

# Governing Body Budget Retreat

Saturday, May 14, 2022

Shawnee, Kansas

GOOD STARTS HERE

# Agenda

- Budget Process – 20 min
- State Law (SB 13) Review – 15 min
- Detailed Budget Overview – 30 min
- Capital Improvement Program Overview – 45 min
- Parks, Pipes, and Pavement Sales Tax Overview - 15 min
- Stormwater Utility Discussion - 30 min
- ARPA Funds Discussion – 25 min

## Budget Process

Council Committees	
May 23	<ul style="list-style-type: none"> <li>• Budget 101</li> <li>• Revenue Overview</li> </ul>
June 13	<ul style="list-style-type: none"> <li>• Propose CIP</li> <li>• Special Revenue Funds</li> <li>• SEDC/Visit Shawnee (Council Meeting)</li> </ul>
June 20 (Special Call)	<ul style="list-style-type: none"> <li>• Department Budgets</li> <li>• Staffing Requests</li> <li>• CIP (Planning Commission)</li> </ul>
June 27	<ul style="list-style-type: none"> <li>• Revenue Update</li> <li>• Big Picture Review</li> <li>• Budget Wrap Up</li> </ul>

## Budget Process

### Other & Council Meetings

Other & Council Meetings	
July 11	<p style="text-align: right;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> <li>• Intent to exceed RNR (last day to decide is July 20)</li> <li>• Adopt CIP</li> </ul>
Early August	<p style="text-align: right;"><u>Budget Open Houses</u></p> <ul style="list-style-type: none"> <li>• East/Civic Centre</li> <li>• West/Monticello Library</li> </ul>
August 22	<p style="text-align: right;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> <li>• Council Establishes Budget Limit</li> <li>• Sets Notice for Public Hearings</li> </ul>
September 12	<p style="text-align: right;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> <li>• Hold RNR Public Hearing (if exceeding)</li> <li>• Hold Public Budget Hearings</li> <li>• Adopt 2022 Revised and 2023 Budgets</li> </ul>

# State Law (Senate Bill 13)

## State Law (SB 13) Review

- Repealed the property tax lid law effective 1/1/2021
- Established notice and public hearing requirements for entities seeking to collect property tax in excess of the “revenue-neutral” rate
  - An increase of property tax revenue collected over previous year
  - No exclusions for: properties coming back on the tax rolls from incentives or for new construction or changes in use

$$\text{RNR} = \frac{\text{Last year's total property tax raised in dollars}}{\text{This year's assessed valuation as of June 15}} \times 1,000$$

## Year-to-Year RNR Sample Calculation

### 2021 Budget

- City Levied \$900,000 in property tax
- Assessed Valuation of property = \$29,000,000
- Value of one mill = \$29,000
- Mill Rate =  $\left( \frac{\$900,000}{\$29,000,000} \right) \times 1,000$   
31.034 mills

### 2022 Budget

- In 2021 budget, City levied \$900,000
- Assessed Valuation changes to \$31,000,000
- Value of one Mill = \$31,000  $\times 1,000$
- Revenue Neutral Rate = 29.032 Mills  $\left( \frac{\$900,000}{\$31,000,000} \right)$

## **What is the Process to Exceed the RNR (setting a mill levy higher than the RNR)?**

1. Notify the County Clerk by July 20 with intent to exceed the revenue neutral rate.
2. Place a notice on the city website and in a newspaper of general circulation in the county by September 10 (and 10 days prior to the hearing).
3. By September 20, conduct a tax rate and budget hearing giving taxpayers an opportunity to comment on the budget.
4. Adopt a resolution or ordinance to exceed the revenue neutral rate.
5. Adopt the proposed budget.
6. By October 1, certify to the County Clerk the amount of ad valorem tax to be levied by the City.



# Revenue Neutral Rate Review

- Governing Body passes resolution allowing the City to exceed the revenue-neutral rate (July 11 City Council)
- Recommended by the Kansas League of Municipalities regardless of the rate because of possible fluctuations in valuations

# Transparent Budget Information

## Transparent Budget Information

- Budget Public Open Houses
  - Late July to early August
  - Between the time the postcard is received and the budget public hearing
- [Finance Department](#)
- [2022 Annual Budget Book](#)
- [Budget in Brief](#)
- [Annual Financial Report](#)

### Budget Information

[What is a Municipal Budget](#)  
[Priority Based Budgeting](#)

[2022 Annual Budget](#)  
[2022 Budget in Brief \(pdf\)](#)

[2021 Annual Budget](#)  
[2021 Budget in Brief \(pdf\)](#)

[2020 Annual Budget \(pdf\)](#)  
[2020 Budget in Brief \(pdf\)](#)

[2019 Annual Budget \(pdf\)](#)  
[2019 Budget in Brief \(pdf\)](#)

### Financial Information

[2020 Comprehensive Annual Financial Report](#)

[2019 Comprehensive Annual Financial Report](#)

[2018 Comprehensive Annual Financial Report](#)

[Purchasing Manual](#)

### Tax Information

[How to Calculate your City Property Tax](#)  
[Tax Structure](#)  
[Property Tax Relief for Seniors](#)

# Capital Improvement Program

## What is the CIP?

- Capital Improvement Program (CIP)
- Ten year plan for long term physical improvements to the City of Shawnee (over \$150,000)
  - Infrastructure – Streets, Parks, Facilities, Stormwater, etc.
- The CIP is used to guide budgeting and prioritize projects to best garner different outside funding opportunities
- Moved from six year CIP to ten year CIP in 2019
  - Better match revenue projections
- Two Meetings to Discuss
  - Committee June 13
  - Council July 11

## What is the CIP? continued

- Commonly used funding acronyms (source):
  - **SIP** – Street Improvement Program (City Sales Tax\*)
  - **CDBG** – Community Development Block Grant (Federal w/ City Match)
  - **SMAC** – Stormwater Management Advisory Council (JOCO w/City Match)
  - **CARS** – County Assistance Road System (JOCO w/ City Match)
  - **Stormwater Utility Fee** (Property Taxes - Residential = 1 Equivalent Residential Unit (ERU) / Commercial = Additional ERUs based on Impervious Surface)
  - **Special Highway** (State Gas Tax, City Sales Tax\*, Impact Fee)
  - **Parks and Pipes** (City Sales Tax\*)

\*Parks/Pipes and Pavement Sales Taxes sunset in 2025

Parks & Pipes Sales Tax  
Pavement Sales Tax

## Parks & Pipes Sales Tax

- 1/8 cent sales tax for storm drainage (50%) and park improvements (50%) that became effective in 2001
- Voters have renewed this twice (2004 and 2014)
- This tax is currently scheduled to sunset on December 31, 2025
- Annual revenue estimate: \$1,700,000
- Example projects:
  - Trail Connections = \$420,000
  - Wilder Bluff Park = \$4,000,000
  - Gum Springs & Swarner Park Restrooms = \$1,200,000
- Stormwater Projects
  - Renner Rd under SMP = \$786,000
  - 7 Hills Lake Culvert = \$630,000
  - Johnson Dr & Widmer = \$1,800,000



# Pavement Sales Tax

- In 2014, voters approved a 3/8 cent pavement sales tax for 10 years
- Funds repairs and maintenance of City streets and highways specifically for the maintenance and improvements to City streets, curbs, and sidewalks.
- The pavement sales tax (.375%) went into effect on April 1, 2015 and will end on March 31, 2025.
- Annual revenue: \$5,100,000
- Projects include:
  - Adds an annual \$3,700,000 mill & overlay program
  - Street Improvement Program
    - Flint = \$2,800,000
    - 60<sup>th</sup> = \$1,000,000
    - Goddard = \$2,900,000

## Decision Points

- Type of ballot – mail-in ball or in-person
- Flexibility of mail-in dates with JoCo Election Office guidelines
  - Potential cost of mail-in ballot – \$100,000
- Timing of in-person
  - National election or local election
  - Sales taxes expire in March 2025 and December 2025
  - Target fall election of 2023 and/or fall election of 2024
- Recommended would be fall 2023 – local issue/local election

# Stormwater Utility

## Stormwater Utility Discussion

- The main revenue source for stormwater improvements is from the fees charged to developed properties based on the amount of impervious surfaces on the property
- The revenue is dedicated to the City's Stormwater Management Program.
- ERU – Equivalent Residential Unit
  - The amount of impervious surface (measured in square feet) on a typical, single family, residential (SFR) property
  - This fee is charged to all properties based on the ERU calculation
- Any change to the stormwater utility can be approved by the Governing Body on a simple majority vote

# Stormwater Utility Discussion

Total ERUs	Collection Amount	Total Revenue	Revenue Increase over Current Rate
50,922	\$72	\$3,666,384	
	\$80	\$4,073,760	\$407,376
	\$90	\$4,582,980	\$916,596
	\$100	\$5,092,200	\$1,425,816

ARPA Funds  
American Rescue Plan Act Funds

## ARPA Funds Discussion

- Two distributions
  - 50% in May 2021 – \$3,782,015
  - 50% in May 2022 – \$3,782,015
    - Total: \$7,564,030
- City will claim all as revenue loss
- Must still report how funds are used
- Deadline for commitment of funds is December 31, 2024

**ARPA FUNDING**

<b>Project</b>	<b>Years</b>	<b>Dept</b>	<b>Total Project Estimate</b>	<b>ARPA Funding</b>	<b>Notes</b>
<u>Clear Direction</u>					
64th & Chouteau Pipe Repair	2022-23	PW	3,026,600	1,000,000	
Stormwater Pipe Repair	2022	PW	3,653,000	500,000	
Shawnee Town Wastewater	2022	PR	140,000	140,000	SP&R to ARPA
Gleason Rd Bridge	2022-23	PW	1,100,000	1,100,000	\$100k design moved from GF to ARPA
Switzer RR Quiet Zone	2023	PW	300,000	300,000	
Fiber Buildout	2022-23	IT	1,133,000	850,000	\$283k in project
Mobile Command Center	2022	PD	640,000	640,000	Moved from Debt 201
Mental Health Co-Responder	2022	PD	375,000	375,000	One position for 3 years
Visit Shawnee Grant	2022	CD	50,000	50,000	marketing/outreach
Chamber Grant	2022	CD	50,000	50,000	marketing/outreach
<u>Need Further Direction</u>					
Non-Profits	2022	CD	150,000	150,000	Distribution Methodology needs to be determined
Land Bank	2022-24	CD	2,000,000	2,000,000	Uncertain expenditure by 2024, could create additional year of single audit. Recommend supplanting GF in 2022 and transfer \$2.0 SGF to project
<u>Other Items</u>					
Downtown Crosswalks	2022	CD	42,000	42,000	New Item identified by Downtown Partnership
Equipment Reserve	2022	CD	367,030	367,030	Recommend supplanting planned expenditures and reduce GF Transfers
<b>Total</b>			<b>13,026,630</b>	<b>7,564,030</b>	