

Tapes No. 639-640

**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 6:15 P.M., on Wednesday, June 30, 2004. Mayor Peggy J. Dunn presided.

**Councilmembers present:** James E. Taylor, Louis Rasmussen, Gary L. Bussing, Scott E. Gullledge, Debra Filla, Gregory Peppes, and Jim Rawlings.

**Councilmembers absent:** Mike Gill.

**Staff present:**

Scott Lambers, City Administrator	Kathy Rogers, Finance Director
Kathy Byard, Budget Coordinator	Patty Bennett, City Attorney
Renee Gurney, Municipal Court Judge	Joe Johnson, Public Works Director
Chris Claxton, Director of Parks & Recreation	Mark Andrasik, Info Systems Director
Colleen Browne, Human Resources Director	Diane Binckley, Planning Director
Deb Harper, City Clerk	Jeff Cantrell, Neighborhood Serv. Dir.

**Budget & Finance Committee members present:**

Scott Picker  
Michael Clarke  
Greg Bussing

**Budget & Finance Committee members absent:**

Mark Meierhoffer

142 **Scott Lambers – Administration** – Mr. Lambers stated that the most significant change in the Administration Budget was the creation of a fund to enable the City to pursue a self-insurance program for Worker’s Compensation. The remainder of the Administration Budget was status quo. Mr. Lambers noted that in the ultimate City build out, an Assistant City Administrator position would be requested, and that position would be responsible for engaging in or scheduling constituent meetings and for participating in intergovernmental relations.

Councilmember Bussing questioned why the \$500,000 funding for the self-insurance program needed to be held out separately, and not simply kept in the General Fund to be pulled out later if needed. Mr. Lambers replied the State statute limited the amount of money [15%] the City could hold in the General Fund. He said 6-7% needed to be in the Fund specifically for cash flow purposes, leaving 8% for true contingency activities. State law allowed the City to hold the insurance funding outside of the limit in recognition of the 15% constraint, thereby increasing the reserves. He added the Worker's Compensation reserve would serve as an additional contingency reserve for the entire City, providing backup in the case of a high payment demand on Worker's Compensation claims. If the funding was postponed until 2006, Mr. Lambers stated he would need to recommend a one mill increase to offset the transfer and bring the reserves back up.

Scott Picker arrived at 6:22 P.M.

419 Councilmember Rasmussen stated it was his interpretation of the State statute that if the City set up a self-insured program, it needed to establish a separate fund to assure the payment of claims. Additionally, in looking at the overall risks of the City, the Governing Body could decide in any one year to maintain the General Fund at 15% less \$500,000. Mr. Lambers replied the Governing Body could decide to do that at the inception of the program, using the reserve of the Worker's Compensation Fund as a General Reserve Fund against the 15% for the General Fund. His recommendation would be to wait until the City decided to establish the self-insured program, and knew the dollar amount needed for the Reserve Fund. If it represented, hypothetically, 1% of the General Fund, the maximum amount in the General Reserve Fund would then be 14%. Kathy Rogers added that a sound actuarial study should be prepared, and money should be set aside for that study.

Councilmember Bussing stated he was not against setting up a separate fund for the self-insurance program. However, he thought it was appropriate to discuss alternative uses for the \$500,000 in the 2005 Budget first. If, in 2006, it was decided to fund such a program, it could be funded and a decision made at that time if an increase in the levy was needed. Mr. Lambers replied an alternative use for the money could be for payment of short-term items [furniture, computers, phones] needed for the Police Station, thereby reducing the bonding amount. Greg Bussing asked what the disadvantages might be of establishing a separate account. Mr. Lambers stated there was no disadvantage to setting up a fund, as the money would be returned to the General Fund if the program were not initiated. Councilmember Gullede stated he was not in favor of funding the program until more information was known about the self-insured program and if the City would be pursuing it. Mr. Lambers replied if the Governing Body decided in 2006 to proceed with the self-insured program, the City would have two years to remain in and to subsidize K.E.R.I.T., which would come close to equalizing the Reserve Fund that was set aside. If the Reserve Fund was not in place, there would be an even longer delay in establishing the Fund.

873 Councilmember Filla asked if a decision on participation in such a self-insured program could be made sooner, suggesting November of 2004, so the decision would be known for 2005. Mr. Lambers replied the City was overloaded internally with Eden. The earliest the decision could be made would be 2005. Because there were notification requirements with K.E.R.I.T., 2007 would be the earliest this program could be implemented. From the time the Governing Body made a decision until its implementation a time frame of at least 18 months would be required.

Councilmember Bussing confirmed with Ms. Rogers that the source of the \$500,000 was the ending reserve in the General Fund from 2004. Councilmember Rawlings stated he felt the Governing Body should be looking at the self-funding, noting that the figures showed the City was sending over twice the amount to K.E.R.I.T. than was being used. Mayor Dunn concurred.

Mr. Bussing and Mr. Lambers discussed the procedure to collect the Reserve funding needed in 2007, if the funds were not appropriated now. A programmed mill levy increase for .75% was in place for 2006 and 2007. If it was decided to create the fund in 2006 or 2007, it would be necessary to add a mill levy increase of .7% to the already programmed increase. With the large projects beginning beyond 2009, another series of mill levy increases would be necessary, making it increasingly harder to appropriate the needed money for the self-insured program. Ms. Rogers added that it had been shown that previous terrorist activities had frozen the economy and several months of taxes had been lost during that time that could not be recovered. She suggested, considering the current threat of terrorist activity, that the City's Budget should be planned accordingly.

1291 Councilmember Gulledge stated the question was not whether the self-insured program should be pursued, but when to fund it. Considering the 2004 Budget was conservative in nature, there had been a remaining balance of \$500,000. The 2005 Budget was equally conservative in nature. He suggested using the balance for funding projects now. Councilmember Gulledge stated he did not feel the mill levy would need to be raised for this program. Scott Picker confirmed with Mr. Lambers that the double payment [to K.E.R.I.T. and to create the self-insured fund] would be a one-time occurrence. Mr. Lambers stated that the decision to place the \$500,000 in reserve or to spend the money in a different way needed to be made by the Governing Body before the publication of the Budget on July 15, 2004.

Councilmember Rasmussen suggested looking at alternative uses for the money and not setting the fund up at this time. When the time came to set up the fund, the General Operating Fund could be dropped to 15% less the \$500,000.

Mayor Dunn asked for a consensus on the funding. Councilmembers Filla and Rawlings were not opposed to funding the account, but wished to study alternative uses for the funds. Councilmembers Gulledge and Rasmussen approved of the program, but did not wish to fund it now. Councilmembers Bussing and Taylor, Mr. Clarke, Mr. Bussing and Mr. Picker were supportive of studying the program but not funding it at this time, looking at alternative uses for the money.

1734 Mr. Lambers stated another issue that needed to be resolved was the land acquisition for the Police Station. It was his opinion that the current City-owned site on Tomahawk Creek Parkway

was inappropriate and another site needed to be secured. He stated he had been in negotiations for acquisition of another site and he believed it would be completed. It was his recommendation that the City pay cash for the new property, and the disposal of the current land would be up to the discretion of the Governing Body.

- 1796 Councilmember Gulledge confirmed with Mr. Lambers that the current proposed site did not lend itself to a 24/7 Police facility. Mr. Lambers stated the land parcel should be between 4½ and 5 acres to accommodate the new facility, depending upon the configuration of the lot. He stated the site needed to be more centrally located within the City. Chief Sid Mitchell added the present facility could not be built larger because of constraints around the building, and the building itself was not designed to allow expansion to include a second floor. Councilmember Filla and Chief Mitchell discussed the problems associated with building a new facility and with maintaining the old one.

Councilmember Peppes confirmed with Mr. Lambers that the current reserve property on Tomahawk Creek Parkway was marketable. Mr. Lambers stated that it would be necessary to determine whether the reserve property could be used for alternative public use or if it should be sold. He stated Planning had done some elevations for him, noting the site might be appropriate for a Cultural Arts/Community Center, but not large enough to accommodate a recreational facility.

- 2114 Mayor Dunn asked for a consensus on the issue. Councilmembers Gulledge, Peppes, Bussing, Taylor, Filla, and Rawlings, along with Mr. Bussing and Mr. Clarke, stated they were for securing a new site for the Police facility. Councilmember Rasmussen and Scott Picker stated they were against the procuring of a new site. Councilmember Filla suggested keeping the existing Police Station for use in serving the citizens in close proximity to it. Mr. Lambers replied no option was precluded; however, the reality of a substation would necessitate duplication of staffing.

Mr. Picker discussed bonding larger projects for the long term with Mr. Lambers, and fund Pay-As-You-Go projects with excess reserves. Mr. Lambers stated there were no land acquisition funds in the cost estimates in the CIP. When he suggested finding an alternate site, he had to include that cost, which raised the impact on the City's requirement for bond indebtedness. He stated it was more prudent to pay for items with cash rather than borrowing money, even though it was currently inexpensive to do so. It was his opinion that extra funds should be used to reduce costs and not to incur more debt by bonding.

Councilmember Taylor asked to discuss the Legal Services as found on Page 47 of the Budget Book. He confirmed with Patty Bennett that the 2005 Legal Services Budget showed a \$140,000 increase, which represented an outside counsel cost [similar to an escrow account] that was rarely spent. She stated \$24,000 had been spent from that money on the Orion sales tax issue last year. Councilmember Rasmussen stated he could not support the outsourcing of legal services, but felt all legal services should be done in-house. Mr. Lambers advised that by supporting an in-house legal staff, the ability to have expertise in certain areas was limited. He stated paying for the expertise on an ad hoc basis was more cost effective in the long run.

- 2641 Councilmember Taylor discussed the implementation of the Eden system with Mark Andrasik. Mr. Andrasik stated nearly half of the program was in place, including payroll, human resources, and core financials.

Councilmember Taylor discussed the overall wage costs of the City. He stated that when the modeling programs were established, he was concerned that the 5% merit increase would result in becoming an automatic Budget item. He stated that it had become such a reality, and that he believed 5% was unrealistic in terms of what was happening in the community. He stated the base salary, or pure wages, excluding benefits, should be 4%. Councilmember Rasmussen stated he could not justify going before his constituents, advising them of such an increase in wages. Mr. Lambers explained the procedure for awarding merit increases, stating the 5% was a pool to be used for all possible pay increases, but never was it a guaranteed percentage per employee. Mr. Clarke stated he felt the 5% merit increases for employee salaries were consistent to what he was familiar with in the business world, and he would have no problem supporting them.

- 3244 Mayor Dunn asked for a show of hands as to who felt the 5% for any and all increases in salary, including new positions described, was reasonable. Councilmembers Rawlings, Bussing, Gulledge, Taylor, Filla, and Peppes, and Mr. Clarke, Mr. Bussing and Mr. Picker all agreed it was reasonable. Councilmember Rasmussen was opposed.

Mr. Bussing questioned Mr. Lambers about whether he thought the salary range was consistent with other cities. Mr. Lambers stated he would be concerned if there was a large turnover in employees, or if there was an extensive amount of time needed to fill a vacancy, neither of which Leawood was experiencing. Mr. Bussing confirmed with Ms. Rogers that the base salaries [excluding benefits] represented 19% of the Personnel costs, with benefits representing 24%.

Councilmember Taylor asked how many of the 251 City employees used the Family Medical Leave benefit. Ms. Browne replied between 7 and 8% used the benefit.

- 3522 Councilmember Taylor asked Judge Renee Gurney to discuss the Court needs. Judge Gurney stated that twelve months ago Court personnel had been increased to a level she felt adequately met their needs. Councilmember Rasmussen confirmed with Judge Gurney that the City Code was enforceable and that there had been no problems in doing so.

Councilmember Taylor complimented Diane Binckley on her staff, her professionalism and her ability to step into a high-profile position during the growth of the City. Councilmember Taylor raised the concern that trained architects were not properly reviewing architectural plans for City projects. Ms. Binckley confirmed the City had never gone outside Staff for consulting of any kind. Her concerns for using an outside firm were in the coordination of time for projects to be reviewed and in such firms upholding the quality level that Leawood expected. Councilmember Taylor suggested budgeting funds to enable Planning to consult with outside firms/individuals as necessary. Ms. Binckley stated she had investigated two architects, with the costs averaging \$400 per project with a two to three week turnaround time. Mayor Dunn stated she thought it was not necessary to have an outside consultant on every project.

4178 Councilmembers Filla and Taylor and Mr. Lambers discussed the advantages of using an outside architect for review of projects. Mr. Lambers stated an outside architect hired by the City would be able to review plans with the applicant's architect, suggesting changes that needed to be made to more accurately meet the requirements of the City in the preliminary or final plans. A line item amount of \$10,000 would be appropriate.

4399 Councilmember Bussing stated he was concerned that the City was not receiving the level of enforcement of the violations of the City's Code that was necessary in a city the size of Leawood. He was also concerned about permit requirements and the process involved in getting them. He suggested simplifying the process to be more customer-friendly.

4774 Mayor Dunn stated she had no objection to budgeting \$10,000 for an outside review architect, but that she saw nothing but potential problems in allowing one architect to review another's work. [4885 – end of tape]

Tape  
# 640 Councilmember Rawlings confirmed with Councilmember Taylor that 25-30 cases out of 75 might have architectural issues that would need to be resolved. It was approved by a show of hands to support the \$10,000 to be included in the Planning Budget for an outside review architect. Staff would be allowed to discern the appropriate usage for it.

87 Councilmember Rasmussen asked the Committee to consider asking the City Administrator to budget in a permanent Staff member or summer intern to review all of the Planning stipulations requested in City projects, and to call attention to violations observed at the completion of the projects. Mr. Lambers suggested adding in \$5,000 for an internship position. Jeff Cantrell stated that the internship program would relate more to landscaping and Development stipulation issues. It would be a straightforward process and could easily solve the problems encountered. More problematic was the erosion control enforcement, and a separate recommendation of hiring an erosion control officer had been requested.

272 Councilmember Bussing said he felt the issues Mr. Cantrell had brought up were legitimate. He encouraged an evaluation of the problems, without budgeting money at this time. Mr. Lambers advised the first issue [landscaping] was appropriate and could be done. The second issue [erosion control] was a concern. The City needed to comply with certain requirements or the Federal Government would begin to cite the City. He asked for an evaluation from Staff of what other cities were doing to enforce their ordinances.

Councilmember Rawlings asked for the definition of a “mud bond.” Joe Johnson stated three years ago the City stopped asking for these bonds that required the contractor to keep his project’s area cleaned up. Enforcement included filing suit against the contractor who violated the bond. Mr. Lambers added the contractor viewed the bond as part of the cost of the project, without accepting the responsibility of it. He stated the process had been modified this summer and would be evaluated at a later date. Ultimately the City was responsible, by Federal regulations, for what was discharged through its urban stormwater system into the streams.

Councilmember Filla suggested hiring neighbors to work as “watchdogs” over project sites where they had a vested interest. Mayor Dunn stated a resource that was seldom used was the City’s Action Line, and asked that the *Star* newspaper publish the Action’s Line’s number again. Other suggestions were to use Walkers on Watch and the influence of the homes associations’ newsletters to publicize the need for watching for this type of activity. It was noted there was a request form on the City’s website for citizens to advise of violations.

Councilmember Taylor suggested setting up a cleanup escrow account at the time of permitting. Mr. Lambers stated that typically the developer sold lots to homebuilders, who in turn hired subcontractors that invariably caused the problems. If money were taken from the contractors only, the problem would lie in keeping track of multiple homebuilders per construction site. Mr. Johnson stated the quickest way to resolve the problem was to issue a “Stop Work” order to the developer. A consensus was reached that the two issues brought up by Mr. Cantrell should be studied further.

596 Councilmember Rasmussen stated he did not think it was necessary to add a detective to the Police Department, but rather emphasis should be placed upon the Patrol Division. Mr. Lambers stated that the study done on projected officer levels indicated the current number of officers assigned was currently at five per shift. In the 2006 Budget, it would be recommended to increase that level to six officers per shift. Additionally, it had been suggested by Chief Mitchell to increase the number of patrol districts; that change would require additional staffing. Mr. Lambers stated he was recommending the addition of one detective in 2005, and three officers in 2006; to hire only one officer in 2005 would not alleviate any existing patrol problems.

Councilmembers Bussing and Rawlings stated they would approve Mr. Lambers’ recommendation to hire one detective at this time. Councilmembers Taylor, Peppes, and Filla, Mr. Bussing, Mr. Clarke and Mr. Picker also agreed. Councilmember Rasmussen opposed; Councilmembers Gullledge was unavailable for the vote. The consensus was to approve Mr. Lambers’ recommendation to hire a detective in 2005.

908 Councilmember Taylor discussed the utilization of the surplus ambulance with Chief Mitchell, and why it was needed in addition to the bus purchased to serve as a Command Post. Chief Mitchell explained the process of the bus conversion into a Command Post that would serve as a private workspace in the field during a major incident. The ambulance would be used to transport equipment, keeping equipment stored in the vehicle when not in use. Councilmember Taylor stated he would prefer giving the ambulance to a smaller community that would have more use for the vehicle in the way it was intended. Mr. Lambers replied the issue would come before the Governing Body before the vehicle was retired, and a decision could be made at that time how to dispose of it.

Councilmember Filla discussed Information Services with Mr. Andrasik. A “chat room” suggestion to discuss current City interests was rejected by Mr. Andrasik as being too difficult to monitor and/or track the discussion forum. Councilmember Filla suggested impromptu polling with “yes”/“no” or “agree”/“disagree” questions concerning local topics of interest. Mr. Andrasik stated that could be discussed. When asked about posting homes associations’ [H.A.] newsletters on the City website, Mr. Andrasik noted that there were legal issues involved in doing so. However, the listing of current H.A. presidents and contact information could be added. Mr. Cantrell advised it was impossible to keep such a directory up-to-date.

1275 Councilmember Rasmussen confirmed with Mr. Cantrell that the County never put together a listing of H.A.’s and their presidents, as had been promised.

Mayor Dunn stated it would be necessary to return Thursday evening for the wrap-up session, and to discuss the disposition of the \$500,000 Worker’s Compensation fund money. Councilmember Bussing suggested that Mr. Lambers provide a list of project recommendations that could utilize the money to its best advantage.

Councilmember Filla asked to discuss the funding of Ironhorse Golf Club tomorrow night. Ms. Rogers stated that she had talked to Bill Hess today. He advised the Golf Club could be used for another purpose as long as it remained a park. The Governing Body could bring up the issue of selling the Golf Club by publishing a notice in the paper for 30 days. If there was no protest, the Governing Body could go ahead with an Execute to Sell. The protest percentage could not be more than 10% of the voters in the last City election. Mr. Lambers advised there would be a work session concerning the Golf Course in October, allowing the management team to adjust their Business Plan in November and December for the following year, and coming back to the Governing Body with their changes in January. Councilmember Taylor confirmed with Mr. Lambers and Ms. Rogers that the bond debt would still need to be paid off, regardless of how the property was disposed.

Councilmember Bussing stated a message should go to Ironhorse management team now that a change needed to be made in the Business Plan. The history of the Golf Club over the past five years indicated that what was being done in their Plan was not working. A change needed to be made to enable the Golf Club to cover their expenses. Councilmember Rasmussen and Mr. Lambers discussed the City's Enterprise Fund and how it applied to the Golf Course. Mr. Lambers said in order to have a successful Enterprise Fund, there must be a captured customer base that the rates to cover costs of operation could be charged against. The Golf Course was a voluntary participant activity. He suggested dissolving the Enterprise Fund, put a Golf Club division into Parks and Recreation, show revenues coming in and expenses going out, and treat it as any other item. If Ironhorse remained in the Enterprise Fund, then the City would need to continue to infuse the fund with money, and that at some point in time that infusion would end when the debt service was paid off. Councilmember Filla suggested subsidizing other major Parks and Recreation programs to provide the best service for the citizens.

- 2215 Mayor Dunn stated there was a quorum for the next evening's wrap-up discussion. Mr. Lambers handed out a document on programmed mill levy increases in 2006 and 2007, what was necessary to be fiscally solvent for the City in terms of reserves, a listing of the capital projects that were driving the costs and a chart showing the mill levy increases.
- 2460 Mayor Dunn adjourned the meeting at 9:15 P.M.

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Debra Harper, CMC, City Clerk