ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, April 1, 2019

The meeting of the Economic Development and Finance Standing Committee was held on Monday, April 1, 2019, at 5:32 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend, Murguia, Walters; and Jeff Bryant, BPU Board Member. The following officials were also in attendance: Melissa Sieben, Assistant County Administrator; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; Reginald Lindsey, Budget Manager; Richard (Rick) Mikesic, Director of Revenue/County Treasurer; Andrea Parra, Deputy County Treasurer; Commissioner Bynum; Katherine Carttar, Director of Economic Development; Alan Howze, Knowledge Director; and Jay Doleshal, Sergeant-At-Arms.

Chairman Burroughs called the meeting to order. Roll call was taken and members were present as shown above.

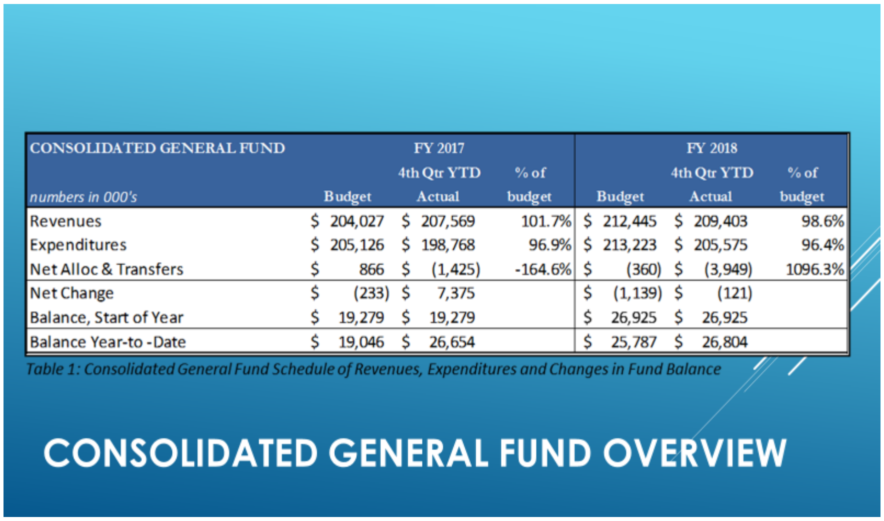
Approval of standing committee minutes from February 4, 2019. **On motion of Commissioner McKiernan, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 19648…REPORT: FOURTH QUARTER BUDGET TO ACTUALS

Synopsis: Fourth Quarter 2018 Budget to Actuals Report, submitted by Kathleen VonAchen, Chief Financial Officer; and Reginald Lindsey, Budget Manager.

Kathleen VonAchen, Chief Financial Officer, this is the report that we provide on a quarterly basis; and this happens to be the year-end report. These reports are provided on a cash basis. The final fund financial statements, that are based on a modified accrual basis, are going to be available at next month's meeting. I'll get to that in a moment.



CONSOLIDATED GENERAL FUND	FY 2017			FY 2018		
		4th Qtr YTD	% of		4th Qtr YTD	% of
numbers in 000's	Budget	Actual	budget	Budget	Actual	budget
Revenues	$ 204,027	$ 207,569	101.7%	$ 212,445	$ 209,403	98.6%
Expenditures	$ 205,126	$ 198,768	96.9%	$ 213,223	$ 205,575	96.4%
Net Alloc & Transfers	$ 866	$ (1,425)	-164.6%	$ (360)	$ (3,949)	1096.3%
Net Change	$ (233)	$ 7,375		$ (1,139)	$ (121)	
Balance, Start of Year	$ 19,279	$ 19,279		$ 26,925	$ 26,925	
Balance Year-to -Date	$ 19,046	$ 26,654		$ 25,787	$ 26,804	

Table 1: Consolidated General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance

The first slide shows that the Consolidated General Fund ended the fiscal year with a total fund balance of $26,804M, which is very close to how much it started the year at $26,925M. The net difference is a negative $121,000; that's the difference between the total revenues collected of $209,000 less total expenditures of $205M. Then a net of allocations and transfers, which is an expense of $3.9M. As you know, the revenues minus expenditures and then minus that number, it is where you get the 121.

We had a discussion previously about our General Fund Reserve Policy that if there are excess funds at the end of the year, meaning we collected more revenue than expenditures, then we could all have a discussion to redirect the available or the difference of positive net margin towards five different categories from a decision-making standpoint. I'm going to talk about that later on here in the presentation.

In this situation, we basically balance the budget less about $121,000. There aren't any excess reserves if you're looking at this from a cash basis. Once we complete the fund financial statements, which I mentioned I'm going to be providing next month, that's when we would be looking at possibly seeing if there was a positive net margin. That's where that decision takes place.

I had previously indicated in last month's meeting that we were going to have that discussion tonight. When I looked at the policy, I was reminded that actually it's based on the CAFR or financial statement basis, not on cash basis. What I'm proposing tonight, and you'll see that in some of the later slides, is that we postponed that conversation so we can present to you how the General Fund is looking. Not only the General Fund, but the other Special Revenue funds as well; how all those funds are looking on a modified accrual basis.

Just to compare this figure with the budget. You can see that the revenues are approximately, roughly $3M below what we estimated for the budget. As we go through the detail, you'll see that most of that $3M short, or difference, is a result of less sales tax than what was anticipated.

The expenditures were budgeted at $213M, and they came in at $205M. That's roughly an $8M difference.

The transfers here are substantially more than what were budgeted that's because in the final months of the fiscal year or toward the, I don't know—following the budget year, we came to realize that the fire station, as well as the project for the juvenile center, were both coming in with bids in excess of what we had budgeted. That additional amount that we needed to find, the Commission directed us to go back into the operating budgets and find where there were savings, basically in these lines, and then move that savings out of the General Fund to the Capital Project Fund. It was roughly a million dollars for the fire station and another million for the juvenile center. That explains the higher allocation.

In addition, there were various capital projects that had not completed, but they were in mid-completion that were cash funded. We decided to move those available funds to the Capital Project Fund so those cash projects could be completed in '19. That's the difference there.

This is the overview of all the Consolidated General Fund which includes the City, the County and the Parks funds. Just some highlights. I think I already mention that. The actual revenues were three—this is broken up by—here's how it compares to the budget and then the impact on the fund balance. The actual revenues, as I mentioned, are about $3M below the budgeted estimate, primarily in sales tax receipts, which were lower in the latter half of the year.

Actual expenditures were $7.6M below budget, primarily due to lower expenses in the services, grants, and capital outlay, which Reggie will talk about. Then, again, I spoke about that there were higher transfers out to the Capital Project Fund because we had shifted operating savings from the operating lines to the transfer line so the funds could go to the capital project. I did want to point out that even on a cash basis, the Consolidated General Fund is estimated to be 21% of total expenditures based on available data, which our target is 17%.

Chairman Burroughs said, Kathleen, just for the public that is watching, the $7.6M, of that, it was a $3.9M that you took out of those additional funds and then you shifted $2M of that $3.9M. **Ms. VonAchen** said yes. **Chairman Burroughs** said into the two projects: the juvenile justice center and the fire station at a million each. **Ms. VonAchen** said yes; that's right. **Chairman Burroughs** said then the $121,000, the ending, to balance out the budget—I'm just trying to do quick math and I come up with $1.6M still available.

Ms. VonAchen said this is compared to budget. These are all the differences between budgets. I'm not sure of your question. **Chairman Burroughs** said I'm not so sure my math is absolutely correct, that's why I wanted to revisit those numbers. Actual expenditures were $7.6M below the budget. If that 7.6, you move 3.9 of that—**Ms. VonAchen** said 3.6, yeah. The budget was $300,000, so 3.3 is the difference between the debt transfer out and how much we actually transferred out. **Chairman Burroughs** said I'll save my questions till we get—**Ms. VonAchen** said this is a comparison of the budget. It's not meant necessarily to add a net to the 129. The negative 129 is directly a relation of 209.4 minus 205.5 minus 3.9, and that's what that number is. That's actuals.

BPU Board Member Bryant said I think what he's trying to say is; of the 3.9 that was transferred, we've accounted for $2M of it between the justice center and the fire station. What was the excess $1.6M? **Ms. VonAchen** said those were other projects that had not been completed that were cash funded. We moved those funds over to the Capital Project Fund. Reggie's going to talk about these. Is that what you meant? **Chairman Burroughs** said that's exactly right. I was just going to wait until you got to your explanation. We'd run through those numbers again.

Commissioner Murguia said since we're on that topic, what would we have done if we wouldn't have had extra money. **Ms. VonAchen** said what we would have done if there hadn't been underspending in the expenditure area. **Commissioner Murguia** said yes. **Ms. VonAchen** said well then, the fund balance would have declined. If all of the expenditures had been spent, then this number would have been a negative 3 and that number would have declined by $3M.

Commissioner Murguia asked are you saying the projects that you needed cash for were underfunded. **Ms. VonAchen** said only the juvenile center. **Commissioner Murguia** said no, not the juvenile justice center and the fire station; not those two. I'm talking about, you said the rest of the money went to some—**Ms. VonAchen** said the thing is, capital projects that are cash funded are expenses in this expenditure line. If we want to continue to—if the project is in mid-completion and we want to finish it, we have to transfer it out of the General Fund and move it to the Capital Project Fund in order to get it completed because of the fiscal year. It's just basically moving the funds to the other line item.

Commissioner Murguia asked on those items, were we short money. Is that why we had to give them the excess money that we had? **Ms. VonAchen** said no. We weren't short money. We're just using budget out of here and we moved it over here. They weren't short; they just weren't completed yet. **Commissioner Murguia** asked were we supposed to complete them in the beginning, or were they always supposed to end where they were at. **Ms. VonAchen** said they were anticipated to be completed at the end of the fiscal year but it didn't happen yet. Reggie's going to talk more about that.

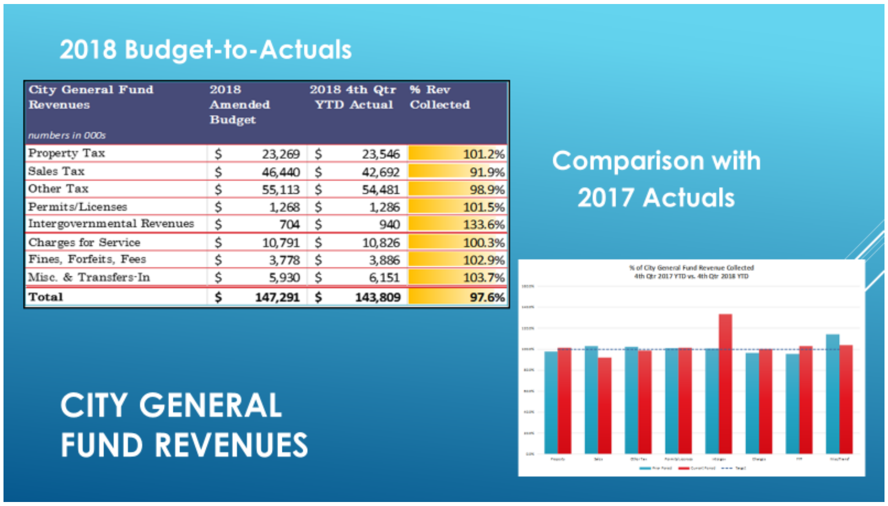
Commissioner Murguia asked who decides—if we set the budget and there was that amount of money for it, who decides, when there's extra money, that it would go to complete a project? Did we approve the completion on that project in this year? **Ms. VonAchen** said we're not using extra money; it was just shifting the expense from here to here. The total budget remains the same.

Chairman Burroughs said if I can, Kathleen. Commissioner Murguia, you hit on something I think that's what we discussed early on. We talked about that debt reduction.

When we have excess dollars leftover, who decides where those dollars go? It should be the Commission's decision to move dollars out of one account to take care of another. I don't know if that's been the practice with the Unified Government. That's something I'm not familiar with. To make decisions to which projects get that infusion of cash—**Commissioner Murguia** said right. **Chairman Burroughs** said I guess the big question is, the Commission should be notified or at least made aware or make the decision as to how those dollars will be spent on that project, or if those dollars will be spent on that project. When things go over budget, we're notified that we are over budget on a bid and we'd then have to go back and negotiate. We've had that on the jail or the juvenile justice facility. I do appreciate your question coming forward as to who makes that decision.

Ms. VonAchen said these were already budgeted, these projects. They didn't go over budget. **Commissioner Murguia** asked then why did we have to move money. **Ms. VonAchen** said because the Operating Fund can't carry forward projects from one year to the next, that's why. Right now, we have rules in place that—so the only place you can carry forward projects over a multi-year basis is in the Capital Project Fund, that's why. Unless you have the funds all encumbered, which they didn't have all the funds encumbered, for those projects.

Chairman Burroughs said so we didn't have enough money encumbered to do those projects. Is that—**Ms. VonAchen** said the bids hadn't been entirely completed. **Chairman Burroughs** said we didn't have enough money—**Ms. VonAchen** said encumber the funds, but we did have—no, we had all the money in place. All the budget was there, it's just that we didn't have them secured in our financial system so that they could be spent in the subsequent year unless we moved them out of the General Fund and into the Capital Project Fund where the rules are different. **Chairman Burroughs** asked why didn't we do that. **Ms. VonAchen** said Reggie's going to talk about some of those projects. **Chairman Burroughs** said okay. **Ms. VonAchen** said we can get there. **Chairman Burroughs** said we'll sit tight. **Ms. VonAchen** said okay.



City General Fund Revenues (numbers in 000s)	2018 Amended Budget	2018 4th Qtr YTD Actual	% Rev Collected
Property Tax	$ 23,269	$ 23,546	101.2%
Sales Tax	$ 46,440	$ 42,692	91.9%
Other Tax	$ 55,113	$ 54,481	98.9%
Permits/Licenses	$ 1,268	$ 1,286	101.5%
Intergovernmental Revenues	$ 704	$ 940	133.6%
Charges for Service	$ 10,791	$ 10,826	100.3%
Fines, Forfeits, Fees	$ 3,778	$ 3,886	102.9%
Misc. & Transfers-In	$ 5,930	$ 6,151	103.7%
Total	**$ 147,291**	**$ 143,809**	**97.6%**

Ms. VonAchen said on the revenue side, what we have is property tax, sales tax, and then all these other revenue categories. This is with 100 of the fiscal year in place. The property tax came in slightly above what was estimated. Just so you know, one of the positive things from this year is that the delinquency rate dropped. It was estimated at roughly 6.5% on the city side. It dropped to—we're still finalizing the number, but it was in the low 5% area.

Now, sales tax is roughly $4M lower on the city sales tax side. As I mentioned, we noticed that that was happening in the last quarter of the year. Other taxes—**Commissioner Murguia** said so we don’t go too far, that’s a pretty big drop in sales tax. Do we know why that happened? Do you know where that happened? **Ms. VonAchen** said my sales tax estimate included a 6% increase, and clearly that was probably overly optimistic. It's a combination of my sales tax assessment being overly optimistic and then the economy declining quicker than I anticipated. You might remember, I was anticipating a recession to happen sometime in mid-2019.

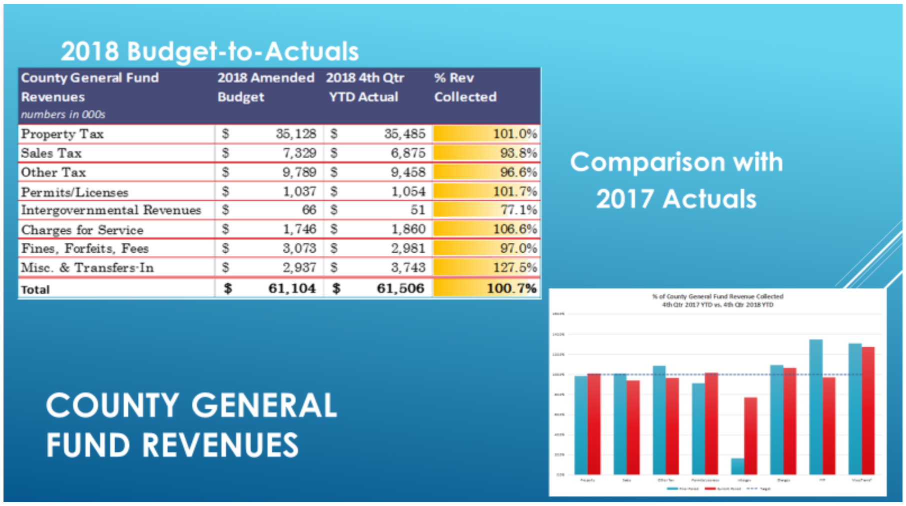
We were looking at the vendor data. Some of that impact for the Legends and some of that impact may be because the developers are in the middle of renovating a number of properties in the Legends area. Some of those properties are not open and not collecting money during that transition. Some of that is going on too. There's a lot of openings and closings and readjusting.

Commissioner Murguia said most of the sales tax loss then, was that in the Legends area. **Ms. VonAchen** said I’m not sure I can actually say that, but it contributed; a contributing factor. **Commissioner Murguia** asked is there any other place besides the Legends where we saw a significant sales tax, not like we have a big sales tax base. **Ms. VonAchen** said I wasn't prepared to provide all that information right now, but one of the first workshops we have as part of the budget process is my revenue presentation. I can provide all that information by category and so forth.

Commissioner Murguia said I'm not referring to your projections, unless you are, but you're comparing actual sales tax collected versus what was actually collected the year prior, correct? **Ms. VonAchen** said that's down here. **Commissioner Murguia** said I was just saying, I wasn't talking about your projections. I was just talking about actuals. So we are seeing a 9% or 8% decrease in sales tax, regardless of your projections, right? **Ms. VonAchen** said yes. **Commissioner Murguia** said that's all I was wondering. I was just wondering with such a large decrease in sales tax, I just wondered if we knew why, that's pretty significant, and where. **Ms. VonAchen** said okay.

BPU Board Member Bryant said back to the property tax. You said the delinquencies went down actually over 1%. Do you think much of that is attributed to the fact that there have been a lot more properties going into the Land Bank, therefore, less properties are being taxed? **Ms. VonAchen** said no. I think it's because of the change in policy. I think Melissa could probably talk about that. There's a change in policy where taxpayers are expected to pay the most recent year first. Then, just the economy was better. People have jobs and they're starting to pay their taxes more. **BPU Board Member Bryant** asked when you say the policy changed to post recent taxes first, does that mean there are still back taxes that are sitting out there that have not been collected. **Ms. VonAchen** said they would probably be on a payment plan. There're a lot of payment plans that have been set up for those delinquent taxes.

Chairman Burroughs said, Kathleen, I just want to follow up with Commissioner Murguia's question. I would have a tendency to believe that the loss of sales tax is due to some of the closures in reference to the Legends. I believe here, in this committee, a couple of months back, we had one of the developers in that was doing some work out at the Legends. We were hoping to get some kind of report coming forward in reference to the progress being made out at the Legends to reincorporate those stores, get them back online, because it is revenue that affects our budget. I'd have a tendency to believe that we will see a sales tax impact from the closure and from the construction and some of the other activities that are not in full swing out there. I would look forward to that information as other commissioners would.

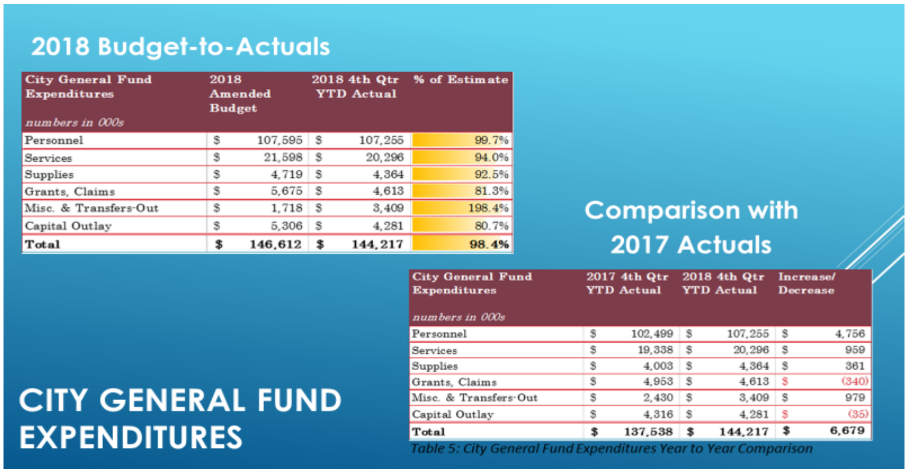


County General Fund Revenues *numbers in 000s*	2018 Amended Budget	2018 4th Qtr YTD Actual	% Rev Collected
Property Tax	$ 35,128	$ 35,485	101.0%
Sales Tax	$ 7,329	$ 6,875	93.8%
Other Tax	$ 9,789	$ 9,458	96.6%
Permits/Licenses	$ 1,037	$ 1,054	101.7%
Intergovernmental Revenues	$ 66	$ 51	77.1%
Charges for Service	$ 1,746	$ 1,860	106.6%
Fines, Forfeits, Fees	$ 3,073	$ 2,981	97.0%
Misc. & Transfers-In	$ 2,937	$ 3,743	127.5%
Total	**$ 61,104**	**$ 61,506**	**100.7%**

Ms. VonAchen said on the General Fund side, the property tax also performs the same as on the city side. Sales tax, which is less dependent on the county side, is less impacted by the Legends. It was about $500,000 or $600,000 lower. Actually, back to the city. Some of these other categories—all the other categories performed as expected. One category was quite notable. This one is miscellaneous transfers and transfers in. That also includes interest income, much of which is recorded in the County General Fund. Our interest income was substantially more than we anticipated. We expect that to continue next year because rates rose so substantially throughout the year.

Chairman Burroughs said, Kathleen, in a previous slide, the 133% on intergovernmental revenues, on a previous slide, 133.6. Do you care to explain that? **Ms. VonAchen** said part of the increase is because the amount is not very much. Any kind of notable—**Commissioner Murguia** said I just want to know what it was. What are intergovernmental revenues? **Ms. VonAchen** said grants and different grants that come in from other agencies. **Chairman Burroughs** said on the next slide it shows it being only at 70%. I was just curious if the 33%, the 133%, you take that 33% and add it to that 77.1%, we're even on both. **Ms. VonAchen** said this one's only 66,000 compared to 51,000, where this one is about 200,000. So, yeah, maybe so. It's just when you have lower numbers, the percentages look bigger. Interest income really kind of saved the day this year.

Reggie's going to talk about expenditures.



Reginald Lindsey, Budget Manager, said on the screen now we have two views of the City General Fund. One is a budget-to-actuals, which is this one. This one compares the 2017 actuals to the 2018 actuals. We see down here the total for the City General Fund, we spent $144M, that's 1.6% less than the budget which is like $2.4M. One thing that's key here is we wanted to stay under, around 100%. You see right here with miscellaneous transfers out, we did almost double that number. That's the number that Kathleen is talking about when we did the transfers out into the Capital Project Fund from here.

One of the reasons we were able to do that is because we have capital outlay here where we had a $5.3M budget, but we only spent $4.2M in the year. That leaves us with $1.1M. We were able to transfer capital projects from here into the Capital Project Fund. We also had $1M that we moved to debt into the Capital Project Fund to pay for the new fire station. All of that did not come from here, it came from various places within the services and supplies up in the budget.

Some of the things we moved. We have the new asset management security team. We were not able to get that all set up and running. We did spend some of the money so we spent, or we moved like $280,000 for it.

There was also money that we moved for—we weren't ready to move on purchasing land for a new fire station so we moved money for that. There were a host of different projects that we did move. That's some of them. **Commissioner Murguia** said we weren't ready to buy land for the new fire station. **Mr. Lindsey** said we'll have the new fire station for out west, but the new fire station for down the road, we weren't ready to move on that but we had money in the budget for it so we moved that into our new Capital Project Fund. **Commissioner Murguia** asked for this year. **Ms. VonAchen** said for '19. **Mr. Lindsey** said we'll have that money. **Commissioner Murguia** asked why do we have to do that again. **Mr. Lindsey** said so we won't have to like put it back in the budget and request it within the capital budget process for the next year.

Commissioner Walters said you lost me. We had money in the 2018 budget for land acquisition for a fire station. **Mr. Lindsey** said yes. **Commissioner Walters** said but we didn't do that. **Mr. Lindsey** said no, we did not. **Commissioner Walters** said and we moved the money to somewhere else. **Mr. Lindsey** said we moved it into our Capital Project Fund, which would allow us to utilize the money down the road. **Commissioner Walters** said so now we don't have the money. **Ms. VonAchen** said for the land, for the land acquisition. We moved it from the Capitol Project Fund so that we can spend it in '19 for the land acquisition for the fire station.

Mr. Lindsey said what moving the money into the Capital Project Fund allows us to do is to have the funding going down the road. We won't have to put in back into the budget. **Chairman Burroughs** said If I may. I think that's creating some of the confusion. When we have a project that's approved in the budget and it doesn't move forward, you're moving it into another fund so that it can be moved forward. **Ms. VonAchen** said yes. **Chairman Burroughs** said some of the questions we raise is why didn't we do the land acquisition in '18. **Ms. VonAchen** said Public Works would probably give you a better explanation to that. My guess is because they couldn't find the land to do the project yet. **Mr. Lindsey** said also, we are still working on getting everything finalized with our current fire station that we're trying to build. **Ms. VonAchen** said out in Piper.

Commissioner Murguia said first of all, I feel like you all—I don't think anyone's saying anything negative to you all about your accounting. I don't want you to feel defensive about it at all, hopefully not, not for me anyway. I will tell you, it is really frustrating that we budget money for projects in a particular year and we know how our year budget goes. If we don't think we can get that project done within that year, it's very confusing for all of us, why we budget for it. **Ms. VonAchen** said yes.

This year actually—not to go out on a tangent, this year we've asked the departments that have capital projects, I've said it repeatedly in our operations meetings, that if you have capital projects, start spending the money right now. Do the RFPs. Get your engineers looking at the project because we want all the money spent at the end of the year.

Alan Howze, Knowledge Director, said I'll add to it. I think this is a recognized challenge that's being addressed by the administration of pushing projects through the pipeline, recognizing the need for projects, and then there's a financial resource that the Commission has allocated. There's a set of human resources that are recognized that's been lagging, to some degree, behind that in terms of the ability to execute effectively on those dollars.

It's sort of two pieces of it. One, you want to make sure that we're able to execute those projects. Then we want to be able to execute them effectively and not just rush and do it. I think there's a planning piece and a financial planning piece of it. Then, we're also catching up and making progress. As we're catching up on the human side of that, to be able to execute effectively within the organization and with our private sector partners on those projects once the Commission has said.

Ms. VonAchen said I have talked with the Public Works Director about potentially putting in place some administrative measures that would assist us in getting the resources—human resources, or the contract folks in place so that we can move and get past the backlogs.

Melissa Sieben, Assistant County Administrator, said, Commissioner, just to state this very directly, we're down three engineers right now. That's been ongoing for some time. We're trying to get staffed back up. Even so, that's just on the Public Works side, streets, stormwater. We're also looking at having to add another engineer to work in our Wastewater Division because we have a billion dollars' worth of projects to complete in the next 10 years. There's a lot sitting out there that with the very nimble staff that we have right now, we're trying to keep moving and that does cause a problem. We are all working together to try and figure out how we realign while trying to recruit employees to work in our Engineering Division, which has been an exceptional challenge given the strength that the economy has had, even though it is starting to decline. What's in the pipeline is taking those folks to private sector and making it very hard for us to recruit.

Chairman Burroughs said I appreciate that explanation. **Ms. Sieben** said I do apologize. **Chairman Burroughs** said when we see a budget item change to the extent that we did at the very beginning of our discussion that will be an added cost in the budget, that'll show up as a cost in 2019 what 2018 was. This goes back to our question as we are posing. We're not trying to point blame. We're just trying to follow how the budget works to the extent that we could be better partners in helping put this budget in a manner that will allow us all to fully understand how we can make it better for the public to understand. It's all about the transparency aspect. **Ms. VonAchen** said yes.

Mr. Howze said just lastly, there are also leadership transitions, I think, specific to these projects. We have Buildings and Logistics. I had a new director selected last year. Likewise, the Fire Chief came on in August of last year, so I think those also have an impact on these projects.

Chairman Burroughs said if I might offer a suggestion. When you have a project in '18 that's not completed, maybe what we need to do is have fire station or XYZ 40% completed out of the $5M that was set aside. They're at $2.8M. Therefore, the remainder is going to be carried over into 2019. We expect this project to be completed such and such a date. Those small explanations assist us in seeing things that, I think, are easier for some of us to digest. I won't speak for the rest of the Commission; they're quite capable of doing it themselves.

I have a specific way I like to look at things. I don't want to have to go hunting and searching. It should be pretty transparent when I go into it. I might just make a suggestion that on these projects, if they're 40% completed by the end of '18, tell us it's 40% completed. It was $4.2M or whatever it was. In 2019, we'll look for whatever's necessary.

Ms. VonAchen said it's kind of hard to know how much detail you want. We try to give you the broad, bigger picture. We're happy to give you as much detail because we have it all.

Commissioner Murguia asked are we taking on—is the Commission asking for the number of staff that we have to do too many projects? You didn't say it was just this year, you said it's going, it's been an ongoing process. **Ms. VonAchen** said there's a backlog right now. **Commissioner Murguia** said there's a backlog of projects. **Ms. VonAchen** said yes. **Commissioner Murguia** asked how backlogged. **Ms. Sieben** said it depends on which area that you're referring to. Some are moving more quickly than others.

Commissioner Murguia said I don't care what project it is. How far back are we backlogged on any project? How far back do some of them go? **Ms. Sieben** said that's too broad of a question for me to be able to easily answer here, right now. **Ms. VonAchen** said yeah. **Ms. Sieben** said there are some that are further backlogged than others, but it's just like if you're talking stormwater projects, that's a funding dependent thing. Those maybe aren't as backlogged because we don't have funding so we're not moving forward with them. If you're talking about certain types of street repairs, that's a different situation. If it's annual maintenance, we seem to spend that down fairly well, but on the bigger capital projects, there can be delays. Some of them we control, others we don't.

I'm happy to sit down with you and Public Works staff to kind of go over those. On wastewater, yeah, we're behind. That's probably our biggest one. Where we've been working on this consent decree and we don't get the projects executed as quickly as we'd like to, we employ a lot of outside contractors to help us try to move these things forward. Certain things just have to be done by staff. We do have bandwidth issues.

Ms. VonAchen said one approach to deal with this is to, which has been utilized in other cities I've worked in, is to set up—contract out for project management and charge those costs to the project directly, that way we increase the human resources part of managing our projects and partner with the private sector more in order to move this out. Some of it, it's not within our control. For example, the consent decree or you work on a bid package, you put it out, and then the construction costs are much higher. Then you have to go back and find more budget or work with the Commission and then they'll put out the bid again and so forth.

Commissioner Murguia asked how big is the backlog that we do control. **Ms. VonAchen** said there's so many projects; it's hard to answer that question specifically. **Ms. Sieben** said this is something that we could come back and discuss with you guys, but right now, I'm not prepared to answer those questions. We're just getting ready to go into our CIP and we'll be having conversations about sort of what's moving and what's not moving. **Ms. VonAchen** said yes, that's May. **Ms. Sieben** said that would be actually, in May, a good time for us to come back when we'll be with the whole Commission to kind of talk through where we're at on this. It is a challenge. It's not a challenge that I haven't seen in other communities that I've served in, but we are particularly challenged here for the last few years. We're working through that, with our County Engineer, I mean I can go through the list of things that have happened to get us backlogged, but it's just an excuse.

Chairman Burroughs said, Mr. Bryant, this will be the last question for the sake of expediency. I do want to move on, but I do appreciate the discussion. I think this will come up at a later time for the full Commission.

BPU Board Member Bryant said mine's not so much a question; it's just a comment. I can only see it from the budget side that I see at the BPU. We run into similar issues. The concern that the Board has there is that a project that is projected to happen in a certain timeframe and doesn't happen, also adds the additional cost. The next year, you're going to have cost of living increases for wages for the employees that'll be doing the work. They're going to be very susceptible to material changes. Prices rarely go down, they go up.

When you sit there and you're looking at this laundry list of projects that total however many millions of dollars they are, the next year, that same number of millions of dollars no longer covers those projects and now requires 3% to 5% to 6%, 8% more. I think over there, that is one of ours about the expediency is if you don't believe that you really have a chance of completing a project in that time period, please don't bring it forward as a budget item during that time period.

Commissioner Murguia said, Tom, I think you said for expedient purposes, I know people aren't prepared. The problem is, you all deal with this every day. By the time you talked to me in May, I'm up here once a week. I don't always remember this, maybe all of you do, but I'm not that good. The problem is when you wait, you forget what you asked and what the problem was, or at least I do.

I do just have one more small question. With the backlog of projects, would it be worth our while to temporarily outsource those projects to get them done and caught up while we're working on the staffing issue? **Ms. Sieben** said I'm not going to answer for my Public Works Director. I'd much rather those questions be posed to him directly and how they're trying to handle this.

I know we're working on a whole variety of different things. I know they've discussed this with Kathleen as well. We just brought on a new Deputy who's over that area to try and help us get things moving. I think that would be appropriate conversation if we want to bring them back in and have a conversation about that, but I'm not prepared. I wasn't prepared for that tonight; therefore, I would be doing them a disservice.

Chairman Burroughs said I might suggest that the message be sent that there has been much discussion in reference to the backlog of projects and see what kind of feedback we can get or some kind of input back to the committee for the next month's meeting. Would that be satisfactory to committee members? **Commissioner Walters** said just a list of unfinished 2018 projects would be helpful, 2017 and 2016.

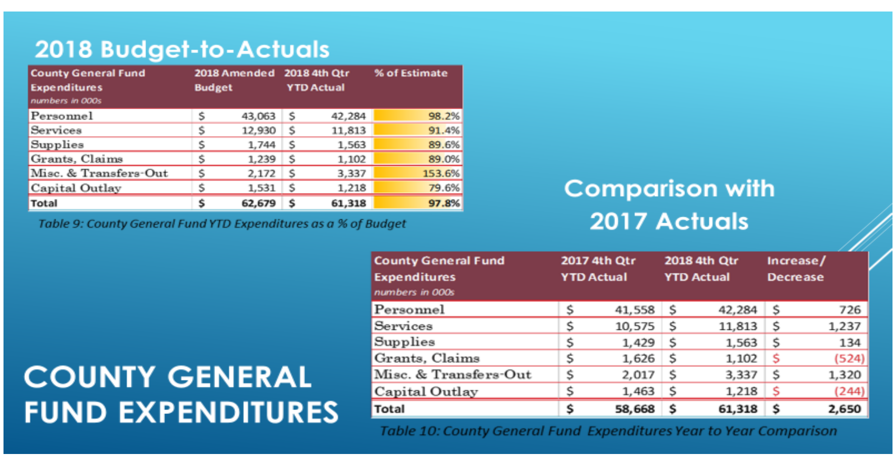
Commissioner Murguia said what I want to know is, I'm just curious, seriously. What's the most backlogged project we have? Is it like 2010? I mean I'm concerned. I just want to know. I'm just curious. I mean, that we're in control of. I understand there are some we're not in control of like the nonfunded sewer mandate. I want to know how far back the unfunded projects go. **Ms. Sieben** said we just moved a $453M project in front of a whole bunch of other stuff because we received federal funds. These are the types of out-of-control things that are not within our purview, and we've had to allocate resources in that direction as well. It's not just one thing but yes, we will get that information and bring it back to you guys. **Ms. VonAchen** said at the next meeting.

Commissioner McKiernan said one other thing, and I'm going to jump in. I apologize because I realize we're trying to get wrapped up here. We talked about taking funds for a project that are allocated for a project, let's say in 2018. Project doesn't get done. We put them in a fund so we can roll them over into 2019 when we're actually going to finish the project. We spend that money in 2019; it's not budgeted in 2019. How do we account for that? **Ms. VonAchen** said if we move it over to the Capital Project Fund—**Commissioner McKiernan** said but we re-budget it—**Ms. VonAchen** said the budget authority goes with it. **Commissioner McKiernan** said we re-budget it. **Ms. VonAchen** said yes, it's re-appropriated. **Mr. Lindsey** said it doesn't become part of the next year's budget. It's in its own fund. It's not included to make the next year's budget larger.

Ms. VonAchen said, Commissioner McKiernan, I want to tell you that most cities—the General Fund is supposed to be the Operating Fund. The Capital Project Fund is the Capital Project Fund. Any outlay here really ought to be just for small items like furniture or some smaller equipment. Any larger things ought to be in the Capital Project Fund. The Unified Government has done things a little differently. There are larger Capital Project Fund budgets that are cash funded in the General Fund. If we were to discuss potentially adjusting the way in which we budget these so that all of the capital is in the Capital Project Fund, we wouldn't be having this conversation. **Commissioner McKiernan** said I would fully endorse and support that discussion to make this a lot cleaner to follow.

Chairman Burroughs said just for clarification, we can get a report on those, the request of Commissioner Murguia in reference to those projects and the length of time, the furthest back, I believe, is what you requested, Commissioner. If we could find out which one of those, it would help the Commission.

I might strongly suggest that bringing these forward for review, that the entire Commission have a chance to hear some of these, some of the length of time it's taking some of these projects, some of the reprioritization. I believe that we are the ones that interface with the public when they're not seeing the project completed, or projects moving forward. It would be beneficial for us if we had an opportunity to at least talk about if we're wanting to move on one project and stall another one because of expediency, or whatever may come forward. I might strongly suggest to my fellow commissioners that this is the information that we should be aware of and make those decisions accordingly, or at least have an opportunity to hear of them at a full Commission meeting to make a statement if needed be. Please, let's continue.



County General Fund Expenditures (numbers in 000s)	2018 Amended Budget	2018 4th Qtr YTD Actual	% of Estimate
Personnel	$ 43,063	$ 42,284	98.2%
Services	$ 12,930	$ 11,813	91.4%
Supplies	$ 1,744	$ 1,563	89.6%
Grants, Claims	$ 1,239	$ 1,102	89.0%
Misc. & Transfers-Out	$ 2,172	$ 3,337	153.6%
Capital Outlay	$ 1,531	$ 1,218	79.6%
Total	**$ 62,679**	**$ 61,318**	**97.8%**

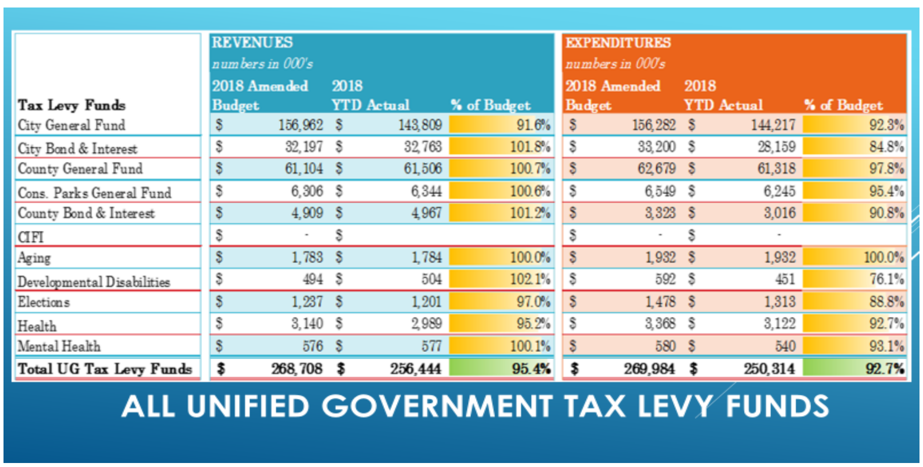
Table 9: County General Fund YTD Expenditures as a % of Budget

County General Fund Expenditures (numbers in 000s)	2017 4th Qtr YTD Actual	2018 4th Qtr YTD Actual	Increase/ Decrease
Personnel	$ 41,558	$ 42,284	$ 726
Services	$ 10,575	$ 11,813	$ 1,237
Supplies	$ 1,429	$ 1,563	$ 134
Grants, Claims	$ 1,626	$ 1,102	$ (524)
Misc. & Transfers-Out	$ 2,017	$ 3,337	$ 1,320
Capital Outlay	$ 1,463	$ 1,218	$ (244)
Total	**$ 58,668**	**$ 61,318**	**$ 2,650**

Table 10: County General Fund Expenditures Year to Year Comparison

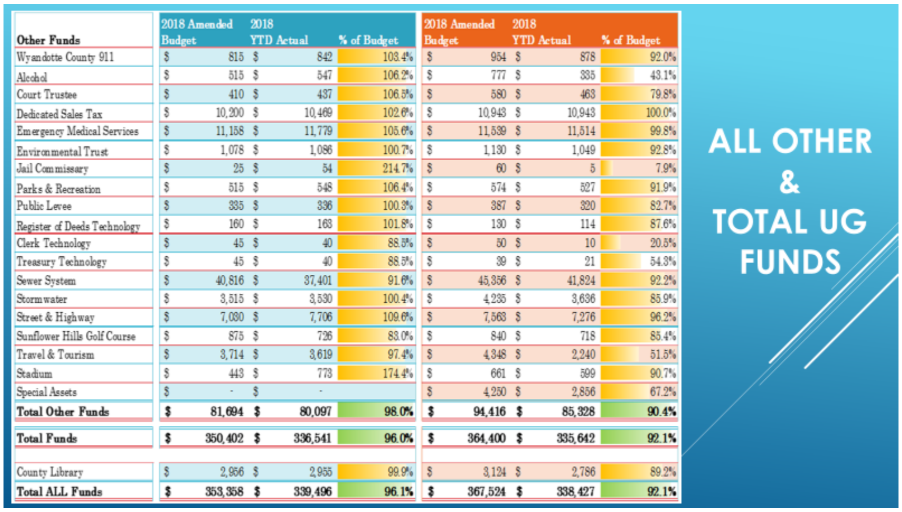
Mr. Lindsey said currently on the screen we have a view of the 2018 budget-to-actual for the County General Fund. Again, we have two views just like we did for the City General Fund. We have one view where we compare what the 2018 budget was and then what it compared to with the 2018 actuals were.

At the bottom of the screen, we have a comparison of the 2017 actuals to the 2018 actuals. You can look right here. We had an almost $63M budget. Out of that, we had like $1.3M leftover. Also from here, we did send $1M to the new juvenile center that we're going to build. That is included within here and we still had a $1M left. We did transfer $1.2M, which is in here where we're 53% over. Included in that was, I mentioned an asset management team, we have as far as for the new security and then we also have the court house security. We moved some money into 2019 for those. We also had money that we moved over for the district attorney for the grand jury that we had going over his statement. We moved funding over for that. That's what's included over there.



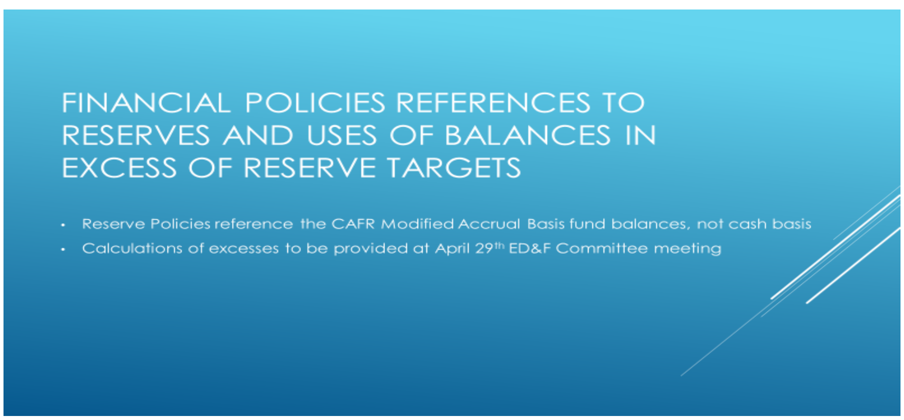
	REVENUES *numbers in 000's*			EXPENDITURES *numbers in 000's*		
Tax Levy Funds	2018 Amended Budget	2018 YTD Actual	% of Budget	2018 Amended Budget	2018 YTD Actual	% of Budget
City General Fund	$ 156,962	$ 143,809	91.6%	$ 156,282	$ 144,217	92.3%
City Bond & Interest	$ 32,197	$ 32,763	101.8%	$ 33,200	$ 28,159	84.8%
County General Fund	$ 61,104	$ 61,506	100.7%	$ 62,679	$ 61,318	97.8%
Cons. Parks General Fund	$ 6,306	$ 6,344	100.6%	$ 6,549	$ 6,245	95.4%
County Bond & Interest	$ 4,909	$ 4,967	101.2%	$ 3,323	$ 3,016	90.8%
CIFI	$ -	$		$ -	$ -	
Aging	$ 1,783	$ 1,784	100.0%	$ 1,932	$ 1,932	100.0%
Developmental Disabilities	$ 494	$ 504	102.1%	$ 592	$ 451	76.1%
Elections	$ 1,237	$ 1,201	97.0%	$ 1,478	$ 1,313	88.8%
Health	$ 3,140	$ 2,989	95.2%	$ 3,368	$ 3,122	92.7%
Mental Health	$ 576	$ 577	100.1%	$ 580	$ 540	93.1%
Total UG Tax Levy Funds	**$ 268,708**	**$ 256,444**	**95.4%**	**$ 269,984**	**$ 250,314**	**92.7%**

Here we have all Unified Government Tax Levy funds. On the left-hand side, we have the revenues. On the right-hand side in orange, we have the actuals for the expenditures. One of the key things we want to look for here is, it's good to be over 100% on this side. If you're over 100% over here, that's not such a good thing. You see we've got one fund, Aging, which was right at 100%. Most everything is under 100%.

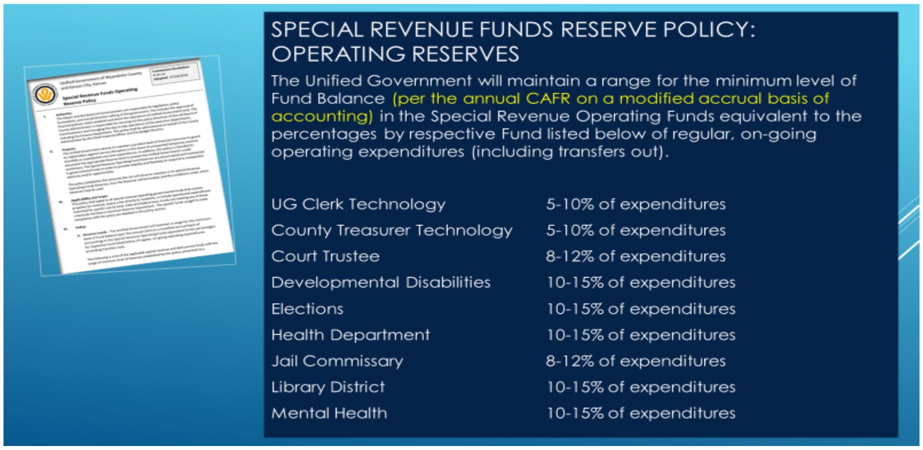


Other Funds	2018 Amended Budget	2018 YTD Actual	% of Budget	2018 Amended Budget	2018 YTD Actual	% of Budget
Wyandotte County 911	$ 815	$ 842	103.4%	$ 954	$ 878	92.0%
Alcohol	$ 515	$ 547	106.2%	$ 777	$ 335	43.1%
Court Trustee	$ 410	$ 437	106.5%	$ 580	$ 463	79.8%
Dedicated Sales Tax	$ 10,200	$ 10,469	102.6%	$ 10,943	$ 10,943	100.0%
Emergency Medical Services	$ 11,158	$ 11,779	105.6%	$ 11,539	$ 11,514	99.8%
Environmental Trust	$ 1,078	$ 1,086	100.7%	$ 1,130	$ 1,049	92.8%
Jail Commissary	$ 25	$ 54	214.7%	$ 60	$ 5	7.9%
Parks & Recreation	$ 515	$ 548	106.4%	$ 574	$ 527	91.9%
Public Levee	$ 335	$ 336	100.3%	$ 387	$ 320	82.7%
Register of Deeds Technology	$ 160	$ 163	101.8%	$ 130	$ 114	87.6%
Clerk Technology	$ 45	$ 40	88.5%	$ 50	$ 10	20.5%
Treasury Technology	$ 45	$ 40	88.5%	$ 39	$ 21	54.3%
Sewer System	$ 40,816	$ 37,401	91.6%	$ 45,356	$ 41,824	92.2%
Stormwater	$ 3,515	$ 3,530	100.4%	$ 4,235	$ 3,636	85.9%
Street & Highway	$ 7,030	$ 7,706	109.6%	$ 7,563	$ 7,276	96.2%
Sunflower Hills Golf Course	$ 875	$ 726	83.0%	$ 840	$ 718	85.4%
Travel & Tourism	$ 3,714	$ 3,619	97.4%	$ 4,348	$ 2,240	51.5%
Stadium	$ 443	$ 773	174.4%	$ 661	$ 599	90.7%
Special Assets	$ -	$ -		$ 4,250	$ 2,856	67.2%
Total Other Funds	**$ 81,694**	**$ 80,097**	**98.0%**	**$ 94,416**	**$ 85,328**	**90.4%**
Total Funds	**$ 350,402**	**$ 336,541**	**96.0%**	**$ 364,400**	**$ 335,642**	**92.1%**
County Library	$ 2,956	$ 2,955	99.9%	$ 3,124	$ 2,786	89.2%
Total ALL Funds	**$ 353,358**	**$ 339,496**	**96.1%**	**$ 367,524**	**$ 338,427**	**92.1%**

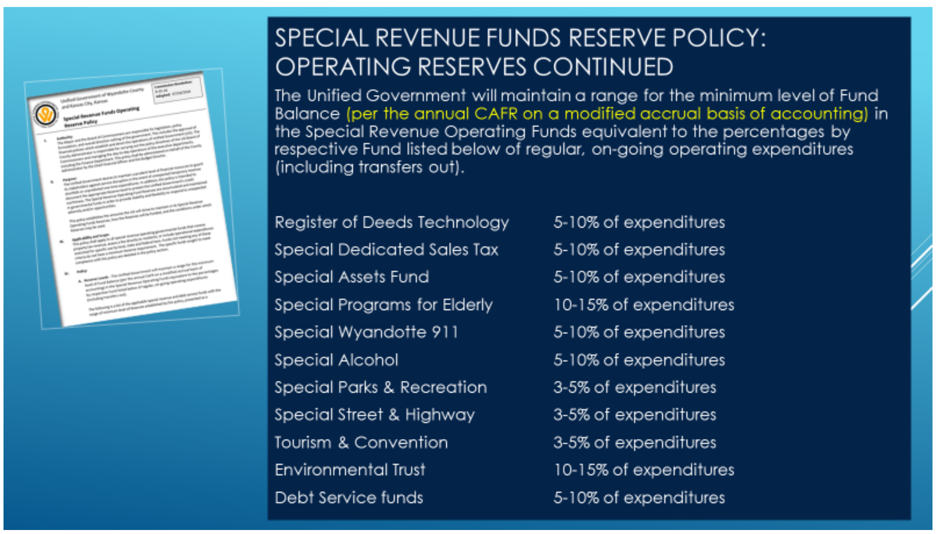
Here we have a view of all the funds. We have all the other funds that are included here. This includes like our Special Tax funds. Again, key thing to look for on the revenue side is it's good if we're over 100%; and then on the expenditure side, it’s good if we’re below 100%. We don't have anything over 100%. We have some things that are right at 100%. That means we spent up all the money.

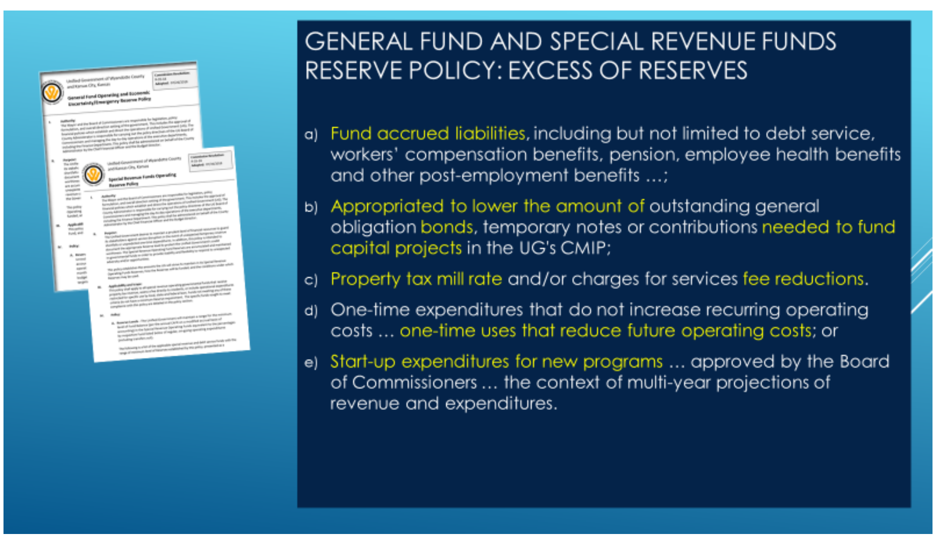


Ms. VonAchen said as I mentioned, just to rehash briefly, the financial policies reference the reserves and the use of the balances or the use of the excess above the target. Our Reserve Policy, as I mentioned, it refers to the CAFR modified accrual basis of fund balances, not the cash basis. We are going to be pulling all that together, those fund financial statements, in time for our next ED&F Committee meeting. At that time, we'll be doing those calculations and showing those to you. I think you remember last year, we demonstrated how, by fund, and how much the fund balance grew, or the net margin, and then what the new fund balance is. Then you can see what percentage of the expenditure that was and how that compares with the target for that fund.



For example, here are all the targets for the various Special Revenue funds.

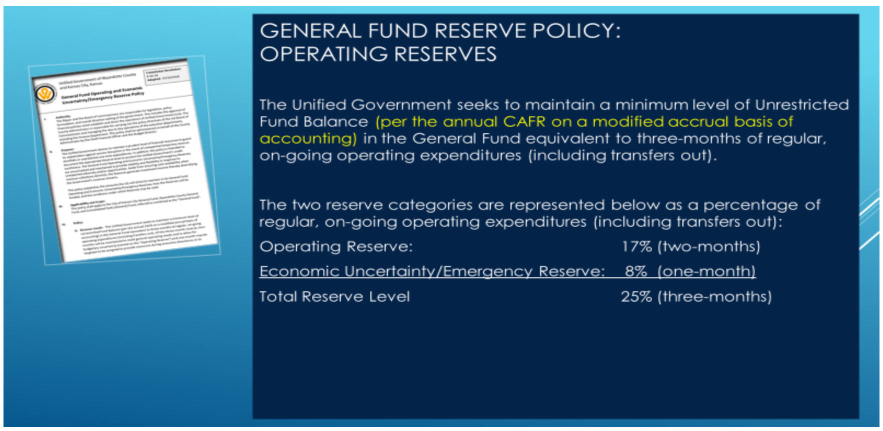




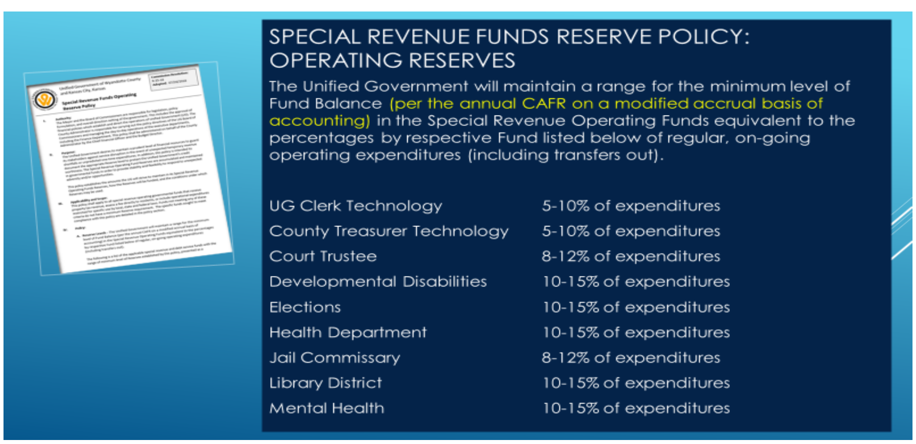
Here's the rest of the Special Revenue funds. There's quite a few of them.

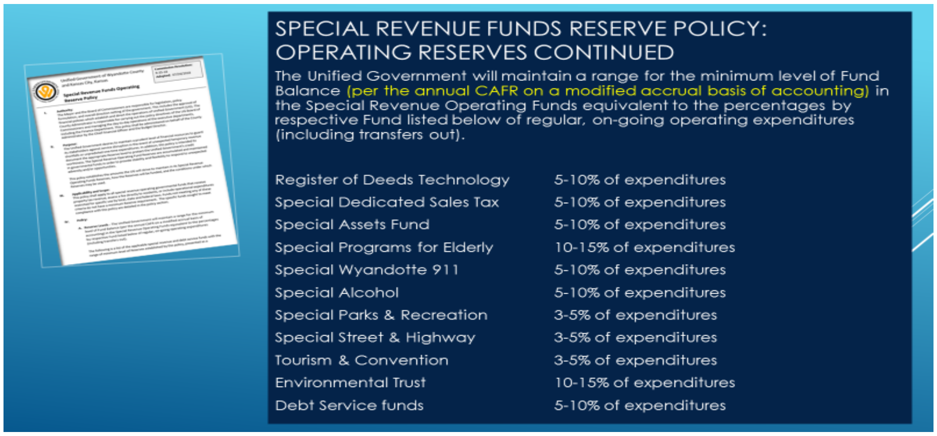
The excess of reserves—the five areas, just as a reminder, if there's excess, of course, we're not just talking General Fund, but also Special Revenue funds when they're available, is to fund maybe some accrued liabilities, pension, workers comp, and the Health Fund. We can also appropriate lower amounts toward special obligation bonds and increase the cash funded capital projects. We can reduce the property tax mill rate or any other kind of charges for services.

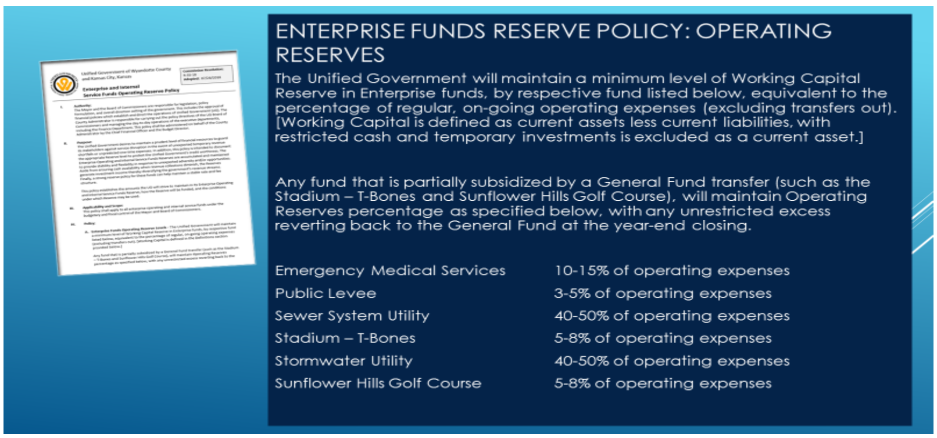
We can use one time, for one-time projects that would potentially—those projects would reduce operating costs in the future, or start a new program if that fits within the long-range financial plan.



This is the General Fund Reserve. It's a percentage. It's a minimum level of Unrestricted Fund balance based on the CAFR modified accrual basis. This is the target we're on right now. This would be one we may potentially work toward in the future.







These are all the targets for these respective funds. Then also the same applies for these Enterprise funds.

That's all I got for this presentation. **Chairman Burroughs** said I sincerely appreciate the time you've given us for our questions.

Action: For information only.

Item No. 2 – 19649…REPORT: FOURTH QUARTER BUDGET REVISIONS

Synopsis: Fourth Quarter Budget Revision Report, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said usually when we have budget revisions that are over $10,000, we send them to the County Administrator's Office. If they're over $50,000, they require the Mayor and the County Administrator's Office to sign off on. For the fourth quarter, we had 20 transactions. Of those, 5 transactions required funding from outside of the departments. The other 15 required funding from inside their departments.

Commissioner Murguia said over $10,000, the County Administrator; over 50 is the Mayor and the County Administrator. **Mr. Lindsey** said yes. **Commissioner Murguia** said no, I was here when we changed that policy. If it's over 50, it has to come back to the standing committee for the commissioners. **Mr. Lindsey** said if it's over $50,000 and its operational, it goes through the Mayor and the County Administrator. If it's a discretionary, it comes back to the Commission. That's like if we were going to be purchasing a piece of property or something like that; but if it's operational and something needed to make sure that operations at the Unified Government day-to-day can keep going. **Commissioner Walters** asked is that an interpretation that after our—**Ms. VonAchen** said no. **Commissioner Walters** said I remember them having that discussion when we made the new policy. **Ms. VonAchen** said no, I copied/pasted from the previous. The language was all—it didn't change. That part of the language didn't change.

Commissioner Walters said like Commissioner Murguia, I remember when we made the policy change. I don't remember having a discussion about whether it was operational or discretionary. I thought anything over $50,000 had to come to the Commission. **Ms. VonAchen** said whatever the language was prior to our changing of the policy, that's what it was in this regard. I didn't change it. We can always explore and discuss it and change the policy in the future.

Chairman Burroughs asked what would you guys like to do. I can have them restate the policy. **Commissioner Murguia** asked, Brian, were you here. **Commissioner McKiernan** said yes, absolutely I was. I'd like to just review because I thought I remembered anything $50,000 back here.

Chairman Burroughs said I might suggest at the next budget meeting that we have clarification on that piece of policy for the Commission's review. **Ms. VonAchen** said I can send you a link to our website that has all the policies and I can show you where it is. **Commissioner Murguia** said I believe that the policy—**Ms. VonAchen** said we can discuss at the next meeting. **Commissioner Murguia** said I believe you guys that what you're telling us is the policy. What we're saying is that that's not the policy change that we recommended or we talked about, or we approved. I believe you. Again, this has nothing to do with the two of you. We're just saying whoever. I don't remember who was here that we made the change with, but that wasn't what was said.

Commissioner Townsend said the benefit of this being taped is I'd like us to roll the tape because I remember both points. I remember, and I couldn't tell you what it was, but it had to do with the expediency of the change. I thought, I'm pretty sure there was discussion about a $50,000 amount. Just so we're all clear, I would like staff to go back the very last time this was discussed. I couldn't tell you when. We may have to enlist the assistance of Madam Clerk and her office on those key words and bring back the transcript so we can all, next time, be on footing. That's the value of having this taped and then we can go on. I think everybody's commissioner said, Commissioner Murguia said, we know you're cutting and pasting. You're bringing us what it was. Just so we, collectively, can recollect the discussion, I think I'd like to see the transcript so we can move on.

BPU Board Member Bryant said it may be that it is, it was the expediency factor that there may be situations come up that can't wait for the next meeting to be able to act upon. Even in those cases, it should come back and be notified of why it was made after the fact so that people are well aware; the public is well aware of why things are happening. Then we can kind of look at was it a one-time thing that was just an emergency, or did we not fund a situation correctly or expected result. **Commissioner Murguia** said that was the exact discussion that we had. **BPU Board Member Bryant** said I think so. **Commissioner Murguia** said is it to come back even after the fact.

Ms. VonAchen said I wanted to make two points. The first is that our accounting procedures require us to not exceed the budget at the fund level; any kind of revisions that are happening regardless of the amount. They're getting taken from other areas of the budget. We're not exceeding the budget, you understand. We're just moving funds amongst the line items. **Commissioner Murguia** said we're not spending money we didn't authorize. I don't think anybody is saying that. **Ms. VonAchen** said just wanted to make sure. **BPU Board Member Bryant** said I think most of it was understanding why the funds are needing to be transferred. The reasons behind the shortfall. **Chairman Burroughs** said when we see a budget revision of just $0.75M at the end of the year, $705,000, that's a significant amount of money. **Ms. VonAchen** said that's across all funds you realize, the $376M.

Chairman Burroughs said this is for information purposes only. We do have a commitment to bring back that information.

Commissioner McKiernan said I found the policy. **Commissioner Walters** asked four years ago. **Commissioner McKiernan** said it's the one that's currently posted on our website. **Commissioner Walters** said I think the whole thing is has there been (inaudible) over the years of what our original intent was. **Commissioner Murguia** said I'm not implying—I believe them that what the policy says it says, but the policy's not reflective of what we discussed then. That discussion that we had was about anything over $50,000, and we specifically said what Jeff said, that we understand some things require that action needed to be taken immediately, but the following meeting we should be notified.

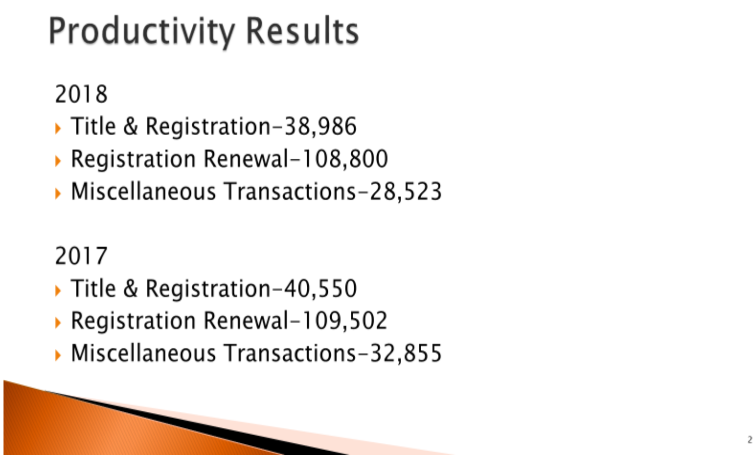
Commissioner McKiernan said that's what Item 7B here says, the County Administrator is authorized to approve budget revisions that exceed $50,000 for matters involving health and safety concerns, other emergencies, or to sustain ongoing operations, subject to the approval of the Mayor or the Mayor Pro-tem, if the Mayor is absent. These revisions will then be reported to the next scheduled meeting of the Economic Development and Finance Standing Committee. I guess the interpretation is, health and safety concerns, other emergencies, or to sustain ongoing operations. **Commissioner Murguia** said with that, I think we should look at the tape. I'm not sure that that policy reflects what was on the tape. **Commissioner McKiernan** said okay. **Commissioner Murguia** said I was here, and I do have a really good memory and stuff like that.

Action: For information only.

Item No. 3 – 19644…UPDATE: MOTOR VEHICLE REGISTRATION CUSTOMER SERVICE

Synopsis: Update on the performance of the customer service initiatives for the Motor Vehicle Registration Program of the Treasury Division from 2018, submitted by Kathleen VonAchen, Chief Financial Officer; Rick Mikesic, Director of Revenue/Treasury; and Andrea Parra, Deputy Treasurer.

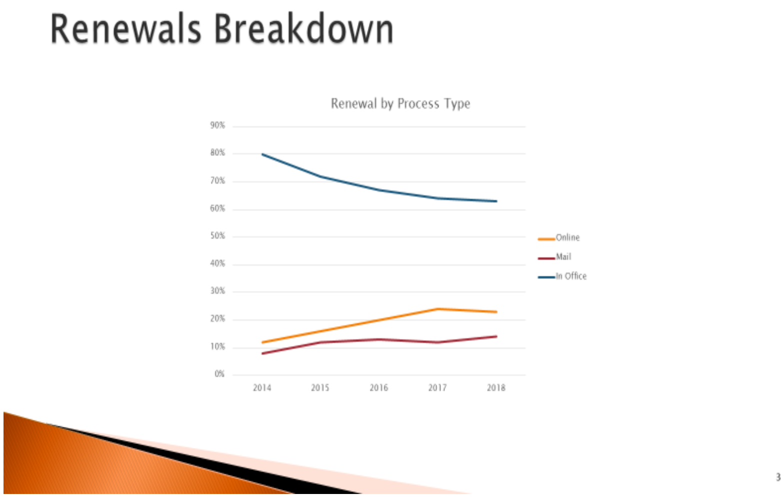
Kathleen VonAchen, Chief Financial Officer, said I'd like to introduce Rick Mikesic and Andrea Parra from the Treasury Division. They're going to be making this presentation. Andrea is going to be making the presentation, and Rick will answer any questions if you have any for him.



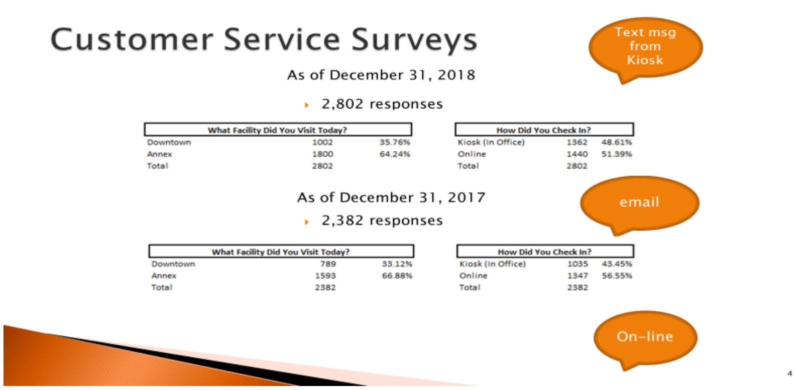
Andrea Parra, Deputy Treasurer, said we are here to present, kind of, what the last year looked like in Motor Vehicle. First thing we want to touch on is just kind of what we, as a team, produced. Just under 39,000 new titles and registration transactions. A little over 108,000 renewals; current, existing owners coming in to renew their vehicles.

I'd like to point out there was a section of about 30,000 miscellaneous transactions. That's going to include a lot of back office work. No cost transactions that are included in productivity at just a lower level of processing time. It is down from last year, as you probably can tell, either outside our control; people moving counties, leaving the state, things that we can't control.

Just some additional activity. We had a lot of staff leave in terms of going to different departments, getting promoted outside the organization, bettering their careers. There's some delay in business productivity, but we had more quality, I would say, than quantity this year.



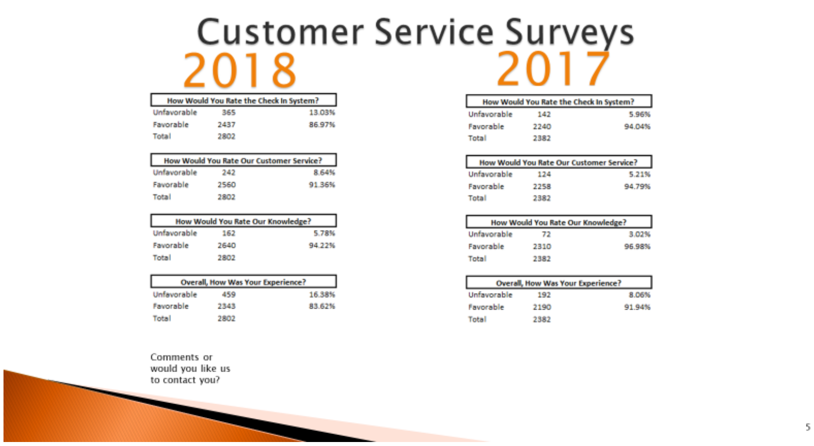
Quick idea, renewal breakdown. Rick and I have the idea that we're trying to get the lower percentage of what is the in-office to become online. We have lowered it by half. In 2018, about 23% of our renewals did their vehicles online, compared to 2014, it was only 12%. A few years difference. Obviously, PayIt is the ideal situation that went live this last April. We’re about a year in from iKan through the motor vehicle at the state. Hopefully, those numbers and colors will be complete opposite here in a year or two is the goal.



If you do not know, we use the Awesome Q form site survey system conducted to each other. In 2018, we did about 2,800 surveys. We narrowed them down to about a 420 total count increase. Part of the whole idea of educating the county is also getting their feedback, good, bad or indifferent. Our staff pushed to make sure they talk about it at the beginning, the middle, and the end of every transaction, whether they got their ticket online or in the office. It’s just something we mention. Hey, go online; rate our service; tell us how it was.

Chairman Burroughs said if I may, I just have to state, I had just went through this myself personally. The state's platform is horrible. I went through our local unit of government, streamlined, I was done in 20 minutes at the most. With the state, I spent three hours and still could not get into the portal. It was terrible. I just want to say thank you for the commitment to get this done for our community. **Ms. Parra** said unfortunately for motor vehicle, it was out of our control. We couldn't use PayIt. With the team, Allen, and PayIt themselves, we're making it more favorable for Wyandotte County specifically. Not just iKan, but myWyco is the goal. If we can make that better, he may address to that. We're willing to do what we can.

Alan Howze, Knowledge Director, said as Andrea gave an update, I think it was last month or the month before about the property tax payments. Again, the growth in online accounts, now we're above 4,000 in online accounts. A lot of that's due to the Treasury staff helping people get set up. That enables the ability to both turn them on to the tool and then allow for notification. Again, that graph she was showing in terms of the trendlines, you want to see more of that to go online. The more people we can kind of lock into online accounts, the more services we can layer on to that. It builds upon its own success.



The next slide just kind of shows a comparison of the results of those surveys. 2018 overall, you'll see the check-in system, 86% was favorable. A little bit low of 13% unfavorable. To be honest with you, the unfavorable is more foreseen circumstances that are not truly check-in, but our title exceeded the wait time. We can't help them. I think they kind of misunderstand sometimes what the actual check-in system issue is versus what I would throw in the customer service helping them or not being able to help them.

Hot topic for me, customer service is at 91%. My goal, personally, I can speak for Rick as well, is we would love that to always stay above 90%. We may not be able to help you, but how did we do while you were waiting. That's the goal, to make sure that we're always doing what we can even if the service is not provided at the time of business transaction.

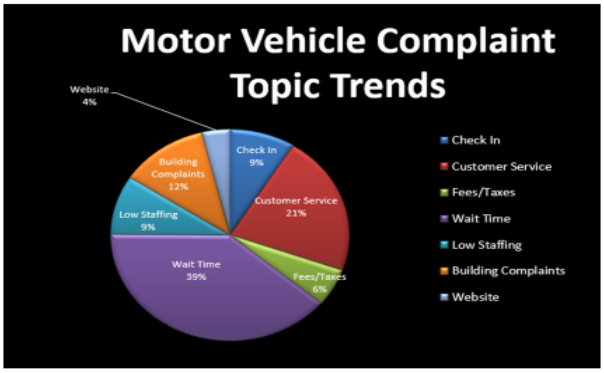
Overall knowledge, 94%. A little lower than last year. We, I believe, personally, I've signed more PANs than I could ever tell you. Unfortunately, we're getting people in, they get promoted, or they leave our department; but we are strongly showing that education, elaborating on training, give them the understanding before they ever meet someone that they know what they're doing for the sake of first-time transactions.

Overall experience, 83%. Not as palatable as we usually are. We're usually at about 90% there. I just think we've been a little understaffed for the last few months. We're making do with what we have, but also making sure that customer service is not suffering for the sake of not having a full staff at the front-line level.

Commissioner Walters asked do you think the staff levels are responsible for the increase in unfavorable responses across the board. **Rick Mikesic, Director of Revenue/County Treasurer**, said Commissioner, during the year, we had 9 people that we lost from the front line. There's 14 people up there. The majority of the ones we lost, we lost 6 that transferred to other departments within the Unified Government, which I support because they're growing their career. Those are good people that are going and serving other parts of the government, but we have to replace them. I don't think there's any question that some of the areas where we started seeing some of our regression was due to having to replace such a large part of our group.

Of course, every time you lose a person, it takes us about 2 months to get them replaced in the door. Then there's a couple of weeks before they're really making contributions on the line. Nine people, that's 18 months of productivity we lost during the year on the line. I don't think there's any question that that played a role.

Motor Vehicle Complaint Topics



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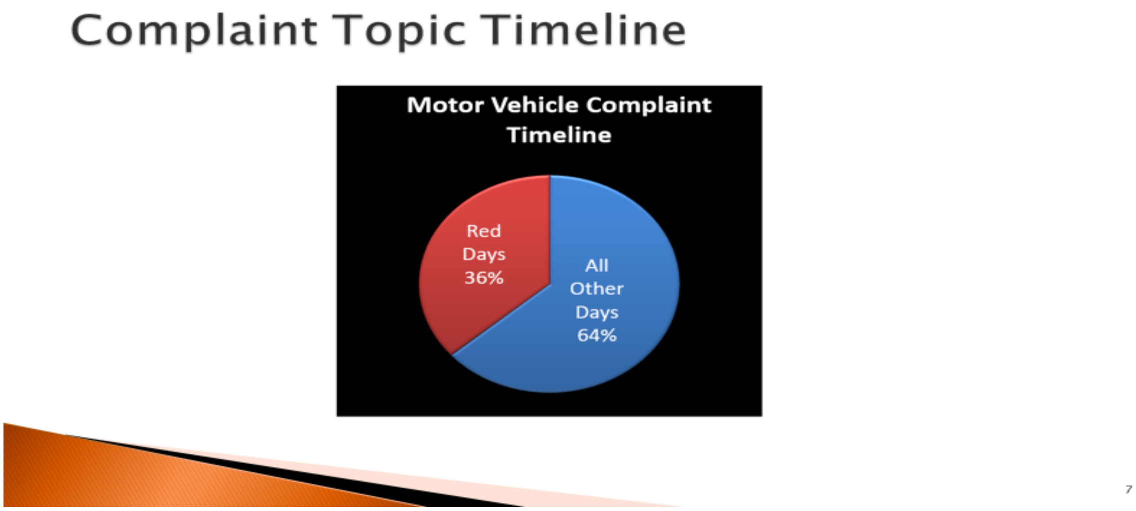
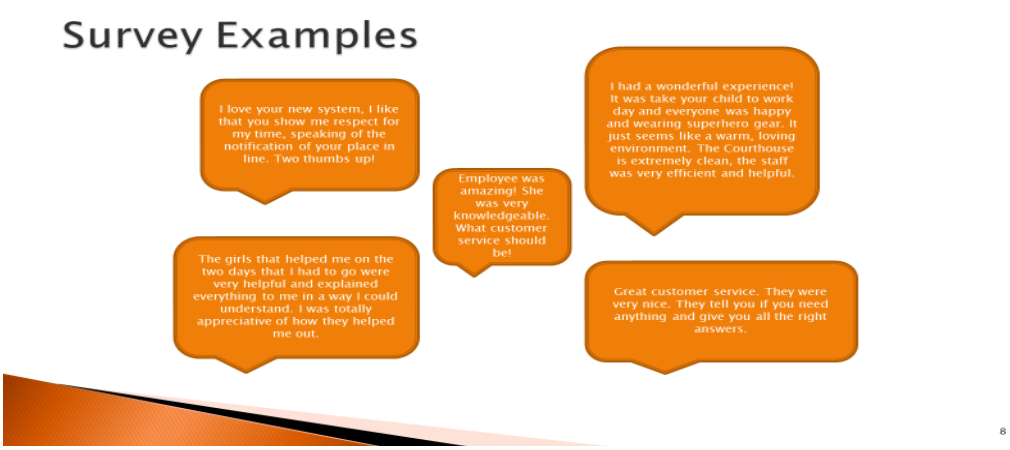
Ms. Parra said the next one would be a graph of what exactly you're looking at in terms of types of complaints. We mainly go through every survey every month and we track exactly the negative, or the not so palpable complaints; what they really attested to. Wait time will probably be the highest just because we are a large county with a lot of new titles, just under 38,000 new vehicles came in that 14 people have to register for the most part. The second highest would be customer service. Our goal is to lower those. There are some things outside our control here at the court house, area buildings. It's kind of high due to the parking situation that we see currently. Fees and taxes, out of our control.

We did this last year, add the website as a piece. That's not as strong a percent because I just added it Quarter 3 of 2017 and 2018. I noticed a big trend of people just having problems getting online. Checking in online. Seeing where those links are. Did some studies, other counties, and made it easier to see as best as we can. If we continue to see those surveys come back, we'll keep adjusting as we need.

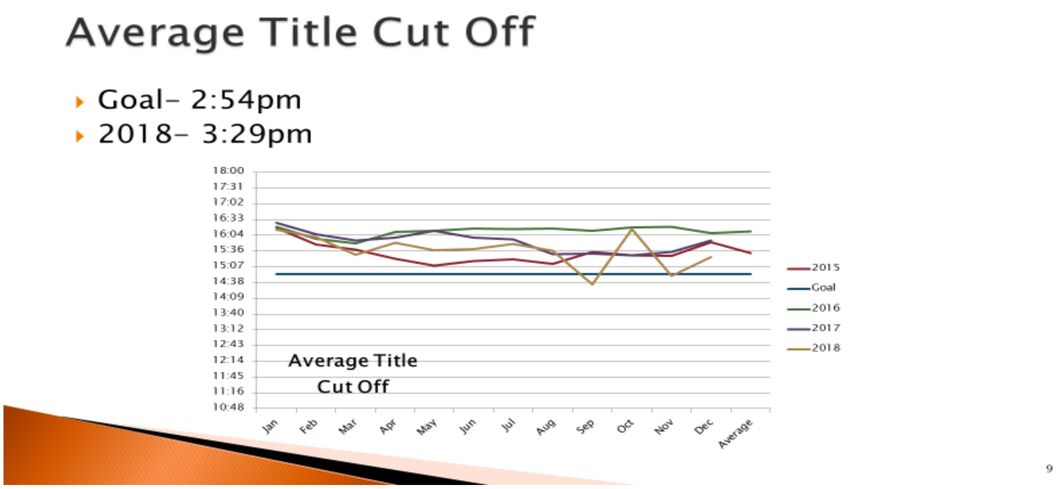


I just wanted to throw in this slide. It kind of dictates exactly what it looks like. With what you may have heard before, we call them red days. Four days out of every month we expect high volumes of service. They're the first two days of every month and the last two days of every month.

They only make up 20% of the whole month, but we only get 36% of our complaints on those days. We have everybody all hands-on deck, even staff to my level, if I need to, will be up there doing what I can to assist. If someone's gone, we have multiple staff that are out this last year as we mentioned, anybody that can do a motor vehicle transaction, we'll have somewhere helping out. The rest of the complaints would fall under the other days which is middle of the month, middle of the week, just random days, it's about 64%.

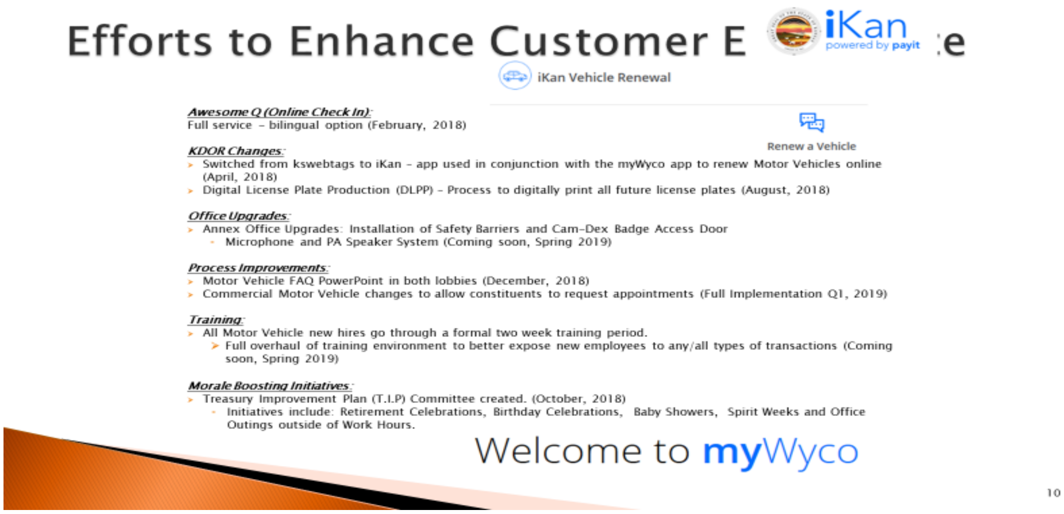


A few samples of some surveys exact from the website. Of course, names and personal information would have been pulled out. I can't tell you how many times I look just spot checking from time to time. Like Friday was a very busy day, 1 negative for 10 positives. It's really not just, you know, unfortunately, I had a bad situation. I'm here to report exactly how good they're doing. It's good to see, as a management level team member, that we really are doing what we say we want to do.



Title cut off slide kind of shows the goal. The goal is set up based on when we initially set up goals to cut title work off when we had one que for everything. It was a combination of five business days. Two days, Monday-Friday, we cut off; 2 was the goal. Then 3:30 is Tuesdays, Wednesdays, and Thursdays. Averaging out to get about 2.5. 2 p.m., no later than 3:00 is the goal to hit every day. As you see, we weren't at the goal, but we were very close to the goal.

It's noteworthy to know that this actually is the best year we've done in a really long time. 2016, 4:02 p.m. was the average time we cut off. 4:02 is amazing. We close at 5 p.m. We were fully staffed when I came back up in 2017. It was good to see and we're going to get there soon, but we're just not quite there yet.



A few efforts that Rick and the management team have started doing. It's kind of starting in a timeframe, full service, last February we added the bilingual option on our Awesome Q system. You walk in the office. You can fully start in Spanish to the end checking in and getting your tickets online or in office. That's a change to the kiosk. KDOR, as I mentioned earlier, we went live with iKan merging it with myWyco.

Another change that KDOR proposed, as you probably have heard, is the digital license plate production that went live last August. It's a huge change. 105 years getting your plate the same way can be quite hard to chew on, but we've got a lot of positive results. People are getting their plates quickly. From what I understand, there's not really a lot of issues there. The state is really receptive to helping out when something comes up.

Here at the local level, our office upgrades. We installed safety barriers and Cam-Dex badge access door out at the annex and are partially implemented with a new microphone and PA system there as well.

I started, again, a year-and-a-half ago. That was the first day that we did his walk-through. I told him that it's necessary. It's just a safety concern. We got it finally and we're almost finished with the full PA system, number system, that way anyone in the back of the office, front of the office can hear, lobby, you can hear your number called clearly.

As you may understand, the annex is probably our heavy volume office at this point. They are transitioning from what would have been the court house as our heavy hitter. The annex is now the busier office of the two. It was a very necessary need.

A few improvements. We added FAQ PowerPoint to both lobbies. One of our TVs was not really being utilized to its fullest so we took off what was on there, which was just an additional, where you are in line screen and now give them, I believe, it's a 20 plus page full: how do I do, what do I do, what do I need type of environment, if you haven't been to the lobbies. That way, if you are choosing to wait in line or if you need to sit in the lobby, you can kind of prep yourself on what you need before you get up to the window.

Another change we made that we, hopefully, have full implementation by the end of this last quarter. As far as I'm concerned, effective now, today, as we are pushing all constituents to do their CMV, commercial motor vehicle, transactions through email. They can request on an email address, we can review their paperwork, email it, send it in. They can even get to an invoice level, walk in and finish within 5-10 minutes. Commercial motor vehicle can take a minimum of an hour if you really are doing a full-service commercial transaction. It alleviated a lot of our wait time, and it's allowing upper-level staff to do this at the back-office level.

Training, as he mentioned, we do put the new hires through a 2-week training period. We've extended it a few days to allow for some additional training; some exposure from all levels of our staffing, from the front to the top, including myself and Rick. Shadowing, being able to really see what you're going to be doing before you're doing it. We're also going through a full overhaul of training, which is, we just started this last spring. Now, we're trying to get every person involved, again, like I said, up to Rick and I.

A few other items we did. We implemented what's called the Treasury Improvement Plan. It's called TIP. It's a committee of our own employees that are part of recruitment, retirement parties, birthday celebrations, all kinds of spirit weeks. They meet, they have a newsletter. It's pretty cool to see your own staff talking about what we want to improve on from our last October training and really working with each other.

Commissioner Walters said I have a comment. From my personal experience and from just the comments I get from residents, I think things are better in 2018 than in 2017. I'm sorry the data doesn't really bear that out. I'm glad to see the status of the process improving, so good for you. **Ms. Parra** said thank you. **Mr. Mikesic** said I'm happy to hear that. Thank you. **Chairman Burroughs** said thanks for all your work. It's really appreciated very much.

Action: For information only.

Item No. 4 – 19645…ORDINANCE: REDEVELOPMENT DISTRICT PLAN FOR PROJECT AREA 1 IN THE DOWNTOWN GROCERY REDEVELOPMENT DISTRICT

Synopsis: An ordinance making findings and adopting the Redevelopment District Plan for Project Area 1 in the Downtown Grocery Redevelopment District, submitted by Katherine Carttar, Director of Economic Development.

Downtown Grocery Store
Economic Development & Finance Committee
April 1, 2019

Katherine Carttar, Director of Economic Development, said we've got two items on the docket today. I will just first start kind of drawing your attention to the rendering of what is proposed to be the downtown grocery store. This is not exactly how it's going to look. We've already made some tweaks. Some of the colors, going to have some more of a brick type of facade, that canopy is not going to be quite so large, and some other things, but that's kind of the general idea of what it's going to look like.

This did go through the preliminary design plan. It went through the Planning Commission, as well as Full Commission just here last week. The final design plan will go to Planning Commission on the 8th of April, one week from today.

This is Chris Lucas, sorry. I should introduce my visitor. Chris Lucas is with Sunflower Development. They're assisting us on some of the financing. He'll be talking about new market tax credits so stay tuned.

Downtown Grocery Store Financing

- Requested actions tonight:
  1. Ordinance: Redevelopment District Plan for Project Area 1 in the Downtown Grocery Redevelopment District
     - If approved tonight, this ordinance will be voted on after the public hearing on April 11
  2. Resolution: Creation of Two Nonprofit Corporation
     - The resolution authorized the UG to create the two non-profit entities that are required to received the New Market Tax Credits

A couple of things. Tonight, what we're going to be looking at is an ordinance that would approve the project plan for the TIF. Back a couple of months ago, you approved the entire district, kind of the boundaries, and this would be specifically for that Project Area 1. The second is a resolution to create two nonprofit entities. This has to do with new market tax credits. We'll get into what all that means here in a minute.

Before we get more specifically into these two items, we do want to go through and give you an update on the grocery store financing. This is something we've been working on very diligently trying to make sure that we are the best stewards of public taxpayer money, as we possibly can, and make sure that we're able also to provide a grocery store that will be able to serve the entire community, a full-service grocery store, all of that.

Downtown Grocery Store Financing

Project Costs (Uses of Funds) Total sq. ft: 14,000

Item Description	Estimated Cost
Land Acquisition and Title Costs	$27,500
Construction Costs*	$3,197,625
Soft Costs – Professional Services*	$787,826
Fixtures, Furnishings & Equipment	$1,530,000
Contingency	$277,049
Cost of Issuance	$30,000
Opening – Start Up Fund	$150,000
Total Estimated Project Costs with Contingencies	**$6,000,000**

** Of these costs, only an estimated $913,021 are eligible to be paid with TIF dollars.*

I will draw your attention to—this is kind of the large bucket that we're looking at. Title costs, $27,000. The big ones, of course, are construction costs. That's hard costs, just over $3M. Soft costs, that's all your architects, engineering, all that good stuff. Fixtures, furnishings and equipment, $1.5M. That would be all the refrigeration, all of the shelving and lighting, and all of that, that would be inside of this store. Contingency, that's 5% of each of the construction costs, the soft costs, and the fixtures, furnishings, and equipment. Cost of issuance, there will be some bonds that are included in this project. Then the opening, kind of start-up funds, $150,000. This is just to ensure that we have all the staff trained and all the items are ready to go when we said they will be. All of that, we get to $6M. I do want to point out that if we are moving forward, ideally with a TIF, all of these costs, we only have about $900,000 of the costs that are TIF eligible costs.

I will pass it over to Kathleen to explain where the sources of these funds come from.

Downtown Grocery Store Financing

Project Funding (Sources of Funds) Constant $ Over 20-yr Period

Item Description	Estimated Cost
Property Tax Increment (GO TIF Bonds)*	$913,021
Sales & Use Tax Revenues (GO Bonds)*	$819,580
UG Cash Contribution (Special Asset Fund)	$2,050,000
LISC Loan (15-yr, 3% interest rate – Healthy Food Financing Initiative)	$1,237,500
New Market Tax Credits (Net of all fees & costs)	$1,000,000
Grocers' Revenue Sharing	TBD
Total Estimated Project Costs with Contingencies	**$6,020,101**
** Net present value = 3.3%*	

Kathleen VonAchen, Chief Financial Officer, said we have been working on a pro forma. We've worked closely with Chris Lucas, who's joined us, as well as other members of the financing team and bond counsel. Of course, these numbers will still move slightly, but this is our projections of the various sources of funds to pay for the $6M project.

We are anticipating to dedicate $913,000 in property tax increment. Keep in mind, that's the limit because there are state statutes that limit the type of costs that can be reimbursed from property tax TIF. In reality, if we were to provide 100% TIF for the entire 20-year period, the total on a net present value equates to $2M. There is an excess of the amount that we are able to spend which we hope to be able to utilize on other development projects for the other project plans, or project areas surrounding Project Area 1.

The sales tax, sales and use tax revenues, this is the revenue generated from the grocery store itself. I will talk about some of the assumptions in the following slides. This is over a 20-year period as well. UG cash contribution of $2M, which is coming from the Special Asset Fund. In 2018, there was a $4M appropriation for projects, and we utilized $2M. Actually, we transferred $2.4M at yearend because we were still working on this per forma. Since then, we finalized it. We transferred a little bit too much. Ultimately, at the end of the project, we'll move the funds back to the Special Asset Fund. $2M out of the $4M, there remains a substantial amount remaining in that fund for other projects as well.

We are also looking at a LISC loan. This is actually going to be paid for over 15 years, at a low interest rate of 3%. It's part of their healthy food financing initiative. These two amounts here are being funded at the moment by a temporary note that we issued for 2019. Once the project is completed, then we'll go to permanent financing, as we typically do, but they'll be a TIF and then a special obligation backed by the General Fund. Right now, during the construction period, they're part of the temp note that we issued in February. Whereas this one will be, because of the loan structure, this one will be a private placement, GO backed private placement, which we'll be doing later on this year.

The new market tax credits, we're estimating net of all fees and costs to be $1M. Then the grocer's revenue sharing is an amount to be determined. The total project estimate equates to the same amount as the project cost, or a little bit over. Our net present value, these are all net present value figures, we're using 3.3%, which is the same as the UG borrowing cost.

The next four or five slides have details of the assumptions for each of these revenue sources.

Commissioner Murguia asked what's the $150,000 startup fund for again. **Ms. VonAchen** said that was part of the development agreement. Katherine can talk about that. **Ms. Carttar** said that was something that was in the management agreement. It's basically to cover all opening costs. It's, I believe, fairly flexible. I'd have to go back and see exactly what that covers, but it's to make sure kind of the time between the time the building is complete and then the time that it actually opens it kind of gets everything in place for an opening.

Commissioner Murguia asked what in the world could cost $150,000 once the building is built and we have a grocery provider. What could cost $150,000? You mentioned earlier when you started, you said it was for staff training. Hopefully, we're not hiring and training staff for the grocery store because that's supposedly why we have a grocery tenant. I want to know what in the world could cost $150,000. I mean surely not a banner and balloons. I mean, I want to know. I mean I understand it's a $6M project, but I've just never seen that.

Ms. Carttar said I want to make sure I am explaining it correctly. If you are fine with it, I will email the entire group with exactly—**Commissioner Murguia** asked you said it's outlined in what agreement. **Ms. Carttar** said the management agreement with the Merc. **Commissioner Murguia** asked who saw that management agreement. Did we see that management agreement? **Ms. Carttar** said yes. It came through the Commission. **Commissioner Murguia** asked so the management agreement came through and it detailed there what the $150,000 was supposed to be assigned. **Ms. Carttar** said yes. **Commissioner Murguia** asked if I look up the management agreement, it will tell me that. **Ms. Carttar** said it should.

Commissioner Walters said I have a quick question on a slide before you—I'm confused by estimated cost. Is that the tax increment, for example? **Ms. VonAchen** said clearly the table got copied and pasted and someone forgot to change it. **Commissioner Walters** asked what should that be titled. **Ms. VonAchen** said Estimated Revenue. **Commissioner Walters** said estimated revenue. **Ms. VonAchen** said yes, sorry. **Commissioner Walters** said okay, thank you. **Ms. VonAchen** said see it's the same. **Ms. Carttar** said sorry about that. **Ms. VonAchen** said good catch.

Property Tax Increment (GO-TIF) Assumptions

- Market Value on property at $3 M above the base value
- 25% Commercial Assessment Ratio
- Property value future growth rate 2.9% (8 yr average)
- Total mills of 148.223 (Community College, USD 500 School District & Library, SMID. Excludes 29.5 mill reduction related to schools and the State of Kansas not subject to TIF due to statutory "hold harmless" provision)
- Project clock begins 2019 to 2038 (20 years)
- **Total est. TIF revenues - $2,845,742 or $2,032,262 NPV at 3.3% GO borrowing rate for 2019; Only $919,021 are for PA #1 TIF eligible costs**

Ms. VonAchen said property tax increment, I'm going to go over these real quick. We are valuing the property once it's completed. We're estimating it to be $3M. That has an assessment ratio of 25% because it's commercial. We're projecting that property value will increase by 2.9% annually. That's based on an eight-year prior year eight-year average. Over the future term, 2.9% per year. Total mills are 148.223 and includes all of those jurisdictions. It does exclude 29.9, which is the amount that is, by statute, we're required to hold harmless. That's why you're probably expecting about 180 or 170, a high 170, it's because we have to deduct out that 29.5 mills.

The clock would start, we're anticipating in 2019. The total revenues from TIF, as I mentioned before, are $2.8M, or $2M on a net present value basis. Only $919,000 can be paid for project costs in Project Area 1.

Sales & Use Tax Assumptions
[moderate scenario]

- Grocery Sales conservative assumption based on MERC Market Study
  - $385 per/sq ft. with 9,500 grocery retail space, or uninflated at maturity $3.65M
  - Taxable sales discounted by 40% to account for SNAP clientele
  - Sales Maturity Step-Up: 1st Year-25%; 2nd Year-75%; 3rd Year-80%; 4th Year-85%; 5th Year-90%; After 100%
- Annual sales growth rate (inflator factor) 2.5%
- Local sales & use tax rate – 1.0% City and 0.938% County (excludes Bonner Springs and Edwardsville portion of county sales tax rate)
- **Total est. revenues - $1,179,948 or $819,580 NPV at 3.3% GO borrowing rate for 2019**

Sales tax assumptions. The grocery store is conservatively based on the latest Merc study, which included the grocery store in its current location. We had a previous study that had the grocery store on 10th and Minnesota, but we had them update that. Their projection is $385 per square foot. We have 9,500 retail space. That isn't the total space of the building. That's just the specific grocery store sellable square footage where actual sales happen.

If uninflated, if you just did the math, it's roughly $3.65M annually. We have had to discount the taxable sales, which is that number there, by 40% because this is based on to account for our expectations of SNAP clientele. That is based on data that we've determined from Sun Fresh. There is a ramp-up of the sales. We have the first year at 25% because there is a late opening. The second year is 75, third year 80, fourth year 85, 90 and 100. These are the same ramp-up or step-up percentages that Merc recommended in their study.

We are using a growth rate of 2.5%. Of course, the local sales tax is 1% for the city and .938% the county portion. There is no CID. The total actually over the 20-year period is $1.1M on a net present value of 819. That's how much those bond proceeds will be for tha, once we take it out.

General Obligation TIF Bond:
Secured by Property Tax Revenue Pledge

- Bond proceeds preliminary - $913,021
  - Includes Only TIF-eligible project costs
- Terms (preliminary) – 3.3% interest rate, level debt service for 20 years
  - Debt Service to be restructured at time of issuance
- Payments (preliminary) - $63,084 annually beginning in 2020
- No cap interest or debt reserve at this time
- To be included with UG annual GO issuance, as a TIF Bond
- Avg Annual Revenue Stream - $149,776
- Early pay-off expected with future revenues potentially used for other project areas

Back to the bonds. On the TIF side, as I mentioned ,we issued temporary notes. In the future, we'll have general obligation TIF bonds, \$913,000, which are only the projected TIF eligible costs. We're using a 3.3% interest rate over 20 years. The payments would work out, if we were to pay them on a level basis over the 20 years, would be \$63,000 a year beginning in 2020. We don't have any capitalized interest because we're not issuing the bonds until after the construction is already completed. Since they're general obligation backed TIF, we don't need a debt reserve. The annual revenue stream is \$149,000 or almost \$150,000. You can tell that this bond issue is likely to get paid off early. We can use the difference between those funds, set them aside and dedicate them for another project area adjacent in the same TIF district.

General Obligation Bond:
Expected Repayment by Sales and Use Tax Revenue

- Bond proceeds preliminary - \$819,580
  - Proceeds may be used for any project costs
- Terms (preliminary) – 3.3% interest rate, level debt service for 20 years
- Payments (preliminary) - \$56,628 annually beginning in 2020
  - Debt Service to be restructured at time of issuance
- No cap interest or debt reserve at this time
- To be included with UG annual GO issuance
- Avg Annual Revenue Stream - \$59,997
- Avg Debt Service Coverage-1.04x;
  - Debt Service to be restructured at time of issuance

On the sales tax side, if we were to issue these as special obligation general fund backed, the proceeds would be \$820,000, same interest rate as with the assumption for the TIF. The payment would be \$56,000 beginning in 2020, saying there's no cap interest, cap eye, there's no debt reserve. The annual revenue stream is averaging about \$59,000 or \$60,000, kind of depends because we have those initial years where there's a ramp-up so there's a little bit of shortfall at the beginning years but then it picks up at the tail end. The average coverage is 1.04.

UG Cash Contribution:
Special Asset Fund

- 2018 appropriation available - \$4 M
- Plan of Finance – includes \$2,050,000 cash (transferred to project in 2018)

As I mentioned, there is a \$4M appropriation available in '18 out of the Special Asset Fund. We transferred \$2.4M to this capital project for the downtown grocery store.

LISC Loan:
Private Placement Secured by UG Annual Appropriation Clause

- LISC Loan proceeds estimate - $1.25 M
- Terms (preliminary) – 3% interest rate; level loan pymts for 15-years
  - 3% preliminary blended rate considering the addition of 0% Healthy Food funding source
- Payments (preliminary) - $104,708 p/yr beginning 2020 to 2034
- 1% loan origination fee; no loan reserve
- Expected repayment source is Grocer's revenue sharing – more details on next slide; Secondary UG commitment to make annual appropriations sufficient to repay if revenue sharing is insufficient
- Average Annual Revenue Stream - $118,666
- Avg Loan Payment Coverage-1.02x; ranges from 0.09x to 1.27x
  - Loan payments could be restructured at time of closing

The LISC loan, as I mentioned, that's going to be a private placement secured by UG annual appropriation clause. The loan itself is $1.25%. It's going to be 3% for 15 years. That's sort of a blended amount. They have a 0% healthy food funding source, which they are going to be supplementing with some other funding sources within their organization internally in order to get the 3% low rate. The payments would be roughly $105,000 a year. It does include a 1% loan origination fee which would be netted from the loan proceeds.

We're still discussing the expected repayment source, but we're still working through that. The actual backing would be an annual appropriation from the fund that we'll discuss in the future with you. We haven't decided which fund to go with.

Now we're going to get to the new market tax credits where I'm going to have Chris Lucas talk more about this.

New Market Tax Credits:
Central Bank of KC

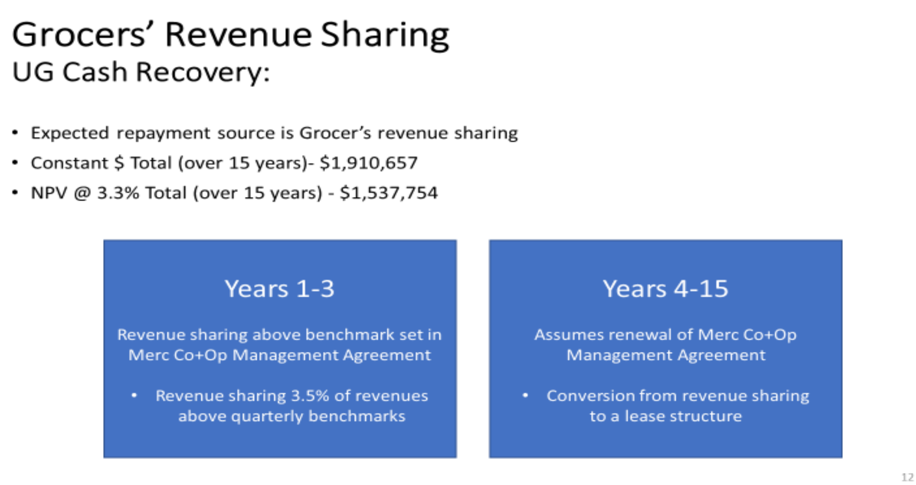
- Term sheet from CBKC for $7 million in allocation
  - Gross NMTC equity net of closing fees = $1,556,300
- Annual fees = $59,500
- Estimated **net** benefit after 7 year compliance period = $960,000
- NMTCs is a soft loan which is purchased by UG's non-profit for $1,000 at the end of compliance period
- UG's non-profit forgives loan effectively making it a grant

Chris Lucas, Sunflower Development, said we've been working to help secure new market tax credits to help offset the costs of development for this project. We were fortunate enough to have more than one CD actually look at this project and want to invest in the project. We're in final negotiations on the term sheet with Central Bank of Kansas City, which has committed $7M of new market tax credits. That $7M of tax credits nets to about $1.55M in gross new market tax credit equity after closing fees, attorneys fees, and CD fees. The CD is Central Bank of Kansas City. They are the group that has the allocation of tax credits. That's what it's called.

The annual fee, with the new market tax credits over the 7-year compliance period, will be $59,500. Then we're estimating your net benefit at the end of the day to be $960,000. When

I say that, I mean that's every fee paid, the 7 years of compliance, everything to when you close the transaction in 7 years. That will be with the UG nets.

New market tax credits, I don't know how familiar you are with them. It's essentially a soft loan to the Unified Government, which gets purchased at the end of the 7-year period for $1,000. The UG is able to buy that loan to themselves for $1,000 and just extinguish it. Essentially, it's written off; the nonprofit writes it off. That's how all the nonprofit transactions occur. It's a great benefit to these types of projects that serve communities.



Ms. VonAchen said the grocer's revenue sharing piece, this is an estimate that they expect. It's kind of broken up between years 1 and 3 and then years four 4 through 15. Years 1 and 3 is the discussion of what is included in the management agreement with Merc that was approved back in October. In there, it says that there is a revenue sharing back to the Unified Government, 3.5% of revenues above the quarterly benchmarks, which are detailed in the exhibit of the agreement. Then after that, assuming that we continue with the Merc, the assumption here with these figures above is that we would convert it from a management agreement to a lease structure.

Based on a lease structure, given certain percentage per square foot, an annual inflator, what we're estimating is that on a constant dollar basis over the 15-year period, will generate $1.9M in grocer's revenue sharing back to the UG. On a net present value basis, that totals $1.5M. These are the amounts that we're expecting will offset or pay back the UG for the $2M that we're contributing in cash up front.

Ms. Carttar said, Commissioner Murguia, I did just pull up the management agreement. It's in Section 5.2, called Grand Opening Fund. It states it's basically a fund to pay for things 60 days prior to the opening. That includes program for employing and training grocery store personnel, advertising, promoting and marketing the grocery store, and initiating and carrying out all such other and further activities reasonably deemed necessary, such as initial inventory and another startup costs.

Commissioner Murguia said so it does say training employees. **Ms. Carttar** said yes, it does. **Commissioner Murguia** asked what is the Merc doing. Why are we involved in the Merc's HR? Why are we training employees? **Ms. Carttar** said I think it's more of a startup before they actually get money coming in. **Commissioner Murguia** said I've never in my life heard of anybody training other businesses employees, anywhere. Not in business, not in government, anywhere. Why are we training another businesses employees? I don't understand.

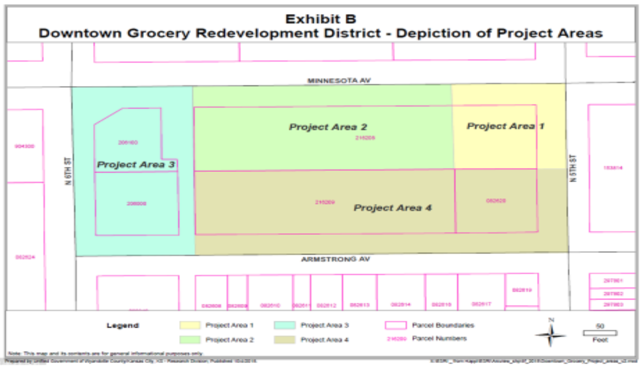
Ms. VonAchen said I think it's actually to provide the working capital up front so that they have the funds so that they train the employees, not—**Commissioner Murguia** said so now we're paying the Merc to train their own employees. **Ms. Carttar** said these would all be new employees from the community, but yes. **Commissioner Murguia** said that's fine; ridiculous.

Commissioner Townsend said I just had a question to follow up on that. Whose employees are they really? They're working at the Merc. **Ms. Carttar** said they're Merc employees. We will not be employing any of them. **Commissioner Townsend** said okay.

Commissioner Walters asked all the numbers projected revenue, all that came from Merc, right? **Ms. Carttar** said no. **Commissioner Walters** asked the sales revenue. **Ms. Carttar** said it was a third-party market study that we had done. **Commissioner Walters** asked that's Merc's projections. **Ms. VonAchen** said well it is a third-party consultant. **Commissioner Walters** said its third party. **Ms. Carttar** said market study. **Ms. VonAchen** said yes.

BPU Board Member Bryant asked will there be any requirements for hiring from within the county. **Ms. Carttar** said it should be 100%.

Redevelopment District
Project Area 1



Ms. VonAchen said I think there are a few more slides. **Chairman Burroughs** said okay. **Ms. Carttar** said we are ready for the actual action. Just a reminder, Project Area 1, that's all we're talking about in terms of the TIF area and project area that we're approving tonight.

Commission Actions for TIF Formation

Action Items	Dates
Resolutions: Authorize execution of Merc Co+Op Management Agreement Authorize CAO spend up to $6 M for design and construction of grocery store Set public hearing date establishing TIF District	ED&F – August 20th Commission – August 30th
Public Hearing & Ordinance: Approve formation of TIF District	Commission – October 11th
Present Project Area #1 Project Plan for finding of conformity with Master Plan	Planning Commission – February 11th
Resolution setting project plan public hearing date	ED&F – March 4th Commission – March 7th
Ordinance: Approve Project Area #1 Project Plan	ED&F – April 1st
Public Hearing & Ordinance: Approve Project Area #1 Project Plan	Commission – April 11th

Just a reminder of, kind of, what we've done to get here in terms of the TIF formation.

Commissioner McKiernan said I'm just curious. Are we supposed to—we've got two items, Items 4 and 5 on our agenda. Are we supposed to take action on four at this time? **Ms. Carttar** said yes. **Commissioner McKiernan** asked or wait until we've gone through everything. We're now at requested action for tonight, No. 1, ordinance, redevelopment district plan. **Carttar** said yes correct.

Chairman Burroughs said I think there has been a little bit of confusion, Katherine, with everything that's been presented in this presentation. Is there any overlap between the two in this presentation, between four and five on the agenda this evening? **Ms. Carttar** said it all has to do with financing which is why we have a long presentation about the financing. At this point for Item No. 4, the ordinance, that is specifically to approve the project plan for the TIF area, which has to do with the—**Commissioner McKiernan** said if you're asking for action on this, I would move that we approve the ordinance for the Redevelopment District Plan for Project Area 1.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Townsend, to approve the ordinance.** Roll call was taken and there were six "Ayes," Bryant, Walters, Murguia, Townsend, McKiernan, Burroughs.

Item No. 5 – 19650…RESOLUTION: CREATION OF TWO NONPROFIT CORPORATIONS

Synopsis: A resolution authorizing the creation of two Kansas nonprofit corporations (KCK 501 Minnesota, Inc. and KCK 501 Minnesota ALL, Inc.) and applications to the IRS for status as exempt organizations under 501(c)(3), submitted by Katherine Carttar, Director of Economic Development.

Chris Lucas, Sunflower Development, said without getting into the weeds on all the tax credit intricacies, every new market tax credit project similar to this has two entities that are created. One that essentially becomes kind of takes your aggregate capital that you have and invest it through the new market structure to leverage those tax credits.

The second being the owner of the project, which in this case, is another nonprofit that you guys own and control. Both of those entities are 100% controlled by the Unified Government; have decision-making authority, are only enacted specifically for this project, and that's it. At the end of the 7-year period, they essentially get dissolved. I'm happy if you want to talk one-on-one or now about that structure, but it's just part of the new market tax credit structure on these projects.

Commissioner Walters said I have a question knowing nothing about this. Who manages these not-for-profits? **Mr. Lucas** said it's a Board that's, I don't remember. They were talking about who were going to be members of the Board, but it city folks. **Katherine Carttar, Director of**

Economic Development, said effectively, it's a pass-through, kind of thing. The County Administrator, the CFO, Director of Economic Development, Director of Public Works, and the Executive Director of the Wyandotte Economic Development Council will be one, and then those same four UG employees plus the Director of the Downtown Shareholders for the other one. There are two different Boards.

Commissioner Walters asked are all the outside parties volunteering their time for this. **Ms. Carttar** said correct. **Commissioner Walters** said, alright, thank you.

BPU Board Member Bryant said my comment isn't necessarily about this, but it's about the previous thing we were talking about. Looking at the repayment, roughly the $2M, the UG is outlaying the $2M now. The value of $2M today, with a repayment of roughly $2M 15 years from now, will not have the same value that it has today. **Kathleen VonAchen, Chief Financial Officer,** said I applied the net present value. **BPU Board Member Bryant** said yes, but it will not buy—then you're also outlaying $150,000. In my opinion, it almost looks like a start-up fund that hopefully when it comes time to do the ownership agreement with them and they move on into the lease area, that something can be done to recoup that money. As more as, this is not necessarily a gift. This is a loan to help you get started but expected to be repaid in time.

Ms. VonAchen said the grocer's revenue assumption assumes that revenue sharing, that from year 4 on, it would be a lease structure. The Merc could also decide to buy the building from us and then we get the money all upfront. **BPU Board Member Bryant** said if the revenue picks up at a quicker pace than the expectation that's great because the revenue sharing would bring more dollars back. If it caps out where it's expected before it switches over to a lease, then you have a set number of dollars and that's all you're going to bring in from the Merc. Mine is that making sure that when the agreement is done at the end, that those outlay dollars are recouped as much as possible, so they understand it was not a gift. This is a business proposition.

Chairman Burroughs said I would draw your attention to the information in your book in reference to the articles of incorporation and the Board of Directors, the additional member. It clearly explains what the responsibilities of the Board members are. I know that was a question that I raised when I initially saw this information. I would encourage you to read over that. If you have any questions, the fiduciary responsibility falls back on the LLC. Once we give them the authority to do what they need to do, it will fall in their lap and it would be out of our hands. It does have to approve the LLC.

BPU Board Member Bryant asked do we have to act on that to move this. **Chairman Burroughs** said yes. We do have to take action on this item this evening.

Action: **Commissioner Townsend made a motion, seconded by Commissioner Bryant, to approve.**

Commissioner Murguia said I don't have a question. I just want to make a statement publicly. I am totally in favor of a grocery store in the Northeast area of our community, but I can't continue to vote yes and not say this. This is the worst deal I've ever seen in my life. It's going to put a 20-year financial huge burden on the Unified Government. These two non-for-profits are going to take a lot of time. We already can't get projects done that are sitting on the back burner. Now, we're asking staff to do more by setting up these two non-for-profits.

This is a project that will never stop taking from us. I think there's a better way to do it. Obviously, we did it twice in Argentine. Not the same deal at all and the same demographics, the same economic base, it's ridiculous. I'll continue to vote for it because I support a grocery store in the Northeast. It's a terrible financial deal for us and for our taxpayers.

Commissioner Townsend said just to clarify. I'm glad commissioner's going to support Northeast, but that's yet to come. Just so we know, this is downtown. That will serve a lot of citizens from everywhere and out of the county.

Chairman Burroughs said I do know there's been a tremendous amount of input in reference to the need for the grocery store downtown. There's been tremendous community support and partner support. I know there's been many questions raised along this. I truly believe this project will be a sense of good will for the community. The $2M has come from the previous project downtown. It's being reinvested in another project downtown, and it's scheduled for a repayment back so that we'll have additional dollars moving forward. Is it the perfect project? Time will tell.

With that I sincerely appreciate the committee's indulgence. Katherine, thank you for your presentation this evening.

Roll call was taken on the previous motion and there were six "Ayes," Bryant, Walters, Murguia, Townsend, McKiernan, Burroughs.

Adjourn

Chairman Burroughs adjourned the meeting at 7:21 p.m.

mbb