

# The City of Basehor's 2025 Operating Budget, Revenue Neutral Rate, and Capital Improvement Plan (CIP)

Presented  
August 28, 2024  
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Deputy City Administrator



# 2025 Budget Timeline

**May 10, 2024-** Governing Body Retreat

**June 12, 2024-** Presentation to Governing Body

**June 26, 2024-** Intent to Exceed Revenue Neutral Rate Presentation

**July 10, 2024-** Presentation to Governing Body

**July 24, 2024-** Presentation to Governing Body

**August 14, 2024-** Presentation to Governing Body

**August 28, 2024-** Budget Public Hearings (2)



# Information about the City's Proposed 2025 Budget

- The public meetings where the budget presentations are presented are available:
  - In person (City Hall – 1600 N 158<sup>th</sup> Street)
  - Via YouTube (<https://www.youtube.com/@cityofbasehor4443streams>)
- These public meetings are noticed:
  - On the City's website ([www.cityofbasehor.org](http://www.cityofbasehor.org)) where community members can sign up for email and/or text notifications
  - In the City's e-News
  - In the City's *Basehor Quarterly Newsletter*
  - On the City's social media pages
  - Public Hearings are noticed in the Leavenworth Times and/or the Tonganoxie Mirror
- Previous presentations as well as the proposed line-item budget document can be found here: <https://cityofbasehor.org/340/Budget-Presentations>



# The City of Basehor's 2025 Budget Priorities

*Priorities working together to  
maintain Basehor as a  
community of choice.*



# Tax Terminology



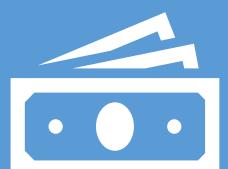
Ad Valorem Tax = Property Tax



Mill Rate = Property Tax Rate



1 mill generates \$139,798 of City tax levy,  
given \$139.8 M assessed value



Tax Levy = Revenue generated by applying  
mill rate to assessed value

# City of Basehor Fund Structure

## Governmental Activity Funds

*These funds are primarily funded by property tax.*

General

Employee Benefit

Parks & Recreation

Bond & Interest

## Capital Project and Equip Funds

*These funds are primarily funded by sales tax.*

Capital Improvement

Consolidated Highway

Special Alcohol Fund

## Enterprise Funds

*These funds are primarily funded by utility charges.*

Wastewater

Solid Waste

## Fiduciary Funds

*These funds are held by the City but not controlled by the City.*

Cedar Lake

Glenwood Sewer

## Special Funds

*These funds have specific restrictions of revenues and expenditures.*

Land Bank Fund

Mayor's Charity Fund

Assistance Programs Fund



# Bond Ratings and Annual Audits

	Moody's INVESTORS SERVICE	FitchRatings	S&P Global Ratings	Rating Grade Description
Investment Grade	Aaa	AAA	AAA	Highest credit quality, lowest level of credit risk
	Aa1	AA+	AA+	
	Aa2	AA	AA	Very high credit quality with very low credit risk
	Aa3	AA-	AA-	
	A1	A+	A+	
	A2	A	A	High credit quality with low credit risk
	A3	A-	A-	
	Baa1	BBB+	BBB+	
	Baa2	BBB	BBB	Good credit quality with moderate credit risk
	Baa3	BBB-	BBB-	
Speculative Grade	Ba1	BB+	BB+	
	Ba2	BB	BB	Speculative with substantial credit risk
	Ba3	BB-	BB-	
	B1	B+	B+	
	B2	B	B	Highly speculative with high credit risk
	B3	B-	B-	
	Caa1	CCC+	CCC+	
	Caa2	CCC	CCC	Substantial credit risk with default as a real possibility
	Caa3	CCC-	CCC-	
	Ca	CC	CC	Very high levels of credit risk with default either occurring or about to occur
	C	C	C	Default or default-like process has begun
		SD	RD	Selective Default (SD): Issuers have defaulted on one or more specific issues but are expected to meet their other payment obligations. Restricted Default (RD): Issuers have missed one or more payments but are not under supervision for reorganization or liquidation.
		D	D	Default: Issuers are unlikely to pay their obligations and have likely entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedures.

- The City has a bond rating of AA+, which is incredibly rare for a City of Basehor's size.
  - Some of the considerations that influence this rating are: growth, strong management, and strong budgetary performance.
- With the two most recent debt issuances, the City of Basehor will save over \$73,000 in interest savings by having a higher-than-average credit rating.
- The debt limit for municipalities in Kansas is 30% of the assessed value. The City's debt percentage is 18%.
- The most recent financial audit of an external agency yielded the highest rate of opinion from the audit agency and resulted in zero material weaknesses.



# How are property taxes calculated on a house?



The Leavenworth County Appraiser's Office assigns an appraised value to all homes in Basehor.

Appraised Value  $\times$  Assessment Percentage = Assessed Value



Assessed Value  $\times$  Mill Rate  $\div$  1,000 =

**City Portion of Tax Bill**

The Mill Rate is the only portion of the tax calculation equation that the City controls.

# How are property taxes calculated on a house?



The Leavenworth County Appraiser's Office assigns an appraised value to all homes in Basehor.

$$\$395,000 \times 11.5\% = \$45,425$$



$$\$45,425 \times 33.878 \div 1,000 = \$1,539$$

The Mill Rate is the only portion of the tax calculation equation that the City controls.

# Breaking Down the Mill Rate

	% of Total Levy	Total Mill Levy
City	23%	33.878
Leavenworth County	26%	37.779
USD #458	41%	61.000
State	1%	1.500
Basehor Community Library	4%	5.815
Fairmount Township Fire	5%	7.420
<b>Total</b>	<b>1.000</b>	<b>147.392</b>



These are the maximum mill rates for each taxing jurisdiction for the 2025 budget.

# History of Property Valuations in Basehor



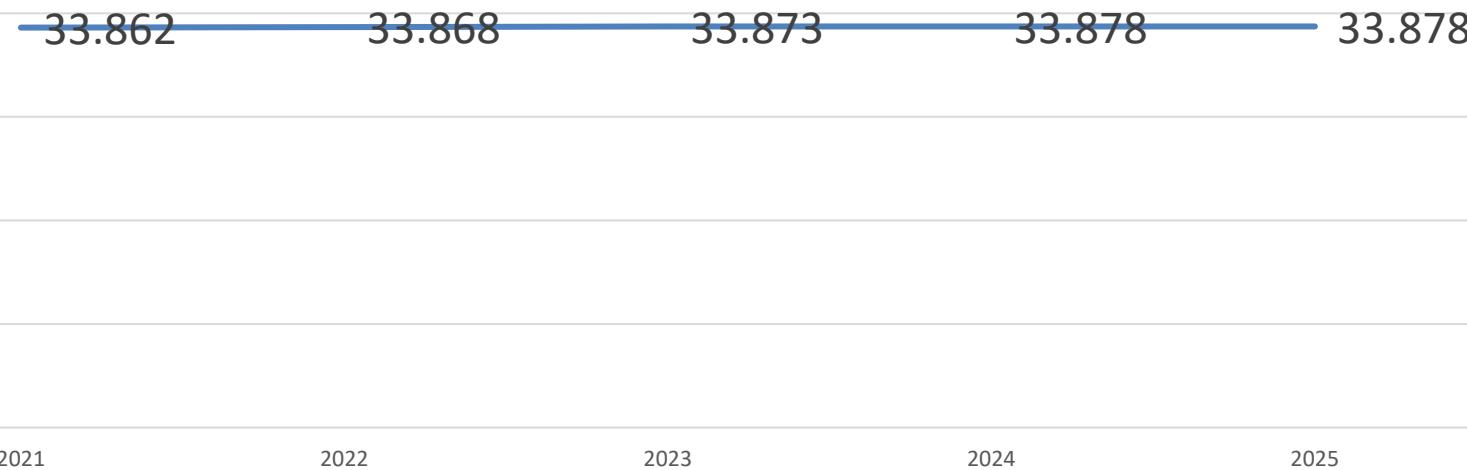
2025 Value is \$139.8 million.

Increase of 7.4% from 2024.

55% of the increase is from new construction.

45% of this increase is from appreciation of existing properties.

# History of Mill Rate in Basehor



No increase in property tax rate.

Residents and businesses may have paid more in taxes if property value increased.

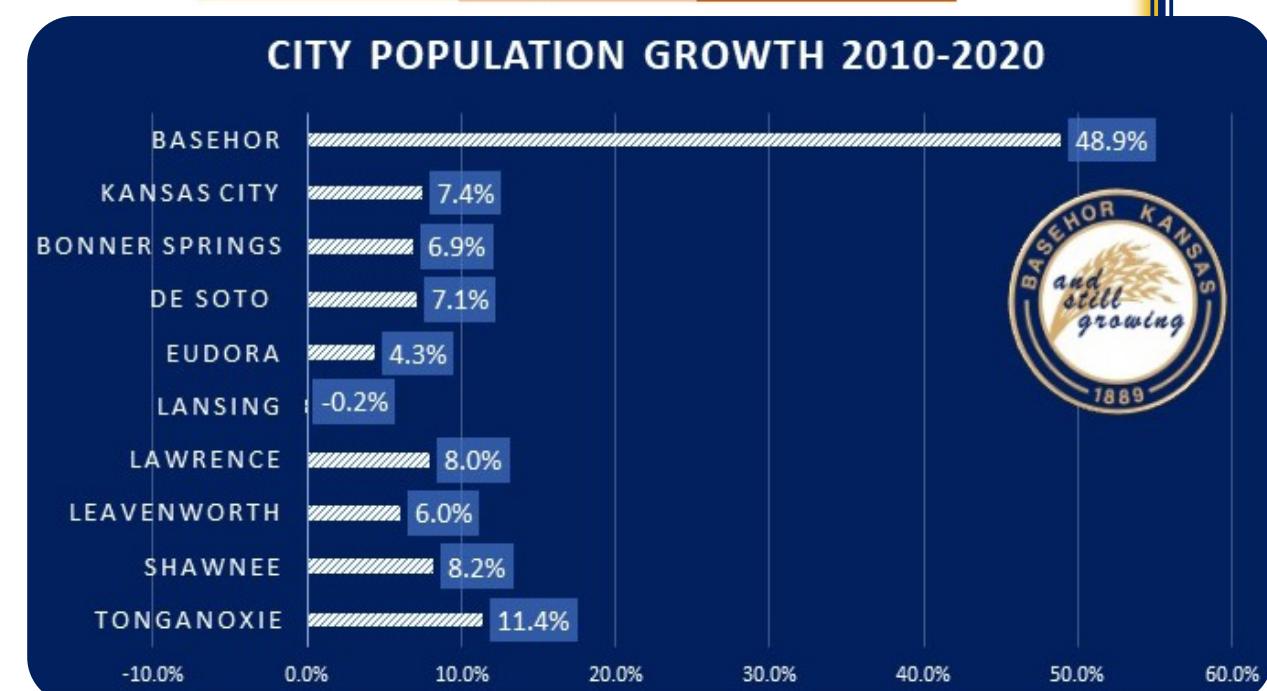
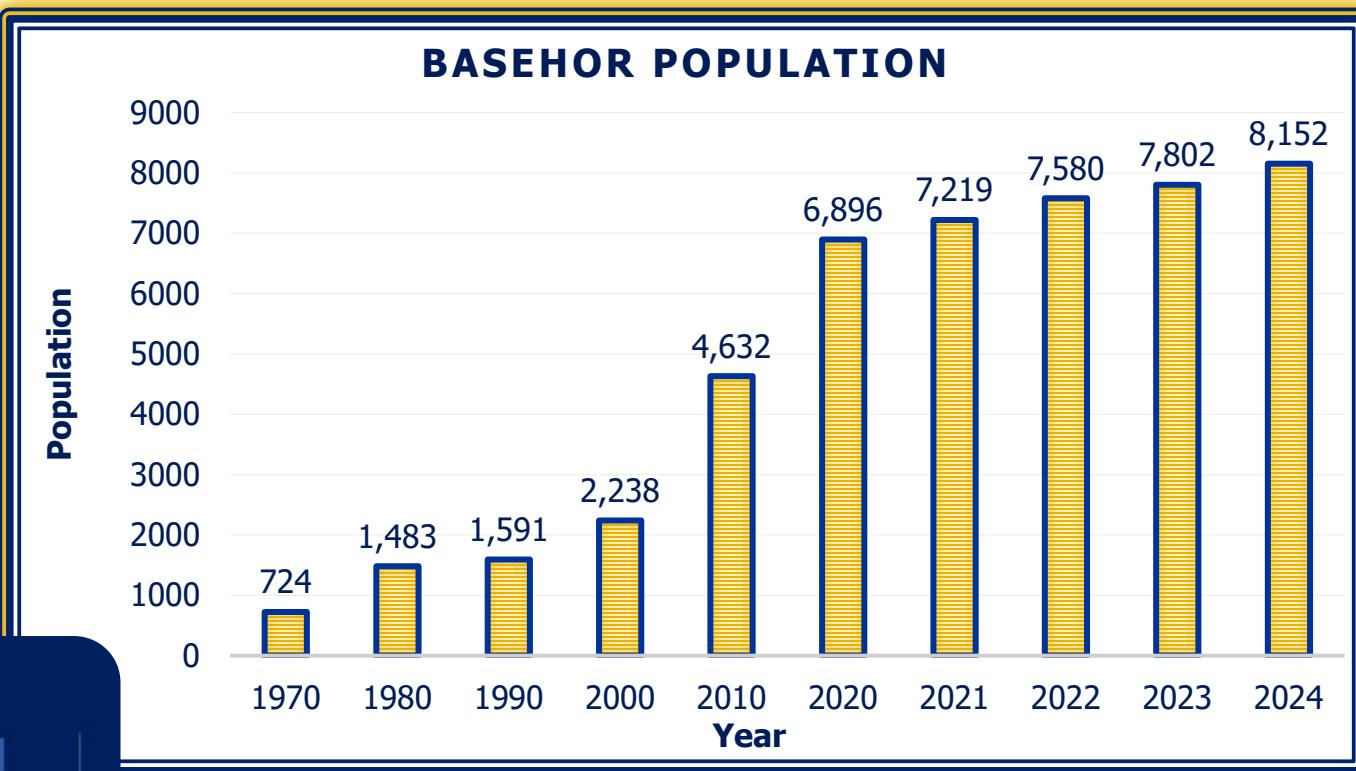
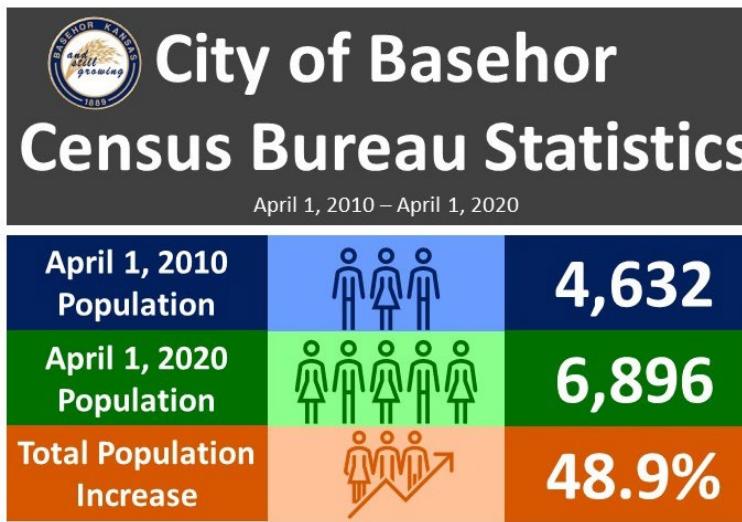
City of Basehor Governing Body supports capping property valuations for the purpose of providing property tax relief to residents.

# What is the Revenue Neutral Rate from Senate Bill 13?

- Revenue Neutral Rate = mill rate that generates levy dollars in 2025 equal to levy dollars in 2024, given year-over-year increase in the City's assessed value.
- City of Basehor Revenue Neutral Rate for 2025 = 31.588
- Flat City Mill Rate = 33.878 (no increase from 2024)



# AND STILL GROWING



2022-2024 POPULATION IS AN ESTIMATED COUNT FROM THE UNITED STATES CENSUS BUREAU AND OTHER SOURCES.

## Kansas Population Statistics

- 14 of the 32 largest cities lost population
- 78 Kansas counties lost population between 2020 and 2022

# Analysis of City Classes and Mill Rates

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There are three classes of cities in Kansas: First Class (26), Second Class (96) and Third Class (503).

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Basehor's mill rate in the previous budget was **33.878 mills** and the 2025 proposed mill rate is **33.878 mills**.

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The average city mill rate (property tax rate) of third class cities is **47.503 mills**.

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The average city mill rate (property tax rate) of second class cities is **52.660 mills**.

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The average city mill rate (property tax rate) of first class cities is **38.905 mills**.

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When ranked from the highest mill rate to the lowest mill rate, Basehor is **334** out of 503.



# Analysis of Cities of with Similar Populations (7,000-9,000)

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Regardless of class, there are 10 cities in Kansas that have a population of between 7,000 – 9,000.

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The average city mill rate (property tax rate) of those cities is **43.391 mills**.

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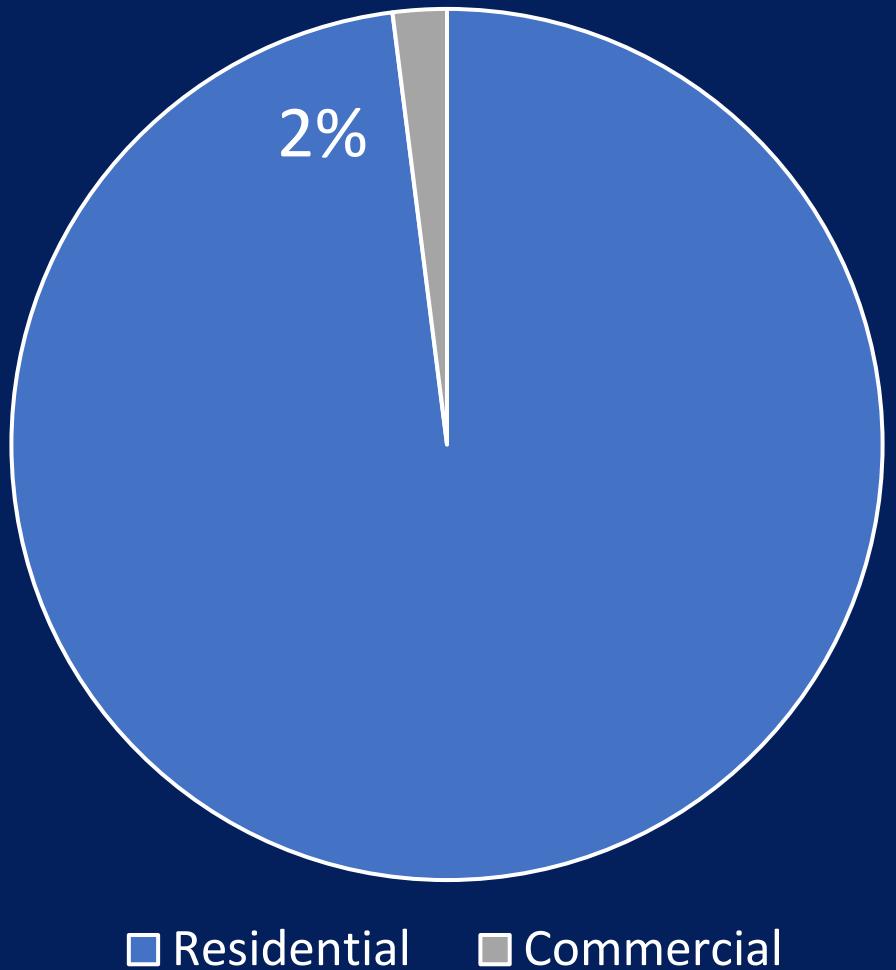
Basehor's mill rate in the previous budget was **33.878 mills** and the 2025 proposed mill rate is **33.878 mills**.

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When ranked from the highest mill rate to the lowest mill rate, Basehor is 9 out of 10.



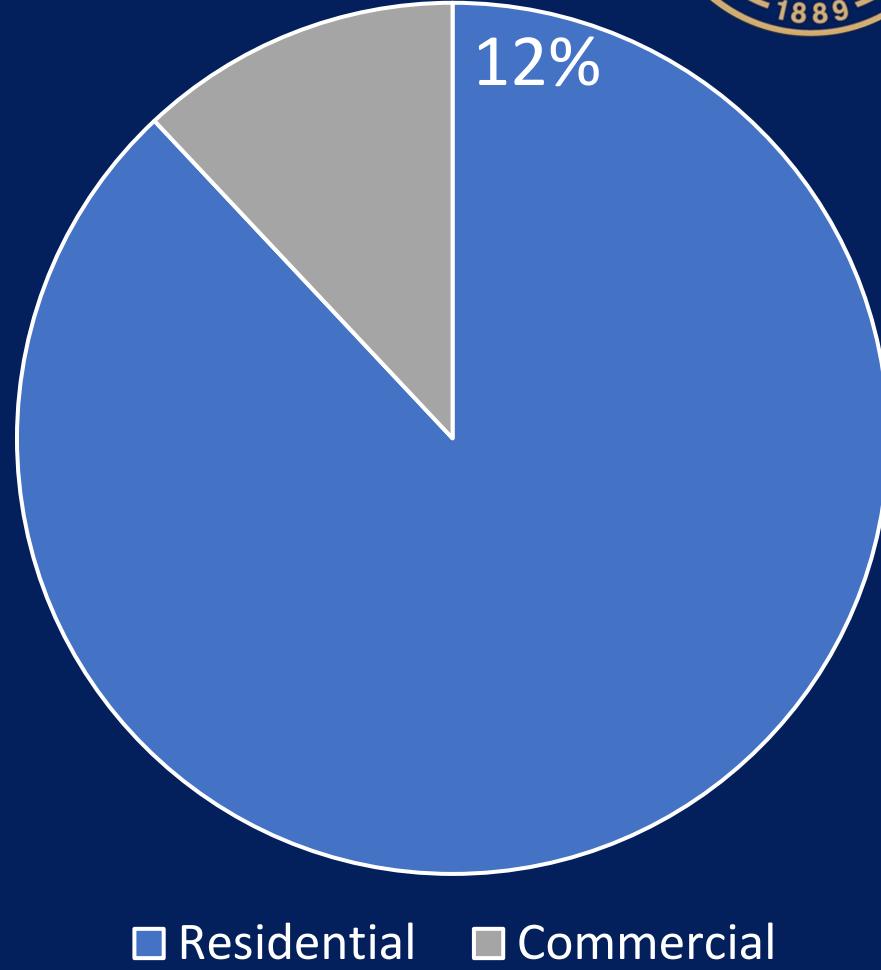
# Continuing to Emphasize Economic Development



*To the left, this chart displays the City's growth from 2024-2025, showing the percentage of parcels by type.*

*To the right, this chart displays the City's growth from 2024-2025, showing the percentage of increase in value.*

*These metrics display the City's emphasis on Economic Development is working by diversifying the taxbase.*



# No increase in tax rate but property values increased... what does that mean for Basehor property owners?

**On average, the City portion of the taxes will increase...**

an estimated \$3 per month for  
residential properties



an estimated \$20 per month  
for commercial properties



# The Long-Term Strategy of a Flat Mill Rate



Assumptions:

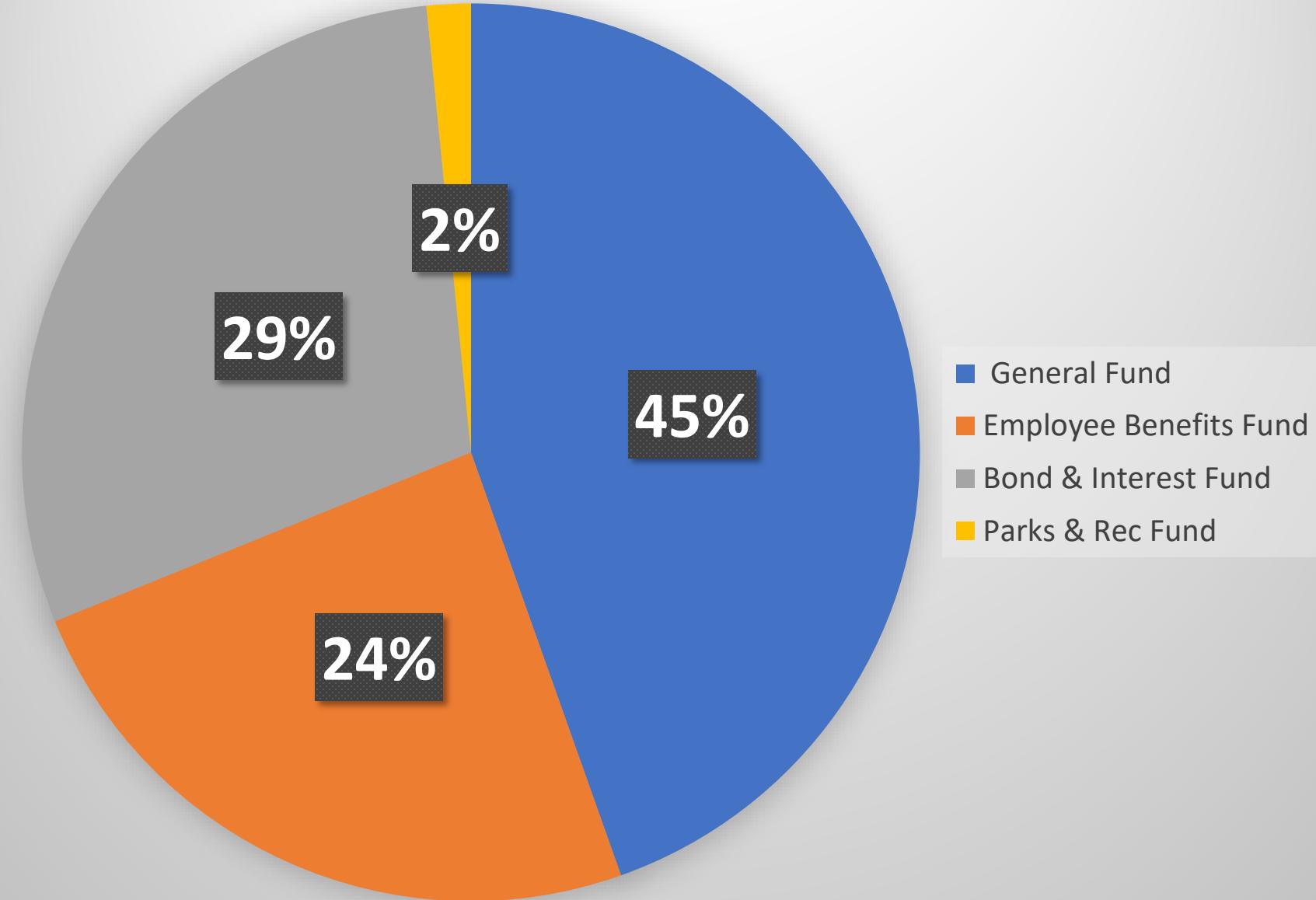
\$300,000 home value in 2021,  
5 years with a 7% increase in  
home value year over year

	Flat Mill Rate Scenario					In this scenario, residents would pay 5% less.
	2021	2022	2023	2024	2025	
<b>Home Value</b>	\$300,000.00	\$321,000.00	\$343,470.00	\$367,512.90	\$393,238.80	
<b>Mill Rate</b>	33.862	33.868	33.873	33.878	33.878	
<b>City Portion of Taxes</b>	\$ 1,168.24	\$ 1,250.24	\$ 1,337.95	\$ 1,431.82	\$ 1,532.05	
<b>Yearly Increase</b>		\$ 82.00	\$ 87.71	\$ 93.87	\$ 100.23	\$ 363.81

	Half Mill Rate Scenario					In this scenario, residents would pay 5% more.
	2021	2022	2023	2024	2025	
<b>Home Value</b>	\$300,000.00	\$321,000.00	\$343,470.00	\$367,512.90	\$393,238.80	
<b>Mill Rate</b>	33.362	32.862	32.362	31.862	33.878	
<b>City Portion of Taxes</b>	\$ 1,150.99	\$ 1,213.10	\$ 1,278.27	\$ 1,346.62	\$ 1,532.05	
		\$ 62.11	\$ 65.17	\$ 68.35	\$ 185.43	\$ 381.06

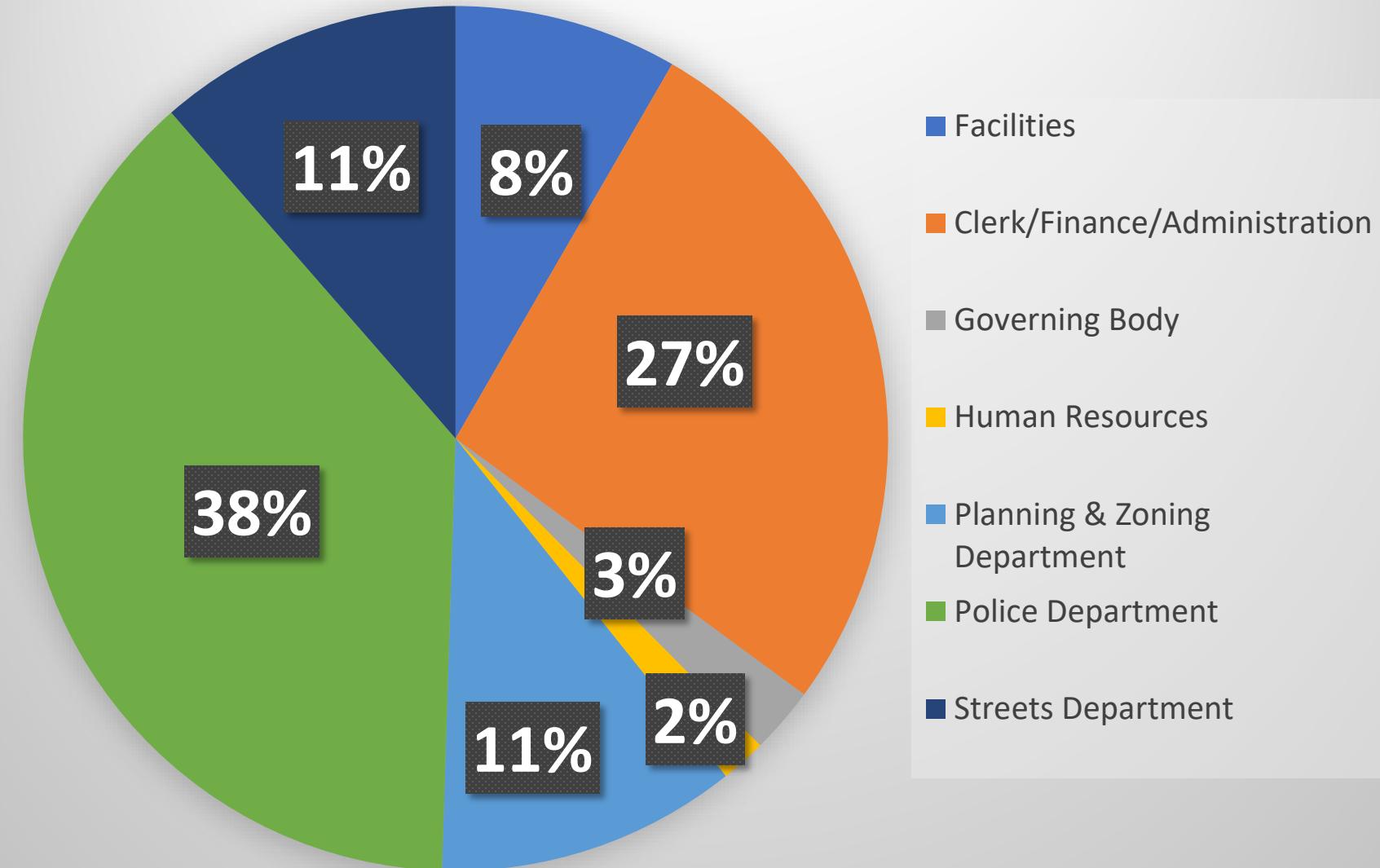


# Property Tax in Basehor – What Does It Fund?





# General Fund in Basehor – How Is Funding Allocated?





# Emphasis for 2025 Budget



Paving for Progress Plan for 2025



Remain competitive for recruitment and retention of City staff



Prioritize maintenance of the public's investment into City facilities, trails and parks



Flat mill rate and continue to support 4% cap on property valuations

## Paving for Progress – Street & Curb Improvements

- From 2021-2023, the average amount of annual street and curb improvements was \$375,000.
- In 2024, the City Council authorized \$2,090,000 to start the Paving for Progress program. This was a combination of 2 years of funding to capitalize on cost savings.
- With a flat mill rate, the recommended Paving for Progress annual allocation is **\$690,000**, increasing 3% each year, for the next 10 years.



## Prioritize Maintenance of the Public's Investment into City Facilities, Trails and Parks

- With a flat mill rate, the 2025 Proposed Budget could support:
  - \$154,000 for trail maintenance and landscaping
  - Hiring of a Parks Maintenance Supervisor
  - Hiring of Parks Maintenance Worker



# Recruitment and Retention of City Staff – Both Sworn & Nonsworn

With a flat mill rate, the proposed 2025 could support:

- Implementing recommended Cost-of-Living Adjustments (COLA) and Merit Increase from 2024 Salary Study.
- Increasing deferred compensation (retirement) contributions for nonsworn personnel from 11% to 14%. City staff, at the City Council's direction, would continue to work with a qualified firm to recommend a phased increase approach, which could include required employee contributions.
- Increasing mandatory Kansas Police & Fire (KP&F) retirement contributions to state mandated 24.67%.
- Absorbing health, dental, and vision increases resulting in no increase to employees.





## Recruitment and Retention of City Staff – Public Safety

With a flat mill rate, the proposed 2025 could support:

- Add 1 additional police officer position to the Police Department. This adds back the officer position that was repurposed to hire for the Animal Control/Community Service Officer position.
  - This is 16 sworn positions and 2 civilian position in the Police Department.
- 7% increase in Police Department's budget, including an increase to training.



Supports budget priority  
of being a desirable place to  
live, work and grow a  
business.



Supports budget priority  
of being a place where  
we take pride in our  
community and its  
safety.

# City of Basehor – 2025 Budget Summary



## 2025 Proposed Budget - Flat Mill Rate

	Revenues	Expenditures	Gap Analysis
General Fund	\$ 6,902,481	\$ 6,897,921	\$ 4,560
Employee Benefits	\$ 1,636,500	\$ 1,634,197	\$ 2,303
Sewer	\$ 2,701,500	\$ 2,657,609	\$ 43,891
Solid Waste	\$ 931,931	\$ 926,239	\$ 5,692
Bond & Interest	\$ 2,708,434	\$ 2,707,138	\$ 1,296
Consolidated Highway	\$ 1,462,131	\$ 1,461,321	\$ 810
Parks & Recreation	\$ 169,850	\$ 157,500	\$ 12,350
Capital Improvement	\$ 6,604,668	\$ 6,569,885	\$ 34,782
Cedar Lakes Maintenance	\$ 40,350	\$ 35,000	\$ 5,350
Glenwood Sewer District	\$ 33,400	\$ 25,000	\$ 8,400
Special Alcohol Fund	\$ 28,000	\$ 22,000	\$ 6,000
Mayor's Charity Fund*	\$ 42,000	\$ 42,000	\$ -
Assistance Fund**	\$ -	\$ 500	\$ (500)
Land Bank Fund	\$ 250	\$ 250	\$ -
	<b>\$ 23,261,495</b>	<b>\$ 23,136,561</b>	<b>\$ 124,934</b>

\*The Mayor's Charity Fund has revenues and expenses only related to fundraising activities and does not rely on any revenues from the City of Basehor.

\*\* The spending of fund balance in these funds is intentional.

# City of Basehor Fund Structure – Capital Improvement Plan

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Land Bank Fund

Mayor's Charity Fund

Assistance Programs Fund



# What is the Capital Improvement Plan?



- A capital improvement plan (CIP) is a community planning and fiscal management tool used to coordinate the location, timing and financing of capital improvements over a multi-year period.
- Capital improvements refer to major capital investments, both recurring and non-recurring.
- The CIP is a working document and should be reviewed and updated annually to reflect changing community needs, priorities and funding opportunities.



# Foundation of the Capital Improvement Plan

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The City will work to secure grant and external funding opportunities for projects listed in the Capital Improvement Plan, as well as projects that support the Governing Body's annual budget priorities.



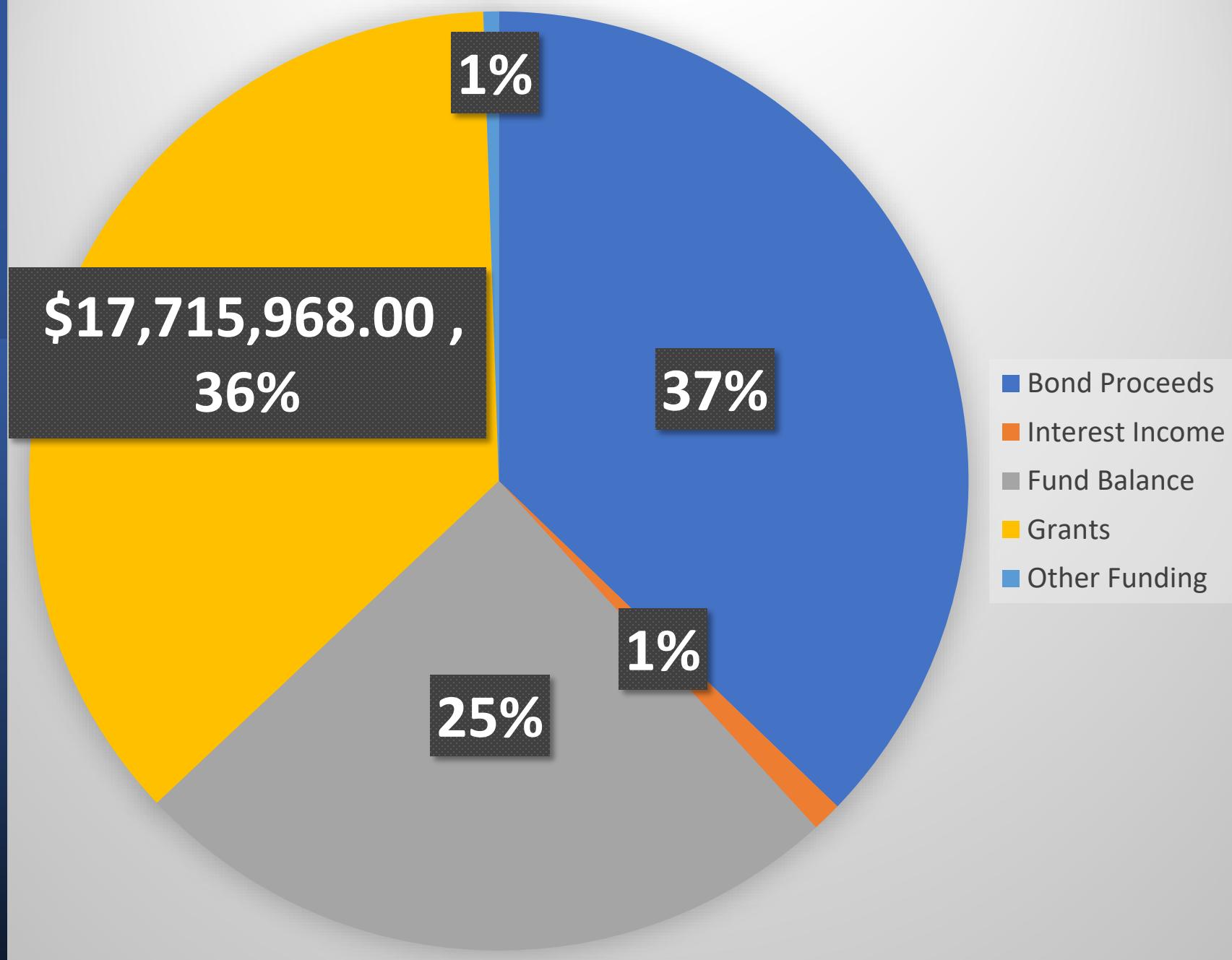
The City will use funded plans and studies to be competitive in pursuing grant opportunities as well as to receive community input through open house events. The City will also continue to pursue additional plans and studies to continue this effort.



The City will work to maintain the City's AA+ bond rating which realizes cost savings when large projects require a bond issuance.



# Capital Improvements in Basehor– How Are They Funded?



# More Information on the City's Grants and External Funding

To generate the same amount of dollars from property taxes, the City would have to raise the mill rate by 131.83 mills.

To generate the same amount of dollars from sales tax, the City would have to raise the City's tax rate by more than 15.5%.

To generate the same amount of dollars from fund balance, the City would have to wait until 2037 and not do any additional capital projects between 2024 and 2037.

*The information included on this slide is for informational purposes only and is not intended to demonstrate the City's policy decisions or directions. It is to demonstrate the significance of the grant/external dollars the City has been awarded.*

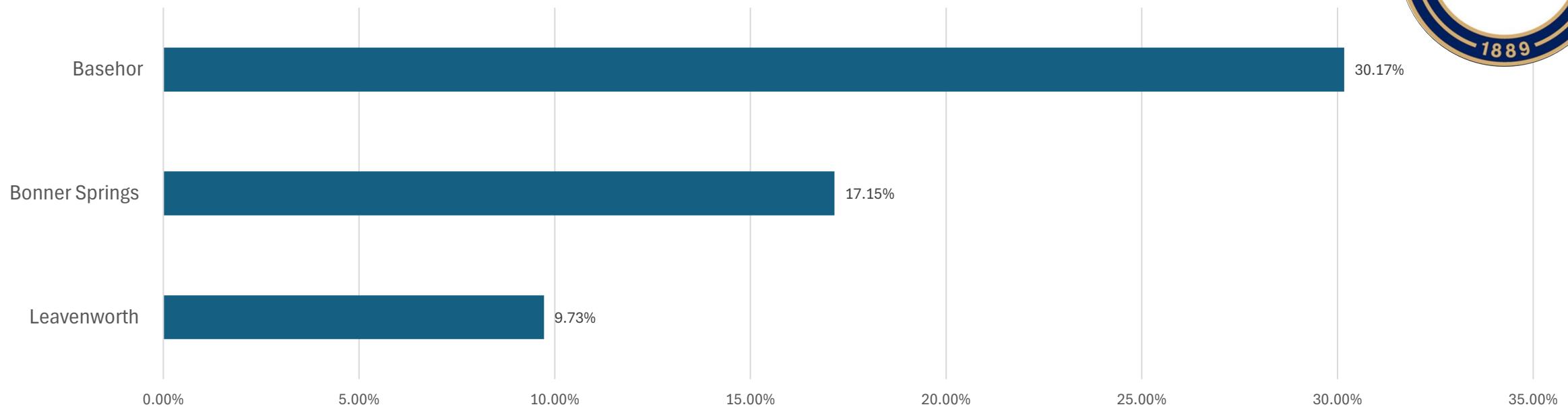


# Capital Investments in the City of Basehor

- 2024 was the first year the City of Basehor formally adopted a Capital Improvement Plan.
- With the grant funding the City of Basehor has been able to acquire, along with the prudent budgeting of the Governing Body, significant capital investments are happening in the City, with no increase to the mill rate.



## Capital Investment as a % of Assessed Value



*Data was obtained by the cities' websites, League of Kansas Municipalities, and the Leavenworth County Appraiser's Office.*

# Highlights of Basehor's Capital Improvement Plan with a Flat Mill Rate for 2025

Paving for Progress

155<sup>th</sup> Street Reconstruction

MetroGreen Trail

158<sup>th</sup> Street Roadway Improvements

City Hall

Civic Campus Park Amenities

Civic Campus Trails

Renovation of 2620 N 155<sup>th</sup> Street (Previous City Hall)

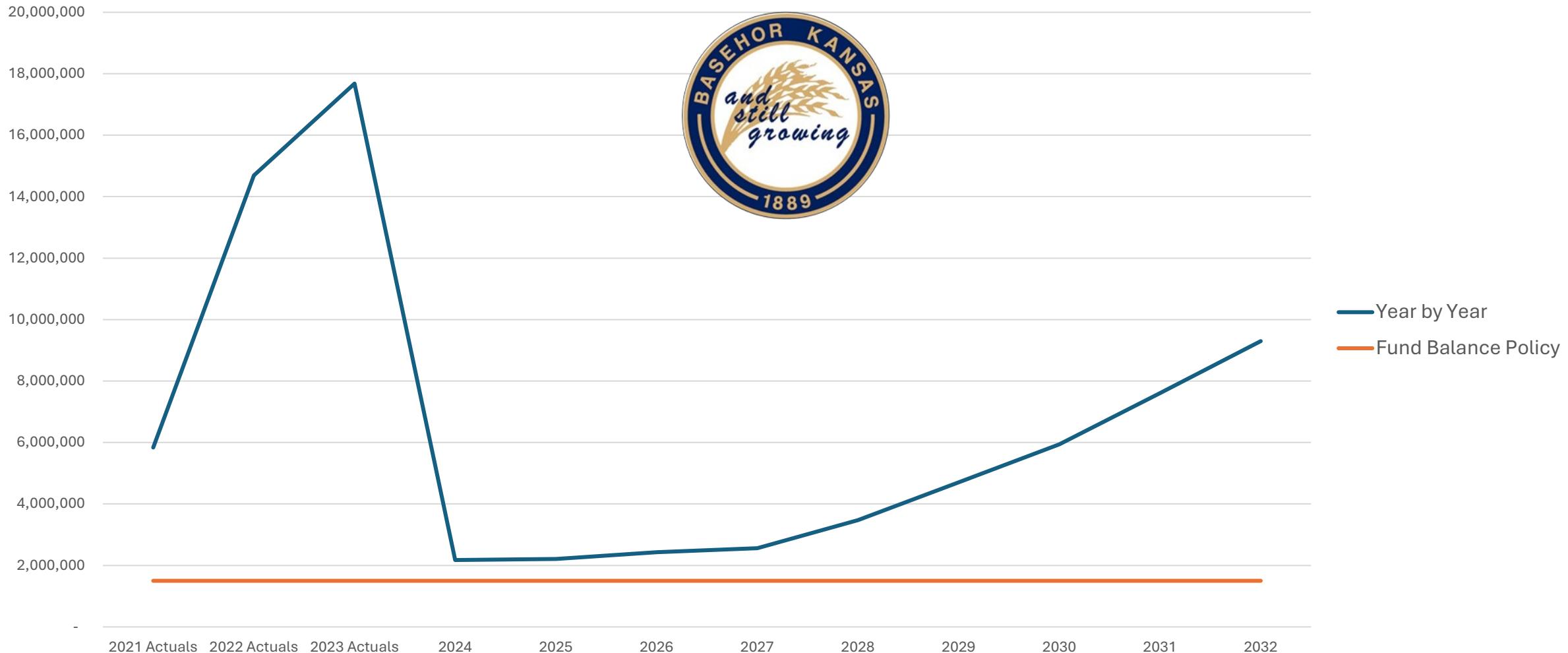
Tomahawk Park – Phases I & II

City Park Trails Improvements

Vehicle Replacement Schedule



# Capital Improvement Plan Funds



# Summary of 2025 Budget Items



- *Resolution 2024-16:* A resolution of the City of Basehor, Kansas regarding the Governing Body's approval to levy a property tax rate exceeding the Revenue Neutral Rate having held a Public Hearing regarding the same
- *Resolution 2024-17:* A Resolution Approving the 2025 City of Basehor Operating Budget as Authorized by Kansas State law
- *Resolution 2024-18:* A Resolution Accepting the Five-Year Capital Improvement Plan (CIP) for the City of Basehor



**Thank you to the City of Basehor's Governing Body for your direction and vision in shaping the 2025 Budget.**

City staff is available for questions regarding these three items after the two required Public Hearings are completed.