



**CITY OF LEAVENWORTH**  
100 N. 5th Street  
Leavenworth, Kansas 66048

**City Commission Special Meeting**  
**Commission Chambers**  
**Monday, September 20, 2021 4:00 p.m.**

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**CALL TO ORDER** - The Governing Body met for a special meeting and the following commission members were present in the commission chambers: Mayor Nancy D. Bauder, Mayor Pro-Tem Camalla Leonhard, Commissioners Myron J. (Mike) Griswold Mark Preisinger and Jermaine Wilson.

**Staff members present in the commission chambers: Staff Present:** City Manager Paul Kramer, Assistant City Manager Penny Holler, Finance Director Ruby Maline, Deputy Finance Director Roberta Beier, Police Chief Patrick Kitchens, City Attorney David E. Waters and City Clerk Carla K. Williamson.

**Mayor Bauder asked for a motion to open a Special Meeting.**

Commissioner Leonhard moved to open the special meeting. Commissioner Wilson seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Public Hearings:**

**Public Hearing Exceeding of the Revenue Neutral Rate for 2022**

**Open Public Hearing:**

Commissioner Preisinger moved to open the public hearing. Commissioner Griswold seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Presentation to Exceed Revenue Neutral Rate/Staff Comments:**

City Manager Paul Kramer explained that as part of the annual budget process, current Kansas statute requires two public hearings. The first hearing was established in 2021 by Kansas Senate Bill 13 (5813) and House Bill 2104 (HB2104) and relates to the revenue-neutral rate (RNR), which states that a taxing subdivision is prohibited from levying taxes exceeding its RNR without first approving a resolution or ordinance in accordance with the procedure provided by the bill. The second hearing, the public hearing for adoption of the budget, has been an annual requirement for decades. For the 2022 operating budget, the City held both hearings: the RNR hearing was held at the Aug. 24 City Commission meeting and the budget hearing was held at the Sept. 7 City Commission meeting. Notification for both hearings was done through the Leavenworth Times. The agendas were published the week prior on the City's web site, the hearings were held, were open to the public, were streamed and televised, and remain available on the City's website. As part of the new legislation, the City is required to publish the time, date and location of the public hearing in the newspaper and on the City's web site 10 days prior to the hearing. There may be a question as to whether the notice was properly published on the City's web site as is defined in SB13/HB2104. So, out of an abundance of caution, the item is back before the Commission. In addition, because we are electing to hold the RNR hearing again, the budget hearing must also be held again, as it is required to occur after the RNR hearing. There have been no changes made to any part of the budget since the Aug. 24 hearing. All notification requirements have been satisfied. There is simply a need to hold a second RNR and Budget hearing to be in full compliance with new statute.

City Manager Paul Kramer presented the City of Leavenworth's intent to exceed the Revenue Neutral Rate (RNR) which is required by SB13 and HB2104 passed by the Kansas Legislature.

The City's general fund includes hundreds of activities and line items, however, three broad elements of municipal operations make implementing a RNR infeasible without diverting alternative revenue sources, such as sales tax, thereby requiring the elimination or reduction of other city services. Those three factors are: 1) Property tax rebates and abatement for business recruitment and retention; 2) Maintaining a public safety presence that has access to required equipment and invests in personnel; and 3) A variety of operating costs related to commodities and service delivery that cause increases in general fund expenditures. They include:

1. Economic Development - Economic development incentives, such as Tax Increment Financing (TIF) and the Neighborhood Revitalization Act (NRA), return increases in property tax revenue back to businesses and property owners based on investment. This revenue is not generated from the public at large. Of the total increase in new property tax revenue, 50 percent (\$163,195) is budgeted to rebate back to business and property owners for investments they have made in new or existing projects. SB13 does not account for the use of many economic development tools, including TIF and the NRA, which have been used heavily by the City to promote growth.

2. Public Safety - The single largest driver of the City's operating budget is public safety: the Leavenworth Police and Fire departments. Making up nearly one-half of the entire work force, and accounting for 67 percent of the operating budget, the public safety operation costs are budgeted to increase 6.21 percent, or approximately \$692,000 in 2022 over 2021. Costs increases are related to salary and benefits, commodities, technology and equipment. The public safety increased costs alone account for more than three times the increase in property tax revenue. In order to maintain personnel and equipment, an increase in expenditures in these departments are likely to occur every year.

3. Other general fund obligations and notes - Along with property tax abatements and public safety costs, there are a number of other local government costs that are part of the general fund and are forecasted to increase in 2022. Those include, but are not limited to:

- +\$47,000 Information Technology: IT costs are related to software licenses that seem to increase every year. IT costs are also related to data storage, cyber security, data security and technology for internal and external (registrations, etc.) functionality.
- \$+93,491 Public Safety Salary Survey Implementation: The City phased a compensation and classification study salary adjustment in over four years in order to maintain a competitive balance with peer agencies.
- Consumer price, a key guide of inflation, rose 5.4% in June, which is expected to create strain on commodities in 2022.
- Fuel costs are now averaging 98 cents higher than this time last year, which required a higher budgeted amount for 2022.

Conclusion - Property taxes play a small, yet critical role in the core operations of the City of Leavenworth. With the market-based fluctuations of other revenue sources, the reliance on property tax growth is foundational for the financial strength of the City and the service delivery mentioned previously in this policy report. The majority of City operations are funded by sales tax, franchise fees, charges for services and other sources.

There was a discussion about new growth of homes, businesses and properties that have gone back onto the tax rolls and how those effect the revenue neutral rate as opposed to additional taxation on existing properties.

Other comments and discussion by staff and commission:

- City Manager Kramer discussed the need for a strong reserve position and how that effects the city's bond rating
- The city has not raised the mil levy except for a very minor increase
- .66 mil reduction for 2022 and no rate increases for refuse or sewer
- Lowest mil levy in the surrounding areas; Overland Park is lower than Leavenworth

**Public Comments:**

None

**Close Public Hearing:**

Commissioner Preisinger moved to close the public hearing. Commissioner Leonhard seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Consider Resolution B-2293:**

Commissioner Preisinger moved to approve Resolution B-2293 supplementing Resolution B-2288 and approval to exceed the revenue neutral rate for 2022. Commissioner Griswold seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Public Hearing for 2022 Operating Budget**

**Open Public Hearing:**

Commissioner Preisinger moved to open the public hearing. Commissioner Leonhard seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Staff Comments:**

City Manager Paul Kramer reviewed the city operating budget that was presented at the public hearing on August 24, 2021. The budget includes a .66 mill rate reduction, a freeze of sewer and refuse rate, additional funding for road improvements and a city splash pad. The 2022 budget also invests heavily in city staff to help recruit and retain qualified and valued employees. City has unexpected expenses such as the cost of natural gas due to the power outages in the south this past winter.

**Public Comments:**

Maren Hart – 732 Michigan

- According to Budget summary all Commissioners voted for a 10% budget increase for every citizen
- When was the last time the Commission reviewed spending
- Has found areas that need more transparencies and openness
- Library fund 2020 no numbers
- Streets funds - no streets fund snow removal in 2020

- Street capital fund why a debt of 1.4 in temporary notes
- Why was money transferred

**Other Comments from Commission and Staff”**

- Mayor Bauder and Commissioner Griswold commented on Ms. Hart campaigning during a city commission meeting.
- Commissioner Preisinger asked about the difference between RNR and the mil rate for 2022
- Finance Director Ruby Maline spoke about transfers and how this is allowed to transfer under Kansas statutes to allow for shortfalls with in funds. The budget is republished each year and a hearing to transfer these funds.
- Discussed republication of the budget that is done each year and is allowed and most all cities do this
- CIP is an example of sales taxes collected for that purpose and then moved to the project as budgeted
- Snow removal is paid for by Public Works fund. In the past it was paid from professional services line item. The new Public Works Director asked that this be a separate line item to more easily track expenditures.

**Close Public Hearing:**

Commissioner Preisinger moved to close the public hearing. Commissioner Wilson seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Consider Resolution B-2294 Approval Housing Budget (Planters II):**

Commissioner Preisinger moved to approve Resolution B-2294 to adopt the Housing Budget. Commissioner Griswold seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Approve the 2022 Operating Budget:**

Commissioner Preisinger moved to approve the 2022 Operating Budget. Commissioner Wilson seconded the motion and the motion was unanimously approved. Mayor Bauder declared the motion carried 5-0.

**Adjournment:**

Commissioner Preisinger moved to adjourn the meeting. Commissioner Griswold seconded the motion and the motion was unanimously approved and the meeting was adjourned.

Time Meeting Adjourned 4:31 p.m.

Minutes taken by City Clerk Carla K. Williamson, CMC