Minutes of the City Commission's June 17, 2026 Meeting

I. SPECIAL SESSION

Commissioners Present: Mayor Dean Hayse, Vice-Mayor Tim White, Commissioner Scott Smith

City Staff Present: Kelly Passauer, City Manager; David Cowan, Assistant City Manager; Jeff Chubb, City Attorney by phone; David Schwenker, City Clerk/City Treasurer; April Nutt, Director of Housing Authority; John Garris, City Engineer/ Director of Public Works; Katelyn Spencer, Intern; Jonathan Serrano-Renteria, Intern; Violet Robins, Intern; Harlan Bagley, Intern; and Lacey Lies, Finance Director.

Visitors Present: Mackey Smith by phone.

A. Call to Order

Mayor Hayse called the meeting to order.

II. EXECUTIVE SESSION

A. Consultation with an attorney on matters that would be deemed privileged in an attorney-client relationship.

Motion:
On the motion of Dean Hayse, seconded by Scott Smith, the Commission recessed for an executive session for consultation with an attorney representing the City regarding a legal issue pursuant to the attorney/client privilege exception found at K.S.A. 75-4319(b)(2). The open meeting will resume at 9:30 a.m. in the Commission Room of City Hall.

Aye: Dean Hayse, Scott Smith, Tim White
Nay: None

The meeting resumed at 9:30 a.m. with action taken.

III. ITEMS FOR COMMISSION ACTION

A. Consider authorizing payment of a claim for exploratory expenses related to a meter calibration and utility billing software setting issue for the water account at 811 W. Laurel Street.

The City previously reviewed a utility billing matter involving the water

account at 811 W. Laurel Street. When the meter was originally installed while the City still owned the building, it was calibrated to an incorrect scale, causing water usage to be billed at one-tenth of the actual usage. After the error was identified, the Utility Billing Clerk corrected the billing issue by adding a ten-times multiplier in the utility billing software.

At some later point, the meter software was updated by the meter company, Zenner, which corrected the scale in the meter itself. City staff was not aware that the meter scale had been corrected and the ten-times multiplier remained in the City's utility billing software. Because the City owned the building at the time and no water usage bill was generated, the issue was not identified before the property was sold.

The problem was discovered several months after the building was sold, when the new property owner began receiving water bills that were much higher than anticipated usage. Before the billing software issue was confirmed, the property owner and representatives undertook exploratory efforts to determine whether a significant water leak existed on the property. Those efforts included contractor work, hydrovac excavation, staff time, travel, mileage, and related expenses.

After the building owner was unable to identify a significant leak, the meter was tested by Zenner to determine whether it was accurately recording water usage. The meter test confirmed that the meter itself was recording usage accurately. Following that review, staff determined that the billing issue was caused by the ten-times multiplier that had previously been applied in the utility billing software when the meter was calibrated to an incorrect scale. Because the meter scale had since been corrected, the multiplier was no longer needed, resulting in the account being billed at 10 times the actual usage.

Once the billing issue was identified, the City corrected the account and reimbursed the over-billed water charges. The remaining claim now before the Commission relates to the exploratory expenses incurred while attempting to locate the suspected source of the unusually high water usage. Based on staff's review, the issue was limited to the billing configuration for the affected meter on this water account.

Motion:
On the motion of Scott Smith, seconded by Tim White, the Commission authorized payment of the claim in the amount of $33,780.63 for exploratory expenses related to the meter calibration and utility billing software setting issue for the water account at 811 W. Laurel Street, with payment to be

disbursed only after the property owner has executed the required waiver.

Aye: Dean Hayse, Scott Smith, Tim White
Nay: None

IV. ITEMS FOR DISCUSSION

A. 2027 Budget Discussion, including but not limited to Revenue Neutral Rate overview.

The Kansas Revenue Neutral Rate (RNR) law, enacted in 2021, was designed to increase transparency and taxpayer awareness when local governments consider property tax revenues above the previous year's level. The RNR is the property tax rate that would generate the same amount of property tax revenue from existing property as the prior year, excluding revenue from new construction and certain other adjustments.

If a city proposes a mill levy above its calculated RNR, state law requires specific public notice procedures and a public hearing before the governing body may exceed the rate. The hearing must be held before adoption of the budget, and the governing body must formally vote to exceed the RNR.

It is important to note that the RNR is not a tax levy limitation. The statute does not prohibit a city from increasing property tax revenues; rather, it establishes additional public notice, hearing, and voting requirements to ensure taxpayers are informed and have an opportunity to provide input before a taxing authority exceeds the revenue-neutral threshold.

The City's calculated RNR for the 2027 budget preparation is 52.269. Last year's final mill rate was 53.799.

Commissioners should be aware that the state's RNR calculation is based on assessed valuation reported on the tax roll and does not fully account for the impact of certain property tax rebate or incentive agreements. In the first year that a property's increased valuation is added to the tax roll, the valuation is included in the RNR calculation even though the city may not receive the full benefit of the corresponding taxes due to rebate obligations under an incentive agreement. As a result, the RNR may assume additional tax base growth that does not translate into immediately available revenues for city operations, which can create a disconnect between the calculated RNR and the city's actual revenue position. For example, if a redevelopment project adds $10 million in assessed valuation, that value is included in the RNR calculation. However, if the city is rebating most or all of the taxes

generated by that new value under an incentive agreement, the city does not actually receive those dollars for general operations. The RNR formula recognizes the valuation growth, but not necessarily the revenue reduction caused by the incentive.

Therefore, the RNR should be viewed as a useful transparency tool, but not necessarily as a complete measure of the City's actual revenue capacity or budgetary needs.

V. ADJOURNMENT

Motion:
On the motion of Tim White, seconded by Scott Smith, the Commission adjourned the meeting.

Aye: Dean Hayse, Scott Smith, Tim White
Nay: None

Dean A. Hayse, Mayor

W. Scott Smith, Commissioner

Tim White, Commissioner

Attest:

City Clerk/Treasurer