

BUDGET

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The general fund is expected to receive approximately \$29.7 million during 2027. Sales tax revenue is projected at nearly \$10.5 million, followed by approximately \$7.9 million in property taxes and \$3.3 million in franchise taxes.

The water, wastewater, solid waste and stormwater funds are enterprise funds supported by customer bills rather than property taxes.

“These funds do not rely on taxpayer dollars,” Cocking said. “These totally come off the water bills, and they’re supposed to be self-supporting.”

Cocking expressed concern about the long-term financial condition of the solid waste fund. The fund is projected to end 2027 with approximately \$1.2 million in cash before falling to about \$79,300 by the end of 2028.

The city is awaiting the results of a Burns & McDonnell study before discussing possible changes to the fund’s financial structure.

The multiyear fund pays

for capital improvements, including most city street projects. Other dedicated funds receive money from transient guest taxes, sales taxes, state gas taxes and liquor-by-the-drink revenue.

Mill levy remains flat

The budget is based on a city property tax rate of 46.007 mills, essentially unchanged from the current rate.

Of that amount, approximately 32.114 mills support the general fund, 8.892 mills pay bond and interest obligations, and 5 mills support the Emporia Public Library.

One mill equals \$1 in property tax for every \$1,000 in assessed valuation. At 46.007 mills, the city portion of the tax bill on a home appraised at \$100,000 would be approximately \$529, assuming the state’s residential assessment rate of 11.5%.

Although the mill levy will remain flat, property owners whose valuations increased may pay more.

“It leaves the mill levy flat, which does mean that there is an increase,” Cocking said. “If somebody’s val-

uation went up, they could potentially see an increase.”

Emporia’s total assessed valuation increased from approximately \$251 million to \$253 million. The city expects to levy about \$11.64 million in property taxes, approximately \$95,800 more than the current-year total.

The state-calculated revenue-neutral rate is 44.528 mills. That is the rate that would generate the same amount of property tax revenue as the previous year. Because the city plans to levy 46.007 mills, commissioners approved a resolution authorizing the city to exceed the revenue-neutral rate.

Cocking also noted that the city receives only a portion of a resident’s overall property tax payment. According to the city’s presentation, about 39% goes to USD 253, 33% goes to Lyon County and 27% goes to the city. The percentages do not total 100 because they are rounded.

Cash reserves to decline

The city expects to use reserves to cover part of its general fund operations.

The general fund is pro-

jected to begin 2027 with approximately \$4.1 million and end the year with about \$2.4 million. That would leave reserves equal to about 8.8% of the fund’s operating base, below the city’s 15% benchmark.

“The 2027 plan uses existing cash balances to cover current operations, which is always scary,” Cocking said. “Typically, we underestimate revenues and overestimate expenditures, but we are showing a cash draw-down with this budget.”

Cocking said actual revenue may be higher and expenditures lower than budgeted, but he still expects the city to use some of its cash reserves during the year.

Infrastructure gap remains

While the budget maintains current services, Cocking warned that it does not address all of Emporia’s long-term infrastructure needs.

“Current funding does

not keep pace with long-term infrastructure needs,” he said. “That is the place that we’re losing the battle on, and it’s a big gap.”

The city spends an average of about \$5 million annually on recurring capital investment. Modeling based on the city’s miles of streets and utility lines and the age of those systems indicated the annual need may be closer to \$25 million, Cocking said.

The same analysis estimated approximately \$361 million in capital needs over the next 10 years. Cocking cautioned that the projection was based largely on age and that individual assets may be in better condition than the model assumes.

Street work is among the city’s most visible needs. Cocking estimated that paving costs about \$50,000 per block. Completely reconstructing a street from the ground up can cost more than \$250,000 per block, before accounting for some associated curb and sidewalk work.

The city’s current funding does not account for all accumulated deferred maintenance, major facility replacements, systemwide equipment replacement, broader street rehabilitation or water and wastewater system upgrades.

Cocking compared the city’s approach to “a game of whack-a-mole,” in which infrastructure is sometimes not replaced until it fails.

“That’s what we saw in downtown,” he said. “That stormwater system they had identified in 2011 was bad. Nothing was done until it collapsed, and now we’re having to replace it all.”

Addressing the gap could require some combination of service reductions, tax or utility rate increases, debt, grants and additional economic development, Cocking said.

“The one message that I could get out over and over again is tax equals service,” he said. “There’s no magic formula, especially in a small town.”

MAIL

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anchor tenant and improvements intended to preserve the existing movie theater.

The district will operate on a pay-as-you-go basis. The mall’s owners must complete eligible improvements and generate sales tax revenue before receiving reimbursement. The city will not issue debt or provide money upfront.

The city will retain a 2% administrative fee from the collections before passing the remaining revenue to the developer.

The ordinance will not be published or take effect until the city and mall owners complete a development agreement. The agreement, which will establish eligible expenses and other terms, is expected to return to commissioners for consideration within the next month.

Mall representatives said the agreement remains in draft form but will be similar to the agreement used for the original district.

Mall adapting to changing retail market

Following the meeting, mall officials said the extended tax will help them reconfigure portions of the property as the retail industry shifts away from smaller interior shops and toward larger regional and national tenants.

Nick McFee, a mall representative, said the first CID provided critical support at a time when the theater’s future was uncertain.

“We were here about 11 years ago at a critical time for the mall, when the theater was sort of on the edge, and the CID offered us a lifeline then,” McFee said. “We absolutely made the most of it, I think, and just kept the mall in great condition.”

McFee said several interior retailers have left the mall during the past year and a half, reflecting a trend affecting shopping centers across the country.

“One way to combat that is to make some different moves on the interior, to make it more outward-facing and attract some new tenants, some new jobs,” he said. “The CID

is the tool that’s going to enable us to do that.”

McFee said the owners intend to create new retail space that will make the property more active and attractive to shoppers.

“The proof’s going to be in the pudding,” he said. “We’re going to create a new retail space. It’s not going to be a depressing place to go. I’m hoping it’s going to be an invigorating place to go.”

Property manager Dave Lewis said retail development is increasingly focused on larger stores rather than the small specialty shops traditionally associated with enclosed malls.

“Retail is evolving,” Lewis said. “It’s changing from the small boutique stores to larger stores like Dunham’s and Ollie’s. It’s an evolution of the retail market.”

Additional tenants in development

Mall officials confirmed that several former storefronts and a portion of the mall’s interior have been combined to create space for Ollie’s Bargain Outlet.

Jim Burt, who said he purchased the shopping center about 30 years ago, said the mall has not distributed CID proceeds to its owners as profit.

“We have not cut a check to ourselves in over a decade,” Burt said. “Every dollar has gone back into that shopping center to improve it, to bring big tenants in.”

Burt said online shopping has contributed to the loss of

smaller mall retailers, requiring owners to pursue larger tenants capable of drawing customers to the property.

“What we’ve done with the first CID was to bring in good, established regional and national credit tenants,” he said.

Burt said Ollie’s will occupy space created by combining several former stores with interior mall space. Mall representatives indicated the store is expected to open this fall, although they did not provide a confirmed opening date.

Officials also said Ollie’s is not the only tenant being pursued. Additional prospective tenants are in development, but representatives said they could not yet identify them publicly.

Mall officials indicated the improvements associated with the extended tax could total approximately \$2 million.

Parking lot repairs discussed

Mall representatives were also asked about the condition of the parking lot.

They said approximately 75% to 80% of the parking lot has been repaved during the past five years at a cost of about \$340,000.

The extended tax could remain in place for as long as 22 years, but city staff said the experience of the original CID demonstrates that the reimbursement period could end much sooner if sales tax collections are sufficient.

Once eligible costs are fully reimbursed, collection of the additional 1% sales tax will end.

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