

Tape No. 592

Minutes

The City Council of the City of Leawood, Kansas, met for a Budget and Finance Committee work session at City Hall, 4800 Town Center Drive, at 5:30 P.M., on Monday, June 23, 2003. Mayor Peggy J. Dunn presided.

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

Staff present:

Scott Lambers, City Administrator	Kathy Rogers, Finance Director
Mark Andrasik, Info. Services Dir.	Kathy Byard, Budget Coordinator
Renee Gurney, Municipal Court Judge	Joe Johnson, Public Works Director
Ben Florance, Fire Chief	Sid Mitchell, Chief of Police
Chris Claxton, Director of Parks & Recreation	Emily Gleasure, Deputy City Clerk
Deb Harper, City Clerk	

Councilmembers absent: Mike Gill.

Budget & Finance Committee members present:

Mark Meierhoffer
Scott Picker
James Azeltine

85 **Opening remarks by Scott Lambers.** Mr. Lambers stated the staff began working on the 2004 budget in October, 2002, when discussions in Topeka predicted an economic downturn to occur for some time. As a result of looking for reductions in expenditures for the City, a series of expenditure reductions were recommended by Mr. Lambers in 2003. Needing additional direction in putting together the budget, a series of pre-budget work sessions were held with the Governing Body to provide staff with certain expenditure assumptions. Much consensus was reached from these sessions and incorporated into the 2004 budget. Additionally, a five-year expenditure program which the Governing Body requested was included to deflect serious "spikes" from one year to another in the various expenditure arenas, including capital improvements, capital equipment, facilities, maintenance and personnel.

Mr. Lambers stated the budget was very clear-cut. It would carry forward impacts of decisions that were previously made, particularly in Public Works and storm drainage, and in Parks and Recreation. The City put together a 5% pool in payroll to provide for new positions, merit increases of 0-5%, and additional salary adjustments. He advised he did not see an economic

change in the next 6-12 months; however, should that occur, the procedures used for budget planning that were used last year will be implemented again to prepare the 2005 budget.

Mr. Lambers noted the budget included a 2.25 mill levy increase that was approved by the voters for the Parks for the debt service of \$12.5 million. The levy assumptions also included a 1.25 increase in the mill levy for 2005, which was actually a mill levy equivalency that would be looked at to achieve a dollar amount needed through a mill levy increase or expenditure reduction.

Councilmember Rasmussen asked if the 5% increase in wage and salary expenses was salary increases. Mr. Lambers replied it was a pool of money made up of a percentage of end-of-the-year 2003 payroll expense. It did not reflect that employees would receive a percentage of that amount. Merit, promotion, time of service and career advancement increases would be from 0-5%.

Mark Meierhoffer asked if the 2003 budget base represented the number of positions in place. Mr. Lambers replied it assumed full employment at the end of 2003. Kathy Rogers added that there were no cost of living increases built into the budget.

Councilmember Bussing questioned the percent committed to the cost of insurance for the employees benefit program. Mr. Lambers stated staff was trying to hold insurance costs down for health insurance; the dental plan was a locked-in rate for two years. Industry figures showed health insurance averaging 20-25%; the City was trying to hold it to 15%.

Councilmember Gulledge confirmed with Mr. Lambers that 3-4 FTE positions were vacant per quarter.

560 **Kathy Rogers – General Overview of 2004 Operating Budget.** Ms. Rogers presented a general overview on the current economic climate in Johnson County and nationwide. She stated the 2004 Operating Budget used the “all funds” approach, which would clearly show where all the funds from the entire city budget would come in by source and be spent by division and by category. Citywide, a projected total increase in revenue of 13% would be anticipated, with the General Fund actually spending less in 2004. The “all funds” approach showed expenditures at \$39.9 million, which was a 5.4% expenditure increase (\$2,040,065). Ms. Rogers touched on program enhancements, 2004 personnel recommendations, and expenditures by department and function. By using Pay As You Go (PAYG) capital expenditures, there would be no increase in the 2004 proposed budget.

Ms. Rogers mentioned that budget policies were reviewed by the Governing Body and updated in March of 2004. The policies included 1) maintaining financial stability and 2) maintaining service levels, both of equitable and competitive employee compensation, and mandates and operating costs of capital funded.

Ms. Rogers stated that at the end of 2004, the City’s operating reserves, across all funds except debt service, were expected to be 20%of expenditures, which was greater than the 11% policy

goal. It was also estimated that the debt service as a percent of expenditures would be at 18% by the end of 2004.

- 1752 Scott Picker confirmed with Ms. Rogers that the debt for City Hall was refinanced in 2003. She stated that there were a lot of restrictions by the federal government on the number of times the City could refinance. The audit provided a listing of the other debts and their various interest rates.

Councilmember Bussing discussed the grading by Moody's with Ms. Rogers. He confirmed with Ms. Rogers that the art maintenance fee collected from new development was included in the capital expenditures.

Councilmember Rasmussen confirmed with Ms. Rogers that the existing mill levy was able to absorb all of the reductions and intergovernment transfers from the downturn of the economy, and what had not been absorbed were the debt costs of the parks which was approved by the voters.

Mr. Meierhoffer asked if the financial statements recognized the financial impact of GASB34. Ms. Rogers replied yes, that the impact favored the City's position. Mayor Dunn added that Moody's was impressed with the City's early implementation of GASB34.

Councilmember Bussing asked how the weak economy affected the revenues from county sales tax collections and total sales collections, and in turn, affected the City. Ms. Rogers replied the revenues were approximately \$200,000 less, but that some gifts had come in and the court had collected more in fines and forfeitures. Mr. Lambers added the downturn in the economy that impacted the budget could be noted in the model that gave conservative assumptions for those two revenue sources of growth.

Mayor Dunn mentioned the 2.25 mill and the 1.25 mill were already programmed into the budget charts, and without them, there would be a different picture.

- 2330 **Sid Mitchell – Police Department.** Chief Mitchell stated the Police budget was 17% of the total 2004 budgeted expenditures. The department budget was for \$6.7 million and a total of 78.6 positions. This represented a 1% increase. The department's performance measures included an average emergency response time within four minutes, and each commissioned officer protecting an average of 547 residents and \$72,000,000 market value of property. The new performance measures would include response time for emergency and non-emergency calls by both administration and patrol, more citations by officers, an increase in communication calls, more active cases cleared by investigations, more records processed, more cases initiated during SRO service and a reduction in cost of boarding strays by Animal Control.
- 3097 Chief Mitchell commented on the need for three additional personnel, one each in administration, investigations and patrol. Councilmember Gullede asked the Chief to prioritize the needed positions; he did so as follows: 1) division commander; 2) DARE officer; and 3) Investigations officer.

Councilmember Taylor discussed the fleet changeover policy with Chief Mitchell, turning over half the fleet every year. Mr. Lambers stated a vehicle engaged in police activity required replacement every two years to 30 months before the cost to maintain them exceeded the trade-in value, valuing time rather than mileage. Councilmember Bussing confirmed with Chief Mitchell that the department still purchased Crown Vic's and the safety modifications to them as recently publicized had been made.

Mayor Dunn confirmed with Chief Mitchell that accidents in Leawood were on the decline.

Mr. Meierhoffer asked if it were possible to implement a cost-sharing arrangement with other agencies within the DARE and Animal Control divisions. Chief Mitchell stated that other agencies had their own limited personnel resources, and while an occasional call might be handled by another agency, it was not a practice that could be applied on a recurrent basis.

Councilmember Story asked that the budget continue to include 1.9 officers per 1,000 citizens, citing the influx of more residents to new Leawood developments. He asked for a task force to look into the staffing plan.

4010 **Ben Florance – Fire Department.** Chief Florance stated the Fire Department represented 11% of the total 2004 budget. The budget of \$4.3 million represented 55.7 positions, which included the on-call part-time firefighters from other departments. He spoke on the highlights of Fire Department that included response time to both fire and medical calls, and inspections to buildings and schools. The Fire Department performance measures included response time for fire and medical calls; each firefighter protecting an average of 560 citizens and \$70 million market value of real property; and training each month. With the construction at Station 2, the ladder truck and ambulance had moved to Station 3. However there was still a presence at Station 2, with the crews working around the construction.

Councilmember Dunn confirmed with Chief Florance that the firefighters covered all 14.7 square miles of the City. The challenge in this was the city being 2 miles wide and 7 miles long, thus the need for three fire stations. There was also occasional mutual aid from Consolidated District 2, Overland Park or Kansas City, Missouri.

Councilmember Taylor discussed with Chief Florance the fact that only a small percentage of the 1300 fire calls yearly were to other cities. Councilmember Taylor questioned the effect of having the county respond to medical calls would have upon fire personnel and the budget. Chief Florance stated it would have a positive impact on the budget as there would be capital items that would be eliminated. Personnel would not be lost, but there would be two ambulances that would not need to be staffed. Overtime would definitely be cut, as by state statute, the ambulance service must be staffed 24 hours daily. Four personnel who currently provided the ambulance service would ride on the pumper or ladder trucks, and there would be a cut in overtime additionally. The impact of this would impact the 2005 budget by approximately \$10,000 by eliminating the ambulance program, which did not include the significant overtime costs.

Mr. Lambers stated the county had discussed housing an ambulance at Station 2; should that occur, Leawood would abandon the ambulance service. The City's recently acquired ambulance would be housed at Station 1 in case of an emergency. The result would eliminate the costs needed for ambulance coverage, and more personnel would be available for the staffing of the fire engines. Overtime would be reduced by 25-50% and also reduce the need to hire new firefighters/EMTs as the City grows. A reflection in the budget would not be shown until the county approved this plan.

Chief Florance and Chief Mitchell discussed terrorism and HAZMAT training. There have been some grants to outfit the patrol cars, and there were funds available for training and supplies. Leawood recently hosted a three-day seminar on terrorism in which 300 people from all over the U.S. and South American attended.

Mr. Lambers stated he felt that the plan to use the county ambulance service, housed at Station 2, would provide enhanced service to Leawood residents.

5370 Mayor Dunn adjourned the meeting at 9:05 P.M.

Emily Gleasure, Deputy City Clerk