

Tape No. 594

**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 Wednesday, June 25, 2003. Mayor Peggy J. Dunn presided.

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

**Councilmembers absent:** Mike Gill and Shelby Story.

**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  
Diane Binckley, Planning & Development Dir.

Kathy Rogers, Finance Director  
Kathy Byard, Budget Coordinator  
Joe Johnson, Public Works Director  
Sid Mitchell, Chief of Police  
Deb Harper, City Clerk  
Emily Gleasure, Deputy City Clerk

**Budget & Finance Committee members present:**

Mark Meierhoffer  
Scott Picker  
James Azeltine

70 **Overview – Kathy Rogers.** Ms. Rogers stated that tonight the Governing Body was being asked to approve the 2004 Annual Budget, which included a 2.25 mill levy increase, raising the City’s mill to 24.07. Ms. Rogers listed the highlights of the budget including the opening of new parks, actively constructing stormwater runoff projects, the accelerated street program, technology (Eden software, Police Computer Aided Dispatch Initiative, and DBA tracking), and financial solvency. Proposals for the increase in staff by 5 FTE, funding strategies for Ironhorse, and an analysis of the ambulance service were discussed during the last two meetings.

378 Scott Lambers stated the 2004 Budget represented a balance of managing the core needs of the City while tending to the quality of life initiatives. He also mentioned that unsolicited, Moody’s implied they planned to give Leawood a “AAA” bond rating.

- 432 Mayor Dunn asked for questions/comments on the personnel document handed out at the previous night's meeting by Mr. Lambers. Councilmember Bussing stated he felt that Mr. Lambers' document was well done and that the administrative department would be appropriately staffed once the finance department received its budgeted Accounting II position. He felt no personnel adjustments should take place in that area.
- 496 Scott Picker felt the "balance sheet" approach to balancing the budget had not been utilized. He referred to the graph on page 12, questioning the debt level and the decrease in the fund balance. Mr. Picker asked about the trends, and implications they would have on the City in the future. Ms. Rogers replied that the debt was built in within the fund balance across all funds, balancing the debt by not adding any more debt than was being paid off. Councilmember Rasmussen added that the Governing Body had decided to maintain a quality of life in Leawood. Money had been spent on necessary things, and obligations had been absorbed into the special benefit districts. He stated he felt the reason for the growth in Johnson County was because of how municipalities had funded their infrastructures. He said the question was not how much the debt had increased, but the debt burden per capita. The interest rates for new debt were extraordinarily low and were not an area of worry. Ms. Rogers indicated that the City had a rapid pay-off schedule in place. Mr. Meierhoffer stated the City had a 35% build-up capability, with additional infrastructure needs. He felt the ratios should be reviewed. Ms. Rogers said this was an area the Governing Body should discuss, especially if they were to pursue the "AAA" rating from Moody's.
- 794 Councilmember Rasmussen stated the Governing Body had indicated in the Finance Policy that they wished to maintain a "AA" rating. He felt the "AAA" rating was an ego trip, and would not be worth it to the taxpayers to increase taxes just for the rating. A discussion ensued on how to incorporate the financial modeling into an easy-to-read chart for 2005 thru 2008.
- 1050 Councilmember Dunn stated he felt that the 2004 Budget was the result of solid financial planning, with nothing frivolous included. He applauded the apolitical budget, noting that personal politics had been set aside to accomplish a good plan.
- 1107 Councilmember Gulledge stated the appraised value of homes in Leawood was the direct result of the quality of life here. He said he felt the capital expenditures approved by the Governing Body have done nothing but to improve the quality of life.
- 1190 Councilmember Taylor stated he favored Mr. Lambers' recommendations for the reduction in staff. Mayor Dunn stated Mr. Lambers had made a recommendation not to reduce staff. Mr. Lambers said his first point was that the goal of 1.25 mills equivalency provided that by 2008 the City would be at 11% reserves. Options at that point would be to eliminate positions currently filled or eliminate positions that were not filled. He suggested taking his summary and the positions he identified in total for planning the 2005 budget. In looking at page 27 under tab 4 in the 2004 Budget, a significant acceleration in debt service payment can be observed. He stated the projects for the City would probably stop in 2012, but the debt would continue for many years afterwards.

- 1400 Mr. Meierhoffer asked how much of the property tax appraised evaluation as discussed on page 14 was new construction. Ms. Rogers stated residential construction was increased by 6.2%, with new construction up 3.5%, reappraisal was 2.7%. Commercial construction was up 9.1%, with new construction at 7.4%, and reappraisal at 2.5%. Mr. Meierhoffer asked if the proceeds of property tax associated with reappraisal would offset a mill levy increase. Mr. Lambers stated there was an increase due to existing properties increasing, but not to a windfall. There were no guidelines in place for such increases. Mayor Dunn mentioned that historically, the Governing Body had advised residents that when there was retail sales tax revenue, the mill levy would be lowered, without relying solely on property taxes. It was determined that all sales tax revenue generated from Town Center Plaza had been given back to the citizens. Mayor Dunn noted it had been the fiscally responsible thing to do.
- 1559 Councilmember Rasmussen stated he was in favor of recommendations for the 2.25 mill for 2004. He stated he had reservations for the 1.25 mill for 2005.
- 1624 Councilmember Taylor and Mayor Dunn discussed Leawood's mill levy as it compared to other Johnson County cities. Mr. Lambers stated Leawood's tax rates were in the top ten of the lowest rates in Kansas according to the League of Kansas Municipalities. Councilmember Gulledge pointed out that those cities with higher tax rates were still developing their infrastructure and growing. He also stated the tax base should be taken into consideration when comparing cities. Councilmember Dunn noted that it was only property taxes that were being considered. Other cities had, for instance, utilities, and it was like comparing apples to oranges, and not a fair comparison.
- 1752 Mayor Dunn asked the Governing Body if they could accept the proposed 2004 Budget. Councilmembers Rawlings, Dunn, Taylor, Bussing, Gulledge, and Rasmussen all stated they could support the budget. The citizen members were asked for their comments. Mr. Meierhoffer stated he supported the budget, stressing that staff moral would be the most important item to maintain during this time of potential lay-offs in the future. Mr. Azeltine stated that in general, he was against raising taxes, but felt the budget was well presented and the Governing Body was accountable. Mr. Picker stated the critical issues were on the table, but he supported the budget overall. He felt the mill levy was appropriate.
- 2060 Mayor Dunn adjourned the meeting at 7:15 P.M.

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Emily Gleasure, Deputy City Clerk