



CITY OF LEAVENWORTH

2026

City Managers
Proposed Budget

&

2026 - 2030

Capital Improvement
Program

JUNE 24, 2025



GOALS & PRIORITIES



1. Take an honest approach to revenue generation in the City
2. Evaluate Future of Solid Waste Services
3. Evaluate Future of Wastewater Services
4. Establish Priorities for Economic Development Partners
5. Look into digitization of City-wide offices/services
6. Increased communication from the City to the public



GOALS & PRIORITIES - *Revisited*

1. Take an honest approach to revenue generation in the City

- Staff has provided a revised, more conservative estimate for sales tax collection through the year 2026 based on recent trends.
- Reduction of spending in key areas- Staff believes all available cuts have been made prior to recommending revenue increases.
 - Vehicle Fleet Lease Program
 - Reduction of Positions through Attrition (No Layoffs!)
 - Reduction of Spending at the Line-Item Level.
 - Reduction of Overtime by 10% in every department except public safety (5%).
 - No budgeted increases to wages and salaries to City personnel.
- Adjusting enterprise fees to meet the current and future demands of user-based services.

2. Evaluate Future of Solid Waste Services

- 2026 Budget Reflects Commission Consensus (Option “2.5”, June 17, 2025 Study Session)
 - Short-Term: Add new trucks and staff in 2026 to meet increased capacity and demand.
 - Near-Term: Construction of consolidation station at old landfill site.
 - Long-Term: Develop master plan for future construction of a full-service transfer station

3. Evaluate Future of Wastewater Services

- Approval of update to Wastewater treatment plant master plan on tonight’s agenda
- CIP adjusted to remove replacement of infrastructure that would not be needed in a new plant expansion.

GOALS & PRIORITIES - *Revisited*



4. Establish Priorities for Economic Development Partners
5. Look into digitization of City-wide offices/services
 - Bonfire
 - RecDesk
 - Business licensing
 - Office365
6. Increased communication from the City to the public
 - Opt-in Texting service (Alert Sense)
 - New Social Media Channels (TikTok, Instagram)

BUDGET IMPACTS



- Declining Sales Tax
 - 2024 Sales tax collections were \$1,560,000 under budget
 - 2025 Sales tax collections are projected to come in \$876,000 under budget
 - This results in
 - A two-year negative impact to reserves of \$2,436,000
 - Conservative forecast for 2026 sales tax collections
- Wages were increased in 2024 based on a sliding scale between 5 – 15%, with the highest raises going to positions with the lowest wages. Wages were increased in 2025 by 3.5%.

These increases were implemented to bring the City closer to competitive wages, though we still lag behind other area municipalities and private enterprise.

 - Wage increases in 2024 were \$1,436,000
 - Projected 2025 wages increases are \$560,000 (3.5%)

BUDGET IMPACTS



- Debt payoff – The City implemented a Pay-As-You-Go policy for the Pavement Management Program in 2023. In 2024, the City issued \$4,885,000 in bonds for Fire Station #3. In spite of this, 2026 debt service will be \$308k lower than 2024 debt service and it will continue to decline until debt is completely paid off in 2036.
- Grant fund subsidized by General Fund – In 2026 the General Fund is budgeted to transfer \$1,066,678 to the Grant Matching Fund to support \$4,016,000 in projects. Beginning in 2027, grant matching requirements will be funded by the City Sales Tax Fund or County Wide Sales Tax Fund, depending on the nature of the project.

BUDGET IMPACTS



- Insurance – P&L
 - Property and Liability (P&L) insurance increased by \$130,413 (25%) in 2024 and is projected to increase an addition \$62,918 (10%) in 2025.
- Insurance – Health Insurance
 - Health insurance expenses increased by \$467,000 (14%) in 2024 and is projected to increase an additional \$593,000 (16%) in 2025.



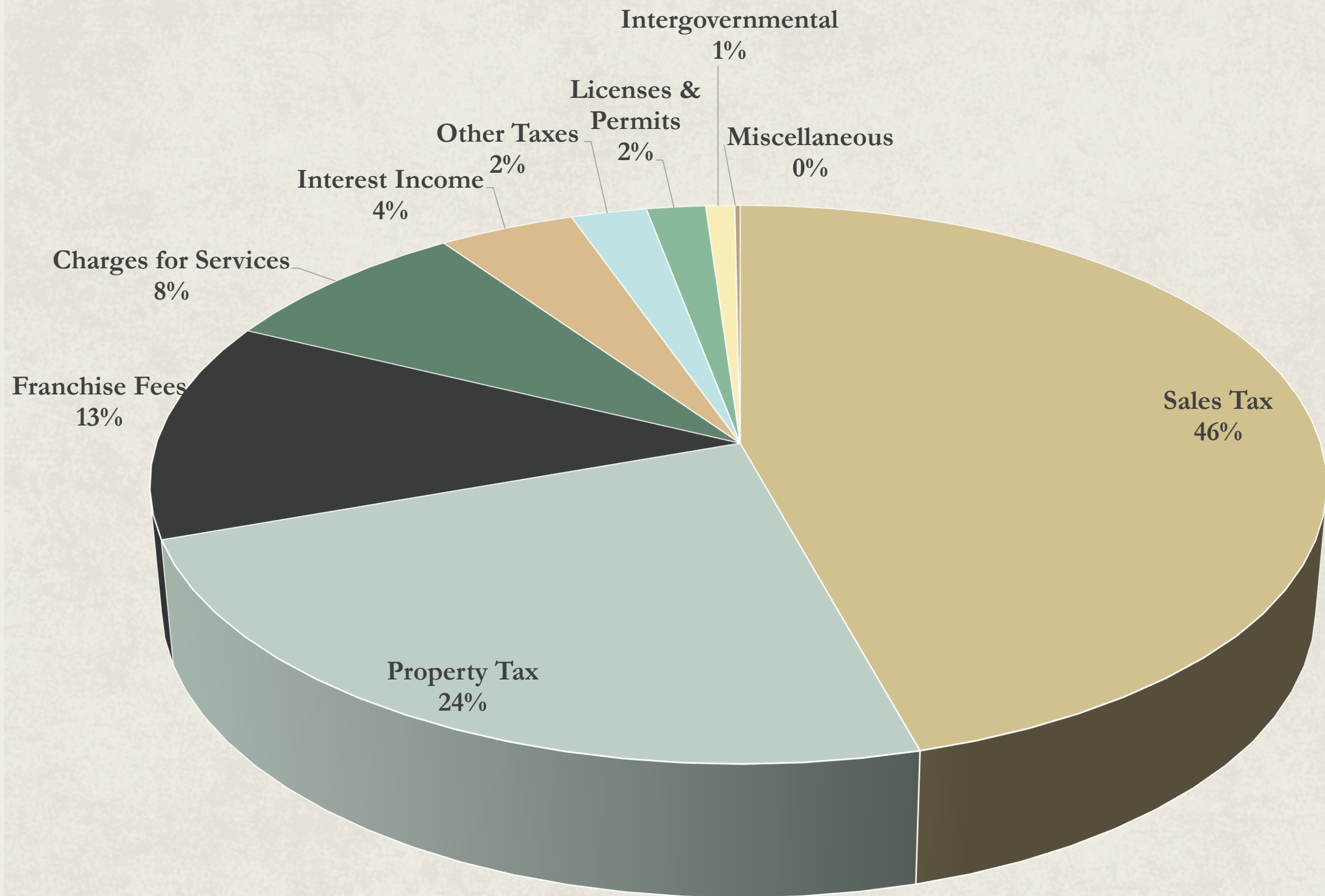
BUDGET ASSUMPTIONS

- 5.72% increase in assessed values, 2.3457 mill increase = \$1,143,228 additional ad valorem tax in General Fund
- 3.05% decrease in 2025 City sales tax, then increase 2% in 2026
- 0% raises
- 2% decrease in health insurance
- Police Officers salaries include 4 budgeted vacancies
- Fire Department salaries include 1 budgeted vacancy
- Overtime reduced 10% except for public safety overtime, which is decreased 5%
- Secretary in Fire Department will work 50% for Fire Department, 50% for another department



GENERAL FUND:

2026 PROPOSED BUDGETED REVENUE - BY TYPE

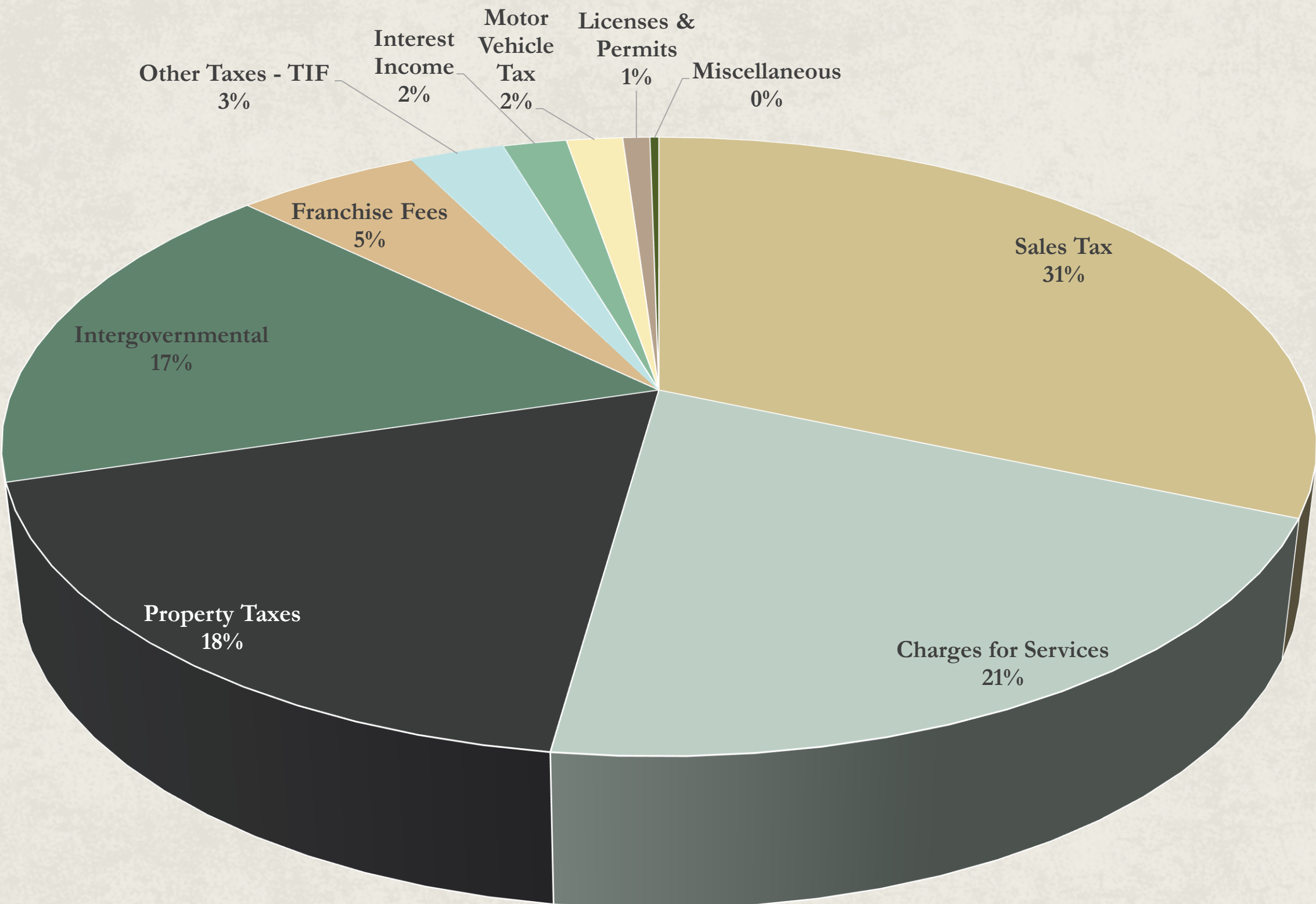


Type of Revenue	Amount	%
Sales Tax	\$10,639,200	45.7%
Property Tax	\$5,533,512	23.8%
Franchise Fees	\$2,949,904	12.7%
Charges for Services	\$1,890,606	8.1%
Interest Income	\$1,000,000	4.3%
Other Taxes	\$557,152	2.4%
Licenses & Permits	\$433,850	1.9%
Intergovernmental	\$212,600	.9%
Miscellaneous	\$39,375	.2%
Total Revenue	\$23,256,199	100.0%



CITY OF LEAVENWORTH:

2026 PROPOSED BUDGETED REVENUE - BY TYPE

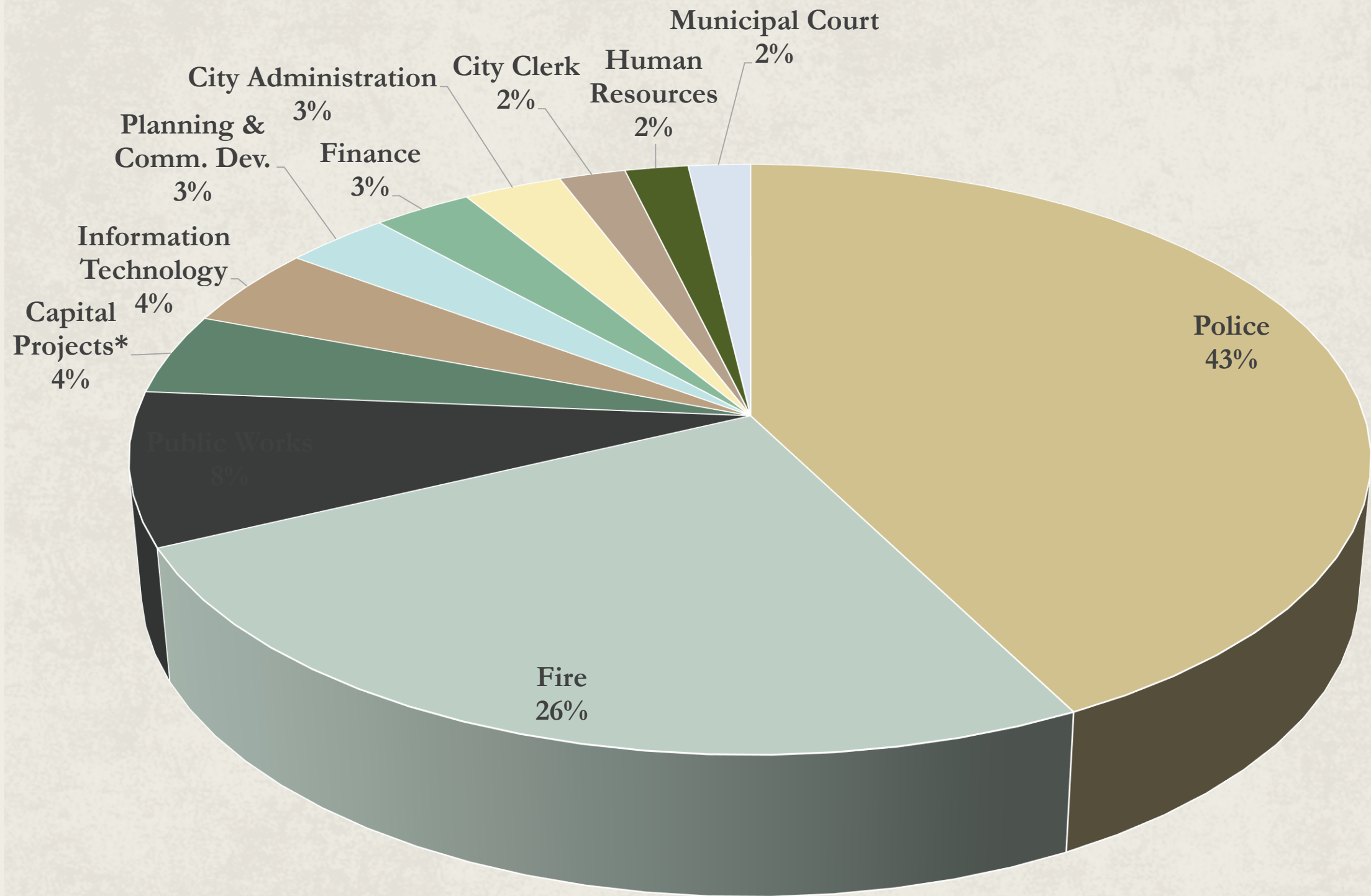


Type of Revenue	Amount	%
Sales Tax	\$17,201,600	31.6%
Charges for Services	\$11,281,126	20.7
Property Taxes	\$9,869,355	18.1%
Intergovernmental	\$9,260,382	17.0%
Franchise Fees	\$2,949,904	5.4%
Other Taxes - TIF	\$1,512,800	2.8%
Interest Income	\$1,018,000	1.9%
Motor Vehicle Tax	\$898,624	1.6%
Licenses & Permits	\$433,850	0.8%
Miscellaneous	\$143,276	0.3%
Total Revenue	\$54,568,917	100.0%



GENERAL FUND:

2026 PROPOSED BUDGETED EXPENDITURES - BY FUNCTION

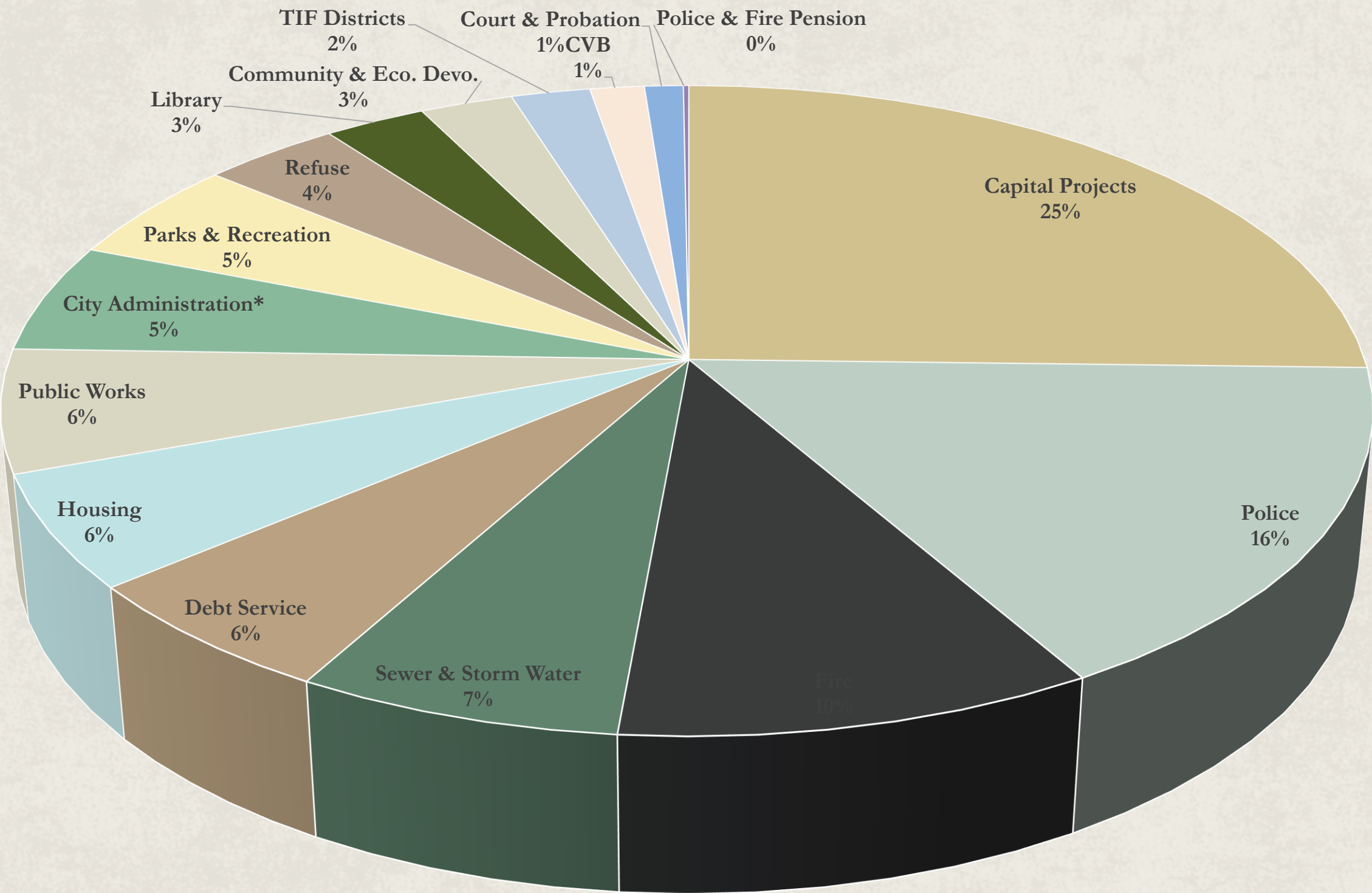


Function	Amount	%
Police	\$10,221,424	42.5%
Fire	\$6,130,807	25.5%
Public Works	\$2,023,150	8.4%
Capital Projects*	\$1,066,678	4.4%
Information Technology	\$1,048,939	4.4%
Planning & Comm. Dev.	\$762,502	3.2%
Finance	\$718,253	3.0%
City Administration	\$711,922	3.0%
City Clerk	\$479,912	2.0%
Human Resources	\$456,529	1.9%
Municipal Court	\$448,784	1.9%
Total Revenue	\$24,068,900	100.0%



CITY OF LEAVENWORTH:

2026 PROPOSED BUDGETED EXPENDITURES - BY FUNCTION



Function	Amount	%
Capital Projects	\$15,988,956	25.6%
Police	\$10,234,024	16.4%
Fire	\$6,130,807	9.8%
Sewer & Storm Water	\$4,178,512	6.7%
Debt Service	\$3,630,878	5.8%
Housing	\$3,525,138	5.6%
Public Works	\$3,842,115	5.6%
City Administration*	\$3,415,055	5.5%
Parks & Recreation	\$3,218,072	5.1%
Refuse	\$2,362,166	3.7%
Library	\$1,747,503	2.8%
Community & Eco. Devo.	\$1,603,255	2.6%
TIF Districts	\$1,357,800	2.2%
CVB	\$933,965	1.5%
Court & Probation	\$668,549	1.1%
Police & Fire Pension	\$93,043	.1%
Total Revenue	\$62,533,838	100.0%



RESERVES

- Maintain minimum of 16% of annual expenses
- Targeted reserve of 30%

Current Cash Investment Position

Cash + Investments 6/24/2025	\$36,600,000
Encumbrances (orders placed)	-12,000,000
Unencumbered cash (allocated to 24 different funds)	\$24,600,000

GF Reserve Position

Amount %

December 31, 2024 – Actual	\$8,430,551	34%
December 31, 2025 – Projected	\$6,782,589	28%
December 31, 2026 – Budgeted	\$5,293,093	22%

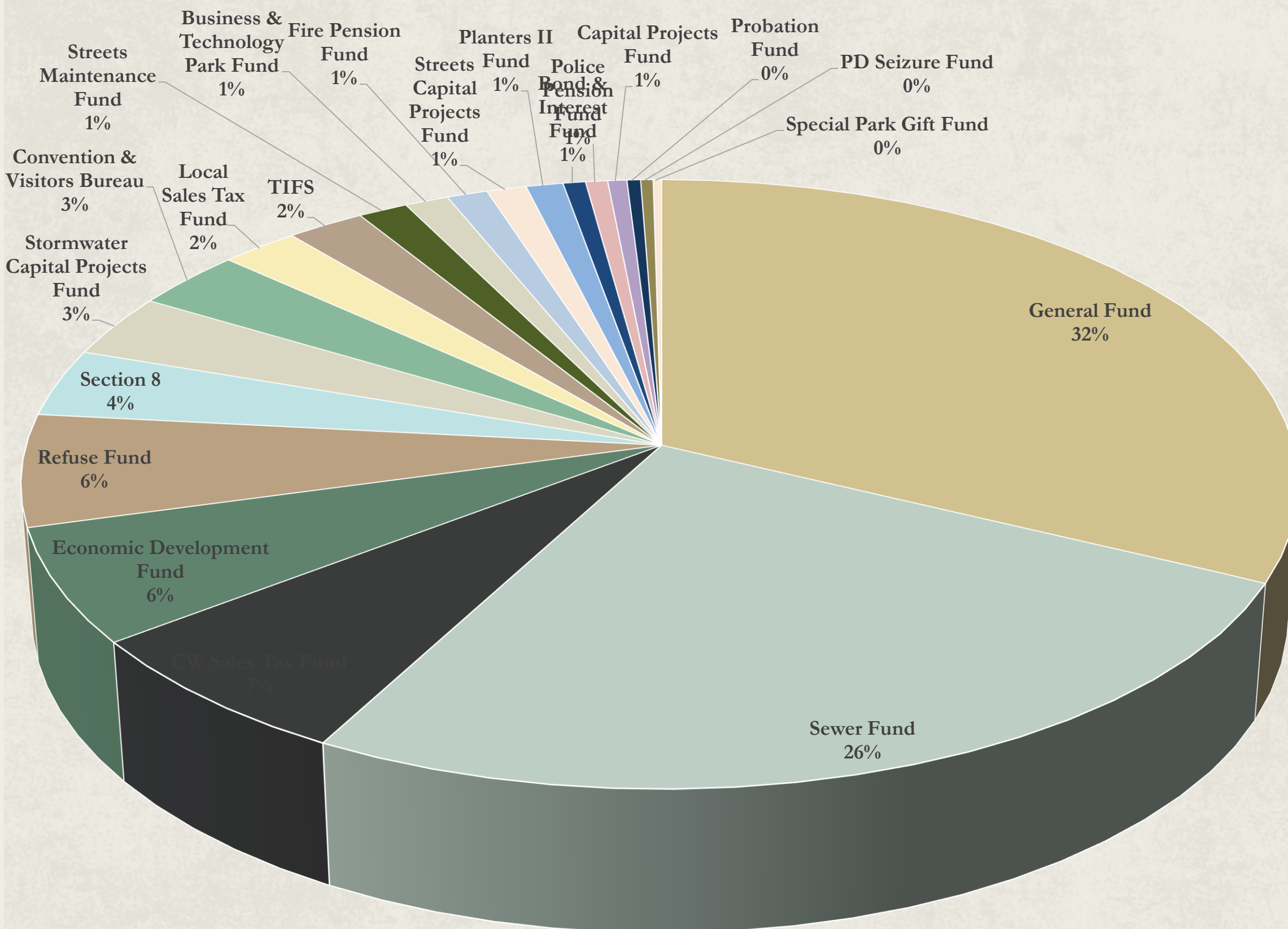


2024 Actual Reserves

General Fund	\$	8,430,551
Sewer Fund	\$	6,722,938
CW Sales Tax Fund	\$	1,777,503
Economic Development Fund	\$	1,596,731
Refuse Fund	\$	1,557,245
Section 8	\$	938,701
Stormwater Capital Projects Fund	\$	875,197
Convention & Visitors Bureau	\$	823,997
Local Sales Tax Fund	\$	585,488
TIFS	\$	582,177
Streets Maintenance Fund	\$	370,993
Business & Technology Park Fund	\$	328,056
Fire Pension Fund	\$	304,155
Streets Capital Projects Fund	\$	297,017
Planters II Fund	\$	276,574
Bond & Interest Fund	\$	168,784
Police Pension Fund	\$	164,392
Capital Projects Fund	\$	143,081
Probation Fund	\$	101,914
PD Seizure Fund	\$	93,102
Special Park Gift Fund	\$	62,413

Total Reserves **\$ 26,201,008.73**

2024 RESERVES BY FUND



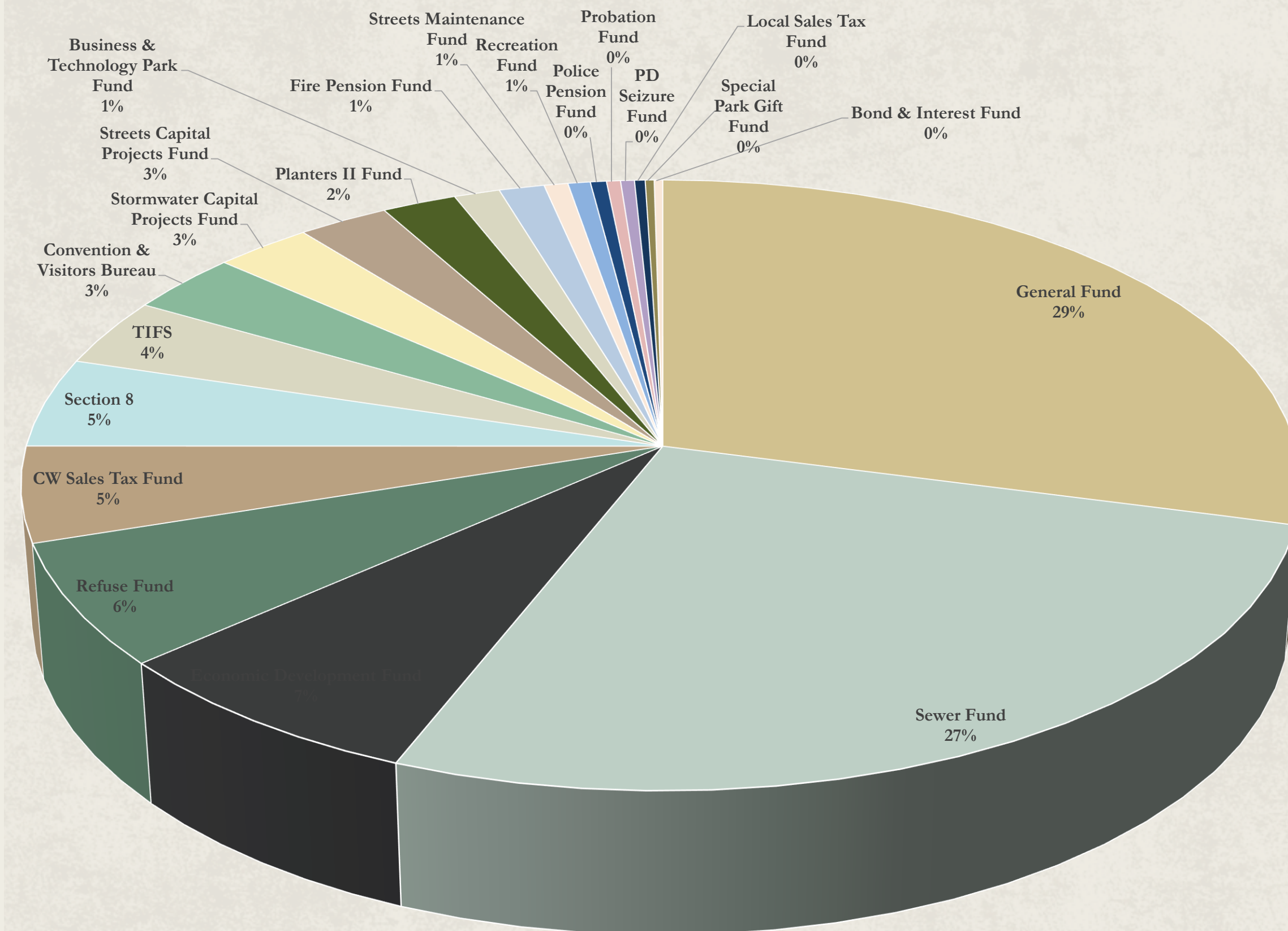


2025 Actual Reserves

General Fund	\$	6,782,589
Sewer Fund	\$	6,274,613
Economic Development Fund	\$	1,740,151
Refuse Fund	\$	1,509,717
CW Sales Tax Fund	\$	1,176,596
Section 8	\$	1,104,214
TIFS	\$	837,178
Convention & Visitors Bureau	\$	749,549
Stormwater Capital Projects Fund	\$	645,693
Streets Capital Projects Fund	\$	603,346
Planters II Fund	\$	495,121
Business & Technology Park Fund	\$	304,572
Fire Pension Fund	\$	301,146
Streets Maintenance Fund	\$	158,026
Recreation Fund	\$	148,466
Police Pension Fund	\$	106,788
Probation Fund	\$	92,607
PD Seizure Fund	\$	91,902
Local Sales Tax Fund	\$	70,935
Special Park Gift Fund	\$	59,334
Bond & Interest Fund	\$	56,382

Total Reserves	\$	23,308,925
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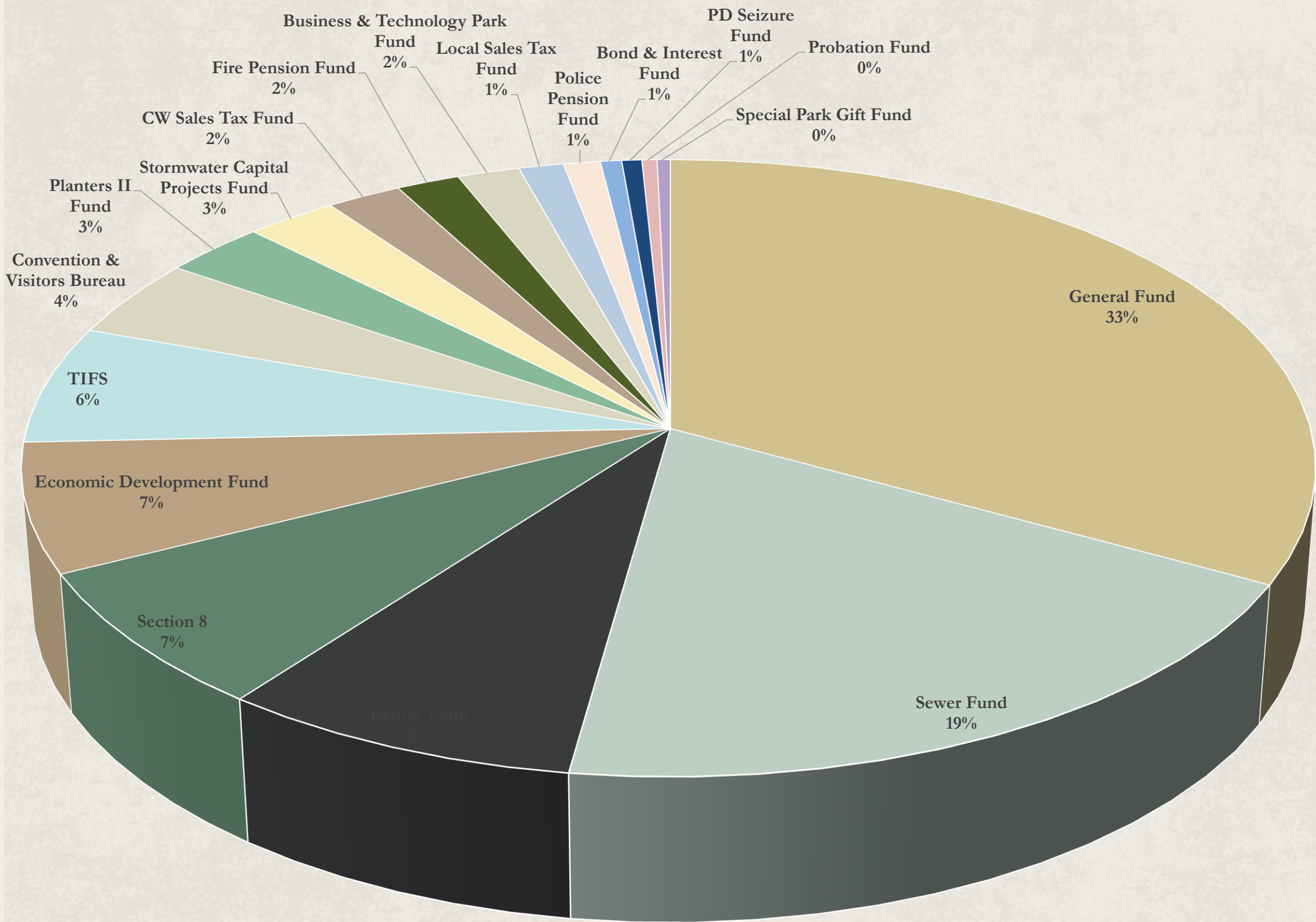
2025 RESERVES BY FUND



2026 RESERVES BY FUND



2026 Budgeted Reserves



General Fund	\$	5,293,093
Sewer Fund	\$	3,069,967
Refuse Fund	\$	1,288,717
Section 8	\$	1,167,319
Economic Development Fund	\$	1,082,664
TIFS	\$	992,178
Convention & Visitors Bureau	\$	662,584
Planters II Fund	\$	463,218
Stormwater Capital Projects Fund	\$	412,968
CW Sales Tax Fund	\$	338,667
Fire Pension Fund	\$	285,491
Business & Technology Park Fund	\$	281,072
Local Sales Tax Fund	\$	202,118
Police Pension Fund	\$	166,233
Bond & Interest Fund	\$	95,841
PD Seizure Fund	\$	90,702
Probation Fund	\$	67,842
Special Park Gift Fund	\$	59,775
Total Reserves	\$	16,020,449

2026 - 2030 CIP OVERVIEW



- Represents a five-year planning horizon
- Funding sources include:
 - 1/4 of the City's local sales tax
 - City's share of countywide sales tax
 - Enterprise Funds (funded by user fees)
- Re-evaluated annually to provide flexibility for evolving needs
- Transparency and adaptability for the community

2026 - 2030 CIP



- Projects remain in “unscheduled” status to:
 - Signal future needs and opportunities
 - Allow flexibility in budget planning
- Projects moved from “unscheduled” to 2026 CIP include:
 - Wilson Ave.
 - Cody Park basketball court lights
- Key unscheduled projects include:
 - Police Department firearm training range
 - Wastewater treatment plant
 - Various vehicles and equipment
 - 6 Fire engines

FUTURE OF SOLID WASTE



- Direction helps clarify priorities and guide multi-year planning
- Early preparation supports accurate forecasting
- 2026 Budget reflections/projections:
 - 2 Additional trucks
 - 3 additional collectors
 - Option “2.5”
 - Developed in alignment with Commission feedback favoring a cost-conscious approach
 - Begins planning for **potential** infrastructure/operational changes
- Flexibility remains to adjust based on evolving needs and final decisions



ECONOMIC DEVELOPMENT OPTIONS

- Gaining new jobs and new businesses will expand the tax base to fund current and emerging City needs
- We partner with Main Street and LCDC for economic growth
- Activity and results have been less than expected for several years
- Budget Includes \$125,323 for both organizations
 - Same as 2025 amounts
- Staff drafting performance expectations to ensure value for funds



ECONOMIC DEVELOPMENT OPTIONS

- City could hire an Economic Development Director
 - Would utilize funding currently provided to Main Street and LCDC
 - Could cover small business development and large business recruitment
- Additional economic development funds required
- Estimated expenses (\$155,000):
 - \$120,000 Salary
 - \$12,000 Benefits
 - \$15,000 Marketing
 - \$8,000 Travel/Registrations



STATE EMPLOYEE HEALTH PLAN (SEHP)

- Self-insured program governed by Kansas State Employees Health Care Commission
- Provides two healthcare providers for employees to choose from
 - Includes FSA and HSA options.
- Also includes dental and vision.
- Optional benefits (cancer, accident, life, etc.) still provided by the City.
- 3 Year contract length, must have 70% employee participation
- ***City must be approved by Health Care Commission (HCC)***
 - Currently awaiting approval



State Health Insurance Plan (*preliminary*)

- Basic components/overview of state health plan
- How much will City save?
 - Preliminary estimate is the City could save up to \$1.3 million
- Staff's **proposed budget adjustment** if we go on the State Health Insurance Plan
 - Savings to the General Fund will be approximately \$850,000
 - Staff proposes splitting that between pay increases and reducing the increase to the mill levy
 - 3% raises will cost the General Fund approximately \$440,000
 - Change the City-wide increase in the mill levy from budgeted 2.3769 mill increase to 1.3457 mill increase
 - Lower General Fund operating deficit from \$342,000 to \$218,000

KEY DATES – BUDGET 2026



- July 3- Budget Books Ready for Commission Pick-up
- July 14- All-Day Budget Meeting
- July 15- City Commission Study Session
- July 20- City Notifies County Clerk of Intent to Exceed Revenue Neutral
- August 5- Publish Notice of Hearing to Exceed Revenue Neutral and Adopt 2026 Budget
- August 26- Public Hearing to Exceed Revenue Neutral and Adopt 2026 Budget
- September 15- Final adopted budget forwarded to County Clerk