
**OFFICIAL TRANSCRIPT
COMMITTEE OF THE WHOLE
JOHNSON COUNTY, KANSAS
THURSDAY, JULY 6, 2009**

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CALL TO ORDER AND OPENING CEREMONIES

A regular meeting of the Committee of the Whole of Johnson County, Kansas, was convened at 1:41 p.m. on Monday, July 6, 2009, and was called to order by Chairman Annabeth Surbaugh. The roll being called, it was found the following Members were present and participating; to wit:

1st District Commissioner:	C. Edward Peterson	Present
2nd District Commissioner:	Jim Allen	Present
3rd District Commissioner:	David A. Lindstrom	Present
4th District Commissioner:	Ed Eilert	Present
5th District Commissioner:	Douglas E. Wood	Present
6th District Commissioner:	Calvin Hayden	Present
Chairman:	Annabeth Surbaugh	Present

Also in attendance were Deputy County Manager Hannes Zacharias and Chief Counsel Donald D. Jarrett. Serving as Clerk of the Board, Casey Joe Carl.

GENERAL COMMUNICATIONS

THE CHAIRMAN: Good afternoon. The time is now 1:41 p.m. and we are assembled as a Committee of the Whole to discuss our proposed 2010 budget. Let the record reflect everyone is present.

COMMITTEE BUSINESS

Consider Final FY 2010 Budget

THE CHAIRMAN: We have several issues to discuss today. I think we all have been provided that agenda. I have had a death in my family and will not be present on Wednesday or the rest of the week. My hope is that we could round up the budget today and tomorrow, if at all possible. Mr. Neufeld, the floor is yours.

Scott Neufeld, Budget and Financial Planning Department, appeared before the Board and made the following comments:

MR. NEUFELD: I thought we'd start with the agenda. As the Chairman stated, where we left things on Friday, our intent was to make a run at finishing up today, and if not today, finishing up tomorrow. We went ahead and put together an agenda that allows for finishing today. Obviously we've consolidated a few things based on how many decisions are left and how quickly we've been able to go through the decisions thus far. Obviously if other things get added on or we have extended discussion, we could end up into tomorrow. However, I am fairly optimistic that if we can't get done today, we can get done tomorrow. Obviously there is a little more expediency now based on the Chair's remarks.

We thought we'd take a few minutes to update revenue projections. We have a couple of charts: Transit, where we broke out five-year information to take a little longer look and illustrate some of the points that were made when we discussed transit last month. We have some time set aside to go through the revisit list one more time and talk about state reductions. We have time left for a CARS (County Assistance Road System) discussion, courthouse land acquisition, and then finalizing the 2010 budget. We have asked the judiciary to be ready as early as 2:00 p.m. if we get going that quickly. I don't think we're going to get there that quick, but if we are moving ahead, they should be able to be here ahead of that timeframe, especially if we need more time for final decisions.

With that, I'll turn it over to Robin to start. Hopefully everybody has their handout. We've got a couple of revenue projections that we need to update you on.

Robin Cook, Budget and Financial Planning Department, appeared before the Board and made the following comments:

MS. COOK: I'd first like to go through our 2009 revised revenue projections. The 2010 projections at this point stay the same except for the assessed valuation, which I'll get into after the 2009 update. I wanted to go through some of our major revenue sources and some things that have happened. Mortgage registration fees, we had revised our estimate to \$13.5 million. At the current rate, we're actually expecting \$15.1 million. Therefore, that's good news by approximately \$1.6 million. Recording fees, we're expecting those to have a surplus of approximately \$300,000. For investment interest, we're expecting that to be the same as our 2009 revised estimate.

For motor vehicle tax, we're actually expecting a shortfall of approximately \$543,000. Interest on delinquent taxes, we're expecting \$600,000 for surplus. Then, for sales taxes, I wanted to first cover the top piece before I go into the sales tax adjustment below. For sales tax for local, public safety and public safety II sales tax, we're actually expecting decreases of \$500,000, \$298,000 and \$248,000. The use tax is actually doing a little bit better than we had projected, so that gives us somewhat of an offsetting piece of \$124,000, \$236,000 and \$204,000.

With that subtotal, where we thought we were, as of this morning at 8:00 a.m., we thought we were at approximately \$1.4 million in the surplus. We then called the state and talked to Steve Brunken with the Department of Revenue, and he gave us the unfortunate news that is on the next line, the state sales tax adjustment. We had heard that the state had actually been working with the entity who had overpaid their taxes to try and settle. Apparently that's not happening, so they're estimating that we will have an adjustment of approximately \$2.9 million sometime in 2009. This does not include stormwater. The stormwater adjustment is actually \$1 million. This is just what affects our tax support. The stormwater would affect their own projects, and they would have to adjust for that accordingly within their fund and within their project list. As of right now, we're expecting approximately \$2.9 million to be adjusted between the local sales use, public safety I and public safety II.

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Part of the reason why there is this adjustment is, if you'll remember at the end of last year, we actually thought that we were getting more than what we anticipated. We were somewhat confused by that and called the state and talked to them about it. We asked what was going on, and they weren't sure either. They thought everything was fine. They said they had talked to the entity, and they thought that they were reporting their sales tax correctly. We had assumed they were actually, instead of over reporting on use tax, that they had over-corrected, and now they were over-reporting on sales tax. We were assured that was not what was happening, and as of this morning, that is what was happening. Therefore, they are now readjusting for that as well. That's why this amount is so much higher, the \$2.9 million. We're hoping after this year that this issue will be addressed and we will not have this going forward.

Unfortunately, this does impact us. In total then for the year, we swing from a \$1.4 million surplus to a \$1.4 million deficit. That is just for 2009 revenue. Again, these are only our major revenue sources. Assessed valuation we do not have in here. That will probably come in a little bit higher just because we factor in a delinquency rate. Therefore, if that's lower, we'll see some revenue from that. We're still anticipating that we won't be in the red; we'll be fine due to expenditure savings and also other revenues that will come in. This is just for these major revenue sources that have an impact on the budget.

THE CHAIRMAN: Commissioner Peterson and then Commissioner Eilert.

COMM. PETERSON: Given the back and forth on the sales tax interpretation, are we comfortable with where it stands right now? Is there possible challenge? Is there reason to believe or reason to challenge their final conclusion here?

MS. COOK: No. Gayle in our office had called and talked to Steve. They had until June 17th to get all requested refunds submitted for those beyond one year. That's why we haven't heard anything until now is because they had until the 17th of June to get those requested and now they've been processing them. We don't think that there will be any adjustments past this amount. These are also the worst-case scenario amounts. He said it could be less, but it should not be more than this. Again, this is what we're hearing now, and we have had fluctuations before. However, we feel comfortable with these estimates as of right now.

COMM. PETERSON: These are appeals of sales taxes that were forwarded by collecting retail people?

MS. COOK: Yes. There was a business, and they forwarded sales tax information to the state. They actually overpaid on their sales tax. Now they have requested to have that amount refunded.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: The impact on the stormwater amount is how much?

MS. COOK: It's approximately \$1 million.

COMM. EILERT: Thank you.

MR. NEUFELD: Obviously with stormwater, with that being a dedicated funding source, we'll have to meet with those folks, and they'll probably have to take a little bit of time to figure out how they'll adjust for that. Obviously stormwater is not unlike CARS in terms of their multi-year projects. Sometimes there are monies with projects that end that can be dropped back to the bank. Therefore, we may be able to make some of that up, but we won't know until we meet with those folks and give them a chance to do some analysis. Obviously we'll return with that information as soon as we can, but it may be a bit.

MS. COOK: The other thing I would say is that I don't believe any of the other cities know about this yet except for the city of Overland Park. I think the State talked to them on Thursday. He said that he has not had time to get any of the information out. Just to let you know, if you happen to hear from cities, that's why they also are unaware of this.

COMM. EILERT: I have a followup question on this \$1.4 million. As far as the impact on 2009 is concerned, as I recall, because of the elimination of merit increase, pay plan adjustment, dropping or reducing the amount of positions in the budget, we came away with an additional savings of somewhere around \$4-5 million or \$6 million.

MS. COOK: Right. I think it was \$6.7 million or \$7 million. I'd have to look.

MR. NEUFELD: Like Robin said, when you factor in expenditure reductions, we're still in the black.

COMM. EILERT: Right. However, the \$6.7 million would have to be reduced theoretically at least \$1.4 million.

MS. COOK: As of right now.

MR. NEUFELD: All other things being equal, yes.

THE CHAIRMAN: Other questions?

MS. COOK: If we go to the next slide, this is the assessed valuation changes that we briefly talked about the other day. I just wanted to go through the detail of how the individual assessed valuation changed. For 2010 proposed, you can see the real property. We are actually expecting a negative

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2.461 percent decrease. The updated amount, we're at a negative 2.081 percent. For personal property, we had anticipated a 20 percent reduction, and that actually increased to 20.450 percent. Again, that's basically due to the M&E, the machinery and equipment legislation by the state. The utility property, we anticipated a five percent reduction, and it actually came in at negative 4.248 percent.

Therefore, the total assessed valuation, we had originally proposed negative 3.354 percent, and now that's been revised to negative 3.003 percent. Again, these have been certified by the County Clerk, but there could be some remaining appeals. Some minor adjustments always occur from July to October. In October is when they actually finalize the assessed valuation.

How that impacts our budget, the proposed estimate, we had a 23.165 mill levy with \$175.7 million in ad valorem revenue. Our updated estimate, again, we're leaving that at a 23.165 mill levy. That would bring in \$175 million. Therefore, we actually have an additional \$662,000 that we could add back into the budget and still maintain a flat mill levy.

THE CHAIRMAN: Commissioner Lindstrom.

COMM. LINDSTROM: That is including the revised sales tax assessments that we just got from the state?

MS. COOK: Those are for 2009. This is only for 2010.

MR. NEUFELD: Those were retroactive based on prior year activities. We didn't re-calibrate 2010 because they were really one-time fixes to the extent that we know of so far.

COMM. LINDSTROM: Thank you.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: In reference to sales tax and other fees, it looks as though for 2010, we're still in a favorable position from what was previously projected.

MS. COOK: Yes. We have not changed those.

COMM. WOOD: Because of the assessed valuation, we're actually \$660,000 to the good in projections.

MR. NEUFELD: Yes.

COMM. WOOD: How comfortable do you feel with those projections?

MR. NEUFELD: On the assessed valuation? Generally what we see when the Clerk finalizes the tax roll is that there is a change because we actually tax for a certain amount of ad valorem, and then the mill levy is set based on what we tax in the budget. Generally the change is 0.001 to 0.003 mills between July and October. There have been a couple of times where it was one less decimal point, but in general, it's in the one to three one-thousandths of a mill, is what that change is between July 1st and October.

COMM. WOOD: That's my recollection of our experience.

MR. NEUFELD: It almost always changes, but that's generally it.

COMM. WOOD: Very good.

THE CHAIRMAN: Other questions?

COMM. WOOD: You guys have been doing a rain dance for money, huh?

MR. NEUFELD: Well, it's always interesting on the assessed valuation. Some of those, we get information and it's kind of like peeling an onion with real property. Paul gives us numbers and we sort of estimate what the appeals are going to be. Obviously our decrease in assessed valuation was much better than other places, but it was still down, so we didn't know what that would mean in terms of appeal. Therefore, it was kind of a weird year to guess on appeals. However, then if you look at personal property and we had a 20 percent change, the first number that we projected, and it ended up at 20.45. That's pretty close, especially when you consider it's a pretty big decrease. Then, we've seen a lot of volatility with utility too. Luckily the ones that are volatile are the smaller pieces. We were pretty pleased that it was that close, and obviously we were pleased it was to the good.

The next set of charts is for Transit, if you want to turn to those. We wanted to illustrate a couple of things. I will say that we've met with the folks at Transit. I believe they are all present, and the Transit Council is here as well. As far as format, the plan was to bring back a little bit more information on transit so we could discuss it. We tried not to inundate with too much detail, but we wanted to look at a couple of things. This first chart has a base budget in blue. What that is is the normal amount of County support and base revenues that Transit would have in the five-year model. They are projecting some expenditure increases with the terms of their contract and fuel over the next five years that would create a shortfall, even if we didn't expand services. Obviously, we had shortfalls throughout the County budget because the reserves projections are not real stellar, especially with assessed valuation in the five-year model right now. Therefore, the burgundy or red area is the shortfall just to keep the wheels turning – as opposed to the lights on – for Transit at the current level of service.

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The next level is the expanded operating. The last level is the expanded capital. Obviously it's all money, but you can see that with this, it's kind of a steady ramp-up in operations in their five-year plan that they've requested. However, there are spikes and drops with the capital, which obviously makes sense when you're purchasing buses to expand the number of routes. Therefore, we wanted to break that out so you could get a feel for what's going on. Obviously with the capital, sometimes there are better opportunities for federal funding, and obviously one-time funding is more appropriate for those. We wanted to show that break-out so you could get a feel for it. We had a lot of numbers kicked around in their five-year model, and it's pretty easy to get lost. We thought this was one way of looking at it graphically that was a little easier to get our arms around. This is their total plan that they requested – all their RARs (Request for Additional Resources). We can see that the work is cut out for us just with the shortfall is there. Then with the expanded, you are talking about something that then you can use about \$8 million per mill as far as an ad valorem impact on the operating piece.

The next chart, the blue and the burgundy are the same thing on this one. What we did on this one was, we asked Transit to do an estimate. I think Alice would probably put about three to 10 caveats on that as far as what those grant funds would be in the out years. It's very difficult to know what that would be. However, we really wanted to give the Board an idea of just their best guess on how much outside funding that would be. Some fees from the fare boxes, but mostly grants, would be in that blue column, that other County support. You can see in terms of the County support requested over the next five years with all of the RARs put together, it comes up to these numbers.

This was our attempt to try to bring the five years into focus. We obviously, at a staff level, irrespective of the need for expanded service, have pretty strong concerns about the shortfall piece. We wanted everyone to understand that that's something we're going to have to tackle, which is similar to what we have to tackle with the overall County budget. Obviously we have numbers along those lines, exponentially bigger for the whole county.

This was the information we put together. We had a couple of meetings. I hope this is helpful. Obviously, without doing a full Committee of the Whole, it's hard to cover every single angle and every single way of looking at it. However, this was our attempt to give the Board a feel for, if we completely adopted and funded the five-year plan for Transit, what it would look like in terms of County support and total expenditures and just the break-out in a couple of those different ways. That's all I had on that. Like I said, I understand that there are any number of things we could have put together. We tried to keep it simple.

THE CHAIRMAN: Commissioner Peterson.

COMM. PETERSON: Just so that I understand, looking at the first table, the dark blue portion would represent what we already have in the budget for Transit?

MR. NEUFELD: Right. Ostensibly that's covered with our current revenue schema and projections.

COMM. PETERSON: The burgundy and the yellow would be additional money that we would need to come up with to fund the first year of the five-year plan.

MR. NEUFELD: Right.

COMM. PETERSON: That's necessary just to keep it at current levels next year.

MR. NEUFELD: Right.

COMM. PETERSON: Then in the following year, we've got some additional capital, so we're looking at about what, \$14 million in the following year that we need to supplement?

MR. NEUFELD: Right, exactly.

COMM. PETERSON: On the second chart, is the light blue on here money that we anticipate getting from grants?

MR. NEUFELD: It would be grants and fare box. It's several different things. The majority of that is grants, though.

COMM. PETERSON: If we are looking at 2011, then their expectation is that there's \$2.3 million of the difference that would be made up through these sources?

MR. NEUFELD: Like I said, the expectation or probably projection or best estimate would be the best way to frame that.

COMM. PETERSON: It's not money in the bank, but there is no anticipation of additional funding there in 2010 over and above what we've already got built into the budget.

MR. NEUFELD: Not at this time. Historically, we do know that there are times where Alice has come back and been able to secure federal funding. That's not unusual. I think there is not anything on the horizon specifically that they're counting on, but that has happened obviously historically. We've republished quite often.

COMM. PETERSON: Thank you.

THE CHAIRMAN: Commissioner Eilert.

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COMM. EILERT: Scott, perhaps some reminding or explanation in 2010, the \$3.5 million in addition to the \$500,000 operating, run that by again. What was that money requested specifically for? As I recall, it was for the BRT (Bus Rapid Transit), Metcalf, Overland Park, Mission, Shawnee Mission Parkway, *et al.*

MR. NEUFELD: Right. The biggest piece of that was \$2.05 million, the 75th Street/Metcalf/Shawnee Mission Parkway, which is slightly over \$2 million on that one; there's about \$150,000 for Local Link expansion with Edgerton and Gardner; \$750,000 for elderly disabled service or SWIFT (Sheltered Workshop Industrial Fixed Transit); and \$508,000 for passenger amenities, capital and operating expenditures. That hopefully totals. This is a separate printout, and I didn't do the math on that. That was one that I had from Alice.

COMM. EILERT: I'm not sure whether this is the point to ask the question, but I will anyway. Midway this year, I believe it was, we laid out an expanded service to Special Edition of about \$133,000, which was not included in the County Manager's recommendation. In visiting with Alice, she said that most of that money was provided by grants, *et cetera*, and some money from JCDS (Johnson County Developmental Supports). At the appropriate time, that's one issue that I'd like to have discussion and review. I think we should continue that level of service in Special Edition.

Second, we talked about this \$3.5 million a week or two ago. Have we had any conversation with Overland Park and/or Mission officials to see where they're at as far as this overall funding is concerned? It's my understanding that Phase 1 of the study is in final edition; Phase 2 to be completed sometime mid year next year, which will give us more guidance as to exactly where things need to go, and whether they're prepared to fund any portion of it or not. Have we had any discussion like that?

MR. ZACHARIAS: I have not. I'm not sure if Alice has or not. I would defer to her to see. I don't believe Scott has either.

MR. NEUFELD: No.

Alice Amrein, Transportation Department, appeared before the Board and made the following comments:

MS. AMREIN: We have had several discussions with the City. The city administrator of the city of Mission is here. He may be able to answer for the city of Mission. The general information that we got back is that this is a great precursor to development and redevelopment in the area. This is one strategy to begin those items to develop and redevelop those areas. It is also the precursor that we need to begin operation if we're going to look for federal funding at the level of \$240 million for a BRT application in that corridor. That's a major investment in that corridor, and one of the stipulations is that, on a regular basis, you have to have 3,000 riders in that corridor. Today we only have about 600, so part of the strategy of beginning service in that corridor was to get our numbers up to make us eligible for that funding. Mike Scanlon is available if you'd like a direct answer from the city of Mission.

COMM. EILERT: As far as a longer-term strategy, it makes sense. My question is, is the strategy going to be implemented by the entities, i.e. County and the cities, in 2010, 2011 or 2012?

MS. AMREIN: Commissioner, that's a chicken-and-egg kind of question. We have to begin showing an increase in ridership in the corridor to be really eligible for that kind of a level investment by the federal government. The cities have indicated that they will help and be a partner with the County on this service. However, what that partnership looks like today, we haven't really finalized that yet.

THE CHAIRMAN: Commissioner Lindstrom, Commissioner Wood and then Commissioner Peterson.

COMM. LINDSTROM: Scott, you mentioned the makeup of the \$3.5 million. One of those items was \$508,000, but I didn't get the details on that \$508,000. What was that for?

MR. NEUFELD: I believe it was passenger amenities. It says passenger amenities, capital and operating expenditures.

COMM. LINDSTROM: Really the shortfall for Transit is \$3.5 million and the \$500,000, so it's a total of \$4 million. Is that right?

MR. NEUFELD: The \$500,000 has been accounted for already. It's the \$3.5 million on that. I should have clarified that earlier.

COMM. LINDSTROM: As I do my spreadsheets here, does the Transit request for 2010 include the \$3.5 million?

MS. AMREIN: Yes.

COMM. LINDSTROM: Okay. Thank you. That answers my question.

THE CHAIRMAN: Commissioner Wood and then Commissioner Peterson.

MR. NEUFELD: Hannes is passing out the sheet that had the verbiage for each of the requests that I read through briefly a moment ago.

COMM. WOOD: To recap so I understand, passenger amenities of \$508,000 are to complement the bus rapid transit on Metcalf, which is requested to be funded at \$2,050,000 roughly.

MS. AMREIN: That is correct.

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COMM. WOOD: The other \$1 million of the \$3.5 million is for what?

MS. AMREIN: Seven hundred fifty thousand is associated with the Special Edition service expansion, and about \$150,000 for the Local Link service.

COMM. WOOD: The Special Edition, I made a note on my budget book, and I'm not sure what that note was supposed to indicate. Of the \$750,000, I think my note indicated that to maintain existing level of service, you would need additional funding, but to expand the service, you would need the \$750,000.

MS. AMREIN: The expansion and the maintenance and service are all included in the \$750,000.

COMM. WOOD: Right, but to maintain service, am I to understand that to maintain the existing level of service, you would need roughly \$171,000?

MS. AMREIN: It's actually about \$205,000.

COMM. WOOD: If you don't receive that \$205,000, you're indicating that there would be a reduction in service.

MS. AMREIN: That is correct.

COMM. WOOD: That would be primarily occasioned by reducing service on the weekend.

MS. AMREIN: No. The service expansion that we started this year was additional service for the Sheltered Workshop Industrial Fixed Transit for JCDS. That added about 13 hours of service.

COMM. WOOD: Please help me a second here or you're going to confuse me. I'm just asking what it would be if you don't get the \$205,000, what would you be cutting out?

MS. AMREIN: We will be cutting 13 hours of service out of SWIFT and basically six hours out of Special Edition every day.

MS. COOK: Alice, of the \$205,000, is \$131,000 only County support? That was my understanding, was that the County support was actually \$131,000, not \$205,000.

MS. AMREIN: The total expenditure we would need in our budget is \$205,000. About \$130,000 is associated with a grant and fare box revenue. Forty-five thousand is associated with our transfer from JCDS. Therefore, the balance would be County support funding.

COMM. WOOD: The balance of the \$205,000?

MS. COOK: What would be the County support?

MS. AMREIN: The additional County support required for 2010 would be about \$30,000 over what is already in our base budget.

COMM. WOOD: That's because the balance of the \$205,000, \$40,000 or so is from the fare box and the other \$130,000 is from a grant?

MS. AMREIN: Yes, that's correct.

COMM. WOOD: Scott, is there some reason this \$30,000 wasn't put in the Manager's budget?

MR. NEUFELD: The more we talk about it, the harder it is to come up with a good reason why it wasn't. Seriously, I think that one of the difficulties with this one was the changes in the service levels, and it was all combined. I can't say for certain, but my best guess is if we'd had it delineated a little better, we probably would have covered the maintenance piece. I don't have a whole lot of heartburn with additional support to the extent that we can afford it. Obviously, \$30,000 in terms of \$200,000 and maintaining, that's generally things that we try to fund. It was mostly a difficulty with it all being lumped together.

COMM. WOOD: Please justify maintaining the existing service level for the SWIFT or Special Edition service that was expanded to include Saturday and Sunday and the six hours during the week. How many people are using the bus?

MS. AMREIN: On the SWIFT service, Commissioner, that was an additional two routes that we added. That is not going to be Saturday or Sunday service. That is Monday through Friday service. We are transporting between eight and 11 individuals on each of those routes. Special Edition, we anticipate an additional two people per hour of service. That's about 12-14 trips that we can accommodate with those six hours.

COMM. WOOD: During the week.

MS. AMREIN: Those would be on a weekday basis.

COMM. WOOD: What about the weekend, what is happening now on the weekend?

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MS. AMREIN: We are doing no service on the weekend.

COMM. WOOD: What do you anticipate would be the utilization on Saturday and Sunday if you expand?

MS. AMREIN: We anticipated for budgeting purposes or estimation about 1.75 people per hour. About two people per hour is what the national average is for Special Edition service.

COMM. WOOD: Do you have any local statistics that would support that request?

MS. AMREIN: No, we do not, other than that this is one of the areas that we have received most of the requests for expanded service because people don't just have Monday through Friday employment opportunities. They are looking for Saturday and Sunday opportunities, and it would give our disabled and elderly community users more of an option for other employment opportunities if that service was available in that timeframe.

COMM. WOOD: I would certainly be supportive of restoring the current service so as not to have cuts during the week. I would be more supportive of expanded service for Saturday and Sunday if I had some better indication as to how much that service would be utilized. Since I'm not, the compromise position for me would be for you to document, or for us to put that requested additional requested amount in the budget, but not your budget. Between now and the end of the year, you document to the best of your ability what numbers would be served. Then we would revisit to decide to put it in your budget or transfer it to your budget or not. That's my position. It may be no one else's, but it's mine.

On the Metcalf, I know we need to start somewhere. As I said before, I'm willing to consider putting that similarly in the budget, but not your budget, until we have something firm from the cities that would benefit from this expanded service. If I remember, it's not just Mission and Overland Park. I can't remember where it was. Intra-county commuter express, I think that's the one or is that a separate item?

MS. AMREIN: The 75th Street is the other corridor that is part of that strategy.

COMM. WOOD: You have that marked as priority number one. The Metcalf one is number four. I'm interpreting that because you've placed that priority on it, that there is yet a time to develop that priority, number four priority on Metcalf. However, you would like to begin with your first priority, which is the 75th Street one, which actually benefits six different cities. That's the one I'm talking about, the \$1.9 million, putting money in the overall budget, but not your budget, until we have firm commitments through an interlocal agreement with the cities to define the partnership. I'm not going to micro-manage what that is. I'll just simply review what you do. If I like it, fine; if I don't, then you won't like it.

An interlocal would define what that partnership would be. If it meets with the Board's approval, then we would kick it loose. If not, then we'd have to wait another year and see what happens. I think we need to move forward, but at the same time, there's a whole host of things that ought to go hand-in-hand with this. One is the partnership with the cities. Two, we're in the process of setting up the Vision 2030 or 2040 committee. I think that committee could speak very well to this issue, and also on a long-term strategy, this county doesn't currently have the financial resources that we can dedicate to this five-year plan or 10-year plan or whatever. Something has to take place. I think that vision committee can be very instrumental in helping us to achieve what is in Johnson County's best interest, especially along the lines of going green and transit. That's the best I'm going to do this year.

THE CHAIRMAN: I have a request for Mr. Scanlon. Would you be willing to come forward and make a few comments? Then I can see Steve Klika is barely sitting still, so you'll be next.

Mike Scanlon, Mayor of Mission, appeared before the Board and made the following comments:

MAYOR SCANLON: I'll give you the Mission perspective in a minute and 30 seconds. We started a visioning in our community, broke it into three separate sections – East Gateway, downtown, West Gateway. Within the materials provided by Transit, it talks about the East Gateway and West Gateway Plan. Part of the West Gateway Plan was to involve our neighbor, Overland Park. Overland Park participated in our West Gateway Plan. I believe they liked the planning process well enough that they chose the exact consulting group that we used to do Vision Metcalf. As they started to formulate Vision Metcalf, a lot of the transit components that you saw in the Mission East and West Gateway Plan were rolled into Overland Park, but it was an Overland Park version of a BRT using Metcalf.

We're probably a year ahead of Overland Park. We already have identified four potential stations or BRT locations within the city of Mission – southwest corner of Nall Avenue and Shawnee Mission Parkway, as well as the northwest corner of Nall Avenue and Shawnee Mission Parkway. We are relocating Capitol Federal Savings right now that's on Johnson Drive, and it will be relocated to Nall Avenue and Johnson Drive as another transit corridor there in the East Gateway. Then in the West Gateway area, we've already identified properties, either one we own or are working with a developer to develop a station there.

In terms of an investment being made by a community for a BRT system – and I have one of my council members here – my council has sort of already endorsed that plan, and they've already made the purchases or they've set aside the property so that you can develop a BRT that's east-west starting at Metcalf and heading toward the Plaza.

THE CHAIRMAN: Commissioner Wood, did you wish to ask a question?

COMM. WOOD: Mike, did you read the *Sum* newspaper's article last week regarding the Metcalf Plan and what the University of Kansas architectural staff has commented on?

MAYOR SCANLON: Yes.

COMM. WOOD: What's your reaction?

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MAYOR SCANLON: If I remember what the KU (University of Kansas) thesis was, it was that the expansion of commercial retail to the south, and they picked Overland Park as the example, would end up creating competition for the redevelopment of the Metcalf corridor. I think if you went to any metropolitan area in the United States, you would see that either second or third [inaudible] suburbs, as that commercial development occurs, it does pull from the center. I would also argue that if you look at where transit has been successful, it has been in corridors that look more like Metcalf then, I would say, look like Swope Park and Main in Kansas City. If you're actually going to try to produce a public transit system that would be successful, it would look like that Metcalf corridor.

COMM. WOOD: Which comes first, the chicken or the egg?

MAYOR SCANLON: The analogy that I give to people is, if you look at the growth of Johnson County, we don't put houses before we put streets. We put streets in first, and the houses follow. I would make the same argument for public transit. If you were going to have a dense corridor and you were going to use mixed use development and form based code, which Overland Park is talking about and working on right now, that you're going to have to put in that transit corridor in order to ignite that mixed use development. The developer says, "I'll build the density, but if I don't have a public transit component, where I'm getting eaten up is in building parking garages." Therefore, if there is not that public transit component, if I were a developer, I would be hesitant.

COMM. WOOD: Has Mission - and if you can speak to Overland Park - taken the steps toward making mixed use development along Metcalf and Shawnee Mission Parkway compatible with the developer's needs?

MAYOR SCANLON: Within our community, we have a four base code that's on the west side, which dictates form. It gets away from the discussion of how property is zoned. Therefore, it's creating the vision of what the citizens want the community to look like and build to the vision and not build to the use. When you talk with developers, and I will tell you that there is a bias. If you're talking with an east coast developer, and where you actually see a lot of public transit, they understand mixed use development. Where you find areas where there's not a lot of mixed use development or density, they tend to have a suburban growth pattern that they follow. For developers here in Kansas City, a lot of this is new, and it's one of the things that we're constantly educating developers on. I think probably our best partner, believe it or not, is the Home Builder's Association in terms of they're promoting cities to get to a denser development pattern.

COMM. WOOD: I would interpret the difference between east coast and here as a matter of necessity versus convenience. In other words, on the east coast, it's kind of hard to build out; you've got to build up, whereas here, it's just a lot easier to keep on spreading out. That mindset has got to change. I don't think there's anything genetic between people who live on the east coast and people who live in the Midwest. However, the mindset needs to be changed as to providing additional opportunities or options. People are going to keep on spreading out if that's what we keep building.

Therefore, the political leaders, the elected officials, the staff need to provide that alternative. My concern is that we're trying to force that change before it's ready, that there are some other things that have to take place to facilitate this new or this other alternative lifestyle. I'm ready for it, but we do need to look at what works and when is the timing. The question to you would be in reference to the 75th Street/Metcalf/Shawnee Mission Parkway service line - Is next year the time, or is that premature?

MAYOR SCANLON: For us, next year would be the time. We're actually moving businesses. We approved the Capitol Federal plan, the preliminary plan in April. They'll have a final plan before us in July. They're looking at a ground-breaking relocation of their site sometime in the beginning of 2010. Their building would actually become available. That is one of the sites we're looking at to put in transit. You're right - you need a framework of participation. What are cities going to do in order to build this spine? I think there's probably two or three possible north-south spines, one being I-35, one being Metcalf Avenue, and one possibly being Roe Avenue, which becomes 18th Street Expressway. I think that we are willing as a community, and the Council has already shown it, to step up and set aside the land, and also, within our capital improvement budget, set aside the money to build the transit stops that will accommodate not only the development, but the transit system itself. We just happen to be a little ahead of everybody because we started the demolition of Mission Mall three years ago.

COMM. WOOD: What is the harm if we put this off a year?

MAYOR SCANLON: I think the harm probably comes in the ability to leverage any investment that's been made to get the federal dollars, because I think what you're going to find is a lot of cities trying to compete for this BRT and fixed guideway system money that's being made available currently. My fear is that you get two or three years down the road, my guess is the amount of federal money that will be available has to reduce simply because you can't keep generating trillion-dollar deficits.

COMM. WOOD: What happens then? Let's say we go for it and we get it, we've made this investment, and three years down the road, the federal government says, "Thanks, you're doing a great job, but there's no more money."

MAYOR SCANLON: I think it's what you said maybe 15 minutes ago, which was that, you said you didn't see the funding source to pay for this. I think it's going to require the cities and the County to come together and identify a funding source, because you cannot do transit on the back of your general fund budget. You don't have enough money.

COMM. WOOD: I think you make some fine points. I first of all commend Mission for being in the vanguard. Anyway, I'll restate my position. I would favor putting it in the budget and then waiting to see what develops before we actually cut loose with the spending of it. However, at the same time, during these economic times, I'm not in favor of a dedicated funding from the mill levy. This is put it there, see what you can come up with, if you get the grant, then we go forward. Then we find out the funding on an ongoing basis. I hesitate to give carte blanche to spend \$2 million to

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expand service in the hopes that you're going to garner some kind of a federal grant, which obviously in three years, or something in that neighborhood, is going to evaporate. We need a more dedicated financial resource for this to be viable on a long term basis.

THE CHAIRMAN: Mr. Peterson has a question for you Mr. Scanlon.

COMM. PETERSON: Like Commissioner Wood, I appreciate your comments. You've been involved in the discussions that we've had to date with our congressional leadership. What is the sense of the timing that you get as to when the federal money might be available?

MAYOR SCANLON: There are applications which are being made jointly currently between Johnson County Transit and MARC (Mid-America Regional Council) for a big, what I would call block of money that basically becomes available after September. As you go forward, and if you look at the Federal Highway Administration and their direction to KDOT (Kansas Department of Transportation), these regulations are being promulgated, which is that state highway departments need to dedicate more money to public transit. There's a finite amount of public transit in Kansas. I think creating the opportunity to get that money is important, and I think we have the ability to do that.

COMM. PETERSON: That opportunity is boosting the ridership and expanding the routes that we already have. We need to do that to be in position. Is that right?

MAYOR SCANLON: Correct.

COMM. PETERSON: My second question is, I know this is kind of an open-ended situation right now, but what would be your view of the relationship or partnership that would take place between the counties and the cities as we try to move this forward? What would be the County's role versus what would be the cities' role?

MAYOR SCANLON: If I got to be Transit God for a day, it would be nice for the County to take responsibility for whatever we call the spine of the system. I think it's incumbent upon the cities to become responsible for everything that feeds those spines. I think for the cities that are along that spine, they probably have to contribute a little bit more because they're going to benefit from more development and redevelopment over time. Therefore, it seems natural to me that those that are along the spine have to contribute a little more. Whether it's land, whether it's changing their CIP (Capital Improvement Program) plan to get the streets the way they need to be in order to accommodate it, I think you're going to have to see something like that.

I will tell you that, as a community, we have already tried to start taking the steps to identify, how do you fund transit in a city of Mission, 10,000 people? Therefore, on Wednesday, we'll be considering a transportation utility, which is a lot like a stormwater utility. The amount of money that we're trying to collect would finance transportation within the corporate boundaries of Mission and hopefully have a little bit so that when the County says, "Mission, because you're on the spine, you have to pay a little more to participate," we have a revenue source available to us to participate. As I would say, we keep moving down the line a little further.

COMM. WOOD: Can you give me a thumbnail explanation of a transit utility? How does that work?

MAYOR SCANLON: Are you familiar with a stormwater utility?

COMM. WOOD: Let's assume I'm not.

MAYOR SCANLON: The most important remember, in a transportation utility, no property is exempt. You assess a per unit – and a unit is a piece of property – based on the intensity of transportation from that property. An example is a single family resident who has a two-car garage, you would come up with a standard for a two-car garage house. You would say that on average, there are six trips made from a single residential property. Each trip is, let's say a dime a day. Therefore, in the case of a single family residential property, that's 60 cents a day over a 30-day period. Eighteen dollars a month would be the transportation utility. That's how much they generate.

The good news is the federal government is not exempt from paying a utility fee. Therefore, in the case of the city of Mission, what do you think one of the larger users of our streets is? It would be the United States Post Office there at Broadmoor. The next would be Target. The next probably would be the County, and we will send a very polite note with the bill. You assess it based on usage.

COMM. WOOD: I have that concept.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: Mike, you're very perceptive on a couple of counts, time wise and another comment you made, that there is no money in the budget. Therefore, if we were to go this way, somebody is going to have to pay more probably than what they're paying now. As to the study that's being done and the timing of this study, as I understand, the first portion is in final edit. What will that tell us? Secondly, the second phase of that study, what will that tell us?

MAYOR SCANLON: The first phase was, basically, if you were to create a public transit opportunity on the Metcalf/Shawnee Mission Parkway corridors, what would it look like? We went through all the various versions of bus systems all the way up to the best and highest fixed guideway system, which would be light rail. When you looked at all the options and you looked at the constraints of Metcalf Avenue as well as Shawnee Mission Parkway, we settled back to a BRT because BRT can take on multiple configurations through the corridor. Sometimes it can be center lane running, being in the center of the street. Sometimes it needs to be at the curb, depending where you are in that corridor.

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Therefore, in that first phase, we identified BRT as being the best option and sort of disqualified all the other things that could be considered. That gets you to the point where you can start thinking about how you would implement a BRT system, which is phase two, which is, if this is the preferred alternative, how do we implement this preferred alternative over time? The second phase of the study I think addresses some of the questions that you raised earlier in terms of you have a plan, but if you don't know how to implement it, are we maybe ahead of the game in terms of spending money. I think what you're going to find is that part of Metcalf Avenue will be a lot easier to do. Parts of Shawnee Mission Parkway and Johnson Drive will be easier to do. Then we're going to have places where we're going to have to make concessions and make the existing street system work.

I think when we start stepping through that implementation phase, we'll also uncover some of the land mines I think we all know are out there in certain portions of that corridor. That implementation I hope will create the framework for how you finance it, not only in the capital in the beginning operations, but how do you finance it long term, because to build a public transit system, then in 10 years there is some city administrator from Mission saying you're not putting enough money in to pay for the BRT system that goes through my community, doesn't do the county any good and it really doesn't do the communities any good.

I do believe a partnership that looks similar to SMAC (Stormwater Management Advisory Council) would be really beneficial, in that if you remember the history of stormwater problems, they don't stop at city boundaries. Probably the best example for those that have been here awhile is the Roeland Park/Fairway debate over whose water it is. The same holds true for transit. When the bus leaves Overland Park and travels east through Mission and then through Fairway, then through Missions Hills to the Plaza, Westwood, it doesn't stop in one city. Therefore, I think it's getting all the cities to participate in the discussion of how transit works within the county.

COMM. EILERT: One last question is, assume completion of phase two and it's a bus rapid transit, is the concept that you go "boom" and put in that bus rapid transit system, or do you take that in steps, i.e. a traditional bus service on these identified corridors so you can build up the ridership; you don't just jump into the bus rapid transit immediately, do you?

MAYOR SCANLON: I think what you're going to find is that if Overland Park follows the plan that I've seen so far, which is that they're taking their notes for transit along Metcalf Avenue, and they're going through a design guideline process right now, which I think they're about at the end of. If I remember right, they got another federal grant to do their form based codes in those same nodes. What will happen is that, as those nodes redevelop, you're going to start placing that BRT system in there in order to both promote the density and accommodate the density. I think what happens is, in some places it will just go "boom." You need to be able to accommodate that redevelopment activity when it happens. We're seeing that along what I would call Johnson Drive/Shawnee Mission Parkway in Mission.

COMM. EILERT: Thank you.

THE CHAIRMAN: Mr. Klika, did you wish to comment?

Steve Klika, Johnson County Transportation Council, appeared before the Board and made the following comments:

MR. KLIKA: First of all, I do want to express some appreciation to the folks that are here on behalf of transit. It seems like we pick up folks from all parts of the county on the different issues that we're wrestling with on transit. To Mike and your team from Mission, I do appreciate the commitment that you've made. Basically I know this is a tough issue. I know it's a question that we're wrestling with from finances from one end of the county to the other, whether it's municipal, school board or county. In the area of transit, one thing that we've got to stay focused on is that the basic concept of transit is to move people. One of the areas that we're trying to move people is get them to jobs. We can put the labels on that it's an economic development program, we can put on the label of environmental or however you want to put it, but transit covers all those bases as we try moving. We can say there's never a good time to start, or there may be a better time to start two or three years from now, but the fact of the matter is, basically, for a county like ours, we are already behind the times.

Commissioner Wood, I do appreciate your questions very, very much. I have no problems if you want to agree to having some of these funds put in to get some more oversight into it and make sure that the steps are being followed. That is correct. There are a couple of things that I did want to comment on relative to the demand service for the elderly and handicapped or the disabled and the handicapped. One thing that Transit has been very cautious on is giving false expectations. The moment we start putting expectations out there, we will get bombarded by folks. You know that we've had to wrestle with Special Edition and those services for a long, long time. Therefore, we have not gone out there to give any type of expectation at this point. However, once we signal to that, we could have a storm that we may not be really prepared to deal with down the line.

COMM. WOOD: Let me interrupt a second. One of my concerns is that once we start something, I don't want to stop it the following year. That's what's happening with the Special Edition for the expanded service that we began last year for this year. If all we're talking about is \$30,000 to maintain what we've started, I can't imagine why we wouldn't do that. To continue on, because I think the statement is correct that there are other job opportunities that aren't confined simply for Monday through Friday, but I would like more information on that. That's why I said maybe the prudent thing to do is to put it in the budget and then revisit that before we actually spend it.

MR. KLIKA: As chairman of the transit board, we are subordinate to you all. We have no difficulties in working with you on that. When we start dealing with Metcalf Avenue and 75th Street, that is a real break from the past. I have to call attention that, for some reason, as chair of the transit board, I'm supposed to always keep this visionary hat on and at the same time try to balance that with a certain amount of reality. I have to sometimes put my school board hat on and knock my head against a few walls here. The reality is, I have to look back to some of our forefathers here in this county, whether it's been in Overland Park when we built the office park on College and Antioch and Corporate Woods, when we've done other things, we've taken risks and gambles.

COMM. WOOD: That was private sector money. This is taxpayer money.

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MR. KLIKA: There was also public sector involvement in that all the way through.

COMM. WOOD: Yes, but the real risk was the private investors.

MR. KLIKA: When we gamble somewhere, we take the risk on this. We try to do so in a very professional way and with a certain amount of foresight in doing this. A question was brought up relative to Mr. Scanlon, kind of the chicken and the egg and what's going to happen. I will tell you that on BRT systems that are being built around the country, we're finding that initially some of the plans that have gone – FTA (Federal Transit Administration) requires the most conservative plan, conservative estimates when you go before them to try to get the federal funding. What they're finding day in and day out – and Minneapolis is a good example – is that the conservative members question why they're even doing it, and all of the sudden, the system gets up and running, and it just blows them out of the water. The federal government is going through right now a process of changing some of those requirements. Again, it's a timing issue for us to kind of get moving on.

With all of that being said, I can't tell you enough how much I do appreciate the support. I know it's painful, as with all the other issues that you're dealing with. I think we're at a crossroads here to try to open up some opportunities for the future. Madam Chair, thanks for the time.

THE CHAIRMAN: Mr. Neufeld, I don't remember us setting aside money that was being held for something in the general budget. I don't remember that. How would that work, what Commissioner Wood is suggesting?

MR. NEUFELD: We've done it for specific things. We've done it before with Elections; we've done it with prisoner boarding for the Sheriff. I'm not sure it makes as much sense on this other than it's a starting point.

THE CHAIRMAN: How do we designate it if we do that?

MR. NEUFELD: It would really depend on how we made our decision. If the plan was that we were going to fund it unless conditions weren't met is a little different than we just want to tap reserves in case something comes up. It's a little bit of a different thing. This is more of a prescribed plan that we will not do if conditions are not met, as opposed to Brian Newby getting hit with a couple of extra elections, or the ADP (Average Daily Population) rising and the Sheriff needing more prison boarding money than what was planned for. That would probably be the difference from how we've handled it in the past. For the most part, we've tried to make accommodation in case of things as opposed to, we're planning on doing this unless we're not happy with staff or with a plan or something, and then we're not going to. Therefore, on this particular one, I would be reticent to necessarily go to that methodology, although we could.

Once again, if it's more of we're going to do this but for something going wrong, it's hard for me to imagine Alice dropping the ball on that, so I would assume we're going to go forward, and I would want a funding source to be planned for in the budget, whether it is a five-year spend-down of reserves or some sort of revenue as opposed to just tagging reserves in case.

THE CHAIRMAN: In the case of the elections, we were mandated to do that.

MR. NEUFELD: Yes.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: My thought happens to be along the lines of (a) we set the money aside, and we would spend it when all the affected cities enter into an interlocal agreement with the County that specifies, perhaps as Mike Scanlon was pointing out, that the County would pay for the spine, but any connecting service, the cities pay for or the city service they pay for. If that's how the partnership works out, terrific; then we spend the money and go forward. However, we're at least signaling by earmarking reserves for that purpose and allowing the budget to reflect it, so you don't have to come and amend the budget in order to spend more money.

MR. NEUFELD: One thing I should have added – and I apologize for this - is the other difference is that those were general fund departments, so we were looking at general fund reserves. We would need to either make a transfer to Alice's reserves or her operating budget to fund this. Her funding source beyond grants and fare boxes is the general fund. We levy in the general fund to make a transfer for accounting purposes how her fund is designated. That would be the other reason not necessarily to do things in the manner that Commissioner Wood has suggested. We would have to go through a formal budget re-publication for Alice and the subject awaiting timeframe and public feedback.

COMM. WOOD: If you would put it in her reserves, you wouldn't have to.

MR. NEUFELD: That's correct, but that was different than what you said.

THE CHAIRMAN: Commissioner Peterson and then Commissioner Eilert.

COMM. PETERSON: I want to follow up on Commissioner Wood's suggestion, that if we were to use reserves, what would we be doing, taking general fund reserves that are currently here and allocating those for expenditure in the Transit budget for 2010? I'm not necessarily advocating that; I'm just trying to clarify.

MR. NEUFELD: If you left the mechanics of what Commissioner Wood wants to ultimately have happen, the mechanics would probably be that we would budget a transfer of reserves from the general fund into the transportation fund for 2010. Then we would then have a second decision point about whether or not we made the transfer and did not move the money from reserves into her operating budget as a result of the trigger or the transfer itself. I don't really like to budget a transfer unless we fully intend on making it. Therefore, that would be my preference. However, there

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would be two potential decision points. One would be the transfer over, and then the movement into revise Alice's budget. We can revise budgets at the Board level without doing a re-publication if the money is already in the reserves. Therefore, that would trigger off an agenda item. That would be my suggestion.

COMM. PETERSON: Is there \$4 million that could be transferred now without impact on all of our reserve requirements?

MR. NEUFELD: Absolutely not. Later in the conversation, we've brought back the general fund information. We had some comments last week with regard to library fund balance and general fund fund balance and wastewater and several other things. Therefore, we've brought back some of the information from the overview. It's stuff you've already seen. We can cover that. We do have reserves above our requirements. We have a five-year plan that shows a draw-down as we go through this tough recession. We also have growing budget deficits that we need to balance separate of any new expenditures. Therefore, the answer is yes and no. Technically the money is there above our minimum. We have pretty much most of our money planned for in the five-year model.

Lastly, it's been said before, but using one-time funds to startup expanded service leaves you with a very high probability of a headache should you choose to not continue the service.

COMM. PETERSON: That leads me to my comment. I think there is a need for a long-term discussion for funding this service. I don't think when I look at the numbers that we show out by 2015 that it's realistic to rely solely on mill levy for all that. I think that's a conversation that the entire community needs to have, including the partners that we'd be developing with the cities and others as we go along. On the other hand, I don't think we can wait for that scenario to play out. That's probably going to require legislative work, so we're probably looking a few years out before that resource would become available. I think, following up on your comment that we need to make a commitment for a period of years here, a couple of years anyway, that would create the funding that we know is there for the transit. Perhaps we could supplant that later with an alternative source that gets developed. I don't know whether you want to have that conversation now, or you want to wait until we finish other budget items. In my mind, this is a parallel conversation to the overall budget conversation.

MR. NEUFELD: Yes, and I was thinking about that as you said it. Right now, we have state reductions and the revisit list next up. We've provided fund balance information with that. I guess my preference would be that, we've had a lot of discussion about transit and there are a couple of different themes emerging. I think one of the things that we could do is work through the revisit list with the smaller dollar items and see if we can achieve some consensus on some of those items, and then see how much support there is. I sense a certain amount of support for the \$30,000 to maintain the SWIFT levels. I wrote down what I would call an RAR here, which is a subset of the one request. Then we could move from there.

My preferred order of business would be to settle on all the ongoing decisions, and then circle back. Therefore, if there is not support for increased mill levy for transit, then I think we could finalize the rest of the revisit list. The other items we have are a CARS discussion and courthouse land acquisition, which are one-time issues because CARS is a deficit. It's over two years, but it's a one-time situation. Obviously the courthouse land acquisition is one-time because it's a capital project. Like I said, it seems like we've had about as much discussion as we can until we get to finalizing the budget for transit.

THE CHAIRMAN: Mr. Zacharias.

MR. ZACHARIAS: I wanted to reinforce some comments that Scott made. If there is a desire from the Commission to put in \$3.5 million of reserve funding for this activity, I can appreciate that. However, I think, as Scott said earlier, our policy is to finance ongoing operations with ongoing revenues. Therefore, we would probably interpret that, as you'd talk about in 2011, as wanting to either reduce the general fund expenditures by \$3.5 million or increase the mill levy by that amount of money. Keep that in mind, that that is going to be part of our track record. We're going to have to keep that in mind. Ongoing expenses; ongoing revenues.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: I want to follow up on what Commissioner Peterson suggested. Are we talking about a one-year or multi-year?

COMM. PETERSON: My thought – and this is just me – is that we ought to look at a two-year period and deal with the first two years. However, I don't know where the rest of the Board is.

COMM. EILERT: AGAIN, I think it's appropriate to remember that our five-year financial plan, our undesignated reserve drops from \$72 million to \$32 million by the fifth year. That \$32 million represents 12.5 percent of our expected budget. Therefore, if we take \$3.5 million or even \$7 million, then we have to draw down that reserve even further. Currently, we're showing about a \$15 million deficit for that fifth year anyway that we're going to have to make up somehow. Therefore, this would push that deficit at least up to \$22-23 million. I think we need a broader discussion of the impact before we make that kind of decision.

THE CHAIRMAN: Commissioner Allen and then Commissioner Wood.

COMM. ALLEN: Thank you. Being on the transit committee as advisory representative of the Board, I support this and follow the logic that Commissioner Peterson said. In my personal opinion, it's time to step up to the plate on this transit issue, for a lot of reasons. I understand how difficult the economy is and the implications of that. However, I just think we need to have that discussion, and as a Board, we need to have a very detailed discussion on this. At the end of the day, it's going to require probably a dedicated revenue source for this, i.e. mill levy. We just need to see as a Board if we're ready to make those commitments and move forward.

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A lot of it is timing and what's going on in Mission and Overland Park and possible federal funding that's available. It's a very critical time. Unfortunately, again, I know the economy and the mill levy, but we need to see if we have the support of the Board to move on on this. Personally, I'm ready to move on and make a commitment on it. However, I'm just one of seven people up here.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: If I understood Commissioner Peterson, he's talking about \$4 million.

MR. NEUFELD: Three-point-five. Well, \$3.5 million the first year.

COMM. PETERSON: If you add them together, you come up with something like about \$15 million, that \$14-15 million we need, assuming the grants. Right?

MR. NEUFELD: Yes.

COMM. WOOD: Timing is everything, and I have some real problems with that long term of a commitment. I'd like to see some pieces in place that demonstrate, as I've said before, community support. What that means is the cities need to step up and tell us what they're willing to do in conjunction with what we do. However, for the long term, we need a commitment from those who say in our public survey of county services that they're all supportive of transit. I think 94, 92, or 96 percent of them all say that, but only six percent say they have ever ridden the bus, and half of those don't propose to ride the bus on a long-term basis.

Therefore, that's a mixed signal - Buses are all great for somebody else, but I'm not going to ride the bus. The real test of the pudding, in my opinion, is, are they going to support it with resources? I'm not going to support public transit with a mill levy. I mean, I'm willing to start the ball rolling with reserves and transfer it to Alice's budget and let things develop with the cities and let things develop with a long-term permanent resource in terms of a sales tax. If the voters are so adamant about transit that they're willing to impose a tax on themselves, then so be it. I applaud the effort. However, I don't believe that my constituents have elected me to arbitrarily and unilaterally support raising the mill levy for this purpose.

Finally, this brings into further question - What are our priorities? This is a high priority for the viability and sustainability of our community long term, but we have had other priorities that are past due. One of those is a new courthouse. That new courthouse has been on the list for over 10 years now, and that would require something I think on the order of spending \$18 million a year for the next 20 years or longer. I can't remember the exact dollars, but \$20 million a year for capital and operating expenses. I think that is a priority because that's a required service. I think making a commitment for expanding transit service that goes from \$15 million a year to \$60 million a year impedes our ability to do the courthouse, and in light of what the federal government is doing to us, may be a shock to our residents economically that they can't sustain.

Therefore, I think this is a little premature. I'm willing to go out on a limb a little bit, but I'm not going to commit to doing something that requires ongoing dedication of mill levy support for transit.

THE CHAIRMAN: Mr. Neufeld, I'd just add my comment that I'm very concerned about using reserves and what our total reserves amount is, which means I would like to have the complete discussion before we come back to this for that reason. That's my only comment. Commissioner Peterson.

COMM. PETERSON: I have a question for Commissioner Wood. Would you agree to the expenditure for two years if it's limited to two years subject to having agreements with the affected cities, and at the same time, we'd also be pursuing alternative revenue streams through legislative action if necessary?

COMM. WOOD: I think for 2010, I've set out the parameters to put \$2 million into Alice's reserves, and if the cities make sufficient progress entering into an interlocal agreement with the County, then we would cut loose with that \$2 million and allow for that \$2 million to be an ongoing commitment funding by our resources and not permanently out of reserves. However, if they don't come forward by the end of next year, then those reserves would carry over to the following year until we get an actual game plan going, because I can see the 75th Street corridor as being a critical piece in providing service, whether we expand it throughout the whole county or not. However, it's within the geographic area where it is needed.

At some point, to get beyond that, there's got to be some other things take place. I think, just for discussion, the 75th Street corridor and the expenditure for 2011, we need to either fish or cut bait; we either do it or we don't. However, not doing it means the cities don't step up and come up with a formula or agreement. I'm not saying that Mr. Scanlon's proposal is the correct one. Maybe it's 50/50 all the way around for everything. However, we need a game plan and not a wish. A vision is nice, but we need some hard thought-out plans on how we're going to get there.

THE CHAIRMAN: Let's proceed to the revisit list.

MR. NEUFELD: We had two things on that section. We had revisit list and review of the state cuts. I thought I would go ahead and do the state cut portion first. Megan Laha from the County Manager's Office and Danny Lentz from my office have put some of that information together for me. I've got it in an e-mail. Ostensibly right now, we don't have any bad news, which is akin to good news when it comes to the state budget. What we found out over the weekend is that a few of the departments have checked in with us, and I don't see anything on the list that affects them as of yet. There was a \$30 million Department of Transportation revenue change, and we did hear from the state that it does not look like any of that would impact the county.

At this point, we would just be waiting for some of those two percent cuts to various agencies of the state to be passed through possibly to us. However, none of the initial first blush looks like it's going to impact any of us yet. Obviously there are a number of departments that have got those two percent reductions, and we could see some of that. For now, tentatively, we're in good shape. We had two or three things that we were running down on Friday, and so far it doesn't look like any of those are going to be a direct hit. With that, we'll just have to wait. That's really all I had on the state, which is kind of the proverbial no news is sort of good news sort of thing. That's where we stand right now. It's as good as it could

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be at this point. With that, we'll go to the revisit list. I thought I'd get the easy part out of the way and have one small timing victory before we move on. I really shouldn't have said how optimistic I was about going quickly today. It was probably the kiss of death.

On the 2010 revisit list, what I wrote down on the bottom was, for Transit, is maintain SWIFT. I put that the department revenue/reserves number on that was \$175,000. The ongoing expenditures were \$205,000. The one-time expenditures were zero. The net property tax increase was \$30,000. Those aren't exact numbers; I was trying to do math in my head as Alice spoke, but that's what I took away from that. I think that's fairly close to where we would be on that.

If you look at the district attorney position for \$44,000, the mill levy impact is 0.006. That \$30,000 would probably round to 0.004, give or take a thousandth of a mill levy. I would just add that to the line if that's okay with the Board. I got the feeling we at least had two or three folks that were interested in supporting that, although we didn't really go down the list. What we've laid out on this is department revenue/reserves, ongoing expenditures for the one-time expenditures, and property tax impact. Therefore, as we go through these, I think there was pretty strong consensus to fund one more time the economic development programs. I believe all seven commissioners wanted to keep that on.

THE CHAIRMAN: Let's go down them one at a time. Does anyone have any change in that? I believe we had seven people.

MR. NEUFELD: The next one was the district attorney position. I believe that was six or seven commissioners that were also supportive of that. That's a state funded or grant funded position where the grant funding has gone away. There is a mandate in that area and a pretty serious workload.

THE CHAIRMAN: Comments on the district attorney's position? Is everyone in favor of it? Is anyone not in favor of it? Okay.

MR. NEUFELD: The next one is Senior Care Act funding. We had a pretty good conversation about that. There was also quite a bit of support for this one for \$108,000, which would go ongoing into Human Service's budget going forward to make up for a state reduction. I think there was pretty good support on that one as well. I don't have my notes in front of me of what the count was.

THE CHAIRMAN: We expect this to be indefinite. This is not coming back.

MR. NEUFELD: Not anytime in the near future, from what Debbie said.

THE CHAIRMAN: Not in our political life time?

MR. NEUFELD: Well, the economy could get better. It could happen.

THE CHAIRMAN: Okay. Does anyone have any problem with that? Is anyone against putting that in? Okay.

MR. NEUFELD: The next one is the Library collections budget. We did put together some information on fund balances. If you'll look on your computer screen or flip to, it says "Page 12" in the bottom corner, it's about four pages forward in your handout. It says multi-fund use of reserves. We've highlighted the library there. That is where the five-year forecast has the library. I wanted to focus on that. Robin did a spreadsheet after that that we can go through.

This just shows that the Library, since staff did not propose the use of reserves and fund this collections RAR, we showed that in 2010, we'd leave the Library operating fund balance at 8.8. As a part of the greater five-year model, we'd spend \$218,000 a year to get down to five percent at the end of five years. That's just what was in the proposed budget and is the proposed model, so that's the starting point. Then, if you turn one more page, you can see that Robin updated that. To get down to five percent, if we used that money in 2010, it will leave \$157,000. That's roughly \$61,000 per year, is the difference. Obviously that's a bigger impact if it's held specific to the Library than if it's countywide. That gets to be a policy decision at the onset about mill levies by taxing district. We usually have that conversation every year. Countywide, obviously \$61,000 in terms of the entire budget is a much smaller fraction than it is with the Library.

The next slide after that is the one that I had Robin put together. It's just to show you 10 percent, five percent, and then where the use would take it. They are currently projected to be at 8.8 percent, which is about \$1.9 million. This use of fund balance would take them to \$1.66 million, which is 7.6 percent. You can see that \$1.1 million is five percent. I just wanted to frame it a little bit for our discussion.

The last thing I would say is that one of my rules of thumb – and this is not really anything other than just our perspective at the staff level – when things are okay with the economy and a department comes up with what looks to be a good use of taxpayer dollars on a one-time basis, if it's not going to shoot them past the midpoint between the high and the low, in this case 7.5 percent, we're usually supportive if it meets our criteria for a good expenditure of taxpayer dollars. Therefore, this not being in the proposed budget for the Library is for a couple of reasons. We're not in strong economic times. That's one. Secondly, in the proposed budget, their mill levy did go up almost a 10th of a mill. With the new valuation, all things held equal, it should be about 0.085 mills, but still almost a 10th of a mill.

Therefore, that did not bode well for the next five years, so we were reticent to spend them down to the halfway point, knowing that especially if the Board changed the parameters last year and said each taxing district needs to be held constant, they would be in quite a bit of difficulty. I believe that 0.085 mills for them is at least \$450,000 or \$500,000. If they would have been held constant, they would have had to cut another \$500,000 this year, which obviously shows you where we could be over the five years and why we were more conservative than we typically are for a funding piece for collections, which has kind of been an ongoing request. We've tended to fund this one-time more often than not. Those are the parameters that were a departure on the staff recommendations. I wanted to frame that and put those numbers together.

Like I said, part of this is a policy level discussion. Absorbing \$61,000 countywide is a little different than absorbing it in the Library. It's markedly different if we move to a constant mill levy for Library over the next four or five years.

THE CHAIRMAN: Why are you offering the suggestion of using it from reserves in a five-year plan as that slide back before this?

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MR. NEUFELD: This goes back to the overview. This is not library-specific. If you scoot back a couple of slides to the FY2010-2014 multi-year projections, what we did was took a look at what is it going to take over the next five years with our revenue projections to keep a constant mill levy. We really divided it up between use of fund balance and budget reductions. We said, what does it look like if we make a run at a constant mill levy and the economy doesn't get better? Therefore, in that model, what I told Robin to do is on these outside funds that are general operating funds, go ahead and spend a fourth of the excess fund balance over the next five years. Obviously with the general fund, we spend it down – not all the way down to 10 percent, but to 12.5 percent. Obviously the general fund is on the hook for a lot more things, and I would be considerably more concerned to take it all the way down to the minimum than the outside funds because there's not really any bailout for the general fund. That was the thought process behind that, and that was the dollar amount that took the Library down to the minimum over the next five years.

THE CHAIRMAN: Commissioner Lindstrom and then Commissioner Wood.

COMM. LINDSTROM: Was the amount, the \$244,000, in the Library's requested budget?

MR. NEUFELD: Yes. They requested funding for that. Obviously Donna would be extremely pleased if you raised the mill levy to fund it ongoing. However, they did say they would be happy with having the ability to spend that one-time and then see where they stood next year. That's how we've handled it in the past.

COMM. LINDSTROM: I'm going to assume – and Donna, you can just shake your head – that the library board approved that. Okay. Scott, my next question is, if this is approved under the plan that you just prescribed, would this require, in your estimation, an increase in the Library's mill levy on outgoing years, safe with their reserves?

MR. NEUFELD: Of the total countywide constant mill levy, we would probably look at either an increase for the Library that we made up somewhere else, or I believe if they don't have a certain amount of growth, we're probably looking at reduced hours. I think when we looked at budget cuts for various departments, we couldn't move much further with regard to their budget reductions without getting into hours. They developed a plan with their board about which days it made the most sense and which locations, and they did quite a bit of analysis on that. We asked them a lot of questions about what made sense. I think those are the options – a higher mill levy for the Library or reduced hours.

I don't know that we can avoid that decision set next year either way. It does take away a little bit of flexibility, though, or a certain amount of flexibility. Obviously, as you can see, they do not have a lot of money above their minimum, but they do have almost \$1 million. This year we raised the mill levy, or the mill levy increase was probably about \$450,000 to \$500,000. Therefore, that could get us through two more years all things being equal, which obviously they won't.

COMM. LINDSTROM: Thank you.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: Since last week, I've reflected on this request. I have decided for myself that I will not support this request because, as Mr. Neufeld has pointed out, in light of the increased use of the library and the impact of what the reevaluation would have on the library, we've adjusted their mill levy so it would add the second funding level. Correct?

MR. NEUFELD: Right. The staff proposal would be that they have the same amount of ad valorem as in the proposed budget, which would make their mill levy increase I believe 0.085 instead 0.09.

COMM. WOOD: Because of that, I think that it's efficient. I would like to say otherwise, and the reason I don't is because we have yet to receive all the possible impacts of a decline in the commercial real estate market, which does not bode well, and which may mean the 2011 budget will be even more severe than the 2010. Earlier this year, I applauded the library board for being very aggressive in coming up with three scenarios. We have mitigated the impact of even their lowest scenario of fund reductions. I would rather keep this \$245,000 in their reserves to offset what I anticipate is more dramatic effects for 2011, and then revisit the use of fund reserves for the Library. In other words, the Library's fund reserves for their 2011 and subsequent years.

I'm sure this will not sit well with my appointee, who has talked to me repeatedly about the need for collections. However, if Donna finds other ways to fund the collections, then I support it. However, I am very concerned about spending the reserves this year and possibly being faced with having to spend more reserves yet the following year, despite the fact that we're slightly raising their mill levy so that they are almost held harmless from all the other departments in county government.

MR. NEUFELD: They did have reductions.

COMM. WOOD: I know, but they're almost held harmless. I'll rephrase it. Their impact is less dramatic than some, probably at the bottom of the list of being impacted, is how I view it. If that's not correct, then please tell me.

MR. NEUFELD: In terms of percentage of budget, their percentage was lower than some. We tried to look at cutting as much as we could without impacting services substantially. From that standpoint, it's a little harder call. It's pretty subjective, irrespective.

COMM. WOOD: Are they worse off in their funding levels for say collections? In the past we've given them one-time use of reserves to fund collections. Is this worse off than norm?

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MR. NEUFELD: Obviously in the past they've had one-time. Their base funding was there, but inflation does have an impact on that. That would get into a calibrated answer as you go down the different categories and what inflation they're seeing.

THE CHAIRMAN: Commissioner Lindstrom has to leave, so I'm going to interrupt so that he can make some comments. We'll come back to you. Commissioner Lindstrom has given me his position on the revisit list. Do you wish to make any comments with regard to the CARS and the courthouse discussion before you leave?

COMM. LINDSTROM: I don't know where exactly the courthouse discussion is going to go, but my understanding is that we're going to be asked to make a commitment to earmark some funding for the land. My understanding was that because it was going to be downtown Olathe, that the city of Olathe was going to, at least in previous discussions, pay for that. If that has changed, then I am not in a position to allocate or support a \$9 million purchase of land in downtown Olathe.

THE CHAIRMAN: We don't know that they're going to pay for it in total, but they intend to be a participant. I don't know that we have a commitment at this time. Is that right, Mr. Waters?

COMM. LINDSTROM: My understanding was that it was going to be 100 percent paid for by the city of Olathe, the land portion of that, in our initial discussions. If that has changed, that's news to me. That would be my comments there.

COMM. WOOD: That was our wishful thinking, that they would give it to us.

COMM. LINDSTROM: I was not led to believe anything differently than that. Then, as it relates to the revisit list, you have that. I will support the County Manager's recommendation as it relates to the Library and Parks, and I would support the request for the auditor.

THE CHAIRMAN: What about CARS? Do you have any comments on that?

COMM. LINDSTROM: I would like to see CARS maintained at the same level that we've had in the past. However, I do understand that we have financial constraints. My inclination would be to keep CARS as they were in the past.

THE CHAIRMAN: Thank you.

COMM. WOOD: At \$15.4 million?

COMM. LINDSTROM: I don't have the number in front of me.

COMM. WOOD: It would require additional mill levy support.

COMM. LINDSTROM: I'm not interested in raising the mill levy this year.

COMM. WOOD: Fifteen point four million would require additional mill levy support.

COMM. LINDSTROM: As I said, I'm not interested in increasing the mill levy this year.

THE CHAIRMAN: Thank you. Commissioner Wood, if you wish to continue.

[Commissioner Lindstrom left the meeting.]

COMM. WOOD: I was only going to point out, in reference to the courthouse, is that the only people that have talked about the city of Olathe giving us the land has been, from what I've heard, the people on this dais. One of us, namely me, has tried to dissuade that notion. The evidence of that not being totally contemplated is that our prior CIP list has \$11 million set aside, or \$9 million set aside for land acquisition. That's like paying almost 100 percent of it. The city of Olathe has already spent \$8 million to acquire roughly two-thirds or so of it. They've got another \$4-5 million yet to spend. Not all of what they have spent is for our benefit; it's for their benefit. All I'm suggesting is we're looking at \$4-4.5 million as our contribution for land acquisition for a courthouse.

THE CHAIRMAN: We're on the Library, Commissioner Wood. Commissioner Eilert.

COMM. EILERT: Scott, in looking at this Library fund balance, the 1.098, does that reflect just one year of \$244,000 reserves or a multi-year use of reserves?

MR. NEUFELD: The 1.098 just reflects what five percent would be. I'm sorry, we're at 1.932. If we funded the request, it would take it down to the \$1.66 million or 7.6. That would simply be in 2010 spending the \$240,000 or so one time. Then if you backtrack one, that would leave for the remaining four years in the five-year forecast, the \$157,000 per year to get down to the five.

COMM. EILERT: The County Manager's recommendation is for one year. Is that right?

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MR. NEUFELD: The County Manager's recommendation was not to fund it in 2010. Therefore, this discussion is about the Board putting it in because it's not in right now.

THE CHAIRMAN: I have a question. What is the past history? We have funded this through this methodology how many years? Is it five years back?

MR. NEUFELD: I'd have to look. Donna may know off the top of her head. I'd have to dig through the spreadsheet here.

Patricia Suellentrop, Library, appeared before the Board and made the following comments:

MS. SUELLENTROP: I believe we've done this for eight years. I think there were a couple of years in there where our base budget was adequate and we did not have to ask for use of reserves. We did for the 2008 budget and 2009, and then again this year.

COMM. EILERT: My second question has to do with the suggested mill levy increase. What does that represent dollar-wise, that 0.085 or what-have-you?

MR. NEUFELD: It was 0.087, slightly rounding.

MS. COOK: Five hundred sixty-three thousand.

COMM. EILERT: Therefore, the recommendation is to increase the mill levy to give them that much additional money.

MR. NEUFELD: Right, by the 0.087, which was the Manager's proposed and is irrespective of this one-time request.

COMM. EILERT: Thank you.

COMM. PETERSON: I'll support the addition of the collections budget on a one-time basis.

THE CHAIRMAN: Anyone else want to speak up? Commissioner Lindstrom left that he would support the Manager's proposed budget, which would not include this. Does anyone else have comments?

COMM. EILERT: I would support the one-time.

COMM. ALLEN: I would also.

COMM. WOOD: I would support it only to the extent of \$150,000.

THE CHAIRMAN: I will support it this time, but I think the Library is going to have to analyze how they deal with the collections issue. With the mill levy increase and doing this, I guess I'm saying yes today, but maybe not next year.

COMM. WOOD: The problem is, next year it most likely could be worse.

THE CHAIRMAN: I understand that.

COMM. EILERT: I think also I'd like to understand a little bit more what the impact of this mill levy increase would be. I was unaware of that with all the reductions we've done.

THE CHAIRMAN: They're the only one that is increasing. Isn't that correct?

MR. NEUFELD: They're the only taxing district that is increasing. The short answer is that we bring forward folks' base budgets from year to year. Sometimes there was one-time funding the prior year that drops off, or there is a CIP that's rolling in. However, ostensibly, we bring their budget forward, we re-estimate salaries and do all those kinds of things. Then this year, we asked people for three levels of targets and we looked at service impacts. When we got done doing that, and what was a consistent service impact based on what the Library turned in, we did take some reductions. However, then after that, we calculated the mill levy. Obviously if we'd had a total county mill levy going up, we would have gone back and got tougher with the cuts. We were able to do that, and that equation at that point was a mill levy increase. However, it was more based on, here's their base budget, here are the reductions that are similar in terms of impact to other departments. That's kind of how that worked out.

COMM. EILERT: Is that then offset somewhere else?

MR. NEUFELD: Yes, in the County taxing district.

MS. COOK: The County taxing district and the Parks and Rec have also decreased.

COMM. EILERT: Last year there were some up and down but overall it remained the same.

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MS. COOK: The Library did reduce \$304,000, so to actually maintain a flat mill levy, they would have, in total, had to reduce \$867,000. That obviously would have meant service reductions.

COMM. EILERT: I understand. Thank you.

THE CHAIRMAN: I think we're good with that on a one-time basis.

MR. NEUFELD: I think we got to four on that, as I recall. The next line on here is the staff auditor. We've had quite a bit of discussion on this one. Commissioner Lindstrom chimed in, so I'll turn it back to the Chair.

THE CHAIRMAN: He was yes on it. Other comments? Commissioner Wood.

COMM. WOOD: I'd point out that Mr. Carl has pointed out that our FTE (Full-Time Equivalent) that Board position has would actually allows for the expenditure of a few bucks more to hire an Auditor II instead of just of an Auditor I. They're virtually the same. I think it's another \$4,000 or \$5,000, something like that. I would request that that be an Auditor II position instead of the Auditor I.

THE CHAIRMAN: Mr. Miller, would you come up and speak to the cost of that change?

MS. COOK: Could I just clarify? We reduced that, and we reduced the position in the Board's office, so we've already taken out that funding.

COMM. WOOD: I know that.

MS. COOK: Okay, so you're saying using part of the – but leaving the part of this?

COMM. WOOD: I'm just simply saying that that position is worth equal to or in excess of an Auditor II position. Therefore, I'm requesting that it be an Auditor II instead of an Auditor I because that person would have greater experience and utilitarian value to the organization. Can you tell us, Mr. Miller, what that cost differential is, or what the actual cost would be?

William Miller, Office of the Auditor, appeared before the Board and made the following comments:

MR. MILLER: I'd have to go back and get the numbers. I don't have them with me at this point.

MR. NEUFELD: It's approximately \$10,000, \$9,600, \$9,700.

THE CHAIRMAN: Mr. Miller, do you have numbers on projected savings from audit positions based on salaries? Are they earning their keep?

MR. MILLER: Yes, they are. We have a series of levels of efficiencies, hard dollar savings, cost calculations that we use. When you look over the five years we've been here, the average cost efficiency or savings – this whole wad of money that we deal with – is around \$457,000 an audit. We've done 16 audits, but it's skewed. It's really more than that. In my calculations, it's over \$1 million, which includes the \$9 million in that medical care access reserve fund that we questioned. Taking that \$9 million out because there's some disagreement on that, we still came down to \$457,000 per audit on average. Some audits accounted for more of that money than others, so the average doesn't really say every audit was that. However, if you put the audits up against the efficiencies that we've reported out, it comes down in the neighborhood of \$457,000 an audit.

THE CHAIRMAN: What are we paying for in staff to get that?

MR. MILLER: I should have those figures but I don't have them.

COMM. WOOD: We're only talking about \$9,600 more for an Auditor II as opposed to an Auditor I.

THE CHAIRMAN: Commissioner Hayden.

COMM. HAYDEN: Mr. Miller, after you conduct your audit and you recommend changes, who implements those changes?

MR. MILLER: The agencies and departments that the recommendations are made to.

COMM. HAYDEN: Do you guys oversee them to make sure that they're done?

MR. MILLER: Our quarterly recommendation/implementation report, and we report back to the Board quarterly. We go out to each department where they've agreed to implement a recommendation. They come back and tell us on their implementation schedule. Each time, that report is brought to the Board. Some of those have been completed and implemented; some are still in process. We follow these until the end, until implementation has been done.

COMM. HAYDEN: What about if a department doesn't have adequate personnel to complete the tasks that are assigned to them?

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MR. MILLER: I can give you a rundown of what we've found. Sometimes that is the case. However, what we're finding when we go out and look in these departments is basically things that they're required to do that they haven't done. Our model is to go in and set up our audit plan based upon what are the requirements, what is the state law, what is the county process and policy, and then, what are the procedures and practices set up to implement those. We're going in and finding a lot of these things that they're not at that point where they've got the practices and procedures in compliance with the policies or the laws. Therefore, yes, it takes additional resources to get there because they're not there yet. I understand that, and I understand also that some of the things that we recommend, if you looked at it from the standpoint of we're recommending you do something that might be new to them and they have to develop resources, the object of the recommendation is, if you had it, you wouldn't have to use as many resources to do that. Therefore, you may have to have the resources to get there, and you may have to have a continuing resource to comply with a basic requirement.

Therefore, we're not out there trying to make recommendations that cause them additional effort. Most of our recommendations address something that needed to be done that wasn't done, or something new that will hopefully make them more efficient. Collections is a category. There are missing revenues out there that we've found in several departments because they're not taking the action to go get the money. If they set the procedures and policies and practices up to go get it on a regular basis, then they're going to have more money to do what they have to do with it.

COMM. HAYDEN: My question is, what if additional manpower is needed to implement the changes you've recommended, what steps do we take to make that happen?

MR. MILLER: I think they have to come through this process, through the budget process, and request additional resources to do that and get that approved by the Board.

THE CHAIRMAN: Actually, they work with the County Manager. The Audit Department finds the issues. They're not allowed to be part of changing them. You have to stand at a distance.

MR. MILLER: That's right.

THE CHAIRMAN: Therefore, that becomes the County Manager's problem. Correct?

MR. MILLER: Basically, the County Manager leads the charge of proceeding with the implementation of the recommendations.

COMM. HAYDEN: Then my question is for Hannes. Hannes, if changes are recommended and we want to implement changes within a particular department, and they don't have the resources to do that, how are the changes being made, and how are we allocating resources to help them do that?

MR. ZACHARIAS: It depends on the organization or the department. Obviously if there are requirements to be done, we just shuffle things inside the existing department and try to get resources from other departments to help out where we can. In some cases, you see departments requesting RARs, asking for additional administrative personnel to handle the requirements that have been suggested by the Audit Department. Those come back to you and will eventually end up on your desk to ask for additional personnel to come in, or we reduce their services inside existing departments to make those administrative activities happen.

COMM. HAYDEN: We've done that in the past, we've allocated personnel to help implement these changes?

MR. ZACHARIAS: I don't think we have done as many as departments would like, but we have done that in some cases, yes.

COMM. HAYDEN: Okay, thanks.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: Sometimes it simply means that that department has to rely upon the services of some other department, whether it's HR (Human Resources), IT (Information Technology) or whatever, to provide the support to accomplish the goal so that they can get on a normal pattern. In reference to the revisit list, I would point out that with the revisited valuation figures, the projected revenues would cover all of the items that we've talked about today that would have an ad valorem tax support impact.

THE CHAIRMAN: You mean all of these on the 2010 revisit list?

COMM. WOOD: Yes. We're looking at \$317,000 of requested items that have a tax impact, plus \$30,000, plus the auditor of \$10,000, so \$357,000 would be covered by the \$662,366 of revenues from the more favorable valuations.

THE CHAIRMAN: Commissioner Peterson.

COMM. PETERSON: Bill, I think you're doing a heck of a job, but I'm convinced that you're doing so well that you don't need another guy this year. I'm against adding the auditor at this point. I do have a related question, and maybe this is for Hannes. Do you guys keep track of manhours dealing with internal audit? Is that included as part of the cost?

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MR. ZACHARIAS: As far as complying with the audit recommendations, we really have not tracked to that level. I know departments do spend a great deal of effort, and in some cases justifiably so, but we have not tracked the number of hours.

COMM. PETERSON: Okay, thanks.

THE CHAIRMAN: Mr. Miller, I would like to have the amount of salary that's taken to save those monies.

MR. NEUFELD: I have it. It's in the BOCC (Board of County Commissioners) section, their service areas. Bill's budget for next year, in case he may have put some overhead in this, is approximately \$485,000 for the five FTEs that are currently in the base budget. I looked at the line item budget, and it was \$460,000, so there may be some cost sharing with supplies and things of that nature.

THE CHAIRMAN: Mr. Carl, how much of that is employee?

MR. CARL: Almost all of that is their employee budget. The primary operating budget comes from the Board's central office.

THE CHAIRMAN: What was that number, Scott?

MR. NEUFELD: Four hundred sixty thousand direct and another \$25,000 indirect, which would be items that Casey tracks centrally and then allocates out when he's working on his service areas in his base budget. The \$460,000 represents salary and benefits on those five employees.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: The whole purpose of having auditors is to help us figure out how to do things better, both from a performance approach and utilization approach. In other words, how can we do it better and how can we do it cheaper. I think just the Wastewater audit alone saved us \$20,000. Is that right, Bill?

MR. MILLER: On the salary request or the position request?

COMM. WOOD: One of your audits – I thought it was a simple one that saved \$20,000. I can't remember which one for sure. I thought it was Wastewater.

MR. MILLER: I've got too many of them in my head.

COMM. WOOD: The point is that figuring out where expenditures could be being dealt with more efficiently or in a better fashion is one thing, but making a department work smarter, not harder, it's kind of hard to sometimes assess the full economic value of that. However, this is so important to me, and I think the organization, that I would look very unfavorably on the budget as a whole if it's not included.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: How many agencies or departments within the county government have you never looked at?

MR. MILLER: Of the 38, I think there are probably at least 20 that we haven't gotten into. Some we've gotten into based on doing countywide audits, like fleet maintenance we're doing now. We did a fleet management, and we were in all of them that had vehicles at that time. As far as going into departments, some are lower risks than others. I just look at it from a risk assessment. The museum is a low risk to us. I'm not sure it'll hit our radar screen at all, but at some point it may. The concept of the way we're trying to do our audit work is based upon where we can contribute the most value to the organization as a whole. Therefore, we have some of these larger audits like the fleet maintenance one.

COMM. EILERT: This position would allow you to do what in excess of what you're doing now?

MR. MILLER: We would be able to be up to two teams. Right now we're at one plus an auditor.

COMM. EILERT: This would fill out a second team.

MR. MILLER: I'd only have one other spot left to fill out the second team. The way my teams are built is a senior, Staff II and a Staff I. I now have two seniors, a Staff II and a Staff I. I'm only asking at this point to keep this second team going to its fruition. Then I'm done. I don't have to ask for resources again unless somebody leaves.

COMM. EILERT: Two-thirds of a team would allow you to do what, I guess is my question?

MR. MILLER: With the senior, they can run an audit without a staff. It just takes longer to do it. With the staff, you're able to manage the audit at the same time, collect the data, analyze the data. A lot of this stuff that we do is basically in-office analytics. We definitely bother the departments by going out and asking for things and dealing with them. However, by the same token, some of these things we've asked for should be there and they're not there.

COMM. EILERT: Thank you.

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COMM. WOOD: How many more audits could you do?

MR. MILLER: I'm not sure I could equate it in number of audits. I would say at least one. Again, I may take deeper looks in the audits I'm in by having more staff.

THE CHAIRMAN: You asked for both a Staff I and a Staff II. We have the Staff I monies put in here. What would the Staff II's be? I don't have the budget numbers.

MR. NEUFELD: About \$9,600.

THE CHAIRMAN: It would be \$9,600 more?

MR. NEUFELD: Ongoing.

THE CHAIRMAN: Commissioner Hayden.

COMM. HAYDEN: I'm all for these. I think you guys do a great job, and I think we've got an obligation to the taxpayer to make sure we're being as efficient as we possibly can and doing the job right. However, my concern here is that we're not keeping track of how much work, where the rubber meets the road. Are we putting too much resource or not giving our staff enough resources to implement the changes that need to be made? I think we should be tracking that. I don't know if you would, Bill, or if you would, Hannes, but I need to make sure that we're tracking that because we need to throw additional resources to make sure we're doing the job right. You can make all the recommendations in the world, but unless you've got adequate staff to implement the changes that are needed to be made, you're wasting your time.

MR. ZACHARIAS: We can start tracking that.

COMM. HAYDEN: I'd support that if we're making sure that we can implement the changes that are recommended.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: That's where the staff's responses come in, when the audit report is given to us, where that comes up.

COMM. HAYDEN: That also creates more work.

COMM. WOOD: We're already getting that.

COMM. HAYDEN: That's also creating more work for the staff.

COMM. WOOD: What I'm saying is, when they make a recommendation, the idea is that the staff and their department head has the ability to provide their response. Their response, in the vast majority, is like we've implemented the recommended changes. Where they don't reply that way and they're not implementing those is where they say this will take X amount of time or we're missing this or missing that. Then that gives us the opportunity to respond to it. If you want to track it, we can track it. However, we're being told that information by the departments.

COMM. HAYDEN: Some of our departments are not very big, and you've got two or three people in a department. If they need to implement changes and they don't have the staff to do that, that's a huge drain on them.

COMM. WOOD: That may well be the case, but it's up to them to tell us if they need additional resources. I'm saying they have the opportunity to tell us when the auditor makes his report and they make their response. It's contained within the audit report itself, not only what the auditor finds and recommends, but the department's response. If they need something, that's a part of their response – we need more of this or that to do what's being asked.

COMM. HAYDEN: Has that been stated in any of your reports, that they need additional personnel?

MR. MILLER: They have not stated that specifically, but what you see in the quarterly report is their implementation of the recommendations. They move it further out. They need the time to get it done and they're loaded up. My objective is to have all agreed upon recommendations within two years to give the ones that have difficulty time to make it. Some of these recommendations require that if we're talking about changing a computer system or stuff like that. By the same token, the departments have been very honest and straight forward in most of these reports, saying we're going to get to this, but it's going to be like February of 2010.

COMM. HAYDEN: Isn't that a long time if it's a critical issue that needs to be fixed fairly quickly?

MR. MILLER: I would put that back on the County Manager to take care of. It's not my responsibility to make them do that in a certain specific time. They're selecting their priorities as to how to do their workload. If it's critical, I would expect them to implement it.

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MR. ZACHARIAS: If I may weigh in here, Bill understands this and does a good job. The departments really want to comply with the recommendations. They do their level best to make that happen. I think what we can do in the future is talk about adding. In response to recent audits, we have not put in the amount of work time it takes to respond to it. We should start to do that and give you an indication of what workload it will require to make these things happen.

THE CHAIRMAN: Commissioner Eilert, did you weigh in on this? I thought you said something but I don't have it written down, on the auditor.

COMM. EILERT: I would support it.

THE CHAIRMAN: I will support it as well. Commissioner Lindstrom said yes in his absence. Therefore, we have almost everyone. Commissioner Allen has indicated he would support it. Commissioner Hayden supports it.

COMM. WOOD: I do have one question, Mr. Miller. Can you utilize an Auditor II as opposed to an Auditor I?

MR. MILLER: Two would be my preference. They have more experience.

THE CHAIRMAN: Considering it's \$9,000, if you're going to do it, that seems the thing to do.

COMM. WOOD: If it wasn't a big deal, Auditor II was what we were supporting.

THE CHAIRMAN: Parks and Recreation.

MR. NEUFELD: This has a couple of aspects to it. I believe that the numbers have changed from what was on the revisit list last week. I think Robin can probably explain better, but this is to reflect a constant mill levy. We talked a lot about the Library and how we ended up with a mill levy increase. One of the other things that happened is, because of the extended Parks cuts that we accepted, we ended up – I don't want to say inadvertently, but it wasn't our intent necessarily to reduce their mill levy. I think the dollar amount that is in play, last week we had \$332,000 on that line, which is different. This would just get them to a constant mill levy. I think the \$332,000 was more their total cuts. Robin went ahead and showed this a different way because it was kind of confusing last week. That's my only comment on this one.

THE CHAIRMAN: Commissioner Lindstrom said he was favoring the staff recommendation. Is that your new staff recommendation?

COMM. WOOD: He was favoring the Manager's budget.

THE CHAIRMAN: I meant Manager's.

MR. NEUFELD: No. We haven't changed the proposed budget. Obviously, though, in light of different revenue numbers, this is probably the only major difference.

THE CHAIRMAN: Comments? Commissioner Peterson.

COMM. PETERSON: I support this.

THE CHAIRMAN: Other comments? I've got Commissioner Peterson, Commissioner Eilert, Commissioner Hayden and Commissioner Allen.

COMM. WOOD: I'm not certain what this means.

MS. COOK: This brings them to a constant mill levy. Before they had a mill levy reduction. This makes their mill levy constant.

COMM. WOOD: The \$332,000 was what?

MS. COOK: That was their total reduction, so they are still reducing over \$200,000. In fact, they reduced almost \$400,000-500,000 before they even came to the Board.

COMM. WOOD: I support this.

THE CHAIRMAN: I do too because they have been very supportive in the past about making reductions.

MR. NEUFELD: I'm going to recap and make sure. We have one-time funding for the Enterprise Center; we have ongoing funding for the District Attorney; for Human Services Senior Care Act; we have one-time from Library fund balance; we have ongoing funding for an auditor II, approximately \$9,600 extra – we'll work out the details – then we have ongoing funding of mill levy restoration for Parks and Rec for \$109,000. Then we also have ongoing funding to maintain SWIFT, which is approximately \$30,000. That number will change too once we nail down all those pieces from Alice, because what she listed off verbally was different than what was in her request for additional resources in terms of JCDS transfer. That was about \$45,000, so we'll have to nail down and make sure that that gap was \$30,000 and not \$75,000. We'll nail that down. Right now, if you look at the numbers on this list, the net property tax impact was \$317,000 to start with. If you add approximately \$40,000 to that, we are at about \$357,000 as the impact.

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This leads us to a curious place where we spend six or eight months balancing a budget. Because of the timing of the assessed valuation numbers, we're actually under. I would remind the Board that not counting the public safety sales tax, the new one, we did have a use of fund balance of I believe \$4.5 million of the general fund. Therefore, if there is not any specificity around expenditure issues with this, staff's proposal would be to spend less fund balance next year, keeping in mind that we have plenty of issues to tackle over the remaining next five years.

THE CHAIRMAN: I would concur with that. On our schedule we have listed a CARS discussion and courthouse land acquisition. We have had the courts folks sitting here quite awhile.

MR. NEUFELD: I don't know that there is any major difference about which one we go forward with.

THE CHAIRMAN: I would suggest that we go to the courthouse land acquisition and take a short break at this point.

[Break]

MR. NEUFELD: Sarah Plinsky and Joe Waters are at the table. I'm going to turn it over to Sarah and Joe now and we'll move forward.

Sarah Plinsky, County Manager's Office, appeared before the Board and made the following comments:

MS. PLINSKY: You have a handout in front of you that's pretty straight-forward about following up on property acquisition for the courthouse. As directed by the Board at our June 10th Committee of the Whole session, staff has prepared some information about the property acquisition. If the Board is supportive of moving the property acquisition on the courthouse to FY2010, staff will amend the 2010 through 2014 capital improvement plan. We would need additional direction from you all on how to handle the design and construction for the design and construction approval year. Currently, that design and construction would be in 2013.

For most projects, staff recommends that the approval of design and construction follow closely to property acquisition. Acquiring the property is a commitment to the project, an obligation to the community. The property will need to be cleared expeditiously and followed up with design and construction within a reasonable time period. If the Board wishes to keep design and construction in 2013 as currently in the County Manager's proposed budget, additional discussion will be needed on how to structure the commitment to the city of Olathe and how to accommodate the financial obligations of this project.

At this point in time, what I had planned to do was, if you had any questions about what we did with design and construction approval, to open it up to that. Then we have additional information on the financing to follow. If the Board decides to modify the CIP for property acquisition, staff recommends that \$4.5 million be set aside in the general fund balance reserves and earmarked for land acquisition of the courthouse, the amount. Joe can speak to this as well. We are very uncertain as to what the amount will be at this time. This is what I would consider a conservative number. I don't anticipate it going over that. However, it is sufficient to allow us to do what we need to do.

That factors into the next part of this. If the Board modifies the CIP, staff will continue conversations with the city of Olathe and prepare a memorandum of understanding for the Board of County Commissioners when appropriate. Because the County has not made a commitment to the capital project at this time, the building, and the expenditure amount for the property acquisition is uncertain, staff is not recommending that the property be debt financed at this time.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: I support staff's recommendation.

THE CHAIRMAN: Commissioner Peterson and then Commissioner Eilert.

COMM. PETERSON: I have a question. Scott, do we have enough fund balance or reserve to finance this set aside as well as the \$4 million for Transit?

MR. NEUFELD: If we look at the general fund page on the slides, the first thing is the denominator. Each percent of general fund reserves, depending on which year in the forecast, is about \$2.5 million. What we're talking about ostensibly is about 3.5 percent total of general fund reserves. Obviously with this courthouse, it's a capital project of very large proportions. The land acquisition is not financially the issue to the extent as it is with transit where there is growing operating and service being provided. It's a little bit of a different commitment. However, obviously as we've talked about before, there's a massive mill levy equivalent on the debt service with the courthouse.

My short answer is that the five-year model shows 12.5 percent. Therefore, that 2.5 percent leeway would be \$2.5 million times \$2.5 million, which is about \$6.5 million to \$7.5 million. It's in the neighborhood of \$6 million to \$6.5 million as the amount over the 10 percent at the end of our five-year model. One thing is, we've had a lot of discussions about funding source for the courthouse itself. The first thing I'd say is that Sarah was working under the assumption of a financing plan, what staff's recommendation would be should the Board direct us to move forward with acquiring land for the courthouse. That's what that proposal is. Obviously we are looking for a significant funding source to undertake this whole project, and that's sort of a separate discussion. That needs to be implied that that goes with it.

MS. COOK: You can see up there at the very top – and I just did it quick so it's very rough – that's our actual expenditures, what our general fund percent is based on. Then we have what \$1 million would equate to, about 0.392. The general fund balance, that's the next line down, and that's our total. Then we want to take out the public safety sales tax II. That's that \$16.4 million, \$15.3 million. That's the reserves that we have budgeted that we actually have to use for those four projects. That gives us our revised fund balance, which is the \$72.4 million, and that goes all the way down to \$32 million something. Then we have the \$4.5 million that you talked about for the courthouse land acquisition, the \$4 million for Transit. I will

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remind you that none of this includes any money for CARS. What that does is it takes us down from 28.5 percent to 25 percent in 2010. However, in our five-year model, that actually takes us below our 10 percent minimum balance down to nine percent.

COMM. PETERSON: Column B, is that 2010?

MS. COOK: Yes.

COMM. PETERSON: Assuming that we do \$4.5 million for the courthouse and \$4 million for Transit?

MS. COOK: Yes. In our projections, that would be \$8.5 million. I have it in there per year just because it's an \$8.5 million affect and that's the easier way to do it. Therefore, it would take us below our 10 percent minimum in the future, because right now, we do have at least \$5 million budgeted each year to be spent just to balance the budget.

MR. NEUFELD: The other thing in looking at spending money for Transit, that hasn't been the staff's proposal at that time. The last thing I would say is it's very difficult to know what we'll ultimately end up paying for that. Like Sarah said, it's a conservative estimate. I think Joe is optimistic that the number can be less than the \$4.5 million. That's why, if the Board wants to move forward and acquire land, we would be comfortable to that extent, but that's really separate of what's going on with Transit. I have a little more concern about that.

COMM. PETERSON: I support the proposal, and I think this is in fact responsive to some direction that we gave to you earlier, which I supported. I just don't want to foreclose our flexibility when we come back and talk about transit. It looks to me like there's a comfortable margin here for the first year or two. I can support this.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: I have a question. Where is the land acquisition timing-wise, current CIP?

MS. PLINSKY: Two thousand twelve.

THE CHAIRMAN: Is that the Manager's proposal?

MS. PLINSKY: Yes. That was the County Manager's proposal.

Joe Waters, Facilities Management Department, appeared before the Board and made the following comments:

MR. WATERS: In the 2009 budget, it was in 2010.

MS. PLINSKY: The CIP committee and the County Manager moved it to 2012.

THE CHAIRMAN: The Board's last position on it was 2010. You're moving it to 2012.

MS. PLINSKY: Yes.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: I would support the County Manager's recommendation to move to 2012. I mean, we are talking like we have money within our current resources and we do not. We do not have money within our current resources. If you look at the multi-year projections with the allocation of reserves over that five year period of time, we are looking at deficits for each of the next years, up to a \$15.5 million deficit in 2014. In addition, I don't know whether that accounts for the run-out of the Public Safety II sales tax. Beyond that, Public Safety II sales tax is not going to pay for the projects that we've committed to. We've got that in addition. It just seems to me that we're talking about spending money that we obviously do not have. The only way we're going to be able to keep some of these commitments is with additional revenues, meaning tax increases. I am not willing to make that kind of judgment at this point in time. I would continue to support the staff's recommendation of 2012. I cannot agree with what's being proposed.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: I appreciate Commissioner Eilert's comments, at least to the extent that we're not proposing a method by which we can actually pay for a new courthouse. What we're talking about is allocating funds up to \$4.5 million for land acquisition to nail down the site for a new courthouse. We have the resources for that. Now, maybe Commissioner Eilert is saying you don't want to do that until we have the funds to pay for a courthouse.

COMM. EILERT: I think we should have money to pay for what we're going to buy.

COMM. WOOD: We do, to buy the land. However, we don't have the money to pay for the building. However, I do think that although that's venturing out, I don't think that's much of a gamble. We need to make some progress toward achieving our goal, and I think this is a modest one. The benefit to nailing down this site by putting some money up to acquire it is to continue the good will and support of the city of Olathe in working

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with us to continue to acquire land and make some donation. My understanding is they're prepared to go 50/50 on the land acquisition. I think this is an appropriate response to what they've done so far. It also gives us the ability to look at the site and determine how we want to position the courthouse and start developing plans for that, coming up with alternative plans for what we do to facilitate the construction of a new courthouse or phasing in half of it in the near term and second phase in the long term.

I think this is the first step. I would appreciate if we had a clear funding source, but I think that's something that needs to be worked out with the City for a site, and the County Manager in the future, with this Board in determining to what degree a new courthouse is our priority and fund it appropriately through the budget.

THE CHAIRMAN: Mr. Waters, in your discussions with Olathe – and I have had some myself but I think you've had much more recent ones – is there a time performance for building start that's going to be a significant part of the agreement? That's the real issue.

MR. WATERS: I am sure that the City is going to want to hear from the County in the form of the interlocal agreement, some timeframe. Of course, they would like to see when we're going to start and when we're going to finish, and the sooner the better. I expect that part of the negotiations will be what sort of a timeline can we have. I think it's going to be in this Board's best interest as stewards of this community, as well as the city of Olathe's, as stewards of their community, that none of us is going to want to acquire land and clear it and have it sit vacant for an extended period of time. I think we all have a common goal there.

THE CHAIRMAN: You've not gotten an indication of a number, say, 10 years?

MR. WATERS: I've had indications that they want to see us get started right away. I have not ventured down the path of any real negotiations without approval of this Board of the kind of steps.

THE CHAIRMAN: In other words, you really can't answer my question definitively.

MR. WATERS: No, I definitely can't. It's kind of a one-sided conversation. It's also, what would the cost sharing be? I'm sure that the terms of the interlocal agreement or an MOU (Memorandum of Understanding) would flush out both of those things.

MS. PLINSKY: In an attempt to have a fully robust five-year CIP program, that goes back to the first point I tried to make about where we place the approval of the design and construction. If we move forward and purchase land for this project, we would want to have extended conversations with the Board about what their intent is so that we could begin to plan for the financial implications of this project, either build it into our five-year forecast, plan for tax increases. Staff has been very upfront about this project, that it requires a tax increase. It's \$20 million a year. There is no way around that. Therefore, we would like to have further conversations with you about how that is achieved.

THE CHAIRMAN: Mr. Neufeld, did you not talk about other funding resources? I'm assuming you were talking about some kind of a sales tax or something?

MR. NEUFELD: We've had discussions, and I believe there have been a variety of comments from the Board. I think there has been some discussion about sales tax. I didn't refer to it specifically for a couple of reasons. There have been some commissioners that have stated that they did not think that would be appropriate or necessarily a successful way to find funding for the courthouse. We've also had discussions about the dollar amount and what that would do. I was referring to sales tax, but there's not been really a specific plan that there was a certain amount of support for.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: At some point we're going to have to do something, either build a new courthouse or start renting space downtown to put court related services somewhere adjacent to the courthouse, because the courthouse is going to be full. In fact, it was recommended more than 10 years ago. Since then, I can't remember how many judges we've added and so forth. However, I can tell you from working in the courthouse that there isn't any prime space left for courts. The magistrates are in rooms that are not much bigger than my walk-in closet, and I'm not exaggerating, and my walk-in closet is not that large.

Thirdly, we ought to make an investment in the courthouse. There are certain functions of government that are best supported by certain revenue sources. The courthouse serves the benefit of all citizens, especially property owners, and therefore, property owners probably have the biggest interest in funding a courthouse. The vehicle would be a mill levy. There are other functions of government that are more suited or more appropriately financed by sales tax and other functions supported by fees. I think this is one that obviously should be supported by a mill levy. There will be plenty of time for the general public to respond to the methodology with which we fund it. As this county continues to grow and develop, assessed values of property will continue to increase, and therefore the tax burden of a new courthouse will continue to diminish proportionately. I think it's time that we acknowledge that that's one way to approach the funding, but the funding needs to be there before we commit to actually building it. However, between now and that point in time, I see no harm in acquiring land.

THE CHAIRMAN: Mr. Waters, before I call on Commissioner Eilert, I talked to you about what it would cost to rehab that building if we made the decision to put the courthouse, kept it in limbo and left it out of the picture for the immediate future. Did you come up with some numbers on that? Also, what extra space you could create by doing that and what the cost would be.

MR. WATERS: No, we have not. That's on the bottom part of the memo, the series of questions that we want to go through with you all in an upcoming Committee of the Whole. We are working on that. We have put quite a lot of staff time in assessing what would we do if we were to continue to some degree in the status quo, the same practice that we have been for the last 20 or 30 years since the addition was done in 1972, the

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tower. The process has been gradually to move everyone but the courts out. What would we do, what would those numbers look like, how close could we come to meeting the basic requirements of a courthouse?

THE CHAIRMAN: What would that cost be?

MR. WATERS: I don't have those numbers yet.

MS. PLINSKY: We were hoping to plan for a follow-up Committee of the Whole session in September, where we would follow up on that and all the other questions that we have listed at the end of the memo.

THE CHAIRMAN: However, we're going to be voting on the budget prior to that.

MS. PLINSKY: That requires a significant amount of staff time to make that decision. We were hoping we could separate the decision about land acquisition and then what we do with the building going forward.

MR. WATERS: What we discussed in our last Committee of the Whole on this, you asked what we have spent since 1990 or thereabouts on the building. It was a little over \$20 million, in present value, \$30 million.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: I probably stated my feeling already. However, the fact of the matter is, whatever happens in the arena of a new courthouse should occur in downtown Olathe. I think we've talked about this particular property site. I don't have any problem with that. The problem is we don't have the money. I'm even more concerned when I hear that the expectation would be that once we have the land, that the interlocal agreement would include a specific timetable for building the structure. We don't have the money for either one. We could eviscerate our five-year financial plan I suppose and buy the property. However, then what are you going to do to implement an interlocal agreement on a specific timetable to build a \$300-400 million structure? It just doesn't make sense, in my opinion. For that reason, I think we should stick with the County Manager's recommendation.

THE CHAIRMAN: Mr. Waters?

MR. WATERS: Commissioners, I probably didn't say that quite right. That's where negotiations are going to start. The City is very anxious to see the County build the courthouse. Therefore, their position on it is going to be, let's get started right away. My position is going to be, we're not ready to get started right away. Therefore, I'll do my best to work out an interlocal agreement or an MOU that is satisfactory to all of you as it will be with them. It would be a challenge.

COMM. EILERT: With all due respect, Joe, I'm in the habit of having contracts negotiated and then being presented for decision rather than making a decision without committing to specific negotiations having been presented.

THE CHAIRMAN: Commissioner Wood and then Commissioner Allen.

COMM. WOOD: I need to make some clarification here. First of all, all we're going to be doing at this juncture in the budget, if it's approved, is allocating \$4.5 million for potential land acquisition. We're not going out and doing it until certain things take place. That is one of two things – we either go out and buy land that is already owned by the City, or we're going to buy some land from the City, but I don't think we ought to buy land until we have an interlocal agreement along the lines of (a) the City is going to donate land and we're going to contribute to reimburse or acquire additional land. However, the terms of the agreement need to be worked out. I mean, we're not going to spend even one dime of that \$4.5 million until we know where we're going and who we're going to be doing it with.

One of the terms may or may not include, depending upon whether or not we agree, that we're going to break ground by a certain date or have a building completed by a certain date. All this is is just sticking our toe in the water. We're not going in for a deep swim yet. All we're doing is just putting it in the budget. We're saying this part of the budget is for land acquisition, just like what we've done before with the Library – a million dollars is in your reserves for land acquisition. We're going on two years now and they haven't bought any land yet. We could be here two years from now and not bought any land yet. However, at least we put it in the budget so if we want to spend it, we have the money designated for that purpose. Then we'll sit down and start talking. This is the first indication that we are going to do what we say we're going to do, which is we're going to build a courthouse downtown. We're not going to put it in Mission, Kansas. That would involve changing the county seat.

THE CHAIRMAN: Commissioner Allen.

COMM. ALLEN: I know that being a new member of the Commission, this is a very critical issue for the County. It's something that has been on the radar for a number of years. Frankly, we're at a crossroads because of the condition and the configuration of the current courthouse. If we don't address or approve, as Commissioner Wood has alluded to, and at least start the process in motion, the existing structure is going to take tens of millions of dollars of renovation. There are a lot of security issues with it. It's an inefficient building. I think to be good stewards of the taxpayer money, even though it's a large dollar amount, we need to start the process and the commitment to downtown Olathe for a new courthouse structure.

Part of the problem is the lead time on this facility is so long. If we made a decision today, it would be probably five years before the building would be available, at least. I agree with Commissioner Wood. I'm willing to commit. You're looking at a structure that needs to be built to address the court system for 40 to 50 years with expansion capabilities. We need to start that process. To keep delaying it just causes problems. Then

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we're going to be forced to put a lot of money into a structure that I would frankly try to stay away from. I'm willing to start the process and make the commitment to locate it in downtown Olathe and start the process of buying the ground. I know the same argument and questions we had about transit, but doing nothing doesn't solve it. This is just too critical of a function. I'm afraid with the existing structure, we're going to get hit with a great big problem that's going to cost a lot of money to deal with. I'd rather have the process started knowing the extreme lead time, that we are committed to downtown Olathe. Let's get in the process of acquiring a site.

THE CHAIRMAN: My opinion is that, first of all, we need a new courthouse. There's no doubt about that. Security is my first concern and always has been. However, I don't believe that Olathe will negotiate with us in good faith unless they know that this is our designated location. One of their reasons for wanting to move forward now is because they have other properties to relocate, which is a significant timeframe. I thought we were going to have the amount of money it was going to take to bring the courthouse remodeling up to snuff if we remained there longer available before we made this decision. You are saying we are not. Am I correct?

MS. PLINSKY: Yes. Joe can speak better to the work that's involved in that analysis.

MR. WATERS: I think when this first came up in the spring – what would it take to stay where we are, how much money do we need to invest – we said nine months' worth of work to get to that level of analysis on that building. We know many of the parts and pieces of it, but we can't put it all together. This involves a decision, like how close to compliance to security requirements, how close to compliance with Americans with Disabilities Act, how close are we going to get, because we can't get to where we need to be, and how close will we get and what we are going to try to live with. Then it's putting dollars to that. We're working on it; we're down that path, but it's going to take more time than we have available.

THE CHAIRMAN: It seems to me that money we put into that building, if we stay in it longer, is money that could be put into a new building. I know it doesn't begin to take the same number of dollars, but I've been through the courthouse renovation once before, and the projection was X amount of dollars and it was three times that and it still didn't get right. That building is very old, so I was trying to find out what we would be costing ourselves by delaying the decision. Again, the land acquisition is not the hard part; it's building the building. That's no genius here. However, how long the city of Olathe would allow us by dedicating that site, so to speak, to start building is a real issue. Commissioner Hayden.

COMM. HAYDEN: I think we need to show a good-faith effort to Olathe. They have already made significant investments in acquiring property in the area. I'm going to support the proposal.

THE CHAIRMAN: Mr. Zacharias, do you have comments on all of this?

MR. ZACHARIAS: Not much, other than just to reinforce the fact that I think we are going to try to get you information for a work session coming up this fall, about the numbers you've asked for about what the cost might be to renovate the existing courthouse. We'll try to get that data for you and have a really robust conversation about building the courthouse. This really is talking about setting reserve funding for the purchase of property should you choose to do it.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: Let me add one other comment of importance, I think, from a practicality point of view. The City has been instrumental in acquiring some land, a lot of which is for their benefit, but some of it is indirectly in anticipation for our benefit. The primary site where we would be locating a new courthouse incorporates a business that has recently announced plans to make additional capital improvements and investment. That owner has been in negotiations with the City, but the City has not been in a position to pull the trigger on actually buying that individual out. In fact, I'm told that they kind of look to the County to help provide resources to fund that purchase and relocate that individual.

However, that business, if acquired by the City, would serve no beneficial purpose to the City. It would only serve a beneficial interest to the County. It would mean that if we don't take some steps, then that proprietor will go ahead and make capital improvements and will add to the actual cost of acquisition. That doesn't make a whole lot of sense for us to delay sending a signal that we think that individual needs to be bought out and moved before they make capital improvements of a significant amount of money. I can't remember how much it is.

MR. ZACHARIAS: I hear \$60,000 or greater.

THE CHAIRMAN: That proportionate to the building is a considerable amount of dollars, although it's not a lot of dollars in itself. My understanding in talking with the City is that they intended to handle the relocation, that would not be our issue. That's how much they want the courthouse downtown.

COMM. WOOD: That's correct, but what I'm trying to convey is that before they start buying that person out, they want to know that we're on the hook. They're indirectly looking to be reimbursed by the County.

THE CHAIRMAN: Commissioner Eilert.

COMM. EILERT: I'd make one last comment. I think it's appropriate to take a step back and look at where we're at as far as our financial planning, as far as our current budget is concerned. In 2009, we were facing some significant reductions after our budget had been adopted. We asked employees to forego merit increases, which they did. We asked for the pay plan adjustments to cease for one year, which happened. As a result of that, we were able to balance our 2009 budget. With the cooperation from the Sheriff in reducing positions, we were able to carry over \$4-5 million to help eliminate the deficit in 2010. I think we cannot overlook those actions and what has brought us to this point. Now we're on the verge of spending \$4.5 million on land without specifics to an agreement, to a negotiation. I'd suggest that we at least consider those past actions that we have asked

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others to undertake in order to keep our budget solvent, and that we defer action on this request at least until we review additional information that the staff says can be provided later on this fall. That will give us an opportunity, based upon specific information, to make a judgment about 2011 or even 2012.

THE CHAIRMAN: I don't have a problem with that. I somehow thought we were going to have that information in time for this discussion. I'm not saying you misrepresented; I'm sure I remembered incorrectly. However, we have to make a decision prior to the time you're going to have that information.

MS. PLINSKY: That's why we were hoping to make a decision just on the land acquisition, if the commissioners were supportive of our plan, the earmark of \$4.5 million in reserves, moving the land acquisition to 2010. Then we can leave the design and construction approval decision where it is currently, which is 2013. No decision needs to be taken at this time on moving that date. Then when we come back to you hopefully in early September—

THE CHAIRMAN: What you're saying is you want to set the money aside for it but not spend it until you have all this other information together.

MS. PLINSKY: Absolutely. Then also, just to make that small change in the CIP, moving the land acquisition to 2010. No decisions would be made on the design and construction and the approval of the courthouse until after we have that subsequent Committee of the Whole session.

THE CHAIRMAN: Commissioner Wood.

COMM. WOOD: It sounds to me like we're saying very much the same thing with just different words. We're not spending the \$4.5 million until we know more. All we're doing is authorizing the earmarking of \$4.5 million so it's in our 2010 budget. Later on this year or later on next year, we'll come back and decide whether or not we want to spend that \$4.5 million, but we're not going to spend that \$4.5 million until we have more information. Correct?

MS. PLINSKY: Correct. I actually anticipate that we would probably bring back the information that Joe is talking about, the status quo, and the questions that we have listed here well in advance of any discussions on an MOU and the negotiations that Joe has. I'm sort of envisioning that those might be two separate tracks. We will bring you this information as soon as we can get it together because you've asked for it, and so you can have additional conversation about the building, the design and construction of the building. Then you all will handle the land acquisition with Mr. Waters.

COMM. WOOD: Personally, I don't see that we're going to be talking about authorizing the design of the building until this time next year, at the very earliest, and more likely the following year, which is more likely when we start talking about the 2012 budget, or maybe 2013.

MS. PLINSKY: The last several years we've had two to three Committee of the Whole sessions a year on the courthouse. That's what we anticipate. I would anticipate one this fall similar to ones that we've had in previous falls, where we would follow up on the questions you've asked, see if we can commit to options that we've talked to you about on June 10th, talked to you about financial issues. Is the sales tax on the table, is it off the table. We would have that whole conversation early fall.

THE CHAIRMAN: If we set aside the money and we decided that long term, after you give us your information and we look at other projections and cost and design and all that stuff, we could remove it?

MS. COOK: We would go ahead and budget it as use of reserves, and we would probably put that expenditure in countywide. If you decide not to use it, then it just falls back to fund balance at the end of the year and we don't make that expenditure. Then you could do the same exact thing next year. It's actually similar to the way the Library does it with the land acquisition. They actually budget about \$86,000 a year of use of carry-over for debt service. Each year that they don't purchase land, that just falls right back to their fund balance.

THE CHAIRMAN: Did you want to add something, Mr. Neufeld?

MR. NEUFELD: Yes. I was going to say the only trick there is timing, because you go through a budget process before the year is over. Therefore, there could be a timing thing where we thought in the summer we were going to use it that fall, but we didn't, so we didn't plan for it. However, we budget our reserves anyway, so we can always amend our plan irrespective of whether that's in there since our plan is to hit reserves, not to levy for it. Therefore, we have a little more flexibility even than we presented now as far as we really could go and change our plan to do a use of reserves at any time as long as it's within the published reserves. We do have quite a bit of flexibility when it's reserves.

THE CHAIRMAN: Commissioner Lindstrom said he wasn't interested unless they were donating the land, and I don't think a 100 percent donation is going to happen. That's my personal opinion in talking with them.

MR. NEUFELD: I think Joe has made arrangements to make sure the front of the building is going to be unlocked. We're at about five or six before five. We have sort of run out of energy, if I would take a gauge of the room. What was left on our discussion was CARS. I was going to frame that you can make a decision now. Unless we want to go past five, we have CARS to figure out, and Transit as well. That's really what's left for this budget.

THE CHAIRMAN: That means we're going to have to come back tomorrow, which I kind of figured from the beginning.

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MR. NEUFELD: Or stay for a bit; either one is fine.

THE CHAIRMAN: Commissioner Eilert, did you have a comment?

COMM. EILERT: As to the request in regards to the \$4.5 million, for all the reasons I have stated, I am opposed to it. I recognize that may be the minority, but I'm opposed to it.

COMM. PETERSON: I'm in favor of it still.

COMM. WOOD: Commissioner Eilert, even though we're not authorizing the expenditure of it; we're just simply earmarking it?

COMM. EILERT: From everything that I've seen today, we're backing into building a courthouse of some \$400 million. I think if we're going to do that, we need to be up front. As has already been stated, if we enter into negotiations and Mr. Waters brings back a firm contract, so to speak, we can still take the money out of the reserves if we are satisfied with where we're at at this point in time. At least we ought to have the information.

COMM. PETERSON: Part of my support of this stems from moving it into the capital improvement plan up to 2010. If there's agreement to that and there's an understanding that if we reach an agreement that we would take the money out of reserves at that point, I don't oppose that approach. However, I think it's important that we make a commitment, we show good faith. That's why I'm willing to put our money in the reserves, so it's there for that particular purpose. I think I've heard four of us say that we agree to that. I'm waiting on somebody to actually give the official count.

THE CHAIRMAN: I want to know the numbers before we go forward. I understand Commissioner Eilert's concern, that he thinks we're dedicating ourselves to a building. However, I also would like to contact Legal staff and ask some questions that would be significant to my decision.

COMM. WOOD: What numbers are talking about? The cost to continue staying in the same building?

THE CHAIRMAN: Yes, because I've been through that before, and we've spent a lot of money in an old building.

COMM. WOOD: Therefore, you're predisposed to going forward with the courthouse but for the numbers that Mr. Waters is going to provide us sometime between now and the end of the year. All we're doing at this point is saying something a little more than symbolic. It's designating \$4.5 million in the reserves for the purpose of land acquisition for a future courthouse, but we're not actually authorizing staff to spend the \$4.5 million. All we're doing is earmarking it.

COMM. PETERSON: And we're putting it in the 2010 capital improvement plan.

COMM. WOOD: I understand if you're philosophically opposed to it as Commissioner Eilert is.

THE CHAIRMAN: No, I'm not.

COMM. EILERT: I'm philosophically opposed to us spending money we don't have. Let's be clear about that.

COMM. WOOD: Correct, but we've got \$4.5 million in the reserves for land acquisition, not \$280 million that's necessary for building the courthouse. It would seem to me that for discussion purposes for the budget, it should be 5-2 to stick it in rather than 4-2 and one maybe.

THE CHAIRMAN: I want to ask Mr. Jarrett some questions. That's the main reason I have not weighed in. I don't want to ask them here because then it kind of blows our cover for negotiations.

MS. COOK: Should we go ahead and bring it back tomorrow?

THE CHAIRMAN: Yes.

COMM. PETERSON: I think you've got four votes to go forward.

THE CHAIRMAN: There are four votes to go forward, but after I talk to Mr. Jarrett, I would be willing to.

MS. PLINSKY: We will leave design and construction in 2013.

COMM. WOOD: We don't vote on the budget until August. We'll have the public hearing July 30th. We've got between now and July 30th to change our minds.

MR. NEUFELD: With that, we will have the CARS discussion and Transit, and I believe that's it.

COMM. WOOD: It's tomorrow at 1:30 p.m., isn't it?

MR. NEUFELD: Right. Because the over/under will go to less use of fund balance, I'll try to work out some of those details. However, in terms of what ends up in the plan, we talked about a couple of numbers being a little bit soft because the change will be use of fund balance. I think that's

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really all we need to decide tomorrow. We will double check, but I think we just have the two main decision points with regard to CARS and finalizing the Transit discussion. We will see you tomorrow at 1:30 p.m. then.

ADJOURNMENT

Thereupon, with no further business to come before the Committee of the Whole, the Chairman, at 4:59 p.m., declared the meeting to be adjourned.