STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, MAY 18, 2023**
CITY OF KANSAS CITY, KS) **5:00 p.m.**

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, May 18, 2023, with ten members present: Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Stites, Commissioner Seventh District; Davis, Commissioner Eighth District; and Bynum, Mayor ProTem presiding. Garner, Mayor/CEO; and Markley, Commissioner Sixth District; were absent. The following officials were also in attendance: David Johnston, County Administrator; Bridgette Cobbins, Assistant County Administrator; Angela Lawson, Deputy Chief Counsel; Brett Deichler, Unified Government Clerk; Monica Sparks, Deputy Unified Government Clerk; Debbie Jonscher, Acting Chief Financial Officer; Reginald Lindsey, Budget Director; Mike Grimm, Research Manager; Michael Peterson, Assistant Budget Director; LaVert Murray, Economic Development Advisor in Mayor's Office; and Jeff Fisher, Executive Director of Public Works.

Mayor ProTem Bynum said my name is Melissa Bynum. I am the Commissioner At-Large District 1; however, tonight I am acting as Mayor ProTem due to Mayor Garner's absence. Before we call the meeting to order I want to announce that we have individuals attending remotely as well as on-site. All participants joining electronically, please mute your phones and computers when you're not speaking to avoid background noise. During the meeting, please make sure you announce yourself by name and title every time you speak so the public that is participating knows who is speaking. This is critical given the number of remote participants and is also current guidance from our Kansas Attorney General. Make sure you are speaking into your microphone when you are speaking and that makes sure your comments are heard and accurate for the record.

Mayor ProTem Bynum called the meeting to order.

ROLL CALL: Ramirez, Johnson, Kane, Stites, Davis, Bynum, Burroughs, Townsend, McKiernan.

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held on Thursday, May 18, 2023, at 5:00 p.m. in the fifth floor conference room of the Municipal Office Building for a PILOT presentation and discussion regarding revenue neutral.

CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

Mayor ProTem Bynum said there are two items on our agenda tonight. We have a presentation from our Special PILOT Subcommittee that has been meeting now for a while and then the second half of our meeting will be a discussion on the Revenue Neutral Rate. I'm going to ask our County Administrator, David Johnston, if you have any opening remarks.

David Johnston, County Administrator, said the goal that I have asked the Commission to consider at tonight's meeting is to give me a consensus at the end of the meeting on these two important topics that will help define the revenue available in the budget process. I look forward to our staff and the committee that did work on the PILOT to present information that will lead to, hopefully, a robust discussion amongst our commissioners and at the end give some consensus so we can incorporate whatever technique or whatever approach that you prefer we use in our budget process.

Without further ado, Madame ProTem, I'll put it back to you.

Mayor ProTem Bynum said first of all I want to thank all of you for your attention. I really appreciate it. I want to reach out to our committee that formed last fall and just say a special thank you to each and every person who's given time and attention to the effort that we're bringing you tonight.

The Mayor requested that I undertake this effort early last fall and so I created this committee that's here with us tonight. We've been meeting regularly ever since and so I sincerely ask that you give us your attention as we bring forward our presentation and ultimately our recommendations. We do anticipate that our presentation takes about 30 minutes, so just know that we're going to be talking with you for a few minutes. Obviously, after that, we're going to be asking you to weigh in with your comments, questions, concerns and as Mr. Johnston said, our goal is that the Commission does come to a consensus around, hopefully, our recommendations, but nonetheless a consensus around a way forward.

The task was to look for remedies on the PILOT rate in particular, possibly remedying PILOT for perhaps those we might consider the most vulnerable in our community. So, that's what you'll be hearing quite a bit about and I want to just briefly go around and introduce our team and then let our three community members introduce themselves to you as well before we start off into our discussion. I want to start on my right, which is our Deputy Chief Counsel, Angela Lawson. You all know and love her. She's been around with us for a long time. She brings kind of a special expertise to the conversation because she handles both the Board of Public Utilities and Unified Government legal matters, so thank you, Angela, for being here. I want to introduce Dr. Evelyn Hill. She chairs the Justice & Equity Coalition. Thomas Gordon is representing the Silver-Haired Legislature. We have BPU Board Member Rose Mulvaney Henry. On our back table, you know most of these people. We have Research Manager Mike Grimm, CFO at the Board of Public Utilities Lori Austin, obviously, General Manager at the Board of Public Utilities Bill Johnson, we have our Budget Manager Reggie Lindsey, we have our Interim CFO Debbie Jonscher, and I can't forget our Deputy Clerk Monica Sparks because this is the team that has been researching, talking with us, bringing us information. We asked a lot of questions, we brought forward a lot of what if we did this, what if we did that. I don't have to tell you that our phenomenal staff went straight back and got us the answers for the next meeting, so it's been quite an effort to date.

With that, I do want to give Dr. Evelyn and our community members a moment to introduce themselves.

Dr. Evelyn Hill said, Commissioner Bynum, thank you for this opportunity to just serve all the commissioners. Good afternoon and we look forward to this presentation to you today. I'm with the Justice & Equity Coalition and I serve on several other boards and so, of course, our focus is equity and justice for all.

Thomas Gordon said thank you very much Mayor ProTem Bynum and the commissioners for allowing us this opportunity to address this issue. I serve with the Silver-Haired Legislators for the state of Kansas and we represent the seniors throughout the entire state. I'm here on behalf of the seniors for Wyandotte County so that we may find a way that we can be unified to represent our Unified Government.

Rose Mulvaney Henry said I am a current BPU Board Member. I'm also an attorney here in Kansas City and I look forward to being able to finally present some recommendations to the Commission for PILOT reduction.

Mayor ProTem Bynum said thank you again so much for the time you've given us to bring this forward tonight. We'll start off looking at our presentation and, again, our PILOT discussion and background just part of this is by way of a reminder for you as well as a reminder for our viewing public. You know our community doesn't live and work with this all day every day like we do and so sometimes I think it's good to go back and just refresh, so that's what we're going to do here on this slide.

PILOT Discussion & Background

- PILOT stands for Payment in Lieu of Taxes
- The PILOT is an important revenue source to the Unified Govt.
  - ➢ Since the BPU is a public (not private) entity, they do not pay real property taxes to the Unified Govt. which helps pay for necessary services to the residents of Wyandotte Co.
- The Unified Govt. approves a rate to be applied to BPU gross electricity and water receipts
- Franchise fees are paid by customers who receive bills from private companies (e.g. Evergy, Atmos Natural Gas)

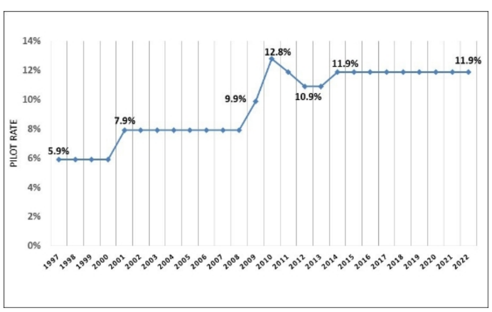
PILOT stands for Payment In Lieu of Taxes. It's an important revenue source for our Unified Government. The BPU is not a private entity. It's a public entity, so they don't pay real property taxes into the Unified Government coffers, so the PILOT helps to replace that fund and helps pay for, obviously, services that we provide to our residents. As you know, the Unified Government applies a rate to be applied to the gross electricity and water revenues of the Board of Public Utilities and it's not a franchise fee. Moving on to the next slide please.

PILOT Discussion & Background

- The PILOT fee is not a franchise fee/tax
  - A ***franchise fee*** is paid by privately-owned companies (natural gas, telephone, fiber/cable) whose infrastructure (e.g. lines, mains) is along, in or on any public thoroughfare.
  - KSA 13-1269 allows the Unified Govt. to collect revenues on a percentage of BPU gross operating revenue
  - Charter ordinance CO-5-01 requires BPU to transfer a percentage of gross operating revenues to the Unified Government
- ALL customers of the BPU, no matter where located or tax status (e.g. exempt) pay the PILOT.

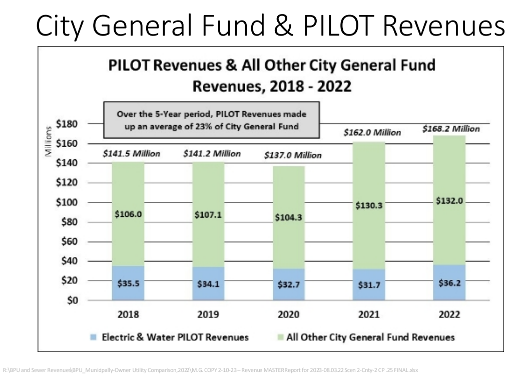
Again, it's not a franchise fee. A franchise fee is paid by privately-owned companies, the gas company, the phone company, cable/fiber whose infrastructure lines are along—or often on our main public thoroughfares. State Statute allows the Unified Government to collect revenue on a percentage of Board of Public Utilities gross operating revenue and we also have a charter ordinance that requires that the BPU transfer a percentage of those revenues to the Unified Government, so it's an important last bullet point on this slide and so we wanted to make sure that we included it here. All customers of the Board of Public Utilities, no matter where they are located or their tax status, such as if they might happen to be tax exempt, like a non-profit or a church, pay the PILOT. We wanted to make sure that we make that distinction.

PILOT Rate History, 1997 to 2022



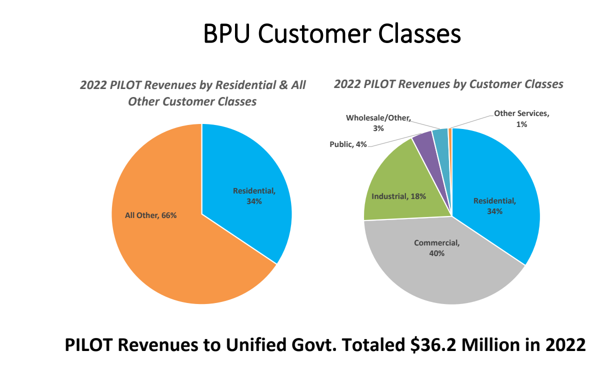
We will turn it to our Research Manager Mike Grimm.

Mike Grimm, Research Manager, said this slide looks at the PILOT rate history starting in '97 when it was 5.9%. A slight increase in 2001 at 7.9% and then a more substantial increase after the 2008 recession. It climbed to 9.9% in 2009 and topped out in 2010 at 12.8% before reducing back down to 10.9% in 2012. Then, in 2014 11.9% for the next nine years where we're at today at 11.9%.



This slide looks at the City General Fund and a subset you see there on the bottom. The blue on each bar is the PILOT revenue, so in 2022 $168.2M in the City General Fund and of that the PILOT made up $36.2M. If we look across those five years, the PILOT revenues made up an average of 23% of the City General Fund.

Mayor ProTem Bynum said next we'll have Lori Austin with BPU just walk us through the charts on the BPU customer classes.



Lori Austin, CFO at BPU, said this slide just is a representation of our customer classes. The graph on the left identifies the residential portion, which is about 34% and all others are 66%. The graph on the right, the chart on the right, represents a further breakdown of that residential being 34%. Our commercial is 40% in that we also have small, medium and large commercial customers, 18% is our industrial customers. We have a public portion which is 4% and that represents schools, the KCK School District as well as some public authorities. We have about 3% that's our wholesale sales as well as other which represents like our borderline agreement and then a very small percentage, 1%, which is our service fees and connection fees or other fees such as that. So, in total for 2022, the PILOT revenue was around $36.2M.

Mayor ProTem Bynum said our Budget Manager will lead us through the next couple slides.

Analysis #1 – 1% *Residential* PILOT Rate Decrease Per Year Down to 6.0% PILOT

IMPACT TO RESIDENTIAL PILOT REVENUES DUE TO *PILOT RATE REDUCTION*			Residential and Non-Residential (All Classes)
Year	Residential PILOT Rate	Residential PILOT Revenues	
Current	***11.90%***	***$12,451,000***	***$36,211,000***
1	10.90%	$11,405,000	$35,165,000
2	9.90%	$10,358,000	$34,118,000
3	8.90%	$9,312,000	$33,072,000
4	7.90%	$8,266,000	$32,026,000
5	6.90%	$7,219,000	$30,979,000
6	6.00%	$6,278,000	$30,038,000

Research$\BPU and Sewer Revenues\BPU Electric-Water PILOT Revenue Scenarios_11-30-22.xlsx\1% annually TO 6%_NO RELIEF\

Reginald Lindsey, Budget Manager, said the first residential PILOT decrease scenario that we have is to cut 1% from the PILOT for six years. We can see going across the top of the chart there, we have the Residential PILOT Relief Rate and then we also have a Residential PILOT Revenues, which the numbers are a little different from what you all were sent out the other day where it was $11M. The number now is $12.4M and then when we sent out the information it was $35M, but the number is actually $36.2M that Mike Grimm and Lori just spoke about.

If we were to cut 1% of the PILOT each year for residential, it would be like $1M a year and we can see when we get to year six, we would be losing—we would be down to $30M in revenue, so all in all the amount of revenue that we lose from the City General Fund from this 1% residential PILOT rate decrease would be $6.1M over those six years.

Analysis #1b – 1% ***Residential*** PILOT Rate Decrease Per Year Down to 6.0% PILOT *AND* PILOT Relief*

IMPACT TO RESIDENTIAL PILOT REVENUES DUE TO *PILOT RATE REDUCTION*			Residential PILOT Relief ($2M ANNUALLY)	Residential and Non-Residential (All Classes)
Year	Residential PILOT Rate	Residential PILOT Revenues		
Current	***11.90%***	***$12,451,000***	---	***$36,211,000***
1	10.90%	$11,405,000	$9,405,000	$33,165,000
2	9.90%	$10,358,000	$8,358,000	$32,118,000
3	8.90%	$9,312,000	$7,312,000	$31,072,000
4	7.90%	$8,266,000	$6,266,000	$30,026,000
5	6.90%	$7,219,000	$5,219,000	$28,979,000
6	6.00%	$6,278,000	$4,278,000	$28,038,000

*0.0% PILOT rate for households meeting income and age or disability status.

Our second Residential PILOT Decrease scenario includes a zero percent PILOT rate for households medium income and age disability status that Mr. Gordon and Dr. Hill are going to discuss after I finish, but what that does is add $2M in relief and would make those residents PILOT zero percent. So, on top of the 1% that we would cut each year, we'd have the million dollars for the 1% and then an additional $2M for those that are most in need. So, we can look at the end of six years of cutting 1%, we'd be losing $8.1M within the Unified Government City General Fund.

Reducing PILOT Rate to 6.0%

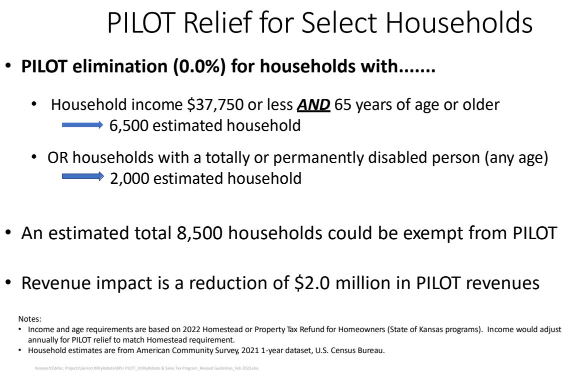
1% Reduction Per Year

Impact on Average Residential Customer

Residential PILOT Rate	Monthly			Annual		
	PILOT Charge	Savings	Cumulative Savings	PILOT Charge	Savings	Cumulative Savings
11.90%	***$19.20***	--	--	***$230.40***	--	—
10.90%	$17.59	-$1.61	-$1.61	$211.08	-$19.32	-$19.32
9.90%	$15.98	-$1.61	-$3.22	$191.76	-$19.32	-$38.64
8.90%	$14.37	-$1.61	-$4.83	$172.44	-$19.32	-$57.96
7.90%	$12.76	-$1.61	-$6.44	$153.12	-$19.32	-$77.28
6.90%	$11.15	-$1.61	-$8.05	$133.80	-$19.32	-$96.60
6.00%	$9.68	-$1.47	-$9.52	$116.16	-$17.64	-$114.24

MONTHLY & ANNUAL SAVINGS WITH 5.9% PILOT RATE REDUCTION OVER PERIOD:
MONTHLY: $9.52
ANNUAL: $114.24

This next slide gives us a view of monthly impact to the citizens on the monthly scale and also on the annual scale. If we cut 1% each year, each year we see that it's $114 a year that citizens would save and that's at the end of the six years and cutting 6%. Then, cutting 1% each year monthly is a $9.52 impact to the citizens bills and, again, that's an impact of $6.2M to the Unified Government City General Fund. I'll turn it over to Mr. Gordon.



Thomas Gordon, Silver-Haired Legislator, said allow me to establish the foundation of my comments for your anticipated support. I serve as a member of the Silver-Haired Legislator and our core mission is to inform and to advocate for legislation that is necessary for a positive, meaningful impact on seniors. The process is parallel to the procedures of the Wyandotte County Unified Government in which we visit and interact with the constituents of the community to learn what the concerns or issues they face, which are controlled by the elected leadership. Once those issues and concerns are established, we then examine the governance, which is the charter that is legislation and draft a resolution to bring about mutual resolution of those established and vetted and adopted by the unanimous agreement of the following issues and concerns and suggested resolutions.

This is the objective of my portion of this combined task force statement whose objective is to bring about compelling information or action that relates to the need of the constituents who elected you to represent and act on the will of the people. The concerns are age. The expected mortality in the United States in 2021, according to data from the National Vital Statistics systems, is 76.4 years. The problem is that we live in, most of us as the seniors, we live in a redline community which reduces the age expectancy by as much as 20 years and these are established from the National Community Reinvestment Coalition from the University of Richmond and Wisconsin, so these are not my numbers.

The second thing is that of money. The cost-of-living is increasing faster than the increase in available funds to most seniors because most seniors are on a fixed income and retired. The PILOT is not a major impact on relief; however, it's appropriate for the consideration of eliminating this portion of the utility costs as reported earlier by Reggie or by the CFO. The vested equity of seniors who have, for the most part, paid the PILOT assessment for more than 10 years because the proposed decrease suggestions are designed to take place more than five years before it reaches a level rate. We don't have the time to wait for that. Most of us at age 65 as have been identified; therefore, no PILOT should be collected starting immediately and retroactive for all qualifying seniors back to January 1, 2023 because we have a vested equity.

The maximum household income should not be predicated on contributions from others who live in that household. The rationale behind this is that the contributions made to support that household is expected to allow the senior to remain in their household and not become a liability to the local government sponsored and funded programs. In other words, if the seniors have their children living with them and helping to take care of them, that does not impact the budget where they have to go out into the community to live. So, if they can get a little bit of reduction with their PILOT, it's not much, but it would help.

There are many other ways to offset the potential revenue adjustments and eliminating the PILOT program from seniors over the age of 65. The aforementioned is based on the following, which is reflected on the slide.

The household estimates are from the American Community Survey for 2021 dataset, so therefore, we want to eliminate the PILOT for those that are qualifying in the household income at $37,750, which will be explained later and 65 years and older. This is based off of 6,500 estimated households or households with a totally permanently disabled person which adds another 2,000 people which it comes out to be 8,500 households that could be exempt from the PILOT. The revenue impact is a reduction of $2M in the PILOT revenues. Just facts that I just learned a moment ago, in 2023 there was approximately 549 applicants that applied for these benefits and we're speaking about 8,500 that's only going to have a $2M impact. We only had 549 applicants in 2023 and that came to approximately a total of $131,247 that was paid out, so therefore, the reduction of the PILOT is not going to have a tremendous impact for those that are age 65 and older.

I want to thank you for listening and your willingness to consider actionable resolution which can contribute to the retention of property owners which leads to growth in all aspects of a healthy thriving community in Wyandotte County.

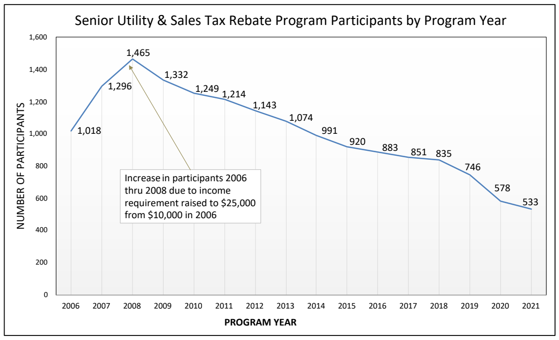
Mayor ProTem Bynum said we will touch on those numbers again very soon with Clerk Monica Sparks and in the meantime I want to hand it to Dr. Evelyn Hill to talk about these ordinances which are separate from the PILOT, but these are referenced in the numbers that Mr. Gordon was speaking about, the 549 applications, so these are the Sales Tax and Utility Rebates that we just finished, you know, that application cycle, so Dr. Evelyn please.

Unified Government Program Ordinance Revisions

- Utility and Sales Tax Rebates are programs which provide a rebate on a portion of the amount paid on utilities and sales taxes to eligible seniors
- Current guidelines: Income for husband and wife $25,000 or less
- Revise requirements to match PILOT relief scenarios
  - Age 65 or over
  - Income at or below $37,750 (to be revised annually to match Kansas Homestead program)
- Review maximum payout amount for both utility (maximum of $150.00) & sales tax programs (maximum of $151.32)
- Currently, only City of Kansas City, Kansas residents; Legal counsel is researching availability of program for other municipalities who pay utilities.

Dr. Evelyn Hill, Justice & Equity Coalition, said number one, Utility and Sales Tax Rebates are programs which provide a rebate on a portion of the amount paid on utilities and sales taxes to eligible seniors. The current guidelines are as follows: Income for husband and wife $25,000 or less. Revised requirements to match PILOT relief scenarios: number one, age 65 or over and number two, income at or below $37,750 to be revised annually to match Kansas Homestead Program and that's something Commissioner Bynum mentioned earlier that it hadn't been done annually, so that'll be a good addition. Next, to review the maximum payout amount for both utility, maximum of $150 and sales tax programs, maximum of $151.32. Currently that's only for the city of Kansas City, Kansas residents; however, Legal is researching the availability of the program in other municipalities who pay utilities.

Angela Lawson, Deputy Chief Counsel, said preliminary research indicates that the Unified Government would be able to set the—change the PILOT to zero for people outside of the city limits if they are a customer.



Mayor ProTem Bynum said I want to turn it to our Deputy Clerk Monica Sparks and she's going to talk a little bit about these Sales & Utility Tax rebates. Again, we just concluded that season of taking those applications and she's got some data that I think puts what Dr. Hill said in context and kind of speaks to the playing field that we're bringing to you in terms of equalizing these multiple programs.

Monica Sparks, Deputy UG Clerk, said what you see in front of you is a historical graph that represents historical applications that have been administered through the UG Clerk's Office. As most of you probably know the Clerk's Office is responsible to administer these programs. You can see that we hit a peak in 2008 of 1,400 applications that were actually paid. We are down, as you can see. COVID kind of took us down even more and we've been slowly declining. We recognized that and at the end of last year we knew that we needed to take some steps because this is such a valuable program for our seniors and we wanted to get the word out as much as we could, so we really tried to do as much engagement. We worked and collaborated with a lot of departments within the UG. We did mailers, we did flyers, we actually went out into the community to various community sites and made ourselves available to take the applications. We attended some meetings with some of the commissioners to take applications right there onsite and you can see that we were down to 533 last year.

I can report that we have preliminary numbers for this year. They are unaudited, but right now we are showing a total of 549 applications paid. That's not how many we actually had to service because we had a lot of people that came in, we had about 700 applications that came to the door, but they could not be paid for various reasons most of which is because they were over the income guideline. We were only able to pay 549 for a total of $131,247.

We believe that there are a lot of barriers that have prevented this program from being successful. Some of those barriers are transportation. We know our seniors suffer from being able to get to where they need to be in the county. We worked with Fleet to provide free rides to our seniors. Communication, we have been working very hard with our Communications Department to do a lot of outreach. We learned some lessons from this year that we can do better next year and we can start earlier in the season to get the information to our citizens and then language is also a huge barrier. We are a very diverse county and the only information that has been available in the past has been in English. We also translated everything into Spanish this year, so we had some availability to our citizenry.

Mayor ProTem Bynum said I want to thank you for all the efforts that you undertook as well as your team in the whole Clerk's Office for bringing us through that process and to the results that we did achieve this year, so thank you very much.

Now we're going to move into the proposal and we're going to speak through the steps on BPU electric and water, the PILOT separation for residential accounts and, again, you've seen this before. You saw this I think in February at a Commission meeting and the consensus at that time was to hold it for our committee to do our work, so here we are and we're ready to go.

This is the conversation that we're going to have tonight for possible Commission action, so I'm going to let Counsel Lawson walk us through this.

Proposal:
BPU Electric & Water PILOT Separation
for Residential Accounts and Lowering of
PILOT cap to 12%

Separation of Residential Accounts & Lowering of PILOT Cap

Possible Commission Action

1. Amend Charter Ordinance CO-3-02 in order to provide the option for a separate residential PILOT percentage.

2. Lower the PILOT cap for both residential and all other accounts to 12% from the current 15%.

3. Change the notification deadline from September 1st to October 1st to take into account the longer budget adoption season.

Ms. Lawson said this slide—if the Board decides to enact the committee's recommendations that would require a change to the charter ordinance because you adopted this by charter ordinance and you adopted it by charter ordinance because the state already had a statute in place and that didn't uniformly apply to all the municipalities, so the Commission was able to adopt their own language and so that would require a change.

(a) As hereinafter directed, the board is hereby empowered to transfer to the unified government: (i) a percentage or other portion of the gross operating revenue of each utility; or (ii) a percentage or other portion of the gross operating revenue of each utility attributable solely to its residential accounts, and a different percentage or other portion of all other gross operating revenue of each utility attributable to all other accounts.~~,~~

(b) The amount to be transferred to the unified government under this section shall be determined by resolution by the unified government in an amount not less than five percent nor more than 12~~15~~ percent of its gross revenues, whether combined or separated by accounts as set forth in Section 18(a)(ii), for such fiscal year. The

This shows what a draft of what that would look like. (a) separates it out by utility so the Commission could set two different percentages for the utility instead of doing it as one. The second one lowers the ceiling from 15 to 12% whether it's combined or separated by accounts, so those are the two options.

Why this requires a Charter Ordinance.

- "State law, specifically KSA 13-1271 and KSA 13-1269, both allow for a percentage of "gross operating revenues" of a utility to be transferred to the municipality.
- However, those statutes are non-uniform and so the UG exempted itself from the statutes starting with CO-5-01, amended by CO-3-2, but it kept in the "gross operating revenue" language.
- As such, under current ordinance we cannot separate out the residential versus other accounts without an amendment.
- Charter Ordinances require two-thirds approval (8 votes) plus a 61-day waiting period after publication to make sure there is no challenge via citizen petition.

Then, again, why it requires a charter ordinance and I went through that, but as the Board knows a change to the charter ordinance would require the super majority of the two-thirds vote, two weeks publication and a 60-day waiting period. It could be subject to a protest petition signed by 10% of the voters.

Mayor ProTem Bynum said this next slide I'm going to have BPU Board Member Rose Mulvaney Henry walk us through this slide.

PILOT Recent Numbers

Electric and Water (PILOT) has been set at 11.9% since 2014
Total 2021 Pilot was $31.7 M (down 3.7% from 2020), with $26.3 M from electric and $5.4 M for water.
Total 2022 Pilot was $36.2 M (up 14% from 2021), with $30.7 M from electric and $5.5 M for water.
Estimated 2023 Pilot is $35.0 M (down 3.9% from 2022), with $29.2 M from electric and $5.5 M from water.

Rose Mulvaney Henry, BPU Board Member, said you guys will see I've got the hardest slide of the night, so pay attention. I'm just going to give you some recent numbers that we've had, some of which you've heard already this evening. Since 2014 the PILOT rate has been set at 11.9%. In 2021 that yielded $31.7M, which was down 3.7% from 2020 and the electric side of the house generated $26.3M of revenue and the water side generated $5.4M of revenue. In 2022 that total was up to $36.2M. That's up 14% in 2021 and, again, electric contributed to $30.7M of that and water contributed $5.5M. The estimated PILOT for 2023 is $35M, which is down 3.9% from 2022 and, again, the bulk of that is $29.2M from electric and $5.5M from water.

Recommendations

1. Charter Ordinance Change
2. Update ordinances for utility/sales tax rebate programs to reflect annual income equal to the Kansas Homestead rebate program
3. Commit to a steady PILOT rate reduction for residential customers
4. Adopt zero PILOT rate for account holders who qualify for utility/sales tax and/or Kansas Homestead rebate programs
5. Continue to research grant opportunities

Mayor ProTem Bynum said I want to stop here. I don't think it's a stretch for you to understand that we just distilled six and seven months' worth of every other week conversations into 30 minutes. So, obviously, we've done a lot of talking with one another and a ton of research by our staff to bring us the information. The recommendations that we're bringing you, obviously, number one is to change our charter to allow for these different rates between residential and other customers.

Secondarily, the ordinances that we speak of, the Utility and Sales Tax Rebate Programs, part of what Deputy Clerk Monica was sharing with us is that we can bring a better level of relief to those who qualify for that if we make it more accessible to more people. So, you're familiar, I hope, with the Kansas Homestead Rebate Program, that's run by Topeka, but it has parameters that allow for $37,750 annual this year, 65 and over, or permanently disabled. That's where we're getting the basis for what we're bringing to you. The charter—the ordinances that we have locally that allow for utility rebates and sales tax rebates, one of those hasn't been modified since 2006. The other one hasn't been modified since 2009. That's just wrong, so that's why we're bringing to you to modify those ordinances, bring them up-to-date and make them match the Kansas Homestead Rebate Act so that we're making things uniform and less difficult for people to understand as they're trying to see if they qualify for these programs or not.

Then, we're asking you to commit to a steady PILOT rate reduction for residential customers. We gave you a scenario of a percent a year for six years. We're asking you to adopt zero PILOT, no PILOT for those same account holders that qualify, again, under the parameters of the Kansas Homestead Rebate Program. So, that makes Kansas Rebate, utility, sales tax and now PILOT all have exactly the same qualifying parameters and, again, you saw the numbers that would cost us, so you kind of know the figures that we're talking about.

Lastly, continue to research grant opportunities. You know we know that through some of the federal acts that have been adopted through the current administration that the BPU may have grant opportunities that could help. We know that the Unified Government may have opportunities that could help and furthermore we know that there are also current federal income tax credits for individual households who perform energy saving functions in their homes, so those are other ways that relief could come. Everything we're bringing you is about bringing a measure of relief primarily to that most vulnerable member in our population.

I want to stop here. I want to thank this committee again and I want to give Bill Johnson a moment for some remarks and then we will just open it up for your comments and questions.

Bill Johnson, General Manager for BPU, said first of all I would like to say good evening to all the commissioners that are here and thank you for your time attending this meeting. I want to especially thank this committee or this task force for all the work that you've done and we know that as you've gone on for several weeks and several months and having conversations around this topic. We also appreciate the fact that you reached out to us for information and Lori and her team has been able to respond as quickly as we could in furnishing the information necessary so that you could make some important decisions around this topic.

I think this is welcome news on coming from the BPU Board of Directors, our staff see this as PILOT relief for our community. We all know and hear from our public on an ongoing basis and not just looking at it from a one-year reduction, but continuous reduction over the course of the years as been recommended here. So, if you could please give that consideration and some thought into finding ways of providing relief to the people that are most vulnerable, we would certainly appreciate that as a step going forward as we continue to also look at other ways of providing relief. You know we'll certainly take that on as a commitment to do as best as we can to continue to work and support the efforts of providing electric and water services and other types of relief to our public. Thank you for your time tonight.

Mayor ProTem Bynum said at this time we're ready to have a conversation. We're hoping that you can come to consensus on some step forward. I hope that we've been clear about what we're bringing to you. Like I said, we distilled quite a few months' worth of work down into these slides.

Commissioner McKiernan said I have no problem with number one. I have no problem with number two. Conceptually I have no problem with number three. All I want to know is what I've asked every time this discussion has come up, tell me what we are going to cut from the services that we provide. I understand that we want to provide relief, but we also want to provide services to the people of Wyandotte County and this year with the full PILOT, not reduced over time, we have a deficit budget this year with the full amount in the budget. I'll just need to know much more clearly either what it is we plan to cut from the services we provide or how we plan to find bonafide concrete replacement revenue streams for those services that we provide.

I have no problem with number four and number five is nice, but I don't know that it really has a big impact on our annual budgeting. I think numbers two and four, we could implement those with minimal impact on our budget, but potentially maximal impact on the people who would fall in those categories, so I have no problem executing that right away.

Number three is a great idea. I just want to know what are we going to cut or how are we going to replace the revenue.

Commissioner Ramirez said first I want to thank the task force and the committee for the work you did. I know this is a very important hot issue with our community. When we have our public comment period once a month, I know that is something that we have constituents come to us about, PILOT relief and what we can do for them. I do have one question. It pertains to our Deputy Clerk about the rebate program because I know you did a lot. You and your department and our Clerk, the Clerk's Office did a lot to make sure—you went out into the community to make sure people knew about the program and how it was accessible. I think we need to do that more for City Hall and we need to make our City Hall more mobile because—not just for our vulnerable population, but for everybody. Not everybody has the opportunity to take the travel to come down to City Hall and do their business and so I think we need to make more options available to make our City Hall more mobile.

When they apply, do they need to apply with a staff member? Are there stipulations or requirements that it needs to be a staff member through the Clerk's Office? **Ms. Sparks** said yes and the reason for that is because we need to verify the information. We need to verify income and we need to verify the utility information. We actually have to work with the utility bill itself, not a summary, because the rebate is based on different charges on that bill, so we have to actually see that bill. **Commissioner Ramirez** said hypothetical, let's say we wanted to make it more mobile and do a PILOT program where we had volunteers go door-to-door and to our senior population and work with them in their homes to apply for that, could everyday residents be a volunteer to be able to provide that service, be able to go door-to-door or would they need to do the training or do they physically need to be a staff member of the Clerk's Office? **Ms. Sparks** said no, they don't have to be in the Clerk's Office. We researched that this year with Legal. We can train individuals to take on this responsibility. We were actually working with the Health Department this year for our community health partners to do an open forum under Open Cities that would allow them to submit the information to us without having to appear here, so we can train individuals to do that.

Commissioner Ramirez said I would say I think that would be an idea for us to look into. Getting people out in the community, volunteers to go out to our vulnerable population because not every—our senior population, not all of them have access to internet or a mobile phone and so if we can create a program where we can create an army of volunteers to be able to go out door-to-door and have conversations with our senior population and be able to provide the information and application and work with them to fill it out. I think that would be beneficial and it would help us, hopefully, get back up to being able to increase applications that we pay out to our senior population.

Ms. Sparks said I can tell you in that regard that the open forum that was created would have worked. We didn't get enough people trained timely that as they went out into the community, like our community health partners, who work with many areas of the population that as you described, don't have access to the internet, don't even know about the program that would probably qualify. They just couldn't get everything in place before the program ended. **Commissioner Ramirez** said thank you for all that you did and the community partners. Now that you have time, you can put the more time and the more work into training the volunteers and getting, hopefully, more volunteers to be able to cast a wider net.

For the recommendations, I think my stance is going to mirror Commissioner McKiernan's. Number one, I have no problem especially since we saw on the graph only 34% of our BPU users are only residential, there should be a difference in the classification of residential and other accounts be it industrial, commercial, what have you, but there should be a difference in how we classify those accounts for the PILOT.

Number two, I have no problem with. It's long overdue as Mayor ProTem has said. It's long overdue. It's been a while since we've done anything, so let's bring those into line. Number three I will say yes, if sustainable. If we can sustain our budget and not have to, as Commissioner McKiernan said, cut services or have to alter services in any way, yes, but only if it's sustainable for our budget. Commissioner McKiernan brought up a good point that we do have a structural deficit within our budget that we still need to tackle and we're gracious that we have a new Administrator who's going to help us get through that, guide us through, help us make the tough decisions that we're going to need to make to get us out. So, yes, but yes only if sustainable for number three.

Number four, yes, absolutely yes. At our last public comment period one community member came up and spoke about the vulnerable population and so I have no issue. If you follow within the guidelines of our utility and sales tax rebate, you shouldn't have to pay the PILOT either, so I have no problem with that.

Number five, I agree that unless it has a significant part in our revenue and being able to replace revenue, I would say yes, but a good point that our Administrator made earlier today, grants shouldn't be used for operating expenses. They are short-lived and the majority of grants are for special purposes. So, let's look for grants to help us, but not for a long-term fix. I hope that gives direction to our Administrator and the committee of what my support is. I want to find a relief, we need the relief, but as always I say it's making sure it's commonsense and that it's sustainable because we want to provide the relief, but we also want to provide the services and unfortunately a lot of our citizens want more. They want more services. So, as long as it's sustainable and we can do it, I'm all for it.

Commissioner Kane said I'd be nervous about doing any of it and for the same reason they just said. What are we giving up. I do like the presentation when we're getting it because we're going into the budget, so we would have to know what we would not be able to do if we did this. Then, the commitment is steady PILOT rate reduction for residential customers. I would think that you would start out with one year, see what it did to us in the budget for the next year before we would commit five or six years in a row because we do not know what this is going to do to us right out of the gate. So, do we all want to do this, you bet, but I would be very, very nervous not knowing what we've be given up, you know, service wise, roads, streets, whatever it is and a commitment of six years is way too much for me. The new Administrator would have to say all right, we're not going to be able to do this if we do that. I would want a clear understanding of what we're going to lose because we're going to lose something because that's a lot of money coming out of the kitty so to speak.

Mayor ProTem Bynum said I'm sorry, I wanted to recognize Brett Deichler because he had a comment with regard to Monica's work.

Brett Deichler, Unified Government Clerk, said to Commissioner Ramirez's point, we obviously being the UG Clerk's Office, do support that outreach and volunteerism wholly. We're trying to get out to the streets. We're trying to actually meet people where we can get these things and applications in. I would caution that we will also need to have a couple of internal conversations in regards to systems access whereas if we had outside personnel that weren't UG employees, I would want to make sure that we have vetted with our IT staff, etc. that we also have gone through the right hoops to make sure that we've got the security measures in place for sensitive content. I just want to make that very clear that while we do support this wholly, we would also want to make sure that we did our due diligence internally in regards to security as well, but that's just the point of reference at this point.

Mayor ProTem Bynum said I think it's a really important point. A couple of things on my mind from what I'm hearing, when we look at Deputy Clerk Sparks telling us, which I think she shared out loud that the payout for the current year—did you say that out loud Monica, $131K paid in rebates to 549 individuals and the scenario that we bring you is that if we adjust the program qualifications, it could be up to 8,500. This is a huge difference, right, 500 to 8,500. Commissioner Burroughs and then I'll kind of circle back to the point I was making.

Commissioner Burroughs said can I ask why you guys didn't—why the task force didn't look at the federal poverty level as the floor for identifying those that are really living in poverty, recognized by the federal government. That's one because I do know that in 2023 the federal poverty rate for a family of four was 30,000 and you're going with Kansas Homestead which is $37K. We could save on the PILOT by reducing who was really poor and eligible. I would love to have the situation where I could go out and give away revenue to those that feel that they are being targeted, but I'm just stating that in 2023 the federal poverty level for a family—for a single individual is 36K for a family. **Mayor ProTem Bynum** said I'm sorry, just say it again for me. **Commissioner Burroughs** said it's 36,420. I was looking at it—that's 200% above the federal poverty level. What you're recommending is like 225% above the federal poverty level for one individual. Most people on social security draw down an average a month of just under $1,100. So, if you have two people in a household, that adds up to $24K per household and that still is below the poverty level, so I was kind of curious why we chose to take the more ambitious number which would qualify a larger majority of our population versus really identifying those that are financially strapped and that are getting public assistance, that are finding themselves—I think you made the comment also please correct me if I'm wrong, 65 and older with permanent disability. If that's the case, I think the state only does that for veterans and not all families, so I would need to research that just to make sure.

Mayor ProTem Bynum said Monica is our expert, so she can probably tell us. **Commissioner Burroughs** said I don't need an answer now, but I was just thinking that when we were working on the Tax Committee, it was only 65 for those that were veterans. I mean we would like to make it 65 and older for everyone, but I think if we were to—I might propose that we look at the federal poverty level and then maybe move it up by 10% or 25% to get to what we can identify, those that are really in need of our community versus just saying we're going to go with $37K income and that's going to make like you said, 8,500 households eligible and I just think that as someone who grew up in poverty in this community, that's a pretty handsome level to be looking at making contributions for utilities out of other people's pockets when it's not federal poverty level.

Mayor ProTem Bynum said just a couple of quick comments and I'll let her clarify around both our program and the state because there is a veteran component in there somewhere. I think it's an entirely separate program if I'm not mistaken. I think what you suggest is definitely a conversation for our governing body to have. Maybe it is federal poverty level versus what we brought because I think ultimately at the end of the day the Commission decides, so I'm grateful to have the conversation. What we were doing was trying to create uniformity across these programs partly because it makes it so much simpler. They're already complex enough and I also want to let Deputy Clerk Monica speak to the $37,500 household income level because I think it's household income. Am I right Monica? **Ms. Sparks** said you are correct. **Mayor ProTem Bynum** said so that could be three people and they all make $11K, so you know, it's household income and it was another reason why we put it at the 37.5 because if you are living in a house with three, four, five people, now that number's kind of low, so that' why. It's entirely up to this group.

Commissioner Burroughs said if you were a single wage earner, you will still qualify under this program because you're head of household. The filing single head of household in most cases, so that would qualify through the program. That's $3,146 a month on a 37,750 projection.

Nowhere did I and maybe we have this discussion later, what permanently disabled, the definition or qualification as to what that entails. Usually if you're on disability of some sort, it kind of gives us some guidance, but I'm just kind of curious as we may want to look at a definition, what permanently disabled means and I would hope that we would look back and see if the state income tax only applies to those veterans. **Mayor ProTem Bynum** said no, I know that part. Go ahead Monica.

Ms. Sparks said I have the requirements here for this years Homestead. Age 55 or older for the entire year, so it was age 55, not 65, or have a dependent child under 18 years of age that lived with you for the entire year or blind or totally and permanently disabled for the entire year. So, there's your disabled information and then this year, Commissioner, you are right, there was a new program for veterans disability and the requirements for that was Kansas resident 100% of the year, honorably discharged from active duty, certified to have 50% or more permanent disability.

Commissioner Burroughs said thank you for that and the reason why I bring that up is because this is a generous benefit and we talk about—I know most of us would like to find some sort of relief, but maybe what we need to do is slowly get into it versus taking a big bite of the apple all at one time. I commend my commissioners for realizing this is appropriating dollars that we don't even have yet and so if we're going to do that, it might be ideal to run what I call a pilot program in reference to this PILOT I guess, but a pilot program and we identify maybe 100% of the poverty level, 110%, but the way I look at it in the numbers, we're over 220% of the poverty level utilizing the Homestead income as a qualification. I think if we lowered that down, we might be able to offer some relief and see how it impacts our budget and then have a more robust discussion moving forward in years to come, but thank you for all the research and work. I know it can be very complex and the simplicity that you were trying to accomplish. At the same time, I grow a little concerned about the overall impact to the budget and for those that still have to pay the PILOT, the fairness and equity issue.

Mayor ProTem Bynum said just a couple quick things and then I'll call on Commissioner Johnson. I think that as we all move forward through our budget process, we can keep looking at these things for those kinds of refinements if we agree that we'd like to provide a level of relief which I hope we have consensus around that. We need to keep in mind that, for example, if we start this on January 1 of '24, we have UG staff and BPU staff that are going to have to put their heads together pretty quickly to work out the administrative pieces of how something like this would work. That would also be the timeframe during which we would have to encourage those that qualify under the program to come in and apply for it.

I don't have a crystal ball, but I'm 99% certain that on January 1 of '24 we aren't providing PILOT relief to 8,500 households. There's just no way. When we worked this hard to get 700 people to apply—in other words, you know, the \$2M scenario that we bring you is based on if 8,500 households apply for it. I would be pretty happy if we provide some kind of PILOT relief that mirrors something along the other programs and 1,000 people apply, but obviously, that dent is way smaller than 2M. I'll say one more thing and I'll let Commissioner Johnson speak. We'll wrap this up in just a couple minutes because it is a good segue into the second half of our evening together, which is a revenue neutral conversation.

I think it's really important to have this conversation in light of the fact that we also are going to speak about revenue neutral and I don't know what I was going to say, it was really good.

Commissioner Johnson said that's why I write all my thoughts down because there's no way in the world I can remember five minutes later what I'm trying to say. Again, before we get started, I just want to thank everyone on this committee and everyone that put in the time and the effort. I know that it can be very rigorous and time-consuming and so I want to appreciate for the record the work that you all have done to present this to us.

I want just as a matter of clarity to look at—we have analysis 1 and then I see analysis number 1b on page 7. Is page 8 analysis b or number two rather. I'm just trying to get some clarity on what is being presented here. **Mayor ProTem Bynum** said in terms of the—when you say 8, do you mean the slide that says reducing PILOT rate to six at a 1% reduction per year? **Commissioner Johnson** said yes. **Mayor ProTem Bynum** said that is showing you what the ratepayer would see in terms of savings. If we did a 1% reduction, and Reggie, I'm going to turn to you, I think that's at the end of six years, the bottom line. **Commissioner Johnson** said that's like an analysis number 2 that we can juxtapose to the first two.

Mr. Lindsey said our analysis 1 is looking at it with the 1% PILOT rate decrease and then analysis 1b includes the 1% decrease and it also includes the additional $2M for those that are most in need. That's the difference between 1 and 1b. **Commissioner Johnson** asked, is there an analysis number 2 or not? There is not analysis 2, okay, I just wanted to get clarity on that. **Mayor ProTem Bynum** said there is a 1 and a 1b. **Commissioner Johnson** said technically 1a and 1b. **Mayor ProTem Bynum** said you're getting picky.

Commissioner Johnson said on page 16, BPU Board Member Mulvaney Henry, told us this was a lot going on. It looks very volatile when I look at that. The question to me is why, what causes the volatility? **Ms. Mulvaney Henry** said, Commissioner Johnson, I'm going to do as any good public official would do and I'm going to defer to our CFO who is sitting behind me because I'm pretty confident. I mean I can make something up, but I mean part of this is COVID and part of this we're seeing—I'll let Lori speak to collections.

Ms. Austin said the volatility in the PILOT is a result of our revenue and in '21 and '22 with our fuel and purchase power cost being somewhat volatile, as our revenues were down because of COVID the PILOT drops. In '21 we did experience the winter storm in early '21 and that generated a lot more revenue for us which we then lowered the PILOT in order—or lowered the ERC rate in order to return that money. Then, '22 our fuel costs were a lot higher than they were in '21. It's all a result of our fuel and purchase power cost of the volatility with that. **Commissioner Johnson** said this kind of volatility is normal within the industry. **Ms. Austin** said yes. It seems like it's because—**Commissioner Johnson** said this year you're anticipating having a down year. Do we have anything that looks outward from 2023 to 2024, 2025, so to speak? **Ms. Austin** said you know we're seeing gas prices down quite a bit. You know projections projected this year to have high gas prices and now they've dropped. I mean they've dropped tremendously, so we do our best to try to figure that out and we adjust our ERC on a—we call it our ERC energy rate component on a quarterly basis. **Commissioner Johnson** said I noticed an increase in my

BPU this year the likes of which I hadn't seen in prior years. It is probably due to these variables here. **Ms. Austin** said yes.

Mr. Johnson said to add one more piece to what Lori talked about, I would say would be the cold winter Mt. Yuri, so that was a February event. If you guys remember, Kansas City, Kansas, Oklahoma, Texas, and a lot of southern states were under extreme weather conditions. In fact, I think Texas bared the biggest run of all of that, but because of those extreme weather conditions all of our generators were running full output and that cold weather event was the first time that I can remember in my history at BPU that we went through a period like that with the Southwest Power Pool and trying to make sure that we furnish enough power to meet the demand of the entire region. All utilities were in that mode that were in the generation business.

Part of what that also did was it brought in some additional revenue for BPU during that period of time and markets and power sales to the Southwest Power Pool, but basically our ERC or Rider is designed for, you know, we pay for the cost of power. When we come up short in the required revenue to make those payments, we adjust the ERC. When we over collect, then we adjust the ERC. The money goes back to the community and we were giving money back to the community because we were making record sales and by policy we have to offset that revenue by giving it back to the community. So, it wasn't money that BPU profited from. It became a benefit to our community because we refunded 11, 12, $12M back in relief at that point in time, but long story short, it was an anonymity, it's not something that happens all the time. Most of the other things Lori has described is pretty much normal. **Commissioner Johnson** said so to contend with Mother Nature. It's a tough customer.

I do agree with the recommendations, Commissioner Bynum, because in addition to providing relief to our residential constituents, it's also a way for us to address the issue of gentrification and that's what this community continues to grow, we're continuing to want to see the east side of town expand and things like this are elements that will help us to address that and in my opinion be proactive with that. I think between us and the UG we need to be able to tell the community how they're benefitting from these various decisions including with BPU. I want to rebate or provide relief to them. They need to know that in that wonderful newsletter that you all put together with everybody's picture on it.

I'm going to double down on Commissioner McKiernan, how do we replace those loss revenues, if at all. I had to learn. This is the only area in my life where we don't start out a budget by looking at revenues. Everywhere else I go we start looking at revenues and then we talk about expenses and we know we can do this, you can't do that, but here we start with the expenses and then we've got to figure out how you're going to get revenues. It bugs me, it always has, but that's the way that it is. It does not appear that we have a definitive means of replacing definitive reductions. That's a problem, so it makes me ask, are there other areas within BPU that maybe we could charge for fee income on other things. I'm not sure, but I'm asking the question, are there other areas that we could look at so that we could offset some of those reductions because we all know that the grant process is just a lengthy process, highly competitive in this day and time. If we don't know what we have before we start adding these cuts, you know—I voted against the budget last year. For the first time in my tenure, I voted against the budget. Anyway, I think I'll end it right there and we'll go from there.

Mayor ProTem Bynum said I will say that we didn't say that what we were bringing was easy.

Commissioner Stites said one question that I had on the Utility & Sales Tax Rebate, of the 549 paid out, how many of those were from Bonner and Edwardsville? **Ms. Sparks** said zero. **Commissioner Stites** asked, how come? **Ms. Sparks** said because the ordinance as written, right now, only applies to the citizens of Kansas City, Kansas.

Commissioner Stites said I want to go to page 2 and if we want to refer to bullet point number 2. If we could get that pulled up, I think it'd be important to see. I'll read it. All customers of BPU, no matter where located, where located, which I think that refers to Bonner Springs and Edwardsville or tax status, e.g. exempt, pay the PILOT, but they're not able to take advantage of this program. I don't get it. **Mayor ProTem Bynum** said I think we're trying to fix that as part of the ordinance. **Commissioner Stites** said stop trying and do it. **Mayor ProTem Bynum** said yeah and, hopefully, you all will agree so that we can bring forward an ordinance that corrects that. **Commissioner Stites** said I agree.

I think that an asset that we could have used, and I know, Monica, we had spoke a couple different times about ways that we could get this information out to the public. The Department of Aging I think is an excellent source to get the folks that we're talking about that could potentially meet that criteria, age and with income, so the Department of Aging would be a great resource for us to get that information out for people to access.

I too agree with—I mean we all want to reduce the tax burden. I get it, but I think it's going to be incumbent upon us to work with our community partners, our County Administrator, to come back and say what services are you willing to do without or be able to cut or reduce because clearly we're not bringing in more money. We all already know that in three years or so, I can't remember what the prediction was, but three to five years, we're in trouble and now we're talking about taking more money away. That gets us there even quicker.

I think that although I do agree that we need to be working to reduce our taxes, we also need to be working with our community to say what are some things that you're willing to do without for us to reach those goals for you. To help reduce these taxes, you need to help us. I can't remember who said it, we continually get asked for more services, provide more, and that's tough to do and I know this job's not an easy job. No one said it was, but we need to be partnering up and using our community as a sounding board so that we can figure that out.

On page 10 it said that currently only Kansas City, Kansas residents, Legal Counsel is reaching out availability of the program with other municipalities. I'm guessing that is what we're talking about for the utility and sales tax, right, okay, so my question would be, how does this reduction affect the PILOT in Bonner Springs or Edwardsville because they both pay it. Bonner Springs pays it on water, it will organically go away because they're building a new water treatment facility, so their PILOT will go away because they only are paying a PILOT right now on emergency bulk water. Is that correct? **Ms. Lawson** said that's correct. The PILOT is on the BPU, so only those sales that originate through the BPU are charged that particular PILOT.

Commissioner Stites asked, does Edwardsville now who—they do pay a PILOT on water and electricity, right? **Ms. Lawson** said if those sales are through the BPU. **Commissioner Stites** said all water to Edwardsville supplied through BPU, yeah I know it is. **Mr. Johnson** said Edwardsville retail water customers for BPU, Bonner is building a new water treatment facility and that would discontinue our service to them except when they need to take emergency water from us, then we would make those sales to them. **Commissioner Stites** said to Bonner, but Edwardsville is treated as just a retail customer. **Mr. Johnson** said Edwardsville citizens are treated like KCK when it comes to water service. It's a normal retail customer for BPU just like customers in KCK pay water, pay our water service for our water system. Edwardsville does the same thing.

Commissioner Stites said the water lines that are in Edwardsville, and we my be getting off and I may have a different franchise fee type question for the waterlines that are in Edwardsville's easements, their city, because they're not charging back to BPU for a franchise fee to sell that water to us, but we could have that discussion later because I know we've got to move on. I am in favor of us getting on board quickly with bringing the equity piece to all of Wyandotte County and getting them accessible to these programs. **Ms. Lawson** said the research was only done as to the utility because the sales tax would be the sales tax that was collected here, I think is the thought.

Commissioner Davis said first I want to commend you, Commissioner and the entire task force. I know this is not easy work and you all are just sitting here and rolling with the punches, so by no means take any of these questions as a taking for granted of your working effort. Really, thank you. We've needed to have this conversation for a very, very long time and, so thank you for all of your work.

I have some questions about the rebate, both of them, and then questions about the PILOT. For the utility rebate and then this senior sales tax rebate, what part of the budget do both of those rebates come from? Is there anything that we designate in the budget or is it coming out of the General Fund, how is that process done, is there a cap on how much we would spend, does anybody have any answers on that? **Mr. Lindsey** said it does come from our City General Fund and we do budget the amount each year. I don't know right off how much the budget is, but I do know most of the time we do have some funding left over. **Commissioner Davis** said all right, some funding left over. I'm sorry, did I cut you off? **Mr. Lindsey** said no, that was all I was saying. **Commissioner Davis** said good because that was kind of the point, we may have some additional revenue there that we could look at to say what do we want to do with this money considering the fact that year after year after year less and less of our seniors, unfortunately, are tapping into this program. I don't know how much, but maybe in further research, Mayor ProTem Bynum, that can be brought to light. But, yeah, the total amount for both programs would be good and then how much we allocate because we do allocate that in the budget, what's the maximum of that pot of money, what does that look like.

Within the ordinances, these are just general comments, for the Utility & Sales Tax Rebate, is a cost-of-living adjustment included, if so, I would be for it, but is it included within and what would be—**Mayor ProTem Bynum** said the ordinance change we're asking for, that it adjusts annually so that 17 years later we're not like, oh, this is kind of low. **Commissioner Davis** said perfect because that is the other side right, \$37.5 or \$25K back into '06 or '09 is not the same here in 2023. We all know that. Just look at inflation.

Time window; was there any discussion and I got this idea from you Ms. Sparks. Thank you so much in the work that you all have done, and Mr. Deichler as well, on this program. Was there a discussion on the timing of the rebate program. Right now it's from January 1st to March 31st. We had heard some comments in public comments about that window not being long enough or maybe being at the wrong time of the year. Just curious if there are any thoughts on that. **Mayor ProTem Bynum** asked, does staff have any comments. I'm imagining that was also prescribed in our ordinance, but I don't know that for sure. **Ms. Sparks** said it is. **Mayor ProTem Bynum** said that could be up for discussion. **Ms. Sparks** said absolutely. **Mayor ProTem Bynum** said yeah, as far as I know. Anything we all determine that we would want that ordinance to look like, that's what we would bring.

Commissioner Davis said I would love—I mean maybe we talk with some of our seniors and thinking of in my district, I know Victory Hills Baptist Church does a lot of work too with the Victory Hills Senior Center and so we have a lot of folks that are doing this work and, Commissioner Bynum, yourself you do this work working with those seniors. Maybe we can have a discussion on what timing would be most appropriate considering tax time is in April, that 31st of March could also be a very, very tough cut, so thank you for that information Ms. Sparks.

Commissioner Davis said for the BPU PILOT, I'm interested to—I'll just ask this question because I don't know if this is true or not. Is the intent or the current center of the board to raise water and electric rates this year for BPU and I know no vote has been taken. **Mr. Johnson** said I can't say that we will raise them, it's up to our Board of Directors, but we've completed our cost of service and we've started the conversations and we'll be opening up public hearings to introduce new rates. With that, like any year—let me back up and say we haven't raised electric rates in five years, we haven't raised water rates in 10 years. With that rate increase the UG would also get a windfall automatically built into that because it's a percentage of whatever our rates and whatever our revenue is, so as those rates adjust, our revenue you would also get the benefit of that. **Commissioner Davis** said the benefit would be through the PILOT, is that what you're— **Mr. Johnson** said yes. It'll be still whatever the PILOT rate is, it'll be a percentage of our revenue.

Commissioner Davis said gotcha. One more question and then I'll give my final thoughts here. The BPU PILOT, these proposals, are they inflation sensitive, just the numbers that we got? **Mr. Lindsey** said we do not have a inflation in those. Are you talking about analysis 1 and analysis 1b? **Commissioner Davis** said yeah. **Mr. Lindsey** said no, they don't have inflation. **Commissioner Davis** said it's kind of flat. I mean I would like to see a proposal that kind of included inflation and it could be a guess, give me 5% increase every year, we don't know what's going to happen but just given what's happening with the federal reserve I think that would be very, very helpful and give us a very accurate picture of it.

I am for all of the recommendations especially for the rebate because I think there's a lot of work and I think we've established money left on the table that we can really do something with. For the PILOT reduction I am for it, but again, I agree with my colleagues, show me where in the budget are we making adjustments, where can we find some cost savings where we can shift over. We have a large budget, it's almost half a billion dollars and I'm all for it and perhaps whether it's—if it's not six years, maybe it's three years with a promise to come back. Something that could kind of get us there, but I am all for this and I commend you all for the hard work that you've done.

Mayor ProTem Bynum said we've gone a little long on this part of the presentation and we can wrap it up and I'll just make maybe a few closing comments. First of all, it's—while I deeply appreciate all the work and all the time and I really don't want to stop hanging out with you guys, so maybe we can form some other kind of club. It is a good segue into the second part of what we're going to talk about tonight and maybe we should have started there and I have my own thoughts on that. We've asked multiple times around the room love it, how do we pay for it. In my opinion, you know, this entire discussion is that question. Love it, how do I pay for it, so I say to us collectively that will be our work to do.

If we want to bring PILOT relief, if we want to bring any kind of mill levy reduction whether it's revenue neutral or not, our work here tonight is to have that conversation. We aren't going to know any of those answers tonight, but what we do have here is an Administrator who is listening and ready to start working with us on love it, how are we going to pay for it. That to me could mean a whole variety of things and I'll just put it on the table. I think we've put it on the table before and we've seen our Budget Director bring us a presentation on revenue generation, so we'll just toss out that little sales tax word, right, as an item that could be on the table.

Mike Kane is right. I think it makes us nervous to talk about doing something for six straight years, but we can say tonight we commit to that, but next year we're in deep trouble and then we have to say sorry, can't do it, but we can commit to the concept. I think really what I'm asking for you to come along with us on tonight is the concept of relief, the concept of, you know, the first two I think are kind of easy, change the charter ordinance and update the ordinances around utility and sales tax rebates to correct the things that we think are wrong with them. If we want to have a further conversation about what that annual income is, I'm open for that because the point in us doing the work and bringing it to you was to identify where we have consensus and where we maybe need to do some more work on it. If the team wants to keep working with me, great and if not, we all can work on it together. So, you know, can we commit to some kind of PILOT decrease and I did hear several of you support the zeroing out of the PILOT for some of the most vulnerable. I don't think we're saying no to anything, but I hope we're saying yes to continuing to work together on it towards some of these issues, some of these answers that when we adopt a budget in a few months, these things are in there.

Commissioner Townsend said I wish to extend thanks for all the hard work that this committee has done. The first thing I want to ask is will it continue beyond tonight or is this the end of the task force? I hope not. **Mayor ProTem Bynum** said I would say I'm willing to continue. We're going to want and our Administrator is going to want direction. We can keep working, you know, what shall we work on or we can direct what we'd like to tweak from this to our Administrator and if the team wants to keep working on it, that's fine, but like I said, they do have lives although we did really enjoy, I think, working together. We're going to keep working in one way or another because we're hoping to bring something forward for you all to adopt.

Commissioner Townsend said another question I have is about recommendations one and two, the ordinance changes. Would those be something you're proposing, even if worst case scenario, there was no PILOT reduction this year or is that something that goes hand in hand? **Mayor ProTem Bynum** said I would say yes, even if there's no PILOT reduction, to me we should fix those things. **Commissioner Townsend** said that won't cost us anything—well, I'm definitely for that.

Echoing some of the comments you heard earlier, love the concept, but we are in a deficit. I would need to know to vote what are we not going to do because when you're talking about $6M, I know I heard that number early in the presentation, that will not be in the General budget, that's major. Several weeks ago there was a discussion about, for example, short-term rentals and there was some concern by our constituents about code enforcement and their desire to see more code enforcement action, that costs money. Roads, that's the number one thing that our constituents have told us time and again they want to see, so whose roads won't be fixed. The same people who would get relief from a PILOT reduction, you know, they use the roads, they're still calling about enforcement so I love the concept. I don't know what we could do without the other piece, that's just for me, but I commend you because this is rough.

The other thing that I noticed and Commissioner Johnson has already asked about it, the slide on 16, this shows the volatility of the PILOT even without a cut, so we're not sure from one year to the next exactly, maybe at some point what those revenues are going to be. Then, Mr. Johnson saying that there are other increases contemplated. I think I want to know that's going to happen or it's not going to happen so we know, but you all have put in yeoman's job on all of this.

Again, to Deputy Clerk Sparks and her staff and the Clerk, should be commended for all of the outreach and the effort that you put in this year to get our seniors and others who may be eligible for these rebates to benefit from them. You took the approach we're going to go out to the people so you did get an increase of people who came, 700, and those who qualify, well, that's the state that sets those, not the Unified Government, correct, those qualifications or who set those qualification guidelines? **Mayor ProTem Bynum** said that's the Homestead rebate and the Unified Government, number two, the ordinances, those are set here. We were helping with three different things. Again, Monica and her staff were helping to do the Homestead rebate, which is the state of Kansas and then both of these rebates, the utility and the sales tax rebate, and that's the one where we have set the income level and we've never adjusted it over time. **Commissioner Townsend** said yeoman's effort to you and your staff.

Commissioner Johnson said this is my last one I promise. Is there any reason why we couldn't consider lengthening the term and reducing the percentage amount to a half percent and then maybe build it up to one percent over the course of that same timeframe? Take away the volatility—**Mayor ProTem Bynum** said yes—**Commissioner Johnson** said is that a thing that could be considered? **Mayor ProTem Bynum** said we can do whatever you all tell us we're going to do. **Commissioner Johnson** said look at a 10-year term. **Mayor ProTem Bynum** said we're bringing you—and I'm glad you're thinking that way because we're bringing you a set of recommendations. We're bringing you those recommendations based off of—there's a reason why we put the community on this committee. We're bringing you the recommendations based on what the community is asking us for. What happens will be up to the Commission and if it's some modified version, then so be it. Does that make sense? **Commissioner Johnson** said it make sense. **Mayor ProTem Bynum** said we could do any number of modifications.

Ms. Lawson said I wanted to clarify that the reduction plan, unless that is embedded in the charter ordinance where you lower the cap every year, if it's just sort of a plan the Commission adopts, the Commission has every right to modify that because you can't bind a future government to that, so that's very flexible.

Commissioner Davis said I will be brief. I'll just be the one to say this. We've seen a lot of people exit the Unified Government employment for various reasons and that has had an impact on staffing. Absolutely, we need to consider getting more people; however, we've had vacancy rates that have been pretty high prior to this mass exodus. Perhaps we need to rethink services, positions, pay scale that could accommodate some of these programs. The funding for these positions is ongoing and so if we are able to shift some of that funding responsibly with staff and be what we are asking in mind, perhaps we may find some other sustainable resources. I'm just putting that out there for conversation, and again, we'd have to do that responsibly, but it is something that is there.

Mayor ProTem Bynum said just a quick update or comment for Commissioner Stites point of the Area Agency on Aging, and again, I'll let Monica tell me if I'm wrong, but I think the Area Agency is a great resource to help with this. In the past they processed all these applications. I think it might have been a staffing issue that caused that change. **Ms. Sparks** said they didn't process all the applications. Up until the time of COVID they were accepting applications and they would assist with that. Once COVID hit, they were no longer able to do that in-person. This year they did assist. They took our flyers, they put them at all the congregate meal sites, they gave us a mailing list that we sent postcards to. They did not actually process applications. **Mayor ProTem Bynum** said thank you very much. I knew she could clarify that, but I wanted to make sure you knew that they've been a great partner all along.

Commissioner Stites said I think that's great and I think that with the added that we're able—the added additional resources that we could put out there, we can drastically change that 549, right, to get to a number that we can say is not embarrassing. I'm glad everybody of those 549 got it but it's embarrassing to think that we have so many more people that could have got this and they didn't. **Mayor ProTem Bynum** said I agree 100%.

Thank you so much. I feel like I at least have consensus around some of it and then consensus around continuing to work toward something that you all would be willing to adopt. I think our Administrator hears the conversation and I'm willing to work with you to work on drafting some ordinance changes that we could bring and possibly bring back to the group as well.

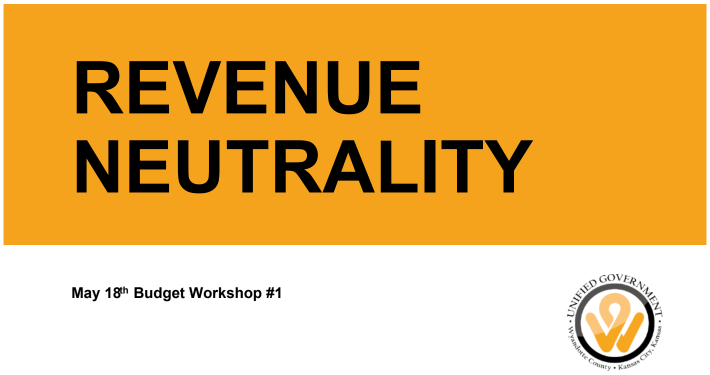
I want to thank this group and I think we should thank them with some applause and maybe a snack. We have one closing comment from our Clerk.

Mr. Deichler said I do apologize and Mayor Pro-Tem thank you. I want all of us to be mindful too as we move forward, not in just this discussion, but as we work as a group here collectively and if anybody knows me knows I'm an advocate of IT and leveraging processes. As we talk about the change in staff and not having enough resources, things like that, this is a great example of using say hyper automation to kind of put together processes where, let's say, we use density or heat maps or things like that to target groups that really could actually work inside of this and qualify, but if we're looking for repeat customers per se versus people that have never actually got this, now how do we market that outbound reach and where do we go to. We can look at some internal applications using guys like Mike Grimm who's an expert. I know he's got everything on his plate right now too, but you know in the data science world we could certainly look at some of those models and hyper automate things that would allow us to be more efficient, raise the bar, so we as individuals get above the mundane task and get out there and start to actually empower and reach more people in these targeted groups. I think that's a very mindful thing to think about as we move through all things, budget this coming year. **Mayor ProTem Bynum** said excellent.

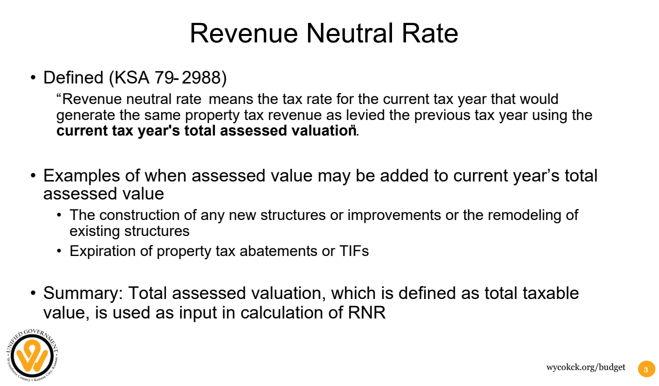
Mayor ProTem Bynum said okay, we will bless you and dismiss you. Thank you so much and we'll give them a minute to make their way or stay if you want. We do have a presentation and discussion on revenue neutral and I wanted to just share a comment. I had a brief conversation with our Mayor yesterday in prep for this conversation. He just wanted to reiterate to you his support and desire for revenue neutral. With that, I'm going to turn this to our County Administrator to start us into this portion of the evening.

David Johnston, County Administrator, said to set the stage, while our staff gets situated, the intent of our budget process for this coming year is based on starting with a status quo budget using this fiscal year's budget into next year's budget with the only increases being salary increases driven by our collective bargaining agreements and then in fairness assuming an increase to our non-union employees and then incorporating a slight inflation factor in our model. That's the basis behind the numbers that you're going to hear during today's presentation when you see the numbers, but just keep in mind that it's a budget that we're going into, I'm going to use in my budget formation for a recommendation for Commission consideration and discussion.

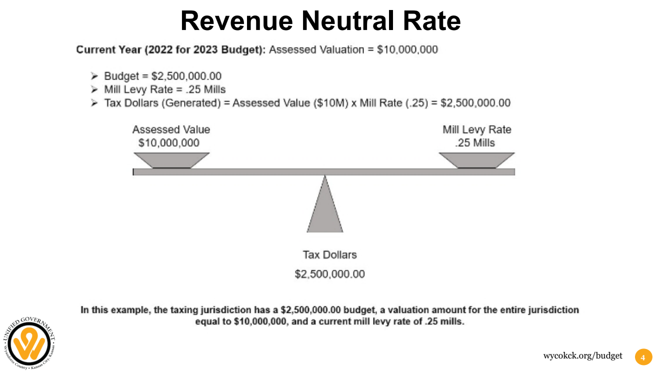
No new stuff because I think you'll see toward the end there's no room for new stuff. You need to hear that again. There's no room for new stuff. I know you're tempted when you hear from our constituents and from our community stakeholders who are also trying to find additional revenue and it's natural for them to come to their local government as one of their stops. It's going to be very difficult for us to expand current services with additional revenue or expense demands. Just keep that in the back of your head as you listen to the presentation by Reggie and his team and Debbie and Brett. Without further ado, let's get the ball rolling, which is defining right now what is revenue neutrality and then we'll go into the specifics that Reggie and Debbie have worked on.



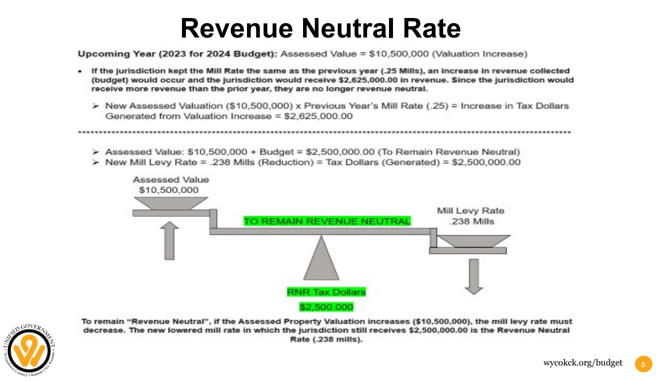
Brett Deichler, Unified Government Clerk, said when it comes to revenue neutral we are charged with making sure that the numbers do the right thing, so with that being said, I just wanted to take a very quick minute to explain a couple of things I think that's been kind of a point of confusion. There is a difference in just the revenue neutral being a number, which in this case last year's budget and what the revenue neutral rate is. They do work the same in tandem, but I want to make sure everybody's clear with that. We, the Clerk, we look for some certified values. One starting with assessed value. That comes to us. We also receive certified budgets from our own internal here and also the taxing jurisdictions in Wyandotte County and then the Clerk is charged with doing the math basically to keep that number, you know, as far as what the levy would look like to generate those funds for what's been allocated and certified by the jurisdiction.



This by general definition, the revenue neutral rate means the tax rate for the current tax year, which I'm going to use a very brief small example just to keep the numbers easy that would basically generate the same amount of property taxes levied in the previous tax year using the current tax year's assessed valuation, which is important because as an organization, a government organization, we hope our values increase. In saying that, the examples of when values might increase is like construction coming on, TIF's expiring, things like that, but those all add to the total assessed valuation which is part of the equation for calculating these numbers.



Here's a model right here looking at that line where you take in this example an assessed value of $10M. I know that doesn't sound like a lot, but it's an easy number here. You take a budget that you're looking for to generate $2.5M. Well, the basic math tells you that would be a mill rate of .25 mills, which gives you your taxable ad valorem dollars that you're going to send your mailers out and try to collect, so $2.5M.



Moving into the next slide, real simple, if you have an increase in valuation of $500K, you would be at $10.5M. Well, what do you have to do. It's pretty simple. If that goes up, the revenue neutral rate now would be the new mill levy would have to go down to .238 to still keep that $2.5M in revenue neutrality, but your revenue neutral rate would now be .238 instead of .25. If you exceed that, in this case you would, if you kept that levy the same as the prior year at the 10.5 assessed valuation, you would now have in excess because you'd be at $2,625,000 which would cause you to have a public hearing to justify that overage from 2.5. That is really the essence of what is revenue neutral versus the revenue neutral rate and if there's no questions on the way that math separates what we do and how we get those numbers, I'll pass it over to Debbie and Reggie and their team.

Revenue Neutral Rate, cont.

Example: *Estimated impact on COUNTY mill levy fund mill rate and taxes levied*

Property Taxes Levied and Mill Rate	Prior Year	Current Year At Constant Rate	At Revenue Neutral Rate
Existing Property Taxes Levied	$63,816,000	$73,388,000	$62,407,000
New Constr., Improvements, Remodels Taxes Levied	---	$1,601,000	$1,361,000
Expiring Abatement Taxes Levied	---	$56,000	$48,000
Total Taxes Levied	$63,816,000	$75,045,000	$63,816,000
Mill Rate	37.328	37.328	31.743

Note: Assume a 15% growth in existing valuation from prior to current year.

- ***Going revenue neutral factors in any new improvements or expiring abatements***
- ***Additional revenue generated from economic development is not captured for services but reduces the overall tax levied on the existing base***

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Mike Grimm, Research Manager, said this is an example I'll say maybe a little bit more real world example. Mr. Deichler, correct me if I speak incorrectly, but this would look at just the county side and on the prior year, so let's say we had $63.8M and that was generated with a rate of 37.328 mills, if we go to that middle column and let's say we're the current year or, you know, budget process we're going through and let's say the value increased from $63M-$64M to $73M and then we add construction and some expiring abatements, now we're up to $75M. Hypothetically in this example, in tax revenues and that would be generated using the same mill levy rate with 37.328. Now, if we decide or look at going revenue neutral, the revenues would still be that $63.8M, but now we'd be looking at a mill levy rate of 31.743. Again, just an example of how that would work.

Just in general, those comment bullets on the bottom, going revenue neutral does factor new improvements that as we discuss expiring abatements, would cause lowering of the mill levy rate to realize the same tax revenues. That last bullet, when economic development occurs, to reiterate this, we go to revenue neutral, we don't realize the increase value in those economic development initiatives I'll say.

Revenue Neutral Rate, cont.

Example: *Estimated impact on CITY/KANSAS CITY, KS mill levy fund mill rate and taxes levied*

Property Taxes Levied and Mill Rate	Prior Year	Current Year At Constant Rate	At Revenue Neutral Rate
Existing Property Taxes Levied	$58,286,000	$67,029,000	$56,879,000
New Constr., Improvements, Remodels Taxes Levied	---	$1,601,000	$1,358,000
Expiring Abatement Taxes Levied	---	$58,000	$49,000
Total Taxes Levied	$58,286,000	$68,688,000	$58,286,000
Mill Rate	38.477	38.477	32.650

Note: Assume a 15% growth in existing valuation from prior to current year.

- ***Going revenue neutral factors in any new improvements or expiring abatements***
- ***Additional revenue generated from economic development is not captured for services but reduces the overall tax levied on the existing base***

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If we look at this next slide, same thing on the city side. Same example, I'm not going to go through the whole thing, but prior year if we have about $58M, we have growth, we have new construction and now we're up to about $69K, but if you go revenue neutral, we're back down to capping those revenues at $58M and thus reducing the mill levy to, in this instance, 32.65.

INCREASED VALUATION

Tax Levy Fund Impact

- Preliminary estimates of property valuations show generating additional revenue of $15.3M across all tax levy funds.
- Projected 15% increase to valuations overall, with additional 1% growth for additional development agreements expiring
- Estimated 14% reduction in Mills needed to achieve revenue neutral rate (10.6 Mills)

Tax Levy Fund	Property Taxes Levied in 2023	2023 Mill Rate	Estimated Property Taxes Levied in 2024	Additional Revenue	Revenue Neutral Mill Impact
City General Fund	$30,022,509	21.431	$34,936,964	$4,914455	-3.00
City Bond & Interest	$23,879,235	17.046	$27,788,083	$3,908,848	-2.39
City Funds Totals	$53,901,744	38.477	$62,725,047	$8,085,261	-5.39
County General Fund	$46,180,288	29.191	$53,667,782	$7,487,494	-4.09
County Bond & Interest	$3,512,127	2.220	$4,081,570	$569,443	-0.31
Consolidated Parks Fund	$2,613,919	1.652	$3,037,730	$423,811	-0.23
Health	$2,488,017	1.573	$2,891,414	$403,397	-0.22
Aging	$1,638,245	1.036	$1,903,864	$265,619	-0.15
Elections	$1,392,989	0.881	$1,618,843	$225,854	-0.12
Mental Health	$678,060	0.429	$787,998	$109,938	-0.06
Developmental Disability	$549,628	0.347	$638,743	$89,115	-0.05
County Funds Totals	$59,053,273	37.328	$68,627,943	$8,857,991	-5.23
Total	**$110,228,094**	**75.805**	**$125,519,681**	**$15,291,587**	**-10.62**

Mr. Lindsey said the current slide, what we're looking at is the Tax Levy Funds and, basically, what we have here are property taxes levied in 2023 and then we did an estimate on what we estimated property taxes to be levied in 2024 and that estimation is based on a 15% growth over property taxes that were leveraged in 2023. What we have is where we can see we have City General Funds, which is the City General Fund and the City Bond & Interest Fund and then we also have the County Funds, which includes the County General Fund, County Bond & Interest, Consolidated Parks, Health Levy Fund, Aging Fund, Election Fund, Mental Health & Development Disability. We can see with the City General Funds, the estimated impact that we see, the $8M impact and growth if we were to realize the value of our excess values, but if we do not realize the value and go revenue neutral, that will be taking $8M from what we have access to in the City General Fund or for all our City Levy Funds.

Then, in our County Funds, the impact would also be about $8.8M for those funds and in total it would impact our whole budget by $15.2M and we estimate that would be 10 mills that we would need to decrease back to.

Fund Forecast

City General

Revenue Neutral Rate

City General Fund	2022 Amended Budget	2022 Estimated Actuals	2023 Amended Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
TOTAL REVENUES	$ 160,970,000	$ 167,127,914	$ 154,558,990	$ 156,444,370	$ 161,403,047	$ 166,567,881	$ 172,177,016	$ 177,174,814
2024 Revenue Neutral Rate Impact				$ (4,914,079)	$ (5,208,923)	$ (5,417,280)	$ (5,633,971)	$ (5,859,330)
TOTAL EXPENSES	$ 170,656,500	$ 168,788,479	$ 160,382,000	$ 171,954,000	$ 178,137,000	$ 196,485,000	$ 204,970,000	$ 213,520,000
Net Change in Fund Balance	$ (9,686,500)	$ (1,660,565)	$ (5,823,010)	$ (15,509,630)	$ (16,733,953)	$ (29,917,119)	$ (32,792,984)	$ (36,345,186)
Cash Basis Ending Fund Balance	$ 21,293,100	$ 29,319,035	$ 23,496,025	$7,986,395	($8,747,558)	($38,664,677)	($71,457,661)	($107,802,847)
Reserve % of Expenditures	21.20%	26.19%	23.93%	13.30%	3.45%	-12.10%	-27.60%	-43.52%
Fund Balance 17% Target	$29,011,605	$28,694,041	$27,264,940	$29,232,180	$30,283,290	$33,402,450	$34,844,900	$36,298,400

Full Valuation Estimate

City General Fund	2022 Amended Budget	2022 Estimated Actuals	2023 Amended Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
TOTAL REVENUES	$ 160,970,000	$ 167,127,914	$ 154,558,990	$ 161,358,448	$ 166,611,970	$ 171,985,161	$ 177,810,987	$ 183,034,144
2024 Revenue Neutral Rate Impact				$ -	$ -	$ -	$ -	$ -
TOTAL EXPENSES	$ 170,656,500	$ 168,788,479	$ 160,382,000	$ 171,954,000	$ 178,137,000	$ 196,485,000	$ 204,970,000	$ 213,520,000
Net Change in Fund Balance	$ (9,686,500)	$ (1,660,565)	$ (5,823,010)	$ (10,595,552)	$ (11,525,030)	$ (24,499,839)	$ (27,159,013)	$ (30,485,856)
Cash Basis Ending Fund Balance	$ 21,293,100	$ 29,319,035	$ 23,496,025	$12,900,473	$1,375,444	($23,124,395)	($50,283,408)	($80,769,264)
Reserve % of Expenditures	21.20%	26.19%	23.93%	16.16%	9.13%	-4.19%	-17.27%	-30.85%
Fund Balance 17% Target	$29,011,605	$28,694,041	$27,264,940	$29,232,180	$30,283,290	$33,402,450	$34,844,900	$36,298,400

What we have here is a view of the City General Fund. The top portion of financials are if we decide to go revenue neutral rate and the bottom is if we go full evaluation and recognize our excess value. We can see we have our total revenues for 2024—**Mayor ProTem Bynum** said let's pause for a minute because I think our packet's way bigger than—it's got a bunch of slides in between the two slides you're showing, so it's at the back. **Mr. Lindsey** said for time's sake, we did cut the presentation down. **Mayor ProTem Bynum** said that's okay, so we're looking at City General toward the back and I don't have a City General at all. I start with County. **Commissioner McKiernan** said page 32 of your PDF. If you did everything by PDF, it would be numbered—or you just want to say—**Mayor ProTem Bynum** said I'll just look at the screen and if they all found it, fine. Reggie, keep going, sorry.

Mr. Lindsey said we have total revenues and also in the models have total expenditures and we also show what the net change in fund balance would be and we also have the cash basis ending fund balance and the reserves of those percentages. We can see in our 2023 Amended Budget, basically, we estimate to end with a '23 fund balance, we'd have like $23M in our cash basis fund balance.

As we move over to the 2024 forecast, what we have built on right now is—County Administrator Johnston said, we have built this at a base budget when we have like our contractual agreements with our labor unions built in so we can see where our revenues that we're estimating would be $156M. We have total expenses going out at $171M. If we're to go revenue neutral, we would be cutting back on revenues of about $4.9M in the City General Fund and we would have a cash basis ending fund balance of about $8M and that would get us down to 13% in our fund balance.

Debbie Jonscher, our Interim CFO, she works with our credit rating agencies on an annual basis and she has some advice for us.

Debbie Jonscher, Interim CFO, said I just wanted to comment that when you're looking at the forecast for revenue neutral in 2024, our fund balance does not go negative; however, our fund balance percentage drops to 13.3%, which is actually below our fund balance policy minimum of 17%, so the credit rating agencies do look at that. So, even though we are still in—we have a positive balance at the end of that year, it does drop our fund balance percentage down and they do watch closely on that when we hold the credit ratings meeting with our—when we're going out for our bond issuance. **Mayor ProTem Bynum** said, Debbie, can I ask a question or Reggie, either one of you, to just clarify for me on the slide, when we say net change in fund balance—I'm looking at '24, $15.5M, that's not a negative fund balance, that's just the net change. **Ms. Jonscher** said that's the net change from your revenues and expenditures. **Mayor ProTem Bynum** said if we go revenue neutral. **Ms. Jonscher** said that's correct.

Mayor ProTem Bynum said other questions if we stop right there?

Commissioner Johnson said, Debbie, you've already talked about this, when we're repricing some bonds maybe a couple of months ago, credit rating agencies talked about you don't need to have another year where we have a structure, what do you call that—**Ms. Jonscher** said structural imbalance. **Commissioner Johnson** said a structural imbalance which means we're going into our savings account so to speak. They've already stated this to us. What I'm interested to know and I guess there is no way of knowing this, but what kind of impact—**Mayor ProTem Bynum** said I think you need to move your microphone a little closer. **Commissioner Johnson** said I've never been told that before. It would be interesting to see or kind of try to forecast what kind of impact this would have, the net neutral rate process, would have on our credit rating in addition to what we're seeing here because I see red, red, red. **Ms. Jonscher** said right. I will say that when we presented our numbers earlier this year, we did our estimates for 2022 as well as our 2023

Budget and the 2023 Budget did show a structural imbalance between revenues and expenditures. They commented on that and even though I think our projection was around 23%, which is almost at that 25%, which is a three-month reserve, even being that high, they were still noticing your revenues and your expenditures are not aligned. I don't know—as long as our fund balance percentage stayed at a healthy level, say around the 20-25%, I don't know that would significantly impact the rating, but if they continue to see that or they have stated if you drop below your minimum percentage and you kind of go back and forth, I think that could eventually have—I'm not saying it would have an impact the very next year, but it could have an impact in the near future.

Commissioner Johnson said I just want the public to understand if our rating ever dropped, that would mean we would have to pay more in terms of interest rates. **Ms. Jonscher** said that's right. **Commissioner Johnson** said on the bonds (inaudible) the bonds that we borrow against, which means that the public has to cover that within the context of our overall budget. **Ms. Jonscher** said yeah, it's because the investors look at the rating. They use that rating to kind of assess the risk to buy our bonds and the higher the risk, the higher the interest rate could be. **Commissioner Johnson** said I don't believe we want to talk about this much longer, it tells me all I need to know.

Commissioner Davis said I really have more of a comment—well, thank you all for presenting this information. This is great. I haven't had time to look over it, but when I do, I'll probably have questions. I've been asked about this when I've gone in my district and I've spoken with folks and the best way I can put it from an individual basis—because maybe it's hard to understand, you know, SP and AAA and AA1, but from like a personal basis going revenue neutral would be equivalent to saying I don't want to raise, but I do want to continue to buy nice things or I want to buy a Tesla. It just doesn't make sense and so I think if we can find as many ways as possible to have this conversation in a way that our constituents could really understand it, particularly at the individual level.

We talk about the credit rating, well, you know, municipal governments they use letters and numbers. Let's just say that's an individual. If your rating is going to go down to 600, 500, 450, that means if you want to buy a house, if you want to borrow money, if you want to get a credit card, it's going to be much harder. That is an equivalent conversation that we're having here as a municipal government, so I just wanted to put that out there for a comparison for folks that are listening.

Mr. Lindsey said also one thing that I'll point out is within the City General Fund in the model where we're going revenue neutral, we look at 2025, once we get to 2025, one of the things that happen is our cash basis ending fund balance ends up being negative. With this base budget that we have built in here and the revenue that we would have coming in from revenue neutral, we wouldn't even be able to approve a budget in 2025 because we wouldn't have any fund balance. We can see that number starts to progress each year going from 2026 to 2027 to 2028 where finally in 2028 we grow to $107M, so if we don't take any action to do something and decide to go revenue neutral, that's the state we would be in.

Next, I'll give you a view of the full evaluation and that's like recognizing the excess value increase that we have of 15%, so this budget that we have on the expense side here that we have built in is also our base budget where we have contractual obligations for labor unions built in. We can see in 2024 we do have more outflows of expenditures coming in at $171M compared to revenues of $161M coming in, so it puts us in like a structural imbalance of $10.5M. We see our fund balance drops to 16% from the estimated 23% from 2023 and as we move over into 2025, we do end up still having the fund balance, but the fund balance greatly drops because we end up digging into our fund balance of $11M and that's because we have revenues going out of $166M –or coming in of $166M and total expenses end up being $178M that we are spending. So, we end up having a fund balance of $1.3M in 2025 and that's with recognizing the full 15% in excess valuation.

As we move over into 2026 we can see we wouldn't even be able to approve a budget that year because we wouldn't be in the negative with fund balance of $23M and then we get to 2028 we have a negative fund balance of $80M. Questions on there?

Mayor ProTem Bynum said I have a question. This is full valuation, no mill rate change. **Mr. Lindsey** said yes. **Mayor ProTem Bynum** said okay.

Commissioner Stites said I got a question. Here's a very interesting thing. So, our evaluations went up at what are we saying, a percentage 15, the number that we're using. What would we be doing if our evaluations went up 5%, not 15? **Mr. Lindsey** said we would definitely—I mean now we're going to be looking at definitely having to cut the—adjust the budget by 2025. **Commissioner Stites** said right, adjust the budget. I mean that's where we at. **Mr. Lindsey** said if we adjusted it more sooner—we would definitely be adjusting a little bit sooner. **Commissioner Stites** said right and that's where we're at. I mean it's not that hard to figure this out. We're bringing in this amount of money and we've got to figure out how—I mean I don't care what the red looks like in 2028, I'm talking about today.

If our evaluation—most people would be happy if their evaluation or their valuation increased at a steady amount, 5%, but that's not what's happened in the last two years. We've got folks out there that their valuations have went up 30% in two years and that's a shock to their household budget. We're trying to pass that on to them and they can't do it and I appreciate what Commissioner Davis—I mean I get it. You're saying there's people out there that won't say they want to buy—they want to raise and maybe buy a Tesla, we got people out there saying I want to buy groceries, not trying to figure out how they're going to buy a damn car or much less a $60K car, $80K car. They want to figure out how they're going to get the dollars to pay for their medication, how they're going to get their gas to go to work or get to work or the grocery store.

It's bigger—I'm not saying that I'm a proponent right now of revenue neutral, but we can't tax our way out of this to our citizens. They are at the breaking point and we've got to figure this out in-house, not looking outside. If that means—and this goes back to my notes that I have right here with the PILOT. We have to figure out what our wants are, what our needs are, and our musts and then start working from there. What I can see is what we've done is just a terrible job of it leading up to today because where would we be in the last two years if evaluations were at 5% each year. We just got to that 2028 number a whole lot quicker.

Commissioner McKiernan said really Commissioner Stites is right. What I've been asking for for years is show me where. Professional staff who know about the services we provide, give me an itemized list with numbers of places and amounts that we can cut to meet whatever revenue projection it is that we want to meet. What's it going to be and be prepared to come. If Public Safety and Public Works are three-quarters of the personnel spending in the Unified Government and according to last year this year's budget by my rough calculations, Police, Fire, Sheriff and Public Works are three-quarters of the personnel spending. Where are we going to cut, how are we going to cut, how are we still going to provide services to the maximum ability—maximum of our ability if we make this cut, that cut, the other cut. I want something that is concrete to react to, to make a decision on.

We came last year and we start this whole revenue neutral discussion just out of the blue with no basis and here's the rationale we're going to use. Here's the formula we're going to use, here's the relative ranking of this service versus that service, this employee versus that employee and on this basis and we all look to you. You are the city and county government professionals that we rely on to give us guidance and ultimately, yeah, we'll help make the hard decisions. We always do, but until I get some guidance on here's where we're going to cut and here's what it'll do to services and here's what it'll do to citizens, I'm just floating along kind of flying blind. I don't know where to turn my effort, to turn my focus, so that's what I really want to have is here are some concrete suggestions in all of our cost centers.

Last year we talked about we're going to protect our, what was it, we were going to protect something and it's like no, if we're making cuts, we're making cuts across every office and every service that we provide and not just some blanket, everybody cut 5%. No, you guys are the ones who can tell us where to make targeted cuts that will maximize our fiscal impact and, hopefully, minimize the impact of service delivery. So, that's what I'm still looking for. Thanks in advance what we're about to do.

Mayor ProTem Bynum said I just want to interject here for a moment. I'm going to kind of take what you said and sort of wrap it toward our Administrator because I think what you want to hear from us is where shall we go. I think the goal for tonight is kind of the way you started us. If we're going to have a revenue neutral discussion and you've shown us, at least you know, enough that we understand what it looks like and we can look at the county piece of that, but if we want to do something with the PILOT, anything, whatever we all decide and we recognize that we have more than a dozen collective bargaining agreements, I'm thinking, that we know because we negotiated them have increases.

I'm looking for—if we go revenue neutral, we kind of know what that revenue amount is. Now we kind of know a dozen collective bargaining units with raises, we know that figure, we will know that figure, some sort of PILOT relief is a figure. Health insurance costs are x number of dollars, so I think you were kind of saying this at the beginning, so we're cutting away at our revenue, our neutral revenue.

To Commissioner McKiernan's point, we're going to have to know more, we're going to have to have a way, my opinion, this is what I've been thinking about. We're going to have to have a much deeper dive into the pages of the budget book because we're going to have a whole lot more money to chop out of that expense side of the budget so that we can go revenue neutral. We're just going to have to commit to looking much, much deeper into the pages of the budget book for where are we spending money that we're all going to collectively decide not to spend it. I'll stop there. That's what's in my brain.

Commissioner Ramirez said I think I'm going to be speaking throughout this presentation, so I'm just going to go with it. Here again on a non-starter topic, we've been through this already. I'm sure we know the feel of the entire Commission, but for—I don't speak for everybody. I can speak for myself that I absolutely do not support revenue neutral in the moment. Now, does that mean we can get there in the future, sure, but right now, absolutely not. It would be fiscally irresponsible. If we went to revenue neutral rate, we would be in the red a year earlier than if we took the full evaluation. That would give a year, and I'm sure our Administrator is a miracle worker, but I don't think he's a miracle worker where he can get priority-based budgeting up and running within a year. He needs time, staff needs time to implement that program and we need staff to implement that program, $15.2M, where are we going to cut that, Parks? Parks is already underfunded. Public Works, we're going to have our infrastructure fail in 10 years if we don't put more funding into our infrastructure.

We are the second to last unhealthiest county in the entire state and we want to cut $15M from our budget. It makes no sense. Yes, we need to make targeted cost savings. We need to look into the budget to find where we can dig ourselves out of the hole. Let's have that conversation. Stop bringing this up. It's not going to happen now. I'm getting frustrated. We could make meaningful leaps, we can make meaningful changes if we actually sat down and had the necessary conversations. Instead we're having non-starters once again.

I understand that the Mayor supports it and wants it. If he supports it, then provide the Commission—I agree with Commissioner McKiernan, but if your office supports it, you give us a list of your own of what you want to cut $15M worth of. Present it to us, present it to the public, allow them to comment on what you want to cut. As you've said in the past, this is the people's budget, then they have a right to know and comment on what gets cut from this budget.

So, Administrator, from me it's a no. We don't have it. You said we don't have anything to do anything new. We have nothing at the moment. It's a status quo to maintain until we can get priority-based budgeting up and running. Until then I hope, I pray and hope that the remainder of our budget workshops are actually substantive and we can actually dive deep into what we can make changes into, what changes we can make to get us out of our structural deficit.

Commissioner Townsend said I'll cut to the chase. I'm not in favor of the revenue neutral approach at all. With regard to cutting, where to cut, what to cut, some of those start with when we get these contracts from Public Works and the increases and I voted against that. I voted against that section of the budget. I didn't say no to everything last year, but that section of the budget was a no because of the structural imbalance and it's just going to be difficult, but we have to look at everybody when contracts come up and remember this red here. That's already passed, but I am not in favor of revenue neutral.

I look at it in another way as well. I think Commissioner Davis was talking about cars. I go back to the standing committee meetings we had and most recently we had one that talked about a possible increase—help me Commissioner McKiernan because you made a very salient point, was it 1.3 or 13M that we were looking to collect in tax revenue I think from the Homefields. Even if it's 1.3, the point is with revenue neutral you don't realize any of that. I mean it's like we're not taking advantage of the hard efforts made to bring people into Wyandotte County and to increase money into the coffers, so the revenue neutral is a no for me.

Commissioner Johnson said the way that we grow the budget is through economic development. The way we grow the budget is through economic development. The way that we grow this economy, grow this city is through economic development and so our Economic Development Director needs to be at the table. We don't have an Economic Development Director. We're having these conversations and, again, I agree with Commissioner Ramirez, I don't even know why we're even entertaining this considering where we are economically. As an urban city that have more needs than revenues this discussion—I would ask, have we ever been presented, and I don't recall, so somebody educate me or help me to remember, have we ever seen a model of this, similar city, that is using this revenue neutral means whether it be in the state or around the country where it has actually worked in a similar setting. I don't think that I've seen that, maybe it has and I just missed it, but really for me until we start focusing on how to grow this city through economic development, a lot of these conversations are just—you know this takes a lot of wind and air to try to articulate all this at the end of the day. I'm not voting for it, that's for sure.

Commissioner Stites said was it economic development—is how we grow them? Is that what you were saying? That's what I thought anyway, and I agree. I want everyone to remember that whenever projects are brought forward here in the near future, that economic development is the way to affect our budget, bringing in more personal property taxes, bringing in some jobs, bringing in sales tax. We need to be out there actively searching for economic development, not just hoping that it comes to us. We need to have somebody beating the—Chris, I don't know if you're volunteering, oh, I thought you were volunteering. I seen you raise your hand, but that's exactly how we do it and you are right.

I kind of look at this a little bit differently and, Commissioner Davis, you brought up the car thing, so I'm going with it again. It's kind of like when you go to look at a car, you're looking at the base model. Here's the base model. This is what it costs, it costs x and then you decide as a buyer or as a government what you can afford to add to that base model. If it's 75% of our budget goes to Public Safety and Public Works, then you know what, we know where we've got to be to cover the nut. Then, we go, all right, that's how much we have to have every year to make it work. So, do I want to add a heated steering wheel, do I have the money to add a heated steering wheel, do I have money to add you name it and that's where we've got to go. We got to know where that bottom line is, and I totally agree with you, and we've been asking for it.

I also believe that we've got to have all taxing entities throughout Wyandotte County at the table to assist us in this burden, and I'm talking about the community college—I won't name them all. I'm just going to say all of them, all taxing entities. Community College was one of them—no, I know them all. I know them all. What have they done to help our tax implications over the last two, three, five, ten years? I'm not sure very much, but they're sure the recipients of a lot of money and we need everybody to help pull in the same direction and I don't believe that we're getting that today. The burden of tax relief should not fall squarely on the shoulders of the Unified Government.

If I'm not mistaken, when we have that dollar bill, and I've asked—Debbie has sent it to me—three more slides into this, slide 974 there will be that dollar. I think we're 42%, if it was 42% of if it's 46% now, less than half, but yet you know who catches most of the grief, the people sitting in this room right here. I'm hoping that they're all going to vote when it comes to board members for the community college, the school districts, all the other taxing entities, and the library board. We have to work together and not just put this on the backs of the commissioners to figure this problem out. Do we have a role in it, absolutely, we are the largest taxing entity at 46%, but we're not the only one.

Commissioner Burroughs said revenue neutral came about because we had a tax lid and cities pushed against it, League of Municipalities pushed against it, and we were at a point where there were plenty of exemptions to allow us to know what our revenue stream would be. They went with revenue neutral because the state doesn't trust us as a local community or as a governing body to provide tax relief if they give us money. They don't trust us, they don't like local control unless they're controlling you locally. That's what they are—that's where this revenue neutral rate came from.

The revenue neutral rate is going to force us, and I'm going to say that again, it is going to force us to dig deep into the budget. I don't like revenue neutral any more than anybody else; however, in the six years I've been here we haven't drilled down into the budget to look at costs. We keep talking about priority-based budget and I hear every one of you speak occasionally that we need to lower our costs. Well, when we bring those issues forward, we're either pontificating or we're trying to crucify somebody or we're doing a major layoff. That's not the discussion that's to be had, it's how do we get the best return on the limited amount of dollars we have. We are a governing body to provide services, to be held accountable for those services, and I agree, we can't control what the other boards and stuff do with their mill levies, but we can control what we do with ours.

We can be very vocal and paint a message that we heard the taxpayers of Wyandotte County say their property taxes are too high. Thank God we have economic development going on in this community to increase our sales tax because there was a time we didn't have sales tax here to help support this budget. It was all reliant on property tax and fees. We can't continue to operate that way. We have an opportunity now with additional sales taxes and an increase in value to be more prudent in how we go about doing the budget.

I'll work with any of you to find a balanced budget that provides what we have to have and what we would need to have, not what we would like to have, because like to have is going to put us deeper and deeper into debt unless we're really prudent and looking at—somebody mentioned a 5% cut across the board. We have Directors of every department that can go back and look at their budget and bring something up and say I can cutback on my telemarketing, I can cut back on my commodities, I can cut back on my overtime and those are hard issues, but they bring that forward, we don't have to accept it. It's letting them identify to our budget staff and to the Administrator what they identify as being able to cut and if it's not a full 5%, look there's low-hanging fruit out there. If we come in and have to make those cuts, we're not taking any input from staff then, we just make those cuts and those are the painful ones to make.

I would just state that revenue neutral forced us to look a little bit harder last year and we lowered the mill a little bit to pacify the public and maybe put to rest some of the vocal minority of voices that say our taxes are high when they came here to speak to us, but we can be more prudent in how we go about—I'm a fiscal conservative. I'm not apologizing to anybody in this community for being a watchdog of their money. That's how I'm wired and that's what I will continue to do, but I still want to provide good government, good efficient, effective government.

Commissioner Davis said I love how everybody's using the car analogy and by the way, my analogy was not on our—it was not from the perspective of the resident, it was the perspective of us as the Unified Government. I just wanted to make that clear that this exercise at that analogy is from the perspective of us as a government and how we spend our funding.

I agree with all of you. We need to tell the story. This year is an election year and so I would hope that folks that are listening to this, they would ask—not just folks running in UG, but everyone that is running for a position that is a taxing entity whether that be the school board or the college, what they're going to do about property taxes because, again, it can't just be all on the UG. By the way, we did do something about property taxes, right, we actually did reduce the mill. We had a little to no help from those neighboring taxing jurisdictions, which meant that when folks got their bill, they really didn't see any real relief, which leads me to the state who can do a tremendous amount of work beyond passing this revenue neutral bill to basically force municipalities to do this exercise.

If the state wanted to help us out, they can take away their 1% of property taxes. There's no point of any of our property tax bill going—there's no point of sending any of our money from property taxes to the state if they really want to provide the relief.

The other thing is, if you all recall, and I think it was our lobbyist, Mr. Davis, that brought forth the revelation that the state decided not to put a cap on evaluations. That's the other side and so I understand the desire to force us as municipalities to have this conversation. We're trying to deliver for our residents, but we need the state to meet us halfway and put a cap. We can't put a cap and they can help us in that regard.

As a government we did spend money last year and some of it was unplanned. If you all recall, we got pay parity between the Sheriff's Office and KCKPD. That costs money. We opened Fire Station 15, that cost money. We finally got the contract through for our Fire Department Local 64. We decided to increase funding for Parks & Rec. We did this, we made the vote, we decided this and our residents and other folks encouraged us to do so and so the numbers that we're looking at, both city and county, they are a reflection of decisions that we made.

I would love for staff to bring us forth recommendations; however, I do want to be cautious of that. I do not want staff to have to bear the brunt of the political implications of cuts. I think it's not fair to say well staff recommended that we cut so and so or that we took out this position. I think as the elected leaders, we're going to have to own it. If we want the cuts, we're going to have to tell that story to our constituents, this is how we are physically responsible. Without doing that, I think we are selling ourselves short.

So, no, I'm not for going revenue neutral. Yes, I am for calculated strategic reduction in revenue or reduction in expenditures with an eye towards economic development, but what we have right now, this isn't the state's idea. I was in school getting my MPA when this was passed, it is just terrible law among many other terrible things that we have seen from state legislators trying to control constituents and I wish and I would hope we would work together on the evaluation side and on the mill side so that we can get real relief for our residents.

Commissioner Kane said I really liked our PILOT conversation today. I thought it was pretty cool and we saw some things we hadn't seen in the past, but I think this meeting is a waste of our time. You know when we talk about the unions and they got their raise, but what about our salary folks, they deserve raises as well. How many people are in positions because so many people have quit. We've caused a pretty nasty work environment and I can't even tell you how many people have quit, so making this budget is going to be a little bit harder because you have less people to do it. These are things that we need to think about.

I didn't like revenue neutral last year, I think it's a total waste of our time to even look at it this year. Staff's got their hands full with dealing with us. We need to look at one thing at a time and that's it and move forward.

First of all, we've got to start filling the economic development jobs. We've got to start filling the jobs we lost in the Legal Department, the Financial Department. We have to start filling these jobs because we cannot rely on these folks to take the weight on their shoulders every single day. I guarantee you if it was us, and we were down three or four people in our office, we would be pissed and I thank the salary folks for what they're doing. Your hands are completely full, but as we do these audits that we're doing now in some of these departments, I think we need to take a look at those audits and adjust ourselves accordingly whether some people really need to work for us or not.

Like I said, I think it's a waste of time and I think we need to stop the meeting because this is a crock. I don't want to see this kind of stuff, I don't want to waste my time, I don't want to waste staff's time coming up with this stuff. How much time did you guys take to come up with this knowing damn well those commissioners aren't going to like that and I have and I will continue to work with every single person here, both sides of the fence. If the union does something wrong, I'll tell them. If the salary people done something wrong, I'll tell them too, but we've got to stop meeting with crap like this to appease somebody because this is what they want.

Commissioner Ramirez said, again, going back to my comment before, we can have those conversations if we're allowed to have those conversations. This is put on an agenda. We don't have power over the agenda. Only one member of this board does. Us going revenue neutral we're putting the—I can't remember the cliché is saying the cart before the horse. If we're wanting revenue neutral, then let's have those conversations, let's be forced to have those conversations, but not pass revenue neutral. We also—I believe I forgot what Commissioner Johnson was talking about, economic development. Just today, I and the Administrator and Commissioner Burroughs were at a press conference for a once in a generation event that is coming to our region, the World Cup in 2026. What are we going to do to prepare ourselves to capture the residual effects of what happens over that state line. Cutting $15M isn't going to do that. We're not going to have the services, we're not going to have the staff to be able to put into processes and programs to capture the residual effects of that. That has an opportunity to change our community. It may not be in our city, but we'll feel it and we need to be prepared to tackle that.

It's always constantly said that we need to streamline our government and bring down costs. You know the Mayor always talks about it, we all talk about it and it's with all due respect, we keep talking the talk, now let's walk the walk. It's about time we do that.

Commissioner Bynum said thank you to everyone. I'll make some comments and turn it to you to close it out. It's been a long night, but I think it's been a good night and I thank you for the comment about the PILOT presentation because that group of folks did put a lot of time and effort into that and it's a very sincere request.

I kind of want to direct comments to the Administrator. You're new and you knew coming in that you were coming into a challenging environment. Economically, I mean where would you go that you're not.

To Commissioner Kane, it makes me feel bad—I feel bad the level of work that was done to bring this because this had to be just a ton of work. You don't have to tell me how many hours, but there's five of you here with the whole rest of your team, it's a ton of work and it makes me feel really bad because we get it. I may not know the nitty-gritty of fund balance and what year we go broke, but I get it, I get it, I get the gist of the conversation.

I'm looking to our Administrator, going back to the comments I made earlier, and I think I heard several of you say something similar. I want, not them, our Administrator to help us dive deeper. We need to be able to dive deeper. I can, you know, at a real general level understand and digest this. The only way I start fixing it is by diving deeper and that's why I was saying earlier we kind of know what's going to cost more. Where can we go, you made reference to this Commissioner Burroughs, and yes, work with the other taxing entities, but the only part we control is city and county.

I'm just hoping—I mean I think we've said no to revenue neutral again and I'm willing to look at revenue neutral. I just can't do it this way. The only way I can do it is to dive deeper so that I know how to make those hard decisions about where the $15M is. I can't do it with this. I'm okay with having the conversation, but we've got to have more detail and what I'm remembering is—even predates my time here, when I would—because I'm a big nerd watch the budget presentations of the Commissions before me and the commissioners would say, well, I'd like to hear from the Police Department, I'd like to know more about the Health Department and then that department would come—you remember what I'm talking about. I just think that's more detail.

Anyway, I'll stop. Administrator Johnston, I'll let you close us out.

Mr. Johnston said thank you. I just wish you would have shared all your opinions tonight. **Mayor ProTem Bynum** said we're a quiet bunch, aren't we? **Mr. Johnston** said I heard a lot of comments tonight and I guess I want to respond to Commissioner Kane and all of you, is that a lot of hard work was presented by the staff, by the PILOT committee that Chairwoman Bynum directed. Why these were presented is because these were concepts that were on the table and were not resolved and they were—what I got the message when I started is it needed to be dealt with one way or the other and the best way that I felt we could do it is to have the budget process start with a revenue focus. That tells us what work we have to do.

The concerns you all raise, particularly when we put up that one slide that Reggie did on the longer term impact on our budgets in the future, is a telltale sign. These issues that we're going to have to deal with are years in the making. It didn't happen last year, it didn't start two or three years, it started many years ago. I think we all recognize there is going to be a dramatic need for fiscal discipline. So, there are no overnight solutions. There is going to be work that needs to be done.

I think the message that I'm going to be carrying back to staff is we're going to take a deep dive in the budget and we're going to get low-hanging fruit identified, mid-tree fruit identified and the ones you can't touch because we're legally mandated to do, the quick and dirty that Commissioner Stites said. This is going to affect so much. There's going to be a lot of need for community communication, so you know the fact is that revenue neutral only works if you're constantly in a profit position as a public entity. It gives you the privilege to freeze your rate because you don't need to. When you see the red on our graphs, I think we've answered that question about revenue neutrality. We will not incorporate it in the budget in my recommendation.

What you do with it, it's your problem after I present it, but we will have to make recommendations on how to actually get us back to what is a balanced budget. We've balanced our budget by drawing from our reserves. That's not a balanced budget, and as you can see, that reserve evaporates in just a couple years, so that privilege is gone. I have to tell you that in my estimation.

We, unfortunately, have an appetite of using debt financing on operational costs, so I'm concerned about the cost of borrowing and so we're going to have to examine that. We're also going to have to examine our economic development incentives because we do not get the return into our coffers fast enough. When you have a 22-year mortgage out there, you give it away for 22 years, we have to wait 22 years for the benefit. We can still offer incentives, but maybe in different ways than normal and, yes, have the courage to enjoy the criticism that we will have. You're changing how you incentivize business. Well, maybe we have to say we can't afford that right now, but we can afford this and you'll be part of a great community.

So, we have a daunting challenge on our hands. The staff and I will work very diligently in working on my recommended budget to you with probably hard choices and not just this year, but in a couple years ahead. I want to delay that red. I want to delay getting below 17% on our reserves. That's going to take work and we need to communicate that.

The message I'm also getting from the Commission, and I got it from the Mayor too, is David is going to have to work at doing things differently in the UG. Now, we've got to define it as Commissioner Davis said— or Commissioner Ramirez. Now we have to walk the walk. We recognize the problem, now we have to act on that problem and so we'll work with you, we'll work with our staff, we will even work with all our community stakeholders that rely on us to talk about this new narrative that we have to embrace to move our community forward.

Commissioner Ramirez also said something, in three years this area is going to be on the world stage. We're part of that world stage because of our facilities on the west side, the Children's Mercy Stadium, the Olympic Training Facility are all going to be used by these international teams that are going to be coming here. Even though we have these challenges, we still have service responsibility and we can't shirk that responsibility to our citizens, so we will always have a Unified Government in place providing services. That's one thing we need to understand. How we provide those services are going to change, will need to change, but in three years we're going to be a wonderful host and contributor to the region because people are going to come to

Wyandotte County to visit the teams and see them in action on the west side at Mercy Stadium, at the Olympic Training Facilities and we have to be at our best.

As I said in the interview, there is a spirit here in Wyandotte County. They're going to rise to the attention of to meet that challenge and that spirit also will, I think, help us make the tough choices that need to be made to provide our services in a different way, maybe at different levels, maybe at different priorities, but we will still serve our citizens and I think we can't lose that site. So, we have a lot of hard work to do, but I think we're up to it.

Commissioner Johnson said one quick question. One of the things that your predecessor, the Interim County Administrator Harrison-Lee, suggested that I thought was a good idea. I want to get your feedback. I was looking at our budget in a two-year cycle versus one year. Any feeling on that one way or the other? **Mr. Johnston** said you're talking about biennial budgeting. States do it, some cities have embraced it because it creates you're making two year decisions instead of one year decisions. The benefit really, it forces you to quit looking at your local government like a checkbook. You start seeing the long-term vision of how your decisions today get past today and it's something to entertain and then like legislators do, they usually have a short session and they will only address budget in a short session on something that really forces them to take a look at part of the budget, not the entire budget. So, cities have used that. It does provide more certainty and it takes a lot of the drama—you have drama one year, not every year and usually the drama is in the off election year, so you get that done as well. I'm not running for office, but I have to work for people who are. It's an interesting balance, but don't misunderstand that, it can be a tool for us to talk about.

Commissioner Johnson said I don't know if this Commission is up to that or not. I certainly would love to see it come. **Mr. Johnston** said we have to talk about it because it's a new way of doing business.

Commissioner Stites said the last thing I want to ask or make a statement about is, in my very first one-on-one with you, David, you passed out a book and I think all of us got that book and I bet I'm the only one that's read it, and I appreciate the book that you gave, but it talks about economic development and how we get there and what it means to our community. So, what I'm asking of you tonight is, could we focus on getting an Economic Development Director in place as soon as possible. We have developers out there right now, today, that don't know where to go. They've been told over the last 18 months to talk to this person and then no, don't talk to this person, you talk to that person, that person, no, you're not this one. People don't know where to go and we've sit there. Commissioner Johnson said economic development is how we get ourselves out of this, but yet we really aren't doing a good job at trying to be welcoming to developers, Willie Lanier. We haven't been—we don't have a point of contact for developers, they don't get answered back in a timely manner. We've got to fix the economic development portion of our government.

Now, I'm not saying—there's folks in there. I mean there's good folks in there. I get that. They need help. We need to either provide that help with either training or staff or additional resources, but that's what I would be asking.

Mr. Johnston said that book that I gave each of you, if you read that, a thriving economic development—a community that's really into economic development and successful in it, has a womb to tomb approach to economic development. We have said whether it's through the EDC or even from the stuff that's on our website that we support entrepreneurism, but we don't have accelerators or incubators here. We say we support our small business people, but the Small Business Assistance Center is in Johnson County and they expect our people to drive down there for their training facilities. There's no reason why we can't demand that they have a place here in town somewhere to provide the training whether it's how do you deal with personnel regulations, how do you pay your taxes, what access to Capital is available, etc., etc. We don't have that here and we need to start demanding that it's here. Eighty percent of local economic growth is with your small and mid-size businesses that already are investing in this community. We need to have a stronger business retention expansion program.

The EDC does a wonderful job looking for new large investment opportunities, that needs to continue, but we also need when we talk about the tomb is small and medium businesses where their ownership wants to retire, can we have someone come up and buy that business and keep it going. That's the tomb. We need that ecosystem in place, and yes, we are going to hire an Economic Development Director. In the meantime, they can always call the Administrator's Office and call me if they need to know who to talk to. That's our role as managing programs on our side of the table. You're the policy, we're the workers and they can call my office until we get that person in place.

I don't want to—there was a lot of negative energy today, but we're going to end on a good one. We've got the World Cup in three years, that's going to happen, and as I get older time flies faster, so it's going to happen and we got to be a player and we need to embrace it, set our best foot forward even with this backdrop that we're dealing with, so that's a non-negotiable.

The second thing is, I'm going to talk about the spirit again. We'll deal with it. Cities deal with this all the time. I'm closer to the east coast where I come from, there are east coast cities that have been taken over by their state because they refuse to work at it, so the state took them over. We're not going to let that happen here. So, please understand the Unified Government is going to be strong, it's just going to be different and that's a fundamental thing that we have to. Not, well, maybe we have to do it, so that's the direction I've got tonight. I do appreciate it. That does come from all this discussion and now we had it. I have direction to work with staff through our public processes to—eventually, I will present a balanced budget because I have to, but probably with a lot of hard choices, which is the deep dive that Commissioner Bynum referred to that will add that good discussion that she said is needed. We can end with that if that's okay.

Mayor ProTem Bynum said, Mr. Johnston, thank you. Commissioners, thank you. Staff, super big thank you. I'll take your motion. I just want you all to know that I got two books from the Administrator, I'm just saying. I'm not one to brag, but I guess I had more homework to do.

Commissioner Kane made a motion, seconded by Commissioner Stites, to adjourn. Roll call was taken and there were nine "Ayes," Ramirez, Johnson, Kane, Stites, Davis, Bynum, Burroughs, Townsend, McKiernan.

MAYOR PROTEM BYNUM ADJOURNED
THE MEETING AT 8:00 p.m.

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Brett Deichler
Unified Government Clerk

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