



**EL DORADO CITY COMMISSION - WORK SESSION AGENDA
CITY HALL – 220 E. FIRST AVENUE
July 1, 2026 - 5:00 PM**

Work Session Discussion Items:

- a. 2027 Preliminary Budget Discussion

Regular Agenda Preview:

- a. Items to be Placed on the Consent Agenda
 - i. Meeting Minutes
- b. Items to be Placed on the Regular Agenda
 - i. Dangerous Structures Public Hearing
 - ii. Consideration of an RHID/CID for the Greens at Prairie Trails
 - iii. Consideration of the submission of intent to exceed the Revenue Neutral Rate for the 2027 Budget

Reports:

- a. City Commission Reports
- b. City Manager Report

Preliminary Budget

2027



Decision Points

- **Does the City Commission want to adhere to the Revenue Neutral Rate?** If so, staff will prepare options for the governing body to consider prior to the adoption of the budget.
- **Does the City Commission want to increase property taxes to fund services at current levels?** If so, the governing body will need to provide some guidance on the appropriate mill levy threshold for the preparation of the *Notice to Exceed the Revenue Neutral Rate* for consideration at the July 6 meeting.

Mission and Purpose

Vision Statement

“The City of El Dorado strives to create a desirable place to call home.”



Mission Statement

“Enhancing Quality of Life by Embracing Service Excellence”

Budget Priorities



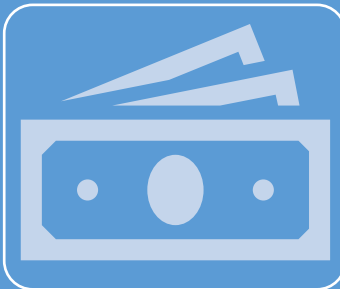
Maintain Service Delivery

- Focus on essential services
- Quality workforce



Focus on Maintaining Existing Assets

- Preservation of critical infrastructure
- Avoid unnecessary expansion of assets



Continue Fiscal Discipline

- Maintain strong financial position
- Spend less than operating revenues

Budget Considerations

- The City will budget the funds needed to pay its annual debt service payments.
- Fund balances should not be used to fund operations, although there is some flexibility to fund capital projects.
- Management's preference is to develop a proposed budget that does not require staffing reductions.
- The "Revenue Neutral" Scenario will require significant reductions to operating expenses or transfers.
- Where possible, all mill levy funds should be considered for expense reductions to reduce the impact to the City's mill levy.

Budget Considerations

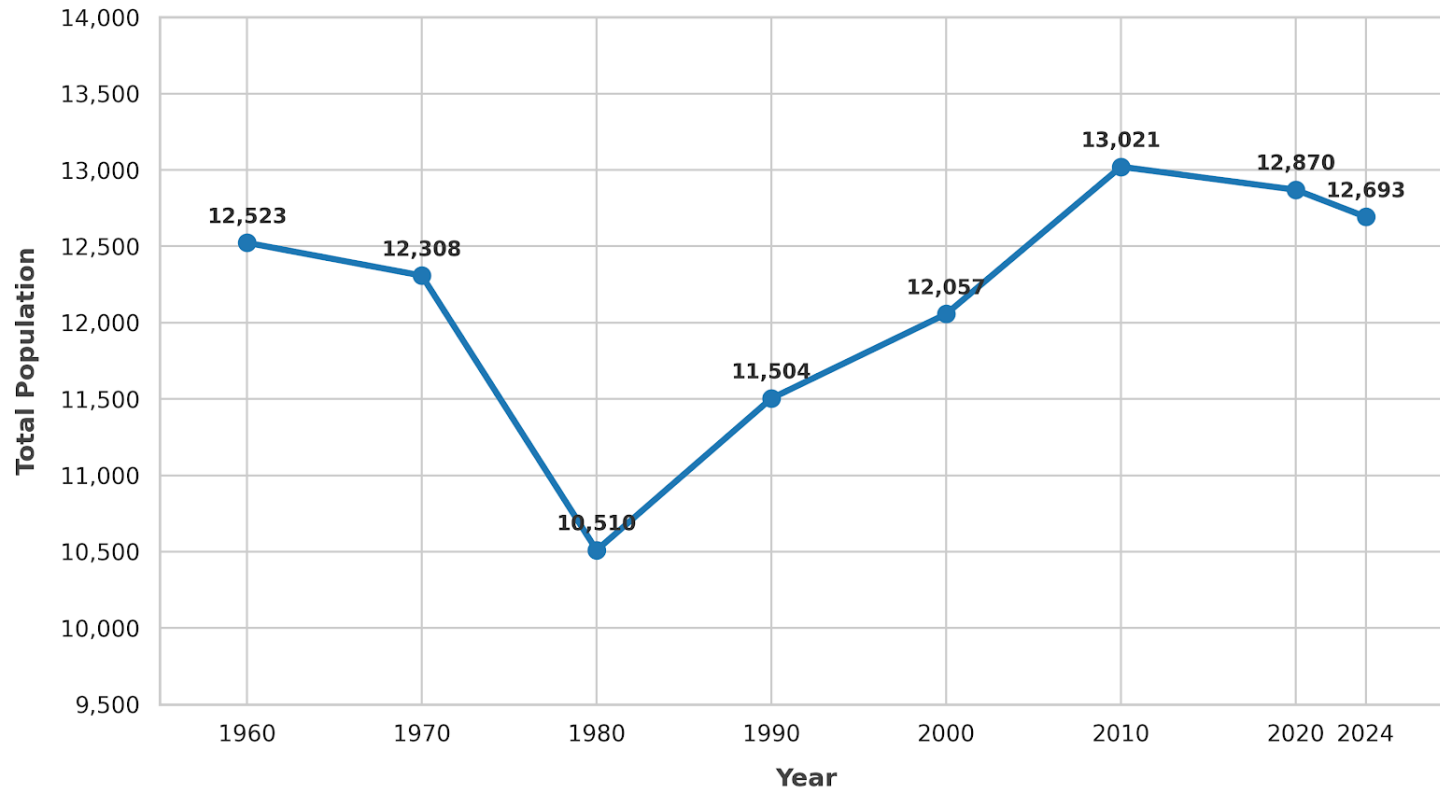
- Several positions are being reallocated to Enterprise Funds to reduce the budgetary impact to the General Fund.
- The City will need to budget approximately \$200,000 to fund its continued participation in the Fleet Leasing Program.
- The organization is planning for the replacement of various vehicles and equipment valued at \$240,000.
- No transfers to the Equipment Reserve Fund or Building Maintenance Fund are included in the preliminary budget.
- No adjustments to employee compensation are included in the preliminary budget.

Influential Trends

2027 Preliminary Budget

Influential Trends

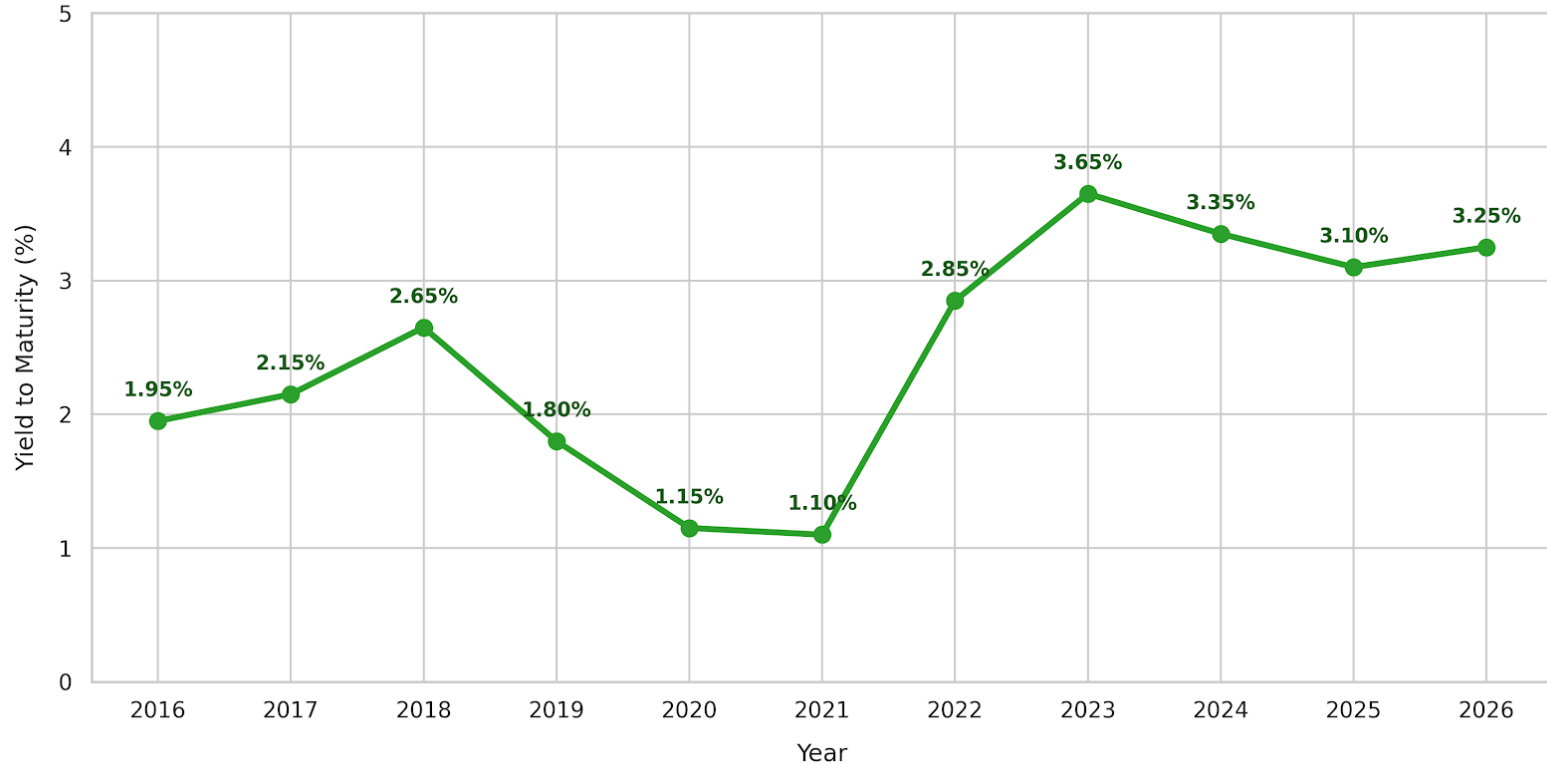
El Dorado, Kansas Population Trend (1960 - 2024)



- El Dorado's population has changed less than 1.4% since 1960.
- Since its peak in 2010, El Dorado's population has declined by about 2.5%.
- Recent population trends have not required significant extension of new infrastructure or service delivery enhancements.

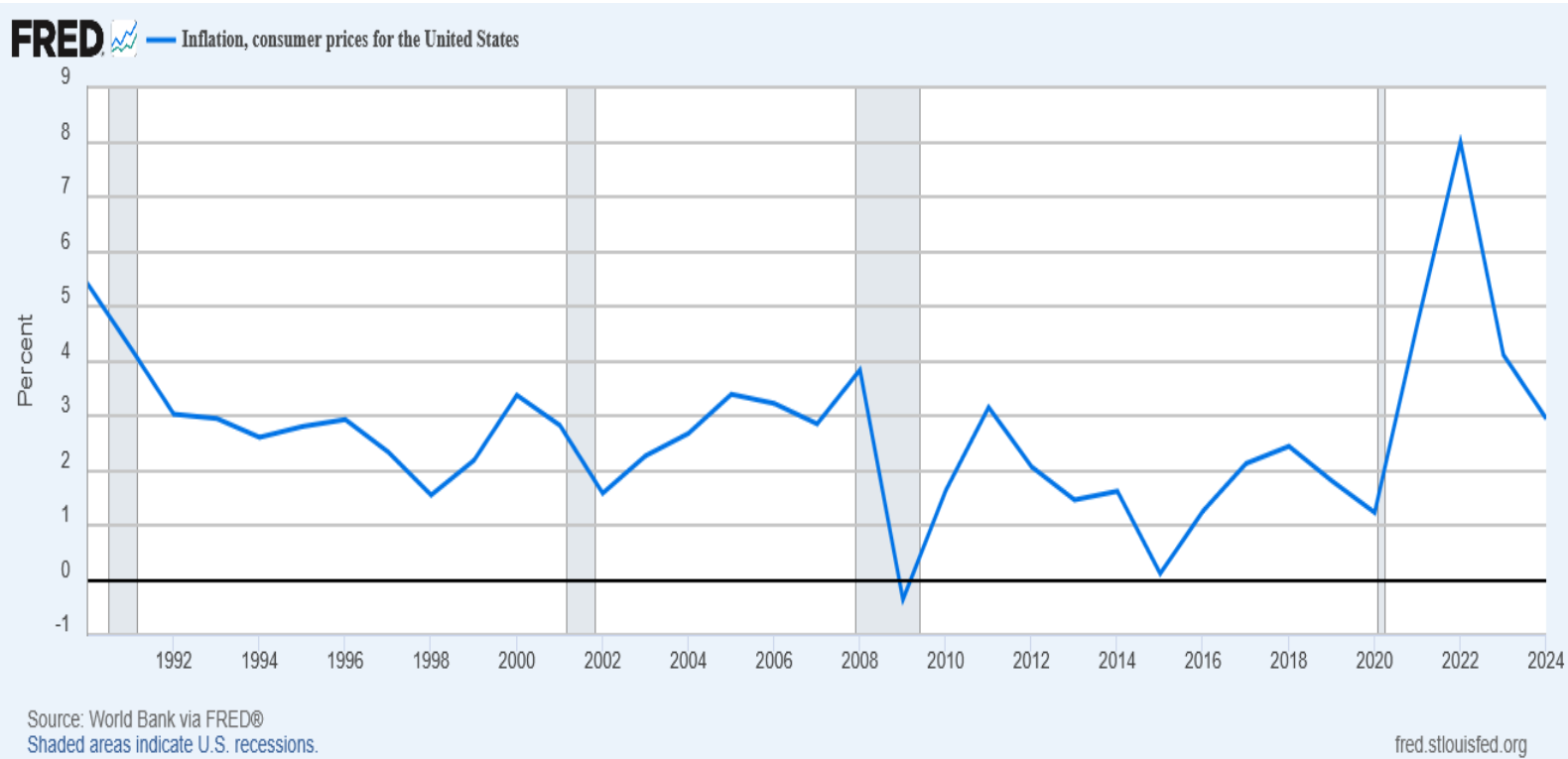
Influential Trends

10-Year AA+ General Obligation (G.O.) Bond Tax-Exempt Yields (2016 - 2026)



- The City's cost to borrow money remains above 3% since 2023.
- This seems high given the historically low rates since the Great Recession in 2008.
- The Fed seems content holding its 10-year benchmark rates steady. G.O. issuers will likely continue to see stable rates on new municipal issues.

Influential Trends



- Inflation remains a continued factor for consumers and municipal governments.
- The Federal Reserve reported inflation at 2.9% in 2024.
- Current estimates suggest an inflation rate upwards of 4%.

Influential Trends

Electric and Natural Gas Costs

- Every commercial rates are expected to increase 8.4%.
- Kansas Gas rates are anticipated to increase 7%.
- The City relies on electricity and natural gas to provide power to its facilities and critical infrastructure.

Motor Fuel Expenses

- Conflicts in Ukraine and Iran have led to uncertainty in the oil and gas markets.
- The City purchases diesel and unleaded fuel for its fleet on contract to mitigate risk and control costs.

Insurance Expenses

- Property insurance premiums have increased significantly in our region.
- Increasingly severe weather will continue to put pressure on insurance premiums as providers attempt to recover losses.
- The City's property and liability insurance increased 11% in 2026.

Influential Trends

Federal Funding

- The City was fortunate to receive funding from pandemic-era relief funds, but those programs are expiring.
- The City applied for several federal grants, including FAA funding and the Safe Streets and Roads for All grant.
- The future of federal funding is uncertain. Congress is looking at suspending the federal gas tax and grants will be increasingly competitive, if funded.

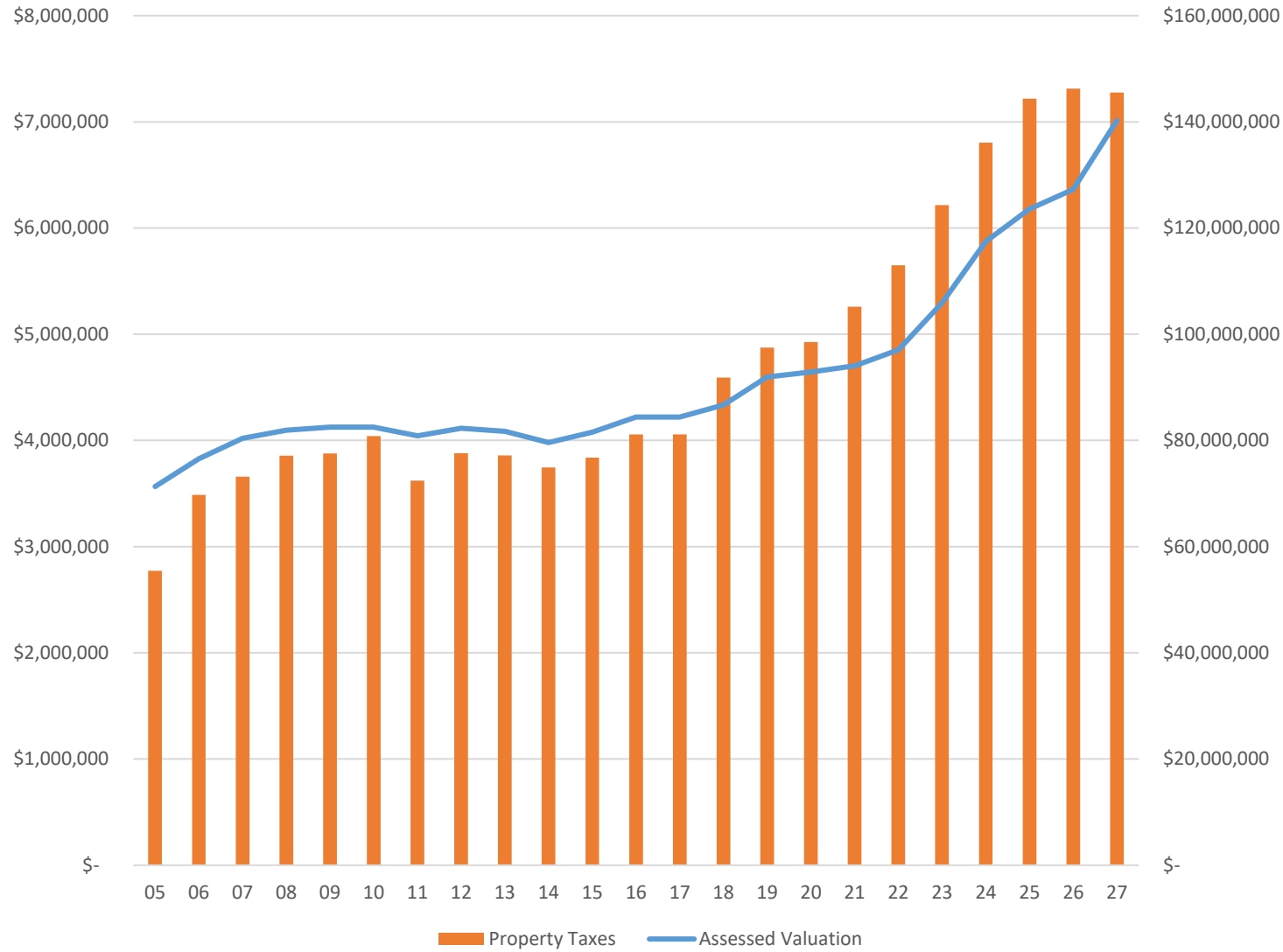
Property Tax Paradigm Shift

- The Legislature continues to prioritize decreasing property taxes at the local level.
- Recent efforts have attempted to limit assessed valuation increases and mill levy rates traditionally approved local governments.
- Future statutes may impair the City's ability to raise revenues to address economic uncertainty.

Local Economy and Sales Tax

- El Dorado's sales tax receipts remain strong.
- A macroeconomic recession or a downturn in the oil and gas industry will likely affect the local economy.
- Refinery turnarounds provide a much-appreciated bump in local sales tax revenue from visitors. The next turnaround is scheduled for Fall 2026.

Influential Trends

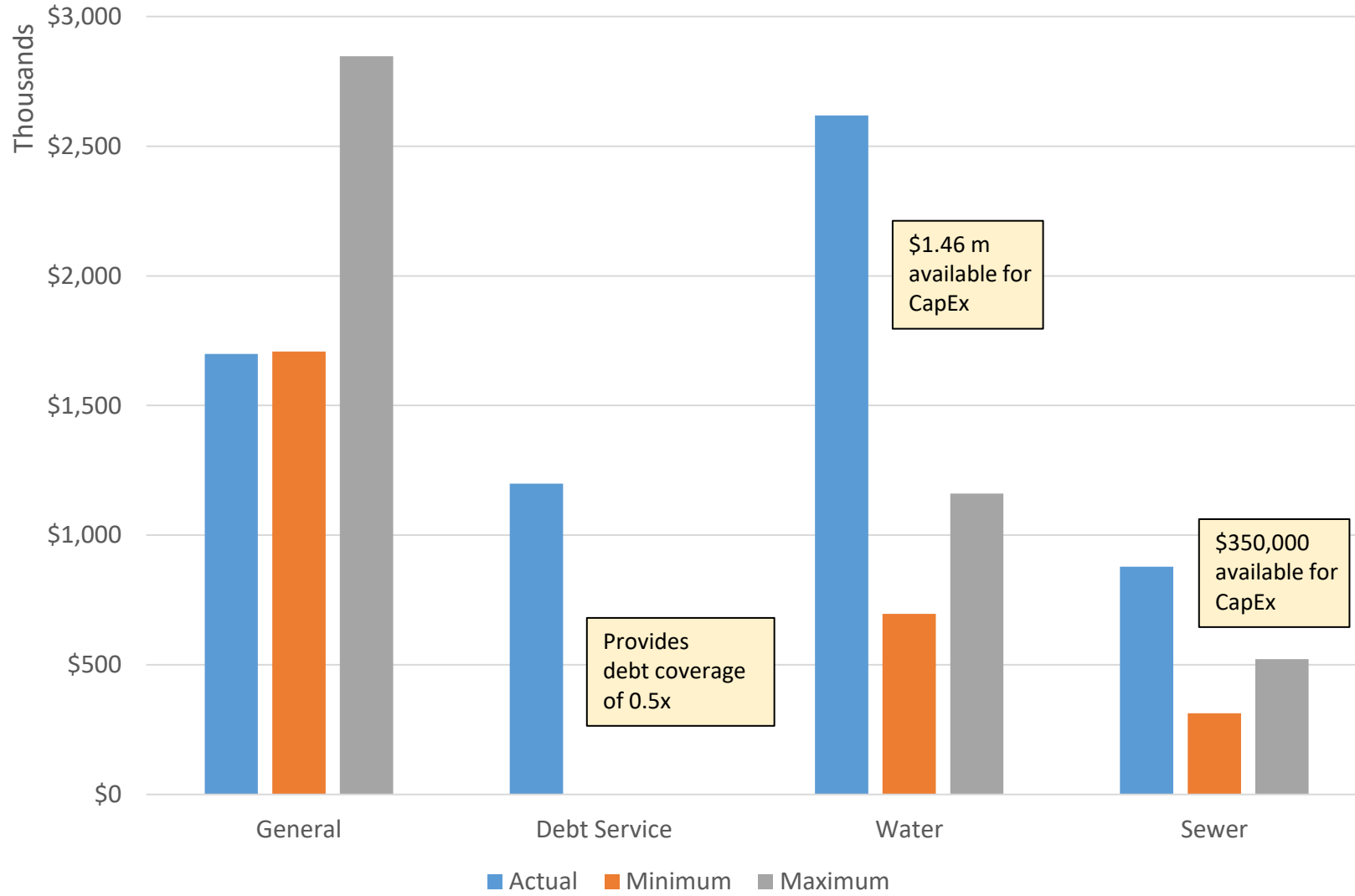


- Since 2018, assessed valuation has increased at a compound annual growth rate of 4.9%.
- During that same period, property taxes have increased at a compound annual growth rate of 4.7%.

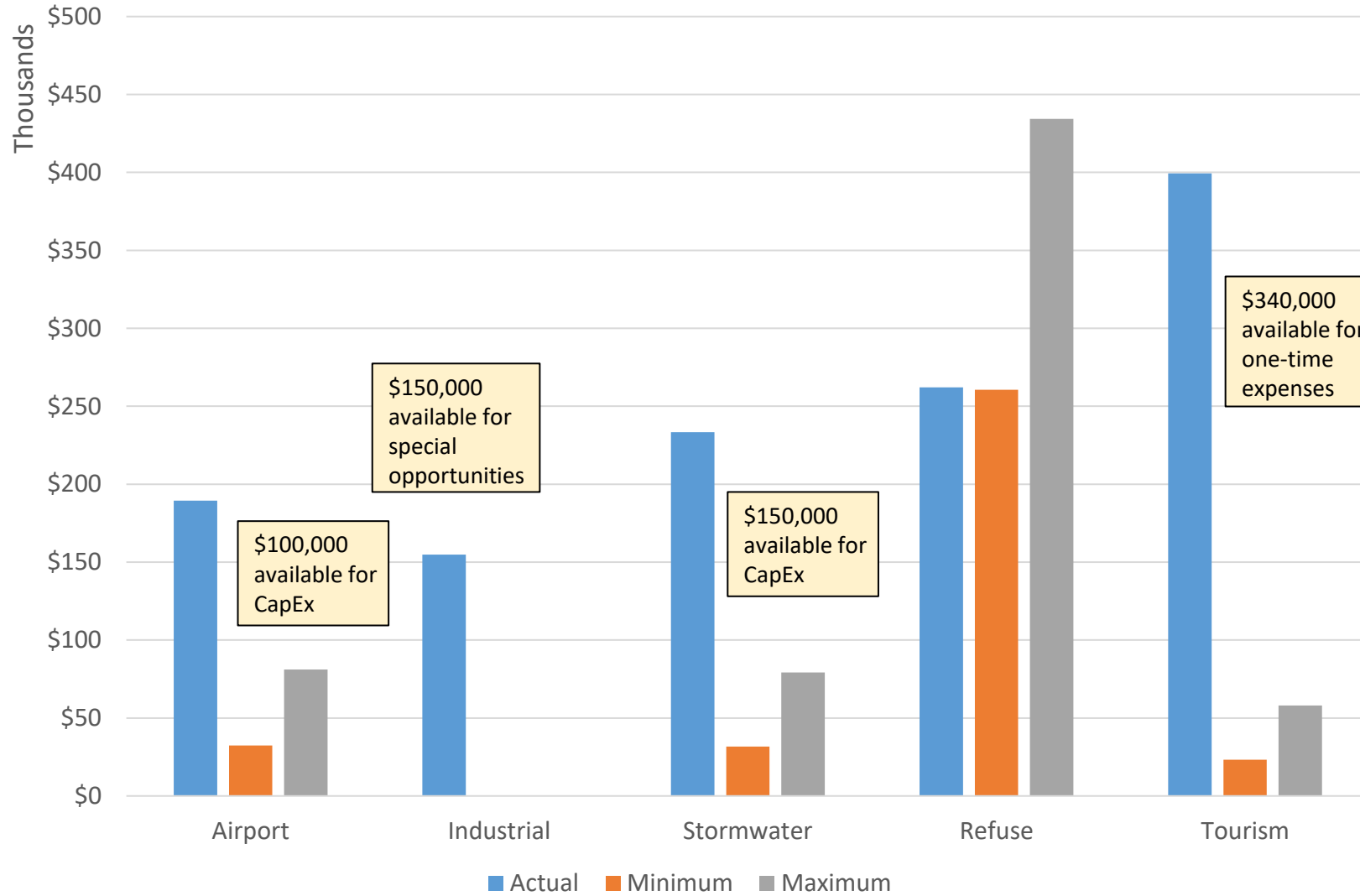
Fund Balances

2027 Preliminary Budget

Fund Balances



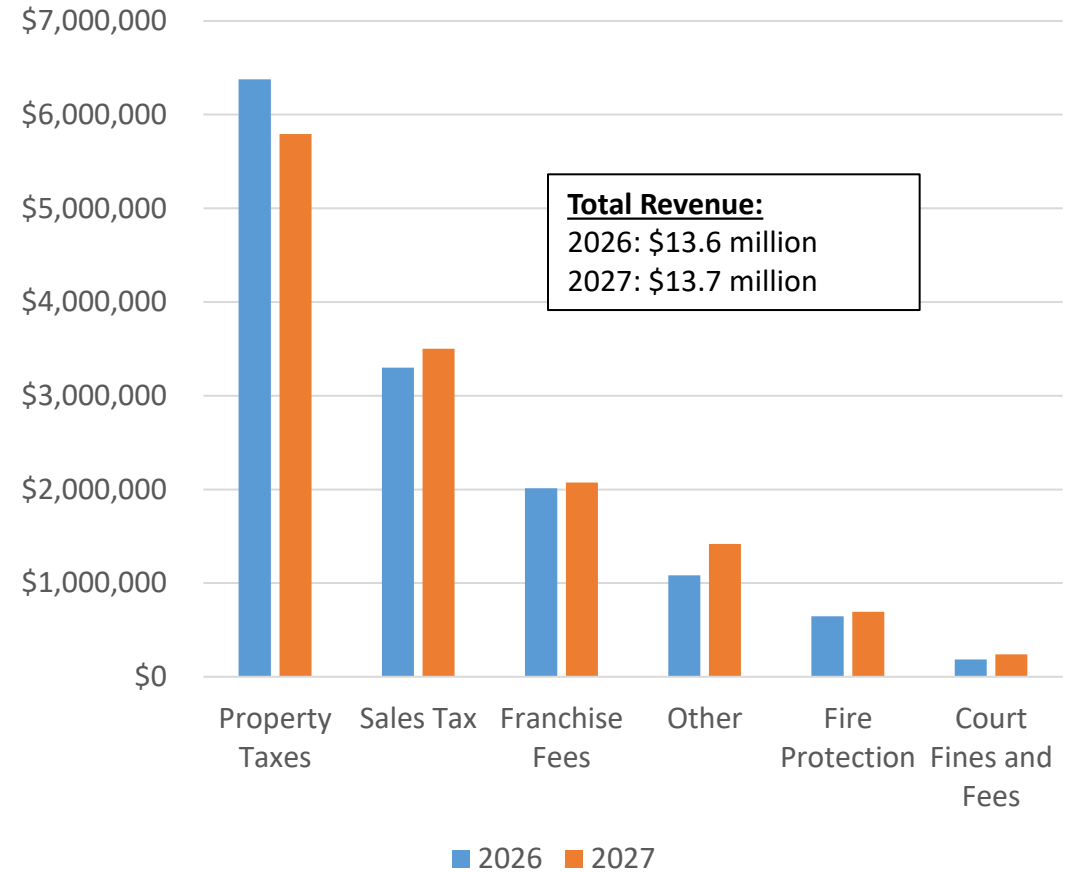
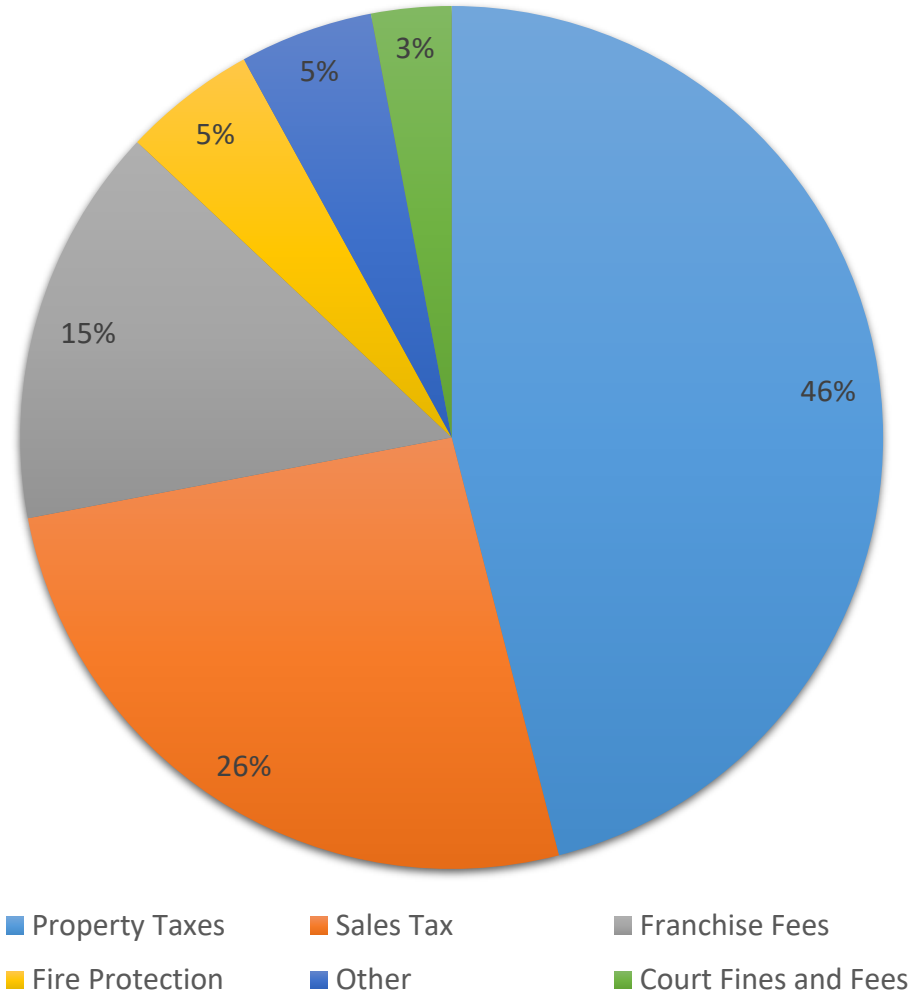
Fund Balances



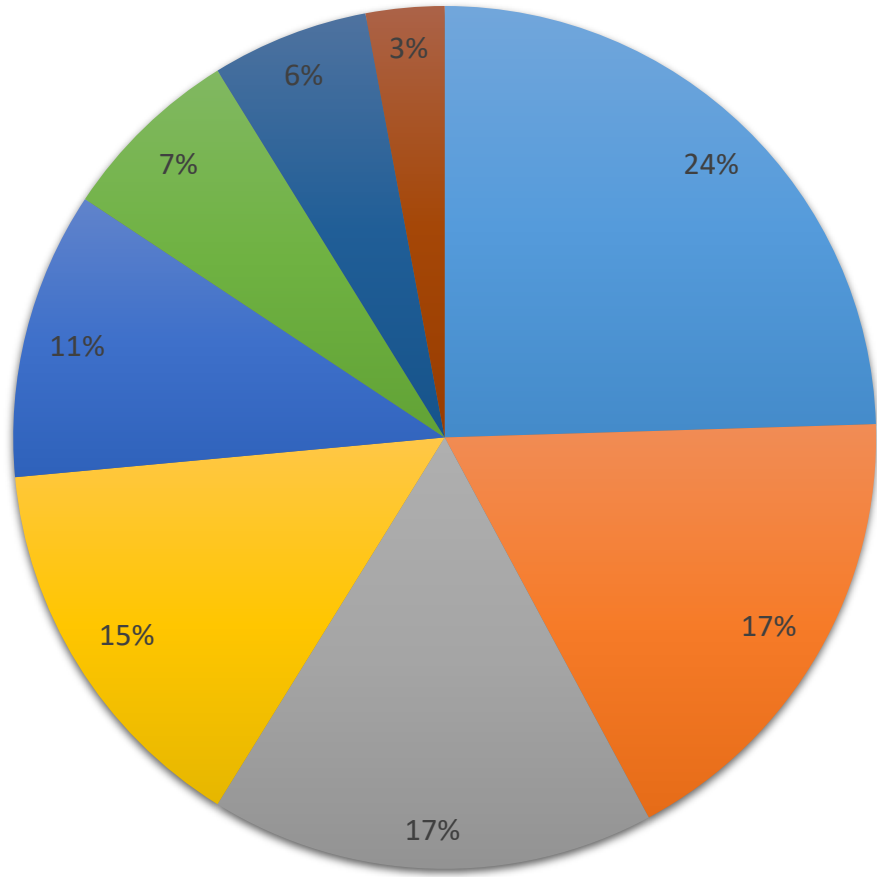
General Fund

2027 Preliminary Budget

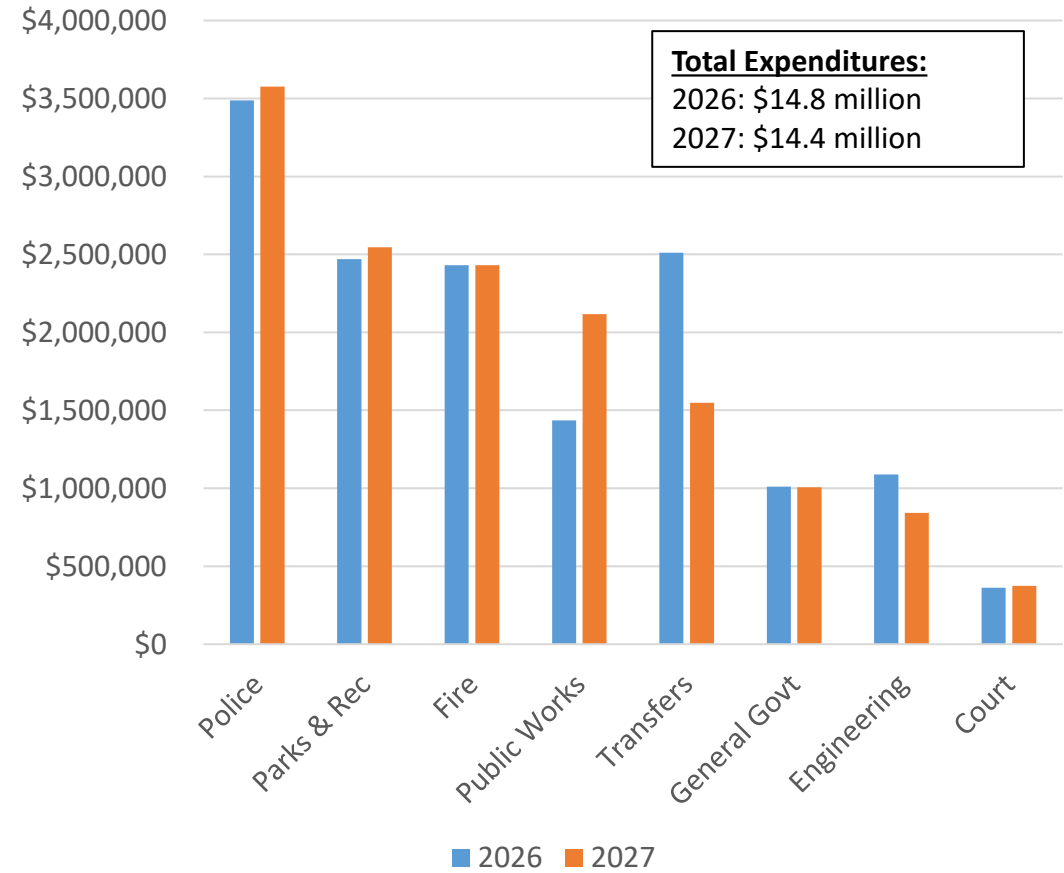
General Fund: Revenue



General Fund: Expenditures



■ Police
 ■ Parks & Rec
 ■ Fire
 ■ Public Works
■ Transfers
 ■ General Govt
■ Engineering
■ Court



Department Highlights

Police Department

- Expenditures: \$3.47 million
- 27 Certified Officers (\$3.0 million):
 - 2 Executive Staff
 - 4 Lieutenants
 - 5 Patrol Sergeants
 - 11 Patrol Officers
 - 5 Detectives
- 2 Civilian Staff
- Overtime: \$100,000
- Fleet Leasing: \$84,715
- Fuel: \$50,000
- Clothing/Outfitting: \$20,000

Fire Department

- Expenditures: \$2.4 million
- 17 Firefighters (\$2.1 million):
 - 2 Executive staff
 - 3 Captains
 - 3 Lieutenants
 - 9 Firefighters
 - 10 Part-time Firefighters
- Overtime: \$125,138
- Clothing/Outfitting: \$34,000
- Utilities: \$33,000
- Fleet Leasing: \$14,200

Department Highlights

Public Works Department

- Expenditures: \$2.1 million
- 18 Full-time Employees:
 - Streets (\$1.1 million)
 - Environmental Services (\$217,370)
 - Animal Control (\$160,793)
- Street Maintenance: \$476,000
- Janitorial Contract: \$75,000
- Veterinary Services: \$14,000

Parks and Recreation Department

- Expenditures: \$2.2 million
- 13 Full-time Employees:
 - Parks (\$324,385)
 - Recreation (\$995,830)
 - Cemetery (\$318,900)
 - Pool (\$186,327)
- 97 Part-time Employees (\$595,235)
- Recreation Supplies/Awards: \$37,500
- Fleet Leasing: \$36,500
- Pool Chemicals: \$35,000

Department Highlights

Engineering Department

- Expenditures: \$819,280
- 5 Full-time Employees (\$526,025)
- Utilities: \$222,000
- Streetlights: \$220,000
- Contract Services: \$12,000
- Fleet Leasing: \$12,000

Municipal Court

- Expenditures: \$344,409
- 1 Full-time Court Clerk (\$76,750)
- Contract Services:
 - Judge and Prosecutor (\$96,600)
 - Probation Officer (\$40,000)
 - Court-Appointed Attorneys (\$12,000)
- Prisoner Care (\$95,000)

Department Highlights

General Government

- Expenditures: \$970,213
- Internal Services (\$700,000)
- Main Street (\$90,000)
- City Attorney Fees (\$60,000)
- Audit-related Fees (\$16,500)
- Investment Advisor Fees (\$12,000)
- Commission Compensation (\$8,620)
- Retiree Benefits (\$8,500)
- Municipal Band (\$7,200)
- Youth Symphony (\$7,000)
- Municipal Code Updates (\$1,500)

Scheduled Equipment Replacement

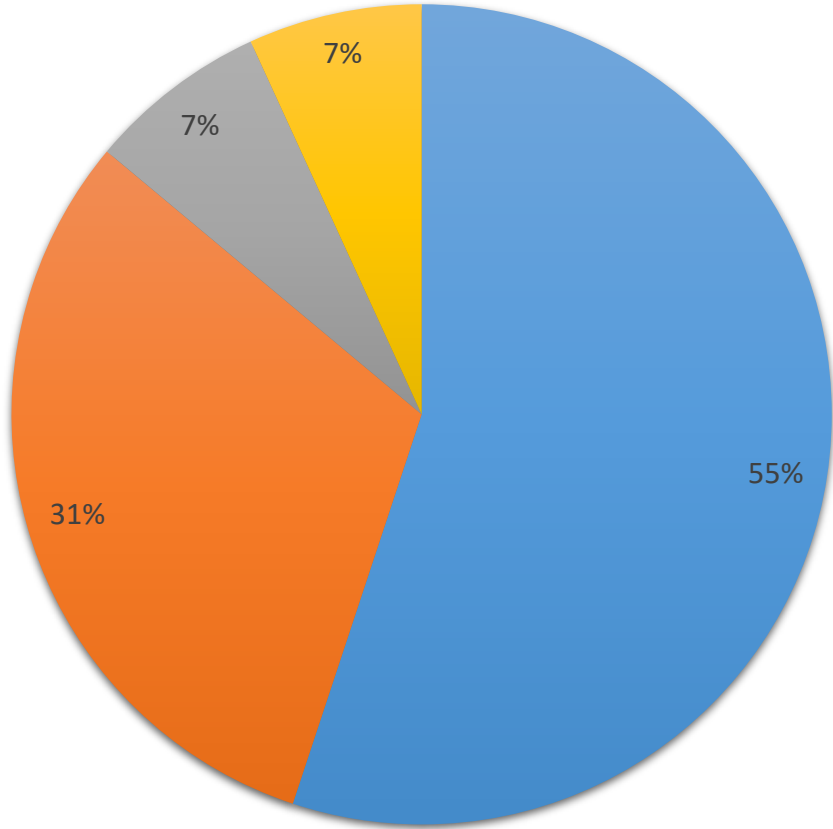
- Unbudgeted Expenditures: \$440,000
- Police Vehicles (\$200,000)
- Backhoe (\$100,000)
- Motor Grader (\$65,000)
- Animal Control Vehicle (\$50,000)
- Mowers (\$25,000)
- These expenses would be paid from the Equipment Reserve Fund.
- No transfer is included in the preliminary budget.
- Fund balance would be spent down and may affect future equipment replacement.

Debt Service Fund

2027 Preliminary Budget

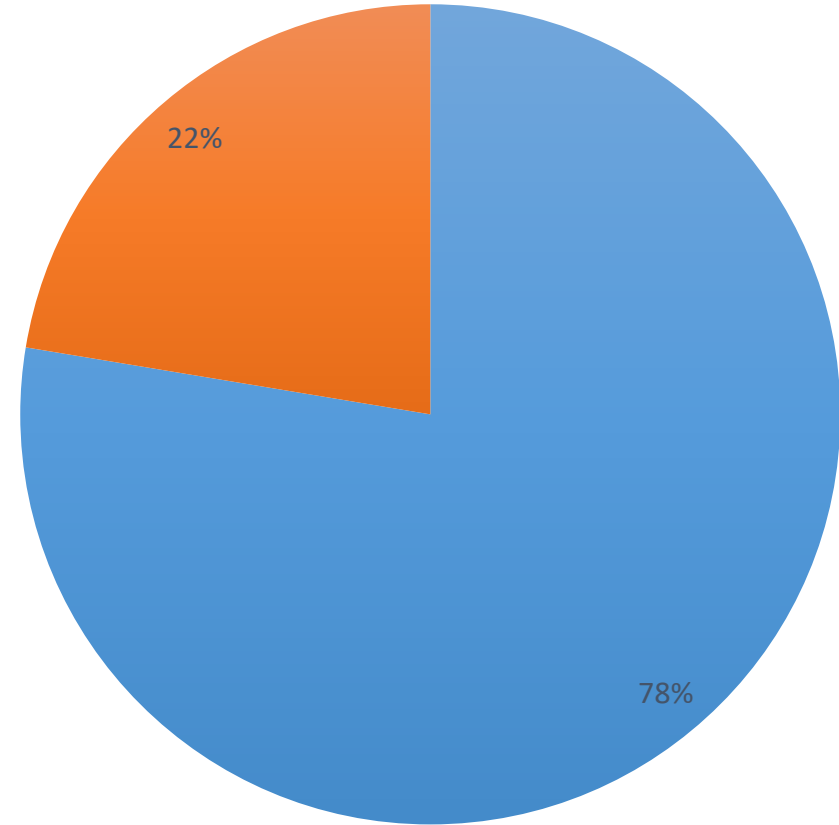
Debt Service Fund

Revenue



■ Property Taxes ■ Special Assessments ■ Concessions & Leases ■ Other

Expenditures



■ Bond Principal ■ Bond Interest

Outstanding Debt Obligations

- As of January 1, 2026, the City had the following outstanding debt obligations:

Debt Issue	Amount Issued	Amount Outstanding	Maturity Date
2024-1 Temporary Note*	\$3,870,000	\$4,121,550	November 2027
2013 G.O. Bond	\$6,645,000	\$937,608	November 2028
2016 G.O. Bond	\$8,515,000	\$1,250,900	November 2027
2019 G.O. Bond	\$2,835,000	\$2,701,400	November 2039
2021 G.O. Bond	\$6,340,000	\$5,647,500	November 2041
2024 G.O. Bond	\$5,940,000	\$7,692,444	November 2044
TOTAL	\$34,145,000	\$22,351,402	

* Balance will be rolled into long-term bonds at maturity.

Debt Facts:

- Debt per Capita: \$1,290
- Statutory Debt Limit: 19%
- Lake Debt (inactivated): \$53 million



Annual Debt Service Payments

Debt Issue	2026 Payments	2027 Payments	Allocation
2013 G.O. Bond	\$313,163	\$311,058	Debt Service (92%); Water (7%); Sewer (1%)
2016 G.O. Bond	\$919,400	\$331,500	Debt Service (15%); Water (3%); Sewer (80%); Library (3%)
2019 G.O. Bond	\$195,400	\$191,500	Debt Service (100%)
2021 G.O. Bond	\$577,500	\$580,500	Debt Service (100%)
2024 G.O. Bond	\$635,206	\$641,956	Debt Service (55%); Water (39%); Sewer (6%)
TOTAL	\$2,640,669	\$2,056,514	

2027 Payment Allocations:

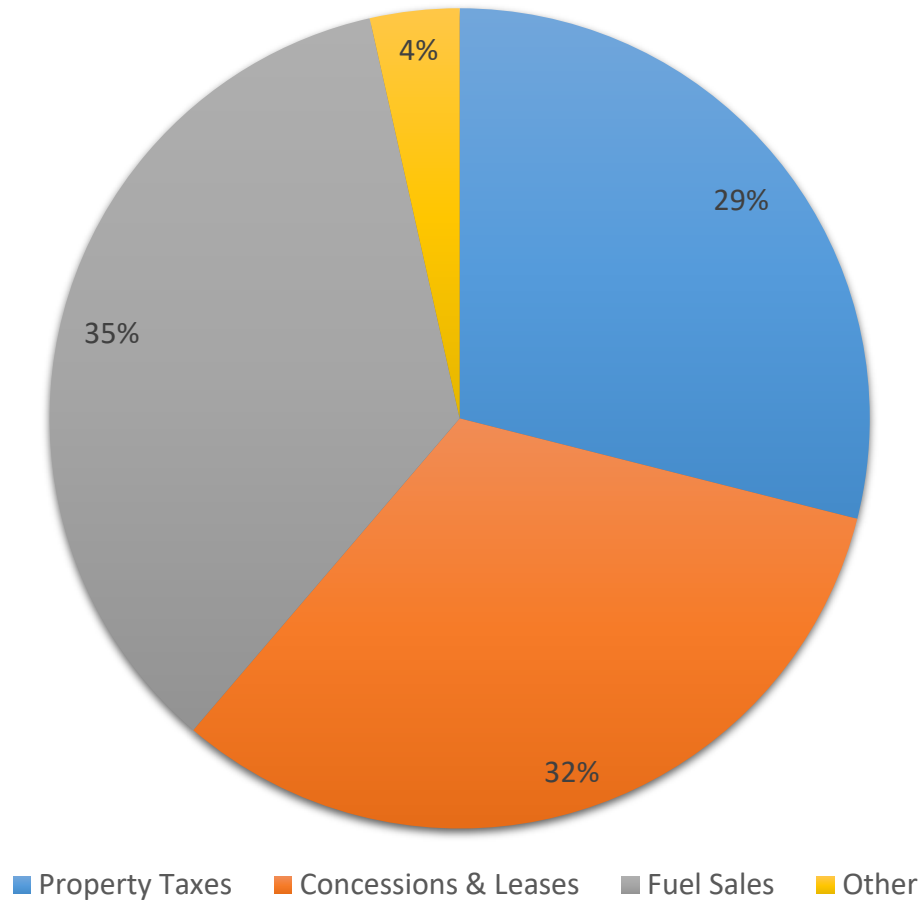
- **Debt Service:** \$1,107,398
- **Water:** \$283,482
- **Sewer:** \$263,418
- **Library:** \$9,945

Other Mill Levy Funds

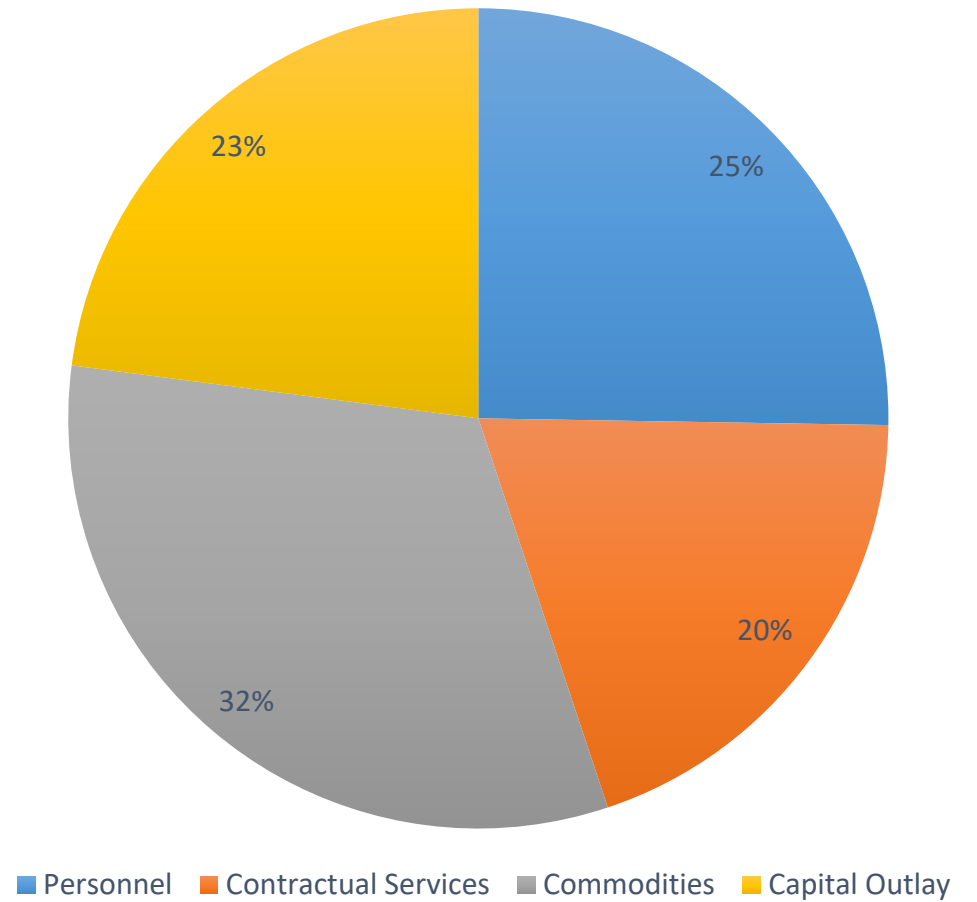
2027 Preliminary Budget

Airport Fund

Revenue

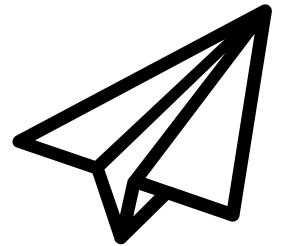


Expenditures



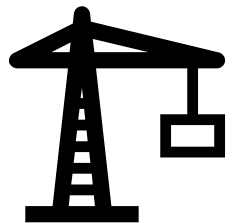
Airport Fund Highlights

- The Captain Jack Thomas Memorial Airport has 45 hangar spaces and a building that is rented to a local aviation business. Hangar revenue generates about \$82,000 per year.
- Annual fuel sales generate approximately \$100,000.
- The airport also has a hay lease that generates \$9,000 per year.
- This year, the airport will finish debt payments associated with the last completed T-hangar expansion project.
- The City will budget to set aside \$75,000 for future FAA-approved project and building maintenance.



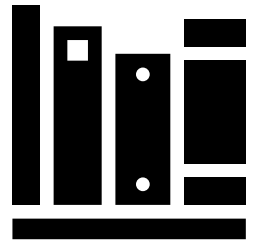
Industrial Fund Highlights

- The Industrial Fund provides funds for economic development purposes and primarily funds the City's contribution to El Dorado Inc.
- The City pays El Dorado Inc. \$68,500 per year for economic development services, as provided in a Memorandum of Understanding between the City and Inc.
- By ordinance, the City matches investor contributions up to a maximum of one mill (equal to about \$140,000). Historically, the City has matched approximately \$46,000.
- In 2027, the City plans to budget \$115,000, which is the average payment over the last three years.



Library Fund Highlights

- The Library Mill Levy Fund exists solely for the purpose of bringing in property tax revenue to fund the Bradford Memorial Library.
- Funds are transferred directly to the Library's operating fund.
- The City does not have direct oversight of these funds, as it serves as the taxing jurisdiction of authority.
- By charter ordinance, the Library Fund can request a mill of up to five mills to fund its operations.

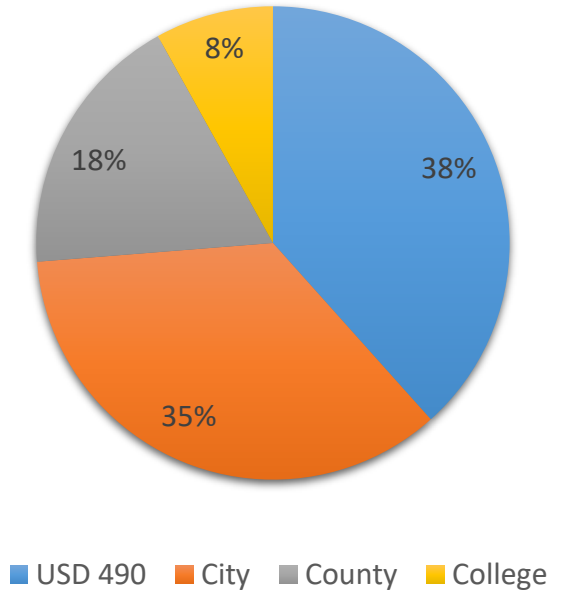


Property Taxes

2027 Preliminary Budget

Property Tax Breakdown

Taxing Jurisdiction	Valuation	2025 Mill Levy	Property Tax
USD 490	\$224,541,698	62.456	\$14,023,976
USD 375	\$173,276,998	58.651	\$10,162,869
City of El Dorado	\$130,034,558	57.455	\$7,471,136
Butler County	\$1,156,518,226	29.625	\$29,635,780
Butler Community College	\$1,156,518,226	13.239	\$15,311,145
TOTAL (USD 490)		162.775	\$51,130,892
TOTAL (USD 375)		158.970	\$47,269,785

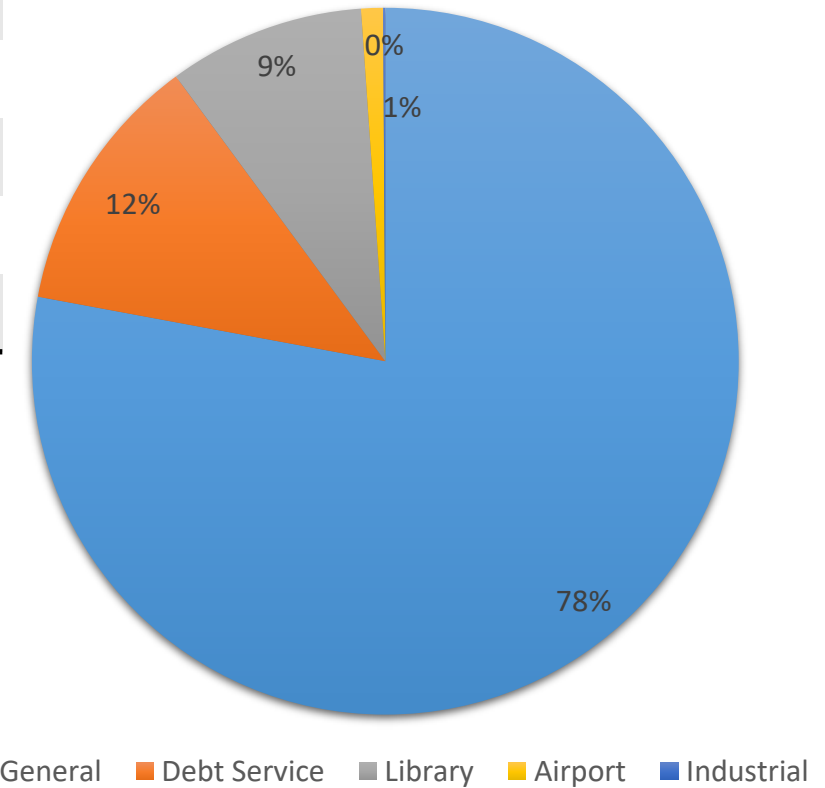


2027 Budget – “Revenue Neutral” Option

Fund	2026 Mill Levy	Property Tax	% of Total
General	40.470	\$5,792,940	78%
Debt Service	6.258	\$895,778	12%
Library	4.476	\$640,764	9%
Airport	0.532	\$76,176	1%
Industrial	0.139	\$19,961	<1%
TOTAL	51.875	\$7,425,619	
Surplus/(Deficit)		(\$730,000)	

Option Details:

- Does not accept any of the valuation increase.
- Does not include transfers to Equipment Reserve or Building Maintenance Funds.

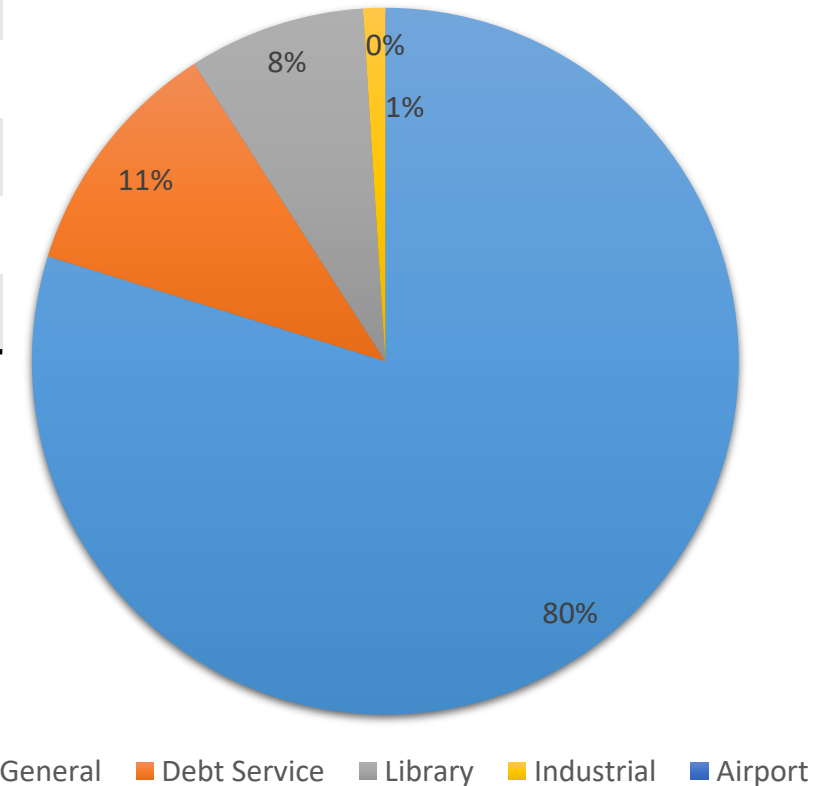


2027 Budget – “Half Valuation” Option

Fund	2026 Mill Levy	Property Tax	% of Total
General	42.793	\$6,125,426	78%
Debt Service	6.607	\$945,778	11%
Library	4.476	\$640,764	7%
Airport	0.545	\$78,026	2%
Industrial	0.244	\$34,961	1%
TOTAL	54.655	\$7,825,955	
Surplus/(Deficit)		(\$350,000)	

Option Details:

- Accepts 50% of the assessed valuation increase.
- Does not include transfers to Equipment Reserve or Building Maintenance Funds.
- Brings fund balance below minimums.

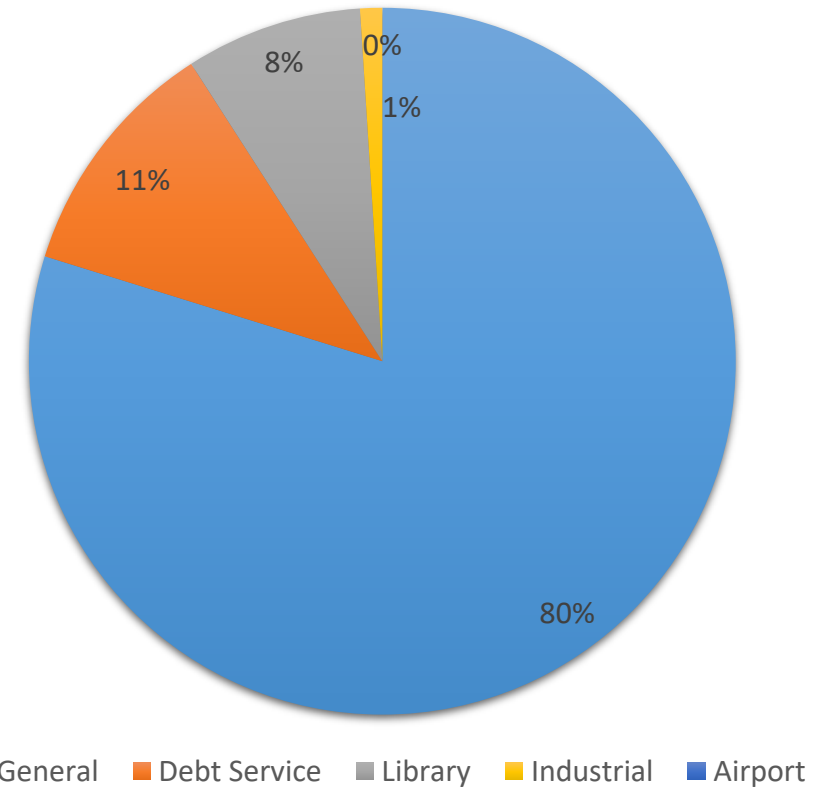


2027 Budget – “Full Valuation” Option

Fund	2026 Mill Levy	Property Tax	% of Total
General	45.094	\$6,454,826	79%
Debt Service	6.607	\$945,778	11%
Library	4.476	\$640,764	7%
Airport	0.859	\$123,026	2%
Industrial	0.419	\$59,961	1%
TOTAL	57.455	\$8,224,355	
Surplus/(Deficit)		\$285,000	

Option Details:

- Accepts 100% of the valuation increase.
- Does not include transfers to Equipment Reserve or Building Maintenance Funds.
- Does not maintain current fund balances.

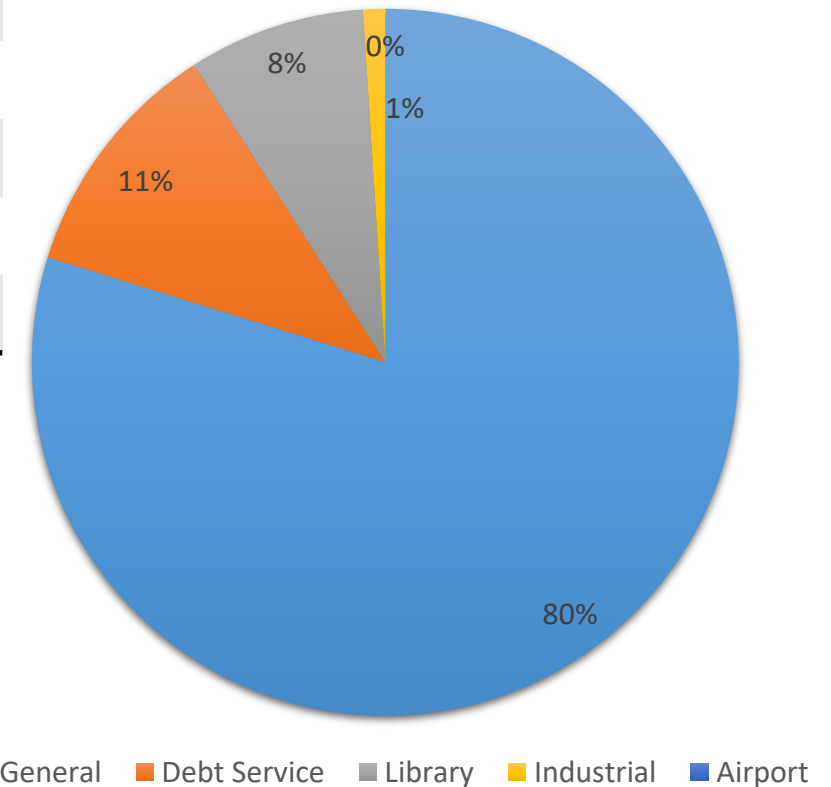


2027 Budget – “Balanced” Option

Fund	2026 Mill Levy	Property Tax	% of Total
General	45.647	\$6,533,941	78%
Debt Service	6.607	\$945,778	12%
Library	4.476	\$640,764	8%
Airport	0.852	\$122,026	1%
Industrial	0.733	\$104,961	1%
TOTAL	57.875	\$8,347,470	
Surplus/(Deficit)		\$409,856	

Option Details:

- Accepts 100% of the valuation increase.
- Requires a mill levy increase to generate enough funds to balance budget as presented.
- Includes transfers to Equipment Reserve or Building Maintenance Funds.



Conclusion

2027 Preliminary Budget

Budget Process

- **Jul 6:** Authorization to submit *Intent to Exceed Revenue Neutral Rate* to County Clerk.
- **Jul 15:** Budget Work Session (Mill Levy Funds)
- **July 29:** Budget Work Session (Enterprise Funds)
- **Aug 12:** Budget Work Session (Final Review)
- **Aug 14:** Submission of Public Hearing for RNR and Budget Hearing
- **Aug 25:** Publication of RNR and Budget Hearing Notice
- **Sep 8:** RNR and Budget Hearing
- **Sep 21:** Adoption of Proposed Budget
- **Sep 30:** Submit Adopted Budget to County Clerk

Budget Options Summary

Fund	Revenue Neutral	Half Valuation	Full Valuation	Balanced Budget
Surplus/(Deficit)	(\$730,000)	(\$350,000)	\$285,000	\$409,856

Decision Points

- **Does the City Commission want to adhere to the Revenue Neutral Rate?** If so, staff will prepare options for the governing body to consider prior to the adoption of the budget.
- **Does the City Commission want to increase property taxes to fund services at current levels?** If so, the governing body will need to provide some guidance on the appropriate mill levy threshold for the preparation of the *Notice to Exceed the Revenue Neutral Rate* for consideration at the July 6 meeting.