

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, February 7, 2022**

The meeting of the Economic Development and Finance Standing Committee was held on Monday, February 7, 2022, at 5:00 p.m., remotely via Zoom and on-site. The following members were present: Burroughs, Chairman; Commissioners Townsend, McKiernan, Stites, Davis, and David Haley, BPU Member. The following officials were also in attendance: Emerick Cross, Melissa Sieben and Bridgette Cobbins, Assistant County Administrators; Kathleen VonAchen, Chief Financial Officer; Ashley Hand, Director of Strategic Communication; SueZanne Bishop, Assistant Counsel; Debbie Jonscher, Deputy CFO; Patrick Waters, Deputy Chief Counsel; Wendy Green, Assistant Counsel; Monica Sparks, Deputy Unified Government Clerk; Terri Kimble and Allie Facio, Clerk's Office.

Chairman Burroughs said before I call the meeting to order, I want to announce that due to COVID-19, some committee members, staff, and the public are attending remotely via Zoom by as well as on-site. All participants joining by phone should mute their phones when not speaking to avoid background noise.

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 knows who is speaking. This is critical given the number of remote participants and is the current guidance from the Kansas Attorney General.

The public is allowed to participate by Zoom or submit comments by email prior to the meeting and those comments will be included in the record of this meeting. The public also will have an opportunity to provide brief comments from the lobby of the Municipal Office Building.

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

REVISIONS TO FEBRUARY 7, 2022, AGENDA

Chairman Burroughs said it's my understanding we have no revisions to the agenda this evening. So, with that, we'll move right into the Minutes. I would entertain a motion to approve the Minutes from October 11th.

Approval of standing committee minutes from October 11, 2021. **On motion of Commissioner McKiernan, seconded by Commissioner Townsend, the minutes were approved.** Roll call was taken and there were six “Ayes,” Haley, Davis, Townsend, Stites, McKiernan, Burroughs.

COMMITTEE AGENDA

Item No. 1 – 211289...RESOLUTION: AMENDING MASTER EQUIPMENT LEASE PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORP.

Synopsis: A resolution authorizing the Unified Government to amend its Master Equipment Lease Purchase Agreement with Banc of America Corp., submitted by Debbie Jonscher, Deputy Chief Financial Officer.

Chairman Burroughs said I’m pleased to see that we have a full committee this evening. We have a short agenda this evening. That takes us to the very first item which is the resolution. With that I’ll ask Debbie Jonscher to please make her comments.



Debbie Jonscher, Deputy Chief Financial Officer, said I’ve got just a short presentation. The resolution tonight is requesting to authorize an amendment to our current Master Equipment Lease Purchase Agreement for 2022.

Master Equipment Lease Purchase Agreement 2022 Amendment

Master Lease Agreement

➤ Banc of America Public Capital Corp

➤ Terms of Agreement

- New agreement signed in 2021
- Original term through December 2021, with optional 1-yr amendments
- 2022 Amendment extends the lease agreement to December 31, 2022
- Lease schedules terms 3-10 years
- Interest rate formula defined in the agreement and is set approximately 1 week before the lease schedule closing dates
 - ✓ 2021 rates 5-yr (1.6%), 7-yr (1.8%), 10-yr (2.04%)

I do know that we have some new commissioners on the Committee, so I thought I would just give a little background information on the Master Lease Agreement. The lease agreement is the financing tool that we use to finance all of our capital equipment needs. The packet that you received tonight includes the resolution to amend the current agreement. It also includes a list of the equipment that has been approved by the Commission, and it also has the amendment that extends the agreement through the end of this year.

So, just some background information, the agreement is with Banc of America Public Capital Corp. We did sign a new agreement in 2021. The original term of that agreement went through December 31st of 2021, and then the contract allows for several one-year optional amendments. So that's what we are doing, we are bringing forth the amendment for 2022, which would extend the lease agreement through December 31st of 2022. Lease schedules are terms can range anywhere from 3 to 10 years; however, I will say that we have gotten away from the three-year term. A lot of times when we've had equipment that has a life of three years, when we get it lease financed, a lot of time we find that the useful life sometimes, for instance, if it was a patrol vehicle, the useful life may not actually—we may not make it to three years on some of those vehicles if they're used a lot. We don't have as many three-year terms as we did but we do issue 5, 7, and 10-year leases.

The interest rate, there's a formula defined in the agreement and the rate is set approximately one week before the lease schedule closes. I did, just for reference, go ahead and list out the 2021 rates that we got. We did a 5-year, a 7-year and a 10-year with the rates ranging anywhere from 1.6% to 2.04%.



In this year's amendment we did include the equipment list. All equipment that's included is in the CMIP, and it was approved by the UG Commission. The principal amount is \$7.6M and I've broken out the different types of vehicles that are included in there, and that list is included in your—I believe it's on page 3 of the packet. It's after the resolution. It does list out all the different types of equipment that we are looking at. So, there were fire vehicles, street vehicles and equipment, parks equipment, and some transit vehicles.



The amendment is also included which extends this agreement through the end of December of 2022. The action tonight would be that we would request approval of the resolution to extend the Master Lease Agreement to December 31st, 2022.

Chairman Burroughs said Committee, you noticed the fire apparatus that we have on lease is our most expensive items, as you can see by the documentation, which makes up the majority of that, but they are leased for the full 10 years. Everything else is between 5 and 7-year leases. This is something that we do every year for those commissioners that are new. I believe with the fire equipment we have to have it be more cost-effective, the rates are very satisfactory. So, with that I'll open it up to any questions that we may have from the committee. I see no hands at this time.

At this time, I'll ask if there were any public comments. **Monica Sparks, Deputy UG Clerk**, said we did not receive any.

Chairman Burroughs said okay, hearing none, one last call for any questions from the Commission? Okay, seeing none, I'd entertain a motion. This is an action item.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Townsend, to approve as submitted.** Roll call was taken and there were six "Ayes," Haley, Davis, Townsend, Stites, McKiernan, Burroughs.

Item No. 2 – 211293...APPROVAL: 2021-2022 BUDGET REVISIONS

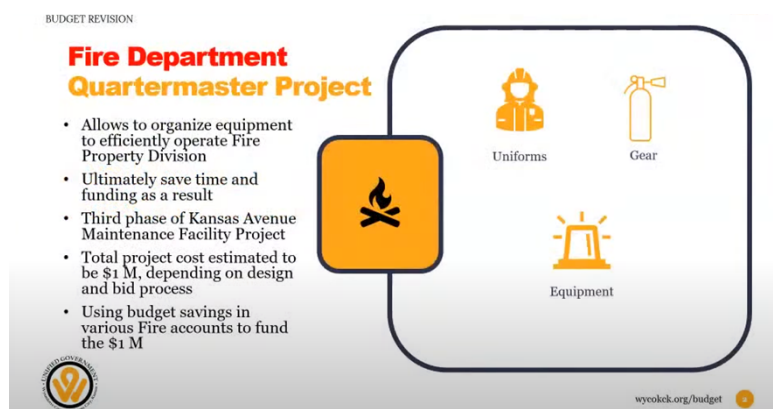
Synopsis: Approval to revise the 2021 and 2022 budgets of the Kansas Avenue Fire Maintenance Facility Project to include the Fire Department Quartermaster Project, submitted by Kathleen VonAchen, Chief Financial Officer, and Jack Andrade, Deputy Fire Chief.

Chairman Burroughs said Item No. 2, and I'm going to ask for some assistance here. I do know that was a 4-part prior to this evening's meeting. But I believe it's been broken down to just one. And I believe it's the last item for consideration for approval to revise the 2021-2022 Budgets of the Kansas Avenue Fire Maintenance Facility Project. With that I do have, I believe Kathleen VonAchen and Deputy Fire Chief Jack Andrade, are here to present.

Kathleen VonAchen, Chief Financial Officer, said we have a very short four slide presentation. The representatives from the Fire Department are here to cover some of these slides.



This is a proposed budget revision for 2021 and 2022. It regards the Fire Department's Quartermaster Project.



I'm going to let the Fire Department talk about the Quartermaster Project in more detail here, and then there is a slide outlining the details of the budget revision that's proposed. So, take it away, Fire Department.

Brent Smith, Assistant Chief of Support Services, said this is our current phase of our maintenance facility. Phase 1 was to get it operated as a maintenance shop, Phase 2 was the offices and locker room area, Phase 3 is what we call the quartermaster. What the quartermaster is, is essentially a place for us to store and organize all of our equipment. Out of there we house all of our uniforms for all 445 firefighters, our bunker gear, all of our equipment that we utilize for fighting fires, whether it be nozzles and hoses, and everything of that nature. Another key element of the quartermaster; what we have is a clean room for self-contained breathing apparatus, which allows us to follow the NFPA standards and OSHA is to maintain all of our self-contained breathing apparatus for all our fire testing, allows us to fit testing to make sure that all of our firefighters are wearing the appropriately sized mask. So, ultimately, it's a big area in order to store all of our items that we have out there, it allows us to be much more organized and fluid. It allows us to kind of be a little bit of an analyst of all our equipment, how long it lasts and ultimately helps us control our inventory a little bit better.

This is the third phase as we mentioned. We estimate this to be about a \$1M project. We're just finalizing kind of the touches with our architect. As everybody knows, the building construction today is very fluid and the prices change quite frequently. So the next phase will be,

once we finish this up with the design aspect, would be to take it out to a construction bid and that will give us a better understanding until we have that, it's really tough to have a concrete number, but we anticipate it to be roughly about \$1M to construct this, which will bring us to our next slide.

BUDGET REVISION

EXPENSE OF THE CASH-FUNDED CAPITAL PROJECT FUND

City

- Shop Quartermaster Project budget revision is proposed to amend the Kansas Avenue Maintenance Facility Project to include an additional \$1 M over 2-yr
- Revision funding from various unspent budget authority and
- Approval of this project will allow a transfer to the City Cash-Funded Capital Projects Fund at year end 2021 to have funding available to begin the bid/procurement process and construction in 2022

KANSAS CITY KANSAS CASH-FUNDED CAPITAL PROJECT FUND (971)			
Funding Sources	Fund	2021 Budget Revision	2022 Budget Revision
Kansas Avenue Maintenance Facility prior year unspent budget authority (no action required here)	City Capital Projects Fund (971)	\$96,000	\$0
Unspent uniform clothing allowance in Fire operating budget (move budget to the transfer-out category; move to 971 Fund)	City General Fund (110)	351,400	351,400
Unspent Fire Station Annual Maintenance in Fire capital outlay budget (move budget to the transfer-out category; move to 971 Fund)	Dedicated Sales Tax Fund (212)	120,000	81,200
Total: Sources		\$567,400	\$432,600
Two-Year Total – Additional Kansas Maintenance Facility Project Funding			\$1,000,000

wycock.org/budget

Just kind of a breakdown of how we got here. We've tried to be responsible with our operating cost, so we've been very strategic in our spending, trying to save up our funding in order to get to this point. We were able to save around \$96K in the year 2020 and we amended that into the 2021 Budget. Then you can see we have our City General Fund, and Dedicated Sales Tax. We're able to again, using strategic spending in order to save some money. Additionally, since we lacked the adequate space in order to appropriate appropriately the equipment to store a lot of the stuff, we couldn't spend the money, because we didn't have any place to put that clothing, which means that we have to pretty much—when our firefighters need stuff, we have to order it, and we have to wait for it to come in, versus having it in stock, which as everybody knows that's very difficult these days, especially when some of that equipment is tailored to our firefighters, the exact size that keeps them safe fighting a structure fire. Between that and just being very careful of our spending dollars we've been able to save all the funding you see there. Essentially at this point, we're asking just for a budget revision in order to bring all that money into 2022, and we're hoping to find—just use that plus our current operating dollars over to try to hopefully finalize this project. That's the nuts and bolts of it. I'm open to anybody that have any questions.

Commissioner Davis asked, are there any ongoing costs that you all can predict for this endeavor? **Mr. Smith** said ongoing costs as far as operating the quartermaster afterwards? **Commissioner Davis** said yes. **Mr. Smith** said no, there really won't be any—very much, if anything at all. It

would be minimal at best because the quartermaster is actually; it's a structure inside of a structure. I think at 5440 Kansas Avenue we have a big, almost looks like a warehouse. We're going to construct this inside that warehouse. It will be out of the elements—very few—there's electrical and lights and stuff like that. There's a little bit of an HVAC, but overall, it will be very minimal.

Commissioner Townsend said either you or CFO VonAchen can answer this. My basic question is, are we talking about additional funds beyond what was allocated or simply shifting money from one pot to this fund? From one year to another?

Ms. VonAchen said that's correct. It's shifting existing budget from the respective City General Fund and Dedicated Sales Tax Fund into the Cash-Funded Capital Project Fund 971. Then once that shift happens then rolling forward; capital project funding rolls forward anyway, so once it's shifted up to the Capital Project Fund, then they'll be able to spend in 2022.

Commissioner Townsend said in the shifting that you mentioned, were these funds already allocated in some way for use by the Fire Department though? **Ms. VonAchen** said that's correct. The budget that was in the operating lines for uniform allowance and unspent annual maintenance in the Dedicated Sales Tax fund; that budget would then move from those operating lines into the transfer line. Then we'll use that transfer line to move the money out of those 110 and 212 into the 971s.

Chairman Burroughs said I'll ask the Clerk if there was any public comment? **Ms. Sparks** said, we received no comment.

Chairman Burroughs said Mr. Smith, I just want to say thank you for the time you gave me the other day when I came down to view the facility. I can share with you Commission members that they are in need of this quartermaster area. I'll call it a large storeroom to ensure that the integrity of the equipment is dust-free and kept in a safe manner that is conducive to the integrity of the equipment. I think it's extremely important that we provide them the opportunity to do so. I have no objections to advancing this.

Action: **Commissioner Townsend made a motion, seconded by Commissioner Stites, to approve as submitted.** Roll call was taken and there were six “Ayes,” Haley, Davis, Townsend, Stites, McKiernan, Burroughs.

PUBLIC AGENDA

Not items discussed.

Adjourn: 5:20 P.M.

am