

Sedgwick County

525 North Main Street 3rd Floor
Wichita, KS 67203



*Sedgwick County...
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Meeting Minutes

Monday, July 20, 2015

9:00 AM

SPECIAL MEETING

BOCC Meeting Room

Board of Sedgwick County Commissioners

Pursuant to Resolution #131-2010, adopted by the Board of County Commissioners on August 11, 2010, members of the public are allowed to address the County Commission for a period of time limited to not more than five minutes.

Anyone who requires an auxiliary aid or service for effective communication, or a modification of policies or procedures to participate in a program, service, or activity of Sedgwick County, should contact the office of Robbie Berry, Sedgwick County Interim ADA Coordinator, 510 N. Main, Suite 306, Wichita, Kansas 67203

Phone: (316) 660-7058, TDD: Kansas Relay at 711 or 800-766-3777

Email: Robbie.Berry@sedgwick.gov, as soon as possible but no later than 48 hours before the scheduled event. Please include the name, location, date and time of the service or program, your contact information and the type of aid, service, or policy modification needed.

ORDER OF BUSINESS

CALL MEETING TO ORDER

The Special Meeting of the Board of the County Commissioners of Sedgwick County, Kansas, was called to order at 9:01 a.m. on July 20, 2015, in the County Commission Meeting Room in the Courthouse in Wichita, Kansas, by Chairman Richard Ranzau, with the following present: Chair Pro Tem Commissioner Karl Peterjohn; Commissioner David M. Unruh; Commissioner Tim R. Norton; Commissioner James M. Howell; Mr. Ron Holt, Acting County Manager; Mr. Mike Pepoon, Acting County Counselor; Mr. David Spears, Director, Bureau of Public Works; Ms. Kristi Zukovich, Director, Communications; and Ms. Jill Bailey, Deputy County Clerk.

ROLL CALL

The Clerk reported, after calling roll, that all Commissioners were present.

NEW BUSINESS

- A** [15-0481](#) PRESENTATION OF THE 2016 RECOMMENDED BUDGET.
Presented by: Ron Holt, Acting County Manager and Chris Chronis,
Chief Financial Officer.

RECOMMENDED ACTION: Receive and file.

Mr. Ron Holt, Acting County Manager, greeted the Commissioners and said, "You have been given a copy of the 2016 recommended budget, and immediately following today's meeting the entire budget document will be available online for easy access by the public, by county department heads and managers, and for county employees. Budget process is always an interesting one. And it is one that is created because you have a very good team. The team has been led this year by Lindsay Rousseau, our budget director, and her great budget staff, Kamme Carlsten, Lorien Showalter, Carli Sanchez and early on in the process, no longer with us now, Kyle Carr, who these folks have really done all the heavy lifting. The budget team consisted of senior managers, who advised and made suggestions and gave some alternative ways of doing business.

"That team includes Chris Chronis, Tim Kaufman, David Miller, Kristi Zukovich, Eileen McNichols, Rick Durham, and Marv Duncan. Other county employees whose help has been invaluable in this process are Tony Giuliani, who did the graphics in the book, and as usual, always does a remarkable job. All of the print shop staff worked hard to complete the budget hearing and recommended budget documents; particularly Lori Westphal. We had help from the Human Resources staff, in particular Bethany Kirk, Christie Diehl and Brittney Clampitt from the Communications Office. Interns have assisted on special projects throughout the budget development process. Department Heads, some of whom are here this morning, elected officials and appointed officials, again, this year as usual did an outstanding job of putting the budget together, giving it to the budget folks so they could, in fact, crunch the numbers, put it in a form that we could all understand.

"We are driven by the mission of the County, which is to assure quality public services that provide for the present and future well being of the citizens of Sedgwick County. With that in mind, let me outline the budget process that we followed the past few years, and again this year. You will recall that we began in February this year, as we do each year, with your retreat. We talked about some of the issues that were important to you. We also reiterated what your goals were for staff to consider, in developing this plan. It is a balanced budget; to maintain our financial integrity. It's about focused government to continue to look at shared services and maximize services to the public, and in doing so, continue to provide a positive and competitive work environment for the 2,998.44 full-time equivalent (FTE) employees. And to be clear and concise about what we do.

"That is, being intentional in sharing what we do when we are communicating to citizens, so that they understand what Sedgwick County does, versus other local governments, and the state government. The 2016 recommended budget is the result of many months of intense analysis of Sedgwick County Programs and Services by you the Board of County Commissioners and your staff, the rest of us who have been working diligently to put this budget together. After the 2014 State Legislative action was taken to phase out the county's key revenues over the next five years, the County's financial forecast indicated continued financial challenges, beginning in 2016 even as modest economic recovery from the great recession had begun. As such, discussions began early regarding the priorities of the organization.

"The budget before you today started with the preliminary 2016 recommended budget; presented on June 9 by then County Manager Bill Buchanan. The budget that was presented addressed a projected \$10.3 million deficit in 2016, and was, for all intents and purposes, a balanced budget for county operations. The focus was on meeting the goals set out by the Commission at the BoCC (Board of County Commissioners) Retreat in February, while maintaining the delivery of quality public services to our citizens in the community.

"The information presented on June 9th showed a forecasted [20]16 deficit of \$292,260, after taking into account a variety of budget reductions amounting to \$9,842,020. After taking into account revenue enhancements in the amount of \$899,693, and after taking into account decision packages of \$685,693 for specified items, and \$614,676 for unspecified items that Bill had discussed, at the June 9th meeting. Following the meeting on the 9th of June, we made a few adjustments to what had been presented, which changed the forecasted deficit to \$398,856. Additionally, that deficit did not reflect the plan to use \$3 million of fund balance to fund the plan the yet to be identified Joint City County Law Enforcement Training Facility. If the change in the preliminary 2016 recommended budget had reflected the plan use of that \$3 million use of fund balance, then the forecasted deficit presented by Bill on June 9 would have been \$3,398,856 for county operations and capital projects. The preliminary 2016 recommended budget presented on June 9th contemplated the elimination, or deferral of all bond-funded Capital Improvement Projects (CIP) for 2016, including the bond financing of \$4 million of road and bridge projects that has been in place for the last several years. Also since the meeting on June 9th, we received additional information and input, number one, the assessed valuation came in at 1.5 percent, versus 1.9 percent that was in the forecast, an updated tax collection information led to the revision of the assumed tax collection rate from 97.0 percent to 97.5 percent, both of those actions together then changed, the change resulted in \$114,735 of additional property tax dollars.

"Number two, we removed the funding pool of \$614,676 that had been in the 2016 preliminary budget for additional decision packages. Those I mentioned earlier that were unspecified.

"Number three, the State Legislature completed its longest ever Legislative Session to confront a nearly \$800 million projected deficit. One result of the session was the elimination of \$4.75 million in funding each year for the State's Affordable Air Fares Program at the Dwight D. Eisenhower Airport. For which the City of Wichita and Sedgwick County both provided some matching funding. Another was the reduction, despite an \$8 billion unfunded liability of required county contributions, a reduction, I repeat that, a reduction of required contributions to KPERS (Kansas Public Employees Retirement System) and KPF which is fairly unbelievable when we got that information, but it is what it is, and it was very helpful. We hope next year doesn't come back to bite us, I guess. The two state pension systems, KPERS and KP&F, the two state pension systems in which county employees must be members. And finally, the last-minute legislative action that was taken was to limit the amount of property taxes the county may levy to support its budget without a public election, could present challenges once the law takes effect in 2018.

"Number four, we received certification from the election Commissioner regarding additional full-time positions that support that office.

"And five, finally, the development of a plan of work which shifts the funding of some road and bridge projects in 2016 from bond financing to funding with cash from the general fund, in line with the goal to move the county to become debt free over the long term, or at least limited growth in county debt in the near term. Since June 9th, Chris Chronis, the CFO (Chief Financial Officer), and I have visited with each of you a number of times to clarify any questions or issues as well as gaining a sense, from each of you, for what direction staff should take that meets the following goals: continued emphasis on county services, core county services, Commission priority for maintenance and expansion of county roads and bridges outside the City of Wichita and the unincorporated cities, with cash instead of bond financing, Commission priority to analyze opportunities to privatize or divest county services to the private, non-profit sectors as deemed appropriate, no increase of the county tax rate, no use of fund balance to fund the budget other than for specified capital projects or contingency accounts, and reduce the debt. We have developed the 2016 recommended budget that's before you today. Based on input and feedback we received during our visits with each of you during the past five weeks. From those visits we determined that, with a couple of small exceptions, there were no items campaigned in the preliminary 2016 recommended budget that Bill presented to you that you did not support.

"However, contrary to what was contemplated for the Law Enforcement Training Center funding, most of you did not want to use fund balance for the planned, but yet to be identified, Law Enforcement Training Center facility. So it was necessary to reallocate anticipated revenue from operations to that project. We also concluded, and again, the sense that most of you support limiting the growth of county debt, as well as funding some level of road and bridge projects from the General Fund. We determined that maintaining the mill levy at the 2010 levels was desired. We determined that no specific actions warranted in consideration of the high level of uncertainty regarding state budget situation even for the rest of this year, and certainly, for next year, 2016 state year, and certainly for the state fiscal year 2017. The 2016 recommended budget being presented forecast a 2016 deficit of \$1.1 million. This is the total projected deficit calculation. In other words, the planned use of fund balance.

"Even after projecting the expenditure of \$2.65 million for the plan, but again, yet to be identified Law Enforcement Training Center Facility and \$1 million of cash being transferred from the highway fund for road and bridge CIP (Capital Improvement Plan) projects. Setting aside those capital projects, the projection is for \$2.65 million surplus in county operations only. Given the considerable uncertainty we face regarding potential actions by the state legislature given next year's legislative session, I believe it is prudent for us not to draw down fund balance any further. Nevertheless, this result provides Commissioners, provides you with \$2.65 million that could be used to consider either reducing or restoring some of the recommended cuts, to increase the funding allowance for roads and bridges CIP projects, if so desired, to restore some of the \$9.4 million of facilities projects, and/or to increase the allocation of the CIP contingency reserve. With all those introductory remarks, let me now call on our CFO, Mr. Chris Chronis, for the meat and potatoes portion of the presentation, relative to the 2016 recommended budget."

Mr. Chris Chronis, Chief Financial Officer, greeted the Commissioners and said, "I want to begin by seconding the thanks and appreciation that Ron expressed, particularly to our budget staff; Lindsay Rousseau, Kamme Carlsten, Lorien Showalter, and Carli Sanchez. They really did do a lot of heavy lifting to put this budget together. I deeply appreciate their efforts. Additionally, there are a lot of people from the County's management team in this room, and I'm sure watching the video as well, and I appreciate the support and the cooperation that they have given us through the months of this year as we have attempted to put this budget together. They have uniformly responded, promptly and thoroughly, to pretty extensive requests for supplemental information about their budget requests, and about the impacts of proposed changes to their budget, and I really appreciate that. It helped us a lot."

"The county's budget, or any budget for that matter can be considered to serve three purposes: first, it is a financial plan. It identifies how the entity intends to allocate scarce resources to provide essential public services. Secondly, it is an operations guide. It identifies for management what services are to be provided, and in a general sense, how they are to be provided. Finally, and perhaps most importantly, it is a communications tool. It is the device more than any other by which the county government and particularly the governing body of the county government, tells the community, tells its constituents what the county government is going to do with those constituents' dollars over the coming year. In this budget, that is particularly important because as you will see as we are going through presentation, there are a variety of changes from what has been the norm in this budget, and it's very important that our citizens understand just how county government is going to change over the coming year."

"We began the process with your planning session in February, and as we always do at that planning session, we presented you our long-term forecast of the county's financial condition. And that is the chart that you see on the bottom of this slide. What we were suggesting in February was that in 2016, if nothing changed, if we continued business as usual, we expected to incur an \$8 million deficit in 2016, and additional deficits in the years 2017 through 2020, through the entire planning horizon. Those deficits were improvements on the picture that we had presented when we started this process, back in 2011. The deficits we were showing you then are depicted by the light gray line at the bottom of the chart. So we have made improvements but certainly, we have not yet achieved stability, so that over the long term we can say with certainty that we will not incur operating deficits."

"The purpose of the long-term financial forecast is to highlight these future deficits, highlight future problems so that we have ample opportunity to take corrective actions to eliminate those deficits. In fact, as you can see, looking in the history on this chart, 2013 and 2014, we have been successful in eliminating those deficits through various actions that we have taken during the course of the budget year. One of those actions, every year, is to make cuts in the budget. That is a normal practice. In this new financial reality we are all dealing with, it is a situation; it is a reality that operating expenses exceed operating revenues, so it is necessary to reduce expenses in order to achieve balance. That is the norm. This budget, however, is somewhat different. In this budget, cuts have been made not just to eliminate deficits, but also to recast the role of county government in our society, in our community.

"This budget, in a very real sense, is transformational. And we will be talking about that as I work through this presentation. At that February retreat, the Commission identified, for budget preparation, the goals that you see listed on the left hand part of this slide. We were asked to reduce the use of debt to avoid any increase in the county's property tax rate to focus on core services and to eliminate the deficit that had been forecasted; that \$8 million that had been forecasted. In the months since February, as we have talked about those options for the budget, and where you want the county to move, the direction you want the county to move, those goals have evolved, and for purposes of this recommended budget, the goals that we attempted to attain are listed on the right. We reduced the use of debt. We reduced the property tax rate rather than just avoided an increase in the property tax rate. We set aside cash to pay for future capital projects. We improved core county services, and we avoided any deficits other than for specified capital projects. Now, as Ron said."

Chairman Ranzau said, "Chris, Chairman Unruh has a question."

Commissioner Unruh said, "Thank you, Mr. Chairman. Mr. Chronis, in that illustration, the BoCC goals now, how do those derive? I mean, I know I missed the meeting on June 9th. Since that time, I don't know that we have had a meeting where this was discussed, or voted on, I mean, how did?"

Mr. Chronis said, "I know neither of these sets of goals was voted on. They received extensive discussion, and really, they are the distillation of what message the administration has taken from the various discussions we have had with the Commission at the February retreat, and then in subsequent meetings."

Commissioner Unruh said, "Okay, thank you. I know the reduction of the property tax rate is something that is fresh to me, and so I didn't have any awareness of that."

Chairman Ranzau said, "Just to clarify, I did express the desire to Chris and the Manager to maintain the property tax rate at the 2010 levels, which is my understanding had always been the intent of the Commission. There's been some slow incremental increases. Back then I think the Commission made the decision to reduce the property tax \$0.5 million. It's been the intent of the Commission to maintain that. Each year there's some minor adjustments, and that has crept up a little bit. So the intent was to maintain it at previous levels, as was my understanding of the Commission's intent all along."

Commissioner Unruh said, "Okay. This represents, then, technical adjustments, is that right?"

Mr. Chronis said, "Yes. The adjustments that Commissioner Ranzau just referred to in past years are technical adjustments, yes. And I will be speaking to those in a few minutes. So as Ron said, after the February session, there have been a variety of changes, one of which has to do with the property tax itself. When we received the preliminary certified tax base on July 1st from the County Clerk, it showed us that the growth of the tax base, the growth of assessed value in Sedgwick County from last year to this year, is 1.5 percent. We had forecasted 1.9 percent. So we had to reduce the assumption in our financial forecast about the tax base.

"On the other hand, that certified digest that we received from the Clerk also showed us that the collection of property tax had been occurring at a slightly higher rate than we had expected. We had in our forecast assumed a delinquency rate on current property taxes of three percent, and the rate that we received from the County Clerk showed us that we could reduce that assumption to 2.5 percent. Those two adjustments have an offsetting effect. A lower tax base with any particular tax rate, is going to produce less revenue; a higher collection rate, or conversely a lower delinquency rate, within any given tax rate is going to produce more revenue. So what you see on the left-hand side of this slide is the effect of those two adjustments. The lower tax base, the 1.5 percent growth, reduced the assumed amount of county revenue from property taxes by about \$528,000. The reduction in delinquency rate, increased the assumed county revenue by about \$643,000. So the net effect of those two changes was an increase in assumed county revenue of about \$112,000 or \$114,000. There were other changes that we have made since February, in the assumptions that went into this budget, as well. You need to understand those. First, the rate that we assume employee pay will increase on average in February had been three percent. It now has been reduced to 1.75 percent. The rate at which employee health premiums would increase in 2016 had been assumed to be seven percent, that based on the information that we have received through the first half of this year has now been reduced to an assumed five percent increase in health premiums.

"And finally, the employer contribution rates that we received from KPERS for both the KPERS pension plan for general county employees and the KP&F plan for police and fire employees, the contribution rates we received from KPERS just recently were actually decreases from the current rates. That was entirely unexpected. In February we had assumed that the rate would increase based on all of the information that we had received previously from KPERS. So with all of those adjustments, we end up with a recommended county budget that has been presented to you of \$394,143,119. And as you can see on the graph over the past four years the budget has consistently been in the general vicinity of \$400 million, and it is once again in 2016. There has been essentially no growth of the county budget over that period of time. The recommended budget for Sedgwick County Fire District No. 1 is \$18,155,963. And, again, as you see on the graph, at the bottom, there has been very little growth in the Fire District budget, for three of the past four years. Since 2013, that budget has been consistently been in the near vicinity of \$18 million. When you combine those two budgets, and they are technically two legally distinct budgets, when you combine them, the total county recommended budget is \$412.3 million. That's what we are going to be talking about as I go through this presentation.

"The estimated property tax rates, necessary to fund those budgets, are 29.359 mills for the county government, and 18.367 mills for the fire district. Once again, as you can see from the charts, the tax rates have been essentially unchanged over the past several years, for both the Fire District and for the County Government.

"That is not to say there has been no change. In 2012, the county tax rate was 29.428. In 2013, it was 29.446. In 2014, it dropped to 29.377. In 2015, it increased to 29.478. Those, though minor, adjustments year over year occur because, as a practical matter, the governing body of the county government, does not set the tax rate and cannot set the tax rate. At the time you adopt the budget the final tax base, against which taxes will be assessed, is not known. It hasn't been finally determined. So, you, under state law are required to adopt a budget of a certain amount, fund it with property tax revenues of a certain amount, and we certify that budget to the County Clerk in late August. In September and October the County Clerk receives the final certified tax base from the County Appraiser, and it is the job of the County Clerk, under state law, to combine those two factors and compute the precise tax rate that is necessary to generate the property tax revenue that you have said you need to fund your budget. So all we can do at this time of year, up until budget is adopted, is provide an estimate of what the county tax rate will be. And that estimate, as you can see from the rates I read off to you, has generally been pretty close, but it is never exactly right. Now, there are a lot of ways that we can slice and dice the budget. For the next several slides, I want to describe, in very broad strokes, what the county's budget looks like for 2016. On this chart what we are showing is what the county plans to do with \$412.3 million. What services it plans to provide.

"As you can see, Public Safety consumes the greatest percentage of the budget. \$149.15 million; 36 percent of the budget. General government, which comprises your budget, my budget, the County Manager's budget, all of the general administrative offices that support county government as well as contingencies and transfers and the various operational details make up the budget, all of those combined comprises \$118.3 million; 29 percent of the budget. Debt service is \$18.86 million; 5 percent. And you can see the other percentages on the right-hand side of the chart. Another way of looking at the budget is by what we buy, as opposed to what we are going to do with the money.

"What we buy is primarily personnel and contractual services. We either deliver services with county employees, or we deliver services by contracting non-profit, or a local company, or perhaps a national company to deliver those services for us. The personnel component of this \$412 million budget is \$195.6 million; 47 percent. Contractual services represents \$151 million, or 37 percent. Much smaller shares of the budget are made up of internal transfers, moving money around within the budget, capital outlay; equipment that we might buy, capital improvement; projects that we might undertake through the Operating Budget, commodities; things that we purchase, and debt service. Now, regardless of how you characterize the expenditures of the budget, you have to provide funding for it. And so what you see on this slide are the fund types of the budget. This is something that is of interest, primarily, only to the accountants in the room, but nevertheless, it is something that we need to pay attention to, and in fact the county budget consists of individual budgets for each of the funds that make up the county's budget.

"The general fund budget is far and away the largest at \$195.5 million; 48 percent. The fire fund is \$18.15 million; 4 percent. And you see the rest of them. Now, regardless of how you characterize the expenditures, you have to pay for it, you have to provide funding. So what you see on this chart identifies the funding sources that make up the \$412.3 million for 2016. Property taxes are the largest single funding source at \$139.8 million, they constitute 34 percent of all of the funding necessary to pay for the 2016 budget.

"Other taxes, sales tax, motor vehicle tax and the like, make up \$57.17 million; 14 percent. We expect to receive \$45.7 million of intergovernmental revenues from the state, the federal government, and to a much lesser extent, from other local governments. That represents 11 percent of the funding for the budget. Charges for services, user fees, ambulance fees, medical fees, things of that sort; make up \$112 million, or 27 percent of the funding for this budget. Miscellaneous sources make up 5 percent. And finally, fund balances make up 9 percent or \$36.28 million of the funding for this budget.

"Now, I need to spend a few minutes talking about fund balances, because we have characterized this budget as being essentially balanced for operations. And what we mean when we say that is that when we look at what we think will actually happen in 2016, we think that the actual expenditures of county government will be fully supported, except for that \$1.1 million that Ron mentioned, by current revenues. By revenues we collect during the course of the year. Under state law, however, we are restricted to spending money to those things for which there is a legal appropriation. We cannot spend money, unless that money has been budgeted in Sedgwick County. And we live in tornado alley. We never know when there might be a tornado that comes through the center of Wichita and takes out a whole slew of county facilities. And requires the county to spend, literally, millions of dollars in immediate storm recovery expenditure. When that happens, if that happenings, we have to have a legal budget authority in order to write those checks. So to do that, we always budget significant amounts of contingencies in our budget, and we don't expect to spend them, because we don't expect the tornado to come through the center of Wichita, but in order to have that expenditure, we have to have something to fund it. We fund it with fund balance. Since we don't expect to spend that money, we don't want to raise revenues to pay for it, because that would be overtaxing people. So we use accumulated fund balances to cover those contingency accounts.

"So what you see, when you look at the county budget compared to the county's financial forecast, are very large differences in the assumed use of fund balance. In the general fund for the 2016 budget, we have budgeted the use of \$22.45 million of fund balance. But what we actually expect to use in the financial forecast, after all is said and done, is \$450,000. That is the projected deficit in the general fund for 2016. Similarly for our other tax funds, we have more money budgeted in fund balance, in the fund, than we actually expect to use and you can see the differences on this chart. Now, one bench mark that some analysts like to use to compare government activity against is the consumer price index (CPI), the rate of inflation. And so what I have done on this chart is identify the current CPI. The CPI for the most recent year, in contrast with the growth of county activity as reflected in this budget. The CPI has increased 1.6 percent in the most recent year. This recommended budget is 2.4 percent less than the adopted budget for 2015. Remember I talked about all the contingencies, that we don't expect to spend. The forecasted actual expenditures are increased in 2016 by .5 percent. The property tax revenue necessary to fund the budget is increasing 1.1 percent. Finally, the authorized positions, the staffing, if you will, of county government, is decreasing by 1.5 percent. So by each of those measures, we are growing at less than the rate of inflation, less than CPI.

"Now, moving into the meat of this presentation having gone through the overview. And for that, it is necessary for me to remind you that budgeting is all about choices. Funding is never the problem in building a budget, priorities are the problem. And the quandary, of course, is that something has to be priority number two. Everything can't be top priority.

"And so this budget, which I have characterized as being transformational, is all about the choices that have been made or that are proposed to be made, to build this budget and to transform Sedgwick County going into the future. The Commission's goals, I have already identified and on this slide, I summarize what has been proposed in this recommended budget to attain those goals. Regarding the use of debt, your goal is to reduce it, and so in this recommended budget, in the capital budget, there is no debt planned to finance capital projects in 2016, and the amount of planned debt in 2017 has been reduced. The goal to reduce the property tax rate, to roll it back to that 2010 rate has been accomplished, and the recommended, the estimated property tax rate necessary to fund this budget is 29.359, down from 29.478 in the current year. Your goal was to set aside cash to pay for future capital projects, and in this recommended budget, there is a new CIP reserve that is established, and a small amount of funding is put in it, to be set aside, to pay for those future capital projects. You have a goal to improve core county services, and in this budget you will see that we are recommending that the election staff be increased, and that additional funding be provided to the Elections Office to support their work during the next year, which is a presidential election year.

"Additionally, we have provided funding for a new juvenile corrections program that will serve the YRC II (Youth Residential Center) facilities that are operated by others, in Sedgwick County. This program will essentially provide the same kind of services that had been offered to our custodians at JRBR (Judge Riddel Boys Ranch), it will provide those same services to kids who are housed in facilities that are operated by others in Sedgwick County. Finally, you had a goal for no deficits other than capital projects. In this recommended budget, you will see that the forecasted actual deficit has been reduced from \$8 million that we have showed you in February, to \$1.1 million, and that has occurred, despite the fact that we are contemplating paying for more than \$20 million of capital projects with cash funding in this budget. So to be more specific, regarding the reduction of debt, this budget in the CIP has reduced the planned use of debt by \$18,560,000, and that reduction has occurred to a project that had been planned for EMS, for the jail, for Forensic Science Center, and for roads and bridges. The property tax rate has been reduced to 29.359, and that has reduced the amount of property tax revenue available to fund the budget by \$512,000. We have created that CIP reserve, that I mentioned, and you will find in this recommended budget that it is funded with \$356,472. For Core County Services, we are proposing to add two elections workers at a cost of \$114,626. And the Juvenile Corrections Programming, that I mentioned, is budgeted at \$500,000 for 2016. And finally, regarding the elimination of operating deficits, we have reduced the forecasted 2016 deficit by just at \$8 million. In addition, we have identified unspent bond proceeds that can be used to pay down county debt to the tune of almost \$1.3 million. Yes, sir?"

Chairman Ranzau said, "Chris?"

Commissioner Unruh said, "Thank you, Mr. Chairman. Chris, I don't know if I should ask questions as we go along or wait until the end."

Mr. Chronis said, "It's your call."

Commissioner Unruh said, "Or a combination. A question now about adding two election workers. I saw a note from the Election Commissioner that had a certified budget asking for four. How do we reconcile that? In light of the fact that I think she has the ability to certify our budget and we are supposed to fulfill it?"

Mr. Chronis said, "We have made the recommendation that we think it's prudent for the county, and I am sure the Elections Commissioner will be talking to you if she is unhappy with that recommendation. But we've done what we think we can afford to do."

Commissioner Unruh said, "All right. This might have more to follow, I am sure."

Mr. Chronis said, "As I said, budgets are about choices. On the left-hand side of this slide, you see the goals that I just described, and the dollar amounts that are attached to those goals. Some of those dollar amounts are reductions in the Capital Program, some of those are increases in the Operating Budget. But together they constitute \$29.3 million of activity that is in this budget to attain the goals established by the Commission as we understand them. But to do that, there have been a variety of other actions that have been necessary, and what you see on the right hand part of this slide is a summary of those actions. And they, in total, amount to just under \$28 million of changes that have been made in the budget. Again, some up, mostly down, on expenditures. And I will spend the next few slides going into more detail about those choices that have been made in order to bring you this recommended budget."

"Regarding Economic Development Programs. This recommended budget eliminates county funding for the Affordable Air Fares program starting in July of 2016, the next contract year. It eliminates the County's Economic Development Incentive Pool. It eliminates the county's participation in the Sedgwick County Economic Development Department. It reduces the county's funding in the Greater Wichita Economic Development Coalition (GWEDC), and it reduces funding for WATC (Wichita Area Technical College). And the sum of those changes totals just over \$1.75 million."

Chairman Ranzau said, "Chris. This reduced the fund to WATC, you said 13 percent. Does that include the [\$]3.4 million we pay for principle and interest?"

Mr. Chronis said, "No. We don't give that money to WATC. That is a county obligation paid for by the county, out of the county's budget."

Chairman Ranzau said, "That's true. But it is support for?"

Mr. Chronis said, "It is, absolutely."

Chairman Ranzau said, "Thank you."

Mr. Chronis said, "In culture and recreation, this budget proposes a variety of expenditure reductions, totaling \$514,000. Those reductions occur for the Sedgwick County Zoo, for Exploration Place, for the Wichita Arts Council, the Wichita River Festival, the Kansas Junior Livestock Show, and the Wichita Sports Commission, in the amounts you can see on this slide."

Commissioner Peterjohn said, "Chris."

Chairman Ranzau said, "Commissioner Peterjohn."

Commissioner Peterjohn said, "Let me understand. Can you tell me the exact dollar amount that the county would be providing for the [Sedgwick County] Zoo, because there's been some questions when you say 6 percent contract obligation, how much money are we spending this year for the [Sedgwick County] Zoo, versus how much proposed budget has."

Mr. Chronis said, "Can I come back to you with that?"

Chairman Ranzau said, "I think it is \$5,617,889."

Mr. Chronis said, "I should have said at the very outset, by the way, when I was applauding the efforts of the budget analysts, that Commissioner Ranzau has devoted an amazing amount of time and effort in this process, and I really do appreciate it. He truly understands the county's budget just about better than any elected official I have had the pleasure of working with. We have a vacancy in the budget office if he wants to quit his day job."

Chairman Ranzau said, "Let's see what happens in three years."

Mr. Chronis said, "For 2015, I believe Commissioner Ranzau said this, the amount of is \$5,518,136, for 2016, the contract amount, the amount that the county is obligated to provide by the funding agreement that we have with the [Sedgwick County] Zoo, is \$6,600,191. The amount in the recommended budget is a reduction of \$388,302 to \$5,617,889."

Commissioner Peterjohn said, "So the dollar amounts are identical for 2015 and 2016 on the operating side of the funding for the [Sedgwick County] Zoo; is that correct, Mr. Chronis?"

Mr. Chronis said, "Yes."

Commissioner Peterjohn said, "Okay. And those figures don't include the \$5.3 million that the county paid in the current fiscal year, for elephant facility out at the [Sedgwick County] Zoo. Neither of those numbers are included. Am I correct?"

Mr. Chronis said, "Yes."

Commissioner Peterjohn said, "Okay, because I think it's important to have a bigger handle around those numbers, in terms of, talking about the same amount of property tax dollars in this proposed budget as in the current year. I wanted to get that on. It is obviously a change from what the funding agreement had been, but we made a change last year, too. Thank you, for the clarification."

Chairman Ranzau said, "In addition to the proposed level of funding from this year to next year, we also continue to defer the loan payment of a little over \$235,000."

Mr. Chronis said, "Yes. That's right."

Chairman Ranzau said, "Thank you."

Mr. Chronis said, "In the area of health and human services, we have, in this recommended budget, proposed cuts totaling \$1,034,874. And those reductions occur for a fairly long list of programs that I will go through over the next several slides."

"We are proposing to eliminate funding for Project Access to eliminate the Catholic Charities Contract for Foster Grandparents. To eliminate the Envision Contract for Aging Services Vision Assistance Program. To reduce the funding for the non-profit Chamber of Service. And to reduce funding for the Challenging Behaviors Program for the Developmentally Disabled.

"Additionally, we are proposing to eliminate all tax funding for the Community Health Assessment program, eliminate the Health Promotion program, eliminate the Health Navigator program, eliminate the Health Educator program, eliminate the Free Screenings program; offered by the Health Department, eliminate tax funding for the Immunizations Program; that program I should mention in your budget document is spread over, I believe, three different programs. What you see here is the combination of those. And we are proposing to reduce the tax funding for the Healthy Babies Program. We are also proposing to eliminate the KANSEL (Kansas School for Effective Learning) Contract for the education of high school dropouts. To eliminate the Big Brothers Contract for At-Risk Youth Mentoring. To reduce funding for the senior centers and all of those changes, in combination, add up to a reduction of \$1,034,874, in the Health And Human Services activity within the county's budget for 2016."

Chairman Ranzau said, "Commissioner Unruh."

Commissioner Unruh said, "Thank you, Mr. Chairman. Chris, in an iteration of a proposed budget that I saw, I didn't recall KANSEL or Big Brothers in that. Did I not see it or are these recent additions?"

Mr. Chronis said, "No, they are two of the Crime Prevention Programs that had been proposed for reduction in the June 9th presentation that Bill Buchanan gave you."

Commissioner Unruh said, "Okay. It was just labeled crime prevention."

Mr. Chronis said, "That's right."

Chairman Ranzau said, "My comment on the Health Immunization programs, as you said, we actually have three different programs. The intent here is to consolidate those and make them, at the very least, revenue-neutral; to eliminate a couple of positions, but not all of them, so they can work together and look at how we do things. I've had some meetings with the people in the Health Department, but I think there is an opportunity to continue doing health immunizations, but do it in a way that it pays for itself. That's the intent there."

Mr. Chronis said, "I would just point out that the reason we have three different programs is because they are serving three different clientele, in some cases, with three different pots of funding. And each of them receive some tax support. It is that tax support that is being reduced in it this proposed budget."

Commissioner Unruh said, "Right. Excuse me. From what the Chairman said, we will continue the program, or we are just not going to fund it, is that what you are saying?"

Mr. Chronis said, "The program will continue, but with a reduced amount of funding. It will continue to receive revenue from the various grants that provide funding for it now. Some of that revenue may be reduced because the county's funding is being reduced, as well. There will continue to be grant funding and some smaller amount of local tax support for these programs."

Chairman Ranzau said, "I think a large portion of the revenue comes from charging for service for immunizations. If we can streamline and reduce some of our expenses, we could make it self-supporting. That is the intent."

Commissioner Unruh said, "Okay. But is this suggestion coming from the Health Department that they can streamline and economize, that way, or is this just something we are imposing upon them?"

Mr. Chronis said, "I would hesitate to say it is coming from the Health Department."

Commissioner Unruh said, "You would hesitate to say that?"

Mr. Chronis said, "It is not. Another area in which some tradeoffs have been made has to do with city budgets. And in this recommended county budget for 2016, we are shifting the cost of some services that traditionally have been paid for by Sedgwick County to various cities within Sedgwick County. First and foremost, the Day Reporting Program. This is a program, as you recall, that was created, initially, in 2006 as a way to divert people from the county jail. By creating a day reporting program; a program to which judges could sentence people to report to a counselor or probation officer. We presumed that would keep people out of the jail and we presumed that it would be a less costly alternative.

"What we found since 2006 is that the program is used almost entirely by municipal courts; sentencing municipal inmates to this program. It is used only to a slight degree, by the district court, which is funded out of the county's budget. And so the recommendation is as of July 1st, halfway through the 2016 budget year, we will either eliminate the program, or we will have the smaller cities and Wichita, that use the program, agree to pay the full cost of their use of that program. Either of those approaches has a \$534,000 effect on the Sedgwick County budget. Either we will cut costs by that amount, or we will receive new revenue from the cities by that amount."

Commissioner Unruh said, "Mr. Chronis."

Mr. Chronis said, "Yes."

Commissioner Unruh said, "This is a pretty significant change in the way we are doing business, and there was a slight discussion that the Criminal Justice Coordinating Council (CJCC), and in that kind of casual or unofficial discussion there was not support for this. Have we talked with the City Courts and the City Council to let them know this is a potential occurrence?"

Mr. Chronis said, "I have talked with the staff of the City of Wichita, but nobody else. As you said, others heard about this proposal through the CJCC discussion. Beyond that, I honestly don't know what other discussions might have taken place, but at the elected level."

Mr. Holt said, "I don't know what level of discussions at the elected level, but I know this was a proposed reduction that was in the preliminary budget, and Bill had alerted City Manager, Bob Layton. I know that folks from the Public Safety Division had talked to the Judge, Chief Judge of the Municipal Court, as well."

Commissioner Unruh said, "And that was for the city?"

Mr. Holt said, "For the City of Wichita."

Chairman Ranzau said, "I did mention this to the Mayor last time we met. He hadn't heard about this. I did tell him, what Ron told me; that the managers had spoken, and I hadn't heard anything back from Bill, prior to leaving, that there was an issue with this or anything. It is certainly an ongoing discussion. They should be aware of it. It is something bill has talked about considering for a couple years now."

Commissioner Unruh said, "I understand the logic of it, but in this delicate balance we have in the Criminal Justice Coordinating Council, working with the Courts and the District Attorney and the Police, Sheriff, City Council, County Commission, this is an important component of the administration of criminal justice, and it has significant financial impact to the city and the small communities. And I guess my only comment, it would be good if we could work out some sort of solution to this, because this is going to be something I think we will find resistance from those partners I just mentioned. That's all I have."

Mr. Chronis said, "Other costs that this recommended budget proposes to shift, in these cases, all to the City of Wichita pertaining to the Metropolitan Area Planning Department (MAPD). As you know, the agreement between the city and county for that joint department over the years, has been to split the costs 50/50, between city and county. In this budget, the recommendation is to eliminate county funding for some programs that are perceived to be of benefit only to the city, or to city residents, and further, the recommendation is to reduce the amount of funding that the county will provide for comprehensive planning programs. You can see the amounts attached to those changes listed on the slide. The programs for which county funding is supposed to be eliminated are the Historic Preservation Program, the environmental reviews that are performed by MAPD staff, and the Bicycle and Pedestrian Master Plan: Implementation Program."

"In the general category of county administration, there are a variety of changes that are being proposed in this recommended budget that, all together, constitute a little over \$2.5 million; \$2,513,731, to be precise. Included in those reductions is a reduction of the planned out of county travel by Commissioners. We are proposing to privatize the compliance with the Americans with Disabilities Act. We are proposing to privatize our communications program with the legislature. We're eliminating the NACo (National Association of Counties) membership. We are reducing administrative support for I.T. (Information Technology) Operation. We are reducing Emergency Management Operations by eliminating the Director position. That's a continuation of an effort that was initiated earlier this year with the retirement of the former Emergency Management Director. We are reducing funding for technology upgrades by \$100,000. We're eliminating funding for an employee recognition program. We are reducing funding for employee pay adjustments to the 1.75 percent level I have mentioned earlier. We are reducing the employee health premium increase from 7 percent to 5 percent, as I mentioned earlier. We are reducing Worker's Comp premiums that are paid by the various county departments to the county's Risk Management Department to provide worker's compensation. That is a \$741,000 reduction of cost. We are reducing internal fleet charges that operating departments pay to the Fleet Management Department by \$200,000, based on revisions of fuel costs. We are reducing the expected use of the county's Operating Reserve by \$107,785, and finally, we are reducing the postage budget of the County Treasurer's Office, because the new vendor, that we selected earlier this year, or perhaps late last year, has allowed us to make that reduction with no change of service. Yes, sir."

Chairman Ranzau said, "Commissioner Unruh has a question."

Commissioner Unruh said, "Thank you, Mr. Chairman. Chris, the reduction in the worker's compensation premiums, is that something that has been contemplated for some time? Have we been overfunding that?"

Mr. Chronis said, "We have built up a reserve that we can afford to draw down, within the Worker's Compensation Program. So I wouldn't say it was a planned activity, but it is certainly a prudent activity."

Commissioner Unruh said, "Okay. Well, as a person that's been in a small business, and facing these charges, I can't remember a time my work comp premiums went down."

Mr. Chronis said, "The difference between the county government and a small business, or for that matter, most businesses; is that our worker's compensation program is self funded. We do not purchase an insurance policy for worker's compensation, so we don't pay the premiums that are provided to us by an insurer, we determine those premiums ourselves. And they are determined to be at a level that is necessary to provide an amount of reserve that will be needed to pay anticipated worker's compensation costs. As I said, the reserve account for worker's comp had been built up, because we, frankly, had very good operating results over the past several years. Our claims experience has been lower than the historic norms, and so we are reclaiming some of that reserve through this Operating Budget."

Commissioner Unruh said, "Thank you."

Mr. Chronis said, "The note that I was just handed said that in the last year alone, we increased the fund balance, the reserve, if you will, for worker's comp by \$620,000. That is the claims that were paid, the compensation paid to employees, medical claims paid to treat employee's on-the-job injuries, were \$620,000 less than the premiums that we were charging the operating departments."

Commissioner Unruh said, "Thank you."

Mr. Chronis said, "Next, there have been a variety of reductions in the county's planned Capital Improvement Program. In order to achieve the Commission's goals. We are proposing to reduce funding for the Law Enforcement Training Center by \$350,000, to a total of \$2,650,000. Now, I have said numerous times in the past, and I know you all understand, that is a project that is still poorly defined. We don't know what the project is going to consist of when it is finally determined. We don't know where it will be located. We certainly don't know how much it is going to cost. So this money, this budget in the Capital Program, for the Law Enforcement Training Center, I consider to be little more than a placeholder. Once we finally reach agreement between the county government and the city government on what that facility is going to consist of and where it is going to be located, when it will be constructed, and how much it is going to cost, how much each government is going to pay for it, I fully expected we will be coming back to you with a CIP amendment, to adjust the budget to whatever the real number turns out to be. In this recommended budget, we are proposing to reduce funding for ADA (Americans with Disabilities Act) compliance projects in 2016 by \$247,000. We are proposing to defer or eliminate parking lot repair at the COMCARE facility on Main Street, just north of this building."

"We are proposing to defer or eliminate an erosion control project at Sedgwick County Park, to defer or eliminate the remodel of the second and third floors of the Munger Building, which houses our I.T. Department. We are proposing to defer or eliminate two EMS (Emergency Medical Services) posts, and a garage that had been planned to house the surplus ambulances for EMS. We are proposing to repair instead of replace EMS Post 8, which is located on 53rd Street North in Park City. We are proposing to defer or eliminate the Forensic Science Center Expansion Project. Finally, we are proposing to eliminate \$710,000 worth of road and bridge Projects and defer or eliminate two projects that, in combination, would have remodeled and expanded the entryway of the county jail.

"All of those infrastructure projects total \$16,198,562. There are three proposed fee adjustments in this recommended budget. So in this case, these are tradeoffs that increase revenue for the county. We are proposing to increase the fee structure for the Emergency Medical Service, and that increase, generally we are characterizing it as an increase, but in fact, some services, I believe, are proposed to go down in rate, and most services are proposed to go up in rate. The combination of all of those changes is expected to produce \$423,548 of additional revenue to fund EMS. We are proposing to increase the pathology and toxicology fees that the Forensic Science Center charges to its customers, who are located outside Sedgwick County, and that is expected to produce nearly \$45,000. And finally, we are proposing to increase the rate at which municipal prisoners are billed to the cities that have directed those prisoners to be housed in the County's Adult Detention Facility or the Work Release Facility. That increase is expected to produce \$40,000 of additional revenue in 2016.

"Finally, there are a series of what I would characterize as financial management actions that have been taken in this budget in order to produce funding that is necessary to attain the Commission's goals. We have, as we have explained before, reduced the contribution rate for KPERS and KP&F, and that has reduced county spending for pension contributions by \$1.2 million. We have reduced the cash allocation for Facility and Drainage Projects by \$238,000. We have allocated general fund revenue to pay for road and bridge projects to the tune of \$2,290,000, and we have allocated \$1 million of the Highway Fund, fund balance to pay for road and bridge projects. The Highway Fund as you know is the fund that pays for the operations of the Highway Department, not for capital projects, it pays the staff and the supplies and the operating equipment of the highway department. And it has built up a fund balance, and we are proposing to use \$1 million of that fund balance to pay for projects."

Chairman Ranzau said, "Chris, just to point out, the proposed deficit of \$1.1 million, really was intended, by purpose, to be \$1 million, so if we use \$1 million out of the highway fund, we have, what, \$3 million in that, and probably only need to have \$1 million in there. So that was the intent, so we use some of those fund balances like we do with a variety of other things. Commissioner Unruh."

Commissioner Unruh said, "Thank you, Mr. Chairman. Chris, this is kind of a key point of this budget that we have and some of the cuts that we are contemplating are that we are going to do \$2.29 million worth of general fund revenue to pay for roads and bridges, which was typically part of our annual bonding strategy. And another \$1 million out of that reserve, which would have typically been part of that annual bonding strategy. Is that right?"

Mr. Chronis said, "That's true. I don't know if I would characterize it as a key part. We are talking here, as I said earlier in the presentation, about something on the order of \$29 million worth of action that has been taken to accomplish Commission goals, and about \$28 million worth of actions that have been taken to provide funding for Commission goals. This is a part of that \$28 million."

Chairman Unruh said, "This is a part that were we to use debt financing, use bonding to pay for it, we could restore many, if not all of the cuts, to community services."

Mr. Chronis said, "I haven't done the math, but certainly that would provide. If we did business as we have done business in the past, we would be funding \$4 million of road projects with bonds. In the 2016 budget, we have proposed to replace \$4 million of bonds with \$3,290,000 of cash that comes from the General Fund and Highway Fund and reduced the amount of spending for roads by \$710,000."

Commissioner Unruh said, "Right."

Mr. Chronis said, "And if we issued the bonds, yes, we could, in theory, we could restore the \$710,000, and we could use the \$3,290,000 from the general fund to pay for services that otherwise are proposed to be eliminated or cut."

Commissioner Unruh said, "Okay. Well, I can circle back to this discussion after you finish."

Mr. Chronis said, "So when you put all of this together, you end up with an effect of the 2016 budget on the financial forecast that looks like this. The blue line at the bottom identifies the forecast that we showed you in February. It was for an \$8 million deficit in 2016, and \$8.9 million deficit in [20]17, \$8.4 million in [20]18, and smaller deficits, \$3.9 million in 2019, and \$3.1 million in 2020. In each year, this proposed budget, this recommended budget, will provide for a reduction of those anticipated deficits to \$1.14 million in 2016, \$2.4 million in 2017, \$4.9 million in 2018, \$700,000 in 2019, and \$2.35 million in 2020. So this recommended budget I think we can safely say improves the county's financial picture as we go forward. It reduces our forecasted deficits."

Chairman Ranzau said, "Chris. In 2018, it goes down to [\$]4.9 [million]. Is there anything in particular happening that year, or is that a compilation of things. It kind of goes down, and then goes back up. Sometimes it's hard to pin-point, but sometimes it's not."

Mr. Chronis said, "That's a function of the Capital Improvement Program, in that particular year, there are more cash funded projects than in other years."

Chairman Ranzau said, "Thank you."

Mr. Chronis said, "In summary, the county's recommended Operating Budget for 2016 is \$394,143,119. Sedgwick County Fire District Number One has a recommended budget of \$18,155,963. The combined total county budget for 2016 is recommended at a level of \$412,299,082. In order to fund that budget, we are estimating that the property tax rates, that would be necessary, are 29.359 mills for County Government, and 18.367 mills for the Fire District. So, all of that is the Operating Budget."

"I haven't, yet, talked very much, at all, about the Capital Budget and the CIP, the Capital Improvement Program. In the remaining moments of this presentation, I want to summarize what is in that budget, and it appears at the very end of the budget book that you have received. For 2016, we are recommending a Capital Budget of \$61,894,742, and we are recommending a five-year Capital Improvement Program, including 2016, of \$214,680,134. That budget is funded, primarily, with other people's money. The largest single project in the Capital Budget, next year and in the longer term, CIP; is the interchange at Kellogg and Interstate 235 (I-235), and most of that project is expected to be paid for with money that we receive from the State of Kansas. You will see that in just a moment. Setting aside that, we are expecting to fund the Capital Budget, next year, with a total of \$22.7 million of county cash from sales tax, from the General Fund, and from the Highway Fund, fund balance. Over the long term, in the entire five-year program, we are projecting to fund the program with a total of about \$84 million of county cash from those various sources, that I mentioned, and from \$15,681,750 worth of bonds that would be sold to finance road and bridge projects in 2017 through 2020. Some of the noteworthy projects in the Capital Budget, next year and in the longer term, CIP, include; first and foremost, that interchange project for next year it is budgeted at \$40,012,823. And over the five-year period, the total budget for phase one, which is all that's in the CIP right now, is \$116,032,469. And once again, nearly all of that money is coming from the State or Federal Government. We always allocate a significant amount of money to preventive maintenance of the county's road system. This Capital Budget and this CIP is no different, in 2016, we are proposing to allocate \$9.25 million to preventive road maintenance over the five years. We are proposing to allocate \$48.25 million to that purpose. We are recommending the creation of a new program to replace cold mix and gravel roads. And in 2016, that is funded with \$1.25 million, and over the five-year period, it is funded with \$6.25 million. And that is a sufficient amount of money, we believe, to pay for five miles of roadwork in each year. The Law Enforcement Training Center, as I have already explained, is in the recommended budget at \$2,650,000. The EMS Post 8 repair project, that I mentioned in Park City, is expected to cost \$210,800. And finally, there is a major bridge replacement in northwest Sedgwick County, northwest of City of Wichita at 135th Street, between 21st and 29th Streets north, and that project is expected to cost a little over \$1.2 million in 2016. Now, from this point forward, there will be a number of opportunities for you to hear from your constituents; their thoughts about this recommended budget and for you to have interactions among yourselves and with staff.

"First, as of today as of today, after this meeting, we will commence what we have referred to as the Online Budget Hearing at SedgwickCounty.org/finance, citizens will find a link that will take them to the online hearing, where they can see what comments have been made by their neighbors and offer any comments they care to make about the County Budget. And as those comments are made, they will be introduced into the record at the appropriate time. And of course you will know about all of those comments.

"Next, Wednesday, two days from now, July 22nd, in this room at 9:00 a.m., is what we have called Last Up Day. That's the day at which you will authorize us to publish an advertisement that notifies citizens of several things. First, it tells them what the total amount of expected budget authority is in 2016. Secondly, it identifies the total amount of property tax revenue and the estimated property tax rate that is necessary to fund that budget. And finally, it notifies citizens of one of the two public hearings at which they will have an opportunity to come and speak to you about your recommended budget.

"We call it Last Up Day, because once you have given us that authority, once you have authorized a budget ad, as we term it, of a particular amount of money with a particular amount of property tax revenue and a particular estimated tax rate, you are not allowed to adopt a budget that increases any of those factors. So Wednesday is your last opportunity, if you care to, to provide more spending authority or more property tax revenue to support the budget than is what is currently in the recommended budget.

"On Thursday, July 23rd, and Saturday, July 25th, those budget ads, one for Sedgwick County and one for the Fire District, will occur in the Wichita Eagle, and we publish it twice, even though legally we are only required to publish it once. Frankly, because we want to make sure we fully comply with state law, and one year there was a glitch in the publication, and we ran into some difficulties in dealing with the state. So we publish it twice as a safety factor. The first budget hearing will be Wednesday, July 29th at 9:00 a.m., in this room. The second budget hearing, the one included in the notice, in the advertisement, will be Thursday, August 6th in this room at 6:00 p.m. Finally, as far as you are concerned, your last involvement will be Budget Adoption, which is scheduled to occur at your Regular Meeting, on Wednesday, August 12th, at 9:00 a.m., in this room. After that action, after the budget is adopted, then we will deliver the certified budget to the County Clerk, as we are required to do by state law, on or before Tuesday, August 25th. With that I would be happy to try and answer any questions. I have lots of helpers here who will feed information into my ear as I need it. If you have no questions, then I would recommend that you receive and file this recommended budget."

MOTION

Commissioner Ranzau moved to receive and file the budget.

Commissioner Peterjohn seconded the motion.

Chairman Ranzau said, "I think Commissioner Unruh was first."

Commissioner Unruh said, "I have been talking a lot. If you want to take Commissioner Norton, I'll follow up with that."

Chairman Ranzau said, "Commissioner Norton."

Commissioner Norton said, "I am going to have a lot of questions. So much of this budget I am not in favor of. Certainly, I have publicly said that I am not ready to go down the path to no debt policy for the county. I think good use of that tool in our tool box has proven instrumental in being able to do good things for our community, for many, many years. I am also concerned that we are cutting a lot of our partners to be able to build up cash to do CIP projects in the future, and that removes us from the service business and puts us in into either a reduction of services or investing all our money in capital things that may be roads and bridges in unincorporated areas, and that worries me a little bit. So as we move through this process, I will talk more about those. I do have a couple questions.

"On KPERS, the state contribution, that appears to me to be an issue that's going to raise its ugly head at some point. Where does the state stand with their fixing of the KPERS? At one point they were going to bond a huge portion of that, shore it up, and now they are reducing it.

"I think you referred to you were surprised that they are reducing our contribution. That looks like a one-time deal that later will come to roost in something much bigger. I hate to be reducing and thinking about that in the context of the whole budget and have it come back a year later and bite us because we have taken a one-time charge to help reduce what we want to do, and it is not going to be every year. So, talk to that a little bit, Chris. Am I analyzing that correctly?"

Mr. Chronis said, "Perhaps. First, I need to point out that our contribution rates to KPERS, each year, are defined by KPERS. There is no ability, even if we wanted to, to contribute more than they have said, in that year. At the same time, we can't give them any less than they demand. Now, as for the amount of the contribution rate, that was determined by the most recent actuarial report that KPERS received. The legislature, in this most recent session, authorized the issuance of I believe it was \$1 billion of pension obligation bonds, that are intended to reduce the unfunded liability of KPERS. The legislature put certain conditions on the issuance of those bonds, one of which was that the interest rate on the debt could not exceed five percent. The bonds have been authorized, but now market conditions have changed since the legislature acted, and the state, right now, as I understand it, is bumping up against that five percent threshold. Whether they will actually be able to execute that bond sale or not, I don't think anybody knows quite at this point. But their plan is to issue \$1 billion worth of bonds. The idea is that those bonds will bear an interest rate, presumably less than five percent, that is less than the interest rate that will be earned by KPERS on the investment of the bond proceeds. And as long as that reality occurs, then it is a good transaction time. KPERS will make money on the deal, and the money they make can serve to reduce the unfunded liability of the system, to the extent that they gamble wrong the interest they earn on their investments is less than the interest rate they pay on the bonds, then it turns out to be not such a good deal and the unfunded liability will increase. Now, what will happen, what will the market conditions actually be when they make those investments? Well, if you can guess that, accurately, then you are in the wrong business. Nobody knows. What we do know, in the most recent year, the return on investments for KPERS was below that five percent level. So they are hoping for a turn-around in the market and they are expecting a turn-around in the market. To the extent they fail, and I am sorry for the long-winded answer, you got me on my soap box. To the extent they fail and the unfunded liability continues to rise, then yes, we and every other participating employer in KPERS is on the hook, ultimately, to pay that bill. Whether it will be paid in one year or two years or 25 years, we don't know. That will be determined by KPERS and their actuaries and the legislature. The bill will have to be paid at some point."

Commissioner Norton said, "That seem like a fragile scheme to me. When they go into investing, are they held to certain standards like we are, with where they can invest and what kind of commodities or programs?"

Mr. Chronis said, "They have an investment policy, just as we do. Their investment policy specifies eligible investments, just as ours does. The range of eligible investments for a pension fund is much greater than what is available to a county government, under state law. So they can and do invest in equities and they can and do invest in alternative investments and real estate, international securities. So they have many more opportunities to earn a higher rate of return than we do."

Commissioner Norton said, "I'm concerned about some of the one-time charges throughout the budget. You don't get to do but one time. Speak to that a little bit."

Mr. Chronis said, "Frankly, there aren't a lot of those, I don't believe, in this budget. There are some areas, such as the workers' comp action or the fleet action, that are reductions that are prudent because of the change in business conditions that we face now, that we didn't expect to face six months ago, and so those don't really concern me all that much. There are not gimmicks, if you will, of the sort, that people are often concerned about when governments are trying to balance budgets. We don't play that game in this jurisdiction. As long as I've been here, we never have."

Commissioner Norton said, "One time usage, though, is still one time, and you have to compensate for it the next year. Is that correct?"

Mr. Chronis said, "That's true."

Commissioner Norton said, "Talk about the EMS fees rising, because that affects obviously the users, and many of those are uncompensated, and we have to try to collect it. Our collection rates have been an issue. If you raise that charge, you have unintended consequences other places. Talk about that a little bit."

Mr. Chronis said, "Well, the revenue that we have anticipated, I believe it was \$400,000 more or less, is the net revenue based on our assumption of collection rates and the particular clientele, the particular payers of our bills. Our EMS bills are paid, largely, by Medicare and Medicaid, and those systems have capped the rates that they will pay. So they are not going to pay our increase because Medicaid and Medicare simply don't tolerate that, but private insurers and certainly self-pays, individuals who are paying the bills themselves, will bear the burden of the higher rates. From those payers, traditionally, we collect 50 percent or less of the bills that we issue, and we don't expect that to change much as a result of this rate adjustment."

Commissioner Norton said, "That's all I have for right now."

Chairman Ranzau said, "Commissioner Unruh."

Commissioner Unruh said, "Thank you, Mr. Chairman. I've got a little bit of verbiage here to present. First of all, I want to thank the staff, also. I know that they have really worked hard. I've seen emails, way after working hours, lots of times, where you guys are working late, trying to keep up with us, and I appreciate your efforts. And secondly, I would agree with the Chief Financial Officer that I haven't seen a Commissioner work harder at a budget or understand it more fully than Commissioner Ranzau. He's worked hard at it. This is essentially the Chairman's budget in many, many ways rather than staff originated and presented budget. And it's quite a change from the way that we've typically done things in the last 12 years. The 12 years that I've been here. Mr. Chronis characterized this as transformational. It may be described as a budget experiment to see if this is sustainable or not sustainable, going forward. A change of this magnitude, although it's not required, I don't know if we should have sought public input to talk about whether or not we really should make these cuts to many of the public services just in order to achieve the goal of not doing anymore bonding. So I haven't heard from everybody in the community, but many people in the community are concerned about what's contemplated here. I would suggest that we have alternatives to this budget. At the budget presentation, we typically don't have this many of our citizens here to watch the initial budget presentation. We have lots of folks show up for public hearings."

Mr. Chronis said, "Yeah, but they used to be presented by Bill Buchanan, and this was being presented by me and Ron Holt, too, give him some credit, too."

Commissioner Unruh said, "I was looking for a reason. Now I know. There are alternatives to this and all the cuts that you have enumerated. I mean one option is simply to use the method that we've used for the last 20 years, and that is; use some logical, reasonable, well thought-out bonding within the confines of our currently policy restrictions. Sedgwick County has been strong financially, is strong financially. We have a AAA bond rating, and so the conclusion you draw from that is we can provide services and do some reasonable bonding within restrictions that allow us to fulfill our obligations to our community partners. I'm focused mainly on what is not optional. We have to do road maintenance, but \$4 million to do road projects in the county, when without that \$4 million worth of road projects, we're still doing \$15 million worth of projects, that's a lot of activity, and that's not counting the I-235/Kellogg interchange. My point is that we could continue the bonding project and still provide revenue for these community partners and the services we provide, or we could not do those \$4 million worth, actually \$3.29million, I guess, is what we're contemplating in this project. \$2.29 plus a million dollars; is that correct?"

Mr. Chronis said, "Yes."

Commissioner Unruh said, "\$3.29 million worth of road projects, for maintenance; we could either bond them or defer that whole amount and say we've got to work within the \$15 million that's already there. So there's two options. A third option might be let's just do \$2 million worth of those road projects. If we just did the \$2 million and saved \$1.3 million, and if we did not adopt the policy that we want to give back .119 mills, those technical adjustments that have occurred, we would have about somewhere around \$1.8 million, and we could, then, keep our word to the Sedgwick County Zoo. We could keep our word to Exploration Place, keep our word with GWDDC (Greater Wichita Downtown Development Corporation). We continue to fund WATC, at its current level. We could continue our involvement with MAPC for the amounts of monies that it's contemplated that we're going to eliminate. Sports Commission, Junior Livestock, SKEDD (South Central Kansas Economic Development District), Arts Council, River Riverfest, Project Access, Envision, Foster Grandparents. I didn't mean to slight KANSEL, but I wasn't aware of that. We could do all of those if we didn't do that .119 mill levy reduction and only did \$2 million worth of roads. I just think the Commission needs to consider that. The .119 mill reduction amounts to a \$1.40 for a \$100,000 house. That's \$1.40 a year, not a month. You know, if you've got \$.5 million house, it's \$7. I just think that our community would support our involvement in all of these community services and the partnerships we have if we would make those two slight adjustments, just did \$2 million of roads and don't do the mill levy, that's \$1.8 million, and the rest of the budget stays, pretty much, as you described.

"So I just think since we have alternatives, there's a lot of agency and folks that are going to be hurt. Did I say Health Department in there? That's restoring the Health Department, too, because it's \$500,000 and we're taking 8 or 9 people being contemplated, reducing the full-time equivalent by that. There are alternatives to this experiment. I agree with you, Chris. This is transformational if we go forward. I read a comment that Dwight Eisenhower used to tell his troops. He says, let's make our mistakes slowly, and it seems like we're exposing ourselves to a potential for real calamity, hardship, distrust in the community, and I think we ought to, maybe, compromise. Mr. Chair, that's all I have."

Chairman Ranzau said, "Commissioner Norton."

Commissioner Norton said, "Well, as we move forward, I don't have a lot more for today, but I'm very anxious to hear the public and what they have to say. I received a lot of emails. Most of them are talking about restoring whatever their favorite issue is, but many, many, many of them are very positive about us not going down this path, and the few that I've gotten that are solely in favor of this talk about their taxes going down, but this budget doesn't really talk a lot about anybody's taxes. We're cutting a lot. But their taxes aren't really going down. We're just moving to a new form of government that I don't adhere to. A no debt policy down the road, that will change the dynamic of what the county can do for this community. And I think we have written into, at least my philosophy of local government, a social contract to make things better for the constituencies that we serve, and we serve a lot of different constituencies, from the business communities to the underserved and everything in between, and I think we have an obligation not to take these draconian cuts to services and partners that we've delivered for many, many years. So I'll have a lot more to say about this, but I'm anxious to hear from the public as we go into the public hearing stage of this, because I think they're going to have a lot to say about this budget. That's all I have, Mr. Chair."

Chairman Ranzau said, "Commissioner Peterjohn."

Commissioner Peterjohn said, "Thank you, Mr. Chairman. I appreciate all the folks who worked very hard on working on this budget, also appreciate the folks from the private sector who are here or have been here, who attended for this discussion. We sometimes have to make some tough decisions, and there's an easy way. We had an outline of how we could restore a lot of the changes that were proposed with a little tweak here and a little tweak there. I don't think little tweaks are going to do it. Now, unfortunately, the process we have, the Last Up Day, so to speak, is very close to us, but unfortunately, that Last Up Day, in the past when governments run into problems, they have an easy way of handling things. At the federal level, they can raise taxes or they can basically borrow through the Treasury and the Federal Reserve. At the local level, we don't have a printing press, but we can raise the mill levy. This County Commission, other County Commissions and local governments, state even; they've raised taxes, sometimes fairly recently, and that's certainly a tool that could be performed to restore some of the spending changes that are proposed here today, with this. However, we made a promise and a commitment, I believe. And I think it's unfortunate that state law doesn't allow us to set the mill levy as well as the amount. The effort to keep the mill levy flat was a commitment that I think the majority of this Commission, and I think I've heard from an awful lot of folks saying that's where it should be. We could say it's subject to technical adjustments and revisions. Eventually, if you don't take care of the pennies and nickels and dimes, it starts to add up, and the effort to try and keep the commitment that I thought had been made by this Commission, the majority of this Commission, and by myself in particular, I mean. I strongly support the idea of empowering voters and having a say on property taxes, and I'm strongly supportive of the legislation that would give voters the same empowerment to decide property taxes that they do for sales taxes, and so I'd love to be in a position to be able to say, okay, we've got some folks who would like to see the county continue policies as they've had in the past, we can let some spending changes occur. But having said that, I strongly believe that the folks that elected me expect me to keep the promises I had, which I ran on a platform in opposition to raising property taxes."

"Now, we have a simple solution to the budget challenge in front of us here. Raise a couple mills and we would be able to kick the can down the road. But I do find it rather disingenuous; the argument that because of changes in bonding, that's supposed to be the whole problem behind here. Well, yeah, we can get out of our cash flow problem if we'd gone along with the recommendation of borrowing \$15 million as part of the 3rd Street building and taken that portion of that cash flow, but bonding, it's like putting a mortgage on your business or on your home. You put a mortgage in place, and you're going to be in a situation where it's got to be paid. You get the cash up front. You invest in, whether it's the home or business, but once that money is spent, you're going to be expected to make those payments going back against us. And so when I look at the arguments in terms of bonding.

"Now, I want to jump in here. My understanding, and I want to repeat my thanks to the staff, because I know how many times they were in my office talking about issues and seeking my input, and my understanding is they were also visiting with other elected officials, too, and so there was a lot of work here. And to call the draft we have in front of us, here, the Chairman's budget, I think is unfair. I think that there was a lot of people, and I think every Commissioner had conversations with staff about what we have here today. I think that's in the comments of people who, on this bench, because there are some things in here that aren't exactly what I'd like, but we've got some tough decisions to make in front of us during the next few weeks, and so for the folks who are here, the folks who see or hear my comments later on, I want to hear from citizens, whether they like this budget or don't like this budget, whether they approve of certain types of changes to be made here. Call, write. I'm here during business hours, most of the time. I do want to hear from the public in terms of these decisions that we have in place.

"When I look at the situation we're in today, let me share this with you. I expected this to be a much tougher budget than we have in front of us. Staff alluded to the fact that we got a completely unexpected surprise in terms of how much money we were going to have to send out for KPERS and KP&F. I found out about a couple of weeks ago, and I think staff found it shortly before they informed me. If we hadn't had that change, we could be looking at more difficult situation or potentially a bigger property tax increase, and that's what it comes down to. A couple mill, maybe two or three, it depends on how much the spending increases you want to have occur, and there are other governmental bodies that that's their solution and they can kick the can down the road. Well, I was elected, in my opinion, by the voters who said, we agree with you. We don't want to see the mill levy increased. We promised not to increase the mill levy. We shouldn't be having technical adjustments and revisions and let it creep up. So I think it's important to keep the mill levy where we made our commitment and keep it flat. I've got other ideas on that that I won't share today, but I think it's important, as we go forward that there's a clear choice. We can continue a lot of spending if we are willing to raise taxes. Or we can tighten our belt and try to live within our means. Neither choice, in my view, there aren't easy choices here. If there were easy choices, staff has been working hard to try to find them, as have all the Commissioners. That's the situation we face going forward. I think it's true, with this overall economy, with the lack of growth in the tax base, it is very unlike what we had prior to the big downturn in 2008. And so that's where I'm at, and I look forward to hearing from the public between now and when we finalize this budget on August 12th. I just wish that the Last Up Day was later on in this process. I think it's unfortunate we have it so soon. Thank you, Mr. Chairman."

Chairman Ranzau said, "Commissioner Howell."

Commissioner Howell said, "Thank you, Mr. Chairman. I have a number of questions and some comments, and so I'd like to talk for just a little while. First, I would like to thank the staff. They have done a tremendous job on the presentation. We have a very large proposal budget in front of us that took a tremendous number of hours to assemble. I have no doubt and I know they worked very, very hard, and I'm very thankful for that. The presentation by Mr. Chronis was very well done. But it does leave me with a number of questions. So I'd like to ask a couple of things. Currently, what is the proposed pay pool for this budget?"

Mr. Chronis said, "1.75 percent."

Commissioner Howell said, "And what has it been historically, about 2.5, or 3? What was it last year and going back?"

Mr. Chronis said, "2.5 percent the last several years, and then I believe it was zero and then before that, 2.5 to 3 percent."

Commissioner Howell said, "Do you know what year that was it was zero?"

Mr. Chronis said, "2010."

Chairman Ranzau said, "[20]10 and [20]12."

Commissioner Howell said, "I just want to make a comment about that. I do appreciate our employees. I'm sensitive to the fact that they're not going to get the same type of increase this year they've had in the recent years. That's indicative that we have a serious budget issue that has been building a number of years, and some of this was set up by decisions made in 2013 and other years, but things are not getting better, and I think that's expected. And so unfortunately, the employees. I would like to see that fixed, if there is a way to do that. So I'm interested in that number going north, if we can find the money somewhere else, but 1.75 percent, in my opinion, is not a good number for that, and so I'd like to challenge myself with looking at that number. Looking at ending balance, it's not clearly presented in the chart that you gave us, but I'm looking at the actual budget proposal on page 51. I believe the estimated ending balance on the budgetary basis was \$68,981,250. Last year was \$70,121,250. Out of those numbers, this has been an ongoing discussion. There are people looking at those numbers saying, man, you've got lots of money. Please spend money out of that balance. I'd like to just have you please articulate what is reserve that we cannot spend out of that. I know this year we're proposing a \$1.14 million ending balance spent in this budget. So it's going to go down by \$1.14 million. If you subtract those numbers, that's what I think that is. Out of that \$68,981,000, what is not discretionary to us in any way; because of policy or otherwise?"

Mr. Chronis said, "First of all the \$68,981,000 that you're referring to on page 51 of the budget document, is the accumulated fund balance of all of the funds, the 7 or 8 funds, that receive property tax funding. Within that group of funds, far and away the largest is the general fund, and for the general fund, county policy says that the minimum fund balance should never be less than 20 percent of budgeted expenditures. That is, in this proposal, if I remember correctly, about \$39 million. And so within the general fund alone, that means that we have something on the order of, I believe it was \$14 or \$15 million of available fund balance, fund balance exceeding that 20 percent threshold that, in theory, could be spent.

"With regard to the other tax funds and the difference between that \$39 million and this \$68 million, there is no policy that restricts them to any particular amount. And so, in theory, and by accounting standards, you have the ability to spend any or all of that fund balance, but only for the purposes of the particular fund in which the balance is housed. So for example, the fund balance of the Highway Fund, that Commissioner Ranzau said was in the vicinity of \$3 million, must be spent on highway related activity. And we're proposing in this budget to use \$1 million of it to pay for road projects. That's perfectly acceptable. But what you couldn't do is use some of that Highway Fund balance to pay for Health Department services, for example, that would be a prohibited use."

Commissioner Howell said, "Very good. So going on down that line a little bit, what percentage of our proposed budget is the \$14 to \$15 million? What's our ending balance in terms of percent ending balance? Can you calculate that for me, someone?"

Mr. Chronis said, "Just within the general fund?"

Commissioner Howell said, "That would be fine. I'm looking at the \$412 million budget overall, but maybe that's not fair."

Mr. Chronis said, "The appropriate calculation would be the general fund forecasted ending balance as a percentage of the general fund budgeted expenditures, and I don't have that calculation here, but we can certainly do that and e-mail it to you and present it publicly at the next public hearing."

Commissioner Howell said, "I would like to have that. That would help me. I know the state has a statutory requirement of 7 percent. Notwithstanding the law, they don't follow that every year. Some years they do, but this year it was very, very small. It gives me a level of comfortableness on the bubble overall. Think about your personal budget and think about what your annual income is and annual spending and what number are you comfortable with in your budget saying, I've got, you know, once percent. I don't know where it's going to go yet, but I've got that in my savings account, or what number that would be. To me, that's a very important number, so thank you for that. Let me comment on just a little bit. On the issue of contracts, I know that we did have three contracts. One of them has been terminated, and so there is no contract with GWEDC, at this time, and that's a result of the City of Wichita. They voted in favor of changing the termination date to after the budget process. The only option, at that point, was to eliminate the contract so we did have some discretion in this budget to change the numbers if we needed to. Generally speaking, I don't know that I agree with a five year contract that shows large growth. The [Sedgwick County] Zoo budget, I believe, had a 45 percent increase over a five year period. I understand they hit a low point in their budget, in 2013, that's the same year that they approved this budget to contract. It did have an exit clause, based on the fact that we didn't know, for sure, we could find that contract."

"I think that's exactly where we are today. We've got a budget shortfall. Wisely, they put an exit clause in that contract, and that was needed, and clearly, I think this year we've got some challenges that Sedgwick County Commission could certainly solve with spending out of the ending balance or bonding, if that's what we chose to do, but I think that may not be the most principal way to do this. I appreciate the fact that they tried to do a contract and I would just like to say that more than likely, it was based on the idea that they were hoping that the economy would approve."

"They were assuming they would have revenue increases to the county that clearly did not happen. One of your slides showed nearly flat increases on property taxes, both from the Fire District [Number One] and Sedgwick County, overall. There are just relatively flat changes there, so clearly we don't have a revenue stream or additional revenue streams to cover the large increase there. The issue of contracts, obligating future County Commissioners, five years in the future, based on assumptions. I don't know that is fair. I think that if we are going to have a contract, it should be based on something that says who we really feel comfortable with and any increases above that threshold, we need to negotiate based on all other priorities. To me, that would be a much better way to go in the future if we are going to do that at all. Some of these eliminating, entirely. Some of them were reducing. I'd like to go through those, real quickly.

"As you presented, I think the GWEDC (Greater Wichita Economic Development Coalition) participation is going down by \$50,000, that's roughly 1/6 of the income that we had given them last year, so 17 percent of their total budget, is the \$300,000, but we are going to reduce that by \$50,000. Their overall budget, if I understand correctly, I did ask for this data previously, but they have a \$1.748 million budget and \$50,000, in relation to that budget is not a huge amount. But I would suggest, also, that we change the name of GWEDC to just Economic Development, so we have some discretion to contract out that money or appropriate that money to what we think is best, going forward. Looking at some of the other changes here, and I think it's important to look at the overall budget of some of these organizations. For example, the Greater Wichita Area Sports Commission membership, we historically given them \$5,000. They have over \$1.034 million budget. So a \$5,000 reduction in that would put them down to \$1.030 million. I don't think it's going to make them close or anything, is my point. Whether we should or should not be part of that, that's a philosophy, I suppose.

"But when you talk about a \$5,000 reduction to that organization, it's not going to substantially change what they do that. I think a lot of these things are kind of like that. There's a lot of things we had discussed, previously, amongst ourselves, whether or not we should adjust some of these numbers. A lot of things that have funding from Sedgwick County were unchanged that we did not adjust down in any way. Virtually nothing gets increases. We've written just a couple of exceptions in our budget. South Central Kansas Economic Development District membership, we have historically giving them almost [\$]83[,000], almost \$84,000. I'd look at that a little bit closer, but again, their overall budget is \$2.76 million. We have historically given them about 3 percent of their funding. If we did not do that, they would still have 97 percent of their funding is my point. We'll probably be discussing that, I would assume, going forward.

"The [Wichita] Arts Council, I would like to talk about that for just a minute. I did get a number of emails on. That Wichita has a 1.33 mill levy for arts, overall. And I've got the numbers here in front of me. I believe it generates overall arts budget, cultural funding budget, \$8.176 million of the property tax we get for arts, let me get this right here. It looks like \$3.27 million for arts, total arts funding \$4.3 million. And they do have a property tax levy set aside for the arts. And so of that, in their current proposed budget, \$6,341 for the Arts Council. I just am surprised by that. Our budget had been over \$14,000, and we're suggesting elimination of that \$14,000, but it's called the Wichita Arts Council. Wichita still shows an ending balance, in the arts category, of about \$26,000 and so there is money available I think within government here to make an argument that the \$14,000 could be shifted to the City Of Wichita, and I'd like to see them accept that, accept that responsibility.

"We don't provide arts funding to any of the other 19 communities in Sedgwick County and so to provide that to Wichita, only, to me, is probably not the best way for this to be funded. I would challenge that. Compared to the overall budget, the arts council, they have \$145,000 annual budget, \$14,000 constitutes a little bit less than 10 percent, so I think they'll survive. They'll continue to do what they do. And again, I'd like to encourage them to look to Wichita for more funding, because they do have a mill levy for that purpose. A little bit further here. I apologize for taking so much time, but I do think this is important.

"River[fest] festival funding has almost a \$2 million budget. We give them [\$]10[,000]. If we eliminate that, it's just a .5 percent reduction to their overall budget. Total elimination from our part, but to the overall, budget, it's relatively negligible. I'd like to talk about Project Access for just a minute. We did increase their funding, just a meeting, or so, ago, by \$25,000, and that was the result of a challenge. They reduced their budget by \$34,000 in January. I love what Project Access does.

"I think it's very important to our community, but it's not simply a county obligation. Wichita has been funding that with CDBG (Community Development Block Grant) money and has not given any other revenues from their overall budget to Project Access where the county has been funding it at about \$200,000 a year. But reducing that \$34,000, that challenged Wichita to increase their funding from other revenues by \$25,000, I would be willing to make an argument to match that, and they did that. Clearly, think they see the point. I would encourage them to take half the responsibility. Either we are intending to apply for a grant or we have. I'm not sure the status of that.

"We're hoping to get a grant to cover that that, and I don't want to see Project Access eliminated by any means, but if there is obligation or administration costs above and beyond what's paid for by grants from the City Of Wichita or Sedgwick County, then the remaining dollars, I think should, be split between Wichita and Sedgwick County as a partnership. Whereas in the past, it's been completely handled by Sedgwick County whereas the vast majority of the people who receive that money are actually the City Of Wichita citizens. And so I do think it's a fair argument to be made that I would like to see them increase some funding or plan to fund that if we do not get a grant come cover our share of that. The other things we're cutting; let me talk about Foster Grandparent Program in just a moment. We're talking about total elimination from the county of \$23,000. Let me just say this is primarily a benefit to USD (United School District) 259. The seniors in that program get a stipend, just a few dollars for what they provide to the schools, but it's more than 100,000 hours of time from these seniors given to the school. USD 259, I believe, has over \$800 million in funding this year. That's the number I'm hearing from the legislature, over \$800 million in funding, counting all sources including their KPERS and other things.

"But \$800 million, divide that out by their students, it's roughly \$16,000 per student. Our total funding from Sedgwick County was \$23,000. Considering how it benefits them, I would like to suggest they should take on responsibility for funding the \$23,000, because they are the greatest recipient of the benefit for that program. I do think it's important that we keep our taxes low as people email me and talk to me. It seems like there's a lot of clamoring for simply just raising taxes to cover a shortfall. And I guess I'm not willing to do that. I don't think it's a legitimate solution to our problem. We need to tighten our belt, as all Kansans have had to do. If you think about Wichita State University, they just made an announcement a couple days ago to close the observatory. I asked people why. Clearly they've got a shortfall.

"They're having money concerns and priorities over there, and they are not funding something that they think is important to the community, but they're actually closing that down. Wichita talked about the transit system, and they were willing to push off some road and bridge projects for the city to fund the transit program. So I guess I would ask the question of why. Again, I think the problem is they have a shortfall of cash.

"Kansas had a 113 day session this year. People asked, well, why? Well, the reason is because they had a shortfall and they had to raise taxes, which was very difficult to do. What you see across the nation and across the state and across the county and across the different cities is; generally speaking, a shortfall of cash to do what we've been doing. And so some belt tightening is required. If we don't do that this year, it just makes things more difficult for next year. Either you've got to do it, at some point, to question what are we doing and why are we doing it and what's the most important thing, as Mr. Chronis, you said is a matter of priorities. By narrowing our focus to core functions and having a more responsible government, and doing things that allow us to operate well into the future and narrow the gap between our debt and our reliance on debt. Spending out, I think it's not principled leadership or not smart. With respect to one of my colleagues, who was discussing the status quo on roads and bridges, this budget proposes a \$710,000 reduction in roads and bridges this year for maintenance of those roads. Plus we're only going to spend [\$]2.29 million out of cash whereas we've been spending [\$]4 [million] in the past, [\$]1 million out of ending balance. I think this is a very good compromise, a way to transition ourselves into something more responsible. I believe someone told me Sedgwick County may be the only county in the State of Kansas that does road maintenance we do it; with heavy reliance on bonding.

"Overall, I think everybody understands if you do something that's maintenance on your home, maintenance on your car, it's not ideal to go into debt for those things. That's something that's kind of like dirty laundry; it never ends. You've got to constantly pay attention to it. And so the idea that we would use bonding as a strategy to always fund roads and bridges simply wastes taxpayer money on interest, which is not smart policy. It would be much better for the county to not rely on debt for something that happens every single year. So this is an effort for move the county towards more responsible government.

"I'm about to wind this up. The issue of principles, and we talk a lot about principles during an election, and people say, what do you want to do? I'd say move the county towards principled leadership. It's not fun and it's not easy to make these decisions. I think it is principled because it does create an opportunity for us to sustain a budget, such as this, going forward. If we don't take these measures when we adopt this budget, at some point, unless we have some relief in the economy, the economy grows and makes things easier, but not knowing what the future holds, I think this is the only way for us to really solve the problem long-term, is to actually reduce operations to some level to make this budget work over a number of years. As much as it's uncomfortable, I think we have to have this discussion.

"We have to do things that provide a better balance than what we do here. I think people want principled leadership. County budget doesn't rely so much on debt and fund sweeps, but one that you can project and one that is going to perform well into the future.

I look at the budget book, and if you look at some of the numbers on page 51, once again, you can see how even looking at projections we have right now, there are some numbers on this that I think shows a problem with our strategy even as its presented. Our ending balance goes down to \$58 million, in other words, a \$10 million reduction over the next four years. Again, showing a dependence on ending balance. Again, this is not easy, and it's a difficult discussion, but I do think it's important.

"Our constituents want to know that we're prioritizing, and I'll tell you, at the end of the day, I expect we're going to have the things that the community really values. Exploration Place will survive. It will do okay. It's a little bit after belt tightening and the reduction proposed today may not be the final number. I suspect we'll see some changes, and the same thing for the [Sedgwick County] Zoo. I think the [Sedgwick County] Zoo is not going to close their doors. I've had people call me and say, we're very sad you're closing the [Sedgwick County] Zoo.

"Not true. Last year we funded the [Sedgwick County] Zoo, by my calculations, by about \$10.9 million. We're talking about a potential reduction in their increase, not even a cut, it's a change in what they expected in their increase. So level of funding for them from [20]15 to [20]16. We are substantially supporting the [Sedgwick County] Zoo, and I believe they will be fine.

"We might see some changes in that number, as well. We will continue to listen to people and to lay out options. Whether these are the exact numbers we end up with, whether there will be any changes, I'm sure there will be a lot of discussions about that. I'm certainly listening to people. I encourage again, as Commissioner Peterjohn said I'd love to hear from people and let's talk about what are the right ways we can rebalance the budget and do this. It isn't to kick the can down the road and make things more difficult. I would love to hear those ideas, so I would encourage people to please contact me. I'd love to hear from you. With that, that's all I have Mr. Chairman."

Chairman Ranzau said, " Thank you. Commissioner Unruh."

Commissioner Unruh said, "Thank you, Mr. Chairman. Just want to make a couple of comments. I may have misinterpreted the word connection, but I don't think it's disingenuous to use bond financing, especially within the parameters and policies of county government. I think we have responsible government and responsible financial management as evidenced by the fact that we have attained and we maintain AAA rating from all the major rating agencies in how we handle our finances and the strength of county government. And a movie you're all familiar with, one guy says is that clear? The other guy says crystal. And I want to make is crystal clear that no one on this Commission now or in the last several years has ever even considered a mill levy increase. That's not an issue now. We're not talking about that.

"So talking about well, we can just raise [the mill levy]. We're not going to raise the mill levy. Now, we don't have to have a mill levy reduction, as I said early. We're not going to raise it. So that talk, I think, creates a false dilemma. The last thing I'll say, Mr. Chairman, we had a contractual agreement with three of our community partners, and I think the community expected us to keep our word, and it appears like maybe we're not going to do that. That's all I have."

Chairman Ranzau said, "Commissioner Peterjohn."

Commissioner Peterjohn said, "Well, thank you. I think back to the late Senator Daniel Patrick Moynihan who said, you can choose your opinion, but you can't choose your facts. And the facts are; that we established a mill levy of 29.359 mills back a number of years ago. We tried to make a commitment to keep it there, and when we passed budgets with the qualifying phrase, as we're told to by state law, subject to technical adjustments and revisions, mill levy crept up. I thought we made a commitment. I'm trying to live to that commitment and keep the mill levy flat, which I thought was the intention here."

"Now, other governmental bodies may let it creep up. Others may just say, well, we'll raise it a couple mill. We can take the challenge that this budget faces and we move it very quickly with the mill levy increase, and I thought that might be on the table for folks who want to go in that direction. That's a simple option. The folks that I've heard from and the folks who have helped elect me indicate that's not an option they're comfortable with. But this Commission, recent history, not real recent, but earlier in this, within a decade, we voted for a mill levy increase. I was out in the audience when that happened."

"And my position then and now hasn't changed. But that's an option that's on the table. I regret the way they've got it set with this Last Up Day, if we don't act in that regard, it's going to tighten the fiscal tools that we have to work with. The challenges we've got in front which us, in terms of, on the spending side of the equation can be addressed quite easily, and a lot of governmental bodies around the country, that's how we've done it. In terms of debt, I think it's important as we keep our AAA rating, but if we don't go to the market, I don't think the rating is likely to change unless something catastrophic would occur nationally. I can't see that happening, but having said that, I know there are a lot of other governmental bodies around the country. They're looking at downgrades of their credit rating, and that has a huge potential impact, and I think it's important that the county preserve its ratings. Thank you, Mr. Chairman."

Chairman Ranzau said, "Thank you. First I want to start off by thanking Chris and all of his staff. I know this has been a monumental task, and it is each year, and I appreciate all the work you've done. I've also had several meetings with Chris, Lindsay, and Ron, Bill Buchanan before he left. I appreciate all that time and effort they put into that. I know there is a trickle down to all the departments. I'd like to thank all of the individual departments, as well. Each year, we build up to this and it's a lot of work. That's why when it's adopted, this place becomes a ghost town, a lot of people go on vacation for a while. I do appreciate all the work that's been going on, especially over the last few weeks, and we appreciate that. I want to just talk about a couple things that my colleagues have talked about. I know there's an effort here to make these cuts and decisions appear, as one Commissioner said, draconian, usual, out of the ordinary, or like nothing like this has ever had to have been done before. That's certainly not true."

"Then the other thing is, I know there has been and will continue to be an effort to put a lot of these decisions on to one decision. That is, to bond roads and bridges with cash and to dig ourselves out of the hole that we've made over the last couple of decades, but I'll take the first one, first. I know there's been a lot of things out there being said already about cutting this and cutting that."

"As the manager said, we had a \$10.3 million deficit to address, and that's what we had to do. We had to make some decisions. Nobody likes making decisions. It's happened every year that I've been here.

"We've had to make tough decisions. Some people get more funding. Some get less. Some get eliminated. Things change. It happens every single year. So like I said, we had a \$10.3 million deficit, and I think we're going to end up with some FTE reductions, about 8 or 9 is what my fellow colleague says, I'll take him at his word. Let's compare this to a similar budget in 2013 in which we had a \$9.3 million deficit. Very close, just \$1 million difference. We eliminated 25 FTEs in General Government, 25 FTEs in Public Safety, 8 FTEs in Public Works, 7 FTEs in Human Services, 2 FTEs in Culture and Recreation. We reduced [Sedgwick County] Zoo funding by \$256,000. Exploration Place by \$112,000, the Extension Council by \$177,000, and WATC by \$47,000. That's 2013. That budget passed. Supported by my colleagues who, then, were in the majority. We lost a lot more FTEs and cut a lot of agencies at that time, too.

"It happens every year. A few years ago, we eliminated Judge Riddel's Boys Ranch. That wasn't a decision I supported, but it was a decision that was made. Decisions like this get made every year. I'm concerned that the opposition to this year's budget will be ideological that there will be a lot of ranting and raving, and that's disappointing. I am happy to hear a fellow Commissioner, Commissioner Unruh is now willing to participate in this process and give us some ideas, because I know a few weeks ago when I went down to his office and asked him for any suggestions on how to deal with some of these things, he said he didn't have any, he didn't want to participate. Better late than never.

"We'll move forward and make the decisions we have to do. Nobody likes doing it. This is not unusual. This is not out of the ordinary. We've had to do it multiple times. I'm very happy to hear that, despite what is being said, the [Sedgwick County] Zoo is not going to be cut in funding. They're going to get level funding, as proposed. The same next year as what they did last year, and that's based on information I've been given.

"Right now, \$5.6 million, and it's estimated they need [\$]5.2 million for operational costs. That means they'll have about \$400,000 left over for infrastructure. Now that's \$300,000 less than what they had planned. But they'll be fine. Exploration Place will be fine as well. It's a small percentage reduction. We've had to make these sorts of decisions before, and that will be a lot of hyperbole to make sure it sounds like the sky is falling, but we will get through this and we will be fine.

"There are words used like transformational, this, that and another. One of the things we are doing is we are not going to habitually bond for roads and bridges. It's something I've voted against since I've been here. This is actually a good thing. But you have to think long-term and not short-term. Some are going to try to use this one decision to blame for everything else that's happening.

"As Mr. Chronis said, that's not how it works. There's any number of decisions that come together that get us to where we are. We're also going to spend \$2.65 million on Law Enforcement Training Center. If we don't do that, you can say we can restore a lot of cuts. We're also going to give employees a raise. if you don't do that, you could do a lot of other things, as well. You put it all together and it comes out. You do what you've got to do to make it work.

"As far as bonding for road and bridge, we have been habitually borrowing \$4 million a year for roads and bridges, and I support roads and bridges, but here's the problem. When you habitually borrow like this, you dig yourself into a financial hole. We spend on average between \$5.6 million to \$5.7 million in principle and interest for roads and bridges. Think about this for a moment; we're spending, in cash, \$5.6 million to \$5.7 million, for principle and interest for road and bridge projects, and we borrow \$4 million a year. So think about it. We're spending \$5.7 million a year for \$4 million worth of potential projects. It doesn't make sense.

"It gets worse; if we take \$1.6 million out of the road and bridge money that we borrow and we spend it to pay the principle and interest, so we really only get \$2.4 million worth of road and bridge projects. We're spending \$5.7 million a year to get \$2.4 million worth of road and bridge projects. If we would dig ourselves out of the hole and pay cash for roads and bridges, which we can, we could spend \$4 million, in cash, for roads and bridges and have \$1.7 million left over for any number of things. You spend it. You could return it to the taxpayers. You could save it for future. But, we've dug ourselves in a hole. None of us up here would operate our homes that way. If we did, we would go bankrupt. I'm not going to have a double standard with how I treat taxpayer money as opposed to how I would run my own money. It's irresponsible. A suggestion has been made that we just eliminate that altogether. Now some people in the county want to eliminate road and bridge funding altogether, at least the \$4 million.

"Here is the problem. We also have a cold mix. We have 150 miles of cold mix roads out there, that are supposed to be temporary roads, but they need a long-term solution. This solution has not been addressed until this year. So this Commission asked Public Works to come up with a plan to address that 150 miles of roads. Right now they have a plan to address that over a 17-year period, but that's going to cost over \$50 million. So we need to start now, planning for that. This sets the stage to accomplish what we're doing now, in addition to that. So we're really getting more with less, because I've worked very closely with our public works directors, and I've asked a lot of questions to try to get this to work, and we believe we have a plan to make that work. You can't just sit in your office and rubber stamp whatever budget the Manager brings to you. You've got to ask questions.

"This is the new economy. We have to look for different ways of doing things. And that's what we're doing. So we'll go forward with this. I think this is a good idea. And we'll accomplish what needs to be done. If we do what some people say and not spend that money on roads and bridges, we'll end up in the same place where the City Of Wichita found themselves saying, for decades, we haven't taken care of roads and bridges, and now we need to increase the sales tax to pay for it. You get to that point when you don't put money into your core services and you spend it on other things and you don't channel what you're spending on. I'm not going to end up in that same spot. The county has a good reputation maintaining the roads and bridges, with snow removal and all of that. We're going to maintain that, but you have to think ahead and you have to plan ahead.

"That means you have to make some tough decisions and be fiscally responsible. So, it is transformational, in that we are going to make some decisions that makes us more financially stable and we're more financially responsible. And it is transformational, in that the Commissioners, now, are actively engaged with the budgeting process. That hasn't happened in the past. There's been very little engagement by the Commissioners in the past, because the Manager was in charge. That has changed.

"I remember my first year or two; I went through the budget, listened to everything that was going on, made up a whole list of things and gave them to the Manager. It didn't matter, because the majority of them said, we're going to let the Manager do whatever he wants to do. We have a new economy. We are elected here to reevaluate how we spend money and challenge how we do things. When you challenge how you do things, you get more product out of Public Works, with the same or less money than what you did before. You get Judge Riddel's Program that's going to now go county wide, as opposed to just an isolated one small area. You take three immunization programs and the Health Department, and you combine them together and make them sustainable by themselves.

"But you have to challenge what's being said. You just can't say this is how we do it. This is the status quo. We're going to keep doing that. We have to take a fresh look at that. I welcome input from my colleagues, from citizens. That's how we make improvements. We'll get through this together. We'll move on. But, like I said, let's keep things in perspective. Compared to some other years, it's very similar, and actually it's a little less worse, because we haven't had to lay off 50 or 60 people. 8 or 9, no one likes to do it, but we have to make tough decisions. Again, I'll thank, again, staff and everyone else who has helped us come to this point, but as other Commissioners said, this is not the end. This is just a proposed budget.

"We'll have two public hearings. And we'll adopt it here in a few weeks. This is part of my, as my colleagues like to say, making a sausage. You put a little here, a little bit there. No one gets everything they like. Nobody likes making cuts, but it's the new reality, and we have to make those tough decisions and be prepared to move on. That being said, I think we do have a motion. Madam Clerk, call the vote."

VOTE

Commissioner Unruh	Aye
Commissioner Norton	Aye
Commissioner Howell	Aye
Commissioner Peterjohn	Aye
Chairman Ranzau	Aye

Chairman Ranzau said, "Now, just to be clear, we just voted to accept the budget, not to pass the budget. I don't want people to misunderstand what we just did there. Mr. Manager, anything else to come before the Commission?"

Mr. Ron Holt said, "No, sir."

Chairman Ranzau said, "Commissioner Peterjohn."

Commissioner Peterjohn said, "Just a quick note. On this date in 1969, Neil Armstrong and Buzz Aldrin set human footprints on the moon, for the very first time. That is an occasion I think is worth remembering. Thank you."

Chairman Ranzau said, "With that we are adjourned."

ADJOURNMENT

There being no other business to come before the Board, the Meeting was adjourned at 11:31 a.m.

BOARD OF COUNTY COMMISSIONERS OF
SEDGWICK COUNTY, KANSAS

*RICHARD RANZAU, Chairman
Fourth District*

*KARL PETERJOHN, Chair Pro Tem
Third District*

*DAVID M. UNRUH, Commissioner
First District*

*TIM R. NORTON, Commissioner
Second District*

*JAMES M. HOWELL, Commissioner
Fifth District*

ATTEST:

Kelly B. Arnold, County Clerk

APPROVED:
