

OSAWATOMIE CITY COUNCIL
AGENDA

SPECIAL MEETING

September 16, 2021

6:30 p.m. | Memorial Hall | 411 11th Street

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Public Hearing
 - A. Revenue Neutral Rate Hearing (Hearing Notice attached) – Mike Scanlon
 - B. 2022 Budget Hearing and Presentation (Hearing Notice attached) – Mike Scanlon
5. New Business
 - A. Resolution 918 – Resolution to exceed the Revenue Neutral Rate (RNR) – Mike Scanlon
 - B. Resolution 919 – 2022 Budget Resolution -- Mike Scanlon
6. Adjourn

NEXT REGULAR MEETING – September 23rd, 2021

CITY OF OSAWATOMIE



439 Main Street
P.O. Box 37
Osawatomie, Kansas 66064

913.755.2146 (p)
913.755.4146 (f)
ozcity@osawatomieks.org
www.osawatomieks.org

L. Mark Govea, Mayor

REQUEST FOR SPECIAL MEETING

We, the undersigned Council members being of the Governing Body of the City of Osawatomie, Kansas, respectfully request that a special meeting of the Council of the City of Osawatomie, Kansas, be held at **MEMORIAL HALL ; 411 11TH STREET** in said City at **6:30 PM** on **THURSDAY, SEPTEMBER 16, 2021** FOR THE FOLLOWING PURPOSE:

HEARING TO EXCEED REVENUE NEUTRAL RATE 2022 BUDGET HEARING

Respectfully Submitted:

Cathy Caldwell

James G. Govea

Mike

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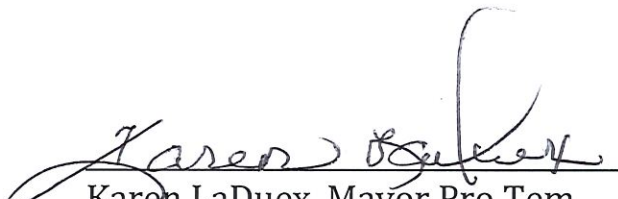
NOTICE OF SPECIAL MEETING

The Council, being the Governing Body of the City of Osawatomie, Kansas.

You are hereby notified that pursuant to a written request, I have called and do hereby call a special meeting of the Council of the City of Osawatomie, Kansas, be held at **MEMORIAL HALL; 411 11TH STREET** in said City at **6:30 PM on THURSDAY, SEPTEMBER 16, 2021** for the following purpose:

HEARING TO EXCEED REVENUE NEUTRAL RATE 2022 BUDGET HEARING

DATED this 7TH day of September, 2021.


Karen LaDuex, Mayor Pro Tem
City of Osawatomie, Kansas

AFFIDAVIT OF PUBLICATION

NPG Newspapers, Inc., P.O. Box 29, St. Joseph, MO 64502

Reference: 103172
Ad ID: 6692477

P.O. :
DESC. :City of Osawatomie Budget Hearing

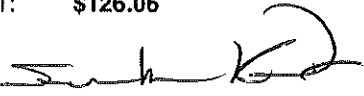
**TAMMY SEAMANDS
CITY OF OSAWATOMIE - LEGALS
P.O. BOX 37
OSAWATOMIE, KS 66064-0037**

Miami County Republic

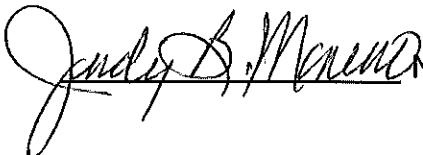
State of Kansas, Miami County, ss:

I, Sandra Ridings being duly sworn according to law, state that I am the Legal Advertising Coordinator of the Miami County Republic, a weekly newspaper printed in the State of Kansas, and published in and of general circulation in Miami County, Kansas, with a general paid circulation on a weekly basis in Miami County, Kansas; and that said newspaper is not a trade, religious, or fraternal publication. Said newspaper is published at least weekly fifty times a year and has been so published continuously and uninterruptedly in said County and State for a period of more than five years prior to the first publication of the said notice; and has been admitted to the post office of Paola, in said county as second class matter. That this notice, a true copy of which is hereto attached, was published in the regular and entire issue of said weekly newspaper as follows, to-wit:

Run Dates: 09/01/21 to 09/01/21
Appearances: 1
AD SPACE: 231
TOTAL COST: \$126.06

(Signed) 

Subscribed and sworn before me this 1 day of Sept. 2021



Notary Public
JUDY B. MORENO
Notary Public - Notary Seal
State of Missouri
Commissioned for Buchanan County
My Commission Expires: June 23, 2024
Commission Number: 12544882

My Commission Expires: 6/23/24

NOTICE OF HEARING TO EXCEED REVENUE NEUTRAL RATE AND BUDGET HEARING

The governing body of
City of Osawatomie
 will meet on September 16, 2021 at 6:30 p.m. at Memorial Hall, 411 11th Street, Osawatomie, KS 66064 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 will be available at City Hall on September 7, 2021 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	2,846,868	30.428	2,825,500	29.992	3,000,000	768,585	28.669
Debt Service	771,564	17.630	1,000,000	17.245	1,425,000	849,145	31.674
Library	11,097		50,000		50,000		
Industrial	19,125	0.200	27,750	0.200	5,000	4,960	0.185
Employee Benefits	714,494	20.001	800,000	20.106	900,000	497,278	18.549
Public Safety Equipment	82,477	1.000	157,500	1.000	58,000	24,745	0.923
Street Improvement (Spec. Hwy)	204,268		125,000		125,000		
Refuse	405		441,600		480,000		
Tourism	14,370		62,500		40,000		
Special Parks & Recreation	22,727		41,502		25,000		
Electric Reserve Debt Service	434,101		465,000		750,000		
Water	1,096,280		1,175,000		1,300,000		
Electric	3,583,355		4,100,000		4,100,000		
Sewer	865,885		1,000,000		1,000,000		
Golf Course	268,810		300,000		300,000		
Non-Budgeted Funds							
Totals	10,935,826	69.259	12,571,352	68.543	13,558,000	2,144,713	80.000
						<i>Revenue Neutral Rate**</i>	<i>63.236</i>
Less: Transfers	2,321,748		2,275,000		2,000,000		
Net Expenditure	8,614,078		10,296,352		11,558,000		
Total Tax Levied	1,554,428		1,695,195		XXXXXXXXXXXX		
Assessed Valuation	23,887,825		24,732,014		26,808,911		

Outstanding Indebtedness, January 1,	2019	2020	2021
G.O. Bonds	10,045,000	9,350,000	8,880,369
Revenue Bonds	5,500,000	5,260,000	5,010,000
Other	1,200,306	1,143,878	1,085,842
Lease Purchase Principal	804,569	630,252	594,128
Total	17,549,875	16,384,130	15,570,339

* Tax rates are expressed in mills
 ** Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13

Michael J. Scanlon
 City Official Title: City Manager

NOTICE OF REVENUE NEUTRAL RATE HEARING

The governing body of

City of Osawatomie

will meet on September 16 at 6:30 pm at Memorial Hall for the purpose of hearing and answering objections of taxpayers relating to revenue neutral rate and proposed tax rate, as required by 2021 Kansas Senate Bill 13.

SUPPORTING COUNTIES

Miami (home county)

Revenue Neutral Rate*	63.236	Proposed Tax Rate	80.00
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Tax Rates are expressed in mills

* Revenue Netural Rate as defined by 2021 Kansas Senate Bill 13

Kansas taxing subdivisions,

In March 2021, the Kansas Legislature passed Senate Bill (SB) 13 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. Subsequently, Senate Substitute for House Bill 2104 was passed to amend the timelines in SB 13. SB 13 is retroactively effective January 1, 2021. The change in policy applies to the 2022 budget cycle.

The bill repeals the tax lid law and computed tax limits imposed by KSA 79-2925b and KSA 79-2925c. Alternatively, the bill introduces the use of a “revenue neutral rate”, defined as the amount of ad valorem tax revenue levied in the prior year over the current year assessed valuation estimates, expressed as a mill. County clerks are responsible for computing and providing the rate to taxing subdivisions with the budget information estimates by June 15th.

Who does SB 13 apply to?

Taxing subdivisions have been defined by the bill as “any political subdivision of the state that levies an ad valorem tax on property”. Recreation commissions are considered a taxing subdivision for the purpose of SB 13.

What impact does SB 13 have to Kansas taxing subdivisions?

Taxing subdivisions cannot levy above the revenue neutral rate (RNR) without holding a Revenue Neutral Rate Hearing for tax payers to attend and provide feedback. At the end of the RNR hearing, the governing body of the taxing subdivision will publicly vote to pass a resolution to exceed the RNR for the upcoming budget year.

If the subdivision fails to hold the RNR hearing, the subdivision should consider the RNR as a mill rate cap. County clerks are encouraged (not required) to cap the subdivision’s ad valorem property tax levy at the RNR. If the taxing subdivision levies above the RNR without holding the required hearing and passing a resolution, the taxing subdivision would be required to refund all tax payers any amount levied above the RNR.

What is the timeline for the RNR hearing procedure?

By **July 20th** of each budget year, taxing subdivisions will notify their county clerk of their intent to exceed the RNR by providing the county clerk the proposed tax rate and the RNR hearing information. *Note: At a minimum, the subdivision’s budget should be complete for any fund receiving ad valorem property tax.*

Beginning in 2022, county clerks will notify via mail (or email if electronic communication has been requested by the tax payer) all tax payers of the revenue neutral rate hearings and levy changes impacting their property. The notification will include on one notice, among other things, all taxing subdivisions within the county that affect the tax payer’s property. For calendar years 2022 and 2023, the State of Kansas will reimburse county clerks the cost of the mailed notice. In subsequent years, the cost will be proportionately divided between taxing subdivisions holding a RNR hearing.

Between **August 20th and September 20th**, taxing subdivisions will hold their RNR hearing. The subdivision will be required to publish the hearing to the newspaper and subdivision website (if maintained) 10 days prior to the hearing date. Tax payers must be given the opportunity to speak without unreasonable restriction. At the end of the RNR hearing, the governing body of the taxing subdivision will vote to pass a resolution to levy above the RNR. *Note: The RNR hearing can be held in conjunction with the normal budget hearings, but the budget cannot be adopted prior to holding the RNR hearing.*

By **October 1st**, any taxing subdivision that chose to exceed the RNR will provide the county clerk with their adopted budget and required forms, including the published notice of RNR hearing and adopted resolution to exceed the RNR.

What is the risk of not holding the RNR Hearing?

The taxing subdivision cannot levy above the RNR.

If the taxing subdivision adopts a budget that does not exceed the RNR, the subdivision should contact the county clerk to prepare for valuation decreases from the June 15th property valuation estimates to the November 1st property valuations certified to the county clerk. If property valuations decrease from June 15th to November 1st, the taxing subdivision would realize less dollars than budgeted.

If the taxing subdivision levied higher than the RNR, the legislation requires refunds to tax payers in any amount levied above the RNR.

Is the budget submission date the same for subdivisions not exceeding the RNR?

Subdivisions that have opted to levy below the RNR will certify their adopted budget to the county clerk by August 25th. See the full timeline below.

Other tips:

- Contact the newspaper for content submission date and format requirements. Ensure you have the correct contact information and due dates for the RNR hearing notice. After 2021, the subdivision will not be able to reschedule the hearing (since taxpayers will be notified via mail, the hearing date cannot move).
- Holding a RNR hearing will protect the budget from unintended revenue decreases if property valuations decrease. To ensure the subdivision can levy the dollars budgeted, the subdivision should hold the RNR hearing – even if the intention is to remain revenue neutral.
- With the RNR hearing notice to the county clerk being July 20th, taxing subdivisions should have the budget completed for funds that receive ad valorem property tax revenue by July 20th or sooner.
- Additional Resources:
 - The full bill text and history can be found on the Kansas Legislature website at www.kslegislature.org
 - Check the Municipal Services website for additional guidance and FAQs, sample language, sample publications, etc. <https://admin.ks.gov/offices/oar/municipal-services>

- See the infographic summarizing SB 13 and HB 2104 designed by the League of Kansas Municipalities:
https://cdn.ymaws.com/www.lkm.org/resource/resmgr/files/infographics/SB_13_Infographic_v3.pdf
- School districts are encouraged to contact Kansas Department of Education with questions regarding the budget and RNR.

Timeline if Exceeding the Revenue Neutral Rate

- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **July 20th:** Last day to notify County Clerk of intent to levy above RNR
 - Clerk should be provided proposed tax rate and RNR hearing information (date, time, location)
 - Beginning in 2022, County Clerk will notify tax payers via mail/email of all taxing subdivisions exceeding RNR
- **August 20th – September 20th:** Hold RNR hearing prior to or in conjunction with budget hearing
 - Publication of hearing must be done 10 days prior to RNR hearing
 - Publish in newspaper and website (if website is maintained)
- **August 20th – September 20th:** Hold budget hearing
 - Publication of hearing must be done 10 days prior to budget hearing
- **August 20th – October 1st:** Governing body passes resolution to exceed RNR (if applicable) and formally adopts budget
- **August 30th – October 1st:** Governing body certifies budget to County Clerk

Timeline if not Exceeding the Revenue Neutral Rate

- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **By August 4th:** Publish Notice of Budget Hearing in newspaper
- **By August 15th:** Hold budget hearing at least 10 days after published Notice of Budget Hearing
- **August 15th – 25th:** Governing body formally adopts budget
- **August 25th:** Governing body electronically submits budget to County Clerk

Feel free to contact Municipal Services at ARMunis@ks.gov with questions regarding SB 13.

Sincerely,

Municipal Services

CITY OF OSAWATOMIE, KANSAS

RESOLUTION NO. 917

A RESOLUTION OF THE CITY OF OSAWATOMIE, KANSAS TO LEVY A PROPERTY TAX RATE EXCEEDING THE REVENUE NEUTRAL RATE;

WHEREAS, the Revenue Neutral Rate for the City of Osawatomie was calculated as 63.236 mills by the Miami County Clerk; and

WHEREAS, the budget proposed by the Governing Body of the City of Osawatomie will require the levy of a property tax rate exceeding the Revenue Neutral Rate; and

WHEREAS, the Governing Body held a hearing on September 16, 2021 allowing all interested taxpayers desiring to be heard an opportunity to give oral testimony; and

WHEREAS, the Governing Body of the City of Osawatomie, having heard testimony, finds it necessary to exceed the Revenue Neutral Rate.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE:

The City of Osawatomie shall levy a property tax rate exceeding the Revenue Neutral Rate of 63.236 mills. The rate to be shall be set at 80.000 mills

This resolution shall take effect and be in force immediately upon its adoption and shall remain in effect until future action is taken by the Governing Body.

ADOPTED this 16th day of September 2021 and **SIGNED** by the Mayor.

L. Mark Govea, Mayor

Attested:

Tammy Seamands, City Clerk

RESOLUTION NO. 919

BY THE CITY OF OSAWATOMIE, KANSAS

**A RESOLUTION ESTABLISHING BUDGET POLICIES FOR THE CITY OF OSAWATOMIE
FOR FISCAL YEAR 2022.**

WHEREAS, the City of Osawatomie's overriding goal is to provide its residents with a superior level of services with a budget that the community can afford; and

WHEREAS, the City of Osawatomie's City Council through Resolutions 778, 779, 784 and 794 have begun to put in place a financial framework to assist them in managing the financial resources of the City; and

WHEREAS, it is only appropriate for the City Council to establish a broad set of budgetary policies that will guide this community over the coming decade; and

WHEREAS, the City Staff wishes to begin creating a Fund Balance Reserve equivalent to 90-days of the City's General Fund expenditures (**25% of Annual Expenses**); and

WHEREAS, the COVID-19 pandemic has put even more pressure on the City's budget both in the short- and long-term; and

WHEREAS, it is only appropriate that the City not simply adopt an annual budget but also set multi-year budgetary and financial policies to ensure the ongoing operation of the City; and

WHEREAS, the City staff prepared a Five-Year Financial Forecast for the General Fund that allows for the balanced operation of the City; and

WHEREAS, the City staff has also begun the replacement and repair of the Waste Water Treatment Plant, and has begun the study of repairs, replacement or alternatives to the Water Plant; and

WHEREAS, the City staff upon completing the Five-Year Financial Forecast identified both the need and potential funding of a ten-year street repair and replacement program using a combination of revenue sources.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE, KANSAS:

SECTION ONE: That the following will serve as the Budgetary Policies of the City of Osawatomie, KS.

- A. The City will increase its mill rate in the Debt Service Fund from the Revenue Neutral Rate (RNR) of 15.910 to 31.674. This increase in mill rate will generate will be dedicated to street repairs, replacement and maintenance. **This rate increase has a self-imposed 10-year sunset.**
- B. The City will increase its mill rate in the General Fund from the Revenue Neutral Rate (RNR) of 27.669 to 28.669. This increase of one mill will be used to help offset the cost of managing the “Paving the Way” street program. **This rate increase has a self-imposed 10-year sunset.**
- C. The City will maintain the mill rate in the following funds equivalent to the RNR (for 2022) as calculated by the Miami County Clerk,
 - a. Employee Benefit Fund: 18.549
 - b. Special Law Enforcement Equipment Fund: .923
 - c. Industrial Development Fund: .185
- D. The City will continue the Solid Waste Utility consistent with Resolution 785 payable through annual property tax payments adjusting for the increase in the Waste Management Contract and accounting for the appropriate franchise fees and service charges during the next three (3) years -- 2022, 2023 and 2024. Year 2025 will be held to the 2024 rate per the contract with Waste Management.
- E. The City will be updating Utility Rates that will become effective January 1, 2022 based on a rate study (update) that all utilities are charging an appropriate rate to both replace and maintain the existing infrastructure and cover normal operating costs.
- F. All Fees and Charges for services outside of the City’s utilities will be reviewed during the fall of 2021 and any changes made effective on the 1st day of the new calendar year.

SECTION TWO: This Resolution will form the basis for all future ***Budgetary Policy Resolutions*** and serve as the “overall” Budgetary Policy of the City of Osawatomie, KS.

PASSED AND APPROVED by the Governing Body of the City of Osawatomie, Kansas, this 16^h day of August, 2022, a majority voting in favor of.

APPROVED and signed by the Mayor.

L. Mark Govea, Mayor

(SEAL)

ATTEST:

Tammy Seamands, City Clerk