



CITY OF
WICHITA
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PLANS & BACKGROUND ON PROPOSED 1¢ SALES TAX

Over the last year, Wichita residents told City leaders what is important through **4,000 surveys** and **102 public meetings** with **2,000 participants**. The top priorities were water, jobs, transit and streets.



THE NEED

Demand for water is expected to increase by more than seven billion gallons per year by 2060. A new water supply is needed to meet this demand. If the community should experience a significant drought, residents would face severe water restrictions.

THE PLAN

Sales tax revenue would fund a new water supply through Aquifer Storage and Recovery (ASR) improvements. The plan, resulting from a review by seven outside experts, does the following:

- Pulls more water from the Little Arkansas River
- Constructs new storage basins
- Further utilizes existing treatment plant capacity
- Stores treated water underground where it doesn't evaporate
- Builds an additional pipeline

THE RESULT

The planned ASR improvements would further recharge the Equus Beds aquifer. Recharging is the process of pumping clean surface water to the aquifer, which is then sent to a treatment facility for later use. This new source of water would meet demands through 2060 and require only modest conservation measures. An additional 10 million gallons a day would be available during drought periods.



63%
\$250 Million

Funding ASR through the use of a sales tax reduces costs and rate increases. It also prevents dramatic, temporary rate increases during a severe drought. The use of sales tax funding for the project would save the community \$221 million in financing costs over 20 years. Additionally, a new water supply would support job growth.

COST COMPARISON

\$250 MILLION
with City Sales Tax

\$471 MILLION
without City Sales Tax

\$0 MIL \$100 MIL \$200 MIL \$300 MIL \$400 MIL \$500 MIL

RISKS OF TAKING NO ACTION

If a new water supply is funded only through water rate increases, the capital cost portion of the rate will increase an estimated 24%. This is in addition to anticipated annual rate increases. Without a new water supply, drought response actions could include banning outdoor water use and reducing indoor use.



THE NEED

Wichita has 20,000 fewer jobs today than it did six years ago. While aviation remains vital to the local economy, diversification is critical to support emerging industries and additional efforts such as the Wichita State University Innovation Campus.

During the past decade, jobs grew by only 1% compared to much stronger growth during the previous three decades.

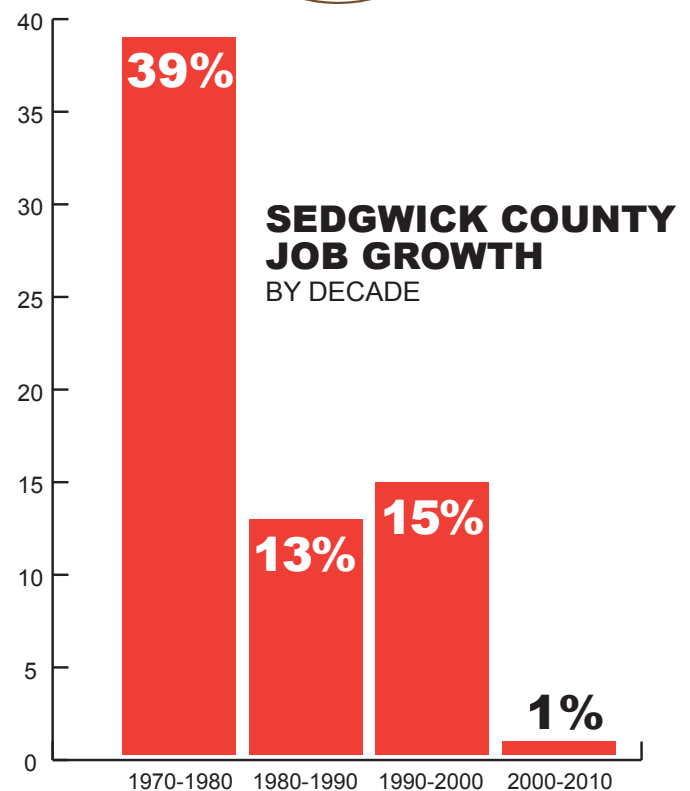
THE PLAN

Sales tax funds would be targeted to help create 20,000 new jobs over the next five to seven years. Here's how the money would be spent:

- 40% (\$32 million) for infrastructure needed by new or expanding companies with emphasis on needs at the WSU Innovation Campus along with roads, sewers, equipment and land purchases
- 40% (\$32 million) for workforce training with emphasis on emerging industries and diversification
- 20% (\$16 million) for expansion/relocation costs associated with expanding or moving locations and tied to primary jobs and may include investment in research and development in new technologies

The following oversight measures would ensure accountability:

- New performance measures would be used to determine when funds are allocated. Public investment would only be provided if needed and clawbacks, requiring repayment in case of default, would be included to protect taxpayers
- An independent commission led by private sector business people would make decisions about funding allocations using performance measures and would report quarterly to the community
- A CPA firm would audit annual expenditures from the fund ensuring return on investment to taxpayers



THE RESULT

New employment opportunities would be created for 20,000 residents. Additionally, the region's economy would become more diversified, making it more resistant to future downturns in any single industry.

RISKS OF TAKING NO ACTION

It would be difficult to restore the city's 20,000 lost jobs because current budgeted funds are not sufficient to support the infrastructure and training needs of employers. It would also be difficult to implement a meaningful diversification strategy and keep pace with peer cities.



Transit



THE NEED

Wichita Transit provides two million rides a year but is still unable to meet the basic needs of those who rely on the service for jobs, education and medical care. Revenue shortages, declining federal funds, current ridership trends and higher operating costs have challenged Transit's ability to meet community needs.

THE PLAN

The funds would be used to provide financial stability and initiate communitywide service improvements that would do the following:

- Enhance existing routes
- Add new crosstown routes and services
- Introduce second-shift bus service
- Replace old buses that are less reliable, cost more to operate and cause more pollution

THE RESULT

Sales tax funding would stabilize the existing operation and add three new routes, improve six routes, introduce night service on 16 routes and purchase 19 buses between 2015 and 2019. Transit would also introduce new vanpool service and create a park-and-ride system.



10%
\$39.8 Million

RISKS OF TAKING NO ACTION

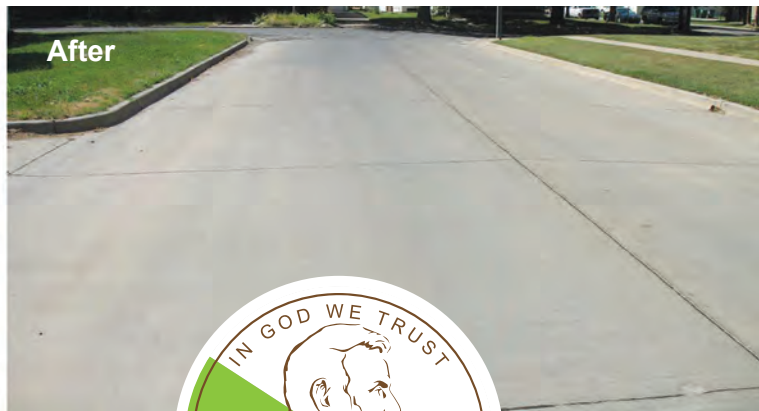
Without additional funds, service is expected to be reduced by 25%. The property tax would need to increase by nearly \$8 million annually to stabilize the Transit system and expand service.



Service Improvement

5-Year Funding Amount

East 17th Extension	\$0.4 Million
Hillside Crosstown Route	\$2.1 Million
Douglas Route	\$2.6 Million
East 21st Crosstown Route	\$2.5 Million
Meridian (peak service)	\$0.8 Million
Rock Road (peak service)	\$0.8 Million
Central, Maple (coupling existing routes)	\$0.7 Million
Evening Bus Service	\$7.6 Million
Sub Total	\$17.5 Million
Reserve for Additional Improvements	\$1.9 Million
System Stabilization and Buses	\$20.4 Million
Total	\$39.8 Million



Streets



THE NEED

Revenue shortages due to the recession have demanded that funds be spent largely on public safety, reducing the amount spent on Wichita's neighborhood streets. Available funding for the 5,000 lane miles of City streets has been primarily spent on improving primary streets and, as a result, neighborhood street conditions have noticeably deteriorated.

THE PLAN

Sales tax revenue would be used to repair 111 lane miles of the worst neighborhood streets in the city. The most current technology and best practices would be utilized extending street life by five to 25 years. Treatments would vary from repairs to complete reconstruction of streets. This new approach would result in a longer life of existing streets.



7%
\$27.8 Million

THE RESULT

The sales tax funds, combined with the City's new street maintenance program, would increase the number of streets repaired over the next five years. The City repaired 736 lane miles in the past five years but would repair 1,964 lane miles between now and 2019.

RISKS OF TAKING NO ACTION

Street conditions in many Wichita neighborhoods would continue to deteriorate. The longer repairs are delayed, the more expensive it would be to address urgent street needs. It would also become more difficult to maintain the City's street network. The City would need to collect an additional \$5.5 million annually in property taxes to pay for repairs to 111 lane miles.

BALLOT QUESTION

PROPOSITION NO. 1 CITY-WIDE RETAILERS' SALES TAX

SHALL THE FOLLOWING BE ADOPTED?

Shall the City of Wichita, Kansas, be authorized, pursuant to K.S.A. 12-187 et seq., to impose a one percent (1.0%) city-wide retailers' sales tax to be effective April 1, 2015, and which will terminate no later than April 1, 2020, with an amount not to exceed \$250 million dollars of such tax applied to pay the costs for the purchase, development, maintenance and operation of a long-term water supply, with an amount not to exceed \$80 million dollars of such tax applied for job development and creation, with an amount not to exceed \$39.8 million dollars of such tax applied to support Wichita Transit operations, and with an amount not to exceed \$27.8 million dollars of such tax applied for street maintenance and repairs?

ADDITIONAL INFORMATION

The proposed 1-cent sales tax would be in place for five years and would end at that time. The sales tax would sunset early if water project costs are less than projected. A broad-based citizen oversight committee would ensure the money is spent as approved by voters. It would report quarterly to the community.

For additional information please visit www.wichita.gov/salestax

IMPORTANT DATES

Oct. 14 - Last Day to Register to Vote, **Oct 22** - Advance In-person Voting Begins, **Nov. 4** – Election Day