ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, June 5, 2017

The meeting of the Economic Development and Finance Standing Committee was held on Monday, June 5, 2017, at 5:30 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Walker, Chairman; Commissioners McKiernan, Walters, and Johnson (Substitute). Commissioners Townsend and Murguia were absent. The following officials were also in attendance: Doug Bach, County Administrator; Gordon Criswell and Melissa Sieben, Assistant County Administrators; Chris Slaughter, Land Bank Manager; Kathleen VonAchen, Chief Financial Officer; Patrick Waters, Senior Attorney; Reginald Lindsey, Budget Manager; Alan Howze, Chief Knowledge Officer; Emmit Lockridge, Administrative Coordinator; and Officer Doug Bailey, Sergeant-At-Arms.

Chairman McKiernan called the meeting to order.

Roll call was taken and members were present as shown above.

Approval of standing committee minutes from March 27, 2017 meeting. **On motion of Commissioner Walker, seconded by Commissioner Walters, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 17968…PRESENTATION: KC DIGITAL DRIVE UPDATE

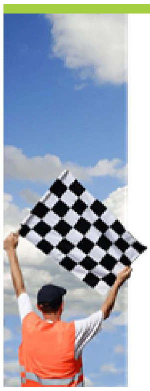
Synopsis: Update by Aaron Deacon, Executive Director of KC Digital Drive, on activities and objectives of KC Digital Drive and how they are working with and supporting the UG priorities, submitted by Alan Howze, Chief Knowledge Officer. This item was originally scheduled for the May 1, 2017 Economic Development and Finance Standing Committee and was postponed to the June 5, 2017 meeting.

KC DIGITAL DRIVE

Making Kansas City a Digital Leader

June 5, 2017
Unified Government of Wyandotte County and Kansas City, Kansas
Economic Development and Finance Standing Committee

Alan Howze, Chief Knowledge Officer, said this is an informational presentation. I wanted to bring before you KC Digital Drive. They have not spoken before this committee but have been very active in the community on a number of different areas for a number of years and wanted to just give you a brief update on some of their activities. They have been a partner with the UG on efforts around everything from digital inclusion to connectivity to economic development. They spoke to the Administration and Human Services Committee back in February and I wanted to get them in front of this committee and give you the update as well.



PLAYING TO WIN

in America's Digital Crossroads

A playbook for capitalizing on ultra-high-speed fiber in Kansas City, Kansas, and Kansas City, Missouri

A successful Internet economy is 90 percent sociology and 10 percent technology.

Aaron Deacon, Executive Director of KC Digital Drive, said I'm going to give you a short history for those who don't know who we are and where we came from. We came out of the Mayors Bi-State Innovation team that former Mayor Reardon and Mayor James appointed when the cities were looking at what to do with Google fiber. Out of this Mayor's Bi-State Innovation team came this Kansas City's digital playbook, *Playing to Win in America's Digital Crossroads*.

Timeline

2011-2012 Community-based planning, organic growth, MBIT, playbook

2012-2013 Establish a brand, identity and track record working with MARC

2013-2014 Create a stand-alone 501c3 non-profit

2014-2015 Articulate strategy, programs and brand of the organization

2015-2016 Replicate projects, and grow sustainability to prove the model

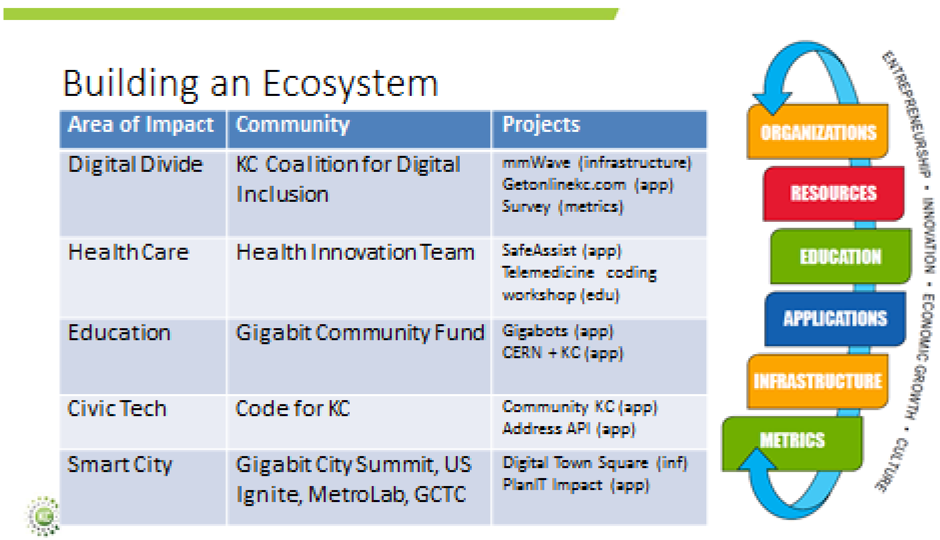
2016-2017 Refine organizational structure and continue growth

That sort of set us on a trajectory in starting a new civic organization called KC Digital Drive. We nearly spent a couple of years kind of getting our bearings. We incorporated as a standalone, 501c3 non-profit in 2013-2014. Over the past three or four years we've really dubbed quite a broad soft programing and activities and network building that I get into a little bit more throughout the course of this presentation. Over the past probably year and a half or two, we have kind of taken that sort of scope of work as it were and used that as a foundation for how we start to reorganize. I don't have a lot even in the presentation about that, but happy to take questions on that. I know, Commissioner McKiernan, you've been a big part of our work from the beginning, although, have lost contact a little bit as reorganizations happen and part of that is with Allen coming on board and getting some other points into the city.

New Civic Capacity

- Regional, to compete in a global economy
- Network-based, nimble, opportunistic
- Top down + bottom up
- Technology change management
- Ecosystem model

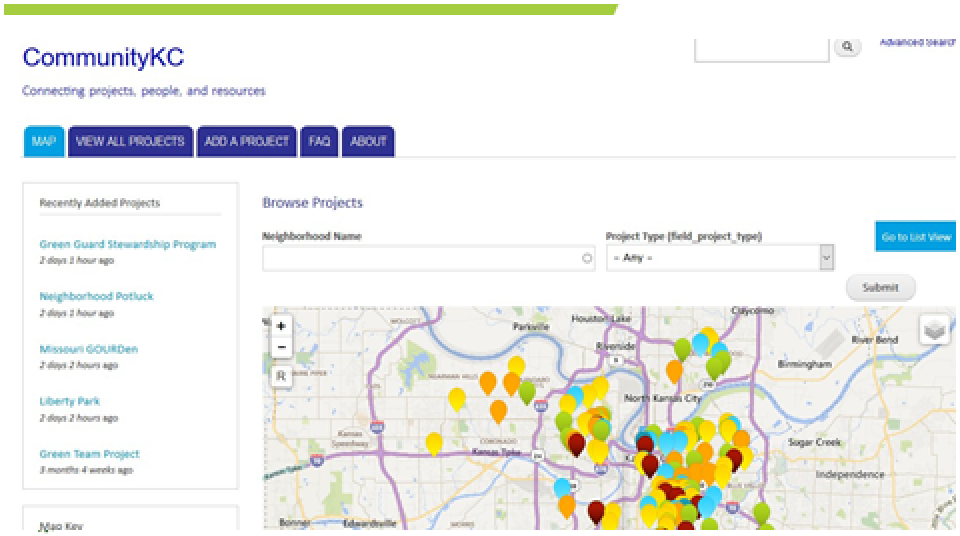
We're really about building new civic capacity in both cities along with the Chamber of Commerce and other civic organizations. We have recognized that as technology changes, we need to develop some new civic capacities to adapt more quickly both to technology opportunities and to the innovation economy. That's really what our wheel house is. We're really a civic platform for launching new kinds of projects and opportunities that explore technology infrastructure.



Building an Ecosystem

Area of Impact	Community	Projects
Digital Divide	KC Coalition for Digital Inclusion	mmWave (infrastructure) Getonlinekc.com (app) Survey (metrics)
Health Care	Health Innovation Team	SafeAssist (app) Telemedicine coding workshop (edu)
Education	Gigabit Community Fund	Gigabots (app) CERN + KC (app)
Civic Tech	Code for KC	Community KC (app) Address API (app)
Smart City	Gigabit City Summit, US Ignite, MetroLab, GCTC	Digital Town Square (inf) PlanIT Impact (app)

We take an ecosystem approach and we spend a lot of time cultivating the community and the ecosystems around things like the digital divide, the healthcare, digital health ecosystem, education ecosystem, and the Smart City ecosystem because you need that broad-based community support in order to identify and push forward projects within those areas. There is a community building aspect in what we do and then really a sort of project management project execution phase to what we do.

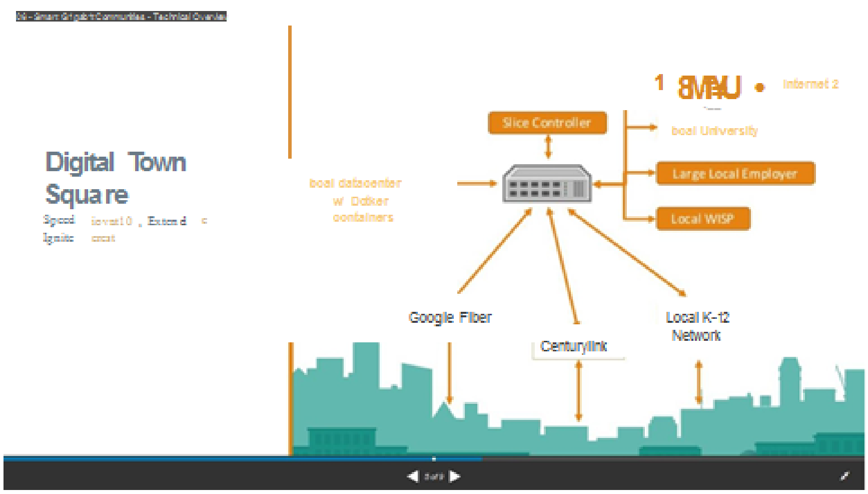


These are some of the examples of the communities and the projects that have happened within these areas on this ecosystem model. Just to highlight a couple of specific kinds of projects because it's a pretty good beret of the kinds of things that I include in projects. This is a website that has been built through code for KC, this is a weekly hacker meet up; hacker is a little bit of a loaded term; weekly developer meet up where people get together and sort of build projects for civic good.

This is highlighting things like community gardens, neighborhood potlucks, other neighborhood improvement initiatives on the idea that a lot of times people in the neighborhood want to take on a new project but don't have access to other people, or other people have done similar things throughout the metro area. Working with Community Capitol Foundation, we've helped to create this map that is populated and updated on a regular basis.

This is a gigabit project, kind of going back to our roots and thinking about how do you leverage next generation internet and gigabit fiber. This is a project led by a teacher in the Turner School District, Laura Gilchrist, that is working with CERN, which manages a big, super collider over in Geneva, Switzerland. They're actually running pilot projects here with students in the Turner district, under Laura's leadership, along with another guy Anurag Patel, who was recently at KU Med, looking at how do you use gigabit internet in the home to do distributed supercomputing. You can ask me more questions actually if you want to know what that means. It's a pretty cool opportunity.

They've both been over to London once and I think are arranging another trip to Geneva and working with some KU professors to scale that program.



This is a more of an infrastructure project. This is something called a Digital Town Square. Part of the advantage of having all of the different gigabit to the home internet providers that we have here is that we can allow them to talk to each other and keep that traffic local without having to go necessarily to data centers in Dallas and Chicago.

This is a real light sketch model of something called the Digital Town Square that allows us to keep that gigabit traffic local. It also allows us to be able to have more seamless connectivity to other cities with gigabit connections to end users like Chattanooga or Burlington, Vermont, San Diego and Phoenix are among the others.

I'll talk a little bit more about US Ignite, the organization that's made this possible. I don't know for sure; I just got back from vacation last night, but we were supposed to hook up with the Kansas Research and Education network while I was gone, so I think we should be live with our first connection in Kansas on this network.

Mr. Howze said it took me a while to get my head around what this concept is of a Digital Town Square. Essentially, if you sort of think about it, most of the internet traffic when you go online goes to say, California and then goes back even if its crossed state lines to Missouri, or goes to the east coast or goes to Chicago, somewhere like that. There's a latency built into the system that makes it difficult for some workloads, in computing terms, to work as well as they could or should.

Part of the evolution of the internet is, how do you localize, in a sense. We have a worldwide resource but in some cases we really want to localize that traffic. Rather than hitting servers or other places in California we're keeping it local. To put it in an example, music is one that people think about. If you actually try to play music with somebody who is on the other side of town out by Village West, for example, or in Missouri, there's enough latency in the internet now that it would just be off. Your ear would distinguish it. Something like this and, again, this is a very basic example; you would keep that traffic local. You would actually be able to have a virtual musical session where you wouldn't have any of that latency. You would feel like you were literally sitting in the room with that person, getting to the cutting edge of what is the potential for some of these next generation applications in use of really high speed internet.

Mr. Deacon said to follow on that last example, there's the opportunity to do that across cities too. One of the emails that was waiting in my inbox this morning when I got in was a request from Adelaide, Australia, to do a real time jazz session. There was a jazz musician there so we're going to try to hook up sometime later this summer, a jazz musician in Kansas City and somebody in Adelaide to do a virtual session simultaneously over this kind of network.

Commissioner McKiernan said give me an example of where the local data center might be located. **Mr. Deacon** said it's at 1102 Grand. We have a cabinet at 1102 Grand. We've gotten a switch, a gigabit switch from National Science Foundation through US Ignite. Our work now is to get as many people hooked into that as we can so that they can exchange traffic locally.

We've got genie servers, which is another piece of the infrastructure here: one on the UMKC campus and one on the KU Lawrence campus.

Commissioner McKiernan said I have a geeky question I'll ask you later about how do you insure the traffic goes to your slice controller without going out to the internet and then coming back to it. How do you keep it local? Anyway, I'll ask you that later. **Mr. Deacon** said I'll probably send you to Jonathan Wagner, who's the guy who would be able to answer that question. **Mr. Howze** said part of this is that it hasn't really been done before. We're helping to try and work through some of those questions while Digital Drive is putting this effort together. It really is kind of getting into the cutting edge of what the internet can do.

Mr. Deacon said I'll come back on this program in a minute. There's a little bit more to say on US Ignite. The reason I picked these three projects, not just because they've got a presence here in Wyandotte County, but it's a hint of the breath of kinds of things. One was kind of building an app or a website. One was a more pragmatic build. This is an infrastructure build.

We probably got 50 or 60 projects at any given time throughout our network that we are working to support.

Convening

- KC Coalition for Digital Inclusion
  - 100+ individuals, 30+ organizations, 50+ meetings, 2 summits
- Health Innovation Team
  - 40+ monthly meetings, 7 community forums, 50+ organizations
- Code for KC
  - 775 meetup members, 50 hack nights/year, 10 apps in the pipeline
- US Ignite
  - 30 Steering Committee members, 5 hackathons, 300+ attendees, at least 2 businesses
- PAWR
  - 72 people across 3 workgroups

As I said, a lot of what we do is to bring people together so we host a number of meetings. We've created or continue to maintain a number of ongoing work groups, steering committees and such within the community.

We also spend a lot of time trying to elevate that work here and expand the Kansas City brand, the regional Kansas City brand, as well as Kansas City, Missouri/Kansas City, Kansas, our other city partners here on a national stage. There's a lot of attention right now on Kansas City. It's important to us, in particular, since we are founded by Kansas City, Kansas, and Kansas City Missouri, to make sure both of those cities get the credit they deserve and the opportunities to be innovating included.

This US Ignite, which is support of the Digital Town Square, was about a $300,000 grant. Over a few years it supported the hardware that goes into the Digital Town Square, as well as some staff time to answer the questions that you were just asking and build this out. Joe Connor came down last year and accepted the—I should have brought our little flame statue, that's one of the inaugural Smart Gigabit Communities that were part of this grant.

Metro Lab Network is a collection of 38 city university partnerships that we worked here to establish locally between KCMO, KCK, UMKC and KU. It really fosters both within the metro area, the opportunity for researchers and cities to be able to partner on active projects. We've been able to, through this partnership, send people out to some broader convening. Trenton Foglesong, from Public Works, went to a green water workshop last October and talked a little about some of the stormwater work you're doing.

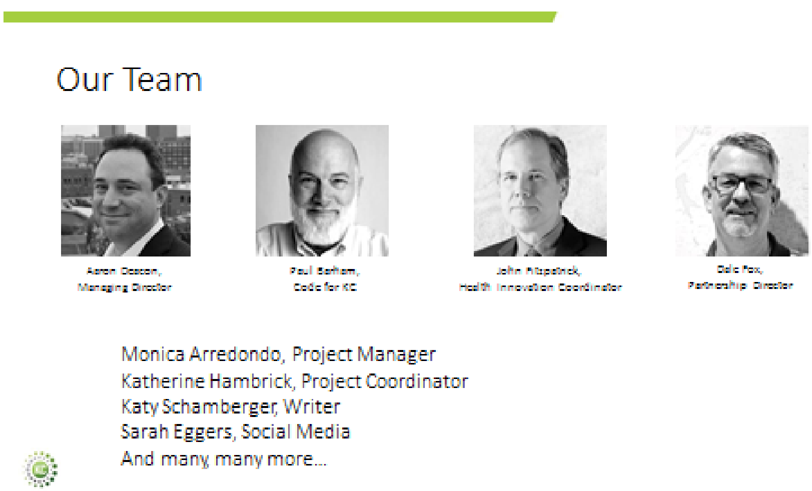
Gordon and Crystal from Municipal Court went to a big data in Human Services convening. This is something we don't think every city in Kansas City needs to have its own liaison to this network and to all these convenings, but we do want to make sure that the cities who are engaged have an opportunity to go. We think it's important that we have multiple cities as representatives in this network and the region, and we're proud to be able to have Kansas City be one of the partners in this network. Their national meeting is in Atlanta, I think in September, with Georgia Tech.

With Global City Teams Challenge, is another kind of National Smart City, International Smart City's network, sponsored by the National Institute of Standards and Technology. We've sponsored several action clusters, which is kind of their project unit. You'll notice all these networks for the most part are project-based, which is a nice fit for us. We're helping to lead with Allen, the healthcare super cluster. Through this, they've got collections of projects across cities in different areas, so we're working on healthcare and some Smart City issues.

Then, of course, we do the Gigabit City Summit here in Kansas City. We bring several hundred people to Kansas City. This will be our third year coming up in August. We have a local event, a one day event. People who don't want to spend three days necessarily but do want to understand more about how all these national networks intersect with what's going on in Kansas City. Westport, Commons, on June 16. We certainly invite you or anyone on your staff or your network to come and join us to learn a little bit more about out programs here.

Next Century Cities is another national network. It's about 150 or 175 cities that are really interested in broadband issues and broadband leadership. They do a lot to highlight mayors. We helped to get Mayor Holland and Mayor James both to sign a recent letter around municipal broadband access that got some publicity locally and nationally as well.

It's not easy to necessarily explain what all these networks do in detail and in a short time, but there are a lot of things happening nationally and Kansas City's really gotten to be at the forefront of a lot of them.



As we build up our local portfolio of work, we were willing to share that and be able to bring ideas back from other places in the country to Kansas City and continue to share what's happening here. We've got a very small staff. It's really a network-based organization, so we've got a lot of network organizational partners, some volunteers and a few staff people. We had one other full-time staff that left about a year and a half ago but supplemented that with a number of contractors and support staff and some grant funded staff.

Funding

- $200k initial investment by KCK and KCMO, through MARC (2012-2014) -- $50k per city, per year
  - ~$1M total invested directly into KCDD since 2012
  - Additional $1M in support direct to project partners
- Additional revenue from grants, donations, and earned income
- KCMO resumed $50k annual commitment in 2016
- Target budget $450k yearly (government, corporate, philanthropic)

This kind of gives an overview of what our funding has been and where we are now. As I mentioned in the beginning, we were started by the cities by Mayor James and then Mayor Reardon. We've gotten some ongoing city funding from time to time. We've got some grant funding; we've gotten some corporate sponsorship money. The Gigabit City Summit helps us to earn some income as well.

Big Opportunities for 2017-2018

- Gigabit City Summit National (August 1-3), Local (June 16)
- Platforms for Advanced Wireless Research (PAWR)
- Infrastructure Innovation Consortium
- FCC Broadband Deployment Advisory Committee
- Smart City Overlay on Healthy Campus
- National/international conferences for 2018
  - Meeting of the Minds
  - Smart Cities Connect
  - IEEE International Smart Cities Conference

Just wanted to close with a few of the things that we have going forward that I think are pretty exciting. I talked a little bit about the Gigabit City Summit coming up, which is a nice opportunity for Kansas City. We've been spending a lot of time on this platform for advanced wireless research. This is an NSF solicitation for a wireless research test bed so they're offering to seed four different national test beds at about $20M a piece. We submitted our pre-proposal with KU as the lead applicant about a week ago. Alan's been involved in that work group.

We've got some opportunities for Wyandotte County, possibly downtown, certainly on the KU Med's Center Campus to be included within that. We're working as part of this; we set up an infrastructure innovation consortium with Mid-America Regional Council. The Greater KC Chamber of Commerce has foundational members so that we can evaluate opportunities like this power grant on a more systematic basis.

A lot of these things kind of come through our door that we end up often times having to re-create from scratch, the partnership network that we go to and say, oh, are you interested in this? We want to become a little bit more systematic about how we do that.

I was recently appointed to one of the working group for FCC's broadband deployment advisory committee. That gives us a chance to kind of weigh-in on how federal policies are made around broadband access issues.

We continue to work on a digital health component to the Smart City Healthy Campus project that Mayor Holland's been pushing downtown and has gotten a lot of interest from KU and partnering on that. Through all this, we've been able to do work at bringing several other convenings to town to keep drawing attention to Kansas City.

Not all these are public yet, but Meeting of the Minds I believe, which is the oldest Smart City conference in the US, will be here next year. Smart City's Connect, which Joe and I went down to last year, I think, will be here next March. We've got the IEEE International Smart City Conference that we're planning for next September. There's also a potential Living Cities event that will be here this fall. Some exciting things are happening.

Chairman McKiernan said thank you for the update. It really looks like you've been doing a lot of work.

Commissioner Johnson said I won't pretend like I understood everything that you talked about or even half of it, but I do think I understand economic impact. I see a lot of projects that you all have that you're working on. Can you talk about what the potential economic impact of these projects is in terms of our overall Metropolitan area, maybe even KCK? Is there kind of a dollar figure that you can attach to other things that we're working on somehow? **Mr. Deacon** said I can talk about economic impact. I'm always reluctant on the dollar figure piece. I've worked with some economic developers who have their plans and they come up with their formulas. There are so many steps a lot of times between what we do and how and they get those. That gets a little fuzzy to me. I will say a few different things that I think are at least the paths to economic impact. One is just business creation.

We've got a company, for example, Planet Impact, which came out of a hackathon that we did three years ago, has gotten a couple of grants from the Mozilla Gigabit Community Fund and from US Ignite—was recently accepted into the Smart City Works Accelerator in Virginia, but they're not moving. They are going to come back. They've had a pretty nice growth projectory. It's one of a handful of businesses that have been started through kind of the hackathons we've done. I think the attention and continuing to be on sort of the Kansas City stage and all these Smart Kansas City conferences I think is really valuable; really working to build Kansas City as a place where companies that are in that space want to come and grow.

One of the thoughts behind the infrastructure innovation consortium is to really brand the Kansas City region as kind of the place that builds the world infrastructure. We've got a lot of companies that do that here. BHC Rhodes is one of the companies that's a big sponsor of the big Gigabit City Summit for the past couple of years. We see an opportunity and it's hard, frankly, for a lot of the engineering companies sometimes to kind of figure out what the right model is to incorporate all the technology into their infrastructure.

We want to make sure that Kansas City captures that and so even growing, whether it's BHC Roads or Burns and Mc, Black and Veatch or anybody in between, being able to grow those businesses and attract new businesses that are in those spaces here, we see as a strong opportunity. Then we work a lot with the startup community more broadly, Kansas City Startup Village and some people at Kauffman Foundation to create fertile ground for that ecosystem. I'd say kind of the last point on that, one of the things that we do when we talk about economic development is to cultivate the demand side for technology innovators.

In healthcare we've got 100—we've got healthcare startups all over the place. People say I'm going to try to do something with electronic medical records or new devices, but the buyer community isn't always ready to receive those things. What we do is we bring together the digital health innovators from the health system side. We have the KU Meds and the

Children Mercies and the Truman's to think about it really from kind of the buyers' side and help get them ready and make matches that are meaningful so that people can go forward.

Chairman McKiernan asked will all the other commissioners get a copy of the presentation and slides. **Mr. Deacon** said yes. **Chairman McKiernan** said excellent. We'll make sure they get those. Thanks for the update. I appreciate your work and we look forward to more great stuff in the future. **Mr. Deacon** said great, thank you.

Action: Information only.

Item No. 2 – 171148…REPORT: FIRST QUARTER 2017 BUDGET TO ACTUALS
Synopsis: First Quarter 2017 Budget to Actuals Report, submitted by Kathleen VonAchen, Chief Financial Officer.

Kathleen VonAchen, Chief Financial Officer, said I'm happy to have my Budget Director Reginald Lindsey here next to me. We're going to go over the Q1 or First Quarter Report of our budget compared with actual spending for the Unified Government's General Fund. The second agenda item we're also going to touch on any kind of budget revision that exceeded $10,000 as well as maybe one or two that may have been higher than that, over $50,000.

In the agenda packet, we submitted the First Quarter Report. As you know, we provide these four times a year. The First Quarter Report doesn't have a lot of information, but we're happy to talk about it in more detail. At this point, I just want to give you an opportunity if you had any questions.

Commissioner Walker said I have always been curious over my many years here, especially in light of technology today, here we are in June almost to the end of the Second Quarter. I don't mean this as a criticism; some of it may be scheduling, putting it on the agenda and so forth. It would seem like to me that at the close of business March 31, you have either taken in a certain amount of money as of that date at midnight or you have spent a certain amount of money. There may be all kinds of things in process, but it isn't paid until it's paid and it isn't received until it's received.

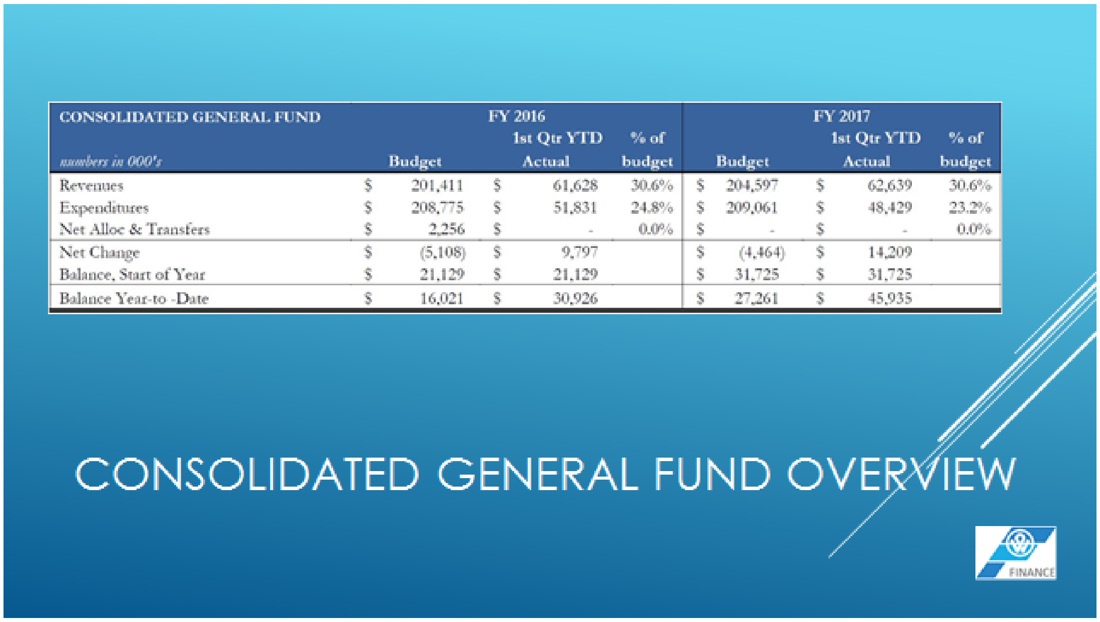
Can you explain to me why on April 1 or July 1, or within a day or two of the close of the quarter, we can't get a very close, if not precise, what we spent as of that date? Why you can't just go to the computer and say spit it out and there it is? What am I missing about our technology, which from when I began is like light years ahead, that we can't get a First Quarter Report before almost the end of the second quarter? **Ms. VonAchen** said to answer your question, there are hundreds of thousands of transactions that are recorded throughout daily. Those revenues are recorded by our Treasurer's office. On a daily basis, we, in effect, balance the checkbook by doing a bank reconciliation. Those typically take quite a few—they're usually about a week or two behind because it takes a while to make sure all the transactions have been properly posted in the right account and that we know where they all are. There's a closing period that takes about two, three or four weeks in order to make sure that everything is recorded in the proper place.

The other thing that happens is with this committee, as staff, we're required to submit the report two weeks before the actual committee meets so there's kind of a time lag there. Then it usually takes a couple of weeks for us to actually prepare the report. The fact that we were in the middle of budget put a little bit of delay on it, because we implemented a new budget system during this time.

Commissioner Walker said don't take it as a criticism because it's not. It seems to me that if there is a problem that develops in the first quarter or the second quarter, by the time we get it, we're really too late in many cases to act upon it as a Commission. Maybe staff is equipped to deal with it. **Ms. VonAchen** said I actually have some ideas for speeding up our bank reconciliation process. Those are some internal, administrative functions that we're going to be looking to streamline in the future. For the most part what we are going to be doing in terms of this report is, we're going to try to get it out as quickly as we can. I hope that for the second quarter, I hope, to have it out sometime in August. Let's keep our fingers crossed.

Commissioner Walker said I prefer to think that probably the reason it's late is because of Mr. Bach. Mr. Bach wants to carefully review it before we get it, but maybe I'm wrong about that. Just kidding, just kidding for the TV audience I am just kidding. Thank you. It just seems like to me that with the amount of money we've spent on technology over the last 15 years at least, we ought to be able to spit this thing out within a week of the close of the quarter. **Ms.**

VonAchen said I hear you. **Commissioner Walker** said that shows, perhaps, how little I know about technology.



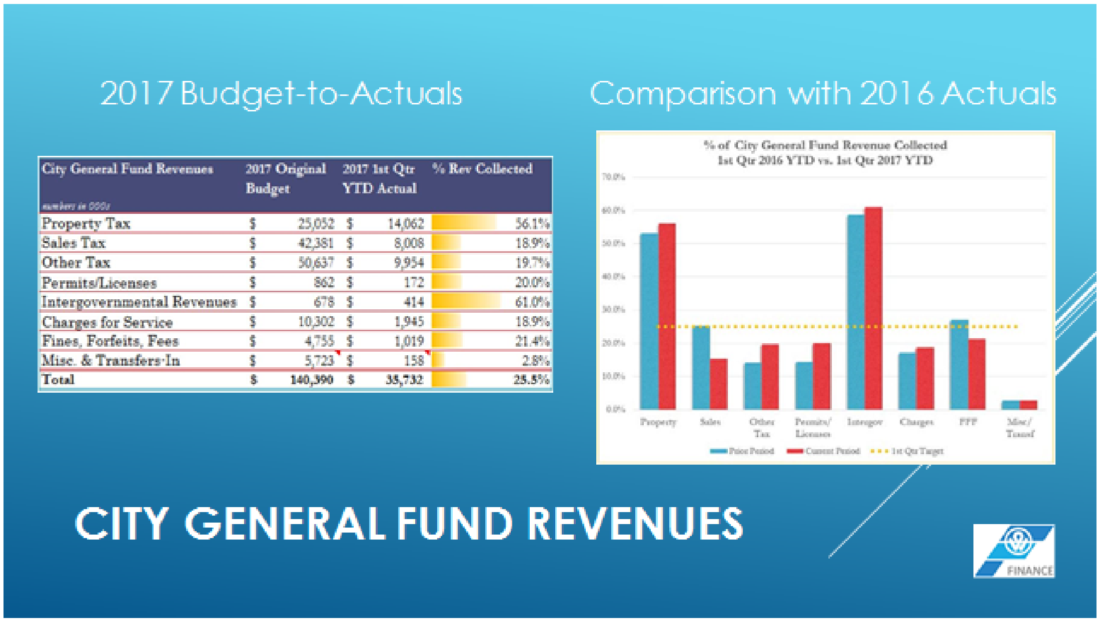
CONSOLIDATED GENERAL FUND	FY 2016			FY 2017		
numbers in 000's	Budget	1st Qtr YTD Actual	% of budget	Budget	1st Qtr YTD Actual	% of budget
Revenues	$ 201,411	$ 61,628	30.6%	$ 204,597	$ 62,639	30.6%
Expenditures	$ 208,775	$ 51,831	24.8%	$ 209,061	$ 48,429	23.2%
Net Alloc & Transfers	$ 2,256	$ -	0.0%	$ -	$ -	0.0%
Net Change	$ (5,108)	$ 9,797		$ (4,464)	$ 14,209	
Balance, Start of Year	$ 21,129	$ 21,129		$ 31,725	$ 31,725	
Balance Year-to -Date	$ 16,021	$ 30,926		$ 27,261	$ 45,935	

Ms. VonAchen said these are for transactions that occurred between January 1 and March 31 for the General Fund. As you know, there are three funds that are considered the Consolidated General Fund: the City General Fund, the County General Fund, and the Parks Consolidated General Fund. The total budget for the three general funds for Fiscal 17, on the expenditure side is $209M; on the revenue side its $204.5M. As you can see, what we've got here is actuals in the next column and then a percentage of the budget. The revenues have come in at $62M so far through March 31, which represents 30% of the total budget. Because it's the first quarter, you would expect if revenues came in evenly throughout the year, you would expect revenues to be at only 25%.

You can see that we're doing pretty well here. We've got 30%. The reason for this is because property taxes come in, they pretty much come in half in the first quarter and then the other half in the third quarter. That property tax variance is the explanation for why our revenues seem higher at this point in time.

On the expenditure side, you see that we spent $48M, which represents 23% of the total budget. That's less than the 25%. We're doing pretty good so far. You can see that those percentages are pretty consistent with the prior year.

The following three to four slides here are just comparisons broken down by the different funds.



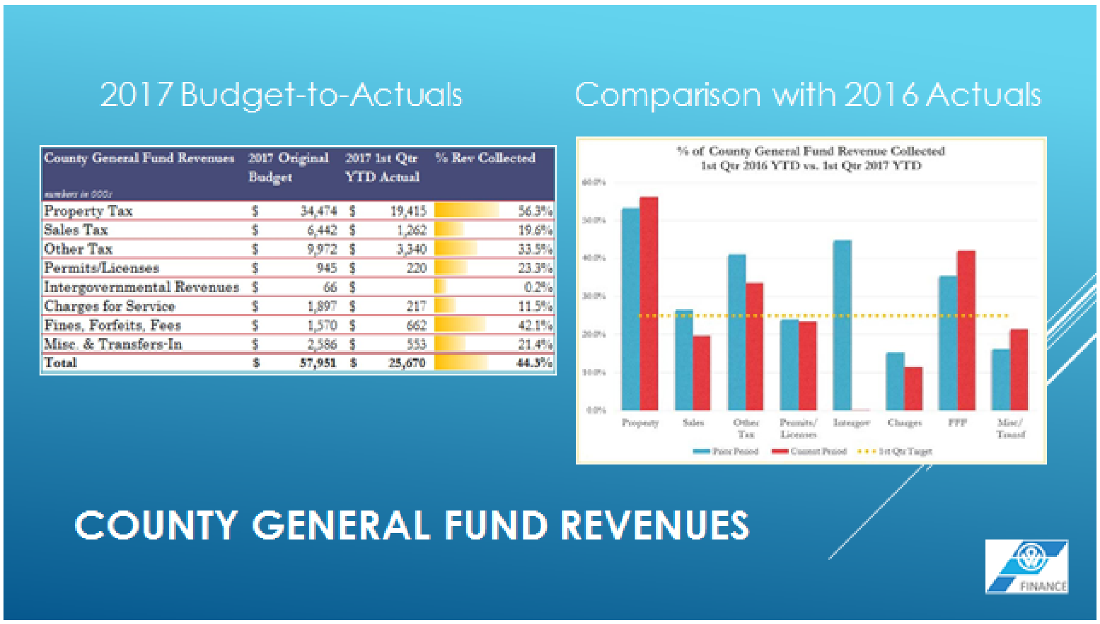
City General Fund Revenues *numbers in 000s*	2017 Original Budget		2017 1st Qtr YTD Actual		% Rev Collected
Property Tax	$	25,052	$	14,062	56.1%
Sales Tax	$	42,381	$	8,008	18.9%
Other Tax	$	50,637	$	9,954	19.7%
Permits/Licenses	$	862	$	172	20.0%
Intergovernmental Revenues	$	678	$	414	61.0%
Charges for Service	$	10,302	$	1,945	18.9%
Fines, Forfeits, Fees	$	4,755	$	1,019	21.4%
Misc. & Transfers-In	$	5,723	$	158	2.8%
Total	**$**	**140,390**	**$**	**35,732**	**25.5%**

On the revenue side for the City General Fund, you can see the breakout. Here's property tax, sales tax, and all other types of revenues. As you can see there, so far the revenues collected for property tax represent 56% of the total. For sales tax, it's only at 19% of the total. As you know, this represents a period after Christmas where the sales tax may be lagging a little bit. Other taxes at basically 19.7%, I believe, and permits at 20%, and intergovernmental revenues are at 61%. Overall, revenues for the City General Fund are at 25%, which is right on where we expect them to be. The graph shows also how they compared with the prior year.

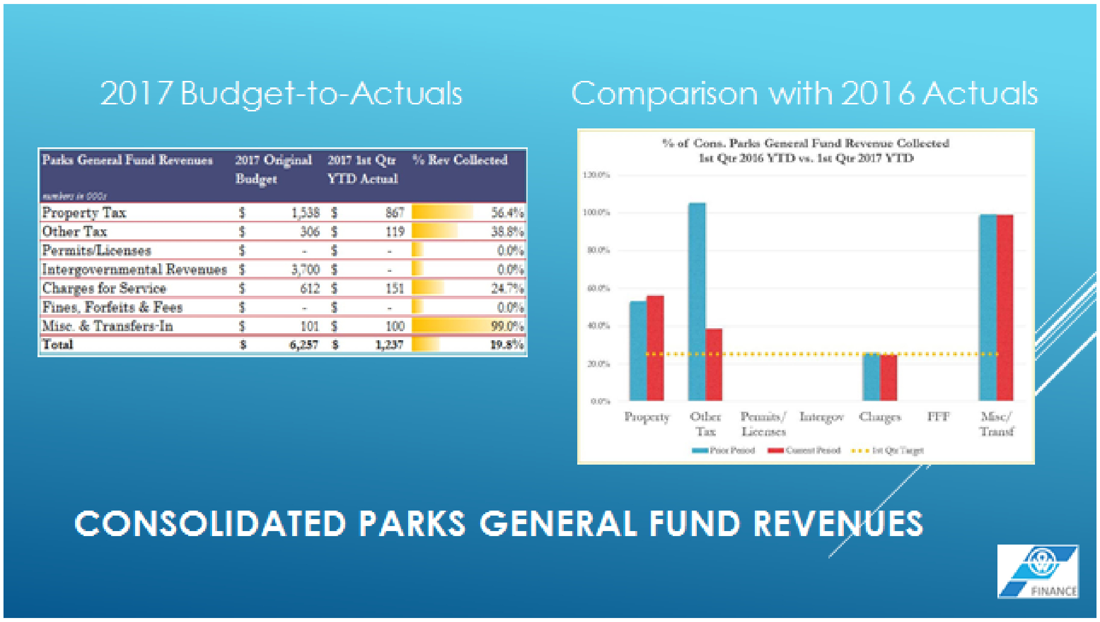
Commissioner Walters said so the sales tax is down from the prior year. Am I seeing that correctly? **Reginald Lindsey, Budget Manager**, said yes. **Commissioner Walters** said then the second two-thirds of what it was last year. **Ms. VonAchen** said yes it is down. My guess is part of that—in fact, I do know why that is. There was a little bit of a lag in the recording of our distribution for sales tax because we were waiting to come to a final conclusion on what was the soccer base. What we call the soccer base in our Finance Department is actually that $12M that everyone keeps talking about, the Legends, as a result of the payoff of the STAR bonds.

What we needed to do—and it took about a month for us to really go through and comb through all the data and make sure that we absolutely had that amount precisely calculated. As a result, those activities, the money could not be released until we all agreed to that number and that it was certified. That didn't take place until April. There was some money, quite a bit of sales tax money held up in a trust until we could record it in April. That's part of the reason why it's down; that's part of the distribution.

Ultimately, the STAR bond payoff amount, the amount that we're now going to be collecting every year as a result of the STAR bond payoff has been calculated to be $12.4M.

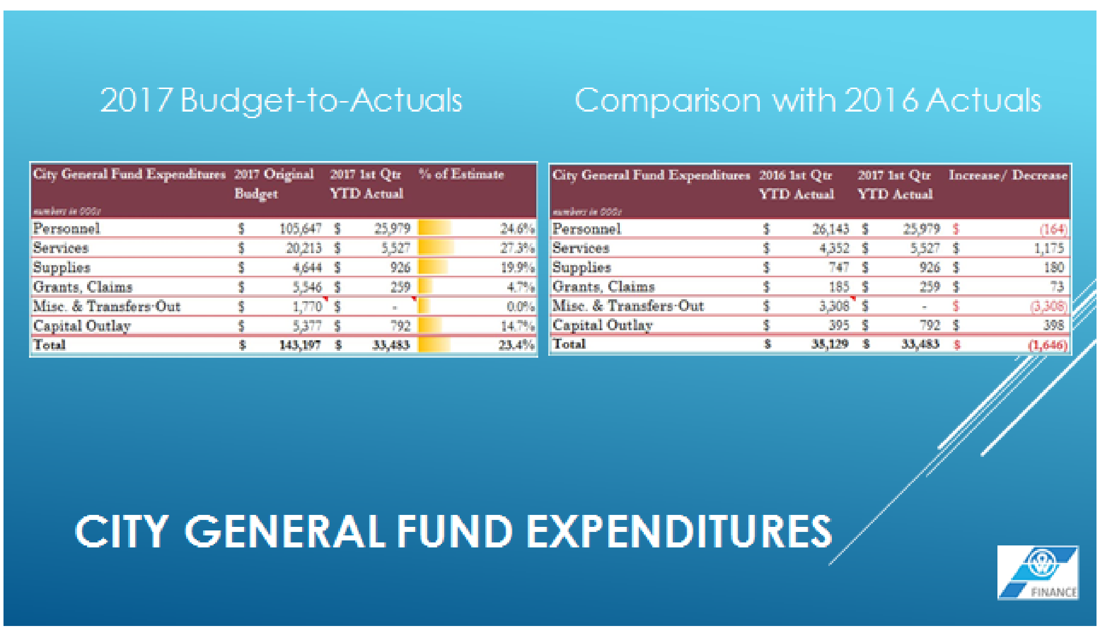


The county revenues same categories: property tax representing 56%, the same kind of financial indicators for the county except the county's at 44%. The reason that that percentage is higher is because property tax makes up a greater proportion of the total revenues in the County Fund. Its early collection causes the higher percentage.



Parks General Fund Revenues *numbers in 000s*	2017 Original Budget		2017 1st Qtr YTD Actual		% Rev Collected
Property Tax	$	1,538	$	867	56.4%
Other Tax	$	306	$	119	38.8%
Permits/Licenses	$	-	$	-	0.0%
Intergovernmental Revenues	$	3,700	$	-	0.0%
Charges for Service	$	612	$	151	24.7%
Fines, Forfeits & Fees	$	-	$	-	0.0%
Misc. & Transfers-In	$	101	$	100	99.0%
Total	**$**	**6,257**	**$**	**1,237**	**19.8%**

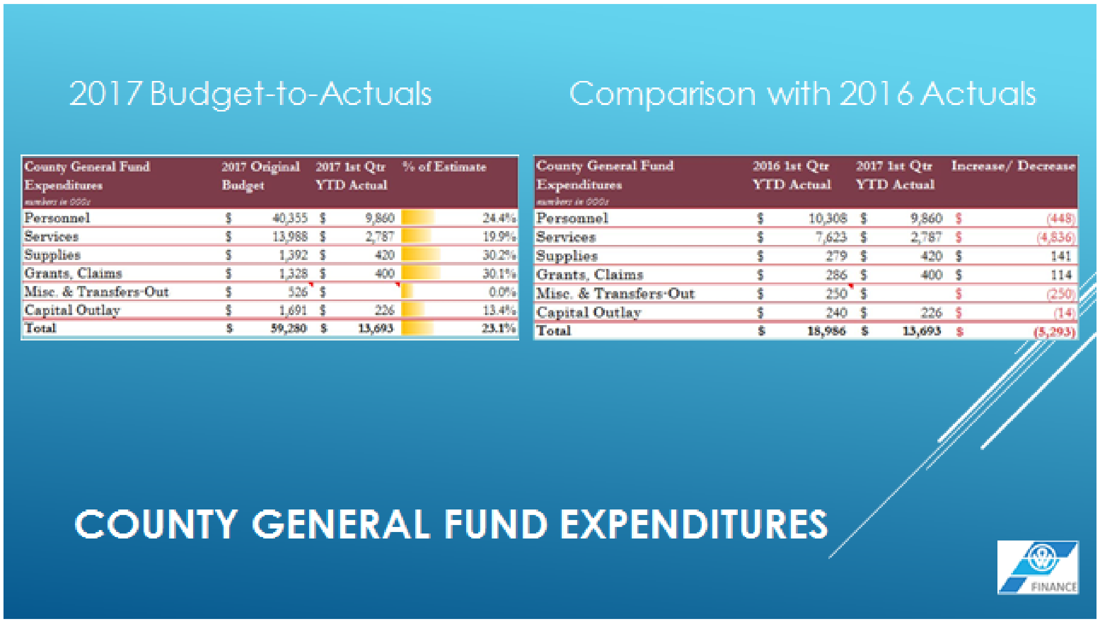
Consolidated Parks is not too big of a fund. It's only $6.2M. You see the same collection level, property tax is 56%. You are only seeing 19.8% of the total year-to-date collections and that is because we typically don't enter the intergovernmental revenue on a quarterly basis. You see how that $3.7M, it looks like there's a zero there for year-to-date, that's because the $3.7M, which is actually a transfer from the City General Fund to this fund, to basically subsidize a lot of the activates related to consolidated parks. That's missing the quarterly transfer payment.



City General Fund Expenditures *numbers in 000s*	2017 Original Budget		2017 1st Qtr YTD Actual		% of Estimate
Personnel	$	105,647	$	25,979	24.6%
Services	$	20,213	$	5,527	27.3%
Supplies	$	4,644	$	926	19.9%
Grants, Claims	$	5,546	$	259	4.7%
Misc. & Transfers-Out	$	1,770	$	-	0.0%
Capital Outlay	$	5,377	$	792	14.7%
Total	**$**	**143,197**	**$**	**33,483**	**23.4%**

City General Fund Expenditures *numbers in 000s*	2016 1st Qtr YTD Actual		2017 1st Qtr YTD Actual		Increase/ Decrease	
Personnel	$	26,143	$	25,979	$	(164)
Services	$	4,352	$	5,527	$	1,175
Supplies	$	747	$	926	$	180
Grants, Claims	$	185	$	259	$	73
Misc. & Transfers-Out	$	3,308	$	-	$	(3,308)
Capital Outlay	$	395	$	792	$	398
Total	**$**	**35,129**	**$**	**33,483**	**$**	**(1,646)**

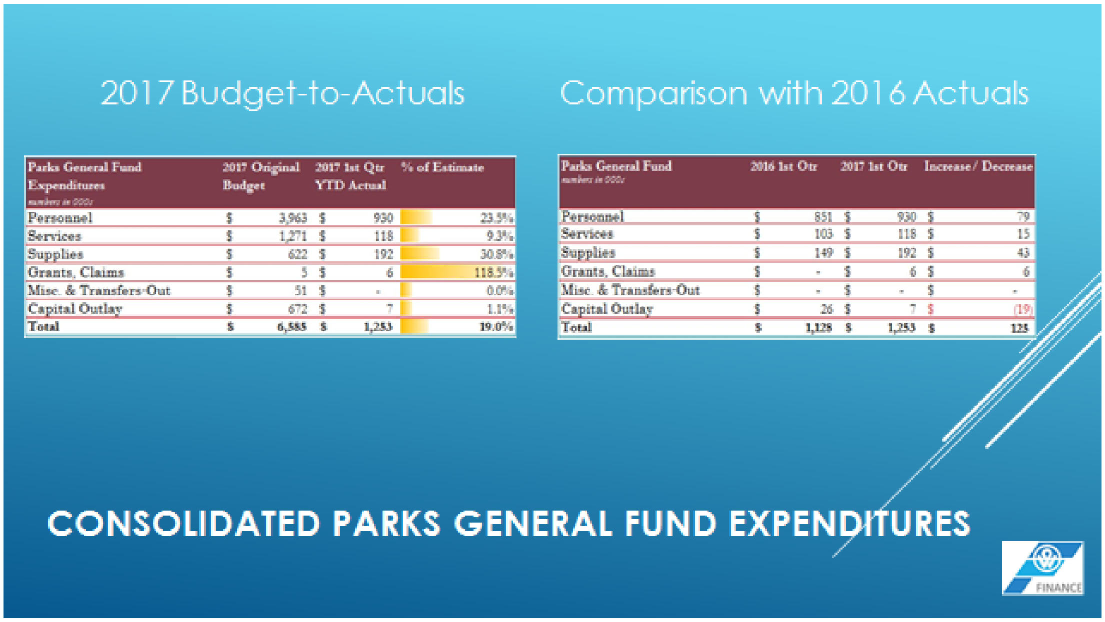
Mr. Lindsey said on the expenditure side of the City General Fund, you see we spent like 23.4% of our budget. Under 25% is a good rule of thumb. It means we're in positive territory with the expenditures at this point in time.



County General Fund Expenditures *numbers in 000s*	2017 Original Budget	2017 1st Qtr YTD Actual	% of Estimate
Personnel	$ 40,355	$ 9,860	24.4%
Services	$ 13,988	$ 2,787	19.9%
Supplies	$ 1,392	$ 420	30.2%
Grants, Claims	$ 1,328	$ 400	30.1%
Misc. & Transfers-Out	$ 526	$	0.0%
Capital Outlay	$ 1,691	$ 226	13.4%
Total	$ 59,280	$ 13,693	23.1%

County General Fund Expenditures *numbers in 000s*	2016 1st Qtr YTD Actual	2017 1st Qtr YTD Actual	Increase/ Decrease
Personnel	$ 10,308	$ 9,860	$ (448)
Services	$ 7,623	$ 2,787	$ (4,836)
Supplies	$ 279	$ 420	$ 141
Grants, Claims	$ 286	$ 400	$ 114
Misc. & Transfers-Out	$ 250	$	$ (250)
Capital Outlay	$ 240	$ 226	$ (14)
Total	$ 18,986	$ 13,693	$ (5,293)

In the County General Fund, we spent 23.1%. We can see we have different categories: personnel, services, supplies, grants, claims and capital outlay. Supplies, we have spent over the 25%. Generally what happens is some of the departments go out and buy up some of the supplies that they need early in the year, but overall, the budget is at 23% in the County General Fund.



In the Consolidated Parks Fund, you can see where 19% of the budget has been expended so far in 2017. As you can see in grants and claims, there's 118% that has been spent. This is just a grant that has gone out for the full—the expense has gone out and it was a little more than what we expected. It's like a $6,000 number as opposed it was budgeted for $5,000, so that's what that number is.

That kind of wraps up the expenditures. Overall all the expenditures were under 25% which is in positive territory so for in Quarter 1 2017.

Chairman McKiernan said overall it looks real good. No one category really stood out as an outlier high or low. We're pretty much on our 25% projection mark for both income and expense in all funds. **Commissioner Walker** said good job. **Chairman McKiernan** said I appreciate the report.

Action: Information only.

Item No. 3 – 171150…REPORT: BUDGET REVISIONS

Synopsis: Budget revisions, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said there were two transfer reports. One was for the budget revisions that were done within the First Quarter 2017, and then the other one was done for those that were over $50,000 that the County Administrator and the Mayor signed off on. The ones that were $10,000 and over, there were eight transactions. They were $380,000. Four of them were done within the City General Fund, three were done within the County General Funds, and one was done within the Elections Net Refund.

The lowest amount of the budget revisions was a $13,000 budget revision that was done for the Justice Center to replace a transformer that went out. The largest amount on the sheet was a $94,000 budget revision for the Police Department where they had shifted their priorities and bought. Kind of shifted their CMIP around and bought some equipment in more need for them. That was one we also brought forth last month also. There are three on this sheet that we brought forth last month: one from the Election, one from the Police Department, then one also from the Sherriff's Department. Out of all these eight, one of them was done from contingency, all the rest of them were done within the department.

Chairman McKiernan said as usual, they're all overall budget neutral in terms of the dollars. **Mr. Lindsey** said yes. **Chairman McKiernan** said great. **Mr. Lindsey** said there was one on the other report, one that we did a $508,000 one for legal costs. It also went through a special session with the Commission. That was one that the Mayor and County Administrator signed off on.

Commissioner Walker said we end up doing this on an annual basis, somewhat regular, do we not because we really don't fund the Liability Fund with like $5M anticipating those kinds of losses. We lowball, maybe that's not the correct word, but we lowball the fund and then as settlements come before us, we realize we either have to move money around or we have to issue judgement notes sometime during the year or at the end of the year. Is that not correct? **Ms. VonAchen** said yes, that is correct.

Actually, we're proposing a solution in the upcoming budget for some of this. **Commissioner Walker** said I would love that. Just from a historical standpoint, it was always an issue. **Ms. VonAchen** said the solution would be to set up an internal service fund, sort of a general liability or property and casualty insurance fund and have the departments, based on their prior year, five years of claims history, we would determine what percentage or what percentage of their total share of the funding would be allocated, and then we'd determine an estimate of how much annually we ought to be contributing to this special fund. The departments would then be charged and those revenues would go to that internal service fund and that's where we would pay all those expenses. If the expenses are less than we estimate, then the fund balance could remain there in that external fund to cover future lawsuits or settlements as they come. That's the solution that we're looking at.

Commissioner Walker asked by allocating these resources, does that suggest you're going to reduce the budget of the various departments by an amount based on the previous five years' experience. **Ms. VonAchen** said no. We won't be reducing. What we're going to be doing is making sure the departments have those prospective budgets, whatever it is we estimate.

Commissioner Walker said the issue for the departments; we had years ago an idea about charging back against the budget. That's sort of an incentive to the department head to keep their people under control and not create liabilities. Obviously, it's a very complexed—police, for example, are more likely to be involved in incidents where people would file some kind of lawsuit or the Street Department can only repair the streets if the commissioners fund them. If a street defect or design flaw creates a liability, it's very difficult to predict that.

When you have a very large settlement, I think there should be some accountability for those departments. I think it's not feasible to really punish them in a sense by reducing their budgets. The end result of that is, they always blame Legal. Let Legal settle the case. Legal gave the money away. Legal doesn't have the people to know what they're doing. I heard that for a lot of years.

Bottom line was, we don't need good legal if people don't create liability. I just want to make sure we weren't going down the road where department heads were going to start saying well, Legal gave a $.5M away, we wanted to go to trial or we wanted to fight or we had that kind of dialogue.

Ms. VonAchen said there are a couple of goals; certainly accountability is one of them. Our intent is not to be putative to the departments. The main goal is to insure that there is sufficient funding to cover these unexpected expenditures. Then also be able to smooth out the cost so that the General Fund is not having to go up beyond to hit the (inaudible).

Commissioner Walker said I would think this looks very good. It's a good, worthy goal. It was always problematic and it always required money to be moved from somewhere and usually we didn't have a fund just sitting there for us to pull money out of when we needed it. It usually came from the Reserve Fund or we issued debt. **Ms. VonAchen** said I'd like to discourage the issuance of debt to pay legal settlements. It's not a best practice. **Commissioner Walker** said I agree. **Chairman McKiernan** said you brought that up before. **Commissioner Walker** said it's not a good practice.

If you get a $20M judgment against you that's upheld, you don't have any choice. The predictability of spending $500,000 to $1M a year is very predictable. We simply don't get, for example, an accident caused by a road defect. It's been there for 10 years, we're going to pay out some money on that because we should have fixed the pothole that caused the accident.

Commissioner Walters said on this most recent expenditure, the $500,000, you're not going to issue debt to cover that. That's your current thinking? **Mr. Lindsey** said no.

Commissioner Walters said on another topic, the maintenance building that we had a problem with this last week, are you guys involved in any kind of financial issues related to that? **Ms. VonAchen** said yes. The Finance Department oversees that risk management function with relation to our facilities.

Mr. Lindsey said for our building replacement, we have a $100,000 deductible. Seems like the building could be valued at $103,000 and there was also contents in the building that they're still trying to see how much the contents is worth. We have like contents on the building also, around $60,000 that we have insurance for. We will have a $100,000 deductible. **Commissioner Walters** said I didn't know that was even insured, so good. **Ms. VonAchen** said they're all insured. **Mr. Lindsey** said all our buildings, we have a $100,000 blanket for all our buildings. If a tornado came and knocked them all over, we'd only have to pay $100,000 deductible to replace them all.

Action: Information only.

Adjourn

Chairman McKiernan adjourned the meeting at 6:18 p.m.

mbb