROJECTIONS



EXPENDITURES BY FUNCTION		
General Government <i>Includes Executive, Information Technology, Legal</i>	\$13,068,751	8%
Public Safety <i>Includes Fire, Police, Municipal Court</i>	36,847,328	24%
Community Infrastructure <i>Includes Community Development, Municipal Services, Special Highway Fund</i>	22,201,636	14%
Parks & Recreation <i>Includes Parks and Recreation, Rec Center Fund, Special Parks Fund</i>	14,599,407	9%
Economic Development <i>Includes Tax Increment Financing Funds, Community Improvement District Funds, Neighborhood Revitalization District Funds</i>	23,838,635	15%
Debt Service	20,243,707	13%
Transfers for Capital Projects	14,725,220	10%
Other Transfers <i>Includes Equipment Replacement, Tax Increment Financing Transfers, Community Improvement District Transfers</i>	8,811,159	7%
TOTAL	\$154,335,843	100%

MILL LEVY OVER TIME

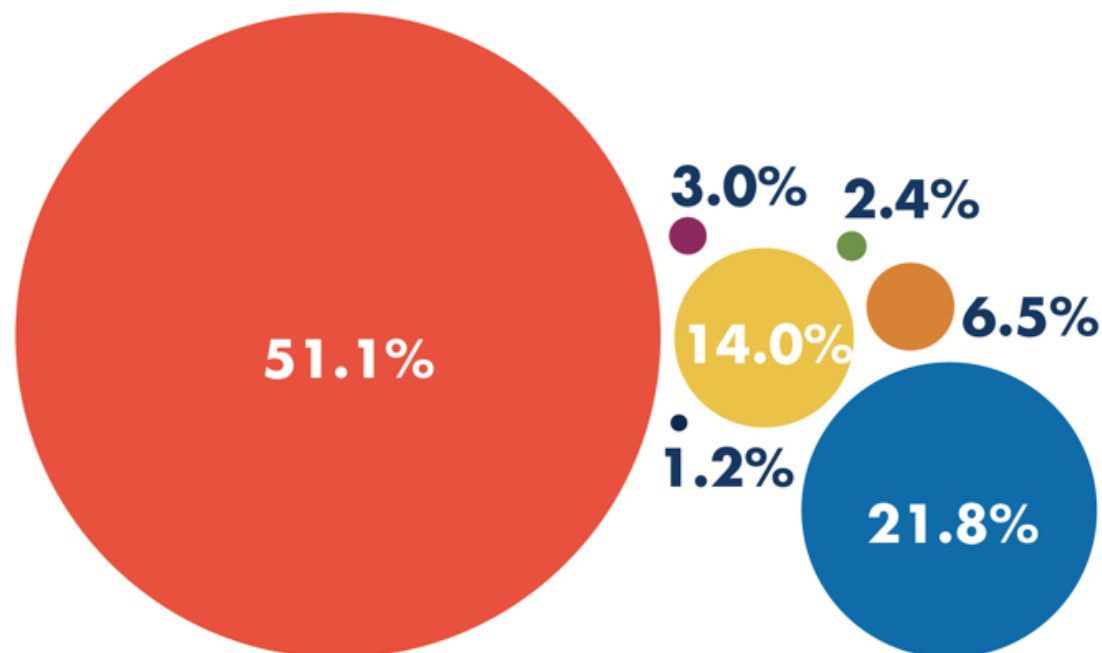


2024 ESTIMATED PROPERTY TAX RATES BY MILL LEVY

OLATHE SCHOOL DISTRICT

State of Kansas	1.500
Johnson County	17.495
Johnson County Community College	8.116
Johnson County Parks & Recreation District	3.016
Johnson County Library	3.808
City of Lenexa	27.372
Olathe School District	64.091

TOTAL MILL LEVY 125.398



Understanding the Revenue Neutral Rate

- Definition – “the mill levy required to raise the same amount of property tax revenue as the prior year, using current year assessed valuation amounts.”
- Does not allow the City to utilize the additional valuation attributable to new growth, nor does it provide any allowance for inflation.
- Assessed valuation for Revenue Neutral Rate calculation: \$1.72 billion
- Mill levy for Revenue Neutral Rate calculation: 25.644
 - Reduction of 2.478 mills from FY2023 tax rate of 28.122 mills
 - Reduction of 1.728 mills from FY2024 estimated tax rate of 27.372 mills
- Dollar value of reduction for Revenue Neutral Rate calculation (1.000 mill = \$1.67 million)
 - FY2023 reduction value is \$4.1 million
 - FY2024 estimate reduction value is \$2.9 million

Calculating Your City Taxes

TAX VALUE ILLUSTRATION

To determine the assessed valuation of your home, multiply the Johnson County appraised value of the home by 11.5%. (*Commercial properties have a 25% assessment rate.*)

$$\text{\$439,697} \times .115 = \text{\$50,565}$$

Assessed valuation = \$50,565

To determine how much you pay in City taxes, multiply the assessed valuation by the mill levy.

$$\text{\$50,565} \times .027372 = \text{\$1,384}$$

City tax liability = \$1,384

To determine your monthly expense for city services, divide tax liability by 12 months.

$$\text{\$1,384} / 12 = \text{\$115.33}$$

Monthly expense for City services = **\$115.33**

QUICK CALC

Every **\$100,000** of home value is **\$314.78** in City tax per year or **\$26.23** per month.



AVERAGE LENEXA HOME VALUE

\$439,697

Value for Your Lenexa Dollar

— VALUE OF YOUR LENEXA DOLLAR —

The following list represents a sample of the city services provided for the \$115.33 per month tax.



FIRE PROTECTION / PREVENTION / SAFETY	★ COMMUNITY STANDARDS ENFORCEMENT
COMMUNITY FESTIVALS AND EVENTS	COMMUNITY CENTER ★ REC CENTER
PUBLIC SWIMMING POOLS	DRUG PREVENTION EDUCATION
GOVERNMENT ADMINISTRATION	STORMWATER MANAGEMENT
SCHOOL CROSSING GUARDS	NEW ROAD CONSTRUCTION
COMMUNITY DEVELOPMENT	SNOW AND ICE REMOVAL
PUBLIC PARKS AND TRAILS	COMMUNITY NEWSLETTER
STREET MAINTENANCE/REPAIR	BUILDING AND FIRE INSPECTION
SENIOR CENTER AND PROGRAMS	MUNICIPAL COURT PROSECUTION
FARMERS MARKET ★ GRANTS	PUBLIC MARKET ★ ANIMAL CONTROL
SIDEWALK REPAIR ★ STREET LIGHTING	★ POLICE PROTECTION ★ TRAFFIC CONTROL

Citizens are Satisfied with City Services

- Ranked ***above the national average*** in all 54 areas assessed in the survey.
- **72%** of residents are either ***satisfied*** or ***very satisfied*** with the value they receive for their tax dollar. This is up 2% from 70% in 2019 and compares to 60% elsewhere in the KC metro and 44% nationally.
- **91%** of residents are either ***satisfied*** or ***very satisfied*** with the quality of services provided by the City. This is up 2% from 89% in 2019 and compares to 74% elsewhere in the KC metro and 59% nationally.

2024 Budget Process

- June 27, 2023 Budget Overview at Committee of the Whole Meeting
- June 28, 2023 Recording of Budget Overview Posted To City Website
- July 11, 2023 Department Budget Overview at Committee of the Whole Meeting
- August 17, 2023 Budget Open House
- August 22, 2023 Special Call City Council Meeting

Action Items

1. Consideration of a resolution levying a property tax rate exceeding the revenue neutral property tax rate of 25.644 for the fiscal year 2024 budget
 - a. Hold a **public hearing** to consider exceeding the revenue neutral property tax rate
 - b. Consider adoption of the resolution
2. Consideration of a resolution adopting the fiscal year 2024 budget
 - a. Hold a **public hearing** to consider the fiscal year 2024 budget
 - b. Consider adoption of the resolution

RESOLUTION NO. 2023 - _____

A RESOLUTION LEVYING A PROPERTY TAX RATE EXCEEDING THE REVENUE NEUTRAL RATE FOR THE CITY OF LENEXA, KANSAS.

WHEREAS, the Revenue Neutral Rate for the City of Lenexa, Kansas ("City") was calculated as 25.644 mills by the Johnson County Clerk; and

WHEREAS, the Fiscal Year 2024 Annual Budget and the City's intent to exceed the Revenue Neutral Rate have been discussed by the Governing Body at various City Council meetings, Committee of the Whole meetings, and other public meetings noticed in accordance with state law; and

WHEREAS, the Fiscal Year 2024 Annual Budget proposed by the Governing Body of the City will require the levy of a proposed property tax rate exceeding the Revenue Neutral Rate; and

WHEREAS, notice of publication of the City's intent to exceed the Revenue Neutral Rate and public hearing was made as provided by law; and

WHEREAS, the Governing Body of the City held a hearing on August 22, 2023 allowing all interested taxpayers desiring to be heard an opportunity to give oral testimony; and

WHEREAS, the Governing Body of the City, having heard testimony, finds it is in the best interest of the City to exceed the Revenue Neutral Rate.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LENEXA, KANSAS:

SECTION ONE: The City of Lenexa, Kansas, a municipal corporation, does hereby authorize levying a property tax rate exceeding the Revenue Neutral Rate of 25.644 mills and levy the proposed tax rate of 27.372 mills for fiscal year 2024 as presented at the August 22, 2023 City Council meeting.

SECTION TWO: This Resolution shall take effect and be in force from and after its passage.

SECTION THREE: On or before October 1, 2023, the City of Lenexa Chief Financial Officer, in coordination with the City Clerk, shall certify with the Johnson County, Kansas County Clerk (the "County Clerk") the amount of ad valorem tax to be levied and the total amount of the adopted Fiscal Year 2024 Annual Budget along with other information pertaining thereto in accordance with State law.

ADOPTED by the Lenexa Governing Body this 22nd day of August, 2023.

SIGNED by the Mayor this 22nd day of August, 2023.

CITY OF LENEXA, KANSAS

[SEAL]

Michael A. Boehm, Mayor

ATTEST:

Jennifer Martin, City Clerk

APPROVED AS TO FORM:

Sean L. McLaughlin, City Attorney



**CITY COUNCIL
MEMORANDUM**

ITEM 2

SUBJECT: Consideration of a resolution approving the FY 2024 budget

CONTACT: Nate Blum, Chief Financial Officer
Beccy Yocham, City Manager

DATE: August 22, 2023

ACTION NEEDED:

- a. Conduct a public hearing; and
- b. Adopt a resolution approving the FY 2024 budget.

PROJECT BACKGROUND/DESCRIPTION:

The Governing Body reviewed the FY 2024 recommended budget at Committee of the Whole meetings held in June and July 2023. As required by state law, the City published the public hearing notice for the budget in the Kansas City Star on August 7, 2023. The public hearing notice is also available on the City's website, along with the fiscal year 2024 recommended budget document. Furthermore, the City advertised and conducted a budget open house on August 17, 2023.

Recommended Budget Summary

The total recommended FY 2024 budget for all funds is \$224.8 million, \$154.3 million for expenditures and \$70.5 million for estimated reserve balances as of December 31, 2024. The estimated mill levy for the budget is 27.372 mills, which is a decrease of 0.7500 mills compared to the FY 2023 mill levy of 28.122 mills. The recommended budget allocates 22.339 mills to the General Fund and 5.033 mills to the Debt Service Fund. The recommended budget also includes funding for 559.66 full-time equivalent (FTE) positions, which is an increase of approximately 6.5 FTEs from the previous year.

After conducting the public hearing, the Governing Body will immediately consider a resolution to approve the FY 2024 budget. If the Governing Body so chooses, consideration of the resolution to approve the FY 2024 budget can be moved to the Council's regularly scheduled meeting on September 5, 2023.

FINANCIAL IMPLICATIONS/FUNDING SOURCES:

The recommended FY 2024 budget includes a property tax levy of \$47.1 million. The public hearing notice, published on August 7th, established the maximum amount of property taxes levied and expenditures by fund for FY 2024. At this point in the budget process, the Governing Body cannot increase the amount of taxes levied or the budgeted expenditures for FY 2024.

STAFF RECOMMENDATION:

Adoption of the resolution.

VISION / GUIDING PRINCIPLES ALIGNMENT:

Vision 2040

Guiding Principles

Prudent Financial Management

ATTACHMENTS

1. Budget Certificate
2. Resolution

2024

CERTIFICATE

To the Clerk of Johnson County, State of Kansas
We, the undersigned, officers ofCity of Lenexa

- certify that: (1) the hearing mentioned in the attached publication was held;
(2) after the Budget Hearing this budget was duly approved and adopted as the maximum expenditures for the various funds for the year 2024; and
(3) the Amount(s) of 2023 Ad Valorem Tax are within statutory limitations.

		2024 Adopted Budget			
		Page No.	Budget Authority for Expenditures	Amount of 2023 Ad Valorem Tax	Final Tax Rate (County Clerk's Use Only)
Table of Contents:					
Allocation of MVT, RVT, 16/20M Veh Tax		2			
Schedule of Transfers		3			
Statement of Indebtedness		4			
Statement of Lease-Purchases		5			
Fund	K.S.A.				
General	12-101a	6	144,409,184	38,464,186	
Debt Service	10-113	7	18,709,795	8,666,021	
Special Highway		8	1,912,234		
Tourism & Convention		8	3,469,775		
Special Alcohol		9	1,350,061		
Special Parks & Recreation		9	536,739		
Stormwater Management		10	10,242,924		
Neighborhood Revitalization		10	835,447		
TIP-Transportation Improve		11	3,353,193		
Parks & Rec Impact Fee		11	3,509,516		
Mining TIF		12	5,576,710		
Street Tree		12	665,951		
Ridgview Mining TIF		13	2,720,274		
City Center TIF		13	13,394,963		
Orchard Corners CID		14	980,136		
Prairie Creek CID		14	234,963		
Quivira 95 CID		15	64,847		
Greystone Plaza CID		15	90,015		
City Center East CID #1		16	83,633		
I-35 & 95th Street TIF		16	4,236,969		
City Center East CID #2		17	495,533		
Rec Center		17	6,041,212		
Midas Springhill Suites CID		18	87,854		
Candlewood Suites CID		18	44,520		
Holiday Inn Express CID		19	38,670		
Sonoma Plaza CID		19	572,094		
City Center Area E CID		20	81,867		
Lenexa Point CID		20	259,709		
Living Spaces CID		21	50,000		
Retreat on the Prairie CID		21	50,000		
Jayhawk Ridge CID		22	50,000		
Ten Ridge CID		22	54,060		
Renner 87 (Brierstone) CID		23	50,000		
Central Green CID		23	50,000		
City Center Area A CID		24	50,000		
Cemetery Fund		25	363,738		
South Mining TIF District		25	64,514		
Non-Budgeted Funds-A		26			
Non-Budgeted Funds-B		27			
Non-Budgeted Funds-C		28			
Totals	xxxxxx		224,781,100	47,130,207	
Budget Hearing Notice					County Clerk's Use Only
Combined Rate and Budget Hearing Notice		29			
RNR Hearing Notice					
Neighborhood Revitalization					Nov 1, 2023 Total Assessed Valuation

Revenue Neutral Rate 25.644

Assisted by: _____

Address: _____

Email: _____

Attest: _____, 2023

County Clerk

Michael Boehm, Mayor

Jennifer Martin, City Clerk

CPA Summary

RESOLUTION NO. _____

A RESOLUTION ADOPTING THE FISCAL YEAR 2024 ANNUAL BUDGET FOR THE CITY OF LENEXA, KANSAS.

WHEREAS, the Fiscal Year 2024 Annual Budget has been discussed by the Governing Body at various City Council meetings, Committee of the Whole meetings, and other public meetings noticed in accordance with state law; and

WHEREAS, a copy of the proposed Fiscal Year 2024 Annual Budget was posted on the City's website on or about June 23, 2023 to allow informal public comment and questions, and has remained on the website since that date; and

WHEREAS, pursuant to K.S.A. § 79-2929, a public hearing was conducted at the August 22, 2023, City Council meeting to answer and hear any objections of taxpayers relating to the proposed Fiscal Year 2024 Annual Budget; and

WHEREAS, notice of publication of the proposed Annual Budget and public hearing was made as provided by law; and

WHEREAS, the Governing Body believes it is in the best interest of the City to adopt the Fiscal Year 2024 Annual Budget as presented.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LENEXA, KANSAS:

SECTION ONE: The City of Lenexa, Kansas, a municipal corporation, does hereby adopt the Fiscal Year 2024 Annual Budget as presented at the August 22, 2023, City Council meeting.

SECTION TWO: This Resolution shall take effect and be in force from and after its passage.

SECTION THREE: In accordance with K.S.A. 79-1801 and K.S.A. 79-2930, on or before October 1, 2023, the City Chief Financial Officer, in coordination with the City Clerk, shall certify and electronically file with the Johnson County, Kansas County Clerk (the "County Clerk") two (2) copies of the budget Certificate giving the amount of ad valorem tax to be levied and the total amount of the adopted Fiscal Year 2024 Annual Budget along with other information pertaining thereto in accordance with State law.

SECTION FOUR: The Fiscal Year 2024 Annual Budget as approved and filed with the County Clerk shall constitute an appropriation for each fund as provided in K.S.A. 79-2934.

ADOPTED by the Lenexa Governing Body this 22nd day of August, 2023.

SIGNED by the Mayor this 22nd day of August, 2023.

CITY OF LENEXA, KANSAS

[SEAL]

Michael A. Boehm, Mayor

ATTEST:

Jennifer Martin, City Clerk

APPROVED AS TO FORM:

Sean L. McLaughlin, City Attorney