

CITY COMMISSION SPECIAL MEETING

City Hall Commission Chambers

Friday, September 27, 2024

7:30 a.m.

MEETING #5290

CALL TO ORDER

ROLL CALL

PUBLIC HEARING

Proposed 2025 City Budget

NEW BUSINESS

1. Approval of City of Dodge City 2025 City Budget. Report by Nicole May, Director of Finance.

ADJOURNMENT

EXECUTIVE SUMMARY

2025 Budget

City of Dodge City

Submitted for the Governing Body's consideration and discussion is the proposed 2025 operating and capital budget for the City of Dodge City for the fiscal year beginning January 1, 2025. The budget proposal represents the ongoing commitment to manage the delicate balance between funding essential operations, providing for infrastructure investment, and reducing the tax levy.

The proposed budget was developed with three primary objectives.

- 1). Continuation of our commitment to maintaining and improving our service delivery, through an emphasis on the importance of human resources.
- 2). Continuing our efforts to fund a Capital Improvement Program, and infrastructure programs in order to insure sound and viable City infrastructure, public works facilities, and overall service delivery capability.
- 3). Commit the resources needed to provide essential services for a growing community, as well as continue to provide programs and facilities that enhance quality of life for residents.

Budget Assumptions

During the budget preparation process we have made revenue forecasts based on national, state, and local economic trends, and state budget laws. Community needs, departmental program history, and general direction from the governing body were key factors used in projecting program costs for 2025. The budget as presented does not provide any increased services. It represents the same programming in the general fund as it did in 2024. Salary increases are also included.

Some assumptions used to develop this budget include:

- 1). The proposed budget requires a mill levy of 36.231 mills, which is a 1.996 mill reduction from the 2024 levy of 38.227.
- 2). Assessed Valuation of \$212,073,844. This is a 6% increase from the 2024 assessed valuation of \$200,974,725.
- 3). Delinquent ad valorem tax at a rate of 2.0%
- 4). Salary increase of 3.0% for those receiving merit raises. Also included is a COLA adjustment of 2.8%.

- 5). Continue to restore funding for the Capital Improvement Program
- 6). Operating increases in fuel and electric were factored into the operating budgets.
- 7). For 2024 depreciation is funded at 100% of equipment and vehicle depreciation in the general fund for funding the Municipal Equipment Replacement Program.
- 8). Blue Cross/Blue Shield has not yet projected their premiums for 2025. It is projected to increase, but we don't know how much. Since the City of Dodge City is self-funded, the "premiums" are stated at how much we should be funding the self-funded account taking into consideration all factors. The City continues to have a healthy fund balance in the self-insurance account. In 2025, the proposed budget is funding the amount of premiums that would have been funded in 2024. Once we receive projected premiums for 2025 we will determine if we need to make any changes to the health insurance or to the employees' contribution.
- 9). Continued loss of demand transfer funds from the State of Kansas. The transfers from the State has been a loss of over \$350,000 per year for several years.
- 10). The interest rates for idle public funds continue to gradually increase, depending on maturity.
- 11). The YMCA assumed the recreation programs for the City of Dodge City as of January 1, 2013. The programming revenue and expense for the recreation programs, Sheridan Activity Center, and the swimming pool were all deleted. The original agreement with the YMCA was that the YMCA would reimburse 75% of salary expenses the third year, which was up from 50% the second year and 25% the first year. In 2017, the City budgeted approximately 50,000 for financial support to the YMCA. 2018 is the 6th year of the agreement. In 2024 the proposed budget includes \$16,500 for operations plus \$25,000 for maintenance of buildings or equipment. There is also additional funding in the Development & Growth Fund if needed.

Property Tax Funds

The Funds reflected in this budget which are supported by property tax assessment include the General Fund, Special Liability Fund, Library and Library Employee Benefit Funds, Bond & Interest Fund and Capital Improvement Fund. All other funds are supported by Special Revenue or User Fees.

This budget is presented by fund, with the revenue being listed first and the expenditures listed next and summarized by category. Reports are available that lists all the line items included in each fund as well as detail of most of the line items.

Revenue Projections

The sales tax revenue projection in 2024 is \$6,500,000 in the general fund. The same amount is projected as sales tax revenue in the Sales Tax Fund. This is the same as what was budgeted for 2024. To date the sales tax collected have been 1% more than 2023. This revenue source has experienced an increase in the past two years. 2022 and 2023 were really good years for the sales tax revenue. Sales tax is one of the non-property tax funding sources that is of great importance to the City as it represents approximately 40% of the total revenue stream for the General Fund budget.

Municipal Court fine revenue has continued to remain flat.

Cash Reserves

I have shown the Cash Reserve in the budget in the amount of \$1,700,000. It is titled Emergency Reserve. This amount reflects 7.00% of the budgeted expenditures for 2025. At 2023 year end, the general fund balance was \$4,573,097, which is 23.27% of the 2023 actual expenditures. The goal is to have 15 – 25% of the current year budgeted expenditures as cash reserve in the general fund. Even through the \$1,700,000 budgeted in not within the goal of 15-25% of budgeted expenditures, historically, the revenues have come in higher and the expenditures have come in lower to meet the 2025 goal of \$2,100,000 - \$5,100,000 cash reserves.

Capital Improvement Program and Municipal Equipment Reserve Fund

Included in the 2024 Budget is the proposed Five-Year Capital Improvement Program. The items in this program have been prioritized by the City Department Heads.

The Municipal Equipment Reserve Fund is funded by the depreciation amount of the equipment (vehicles and other rolling equipment) in the general fund. This fund then supports the replacement or new equipment for departments in the general fund. The equipment in the other funds (Sales Tax Fund, Water, Sewer and Sanitation) are all listed in the Program, but funded in those individual funds. The Municipal Equipment Reserve Fund is being funded by \$589,360 depreciation in the proposed 2025 budget. There are purchases that are a high priority and mileage plus maintenance costs show that these purchases need to be made in 2025. This includes lease payments of \$107,000 on the 100' Aerial Truck for the Fire Department. However, we will need to prioritize expenditures for 2025. We continue to evaluate the equipment regarding which equipment can be shared, the replacement schedules, etc. All of the department heads agree that it is important to continue funding the capital equipment fund at some level to maintain quality equipment.

Funding Considerations

The budget as submitted includes:

- 1) For 2024 the raises budgeted include a merit raise which is a 3% salary increase for those who are currently placed correctly on the salary schedule. And also 2.8% for COLA adjustments.
- 2) The health insurance increase in the general fund and other funds was minimal
- 3) The general fund includes funding for \$10,000 for Southwest Kansas Business Development Center; \$12,000 for Southwest Kansas Coalition Contribution; the match for Public Transportation; capital outlay for component repairs and other items for Parks and Recreation. These capital outlay items are all under \$25,000 so do not rise to the level of the Capital Improvement Program or the Capital Equipment Replacement Program.
- 4) There is continued funding of the Annual Bonus to employees.
- 5) The community promotions line item includes \$55,700. The requests to date are the Cowboy Band at \$18,500, The Alley at \$12,000, Dodge City Festivals at \$10,000 (5,000 from General Fund and 5,000 from the CVB), the fireworks display at \$5,000, Crisis Center at \$2,500, CASA at \$10,500, Christmas Party at \$1,000 and Dodge City Night in Topeka at \$1,200.

Library

The Dodge City Public Library submitted a budget proposal of \$1,118,000 for the General Library fund and \$233,400 for the Library Employee Benefit fund for a total of \$1,351,400. Last year's approved budget was \$1,351,400. It is budgeted to be funded at \$1,118,000 and \$233,400.

Special Liability Fund

This funds the City's insurance premiums. This includes liability, property, workmen's compensation, airport liability, and police liability, and some miscellaneous liability and bonds. It is anticipated that the commercial property and liability premium will increase by approximately 7% and the Worker's Compensation premium to increase by approximately 10%.

Water and Wastewater Funds

The Water and Wastewater Fund was combined in 2013 to take advantage of the combined revenue and improve cash flow for operations, capital improvements and future debt payments. Beginning in 2022, these two funds were split to better track how each is performing. There are three divisions: the water division, the wastewater collection division and the wastewater treatment division.

The water division budget reflects the operating costs for the distribution of water to the customers, and some capital improvement projects.

The wastewater collection division budget reflects the operating costs for the collection of the wastewater and taking that wastewater south of town to the wastewater treatment plant or north to the new wastewater treatment facility.

The wastewater treatment division reflects the contract costs for the operation of both treatment plants. The City of Dodge City has a contract with Jacobs to operate both plants. This budget also includes some operation costs not included in the contract and the debt service payment for the north wastewater treatment plant.

We continue to prioritize the improvements that need to be made to the Water and Wastewater Systems. Both systems continue to expand and age. The addition of the Hilmar Cheese Plant and bio gas revenues should aid in continuing to maintain and increase the improvements made to these systems. We continue to evaluate projected revenues from the bio gas project and project how much of this revenue will be needed to help fund debt and capital improvements in the Water and Wastewater Fund.

The transfer to the general fund is shown both in the water division and wastewater division budgets.

Sales Tax Fund

The Sales Tax Fund is the “Why Not Dodge” projects that were voted on in 1997. This budget includes operating budgets for the Racetrack, Athletic Fields, administration costs, “organizational funding”, United Wireless Arena and Conference Center operating, and payments for the Revenue Bond issued in 2009 to fund the events center. This bond was refinanced in 2016. The Revenue Bond payments for the Regional Outdoor Aquatic Park are budgeted. The Water Park projected revenues and expenditures are budgeted, this will be the fourth year of the City operating the waterpark. The operation of the Special Events Center is at \$1,156,000 plus monies for the maintenance of the grounds. This is the same as what was budgeted in 2024. This budget is completed later in the year as to gather more accurate information based on the year’s operation. This budget will need to be considered and approved by the CFAB and approved by the City and County Commissions.

Development and Growth Fund

This is the fund that the expanded lottery tax is being deposited into. The City Commission agreed that these monies be used to fund infrastructure.

Special Revenue Funds

There are several other funds listed that are not mentioned in this summary. As previously stated, all of the funds are shown separately and each revenue and expenditure source is listed.

If you have particular questions on any of these funds, please do not hesitate to contact Nicole.

NOTICE OF BUDGET HEARING

2025

The governing body of
City of Dodge City

will meet on September 27, 2024 at 7:30 am at City Commission Chambers, 806 N. 2nd Avenue for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax.

Detailed budget information is available at Municipal Services Bldg, 100 Chaffin Road and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2025 Expenditures and Amount of 2024 Ad Valorem Tax establish the maximum limits of the 2025 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2023		Current Year Estimate for 2024		Proposed Budget Year for 2025		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2024 Ad Valorem Tax	Proposed Estimated Tax Rate *
General	19,614,563	23.625	19,648,530	14.201	23,660,758	2,085,234	9.833
Debt Service	3,403,095	10.440	4,442,777	10.361	4,686,676	2,243,060	10.577
Library	1,106,632	4.928	1,113,000	4.587	1,118,000	966,144	4.556
Library Employee Benefits F	227,685	1.059	233,400	0.973	233,400	210,434	0.992
Capital Improvement Fund	1,200,000	0.747	1,750,000	6.036	2,350,000	1,693,318	7.985
Special Liability Fund	524,445	2.649	1,400,000	2.069	1,500,000	485,207	2.288
Special Highway	922,966		1,340,047		1,356,307		
Convention and Visitors	1,068,778		1,318,340		1,135,575		
Special Park & Recreation	50,000		50,000		100,000		
Special Alcohol & Drug	110,725		120,000		120,000		
Transient Guest Tax - 2%	200,208		300,000		300,000		
GREAT	451		6,000		6,000		
Capital Equipment	1,472,789		702,000		1,594,400		
Drainage Utility	341,069		319,498		409,136		
Utility Administration							
Vehicle Maintenance	650,421		624,983		761,771		
Medical Self Insurance	2,457,061		2,625,000		2,838,511		
SMPC Trust			30,000		30,000		
Rural Housing Incentive Dis	198,205		757,000		1,000,000		
Warrior Project (Bio Gas)	682,736		716,000		716,000		
Street Sales Tax	1,897,570		948,000		1,000,000		
Facilities	205,469		222,927		971,000		
Sales Tax Project Fund	9,999,506		8,987,989		8,635,498		
Water Utility Fund	4,763,056		5,571,678		4,862,778		
Sanitation	2,619,968		2,945,117		3,339,218		
Wastewater Utility Fund	6,833,199		7,677,432		7,399,152		
Non-Budgeted Funds-A	5,366,528						
Non-Budgeted Funds-B	363,194						
Non-Budgeted Funds-C	836						
Non-Budgeted Funds-D	428,773						
Totals	66,709,928	43.448	63,849,718	38.227	70,124,180	7,683,397	36.231
					<i>Revenue Neutral Rate**</i>		36.226
Less: Transfers	0		0		0		
Net Expenditure	66,709,928		63,849,718		70,124,180		
Total Tax Levied	7,816,723		7,682,493		xxxxxxxxxxxxxxxxxxx		
Assessed							
Valuation	179,912,047		200,974,725		212,073,884		
Outstanding Indebtedness, January 1,	2022		2023		2024		
G.O. Bonds	55,420,000		60,015,000		63,540,000		
Revenue Bonds	37,040,000		35,140,000		33,120,000		
Other	7,819,414		7,132,598		6,426,207		
Lease Purchase Principal	1,576,014		1,281,329		1,528,030		
Total	101,855,428		103,568,927		104,614,237		

*Tax rates are expressed in mills
**Revenue Neutral Rate as defined by KSA 79-2988

Nicole May
City Official Title: Finance Director