Honorable Mayor Brandon Whipple,  
Members of the Wichita City Council  

July 12, 2022  

Dear Mayor Whipple and Members of the City Council:  

Pursuant to state statutory requirements, the 2023-2024 Proposed Budget is presented to the Wichita City Council. The environment in which this Proposed Budget has been developed is different than one year ago. Due to the adroit leadership of the City Council; coordination with a variety of partners including Sedgwick County, the State of Kansas and the Federal government; and contributions from the dedicated City workforce, the City has emerged from the initial challenge of the global pandemic on sound footing and steadfast in the adherence to our mission: to be an exceptionally well-run City that keeps residents safe, grows the economy, builds dependable infrastructure and provides conditions for living well. Though global economic conditions indicate an uncertain outlook, this budget represents a hopeful approach to service delivery that benefits all residents. The 2023-2024 Proposed Budget includes service delivery improvements and programming changes that were the result of City Council direction as well as resident engagement. As the City of Wichita continues to emerge from the global pandemic, the organization remains mindful that we are moving into a new period with changed expectations.  

The 2023-2024 Proposed Budget is presented during a time in which the City of Wichita has recovered from the worst aspects of the pandemic. However, it is not immune from global economic uncertainty. The City of Wichita’s financial outlook has improved compared to a year ago, in part due to the American Rescue Plan Act (ARPA). However, there are indications that the recovery has been uneven. To that end, the City of Wichita has dedicated $20 million of its $72.4 million ARPA State and Local Fiscal Recovery Funds for initiatives that address the pandemic’s impact on residents.  

To date, funding has been dedicated to affordable housing ($5 million), food insecurity ($1 million), workforce development ($6.7 million) and small business development ($3.2 million). In partnership with the community, more residents will be entering the workforce, non-profits and businesses will be able to recover from the pandemic and bolster their ability to weather future instability, and small businesses and entrepreneurs will be able to move forward with plans to start and expand their concepts. The investment of the City of Wichita’s ARPA funding should encourage additional economic growth and recovery.  

The 2023-2024 Proposed Budget allocates funding based on a strategic management model. The immediate onset of the pandemic forced the organization to focus on and accelerate alternative service delivery models. Unfortunately, the pandemic has worsened many community challenges, such as substance abuse, mental health emergencies, and homelessness. The 2023-2024 Proposed Budget includes the new Addiction Settlement Recovery Fund, which will be direct proceeds from opioid settlements to fund the Mental Health and Substance Abuse Coalition. The Police Department will continue its efforts to be a community partner in addressing emergency mental health calls by adding a social work function to patrol services. Due to their
ability to administer the Wichita Emergency Rental Assistance Program (WERAP) in a timely and efficient manner, the Housing and Community Services Department was provided a second allotment of funding, which is reflected in this budget. The City of Wichita will continue to use federal and local funding to address community challenges that have been worsened by this period of instability.

During the worst part of the pandemic, many residents rediscovered outdoor recreation as a way to be outdoors. Whether it was walking, bicycling, or playing pickleball, Wichita’s sidewalks, bike paths, trails, and parks continue to experience an increased level of activity. To support outdoor recreation, funding is added in the 2023-2024 Proposed Budget to increase the frequency of crosswalk markings and collect refuse in parks more often. Additionally, flexibility to pursue the best method to plant trees, particularly along rights-of-way to provide shade to pedestrians and cyclists is included in the implementation of the budget.

When the weather did not promote outdoor recreation, residents discovered digital library materials. Since 2019, downloadable library circulation increased from 13% of items circulated to 42%. The 2023-2024 Proposed Budget includes additional funding for electronic materials and databases, a new online learning platform for adults, and supports the popularity of the Library of Things. Unfortunately, the pandemic interrupted learning for students, which is particularly unfortunate for children learning to read. In order to promote library usage and encourage equity, the Library Board of Directors endorsed the elimination of late fees for materials. Very often children bear the brunt of late fees when they are not able to return materials on time or log onto their account to renew items. Instead of encouraging the return of materials, the late fees discourage future usage. This change is incorporated into the 2023-2024 Proposed Budget.

**ALIGNMENT WITH THE CITY’S VISION, MISSION AND VALUES**

The City of Wichita is a large organization that provides a variety of services to residents and visitors. Each activity, strategy and outcome in the 2023-2024 Proposed Budget is guided by a clear vision, a simple mission and shared values. The City’s vision is to be a leading–edge organization serving a dynamic and inclusive community. Based on this vision, the City Council adopted a clear and simple mission statement:

**As an exceptionally well-run city, we will:**
- **Keep Wichita safe,**
- **Grow our economy,**
- **Build and maintain dependable infrastructure and**
- **Provide conditions for living well.**

In addition, the mission and goals provide guidance in the prioritization of services and strategies. With this model, any necessary adjustments to funding levels can be targeted toward strategies based on the criticality or importance of the outcomes relative to the City’s mission. The overarching strategic objective of the City is to be excellent in everything that is done. The budget provides our employees with the resources needed to achieve this objective each and every day.

Finally, it is important to recognize the influence that the City’s values have, not only on operating strategies, but also on how budget recommendations are developed and presented. To accomplish its mission, the City anchors its work in its core values of trust and service. Trust means: Respect, Empowerment, Ethics, Stewardship, Integrity, Engagement and Family. Service means: Professionalism, Innovation, Excellence and Equity. To summarize, everything the City does, including developing and proposing annual budget recommendations, is based on the City’s mission, which is guided by its values.
ENGAGEMENT DURING THE BUDGET PROCESS

Engagement strategies for the 2023-2024 Proposed Budget were updated due to an improved operating environment and funding from ARPA. Engagement initially began with a series of two retreats held with the City Council in April and May of 2022 that were broadcast on public access channel City7. These retreats provided updated financial forecasts and an updated approach to allocating ARPA funding based on current economic conditions. This year, with financial circumstances improving, the City Council provided direction regarding service improvements that framed resident engagement.

As a continuation of the conversations that occurred at the City Council retreats, staff presented an overview of the operating budget at City Council District Advisory Board (DAB) meetings in June. The discussion included the impact of ARPA on the budget and potential service adjustments.

Resident engagement during the 2023-2024 Proposed Budget included multiple online tools as well as in-person meetings. The Online Budget Simulator was launched in late-May, which provided residents, employees, and community groups the opportunity to increase or decrease service levels in order to develop a balanced budget. Forum, an online engagement community, had a topic related to the budget. The Social Media Town Hall used Facebook, Twitter, and Nextdoor to reach residents to continue the conversation about potential service level adjustments that began during the City Council retreats.

Finally, a variety of other channels were used by the City’s communications team to enhance resident engagement. These efforts included posting videos of budget workshops and other budget presentations online (in addition to broadcasting them on City Channel 7), utilizing social media platforms to announce presentation key dates and providing a variety of budget-related documents on the City’s website at www.wichita.gov.

OPERATING ENVIRONMENT

It is important to identify potential economic issues that could impact the financial resources available for the City. Many City revenues have varied degrees of economic sensitivity and it is important to consider both short-term and longer-term challenges when developing the budget. Wichita businesses operate in a global economy, providing products and services to customers throughout the world, so national and international issues are relevant as well. To analyze this operating environment, the City uses a number of sources, including support from Wichita State University (WSU).

Since the beginning of 2021, the Wichita economy has shown signs of recovery, with several factors suggesting an environment of continued economic growth. The Wichita State University (WSU) Center for Economic Development and Business Research (CEDBR) Current Conditions Index (designed to give an indication of the present condition of the Wichita metropolitan area economy) was at 96.9 in March 2022. In addition, the WSU Leading Indicators Index (designed to give an indication of where the Wichita economy is headed over the next six months) was 93.7. This compares to a level of 93.2 one year ago for the Current Conditions Index and 95.7 for the Leading Conditions Index. Generally, current conditions are strong, but leading conditions are weaker than a year ago due to global economic conditions.

Assessed valuation, which impacts property tax revenues, has continued to grow. The Sedgwick County Clerk’s Office estimates assessed valuation growth of 7.71% in 2023. The local residential real estate market continues to be strong. The WSU Center for Real Estate has projected an increase in home prices of 6.8% in 2022, which could bode well for continued assessed valuation increases beyond 2023. However, potential weakness in office and retail values could continue as remote work and online shopping lessen the demand for those types of spaces. Interest rate increases can impact real estate valuation. In light of these concerns, the long-term forecast for assessed valuation has been developed with a conservative tilt.

Engagement is Important

- City Council engagement included two retreats beginning in April.
- Resident feedback focused on service level adjustments.
- Social media channels were used including Facebook, Nextdoor and Twitter; other content is available at www.wichita.gov, youtube.com and on cable channel 7.

Positive metrics

Sales tax growth is estimated at 13.3% in 2022. Assessed Valuation growth is estimated at 7.71% in 2023. Unemployment is dropping.
Retail sales were disrupted in 2020 by the pandemic. However, the impact was significantly less than originally expected, with sales tax revenue actually increasing by 1.4% in 2020, followed by an increase of 12.3% in 2021. The degree to which federal stimulus actions contributed to this growth is difficult to determine, but it undoubtedly has played a role, as did the broad-based nature of the Kansas sales tax. So far in 2022, sales taxes growth has exceeded typical growth patterns, which has been impacted in part by inflationary trends. Personal income and unemployment both impact retail sales. Nominal personal income increased by 2.2% in 2021. The WSU Center for Economic Development and Business Research (CEDBR) projects nominal personal income growth of 2.6% in 2022, slowing to 2.2% in 2023 and 1.7% in 2024. The 2023-2024 Proposed Budget is based on projected retail sales growth of 13.3% in 2022, followed by growth averaging 2.4% for 2023 and 2024.

Total employment in the Wichita Metropolitan Statistical Area (MSA), as reported by the Bureau of Labor Statistics, continued to improve through April 2022, with employment reported at 313,477, which was 44,563 higher than April 2020. The pandemic had an immediate impact on employment levels in the Wichita area in April 2020, with a drop in employment of 38,308. Employment has surpassed the pre-pandemic peak of 310,565 of February 2020. In 2019, the Wichita area average unemployment rate declined for the ninth consecutive year to 3.4%, but increased in 2020 to 8.1%. During 2021, the unemployment rate declined to 4.4%. As of April 2022, the unemployment rate for the area is 2.6%. Factors such as matching workers to jobs, skills development, and child care will continue to impact the growth of employment levels. City of Wichita ARPA partnerships associated with workforce development should encourage the growth of the employment in the region.

Operating environment trends can also impact City revenues and expenditures. The 2023-2024 Proposed Budget includes cost increases for fuel, natural gas, and other commodities, such as chemicals and traffic signal equipment. Costs that impact City of Wichita operations also impact residents, and can result in increases or decreases in revenues such as franchise fees, motor fuel taxes, sales tax, interest earnings, and motor vehicle tax. These revenue trends are modelled in the budget based on current conditions. Finally, City revenues (particularly in the General Fund) have a degree of sensitivity to technology improvements. Trends indicating the deployment of electric vehicles increasing over the long-term will erode motor fuel revenue. Likewise, electric franchise fees are dependent on usage and continued efficiencies due to technology are expected to continue to dampen long-term growth in this revenue source. Increased inflation could give rise to increases in City expenditures. This is particularly relevant for wages, which comprise over 75% of General Fund expenditures.

Finally, any future federal stimulus or other changes due to federal fiscal policy could impact City projections. Due to ARPA funding, the City is in a favorable position through 2024. However, it is important to recognize that this stimulus funding is temporary. When ARPA funding is exhausted, a decrease in the City’s operating budget, particularly in the General Fund, should be expected. Interest earnings on idle City funds are largely dependent on short-term interest rates. The Federal Reserve has increased the Federal Funds rate three times in 2022, from 0.25% to 1.75% in order to slow inflation. Additional rate increases are expected as a tool to slow inflation, which will impact City of Wichita revenue from interest earnings.

**FINANCIAL PLAN**

Each year, a Financial Plan is developed, including a longer term view with five-year projections. Although projecting for that length of time is challenging at best, the Financial Plan attempts to identify potential issues and trends, quantify the impact of those issues and trends, and provide thoughtful and strategic responses for potential policy direction.

**TOTAL CITY REVENUES AND EXPENDITURES** - The 2023 Proposed Budget includes $624,227,999 in expenditure authority among all of the City’s funds (net of interfund transactions and not including Trust funds and grants). For the 2022 Revised Budget, total expenditure authority of $600,249,508 is included; an increase of $70,361,425 over 2021 actual expenditures.

The 2023 Proposed Budget of $624,227,999 represents an increase of $24.0 million over the 2022 Revised Budget. In a change from prior years, the appropriation of reserves for the purposes of certifying budgets to the State of Kansas is reported separately.
from operating budgets so that there is less fluctuation each year. These reserves will most likely not be spent, but State law requires that any amount of fund balance in excess of 5% of expenditures be appropriated. Most of the increase is in proprietary funds.

**General Fund** - The General Fund is used to finance many City services cited by residents as the most important, including police operations, fire protection and infrastructure maintenance. General Fund expenditures account for nearly half of the entire City budget. Expenditures in the General Fund are aligned with revenues, resulting in a balanced budget in 2023. Consistent with financial forecasts from previous years, maintaining a balanced General Fund budget in the future will require continued diligence and foresight. Organic revenue and expenditure growth tends to be structurally imbalanced, based on projected growth patterns.

From 2022 to 2024, the use of ARPA funding is expected to solidify the General Fund, leading to a balanced projection through 2024. However, it is crucial to recognize that the exhaustion of ARPA funds (expected in 2024) is expected to renew General Fund challenges beginning in 2025. To diminish this impact, the Proposed Budget seeks to minimize the use of ARPA for structural stability, instead using a significant amount of ARPA funds for strategic initiatives and capital projects. It is also critical to avoid policy decisions that expand the City’s General Fund cost structure during this period - doing so could exacerbate any challenges upon the expiration of ARPA funding. Fortunately, the City has a very long history of adapting to General Fund challenges throughout various economic cycles and changes in fiscal and monetary policy by relying on the City’s strategic management structure to adjust spending trends to balance the General Fund budget. Maintaining this focus and discipline will bode well for City finances in the period post-ARPA funding.

### Long-Term General Fund Financial Plan (Dollars in Millions)

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**Reserves are Important**

Reserves provide liquidity and flexibility. The 2023 Proposed Budget includes reserves of 15.4% of expenditures.

**Reserve Levels** - The City maintains reserves in a variety of funds. Reserves provide liquidity for the City, which is particularly important in the event of emergencies, unforeseen circumstances, or downturns in revenues. Reserves also ensure adequate cash flow to fund City operations. However, perhaps one of the most important reasons to maintain (and increase) reserve levels is the impact of reserves on the City’s bond ratings. Maintaining consistent access to the capital markets and the ability to borrow at attractive rates is crucial to maintain capacity within the Capital Improvement Program (CIP). While bond ratings are based on multiple factors, there is no doubt that the liquidity and flexibility demonstrated by maintaining adequate reserve levels is a key strategy to reduce borrowing costs. The balance in the General Fund is projected at $42.6 million, which is an estimated 15.4% of expenditures in 2023, exceeding the 10% policy minimum. The General Fund reserve balance has increased annually for the past ten years, from $23.1 million in 2011 to $42.6 million in 2021.
MILL LEVY RATE - Maintaining a low and consistent taxing rate has been a policy directive for the past 29 years. This budget reflects a continuation of this policy. The 2023 Proposed Budget is based on a mill levy rate of 32.758 mills, which is the same as the 2022 Adopted Budget. In addition, the Wichita mill levy rate is expected to remain the lowest of the 25 first class cities in Kansas without a local sales tax and one of the lowest rates in the metro area.

GENERAL FUND EXPENDITURE GROWTH - General Fund expenditures in 2022 are projected to increase by $12.4 million, or 4.9%, over 2021 expenditures. Growth in 2022 is amplified by underspending in 2021 due to position vacancies. Additionally, inflationary pressure in 2022, particularly for utilities, fuel, and wages have driven 2022 increases. The 2023 Proposed Budget growth over the 2022 Revised Budget is $9.1 million, or 3.4%. The 2023 growth is driven by wage increases, fuel prices and other cost increases.

Expenditures are dominated by salaries and benefits. Base wages are a function of employee demographics, union wage agreements and the number of positions filled. Benefit costs are more challenging. Although the City has aggressively pursued strategies to moderate growth rates, health insurance costs are budgeted to grow 6% annually. The City Council has traditionally and prudently funded the actuarial recommendations for pension contribution rates completely, which is reflected in the funded ratios of the City's pension plans. This policy has led to funded ratios that are among the best in the nation for public pension plans. However, adverse market conditions, or changes in actuarial assumptions, can potentially impact pension contribution growth rates in the future.

To preserve the financial health of the General Fund, it is important to consider strategies to limit expenditure growth and enhance revenue growth. Staff continually examine best practices and cost structures, with the objective of minimizing the costs of providing City services.

OTHER FUNDS - The City budget is comprised of 34 additional funds. These funds are reviewed in greater detail in the Financial Plan section. Generally, most of the City’s other funds are stable, with adequate reserves and favorable forecasts. Five special revenue funds are added in the 2023-2024 Proposed Budget: Addiction Settlement Recovery, Century II, Ice Rink, Riverside TIF, and ICT21 TIF. The Landfill Fund is reclassified as an enterprise fund in the 2022 Revised Budget; it was formerly a special revenue fund.

KEY RECOMMENDATIONS

The 2023 Proposed Budget is a plan that adapts to the challenges posed by the operating environment and allocates resources to produce outcomes consistent with the City’s mission. The recommendations are designed to improve performance, create a favorable customer experience and strive for operational excellence. An organization that is always learning is poised to leverage change. The 2023 Proposed Budget leverages many of the lessons learned in the past year and incorporates them into ongoing service delivery strategies. Finally, it is important to recognize that operating budget strategies are often paired and consistent with CIP projects.

To determine the outcomes produced by the City, an extensive performance management system is utilized. Staff report on performance through over 400 measures, many of which are included in this Budget document. When developing the budget, targets are established for each performance measure. These targets represent the level of performance expected based on the amount budgeted and anticipated operations as the community recovers from the pandemic. Not only is transparency enhanced by reporting performance levels, these targets are an important tool to help determine whether the appropriate amount of resources are provided, and whether new operating strategies should be considered.
Keeping Wichita Safe - The 2023 Proposed Budget includes funding for a dedicated social work function in the Police Department. The integration of mental health with public safety response has been identified as a priority. The Police Department has pursued collaborative partnerships to address the increased incidences of emergency mental health calls. Due to the success of these efforts, there has been interest in adding social workers to the Police Department. Currently every juvenile with a mental health issue must be seen by a social worker; Police Officers are waiting a minimum of two hours for each assessment at the hospital. An embedded social worker could provide the same assessment in a much shorter time, while also acting as an internal counselor for officers impacted by traumatic incidents. This plan is under development in consultation with the Wichita State University School of Social Work.

Also in the Police Department, the Animal Control budget includes additional Kennel Technicians so that Animal Control Officers can provide field services earlier in the day. In addition to operating budget changes, the 2023-2032 CIP includes funding to build three new Police substations. These buildings will be larger than the current facilities and will be strategically located to best service residents.

The Fire Department is analyzing equipment, staffing and station needs to support data-driven deployment decisions. To support recommendations from this staffing optimization effort, $1 million annually in ARPA funding is included for the Fire response initiative. In addition, the CIP includes funding for nine fire stations, which will be strategically located to optimize response times.

Municipal Court operations will continue with changes made to docketing and probation during the pandemic. This includes modified dockets, which provide enhanced customer service. Additional on-line reporting for probationers will also continue, which is expected to enhance probation outcomes and better serve probationers.

Dependable Infrastructure - Street maintenance continues to be a priority, with $141 million included over 10 years in the CIP for contracted street maintenance. The CIP also includes $31 in funding for the paving of dirt streets; streets near schools are the first priority for this program. In the operating budget, annual funding is included to mark crosswalks. Currently, crosswalks are marked every 20 years; due to this initiative those will be marked every two years. In order to ensure the safety and operability of traffic signalization equipment, increased funding for annual inspections is included in the operating budget.

The CIP also has funding for several significant infrastructure projects. This includes a new biological nutrient removal plant for the Sewer Utility; funding, in partnership with the State of Kansas and Sedgwick County for the North Junction Interchange; and Stormwater Utility funding for Dry Creek improvements in East Wichita and for the rehabilitation of existing pump stations.

Living Well - The level of sporting and cultural arts events has increased since 2022. To enhance the customer experience at the Ice Rink and Century II, contracted management was sought for those facilities. The 2023-2024 Proposed Budget includes two new funds that report on activity at contracted venues, the Ice Rink Fund and the Century II Fund. This reporting structure provides additional transparency regarding these venues.

The CIP has funding for infrastructure project in Wichita’s parks across the community such as a new shelter at Aley Park, a dog park at Country Acres Park, and investments at Finlay Ross Park in downtown Wichita. Additionally, the 2023-2024 Proposed Budget includes initiatives that support the urban canopy, such as an additional remote-control grapple truck for tree pruning and the a new approach to tree planting.

The Wichita Public Library continues to implement the master plan for the branch system. The renovated Evergreen Community Center & Library, which reopened in 2022, includes the Wichita Public Library and Office of Community Services in one location. Branch improvements are included in the CIP for the Alford, Angelou, Rockwell, and Westlink locations. The 2023-2024 Proposed Budget includes three proposals to increase the reach of the Wichita Public Library: the elimination of overdue fees; an increase in the materials budget, particularly for digital materials; and the addition of a Family Literacy Coordinator. The Family Literacy Coordinator will implement the Family Place Library model in order to assist with kindergarten and reading readiness. Improving early literacy and supporting kindergarten readiness is a key focus area of many community partners, and the City of Wichita looks forward to continued support of this effort.
Growing our Economy - The City has long used Tax Increment Financing (TIF) as a tool to grow the local economy. The Old Town Cinema TIF fund is expected to close in 2023, after fully reimbursing all debt obligations. This budget includes two new TIFs in the Financial Plan: the Riverside TIF and the ICT21 TIF. The Budget also includes an allocation of $20 million in ARPA funds to support four community initiatives: Affordable Housing, Food Insecurity, Small Business and Entrepreneurial Development, and Work Force Development. The Planning Department has been processing a record level of cases; two entry-level planners are added in the 2023-2024 Proposed Budget to assist with caseloads and promote community planning efforts. Additionally, two summer interns are added to promote a pipeline of planning professionals. In the Engineering Division, a fourth summer intern is added in the budget to achieve similar aims.

Well-Run City - Being a well-run City requires the organization to reflect its value in all aspects of its work. In 2022, the City of Wichita will further efforts to foster diversity, inclusion, and equity into our organization by identifying best practices that will promote organizational growth. Funding is added to the 2023-2024 Proposed Budget to survey residents annually, rather than biannually. Survey data will be shared in a digital dashboard so that results are readily available for decision-making and discussion.

CONCLUSION

Like every organization, the City of Wichita has been impacted by the challenges and changes of the past two years. Due to ARPA funding and improved economic conditions, the 2023-2024 Proposed Budget addresses community priorities that are the result of the post-Covid environment. However, due to global economic uncertainty and the expiration of ARPA funding in 2024, the outlook for 2025 is somewhat uncertain. Due to the City's proven record of meeting challenges and focusing on outcomes, the City of Wichita will meet future challenges with the same determination and commitment as it met the COVID-19 pandemic. Consistent with the City's mission and strategic priorities, reflective of the City Council's policy direction and coupled with the resiliency and innovation of the City of Wichita’s staff, the 2023 Proposed Budget is hereby respectfully submitted for consideration by the governing body.

Sincerely,

Robert Layton
City Manager

Acknowledgements

The City's 2023 Proposed Budget is based on the input and contributions of many individuals. These staff include Department Directors and Assistant City Managers Donte Martin and Kathy Sexton, Finance Director Mark L Manning, Budget and Research Officer Elizabeth Goltry Wadle, and Budget Analysts Trinh Bui, Michelline Stokes, Zach Kramka, Paul Leeker, and Adam Nebenzahl.
1. Seeking Resident Participation in the Budget Process

**Issue** - The Online Budget Simulator and Social Media Town Hall encouraged resident participation in the budget process to gather feedback regarding proposals considered by the City Council at the May 25 Budget Retreat.

The Social Media Town Hall has guided decision making during the budget process for the last eleven years. Twenty budget proposals were presented at the City Council Budget Retreat on May 25. Of the twenty proposals, five were highlighted during the Social Media Town Hall. Residents were invited to weigh in on increasing budget funding for illegal dumping clean-ups, more frequent crosswalk marking, embedding social workers in the Police Department, enhancing animal control field response, and increasing the number of trees planted each year.

In addition to the Social Media Town Hall, the Online Budget Simulator was available during June. Participants could increase or decrease service levels for core functions, such as Police Patrol Services or Street Maintenance.

The main takeaways from the Social Media Town Hall respondents are: increase hours and workers for animal control; increase visibility of street marking and crosswalks; increase multi-modal options; increase and incentivize tree plantings publicly and privately; have WPD and social workers work alongside each other; and increase the enforcement of illegal dumping.

For the budget simulator, the results showed highest priorities for pavement maintenance, fire and medical response, and person crime investigations.

2. Integrating Environmental Sustainability

**Issue** - The Wichita Sustainability Integration Board was established on September 7, 2021 in order to advise the City Council and City staff on sustainability matters affecting the City’s long-term livability and economic vitality. The 2023 Proposed Budget includes efforts that reflect an enhanced focus on environmental sustainability.

The 2023 Proposed Budget includes service level improvements that enhance environmental sustainability: plant more trees, mark crosswalks more frequently, and discourage single-use water bottles by installing hydration stations in downtown park locations. Additionally, funding will be transferred to a Sustainability Integration Fund for future projects.

Due to a focus on tree removals following a drought, there has been a net loss of approximately 3,300 trees per year over the past decade. Staff have been pursuing several strategies to reduce or eliminate the annual net loss of trees. Currently, the Park Maintenance Division is in year two of a three-year pilot program to plant bare root trees. This is a less time-intensive and less costly effort than the strategy of planting balled and burlapped trees. If the pilot is successful, the Park Maintenance Division expects that 1,000 more trees could be planted next year. The purchase of a second remote-controlled grappled truck is included in the 2023 Proposed Budget, which will improve the efficiency of the tree removal process and free up staff time to focus on reforestation efforts. Finally, the 2023 Proposed Budget includes the flexibility to shift savings from position vacancies to contractual services in order to plant more trees.

Currently, crosswalks are marked on a 20-year cycle. Properly marked and maintained crosswalks are integral to promoting Wichita’s walkability by providing guidance for pedestrians and awareness for drivers. Both brick and stamped concrete crosswalks require markings. Crosswalks near and around schools, due to their nature of higher use by younger pedestrians, are particularly important. This proposal would fund marking for all 1,350 crosswalks on a two-year cycle compared to the current 20-year cycle. Adding contractual services instead of full-time staff enables much greater flexibility to adjust service levels each year.

During the past two years, people have become accustomed to using water bottles, rather than drinking fountains. Hydration stations include water bottle fillers and a drinking fountain. The 2023 Proposed Budget includes funding to convert seven locations to hydration stations and to add 10 additional locations over a three-year period, through a joint effort between the Cultural Arts, Park & Recreation and Public Works & Utilities departments. This improvement will encourage the use of reusable bottles and reduce the amount of waste in downtown parks.

Finally, the 2023 Proposed Budget includes a transfer of $100,000 to the Sustainability Integration Fund for the implementation of the Board’s efforts. This funding will support initiatives that are not otherwise included in the City of Wichita Budget.
The CIP and operating budget are linked in several ways. Both are directly aligned with the City’s mission and strategic priorities. The City’s mill levy is allocated between the CIP and operating budget annually. Finally, maintenance and operating costs in the operating budget are impacted by CIP project amounts.

Strategic Alignment

Both the 2023-2024 Proposed Budget and the 2023-2032 Proposed CIP are based on operating budget strategies directly aligned to the City’s mission and strategic priority areas. Examples of alignment with the City mission and strategic priorities are outlined below.

Police Stations - The CIP includes funding to build three new Police stations (with a fourth currently in progress), to replace smaller facilities that were built in the early 1990’s. These stations will accommodate current staffing levels, which have been increasing since 2018.

Fire Stations - Nine Fire stations will be modernized based on funding included in the CIP. These stations, as well as funding in the operating budget for fire response optimization, will ensure that crews are in the optimal locations to best serve Wichita residents. The CIP includes a total of $108.5 million in projects to optimize the Fire Department’s response.

West Street Corridor Improvements - The CIP includes $26.7 million for continued construction of the West Street corridor from Harry Street to 47th Street. This investment aligns to operating budget strategies as the Corridor has been identified as critical infrastructure to enhance economic development outcomes in Wichita.

Bikeways - The CIP continues to invest in infrastructure focused on making Wichita more pedestrian and bicycle friendly. These improvements are coordinated with the Bicycle and Pedestrian Advisory Board and are aligned with the priority of making Wichita a more livable City.

Library Branch Improvements - The CIP includes funding to renovate four branch libraries: Alford, Angelou, Rockwell and Westlink. Renovations at Evergreen were completed in 2022 and the relocation of the Linwood Branch to the Walters location occurred in 2021. These investments align with the Branch Library Master Plan.

Property Taxes

The City of Wichita has two taxing funds: the General Fund and the Debt Service Fund. While the City’s total mill levy rate has not been increased in 29 years, the portion of taxes allocated between the General Fund and Debt Service Fund has changed. In general, historically low interest rates, the shift of local sales tax funding for street projects and increased operating budget requirements has led to a shift of the mill levy from the Debt Service Fund to the General Fund. Most recently, 1.0 mill was shifted to the General Fund to finance additional police staffing in 2019 and in 2021 an additional 0.5 mills was shifted to the General Fund.

Operating Cost Coordination

CIP capacity is leveraged to improve infrastructure conditions and reduce maintenance costs in the operating budget. The Facilities Decision Support Tool is used to direct CIP funding to the appropriate repairs to lower lifecycle operating budget maintenance costs. Over the ten-year period, $50.8 million is included in the CIP for maintenance of City facilities. A total of $141 million in contracted street maintenance is included in the CIP. This has increased the overall value of the street network. Well-maintained streets reduce operating costs for spot fixes, lowering street maintenance costs.
**4. Utilizing American Rescue Plan Act (ARPA) Funding**

**Issue** - The 2023-2024 Proposed Budget includes the use of ARPA funding. This includes the use of ARPA to fill positions that were unfilled during the pandemic; to focus on public safety initiatives to enhance services; to restore services previously reduced during the pandemic; to fund capital projects; and to address community challenges created by the pandemic.

The City of Wichita has been awarded $72.4 million in ARPA funding. This funding has been incorporated into the 2023-2024 Proposed Budget. The spending plan is based on best practices and guiding principles from professional organizations, input from the community and feedback and direction from the City Council.

Prior to recommending ARPA allocations to support the operating budget, staff reviewed guiding principles and best practice recommendations developed by a variety of professional organizations, including the Governmental Finance Officers Association (GFOA).

Some guiding principles include:
- Focusing on non-recurring costs, since ARPA funding is non-sustainable after 2024 and,
- Coordinating with regional partners, to complement rather than duplicate programs.

The recommended ARPA funding allocations are designed to align to specific ARPA eligible areas. Most recommended funding is aligned to ARPA Category A and Category C.

**Category A: (Public Health Emergency and Associated Negative Economic Impacts)** - This category includes a sub-category of Negative Economic Impacts. Several recommendations align to this sub-category, which includes rehiring government staff, aiding impacted industries, assisting Wichita’s workforce and small businesses, and developing community based responses.

**Category C: (Provision of Government Services)** - This category can be used with any ARPA funding related to revenue losses experienced by the City. Based on the ARPA guidance, the City could be eligible to use the entire allocation in this category due to revenue loss. However, recommendations are also directly linked to specific criteria in this area, including activities such as building of infrastructure and police, fire and other public safety services.

**Initiatives** - Funding is included for two initiatives: improving fire response times, based on the anticipated results of a resource deployment study ($1,000,000 annually) and funding violence interrupter initiatives ($500,000 annually).

**Infrastructure Projects** - A total of $33.3 million is recommended to fund Century II repairs, two police stations, upgrades to the fire station alerting system, fire communications infrastructure, and improvements at four branch libraries.

**Negative Economic Impact Initiatives** - A total of $20 million is reserved for initiatives to address the pandemic’s effect on local business. To date, $10 million has been awarded to 21 organizations for workforce and small business development. The Affordable Housing program was approved at $5 million on April 12, 2022. Finally, the Healthy Corner Store Initiative pilot program was approved at $1 million on July 5, 2022.

**General Fund Support/Other** - The Proposed Budget includes an estimated $14.6 million to cover any additional General Fund revenue shortfalls or to fund additional project costs or initiatives consistent with the ARPA guidelines. Of this, $1.3 million was allocated to program administration costs and vaccination efforts.

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### Recommended ARPA Funded CIP Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Year(s)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Century II Repairs</td>
<td>2023</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Fire Station Alerting System</td>
<td>2021-2023</td>
<td>$4,790,000</td>
</tr>
<tr>
<td>Fire Communications Infrastructure</td>
<td>2023-2024</td>
<td>$1,650,000</td>
</tr>
<tr>
<td>Library Improvements</td>
<td>2023-2024</td>
<td>$6,164,238</td>
</tr>
<tr>
<td>Police Patrol Stations</td>
<td>2022-2024</td>
<td>$14,204,000</td>
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<tr>
<td><strong>Total ARPA Funding</strong></td>
<td></td>
<td><strong>$33,308,238</strong></td>
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### ARPA Funded Projects (in Millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiatives</td>
<td>$0.0</td>
<td>$1.5</td>
<td>$1.5</td>
<td>$1.5</td>
<td>$4.5</td>
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<tr>
<td>Infrastructure Projects</td>
<td>$2.9</td>
<td>$14.2</td>
<td>$11.2</td>
<td>$5.0</td>
<td>$33.3</td>
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<tr>
<td>Negative Economic Impact Initiatives</td>
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<td>$20.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$20.0</td>
</tr>
<tr>
<td>General Fund Support</td>
<td>$0.0</td>
<td>$5.9</td>
<td>$0.0</td>
<td>$8.7</td>
<td>$14.6</td>
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<tr>
<td><strong>Total</strong></td>
<td>$2.9</td>
<td>$41.6</td>
<td>$12.7</td>
<td>$15.2</td>
<td><strong>$72.4</strong></td>
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</table>
The City of Wichita has been awarded $72.4 million in ARPA funding. On December 14, 2021, the City Council allocated up to $10 million of the City’s ARPA funds for workforce development and small business development grants to help alleviate the economic hardships caused by the pandemic, specifically focusing on mitigating the resulting widening of equity gaps.

On April 12, 2022, the City Council approved grant awards from round one in the amount of $6,360,428 for 15 programs. Then on July 5, 2022, the City Council awarded $3,583,063 for seven programs and a contingency of $56,509. These partnerships cement the City’s commitment to using ARPA funding to foster recovery and growth in the community.

**Workforce Development** - There are 15 partnerships in the Workforce Development category. Some of the programs, like the Catholic Charities child care placement and assistance effort, the KETCH hiring bonus program, and the GraceMed testing lab expansion are focused on accelerating the rehiring process and reducing unemployment. Other programs are intended to provide workforce readiness to unemployed workers. Examples of those types of programs include the WSU Tech—Health Care Pathways program and the WSU—Manufacturing Pathways program, both of which are intended to expand the pipeline of workers in two sectors of the economy which are critical to the regional economy and have lost workers during the pandemic. KANSEL will increase its offerings of GED and ESOL classes, which were curtailed during the pandemic, but are critical for workforce recovery. The Greater Wichita YMCA program is for summer youth employment to reach teens who might have missed early employment opportunities due to the pandemic. Some of the programs are targeted at particular populations that have experienced greater challenges to re-entering the workforce. Examples of these programs include the Workforce Alliance program focusing on veterans and their spouses, the Down Syndrome Society of Wichita food truck, WIN job training efforts, and the Breakthrough job training lab.

**Small Business Development** - The balance of funding was directed toward partners focusing on small business development efforts. Groover Labs opened in early 2020; this grant allows them to continue with the development of their Maker Space. The Kansas Nonprofit Chamber will be providing micro-grants to nonprofits, while the WSU Office of Innovation and New Ventures partnership will provide assistance to small businesses in order to promote resilience and recovery.

### Grant Funding

<table>
<thead>
<tr>
<th>Workforce Development</th>
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</thead>
<tbody>
<tr>
<td>Catholic Charities</td>
<td>$60,000</td>
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<tr>
<td>Down Syndrome Society of Wichita</td>
<td>85,000</td>
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<tr>
<td>Envision Inc.</td>
<td>441,100</td>
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<tr>
<td>Episcopal Social Services (DBA Breakthrough)</td>
<td>480,178</td>
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<tr>
<td>GraceMed Healthcare</td>
<td>30,000</td>
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<tr>
<td>Greater Wichita YMCA</td>
<td>200,000</td>
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<tr>
<td>Heartspring Inc.</td>
<td>266,500</td>
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<tr>
<td>ICT Food Rescue</td>
<td>126,555</td>
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<tr>
<td>Kansas Elks Training Center for Handicapped (KETCH)</td>
<td>95,000</td>
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<tr>
<td>Kansas School for Effective Learning (KANSEL)</td>
<td>69,150</td>
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<tr>
<td>Starkey</td>
<td>59,800</td>
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<tr>
<td>Wichita Women’s Initiative Network (WIN)</td>
<td>372,199</td>
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<tr>
<td>Workforce Alliance of South Central Kansas</td>
<td>704,749</td>
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<tr>
<td>Wichita State University Tech (WSU Tech)—Healthcare</td>
<td>2,014,535</td>
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<tr>
<td>WSU Tech—Manufacturing</td>
<td>1,709,000</td>
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<tr>
<td><strong>Subtotal: Workforce Development</strong></td>
<td><strong>$6,713,766</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Small Business Development</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Empower Evergreen</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Groover Labs</td>
<td>161,000</td>
</tr>
<tr>
<td>Kansas Nonprofit Chamber</td>
<td>357,500</td>
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<tr>
<td>Philips Fundamental Learning Center</td>
<td>631,511</td>
</tr>
<tr>
<td>The Garages at Cleveland Corner</td>
<td>46,800</td>
</tr>
<tr>
<td>Wichita Old Town Association</td>
<td>19,500</td>
</tr>
<tr>
<td>Wichita State University (WSU)</td>
<td>1,013,414</td>
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<tr>
<td><strong>Subtotal: Small Business Development</strong></td>
<td><strong>$3,229,725</strong></td>
</tr>
</tbody>
</table>

**Total Amount Awarded** | **$10,000,000**
6. Funding Public Safety Priorities

**Issue** - The 2023 Proposed Budget funds public safety initiatives that are based on analysis and planning. The Police Department budget includes funding to implement an expanded social work function. ARPA funding is available for the Fire Department to implement recommendations from the data-driven fire optimization efforts. The 2023-2024 Proposed Budget supports public safety by allocating funding for facility replacements, as well as other improvements.

**Police Department** - Police emergency response is an important strategy aligned to the goal of keeping residents safe. Enhanced funding for the Wichita Police Department (WPD) is included in the 2023-2024 Proposed Budget and the 2023-2032 Capital Improvement Program (CIP).

The Police Department operates from four stations that were built in the 1990s. These stations are becoming functionally obsolete due to the growth in Police Department staffing. The CIP includes funding for the replacement of stations in order to support staffing increases that have occurred in the operating budget, due in part to the implementation of the Police Staffing Study. A total of $30.9 million is budgeted to rebuild three stations (the fourth is currently in-progress). Within the past several years, the Police Department has undertaken several pilot programs which focus on integrating licensed mental health professionals with police operations. The 2023 Proposed Budget includes funding to expand these efforts on a permanent basis.

**Fire Department** - The 2023-2032 Capital Improvement Program (CIP) supports the WFD by funding fire stations and equipment. The Fire Department utilizes 22 fire stations. Approximately one-half of these stations have been upgraded in recent years. However, the other half are older, with low facility condition index scores. The CIP includes funding to replace nine of these stations. Building these stations to handle modern equipment and locating them strategically will enhance response times. The CIP includes funding to support the fire apparatus replacement program. The Fire fleet includes over 50 pieces of equipment, including fire engines, ladder trucks, and other vehicles. This equipment is replaced according to an empirical model designed to optimize replacement cycles, while ensuring modern and reliable equipment. This strategy helps control operating costs for fleet repairs and replacement. The CIP also includes funding to upgrade the communication infrastructure at each fire station as well as replacement of the Department’s aging Records Management System.

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7. Complying with Kansas Statutory Limitations on Tax Levies

**Issue** - The 2023 Proposed Budget is consistent with City policy for the last 29 years—there is no projected growth in the City mill levy rate. However, because of changes in the State tax lid, the City will be required to provide notification of the intent to exceed the “Revenue Neutral Rate (RNR).”

In 2021, the Kansas Legislature changed tax lid requirements for all local governments. Staff is expected to provide notification to the County of the intent to exceed the new tax lid requirement. Professional groups universally recommended providing notification, to ensure compliance with the new statute. If the City did not exceed the RNR, the new tax lid would reduce City General Fund revenues by $9.96 million. This would require adjustments to service delivery.

Prior to the 2022 budget, the City’s taxes levied were limited each year by the inflationary growth rate in assessed valuation. If a budget was adopted that included a property tax levy that exceeded the inflationary growth rate (after calculating numerous exceptions), a local election would have been required. The City of Wichita never exceeded the previous tax lid.

The new tax lid (which is fully implemented in 2023) limits property taxes levied to the exact amount levied the previous year, with no provisions for any growth. Any adopted budget with property taxes levied greater than the prior year can only be done if the City notifies the County Clerk prior to July 20 of its intent to exceed the “Revenue Neutral Rate” (RNR) for the mill levy (for 2023, this RNR is expected to be 30.414 mills).

For the past twenty-nine years, the City of Wichita mill levy rate has not increased when each budget was adopted. By keeping the City’s levy flat at 32.758 mills, the City will exceed the RNR with the 2023 Proposed Budget. This will trigger the notification requirements in the current tax lid law. Staff also expect to provide notification that the SSMID will exceed the RNR for the 2023 Proposed Budget. The SSMID mill levy will stay unchanged at 6.737 mills. However, the RNR for that taxing fund is 6.273 due to assessed valuation increases.

<table>
<thead>
<tr>
<th>Year</th>
<th>Mill Levy Rate</th>
<th>Taxes Levied</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Adopted</td>
<td>32.758</td>
<td>$129,163,621</td>
</tr>
<tr>
<td>2023 RNR</td>
<td>30.414</td>
<td>$129,163,621</td>
</tr>
<tr>
<td>2023 Proposed</td>
<td>32.758</td>
<td>$139,120,378</td>
</tr>
</tbody>
</table>

2023-2024 Proposed Budget