STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, JUNE 2, 2022**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, June 2, 2022, with eleven members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District (left at 6:00 p.m.); Johnson, Commissioner Fourth District; 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; Monica L. Sparks, Acting Unified Government Clerk; Bridgette Cobbins, Assistant County Administrator; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; Reginald Lindsey, Budget Director; Mike Peterson, Assistant Budget Manager; Alley Porter, Commission Liaison; Ashley Hand, Director of Strategic Communication; Judy Her, Budget Department; Rob Anderson, Public Works Asset Manager; and Taylor Wash, Organization Effectiveness Coordinator in County Administrator's Office.

Mayor Garner said before I call this meeting to order, I want to announce that we have individuals attending remotely 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 the public that is participating knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General.

MAYOR GARNER called the meeting to order.

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

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be conducted in a hybrid format on Thursday, June 2, 2022. An Executive Session to discuss litigation and cyber security will be at 5:00 p.m. in the 5th floor conference room, immediately followed by a Special Session for a Budget Workshop.

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 at this time the Commission will go into Executive Session for consultation with Legal Counsel regarding litigation. This will be a hard cutoff at 5:30 p.m. due to the items that we have moving forward.

Commissioner Markley made a motion, seconded by Commissioner McKiernan, for the Commission to go into Executive Session until 5:30 p.m. to consult with our attorneys 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 5:30 p.m. here in the 5th floor conference room. Roll call was taken on the motion and there were ten "Ayes," McKiernan, Ramirez, Johnson, Kane, Markley, Stites, Davis, Bynum, Burroughs, Townsend.

Present for the Executive Session regarding pending claims and litigation: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District; 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; David Cooper, Outside Counsel; and Charles Branson, Outside Counsel.

Mayor Garner adjourned the Executive Session at 5:30 p.m.

5:31 p.m.

Commissioner Markley made a motion, seconded by Commissioner McKiernan, for the Commission to go into Executive Session until 6:00 p.m. to consult with our attorneys to discuss confidential matters relating to physical and information systems where an open meeting would jeopardize security, 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 6:00 p.m. here in the 5th floor conference room. Roll call was taken on the motion and there were ten "Ayes," McKiernan, Ramirez, Johnson, Kane, Markley, Stites, Davis, Bynum, Burroughs, Townsend.

Present for the Executive Session regarding pending claims and litigation: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townend, Commissioner First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District; 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; and Kevin Bibbs, IT Director.

Mayor Garner adjourned the Executive Session at 6:00 p.m.

<u>Special Session – 6:08 p.m.</u>

Mayor Garner reconvened the Special Session at 6:08 p.m. for a Budget Workshop and said I'll turn it over to the Interim County Administrator to introduce staff.

Cheryl Harrison-Lee, Interim County Administrator, said on the CMIP we did not have an opportunity to have our Asset Manager, Robbie Anderson, talk about criteria, so we're going to have a Reader's Digest version of the CMIP criteria. We're going to cover CMIP again on the 16th so we'll have an opportunity to have an extended dialogue about this, but just briefly we'll walk through some of the CMIP criteria that you asked for at your previous session. Then, we're going into our main topics for this evening which will include our budget assumptions, our preliminary revenue projections, baseline budget for 2023 and potential adjustments. I'll turn it over to our Asset Manager, Robbie, at this time.

Rob Anderson, Public Works Asset Manager, said I will be as brief as I possibly can. The hyperlink that can get you to this is http://maps.wycokck.org/CMIP.html. (Mr. Anderson scrolled through the websites). My apologies for reading that. It will be shared with you shortly I have been told, so that you can have it in an email with a hyperlink. I tried to package all the information that the Commission would want. This kind of started out three years ago kind as an additional way for the budget to be drawn visually for you to see where these projects are going to be as you're approving the budget.

This first tab has the current projects on it and we included the current years of pavement preservation that are going on and 2021 and 2022 are occurring in this current year, which is a little unique, so my apologies for the legend kind of messing with you. Then, the projects are mapped out here. There's a few projects out there. Then we have the five years into the future, so this includes information around current pavement preservation plans out into the outyears. You can see those years listed here and then the projects that have been pulled into the budget that relate to infrastructure and there's specific outyears for each year.

We also have a historical record of CMIP projects on this webpage. Obviously, this is all interactive so you can move around and see what projects we've done in the past or currently and if you click on one of these, it'll give you a little bit of information about the project.

We also have a map on here that maps all the requested projects. The requested projects source could be you, as a commissioner. It could be a community organization, it could be Engineering, it could be the Planning Department, Neighborhood Business Association; all those have been sources for information. So, anytime a project goes to the County Engineer, he uses this next tab, which I invite you and everyone in the audience to fill out. Anyone and everyone is free to put a project into this scoring system. It is a fully open submission process and those projects, if they make sense for Public Works space, like, you know, if it's a project that exists in the right-of-way, that project will end up on this request map. That's what drives the CMIP scoring process, which you can read a little bit more about here if you want to get into how this process works. It's a data-driven process that uses things like population density by address. We have records of DMV, motor registrations. We have the tax roll that goes to the UG, so we can do things like I had previously done with Commissioner Bynum, explained how much—how many years it would take her and her neighbors to fund improving the street in front of her house, which I think is 1,000 years.

There's a little bit more information about this. We identify the projects through that submission process, all those projects get mapped, then they get buffered, and then all that data and information around those buffers go into the project scoring, that project score gets ranked. Here's some of that information around, you know, how many people live near a project, how much tax roll is produced near that project at different buffer distances, so that's how this works. It's a truly data-driven spatial kind of automated CMIP project selection process.

Where does your role fall in this? You outlined the criteria. Over the last three years we've worked together to do this and those criteria, you have control over how they get weighted in the system. So, in the system you basically are at a mixing console mixing a band or you're baking a cake and you have control over all the knobs. That's your role in the system.

I have outlined here what the current weights are set at. After an engagement process, we recently modified it from the previous weights so another means in which we're engaging the Commission on driving the system.

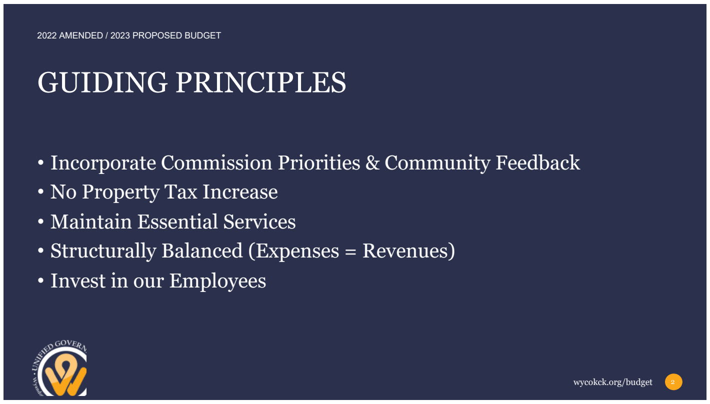
I've also listed out here a little bit of a history of our engagement schedule starting back all the way in 2019. Some of these have hyperlinks and we'll be enhancing this with more information and links out to videos, YouTube videos of previous presentations on this material. We really appreciate your willingness to operate with us and help us design this system and really appreciate your trust in the process.

Ms. Harrison-Lee said thank you. If there are no questions—**Commissioner McKiernan** said you're going to send that link, is that correct? **Mr. Anderson** said I'm going to email the link that—**Commissioner McKiernan** said yeah, all right.

Commissioner Bynum said thank you a million times. I hope my standing committee remembers all of the times that you've come to us and talked to us about criteria and had us weigh in. Again, recently, we've been through this and it makes me wonder if there is any way for maybe you and us together to take our community survey results—I don't know if they're asking the same questions, but is there any place where the criteria and the survey questions overlap so that we can feed in some of the community requests as well, not that you need more to do, but I'm just wondering. And I don't know, maybe with your computer expertise, you can do that in a couple of hours, but just asking. **Mr. Anderson** said I appreciate the idea. Something we've already done is mapped historic community surveys when we've gotten the full table and we'll be requesting the full table, the most recent, so that we can map it because they do it by block. When we map that to the block, then we can look at those metrics from the community in a similar report like this. We can pull on the survey to help fill in information here to say, like it has consistently been streets is number one. We can definitely add some detail and some context in relation to the community survey on these reports.

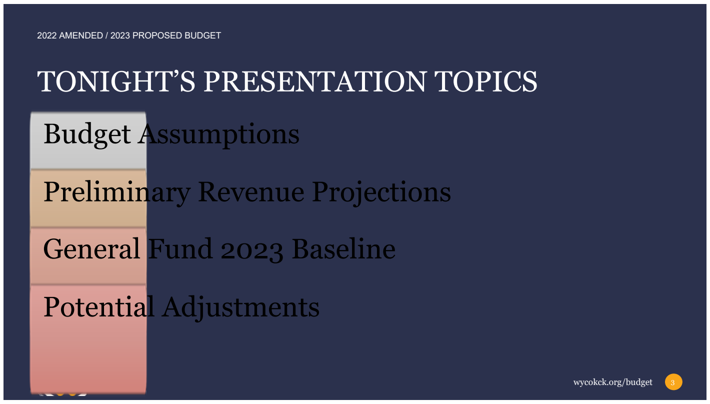
Ms. Harrison-Lee said now we'll move to the budget presentation.

Just to recap, again, our topics tonight we will be talking about the budget assumptions, the preliminary revenue projections, the baseline budget for 2023, and potential adjustments. The information we'll cover tonight will also form the process as we continue to move forward.



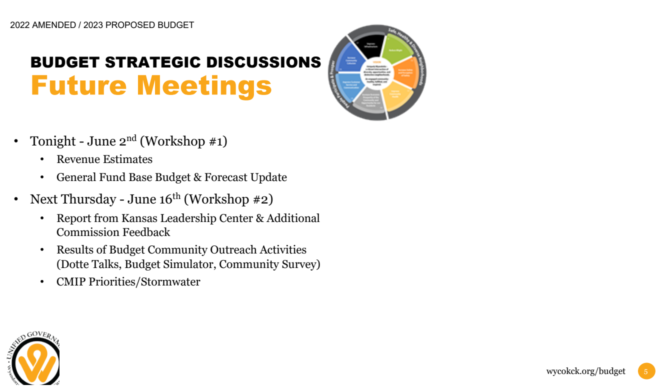
First, I want to cover the guiding principles that we'll be looking at as we develop the budget that will be presented to you in August. We'll be incorporating the Mayor and Commission priorities, we will also be including the community feedback. We will develop a budget that assumes that we will not have a property tax increase, that we will maintain essential services. We want to make sure that we have a budget that's structurally balanced so that we have expenses that equal the revenues. Our CFO will talk to you a little bit later in the presentation about the budget—some of the historical budgets where we assumed that we would remove funds from reserves to cover our expenses and we will be presenting to you a budget that considers investing in our employees. We've heard from you that you would like to retain our workforce and so looking at investing in employees as well.

Commissioner McKiernan said just real quick, is no property tax increase just another way of saying revenue neutral? **Ms. Harrison-Lee** said absolutely not. **Commissioner McKiernan** said it is not, okay, good. **Ms. Harrison-Lee** said thank you for asking that for clarity. We're just developing a budget that does not assume that we will be increasing the mill rate, is what we'll be presenting.



We've talked about what tonight's presentation topics will be. We'll go to the next slide and we'll just briefly look at the budget calendar.

We've passed that point of revenue neutral and so that assumes that our budget adoption, if we were to present a revenue neutral budget, we'd be looking at an earlier adoption because the Commission gave guidance on that previously. We are now looking at an August 25th adoption.



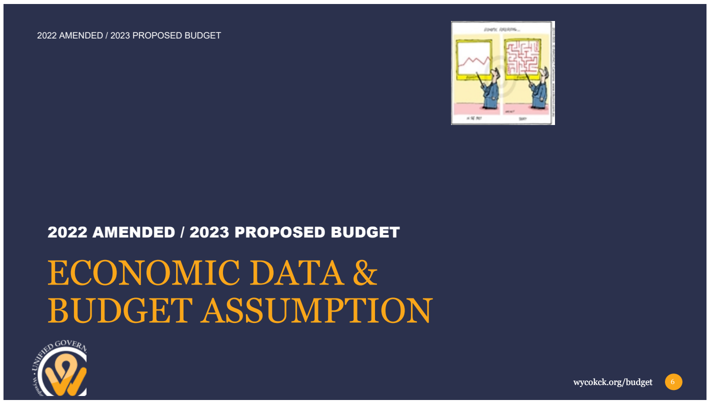
Tonight we'll look at the estimates and the General Fund Base Budget. At our future meetings, which our next meeting will be June 16th, we will hear back from the Kanas Leadership Center from the session that they facilitated. They've also had an opportunity to talk with each of you individually, so they're gathering that feedback and Mr. O'Malley will be reporting on what individually you provided to him.

We'll also have an opportunity to present the results of the Dotte Talks and the Budget Simulator, and the Community Survey. We'll look at all of those community outreach activities and present that to you as well. We'll have an additional discussion on the CMIP priorities and, as you are aware, we also need to look at our stormwater projects and our stormwater fee and have some additional discussion on that.

Commissioner Bynum asked, do we have a rough estimate of over the three Dotte Talks how many community members engaged with us total? What I can't remember, I don't think there was a virtual component to that. **Ms. Harrison-Lee** asked, Ashley Hand, do you have an estimate of how many attendees we've had over those three meetings? Give us just a minute.

While she's gathering that, we talked about the development of a budget being something that's kind of like a three-legged stool where we hear from the community, we hear from you as members of the governing body, and you hear from staff. So, what we're—this process includes laying out an opportunity for you to hear from the community, we'll hear from you, and then we'll be presenting the staff recommendations as well.

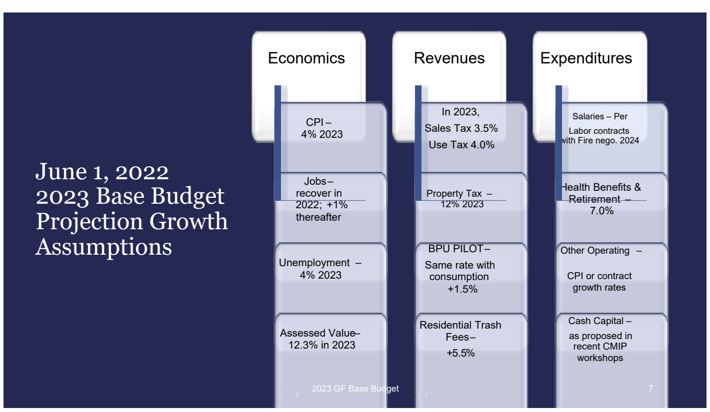
Ashley Hand, Director of Strategic Communication, said we had about 60 attendees at the in-person events over the course of the three different sessions and then we, obviously, had a budget hearing with just a few participants. We also had 127 responses to our online budget simulator tool, which is a much more involved type of feedback because people have to balance the budget to submit it and, therefore, provided a lot more rigor in terms of the types of feedback and comments than a typical online survey. There are several other channels that we use to glean input which we will be sharing with you very soon.



Ms. Harrison-Lee said now we'll go the Economic Data & Budget Assumptions. Our CFO will give you a brief update on that topic.

Kathleen VonAchen, Chief Financial Officer, said I did want to thank Michael Peterson and Adrian for their work on the budget simulator last Christmas and early year because they put a lot of effort into it and it's something we've been wanting to do for a long time. So it's really a lot of fun that there's been so much activity and participation from the community.

I'm joined here by our Deputy CFO, Debbie Jonscher, who's been a great support for me. She and I put together the revenue estimates, so tonight we're going to talk a little bit about economic data and it's the factors that form the basis of our forecasts and so it's important for all of you to kind of understand and have an opportunity to ask questions. These are all very preliminary estimates because we're only about five months into the year, so we don't have a lot of year-to-date data.



Every new data that we get, we are constantly evaluating it, so the numbers will change, and then I'm also going to talk a little bit about the revenue. Not only the revenue assumptions, but here we have a couple of expenditure assumptions as well that will play into what Cheryl will be talking about later on, also, as part of our discussion of the base budget.

Generally speaking, this is an overview of what we are seeing is happening at this moment and, of course, the economy is constantly changing, so we're assuming a CPI of 4% in 2023 and, wow, you probably think that's too low, but all of the economists that have been surveyed recently, indicate that with the federal changes—or the feds changes by increasing interest rates, that it's going to have a good effect on the inflation rate and bring it down. In fact, most of the economists are predicting somewhere in the range of 2.5% next year. I'm going to say 4, that's just to be conservative.

We are expecting jobs to recover in 2022 and then grow by one—recover back to pre-pandemic levels and then grow by 1% thereafter. Unemployment is estimated at 4% for 2023. That's pretty conservative because right now we're in the 3% level.

Commissioner Johnson asked, is that unemployment for national or is that local? **Ms. VonAchen** said that's for us, local. It's bumped up just like half a percent from where it is now mainly because maybe the impact on interest rates may stifle some economic growth.

The assessed value estimate, at the moment, is 12.3 or 4%, 12.3 in 2023. Now, I'll talk about it later, but that includes the preliminary estimates that the Appraiser gave me in March, which were very similar to the numbers he gave me yesterday. Yesterday's numbers, I decided to stay with what he gave me in March because we're still waiting on our UG Clerk to do her review and adjustments as well as the State Assessed Utilities, which don't come—so we won't know that information until June 15th, so very soon.

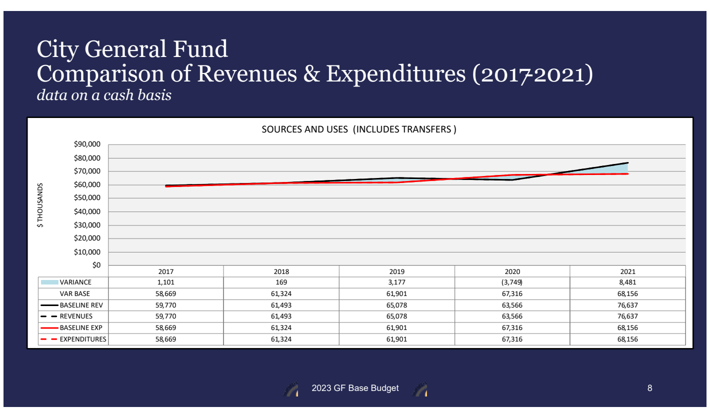
What I saw from the numbers that Matt Willard gave us, our Appraiser, is that they're very consistent with what we were looking at for March, so 12% is a good number, but I'll talk about those, all the revenues estimates here in a moment.

Another thing, overview here, is that we're projecting a sales tax revenue growth of 3.5% with Use Tax or Compensating Use Tax which basically is assessed on deliveries, a 4% increase. These are growth rates from the prior year base. It's not that we're increasing the rates, but only the amount of revenue we're expecting to collect. So, in consistent with the assessed value, our property tax is estimated to be 12%. It's not—so, we're anticipating that delinquency rates will continue to be at their low level. The experience I saw in 2021is that delinquency rates are falling. They fell by a full percentage point and so we are seeing that consumer behavior, homeowners, are consistently paying their property tax bill at a greater—at a better rate than they had in the past.

The Board of Public Utilities PILOT is a Payment in Lieu of Taxes that is allowed by the State and right now it's assessed at 11.9% of gross revenues and right now the base budget project, which is we're providing you a base budget projection solely so that you can have a baseline from which to just have further discussions. So, without making any changes to anything just to see where we are. We are just assuming the rate stays the same in the baseline budget and that it's growing by about 1.5%.

We have estimated that residential trash fees are increasing by 5.5%, consistent with the contract. We have incorporated salary increases as obligated by our labor contracts currently and it does include an amount that we anticipate we'll be proceeding with on the Fire—once the Fire negotiations are completed.

We're anticipating health benefits and retirements to increase by 7%. Other operating expenditures have been given a CPI, or contractual growth rate, and then we have included Cash Capital which is consistent with the amounts that you were all given as part of your CMIP sheets in the past CMIP workshops. So, just to give you a little idea, but we're going to head over to the base budget a few slides ahead.

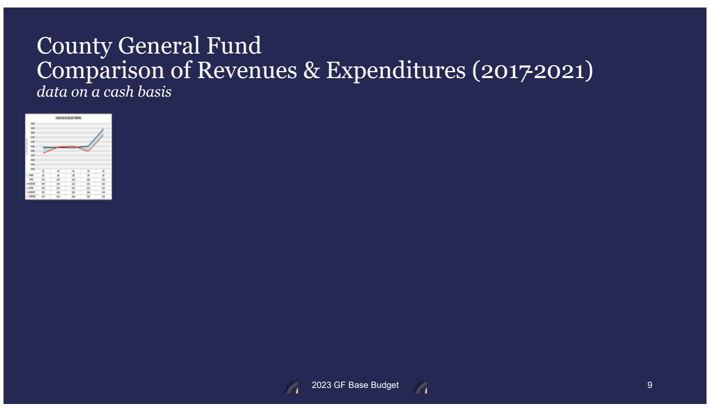


	2017	2018	2019	2020	2021
VARIANCE	1,101	169	3,177	(3,749)	8,481
VAR BASE	58,669	61,324	61,901	67,316	68,156
BASELINE REV	59,770	61,493	65,078	63,566	76,637
REVENUES	59,770	61,493	65,078	63,566	76,637
BASELINE EXP	58,669	61,324	61,901	67,316	68,156
EXPENDITURES	58,669	61,324	61,901	67,316	68,156

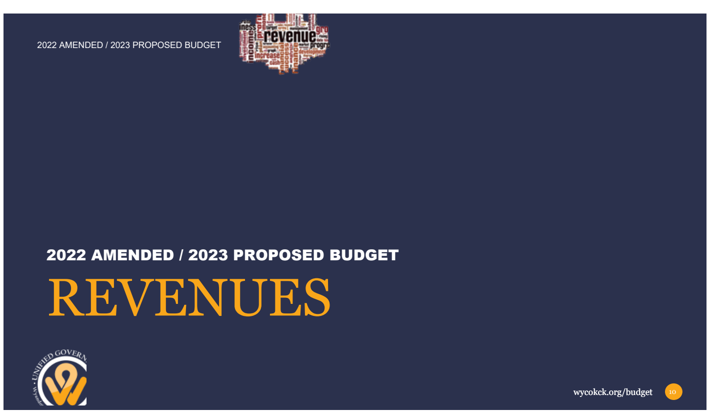
Right now we're going to talk about the past a little bit. I've been asked to show the actual cash balances. This is a cash basis, not modified accrual, but they want to—I was asked to show the comparison of revenues versus expenditures over the past five years, so that five years is 2017 through 2021. These are all actual data. This is not estimates. This is what actually happened.

Unfortunately, that slide, someone took out all the numbers at the bottom so I'm not able to see the figures.

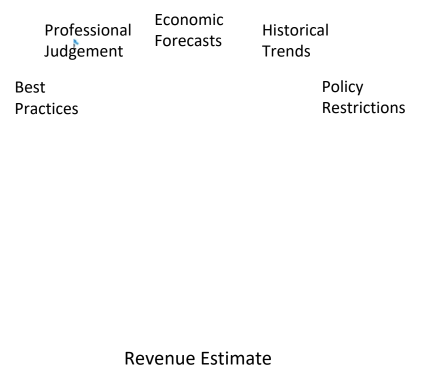
As you can see, bottom line, this is the City General Fund. All the years except for 2020 the revenues were higher than expenditures. Expenditures is the red line and the black line is the revenues. Except through the pandemic year, 2020, oh, wait a minute, what happened, I didn't see that—so you can see that right here on this line right here, the line that says the variance, that's the net margin. That's the difference between revenues and expenditures and you can see that it's a positive figure until we get to the pandemic year. Then, this number jumps up by $8M. That's when we started depositing ARPA funds which we didn't spend clearly.



The next slide is the County General Fund. It's a little bit more volatile. Back in '17, it had a positive net fund balance of $6M and then it was nearly zero or a little less than 300,000 below or in the deficit and that deficit continued in 2019. Then in 2020 it performed—outperformed itself even during the pandemic and then, again, in 2021.

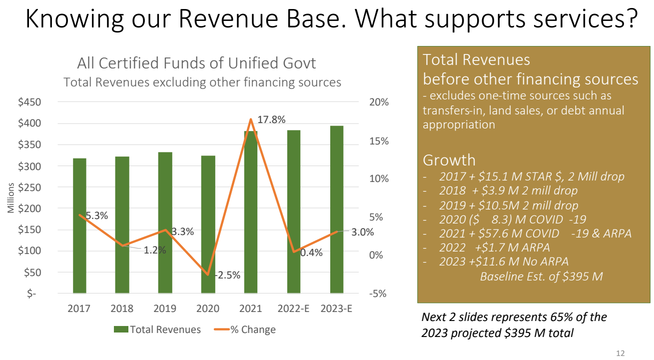


I'm going to move on here and we're going to move right into the revenues because there's a lot of revenues to go over.



When we do revenue estimates, it's a very time-consuming process that involves a number of people including my team and Alyse Villarreal is my Debt Coordinator, and she also does a lot of analysis for me and, of course, Debbie and Mike Grimm who is our Research Manager. We also do a lot of research in various economic sources to refer to. The most important thing we use is historic trend analysis. We have a lot of data available to us, especially vendor data by month for the past 20 years and all of that data, of course, would be super useful once—because right now we're just doing spreadsheets, but to link it into our new workday product that we are right now implementing will greatly enhance our ability to analyze data. Not just financial data, but community survey and other type of data.

So, this is how you—all this information funnels into the estimate. It includes best practices, professional judgments, the economic forecasts of various outside agencies, historic trends and then the most important one is the policy restrictions and we always forget about that; those state statutes, the state legislature, they put a lot of restrictions on us on how we can spend this money and how much we can collect.

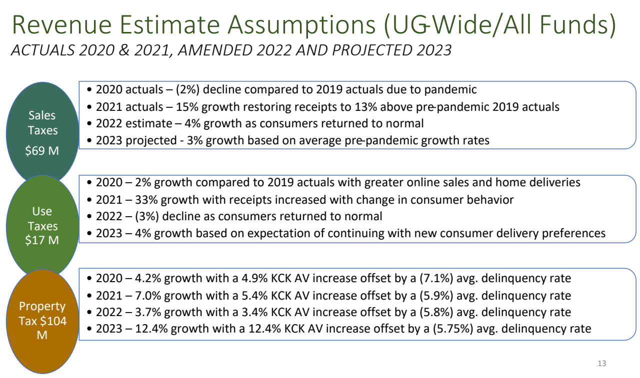


Before we really proceed with the revenue estimates, because I know a lot of you are just dying to move in to see what the General Fund is, but let me take a few slides to talk about the overall UG budget. The overall UG budget is projected to be $395M right now, well, for 2023. So, what's happened with that 300, how did we get there, so over the past five or six years that's what is reflected here and this does not include one-time transfers between funds. It's just the core funds that come in every year. In 2017 it grew by 5% and that is partially due because of the fact that we paid off the STAR Bonds the year before and so we suddenly brought in about $12M in cash that we didn't anticipate. The following year there was a slight decline, well, not a decline, but it just didn't grow as much as it did the year before, so 1.2 and then it grew at 3.3. Keep in mind that in '18 and '19, and in '17 as well, the Commission adopted a two mill reduction in '17 and then in '18 and in '19, so for a total of $6M revenue savings which lessened the burden on taxpayers during those years.

The STAR Bonds brought in $12M, half of that went back to the taxpayers in terms of reduced property taxes. You can see that big dive in the revenues that took place in 2020 and that was overall. The whole budget dropped by 2.5% and then suddenly it jumped way up to 17.8% in '21. The '21 number jumping up is because of the assistance we received as a result of the American Rescue Plan or ARPA, Revenue Replacement Program. We're projecting it to stay relatively flat in 2022 and then to grow by a modest 3% in 2023. Any questions there? It brings back a lot of memories.

Commissioner Stites said on the 2018, '19 and '17, '18, and '19 when there was a two mill drop, was that on the City side or the County side? **Ms. VonAchen** said it was on the City side. **Commissioner Stites** said okay, so it didn't affect the taxpayers out in Bonner Springs or

Edwardsville on their property taxes. Also, on the $12M STAR Bond payoff early, and I remember for many, many years that we always talked about as soon as these STAR Bonds payoff, you're going to see tax relief. As soon as these STAR Bonds payoff, we're going to see tax relief and then when did the $12M get paid off? **Ms. VonAchen** said December of 2016. **Commissioner Stites** said but that only affected the City mill levy and not the County. I just wanted to make that point, that it didn't affect Bonner Springs or Edwardsville. **Ms. VonAchen** said that's correct, it didn't.



Now, I can take as much time or as little time as you would like on these two next slides. These are slides for all the UG, all funds, that whole $395M and I've provided two actual years and then the revised estimate for 2022, which is the year we're in, of course, and then a projection for 2023. The reason I gave you four years is to kind of give you a little bit of context of what's occurred and, boy, there has been quite a bit occurring because of the pandemic and its impact on the organizational performance.

These are the largest—I think these revenues here comprise a good portion of—I think like 65% of all the $395M in revenue, so these are the big categories. Sales Tax is a big one. It's not the biggest. The biggest is Property Tax, but that's at the bottom of the slide. The Sales Tax is here because we collect quite a bit in Sales Tax. There's a difference between Sales Tax and Use Tax and they really perform very differently. A lot of times I put them together because they're very retail based, but they really do perform very differently between the two.

Sales Tax is, of course, what you pay—when you're at the grocery store or at the Legend's, at the parking garage—or your car repair store, wherever you are. It did drop in 2020 during the pandemic, but it did not drop as much as we anticipated, but it did drop by 2% in 2020 compared with 2019. Then, it grew by 15% in 2021 which restored the receipts, roughly to 13% above what we had in 2019, so it really grew in '21. In 2022, it is now anticipated to fall off and just grow by normal levels, which the normal level is around 3 or 4%, and so that's what we are projecting for 2023. I think there's just a lot of pent up demand between 2020 and 2021 because if you add those two up—just to add a few notes here, if you add those two up, of course, it's a total of 13% and if you divide by the two years, it represents about 6% per year, if you average the two years together.

Now, Use Tax grew quite a bit, substantially, as a result of the pandemic and we're hoping that new consumer delivery preference will continue at least for our own coffers although we still want folks to still go to the Legends and to those other retail outdoor activities in the malls, to enjoy the community that they experience in the malls.

Commissioner Bynum said, Kathleen, will you help us and the general public understand Use Taxes? Part B of my question is that I'm seeing within the Use Tax bubble 2% growth compared to '19 actuals with greater online sales and home deliveries. I thought that when I order online—the only tax I'm seeing collected is the State's portion. So, I guess I'm asking that as a question because that's what I thought I was seeing and just help us understand Use Taxes and how and why are they different from Sales Taxes. **Ms. VonAchen** said Use Tax is actually short for Compensating Use Tax and it's—a lot of transactions happen through—that are delivered and they're supposed to be assessed a Use Tax. Sometimes depending on what gets programmed in the store, sometimes they'll call it a Sales Tax and then it gets categorized that way. It's not 100% the data that we get on Use Tax, but it is basically the tax that you pay and it's based on a point of sale. I don't know your question about that it shows up like it's from the State, so I'll have to look into that.

Commissioner Bynum said I guess what I'm saying is if I order $100 worth of stuff, the Sales Tax line isn't 10.25, $10.25, it's only $6 and some odd cents and so I know it's not including our county and city taxes at that point, so I'm just curious. **Ms. VonAchen** said it is chronically known to be a little lack of compliance in that area, but I don't know. We'll research that a little bit. We'll talk offline.

The one thing though that I should point out, and of course, these are actuals—all nearly audited actuals so the auditors have reviewed these things—so, it grew by 2% in 2020, we would have thought it would have grown more, but it grew by 33% the next year. Of course, we're talking about $100M, you know, now we're only expecting to collect about $17M which is a lot, $17M in 2023. The percentage growth is a little bit misleading, but it is substantial how much more online sales are taking place.

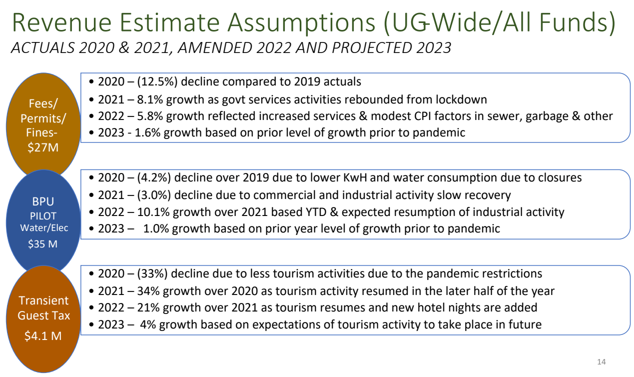
In 2022, honestly, I think it's just going to stay flat or stay normal, but things are looking like they dropped off. I think there was a lot of one-time sales in 2021. I should point out also that when businesses start up and are acquiring a lot of equipment, the equipment is ordered from other areas and delivered and so then the Use Tax comes to us from that other jurisdiction, so it spikes a lot, the Sales Tax given how much consumer—or new businesses startups, especially if they're industrial. It's a little difficult to predict. It's not a steady stream like property tax.

The last thing is Property Tax. Property tax is estimated to be at $104M across all UG funds. This is not just the General Fund. It also goes to all those county levee funds like Mental Health, Developmental Disabilities, Election, Aging, Health Department and then it also pays for the County Bond & Interest Fund—the City Bond & Interest Fund and then the City & County General Fund. A lot of mill levies are going—and, of course, as a taxpayer myself I'm always reminded that only 46% of my property tax bill pays for all of the services of the Unified Government. The other 55% of it goes to pay for school children teaching, education, and the community college among other things.

In 2020 it grew by 4.2% and that was because—with a 4.9% growth rate in the assessed value and a delinquency rate of 7.1%. The delinquency rate, it did not grow as much as I anticipated, but it still was higher than normal. In 2021 the growth rate for assessed value, and remember, assessed value includes all of residential property, which is roughly half of the assessed value and commercial, which is the other half. Those two classes do behave different in the market, in the housing and property market, but assessed value in 2021 grew by 7%. Whenever there's some sort of economic event that impacts folks, there's usually a one year delay in the impact on property values. So, that pandemic is actually the growth rate. The growth reduction you would anticipate as a result of the pandemic actually kind of kicked in in 2022 and so you see that 3.7% growth rate in 2022 based on a 3.4% assessed value. Although judging from the delinquency rate that we're seeing so far in the current year, it's still staying steady at around 5.8%.

As you all know, there's been a tremendous growth in the housing prices in this current year, but this current year activities is what affects next year's property tax assessments and so

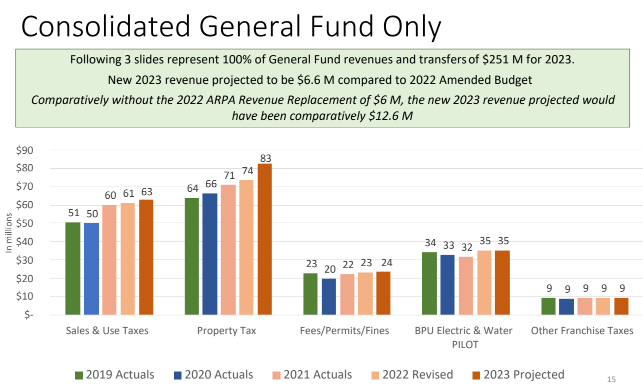
Matt Willard, our County Appraiser, has provided us that information. So, 12.4% for assessed value and we're keeping the delinquency rate similar to last year or the current year. Those are the big ones.



I'm not going to spend so much on the details of these. We have Fees/Permits/Fines and they total $27M across the entire UG. That includes trash, it includes sewer, it includes stormwater, it includes transit, so it's a lot of various fees and generally they declined in 2020 by 12%, but they've been growing. This is kind of across many different areas, so you know, the changes are varied, is my point.

The growth rate for the Board of Public Utilities PILOT, it collects $35M of total revenue. It declined by 4.2% during the pandemic because of the closure of a number of industrial and commercial properties and that closure continued through most of 2021 for many of them, so the slow—the recovery for commercial and industrial activity was relatively slow. This coming year, given year-to-date activity for five months where we are preliminarily estimating that the growth will be in this PILOT revenue will be 12—or 10%, sorry, that basically makes up for the roughly the 7% decline in the prior years and it actually keeps us pretty much level with what we were collecting in 2019. For 2023 I'm only estimating a 1% growth rate because that is actually how much the PILOT grows every year, if at all, it's pretty flat, this growth, this revenue.

The last thing is, it's not very much money, but it's kind of interesting. The Transient Guest Tax collects about $4M a year, not very much and it's collected in the Tourism Promotion Fund and it has very specific restricted uses for that money and it declined by 33% in 2020 due to less tourism activity as hotels were closed as a result of the pandemic restrictions. It then rebounded to 34% in 2021 and we're anticipating it to grow by 21% in the current year based on year-to-date collections. We've been conferring with our partner at the—well, they changed their name, but it used to be the Kansas City Tourism & Visitors Bureau.

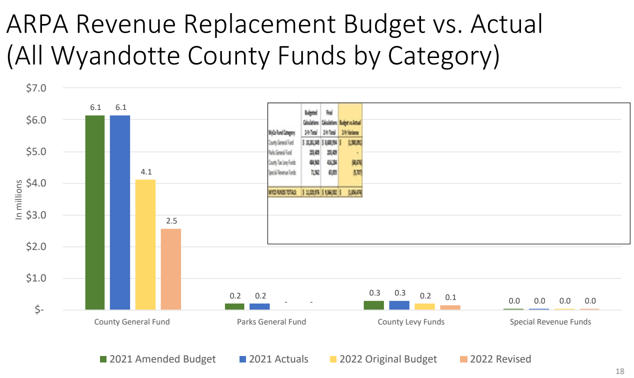


Moving on to just the General Fund and maybe I could go a little faster. Are there any questions on these? The big news today because I know a lot of you are very concerned about the General Fund and that's because all of them—the General Fund is roughly $251M projected for 2023, so the total budget is roughly—or revenue—total revenues are $395M and $251M of it is in the City/County and City/County Parks General Fund. All the remaining revenues are pretty much restricted for the activity for which they're collected, so the funds in this fund, you have a lot more discretion to decide how to allocate those resources in the coming budget season.

The following three slides are representing the entire 100% of the General Fund revenues and transfers, so you will see them all, but they're in different categories. Based on our revenue estimates, we're projecting that in 2023 you have about $6.6M in new money to spend as a result of all the growth rates I just talked to you about. So, comparatively without including the 2020, the current year Revenue Replacement Funds, which right now are going to be $6M across the three General Funds. If you excluded that, as if we aren't using or collecting that ARPA money, then the growth in new revenue would have been $12M, $12.6M. The reason I tell you that is because $6M doesn't seem like very much money in the grand scheme of things, but it's because it's a little bit skewed by the fact that influx—the influx of one-time money due to the Federal American Rescue Plan.

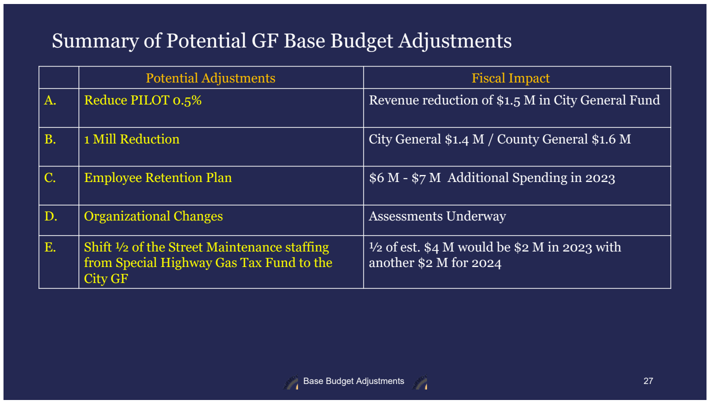
I also wanted to show down here that we have provided some information for you to kind of judge the revenue performance and so the first two years are actual. Those are the green and the blue and then the various degrees of orange are the projection or the budget. Well, actually no, it's got '21 actuals, so we have three years of '21 actuals here to give you some ideas. The reason we went back so far is for you to see how the revenues were before the pandemic and then after. I'm not sure if I'm going to go through each one of these, but how about I just answer any questions.

Commissioner Davis said thank you so much, Kathleen, you are thorough. As always, I appreciate it. Can we just continue to go forward on the slides and towards the end you will have a summary potential General Fund budget adjustments?



Ms. Harrison-Lee said that's exactly what I was going to ask to go to with permission of the Mayor. **Ms. VonAchen** said I do want to point out that you take this information home and study it because it will come up in the coming workshops. You'll be like, well, what about this and the other and remember that revenue presentation.

Commissioner Davis said absolutely. I still have a question. I just wanted to go to this and then add some commentary real quick. I think it's slide 27.



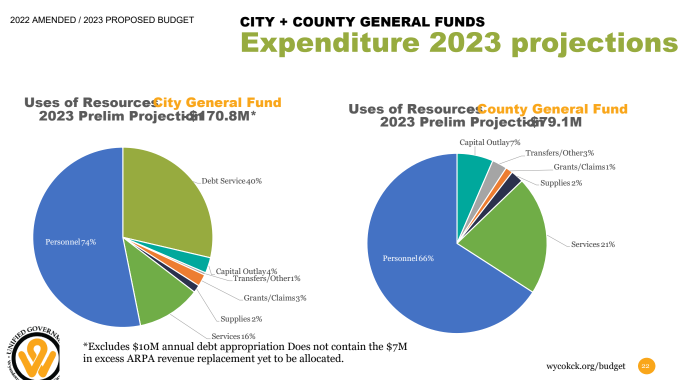
Summary of Potential GF Base Budget Adjustments

	Potential Adjustments	Fiscal Impact
A.	Reduce PILOT 0.5%	Revenue reduction of $1.5 M in City General Fund
B.	1 Mill Reduction	City General $1.4 M / County General $1.6 M
C.	Employee Retention Plan	$6 M - $7 M Additional Spending in 2023
D.	Organizational Changes	Assessments Underway
E.	Shift ½ of the Street Maintenance staffing from Special Highway Gas Tax Fund to the City GF	½ of est. $4 M would be $2 M in 2023 with another $2 M for 2024

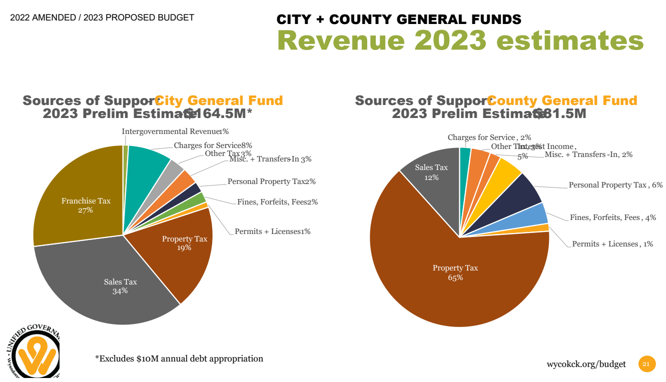
Base Budget Adjustments 27

I think these are great for us to explore. I think what we probably need is just a little bit more information on—without these recommendations—**Ms. VonAchen** said that's not my area—**Commissioner Davis** said oh, for sure. Okay go for it. **Mayor Garner** said she's going to get there.

Commissioner McKiernan said, Kathleen, as always I appreciate this, but I need time to sit with this and digest it and work it over and so I'm confident we will have more time so that I can take these 44 slides home and really look through them. I do have a question on slide 22.



The Personnel, the projected, I'm sorry, the projected uses of resources for City side add up to 140%. If you take the percent's around the pie, those numbers add up to 140%, so if somebody could send to me the actual percentage breakdown. On the previous slide…



everything adds up to 100% City and County side. On slide 22, everything adds up to 100% on County side expenses, City side is 140, so if you could let me know what that is, that will be part of my further study.

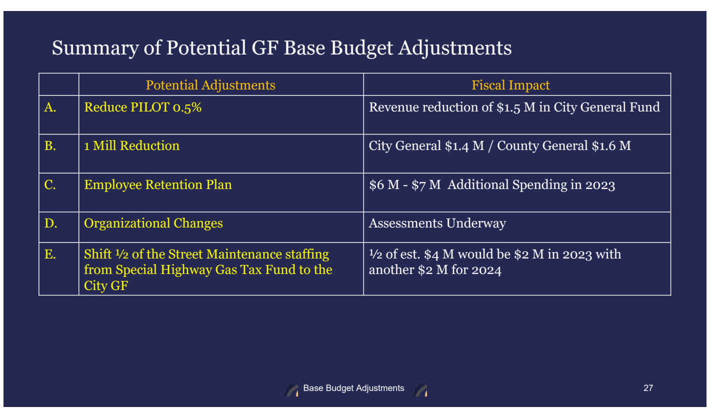
Commissioner Burroughs said you talked about the property taxes back in one of your previous slides that I show it being reduced on the delinquency aspect, but you only have a .25% reduction in '23. My question is, what is an industry standard for a city our size on property tax delinquency? **Ms. VonAchen** said it's usually around between 2 and 3%. **Commissioner Burroughs** said so we're still twice as high as our neighbors in property tax delinquency rate and I do commit to seeing that we have lowered that. We take an action on the State level as well as on the local level to allow local governments to do that. There's money in the percentages for this community and I think it's very important we start seeing what that percentage in dollars is really valued at. So, I would like to see if we can find the value of bringing this down a full percent and maybe set a target collectively as a body as to how we plan on reducing that delinquency rate to recoup those dollars that may help us reduce rates long term. **Ms. VonAchen** said just so you know, the delinquency factor I apply is the amount that I expect to collect in that given year's tax years assessment. But, if you own a property, you still owe that delinquency amount, so eventually we do collect it and that's another category of revenue that isn't reflected in that number that's collected and deposited in the respective operating funds. Those collections for delinquencies have been improving also, so you know, the rates going down, the level of collections for delinquencies, you know, prior year collections is going up, but the only way the taxes aren't recouped is if we write them off.

Commissioner Johnson said as you are providing that information that Commissioner Burroughs has requested, could you give us the trend of what's happened over the past five years because I think that would in terms of dollar amounts also because I that would tell a great story as well of how we've improved and where we're going. **Ms. VonAchen** said I would be happy to. The amount of delinquency we collect, it's deposited in the respective funds and if I remember offhand, it's roughly around $5 or $6M a year across all the funds.

Commissioner Bynum said to these points being made, correct me if I'm wrong, anybody who's here working on it, but SOAR has been addressing this very issue now for four or five years with success so we have a strategy and a plan in place that we've been working over multiple years to collect delinquent taxes and get these properties back into taxpaying. I think that's what kind of both the commissioners are talking about and I just want to make sure that we all keep in mind that we have a process in place right now that works. So, I hope we're continuing to pursue our SOAR goals and objectives.

Mayor Garner said I'm going to stop you Ms. VonAchen and turn it over to the Administrator.

Ms. Harrison-Lee said if we could go to slide 27 please so we can go to the commissioner's questions about the potential base budget adjustments



I'm going to quickly walk through some potential adjustments. There has been quite a bit of discussion among the Commission about whether or not to reduce the PILOT. One adjustment that you may consider would be reducing the PILOT. For every half percent you reduce the

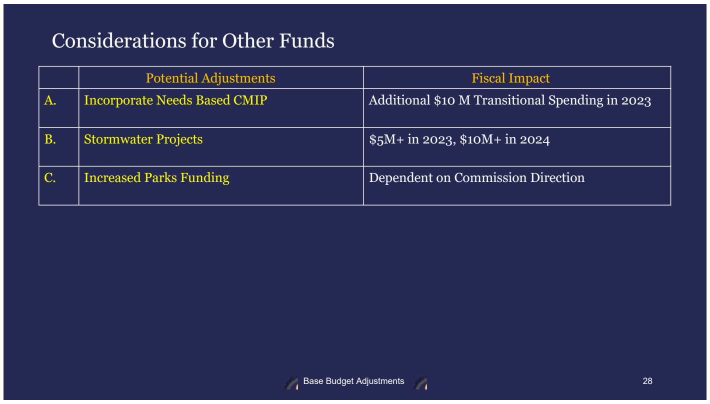
PILOT, the reduction to the General Fund would be $1.5M, so this gives you an opportunity. The way this is developed, this is developed so that we have a little bit of a cafeteria plan and you can give some consideration and pick and choose those items that you deem appropriate that should be adjusted. If you were to consider a mill reduction, a mill reduction would be $1.4M to the City and $1.6M for the County.

The Employee Retention Plan, heard from the Commission that they would like to invest in employees, retain employees. What does that look like? The components that you would look at if you're looking at an Employee Retention Plan, which many organizations best practices are now producing for their employees is what they call total rewards. If you're looking at that, you're looking at health adjustments, health premiums, looking at your Health Savings Account and looking at funding that at a different level, looking at providing a percentage match to deferred compensation for employees, looking at a pay in class study. Not only doing the study, but also looking at how you would implement that. And, of course, looking at the COLA for our General Fund employees as well.

The other item would be organizational efficiencies and changes based on the assessments that are underway. Next month the consultants will be here to provide you with insight on those assessments, so there may be some items that you would consider implementing as part of those organizational efficiency changes.

We also heard that you wanted to give some consideration to shifting some of staffing that you have from the Highway Gas Tax Fund to the General Fund. If you were to shift half of that estimated $4M, it would be $2M in '23 and then another $2M in '24. So, this gives you some opportunities to consider adjustments to the General Fund.

I'm going to also just quickly consider to provide for your consideration another fund.


Considerations for Other Funds

	Potential Adjustments	Fiscal Impact
A.	Incorporate Needs Based CMIP	Additional $10 M Transitional Spending in 2023
B.	Stormwater Projects	$5M+ in 2023, $10M+ in 2024
C.	Increased Parks Funding	Dependent on Commission Direction

Base Budget Adjustments
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Those items would include—last week you talked about looking at a Needs-Based CMIP which we would consider a fiscal impact of an additional $10M in transitional spending next fiscal year. Also, at the next work session we're going to talk about stormwater projects, potentially looking at $5M in '23 with $10M in '24 and then depending on your direction, last week was write checks for parks week. Great, so we've got depending on your direction, we will look at increasing Parks funding.

So, next steps, what we will be sending to you is our awesome Strategic Communications Department is going to be sending out a survey to get your feedback on some of these items. I am available to give you more detail and discuss them at your leisure and answer questions on them as well, but we'll be sending out asking for your feedback on some of these items and then at the next work session on the 16th you'll get the community feedback, we will have compiled all of the feedback that we've gathered from you as well as anything you provide on the 16th. Then, we'll talk about CMIP priorities and stormwater. That concludes the presentation, Mayor.

Commissioner Markley said I just want to say one thing and that's that I believe Kathleen said that just based on her projections, we have $6M extra dollars to spend, which is great, but you saw that list, all of those things cost a whole lot more than $6M.

Mayor Garner said I would just like to reiterate just as I had promised what you're seeing here tonight, for those watching, as we walk through this budget process, your Commission is given options that are being presented from staff and your Administrator and they are going to weigh in on some of these things that, hopefully, reflect the will of the people. At hand, what I've heard is taxing decreases, PILOT reductions, as well as making sure we hold the line on essential services and taking care of our employees. I believe that those are some of the items that you've heard from all of us, but when you talk about the costs associated with these, our Commission is going to have some hard decisions to make. This process is just beginning. Your Commission will continue to weigh in. I encourage our community to really be involved, touch base with your Commission, and be involved in these talks so your commissioners can hear from you so they can make informed decisions about what's best for Wyandotte County moving forward at least in this next budget cycle.

Commissioner Kane made a motion, seconded by Commissioner McKiernan, to adjourn. Roll call was taken and there were nine "Ayes," McKiernan, Johnson, Kane, Markley, Stites, Davis, Bynum, Burroughs, Townsend.

MAYOR GARNER ADJOURNED
THE MEETING AT 7:05 p.m.

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Monica L. Sparks
Acting Unified Government Clerk

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