



Governing Body Budget Retreat 1717
SW Topeka Boulevard Topeka KS 66612
<https://www.topeka.org>

Governing Body Agenda

December 6, 2024
9:00 AM

Mayor: Michael A. Padilla

Councilmembers

Karen A. Hiller

Christina Valdivia-Alcala

Sylvia E. Ortiz

David Banks

Brett D. Kell

District No. 1

District No. 2

District No. 3

District No. 4

District No. 5

Marcus D.L. Miller

Neil Dobler

Spencer Duncan

Michelle Hoferer

District No. 6

District No. 7

District No. 8

District No. 9

City Manager: Dr. Robert M. Perez

CALL TO ORDER:

1. ROLL CALL:

2. NON-ACTION ITEMS:

A. Governing Body Budget Retreat

A Special Meeting Budget Retreat of the Governing Body has been called by City Manager Dr. Robert M. Perez on December 6, 2024, from 9:00 A.M to 5:00 P.M. at the Hotel Topeka City Center Emerald Ballroom, 1717 SE Topeka Boulevard, Topeka, to discuss budget items. If necessary, the Governing Body may recess into executive session under applicable exemptions as allowed by K.S.A. 75-4319(b).

The meeting will not be televised due to technical difficulties and there will be no public comment allowed at the meeting. Written comments may be submitted via email to cclerk@topeka.org or delivered in-person to the City Clerk's Office located at 215 SE 7th Street, City Hall Basement Room 012B, Topeka, Kansas.

3. ADJOURNMENT:



City of Topeka
Council Action Form
Council Chambers
214 SE 8th Street
Topeka, Kansas 66603
www.topeka.org
December 6, 2024

DATE: December 6, 2024
CONTACT PERSON: Dr. Robert M. Perez, City Manager
DOCUMENT #:
SECOND PARTY/SUBJECT: 2024 Governing Body Budget Retreat
PROJECT #:
CATEGORY/SUBCATEGORY
CIP PROJECT: No
ACTION OF COUNCIL:
JOURNAL #:
PAGE #:

DOCUMENT DESCRIPTION:

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VOTING REQUIREMENTS:

POLICY ISSUE:

STAFF RECOMMENDATION:

BACKGROUND:

BUDGETARY IMPACT:

SOURCE OF FUNDING:

ATTACHMENTS:

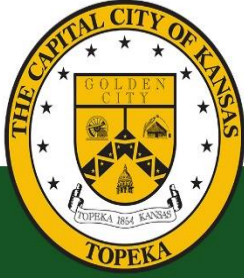
Description

Dec 6 2024 Special Meeting Notice

Parking Presentation

Budget Presentation

Economic Development Tools Presentation



CITY OF TOPEKA

City Clerk
City Hall, 215 SE 7th Street, Room 166
Topeka, KS 66603
www.topeka.org

Brenda Younger, M.M.C.
785-368-3940
Email: byounger@topeka.org

Special Meeting Notice Governing Body Budget Retreat

A Special Meeting Budget Retreat of the Governing Body has been called by City Manager Dr. Robert M. Perez on December 6, 2024, to discuss budget items. If necessary, the Governing Body may recess into executive session under applicable exemptions as allowed by K.S.A. 75-4319(b). The meeting will not be televised due to technical difficulties and there will be no public comment allowed at the meeting. Written comments may be submitted via email to cclerk@topeka.org or delivered in-person to the City Clerk's Office located at 215 SE 7th Street, City Hall Basement Room 012B, Topeka, Kansas.

DATE: December 6, 2024

TIME: 9:00 a.m. to 5:00 p.m. with a lunch break from 12:00 p.m. – 1:30 p.m.

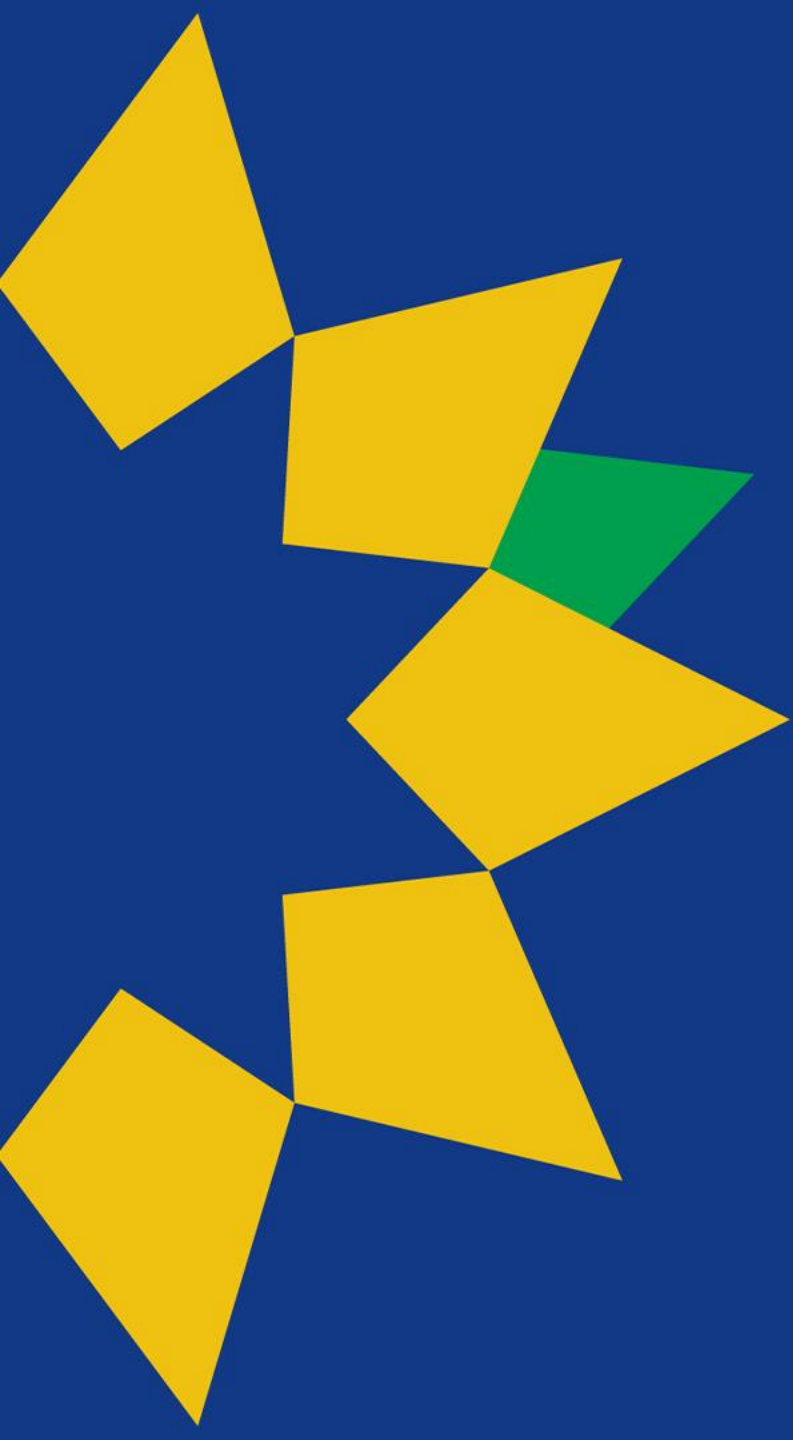
LOCATION: Hotel Topeka at City Center – Emerald Ballroom
1717 SW Topeka Boulevard
Topeka KS 66612

AGENDA:

- (1) Call to Order
- (2) Roll Call
- (3) Budget Items. If necessary, the Governing Body may recess into executive session under applicable exemptions as allowed by K.S.A. 75-4319(b).
- (4) Adjournment

SUBJECT: Governing Body Budget Retreat. If necessary, the Governing Body may recess into executive session under applicable exemptions as allowed by K.S.A. 75-4319(b).

Contact: Brenda Younger, City Clerk
785-368-3940 or 785-368-3941
cclerk@topeka.org



CITY OF
TOPEKA



Downtown Parking

Budget Retreat

December 6, 2024

Downtown Parking Update

- Approval was given in November 2022 to make capital improvements to parking facilities
- The following types of repairs are scheduled from 2023 to 2026:
 - Structural
 - Waterproofing
 - Mechanical
 - Plumbing
 - Electrical
 - Fire Protection
 - Façade
- Cost are estimates and subject to change

Location	Cost (Inflation Adjusted)
<i>Townsite</i>	\$4,552,965
<i>Uptowner</i>	\$7,567,394
512 Jackson	\$1,550,882
Centre City	\$840,944
Coronado	\$1,967,637
Crosby	\$1,132,502
Ninth Street	\$3,135,349
Park 'N Shop	\$1,489,120
Totals	\$22,236,792



Downtown Parking Update

- Rate structure was revised in November 2022 to establish minimum and maximum rates
 - Only 2 rates were changed, citations and hoods, remaining rates have been unchanged since 2010.
 - Practice of 1st time warning for out of county/state citations was discontinued

	<u>Term</u>	<u>Min</u>	<u>Max</u>	<u>Current</u>
Parking Lots	Month	\$ 15.00	\$ 80.00	\$ 18.00-45.00
Parking Garages	Month	\$ 40.00	\$ 120.00	\$ 67.75
Hourly	Hour	\$ 0.50	\$ 3.00	\$ 1.00
On Street				
On Street Meter	Hour	\$ 0.50	\$ 3.00	\$ 1.00 (0.50 10 HR)
10 Hour Meter Permit	Month	\$ 44.00	\$ 65.00	\$ 44.00
Meter Hood	Day	\$ 6.00	\$ 30.00	\$ 20.00 (30.00 Ks Ave)
Fines				
1st Offense	Each	\$ 8.00	\$ 20.00	\$ 10.00
2nd Offense	Each	\$ 15.00	\$ 40.00	\$ 20.00



Downtown Parking Current Issues

- Current zones are confusing and inconsistent
- Current policies encourage leapfrogging
- On street reserved spaces are not permitted for food trucks or similar vendors
- Revenue at current rate structure does not meet annual expenses



Downtown Parking - Simplification

- Different Colors on the map represent a different rule
- Multiple types of parking, timed zones, paid zones, sometimes within the same block
- Timed zones have different time limits
- Metered areas have different prices or different allowable lengths of stay



Downtown Parking – Simplification Recommendation

- Eliminate 24 meters on 10th Street west of Topeka Blvd.
- Convert all 1 hour meters to 2 hour meters.
- Convert all 1 hour zones to 2 hour zones.
- Convert all 3 hour zones to 4 hour zones.
- Relax parking north of 5th street on Kansas and north of 6th street on other streets.
 - Primarily 4 hour zones to discourage all day occupancy, but reduced patrolling unless notified of issues.



Downtown Parking - Leapfrogging

- Current code prohibits people moving from block to block within the KS Avenue block zone
- Municipal Code 10.60.320 “On Kansas Avenue, between 6th Street and 10th Street, the allowable time for parking a vehicle shall terminate when the posted time has expired. Vehicles are not allowed to move to another parking space on Kansas Avenue between 6th Street and 10th Street on the same calendar date.”



- Eliminate all 1 hour zones
- Add following language
 - “Within Downtown Business District, when parking in an unpaid, timed zone, the allowable time for parking a vehicle will terminate when the posted time has expired. Vehicles are not allowed to move to another unpaid, timed zone within the Downtown Business District on the same calendar date.”
- One free unpaid session per enforcement day (8:00 am to 6:00 pm) if after 2 hours you remain in the Downtown Business District, you would need to move to a paid space or parking garage, or be subject to a citation.



Downtown Parking: Reserved Space

- On street hoods are currently only allowed under the following circumstances: (10.60.220 b)
 - 11 allowable circumstances falling into 3 major categories
 - Government agencies
 - Moving/Demolition/Construction where there is a need for adjacent parking
 - Funeral Services



- No permissible use for food trucks or other vendors in a for profit use case
- Advantages/Disadvantages
 - Food trucks and other vendors contribute to the overall downtown experience
 - Existing vendors/restaurants could be disadvantaged by their presence
- Recommendation, adopt following language under 10.60.220 b
 - (12) Persons/agencies or businesses with a physical address in the Downtown Business District are permitted to reserve space contiguous to their business for the purpose of sales/vending consistent with their business needs. The space may not be continuously occupied for more than 10 consecutive hours. Sale or lease to a 3rd party within City ROW is prohibited.”
- An invitation is required, but cannot be sold, and cannot be a permanent arrangement
 - Employee appreciation events allowed, tent would be allowed, but must be removed daily.



Downtown Parking: Current Rate Structure

- Estimated 2024 loss of (\$415,965)
- 2025 Budgeted loss of (\$454,775)
- Current forecast would deplete the parking reserve fund in 2027
 - Increase revenue through change in pricing structure
 - Reduce expenses through reductions in maintenance and service
 - Subsidize parking from other revenue sources



- Increase Parking Garage Rate from \$67.75 to \$74.00
- Establish price parity across meters
- Establish price parity between on street permits and garage permits

	<u>Term</u>	<u>Current</u>	<u>Min</u>	<u>Max</u>	<u>Target</u>
Parking Garages	Month	\$ 67.75	\$ 60.00	\$ 105.00	\$ 74.00
On Street					
On Street Meter	Hour	\$ 1.00	\$ 0.50	\$ 3.00	\$ 1.00
On Street Meter (10 Hr)	Hour	\$ 0.50	\$ 0.50	\$ 3.00	\$ 1.00
10 Hour Meter Permit	Month	\$ 44.00	\$ 44.00	\$ 65.00	\$ 74.00



- Phased price increase as additional improvements are made.
 - Implement 10% price increase with garage improvements being made over next 2 years
 - 3% inflationary increases beginning in 2026
 - Price changes every 3 years thereafter
- Estimated additional revenue of \$162,612 at current occupancy with price increase.



Downtown Parking: Rate Structure Recommendation

	Current	Proposed	2026	2029	2032
Standard Garage Parking	\$67.75	\$74.00	\$81.00	\$89.00	\$97.00
Reserved Garage Parking	\$75.50	\$95.00	\$104.00	\$114.00	\$125.00
9th Street Garage	\$47.43	\$51.00	\$56.00	\$62.00	\$65.00
Premium Lot	\$45.00	\$45.00	\$49.00	\$54.00	\$59.00
Outer Lot	\$18.00	\$18.00	\$20.00	\$22.00	\$25.00
10 Hour Permit	\$44.00	\$74.00	\$81.00	\$89.00	\$97.00

- Standard Garage: 512 Jackson, Center City, Crosby Place, Park N Shop, Townsite, Coronado and Uptowner
- 9th Street Garage is contractually obligated to be no more than 70% of the cost of other garages
- Premium Lots: Monroe Lot and 4th and Jackson Lot
- Outer Lots: Water Tower Lot and 8th and Madison Lot



- Implement paid parking of \$1.25 per hour on Kansas Avenue
- Restore \$1.00 per hour parking on 100 block East and West of Kansas Avenue
 - 3 month timeline for KS Avenue paid parking implementation. Lead time of pay stations and public awareness campaign.
 - Future plans are to remove physical meters to then transition to payment by pay station or app.
- Estimated Revenue for additional on street parking
 - \$250,000 annually from Kansas Avenue
 - \$100,000 annually from 100 blocks East and West of Kansas Avenue
- In combination with other price increases, total revenue would increase \$512,612 covering the \$454,775 budgeted shortfall

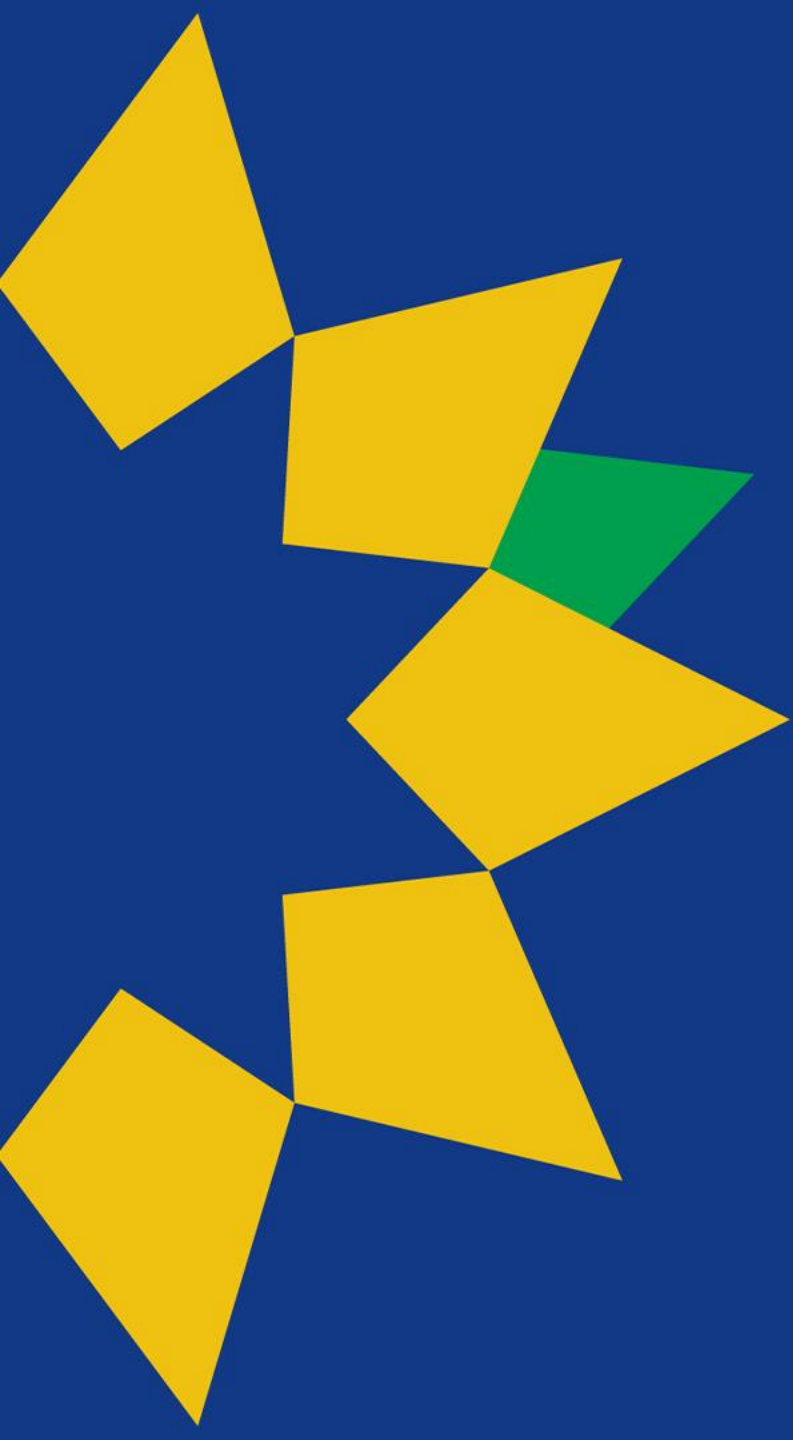


Downtown Parking: Recommendation Recap

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- Consolidate zones and times, relax policies in underutilized areas
- Add language to code clarifying 1 free session per day
- Add additional circumstance to space reservations to include for profit sales (food trucks/vendors)
- Increase Parking Garage Rate from \$67.75 to \$74.00
- Establish price parity across meters
- Establish price parity between on street permits and garage permits
- Implement paid parking of \$1.25 per hour on Kansas Avenue
- Restore \$1.00 per hour parking on 100 block East and West of Kansas Avenue





**CITY OF
TOPEKA**



City of Topeka Budget

2026 Overview 12/6/2024

General Fund Revenue Summary

Revenue Types	2023 Actuals	2024 Budget	2024 Projected	2025 Budget	2026 Projected	2027 Projected	% of Revenue
Sales Tax	\$ 39,013,156	\$42,082,474	\$ 39,904,651	\$ 40,569,000	\$ 41,693,975	\$ 42,207,988	34.94%
Ad Valorem Tax	\$ 35,597,172	\$34,956,561	\$ 36,296,391	\$ 38,251,392	\$ 40,157,878	\$ 41,764,193	33.66%
Franchise Fees	\$ 15,228,457	\$17,684,415	\$ 14,603,731	\$ 14,331,161	\$ 14,474,473	\$ 14,763,962	12.13%
PILOTS	\$ 7,930,388	\$5,907,664	\$ 5,968,061	\$ 5,937,664	\$ 5,937,664	\$ 5,937,664	4.98%
Administration Fees	\$ 4,378,649	\$4,110,068	\$ 4,363,213	\$ 4,426,854	\$ 4,426,854	\$ 4,648,197	3.71%
Motor Vehicle	\$ 3,201,631	\$3,327,645	\$ 3,440,121	\$ 3,309,405	\$ 3,342,499	\$ 3,409,349	2.80%
Inter-Gov Revenue	\$ 1,447,474	\$550,000	\$ 1,462,877	\$ 1,492,050	\$ 1,536,812	\$ 1,582,916	1.29%
Licenses & Permits	\$ 1,719,408	\$1,236,488	\$ 1,796,619	\$ 1,781,757	\$ 1,870,845	\$ 1,964,387	1.57%
Fines	\$ 1,233,003	\$1,441,068	\$ 1,083,840	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000	1.07%
Investments from Interest	\$ 4,761,336	\$1,235,000	\$ 2,693,508	\$ 4,335,000	\$ 3,500,000	\$ 3,500,000	2.93%
Municipal Court	\$ 510,974	\$314,111	\$ 460,721	\$ 537,250	\$ 450,000	\$ 450,000	0.38%
Miscellaneous	\$ 604,951	\$488,150	\$ 512,891	\$ 312,896	\$ 350,000	\$ 350,000	0.29%
Special Assessments	\$ 273,444	\$297,500	\$ 269,089	\$ 340,000	\$ 300,000	\$ 300,000	0.25%
Total Revenues	\$ 115,900,043	\$113,631,143	\$112,855,712	\$ 116,899,429	\$ 119,316,000	\$ 122,153,656	100.00%



General Fund Expense Summary

Expense Types	2023 Actuals	2024 Budget	2024 Projected	2025 Budget	2026 Projected	2027 Projected	% of Expenses
Personnel	\$80,484,535	\$87,945,650	\$84,956,681	\$96,791,773	\$105,089,985	\$110,365,212	76.38%
Contractual	\$19,834,924	\$21,160,129	\$22,927,105	\$25,137,227	\$25,543,309	\$25,819,390	18.85%
Commodities	\$3,611,597	\$3,419,832	\$4,489,484	\$4,225,719	\$4,725,719	\$5,382,491	3.86%
Other Payments	\$10,994,307	\$1,600,000	\$1,603,020	\$232,100	\$152,100	\$152,100	0.11%
Capital Outlay	\$881,250	\$697,803	\$717,356	\$1,184,166	\$1,184,166	\$1,200,000	0.87%
Debt	\$200,494	\$183,583	\$183,427	\$0	\$0	\$0	0.00%
Total Expenses	\$116,007,107	\$115,006,113	\$114,877,073	\$127,570,985	\$136,695,279	\$142,919,193	100.00%



General Fund Department Expense Summary

Department Search	2023 Actuals	2024 Budget	2024 Projected	2025 Budget	2026 Projected	2027 Projected	% of Expenses
Police	\$42,942,799	\$47,392,888	\$44,900,305	\$54,500,454	\$58,140,827	\$61,049,284	42.91%
Fire	\$32,881,490	\$36,003,280	\$35,579,157	\$38,861,953	\$40,931,578	\$42,921,834	30.21%
Public Works	\$6,790,654	\$8,335,471	\$7,756,997	\$8,350,044	\$8,641,160	\$8,907,040	6.38%
Misc. Non – Dept*	\$5,032,312	\$4,083,688	\$8,771,123	\$4,428,651	\$6,674,408	\$6,937,013	4.04%
Planning	\$2,749,575	\$3,838,884	\$3,670,775	\$4,290,574	\$4,465,668	\$4,638,039	3.30%
City Manager	\$1,784,926	\$2,443,303	\$2,193,160	\$3,459,586	\$3,604,474	\$3,760,916	2.66%
Financial Services	\$14,764,499	\$3,142,881	\$3,030,346	\$3,357,201	\$3,501,728	\$3,645,984	2.58%
Code Enforcement	\$2,374,631	\$2,484,187	\$2,249,585	\$2,756,543	\$2,846,369	\$2,914,441	2.10%
Municipal Court	\$1,700,440	\$2,097,035	\$1,856,303	\$2,166,016	\$2,258,177	\$2,339,896	1.67%
Human Resources	\$1,546,103	\$2,158,261	\$1,830,699	\$2,137,216	\$2,206,579	\$2,279,234	1.63%
City Attorney	\$1,403,471	\$1,743,962	\$1,602,293	\$1,817,470	\$1,958,688	\$2,042,321	1.45%
Pass-Through Tax	\$723,737	\$720,534	\$723,997	\$746,025	\$746,025	\$746,025	0.55%
City Council	\$363,489	\$391,897	\$434,172	\$509,113	\$520,989	\$533,447	0.38%
Mayor's Office	\$148,087	\$170,727	\$166,675	\$190,139	\$198,608	\$203,719	0.15%
Zoo	\$800,894	\$0	\$111,486	\$0	\$0	\$0	0.00%
Totals	\$116,007,107	\$115,006,998	\$114,877,073	\$127,570,985	\$136,695,279	\$142,919,193	100.00%



Miscellaneous Non-Departmental 2026 Breakdown

Major Discretionary Expenses	2026 Projected
Social Service Grants	\$752,500
Property Tax Rebate	\$300,000
TPAC	\$150,000
Downtown Topeka	\$150,000
Franchise Fee Program	\$130,000
Utility Rebate Program	\$74,500
NOTO Grant	\$50,000
Totals	\$1,607,000

Major Fixed Expenses	2026 Projected
Hotel Operating Expenses	\$960,000
SNCO Inmate Cost	\$1,250,000
Tyler ERP Fees	\$700,000
Lawson	\$450,000
TIF / CID Reimbursement	\$300,000
Topeka and Rochester Cemetery	\$295,450
Intellitime	\$100,000
Totals	\$4,055,450



Income Statement Summary

Categories	2023 Actuals	2024 Budget	2024 Projected	2025 Budget*	2026 Projected	2027 Projected
Expenses	\$116,007,107	\$115,006,998	\$114,877,073	\$127,570,985	\$136,695,279	\$142,919,193
Revenues	\$115,900,043	\$113,631,143	\$112,855,712	\$116,899,429	\$119,316,000	\$122,153,656
Surplus / (Deficit)	(\$107,064)	(\$1,375,855)	(\$2,021,361)	(\$10,671,556)	(\$17,379,279)	(\$20,765,537)

*The 2025 budget is balanced through a drawdown from reserves

Assumptions

- Flat Mill Levy for the General Fund at 26.554 with 4% Valuation Growth YoY
- 2% Sales Tax Growth YoY
- Union Contract Agreements through 2027 ; 2% COLA and up to 3% Merit for Non-Union Employees
- No Service or Scope Reduction from General Fund Departments Budgets
- Flat FTE Count



General Fund Income Statement Options

- **Revenues**

1. **Sales Tax Initiative:** Current Sales Tax Rate is 9.35% ; if an additional half-cent was added the City could collect \approx \$19,000,000.
2. **Adjust the Mill Levy:** 2 Options
 1. Raise the mill levy higher than the current rate of 36.952 (+\$1.45m per mill)
 2. Keep the mill levy at current rate, but have more mills go towards the general fund. This would mean reducing/eliminating/delaying future bonded projects (+\$1.45m per mill)
3. **Adjust Fee Schedule:** This accounts for 1.95% of the City's revenue @ \$2.3m within the general fund. Based off proposed adjustments this could be up to \$300,000.
4. **PILOT Transfer from Utilities Fund to General Fund**

- **Expenses**

1. Internal Department Budget Reductions
2. External Budget Reductions



City Manager's Proposed Options to Solve Deficit

- **Option 1:** Have General Fund Departments Execute 13% cuts on or before 12/31/2025
- **Option 2:** Reduce/eliminate/delay capital projects to shift more of the levy going toward operations than debt service (2 mills = \$2,900,000); then have departments execute a 11% cut based off 2026 projected figures on or before 12/31/2025
- **Option 3:** Pursue a ½ Cent Public Safety Sales Tax for 2026 (≈\$19,000,000)



City Manager's 2025 Sales Tax Ballot Initiatives

- 1. Public Safety Sales Tax:** “Shall impose a ½ sales tax to fund public safety services, including police, fire, domestic violence assistance, and related public safety infrastructure, with the revenue to be used exclusively for these purposes”
- 2. Special Use Sales Tax:** Sponsored Council Initiative



City Manager's Initiatives with Special Use Tax

1. Infrastructure
2. Economic/Community Development
3. Affordable Housing
4. Homelessness
5. Community-Based Public Safety
6. Expansion Property Tax/Utility Rebate Programs
7. Municipal Facilities
8. Transit Enhancements
9. Safe Homes Program



Earliest Timeline for Possible Ballot Initiatives in 2025

- **February 4:** Council adopts resolution for special election
- **February 14:** Last day to send absentee ballots
- **March 10:** Last day for first publication of election notice
- **March 17:** Last day for second publication
- **April 2:** Special Election Day
- **April 8:** Canvass of election results, confirmed with SNCO election officer
- **May 9:** Last day to send certified ordinance to Director of Taxation, if adopted
- **October 1:** Beginning collection date *(must be first day of a calendar quarter)*



Current Sales Tax Structure

Current Total is 9.35%

- State of Kansas: 6.5%
- SNCO: 1.35%
 - 0.5% for JEDO
 - 0.65% for Washburn University
 - 0.20% for Gage Park Authority
- COT:1.5%
 - 1.0% for General Use
 - 0.5% Special Use for Citywide Half-Cent Fund

Municipalities	Sales Tax Rate
Topeka (Both Initiatives)	10.35%
Topeka (One Initiatives)	9.85%
Shawnee	9.60%
Olathe	9.48%
Overland Park	9.35%
Topeka (Current)	9.35%
Lawrence	9.35%
Manhattan	9.15%
Kansas City, Kansas	9.13%



The departments examined are listed below, and a breakdown of the fee schedule is attached within the agenda packet.

- Planning & Development Services
- GIS
- Municipal Court
- Engineering
- Parking
- Police
- Utilities (with the exception utility rates)
- Property Maintenance
- City Clerk
- Fire



Reduction Summary from a 13% Cut in Option 1

Departments	Total Amount	# of Positions	Personnel Totals	Non-Personnel Totals
Police Department*	\$7,500,000	52	\$5,750,931	\$1,749,069
Fire Department**	\$4,994,029	45	\$3,939,199	\$1,054,830
Public Works	\$1,050,000	4.5	\$650,000	\$400,000
Information Technology	\$875,481	2	\$137,756	\$737,725
City Manager	\$683,780	3	\$579,080	\$104,700
Planning Department	\$584,101	4	\$400,923	\$183,178
Finance	\$472,335	6	\$472,335	\$0
Facilities	\$373,000	2.5	\$243,000	\$130,000
Property Maintenance	\$370,000	2	\$136,334	\$233,666
Municipal Court	\$299,000	4	\$299,000	\$0
Human Resources	\$275,000	1	\$145,000	\$130,000
City Attorney	\$266,000	2	\$266,000	\$0
Fleet	\$225,000	3	\$225,000	\$0
Totals	\$18,143,649	131	\$13,420,481	\$4,723,168

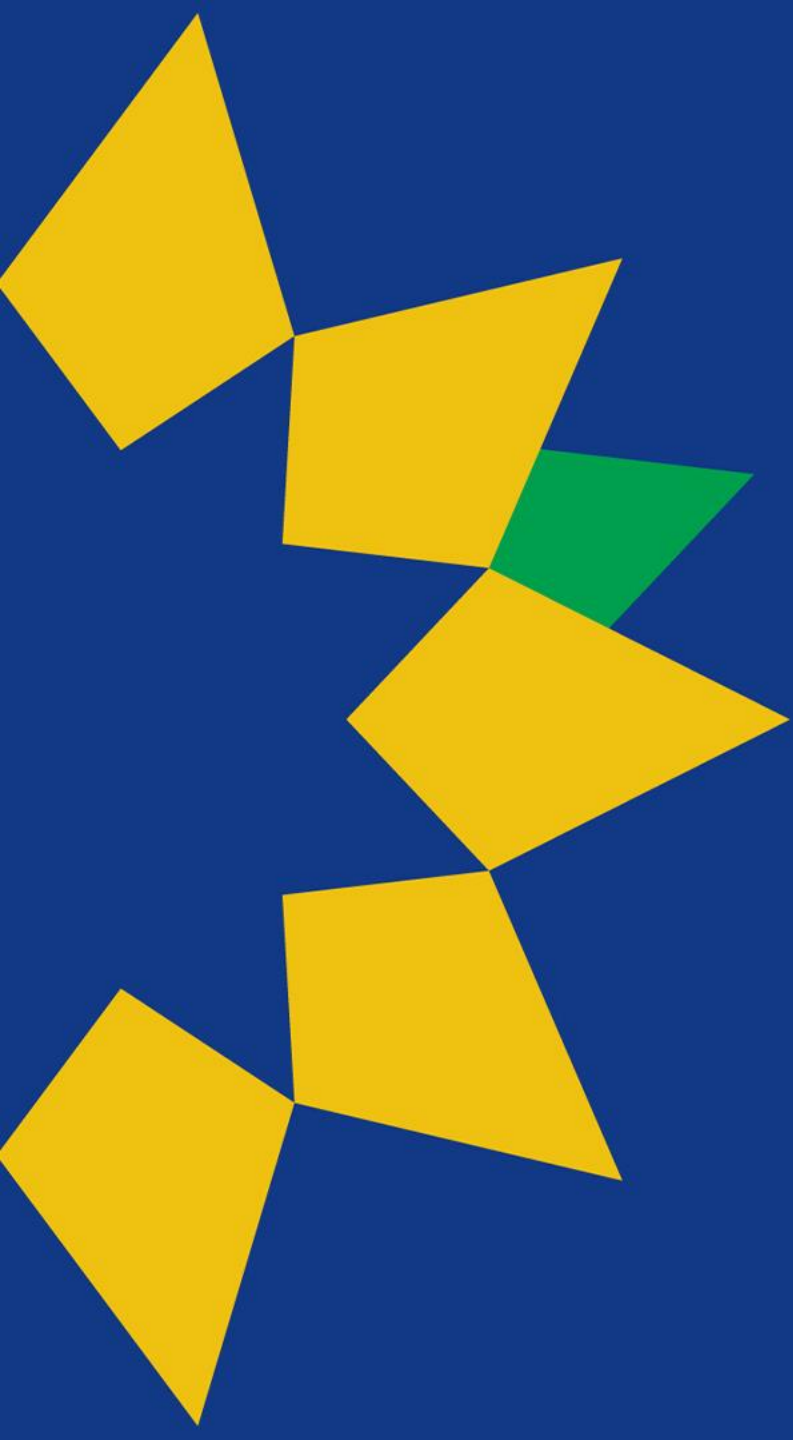
*Police: 47 sworn positions; 5 non-sworn positions

**Fire: 44 sworn positions; 1 non-sworn position



- **Feedback / Discussion from Governing Body**
 - Sales Tax
 - Level of Taxation
 - Ballot Language
 - Reduction Levels
- **Hold a follow up meeting based on discussion on tentatively January 8th or 9th (Evening Meeting)**

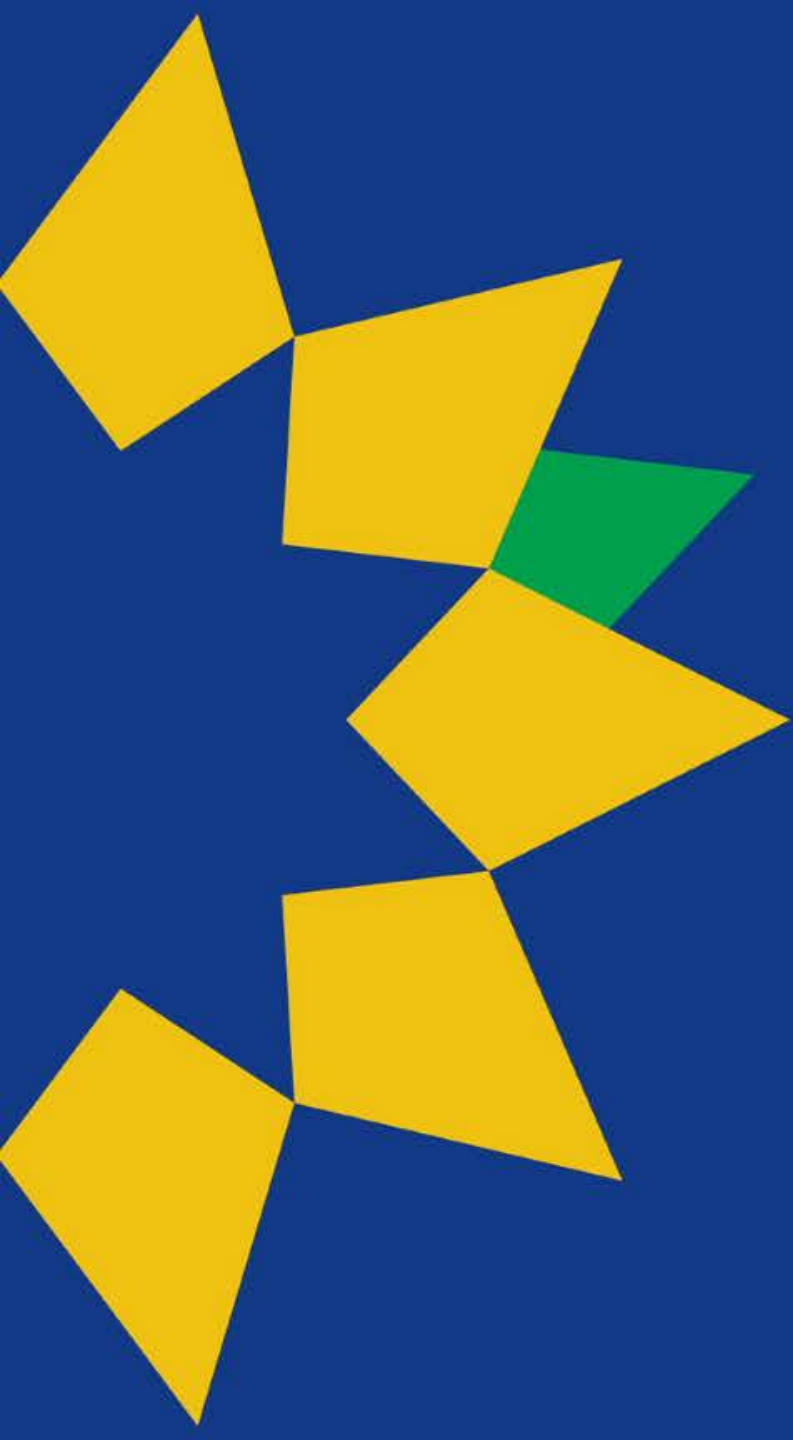




**CITY OF
TOPEKA**



Discussion/Feedback



**CITY OF
TOPEKA**



Economic Development Tools

City Economic Development Tools

- 1. Tax Increment Financing (TIFs)**
 1. Sherwood Crossing (29th and Wanamaker)
- 2. Community Improvement Districts (CIDs)**
 1. Academy Sports on Wanamaker
- 3. Industrial Revenue Bonds (IRBs)**
 1. Cyrus Hotel (Issued by SNCO)
- 4. Reinvestment Housing Incentive Districts (RHIDs)**
 1. Eastgate Subdivision #4



What is Tax Increment Financing (TIF)

- A TIF is a public financing method used to promote development or redevelopment in designated areas
- How it Works:
 - **Baseline Property Taxes:** Property taxes are assessed before the TIF district is established which sets a baseline.
 - **Increased Property Value:** As new development occurs, property values rise, leading to higher property taxes.
 - **Increment:** The increase in property taxes (the increment) is used to pay for eligible public improvements or infrastructure within the district.
 - **Timeline:** A TIF district typically lasts for up to 20 years in Kansas, but this can vary based on the project specifics.



How does a TIF get approved?

- Multi-step process typically requiring a minimum of 6 to 9 months and frequently taking a year or more.
 - Eligibility finding by Governing Body
 - Two separate public hearings one for the creation of the TIF district and a second for approval of TIF project plan
 - County and School District right to veto creation of the TIF district
 - Planning commission “conformity finding”
 - City “but-for” finding policy requirement; the test evaluates whether the development would have happened without the financial assistance provided by TIF



What Areas are Eligible for a TIF?

- Blighted Areas
- Conservation Areas
- Pre-1992 Enterprise Zone
- Intermodal transportation area or other eligible area.



What is a Community Improvement District (CIDs)

- CID involves creating special districts where certain revenues are pledged to cover eligible costs. Revenues can fund various development and operating costs, such as land acquisition, site improvements, and/or public infrastructure.
- **Formation:** CID is typically created by a city or county through an ordinance, often after approval by local governing bodies and property owners within the proposed district. Property owners within the district must consent to the formation of the CID, often through a petition or vote.



What is a Community Improvement District (CIDs)

Funding Mechanisms

- CIDs allow the collection of taxes or special assessments within the district to fund improvements or services.
- Financing may be through bonds (with or without general obligation backing) or without bonds (*i.e.*, reimbursement of expenditures)
- Revenue sources are either an up to 2% additional sales tax in district (for up to 22 years) or special assessments on property in district (for up to 20 years) or both



Industrial Revenue Bonds (IRBs)

Industrial Revenue Bonds (IRBs) are used to finance the acquisition, construction, and equipping of facilities that promote economic development, such as office buildings, housing, nursing homes, retail, manufacturing, and warehouses.

- **Revenue Bonds:** IRBs are repaid from the rent of the financed facility (no general obligation).
- **Property Tax Exemption:** Up to 10 years for bond-financed properties, except for retail facilities.
- **Sales Tax Exemption:** Available for construction materials and equipment.
- **Tax Status:** Most IRBs are not tax-exempt. Facilities in a TIF district cannot receive a tax abatement from IRBs, but can receive a sales tax exemption certificate.
- **Examples:** The City issued IRBs via sales tax exemption for the Wheatfield Village Development at 29th and Fairlawn.



Reinvestment Housing Incentive District (RHID)

- To encourage the development of new housing in rural or underserved areas of Kansas, particularly where there is a need for more affordable or available housing options.
- **Funding:**
 - Same principles as a TIF
 - The district can issue bonds that are repaid from the captured property taxes (the “increment” or through property tax rebates to developer)
 - The development district is given for up to 25 years
- **Example:** Eastgate #4 RHID



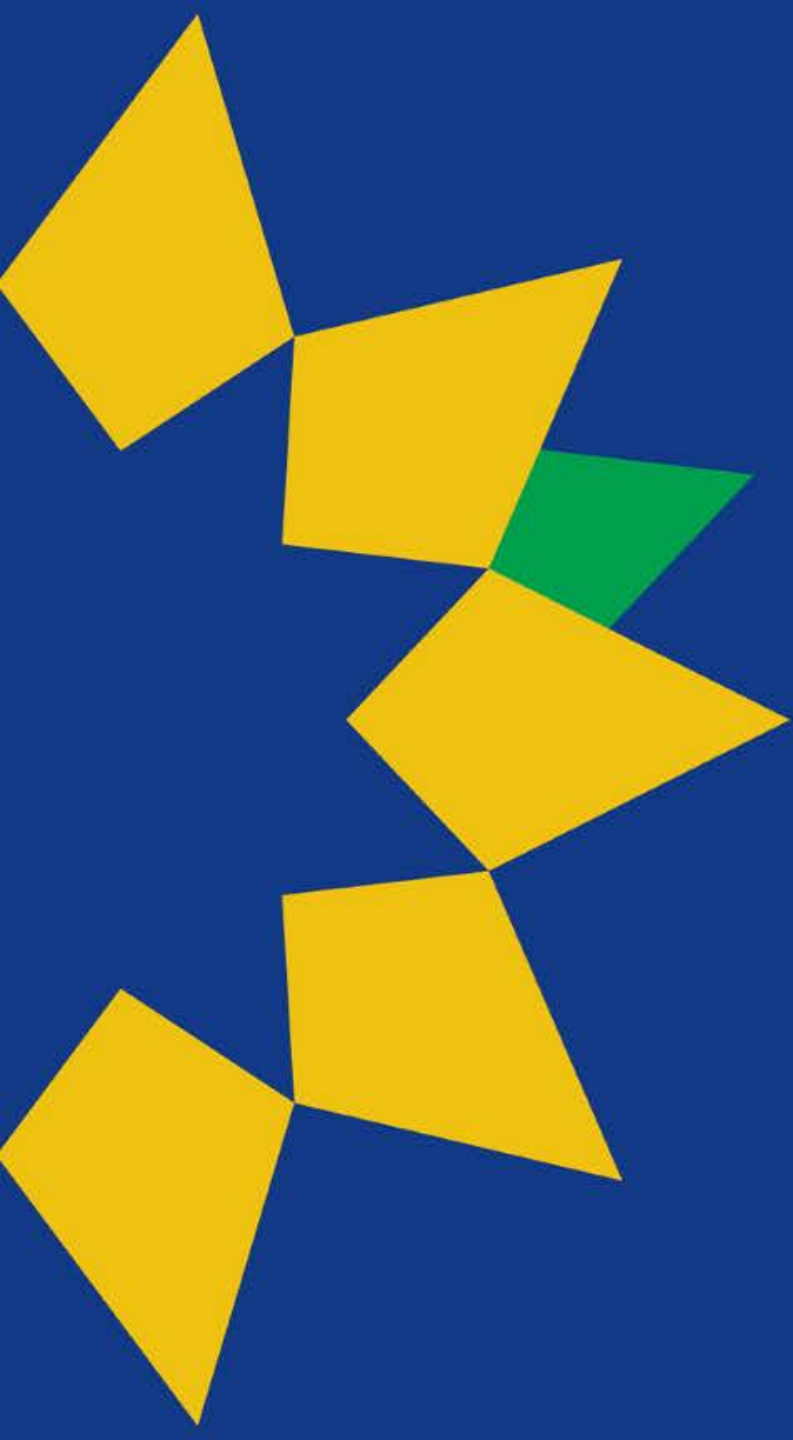
- **TIFs:** Uses the increase in property taxes (increment) generated by new development to finance public infrastructure and improvements.
- **CIDs:** Uses sales taxes, property taxes, or special assessments directly levied on property owners and businesses within the district to fund development and improvements.
- **RHIDs:** Similar to a TIF, but exclusively for the development of new housing in rural or underserved areas



City Economic Development Loans

- Completely customizable ability under Kansas Constitutional Home Rule to create Economic Development loans as long as there is a clear public purpose.





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budget@topeka.org