EL DORADO CITY COMMISSION - SPECIAL CITY COMMISSION AGENDA
CITY HALL – 220 E. FIRST AVENUE
June 21, 2023 - 5:00 PM

New Business

a. Country Club Lane

Work Session Discussion Items:

a. 2024 Budget

b. Sales Tax Recommendation

Regular Agenda Preview:

a. Items to be Placed on the Consent Agenda

- i. City Commission Meeting Minutes from June 19, 2023 and Special City Commission Meeting Minutes from June 21, 2023.
- ii. Appropriation Ordinance No. 05-23

b. Items to be Placed on the Regular Agenda

- i. Transportation Master Plan

c. Items to be Placed on the Land Bank Consent Agenda

d. Executive Session

Reports:

a. City Commission Reports

b. City Manager Report

TO: City Commission
FROM: Tabitha Sharp
SUBJ: Country Club Lane
DATE: June 21, 2023

Background:
On May 15th, the City Commission approved a bid from Pearson Construction for the 2023 street resurfacing project (No. 609) to be completed on Warren (Main to Lawndale), Random Road (Main to Lawndale), Bell Air Road and Rice Drive. Pearson has provided an additional quote to lay two inches of asphalt on Country Club Lane while they are already mobilized in the area.

Attachments:
1. Extra Work Paving - Country Club Lane

Policy Issue:
This quote exceeds the spending authority of the City Manager, and so the City Commission must decide if they would like to approve the project.

Fiscal Impact:
The quote is for $54,032 and will be taken from the Street Sales Tax Funds.

Trade-offs:

Staff Recommendation:
Approve the addition to Project No. 609.

Commission Action:
Commissioner _____ moved to accept the bid from Pearson Construction in the amount of $54,032 provided that the company furnish the proper bonds.

Commissioner _____ seconded the motion.

PEARSON CONSTRUCTION

2901 N. Mead
Wichita, KS 67219
p: (316) 263-3100
f: (316) 263-3071
www.pearsonconstructionllc.com

To:	City of El Dorado	**Contact:**	
Address:	PO Box 792, 220 E 1st	**Phone:**	(316) 321-9100
	El Dorado, KS 67042	**Fax:**	(316) 321-6282
Project Name:	City Of El Dorado - 2023 Sales Tax Resurf. Proj. #609	**Bid Number:**	2304-030
Project Location:	Main St & Random, El Dorado, KS	**Bid Date:**	5/4/2023

Item #	Item Description	Estimated Quantity	Unit	Unit Price	Total Price
52	Commercial Grade Asphalt (2")	3,600.00	SY	$14.00	$50,400.00
53	Transition Milling	533.00	SY	$4.00	$2,132.00
54	Traffic Control	1.00	LS	$1,500.00	$1,500.00

Total Bid Price: $54,032.00

Notes:

- Sales tax excluded
- Staking and Layout excluded
- Erosion control excluded
- Soils testing excluded
- Seeding Excluded

ACCEPTED:

The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

Pearson Construction, LLC

Authorized Signature: _____

Estimator: Micaiah Bergeron
316-640-7866

Sales Tax Committee

March 27, 2023

EL DORADO

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Meeting Agenda

- Committee Purpose & Goals; Selection of Committee Chair
- Process and Schedule
- Existing Sales Tax Overview
- Sales Tax Performance and Comparatives
- Sales Tax Survey Results

Committee Purpose & Goals

- Review the existing one-cent sales tax and determine if changes are necessary and/or appropriate for its continuation.

- Solicit input from the public to help inform the committee's recommendation.

- Prepare a recommendation for the City Commission's consideration regarding a proposed ballot question to renew the sales tax.

Committee Chair

- Keep the committee on task during meetings.
- Ensure all committee members have the opportunity to express their input.
- Build consensus for a recommendation on proposed ballot language.
- Present the committee's recommendation to the City Commission.

Process and Schedule

Date	Purpose/Key Objectives
March 27	• Committee Goals and Objectives, Process • Overview of Existing Sales Tax • Sales Tax Survey Results
April 10	• Discussion on Sales Tax Duration • Discussion on Use of Funds and Allocation Formula
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November 7	• General Election
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Property Tax Reduction

- $1.65 million allocated to “property tax reduction.”
- Equivalent to about 17 mills.
- Provides funding for general government services, such as law enforcement, fire protection, park maintenance, etc.
- Diversifies the City’s revenue portfolio so the City is not wholly reliant on property valuations.

Street Rehabilitation

- $600,000 allocated to “street rehabilitation,” which includes:
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Year	Street Projects (last five years)	Expense
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2019	**High** (Central to 6th), **Houser** (3rd to 6th), **Taylor** (Central to 6th), **Atchison** (3rd to 6th), **1st** (Topeka to Taylor), **2nd** (Atchison to Taylor), **4th** (Atchison to Taylor), **5th** (Atchison to Taylor)	$427,600
2020	**Haverhill** (Central to Towanda), **6th** (El Rico to Metcalf), **Wedgewood**, **Gentry**, **Dragonfly**, **Chelsea**, **Taylor** (6th to 10th), **Activity Center Parking Lot**	$621,283
2021	**SW Trafficway** (Main to Douglas), **Emporia and Topeka** (Finney to Santa Fe), **Santa Fe** (Emporia to Topeka), **3rd** (Orchard to Oil Hill), **Pine** (Washington to Taylor), **Civic Center Parking Lot**	$450,618
2022	**S. Main** (Central to city limits), **Towanda** (Taylor to Douglas), **Kansas** (High to Topeka), **Topeka** (Towanda to Carr), **High** (SW Trafficway to Clark)	$646,124

Economic Development

- $100,000 allocated to **"Economic Development Projects and Initiatives,"** defined as:

  - **Business attraction** strategies that encourage firms from outside of the City to locate headquarters or other operations within the corporate limits of the City;
  - **Business creation** strategies that focus on encouraging the formation of new companies that are locally based and will remain in the community and grow;
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  - **Public infrastructure projects** that have the potential to increase tax base.

Economic Development

- The City used proceeds from the Economic Development Sales Tax funds for the following uses during the prior five years:

  - Union Tank Water Main Project ($234,666)
  - “Develop El Dorado” Marketing Campaign ($150,000)
  - John K. Fisher Sales Tax Reimbursement Incentive ($48,014)
  - Phase II Site Assessment ($13,600)
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Excess Sales Tax

- Excess Sales Tax proceeds may be used to fund:
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  - Capital Expenditures that directly support City operations; or
  - Projects that are included in the current Capital Improvement Plan.

- Projects are developed by City staff and then presented to the Excess Sales Tax Committee. The committee produces a funding recommendation for the City Commission's consideration.

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Excess Sales Tax

2018 Authorized Projects:

- Additional Property Tax Reduction ($294,382)
- Gordy Park Playground Equipment ($40,000)
- Prairie Trails Tennis Courts ($40,000)
- East Park Concession/Restroom Facility ($30,000)
- Central Park Batting Cage ($15,000)
- Chamber of Commerce Façade Grant Program ($10,000)
- Disc Golf Course Repairs ($10,000)
- Activity Center Wireless Controllers ($4,000)
- Picnic Tables ($3,600)

Excess Sales Tax

2019 Authorized Projects:

- Additional Property Tax Reduction ($300,000)
- North Main Playground Equipment ($80,000)
- Miniature Golf Course ($80,000)
- Senior Center Parking Lot ($67,200)
- Public Works Roof Replacement ($61,000)
- McDonald Stadium Project Bank ($40,000)
- Fire Station No. 1 Doors ($24,000)
- Oil Museum Sign Replacement ($17,296)
- Main Street Façade Grant Program ($5,000)
- Chamber of Commerce Grant Program ($5,000)

Excess Sales Tax

2020 Authorized Projects:

- Additional Property Tax Reduction ($300,000)
- Civic Center Parking Lot ($141,402)
- Riverview Playground ($60,000)
- McDonald Stadium Project Bank ($58,000)
- Graham Park North Playground ($50,000)
- Central and East Park Ballfield Bleachers ($25,845)
- Spray Park Pump Equipment Replacement ($20,000)
- East Park Batting Cage ($15,000)
- Senior Center Painting ($7,400)
- Park Maintenance Shop Painting ($4,800)

Excess Sales Tax

2021 Authorized Projects:

- Band Shell Improvements ($80,000)
- McDonald Stadium Project Bank ($58,000)
- Central/East/Lake Bleachers ($55,000)
- Central Park Concession/Restroom Facility ($37,483)
- Chelsea Bike Path ($19,890)

Excess Sales Tax

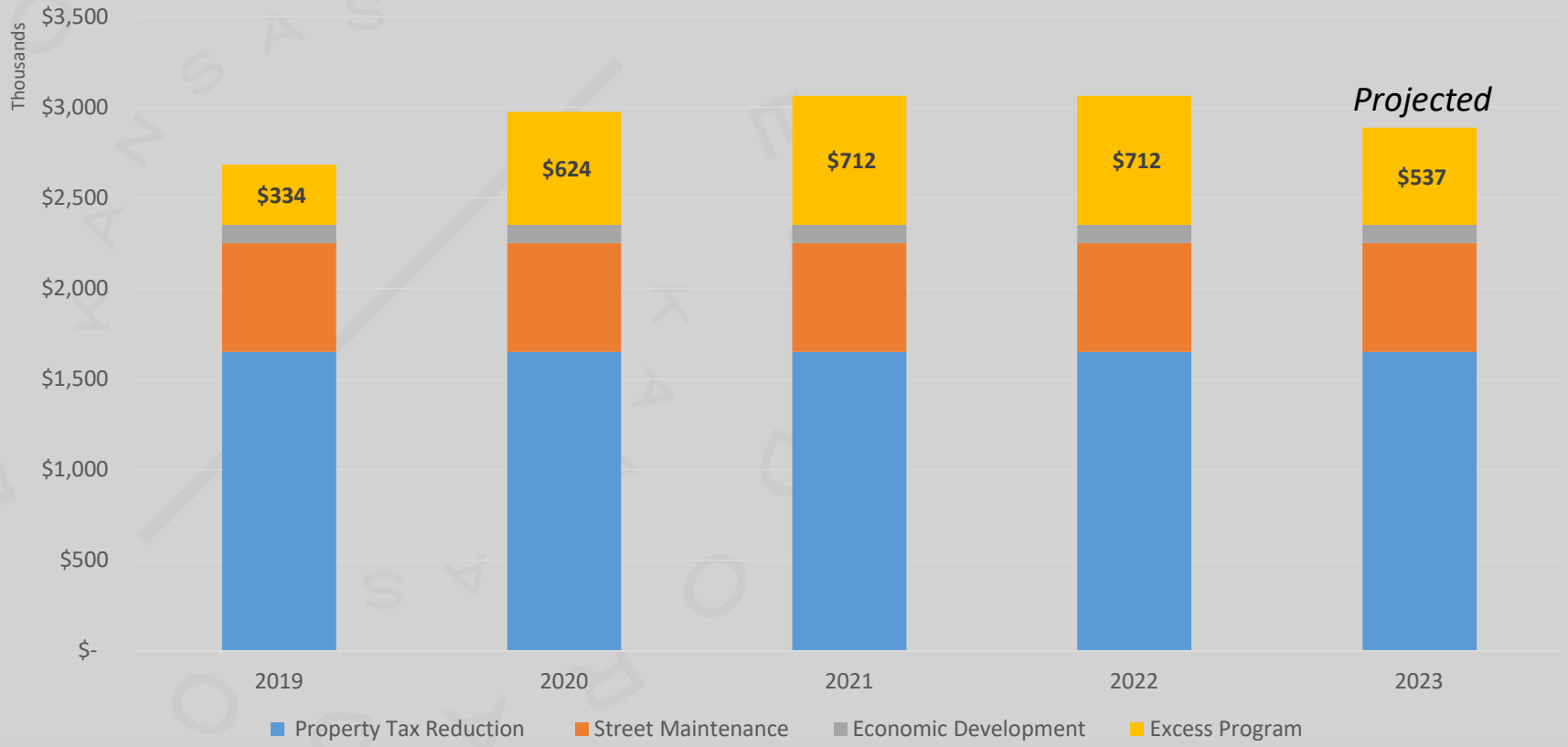
2022 Authorized Projects:

- Ballfield Improvement Program ($2.1 million)
  - East Park and Central Park Concession/Restroom Facilities ($600,000)
  - Central Park Fences, Scoreboards, and Miscellaneous Improvements ($310,000)
  - McDonald Stadium Turf Replacement ($300,000)
  - McDonald Stadium Façade and Bleachers ($250,000)
  - East Park Fences and Miscellaneous Improvements ($246,000)
  - McDonald Stadium Fence ($200,000)
  - McDonald Stadium Miscellaneous Improvements ($156,000)

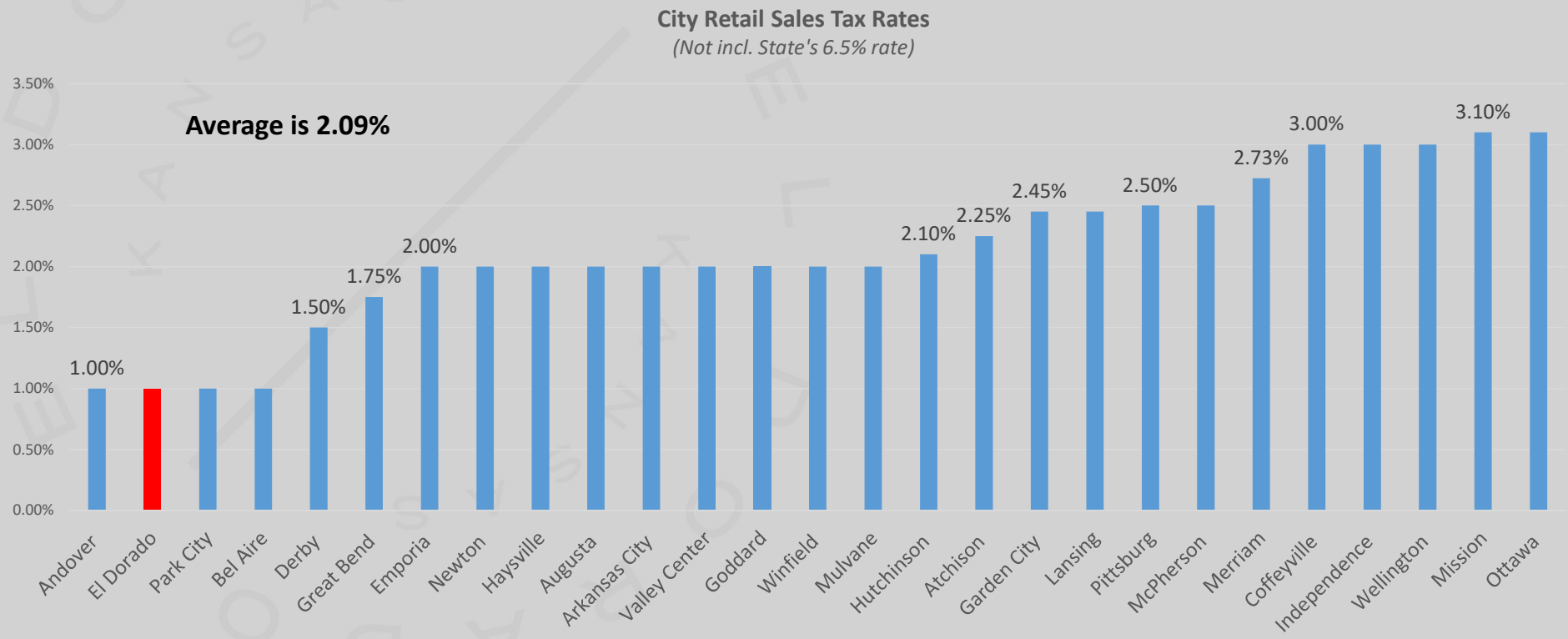
Sales Tax Performance

- The compound annual growth rate of sales tax receipts is **2.4%** since 2013.
- Sales tax receipts have increased **18.6%** since 2020.
- An estimated **25-30%** of sales tax receipts originate from people living outside El Dorado.

Sales Tax Performance



Sales Tax Comparatives



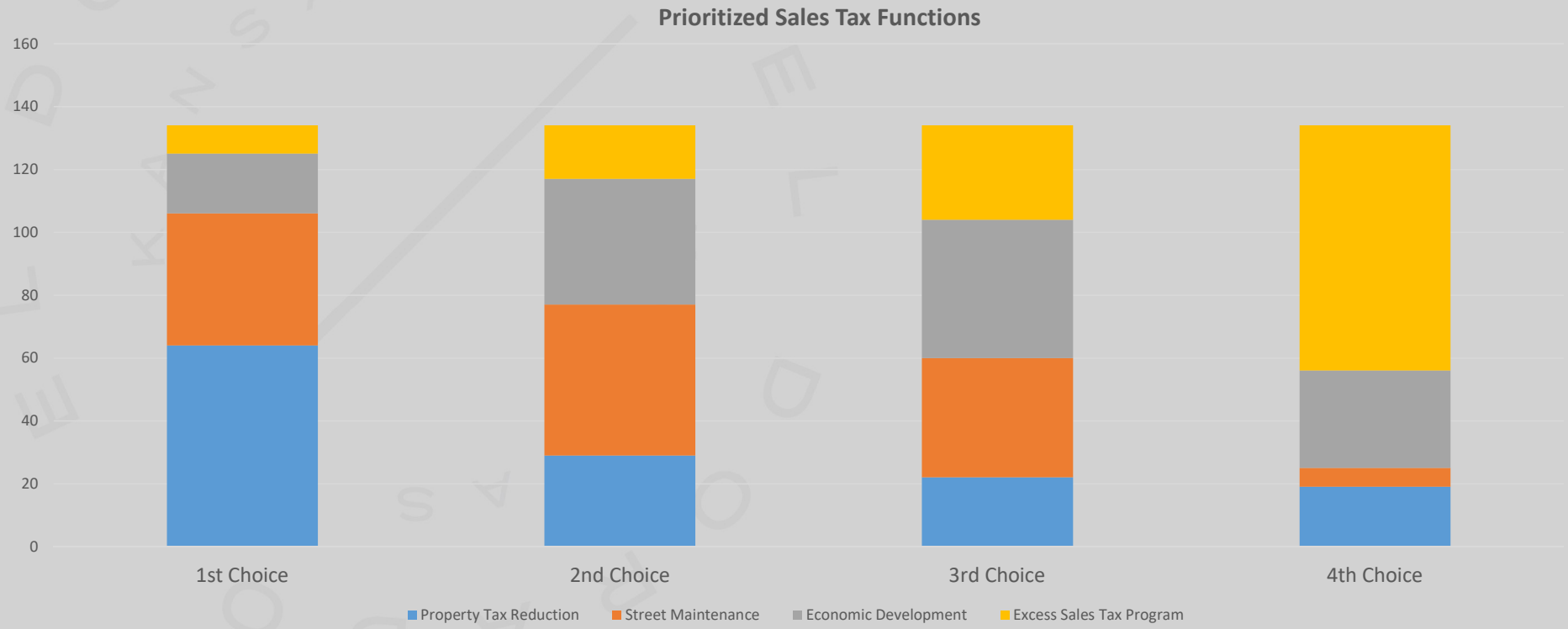
Sales Tax Survey Results

- 168 people participated in the survey.
- Participants support the ***property tax reduction*** and ***street maintenance*** components of the sales tax.
- 60% of participants support increasing funds allocated to ***street maintenance.***
- 54% of participants support adding funds specifically allocated for ***parks and recreation***.

Sales Tax Survey Results

- 51% of participants support increasing funds allocated to economic development.
- 51% of participants support making the sales tax permanent.
- 47% of participants support renewal every five years.
- 44% of participants support renewal every ten years.
- 68% of participants ***do not*** support changing to a general sales tax.

Sales Tax Survey Results



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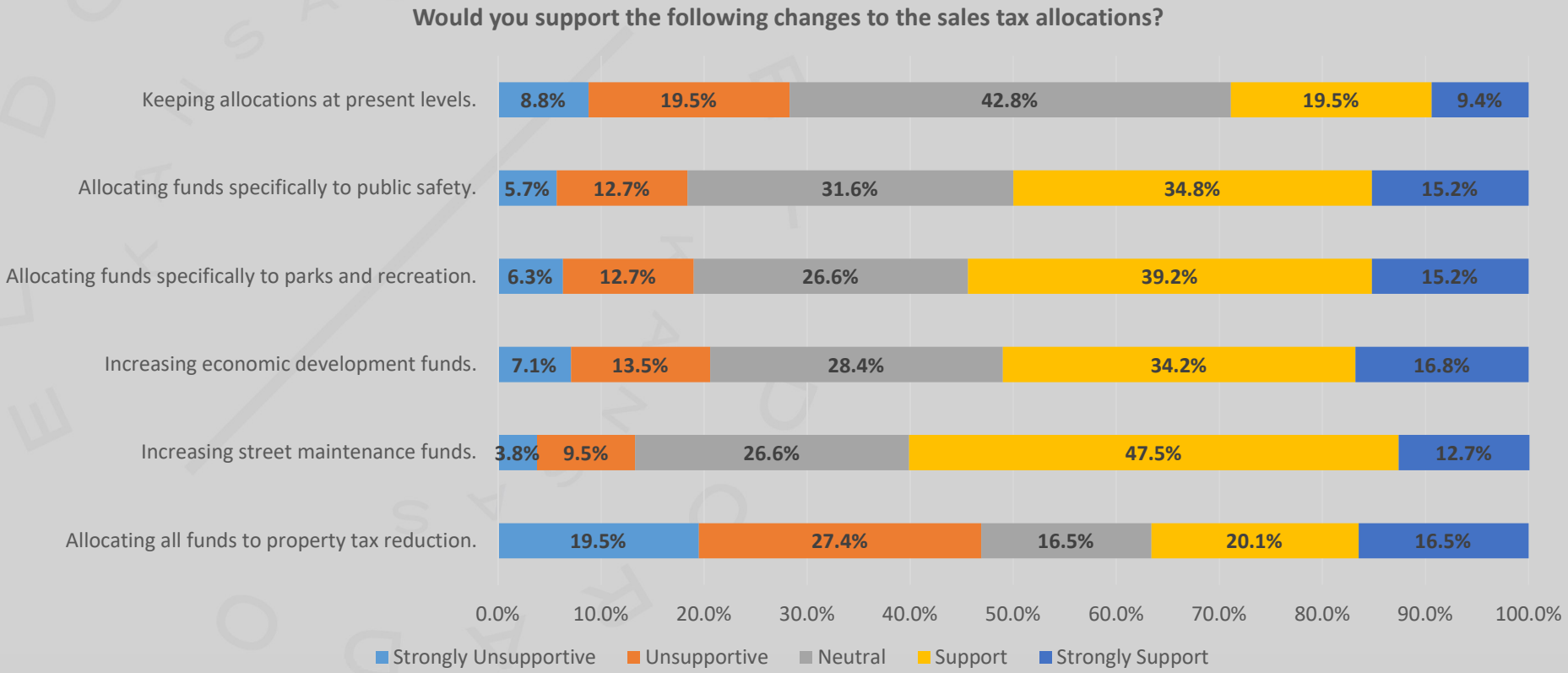

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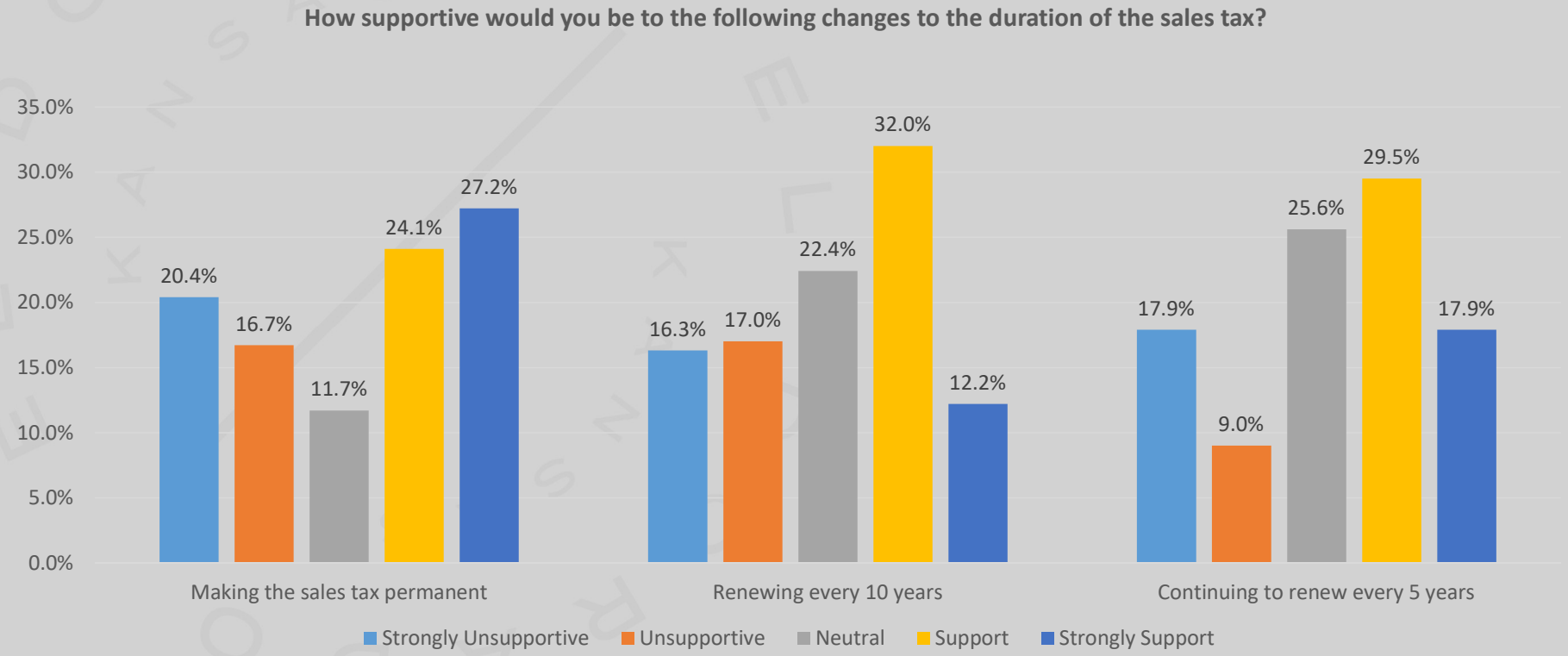

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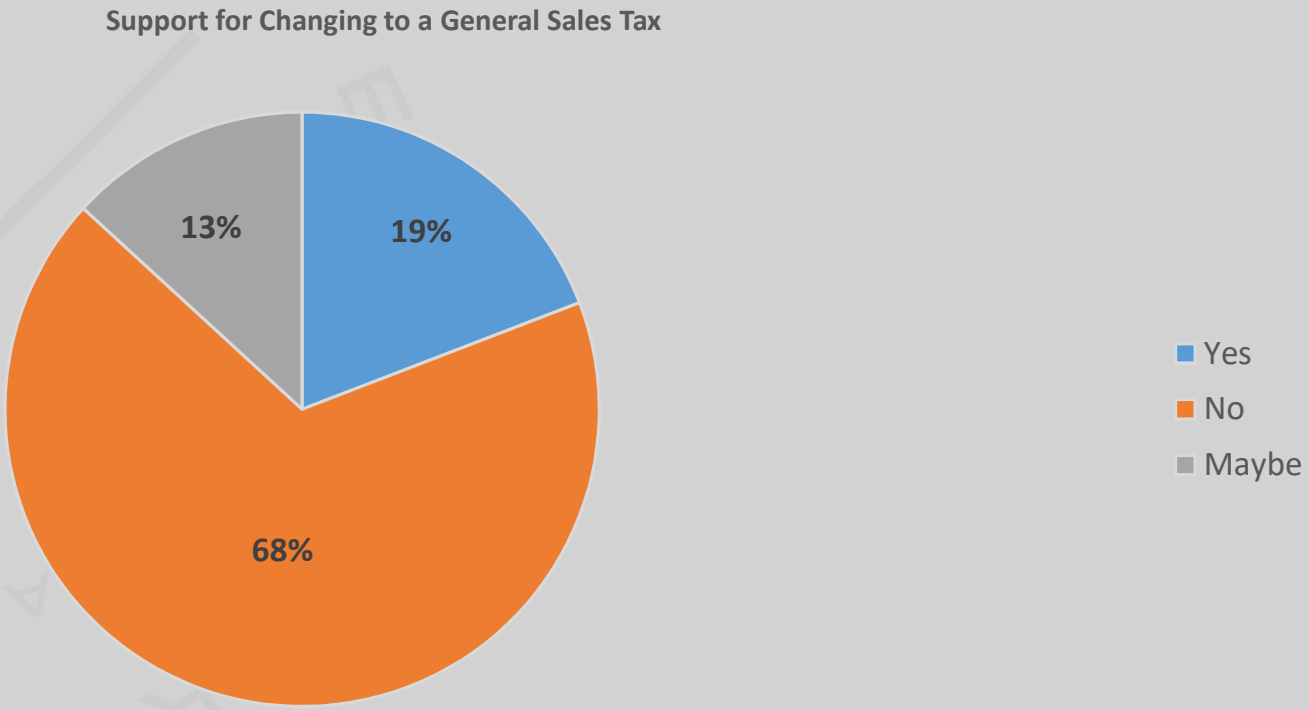

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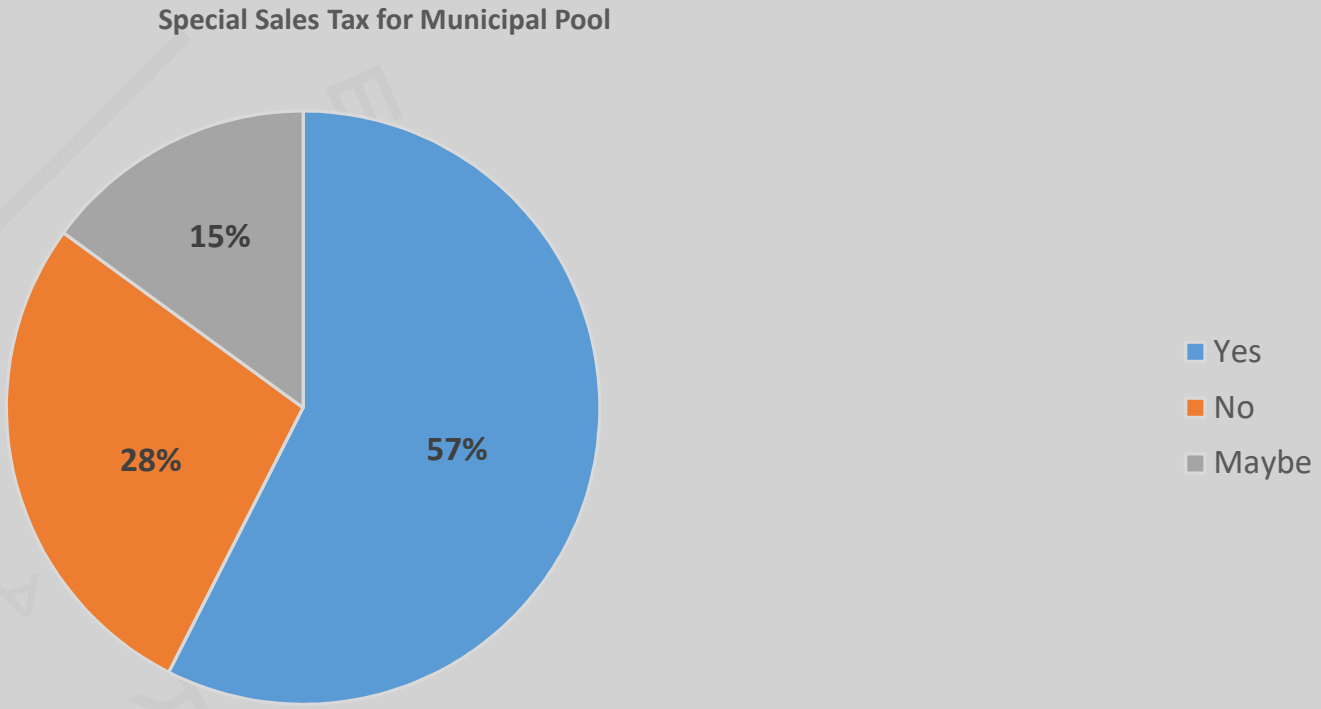

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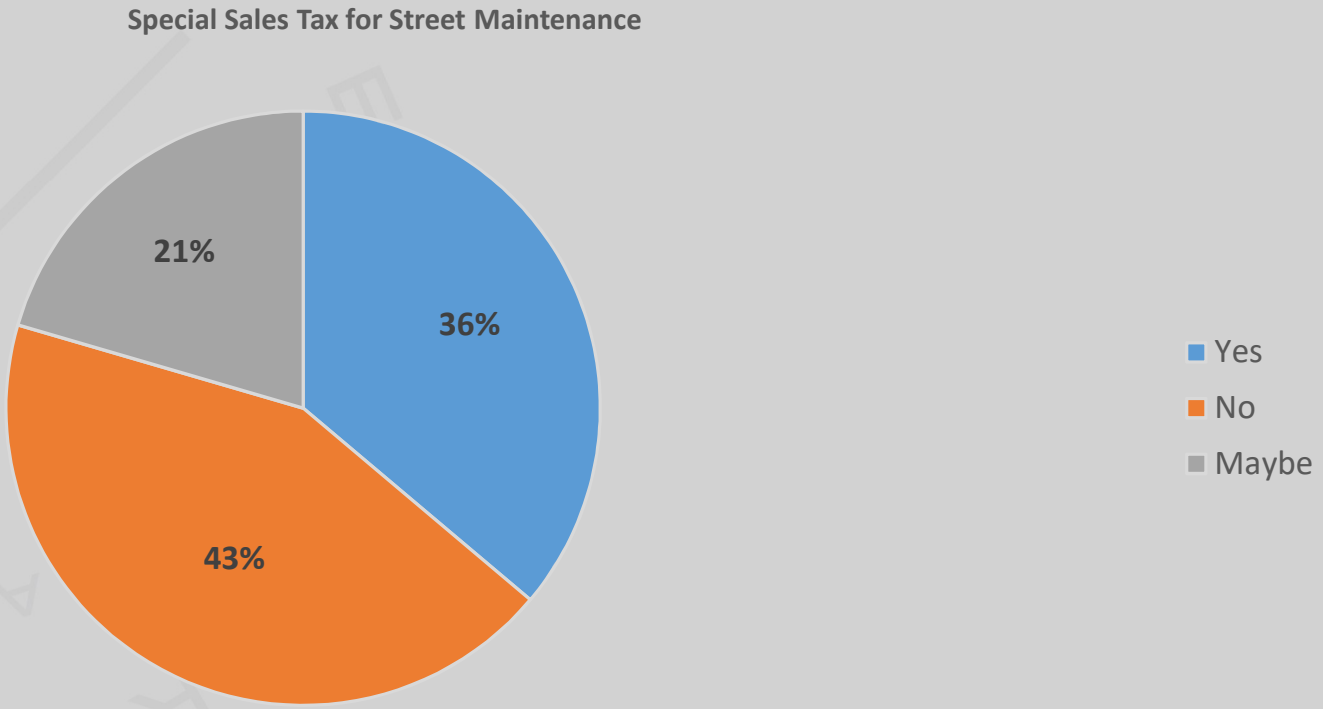

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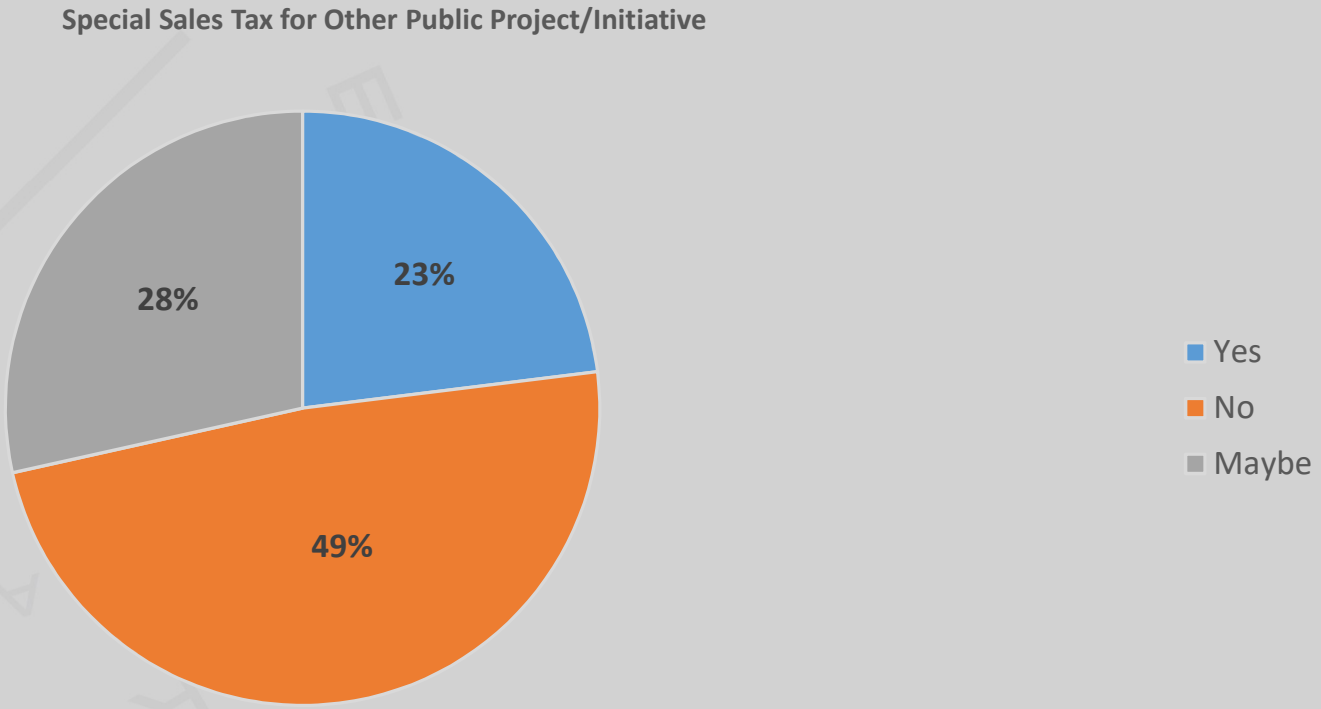

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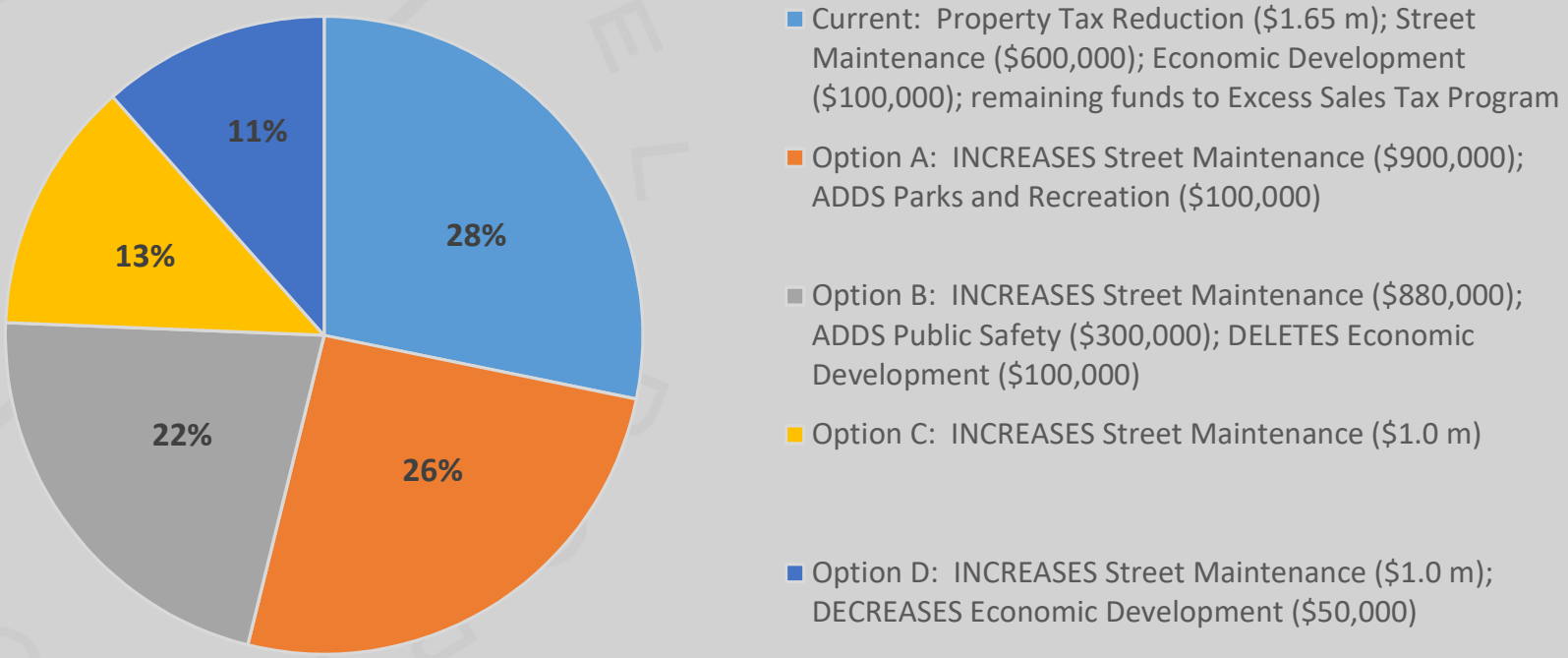


Sales Tax Survey Results

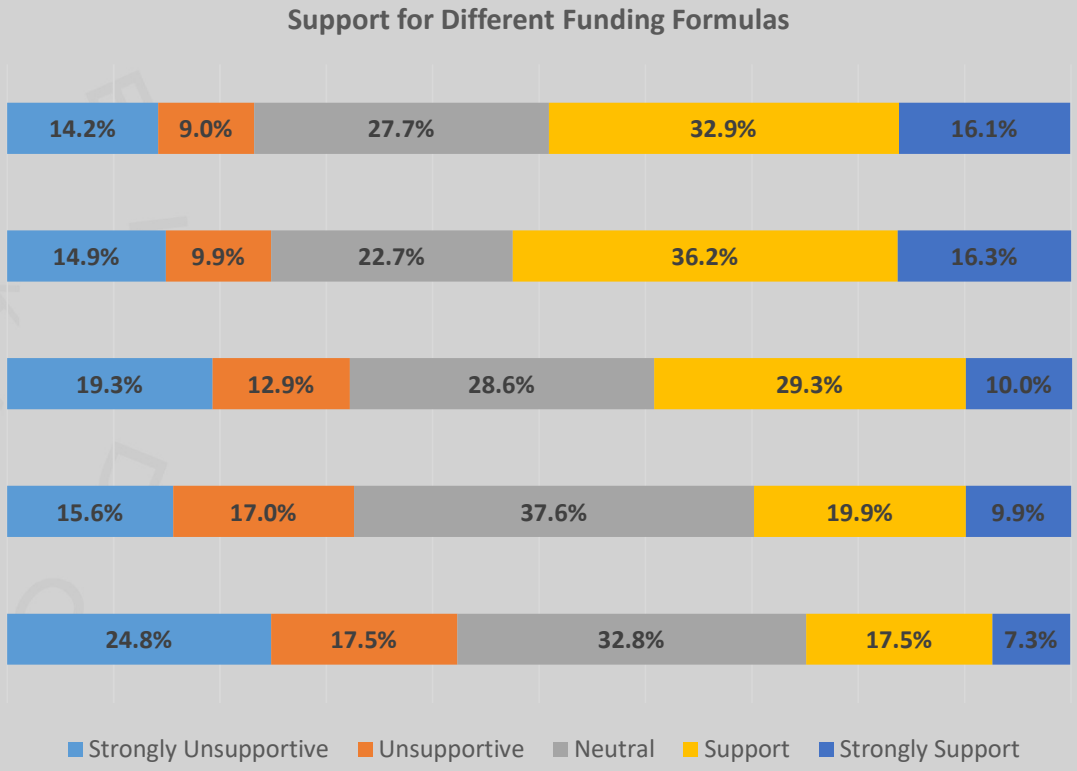
OPTION A: Property Tax Reduction ($1.65 m); Street Maintenance ($600,000); Economic Development ($100,000); remaining funds to Excess Sales Tax Program

OPTION B: *INCREASES* Street Maintenance ($900,000); *ADDS* Parks and Recreation ($100,000)

OPTION C: *INCREASES* Street Maintenance ($880,000); *ADDS* Public Safety ($300,000); *DELETES* Economic Development ($100,000)

OPTION D: *INCREASES* Street Maintenance ($1.0 m)

OPTION E: *INCREASES* Street Maintenance ($1.0 m); *DECREASES* Economic Development ($50,000)



Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.
- **Funding Formula:** Changing the allocation formula to reflect priorities of community.
- **Rate:** Changing the rate to reflect priorities of community.

Alternate [Sales Tax] Universe

- **Funding Formula:** Changing the formula to allocate using a formula.
  - Property Tax Reduction: $1.65 million or 50%, whichever is more
  - Street Maintenance: $600,000 or 26%, whichever is more
  - Economic Development: $100,000 or 4%, whichever is more

- **Rate:** Increasing the rate to enhance property tax reduction.
  - Each increment of 0.05% is equal to about 1.25 mills.

Next Meeting

- April 10, 2023 at 6:00 pm

- Agenda:
  - Sales Tax Duration
  - Use of Funds and Allocation Formula

Sales Tax Committee

April 10, 2023

EL DORADO
KANSAS

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Meeting Agenda

- Previous Meeting Summary
- Discussion on Sales Tax Duration
- Discussion on Use of Funds and Allocation Formula

Committee Purpose & Goals

- Review the existing one-cent sales tax and determine if changes are necessary and/or appropriate for its continuation.
- Solicit input from the public to help inform the committee's recommendation.
- Prepare a recommendation for the City Commission's consideration regarding a proposed ballot question to renew the sales tax.

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- Keep the committee on task during meetings.
- Ensure all committee members have the opportunity to express their input.
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Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.
- **Funding Formula:** Changing the allocation formula to reflect priorities of community.
- **Formula Structure:** Changing the allocation formula to a percentage structure instead of a defined amount.
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El Dorado Sales Tax Overview

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Local Sales Tax:	1.0%
Total:	**7.5%**

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- May 8, 2023 at 6:00 pm
- Agenda:
  - Use of Funds and Allocation Formula
  - Ballot Language

Sales Tax Committee

March 27, 2023

EL DORADO
KANSAS

Meeting Agenda

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- McDonald Stadium Project Bank ($40,000)
- Fire Station No. 1 Doors ($24,000)
- Oil Museum Sign Replacement ($17,296)
- Main Street Façade Grant Program ($5,000)
- Chamber of Commerce Grant Program ($5,000)

Excess Sales Tax

2020 Authorized Projects:

- Additional Property Tax Reduction ($300,000)
- Civic Center Parking Lot ($141,402)
- Riverview Playground ($60,000)
- McDonald Stadium Project Bank ($58,000)
- Graham Park North Playground ($50,000)
- Central and East Park Ballfield Bleachers ($25,845)
- Spray Park Pump Equipment Replacement ($20,000)
- East Park Batting Cage ($15,000)
- Senior Center Painting ($7,400)
- Park Maintenance Shop Painting ($4,800)

Excess Sales Tax

2021 Authorized Projects:

- Band Shell Improvements ($80,000)
- McDonald Stadium Project Bank ($58,000)
- Central/East/Lake Bleachers ($55,000)
- Central Park Concession/Restroom Facility ($37,483)
- Chelsea Bike Path ($19,890)

Excess Sales Tax

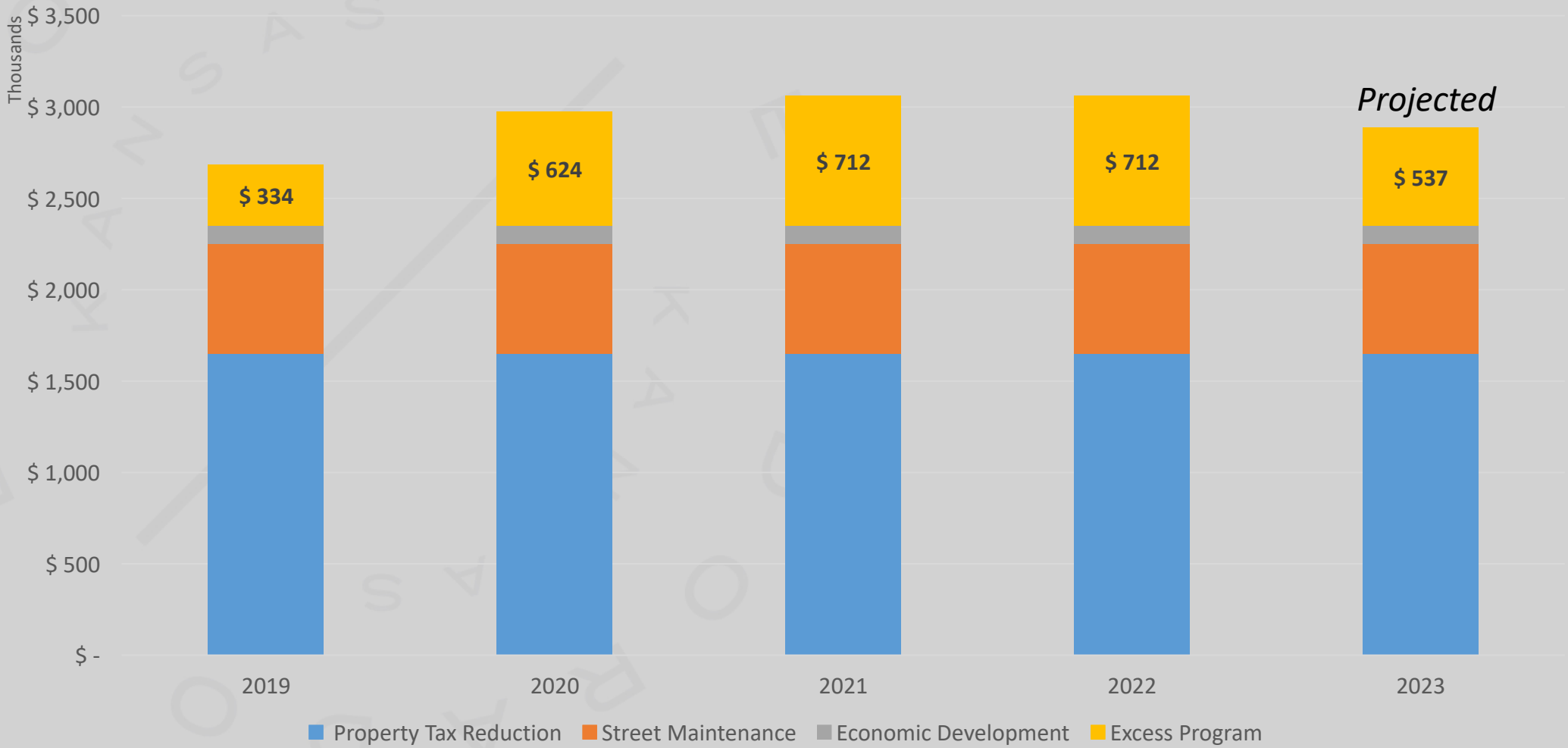
2022 Authorized Projects:

- Ballfield Improvement Program ($2.1 million)
  - East Park and Central Park Concession/Restroom Facilities ($600,000)
  - Central Park Fences, Scoreboards, and Miscellaneous Improvements ($310,000)
  - McDonald Stadium Turf Replacement ($300,000)
  - McDonald Stadium Façade and Bleachers ($250,000)
  - East Park Fences and Miscellaneous Improvements ($246,000)
  - McDonald Stadium Fence ($200,000)
  - McDonald Stadium Miscellaneous Improvements ($156,000)

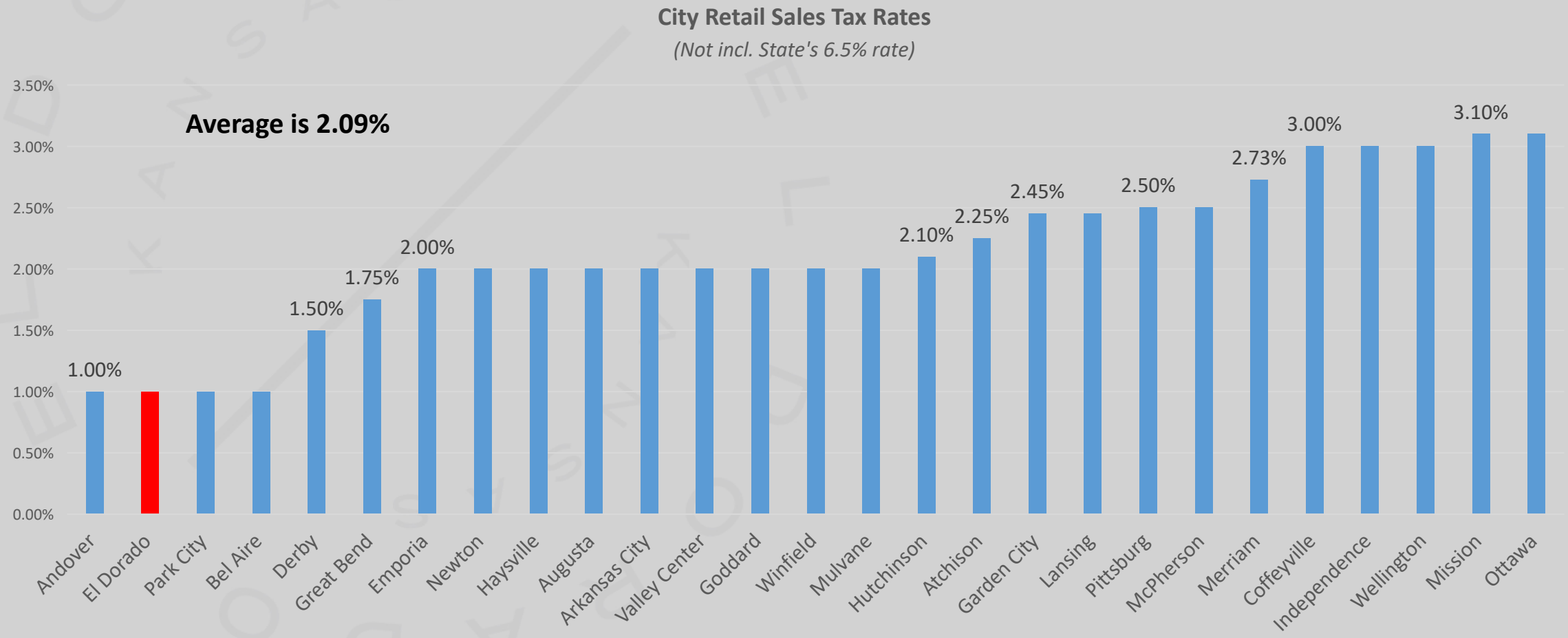
Sales Tax Performance

- The compound annual growth rate of sales tax receipts is **2.4%** since 2013.
- Sales tax receipts have increased **18.6%** since 2020.
- An estimated **25-30%** of sales tax receipts originate from people living outside El Dorado.

Sales Tax Performance



Sales Tax Comparatives



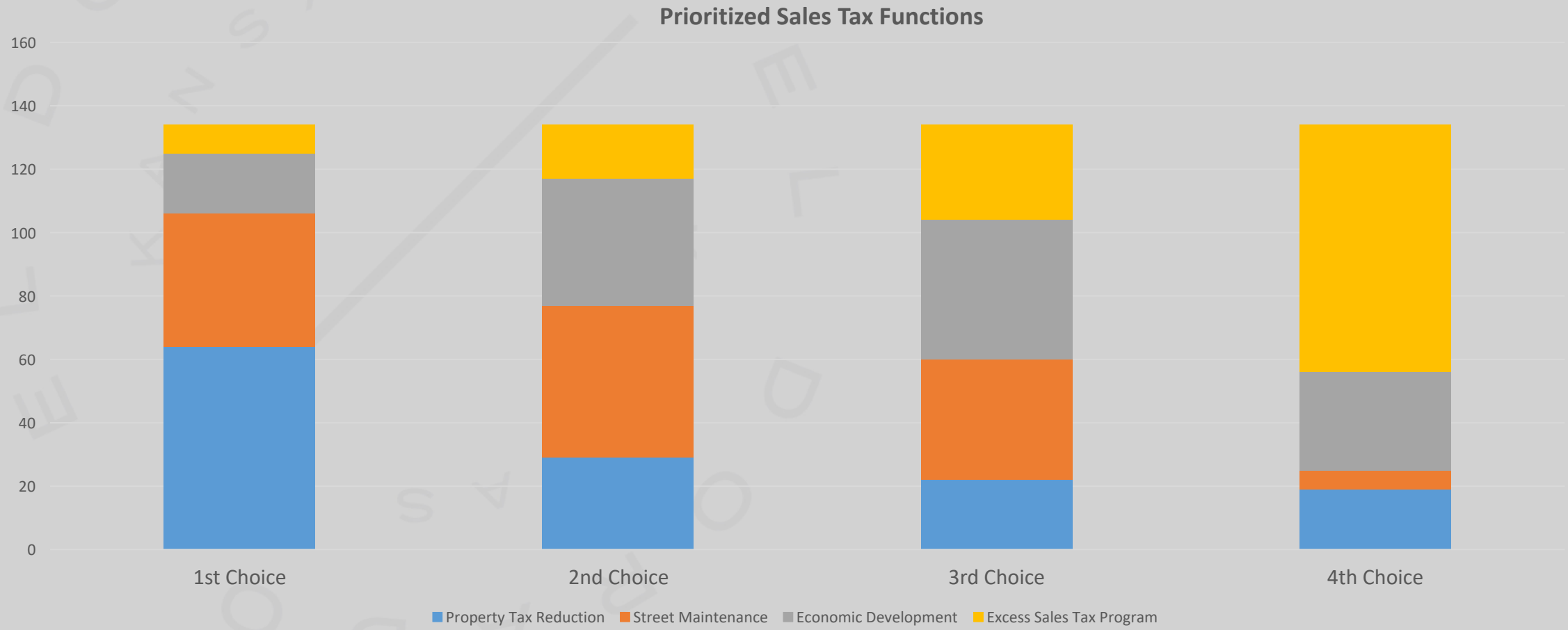
Sales Tax Survey Results

- 168 people participated in the survey.
- Participants support the ***property tax reduction*** and ***street maintenance*** components of the sales tax.
- 60% of participants support increasing funds allocated to ***street maintenance.***
- 54% of participants support adding funds specifically allocated for ***parks and recreation***.

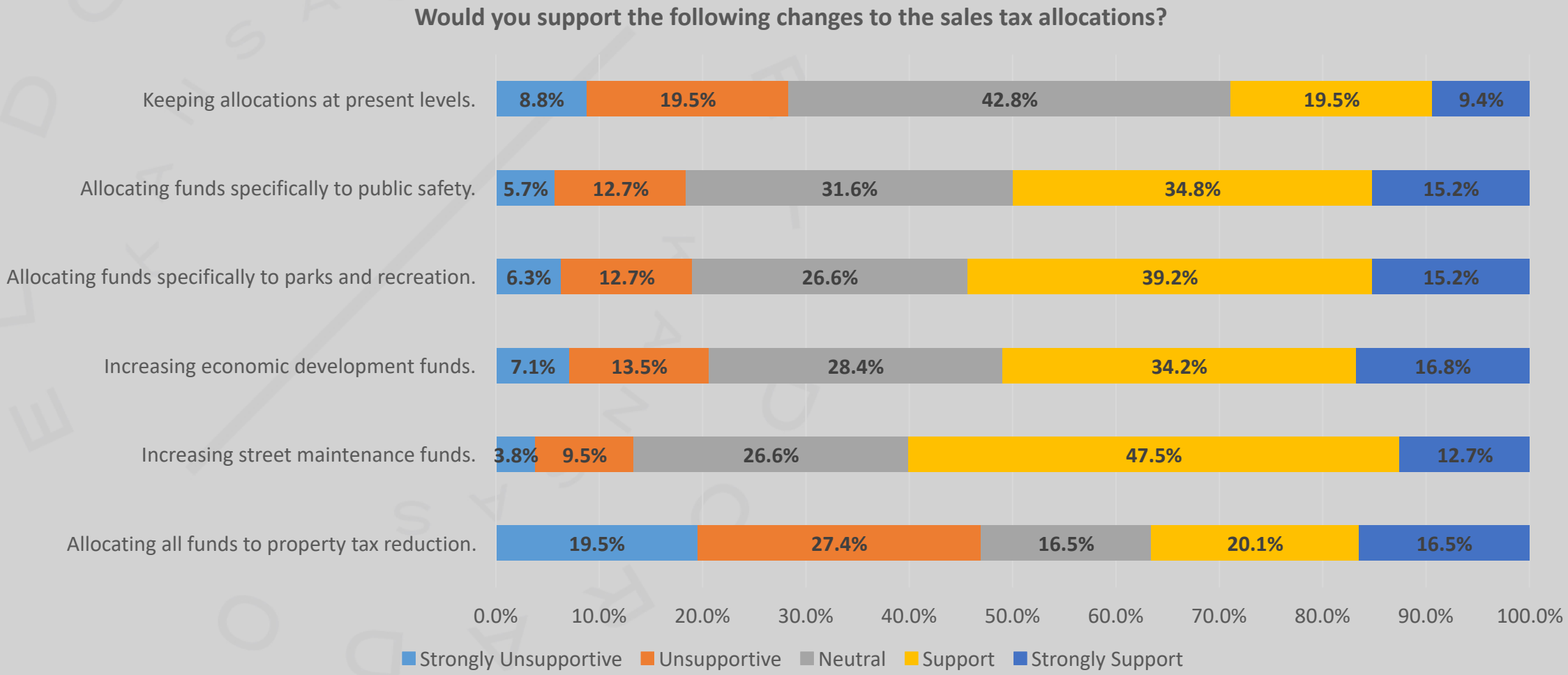
Sales Tax Survey Results

- 51% of participants support increasing funds allocated to economic development.
- 51% of participants support making the sales tax permanent.
- 47% of participants support renewal every five years.
- 44% of participants support renewal every ten years.
- 68% of participants ***do not*** support changing to a general sales tax.

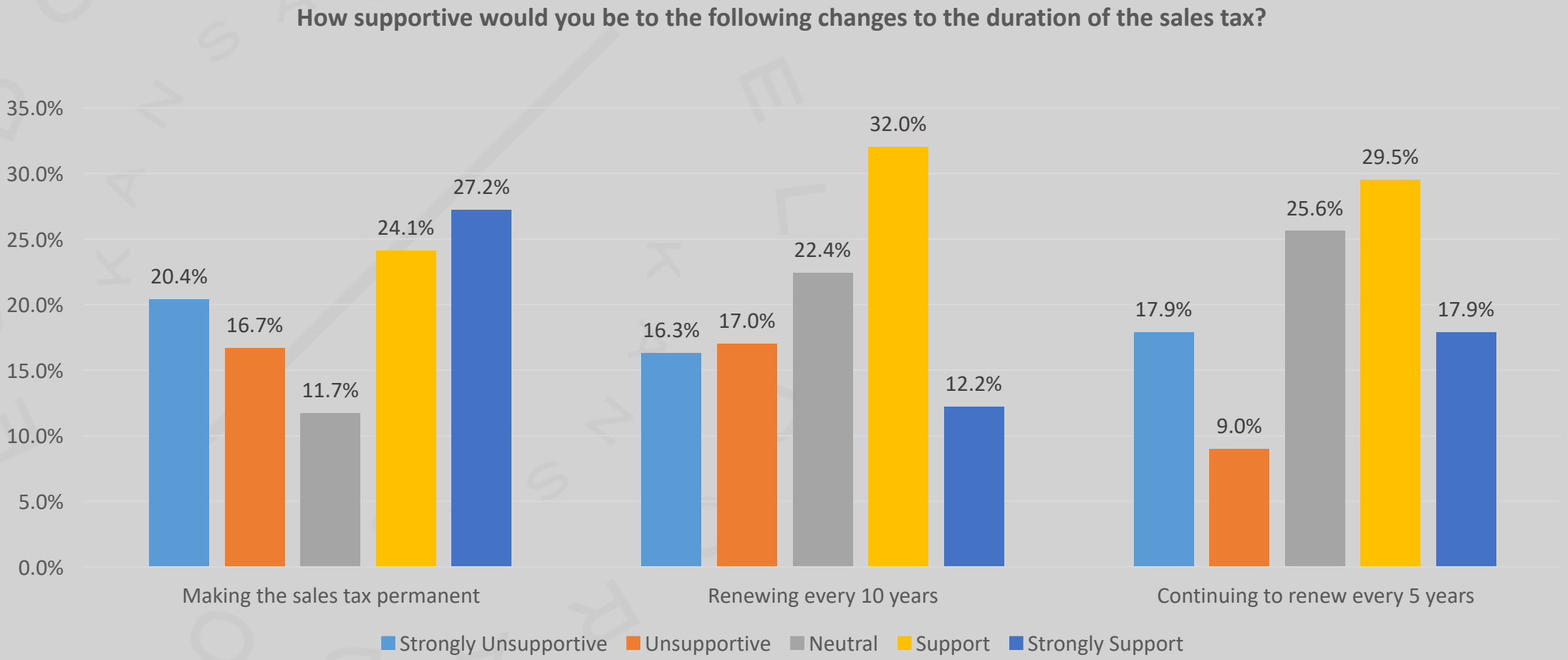
Sales Tax Survey Results



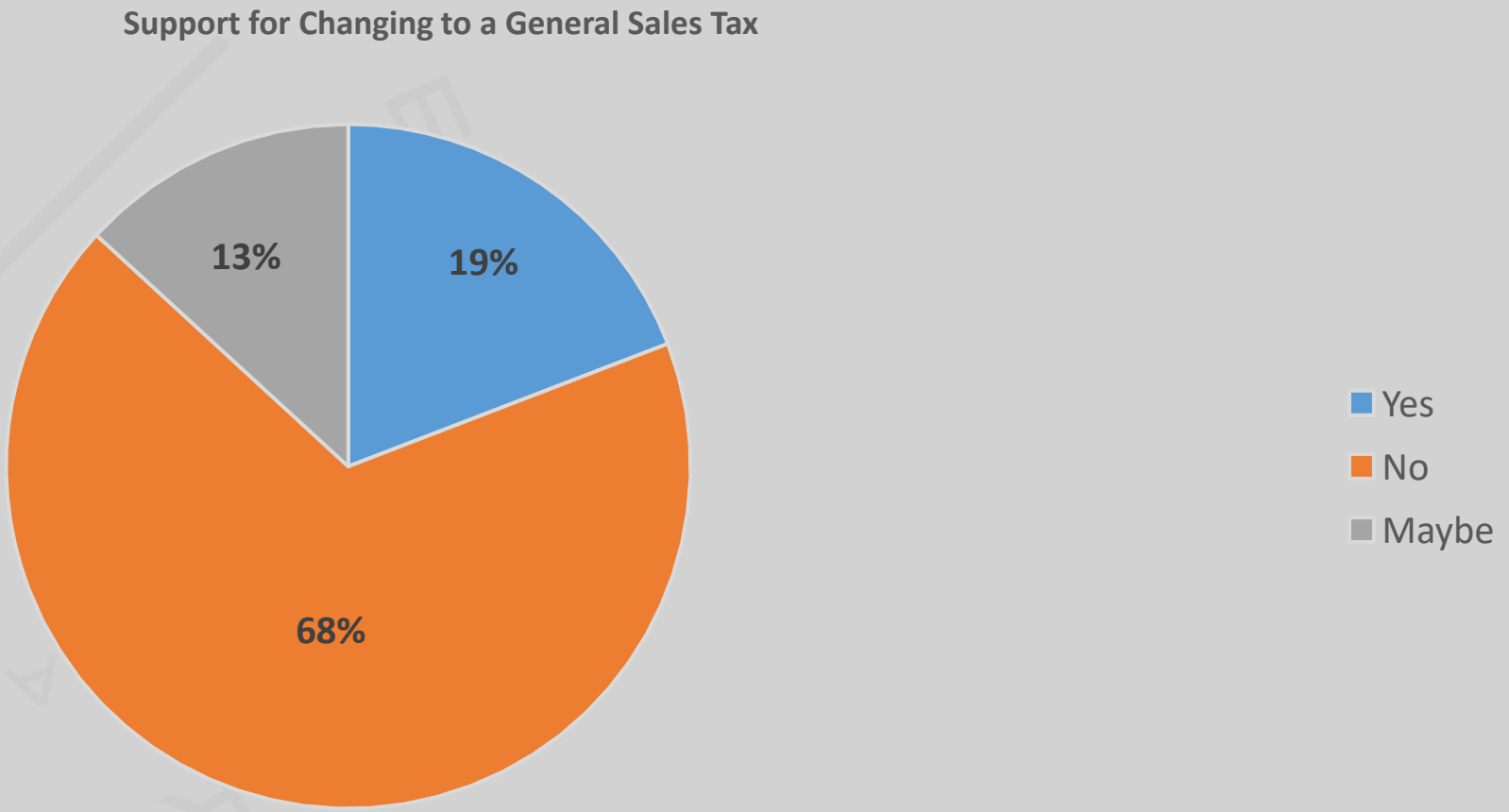
Sales Tax Survey Results



Sales Tax Survey Results



Sales Tax Survey Results



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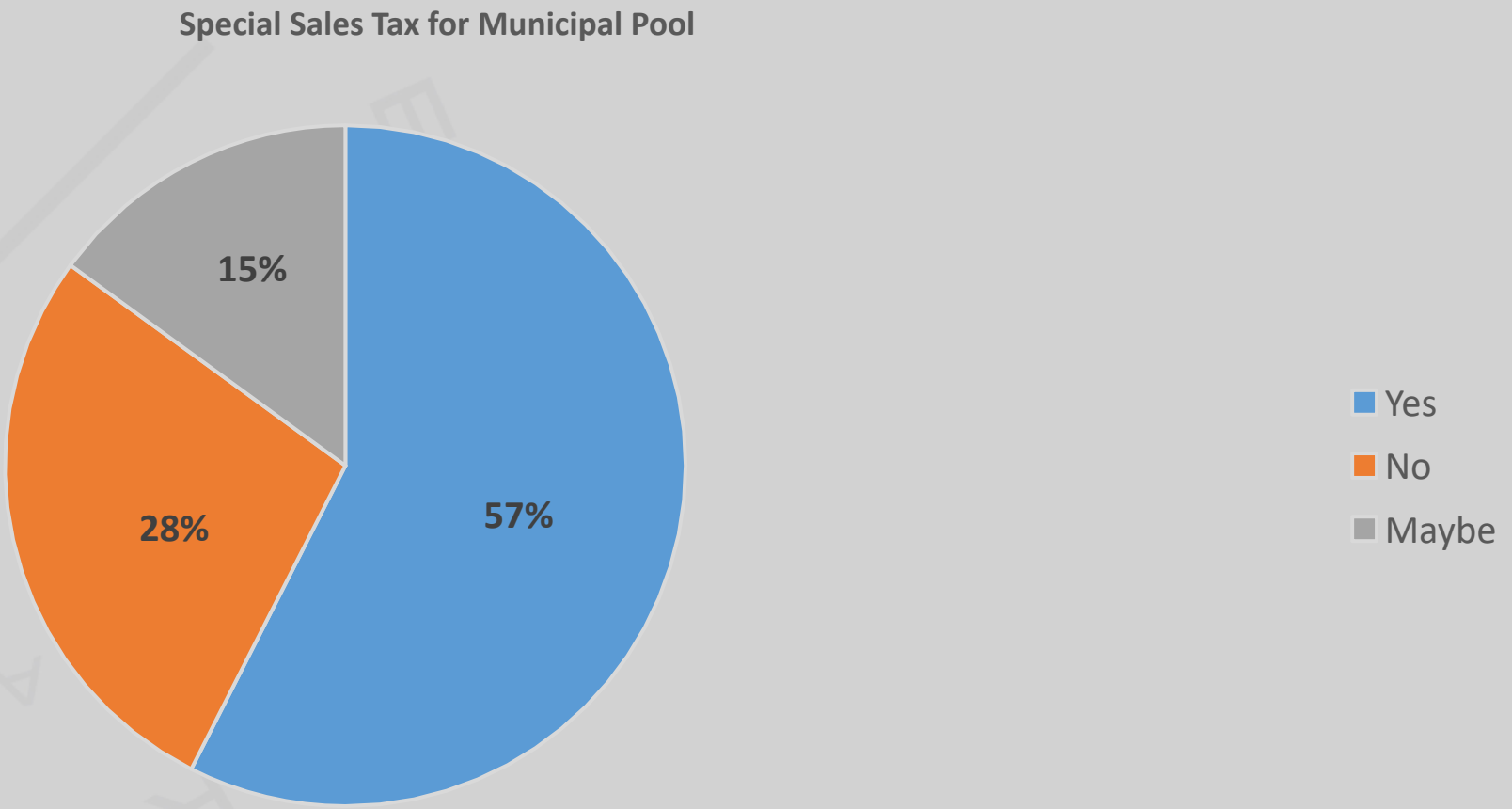

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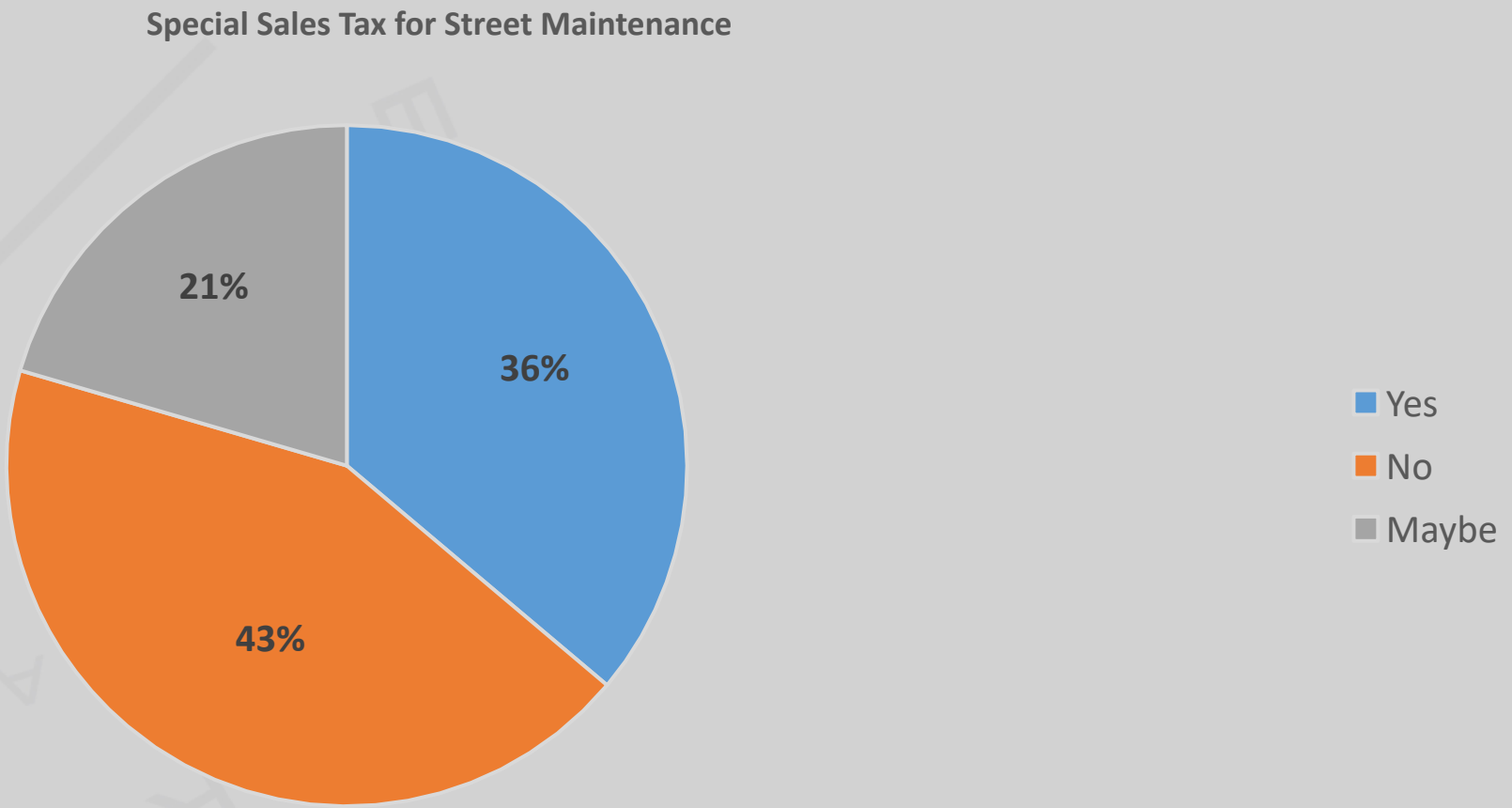
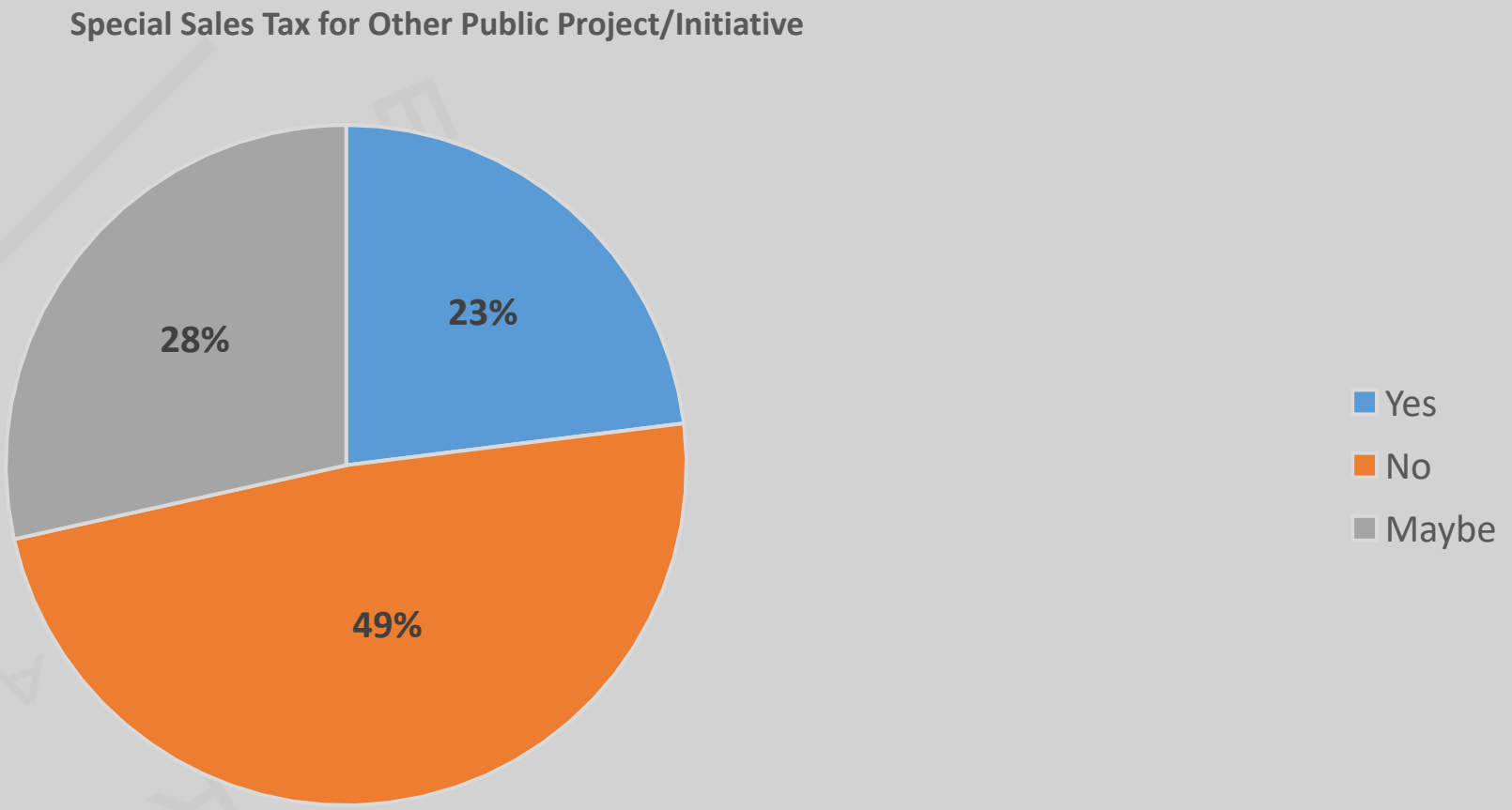
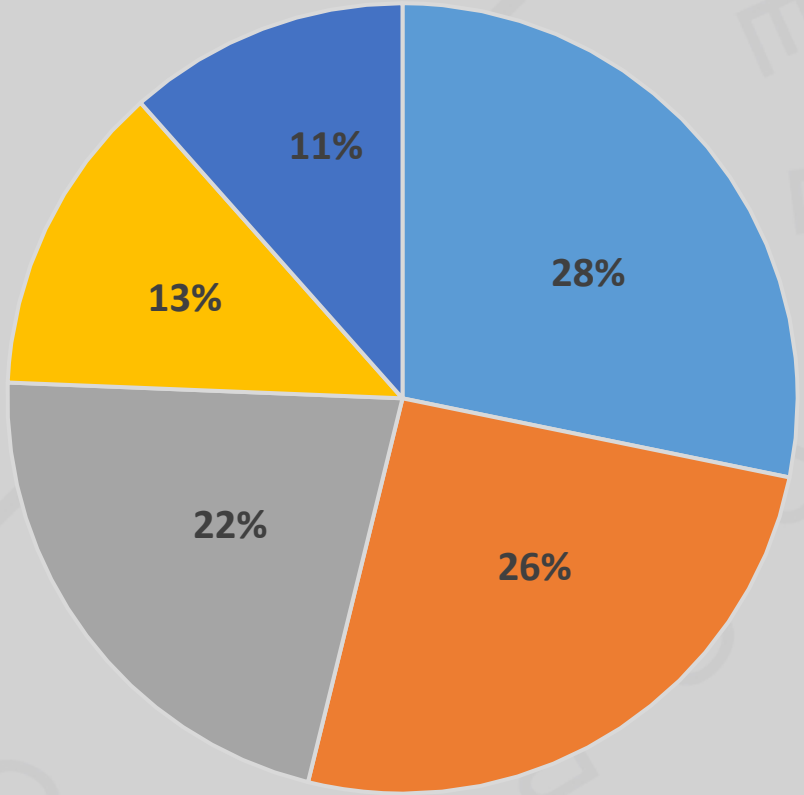


Sales Tax Survey Results



Sales Tax Survey Results

Support for Different Allocation Formulas



- Current: Property Tax Reduction ($1.65 m); Street Maintenance ($600,000); Economic Development ($100,000); remaining funds to Excess Sales Tax Program
- Option A: INCREASES Street Maintenance ($900,000); ADDS Parks and Recreation ($100,000)
- Option B: INCREASES Street Maintenance ($880,000); ADDS Public Safety ($300,000); DELETES Economic Development ($100,000)
- Option C: INCREASES Street Maintenance ($1.0 m)
- Option D: INCREASES Street Maintenance ($1.0 m); DECREASES Economic Development ($50,000)

Sales Tax Survey Results

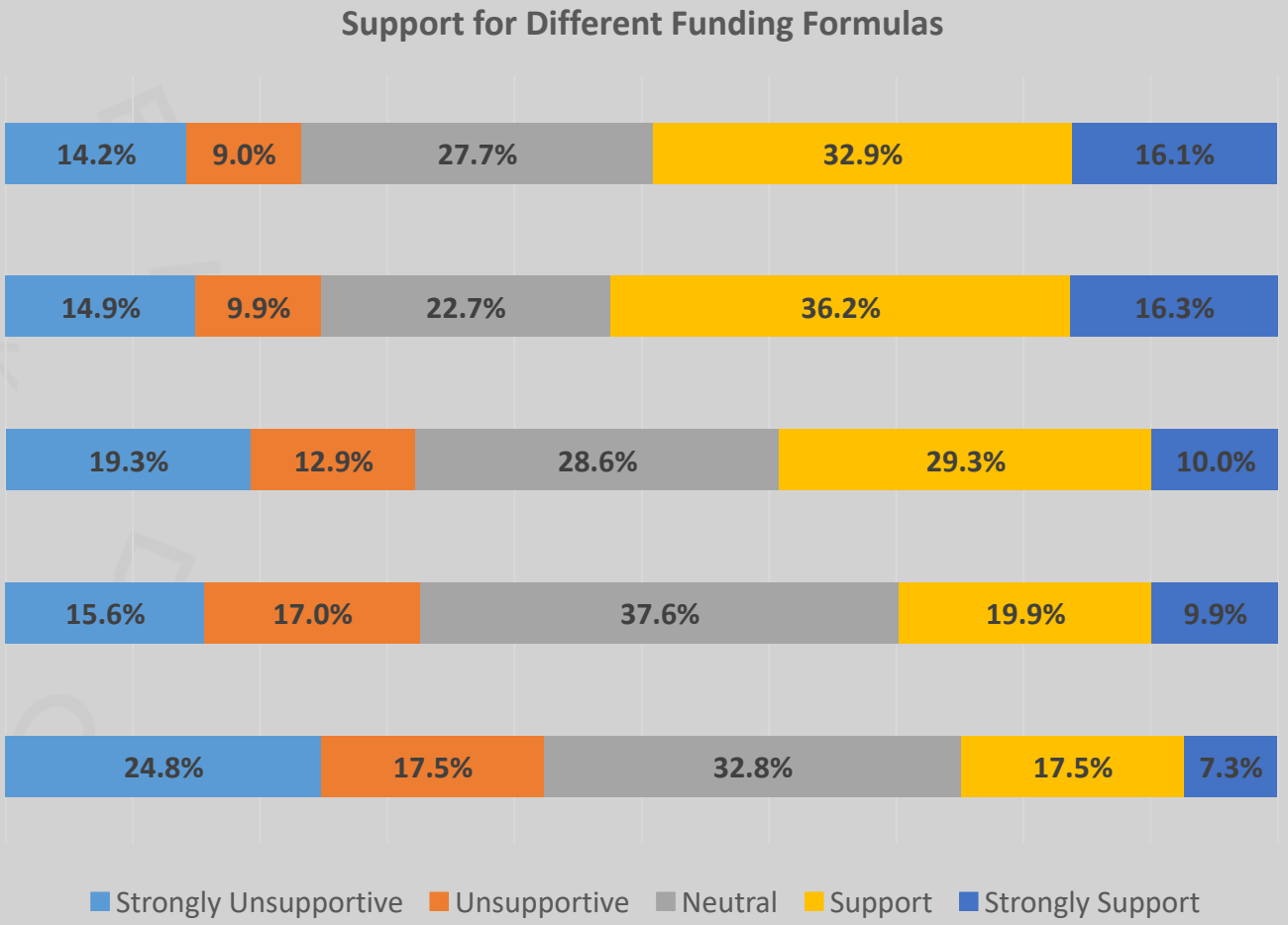
OPTION A: Property Tax Reduction ($1.65 m); Street Maintenance ($600,000); Economic Development ($100,000); remaining funds to Excess Sales Tax Program

OPTION B: *INCREASES* Street Maintenance ($900,000); *ADDS* Parks and Recreation ($100,000)

OPTION C: *INCREASES* Street Maintenance ($880,000); *ADDS* Public Safety ($300,000); *DELETES* Economic Development ($100,000)

OPTION D: *INCREASES* Street Maintenance ($1.0 m)

OPTION E: *INCREASES* Street Maintenance ($1.0 m); *DECREASES* Economic Development ($50,000)



Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.

- **Funding Formula:** Changing the allocation formula to reflect priorities of community.

- **Rate:** Changing the rate to reflect priorities of community.

Alternate [Sales Tax] Universe

- **Funding Formula:** Changing the formula to allocate using a formula.
  - Property Tax Reduction: $1.65 million or 50%, whichever is more
  - Street Maintenance: $600,000 or 26%, whichever is more
  - Economic Development: $100,000 or 4%, whichever is more

- **Rate:** Increasing the rate to enhance property tax reduction.
  - Each increment of 0.05% is equal to about 1.25 mills.

Next Meeting

- April 10, 2023 at 6:00 pm

- <u>Agenda:</u>
  - Sales Tax Duration
  - Use of Funds and Allocation Formula

Sales Tax Committee

April 10, 2023

EL DORADO
KANSAS

Meeting Agenda

- Previous Meeting Summary
- Discussion on Sales Tax Duration
- Discussion on Use of Funds and Allocation Formula

Committee Purpose & Goals

- Review the existing one-cent sales tax and determine if changes are necessary and/or appropriate for its continuation.

- Solicit input from the public to help inform the committee's recommendation.

- Prepare a recommendation for the City Commission's consideration regarding a proposed ballot question to renew the sales tax.

Committee Chair

- Keep the committee on task during meetings.
- Ensure all committee members have the opportunity to express their input.
- Build consensus for a recommendation on proposed ballot language.
- Present the committee's recommendation to the City Commission.

Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.

- **Funding Formula:** Changing the allocation formula to reflect priorities of community.

- **Formula Structure:** Changing the allocation formula to a percentage structure instead of a defined amount.

- **Rate:** Changing the rate to reflect priorities of community.

El Dorado Sales Tax Overview

State of Kansas:	6.5%
Local Sales Tax:	1.0%
Total:	**7.5%**

Butler County does not currently have a local sales tax.

Some retailers in El Dorado collect a higher sales tax (up to 2%) because of the establishment of a Community Improvement District (CID) to finance public improvements related to an economic development project.

El Dorado Sales Tax Overview

- The City of El Dorado has overwhelmingly voted in favor of a one-cent (1%) sales tax since 1990.
- The current sales tax will end September 30, 2024 unless renewed by voters.
- The ordinance allocates funds as follows:
  - $1.65 million to property tax reduction;
  - $600,000 to street rehabilitation; and
  - $100,000 to economic development.
  - Funds in excess of $2.35 million are allocated to the Excess Sales Tax Program.

Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.

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Alternate [Sales Tax] Universe

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  - Property Tax Reduction: $1.65 million or 50%, whichever is more
  - Street Maintenance: $600,000 or 26%, whichever is more
  - Economic Development: $100,000 or 4%, whichever is more

- **Rate:** Increasing the rate to enhance property tax reduction.
  - Each increment of 0.05% is equal to about 1.25 mills.

Next Meeting

- May 8, 2023 at 6:00 pm

- <u>Agenda:</u>
  - Use of Funds and Allocation Formula
  - Ballot Language

Sales Tax Committee

May 8, 2023

EL DORADO
KANSAS

Meeting Agenda

- Committee Purpose & Goals
- Previous Meeting Summary
- Discussion on Use of Funds and Allocation Formula
- Proposed Ballot Question Language

Committee Purpose & Goals

- Review the existing one-cent sales tax and determine if changes are necessary and/or appropriate for its continuation.

- Solicit input from the public to help inform the committee's recommendation.

- Prepare a recommendation for the City Commission's consideration regarding a proposed ballot question to renew the sales tax.

El Dorado Sales Tax Overview

- The City of El Dorado has overwhelmingly voted in favor of a one-cent (1%) sales tax since 1990.
- The current sales tax will end September 30, 2024 unless renewed by voters.
- The ordinance allocates funds as follows:
  - $1.65 million to property tax reduction;
  - $600,000 to street rehabilitation; and
  - $100,000 to economic development.
  - Funds in excess of $2.35 million are allocated to the Excess Sales Tax Program.

Previous Meeting Summary

- The committee seemed agreeable to making the following changes to the sales tax:
  - **Changing to a "continuous" sales tax**, which means that it would not come up for renewal by voters.
    - ➢ Could be changed in the same manner it is established; Voters could consider a ballot question with proposed changes.

Previous Meeting Summary

- Changing the sales tax formula to a percentage-based system instead of a defined dollar amount.

  - For example, the “property tax reduction” component of the sales tax would be set at $1.65 million or 50% of sales tax proceeds, whichever is greater.

  - Would allow certain functions to increase as sales tax receipts increase instead of maintaining them at a fixed amount.

Previous Meeting Summary

- A percentage-based system would allow certain priorities to receive more funds when sales tax proceeds increase.

- Funds allocated to primary functions (i.e., property tax reduction, street maintenance, and economic development) would receive the minimum amount of funds currently allocated to these functions should sales tax come in lower than anticipated.

Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.

- **Funding Formula:** Changing the allocation formula to reflect priorities of community.

- **Formula Structure:** Changing the allocation formula to a percentage structure instead of a defined amount.

- **Rate:** Changing the rate to reflect priorities of community.

Prior Ballot Question Language

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000 to be allocated annually for property tax reduction, the next $600,000 to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000 to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Adopting Ordinance

- The adopting ordinance allocates funds as follows:

  - The first **$1,650,000** from the tax shall be used annually for **property tax reduction** for the inhabitants of the city; and
  - The next **$600,000** shall be allocated annually for **Street Rehabilitation** within the City of El Dorado; and
  - The next **$100,000** from the tax shall be allocated annually to **Economic Development Projects and Initiatives** as provided herein; and
  - The **remaining balance** of sales tax proceeds shall be allocated to **municipal services and functions** provided directly by the City, or Capital Expenditures that directly support City operations and are included in the current Capital Improvement Plan.

Adopting Ordinance

- In the event the electors determine to extend the one percent (1%) sales tax for another five years, the existing **Sales Tax Advisory Committee** shall continue in existence, the membership to remain the same or be changed as provided by the Governing Body.

- The Committee shall continue to **solicit input from the community** for suggestions on appropriate uses for sales tax proceeds. It shall annually hold **public meetings** and a **public hearing** concerning the proposed uses of the sales tax revenue in accordance with the provisions of this ordinance.

Adopting Ordinance

The following terms shall be defined for the purposes of this ordinance as provided herein:

- **“Capital Expenditure”** shall mean an addition or structure that enhances the value of a property, a replacement or upgrade that extends the useful life of an asset, or the acquisition of vehicles or equipment.

- **“Capital Improvement Plan”** shall mean the current Capital Improvement Plan of the City of El Dorado, Kansas, as adopted by the City Commission.

- **“Street Rehabilitation”** shall mean maintaining and rehabilitating the existing geometrical alignment of improved city streets, which includes portions of curb and gutter removal and replacement, mill and overlays, pavement surface treatments, full-depth pavement replacement, and pavement-related storm drainage facilities.

Adopting Ordinance

- **“Economic Development Projects and Initiatives”** shall mean efforts by the City that facilitate:
    - **Business attraction** strategies that encourage firms from outside of the City to locate headquarters or other operations within the corporate limits of the City;
    - **Business creation** strategies that focus on encouraging the formation of new companies that are locally based and will remain in the community and grow;
    - **Business retention** strategies to keep existing businesses in the community and to encourage them to expand their operations within the community;

Adopting Ordinance

- **“Economic Development Projects and Initiatives”** shall mean efforts by the City that facilitate:
  - **Enterprise development** strategies meant to assist entrepreneurs in support of the creation, growth, and survival of their businesses;
  - **Housing** strategies that provide affordable options for the workforce; and
  - **Public infrastructure** projects that have the potential to increase tax base.

Adopting Ordinance

- Any such efforts shall provide a reasonable expectation of a return on investment to the City in the form of increased property taxes, sales taxes, transient guest taxes, or other municipal revenue.

- The City Commission shall place a higher priority on projects and initiatives that leverage public and/or private investment that seek to accomplish the aforementioned strategies and that create or retain livable wage jobs.

Proposed Ballot Question – Option A

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000, to be allocated annually for property tax reduction, the next $600,000, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Proposed Ballot Question – Option B

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended ~~for a period of five years~~ from and after the first day of October 2024~~19~~, in the City of El Dorado, Kansas, to take effect on the first day of October 2024~~19~~, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $600,000, or 21%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance ~~No. G-1281~~, which retailers' sales tax shall continue in full force and effect?"

Proposed Ballot Question – Option C

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended ~~for a period of five years~~ from and after the first day of October 2024~~19~~, in the City of El Dorado, Kansas, to take effect on the first day of October 2024~~19~~, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $~~6~~800,000, or 28%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance ~~No. G-1281~~, which retailers' sales tax shall continue in full force and effect?"

Proposed Ballot Question – Option D

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended ~~for a period of five years~~ from and after the first day of October 2024~~19~~, in the City of El Dorado, Kansas, to take effect on the first day of October 2024~~19~~, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $~~6~~900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance ~~No. G-1281~~, which retailers' sales tax shall continue in full force and effect?"

Sales Tax Ballot Options

Option	Duration	Functions	Formula	Percentage
A	Renews in five years	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining (est. $480,000)	NA
B	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining (est. $480,000)	58% 21% 4% 17% (not based on percent)
C	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $800,000 $100,000 Remaining (est. $278,400)	58% 28% 4% 10% (not based on percent)
D	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $900,000 $100,000 Remaining (est. $178,400)	58% 32% 4% 6% (not based on percent)

Next Meeting

- June 12, 2023 at 6:00 pm

- <u>Agenda:</u>
  - Ballot Language and Recommendation

Sales Tax Committee

June 12, 2023

EL DORADO
KANSAS

Meeting Agenda

- Previous Meeting Summary
- Ballot Question Options
- Recommendation

Previous Meeting Summary

- The committee wanted to see a few ballot question options with the following provisions:

  - Renewing in five years;
  - Increasing street funds; and
  - Percentage-based.

Sales Tax Ballot Options

Option	Duration	Functions	Formula	Percentage
A	Renews in five years	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining	NA
B	Renews in five years	Property Tax Reduction **Street Maintenance** Economic Development Excess Sales Tax Program	$1.65 million **$800,000** $100,000 Remaining	58%, or whichever is greater. 28%, or whichever is greater. 4%, or whichever is greater.
C	Renews in five years	Property Tax Reduction **Street Maintenance** Economic Development Excess Sales Tax Program	$1.65 million **$900,000** $100,000 Remaining	58%, or whichever is greater. 32%, or whichever is greater. 4%, or whichever is greater.

Option A – Status Quo

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000, to be allocated annually for property tax reduction, the next $600,000, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion A

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000, to be allocated annually for property tax reduction, the next $600,000, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Option B – Increases Street Funds to $800k

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $800,000, or 28%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion B

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $800,000, or 28%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Option C – Increases Street Funds to $900k

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion C

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Process and Schedule

Date	Purpose/Key Objectives
June 19	• Present Recommended Ballot Question to City Commission
June 28	• City Commission Work Session #1
July 3	• City Commission Meeting #1
July 12	• City Commission Work Session #2 *(if needed)*
July 17	• City Commission Meeting #2 *(if needed)*
August to November	• Implement Communication Plan to Inform Community of Ballot Question
November 7	• General Election
October 1, 2024	• Effective Date of Sales Tax *(if approved by voters)*

Next Meeting

- The Sales Tax Committee will present its recommendation to the City Commission at the regular meeting scheduled for 6:00 pm on June 19, 2023.

- Thank you for your service on this committee! Your work is very important to the City.

Sales Tax Committee

June 12, 2023

EL DORADO
KANSAS

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Meeting Agenda

- Previous Meeting Summary
- Ballot Question Options
- Recommendation

Previous Meeting Summary

- The committee wanted to see a few ballot question options with the following provisions:
  - Renewing in five years;
  - Increasing street funds; and
  - Percentage-based.

Sales Tax Ballot Options

Option	Duration	Functions	Formula	Percentage
A	Renews in five years	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining	NA
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Option A – Status Quo

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000, to be allocated annually for property tax reduction, the next $600,000, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion A

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2019, in the City of El Dorado, Kansas, to take effect on the first day of October 2019, with the first $1,650,000, to be allocated annually for property tax reduction, the next $600,000, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Option B – Increases Street Funds to $800k

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $800,000, or 28%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion B

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $800,000, or 28%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per Ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Option C – Increases Street Funds to $900k

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Recommended Motion C

Committee Member _____ moved to recommend the following ballot language to the City Commission concerning the City's one-cent sales tax for inclusion on the General Election ballot to be held on November 7, 2023:

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of five years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance No. G-1281, which retailers' sales tax shall continue in full force and effect?"

Process and Schedule

Date	Purpose/Key Objectives
June 19	• Present Recommended Ballot Question to City Commission
June 28	• City Commission Work Session #1
July 3	• City Commission Meeting #1
July 12	• City Commission Work Session #2 *(if needed)*
July 17	• City Commission Meeting #2 *(if needed)*
August to November	• Implement Communication Plan to Inform Community of Ballot Question
November 7	• General Election
October 1, 2024	• Effective Date of Sales Tax *(if approved by voters)*

Next Meeting

- The Sales Tax Committee will present its recommendation to the City Commission at the regular meeting scheduled for 6:00 pm on June 19, 2023.
- Thank you for your service on this committee! Your work is very important to the City.

Sales Tax Advisory Committee
March 27, 2023 6:00 p.m.
Commission Room

Members Present	Staff Present
Craig Hamilton	David Dillner, City Manager
Lori Gioso	Alyssa Warner, Finance Director
Ross Stumpf	
Brett Remsberg	

City Manager Dillner introduced himself and the committee members introduced themselves.

City Manager Dillner began the advisory committee presentation in which he discussed:

- Meeting Agenda
- Committee Purpose & Goals
- Committee Chair responsibilities

City Manager Dillner asked the committee if they would like to appoint a committee chair at this meeting, or at a future meeting when more committee members were in attendance.

Mr. Hamilton asked if there were returning members.

The present committee members chose to wait until a future meeting when additional committee members would be in attendance.

City Manager Dillner continued the presentation in which he discussed:

- Committee process and schedule

Mr. Stumpf asked when the current sales tax sunsets. City Manager Dillner stated September 30, 2024.

The presentation continued:

- Kansas Sales Tax Overview
- El Dorado Sales Tax Overview
- Kansas State Sales Tax on Food
- El Dorado Sales Tax Overview
- Property Tax Reduction
- Street Rehabilitation
- Economic Development

Mr. Hamilton asked if the recommendation was just for the dollar amount of economic development monies and the actual allocation was at the discretion of the City Commission. City Manager Dillner said yes.

He continued the presentation:

- Excess Sales Tax projects since 2018

Mr. Hamilton asked where the Chelsea Bike Path is located and the status of the other bike path. City Manager Dillner indicated that it is near the high school and the other bike path is paused because we have not been able to come up with a good plan to connect them yet.

- Sales Tax performance since 2013
- Sales Tax comparatives

Mr. Stumpf asked what the Sales Tax rate is in Wichita since that is our largest competitor. David said Wichita doesn't have a sales tax, but Sedgwick county does. FD Alyssa Warner responded that it is also 7.5% overall like ours but with a lower pull factor.

- Sales Tax survey results

Mr. Hamilton asked when the sales tax survey was done.

Mr. Stumpf asked if it was a targeted survey or a general survey.

Mr. Remsberg asked if they were asked to increase the amount or just increasing the rate.

Mr. Stumpf asked if voting for permanent would make a sales tax permanent or the sales tax allocations permanent.

Sales Tax Committee members requested copies of the ordinance and sales tax survey questions.

Meeting adjourned at 7:14p.m.

Sales Tax Advisory Committee
April 10, 2023 6:00 p.m.
Commission Room

Members Present	Members Absent	Staff Present
Craig Hamilton	David Sundgren	David Dillner, City Manager
Lori Gioso	John Steinbacher	Alyssa Warner, Finance Director
Ross Stumpf	Matt Jacobs	Tabitha Sharp, Administration Director
Brett Remsberg	Jordan Buxton	
Edward Wilson	Heather Rinkenbaugh	
Scott Leason		

City Manager David Dillner began the meeting with introductions for those who weren't present at the last meeting.

City Manager Dillner asked if the committee would like to elect a chair.

Craig Hamilton stated that he could talk to David Sundgren and if he isn't interested then Craig would do it.

City Manager Dillner reviewed the current sales tax percentages, the allocation and the date the current ordinance will sunset, which is September 30, 2024.

City Manager Dillner reviewed the options for crafting a ballot question:

- Duration – 5 years, 10 years or a permanent sales tax.
- Funding Formula – Currently it's $1.65 million for property tax reduction, $600,000 for street rehabilitation and $100,000 for economic development. He stated that the committee could recommend a percentage instead of a dollar amount, which could increase the amount given to each item in years when the collections are higher.
- Formula Structure -
- Rate – We can levy up to 2%.

City Manager Dillner asked the committee what their thoughts were on the duration of the sales tax.

Craig Hamilton stated that the most popular one on the survey was ten years, so he thought that was a good direction.

Ross Stumpf stated that he felt that the City would not be able to operate without the sales tax, and so he felt that the sales tax could be permanent. He asked if the amount could change if the sales tax was permanent.

City Manager Dillner stated that they could change the amount if needed.

Brett Remsberg and Edward Wilson agreed.

City Manager Dillner stated that approximately 30% of the sales tax comes from outside of the committee.

Craig Hamilton asked how many people voted in favor last time.

City Manager Dillner stated that 75% voted yes in 2018.

Scott Leason asked if it could be changed in the future.

City Manager Dillner stated that while it is called a permanent sales tax, nothing is permanent and it could be changed with another election in the future.

Ross Stumpf asked what happened if it didn't pass in November.

City Manager Dillner stated that if it didn't pass in November, staff would begin conversations about a special election in the spring, but without a second ballot question, it would end.

The committee agreed to send a question without an expiration date to the ballot.

City Manager Dillner stated that now they needed to discuss the funding formula. He asked if they wanted to continue the current allocation, change it to percentages, or change it all together.

Edward Wilson asked where the street maintenance funds go.

City Manager Dillner stated that $500,000 goes to full repair and $100,000 goes to sealing/crack repair.

Ross Stumpf asked how the excess sales tax funds are spent.

City Manager Dillner reviewed the collections and expenditures from the excess sales tax funds.

Lori Gioso asked in an ideal world, how much needed to be allocated to street rehabilitation.

City Manager Dillner stated that we have that information and can send it to the committee.

Craig Hamilton and Ross Stumpf both stated that they would be in favor of a percentage instead of a dollar amount.

Ross Stumpf asked what the rate increase referred to.

City Manager Dillner stated that it was the sales tax rate. He stated that they can change the numbers in the formula to increase or decrease the current allocations if they weren't interested in changing the sales tax rate.

Edward Wilson asked why everything couldn't be placed in one general fund.

City Manager Dillner stated that the citizens wanted to direct how the funds were spent.

Scott Leason asked where the other 20% of the funds are going.

City Manager Dillner stated his example shows 50% going to property tax reduction, 26% to street rehabilitation, 4% to economic development and 20% to excess sales tax projects.

Craig Hamilton stated that he agreed with the phrasing that stated the current dollar amount or the percentage, whichever is higher.

Ross Stumpf confirmed that if it's worded that way, the minimum is still at the current amount.

City Manager Dillner stated that he was correct.

Lori Gioso stated that the property tax reduction and the streets are very important.

City Manager Dillner stated that if they considered the rate increase, a half-cent sales tax would be approximately 1.25 mills. He stated that they could write the item to state that if the rate increased, the property tax would have to be reduced.

Craig Hamilton stated that in surrounding areas, the tax rate is higher than ours by one or two percent.

There was not support for increasing the sales tax rate.

Scott Leason asked if others can still request excess sales tax.

City Manager Dillner stated that it was removed the last time the ballot question was submitted, excess sales tax can only be used for city projects.

Craig asked if we could send the ballot question from the last election.

City Manager Dillner stated the next meeting would be May 8th at 6:00 p.m.

The committee agreed to think about the allocation for the next meeting.

Meeting adjourned at 6:45 p.m.

Sales Tax Advisory Committee
May 8, 2023 6:00 p.m.
Commission Room

Members Present	Members Absent	Staff Present
Craig Hamilton	Lori Gioso	David Dillner, City Manager
David Sundgren	John Steinbacher	Alyssa Warner, Finance Director
Ross Stumpf	Matt Jacobs	Tabitha Sharp, Administration Director
Brett Remsberg	Jordan Buxton	
	Heather Rinkenbaugh	
	Scott Leason	
	Edward Wilson	

City Manager David Dillner stated that he would provide a brief overview and then talked about the allocation formula and proposed ballot language.

Option	Duration	Functions	Formula	Percentage
A	Renews in five years	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining (est. $480,000)	NA
B	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $600,000 $100,000 Remaining (est. $480,000)	58% 21% 4% 17% (not based on percent)
C	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $800,000 $100,000 Remaining (est. $278,400)	58% 28% 4% 10% (not based on percent)
D	Continuous	Property Tax Reduction Street Maintenance Economic Development Excess Sales Tax Program	$1.65 million $900,000 $100,000 Remaining (est. $178,400)	58% 32% 4% 6% (not based on percent)

City Manager Dillner provided ballot options to the committee.

Craig Hamilton stated that he would like to see $800,000 for streets.

Brett Remsberg stated that he thought the excess was very important.

David Sundgren stated that he thought it was important to meet the community's needs and it was important to keep the community involved by doing the ballot every five years.

Ross Stumpf stated that the argument for keeping it permanent was to do a better job of protecting it from expiring and having to get rid of the programs it funds.

Brett Remsberg stated that if it was made continuous, it could be revisited in five or ten years to change the allocation if necessary.

Craig Hamilton asked if David would be interested in doing it every ten years.

David Sundgren stated that he thought it would be good for planning, but still felt that this was a way to keep people interested.

Craig Hamilton asked if they had to make a decision tonight.

David Dillner stated that they have one more meeting at which they can make a decision.

Ross Stumpf asked if they had to choose between one of the options.

David Dillner stated that they could mix and match as they wanted.

Ross Stumpf and Brett Remsberg stated that they liked the numbers in option C.

David Dillner stated that right now, we can do large projects with five years of excess sales tax. He stated that if they extend it to ten, they could do larger projects.

Craig Hamilton stated that he also likes C, but was open to five or ten years.

David Dillner stated that the next meeting is June 12th and we will need to make a decision on a recommendation for the ballot language at that meeting.

David Sundgren stated that he thought that they could sell a temporary sales tax better than a long term one.

Craig Hamilton asked how long the street portion had been $600,000.

Tabitha Sharp stated that it was increased from $500,000 to $600,000 on the 2008 ballot for the 2009 renewal.

Craig Hamilton asked if they could get the ballot question before the next meeting so they could read it before then.

David Dillner stated that he would send it out.

Meeting adjourned 6:53 p.m.

Sales Tax Advisory Committee
June 12, 2023 6:30 p.m.
Commission Room

Members Present	Absent	Staff Present
Ross Stumpf	Brett Remsberg	David Dillner, City Manager
Scott Leason	David Sundgren	Tabitha Sharp, Administration Director
Lori Gioso	John Steinbacher	
Edward Wilson	Matt Jacobs	
Craig Hamilton	Heather Rinkenbaugh	
	Jordan Buxton	

City Manager David Dillner reviewed the options for the sales tax question that were discussed at the past meetings.

The sales tax committee stated that they would like to go with Option C.

The committee discussed moving it to ten years instead of five years.

Craig Hamilton asked if the Commission has to review it and if they can change it.

City Manager Dillner stated that they will review and approve the ordinance and resolution, once it goes to the County, it will be on the ballot.

Committee Member Edward Wilson moved to

Committee Member Craig Hamilton seconded the motion.

Motion carried 5 – 0.

Meeting adjourned at 6:37 p.m.

ORDINANCE NO. ____

AN ORDINANCE PLEDGING THE FUTURE USE OF ALL THE REVENUE WHICH MAY BE RECEIVED BY A ONE PERCENT RETAILERS' SALES TAX LEVIED IN THE CITY OF EL DORADO, SHOULD THE QUALIFIED ELECTORS OF SUCH CITY VOTE IN FAVOR THEREOF

BE IT ORDAINED, BY THE GOVERNING BODY OF THE CITY OF El DORADO, KANSAS:

Section 1: In the event the electors of El Dorado, Kansas, approve the continuation of the one percent retailers' sales tax, at an election to be held in association with the general election on November 7, 2023, the Governing Body hereby pledges to use the revenues in the following manner:

a. The first $1,650,000, or 58%, whichever is greater, from the tax shall be used annually for property tax reduction for the inhabitants of the City; and
b. The next $900,000, or 32%, whichever is greater, shall be allocated annually for Street Rehabilitation within the City of El Dorado; and
c. The next $100,000, or 4%, whichever is greater, from the tax shall be allocated annually to Economic Development Projects and Initiatives as provided herein; and
d. The remaining balance of sales tax proceeds shall be allocated to municipal services and functions provided directly by the City, Capital Expenditures that directly support City operations, and that are included in the current Capital Improvement Plan.

The retailers' sales tax shall continue in full force and effect for a period of five years from and after the first day of October 2024.

Section 2: In the event the electors determine to extend the one percent sales tax for another five-year period, an Excess Sales Tax Advisory Committee shall continue in existence, the membership to remain the same or be changed as provided by the Governing Body. The Committee shall continue to solicit input from the community for suggestions on appropriate uses for sales tax proceeds, and shall annually hold public

meetings and a public hearing concerning the proposed uses of the sales tax revenue in accordance with the provisions of this Ordinance.

Section 3: The following terms shall be defined for the purposes of this ordinance as provided herein:

"Capital Expenditure" shall mean an addition or structure that enhances the value of a property, a replacement or upgrade that extends the useful life of an asset, or the acquisition of vehicles or equipment.

"Capital Improvement Plan" shall mean the current Capital Improvement Plan of the City of El Dorado, Kansas, as annually adopted by the City Commission.

"Street Rehabilitation" shall mean maintaining and rehabilitating the existing geometrical alignment of improved city streets, which includes portions of curb and gutter removal and replacement, mill and overlays, pavement surface treatments, full depth pavement replacement, and pavement related storm drainage facilities.

"Economic Development Projects and Initiatives" shall mean efforts by the City that facilitate:

a. Business attraction strategies that encourage firms from outside of the City to locate headquarters or other operations within the corporate limits of the City;
b. Business creation strategies that focus on encouraging the formation of new companies that are locally based and will remain in the community and grow;
c. Business retention strategies to keep existing businesses in the community and to encourage them to expand their operations within the community;
d. Enterprise development strategies meant to assist entrepreneurs in support of the creation, growth, and survival of their businesses;
e. Housing strategies that provide affordable options for the workforce; and
f. Public infrastructure projects that have the potential to increase tax base.

Any such efforts shall provide a reasonable expectation of a return on investment to the City in the form of increased property taxes, sales taxes, transient guest taxes, or other municipal revenue. The City Commission shall place a higher priority on projects and initiatives that leverage public and/or private investment that seek to accomplish the aforementioned strategies and that create or retain livable wage jobs.

Section 4: This Ordinance shall be published once in the official city newspaper.

PASSED by the Governing Body of the City of El Dorado, Kansas, and

APPROVED by its Mayor, this ___ day of August 2023.

_____
Bill Young
Mayor

Attest:

_____
Tabitha D. Sharp
City Clerk

Sales Tax Committee Recommendation

June 21, 2023

EL DORADO
KANSAS

www.eldoks.com

Kansas Sales Tax Overview

- A majority of voters must approve a city sales tax in an election.
- A city sales tax may be imposed in increments of 0.05%, not to exceed 2.0% for general purposes and not to exceed 1.0% for special purposes.
- General sales taxes are permanent (i.e., no sunset). Special sales taxes sunset, or expire, after ten years or when the special project is paid in full, whichever occurs first.

El Dorado Sales Tax Overview

State of Kansas:	6.5%
Local Sales Tax:	1.0%
Total:	**7.5%**

Butler County does not currently have a local sales tax.

Some retailers in El Dorado collect a higher sales tax (up to 2%) because of the establishment of a Community Improvement District (CID) to finance public improvements related to an economic development project.

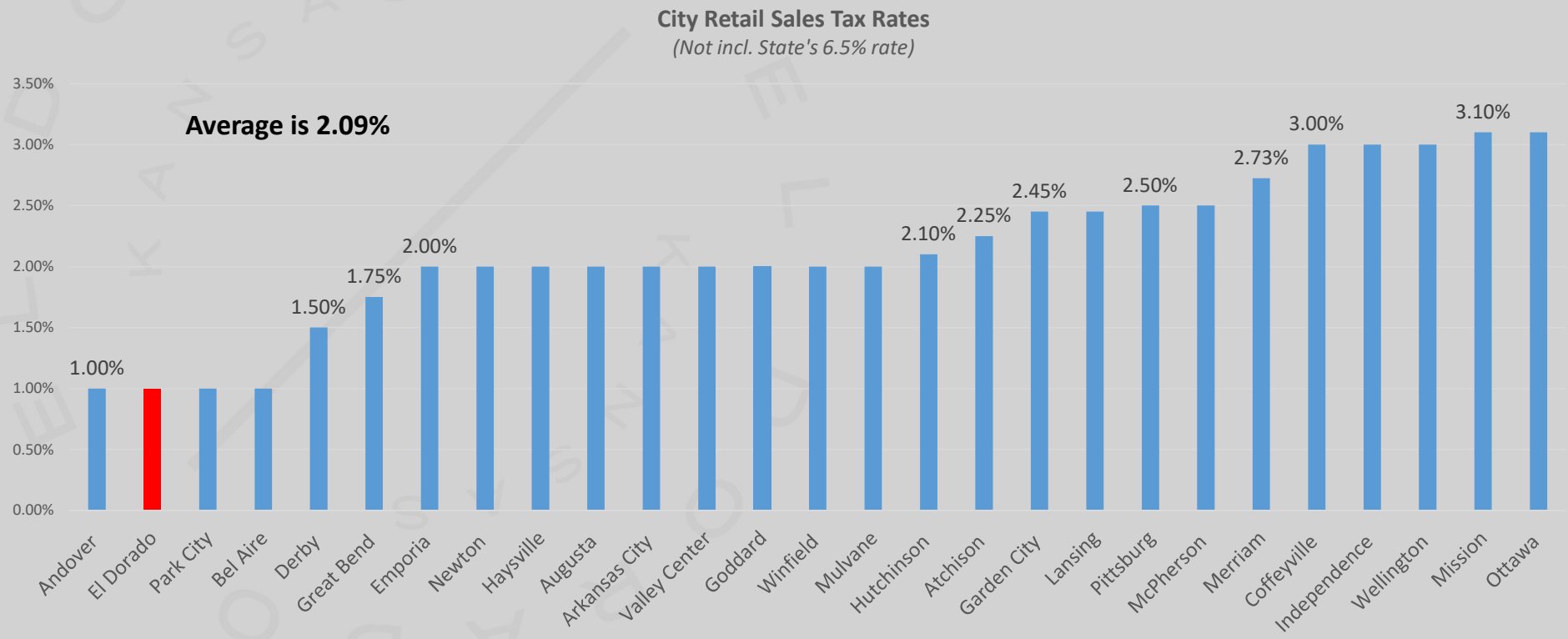
El Dorado Sales Tax Overview

- The City of El Dorado has overwhelmingly voted in favor of a one-cent (1%) sales tax since 1990.
- The current sales tax will end September 30, 2024 unless renewed by voters.
- The ordinance allocates funds as follows:
  - $1.65 million to property tax reduction;
  - $600,000 to street rehabilitation; and
  - $100,000 to economic development.
  - Funds in excess of $2.35 million are allocated to the Excess Sales Tax Program.

Sales Tax Performance

- The compound annual growth rate of sales tax receipts is **2.4%** since 2013.
- Sales tax receipts have increased **18.6%** since 2020.
- An estimated **25-30%** of sales tax receipts originate from people living outside El Dorado.

Sales Tax Comparatives



Sales Tax Ballot Options

Option	Duration	Functions	Formula	Percentage
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Proposed Ballot Question

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of ~~five~~ ten years from and after the first day of October 2024~~19~~, in the City of El Dorado, Kansas, to take effect on the first day of October 2024~~19~~, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $~~6~~900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance ~~No. G-1281~~, which retailers' sales tax shall continue in full force and effect?"

Recommended Ballot Language

"Shall the city retailers' sales tax in the amount of one percent (1%) be extended for a period of ten years from and after the first day of October 2024, in the City of El Dorado, Kansas, to take effect on the first day of October 2024, with the first $1,650,000, or 58%, whichever is greater, to be allocated annually for property tax reduction, the next $900,000, or 32%, whichever is greater, to be allocated annually for street rehabilitation within the City of El Dorado, the next $100,000, or 4%, whichever is greater, to be allocated annually to a fund for economic development purposes, and with the balance being distributed per ordinance, which retailers' sales tax shall continue in full force and effect?"

Process and Schedule

Date	Purpose/Key Objectives
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August to November	• Implement Communication Plan to Inform Community of Ballot Question
November 7	• General Election
October 1, 2024	• Effective Date of Sales Tax *(if approved by voters)*

Next Steps

- The City Commission considers a resolution to place the ballot question on the November general election ballot (November 7, 2023).

- The City may being communicating information about the sales tax, although it cannot advocate for its support.

- If voters approve the sales tax, the City Commission will consider an ordinance adopting the sales tax and making it effective in October 2024.

City of El Dorado
2024 Budget

June 14, 2023

The Budget: Purpose

What is it for and why do we have it?

- **PLANNING**
  Estimating revenues and projecting expenditures to create a balanced budget
- **PRIORITIZING**
  Identifying what services to provide and at what level of service
- **POLICY SETTING**
  Identifying a plan of action for consistent, legal, and fair financial management

Municipal Government Challenges

- Low trust in government institutions, including local government
- Municipal workforce recruitment and retention
- Next-generation leadership development
- Increasing prominence (and cost) of natural disasters
- Aging and obsolete infrastructure
- Cybersecurity

Municipal Government Trends

- Accelerated Technology → AI, cloud computing, data analytics
- Convergence of physical and digital realms → social media's impact on operations
- Interagency collaboration and regionalism → BCC ballfield partnership; BASE grant
- Blurring of the lines between public and private → daycare discussions
- Rise of networked power → BG Stadium and EFABC
- From public to "network" trust → fentanyl crisis and local response

2024 Budget Considerations

Municipal Service Delivery

Is there any desire to modify existing services? What are the priorities for maintaining existing or enhancing services?

Employee Compensation

Public services are personnel intensive. How does the City Commission want to allocate resources towards employee compensation?

Price of Government

What is the politically acceptable “price of government?” Should the City increase taxes to maintain public services?

Municipal Service Delivery

Maintaining Services

The Municipal Cost Index shows that operational costs may be cooling, although the index remains stressed showing average prices increasing 3% compared to 12% a year ago.

“Enhanced” Services

Improving service delivery often requires additional resources. Are there specific priorities the City Commission wishes to allocate resources?

Modifying Services

Are there services that should change to reflect the needs and priorities of the community?

Municipal Service Delivery

Considerations for Maintaining Services:

Generally, the City is not seeing spending increases in “core expense” categories that affect all departments. This may mean departments are effectively managing budgets or costs are not impacting spending as much as originally projected.

- Year-to-date, the City has spent $470,324 on ***property and casualty insurance*** compared to $417,877 from the same period a year ago representing a 12.5% increase in this category.

- Year-to-date, general operations have spent $46,198 on ***fuel and lubricants*** compared to $69,039 from the same period a year ago representing a 49% decrease in this category.

- Year-to-date, general operations have spent $185,106 on ***utilities*** compared to $195,558 from the same period a year ago representing a 6% decrease in this category.

Municipal Service Delivery

Considerations for "Enhanced" Services:

The following budget additions represent examples of enhancements to improve municipal services. (Note: The cost of new positions includes the cost of salary and benefits.)

- Police: KLEAP Coordinator at $75,000
- Fire: Firefighters (3) at $232,000
- Police: Code Enforcement Officer at $70,000
- Police: Flock Camera System at $30,000
- Finance: Budget Analyst at $55,000
- Engineering: Demolition and/or Acquisition

Municipal Service Delivery

Examples of Modified Services:

- Contracting services
- Public-private partnerships
- Grants, loans, subsidies
- Sale or exchange of property
- Procurement (leasing v. owning)
- Catalyzing and/or convening nongovernmental efforts
- Automation

Employee Compensation

Cost–of–Living Adjustment

COLAs provide an increase to salaries to counteract the effects of rising prices in the economy, and provides a means of retaining employees.

Merit Adjustment

A “pay-for-performance” system adjusts employee compensation based on the employee’s annual performance evaluation.

Benefits

The City provides other benefits, such as health insurance, as an indirect form of compensation. Health insurance premiums are expected to increase 5%.

Employee Compensation

	3% Allowance	4% Allowance	5% Allowance	6% Allowance
Tax-Levied Funds	$176,638	$235,517	$294,397	$353,276
Enterprise Funds	$86,053	$115,220	$144,025	$172,830
TOTAL	**$262,691**	**$350,737**	**$438,421**	**$526,106**

The City uses two primary modes of adjusting employee salaries:

- A **Cost-of-Living Adjustment** (COLA) provides an increase to employee salaries to counteract the effects of rising prices in the economy. Employees receive the same rate of increase.
- **Merit adjustments** provide an adjustment to employee salaries based on annual performance evaluations. For this reason, employees do not receive the same rate of increase.

The City Commission should decide if it prefers a COLA and/or merit adjustment and the resources to allocate towards adjustments in next year's budget.

Price of Government

Revenue Neutral Rate (RNR)

The RNR will generate the same amount of property taxes ($6.03 m) as the current budget year. Staying at this level may decrease purchasing power if prices increase significantly.

Exceeding the RNR

Maintaining or enhancing services may require additional dollars. Staff estimates an increase of about 5% just to maintain services at existing levels.

Other Revenues

The City plans to review other revenues to determine if an increase is warranted to help offset general government expenses.

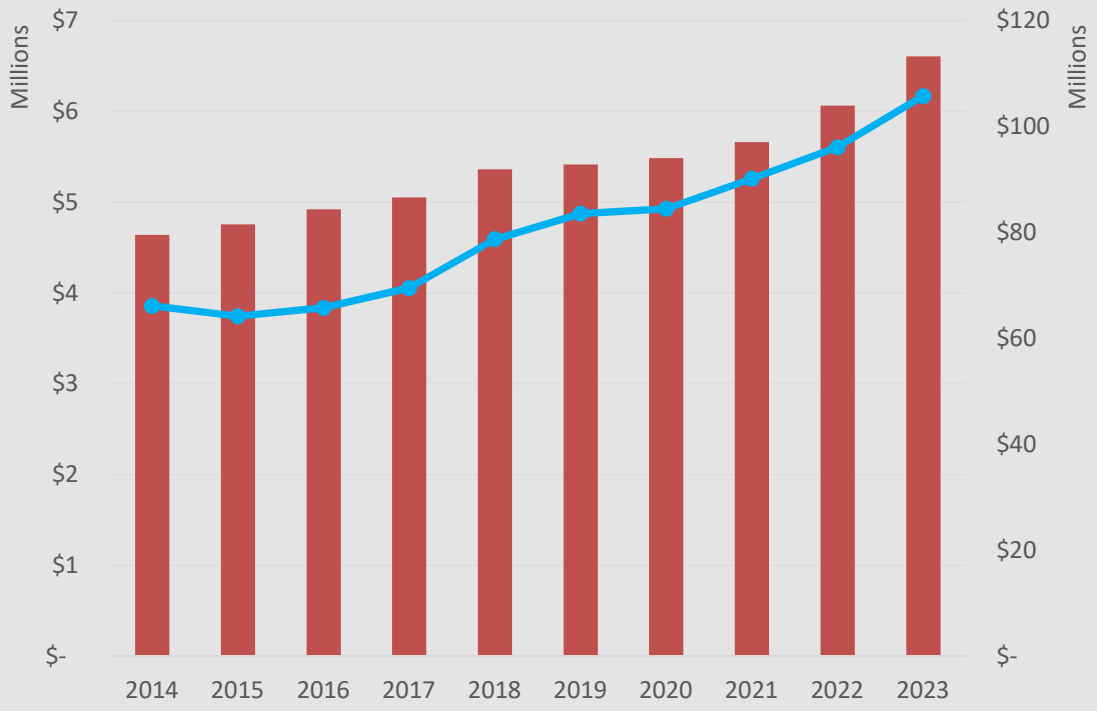
Price of Government

- Historically, the focus of the budget discussion has been on the *mill levy*.
- The focus should instead be on the *City Commission's priorities* and the *municipal services desired by the community*.
- These two factors translate into the resources that allow the municipal government to make progress on its priorities and to provide services at a quality desired by citizens.
- *Resources* are the total allocation of revenues, including property taxes, that provide the economic input to accomplish the City's priorities and provide public services.
- Priorities + Resources = Progress!

Property Tax Trend

Highlights

- Assessed valuation has increased at a compound annual growth rate of 3.6%.
- Property taxes have increased at a compound annual growth rate of 4.8% over the last ten years.



Mill Levy Supported Funds

Fund	Revenue Neutral	Property Taxes	Full Valuation	Property Taxes
General	36.351	$4.14 m	41.729	$4.75 m
Debt Service	10.008	$1.14 m	10.008	$1.14 m
Library	4.718	$0.54 m	5.000	$0.57 m
Industrial	1.036	$0.12 m	1.000	$0.11 m
Airport	0.837	$0.09 m	0.927	$0.11 m
TOTAL	**52.949**	**$6.03 m**	**58.664**	**$6.68 m**
			Difference	**$650,000**

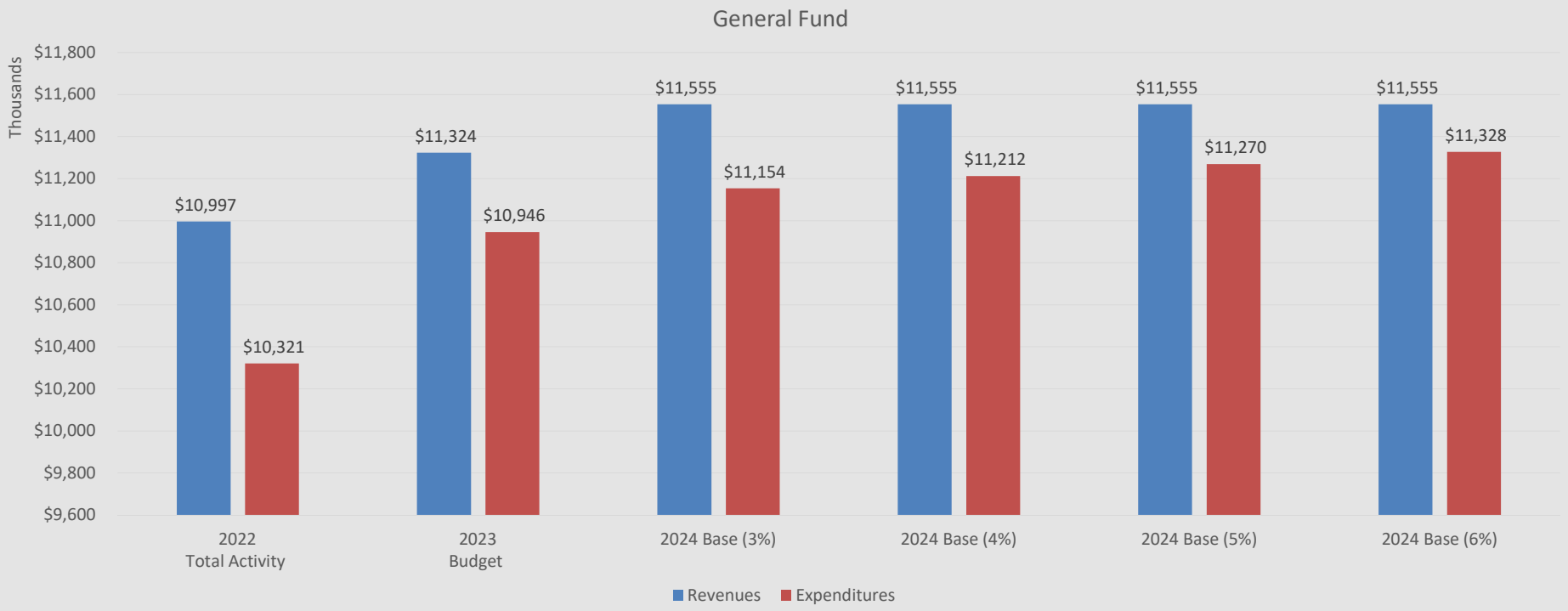
Revenue Neutral Rate Scenarios

Scenario	Assessed Value	Mill Levy	Property Taxes	Difference
Current	$102.7 million	58.664	$6.03 million	NA
“100% Valuation”	$113.9 million	58.664	$6.68 million	$650,000
“75% Valuation”			$6.52 million	$488,000
“50% Valuation”			$6.36 million	$325,000
“25% Valuation”			$6.20 million	$162,700
“Revenue Neutral”		52.949	$6.03 million	$0

Revenue Neutral Rate Scenarios

		COLA/Merit			
	Est. Cost	3%	4%	5%	6%
		$176,638	$235,517	$294,397	$353,276
Scenario	Available	Amount Remaining			
“100% Valuation”	$650,000	$473,362	$414,483	$355,603	$296,724
“75% Valuation”	$488,000	$311,362	$252,483	$193,603	$134,724
“50% Valuation”	$325,000	$148,362	$89,483	$30,603	($28,276)
“25% Valuation”	$162,700	($13,938)	($72,817)	($131,697)	($190,576)
“Revenue Neutral”	$0	$0	$0	$0	$0

Revenues and Expenditures



Procedural Matters

- The City Commission will need to decide whether to exceed or remain at the Revenue Neutral Rate. The City must provide its Intent to Exceed the Revenue Neutral Rate to the County by July 20.

- Staff recommends providing notice of Intent to Exceed the Revenue Neutral Rate to prevent a “fatal” error. Current statutes make the City liable for third-party errors or omissions that may occur during the process.

- The City may decrease the amount of property taxes in next year’s budget after this date, although it cannot increase it above the amount provided in the notification.

- Budget discussions will continue over the next few weeks. Staff anticipates scheduling the Revenue Neutral Rate and budget hearing for August 20.

Discussion

- Are there specific areas that the City Commission desires to increase funds to enhance or modify services?
- Or does the City Commission want to maintain services at present levels?
- What is the City Commission's preference for employee compensation for the upcoming budget?
- Should salary adjustments be provided as a COLA, merit adjustment, or a combination of the two?
- Are there other considerations staff needs to consider in preparing next year's budget proposal?

Questions?