STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, APRIL 7, 2022**
CITY OF KANSAS CITY, KS) **4:00 p.m.**

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, April 7, 2022, with eleven members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District (after Executive Session); Townsend, Commissioner First District (after Executive Session); McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District (arrived at 4:05 p.m.); Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Stites, Commissioner Seventh District; Davis, Commissioner Eighth District; and Garner, Mayor/CEO, presiding. The following officials were also in attendance: Cheryl Harrison-Lee, Interim County Administrator; Misty Brown, Chief Legal Counsel; Brett Deichler, Unified Government Clerk; Alan Howze, Assistant County Administrator; and Kathleen VonAchen, Chief Financial Officer.

MAYOR GARNER called the meeting to order.

ROLL CALL: McKiernan, Ramirez, Kane, Markley, Stites, Davis, Bynum, Garner.

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, April 7, 2022, at 4:00 p.m. in the 5th floor conference room for an Executive Session regarding litigation, followed by a Special Session to be conducted virtually at 5:30 p.m. for a presentation on the 2023 Budget options.

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

Mayor Garner said I'll entertain a motion for Executive Session.

Commissioner McKiernan made a motion, seconded by Commissioner Markley, for the Commission to go into Executive Session until 5:00 p.m. to consult with our attorneys and to discuss confidential matters related to pending claims and litigation, as permitted under the Kansas Open Meetings Act; and that staff designated by the County Administrator be present to participate in the discussion, and that we reconvene in open session at 5:00 p.m. here in the 5th floor conference room. Roll call was taken on the motion and there were six "Ayes," McKiernan, Ramirez, Kane, Markley, Stites, Davis. (Clerk failed to call Bynum)

Present for the Executive Session regarding pending claims and litigation: Bynum, Commissioner At-Large First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District (arriving at 4:06 p.m.); Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Stites, Commissioner Seventh District; Davis, Commissioner Eighth District; and Garner, Mayor/CEO presiding. **Staff present:** Cheryl Harrison-Lee, Interim County Administrator; Misty Brown, Chief Legal Counsel; Greg Musil, Outside Counsel; and David Cooper, Outside Counsel; (entered the meeting at 4:28 p.m.)

Mayor Garner adjourned the Executive Session at 5:03 p.m.

Mayor Garner called the Special Session back to order at 5:30 p.m. for a presentation from the Finance Department regarding 2023 Budget options and proposals. Roll call was taken and there were eleven "Ayes," Burroughs, Townsend, McKiernan, Ramirez, Johnson, Kane, Markley, Stites, Davis, Bynum, Garner.

Cheryl Harrison-Lee, Interim County Administrator, said while we're getting to the first slide; at our first strategy session with the Commission, Ed O'Malley along with other staff from the Kansas Leadership Center, were here to talk about various strategies and the goals.

This past week, Mr. O'Malley had an opportunity to follow up with most of the Commission. He did inform me that there are a few Commission members that he's not had an opportunity to talk with; however, the preliminary feedback that he has provided from the commissioners that he was able to talk with included three themes that are starting to surface. They revolve around infrastructure and facilities, looking at enhanced customer service, and a focus on our workforce with development retention enhancement.

The themes that have been identified are aligned with some of the work that is taking place in terms of just organizational assessment, looking at how to successfully achieve the Commission direction particularly as it relates to customer service and workforce development.

Tonight, the intention is to have our CFO provide a brief review of the revenue projections, kind of a baseline, have you all look at the goals and the vision as well as provide some feedback on whether or not these goals are still goals as presented that you would like to move forward on.

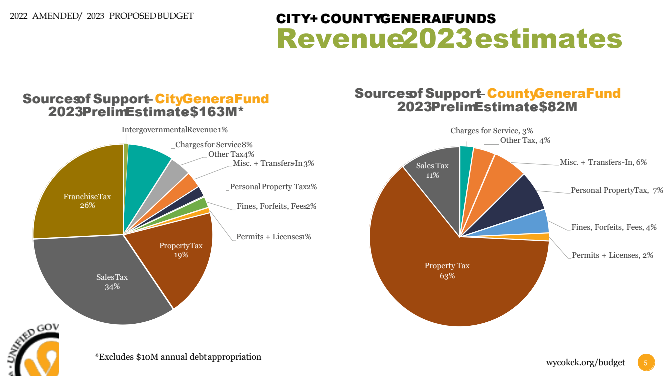
With that, I will turn it over to the CFO who will highlight first the objectives for tonight and then walk through a brief presentation.

Kathleen VonAchen, Chief Financial Officer, said there are three things we want to achieve this evening with you all and for the Special Session. The first one is to provide you a long-term financial forecast of the General Fund—the combined General Fund and the City/County and Parks General Fund so you can see where we are headed given the current economic climate and so that you can use that information for further policy discussions.

The second thing we would love to get from you is to receive feedback on actions that would impact our budget calendar. As you know, there is a bill that was passed last year, Senate Bill 13, that required local governments to hold a public hearing if they wish to exceed the property tax revenue that we collected in the current fiscal year. If we are going to hold that public hearing, and exceed the revenue neutral rate as they call it, then that provides us about two months more time in our budget season to have discussions and to adopt a budget. If we are not going to exceed, then the budget is due sometime in the, you know, the middle of or end of—the middle or beginning of August, so we would like to have some direction on which way that's going to go because the staff needs to plan for that.

The third thing we would like is feedback on the timing of a potential sales tax measure that is being discussed that would address the aging infrastructure facilities and roads. So, those are the three things we would like to achieve this evening in the special session.

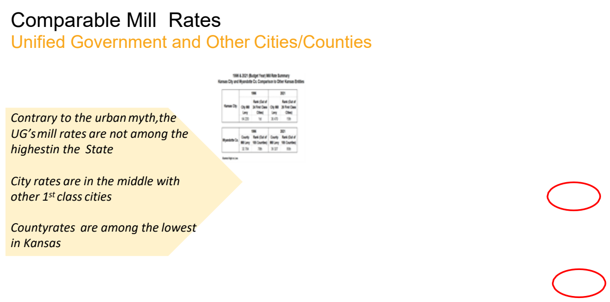
I'm going to launch into the baseline forecast.



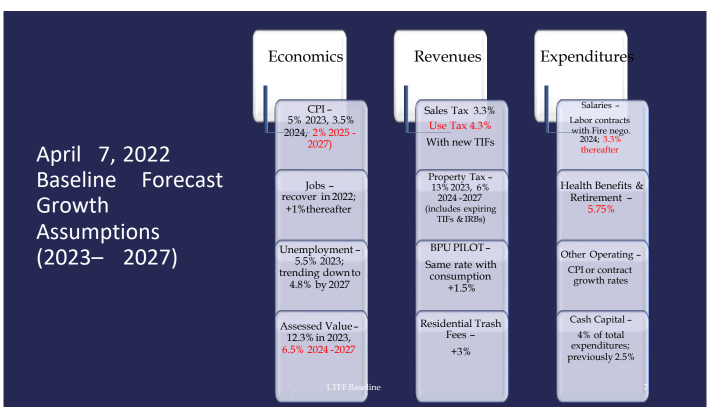
Just starting off, the first slide I'm presenting here is what we expect to see in the 2023 revenues for the City and the County General Fund and I'm just focusing on those two funds and why I don't have them combined is that you can see how different they are in terms of their revenue diversification.

On the city side, which the total is estimated at $163M and that number does not include an annual debt appropriation, that's roughly $10M a year. We never use that debt appropriation because all of our economic development projects generate enough revenue to pay their own debt service. But on the city side you can see that we're expecting of the $163M—help me if I see it wrong, I think it says 31, maybe 34% of Sales Tax, oh 34%, Franchise Tax is 26%, and Property Tax is at 19% I believe. Whereas, you see on the county side, the Property Tax is 63% which is a lot more than what we collect on the city side.

Depending on what revenue action you undertake, it really has a dramatic impact on one fund versus the other. The other thing is, that if one revenue source grows at a greater rate than another, then it really positively or negatively impacts another given fund. So, for example, right now property tax is estimated to grow at a greater clip than sales tax, so the County General Fund is faring better over the—has a better outlook right now.



I'm going to try to get through this real quick so we can get to the real meat of the discussions and open it up for you all. Just a reminder, that right now the city mill rate is actually 15th among the 26 first-class cities, so it's a little bit of a misnomer to say that Wyandotte County has the really high rates because actually we're right in the middle. And not only that, but on the county side, we're one of the lowest at 95th of 105 counties, so really low mill rates at the moment across both the city and the county side.



The assumptions, you've seen this slide before, I've updated it for more recent economic information where the—the red highlights are basically those areas where I've modified. Now, you might have remembered this slide from the last budget workshop you did last August and so these are the changes from that August workshop.

The changes I've made is that CPI is still projected to be 5% in 2023 and 3.5% in 2024 and then 2% thereafter. I have also estimated that assessed value is projected to be—well, at the moment, 12.3% in 2023, and remember, when I say assessed value, I'm talking about not just residential/commercial, I'm also talking about the utility which is assessed by all the utilities which—and railroads which are assessed by the state as well as motor vehicle and personal property taxes. All of those have different growth rates and the combined blended amount is about 12.3% and then out in the outyears I'm projecting a more conservative 6%.

On the revenue side, I did adjust up the Use Tax. It was at 3.3% and I adjusted it up to 4.4%, so it's growing faster than sales tax right now. On the Expenditure side, that labor, their salaries and benefits, I did have it at 2%. Thereafter 2024, I changed that to 3.3% just to be a little more realistic. Health Benefits, I think I had that at 7% before and I've changed that to 5.75%.

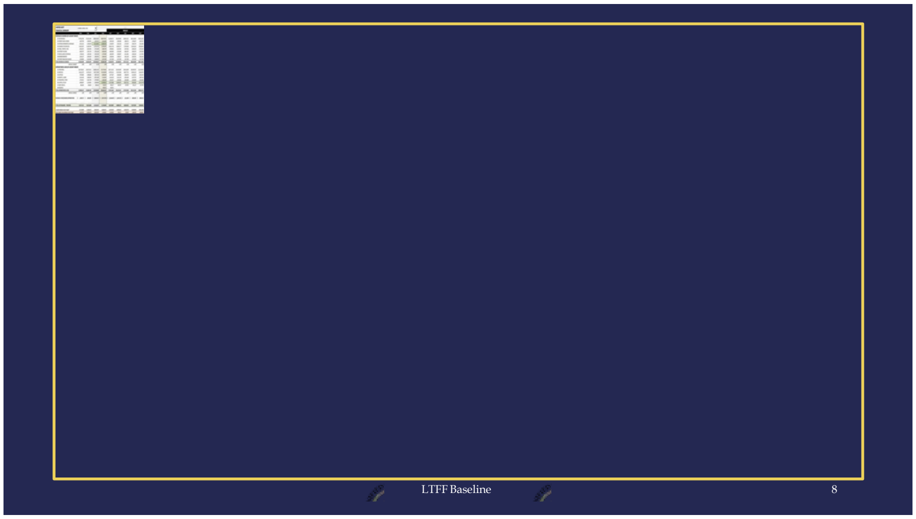
Commissioner McKiernan asked, on what basis do we adjust down from 7% to 5.75% on Health Benefits? **Ms. VonAchen** said the reason is because in the past we've used 7% for increases in our health benefits because during the recession the fund balance of the Health Benefits Internal Service Fund was being utilized to kind of balance the budget. After the recession, that fund balance needed to be replenished and so they replenished it little by little with that higher percentage rate in order to get more income into the revenue to match the expenses. We're now at a point where that fund is actually pretty close to whole and not in a deficit position, so we don't need that much more. We don't need as much as it was before.

Commissioner McKiernan said I've been on the Employee Benefits Committee for years and I've really seen no evidence that the financial picture is improving at all. It would seem to me that with increasing premiums, increasing costs of care, and especially our unfunded pension liability, it would seem to me that number should be growing rather than shrinking. Correct me if I'm wrong. I would love to be wrong. **Ms. VonAchen** said so yeah, no, the fund balance for the net position for that Internal Service Fund for Health Benefits is actually expected to be in a positive position at the end of '21 or not, 2022 actually, so that's the first time in like 10 years. **Commissioner McKiernan** asked, is the Unified Government's contribution to employee health care expected to go down in 2023? **Ms. VonAchen** said that's exactly what we are representing. **Commissioner McKiernan** said you are projecting that our contribution to health care will go down—**Ms. VonAchen** said yes—**Commissioner McKiernan** said in the face of rising costs? **Ms. VonAchen** said well, I don't know. We have—right now, I'm projecting it based on—assuming that there's roughly a 5% increase in medical costs, which I looked up on the internet, was actually the inflationary rate for health care claims in 2023. So I'm matching the CPI level. I did kind of look at it.

Mayor Garner said you came up with that projection, what is that predicated on? How did you come to that conclusion and that baseline? How did you arrive to that assessment, to follow-up on Commissioner McKiernan's question? **Ms. VonAchen** said I have a long-range financial plan, a MuniCast model that—it's the same model that we use for the General Fund. It's exactly the same model, only it has 10 years of data. All that data is in that financial model. We update that every year and then I confer with the healthcare consultant that we have, Brian Johnson. We put our heads together and do some research and, of course, this forecast is all based on current estimates at the time. It's just an estimate.

Commissioner Kane said we are literally going through this right now where I work and we're projecting everything to go up. In fact, we're merging two to help the hurting one. So I'm not sure I agree with this because we have the same amount of people, same amount of sicknesses and we have to bail out the one that's struggling and we have to raise ours. You're right, I've never seen one go down. I've always seen them go up. I mean if it needs to stay the same, that's fine so we can keep money in there for our employees in case something catastrophic happens, but I'm not sure I agree with this. Well, I know I don't agree with it. **Ms. VonAchen** said well, that's good. So, honestly, one percentage difference works out to about $700K across the entire UG and we're only talking about the General Fund. The General Fund is probably half of that $700K, so we're not really talking about a lot of money here. If you want to change it to 7%, it really doesn't make a really big difference, but I'm happy to change the estimates. The reason I'm showing this actually is to get your feedback on whether you think they're reasonable, but also, to let you know that at this point that's what represents the numbers that you're about to look at.

Mayor Garner asked, would it be safe to say that's a guesstimate and not an actual accurate assessment of projected cost increases moving forward? **Ms. VonAchen** said no, I really did base that 5.75% for 2023 based on research that I did on a specific medical index. It might have been done a year—a month or two ago, but maybe things have changed since then. **Mayor Garner** asked, is there any way you can drill down and get the Commission more specifics to answer some of their concerns in regards to how you arrived to that estimate and that projection? **Ms. VonAchen** said sure.



Ms. VonAchen said as a result of all the various assumptions, I wanted to provide you the numbers, and of course, I'm not going to go over these, so you have them in your packets, but oftentimes I try to just go straight to the fund balance graphs, but I remember lots of you in the prior meetings have said, hey, I want the numbers behind those graphs, so that's what this is. Of course, this is what they call an income statement and the top part is all the income coming in and then the bottom part are all the expenses by category. Those lines at the bottom are the fund balance and the fund balance is—it's not a cash balance, it's modified accrual fund balances as reflected in the CAFR or the Annual Comprehensive Financial Report or ACFR.

Commissioner Davis said oh boy, okay, I'm trying to find the words here. When we look at the tax revenue for 2022 it's about 198-199, and then it jumps to 211, then it jumps to 210 to 230 to 240, 250. What is that from? Is this assuming the sales tax that the Mayor wants is generated? Is that the additional tax revenue numbers? **Ms. VonAchen** said no, the sales tax measure that's being contemplated right now, that is separate from the General Fund entirely. That would be reflected in a different capital project kind of Debt Service Fund that would not be part of the General Fund and that's because that sales tax measure is a Dedicated Special Tax. So, when it's a Dedicated Special Tax, it doesn't go into the General Fund because General is just General. **Commissioner Davis** said gotcha, okay, so then—**Ms. VonAchen** said the reason the increases occur, and I was going to point that out, was because the federal government provided us with ARPA Revenue Replacement Funds. You'll see that green box up there in the revenue under Intergovernmental Revenues, that's where the ARPA Revenue Replacement money is sitting and it's only going to come in those two years and then after that in 2023 it no longer is coming in.

Commissioner Davis said I guess my worry here is when we get to, you know, I see the ARPA boxes for sure, I appreciate that. When we go to 2023 and then 2024 our tax revenue, that projection, is almost a $10M increase every year. Where is that coming from? Like, what is within your forecast? **Ms. VonAchen** said yeah, that includes all tax revenue including property tax, sales tax, alcohol tax, the franchise tax; all kinds of things, so I do have—that's why I talked a little bit about the revenues on that assumption page. That is by far the largest category. I mean, certainly, it would be really nice if my model actually had those various taxes broken out, but it just isn't set up that way, but that's what that is. It includes for 2023, it includes the projected assessed value that the County Appraiser provided me, as well as all of you, which reflects roughly a 12% increase in assessed value. Well, I've got revenue growing by 12%, 12.5% not only because of the entire assessed value, it includes those other categories that are not growing as fast as residential and commercial, but it also includes a delinquency factor, which the delinquency factor is around about 5.7%, so you have to take that out.

So, you know, property tax and then also it includes the sales tax. I should probably go back. Sales Tax I have growing at about 3% a year, Use Tax growing at about 4.3%, etc. **Commissioner Davis** said okay, gotcha.

Ms. Harrison-Lee said one of the things, commissioners, as you look at this, as we get those increased property tax numbers from the Appraiser's Office is, how do you want to address the mill as you get the projected increase from property taxes. Do you keep it the same or do you look at maybe adjusting that for the residents? **Ms. VonAchen** said, right. So, right now this is based on no changes. **Ms. Harrison-Lee** said yeah.

Commissioner Stites said in our appraisal value, if I remember right, was looking at around a $13M assessed value increase, correct, from last year to this year? **Ms. VonAchen** said yeah, if we did the revenue neutral rate, we would lose $13M, but that's across all the City/County General Funds as well as the County Levy Funds. So, yes, that is correct. **Commissioner Stites** said

$13M. **Ms. VonAchen** said yeah, but it's not just these funds. It's also the Levy Funds and the Debt Service Funds.

Commissioner Stites said my question would be, what happens, let's say and that's assuming that if we did the RNR which at an 8.5 mill reduction, what happens when people appeal their taxes and they win and now our $13M is $10M. Obviously, I'm just making these numbers up, but then what happens when we've reduced that mill by 8.5 and now we've went too far? How is that projected? **Ms. VonAchen** said the County Appraiser was kind enough to provide his preliminary estimates. You understand, this is only March, or well now we're in April, but those are very, very preliminary. His final estimates come in June and that's what you base your budget on. This revenue neutral rate or the number of mills that you're talking about right now, it's 8.5 or whatever it is, it will be slightly different once Matt comes back with his final and he provides that to the UG Clerk. Then there's also further appeals and discussions that occur past June and so the final, final assessed value comes back from the Appraiser's office and the Clerk's in October and then October is when it is completely finalized.

Commissioner Stites said if I'm not mistaken, when you set that mill levy—we can set a max mill levy, we can't go backwards. I mean we can't go above. We can always go back, but we can set a max mill levy, but not go backwards, correct? **Ms. VonAchen** said correct.

Ms. Harrison-Lee said typically, Commissioner, also what jurisdictions will do is assume a certain percentage of collections, so instead of assuming that you're not going to have a 100% collection rate, you're assuming a little bit lower than that. **Commissioner Stites** was inaudible. **Ms. Harrison-Lee** said right. **Ms. VonAchen** said yeah, which used to be a lot higher, so it's doing really well. People are paying their taxes.

Ms. VonAchen said the other tricky thing here, so in this, on the expenditure side, the expenditures—so you remember that there's quite a bit of revenue replacement money was dropped into the revenue estimates, but wasn't necessarily budgeted or allocated entirely as part of the last year's budget process. So, as a result, there's a lot of funds that are not spent yet. This 2022 column is an estimate and it assumes that as part of this upcoming Amended 2022 Budget process, you will actually appropriate the Revenue Replacement Fund, so that's why you see that big number, that $21.9M, that's assuming you spend it on one-time items. I just stuck it in Capital

Outlay because it kind of made sense. It doesn't mean that I'm going to tell you to do it that way, I'm just saying. I just stuck in there assuming you're going to spend it on one-time items and that it's all going to be appropriated in 2022, so that's what that is. Now the rest of the lines, those are all based on what is the current approved Capital Maintenance and Improvement Program. You approved that as part of the budget last year, those are the numbers that were approved last year, so those aren't numbers I just made up so those are really approved.

Commissioner Townsend said, Ms. VonAchen, right now there's just one number I'm looking at and if you would be so kind as to explain its significance. Before we talk about revenue neutral raising, lowering, holding the same, explain to me on this chart the significance and meaning of what I'm looking at and interpreting as a $5.2M deficit in 2023. What is that number? **Ms. VonAchen** said that different—that's the number between—when you add up the—you have the revenue number minus the expenditure number gives you that revenue over or under or the net margin. **Commissioner Townsend** said I understand that, but I guess what I'm saying is, are we looking at what currently, if we did nothing, this is your projection that in the year 2023, we are actually going to take a hit for $5.2M? **Ms. VonAchen** said that's right. So I am—this forecast, given these assumptions, projects that the use of fund balance of $5.2 or $5.3M in 2023 and then that number, that use declines, this is one-time use, it happens again in 2024, but to a lesser extent. Then after that you notice that it catches up and we're actually growing fund balance.

Commissioner Townsend said okay, this $5.2M and the projected 2024 all things remaining the same, what this is telling us, correct me if I'm wrong, is that we are going to have to dig into, I don't want to have to use the word reserves, but basically our fund. We're not growing in budget year 2023, that's the projection currently, right? **Ms. VonAchen** said that's right. If you look down below at the very, very bottom, you'll notice that there's this number called the amount over or under the two-month target reserve. The two-month target reserve, it takes two months of total—you take the total expenditure and uses line and divides it by 12 and then multiplies by two months and whatever that number is, less what we have in reserves, is the amount over or under and so as you can see, it's positive. So in 2023 we still can eat into the reserves to the tune of $5.3M, but we still are in excess of the two-month target reserve for our—as per our policy.

Commissioner Townsend said so you're saying in 2023 the $4.3M, we are still meeting our two-month reserve with that number. Is that correct? **Ms. VonAchen** said that's right. **Commissioner Townsend** said okay.

Commissioner Stites said what percentage—I know that we try to target a 15 to 16-18 percentage, but at what percentage does that reduction keep our fund balance at, you know, and what we're statutorily required to keep is what? **Ms. VonAchen** said in about four slides ahead, it has that percentage. **Commissioner Stites** said I'll wait. **Ms. VonAchen** said so I don't remember what it is, but statutorily—there isn't any statutorily requirement for our reserve. The reserve policy was set by the Commission in 2018 when we rewrote our financial policies and it says that we should strive for a three-month reserve. One month would be for emergencies and two months would be to handle our operating liquidity needs and what does that mean? Liquidity needs means we don't want to bounce any checks, so we make sure we have enough money in the coffers to pay our bills. If you take 2 into 12 months, it works out to about 16.7%, so that's what that is. If you take 3 into 12, then it's 25%.

Commissioner Burroughs said I look at these numbers and, Kathleen, a couple of things if I may, I'm looking at the Personnel expenditures and in 2020 they went down to 154, but in 2021 they jumped nearly $12M and then in 2022 they jump up to 176, another 10M. We've had $26M in salary increases or personnel costs. Can you share with me and the Commission why such a jump in personnel costs? **Ms. VonAchen** said yes, I would be happy to. During the pandemic the State of Kansas Governor's Office, SPARK Committee, allocated—I don't know, in total $37M for pandemic relief. A bunch of it was spent by the Public Health Department, but a whole bunch of it also, I can't remember exactly how much, but I'm thinking around $7 or $8M of it was actually given to the City General Fund, City/County General Fund as a public safety reimbursement and so that's why—and so those dollars were reimbursing those costs. That's why that cost went down in 2020, so that's about $7 or $8M of the difference between '19 and '20 and that's why when you compare it with '21 and there's such a big jump, that's why. Does that help?

Commissioner Burroughs said yes it does. So what you're stating is moving forward— **Ms. VonAchen** said there were also furloughs that we instituted. Alan Howze could explain it more. **Commissioner Burroughs** said so moving forward, if I may, the new cost for personnel is going to run about—just right around $10M per year. That's what your forecast projects if I read the numbers all the way out the way that I do across the expenses there in '23, '24.

I want to get down to the 21,908 in expenditures. You put those in the Capital Outlay and you gave your reasons for doing so, but in our expenses we don't show spending all of that money. We show spending $12M and then $10M and that affects basically the $5.264M. That is not necessarily out of our reserves, so to speak. That money is in a—that 21,908 is basically a reserve over $3M. So, you've added roughly $18M to that account, $17M-$18M. If we're not spending all of it, it's really a cost avoidance of $5.264M. **Ms. VonAchen** said the $21.9M includes ARPA money we deposited in 2021 and 2022. We're now spending it in 2022. It's just an estimate. I'm not sure what you're referring. I suppose potentially the departments won't spend all of it in one year, but I'm assuming that they do. We're assuming that they will spend all those funds in the next six months or we will move it over to the Capital Project Fund where they can spend it—continue to spend it in the future year. You know, this is just the timing of when those funds are spent is really just an assumption in order to do forecasting. I wanted to isolate the five-year period of '23 through '27 so that it wasn't impacted by ARPA or those big one-time monies. And, of course, during the budget season, you all will be making these decisions as you go, but in order to do forecasting, you had to make certain assumptions.

Commissioner Johnson asked, is this the first time the Commission has seen this projection overall or has this already gone through ED&F? **Ms. VonAchen** said this is the very first time. Yep, it's a continuation of the projections that you've been presented in the past. It also includes the authorized position for the fire labor contract.

Commissioner Bynum asked, can you go back to the assumptions? So, these are the assumptions used for the following graph. **Ms. VonAchen** said that's right. **Commissioner Bynum** said these are the assumptions and so—**Ms. VonAchen** said just a few of them. **Commissioner Bynum** said so increases in certain economic performances, correct, and then also increases in revenue and then some modifications to possible expenditures. I'm trying to make sure I understand the baseline that we're looking at I guess. So, from these forecast assumptions, have you factored in all of the increases that we, the Commission, have authorized in the last six months, which are numerous. Are those in here? **Ms. VonAchen** said they are. Remember in the past, I've given a full year hour and a half presentation on the long-range financial forecast with a book and a document and such. **Commissioner Bynum** said yes. **Ms. VonAchen** said the intention of tonight is not to give you that level of detail and I'm happy to produce that in the next few weeks if you would like to read more about the detail of the forecast.

The real intention tonight is to see, you know, given these assumptions, if we were to do a revenue neutral rate, for example, how would that look or if we were to do an adjustment to the PILOT, how would that look. **Commissioner Bynum** said I appreciate that because I think that's where I was. I'm looking at this and I know that we're all kind of diving in, but actually there's more to come. You're using it to show us something else and so I didn't want to get too bogged down in it, but I wanted to just stop for a minute and make sure I understood what specifically it is I'm seeing. Does that make sense?

Ms. VonAchen said yes. All the labor contracts that have been approved and those economic activities that have been a lot of—**Commissioner Bynum** said okay. I mean that one—I apologize, I keep interrupting you. I know that one thing that we have to constantly remember in our role is if I add or takeaway, add we'll say, in one year, I'm adding that for every year from there on out. That is what is on my mind is, obviously, you're a CFO, so you're going to do that, but I certainly am making sure I understand this document, the next slide that we're looking at and what all is in it. **Ms. VonAchen** said by the way, this is the combined. The next slide is how—this looks different between the city and the county.

Commissioner Townsend said I just wanted to say this, Ms. VonAchen, I'm looking, like I said, at this overview and I did—before we get too far gone and you may want to elect to go back later since you're moving forward, several slides that preceded this where you had the pie chart and you showed the difference between property tax revenue. Just refresh my recollection, or explain for me, because I like to start the basics almost every year, why the revenue on the county side is so much higher than on the city. **Ms. VonAchen** said sure. The reason is that there's a 1% sales tax on the city side, and that's all for Kansas City, Kansas. Then there's also a 1% sales tax on the county side. The county is only getting—so that makes a big difference here because the sales tax for the county gets split between the various cities within the county, and so the county fund gets far less of the total than the 1%, so that's why. Not only that, but the city is getting, you know, I'm not sure how much, but nearly double what the county's getting on sales tax. That's one reason.

The second reason is it collects about roughly $35M in franchise taxes, which many of you refer to as the PILOT from the BPU and then also from cable, television, telephone, and other utility services. So, those monies are a city tax and are not a county tax and then also on the city side they get quite a bit more in charges for services. For example, for solid waste or trash, so there's a myriad of, you know, the city has a more diversified revenue portfolio than the county does. The counties 100%, we're like 63% reliant on property tax, which is very common. It's a very common structure in counties across the state.

Commissioner Townsend said okay. I see what I'm doing. I'm looking at numbers, you're looking at percentages. I get it now. You're just saying that the percentages of the types of money that is received by the county 82—well no, 63% is property tax. Thank you, you've answered my question.

Commissioner Stites said, Kathleen, you said that the PILOT, or what some call the franchise fee is a city tax that only goes to Kansas City, Kansas, not the county, correct? **Ms. VonAchen** said that's right. **Commissioner Stites** said so how does the money that is generated from the Edwardsville/Bonner PILOT or franchise fee, where does that go? **Ms. VonAchen** said I don't know about that. I guess it goes—I guess BPU sends it to you all, but I don't know. **Commissioner Stites** asked, what does that mean, you all? **Ms. VonAchen** said I'm sorry, Edwardsville and Bonner Springs. **Commissioner Stites** asked, they send it to them? **Ms. VonAchen** said I don't know. I don't know the answer to your question. I don't know of any franchise tax that's relative to Bonner Springs or—**Commissioner Stites** said Bonner Springs and Edwardsville both pay a PILOT. **Ms. VonAchen** said well, then, if those residents pay it, then the BPU sends it to those cities.

Commissioner Bynum asked, Commissioner, are you saying that there are residents in Bonner and Edwardsville who receive their utilities from the Board of Public Utilities? **Ms. VonAchen** said I don't believe that's the case. Is that true? I don't know. **Commissioner Stites** said Edwardsville receives water from BPU. **Ms. VonAchen** said if your city assesses—if Edwardsville assesses a PILOT as part of their bill, then the BPU sends it to the city of

Edwardsville. **Commissioner Stites** said I would like to do a little more follow-up on that because I'm quite positive that Edwardsville is not assessing a PILOT. It's BPU assessing a PILOT on Edwardsville's usage and same with Bonner Springs. **Ms. VonAchen** said every year as part of the budget process, the Commission approves the PILOT percentage. It's the percentage of gross revenues generated by the BPU—**Commissioner Stites** said which is about 11.9%. **Ms. VonAchen** said that's right, so as a Commission you all approve that every year, so it's actually the UG that assesses it, not the BPU. So, if the Edwardsville and Bonner Springs cities also do that, then—you know, I don't know the answer to your question. **Commissioner Stites** said I would like to know that answer because—**Someone** said I thought BPU was only for our PILOT, was only for KCK. **Ms. VonAchen** said it is only for KCK. **Commissioner Stites** said it may be, but Bonner Springs and Edwardsville pay a PILOT to BPU for Edwardsville specifically—pays for water and I'm wondering where those dollars go. That's my question. Somebody—the collector is the Unified Government or they ultimately get it—**Ms. VonAchen** said no. **Commissioner Stites** said yes. **Ms. VonAchen** said no. **Commissioner Stites** said okay. I would like to get some answers on that if somebody can do some follow-up on that because I do know that to be the case.

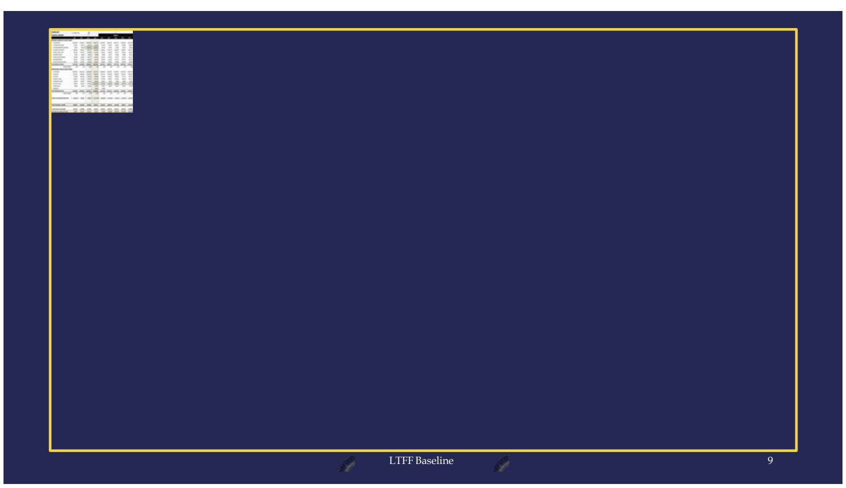
Commissioner Bynum said I'm sorry I keep pestering you about this. Does the city of Bonner Springs not have their own city water department? **Commissioner Stites** said Bonner Springs is—the way I understand—**Commissioner Bynum** said Bonner Springs is getting a BPU bill I guess. That's my question. **Commissioner Stites** said they do not. At times they buy bulk water from BPU in the summertime whenever their demands are increased. **Commissioner Bynum** said so if I were—**Commissioner Stites** said they are taxed a PILOT on that bulk water that they purchased. **Commissioner Bynum** said they being the city of Bonner. **Commissioner Stites** said the city of Bonner Springs. **Commissioner Bynum** asked, if I were a Bonner resident, I'm not receiving a BPU bill? **Commissioner Stites** said that's correct. **Commissioner Bynum** said and as an Edwardsville resident, you receive a BPU bill for your water—**Commissioner Stites** said for water usage—**Commissioner Bynum** said and on it you see a PILOT. **Commissioner Stites** said that is correct.

Commissioner Bynum said then I think the question lies with our Public Works Division and the Board of Public Utilities as far as where is that PILOT dollar going because if it's a city tax, and it is, then it should not be levied on an Edwardsville resident or the city of Bonner Springs. **Commissioner Stites** said that is correct and that's what I was getting at. **Commissioner Bynum** said that's what we've got to get to.

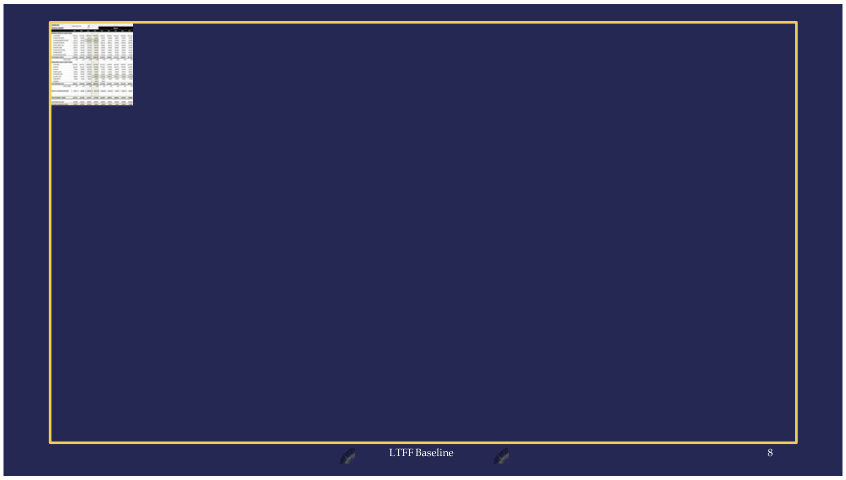
Ms. VonAchen said I would be happy to talk to their Chief Financial Officer. I can just tell you that if there was, like what you're inferring, would not pass the mustard with auditors, so I mean, I'm almost positive what you're inferring isn't happening, but we'll be happy to look into it.

Commissioner Markley said I just wanted to jump back to two discussions. One about Personnel line item and then some of Commissioner Bynum's discussion to verify, are there raises included in your assumption? Like you talked about the union contracts, but I guess I'm saying going forward in those outyears, obviously, we don't necessarily know for all those contracts what those look like, is there an assumed increase for salaries across the board in those outyears? **Ms. VonAchen** said yeah, all the contracts, as they have been adopted, have been incorporated into the estimates and then the outyears after the contracts assumes 3.3% for everybody. **Commissioner Markley** said thanks, that's what I needed. **Ms. VonAchen** said I used to have a 2.3%, but I felt that was a little too light, so I moved it to 3.3.

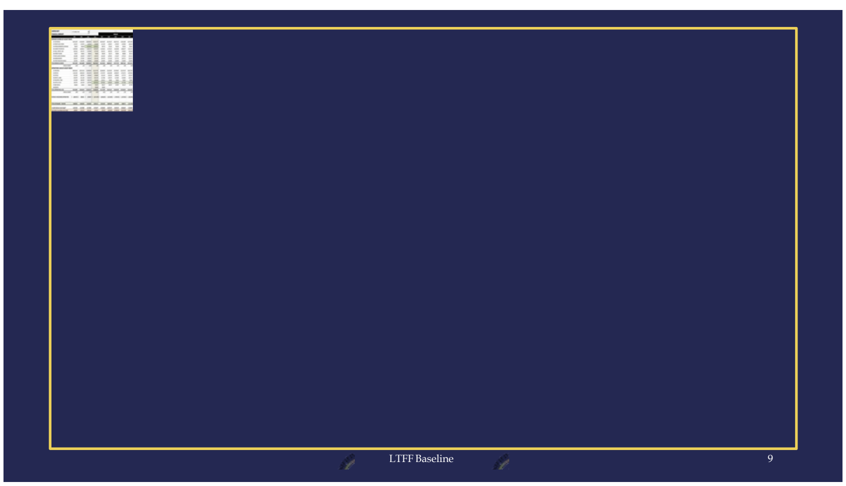
Ms. VonAchen asked, would you mind if I move forward because we have a lot—**Mayor Garner** said you can proceed.



Ms. VonAchen said this is the City General Fund. It looks similar to the Combined, but this is the City General Fund.

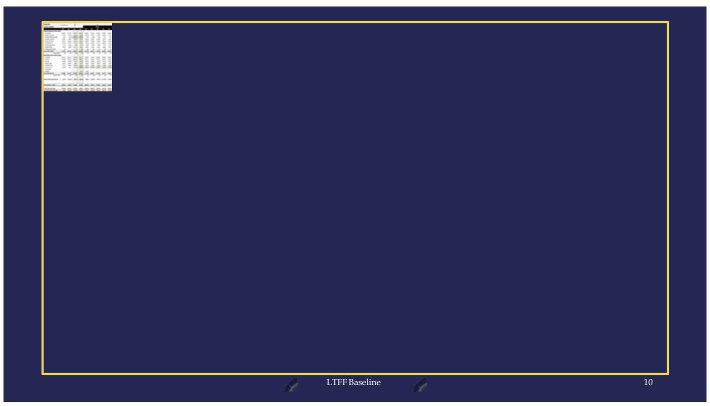


I'm going to go back just real quick. As Commissioner Townsend mentioned, as you can see that net margin, let's focus on that just real briefly, that net margin here is 5.2—for the Combined for 2023 and then 1.6 and then it starts to become positive.



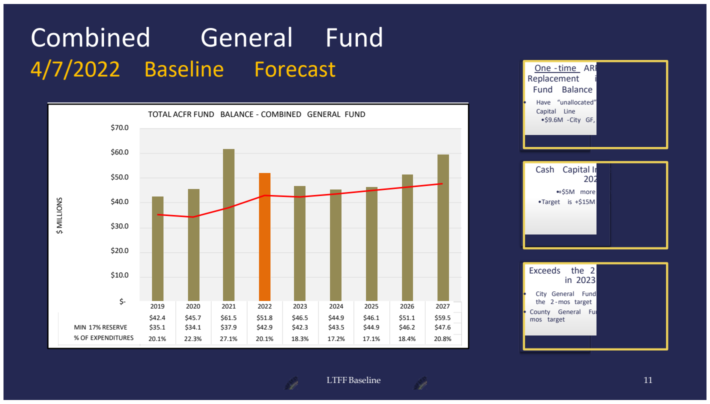
If we go to the City, you'll notice that net margin is actually 9.4 in the deficit. What that tells you is that the County General Fund, it has a positive net margin in 2023 and that's because it's really being—it's very reliant on property tax and so property tax is growing at a much better clip than sales tax at the moment. So, into the future, the City General Fund, the bottom line here, is that the City General Fund is, you know, kind of limping along right now. Let's put it that way. Given the current revenue structure it has, it's kind of limping along and it's eating into its fund balance to the tune of roughly $9-$8M a year, you can see. So, of course, you can't do that for very long. You start running out of money and so it's a projection that we're going to end up in the negative position.

Now, this assumes that we continue with our current operating state and our current revenue structure. Of course, we're always looking for more efficiencies. We don't want to raise taxes, of course. We want to become more and more efficient, use technology to the greatest extent possible. This is just assumption of our current state right now. Of course, we're never going to let this happen, but it's just a demonstration of the difference between the two funds.



The County General Fund, as you can see, it's in a positive position 4, 6, 8; boy, it's really doing well because the assessed value is growing and so it's much more reliant on property tax.

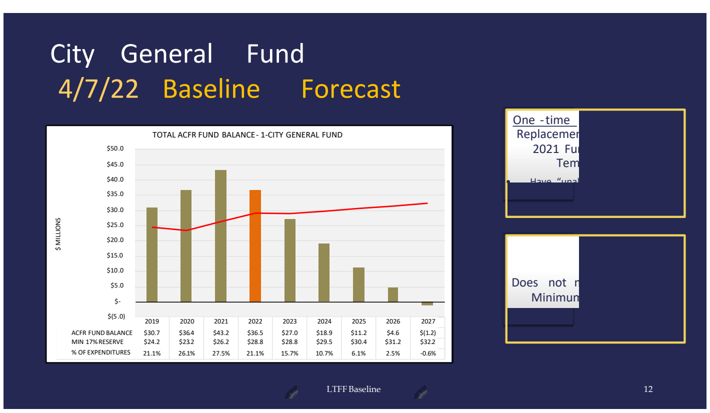
Commissioner McKiernan said I just want to address that really briefly. Your model builds in as an assumption that a total assessed valuation will continue to increase at some fractional percentage every year. **Ms. VonAchen** said 6%. **Commissioner McKiernan** said so you've built in an anticipation of total valuation growing, regardless of what we do with the mill rate, there is an underlying assumption that valuation on the whole will grow. It is entirely possible based on history of as little as 15 years ago, that won't happen. It is entirely possible that valuation could at some point in the future drop which would then further complicate the haziness of models. So, I just want everybody to remember that you have built in what today is a reasonable assumption for looking ahead, but there is no guarantee that those assumptions will hold true.



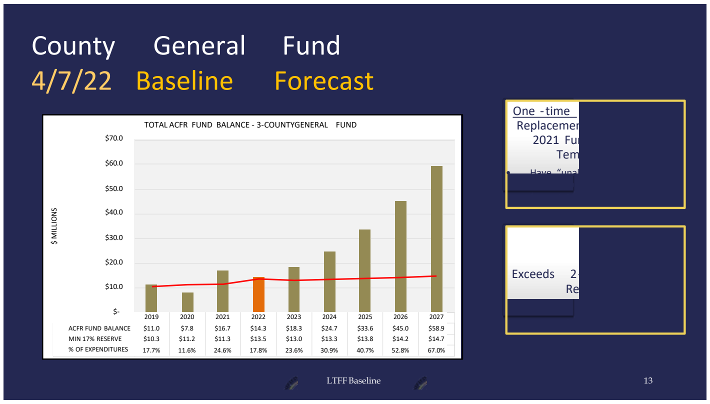
Ms. VonAchen said graphically this is how the current Combined General Fund looks with the City, County, and the Parks General Fund combined together and this is not the cash balance, mind you. This is the modified accrual balance that is reflected in the CAFR or the Annual Comprehensive Financial Report. I had the 2022 in orange just to give you a feeling for like—that's where we are today and anything going forward is a projection.

Down below is how much the 17% reserve should be, 17% being the two months reserved and then what percentage—like Commissioner Stites asked, what is the percentage, you know, the actual percentage. So, at the moment 2023 we're projecting that given the—assuming we're going to spend all of that revenue replacement money that we receive from the feds in 2022, then at the end of 2022 we will have the same fund balance as we did before the pandemic. That's how I figured out how much revenue replacement is. You can see how it's 20.1% in '19 and now it's 20.1% in 2022, so that's how I came up with that revenue replacement figure. Going forward, given the assumptions, it's at 18.3%, then it drops to 17 and then it pretty much stays around that level.

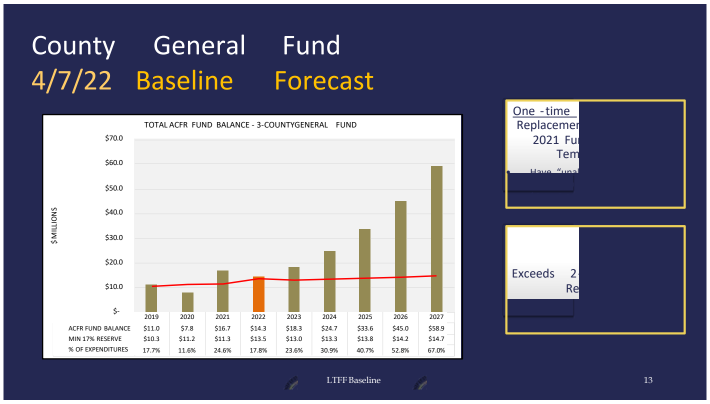
From a Combined General Fund, things are looking pretty good…



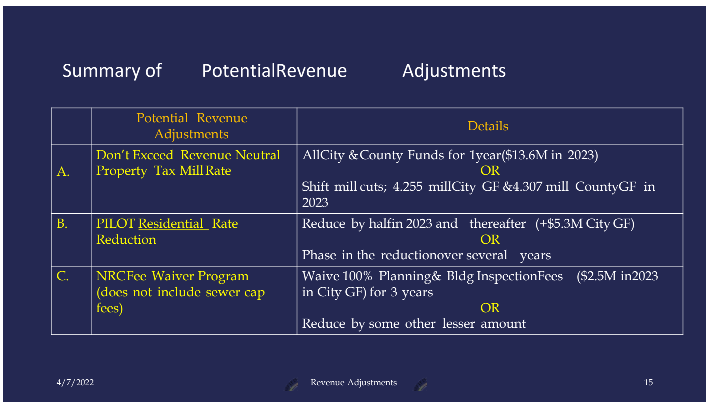
but then if you switch to just the city, you notice that, boy, things are not looking too good for the city and given the current state…



then for the county, things are looking real good. Given the current structure, there's an opportunity to do some shifting and to discuss not only how we can become more efficient on the city side or perhaps, well, you know, eliminate programs that are of lower priority through priority-based budgeting or to figure out a way to provide services more efficiently, as well as grow our revenue, revenues through other means. There are a variety of things we can do to address this deficit…



and there's also a variety of things we can do in terms of tax relief on this slide too.



	Potential Revenue Adjustments	Details
A.	Don't Exceed Revenue Neutral Property Tax Mill Rate	AllCity &County Funds for 1year($13.6M in 2023) OR Shift mill cuts; 4.255 millCity GF &4.307 mill CountyGF in 2023
B.	PILOT Residential Rate Reduction	Reduce by halfin 2023 and thereafter (+$5.3M City GF) OR Phase in the reductionover several years
C.	NRCFee Waiver Program (does not include sewer cap fees)	Waive 100% Planning& Bldg InspectionFees ($2.5M in2023 in City GF) for 3 years OR Reduce by some other lesser amount

Getting to the nitty-gritty here, there's been a couple of potential revenue adjustments that have been brought forward to you previously and so the purpose of this meeting is to demonstrate to you, given the baseline, what these revenue adjustments would look like. Now keep in mind, we just listed them as a, b, c so keep in mind that if you did—we're just going to show the impact in isolation of each one. If you combine them together, then things get worse or better, you know, you understand, and of course, there are many ways you could go about this. For example, if we were to do the revenue neutral—or if we were not to exceed the revenue neutral rate and kept—reduced our property tax mills to the level where we were collecting the same amount of revenue as in '23 as we did in 2022…

Commissioner Davis said I appreciate the detail Kathleen. I think for us to look at these options, and for them not to have anything Commission generated, it's just not fair. We all—and I think I'm comfortable speaking with—we all want to cut property taxes, but to only have the option of keeping the mill as it is, which we understand is burdensome for our constituents, or going revenue neutral and not having anything in between makes this conversation really, really difficult to have because we are going off of assumptions that has no displayed political will. I don't want to waste everybody's time, I don't want to waste the public's time. Kathleen, if you could please give us another—what is the third option at some point where we could look at a one mill, two mill increase, to say nothing or revenue neutral, in my opinion, it's just not fair.

Ms. VonAchen said the purpose of this meeting today is just to demonstrate the impact if you were to do this, and then to make a decision on our discussion and give us direction so that we can plan the budget calendar. **Commissioner Davis** said my direction, and not to cut you off, but my direction would be, can we get another option. That would be my direction, somewhere between one and three mills, not no cut or revenue neutral. To me those are non-starters that do not have political will. I understand, Kathleen, it's not on you, but Mayor, we've made this clear. We've made this clear, we've made it very, very clear. **Ms. VonAchen** said we have three months and six budget workshops ahead of us and during those workshops we can present to you exactly how many mills you want to cut and where. Today, we're just looking at the revenue neutral rate because we want to plan the budget calendar.

Mayor Garner said I'm going to start with our Administrator and then right into Commissioner Ramirez and then right into Commissioner McKiernan. **Mr. Deichler** said Commissioner Burroughs as well is online.

Ms. Harrison-Lee said, Commissioner, one thing that the reason why you have this, there's one thing that's driving the calendar for the budget, if you are going revenue neutral, then the budget would need to be adopted earlier. If you're not and you're going to look at different options like a one mill, a two mill, or three mill; that gives us more time to work through the budget. So what the CFO is trying to get a decision on is, if we are taking this off the table, what we do then is that relaxes the budget schedule for the staff and then instead of having to be on this aggressive schedule of July, we have until the Fall and then we would work through one, two and three.

What we're trying to figure out is what the budget schedule needs to look like and I think I'm hearing from you is that you would like to look at relaxing it to—**Someone** was inaudible. **Ms. Harrison-Lee** said yeah, I mean—**Ms. VonAchen** said yes, so you don't want to see the impact. **Someone** was inaudible.

Commissioner Kane said I don't want to go through this. I'm looking at the PILOT, what's the other thing and reduced by half. It's like an elephant. Right now the elephants in the room and we can't see each other because this isn't our idea. I want our ideas input. I want us to say, this I what we want. I don't want to see something that's not going to happen. I don't think there's enough support to have that happen. My frustration is, here we are, she's got 40 some odd slides or whatever—**Ms. VonAchen** said a lot of those slides are just for your—**Commissioner Kane** said okay, but we are slide happy around here. We need to figure out a way to minimize the slides, get the information out there as fast as possible. I don't want to be here until 11:30 at night and I would rather not see that graph again.

Commissioner Ramirez said I agree with everything that Commissioner Kane and Commissioner Davis said. I don't want to be part of this conversation if we're going to continue to talk about something where the Commission has given you clear direction that we don't want to go down that path. We're constantly hearing revenue neutral, revenue neutral, sales tax, sales tax. We've given you the direction as a full body—I would say the super majority of the body has said that's not what we want to do.

I ask going forward, we drop this for the moment, we actually work together as a Commission and we do what we need to do. Extend the deadline, extend our calendar and get back to the work that we're supposed to do because I feel like at this point we just keep getting pushed and pushed and pushed to like an idea that we don't like and I'm starting to get frustrated with it. I ask that we drop any conversation or talk about revenue neutral anymore, a sales tax, and actually get to the job of compromise and having an actual conversation other than being told what we need to do.

Commissioner McKiernan said I completely agree with everything that has been said here. I think, if I could, I think one of the reasons we're setting this up is this is a possibility even if it's not a supported possibility, this is a possibility. And having confronted it, having outlined it, having wrapped our brains around what it would mean, then we decide we want this possibility or we don't. What I'm pretty clearly hearing right now is we don't want this possibility, but what I wonder about, and this is probably geeky for most everybody except just me, but there is a spreadsheet behind all of this. There are assumptions cooked into that spreadsheet and it should be possible for us to do a little bit of divining, as they say, when they used to use the rod looking for water to make adjustments in the assumptions of the model and see those results really in real time. Then ask, if we make the assumption of 3% salary increase every year, then this is what it would do and it would populate all those cells because I've seen behind the scenes of Kathleen's spreadsheet and it is a marvel in operation.

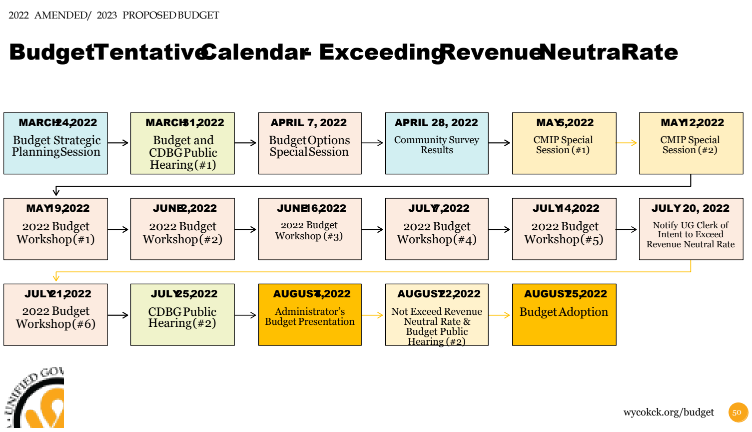
So, it is possible for us—I would suggest a possibility that we could actually get that spreadsheet up on the screen and she could tinker behind the scenes and we could see what it would really look like in real time. **Ms. VonAchen** said if you remember several years ago, we broke you into groups and gave you interactive models—**Commissioner McKiernan** said I didn't like that one. I wanted us all to come together and look at one common graph rather than go off to separate rooms and do our own, but it is a possibility and there are—because there are assumptions. I mean we've made, for example, an assumption of 3.5% increase on salaries on an ongoing basis, but what I'm not clear on is, what's our assumption in terms of workforce. Does it stay static, does it decrease, does it increase. If it does any of those things, by what amount. If it's static, how does that meet our needs, does it meet our needs or does it not and I think those are the avenues that I would suggest we all want to go down is exploring the possibilities. That's a non-starter, okay, change that number, now let's move on to a different one, so that's, I think, a possibility is to bring the model and we can dynamically adjust it and finetune until the picture comes in the way we like it. **Ms. VonAchen** said sounds great. **Commissioner McKiernan** said it's a suggestion.

Commissioner Burroughs said I'm smiling because I sense the passion among my colleagues in reference to the budget process. It can be quite daunting and it demands full attention and a commitment and we have obligations mandated by law that we as a governing body have to meet. That will be our baseline funding mechanism, if you put that up against the revenue, and we identify exactly what it is we have to fund. Then, we have ordinances and resolutions that we have to fund through those particular items and that captures the additional expenses that we're responsible for. After that, it's the things that are going to be difficult, the services that we want to provide, the requests that we receive, all the other incidentals we're going to have to prioritize. I'm excited to see that people are willing to drill down into this budget and if I heard Kathleen correctly, our county side is a little healthier than the city side, but if you remember correctly, last budgeting process we moved a lot of the expenses over to the county. The mill rate that we can reduce could be on the county side, but before we go—I'm actually identifying mill reductions, I don't disagree that we have to give strong consideration to what it is we collectively want to do as leaders of this community.

As I stated, I stand ready to help wherever I can and assist those that want to really drill down into the budget and make some tough decisions, but this budget—I just have one request of Kathleen as we move forward. Kathleen, I would like to know what the Combined City/County Budget was starting six years ago and what this Combined City/County Budget is today and pull out the ARPA funds off to the side as a total. Don't include them in those totals moving forward, so if it was hypothetically $300M six years ago and it's $420M now, you pull the ARPA funds out, it sets at $402M. I would like to see the growth in our combined budget over the last six years to where we are today and that should give us somewhat of a picture as to are we spending effectively and if we're not, then we have to reduce our costs and that means cutting spending. With that, Mayor, thank you for the opportunity to speak.

Commissioner McKiernan said as much as I want to bring that model in and drill down, I'm going to suggest what I suggested two weeks ago, that all of this talk is really premature because we have not yet sharpened our focus on what level of service provision we want to be able to provide to the citizens of the city and the county. Until we focus on the level of services that we want to provide, this is really just an academic exercise of models and numbers. I would suggest that what we really need to do is finish our conversation with the Kansas Leadership Center and with each other and with the aid of our survey whose results should be coming very soon and we should then sharpen our focus and once we've sharpened our focus on what is the level of services that our citizens want to receive and that we want to provide, it really gives us a lot more clarity on what the numbers have to look like. Then, if we decide we want to cut a spending number, for example, we can truly confront what that means in terms of service delivery to the people of the city and the county and that's where we'll get the real test of whether or not the numbers match our desires. So, I would suggest that we need to really keep going on what's the level of service provision.

Commissioner Davis said this is for the Mayor, for Cheryl, for our CFO, financing; what further direction, what clearer direction do you all need specifically regarding going revenue neutral? Like what more needs to be said, what do we need to do to convey the political will of that not happening this year? **Ms. Harrison-Lee** said I think I've heard that the Commission would like to explore a budget that's not revenue neutral, so what that means, Kathleen, if you could please go to the budget calendar because then we can talk about what—and I'm talking about the one that looks at the fall adoption.



Previously we showed you a budget calendar with an option in July. That was because the state requires the budget adoption earlier if you're going to revenue neutral. What this calendar shows, if you're not going to go revenue neutral, your new budget adoption date would be in August and so we would then be working through this scenario of looking at the community survey results at our next meeting, continuing to look at the CMIP projects, and then starting those budget workshops and working with you to get alternatives. If you're wanting to model one, two and three as part of this process, we will model one, two and three mills and show you that.

Commissioner Davis said okay, so why, because I'm for this—is there anybody who is against this particular calendar? Okay, so again, I want to ask what further direction, Ms. Harrison-Lee, Mayor, CFO, what further direction do you all need so that we follow that calendar? **Ms. Harrison-Lee** said I don't need any. We're clear. The only other thing I would ask is, I know that Mr. O'Malley has spoken with everyone except three people, I would like to get the feedback from the other three because what he is trying to complete is to roll up the themes of the kinds of priorities and that will change. If you could go back to slide one for me please.

Ms. VonAchen said well, the other thing we want to get direction on is the timing. **Ms. Harrison-Lee** said yes, we want to get direction on this, but I just want to close this conversation on—**Ms. VonAchen** said I hear you.

Commissioner Stites said one of the things that was asked about, and I think it was Commissioner McKiernan, it's been awhile ago, that this current proposal assumed no new hiring. Is that correct? **Ms. VonAchen** said yeah, that's correct. **Commissioner Stites** said so our Police Department that's down, our Fire Department that's—**Ms. VonAchen** said no, no. I didn't include vacancies. It's the budgeted level. **Ms. Harrison-Lee** said how many vacants, it doesn't include any staff. **Commissioner Stites** asked, how many vacancies do we have right now? **Ms. VonAchen** said well, gosh, there's a lot. **Commissioner Stites** said I mean between 1 and 500. I mean just give me—is there closer to 300, 200? **Ms. Harrison-Lee** said closer to 300. **Ms. VonAchen** said across the UG, not just the General Fund. **Commissioner Stites** said so 300 open spots—**Ms. Harrison-Lee** asked, do you know the exact number Alan? **Ms. Harrison-Lee** said okay, it's roughly—**Commissioner Stites** said 300, I mean I'm not trying to get down to the exact number, but we're saying—so our level of service is going to decline by 300 employees that we're not willing to hire. I'm not for that. I mean we deserve—our citizens deserve the services that they expect and we can't provide those services without employees being hired.

The last thing I'll bring up is, because it kind of floored me when I heard it, and I don't even know what it totally means. Somebody said that we shifted expenses from the city side to the county. **Ms. VonAchen** said yeah. **Commissioner Stites** asked, what the heck does that mean? **Ms. VonAchen** said last year as part of the budget process—actually the year before, 2020 during the pandemic, we did an analysis of all of the administrative and governmental type departments that provide services for both city and county functions. What we found—in the past the County General Fund has been the fund that's been in financial trouble, just so you know. It's only been improved because the housing market has really driven up assessed value much more so than in the past. Historically, governmental administrative activities have been underbudgeted on the county side in order to help the county fund out and so we did an analysis and figured out that the city's residents were shouldering more of the burden of the administrative costs of the Unified Government than they should have. So there was a reallocation of those costs so that it was appropriately done based on the level of service of each department with respect to the city and the county residents and the costs were shifted. There were some costs that were shifted from county to city, but mostly they were city to county. **Commissioner Stites** said was an internal analysis or an external? **Ms. VonAchen** said we provided that as part of the budget process in an open forum to all the commissioners and they approved it and it was—**Commissioner Stites** said internal, not external, correct? **Ms. VonAchen** said yeah.

Commissioner McKiernan said we have 300 open positions right now and are we actively seeking to fill all 300 of those right now? **Ms. Harrison-Lee** said we are not actively seeking to fill all of those. One of the things that we're trying to do is do an evaluation or an assessment of service levels where ways that we can be more efficient, looking at technology. Assessing what's needed in the various departments so Public Safety positions are not positions that are impacted by this. It's all the other positions throughout the organization. **Commissioner McKiernan** said but all of those positions were budgeted as a function of the 2022 Budget which we all approved last year. So, they're previously budgeted and now we're making a decision not to fill a budgeted position. That is effectively a mid-course budget correction that doesn't come back before this body and that concerns me a great deal.

Ms. Harrison-Lee said well, one of the things that we are looking at trying to do is see in departments where we are lean, do we need positions in other departments, do we need them filled, do we have them at the right level, do we have the right position, do we have opportunities for career ladders, do we have opportunities to be efficient, do we need additional positions, so it's really an overall evaluation and assessment of the organization to determine what's really needed for those positions. **Commissioner McKiernan** said okay, I absolutely understand that exercise of going through and determining right sizing for all of our functions, but can we say that service delivery has not suffered as a function of 300 open positions? Is that a safe bet to make or not a safe bet to make? **Ms. Harrison-Lee** said I don't know that we have a way of tracking what the delivery is because we don't really have performance measures that we are monitoring and benchmarking against.

Commissioner Stites said get your license plates at 82nd & State and then you'll know if services have—**Commissioner McKiernan** said well, I kind of already knew that, but I thought I'd just ask the question. What really does concern me though, what really concerns me is, that is a budget adopted by the 11 voting members of this government. The Mayor and 10 commissioners voted to establish that budget. Those are budgeted positions, those lines were allocated as a part of that and if we are making a choice not to fill those, then we are making a choice to amend that previously voted on budget. Please, somebody correct me if I'm wrong, but that certainly seems like what it is we're doing and that concerns me very much because no one of us 11 has the power to unilaterally amend any decision made by the 11 of us. That really does concern me.

Commissioner Markley said I agree and then I would just mention as well when we have those vacant positions, that means there are other employees that are having to do that additional work so we're piling on to the employees that are here as we're trying to save back from hiring those positions which doesn't obviously improve the morale of our staff that are remaining during this time. Not only that, but it's a horrible time to be trying to hire, so the faster we can get those positions posted so we can try to fill them, probably the better.

One last thing, and this isn't—maybe it's a little off topic, but I think that several of us have mentioned it privately and I haven't seen anything yet, please do not take this offensively Ms. Harrison-Lee, but when we hired Ms. Harrison-Lee several commissioners mentioned having a nationwide search process in advance of the end of Ms. Harrison-Lee's contract because if Ms. Harrison-Lee wins the lottery and decides not to come back to work or she just doesn't want to apply to continue with us, we can't wait until the last day of her contract to start that search. So, I would just say for me, and I think from other commissioners I've spoken to, we would like to know, Mayor, what that timeline is going to look like because it seems like we need to be getting that started if we're going to have something decided by the time Ms. Harrison-Lee's contract is fulfilled.

Mayor Garner said to answer that question, I haven't crossed that bridge yet and I'm not prepared to. I will definitely let you know. Right now we're going through a very spirited budget conversation and I like it because these type of debates need to happen. I like everybody's input and that input is going to continue and your input is valuable. Ms. Harrison-Lee is working very diligently to make sure that your input is included.

I think the message is clear tonight that you all want to move away from the revenue neutral. I respect that. I'm sure that staff respects that as well as Ms. Harrison-Lee. The whole purpose of this is try to get a gauge of interest from the Commission on where you want to land as far as what direction you want staff to go in.

To answer the questions that were out there, yes, I think the message is clear that you do not want revenue neutral, that you want to look at other options, you want to extend this process into the Fall, which is definitely fine, because ultimately you all have to vote on this. I would like to say that really we—I said it last time and I'm going to say it again. I just ask that you all please talk to your constituents, just as I have, and really you've got some hard decisions to make when you talk about the PILOT, tax decreases, the mill levy as well as what type of services do you want to provide. Really, that has to be community-driven from our community. I agree with Commissioner McKiernan.

This is just a conversation. Nobody's being asked to vote on anything tonight. Nobody's being asked to do anything defensive. This process is at its very onset and as we go through this process we just need to make sure that we support our staff and our Administrator because they are working hard. I've heard it time and time again that what you see on the screen is the Mayor's proposal, that's not completely true, but that's a conversation I can have with each one of you individually. The bottom line is we have to make sure that we are meeting the needs of our community. There are a lot of infrastructure needs, our staff—when you talk about contractually and making sure that we take care of our staff.

The reality is, and I'm going to be frank with you and I'll let Ms. Harrison-Lee speak briefly to it, a city of this size compared to other cities with the amount of personnel that we have, I'm going to tell you now when you talk about a $1.7B budget between the BPU and the Unified Government, we are going to have to start making some hard budgetary decisions when it comes to staffing and what type of services that we need to provide. That's the direction we're trying to push this Commission, especially when we talk about taxes and the BPU and I'll say it again, I've talked to developers, they want to come here, but they're not going to come here with burdensome fees, with high taxes, high BPU, and a bureaucracy that makes doing development projects not fit their business model. Those are the types of things that we're looking at and why is that important because we've got to expand our tax base. We've heard that for years, we've got to bring in more rooftops and more brick and mortar businesses and then these larger businesses that come in here, we got to make sure that they pay their fair share. So, those are the types of things that we need to talk about and I'm glad that we're having this conversation and it's respectful and I like seeing this.

It is clear and we will definitely—I'll work with the Administrator and we'll be working with staff to make sure that your input is really captured in a way that better reflects a move away from revenue neutral and a move towards what the combined Commission would like to see towards our end goal of trying to at least allow you all to make an informed decision on this budgetary process. Hopefully, that answered that question.

Commissioner Burroughs said I appreciate your closing comments Mayor. They were well stated. I want to go back to a comment that was made by one of the former commissioners that they want to move away from the revenue neutral. I think that's the easy thing to do. I'm going to hold myself to that timeline because I know the specter of property tax discussion on the state level and how it affects what we're going to do moving forward, I'm going to hold myself, Mayor, accountable to the revenue neutral rate. I'm going to look at this budget as having to make those tough decisions and I would just ask the body, please understand it's not that I disagree with you, it's not that I don't want other services or other programs, it's just that I believe it can be done and once we're able to visually see it, I think it's a lot easier to move forward at the next budget cycle and be more understanding and more creative as to how we craft our budget, build our budget moving forward.

The reason why I asked for those total numbers from six years ago to today, I think you'll be surprised the amount of revenue we've taken in and what we have to show for it. So, with that Mayor, I just want to say I truly appreciate the comments and the opportunity to be part of this discussion this evening. I just wish I was there with all of you, unfortunately, I can't be, but thank you.

Mayor Garner said I'm going to let our Administrator follow up with that question. When you talk about cities that are comparable size to the city of Kansas City, Kansas, how we measure up with our personnel, our salaries, as well as our debt and a tyrant of other things that are very challenging for this Commission to have to consider.

Ms. Harrison-Lee said one of the things that's really important for us to look at I think as we evaluate the organization is jurisdictions of our size, services, budget size, number of employees, structure, how we compare to them in terms of, you know, staff at the executive level as well as staff throughout the organization. Part of that evaluation that we're doing is looking at those jurisdictions and looking at our numbers and seeing is 2,100 the right number for us or is that a lower number when you look at employees per capita.

Commissioner Johnson asked, Kathleen, can you show slide 6? So right now, or in 2021, our mill for the—was 15th in the state with the number 25 top cities, so we are middle of the pack for then. How would that rank change if we had all of the cities in the state of Kansas? Would it improve? I would like to know. **Ms. VonAchen** was (inaudible, mic was not on). **Commissioner Johnson** said so even with what you've shown us, we're right in the middle of the pack, and I think this is something that needs to be shared more with our community when we hear repeatedly that we're the highest taxed community in the state and we're not by far. You have shown us this, and shown us this, and shown us this, and I don't know how it doesn't resonate with some of us. We clearly are not the highest taxed city as it relates to mill levy, so when we talk about lowering mill levies, now that may improve it. Maybe we get down to be number 10 or number 8 or number 9, but what does that do to the other side of the equation as it relates to services and things as it relates to staffing, etc., etc., etc.

I just think that this piece in terms of communication needs to be stated clearly from this body to the community that we are not the highest taxed jurisdiction. So as Mayor, Administrator, and those that direct the narrative from the UG to the community, we need to continue to state this. We're not what we are accused of being, what we are alleged as being in terms of—you know fleecing our constituents. We're not doing that. It's not happening. **Ms. VonAchen** said Johnson County's success value is (inaudible, mic was not on), so one mill for Johnson County generates ten times (inaudible). **Commissioner Johnson** said exactly. **Ms. VonAchen** said so if you measure a house—the bill that you get for a house in Johnson County, it's going to be less, but then on the other hand you won't be able to buy a house for the same market value in Johnson County than you would here. It just depends on how you compare and we're next to a very wealthy county. **Commissioner Johnson** said we are indeed. **Ms. VonAchen** said one of the wealthiest in the country.

Commissioner Johnson said I just want us to continue to remember this thing and then looking at the county side, oh my God, we ought to be touting this. I'm done.

Mayor Garner said we're going to have to conclude this meeting and prepare for our Regular Session.

MAYOR GARNER ADJOURNED
THE MEETING AT 7:00 p.m.

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Brett Deichler
Unified Government Clerk

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