



## Agenda

**COMMITTEE OF THE WHOLE  
GOVERNING BODY  
CITY OF LENEXA, KANSAS  
17101 W. 87TH STREET PARKWAY**

**JULY 8, 2025  
7:00 PM  
COMMUNITY FORUM**

### **CALL TO ORDER**

### **ROLL CALL**

### **APPROVE MINUTES**

June 24, 2025 Committee of the Whole meeting draft minutes (located in the Appendix)

### **DISCUSSION**

1. FY 2026 Recommended Budget - Fund/Department Review

### **ADJOURN**

### **APPENDIX**

2. June 24, 2025 Committee of the Whole meeting draft minutes

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

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**COMMITTEE OF THE WHOLE  
MEMORANDUM**

**ITEM 1**

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**SUBJECT:** FY 2026 Recommended Budget - Fund/Department Review

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

**DATE:** July 8, 2025

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**PROJECT BACKGROUND/DESCRIPTION:**

At the June 24, 2025 Committee of the Whole meeting, staff presented the City Council with an overview of the [FY 2026 Recommended Budget](#), including a multi-year financial forecast. This follow-up budget discussion is intended to focus on each Fund and Department budget.

Department directors will present their budget highlights, including any major operating budget changes, personnel requests, and non-capital equipment requests that are included in the FY 2026 Recommended Budget.

**FINANCIAL IMPLICATIONS/FUNDING SOURCES:**

The FY 2026 Recommended Budget is \$261.1 million, including \$173.4 million in expenditures and \$87.7 million for reserves.

The total estimated mill levy for FY 2026 is 26.459, a planned 0.500 mill reduction from the FY 2025 Budget.

**ATTACHMENTS**

1. FY 2026 Recommended Budget (link)
2. Staff Response to Questions
3. Correspondence

The following questions were submitted by citizens of Lenexa regarding the FY2026 budget and have been summarized for clarity, effectiveness and common themes. Responses have been provided by City staff to help explain key aspects of the proposed budget, including spending priorities, funding sources, and the anticipated impact on City services. This Q&A is intended to address common questions raised by the community.

**Q: Why are 2024 General Fund Reserves 44% while the city's target is 35%—has the target changed?**

The City's reserve policy for the General Fund sets a target reserve level of 30–35%, but there are many factors to consider, including changing economic conditions and the potential impacts of state statutory changes. Due to the timeline required by Kansas budget laws, staff prepares the City's revenue and expenditure projections almost two years in advance of the end of the budget year. Predicting economic conditions that far in advance can be challenging, so the City adheres to its budget principles and uses conservative revenue estimates. Several direct comparisons with our neighbors, Shawnee, were highlighted in the community questions. For comparison with Lenexa's proposed budget, Shawnee carries a 54% reserve balance for their General Fund while having a comparable reserve policy.

In 2024, the City's revenues exceeded expectations, driven primarily by strong development activity and an excellent return on its investment portfolio. The City issued its second-highest number of building permits ever in 2024, generating \$3.0 million in revenue. Additionally, staff strategically managed the City's investment portfolio to generate \$4.6 million in revenue. City expenditures also came in under budget, primarily due to personnel cost savings from vacant positions—mainly in public safety.

**Q: Why were reserves increased by \$9.2 million to over \$87 million in FY2026?**

Approximately 52%, or \$4.8 million, of the increase in reserves is attributable to the City's economic development funds. These are not revenues to the City but are required by Kansas law to be budgeted as expenditures. The funds can only be used for eligible expenses within the respective districts, yet the City cannot disburse them until eligible costs are submitted by the developer and certified by the City. If the developer does not certify costs, the funds remain in the fund balance (reserves) until eligible expenses are certified.

Another 22%, or \$2.0 million, of the increase in reserves is due to special revenue funds, which are restricted in their use based on their specific revenue sources. For example, Special Alcohol Funds can only be used for programs focused on preventing alcohol abuse and treating its consequences.

**Q: Is it correct that the average residential appraisal rose by 6.8%, with the 0.50 mill rate reduction offsetting 1.8%, resulting in a net 5% property tax increase for the average homeowner?**

No. The City's total assessed valuation (residential and commercial) increased by 7.2% for the FY2026 budget. With the recommended mill levy reduction of 0.500 mills, the City's property tax revenue is projected to increase by 5.3% over FY2025. However, approximately 30% of that increase is due to new development within the City, meaning pre-existing residential and commercial properties account for approximately 3.71% of the total increase in property taxes.

For further context, Lenexa's property tax revenue is generated by both residential (55%) and commercial (45%) properties. This equates to an average residential impact of just over 2% in property tax increases for existing residential taxpayers.

**Q: Why is the 2026 budgeted sales tax revenue essentially flat since 2022 and down 1.4% from the 2025 budget?**

While there are normal fluctuations month to month in sales tax collections, the State of Kansas recently exempted certain communications equipment and software from sales tax, which has significantly reduced the City's sales and use tax revenue in the Information Services category. As a result, revenue in this category is down nearly 55% through June 2025 and has been trending down since the sales tax exemption was implemented in July 2024. Conversely, sales tax revenue from Retail Trade and Hotels, Restaurants, & Bars continues to remain strong, up 6% and 5% respectively which helps to offset the reductions in the information services category. The strong performance in these industries indicates that the public is spending their disposable income in Lenexa.

The following chart details the City's sales tax revenue by industry and compares FY2025 collections to FY2024. This information is provided to the City by the Kansas Department of Revenue.

<b>Lenexa Sales Tax By Industry (June 2025)</b>				
<b>Industry</b>	<b>FY2024 Revenue</b>	<b>FY2025 Revenue</b>	<b>\$ Increase/Decrease</b>	<b>% Increase/Decrease</b>
Construction & Manufacturing	\$987,074	\$907,102	-\$79,972	-8%
<b>Information Services</b>	<b>\$754,655</b>	<b>\$337,075</b>	<b>-\$417,580</b>	<b>-55%</b>
Leasing & Rental Services	\$282,175	\$278,786	-\$3,389	-1%
<b>Retail Trade</b>	<b>\$5,299,161</b>	<b>\$5,601,281</b>	<b>\$302,120</b>	<b>6%</b>
<b>Hotels, Restaurants, &amp; Bars</b>	<b>\$1,217,987</b>	<b>\$1,284,644</b>	<b>\$66,657</b>	<b>5%</b>
Utilities	\$787,391	\$781,042	-\$6,349	-1%
Whole Sale Trade	\$1,348,736	\$1,315,496	-\$33,240	-2%
Other Merchants	\$1,251,081	\$1,251,197	\$116	0%
<b>Total</b>	<b>\$11,928,260</b>	<b>\$11,756,623</b>	<b>-\$171,637</b>	<b>-1%</b>

While the City's overall sales tax revenue chart (included in the FY2026 budget document) appears relatively flat since 2022, it's important to note that annual projections have increased each year—by approximately \$700,000 to \$750,000—reflecting our expectation of steady growth until the recent exemptions by the State. Between 2021-2024, the city experienced an 18.3% growth in sales tax revenue – one of the largest increases in Johnson County.



Looking ahead, the City anticipates a potential short-term boost in sales tax revenue related to the World Cup. One metro organization has estimated that the World Cup impact to Lenexa could be approximately \$18 million to local businesses – if this estimate is accurate, it could potentially generate approximately \$250,000 in sales tax revenue to the City. However, given the unprecedented nature of the event in the Kansas City region and the short-term nature of the potential impact, we remain cautiously optimistic and do not intend to rely on a potential one-time revenue windfall to support ongoing revenue expectations.

**Q: The 6% compensation increase seems generous compared to local organizations. How is this increase determined?**

The City will complete a comprehensive compensation study in 2026 and will bring forward a resolution with recommended compensation adjustments, based on the study's findings, for Council consideration after the study is completed. The 6% funding included in the recommended budget for compensation increases and appropriate market adjustments is an estimate. By approving the budget, Council is not approving across-the-board 6% pay increases - 3% has been included in department budgets while 3% is reserved in non-departmental as potential funding for the results of the study. If the study results in a recommendation for compensation increases of less than 6%, the City will not spend the full amount and will consider other ways to best utilize any excess funds – including possible future mill levy reductions.

**Q: While the city's contribution to employee health insurance is increasing by 12.2%, how much additional are employees paying? Is this cost shared, as is typical in the private sector?**

Yes, this cost is shared between the employee (17%) and the City (83%). The 12.2% increase for the City is an estimate based on current market conditions and recent experience. Final rates and the employee cost share for 2026 will be determined later this year, but it is expected to be relatively consistent with prior years.

**Q: What is the average ratio of employee benefits to compensation, and how does it compare to other local organizations?**

The City's ratio of employee benefits to compensation is approximately 40/60. While the City conducts periodic surveys of compensation and benefits to assess how the City compares to other jurisdictions, we do not specifically track this ratio.

**Q: Why are the City's economic development payments only increasing \$100,000 in FY2026 as there are TIF/CID project developments nearing completion?**

The increase in economic development payments is primarily due to the new Midas Dual Hotel CID, which will come online in 2026, and an increase to the estimated reimbursement amount for the CCE #2 CID. The City anticipates having sufficient budget authority in other TIF/CID funds to meet its obligations under the agreements with the developers.

**Q: The City has several properties with expiring tax abatements, how much tax revenue will the City receive from these properties in 2026?**

Three properties with expired IRBs will fully return to the tax rolls for the FY2026 budget. Based on the City's recommended mill levy of 26.459 mills, these properties are projected to generate approximately \$450,876 in revenue for the City in 2026—an increase of \$120,576 over the prior PILOT payments. This estimate reflects only the City's portion; other jurisdictions, such as Johnson County and the applicable school district, will also receive their respective shares of the tax revenue.

**Q: Shawnee, with a population approximately 15% larger than Lenexa, has a general fund budget nearly \$40 million less. What are some of the factors creating the difference?**

There are significant differences in how cities account for their revenue and expenditure transactions. Lenexa uses the General Fund to track many types of transactions that Shawnee records in separate, specialized funds. While both approaches are appropriate, these differences make it difficult to directly compare each city's General Fund.

For example, Lenexa's 3/8-cent sales tax dedicated to parks and pavement—generating approximately \$10 million annually—is accounted for in the General Fund. In contrast, Shawnee has a similar sales tax dedicated to parks and pipes but records those transactions in a separate fund rather than in the General Fund.

There are other differences between cities that can impact a direct comparison such as a city's assessed valuation split between commercial and residential development. In this case, commercial properties make up a significantly larger portion of Lenexa's assessed valuation compared to Shawnee. As a result, comparing each city's General Fund budget on a per-capita basis incorporates the substantial revenue generated by commercial properties in Lenexa but ignores the costs associated with providing services to those businesses. This can lead to a misleading interpretation of how much funding or expenditure is actually allocated to each resident.

**Q: By comparing Lenexa and Shawnee's General Funds, it appears Lenexa's residential property taxes are 33% higher per capita than Shawnee. Is this accurate?**

This is not a valid comparison. Specifically, there are significant differences in how cities account for their revenue and expenditure transactions. Lenexa uses the General Fund to track many types of transactions that Shawnee records in separate, specialized funds. While both approaches are appropriate, these differences make it difficult to directly compare each city's General Fund.

One example is that Shawnee has a separate property tax mill levy for its Public Safety Equipment Fund which generates approximately \$2.0 million in revenue for the City while these same expenses are paid for out of Lenexa's General Fund.

Along with the revenue from this separate mill levy, there are other things that could be taken into account when comparing residential property taxes generated by each city which would make such a comparison more appropriate - such as the number of housing units, the difference in the value of land and cost of making land developable, the split between multi-family and single-family homes in residential assessed valuation and the service levels provided by each city.

**Q: If reserves exceed the maximum target in the city's General Fund, can the additional reserves be returned to taxpayers through lower property taxes instead of transferring to the Capital Improvement Fund?**

The City's reserve policy, published on the Finance Department's website, outlines the acceptable uses of General Fund reserves that exceed the 35% target. Excess reserves are one-time revenues and lowering on-going property taxes based upon this would violate the City's budget principles.

One of the most impactful uses of these funds is transferring them to the Capital Improvement Fund—either to pay for capital projects originally planned to be debt-financed (thereby saving taxpayers interest costs) or to fund essential projects that may have been delayed due to a lack of available funding (thereby improving services). Both uses have a positive impact on the City's residents and support the potential for continued mill levy reductions.

The mechanics of transferring these funds to the Capital Improvement Fund is a very public process – the City has noted this transfer in the recommended budget, brings forward a resolution to the City Council to approve the transfer and finally allocates the funds to specific capital projects through the budgeting process for the City's Capital Improvement Program.

**Q: Will the Fire Station 6/Old City Hall project be brought forward for a public vote?**

To date, the City Council has only approved a study of a potential Fire Station at the Old City Hall site and have not fully approved a project to construct anything at this location. We anticipate reviewing the study results and making a decision later this year.

The city is not required by law to seek a public vote prior to approving such a project nor financing it and we do not anticipate doing so in this instance.

**Q: Has the final decision been made to pursue the K-10 and Lone Elm Interchange project?**

The Lone Elm Interchange is one element of KDOT's K10 Project and the final decision to construct the interchange lies with KDOT. The City's local contribution to this project will be for a fraction of the total cost of the interchange and is significantly less expensive than the cost to widen both 101<sup>st</sup> Street and Woodland Road should the interchange not be constructed – 100% of the cost of which would have to be borne by the City of Lenexa.

**Q: With Lenexa reportedly having the highest ratio of rentals/apartments to owned homes in the county, has the city analyzed the economic impact of this trend?**

While Lenexa's ratio of rented to owned households is slightly higher than other neighboring communities, a significant number of apartments are located in or adjacent to Lenexa City Center which is a longstanding community goal where a certain level of density is necessary to support the mixed-use walkable amenities and community gathering spots that our community desired. If apartments which are either in or located very near LCC were excluded from this comparison, Lenexa's numbers and ratios look very similar to neighboring communities.

The vast majority of apartments in Lenexa received no tax incentives. Of those that received or are receiving TIF, the projects will always continue to pay the base year tax amount (which is shared prorata among all jurisdictions) and the state school mill levy. The remaining taxes which are captured in the TIF (which includes everything but the base year taxes and the school mill levy) are partially or entirely rebated to them for approved, eligible expenses. The City also receives reimbursements for its eligible expenses, which pay for infrastructure and other costs that would otherwise be paid by general tax dollars.

**Q: What makes up the "other transfers" function and transfers to Capital Improvement Fund line items in the General Fund?**

The complete list of transfers is shown on page 91 of the FY2026 recommended budget document under Non-Departmental. These transfers fund the City's Equipment Reserve Fund, Facilities Maintenance Fund, and Capital Improvement Fund. The City also shows the TIF reserve amount as a transfer in the General Fund, however, this is a placeholder and is not spendable.

**Q: Can you explain the City's department level budget process?**

The City's budget process begins with a comprehensive review of departmental operations to identify efficiencies and reduce costs without compromising service quality. Staff evaluates employee compensation to ensure the organization remains competitive in attracting and retaining talent. Emerging technologies, including AI, are leveraged to streamline workflows and improve productivity. Throughout the process, the broader economic environment—including revenue trends and demand for City services—is carefully analyzed to inform budget decisions and ensure long-term fiscal sustainability.

Additional information on the departmental budgeting process will be discussed during the department budget presentations on July 8<sup>th</sup>.

From: [altwegg@yahoo.com](mailto:altwegg@yahoo.com) <[altwegg@yahoo.com](mailto:altwegg@yahoo.com)>

Sent: Monday, June 23, 2025 3:51 PM

To: Scott McCullough <[smccullough@lenexa.com](mailto:smccullough@lenexa.com)>; Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>; Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>; Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>; Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>; Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>; Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>; Tim Green <[tgreen@lenexa.com](mailto:tgreen@lenexa.com)>; [michael.ashcraft@jocogov.org](mailto:michael.ashcraft@jocogov.org); [dan.hawkins@house.ks.gov](mailto:dan.hawkins@house.ks.gov); [ty.masterson@senate.ks.gov](mailto:ty.masterson@senate.ks.gov); [dinah.sykes@senate.ks.gov](mailto:dinah.sykes@senate.ks.gov); [susan.ruiz@house.ks.gov](mailto:susan.ruiz@house.ks.gov); CD Planning <[Planning@lenexa.com](mailto:Planning@lenexa.com)>

Subject: Appreciation and Urgent Request for Property Tax Relief Collaboration – City and State

Dear City of Lenexa Officials,

CC: State Leaders

I want to extend my sincere thanks to the City for restoring the site where my old streetlight was replaced. I noticed the grass and special materials were recently installed, and I appreciate your attention to this.

I'm also writing with a broader concern that affects not just my household but many others across Lenexa and Johnson County: rapidly rising property taxes and their growing impact on long-time homeowners and families.

I've lived in Lenexa since 2003, and up until 2020, property values—and the associated taxes—remained relatively steady. When I purchased my home, my total property taxes, including wastewater fees, were around \$2,200. Now, the wastewater is billed separately at about \$600 annually, and my property taxes—before a successful appeal—had more than doubled to approximately \$4,400. At the same time, key services like snow removal have diminished, often delayed until the end of the next business day.

Many residents will simply pay and struggle quietly. But the long-term consequences are serious: families being priced out of homes they've lived in for decades, loss of community continuity, and an increasing mismatch between local economic needs and the city's labor base.

The City's Property Tax Rebate Program

(<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.lenexa.com%2FGovernment%2FBudget-Taxes%2FSales-Property-Tax%2FProperty-Tax-Rebate->



[Program&data=05%7C02%7Cjmartin%40lenexa.com%7C7277a6bbcc084327fac008ddb327f97a%7C6d6f2c19dcc54005b8982a612c925f76%7C1%7C0%7C638863706470154504%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMilslkFOljoitWFrpbClslldUljoyfQ%3D%3D%7C0%7C%7C%7C&sdata=cx7lCusRW1k9X4eW2xRuljzk%2FYdUKyzQoZXWDEdrn2U%3D&reserved=0\)](#) is a commendable first step, but it excludes many struggling families—particularly younger households with children, those relying on a single income, or residents who are not fully disabled. This raises concerns about fairness, and potentially, compliance with age discrimination and ADA principles.

I strongly urge the City to work collaboratively with Johnson County leaders, including Commissioner Ashcraft and others, to develop a more inclusive, income-based property tax relief program. Eligibility could include long-time homeowners (e.g., 5+ years in the home) who are experiencing hardship from skyrocketing taxes and insurance costs.

To that end, I am CC'ing state legislators and leaders as well. State-level reform is also urgently needed—whether to expand relief programs, revise assessment policies, or explore matching grant initiatives that support local property tax relief efforts.

This isn't just a local budget issue—it's a long-term challenge for community health, economic diversity, and housing stability. A modest program that helps just 1% of households might cost \$500,000 per year, but the cost of losing stable families, entry-level workers, and community cohesion is far greater. The goal should be to help people stay—not just make room for those who can afford to replace them.

Lenexa has the opportunity to lead by example. Let's work together at both the city and state level to make our tax system more fair and sustainable for the families who built and sustain our communities.

Thank you for your time and consideration.

Matt Altwegg

**From:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Sent:** Thursday, June 5, 2025 2:09 PM

**To:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**Subject:** RE: Sales & Use Tax Trends

Hi Mike: My answers are in-line below in red. -Beccy

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**Beccy Yocham**

City Manager

City of Lenexa

913.477.7718

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*The City of Lenexa: Leaders in the delivery of exceptional public service*

**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Monday, June 2, 2025 1:33 PM

**To:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Subject:** Sales & Use Tax Trends

Hi Beccy, while it's good you are carefully monitoring the negative sales tax trends, per the end of this earlier email below, what I'm asking is if you considering the root causes of the trends? FWIW, I shared the county trends with a County Commissioner who had no idea and pledged to research with staff and possibly a group called CERI. This commissioner was shocked to learn Johnson is lagging the rest of the state and other large counties.

Yes, we are aware of the causes behind the sales and use tax trends. If you review our communications from 2024, you'll see that we anticipated sales and use tax revenues would level off in 2024 and 2025. In addition, I will note that sales tax revenue from Information Services specifically is down significantly due to a relatively new State law which exempts communications equipment and software from sales tax. On the other hand, Lenexa's revenue from Retail Trade and Hotels/Restaurants & Bars is up in 2025 and remains strong.

Not sure if there was something unique about the May reporting period, but the one month good news is May Year over Year was quite good for most jurisdictions including Lenexa,



JOCO, and entire state up 7.3%, 7.2 and 7.8, respectively. Lenexa being down YTD 0.9%, which is even worse compared to others continues to be concerning however.

As noted above, city sales tax revenue from Information Services was down in early 2025 but has been trending more favorably over the past few months. As you noted, Lenexa's increase in city sales tax revenue in May 2025 was higher than that of all the cities you compared us to, as well as Johnson County.

Some good news relates to Use taxes, which do I understand correctly is almost entirely paid by businesses and not individual consumers? It appears Lenexa use tax is up YTD over 10% and \$516k higher than 2024, which appears to easily make up for the sales tax shortfall. This percentage increase is better than the county and Olathe, although does still lag Shawnee.

No, that is not correct. Individual consumers do pay use tax on merchandise purchased outside of Lenexa but "used, stored, or consumed" within the city. The city has seen a significant increase in use tax revenue post-COVID, as consumers shifted to purchasing online and having goods delivered rather than going to a store.

My perhaps overly simplistic overview is Lenexa's non-retail businesses are spending well which is hopefully a good indicator of economic strength. However, retailers and retail consumers appear to be struggling, both absolutely and relative to surrounding jurisdictions. There is a noted theory that consumer spending, reflected in sales tax receipts, is directly correlated with disposable income. As such, this would seem to indicate disposable income is slipping in our city relative to others. If not, then Lenexans are spending a greater share of their income outside our City....Thoughts?

As noted above, revenue from Retail Trade and Hotels/Restaurants & Bars is up in 2025, which does not support your assertion that retailers and residents are struggling nor that they are spending more of their income outside the city. The dip in sales tax revenue the city experienced in early 2025 was due to normal fluctuations in collections and a decrease in revenue from Information Services, resulting from the state exemptions that took effect in mid to late 2024 on equipment and software for commercial companies.

Thanks as always!

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Friday, June 20, 2025 8:52 PM

**To:** 'Beccy Yocham' <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Cc:** 'Bill Nicks' <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; 'Mark Charlton' <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; 'John Handley' <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>

**Subject:** RE: Sales & Use Tax Trends and the Preliminary 2026 Budget

Thanks as always for your very detailed responses as you've really helped me and others understand better what is behind these negative sales tax trends.

I was completely unaware of the Info Services exemption effective last July. So it sounds like this exemption largely explains Lenexa's May YTD 0.9% decline vs 2024 and also the 3.8% shortfall vs Johnson County as a whole - correct? If so, based on our 1.38% sales tax rate, that would imply Lenexa lost the sales tax revenue on these exempted info services sales of \$27 million above and beyond what the rest of the county also may have lost which may actually understate the Lenexa impact. Are Info Services sales truly that significant in Lenexa relative to the rest of the county?

As we agreed below, it is encouraging May Sales tax and YTD use tax are showing solid growth and you also seem optimistic Retail Trade, Restaurants and Bars are doing well. However, in reviewing the Budget package, page 28 for the Tuesday Council Meeting of the Whole, it appears staff is projecting a 1.4% decline in sales/use tax vs 2025 budget and the need for 5.3% property tax increases to fund expenditure growth. Can you help me reconcile your optimism below against the sales & use tax budget projections as these appear to be at odds, while also concerning that with all the commercial development these could be declining?

I hope it's OK I cc a few Councilmen on this as I hope that you can answer these questions for them at your Tuesday meeting as well to help them give informed opinions.

Appreciate you!

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)



**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**Date:** June 23, 2025 at 1:01:20 PM CDT

**To:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Subject:** RE: 2026 Budget Feedback for Committee of the Whole Meeting

Attached is the comparison I know shared with Chris and Mark. Possibly to John and Bill and earlier version with Beccy.

No doubt there are differences between the 2 cities as you mention, but Shawnee also has things we don't such as Shawnee Town 1929, Old Shawnee Days which as much as I like some of our events, none are as big as this, and their parks are also outstanding although nothing on the level of So Ko Par and Lake Lenexa. My experience from a few years ago is their civic center is comparable to our Old Town Comm center, while the Rec Center is not a General Fund matter and not relevant in my attachment nor to your point. They have also done a much better job in developing desired retail infrastructure on their west side compared to Lenexa. The reality is our cities are extremely similar when considering location, demographics, school districts and household income. I think you'd find most are not that bothered that Lenexa's budget is somewhat bigger, but the things you list do not seem to rationalize a \$40 million gap. And would you be surprised If I told you that Shawnee staff definitely does consider Lenexa a valid comparison from their perspective?

I certainly understand that you won't be able to address all feedback you receive from me and others tomorrow, but I hope its OK if I suggest the topics with the biggest impacts that should be discussed are: the 6% compensation increases, Potentially overly conservative sales tax revenue projections and Scaling back the increase in reserves? As a fellow finance guy, I respect Nate a lot, but his overly conservative stance on pretty much everything is an issue. Not everything has to be based on worst case scenarios I hope.

As I understand the meeting is not recorded, I will try to attend.

Thanks for reaching out and your service to our city!

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

	General Fund (Budget)			
	Lenexa		Shawnee	
REVENUES	2025			
(Excludes Intrafund transfers & Grants)	\$	% of Total		% of Total
Residential Property	21,233.88	18.6%	18,733.02	25.6%
Commercial Property	18,088.12	15.9%	5,278.64	7.2%
Other Property			540.14	0.7%
Vehicle	3,120.70	2.7%	2,149.10	2.9%
Sales	53,799.70	47.2%	32,000.00	43.7%
Liquor	478.50	0.4%	438.80	0.6%
Franchise	7,125.00	6.3%	6,097.00	8.3%
Total Taxes	103,845.90	91.2%	65,236.70	89.0%
Licenses & Permits	2,779.00	2.4%	2,208.90	3.0%
Charges & Fees	2,192.00	1.9%	2,745.50	3.7%
Fines	1,151.00	1.0%	1,106.70	1.5%
Investment Earnings	3,323.30	2.9%	1,721.90	2.3%
Miscellaneous	631.60	0.6%	263.30	0.4%
TOTAL	113,922.80	100.0%	73,283.00	100.0%
Revenue/Citizen	1,917.02		1,051.04	
EXPENDITURES	2025			
(Excludes Debt Service)		FTEs		FTEs
General Government	14,117.00	59.98	12,154.60	50.5
Public Safety	38,563.70	254.00	38,784.80	204
Public Works	18,607.80	54.35	8,226.00	37 Excl Stormwater
Community Development	4,868.00	44.00	3,644.10	23
Parks & Rec	10,502.30	80.40 Excl Rec Cente	7,616.50	24
Subtotal	86,658.80		70,426.00	
Expense/Citizen	1,458.24		1,010.07	
Capital Project Transfers	14,607.05		0.00	
Other Transfers	10,044.95		0.00	
Total	111,310.80	492.73	70,426.00	338.5 0.455628
Population		59427	69724	

**From:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Sent:** Monday, June 23, 2025 12:08 PM

**To:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**Subject:** Re: 2026 Budget Feedback for Committee of the Whole Meeting

Good morning Mr. Feller -

Confirming receipt of your email and that we will work these questions into our budget process, not all of which we will be able to address at tomorrow night's meeting, but will work to do so over the course of the several upcoming sessions we have on this topic.

While we use Shawnee as a comparable for employee compensation and other benchmarks, the difference in public assets between our two communities is not equivalent, so I'd ask that you please send to me your comparison to make available to the entire Council for review. Off the top of my head I can name our Rec Center, Community Center/Senior Center, Public Market and an additional community pool as assets that require maintenance and staff that do not exist in our neighbor city. Additionally, I am not familiar with the financial implications of the Johnson County Landfill being located in Shawnee, and how they approach this from a community development &/or budgeting perspective.

Thanks,

JS

**Julie Sayers**

Mayor

City of Lenexa

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**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Monday, June 23, 2025 10:25 AM

**To:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>; John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>; Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>; Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>; Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>; Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>; Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>



**Cc:** Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>

**Subject:** 2026 Budget Feedback for Committee of the Whole Meeting

I am writing to request answers at your Tuesday budget review meeting and do not expect or desire a written response.

I have met several of you recently and have concluded not only are you performing a public service that few would take on, but you are good, well intentioned individuals. My finance background always gets me especially interested in matters such as the budget discussion Tuesday, so having witnessed many CC meetings and spoken at the most recent budget public hearing last fall, I am concerned some council members are unwilling or unable to ask tough questions about how to run the city more financially efficiently and may choose to delegate decision making on financial matters entirely to staff. No doubt your job as well as that of staff is much easier when the public is ignorant and apathetic on these important issues. But as recently witnessed with controversy in Prairie Village, citizens are becoming increasingly aware and engaged. I commend many of you for being very accessible and responsive which is nice, but I ask you to consider the public's opinions as you discuss the budget details Tuesday as we all know the Budget Public Hearing in September is nothing but a formality.

I was told by one of you that I have a reputation as someone who asks hard questions so I hope I don't disappoint with the following:

I distributed a general fund comparison to at least 3 of you showing Lenexa's revenue sources, departmental level expenses, and headcount vs. Shawnee based on the 2025 budget of each with the assistance of CFO Blum and his counterpart in Shawnee which was eye opening. Despite the fact Shawnee population is 17% higher, Lenexa revenue and expenses are an amazing \$40 million higher! Lenexa has some huge revenue advantages in Commercial property and Sales/Use taxes which I'm sure do require some addl city support to sustain. But it was shocking our residential property taxes are a whopping 33% higher per capita than Shawnee, even though a larger proportion of their residents own their homes – can you explain as the only thing I can think of is our huge shift in the number of residents residing in tax abated apartments, of course along with our much higher mill rate. We do appreciate our parks and strongly support our police and firefighters so some will be satisfied with spending significantly more on these per capita than Shawnee, although you are hopefully always looking for cost efficiencies. But functions such as General Govt, Public works, Community Development and the mysterious "other transfers"

really need to be analyzed and explained, along with the related headcount which is an incredible 45% higher even after netting out rec center staff.

So could you explain the departmental level budget process: do department heads need to justify major items in their respective budgets each year as is done in most successful private sector, for profit businesses? Or do you basically take each departments' expenses from the prior year and adjust for inflation and compensation increases with no emphasis placed on cost savings or efficiencies? If the former, can staff share examples? A simple budget technique is to have each department head identify what services would be cut and noticed by the public if they reduced their budget 3% from the one presented in this package. This could be as simple as scaling back the 6% compensation increases which considering inflation is now under 3% and coming on the heels of a 6% increase in 2025 seems extremely generous. I would expect this combined 12% two year compensation increase easily exceeds that earned by the vast majority of your constituents and they would not be happy if they learned the facts. Do you really feel there would be material staff turnover and reduced employee productivity if the increase was more in line with 3% inflation instead of 6%?

My next question is about the sales tax budget. In recent years, Lenexa and it's affiliated developers have spent massive amounts on new retail centers, Office Complexes and apartments, especially in the City Center and Mining TIFs (approx. \$900 million in estimated cumulative city wide tax abatements). In fact, these may be one reason for the higher comparative expenses above. When considering the thousands of new residents in apartments, multiple new spending options in dining, entertainment, recreational, lodging, growing employee bases, rising cost of goods and services and the anticipated big economic impact of the exciting World Cup, sales tax revenue that is budgeted to be not only basically flat next year, but also flat since 2022 begs 2 questions: 1. Is the preliminary budget unreasonably conservative, or 2. Have the city's economic development and comprehensive plans fallen short of expectations and perhaps need to be re-evaluated? I know staff has rationalized some of the recent results due to the exemption of Info Services related tax enacted last July. This should have no bearing on the flat 2026 vs 2025 trend, plus it appears the math behind this rationale could be potentially exaggerated and does not jibe with other local cities trends.

Lastly, while it is encouraging the city's finances are so strong, why must the reserves continue to rise so dramatically? Again using Shawnee as a comparison, it appears their reserves are half of ours and their last bond issuance was rated AAA so this is not impacting their credit rating nor borrowing rates. How does this compare to other



surrounding cities? Nothing wrong with being somewhat conservative, but is it possible the city is going too far? Page 14 of the packet labelled Budget Principles states 1. Fund on going operating expenditures with ongoing revenues. 2. Use one time revenues for one time expenditures and 3. Maintain sufficient reserves to address unforeseen events. The consistent annual excesses, large CIF transfers for future unknown/unapproved projects, and reserve fund balance growth appears to violate all 3 of these principles.

While it took me a awhile after I moved here in 1997, Lenexa eventually changed from simply being my residence to becoming my "home". Those of you who have been here for a long time understand what that means. However, the city has evolved and seems trending further towards one that seems to cater to developers and transient apartment residents many of whom are just passing through for a few years and will never make Lenexa their "Home". While some may feel there is nothing wrong with that, you should at least acknowledge the inequity of long time homeowners paying the tab with property taxes that are significantly higher than is necessary.

Thank you for allowing me this opportunity to follow your Page 12 guiding principle of Inclusive Community Building by providing my input and ideas. I truly hope this principle is one you are serious about and will follow during your discussion Tuesday.

Michael Feller

8355 Hallet

**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Tuesday, June 24, 2025 11:43 AM

**To:** Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>

**Subject:** RE: Sales & Use Tax Trends and the Preliminary 2026 Budget

I'm guessing you've received quite a few emails on the budget discussion tonight including one from me yesterday. I hope it's ok to get one more. I don't know how many will attend, but those of us that do are being asked to communicate to many others. As the only two CC members with campaign challengers, pretty sure you will be especially observed.

Since my earlier email, I've learned the "free spending" County is currently proposing "only" a 4% compensation increase vs. the 6% in Lenexa and approx. 2% sales tax growth vs. flat in Lenexa. Upon further reflection, these 2 pieces of the our preliminary budget are questionable at best and frankly disturbing and selfish at worst. Coupled with nearly \$10 MM being added to already more than sufficient reserves I hope is as unacceptable to you as it is to me and others.

My fear is if the compensation, sales tax and reserves were adjusted to more reasonable levels, some on the CC will not be brave enough to actually reduce the mill rate to a sufficient level for 2026 as god forbid, it might actually reduce resident property taxes which I've been told by some on the Council would establish a bad precedent. There is another fear staff is trying to sock away as much cash as possible for future unapproved capital projects in violation of the budget principle of only using one time revenues for one time expenditures. When these future projects are identified and proven worthwhile, know your constituents will support funding at that time, but do not support for lack of a better term a "slush fund" with excess property taxes.

I hope you do will allay this fear and will stand strong tonight and throughout the process. It will be a big potential benefit to your campaigns should you do so.

I'd welcome the chance to meet with each of you to discuss further if you think beneficial as I understand this is only one of the first steps in the budget process.

Thanks for serving the citizens of Lenexa!

Michael Feller

8355 Hallet

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Sent:** Friday, June 27, 2025 4:36 PM

**To:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**Subject:** Re: Sales & Use Tax Trends and the Preliminary 2026 Budget

Good afternoon Mr. Feller,

As I'm sure you know about me, I do not work in finance, but am a business owner in the construction industry, which provides me with a slightly different lens with which I look at our financial data and projections. What our industry shows is that GDP is down for the first time in three years, and that uncertainty in the market due to tariffs has driven consumers to buy early this year before those fees took effect, and have since cooled spending as folks take a "wait and see" approach as federal trade policies fluctuate. As our finance team attempts to make projections for what the economy might look like 6-12 months from now, I believe it to be a conservative and reasonable approach to show sales tax as flat, in the event that this uncertainty remains and consumer spending remains slower than normal.

We've received other questions about apartments and will plan to include those in the answers we are preparing for next meeting.

Have a great weekend,

JS

**Julie Sayers**

Mayor

City of Lenexa

913.477.7567

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**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Friday, June 27, 2025 2:34 PM

**To:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Cc:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>; Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>; Courtney Eiterich



<ceiterich@lenexa.com>; Chris Herron <cherron@lenexa.com>; Craig Denny <cdenny@lenexa.com>; Chelsea Williamson <cwilliamson@lenexa.com>; Melanie Arroyo <marroyo@lenexa.com>

**Subject:** FW: Sales & Use Tax Trends and the Preliminary 2026 Budget

Hi Beccy, I want to start by hoping that you personally are feeling and doing well!

I have the upmost respect for you and desire strongly to be pulling together with you, not against you. However, some of the comments made at the Tuesday meeting are concerning as being not “full truths”, and have the potential of undermining the credibility of some as the facts become clearer.

For example, I'll start by noting the just released June 25<sup>th</sup> sales tax revenues show an unfortunate 2.2% decline for June and are down 1.1% YTD, which goes against your optimism in your June 5<sup>th</sup> email below. I know you, with insights from your CFO, attribute the decline to the loss of Info Services related sales tax which I don't doubt is part of the reason. However, the Kansas Department of Revenue estimates a total statewide loss of \$17 million, so many other jurisdictions are also being negatively impacted and all but Lenexa in our area are still showing sales tax growth. Unless you have evidence the loss of these revenues is significantly greater in Lenexa than other cities, the fact our relative Sales Tax decline is much worse needs explaining, as some are not convinced Info Services is the sole cause.

For example, while Lenexa is down YTD 1.1%, Leawood is up 2.1%, Olathe up 1.8%, PV up 3.9%, Shawnee up 1.1%, Johnson County up 3.2% and state as a whole up 3.6%. OP is excluded as I know they had a big tax increase that skews the comparisons. And as I've noted in prior emails, this underperformance has been the case long before the Info Services exemption was enacted, so not a new trend. . When considering all the supposed positive recent and 2026 developments and events, your extremely conservative flat sales tax budget seems as though you are also aware of something you are not sharing.

When I read the staff's position for next Tuesday's Planning Commission Meeting that the Ross Canyon apartments will generate more business in City Center businesses, I wonder how our sales taxes are not stronger with all the recent large apartment developments, so ask if there is evidence to support this statement or is it just theoretical? Is it true Lenexa has the highest proportion of apartments in the entire county as a speaker mentioned at a recent Council meeting, and is it perhaps time to re-examine the short, intermediate and long term impacts of the city's massive shift to apartments if we are falling behind our

neighbors economically and taking advantage of homeowners to cover the costs of additional services?

While I have other examples of “half truths” I will stop for now.

I can’t speak for everyone who contacted the Council last week, but I’m sure most want only what is best for the citizens of the city and to feel positively about their leaders, but it does take all parties being completely open and transparent which some of us still need convincing. I hope the Council will strongly consider this as they reply to the many emails, as well as finetuning the 2026 budget.

Thank you!

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Monday, June 30, 2025 9:33 AM

**To:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Cc:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Subject:** RE: Sales & Use Tax Trends and the Preliminary 2026 Budget

Thanks for another very quick response!

You do realize though we're talking about the percentage trends and not the absolute dollars? If instable markets are impacting consumer spending, the large retailers and shopping centers you mention would be expected to have similar negative impacts wouldn't they?

And are you aware that sales taxes on vehicle purchases are based on the registration address and not where purchased. So I buy an auto in Overland Park, Lenexa receives the sales tax and not OP.

We do have two of the largest retailers in the area in Costco and Sam's, but is there any reason the city has not pursued others?

While I appreciate the response, you are not making the case.

Thanks,

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Sent:** Monday, June 30, 2025 9:13 AM

**To:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**Cc:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

**Subject:** Re: Sales & Use Tax Trends and the Preliminary 2026 Budget

Thanks Mike - and I appreciate your expertise and insight. In my generalist approach to this, I perhaps should have also noted that I do not believe it is an accurate measure to compare Lenexa's sales tax revenue against other neighboring cities because we also lack the volume of large retailers and shopping centers that our neighbors have. Without Oak Park Mall, Town Center, IKEA, big box home improvement stores or miles of car



dealerships, our sales tax generators are more localized on food & grocery, restaurants or other small businesses. It is reasonable to me that with the instability in the market (real or perceived, which I think we can agree impacts consumer spending), people adjust their habits, which is what we are trying to project.

**Julie Sayers**

Mayor

City of Lenexa

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**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>

**Sent:** Sunday, June 29, 2025 9:55 PM

**To:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Cc:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>

Please know I truly admire and respect the way you balance your business responsibilities with your mayoral duties which must be a challenge so appreciate both the prompt reply and past accessibility from both of you!

Perhaps without realizing it, you seem to be making my point about the City's proclivity to use "half truths" and deflection when communicating with your constituents in your Friday email.

Technically, your statement about 1<sup>st</sup> qtr Real GDP (which is net of inflation) being negative is accurate, as there was certainly some legitimate short term panic when Trump announced his initial Tariff plans. However, when using GDP as a foundation for financial projections such as budgets, Nominal GDP, not Real GDP is the correct measure to use. 1<sup>st</sup> qtr Nominal GDP was 3.2% and a better macro "baseline". Fortunately, it seems as though many major trade deals, including with China, are getting done that will benefit all parties, and even in the case of the Friday Canada trade announcement, most unbiased experts realize this is just another negotiating strategy and will get resolved. 2<sup>nd</sup> Qtr consensus Real GDP projections are between 2.5-3.5% (nominal estimates not yet available), while what may be the best barometer of all, the stock market as measured by the S&P 500 is up 24% from it's April trough and hit a new record high Friday. (Spoiler alert:



if the Senate fails to pass a tax bill, expect market volatility this week). The early Spring panic apparently driving the City's pessimistic economic outlook you site appears badly outdated, while you appear to be using the wrong GDP stat, so may I suggest the City make an appropriate update?

The bigger issue though is Lenexa's consistent underperforming sales tax revenue relative to other jurisdictions, and no mention of it in your reply. Is this a reason for the ultra conservative budget? Per my earlier email, if there is more specific information to support the Info Services exemption as the sole reason, please provide, but again, this trend pre-dates this exemption. Otherwise, with approx. \$900 million in cumulative tax incentives to developers, our city's use of economic tools dwarfs all neighboring cities, and lagging sales tax raises what I hope you agree are legitimate questions about their effectiveness....business should be booming in Lenexa and on the surface appears to be.

On a more positive note as Beccy and I have earlier communicated, 2025 Use Tax is very strong – up nearly 11% YTD thru June and over \$400k higher. Yet, the 2026 budget does not seem to reflect nearly this growth – does this go back to the GDP issue above?

Hopefully the Council's perspective on apartments that you mention in your email will answer most questions, as there is great concern these are changing the economic foundation of the city in a negative way and may be part of the issue in the lagging sales taxes which continues to both shift the financial burden to homeowners and makes housing attainability even more challenging. This is reflected in our mill rate that is higher than our neighbors in Shawnee, Olathe and OP by 17.1%, 15.5%, and 85.7% respectively. Although staff has attempted to rationalize, I refer you to the 2<sup>nd</sup> paragraph above.

As a fellow business owner for 25 years, I didn't always appreciate hard, critical feedback, but found when I was open to making sometimes difficult changes, I was able to better serve my clients and enhance business performance, but none of it mattered without trust, so I hope you take my comments in that same spirit.

Thank your for your consideration and any additional perspective!

Michael Feller

8355 Hallet St.

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** Nate Blum <nblum@lenexa.com>  
**Sent:** Wednesday, July 2, 2025 4:05 PM  
**To:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)  
**Cc:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>  
**Subject:** Re: 2026 Budget Followup re: Comparison to Shawnee

Mr. Feller,

During the budget overview presentation, I listed three funds: the Public Safety Equipment Fund, the Special Highway Fund, and the Parks and Pipes Fund. I believe there are additional funds, but I did not make it all the way through their budget, as I could already tell there were significant differences in structure.

The recording of the budget overview presentation that Beccy mentioned can be found here: <https://www.lenexa.com/News/2025/Ways-to-weigh-in-on-2026-Budget>

Thanks,

**Nate Blum**

Chief Financial Officer  
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**From:** [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com) <[mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)>  
**Sent:** Sunday, June 29, 2025 3:29 PM  
**To:** Nate Blum <nblum@lenexa.com>  
**Cc:** Beccy Yocham <[byocham@lenexa.com](mailto:byocham@lenexa.com)>  
**Subject:** 2026 Budget Followup re: Comparison to Shawnee

Nate, could you provide the Shawnee Funds you mentioned in last Tuesday's meeting that they account for outside their General Fund you used to explain the \$40 million dollar revenue gap question that had been posed to the council?

I thought I heard either Beccy or the Mayor state there would be a meeting video on the city website that I could get this info, but I can't find it....please direct if it's there and I missed it.

Thanks!

Michael Feller

Phone: (913) 206-3260

Email: [mikefellerfinancial@gmail.com](mailto:mikefellerfinancial@gmail.com)

**From:** Jeffrey Lysaught <[jeffrey.lysaught@gmail.com](mailto:jeffrey.lysaught@gmail.com)>

**Sent:** Monday, June 23, 2025 2:11 PM

**To:** Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>

**Cc:** Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>; Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>; Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>; Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>; Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>; John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>; Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>; Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>

**Subject:** 2026 Lenexa Budget question

Dear Staff and Councilmembers,

It seems that every year more and more of the budget is derived from the taxpayers vs. Lenexa City investments/endeavors.

We have built a huge amount of apartments, developed City Center, provided tax incentives to developers/Advent and none of these seem to be supporting the Lenexa budget. Every year we offer more to businesses and developers and every year taxpayers see property/sales and other taxes increase. The general fund is well over the stated maximum. To what end? This is not the way to run an enterprise.

We want to see a return on our investment(s). Taxpayers are growing weary of this annual game and will be leaving Lenexa for better run cities.

The City Council does a great job on parks and other public safety considerations and it is appreciated.

Sincerely,

Jeff Lysaught

*He who walks among wise men, shall be wise*



**From:** Timothy McCabe <[manycoup@hotmail.com](mailto:manycoup@hotmail.com)>

**Sent:** Tuesday, June 24, 2025 10:52 AM

**To:** CityClerk <[CityClerk@lenexa.com](mailto:CityClerk@lenexa.com)>; Nate Blum <[nblum@lenexa.com](mailto:nblum@lenexa.com)>

**Subject:** 2025 Budget

Dear Lenexa Staff and Finance,

As we approach budget discussions, I am concerned that the city is continuing to fund large developments while current sales taxes in Lenexa are not keeping up with projections.

The county continues to unrelentingly tax residents. It is imperative that our city reduce its budget. Taxes and spending are too high for families and home owners in Lenexa, Johnson County, and Kansas.

Thank you,

Tim McCabe

Lenexa

**From:** Laura Owen <[lowen@healthyid.com](mailto:lowen@healthyid.com)>

**Date:** June 22, 2025 at 5:56:54 PM CDT

**To:** Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>, Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>, Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>, Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>, Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>, Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>, Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>, Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>, John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>, Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>

**Subject: Citizen Concerns Regarding Lenexa's 2026 Budget**

Dear Lenexa City Council,

As a concerned resident, I respectfully request your consideration and response to the following questions about the proposed 2026 budget. These concerns stem from my review of the budget document and reflect my desire to engage enthusiastically as a stakeholder, as encouraged by the city's guiding principle of building an "inclusive community" (p. 12).

**Please define what is meant by an "inclusive community".**

- **Rental vs. Owned Homes:** With Lenexa reportedly having the highest ratio of rentals/apartments to owned homes in the county, has the city analyzed the economic impact of this trend, especially given the lack of property tax revenue from newer apartments with tax abatements? Is there concern that this may make Lenexa more transient, with fewer households establishing long-term roots? The City Council appears to be deaf regarding the widespread frustration among Lenexa residents regarding excessive construction of apartments in the city. Why are you ignoring the concerns of the people you represent?
- **General Fund Reserves (p. 5):** Why are 2024 General Fund Reserves 44% higher than the city's stated maximum of 35%? Is the 35% target no longer utilized?
- **Reserve Increase (p. 7):** What is the reasoning and need for increasing reserves by an additional \$9.2 million to over \$87 million?
- **Property Tax Impact (p. 8):** Am I correct in understanding that the average residential appraisal increased by 6.8%, while the 0.50 mill rate reduction equates to a 1.8% reduction, resulting in a net 5% property tax increase for the average homeowner?
- **Sales Tax Projections (p. 28):** Given the new residential apartments, significant tax incentives for developments like Advent Hospital and retail/dining venues, and the anticipated impact of the World Cup, why is the budgeted 2026 sales tax income essentially flat since 2022 and down 1.4% from the 2025 budget?

- **Employee Compensation and Benefits (p. 33):**
  - The 6% compensation increase seems generous compared to local businesses. With higher retention and satisfaction, where are productivity gains reflected in expenditure budgets?
  - While the city's contribution to employee health insurance is increasing by 12.2%, how much additional are employees paying? Is this cost shared, as is typical in the private sector?
  - What is the average ratio of employee benefits to compensation, and how does it compare to other county jurisdictions and local private sector employers like Kiewit?
- **Economic Development Payments (p. 35):** Why is the economic development payments increase only \$100,000, given the recent TIF/CID project developments nearing completion?
- **Expiring Tax Abatements (p. 35):** How much additional tax revenue will the city receive/retain in 2026 from expiring tax abatements (IRBs, TIFs, etc.)?
- **Budget Comparison:** Shawnee, with a population approximately 15% larger than Lenexa, has a general fund budget nearly \$40 million less. Has the city explored efficiencies to align our budget and property tax mill rate with Shawnee or Olathe, or is the budget simply based on the prior year's figures adjusted for salary increases and inflation?
- **Reserve Excess and CIF Transfer (p. 41):** If reserves exceed the maximum target, why can't the excess be returned to taxpayers through lower property taxes instead of transferring to the Capital Improvement Fund? Is this merely a budgetary maneuver?
- **Fire Station 6/Old City Hall (p. 43):** At what cost threshold, if any, would this project be brought to a public vote to avoid the divisive controversy seen in Prairie Village's proposed new city hall?
- **Lone Elm Interchange (p. 43):** Despite significant public opposition, has the decision been made to pursue this controversial and costly project?

I greatly appreciate the city's commitment to our parks, trails, and public safety, but I seek clarity on these budgetary decisions to better understand their impact on our community. I hope that, as members of the Lenexa City Council, you will address these concerns directly, rather than passing them off to senior staff. It's your responsibility to respond to



the citizens. As I realize many people share my concerns, I will share your response with my fellow citizens on social media. I look forward to your thoughtful response and thank you for the opportunity to engage in this process.

Respectfully,

Laura Owen

9036 Barstow Street

Lenexa, KS 66219

M: 913.653.9617

**From:** Laura Owen <[lowen@healthyid.com](mailto:lowen@healthyid.com)>

**Sent:** Thursday, June 26, 2025 11:22 AM

**To:** Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>; Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>; Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>; Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>; Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>; Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>; Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>; Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>; John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>; Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>

**Subject:** Fwd: Fw: Citizen Concerns Regarding Lenexa's 2026 Budget

Dear Lenexa City Council Members,

I am writing to clarify my earlier request, as there may have been a misunderstanding. I had asked for a direct response from the City Council regarding my inquiry, rather than through Beccy Yocham or Todd Pleskac. I want to emphasize that this request is not a reflection on their capabilities. I deeply respect Beccy and Todd for their exceptional leadership and dedication to Lenexa, and I am grateful for their contributions to our community.

However, I have concerns about the current structure where the hiring, management, and termination of all city employees, including senior leaders like the City Administrator, City Clerk, and all Department Directors, are delegated to unelected officials. Hiring and firing of senior leaders should be made by the City Council, as elected representatives accountable to the residents of Lenexa, to ensure transparent and responsible governance.

Thank you for your attention to this matter. I look forward to your direct response and a constructive dialogue on this topic.

Respectfully,

Laura Owen

**From:** Gaylene Van Horn <vanhorn269@gmail.com>

**Date:** June 23, 2025 at 4:32:21 PM CDT

**To:** Budget Questions and Comments <Budget@lenexa.com>, Julie Sayers <jsayers@lenexa.com>, Courtney Eiterich <ceiterich@lenexa.com>, Mark Charlton <mcharlton@lenexa.com>, Melanie Arroyo <marroyo@lenexa.com>, Chelsea Williamson <cwilliamson@lenexa.com>, Craig Denny <cdenny@lenexa.com>, Chris Herron <cherron@lenexa.com>, John Handley <jhandley@lenexa.com>, Bill Nicks <bnicks@lenexa.com>

**Cc:** Gaylene Van Horn <vanhorn296@gmail.com>

**Subject:** 2026 Budget Recommendations

See Attached.

Gaylene Van Horn

8131 Rosehill Rd

Lenexa, KS 66215

June 23, 2025

Dear Lenexa City Council,

As a concerned and 27-year tax paying resident of Lenexa, I have numerous concerns about "OUR" proposed 2026 budget and request your response to my questions.

It is important for you to know that as a Lenexa senior citizen it is extremely difficult to maintain my home AND continually budget for increasing property taxes. It has become imperative for me to find new and creative ways to continue reducing my budget. Thus, it is imperative for "OUR" city budget to be creatively reduced as well. Certainly, a city with nearly 570 employees has the ability to creatively reduce expenses!

You continually request citizen engagement – yet concerns of "OUR" mature citizens and citizens in general are rarely if ever considered ... specifically as it relates to property taxes, the vast number of apartments and lavish developer tax incentives. One of "OUR" guiding principles is building an "inclusive community." However, it seems that "OUR" citizens' concerns are rarely contemplated. Why? How exactly do you define "inclusive community?"



**Rental vs. Owned Homes:** Granting lavish developer tax incentives for apartments changes “OUR” city from a family structured rooted community to one that is merely transient. Based on recent occurrences changing to a transient population is a challenge to the safety of “OUR” person and property! Why do you continue to ignore “OUR” concerns?

1. **Reserve Increase (p. 7):** Why is there a constant need for increasing reserves? And in 2026 by 9.2 MILLION dollars! Most assuredly the majority of this increase should reduce or be reimbursed to those who pay single family property tax. Why is this NOT an option?
2. **Mill Levy Reduction (p. 8):** You should clarify that a mill levy reduction does NOT mean that “OUR” property tax will be reduced. NO! Taxes will INCREASED! Unfortunately, the average citizen does not understand this and as representatives of “OUR” city, it is your responsibility to make this very clear. Am I correct in understanding that the Lenexa’s average homeowner property tax increase will be 5%?
3. **Employee Compensation and Benefits (p. 33):**
  - 6% compensation increase is extremely generous. How is employee productivity measured? What are specific outcomes for various departments?
  - While the city’s contribution to employee health insurance is increasing by 12.2%, are employees ALSO paying an additional amount? Cost sharing is real in the private sector.
  - When employee compensation increases SO do benefit costs. What is the total increase of “OUR” benefit cost, specifically by benefit – pensions to include state and city programs, life, death, etc. What is the cost increase to the employee?
4. **Budget Efficiencies** – What budget efficiencies have been implemented? If none have been implemented, why not? Please detail the savings for any efficiencies.
5. **Fire Station 6/Old City Hall (p. 43):** What is the estimated final cost for demolishing the Old City Hall and building a new fire station? Will this be a 30-million-dollar project like has happened in Prairie Village. Will there be a public vote on this project?
6. **Lone Elm Interchange (p. 43):** Despite significant public opposition, has the decision been made to pursue this controversial and costly project? Numerous people are concerned about this project, and it appears that council has failed to listen to concerns regarding this project. Is this because this interchange will be in the Olathe school district? Or are there other reasons? If so, what are the reasons?

Indeed and today more than ever “OUR” public safety is crucial! As a resident of the city of Lenexa, safety is my highest priority!

I truly hope that you what stated on page 46 of "OUR" Budget Recommendation Packet -- **"We Want Your Feedback"** is serious and that you, as members of the Lenexa City Council, will address every citizen concern, and not ask that staff respond. As "OUR" elected officials, it is your responsibility to respond to property tax paying citizens.

Sincerely,

Gaylene Van Horn

8131 Rosehill Rd

Lenexa, KS 66215



**From:** Steve Wirtz <[steve.wirtz@gmail.com](mailto:steve.wirtz@gmail.com)>

**Date:** June 23, 2025 at 5:41:53 PM CDT

**To:** Gaylene Van Horn <[vanhorn269@gmail.com](mailto:vanhorn269@gmail.com)>

**Cc:** Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>, Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>, Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>, Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>, Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>, Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>, Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>, Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>, John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>, Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>, Gaylene Van Horn <[vanhorn296@gmail.com](mailto:vanhorn296@gmail.com)>

**Subject: Re: 2026 Budget Recommendations**

Well written Gaylene! There are thousands of other people facing financial strain from these runaway taxes and city misadventures. Thank you!!!

Steve

**Steve Wirtz**

**Government Sales Specialist**

816-305-3277

**From:** Steve Wirtz <[steve.wirtz@gmail.com](mailto:steve.wirtz@gmail.com)>

**Date:** June 24, 2025 at 9:33:25 AM CDT

**To:** Julie Sayers <[jsayers@lenexa.com](mailto:jsayers@lenexa.com)>, Bill Nicks <[bnicks@lenexa.com](mailto:bnicks@lenexa.com)>, John Handley <[jhandley@lenexa.com](mailto:jhandley@lenexa.com)>, Courtney Eiterich <[ceiterich@lenexa.com](mailto:ceiterich@lenexa.com)>, Mark Charlton <[mcharlton@lenexa.com](mailto:mcharlton@lenexa.com)>, Craig Denny <[cdenny@lenexa.com](mailto:cdenny@lenexa.com)>, Chris Herron <[cherron@lenexa.com](mailto:cherron@lenexa.com)>, Melanie Arroyo <[marroyo@lenexa.com](mailto:marroyo@lenexa.com)>, Chelsea Williamson <[cwilliamson@lenexa.com](mailto:cwilliamson@lenexa.com)>, Budget Questions and Comments <[Budget@lenexa.com](mailto:Budget@lenexa.com)>, Steve Wirtz <[steve.wirtz@gmail.com](mailto:steve.wirtz@gmail.com)>

**Subject:** Lenexa Proposed Budget- 2026

Dear Lenexa City Council,

As residents of Johnson County, we are concerned about the explosive growth of city budgets and property tax increases, particularly in the last five years. Your proposed budget for 2026 is a prime example. We would like the courtesy of a reply to the following questions and concerns.

**BUDGET-** With a 15% lesser population , why does Lenexa have a general fund budget \$40 million dollars greater than Shawnee?

**CITY PROJECTS-** Why are proposed expenses like the Fire Station/Old City Hall and Lone Elm interchange not being brought to a public vote?? Prairie Village residents are asking for a public vote on similar high expense projects.

**APARTMENTS vs SINGLE FAMILY HOMES-** Why is Lenexa becoming the city of "Little Box" apartments vs starter homes with affordable mortgages?

Your 2026 budget, proposed project spending, and lack of transparency on TIFs and IRBs are part of a present and growing concern of all residents of Johnson County. Current residents view city budgets and property tax increases as unsustainable for families living here today.

We respectfully request a reply to our concerns and questions.

Best,

Steve & Maureen Wirtz

Overland Park, Kansas

# APPENDIX





**MINUTES OF THE  
JUNE 24, 2025  
LENEXA COMMITTEE OF THE WHOLE 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 Handley, Eiterich, Charlton, Nicks, Arroyo, Williamson, Denny, and Herron were present with Mayor Sayers presiding.

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 May 13, 2025 City Council meeting draft minutes and Councilmember Eiterich seconded the motion. Motion passed unanimously.*

**DISCUSSION**

1. Fiscal Year 2026 Recommended Budget Overview

Mayor Sayers said there would be no public hearing tonight so that staff has time to gather questions that have been submitted by email and can comprehensively respond at the July 8<sup>th</sup> Committee of the Whole meeting. She said comments would be allowed at that meeting and invited attendees to come back.

Beccy Yocham, City Manager, said that she and Nate Blum, Chief Financial Officer, have prerecorded this presentation and it will be placed on the City's website soon. She noted that some answers to questions received by email will be provided in this presentation, but staff will provide written answers to all questions received regarding the budget in the packet for the July 8<sup>th</sup> Committee of the Whole meeting. She said the full recommended Fiscal Year (FY) 2026 budget document is on the City's website and questions may be submitted to [budget@lenexa.com](mailto:budget@lenexa.com).

Ms. Yocham presented the City's financial position, saying FY 2024 revenue collections were better than expected, including building permit activity and city investments, which contributed to general fund reserves. She reported that sales tax revenue thus far in FY 2025 is flat compared to FY 2024, likely due to changes in state law regarding exempting communications equipment and software from sales

tax. She added that property tax revenues are strong due to new growth and a continued solid housing market.

Ms. Yocham reviewed the proposed FY 2026 budget of \$261.1 million compared to the original FY 2025 approved budget of \$246.7 million. She said this 5.8% increase totals \$14.3 million and noted that over a third is attributed to the City's special revenue and economic development funds, which are not operational funds.

Ms. Yocham reported that estimated FY 2026 assessed valuation of \$1.95 billion grew by \$130 million compared to FY 2025 at \$1.82 billion, an increase of 7.2%. About 30% of the increase is attributable to new growth. She added that this is the twelfth consecutive year in Lenexa and Johnson County that assessed valuation increased over 5%, reflecting a strong local economy and competitive housing market.

Ms. Yocham said the FY 2026 budget recommendation includes a 0.500 mill levy reduction, which will be the eighth consecutive year the City reduces the mill levy; the recommended mill levy of 26.459 includes the 0.500 mill reduction. She said property taxes account for 44% of the City's total revenues. She added that the proposed budget has no recommended changes to user fees, the stormwater service charge, or franchise fees. She added that the budget recommends the addition of 2.75 full-time equivalent (FTE) positions, including one new position in Parks and Recreation, one new position in Municipal Services, and 0.5 FTE in the Public Market, and 0.25 FTE in Community Development, which is less than a 1% increase in staffing bringing the total authorized FTEs to 569.15. There are currently 27.5 FTEs vacant with a large number of those in the Police Department.

Ms. Yocham reviewed an example of how property owners can calculate their city taxes and said that for the average Lenexa home, about \$125.08 per month is paid for city services. She talked about the value residents receive for their taxes including many city services such as community festivals and events, stormwater management, new road construction, public parks and trails, snow and ice removal, Public Market, newsletters, school crossing guards, community/rec/senior centers and programs, traffic control, and farmers market in addition to fire and police protection. A breakdown of the FY 2024 total Property Tax rates was presented to show the percentage of Lenexa taxes in comparison to all the others.

Ms. Yocham spoke about the Guiding Principles adopted by the Governing Body and how they are considered during the budgeting process and included in the document.

Mayor Sayers answered a question about the Guiding Principle Inclusive Community Building saying projects in Lenexa are built with the community input, including residents in the process through surveys, open houses, information sessions and public votes.

Nate Blum, Chief Financial Officer, talked about how the economic outlook was considered in the process of developing the recommended budget. He reviewed past sales and use tax growth and leveling, hot labor markets and the cost to attract and retain employees increasing, and record development in the last few years. He also

discussed the impact of tariffs and uncertainty in the markets and general economy. He said Lenexa uses a conservative approach to budgeting and revenue estimating because this is a projection for almost two years in the future.

Mr. Blum said that navigating these challenges is done through the 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
- Use conservative approach to revenue estimating
- Prepare and fund equipment replacement/building maintenance schedules

He added that these principles help the City maintain its AAA bond rating, which saves money.

Mr. Blum explained and reviewed the budget basics: balanced budget law, funds, and fund categories. He then presented graphics with the recommended budget by category:

Total recommended budget: \$261,081,421

Total budget excluding reserves: \$173,403,028

Lenexa Operating Budget (excluding Economic Development funds): \$150,276,756

Mr. Blum explained the differences between Lenexa's and Shawnee's budgets saying Shawnee uses five separate funds where Lenexa uses one General Fund.

Mr. Blum said the key elements of the recommended budget are that it reduces the estimated Property Tax rate of 0.500 mills to 26.459 mills with 21.910 to the General Fund and 4.549 mills to the Debt Service Fund; maintains sufficient General Fund reserves for AAA (Aaa) bond rating; continues focus on providing high-quality services by retaining good employees and funding strategic priorities; plans for economic pressures.

Mr. Blum explained why Shawnee's general fund reserves appear to be much lower than Lenexa's, saying it is due to their use of five different funds to Lenexa's one General Fund.

He said the total recommended expenditure budget is \$173.4 million, which is an increase of \$5.1 million compared to the FY 2025 original budget of \$168.3 million; the total General Fund operating expenditures are \$116.2 million, which is an increase of \$5 million compared to the FY 2025 General Fund budget of \$145.3 million; the total budgeted FTE positions are 569.14, which is an increase of 2.75 FTE compared to the FY 2025 revised budget of 566.39 FTE; the estimated mill levy of 26.459 mills is a reduction of 0.500 mill from FY 2025; and the Stormwater service charge is \$109 per equivalent dwelling unit, or EDU (unchanged from FY 2025).

Mr. Blum presented several graphs and talked about major revenue projections. He reported that the assessed valuation increased by 7.2% to \$1.95 billion and the Property Tax rate has decreased for eight consecutive years, presenting a chart reflecting the mill levy reductions over time.



Mr. Blum reviewed the Revenue Neutral Rate (RNR). He said the assessed valuation for the RNR calculation is \$1.95 billion; the mill levy for the RNR calculation is 25.142, with a reduction of 1.817 mills from FY 2025 tax rate of 26.959 mills and a reduction of 1.317 mills from the FY 2026 estimated tax rate of 26.459 mills. He said the dollar value of reduction for the RNR calculation for FY 2025 is \$3.43 million and for FY 2026 is estimated at \$2.49 million.

Mr. Blum said that Property Tax Revenue increased by 5.3% and is \$41.4 million for the General Fund and \$8.6 million for the Debt Service Fund in FY 2026. He said Sales Tax Revenue is down 1.4% from FY 2025 and is up 0.3% from FY 2025 re-estimate of \$36.3 million. He said Use Tax Revenue has increased and is at \$16.2 million in the General Fund; and the Stormwater Service Charge increased and is \$6.75 million. He showed a graphic reflecting revenues by source totaling approximately \$171.9 million.

Expenditure projections were presented by Mr. Blum. He said that Personnel Costs are the City's largest expense and staff is following the Governing Body's direction to keep up with compensation and benefits for employees, noting that a full market study is planned in the Human Resources budget for FY 2026. He said they are recommending 6% for compensation increases and adjustments, 3% of which is reserved in Non-Departmental. He said they also expect health insurance costs to increase by 12.2%. He added that there is an increase of 2.75 FTE positions in this recommended budget, for a total of 569.14 for FY 2026.

Ms. Yocham explained that the City now annually tests batches of positions across the organization against the market, making smaller adjustments annually to keep up; and then it goes through a full compensation study every five years.

Discussion followed regarding the reasons for vacancies in the Police Department, the management of budgeted salaries for vacant positions, comparisons of positions with private and public sector positions, and comparing Police and Fire positions each year.

Mr. Blum said that FY 2026 contractual service and commodities expenditures are \$19.2 in the General Fund, up from \$18.5 in FY 2025. He said the capital outlay expenditures are up 0.68% from FY 2025. He added that there are still issues related to delivery of critical equipment and potential for tariff impacts.

Discussion followed regarding capital outlay purchases and the replacement of vehicles and equipment through auction and trade-ins of leases.

Mr. Blum talked about the economic development and General Fund transfers, saying the FY 2026 economic development payments (CID, Neighborhood Revitalization District, Special Benefit Districts, TIF) are \$23.1 million, an increase of 0.43% primarily due to new development. He pointed out that most of the revenue received in these funds are "pass through" and are not revenue to the City. He said the General Fund transfer to the Capital Improvement Fund (CIF) for capital projects is \$1.9 million for FY 2026, compared to \$1.8 million in FY 2025; the General Fund

transfer to the CIF for the Pavement Management Program is \$1.5 million for FY 2026 compared to \$1.4 million in FY 2025; the General Fund transfer to the Equipment Reserve Fund (ERF) decreased to \$2.25 million compared to \$2.5 million in FY 2025; and there is no General Fund transfer to the Rec Center due to continued positive results in the Rec Center Fund.

Discussion regarding a reference in the document to “the majority of revenue” and the remainder of revenue coming from small fees for staff time processing and monitoring of economic development applications.

Mr. Blum presented a graphic for the expenditure projections totaling \$173.4 million.

Mr. Blum reviewed the multi-year forecast, the five-year financial model assumptions (FY 2026-2030). He talked about the General Fund and General Fund Reserve projections, as well as the recommended allocation of \$5 million from the General Fund reserve balance to the Capital Improvement Fund (CIF) to bring the balance closer to the maximum target of 35% of revenues. He said they wanted to be conservative with the assessed valuations and kept them at 4% with a flat mill levy through 2030. He went over the Debt Service Fund and the major capital projects included, as well as the Stormwater Fund.

Mayor Sayers said the City raised the mill levy many years ago to cover projects like City Center and has now reduced the mill levy, saying it is now using its reserves for major projects.

Discussion followed regarding the Lone Elm Interchange project and how if it is not constructed, other improvements could cost a lot more.

Mr. Blum said that the department budget overview would be at the July 8th Committee of the Whole meeting and the public hearings to consider exceeding the Revenue Neutral Rate and the FY 2026 Budget would be September 2nd.

Discussion followed regarding the City’s needs for the World Cup in 2026, the impact of tax exempt municipal bonds on Lenexa, how the mill levy tracks against the Revenue Neutral Rate, and metrics for the document’s statement that the City strives to increase its revenues through growth so as to decrease taxes.

Mayor Sayer said that all emails received will be addressed in the July 8th Committee of the Whole meeting’s packet and she will allow additional questions at that meeting as well.

## **ADJOURN**

Mayor Sayers adjourned the meeting at 8:02 PM.