CONSENT AGENDA ITEM NO. ______

Unified Government of Wyandotte County and Kansas City, Kansas

BOARD OF COMMISSIONERS

Commission Chambers
701 N. 7th Street Trafficway, Kansas City, KS 66101

Mayor Christal E. Watson
Commissioner At-Large Dist. 1 Melissa Bynum – Commissioner At-Large Dist. 2 Andrew Kump –
Commissioner Dist. 1 Jermaine Howard – Commissioner Dist. 2 Bill Burns –
Commissioner Dist. 3 Christian Ramirez – Commissioner Dist. 4 Evelyn Hill –
Commissioner Dist. 5 Carlos Pacheco – Commissioner Dist. 6 Phil Lopez –
Commissioner Dist. 7 Chuck Stites – Commissioner Dist. 8 Andrew Davis

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MINUTES

SPECIAL MEETING

Thursday, April 23, 2026
6:17 PM – 8:10 PM

Attendance:

Commissioners Present:

- Mayor Christal E. Watson
- Commissioner Bynum
- Commissioner Kump
- Commissioner Howard
- Commissioner Hill
- Commissioner Lopez
- Commissioner Stites

Commissioners Absent:

- Commissioner Burns
- Commissioner Ramirez
- Commissioner Pacheco
- Commissioner Davis

Staff Present:

- Monica L. Sparks (Unified Government Clerk)
- David Johnston (County Administrator)
- Angela Lawson (Interim Chief Legal Counsel)
- Shelley Kneuvean (Chief Financial Officer)
- Debbie Jonscher (Deputy Chief Financial Officer)

Call to Order:

Mayor Watson called the meeting to order at 6:17 PM.

Notice and Consent to Meeting:

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, April 23, 2026, at 6:15 p.m. for consideration of an ordinance related to Board of Public Utilities Water and Electric Lines Central Avenue to State Line project and a budget workshop related to debt strategy in the fifth-floor conference room of the Municipal Office Building, 701 N. 7th Street, Kansas City, Kansas.

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.

ADMINISTRATOR'S AGENDA

Item No. 3.1 ORDINANCE: BOARD OF PUBLIC UTILITIES WATER AND ELECTRIC LINES CENTRAL AVENUE TO STATE LINE PROJECT (Discussion begins: 00:00:07))

Angela Lawson, Acting Chief Counsel, presented the ordinance, noting that members of the BPU were present for any additional questions about the project.

Commissioner Bynum made a motion to approve the ordinance. The motion was seconded by Commissioner Howard.

Vote: Motion carries 6/0

- Ayes: Bynum, Kump, Howard, Hill, Lopez, Stites
- Nays: None
- Absent: Davis, Burns, Ramirez, Pacheco

Item No. 3.2 - PRESENTATION: DEBT STRATEGY (Discussion begins: 00:01:15)

County Administrator David Johnston introduced Chief Financial Officer, Shelley Kneuvean, who provided an extensive presentation covering:

Overview of Debt Strategy

CFO Kneuvean outlined the presentation structure:

- Recap of debt strategy supported by Mayor and Commission in previous year
- Recommendations for upcoming budget
- Three-year and ten-year debt outlook

Types of Debt and Funding Mechanisms

Capital Asset Financing: Debt is used for capital projects with significant lifecycles (typically 20+ years) including roads, sewers, and water lines.

Funding Methods:

- Cash funding (preferred due to no interest costs)
- Lease financing (3–10-year terms for equipment like fire trucks)
- Bond financing (20–30-year terms for major infrastructure)

Current Debt Portfolio

Outstanding Principal and Interest by Type:

- City General Obligation/PBC: $301 million (property tax funded)
- Sanitary Sewer Related: $249 million (rate funded)
- County PBC: $44 million (property tax funded)
- **Total Outstanding Debt:** $657 million

Annual Debt Service Impact

The presentation showed annual payment requirements and growth percentages over the last 10 years:

- City General Fund: 72% increase
- County: 270% increase (smaller base amount)
- Sanitary Sewer: 180% increase (consent decree related)
- Storm Sewer: 130% increase (small amounts)

Debt Process Changes

CFO Kneuvean explained process improvements implemented in the previous year:

- Elimination of spending authorization before debt issuance
- Removal of temporary notes to permanent debt conversion
- Implementation of project-specific debt authorization

City General Fund Debt Strategy

Current Challenge: 40% of property taxes are used for debt service, which exceeds best practices of 10-20%.

Ten-Year Strategy:

- 2028: $2.8 million in debt retirement creating capacity
- 2031: $6.1 million in debt retirement (largest opportunity)
- Conversion formula: $13 million in debt capacity = $1 million annual payment
- Tax reduction formula: $1.8 million debt reduction = 1 mill property tax reduction

Three-Year Plan (2026-2028):

- 2026: $10 million new debt authorized
- 2027: Recommended $10 million limit
- 2028: Recommended $18 million limit
- Strategy maintains current annual payment levels without compounding debt burden

County General Fund Analysis

County Debt Characteristics:

- Only 5% of property taxes are used for debt service (healthy level)
- Primary challenge: insufficient funding for operations (jail, courts, sheriff)
- Structural imbalance with reserves at 7% (policy requires 25%)

Recommendation: No new county debt issuance for 2027 due to operational funding constraints.

Sanitary Sewer Enterprise Fund

Funding Structure:

- Primary revenue source: User rates ($56.2 million projected for 2026)
- Additional revenue: Investment income ($2 million), connection fees
- Current debt service: 30% of rates ($18 million annually)

Budget Allocation:

- Operations and personnel: 58%
- Cash capital: 14%
- Debt payments: 30%

Rate Increase Considerations: The Mayor questioned adequacy of current rates.

CFO Response: Rate increase recommendations are pending Commission decision:

- Current year: 4% approved, requesting additional 1%
- Next year: Options of 4% or 7% increase
- Increases necessary due to infrastructure needs and consent decree requirements

Debt Issuance Process and Timeline

Immediate Actions for 2026:

- City: $10 million general obligation debt (fire station, police station, roads)
- Sewer: $33.8 million (pending rate decisions)

Process Timeline:

- Ordinance approval by Commission
- Legal document preparation
- Bond marketing and rating agency review
- Investor bidding process
- 30-day closing period

COMMISSIONER QUESTIONS AND DISCUSSION

Mayor's Question : The Mayor inquired about project delays related to Consent Decree requirements.

CFO Response: Some delays occurred (approximately 6 months) but will not affect overall consent decree compliance. Delays were primarily due to revenue neutral budget decisions and rate-setting requirements.

Commissioner Bynum

Question: Inquired about prepayment options for debt, similar to mortgage principal payments.

CFO Response: General obligation bonds typically have 10-year call provisions. Current callable bonds are at 2-3% interest rates, making prepayment financially inadvisable with current 4.2% market rates.

Commissioner Hill

Question: Sought clarification on the 40% debt service figure and historical context.

CFO Response: Confirmed 40% of property tax revenue (not total budget) goes to debt service on city side. County side only uses 5% for debt service but faces operational funding challenges.

Commissioner Lopez

Questions: Multiple inquiries about cost-cutting measures, inter-departmental efficiency, and resource utilization between departments.

Observations: Noted opportunities for operational cost reductions through better coordination between BPU, Wastewater, and Fleet operations.

Commissioner Stites

Comments: Emphasized need for spending reduction discussions rather than focusing solely on debt issuance and rate increases.

Request: Asked when Commission will discuss asset reduction and cost efficiency measures rather than increasing taxpayer burden.

FINANCIAL ANALYSIS HIGHLIGHTS

WIFIA vs. General Obligation Bonds:

- WIFIA currently has 1% higher interest than GO bonds
- WIFIA offers 5-year payment deferral but higher total costs
- GO bonds provide better overall financial terms currently
- CFO monitors all options for most cost-effective approach

State Revolving Fund:

- Preferred option when available (2.8% interest rate)
- Limited availability requires supplemental funding sources

Adjournment (Discussion Begins: 01:50:40)

Commissioner Howard made a motion to adjourn. The motion was seconded by Commissioner Lopez.

Vote: Motion carries 6/0

- Ayes: Bynum, Kump, Howard, Hill, Lopez, Stites
- Nays: None
- Absent: Davis, Burns, Ramirez, Pacheco

MAYOR WATSON ADJOURNED

THE MEETING AT 8:10 P.M.

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Monica L. Sparks, CMC
Unified Government Clerk

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