Economic Development and Finance
Standing Committee Meeting Agenda
Monday, June 1, 2020
Immediately upon adjournment of earlier committee

Location: remotely via Zoom
Please click the link below to join the webinar:
https://zoom.us/j/97426823688?pwd=QkJiWXBLOWtZakRGZUhaV0xQKzkwUT09
Password: 434216

Or iPhone one-tap :
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Or Telephone:
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US: +1 346 248 7799 or +1 253 215 8782 or +1 669 900 9128 or +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)
Webinar ID: 974 2682 3688
International numbers available: https://zoom.us/u/adLNpXXPZ1

Name	Absent
Commissioner Tom Burroughs, Chair	☐
Commissioner Brian McKiernan	☐
Commissioner Gayle E. Townsend	☐
Commissioner Harold Johnson	☐
Commissioner James Walters	☐
Jeff Bryant, BPU Member	☐

I. **Call to Order/Roll Call**

II. **Revisions to June 1, 2020 Agenda**

III. **Approval of standing committee minutes from April 6, 2020.**

IV. **Committee Agenda**

Item No. 1 - REVIEW: YEAR-END 2019 FUND BALANCES

Synopsis: Review of the 2019 Year-End Fund Balances for the General Fund and Special Revenue Funds and legal restrictions for said funds, submitted by Kathleen VonAchen, Chief Financial Officer.

For information only.

Tracking #: 20167

Item No. 2 - RESOLUTION: FINANCIAL POLICIES REVISIONS

Synopsis: A resolution adopting revisions to the Special Revenue Funds Operating Reserve

Policy and the Capital Asset and Equipment Investment and Management Policy, submitted by Kathleen VonAchen, Chief Financial Officer.
Tracking #: 20168

Item No. 3 - PRESENTATION: 2021-2025 NEIGHBORHOOD REVITALIZATION ACT PLAN REVISIONS
Synopsis: Presentation on the 2021-2025 Neighborhood Revitalization Act Plan, submitted by Katherine Carttar, Director of Economic Development. The current 2018-2020 NRA Plan expires at the end of this year. Approvals from all affected taxing jurisdictions will be sought prior to approval by the UG Commission. The 2021-2025 NRA Plan changes will go into effect January 1, 2021.

For information only.
Tracking #: 20169

V. **Public Agenda**

VI. **Adjourn**

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, April 6, 2020

The meeting of the Economic Development and Finance Standing Committee was held on Monday, April 6, 2020, at 5:16 p.m., remotely via conference call. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend, Johnson, Walters; and BPU Board Member Jeff Bryant. The following officials were also in attendance via conference call: Katherine Carttar, Director of Economic Development; Rick Mikesic, Director of Revenue/County Treasurer; Andrea Parra, Deputy County Treasurer; and Kathleen VonAchen, Chief Financial Officer.

Chairman Burroughs said before I call the meeting to order, I want to announce that due to COVID-19, we have some individuals attending in person as well as conference call. All participants joining by phone should mute their phones when not speaking to avoid any background noise or interference.

During the meeting, please make sure that you announce yourself by name and title every time you speak so that the public that is observing and participating knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General.

Due to COVID-19 requirements, public comment has been suspended unless otherwise required by law. The public has been allowed to submit comments by email prior to the meeting and those comments will be included in the record of this meeting.

Chairman Burroughs called the meeting to order.

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

Chairman Burroughs said I do want to acknowledge that Jeff Bryant is with us, representing the BPU, this evening on the committee.

Chairman Burroughs said we have no revisions to tonight's agenda.

Approval of standing committee minutes from February 10, 2020. **On motion of Commissioner McKiernan, seconded by Commissioner Johnson, the minutes were approved.** Roll call was taken and there were six "Ayes," Bryant, Walters, Johnson, Townsend, McKiernan, Burroughs.

Committee Agenda:

Item No. 1 – 2084…RESOLUTION: FIRST AMENDMENT TO CIVIC CENTER MANAGEMENT AGREEMENT

Synopsis: A resolution approving the first amendment to an agreement with Brancato's Catering which will allow development of the Downtown Campus project to proceed, submitted by Katherine Carttar, Director of Economic Development. The amendment would cause the agreement to terminate on May 31, 2020, and provide for a one-time payment of $51,000 to Brancato's to cover any costs associated with the early termination.

Katherine Carttar, Director of Economic Development, said what you all are looking at today is an early termination of the Civic Center management agreement we currently have with Brancato's. It's a five-year agreement that commenced in April 2016. The planned expiration date is April 2021. That's approximately 12 months from now.

What we have agreed upon with this group, who is currently managing the Reardon Civic Center, is an early termination that will allow them to still retain any—cover any costs associated with an early termination while getting out of and cancelling any planned events starting June 1, 2020. Then, we can move forward with the other project that you all have heard about with Lanier United and turning that property into a different configuration.

What we have agreed upon is a total cost of $51,000. That basically is—we kind of split it into two different parts so there's—determine what their net proceeds were on a monthly basis from June – October, which is when they had events still scheduled. That was about $7,200. Then, from November – April, just paying their normal management agreement, which was $2,500. That comes up to $51,000. With that, we would amicably separate our agreement.

Chairman Burroughs asked, do we have any questions from the commissioners? **BPU Board Member Bryant** asked, Katherine, when is the new project supposed to kick off? **Ms. Carttar** said we're, at the moment, looking to start demo this summer so, whether that would be June or

July, but in that timeframe; certainly not later than July. **BPU Board Member Bryant** said okay. Thank you.

Chairman Burroughs asked, any other questions from the commissioners? **Commissioner McKiernan** said it appears that Commissioner Townsend has a question. She has her hand up. **Chairman Burroughs** said I do not see Gayle on my screen. Commissioner Townsend, I truly apologize. Please, we will recognize you now.

Commissioner Townsend said, thank you. I believe the question that Mr. Bryant asked and Ms. Carttar's response answered the question that I had. So, effectively, really immediately with the signing of this agreement, there will be no more activities scheduled for the Reardon Center. **Ms. Carttar** said correct. Under normal circumstances, they would have continued to have their scheduled activities through May of this year, so for the next two months. Obviously, with COVID-19, those have also been cancelled. So, effectively, yes. There are no more events at the Reardon Center. **Commissioner Townsend** said all right. Thank you.

Chairman Burroughs asked, any other questions? I don't see any hands up on my screen. So, if you want to speak, just recognize yourself. I'll wait just a second. Seeing none, just to recap, this is an amendment to the Unified Government's agreement with Brancato's Catering, which will allow the development of the Downtown Campus project to proceed. The first amendment would cause the agreement to terminate on May 31, 2020, and provide for a one-time payment of $51,000 to Brancato's to cover any costs associated with the early termination. Is that correct, Katherine? **Ms. Carttar** said that is correct. **Chairman Burroughs** said thank you.

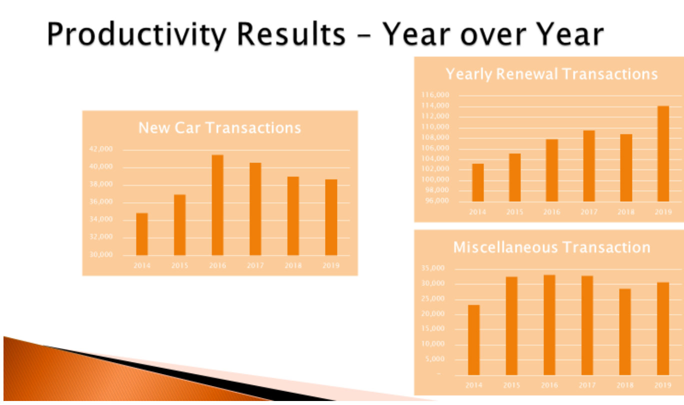
Chairman Burroughs said at this time, if there are no other comments, I'll ask the Clerk, did we have any public comments? **Bridgette Cobbins, UG Clerk,** said no public comment requests.

Action: **BPU Board Member Bryant made a motion, seconded by Commissioner Townsend, to approve.** **Chairman Burroughs** said we have a motion and a second. At this time, I would ask the Clerk to call roll. Roll call was taken and there were six "Ayes," Bryant, Walters, Johnson, Townsend, McKiernan, Burroughs.

Item No. 2 – 2086…UPDATE: MOTOR VEHICLE REGISTRATION CUSTOMER SERVICE INITIATIVES

Synopsis: Update on the performance of the customer service initiatives for the Motor Vehicle Registration Program of the Treasury Division from 2019, submitted by Kathleen VonAchen, Chief Financial Officer; Rick Mikesic, Director of Revenue/Treasury; and Andrea Parra, Deputy Treasurer.

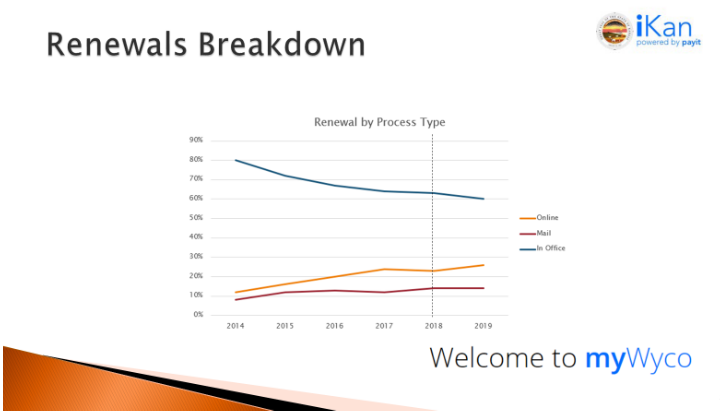
Andrea Parra, Deputy Treasurer, said I'll be the one starting. I'm going to start it out and then Rick will take over, obviously. We're here tonight to just go over the motor vehicle progress from last year. A lot was going on. A lot is still going on, as you all probably know.



As far as things that we're doing and things that you will see, as it stands, 2019, we did quite a lot of business operational activities which would include title and registration, which is the new purchase of a vehicle you either own by purchase either new or slightly used. That would be about

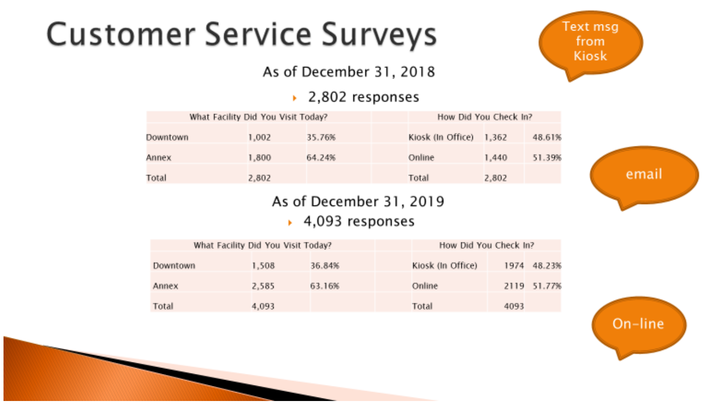
38,000 new vehicles that we titled last year. Among that, we also had registration renewals on vehicles you would have already possessed. Ownership of about 115,000. Additionally, we did about 30,000 of additional randomly generated items that we refer to as miscellaneous transactions. Things like cancelling titles, correcting titles, adding liens, removing liens, things like that.

Just to give you a little idea of what that looks like in our office, a title registration average takes about 12 minutes to process on a good day. Renewals, about 5 minutes. Miscellaneous activity takes 1 – 5 minutes, depending on the process that we do.

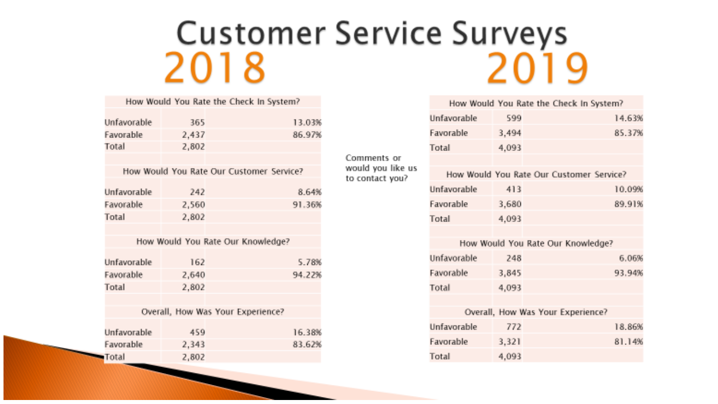


The next slide I want to go over is the renewal breakdown slide that we have here. I want to point out, the dotted line that you see in black would be the year that we went live through myWyco with the online what is called iKan merged into our myWyco app, which allows the online renewal. We started in April 2018. One thing I wanted to point out, we do have some goals in mind with this process. As you see, our online is in blue—excuse me, the in-office is blue. That is very high. Our goal is to flip and converge those lines so that online is first, mail would be the second choice, and the in-office renewal would be the last resort.

We do have a few barriers. We did get slim to no marketing from the state level when we went live with iKan, so we're picking up that here at the local level. We have a lost of cash-paying patrons and a high amount of opportunity that is to do renewal can only be done if you're current, which is the month you're due. You cannot renew if you are delinquent or past due. That is a barrier that we do have.

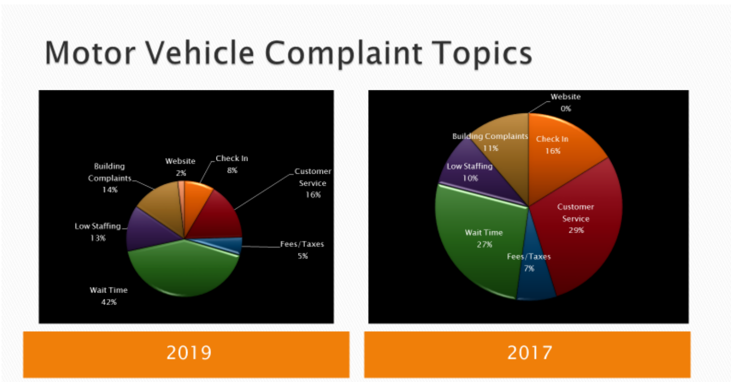


The next slide is the customer service surveys. Back in 2015, we bought a service that allows us to do an active form site survey response system for anybody that comes into the office or visits our website. We had a lot of activity this year. It doubled since 2018, which is great. Unfortunately, the overall activity itself was going to be quite less favorable due to some staffing that we do have. We were down up to nine people over the summer, which caused for quite a delay in processing of the overall experience that it comes to. On top of that, most of that staff would have to be sent, that we did have, out to cover the annex, which is our high volume location, if you will. Easier to get there. There's less security than there would be potentially here at the courthouse. There's just residually more staff senior there to help assist the higher volume traffic.

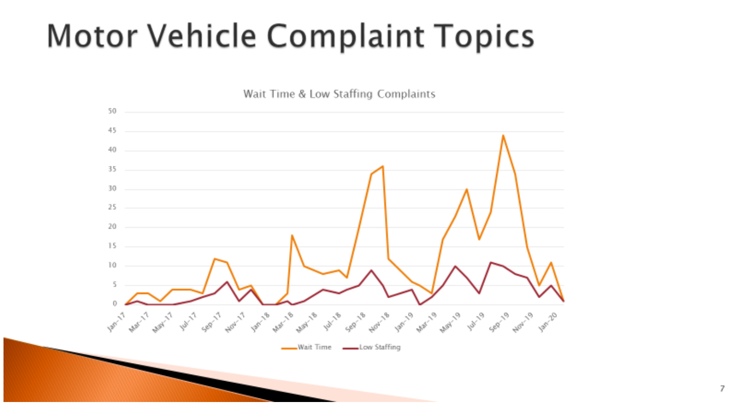


A little more in-depth as to what you can see based on either unfavorable or favorable. Again, I want to reiterate the issue we really have is going to be determined based on staffing levels. We have 16 windows and 2 offices. About 7 of the 12 months last year, we only had about 6 – 8 people covering both of those office locations. So, staffing was a big concern as to why we are where we are in that survey response.

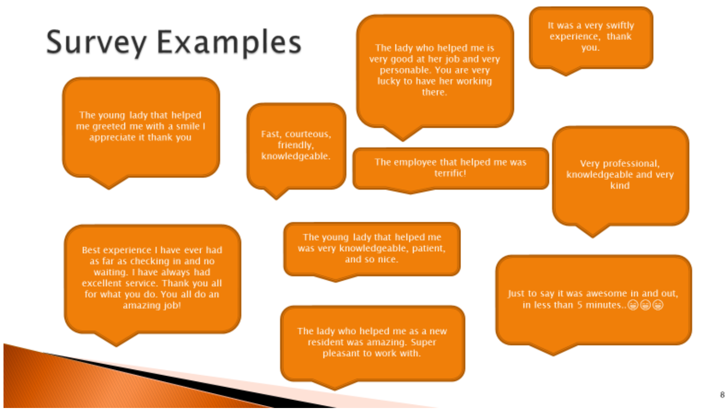
I would like to still point out even though we were understaffed, the overall rate of customer service was almost a 90%. Yes, we were understaff, but we were always kind, great to be serviced, knew what we were wanting to provide them even if we couldn't assist, we at least gave them the opportunity to know why they couldn't be helped. We left with them hopefully happy that they were at least able to hear what we had to say.



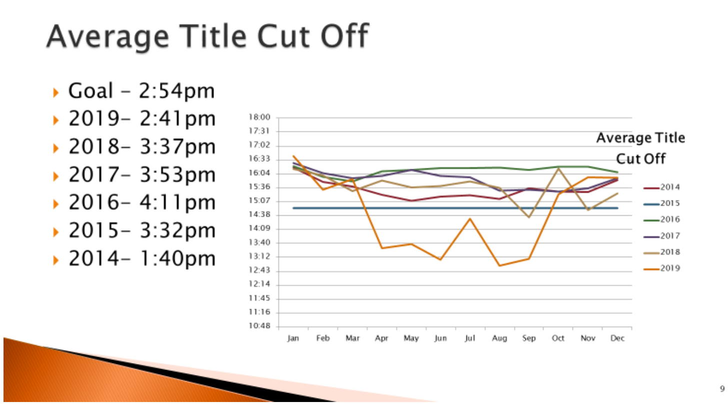
The next slide is a little more complexed on the types of things that they were complaining about through that survey response service. One thing I want to point out is you see the low staffing and wait time. They correlate together. That is essentially 55% of the overall complaints were related to low staffing and wait time, which, to me, is all one in the same. We can't assist people if we don't have the staff here to do so. Wait time goes up for people in a line at any given point, there are 5, 6, 7 hour waits residually through that day trying to make do with what we have.



The next slide is going to be the wait time complaint. That high point in orange where you see between March 2019 – September, those months were the months that we were short our highest number of staffing, which was up to 9 people through that summer. So, that bar graph is, or the line graph kind of dictates where we are based on the amount of staffing we did not have in this office at any given point.



The next slide I'd like to go over is just something fun, friendly, to show a good spirit here as to some of the results that I extracted from the survey. They have the section where they can leave notes. A lot of what I see is always positive. "The young lady that helped me was very knowledgeable, patient, and so nice." They're "Fast, courteous, friendly, knowledgeable." A "very swift experience." They have things to say and will send, but not always positive and we address those as well. Nine times out of ten, when they do leave a note, it's to call them and talk to them about how well they did, how good they were, how nice they were.



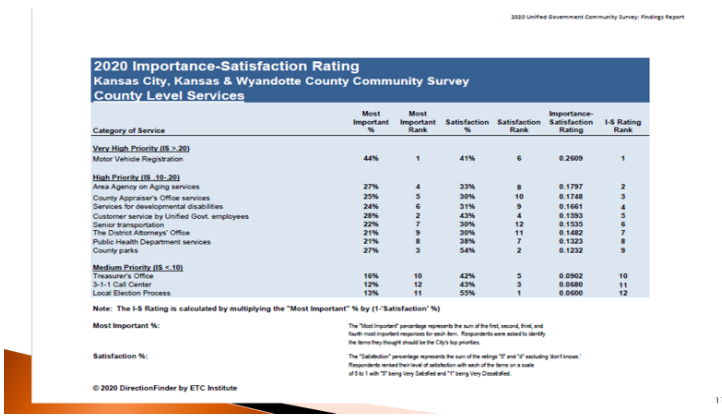
The next slide I want to go over is what we like to show each year. The goal that was set when we finally got that que system, we wanted to be able to meet or beat 2:54 pm every day to cut that title off where we no longer service a constituent for title work. Last year, we did not meet that. We got to 2:41 pm average amongst those offices. Again, unfortunately due to staffing, we just couldn't keep those lines open without forcing staff to be here at all days and times of the night. We got close, closer than we probably could have if we were not pushing things that we had to kind of set aside during the month, but we did get close. It's tremendous how well we're doing now.

One thing I want to kind of go over next is the effort we, here in the office, the management team, have a huge emphasis on motor vehicle and customer service, along with Treasury as well. Some things to point out. You may or may not have been in our office recently. We upgraded all the technology, got brand new computers, iPads, every staff member has two screens. They were used to working with one. In my career experience, it was not the best setup. I'm used to two, so we got them all two. The annex facility now has a working microphone and speaker system that we're going to bring to the courthouse sooner than later this year.

Some other improvements, we moved the commercial motor vehicle changes to allow the constituent to request an appointment by email; not allowing them the access to walk-in as it is a more convoluted process that needs to be prepped prior to coming in so that saves a lot of office time. We no longer allow for—excuse me—require constituents to wait in line for certain miscellaneous work that doesn't either have a monetary value or doesn't need someone to stand at a window to do. We are assisting people at the lobby level, by mail, and getting them in and out without getting in that que system to wait in line for things they can do as a back office process.

Another thing we're really overhauling is the training. Because we're gone through so many different staff levels, 7, 8, 9 people at a time, we had to get creative, in laymen's terms, to be able to know how to train 3+ staff at once that are brand new. So, we overhauled our two-week training period. That's just the in-office, two-week training. There is about a six-week training process from the day you start until the time you're actually being productive and getting work out in a way that is not handheld and being watched by someone above you. We do that for each level from the frontline level, very entry level, to myself. We're all involved in that training so we can see and hear everybody's experience, but also know that we're all doing similar work to kind of bridge the gap between a position to a position.

Another item we're doing that we started in 2019 is one of my staff, myself, Rick, managers are attending the Livable Neighborhoods' meetings talking about myWyco, explaining education on title work, motor vehicle, treasury, anything that we do here so they're hearing it and seeing it, but learning through our presentations.



2020 Unified Government Community Survey: Findings Report

2020 Importance-Satisfaction Rating
Kansas City, Kansas & Wyandotte County Community Survey
County Level Services

Category of Service	Most Important %	Most Important Rank	Satisfaction %	Satisfaction Rank	Importance-Satisfaction Rating	I-S Rating Rank
Very High Priority (IS >.20)						
Motor Vehicle Registration	44%	1	41%	6	0.2609	1
High Priority (IS .10-.20)						
Area Agency on Aging services	27%	4	33%	8	0.1797	2
County Appraiser's Office services	25%	5	30%	10	0.1748	3
Services for developmental disabilities	24%	6	31%	9	0.1661	4
Customer service by Unified Govt. employees	28%	2	43%	4	0.1593	5
Senior transportation	22%	7	30%	12	0.1535	6
The District Attorneys' Office	21%	9	30%	11	0.1482	7
Public Health Department services	21%	8	38%	7	0.1323	8
County parks	27%	3	54%	2	0.1232	9
Medium Priority (IS <.10)						
Treasurer's Office	16%	10	42%	5	0.0902	10
3-1-1 Call Center	12%	12	43%	3	0.0680	11
Local Election Process	13%	11	55%	1	0.0600	12

Note: The I-S Rating is calculated by multiplying the "Most Important" % by (1-'Satisfaction' %)

Most Important %: The "Most Important" percentage represents the sum of the first, second, third, and fourth most important responses for each item. Respondents were asked to identify the items they thought should be the City's top priorities.

Satisfaction %: The "Satisfaction" percentage represents the sum of the ratings "5" and "4" excluding 'don't knows.' Respondents ranked their level of satisfaction with each of the items on a scale of 5 to 1 with "5" being Very Satisfied and "1" being Very Dissatisfied.

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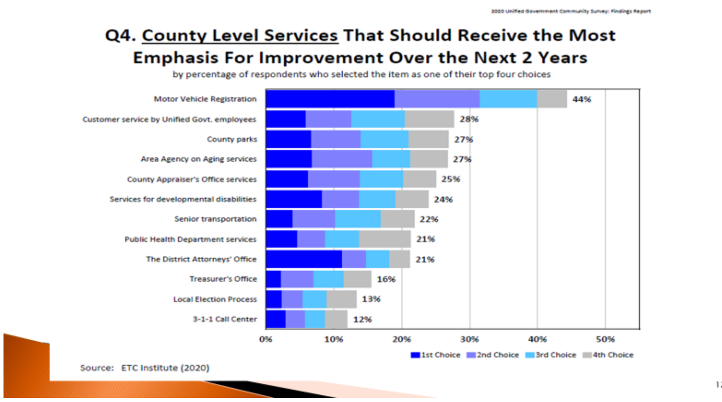
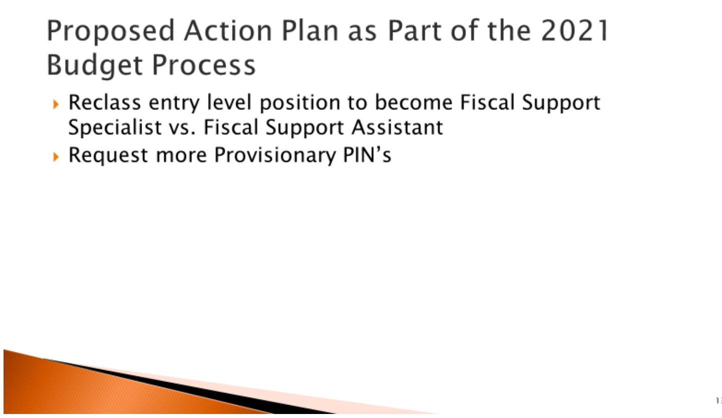
Rick Mikesic, Director of Revenue/Treasury, said the slide that we have up now shows the—I believe the Commission has seen this before. This would be the results of the survey that was conducted recently for 2020. This particular slide here simply reflects the motor vehicle registration is a very high priority and the most important priority as far as county level services go with the constituents.



This slide presents the same information but broken down by whether it was the person's first, second, third or fourth choice. It only serves to reiterate the information that was provided on the slide before that shows it was 44%. It is, obviously, an important aspect to the constituents of the county. It's something that we also feel is very important to us and we want to try to make it the best experience possible.



What we have on this slide is just a few ideas. The biggest issue we have, and Andrea touched on it a couple of times, is our turnover and our vacancies. During February 2019 – February 2020, on average, we were missing six individuals on the motor vehicle side. Six individuals makes up a rather large percentage of the people that we have sitting on that frontline. At any given time during the year, we average six. We were never below four positions short the entire year. At one point during the summer, we were down nine individuals. That literally was half of our frontline. It's a very challenging thing when we have so much volume on the first slide that was presented to you. There's a lot of volume and a lot of work that comes into the office. When you're missing half of your frontline, it's going to be noticeable when you start looking at the stats and the delays.

What we have learned by looking at the last couple of years, we've had 25 vacancies in the Treasury Office, most of that is on the Motor Vehicle side, over the last two years. That is roughly two-thirds of the staff of the entire division. Now, some of those individuals moved up in our own division, but we also had a lot of individuals that moved outside of Treasury and moved into other areas of the Unified Government. That's something we support because they're growing in their career and it's a good opportunity for them to move up in their career. We support that, but it makes it very challenging on us because now we have to replace those individuals.

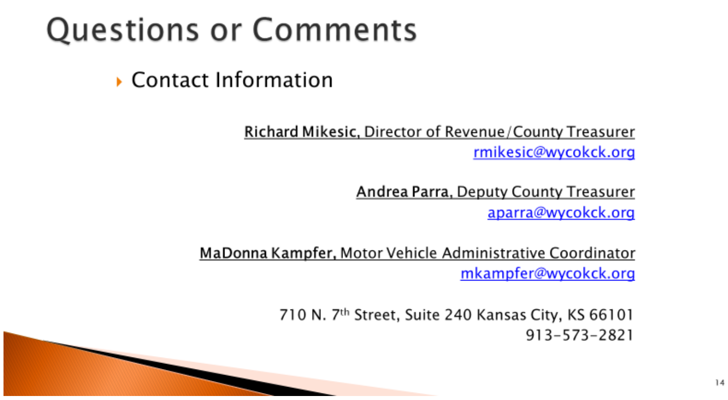
We had some individuals who retired. We've had some that simply resigned, although we only had three of those individuals that resigned. Then, of course, we had some terminations that we dealt with over the last two years. So, if you consider 25 vacancies, we only have 40 people in the entire division, so there's been a lot of changes that have occurred.

One of the things that we looked at doing was if it would be possible to change or reclass the level of the positions that we have on the frontline. A number of the individuals, when we do have individuals that are leaving, we are conducting exit interviews to touch base with them and see what their interest is, see what the reason they moved, and having some discussions with them. One of the things we're hearing over and over again with a lot of the people that are moving to other places in the UG is they're moving for more money because the opportunity is there. That is an issue for us. We looked at taking that approach to having that discussion.

The other bullet point that we have there is more provisionary PINs. Years ago, two provisionary positions were assigned or awarded to the Treasury Office. The idea behind the provisionary positions is to account for the fact that when somebody leaves, it takes a while to replace them. We are constantly in replacement mode. In fact, it does take us in excess of three months, on average, to replace a person. That's doesn't even account for the training that Andrea spoke of earlier. If you add that six weeks of training, we're talking about four – five months before we actually have a person fully productive replacing the person that left.

I mentioned that we, on average, over the last year we have had six vacancies. The two provisionary positions have helped significantly, but we're down six on average. Two isn't making up for the six.

We are throwing those out there as ideas to consider in order to improve the wait times and make it so that it's not such a burden to the community, in addition to all the efforts that we're doing to try to encourage people to renew online, or through the mail if necessary.



That's what we've got for the presentation. We're going to open it up for questions.

Chairman Burroughs asked, anyone have any questions, any comments?

Commissioner McKiernan said just a couple of questions. Andrea, you said that your goal, ultimately, is to flip the number of people who come in person with the number of people who renew online, correct? **Ms. Parra** said correct. **Commissioner McKiernan** said best case scenario, what do you think would be your timeframe when we might be able to accomplish that, or do you think—go ahead. **Ms. Parra** said realistically for me, I don't think we'll ever completely flip that entirely as there are those barriers. I know some of those barriers I'm pushing on, the Kansas Department of Revenue layer, which is allowing that delinquent renewal through Payit regardless of months. That will significantly increase that, and that's supposed to be a late 2020 goal of theirs. I would say one year to two years we could probably bridge that gap to essentially at least get the mail above the walk-in. Then, online, we'll just slowly work through the education of learning what you can and cannot do.

There are the Insurance Commission requirements. When those are lifted as we are not—we are not making valid insurance decisions. That's something at state level.

There will always be a barrier, but I definitely think we can start educating through this process through COVID. Unfortunately, I'm seeing it day in and day out conversations about why I cannot renew. I'm handling all of that conversation myself to make sure the method and the measurement of what we're doing is getting out there properly. If that continues to go through with the education I'm providing, I feel within a year to two years, we can definitely change that significantly. **Commissioner McKiernan** said fantastic.

Did changing our entry door have any impact on the ability of people to come in and find your office when we did the security change? **Ms. Parra** said yes, a pretty high, significant impact for our office here at the courthouse. That's when our increase, inflow to the annex started very high. They get all the title work out there most of the time. We would be at no wait or a 10-minute wait and they'd be at four hours.

Commissioner McKiernan asked, what was it about changing our security procedures do you think that led people to go to the annex? **Ms. Parra** said for me, just a resident, I would say I would still come here because its safe, but unfortunately, I'm not everyone. I think it's just the amount of time it took to go through security here is different than going in, parking, walking right into the annex and a non-metal detector line, sort of wait in line type of environment, as it is here at the courthouse. It's just easier to them is what they're saying. **Commissioner McKiernan** said okay. Thank you.

Commissioner McKiernan said a couple of questions for Rick. Do we have any idea of what the budget impact would be in terms of reclassifying those entry level positions as you suggested? **Mr. Mikesic** said we haven't put numbers together because that would take a number of different assumptions. If we're changing those levels then we might have to open up the discussion about changing other levels to make sure it is fair to everybody in the division. I can tell you that what I have looked at as far as what we currently—on an annual basis, we are not really coming very close at all to the budgeted dollars that are in our budget each year.

For example, this year, I believe, we're just under $2.4M in our salaries and benefits. For '17, '18, and '19, we're right around $2M is what our actual was, which you would pretty much expect to come in quite a bit lower when you are consistently at a number of vacancies every week. If there's an appetite to have that discussion, that's certainly a road we would be happy to go down. Since there were so many different aspects and assumptions that need to be made, we opted not to start that discussion as far as what it would cost. **Commissioner McKiernan** said fantastic.

Last question. I just want to confim, do you think that reclassifying those positions would contribute to reducing attrition and reducing replacement costs in terms of training new employees? **Mr. Mikesic** said I do believe it would reduce our turnover, yes. **Commissioner McKiernan** said fantastic. Thanks. That's all the questions I have.

Chairman Burroughs asked, any other comments, questions, concerns? (There were none.) Rick, Andrea, I want to thank you for your presentation this evening and for really making this process a little more customer friendly. We seem to be making progress every year. I know I already renewed mine. It didn't take me more than 10 or 15 minutes on the computer so I was pleased to see that.

I do have a constituent comment, question. One of them was, can you get a new title and/or registration over the internet? Can they do it over the internet or do they have to come in in person to get a new registration for a new vehicle? **Ms. Parra** said they would have to come into the office if they recently purchased a car. Obviously, due to COVID-19, we are closed until at least the 23rd, but we are working to communicating that. But yes, that is an in-office process only.

Chairman Burroughs said okay. I will pass that on. I have no other comments or questions.

Commissioner Johnson said this question, I don't know who it's for, but on slide 6, there is a comparison—maybe Andrea, I think you were doing the presentation at this point. There's a comparison from year to year. It looks like it's from 2019 versus 2017. I'm just wondering, was there not comparable data for 2018 as you were doing—**Ms. Parra** said there would be, yes. 2018, I don't have the graph easily available for you, but I can tell you, wait time, that percentage was 39% of our complaints, for low staffing was at 9%; the main two that we were focusing on with this slide presentation. **Commissioner Johnson** said okay. So, pretty similar to what we see in 2019 then. **Ms. Parra** said yes. **Commissioner Johnson** said in terms of wait time. **Ms. Parra** said correct. **Commissioner Johnson** said okay. Very good. Thank you. **Ms. Parra** said high wait time, yes.

Commissioner Townsend said I appreciate Ms. Parra and Mr. Mikesic's explanation of the wait time and how that is all tied into the loss of staff, the turnover of staff, and how long it takes to retrain staff. I would be very interested in looking at what we can do, like you say, budget-wise, that might make those on the frontline jobs more competitive financially. I'll also say that I was one of the ones that came into the office. Rest assured, that will not happen this year. I'm always impressed with the efficiency of that staff and how they get to whatever you need without sacrificing, at least in my cases, just good customer service. They don't know who I am from Adam. I appreciate that.

One of the things I'd be interested in knowing is how many people in the course of a day on average do each of those frontline workers service? That number may be different depending upon if you're at the courthouse or at the annex. I'm just curious, but thank you for your service and pass that on to those individuals as well. **Ms. Parra** said we will. Commissioner, I can actually get that information to you. At any rate, our survey response and our queuing system, they all rate and scale all of that down for us into reporting. We can provide that to anybody who's interested. **Commissioner Townsend** said thank you.

Chairman Burroughs asked, anyone else?

Kathleen VonAchen, Chief Financial Officer, said I wanted to just make one comment. I wanted to support Rick's comments and Andrea's about our recommended approach for addressing wait times. I think that it's a really positive way of addressing our operational needs at a minimal cost, and I think it will really achieve the goal that we're trying to achieve every day to improve the customer service, and certainly the wait times have got to be reduced. If we can bring in and be fully staffed all the time, that would be great. The tight job market has really impacted the Treasury Department too. The low wages and the wait times, the competitiveness of the other UG departments, all of that plays into it. Given the fact that it's one of the top priorities in county services right now, especially as measured by the community survey, it's really important that we try to address the wait times, but at minimal costs as possible.

Chairman Burroughs said thank you, Kathleen. I would just echo those comments. There are many of us that value the work of staff and our employees. Anything that we can do to make their jobs easier, especially when they're dealing with our consumers, which happens to be our public, we want them to be able to feel comfortable in their jobs; knowledgeable in their jobs, and for the community to know that we're there to serve. I commend everyone who does that on a daily basis, even at some of the most trying of times. Thank you each and every one of you that serve us.

Ms. VonAchen said there's also one other thing—some folks think that if we switch everyone over to online that, that will maybe reduce the level of staffing. I did want to point out that even though payments are being made online, there's still the back office work that has to be done in order to actually process those payments and enter them into the system. It's not a one-for-one. There's always going to be that need for back office. It may diminish as people pay online, but there's still a need for the back office work to be done.

Chairman Burroughs said thank you, Kathleen.

Chairman Burroughs said Rick and Andrea, I just want to say I appreciate the expense of the purchasing the new equipment to help everyone do their jobs, the new computer equipment. I've had, I'm sure, absolutely necessary and hopefully that's assisted in cutting down on the wait time. As you move forward with your investment in IT equipment, I do hope that that meets the criteria necessary to address the wait time and make things even more efficient with what you've been able to accomplish over the last year.

Mr. Mikesic said, Commissioner, most of that work was done right at the end of the year. We're talking about 2019. None of that would have really been reflected in what we just talked about today. We, obviously, we're hoping to see improvements show up this year and then, of course, COVID-19 changed things. It was a significant effort. I do want to recognize that we got a significant support from the IT office in helping us through that. They did some great work for us. I want to acknowledge them as well.

Chairman Burroughs said thank you.

Chairman Burroughs asked if there's any other comments? Any other information, commissioners? Hearing one, this was for informational purposes only.

Action: For information only.

Public Agenda:
No items

Chairman Burroughs said before we adjourn this evening, I do want to advise and plead that everyone please stay in. Stay safe. Stay healthy. I would like to thank you all for the update and your continued endeavors to improve upon the process for our constituents.

Hearing no other comments or concerns, that concludes our meeting for this evening.

Adjourn

Chairman Burroughs adjourned the meeting at 5:54 p.m.

cg

Staff Request for Commission Action

Tracking No. 20167

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 6/1/20 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
5/20/2020	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description: Review of the 2019 Year-End Fund Balances for the General Fund and Special Revenue Funds and legal restrictions for said funds submitted by Kathleen VonAchen, Chief Financial Officer
Action Requested:
Budget Impact: (if applicable) Amount: Source: Included In Budget: Other (explain):
Attachments List: 2019 Year Reserve Balances-5-20-20

2019 Year-End Fund Reserves Review

UG ECONOMIC DEVELOPMENT & FINANCE COMMITTEE

JUNE 1, 2020

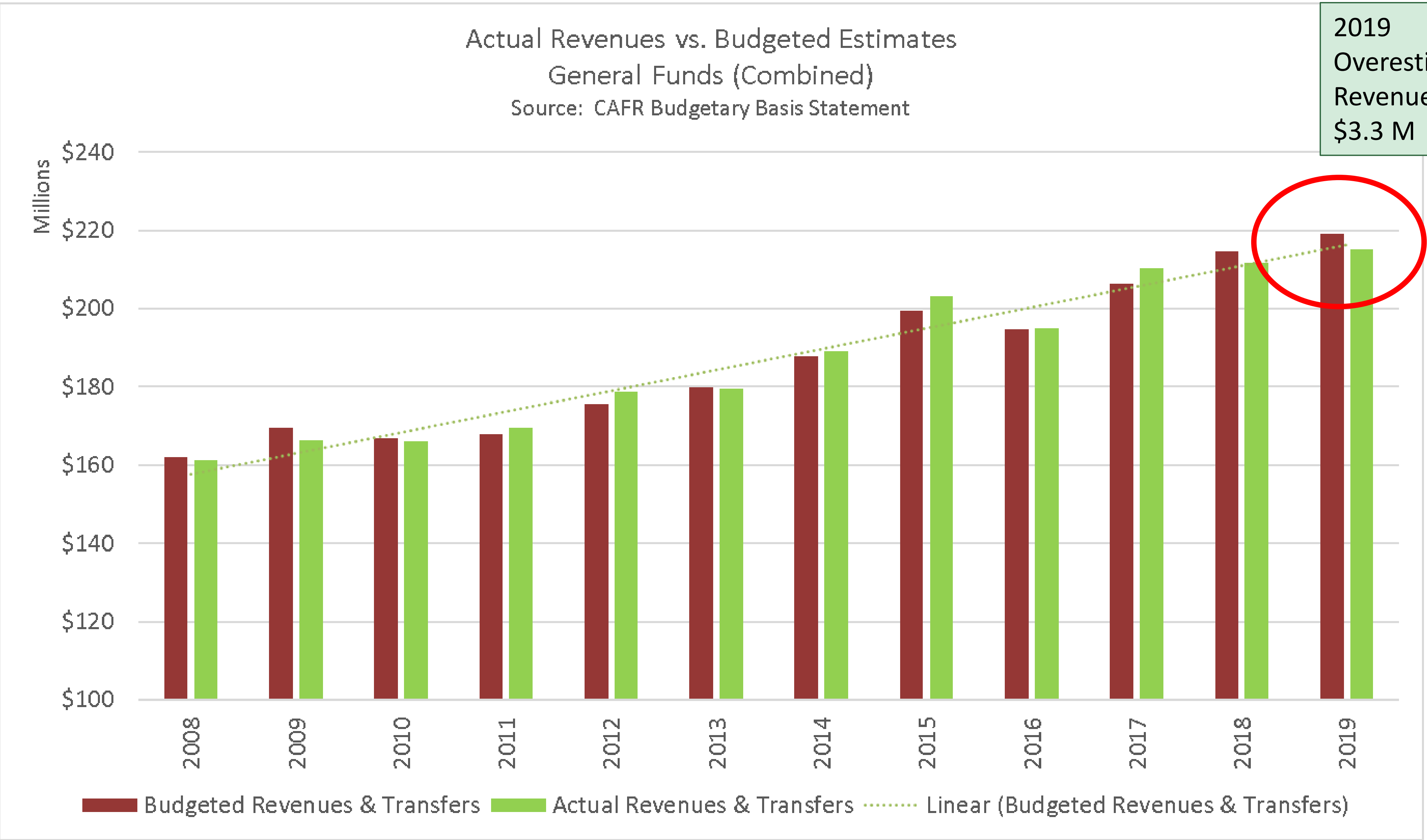
2019 Reserves Review Discussion Items

General Fund

- Fund Balance Performance and Minimum Reserves
- Sales Tax Economic Sensitivity

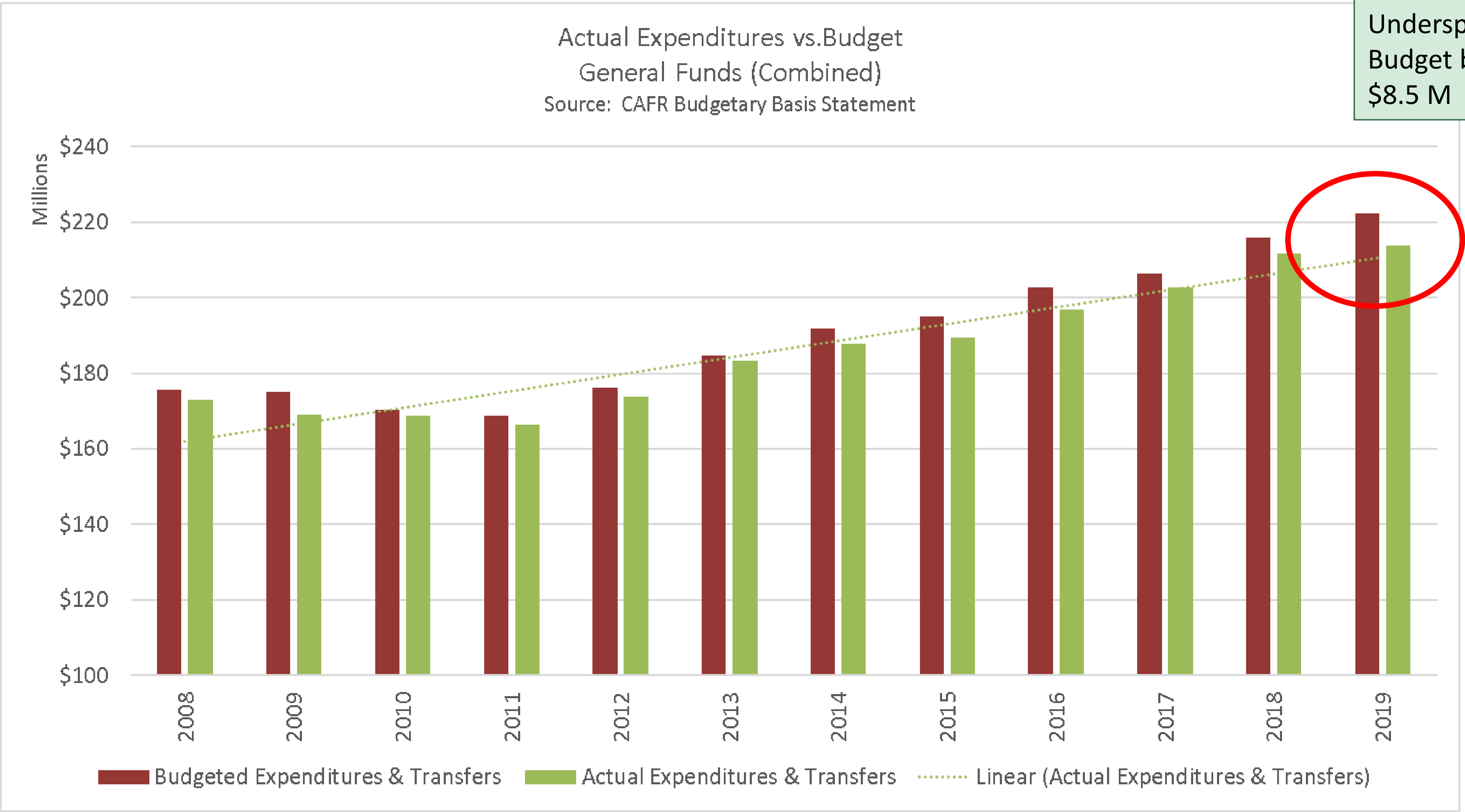
Special Revenue Funds

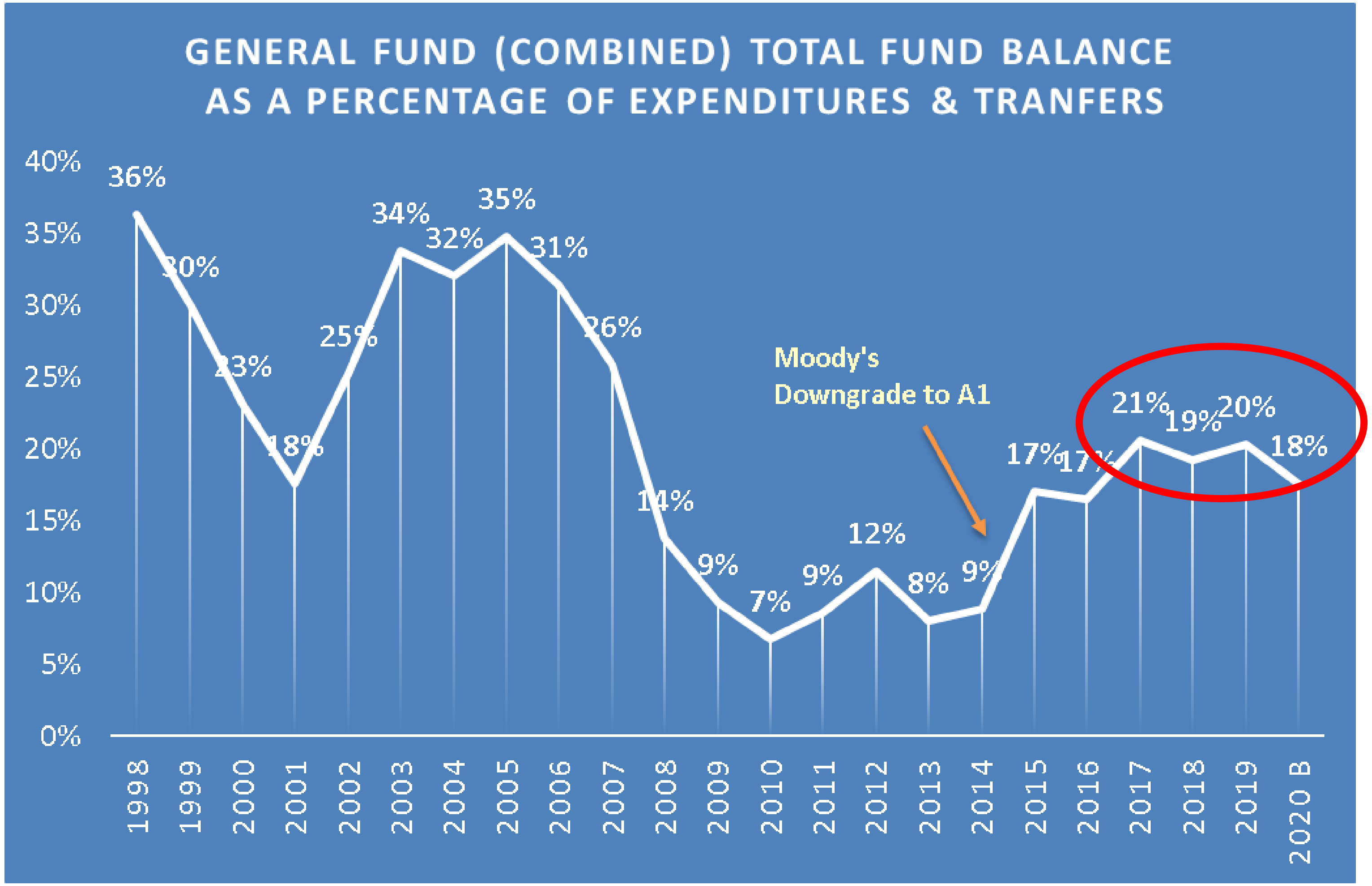
- Fund Balances Performance and Minimum Reserves
- Review legal authority for sources/uses of these special funds



2019 Overestimated Revenues by $3.3 M

2019 Underspent Budget by $8.5 M





FUND BALANCE PERFORMANCE GENERAL FUND (COMBINED)

2019 Actuals Estimate has fund balance at 20.3% of total General Fund (Combined) expenditures and transfers out. The Adopted 2020 Budget has the UG using $3.5 million of reserves during 2020 as part of the Adopted Original Budget. This was before the COVID-19 pandemic hit.

UG GENERAL FUND MINIMUM RESERVE POLICY

ADOPTED JUNE 2018

General Fund Minimum Reserves

Operating Reserve:	2-months of on-going operating expenditures, or 17%
Economic Uncertainty / Emergency Reserve:	1-month of on-going expenditures, or 8%
Total Fund Balance Reserves:	3-months of on-going expenditures, or 25%

Compliance

- Measurement at December 31st as part of annual financial audit
- If minimum target level of reserves are not being met **or likely to not be met at some point within a five-year time horizon**, then during the annual budget process, fund balance levels will be provided to the Mayor and Board of Commissioners
- Should the projected year-end fund balance **be below the minimum reserve amounts,** a **plan to replenish the reserves would be established** to achieve minimum reserve levels **over a five year period**

OPERATING AND EMERGENCY RESERVES DEFINED

Per the Adopted General Fund Reserve Policy (IV.A) https://www.wycokck.org/Finance/FAPolicies.aspx*:*

- ***Operating Reserve*** – ***"two months*** (of expenditures and transfers-out) ***will be maintained to meet general operating needs and to allow for budgetary uncertainty ".*** The Operating Reserve was established to mitigate the loss of service delivery and budgetary/financial risks associated with unexpected revenue shortfalls during a single fiscal year. The purpose of the Operating Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls.

- ***Economic Uncertainty/Emergency Reserve*** – ***"one-month*** (of expenditures and transfers-out) ***may be targeted to be assigned to provide resources during economic downturns or to address vulnerabilities to extreme events, and emergencies impacting public safety concerns".*** The Economic Uncertainty/ Emergency Reserve was established to sustain the General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event, such as a tornado, fires, floods, civil unrest, terrorist attacks or a health pandemic.

- Since this COVID-19 pandemic both impacts the UG by a unexpected revenue shortfall resulting from an unexpected economic decline AND a one-time public safety emergency, the policy is flexible in this instance.

- ***Policy section IV.J "Excess of Reserves"*** discusses the use of excess minimum reserves once the 3-months of operating expenditures and transfers-out has been accumulated. The General Fund has not reached the 3-month reserve level.

General Fund Reserves

INCREASED 2019 YEAR-END BY $2.72 MILLION

Combined General Fund Reserves ($ millions)	Reserves
2018 Ending Fund Balance - Reserves	$39.99
FY 2019 Change in Fund Balance (net operating margin)	$2.72
2019 Est. Ending Fund Balance - Reserves	$42.71
% of 2019 Expenditures and Transfers-out:	20.3%

2019 Year-End Estimated Reserves at 20.3% of expenditures and transfer-out, or 2.4 months. Operating Reserve, or 2-months of expenditures & transfers-out (16.7%), equals $35.1 million of the total $42.71 million. Remaining reserve balance for “emergencies” totals $7.7 million.

SALES TAX REVENUE VOLATILITY RISK

Declining sales tax revenue echo cautionary signals from previous economic downturn

Greater reliance on sales revenue

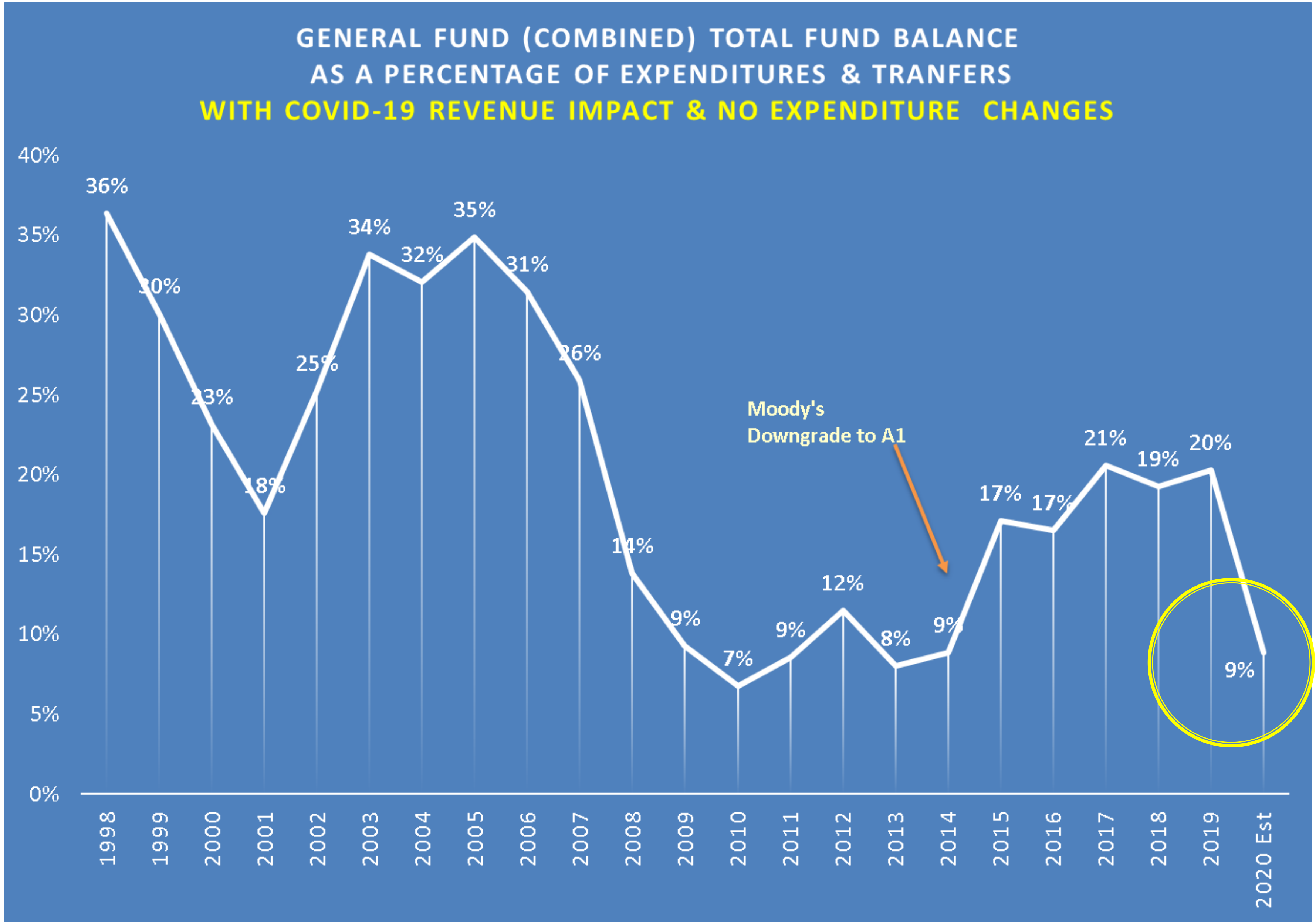
- Shifted $6 M annually from property taxes to sales tax when STAR bonds paid off
- Comprises of 23% in General Fund Revenues, compared to 21% in 2016

Sensitive to collection methods

- Scope of tax base (i.e., don't tax services or groceries)
- Online sales / e-commerce increasing share of market; tax collection is challenged

Sensitive to economic conditions

- Stock market volatility
- Economic uncertainty related to Fed interest rate hikes, trade disputes, Federal govt shutdown, slow new automobile sales


GENERAL FUND (COMBINED) TOTAL FUND BALANCE
AS A PERCENTAGE OF EXPENDITURES & TRANFERS
WITH COVID-19 REVENUE IMPACT & NO EXPENDITURE CHANGES
40%
35%
30%
25%
20%
15%
10%
5%
0%
36%
30%
23%
18%
25%
34%
32%
35%
31%
26%
14%
9%
7%
9%
12%
8%
9%
17%
17%
21%
19%
20%
9%
Moody's
Downgrade to A1
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020 Est

Special revenue funds reserve policy

ADOPTED JUNE 2018

THE FOLLOWING RESERVES LEVELS WILL BE INCORPORATED AS PART OF THE 2020 AMENDED/2021 PROPOSED BUDGET PROCESS

Reserve Targets

- Range based on percentage of expenditures and transfers for the fiscal year
- Each special revenue fund has a specific prescribed range

Compliance

- Measurement at December 31st as part of annual financial audit
- If target level of reserves are not being met **or likely to not be met at some point within a five-year time horizon**, then during the annual budget process, fund balance levels will be provided to the Mayor and Board of Commissioners
- Should the projected year-end fund balance **be below the reserve amounts,** a **plan to replenish the reserves would be established** to achieve reserve levels **over a five year period**

SPECIAL REVENUE FUNDS AUTHORIZATION CATEGORIES

1) COUNTY LEVY FUNDS

2) DEBT SERVICE FUNDS

3) FUNDS RESTRICTED BY KANSAS STATE STATUTE

4) FUNDS CREATED BY UG COMMISSION WITH AUTHORITY OF STATE STATUTE

COUNTY LEVY FUNDS – LEGAL AUTHORITY

- *K.S.A. 19-101a et seq*. granted home rule powers to counties in 1974, and, like cities, counties may use home rule powers as a basis for a property tax levy as described in *K.S.A.19-117*. Authority of county commissioners to issue levies under *K.S.A. 70-1802*.
- **Developmental Disabilities Fund** – *K.S.A. 19-4004, 19-4007 and 19-4011* to provide services such as: job placement services for disabled and developmentally disabled clients; vocation services to help clients gain wage earning job skills; services to help individuals learn independent living skills; and a preschool designed to prepare disabled children for the school experience.
- **Election Fund** – *K.S.A. 19-3435a, 25-2201a, and 39-417* to provide necessary funding for the payment of the salaries and expenses of the office of the election commissioner and election expenses. K.S.A. 19-3424(c) states The board of county commissioners shall consider the request in the same manner as other departments and agencies of the county and shall approve and adopt a budget for the office of election commissioner within the county budget in an amount determined by the board of county commissioners to be sufficient and adequate for the performance of the duties of the office and the conduct of elections as required by law.
- **Health Department Fund** – *K.S.A. 65-204* for the purpose of providing funds to assist in carrying out health laws, rules and regulations of the county and to provide funds for capital expenditures for county health purposes.
- **Mental Health Fund** – *K.S.A. 19-4004, 19-4007 and 19-4011* purpose of contracting services with nonprofit corporations to provide either mental health services or services for clients with mental health needs.
- **Aging Fund** – *K.S.A. 12-1680* to provide funds for service programs for the elderly for three senior centers, providing two transportation systems, educating and monitoring clients with health needs.

2019 Expenditure and Transfers & Fund Balances for Special Revenue Funds						
Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)						
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements						
	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
Developmental Disability	$ 436,679	$ 479,547	110%	10% to 15%	$ 414,045	Resources from annual 0.346 County property mill levy rate
Elections	$ 1,303,089	$ 432,790	33%	10% to 15%	$ 237,327	Resources from annual 0.873 County property mill levy rate
Health Department	$ 3,185,965	$ 334,532	11%	10% to 15%	$ (143,363)	Resources from annual 1.559 County property mill levy rate
Mental Health	$ 659,000	$ 63,620	10%	10% to 15%	$ (35,230)	Resources from annual 0.425 County property mill levy rate
Special Programs for Elderly	$ 1,882,162	$ 48,417	3%	10% to 15%	$ (233,907)	Resources from annual 1.027 County property mill levy rate
Totals	**$ 7,466,895**	**$ 1,358,906**	**18%**		**$ 238,872**	

COUNTY LEVY FUNDS

2019 Fund Balances generally exceed fund balance targets, except for the Health and Aging Funds that fell below the highest target. These funds are accumulating resources for potential caseload increases and expected increasing costs in the near-future.

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".*

- County Bond & Interest Fund has extra in reserves due to the transfers from the County General Fund from savings on reduced outside inmate bed contracts ($1.5 million in 2017 and $1.0 million in 2018). Debt service payments for Juvenile Center are approximately $1.7 million annually begin in 2019, and the County General Fund is only budgeted to contribute $1.2 million a year in 2020.

- City Bond & Interest Fund has extra in reserves due to prior year refinancing and deposit of un-used prior bond proceeds that have accumulated mover time.

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)						
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements						
	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
City Bond & Interest Fund	$ 50,760,125	$ 6,033,955	12%	5% to 10%	$ 957,943	100% restricted for debt service payments
County Bond & Interest Fund	$ 5,047,244	$ 4,490,167	89%	5% to 10%	$ 3,985,443	100% restricted for debt service payments
TIF Debt Service Funds	$ 2,789,928	$ 4,156,888	149%	5% to 10%	$ 3,877,895	100% restricted for debt service payments
Totals	**$ 58,597,297**	**$ 14,681,010**	**25%**		**$ 8,821,280**	

DEBT SERVICE FUNDS

2019 Fund Balances exceed fund balance targets. Significant transfers have been made from the County General fund to County B&I to shift the savings in contract beds to reduce the level of debt for the Juvenile Center.

COUNTY TECHNOLOGY FUNDS

- Statute Citation:
  - Clerk's Technology Fund – *K.S.A. 28-180*
  - Register of Deeds' Technology Fund – *K.S.A. 28-115a*
  - Treasurer's Technology Fund – *K.S.A. 28-181*
- Restricted Use of Revenues
  - *"to acquire equipment and technological services for the storing, recording, archiving, retrieving, maintaining and handling of data recorded, stored or generated in the office…"*
- Statutory Direction on Use of Excess Balances
  - *"At the end of the calendar year, if the balance in such fund exceeds $50,000 and the county [clerk, register of deeds or treasurer] indicates that such amount in excess of $50,000 shall not be needed and is not designated for technology, the county commission may* ***authorize the transfer and use of the excess moneys by other county offices for equipment or technological services relating to the land or property records filed or maintained by the county****."*
- Exempt from "Certified Funds" Kansas Budget Law (*K.S.A. 79-2925* through *79-2937*)
  - Budgets shown for the information of the taxpayers of the county.
  - Any budget actions taken shall be in accordance with County Clerk – *K.S.A. 19-302*, Register of Deeds – *K.S.A. 19-1202*, and County Treasurer – *K.S.A. 19-503*

COURT TRUSTEE FUND

- Statute Citation – *K.S.A. 20-380*
- Fee Revenue:
  - 1) Not to exceed 5% of (child) support payments, as determined by the chief judge
  - 2) Based on hourly cost of office operations for provision of service with written agreement of the payee, or
  - 3) From restitution, not to exceed authorized by the attorney general pursuant to *K.S.A. 75-719*
- Restricted Use of Revenues:
  - Fund operations to provide suitable quarters for the office of court trustee, furnish stationery and supplies, and such furniture and equipment as shall, in the discretion of the chief judge, be necessary for the use of the court trustee in accordance with *K.S.A. 20-375 et seq* to enforce the duties of child support administration.
  - All payments made by the secretary for children and families pursuant to *K.S.A. 23-3113,* and amendments thereto, or any grants or other monies received which are intended to further child support enforcement goals or restitution goals shall be deposited in the court trustee operations fund.

SPECIAL WYANDOTTE 911 FUND

- Statute Citation – K.S.A. 12-5362 et seq (Kansas 911 Act)
- Fee Revenue: $0.53 per month per subscriber account (telephone number capable of accessing 911) applies to hardwire, wireless and VoIP telephones.
- State Allocation of Tax Revenues:
  - 82% of the money collected from service users whose place of primary use, as provided by the providers, is within the county shall be distributed to the PSAPs within the county based on place of primary use information
- Restricted Use of Revenues
  - (1) Implementation of 911 services;
  - (2) Purchase of 911 equipment and upgrades;
  - (3) Maintenance and license fees for 911 equipment;
  - (4) Training of personnel;
  - (5) Monthly recurring charges billed by service suppliers;
  - (6) Installation, service establishment and nonrecurring start-up charges billed by the service supplier;
  - (7) Charges for capital improvements and equipment or other physical enhancements to the 911 system; or
  - (8) The original acquisition and installation of road signs designed to aid in the delivery of emergency service. Such costs shall not include expenditures to lease, construct, expand, acquire, remodel, renovate, repair, furnish or make improvements to buildings or similar facilities. Such costs shall also not include expenditures to purchase subscriber radio equipment.

SPECIAL ALCOHOL FUND & SPECIAL PARKS & RECREATION FUND

- Statute Citation – *K.S.A. 79-41a04*
- Fee Revenue:
  - 10% of gross receipts derived from the sale of alcoholic liquor by any club, caterer, drinking establishment, public venue or temporary permit holder, and the acquisition costs of any alcoholic liquor served as samples by clubs and drinking establishments.
- State Allocation of Tax Revenues to City/County:
  - *"70% of the amount which is collected pursuant to this act"*
  - 1/3rd to City General Fund, 1/3rd to Special Alcohol and Drug Program Fund and 1/3rd to Special Parks and Recreation Fund
- Restricted Use of Revenues
  - **Special Alcohol Fund** – *"shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers."*
  - **Special Parks & Recreation Fund** – *"may be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities."*

SPECIAL STREET & HIGHWAY FUND

- Statute Citation
  - K.S.A. 12-1,119 creation of street and highway fund by ordinance
- State Allocation of Tax Revenues:
  - Revenues are received from the State of Kansas from motor fuel tax collections. Allocations are based on population of the city and county
- Restricted Use of Revenues
  - Funds are to be used for the construction, reconstruction, alteration, repair and maintenance of city streets and highways.

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)						
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements						
	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
Jail Commissary	$ 2,363	$ 288,030	12189%	8% to 12%	$ 287,746	Restricted to inventory cost of sale to inmates for clothing, food, etc
Special Dedicated Sales Tax	$ 9,836,028	$ 4,856,128	49%	5% to 10%	$ 3,872,525	Resources committed for prior year capital projects & equipment acquisitions
Special Assets Fund	$ -	$ 2,282,700	0%	5% to 10%	$ 2,282,700	100% assigned for future projects at CAO and Commission direction
Tourism & Convention	$ 2,535,744	$ 6,709,672	265%	3% to 5%	$ 6,582,885	100% assigned for future projects
Environmental Trust	$ 1,002,689	$ 1,450,165	145%	10% to 15%	$ 1,299,762	100% assigned for future dedicated projects / potential landfill risk mitigation
Totals	**$ 13,376,824**	**$ 15,586,695**	**117%**		**$ 14,325,618**	

CREATED BY UG COMMISSION WITH AUTHORITY OF STATE STATUTE

JAIL COMMISSARY FUND

- Statute Citation – *K.S.A. 75-3728 (e) and (f)*
- Fee Revenue: Moneys of canteen funds and work therapy funds
- Restricted Use of Revenues
  - Record the sales of health care, hygiene, clothing, food and snack products to inmates at the Adult Detention Center. In addition to the expenses of purchasing items for resale, the profits, if any, are to be used to directly benefit the inmates.

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.
  - $4.5 million of the 2019 fund balance is committed to be spent in 2020.

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

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

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.
  - Year-end 2018 landfill liability balance is $378,000

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)						
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements						
	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
County Clerk Technology	$ 2,375	$ 162,565	6845%	5% to 10%	$ 162,328	Accumulating resources for future equipment/software acquiisitions
County Treasurer Technology	$ 84,432	$ 81,564	97%	5% to 10%	$ 73,121	Accumulating resources for future equipment/software acquiisitions
Court Trustee	$ 451,917	$ 688,392	152%	8% to 12%	$ 634,162	Resources restricted for child support enforcement activities in future years
Register of Deeds Technology	$ 126,222	$ 235,431	187%	5% to 10%	$ 222,809	Accumulating resources for future equipment/software acquiisitions
Special Wyandotte 911	$ 974,450	$ 460,996	47%	5% to 10%	$ 363,551	Resources from a statewide 911 fee on hardwire, wireless, VoIP phones
Special Alcohol Program	$ 430,705	$ 1,045,242	243%	5% to 10%	$ 1,002,172	Resources from a portion of UG's allocation of State liquor tax sales
Special Parks & Recreation	$ 420,494	$ 301,328	72%	3% to 5%	$ 280,303	Resources from a portion of UG's allocation of State liquor tax sales
Special Street & Highway	$ 7,649,050	$ 1,687,775	22%	3% to 5%	$ 1,305,323	Resources from UG's allocation of State motor fuel taxes
Totals	**$ 10,139,645**	**$ 4,663,293**	**46%**		**$ 4,043,767**	

FUNDS RESTRICTED BY KANSAS STATUTES

Staff Request for Commission Action

Tracking No. 20168

Full Commission Meeting Date: 6/11/20
Committee: Economic Development & Finance

Date of Standing Committee Action: 6/1/20 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
5/20/2020	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description:
Approval of proposed revisions to the Special Revenue Funds Operating Reserve Policy and the Capital Asset and Equipment Investment and Management Policy submitted by Kathleen VonAchen, Chief Financial Officer

Action Requested:
Approve the resolution

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
Special Revenue Funds Reserve Policy Revision Resolution-6-11-20, 07. Reserves-SpecialRevenueFund Balance-June 2020 Revisions, Capital Asset Equip Investment Policy Revision Resolution-6-11-20, Capital Asset-Equip Investment-Mgmt Policy-21oct2019Revisions

RESOLUTION NO. R-______________

WHEREAS, budgetary and financial policies contain high-level principles and requirements that an organization must follow, as formally agreed upon by management and a governing body, in order to the direct the strategic vision of an organization;

WHEREAS, budgetary and financial policies inform organizational processes by providing insight into standard functions and key risk and control points needing monitoring and take into consideration risk assessments, mitigations and audit efforts to achieve operational efficiencies; And, that policies help to shape strategic direction, so an organization can move to a mindset that recognizes cost/risk avoidance as a critical public policy discipline;

WHEREAS, formal adoption of budgetary and financial policies by a governmental organization is a recommended practice of the International City Management Association (ICMA) and the Government Finance Officers Association (GFOA).

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/ KANSAS CITY, KANSAS:

Section 1. That the Unified Government Board of Commissioners hereby adopts revisions to the Special Revenue Funds Operating Reserve Policy as included in Exhibit A.

Section 2. That the County Administrator is hereby authorized to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, any and all documents and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution. And that all other Unified Government staff is further authorized to take such actions as are necessary and proper to effectuate the purposes and intent of this Resolution.

ADOPTED BY THE BOARD OF COMMISSIONERS OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, THIS 11th DAY OF JUNE, 2019.

____
Unified Government Clerk

Unified Government of Wyandotte County and Kansas City, Kansas

Special Revenue Funds Operating Reserve Policy

Commission Resolution: R-35-18
Adopted: 07/26/2018
Revised: xx/xx/xxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

The Unified Government desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate Reserve level to protect the Unified Government's credit worthiness. The Special Revenue Operating Fund Reserves are accumulated and maintained in governmental funds in order to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

This policy establishes the amounts the UG will strive to maintain in its Special Revenue Operating Funds Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

III. Applicability and Scope:

This policy shall apply to all special revenue operating governmental funds that receive property tax revenue, assess a fee directly to residents, or include operational expenditures restricted for specific use by local, state and federal laws. Funds not meeting any of these criteria do not have a minimum Reserve requirement. The specific funds sought to meet compliance with this policy are detailed in the policy section.

IV. Policy:

A. Reserve Levels - The Unified Government will maintain a ~~range for the~~ minimum level of Fund Balance (per the annual CAFR on a modified accrual basis of accounting) in the Special Revenue Operating Funds equivalent to the percentages by respective Fund listed below of regular, on-going operating expenditures (including transfers out).

The following is a list of the applicable special revenue and debt service funds with the ~~range of~~ minimum level of Reserves established by this policy, presented as a percentage of on-going operating expenditures (including transfer out):

- ~~UG Clerk Technology 5-10% of expenditures~~
- ~~County Treasurer Technology 5-10% of expenditures~~
- Court Trustee ~~8-12%~~two months of expenditures
- Developmental Disabilities ~~10-15%~~two months of expenditures
- Elections ~~10-15%~~two months of expenditures
- Health Department ~~10-15%~~two months of expenditures
- Jail Commissary ~~8-12~~10% of expenditures
- ~~Library District 10-15% of expenditures~~
- Mental Health ~~10-15%~~two months of expenditures
- ~~Register of Deeds Technology 5-10% of expenditures~~
- Special Dedicated Sales Tax ~~5-10%~~two months of expenditures
- ~~Special Assets Fund 5-10% of expenditures~~
- Special Programs for Elderly ~~10-15%~~two months of expenditures
- Special Wyandotte 911 ~~5-10%~~ 10% of expenditures
- Special Alcohol ~~5-10%~~two months of expenditures
- Special Parks & Recreation ~~3-5%~~two months of expenditures
- Special Street & Highway ~~3-5%~~two months of expenditures
- Tourism & Convention 10~~3-5~~% of expenditures
- Environmental Trust 10~~-15~~% of expenditures
- Debt Service funds 5~~-10~~% of ~~expenditures~~tax revenues

B. Compliance - The UG will measure its compliance with this policy as of December 31st each year, as soon as practical after final year-end account information becomes available as part of the annual financial audit. During the course of the year the Finance Department shall closely monitor the UG's revenues and expenditures to ensure Reserves are not used beyond any planned. For the purposes of this policy, current year's actual expenditures will exclude significant Non-Recurring (one-time) Items.

If, based on staff's analysis and forecasting, the target level of Reserves is not being met or are likely to not be met at some point within a five-year time horizon, then during the annual budget process, Fund Balance levels will be provided to the Mayor and Board of Commissioners. Should the projected year-end Fund Balance be below the minimum Reserve amount established by this policy, a plan to replenish the Reserve would be established based on the requirements outlined in this policy.

C. Cash Balance - To provide liquidity adequate to meet the demands of government services provision including unanticipated reductions in revenues or unplanned expenditure increases, Cash Balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense. The above established Reserves are intended to support this effort and counterbalance the revenue and/or tax collection cycle.

D. **Funding the Reserve** - Funding of Special Revenue Operating Reserve targets will generally come from excess revenues over expenditures or one-time revenues.

E. **Conditions for Use of Reserves** - It is the intent of the Unified Government to limit use of Special Revenue Operating Reserves to address unanticipated, Non-Recurring (one-time) needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow time for the Unified Government to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term financial plan.

F. **Authority over Reserves** - The UG Board of Commissioners may authorize the use of Reserves. The Finance Department will regularly report both current and projected Reserve levels to the UG Board of Commissioners.

G. **Fund Balance Classification** - The Unified Government desires to establish a fund balance classification policy consistent with the needs of the Unified Government, and in a manner consistent with governmental accounting standards. The following classifications serve to enhance the usefulness of fund balance information. It shall be the policy to reduce restricted fund balance first, followed by unrestricted fund balance. For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts.

Restricted Fund Balance

a) *Non-spendable Balance:* Assets legally or contractually required to be maintained, or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

b) *Restricted Balance:* Assets with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

Unrestricted Fund Balance

c) *Committed:* Assets with a purpose formally imposed by resolution by the Governing Body of the Unified Government, binding unless modified or rescinded by the Governing Body.

d) *Assigned:* Assets constrained by the government's intent as expressed by the Governing Body, County Administrator or designee. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.

e) *Unassigned:* All amounts not included in other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

H. Assigning Fund Balance - The County Administrator and Chief Financial Officer, collectively, are hereby authorized to assign Fund Balance for specific purposes in accordance with the intent and actions of the Board of Commissioners.

I. Replenishment of Reserves - In the event that Reserves are used resulting in a balance below the established reserve minimum ranges, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

J. State Requirements Regarding the Use of Reserves – Many of the special revenue funds were established in order to maintain compliance with State laws as to the use of the resources collected. The following is a summary of these State provisions limiting use of the resources deposited in these funds:

a) **County Levy Funds** - K.S.A. 19-101a et seq. granted home rule powers to counties in 1974, and, like cities, counties may use home rule powers as a basis for a property tax levy as described in K.S.A.19-117. Authority of county commissioners to issue levies is under K.S.A. 70-1802.

b) **Debt Service Funds** - 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.

c) **Court Trustee Fund** – K.S.A. 20-380 stipulates that these resources Fund operations to provide suitable quarters for the office of court trustee, furnish stationery and supplies, and such furniture and equipment as shall, in the discretion of the chief judge, be necessary for the use of the court trustee in accordance with K.S.A. 20-375 et seq to enforce the duties of child support administration.

d) **Special Wyandotte 911 Fund** - K.S.A. 12-5362 et seq (Kansas 911 Act) restricted the use of these revenue for implementation of 911 services, purchase of 911 equipment and upgrades, maintenance and license fees for 911 equipment, raining of personnel, and other related expenses.

e) **Special Alcohol Fund and Special Parks and Recreation Fund** – K.S.A. 79-41a04 authorizes that 10% of gross receipts derived from the sale of alcoholic liquor by any club, caterer, drinking establishment, public venue or temporary permit holder, and the acquisition costs of any alcoholic liquor served as samples by clubs and drinking establishments. The law also stipulates that one-third of the collections be deposited to the City General Fund, Special Alcohol Fund and Special Parks and Recreation Fund. The Special Alcohol Fund shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers. The Special Parks and Recreation Fund revenues may be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities.

f) **Special Street and Highway Fund** – K.S.A. 12-1,119 authorizes the creation of the street and highway ordinance and restricts the use of this intergovernmental revenue from the State to be used for the construction, reconstruction, alteration, repair and maintenance of city streets and highways.

g) **Jail Commissary Fund** - K.S.A. 75-3728 (e) and (f) authorizes the use of moneys fo canteen funds and work therapy funds by recoding the sales of health care, hygiene, clothing, food and snack products to inmates at the Adult Detention Center. In addition to the expenses of purchasing items for resale, the profits, if any, are to be used to directly benefit the inmates

K. Local Requirements Regarding the Use of Reserves – Many of the special revenue funds were established in order to maintain compliance with Unified Government laws as to the use of the resources collected. The following is a summary of these Local provisions limiting use of the resources deposited in these funds:

a) **Dedicated Sales Tax Fund** – Kansas City, Kansas voters originally approved this measure on April 13, 2010 (and renewed it in 2018) for a three-eighths set sales tax with funds to be dedicated for the purposes of financing Public Safety operations and Neighborhood Infrastructure improvements, including the construction, repair and maintenance of roads, curbs and sidewalks.

b) **Special Asset Fund** – UG Resolution 8-6-15 authorized to record revenues associated with the sale of significant government accets, including land and buildings, and restricted the use of these revenues for debt payments related to the asset sale, operating and/or capital expenditures with a UG-owned asset, future lan and building acquisition costs, and Capital equipment purchases and infrastructure-related expenditures associated with a UG-owned assets.

c) **Tourism and Convention Promotion Fund** – UG Ordinance 03-08 initially authorizes the collection of an 8% transient guest tax on hotel and motel transactions and restricts the use of the revenues for the promotion of conventions and tourism.

d) **Environmental Trust Fund** – UG Ordinance 65837 authorizes 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 and restricts the use to payments of any environmental cost or liability 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. The Fund shall terminate ten years after the expiration of the term of the City solid waste contract.

L. Excess of Reserves - In the event Reserves exceed the minimum ~~range~~ balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways, within the use of funds required by local, state or federal laws:

a) Fund accrued liabilities, including but not limited to debt service, workers' compensation benefits, pension, employee health benefits and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;

b) Appropriated to lower the amount of outstanding general obligation bonds, temporary notes or contributions needed to fund capital projects in the UG's CMIP;

c) Property tax mill rate and/or charges for services fee reductions.

d) One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or

e) Start-up expenditures for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Department.

I. Periodic Review of the Targets - Compliance with this section will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process staff shall review the current and five-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Unified Government is subject to.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and assets, and the maintenance thereof.

B. Cash Balance - The sum of cash and Cash Equivalents of an accounting fund.

C. Cash Equivalent - In the context of cash flows reporting, short-term, highly liquid investments that are both 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, "original maturity" means maturity as of the date the investment is acquired.

D. Fund Balance (CAFR) - Fund Balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a governmental fund as reported in the Comprehensive Annual Financial Report (CAFR).

E. Fund Balance (Budgetary) – Fund Balance for Budgetary Purposes begins with the beginning of the year unencumbered fund balance as reported in the CAFR's Schedule of Budgetary Accounts, Budget and Actual Budgetary Basis (non-GAAP) for the respective fund, plus revenues less all expenditures recorded on a cash basis for the respective fiscal year.

F. Non-Recurring Item - An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

G. Pooled Cash - The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

H. Reserve - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities.

I. Special Revenue Fund - Governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purpose other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

J. Unrestricted Fund Balance - The difference between total Fund Balance in a governmental fund and its nonspendable and restricted components.

VIII. Related Documents and References:

A. Capital Asset and Equipment Investment and Management Policy
B. Long-Term Financial Planning Policy

C. Operating and Capital Budget Policy
D. County Administrator policies as applicable

RESOLUTION NO. R-_______________

WHEREAS, budgetary and financial policies contain high-level principles and requirements that an organization must follow, as formally agreed upon by management and a governing body, in order to the direct the strategic vision of an organization;

WHEREAS, budgetary and financial policies inform organizational processes by providing insight into standard functions and key risk and control points needing monitoring; And, that policies help to shape strategic direction, so an organization can move to a mindset that recognizes cost/risk avoidance as a critical public policy discipline;

WHEREAS, a capital asset and equipment investment and management policy provides guidelines to complete a comprehensive process that allocates limited resources in capital investment and improved management decisions;

WHEREAS, formal adoption of budgetary and financial policies by a governmental organization is a recommended practice of the International City Management Association (ICMA) and the Government Finance Officers Association (GFOA).

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/ KANSAS CITY, KANSAS:

Section 1. That the Unified Government Board of Commissioners hereby adopts revisions to the Capital Asset and Equipment Investment and Management Policy as included in Exhibit A.

Section 2. That the County Administrator is hereby authorized to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, any and all documents and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution. And that all other Unified Government staff is further authorized to take such actions as are necessary and proper to effectuate the purposes and intent of this Resolution.

ADOPTED BY THE BOARD OF COMMISSIONERS OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, THIS 11th DAY OF JUNE, 2019.

____

Unified Government Clerk

Unified Government of Wyandotte County and Kansas City, Kansas

Capital Asset and Equipment Investment and Management Policy

Commission Resolution:
R-35-18
Adopted: 07/26/2018
Revised: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

Capital assets and equipment have a major impact on the ability of the Unified Government to deliver services, economic vitality and overall quality of life for Wyandotte County and Kansas City, Kansas stakeholders. The purpose of this policy is to provide guidelines to complete a comprehensive process that allocates limited resources in capital investment and improved management decisions.

III. Applicability and Scope:

This policy shall apply to all funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

A. **Roles and Process of the CMIP** - The Finance Department is responsible for coordinating the CMIP process and compiling the CMIP document. Other key roles include:

1. CMIP - Each year, Unified Government staff shall develop a five-year long-range CMIP that describes and prioritizes the capital projects the Unified Government intends to undertake.

2. Review of Capital Project Proposals – The Finance Department will coordinate a financial capital project review process within the annual budget calendar.

   a. Full Consideration of Operating and Maintenance Costs - Adequate resources should be identified to operate and maintain existing assets as well as proposed expanded assets before funding is allocated to any new Capital Project.

3. Stakeholder Participation - The Unified Government shall provide meaningful opportunities for stakeholders to provide input into the CMIP development before the plan is adopted.

4. UG Commission Responsibilities - (link to plans) All projects submitted for consideration of inclusion within the CMIP, with minor and occasional exceptions, should be based, when possible, on investments called for by master plans and/or capital assets needs assessments that have been formally reviewed and adopted by the UG Board of Commissioners. Operating and maintenance cost estimates will be reflected in departmental operating plans.

5. Approval of the CMIP - The Board of Commissioners shall review and approve the CMIP. Amendments to the CMIP shall be considered and adopted by the Board of Commissioners at regular meetings except for specific adjustments when limited authority is delegated to the County Administrator, Chief Financial Officer, and the Budget Director, as prescribed within the Operating and Capital Budget Policy.

B. CMIP Project Selection - An objective set of criteria will be used to assess and evaluate project proposals. Major road construction, buildings and parks projects will be evaluated using a weighted matrix of the following criteria. The weighting of these criteria will be set with guidance from the UG Board of Commissioners and Planning Commission. Although specific criteria may be updated from time to time, the following concepts are core principles to be considered in the development of such criteria:

1. Long-Term Forecasts - Long-term forecasts should be prepared to better understand resources available for capital spending and to assess operational impacts and eventual maintenance replacement costs.

2. Revenue Generation or Economic Development Advantages – Projects should be given priority that demonstrate the potential to have a positive return on investment, either through expected increases in assessed valuation or other economic values that could generate future additional revenues.

3. Impact on Other Projects - Projects should not be considered in isolation. One project's impact on others should be recognized and costs shared between projects where appropriate. Project coordination will be properly sequenced both internally and alongside external stakeholders operating in Wyandotte County/Kansas City, Ks.

4. Allow for Funding of Preliminary Activities - For some projects it may be wise to fund only preliminary engineering/planning before committing to funding the whole project. However, even these expenditures can be considerable. Therefore, these preliminary engineering/planning should also be evaluated, analyzed and prioritized appropriately.

5. Full Lifecycle Costing - Cost analysis of a proposed project should encompass the entire life of the asset, from planning and acquisition to disposal.

6. Predictable Project Timing and Scope - Schedule and scope estimates should be practical and achievable within the requested resources, including financial and human.

7. Population Served – An estimate of the population that would directly benefit from a project should be considered in the prioritization of project selection.

8. Capacity Needs – Using volumetric data, traffic counts, or daily visitors to evaluate the current and future needs of systems to prioritize projects that improve the overall function of network assets.

9. Community Sites – The social impact of projects near community locations should be considered in project selection.

10. Commerce – Projects that enhance the economic viability of future and existing commercial corridors should be considered during project selection.

11. Master Plans – UG master plans for zoning, transportation, trails, parks, bus routes and bike lanes should be considered in project selection.

12. Safety – The safety of the public interacting with UG infrastructure should be considered in project selection.

13. Infrastructure Condition – A combination of condition ratings, consequence of failure analysis, and likelihood of failure estimates should be considered in project selection.
14.

C. Balanced CMIP - The adopted CMIP is a balanced five-year plan. This means that for the entire five-year period, resources will be equal to project expenditures in the CMIP. Expenditures in the CMIP must weigh the full costs of proposed projects in relation to funding sources. It is possible that the plan will have more expenditures than revenues in any single year, but this imbalance will be addressed through the use of interim financing as needed. However, over the life of the five-year plan all expenditures will be provided for with identified revenues. All unfunded projects will be retained on the unfunded list for further consideration in the future.

D. CMIP Funding Strategy - The operating budget includes capital projects and equipment that are generally of a recurring nature and are appropriated for one year only. Changes from year to year for annual or reoccurring projects represent incremental variances in the cost of doing business. Capital projects that result in procurement or construction of major physical assets for the UG are to be aligned with the Government's financial forecast. Resources for the capital plan can come from the same resources as the operating budget, but the costlier projects are funded by bond and temporary note financing. The Unified Government has provided financial resources for the CMIP through three primary methods: 1) various local dedicated taxes, charges for services revenues, grants, partnerships with non-profits and/or corporations, and other funding sources from external entities, 2) Pay-As-You-Go, and 3) Debt financing. These funding methods are expected to be used for future CMIPs. Guidelines are provided below to assist the Unified Government in making the choice between Pay- As-You-Go and Debt financing.

1. Factors which favor **Pay-As-You-Go** financing include circumstances where:

    a. The project can be adequately funded from available current revenues and fund balances;

    b. The project can be completed in an acceptable timeframe given the available revenues;

    c. Additional Debt levels could adversely affect the Unified Government's General Obligation credit rating or repayment sources;

    d. Costs considered pertain to the maintenance of existing assets; or

    e. Market conditions are unstable or suggest difficulties in marketing a Debt.

2. Factors which favor long-term **Debt** financing include circumstances where:

    a. Revenues available for Debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained;

    b. Credit market conditions present favorable interest rates and demand for Unified Government Debt financing;

    c. A project is mandated by state or federal government and current revenues or fund balances are insufficient to pay project costs;

    d. A project is immediately required to meet or relieve capacity needs and existing un-programmed cash reserves are insufficient to pay project costs;

    e. Costs considered for Debt financing pertain to the new assets or capital projects;

    f. The life of the project or asset financed is ten years or longer; or

    g. Those expected to benefit from the project include generations in years to come.

E. Vehicle and Equipment Lease Financing - In addition, the Unified Government has relied on lease financing for various vehicle and equipment acquisitions with the lease periods ranging from three to ten years depending on the cost of the equipment and its useful life. It is the goal expressed in this policy that the UG reduce its reliance of lease financing for the acquisition and replacement of vehicles and equipment, and instead to move towards paying in cash for these items. As a result, a separate vehicle and equipment replacement internal service fund is established to ensure that adequate funds are available to purchase vehicles and equipment, to stabilize budgeting for major purchases, and to provide a systematic, UG-wide approach to procurement and disposition of the related assets. The goal is to provide sufficient cash flow for annual purchases.

At this time, this fund is not designed to equal the replacement value of the vehicle fleet and equipment of the UG. Policies and procedures detailing more specifics for the financial planning and funding of vehicle and equipment will be developed in the future.

F. Capital Budget - Each year the Finance Department will develop a Capital Budget which will contain the spending plan for capital projects. The first year of the adopted CMIP will be the Capital Budget for the fiscal year, in addition to the Amended Budget of the current fiscal year.

G. Capital Project Management - Management of capital project is essential to create the best value for Unified Government taxpayers through capital spending. Each department must actively manage their projects and major departments may provide quarterly reports on the status of each project. The following policies shall be observed in order to help ensure the best project management possible.

1. Project Management - Each department is responsible as follows:
    a. Lead, coordinate, and plan processes that may lead to projects
    b. Prepare the project proposal
    c. Ensure that required phases are completed on schedule
    d. Authorize all project expenditures
    e. Monitor project cash flows
    f. Ensure that all regulations and laws are observed
    g. Periodically reporting project status
    h. If it is a facility or infrastructure project, work through Public Works to develop a project budget and cash flow forecast for the CMIP prior to project commencement
    i. Public Works will manage facility and infrastructure projects, with few exceptions, and expect requesting departments to continue to lead all stakeholder engagement.

2. Department directors are responsible for administering their respective CMIP projects within the financial constraints described by the CMIP budget as adopted. It is expected that line item budgets within an individual project may exceed their planned levels, but totals project costs may not be exceeded.

3. Limits on Amendments - Capital project amendments during a year shall not exceed the annually adopted budget and funding levels. Each department must manage its capital program within certain time and cost constraints.

4. Upon completion of a capital project, any remaining appropriated funds for the project will revert to the fund balance of the funding source.

H. Asset Condition Assessment – Unified Government department staff may conduct a comprehensive asset inventory that projects replacement and maintenance needs for the next five years and will update this projection each year. The asset inventory will describe the current condition of the Unified Government's assets, establish standards for asset condition, account for the complete cost to maintain assets up to standard over their lifecycle, and account for risks associated with assets that are below condition standards. Unified Government departments shall have responsibility for inventorying and assessing the assets within their purview and ensuring that it reconciles with Finance Department capital asset records.

I. Prioritization of Asset Maintenance and Replacement - It is the Unified Government's intent to maintain its existing assets at a level that protects the initial capital investment and minimizes future maintenance and replacement costs. Based on an asset inventory and risk assessment, staff shall include recommendation for asset maintenance in the CMIP.

J. Funding of Asset Maintenance - This policy addresses the need to protect the Unified Government's historical investment in capital assets. It is the UG's intent to ensure that adequate resources are allocated to preserve the UG's existing infrastructure to the best of its ability before allocating resources to other capital projects.

Towards this effort, it is the policy that the Government will set aside an appropriate percentage of new project costs towards the future maintenance of new facilities and infrastructure investments.

K. CMIP Process - The CMIP Process is directly linked to the annual budget process, land-use planning, facility plan implementation, coordination with the state, county, and other local municipalities, and the ongoing direction of the UG leaders. The process for including a capital project or equipment request in the CMIP:

1. CMIP requests are submitted to the Finance Department through a:
    a. Department request in response to need;
    b. Public request identified at a public hearing or from direct contact with the department, or a
    c. Commission request for an improvement need within a Commissioner district.
2. Facilities and Infrastructure - Requests effecting UG facilities and infrastructure are to be submitted to and evaluated by the Public Works Department within the asset management program for viability, impacts and timing.

3. Fleet / Vehicles - Requests effecting UG vehicles and fleet are to be submitted to and evaluated by the Fleet Division, Public Works Department within the asset management program for viability, impacts and timing.
4. Information Technology and Innovation Projects - Requests related to UG information technology and innovation programs are to be submitted to and evaluated by the Department of Knowledge within the asset management program for viability, impacts and timing.
5. Administrative Review – County Administration and the requesting department review all capital projects and equipment requests submitted.
6. Planning and Zoning Commission Review – The CMIP is presented to a designated Planning and Zoning Commission regular or special meeting for capital project review and comment.
7. Unified Government Mayor and Board of Commissioner Review – Project and equipment meetings are held for Commissioners to review and comment on items that are recommended by the County Administrator.
8. Once finalized, the CMIP Project and Equipment lists are submitted to the entire UG Commission for approval as part of the annual budget process.

L. Periodic status reports – Reports will be presented periodically to the UG Mayor, Commissioners and staff to share project progress and identify significant issues associated with a project.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Adopted Budget Resolution - The formal statement approved by the Board of Commissioners which shows budgeted revenues and expenditures/expenses for the upcoming fiscal year by fund.

B. Asset Classifications - Assets will be grouped by asset type into one of the following accounts:
1. Building
2. Equipment
3. Furniture & Fixtures
4. Improvements
5. Infrastructure
6. Land
7. Land Improvements
8. Machinery
9. Other Assets

10. Land held for resale

C. Capital Assets - Any fixed or Intangible asset, including personal property, land, buildings, improvements other than buildings, and infrastructure. When acquiring any capital asset, additional costs required to place the asset in its intended state of operation should be added to the cost of the asset. This may include: a) Land – title search cost, attorney fees, land survey, liens assumed, taxes assumed, grading costs, building demolition, land improvements with an indefinite life, etc.; b) Buildings – attorney fees, architect fees, inspection and building permits, etc.; c) Equipment – Freight charges, installation costs, setup costs, trade-in discounts, training, etc.

D. Capital Maintenance and Improvement Budget – Amended Budget Current Year and Year One of the Capital Improvement Plan shall be appropriated with the annual budget and accounted for within a capital project Fund(s).

E. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and equipment and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof. The Capital Maintenance Improvement Program (CMIP) is a long-term planning tool intended to assist management in financial forecasting that allows for prioritization, financing, coordination, and technical design of all capital assets. The CMIP is a 5-year plan of capital project improvements and equipment needs. Each year the document is updated and presented to Commission for approval. Changes may include the addition of new projects or equipment, as well as, the reprioritization or removal of other capital projects. The CMIP includes all projects funded by grants.

F. Capital Outlay – Is construction, alteration, restoration, maintenance, improvement or equipment acquisition that does not meet the definition of a capital project, as defined in this policy.

G. Capital Project - Any construction, alteration, restoration, or improvement of any capital asset. Capital projects are usually maintained in a capital project fund. For the purposes of the CMIP the definition of a capital project and equipment includes projects or items with a useful life of at least five years and a cost of at least $50,000. Project improvements can include construction, reconstruction, rehabilitation or maintenance of a capital asset. Equipment needs can include replacement, upgrade or purchase of new equipment. Capital projects may require engineering support or consulting services to evaluate, design, and prepare documents. The capital program may include maintenance projects that result in new fixed assets.

H. Debt - An obligation to pay something; financial liability.

I. Infrastructure – Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and are stationary in nature. Examples include roads, bridges, curbs, gutters, streets, drainage systems, lighting systems, resurfacing (which specifically adds life to the asset) and similar assets that are of value only to the Unified Government.

J. Intangible Asset – An item that will serve the government which has no physical substance in nature (such as software) that has an expected useful life longer than one year. The items are acquired through outright purchase, construction, lease purchase agreements, installment purchase contracts, tax or special assessment foreclosure, eminent domain, donations, grants or gifts.

K. Land – This accounts for the cost of land itself and the cost of preparing land for its intended uses, such as: Purchase price, closing costs (title, attorney, recording, land survey, and appraisal fees), costs incurred in getting the land ready for its intended use (grading, filling, draining, clearing, etc.), all costs incurred up to actual excavation of a building, including demolition or removal of unwanted structures, assumption of any liens or mortgages, additional land improvements having an indefinite life (such as landscaping), and any back taxes or other obligations assumed by the purchaser.

L. Land Improvements: This account is used for permanent (i.e., non-detachable) improvements of a depreciable nature, other than building and infrastructure assets (see above), that add value to land (e.g., fences, retaining walls). This account also is used for leasehold improvements. Examples are fences, docks and dock improvements, park lighting systems, parking lots, driveways, and retaining walls. Costs of water and sewer lines and improvements such as, but not limited to, electrical and gas lines, construction, beginning with excavation.

M. Machinery, Equipment, Furniture & Fixtures: This accounts for tangible property of a more or less permanent nature (other than land, buildings, or improvements), which is useful in carrying out operations. Examples are office equipment, machinery, tools, trucks, cars, furniture, fixtures and furnishings and costs include purchase price, freight and handling charges, installation or assembling costs, and sales tax.

N. Pay-as-You-Go Financing - The use of currently available cash resources to pay for capital investments. It is the alternative to Debt financing.

O. Real Property – Land, land improvements, building, building improvements, and improvements other than buildings. Fixtures attached to land, building, and improvements other than buildings in such a way that removal would alter the intended use of the facility.

P. Repair and Maintenance – Any addition or change to an existing asset that does not change the value or useful life of the asset.

VIII. Related Documents and References:

A. Budget process manuals and resolutions
B. Operating and Capital Budget Policy
C. General Fund Operating and Economic Uncertainty/Emergency Reserves Policy

D. Special Revenue Funds Operating Reserve Policy
E. Enterprise and Internal Service Funds Operating Reserves Policy
F. Long-Term Financial Planning Policy
G. County Administrator policies as applicable

Staff Request for Commission Action

Tracking No. 20169

Full Commission Meeting Date: Fall 2020

Committee: Economic Development & Finance

Date of Standing Committee Action: 6/1/20 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
5/20/2020	Katherine Carttar	x5176	kcarttar@wycokck.org	Economic Development

Item Description:

Presentation of proposed changes for the 2021-2025 NRA Plan renewal. Changes to the plan proposed will make it a more impactful and effective tool to revitalize areas of the community. Additionally, some changes are proposed to streamline the process. Approvals from all affected taxing jurisdictions will be sought prior to approval by the UG Commission. The 2021-2025 NRA Plan changes will go into effect January 1, 2021.

For information only.

Action Requested:

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

Summary of proposed changes to the 2021 2025 Plan

Neighborhood Revitalization Act Plan Renewal

The current 2018-2020 NRA plan expires at the end of this year. Changes to the plan proposed will make it a more impactful and effective tool to revitalize areas of the community. Additionally, some changes are proposed to streamline the process. Approvals from all affected taxing jurisdictions will be sought prior to approval by the UG Commission. The 2021-2025 NRA Plan changes will go into effect January 1, 2021.

Summary of proposed changes:

1. Recommend increase NRA Plan renewal term from three to five years.

2. Recommend removing NRA eligibility in TIF districts.

3. Recommend adding a fee for projects based on size of project, except for owner-occupied rehabilitation. Scale would also include a small business fee. Fees are currently waived for Land Bank properties; we would maintain this.

4. Recommend NRA rebates to be calculated on a fixed percent based on improvements made, not adjusted to market fluctuations.

5. Recommend Area 2 East Turner to mirror Area 1: 10 years, 95%, add rehabilitation.

6. Recommend removal of Area 3 and 4, due to historic low or no participation.

7. Recommend allowing new construction multi-family projects, maintaining the current Commission approval requirements.

8. Recommend application to be submitted within 30 days of permit issuance or 30 days after start of construction when permit is not applicable.