

MINUTES

Audio Tape No. 581

The Governing Body of the City of Leawood, Kansas, met for a Work Session at City Hall, 4800 Town Center Drive, at 6:00 P.M. on Monday, March 24, 2003. Mayor Peggy Dunn presided.

Councilmembers present: Louis Rasmussen, Gary L. Bussing, Scott Gullede, James E. Taylor, Sr., Shelby Story, Patrick Dunn, and Jim Rawlings.

Councilmembers absent: Mike Gill.

Staff present: Scott Lambers, City Administrator
 Kathy Rogers, Director, Finance
 Kathy Byard, Budget Coordinator
 Deb Harper, City Clerk
 Emily Watson, Deputy City Clerk

- 86 Mayor Dunn called the meeting on the 2004 Budget Cost Savings Options to order at 6:20 P.M. Scott Lambers stated it was important to look not only at the revenue side of the budget, but also the expenditure side. His goal for the meeting was for the Council to provide vectors to use in the budget preparation. Mr. Lambers said that his memo listed possible expenditure reductions and/or eliminations, but could also be used for affirmations in continuing to spend funds in certain areas.
- 194 Mr. Lambers discussed the issue of personnel, saying while the costs of individual personnel do not seem significant, the costs add up over time and it was a long-term commitment. He felt the Council needed to develop a 5-year plan to guide them in personnel issues as they related to the budget. Mr. Lambers said that by not identifying specific job positions to eliminate or add, Department Heads would be able to present their justification for the positions that were needed each year at the budget process. He added that he had presented the Council with a listing of the ten positions that had been requested by various departments to show how quickly the three positions budgeted for could be absorbed with the variety of demands the city faces.
- 345 Mr. Lambers pointed out the Council had four options: (1) using the current budget model, that would assume three new positions being added in 2004 and 2005, and four new positions being added in 2006, 2007, and 2008; (2) reduce or eliminate nine FTE positions; (3) impose a hiring freeze, preventing any vacancy that occurred from being filled until authorized by the Governing Body; or (4) layoffs.

- 500 Councilmember Rasmussen asked if a consensus had been reached on salary structure and merit increases. Mr. Lambers stated the Department Heads had been asked to identify classes of employees they believed needed a market adjustment. For 2004, the class of employees that he had identified for enhancement consideration was the dispatcher position. There would be no cost of living adjustments and the ranges would remain the same unless a classification of employees warranted a change. The only employee adjustments would be merit increases that were capped at 5% as opposed to the previous 6%.
- 714 Councilmember Gullede pointed out the merit increase had been approved up to 5%, not 5% across the board. He verified with Mr. Lambers that the Department Heads had a scale with which to evaluate employees and that minimally employees would receive a 1½% increase.
- 733 Councilmember Rasmussen asked what would happen should the nine FTE's not be filled in 2003. Mr. Lambers replied those positions would compete with the positions in 2004 and more than likely they would be pushed back.
- 819 Councilmember Dunn said his constituents in Ward I were pleased with the services the city provided. They would be more content with a raise in taxes than a decrease in services. He asked Mr. Lambers for his opinion on which departments could provide expected city services without increasing staff or facing budget cuts. Mr. Lambers stated it was his responsibility to advise budget cuts that would not create a derogation situation later.
- 1085 Councilmember Gullede stated that under the current economic situation, while city services are important, it was also mandatory to look at the expense side of the personnel budget. Councilmember Bussing stated he did not want to make arbitrary personnel cuts, but that it was important to understand the levels of appropriate service and what would be the impact of a specific personnel cut.
- 1322 Councilmember Rasmussen stated he supported Mr. Lambers' Option 2 for 2004 and his "A" list of three new positions in 2004.
- 1485 Councilmember Gullede asked Mr. Lambers if zero-based budgeting was used. He suggested taking another look at the budgeted nine FTE's and determining whether all of the positions were still required, or if some could be eliminated. Mr. Lambers stated that the departments had prepared their budgets with the assumption that those positions would be filled in the third quarter of 2003, and had also assumed those budgeted positions would remain in place in 2004. If those positions were not funded in 2003, the departments would likely have a change in priorities for the three positions they would request for 2004. Most other agencies had suggested taking 10-15% off their current budgets and had planned from that point, as an agency would not want to go down to zero.

- 1590 Councilmember Bussing asked how service would decline if the nine positions were not filled in 2003. Mr. Lambers replied that both the Police and the Fire Departments had received two and three new positions, respectively. Not filling the police positions, the Police Department would be at a lower standard than what was desired to be on the street, and the Fire Department's aerial truck would be out of service for a period of time because of limited personnel. As far as the Public Works position, the goal was to do more work in-house than contracted out. The Parks request was in response to the new parks under construction. In particular, should the staffing for the new Lodge not be funded, it would create a situation where the Lodge would not be open for operation during certain times. Councilmember Bussing asked if there was a way to realign current personnel positions in order to create sufficient staffing time to keep the Lodge open, realizing that in doing so it would lessen the time devoted to something else. He stated that the budget had always been additive, and it was his view, that this could not continue given the present situation. Mr. Lambers replied that he believed that in order to provide higher service levels, while there may be employees that could leave their present job to assume the Lodge duties, other activities would need to shut down.
- 1835 Mr. Lambers asked that the Council focus on the budget model in terms of the number of personnel in the future so that he could propose a five-year staffing plan that the Council would approve. Councilmember Gulledge stated it was impossible to look at a staffing plan other than on a year-by-year basis. Both Councilmembers Gulledge and Rasmussen felt that under Option 1, the numbers to be used should be 3-0-0-0-0, and additions to personnel in future years should be made yearly. Mayor Dunn said it would not be realistic keep future FTE's out of the budget. She believed that even if it was decided not to add personnel in a budgeted year, they could be cut at budget time.
- 1931 Councilmember Rasmussen asked about the purpose of the Citywide Operating Budget freeze for 2004. Mr. Lambers replied that the 3% was a growth factor for operational costs. If there was a freeze, with no increase in expenditures for each department, those costs that they would have to absorb would equal the 3% deduction. This had nothing to do with personnel expenditures. Councilmember Rasmussen stated that he did not feel it was unreasonable to cut the growth factor by 3%.
- 2009 Mayor Dunn stated that historically the Council had always kept the FTE additions as low as possible. Councilmember Gulledge asked that if the Council was looking at the nine and was proposing three, why not just take three for the modeling purpose for subsequent years. Mr. Lambers reiterated that his job was to forecast for the Council anticipated personnel needs and, with the confines of the Council's approved numbers, he would make his recommendations.
- 2080 Councilmember Taylor suggested that lawnmowers be purchased and that staff currently at Public Works, Fire Station #3, and other buildings cut their own grass instead of hiring another employee to do that.

- 2136 Councilmember Rawlings asked how the 18 FTE's were determined. Mr. Lambers replied it was merely hypothetical growth as it related back historically. Kathy Rogers stated that the nine FTE's came from the need for three firemen, two police officers, one vehicle electronics technician, one park maintenance worker, one outdoor recreation supervisor, .7 increase for a part-time park attendant, and .25 increase for part-time personnel in the legal division. Collectively these added up to nine positions. Councilmember Rawlings asked for the justification on the full-time Police electronic technician. Mr. Lambers replied it was a trade from contractual services to in-house, alleviating the shuffling of personnel and vehicles to and from Lawrence. This person would also be available for other technical work for other city equipment, with 60-65% Police related, and the remainder in Public Works and Parks.
- 2239 Councilmember Bussing asked, if assuming the same growth in the city as Option 1 predicts, but not hiring those additional personnel, what would be the declination in the service level. Mr. Lambers replied that it would then be a situation where if one department had an increase in service level, then another department would be looking at eliminating a position. Another option would be to freeze all departments at their current levels and handle service increases based on their current staffing authorization. It was Mr. Lambers' opinion that it would be more logical to make cuts in one department as priorities in another department emerge, primarily in the public safety arena. If there were no further growth in the city with services remaining the same, Mr. Lambers stated the departments could be capped off with no new services. If new streets were added, there would be a decline in service standards of what there was today as far as Police and Public Works was concerned.
- 2394 Councilmember Dunn asked Mr. Lambers what he expected the commitment of the Council to be. Mr. Lambers replied that a cost would be incorporated into the budget for planning purposes only, so that if the Council decided to add a position, there would be sufficient funds for it. The Council would not be committing to adding the position at this time. Councilmember Dunn restated the objective, saying Mr. Lambers would use the numbers only for forecasting purposes, subject to the Council reviewing them on a budget-by-budget, year-by-year basis, and that these figures were conservative estimates of what would be needed in the future. Mr. Lambers replied that by plugging in zero FTE's into the budget, it would increase the unpredictability of the budget model's validity, knowing that from year to year, it would not be a true picture. If Leawood was totally land-locked and developed like Prairie Village, it would make sense to cap; however, Leawood was not land-locked. Councilmember Dunn felt the Staff should be given the figures necessary for projection subject to the budget being considered and approved by the Council.
- 2494 Mayor Dunn asked if everyone was comfortable with allotting three FTE's for 2003, 2004, 2005, 2006, 2007 and 2008 for forecasting purposes. Councilmembers Rasmussen, Taylor and Bussing were against this plan; Councilmembers Bussing, Dunn, Rawlings and Story, and Mayor Dunn were for the plan.

- 2554 Mayor Dunn asked if everyone was comfortable with the nine FTE's for 2003, that will be added in September. Councilmember Bussing stated he had voted against it before, and he was still against it. Councilmember Gulledge stated he was against it because of the economic times. Councilmember Taylor was against it. Councilmembers Dunn, Story, Rasmussen, and Rawlings were for it. Mayor Dunn stated she could rationally approve or disapprove the addition of two extra firemen.
- 2607 Councilmember Taylor stated he understood that by eliminating the ambulance service, the three extra firemen could be eliminated. Mr. Lambers said if the ambulance service was eliminated, it would free up firefighters to staff the new aerial truck. When the Council approved the purchase of the aerial truck, the need to increase staffing levels for the truck to be operational also occurred. Currently, the city hires off-duty firefighters from other agencies to fill needs as they arise. Councilmember Bussing questioned having a \$1 million aerial truck that was unserviceable because of lack of staff unless going to an outside source and questioned the source of the funds. Mr. Lambers replied that there was a line item in the budget for outside firefighters. What was traded for was a fixed cost to assure the ability to respond with the aerial truck operating 24/7, rather than depending upon outside help that was often not available.
- 2718 Mayor Dunn stated that it appeared no one was looking seriously at Options 3 or 4.
- 2736 Mr. Lambers discussed his memo's statements regarding service reductions and eliminations. He gave the example of eliminating the four designated positions in the Police Department and reallocating the funds spent on them to other areas that might need more staffing, i.e., detectives or patrol. He stated that the ambulance service was a duplicate service, with Med Act already being in the County providing service. This service could be reduced or eliminated. Public Works' street maintenance level of service could be reduced. Parks and Recreation fee-schedule based programs would give offsetting revenue rather than offsetting costs if it were reduced. Equipment replacement could be cut, but if cut too deep, would create problems.
- 2928 Councilmember Taylor verified with Mr. Lambers that if the ambulance service was curtailed, those employees would move into a fire fighter position, being able to respond to an accident, but without transport capability. He also asked Mr. Lambers to make recommendations as to miscellaneous city activities to fund or eliminate.
- 2981 Councilmember Bussing asked if some of Leawood's Park and Recreation programs were redundant with Blue Valley's programs. Mr. Lambers indicated there were some, i.e. soccer. The costs associated with these programs, with the exception of soccer, were small. Mayor Dunn stated Chris Claxton annually reevaluated the programs, and if appropriate, increased the fees. Councilmember Taylor suggested that an additional person should analyze the programs to ensure their necessity each year.

- 3060 Councilmember Bussing spoke on possible cuts to the Police Department. He suggested the D.A.R.E. officer might be more effective on the street. Additionally he felt all Department Heads should go through the exercise Mr. Lambers described, asking what were the essential programs, and getting rid of the ones that were less than essential.
- 3090 Councilmember Story felt that there were areas with deficiencies that had been identified and programs established to alleviate those deficiencies that he would not like to see the Council retract, i.e. the stormwater plan, the street maintenance plan, and the Police Department. He asked why the Council would not put the mill levy into effect that was voted upon, when without it, there was the possibility of having to cut programs and personnel. The budget was being put into a crunch as the alternative. Councilmember Story stated he was not against reevaluation of programs and staff, but it was foolish to leave the 2.25 mill out and force the Council to eliminate services that the citizens value. He agreed with Councilmember Dunn that people live in Leawood because of the services provided. Mayor Dunn added that 78% of the people voted for the mill increase, which was to start with the opening of the parks in 2003.
- 3232 Councilmember Story added there was also the problem with the State transfers. He felt the citizens of Leawood would be willing to fund their own programs for those services that they expect from the city.
- 3275 Mayor Dunn stated Ms. Rogers had furnished her with figures on the mill that showed it being at 18 in 1991, increasing to 22, then 25, back down to 23 and currently at 21. The Council had always tried to bring the mill level down whenever possible.
- 3318 Councilmember Dunn stated he agreed with Councilmember Story's comments. He also commented that the reason he was so adamant on the street maintenance program was to prevent the streets from getting in such disrepair that it would cost more to replace them than to mill and overlay. He felt it was important to get to a place where a manageable number of streets would be torn up and replaced on an annual basis.
- 3445 Ms. Rogers mentioned she had received comments from new residents about how low the taxes were in Leawood in addition to all the amenities, compared to Overland Park.
- 3478 Mr. Lambers stated in response to Councilmember Story, the budget was proposed so that there would not be peaks and valleys in the mill levy, which would cause a response from the public concerning the shift in their tax bills. He discussed Scenario 3 of the Budget Plan purposes with and without mill levy increases. Charts to help visualize these options were distributed.
- 3677 Councilmember Bussing asked what assumption was embedded in four years through eight for staffing. Mr. Lambers stated it included the current staffing level. Councilmember Story added that it was possible the third increase would not be needed. Mr. Lambers said there were four scenarios: 2.25; 1.25; 1.0; and .5. The impact of accelerating the mill levy adjustment for the park bond would significantly impact the out years in terms of whether to increase the mill levy or reduce expenditures for those years.

- 3781 Councilmember Taylor confirmed with Mr. Lambers that the last scenario of 5 mills over the five-year period would represent all services in place and the 18 new FTE's. It would also help to finance the Benefit Districts along 135th Street and at Town Center. He asked what it would add dollar-wise to the Benefit Districts' capacity. Mr. Lambers replied the figures would need to be run to be able to address that issue.
- 3866 Councilmember Rasmussen asked why the reserve level went up in 2005. Mr. Lambers explained it was for fluctuation in expenditures year to year.
- 3931 Mayor Dunn suggested that all departments should go back over their budget for possible cuts that they could recommend to the Council. Councilmember Rasmussen suggested asking the departments to cut back their budgets by the 3% growth factor without offsetting any mandated cost increases. Mr. Lambers said that the problem in excluding the mandated cost increases was that they would be difficult to project later on, but that the growth factor could be reduced to 2 or 1.5. Councilmember Rasmussen said he would like to see the growth factor as 0, and to advise Department Heads that there would not be any inflationary adjustments. Mr. Lambers pointed out that some costs, such as asphalt for Public Works, were out of a department's control. By not giving any inflationary adjustments, when needed items went up in cost, that would mean buying less material.
- 4105 Councilmember Bussing pointed out that 3% was insignificant; it was only 3% of 35% of the Operating Budget. Mr. Lambers stated he would present a forecast to the Council as to what the 3% growth factor represented so a dollar amount could be identified.
- 4148 Mayor Dunn asked if the Council wanted the Department Heads to identify areas they felt could take reductions. Mr. Lambers suggested the departments identify services that are offered elsewhere, identify those costs and associated revenue, so the Council could determine if they wanted to continue with them. "Less essential" services should also have identifiable costs assigned to them by the Department Heads.
- 4245 Councilmember Dunn felt each item should be reviewed as to its need by the Council, and the burden of cutting the budget by a specific dollar amount should not be left up to the City Administrator. However, he did not want to get into the practice of telling a particular department what areas needed to be cut. He stated he felt a park increase now would help significantly later on, but at the same time, he wanted the departments to look at their budgets with the thought of what they could do to help the city save money.
- 4404 Mr. Lambers advised that if the Council were to look at reductions in expenditures, they needed to focus on areas where those eliminations or reductions were going to take place and remain throughout the process. He stated documentation needed to be shown as to where the reduction had taken place, what service reduction had taken place and if the citizens still found it to be acceptable at that level. If the citizens were not happy, then the Council would need to reevaluate the plan.

- 4481 Councilmember Bussing stated that at a previous meeting, the Arts Council Committee offered a budget reduction for their group, knowing the city budget issues and concerns. They expected a reduction in the allotment to their committee. Mayor Dunn mentioned that the Chamber of Commerce Board of Directors had offered a 10% reduction in their budget, knowing there would probably be a mill levy increase also.
- 4580 There being no further business the meeting, Mayor Dunn adjourned the meeting at 8:12 P.M.

Emily Watson, Deputy City Clerk