

WYANDOTTE COUNTY LIBRARY BOARD

SPECIAL MEETING

Zoom - May 18, 2021

4:00 PM

Attendees: Pat Pettey, Chair, Jody Boeding, Vice Chair, Judy Anderson, Korri Hall, Micki Hill, Erica Simpson, and Jim Jarsulic

Absent: Don Jolley, Chuck Stites, John McTaggart and District 4 – open.

Support advisors: Carol Levers, Director of KCK Public Library; Jack Granath, Director of Bonner Springs Library; Aaron Froelich of Turner Library, Branch Manager.

UG Support staff: Debbie Jonscher, Deputy CFO; Reggie Lindsey, UG Budget Manager, Jeff Conway, UG Legal Department and Lisa Rangel, UG Administrative Support.

CALL TO ORDER

The meeting was called to order by Pat Pettey, Chair.

INTRODUCTIONS/ANNOUNCEMENTS

No new announcements.

APPROVAL OF MINUTES – Micki Hill made a motion to approve April 20, 2021, minutes, seconded by Judy Anderson. Motion carried.

NEW BUSINESS

Pat Pettey said, Jeff did some follow-up within the UG, but also with the Kansas League of Municipalities on how the Library Board is impacted with Senate Bill 13.

Jeff Conway said, the primary question under Senate Bill 13 is whether the Library Board is a taxing subdivision. The League and the State are pretty much in agreement that the Library Board sets the amount and then passes it off to the county and the county then levies the tax. At that point, the county is the taxing subdivision, and the Library Board is part of the UG budget process. If the Library Board was in fact part of Senate Bill 13, then the Library Board would have to think in terms of, do we intend to exceed the revenue neutral rate or not. If you choose to exceed it, then there would be a separate hearing and it would be in a window between August 20th and September 20th. It's still a little fuzzy but I'm fairly confident in saying that the Library Board would not be treated as a separate taxing subdivision. You would be folded into the UG's budget. Whatever you decide will send a ripple through the UG budget process, but you would be one slice of the UG budget. The UG must decide by June 15th, is the rate calculation for the revenue neutral rate for the UG and then they have to decide by July 20th whether it will exceed the revenue neutral rate. If so, they will have to provide notice and set a hearing between August 20th and September 20th. The bottom line is the UG may ask the Library Board why you decided on whatever you decide. Pat asked if the UG is considering exceeding their budget neutral authority? Jeff said, I have not been a part of those conversations, but reading and listening to what Doug Bach is saying, they probably will. Just so everyone understands, there will be a hearing where the public is invited to appear and it will be about whether to exceed the revenue neutral rate and if the UG intends to do so, they must pass a resolution that night in front of those same people. The people that put the bill together understood the human dynamics of it and tried to put it in a setting that would involve some heated budget discussions with the public. Pat said, this year it is not required to provide a mail notice but next year it would, correct? Jeff said, only in the first year can we do a website and newspaper publication and then every year after

this will be an individualized statement to every taxpayer that's part of that taxing subdivision where the revenue neutral rate will be exceeded.

Korri Hall said, it does not sound like this affects us at all, so no matter what we vote as the taxing percentage, the UG can't stop us; they might ask questions, but that's as far as it will get, correct? Jeff said, technically, the statute says the Library Board determines the amount, then the County Commissioners levy the tax. Years ago, the commission didn't listen to the Library Board, they just set the rate at whatever they wanted to, but the statute is clear that the Library Board sets the amount, the County Commissioners don't have a say at what level that is, they just must levy the tax. The Commissioner could say, alright, we will charter out so that we're not subject to that particular statute and rewrite it and say that we can set the rate so the Library Board would be advisory, and we will set it at what we want to set it at. Jody said it takes a super majority to pass a charger ordinance.

Jack Granath said, I've heard the language of the new law uses the phrase, governing body, that usually refers to the county municipality so it's at odds with the language of the statute which usually does exactly what you said. Could that be an issue where the Library Boards cease to have that authority? Jeff said, I tried to look at the existing library statutes and the definitions compared to Senate Bill 13 definitions it uses and to be honest this first go-around we're all trying to figure out how it unfolds but my reading, the Leagues reading and other folks reading that it's not considered a taxing subdivision, so it would not be part of Senate Bill 13. You would be a larger piece which would be the UG.

Debbie Jonscher asked, what if UG decided to not exceed their rate, would we have to see what goes on with the library that would basically help make our decision? Jody said, I think you would wrap it into the whole UG budget and maybe the library budget is so small that it, wouldn't result in exceeding the revenue neutral rate, even though it does in our small budget. I don't think it's a settle as Jeff said, it's open to question. The fact that our lawyer says this, and the League of Municipalities happens to agree, and they have a staff full of lawyers; and the division of municipal budgets through the state also agree with that interpretation. So, we have a good-faith rationale for believing that's the way to interpret the statute but only a court ruling would be definitive but if it's not challenged, we just move forward. Debbie said, is that because the UG does the final budget adoption? Jody said, that's a distinction we always make, but we are subsumed into the budget and that's what is certified to the state. It is the entire UG budget which included that line item of the County Library Board and the SMID. Debbie said, I know in previous tax lid, the library SMID was not included so we did not have to do calculations for them.

Jeff said, we're in one of two positions. One would be the Library Board is just a piece of the overall UG budget and then if UG decides to exceed, they would have to set up their hearing. The other position would be that the Library Board would look at their budget and assume that the calculation is an exceeding of a Library Board's revenue neutral rate and set up its own revenue neutral hearing for August 20 to September 20. I think they are part of the UG budget but like Jody said, it's not settled. We don't have a case law in this so we're just trying to see how the pieces fit and make an educated guess. Pat said, with that, I believe we should follow the guidance of our legal staff and the League of Municipalities when it comes to the place that we fill within the UG budget. That we set the amount, but the county levies the tax. Because of that relationship, we don't meet that same criteria as the UG will have to meet within the revenue neutral, we're just another piece within their budget. In September, we will need to discuss our meeting schedule because the timetable received from Kathleen, under the new legislation we will have to look at our meeting timetable in a different way.

Jody asked, do we have to give notice to the County Clerk of our intent to exceed the revenue neutral rate, or do we just say we're not a governing body? Jeff said, we can say we don't fall under Senate Bill 13, so you don't have to notify anyone. It would be the UG.

Judy Anderson asked, what would revenue neutral mean as far as if we wanted to keep this year's increase, how would that affect us this year?

Reggie Lindsey provided a revenue neutral scenario with the additional revenue if its decided to not go with the revenue neutral mill rate. The yellow column reflects what the revenue neutral rate is which is \$3.4M and if we were to go after the additional assessed value would bring in, it would be \$3.7M, in blue. The difference would be if we go with the scenario to stick with the revenue neutral rate, we would have a \$1.7M fund balance as opposed to a \$1.9M fund balance if we went with the additional revenue. Again, the revenues that the revenue neutral rate would be bring in are \$3,469,000 and with the additional revenue we would bring in \$3,7M. The \$3M is based on the revenue that we forecast to bring in for 2021. When we talk about a revenue neutral rate, that means every year we must stay at the same revenue which is based on the mill levy. The mill levy will drop to 5.5 and now it's 6.1 mills, so we would have to drop the mill rate in order to stay at a revenue neutral rate. What I have in yellow vs blue, these are the only numbers that were changed for you. Compared to what we've gone over in past meetings is that the revenue would fall back to \$3.4M and your fund balance would be \$1.7M and then your mill rate would be 5.5 instead of 6.1. The difference in looking at the 8% revenue neutral rate or additional revenue, is in the fund balance would change \$278k if you went with the additional revenue. That would be the main difference for you all. What you would be sitting on is the expenditure amount and that amount would be the same \$3,925M and that would be the same either way. If you go with the revenue neutral rate, you would be eating into your fund balance a little more and that amount is \$278k. With mills, since we have to stay at the revenue neutral number, we have to reduce the mills to go back to the same amount of revenue that you're getting this year. If we keep the same amount of mills, the revenue will go up based on the assed value.

COUNTY LIBRARY FUND - STATEMENT OF REVENUES AND EXPENDITURES 2019-2022			8% Exp Increase - Revenue Neutral	8% Exp Increase - W/Additional Revenue	5% Exp Increase - Revenue Neutral	5% Exp Increase - W/Additional Revenue	
County Library Fund	Historical		Current	Proposed		Proposed	
	2019 Actuals	2020 Prelim.	2021 Forecast	2022 Forecast	2022 Forecast	2022 Forecast	2022 Forecast
Beginning Balance	1,042,753	1,291,868	1,662,160	1,814,811	1,814,811	1,814,811	1,814,811
Revenues	3,173,653	3,294,830	3,469,781	3,469,781	3,747,363	3,469,781	3,747,363
Expenditures	2,924,538	2,924,538	3,634,872	3,925,662	3,925,662	3,816,616	3,816,616
Reserves	0	0	317,742	344,943	344,943	335,362	335,362
Ending Balance (Reserves Not Spent)	1,291,868	1,662,160	1,814,811	1,703,873	1,981,456	1,803,338	2,080,921
Fund Balance % of Exp.	44.17%	56.83%	54.71%	47.58%	55.34%	51.80%	59.78%
Mill Rate	6.068	6.122	6.129	5.5914	6.129	5.5914	6.129
Percent Chg. Mill Rate	0.15%	0.88%	0.00%	-8.77%	0.00%	-8.77%	0.00%

Pat stated, when you see on our tax statement, the valuation on your house and then next year you see its been increased by \$10k, this would mean since your valuation is increased, that's generating more money, but if we're staying revenue neutral, the mills would keep going down because 6.1 on this graph, generates more money so that's why if we stay revenue neutral, it would go from 6.1 to 5.59. Then next year, we might go down even more because the 5.59 could generate more than it is now, so we would have to go down even further to generate the same amount of money.

Erica stated, what we're hearing is the valuations are going up, so it sounds like as a taxing entity, the UG is going to be getting additional funds. If we keep our rate at what it is, we're taking the same amount we have been, where the county is pulling in more. If we raise our mills and that's where we get out of the neutral zone, we're claiming some of the additional funding, but we have to justify it because of the HB/SB combination. Am I understanding that correctly? Jody stated, the SB is trying to cap municipalities from doing this too. They won't let the UG raise more money due to the increased valuations. They can still do it, but they must hold a public hearing and hear the public scream about it. Then they have to have a

resolution stating they know they're exceeding the revenue neutral rate. Debbie stated, yes, we would have to approve a resolution just like the city and county would have to pass a resolution if we also choose to exceed the revenue neutral rate. The green column in the middle is the current 2021 forecast. The revenue there is showing 3.469 and the mill rate is 6.129. The blue column, the 8% increase, the mill rate is the same at 6.129 for 2022 but the revenue number is higher at \$3.7M instead of \$3.4M. Since your mill rate is the same, that difference accounts for increased valuation. This 8% is only an estimate. The Clerk will certify final valuations as of June 15. This could change depending on what their final comes in. What we're showing in the middle column is if we needed to keep the revenues the same in 2022 as what we received in 2021, in order to generate the same amount of revenue, we would have to drop the mill rate from 6.1 down to 5.5. Korri, said, Jeff was saying we wouldn't have to ask for the additional revenue, but you just said we do. We can do the 8% increase because that will fall on the UG. Pat said, we can do 8% but it will mean we're eating into our fund balance, or we can do 8% and stay at the same mill rate and not eat into our fund balance.

Debbie said, since you're not subject to the SB-13, the board can decide to not do the yellow column. You can keep the mill rate the same and will generate a higher amount of revenue, but the board could decide to keep your revenue at the same rate as the previous year, you could lower. Korri said, as board members, we would want to keep our relationship well with the UG Commissioners. I see where this might go with the UG, constituents are already upset with their taxes, but does this board want to play a factor in this situation?

Pat said, I would like for us to think about it. This year is the first year of SB-13. This year the UG does not have to provide a statement to every resident in WyCo and KCK. Next year, they will. If we go with the yellow column this year, that's the mill rate that our budget will be based on, 5.59. I'm concerned that if that's the mill rate, we'll be held to that. We will be eating into our fund balance every year. I'm wondering if we might want to wait a year since there's not a statement going out, then next year be revenue neutral. I'd like input from legal and Reggie. Reggie said, yes, you would be eating into your fund balance each year based on the revenue, so if we stuck with the revenue neutral number that we have for this year's actual revenue, would be next year's actual revenue of the \$3.469M you can see it is less than \$3.9M that we're looking at going out the door. At some point in time, if we're stuck at the same amount of revenue each year, we would need to reduce expenditures. You currently have a hefty fund balance so you don't have to do it this year, but that would be a long-term strategy to look at, that is if we're not going to go for the additional revenue, but if you were to have a public hearing and ask for additional revenue, you can see we're still at \$200k more in expenditures than revenue. Pat said, the legal ruling right now is we will never have a public hearing, we just do what the UG does. I feel in the not-so-distant future that Piper will come forward with a proposal concerning a library presence there. That will be when we have to address spending money from the reserves.

Micki said, we don't know 110% what the end-all, be-all is going to be. I perceive someone will cause a huff about it and we'll be thrown in as part of the taxing entity. I say we go with the blue column (additional revenue) just in case because we don't want to be stuck at the lower mill levy. Pat said, I'm leaning that way too. There will be more pressure next year and every year thereafter. Jeff said, regardless of what the board of commissioners are doing, they could ask if you tried to maintain a revenue neutral rate. Pat said, I doubt if anyone would be thrown under the bus this year, but next year, for sure. We would still be at 1.629 and then declining from then. Jody asked, are we thinking it's better to decline from a higher rate? Pat said that's my thought. Micki said, safe vs sorry. It's our responsibility to the libraries.

Motion to set the budget for 2022:

Jody Boeding made a motion to set the budget for \$3,925,662 with added reserve of \$344,943 toward an ending fund balance of \$1,981,456 for the Wyandotte County Library District for the year 2022. Micki Hill seconded the motion. Roll call, Pat Pettey, Jody Boeding, Korri Hall, Micki Hill, Erica Simpson, Jim Jarsulic, Judy Anderson. All ayes. Motion carried.

Motion to allocate budget disbursement for 2022:

Jody made a motion to allocate budget disbursement for the year 2022 as follows, \$2,874,518 to the Kansas City, Kansas Public Library for its operation; and \$254,672 to the Bonner Springs City Library for its operation; and \$451,529 for the operation of the Turner Community Library; with the stipulation that the funding for the salaries and benefits for the Schlagle Libraries employees up to \$82,243 will be paid from the Kansas City, Kansas Public Library's allocation. Roll call, Pat Pettey, Jody Boeding, Korri Hall, Micki Hill, Erica Simpson, Jim Jarsulic, Judy Anderson. All ayes. Motion carried.

Adjournment

The next regular scheduled meeting is September 21, 2021 @ 4:00 pm at Schlagle Library.