

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, February 6, 2023**

The meeting of the Economic Development and Finance Standing Committee was held on Monday, February 6, 2023, at 5:00 p.m. The following members were present: Commissioner Burroughs, Chairman; Commissioners Davis, Townsend, Stites and BPU Board Member Haley. Commissioner McKiernan was absent. The following officials were also in attendance: Monica Sparks, Deputy UG Clerk; Trent Fogelsong, Public Works; Jeff Fisher, Executive Director of Public Works; LaVert Murray, Economic Development Advisor to the Mayor; Patrick Waters, Acting Chief Legal Counsel; Reginald Lindsey, Budget Director; John Kelly, Director of Building and Logistics; and Debbie Jonscher, Interim Chief Financial Officer.

Chairman Burroughs said before I call the meeting to order, I want to announce that some committee members, staff, and the public are attending remotely via Zoom as well as on-site. All participants joining by phone should mute their phones when not speaking to avoid background noise. When speaking, please speak directly into the microphone to ensure everyone listening is able to hear your comments and to ensure a clear record is made. During the meeting, please make sure that you announce yourself by name and title every time you speak so the public that is observing knows who is speaking. This is critical given the number of remote participants and is the current guidance from the Kansas Attorney General.

The public is allowed to participate by Zoom or submit comments by email prior to the meeting. Those comments will be included in the record of this meeting. The public may also indicate their intent to provide remote public comments by contacting the Clerk's Office by 5:00 p.m. the Thursday before the meeting. The public also will have an opportunity to provide brief comments either by telephone or via Zoom from the 5th Floor Conference Room of the Municipal Office building.

Chairman Burroughs called the meeting to order. Roll call was taken and all members were present as shown above.

Chairman Burroughs asked if there were any revisions to tonight's agenda.

Monica Sparks, Deputy UG Clerk, said there are no revisions.

Chairman Burroughs said our first order of business this evening is the approval of minutes from our May 9th, 2022, meeting. I'd entertain a motion for approval.

Approval of standing committee minutes from May 9, 2022. **On motion of Commissioner Davis, seconded by BPU Board Member Haley, to approve.** Roll call was taken and there were five "Ayes," Haley, Davis, Townsend, Stites, Burroughs.

COMMITTEE AGENDA

Item No. 1 – 212238...PRESENTATION: BIOSOLIDS ASSESSMENT

Synopsis: A presentation of the assessment conducted by Nancy Zielke, Managing Director, Alvarez & Marsal Public Sector Services, LLC related to Biosolids, submitted by the County Administrator's Office.

Chairman Burroughs said now we can get down to the committee agenda and the first presentation this evening is for information only and this is a Biosolids Assessment, Managing Director of Alvarez & Marsal Public Sector Services. This is being presented this evening by Nancy Zielke, who is no stranger to the Unified Government. Welcome Nancy. Floor is yours.



Nancy Zielke, Managing Director, Alvarez & Marsal Public Sector Services, LLC, said (Inaudible) be able to be here this evening to visit with you about a preliminary status of where we're at in the completion of an assessment of the economic benefit as well as the capital improvement considerations of your current Kaw Point Wastewater Facility Biosolids Capital Project. What's important about this project to the UG is that the project is looking at developing long-term solutions to dispose of your biosolids through landfill applications instead of landfiling in order to save resources as well as provide for a more clean and healthy solution. Additionally, the biosolids project is also looking at an option, not saying option, but taking a look at bios gas as a byproduct, that would be used to offset operating costs in the future. As I mentioned a few minutes ago, the project is also addressing part of the Unified Government's long-term commitments to address your sanitary sewer system in your 2020 EPA consent decree.

Tonight is just a preliminary update or preliminary readout of where we're at. There's still some additional work that needs to be done, but for the sake of this evening, I wanted to give you a high level of where we are at in our analysis.

Presentation Outline

Assessment Purpose & Objectives

Current Value of Kaw Point Wastewater Treatment Plant Facility

Project Calendar & Major Milestones

Current Project Investment

Revised Biosolids CMIP Revised Projections and Sources Analysis

Economic Impact of Revised CMIP Project to Sewer System Customer Rates

Biosolid Alternative Proposal Review

Considerations

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I apologize for those in the room here, this is kind of difficult to read. So basically, with our project itself, we are looking at several major activity areas. First of all, we've tried to determine what is the current value of your current Kaw Point Wastewater Treatment Facility. In fact, the plant goes back to being constructed in the early 1960's. We're trying to determine what's the current value of that. Secondly, we're going to be providing back to the Commission, I would say a very clear calendar as well as milestones, or what are some of the major decisions that have been approved by former County Commissions related to the project.

Important for this evening's discussion is the capital investment or the current project investment to date. So, about how much of city tax dollars or rate dollars, meaning specifically a sanitary sewer dollars have been used to fund the project. Your Public Works staff has done an outstanding job in working with us and providing this information. We've tried to lay out kind of a history here of how the project has evolved over the past 11 years as well.

Finally, we're going to talk a little bit about the impact project past year rates, and then look at some alternative considerations, as well as considerations for the County Commission to consider as well.

Unified Government Elected Officials Interviewed

A&M has interviewed or requested interviews with 12 individuals in review of the investment of the Biosolids CMIP who were cooperative and willing to share insights

Interviewee	Position/Role
Tom Burroughs	Commissioner and Chair of the Economic Development & Finance Standing Committee
Melissa Bynum	Commissioner and Chair of the Public Works Standing Committee
Cheryl Harrison-Lee	Interim County Administrator
Bridgette Cobbins	Assistant County Administrator
Jeff Fischer	Public Works Director
Trenton Foglesong	Public Works Water Pollution Control Engineer
Sam Her	Public Works Fiscal Officer
Debbie Jonscher	Finance - Deputy Finance Director
Alyse Villarreal	Finance - Debt Program Supervisor
Sharon Reed	Finance - Purchasing Manager
Brett Deichler	County Clerk
Kevin Bibbs	Information Technology Director

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Through the process, we began the process in early to mid-December. Over this period of time we interviewed 12 individuals. Both Commissioner Burroughs and Commissioner Bynum in their roles as being chairs of the two standing committees. We've met with County Administrative staff, Public Works staff, Finance staff, obtained records through the County Clerk's Office as well as information from your IT Department. I needed to say your staff was very cooperative, very forthright and very willing to share information as well as continuing to answer our sometimes repeated questions.

Outstanding A&M Review Items

The Unified Government should consider several actions and financial improvements moving forward

- Comparison of invoices to approved contract rates (Cost of Issuance contracts and fee schedules not received until February 3, 2023) – 1 day complete
- Review reports and communications related to CMIP Biosolids Project (also not received until February 3, 2023) – 5 days to complete
- Review of Biosolids By-Product Revenue Assumptions (not yet received) – 1 day to complete
- Follow-up to information requests received the week of January 30 – 2 days to complete
- Discussion with General Counsel and external experts identified in interviews – 1 day to complete
- Any other items requested by the County Commission (Mayor & Standing Chairs) and County Administrator's Office – TBD

Missing Information Request

- Updated Contract SOW rate charts that tie to the Black & Veatch invoices
- Formal listing of project completion tasks
- Detail related to the Bioproduct future state revenue projections
- Information and analysis of the Unified Government use or timing related to tax credits

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There's still some work that needs to be done. I still have some outstanding reviews that we want to do. First of all is comparing invoices, paid invoices to ensure that the invoices that you have

paid are income in alignment with the contract. We want to be taking a look at some other communications and reports. IT just provided us copies of those late last week.

I want to work a little closer with your Public Works staff to better understand the byproduct revenue assumptions. There's assumptions for this project as it relates to the sale of gas, as it relates to some of the byproducts with the tipping fees. We want to better understand to be able to provide that independent assessment back to the County Commission on that. Several items we'd like to visit with the general counsel and then plus any other items at this Commission, as well as the County Administrators Office would like for us to develop.

Current Value of Kaw Point Wastewater Treatment Facility

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Value of Current Kaw Point Treatment Plant

The UG was unable to provide the original construction value and the asset value of the Kaw Point Wastewater Treatment Plant

Observations & Findings

- Neither Public Works or Finance were able to report the original construction cost the treatment facility.
- The UG should be able to report this from prior GO and/or Sewer Enterprise Revenue bond issuance offering statements and authorizing ordinances for the issuances of the debt statements and/or authorizing ordinances for the issuances of the original facility construction debt.
- Finance was unable to report the current Asset Value of the Kaw Point Treatment Facility due to the assets being combined in the balance sheet.
 - All improvements and equipment that are capitalized are added to an asset line and depreciated
 - Treatment Plant Structures & Improvements are depreciated over 50 years
 - Treatment Plant Equipment is depreciated over 20 years
- Capital improvement projects for the sanitary sewer system are financed as GO Revenue bonds with a payment for the bonds coming from the Sewer Enterprise Fund versus being issued as Sewer Enterprise Revenue Bonds.

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Unified Government Combined Treatment Plant Asset Values	
Structures & Improvements	
Treatment Plant	\$ 79,500,000
Less - Accumulated Asset & Depreciation	\$ (61,300,000)
Book Value of Treatment Plant Assets	\$ 18,200,000
Equipment	
Treatment Plant	\$ 18,800,000
Less - Accumulated Asset & Depreciation	\$ (17,000,000)
Book Value of Treatment Plant Equipment	\$ 1,800,000

So, first of all, what's the current value of the Kaw Point Waste Water Treatment Facility. As you recall, the fact that your sanitary sewer system is over 100 years old, this plant was

specifically built in the 1960's. However, the fact that Public Works nor Finance could provide or kind of reconstruct what the original construction value of the current plan is. Part of the plant was financed with, at that point, sewer revenue bonds, as well as part of the plant was also funded with various federal and state grants as well. Due to the age of Accounting records, we were unable to document the original construction value. However, on your financial statements you do book a value for the asset of the facility, in fact, the facilities. So today the way the Accounting records are set up, you're showing a book value for the combined treatment facilities and just not for Kaw Point. In this case the current book value of the treatment plant assets is \$18.2 million and the equipment assets for the three treatment plants is a little bit less than \$2 million. This is an area that we would encourage the staff to take a look at to see if there's opportunities in the future to provide a better breakout as it relates to the assets, the asset values, especially with your new financial system that should be an easy task to undertake.

Timeline and Major Milestones

The timeline below reflects a view of the Kaw Point Biosolids project

Project Date	Project Activity
2012	Black & Veatch (B&V) completed Unified Government Biosolids Management Master Plan that identified future air emissions standards requirements. Landfilling was recommended based on low operating and capital costs.
2014	On-Call Engineering services contract was used to have B&V completed a detailed design of new dewatering facility to replace belt-filter presses and incineration process.
2015	B&V evaluated impacts of accepting KCMO West-side sludge and determine appropriate fees for to charge KCMO.
2016	UG General Counsel and Public Works negotiated an 8-month extension to allow continued use of the incinerators until the time the new dewatering facilities could be used. UG submitted an initial Integrated Overflow Control Plan which was the initial 10-year proposal for partial compliance with goal to develop and commit to a full compliance plan at the end of 10 years. In this plan, the UG estimated \$13.5M to rehab the existing digester tankage (only) for continued use as sludge storage. Blackstone Environmental completed an Odor Study for the City of Shawnee related to the Johnson County Landfill. In December of 2016, UG conducted product testing in conjunction with Deffenbaugh Waste Management. The UG noted hours of operation for sludge at landfill restricted, and odor chemicals mandated--raising UG's awareness to increased costs and risks associated with landfill disposal of biosolids.
2017	The UG received received an unsolicited proposal from Element Carbon (E3) B&V worked on Biosolids Facility Plan, draft report provided during April 2018.
2018	During the spring budget cycle, UG staff increased Kaw Point Biosolids project from \$13.5M to \$70.5M (construction) due to concerns related to landfill cost and receiving limitations with costs based upon Facility Plan by B&V and was subsequently increased to \$80.5M for full project costs. The UG approved a progressive design build to deliver biosolids improvements to expedite delivery and because many key factors not determined such as technology, capacity needs (due to KCMO unknowns), etc. HDR selected to act as Owner's Representative to assist with PDB process including solicitation, contracting, and design aspects.

Timeline and Major Milestones

The timeline below reflects a view of the Kaw Point Biosolids project

Project Date	Project Activity
	UG Purchasing posted N29246 Kaw Point DB Biosolids Improvement RFQ with submittals due March 29, 2019, with only five proposals being received.
2019	The UG selection team shortlist three proposal based upon RFQ submittals. Shortlisted teams received RFP invitation with submittals due May 15, 2019. A recommendation of award memo dated May 30, 2019, was sent from WPC to Purchasing. Through 2019 UG staff worked with ESG to exchange data and advance the project while Contract details were addressed and contract executed 9/23/2019.
2020	ESG Provided the initial BODR and construction cost estimate ESG provided BODR construction costs
2021	Burns & McDonnell / CAS tasked to develop OPCC based upon ESG design / BODR ESG formerly dismissed from Biosolids project
2022	UGW provided OPCC with Construction cost of \$89.3M

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Critical milestones, when we actually finalize your report, Commission, this is going to be clear to understand, but this project actually started back in 2012. In fact, if I would probably talk with Jeff a little bit more in trying to probably even goes back prior to that, but initially started with the completion of the Unified Government Biosolids Management Plan, which really set out the course or the action that the Unified Government needed to make as it related to meeting certain standards and requirements, especially taking a look at landfilling and the implications of that moving forward.

I'm not going to read each one of these key dates and times, but it kind of provides to the Commission the history here as it relates to some of the key milestones. Probably most important was the decision that was made in 2018-2019 to go out for a formal Request for Proposal to select a construction manager to do a design-build concept. During that process you not only selected a firm to do the design-build, prior to that you also selected a firm to be what is called and the owner's representative to basically be your project manager to oversee, to monitor, and manage the design-build contractor as well. There's been some various decisions that have also been made throughout this process as well.

Current Project Investment

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Funding Sources for Project Investment As Of December 31, 2022

The UG reported the issuance of \$8.2 million in Temporary Notes and long-term G.O. Debt over the past four years

Project to Date (Cash) Funding Sources					
Funding Source	2019	2020	2021	2022	Project to Date Total
Short Term Borrowings - Temporary Notes					
Temporary Note Proceeds	\$ 3,010,457.60	\$ 4,098,202.60		\$ 4,033,877.24	\$ 11,142,537.44
Temporary Note Payoff	\$ -	\$ (3,010,457.60)	\$ (4,098,202.60)	\$ -	\$ (7,108,660.20)
Debt Premium	\$ 1,509.37	\$ 4,835.88	\$ 289,378.73	\$ 6,252.83	
Total - Temporary Notes	\$ 3,011,966.97	\$ 1,092,580.88	\$ (3,808,823.87)	\$ 4,040,130.07	\$ 4,033,877.24
Long Term Borrowings - G.O. Bonds					
G.O. Bonds - Series 2021A	\$ -	\$ -	\$ 3,896,893.05	\$ -	\$ 3,896,893.05
Debt Premium	\$ -	\$ -	\$ 289,378.73	\$ -	\$ 289,378.73
Total - G.O. Bonds	\$ -	\$ -	\$ 4,186,271.78	\$ -	\$ 4,186,271.78
Total - Project to Date Sources	\$ 3,011,966.97	\$ 1,092,580.88	\$ 377,447.91	\$ 4,040,130.07	\$ 8,220,149.02

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So, Current Project Investment, to date the Unified Government has approved project financing or basically monies that you've had in the city treasury of \$8.2 million. Out of that, \$4 million represents temporary note monies for your short-term borrowings and the other represents \$4.1 million from your 2001 General Obligation Bond issue. Basically, \$8.2 million has gone through your city treasury to fund the initial planning and design efforts of this project.

Project Spending to Date – Capital-Related Costs

CMIP planning, design, and oversight costs for the Kaw Pont Biosolids Facility improvement total \$4.3 million as of December 31, 2022

Biosolids CMIP Project Spend To-Date By Vendor - As of December 31, 2022						
Vendor	Purpose	2019	2020	2021	2022	Project to Date Total
Black & Veatch Corporation	Engineering Services	\$ 74,727.00	\$ -	\$ -	\$ 7,885.50	\$ 82,612.50
Burns & McDonnell Engineering	Professional Services	\$ -	\$ -	\$ 52,962.69	\$ -	\$ 52,962.69
Energy Systems Group, LLC	Professional Services	\$ 541,225.40	\$ 551,194.10	\$ 1,093,110.75	\$ -	\$ 2,185,530.25
HDR Engineering Inc	Engineering Services	\$ 205,947.27	\$ 326,656.38	\$ 117,902.01	\$ 107,047.66	\$ 757,553.32
Springsted	Professional Services	\$ 4,310.00	\$ -	\$ -	\$ -	\$ 4,310.00
UG Water Partners	Construction Services	\$ -	\$ -	\$ -	\$ 1,259,038.45	\$ 1,259,038.45
Total Project Spend (To-Date)		\$ 828,228.67	\$ 879,870.48	\$ 1,265,996.45	\$ 1,375,993.61	\$ 4,342,007.21

Observations & Findings

- A&M was able to tie submitted vendor Invoices to actual Accounts Payable invoice payments
- We found one invoice where an invoice was split between two purchase orders for the same vendor and four invoices where the invoice professional titles and rates did not match to the contract rate schedules.
- Public Works staff costs spent on CMIP projects are not tracked to report internal costs for CMIP initiatives.
- Contracts for HDR Engineering and UG Water Partners have expired contact dates.
- Annual rate increases for On-Call Engineering services did not have an approved signature by the County Administrator and the General Counsel.
- Various On-Call Engineering Contracts were signed by the County Administrator; however, we could find where the Biosolids CMIP Statement of Work or related Amendment had been approved by the County Administrator.
- UG's Contract Clearance Form for Construction Projects is only routed for various internal approvals for amendments/change orders over \$50,000 or an increase of over 10% of the project costs

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We take a look at the capital related costs, and here this is basically showing the fact that there is six different firms that are involved in planning, design, as well as the oversight of the project as it's currently defined.

To date, the Unified Government has spent \$4.3 million for professional service fees for the various firms. We did a deep dive, in fact, both of the commissioners, as well as the County Administrator, asked for us to validate the invoices and the payments, so in this case we compared the invoice to what was in the Accounting system and we could see matches. We then compared the invoice back to the contract, back to the rate sheets that are in the contract, and we did find several instances where the invoice or the rate that was paid on the invoice did not match back to the contract rate sheet itself. We also saw instances where invoices were split between two purchase orders, which is not common practice, which kind of leads to some improvements from the financial, accounting and management side of the project.

Additionally, two of these firms, Black & Veatch Corporation as well as Burns and McDonnell, their services are being obtained through On-Call Engineering Services. I believe the On-Call Engineering contract was issued in 2014, which again, gives you the opportunity to

go to these firms for on-call services. Statements of work and task orders were developed for those in both instances. Separate contracts do exist for HDR, the former Energy Solutions as well as WG Partners.

Summary of Project Financing Cost of Issuance Expenses

As of year end (December 31, 2022), the Biosolids CMIP project spent \$223,384.30 in project-related cost of issuances

Summary of Project Debt Financing Cost of Issuances					
Vendor	2019	2020	2021	2022	Project to Date Total
Professional Services					
Gilmore & Bell	\$ 2,284.49	\$ 3,100.56	\$ 2,573.31	\$ 3,029.05	\$ 10,987.41
Springsted	\$ 1,273.03	\$ 1,082.23	\$ -	\$ -	\$ 2,355.26
Baker Tilly	\$ -	\$ -	\$ 1,351.96	\$ 1,117.16	\$ 2,469.12
Other Administrative Expenses					
Kansas Attorney General	\$ 26.44	\$ 45.13	\$ 48.88	\$ 32.08	\$ 152.53
Kansas State Treasurer	\$ 2.05	\$ 2.46	\$ 469.44	\$ 2.49	\$ 476.44
Kansas Secretary of State	\$ -	\$ -	\$ 10.48	\$ -	\$ 10.48
MRPP, the Echo	\$ -	\$ 169.99	\$ 2.97	\$ -	\$ 172.96
MRPP, the Echo	\$ -	\$ -	\$ 10.82	\$ -	\$ 10.82
Bondlink	\$ -	\$ -	\$ 741.99	\$ 164.53	\$ 906.52
Assured Guaranty	\$ -	\$ -	\$ 6,274.89	\$ -	\$ 6,274.89
CUSIP	\$ -	\$ -	\$ -	\$ 16.21	\$ 16.21
Rating Agency Services					
S&P	\$ 976.36	\$ 1,280.82	\$ 2,437.48	\$ 1,295.68	\$ 5,990.34
Moody's	\$ 1,118.74	\$ 853.88	\$ 2,818.41	\$ 616.99	\$ 5,408.02
Underwriter Fees					
Robert W. Baird & Co.	\$ 241.50	\$ 2,458.92	\$ -	\$ 6,051.12	\$ 8,751.54
Wells Fargo	\$ -	\$ -	\$ 47,376.76	\$ -	\$ 47,376.76
Interest Expense					
DTC	\$ 5,576.28	\$ 81,665.98	\$ 24,589.22	\$ 26,193.52	\$ 138,025.00
TOTAL	\$ 11,498.89	\$ 90,659.97	\$ 88,706.61	\$ 38,518.83	\$ 229,384.30

Observations & Findings:

- We were able to confirm the invoices received to the actual expenditure summary report provided by UG Finance
- We were not able to review the invoices to the actual contracts due to receiving the professional services contracts on February 3
- The Professional Service firms have been primary service providers to the UG for over 25 years
- DTC expense relates to the payoff of the existing temporary notes

ALVAREZ & MARSAL

Again, the final report will go into this in more detail.

Example of Inaccurate Invoice Payments

Public Works need to ensure that contract vendor payments match contract approved rates

Observations & Findings

A&M identified four Black & Veatch (B&V) invoices with discrepancies

- In one invoice, the employee job title 'Director' reflected an hourly billing rate of \$295/hr (Table A). However, the highest billing rate in the executed contract totaled \$278 for the 'Principle/Associate/Contract Manager' position (Table B).
- In three other B&V invoices, the billing rates were broken out by employee name.
- Throughout the three above-mentioned invoices, the highest billing rate for a B&V employee exceeded the executed contract's highest billing rate of \$278/hr. (Table A), resulting in overpaying by the difference of \$512.

Table A. Black & Veatch Invoice Billing Rate				
Invoice	Position/Name	Billing Rate	Hours Billed	Invoice Total
12855931	Director	\$ 295.00	10.00	\$ 2,950.00
1287279	Name Redacted	\$ 295.00	6.00	\$ 1,770.00
1277979	Name Redacted	\$ 290.00	12.00	\$ 3,480.00
12934418	Name Redacted	\$ 290.00	8.00	\$ 2,320.00
Total	Professional Services		36.00	\$ 10,520.00

Table B. Executed Contract Billing Rates			
	Billing Rate	Hours Billed	Invoice Total
Principle	\$ 278.00	36	\$ 10,008.00
Total	Professional Services	36	\$ 10,008.00

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But again this is just kind of the example of the analysis we did on the invoices. There's still some work that needs to be done on the invoices. There's your two major vendors or professional service firms we're unable to complete prior to this evening as well.

Overview of Work Performed Project To Date

In review of invoices paid we noted the following progress and work completed to date

Observations & Findings

- 30% Design Development
- 30% Price-Schedule Development
- Early Work GMP Development
- Finalization of the early works price-scope schedule
- Finalization of the early works contract
- Formal approval of the early works contract
- The timeline in the executed UG Water Partners contract ends at the 60% design development phase of the Kaw Point biosolids facility. Following the UG Water Partners' 60% design development work, the Unified Government will assess performance and review any additional proposals prior to beginning the Phase II work

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ALVAREZ & MARSAL

February 6, 2023

Project work performed to date. With me tonight, as well as consultant managers, systeming with this project, Jordan Lee, unfortunately, was unable to join us this evening. So, Jordan you want to take about a minute and go over what we found as it relates to work performed to date.

Jordan Lee said yes. Here on this work performed to-date we're taking a look at the design builder and so the key milestones as it relates to work that has been performed is within the 60% design build threshold and that speaks more to the last bullet. Here is this, another bullet is the timeline associated with the UG Water Partner contract that I want to speak to the current design builder is throughout the 60% design build. Later in this presentation you'll see that the Unified Government also has the option to continue that contract or look for other services as it relates to the continuation of the Kaw Point Biosolid design build phase of a project.

Ms. Zielke said thank you Jordan, I think that's real important. So, at this point, as this is shown 30% of the design development is complete or underway as well as 30% of the scheduling. In talking with your staff earlier today, they had indicated the point of when you're going to reach that 60%, so, when will UG Water Partners be at that 60% of the design development phase was our understanding, as they said that would be later this summer. So, probably in the July time frame period.

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- DTC expense relates to the payoff of the existing temporary notes

ALVAREZ & MARSAL

Another part of cost, which a lot of times people forget is the cost of issuance because in order for the Unified Government to borrow monies, the fact that there is a cost related to that. As you can see as shown here, again, I'm on page 18, the fact that the Unified Government has spent about \$230 thousand in various professional fees and services for the issuance of the temporary notes as well as the long-term debt. To date, we have yet to be able to validate the actual invoices back to the contract agreements, we just received that information last week. Again, it's a task that still needs to be performed, but as you can see here, out of \$230 thousand professional fees for your bond council at \$11 thousand. Your financial advisors which used to be Springsted, now Baker Tilly, again, about \$5 thousand. Other administrative expenses, these are monies that are owed for the filing and for the issuance of debt. The biggest expense in here represents \$6,275 for sure guarantee. You insured the '21 bond, so that's your bond insurance costs. Rating agencies, again, a lot of these costs are prorated. The fact that when you did your '21 bond issue, you also had GO projects in there. So, this basically represents about 23% of the total cost of issuance. The biggest dollar in here represents what's called DTC, that's Depository Trust Corporation, and basically these represent the balance or the payoff of those temporary notes.

Summary of Sources of Monies

UG issued \$3.9 million in 2021 G.O. debt for the project. The Sewer System Fund has paid \$311,786.12 in principal & interest as February 1, 2023

General Obligation Bonds, Series 2021-A - Kaw Point Biosolids Debt Service																				
Date				Principal		Interest		Total		Date				Principal		Interest		Total		
8/1/2021	\$	-	\$	-	\$	-	\$	-		2/1/2032	\$	-	\$	25,899.93	\$	25,899.93				
2/1/2022		-	\$	99,038.34	\$	99,038.34				8/1/2032		204,575.00	\$	25,899.93	\$	230,474.93				
8/1/2022	\$	98,196.00	\$	58,257.85	\$	156,453.85				2/1/2033		-	\$	21,808.43	\$	21,808.43				
2/1/2023		-	\$	56,293.93	\$	56,293.93				8/1/2033		212,758.00	\$	21,808.43	\$	234,566.43				
8/1/2023	\$	143,787.00	\$	56,293.93	\$	200,080.93				2/1/2034		-	\$	19,680.85	\$	19,680.85				
2/1/2024		-	\$	53,418.19		53,418.19				8/1/2034		216,265.00		19,680.85		235,945.85				
8/1/2024	\$	149,632.00		53,418.19	\$	203,050.19				2/1/2035		-	\$	17,518.20	\$	17,518.20				
2/1/2025		-	\$	50,425.55	\$	50,425.55				8/1/2035		220,941.00		17,518.20		238,459.20				
8/1/2025	\$	155,477.00	\$	50,425.55	\$	205,902.55				2/1/2036		-	\$	15,308.79	\$	15,308.79				
2/1/2026		-	\$	47,316.01	\$	47,316.01				8/1/2036		225,617.00		15,308.79		240,925.79				
8/1/2026	\$	161,322.00		47,316.01	\$	208,638.01				2/1/2037		-	\$	13,052.62	\$	13,052.62				
2/1/2027		-	\$	44,089.57	\$	44,089.57				8/1/2037		230,293.00		13,052.62		243,345.62				
8/1/2027	\$	168,336.00		44,089.57	\$	212,425.57				2/1/2038		-	\$	10,605.75	\$	10,605.75				
2/1/2028		-	\$	40,722.85	\$	40,722.85				8/1/2038		234,969.00		10,605.75		245,574.75				
8/1/2028	\$	174,181.00		40,722.85	\$	214,903.85				2/1/2039		-	\$	8,109.21	\$	8,109.21				
2/1/2029		-	\$	37,239.23	\$	37,239.23				8/1/2039		239,645.00		8,109.21		247,754.21				
8/1/2029	\$	181,195.00		37,239.23	\$	218,434.23				2/1/2040		-	\$	5,562.98	\$	5,562.98				
2/1/2030		-	\$	33,615.33	\$	33,615.33				8/1/2040		244,321.00		5,562.98		249,883.98				
8/1/2030	\$	189,378.00		33,615.33	\$	222,993.33				2/1/2041		-	\$	2,814.37	\$	2,814.37				
2/1/2031		-	\$	29,827.77	\$	29,827.77				8/1/2041		250,166.00		2,814.37		252,980.37				
8/1/2031	\$	196,392.00		29,827.77	\$	226,219.77														
Total 2021-A Kaw Point Debt Service												\$	3,897,446.00	\$	1,223,915.31	\$	5,121,361.31			

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ALVAREZ & MARSAL

This schedule is very important, I think, for the Commission to understand. Out of the '21 series bonds basically net premiums are principle that the Unified Government's going to have to pay back through its sanitary storm revenues represents almost \$3.9 million in principle and \$1.2 in interest for a total of \$5.1 million. To date you've paid back your bondholders about \$311 thousand from them.

Summary of Biosolids CMIP Expenses To Date

Investment or sunk costs for the Biosolids CMIP Project total \$9.7 million including the required repayment of the 2021 G.O. Bonds for the capital project

Summary of Biosolids CMIP Project Investment to Date

	Total \$\$
CMIP Project Expenses - As of December 31, 2022	\$ 4,342,007.21
Cost of Issuances:- As of December 31, 2022	\$ 229,384.30
Paid P&I of G.O. Bonds (As of February 1, 2023)	\$ 311,786.12
Principal	\$ 98,196.00
Interest	\$ 213,590.12
Future P&I on Existing G.O. Bonds (August 2041)	\$ 4,809,575.19
Principal	\$ 3,799,250.00
Interest	\$ 1,010,325.19
Unified Government Employee Project Time Investment	Unknown
Total Biosolids CMIP Investments to Date	\$ 9,692,752.82

Observations & Findings

- Unified Government employee costs (labor and benefits) are unknown because staff hours spent on capital projects are not currently tracked.
- Contracts for the CMIP project that have expired or updated Statement of Work amendments were not provided as requested.
- Current rate schedules were not readily available from Public Works when requested.
- No current cash-flow forecast for financing needs for FY 2023 and future years has been provided to UG Finance.
- Any future discussions on Biosolids project alternatives should exclude any existing CMIP contractors to avoid conflict of interest.

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ALVAREZ & MARSAL

Again, summarize expenses today. Again what has been the investment or the sunk costs that the Unified Government has made for the facility. So capital improvement costs, again, those monies to those six contract vendors, Burns and Mac, Black & Veach, UG Water Partners, WHD, as well as Energy Solutions represents about \$4.3 million. Cost of issuance, we just covered, principal and interest, you've paid \$311 thousand to date, as well as an additional \$4.9 million in the future that needs to be paid back against your sanitary sewer funds with this.

I would say true direct costs represents about \$4.6 million with the other representing the repayment of the bond funds. One of the things that we did find, because you can see there's an item on this chart that says unknown. Currently, the staff is not tracking in the system the staff time, the time that your engineers, your staff spends on capital improvement projects like this. This would be a recommendation we would make, that moving forward that you're able to keep track of that, especially as you start taking a look at grants because paying for administrative overhead is definitely a grant reimbursement expenditure and it will allow you to potentially reduce maybe the burden against the utility rates. Secondly, the fact that Finance has not had an updated cash flow from Public Works since late fall so it's really crucial that moving forward

that as additional money needs are potentially cited that Public Works provides two Finance updated cash flow and future spending needs.

Cash Balance of Project Investment - As of December 31, 2022

As of year end, the Biosolids CMIP project has an available cash balance of \$3.6 million

Summary of Project Sources & Uses - As of December 31, 2022					
Funding Source	2019	2020	2021	2022	Project to Date Total
Sources of Monies	\$ 3,011,966.97	\$ 1,092,580.88	\$ 88,069.18	\$ 4,040,130.07	\$ 8,232,747.10
Uses of Monies					
CMIP	\$ 891,553.16	\$ 841,133.08	\$ 1,182,386.37	\$ 1,426,935.00	\$ 4,342,007.61
Cost of Issuance	\$ 11,498.89	\$ 90,659.97	\$ 88,706.61	\$ 38,518.83	\$ 229,384.30
Total Uses to Date	\$ 903,052.05	\$ 931,793.05	\$ 1,271,092.98	\$ 1,465,453.83	\$ 4,571,391.91
Balance of Sources (Cash on Hand)					\$ 3,661,355.19

Observations & Findings

- With the issuance of Temporary Notes and G.O. Bonds in 2021 and the combined project to date spending on planned Biosolid project, expenses total \$3.6 prior to infusion of any additional cash.
- A revised 2023 financing cash-flow should be submitted to UG Finance.

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ALVAREZ & MARSAL

Sources of money, we talked about earlier, that \$8.2 million that the city has as shown here, cash on hand. So, currently today the Unified Government has about \$3.6 million of project cash dollars that are sitting in the treasury for future expenditures related to this project.

Historical Changes to Biosolids CMIP Projection Estimates

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

Reference Notes from Previous Table:

1. ESG total used in ESG-2021 estimate was fully encumbered amount of \$3.1M. ESG total used in UGW-2022 estimate should be the actual amount spent of \$2.2M
2. Allowance for Gas pipeline connection increased by \$1M from ESG-2021 to UGW-2022
3. Additional contingency added to UGW-2022 estimate, not included in ESG-2021 estimate
4. Projected capital costs were to rehabilitate existing dewatering process equipment. Ultimately, an entirely new building and process equipment will be installed with an estimated total project cost of \$10M
5. Detail breakdown of this option was not provided to provide a sufficient breakdown of the components included in the total project costs shown

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ALVAREZ & MARSAL

Now the fun part, I can say that this would not have been possible without the assistance of Public Works to put this together, but in talking with Commissioner Burroughs as we started the project as well as the County Administrator, there's a lot of confusion of how the Unified Government got from \$4.3 million to now our proposed project of a hundred million dollars. What we've attempted to do is to lay that out side by side, as it relates to major components of the project. Initial project, as I mentioned earlier, started in 2012 with a master plan. It's almost a concept initial dollar amount. In 2018, Black & Veach did a more detailed study that brought that cost projection up to \$70.6 million. Again, the original master plan did not contemplate or estimate any type of costs provide the digestion capabilities.

Secondly, the original study, also the original estimates, did not include any type of projection for gas line pipeline option as well. It may be helpful here if I kind of go back and forth. **Someone** was inaudible. **Ms. Zielke** said it was done in 2018.

Commissioner Stites said I have one quick question. So, our expenditures with Black & Veach started in 2019? **Ms. Zielke** said that's correct. **Commissioner Stites** said that's what they did, they did that for free in 2018? **Ms. Zielke** said no, the invoice was actually paid in '19. **Commissioner Stites** said okay, gotcha, and that's included in that \$74? **Ms. Zielke** said yep. **Commissioner Stites** said thank you. **Ms. Zielke** said very good question, thank you, commissioner.

Year by Year Projection Variances – Discussion of Differences

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

2012 Masterplan (\$4.3M) and 2018 BV Report (\$70.6M)

- The 2012 Masterplan did not contemplate or estimate the cost to provide digestion capabilities.
- The recommended improvements were to rehabilitate existing dewatering process (belt filter presses) in existing building at a cost of \$4.3M, but due to long-term planning during the consent decree negotiations this was changed to include an entirely new facility with new process (centrifuges) at an estimated cost of \$10M.
- The total cost shown for the 2018 solution was previously shown listed at \$67.3M, but that cost/option did not include biogas injection into a pipeline.
- The project cost for the gas pipeline option was the \$70.6M as shown herein and matches the value built into the consent decree financial model.

2018 BV Report (\$70.6M) and ESG-2021 estimate (\$80.7M)

- The 2018 Black & Veatch report estimate (\$70.6M) was completed with an assumption that the existing digester tanks could be rehabilitated and utilized.
- The 2018 concept included KCMO sending sludge from their Westside WWTP.
- During the design process with ESG, KCMO withdrew from the project, and it was determined that the existing tanks could no longer be rehabilitated and used as digesters due to NFPA life safety code concerns and their general condition.

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ALVAREZ & MARSAL

So, secondly then going from the Black & Veatch report, the more detailed report that was done in '18, again, their estimate was \$70 million, it then increased to \$80 million.

Historical Changes to Biosolids CMIP Projection Estimates

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

Historical Summary of Biosolids CMIP Project Costs from 2012 Masterplan to Current UG Partners Cost Estimate of 2022						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Project/Estimate Overview	2012 Masterplan Only New Dewatering to Landfill Sludge - No Digesters	2018 BV Report ⁵ Rehab of Existing Digester Tanks, Biogas into Pipeline	ESG-2021 New Digesters, Biogas into Pipeline	UGW-2022 New Digesters, Biogas into Pipeline	Delta 2021 to 2022 Comparison of Column {D} to {E}	% Increase
{1} ESG Phase 1 Contract per RFP	NA	NA	\$ 2,926,343	NA		
{2} ESG Amendments Approved	NA	NA	\$ 179,047	NA		
{3} ESG Actual	NA	NA	NA	\$ 2,185,530	\$ (919,860)	
{4} ESG Total for Phase 1¹	NA	NA	\$ 3,105,390	\$ 2,185,530	\$ (919,860)	
{5} Burns & McDonnell Check ESG Estimate	NA	NA	NA	\$ 52,963	\$ 52,963	
{6} UGW Phase 1	NA	NA	NA	\$ 3,692,000	\$ 3,692,000	
{7} Owners Rep	NA	NA	\$ 2,000,000	\$ 2,000,000	\$ -	
{8} Subtotal Phase 1 and Owners Rep	NA	NA	\$ 5,105,390	\$ 7,930,493	\$ 2,825,103	55%
{9} Direct Construction Costs	NA	NA	\$ 60,832,382	\$ 75,629,811	\$ 14,797,429	
{10} Markups	NA	NA	\$ 13,792,599	\$ 11,703,022	\$ (2,089,577)	
{11} Subtotal Construction Costs	\$ 4,300,000	\$ 70,600,000	\$ 74,624,981	\$ 87,332,833	\$ 12,707,852	17%
{12} Gas Interconnect Allowance ²	NA	NA	\$ 1,000,000	\$ 2,000,000	\$ 1,000,000	
{13} Total Construction Cost	\$ 4,300,000	\$ 70,600,000	\$ 75,624,981	\$ 89,332,833	\$ 13,707,852	18%
{14} Additional Contingency ³	NA	NA	\$ -	\$ 2,736,673	\$ 2,736,673	
{15} Total Project Cost	\$ 4,300,000	\$ 70,600,000	\$ 80,730,371	\$ 100,000,000	\$ 19,269,629	24%

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ALVAREZ & MARSAL

What are some of the major cost drivers? Again, how did we go from \$70 million to \$80 million? First of all, the fact that the 2018 Black & Veatch estimate was completed with the assumptions that the existing digester tanks could be rehabilitated and be reutilized. We know at this point that is not the case so new digesters were going to be needed to be reconstructed or basically purchased for the new facility. Again, one of the major cost drivers. Additionally, I think you will also see a better definition of cost here as well.

As you can see in the top of the sliding column D, moving forward now you're seeing the cost breakout for the design build for ESG and in this case \$3.1 million. Additionally, the owner's representation concept came forward as well during the '21 update, as well as kind of refined cost estimates. You see an item in there called markup, people always get somewhat concerned as it relates to what does markup represent? Part of what that markup represents it's moving as a percentage increase, part of it's related to inflation, as well as cost adjustments that were required. Secondly, now going from \$70 million to the \$80 million, part of this, again, had to deal with the completion of the more detailed study that the existing digesters could be rehabbed and could be utilized. In fact, there was some discussion also in '18 about Kansas City,

Missouri joining you and they're kind of a sledge operation as well as during the design process, ESG had made some initial projections that were initially revamped as you move forward.

Year by Year Projection Variances – Discussion of Differences

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

2012 Masterplan (\$4.3M) and 2018 BV Report (\$70.6M)

- The 2012 Masterplan did not contemplate or estimate the cost to provide digestion capabilities.
- The recommended improvements were to rehabilitate existing dewatering process (belt filter presses) in existing building at a cost of \$4.3M, but due to long-term planning during the consent decree negotiations this was changed to include an entirely new facility with new process (centrifuges) at an estimated cost of \$10M.
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Year by Year Projection Variances – Discussion of Differences

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

Breakdown of difference between ESG-2021(\$80.7M) and UGW-2022 (\$100M)

Amounts	Public Works Discussion & Explanation of Projection Increases
\$ 2,825,104	Increased costs for Phase 1 work including change from ESG to UGW
\$ 12,707,852	Increase in Construction Costs including markups (17%) Additionally, the ESG-2021 estimate had gaps in the defined scope and post-pandemic market volatility not included in the documented costs which impacts the increases to the 2022 cost estimate
\$ 1,000,000	Increased allowance for Gas Pipeline Connection
\$ 2,736,673	Added Contingency Reserve
\$ 19,269,629	Total Change from ESG-2021 to UGW-2022

Observations & Findings

- Markups include the proposed team's cost information that is provided, which includes the fixed-fee work associated with Phase 1 as well as a percentage fee for the Phase 2 services. The percentage fee for Phase 2 work is what is considered a "markup"
- Current construction inflationary industry reports reflect inflationary increases averaging 16.5% from 2021 to 2022 and between 10% and 11% during 2023 and 2024
- CMIP projections do not include any allowance includes for potential costs for Temporary Note and future G.O. Bond or Kansas State Revolving Loan issuance costs

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ALVAREZ & MARSAL

Then finally as it relates to moving from which I think the Commission is most concerned about, moving from the \$80 million to the \$100 million. So that's why I broke this out very clearly on a

February 6, 2023

slide. The first major component is the fact that there's an increased cost by going with your design build contractor. The previous cut, there's an increase of about \$2.8 million in those specific costs. Secondly, there's this markup and for this inflationary increase that's built in of \$12.7 million. Not only does it affect your markup costs, but also affects some of the delays in the planning, as well as some of the original costs that were not defined previously by the previous design build engineering. The current '22 projection also includes an allowance for the gas pipeline connection, along with building in a contingency reserve. It's very important to have a contingency especially if you're talking a \$100 million here, so it's a little bit over 2.5% checks to identify potential on unexpectancies. In talking to the staff, they also identified a big portion of the reason for the increase was because of inflation.

Again, within Alvarez and Marsal we also have a construction capital improvement group that does capital improvement planning evaluation. So, between contact with them, as well as talking to other cities, as well as using industry benchmarks, inflation has increased and increased substantially. In fact, for what we found that from '20 to '21 inflationary costs for projects like this were over 16.5% in forecast moving forward, so for '23 to '24 probably an increase of 10 to 11 percent. So, our current state of economy is also what's driving cost here as well.

Future Annual Kaw Point Wastewater Treatment Plant Operating Costs Projections

Upon completion of the Biosolids CMIP construction, Public Works projects operating cost reductions/avoidance and New System Revenue Sources

Kaw Point Wastewater Facility Operating & Maintenance Costs (Provided by Public Works - Water Pollution Control)

Current Operations & Maintenance Costs (Includes 20% costs to related to Maintenance Group)	Annual Costs \$ 5,465,000
Operating Cost Increases/Decreases/Avoidance	\$ (400,000)
Reduced Disposal Costs	\$ (600,000)
Reduced Chemical Costs	\$ (800,000)
Added O&M Costs of New Facility Improvements	\$ 1,000,000
Revised Estimated Kaw Point Wastewater Facility Operating Costs	\$ 5,065,000
New Enterprise System Revenue Sources	\$ 2,000,000
Waste Hauled Tipping Fees	\$ 750,000
Biogas Sales	\$ 1,250,000

Observations & Findings

Per Public Work responses:

- FY 21 Actuals show that current Operations & Maintenance inclusive of 20% of the Kaw Point Maintenance group) are estimated \$5,465,000 per year
- The new facility will have a new operating reduction of \$400,000 annually
- Sales from Waste Hauling Tipping Fees and Biogas Sales are estimated to generate \$2.0 million annually

A&M has not been able to verify/validate the revenue source assumptions

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ALVAREZ & MARSAL

We looked at the operating costs and this is an area that I feel needs some additional review. What staff had reported to us that based on '22 actuals, I have '21 there, it should be based on '22 actuals that the actual operating costs for the Kaw Point Plant was about \$5.4 million. Included in that was about 20% of the maintenance costs related to the facility as well. I'm going to jump ahead here and come back.

Year by Year Projection Variances – Discussion of Differences

Public Works provided on February 2, 2023, the following revised Biosolids CMIP projections

Breakdown of difference between ESG-2021(\$80.7M) and UGW-2022 (\$100M)	
Amounts	Public Works Discussion & Explanation of Projection Increases
\$ 2,825,104	Increased costs for Phase 1 work including change from ESG to UGW
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\$ 1,000,000	Increased allowance for Gas Pipeline Connection
\$ 2,736,673	Added Contingency Reserve
\$ 19,269,629	Total Change from ESG-2021 to UGW-2022

Observations & Findings

- Markups include the proposed team's cost information that is provided, which includes the fixed-fee work associated with Phase 1 as well as a percentage fee for the Phase 2 services. The percentage fee for Phase 2 work is what is considered a "markup"
- Current construction inflationary industry reports reflect inflationary increases averaging 16.5% from 2021 to 2022 and between 10% and 11% during 2023 and 2024
- CMIP projections do not include any allowance includes for potential costs for Temporary Note and future G.O. Bond or Kansas State Revolving Loan issuance costs

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ALVAREZ & MARSAL

Future Operating Costs Projections

Future Kaw Point Facility Operating Costs need further analysis and review

Observations & Findings

- Budget projections should not be projected as a Net Change. Any recognition of revenue would reduce the customer sewer rates versus reducing costs.
- Public Works reported that the current operating costs for the Kaw Point Wastewater Facility were \$5.465 million including 20% of the maintenance costs. However, we found that this amount did reconcile to the 2022 Amended of 2023 Proposed Budget

Unified Government of Wyandotte County/Kansas City Kansas
2022 Amended - 2023 Budget



	Expenditure By Program			
	2021 Actual	2022 Original	2022 Amended	2023 Budget
Kaw Point Maintenance	\$1,352,112	\$347,600	\$458,417	\$463,793
Pump Station Program	\$435,316	\$651,874	\$557,000	\$557,000
Water Pollution Administration	0	0	\$75,000	\$25,000
Wolcott Plant	\$107,012	\$491,683	\$296,461	\$298,604
WPC Administration	\$21,076,585	\$24,137,328	\$24,086,977	\$26,598,248
WPC Environmental Control	\$725,645	\$958,788	\$1,001,231	\$1,034,197
WPC Kaw Point	\$6,052,181	\$7,493,865	\$7,653,314	\$7,776,345
WPC Plant 20	\$1,184,674	\$1,755,705	\$1,763,353	\$1,800,861
WPC Sewer Maintenance	\$4,940,147	\$8,835,073	\$8,824,120	\$7,966,362
WPC Storm Sewers	\$1,362,295	\$1,931,772	\$13,545,330	\$2,056,126
Total	\$37,235,965	\$46,603,687	\$58,261,204	\$48,576,536

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ALVAREZ & MARSAL

In comparison but we found that your budget included dollars that were a little bit higher when based on the council's adopted budget, but as Public Works had explained earlier today that their estimates as it relates to kind of the baseline represents actual costs due to a large number of vacancies that are in place as well as how your budget is currently set up, probably need some refinement. You have dollars that are probably in some of the wrong cost centers or cost buckets.

Future Annual Kaw Point Wastewater Treatment Plant Operating Costs Projections

Upon completion of the Biosolids CMIP construction, Public Works projects operating cost reductions/avoidance and New System Revenue Sources

Kaw Point Wastewater Facility Operating & Maintenance Costs (Provided by Public Works - Water Pollution Control)

Current Operations & Maintenance Costs (Includes 20% costs to related to Maintenance Group)		Annual Costs \$ 5,465,000
Operating Cost Increases/Decreases/Avoidance		\$ (400,000)
Reduced Disposal Costs	\$ (600,000)	
Reduced Chemical Costs	\$ (800,000)	
Added O&M Costs of New Facility Improvements	\$ 1,000,000	
Revised Estimated Kaw Point Wastewater Facility Operating Costs		\$ 5,065,000
New Enterprise System Revenue Sources		\$ 2,000,000
Waste Hauled Tipping Fees	\$ 750,000	
Biogas Sales	\$ 1,250,000	

Observations & Findings

Per Public Work responses:

- FY 21 Actuals show that current Operations & Maintenance inclusive of 20% of the Kaw Point Maintenance group) are estimated \$5,465,000 per year
- The new facility will have a new operating reduction of \$400,000 annually
- Sales from Waste Hauling Tipping Fees and Biogas Sales are estimated to generate \$2.0 million annually

A&M has not been able to verify/validate the revenue source assumptions

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ALVAREZ & MARSAL

With that, once the project is go live there's an estimated cost reduction of disposal costs of \$600,000, reduced chemicals of \$800,000 but; however, there's some increased operating costs. There's going to be utility costs, there's going to be cost to run and maintain the equipment. Best guesstimate that's going to be approximately a million dollars. So, kind of net operating cost reductions of about \$400,000 to kind of make the revised estimate again, based on current staffing levels of a little bit over \$5 million. The staff has identified new revenue opportunities and this is an area, Commission, that needs some additional review with your staff, new monies from the tipping fees as well as the biogas sales. We would like to continue to work with the

staff to make sure that those revenue assumptions are valid and we can document them moving forward.

Sources of Monies for CMIP Biosolids Project

The current 2022 projection for the construction of the planned improvements for the Kaw Point Biosolids facility is estimated at \$100 million

Summary of Biosolids CMIP Revised Proposed Sources of Monies

Sources of Monies - \$100,000,000 (2022 Cost Estimate)

Federal Grants

2022 Congressional Approved EPA Grant	\$	2,000,000
Proposed USDA Grant (Submitted January 2022)	\$	22,300,000
US Treasury Tax Credits	\$	27,000,000

Long-Term Financing - General Obligation Bonds & State Loan Programs

General Obligations Bonds and State of Kansas	\$	48,700,000
Department of Health State Revolving Loan Program		

Total Current CMIP Project Projections	\$	100,000,000
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Summary of Cash-Flow Timeline - \$100,000,000 CMIP Revised Projection

2018-2022	\$	4,500,000
2023 January to July	\$	4,000,000
2023 August to December	\$	12,000,000
2024 January to 2025 June	\$	66,500,000
2025 July to December	\$	13,000,000

Total Current CMIP Project Projections Cash-Flow Timeline	\$	100,000,000
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Observations & Findings

- The UG should conduct further analysis of the use of Inflation Reduction Act of 2022 (the Act), which extends and expands existing tax credits and adds several new energy tax credits to encourage the production of clean energy and reduce carbon emissions.
- The Act amended Section 48(a)(3) to include additional categories of energy property, one of which is "qualified biogas property"
- Further analysis and fiscal impact to the Biosolids Project is needed**

The Commission had asked Commissioner Burroughs, as well as Commissioner Bynum had asked to take a look at what is kind of the ultimate funding source. So, how potentially could the Unified Government pay for this \$100 million project? So, there's different planning assumptions that are out there. First of all, most recently there is a congressional approval of \$2 million in kind of an earmarked EPA grant that has been formally approved this past January of 2023. You submitted a proposal to the USDA for a grant of \$22.3 million and then there's been discussions of potentially tax credits from the 2022 Inflation Reduction Tax Act. This is an area that we feel needs to be additional review as well as understanding of the true impact to the Unified Government as a tax-exempt entity of how you could take advantage of those tax credits. One would assume that the actual tax credit would be assumed by the design build contractor consultant, but further information is needed. In this example then, assuming that there would be tax credits, the two grants that would leave a potential funding source of about \$48.7 million

which is a sizeable band of resources. You kind of recall you've already issued \$8 million of that. So, basically it'd be kind of almost a net new of \$40 million in the near future if all these funding sources come forward. The bottom page here just highlights kind of the spend down.

As we look through the files, it looks like from a cash outlays perspective that cash outlays would continue through December of 2025 at this point. Again, this is an area that we would really recommend that further analysis and review and understanding as it relates to the fiscal impact of the tax credits as well as other federal and state grant opportunities that exist.

Preliminary Impact of Biosolids CMIP Debt Service to Sewer Rates

The table below reflects the incremental increase (blueshaded columns) from the issuance of \$48.7 million bond financing



Unified Government of Wyandotte County / Kansas City, Kansas

Kaw Point Biosolids- Scenario 1 - \$100,000,000 Projection Needs

ASSUMPTIONS

USDA Grant

22,300,000

Earmark

2,000,000

Tax Credit

27,000,000

G.O. Financing

48,700,000

Bond Type

Amortization

Rate Increase %

GO Bond

20 years

As determined by the Unified Government's Consent Decree with the EPA and DOJ, rates will increase annually regardless of the Biosolids project

Bond 1

Bonds 2-4

Customers

CCF

Actual DS Schedule

Estimated DS Schedule based off provided cashflows & interest rates ranging 4%-5%

Based on 2022 10 month Avg with a factor of .5% growth

Based on 2022 10 month Avg no increase factored

Year	Payment	Tax Credit	Monthly Base Charge	CCF Charge	Rate Increase %	Avg CCF	Avg Bill	Customers	Residential Base Rev	% of Bill	Cost	Avg CCF	Avg Bill	Non-Residential Customers	Base Rev	% of Bill	Cost
2022	\$ 255,492.19	-	\$ 22.39	\$ 5.06	5.0%	5.35	\$ 49.46	42821	\$ 25,415,001.20	0.56%	\$ 0.28	82.32	\$ 43895	3789	\$19,958,250.74	0.56%	\$ 2.47
2023	\$ 256,374.86	-	\$ 23.51	\$ 5.31	5.0%	5.35	\$ 51.93	43035	\$ 26,819,180.01	0.54%	\$ 0.28	82.32	\$ 46090	3808	\$21,060,944.09	0.54%	\$ 2.47
2024	\$ 256,468.38	-	\$ 24.45	\$ 5.53	4.0%	5.35	\$ 54.01	43250	\$ 28,031,406.95	0.51%	\$ 0.28	82.32	\$ 47934	3827	\$22,012,898.77	0.51%	\$ 2.48
2025	\$2,432,890.80	-	\$ 25.43	\$ 5.75	4.0%	5.35	\$ 56.17	43467	\$ 29,298,428.54	4.65%	\$ 2.61	82.32	\$ 49851	3846	\$23,007,881.79	4.65%	\$ 2.18
2026	\$3,666,804.02	1,350,000	\$ 26.44	\$ 5.98	4.0%	5.35	\$ 58.42	43684	\$ 30,622,715.42	4.24%	\$ 2.48	82.32	\$ 51845	3865	\$24,047,838.05	4.24%	\$ 2.19
2027	\$3,673,865.14	1,350,000	\$ 27.50	\$ 6.22	4.0%	5.35	\$ 60.75	43902	\$ 32,006,862.16	4.07%	\$ 2.47	82.32	\$ 53919	3885	\$25,134,800.33	4.07%	\$ 2.19
2028	\$3,670,476.70	1,350,000	\$ 28.60	\$ 6.46	4.0%	5.35	\$ 63.18	44122	\$ 33,453,572.33	3.89%	\$ 2.45	82.32	\$ 56075	3904	\$26,270,893.30	3.89%	\$ 2.19
2029	\$3,669,273.46	1,350,000	\$ 29.75	\$ 6.72	4.0%	5.35	\$ 65.71	44342	\$ 34,965,673.80	3.72%	\$ 2.44	82.32	\$ 58318	3924	\$27,458,337.68	3.72%	\$ 2.16
2030	\$3,669,958.66	1,350,000	\$ 30.79	\$ 6.96	3.5%	5.35	\$ 68.01	44564	\$ 36,370,419.74	3.57%	\$ 2.43	82.32	\$ 60360	3943	\$28,561,476.40	3.57%	\$ 2.15
2031	\$3,669,897.54	1,350,000	\$ 31.87	\$ 7.20	3.5%	5.35	\$ 70.39	44787	\$ 37,831,601.36	3.43%	\$ 2.42	82.32	\$ 62472	3963	\$29,708,933.71	3.43%	\$ 2.16
2032	\$3,671,224.86	1,350,000	\$ 32.98	\$ 7.45	3.5%	5.35	\$ 72.86	45011	\$ 39,351,485.94	3.30%	\$ 2.41	82.32	\$ 64659	3983	\$30,902,490.12	3.30%	\$ 2.16
2033	\$3,672,474.86	1,350,000	\$ 34.14	\$ 7.71	3.5%	5.35	\$ 75.41	45236	\$ 40,932,431.89	3.18%	\$ 2.40	82.32	\$ 66922	4003	\$32,143,997.66	3.18%	\$ 2.17
2034	\$3,667,976.70	1,350,000	\$ 35.33	\$ 7.98	3.5%	5.35	\$ 78.04	45462	\$ 42,576,892.34	3.09%	\$ 2.38	82.32	\$ 69264	4023	\$33,435,382.77	3.09%	\$ 2.12
2035	\$3,668,677.40	1,350,000	\$ 36.57	\$ 8.26	3.5%	5.35	\$ 80.78	45689	\$ 44,287,418.99	2.93%	\$ 2.37	82.32	\$ 71688	4043	\$34,778,492.27	2.93%	\$ 2.10
2036	\$3,673,134.58	1,350,000	\$ 37.85	\$ 8.55	3.5%	5.35	\$ 83.60	45918	\$ 46,066,666.05	2.82%	\$ 2.36	82.32	\$ 74197	4063	\$36,175,881.51	2.82%	\$ 2.06
2037	\$3,673,698.24	1,350,000	\$ 39.17	\$ 8.85	3.5%	5.35	\$ 86.53	46147	\$ 47,917,394.35	2.72%	\$ 2.35	82.32	\$ 76794	4083	\$37,629,247.55	2.72%	\$ 2.08
2038	\$3,670,060.50	1,350,000	\$ 40.54	\$ 9.16	3.5%	5.35	\$ 89.66	46378	\$ 49,842,475.67	2.61%	\$ 2.34	82.32	\$ 79482	4104	\$39,141,002.57	2.61%	\$ 2.07
2039	\$3,672,563.42	1,350,000	\$ 41.96	\$ 9.48	3.5%	5.35	\$ 92.29	46610	\$ 51,844,897.13	2.51%	\$ 2.33	82.32	\$ 82264	4124	\$40,713,492.34	2.51%	\$ 2.04
2040	\$3,665,746.96	1,350,000	\$ 43.43	\$ 9.81	3.5%	5.35	\$ 95.94	46843	\$ 53,927,765.88	2.41%	\$ 2.31	82.32	\$ 85143	4145	\$42,349,156.90	2.41%	\$ 2.04
2041	\$3,670,694.74	1,350,000	\$ 44.95	\$ 10.16	3.5%	5.35	\$ 99.29	47077	\$ 56,094,313.87	2.32%	\$ 2.30	82.32	\$ 88123	4166	\$44,050,534.28	2.32%	\$ 2.02
2042	\$3,414,900.00	1,350,000	\$ 46.52	\$ 10.51	3.5%	5.35	\$ 102.77	47313	\$ 58,347,902.93	1.98%	\$ 2.04	82.32	\$ 91207	4186	\$45,820,034.49	1.98%	\$ 1.80
2043	\$3,415,300.00	1,350,000	\$ 48.15	\$ 10.88	3.5%	5.35	\$ 106.37	47549	\$ 60,692,029.93	1.91%	\$ 2.03	82.32	\$ 94400	4207	\$47,661,093.62	1.91%	\$ 1.79
2044	\$3,410,900.00	1,350,000	\$ 49.84	\$ 11.26	3.5%	5.35	\$ 110.09	47787	\$ 63,130,332.23	1.83%	\$ 2.01	82.32	\$ 97704	4228	\$49,575,787.05	1.83%	\$ 1.78
2045	\$1,238,087.50	1,350,000	\$ 51.58	\$ 11.66	3.5%	5.35	\$ 113.94	48026	\$ 65,666,593.33	-0.09%	\$ (0.11)	82.32	\$ 1,011.23	4250	\$51,567,588.96	-0.09%	\$ (0.96)
2046	\$ -	-	\$ 53.39	\$ 12.06	3.5%	5.35	\$ 117.93	48266	\$ 68,304,748.72	0.00%	\$ -	82.32	\$ 1,046.63	4271	\$53,639,316.84	0.00%	\$ -

Observations & Findings:

- The incremental cost component to the average customer bill for this scenario (\$48.70 million in G.O. Bonds) could increase and/or decrease if no Grant Funds and/or Tax Credits are available

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This is really hard to see and plus it's in color and we really can't see. Your current rate structure as the County Commission approved or endorsed when you agree to the settlement agreement has planned rate increases for your sanitary sewer system. Just as shown here in fiscal year '22 a 5% rate increase for sanitary sewer system was approved, this year that includes a 5%. The rest of the table here again where it says rate increases, those are kind of the planned increases to

support not only operations but also the identified capital improvements in your consent decree of 2020.

In taking the first scenario again, we're in our best case is the fact that you would need an additional \$48 million in debt financing. Already built into your existing rates is the project cost. It is the cost for this project but I think what's important for the Commission to understand is what's the impact. So, as you take a look at this from the—I also take 2025, for example, that out of the current bill that the resident would be paying that 4.6% of that bill is basically dedicated forward to pay the financing for this project. The same thing from the commercial side it's the same percent, but in this case from the commercial side in 2025 the dedicated revenue from your commercial customer would be 23.18.

I did one other scenario with the staff, again, based on their model, their analysis, we said or if there's no grants. What happens if all the grants fall through, there's no tax credits. What would be the impact? As you can see here on page 33, the percent of the total bill that'd be dedicated specifically for the debt increases significantly. So, \$6.19, I mean \$8.19, \$8.07, again some pretty sizeable amounts per month that would be dedicated out of your existing planned sewer rate increases.

Alternative Proposal Analysis

Observations & Findings

- The Unified Government received an unsolicited proposal from Element Carbon (E3) in 2017
- A biosolids dryer was considered in the 2012 Black & Veatch Masterplan, as well as part of the BioChar technology package presented by Element Carbon in 2017. As a result, the UG team collected some data from recent sludge dryer installations in an attempt to understand basic project cost information.
- The total project costs for the projects reviewed were approximately 3x the cost of the dryer equipment alone.
- During the Summer of 2022, Superior Summit approached the UG about an alternative proposal to reduce the capital investment costs and generate additional revenues.
- No further analysis and information was shared due to the proprietary nature of the Superior Summit models and need for the Unified Government to sign a Non-Disclosure Agreement to proceed.
- The Unified Government team's ability to complete an analysis of Superior Summit's potential solution relies upon the level of information/details provided.
- Based upon known loading data at Kaw Point Wastewater Treatment Plant, the team reviewed the comparable projects along with input from manufacturers/vendors to estimate a \$30M cost for the appropriate dryer equipment.

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ALVAREZ & MARSAL

We also asked the staff, we've heard a lot about alternative proposals, we've listened to your Commission meetings back in September and again in October about different alternative proposals coming forward as well as the original proposal that was submitted back in '17. In many cases what we found is the fact that as staff did their analysis they found that the costs in some cases were significantly higher. Additionally, a firm this past summer, Superior Summit, came with an unsolicited proposal as well. There's been no documentation, cost estimates or information provided at this point, primarily because there's concern about proprietary information of their proposal.

Alternative Proposal Analysis

Additional Technology Options

Thermal Dryer

Clarksville, TN (DDS50)

- \$14.8M dryer cost
- \$52M construction cost
- Ratio: 3:1

Fort Worth, TX (DDSI40)

- 18.5M dryer cost
- \$59M construction cost
- Ratio: 3:1

Kaw Point Biosolids Project – *detailed cost estimate in development*

- \$30M quoted dryer cost
- \$90M estimated construction cost (based on 3:1)



Andritz Drum Dryer (Model DDS50)

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ALVAREZ & MARSAL

However, the staff has also done their own analysis. I know that Public Works will be making a presentation to you in the near future, but here's just two examples in fact, this is from their presentation where there's other jurisdictions that are moving forward with some different type of technology and technology enhancements.

The first one is Clarkston, Tennessee their total construction costs is \$52 million dollars, as well as Fort Worth, Texas again of about \$60 million. The bottom part of this chart represents the current estimate, again this is from a few weeks ago as it relates to your cost.

Considerations

The Unified Government should consider several actions and financial improvements moving forward

Summary of Biosolids CMIP Project Investment to Date

	Total \$\$
CMIP Project Expenses - As of December 31, 2022	\$ 4,342,007.21
Cost of Issuances - As of December 31, 2022	\$ 229,384.30
Paid P&I of G.O. Bonds (As of February 1, 2023)	\$ 311,786.12
Principal	\$ 98,196.00
Interest	\$ 213,590.12
Future P&I on Existing G.O. Bonds (August 2041)	\$ 4,809,575.19
Principal	\$ 3,799,250.00
Interest	\$ 1,010,325.19
Unified Government Employee Project Time Investment	Unknown
Total Biosolids CMIP Investments to Date	\$ 9,692,752.82

With the \$9.7 million in project investment to date since the early planning that started in 2012, UG should strongly consider a Project Restart to explore:

- Expanded review of potential equipment and technology solutions
- Explore other State & Federal Grant Sources to reduce the impact to the Kansas City sewer system ratepayers
- Refine projection estimates on impact to KCK customers - Consider if KCK Sewer System Rate payors can financially afford the projected debt financing costs, if no other Grant Funds or Revenues are identified to offset the added P&I costs
- Explore the creation of a separate utility fund for accountability of by-product sales

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ALVAREZ & MARSAL

So what does this all mean? I've been talking here for a while. So what does this all mean? First of all, I want to start with what's the investment. The investment to date that you have made is \$9.6 million, again that does not include any of your staff costs. Out of that hard engineering design costs represents \$4.3 million as well as additional almost \$600,000 in principal and interest payments, as well as cost of issuance made to date. The future bond and interest funds, the \$4.8 million that's shown here, if a decision is made, those monies potentially could be used for other sewer system capital improvement projects, but again, for today that's a cost that's related to the project. What we have proposed or where we have put in front of the Commission to consider is first of all a more detailed review of potential equipment and technology solutions. A significant amount has changed since 2014, since 2017, and just how you heard your presentation several months ago, to maybe take a restart or to take a look at the technology solutions.

Additionally, explore other federal and state grant opportunities especially to reduce the impact on your sewer system rates. Refine the project estimates and ensure that your resident as well as your commercial customers can afford this type project moving forward. Additionally, due to time, I don't want to spend a lot of time, but take a look at potentially even setting this up, this biosolids revenue generating opportunity as a separate utility. Separating out some of those

costs separately and not co-mingling those revenues within your existing storms to sanitary sewer revenues.

Considerations

The Unified Government should consider several actions and financial improvements moving forward

- **Project Restart.** Issue an open formal Request for Information from the industry on alternative biosolid solutions with input from industry experts (excluding current contractor providers)

Phase 1 – RFI/Q – 60 to 120 Days

- Prepare RFI – 10 Days
 - Proposal Response – 30 Days
 - Review Proposals – 10 Days
 - Submit recommendations to County Administrator/Commission – 10 Days
 - *Change Scope of Improvement Plan to Issue RFQ for revised project scope and approach – **If this is the selected option then issue NEW RFQ following the above same time period – 60 days***
 - *Continue with Current Design Build Scope Plan - Following the Unified Government performance assessment of the current design-builder, the option to extend the contract is available*
- Review current engineering, planning, and design-build construction contract vendors to ensure no conflict of interest
 - Revisit the use of Owner Rep for Project Management versus the use of a knowledgeable Public Works Engineering Project Manager
 - Update Sanitary Sewer Rates analysis to provide impact to Commission the Capital and Operating to reflect both the CMIP Projection Costs, including Cost of Issuance and future re-occurring cost impacts

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ALVAREZ & MARSAL

What we've put in front of the Commission to consider is a potential project restart. Taking a period of 60 to 120 days to re-evaluate through an RFI process, Request for Information process. Solutions opportunities and technology solutions that are out there in the industry go through a process, ask your construction, your design community, and communities nationwide to give you options for this. From that, then take the information, and make a decision whether to number one, change the scope of your current project and issue a new RFP, or for the above services, meaning for your design build based on this revised technology solution, this revised scope or continue with your design build scope and plan following the performance recommendations from the design build contractor. If you remember, a few minutes ago Jordan talked about the current agreement with UG Water Partners only takes you to 60% of the design build, so you're going to need to be making a decision sometime this summer what to do to complete the project as well. So, you have another opportunity here as well.

Secondly, we think there should be some additional review done as it relates to the contractors involved here and the consultants to ensure there's no conflict of interest. Just behind

me here, but I think the Unified Government should take a look at revisiting the use of the owner's rep. The fact that many other governments who have projects like this, again this is a very complex project, but instead of hiring an outside individual firm to do that, maybe look at as you potentially go with a different model using your own resources, your own project management resources for this. Additionally, the project estimates that we have seen did not include cost of issuance. Again, that's a cost of the project. Those should be built in as well as grant revenues. I told Commissioner Burroughs and Commissioner Bynum earlier today, I could not address in financial management improvements. The fact that your staff should be tracking project costs, their time and effort spent on capital improvement projects, so they can be either capitalized or offset with federal grant funds.

Looking in the future of separating your asset values within your financial system, re-evaluate the kind of the cash funding needs. As we looked at the various construction contracts, change orders, we found in many cases and sometimes a statement of work or the fee increase amendments that come through are not signed or executed by the County Administrator, as well as the general counsel's office. You currently have a contract review process that only requires formal signatures over \$50,000 for change orders or 10% of the construction value. We encourage you take a look at that and revisit that as well as ensuring that the County Administrator and general counsel also sign off on fee rate increases as well.

On an on-going basis Public Works should perform monthly reconciliation of project expenditures including comparing invoices that have been paid or to be paid against those that are against the rate schedules as well as splitting the purchase orders. In many cases we saw an invoice came in, they may have been a balance against one purchase order and there may have been a new balance, splitting of that again, that's probably not the best accounting practices, but improvements need to be made. I already talked about the need to include debt issuance as well as potentially as you look at this restart. Due to further evaluation on setting up this as a separate utility operation, especially related to any sale of gas byproduct or any other byproducts. I went through that very quickly, Commission, this evening, but I wanted to give you a highlight of where we're at and some of the considerations that we would encourage this governing body to seriously consider.

Commissioner Burroughs said thank you Ms. Zielke, that was a pretty extensive overview for not being a completed document and more information needed. At this time I'll ask the Commission if there's any questions. Staff, I'll ask that you look at the hands go up to our participants online to see if any of them have their hands up.

Ms. Sparks said Commissioner Townsend has her hand raised.

Commissioner Townsend said this was an extensive overview of fresh look. Do I understand correctly though, that this is still in process, there's another part of this yet to come? **Ms. Zielke** said yes, Commissioner, there's still some additional tasks that the County Administrator has asked us to take a look at. **Commissioner Townsend** said so when that other portion is completed, well, two part question, what is the expectation of time it will be completed and will there be a final recommendation? I understood that you made several I was trying to write down, but so when do expect the final portion of this to be done and will there be a final recommendation as to go forward or not? I heard interim recommendations or things that were identified right now for us to do. So, those are the questions right now. **Ms. Zielke** said the question is as relates to one additional review and analysis tech can be complete. A lot of it depends on availability of the data and information but, hopefully, we could complete as shown here, try to give the best guesstimate of the amount of time. We're hoping within the next three to four weeks. So by the time of your next committee meeting we should be able to present. I don't see, and be very honest, at this point where our considerations, the items that we've identified for the Commission to consider would probably change.

Commissioner Burroughs said Commissioner Townsend did that get to your question?

Commissioner Townsend said somewhat. So, is there a time frame again that we expect this? The second part of this to be completed? I understand what you've said already you don't expect will change, is that right? **Ms. Zielke** said I couldn't hear the end, but again we're hoping within the next three weeks we'll be able to complete the remaining tasks. However, the initial considerations that we have outlined here, I do not see where those would be changing at this point. In fact, there may be some enhancements to those as well.

Commissioner Townsend said okay, I appreciate that. The only other thing that I would say because I was trying to listen, write questions, and also look at what was on the screen. It would be so helpful if this had been included in our packet. This is a lot to take in at one time and also listen to the speaker. So if this is going to the next standing committee, I hope that when they get their packet of homework, so to speak, these slides will be in there to make it easier to follow and comprehend.

Commissioner Burroughs said are there any other hands up Clerk? Thank You. Any questions from the committee here?

Commissioner Davis said I echo the comments from Commissioner Townsend. I have a lot of questions. Perhaps maybe in on- threes or even an executive session, we can go through in more detail what has been presented. Yes, we definitely need, I know I need, I assume my colleagues need more time to really digest and ascertain all of this information, and have the needed dialogue, so we can make an educated decision. Is there a timeline on anything regarding the information that you've presented to us as far as a decision from us. I know you all are saying you want to put out an RFI. Has that already happened or what timely specific things do you need from us?

Ms. Zielke said I think it's important for the governing body to make a decision of how you want to move forward. I mean moving forward with the current concept and the number of unknowns. The fact that the unknowns of the federal grants, the unknowns of the tax credits are in my professional judgment, not only as a consultant, but as a former Finance Director for 25 years, I think raises some questions as it relates to is this about the long-term best solution. In fact, as we heard visiting with your staff, as well as visiting with other jurisdictions, there's other alternatives, there's other methods that are out there as well. The technology has changed even processes have changed from when you initially put this out for scoping back in 2018. The RFI in my opinion, should not take long, you're not looking for proprietary information. You want to better understand what is occurring in the marketplace within governments as it relates to how they are taking a look at alternative methods and treating their biosolids. Taking that information

and then potentially putting that back into a new request for qualifications from design build contractors. **Commissioner Davis** said okay and then my last question is hypothetically let's say we go ahead with the RFI process, I have it here just to look at the timeliness, 60 to 120 days at least, for that project to be complete. What happens with the \$8-\$9 million that we've already invested? Are they using temporary notes or GO bonds? **Ms. Zielke** said that's a very good question Commissioner. The way I'm looking at it, you've had the dollars written out of the City's checkbook of \$4.6 million. Part of this is to make a decision moving forward with the larger project, the project scope, is this in the community's long-term best interest as it relates to not only viability but also affordability for your residents. **Commissioner Stites** said so I go back to page 36 where it shows the additional technology options. So, Clarksdale, Tennessee, I have this construction costs of \$52 million. Do we know when that project happened? **Ms. Zielke** said I'm going to have to defer to Public Works, so Jeff or Trenton. **Commissioner Stites** said then my next one's going to be also when did Fort Worth happen?

Trenton Fogelsong, Public Works; said I don't know the exact time frame. The point of that exercise was looking at technologies similar to the biochar or the drying, and these two are in here and the price is quoted and wouldn't provide a solution for us at Kaw Point. It was just to get a blip on a screen if that slide was up there. The equipment cost was \$15 million and the total project cost was \$52 million. So it represented a three to one cost between equipment to total project cost. That held true for both Clarksdale and Fort Worth, and so what our consultant did, was they went out and they got a quote for the dryer equipment that would be sufficient for Kaw Point. It was \$30 million. So that alternative for Kaw Point with three to one factor was roughly estimated around \$90 million.

Commissioner Stites said when you started talking you said something about biochar, so I'm going to go back to that biochar because we had a meeting in the Mayor's office and there was a presentation made about biochar. Can you expand on that and let us know? I mean is that an option for us? **Mr. Fogelsong** said I wasn't at that meeting so I don't know that I can add a lot. **Commissioner Stites** said is biochar an option for Unified Government to solve this problem?

Mr. Fogelsong said a dryer could be. **Commissioner Stites** said we looked at that option? **Mr. Foglesong** said not so much because we went through technology evaluations for best value. The land application came out far ahead even before there were grants and tax credits available. Now that there are grants and tax credits available for biogas and fertilizer generation, it's like gravy on top of everything. I guess from my vantage point, that if we went back and did that evaluation, it would only make it that much more convincing that land application would make sense.

Commissioner Stites said so I totally agree that we need to explore all options that when we're looking at putting a price tag of \$100 million on not just me as a taxpayer, but probably my son and probably his son to pay off. We need to be looking at all options that are going to get that \$100 million cost down. I don't know if it's burning it in a burn barrel in the backyard but whatever it takes for us to look and explore. That is an option, that biochar, and I think that we need to explore all options. **Mr. Fogelsong** said yeah, I would say without knowing the details of that particular solution it was kind of a public-private partnership and it had a lot of other complications. **Commissioner Stites** said it's not my job to find those alternative solutions. So, I would hope that we can look into those.

Jeff Fisher, Director of Public Works, said I think this has been thrown around quite a bit over the history of this and we, as a team, have done enough homework on these other alternatives, biochar being one of them. Someone was inaudible, Mr. Fisher said well we know it's not made up. We've met with at least one vendor that proposes they can. We have recently, as a result of the October meeting with Commission met with this alternative company and asked them for information and they asked for information then suggested an NDA and we haven't heard back from them. I believe the UG has proposed the right solution. The UG has spent a lot of resources to develop the right solution and we can keep chasing these alternative technologies, but I can promise you the team has looked at alternatives enough, as Trenton was just saying, to rule them out and propose to you the right solution and I know it's a big deal to go from \$80 to \$100 million, that's why we reported it back to you in the fall. I know that.

Commissioner Stites said okay, Chair I stand with my original. It needs to be sent back.

Commissioner Burroughs said any other comments or questions?

Ms. Sparks said Commissioner Townsend has her hand raised.

Commissioner Townsend said I wanted to go back to and please forgive me I was trying to listen and write at the same time. Is your last name ma'am Ms. Welker or what was your last name? **Ms. Zielke** said Zielke. Z-I-E-L-K-E

Commissioner Townsend said Zielke. I am so sorry Ms. Zielke and I wanted to, I don't want to give you another name. So, Ms. Zielke two of the questions I want to go back and I'll start from the second when it came up. You mentioned about cost that would have to be passed on based on the rate chart we saw near the end of the presentation, and you mentioned the possibility of creating another utility and we're struggling now with the cost to constituents and citizens now and trying to figure out how to bring some of those down. Now the cost that you're talking about, I think were part of the consent decree. What would the creation of another utility, how would that be beneficial to this project or to our constituents? Would that not just rename maybe cause associated with this? I was trying to understand the benefit of that. That's question one.

Ms. Zielke said we're not recommending - the consideration was not to set up a separate utility but to create the financial accounting structure to account for the revenues from the new biosolids facility separately and to treat those as special revenues related to this separate operation. We just think that would be a cleaner way. So, the monies from the sale of biogas, the sale of any fertilizer distribution, those products and those sales would be treated separately outside of your normal sanitary sewer costs. Hopefully, that answers your question.

Commissioner Townsend said well yes, because my first thought was oh no, not another BPU A and B when I heard utility. So this is just another cost in revenue line to be put on our books? Is that basically it? **Ms. Zielke** said yes **Commissioner Townsend** said okay, not another utility, that was question two. Question one was earlier in your presentation and my impression was that you were concerned because our books were not able to, our records were

not able to identify cost of construction for the current plant that I think was built you say in the 60's. What concerns do you have with that considering the age of that plant now?

Ms. Zielke said typically one of the things that the County Administrator asked us to do was complete a return on investments analysis as it relates with the new project improvements for this facility. You want to compare what's the return that would mean to the community? So without having kind of that original construction value you're unable to do that and also to measure how much was spent in the early 60's. Was it \$70 million? Was it \$60 million? We don't have a good understanding of what that was, and additionally I just know from reading about the original plant, was the fact that not only was it funded with sewer system monies but also with other federal grant dollars as well.

Commissioner Burroughs said I would just state that in 50 to 60 years the lifespan of that facility the return on investment would be very important to know especially if we're looking at a 20 year financing option, if we had to find the whole \$100 million.**Ms. Zielke** said great point Commissioner Burroughs because the fact your asset policy, you'd appreciate assets like this silver plan itself. It's a 50 year amortization and on equipment it's 20 years.

Mr. Fisher said, Commissioner Burroughs, I do believe Ms. Zielke and Jordan have made some excellent recommendations. I think the UG needs to do a few things differently going forward with projects. I only wanted to add, I should have finished my comment earlier by saying I think I've said this in the past but I know I said it to the team, when I went from \$80 to \$100 I don't know that I can recommend that project anymore. What we'd like to do is see how we do on this grant submittal and the tax credit. After that, come back to you and say yeah we did great and it's a viable project, or no I don't know that is a viable project without those things. So, that's what we're thinking.

Commissioner Davis said one of the things I did not kind of see in this report, and I don't know if it was in your scope of work Ms. Zielke, was this question of whether or not the project itself is needed and an analysis of the current facility. I have heard from some folks saying well it's fine, right? Or maybe it needs a few repairs, but not this level of investment. Did you all do any analysis regarding the plant itself and its lifespan currently?

Ms. Zielke said, Commissioner, we did not do a facility assessment as it relates to the current plant. The fact that the Unified Government has made commitments through your Consent Decree to make improvements to the facility is this driving factor here. There is concerns about your current disposal methods as well. Is that a long-term viable solution and I know your staff has had discussions with your current disposal site, is that going to be a long-term solution? So, the Unified Government does need to come up with a long-term plan to treat your biosolids. Not only as relational operations, but also to help promote economic development. Economic development especially down in your urban core here as well. **Commissioner Davis** said you mentioned economic development, can you speak on that? How does that interact with this plant in this particular project? **Ms. Zielke** said the fact that you're going to need as you start putting together I would say your economic redevelopment plan as it relates to what type of industry commercial that you're wanting to bring into the community to address the development that's desperately needed. This is really important especially as it relates to if you look at industry that has potential the need for the treatment of oils, gases and things like this. You need to have the infrastructure in place to help secure those type of developments.

Commissioner Burroughs said well if this has provided us anything, it's an opportunity to go back and review one, if there's an absolute need which we believe that there is. Two, is the importance of finding some alternative methods to assist us in the financing of whatever the cost of the project may be. You pointed out three options and if we have to fund it alone without any grants or any additional federal or state funding, then it is going to be quite a taxing project, the higher it is for us financially. So in all fairness to the rate payers and the citizens of our community. As we discuss about economic needs moving forward, it behooves us and it's a prudent thing to do to have a clear vision as to what it is we are going to be responsible for financial. If we have a need that determines that \$100 million is what's necessary, then it falls back on us as a Commission and as leaders of this community to find any partner that will come to the table and assist us in reducing that cost to our ratepayers and hopefully if anything.

I have a half a dozen questions that I will save for later, but it just disappoints me greatly that we don't have the original costs, so that we can go back and look at what this project cost us 60 years ago to talk about the return on investment and the three to one ratio, I can see where we

would get that following the other recommendations coming forward. There's a lot of questions in this report yet that I believe you still have time to get answers to within the next 30 days, but the ROI is one that it may push out 60 days to see what we can do on the ROI. We're not in violation of our consent decree because we are taking action and we agreed to do that. We are just trying to find the remedy to make the dollars work.

With that, I'll just say thank you Ms. Zielke for your overview this evening, it was a lot to take in and I would state that it is the second opportunity I've had to hear it and I still pick up on a few things as you went through it, in trying to read it and listen at the same time. I would encourage any members of the committee that have any questions or concerns from the materials you have either reach out to the County Administrator or Ms. Zielke. I don't know who you would like us to have, if we have any questions to reach out to?

Ms. Zielke said thank you, Commissioner Burroughs, either reach out to the County Administrator and their office can forward those to me or I'll be glad to provide to the governing body my contact information as well.

Commissioner Burroughs said I'd encourage you to do that through the County Administrator, should we want to make direct contact. Before we move on that, I just want to make sure that this was for information only, but I'll ask the Clerk if there were any comments received from the public?

Ms. Sparks said no comments received.

Commissioner Burroughs said thank you and I'll ask if there's any members of the public here this evening that want to address the committee?

Ms. Sparks said no hands are raised.

Commissioner Burroughs said seeing none. Let the record show no one step forward. With that I sincerely appreciate the presentation and encourage committee members to continue to read through the information and come forward with any questions. Thank you all for being here this

evening. We're going to take just a second here to change around, we've got another presentation coming forward and this is an action item.

Action: For information only.

Item No. 2...212250- RESOLUTION: AUTHORIZING FUNDING FOR LEGENDS FIELD, MONARCHS BASEBALL

Synopsis: A resolution authorizing funding of an artificial turf field for Legends Field, home of the Kansas City Monarchs, submitted by Tyrone A. Garner, Mayor/ CEO.

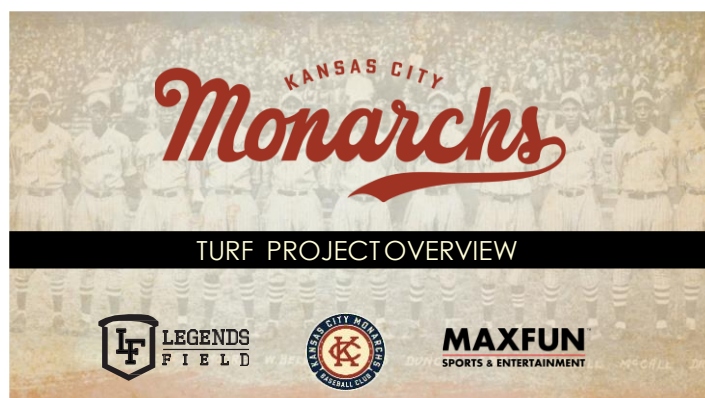
Commissioner Burroughs said are we ready? Okay, gentleman if you want to join around up here, grab a seat, I'm sure there will be a few questions here or there. Mr. Murray, before we get started I'd like the panelists, those joining us up front to introduce themselves so we know who's with us this evening, so the public also knows who's with us this evening. **Martin Brandmeyer** said I'll start, I'm Martin Brandmeyer, the owner of the Kansas City Monarchs. **Jay Hinricks** said hi good evening, Jay Hinricks President, General Manager of the Ball Club. **Tom Ross** said I'm Tom Ross, Chief Financial Officer. **Mark McKee** said Mark McKee, CEO of Kansas City, Monarchs.

Commissioner Burroughs said, so our last item is a resolution funding the artificial turf of the Legends field at the Monarchs baseball stadium and I'll recognize staff from the Mayor's Office and I believe that's LaVert Murray this evening.

Lavert Murray said, I believe it's important that we note that and, as you've indicated, the action item that's before you tonight relates to the conversion of the grass field for the Monarch Stadium to turf. I think it's important to note that and we have a number of staff members here that have been working on this project and it's also important to note that we started working on this some time ago. In fact, Katherine Carttar held several meetings there at the Monarch Stadium, introduced staff to some of what was proposed at the time and, of course, there has been at least one three - on session that the Monarchs team has held with members of the Commission. In addition, our Deputy Chief Legal Counsel has been working with the staff on this project as

well. Patrick Waters has received some directions, some indications from the County Administrator on the project as well, but it's important to note that we've had our staff look at how you might finance this project because while we have been looking at a larger overall project that would convert the Monarchs field, the Monarchs operation into a year-round venue, this matter has become somewhat critical because we need to if, in fact, we were to pursue that larger overall project for the Monarchs, we need to update the field and, of course, we need to also show potential investors for the Monarchs project that we are seriously considering moving this project forward.

Why is it important to deal with this now? Obviously, if the field is to be converted to turf, it must happen before the start of the season in order to not cause delays for the start of their baseball season. In working with the Monarchs, we've learned that they have collected bids to convert the field and you'll hear from them tonight. You'll hear also from their engineer that will show that we're looking at complete engineering and conversion of the fields. In addition to the Finance and Legal staff that we have working on this project, you'll hear if you have questions, concerns, from John Kelly who is responsible for the maintenance of the Monarchs field. I would remind us all that we're looking at an entity and operation that is owned by the Unified Government. Of course, we've tried to come up with some unique innovative ways to help finance the conversion of the field. One of which is as we look towards the larger development to convert this to a year-round operation. There is the potential to achieve financing whereby the Monarchs team has agreed to reimburse the UG for the cost for converting that field out of that overall larger financing package once that comes about. However, as I've noted it's important that we convert that field immediately. We have collected bids for this project, multiple bidders have responded. We've come up with an overall bit of about a million seven for the field conversion, and of course our Finance team has rounded that number and our maintenance folk rounded that number up to two million dollars to address any contingencies that we might run into. So with that introduction, I'll introduce Mark McKee who has a presentation and the Clerk may assist Mark on that presentation.



Mark McKee said thank you Lavert and thank you Commissioners for your time. We've had an opportunity to meet everyone in the past and we want to thank the staff and the commissioners for really embracing hopefully, our vision for the much bigger picture here.

When Martin Brandmeier bought the team three years ago we got hit with a little thing called COVID and we've weathered our way through that. Part of our vision from the very beginning, as Lavert stated, was to create a year-round destination for sports entertainment for the community. We came out our first year, we won the championship, that was a great year. Then last year we had the best record in the league, it didn't quite get there but I thought it was appropriate to introduce Jay Hinricks, our Club President, to give a very brief state of baseball for the Kansas City Monarchs.

Jay Hinricks said. It's hard to follow up on what Mark said about our first year winning a championship, second year the best record in the American Association. What's most ahead on the horizon, is this season where we'll be celebrating 20 years of professional baseball in Kansas City, Kansas and Wyandotte County. We put together a great team in a very short period of time. The '21 team walked away with rings. The '22 team wanted the rings but in 2023 we have a fresh set of faces that's going to compete with a championship in the American Association. Mark will get into the things that come with turf, but taking a look at what it does to the baseball game we can reduce some overall costs because we are turning Legends field into a year-round operation.

Mr. McKee said so this will be pretty straightforward here, but the economic viability of a park like Legends field is the non-baseball events, as we call them, are important to that into

the revenue that we need to make this successful. So, we're going to talk a little bit about that, so go to the next slide here and let's start with the current field challenges.



CURRENT FIELD CHALLENGES

- FIELD DRAINAGE CANNOT KEEP UP DURING LARGE RAINSTORMS.
(7 Monarchs games were rained-out in our first season)
- REPAIR TO THE CURRENT FIELD AFTER NON-BASEBALL EVENTS IS COSTLY (OVER \$60K HAS BEEN SPENT ON FIELD REPAIR)
- WE ARE LIMITED FROM TAKING ON MANY EVENTS BECAUSE OF THE COST OF PROTECTING NATURAL GRASS.

So, current field challenges, field drainage issues that we have cannot keep up with the large rainstorms that come in. Two years ago we had seven games I believe that were rained out. We were a little bit more fortunate last year with the weather, but obviously, when that happens we lose the revenue for the entire game and it's very disruptive. Number two, the repair to the current field after non-baseball events is costly and depending on the event, depending on the weather conditions, we have to repair the field and it becomes very burdensome on an event. Thirdly, we are limited from taking on events because of the cost of protecting natural grass, and so as we are out there looking to attract events to Legends field in Kansas City, Kansas and we're competing against other venues in the metropolitan area, this is a factor in that. So these are our current field challenges.



OPPORTUNITIES

- THE NUMBER OF NON-BASEBALL EVENTS AT LEGENDS FIELD WILL SIGNIFICANTLY INCREASE. MORE EVENTS WILL GENERATE POSITIVE DIRECT AND INDIRECT ECONOMIC IMPACT.
- ARTIFICIAL TURF WILL HELP FULFILL THE VISION OF LEGENDS FIELD BECOMING A YEAR-ROUND SPORTS & ENTERTAINMENT VENUE IN WYANDOTTE COUNTY, WHICH WILL BENEFIT THE ENTIRE COMMUNITY.

Our opportunities, the number of non-baseball events would significantly increase. Most events will generate positive direct and indirect economic impact. I included a sheet here that lists out the number of events that are planned for in '23, and as you can see there are a lot of non-baseball events that have a pretty significant economic impact. Then, artificial turf will help us fulfill the vision of making Legends truly a year-round sports and entertainment venue in Wyandotte County, which will benefit the entire community.



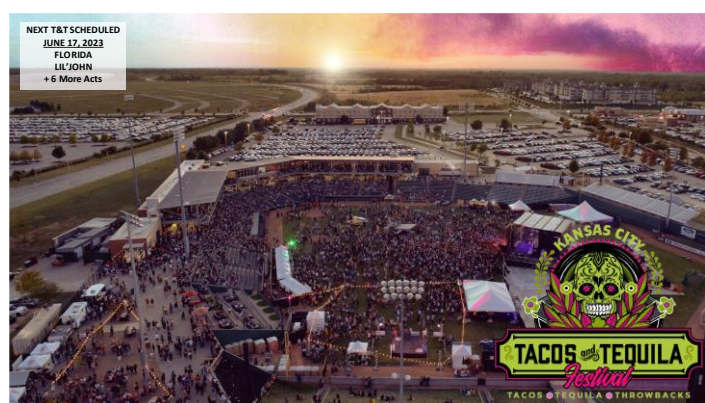
So, I thought it would be helpful to just very briefly go through some of the events that already produced and some of the ones that are on the horizon here and it's important to point out when we went into this journey three years ago, we stated what our vision was. We made promises and I'd like to say we've come around and delivered on those and we've delivered a wonderful baseball product and we've delivered wonderful events for Wyandotte County in the metropolitan area.

2023 LEGENDS FIELD EVENT LINE UP		
EVENT	EXP. ATTENDANCE	
KC Monarch's Home Games	200,000	
Buck O'Neil Baseball Classic	4,000	
Border Showdown Lacrosse Tourney	3,000	
High School & Junior College Events	10,000	
Tacos & Tequila Festival	15,000	
Savannah Bananas' Baseball Games	21,000	
Rock & Rumble Fight Nights	5,000	
Festival Latino - Music, Arts & Food	30,000	
Phase Fest Festival	8,000	
Harvest Days (Big Bounce attraction)	20,000	
ENCHANT CHRISTMAS SHOW	300,000+	
		600,000+ expected attendance for Legends Field events in 2023
		 MAXFUN™ SPORTS & ENTERTAINMENT

Our attendance, we will more than triple our attendance this coming year with the number of events, baseball attendance continues to grow as well.



Just a handful here, I mean if anybody's heard of the Savannah Bananas, we sold out our first two events last year two nights, and this year we will sell out three events generating a lot of media attention and significant numbers of people to the area.



Our Tacos and Tequila Festival, this will be the third annual and we're expecting to sale it out again and we expect over 16,000 people for that event.



We created our first Rock and Rumble Fight night. We're planning on doing two of those events this coming year.



There's just kind of a snapshot of some of the other events. We're very excited about our first Latino Festival, which will be Memorial weekend. It will be a wonderful community event, and then just some of the other concerts and festivals that we're working on including our Fall Festival, which will be called Harvest Days where we will bring in the world's largest bounce house. That just gives you kind of a snapshot of the events that we have lined up and we've got a gentleman here, an engineer, that can also answer any questions on natural grass versus turf. So, with that, I'm going to open it up to questions.

Commissioner Burroughs said any questions? Staff, if I could get someone to identify if there's any hands up.

Ms. Sparks said Commissioner Townsend just raised her hand.

Commissioner Townsend said I think I'm hearing and seeing the first question that I was going to ask, I thought as I do follow baseball a little bit, I always thought a natural grass field was better for the players, but it seems like this goes beyond just the game and goes to the other events that you could get into the stadium out there, and it also seems like the emphasis is on the cost to repair the field. Is that cost being borne by us, by the UG? Maybe Mr. Kelly can address that, I don't know.

Mr. McKee said yeah, that's one of the reasons that we're here is to discuss the strategy on funding that and to answer your question, it is a field protection issue, you're seeing more and more artificial turf fields in our case. The cost of converting or protecting the field and then the cost of converting it back and forth between events and the ability to do more events by having turf we can do more events, because of that field damage that occurs.

Commissioner Townsend said okay, I don't recall hearing what the cost itself of this requested conversion is. I see the UG's George Toma behind you Mr. Kelly so maybe he could also share what it costs us right now to make these repairs that become necessary after having events on the field, non-baseball events. I am disappointed because I do not recall being invited to a three-on-three. I do recall a hurried invitation to something several months ago. So, again this is so important and so big that there wasn't a lot of information before tonight. I didn't see it in the homework packet, so I'm disappointed that this looks like- it's a big deal but there was not the effort made to bring all of the commissioners into this in a timely fashion that we could get more details or else I wouldn't have to ask these questions now but this is as good a form as any. So, if Mr. Kelly UG, Mr. Toma who could help me out with the cost and the other I'd appreciate it.

John Kelly, Director of Buildings & Logistics, said yes Commissioner Townsend, so with the slide that Mark McKee showed here, I think they showed a number that represented \$60,000. I don't know what that \$60,000 from the UG standpoint we currently as we've had it as a baseball stadium prior to Brandmeyer and his team coming in, it's always been playing baseball. So, the UG hasn't really experienced spending money for repairs out of our operational budget so I hate to throw that back to Mark and Mr. Brandmeyer, but I think they might be able to tell us just what the events that they've done over those last year what kind of cost they incurred because our operational cost that we have set aside for the Monarchs right now didn't really impact any cost with repairs to that field.

Mr. Brandmeyer said maybe I can answer that question so you know we have an affiliate in Chicago, he replaces this field every year. The cost of replacing the field was around \$200,000. We currently, this last year the only event that we really did was the Rock and Rumble and the

Tacos and Tequila. We've been pretty lucky because on Tacos and Tequila we had 12,000 people there, it was a nice day, the field sustained a little damage, but not much. If it had been a rainy day, then you're looking at losing your whole field, so it's really risky to do these events for us and the UG. If we have turf then you're guaranteed to be able to do these events. If it does rain, like let's say in the morning even, you get torrential downpours in the spring, the field's going to dry and you're going to be able to put people on it. Without that, you're really risking your field.

The other thing I'll say is when I took on this project it was a real partnership between the Unified Government and Max fund, which is really myself, little did I know I was going to run into a pandemic when I did this. Mayor Alvey and Doug asked you to really take this on. I did, you know, the UG originally invested a million dollars in the stadium. For you people that have been out there, I think that you can see the benefit of that in the suites and everything we've upgraded. The place needed to be repainted, I mean it was in pretty bad shape. For a million two, we did a hell of a job, and that doesn't count the other million and a half I personally put into that stadium with lights, and with paint, and with electric and all the things that I did to that stadium to get it to where it is now. I'm trying to make this a viable and a really a catalyst for Wyandotte County and a field like this really puts that into place and so what we're asking is for you to have the same faith you had in me three years ago when you pledged a million two to renovate the stadium to know that with this additional investment and with some of the other things we're planning, that this is going to pay off for Wyandotte County in tourism, in hotel rooms, in a catalyst for that whole area over there and really ultimately for Wyandotte County.

Commissioner Townsend said Mr. Hinricks, this is Commissioner Townsend, thank you, two hundred thousand, I wrote that down, that's the cost that is incurred what, each year to refurbish the field between seasons. **Mr. Brandmeyer** said no, that's what it might cost to replace the field. We've been able to get by I think where John, originally we've spent about \$50,000 on replacing the infield. **Mr. Kelly** said yeah, commissioner, infield, fertilizer and certain things for them to get the field up to speed over the last couple years wasn't that big of an investment. What Mr. Brandmeyer was stating for that figure of \$200,00 would be redoing the field completely if the field were to be damaged by an event that would, if there was rain prior just the traffic of the people depending on what kind of performance was done and I'll just reference

Liberty Memorial. Every year they were doing an event over there with a concert venue, and every year they had to have that thing resod, and it got to the point where it was just like do we want to have an event or do we just want to keep replacing sod? So, I think that is kind of the thing is the UG has been playing baseball there Mr. Brandmeyer, Max funds want to expand on that. That's why we would look at entertaining this turf solution to ensure that we won't keep coming back with impacting the operational costs to making grass repairs to the event space.

Mr. Brandmeyer said I'll just restate, so far we've been really lucky and we've haven't had to, we've spent \$50-\$60,000 a year to keep the field up to where it is, but with these additional events that we want to get done, that's really going to be the trigger where you want to do a country concert out there, we want to do an alternative music concert out there, those things as you do more and more events, then eventually you're going to run into that kind of Liberty Memorial problem. **Commissioner Townsend** said okay, so \$200,000 that is the ask for this conversion, is that correct? **Mr. Brandmeyer** said no commissioner, the ask at this current time, with just some preliminary numbers that we're working through this week, the ask is that we're looking for \$2 million in total, current number, that as LaVert stated that we're probably around the \$1.7, but building in a contingency as this project rolls out just if we were to run into some issues. So, I think we're here starting today to move forward that the ask would be around \$2 million dollars. **Commissioner Townsend** said what is the average life of a turf field?

Mr. McKee said it's 10 years. **Commissioner Townsend** said okay, and under those circumstances, obviously, the ball playing, does that 10-year estimated life also take into account any of the types or usage of any of the types of the other activities that you're talking about?

Mr. Murray said if I could commissioner, this is Lavert Murray, and of course this staff looked into this and I know Mr. McKee indicated the life expectancy of the turf field is 10 years from our staff review. We came up with a number from 10-20 years, our assumption was the 20 years would allow for baseball use only and maybe 10 if you have all of these other uses and I can't remember what member of our team reviewed that, but we discussed that as a part of the staff team. You have your engineers here as well as the mammoth folk who had built a number of fields for various universities. They are the experts, and so maybe they have the answer in terms of life expectancy.

Jared Head, Mammoth Sports Construction, regarding the question on life expectancy, the warranty on it is 8-10 years, but we're seeing a lot longer life span out of that with the maintenance programs that we provide for the customers.

Commissioner Burroughs said, Commissioner Townsend, does that answer your question?

Commissioner Townsend said yeah, follow-up, so 8-10 would be the average life when its baseball use only or does that average life also factor in the other uses that Mr. Hinricks mentioned? **Mr. Head** said that's the warranty life on it. We're seeing fields go 12-14 at a high level when your maintenance packages and your upkeep on it is. Now when your running events and stuff like that on it, the warranty is still in effect. **Commissioner Townsend** said so does that mean if it gives out before that warranty, then that does not become something that the owner so to speak has to take on financially? **Mr. Head** said no, during the manufacture warranty. **Commissioner Townsend** said okay, from my understanding of what your saying is average life warranty is 8-10 regardless of the use. Would that be correct? Whether it's baseball, whether it's Tacos and Tequila, whether some other type of concert or Festival? **Mr. Head** said yes.

Commissioner Townsend said thank you.

Commissioner Burroughs said questions from the Commission?

Commissioner Townsend said one last question Mr. Chair. So, if this conversion is made, the cost of upkeep lies with who? Is it with us or with the Monarchs group? **Mr. McKee** said that would be part of our ongoing operational costs to maintain it. The cost of maintaining it is nominal, it's less than it would be to manage or maintain a regular natural grass field. **Commissioner Townsend** said do you have any idea Mr. Brandmeyer, what that number is with that, just out of curiosity? **Mr. Head** said the maintenance on a field, I mean you're looking at everything. I don't know what your previous costs was with fertilization, manhours, water, you get a drought, your spending a lot of water on that. So, I don't know what the average cost you guys had in the past, but we're seeing a lot of costs with the drought especially out west that the conversion is mandatory just through operational costs. Between that, (someone was inaudible.) **Mr. Head** said turf field, you're looking at the equipment that's provided that you'll be trained

with the drag, with the rake that you're just maintenance-wise. So, it's a lot, it's manhours, but you're looking at costs of just infill and upkeep and it's under \$5,000 dollars a year. **Commissioner Townsend** said thank you, gentleman, good to see you. Thank you, Mr. Chair.

Commissioner Davis said I echo again the comments of Commissioner Townsend. It would have been helpful; I was looking at the agenda and kind of trying to ascertain what this was and what the details were, and we just didn't have any, so it makes it kind of hard to be like hey, are you ready to vote on a \$2 million dollar investment? There was an agreement, I don't know if it was you Mr. Murray or somebody else referenced it in regards to this particular partnership between the Unified Government and the Monarchs. I'm assuming that it is the contract that we all have with you, is that correct? Okay, and within that agreement, is there some sort of a reimbursement or (inaudible) I guess if you can clear up with your comments, you had said that this would be an investment and it would kind of be reimbursed. What did you mean by that?

Mr. Murray said sure, as I indicated and we're not having a lot of discussion about that due to NDAs and the fact that the Monarchs team is currently negotiating with a number of entities that will be a part of their expanded year-round operation, but that's going to require some major funding on their part and of course we're looking at financial incentives to make that happen. So, as a part of that, if that project comes about, then as a part of that major financing to make this a year-round operation, the Monarchs team has agreed to reimburse the UG for the cost of the field upgrade, so that's what I was referring to. That future and we're talking in the not-too-distant future the future improvement to the project and surrounding area that would generate significant dollars to allow a reimbursement for this cost.

Commissioner Davis said that the current agreement was not written, it's not signed, so right now we are essentially talking about a grant. **Mr. Murray** said yes if, and that's a big if because if in fact, the big project for the lack of a better term doesn't come about then in fact we've discussed this amongst the staff team, we need to be prepared to eat this cost if that doesn't come about; however, we're taking safeguards. For example, the Monarchs team is financing a feasibility analysis so that when this project comes to the Commission, it's not just your staff's word or their word that these things are going to happen. We're going to have an

independent feasibility analysis as well as I mean they're prepared to pay the bond costs for the costs associated with the big project as well, and so we're currently and those items have been negotiated out and our Legal Department has a handle on that. That's why we're not prepared to talk about the big project if you will, and that's why some of the three-ones did not move forward because there were some problems until they are ready to introduce this project to the public and that's why it slowed down.

So, I know Commissioner Townsend mentioned that the three - ones didn't proceed, but that's one of the reasons. Just trying to keep this project alive until it is ready to move in that regard. I know that, for example, and we've been talking about this for some time, appreciate the fact that Greg Kindle is here with Wyandotte Economic Development Council, he's been involved in some of those earlier discussions with the Monarchs team with Katherine Cartter as well, so there's been no intent to withhold information. We're trying to be careful so as to not interrupt your negotiations with some major heavyweights that could potentially land here within the Monarchs purview.

Commissioner Davis said okay, I would like to hear from staff, I guess from Legal if you can send me all of the contracts and agreements we have with the Monarchs. That would be helpful because it's just hard for me to ascertain everything without having that baseline. Okay, so the ask is for \$2 million. If that larger project does come to fruition, there's a possibility, you'll get that money back, \$60,000, kind of the rough annual cost for repair of the current natural field is that accurate?

Mr. Brandmeyer said you know that doesn't include our, we have a full-time staff that has to maintain the field, mow the grass, put the fertilizer down, do all the aeration so we didn't include that number in there. You know another thing to consider is really what we're talking about is doing a lot of outside events and I think Patrick will - part of our contract is the Unified Government gets 5% of the profit of any of those events. So, as we do more events it brings more revenue into the Unified Government if you remember. **Mr. McKee** said that's correct. We have a revenue-sharing agreement, as you said, 5% of non-baseball events go to Unified Government okay and just a reminder that if we stay with turf then some of the events that we would like to do, will be cost prohibitive or the risk to do that would be to make them cost prohibited as well.

Commissioner Davis said okay, what's the deadline? I know we're entering you're getting close to spring, I'm not a giant baseball fan and you like opportunity. I've been to the last two, but what is the deadline in which you always need to answer? **Mr. McKee** said we really need an answer within the next 10 days in order to do it and that allows us to have a turf ready to go by April 1st. If we miss that, then we basically lose a year and it jeopardizes some of the bigger project as well.

Mr. Murray said if I could, Commissioner, because I should have pointed out initially that obviously, if in fact, you, the standing committee recommends this for funding, the request is that it be fast-tracked to the meeting on the 16th, so that they can meet their opening date. **Commissioner Davis** said gotcha. Is there a resolution or current legal language regarding this transaction that we could examine tonight regarding this?

Patrick Waters, Acting Chief Legal Counsel, said Commissioner I can answer that. So, going into this we didn't really have all the information to prepare a formal resolution. What we needed was number one; direction from the committee as to whether to advance. This the maximum amount of funds that you're willing to appropriate and then where would you want those funds to come from? So, if the committee were to advance this, we would take that information and draft that formal resolution, but until we have that information, we kind of need that to prepare.

Commissioner Davis said I see, so maybe this is a question for you Mr. Lindsey, our Budget Director. Within you all's discussion, has there been a funding source identified that you all would recommend we take these two million dollars out of? **Reginald Lindsey, Budget Director**, said so we are looking at the Enterprise Fund for the stadium and also the Tourism Fund and Debbie Jonscher, she might want to add where we're looking at some different funding mechanisms also.

Debbie Jonscher, Interim Chief Financial Officer, said we've been looking at different options also to issue debt. I think when we were asked just to provide this, it would have the options would either be we take it as cash, the cash payment and take it from one or several

different funds or the other option is to go out for a bond or a temp note. If we did a temp note, what we would do is probably do something that would be rolled into our next issue, and it would obviously be over the life of the assets. It would probably be a 10-year bond. **Commissioner Davis** said would it be comfortable to say though you all have not landed on a recommendation to us on the funding source for this? **Ms. Jonscher** said right. We kind of just looked at some initial, you know where we could go, it's a debt is a bond option, what's that feasible, which, I think we determined that it is. What options we could do but if this moves forward, then we would obviously come back with that recommendation a lot because we opted to go with debt, we would need an authorizing resolution so that would probably be forwarded on to the next meeting. **Commissioner Davis** said gotcha.

Commissioner Burroughs said any other questions from the Commission?

Commissioner Stites said I want to be clear, you said that if this doesn't happen, or it does happen, is contingent, I mean the larger picture could be contingent on this happening or not happening?**Mr. McKee** said if this doesn't happen, that does not mean the larger picture would not happen, but what it does mean is that we would not do many events that we are planning on trying to do this coming season and it could slow down and jeopardize some of those, but I can conclusively say that the whole project would be off, no.

Commissioner Stites said I agree I was in the meeting out at the Monarchs, spoke with all of ya'll and it is unfortunate that we don't have the big picture laid out for everyone to see. Obviously, I don't know what has changed since then, I haven't spoke to anybody since that day and that's my district and this was a surprise to me. I didn't know anything about it. I got called today and said somebody asked me what's your thoughts? I said on what? They said on the Monarchs? I said I don't know what you're talking about. I'm disappointed because I didn't have any upfront information about that this was going to come to us tonight. Again, no agenda, no nothing, and now we're down to a we got to make a decision now and then matter of fact what your decision is. Now if you move it to move forward, we need to fast-track it to the next Commission meeting. I don't like operating that way. I like having time to think about it, but I am in support. What I can say is that the day I was out there at your guy's meeting, I like what

you guys were presenting. I think it's good for Wyandotte County. I just wish that we were all privy to that information tonight to make it easier to swallow.

Mr. McKee said I know we are prepared to fund our development agreement over the next week and I believe at that point then we start to put the process together with the three – ones and with the financing package and so on and that would put us back in front of the Commission sometime in the next 60 days or so for a formal proposal, but this came up and so we're just trying to do the best we can to make it happen for the Monarchs.

Commissioner Stites said okay, thank you. What is the value, The word, I don't know who has of the stadium today, the way it sits. If we were to sell the stadium, what's the value of the stadium? If somebody tells me it's \$2 million right, you know where I'm going. **Mr. Waters** said honestly, I'm not sure we'd have to get with the appraiser on that. I can get back with you with more information, but it's obviously a unique asset and from what I understand, because most ballparks, Minor League baseball parks are publicly owned, they're not sold very often and so there's not a lot of comps on the market to determine that but we could get a rough estimate. **Commissioner Stites** said okay and we could have that before potentially our next meeting right? Thank You.

Ms. Sparks said Commissioner Townsend has her hand raised.

Commissioner Townsend said how long does it take to convert a field, or this field in particular with it's particular specs, how long would that take to convert from the grass to turf? **Dylan Medlock, Licensed Professional Engineer**, said I've got a lot of experience designing fields and constructing them and performing hydraulic and hydrologic analysis and pretty much anything you can think of for these fields. So, for constructing them, I would just say on the order of 6-8 weeks on the average, sometimes a little faster. **Commissioner Townsend** said okay, thank you.

Mr. Murray said, I would like to because we've had some discussion and I thought within the response was the ordering of the material for that. So, that 6-8 weeks would occur after the material arrives? **Mr. Medlock** said that's correct. **Mr. Murray** said okay, and how

long would it take to get the materials? **Mr. Medlock** said the procurement of the synthetic turf varies, but we generally have to order it because the costs of resins and pricing just fluctuates so wildly, that's part of the reason to order things quickly.

Commissioner Burroughs said I don't think we heard the answer. I didn't hear it over here. How long would it take to get the material? **Mr. Medlock** said I'm not sure of the shipping off the top of my head right now.

Commissioner Burroughs said okay, alright, if we were to move forward with this hypothetically with the resolution to approve the funding, if we can't get the material, we're taking action in an expedited manner, which the material may not even be available. **Mr. Medlock** said I guess the answer that we can get the material soon. I don't know if four days, or seven days, or ten days. I'm the engineer and the designer, so I don't totally know the procurement. I just know it's available, it can come quickly. **Commissioner Burroughs** said I just didn't – I want to make sure it wasn't going to be two months, and then we're pushed up against the April 1st deadline. **Mr. Head** said no the purchase order we'd need to get on pretty quickly. During that time with the base, the drainage, the stabilization that can all be worked on right as soon as we move forward. **Commissioner Burroughs** said okay, thank you. So, any other questions or comments?

Commissioner Townsend said yeah, so I had follow-up questions. The actual time that it takes you to convert, say that you have the materials on hand, how long does that take? **Mr. Head** said 6-8 weeks. **Commissioner Townsend** said okay, we're not sure how long it would take to get the materials. What would be the drop-dead date then for the Monarchs to be able to play on turf for this season? What's the drop-dead date? Maybe we need to move it back from that perspective? **Mr. Head** said we are approaching it. The six-day weeks also has to do with weather. You know we can't control the weather here in Kansas during that time so you know that's a give or take. Like I said before, during that time once we get the PO for the turf, during that time we can work on the stabilization, the drainage in the base.

Commissioner Townsend said okay, but what is the drop-dead date by which the entire project of the conversion would have to be complete for the Monarchs to roll out on turf instead of grass

for this season? **Mr. Head** said I would say the 16th. **Commissioner Townsend** said of what? **Mr. Head** said February. **Commissioner Townsend** said the 16th of February?

Mr. Kelly said I think you're asking the question if the project were to move forward, you're wanting to know what would be the completion date for the project to happen for them to play baseball, is that correct? **Commissioner Townsend** said correct. **Mr. Kelly** said so you guys would have to tell us when your first game is. **Mr. Brandmeyer** said yeah, April 1st is when we have our first event out there. It's KU and K-State Lacrosse match. **Mr. Kelly** said I think with Mark Brandmyer's response is that the completion of the project would have to be prior to April 1st for them to have their first event. **Commissioner Townsend** said oh, first even, not even first baseball game, first event. **Mr. Head** said yep, correct.

Commissioner Townsend said here's the concern that I have, \$2 million, we haven't identified a funding source. Our constituents are very concerned to put it mildly about costs going out that way. I want to see the Monarchs and the Legends, the plans to do other things beside baseball flourish, but until it sounds like some other irons in the fire are determined for other projects, we won't know if a repay of the \$2 million is possible, is that correct? We don't know that at this point. **Mr. Brandmeyer** said that's correct. **Commissioner Townsend** said okay, so worst case scenario, which I would look at, this will be a cost borne by the Unified Government. **Mr. Brandmeyer** said I mean the one thing I would say, Patrick maybe we can look into this, is with these additional events and the 5% that is going to go back to the UG, that is going to wind up being a substantial number, especially over a 10-year period. **Mr. McKee** We probably could get that figure to the committee, as well as sales tax, and other direct and indirect financial benefit of bringing all these other events in.

Commissioner Townsend said well I guess my concern is right now. We won't know with some other things you have pending, what this other project is going to be, or go forward with that, so that you could say with certainty right now that the \$2 million would be repaid. It appeared in the early part of your presentation that the schedule for this summer is already set up with some events. There may be others to come that you cannot divulge at the present time, but it seems pretty much that the schedule is set. **Mr. McKee** said no your correct, some of the events are scheduled.

Commissioner Townsend said okay, so, it seems like that is going to happen anyway whether it's turf or grass. I understand the desire to convert. I guess my problem is without some of these other issues being resolved first, I for one, would be hesitant to commit until we know exactly. I guess if anything, my recommendation would be fast-track it without a recommendation from this committee so the body at-large could discuss because I am concerned about where out of our budget or funding stream somehow this would be paid for. Looking at the worst case scenario, I hope for the best, but right now that's all we know for certain. That would be our encumbrance or the UG. I wish the best. You gentleman have brought forward what you said you were going to do three or four years ago about making this more of a year-round destination, but this is no small chunk of change to come up with and we are in a structural deficit, so, I'm bearing that in mind too. So, that would be my thoughts on the matter. We can move it forward without recommendation so the bigger contingent of the Commission, the entire Commission can look it, but yeah there are so many things for me I am uncomfortable with more than that right now until some other questions are finalized.

Mr. Lindsey said I want to advise you on where we're funding it from, our Stadium Enterprise Fund and then also our Tourism Fund, and they are two funds that they do have healthy fund balances at this current time and one of the funds that we do talk about where we're structurally imbalances a lot of like the City General Fund, so these are definitely two different funds I just wanted to let you know that. **Commissioner Townsend** said I appreciate that information Mr. Lindsey and that's part of not being able to see some of these details before, I would still stick with my thought about moving it forward without a recommendation so everybody can see everything at one time. I don't know what those fund balances are, I don't have that information in front of me, so again, that's why my reserve comments about it. Thank You.

Mr. Murray said if I could again, your staff team has looked particularly, the financing as Reggie just indicated, the current contract that you have with the Monarchs requires an amount for annual maintenance, and of course, the Monarchs team has agreed to allow \$100,000 of that annual maintenance fund to be used to support a bond for the field improvement. Now I know Debbie, Alyse, and Reggie was looking at how much of a bond that \$100,000 annual payment would take care of, but that would mitigate some of the concerns for the \$2 million amount, but I don't know if you have that number Debbie or Reggie. **Ms. Jonscher** said I think

we were looking at the annual debt service could be around \$240,000 I believe. If we were to take a 100 of it from the stadium, then we would still have another 140 that we would need to pay for. That we would need to come up with to make the debt service payments.

Commissioner Stites said what's the amount that we give now, maintenance, you're saying is we took a \$100,000, what is the number that we're doing now? **Mr. Kelly** said \$250,000. We have enough to cover a little bit. If I had no operational maintenance throughout the year. Someone was inaudible.

Senator Haley said well thank you, I appreciate that, I've been listening intently and appreciate the line of questioning, especially Commissioner Davis, Commissioner Stites, and Commissioner Townsend. The suddenness of this and long story short, I'll be brief, it seems like it's just come up this-First, let me say that the ancillary benefit that is conferred as often what's taken into consideration. The actual return on investment may not be a direct correlation to the expense for a particular facility. That's often true for so many venues and to have a destination that is expansive beyond baseball, beyond the Monarchs that does present a venue for other entertainment is attractive to me personally.

However, as was mentioned by Townsend, Stites, and Davis this is coming out very quickly. Now this is my only bite at the apple because I'm not on the full commission, and the smaller concerns that I have are as the BPU member here is certainly astroturf is going to cost less to water than the full turf. So I don't know where that comes. We talk about maintenance, we're not going to expend as much to maintain astroturf in the water bill. So, I'm saying all this to say on that small point, who maintains these maintenance costs as they pertain to the utility.

In another world, in another decade, there was a concern for how much of those costs from maintenance were concerned for water and for current. To what extent is the field incurring all its costs and wouldn't it be a significant reduction with astroturf or whatever they call it now in terms of maintenance cost and they would touch the ball and you know \$200,000 was mentioned for if was a complete re-do as was mentioned in Chicago, but wouldn't there be a significant reduction in the expense of keeping the grounds watered. **Mr. McKee** said the operational costs are borne, the monthly operational costs are borne by the Monarchs. The

\$250,000 is really targeted at primarily deferred maintenance type projects and emergency issues and so on.

Mr. Kelly said good and that's also the \$250,000 was, you know, getting the Monarchs there. Knowing that we went with the first initial million dollar improvement that we beefed up that amount knowing that the operational cost for the next couple of years, so that's why we're giving this option to take \$100,000 away from that \$250,000 to keep me with an operating of \$150,000 for the team and our infrastructure out there and then use that additional \$100,000 to put towards a different option of funding this. So, it was important in the first few years, I felt that that number got increased from \$100,000 to \$250,000 and it has benefited the team and us for that asset, but I think that's why we determined we could look at that as an option to take that \$100,000 off that \$250,000.

Mr. Haley said okay, alright, I'll listen very intently as to whether or not this is going on to the next. I certainly would want to see many other opportunities there. I appreciate Tacos and Tequila actually and other venues, certainly the baseball venues that are there. I think that there is an ancillary benefit for there being a destination, that's in Wyandotte County, as utilized by Monarch field beyond the most beneficial one of the baseball team that's there which is a tremendous success in itself. Thank You.

Mr. McKee said I will give you one example because it was brought up of what events are scheduled and not scheduled, so in the fall we were looking at doing it, or we are still looking at doing it, or we still looking at, but we haven't confirmed everything a Fall Festival that would span over two weekends and also include corporate events during the week, with this moonwalk which is incredibly popular and everywhere that it's been and for us to put that down on our field for that period of time on natural grass, it would kill the grass and so now that makes that particular event, which we looked at drawing in tens of thousands of people, not economically viable so we would not do that event. So that's an example of the difference between having natural grass and artificial turf.

Commissioner Burroughs said well if I may, if not any other questions from the Commission? If not, I want to move this along. It's been requested that a copy of the contract be sent to Commissioner Davis. I would ask that the contract be sent to all committee members for review and I would also strongly suggest that we find the evaluation of the stadium. I would, I'd like it

to probably come from a certified source. I'm just stating that should go to staff and so that can be shared publicly and I will state that it would be hard-pressed to debt financed, to get support for debt finance. We do have opportunity avenues available of funding that has been recommended but that will be up to the entire Commission. I'm willing to take whatever action the committee wants to do in reference to this item either forward it to the full commission with no recommendation as it's been suggested by Commissioner Townsend or take no action whatever the committee wants to do, but be mindful we are on a tight timeline as has been discussed here this evening.

I too believe that it brings ancillary opportunity to the community in reference to the field when we have cost avoidance through the manhours utilized to keep the present field in condition it needs to be in. The fuel and equipment, the fertilizer, the water and the yearly limited use that is constraining this event space because of the natural grass and if we were to go to artificial turf, it would allow multiple uses and the \$200,000 10-year warranty adds up to \$2 million over ten years. I mean it's a game of revenue neutrality here. It's just a matter of finding the ability to pay back, 5% of nothing is nothing, and 5% of something is at least something coming to the Unified Government from additional events. So, I'll leave it up to the committee. I would just soon advance this with a recommendation, but it's up to the committee. I'll stand for- I'd open it up for a recommendation, once I ask if there's anybody else online that would like to make a comment.

Ms. Sparks said Commissioner Townsend has her hand raised.

Commissioner Townsend said well, since I've got it up, one last question. It was stated earlier we get was it 5% of the profits on non-baseball games, is that correct, or does that include baseball as well? **Mr. Waters** said that's for non-baseball but, we do get fifty cents of every ticket on the baseball game so that goes to our Parks and Rec fund for park improvements. **Commissioner Townsend** said do we know at this point how much we have, the Unified Government has received as a result of the 5% fund on non-baseball related events? **Mr. Waters** said we're still kind of balancing the books on that. I think we'll have that by the 16th if it

advances. I know our Finance Department is actively working with the Monarchs to kind of finalize the books on that.

Mr. Brandmeyer said I'll say as part of the deal we made with the Unified Government to go through this, we capped our ticket fee at \$20,000 for the first two years. One, because of COVID, two because of all the money we had to invest in the stadium to get it up to speed so, the past administration made that concession and now we're in the full-year, it goes up from here.

Commissioner Burroughs said Commissioner Stites, you have a question.

Commissioner Stites said so do we know of the you said fifty cents per ticket now and what is that amount that's coming back now or do we know or what was it last year I guess I should ask.

Mr. Brandmeyer said well it's the cap for the first two years, so it was \$20,000 each year. So, there's been payment of \$40,000 specifically related to baseball tickets. **Commissioner Stites** said the anticipation is that that's going to go up? **Mr. Brandmeyer** said yes it would have if we had not had the cap for this last year it would have been higher than that. **Commissioner Stites** said do we know about what that would be?

Mr. Brandmeyer said I think it would have been about \$27,000 dollars.

Commissioner Stites said okay, according to the Unified Government real property value/tax search the estimated value and I find that to be pretty incredible, \$4.213 million is the value. So, with that being said, I mean to for me-I mean I don't know if this deal was done long before I was a commissioner right? But, we're talking about putting in half of what the appraised value is of a piece of property, \$2 million to a piece of property that's worth \$4.2 or \$4 million right? That's a pretty sizeable investment. **Mr. Brandmeyer** said yeah, but you guys also invested \$70,000 into a soccer stadium and what has that paid back? I mean that's- **Commissioner Stites** said I'm trying to sell you the stadium. **Mr. Brandmeyer** said I think the investment into a stadium goes way beyond the property value. It goes to what it brings to a community. **Commissioner Stites** said yeah and it's hard to quantify those numbers. When you're talking about transient guest tax and your talking about real estate and property or not property, but all the sales tax that come along with that. I get that and that's hard to put a number on that. **Mr. McKee** said right based on our performa and a lot of that's based on historical what

we think it's we're looking at seven-eight million dollars in potential non-baseball revenue going into this new year if we had a winter festival that could be twice that, and some of that's contingent on turf. **Commissioner Stites** said to the Monarchs sales, so in the Monarchs? **Mr. McKee** said that's correct. **Commissioner Stites** said not outside? **Mr. McKee** said well you're right that would go beyond that when you start adding in hotel room nights or either indirect, absolutely benefits the whole community and the whole region there.

Ms. Sparks said Commissioner Townsend has her hand raised.

Commissioner Townsend said, Mr. Chair, are you going to call for either outside, I was going to make a motion because I can hold that off. **Commissioner Burroughs** said thank you, by the agenda we have to continue to move forward with public comments, so if you'll be kind enough to hold your motion. **Commissioner Townsend** said absolutely.

Commissioner Burroughs said at this time if there's not any other questions by the Commission, I'm going to request that of Clerk are there any questions or comments?

Ms. Sparks said no comments were received, no hands are raised.

Commissioner Burroughs said I'll now recognize members of the public who wish to address the committee and I'll ask the Clerk if there are any hands raised by the public who wish to speak? **Ms. Sparks** said no hands are raised.

Commissioner Burroughs said is there anybody in the audience that would like to speak to this and if you do, you have three minutes and I would ask that you give your name and address for the record.

Greg Kindle, President of the Wyandotte Economic Development Council, said Commissioner Burroughs, if it's possible I always have to race through my comments. If I go over my three minutes, can I request that I get a little extension? **Commissioner Burroughs** said

I would say that would be up to the committee to approve it but I have no problem with it as long as the subject matter specific.

Mr. Kindle said it is. I always feel like I have to race through my comments after listening to it for an hour. I just thought I would ask if I could have a couple minutes to say my piece tonight. As Lavert Murray mentioned, I have been involved in the project from the get-go. Some of it, I realize is on disclosure, but I don't think you need to issue debt to do this project. To be real honest, the structure of the deal of the Monarchs is not efficient for anybody. The fact that we're here making a business decision in this kind of setting is proof that this model does not work so at the end of the day, regardless of what happens with the turf, you will need to figure out a way to get out of owning this stadium or figure out a way to create a funding model that pays for the improvements to that stadium long-term that provides them some amount of certainty as well as a taxpayer.

The stadium, as you noted, Commissioner Stites, is appraised about \$4.2 million. Because it's not on the tax rolls, you're foregoing about \$185,000 a year and based on my estimations, just on the attendance to the stadium as it was in the last year and what you project this year of events that you anticipate will absolutely come forward, if you layer it on a CID, a Community Improvement District, of a maximum 2% then you generate at least about a half a million dollars a year in sales taxes. I'm not all concerned about the fact that this is a regressive tax because you can choose to go to a stadium, it's not like a grocery store, so I have no issue with that. Frankly, a 5% non-revenue, a non-baseball revenue producing model also is not workable. At the end of the day there's not going to be any trust because you're thinking that they're moving money around, they're thinking you're trying to get into their pockets, at the end of the day, I think you should just get rid of it.

Now you can keep the fifty cents on the ticket for Parks and Rec, but at the end of the day you can take that 2% CID and do it two different ways in my opinion. One you can say to the Monarchs go out and use your own money and we'll reimburse you up to two million dollars for allowable expenses. Or potentially, I think the UG could take it out as debt and use it as a way to reimburse themselves. I don't really care. You can use it for the Enterprise Fund and you could use it from the Transit Gas Tax Fund, but the way in which this model is currently working does not work. So, that's my piece tonight. Thank You.

Commissioner Burroughs said that was all within a three-minute timeframe Mr. Kendall. Any other comments or questions? Okay, seeing none, Commissioner Townsend.

Commissioner Townsend said thank you Mr. Chair, my recommendation would be or my motion would be to move this forward so that it keeps this conversation alive. Move it forward by fast-track to the next meeting of the full Board of Commissioners which I believe is February the 16th. In the interim, I'm hoping that some of the questions that have been posed tonight with answers, I'll take it upon myself to get a three-on-three meeting or to make sure that I see the documents because I just have more questions to ask. I'm supportive of the Monarchs and their organization and their efforts to turn this into a year-round venue. However, I still need more time to contemplate the actual business ask that has come to us tonight and for me it's been the first time. So, this would keep the conversation alive and bringing the full commission to debate this and I hope in the interim fellow commissioners who are not on this standing committee will be provided with all this information, that's my motion. Thank you Mr. Chair.

Commissioner Burroughs said so, Commissioner, would you re-state your motion and I think we lost the motion in your conversation. Could you re-state your motion please?

Action: Commissioner Townsend made a motion to move this item without recommendation out of committee, to fast-track to the full board meeting, which will be February the 16th, and at that time be put up for presentation and a vote one way or the other.

Commissioner Burroughs said is there a second? I'm going to ask again, is there a second? Seeing no second, Commissioner, your motion dies without a second. Commissioner Davis you had your hand up?

Commissioner Davis said yeah, this item could still be put on the agenda by the Mayor's Office without us passing anything, correct Mr. Waters? **Mr. Waters** said with the approval of the Chair, I believe. **Commissioner Davis** said well, could it just be in timing because right now we

don't even have a resolution to even say could the Mayor's Office just work up a proposal and then just put it on the agenda on the 16th? **Mr. Waters** said the Mayor can add items, correct.

Commissioner Davis said okay, so we really don't have to take action on this item because again, I don't even know exactly what we're taking action on. You all can work with our staff. I would recommend that you all work with Alley Porter, our Commission Liaison and Economic Development Manager. I think she probably could have cleaned some of this up for you all as far as connecting with those commissioners, but you don't necessarily need our blessing or our vote to get to the 16th. You all have Mr. Murray. Mr. Murray can work with the Mayor's Office, you can get on the agenda. I think we have given you some of the specific things we're looking for, so that you all can get your vote, but that would be what I'm comfortable with as opposed to giving a vote. I really don't know what I am voting on.

Mr. Murray said if I could say this commissioner, since I'm in the Mayor's Office, I will tell you and he knows that this matter is on your agenda tonight. He would definitely prefer you advance this with a recommendation and you know the controversy that's been surrounding the agenda, and so he would like for you to make a recommendation as it advances.

Commissioner Burroughs said I will remind the committee that this action, well whatever action we take, is about a resolution. It's not about the contract. It's a resolution authorizing the subject of the turf to advance should the resolution move forward. This isn't about finding the funding source or anything like that. That can actually be discussed in between then and now and the contract to be put together.

Mr. Waters said well, Mr. Chairman, I think without specific direction in terms of the funding source and I don't think the committee is there from what I'm hearing. Staff would probably come to the 16th with different options if there is a recommendation. They could give their best recommendation, but we would probably come back with different options again for the whole Commission to look at. I would probably have to draft a resolution that was just kind of incomplete and we can always fill that in if the full Commission were to approve it. So, it would

be a partial resolution. It wouldn't have the funding sources in there because we don't have direction from the Commission yet, but we could do that.

Commissioner Burroughs said okay, thank you with that comment, I will do this.

Action: Commissioner Burroughs made a motion that we pass it forward with the \$2 million from the Enterprise and the Tourism Fund, and that we advance the resolution to the full committee for discussion on February 16th.

That's my motion and my purpose for making that motion to advance it forward with that recommendation is staff can come back, we can have the full discussion in front of the Unified Board and the rest of the commissioners and we can make a determination then if we want to stop the funding or stop the project. **Commissioner Stites** said seconded the motion.

Commissioner Burroughs said we have a motion and a second. Questions, comments?

Commissioner Townsend said yes Mr. Chair, with the motion, are proposing that actual funding be approved? I'm trying to understand. I am all for keeping the discussion alive, we don't have a resolution. As, Commissioner Davis, I'm all for that. I am leery about committing any amount of money, I know that's the ask, but I would like just the time to have more clarity for one and then there are others who would vote who aren't even on this committee. That the concern I have with approving action of a certain type. I'm all for continuing the discussion on the 16th.

Commissioner Burroughs said Commissioner Townsend, let me clarify, I did designate a funding source that the \$2 million from the Enterprise Fund and the Tourism Fund and that's up to staff however much money they want to pull out of those to bring that forward. That is going to be a point of discussion for the funding mechanism. When we advance the risk by advancing the resolution with that in there, we can determine then if that's the funding source we want to use and if we don't want to use the funding source then the resolution is going to be a moot point. So, I'm advancing this because of the tight timeline and it gives us an opportunity to go back and review the contract that's been requested by the committee here this evening and will

allow us to have the three-on-threes that everyone's discussed. I'm really trying to incorporate all of what I've heard here this evening to accommodate the discussion through my motion.

Commissioner Townsend said well thank you for your interpretation and clarity. I would say this, I don't ever want to see something like this come forward this major on such a timeline without any information before we get here, that just is not acceptable. However, I will go ahead and second your motion because I believe it should go forward. I understand Commissioner Davis's position but I'm just serving notice I won't do this anymore. This could have been done another way with plenty of time to discuss it, but for the sake of having it discussed before the full body, I'll second your motion.

Commissioner Burroughs said okay, Commissioner Townsend we already have a second. It was seconded by Commissioner Stites. I would just state that I believe that the majority of the Commission feels the way that you do in reference to the presentation this afternoon. Be advised that the Chair has very little knowledge of this coming forward also outside of when the stuff was brought for us this evening. So, we understood I believe that it has been stated a number of times by a number of commissioners about the short timeline, but in fairness to those bringing this issue for us the time has been given to the public and the motion stands as advancing as I stated so that we can move on and have that discussion with full commission. Any other questions or comments? At this time, if there's no other questions or comments, I'm going to ask Clerk to please call roll.

Roll Call was taken and there were three "Ayes," Townsend, Stites, Burroughs and two "no," Haley, Davis.

Ms. Sparks said the vote is three to two, the motion fails. Commissioner Burroughs said the motion failed committee. Okay, any other comments or questions?

Mr. McKee said okay, no I just wanted to thank everybody for their consideration and continued support of the Monarchs.

Commissioner Davis said can I please say this because I did vote no, if you all can come back please engage all of our staff and Mr. Murray, and Alley Porter, our Budget. We do have a process and so I don't want you all to take this as a go home or whatever. I would hope you all work with the Mayor's Office and get a proposal or multiple proposals before us because we want to work with you. I just cannot make that vote yes without seeing all of the details. I'm absolutely interested in this though, so thank you all for coming.

Mr. Brandmeyer said thank you very much.

Ms. Sparks said BPU Member Haley has his hand up.

Commissioner Burroughs said Senator Haley we're done with the subject matter, but if you have a comment in reference to actually to see if you want to explain your vote whatever.

Mr. Haley said oh yeah, exactly I just wanted to just share I appreciate the information was not privy to it earlier, again it's the only bite of the apple I would just like to have a little more time, but I'm very supportive, extremely supportive, of what's happening at the Monarchs field and I hope we can do some enhancement and certainly would be supported when we hear it again, which I hope we will very soon and certainly before the season comes about. Thank you for allowing the explanation of vote Mr. Chair.

Commissioner Burroughs said you're welcome, okay gentleman, thank you, staff, thank you Mr. Murray. That is the end of the Economic Development committee meeting. I would enter that that takes us to the end of our work on that committee. At this time I'd entertain a motion to adjourn.

Action: Commissioner Davis made a motion to adjourn, seconded by Commissioner Stites.
Roll Call was taken and there were five "Ayes," Haley, Davis, Townsend, Stites, Burroughs.

