STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, JULY 12, 2018**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, July 12, 2018, with ten members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Johnson, Commissioner Fourth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Alvey, Mayor/CEO presiding. Kane, Commissioner Fifth District; was absent. The following officials were also in attendance: Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Bridgette Cobbins, Unified Government Clerk; Joe Connor, Gordon Criswell and Melissa Sieben, Assistant County Administrators; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; Reginald Lindsey, Budget Director; Budget Staff; Jeff Fisher, Executive Director of Public Works; Alan Howze, Chief Knowledge Officer; Emerick Cross, Commission Liaison; Maureen Mahoney, Chief of Staff in Mayor's Office; Christal Watson, Deputy Chief of Staff in Mayor's; Officer Dent, Sergeant-at-Arms.

MAYOR ALVEY called the meeting to order.

ROLL CALL: Markley, Walters, Philbrook, Bynum, Burroughs, Townsend, McKiernan, Murguia, Johnson, Alvey.

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, July 12, 2018, at 5:00 p.m. in the Commission Chambers of the Municipal Office Building for the County Administrator's 2019 Budget presentation.

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 Alvey said this meeting this evening is the presentation of the Administrator's Budget and, of course, this is just the beginning step in the long public process of the budget. There is quite a bit of material and I would ask the commissioners, if you have some clarification questions, feel free to ask those. If you're looking for a specific topic that would warrant more time spent in a workshop, I would ask that you please forward that request for a particular topic and presentation and the reasons you're asking for that particular presentation. We will try to accommodate that on the schedule moving forward. I will work with Administrator Bach to accommodate those requests.

Doug Bach, County Administrator, said it's a pleasure to be here this evening to present the Proposed 2019 Budget. This is a budget that is an accumulation of obviously all the input we've had from the public and the Commission as we worked through your strategic goals and had your input over the course of the last year and what we work on. It seems like year-round anymore to put together where we are on the budget.

To start off, I want to talk a little bit about community trends and where we're at. As we look at things that are positive throughout the community we have property values increasing, we are seeing our housing starts continues to go up, our population increased this past year as it has each year in this decade. Our school districts are expanding, we're seeing some new job creations through some major employers, other commercial development coming into play. KU Hospital is expanding out through their campus area and also with their new KU Strawberry Hill site downtown.

We're seeing our community get recognized for soccer, with major league soccer and that in the US could be the soccer capital with Kansas City. I also put Leavenworth Road on this as a major piece of infrastructure in our community that our residents can cherish and think a lot of as we move into the second phase of that this year and moving forward with our Northeast Master Plan which is starting to move into the later phases of finalizing where we're at with that. We're building fiber infrastructure throughout our community from our budget initiative last year that takes us east and west and north and south of the community.

We take the Commission goals and we weave them into where we're at and so that allows us to do strategic goals for our future prosperity of our community. The focus of this budget really stays with that as we are very neighborhood focused in what we're doing. Our mowing budget is very big within this. It's one we started several years ago, and we continue to budget that at the higher level at the level we're at, not just for Unified Government facilities, but also for vacant lots and such in the community that we're taking care of.

Securing vacant structures is actually an area where we're adding money to it. That way we keep the structures from falling apart or going into deterioration mode before we can get it into the hands and have a rehabber help this building along and then bring it back as a value in our community. Demolition, a large number that we built into our budget last year adding some money into our debt to do that both in this year and next year continues to be built into this budget.

Rehabbing vacant structures on properties; our Park Drive Neighborhood Revitalization or our NRSA Project, where we just completed a couple of those neighborhood walks earlier this week and we will have a picnic with the community this weekend. It's all about changing a tipping point neighborhood and making it work so it's one that it doesn't go in the wrong direction, but we're able to keep this neighborhood moving in the right direction.

The Strawberry Hill Initiative that the Mayor laid out in his State of the Government finds this way of building into this as part of the Neighborhood Group Revitalization of what we can do in an area where we're seeing people come in and wanting to invest in this neighborhood, but what we can do as government to go in and help stimulate that and help that grow and work even better within the rest of the community.

We have a Choice Neighborhood Grant which literally has the opportunity to leverage a couple of million dollars to come in from the federal program into our community. Then, with this whole neighborhood focus, this is Strong Towns initiative which is really a tool that is a national program that's out there and how you can look at increasing the values overall of what your community has. What you can put back into that community and look at it and say okay we've changed the value in this area and look what an impact it has overall in doing that from a neighborhood level.

I'll also mention just a couple of Economic Development Projects, and we have a lot of different things going on, but most notably that which was announced earlier this week with the Merc Grocery coming into the downtown and we will be bringing forward a development agreement to the Commission in August on that one.

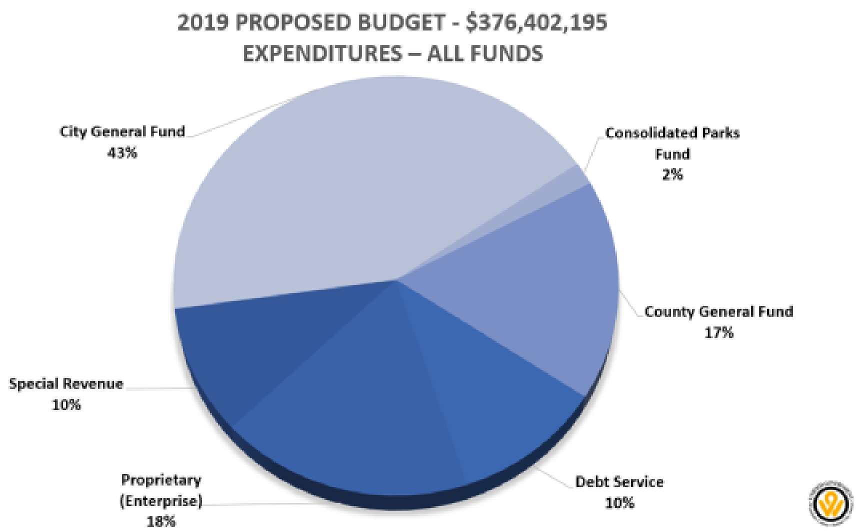
Turner Diagonal Project; where we were able to go and do development south of I-70 along this. On the north side we have the opportunity to do residential, commercial and industrial development. Part of this is tied to infrastructure improvements we need to make and grants we've been seeking. We're also looking for other alternatives to get this project started on an earlier note.

Then, our American Royal Project which this group has continued to move forward to raise funds to do what will be a major destination attraction in our community.

With this, we also have our investment in Public Safety & Neighborhood Infrastructure which are always important investments for our community though I will say this budget is predicated on the 3/8 Sales Tax which we are seeking renewal of this year. It expires in June of 2020 and it brings in a little over $10M annually for the operation of these areas. By doing this, it has lowered our reliance on property tax where we're able to take this money from the sales tax. It's also a sales tax that we get a large portion paid from people that don't live in Wyandotte County when they come here, and they visit the Village West area, they pay the dollars in from other communities and we capture that through this Dedicated Sales Tax and take it back into our operations.

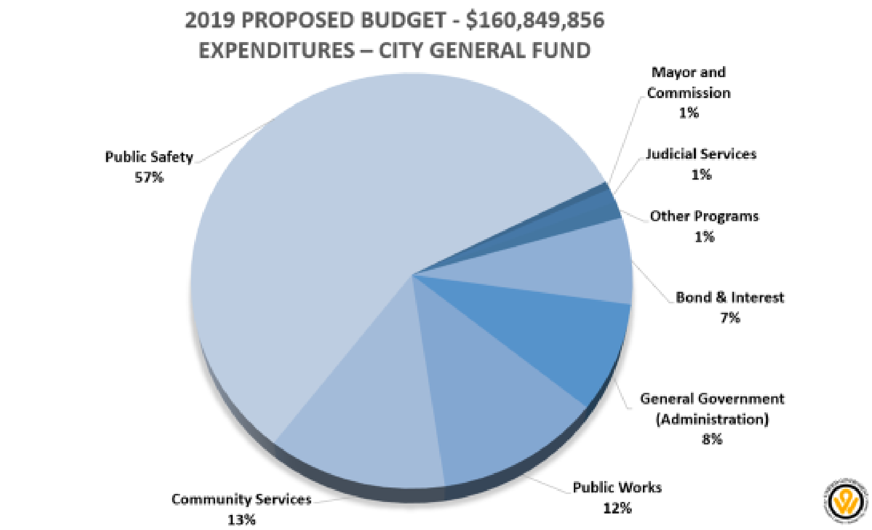
With that, I have the 2019 Proposed Budget and it is one I believe positions our community to realize the opportunities that are there for us. It's fiscally sustainable for the future and by that, I mean we built in a lot of one-time costs to buy things or the Capital costs are in there, but this is not one that grows the overall size of our budget or grows the size of our government. We're not looking to add a lot of employees to this so when we look at our year-to-year expenditures, there are things I think we can continue to control because it really pushes where we are from a revenue to expenditure side of the equation. It's one that keeps us at a point that I'm not adding a lot of additional employees to our budget, so we can stay within the framework in future years depending on our future revenues. It also keeps us competitive for growth in the future.

With this, it proposes to reduce the property taxes for the third straight year and this is on the City side of the mill rate. It aligns with the Commission's Strategic Plan and it lowers our reliance on debt and lease financed projects. With that, I'm going to turn this over to Kathleen VonAchen, Chief Financial Officer, and she is going to work through some of the numbers and where the money is planned out. Following that, we will go into the detail of the different areas that we're looking to spend money.



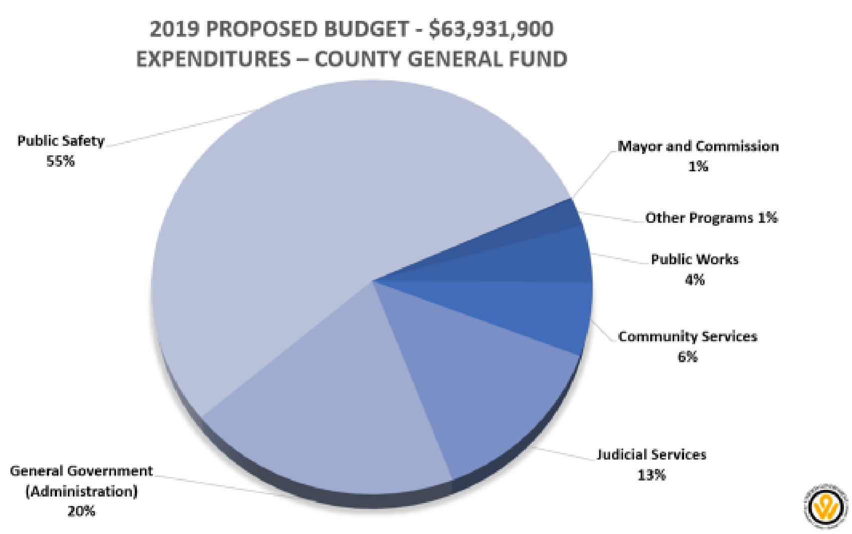
Kathleen VonAchen, Chief Financial Officer, said we want to go to the next slide which is the overview of the all total expenditures of all funds. The total proposed budget for 2019 is $376.4M and what you see here is the combined pie chart of 29 different funds that we budget each year with the City General Fund, the County General Fund, and the Consolidated Parks General Fund which are the three General Funds being the largest of the entire budget. Followed by the Special Revenue Funds which have 18 different small funds we keep track of and then Enterprise that has six different other funds.

I did want to point out also that most of these percentages you see on this pie chart have not changed from the 2018 level.



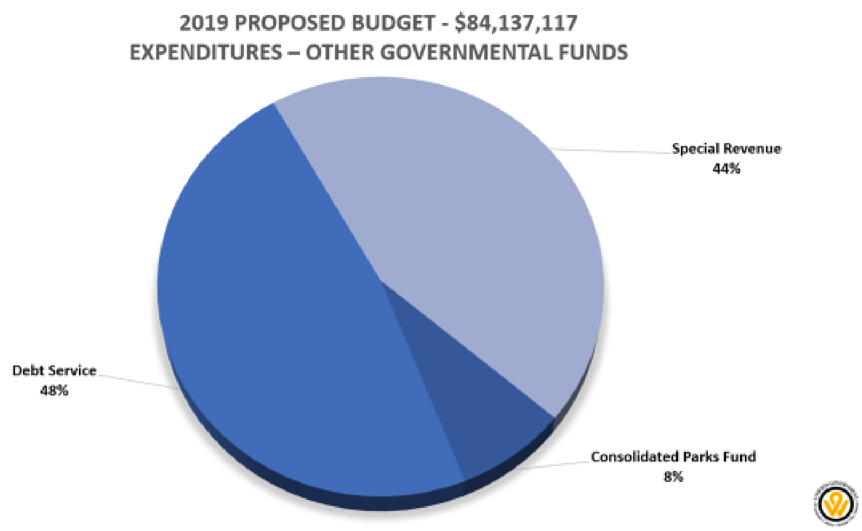
Going to the General Fund, the City General Fund is the largest operating account and it's $160M that we're proposing. The Public Safety pie chart is the largest at 57%, $92M total there. That's for the Police & Fire Departments. Last year this percentage was 55 so it's gone up to 57% of the total City General Fund.

The next largest slice of the pie is the Community Services which includes Transit and Neighborhood Resource Center, Economic Development and Urban Planning among other areas. That totals $21M and they had the same percentages last year, so, no changes there. The third largest is the Public Works Department totaling $19M. General Administration, just to point out, includes the UG Clerk, the Chief Knowledge Officer, County Administrator's Office, Finance, Legal, HR, and Purchasing; a variety of areas.

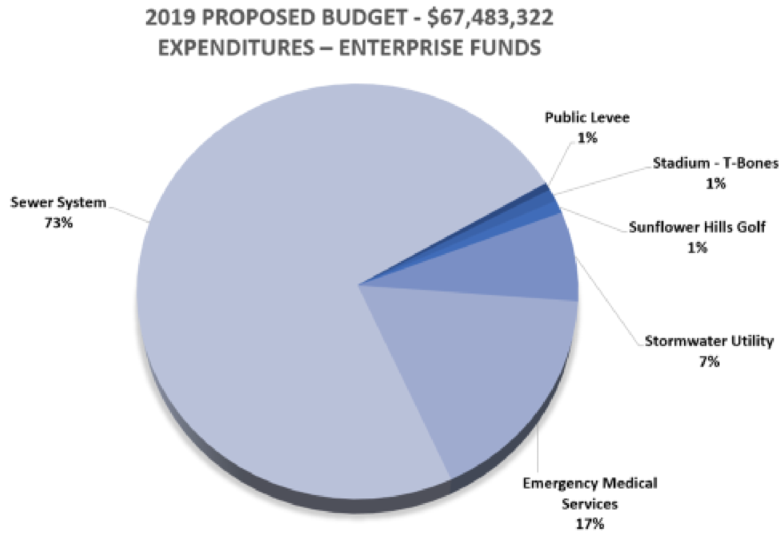


The next slide is the County General Fund. Again, Public Safety is the largest at 55%. That is the same percentage we had in 2018, $35M there. It supports Police Dispatch, Sheriff including the jail operations, and Emergency Management.

The next largest slide is General Government or Administration and that is where a number of our County functions that are mandated by the State take place. The Legislative Auditor, County Appraiser, County Clerk, GIF and 3-1-1, Treasury, Property Tax Administration, Motor Vehicle Registration as well as some allocation of the rest of the administrative type functions so a whole variety of things going on there. That's $12.8M and then the third largest is the Judicial Services area, $8M. That includes the operating side of the District Court and the District Attorney's office.



Other Funds include Debt Service 48%. This is the same percentage as we have currently in our current budget. That's the City and County Bond & Interest Fund totaling $40M a year. That is the portion that we paid out in debt service in debt service payments. The Special Revenue Funds are 18 different funds totaling $37M. Those include generally the County Levy Fund and Special Revenue Fund.



The last pie chart slide are the Enterprise Funds. There are six of them. The Sewer System is the largest at $49M and their percentage is currently 70%. It's now increased to 73% due to greater investment in Cash Funded Capital. There is also the other Emergency Medical Services at $11M which funds our ambulance and medical response. It is partially funded with the sales tax, but generally, all of these Enterprises are—think of them as businesses supported by charges for services and run very independently and are not usually reliance on property tax or sales tax. Medical Services is a little bit of a different case based on how it's composed initially.

GENERAL FUND - CITY

	FY 2018 ORIGINAL BUDGET	FY 2018 AMENDED BUDGET	FY 2019 PROPOSED BUDGET
Revenues	151,241,872	154,705,656	156,630,921
Transfers-In	2,256,000	2,256,000	2,256,000
Subtotal: Sources	**153,497,872**	**156,961,656**	**158,886,921**
Expenditures	153,491,219	155,533,992	160,144,856
Transfers-Out	515,000	750,000	705,000
Subtotal: Uses	**154,006,219**	**156,283,992**	**160,849,856**
Net Change in Fund Balance	(508,347)	677,664	(1,962,935)
Cash Basis Ending Fund Balance	**$ 20,147,039**	**$ 21,333,050**	**$ 19,370,115**
CAFR Ending Fund Balance	**$ 28,875,073**	**$ 30,061,084**	**$ 28,098,149**
17% Target Reserve	**18.7%**	**19.2%**	**17.5%**

Moving on to the General Fund; we're going to provide here a table of how the proposed budget looks compared with, for example, our current adopted '18 budget in the first column followed by what we're proposing for the Amended and then the proposal for the '19 budget. In 2018 you will notice there was a $3.5M increase in our revenue estimates for the current year and that's due to better sales tax performance and motor vehicle registration taxes as well as higher underbudgeted revenue estimates in other areas. You have to keep in mind this is where that two-mill reduction was in effect that you all approved during the last budget process.

On the Expenditure side though, we have determined that there are needs for $2.3M in increased expenses in the current year and so, of course, that $2.3M is offset by those improved revenue estimates. As a result, we are estimating that we're going to be using fund balance or adding to the fund balance by $677K.

On the 2019 side though, what we have is a very modest increase in revenues of $2M. The percentage is rather low. It's $2M. We do include a variety of measures such as the reduction in the mill rate, but the property tax is doing well, and we will be talking about that later in the presentation.

There is also correspondingly a $4M reduction or increase in expenditures to pay for basic personnel costs, but the increase we're proposing for '19 in the City General Fund is a modest 2.9% increase. I want to point out that at the bottom you will see that we are achieving the 17% Reserve or two-month Reserve target that we've discussed in various meetings especially at the ED&F Committee. The 17% represents two months of Operating expenditures and it's recommended by GFOA.

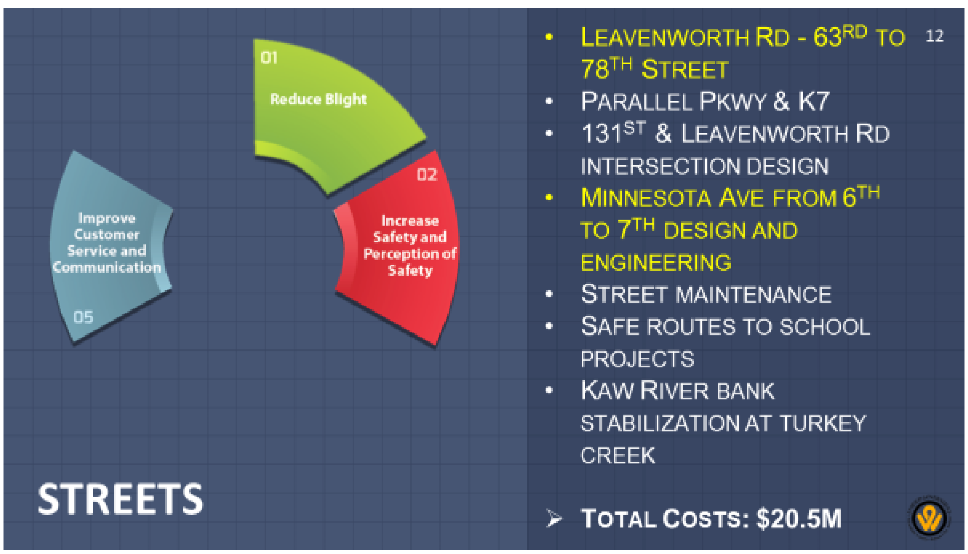
GENERAL FUND - COUNTY

	FY 2018 ORIGINAL BUDGET	FY 2018 AMENDED BUDGET	FY 2019 PROPOSED BUDGET
Revenues	59,613,427	61,103,699	63,337,090
Transfers-In	0	0	0
Subtotal: Sources	**59,613,427**	**61,103,699**	**63,337,090**
Expenditures	58,871,973	60,818,729	62,571,900
Transfers-Out	360,000	1,860,000	1,360,000
Subtotal: Uses	**59,231,973**	**62,678,729**	**63,931,900**
Net Change in Fund Balance	381,454	(1,575,030)	(594,810)
Cash Basis Ending Fund Balance	**$ 6,124,805**	**$ 4,168,321**	**$ 3,573,511**
CAFR Ending Fund Balance	**$ 11,088,851**	**$ 9,132,367**	**$ 8,537,557**
17% Target Reserve	**18.7%**	**14.6%**	**13.4%**

On the County side we are anticipating increases in '18 for revenues of $1.5M due to improved motor vehicle registration and Register of Deed fees, but we're also identifying $3.5M in additional expenditures mainly due to personnel costs in various County functions and a couple of one-time items that we will talk about later. As a result, we are going to be dipping into the fund balance for '18 to the tune of $1.575M. Most of that is for one-time items.

In '19 we are projecting a very modest increase in revenues of $2.2M and a $1.1M increase in expenditures. The $1.1M in expenditures much of it is for one-time items so we will talk about that later in the presentation. Again, we're using fund balance of $594K and so we end up with an ending fund balance of 13% which is below the two-months Operating Reserve target, but we are utilizing those reserves to address unanticipated activities and that is what a Reserve is all about. In addition, we're also—many of those activities are one-time so we will talk more about that later on.

Now, I would like to introduce you to Melissa Sieben who will be talking with you about Streets and other budget initiatives.

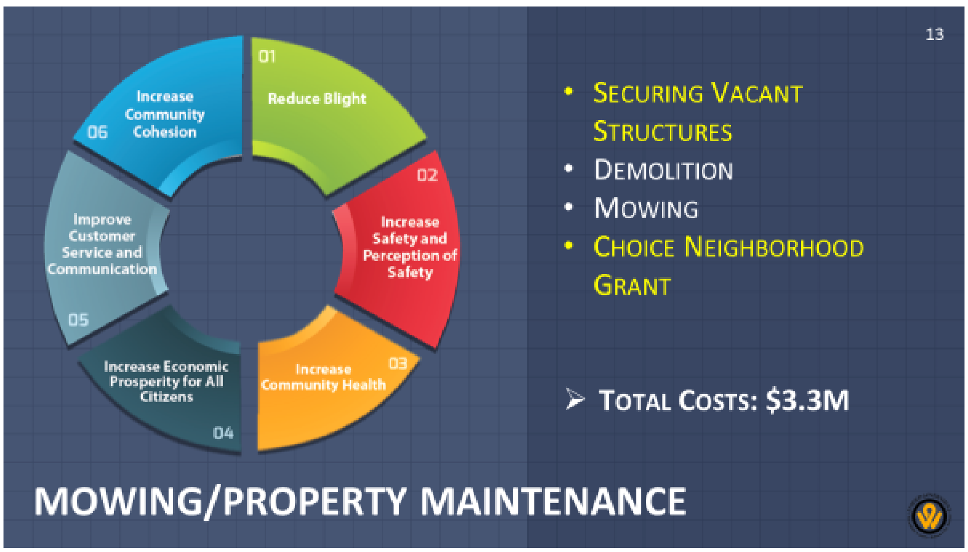


Melissa Sieben, Assistant County Administrator, said tonight the three Assistants will present a little more detail into different areas of the budget as we move forward. The parts of the Strategic Plan are identified in the kind of color code that we believe these projects or different expenditures will address.

With Streets and all the rest of the subsequent slides, we've highlighted some things in yellow. They are kind of like the bigger major initiatives that are in the budget and we will point out a few other things on the slide, but we don't intend to cover them in full detail.

The big items on here are all related to 2019 expenditures so we're not bouncing back and forth '18 and '19. This will be all '19 that we will be presenting. What you will see is we will be completing the next phase of Leavenworth Road from 63rd to 78th in 2019. We will also be starting design and engineering on the 6th and 7th Street intersections of Minnesota. Those blocks which we're going to be needing for some of our increased activity, especially with our recent announcement of a grocery store downtown.

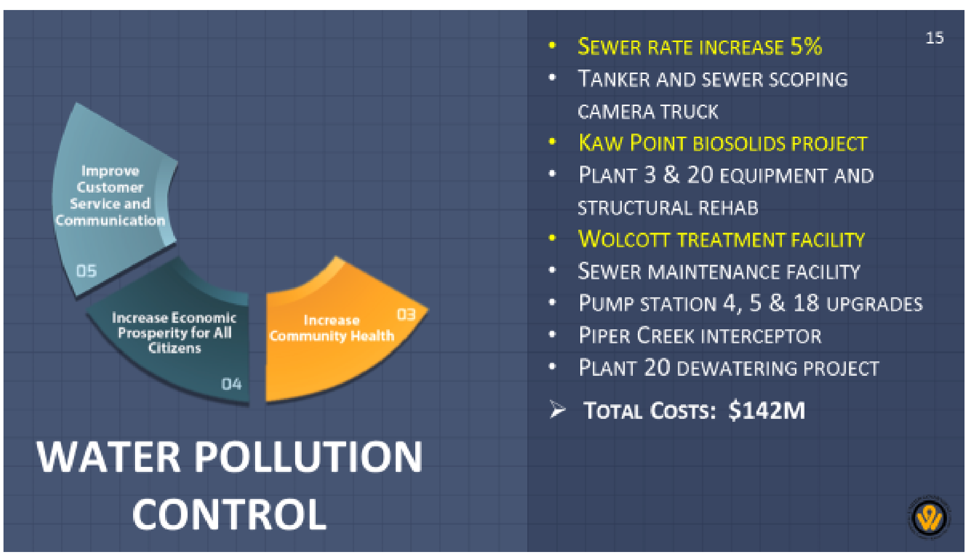
Then, of course, we're going to be continuing our Street Maintenance Program with a lot of those different options that we've been discussing to take those dollars as far as we can to help improve our roadway services in the community and continue our Safe Route to Schools Program.



The next slide is SOAR related items that we have been working on over the last couple of years with you. The two that are highlighted in yellow are actually new this year for 2019. This is additional funding for securing vacant structures. We do have a base amount in the budget, but this will take us to that next level to help those vacant structures be less trouble to their neighbors and also to secure those structures so that future individuals who might want to rehab them, will have a structure that's not seen as much water filtration or possible damage from people getting inside that don't belong in there.

The other item that you did approve is the submittal of the Choice Neighborhood Grant. Those dollars will help in the northeast area if we do receive the grant to do some planning and development of a future phase of changes out there.

The next slide that we have is our Transit slide which shares some of the larger items we'll be purchasing or working on in 2019; two transit vans and one cutaway bus. This last year we had five. This coming year we're looking at three along with a Regional Fare Collection System which is the integration, so you can get on at one spot, get off at another, get on again and not have to have different method and means for paying for those services; one card, one system.



The next slide is a big one. It's our Water Pollution Control. As Kathleen will show you in the Enterprise System we are doing more work in that area. Two of these yellow bullets on here are actually huge projects. The Kaw Point Biosolids Project which is a different way of handling the leftover waste stream from our wastewater treatment process that we're working to move on which is somewhere north of a $70M project as well as our Wolcott Treatment Facility which will go out near 435 & Wolcott Drive.

The other item that is in yellow at the top is our sewer rate increase of 5% which is down from 7% this current year so they are coming down slowly but surely.

With that, I'm going to turn this over to Gordon Criswell, Assistant County Administrator, to also cover a few more areas.

Gordon Criswell, Assistant County Administrator, said under the Customer Service I want to highlight MyResource Connection. This is a joint initiative between Wyandotte and Johnson County for a data collection of our service providers and it also includes our EMS Services. We have folks who cross the County lines to get services, so this will allow us to track who is getting services and where, so we can cutdown on duplication.

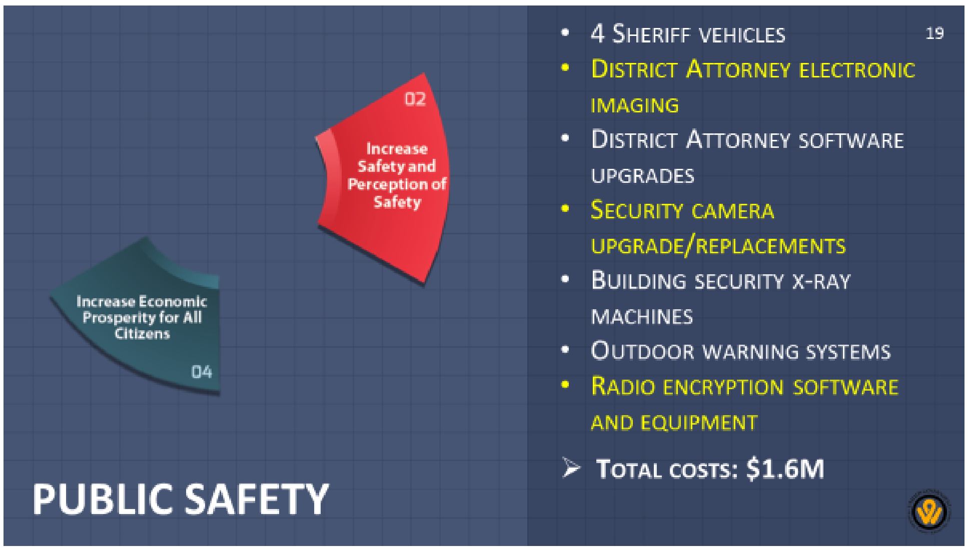
The Police Chief has introduced the Police Athletic League. As you all know we're renovating the old St. Mary's Church for this program. This is an initiative to provide programming for young people in the summer and after school. It is designed to be first a crime reduction initiative, but also, it's designed to introduce young people into careers in public services and, hopefully, a career in law enforcement when they get ready.

As you all know, you have asked us to do a number of master plans over the years and this is the next iteration of the Central Avenue Corridor Master Plan and it will be similar to other master plan initiatives that we've completed over the years.

Under the Police Department we are purchasing 30 vehicles this year, patrol vehicles, with cash in '18 and 30 patrol vehicles in '19 through lease financing. This allows the Police Department to keep up with their vehicle rotation schedule for replacement.

The mandatory tasers is an initiative the Chief has asked that we fund which allows for him to mandate all of his operational field units to carry tasers. Tasers would be a less lethal option for our officers in the field and the Chief would like all of the officers to have that piece of equipment. It will also mean that we will need to add tasers to our equipment capital rotation process.

The Johnson County Forensic Scientist Contract is a position in their lab. It's a firearms analyst. We send information over to the Johnson County lab and we will get first priority on their ballistic testing so that we can speed up our departments investigative process with crimes.



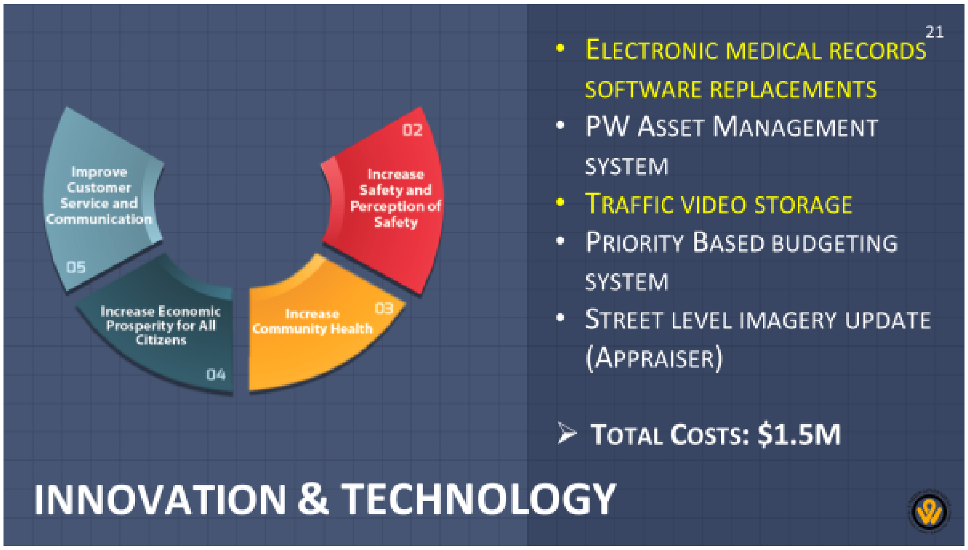
In the District Attorney's office, you all have heard that he has rimes and boxes of old files and cases in the fourth and fifth floor of the County Courthouse. This will allow him to start to digitize some of those files and get that space in a more productive status in the future.

We've moved up Security Camera Upgrade and Replacements just to provide for a better monitoring of our buildings. The Radio Encryption Project is a huge project. All of our public safety radios have this software that's encrypted, and that encryption will expire in 2021 so we're starting now because we have to literally touch every one of our radios and they have to be upgraded before October 2021 so that we don't have any interruptions in police communications. We're starting that this year.

I will turn it over to Joe Connor, my counterpart, and he is going to talk about Public Safety Fire.

Joe Connor, Assistant County Administrator, said in the Fire Department for 2019 we're continuing to upgrade and replace a lot of their rolling stock and I wanted to point your attention to the two items at the bottom of this slide which is two pumpers and one fire quint. That's the largest pieces of apparatus that they have. The last few years we've been doing two and three a year. This gets them back on a 10-year replacement cycle. If we continue this trend over the next few years, they're going to see a lot better performance and a lot less maintenance cost out of running these units as much as they run them.

The other item on this list is the beginning of an initiative that the current Fire Chief and the Fire Department's across the country are starting to pay attention to. This includes laundry equipment, lockers and bunker gear. The reason for this is to remove—when they're at a fire scene they can remove their carcinogen and things that get on their bunker gear and have a second set of bunker gear to put back into the field for service. It will reduce their risk for exposure to carcinogens. Again, this is the beginning of this effort. They will begin to start—this will be a big part of our design process when we start to build new stations and also rehab existing ones to make rooms for this equipment, so they can have a safer environment to work in.



Under Innovation & Technology; one of our really big projects that's underway now and should be completed in 2019 is the replacement of the Public Health Department's electronic medical records system. This is a very large system which is the backbone for not only our Health Department, but a lot of Health Department's across the state of Kansas. What we've done with this is we've gone in and created a five-county consortium under the leadership of our Innovation & Technology Office and our CKO. They have spent the last year or so developing requirements with the five counties and testing different products that are out there and so now they are ready to go out for bid and actually purchase the product to start to get the installation going. We feel like through that five-county effort, we will get a better price and we're going to have a really good—a very well tested product and a lot of people are going to be looking at before we get it, so we feel pretty good about that process.

The other one I wanted to highlight here is Traffic Video Storage. Currently we have a relationship with the Board of Public Utilities that places cameras and fiber and has the video capability for all of our traffic cameras that we have on our signals. They would like to be out of the video business and we would like to be in the video business and so we have a lot of immediate law enforcement needs for this and we feel like that would help them. I know that Chief Ziegler has expressed an extreme interest in having access to this video when they're trying to solve crimes that happen in neighborhoods. That will really help them out plus we have some needs from a traffic engineering and event planning standpoint to have access to this video too so we're going to start that transition in 2019 what we're proposing in the budget.

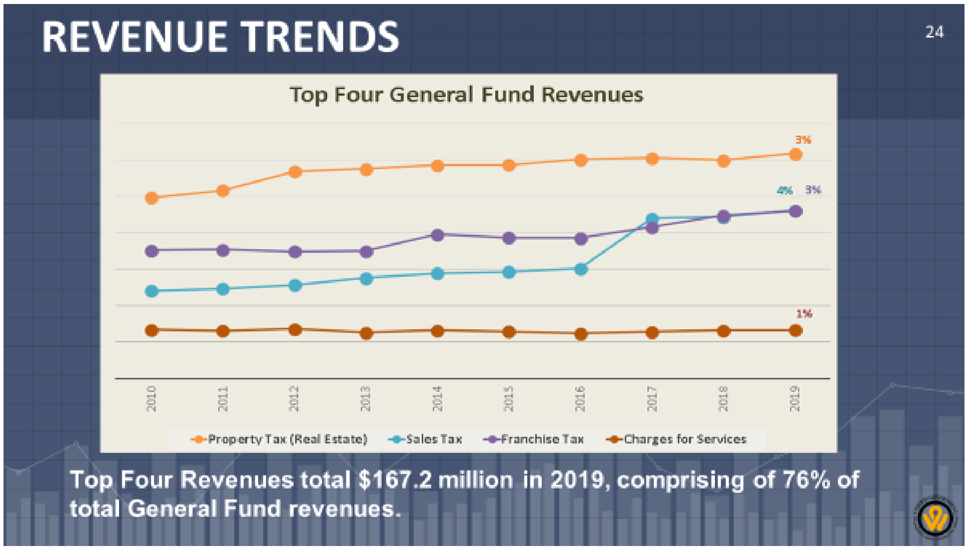
Under Parks and Recreation, again, as I think we talked about previously the Parks Master Plan that's been completed identified large amounts of Capital and Operating budget recommendations. These recommendations are not included in the budget for 2019, but we are including things that we have access to funds for whether it be General Funds, Grants or Philanthropic dollars. Just to highlight some of the activities on this page, there will be improvements to City Park in 2019. That's a result of Community Development Block Grant dollars that became available when the Park Drive neighborhood area was identified by HUD as a redevelopment area. City Park is in that district and we're able to take some of that HUD money and put it back into City Park.

There will also be a playground replacement and then also, again, through a grant that was applied for and received; we will be putting in our first fitness court. This is a trend that the Parks & Recreation Departments across the country are seeing. Our Parks Director would like to place the very first fitness court in our community in 2019 with the grant dollars.

That's it for me. I'm going to ask Doug to come back up and take you through the rest of the presentation.

Mr. Bach said as you can see as you go through this budget our focus is on a lot of Capital or projects as we go through. As I stated at the beginning we're not looking to grow our government. As Kathleen went through the financials on it you can see where yearend, our revenues to our expenditures; it's not a position where I really like that to see that our expenditures are exceeding our revenues; however, based on the fact that we are doing a lot of Capital in projects, I feel like we keep ourselves in a position that we can bring this back in the coming year. If we find that we don't get our revenues up or we look at other ways where we want to find some efficiencies within where we are expending money.

One of those areas, and that's why we talked about—I talk about Personnel and where we go away from that is this slide that's up here now. As you can see, I would say, very modest increases. These are not raises really, these are just COLA increases that we're building in for 2019 for our employees. We have 2% for most all of our employees with the only exception being for our sworn law enforcement where we have them at 3%. Our Health Fund, we see that going up from 5 to 8% in the coming year so our share as the employer looks like it will increase our costs by $1.3M. In our Worker's Comp Fund, we're likely to see that go up another $1.5M. In fact, we're quite certain that's where we will be for 2019. Then, retirement rate increases, and these are set out by the State and they come down to us. KPERS is set at .4%, KP&F is at 2% so these equal $1.8M. Overall, this is an $8.8M increase for 2019 for our Operating budget across all our different funds. This is not a one-time expenditure. As you are all aware, most all these rates will go up again by this like comparison in the coming years so as 8.8 goes into '19 and then you layer on another $9M for '20 like that so it just kind of continues on from that perspective.

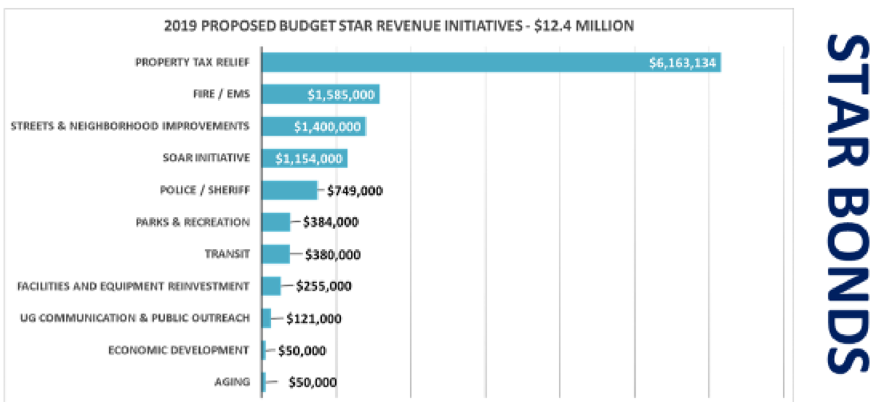


Just talking about revenue trends, as we went through those a little bit in the beginning that there are positives; however, they don't quite meet where the appraised value increases are, and I just wanted to talk about that a little bit, so our residents can understand where we're at.

Our Property Taxes are up as we're seeing revenues of about 3%. Our Sales Tax and our Enterprise Funds are up 3 and 4% respectively and then our Fees are up about 1%. It's a nice modest increase, a good increase that we like to see to see, definitely better than anything that's going in the reverse direction that helps us continue to do the business we're doing.

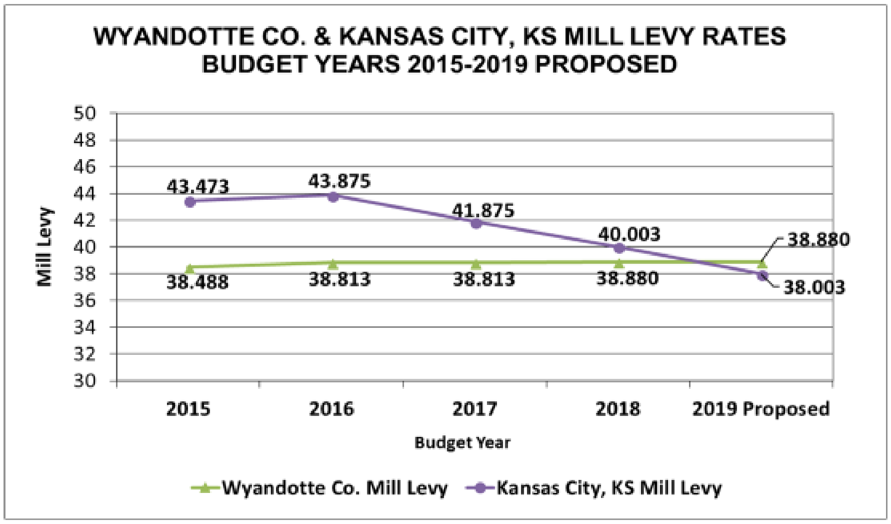
Why is the Property Tax set at 3%? That's because we look at it and say okay the assessed valuation is up an average of 7.9% so we ought to be up at that 8% mark. A few factors that come into that, our delinquency rate, it sets at about 6.9% so we have to back those dollars out of what we actually receive. We're also looking at a very large refund going back to Hollywood Casino. Unfortunately, the valuation of that casino has continued to decline since they have been in operations out there. Despite the fact that I believe they are continuing to do very well for their revenue perspectives, the Board of Tax Appeals has ruled that their value of their facility is worth far less than what we had originally anticipated it would be and then even lower than what the value is that our Appraiser puts on the books. As we've gone through this, at the State level, they have determined it's going to come back and we think we will probably be in a final ruling next year. This will be for successive years so it's about a $2.5M impact on our community as a whole. One of the entities hit the hardest by this is the Bonner Springs School District because it sits within their school district. When you think percentage of budgets, this is a big impact on them, but for us it's about $1.2M impact that we will lose in '19 and then it could be successive for years going forward so not only the income level will be lower for the current year, we will be paying back for the previous year's where we debated the actual valuation.

Then, of course, the tax rate reduction that we're putting in for the two mills to be reduced, that takes away from our funding so that takes our overall net revenue increase from what the average resident would pay on the same house at 7.9%, but our actual revenue we get because of these other factors takes us down to about 3%.



Of the $12.4 million total, $6.2 million is proposed for property tax relief, $4.2 million for capital projects and $2.0 million for a variety of operational program initiatives.

I wanted to show how this impact comes back on STAR Bonds. There is always that question about where all the STAR Bond dollars are going and there are different ways when you have a $376M budget or even a couple hundred million in the General Fund where these goes of how you would do this. Here to show, we started with the $12.4M. By the six different mills that were taken out since that time that's worth a little over $6.1M. Fire and EMS shows up on here because one, we have the quarter cent that's dedicated toward EMS and then we have the Dedicated Sales Tax that goes to our Fire, Police and our Streets so it hits that $1.5M number. Streets and Neighborhoods $1.4, and then we just kind of have it scattered out through different areas of operations.



Overall, when we look at where our tax rate is to the community, this is the City and the County, so the green line is the County and it's been a fairly static flat rate going across there staying at that 38.8 mill rate. The City is the top one and that's the 43.875 and then it drops by a couple mills each year down to what we're proposing to be the 38 mills. One of the lowest marks, I believe, well I know that is the lowest mark that the City has been in recent history and combined the same thing for both of the rates coming together for what they will be for a combined mill rate.

One of the big things I just note on this is of the 38 mills that's there for the City, about 16.9 mills from that goes toward our debt and I know you all are very aware of how that impacts us. But, when I break this out and say okay that leaves me with the balance that goes towards my Operating Fund, the six mills that have come out have actually accounts for about a 22% reduction in the City Operating Budget over these past three years. That's something we want to continue to look at and think about because it's hitting a point where how much can you take from this one fund it's probably not sustainable to keep to it and the focus has to be more toward the Debt side and the County side as far as where we're looking at where we're spending our money if we're looking to continue to lower our mill rate in future years.

1996 & 2018 (Budget Year) Mill Rate Summary
Kansas City and Wyandotte Co. Comparison to Other Kansas Entities

Kansas City	1996		2018	
	City Mill Levy	Rank (Out of 24 First Class Cities)	City Mill Levy	Rank (Out of 25 First Class Cities)
	64.220	1st	40.003	13th

Wyandotte Co.	1996		2018	
	County Mill Levy	Rank (Out of 105 Counties)	County Mill Levy	Rank (Out of 105 Counties)
	32.784	78th	38.880	95th

Ranked High to Low.

Unified Government Portion of a Property Tax Bill Paid on a $100,000 home:

In 1996: $1,116
In 2018: $907

Note: Leawood became a first class city on Dec. 31, 1998.
Source: League of Kansas Municipalities, Kansas Tax Rate and Fiscal Data Book, 2018
Kansas Government Journal and Kansas Statistical Abstract 1995, University of Kansas.

I think that also kind of prompts the question, and it's a question that our Commission has asked us, what is our goal as we go forward from where we want our mill rate to be. Currently, if you take the 25 First Class Cities in the state of Kansas and I say currently being where we're at from where we established our mill rate last year, we're 13th, so we're right in the middle of the group as far as high and low. Number one would be the highest which is where we were back in 1996 prior to consolidation, but now we're sitting at 13th and I don't know where the two additional mills will take us across the state until we see what the other jurisdictions do.

Then, we would look at Counties. We're sitting at 95th out of 105 so considering there is a number one being the highest, we're relatively low as a County as far as where our mill rate comes into play there. It's kind of an odd comparison when you at the metro areas versus the rural areas and they have different reliance's on the County factor so that's one a little bit different by comparison.

2019 Property Tax Bill Calculation

Kansas City, KS (a)

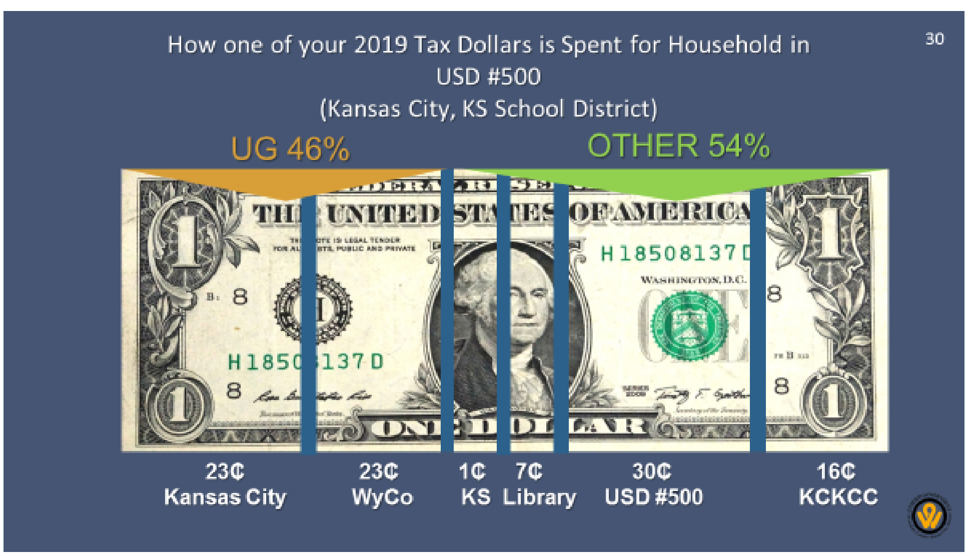
	2018		2019 - No Mill Reduction with AV Growth Impact		2019 - With Two Mill Reduction & AV Growth		Variance
	AV Growth % [c]	Tax Bill	AV Growth % [c]	Tax Bill	AV Growth % [c]	Tax Bill	Tax Bill Change
Residential [b]	0.0%	$ 907	8.7%	$986	8.7%	$ 961	$ 54
Commercial [b]	0.0%	$ 9,860	11.2%	$10,960	11.2%	$ 10,682	$ 822
City & County Mill Levy		*78.883*				*76.883*	

Wyandotte County [a]

	2018		2019 - No Mill Reduction with AV Growth Impact		2019 - County Mill Levy Remains the Same		Variance
	AV Growth % [c]	Tax Bill	AV Growth % [c]	Tax Bill	AV Growth % [c]	Tax Bill	Tax Bill Change
Residential [b]	0.0%	$ 447	8.6%	$ 485	–	–	$ 38
Commercial [b]	0.0%	$ 4,860	10.9%	$ 5,388	–	–	$ 528
County Mill Levy Only		*38.880*				*38.880*	

(a) Assumes for ad valorem property with UG only-mill levies
(b) Assumes Market Value of $100,000 for residential and $500,000 for commercial.
(c) Assessed Value (AV) Growth % does not include new improvements.

What's this mean to our taxpayers? We ran this just to look at, so you can tell if you had the same home you were in and you received the average assessed valuation of 8.7%, so if you had a $100K home, you were paying $907 last year. That average evaluation will mean your tax bill will go up to $986 on the City side so if you're paying both City and County taxes, after our two-mill reduction, that drops it down to $961 so you're still going to see a variance of about $54 on that $100K home. If you were in just the County and you received that 8.6 average valuation is how that structures out in that part of our jurisdiction, then you would see about $38 increase on your tax bill based on just valuation in changes. Of course, that varies from house to house across the entire community so we're just going to work with averages here.



When you look at the overall tax bill, I know as a County everyone looks at us and says we're the tax collector, we send out the tax bill so there is the assumption that we're getting it all. This graph or this dollar bill kind of delineates how that's out. We represent about 46% of the tax bill being the City and the County so we're well less than half now. We've used USD 500 as a comparison for school districts and this can vary a couple of percent based on which school district you're in, if you're in Turner, Piper or Bonner Springs School District, but you can see how they kind of breakout. The other ones will be the same and it would be just the school district that would change a little bit by percentage based on whichever district you are in, but it's fairly close within all.

I will point out and as I started this presentation, we started this process last November when we started looking at our Capital Projects and take those to our Public Works Committee. We had our first public hearing in March to get citizen input as to the direction we should go and areas we should think about. We had a Strategic Planning Session with the Commission to kind of layout our priorities and I know I heard then loud and clear tax rate reduction was a high priority along with a few other different items that we've tried to build into this. We've gone through our Capital and Maintenance Programs in May to build those in and what we've built in is fairly close to it and we will try to delineate out any changes we might have had from May, but I think they're fairly close to where they were.

This is our budget calendar for the month. Basically, we're looking at every Monday and Thursday until we get to August 2nd which is our targeted time for approval of this budget.

I will also note in the fine print at the bottom is the website we have so if anyone has issues pulling this up at home or whatever, you can click on this site, it will take you directly to our budget book. It's 650 pages or so, so someone could take into full detail of what's going on. I believe you all have that link. You should have had it sent to you earlier so you can spend your whole weekend going through and digging into the detail, but I will offer that if you don't have time to read through all the 600+ pages, if you read through the budget message in the beginning, we try to go through and kind of layout a lot of the details. Some of it is just a summary back of some of the things presented in this PowerPoint presentation, but there is a little bit more detail that goes into that to give you a summary feel of what's in the different part of the document and then as you look through the rest of it from this point.

With that, Mayor, I would like to conclude, but I would like to recognize the Budget staff so myself, my assistants, and Ms. VonAchen gave the presentation. I have Debbie Jonscher, our Deputy Finance Director; and Reginald Lindsey and his staff; if you all would rise please, I would at least like to recognize this group that put in the long hours to make this a go.

Mayor Alvey said unless there are any questions, again, I would like to ask that if you have particular specific workshop topics that you want us to explore, please just send an email to me with the rationale of what you're looking for and we will do our best to accommodate those.

Mr. Bach said I will make just one additional announcement or recognition. I would like to recognize Chief Shirley who is here with us tonight. Chief, do you want to stand up? Just six months ago, over six months ago, when I contacted Kevin and asked him if he could come in and help us out during the time of Chief Jones departure from our department, we needed somebody to step in with a lot of experience and wisdom and he brought that to us. A great deal of commitment to our community, great deal of loyalty and commitment to the Fire Department the whole time of what he has done. I really thank you very much for your time and the months you've been here. Today is his last day as the Interim Chief coming back so he is going back to retirement so thank you very much to him.

I will just let you all know that Jack Andrade will be serving as our Acting Chief while I complete my process until a permanent Chief is named.

MAYOR ALVEY ADJOURNED
THE MEETING AT 5:50 p.m.

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Bridgette D. Cobbins
Unified Government Clerk

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