

Sedgwick County

525 North Main Street 3rd Floor
Wichita, KS 67203



*Sedgwick County...
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Meeting Minutes

Wednesday, August 1, 2018

9:00 AM

BOCC Meeting Room

Governing Body of Fire District 1

Pursuant to Resolution #007-2016, adopted by the Board of County Commissioners on January 20, 2016, members of the public are allowed to address the County Commission for a period of time limited to not more than five minutes or such time limits as may become necessary.

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 Crissy Magee, Sedgwick County ADA Coordinator, 510 N. Main, Suite 306, Wichita, Kansas 67203. Phone: 316-660-7056, TDD: Kansas Relay at 711 or 800-766-3777

Email: Crissy.Magee@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, contact information and the type of aid, service, or policy modification needed.

ORDER OF BUSINESS**CALL MEETING TO ORDER**

The Regular Meeting of the Board of the County Commissioners of Sedgwick County, Kansas, was called to order at 10:17 a.m. on August 1, 2018 in the County Commission Meeting Room in the Courthouse in Wichita, Kansas, by Chairman David T. Dennis, with the following present: Chair Pro-Tem Commissioner David M. Unruh; Commissioner Michael B. O'Donnell II; Commissioner Richard Ranzau; Commissioner James M. Howell; Mr. Michael Scholes, County Manager; Mr. Thomas Stolz, Deputy County Manager; Mr. Eric Yost, County Counselor; Mr. David Spears, Assistant County Manager of Public Works, Facilities Maintenance, Project Services and County Engineer; Ms. Lorien Showalter Arie, Budget Director, Division of Finance; Ms. Lindsay Poe-Rousseau, Chief Financial Officer; Ms. Tania Cole, Director of Facilities, Division of Information and Operations; Ms. Heddie Page, Deputy County Clerk.

Chairman Dennis said, "Madam Clerk, call the roll."

ROLL CALL

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

Chairman Dennis said, "Next item, please."

PUBLIC AGENDA

Chairman Dennis said, "Does anyone in the audience wish to speak on the public agenda for Fire District No. 1? Seeing none, Madam Clerk, next item."

NEW BUSINESS

- A [18-568](#) ADOPTION OF A RESOLUTION EXPRESSING THE PROPERTY TAX POLICY OF THE SEDGWICK COUNTY BOARD OF COUNTY COMMISSIONERS AS THE GOVERNING BOARD OF FIRE DISTRICT 1 WITH RESPECT TO FINANCING THE ANNUAL BUDGET FOR 2019. Presented by: Lorien Showalter Arie, Budget Director.

RECOMMENDED ACTION: Adopt the Resolution.

Ms. Lorien Showalter Arie, Budget Director, greeted the Commissioners and said, "Before you is a funding resolution for the 2019 Sedgwick County Fire District [No.] 1 budget.

"State budget law states that a resolution is necessary when a levy of property taxes to fund the 2019 budget exceeds the levy of property taxes to fund the 2018 budget. As adjusted reflect changes in the Consumer Price Index (CPI) for all urban consumers for calendar year 2017, with the Consumer Price Index or CPI (Consumer Price Index) generally considered to be a measure of inflation. The statute also calls for a variety of adjustments to be included in the calculation, including new improvements to real property, increased personal property valuation, property located within added jurisdictional territory, or property which has changed in use.

“Per state law, if the Commission as Governing Board of Fire District [No.] 1 intends to adopt a budget with a property tax levy that is greater than the computed limit, a funding resolution must be adopted prior to the budget adoption, which is scheduled for August 15th. Assessed value in the district is estimated to increase five percent for the 2019 budget year, while CPI adjustment allows for growth of only 2.1 percent. The levy included in the 2019 recommended budget is \$17,220,037 based on estimated tax rate of 18.371 mills.

“Under state law, the limit without passing a resolution would be \$16,994,713, which is a difference of \$225,324, which is an estimated mill levy rate of 18.131 mills. Should the budget actually be adopted with a property tax levy that is greater than the computed limit, statute directs that notice of such vote be published in the official county newspaper. I’m happy to address any questions you have, otherwise I recommend you adopt the resolution and authorize publication if the budget is adopted with the levy in excess of the computed limit.”

Chairman Dennis said, “Thank you, Lorien. Do I have any questions from any of the Commissioners? I see no questions. Thank you. Do I have a motion?”

MOTION

Commissioner Unruh moved to adopt the resolution and authorizing publication.

Commissioner Dennis seconded the motion.

Chairman Dennis said, “Discussion? Commissioner Howell.”

Commissioner Howell thanked the Chairman and said, “Thank you, Mr. Chairman. I just want to ask, is this a requirement because of the Truth-in-Taxation law that was passed in 2014?”

Ms. Arie said, “Yes.”

Commissioner Howell said, “Okay. That’s still on the books. We still have to do that for anything other than that, that’s not on the tax, I’m sorry, that’s not under the tax law lid that was passed in 2015. That’s because, this is not under the tax lid.”

Ms. Arie said, “Correct, because it’s a special district.”

Commissioner Howell said, “Okay. Alright. Well, I was very involved in that law when we passed it, so I am glad to see that this is being exercised this way. Thank you. Thank you, Mr. Chairman.”

Chairman Dennis said, “Thank you. Any other questions? Commissioner Ranzau?”

Commissioner Ranzau thanked the Chairman and said, “What’s our alternative to passing this today?”

Ms. Arie said, “Well, you could defer it. It just has to be passed before the budget adopted if you want to do a higher levy than the computed rate, or if you didn’t pass that, you could lower the rate.”

Commissioner Ranzau said, “We could lower?”

Ms. Arie said, "Yes."

Commissioner Ranzau said, "Yeah, I think the whole idea behind the law is, if like this appraisal value went up five percent versus CPI which was what two basically."

Ms. Arie said, "Yes."

Commissioner Ranzau said, "2.1, that some of that increase should be returned to the taxpayers, unless we vote to do otherwise. We have had financial issues in the past with the Fire District, but we've made some changes, financial outlook has increased significant, improved significantly, we're no longer in the risk of being solvent, and we're adding in back six firefighter positions that had been frozen, we're going to build a fire station, and even with all that, even at the lower rate, we are still doing well. So I am not going to be supportive of this motion today. I don't believe it's necessary to tax people at the higher rate. I think that, with the information I have been given by staff, it indicates we can do all these things at the lower rate, and still be way far in the black. So that's where I am at today."

Chairman Dennis said, "Thank you. Commissioner O'Donnell."

Commissioner O'Donnell thanked the Chairman and said, "I guess my question would probably, I don't know for you, for Lindsay or even the Manager, but piggybacking on that question, do we need this additional revenue, and if so, what do we need it for?"

Ms. Arie said, "I would say in the short-term for 2019, there wouldn't be any negative effects if you lowered it. We have a large fund balance right now.

"Under state law we can only carry forward five percent of budget expenditures, and the Fire District has been really good at bringing down their expenses, so we're getting close to that maximum limit, so we would like to spend down some of that fund balance."

Commissioner O'Donnell said, "Okay."

Ms. Arie said, "If you do pass this resolution, you don't have to do the, you can still lower the levy."

Commissioner O'Donnell said, "Okay."

Ms. Lindsay Poe-Rousseau, Chief Financial Officer, greeted the Commissioners and said, "I would agree with Lorien's assessment, in the short-term, there is no issue if this becomes something we do over the long term, then potentially that's when it could create issues. We did do this with mill levy rate that was flat with what the Commission intended to recommend last year, and so I would say that would be the policy decision for Commissioners to make at this point, is whether to keep that mill levy rate flat and constant as we do on the county side, or if you want to do this one a little more year-by-year, in terms of evaluating what that mill levy rate should be."

Commissioner O'Donnell said, "So this, Lindsay thank you for that. This doesn't lock us in then to the mill levy. So we can pass this today, and then when we come back we can lower it."

Ms. Poe-Rousseau said, "Yes, sir."

Chairman Dennis said, "Okay. Commissioner Ranzau."

Commissioner Ranzau said, "Lindsay, you said this could have long-term issues. What issues? The numbers you've given me base show long-term that we're fine."

Ms. Poe-Rousseau said, "Right. So if we continue to hold ourselves to whatever the computed limit is rather than looking at what maybe a flat and more predictable mill levy is, that's where we could have potential issues because the forecast you've seen has been based on this 18.371 mills. Likewise, if there are changes with assessed value, if the amount of property in the district changes, which we know there's constant threat that occurs, the way the legislative agenda is, then that's where this could present issues."

Commissioner Ranzau said, "Well, you provided a forecast based on the lower amount. That shows everything being fine. You are saying if we continue to lower it."

Ms. Poe-Rousseau said, "Right. If we do this each year."

Commissioner Ranzau said, "Each year, but this particular one, if we went to the lower number this year..."

Ms. Poe-Rousseau said, "Right."

Commissioner Ranzau said, "...and stayed there, the projection shows it's okay."

Ms. Poe-Rousseau said, "Right."

Commissioner Ranzau said, "It's if we keep doing it every year."

Ms. Poe-Rousseau said, "Yes."

Commissioner Ranzau said, "Okay."

Ms. Poe-Rousseau said, "As Lorien said, she said short-term, there's no real issue and I agree with that 100 percent."

Chairman Dennis said, "Thank you. Commissioner Howell."

Commissioner Howell said, "Thank you, Mr. Chairman. Just I guess, just a comment, I think the intent of the Truth-in-Taxation is to make sure that it's clear to the public that we're raising taxes. That's what this is. The intent was when the governing body raises the dollars faster than the rate of inflation, then essentially we're taking a larger share of the dollars that are available to the people that earn those dollars. So this is a you know, greater share, greater share of their money, so to speak, this is a tax increase. No one has made a compelling argument that we need this money right now."

"But I am very concerned about the long-term sustainability of the Fire District. We talked about we need some long-term solutions, substantial, structural solutions to the Fire District. I don't think under this current model it is going to be sustainable forever. I think we have to do something at some point. I know we've talked about all kinds of ideas and things we could do to solve this problem, but I am very sympathetic to the people in the unincorporated areas that are paying nearly 20 mills just for a single service. That seems extraordinarily high. People inside the cities are paying much, much less for their fire protection services within those city budgets. But the single

service is a really big tax for a relatively small number of people who live in Sedgwick County.

"In fact, I would say, I don't know the number of people in the Fire District, but I would say it's one tenth of the population actually supports the Fire District, and then the people who receive benefits, the majority of those benefits go to people who don't pay to the Fire District. So we're creating an appetite for people to pull out. I want to be on record saying I absolutely support our firefighters, I think they do a tremendous job.

"I want to make sure we sustain what we have until we have a more substantial, long-term solution, but we don't have that in front of us today, but we don't have a compelling argument today that we need to actually raise taxes. So I guess my concern is, I guess, I want to be on record saying I do support the Fire District, I support our public safety officials. They do a great job. But this is a \$225,000 increase over last year's budget, and we have the revenues to build the fire station and fund six firefighters, and we've got projections out a number of years that shows that we're fine. I think the economy is going continue to grow. We'll have this opportunity in the future as well. We need to continue to work on long-term solution. For today I think I'm going to oppose the resolution, and I would be willing to support an 18.131, but not an 18.371. Thank you, Mr. Chairman."

Chairman Dennis said, "Thank you. Again, today we are not making a decision on what that mill levy is, correct?"

Ms. Arie said, "Correct."

Chairman Dennis said, "If in the future we decide to go with the next step up that equals \$225,000, approximately. What does that mean to a homeowner that's got a \$150,000 house?"

Ms. Arie said, "One second."

Mr. Mike Scholes, County Manager, greeted the Commissioners and said, "While she's doing that, Commissioners, I want to just emphasize, just kind of piggyback on what Commissioner Howell said, is, it is a concern. I mean, we've having the workshop on four September to discuss Fire District 1 and the potential options that we would have to ensure a future solvency of the Fire District. We are going to talk many different options. Some of them legislative, some on the effect of IRB's (Internal Revenue Bond), the issuance of IRB's, and how that has an effect on Fire District 1, potential legislative actions to go after next year, potentially for that, which our neighboring county in Johnson County is also experiencing and has called us within the last couple days to talk about some type of dual response to this.

"So we do have concerns, and we are going to address those in this four, September workshop with all of our stakeholders. I even talked to Bob Layton about this the other day. So I just want to throw that out there, that that is down the road, and the why of why we're doing the workshop."

Chairman Dennis said, "Thank you. Lindsay."

Ms. Poe-Rousseau said, "Commissioner, for this amount of difference, so .24 mills, that would equate to about \$4.14 for a homeowner of \$150,000 home."

Chairman Dennis said, "Okay. That was what my question was, is that I am not a big

fan of raising taxes on anyone.

“\$4.14 per year is not a significant increase on anyone. In addition, we do have serious concerns about the future of Sedgwick County Fire District No. 1. We have to make sure that we keep ourselves in a position that we keep that solvent. Granted, 18 mills is a lot of money for someone to spend for safety out there, but having no Fire District No. 1 is not an acceptable solution whatsoever. I understand that we’re going to have to make some kind of decisions, and that’s what our workshop is for in the future. But we need to make sure that we keep our Fire District No. 1 in a solvent position that we can serve the citizens in our community. If we are talking \$4.14 per year on \$150,000 house, that’s not something that we ought to be arguing about. Commissioner Unruh.”

Commissioner Unruh thanked the Chairman and said, “Lindsay or Lorien, we’re not talking about a mill levy increase here from last year. It’s a flat mill levy.”

Ms. Arie said, “The overall mill levy for 2018 ended up being 18.392 mills, but this would be taking it to what the Commission said they intended last year, that 18.371.”

Commissioner Unruh said, “Okay. So this is the same amount we intended last year.”

Ms. Arie said, “Yes.”

Commissioner Unruh said, “Alright. So tax increase comes from changes in valuation or new construction, and new value in the unincorporated area. That’s where the [S]225,000 comes from.”

Ms. Arie said, “Yes.”

Commissioner Unruh said, “But not an increased mill levy?”

Ms. Arie said, “Yes.”

Commissioner Unruh said, “Alright. Thank you.”

Chairman Dennis said, “Thank you, Commissioner Howell.”

Commissioner Howell said, “Well Mr. Chairman, I guess again, I come into these meetings with an open mind, and I have listened to this discussion. I am opposed to a tax increase, but I do want to keep our options open. Knowing that we’ve got opportunities from now until a future date to continue to drive toward solutions. I guess I will be willing to support this today, but I am not so sure I will support it down the road. I need to understand this deeper. But just to keep our options open I guess I would like to go ahead and support the motion today.

“But I do have very serious concerns about raising taxes. Now we talk about \$4.14, but let’s talk about the overall taxes that people are already paying to this Fire District. It is hundreds of dollars per home for service that most of them, I mean that we’re available to them if they need us, but most people never use the Fire District.

“It’s a very small number of people who use it, and primarily the biggest beneficiaries of this Fire District is people who don’t live in the Fire District and don’t pay taxes to the district. So you know, fairness is a, tax fairness is about providing services to those that pay for it and then ultimately use it. But in this case there is an awful lot of people paying an awful lot of money that never receive a benefit and a lot of other people receiving lots of benefits and don’t receive, don’t pay anything. So this is really very,

very unfair structurally.

"We need to address this with a comprehensive structural solution. I think it's urgent. I think we've talked about this a long time. We're, we need to find a solution long term, and I would urge us to step up the conversations. But I guess today, based on some of the comments, I will support it for now. Gives us all the options going forward, but I do want to be on record I support public safety. I don't support a tax increase, but I do want to keep the options open. So that's kind of my rationale for voting yes today. Thank you."

Chairman Dennis said, "Thank you, Commissioner Howell. I agree with everything that Commissioner Howell said. I sincerely have a concern about the people that don't live in our district that are receiving services from Fire District No. 1. We've received statistics just recently that we go into the city of Wichita alone almost, a little over double what they come in to Sedgwick County. City of Wichita pays nothing for Fire District No. 1. In addition, they're talking about pulling one of their fire units out on the east side and just putting a squad in, which is going to increase the amount of time that Fire District No. 1 has to go into the city of Wichita even more, looks to me like because we're going to lose, they're going to not be providing a fire engine over there."

"So we're going to have to make a lot of hard decisions on what happens with Fire District No. 1. But right now, what we're voting on doesn't increase any of the tax on anyone. It gives us some options in the future, and we need to keep our options open to make sure Fire District No. 1 is solvent. With that, I will be supporting the motion. Any further comments? Seeing none, Madam Clerk, call the roll."

VOTE

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| <i>Commissioner O'Donnell II</i> | <i>Aye</i> |
| <i>Commissioner Ranzau</i> | <i>No</i> |
| <i>Commissioner Howell</i> | <i>Aye</i> |
| <i>Commissioner Unruh</i> | <i>Aye</i> |
| <i>Chairman Dennis</i> | <i>Aye</i> |

Chairman Dennis said, "Thank you, Lorien. Is there anything else that needs to come before Fire District No. 1? Seeing nothing."

Adopted

ADJOURNMENT

There being no other business to come before the Board, the Meeting was adjourned at 10:35 a.m.