STATE OF KANSAS)
WYANDOTTE COUNTY)) SS
CITY OF KANSAS CITY, KS)

SPECIAL SESSION, THURSDAY, JULY 18, 2019

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, July 18, 2019, with ten members present: Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District (arrived at 5:02 p.m.); McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Bynum, Commissioner At-Large First District and Mayor/CEO ProTem; presiding and Mayor Alvey was present via telephone. The following officials were also in attendance: Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Bridgette Cobbins, Unified Government Clerk; Gordon Criswell, Alan Howze, Melissa Sieben, Emerick Cross, Assistant County Administrators; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; Reginald Lindsey, Budget Manager; Jeff Fisher, Executive Director of Public Works; David Young, Deputy Public Works Director; Maureen Mahoney, Chief of Staff in Mayor's Office; and Officer Tom Grote, Sergeant-at-Arms.

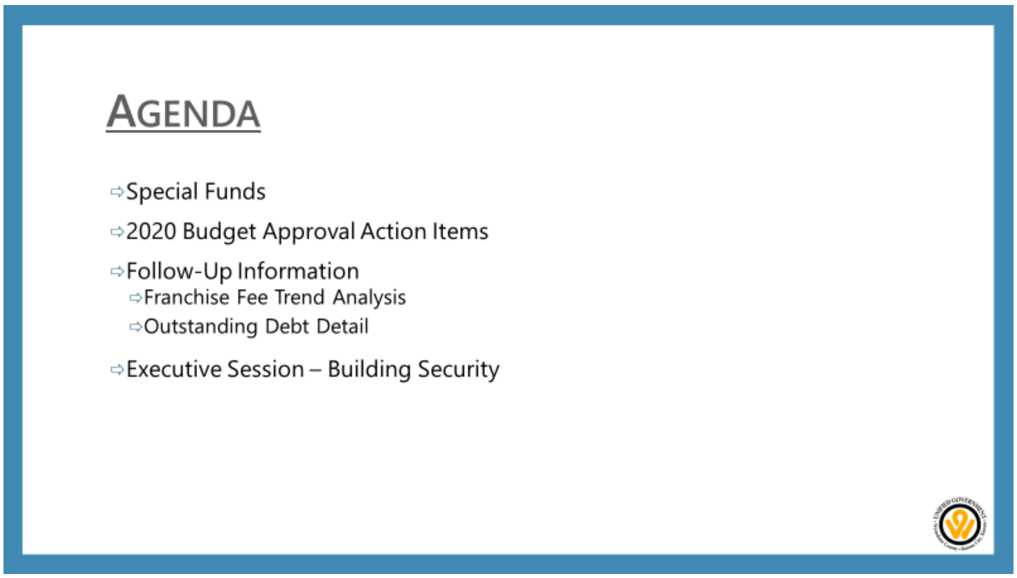
MAYOR PRO TEM BYNUM called the meeting to order.

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

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, July 18, 2019, at 5:00 p.m. in the 5th floor conference room of the Municipal Office Building for a Budget Workshop followed by an Executive Session in the 9th floor conference room regarding security.

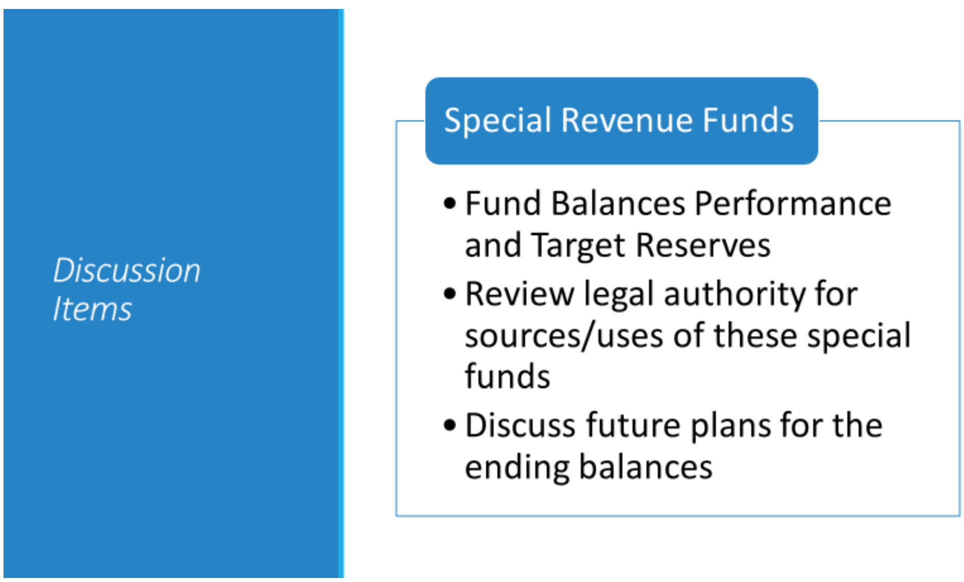
CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

MAYOR PRO TEM BYNUM said our meeting tonight is our fourth budget workshop and we've got an agenda here of items that we will go through and then, again, as a reminder, after that we will adjourn into a Executive Session.



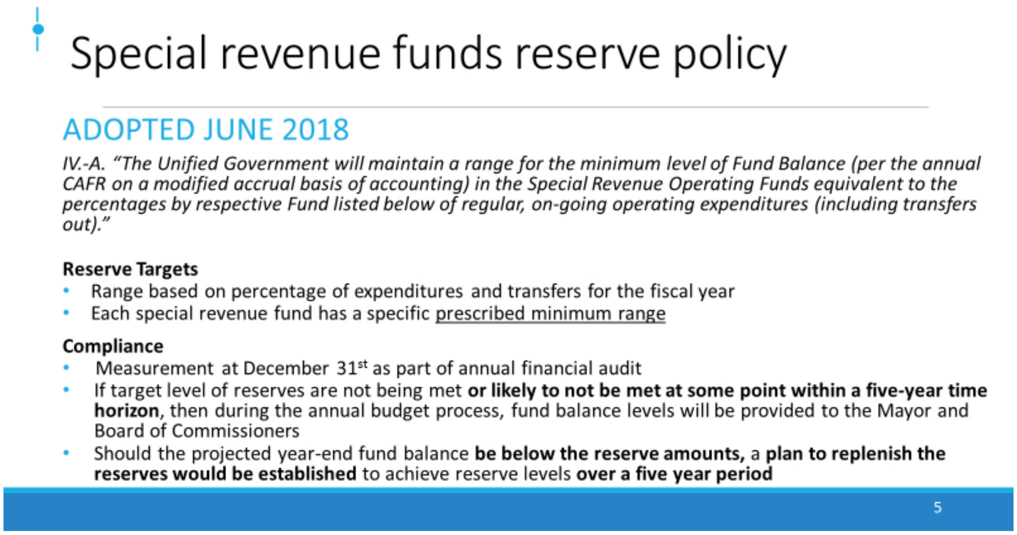
Doug Bach, County Administrator, said the items that are on the agenda tonight are the ones we setout on Monday night. It's the Special Funds and there are multiple categories for that to go through so we're going to walk through those down in this session. At the conclusion of that information, I just wanted to then give you the information we have that we're doing; what approval action items that are on the agenda as we always do each year to show you. That will go out on the agenda on Monday. Then we will have follow-up information that is requested by the commissioners regarding the Franchise Fee Trend Analysis and the Outstanding Debt Detail which is also in your package which you have which was requested for information.

I'm going to start with the Special Fund Analysis and I'm going to turn this over to Kathleen VonAchen, our Chief Financial Officer, and her staff. They are going to walk through this and I will do some of it as we go along.



Kathleen VonAchen, Chief Financial Officer, said tonight in response to some inquiries from several commissioners we're going to review the estimated ending fund balances of the Special Revenue Funds. There has been a lot of talk about the General Fund and now we're going to switch over to a variety of smaller Special Revenue Funds that are required by State Statute to be certified.

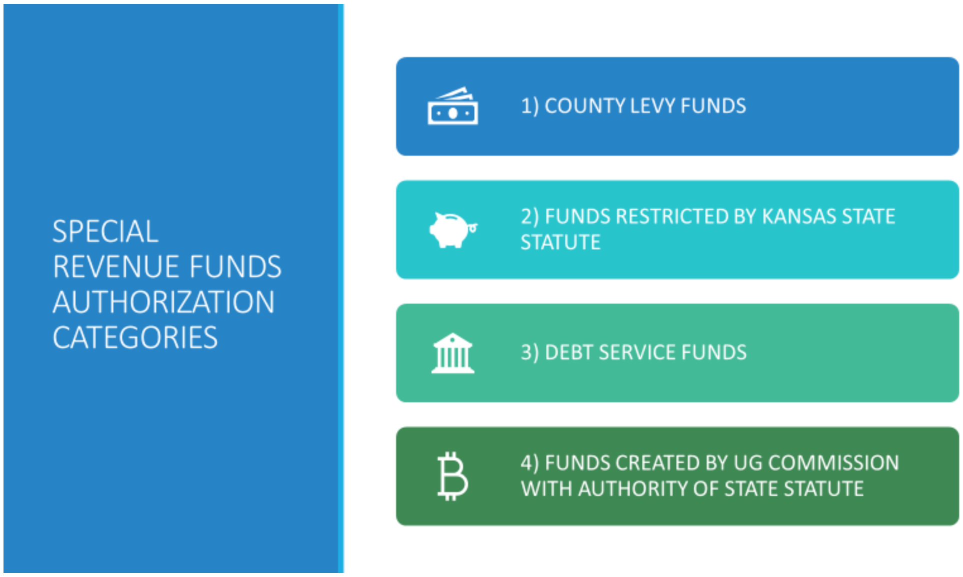
I'm going to talk about the fund balance performance and the target reserves and the legal authority for each of those funds in terms of the sources and uses of the transactions in the funds and then any kind of future plans for the ending balances.



Just as a reminder, the Special Revenue Funds also have a reserve policy very similar to the General Fund except that it's established rather than a certain number of months of operating expenditures and transfers, the minimum reserve target range was maintained that had previously been in the previous policy. It was the intention of the EDF Committee in the future to kind of revisit and discuss the ranges so they made better sense. For now, they're just kind of a placeholder, the percentages based on what was previously in place.

The Unified Government Reserve Policy that we will maintain a range for the minimum level of Fund Balance using the CAFR modified accrual fund balance for the Special Operating Funds equivalent to the percentages which I just mentioned for the respective funds. That percentage is based on the ongoing Operating expenditures including transfers out.

The range is based on the percentage of expenditures and transfers and then the compliance basically is to measure that at the end of December and then if the target reserve or the minimum reserve is not met or looks like it's not likely to be met, then it would be the administrations duty to come forward and explain perhaps how that target reserve is expected to be met over the next five years. If it goes below, then we have to set up a plan for replenishing that fund.



We had gone through this last year, so this is a little bit of a revision of last year's presentation except it has new year's, new numbers. Last year we broke up the Special Revenue Funds and these are just the ones that are certified—that the State requires there be a certified budget. We broke them up into these three categories: County Levy Funds, the funds restricted by State Statute, and then Debt Service Funds and the funds created by the UG Commission.

Levy and Special Revenue Fund Reserve Balances
Resources Dedicated for Legally Authorized Uses
Source: 2020 Proposed Budget, Financial Overview Fund Statements (CAFR Modified Accrual) Accounting)

	2018 CAFR Ending Fund Balance	Est. 2019 CAFR Ending Total Fund Balance	Est. 2020 CAFR Ending Total Fund Balance	2020 Proposed **Expenditures** & Transfers-out	**Calculated** 2020 Fund Balance as a % of Expenditures & Transfers-out	Minimum Target Reserve Range
County Levy Funds	$ 1,521,383	$ 878,617	$ 408,874	$ 8,304,511	5%	10% to 15%
Authorized by State Statute	$ 4,790,615	$ 3,798,345	$ 1,980,623	$ 11,657,823	17%	3% to 12%
Debt Service Funds	$ 14,757,747	$ 11,786,875	$ 10,987,453	$ 40,155,992	27%	5% to 10%
Authorized by UG Commission	$ 13,507,824	$ 10,328,462	$ 7,755,830	$ 18,705,666	41%	3% to 12%
Totals	$ 34,577,569	$ 26,792,299	$ 21,132,780	$ 78,823,992	27%	3% to 50%

This table here is an overview of all the funds we're looking at. The total expected ending fund balance at the end of our proposed budget year based on our proposed revenue estimates and proposed expenditures for these funds would total $21M. That's the fund balance. Think of fund balance as the amount that's in your checking account in a way. You know, the monies come in, income comes in and expenditure go out and then the net is the fund balance.

In order to provide you with some magnitude we've provided the expenditures here for 2020. These are the proposed expenditure levels for all these funds. These are categories of the funds that we're going to talk about in detail in a moment. This is the percentage, so basically, what this is doing is taking $408K in this County Mill Levy Fund and dividing it into the $8.3M and that's how that 5% is derived. In the policy this is the minimum target reserve range. For mill levies it's between 10%-15%. Here it's calculated to be 5% so we're going to talk about that later on. As I get into each of these categories, we're going to talk about that.

What else can we say about these, well overall, we have County Mill Levy. Their total fund balances are pretty low at $408K. We have the funds that are authorized by State Statute and they're rather restricted. They total $2M and they represent 17% of their expenditures and the minimum target reserve is 3%-12%.

We have the Debt Service Funds; it's fund balance is estimated to be $10.9 or $11M. It's total expenditures in 2020 for these two Debt Reserve Funds is $40M and that represents 27%. The funds authorized or created by the UG Commission, their fund balances are $7.7M, expenditures total $18.7 and so the total is $21.13M in fund balances.

	2020 Proposed Budget Page #	2018 CAFR Ending Fund Balance	Est. 2019 CAFR Ending Total Fund Balance	Est. 2020 CAFR Ending Total Fund Balance	2020 Proposed **Expenditures** & Transfers-out	**Calculated** 2020 Fund Balance as a % of Expenditures & Transfers-out	Minimum Target Reserve Range	2019 Budget Mill Levy	2020 Budget Mill Levy
Developmental Disability	57	$ 377,282	$ 328,791	$ 45,521	$ 645,598	7%	10% to 15%	0.346	0.206
Elections	58	$ 447,585	$ 281,357	$ 93,254	$ 1,552,296	6%	10% to 15%	0.873	0.873
Health Department	59	$ 538,427	$ 195,725	$ 204,240	$ 3,534,768	6%	10% to 15%	1.559	1.699
Aging	54	$ 52,120	$ 9,445	$ 54,311	$ 1,887,849	3%	10% to 15%	1.027	1.027
Mental Health	60	$ 105,969	$ 63,299	$ 11,548	$ 684,000	2%	10% to 15%	0.425	0.425
Totals		$ 1,521,383	$ 878,617	$ 408,874	$ 8,304,511	5%	10% to 15%	4.230	4.230

Now I'm going to go into the individual divisions and provide you with an update—more detailed information. We have five funds in the County Levy Fund category. You can see that $408K and I've also provided a little bit of information here on the mill levy's that are proposed in the budget. This '19 Mill Levy line here is actually the amounts that were actually certified by our UG Clerk last year as part the current year budget. The 2020 Budget is the amount of County Levy's in these respective funds that are proposed in the budget document.

This is earlier in the year when we set the minimum mill levy. We set it for the entire county so the County mill levy is a component of the County General Fund and the Consolidated County Parks Fund as well as these five funds here. The total addition of those total—and then also the County Bond & Interest Fund. I don't remember off-hand, it's roughly 38 mills or something like that. The total was that for the whole county, this is a part of that number that you adopted last week.

One thing we did during our budget—the administration reviewed the balances of these funds, so here's the prior year balances for these respective funds. These two years—this year especially the CAFR is an actual. You will find these balances in your financial statement—you can find those balances in the CAFR. This is based on the Proposed Amended Budget and then this is the Proposed 2020 Budget. I know most of you understand how this works.

What we did was, we noticed through looking at these various funds that some of the funds had mill rates or were generating revenues that seem to be a little in excess of what their program needs were. As a result, we—and there were opportunities for some other revenue sources to supplant their operations and so we shifted, ever so slightly, several of these mill rates in order to accommodate some of the needs in these various funds. For example, you see that the 1.34 mill rate going to the mentally disabled clients of the county was reduced from 1.3—or 0.3 to 0.2. Some of these shifts may happened in the given year and that after subsequent year we may switch it back. It's more kind of looking to use fund balance in order to come up with the best means to spend down some of their reserves they had collected over the years.

Commissioner Walters asked is your definition of fund balance different than what's in the table here. **Ms. VonAchen** said I don't think so. **Commissioner Walters** said I'm just trying to figure out where those numbers are—I've got a copy of the CAFR. **Ms. VonAchen** said oh good, okay. **Commissioner Walters** said it says all the governmental funds all $177M of the $186M—**Ms. VonAchen** said all governmental funds includes the General Fund and about 30 or 40 other funds. **Commissioner Walters** said on this page the General Fund is separate, it's $40M. All other funds are $130M. **Ms. VonAchen** said yes, that's right and we are going to talk about the $186M. There are three slides after this presentation and we're going to talk about those.

There's different categories. There's Debt Service Fund, Special Revenue Funds, and then there's Capital Project Funds and there's Grant Funds and we're not talking about a lot of those right here. We're just talking about Special Revenue Funds, but we're going to get to those others afterwards.

If you want more detail on the financial plan for each of these, you can go to these page numbers of the budget document. It's page 47, page 58 for Elections, 59 for the Health Department, and then you can get that information. Basically, all of these figures right here all come from the CAFR and that's starting on page 119 of the Comprehensive Annual Financial Statements for 2018 and then all the rest of the information is coming from the budget document with this page number here.

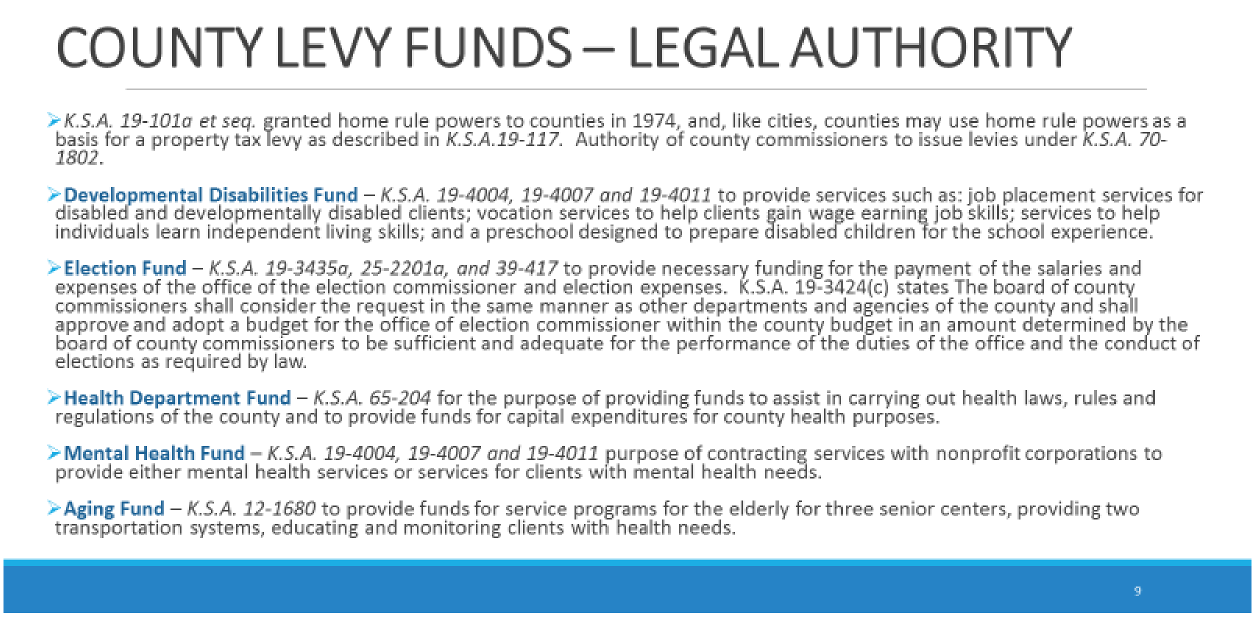
Mr. Bach said I think, Kathleen, I will just underline here while your on this one, this is the other mill levy fund areas because we're going to go into some of these others and they're funded from various other sources. These are ones, and you said it, are directly tied to a mill levy. When you're looking at different ways of reducing the mill levy or not you see where we're at from a fund balance. These are below really where we would like them to be. You know, coming in at $408K that's only 5% as a total and you don't see any one of them being too high. Really our objective on all these is find ways to get them up to that 10% so when we're focusing on these mill levy funds, they are a little behind where we would like them to be based on their annual expenditures each year. **Ms. VonAchen** said about that, as I mentioned these percentage ranges, we're just using the percentages that were in the reserve policy previously. I want to work closely with the committee members to revise these reserve ranges so that they are better suited to the individual needs of each fund. For example, even though these funds are wholly dependent on one revenue source so you would think it's kind of not very diversified, it is the property tax. Property tax is a very steady revenue source. If it's going to decline, we usually know a year—and then it doesn't really hit until a year after so to have the expectation that we have 10-15% reserves here may be—you know it's a little bit too high. It could be set for these that are around 5-7%, but that's something that I want to discuss with the committee in more depth during the coming year.

Commissioner Burroughs said, Kathleen, thank you for that presentation. I sincerely appreciate it. The mill levy change, I want to look at the final column on the right, the 2019 Mill Levy and the 2020 Mill Levy. That's part of the consolidated budget or is it City/County or just the County or just the City? **Ms. VonAchen** said just the County. These are just County. **Commissioner Burroughs** said the next question I have, when we as a Commission, set the mill rate for the County, it's inclusive of that mill? **Ms. VonAchen** said it is, yes.

Commissioner Burroughs said the next question I have, the change in the direction of the mills, the reduction or enhancement of a mill, do we vote on those individually or do we give staff authority to change those at will by approving the County Budget Mill Levy? **Ms. VonAchen** said staff is recommending, at this point, these mill levy figures for these funds. You can suggest changes at this point now. Once the budget is adopted, then whatever is printed in this book becomes what we implement, in effect law. At that point then whatever these rates are, this is what the County UG Clerk certifies, etc. We couldn't change our mind after you've adopted the budget to change them. Pretty much right now is the time when we entertain suggestions for shifting and making changes to those or before we adopt the budget next Thursday.

Commissioner Burroughs said so, if we hypothetically chose to take action to reduce the County budget by one mill, it doesn't affect this. **Ms. VonAchen** said you would have to tell us which fund you want to take the mill from. **Mr. Bach** said you're correct Commissioner. If you just said we want to take it off the County General Fund, it would come off the County General Fund, the 34 mills that are not part of these 4.2 mills. **Mayor Pro Tem Bynum** said and this will leave this harmless. **Mr. Bach** said right or just like if you went here and said let's reduce the Elections mill rate by half, it would just reduce that one and the rest of the county would stay the same.

Commissioner Burroughs said I appreciate that. Kathleen, I think in our discussions initially when we reviewed these, the percentages were one thing to see, the amount of reserves, the total dollars in reserves was another point of that, so I am pleased to see you having those included in the report. I think it's important that we have a chance to see not only the percentage but the amount of dollars. It's one thing to see a percentage, it's another thing to see the amount of money. I appreciate those being in there.



Ms. VonAchen said after each of these table slides, we provide another kind of informational slide on the statutory requirements of each of these funds. These funds were established basically when Kansas City, Kansas—actually when Wyandotte County was established. These are very old funds before the consolidation and they're very standard in each county.

Resources Dedicated for Legally Authorized Uses

Source: 2020 Proposed Budget, Financial Overview Fund Statements (CAFR - Modified Accrual Accounting)

	2020 Proposed Budget Page #	2018 CAFR Ending Fund Balance	Est. 2019 CAFR Ending Total Fund Balance	Est. 2020 CAFR Ending Total Fund Balance	2020 Proposed **Expenditures** & Transfers-out	**Calculated** 2020 Fund Balance as a % of Expenditures & Transfers-out	Minimum Target Reserve Range
County Treasurer Technology	73	$ 122,869	$ 117,869	$ 112,869	$ 45,000	251%	5% to 10%
Register of Deeds Technology	67	$ 189,007	$ 218,837	$ 248,667	$ 130,170	191%	5% to 10%
UG Clerk Technology	62	$ 92,247	$ 87,247	$ 82,247	$ 50,000	164%	5% to 10%
Jail Commissary	66	$ 239,718	$ 234,718	$ 189,718	$ 100,000	190%	8% to 12%
Court Trustee	63	$ 712,957	$ 536,712	$ 391,290	$ 585,422	67%	8% to 12%
Special Wyandotte 911	74	$ 602,268	$ 519,768	$ 462,268	$ 897,500	52%	5% to 10%
Special Alcohol Program	68	$ 905,329	$ 901,954	$ 247,311	$ 1,259,743	20%	5% to 10%
Special Parks & Recreation	70	$ 150,805	$ 125,456	$ 32,058	$ 698,399	5%	3% to 5%
Special Street & Highway	71	$ 2,015,133	$ 1,290,502	$ 403,913	$ 7,991,589	5%	3% to 5%
Totals		$ 5,030,333	$ 4,033,063	$ 2,170,341	$ 11,757,823	18%	3% to 12%

FUNDS RESTRICTED BY KANSAS STATUTES

10

Now we're going to talk about funds restricted by State Statute, they're very restricted and Debbie is going to take care of that.

Debbie Jonscher, Deputy Chief Financial Officer, said we have several funds listed here that each have their own revenue source and these funds are restricted by State Statute. These have the same information—a lot of the same information that Kathleen just went over on the previous slide.

We have the page number listed for where you can find this information in the budget as well as the 2018 ending CAFR balance and then we've also estimated the ending balances for the 2019 and 2020. We've also got the expenditure totals out and then the percentages, percentage of fund balance related to the expenditures and transfers and then what the targets are that we set in the policy.

We've got some detail in the back, but I'll just kind of talk a little bit while we're here on this page. We've got the three technology funds; the County Treasurer, the Register of Deeds, and the UG Technology that gain revenue from the recording of documents. On the next page I'm going to kind of go through—I went through each one of these and talked to them to determine what the uses for the funds, that they have in fund balance are going to be used for over the next several years.

We've got the Jail Commissary Fund. Revenue comes from Canteen Funds and Work Therapy Funds for that one. The Court Trustee which gets revenue from child support payments and other restitution. The Special 911 is a tax on the telephone service. Special Alcohol gets an alcohol tax that's divided between—there are actually three funds that this gets split between; the City General Fund, the Special Alcohol Fund, and the Special Parks & Rec Fund which is listed right below and then the Street & Highway Fund which is the gas tax that's collected.

Mr. Bach said I want to add before you leave this slide, in this case as a percentage of revenues expended, in most of these it's really not relevant and, in fact, I would say in some cases even a minimum target reserve of 5%, 10% doesn't really make sense because these are—like the County Treasurer Technology Fund. What we're going for within this fund you can see we spent $45K this year. That's because that's how much the project we're buying is this year because we have $112K still in reserve, a lot of times like in the case of like the Clerk, we're building up this fund to buy a specific piece of equipment and that equipment might cost $200K. So, in the year we buy that piece of equipment for $200K, I may have $5K left in the reserve and then you're going to go whoa, you're way below the fund balance.

I would say probably from a committee perspective particularly on those four or five, that minimum is not relevant. Where we need the minimum is when we have some obligation to come back to that fund on an annual basis and say we have to have some money there to expend every year to keep operating. If we don't spend any money in the County Treasurer Technology Fund next year, it's not an impact on the Treasurer's Office—that's not how those work so we probably need to think about that for a minimum. They all well exceeded, but that looks like when you see 251%, that's a number you go wow, that's way out of line, but it's not relevant to what the expenditures are that year. You think of it as you're saving up money to buy a car, well, that's what we're doing here. We're saving up the money to buy something specific in those areas so that's how most of these work.

The 911 Fund is a little bit different in that regard. That's one, where you're all aware, we just bought a whole lot of new equipment in our 911 Center. We weren't totally sure how much all those costs were going to be, but we built up, went through it, the fact we're sitting now at what we're anticipating to be close to half million in fund balance left is very good and we will have some additional expenses as we probably come in and we may eat into this next year as we build that budget as we get back into that 911 Center and know exactly where we're at on everything. Each one kind of has its own story that's a little bit unique.

On Special Street & Highway, 3 to 5 is pretty minimum from a fund balance perspective because we do pay some operational costs out of that. I wish we only paid for equipment and roads, but we pay for personnel out of it. Anytime there is personnel involved in it and there are fluctuations that could come in and a flow of revenue coming into it, 3 to 5 is a little low.

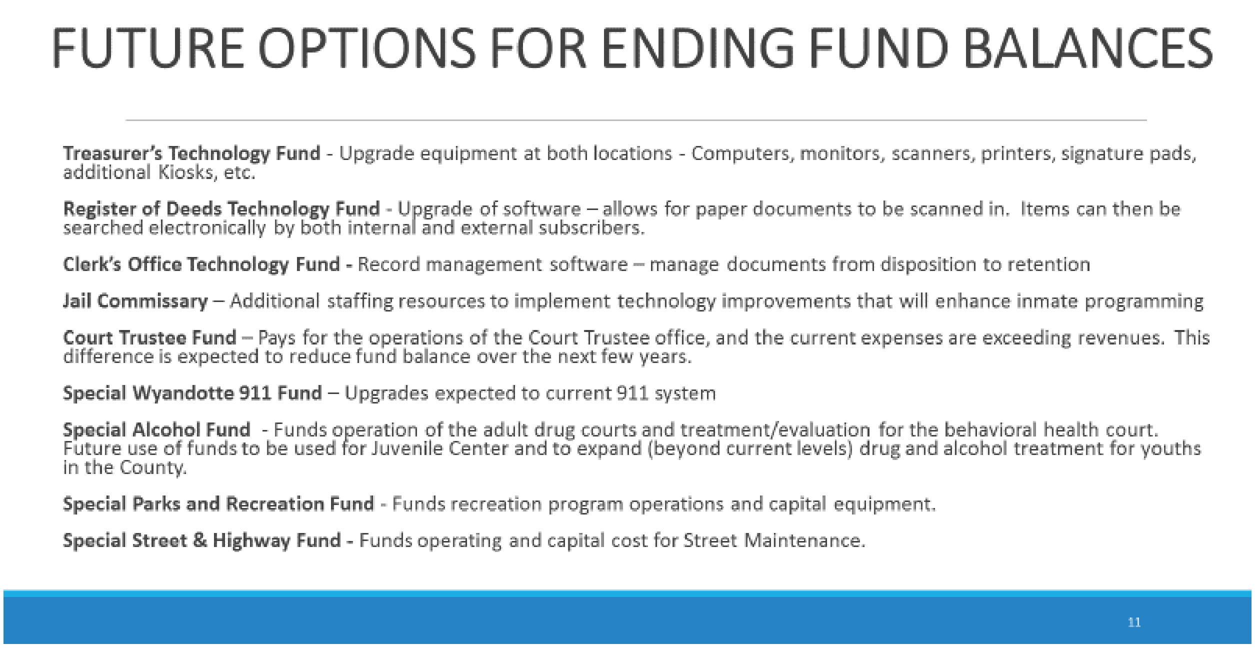
Mayor Alvey said it's very important I think for the public watching to understand that these reserve funds are established to give us flexibility in the moment and long-term. That when we look at this as a yearly budget, we get a snapshot, but we don't see the rolling average the money be set-aside to give administration flexibility to take care of the needs of departments. Month to month we might be over, but then over time these level out and we're certainly not in the position lets say to sweep the funds out of these because they're set-aside for us to be able to handle Capital and Operational costs. **Mr. Bach** said well said, Mayor, I would agree.

Commissioner Burroughs said while I don't disagree with those comments, Mayor and Mr. Administrator, I do see that when you have, what I would call a large amount of money, $2-$4M, sitting idle, those should be concerns when we see an ending balance that is 251% and not have a note or some kind of information attached to that overage of the percentage set-aside for reserves. I think it would be important for the committee and the commissioners to know that if we have an IT program out there that's going to cost $1M that over a period—that we have a timeframe in which that money will be spent so it is not just sitting there idle. I just think that those dollars and those programs are going to be set-aside, then we should have notice of those and it should be either in our CAFR or should be a note tied to that specific item. **Mayor Alvey** said the only comment I would have to that is, we simply have to as policymakers—we have to be eyes in, fingers out and we do have to trust our administration and certainly keep our eyes on it to make sure that these funds are not getting out of hand but, again, to get that percent over that period of time in order to approve the funds to take care of Capital expenses. We're not talking about something that is out of line. Anybody's home budget is going to have money set-aside which might seem like a lot in the moment of time, but again, if you take a long-term view of this which we're not allowed to do on the budget which these funds are set-aside and over time we (inaudible).

I think that's very important for the public to understand because you can easily have people believe that something is being hidden or something is being overdone here.

Mr. Bach said I will make a note, and we can do that like on page 73, that it shows there that we ought to have something on there that tells what the fund is all about, but when it goes to that level we ought to be able to say that it is anticipated this money is being planned for such and such equipment which is anticipated to be $200K or whatever it is and that way it's easy to spot when you're going through the budget book. **Commissioner Burroughs** said if I may, I think that's a little more transparency within the budget and, Mayor, I do want to be able to trust administration, but I also want to be able to verify and that's the purpose of having this discussion this evening.

Mayor Pro Tem Bynum said, Kathleen, when we say the funds are restricted by Kansas Statute, are they required? **Ms. VonAchen** said no, the funds aren't necessarily required but if you want to seek the resources then you have to set up that—**Mayor Pro Tem Bynum** said so the Statute allows for us to create the fund for certain purposes and then it restricts the fund by State law. **Ms. VonAchen** said yes.



Ms. Jonscher said as I said, we've gone through here for each one of these funds. We just kind of listed out some of the things, for instance, on the Treasury Technology Fund, they're upgrading equipment at both locations. Rick Mikesic, the County Treasurer, just took over at the beginning of 2018. He has been assessing the needs that they have out there at both of their locations and he has identified some of the equipment upgrades that they are going to do related to computers, monitors, printers, different things, looking at additional kiosk; things like that.

The Register of Deeds Technology; they're looking to upgrade software. They've got a lot of documents that are still paper documents that they want to get electronically so that they can be searched and so they are working on getting that upgrade.

The Clerk's Technology Fund is also looking at some records management software so that they can manage their documents that they hold within their office.

The Jail Commissary has additional staffing resources to implement technology improvements that will help to enhance inmate programming.

The Court Trustee Office; we didn't have anything identified as a future project; however, I did want to note that currently, if you look at their budget, they're operations what they're for paying for is exceeding the revenues they are bringing in and if they stay on that level, we do expect that fund balance is probably going to go down over the next several years.

I think it was already mentioned, 911 system upgrades, and we have some of that coming out of the 911 Fund.

The Special Alcohol Fund does pay for operations for the adult drug court and treatment/evaluation for the behavioral health court. They do plan to expand on the drug and alcohol treatment for youths in the county.

Special Parks & Rec funds the recreation program operations as well as additional Capital Equipment for the Capital projects and equipment for the Parks & Rec Department.

Street & Highway funds Operations and Capital for street maintenance.

Commissioner Murguia said so these dominantly are technology funds, it looks like, to keep our technology up to speed and as things occur, we have this money there to draw on, correct? **Mr. Bach** said the top few are, yes. I mean like the reasons those technology funds were created by Statute so there could be a specific fee to help keep those areas across the state up-to-date. **Commissioner Murguia** asked do we have other departments that have technology needs besides those. **Mr. Bach** asked technology special funds. **Commissioner Murguia** said no, that have technology needs. Do we have other departments? **Mr. Bach** said every department we have has technology needs. **Commissioner Murguia** asked what made us set up funds for these specific departments. **Mr. Bach** said mainly because we could. I mean this is—to answer the question, it was set out by State Statute that we could when you are doing different business with the Register of Deeds or the Treasurer's Office, that there can be a .25 cent, I don't know what it is, .50 cent fee that could be added to the transaction when the user uses that fee—I think she's pulling it up, so you can designate that on it. The Statute also says you can do that, but then you can only use it for that purpose and that's how it's set out. **Commissioner Murguia** said so these funds were set up in those departments because those departments generate revenue that allows you to put a fee on the revenue that's generated. Is that right? **Mr. Bach** said yes.

Commissioner Murguia said correct me if I'm wrong Doug. A few years ago, several years ago, we were going to roll out this amazing Code Enforcement software and I think Code Enforcement came in front of us and we had to add that as part of our budget where you could look up an address and there would be notes that would tell you where code violations were at so that you didn't actually have to call in and speak to an officer or a supervisor there. Everybody could access that and see that. Since Code Enforcement, when there's a violation and somebody has to go to court, they typically have to pay a fine. I'm just curious why we didn't set up the same kind of fund for Code Enforcement.

Mr. Bach said probably the difference is, there's no special statutory thing that comes into place to say set the fine. If we want—so, we set our fine, we go to that, we could add to our fees and just say here's .25 cents or $1 that goes toward the Code Enforcement Technology Fund. That wouldn't be restricted because that would just be set by you. You could make it a restricted type thing. This is restricted because that's what the Statute says about that fee. If you collect it, you're going to put it in a fund, you're going to track it and you're going to use it expressly for that purpose. If you want to do it and add it to a user fee or as part of the fine for something like that, we can do that. It just kind of flows back into the General Fund and then it's how much money we allocate.

Ms. VonAchen said in the Combined General Fund there are roughly $10-$11M worth of charges for services which is basically these sorts of fees and $7M of it is for refuge collection so the rest of it are fees like code enforcement and others that are all deposited into the General Fund. That's part of our revenues. **Commissioner Murguia** said the only other thing that I would add, I wouldn't necessarily say I am interested in setting up a fund for Code Enforcement. The reason I bring it up is in your analogy of saying this is sort of like saving for a car, my concern is, and I don't really like to get in the weeds, I like to give staff the discretion to manage their departments in the way that they see fit. One of the problems with these funds is that we, as commissioners, don't know what we're upgrading or what we're buying and how that's going to affect the constituent, the user, at the end of the day. I would tell you I've not really been overly thrilled, for example, the Code Enforcement software. Every time I go on there there's no notes to let me know where the code violation is and what's happening on a particular case so I haven't really been very happy with that. If I remember correctly, we approved a lot of money for that software. The same kind of applies to these funds. If we, as commissioners, don't know what this money is being spent on when it's being spent and it's just sort of general technology upgrades, that could affect us like the Code Enforcement software. Do you see what I'm saying? There's sort of is a reason why these funds, in my opinion, should have to go through the budget process just like every other request from any other department.

Mr. Bach said they actually do. While we don't show what our plan is to do for future years, when we do make that expenditure, you could go back into the budget book and you guys could probably point out where it is and you can see whether—if we're spending $200K on the Clerk's new technology, that will be under our project list. We'll have it in our equipment just like we do all our other equipment so it's spelled out in detail. You know, when we have the 911 when we expend money, we know what that's for. Special Street & Highway Fund, that's a big one. I mean when you go through the project list, that's funding up—well $7M worth of projects that we're paying for this year. When you're doing the project review, that's where the funding source is coming from.

Ms. VonAchen said I was asked to provide some information on what the plans are for these restricted funds, the future plans for the amounts that are leftover, right, this fund balance so that's what we're talking about here is these amounts. What are we going to use these amounts for? Well, here's some of the ideas we have and that's beginning in 2021 going forward, but as Doug mentioned, the actual expenditure figures here, they're all part of that budget process and certainly are in the Capital Project Fund. Many of these are listed in the CMIP.

Commissioner Murguia said since you brought up Streets & Highway, who's making the decision? I know we vote on it, the projects as part of the budget, but who is making the decision what projects that money is spent on? **Mr. Bach** said ultimately you will Commissioner, but it's one where in the fall our Public Works team typically comes before Standing Committee, they work through the list of projects that we're looking at, they show what's working now and then what we're looking at for the next five years. They do their assessment of different streets, various things through the community where that money could be expended and then we come back and do a little bit more detail on it with you. But then in May when we go into the project lists and the couple meetings we have then, that's when we point out these are specifically the ones that are being moved up into the 2020 cycle and which ones are new coming into the whole budget. **Commissioner Murguia** said are you telling me then that when those things are brought forward that as a commissioner I could—you know we're only voting on what we're presented. We're only voting on sort of like what's on the menu, but if what isn't priority for a particular district or for the county maybe from a constituent perspective isn't on the menu, we wouldn't know that was an option. Are you telling me that in future when we go through these items, and specifically for Streets & Highways, the projects being submitted I or any other commissioner doesn't view as a bigger priority than a specific project, we could bring that up at that time? **Mr. Bach** said yes, I believe we've had that discussion a few times. The unfunded list is part of that list of different things that get out there which you all made a point of this year making sure we keep that tabulated with the rest of those projects. So, when we talk about projects and project needs in the community, particularly in the fall when we're building it, that's a real important time for it.

Ms. VonAchen said this fund in particular, for example, the Special Street & Highway Fund, the funds review are on page 71, but the more detailed information is in the Public Works Division section which begins on page 360. There's about $1.4M of that total $7.9M that's for Capital Projects and that $1.4 roughly million is listed in the Capital Projects fund which are the pages beginning around 470. Those were the projects that we presented previously and—no, not 470 page 454. **Mr. Bach** said I think what's important to note is we have 40 some funds, how many funds? **Reginald Lindsey, Budget Manager,** said 29. **Mr. Bach** said 29 funds, so when we bring the budget for you, we talk about whole projects. This is what we're paying for and sometimes it's a combination of, okay, we can get some money from this fund to pay for it, this fund, this is how we can make it all come together. Being a consolidated government does quite a balancing act on these guys as to what funds can pay for various things and then bringing it all together. It's broke out and it's spelled out in the project area or we'll show where Special Street & Highway is paying for this and then we will say plus other funds so we can note. Then here's some coming from the General Fund, but it kind of like when you're looking at a road project, I'm talking about the road project, and we typically don't spend a lot of time, and go well it's getting a million dollars from this fund and $500K from this fund and we'll note it if there's a million dollars in grant or something like that because that's kind of a special. We show you what the project is and then we put the detail in where they are, but we don't spend a lot of time talking about which of the 29 funds are going make it happen.

Commissioner Murguia said I just don't frequently think of—I guess I should have, but over the last decade I just don't frequently think of in terms when our staff gives us a list in the budget of projects that we're going to do that I have the option of saying I have this project and it sounds like and it appears like it's a lot more important than the 10 you have listed here. Now that I know that rule and I know that's an option, I won't just be saying it about projects in my district, I'll be saying it about things countywide because sometimes I know that I've met with and talked to my fellow commissioners where we've all gone why are we doing this and we're not doing this other project instead. Usually people are just sort of left guessing, so that's good to understand. Now that I know that's an option—I just assume by the time it gets to us in budget that our staff has spent a lot of money on consultants and engineering costs and preparatory costs and that money if they don't do that project is gone and we move another project in, we're going to need additional money to prep that for approval. Am I wrong?

Mr. Bach said by the time it gets to the 2020 Budget, yes, we're doing that. When we put them in the CMIP plans—that's why you guys spend a lot of time talking about those outyears too, no, we don't spend as much. We've got a good idea for what the cost is but we don't start engineering stuff out that far. Depending on the size of the project, like Leavenworth Road Project, that's one where we budgeted design and engineering in front and then we had the year that we come in and we went in and started doing all the utility movements out of it and then we got to the year that we were actually doing the road. When you sequence ones like that, we start spending more in advance. Others, you know, we usually engineer the year before and then spend the money the next year.

Commissioner Murguia said just from a logistics perspective, say that there's a project, and I don't have mind in front of me, but say there's a project on the list that all the commissioners agree could wait and there's another project that's a bigger priority, would we be able to complete that project in that year without any previous work being done on it? **Mr. Bach** said it depends on the project. **Commissioner Murguia** said in streets, roads and highways? **Mr. Bach** said, again, it would depend on what the project is whether we could do it in that year or not. **Commissioner Murguia** said generally speaking on most street projects. **Mr. Bach** said, Jeff, you're back there. You could probably answer this question better than I could, but our normal process is that we will design and engineer in advance. We have to run through utility checks, moving people along for all that so we usually try to do that in one year and then come in and do the road project.

Jeff Fisher, Executive Director of Public Works, said yes, you're exactly right. Generally speaking, we're going to design one year and construction the next as in the scope and the complexity of the project. **Commissioner Murguia** said I'm assuming in order to put a dollar amount in there for a project you've had to done a lot of work to figure out how much that project is going to cost in order to bring it to us for approval in the budget process. **Mr. Fisher** said typically the engineers are doing that preliminary work.

Maybe I could speak to the process for projects. We've mentioned a couple of times earlier this year that this fall we would like to engage the Commission and the Planning Commission and design a process for how we select projects. We will have a set of criteria that you will weigh-in on, what's important, what's not important and then design that process and then be in implementation. **Commissioner Murguia** said you're telling us that in the future now we're going to be able to be more involved in deciding what projects are a priority in our district. **Mr. Fisher** said yes, that's the idea. **Commissioner Murguia** said okay, because we really haven't had that in the past. **Mr. Fisher** said like the County Administrator said, we've been doing that. I think we can do some enhancements to that process.

Ms. VonAchen said I'm going to move on to the Debt Service Funds.

	2020 Proposed Budget Page #	2018 CAFR Ending Fund Balance	Est. 2019 CAFR Ending Total Fund Balance	Est. 2020 CAFR Ending Total Fund Balance	2020 Proposed **Expenditures** & Transfers-out	**Calculated** 2020 Fund Balance as a % of Expenditures & Transfers-out	Minimum Target Reserve Range	2019 Budget Mill Levy	2020 Budget Mill Levy
City Bond & Interest Fund	55	$ 11,085,409	$ 8,768,735	$ 8,270,068	$ 34,829,169	24%	5% to 10%	16.896	16.896
County Bond & Interest Fund	56	$ 3,672,338	$ 3,018,140	$ 2,717,385	$ 5,326,823	51%	5% to 10%	2.202	2.202
Totals		$ 14,757,747	$ 11,786,875	$ 10,987,453	$ 40,155,992	27%	5% to 10%	19.098	19.098

DEBT SERVICE FUNDS

2020 Fund Balances exceed fund balance minimum targets for the City & County Bond & Interest funds. Current levies pay principal and interest payments on outstanding governmental debt. Business-type debt (enterprise funds like sewer and storm) pay the principal and interest from a transfer ($8.6 M) into this City-B&I Fund. Public Building Commission debt reflected in the County B&I Fund.

18

There are two. It's the City and the County and the total fund balances estimated for the end of 2020 is almost $11M. In the prior years it was $14.7M for '18 and then $11.8M for '19 and we're estimating basically $11M at the end of 2020. These are the total expenditures for the respective City and County Debt Service. This is the annual debt service, how much we paid in principal and interest to bondholders. These amounts represent 24% of the—the fund balance represents 24% of the expenditures and this one is 51%, so quite a bit higher. Again, we want to revisit these minimum targets.

Also, included with these are the mill levies set for each of these. The mill levy for the City Bond & Interest Fund has been the same for many years and it's 16.89 so that's the 17 the Mayor has talked about in the past. We're not recommending a change in these at this time, but we're going to talk about that. On the next slide I'm going to provide you some information on this $11M fund balance.

Just so you know, one thing of note is, for example, on the City Bond & Interest Fund we issued General Obligation Bonds for sewer and for storm in order to get a really low interest rate because they're backed by the full faith and credit of the Unified Government. The actual repayment of the sewer and the storm General Obligation Bonds come from transfers from Sewer & Storm Enterprise Fund, not from the property tax that's generated by this 16.8 property tax mill.

Just keep that in mind. The property tax portion, this generates around $19M or $20M a year. I'm talking City now.

The other thing to note is that the County Bond & Interest Fund also contains the transactions that you often hear about, the Public Building Commission, and that's because-well, the State Statute really has some limitations on how counties can issue debt and so Public Building Commission bonds are not necessarily paid back from a revenue source like this one. They're officially a lease revenue bond. They're dependent on a transfer from the County General Fund into the County Bond & Interest Fund in order to make that payment and that was true for the Juvenile Center bonds and we will talk about that more in a minute.

DEBT SERVICE FUNDS

- *Statute Citations:*
  - *K.S.A. 12-1774* authorizes county commissions to levy a property tax and designate the specific purpose for repayment of general obligation debt.
  - K.S.A 10-113 requires cities to make tax levies sufficient to pay GO Bonds
  - *K.S.A. 10-117(a)* **restricts the transfer of resources out of the bond and interest fund until all outstanding bond issues have been extinguished.**
- Restricted Use of Revenues:
  - Outstanding bond documents have pledged these revenues for debt repayment.
  - *"Funds shall be used solely for the payment of principal and interest on the Bonds".*
  - *"Whenever all bond issues have been completely retired the governing body of the municipality, which issued such bonds, is hereby authorized to transfer any unexpended balance of money in such bond and interest fund to the general fund of the municipality".*

19

There's the Statute for creating bond funds and one thing to note is that once you set up a County Bond & Interest Fund, any money going into it has to stay there and can only be used for debt service. You can't move the money out afterwards. If you're going to move fund balance or use fund balance for anything other than debt service, the only way you really can do it is to reduce the mill and then bring it back up the next year. Just so you know, there's a logistical issue with that because you're restricted by State Statute.

Mayor Pro Tem Bynum said, Kathleen and Mr. Bach, given what you just said and the chart directly in front of it, if we cannot look at the fund balances in those two funds which are both sitting highly above their targets and we can only use those for paying down debt—**Ms. VonAchen** said we can talk about some options. Commissioner, I don't mean to interrupt, there's a little bit more to the presentation. **Mr. Bach** said I'll probably chime in here. I think, remember again, the target is the minimum. There are various things that come into play. Like on the County Bond & Interest Fund as we've set this out, and I think Debbie has said this probably every time we show the County Bond & Interest flow chart, we started building this fund up anticipating issuing debt for projects that we're going into knowing we're going to spend out. Our projected budget for next year has us spending about $600K out of the fund balance in 2019 that why—well, it doesn't (inaudible) except a little bit because there's more revenue coming into that fund so that's good, but then it shows that's another $654K as we go into the outyears. We're planning in order to service the debt under the County Bond & Interest and not only take money from this, but also, we're planning on saving a million dollars from our farmout costs because of the savings we could get over into the pods and such. The Sheriff is here tonight and probably could speak to it. We're having some difficulty doing that with him trying to staff up and get there, it's more challenging and a lot of that comes, so having enough reserve in this account could get us—we're planning to spend some of this money—**Mayor Pro Tem Bynum** said so it's the same as the prior slides where are saving for records technology or the same scenario. **Mr. Bach** said except for this one is already one where we are already planning to spend it. **Mayor Pro Tem Bynum** said we've already committed. **Mr. Bach** said we've got so many mills set forth and we're planning to take a half million dollars out of it every year for the next several years and hope if the value goes up, if our community doesn't continue to increase to make the mills that are dedicated to this go up, that can be an issue in five years. We have a fund balance to allow us to carryover a few years and ladies, correct me if I'm wrong in where that is. **Mayor Pro Tem Bynum** said these mills are in the City final mill levy amount and the County—**Ms. VonAchen** said that you set, yes.

CITY BOND & INTEREST FUND STATEMENT

Page 55 of the Proposed Budget Document

Fund: 410 - Bond and Interest

The City Bond and Interest Fund includes the annual debt service (principal and interest) for debt issued by the City of Kansas City, Kansas. This fund accounts for those debt service payments, which are determined to be the responsibility of citizens of Kansas City, Kansas and not Wyandotte County. The primary source of revenue for the City Bond and Interest Fund is ad valorem property taxes and transfers from the Sewer Fund for sewer general obligation debt.

Account Type Description	2017 Actual	2018 Actual	2019 Original	2019 Amended	2020 Budget
Revenues					
41 - Tax Revenue	$22,333,355	$22,469,186	$24,345,414	$24,332,546	$24,833,170
43 - Intergovernmental Revenues	$4,573	0	0	$4,500	$4,500
46 - Interest Income	$69,982	$132,214	$30,000	$200,000	$200,000
48 - Reimbursements	$777,913	$645,923	$650,000	$620,000	$630,000
49 - Other Financing Sources	$8,273,883	$10,744,207	$8,945,906	$8,977,816	$8,662,832
Total Revenues	$31,459,706	$33,991,530	$33,971,320	$34,134,862	$34,330,502
Expenses					
52 - Contractual Services	$30,037	$10,999	$30,000	$30,000	$30,000
56 - Debt Service	$31,048,359	$33,160,498	$33,527,236	$33,527,236	$33,504,869
57 - Nonexpense Items	$27,478	0	$294,300	$1,894,300	$294,300
58 - Reserves	0	0	$1,000,000	$1,000,000	$1,000,000
Total Expenses	$31,105,874	$33,171,497	$34,851,536	$36,451,536	$34,829,169
Net Change in Fund Balance	$353,832	$820,033	($880,216)	($2,316,674)	($498,667)
Cash Basis Ending Fund Balance	$7,526,428	$8,346,461	$5,643,428	$6,029,787	$5,531,120
CAFR Ending Fund Balance	$8,463,534	$11,085,409	$6,580,534	$8,768,735	$8,270,068

20

Let me walk you through just a little bit. The other issue I wanted to point out is that when we signed all those bond documents, we agreed that debt service is the first thing you pay before anything else. The need for reserves to ensure that we can keep that promise is important because if we don't have those reserves, then we would have to go back into the Operating budgets and make reductions in order to meet our bond document requirements. That just disrupts the service level that we're providing to our customers, our citizens, and we're trying to not disrupt the service level and provide quality service.

INFORMATION POINTS:
CITY BOND & INTEREST FUND

- **Fund balance has increased due to:**
  - Reductions in debt service payments resulting from refinancing of prior debt
  - Higher than projected assessed value growth resulting in additional property tax revenue
- **Fact points on liquidity needs:**
  - Over $5.5 million is spent in gov'tal GO debt interest payments in February of each fiscal year (not including sewer and storm debt service)
  - Estimated $9 million (or ½ of fund's annual property tax revenue) received thru the property tax distribution on January 20th of each year
  - Larger debt service payments occur in August with both interest and principal totaling an estimated $22 million
- **Potential drawdowns of fund balance:**
  - Without approval of the proposed Stormwater Fee increase, UG would be adding an $20.2 million (Turkey Creek Wingwall-$10M and KC River Betterment Levy-$10.2M) in stormwater project debt funding
  - This new debt would add an estimated $1.33 million annual debt service (principal and interest) payments for 20 years

21

A couple other fact points I wanted to point is that in the past we have talked about liquidity needs. You know liquidity is, you know, bouncing checks throughout the fiscal year. Certainly, we are not bouncing checks so we need to ensure that the cash that we need in a given month is—that the resources are available to spend it. In the second month of the fiscal year we make a $5.5M debt service payment that's just interest on the GO debt and that happens in February. We do need to have some liquidity or some funds available to make that debt service payment, but on the other hand we're also collecting one-half of the property tax on January 20th which is about $9M. There's a good level of funds available to make that liquidity need at the beginning, but keep in mind later on in the year we have to pay $22M in Bond & Interest—you know and principal and interest so those are liquidity needs that we have to keep in mind throughout the fiscal year and we're just talking about the City General Fund—or the City Bond & Interest Fund. That fund balance is at $8.3M right now.

One of the concerns we have at the moment is that without the approval of the proposed stormwater fee increase, the Unified Government would have to assume the $20.2M in General Obligation debt that we had hoped would be—the debt service would be covered by stormwater rate adjustments. That was the projects for the Turkey Creek Wingwall and for the Kansas City River Betterment Levy. If we are not able to generate that additional revenue in the stormwater fee fund which is an Enterprise Fund, then we would have to build into our forecast for this City Bond & Interest Fund an additional $1.33M in annual debt service for the next 20 years.

Our recommendation as staff is that yes, there seems to be a balance of funds in there that could be available perhaps to reduce the mill for a few years or actually to issue a little bit of debt on a very short-term basis that we would payoff over a couple of years to fund a specific high priority Capital need. We really don't recommend doing that until we come to a decision as a community on how we are going to pay for the stormwater infrastructure needs that are not going to go away regardless of whether we have a fee or not. Those needs are still there.

Mayor Alvey said to be clear, you say there are some reserve funds which could be deployed to cover the cost of the additional annual debt service if we don't cover this out of stormwater adjustment, but that would be a one-time expenditure. We would deplete that reserve and still be at the same place. We still either have to generate the revenues from stormwater rate adjustment or for new avenues by economic growth or an increase in the mill levy. Is that correct? **Ms. VonAchen** said that's right, of course the fund balance amounts is a one-time revenue source, absolutely.

COUNTY BOND & INTEREST FUND STATEMENT

Page 56 of the Proposed Budget Document

Fund: 460 - County Bond and Interest Fund

The County Bond and Interest Fund includes the annual principal and interest payments on debt issued by the County for capital maintenance and improvement projects, equipment purchases, and legal judgments. The primary source of revenue is from ad valorem property taxes. This mill levy is authorized by KSA-10-113, which requires officials to levy enough taxes to pay annual interest on debt service.

Account Type Description	2017 Actual	2018 Actual	2019 Original	2019 Amended	2020 Budget
Revenues					
41 - Tax Revenue	$2,970,889	$3,065,906	$3,267,635	$3,276,747	$3,386,068
46 - Interest Income	$11,722	$55,097	$5,000	$50,000	$50,000
48 - Reimbursements	$386,361	$387,756	$480,000	$390,000	$390,000
49 - Other Financing Sources	$1,500,000	$1,458,638	$1,000,000	$1,000,000	$1,200,000
Total Revenues	**$4,868,972**	**$4,967,397**	**$4,752,635**	**$4,716,747**	**$5,026,068**
Expenses					
52 - Contractual Services	$4,803	$4,247	$6,000	$6,000	$6,000
54 - Capital Outlay	$120,352	$235,048	$220,000	$240,000	$205,000
56 - Debt Service	$2,420,341	$2,777,002	$4,824,944	$4,824,945	$4,815,823
58 - Reserves	0	0	$300,000	$300,000	$300,000
Total Expenses	**$2,545,496**	**$3,016,297**	**$5,350,944**	**$5,370,945**	**$5,326,823**
Net Change in Fund Balance	**$2,323,476**	**$1,951,100**	**($598,309)**	**($654,198)**	**($300,755)**
Cash Basis Ending Fund Balance	**$2,783,319**	**$4,734,419**	**$3,771,293**	**$4,080,221**	**$3,779,466**
CAFR Ending Fund Balance	**$3,307,521**	**$3,672,338**	**$4,295,495**	**$3,018,140**	**$2,717,385**

22

INFORMATION POINTS & CONTINGENCY PLANS: COUNTY BOND & INTEREST FUND

- **Fund balance has increased due to:**
  - Public Building Commission (PBC) debt, reflected in this fund, derives its revenue from operating transfers from the County General Fund
  - County B&I Fund higher balances are due to transfers from the County General Fund prior to the beginning of the Juvenile Center's debt service payments that begin in 2019
  - Transfers came from savings on reduced outside inmate bed contracts:
    - Total of $2.5 M: $1.5M in 2017 and $1.0M in 2018
- **Fact points on Liquidity Needs:**
  - Juvenile Center (PBC) annual debt service payments are approximately $1.7 million beginning in 2019
  - Of the total $1.7 M, at least $1 M from anticipated contract bed cost savings (transfer from County GF) and the remaining or $700K from County B&I mill levy property tax revenue
- **Potential drawdowns on fund balance**:
  - Extra reserves needed because may not achieve the $1 M in contract bed savings each year
  - If not achieve $1M contract bed savings, need resources to meet $1.7 M annual debt service payment to avoid having to make unanticipated operational reductions to other services in the County General Fund

23

On the County side, Doug alluded to it, this is where the Public Building Commission debt is reflected. The reason the fund balance has climbed in this fund, and let me go back to it, it's climbed up to $2.7M. Why is that? Well, it's because in '17 and in '18 we transferred savings from contract bids that we did not farmout in the County General Fund. We transferred that savings $2.5M into this fund and that was because in the future, for the next 20 years, we have to pay $1.7M in principal and interest to pay for the Juvenile Center which is currently being constructed. If the contract beds—if we have to start filling inmates with beds out of our facility and paying those contract bed costs, we will not generate the savings we need and so we are anticipating that it would be best to have those reserves in place in case that happens, so that's why that reserve is there. That in a nutshell is what I'm saying here.

Resources Dedicated for Legally Authorized Uses
Source: 2020 Proposed Budget, Financial Overview Fund Statements (CAFR - Modified Accrual Accounting)

	2020 Proposed Budget Page #	2018 CAFR Ending Fund Balance	Est. 2019 CAFR Ending Total Fund Balance	Est. 2020 CAFR Ending Total Fund Balance	2020 Proposed **Expenditures** & Transfers-out	**Calculated** 2020 Fund Balance as a % of Expenditures & Transfers-out	Minimum Target Reserve Range
Environmental Trust	65	$ 1,373,260	$ 1,321,260	$ 1,269,260	$ 1,130,000	112%	10% to 15%
Special Assets Fund	69	$ 2,282,700	$ 1,432,700	$ 582,700	$ 850,000	69%	5% to 10%
Dedicated Sales Tax	64	$ 4,050,334	$ 3,585,684	$ 3,595,196	$ 10,852,488	33%	5% to 10%
Tourism & Convention	72	$ 5,561,812	$ 3,754,100	$ 2,118,956	$ 5,773,178	37%	3% to 5%
Totals		$ 13,268,106	$ 10,093,744	$ 7,566,112	$ 18,605,666	41%	3% to 12%

CREATED BY UG COMMISSION

24

The final category are these four funds that we're categorizing as created by the UG Commission. They were created previously and Debbie is going to talk about these.

Ms. Jonscher said as Kathleen said, these were created by the UG Commission so we've got four funds here. The Environmental Trust Fund which was set up to cover environmental liabilities that might occur in the community. We also have the Special Assets Fund which was created to set-aside funds from the sale of some of our Capital Assets to be used for either economic development purchases—economic development or other projects. We have the Dedicated Sales Tax Fund which is the 3/8 cent sales tax which funds Public Safety Operations and Infrastructure projects. Then, the Tourism & Convention Fund which revenue comes from the Transient Guest Tax. As you can see with these four funds, we have at the end of 2020 we're estimating the fund balance to be $7.5M in fund balance for these.

Commissioner Murguia said on the 3/8 cent tax that we gather for Public Safety and for Infrastructure, who decides with the percentage that used on Infrastructure, who decides what projects are going to get funded with that? **Ms. Jonscher** said we do have—on the Public Safety side we do fund a certain number of FTEs out of there, but then projects are brought forward to us from the department and I think those—**Mr. Bach** said back when this was created, the

Commission gave the direction to break this out, 33% for Police, 33% for Fire, and 33% for Neighborhood Infrastructure. Through the first five or six years we struggled to get that much into Neighborhood Infrastructure. We spent a higher percentage of it, I think, went into Fire and then next down to Police and then we were in 20's probably from where we were on the Neighborhood. In the last few years we've been able to get this equaled out to that point and that's why we show it each year and we breakout a page and say this is a percentage we're doing in each area because the Commission always wants to know where we're spending that money or what percentage is going to each category. You could elect to say spend 90% in Neighborhood Infrastructure. It would cause us some problems in those other two areas in how we build them, but we use it as part of the total fund balance to come into it and we've just worked off that rule of the third, third, and third. I think some of you commissioners that have been here for 7 or 8 years probably remember when we designated that.

Ms. Jonscher said we do also have a page in the budget book, page 107, at the end of the Financial Overview, that breaks out the three different areas for the Dedicated Sales Tax. **Commissioner Murguia** said all that's great information, but my only question was, who decides Neighborhood Infrastructure projects are paid for with the fund—the money that is allocated out of that fund for Neighborhood Infrastructure projects. **Mr. Bach** said when we are trying—we will come to you with the budget with the recommendation of where we think everything can be paid for and that's what's in here. We go through and breakout the $10M that comes out of the Dedicated Sales Tax Funds on a given year and Public Works will work through all the different projects whether they're looking at their gas tax money or whether they're looking at their General Fund money or they're looking at their Dedicated Sales Tax money and they will say here's the projects we have and this is what has been approved in advance through the Capital Program. They will build that in. Budget will look at it and go well, that's eligible for this fund money, that's eligible for this fund money, and that's eligible for this, so working together they come out with a way to say okay, this is how we can pay for everything that's in our CMIP Plan.

Commissioner Markley said that's what I was going to say, like in the CMIP there are different pages for each fund and that's why we find sometimes the same project on multiple pages because it's popping up—it's being funded across multiple funds, right? **Mr. Bach** said yes, one of the 29 funds.

Commissioner Murguia said, again, those projects are what's brought forward by staff. **Mr. Bach** said yes.

Commissioner Townsend said I just wanted to follow-up on what sounds like some of the, I won't say concerns, but issues I wanted to have looked at in a more formal setting about the CNIP. That had already been established in the term that I first came here and then there was some carryover. Now that we've had the public again authorize this 3/8 cent sales tax—was that last year? Time is going so fast—**Someone** said yes. **Commissioner Townsend** said the question that I have and would like to see addressed is can we revitalize the CNIP because as we knew it two or three years ago, we don't have CNIP Program that would allocate to each commissioner a pot of money to say I would like to see this sidewalk done in my district, I would like to see the tennis courts at Parkwood done. I think this is Commissioner Murguia's question, get to what I would like to have a discussion about, what comes first because if I'm following this correctly, if we don't have that discussion, then staff will look at projects they would like to see done like the roads, the streets situation. I'm in favor of that project but I have a feeling that if we try to revitalize, renew CNIP, that might have an impact just for instance. I thought I would mention that because it sounds like the perfect opportunity. I hope my fellow commissioners got the email I sent earlier today to talk about that.

Commissioner Kane said you know maybe we failed miserably because when we always talk about Public Safety we talk about Police, Fire, and Sheriff and I think the Sheriff should have got some amount of monies especially in the situation we're currently in now. Maybe we should have done a quarter, quarter, and a quarter and a quarter. I think we have let them down so it would be my suggestion that we include them in on that because they are part of Public Safety. **Mr. Bach** said I would say they're well deserving Commissioner. I think one thing, just remember, this is a City Sales Tax, so the Sheriff's Department is funded under the County side of the operation, so that's the other thing we do is spend the time making sure what is eligible for it and the Sheriff's Department would not be eligible to have that from the City Sales Tax because it's paid for from the corporate Kansas City, Kansas side.

Commissioner Murguia said I do want to kind of dovetail off of Commissioner Townsend's comments. It's very general, but I realize our Public Works Department is running a lot differently than it did my first two terms here and I'm very impressed with all the innovation and the staffing that's going on there. I couldn't be happier with what's going on with Public Works but I would add this, one of the big frustrations with being an elected official is that until budget time we really don't have a lot of say over what gets funded and what's doesn't. I think that's why you're hearing CNIP. CNIP was such a popular thing because we are on the front line, you all are in this building, but we're on the front line and every time wherever we go, church, to the store, people are confronting us with why hasn't this been done, why hasn't that been done. Then, those that do take the time to look through what's being funded in the budget versus what they're asking for, I think it's hard for the general public to get their head around how we can spend $5M on something and we can't come up with $100K for something they need done. I don't know how to make it happen, but I do think there's got to be a way within our budget where commissioners have some discretion over priority community-based projects.

At the end of the day, it is the community that's creating our budget through taxes. They're the ones paying into it and they should actually be able to feel like they're getting something for their money. They get all of this. I understand that. I wish there was a way for us to rip and cut every sewer that we put in, but they don't see it, you all know this, they don't see it so they don't appreciate it as much as what's above the ground and what they can see. What they do see is terrible curb and sidewalks or in Kane's situation they see no curb and sidewalk or in Markley's district they see drains overflowing or they see blight and dilapidation. I know we're doing our best to address that, but if just each commissioner had some discretion over even a small percentage where we could at least attempt to meet some of the constituents needs, I think it would alleviate some of the pressure we feel on the front line every day.

FUTURE OPTIONS FOR ENDING FUND BALANCES

- **Environmental Trust** – Fund Balance needed to meet unexpected environmental disasters; The fund balance represents 15% of solid waste collection costs.
- **Special Asset Fund** – Future balances set aside for the purposes of the fund; refer to specific slide
- **Dedicated Sales Tax** – Minimum reserve should be set at greater than 25% due to:
  - only one revenue source in this fund (not diversified) supporting 50 public safety FTE, and
  - sales tax is an economically volatile revenue source
- **Tourism & Convention Fund** – Future balances set aside for the purposes of the fund; refer to specific slide

25

Ms. Jonscher said this was just an explanation for each one of the funds on what the fund balance is used for. We talked a little bit about the Environmental Trust Fund. If there's any unexpected environmental needs as well it pays for a portion of the trash cost each year. Special Asset Fund, future balances are just set-aside for specific purposes. Dedicated Sales Tax does fund 50 Public Safety FTE within that fund. It is totally dependent on sales tax and we've had conversations about how volatile the sales tax has been. The Tourism & Convention was just set-aside for entertainment purposes within the county.

Commissioner Burroughs asked how much of that 25% set-aside fund, how long would that fund those personnel, the Dedicated Sales Tax. **Ms. VonAchen** said well, you know, three months out of the year. **Commissioner Burroughs** said so a quarter. **Ms. VonAchen** said yes. If the sales tax dropped very dramatically, then we could cover it in one year.

Ms. Jonscher said the next few pages have some information on each of the different funds.

ENVIRONMENTAL TRUST FUND

- Ordinance No. 65837
- Fee Revenue:
  - *"authorizing the creation of the City of Kansas City, Kansas solid waste environmental liability fund for the purpose of setting aside moneys in trust to finance any environmental liability arising from the collection and disposal of residential and municipal solid waste".*
- Restricted Use of Revenues
  - Payment of any environmental cost or liability associated with solid waste collection and disposal
  - All moneys deposited in the fund shall be held in trust until expended for such purpose or until the fund shall terminate. Upon termination of the Fund moneys held may be applied to any lawful governmental purpose of the City.
  - Termination of the Fund: the Fund shall terminate ten years after the expiration of the term of the City solid waste contract.

26

SPECIAL ASSET FUND

- Resolution No. 8-6-15
- Fee Revenue: record revenues associated with the sale of significant government assets, including land and buildings
- Restricted Use of Revenues: Committed to the specific purposes
  - Debt payments related to the asset sale
  - Operating and/or capital expenditures associated with a UG-owned asset
  - Future land and building acquisition costs
  - Capital equipment purchases and infrastructure-related expenditures associated with a UG-owned asset

27

DEDICATED SALES TAX FUND

- On April 13, 2010 Kansas City, Kansas voters approved a 10-year 3/8 cent sales tax.
- Fee Revenue:
  - 3/8 cent sales tax started on July 1, 2010 and is scheduled to terminate on June 30, 2020, unless voters approve a continuance of the tax for an additional 10 years.
  - The tax generates over $10 million annually.
- Restricted Use of Revenues
  - Funds are dedicated for the purposes of financing Public Safety operations and Neighborhood Infrastructure improvements, including the construction, repair and maintenance of roads, curbs and sidewalks.
  - $2.1 million of the 2017 fund balance is committed to be spent in 2018.

28

TOURISM AND CONVENTION FUND

- Charter Ordinance– 03-08
- Fee Revenue: 8% of hotel and motel transactions.
- Restricted Use of Revenues
  - Promotion of conventions and tourism within the Kansas City, Kansas

29

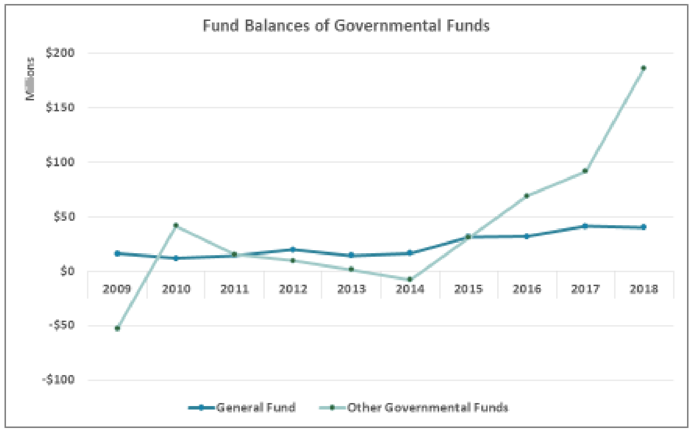
Ms. VonAchen said the concludes the presentation on Special Revenue Funds. I really do appreciate all the questions, the good questions, you've asked.

There's so much in the CAFR, the Comprehensive Annual Financial Report, 200 pages, lots of things going on there and you know it's kind of this running joke that the CAFR presentation is boring. We try to make it more interesting, but we also try to make it really short and one thing that we fail to do is really talk about all the really big things that happen so we kind of touch on the really big highlights.

The big highlight that I mentioned was that our governmental net position improved and so now our net deficit is only a couple million bucks so that's amazing. It's really amazing. One thing I did miss when we were doing the presentation that Commissioner Walters pointed out to me is that I did not talk about how the—you know there's the Governmental Fund Balances using the modified accrual basis did go up quite significantly in '18 so we're going to talk about that.

FUND BALANCES OF GOVERNMENTAL FUNDS

Page 172 of 2018 CAFR



31

On page 172 of the 2018 CAFR is this chart and as you can see, the darker blue is the General Fund. This is the fund balance basically. Whatever balance you had last year plus the revenues coming in minus expenses going out is your fund balance. In the General Fund over the last 10 years it hovered around below $25M mark and then climbs up and then it went up here in 2015 and it's been hovering around the $40M mark since then.

This is all the other Governmental Funds. What are other Governmental Funds? Those are Capital Project Funds, the Economic Development Debt Service Fund and all those Special Revenue Funds that we just talked about and the Grant Funds and a little bit of the Internal Service Funds which we call—which are Worker's Comp and the Employee Health Benefit Fund which their positions are negative. That's what this lighter blue encompasses.

2018 FUND BALANCES OF GOVERNMENTAL FUNDS

- 2018 total increased 71% compared to 2017, as detailed below:

	2017	2018	Variance
General Fund	$ 40,956,852	$ 39,988,884	$ (967,968)
Capital Projects Fund	$ 38,447,260	$111,238,544	$ 72,791,284
Debt Service Economic Development	$ 10,647,394	$ 32,255,227	$ 21,607,833
Other Governmental	$ 42,373,802	$ 42,966,285	$ 592,483
Total Governmental Fund Balances	$ 132,425,308	$226,448,940	$ 94,023,632

- Capital Project Fund –
  - Of $72M total variance, largest reasons are that cash increased $60M due to unspent 2018 temp note projects, PBC Juvenile Center and Adult Jail Improvements. Also, temp-note liability decreased $18M due to a change in reporting to reflect a reduction for the portion permanently financed in Feb. 2019, per GASB.
- Economic Development Fund –
  - $21.5M variance increase due to the issuance of the Legends Garage and West Lawn project CID bonds. The remaining balance of $10.6M is held by trustee as debt reserve, required by bond documents.

32

In 2018 it increased 71% so we were asked why did it go up so much, so we're going to talk about that here. Here are the categories that make up the total governmental fund balances. You have the General Fund, Capital Projects, Debt Service and Other. In '17 they totaled $132M, in '18 they jumped up to $226M which was a variance of $94M. The biggest change is in the Capital Projects Fund and the Debt Service Economic Development Fund, but mainly, the Capital Projects Fund. Of that $72M, almost $73M, that increase from '18 to '17 in the Capital Project Fund, the largest reasons were that the cash position on the balance sheet increased by $60M due to temporary notes that were issued in February of 2018 and still had not been spent by the time the end of December arrived. We had issued temporary notes and we were still sitting at—actually temporary notes and PBC Revenue Bonds and we were still sitting on $60M in cash. Most of it, half of it, is the PBC Juvenile Center bond and the Adult Jail, so the Juvenile Center was $28—well the project is $28.5M and then the Adult Jail is around $6M and that project just really hadn't taken off in the middle of the winter in December. There was roughly another $30M or more in temp notes that just hadn't been spent.

We talked about how the slow spending level that occurred last year with our Capital Projects, so we've talked about this before and our Public Works Director explained the Public Works Department in general was in a growing year where they were building their staffing capacity and setting up new business processes and systems so that they had the capability to manage their projects more effectively. This goes into a little bit of the lag in those projects—or the amount of the money we financed. Keep in mind, that all this money that's sitting on our balance sheet, all this cash sitting on our balance sheet, is also earning interest. We pay interest but we earn interest and oddly enough because of the economy the way it is and the fact that the yield curve is inverted or flat, we pretty much are earning the same amount that we're borrowing for. There's not an economic loss for the most part here. In fact, we've had to actually write—the IRS requires that we return any money that we earn beyond the amount that borrow. They call it arbitrage and we have to give that money back. A lot of times we have to give that money back.

In addition, we did do an accounting adjustment because in the past we simply recorded the temp note liability as a liability on the balance sheet, but we never did actually reduce that liability by the amount that we subsequently permanently financed. For example, if we issued a total of $60M in temp notes, but then two months after the fiscal year on February 28th we permanently financed about $20M of those into permanent bonds. The accounting rules, GASB, requires that we reduce that liability by the amount we permanently financed. We had never done that before and so in '18 we started doing that and as a result it made our fund balance look bigger than we anticipated. It's sort of a one-time blip because now going forward we will continue to do that and typically—and of course, that number changes from year to year. It was kind of a one year hit.

Another bond issue, and as you know, it's very rare do we issue almost 30 or $28M in debt for a new facility like the Juvenile Center. That's really an uncommon amount of debt. Typically, our temp notes don't include that sort of one big facility, but on top of it, we also issued bonds to build the Legend's Parking Garage and West Lawn. We issued those bonds and we're holding those. We're responsible for holding those bond proceeds, the developer is doing his work on the project, he submits his request for reimbursement to drawdown those funds, we review those, etc., and you know the developer has run into some slowdowns on that project. We've all talked about that already before and we're still holding, at least at the end of December, we're holding $21M from Bond Construction Funds for that project.

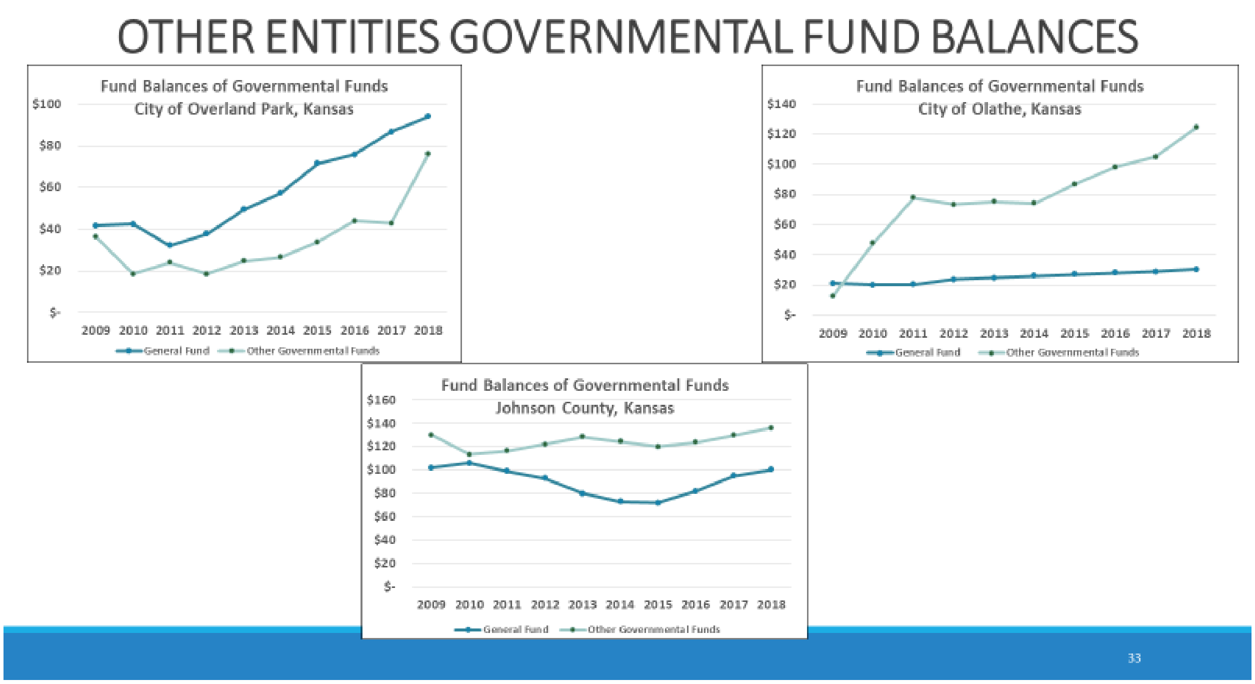
The Debt Service Economic Development Fund is $32M at the end of '18, $21M of it is Construction Funds for the Legends Garage and West Lawn project. The other $10M is actually bonds—are bond proceeds restricted for reserves, debt reserves and the bond documents require that you have those funds held by the Trustee and you can't really do much with them. That's where the $94M various between '18 and '17, that's where it hit.

I have done a projection for 2020—actually through 2019 and assuming that we finish all the Juvenile Center and assuming the developer completes entirely, which is a big assumption, the Legends Garage because that would be—well, we're already halfway through the year so it's rather—but assuming that, then this would come down to around 150. One of the things we want to mention also is that in '19 Debbie and my staff have really took the Public Works Department and all other departments that have Capital Projects that are relying on debt funding, we have really took them to task on justifying exactly how much cash do they really think they need. We've only issued what we absolutely think they're going to spend and so, so far, we really cut them. Just so you know. You don't see that because that's in '19.

Commissioner Johnson said I was looking at Jeff while you were talking about this to see what kind of facial expression he would have, but anyway, so we think we're going to have an arbitrage in 2018, but that would be just a one-time situation. I should say we had an arbitrage in 2018, that's just going to be a one-time blip so to speak. **Ms. Jonscher** said they did a calculation on that. After the temp notes mature, they will do a calculation every year on those temp notes. **Commissioner Johnson** said so, we think that we will return to normal levels 2019, 2020 going forward or you don't know. **Ms. VonAchen** said it's hard to say. **Commissioner Johnson** said I'm assuming a positive arbitrage, not a negative one. I'm just curious as to the rates—**Ms. VonAchen** said negative arbitrage is okay because we don't have to pay. **Commissioner Johnson** said we don't have to pay. **Ms. VonAchen** said it's not that okay, we just want to be right on the edge.

Commissioner Johnson said we want to move more money than we're paying out—to make less money than what you're paying out. What are the rates running right now? Just a general sense on those funds on the interest paid versus interest expense. **Ms. VonAchen** said I just reviewed the second quarter investment report and our weighted average investment yield is around 2.11% and the debt that we issued, the temp note, was—**Ms. Jonscher** said the temp notes are between 1-2%. **Commissioner Johnson** said okay, I was just curious as to what the rates are running right now.

Mr. Bach said I just wanted to clarify, the Economic Development, as Kathleen noted like on the Legends Garage and West Lawn project, that's not—I know you know this, but for those watching, that's not money that comes from our general tax base. That is a CID which is a Community Improvement which is a special sales tax that's over that area and it's restricted for use on that and it goes to this fund. When we allowed them to put that CID on that area, we said it can only go for these expenses and that's why we hold the money and they have to come back and show us if they're spending it for what they said they were going to spend it for out into that area. Kathleen, that garage will not be done this year, so you don't need to plan on it. They will have the West Lawn done, but the garage will not be done this year because it hasn't started yet.



Ms. VonAchen said one thing I thought you might find interesting that the commissioner did not ask for is to compare our total fund balances chart with others in the region. Here's Overland Park and their General Fund Balances has really grown quite a bit since 2011, so it's up in the $80-$90M range. The county of Johnson County, their fund balance has remained fairly steady at $100M. Remember, ours is at $40M, the General Fund roughly, $38-$39-$40M and other funds are at 140 for a total of roughly $240M. The fund balance of Olathe pretty steady at roughly between $20-$30M and their other Governmental Funds are at 120 so, just here's them and then here's us. Except for this terrible time during the recession to here—well, none of these have been in the negative position whereas we have. We have been in the negative position a couple of times.

Commissioner Townsend said just for clarity, the charts that you went over, none of those funds are KCK and Wyandotte County shown on these graphs. Is that correct? **Ms. VonAchen** asked none of the what. **Commissioner Townsend** said none of the funds shown here are for UG. **Ms. VonAchen** said, no, these three are for other entities. **Commissioner Townsend** said General Fund for Overland Park, other Governmental Funds for Overland Park, okay. **Ms. VonAchen** said yes.

Mr. Bach said I would just note that I want to make sure did we answer all the questions that you have or if there is anything else. We tried to go back and hit the detail on those funds so it was understood.

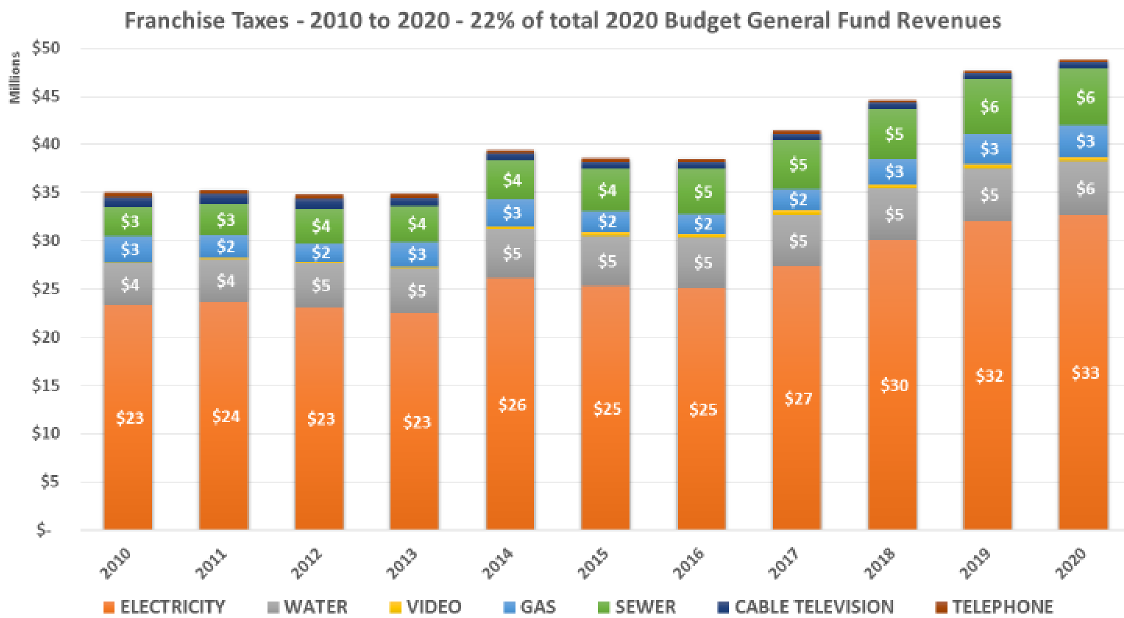
Commissioner Burroughs said for the public's interest, what is the total balance of our restricted and unrestricted reserves? **Ms. VonAchen** said that's on—right here, Governmental Funds total $226M, Governmental Funds. **Commissioner Burroughs** asked those are unrestricted dollars. **Ms. VonAchen** said oh, you want the difference, the breakout, so that's the grand total. **Commissioner Burroughs** said I know it's in the CAFR, but I know the public doesn't have the CAFR to review. **Ms. VonAchen** said that's on page 173 and so I have would have to do a little calculation so let me get back to you.

Mr. Bach said maybe in helping clarify that too, remember the difference between cash-on-hand for obligated as Kathleen went through this number of 226 with the CAFR, all that money, like she said, the $60M, the Juvenile Center and all those; we've obligated all that money. This is not money we have available to expend. There's a difference between the CAFR fund balance of revenue so that includes anything we've obligated, we've just have it in a cash basis. It's there for us but we have projects or we have something we're planning to spend it on or its money that has come into our system that we're—it's a checking account. We're writing checks out of it, it just hasn't cleared through the bank yet or we've got things that are coming up next year and then there is the budget reserve balance which that's where we're going and saying at the end of the year, we're planning to have that much money left. That's not a $226M number, that's where we're back down in the 17% number.

Ms. VonAchen said the total of—you know $227 roughly million, $50M of it is unrestricted, $177M of it is restricted. **Commissioner Burroughs** said okay, $50M unrestricted. **Ms. VonAchen** said that's right. **Commissioner Burroughs** asked are those idle funds basically. **Ms. VonAchen** said yes, that's right and of the $50M, 40 of it is in the General Fund.

Mr. Bach said the next area was just to clarify.

On Monday we will put out our agenda for Thursday Commission Meeting. Within that we will have the budget approval and that will include the approval of the Library District Mill Rate that they will want to have approved. We will do the Downtown SSMID Mill Rate. We have to approve that each year. Community Development budget will be in there and then we will have our General Unified Government budget which includes really everything that's in there from Sewer Service Fee, the Solid Waste, the BPU PILOT rates, and of course, all the different items that are associated with the budget this year, so those items are in there.



Additionally, we have in your packet this evening, the question had been asked for trends to Franchise Fee Analysis as well as our Debt Program. We hadn't planned to present on those this evening. I know Commissioner Walters had asked for this information so we thought it was just as easy to go ahead and include it in this package and provide it to you. If you have any questions or wanted us to go into it, we would be happy to do so, but it was requested as information.

Commissioner Bynum said on the schedule then, there is no budget workshop set for Monday, correct? **Mr. Bach** said that is correct. **Commissioner Bynum** said the schedule then for one week from today on July 25th would be the final budget public hearing at 5:00 p.m. to take place in the Chambers, correct? **Mr. Bach** said yes. **Commissioner Bynum** said and at 7:00 p.m. full commission meeting with budget adoption. **Mr. Bach** said yes.

Commissioner Burroughs said, Doug, for clarification if I may, you say if we adopt the budget next Thursday, we'll have the new wastewater and sewer cost and expense and the new fee in it? **Mr. Bach** said yes. We've built all that into the budget this year. **Commissioner Burroughs** said but yet we fail to take action on it here awhile back, so if we don't vote for the budget because we haven't had final discussion on that particular project, then we're approving that project. **Mr. Bach** said this is the Wastewater Water Pollution Control Fee, not the Stormwater. Stormwater is what we brought up and said we were not going to move forward. That is not in this. **Commissioner Burroughs** said okay, thank you for that clarification.

Commissioner Bynum said just to clarify that further, I think we just didn't vote on a rate yet. I don't think we said we're not doing that. **Mr. Bach** said on Stormwater? **Commissioner Bynum** said yes. **Mr. Bach** said right. You said what we had presented so far, I guess for clarification, that staff had brought forward was not one we thought the community was ready for, they needed to have additional engagement, maybe rework what we had for the fee, but that's something to bring back at a later time. It is not in this budget.

Commissioner Townsend said the earlier agenda I thought provided for a Monday budget workshop and that's why I had asked for discussion of or clarification of where we are with like money for SOAR. It just came to my attention late last week from some constituents that there is UG owned property that they're being told we cannot maintain, fallen trees from property we own that have fallen either on public sidewalks, the streets are crumbling, walls and situations like that. They're being told we don't have any money in the budget for it. This is the perfect opportunity to see what we can do now with that. These are things—going back to the earlier CNIP discussion that people see every day. They don't see the percentages or necessarily care about the percentages of expenditures to this. I know it's important but what they see every day matters about what they think about where they live, how they live, especially on the heal of some rather local and welcomed discussion in some of our standing committees last week about why are taxes so high. We have to show them, I think, something for that money.

Like Commissioner Murguia said, the sewers, that's a good example. They're needed. People don't pay any attention to them unless they don't work and then they get plenty of attention. I would just like to have that discussion of where or from what budget line—this goes right into the SOAR. Maybe we can move some money in a budget line or add some money, we've got some money. That's what I would like to see discussion on.

Mr. Bach said I don't know specifically what you're hearing from the community. We do have money that we go in and do abatement on our property's with, that's money we've put into mowing programs for years. We also have the Abatement Team and what we talked about a prebudget in the presentation, we didn't talk about—you know we added a second Abatement

Team for next year, so that's their purpose to go in and clear so that gives us one whole additional team that goes after be it trash or when you say retaining walls, no, we don't really plan to build a lot of retaining walls though I will say a couple of weeks ago we had one of our Land Bank property's where a retaining wall fell down. We went out, knocked the wall down, cleared it. We didn't see the need to put a new retaining—it's a vacant lot. The retaining wall was built back in the day when you had a house sitting on the lot so we just cleared it and graded it back. If somebody wants to build something in the future, that would be an expense, so in most cases we're not going to go back and retain a property that doesn't need that retainment. I'm not saying there couldn't be a large project show up where something we need to retain could fall down and that would be an exception, but as a general rule, we should be going after our properties and I think my staff would love to have additional money. As they put in, they asked for a third quick response team to go after the abatement work but didn't really find that there was room in the budget. We put a second one in so we are doubling down in that area next year.

Commissioner Townsend said that's great and I will go back and match the names and locations of the constituents who called in, took the time to call in, were told by some staff that there was not money available to do those things. I'm glad to hear that there is money available and maybe people just didn't get to the right department or something. That's good for me. **Mr. Bach** said that would be great and like I said, we don't have the money to go in and do major improvements back to our Land Bank property, but to clean them up, that's our objective and that's what we will be doing. **Commissioner Townsend** said they were talking about clearance only because apparently these walls had fallen into the street, sidewalks, kids were taking this crumbled mess and you know making a mess. We weren't looking to rebuild, but to clean and to make safe.

Commissioner Murguia said I just wanted to say I've been saying for several years that our Land Bank property, we've got to have for sale signs. People have to be able to drive by and see that the property is for sale and nobody is listening to me. I've been saying it forever. I hear what Commissioner Townsend is saying and I empathize with her and if we own property, we absolutely have to take care of, but I would like to not own it. The only way we're not going to own it is if we tell people it is for sale and please do not tell me to have my constituent who has a vacant lot nextdoor to them to go on the internet and figure out the technology it takes to get to the vacant ground to figure out what they're supposed to do. It's really elementary. All of America does this. We put a sign out there that says for sale and there is a number on the bottom of it that you call if you want to buy that property. It's really easy. You could even—I hate to say put Chris Slaughter's name on it, but you could put someone's name on it, something. I don't care how we get rid of them as much as they're costing us. Why do we not hire a real estate firm and say sell all of these and we'll pay you whatever the real estate fee is on them. Get rid of them. They are killing us. We are paying for property to mow it and to take care of it. It's ridiculous

I just had a conversation, Doug, with you that there are a number of lots as I ride by bike around my district that I just recently got a Land Bank map on that look like golf courses they're owned by the city because the neighbor mows them. I don't think the neighbor has any idea they can buy them and own them. Let's just get rid of them. It would save us money in the long run, signs please, for sale, 573-whatever number you want to put on it.

Mayor Alvey said I guess my thought on that is I don't know precisely how many Land Bank properties we have, but I'm assuming it's several thousands, is that correct? **Mr. Bach** said yes sir. **Mayor Alvey** said so for each sign to place these signs, that's quite an expense and certainly it's our responsibility to maintain these and to market these. I think really, we're getting to the point where we are no longer simply trying to divest ourselves of these, just giving them away. I think we're at the point where we have enough interest in the properties that we have to decide how to market them to realize the best return for the Unified Government, but certainly we can realize some revenues from this, we ought to pursue.

Commissioner Murguia said I want to respond to that. This is a big frustration of mine. This government spends more time setting up committee's and planning stuff instead of doing stuff that years go by before anything takes effect. I hear what the Mayor is saying about thousands of properties. I've got a great idea and I'm sure somebody else could have come up with this, it's not very complicated. Why don't we just give each commissioner 20 signs and say pick the 20 priority areas where you think these lots would sell. I'll stick them in the ground myself. Give each of us 20 signs and we will put them in the ground. We don't have to boil the ocean, we don't have to eat an apple all at one time, just get out there. Put 20 signs in each district in strategic places. We should all be on the ground as elected officials anyway, we should know where those are, stick them in the ground and see what happens. I'm not saying put 4,000 signs on every piece of property that we have that's for sale and then move them around.

Mayor Pro Tem Bynum said, Commissioner, to your point, I subbed at the last Neighborhood & Community Development and Commissioner McKiernan's committee had a read through of a new revised Land Bank policy that I think is going to come back in August I imagine. That may once you see that, I think that may color your thinking a tiny bit. I don't disagree with you. I think just have a look at that new Land Bank policy that's coming your way. **Commissioner Murguia** said if it has signs in it great, otherwise, I'm not really interested.

Commissioner Burroughs said I would be remiss if I didn't ask where we are on the road repair for 59th Street in the Turner area with budget being considered. It is a major failure over there, it's an artery in our community. I would like to know kind of where we are and I know the constituents have reached out to both commissioners of that district as well as myself and I would hope we would be able to give a report this evening.

David Young, Deputy Public Works Director, said we have a preliminary quote of $120-$180K with three options to do that repair. Our goal is to submit tomorrow a letter to the Administrator's Office identifying potential funding options for that. **Commissioner Burroughs** said this will be a total new culvert box in it or whatever is needed as well as—it's not going to be left as gravel, right? **Mr. Young** said depending on the price you chose, those are the options. It is currently a 48 inch metal pipe and we will be going back with a minimum of a 48 inch concrete pipe. The problem being it's 20 foot deep and there are steep channels on each side so putting in headwalls that will change the price. We're talking about the 59th Street closure. We think we can have the work done yet this year once we identify the funding source. **Commissioner Burroughs** said I would just like to think as a community over there that it gets repaired properly and not just set up as a temporary basis where we're running either over metal plates for 7 or 8 months or we're not dealing with gravel that's going to continue to flood and washout into the already full right-of-way ditches, so that we have it repaired property. I was just curious. I know the constituents have been very concerned about that as to the direction we're going to take, so I appreciate the opportunity.

Mr. Bach said I will just note too, this is one of those items that's in our Stormwater Fund that we have expended our 2019 maintenance money on, so we are not spending money from stormwater. We are taking it back out of General Fund project money and their recommendation will probably be one that takes us away from some other project that we were planning to do this year. The emphasis as we come back and have discussion on stormwater later in the year, they're not as glamorize but I think you're right on, we need to have a ribbon cutting when we repair this because it's a half million dollar project that could come in, maybe less, maybe it's only 180 but you know they're big deals or items we have to recognize. We have to put funding in place to take care of things like this or things that we've planned to do future projects on, we don't do, we wait until they become an emergency and that's where we are with stormwater. **Commissioner Burroughs** said well, if I may, I would think that's why we have the reserve set-aside. I wouldn't consider this a day-to-day activity. I would consider this a very, very important, I don't want to call it an emergency, but it is a high need in our community so that's what we have that ending balance there for to address those things. It's not my intent to impact another project. I hope we're not operating to the extent that to get to what I need I'm going to have to cut one of the other commissioners off. That's not what I'm asking. I think we have the money there, it's in reserves and those are the kind of projects that we set these reserves aside for. That's just my comment.

Commissioner Townsend said one last thing, CNIP, when can we have a discussion about that? To CNIP or not to CNIP. I realize that this is not necessarily 2020, that wasn't the expectation, but if we don't address it now, we're continuing to go down the road with projects and we have no input to the degree that it could make it difficult. I won't say impossible, difficult, and certainly lessen the pot of potential money if we're continuing to go down the road without it. That's what I would like to see, CNIP or not CNIP for at least 2021.

Commissioner Markley said I think probably ultimately this a Strategic Planning discussion, but we have gotten to a point which this didn't need to be the case either, where staff sort of ranked for us the projects that are in our CMIP and what they think the priority is and then we had this unfunded list. I think my suggestion is we took out debt for CNIP, so I'm not a fan of doing that again because it probably wasn't the most prudent way for us to proceed at that time, but we wanted something and we got what we wanted at the time. We probably don't want to take out more debt, I'm thinking, to do that again, but what I think we should do is I think staff should give us that CMIP and they have their ranking in one column and they make a new column that says commissioner ranking and we can go through and say what we think the priorities are. We are all going to have different priorities so that's not going to make for an easy—oh, Angela, says it's one so obviously, that's going to be number one, but at least it would give us a way to see where those differences are and it might give us some discussion points with our staff on what should move forward and what shouldn't where right now I think we're just looking at their rankings and hoping that's a reflection of what the community and Commission feel, so that would be my suggestion. I think we should take that CMIP, take the unfunded list, rank it as commissioners and then that gives us a way to discuss what projects are priorities and which ones are not.

Commissioner Townsend said just so I'm clear, I'm talking about CNIP and not CMIP and by district. **Commissioner Markley** said we took out debt to fund our CNIP projects. What I'm saying is, I'm not a fan of doing that again because we have had all these discussions about how we need to stop taking out so much debt or we're not going to be able to pay. I understand why you want this CNIP, and I thought it was a great program too and it got us what we wanted at the time, but we didn't pay for it with cash. We took out bonds to pay for it and if we do that again, it's going to impact our long-term financing situation that we've discussed over and over. **Commissioner Townsend** said this is why we need a discussion about it because my understanding was that the 3/8th Dedicated Sales Tax provided funding for that program as well and that was part of encouraging the public to do that, but if that's not true—again, not to belabor this, but I think that's why we need a separate session to CNIP or not to CNIP.

Mayor Pro Tem Bynum said I'm not opposed to a session on the 22nd if one had been offered, but we do have standing committee that night, so it would probably be after the standing committee meeting. **Commissioner Townsend** said that's fine. **Mr. Bach** said I would probably want to comment that as a global perspective you're talking about a long-range financial plan and you're talking about here's our list of unfunded projects because they're part of that. They're $5M, $5M, everything is a $1M to 5 or 10. CNIP falls in that category. I've got a list of building projects. We've got a listing of building projects in our CMIP Plan that we've got to determine how we're going to fund. So, I mean, are we doing those. We have a list of Park projects that add up to $60M that are unfunded. Every one of them when we consider them in isolation is a great idea, when you put them all together and you say this is how much money we have and we consider also on the other side that we just had a lot of discussion about how do we reduce the amount of debt we're issuing every year or how do we reduce our expenditures that are coming every year. We need to have a discussion about everything and bring them all on and then say which is our highest priority and that really falls into probably part of our priority-based budgeting discussion as we go through and say here's our priority of efficiency that we're working on as the government and here's our areas that we want to put our emphasis on. If our directive is, we're reducing our debt overall for everything, then we're not going to layer in a whole bunch of stuff, but just as we went through with you kind of our long-range 20 year plan like on fire stations, that's a big financial commitment. I've got to find a way to build that in, so all those things have to be considered together and I think that's a better discussion and probably a way to go about it.

Mayor Alvey said I think what we're really talking about is a long-term plan for providing more and better services but also finding ways to grow the revenues to fund all these and we keep coming back to the discussion about we can take more debt out but there is resistance to doing that because it increases the mill levy for debt service. We can increase the mill levy which we have said we don't want to do. We don't want to cut any services and the only option is to find ways to grow the tax base but if we don't have a discussion that encompasses all of these things in a long-term strategy, we're going to be having one project pit against another. In fact, we are at the point where if we decide to fund something now in addition to what is already in the budget, it's going to have to come out of something else because we can't vote to increase the mill levy because we've already voted to set the maximum mill levy. I think it really has to be a part of our long-term strategic planning. We've have to have a fiscal plan that's going to be sustainable for not just one year but 5 and 20 years.

Mayor Pro Tem Bynum said I am going to agree with our Mayor and also, Commissioner Markley, I think you mentioned it's a long-term planning issue. It's a Strategic Planning issue in my opinion and we need to determine the will of this group.

Mayor Pro Tem Bynum said we need to have an Executive Session and, Mayor, I want to thank you for hanging on the call and being here. I believe we're going to let you go now and we certainly hope you feel better soon. I'm going to ask for a minimum of 5 minutes for a break before we move into our Executive Session. Is there a motion please?

Executive Session - 7:00 p.m.

Commissioner McKiernan made a motion, seconded by Commissioner Markley, that the Commission to go into Executive Session until 8:30 p.m. to discuss confidentially, so as not to jeopardize the integrity of security practices and procedures intended to protect public officials and buildings, all as justified under the security measures exception in the Kansas Open Meetings Act; and that staff designated by the County Administrator be present to participate in the discussion and that if there is no further business, that we adjourn at the conclusion of the Executive Session. Mayor Pro Tem Bynum asked all in favor to say "aye." Motion carried unanimously.

Present for the Executive Session: Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Bynum, Commissioner At-Large First District and Mayor Pro Tem; presiding. **Staff present:** Doug Bach, County Administrator; Ken Moore, Chief Legal Counsel; Gordon Criswell, Emerick Cross, Alan Howze, Assistant County Administrators; Judge Wes Griffin; Sheriff Don Ash; John Kelly, Director of Buildings & Logistics; Major Daniel Soptic, Sheriff's Dept.; Major Shane Turner, Police Dept.; Maureen Mahoney, Chief of Staff in Mayor's Office; and Lynn Melton, Assistant to the Mayor.

MAYOR PROTEM BYNUM ADJOURNED
THE MEETING AT 8:30 p.m.

____
Bridgette D. Cobbins
Unified Government Clerk

dt