



# Agenda Item Report

## City Commission - Jul 20 2021

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| Department | Staff Contact             |
|------------|---------------------------|
| Finance    | Jeremy Willmoth, Director |

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### Recommendations

Consider a property tax mill levy rate exceeding the revenue-neutral rate as defined by Senate Bill 13 and scheduling both the public hearing to exceed the Revenue Neutral Rate and budget hearing on Tuesday, August 31, 2021, at 5:45 p.m. in the City Commission Room, First Floor of City Hall, for the purpose of hearing and answering objections of taxpayers related to the Revenue Neutral Rate and the amount of ad valorem tax and the proposed use of all funds.

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### Executive Summary

#### **Budget Summary/Notice of Public Hearings**

Under K.S.A. 79-2929, a public hearing on the proposed budget must be held and a notice of the hearing must be given at least 10 days prior to the hearing. Additionally, to comply with 2021 Senate Bill 13, a public hearing on the intent to exceed the Revenue Neutral Rate is also required.

**Once the City notifies the County Clerk of the intent to exceed the Revenue Neutral Rate, the mill levy rate can be reduced but cannot be increased.** This notification by the Governing Body is required to occur on or before July 20.

The attached notice sets the public hearing for August 31, 2021, and establishes the maximum mill levy for 2022. This holds the current mill levy flat at 33.318.

#### **State Budget Forms**

The City is required to use the State Budget Forms when submitting the budget to the County and State. These forms are used by all municipalities across the state and are used to prepare the notice of public hearing.

There are two significant differences between the State Budget Forms and the City Manager's Recommended Budget. First, the fund balance is presented differently. Second, there are some funds that were presented in the recommended budget that are not included in the state forms.

The total 2022 recommended budget of \$400,742,000 as outlined in the State Budget Forms. This is the amount that will be used in the Notice of Hearing to Exceed Revenue Neutral Rate and Budget Hearing that is published. A reconciliation sheet is also provided to outline the budget as it has been presented and the State Budget Forms.

## **Alignment to Strategic Plan**

Commitments in support of the outcome areas

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## **Fiscal Impact**

The total 2022 recommended budget is \$400,742,000, as outlined in the attached Notice of public hearings.

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## **Action Requested**

Schedule both the public hearing to exceed the Revenue Neutral Rate and budget hearing on Tuesday, August 31, 2021, at 5:45 p.m. in the City Commission Room, First Floor of City Hall.

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## **Previous Agenda Reports:**

[July 13, 2021](#): City Manager's Presentation

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## **Attachments**

[Revenue Neutral Rate and Budget Hearing Notice](#)  
[Reconciliation to State Budget Form](#)  
[Presentation - Update 07/16/21](#)  
[Communications - Added 07/19/21](#)

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2022

**NOTICE OF HEARING TO EXCEED REVENUE NEUTRAL RATE AND BUDGET HEARING**

The governing body of

**City of Lawrence**will meet on August 31, 2021 at 5:45 PM for the purpose of hearing and  
answering objections of taxpayers relating to the Revenue Neutral

Rate and the amount of ad valorem tax and the proposed use of all funds.

Detailed budget information is available at [www.lawrenceks.org](http://www.lawrenceks.org) and will be available at this hearing.**BUDGET SUMMARY**

Proposed Budget 2022 Expenditures and Amount of Current Year Estimate for 2021 Ad Valorem Tax establish the maximum limits of the 2022 budget.

Proposed Tax Rate is subject to change dependent on the final assessed valuation.

| FUND                  | Prior Year Actual for 2020 |                  | Current Year Estimate for 2021 |                  | Proposed Budget for 2022          |                               |                    |
|-----------------------|----------------------------|------------------|--------------------------------|------------------|-----------------------------------|-------------------------------|--------------------|
|                       | Expenditures               | Actual Tax Rate* | Expenditures                   | Actual Tax Rate* | Budget Authority for Expenditures | Amount of 2021 Ad Valorem Tax | Proposed Tax Rate* |
| General               | 77,066,244                 | 19.952           | 97,495,000                     | 19.952           | 120,453,000                       | 23,255,823                    | 19.952             |
| Debt Service          | 19,632,335                 | 9.322            | 13,475,000                     | 9.321            | 50,905,000                        | 10,865,040                    | 9.321              |
| Library               | 4,782,000                  | 4.045            | 4,952,324                      | 4.045            | 5,023,000                         | 4,715,125                     | 4.045              |
| Special Highway       | 3,069,523                  |                  | 3,914,000                      |                  | 4,021,000                         |                               |                    |
| Guest Tax             | 1,027,118                  |                  | 1,522,000                      |                  | 1,986,000                         |                               |                    |
| Transit               | 3,461,094                  |                  | 9,462,000                      |                  | 17,075,000                        |                               |                    |
| Recreation            | 4,996,965                  |                  |                                |                  |                                   |                               |                    |
| Special Alcohol       | 816,741                    |                  | 459,000                        |                  | 818,000                           |                               |                    |
| Special Recreation    | 799,626                    |                  | 606,000                        |                  | 818,000                           |                               |                    |
| TDD/TIF/NRA Funds     | 2,230,018                  |                  | 2,646,000                      |                  | 3,279,000                         |                               |                    |
| City Parks Memorial   | 10,903                     |                  | 16,000                         |                  | 103,000                           |                               |                    |
| Farmland Remediation  | 158,145                    |                  | 1,155,000                      |                  | 1,316,000                         |                               |                    |
| Cemetery Perpetual    | 27                         |                  | 6,000                          |                  | 22,000                            |                               |                    |
| Cemetery Mausoleum    |                            |                  |                                |                  |                                   |                               |                    |
| Housing Trust         | 1,179,417                  |                  | 1,236,000                      |                  | 2,538,000                         |                               |                    |
| Law Enforcement Trust | 202                        |                  | 51,000                         |                  | 208,000                           |                               |                    |
| Water and Wastewater  | 46,769,149                 |                  | 54,879,000                     |                  | 90,650,000                        |                               |                    |
| Solid Waste           | 14,337,703                 |                  | 17,451,000                     |                  | 23,263,000                        |                               |                    |
| Public Parking        | 1,129,588                  |                  | 1,590,000                      |                  | 1,717,000                         |                               |                    |
| Storm Water           | 3,943,961                  |                  | 6,367,000                      |                  | 13,326,000                        |                               |                    |
| Golf Course           | 944,240                    |                  |                                |                  |                                   |                               |                    |
| Capital Sales Tax     |                            |                  |                                |                  | 8,676,000                         |                               |                    |
| Wee Folks Scholarship |                            |                  |                                |                  | 89,000                            |                               |                    |
| Health Insurance      |                            |                  |                                |                  | 27,890,000                        |                               |                    |
| Internal Services     |                            |                  |                                |                  | 22,350,000                        |                               |                    |
| Risk Management Fund  |                            |                  |                                |                  | 4,216,000                         |                               |                    |
| Non-Budgeted Funds-A  | 12,323,275                 |                  |                                |                  |                                   |                               |                    |
| Non-Budgeted Funds-B  | 13,326,309                 |                  |                                |                  |                                   |                               |                    |
| Non-Budgeted Funds-C  | 25,510,963                 |                  |                                |                  |                                   |                               |                    |
| Totals                | 237,515,546                | 33.319           | 217,282,324                    | 33.318           | 400,742,000                       | 38,835,988                    | 33.318             |
|                       |                            |                  |                                |                  | <i>Revenue Neutral Rate**</i>     |                               | <i>32.515</i>      |
| Less: Transfers       | 0                          |                  | 0                              |                  | 0                                 |                               |                    |
| Net Expenditure       | 237,515,546                |                  | 217,282,324                    |                  | 400,742,000                       |                               |                    |
| Total Tax Levied      | 36,335,256                 |                  | 37,899,283                     |                  | xxxxxxxxxxxxxxxxxxxxxx            |                               |                    |
| Assessed Valuation    | 1,090,533,504              |                  | 1,137,488,005                  |                  | 1,165,598,396                     |                               |                    |

## Outstanding Indebtedness,

January 1,

G.O. Bonds

Revenue Bonds

Other

Lease Purchase Principal

Total

2019

101,410,000

181,965,000

6,000,000

1,236,083

290,611,083

2020

112,240,000

181,965,000

46,070,000

991,376

341,266,376

2021

88,285,000

174,405,000

40,070,000

814,845

303,574,845

\*Tax rates are expressed in mills

\*\* Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13

**Brad Finkeldei**

City Official Title: Mayor

| <b>Fund</b>                            | <b>Operating<br/>Expenditures</b> | <b>Plus:<br/>Fund Balance</b> | <b>2022 State<br/>Budget Form</b> |
|--|-----------------------------------|-------------------------------|-----------------------------------|
| <b>State Budgeted Funds</b>            |                                   |                               |                                   |
| General                                | \$ 103,378,000                    | \$ 17,075,000                 | \$ 120,453,000                    |
| Debt Service                           | 36,847,000                        | 14,058,000                    | 50,905,000                        |
| Library                                | 5,023,000                         | -                             | 5,023,000                         |
| Special Highway                        | 2,806,000                         | 1,215,000                     | 4,021,000                         |
| Capital Sales Tax                      | 5,154,000                         | 3,522,000                     | 8,676,000                         |
| Guest Tax                              | 1,676,000                         | 310,000                       | 1,986,000                         |
| Transit                                | 13,952,000                        | 3,123,000                     | 17,075,000                        |
| Special Alcohol                        | 800,000                           | 18,000                        | 818,000                           |
| Special Recreation                     | 818,000                           | -                             | 818,000                           |
| TDD/TIF/NRA Funds                      | 2,521,000                         | 758,000                       | 3,279,000                         |
| Heathcare Fund                         | 14,372,000                        | 13,518,000                    | 27,890,000                        |
| Administrative Services                | 21,832,000                        | 518,000                       | 22,350,000                        |
| Risk Management Fund                   | 2,898,000                         | 1,318,000                     | 4,216,000                         |
| City Parks Memorial                    | 35,000                            | 68,000                        | 103,000                           |
| Farmland Remediation                   | 1,242,000                         | 74,000                        | 1,316,000                         |
| Cemetery Perpetual                     | 8,000                             | 14,000                        | 22,000                            |
| Housing Trust                          | 1,660,000                         | 878,000                       | 2,538,000                         |
| Wee Folks Scholarship                  | 35,000                            | 54,000                        | 89,000                            |
| Law Enforcement Trust                  | 51,000                            | 157,000                       | 208,000                           |
| Water and Wastewater                   | 59,899,000                        | 30,751,000                    | 90,650,000                        |
| Solid Waste                            | 18,255,000                        | 5,008,000                     | 23,263,000                        |
| Public Parking                         | 1,627,000                         | 90,000                        | 1,717,000                         |
| Storm Water                            | 7,020,000                         | 6,306,000                     | 13,326,000                        |
| <b>Total State Budgeted</b>            | <b>301,909,000</b>                | <b>98,833,000</b>             | <b>400,742,000</b>                |
| <b>Other City Budgeted Funds</b>       |                                   |                               |                                   |
| Airport Improvement                    | 666,000                           | 122,000                       | 788,000                           |
| Equipment Reserve                      | 8,932,000                         | 1,751,000                     | 10,683,000                        |
| Capital Projects Fund                  | 36,802,000                        | 14,803,000                    | 51,605,000                        |
| Misc. State Agency Grants              | 1,474,000                         | -                             | 1,474,000                         |
| Misc. Federal Agency Grants            | 15,355,000                        | 337,000                       | 15,692,000                        |
| Fair Housing Grant                     | 22,000                            | 171,000                       | 193,000                           |
| Community Development                  | 1,066,000                         | 57,000                        | 1,123,000                         |
| Home Program                           | 464,000                           | (132,000)                     | 332,000                           |
| American Recovery Plan Fund            | 19,301,000                        | -                             | 19,301,000                        |
| Transportation Planning                | 254,000                           | 8,000                         | 262,000                           |
| Utilities Bonded Construction Fund     | 23,683,000                        | 5,456,000                     | 29,139,000                        |
| Utilities Non-Bonded Construction Fund | 10,488,000                        | 3,066,000                     | 13,554,000                        |
| <b>Total Other City Budget</b>         | <b>118,507,000</b>                | <b>25,639,000</b>             | <b>144,146,000</b>                |
| <b>Grand Total City Budget</b>         | <b>\$ 420,416,000</b>             | <b>\$ 124,472,000</b>         | <b>\$ 544,888,000</b>             |

# 2022 Budget

Establishing public hearing date



# Process To Date

- May 11: Policy Guidance
- June 8: Capital Budget Presentation
- July 13: City Manager's Recommended Budget
- July 20: Notify County of Intent to Exceed Revenue Neutral Rate
  - Includes a maximum mill levy rate



# Revenue Neutral Rate

- On or before July 20, Governing bodies must notify County Clerk of intent to exceed revenue neutral rate, their proposed tax rate and provide details of public hearing
  - Current Mill Levy Rate: 33.318
  - Revenue Neutral Mill Levy Rate: 32.515
  - Difference: 0.803 or \$936,705
    - Impacts the General Fund, Debt Service Fund, and Library Fund



# State Budget Forms

- Two notable differences between Notice of Public Hearing and City Manager's Recommended Budget
  - The Notice only includes legally required funds
    - City has a number of funds that are not legally required but are shown for transparency
  - The Notice includes fund balance
    - Reconciliation shows the operating budget plus fund balance to get to the figures shown





# Notice of Public Hearing

- Total \$400,742,000
- Flat Mill Levy: 33.318

## NOTICE OF HEARING TO EXCEED REVENUE NEUTRAL RATE AND BUDGET HEARING

The governing body of

City of Lawrence

will meet on August 31, 2021 at 5:45 PM for the purpose of hearing and answering objections of taxpayers relating to the Revenue Neutral Rate and the amount of ad valorem tax and the proposed use of all funds.

Detailed budget information is available at [www.lawrenceks.org](http://www.lawrenceks.org) and will be available at this hearing.

### BUDGET SUMMARY

Proposed Budget 2022 Expenditures and Amount of Current Year Estimate for 2021 Ad Valorem Tax establish the maximum limits of the 2022 budget.

Proposed Tax Rate is subject to change dependent on the final assessed valuation.

| FUND                  | Prior Year Actual for 2020 |                  | Current Year Estimate for 2021 |                  | Proposed Budget for 2022          |                               |                    |
|-----------------------|----------------------------|------------------|--------------------------------|------------------|-----------------------------------|-------------------------------|--------------------|
|                       | Expenditures               | Actual Tax Rate* | Expenditures                   | Actual Tax Rate* | Budget Authority for Expenditures | Amount of 2021 Ad Valorem Tax | Proposed Tax Rate* |
| General               | 77,066,244                 | 19.952           | 97,495,000                     | 19.952           | 120,453,000                       | 23,255,823                    | 19.952             |
| Debt Service          | 19,632,335                 | 9.322            | 13,475,000                     | 9.321            | 50,905,000                        | 10,865,040                    | 9.321              |
| Library               | 4,782,000                  | 4.045            | 4,952,324                      | 4.045            | 5,023,000                         | 4,715,125                     | 4.045              |
| Special Highway       | 3,069,523                  |                  | 3,914,000                      |                  | 4,021,000                         |                               |                    |
| Guest Tax             | 1,027,118                  |                  | 1,522,000                      |                  | 1,986,000                         |                               |                    |
| Transit               | 3,461,094                  |                  | 9,462,000                      |                  | 17,075,000                        |                               |                    |
| Recreation            | 4,996,965                  |                  |                                |                  |                                   |                               |                    |
| Special Alcohol       | 816,741                    |                  | 459,000                        |                  | 818,000                           |                               |                    |
| Special Recreation    | 799,626                    |                  | 606,000                        |                  | 818,000                           |                               |                    |
| TDD/TIF/NRA Funds     | 2,230,018                  |                  | 2,646,000                      |                  | 3,279,000                         |                               |                    |
| City Parks Memorial   | 10,903                     |                  | 16,000                         |                  | 103,000                           |                               |                    |
| Farmland Remediation  | 158,145                    |                  | 1,155,000                      |                  | 1,316,000                         |                               |                    |
| Cemetery Perpetual    | 27                         |                  | 6,000                          |                  | 22,000                            |                               |                    |
| Cemetery Mausoleum    |                            |                  |                                |                  |                                   |                               |                    |
| Housing Trust         | 1,179,417                  |                  | 1,236,000                      |                  | 2,538,000                         |                               |                    |
| Law Enforcement Trust | 202                        |                  | 51,000                         |                  | 208,000                           |                               |                    |
| Water and Wastewater  | 46,769,149                 |                  | 54,879,000                     |                  | 90,650,000                        |                               |                    |
| Solid Waste           | 14,337,703                 |                  | 17,451,000                     |                  | 23,263,000                        |                               |                    |
| Public Parking        | 1,129,588                  |                  | 1,590,000                      |                  | 1,717,000                         |                               |                    |
| Storm Water           | 3,943,961                  |                  | 6,367,000                      |                  | 13,326,000                        |                               |                    |
| Golf Course           | 944,240                    |                  |                                |                  |                                   |                               |                    |
| Capital Sales Tax     |                            |                  |                                |                  | 8,676,000                         |                               |                    |
| Wae Folks Scholarship |                            |                  |                                |                  | 89,000                            |                               |                    |
| Health Insurance      |                            |                  |                                |                  | 27,890,000                        |                               |                    |
| Internal Services     |                            |                  |                                |                  | 22,350,000                        |                               |                    |
| Risk Management Fund  |                            |                  |                                |                  | 4,216,000                         |                               |                    |
| Non-Budgeted Funds-A  | 12,323,275                 |                  |                                |                  |                                   |                               |                    |
| Non-Budgeted Funds-B  | 13,326,309                 |                  |                                |                  |                                   |                               |                    |
| Non-Budgeted Funds-C  | 25,510,963                 |                  |                                |                  |                                   |                               |                    |
| Totals                | 237,515,546                | 33.319           | 217,282,324                    | 33.318           | 400,742,000                       | 38,835,988                    | 33.318             |
|                       |                            |                  |                                |                  | Revenue Neutral Rate**            |                               |                    |
|                       |                            |                  |                                |                  | 32.515                            |                               |                    |
| Less: Transfers       | 0                          |                  | 0                              |                  | 0                                 |                               |                    |
| Net Expenditure       | 237,515,546                |                  | 217,282,324                    |                  | 400,742,000                       |                               |                    |
| Total Tax Levied      | 36,335,256                 |                  | 37,899,283                     |                  | XXXXXXXXXXXXXXXXXXXX              |                               |                    |
| Assessed Valuation    | 1,090,533,504              |                  | 1,137,488,005                  |                  | 1,165,598,396                     |                               |                    |

### Outstanding Indebtedness,

|                          | 2019        | 2020        | 2021        |
|--------------------------|-------------|-------------|-------------|
| January 1,               | 101,410,000 | 112,240,000 | 88,285,000  |
| G.O. Bonds               | 181,965,000 | 181,965,000 | 174,405,000 |
| Revenue Bonds            | 6,000,000   | 46,070,000  | 40,070,000  |
| Other                    | 1,236,083   | 991,376     | 814,845     |
| Lease Purchase Principal | 290,611,083 | 341,266,376 | 303,574,845 |
| Total                    |             |             |             |

\*Tax rates are expressed in mills

\*\* Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13

**Brad Finkeldei**

City Official Title: Mayor

# Next Step

- Public Hearing on August 31 at 5:45 at City Hall
  - Provide input before the hearing through our [Lawrence Listens Survey](#)
  - Provide feedback at that the public hearing
- Additional information can be found on our [website](#) or through our [interactive open transparency portal](#)



**From:** wilbur45@sunflower.com <wilbur45@sunflower.com>

**Sent:** Sunday, July 18, 2021 10:20 PM

**To:** Brad Finkeldei <bfinkeldei@lawrenceks.org>; Courtney Shipley <cshipley@lawrenceks.org>; Lisa Larsen <llarsen@lawrenceks.org>; Stuart Boley <sboley@lawrenceks.org>; Jennifer Ananda <jananda@lawrenceks.org>

**Cc:** Sherri Riedemann <sriedemann@lawrenceks.org>

**Subject:** Lawrence Listens comments

External Email. Be careful with links and attachments.

- City of Lawrence IT Helpdesk

Dear Mayor, Vice Mayor and Commissioners,

I am submitting this as public comment for the 7/20/21 discussion as well as to the Lawrence Listens portal. There's not much I can add except to note the increase to utility costs - which also hits the most vulnerable population the hardest. To levy 2 increases such as this seems especially punitive.

I strongly encourage the commission to offset 2022 expenditures by (at a minimum) the amount of funds transferred to the county for Lawrence-DGCO Fire/Medical duties. There is little doubt that the city was prepared with a similar budget with the same mill levy that DID include these costs until the decision was made to move the allocations. I understand the temptation to redistribute funds. This gives the illusion that the city is able to help more and alleviate issues facing Lawrence. The reality is that an increased tax burden (via property values) will harm vulnerable homeowners and renters within the city. This has been a tough year for many people. Please do the responsible thing and reduce the maximum mill levy proposed in the City Manager's budget. Thank you!

Patrick Wilbur  
521 Durham Court  
Lawrence, KS 66049  
785-727-0506