CONSENT AGENDA ITEM NO. ____

STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL MEETING, THURSDAY, MARCH 13, 2025**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Meeting, Thursday, March 13, 2025, with ten members present: Bynum, Commissioner At-Large First District; Townsend, Commissioner First District (arrived at 5:38 p.m.); Burns, Commissioner Second District; Ramirez, Commissioner Third District; Hill, Commissioner Fourth District; Kane, Commissioner Fifth District; Lopez, Commissioner Sixth District; Stites, Commissioner Seventh District; Davis, Commissioner Eighth District; and Burroughs, Commissioner At-Large Second District and Mayor Pro Tem; presiding. Garner, Mayor/CEO, was absent. The following officials were also in attendance: David Johnston, County Administrator; Angela Lawson, Interim Chief Counsel; Bridgette Cobbins, Assistant County Administrator; Shelley Kneuvean, Chief Financial Officer; Reginald Lindsey, Budget Director; Michael Peterson, Assistant Budget Director; and Monica L. Sparks, Unified Government Clerk.

Mayor Pro Tem Burroughs said before I call the meeting to order I want to announce that we have individuals attending remotely as well as on-site. All participants joining by phone should mute their phones when not speaking to avoid background noise. During the meeting, please make sure you announce yourself by name and title every time you speak so the public that is participating knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General's Office and please be sure to speak directly into the microphone to ensure your comments are heard and an accurate record can be made of this meeting.

Mayor Pro Tem Burroughs called the meeting to order.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, is scheduled to be conducted in a hybrid format on Thursday, March 13, 2025, at 5:00 p.m. for a Budget Workshop in the fifth floor conference room of the Municipal Office Building. Roll call was taken and there were nine "Ayes," Kane, Lopez, Stites, Davis, Bynum, Burroughs, Burns, Ramirez, Hill.

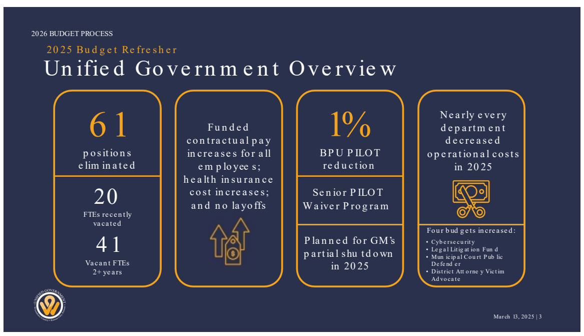
CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and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

Mayor Pro Tem Burroughs said tonight we are scheduled for the first of a series of Budget Workshops. I'm to understand that there may be nine of them scheduled. It depends on how many we need, so I advise us to please pay attention. If you have questions, bring them forward to provide the guidance necessary. I will turn the meeting over to Bridgette Cobbins, Assistant County Administrator, for remarks and introductions.

Bridgette Cobbins, Assistant County Administrator, said tonight is the first of our kickoff for the 2026 Budget Workshops. I'll turn it over to Reggie Lindsey and Dr. Kneuvean to start the presentation.

Reginald Lindsey, Budget Director, said this is our first Budget Workshop. What we plan to do tonight is we're here to discuss what was done during our last budget season, which we're operating our 2025 Approved Budget and kind of talk about some of the changes that were made in that budget. Then we're going to talk about long-range forecast for all our Tax Levy Funds and then we're going to discuss the impacts to the budget like departmental wise for the 2025 Budget that you all approved last summer. Then Dr. Kneuvean is going to introduce you all to our new Debt Budget or our new Debt Strategy.

As part of kicking all this off, what we're wanting to do is give you all a starting point before we really get into the budget process in this first Budget Workshop to kind of let you all know where we stand with the funds going into this budget process, familiarize you with where we are with our debt and familiarize you where we are with our different Tax Levy Funds because that's where we adjusted levies and everything last year. I just want to fill you in on those.



Some of the things that happened in the 2025 Budget was we eliminated 61 positions, 20 of them were FTEs that were vacated and then over the past years we got rid of 41, which is a total of 61 FTEs. Just kind of an interesting fact, since 2019—in 2019 we had 2,337 FTEs and in 2025 we're down to 2,177 FTEs, so we've cut definitely like 260 FTEs over time, which is a pretty good reduction for us.

Mayor Pro Tem Burroughs asked, are those vacated positions including those that haven't been filled when you say we're down to 2,177 FTEs from the 2,337, is that the number you gave in '99? **Mr. Lindsey** said 2,337 in 2019. **Mayor Pro Tem Burroughs** said the question I ask is the 61 positions, were those hard bodies or were they positions that weren't filled? **Mr. Lindsey** said they were positions that were not filled. **Mayor Pro Tem Burroughs** said that's where we're eliminating. **Mr. Lindsey** said one of the things that we've been doing since 2019 is slowly taking fulltime equivalents off the books.

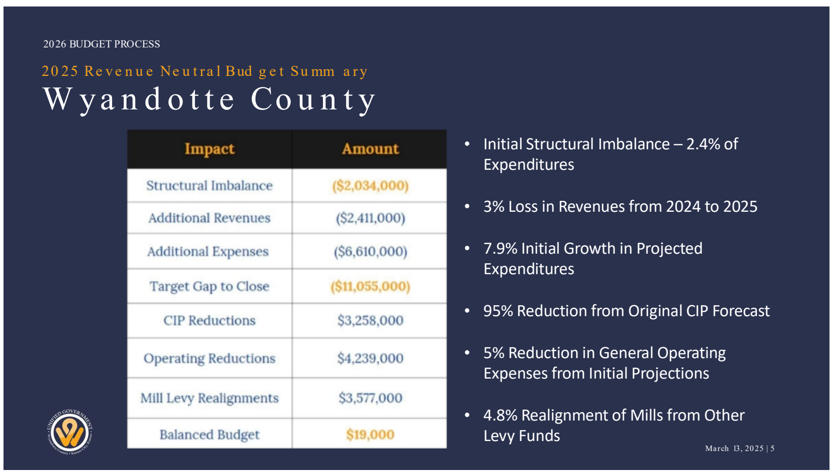
Michael Peterson, Assistant Budget Director, said just to be clear, 20 of those positions were positions that were filled within, they were recently vacated so those would have been ones that would have been part of our personnel trend and 40 positions were vacant for longer than that period and wouldn't have necessarily had an impact on the budget unless they were filled. **Mayor Pro Tem Burroughs** said I just wanted to make sure for those that are listening, there wasn't anyone terminated or released. Thank you for that clarification.

Mr. Lindsey said we also funded all our contractual pay increases in this 2025 Approved Budget that we're operating in now including we have all health insurance increases in there and, again, there were no layoffs.

We also reduced the BPU PILOT by 1%. We also have a PILOT Waiver Program for senior citizens and also those people that have disabilities and the people that make under $45,000. Also in this budget we have the planned GM shutdown as far as how that impacts our PILOT collections.

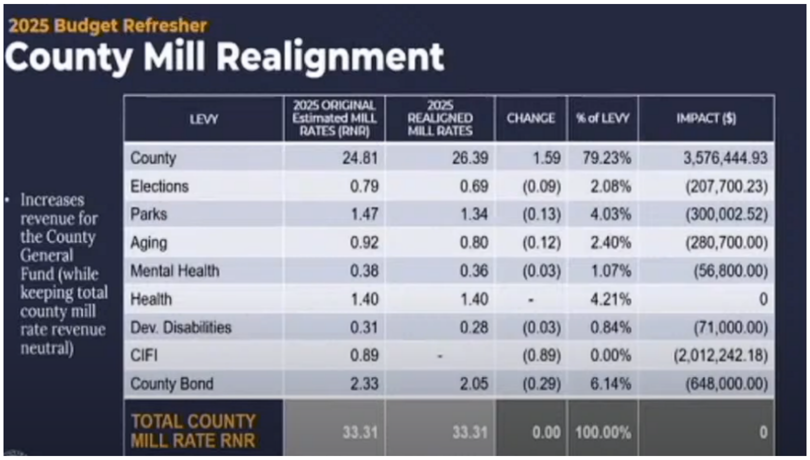
Nearly every department had a decreased budget in 2025 besides four departments and that included IT because cybersecurity we're spending more money on and then our Legal Litigation Fund had more funding and then you have to spend more money within Municipal Court for our Public Defender. Then the District Attorney had additional victim advocates.

Some of the adjustments that we made within the 2025 Budget for the City General Fund was when we first started out we had almost a $1.5M structural imbalance. We only had additional revenues of $1.8M, but we had additional expenses of about $8.7M, so our target gap we had to close ended up being almost $8.4M. To close that gap, what we ended up doing was reducing our CIP, which is our Capital Improvement Plan, by $2M. Then we reduced budgets just across the board within all our 40 plus departments by $6.3M, so we ended up having a balanced budget and there was no imbalance. We actually were $3,000 to the positive as far as bringing in $3,000 more in revenue then expenses going out for the 2025 Budget within the City General Fund.



Over in the County Fund we started out with an imbalance of $2M. We ended up having additional revenues of $2.4M less than the prior year. Then additional expenses ended up being $6.6M, so a total gap that we had to close of $11M. So, again, we had to cut Capital Improvement. We cut that by almost $3.3M. We had operational reductions within our departments of about $4.3M and then the $3.5M we ended up adjusting mill levy’s in some of our other County Levy Funds to come up with about $3.6M and ended up having a balanced budget of $19,000.

I want you to pay attention to the mill levy realignment, the $3.6M, because on this next slide we’ll break that down.



2025 Budget Refresher

County Mill Realignment

- Increases revenue for the County General Fund (while keeping total county mill rate revenue neutral)

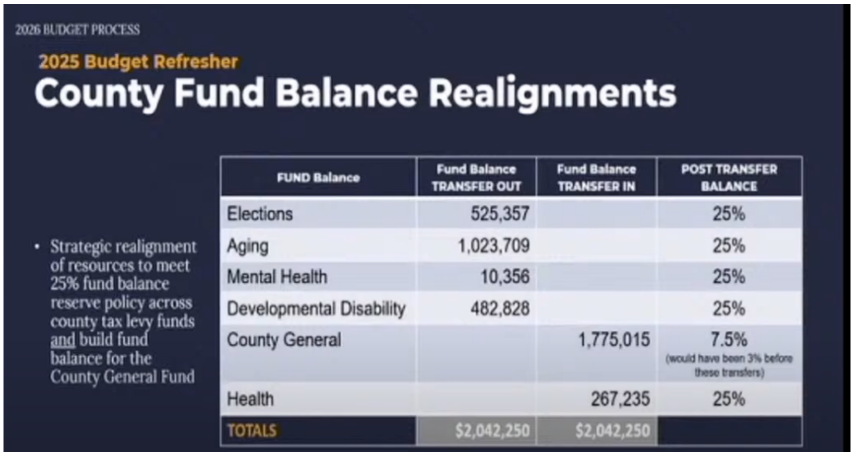
LEVY	2025 ORIGINAL Estimated MILL RATES (RNR)	2025 REALIGNED MILL RATES	CHANGE	% of LEVY	IMPACT ($)
County	24.81	26.39	1.59	79.23%	3,576,444.93
Elections	0.79	0.69	(0.09)	2.08%	(207,700.23)
Parks	1.47	1.34	(0.13)	4.03%	(300,002.52)
Aging	0.92	0.80	(0.12)	2.40%	(280,700.00)
Mental Health	0.38	0.36	(0.03)	1.07%	(56,800.00)
Health	1.40	1.40	-	4.21%	0
Dev. Disabilities	0.31	0.28	(0.03)	0.84%	(71,000.00)
CIFI	0.89	-	(0.89)	0.00%	(2,012,242.18)
County Bond	2.33	2.05	(0.29)	6.14%	(648,000.00)
TOTAL COUNTY MILL RATE RNR	33.31	33.31	0.00	100.00%	0

We see we got the $3.6M, the top line in the County General Fund, so all these other lines below are our other Tax Levy Funds on the county side. We've got the Elections Fund, Parks & Rec Tax Levy Fund, Aging Tax Levy Fund, Mental Health, Health Department, Development Disabilities and then we did have the CIFI budget in 2024, which we don't have in 2025 and then our County Bond & Interest. What we did was adjust the mill levies for those funds and we actually moved some of those mill levies to the County General Fund so we could get $3.6M. We can kind of see the county levy was 24.81 with going revenue neutral and we ended up getting it up to 26 and four tenths and that was because we made those realignments to those other mill rates.

Mayor Pro Tem Burroughs said before we move on, we have a commissioner that has a question.

Commissioner Ramirez said to clarify, when we did the realignment, to clarify what you said, we took the mills that we realigned and we put them to the General Fund, correct? **Mr. Lindsey** said, yes, to the County General Fund. **Commissioner Ramirez** said I just want to make sure that the clarification was there for me, but also for the community. It wasn't we took the mills and they didn't go anywhere, we just shifted them to the General Fund. **Mr. Lindsey** said yes.

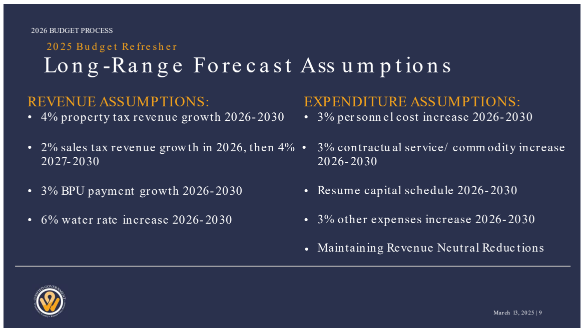
Mr. Lindsey said there's one more thing to pay attention to down at the bottom, total County Mill Levy RNR. You can see it's 33.31, and you see the original was 33.31 and then with the realigned mill rates, which is the third column, it's equal, so what you're showing there's a control to show that the County Mill Rate didn't go up as a total for all the mill levies on the county side.



FUND Balance	Fund Balance TRANSFER OUT	Fund Balance TRANSFER IN	POST TRANSFER BALANCE
Elections	525,357		25%
Aging	1,023,709		25%
Mental Health	10,356		25%
Developmental Disability	482,828		25%
County General		1,775,015	7.5% (would have been 3% before these transfers)
Health		267,235	25%
TOTALS	$2,042,250	$2,042,250	

One of the things we did, we were just discussing, we moved mill levies from other county funds so one of the things—some of those funds had fund balances and we ended up taking some of their fund balance and transferring it to the County General Fund to help get it balanced. We ended up taking almost $1.8M from other funds and at the time we did this during the budget season last year we had a post transfer balance of those funds of like 25%. That's kind of like what our policy state is that we want to keep a 25% fund balance, so one thing Michael—he's going to cover some of these funds, kind of look at their long-range forecast and you'll notice that the funds have a little bit different fund balance and that's because we updated estimates and everything. Again, this is what we approved last year.

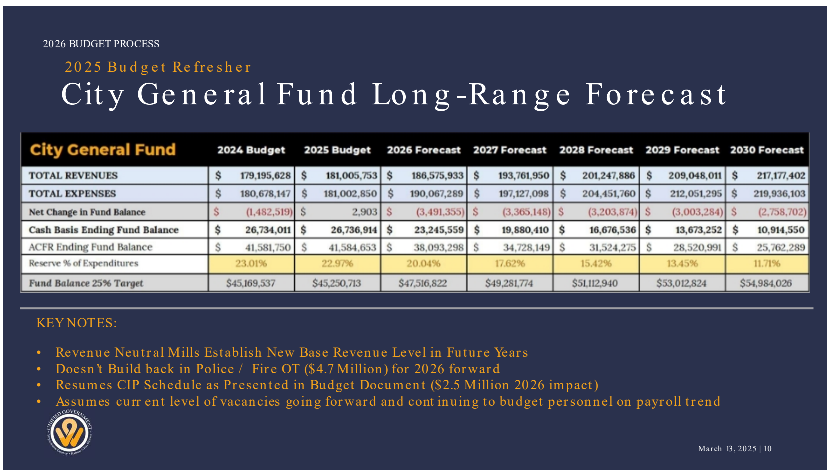
I'm going to turn it over to Michael now and he's going to talk about the City's Tax Levy Funds and the County's Tax Levy Funds, kind of talk about the Long-Range Forecasts in those.



Mr. Peterson said we thought it would be helpful at the start of the budget process to review the Long-Range Forecast that we ended the budget cycle with last year. We're still in the process of updating our revenue and expenditure forecasts for the next budget cycle, so at some point in one of these budget workshops you will see updated long-range forecasts coming from us. This is based on the information that we put together during last year's budget cycle. So, revenue assumptions similar to what we should be familiar, so 4% property tax growth is what we assumed for 2026 through 2030. That's about average. That's roughly what our average was before COVID and the pandemic and the property tax growth significantly increased. 2% sales tax growth is what we programmed out for 2026 and then we have it going up to 4% after that, which is still slightly below our average. I think our average is closer to 6%, but the economic forecast at the time we did the budget, revenue forecasts last year did estimate roughly 2% for 2026 and then we're trying to be conservative especially with the volatility that's going on in the federal government. We don't know what the economy is going to do, so we'll be looking to update that number as well. 3% BPU PILOT, Payment in Lieu of Taxes growth for 2026 through 2030. Then 6% water increase rate for 2026 through 2030 and then other revenue sources we had growing at the rate of inflation, so that would assume that we're either generating more charges by more customers or that we're adjusting our fee schedule to be in line with inflation each year.

Expenditure forecasts for all of our forecasts we're assuming 3% cost-of-living adjustments for labor groups and non-union groups, 3% contractual services and commodities increase. Basically we assumed that our expenditures were going to grow similar to what an inflationary rate would do, status quo expenses. We did build in our resumed Capital schedule for 2026. As you've seen in some of the previous slides, one of the ways that we balanced the budget in '25 was to make substantial reductions to our cash funded Capital, so we built that back in for our 2026 through 2030 forecast. Then, 3% on our other expenditures.

I will note that any of the changes that we made to go revenue neutral we have not built back into these forecasts and the exception to that is Capital. So, for instance, overtime reductions, those would not be built in unless we make the conscious decision to do.



Here's a look at what our City General Fund Long-Range Forecast looks like, so you can see we are balanced at about $3,000 in the 2025 Budget. This again assumes that we have a new property tax base due to revenue neutral, so that assumes that the growth is based on going revenue neutral in 2025. Without building in the cuts that we made to the operating budgets, which when we say operating, we mean both personnel and contractual and commodity services, so that's basically the total budget without including Capital. So, without building that back in and resuming the Capital schedule, we're looking at to start off with about $3.5M deficit starting out 2026 and this does assume—all of these forecasts assume that we maintain our staffing levels similar to what we had active at the beginning of 2025 when we did the forecast for personnel. We're not fully funding personnel and we're also—well, with the exception of the reductions that we made of the 60 positions.

Commissioner Ramirez said I know we went over this last year. Dr. Kneuvean, to remind, just as a quick refresher and reminder since this is our first budget workshop, cash basis and the ACFR ending fund balance, which one had the encumbrances? **Shelley Kneuvean, Chief Financial Officer,** said the one that has the encumbrances included, which is what like on Council looks at is the ACFR, which is basically saying if we had something catastrophic, we could cancel existing contracts and use that money for other projects. In a normal course of business, the Budget Office looks at what is truly unrestricted cash that would be available and so they parse out the ACFR and the cash basis and calculate that as to what would be available.

Mr. Lindsey said I might add that when we do state forms for the state, they go back by cash basis, so like if a cash basis is in the negative, we couldn't approve a budget.

Mayor Pro Tem Burroughs said, Reggie, if I understand correctly, and if I'm wrong, please correct me, that you are all—that it's already being forecast that we are going to be $2M—I want to make sure I'm looking at the right one, I apologize I'm not, I'm looking at the city, I was looking at the county, but you're predicting in 2026 we're going to be underwater $3.5M. **Mr. Peterson** said that is the forecast that we had done last year. Again, we're updating our forecast for this budget cycle, but that's the most recent information. **Mayor Pro Tem Burroughs** said I can't hear you. **Mr. Peterson** said that is the most recent information that we have, that's correct. That's the most up-to-date forecast that we currently have.

Mr. Lindsey said what that 2026 forecast is saying, the $3.5M that we have $3.5M more of expenses going out in revenues that we had—than we have, but we ended up—we would have a fund balance still of $23M, but we would just have more expenses going out than revenues coming in. That's what that $3.5M is saying, but we could still approve a budget at that point in time, but it's just we're structurally imbalanced.

Mayor Pro Tem Burroughs said I just want to ensure moving forward, and I don't want to prolong this meeting tonight because I know we have a lot to go on, but right at the very beginning when we talked about 2% or 4% growth in property tax revenue, is that county and city combined? **Mr. Peterson** said that's across all of our tax levy statements. That's what we're assuming. **Mayor Pro Tem Burroughs** said and that's commercial also, that's everything. **Mr. Peterson** said that's overall value. **Mayor Pro Tem Burroughs** said okay, and you're only predicting a 4% growth. That's a pretty conservative number considering—**Mr. Peterson** said we're predicting that we choose to accept 4% growth. Whether or not the property tax value grows, we don't have to accept the full growth if we do not choose to do so as an organization. We chose to show 4% growth. **Mayor Pro Tem Burroughs** said I just wanted to know the reasoning behind what I would consider a very conservative number on growth when we've seen high single digit and double-digit growth in property valuations over the last three or four years, not only in the community, but statewide.

That's what kind of has me at 4% and then the 2% sales tax growth, what was the state's sales tax growth. Do we know what it was this last year? **Mr. Peterson** said I do not know what it was this last year. **Mayor Pro Tem Burroughs** said I think it was close to 6%. I don't want to misspeak, somebody double-check that number, but I know every year we've done budgets the sales tax has been pretty conservative and this is one of the first years in probably 30 years that I can recall that sales tax outperformed property tax. That tells me that we are a robust community in sales, another revenue stream that this community did not have for decades and now we have it and it's a pretty conservative number and when I see a proposed budget that's already underwater, I get a little concerned about that initially.

I just want you to know what I'm seeing when you present this number so as we go forward, the questions that will come forward, you'll be able to respond and I appreciate that you want to stay with the 4%, but I just might disagree with that a little bit.

Ms. Kneuvean said if I can jump in for a quick second. We have not done the revenue forecast for the '26 Budget yet. I think what the Budget Office is showing you is the model as it stood last year. Kind of, again, a starting point but we will update our revenues based on actuals and then we'll also be getting the assessed valuations from the Appraiser's Office, which is information that will all be coming to you and then you all will have to make a decision as to what we set the property tax at and then what's a reasonable based on actuals for sales tax. So these are just projections and they are fairly conservative, but it's also just information to digest for now. **Mayor Pro Tem Burroughs** said great. I just didn't want it to set the tone that we're broke, we're not going to be able to do anything because I don't think that's what these numbers are trying to tell us. We're just trying to craft a budget, I understand.

Mr. Lindsey said one of the things as you say, Commissioner Burroughs, that these numbers are telling us is when you're looking at 2026 to 2030, we're able to make adjustments, so we're forecasting out and so we can reduce expenses as we need to and if we see a place to increase revenue, we can do that as we need to also. This is merely a forecast and Budget and Finance can work with the Commission to make some adjustments as we did last budget season when we went revenue neutral.

Commissioner Davis said two questions and I know you are still kind of working on your forecast formula. Are we including just the impact of tariffs and just what that could possibly do to our contracts, to supplies, to all of those things, are we taking that into account or do we plan to take that into account? **Mr. Lindsey** said yes, we definitely do. I mean there's a lot of things going on like micro economically where we are just kind of sticking with what we forecasted last year conservatively like Michael has talked about. As we dive deeper into the budget we will make more adjustments, but right now we feel like this is a safe place to stay is like real conservative until we get a better handle on what's going on micro economically. **Commissioner Davis** said gotcha, because I know if it sticks, I know it's been kind of an off and on deal, but that will undoubtedly have an impact.

The other question, I just want to get clarification, when it says in the keynotes revenue neutral mills established, new base revenue level in future years, I just want to make sure I understand what that's saying. Are you saying that the expectation is that the mill levy that we adopted, the mill levies plural, that we adopted in the previous budget will hold and that's what your forecast is based on or you're assuming that we will go revenue neutral again and that is impacting the current forecast? **Mr. Peterson** said we are assuming that the mill rate stays fairly consistent. Again, if we did get more than 4% property tax growth, we would assume that we would adjust the mills to be at that 4% level with at this point. **Commissioner Davis** said gotcha and the other side of it—right, if we go revenue neutral again, that we're going to see the impact of less revenue, is that correct as well? Okay, so these are—the forecast is based on the mill levies from the 2025 adopted budget. Do I have that correct? **Mr. Peterson** said that is correct.

Commissioner Stites said does this projection include—where is the Plaza at the Speedway TIF. Where is that penciled in or has it been penciled in because that's additional—when we're talking about the 2% sales tax, if that is a factor that comes online. I mean that's a pretty large significant increase into our—**Mr. Peterson** said we are definitely aware of that project. Since this was done during last year's budget cycle and we were not aware of what the status of that project would be, that revenue is not built into this forecast.

Ms. Kneuvean said just a reminder based on the resolution that the Commission passed, in future budget workshops we'll bring forward the current status of what the agreements are and how that shakes out, yet to be seen, but we will tell you what will have an impact, a positive one either way on the budget. Then the resolution that was passed was for you all to consider 50% of that money then to help either address debt or address tax property tax, so we'll bring all of that information forward as this evolves.

Commissioner Stites said the TIF dollars right now are not included into any projections or anything, so at our next meeting will those numbers—when will we see those reflections of those numbers? I mean regardless of which way that project goes—I mean I think that we need to be prepared one way or the other. **Ms. Kneuvean** said I would say that I would expect April or May would be when we bring all revenue forecasts forward because at this point we've got basically February numbers, we've got two months' worth of numbers. We've got what happened over the course of the last year, but like we noted, there's an awful lot going on nationally that could affect things too, but we'll be bringing forward all the revenue projections. That would include Economic Development incentives because that's one, but there's a couple others as well, so that's all placed on the table for consideration, but I would say April-May time period and then we'd finalize it. We don't get the final assessed values from the Appraiser's Office until June so we have a good estimate, but then we would bring in the final numbers as they're certified in June.

Commissioner Stites said could you remind me, Shelley, and if you don't have it right now I understand, but what that looked like, and I know that they're not specific numbers right now, but what did that look like on the county side for that TIF and then what did it look like on the city side roughly? **Ms. Kneuvean** said $500,000 on the county side and a million five on the city. **Commissioner Stites** said per year. **Ms. Kneuvean** said yes. Mostly because the state statutes have a proration of the county sales tax that then goes to the cities, a portion go to the cities and then a portion stays with the county.

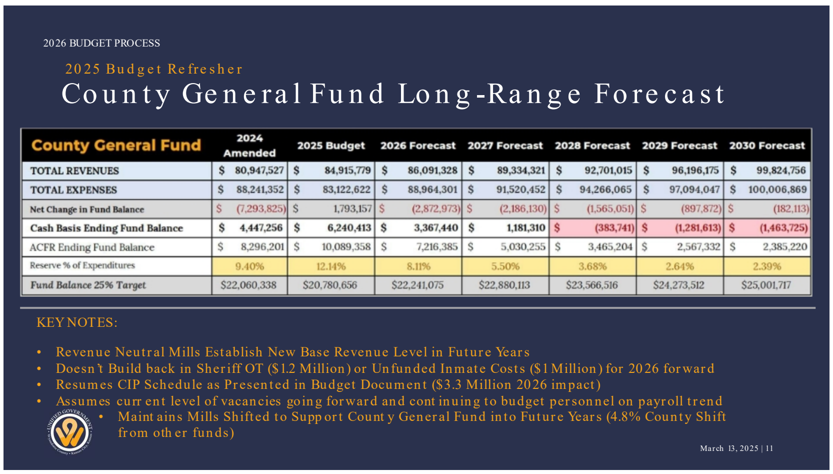
Commissioner Lopez said I don't want to sound too harsh, but do you think we're kind of flying blind right now until we have everything we need when our audit comes out as well because that sounds like it's going to change up the whole playing field all the way around. **Ms. Kneuvean**

said I would say it's just early in a year to be forecasting revenues because we're talking about budget year that would start January of '26. We are back on schedule and our audit is already underway. We will have a final audit done in June, so really the thick of, a lot of this information starts coming forward with revenue projections, with final audited numbers for prior year. At the next ED&F though you will have a preliminary yearend report with the fourth quarter for 2024 and we put a lot of effort into that and it should be very close to what ends up being in the audit because we know we need these numbers sooner than we have been getting them the last few years. So it's just early in the process right now. We're only a couple months into '25, but by the time we start hitting in that kind of April, May, June time period, we'll have a lot better information.

Commissioner Lopez said so you're saying in the next ED&F meeting we'll have that, but do you have that right now? **Ms. Kneuvean** said yeah. I've got the report done. **Commissioner Lopez** said but it's not in this, though, right? **Ms. Kneuvean** said it's not. It's in the system for the ED&F meeting. **Commissioner Lopez** said but that would be great to have with this. I'm just asking, do you think it would be great to have it like right now too because that probably change up the forecast a little bit, wouldn't it? **Ms. Kneuvean** said yeah and that's what I think Michael was saying is that this is a recap. We're trying to give you a recap of what happened last year because it's been a few months, it was a pretty quick process once the decision was made to be RNR, so we're trying to kind of revisit what we did last year and where it ended up. These are the assumptions for now. These aren't the decisions that have been made, but this is how it would look, what it should—really the bottom line is what this should tell you is that we have some decisions to make, that's all. We need more information in terms of what our sales tax projection should be, what is our property tax valuation. We will be looking for direction from the Commission about RNR or a modified number mill levy rate, maybe not go RNR, but maybe have a little bit of offset, but that's to be done. We wanted to make sure that we started out with a recap of here's where we were and this should really just tell you that you got decisions to make. **Commissioner Lopez** said okay, so just a recap. There we go because that kind of helps me.

Mr. Peterson said I will just say I guess I didn't mention on the slide we are projecting to be over our 17% target for our fund balance in 2026 even with that deficit and we wouldn't see that drop until 2028 with our current forecast. We would not be at our 25% target for having the extra months cushion for emergencies and I will say with the volatility of tariffs and everything, that would be a reason why we would be conservative on our sales tax estimates because that would have the most immediate impact and that is something that is completely—that's very difficult to forecast what sales taxes are going to do.

The City General Fund has a very substantial portion of sales taxes so that would be one of the funds that would be the most impacted by those changes.



County General Fund	2024 Amended	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
TOTAL REVENUES	$ 80,947,527	$ 84,915,779	$ 86,091,328	$ 89,334,321	$ 92,701,015	$ 96,196,175	$ 99,824,756
TOTAL EXPENSES	$ 88,241,352	$ 83,122,622	$ 88,964,301	$ 91,520,452	$ 94,266,065	$ 97,094,047	$ 100,006,869
Net Change in Fund Balance	$ (7,293,825)	$ 1,793,157	$ (2,872,973)	$ (2,186,130)	$ (1,565,051)	$ (897,872)	$ (182,113)
Cash Basis Ending Fund Balance	$ 4,447,256	$ 6,240,413	$ 3,367,440	$ 1,181,310	$ (383,741)	$ (1,281,613)	$ (1,463,725)
ACFR Ending Fund Balance	$ 8,296,201	$ 10,089,358	$ 7,216,385	$ 5,030,255	$ 3,465,204	$ 2,567,332	$ 2,385,220
Reserve % of Expenditures	9.40%	12.14%	8.11%	5.50%	3.68%	2.64%	2.39%
Fund Balance 25% Target	$22,060,338	$20,780,656	$22,241,075	$22,880,113	$23,566,516	$24,273,512	$25,001,717

We did want to go through all the different county levies because those are the levies that we struggled with the most during revenue neutral. Property taxes make up more than 60% of the revenues that go into the County General Fund and they make up a substantially even more of that revenue in some of the other tax levy funds.

This is the County General Fund, so right now we do have a positive change in fund balance programmed for 2025 of about $1.8M. That is what the transfer in to shore up fund balances from excess fund balance that we saw on the earlier slide from some of our other Tax Levy Funds, so that's trying to realign our fund balances to the targets of being at about 25% to each fund. In order to achieve this we did add about 1.6 mills to this fund from our various taxing funds and that equates to about $3.6M in revenue.

Just so you are aware, we did take out the additional $1.8M in revenue out of '26 in the future, so the only year that's showing up on this forecast is in the 2025 budget because that's a one-time transfer.

Commissioner Burns said when you're speaking to the County General Fund and you had to infuse dollars in it to get it balanced, when did it happen on the county end of the budget that it got so low. Was it a few years ago, was it whenever? Can you need to tell us? **Mr. Lindsey** said it's something that had been generally happening over time and also we did have some contractual obligations that did go up within the County General Fund, which had an impact on it. It wasn't like it's something that happened in just one year, but also the fact of going revenue neutral that definitely was an impact to it also last year.

Commissioner Burns said this is just a little piece of history but the former Legislative Auditor told me that at consolidation the county gave to the city $16.M in cash reserve and his estimation it was spent in two years on the city end. So, maybe there's a lot of history going way back.

Mayor Pro Tem Burroughs said I remember we as a body took some expenses from the county—or from the city and put it into the county fund because we felt—it was presented to us that some of the contractual issues out of the city budget was going for county business or it was just vice-versa, one of them, so we flipped those monies over to—the mills over to the city I believe it was and that's why the city is in a better position today than what it was three or four years ago. I think that was under the prior Administrator, two Administrator's back, that made that position to us and maybe some of my colleagues that have been here remember that discussion. **Mr. Lindsey** said I can't say exactly I remember moving any mills from the city side to the county side or the county side to the city side. There were some workforce related expenses that were moved to the county from the city. It was because we did a Workforce Study and we realized we were paying some employees that were over in the city that should have been getting paid from the county, but we never like switched—I don't recall switching mills between the city and the county.

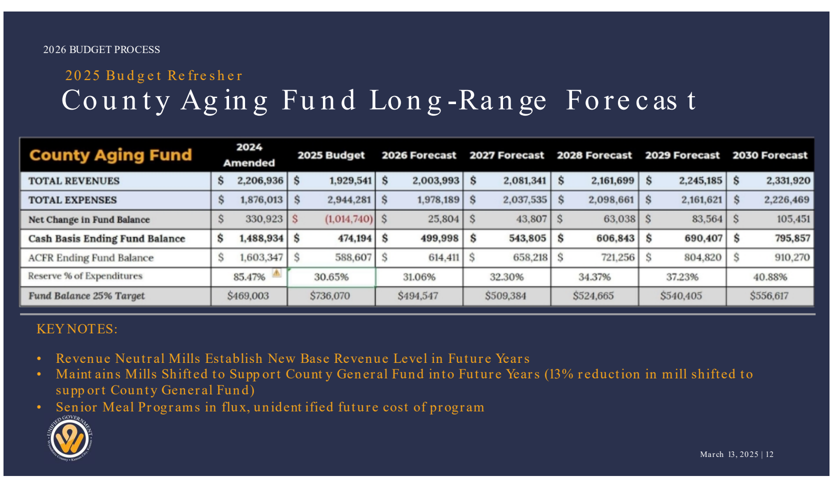
Mayor Pro Tem Burroughs said thank you for that correction. I didn't mean mills. I meant expenses and/or there was something that wasn't aligned up and it was brought to us collectively as a body to determine if we should switch this over and make it—take it out of I believe it was the county fund and put it into the city fund because the city was—it was the other way around—**Commissioner Ramirez** said it was some employees were being paid out of the city budget but they were doing county work. I remember when we made that realignment with

Administrator Bach at the time when he presented that to us and that's what it was, realigning the payroll expense to the county budget instead of the city budget.

Mr. Peterson said we make a strong effort to try to allocate the cost for county services to our county funds and our city services to our city funds. So one of the things—that was actually something that I was involved in in prior years in the budget process, so sometime around 2019, 2020 we were looking at our budgets and you'll see slides on here for shared expenses, so basically those are a lot of our administrative functions. Those would be Buildings & Logistics, Human Resources, Technology, the Commissioners, the Mayor, the County Administrator's Office, so what we found when we were looking through those expenses was that the majority of those expenses were being charged for years to the City General Fund. So what we did is we for our general administrative expenses estimated how much of our budget was county, how much of our budget was city as the Unified Government and split those positions roughly 70% city funded, 30% county funded. For the positions that were specifically in operations like Human Resources and Payroll, that are specifically personnel related, about 60% of our FTEs on the county side of the budget and—or 60% of our FTEs on the city side of the budget and 40% of our FTEs on the county side of the budget, so we allocated them that way. That is something we try to watch and we definitely try to make sure that city expenses are not being charged to county funds and county expenses are not being charged to city funds. I know that Budget is not alone in that. I know Finance keeps a close eye on that as well.

Mayor Pro Tem Burroughs said thank you for that explanation. I think it's important that we know some of the challenges and why it happened. Commissioner Burns, I know I stepped on all your question. Did you have any other questions or comments? **Commissioner Burns** said no, other than nobody can answer when the county had the problem about getting the fund up. **Mr. Peterson** said so I can definitely say, I can't give you facts right now necessarily like specific numbers, but it has fluctuated which fund has done better in my time in Budget. For instance, after the recession, the recession in 2008 that was primarily property tax related so that definitely had more of an impact on the county side of the budget because the county side is primarily property tax funded. City side having more sales tax, it recovered quicker than the county side did and then after a while, especially with COVID, the county side of the budget actually started performing better because of property tax valuation increases that we've seen recently and the city side has struggled more. It kind of has flipped back and forth depending on what the economy is doing and depending on which revenue stream is functioning healthier. **Commissioner Burns** said so what you're saying your goal now is to keep them where they need to be. **Mr. Peterson** said yeah, we need to keep the county expenses where the county is and the city expenses where the city is. **Commissioner Burns** said you answered the question for now.

Mr. Peterson said one of the things that we can point out on the County General Fund is that we did only approve a Capital Budget of roughly $200K in 2025, so building back in a Capital Budget in 2026 will have a substantial impact on our forecast. Again, this is conservative, 60% of our revenues are property taxes so we already know that we're forecasting to be higher than that. If we go with the 4% number, we'll have a challenge building Capital back into our budget in 2026. I'll also state that this does not build back in Sheriff overtime or unfunded inmate costs that we did not fully fund during the 2025 Budget cycle and that is roughly $2M as well and then it also assumes that any of the mills that we shifted in 2025 stays constant and we do not revert any of the mills back to the funds where we took the mills from. That was about a 4.8% shift of mills on the county side from other funds into the county to support county services and on this forecast we would be negative on our cash basis in 2028 and we would have to make adjustments before then. We also are not at our 17% reserve target in any of the years.



County Aging Fund	2024 Amended	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
TOTAL REVENUES	$ 2,206,936	$ 1,929,541	$ 2,003,993	$ 2,081,341	$ 2,161,699	$ 2,245,185	$ 2,331,920
TOTAL EXPENSES	$ 1,876,013	$ 2,944,281	$ 1,978,189	$ 2,037,535	$ 2,098,661	$ 2,161,621	$ 2,226,469
Net Change in Fund Balance	$ 330,923	$ (1,014,740)	$ 25,804	$ 43,807	$ 63,038	$ 83,564	$ 105,451
Cash Basis Ending Fund Balance	**$ 1,488,934**	**$ 474,194**	**$ 499,998**	**$ 543,805**	**$ 606,843**	**$ 690,407**	**$ 795,857**
ACFR Ending Fund Balance	$ 1,603,347	$ 588,607	$ 614,411	$ 658,218	$ 721,256	$ 804,820	$ 910,270
Reserve % of Expenditures	85.47%	30.65%	31.06%	32.30%	34.37%	37.23%	40.88%
Fund Balance 25% Target	$469,003	$736,070	$494,547	$509,384	$524,665	$540,405	$556,617

The Aging Fund was reduced by .12 mills during the budget process. It was about a 13% reduction in the mill dedicated to Aging that was shifted to the City General Fund and then we had a transfer of about $1M in fund balance that was built up to the County General Fund to support the county as well. So, ongoing you can see that this fund is balanced. We will note that we're currently going through some significant changes to our Senior Meal Programs. Some of the vendors are in the process of changing over so we don't quite know what the impact of that's going to be and we're going to have to evaluate that as we find out more information. So that could be an additional expense that needs to hit this fund.

Commissioner Bynum said on the meals program, is that partly federally funded? **Mr. Peterson** said I know we receive some funding from the state. I don't know where the state gets their funding from. **Commissioner Bynum** said and then I take it from this some of it is county funding. **Mr. Peterson** said yes.

Mr. Peterson said we are above our 17% and 25% targets for the Aging fund going out status quo budget.

Commissioner Stites said why if we are targeting a number of our reserved fund balance and it's clearly above, as a matter of fact you get to 2030 and it's 40% and we're comfortable with saying we want to be in that somewhere between 20 and 25, why are we not reducing these reserve numbers down to reflect—I mean it's kind of confusing to me because if you look at 2025 we're 1.014 in the red, but yet we have reserves of 30.65. Why did we not draw down those reserves to make up that gap? **Mr. Peterson** said we did project out to set the final reserves for each of these funds at 25% and that's what we saw on an earlier slide. These numbers are based on the final budget numbers that were approved and when we did the calculations again we didn't quite get there. Going forward we could either readjust the mill again, we could do some one-time projects to get the reserve down to 25% if we wanted to. There's a variety of things that we could do to keep the reserves at 25%.

Commissioner Stites said can you give me an idea of what the number is between 25 and 30.65. What does that amount look like, how many dollars are we talking? **Ms. Kneuvean** said I'll jump in for a quick second. There's a little bit of disconnect on this slide because the 30% was how things were going to look before we did the million dollar transfer, but that's exactly what we did is we brought—that fund balance had overgrown so when you all adopted the budget last year that was moving the excess quote fund balance from that fund over to the county since it was originally county property tax that was in there and that's what we did. Now, every year we should evaluate that. To your point, if that fund balance on any of these funds gets above the 25%, which is what our written policy adopted by the Commission is, at minimum 17, the goal is 25, then we should make additional adjustments. But, again, at this point these are conversations. They're not final decisions, but we will be looking at that in terms of yearend actuals and see if we need to do additional transfer at that point.

Mr. Peterson said to answer your question too, we were at 85% fund balance if you look in 2024, so that million dollar deficit, that is the transfer. We transferred it out when we did the projections. When we were going through the budget process we thought that we were going to be at 25%. When we finally got—when we approved the budget we were slightly different than the 25%, so we were 5% over. If you look at the difference, you can see the fund balance 25% target, the bottom row, so we're roughly about 100K different on 2026 from where the target would be.

Commissioner Ramirez said, Dr. Kneuvean, to what you had said towards the end—because I know that the fund balance policy does dictate that if a fund is over the 25%, it's up to the Commission to bring that down back to 25%, is that correct? **Ms. Kneuvean** said that is our understanding. There has been a question brought forward by one of the funds, so we are taking a look at that to make sure that we're correct in that. The important thing about that is that the fund balances for any fund are not appropriated fund dollars. They're not appropriated, so the operating department cost—okay, we do feel like there's pretty clear direction that once you approve a budget, then for the Aging Fund those dollars are approved for Aging that we can't call that back for example. The fund balances are not appropriated, but we're taking a look at that to make sure that we're correct in that, but the goal and there would be different ways to achieve the same outcome, frankly mathematically, but the goal was to—when those fund balances just grow too big is to then do something about that and there's a plethora of choices that could be done that Michael was articulating. We chose because the County General Fund was in such bad shape with their fund balance to move those fund balance dollars that were—like when it's on your bill you see county property taxes, that's what you see, so we took those dollars and moved them over to the fund balance in the county.

To answer the other question, I mean for any of these you would look at your total expenses and it's 25%, so divide by four, so it's a little misleading here because in the expenses is that million dollar transfer. So, let's just round to $2M is the Aging Fund Operating Account. That's our operating budget from the County General Fund, so 25% would be roughly 500K, that would be their 25% fund balance. As Michael said, you can see that it had grown to a million four, so it had just overgrown over time so we made that transfer. Does that help? **Commissioner Ramirez** said yes, that does help because then just to give an example, so it's currently at 30.65 so that's about five and some change that we're over the target, so going to what Michael said about different ways that we could do that, we could shift that extra 5% and change to the County General Fund or as Commissioner Stites said, we can find a project or something to spend down that five and change. Is that correct? Those are some ways that just to give an example of—since the fund balance is over, we can bring that down to the target, correct? **Ms. Kneuvean** said yes. The discretion would be whatever the numbers are, whatever fund we're talking about is that our policy adopted is 25%. Now, you can choose to go above that. That's a great luxury to have or if you want to keep it at the 25%, then there's choices to be made.

Commissioner Stites said if you're asking for a suggestion for a project, CIFI sure fits the bill.

Commissioner Lopez said wouldn't it be a good idea if maybe we just waited on moving any numbers around till we have all the numbers in play. **Ms. Kneuvean** said yes. We're not asking you for any direction or details yet, but we wanted to start the process, start the conversation because we're going to be bringing forward an awful lot of information, so we wanted to revisit kind of where we were, remind you that we did, for example, the mill levy transfers. We did that and we did the fund balance transfers, we did that, but we don't look for any kind of decision on any of this because it's still preliminary. It's just the very start. Now, when we get to debt here in a little bit, I am going to be asking you guys for some consensus decisions because it will help drive what we put together to bring forward to you. But on this part of the presentation, it's information right now.

Commissioner Lopez said well, I mean just like when you said we get to debt, you're going to need decisions. Well, we can't make decisions if we don't have all the numbers especially for debt. **Ms. Kneuvean** said that's a little different. We'll get there—**Commissioner Lopez** said it's still numbers we don't have that are going to be coming in is what I'm trying to say. **Ms. Kneuvean** said we'll talk through that. **Commissioner Lopez** said okay.

Commissioner Burns said I don't know why we have to have eight or nine budget hearings. I really don't. I don't think the federal government has that many on their end. I think you can get the information. The information you need from us you can combine that in one real good meeting and we would have to give answers to you at that point, so we could cut a couple of these out. After a while—I'm not quarreling the good work you all do, but it gets repetitious and that's my recommendation.

Commissioner Kane said I agree 100%. I would rather get to the part where you're wanting questions because like what Commissioner Lopez says, this is kind of redundant and we don't have the numbers and Commissioner Stites asked the same thing. I would rather get to the point where you want us to answer questions instead of going through this stuff. That's how I feel about it.

Ms. Kneuvean said would it be helpful, you have in the packet, you all have them, you've got the long-range forecast for the other county related funds, so that's again just information, just a reminder. It'll be good to have on hand when we bring forward updated recommendations and so forth and numbers, we could skip through those, but we do think it's important we revisit a little bit about when we did RNR what the operational impacts were. We know, for example, Commissioner Stites said CIFI lost funding. We want to make sure we highlight those other impacts because those will be decisions in the future that have to be made if we build those back in and some of those we feel like there's some discretion, but I mean we did a lot that we could do for a year and in particular on the county side it's in a tougher spot financially frankly. So we could skip these slides if you would like, and then move to slide 19 on the revenue neutral impacts.

Bridgette Cobbins, Assistant County Administrator, said before we jump in—the forecasting it is a lot of information and it gets a little confusing at times, but we just wanted to provide an overview. These budget workshops, they're your workshops, so whatever direction you want to give to staff, that's the charge that we would go forward and we identified nine dates just throughout the summer so that we can put them on calendars just as placeholders. We're not tied to that, that we have to have nine budget workshops and we heard you at the Strategic Retreat indicating that we need to try to narrow those down. But just from a planning and from a scheduling standpoint, that's why we went and built out all those days throughout the summer because we know that it gets a little confusing to try to get the group together as a quorum. So we have those dates out just as placeholders and we can maneuver and adjust throughout the summer.

So what we can do, because I think we all understand the forecasting and we appreciate everything that Budget has done to give us some good insight, but one of the things the Commission requested of us during our retreat was to just get some insight from internal departments as to how RNR has impacted them thus far. So, if we can start with that if that's okay with the Commission, we can go over some of the impacts of what RNR is doing operationally within the organization and then transition to debt or once we're done with the RNR impacts, if you choose, we can use the debt for our next workshop and start that off fresh and just go through the debt holistically.

We'll take your guidance on what we need to do for the remaining of the session today, but I think it's important that we do share with you we did a survey from our department heads to see what were some of the impacts from RNR. I think if we can move to that arena, that will give you more insight as to what staff is looking at today as it relates to RNR and the impact from January to present. So with that, if we can skip to that area, Reggie, we'll do that. If you guys want to jump into that and then after the conclusion of this, if you guys want to continue with the debt, we can or we can do that at our next budget workshop.

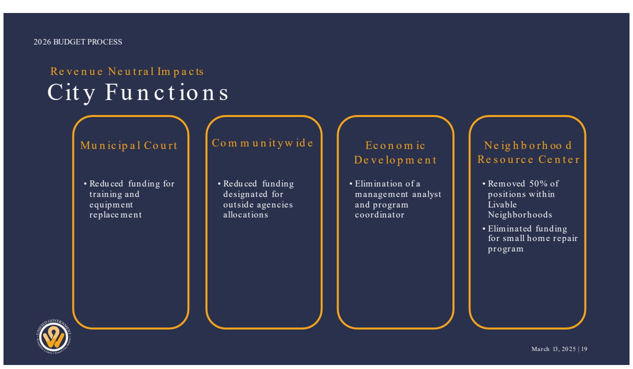
Commissioner Burns said you're telling us some of these functions after two months into the year, how it's impacting. Is that a good forecast? **Ms. Cobbins** said it's not a good forecast, but the question was asked during the retreat how is it impacting some of the departments thus far and so that's what we did in the survey. We sent it out to the departments because they can clearly see what's happening in their budgets right now and you can kind of get engaged as to what's going to happen come summer and where you're going to be at throughout the year. That was the question that was asked. **Commissioner Burns** said I thought we did that after five months. **Ms. Cobbins** said did what after five months? **Commissioner Burns** said what you're doing now after two months. I thought we recommended that you tell us after five months of operations how it's doing or not.

Ms. Cobbins said, Commissioner Davis, do you remember the timeline of what the request was at the retreat? **Commissioner Davis** said yeah, I mean I think I was the one that made the request that we look at the impact of revenue neutral and we adopted the budget September so I would—**Mr. Lindsey** said I think August 28th. **Commissioner Davis** said so this would be—I mean we are within that, well beyond that five month window or just about for that impact since we are in March. I'll also ask, I do agree that we do have quite a bit of budget workshops and some of them I know for a fact I won't be able to attend, but I would ask that meeting information come closer to the decision making because one of the things just over the years that I've observed is the really, really important stuff will be said in April, but then we have to vote on it at the end of June. I know our community right now isn't here, but there will be more and more folks that will start paying attention and I feel like there was a missed opportunity to really present the impact of revenue neutral, the impact of the budget to the community prior to that vote taking place. I think as we get closer to it, that would be very helpful as well as these impacts and these impacts are not forecast per se, these things happened. These positions are not in place, there's not a hey we think it's going to be, this is what it is. I know particularly for our Public Safety Departments it's very real. They are working very hard to make sure they are meeting the overtime threshold or really the mandate that we put on them as well as other departments. We're not necessarily looking at a forecast here, we're looking at an impact of decisions that we decided and that our community wanted us to make.

Commissioner Stites said when we voted on it, when did it take effect, January, right. So it don't matter if we voted on it in June, July, August, September, October, November or December, so the five months the clock didn't start until January 1, so we're really only three months in like Commissioner Burns said. We're two months in, so we're not at that five month period.

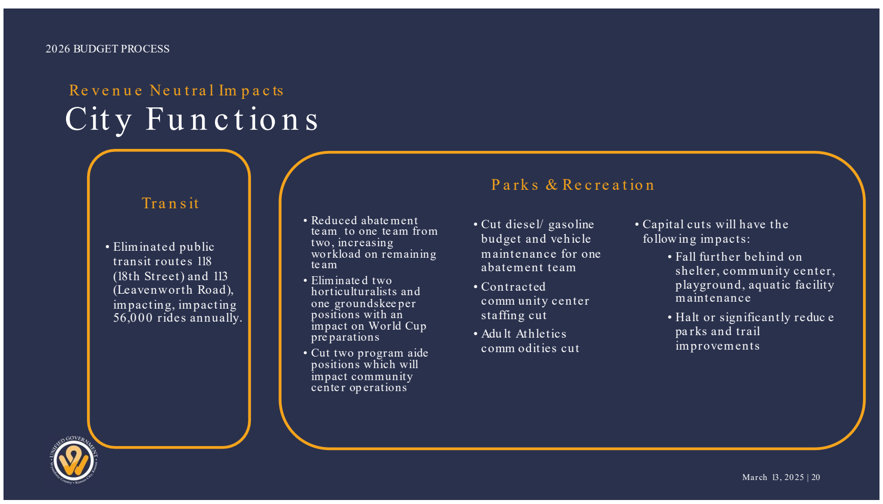
Commissioner Townsend said just a suggestion, Madame ACA mentioned the dates on the calendars now as kind of placeholders. Do we know specifically on those dates what the particular subject matter regarding the budget will be discussed. I'm just cautioning before we start slashing dates that we don't slash something that's going to be substantive to the decisions we actually have to make, revenue neutral or not, what stays, what goes. I'm a bit cautious about just trying to decide right now to reduce the schedule. **Ms. Cobbins** said no, those topics have not been determined. That was the purpose of having the budget workshops on the preliminary side so that we can get direction as to where we need to go from a staff's perspective to prepare for future budget workshops. We have not identified what those topics are.

Commissioner Bynum said I would appreciate seeing these implications. **Mr. Lindsey** said are we ready to jump into them.

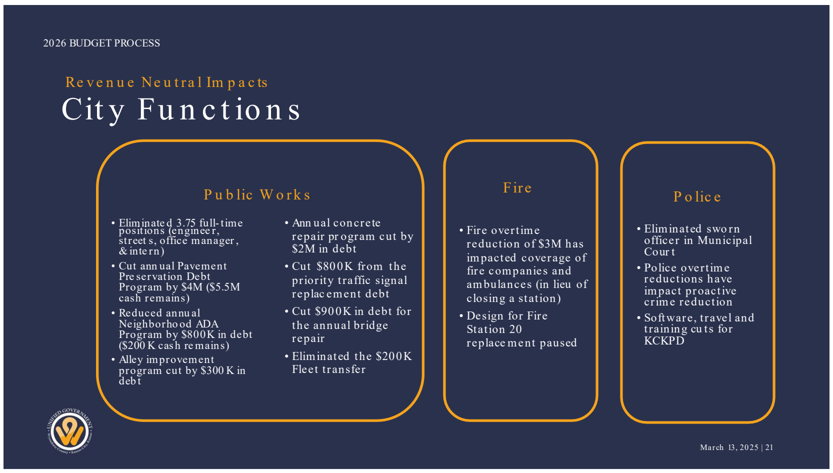


Mr. Lindsey said what I'm going to go through is give you a summary of the impact and adjustments that were made to some of the departments during last year's budget process and what were in place right now in the 2025 Approved Budget.

So, Municipal Court, some of the things they lost they had reduced funding for training and equipment replacement, which involved—they had issues replacing computer equipment and iPads for translators within the courts. Also, communitywide we reduced funding for designated outside agencies. Those include our NBRs. Economic Development we eliminated two positions, a Management Analyst and a Program Coordinator. Over in Neighborhood Resource Center we cut Livable Neighborhoods in half as far as FTEs so they went from two employees to one employee and we also eliminated funding for small home repair program.



In Transit we did eliminate transit routes, so we eliminated Transit Route 118 and 113, which impacted 56,000 rides annually. In Parks & Recreation there was a bigger impact where we went from two abatement teams down to one abatement team, so workload definitely impacted here. We're getting the things slower throughout the year. We eliminated two Horticulturalist and one Groundskeeper over in the Parks & Rec fund and then we cut a Program Aide position in Community Centers. We also had to cut fuel, also contracted employees within the Community Centers we cut back on those. So there's less services and less time that those centers are open now and then Adult Athletic League we had to cut some of the commodity budgets out and that includes things like the balls and things that we have to buy like softball and so just the equipment needed for the sports.



In Public Works we eliminated almost four full-time FTEs being an Engineer, Intern, and an Office Manager. We also cut Pavement Preservation. We actually cut the debt piece of it and we're paying for all of it with cash now, but we cut $4M in debt and we still have like $5.5M that we're paying in cash. We reduced the ADA. We had $800K in debt and now we have $200K in cash.

Jumping over to the Fire Department, there was like $3M in overtime that was going on, so we did reduce overtime in lieu of closing a fire station. We did have to pause design on Fire Station 20. In the Police Department we eliminated a sworn officer in Municipal Court, Police overtime reduction definitely an impact on crime reduction within the community. Then just training to help crime to keep going down. The Police Department isn't able to go out for training.

Commissioner Stites said I'm curious on the Police Department slide how police overtime reduction has impacted proactivity and crime reduction because an officer is there eight hours. They don't know if they're going to have overtime whether they're being productive or not. I'm just curious how you could project that. **Mr. Lindsey** said one of the things, it definitely impacts

Detectives also, so just overtime that is happening on the force. **Commissioner Stites** said I still don't understand what you're saying, overtime happening on the force.

Mr. Peterson said one of the things that they have communicated to us is that it's going to impact their ability to participate in community events like just normal activities where they're not necessarily doing their patrol function. Where they might be interacting with the community and they did it kind of more on their—outside their normal shift schedule. **Commissioner Stites** said well we have a Community Policing Unit and that's what they do. That is their full-time job, so I'm not—I'm just curious as to how they come about that. **Mr. Lindsey** said we'll find out and let you know for sure.

Ms. Cobbins said also in the Police and Fire you have to be cognizant that a lot of the reductions is for dispatch as well and so that's a lot of the overtime and that's a lot of the expenses that's going out that we had to really try to reduce our overtime. When it comes to dispatch, that's one of the challenging areas that we can't really eliminate the overtime, but that's a struggle that's been one of the budget constraints for the Police and the Fire Department, that portion of it. **Commissioner Stites** said and I appreciate that and I understand that, but when you use words like it impacts the ability to reduce crime, that's kind of like a fear monitoring tactic that going revenue neutral made us unsafe and that's not the case.

Commissioner Kane said one of the weird things about the Fire Department, it hadn't happened yet, but there's a potential of a brownout. If X amount of people aren't working, then they close the fire station and one, I hope it doesn't happen and two, I hope nothing seriously happens like down in Fairfax or whatever where the calvary has to show up and they're late. That's some of the things that happens when we're working on these budgets, so when we're working on next year's budget, we need to figure out like what Chuck was talking about and we need to figure out a way to prevent to cause a brownout.

Commissioner Davis said I've said this before and I'll kind of say it again, if we're going to be talking about department by department, you all are Budgeting and Finance team and so I assume you all know enough as kind of generalist given the nature of your job about each department and some of the details. Obviously, there's a limitation in your knowledge because you all are not the Police Chief, you're not the Fire Chief, you're not necessarily working in Public Works and things that have you—nothing against them and nothing against you all, but for future budget sessions we need representatives from these departments present in some capacity. That way when we do see certain things that may not make sense to us, we are hearing it from the folks that are on the ground that can actually tell us what they're seeing as opposed to a summary and then you all are having to answer for a department that you don't necessarily oversee.

I made that request before and I'll make it again that when we have these budget conversations if we're talking about money, we should see the folks that are department heads. They should be present during the conversation. That could be virtual or that can be in person, but I would have liked to have seen more of our department heads present at this meeting.

Ms. Cobbins said we can certainly make that happen and that's why it's important for us to have topics so that once we do drill down and have an agenda, we can make sure that we do have those representatives in the audience.

Mayor Pro Tem Burroughs said in looking through some of these and I want to follow up off my colleagues comments, Commissioner Stites, in reference to the impact revenue neutral has had, I count more than $13-$14M of impact here and that's what the new revenue forecast was for this year coming in. That's what we—when we went revenue neutral is basically about $14M and I'm counting a heck of a lot more than $14M here, so it sounds to me like a wish list that went into play and not all the wish lists got passed and so they're falling back and they're giving this scenario. I think some of it is maybe misplaced in this presentation and I agree with Commissioner Davis that we should have somebody here to answer those questions specifically because it's not fair of us to ask you those questions. Please don't take them from us as being personal, but some of this stuff is already added up over $14M and that's all we had to work with from last year.

I don't know that revenue neutral—the discussion has really been the gloom and doom everybody says it is, but they want to make it sound like it has been. When you're given so much money per year, you find a way to make it work. You know you're not going to get an increase so you don't come asking for an increase. Just because you don't get the increase doesn't mean you have to go back and make cuts unless there were issues that arose that you were borrowing money and that money was frozen or you had a tremendous amount of debt out there that you can't cover with the new money. So there is a whole different way to look at this and I think some of us just want to ensure that we're getting the answers we need because revenue neutral is being attacked here when your Commission passed revenue neutral and that's how I interpret it and that's just me. But it's added up a lot more than the $14M that we didn't approve for this next year's—for the new budget year.

Commissioner Townsend said I just wanted to remind my fellow commissioners that when we started off with kind of an overview as we do every year a lot of the department heads weren't present; however, the more specific we became and had certain topics identify, those department heads were here, which leads me to recall a conversation I had after one of those meeting with our Police Chief and every department had to take a cut of some type and they identified it. I remember Chief Oakman saying we're not going to be able to do some things we did before and when I asked what does that mean more specifically, it went to this. The kind of outreach that he has been big on. It didn't affect everything but it did not have a negative impact on what our police have done and to their credit, the percentage of crime has gone down over the last two years so that has not been something that hurt us, so I just wanted to make mention of that.

Given an example, because I specifically asked him about this upcoming event, which is a proactive technique that he's used successfully for the last, I guess, three years now and that's the Peace March. This year it's going to be in April, so this is one of the proactive crime reduction measures that Chief Oakman and the rest of the department have employed. But to their credit and the community's credit our crime percentage the rates have continued to reduce year after year, so revenue neutral did not have an impact on that. I'm hopeful there won't be any brownouts with the Fire Department and I haven't heard anything about that. I know our department heads have been in the past and I would expect they will be when we give them adequate notice about the subject matter that will come before us later.

Mr. Lindsey said also I would like to add Commissioner Burroughs this is not a list we put together to attack revenue neutral. It's pretty much a list we put together just to kind of let you all know the adjustments that were needed for us to go revenue neutral, but there's actually some things in here that made the organization run more efficient also. It's definitely not an attack on revenue neutral and some of these adjustments in here are some positives. **Mayor Pro Tem Burroughs** said I understand that Reggie and please, as I stated, don't take it as a attack on the budget. It's just revenue neutral is new to us and new to many and if you're allocated the same amount of money as you were the year before, services and stuff will only be impacted by the growth, CPI, unless there's external factors affecting that. I'm not going to belabor this with the discussion about the revenue neutral, but a lot of this stuff is pretty sensationalizing that we eliminated a vacant for surveillance officer. That was in the vacated positions, then it's still in here making it sound like we went in and told that person you're done, you're out of here. It's the way it's presented I think.

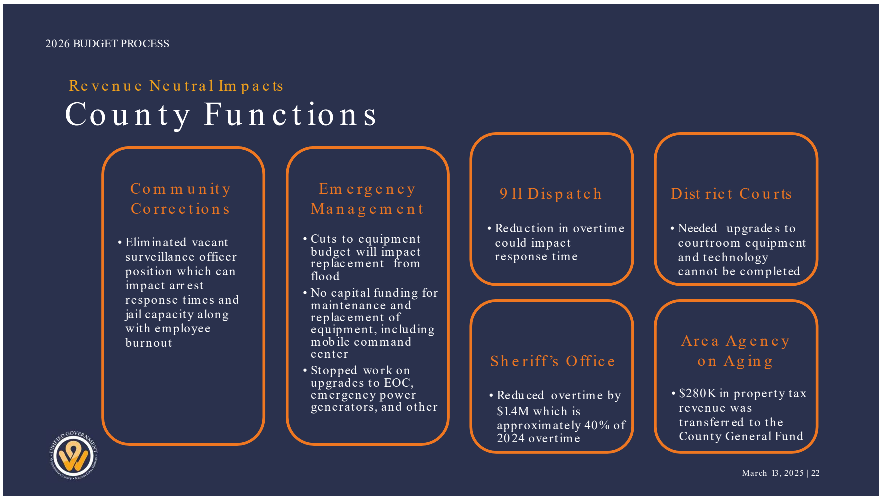
Another one is the replacement—I want to get to—there was a few in here that I thought were very anti-commission towards revenue neutral. I want to ensure that when we look at the budget we're not looking at it politically. We're looking at it financially and to ensure that we have the fiscal stability that this Commission set out to do and the sensationalism that comes from, as Commissioner Stites said, I remember being told that if we didn't reapprove the 3/8 cents sales tax, that we were going to have to let go of 25 firefighters and 25 police officers. That creates a hostile work environment when that kind of stuff goes around the city and we don't need that. We're not in control of the 3/8 cents sales tax, the public makes that statement, but why would we have Police Officers tied to a tax initiative. Their salaries, their livelihood, are tied to a tax initiative. That to me is not—it's not understandable. Those fees, if they're personnel of the city, they should be in the personnel budget and we find another way to address that 3/8 cents sales tax. It's just a budget switch, kind of like what you did earlier on with the revenue for the sweeping of the revenues in the certain accounts that we had. You moved to 1.3 or 1.7 over to the county side, that spreads it out across the entire county and takes it out of one agency so you can utilize the revenue to backfill their budget. Those are things that had we not gone revenue neutral that would not have occurred to be a cost savings moving forward.

I do appreciate Commissioner Stites bringing it up because eliminated funding for Volunteer Program and Human Resources, I don't know how that affects—why we did that. We don't fund—we shouldn't be funding anything unless it's statutorily required, mandated by resolution or ordinance and mandated by personnel costs that we take upon ourselves. All the other stuff are wants—I mean are needs. We have what we have to fund and so the wants and the needs have to be separated a little bit and I think that's what the Commission wanted to get to when we went revenue neutral.

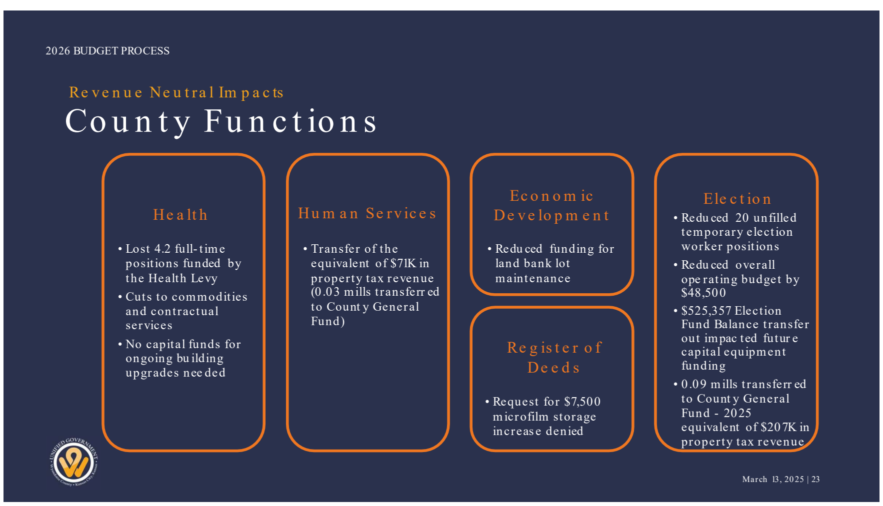
So cutting the 114 out of the Loring Road Program, I don't know how much was in that program to begin with. There's a number of things in here but I'm not going to belabor.

Ms. Kneuvean said one thing I wanted to also offer and it's back or slides 4 and 5 is that we were tackling a couple of different financial issues. RNR was only one of them, so to attribute these changes to all RNRs is not really an accurate depiction because we had a structurally unbalanced budget in '24, so we were trying to correct that which meant more money needed to be put into the budget to just keep status quo. Then we also had the additional expenses such as union contract raises that we had to absorb because the money wasn't there to fully fund, which is fine, but it was a variety of things. RNR is one of those, so those charts that Budget showed you earlier helped to articulate that and I just didn't want that to get lost is that we had to make reductions for a number of reasons to realign our budget to what we can afford. **Mayor Pro Tem Burroughs** said thank you and I wouldn't disagree with that statement.

Commissioner Davis said thank you, Dr. Kneuvean, and then I would say when we do have future budget discussions that we kind of decipher because that does say revenue neutral impacts, so that we decipher what is the impact of revenue neutral because we know that there were impacts. By impacts I mean certain positions that do not exist, certain funding that does not exist, certain programs, transit routes that no longer exists. If we can decipher what that is from what is us trying to balance the budget, what is us trying to reduce our debt because I see some of that, but I will say it does seem like it is all included in kind of one particular narrative that may not be completely—is not accurate. I do think that we do need a little bit more work here on just what we are labeling and what narrative is at play because there have been and there are impacts. CIFI does not exist right now or at least it's unfunded, so that would be very helpful. The Land Bank mowing, those are real tangible impacts of revenue neutral.



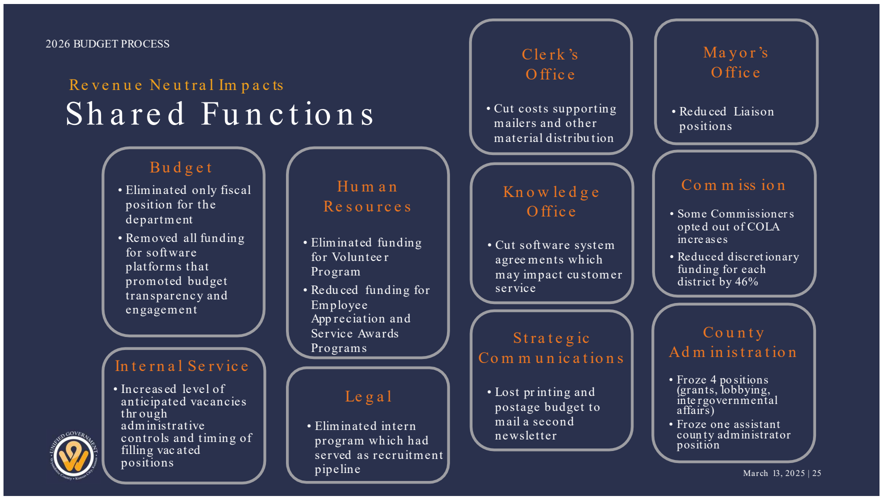
Mr. Lindsey said some of the county functions that were impacted was in 911 Dispatch there was a reduction in overtime, which at some point in time could impact response times. In District Court there was needed upgrades that were going on in courtrooms that could not be completed. Sheriff's Office, we did have to cut overtime by $1.4M.



In the Health Department we lost a little over four FTEs. We did have to cut commodities and contractual services over there and Capital funding for ongoing building upgrades that are needed.

On the county side with economic development, Land Bank is part of that, we did have to reduce mowing there. In the Election Office we did do away with 20 unfilled temporary election workers, reduce their overall budget by $48K. We did remove some of their fund balance. Some of that fund balance was going to be used to purchase Capital Equipment for upcoming election equipment.

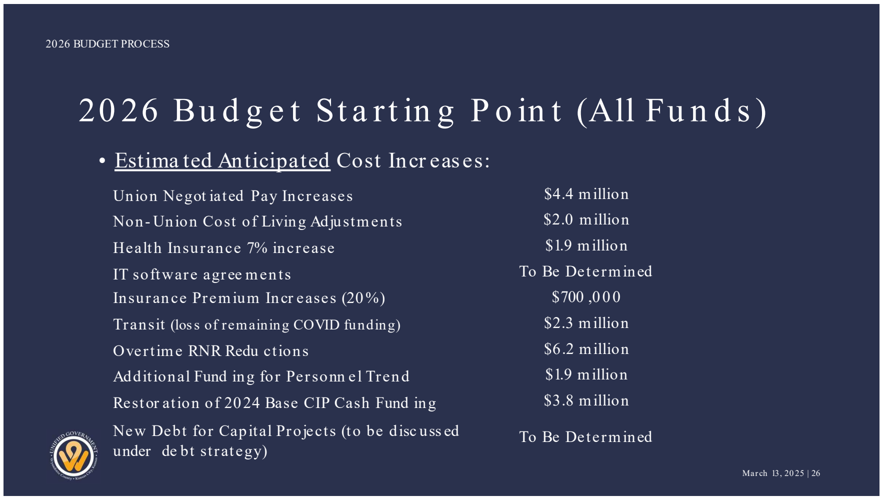
Buildings & Logistics, we did cut $100K from annual hardscaping and landscaping and then another $100K from Capital Project reserve and that was done on both the city and the county side. That is definitely a great impact on things that we have going on in our older buildings. We also have $80K—just another $80K as a contingency that was removed.



There are shared functions that are both city and county and so within the Clerk's Office we had to cut cost on mailers. In the Mayor's Office reducing Liaison positions. Knowledge Office we did have to cut some of the software systems back. In Legal we eliminated an Intern. The Budget Office we did lose a position. County Administrator's Office lost four positions. Strategic Communications was not able to do a second newsletter within the year.

I'll turn it over to Michael Peterson, our Deputy Budget Director.

Commissioner Stites said on the Health Department if you want to go back to that slide or if you remember it, the loss of the 4.2 full-time positions funded by the Health Levy, were those grant dollars—that's not the positions that were funded by a grant, right? **Mr. Lindsey** said they were funded by the Health Levy. **Commissioner Stites** said okay. I just wanted to make sure that I was right on that.



Mr. Peterson said we did want to go through the last thing that we had for tonight on the budget side before we go to the Debt Strategy we wanted to kind of bring forward some of the estimated cost increases that we're already seeing for 2026 Budget, so this is across multiple funding sources. This is not just city and county, but preliminary estimates we already are anticipating 3% contractual increases for unions. That's something a lot of contracts have already been through the negotiating process for 2026 and that amounts to about $4.4M in the budget. Non-Union Cost of Living adjustments, if we're going to match the 3% COLA for non-union, that would be another $2M. Health Insurance, that's something that we're looking at, but in prior years the Employee Health Committee they've recommended a 7% increase annually to our health insurance contribution to our Employee Health Fund to make sure that we have adequate funding to fund our policy, so that's about $1.9M increase. We know that there's contractual agreements to multiple systems that we use. That usually ends up being a substantial amount. We do not have a dollar for that yet, but that will be coming. Insurance premium increases, we've seen substantial increases in our property insurance and auto insurance policies as the Unified Government, so we're anticipating close to a 20% increase in our policy premiums for 2026, that's $700K transit. We lost half of our COVID money in 2025, so that funding will not be available in 2026. That's a further $2.3M that will be unavailable for our transit operations.

If we were going to look at building back in overtime reductions that we made due to revenue neutral, that would be about a $6M impact and that's primarily Police, Fire and Sheriff overtime. Additional funding for the personnel trend, so basically through revenue neutral we said that we were going to control vacancies and hold more positions vacant, that was about $1.9M that we took from the City and the County General Funds.

If we're going to restore our Capital funding back to our base cash level, that's about $3.8M that we would have to build back into the budget for 2026 and then, of course, the subject frequently comes up of not necessarily debt, but if we're going to fund debt, that would come through the funding, the Debt Strategy. Sorry, this bullet changed and I didn't catch it, so what I had on here initially is if we're going to fund Unfunded Capital needs, like if we want to add more funding to Pavement Preservation or if we want to add more funding for Bridge Maintenance, that is something—a number that we would just have to add to the budget beyond our base level of cash.

Now, unless you have any questions…

Commissioner Stites said under Health Insurance I just want to know for my own good, why are we different than BPU, why does BPU have different insurance than we have? If it's a department of the UG, why are we all not on the same, and you may have a really good answer, I don't know what it is, but why do we have a department that is under the umbrella of the Unified Government that has an insurance that's different than every other employee of the UG? **Mr. Lindsey** said I don't really have an answer to it, but it is not a department of the UG. I mean it's—I can tell you that. I mean we don't treat it as a department like one of our other departments or anything. **Commissioner Stites** said I don't care anybody. Anybody that feels like they have an answer, I'm okay with listening.

Angela Lawson, Interim Chief Legal Counsel, said it is an administrative agency. It is not a separate legal entity, you're right, but it is an administrative agency with its own governing board. The employees—I don't know the history but they've always been separate. They are BPU employees, they have a different workers comp rating and so then the health insurance is part of those union negotiations. They've always just had separate plans. There's a separate pension as well as you probably know.

Commissioner Stites said the reason I asked that is most insurance is the more you have into it, the better your rates are and all the things that come with it, so I was just trying to think of why we wouldn't all be under that same umbrella and I guess I'm really kind of a little bit confused as to—is BPU not a department of the Unified Government. That's the first I kind of really heard of that. **Ms. Lawson** said it's an administrative agency of the Unified Government.

Ms. Cobbins said that's the conclusion of the 2025 Budget refresher and the budget history portion of the workshop, so just want to get consensus from the Commission, do we want to proceed into debt tonight or do we want to schedule it for the April 3rd or the April 10th Budget Workshop meeting? **Mayor Pro Tem Burroughs** said, Bridgette, how soon do you need to know that because I'm sure some of the commissioners want to go back and look at their calendars and see what dates are available for them. **Ms. Cobbins** said we have those dates already. They should be blocked off on the calendars for the commissioners. We've put them out throughout the summer. Those are our next upcoming workshops, so I guess the direction that we're wanting from tonight, do you want to proceed with the Debt Strategy for tonight or do we want to halt the meeting for tonight for the Budget Work Session and then start it with our next Budget Work Sessions that's starts April 3rd.

Mayor Pro Tem Burroughs said I'm willing to do whatever the committee wants. I think an hour and a half of going through budgets it's a lot of—this is a big apple to eat in one bite. We've gone through the challenges that we have within the budget putting revenue neutral. I think a lot of us have a focus on some of that. Would it be okay to do the debt one separately so that we can dive into it a little deeper kind of like what we've done with the budget side. I think it would help us collectively to be a good partner and giving you clear guidance as to what we as a Commission would be able to guide and put our input forward if that works with the Commission. **Someone** said motion. **Mayor Pro Tem Burroughs** said what date do you want it? Do you want the next meeting April 3rd or April 10th. **Someone** was inaudible. **Mayor Pro Tem Burroughs** said April 3rd, you've got it.

Commissioner Stites said I know that we had asked this a couple different times. What is our strategy with having conversations with the other taxing entities, the college, all the other taxing entities, school board. I know that three years ago we had talked about even having a meeting that brought us all together so we can talk about directions and plans and what's going on. Is that something that we're still able to have happen. I mean I don't want to get so far down in our budget process that we aren't taking those into consideration. It was frustrating to me that we went revenue neutral and then you find other places aren't going revenue neutral. If we're all going to pull this in the right direction, I'd like for everybody to be on the same page, so if anybody knows that, I would sure…

Ms. Cobbins said we do have April 24th slated. The Mayor's Office has been working with the other Mayors and the City Administrator's and we do have an April 24th meeting set for a Special Session with those jurisdictions. **Commissioner Stites** said okay, so that's Bonner and Edwardsville. What about the college, what about school boards, the water districts. **Ms. Cobbins** said that meeting is scheduled for May 1st. They're going to have the school system budget discussion on May 1st.

Mayor Pro Tem Burroughs said I think what you're asking for is all taxing entities besides just the Unified Government.

Commissioner Kane said I agree except Piper is asking for a school bond issue, so I don't know how that would work and it's on the ballot here pretty quick. We might ask them to come, but if I'm a school board member and I'm trying to get a bond passed, I don't know if I want to come here and have teeth marks in my behind when I walk out the door. But I agree with you as far as some of the others, specifically the college and other folks that we really can't control and although they went revenue neutral last year, look at what they've done the last several years that they got us and it's disappointing.

Commissioner Townsend said slight change in subject. Whenever we have the sessions and we're asking for department heads to come based on what we're talking about, I appreciate what has been brought forward tonight that's been identified as revenue neutral impacts and as I look at these this is really a recount of what actually happened, what a good primer, a good review of what we did under revenue neutral. The impacts though I think we have yet to hear as we decide if we're going to do revenue neutral again or not. For instance, this is an easy one under the county functions, Health lost 4.2 full-time positions funded by the Health Levy. What did that result in, did that spread disease, did something happen or not happen because we did that. Is it at all possible for the department heads to say. That to me is really the impact of what we did.

Not being able to mow as many Land Bank lots. You may take a look and say well the city looks worse or got more calls. We're accustomed to getting in the Commission Office call about cut this lot, cut that lot. Normally it was like we were on a two week schedule. Now, really we haven't entered the mowing season for 2025 yet, so we probably won't know until June, July, August what that real impact is, how many more calls or complaints we have about unmowed lots because there's a longer period of time. So, that's the type of information that when the department heads come before us, I would appreciate having because that will be what the real impacts are and if it really matter to our constituents because the whole goal of this was trying to reduce their property taxes and maybe that was more important than the lot that didn't get cut, I don't know. Those are the real type of impacts I hope to hear later in the process, but I appreciate what you have done tonight because this is a good reminder of what we did step-by-step and the dollars that were not added back in, so I appreciate that.

Commissioner Davis said I'm just looking at my calendar and I just spoke with Commissioner Ramirez, we don't see an April 3rd Special Session on there and so if we can just make sure that they're on our calendars because this is very, very important. I just want to make sure that communication was out there because this is very important.

Commissioner Burns said would it be more productive when we're bringing back department heads, not to bring all of them at one time, but maybe split it in two different sessions so it doesn't get all confusing. Just a recommendation.

Mayor Pro Tem Burroughs said thanks. This was something the Commission has been requesting the deep dive and we see the work that goes into the deep dive because we see the work ethic that you put forward. We sincerely appreciate you handling the tough questions and comments when some of its not directed at you. As stated, the department heads should be here to answer those questions for us.

I know that revenue neutral was talked about this evening, but I think what some of us may have lost in the discussion was that we worked on—we had an unbalanced budget the year before that had to be backfilled, so we are paying this year for an unbalanced, out of whack budget, that was the year before. We've taken the position as a Commission to be forward thinking and eliminate those and get back to doing business as business should be done and I think that is a little difficult for some people to get used to but we'll get there. It's just patience with us.

Commissioner Ramirez said you know as we go through this all, go through the budget process I also think another thing we should think about and was kind of briefly brought up is our budget process and how we go through that. Other cities, I've done my own research of KCMO and other cities in the region and around the country—you know we're asking department heads, some major cities including KCMO the Mayor or the City Manager presents their budget and then the budget for each department goes to the Standing Committee, but the department director gives a presentation on what their specific budget is to the Standing Committee and then from there if anything needs to change, it goes to the full commission. It's more streamlined, it's less meetings, it's we have, you know, as our Administrator said as soon as he gives a presentation, it's our budget. It's our budget to deal with and so that just gives, I think, again not do it for this year, but maybe for next year looking to changing the process a little bit making it more streamlined and more efficient of how we move forward.

Commissioner Hill said thank you for the presentation this evening. I certainly appreciate it. One of the things that we heard constantly was the waste that was going on in the Unified Government and one of the things Commissioner Townsend highlighted was how has this impacted the budget, so at one meeting we were at you presented—somebody said there were several buildings that we were renting that had been empty for several months. To me that was great because it identified something that had been wasted and so as the department heads come, if they could just share some more information similar to that. It would be helpful to me at least.

Commissioner Stites said, Reggie, I don't know if it was at our first Budget Workshop or Retreat, I'm sorry, Commission Retreat or the second one, I think you had said that you were going to bring to us a breakdown of what Commissioner Burroughs alluded to earlier. **Mr. Lindsey** said mandated—**Commissioner Stites** said about what we—our bottom line, what we absolutely have to fund and what other things that are add-ons. I kind of compare this to if you went to buy a pickup truck. I need a pickup truck, so I go into the dealership and really all I need is something that starts, it's dependable, it gets me from A to B and that's a certain price. Then I say man I sure would like to have air-conditioning, I sure would like to have power windows, those are all those add-ons that I think are the niceties that we can talk about. I want to know what it is that we are statutorily mandated that our budget—this is the number, this is the number and the items that we have to pay for every year. **Mr. Lindsey** said we definitely will be bringing that list to one of the Budget Workshops and we will definitely have exercises around that. **Commissioner Stites** said do you know when we will have that? I mean I'm not being critical of you, but I've asked it for a couple of years—if we saw it last year, it shouldn't be hard to produce again this year. **Mr. Lindsey** said it will be the April or May timeframe. **Commissioner Stites** said perfect.

Commissioner Lopez said shouldn't we just push this off until May. I mean that's our five months and that's really going to put a lot in play as far as what we're going to have, wouldn't you agree CFO? **Ms. Kneuvean** said tonight I've heard a lot of conversation about topics that people want to bring forward. We can take a look definitely at some of the conversations and scheduling some of that out, but we just heard about the Special Session with Bonner and Edwardsville, then another with (inaudible), so let us take a look at that calendar so we get everybody's needs met. When we get down to kind of the brass tacks on the budget, it is going to be in that timeframe, but there's good preliminary work we can do. I'm perfectly good with having debt be a future discussion. **Commissioner Lopez** said I hear you loud and clear. I'm just saying reschedule with them boys over at Edwardsville and Bonner as well to be here in May instead of April because it seems like April still might be just a little bit premature. **Ms. Kneuvean** said we can certainly look at that.

Mayor Pro Tem Burroughs said I'm to understand that I know next week I have my exit audit from the audit that's we've been waiting on, so it'll address some of the questions that were raised here this evening moving forward with projections. **Ms. Kneuvean** said, Commissioner, that's going to be your intro audit because we started with the '24 audit and we're in process of that and so you have a meeting at the beginning as the Mayor Pro Tem and then you have one at the end for your exit. Just to make sure we manage expectations. **Mayor Pro Tem Burroughs** said I just want the Commission to know that the audit is still ongoing, that we're starting to get the—we're going to have the answers moving forward to address what we had to deal with in 2024 and 2025, so we're moving forward.

Thank you for the presentation.

Mayor Pro Tem Burroughs said if there are no other comments, I will entertain a motion to adjourn.

Action: **Commissioner Kane made a motion, seconded by Commissioner Davis, to adjourn.** Roll call was taken and there were ten "Ayes," Kane, Lopez, Stites, Davis, Bynum, Burroughs, Townsend, Burns, Ramirez, Hill.

MAYOR PRO TEM BURROUGHS ADJOURNED
THE MEETING AT 6:46 p.m.

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Monica L. Sparks
Unified Government Clerk

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