STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, MONDAY, JULY 10, 2017**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Monday, July 10, 2017, with eleven members present: Bynum, Commissioner At-Large First District; Walker, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Holland, Mayor/CEO, presiding. The following officials were also in attendance: Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Gordon Criswell, Melissa Sieben and Joe Connor; Assistant County Administrators; Carol Godsil, Deputy Unified Government Clerk; Jeff Fisher, Executive Director of Public Works; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Finance Director; Reginald Lindsey, Budget Manager; Budget Staff; Emerick Cross, Commission Liaison; Mike Taylor, Public Relations Director; Mike Tobin, Deputy Director of Public Works; Maureen Mahoney, Asst. to Mayor/Chief of Staff; and Officer Doug Bailey, Sergeant-at-Arms.

MAYOR HOLLAND called the meeting to order.

Mayor Holland said this is our first budget hearing. We had the presentation last Thursday and for the next couple of Mondays and Thursdays we have a series of budget hearings. This is our first workshop. I will ask the Clerk to announce the meeting and call the roll and then I will give some background.

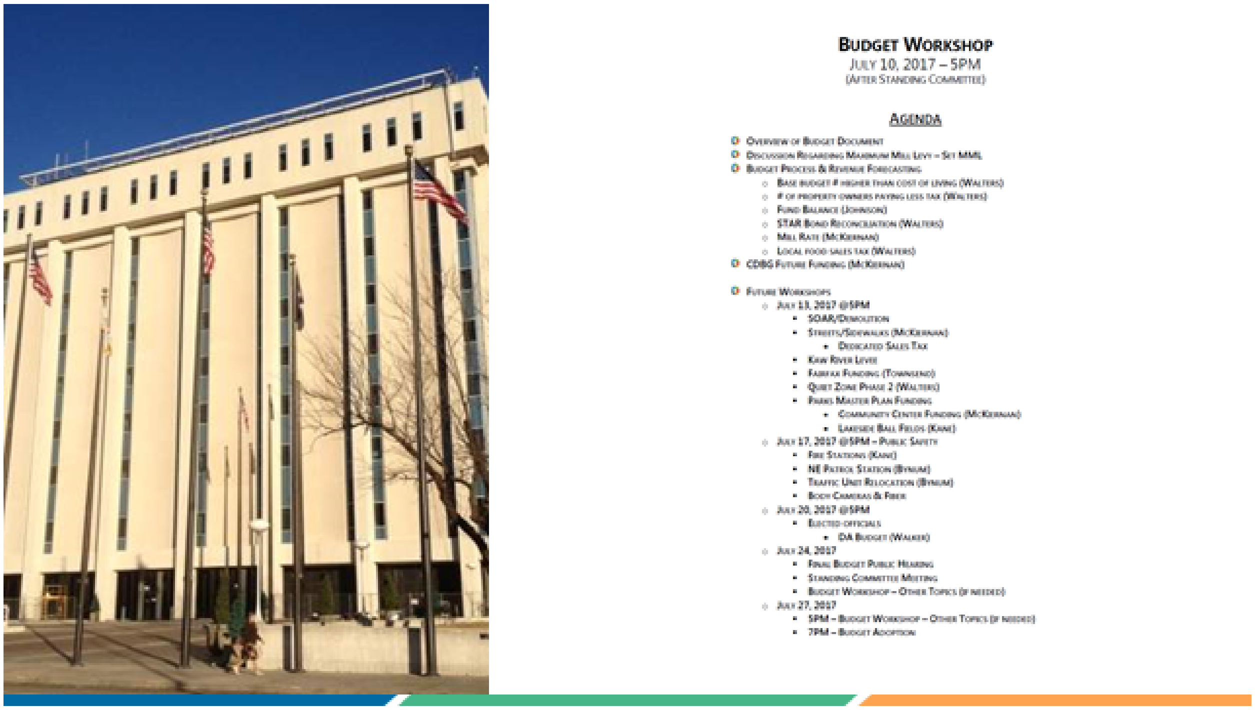
ROLL CALL: Murguia, Johnson, Kane, Markley, Walters, Philbrook, Bynum, Walker, Townsend, McKiernan, Holland.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Monday, July 10, 2017, immediately following the NCD Standing

Committee meeting for a Budget Workshop to be held in the 5th floor conference room of the Municipal Office Building. (The meeting started at 5:10 p.m.)

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 Holland said the agenda has been passed out. You will note on the agenda that all of the items that the commissioners have requested for topics have been filtered through here. There are a couple of reasons for the order. One is staff time to make sure they have time to make adequate presentation on each topic. We've tried to scatter them based on perceived workload for our staff, but also to balance the meetings. We have left the last two pretty open so if we need to add more topics as we go, we do have space. We frontloaded them with the requests and we will work our way through those.



We have tonight, you can see at the top, and then under Future Workshops July 13, July 17, July 20, 24 and 27 so a lot of topics to be covered. We're going to start with an overview and then the one item—for our Special Sessions and our Workshops as you know we don't do motions and votes during Special Sessions. They have to be published ahead of time. We do have one published vote tonight that has already been noticed up to the public and the Commission and that is to set the maximum mill levy and we will talk through that tonight, but that's our first order of discussion and then we will move into the rest of the topics.

Doug Bach, County Administrator, said the first order of business really was just to cover the agenda. The Mayor has done a good job of walking through that and so as he noted we have each day laid out here and then some open time for additional discussions that will come up as we go along. Tonight's emphasis is really one to make sure the questions that were asked regarding the numbers in the budget, how we pulled everything together, how that impacts the taxpayer within the community both from a residential and commercial perspective, where we go in terms of the Fund Balance at the end of the day, how we're doing things regarding STAR Bonds, and really some of the broader questions; some of the discussion about the overall mill rate. We wanted to make sure we had the discussion on those items tonight and that way if there was some change in direction or anything as we move forward we would have a good understanding from where we're going in that direction.

Also, as the Mayor said, also setting a maximum mill levy but as you all recall that's just one that says this is as high as you go. You can always bring it down from that point, but this allows us to get it published and then we can move forward and stay on track as we would like to through this month.

I would like to start with our Budget Director Reginald Lindsey and have him do as he usually does kind of walk through the budget book as it was presented to you and he is going to touch with you highlights as we go through it and give you an opportunity to ask any questions if there is anything that has come up about the ordering of the budget or document as you've had it since last week.

Reginald Lindsey, Budget Manager, said we're going to step through the budget document. The budget document is available online at the Unified Government website; it's also available on our interactive financial site OpenGov. There is a PDF out there on OpenGov and also you can interact with the budget on OpenGov. Also, there are hard copies in all our local libraries within Wyandotte County.

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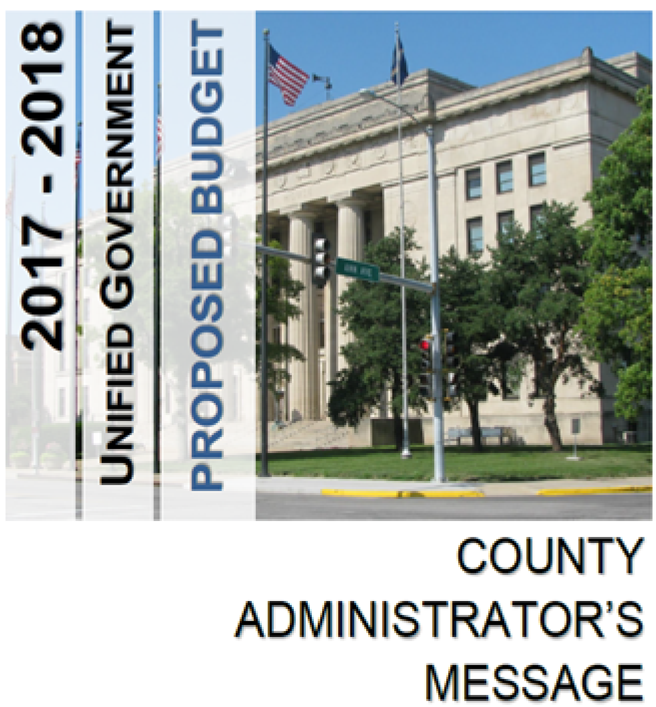
The first part of the budget document is the Table of Contents which will kind of lay out everything that's in the budget document for you.



County Administrator's Office

Doug Bach, County Administrator

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July 6, 2017

2018 Unified Government Proposed Budget
County Administrator's Budget Message

MAYOR HOLLAND AND UNIFIED GOVERNMENT COMMISSIONERS

As we celebrate the 20th anniversary of voters approving the consolidation of the city and county governments to form the Unified Government, I am pleased to present a budget which maintains our community momentum and again reduces property taxes.

The 2018 budget I am recommending cuts the KCK property tax rate by 4.8%. That's on top of a 4.6% reduction last year. In 1996, as the movement to form the Unified Government was underway, the owner of a $100,000 house paid $1,115 in city/county property tax. 20 years later in 2018, the owner of a $100,000 house will pay $905 in Unified Government property tax. That's a reduction of $210, or nearly 19% less.

This budget uses $4.1 million of the $12.4 million in STAR Bond revenues to accomplish the property tax reduction. The STAR Bond revenues, generated by the bonds used to build Village West paying off five years early, also allow the Unified Government to increase public safety spending, launch the Stabilize, Occupy and Revitalize (SOAR) blight reduction effort, and pay for a number of other community services.

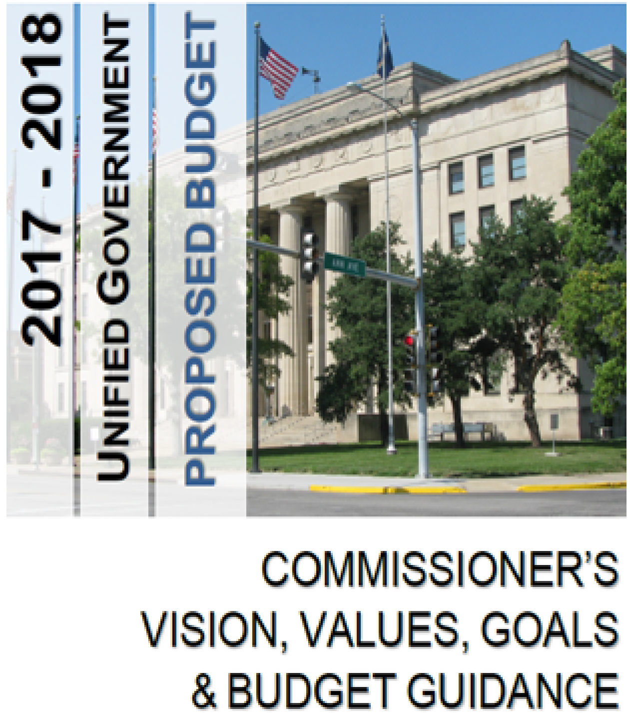
The Proposed 2018 Budget is built on the Strategic Plan and Goals set by the Commission as determined through retreats, the Citizen Survey, listening tours with thousands of citizens and operational studies.

BUDGET OVERVIEW

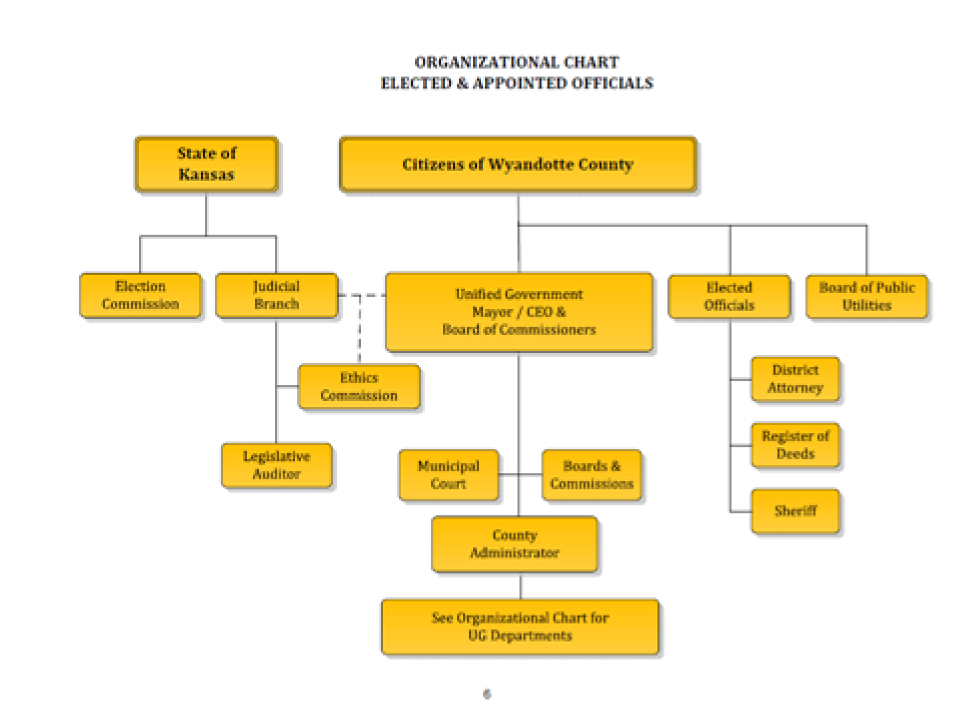
As a result of prudent policy decisions, support from Unified Government (UG) governing body, employees and the community, and a growing economy, the UG's financial condition remains stable. With cautious optimism and the theme of fiscal discipline, I present the Amended 2017/2018 Proposed Budget.

The next section we have the County Administrator's Message. There you can find the message as it went out last Thursday when the budget was presented.

Also, you can find the budget presentation that was in a PowerPoint form.



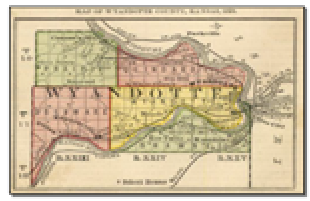
There is also the Commissions' Vision, Values & Goals.



Also this is a view of the Org chart. There is one internally for staff and then there is one for elected and appointed officials.

COMMUNITY PROFILE
2017 AMENDED AND 2018 PROPOSED BUDGET

HISTORY



Wyandotte County was organized on January 29, 1859. The county contains the cities of Bonner Springs (part), Edwardsville, Kansas City and Lake Quivira (part), and was named for the Wyandot Indians (various spellings).

The Wyandot Indians arrived in the area from Ohio in 1843. They were responsible for the early cultivation of the land, barn building, planting of orchards, and road building. The Wyandot Constitutional Convention met on July 5, 1859, remained in session twenty-one days, and at the close gave Kansas a new constitution. This constitution was approved by the people on October 4, 1859. The White Church in Wyandot was supposedly founded in 1832. The first county fair was held in 1863 on the levee in Wyandot. The first school district was organized in 1867 in the city of Wyandot.

Source: Kansas Historical Society

UNIFIED STORY

County citizens set the stage for today's economic development successes in 1997 when they overwhelmingly agreed to consolidate Wyandotte County and City of Kansas City, Kansas governments on April 1, 1997. The community was suffering from years of economic hardships and decline. Citizens were ready for a rebirth. The new form of government was the beginning of the landmark renaissance in the community.

The fresh political dynamic created by consolidation allowed the community to take new, bold approaches to many issues, including economic development. Soon after the Unified Government was launched, the economic development opportunity of a lifetime landed in Wyandotte County. The Kansas Speedway and Village West developments are the most successful economic developments ever built in the State of Kansas, turning mostly undeveloped land into one of the most popular tourist, shopping and entertainment attractions in the Midwest.

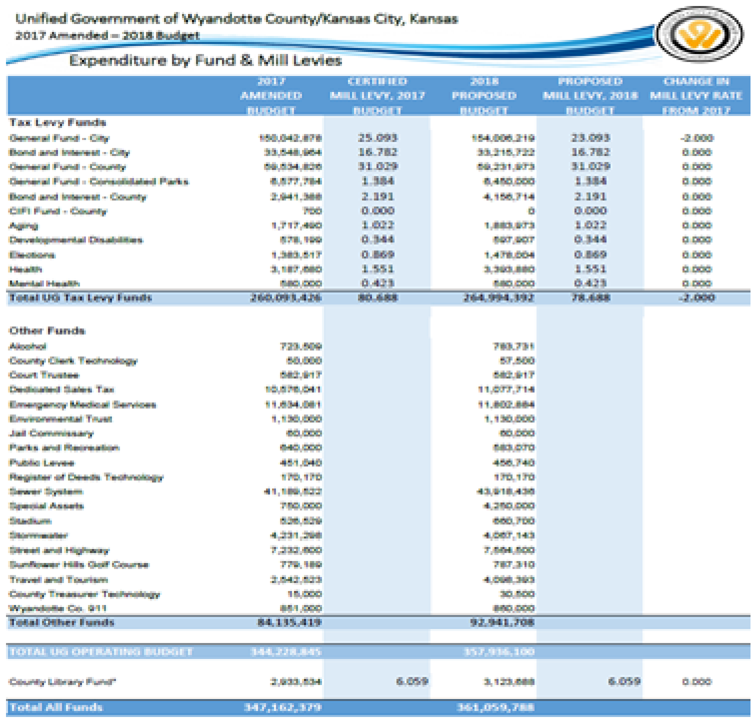
We also have the Community Profile which gives the history of Wyandotte County/Kansas City, Kansas. It kind of tells what the form of government is, also the major services provided by the Unified Government and also community characteristics.

BUDGET OVERVIEW

In the Budget Overview section we have information such as the budget calendar, budget policy and also the different steps we take to go through a budget process yearly.

FINANCIAL OVERVIEW

Then we have the Financial Overview which provides the Notice of Public Hearing for our different funds that goes out to the *Echo* and also other means of communicating with the public.



Unified Government of Wyandotte County/Kansas City, Kansas
2017 Amended – 2018 Budget
Expenditure by Fund & Mill Levies

	2017 AMENDED BUDGET	CERTIFIED MILL LEVY, 2017 BUDGET	2018 PROPOSED BUDGET	PROPOSED MILL LEVY, 2018 BUDGET	CHANGE IN MILL LEVY RATE FROM 2017
Tax Levy Funds					
General Fund - City	150,042,878	25.093	154,006,219	23.093	-2.000
Bond and Interest - City	33,548,964	16.782	33,215,722	16.782	0.000
General Fund - County	59,534,826	31.029	59,231,973	31.029	0.000
General Fund - Consolidated Parks	6,577,784	1.384	6,450,000	1.384	0.000
Bond and Interest - County	2,941,388	2.191	4,156,714	2.191	0.000
CIFI Fund - County	700	0.000	0	0.000	0.000
Aging	1,717,490	1.022	1,883,973	1.022	0.000
Developmental Disabilities	578,199	0.344	597,907	0.344	0.000
Elections	1,383,517	0.869	1,478,004	0.869	0.000
Health	3,187,680	1.551	3,393,880	1.551	0.000
Mental Health	580,000	0.423	580,000	0.423	0.000
Total UG Tax Levy Funds	**260,093,426**	**80.688**	**264,994,392**	**78.688**	**-2.000**
Other Funds					
Alcohol	723,509		783,731		
County Clerk Technology	50,000		57,500		
Court Trustee	582,917		582,917		
Dedicated Sales Tax	10,576,041		11,077,714		
Emergency Medical Services	11,634,081		11,802,884		
Environmental Trust	1,130,000		1,130,000		
Jail Commissary	60,000		60,000		
Parks and Recreation	640,000		583,070		
Public Levee	451,040		456,740		
Register of Deeds Technology	170,170		170,170		
Sewer System	41,189,522		43,918,436		
Special Assets	750,000		4,250,000		
Stadium	526,529		660,700		
Stormwater	4,231,298		4,067,143		
Street and Highway	7,232,600		7,564,500		
Sunflower Hills Golf Course	779,189		787,310		
Travel and Tourism	2,542,523		4,098,393		
County Treasurer Technology	15,000		30,500		
Wyandotte Co. 911	851,000		860,000		
Total Other Funds	**84,135,419**		**92,941,708**		
TOTAL UG OPERATING BUDGET	**344,228,845**		**357,936,100**		
County Library Fund*	2,933,534	6.059	3,123,688	6.059	0.000
Total All Funds	**347,162,379**		**361,059,788**		

We also have Expenditure by Fund & Mill Levies. It shows the budget for 2017 Amended Budget along with the Mill Levies and then also the 2018 Proposed Budget along with the Mill Levies. These here are the Tax Levy Funds and here are Other Funds.

UNIFIED GOVERNMENT
WYANDOTTE COUNTY/KANSAS CITY, KANSAS
2015 AMENDED AND 2016 OPERATING BUDGET
FUND SUMMARY

General Fund - City

The City General Fund is the principal operating account of Kansas City, KS. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The General Fund is used to support general operations including Police, Fire, Municipal Court, Public Works, general services functions, and administrative programs. General Fund revenues are also used to finance the purchase of capital equipment and capital projects which are not debt financed.

Note: The increase in debt service in the 2015 amended and 2016 budgets is attributed to the budgeting of annual appropriation STAR Bond, Speedway Bond, and Transportation Development District debt payments. This debt expense is offset by a corresponding revenue increase. Bond counsel and the government's external auditor required this change.

	2013 ACTUAL	2014 ACTUAL	2015 BUDGET	2015 AMENDED	2016 BUDGET
Beginning Fund Balance	$6,620,995	$3,565,801	$1,544,034	$4,858,624	$8,604,281
REVENUE					
Tax Revenue	100,808,238	106,751,888	105,602,420	106,275,439	107,342,882
STAR Bond/TDD Revenue	0	0	6,256,399	12,186,225	12,411,652
Permits and Licenses	1,159,666	1,140,763	1,185,000	1,132,000	1,147,000
Intergovernmental Revenues	704,582	700,290	678,000	678,000	678,000
Charges for Services	9,847,342	10,433,051	10,286,400	10,341,800	10,276,800
Fines, Forfeits, Fees	4,271,774	4,532,613	4,620,000	5,749,100	4,735,100
Interest Income	75,741	39,587	50,000	25,000	25,000
Miscellaneous Revenues	497,472	393,148	1,303,000	1,515,606	1,609,000
Reimbursements	1,472,667	1,789,809	1,678,286	1,767,692	1,782,692
Other Financing Sources	3,085,705	6,027,189	3,892,364	11,831,000	2,256,000
Total Revenues	$121,923,187	$131,808,338	$135,551,869	$151,501,862	$142,264,126
EXPENSES					
Personnel	98,819,493	104,536,295	100,549,678	101,065,017	102,261,132
Services	15,006,004	16,017,129	17,125,732	17,754,993	18,176,222
Supplies	3,869,794	3,543,081	4,019,181	4,371,662	4,526,317
Grants, Claims	4,064,032	3,639,129	4,255,962	4,264,313	4,264,313
Transfers, Other	45,890	95,554	227,495	3,008,795	1,092,495
Capital Outlay	1,919,014	1,796,256	2,413,587	3,343,878	4,062,752
Debt - Annual Appropriation					
STAR Bond / TDD	0	0	6,256,399	12,186,225	12,411,652
Other Developments	1,254,155	888,071	1,161,321	1,161,322	1,252,572
Reserves	0	0	400,000	600,000	400,000
Total Expenses	$124,978,382	$130,515,515	$136,409,355	$147,756,205	$148,447,455
Ending Fund Balance	$3,565,801	$4,858,624	$686,548	$8,604,281	$2,420,952

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This right here is a view of the General Funds. This is the General Fund page. It looks like last year in the budget document.

Unified Government of Wyandotte County/Kansas City Kansas
2017 Amended - 2018 Budget

Fund: 110 - City - General Fund

The City General Fund is the principal operating account of Kansas City, KS. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The General Fund is used to support general operations including Police, Fire, Municipal Court, Public Works, general services functions, and administrative programs. General Fund revenues are also used to finance the purchase of capital equipment and capital projects which are not debt financed.

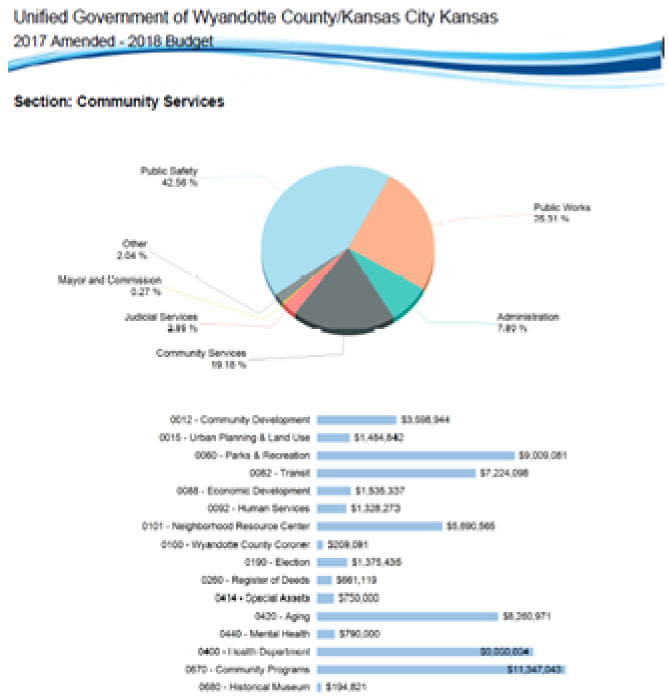
The revenue increase in 2017 is partially due to the City's share of a sales tax revenue windfall resulting from the early payoff of STAR Bonds that financed the Village West Shopping Area.

Note: The increase in debt service in the 2016 amended and 2017 budgets is attributed to the budgeting of reserve annual appropriation STAR Bond, Speedway Bond, and Transportation Development District debt payments if their pledged revenues fall short. This debt expense is offset by a corresponding revenue increase. This appropriation is required by bond counsel and the Government's external auditor.

Account Type Description	2015 Actual	2016 Actual	2017 Original	2017 Amended	2018 Budget
Beginning Opening Balance	$4,858,624	$14,785,372	$14,001,736	$14,001,736	$15,483,654
Revenues					
41 - Tax Revenue	$108,109,186	$110,726,619	$127,708,629	$128,967,604	$130,631,589
42 - Permits And Licenses	$1,188,398	$1,226,294	$862,000	$1,225,200	$1,271,200
43 - Intergovernmental Revenues	$703,537	$754,898	$678,000	$704,000	$704,000
44 - Charges for Services	$10,408,835	$10,940,420	$10,301,800	$10,892,100	$11,039,100
45 - Fines/Forfeits/Fees	$5,621,012	$4,397,364	$4,755,100	$3,913,000	$3,937,000
46 - Interest Income	$77,158	$50,819	$75,000	$90,000	$110,000
47 - Miscellaneous Revenue	$1,708,669	$1,807,170	$1,609,000	$1,683,500	$1,693,500
48 - Reimbursements	$1,449,018	$1,782,692	$1,782,692	$1,713,392	$1,775,483
49 - Other Financing Sources	$12,133,690	$2,437,494	$2,256,000	$2,336,000	$2,336,000
Total Revenues	$141,399,503	$134,123,770	$150,028,221	$151,524,796	$153,497,872
Expenses					
51 - Personnel Costs	$100,202,597	$100,021,835	$105,846,554	$102,504,126	$107,036,388
52 - Contractual Services	$16,352,602	$19,013,132	$20,373,177	$20,892,645	$21,674,658
53 - Commodities	$3,659,422	$3,781,455	$4,634,258	$4,229,444	$4,236,030
54 - Capital Outlay	$3,129,180	$2,672,051	$5,377,100	$4,990,900	$4,053,450
55 - Grants, Claims, Shared Revenue	$3,855,168	$4,372,111	$5,296,195	$5,677,464	$5,417,714
56 - Debt Service	$1,174,151	$641,175	$10,330,396	$10,280,396	$10,930,076
57 - Nonexpense Items	$3,099,435	$4,405,847	$828,033	$1,117,903	$307,903
58 - Reserves	0	0	$350,000	$350,000	$350,000
Total Expenses	$131,472,555	$134,907,606	$152,835,713	$150,042,878	$154,006,219
Ending Fund Balance	$14,785,372	$14,001,736	$11,194,244	$15,483,654	$14,975,307

We recently got new budget software called Questica that allowed us to update our budget financial pages and this is what the updated budget page looks like. The former page was produced all in Excel. This page right here shoots straight out of our new budget software. Within our department Jud Knapp walked really hard on this particular fund statement making it really efficient and effective.

The next section that we have is Department Expenditure Budgets.



We also have a new page here that is part of our new budget software. It's a new addition that the budget staff also worked on and it kind of breaks out each section within the budget document. For instance, here we have Community Services and we have a pie chart for Community Services showing how much of a percentage it is of the total budget and then also we break it down a little more where Community Services we show each department within this section of the budget document. Again, this is a new addition that we were allowed to do with our new budget software that we recently put in place.

Unified Government of Wyandotte County/Kansas City, Kansas
2017 Amended and 2018 Operating Budget
Department Overview

Parks and Recreation Department

Mission Statement:
The mission of the Unified Government Parks and Recreation Department is to provide clean, safe, well maintained facilities for all.

Department Overview:
The Parks and Recreation Department manages a 2,600 acre park system with the goal set to meet the majority of the leisure needs of our community. The Department is divided into three divisions: Recreation Management, Park Maintenance, and Golf Course Management. The Recreation Management Division is responsible for all recreation programming that includes youth and adult sports, recreation programs, and seasonal special events. These programs are conducted at the Department's seven community centers, numerous athletic fields, swimming pool, and parks. The Golf Course Management Division oversees the management of an eighteen-hole championship course with a full-service club house and a six-hole junior golf course. The Park Maintenance Division oversees the daily maintenance, repair, and development of three regional parks, four community parks, forty-seven neighborhood parks, seven recreation/community center buildings, three community center buildings, three spray parks and one pool.

Important Issues:
- Continue our ongoing strategy to address our aging park system and equipment replacement while operating within the budget guidelines.
- Implement a revised CMIP to address the growing needs for repair of essential components of the Department's parks, buildings and other facilities.
- Continue addressing the major repair and replacement needs such as roofs and HVAC systems for the buildings, shelters, and restrooms.

Highlights:
- Continued to partner with community organizations to provide the following park improvements, and services to Wyandotte County residents.
- Installed "Global Motion" equipment at Wyandotte County Lake Park and Emerson Park.
- Replaced play grounds at Eisenhower, Alvey, and Mac's Parks.
- Resurfaced the basketball court at Garland Park.
- Implemented new mowing program to support the SOAR initiative.
- Finalized the Master Plan.
- Started the Park Ranger program

Goals/Objectives:
- Develop priorities and an implementation strategy for the recently completed Parks Master Plan.
- Increase mowing turnaround time to 7-9 days.
- Increase department visibility through social media and other forms of marketing.

Also, within the Department Budget section we have narratives to give you highlights of the departments and what they plan on accomplishing in the upcoming year and what they have already accomplished.

Unified Government of Wyandotte County/Kansas City Kansas
2017 Amended - 2018 Budget

Department: 0060 - Parks & Recreation

Department Expenditure Summary	2016 Actual	2017 Original	2017 Amended	2018 Budget
51 - Personnel Costs	$4,162,790	$4,395,088	$4,694,946	$4,971,567
52 - Contractual Services	$1,335,034	$1,526,698	$1,891,998	$2,097,904
53 - Commodities	$633,793	$754,059	$749,304	$681,735
54 - Capital Outlay	$1,344,220	$1,504,473	$1,364,473	$816,300
55 - Grants, Claims, Shared Revenue	0	$1,000	$7,250	$7,250
57 - Nonexpense Items	$35,000	$151,110	$151,110	$151,110
58 - Reserves	0	$50,000	$150,000	$150,000
Total	$7,510,836	$8,382,428	$9,009,081	$8,875,866

Full Time Equivalent Positions	2016 Actual	2017 Original	2017 Amended	2018 Budget
061 - Park Administration	4.00	6.00	9.00	9.00
063 - Parks	52.00	52.00	54.00	54.00
064 - Recreation	19.25	20.00	20.25	20.25
067 - Sunflower Hills Golf Course	4.00	4.00	4.00	4.00
Total	79.25	82.00	87.25	87.25

Expenditure By Fund	2016 Actual	2017 Original	2017 Amended	2018 Budget
110 - City - General Fund	$380,323	$35,000	$683,611	$802,784
113 - Parks and Recreation	$5,762,799	$6,550,071	$6,544,251	$6,417,755
160 - County - General	$87,897	$235,000	$227,272	$152,329
212 - Dedicated Sales Tax	$111,708	$100,000	$100,000	$100,000
221 - Special Parks and Recreation	$517,724	$630,090	$639,269	$582,339
266 - Other Special Grants	$50,000	$40,177	$40,177	$11,004
560 - Sewer System	0	0	0	$24,000
565 - Sunflower Hills Golf Fund	$620,384	$792,090	$774,501	$785,655
Total	$7,510,836	$8,382,428	$9,009,081	$8,875,866

Expenditure By Division	2016 Actual	2017 Original	2017 Amended	2018 Budget
061 - Park Administration	$511,045	$585,815	$1,093,795	$1,538,324
063 - Parks	$5,356,002	$5,835,411	$5,899,955	$5,302,985
064 - Recreation	$1,023,405	$1,169,112	$1,240,830	$1,250,903
067 - Sunflower Hills Golf Course	$620,384	$792,090	$774,501	$785,655
Total	$7,510,836	$8,382,428	$9,009,081	$8,875,866

Budget Changes

Division	Description	Fund	2017 Expenditure Change	2018 Expenditure Change	FTE Change
061 - Park Administration	SOAR Mowing Contracts	110 - City - General Fund	$200,000	$200,000	0.00
Total			$200,000	$200,000	0.00

Here is another new document that we have in the budget document. We always had a financial page and we added a little color to it and kind of highlighted the years that we're concentrating on which are our Amended and Proposed. Also, down at the bottom of the page we kind of concentrated to show what's new in this particular department's budget. Each department, if they have something new in their budget as far as operating budget wise, it will show up down at the bottom of the page here.

CAPITAL MAINTENANCE
IMPROVEMENT PROGRAM (CMIP)
POLICY & HIGHLIGHTS

Our next section within the budget document is Capital section and here we concentrate on the policies within the CMIP.

UNIFIED GOVERNMENT
2017 - 2022 Proposed Capital Maintenance Improvement Program (CMIP)
CASH FINANCED PROJECTS

7/6/2017

Fund/Department	New	Priority	CMIP	Account Code Distribution	2017 Amended	2018	2019	2020	2021	2022	Total
CITY GENERAL FUND (110)											
Buildings & Logistics		4	8151+Co - Anni Roof Maintenance Program	110-672-8151-5444	25,000	25,000	25,000	25,000	25,000	25,000	150,000
			8172 - City Hall 6th Floor Remodel	110-078-8172-5444	69,000						69,000
		1	8199+Co - Capital Project Reserves	110-078-8199-5480	80,000	80,000	80,000	80,000	80,000	80,000	480,000
		2	8513+O - Facilities Parking Annual Maint, Repair & Insp	110-078-8513-5449	200,000		650,000	650,000	650,000	650,000	2,800,000
	New		8173 +Co Bldgs and Logistics Asset Mgmt. and Inventory	110-078-8173-5421		245,000					245,000
	New		8232 +ST+EMS 5440 Kansas Ave Maintenance Facility	110-078-8232-5444	100,000	40,000	40,000	40,000	40,000	40,000	300,000
	New		8202 - Major Facilities Improvements - City	110-078-8202-5444		30,000	55,000	70,000			155,000
			Total		**474,000**	**420,000**	**850,000**	**865,000**	**795,000**	**795,000**	**4,199,000**
Community Programs		6	1064 - 118th Street Lighting	110-672-1064-5441			70,000	430,000			500,000
		7	1065 - Village West Infrastructure Improvements	110-672-1065-5441		70,000	70,000	70,000	70,000	70,000	350,000
			1068 - Concept Studies, Roadways	110-672-1068-5441	75,000	100,000	225,000	125,000	125,000	125,000	775,000
		1	1069+ST - Bridge and RCB Inspections	110-672-1069-5442	310,000		330,000	176,000	176,000	176,000	1,168,000
	New		1070+ST - Trail Network Development Program	110-672-1070-5421			100,000	100,000	100,000	100,000	400,000
			Total		**385,000**	**170,000**	**795,000**	**901,000**	**471,000**	**471,000**	**3,193,000**
Fire		1	8015 - Annual FS Renovation/Repair/Remodel	110-037-8015-5444	200,000	-	200,000	200,000	200,000	200,000	1,000,000
			8079+O - Fire Station Design/Land Acquisition	110-037-8079-5444	350,000	50,000		200,000		200,000	800,000
		1	8067 - Fire Station 3 Parking Lot Replace	110-037-8067-5444	-						-
		2	8080 - Fire HQ Security Infrastructure	110-037-8080-5444	25,000						25,000
		2	8081 - Fire HQ Remove Ceiling Fir, Finish Reno/Remodel	110-037-8081-5444	45,000						45,000
		1	8088 - 2012 Fire HQ Exterior Remodel	110-037-8088-5444		30,000					30,000
		1	8088 - 2013 Fire HQ Interior Remodel	110-037-8088-5444		65,000					65,000
	New	1	8084 - PPE Lockers/Equipment Storage Upgrade	110-037-8084-5444				75,000			75,000
			Total		**620,000**	**145,000**	**200,000**	**475,000**	**200,000**	**400,000**	**2,040,000**
Police		1	8419 - Police Station Anni Maint Prog	110-021-8419-5444	50,000	50,000	50,000	50,000	50,000	50,000	300,000
		1	8420 - Police Station Major Facility Improvements	110-021-8420-5444	100,000	100,000	100,000	100,000	100,000	100,000	600,000
		4	8436 - Police Headquarters - Flooring Replacement	110-021-8436-5444	15,000	17,000	17,000	17,000	17,000	17,000	100,000
		3	8437 - Police Headquarters - HVAC Upgrades	110-021-8437-5444	-	25,000					25,000
		2	8443 - Police HQ Gutter Replacement	110-021-8443-5444		25,000					25,000
			Total		**165,000**	**218,000**	**167,000**	**167,000**	**167,000**	**167,000**	**1,051,000**
Public Works	New		4028 - FairFax Trail	110-042-4028-5443	75,000						75,000
	New		1056 - Holiday Drive Reconstruction Design	110-042-1056-5421		200,000	200,000				400,000
			Total		**75,000**	**200,000**	**200,000**	-	-	-	**475,000**
Reserves			Capital Contingency	110-811-0001-5480	50,000	50,000	50,000	50,000	50,000	50,000	300,000
			Total		**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**300,000**

Also we have a schedule for our Capital Projects and also our Capital Equipment.

GRANT INVENTORY
$14,899,901

The next section is our Grant Inventory which kind of breaks our grants into state funded, fairly funded, a combination of both state and fairly funded and also private grants.

APPENDIX

A. FINANCIAL POLICIES
B. POSITION INVENTORY
C. EMPLOYER PAID BENEFITS

Our Appendix goes through our Financial Policies, Position Inventory and our Employer Paid Benefits.

Unified Government of Wyandotte County/Kansas City, Kansas
2017 Amended – 2018 Budget

Position Inventory
(In Full Time Equivalents)

Department	Position Title	2017 Amended	2018 Budget
Aging	ADMIN SUPPORT SPECIALIST	1.00	1.00
	DIRECTOR	1.00	1.00
	FISCAL OFFICER	1.00	1.00
	FISCAL SUPPORT SPECIALIST	1.00	1.00
	PROFESSIONAL PROGRAM ASSISTANT	1.00	1.00
	PROGRAM AIDE	1.00	1.00
	PROGRAM COORDINATOR	2.00	2.00
	PROGRAM SPECIALIST	7.00	7.00
Aging Total		15.00	15.00
Appraiser	ADMIN SUPPORT ASSISTANT	3.00	3.00
	ADMIN SUPPORT SPECIALIST	3.50	3.50
	ADMINISTRATIVE COORDINATOR	3.00	3.00
	APPRAISER	12.00	12.00
	APPRAISER SUPERVISOR	1.00	1.00
	DIRECTOR	1.00	1.00
	FISCAL OFFICER	1.00	1.00
	INFORMATION SYSTEMS ANALYST	1.00	1.00
	MANAGER	1.00	1.00
	PROGRAM COORDINATOR	1.00	1.00
	PROGRAM SPECIALIST	1.00	1.00
	PROGRAM SUPERVISOR	2.00	2.00
	REAL ESTATE APPRAISER	2.00	2.00
Appraiser Total		32.50	32.50
Chief Knowledge Office	ADMIN SUPPORT SPECIALIST	1.00	1.00
	ADMINISTRATIVE COORDINATOR	1.00	1.00
	COMPUTER SUPPORT SPECIALIST	1.00	1.00
	DIRECTOR	2.00	2.00
	EXECUTIVE DIRECTOR R21	1.00	1.00
	INFORMATION SYSTEMS ANALYST	11.50	11.50
	INFORMATION SYSTEMS COORD	13.00	13.00
	INFORMATION SYSTEMS MANAGER	3.00	3.00
	INTERN	0.25	0.25
	MANAGEMENT ANALYST	1.00	1.00
	MANAGER	1.00	1.00
	OFFICE ASSISTANT III	2.00	2.00
	PROGRAM COORDINATOR	1.00	1.00
	PROGRAM TECHNICIAN I (AFSCME)	1.00	1.00
Chief Knowledge Office Total		39.75	39.75

Here is a view of our Position Inventory. It's broken down by full-time equivalents so each department you can see what their full-time equivalents are and the type of positions they have.

Unified Government of Wyandotte County/Kansas City, Kansas
2017 Amended – 2018 Budget

Position Inventory
(In Full Time Equivalents)

Fund		2017 Original	2017 Amended	2018 Budget
Tax Levy				
110 - City - General Fund		1,133.77	1,0832.74	1,099.84
113 - Parks and Recreation		72.00	72.50	72.50
160 - County - General		619.63	618.08	606.48
162 - County - Elections		19.25	19.25	19.25
165 - County - Aging		21.32	21.12	21.12
171 - Developmental Disability		2.40	2.40	2.40
172 - County - Health Department		44.75	44.40	44.40
	Total	**1,913.12**	**1,860.48**	**1,865.98**
Special Revenue				
212 - Dedicated Sales Tax		38.25	49.25	49.25
220 - Special Street & Hiway-City		73.58	72.50	72.50
221 - Special Parks and Recreation		3.00	3.00	3.00
222 - Special Alcohol Program		4.50	4.70	4.70
	Total	**119.33**	**129.45**	**129.45**
Enterprise				
560 - Sewer System		119.05	125.77	125.77
563 - Stormwater Enterprise		1.00	6.00	6.00
564 - Emergency Medical Services		56.00	69.00	69.00
565 - Sunflower Hills Golf Fund		4.00	4.00	4.00
570 - Court Trustee Fund		10.00	9.00	9.00
	Total	**190.05**	**213.77**	**213.77**
Total Non-Grant Positions		**2,222.50**	**2,203.70**	**2,209.20**
Grants				
225 - Community Development		9.60	12.00	11.00
233 - Justice Assistance Grant		1.00	1.00	1.00
240 - Adult CCA		29.00	26.35	26.35
241 - Juvenile CCA		28.50	31.70	31.70
262 - Department of Aging Grant Fund		13.50	13.30	13.30
263 - Health Department Grant Fund		67.75	66.60	66.60
266 - Other Special Grants		10.30	6.15	6.15
267 - Spc Develop Disabilities Grant		4.55	4.55	4.55
290 - HOME Program		0.90	-	-
	Total	**165.10**	**161.65**	**160.65**
American Reconery & Reinvestment Act				
810 - Neighborhood Stabilization		1.50	-	-
	Total	**1.50**	-	-
Total Grant Positions		**166.60**	**161.65**	**160.65**
Total Positions		**2,389.10**	**2,365.35**	**2,369.85**

Then we also have another view of full-time equivalents which is by fund which we talk about a lot as far as the Tax Levy Fund, Special Revenue Funds. This breaks it down and shows like how many FTEs are in each fund.

Unified Government of Wyandotte County/Kansas City, Kansas
2017 Amended – 2018 Budget

Employer Paid Benefit Assumptions

Employer Paid Benefits	2017 Approved	2017 Amended	2018 Budget
Health Insurance (Traditional Plan)			
Single Coverage	$6,698	$6,698	$7,636
Family Coverage	$15,626	$15,865	$18,086
Health Insurance (Health Savings Account)			
Single Coverage	$6,027	$6,027	$6,871
Family Coverage	$14,064	$14,064	$16,033
Dental Insurance			
Single Coverage	$364	$364	$364
Family Coverage	$856	$856	$856
Vision Insurance			
Single Coverage	$45	$45	$45
Family Coverage	$103	$103	$103
Standard Life Insurance			
Single Coverage	$32	$32	$32
Family Coverage	$32	$32	$32
Health Insurance Waiver	$1,800	$1,800	$1,800
KPERS Civilian Rates	8.46%	8.46%	8.46%
KPERS Fire & Police Rates	19.03%	19.03%	19.03%
KPERS Sheriff	19.03%	19.03%	19.03%
KPERS Retired From Different Employer	15.18%	15.18%	15.18%
FICA (Social Security)	6.20%	6.20%	6.20%
FICA (Medicare)	1.45%	1.45%	1.45%
Unemployment	0.18%	0.18%	0.18%

This document right here breaks down how much the Unified Government pays for its Employer Paid Benefits. You can see what we had in the budget for the Approved Budget in 2017 and 2017 Amended Budget and then also the 2018 Budget. One of the things we see here it kind of shows where Health Insurance is going up 14% from 2017 to 2018 and we can see that here. Most everything else kind of stayed pretty much static but the health insurance jumped up 14%. Any questions on the budget document?

Mr. Bach said everyone probably has questions about what's within it in the contents but that's the ordering it is. If there are any questions about how it's put together or where anything is located, please don't hesitate to ask so we can direct you to that as soon as we can.

2018 Tax Rate (Maximum Mill Levy)

	2017 Mill Levy	Administrator's 2018 Proposed Mill Levy	Recommendation for Adoption 2018 Maximum Mill Levy
Kansas City, Kansas	41.875	39.875	39.875
Wyandotte County	38.813	38.813	38.813
Self-Supporting Municipal Improvement District	12.500	12.500	12.500
Wyandotte County Library	6.059	6.059	6.059

Motions to set the Maximum Mill Levy:

1. Motion to set the Maximum mill levy for the City of Kansas City, Kansas at: 39.875 mills
2. Motion to set the Maximum mill levy for Wyandotte County at: 38.813 mills
3. Motion to set the Maximum mill levy for the Self-Supporting Municipal Improvement District at: 12.500 mills
4. Motion to set the Maximum mill levy for the Wyandotte County Library at: 6.059 mills

The next item for the workshop this evening is the discussion regarding the Maximum Mill Levy. The maximum mill levy which I presented in the proposed budget sets forth a mill rate for the City of Kansas City, Kansas at 39.875 mills which is 2 mills less than what is approved in 2017 and then the County at 38.813 which is the same mill rate that was adopted for this year. The SSMID District sets out the same of where it's been and then the Library stays constant at its mill rate.

I'm recommending that you establish that as the maximum mill rate. I believe this budget contains what needs to be so unless there are other items you wanted to add to it over and above this mill rate I think that can establish where we're at from a maximum. As noted, you can always lower the mill rate as you go through this process over the next month.

Commissioner Walker said as I read the Charter the Commissions primary and virtually sole responsibility is to adopt a budget, establish what the taxing rates will be. I will express that I am personally and as a commissioner not satisfied with a simple 2 mill reduction. I understand the idea that this is a maximum mill levy and that we can always reduce it, but I think—my opinion is that we need to send a message that we're going to reduce. The people of this community deserve tax reduction. They have been promised it for I don't know how many years. Maybe we can go at it a number of different ways but to my way of thinking we have more revenue than we had the previous year with a 2 mill reduction, what $13M more, $15? **Mayor Holland** said not over the entire budget including our Enterprise Fund. That's not all in our taxing. **Commissioner Walker** said we are spending more than we spent in previous years and at the same time we're reducing 2 mills which for most people is an insignificant amount of money quite candidly.

I feel that our maximum mill levy on the City side should be at least 7 mills lower. That is a total of 7, 5 more than the proposal of 2 and that the County should see a smaller reduction of 1 or 2 mills. If we don't make ourselves do it, you're never going to do it. It's about what the people out there in the community expect. They just got clobbered by the State with higher income taxes. I admit that the State Legislature was in a difficult position of trying to balance a budget. They had to do something but the bottom line is people are still going to end up paying more. I think we ought to be able to forego at least 7 mills on top of—well 5 more than what's been proposed because I don't see anything in here where we're making any supreme sacrifices thus far and that's where I'm going to stand on this. If you want to call it a motion, I'll call it motion.

Mayor Holland said I want to say I think we need to—I would like to follow the Administrator's recommendation. We need to walk through this budget document. We've got raises on the table for all of our employee at 2% that's at $3M. We take 5 more mills out—unless we're going to reduce the number of employees—80% of our costs are personnel and unless we're going to reduce the number of employees and I will remind us that 60% of our employees are Public Safety. Unless we're going to take out the raises for our employees—we have almost $4M in increases in our cost of health insurance that we have no control over, almost $4M additional and those two alone, the cost-of-living increase for our staff is desperately needed and the health insurance increase; those alone represent almost $7M, that's 7 mills right there. That's with asking all of our departments to take a 2.5% decrease already so if we're going to take people out of positions, if we're going to reduce staffing significantly to accommodate an additional thing, I think we need to do that over the course of these sessions and not tonight. If we decide we can't reach the 7 mill goal, then we have to completely republish and start our budgeting process over and we're under constraints by the State of Kansas about how we do that. I think setting the maximum mill levy at the Administrator's recommended level is the wise move today and then we have several weeks, Commissioner, to address how and where we would remove an additional 5 mills if that's what we want to do. I don't think we can do that tonight without predetermining that we're going to cut staffing.

Commissioner Walker said, Mayor, I respect your opinion, but I'm making a motion and if I don't get a second, I don't get a second. This is where we make a motion. You've made your argument, it's a cogent argument, and I respect you for doing it.

Action: Commissioner Walker made a motion that we reduce the mill levy by 7 mills on the City side and one mill on the County side.

Mayor Holland said I do not hear a second. That motion dies for lack of a second.

Mayor Holland asked is there any further discussion—let's stay on the Kansas City, Kansas portion, on the City portion. We have to do four different motions. Is there a motion or a comment on the City? **Commissioner Murguia** said I have a question in regard to Commissioner Walker's comments. Commissioner Walker, is your motion just directly to reduce the mill levy by 7 mills or since we're setting the maximum mill levy, are you saying you want to set that maximum mill levy tonight 7 mills lower than it is today? **Commissioner Walker** said well 7 total mills, 5 more than what the Administrator has proposed in his budget. **Commissioner Murguia** said even if there is no second to Commissioner Walker's motion, if we set the maximum mill levy at what it's at right now with the two mill reduction, as we go through this budget process and we can find 7 mills to reduce, we can do that at the final hearing, correct? **Mayor Holland** said we can go down; we cannot go back up without republishing and getting us off of schedule for our budget. **Commissioner Murguia** said alright, I would then just make a statement in regard to Commissioner Walker's statement. I agree, Commissioner Walker, that I think our constituents deserve a significant property tax reduction but for me it's premature to lock ourselves into a 7 mill reduction this evening without hearing our staff and our Administrator's recommendations on the budget. I just know from the 10 plus years I've been on the Commission at the end of the Administrator's proposal he has never been left with extra money, he has always been asked to find additional money to do additional projects. We collectively as a Commission, if that's what the focus is, I know it will be my focus and it sounds like Commissioner Walker's focus, we all need to keep that in mind when the public steps forward with special interest projects they could be very good projects, but we need to keep in mind what the priority is. If you're not willing to make focus on reduction during this budget and only willing to focus on spending more money on additional programs or even keeping it the same, we're not going to get there. I will do my best to remind people in the most respectful manner as we go through the budget, myself included, that we can't lower the mill levy if we aren't going to find—it's approximately 1 mill for $1M—**Mayor Holland** said approximately. **Commissioner Murguia** said if we can't find $7M to take out of the budget, then I don't see how we have a balanced budget.

I would also say I think, Mayor, you just said that 80—am I interrupting this right, 80% of our taxes is spent on employees, correct? **Mayor Holland** said that's right. **Commissioner Murguia** said the money will bring 80% so what that leaves us, correct me if I'm wrong on this Administrator's Bach; that leaves us 20% for supplies and materials, is that right? **Mr. Bach** said yes. **Commissioner Murguia** said I appreciate everything that our staff does, but what I'm concerned about is that what can we actually do in our county, what can we actually see, how many roads can we lay, how much curb and sidewalk can we put in, how many sewers can we improve, how many buildings can we improve with 20% of our total budget. I'll just leave it at that. To me that's a pretty elementary way to lay it out for people that don't sit up here every day and kind of know how the budget works. Tell me again, Administrator Bach, our total budget is how many million. **Mr**. **Bach** said it's a recommended $357M. **Commissioner Murguia** asked so what's 20% of that. **Mr. Bach** said about 70. **Commissioner Murguia** said so we have $70M.

Commissioner McKiernan said we don't even have that much because when you really consider this we're talking about the Consolidated General Funds are where we have the majority of our money to do projects like you are suggesting. **Mr**. **Bach** said then you are down to $210M or somewhere in that ballpark when you get down to that piece. **Commissioner Murguia** said not to get too far in the weeds, I know what you're saying Commissioner McKiernan. When in you're in $70M for the average person, 65-70 you know you just throw it around at that point so we have $70M and I would just like my constituents particularly to hear when they call me about a road improvement, they call me about curb and sidewalk improvements, sewer issues, water runoff issues that I hear from other districts; we only have $70M to stretch that out throughout 10 districts. That's not even—what is that? If you divided it by district, that gives each district $8M approximately—unless my math is wrong, $8M per district to spend on actual supplies. I'm not advocating by any means to keep the mill levy here. I'm going to be looking for ways to cut costs also but I just want it clear to the people that are out there that's about $8M per district.

Mayor Holland said I would also like to note we lowered the mill levy 2 mills last year and we are proposing another 2 mills this year. I anticipate continuing to lower the mill levy in Kansas City, Kansas and Wyandotte County. What I don't want to see are two things, one when consolidation first happened there was a major cut in the mill levy that turned out to be unsustainable and it went right back up two years later. I think that was a bad idea. The other thing that has happened we saw in the State of Kansas is some very irresponsible tax cuts in the State of Kansas that proved unsustainable and they virtually bankrupted our state. I think the key that we need to do I think we need to be on a path of a consistent commitment to lowering the mill levy overall. I think everyone on this Board has that. I've not talked to anyone on this Commission who says we should be raising the mill levy. I hear everyone saying we need to consistently lower it. I believe we need to do it in a responsible methodical way and we need 2 last year, again 2 this year, it will keep us on the right path and we need to do more. There is no question that we need to do additional reductions in our mill levy and the number one way we do that is by growing the value in our community to take the burden off of those who are here. So, growing value is going to reduce our mill levy and we are doing it and we need to keep doing it.

Commissioner McKiernan said I completely agree actually with both of you. We get to the point where it's very hard. I think the smart play at this point would be to set the Maximum Mill at 39.875 which is the Administrator's recommendation and then as Commissioner Murguia said look hard over the coming five weeks for places where that could be trimmed and if we find them, we trim it. I agree with you, Mayor, that the way we really get after this is we have to grow the number of properties that have value that pay taxes and a lot of the incentives that we use to increase the bigger of our community and to set the groundwork for future growth unfortunately in the short run don't pay the full load of taxes and we do that intentionally so that we can grow our community but it's a long play.

Action: Commissioner McKiernan made a motion, seconded by Commissioner Markley, to set the Maximum Mill Levy as recommended by the Administrator at 39.875.

Mayor Holland said there is a motion and second to set the Kansas City, Kansas Mill Levy at the Administrator's recommendation at 39.875. That is a maximum mill levy that could come down in the next several weeks.

Roll Call was taken and there were nine "Ayes," Murguia, Johnson, Kane, Markley, Walters, Philbrook, Bynum, Townsend, McKiernan; and one "no," Walker.

Mayor Holland said we now have the Wyandotte County portion. Mr. Bach, do you have any presentation on that? **Mr. Bach** said I'm recommending that we maintain this at the current mill rate of 38.813 and I'll keep in mind that this moves us forward with a major infrastructure project in moving a new Juvenile Center which we're looking at starting construction on throughout this year and coming into next year. Doing such a facility typically is one where you go out and you ask for a special mill rate. I know any major project like this in the past on the County has been done that way. We believe we can do this through the savings and efficiencies we're making within the County and the growth that's happening within that mill rate and that's why I'm recommending we keep it at this level. This is also an area where our Fund Balance is at about 5% where our stated policy is to get it in excess of 10 so I would not recommend going lower than this at this point without determining a different methodology for how we would expend our money.

Action: Commissioner McKiernan said I would make the same motion as before that with the intent that we will look for budgetary savings between now and final vote that we set the Maximum Mill as recommended by the Administrator at 38.813, seconded by Commissioner Philbrook. Roll call was taken on the motion and there were ten "Ayes," Murguia, Johnson, Kane, Markley, Walters, Philbrook, Bynum, Walker, Townsend, McKiernan.

Mayor Holland said the Self-Supporting Municipal improvement District. Mr. Bach, would you like to remind us how this works. **Mr. Bach** said this is the Downtown Improvement District that sets forth pretty a self-imposed County mill rate—**Commissioner Walker** asked why don't we just vote--keep it the same? **Mayor Holland** said yes. **Kathleen VonAchen, Chief Financial Officer,** said actually I wanted to interject that we should have put in 2017 that it's 11.3 and what they're proposing is to increase it back to 12.5 where it was before. **Mr. Bach** said our CFO just pointed our chart on the wall is not correct. In '17 the mill rate is 11.3 and I believe as you all will recall we had quite a bit of discussion on this last year. We entered into a new agreement and worked this through with the Downtown Shareholders who are a big group that works with the SSMID and their request to come back is that we set this at 12.5. This is a tax that only applies to those businesses in the downtown area that are part of the SSMID District. **Mayor Holland** said the businesses themselves have asked for this increase, is that right? **Mr. Bach** said yes. **Commissioner Murguia** asked did we hold a public hearing on that. **Mayor Holland** said we did and they changed the boundaries and the amount. There was quite a bit of discussion and we supported their direction and they had the support of their businesses to do this. **Commissioner Murguia** asked is there any property tax dollars in that fund or is it solely funded from the sales tax of the businesses. **Mr. Bach** said it's all property tax so they self-impose a higher property tax on the businesses in those areas in order to fund this. **Commissioner Murguia** said only in those areas, correct? **Mr. Bach** said yes. **Commissioner Murguia** said and they have agreed to that. **Mr. Bach** said well they've come forward that that's the request of the association that they work to do it. **Mayor Holland** said they had to have signatures and agreement of a very high percentage of their group to get that done. **Ms. VonAchen** said it's also a separate fund. It has nothing to do with General Funds, it's entirely separate. **Mr. Bach** said we don't work those expenditures. **Commissioner Johnson** said they reduced the western boundary from 18th Street down to 12th Street.

Action: Commissioner Philbrook made a motion, seconded by Commissioner Johnson, to take the Administrator's recommendation of 12.5 which is the request from the

Downtown Shareholders. Roll call was taken on the motion and there were ten "Ayes, Murguia, Johnson, Kane, Markley, Walters, Philbrook, Bynum, Walker, Townsend, McKiernan.

Mayor Holland said that brings us to our final vote on the Maximum Mill Levy, the Wyandotte County Library. **Mr. Bach** said this is the requested mill rate that has been submitted to us from the Library Association. We really don't have any oversight within the operations that go on in this area, but we're the ones that have to establish the mill rate so this is the request that has been brought forward to us. We can set this as the maximum. If there was additional conversation or such we could look for it but I don't have a lot to tell you on this.

Action: Commissioner McKiernan made a motion, seconded by Commissioner Philbrook, to establish a maximum of 6.059 as recommended by the Administrator.

Commissioner Murguia said I have a question for Administrator Bach. Can you briefly remind us all of what that money is for? What do we spend it on? **Mr. Bach** said I will ask the Finance team if they can go through and do it because we as the Unified Government don't really expend it. It's the Association and so if I can ask you guys to go through the breakout because there is a difference between—USD 500 oversees the library operations and they provide some administrative oversight to it and then the library boards dole this out. **Mr. Lindsey** said the levy provides support for all the libraries within the county of Wyandotte County so that would include Bonner Springs, Edwardsville, Turner Library and also the KCK Library. **Commissioner Murguia** said so if the USD 500 pays for the administrative costs to run those libraries, what does this money pay for? **Mr. Lindsey** said this is funding outside of the KCK funding. It's just for so Bonner Springs does get a portion of the KCK Library so this goes to provide funding for that and also it does provide funding to the KCK Library which in turn— **Mr**. **Bach** said maybe to clarify, they have the administrative staff that does it, but I believe they are paid a percentage that goes back to them so they will bill like the Library Board for their administrative staff that are assigned to work in the libraries. **Mayor Holland** said we have easily the most unusual structure of a library system in Wyandotte County because it overlaps with the KCK District 500, it overlaps with this Commission and it overlaps with the Library

Board. We could do a Special Session on this if you would like to understand the library because it might be worth our time to understand it some more, but I'll just say it's as complicated as it sounds this evening. **Commissioner Murguia** said I'm just asking because its 6 mills pretty close to what Commissioner Walker is asking for so I was just asking what we're spending it on and what we get for it. **Mayor Holland** said I think we could add that easily to a Special Session. **Mr. Lindsey** said it's not part of our budget at all. **Commissioner Murguia** said I can discuss it with staff. I'm not sure the general public is interested, but for myself, just me personally I'm not requesting a Special Session but I just don't understand why if the USD 500 is going to manage the libraries, then why are we collecting the taxes to pay them to manage the libraries? I've always wondered that for years. **Mayor Holland** said I think we should bring that to a session because I think if we have questions, I guarantee the public does and I think clarifying that for the public would be beneficial.

Commissioner Walker said even if it isn't part of our budget, it is a mill on where I live, where people live in Bonner, where other people live and so if it's not necessary—just because it's not in our budget I'm still paying it. I guess the question is what am I paying for that I—you know I'm all for libraries, I love libraries, we don't have enough, we don't give them enough but we ought to know what we're spending our money for. **Ms. VonAchen** said I just wanted to point out that the total assessed value for this library district is much smaller than the total assessed value for the entire county because it encompasses a much smaller area. The 6 mills actually generates around $3M. **Mayor Holland** said let's just bring it to a session because we're going to understand this more.

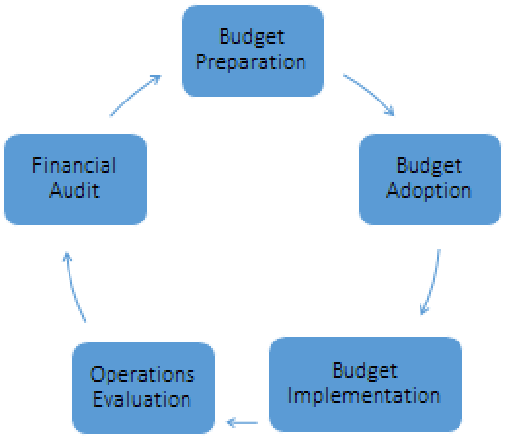
Commissioner Philbrook said he has already said about some of it, she has already said some of it and yes, it's very complicated and just because we don't set the mill levy it doesn't mean that it doesn't impact everybody. I think people have the right to understand what those 6 mills is going for because we have to pass it through, what would happen if we didn't do that? I'm sorry that's kind of a flip question but if they're in control then what would happen if we didn't pass it? I want to understand it better. **Mayor Holland** said we will add it to the list for a future session.

Mayor Holland said during this budget period we are setting the Maximum Mill Levy so unless someone wants to propose setting it higher I have a motion and second to keep it same as the maximum.

Roll Call was taken on the motion and there were ten "Ayes," Murguia, Johnson, Kane, Markley, Walters, Philbrook, Bynum, Walker, Townsend, McKiernan.

Mr. Bach said thank you very much and as I think it has been stated several times through this conversation those are the maximum mill rates that we would be able to move forward with. As we go through and you're able to dig in and analyze through the budget you're able to find different efficiencies, different directions we want to go then we can always finalize a mill rate that's lower in the different categories up here are primary the top two on the list being the City and the County mill rates. I think also it's been mentioned to be sustainable it's finding reductions in expenditures which will be year over year and not be reductions and we just come out and say we're going to spend a million less on Capital this year, that's one time but next year I still don't have that money. I still need the Capital if your intention is still to do what we have. Sustainable reductions are really driven in the area of personnel most of the time because it's a decision to stop doing something that we're doing today and that's the kind of thing we need to think about as we look at different ways to redirect that. Maybe it's not stop it, it's just do a little less of it or something like that.

The next section that we go into this evening is really starting to answer some of the questions that are out there and those are regarding the budget process and the revenue and where it comes from and some of those impacts then as they come back onto the users the way we set this out. I'm going to turn this over to Kathleen VonAchen, our Chief Financial Officer, and she is going to walk us through a few different sections. We will break after different areas. We will go into the budget area formation if you have questions about that and then we will get into the revenue forecasting and we've got a few things as we go through there.



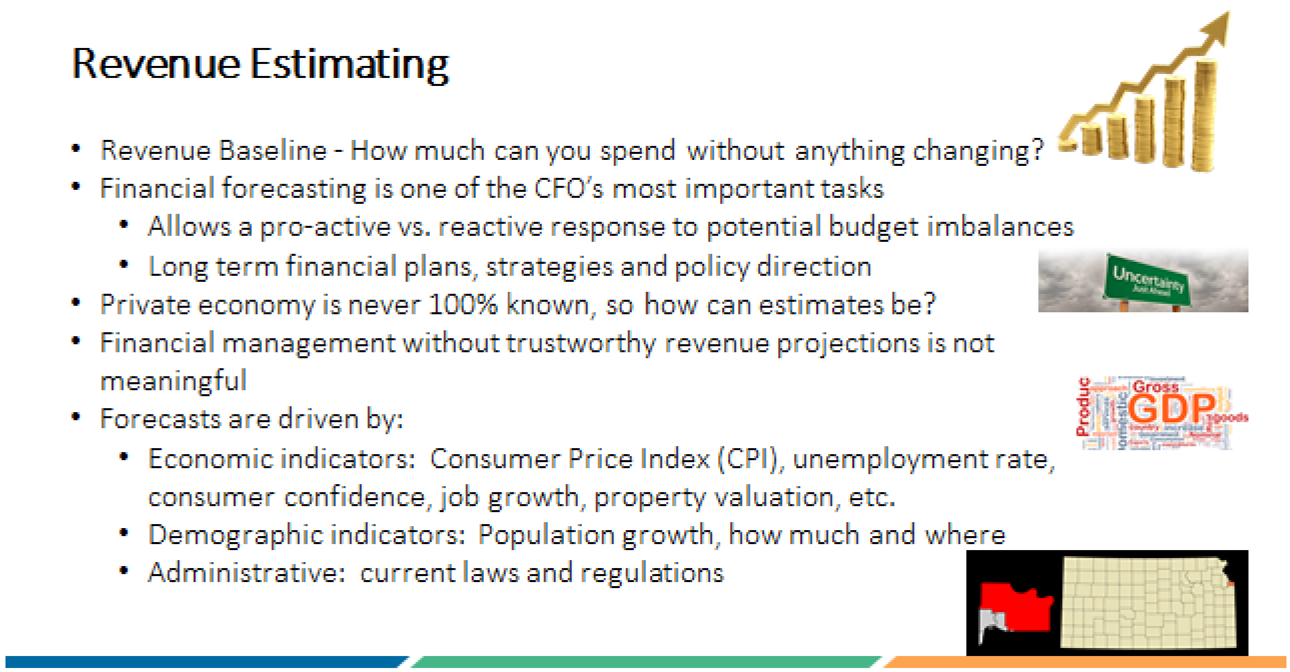
Budget Process & Revenue Estimates: *Never Ending Cycle*

- **Preparation of Budget**
  - Revenue forecasting
  - Producing a "balanced budget"
  - Deficit reductions that will catch up with you
    - Unrealistic revenue projections
    - One-time vs. on-going items
    - *"Kicking the can down the road"*
  - Review Fund Balances / Financial Position
  - Keep your eye on the "big picture"

Ms. VonAchen said the budget process and specifically for tonight revenue estimates is a never ending cycle. We start out and we prepare this budget for you and then at the end of July we ask for your adoption of the budget, but then after that our budget team and all of the departments go into budget implementation mode. We're out there implementing the initiatives that are funded by the budget. We evaluate our initiatives to see whether they're performing according to how we expect and then finally there is a financial audit process and then we start the process again with the financial preparations.

Revenue forecasting is a key component of the balanced budget—of a budget. The other thing that's important to note is that the challenge in presenting a balanced budget especially on those Operating funds like the General Fund and the other tax levy funds those are Operating budgets and so we want those revenues and expenditures to equal each other. Often times just some things to look for when we're looking for deficit reduction what will catch up with you is, for example, if we have unrealistic revenue projections. We need to also factor in those things that are only one time versus ongoing. I think we've had a lot of conversations about that because of the STAR bonds. Also, it's probably best not to kick the can down the road because if you've got a challenge, it's probably better to face it straight on rather than waiting until next year.

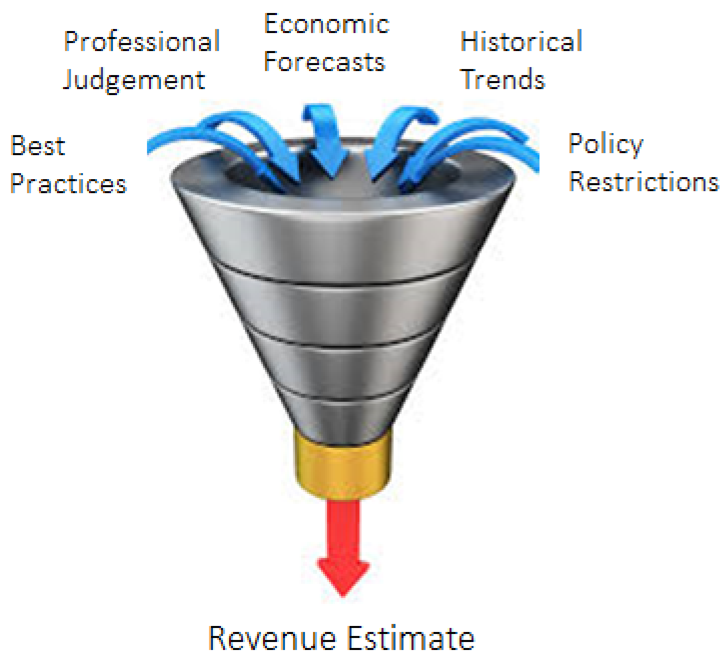
We want to also when we're doing the budget we review the fund balances at the end of the year to look at our financial picture but we're also looking forward but we're also trying to keep an eye on the big picture.



On revenue estimating first off we want to take a look at what is the baseline. You know how much can we spend without anything changing. Then we look at financial forecasting. You know it's one of my top jobs, one of the most important tasks I do, but it allows for kind us to do the forecasting it allows us to be more proactive rather than reacting to problems as they come. We can kind of foresee into the future where there is potential budget imbalances. Also, we're all working together on a long-range financial plan and strategic and policy direction so that we anticipate what things are coming down the road that we can address before they hit us.

Naturally with revenue estimating you know we try to be as accurate as possible but even the private economy is not 100% known so you know those revenue estimates we have sometimes they come in as we expect and sometimes they don't. We do the best we can.

Financial management without trustworthy revenue projections is just not meaningful so we try to be conservative, but then not too conservative and I'll talk about that in a little bit. The forecasts assumptions as we've talked about as part of the long-range financial plan is based on a number of drivers: economic drivers such as CPI and the unemployment rate. We also look at demographic indicators such as population growth and then just changes in Administrative laws that inhibit or change the amount of revenue that we can collect.



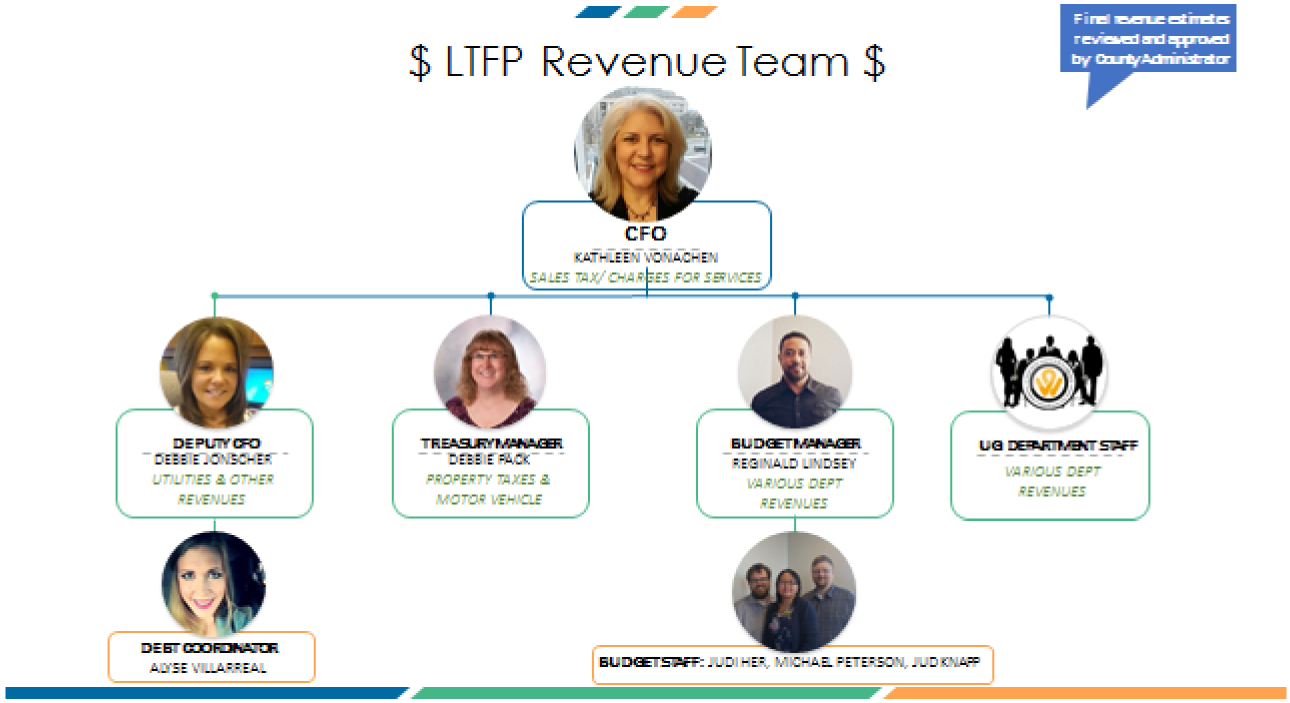
Overall it's kind of we collect a lot of information and it all goes into that revenue estimate. Best Practices, we use our professional judgement, economic forecasts, historical trends and then we also look for policy restrictions.

Revenue Forecasting Approaches

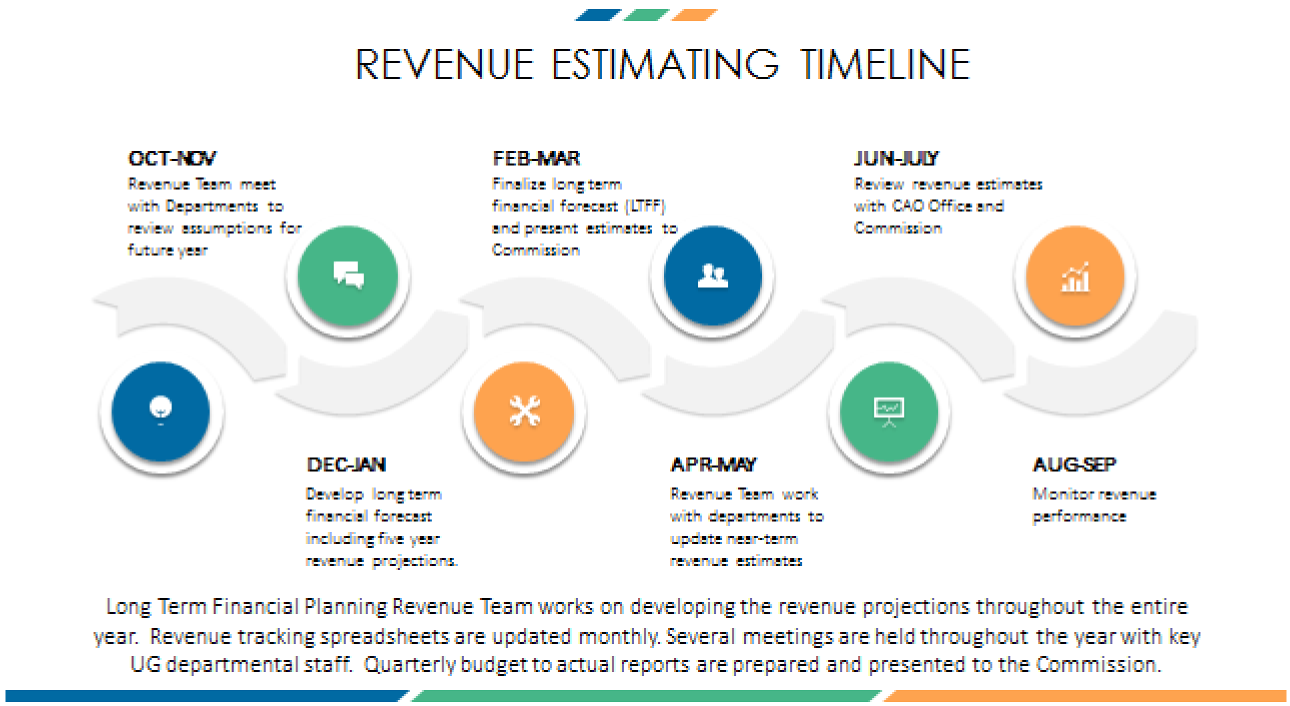
- **Should be easy to understand, transparent and structured**
- **Conservative vs. Objective estimation policies**
  - Conservative – Under estimates revenues, but if TOO conservative could lead to unnecessary fiscal stress, loss of opportunity for service improvements
  - Objective – Project revenues as accurate as possible but understand risks
    - Could result in budgeted program reductions at mid-year causing operational disturbances
    - Must have contingency funds and strong financial management policies

As I mentioned before we try to keep it as easy to understandable and transparent as possible and we have put in place a structure for our revenue estimating team who I will talk about in a minute. We want to be conservative and objective but we want to kind of strike a balance between those two. For example, if we're too conservative with our revenue estimates then it leads to kind of unnecessary fiscal stress because we're cutting back on things that we could do in the future which later on in the year we find out that the revenues were coming in better than we expected and we could have done all these things we ended up not doing. We don't want to get into that situation where we're being too conservative because then there is that loss of opportunity for service improvement.

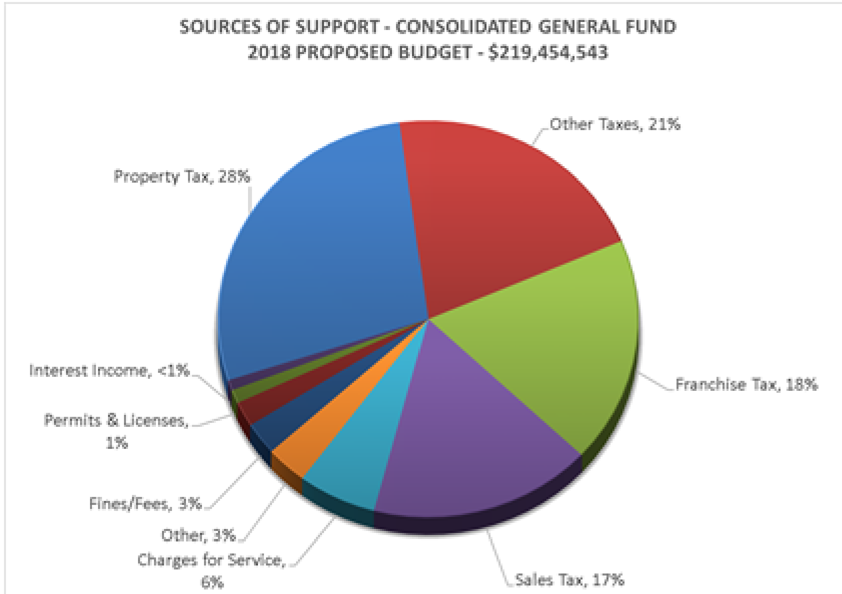
On the other hand we want to just stay objective meaning we want to project revenues as accurate as possible but understand the risks involved in doing that. It could result in projected program reductions in mid-year if we end up projecting things that are—if we over estimate our revenues we might end up having to make changes in the middle of the year. If we provide some contingency funding for those sorts of occurrences that aren't anticipated then—and we continue to have strong financial management policies in place then we're able to withstand those sorts of possibilities.



I just wanted to point out here we have a Revenue Estimating Team and so I'm at the top and what I do typically is the property tax and charges for services and sales tax. I work very close with Debbie Pack who is our Treasury Manager and she is assigned to assist with property tax and motor vehicle. My Deputy CFO Debbie Jonscher looks at utilities and other revenues. Reggie and his team are also very involved in various departmental revenue projections and then we also utilize the information we get from other department staff and as well especially Alyse Villarreal helps us a great deal. It's a whole team of people that are involved in revenue estimates, but ultimately I should point out that once we project and have a finalized review of our revenue estimates we pass those by our County Administrator. Of course he and I go through and talk about the base assumptions and factors involved in all these revenue estimates and you know he might have some suggestions for things to look into and it's a give and take situation but ultimately all the revenue estimates are reviewed by our County Administrator.



There is a timeline here where we're looking—the Revenue Team is looking at the revenues. Back in October and November we're meeting with departments to review assumptions for the future year and then we work on that long-range plan. In the future year we will be looking at that long-term financial forecast for the future year. February and March we're incorporating that information into a long-term plan, presenting that plan to you as well as including those revenue estimates in there. In April and May the Revenue Team is working with the departments to update the near-term revenue estimates just for this coming year, it's not the out-year ones. In June and July that's where we are right now and so we're looking at revenue estimates and then we're presenting those as part of the County Administrator's proposed budget. In August and September we monitor revenue performance.



General Fund revenues and other financing sources total $219.5 million in 2018, a conservative 1.6% increase from 2017 due to the proposed two mill property tax rate reduction and a revenue loss of $2 million.

A great deal of focus is placed on the General Fund budget because that's where a great number of our resources and service delivery occurs and that totals $219M so the total budget for the Unified Government is up in that $350M range, but that number includes all the Enterprise Funds and a lot of other funds that are not included in this specific General Fund. This Consolidated General Fund is where all of the tax supported activities are occurring. This is a pie chart of all the various revenue sources. You see 28% of it is Property Tax, and then go around and Franchise Tax is 18%, Sales Tax is 17%, Other Taxes are 21, Charges for Services is 6% and so on. Overall the General Fund—**Commissioner Walker** said Franchise Tax, is that where you're putting PILOT? **Ms. VonAchen** said that is PILOT yes. **Commissioner Walker** asked does your budget make any recommendations on reducing PILOT. **Mr. Bach** said no sir.

Commissioner Murguia said for clarity, Administrator Bach, so what we really get is 20% of the $219M that is spent on the Services that I was talking about earlier, $219M is the real dollar amount. **Mr. Bach** said when you talk about the General Fund portion of it; it would be that 20% what comes in through here. You still have 20% in other components of it because part of it would be like the Water Pollution Control so that's not a General Fund portion, that's a separate fee based area so it has different operations but nothing is funded from that from the General taxes. **Commissioner Walker** asked what does 1% of the PILOT represent approximately. **Ms**. **VonAchen** said its $3M. **Mr. Bach** said it's a little over. **Commissioner Murguia** said what is the total amount of money that we collect from fees annually? **Ms. VonAchen** said Charges & Fees in the General Fund is about $12M if I remember right. **Commissioner Murguia** said and those are restricted fees, correct? **Ms. VonAchen** said no, they're not restricted. They are collected in order to pay for General Fund services. **Commissioner Murguia** said I will go back again, this $12M plus the $219M is the total amount of revenue that we collect. **Mayor Holland** said the $12M is included in the 219. **Ms. VonAchen** said actually yes, that's partially right. Actually $9M of the STAR bond money which is dedicated just for the two General Funds is within the 219. The total revenues of the General Fund are 219, $10M of that is actually a Reserve for annual appropriation that's required by our bond document.

Commissioner Murguia asked so what was the other money you were talking about Administrator Bach. **Mayor Holland** said the Enterprise Funds. **Ms. VonAchen** said the Enterprise Funds is not part of this number. **Mr. Bach** said so like Water Pollution Control is our biggest Enterprise Fund operation so that's what I'm talking about. We buy equipment infrastructure within that Enterprise Fund so effectively it's 20%. It has money outside of it. **Commissioner Murguia** asked do we have a variety of funds. **Mr. Bach** said yes. **Ms. VonAchen** said we have 30 funds. **Commissioner Murguia** said so we have General Tax Fund and then we have Other Funds and then we have Fees that are part of the General Fund. **Ms. VonAchen** said yes. **Commissioner Murguia** said so the fund like the Enterprise Fund what is the total annual revenue from the funds that we have? **Ms. VonAchen** said if you go to page 46 of the budget document they are all listed here so overall all the kind of tax related operating funds totals $261M, all those other type of funds that are supported wholly by their own kind of fees is $80M. Those funds whether they're fees or revenues or restricted include certainly the Sewer System which is $40M as well as the Storm Water System, the Street & Highway Fund which is wholly from State revenues—Kansas State revenues that are shared with us. Travel and Tourism which is the Transient Guest Tax and also the Dedicated Sales Tax which is about $10M in sales tax that we collect dedicated solely for Police & Fire and infrastructure needs. Emergency Medical Services which is $11M and so there are quite a few funds where they are just supported by their own fees.

Commissioner McKiernan said so what that says is I misspoke earlier when I said it's not the 351, but it's the Consolidated General Funds, it's about halfway in-between because some of these funds truly are dedicated and they do not yield money that we can spend on our budget priorities, but it's not as low as the Consolidated General Funds. **Mr. Bach** said that's true. **Commissioner McKiernan** said I was a little low in my estimate earlier.

Ms. VonAchen said just overall just generally speaking the Consolidated General Fund, if you back out the $10M for the Debt Reserve, you have about $210M in revenue and 80% of that is spent on personnel and the other 20% on supplies and consulting services and other capital outlay and those sorts of equipment replacement.

Certified Property Valuation released by Office of the UG Clerk June 12, 2017

		2016 Total Assessed Value for 2017 Budget (10/16)	2017 Total Assessed Value for 2018 Budget (6/17)	Variance	% Change	2018 % of Total
Wyandotte County Assessed Valuation						
RE	Existing Values	1,014,052,533	1,052,373,455	38,320,922	3.8%	87%
RE	New Impr/Remodel	14,134,830	20,443,031	6,308,201	44.6%	2%
	Utilities	91,717,690	80,165,476	-11,552,214	-12.6%	7%
Subtotal Real Estate & Utilities Value		1,119,905,053	1,152,981,962	33,076,909	3.0%	95%
	Personal Property	61,627,010	57,816,155	-3,810,855	-6.2%	5%
Total County Assessed Value		**1,181,532,063**	**1,210,798,117**	**29,266,054**	**2.5%**	**100%**
Kansas City, Kansas Assessed Valuation						
RE	Existing Values	907,426,515	938,354,947	30,928,432	3.4%	87%
RE	New Impr/Remodel	13,817,358	19,786,466	5,969,108	43.2%	2%
	Utilities	83,664,066	72,100,350	-11,563,716	-13.8%	7%
Subtotal Real Estate & Utilities Value		1,004,907,939	1,030,241,763	25,333,824	2.5%	95%
	Personal Property	56,777,514	53,207,944	-3,569,570	-6.3%	5%
Total City Assessed Value		**1,061,685,453**	**1,083,449,707**	**21,764,254**	**2.0%**	**100%**

The biggest as you see from this chart the biggest revenue source to the General Fund that supports all our operations is the property tax so there were a number of questions that have been raised from all of you during our meetings and during the budget presentation on the property tax so I've got a couple of slides here that I am going to go through and kind of walk you through a little bit to provide some additional information and I'm happy to answer any questions if you have any so just fire away at will.

This slide shows the Certified Property Tax Valuation released by the office of the UG Clerk on June 12th. This is the certified assessed valuation of our County and the City, the City of Kansas City, Kansas. The top one is the County so I'm providing last year and this year so you can see the comparison. What she provides is the existing values and then the amounts for each perspective year that were new improvements or remodels and then you see the category Utilities. Now Utilities is actually assessed by the State not our County Appraiser and then you have Personal Property. They certify the Assessed Values in the prior year in which the tax occurs so in the first year it says 2016 Total Assessed Value for the 2017 Budget. The next column is the 2017 Assessed Value for the 2018 Budget. I don't have this broken out by residential and commercial but we're going to show you a little bit more information on that in a little bit. This is straight out of the official letter that we got and what you notice here the next column is the Variance and you notice that in the Variance column they're not all positive numbers. Sadly our Assessed Values declined in several areas. You see at the County the Utilities declined by $11.5M and Personal Property declined by $11.5M. The Total Assessed Value although it increased for the County side by 2.5% which is in that next column, it would have been higher had it not declined in those two areas.

The second set of numbers below is actually a subset of the numbers above because the top ones are just the entire County and the second set is Kansas City, Kansas. That's why they are lower because they don't include Bonner Springs, Edwardsville or Lake Quivira. Most of those declines in Utilities and in Personal Property occurred in Kansas City, Kansas area so the decline impacted Kansas City, Kansas more so and so that's why the decline—it only increased 2%.

Commissioner McKiernan said remind me again what Utilities reflect. **Ms. VonAchen** said those are properties that are owned by the utility companies. **Commissioner McKiernan** said so the value of properties owned by Utility and if Kansas City, Kansas is a subset of Wyandotte County how can the Kansas City, Kansas number be effectively larger than the County number? **Ms. VonAchen** said no, the County number is $80.1M and the Utility for Kansas City, Kansas is 72. **Commissioner McKiernan** said I'm sorry; I'm looking at the variance column. Never mind.

Commissioner Johnson said can you take it a step further on the Utilities. You said that was assessed by the State. Is that correct? **Ms. VonAchen** said yes. **Commissioner Johnson** said on the properties that are owned by the utilities. **Ms**. **VonAchen** said that's correct. **Commissioner Johnson** said the reason for that decline was—**Ms. VonAchen** said we did call the State and what we learned is that there was one company who—actually the company—they do it on a national level and so this company actually acquired several other utility companies in which case their total asset value grew significantly and I mean by eight or nine folds. As a result the percentage between the amount that they owned in Kansas was diluted because of how big the asset value had grown. Do you understand what I mean by that? **Commissioner Johnson** said I understand. I thought maybe it could help the listeners at home but I don't know how much that might help them. At least there is an answer. **Ms**. **VonAchen** it is one company.

Mayor Holland said the key is when our residential or our values go up between residential—because existing values is that residential and commercial? **Ms. VonAchen** said yes it is. **Mayor Holland** said when residential and commercial goes up an average of 3.8% but utilities which is big plummets 12% it nets us out at 2.5% up so when you think about it's relevant to our previous conversation about the maximum mill levy, if commercial had not dropped off 12% like it just did countywide or almost 14% on the City, we certainly could have looked at maybe another mill or 2 reduction because we would gain additional revenue. Our revenue went down on the utility side significantly and has capped our ability to reduce our taxes on the residential. Mr. Bach, is that accurate? **Mr. Bach** said yes, that is right on Mayor and unfortunately that's the reality a resident may see an increase in valuation but that doesn't mean we identify to all different forms of business particularly utilities. Maybe just to take another stab at answering your question, Commissioner Johnson, as Kathleen said, the utility is valued on a national basis. Then overall something happened within their portfolio that they said instead of being, let's just use simple numbers, 100 we're now going to make you 80 and while nothing significantly happened in their percentage in Kansas they come back and just prorated the motion in Kansas down by that. I guess my number should have been from 100 to 88 so they just prorated them down by 11% in Kansas and affected it across so nothing happened here that changed except for we got the negative results of what happened on a national scheme for them. **Ms**. **VonAchen** said I am aware of the company. I just don't think we're allowed to divulge it. **Commissioner Johnson** said I understand even though a single company could have that impact. **Ms**. **VonAchen** said their asset value increased to $1.4B from—their total assessed value nationwide increased to $1.4B where before it was only $400M.

Commissioner Philbrook said so bottom line is it doesn't matter what the property is worth—let's just act like it's a house or something, the property value really is not different in its entity, it's the percentage for the full amount of houses let's say so there is actually nothing that we could have done about this to foresee the issue but still get pinged big time because of the state law. I'm whining that we lost for no reason other than somebody else's gain. **Mayor Holland** said and it shows the complexity of the world we live in. We have no control over those issues.

PROPERTY TAX REVENUE CALCULATION (2017 AMENDED / 2018 PROPOSED)

Fund	2017 Mill Levy (Budget Yr)	2016 Total Assessed Value for 2017 Budget	2017 Property Tax Revenue (before delinquency rate) [A]	Delinquency Rate Reduction (5%) [B]	2017 Property Tax Revenue (after delinquency rate) [C]
County-General Fund	31.029	$ 1,181,532,063	$ 36,661,758	$ (1,833,088)	$ 34,828,670
KCK City-General Fund	25.093	$ 1,061,685,453	$ 26,640,873	$ (1,332,044)	$ 25,308,829
Totals	**56.122**		**$ 63,302,631**	**$ (3,165,132)**	**$ 60,137,500**

Fund	2018 Mill Levy (Budget Yr)	2017 Total Assessed Value for 2018 Budget	2018 Property Tax Revenue (before delinquency rate) [A]	Delinquency Rate Reduction (5%) [B]	2018 Property Tax Revenue (after delinquency rate) [C]
County-General Fund	31.029	$ 1,210,798,117	$ 37,569,855	$ (1,878,493)	$ 35,691,362
KCK City-General Fund	23.093	$ 1,083,449,707	$ 25,020,104	$ (1,251,005)	$ 23,769,099
Totals	**54.122**		**$ 62,589,959**	**$ (3,129,498)**	**$ 59,460,461**

A. *(Mill levy rate divided by 1000) multiplied by total assessed value.*

B. *Delinquency rate reduction adjusted from 7% in the Original 2017 Budget to 5% for Amended 2017/Proposed 2018. Based on YTD collection activity.*

C. *Refer to page 97 of the 2017 Amended / 2018 Proposed Budget document to verify these revenue estimates.*

Ms. VonAchen said this next table is basically to kind of walk you through how the property tax revenue is calculated. It came up as a question. The top one is 2017 and the second one table is 2018 so we can focus on the bottom one if you want. The bottom one here you've got 2018 Mill Levy that's based on the budget so this is the maximum mill rate you just set and by the way this is only the General Fund portion. The amount you set included all of the other tax levies as well as the debt service. This is just the portion of the total mill rate you just set that is dedicated to the General Fund. For the County General Fund it's 31 and then for the Kansas City, Kansas

General Fund it's 23. The Assessed Value is shown there. You can see that it's the same amount that I have here. You can see $1.2B and 1.083B so that 1.2 number is the same as that 1.2 number. Basically we just do the math which here is the math, you take the mill rate divided by 1,000 and then you multiple by this assessed value number. That's how you get the $37.5M but that's before we apply a delinquency rate. We have to apply a delinquency rate because there are a number of property tax owners who are unable to make their property tax payment. **Mayor Holland** said or absentee landlords who just chose not to pay it. **Ms. VonAchen** said we can't count on that money coming in because if we did we would be overestimating our revenues which I mentioned earlier is not a good thing to do. As a result we take a delinquency so we back out the number. In this year we're going to use 5% so I want you know that the budget—we've been budgeting 6% so we dropped it to 5% because more recent information has led us to believe that our delinquency rate is declining. **Mayor Holland** said it looks like it was decreased from 7% to 5%, is that right? **Ms. VonAchen** said yes. Well, the actual delinquency rate was around 7% last year but we budgeted it at 6%.

Commissioner Walters said I understand our tax sales and the emphasis on having more properties in the tax sales has resulted in us collecting a lot of back taxes, several million dollars, so where does that money show up in this chart? **Ms. VonAchen** said all the delinquent revenue, the delinquent property tax revenue, is reflected in a separate object code and it's not included in these numbers. We're tracking that too by the way. **Mayor Holland** said I want to point out our delinquent tax rate in part because of the SOAR Initiative and other proactive things that this Commission has done, moving from 7% down to 5% is almost a 30% reduction in delinquency which is huge. We need to continue to move it. The national average is what 2%? **Ms. VonAchen** said yes. **Mayor Holland** said so our goal is to get down to 2% so we have more work yet to do but this is the first time in the 10 years I've been here that number has moved in the correct direction and that's excellent work. **Commissioner Walters** asked is that number that you say you are tracking separately in the General Fund revenue total. **Ms. VonAchen** said it is, yes, and actually you can see its history if you go to page—it's probably on page 89 or 90 and it's called Delinquent Tax. I did want to point out that all these property tax revenue numbers you can find them on page 97 of the book and it's across all the funds. **Commissioner Walters** said so where is it? **Debbie Jonscher**, **Deputy CFO**, said it's on page 89 the second line it is Delinquent Tax that's the City General Fund. Each fund has its own revenue so the one on page 89 is just the City General Fund. **Ms. VonAchen** said so you can see in 2018 we're expecting that to be $1.4M. **Commissioner Walters** said so it's fairly constant over time, $1.5M, $1.2M, $1.5M, $1.450M, and $1.4 M actually less in 2018 than 2017, a little bit. **Ms. VonAchen** said that's what we have. **Commissioner Walters** said okay, that wasn't my understanding so I'm glad you pointed that out.

Commissioner McKiernan said my question was just yours, does that get recovered into the General Fund and clearly it shows it does. Does it make sense then that if our initial uncollected goes down then this delinquent tax that is recovered could similarly go down? There is a smaller pool of uncollected to try to recover from because it looks like over the last couple of years we have a delinquent tax that is actually decreasing from 1.5 to 1.4 to 1.3 and is that in part because our collections are better at initial bill and we're recovering more or is that not related? **Ms. VonAchen** said it's hard to know. The thing is we're now doing three tax sales and not just two but sometimes it just has to do with also if we've won some appeals and you know it varies quite a bit. **Mr. Bach** said I think the other thing to note and we would have to break these down a little bit more but I believe the actual accounting for where we go if you look at our tax sales we increased the number of houses that went into it, 700 homes went into it; 600 were redeemed beforehand so those actually turn into property tax collected. That increases our property tax number. Kathleen, I believe we need to go verify that breakout but there is a different way of when they come back and pay those back versus when we take it through the tax sale and then they count down as a delinquent tax sale. Our numbers that are actually selling at the tax sale are the same or actually lowered a little bit because more were redeemed as we went through that process. **Ms. VonAchen** said as you can see on page 89 is the City Delinquent Tax Revenue. In '15 it was $1.5, in '16 it dropped to $1.25M and in '17 I have it coming in at $1.45M and then in '18 $1.4 and that's just because I didn't want to overestimate it. I want to be conservative. It did drop down in '16. Actually the County number is higher. It's trending around the 1.7 to 1.8 level.

Commissioner Philbrook said things have shifted since I originally asked, basically what you're saying is we're much better off if we get that money, the redeemed money, than a possible less amount of money at the tax sale so we get a higher percentage of money. Is that what you're saying? **Mr. Bach** said I don't think—we get a higher percentage in the sense that you get 100% of what's due. There are a few cases when properties are not redeemed and they go through the tax sale that we collect more than what were due on back taxes—well no, never because we may sell it for higher but we don't collect that money. If there is 10,000 back taxes and sell for 15, five goes to the delinquent property owner; that's state law so you're right, it's either going to be at that amount or less? If it goes through a delinquency there is hope that if we go through the delinquent portion of it we get it into better hands. **Commissioner Philbrook** said I did want to say that I really do applaud our Administration and the Commission for letting and encouraging the people to do this SOAR Initiative because this has been something that is sorely needed and we've really been needing for a long time and we're happy to see people know how to come together and put this into action. It will really be great to see how things look in five years from now and that we're maybe down to that whatever low percentage is that other people have, that low 2%, that and higher values on our property.

PROPERTY TAX REVENUE MILL LEVY CALCULATION

CITY GENERAL FUND	*Budget Document Reference*	2017 Amended Budget	2018 Proposed Budget
Total City General Fund Revenue	*Pg. 90*	$ 151,524,796	$ 153,497,872
Ad Valorem Property Tax Revenue [a]	*Pg. 89, 97*	$ 25,308,829	$ 23,769,099
Percentage of Total Budget		16.7%	15.5%
City General Fund Mill Rate	*Pg. 42*	25.093	23.093
City General Fund Revenue per Mill		$ 1,008,601	$ 1,029,277

COUNTY GENERAL FUND	*Budget Document Reference*	2017 Amended Budget	2018 Proposed Budget
Total County General Fund Revenue	*Pg. 90*	$ 58,028,585	$ 59,613,427
Ad Valorem Property Tax Revenue [a]	*Pg. 90, 97*	$ 34,828,670	$ 35,691,362
Percentage of Total Budget		60.0%	59.9%
County General Fund Mill Rate	*Pg. 43*	31.029	31.029
County General Fund Revenue per Mill		$ 1,122,455	$ 1,150,258

[a] *Includes delinquency rate reduction, adjusted from 7% in the Original 2017 Budget to 5% for Amended 2017/Proposed 2018. Based on YTD collection activity.*

Ms. VonAchen said another thing we were asked to do was to kind of calculate how do we get to what the value of 1 mill is. What I've show here is for the City General Fund and then the

County General Fund but it's the same methodology. We have a total budget on top and I'm referencing the budget document here so can refer to the number and then the ad valorem property tax revenue that's calculated, for example, in '18 at $23.7M for the City General Fund. So if you take the percentage of the total budget, budgeted revenues to the total amount of tax revenue it's 15.5% and then you add in that mill rate that we just talked about which is only with respect to the City General Fund and that's $23M and includes that 2 mill reduction that we just agreed on and then you do the math basically and you come up with a total revenue per mill of $1.29M. That's how much 1 mill is in the City. Below is how much 1 mill is in the County. It's a bigger number because the County assessed value is higher so that's how much a mill reduction costs.

Property Tax Bill Calculation [(a)]

Impact of Assessed Value Growth Only

	FY 2018		
	AV Growth % [(c)]		Tax Bill Change
Residential [(b)]	5.16%	$	47.89
Commercial [(b)]	0.87%	$	87.56

Net Impact of Two Mill Reduction with Assessed Value Growth

	FY 2018		
	AV Growth % [(c)]		Tax Bill Change
Residential [(b)]	5.16%	$	23.70
Commercial [(b)]	0.87%	$	(164.61)

(a) Assumes for ad valorem property in Kansas City, Kansas.
(b) Assumes Market Value of $100,000 for residential and $500,000 for commercial.
(c) Assessed Value (AV) Growth % does not include new improvements.

This is a chart that many people have been interested in taking a look at. Basically what we're doing is just looking at Kansas City, Kansas and here is that residential and commercial breakout. For Kansas City, Kansas what we've calculated based on we've looked at all that assessed value that the County Clerk certified, we backed out any revenues or assessed value related to TIF Districts, Tax Increment Financing Districts, because any amount of revenue generated for those is set-aside in another fund to pay for the improvement for which we bonded against so it can’t be counted here. We take that out; we also adjust for any kind of appeals and then based on all those kind of adjustments we figured out that the residential value was 5.16% in ‘18, that’s what we’re expecting. Commercial only increased by 0.87%. We’ve applied that percentage and so if you own a $100K home in Kansas City, Kansas you should expect to have a property—well the property tax bill you’re paying right now will be because of the increase in assessed value 47.89 if there were no mill rate increase and it decreased. No change in the mill rate you would be paying $47 or $48 more but because we reduced the mill by 2, you’re now actually paying $24 more. The difference between those two is roughly $24.00. The property tax mill reduction we’re recommending in the proposed budget saves residential property owners $24 per year. On the commercial side unfortunately the mill reduction results in a dramatic reduction in the property tax partly because the value of the property that we’re looking at now is $500K. An average property of $500K with no mill reduction would pay $87 more. With the mill rate reduction they’re paying $165 less than they would have.

Mayor Holland asked can you go back one slide. The 23 mills on the City General Fund, we set the maximum mill levy at 39.875 on residential and, Commissioner Murguia, I think this speaks to your question about how much we would be reducing it. If my math is correct we have 23 mills which is the City General Fund income and about 16.8 mills which is Debt Mill Levy, is that right? **Ms**. **VonAchen** said that’s right. **Mayor Holland** said so the 16.8 we have to cover our debt fund so we can’t cut the 16.8 mills so if we were to reduce additional mills from the City, it would be coming off these 23 mills, is that right? **Ms**. **VonAchen** said that’s right. **Mayor Holland** said that’s very important. **Ms. VonAchen** said you can see here it was 25 and now it’s 23 and the other 16 is paying for our debt service on the capital improvements that we’ve done in the past.

KCK CITY & WYANDOTTE COUNTY GENERAL FUNDS
Ad valorem property tax revenue budget to actual variance

	Totals		Actuals - Budget	%
Year	Budget	Actuals	Variance	Difference
2006	47,428,400	47,043,525	(384,875)	-0.8%
2007	48,179,700	48,259,210	79,510	0.2%
2008	52,008,300	52,730,005	721,705	1.4%
2009	51,424,000	52,404,341	980,341	1.9%
2010	49,008,700	48,454,274	(554,426)	-1.1%
2011	50,520,000	50,173,625	(346,375)	-0.7%
2012	55,426,400	55,476,142	49,742	0.1%
2013	56,653,344	56,101,176	(552,168)	-1.0%
2014	57,100,500	57,077,861	(22,639)	0.0%
2015	57,380,000	57,185,112	(194,888)	-0.3%
2016	58,606,880	58,647,067	40,187	0.1%
2017	60,137,500	-	na	
2018	59,460,461	-	na	

One last slide about the property tax; it's kind of fun to look at. How did the revenue estimates compare with actuals in property tax over the past 10 or so years and of course we had a number of CFO's. Lew Levin was the most recent one but there were lots of other CFOs. You can see for the most part we were very close on the estimates. There is the budget column for the property tax, ad valorem property tax, and here is the actuals collected. This is that difference between the two and then this is the percentage difference. The percentage difference ranges from .1 or one-tenth of percent to 2% roughly. Of course during the meltdown, during the financial meltdown it was very difficult to predict this revenue source. You can see how dramatically it jumps around. **Mayor Holland** said even with that our financial forecasting has never even been off 2% in the last 10 years. **Ms. VonAchen** said right, certainly in the last few years it has been pretty good. **Mayor Holland** said it's been within 1%.

Commissioner Bynum said can you go back to the slides where you were talking about the Mayor's point on the 23 mills versus the total of 39 I think in the City General Fund because I thought the difference in mills included more than just Debt Service. I thought the 16 additional mills were other mill levy funds. **Ms. VonAchen** said you can go to page 47 of the budget document. **Ms. Jonscher** said on the City side it's just the two funds. On the County side (inaudible due to Commissioner Bynum and Ms. Jonscher speaking at the same time). **Ms. Jonscher** said there are seven or eight funds. **Ms. VonAchen** said on the County side we don't list all of those different funds. We just give you the big number. It's the County General Fund, the Consolidated Parks Fund, and Bond & Interest Fund for just the County, and then you have Aging, Development Disabilities, Election, Health and Mental Health.

House Bill 2088 – PROPERTY TAX LID

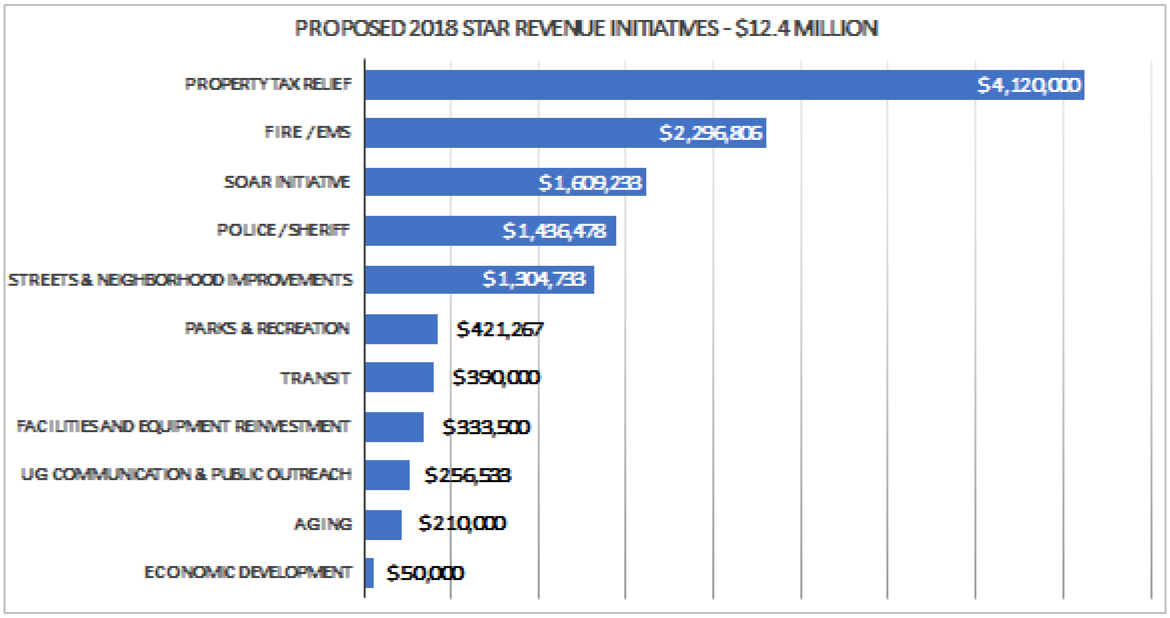
K.S.A. 2016 Supp. 79-2925c

HB 2088 - New Section 6 (a) (1)

On and after January 1, 2017, the governing body of any city or **county shall not approve any appropriation** or budget which **provides for funding by property tax revenues in an amount exceeding that of the next preceding year as adjusted to reflect the average changes in the consumer price index** for all urban consumers as published by the United States department of labor for **the preceding five calendar years**, which shall not be less than zero, unless the city or county approves the appropriation or budget with the adoption of a resolution and such resolution has been submitted to and approved by a majority of the qualified electors of the city or county voting at an election called and held thereon, except as otherwise provided.

Last but not least, our State Legislature last year and they made revisions this year, passed new legislation which we refer to as the Property Tax Lid. As you know basically what they have required is that we can't collect anymore revenue from our property tax than—based on January 1, 2017 adjust it for inflation which is stipulated in the law. Then there are a whole slew of exceptions which we can apply which specifies different areas of the budget that can be exempted out from the calculation. We just wanted you to know that we have taken a look at this and we are in complete compliance with this and this is not a concern for our government.

Commissioner Walters said you know those other actions we took tonight, for example, the Library Fund; are they covered by this? **Ms. VonAchen** said yes, actually the Library Fund is specifically exempted from the Property Tax Lid. **Ms. Jonscher** said the SSMID is also.

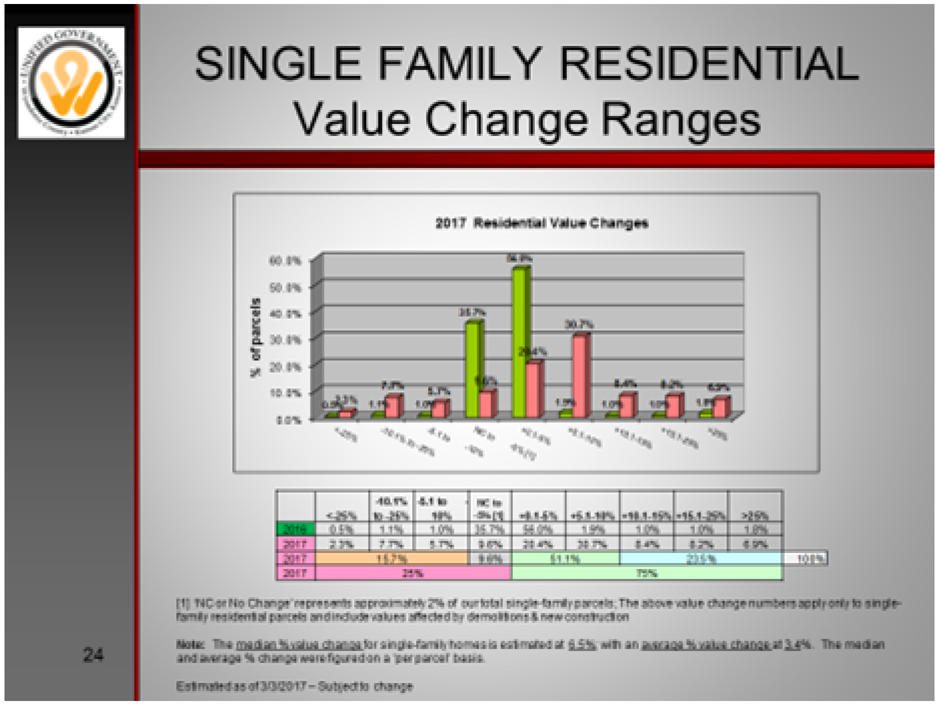


Ms. VonAchen said as you know 2018 will be year two of the STAR Bond Revenue Initiatives. We've now set the base so we know exactly how much money we're going to be getting in the future. You remember that base was $12.4M, not just $12, but $12.4M; and overall—we want to talk just a little bit about this before we presented it at the budget presentation but because of the 4 mill reduction $4M is dedicated for Property Tax Relief, $2M is for Fire/EMS, SOAR is signed on for $1.6M of the STAR bond money, Police & Sheriff gets $1.4M, Streets & Neighborhood Improvements $1.3M and so you realize this $12.4M only $9.4M of it goes into the General Fund. The other $3M is dedicated, required to be put into the Dedicated Sales Tax Fund and they get $1.8 and then the Emergency Medical Services Fund gets $1.2M so when we're talking about STAR bond money, what's really available to discuss what can we pay for in terms of initiatives, it's really that $9.4M.

Mayor Holland said I will also note that when we did the Listening Tour and the survey and asked people how we should spend the $12M, how we should invest it, 4 mills of relief; $4M of that, a third of that $12M going to property tax relief is spot on for what the public said when they were given all of the options in terms of how they wanted to invest that money. Investing $4M a third of that STAR bond money directly into Property Tax Relief is exactly in keeping with the Listening Tour and exactly in keeping with our public survey that we took last year. I feel like we have honored the request of the public and we have made true with those new revenues of off-setting our property tax with sales tax revenue. I think that's something we should all feel very good about that if you look back at that survey and the Listening Tour, they varied between $2 and $4M and so we're on the high end of what was requested by the public. We need to do more and everyone agrees we need to do more but with that specific $12M we're spot on with what we had committed to doing.

Mr. **Bach** said, Kathleen, before you go to Fund Balance I think I just want to make sure as we have talked about revenues and talked about the amount of money to the housing, there were just kind varied questions that commissioners had and I want to make sure as we move forward with the budget everybody is good with what we've presented. If there is something else we've not made clear and kind of as I looked at the questions that we had it's kind of breaking those out. We were trying to show how much is paying different per household and so if somebody gets a 2 mill reduction, what's the impact on them so if you base it at $100K, you can multiply it or if their house is half that or their house is double that, you can kind of see what the impact will be on them.

Commissioner Walters, I think you asked the question about the number of houses that fall into those categories. **Commissioner Walters** said yes I did. **Mr**. **Bach** said I think, and we can write this response back to you, but our best data for that is one which was done by the Appraiser and I'm going to ask Mr. Connor—**Ms**. **VonAchen** said I have it right here actually. **Mr**. **Bach** said, Joe, why don't you go over that and kind of show who is in which category of being less than so we kind of get a feel for what percentage of the community will be at a lower tax rate, what percentage will be at a higher tax rate.



Mr. Connor, Assistant County Administrator, said this is the presentation that our Appraiser gave to all of you in the spring before the tax bills went out and so on that bottom table, in the pinkish color the 2017, if you go from left to right so 25% of the single-family residential value changes were no change to negative so those people weren't going to get a tax increase with the mill rate staying the same. When you go across 75% had a value change increase. Again, that's at the mill rate being what it is today. What's being proposed, and if you look at—it's kind of towards the middle there, the .1, the 5% increase in value; that was 20.4% of the total that single-family was assessed. With the 2 mill reduction it's probably going to catch the bulk of those so when you add those two numbers together it's about 45.4%. This number here and this number here are going to probably see no change in their tax bill this year. **Mr. Bach** said or a decrease. **Mr. Connor** said or a decrease because of their change in value. That's kind of a rough estimate but of course those are 5% and higher and moving up to 25% they're going to see an increase in their bill even with a 2 mill reduction. Generally speaking if you're 5% or less with a 2 mill reduction you're probably not going to see an increase so that totals up to 45%, almost 45.5% of the total parcels that are single-family residential. **Commissioner Murguia** asked what did you say Joe. **Mr. Connor** said 45% of them received a 5% or less increase in their value so with a 2 mill decrease their total tax bill will not be affected. **Mayor Holland** said so 45% of our residents will see no increase or a decrease with the mill levy decrease we have announced already.

Commissioner Bynum said to clarify we will see a no increase or a decrease on the City and County portions of their tax bill. **Mayor Holland** said that's right, the part that we can control. In rough numbers the Unified Government is actually less than half of the tax bill that people see around 47%, 46% and then half of that is County and half of that is City, rough numbers. I like to say 25% of the bill is City, 25% is County and then you have the school district and the community college and the library that add up the rest of it. We can only control 47% of the taxpayers' total bill, 46%, that's all we have legislative authority over. **Mr. Bach** said now Joe's numbers are on the City side. The County side then would be parallel to what these numbers are. If your value goes up, you will pay more taxes. If you're value went down, then you won't, you will pay less.

Commissioner Walters said could I just clarify, she asked if this was talking about both the City and County, it's just talking about the City, right? **Mr. Bach** said yes. **Commissioner Walters** said everybody who has an increase in valuation will see an increase in taxes on the County side. **Mr**. **Bach** said yes. **Commissioner Walters** said I don't know what percentage of that is, does your chart show that? **Mr. Bach** said 75%. **Commissioner Walters** said so 25% will have no increase in appraisal value or a decrease. **Mr**. **Connor** said 25% are at zero or less so if their appraisal was the same or if it went down.

Commissioner Murguia said so is the property tax—it is so hard to explain to people that are just regular people on the street so what would I tell the majority of Wyandotte Countians' whose taxes are going to go up when we reduce it? Do I say well you're just lucky you're not paying more? I mean I don't know what else to tell them. I feel like they think I'm lying to them when I tell them we've reduced the mill levy and they pay more money. **Mr. Connor** said the appraisals I guess is a market driven tool that's used by the Appraiser's Office and if you remember in our presentation, our home sales especially single-family basically across the community are skyrocketing. They are 10, 12, 15% higher than they were a year ago and so your appraisal is based on the market and the market is good in Wyandotte County. I know it's a hard explanation for people to hear, but that's what it is based on.

Mayor Holland said the other key is the median residential property value in Wyandotte County is $67K. In Johnson County that's $210K. Johnson County has three times the number of properties at an average of three times more value so the reality is when they have an $8B total valuation in the county. We have a $1B total valuation. For every mill they levy in Johnson County they get $8M, for every mill we levy we get $1M so Johnson County actually has half the tax rate we do but they pay double per citizen on services than what we do. They spend double on what we do on every citizen because their values are so much higher. We're just much more efficient in terms of our spending because we have to be because our values are lower. The key is we have to grow values. I tell everyone I want everyone's value to double, but I don't want your taxes to double. I want your value to double so we can cut your taxes down but the value has to keep going up so we can reduce the tax rate and I'm very clear when I talk to people, we can lower the tax rate; we can't control the market in terms of the value. In response to the value going we're reducing the rate. The key is we are so undervalued in our county that until we continue to grow the economic development, under we reduce this blight, and Commissioner Murguia you've talk about this forever, the blight in our eastern portion is dragging down values in our entire community, everybody has talked about it. The blight in our eastern portion of our community, primarily eastern portion, we've got to address it because for quality of life but also it raises the values and that raising of the values allows us to continue to reduce the tax rate. It is complicated but it's also I think people understand the difference between the value and the rate and we have to continue to talk about it and in our community more than any because our community struggles. We also have the highest tax rate on folks with the lowest income and we've got to get the rate down in a meaningful way over time and so it is hard, but I think this chart answers Commissioner Walters' question as to how many people are actually paying less in taxes. **Commissioner Murguia** said I won't belabor it, Mayor, but how do you say what you just said when you're passing someone in the park and they ask you why their taxes—**Mayor Holland** said that's exactly what I do. I tell them that whole story. Here's the thing, there aren't easy answers to these. People want easy answers. Folks this isn't easy. If it was easy, someone would have already done it and taken credit for it.

Commissioner Markley said I was going to say the Appraiser at around the time we had our little sit down provided a follow-up email and I know Emerick has copies of it because he has gotten it for me before that talk about the amount that other counties had gone up in valuation versus our county. Depending on how interested the constituent really is and how sophisticated they are and how deep they want to go into the discussion I found that really useful to kind of talk about. You know everybody else's' values are going up too, we can't not have our values go up, it's important that our values continue to go up and they're still not going up as rapidly as some of these other counties so it helps kind of paint a picture, like a broader picture for them so they don't feel like well you're the opposite, the other counties are not doing that to their residents. I can at least say Johnson County values went up too and Douglas County values went up too and I can of paint that larger picture. It's particularly nice if you're dealing with someone commercial and they're saying I'm going to lose my business because your values keep going up and you can say go right ahead, but they're going up everywhere else as well.

Mayor Holland said I think that's one of the values of having these discussions on camera so people can watch it and people can go back and watch it also on the internet and say what was that discussion about property taxes, it seems very complicated. It is complicated but it does help clarify the difference between rate and value. The value is set by a state computer that we have no control over that's based on inputs from realtors based on arm's length transactions. We can't control that. It's a metric that we just receive that information and then we set our tax rate based on the valuation fluctuation.

Commissioner Townsend said that's a good reference chart. Where is this in our packet? Is it in the main body here? **Ms. VonAchen** said we added that at the end and I wasn't sure whether we wanted to include it as part the printout but it's part of what we emailed you and it's at the very end. **Commissioner Townsend** said that will be easy to carry around and the Mayor so he can be pastoral and explain. **Mayor Holland** said it's in the Appraiser's Report that we have also. **Ms**. **VonAchen** said it is. That one you can read because this one when we copied it, you can't read it very well.

Mr. Bach said hopefully we've answered your questions in that regard and we will move to the Fund Balance area.

Importance of fund balance

- Diminish operational impacts to the organization
- Vulnerable to natural disasters
- Dependence on a volatile revenues source
- Sales Tax first to be impacted; more reliant on sensitive revenue source
  - 24% of total GF revenues, compared with 19% in 2016 (pre-STAR bond payoff)
- Subject to reductions in state aid and/or federal grants
- Maintain a sufficient credit rating to minimize long term borrowing costs
- GFOA recommends two months of operating reserves, or 16% of expenditures

Ms. **VonAchen** said I just wanted to talk a little bit about why it's important to have a fund balance or some reserves. As you know we just did that CAFR presentation and we achieved reaching the 10% of expenditures level which is a significant achievement. Our credit rating agencies love that. It's an important piece of what keeps our credit rating at AA with S&P. We are just A with Moody's because they—well basically they're concerned about our economics but we still have that AA with S&P. Most importantly the reason we need to keep a fund balance which with this proposed budget our fund balance is 9% of expenditures so the General Fund balance, our available ending fund balance that we're expecting to end the year with will be $18.8M and that represents 9.1% of total expenditures. The reason it's important to keep that $18M there is because if there is any kind of economic downturn, then we will be able to go and tap into that $18M in order to diminish any operational impacts of the organization. What I'm saying here is we keep the funds in there so that in the future if there is an economic downturn which in the next 18 months a recession is, I would say, more likely than it was if I was talking to you a year ago. A lot of talk has been about a potential recession. I think in the next 18 months it's more likely than it has been in the past. If a recession hits, we have all those reserves in place so that we don't have to go into furloughs, we don't have to do any kind of other reduce services, reduce the number of the hours of operations or a whole slew of—pullback on expenditures for the Capital and for equipment that we've supported. We wouldn't have to do that. We could rely on that reserve.

The other reason to have a reserve is if our jurisdiction is vulnerable to a natural disaster. Let's pray to God that we don't have a tornado go through our Legend's area, but if we did that reserve would be there just in case that happened. Also, we need to have a reserve in place if you're dependent on volatile revenue sources so the sales tax we're now relying a little bit more on our sales tax revenue and that is a little bit more sensitive to the economy and it happens a lot quicker with sales tax. If you have a recession, if it hits, it's almost immediately. Unemployment starts to raise, job losses occur out there in the private industry, people pull back, there is less consumer confidence, they stop going shopping and boy it hits quickly. It can hit within a matter of months so we need to have those reserves in place in case that happens.

Also, if our jurisdiction is subject or maybe vulnerable to any kind of reductions in state aid or federal aid and so as you know we are concerned, for example, with a possible reduction of the CDBG federal dollars. You know, are we going to need to backfill that money with our own tax dollars, will we continue to provide those services. That's a known vulnerability that we have and then as I mentioned before, we have a reserve to maintain a sufficient credit rating in order to minimize our long-term borrowing costs. As I mentioned, 10% is very allocable and the credit rating agencies are specifically saying 10%. GFOA recommends for our size agency that we have around 16% of our expenditures so that would mean that we would have to come up with I don't know about \$6 or \$7M more in reserves to achieve that. Over the course of the future in five years that is something that potentially if the governing body choses that is something that you could work towards.

Commissioner Johnson said the 10% is the reserve in the City balance. Did I hear you say the other night that the County balance was 5% or did I misunderstand that? **Ms. VonAchen** said when I'm talking about the General Fund I'm talking about the Consolidated General Fund so I don't remember offhand how much the percentage is split between the City and County because the County General Fund—the reserve for the County General Fund is less than the City but together combined they're 9% at the end of '18. **Mr**. **Bach** said the County is down there closer to the 5%. **Commissioner Johnson** said I guess what I'm kind of looking at and I think I brought this up the other night is more of a strategy in terms of how we look at the mixture of encouraging property values to increase. Obviously the Mayor has always stated that's driven by the market but as we continue to address issues—blight has already been brought up, infrastructure and things of that nature, that increases value but we talk about that in light of the lowering of our mill levy.

I'm also looking at reducing and managing our long-term debt and I'm not completely opposed to debt, but I think there is a point in which you're overly leveraged, highly leveraged and then also increasing and managing our fund balance operating reserves. Is there a dashboard that we utilize somewhere internally that kind of gives us a summative picture of those main things and how they play against each other in terms of equations and ratios that will kind of guide us into a three to five year path so that we don't just have—I mean you throw up the graph about debt and we're going to just jump on that and we're going to have a full dog discussion about paying off debt, but then we talk about fund balances and that's a whole other discussion. When you talk about mill levy that's another discussion but they all interplay, they're all intertwined and I'm just wondering if there is a more summative dashboard approach that can help to guide that conversation and maybe even make our decision a lit bit, I won't say easier, but at least to give us a kind of sense of where we're going realistically. **Ms. VonAchen** said the answer to that is yes there is and I'm happy to provide that as part of what we were thinking about doing a long-term financial plan as part of your upcoming strategic retreat in the fall of 2017, but we can do it sooner than that too.

Commissioner Johnson said I think it would be helpful because these are conversations that we are going to have every year and so if we have these things that are put out there to kind of help guide us and we can see them all—you know this is where we ought to be, this is where we are in terms of fund balance, here is our debt, this is where it's leading and where we're trying to go and how they all interplay, our mill levy. I don't know what else could go in that. You have it so I'm just going to rely upon you to be able to provide that. **Ms. VonAchen** said yes, I would be happy to.

Presenting an updated General Fund Long Term Financial Plan the Fall 2017 Strategic Retreat

Potential Risks and Unfunded Liabilities

April 2017 Long Term Financial Forecast (Revisited)

- Deferred Facility Maintenance Costs
- Labor Agreements
- Future Retiree Payouts
- Dedicated 0.375 cent Sales Tax Renewal in 2020
- Loss of State of Kansas shared revenues
- Capital Projects Debt Financing Policy
- Health Benefits Fund Shortfalls
- Workers Compensation Fund Shortfall
- Litigation and Settlement Cost Planning
- Capital Equipment Replacement Costs
- Unfunded Pension Liabilities
- Changes in local, regional and national economy

Additional Risks and Liabilities

- Kaw Valley Levees
- CDBG Federal Funding Loss (potential)
- Parks Master Plan Funding
- ADA Compliance Funding

Ms. VonAchen said I just wanted to kind of do a little bit of a refresh or revisit some of the long-term liabilities and unfunded liabilities or potential risks that we identified as part of the long-term financial forecast. As you all know the deferred facility maintenance costs, those costs are still there. We're certainly kind of hitting it as best we can with the higher priority areas and building facilities, but there is still quite a bit more to tackle in the future. Our labor agreements those are the ones once we enter into those agreements those are obligations that we have to meet for the period of time, two or three years, so if the recession hits in the middle, then we would have to reopen those agreements and that's tough. Again, I talked about the Silver Tsunami and our expected future retiree payouts as a result of all those retirees that we're expecting. The Dedicated Sales Tax is up for renewal or actually will be expiring in 2020 so I imagine we will probably be moving forward with the renewal of that tax measure and it generates $10M a year. If we were to lose that, then it would significantly impact Fire and Police as well as infrastructure funding for our streets and neighborhoods.

There is always the potential loss of revenues from the state of Kansas now that they have a revised budget plan. I think maybe that potential risk has diminished but you never know. The Capital Project Debt Financing Policy we presented back to you that's our current mill level that's dedicated for our General Obligation Debt is going to sustain us for next four or five years or so, but we need to keep our outstanding debt or the amount we debt—we issue debt annually at the $12 to 15M range, otherwise we're going to have to find additional resources to support that debt.

We're constantly looking at and analyzing our Health Benefits Fund and that's because you know we have a lot of initiatives to attempt to reduce our claims. We are self-insured and certainly what we're providing in terms of new initiatives is expected to reduce our claims but there are always these unexpected claims that occur and we need to make sure we have sufficient funds there to meet those obligations. The same goes with the Workers Compensation Fund. We had the tragedies that occurred last year with our two police officers and so that kind of put a kink in our funding plan for the Worker's Comp Fund, but our plan as proposed in the budget is going to help to recover that fund back to a positive status.

We're constantly dealing with litigation and settlement costs. Those are very difficult to anticipate and plan for. We would like to come up with an equipment replacement fund that in the future when a piece of equipment ends its useful life we would have the money there ready to pay for it but we're not there yet. Right now we're not necessarily setting money aside for future replacement costs, what we're doing is replacing out-of-pay as you go basis.

There are some additional risks and liabilities that we've been discussing and so we've listed those here: Kaw Valley Levees, CDBG Federal Funding Loss. We think potentially we will lose that federal funding. You were presented a Parks Master Plan and we need to identify ways to fund that master plan and then as you know we have about $20M in outstanding ADA Compliance in infrastructure and improvements to comply with ADA laws that we need to find funding for as well.

Lots of challenges and that's why we're here to help our community and to address these challenges moving forward.

Commissioner Murguia said first of all I appreciate all the work staff has put into this presentation. It was a really good job and it looks like it was a lot of work. I still need some more time to sort of get my hands around everything. It seems like just every year that I've been here I learn a little bit more every year. It doesn't ever seem to stop. I just really have a comment and then a request.

I think through the conversation we had tonight we've all talked about how we all would like to reduce the mill levy by more than 2 mills but based on the overall budget that has been presented tonight, based on the amount of money we have to do projects to actually improve our community being a very small amount, that's probably not likely.

What I would look at is if our ultimate goal and it does appear that everybody up here is in agreement with this, is to get taxes as low as it can be. I also think what we've come to an agreement on is the only way to do that is to grow our community and, Mayor, I think you said it best that when you said unfortunately the area that needs the most amount of growth is east of 635. In order so that we don't continue on this same projectory for the next 10 years where we're only able to reduce 2 mills and we're unable to get any sort of substantial momentum going to really make significant change and lowering taxes and improving our neighborhoods, I guess what I would like to know is—I would like to hear from our Administrator, not tonight, but at some point on what projects are our staff working on east of 635 to grow our tax base. I know the Mayor you are working on the Downtown Healthy Campus and I know I am working on fast food business and have worked on grocery stores and other projects so I know those two. What else are we doing east of 635 to grow the tax base because even those two projects aren't going to provide enough momentum or enough impact in our county to reduce the mill to the level that all of our constituents can receive tax relief and not just 45% of them or around that number? I just want to know what we're working on and I know that our staff already has a lot going on but I think we've really got to figure that out because if we already have staff so busy doing other things and no one is really focused on that area that needs the greatest amount of help, we're never going to get ourselves out of this cycle of these 1 and 2 mill decreases.

Commissioner Walker, I really do appreciate your comments and I really do want to see taxes go down, but there needs to be a concerted effort from what I've heard tonight. Everybody including commissioners and staff working together to grow our tax base and I think we have to weigh that. I think counties across the country take a lot of criticism for the amount of incentive that they offer to businesses to locate in their county, but the reality is I don't know of a county that doesn't offer incentives to businesses to come locate in their community. What we also don't take into account is the ancillary benefits of bringing a business to our community, the jobs it creates, and the amenities it provides and so there are lots of ways to improve our community. I do want to see all of Wyandotte County grow and when east of 635 grows I think that west of 635 will experience that through continued growth and tax relief.

I would like to hear what we're doing east of 635 across the board from north to south that's going to grow our tax base.

Commissioner Walker said I appreciate your comments. I think for me the question is what is our definition going forward of grow our community mean. Having a project come in and the benefit, and I'm talking about the benefit to what we're doing to the government to lower taxes and then this goes to your incentive comment, it's always deferred. It's 10 years down the road and I think—I don't have any survey within one or two percent verifiable, I've yet to meet anybody who comes up to me and on this subject that doesn't have the impression that we give tax abatement too freely, too generously and too often. I understand that what tax abatement might mean to grow our community out west, especially now, is different than what it might mean at 10th & Quindaro because of the circumstances of why. I don't know how to make businesspeople spend their money and come into the area east of 635 unless there are incentives. When will we have done enough out west, especially in the Village areas, for a business to say hey I want to be out there because there are a lot of people out there and yet they still want incentives? I really believe—it may be good if I had a son that was born this year, maybe by the time he was an adult the tax base would be sufficiently grown, but I don't have that kind of time folks. The people that are talking to me want some kind of tax growth, tax base growth, and they want tax relief now. They do not want it in 10 years. That's all very good for the next generation and we've got to worry about them but if we don't do something to help the people—I've had people tell me why don't we just pay for the trash. We used to pay for trash and now it's $12-$15 bucks a month, I can't even remember what it is; but why don't we pay for the trash, that would be $144 back into the pocket of everybody that puts trash out on the curb.

Another idea was why don't we reduce the PILOT. My God we're paying more PILOT—state law only allows a 5% franchise on other utilities, but because of the way the Board of Public Utilities is created we can go up to 15%. I know there are people sitting at this table that know that when we adopted that we said we would keep it in place for three years and then start reducing. We have not reduced a nickel and as their revenues go up; our money continues to go up. I look at my utility bill, last month my PILOT fee was $49 or $52, I can't remember which. That's a lot of money to pay as an excise tax.

I'm not sure where people want their tax reduction as property owners, as electric utility user or just something. I mean picking up the trash for nothing that would be something that would be $12 bucks off that utility bill. You can all say I'm not going to have to live with it next year because I'm not going to be here but I'm telling you I've not met anybody that says we ought to spend more money on this or that. They're not concerned, our taxpayers, about the hard decisions we've got to make and some of those decisions are going to be decisions we don't want to make. We can't do everything, we just can't and if that's the objective, if 2% is it 2% is it, but—**Mayor Holland** said it's actually 5%. **Commissioner Walker** said well if you add last years. **Mayor Holland** said no, it's 10% if you add last year on the Kansas City, Kansas side because two plus two is four and that's 10% off the Kansas City, Kansas portion. **Commissioner Walker** said the number I saw up there, Mayor, my property went up about 5% or 6%; that's another thing. If 45% of the people's property stayed the same and the rest of them—I haven't body. It's kind of like the voters, you never met anybody that ever voted against you. McKiernan, yours went down? **Commissioner McKiernan** said yes sir. **Commissioner Walker** said well I guess there are some people that went down. **Commissioner Philbrook** said we won't talk about mine. **Commissioner Walker** asked what did I see for 5%, $23. **Mr**. **Bach** said yes. **Commissioner Walker** said I paid $22.95 the other night for my wife and I to eat Chinese. There's my tax reduction. I'm saying the obvious, there ought to be something we can do to take care of the people in some way that's benefits everybody. Everybody has their trash picked up, almost everybody has electric and water utilities. Not everybody pays property tax directly although you pay it when you pay your rent whether your landlord gives you the benefit of it.

Commissioner Philbrook said we were talking about improvement west and east and oh doggone it there is in-between, it's called the middle part of the city, which is District 8 and part of everybody else, pieces of it; and I would say that we're doing a pretty good job of slowly moving things east. The corridor along Turner Diagonal is going to be busting at the seams soon thanks to the new growth that's going on there with Amazon and so on.

The next thing of course is the bad word Indian Springs, but you know I think the higher the challenge the better the opportunity and so with that growth around Indian Springs on the east and west side of 635 could really give us a real kick in the pants to move forward because then people can see the better parts of us not just way out west. We can keep pushing east and showing people that we can do the job.

Commissioner McKiernan said as it relates to property tax I want to say that Commissioner Murguia is 100% correct. The way that we're going to have to attack this is, we're going to have to grow our valuation of buildings that pay taxes and there is where people kind of get into a little bit of a rub. The fact is right now it's a seller's market and if we want to grow our valuation, it's a long play, and we have to give incentives. When we give incentives it's important to remember we don't go backwards with those incentives, we simply don't go forward as fast as we want to go. We have deferred or delayed some of that to get the amenity now, to build our community, to make it stronger—I'll get back to my flip side, but we have to remember our Economic Development Office brought us a report about six months ago which was the incentives that had completed. IRBs, TIFs and NRA and so anyway they brought us the report of those programs, those incentives that had now completed their run and the completion of those incentives generated 10 years ago netted about $3M more in terms of tax revenue for us. It's a long play, we don't go backwards with the incentive, and we simply don't go forward as fast as we want and as we need, but the flip side of that which in my mind is just as critical especially east of 635 is we can't lose the value we already have. To my mind that is the importance of the SOAR Initiative and how we cannot allow those properties that are already here to slid to the point where they lose value or worse yet to the point where we have to tear them down. Unfortunately, I can tell you just for my district we tore down last year properties that had an aggregate value of $500K, $500K and all of a sudden its vacant lots and we don't have that money anymore. We've got to find a way to reduce the blight and stop the slide of those properties toward demolition so those two things together; incenting new development and maintaining the valuation we already have, in my mind, are the two things that get us to where we need to go to really significantly lower that mill rate in the future.

Commissioner Townsend said during the Administrator's presentation last Thursday part of it included an announcement about adding to the staff in the Economic Development Department which has taken a major hit with the losses this year and I held the question then, but I think the way the discussion has turned here now it would be appropriate to ask it. I'm wondering exactly what type of position that will be. Will it be someone, outreach was the word used, who will simply monitor the phone and tell people who may call what's available here or will it be a professional who will be able to go out and actively recruit and try to encourage the development just as this discussion has talked about in areas of the city, ideally east of 635. I hope that would be taken into consideration when we're looking for this individual, what kind of marketing or experience they've had with doing that. That hits all of the points that have just been discussed about raising value, getting people to come in and develop east of 635. That's really my question, how do we envision this particular position, what are we looking for, what are the qualities in that position that we're looking for? **Mr. Bach** said the initiative I had toward the Small Business Liaison was really one that was I will say find its roots from what we hear from a lot of small businesses within the community today that have expressed difficulty when they went to expand their business or grow their business of coming here and being able to work through some of the process and procedures. So, more so directed toward when somebody comes into our Planning & Zoning process, as we've often heard you have larger businesses, larger companies come in and they are usually able to hire somebody that's a professional that takes them through that process. If you come in and you're a small business, and small business doesn't mean somebody that just has something little, I mean this could be a million dollar business, but they're not big enough to have hired staff on or whatever so they come through our process. Our Planning & Zoning which I think you get feedback on that is negative, but I'll say is positive, that they turn and they hand them a list of regulations and say this is what you need to go through in order to get this done. That is fairly daunting to somebody that's never done that before and the emphasis behind the Liaison is one where they can come in and somebody would say this is what I want to do so they would have the expertise within the Planning & Zoning process but sit outside of that regulatory area for us. It's charged with enforcing it the way we have directed them to enforce it. They would sit over in the Economic Development side of that equation and say okay this is what you need to do or if there is something they're not doing right, they can say if you modify this or change this you will be able to get through and get your small business started. That's the initiative from there. It's from those that are already in our community looking to grow or do more business here and may have been stopped just because they can't figure out how to get through the process. They make look for different programs or such that we have in economic development but that's really not my directive. It's to move somebody through that's willing—they're not coming in looking for the incentive, they are just looking for the path and the procedure to get it done. I've received a lot of that feedback from you commissioners, I've received that feedback from citizens in the community so that's the area I'm going forward with this new position and if you want it redirected or such, then I would be open to hear what that is my direction.

Commissioner Townsend said that gives me a better understanding of what it is. You're right, I have heard how complicated it can be for small business owners to move through the maze so I do see that there is a need for such in the department. I think of Mr. Brockman working on that with the $50K fund to grow and enhance so I know he has done some of that as well. I would also say when we look to hire professionals in Economic Development the next time we do consider people who can actively outreach, not just the ones who can help those who come to us. I think that will tie-in with the outcomes that I expect to hear and to be implemented with the Northeast Plan. I think that would be a big help.

Commissioner Kane said I've been down the line so you've talked quite a bit about some stuff but I bet you I didn't have a dozen people where their taxes went down, but the hardest thing for me to explain is somebody that has a 10-year old home, two lots down they build a brand new home and their stuff goes up $5,000 because it happened to somebody I know. What might look good to some folks doesn't look good to us and it's extremely hard when the house is much smaller and everybody's taxes go up and then how do you explain that? I know we're doing what we can but that's one of the hardest things for me to explain and I really can't explain it. I can't explain it to myself since it happened to me.

When we talk about District 1, remember District 1 20 some odd years ago employed more people; they were everywhere and I know that we started this a long time ago when there was just three of us still here trying to get jobs down there and we've done that. I would like to pursue higher paying jobs down there and I think we've got a golden opportunity because General Motors is just going to get bigger. I know they are on a layoff now but eventually the crew will come back but we need to start getting manufacturing down there and then we need to say okay folks we have housing for you. You look at where my mother and father-in-law live on Grandview Blvd., they live on the older side of the street and the other side of the street is beautiful and that's what we need, we need more of that. When you drive up and down Quindaro you see it. It's growing, just not at a rate that we want and I think we need to keep pushing forward for ANDA and all the folks because I got a KBI phone call today for Ann and the lady was asking me a bunch of questions. I said I don't want to tell you, just go look at her district. We as a Commission, like we did last Thursday, where we all stuck together we didn't want something I think we need to all stick together to make this a better place and I'm very proud to say to somebody I don't just work here, I live here and I play here and I think that's huge that we need to stick together to get this done and grow all four corners of the community.

Commissioner Bynum said it speaks to a lot of what I've already heard tonight with regard to growing the community and growing all four corners of the community. I like the Small Business Liaison position. I would like to see that position or someone in Economic

Development work with us on the creation of incentives that specifically support entrepreneurs in our local small business owners and work with them to be able to tap the current incentive packages that we offer when someone is coming to do business with us and let them have access to those same incentives and opportunities. I have talked about this before, we have many, many local small business owners that might want that same opportunity to have the chance to grow their business and grow their business and grow their own personal wealth and grow their wage. I would like to just throw that out as an option within Economic Development.

I would like us as a Commission as we work together to discuss what are all of the economic development tools and incentives that are available, perhaps that starting the fall Strategic Planning Session. I would like that to include how do our economic development tools and incentives compliment those that I know are offered by the BPU and any other entity in the state of Kansas. How are those incentive packages working together? I know that there are other entities here offering incentives, I would like to know what they are and how do they complement what we offer.

Last, I would just like to ask if we could consider what I call transparency in economic development. I see it as a one page factsheet for the projects that come forward, I see it as an explanation on that project of everything we can fit on one page but every incentive that we're offering, what's the potential return including those that Commissioner Murguia spoke of, the ancillary returns that are possible because we do a package that has incentives. On the backside we could provide the glossary of what do these terms mean. I do that more for the transparency piece of it because we do deal a lot in incentives and I think it leaves the general public unclear and unsure of what it is we're proposing. It just seems to me that a simple one page factsheet on projects could be available with every project that comes forward that just lays all that out.

Mayor Holland said I think that's a great idea. I think the other thing about incentives that we need to think about because we've been very aggressive and I think we need to continue to be very aggressive; I think Commissioner McKiernan said it well, we don't move backwards, we don't take money out of the General Fund to give to companies, that's never happens because we don't have it to give. The project has to generate its own incentive. They say what's the best time to plant a tree, the best time to plant a tree was 20 years ago; the next best time to plant a tree is today and you think about the General Motors incentives that were given in '80s, people lost their minds and they have been the number one taxpayer in our community ever since. We waited 20 years for those incentives to burn off, but thank goodness they had the foresight to plant that tree 20 years ago because of the highest paying manufacturing jobs we have in our community and they are the number one taxpayer in our community and they are attracting all kinds of manufacturing around them. That investment people lost their mind over and thought it was crazy and gave away an airport and gave major incentives and it was a major economic engine that is still paying dividends today. The STAR bonds, 15 years we waited for that sales tax to burn off, all came from the project itself; now we have $12M in new revenue but more than that we have $20 some million in property taxes paid out there and 11,000 new jobs and all of it generated by the project itself which wasn't there before.

Amazon, a 10-year incentive, the shortest incentive time ever and when that pays off in just 10 years, it's going to be a 15 to 20% bump in the total valuation in the Turner School District. That is a monumental increase for that school district and that's a huge bump for our whole community. When you look at this I think there is a difference between a corporate giveaway and an incentive and the incentives have to match propositional with the impact it's going to have and we have to be aggressive with them. If we had not been aggressive with Amazon, it wouldn't be here. If we hadn't been aggressive and innovative with STAR bonds the Legends wouldn't be here and all the value that we receive from them wouldn't be here. We've been aggressive, we have inherited a community that's been historically aggressive and we're reaping the benefits of some of that with General Motors and now the STAR bonds and we are continuing that legacy of attracting businesses with jobs and value that are going to grow the total valuation of our city over time. That's where we need to make 10 and 20 year decisions up here, not just two and four year decisions. Two and four year decisions are better rewarded by voters, 20 year decisions are better for the community and that's the commitment that I have and I think the commitment that this Commission has had. This Commission has been very forward thinking and in every—I don't want to say every, but 95% of the incentives we've offered it's been unanimous because the deal has shown that it's going to pay for itself and benefit the community. We disagree now and again on incentives, but by and large when there is a significant incentive—Amazon unanimous, General Motors was unanimous, STAR bonds were unanimous; I mean all those big investments were unanimous because it was so clear the long-term benefit of the community. We're going to need to plant some more trees for that next generation and we're reaping the benefits now.

Commissioner Johnson said in the spirit of this whole discussion in terms of growing the eastern part of Wyandotte County I hear discussion about General Motors and things that are going on down in Fairfax. I think we need to add to the discussion the employment of our people in those good paying jobs as part of how we figure out how to incent or not. How do we incent and I don't know what's the best way to term that but we need to make sure that if in fact we have the second highest wage earning potential in the state that our people are being prepped and eligible to get some of those jobs as well. I just want to add that to the mix of discussion because that's going to also help us to grow Wyandotte County as well particularly for persons that are living in the eastern corridor of Wyandotte County that we can increase their quality of life as well as part of this discussion. **Mayor Holland** said, Commissioner, if I can just add to that; the housing piece, we have to have quality workforce housing because if we do all of our work and get someone in our community a job that didn't have a job before in many cases they are taking they are taking that first paycheck to another community to buy a house. We need to have the housing here that people want to invest in so that we have the people with these jobs and turning those dollars over in our community again and again. We've got to grow our housing stock. We have to do it all but that is an excellent point.

Commissioner Philbrook said thank you for bringing up the workforce part of it. There are three people sitting here on the Commission that are involved in Workforce Partnership which has played a big part in helping line up people for the new jobs at Amazon. I would say that Workforce Partnership has been one of the best kept secrets in Wyandotte County until recently until we pulled them in kicking and struggling and said listen, we expect you to do the job for us that we need and that is to see that people are educated for these jobs that we need. They have been working really hard with our colleges and with District 500 and Turner Districts to try to create those pipelines so we have people really working hard now that weren't working together as little as 10 years ago and they are really working together. I am so proud of our community I just don't know what to say so I want to see all these new jobs come forward.

Mr. Bach said I'm going to assume, Mayor, that we've had the mill rate discussion. I mean that was brought up so I believe we've covered that the way you want to.

Local Food Sales Tax; this was an issue brought forward by Commissioner Walters where he has asked us questions on research about this. What would it take if we were to—could we go out and eliminate the sales tax on food or grocery items within our city? We've looked at that and I think it's an initiative that would be very nice, it would be very good for our community especially people to encourage them to spend more in that area with good healthy foods; however, in looking at it appears the obstacle that it is one of those items that legislatively we do not have the authority to do and I'm going to ask Ken Moore, our Chief Counsel, to explain that as you've gone through and done your research on that.

Ken Moore, Chief Legal Counsel, said we've looked at the Kansas Statutes on the authority to impose a sales tax and also the distinctions you can make in doing so. The problem is that we have by the Kansas Constitution what's called the Home Rule Authority to govern our own affairs as long as it's not—we can't exempt ourselves out of a statute that uniform and applicable to all cities. The statutes the State has enacted gives us the authority to impose a sales tax but it also has different classifications and exceptions in the statute where the sales tax is not applicable. For example, you don't pay sales tax, for lack of a better word, food stamp purchases; but those things are uniformly applicable and we can't add new exemptions to those statutes so having a wholesale exclusion of the sales tax on food we're not authorized to do that. We can impose a tax but it has to be on all sales tax across the county and that would require an election of the people to do or to change the tax. That's why Kathleen mentioned the Dedicated Sales Tax, to reinstate that it requires an election. It's not something that the Commission can do on its own. **Mr. Bach** said Mr. Moore has provided me with a legal opinion on that today and I forward that to all of you so you will have it officially in hand in response to that.

Commissioner Bynum said just to clarify if I heard correctly; we don't have the authority to exempt tax on a singular item. **Mr. Moore** said only the categories that are included in the State Statute and there are like 90 of those. It goes to section quadruple L. **Commissioner Bynum** said and foods not one of those 90. **Mr. Moore** said the only thing for food is essentially for food stamps.

Mayor Holland asked, Commissioner Walters, do you have any questions about that. **Commissioner Walters** said no, I'll see the opinion when we get it. I'm certainly not an attorney but I don't know that that was the intent of the state law but evidently that's the result of it. **Mayor Holland** said I would like to see the State—I mean the State has continued to increase sales tax so I would like to the State not increase sales tax on food. Maybe states don't. The state of Kansas has about the highest sales tax on food of anyone in the country and that's very regressive and hurts the poor more than anyone else. **Mr. Bach** said I will say, Commissioner, we will continue to look around to see if there is any loophole that anything else through the state to it, but as of right now it looks like that's not within our authority to do. **Commissioner Walters** said and that's the Department of Commerce that regulates that at the state. **Mr. Moore** said it's the legislature.

Mr. Bach said the last item on our agenda tonight was a request by Commissioner McKiernan to discuss potential CDBG future funding. I don't know that it was about what we have today, but I think it was about the high probability that it will go away and it is one of those cautionary things we have in our future outlook to note that someday we're either going not have that revenue or need to replace it with General Fund dollars. **Commissioner McKiernan** said I only wanted to bring this up—I remember in the first budget that I went through it occurred to me that if we really valued the things we spend CDBG money on, given the volatility of those funds and the downward trend over time, if we really value what we purchase with those dollars, we should find a way to shift that spending away from CDBG, away from that volatility and I think that holds even more true today. I think it would be wise for us to evaluate how we spend CDBG dollars and determine what if those allocations are our highest priority and then consider how we might shift those from CDBG to General Fund over the coming years so we continue to get the benefits that we're currently getting. It's nothing for this years' budget. **Mr. Bach** said I will note that within the 2018 Budget we have moved all of our funding from a demolition perspective into the General Fund. Two benefits from that; I guess one is focusing on that's somewhat of a core service to cleanup neighborhoods. As you go through it, it's an initiative from SOAR as we're working there that if we're going to go after structures. Two, I think it will help us a little bit with the layers of regulation we go through from HUD by if we demo one structure within our community with HUD regulations it layers in a whole different thing across everything we do whether we use HUD in it or not.

Commissioner Townsend said since we've used the CDBG acronym, I have one question. Does this budget continue to provide for Emergency Home Repair? **Mr. Bach** said I believe that came before the committee a week ago so yes. **Commissioner Townsend** asked the same level of funding. (Response was inaudible.) **Commissioner Townsend** said alright.

Mayor Holland said that brings us to the end of tonight's agenda. You can see the future workshop items. I think we do need to add Libraries in there. It's the one I heard today that we need to add. If there anything else and if you think if it later, be sure to reach out to my office if you have additional topics that you would like and I'll work with the Administrator to make sure they get worked in so we can get through any questions that anyone has.

Mr. Bach asked was projects east of 635 to be a workshop topic or something at a different Special Session later. **Mayor Holland** said that's a good question. Do you want that during the budget time or do you want it in the fall? **Commissioner Murguia** said I would like to see it during one of our Budget Workshops. It shouldn't be very lengthy. **Mr. Bach** said responding to you, you were asking what we're doing, what projects we are working on, we can talk about that. **Commissioner Murguia** said yes, what's on the burner, what are you working on just in general.

MAYOR HOLLAND ADJOURNED

THE MEETING AT 7:45 p.m.

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Carol Godsil
Deputy Unified Government Clerk

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