

SPECIAL CITY COMMISSION MEETING

City Hall Commission Chambers

Monday, September 26, 2022

7:00 pm.

MEETING #5226

Public is welcome although seats are limited for social distancing; or you can view as follows:

1. Watch live on our Facebook page at www.facebook.com/cityofdodgecity
2. Or watch it on our Vimeo page at www.vimeo.com/cityofdodgecity.

The meeting will be archived on both sites to be viewed after the live video has ended.

CALL OR ORDER

ROLL CALL

PUBLIC HEARING

1. City of Dodge City Proposed Budget

NEW BUSINESS

1. Approval to of 2023 City Budget. Report by Nicole May, Finance Director.

ADJOURNMENT

NOTICE OF BUDGET HEARING

2023

The governing body of
City of Dodge City

will meet on September 26, 2022 at 7:00 P.M. at City Hall 806 N. 2nd Ave 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 City Hall and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2023 Expenditures and Amount of 2022 Ad Valorem Tax establish the maximum limits of the 2023 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2021		Current Year Estimate for 2022		Proposed Budget Year for 2023		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2022 Ad Valorem Tax	Proposed Estimated Tax Rate *
General	17,054,383	24.267	17,845,160	23.087	20,687,766	4,250,487	23.620
Debt Service	4,129,072	10.415	4,489,363	10.835	4,050,518	1,878,232	10.437
Library	1,050,696	5.431	1,060,000	5.492	1,113,000	886,679	4.927
Library Employee Benefits F	220,000	1.148	226,000	1.169	233,400	190,549	1.059
Capital Improvement Fund	119,434	0.910	830,000	0.933	1,200,000	134,325	0.746
Special Liability Fund	474,809	2.378	1,165,907	2.343	1,200,000	476,451	2.648
Special Highway	1,011,417		1,018,237		948,851		
Transient Guest Tax - 2%	673,514		1,028,764		960,560		
GREAT	133,500		100,000		100,000		
Capital Equipment	98,386		76,535		120,000		
Drainage Utility	242,547		200,000		250,000		
Utility Administration	6,472		6,000		6,000		
Vehicle Maintenance	907,143		627,000		482,000		
Medical Self Insurance	245,137		310,500		290,822		
SMPC Trust							
Development & Growth Fun	405,020		439,772		463,940		
ST Fund - Organizational Fu	2,225,374		3,045,000		3,045,000		
Sales Tax - Dep & Replacem	28,704		30,000		30,000		
Depot	706,177		625,000		625,000		
Community Improvement D	687,625		613,200		713,200		
Rural Housing Incentive Dis	244,149		20,000		200,000		
Warrior Project (Bio Gas)	175,323		394,473		458,085		
Sales Tax Project Fund	7,190,112		6,969,681		7,433,518		
Water Utility Fund	4,718,285		4,791,080		4,763,289		
Sanitation	2,228,108		2,507,773		2,324,293		
Wastewater Utility Fund	6,069,275		6,716,476		6,241,395		
Non-Budgeted Funds-A	4,859,528						
Non-Budgeted Funds-B	742,135						
Non-Budgeted Funds-C	711,970						
Non-Budgeted Funds-D	19,194						
Totals	57,377,489	44.549	55,135,921	43.859	57,940,637	7,816,723	43.437
						<i>Revenue Neutral Rate**</i>	<i>41.980</i>
Less: Transfers	6,487,722		9,478,864		8,098,872		
Net Expenditure	50,889,767		45,657,057		49,841,765		
Total Tax Levied	7,628,081		7,554,304		xxxxxxxxxxxxxxxxxxx		
Assessed							
Valuation	171,235,577		172,244,092		179,954,929		
Outstanding Indebtedness, January 1,							
	<u>2020</u>		<u>2021</u>		<u>2022</u>		
G.O. Bonds	54,655,000		54,615,000		55,420,000		
Revenue Bonds	40,595,000		38,860,000		37,040,000		
Other	8,994,143		8,487,198		7,819,414		
Lease Purchase Principal	1,304,029		1,084,769		1,576,014		
Total	105,548,172		103,046,967		101,855,428		

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

Nicole May
City Official Title: Finance Director

EXECUTIVE SUMMARY

2023 Budget

City of Dodge City

Submitted for the Governing Body's consideration and discussion is the proposed 2023 operating and capital budget for the City of Dodge City for the fiscal year beginning January 1, 2023. 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 2023. The budget as presented does not provide any increased services. It represents the same programming in the general fund as it did in 2012. Salary increases are also included.

Some assumptions used to develop this budget include:

- 1). The proposed budget requires a mill levy of 43.437 mills, which is a .422 mill reduction from the 2022 levy of 43.859.
- 2). Assessed Valuation of \$179,954,929. This is a 4.45% increase from the 2022 assessed valuation of \$172,244,092.
- 3). Delinquent ad valorem tax at a rate of 1.6%
- 4). Salary increase of 2.5% (1% in January and 1.5% in July) for those receiving merit raises.

- 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 2023 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 2023. 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, so the funding from the General Fund and other funds that employees were paid from didn't pay the entire stated premium amount. In 2023, the proposed budget is funding the amount of premiums that would have been funded in 2022. Once we receive projected premiums for 2023 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 from .1% - 2.25%, 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 2023 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 2023 is \$6,000,000 in the general fund. The same amount is projected as sales tax revenue in the Sales Tax Fund. This is greater than what was budgeted for 2022. To date the sales tax collected have been 10.5% more than 2021. This revenue source has experienced an increase in the past two years. 2021 and 2022 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 decrease or 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 8.21% of the budgeted expenditures for 2023. At 2021 year end, the general fund balance was \$5,057,230, which is 29.65% of the 2021 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 2023 goal of \$2,100,000 - \$5,100,000 cash reserves.

Capital Improvement Program and Municipal Equipment Reserve Fund

Included in the 2023 Budget is the proposed Five-Year Capital Improvement Program. The items in this program have been prioritized by the City Department Heads. The requests recommended for 2023 total \$963,931.

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 \$477,683 depreciation in the proposed 2023 budget. There are purchases that are a high priority and mileage plus maintenance costs show that these purchases need to be made in 2023. At the end of 2021, the fund had a fund balance of \$167,805. Approximately \$1,345,400 is currently included in the 2023 purchase plan. This includes lease payments of \$107,000 on the 100' Aerial Truck for the Fire Department. However, we will need to prioritize expenditures for 2023. 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 2023 the raises budgeted include a merit raise which is a 2.5% salary increase (1% in January and 1.5% in July) for those who are currently placed correctly on the salary schedule.
- 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 increased slightly; 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 \$1,113,000 for the General Library fund and \$233,400 for the Library Employee Benefit fund for a total of \$1,346,400. Last year's approved budget was \$1,286,000. This is a 4.70% increase over last year. It is budgeted to be funded at \$1,113,000 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 15% and the Worker's Compensation premium to increase by approximately 15%.

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 OMI 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.

A revenue bond was issued for the improvements to the current wastewater treatment plant that included water wells and pumps in that area. These improvements were made in partnership with National Beef because of their expansion. As a result, National Beef pays 50% of the total bond payments for this project. This revenue bond was refinanced to General Obligation bonds in 2012 along with two temporary note issues for purchase of water rights and development of 4 water wells and a water loan outstanding. All debt payments are shown in this fund.

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 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 second year of the City operating the waterpark. The operation of the Special Events Center is at \$900,000 plus monies for the maintenance of the grounds. This is slightly more than what was budgeted in 2022. 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. Also budgeted are transfers to Bond and Interest and the General Fund to help in reducing the mill levy.

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.