STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL MEETING, THURSDAY, APRIL 4, 2024**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Meeting, Thursday, April 4, 2024, with seven members present: Bynum, Commissioner At-Large First District; Burns, Commissioner Second District; Hill, Commissioner Fourth District; Kane, Commissioner Fifth District; Lopez, Commissioner Sixth District; Stites, Commissioner Seventh District; and Burroughs, Commissioner At-Large Second District and Mayor Pro Tem; presiding. Townsend, Commissioner First District; Ramirez, Commissioner Third District; Davis, Commissioner Eighth District; and Garner, Mayor/CEO; were absent. The following officials were also in attendance: David Johnston, County Administrator; Angela Lawson, Interim Chief Counsel; Reginald Lindsey, Budget Director; Michael Peterson, Assistant Budget Director; Mike Grimm, Research Manager; Shelley Kneuvean, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; and Monica Sparks, Interim Unified Government Clerk.

Mayor Pro Tem Burroughs said before I call the meeting to order I want to announce that we do have individuals attending remotely as well as on-site. All participants joining by phone, should please mute your phones when not speaking to avoid background noise. During the meeting, make sure you announce yourself by name and title every time you speak so the public that is participating knows exactly who is speaking. This is critical given the number of remote participants and is also current guidance from the Kansas Attorney General's Office. I would also like to remind, especially here on the 5th floor, that you please be sure to speak loudly and clearly into the microphone to ensure that your comments are being captured by the Clerk for an accurate record of the meeting.

Mayor Pro Tem Burroughs called the meeting to order at 5:01 p.m.

ROLL CALL: Hill, Kane, Lopez, Stites, Bynum, Burns, Burroughs.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, to be conducted in a hybrid format on Thursday, April 4, 2024, at 5:00 p.m. in the fifth floor conference room of the Municipal Office Building for a Budget Workshop.

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

Mayor Pro Tem Burroughs said tonight we are continuing our series on Budget Workshops. I'll ask David Johnston, County Administrator, if he has any opening remarks.

David Johnston, County Administrator, said as you know we've started the budget season with presentations by Reggie and his team I believe it was last week, wasn't it or two weeks ago. **Reginald Lindsey, Budget Director,** said two weeks ago. **Mr. Johnston** said two weeks ago and we started to talk about the concept that Kansas has a revenue neutral option for municipalities to entertain. At the end of the last meeting a few of the commissioners asked some very interesting questions and Reggie committed to come back in this meeting to answer those questions and then, hopefully, at the end of the meeting have some sort of consensus on starting the budget process in general with or without the framework of revenue neutral to guide us during the next couple months. So, we turn this over to Reggie Lindsey.

Reginald Lindsey, Budget Director, said I have with me my budget team Michael Peterson, Assistant Budget Director; Mike Grimm, Research Manager; and then we also have our brand new CFO Shelley Kneuvean; and Debbie Jonscher, Deputy Chief Financial Officer. What we plan to do tonight is recap some of the important information we covered on March 21st and then we plan to touch on some of the requests from the March 21st Budget Workshop that you all had for us.

Starting out we kind of just touched on what our priorities are for our 2025 Budget and basically what that is to Uphold Physical Sustainability, Foster Economic Development, Focus on Service & Communication, and Improve Infrastructure.

Tax Levy Funds

- Kansas City, KS Tax Levy Funds
  - City General Fund
  - City Bond and Interest
- Wyandotte County Tax Levy Funds
  - County General Fund
  - Parks and Recreation Fund
  - County Bond and Interest
  - Aging
  - Elections
  - Developmental Disability
  - Health Department
  - Mental Health
  - County Initiative Funding Infrastructure (CIFI)

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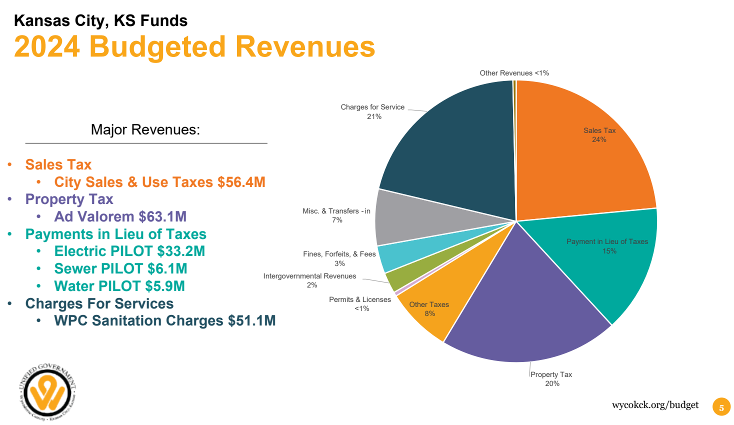
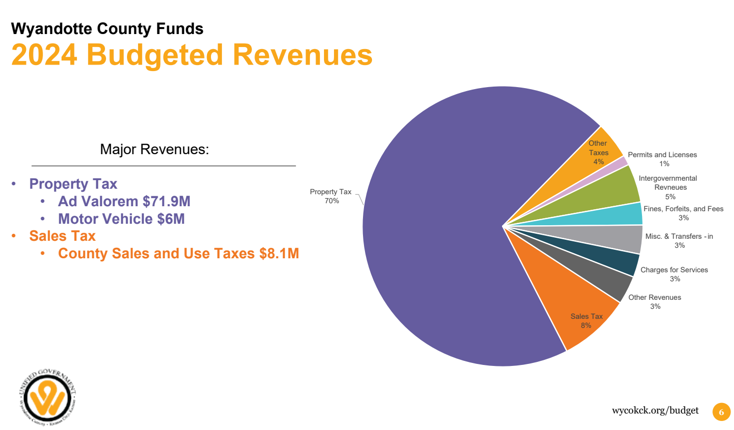
When we're talking about property tax, the tax levy, and the revenue neutral—whether we go revenue neutral or don't go revenue neutral; those only impact our Tax Levy Funds. In the city of Kansas City, Kansas we have the City General Fund and the City Bond & Interest Fund on the city side.

On the County side we have nine different funds that levy a property tax which include the County General Fund, Parks & Rec, County Bond & Interest, Aging, Elections, Developmental Disability, Health Department or Health Levy Fund, Mental Health, and then our County Initiative Funding on Infrastructure. One of the important things on the County side is what we do on the County side is really driven by things that happen at the State level. They aren't things that we have a lot of control of so, for instance, you have the District Attorney that's over there also, District Courts, Sheriff's Department, and then Aging which the State kind of tells us what to do with Aging.



This just kind of touch—when we do talk about property tax on the City side I just want to give you an idea of how much of the revenue comes from that. Property Tax on the City side makes up 20% of the revenue. The biggest portion of revenue on the City side is Sales Tax, so with the Property Tax, again, it makes up 20% of the revenue coming into the City's revenues.



On the County side Property Tax does make up most of the revenue there coming in at like 70%, so it is definitely a big impact on the County side.

INCREASED VALUATION

Tax Levy Fund Impact

- Preliminary estimates of property valuations show generating additional revenue of $18M across all tax levy funds.
- Projected 13% increase to valuations overall, with additional 1% growth for additional development agreements expiring
- Estimated 12% reduction in Mills needed to achieve revenue neutral rate (8.7 Mills)

Tax Levy Fund	Property Taxes Levied in 2023	2023 Mill Rate	Estimated Property Taxes Levied in 2024	Additional Revenue	Revenue Neutral Mill Impact
City General Fund	$37,392,840	21.421	$42,253,909	$4,861,069	-2.46
City Bond & Interest	$29,741,432	17.038	$33,607,818	$3,866,386	-1.96
City Funds Totals	$67,134,272	38.460	$75,861,727	$8,727,455	-4.42
County General Fund	$55,420,076	28.180	$62,624,686	$7,204,610	-3.24
County Bond & Interest	$4,364,346	2.219	$4,931,711	$567,365	-0.26
Consolidated Parks Fund	$3,248,187	1.652	$3,670,451	$422,264	-0.19
Health	$3,091,735	1.572	$3,493,661	$401,926	-0.18
Aging	$2,035,765	1.035	$2,300,414	$264,649	-0.12
Elections	$1,730,999	0.880	$1,956,029	$225,030	-0.10
Mental Health	$842,591	0.428	$952,128	$109,537	-0.05
Developmental Disability	$682,995	0.347	$771,784	$88,789	-0.04
County Infrastructure Fund	$1,965,865	1.000	$2,221,427	$255,562	-0.11
County Funds Totals	$73,382,559	37.313	$82,922,292	$9,539,733	-4.29
Total	$140,516,831	75.773	$158,784,019	$18,267,188	-8.72

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With the Tax Levy Fund impact if we were to go to revenue neutral, with the two City funds if we realize going full valuation there would be like $8.7 more million into the City side of the Property Tax Levies which sounds like a whole lot of money, but it's basically just like 3% increase for those funds. On the County side, the total there for all the Tax Levy Funds is $9.5M that would be coming in additional and that's based—we're estimating 13% increase in property taxes across the county. So, the makeup there with that $9.5M is a 9% increase to all the County funds. So, between both the City and the County it's like an $18M impact when you—the City General Fund and the County—or the City Bond & Interest Fund we're losing about 4.5 mills that we would have to cutoff if we don't go revenue neutral. Then, on the County side if we go or decide not to go revenue neutral, it's almost 4.5 mills that we'd be shaving off.

Fund Forecast

City General

Revenue Neutral Rate Estimate

City General Fund	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
TOTAL REVENUES	$ 169,110,982	$ 173,689,284	$ 180,860,769	$ 187,586,812	$ 194,649,168	$ 201,443,099
TOTAL EXPENSES	$ 170,593,501	$ 177,684,106	$ 185,077,218	$ 192,785,952	$ 200,823,999	$ 209,205,651
Net Change in Fund Balance	$ (1,482,519)	$ (3,994,822)	$ (4,216,449)	$ (5,199,139)	$ (6,174,831)	$ (7,762,553)
Cash Basis Ending Fund Balance	$ 26,734,011	$ 22,739,189	$ 18,522,740	$ 13,323,601	$ 7,148,770	$ (613,783)
ACFR Ending Fund Balance	$ 41,581,750	$ 37,586,928	$ 33,370,479	$ 28,171,340	$ 21,996,509	$ 14,233,956
Reserve % of Expenditures	24.37%	21.15%	18.03%	14.61%	10.95%	6.80%
Fund Balance 17% Target	$29,000,895	$30,206,298	$31,463,127	$32,773,612	$34,140,080	$35,564,961

Full Valuation Estimate

City General Fund	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
TOTAL REVENUES	$ 169,110,982	$ 178,258,784	$ 185,772,981	$ 192,695,513	$ 199,962,217	$ 206,968,670
TOTAL EXPENSES	$ 170,593,501	$ 177,684,106	$ 185,077,218	$ 192,785,952	$ 200,823,999	$ 209,205,652
Net Change in Fund Balance	$ (1,482,519)	$ 574,678	$ 695,763	$ (90,438)	$ (861,782)	$ (2,236,983)
Cash Basis Ending Fund Balance	$ 26,734,011	$ 27,308,689	$ 28,004,453	$ 27,914,014	$ 27,052,232	$ 24,815,250
ACFR Ending Fund Balance	$ 41,581,750	$ 42,156,428	$ 42,852,192	$ 42,761,753	$ 41,899,971	$ 39,662,989
Reserve % of Expenditures	24.37%	23.73%	23.15%	22.18%	20.86%	18.96%
Fund Balance 17% Target	$29,000,895	$30,206,298	$31,463,127	$32,773,612	$34,140,080	$35,564,961

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We have on the screen two financial schedules. We have from the City General Fund, one is a Revenue Neutral Rate Estimate and that's the one at the top and then the one at the bottom is a Full Valuation Estimate. Some of the important things to say about the City General Fund if we were to go revenue neutral, we already have a structural imbalance in the 2024 Budget and then in the 2025 Budget and going out to 2029 that structural imbalance would only grow and we can see where it says net change in fund balance. Then, one of the things when we get out to 2029 we wouldn't even have a fund balance and wouldn't be able to approve a budget if we were to go revenue neutral.

Another thing to point out is although in 2025 we do have a 21% fund balance. The lowest we would like to go, based on our fund balance policy, is 17% and we can see that fund balance quickly starts to go down. Starting in 2027 we don't have the 17%, it goes down each year to almost 7% in 2029.

Commissioner Bynum said I am so sorry to ask you to go over this again especially if we saw this same thing two weeks ago, but this slide looking at revenue neutral estimates, the very top line with total revenues, when we are seeing increases, those increases must be estimates. They aren't property tax increases, so they must be sales tax and PILOT. **Mr. Lindsey** said, yeah, so—sorry. **Commissioner Bynum** said well, I mean if we go—I guess question number one is when we look at this, is this an assumption that we've chosen revenue neutral every single one of these years out? **Mr. Lindsey** said so the assumption is in 2025, it would be revenue neutral and then in 2026 we would be at 7% increase and then 2027, 2028 and 2029 would have a 4% increase. **Commissioner Bynum** said we're only looking at revenue neutral for the one budget year? **Mr. Lindsey** said yes. **Commissioner Bynum** said and this is the chart. Now, if we are revenue neutral for 2025, then the fund difference from '24 to '25 of what looks like about $3.5M would be coming from other funds, not property tax. Is that a fair statement? **Mr. Lindsey** said yes, it would be coming from other revenues that go into the City General Fund. That could be referenced on one of the earlier slides where we were looking at the pie chart and it talked about all the different revenues coming into the City General Fund.

Commissioner Bynum said this chart is assuming only 2025 as revenue neutral and the fund increases are from places other than property tax. **Mr. Lindsey** said yes. One thing to keep in mind with—and when you do go with revenue neutral in 2025 it sets a floor and it only grows like 7% based on the revenue neutral.

Mayor Pro Tem Burroughs said please continue Reggie.

Mr. Lindsey said the financial statement at the bottom, the Full Valuation Estimate, basically, we have total revenues there in 2025 where we are working the full assessed value in at 13% and then the next year, 2026, we are at 7% and then from 2027 to 2029 we're at 4% growth for property tax. We do have growth in for all our other revenues at about 3% and then the total expenses we have those set at like inflation rate and then like 3% for Personnel. We have that built in, but we can see some of the important things that's going on in 2025 is that we would be structurally balanced with our budget going all the way out to 2027. One of the things that is going on, even though we would have full valuation, in 2025 our expenses are definitely growing quicker than our revenues, so when we get out to 2027 we do end up having, I think, a structural imbalance and that structural imbalance continues to grow from 2027 through 2029.

An important thing to also look at is while we do have what our fund balance estimate percentage is of 17%, we end up having 23% and we do end up having that going all the way out to 2029, but we start to go into like a structural imbalance.

Commissioner Kane said, Reggie, can you give us an example of what's going up, you know, like concrete, asphalt. Can you do that yes or no maybe? **Mr. Lindsey** said yes. Later in the presentation we do have that information that you did request. Can we cover when we get to that? **Commissioner Kane** said yes.

Fund Forecast

County General

Revenue Neutral Rate Estimate

County General Fund	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
TOTAL REVENUES	$ 81,975,030	$ 84,096,271	$ 89,949,616	$ 93,757,852	$ 97,837,702	$ 101,358,815
TOTAL EXPENSES	$ 84,008,832	$ 87,376,597	$ 90,883,532	$ 94,535,530	$ 98,338,734	$ 102,299,555
Net Change in Fund Balance	$ (2,033,802)	$ (3,280,326)	$ (933,917)	$ (777,677)	$ (501,032)	$ (940,740)
Cash Basis Ending Fund Balance	$ 5,603,305	$ 2,322,979	$ 1,389,062	$ 611,385	$ 110,353	$ (830,387)
ACFR Ending Fund Balance	$ 8,734,831	$ 5,454,505	$ 4,520,588	$ 3,742,911	$ 3,241,879	$ 2,301,139
Reserve % of Expenditures	10.40%	6.24%	4.97%	3.96%	3.30%	2.25%
Fund Balance 17% Target	$14,281,501	$14,854,021	$15,450,201	$16,071,040	$16,717,585	$17,390,924

Full Valuation Estimate

County General Fund	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
TOTAL REVENUES	$ 81,975,030	$ 90,868,604	$ 97,229,874	$ 101,329,321	$ 105,712,029	$ 109,548,115
TOTAL EXPENSES	$ 84,008,832	$ 87,376,597	$ 90,883,532	$ 94,535,530	$ 98,338,734	$ 102,299,555
Net Change in Fund Balance	$ (2,033,802)	$ 3,492,007	$ 6,346,341	$ 6,793,791	$ 7,373,295	$ 7,248,560
Cash Basis Ending Fund Balance	$ 5,603,305	$ 9,095,312	$ 15,441,654	$ 22,235,445	$ 29,608,741	$ 36,857,301
ACFR Ending Fund Balance	$ 8,734,831	$ 12,226,838	$ 18,573,180	$ 25,366,971	$ 32,740,267	$ 39,988,827
Reserve % of Expenditures	10.40%	13.99%	20.44%	26.83%	33.29%	39.09%
Fund Balance 17% Target	$14,281,501	$14,854,021	$15,450,201	$16,071,040	$16,717,585	$17,390,924

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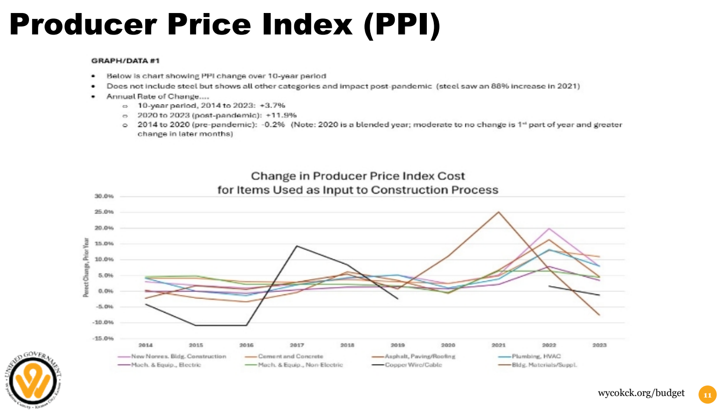
Mr. Lindsey said the next information that we're going to look at is the County General Fund and, again, we have the revenue neutral rate estimate and then also a full valuation estimate. In the County General Fund some of the assumptions to make about the revenue is that in 2025 in the revenue neutral rate model we're assuming not where our property tax will not grow, but in the outer years of 2026 we're forecasting 7% growth and then in 2027 to 2029 we're looking at a 4% growth.

One of the things we can see with starting in the County General Fund is that our structural—that change in fund balance is not balanced out. We're structurally imbalanced. Every year from 2024 to 2029 if we go revenue neutral, also another important thing to see is our reserves as a percent of expenditure, which we would like to be at 17% at the lowest end and we don't meet that in any of the years from 2024 to 2029.

Going down into the Full Valuation Estimate, revenues we're assuming in 2025 we're having a 13% increase in property tax revenue based on the excess value that we're estimating this year and in 2026 we're estimating again a 7% and then 2027 to 2029 we're estimating a 4%. So, one of the things to see in this full valuation model is that we are structurally balanced each year from 2025 out to 2029. One thing, when we get down and look at what we would like to have as a lowest fund balance percentage of 17%, we're at 14%, but each year it does start to grow into the outer years, which is pretty positive when we're looking out into the future if we were to go full valuation.

INFORMATION REQUEST FROM MARCH 21 ST BUDGET WORKSHOP

Next, we're going to jump into information request from our March 21st Budget Workshop.



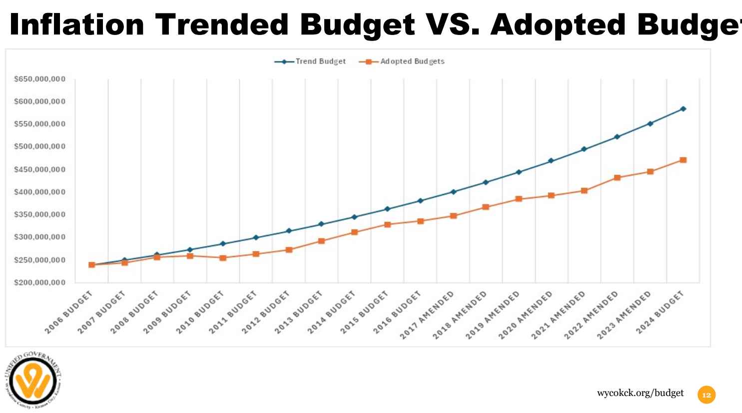
The first piece of information you requested Commissioner Kane, Mike Grimm is going to cover it.

Mike Grimm, Research Manager, said when we go to the store we're all aware of whether we know it or not the Consumer Price Index and that's the measure of inflation we pay at the grocery store for example. The Producer Price Index, the PPI, is a measure of inflation at the wholesale level and these would be for items used in manufacturing or the construction process. This list that you see on the chart are those that would be utilized quite frequently by local governments to maintain services, infrastructure, things like that. I will note on this list you don't see steel. It had such an increase in 2021 of 88%, almost doubling. We did leave it off this chart because we didn't want to skew these other items and the impact that you see on the screen.

Over the 10-year period, these items had an annual rate of change of just under 4%, 3.7%. If we look pre-pandemic, '14 to '20 it was flat, down about .2%, but if we look post-pandemic, '20 to '23, those items are up about 12% annual rate of change. We do see since the pandemic prices have dropped a little bit, but still higher than the pre-pandemic levels.

Commissioner Kane said we're going to go back here—you're going to have to dig some research on this. Kathleen Sebelius was the Governor and then she took away the Machinery & Equipment taxes, which was several million dollars, so can you go back and look at what that was because it was a major effect on our budget when it happened and we lost a great deal of money and now when there's all these plant expansions and stuff like that down in Fairfax, they don't have to pay for their machinery and equipment. I would like to see what year it was, how much it was, and how much money we've lost since then.

Mr. Lindsey said also one important thing about this chart is you do see the lines going up and down and it looks like prices did go down but one of the things that happens is once the prices go up, they never come down for us. It's like sets a floor so like the percentages do go down, but once you set the rate and it goes high one time, that price doesn't go down for us. It just keeps going up, so it sets a floor like prices, never actually goes down.



This is a view of Inflation Trended Budget versus like budgets we actually adopted over the years and we started in 2006. In 2006 our budget was $239M and what we did was make assumptions that Personnel grew at 3.2% each year and then also that our contracts which could vary from contracts that we have with the KCATA to software as a service contracts, that they grew at 4% a year. Then, commodities which range from a vast amount of things, we forecasted they grew at like 10.6% a year and then Capital at 10%. Once we get out to our current budget, our budget that we approved for 2024 was a $467M budget, but an Inflation Trended Budget would be a $584M budget and basically what this is telling is that our budget that we have built is not keeping up with inflation and it's basically what we kind of talked about with looking at the PPI is that the prices really never go down. They have smaller increases each year with inflation, but inflation actually had never went down most of the years.

Mill Levy Changes

- City Mill Raised 1 time and lowered 8 times. Net change is -6.730 Mills.
- County Mill Raised 3 times and lowered 3 times. Net change is 3.448 Mills.

Commission Approved Mill Levy Changes
2005 to 2022 Tax Years (Budget Years 2006 to 2022)

Tax Year	Budget Year	Mill Levy Change		
		City (KCK)	County	Total
2005	2006	-1.000	-1.243	-2.243
2006	2007	-1.000	-0.749	-1.749
2007	2008	-1.000	0.000	-1.000
2008	2009	-0.230	0.000	-0.230
2010	2011	0.000	3.255	3.255
2011	2012	4.500	2.185	6.685
2014	2015	-2.000	2.000	0.000
2016	2017	-2.000	0.000	-2.000
2017	2018	-2.000	0.000	-2.000
2018	2019	-2.000	0.000	-2.000
2022	2023	0.000	-2.000	-2.000
Net Mill Levy Chng. Since 2005 (2006 Budget)		-6.730	3.448	-3.282

Number Mill Levy Changes (Comm. Apprvd.) Since 2005 (2006 Budget):

	Raised	Lowered
City Mill	1	8
County Mill	3	3

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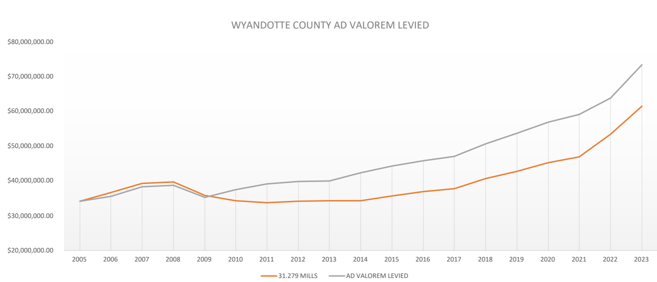
Mr. Grimm said this slide looks at—answers the question we had during the last Budget Workshop, the number of times the City and County mill has increased or decreased since 2005 and this table only shows those years where a change occurred. On the City side, City mill over these years shows it was raised one time, lowered eight for a net change of -6.73 mills. The County mill levy was raised three times and lowered three times for a net change of 3.448. So, overall both those funds, those mill levies and those combined changes was a -3.282 mills since 2005.

Organic Change

-Wyandotte County Valuation Growth @ 2005 Mill Rate vs Mills Levied by Year



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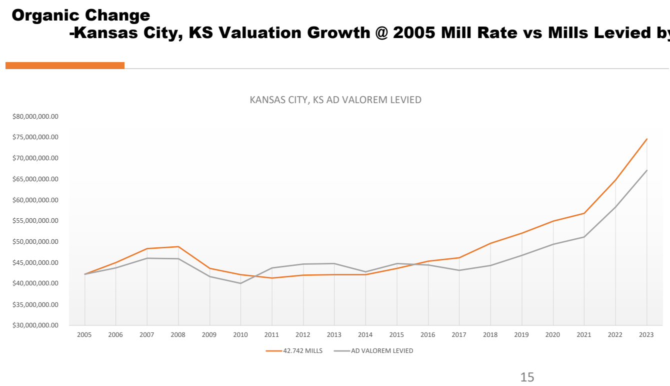
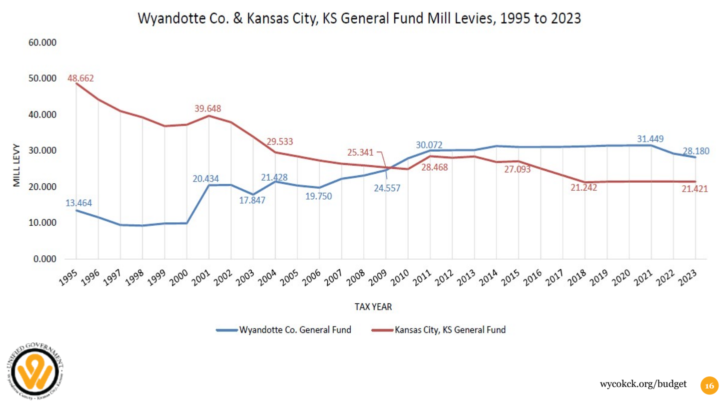
Michael Peterson, Assistant Budget Director, said we got asked the question of comparing the organic change to the mill rate versus what we actually levied each year so that's what these next two charts are. First we looked at Wyandotte County, so what you see here is the orange line is what we would have—what the taxes would have been if we would have kept the mill constant at 31.279 mills which is the 2005 mill rate each year and then the gray line is what we actually levied each year. I'll just point out that 2008 was the recession when property value significantly dropped so you can definitely see that line in the orange as Mike Grimm just mentioned. We raised the mill rate in 2010, 2011 and 2015, so those are some of the points that you can see the increases grow on the gray line. Those did not get reduced until recently, so the gap between the two lines is now about 19% difference from what it would have been. On average the assessed value for Wyandotte County grew about 3.5% or 79.7% from 2005 and on average our ad valorem has grown by 4.4% annually with a total growth of 114% since 2005.

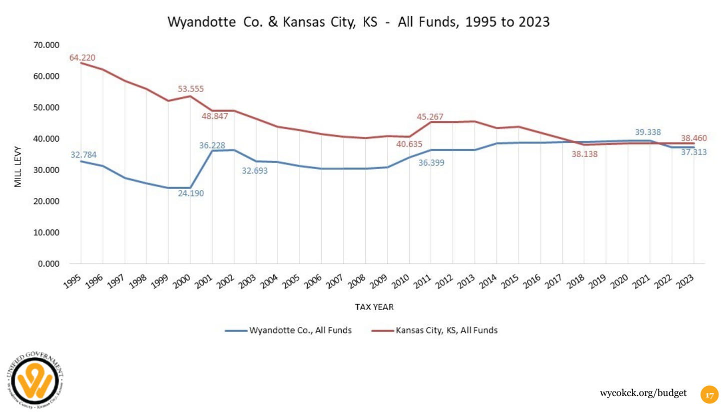


If you look at the Kansas City, Kansas side, again, we have the orange line showing 42.742 mills which is what was levied in 2005. Again, you can see the impact of the recession in 2008 and the drop of property values. With the Kansas City, Kansas funds being more reliant on other diverse revenue streams we didn't have as big of an increase until 2011 when taxes were—or the tax levy was increased in that year. We can point out in 2014, 2016, 2017, 2018, those are the years that the mill was dropped essentially keeping the levied ad valorem flat for most of that time period, so on average you have about 3.4% growth to the assessed valuation. On the City side about 76.4% growth overall which is actually 3.3% less growth than the County for the same time period. Then, we have about 2.8% annual growth in our levied ad valorem for the same time period.

I will just point out that each of those times when we dropped the mill rate, on the City side it was to the General Fund, not the Bond & Interest Fund, so it had a much more substantial impact on our City General Fund operations.



Mr. Grimm said this slide looks at the Wyandotte County and Kansas City, Kansas General Fund Mill Levies. For the period that you see we go a couple few years before consolidation just to show that impact. The City mill was about 48.6 mills in '95. The '23 Tax Levy Mill is 21.42, a drop of 27 mills or 56%. The County 13.5 mills in '95 and 28.18 in '23. I will note that increase on the County General Mill Levy Fund in the mid 2000's there were several smaller mill levies that were consolidated into the General Fund—General Fund Mill and the Museum, Appraiser's Office, Extension, Soil Conversation; so there are a few that were added to the General Fund on the County side.



This slide looks at the County and KCK Mill Levy all funds. On the City we're doing General and Bond & Interest and on the County we're starting out in '95. I think there are 20 different mills that broke down into, as Reggie pointed out, now there are nine. When we look at all funds KCK dropped about 26 mills, 40% decrease and on the County it was raised 4.5 mills over that period or 14% increase.

BPU Pilot

- BPU Pilot 2024revenue forecast: $37,150,000
- BPU Pilot revenue is equivalent 21.85 City Mills

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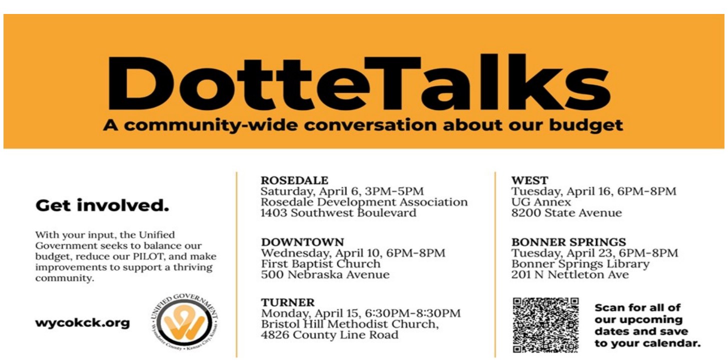
Mr. Lindsey said what we have here is just some quick statistics about the BPU Pilot. So, BPU Pilot revenue for 2024 was forecasting at $37M and that's equivalent to almost 22 City mills. The reason we kind of bring this up is this is definitely something that David Johnston, our County Administrator, is going to be having us look into this year where we're going to be trying to cut at least a quarter of the BPU Pilot rate and the BPU Pilot right now is at 11.9%. The highest it's ever been is 12.9% pre-recession. We were at like 9.9% and we're definitely shooting to get back to that in the coming years, so definitely something we'll be working on.

One of the thing is if we are to go revenue neutral, that would kind of diminish our chances to be able to cut the BPU Pilot, so if we're allowed to not go revenue neutral, it will give us more options on like different things and different programs that we can offer, so it's just one thing to keep in mind. With going revenue neutral it would kind of diminish our chances to be able to cut the BPU Pilot because we can see it's such a big piece of the City General Fund.



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Our recommendation is to not follow a non-revenue neutral calendar. I'm not saying that we wouldn't be able to cut any mills or anything like that, but we definitely are working to be able to cut some of the property tax mills. Following the non-revenue neutral calendar will give us 37 more days to work our budget. Also, what's going on there is if we do go revenue neutral, we end up having to submit our budget earlier, which would be like August 25th as opposed to if we don't go revenue—follow a non-revenue neutral calendar, we would have until October 1st to submit a budget to our Clerk's Office. This would be like our third time dealing with revenue neutral and you as an elected body haven't went revenue neutral, but there have been a lot of things that have been accomplished like within not going revenue neutral, so we did cut two mills two budget seasons ago from the County General Fund.

We also were able to add more funding to our Parks & Rec Department, which was a high priority. We also were able to set aside a mill for the whole County to be able to do road and street work, so we allocate money to Bonner Springs and Edwardsville now along with the city of Kansas City, Kansas. That was definitely something we were able to do and then we also expanded our Senior Utility Rebate Program. It's been very, very successful this year, which Monica is running. I don't think we ever seen as many people. I know we haven't seen as many people come in as we have this year. Then we also on top of that have a BPU Pilot Relief where some citizens will not pay the Pilot based on if they're disabled or elderly and based on their household income. Then for the city of Kansas City, Kansas we're adding—we've added 25% more to the budget for infrastructure on streets. We've allocated more funding to our unhoused population and we also reopened Fire Station 15 within the last two years.

I throw some of these things out because with not following the revenue neutral calendar it allows us to get more creative and find different ways to do things. Those are some of the benefits to being able to go revenue neutral and I know a lot of people wants the BPU Pilot Relief and also the Property Tax Relief and there's just other kind of services that people want, so we're allowed more time if we were able to find—not follow a non-revenue neutral calendar.

Commissioner Kane said so, we don't go revenue neutral, but that's still—we know we're not going to raise the mill levy, but that still gives an opportunity to look and see what we can do with the mill levy. Is that correct? **Mr. Lindsey** said yes. **Commissioner Kane** said okay, and then, Debbie, the other day when the folks were in here talking about our monies and I believe the comment was we're not going broke, is that correct? **Debbie Jonscher, Deputy Chief Financial Officer,** said we're—**Commissioner Kane** said we're not going broke. **Ms. Jonscher** said no, we're not going broke. I mean—**Commissioner Kane** said say that again please. **Ms. Jonscher** said no, we're not going broke.

Commissioner Hill said I just wanted to ask a question. One of the things you said was you had more options if you did not go revenue neutral and then you mentioned about the BPU Pilot. I think you said 12.9 was about the average Pilot, but then you mentioned 9.9%, so I'm probably not saying something right. **Mr. Lindsey** said the 12.9% number that I mentioned, that's the highest that the Pilot has ever been. Right now we pay 11.9%, or citizens pay 11.9%, and before the recession it was set at 9.9% and we would like to work to get back to the 9.9% and something we will be working on during this budget season is to cut the Pilot like a quarter of a point and that's like almost a $900,000 impact to our—each quarter is about a $900,000 impact to our revenues. **Commissioner Hill** said that sounds good.

Just on a general basis and you may not know the answer to this, but I just wonder how would that impact the average household going from 11.9% to 9.9%. **Mr. Lindsey** said it could—for some reason I think it may be like a $1.40 or somewhere around there. It seems like the average Pilot—I have to check, but I remember it's like $17 a household possibly.

Mayor Pro Tem Burroughs said I'm looking at your General Fund Revenue Estimate and if we don't use revenue neutral, I'm looking at the Full Valuation Estimate and I still see our expenses are still running pretty close to our revenue stream even though we're taking in an additional $40 plus million in 2029 from 2024. I mean that's—I want to make sure I'm not exaggerating my numbers, but if I look at—I'm looking at the 2024 Full Valuation Estimate of $169M. When we get to 2029 your projections are almost $207M, so that's an increase roughly about $40 some million, correct? **Mr. Lindsey** said yes. **Mayor Pro Tem Burroughs** said okay and yet I still see we're exceeding those with our expenses, so even though we're doing full revenue we're exceeding our revenues by $4M even at full valuation estimate. Is that how I'm to read this? **Mr. Lindsey** said yes. The reason for that, we currently have expenses that are growing faster than our revenue stream is. We definitely have things where we have added positions in Public Safety, so that has had an impact. We've had some grants that have runoff for like Public Safety where we have picked them up in the City General Fund. So, like reopening Fire Station 15, we added more employees and then we have a SAFER Grant in the Fire Department where we're adding people to it.

Mr. Peterson said one of the big impacts of that on the revenue side, I'll just add, is that we have not projected very much growth for sales taxes just because of performance that has happened in recent periods. So sales tax is a big contributor to the City General Fund and if that revenue stream stays fairly flat, then we're fairly dependent on Pilot or property tax income to make up the difference. **Mayor Pro Tem Burroughs** said yeah and I think that's a fair statement.

I guess the comment I would have is even at full valuation, we're still having to draw down from our reserves in that particular budget and that tells us that we need to go back and actually review within the budget where we can become more efficient and cut our expenses somewhere, find a way to live within our revenue means. I think that's what I'm coming away from this full valuation presentation. I understand that we have to run through this revenue neutral exercise mandated by the State Statute, but here we are now talking at full valuation and we're still falling short of meeting our revenues that are coming in.

You mentioned our sales tax growth. Could you give us a percentage of what those sales tax growths have been since in the last ten years maybe in a future discussion, what the median or average has been over the last—let's just go the last 10 years. I think our sales tax community couldn't count much on sales tax for a handful of decades and now we have sales tax going into our budget, but it's the accountability of those dollars or sales tax dollars is where they're being utilized.

You talk, you know, we're still having an increase in valuation, which is a positive for the community that we have increased valuations, we have sales taxes that have supplanted some of the burden that was on property taxes a couple of decades ago, we have economic development that has occurred in our community which has helped raise those appraised values. We have a smaller workforce than what we had a number of years ago because we've become a little more efficient in some departments and through consolidation, but we've also increased fees to cover some of the financial shortfalls that we've had, plus we've had population growth over the last decade. So, to have all of those positives and still showing a deficit should be somewhat concerning and so I would hope that as we move forward that we as a Commission can find a way to cut down our expenses to meet our revenue projections because I think these revenue projections a full valuation estimate, you've given your percentages as to what they are. I can remember in one discussion a couple of years back that when we were talking about sales tax, it was a very conservative number and we exceeded it, I want to say, by about 4% and that money went into an additional increase in valuation which gave us, your know, more money to operate our budget. I would like to find a way that we can take those positives and help those positives move us into not having to take from our ending balance especially on the City General Fund.

I haven't studied the County Fund to the extent. We are a little bit better on the County side than we are on the City side especially in the outyears when we go from full valuation estimate, but the City side is the challenge facing us right now in reference to even if we stay at full valuation, we're still going to exceed our revenue and that's what I come away from the presentation that we just had and if that's not an accurate statement, please correct me.

Mr. Lindsey said at full valuation in 2025 we will definitely have a positive fund balance in the outer years but we do end up having some issues out in 2027 to 2029. We are structurally balanced for 2025 and 2026, but that does fade in 2027 to 2029. **Mayor Pro Tem Burroughs** said your projections are accurate there that we're only half a million and just under $700K, which is fine. We're not drawing from our ending balance, but we all know that contingencies can come into play whether it be a natural disaster, whatever it may be that we're going to have to expend those dollars. But as we go even into the outyears, which is what we're trying to get to, the stability in our outyears to address our sustainability financially, we're still exceeding our revenues on the City side. That should, as I stated, that's concerning to some of us, but I think your projections are spot on, on how you presented it. I appreciate the information. Thank you Reggie and Mike.

Commissioner Stites said is it the reason that we don't get to vote revenue neutral on the County side and then also revenue neutral on the City side, they're separate. They're two different ones. Is it because of the unification. Is that why, because how do other counties—I'm just going to say Johnson County that has cities within their county, do they get—they don't get presented one decision where it's either R&R across the board or two separate R&R discussions. **Mr. Lindsey** said they are definitely different cities and then they have different counties. I mean they have the ability within their own entities to make a decision. With us being unified—you know there may be the possibility where we could go—I don't know that we can't go like revenue neutral on the County and go revenue neutral in the City. Angela or Debbie, do you all know? **Ms. Jonscher**

said I would think—I mean we submit separate budgets to the State so I think there is the—we approve as one budget, but I believe if you wanted to do one revenue neutral, one not, you would simply have to separate the vote.

Commissioner Stites said I'm not even saying that I want to do that. I'm just saying why do—it seems like we should have separate discussions. Let's talk about the County budget and then let's talk about the City budget. Instead it seems like it's kind of just being lumped into, okay, do you want to exceed revenue neutral or not and we only have one bite at the apple and that's right now, but we've only really—all the ingredients have been thrown into the pie and not separated out. **Mr. Lindsey** said when we do look at it we are looking at the City General Fund separately and the County General Fund.

Commissioner Stites said so what if I was to say, and I'm just hypothetical, if I was to say I want to be revenue neutral on the County side, but not the City side, what do we do? **Mr. Lindsey** said I think that's something we definitely have to take into consideration, but I think if we do look at the County General Fund and we did go revenue neutral, we aren't meeting like—**Commissioner Stites** said I'm not digging into the numbers right now. I'm just saying if that's what I wanted to do.

Angela Lawson, Interim Chief Counsel, said it might be that we've done it together because they both have two different calendars and then you'd be following two different timeframes for the budgets. It might have been done to keep this—**Ms. Jonscher** said because we do present the—when we publish the budget statements we publish a separate statement, a notice, for both the City and the County. I think the resolution that we approve approves the budget that you all set, you agree to set the City Mill Levy at a certain level and the County Mill Levy and then the resolution, I think, covers that. But, if you wanted to do them separately, I don't think that's an issue. **Commissioner Stites** said okay, thanks.

Mr. Lindsey said we would like to get a consensus from you all on which calendar we should follow. Should we follow the revenue neutral calendar or should we follow the non-revenue neutral calendar?

Commissioner Stites said when do we have to have that? We have three commissioners that aren't in the room tonight, so when is our next workshop and is that workshop sufficient to give that answer? **Mr. Lindsey** said we do have another Budget Workshop on April 18th. **Commissioner Stites** said I say that we wait until that one and potentially have all the commissioners that are missing in the room.

Commissioner Bynum said I am interested in looking at specifically the potential of County revenue neutral, which I know would put us on two different calendars. I'm just saying I would like to look at that. My personal thought right now is City follow the non-revenue neutral calendar, but I would like to look at what the—I mean you've shown us quite a bit of what the impact is of revenue neutral and then I think it kind of comes down to what Commissioner Burroughs was referencing, which is what would we not do, where would we have efficiency or cuts, but I'm interested in looking at it on the County side.

Mr. Lindsey said I know we need to get out of here, but one thing I will just advise in going revenue neutral in the County, so that is the chart that's at the top, so one of our goals is Fiscal Sustainability and so looking at like 2025 Budget, we're definitely going into where we don't have a sustainable budget there just as far as it's structurally imbalanced at $3.28M and then also our reserves as an expenditure, we'd like to be at 17%. That's what our own fund balance says and it's at like 6%. So, going revenue neutral—if we were to go revenue neutral, to get structurally balanced we would be looking at cutting like $3.2M from the budget. **Commissioner Bynum** said to your point and to Commissioner Burrough's point, for 2025 if we looked at revenue neutral we would need to be looking at what would we do on the expenditure side to not have that $3.28M ending deficit. What would we not spend and that's what I would like us all to be looking at together.

Mayor Pro Tem Burroughs asked, questions or comments? Yes ma'am, welcome to the committee.

Shelley Kneuvean, Chief Financial Officer, said one of the things that I would offer is that, and it was helpful to me when I joined the college to better understand this revenue neutral process, but even if you move forward with the calendar that is not for revenue neutral, that does not mean that you've made that decision to not be revenue neutral. I think it just gives you more time to have a policy discussion and then you could adopt one at revenue neutral, you could reduce one, you could keep one the same, but it gives you just the time. It just says to the public that we are looking at those tax levies and evaluating options, so if that's helpful to you, you'd still have the policy decision to make. **Mayor Pro Tem Burroughs** said it is. Thank you very much for that clarification.

Commissioner Kane said I like that idea and I think that's the direction we can go because we still have the opportunity to go revenue neutral and we don't handcuff these guys in a short timeframe. That's just my thoughts.

Mayor Pro Tem Burroughs said I don't know if Mr. Johnston had any closing comments he'd like to make. Staff, any other closing comments? Legal, Administrator's Office? Seeing none, there's no further business to come before this governing body, I would ask for a motion to adjourn, but I do want you to know that we're going to continue on into the Police graduation at 6:00 p.m., so please be there. Do I have a motion and second to adjourn?

Commissioner Kane made a motion, seconded by Commissioner Burns, to adjourn. Roll call was taken and there were six "Ayes," Hill, Kane, Lopez, Stites, Bynum, Burns.

MAYOR PRO TEM BURROUGHS AJOURNED
THE MEETING AT 5:51 p.m.

Monica L. Sparks
Interim Unified Government Clerk

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