

Tape No. 593

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 5:45 P.M., on Tuesday, June 24, 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.

Councilmembers absent: Mike Gill

Staff present:

Scott Lambers, City Administrator
Mark Andrasik, Info. Services Dir.
Renee Gurney, Municipal Court Judge
Ben Florance, Fire Chief
Chris Claxton, Director of Parks & Recreation
Patty Bennett, City Attorney
Deb Harper, City Clerk

Kathy Rogers, Finance Director
Kathy Byard, Budget Coordinator
Joe Johnson, Public Works Director
Sid Mitchell, Chief of Police
Jeff Cantrell, Neighborhood Serv. Adm.
Emily Gleasure, Deputy City Clerk

Budget & Finance Committee members present:

Mark Meierhoffer
Scott Picker
James Azeltine

158 **Joe Johnson – Public Works.** Mr. Johnson stated that the Public Works budget represented 41% of the 2004 budgeted expenditures. The Public Works budget was \$16.2 million and included 51 personnel positions. Discussing the highlights of the department, Mr. Johnson stated it maintained 425 lane miles of roadway, provided 5,700 building code inspections, serviced over 200 vehicles and pieces of equipment, maintained 212,000 square feet of public facilities, issued 600 right-of-way permits, and inspected 350 storm inlets. The main changes in the budget for 2004 included a 75% increase in the administrative fund due to the debt of the new Public Works facility; a decrease of 13% for street improvements because of debt financing; an increase of 19% for design which included additional summer and survey work; an increase of 126% for stormwater which included the capital, SMAC and non-SMAC funded; and a 26% increase in facility maintenance that included the new employee and the equipment for that individual. The budget represented an overall increase of 22% over last year. Mr. Johnson listed department performance measures, which included 425 lane miles rated at an average of 81.5 PCI and

\$5,000 annual maintenance expenditures per mile. Additionally, software has been purchased to track fleet maintenance and facility maintenance.

592 James Azeltine confirmed with Mr. Johnson that the county had reimbursed Leawood approximately \$2.0 million for stormwater.

Councilmember Taylor and Mr. Johnson discussed the costs for sidewalk maintenance. Of the 8,000 to 9,000 square footage of sidewalks, only the cost for materials (concrete) was represented in the budget, as equipment and labor were not included. Councilmember Taylor also questioned the continual funding for the State Line maintenance facility. Kathy Rogers stated the facility had been paid for out of the park maintenance budget when park maintenance assumed the facility. Councilmember Taylor asked why the city needed so many operational facilities. Scott Lambers replied a study would need to be conducted as to the size of each facility and what the impact of abandoning each facility would have on the city. They discussed the location of a fueling station for police and other city vehicles; additionally, one of the features of the new software was the ability to track fuel usage.

Councilmember Rasmussen and Mr. Johnson discussed the contracting out of maintenance on the stormwater inlets. Mr. Johnson stated only the reconstruction was subcontracted, while Public Works would do the cleaning.

1050 **Chris Claxton – Parks and Recreation.** Ms. Claxton stated the Parks and Recreation portion of the 2004 budget was 18%. The decrease from last year was primarily due to a decrease in capital that funded the Oxford School and park maintenance. It represented a budget of \$7.4 million with 49 positions. Highlighting the department, Ms. Claxton stated the new parks would be open in the fall of 2003; classes and leagues remained steady with four eliminated, and new increased fees were implemented for programs. She commented that of the 423 acres of developed parkland, the land represented 10 acres of parkland per 1000 Leawood citizens. There was also one parks and rec employee per 625 citizens. Ms. Claxton stated the Sports and Recreation program was gaining in importance; however maintenance demands invariably would increase with an increase in any program with the exception of administration and the golf course. The P&R department budget by function indicated more than half was spent on operating, about 1/3 on debt and a small percentage on capital. Changes in the budget from 2003 included a 19% increase in personnel to include a new Outdoor Programming position and positions in Rec Programs, and a 50% decrease in capital due to Oxford School completion, less equipment to be purchased and a payoff of the golf cart lease in 2003. The Parks & Rec performance measures included 22 park acres maintained per worker and the golf course achieving an 86% utilization rate. She added that the maintenance fees for the parks and sports fields were not being covered; an increase in program fees would be needed to accomplish this.

1796 Scott Picker questioned whether there was a golf club committee to study Ironhorse operations, and what were the results. He stated the course seemed to lose money annually. Councilmember Rasmussen stated that since the opening of the course, fees had covered operating costs and maintenance, along with much of the debt. When the citizens voted for the golf course, they voted to cover the operations, maintenance, and debt costs; there was no provision made for capital improvements. In many cases in the past, golf course fees did cover some of the capital improvements. The course was built on a flood plain. One incident's costs, in particular, of the land collapsing after a flood, were picked up by Ironhorse in the amount of \$25,000.

Mr. Azeltine stated that in a letter from Mr. Lambers, he indicated that \$147,000 would be moved from the General Fund to Ironhorse. His letter further said Ironhorse would be self-sufficient. Councilmember Rasmussen replied that he recalled that at the end of each year, when the revenues, operating maintenance expenses and debt service costs were totaled, Ironhorse was just barely in the black. Mr. Azeltine asked if this were the case, why were funds being transferred. Councilmember Rasmussen replied no provision had been made for capital improvements. When the debt portion is paid off in 2016, the course will make nearly \$.5 million a year in revenue. Ms. Rogers added that the fees set are what the market can bear, and with the course being high maintenance, not all costs can be met by the fees. She stated there was not an option to sell Ironhorse, as it was voter approved.

Mr. Meierhoffer asked for the balance owed on Ironhorse, and if it could be refinanced. Ms. Rogers replied the debt was approximately \$1.8 million. Mr. Lambers stated that as an enterprise fund, it had to comply with the cash basis law so it could not have a negative balance at the end of the year. As such, the Governing Body must decide whether to transfer money to balance the fund at the end of each year to comply or deliberately assume responsibility for the City's other budget outside of the enterprise fund for an obligation of the golf course, whether capital equipment or debt service. His recommendation was to make that decision as part of the 2005 budget. Ms. Rogers added that Ironhorse had been refinanced once and it could not be done again.

2075 Councilmember Bussing commented that there were more capital expenditures at Ironhorse than many other area clubs, and he felt the management team at Ironhorse needed to start delivering revenue. Mr. Meierhoffer stated the terms to sell Ironhorse should be clarified by the bond counsel.

Councilmember Gulledge confirmed with Ms. Claxton that fees for residents were 15% lower than the fees for non-residents. It was also stated that residents composed 72% of the swim team members.

Mayor Dunn confirmed with Ms. Claxton that the 14.3 acres of parkland per 1000 residents did not include the golf course.

3005 Mr. Meierhoffer asked about the cost for insuring the climbing wall. Ms. Claxton stated it was \$2600; additionally an 8-foot fence would enclose the wall.

3047 **Kathy Rogers – Administration.** It was stated that of the \$39.9 million budgeted for 2004, administration accounted for 13%. Administration included finance, human resources, municipal court, legal services, neighborhood services, planning, and information services. The administration budget was \$5.3 million with 49.5 employees, nine of which were the Mayor and Governing Body. Changes in the administration budget were outlined, with a decrease of 13% over 2003. For each non-commissioned employee, 292 citizens are served.

Councilmember Rasmussen asked about the time frame for the new information services system. Mark Andrasik stated there was a schedule that would be sent out shortly to employees. Ms. Rogers stated it was an aggressive schedule that would take approximately two years to fully implement.

Councilmember Taylor questioned the increase in the legal budget, specifically how much was outsourced. Patty Bennett stated \$8,000 was budgeted, with \$6,000 of that for the HR audit. She noted there was insurance that paid up to \$10,000 of costs for each uncovered litigation claim. Mr. Lambers stated there was a legal reserve fund of approximately \$150,000 for unanticipated litigation costs.

3476 Mr. Meierhoffer asked about the auditors' contract. Ms. Rogers stated there was a one-year extension, and further discussion for 2005's audit recommendation was needed. Councilmember Rasmussen stated in the past there had been a consensus to contract the auditors to no more than three years, to prevent a perpetual relationship with any auditing firm. In 1990 that was changed to periodically review contract terms with auditors, with the maximum being three years. Ms. Rogers indicated that with the computer conversion, a change in auditors might be necessary.

Councilmember Rawlings questioned the budget increase for administration. Mr. Lambers stated the portion of the increase of workman's comp costs in Human Resources that was delegated to administration, did not give an accurate picture of the administration budget.

3610 Mr. Lambers distributed a document proposing several options for implementing further budget cuts, including elimination of personnel positions, to offset the mill levy increase. He stated Leawood was a lean organization, but when cutting costs, administration was the first place to look. He did not recommend these changes for the 2004 budget, but would be considered for the 2005 budget. Mr. Lambers added that not all of the changes would be cost saving, as either remaining personnel would incur overtime to cover duties or outsourcing would occur. He asked the Governing Body to read over the document and bring questions to tomorrow night's meeting.

4005 Mayor Dunn adjourned the meeting at 8:15 P.M.

Emily Gleasure, Deputy City Clerk