

2022 Budget Presentation



Current Overall Situation

- The City is in financial recovery from the 2020 pandemic; we have opened and will open some of our Parks & Recreation facilities
- We continue to focus on providing essential services; City organization is still operating in an austere environment
- 2020 sales tax distributions were about 3.9% less than 2019 distributions
- 2020 TGT revenues were almost 50% less than 2019 revenues
- Overall revenue loss in 2020 was about \$14M from 2019 revenues
- Convention Center forecasts an operating loss in 2021
- 2020 response to the Pandemic preserved the City's GF balance

Tax Burden Comparison Johnson County

| City | 2020 Population | Total Lane Miles | 2021 FTE Per 1000 Residents | 2021 Annual Street Funding Per Lane Mile | Total Mill Levy | Total City Sales Tax | Electric Franchise Fee | Gas Franchise Fee | Stormwater Utility Fee (based on residence valued at \$300,00) | Dedicated Sales Tax to Street Maintenance | Developer Fees dedicated to Transportation | Other Developer Fees |
|---------------|-----------------|------------------|-----------------------------|--|-----------------|----------------------|------------------------|-------------------|--|---|---|---|
| Lenexa | 55,625 | 820 | 9.9 | \$6,915.9 | 29.242 | 1.345% | 5.0% | 5.0% | \$109.00 | 0.150% | Excise Fee (\$0.215/SF of platted land) | Stormwater System Development Charge (\$1147/EDU); Street Tree Fee (\$325/tree) |
| Shawnee | 65,807 | 780 | 5.3 | \$8,756.4 | 26.501 | 1.625% | 5.0% | 5.0% | \$72.00 | 0.375% | Excise Fee (\$0.125/SF of platted land) | Open Space Fee |
| Leawood | 34,277 | 455 | 8.6 | \$16,142.9 | 24.757 | 1.125% | 5.0% | 5.0% | Dedicated sales tax of 0.125% | | Street Fee ; 135th Street Fee; South Leawood Transportation Fee | Park Fee; Public Art Fee |
| Olathe | 140,545 | 1,500 | 6.8 | \$10,386.7 | 24.233 | 1.500% | 5.0% | 5.0% | \$69.00 | 0.375% | Street Excise Fee | Park Excise Fee; |
| Overland Park | 195,494 | 2,065 | 5.7 | \$8,523.0 | 13.582 | 1.125% | 3.0% | 2.5% | \$66.00 | 0.125% | Excise Fee (\$0.21 of platted land); Transportation Improvement Program Fee (TIP) | |



2022 Budget Overview

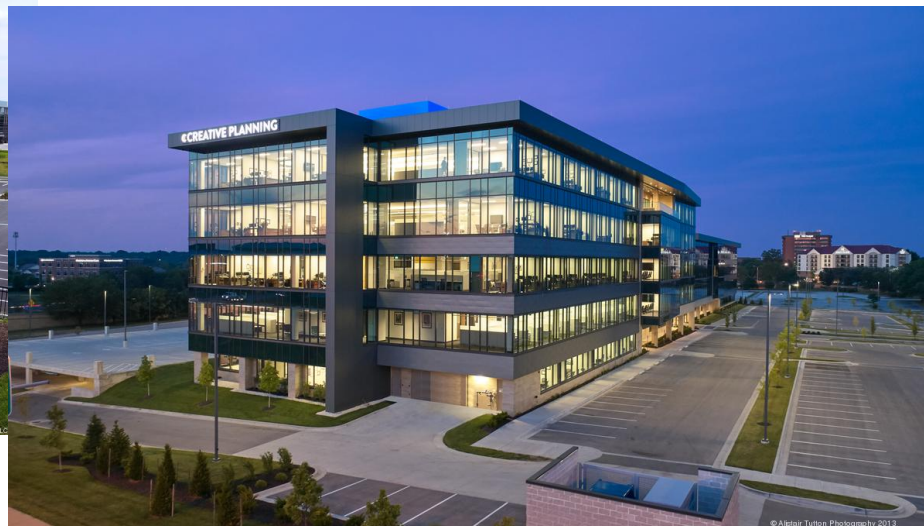
- Recommending a 1.0 mill levy increase for police, fire, and cybersecurity; this equates to approximately \$4.2M in additional property tax revenue
- The 2022 City budget for all funds will \$327.4M
- Recommending an Stormwater ERU fee increase of \$3 for stormwater operations and maintenance
- Total 2022 budgeted revenues will increase by 7.4%
 - Sales and use tax will increase 2.6% in 2022 over 2021 collections
 - Development fees will increase slightly in 2022
 - Other fees and fines will remain constant over 2021
 - Assessed property valuation will increase 2.7 % in 2022; this equates to \$1.5M in additional property tax revenue

2022 Mill Levy Increase

- Adds firefighters to assist in minimum staffing levels (3.0 FTE)
- Adds three Fire Battalion Chiefs (one funded by Rural FD #2)
- Adds a Behavioral Health Unit in the Police Department (14.0 FTE)
- Adds additional COPPS officers (2.0FTE)
- Adds additional detectives and tech support to enhance investigations (3.0 FTE)
- Adds additional patrol officers and leadership (7.0 FTE)
- Adds Report Technician Staff (3.0 FTE)
- Adds IT personnel for cybersecurity and public safety support (3.0 FTE)
- Adds operations and maintenance at Fire Station #48
- Funds PD software maintenance



Direct Impact of a 1.0 Mill Levy Increase On Commercial Property



| Appraised Valuation | 2021 City Property Taxes | 2022 City Property Taxes | Annual Difference | Monthly Difference |
|---------------------|--------------------------|--------------------------|-------------------|--------------------|
| \$500,000.00 | \$1,697.75 | \$1,822.75 | \$125.00 | \$10.42 |
| \$1,000,000.00 | \$3,395.50 | \$3,645.50 | \$250.00 | \$20.83 |
| \$5,000,000.00 | \$16,977.50 | \$18,227.50 | \$1,250.00 | \$104.17 |
| \$10,000,000.00 | \$33,955.00 | \$36,455.00 | \$2,500.00 | \$208.33 |
| \$25,000,000.00 | \$84,887.50 | \$91,137.50 | \$6,250.00 | \$520.83 |

Direct Impact of a 1.0 Mill Levy Increase On Residential Property

| Appraised Valuation | 2021 City Property Taxes | 2022 City Property Taxes | Annual Difference | Monthly Difference |
|---------------------|--------------------------|--------------------------|-------------------|--------------------|
| \$250,000.00 | \$390.48 | \$419.23 | \$28.75 | \$2.40 |
| \$350,000.00 | \$546.68 | \$586.93 | \$40.25 | \$3.35 |
| \$500,000.00 | \$780.97 | \$838.47 | \$57.50 | \$4.79 |
| \$800,000.00 | \$1,249.54 | \$1,341.54 | \$92.00 | \$7.67 |



Property Tax Comparison Property Valued at \$300,000

| City | 2022 Mill Levy Rate | Proposed 2022 City Property Taxes |
|---------------|---------------------|-----------------------------------|
| Lenexa | 29.242 | \$1,008.85 |
| Shawnee | 26.501 | \$914.28 |
| Leawood | 24.757 | \$854.12 |
| Olathe | 24.233 | \$836.04 |
| Overland Park | 14.582 | \$503.08 |



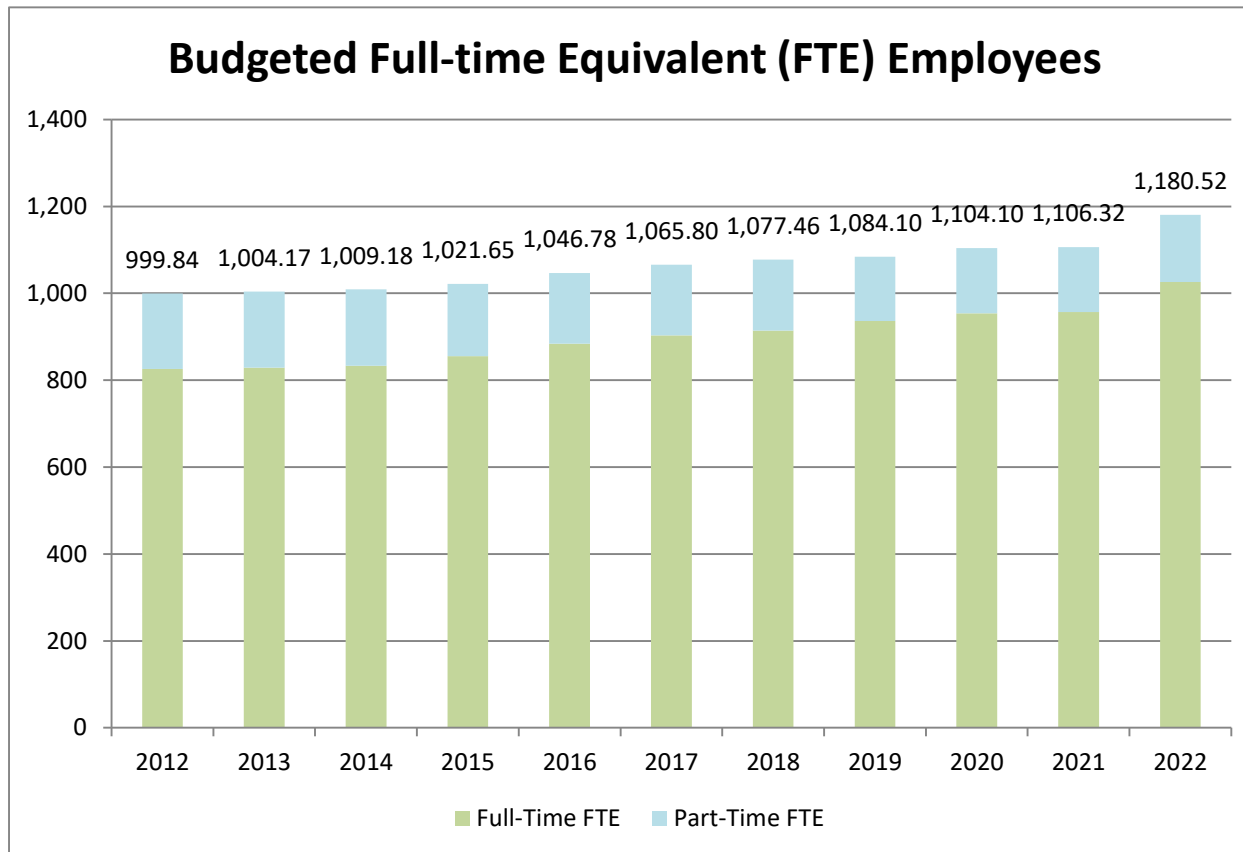
Other 2022 Operating Budget Highlights

- Adds operations and staffing at the new Arboretum's Visitor's Center (11.48 FTE)
- Adds Park attendants (2.0 FTE)
- Adds facilities technicians (2.0 FTE)
- Adds a multimedia expert in Communications Division (1.0 FTE)
- Total operating expenditures will increase by 6.5% over 2021 adopted budget
- Overall Goal Area changes (budget-to-budget) are below

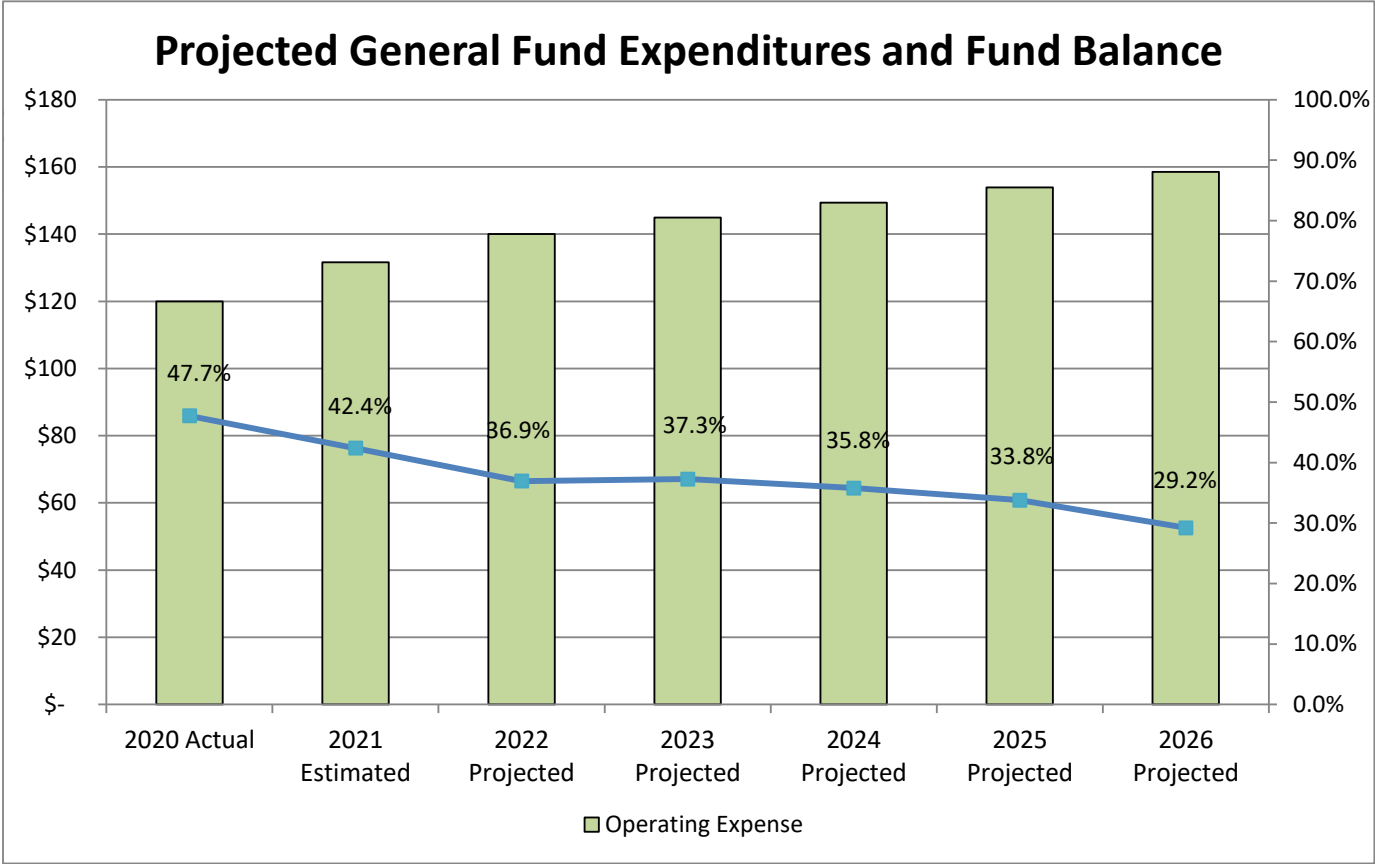
| Goal Area | 2021 | 2022 | Change (\$) | Percent Change |
|---|-----------------|-----------------|----------------|----------------|
| Finance, Administration, and Economic Development | \$24,679,210.00 | \$26,149,832.00 | \$1,470,622.00 | 6.0% |
| Public Safety | \$68,817,288.00 | \$75,658,582.00 | \$6,841,294.00 | 9.9% |
| Public Works | \$20,131,244.00 | \$19,879,574.00 | -\$251,670.00 | -1.3% |
| Community Development | \$29,112,258.00 | \$30,337,012.00 | \$1,224,754.00 | 4.2% |

2022 Budget Personnel Changes

- Net overall increase of 73.69 FTE (21.0 FTE are part of the panned merger with RFD#2 and paid for by RFD#2)



Five Year Plan Summary



Update to 2022-2026 CIP and Maintenance Program

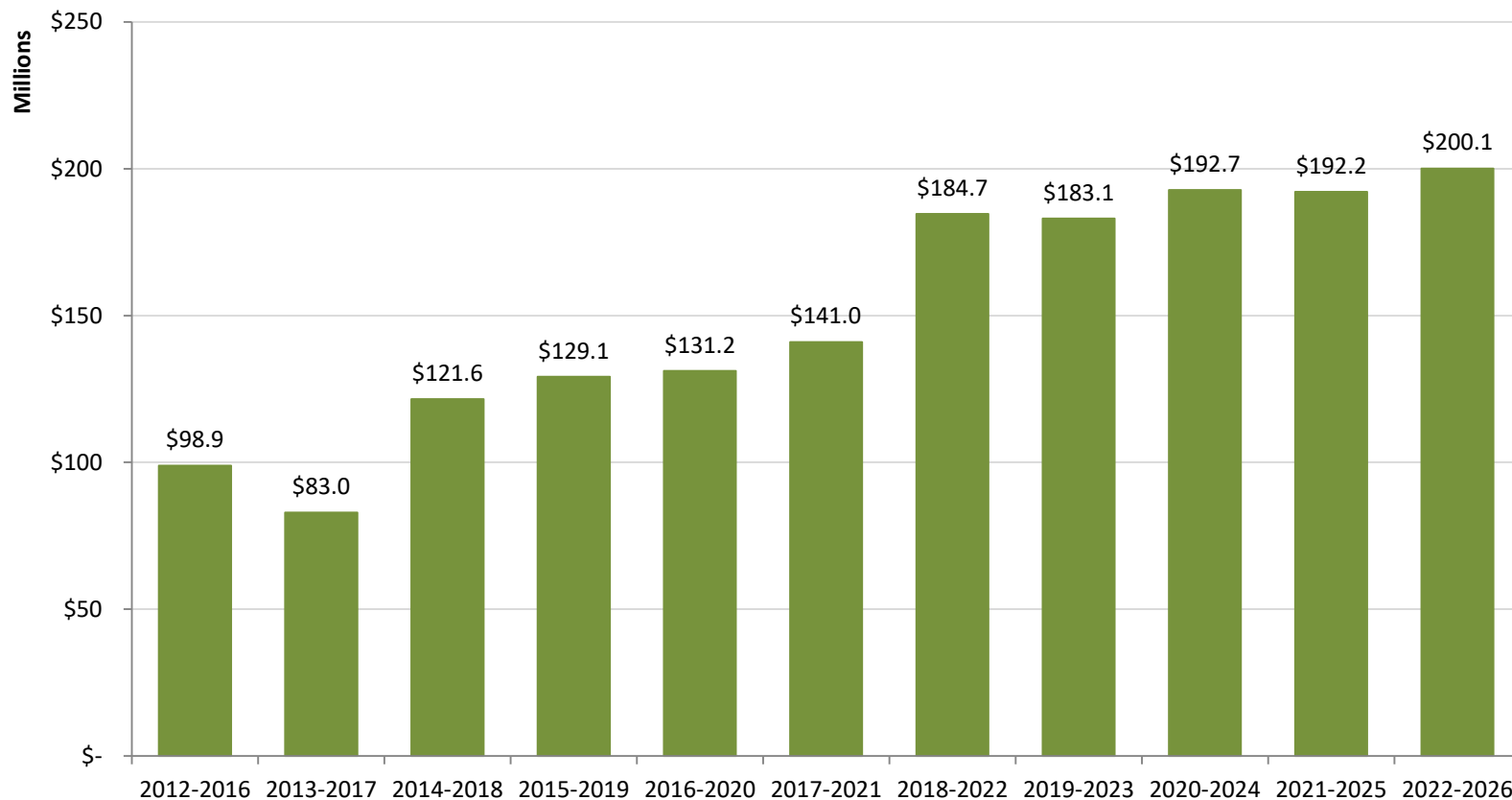
| Project Number | Description | Construction Year | Notes |
|----------------|---|-------------------|-------------------|
| BR1664 | Bridges on 167th Street over Coffee Creek | 2021 | Cost decrease |
| PB 2099 | Police Vehicle Storage Building | 2022 | Solar Roof |
| PR1891 | Arboretum Visitor's Center | 2021 | Cost Increase |
| ST2542 | DTOP Wayfinding | 2023 | Funding change |
| MR1858 | Annual Parks Maintenance | 2022 | Decreased funding |
| MP2801 | Westlinks Golf Course Fence Repair | 2021 | New project |
| MR1829 | Annual Street Maintenance | 2022 | Increased funding |





Five-Year Capital Improvement Program Expenditures

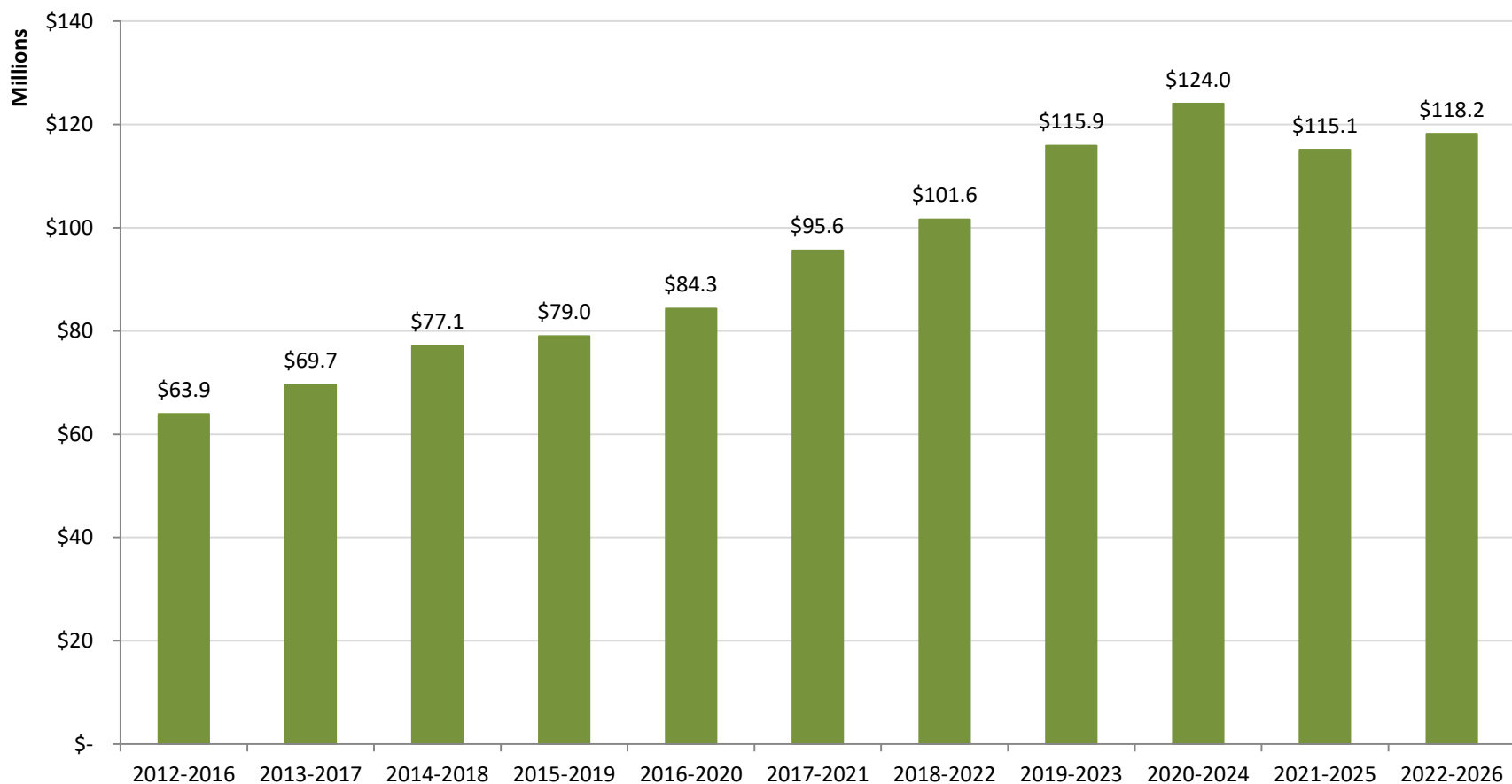
CIP Program Totals



Five-Year Maintenance Program Expenditures

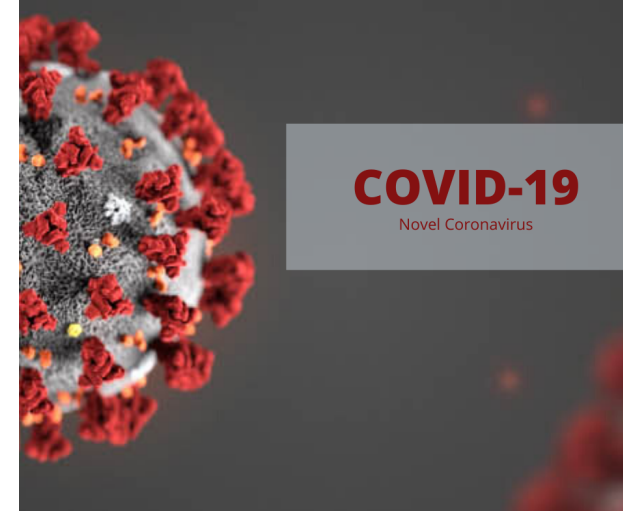


Maintenance Program Totals



2022 Budget Challenges and Issues

- Lingering impact of national and global economy due to COVID-19 pandemic still to be determined
- Rising construction costs
- Uncertainty in commercial real estate market
- Tourism revenue (TGT)
- Operating loss at OPCC
- Soccer complex revenue



Future Budget Pressures

- Renewal of 1/8 sales tax in 2024 (\$6M a year)
- Loss of County Courthouse Sales tax in 2026 (\$6M a year)
- Results of Infrastructure Advisory Board

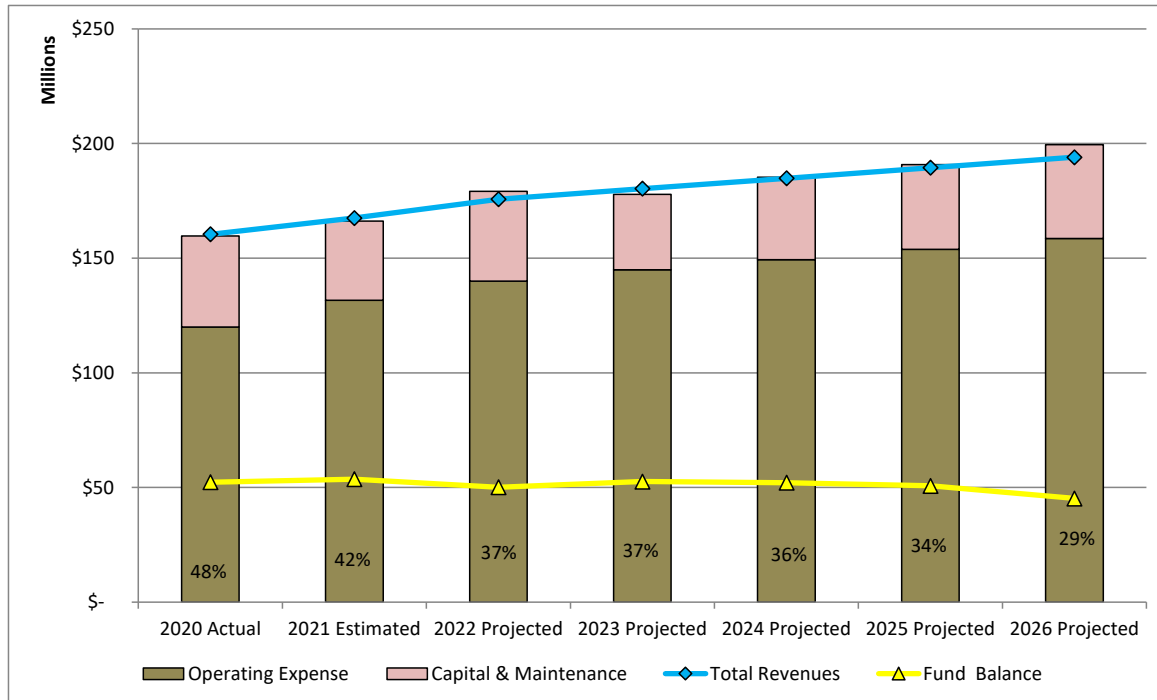


New State Budget Process “Truth in Taxation Bill”

- Eliminates property tax lid
- Requires cities to publicly identify a Revenue Neutral Mill Levy Rate (RNR) by June
- In the future the County will be required to notify every property owner of all RNRs; intent is to assure property owners understand the increase in property taxes due to changes in assessed valuation
- Requires cities to declare that they will accept the additional property tax revenue above the RNR by Jul 20
- If City is going to accept revenue above RNR they must hold a separate and distinct public hearing (RNR Hearing) on that specific action; those hearings must take place between August 20- September 20
- State Law still requires a separate and distinct public hearing and GB vote on the overall City budget
- Extends City budget approval date to September 30th

2022 Budget Summary

- Financial situation is stable
- Proposed increases in Public Safety to meet current service levels; requires 1.0 mill levy increase
- \$3 increase in SWU ERU fee for operations and maintenance
- Five year plan is balanced



Budget Process Schedule

| Date | Action |
|-------------------|---|
| June 7 2021 | City Manager presents proposed 2022 budget |
| June/July | Goal area committees discuss proposed 2022 budget and recommend changes |
| July 12 2021 | COW to decide on intent to capture property tax revenue above the RNR and adopt a 2022 budget for public hearing purposes |
| August | Public hearings on RNR and proposed City budget |
| September 20 2021 | Final consideration and vote on RNR and 2022 budget |



Questions?

