

Tape No. 641

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 6:20 P.M., on Wednesday, June 30, 2004. Mayor Peggy J. Dunn presided.

Councilmembers present: James E. Taylor, Gary L. Bussing, Scott E. Gulledge, Debra Filla, Gregory Peppes, and Jim Rawlings. Mike Gill was present via teleconferencing.

Councilmembers absent: Louis Rasmussen.

Staff present:

Scott Lambers, City Administrator

Kathy Byard, Budget Coordinator

Chris Claxton, Director of Parks & Recreation

Colleen Browne, Human Resources Director

Kathy Rogers, Finance Director

Joe Johnson, Public Works Director

Mark Andrasik, Info Systems Director

Deb Harper, City Clerk

Budget & Finance Committee members present:

Scott Picker

Michael Clarke

Greg Bussing

Budget & Finance Committee members absent:

Mark Meierhoffer

60 Mayor Dunn called the meeting to order at 6:20 P.M.

Overall – Scott Lambers – Mr. Lambers stated there had been significant discussion over the past three evenings on two topics: 1) the proposal for self-insurance for Worker’s Compensation; and 2) the Ironhorse Golf Course. The Golf Course topic would be taken up again in October. It was determined the Worker’s Compensation money would be considered for another one-time expenditure, instead of being funded and transferred out for self-insurance. Mr. Lambers suggested putting the \$500,000 in the Police Capital Improvement Fund, identified as a Pay-As-You-Go fund for equipment. The other topic discussed, aeration of the pond at Ironhorse, had not been recommended for funding. However, Mr. Lambers stated he and Kathy Rogers had discussed making a transfer of under \$10,000 to the Golf Course for the aeration project and would have it reviewed at the next Governing Body meeting. If it was wanted, money for perimeter fencing at Ironhorse could be discussed at that time, also.

Councilmember Filla confirmed with Mr. Lambers that should the \$500,000 be used for the Police equipment, the money would be held in an interest-bearing fund to be used after the construction of the Police facility. Councilmember Bussing asked if alternatively, there was any part of the debt structure that could be paid down with the money. Ms. Rogers stated there was nothing available at this time.

300 Scott Picker stated the City should take as much of the surplus to specifically reduce the amount of debt that would need to be funded in the future. Mr. Lambers advised it was advantageous to focus on a peak year to market the surplus, leveling off the debt. Councilmember Bussing suggested using the money for the creek stabilization project [NC-04-001] that would come before the Police facility on the City's timeline. Consistent with the philosophy of paying down debt, he questioned whether that might be a good project for which to pay cash rather than to bond. Mr. Lambers stated that in the year of the creek stabilization, the City would be borrowing only \$4 million. Other years would peak at \$10 million. While he still advised using the money in a peak year, it would be an appropriate project for which to use the money.

598 Mr. Picker and Mr. Lambers discussed macro economy and Mr. Lambers' bonding strategy. He advised that if the City bought down projects in 2007, one of the years the City would be borrowing \$10 million, it would be borrowing less more expensive money at the time. He acknowledged that in paying off a non-SMAC project, as was Councilmember Taylor's suggestion, it would accomplish using the money for a one-time expenditure. Mayor Dunn confirmed with Ms. Rogers that no costs had been incurred for the Ironhorse creek bank stabilization design in 2004. Mayor Dunn advised that since the County would pay 75% of a SMAC project, using the money for that purpose would be of great benefit.

842 Councilmember Filla questioned the street reconstruction schedule. Mr. Lambers replied that with debt being retired at different times, varying amounts of street reconstruction were scheduled on alternate years to keep the debt level. Paying down a project would not eliminate the debt. It would be more beneficial to eliminate a project in its entirety.

947 Mayor Dunn took a straw vote on the preferred usage of the \$500,000 available funds. The clear majority was in favor of using the money for the creek stabilization project.

Mayor Dunn asked Councilmember Gill if he had any comments he wanted to share. Councilmember Gill stated he was hopeful that the Bi-State II Tax would pass, allowing Leawood to be in a good position to offer great programming and art for the area. He also supported maintaining Ironhorse Golf Club as one of Leawood's finest recreational facilities, providing a 120% return on operations.

1183 Councilmember Bussing commented on the financial forecast model that was distributed at the previous evening. He stated he did not endorse the mill levy increases shown in 2008 and further out. Mayor Dunn stated, from past experience, it was beneficial to forecast the .75 mill levy increase for the public's sake. To wait until a later date would not allow enough time to educate the public in the purposes behind the increases.

1372 Ms. Rogers stated that the changes in the 2005 Budget that had been made included: \$10,000 for Planning, for the architect review; \$5,000 for Neighborhood Services, for an intern; and \$510,000 previously planned to go to Worker's Compensation to go into the Capital Projects Fund to be credited to the creek bank stabilization project. It was proposed to investigate how other cities were managing erosion control, for inclusion in the 2006 Budget. Also, it had been recommended that Mr. Lambers accelerate the study of the self-insured Worker's Compensation program in anticipation of implementing the program. Ms. Rogers advised the changes to the 2005 Budget would be made and published in the *Sun* on July 15, 2004. A public hearing would be scheduled for August 2nd; the Governing Body would approve the Budget on August 16th; and the Budget would be delivered to the Johnson County Clerk on August 25th. Mr. Lambers added that after the Budget was published, the Governing Body would only be able to reduce it, but not add to it.

Michael Clarke made a motion to accept the 2005 Budget as discussed with the changes included. Councilmember Taylor seconded the motion, and the motion was approved unanimously, 10-0-0.

1515 Mayor Dunn adjourned the meeting at 7:05 P.M.

Debra Harper, CMC, City Clerk