

Manager's Message

Social Equity

Institutional and Financial Viability

Economic Development

Environmental Protection



Honorable Board of Sedgwick County Commissioners and Citizens of Sedgwick County

The 2010 budget is a plan of how we allocate resources to meet changing needs and respond to changes in our resources. We focus our services and resources on:

- Public Safety
- Health & Human Services
- Public Works
- Community Development
- Culture & Recreation
- General Government

This year's adopted budget provides much flexibility to the Board of County Commissioners to continue to deliver essential services in an ever difficult economy. As in many communities, area businesses are facing challenges, especially due to the trickle affect of the difficulties in the aviation industry. There have been more than 13,000 layoffs across all sectors in our community. Most of us know of someone who has been laid off, is being furloughed or is worried about their job future. It is a difficult time.

What we all know about our local economy is that it lags the nation by about 12 to 18 months. Therefore, for planning purposes, we are not recognizing any significant recovery until 2012. In fact, I expect 2011 to be much more difficult than 2010. The good news is we have time to adjust our services and be in a position to have a thoughtful, open and transparent process for service delivery.

The complicated financial situation at the state government level also has caused us difficulty, and will continue to do so in the future. The dramatic decisions made in the 2009 legislative session have resulted in significant reductions to our human services and corrections services. From recent predictions, the 2010 legislative session will be as difficult, combined with the fact that it is an election year for legislators. If we follow past patterns, we know that very little help or assistance for local government or service providers will occur. Their financial difficulty will manifest itself in reductions of aid for essential services for some of our most vulnerable citizens.

At the present time, we are in good financial condition. We have managed to save for a "rainy day," and we will use some of our fund balance to sustain us through this economic downturn. We know it is a short-term solution for a short-term problem, but we can do this without harm to our strong financial position. By doing this, we will continue to provide essential services to keep our community safe. We will work to minimize the impact of state reductions of service to the most vulnerable in our community. We will maintain our assets, protect our investments and help to assure that, despite the economic downturn, we continue to focus on having a vibrant community for our citizens.



I was also asked to reduce the mill levy as a means of providing tax relief to our citizens. I have heard clearly the desire of several commissioners to cut the property tax rate.

In 2006, the Sedgwick County Commission increased the tax rate 2½ mills to fund anticipated debt service on the construction of the National Center for Aviation Training (NCAT) and the planned expansion of the adult detention facility (jail), as well as to pay for a variety of new programs intended to reduce the inmate population of the jail. Last year, the commission decided to abort the jail expansion project and the property tax rate was reduced by 1 mill, the approximate amount that had been programmed for jail debt service. The other activities that were to be funded with the 2006 tax increase have gone forward, and in 2010 we will be incurring costs for NCAT debt service and inmate reduction programs that exceed the revenue that will be produced by the remaining 1½ mills of the tax increase that occurred in 2006.

Even so, commissioners have asked for a further cut of the property tax rate, and with this adopted budget we have delivered one — .548 mill decrease. But, because we are and will continue to incur the costs those taxes were levied to pay for, a change of spending priorities is necessary. Since the estimated .548 mill cut of the property tax rate will reduce county revenues by approximately \$2.2 million in 2010 and every year thereafter, prudent financial management dictates that we cut expenditures by at least the same amount. If we cut recurring revenues in a time of economic stress when service demands are increasing, we must be willing to say what recurring spending we are prepared to eliminate. To cut revenue without cutting spending would be fiscally irresponsible. It would create a structural imbalance in county finances that inevitably would lead to even larger tax increases or service cuts in the future as the imbalance grows to an unsustainable amount.

In reducing expenditures in certain areas, we will affect service delivery. The commission has discussed the need to continue use of the Kansas Coliseum site in the future and will continue to subsidize the pavilions with the Intrust Bank Arena funds. We renegotiated our commitments to both Exploration Place and the Sedgwick County Zoo. Both institutions are in relatively good financial positions and both are benefiting from visitors who are staying close to home for entertainment and vacations.

Because of the state reductions, we will “fill the gap” for the human services to our most vulnerable — those with mental illness, developmental disabilities and our older residents. We will do this by using some of their designated fund balance, as well as renegotiating rates with our providers. As we prepare for additional potential state cuts in the next legislative session, I have asked the managers in these areas to work with the providers and the state to determine how to move forward with service delivery.

We also have eliminated 15.5 positions. Of these positions, 14.5 have not been filled for quite some time. We are in a strong financial position to continue to deliver services at the same level we have in the past.





I also believe that we have worked hard at creating an organizational culture that recognizes the work of dedicated and innovative employees. We instituted a Performance Based Pay system a few years ago that changes our compensation model for employees — it is designed to reward excellence in performance, using a 4% salary pool that is distributed based on performance scores. I believe this is a strong, positive incentive to encourage excellence in delivering public services. Because of our economic conditions, however, we have suspended our Performance Based Pay system for 2010, instead providing a 2% general pay adjustment for eligible employees earning less than \$75,000 who meet performance criteria. This is a very difficult decision for me, as we are altering our compensation philosophy that rewards productivity. However, I believe that this will help to transition back to the Performance Based Pay system when the economy rebounds without having major imbalances in our pay structure among positions.

As well, we were faced with a renewal increase of 13.5% for our healthcare benefits for 2010. To minimize this impact on our employees, we have identified a few changes to our benefit plan that will help us to reduce that increase —

- Increase the emergency room co-pay from \$100 to \$200 at contracting hospitals
- Eliminate coverage for routine eye exams
- Reduce the plan's administrative charge

I am committed to assuring that our employees have a preventative-oriented benefit plan. We continue to promote wellness through our Wellness Club, to not only help employees benefit from better health, but to help maintain our organizational health costs over time.

Fire District #1

The 2010 budget for the Sedgwick County Fire District maintains the same mill levy at 18.501 mills. Over the past few years, the fire district has engaged in a fire station relocation project, to better serve the customers of the district. The fire station relocation project helps to reduce the ISO property protection class for many customers, thus saving money on home insurance. The 2010 fire district budget is \$15,689,935.



The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



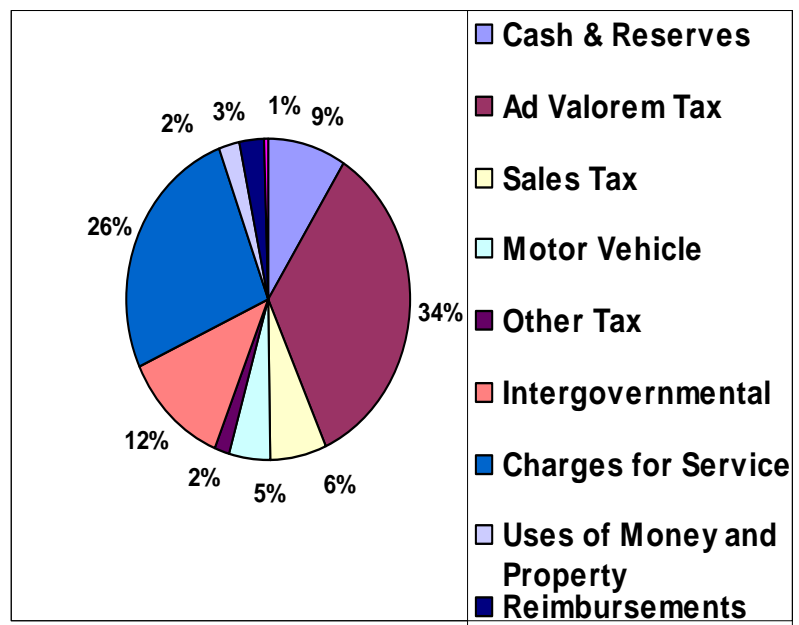
2010 ADOPTED BUDGET —

Strong Financial Standing

Strong financial planning and management helps us to ensure long-term financial viability. Because of our strategic financial planning, Sedgwick County continues to secure some of the financial institutions' highest levels of rating available to local governments.

Standard & Poor's	AAA
Moody's	Aa1
Fitch	AAA

2010 Revenues — \$ 398,616,220



2010 Expenditures — \$ 398,616,220

	Share of Dollar	Total Expenditure
Public Safety	36 cents	\$ 144,091,669
General Government	26 cents	104,545,772
Health & Welfare	19 cents	74,586,562
Public Works	8 cents	30,506,752
Bond & Interest	5 cents	20,918,730
Community Development	3 cents	12,976,966
Culture & Recreation	3 cents	10,989,769
Total:	\$ 1.00	\$ 398,616,220



The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



2010 OPERATIONAL ADJUSTMENTS — (Property Tax Supported Funds)

<u>Adjustments</u>	<u>Amount</u>
Revenue Adjustments	
• RFSC: adjust fee for post mortem toxicology	5,400
• RFSC: increase cremation permits	11,601
• RFSC: increase autopsy fees (out of county)	51,250
• Code Enforcement: increase inspection fees	36,600
Operating Reductions	
• Project Access: reduction based on historical expenditures	(10,000)
• MAPD: match City of Wichita contribution	(28,540)
• ERP: contractual reduction from cashiering system replacement	(34,983)
• DIO: facilities reduction/deferred maintenance	(49,211)
• COMCARE/SCOAP: reduction based on historical expenditures	(75,000)
• Public Works: eliminate 1.0 FTE position	(92,918)
• Flood Control: match City of Wichita contribution	(98,770)
• Zoo: reduce annual contract	(100,000)
• Exploration Place: reduce annual contract	(100,000)
• BoCC: reduce contingency	(315,000)
• BoCC: cap commodities to \$4,000	(6,000)
• Corrections/Day Reporting: reduction based on historical expenditures	(125,000)
• Aging: reduce physical disabilities funding	(150,000)
• DIO: reallocate tax system maintenance costs to land tech fund	(276,000)
• Eliminate extended vacancies—14.5 FTEs	(590,887)
• Community Development: GWEDC: freeze contract to \$300,000	(25,000)
• Culture & Recreation: Riverfest/Flightfest reduction	(45,000)
• County Manager: eliminate contract lobbyist	(27,720)
• Pavilions: shift cost of estimated subsidy to Downtown Arena Fund	(584,989)
Employee Compensation	
• Suspend Performance Based Pay system and implement general pay (2,470,540) adjustment of 2% for eligible employees earning less than \$75,000	
• Adjust health benefit plan to reduce projected contractual increase	(366,561)



The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



2010 STATE FUNDING REDUCTIONS —

<u>Amount</u>	<u>Area</u>	<u>Service</u>
\$ 36,833	Aging	Rural transportation rides for Sedgwick County
\$ 153,229	Aging	In-home services
\$ 37,407	Aging	Funding for Meals on Wheels
\$1,436,493	Community Developmental Disability Organization	Maintain finance plan for Community Developmental Disability Services
\$1,032,841	COMCARE	Replace reduced SRS funding
\$ 35,416	Code Enforcement	Local Environmental Protection Grant reduction
\$ 311,163	Corrections	Adult Community Corrections/JJA
\$1,022,000	Commercial Machinery & Equipment reimbursement	State reneged on commitment to reimburse local jurisdictions over five year period for the reduction in tax collections resulting from the 2006 adoption of the Commercial Machinery & Equipment tax exemption.
TOTAL:		
\$4,065,382		



The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



2010 CAPITAL IMPROVEMENT PROGRAM

Through our Capital Improvement Program (CIP), Sedgwick County invests in infrastructure — the building, remodeling and repair of our public facilities, roadways, bridges and drainage systems.

Our five-year CIP investment is \$174,657,846 with \$31 million budgeted for 2010. Significant projects for 2010 include:

<u>Amount</u>	<u>Area</u>	<u>Service</u>
\$ 378,363	ADA Projects	Compliance with Americans with Disabilities Act
\$ 650,000	Emergency Communications	Conversion to digital and expanding 800 MHz radio system
\$ 437,360	Extension	Replace HVAC roof top units
\$ 694,609	Facilities	Historic County Courthouse stone treatment/repair
\$ 400,920	Facilities	Replace roofs on county-owned buildings
\$ 154,764	Facilities	Historic Courthouse elevator modernization
\$ 23,000	Lake Afton Park	Renovate Mushroom restroom/shower building
\$ 300,664	Lake Afton Park	Repair lower spillway
\$1,741,103	Public Safety	Infrastructure for Heartland Preparedness Center
\$1,050,000	Public Works	Wichita/Valley Center Flood Control levee repairs required for recertification
\$12,289,500	Public Works	Road & bridge projects funded from local sales tax revenues
\$2,854,578	Sheriff	Expand entrance and remodel second floor of Adult Detention Facility
\$1,156,384	Sheriff	Remodel Sheriff Office's squad room
\$ 415,543	Sheriff	Remodel medical clinic of Adult Detention Facility



The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



2010 SUSTAINABILITY —

Our Sustainability Factors

Economic Development - promoting, initiating, supporting, and facilitating the creation of wealth and employment opportunities

Environmental Protection - minimizing Sedgwick County Government's impact on air, water, and land

Institutional and Financial Viability - making fiscally responsible decisions, while considering the present and future impact to the effectiveness of our organization

Social Equity - equitable access to and distribution of public resources to the community, via education, partnership, and intervention

Long-term Sustainability Efforts

- Identifying opportunities to reduce expenditures
 - Hiring — analysis of open positions prior to posting for application, to determine priority need or possible savings
 - Travel reviews & reductions — review of all travel/training requests, with “priority” in those areas that require certification or accreditation
 - “Paper-less” Strategy — paper costs across Sedgwick County offices were estimated to increase \$20,000 for 2010 — the Sustainability Task Force will help to lead a “paper-less” strategy to help avoid this increase
 - “Energy-less” Strategy — I have asked the Sustainability Task Force to look for strategies for reducing energy costs throughout the organization.
- Looking for ways to deliver services differently — through use of partnerships, technology or changing service-delivery models
- Planning for continued challenges in the community — continuous tracking of financial, workforce and client-need trends
- Working with the state to reduce future funding impacts

www.sedgwickcounty.org



Sedgwick County...
working for you

The Work of Government

Building a Stronger Community

Creating an Attractive Community

Keeping People Safe

Taking Care of People



SUMMARY —

2010 Adopted Budget — \$398,616,220

- Reducing tax rate — .548 mill levy decrease (resulting in estimated rate of 29.829 mills for 2010 budget)
- Reducing expenditures to match .548 mill levy reduction (\$2.2 million)
- 2010 adopted budget is 1.4% reduction from the 2009 revised budget
- The 2010 budget for the Sedgwick County Fire District maintains the same mill levy at 18.501 mills (2010 Budget \$15,689,935)

Takes into account:

- Reduction of 20.8% (\$8.9 million) in Key Revenue Indicators year to date
- Reduction of \$4,065,382 in state funding allocations
- Maintaining service to respond to increasing needs during difficult times
- Using “rainy day” reserve fund balances for limited time
- Minimizing impact on our employees

The 2010 budget provides for the basic and essential services, and promotes sustainability within our organization and within the community. The reduction in the tax rate is about our relationship and trust with our citizens, that we are using resources wisely. Strong financial planning and management will help us work through this economic downturn period in a thoughtful and deliberate manner. We are not in crisis. Our culture of working with our stakeholders to identify long-term solutions will help us continue to deal with changing needs and challenging situations.

It is my honor and pleasure to serve with the employees of Sedgwick County in delivering quality public services to citizens of Sedgwick County each and every day.

Respectfully,

William P. Buchanan
County Manager

www.sedgwickcounty.org



Sedgwick County...
working for you

