



**MINUTES OF THE  
SEPTEMBER 3, 2024  
LENEXA CITY COUNCIL MEETING  
COMMUNITY FORUM, 17101 W 87<sup>th</sup> STREET PARKWAY  
LENEXA, KS 66219**

**CALL TO ORDER**

Mayor Sayers called the meeting to order at 7 PM.

**ROLL CALL**

Councilmembers Eiterich, Charlton, Nicks, Arroyo, Williamson, Denny, and Herron were present with Mayor Sayers presiding. Councilmember Karlin was 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.

**APPROVE MINUTES**

*Councilmember Denny made a motion to approve the August 20, 2024 City Council meeting draft minutes and Councilmember Charlton seconded the motion. Motion passed unanimously.*

**MODIFICATION OF AGENDA**

There were no modifications to the agenda.

**PROCLAMATIONS**

Fetal Alcohol Spectrum Disorders Awareness Month  
National Diaper Need Awareness Week  
Suicide Prevention Month  
National Co-Responder & Crisis Responder Week  
International Day of Peace in Lenexa  
National Preparedness Month  
Constitution Week

**CONSENT AGENDA**

1. Bid award to K&W Underground, Inc. for installation of utility handholes along Scarborough Street and 86th Street in the City Center North development  
*This project installs various sized handholes along the existing duct bank in City Center North. The handholes and duct bank will be used by the various utility companies, at no cost to the City.*
2. Bid award to Wiedenmann, Inc. for construction of the 107th and 108th Streets West of Pflumm Stormwater Improvements Project

*This project rehabilitates stormwater pipes that have reached the end of their useful life. Wiedenmann Inc. bid \$1,039,952 to do the work.*

3. Approve an agreement with Olsson, Inc. for design services for the Brighton Neighborhood Stormwater Improvements Project  
*The stormwater system in the Brighton neighborhood is in need of rehabilitation and repair. This project was selected by Johnson County for partial funding under the Stormwater Infrastructure Rehabilitation Program, receiving \$428,855. The design services contract is for \$179,724. The construction project is estimated at \$1,519,660.*
4. Approve an agreement with HG Consult, Inc. for design services for the Strang Line south of College Stormwater Improvements Project  
*Numerous pipes along Strang Line Road, south of College Boulevard are in need of replacement or rehabilitation. This project was selected by Johnson County for partial funding under the Stormwater Infrastructure Rehabilitation Program, receiving \$538,903. The design services contract is for \$117,792.71. The construction project is estimated at \$1,217,315.*
5. Approve an agreement with RubinBrown LLP for external auditing services  
*In July 2024, the City issued a request for proposal for external auditing services, including a single audit of federal expenditures, if needed, and an audit of the Firefighters Relief Association financial statements. Staff has reviewed the proposals and recommends approval of an agreement with RubinBrown LLP for an initial FY 2024 base cost of \$72,700, plus an additional fee of \$6,800 per major federal program.*
6. Approve an agreement with SunSmart Technologies for the installation of solar panels on the Municipal Services building located at 7700 Cottonwood  
*This agreement is for the design and installation of a 286-panel solar array on the south-facing roof of the Municipal Services HQ building for a total cost of \$245,434. In addition to a direct \$73,630 rebate through a federal Inflation Reduction Act program, the system is expected to recover its capital cost in 14 years, with an estimated first-year utility savings of \$40,936 and a 25-year utility savings of \$355,476.*

### **END OF CONSENT AGENDA**

*Councilmember Nicks made a motion to approve items 1 through 6 on the consent agenda and Councilmember Arroyo seconded the motion. Motion passed unanimously.*

### **PUBLIC HEARINGS**

7. Consideration of a resolution levying a property tax rate exceeding the revenue-neutral property tax rate of 25.872 mills for the FY 2025 budget
  - a. Public hearing to consider exceeding the revenue-neutral property tax rate for FY 2025
  - b. Resolution levying a property tax rate exceeding the revenue-neutral property tax rate of 25.872 mills for FY 2025  
*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 2025 budget, the City's revenue-neutral property tax rate was calculated to be 25.872 mills by Johnson County. Since the estimated mill levy in the recommended FY 2025 budget is 26.970 mills (a 0.500 mill reduction from FY 2024) 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 2025 budget.*

Nate Blum, Chief Financial Officer, talked about the key principles that the fiscal year 2025 budget is based on.

1. Ongoing Expenditures Funded by Ongoing Revenues: Regular operating costs, like personnel, are funded with reliable revenue sources such as sales and property taxes.
2. One-Time Revenues for One-Time Expenditures: For instance, federal ARPA funds were used for a specific capital project, the reconstruction of Lenexa Old Town Activity Center.
3. Sufficient Reserves: The City maintains reserves to navigate unforeseen events and ensure a strong bond rating.
4. Conservative Revenue Estimates: Lenexa's revenue comes significantly from volatile sources like sales taxes, which have seen substantial fluctuations in recent years.
5. Planning for Future Costs: Equipment replacement and maintenance schedules are prepared to ensure no backlog in infrastructure.

Mr. Blum said the 2025 budget is \$246.8 million, up \$14 million from the previous year. Major pressures on the budget include inflation, increased personnel costs, and rising demand for City services. Lenexa is proposing a half-mill rollback, with the mill levy set at 26.970. The budget also includes funding for five new full-time positions.

Mr. Blum said that while property taxes remain a large revenue source (43.3%), special revenue funds are used for economic development projects, with some of the City's budget being pass-throughs for developer expenses. Lenexa is continuing its practice of reducing its mill levy while maintaining service levels, as evidenced by high citizen satisfaction survey results.

Councilmember Williamson asked which departments would hire the five new employees and Mr. Blum said there would be two hired for the Police Department, one for Municipal Services, one for Stormwater, and one for Parks and Recreation. Councilmember Williamson asked for the amount of revenue that would be lost if the RNR is not exceeded and Mr. Blum said that would be \$2.8 million annually and ongoing.

Councilmember Nicks asked how much of the \$2.8 million is inflation and new

growth and Mr. Blum responded that it is about 20%. Councilmember Nicks asked where the pass-throughs are shown and Mr. Blum said about \$22 million of the \$73.2 million in property tax revenues are pass-through, and some of the \$71.9 million in CID non-property tax revenue are pass-through. He confirmed that these are economic development, TIF and CID, revenues.

Mayor Sayers opened the public hearing at 7:36 PM.

Gaylene Van Horn, 8131 Rosehill Rd, thanked staff for rescheduling this meeting, which allowed her to attend. She said she hoped that the public hearing would also serve as a listening session. She acknowledged that her comments might not impact the 2025 budget, but emphasized the need to start making changes to save taxpayer dollars. She criticized the City's budgeting practices, implying that there's an expectation of unlimited resources and a lack of necessary budget cuts despite increasing taxes and inflation. She presented data showing significant tax increases over recent years with minimal population growth. She argued that these tax hikes are placing a financial strain on low and middle-income families, seniors, and disabled individuals. She shared her personal experience with rising property taxes and questioned the fairness of the City's new property tax rebate program for seniors and disabled veterans. She urged the City to reconsider budget cuts and to provide broader tax relief for all residents.

Mike Feller, 8355 Hallet Street, said that he is a 27-year resident of Lenexa who deeply cares about the City's future. Despite being financially secure, he wants to see Lenexa continue to thrive and appreciates the City's dedicated staff. With over 40 years in finance and accounting, he shared his perspective on the City's budgeting process. He expressed concern about Lenexa being perceived as an expensive place to live and questioned the validity of projections in the City's long-term plan, given current housing costs. He highlighted that Lenexa's taxes and expenses are significantly higher compared to neighboring cities, which raises questions about budget priorities and proposed increases. He requested clarification on various budget highlights, including the impact of economic development projects on taxes and the need for property tax relief. He suggested that holding property taxes at a revenue-neutral rate could garner more support for a proposed sales tax extension. He also proposed a policy to reduce property taxes by half of any budget excess from the previous year, something that Councilmember Karlin had talked about in the past, addressing concerns that such a policy might set a negative precedent. He urged the council to consider this approach or similar tax relief measures in the future.

*Councilmember Nicks made a motion to approve Item 7b and Councilmember Eiterich seconded the motion.*

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

Councilmember Karlin - Absent

Councilmember Eiterich - Yes

Councilmember Charlton - Yes

Councilmember Nicks - Yes

Councilmember Arroyo - Yes  
Councilmember Williamson - Yes  
Councilmember Denny - Yes  
Councilmember Herron - Yes  
Mayor Sayers - Yes

Motion passed unanimously.

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

The public hearing closed at 7:53 PM.

Beccy Yocham, City Manager, said that Kyle Glaser, Economic Development Analyst, would speak with Ms. Van Horn following the meeting regarding the Property Tax Rebate Program, which he administers. She said the program is not first come, first served, but there is an application period followed by a review of the eligibility requirements. She added that anyone who meets the eligibility requirements would receive some rebate, depending on the number of applicants. She said the application period runs through October.

To address Mr. Feller's questions, Mr. Blum discussed the City's credit rating and its impacts on interest expense savings and tax increases. He provided some examples of capital project funding using different credit ratings. He talked about how credit ratings assess various factors like economy, debt, liquidity, and institutional strength and how this rating is similar to an individual's credit score: the higher it is, the cheaper it is to borrow. He also talked about Lenexa facing some challenges, such as reliance on sales tax revenue, which can be volatile, and a tax base that heavily relies on office space, a sector facing difficulties. He said some factors that could lead to a rating downgrade include a weakened economy, tax base contraction, increased debt, or deteriorating reserves.

Mr. Blum talked about how the City's mix of commercial and residential property taxes provides a balance between volatile sales tax revenue and more stable property taxes. Lenexa's tax base is 44% commercial, making it less reliant on residential and sales tax than neighboring cities like Shawnee and Olathe. This diverse tax base helps stabilize revenue and supports the City's strong financial position.

Councilmember Nicks asked if he was correct in understanding that Mr. Feller and Councilmember Karlin had suggested taking half of a budget's remaining reserves for property tax relief and the other half for capital and Mr. Blum agreed. Councilmember Nicks said that it currently all goes into capital and Mr. Blum agreed saying that makes it so that the City does not have to borrow as much. Mr. Blum talked about the process for staff to bring the transfer forward to the City Council for approval, how the goal is to have a maximum of 35% in reserves, and how reserves could be transferred for a specific project or into the Capital Improvement Fund for allocation through the Capital Improvement

Program, which the Governing Body ultimately approves.

Councilmember Charlton asked Mr. Blum to discuss his concerns about a weakened economy and decreased sales tax. Mr. Blum talked about 2021-2023 having strong year-over-year growth in sales tax revenue, with increases between 15% and 20%, but it is currently down 1% for this year.

Councilmember Charlton asked about office use declining and impacting revenues. Mr. Blum said that one of the credit rating agencies noted that the City's tax base has heavy exposure to office space, which is facing "headwinds". Councilmember Charlton mentioned a conversation with a mason contractor about budget estimates for a possible future project. He said the contractor mentioned that they are reassessing their pricing due to a slowdown in the industry, which aligns with what he is hearing from others in the industry. Mr. Blum said this could be an indicator of a weakening economy, either presently or in the near future, which would affect property tax revenue and sales tax having a big impact on the City's finances. He added that remaining at the RNR, from a ratings perspective, may not directly cause a downgrade, but combined with a weakened economy and loss of sales tax, significantly increases the chance of a rating downgrade.

Mayor Sayers added that is why the City has the reserve policy to plan ahead for any unforeseen economic events. Mr. Blum agree and said that the City's municipal advisor has told him that 35% in reserves is really the minimum to maintain.

8. Consideration of a resolution approving the FY 2025 budget

a. Public hearing to consider the fiscal year 2025 budget

b. Resolution approving the FY 2025 budget

*The Governing Body reviewed the fiscal year 2025 recommended budget at Committee of the Whole meetings held in June and July. The total recommended fiscal year 2025 budget for all funds is \$246.8 million and the estimated mill levy for the budget is 26.970 mills.*

Mayor Sayers asked if there was any further discussion on the budget.

Mayor Sayers opened the public hearing at 8:10 PM.

No one from the public spoke.

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

The public hearing closed at 8:11 PM.

*Councilmember Williamson made a motion to approve item 8b and Councilmember Arroyo seconded the motion.*

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

Councilmember Charlton - Yes  
Councilmember Nicks - Yes  
Councilmember Arroyo - Yes  
Councilmember Williamson - Yes  
Councilmember Denny - Yes  
Councilmember Herron – Yes  
Councilmember Karlin - Absent  
Councilmember Eiterich - Yes  
Mayor Sayers - Yes

Motion passed unanimously.

### **NEW BUSINESS**

There was no new business.

### **COUNCILMEMBER REPORTS**

Mayor Sayers said that Annabeth Surbaugh passed away recently and talked about her public service over the years.

### **STAFF REPORTS**

#### **9. Emergency Preparedness Update**

Susan McMahan, Emergency Preparedness Manager, said she is excited about her role and shared insights on her first four months on the job. She emphasized that September is National Preparedness Month, led by FEMA, aimed at teaching communities how to prepare for disasters. Weekly themes include making plans, building emergency kits, and educating the next generation about disaster preparedness. She thanked the Mayor for proclaiming September as National Preparedness Month.

Ms. McMahan highlighted the importance of planning for various hazards, both natural (like storms and space weather) and human-caused (like terrorism and cyberattacks). They noted a rise in billion-dollar disasters and the need for community and technological preparedness. She also described her accomplishments, including building stronger relationships with city departments, updating event action plans, and working on a regional hazard mitigation plan with more mitigation actions than before. The plan is awaiting FEMA approval, which will lead to grant opportunities.

Ms. McMahan detailed plans for upcoming training opportunities she is working to provide.

The Governing Body welcomed Ms. McMahan, and thanked her for the presentation of such important information and for her efforts.

### **STUDENT INTRODUCTIONS**

Gillian Schockley, Shawnee Mission Northwest High School student, attended the meeting for a class assignment. Anthony Masloveric and Adam Hageman also attended

the meeting for a class assignment.

**END OF RECORDED SESSION**

**BUSINESS FROM FLOOR**

There was no business from the floor.

**ADJOURN**

*Councilmember Denny made a motion to adjourn and Councilmember Nicks seconded the motion.* Motion passed unanimously.

The meeting adjourned at 8:51 PM.

/s/ Jennifer Martin  
City Clerk