

Minutes

Audio Tape Nos. 667

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 6:00 P.M., on Tuesday, June 13, 2006. Mayor Peggy Dunn presided.

Councilmembers present: Louis Rasmussen, James Azeltine, Jim Rawlings, Mike Gill, Greg Peppes, Gary Bussing, and Debra Filla.

Councilmembers absent: Scott Gullledge.

Staff present:

Scott Lambers, City Administrator
Kathy Rogers, Finance Director
Joe Johnson, Public Works Director
Mark Andrasik, IS Director
Renee Gurney, Municipal Court Judge
Deb Harper, City Clerk

Patty Bennett, City Attorney
Kathy Byard, Budget Coordinator
Chris Claxton, Parks & Recreation Director
Jeff Cantrell, Neighborhood Serv. Admin.
Shelley Sawyer, Court Administrator
Christy Wise, Deputy City Clerk

Budget & Finance Committee members present:

Mark Meierhoffer
Greg Bussing
Bill Venable
Ken Roberson

Budget & Finance Committee members absent:

Scott Picker

Welcome by the Mayor

Mayor Dunn called the meeting to order at 6:05 P.M. She thanked Councilmembers, Committee members, and Staff for attending the Budget Session. Introductions were made by those present.

Administration

City Administrator Scott Lambers stated there are no significant changes to the Administration budget.

Finance Director Kathy Rogers reviewed the Administration budget, which represents 15% of the total budget. The majority of expenditures are in the personnel category at 56% followed by operating, 33%; debt, 8%; and capital, 3%.

There are no new positions proposed for 2007, although shifting of positions occurred in 2006 with disbandment of two half-time positions in the Human Resources and Legal Departments and creation of a new full-time paralegal position.

The operating fund has decreased 2% across all departments primarily due to a \$40,000 reduction in contractual spending for outside legal services. Completion of the Eden system project caused a large fluctuation in the capital fund with a \$259,800 decrease.

Councilmember Peppes arrived at 6:15 P.M.

Neighborhood Services Administrator Jeff Cantrell explained the function of the Neighborhood Services Department. The City is separated into three districts: north, central, and south. Patrols are performed to regulate property maintenance and other various conditions throughout the City such as rental licensing, illegal signs, lighting, and sport courts. The department also processes Board of Zoning Appeals cases. A weekend sign patrol has recently been implemented to remove illegal signage. A summer intern is currently working in the department and aided with the Landscaping Audit Report. A multitude of services are provided by the department including working with other departments on a case-by-case basis and the West Nile Prevention Program.

Councilmember Rasmussen confirmed with Mr. Lambers the Landscaping Audit Report was performed in the summer of 2005. The report measured compliance with Council-approved plans. Some noncompliance is allowed due to national growth issues; however, the City will impose sanctions upon violators for a certain level of unmet requirements if left uncorrected.

Regarding new construction of homes which are not the same architectural style of surrounding houses in the neighborhood, Bill Venable asked if plans could be reviewed online by residents in order to allow opportunity for opposition. Mr. Lambers stated there is an item related to this issue on the next City Council agenda. An ordinance will be proposed allowing registered homeowners associations [HOAs] to review submitted applications for home remodels/reconstructions prior to permit issuance by the City. Mayor Dunn noted Councilmember Rawlings is acting Chair of the Building Permit Task Force. Mr. Venable stated he would like the plans made available to the public as well as the HOAs. Mr. Lambers stated a HOA has legal standing to object if a plan violates deed restrictions whereas an individual property owner does not. Councilmember Filla informed that the task force is also researching the possibility of a residential planning commission, much like the process Mission Hills and Fairway has set in place.

Information Services Director Mark Andrasik reported benefits of installing the newest Eden software as consolidation of information between Accounts Payable and Payroll, which reduces duplication of effort and makes Leawood a more efficient city.

Councilmember Gill congratulated City Attorney Patty Bennett for the amazing decrease in the need for outside legal services. He also encouraged Mr. Lambers, acting Planning Director, to seek an individual for the position if he becomes overtaxed by the extra duties. There is funding in the budget for the position. Mr. Lambers reminded it was previously decided upon by Council to review the situation on an every six month basis. He stated performing the functions of Planning Director has provided a beneficial bridge between the Planning Commission and City Council as well as enhanced communications with applicants in terms of project issues.

Councilmember Gill also congratulated Mr. Andrasik on the success of the Eden system. He encouraged accelerating the installation of web-friendly features. Mr. Andrasik stated WebTrack, a recreation registration system, will be implemented over the next few weeks. This program will be integrated to the core financials in Eden.

Regarding the Planning Director vacancy, Councilmember Azeltine commented not filling this very important position sends the wrong message to Staff, Planning Commissioners, applicants, and the general public. He also stated concern with the workload the job opening has created for employees in the Planning Department.

Ms. Rogers verified for Councilmember Azeltine the debt on City Hall will be paid off in 2013.

Court Administrator Shelley Sawyer reported Municipal Court will be receiving the new software package, FullCourt. The advanced technology will allow utilization of imaging and online information to the public. Mr. Andrasik stressed the necessity of replacing the old system, which is DOS-based with a vintage date of 1992. Ms. Bennett commented on the state-of-the-art features the new system will provide.

Municipal Court Judge Renee Gurney described efficiency measures the conversion to FullCourt will allow including a significant decrease in repetitious paperwork and the ability to digitally store information. The State of Kansas is mandating the submittal of electronic reports on July 1, 2007, which will be possible with the new software.

Mr. Lambers confirmed for Councilmember Filla the new Assistant to the Planning Director position will be a promotion for Senior Planner Mark Klein.

Mark Meierhoffer inquired how interest rates for temporary debt are accounted for in the budget. Ms. Rogers stated estimates are taken from George K. Baum, however the exact amount is not known until the issuance of debt in September. As wild fluctuations do not occur with municipal rates, Mr. Lambers stated confidence in the estimated figures being within .25% to .50% of the actual rate. The estimated interest rate for debt issuance in 2007 is between 4.25% and 4.75%.

Mayor Dunn stated all departments in Administration have run very smoothly and thanked Staff in attendance for the good work. She informed Mr. Cantrell of telephone calls councilmembers have received from citizens expressing appreciation for services provided in the area of code enforcement.

Joe Johnson - Public Works Department

Public Works Director Joe Johnson reviewed the Public Works budget via PowerPoint presentation. The department embodies 33% of the overall budget, which is 1-2% higher than last year. The most significant change for 2007 is the addition of a Facility Maintenance Worker.

The 20% increase in administration is largely attributable to debt payments for the Transportation Development District [TDD], which was used to bury power lines along 135th Street and Nall Avenue for Church of the Resurrection and the Cornerstone Development Projects. Funding for the design of traffic signals at 120th Street and State Line Road is also included in the increase.

There is a 63% decrease in the stormwater fund due to the 2006 completion of payments for the DB-04-24 project. The lack of this expenditure also contributes to the 15% overall decrease when compared to the 2006 budget.

Of the \$160,658 increase in administration, Mr. Johnson informed Councilmember Azeltine that approximately \$85,000 is related to TDD debt. The Dykes Branch Channel Improvement Project accounts for roughly half of the \$2,845,494 stormwater decrease. The NC-04-01 project is located on Hole No. 13 of IRONHORSE Golf Course in the Brittany Woods subdivision. Referring to page 7, Councilmember Azeltine confirmed with Mr. Johnson that TDDs have very little to do with the 14% debt increase. Mr. Rogers stated the increase is associated with bonding the first phase of the 2004 Residential Street Reconstruction Project.

Mr. Lambers discussed the Facilities Maintenance graph on page 12. A drop in maintenance requests is not expected at the time of total build-out.

Greg Bussing inquired about the progress of street rehabilitation efforts. Mr. Johnson stated consistent strides are able to be accomplished with the Accelerated Street Program, which is set to average \$2-million per year through 2019, versus the past Pay-As-You-Go [PAYGO] financing. Maintenance on reconstructed streets has prevented additional costs to the budget. At this time, reconstruction costs exceed maintenance costs. The expense of a total reconstruct is 10-times that of a mill & overlay. Funds have been added to the street program to keep streets in good condition with slurry seals and mill & overlays. Once all of the identified streets have been reconstructed, there will be somewhat of an increase in the maintenance budget to prevent future total rehabilitation.

Discussion took place regarding the traffic light installation at 92nd Street and State Line Road.

Mr. Johnson informed Mr. Meierhoffer there have not been any recent requests to convert private streets to public streets. There is now a required process set in place for this issue.

Mr. Lambers explained a TDD is a financing mechanism which goes beyond the traditional Special Benefit District [SBD] in that it does not require public ownership of facilities. Financing is provided through the City as a conduit with payments made by the developer through special assessments or sales tax.

Unlike an SBD, the City has no general obligation with a TDD. The bonds are privately placed with sophisticated investors who understand the risks. Moody's Bond Rating Agency considers the TDDs overlapping debt.

Mr. Meierhoffer acknowledged the Public Works Department for performing excellent snow removal duties over the past winter.

Mr. Venable inquired about the process of installing additional street lights. Mr. Johnson stated street lights north of Highway-435 are owned by Kansas City Power & Light Company [KCPL]. Following agreement that a new light is needed, a request for installation is submitted to KCPL. The lease for the new structure is added to the City's monthly statement. Mayor Dunn informed citizens are able to initiate the petition process for added street lights. Funds are set aside to fulfill requests in areas where the lights are City-owned.

Mr. Johnson confirmed the stormwater project at Brook Beatty Park is DB-04-24, which received county SMAC funding. The second phase will begin in approximately one month and includes 83rd Street to 86th Street at Wenonga Road.

Mr. Johnson verified for Councilmember Rasmussen the televised city-owned storm sewer project will be complete at the end of 2006. In order to maintain GASB compliance, 10-15% of the storm sewer system will continue to be televised each year followed by documentation and repairs. The three employees currently working on the project will continue to do so following 2006. In addition to many point repairs, one major project has been identified and will be funded with the 1/8-cent sales tax revenue. The exact number of many discovered storm inlets will be provided in a report at the end of the year. Culvert cleaning will occur for all of the inlets.

Regarding TDD debt, Councilmember Azeltine expressed concern with the relatively new financing tool in terms of City liability and increased debt service. He stated the bonds are being used too liberally as some developments can provide the infrastructure needs without use of a TDD. Mr. Lambers assured there is no obligation to the City for payment of debt. Much of the debt increase is attributable to the Residential Street Reconstruction Program with a significantly larger proportion being spent per lane mile than with maintenance on a PAYGO basis. He reminded the program is flexible as it is subject to appropriation on an annual basis.

Mr. Meierhoffer commented bonding of the streets makes sense as they are a long-term asset being funded with long-term liabilities.

Mr. Lambers explained the Church of the Resurrection and Cornerstone Development TDDs will be paid by special assessment. The Park Place Development will use a combination of special assessment and sales tax. The amount of debt issued through the TDD for the first parking structure will be determined following review of the first three months of retail sales. A sales tax increase of up to 1% can be added to businesses in the Park Place district.

The new streamlined sales tax effort by the State of Kansas grants cities a 2% increase in authority to be approved by voters and an additional 1% for specific projects, such as the Justice Center, for short-term purposes. The TDD sales tax increases are in addition to this authority. There is indication the State will do the same for the County during the next Legislative Session.

Councilmember Filla confirmed with Mr. Johnson that citizen calls regarding street maintenance issues have remained consistent.

Mr. Johnson verified for Councilmember Gill there will be a traffic signal installed at 128th Street and State Line Road, which is the entrance to Leawood South. The project is in the CIP [Capital Improvement Program].

Ms. Rogers confirmed the \$638,503 increase in Public Works debt is subject to repayment by a third party with only \$100,000 being the City's obligation. She also informed as the issuer of TDD bonds, the City will not remit payments if the special assessments and/or sales tax revenues are not received from the developers.

Mr. Venable verified with Mr. Johnson that traffic counts at 89th Street and Lee Boulevard are being performed by the City.

Councilmember Azeltine stated he is not against TDD or SBD bonding in general but noted that 30% of issued debt in the 2007 CIP is acquired from these financing mechanisms. Mr. Lambers explained the minimal risks incurred by the City with these two types of debt.

Mr. Lambers informed Mr. Meierhoffer there has not been consideration given to installing cameras on stoplights at this time.

Mr. Johnson confirmed for Mayor Dunn that pricing between concrete and asphalt is now very competitive due to increased oil costs. It is budgeted to construct all remaining thoroughfares with concrete, including Nall Avenue from 143rd Street to 151st Street.

Cost is the only issue concerning NPDES [National Pollutant Discharge Elimination System] phasing requirements. The City is in the second year of the 5-year program and is currently on target with compliance.

Referring to the commercial and residential construction activity shown on page 6, Councilmember Filla asked how remodeling and reconstruction permits are measured in terms of dollars. Ms. Rogers stated total reconstructions and renovations are included in the residential construction category. Research will be done regarding the Eden system's ability to separately track valuations associated with remodeling permits.

Mayor Dunn stated there will be a 10-minute break. The meeting reconvened at 7:50 P.M.

Chris Claxton – Parks & Recreation Department

Parks & Recreation Director Chris Claxton presented the budget for her department using the PowerPoint material within the budget book. The department accounts for 21% of the total budget. Ms. Claxton made available copies of a 1999 Vision Plan and stated the current status of the department is comparable to this document.

The renovation of IRONHORSE Golf Course, the construction of restroom/bathhouse facilities at Ironwoods Park, the amphitheater Master Plan, the design for Gezer Park, the community center feasibility study, the completion of the K-150 medians, and the completion of the Lake at Ironwoods are all projects that will impact the department in 2007.

Ms. Claxton confirmed for Councilmember Bussing that a YMCA facility is to open in the former Earl May building. To her knowledge, this location will not be a multifaceted fitness site but will primarily contain weight-lifting equipment and cardiovascular machines. Mr. Lambers added the YMCA will also provide daycare. It is intended for use by those who desire a quick work-out only.

Councilmember Bussing confirmed with Mr. Lambers it has not been agreed upon to fund a feasibility study. Staff is to canvas other community-based facilities within the metropolitan area prior to making a determination. Funding for the study was programmed into the budget should the Governing Body decide to proceed.

Ms. Claxton informed Mr. Bussing there is not a high level of competition between other community programs such as Blue Valley Recreation, Johnson County Parks & Recreation, and the YMCA. Some duplication in programming is expected; however, there is enough demand for most programs, i.e. soccer, to prevent rivalry. Leawood's pricing structure is also similar to other communities.

Ms. Claxton assured Councilmember Rawlings the overall program cost recovery at one-third of expenditures is average compared to other cities with the same operational structure. Several variables affect this figure such as financing for community-wide events that are never recouped, inclusion of debt, and parks maintenance costs. Mayor Dunn noted recovery costs for the Aquatics Center is dependent upon good weather. Mr. Lambers reemphasized the fact that Leawood bases cost recovery on more than just expenditures needed to provide the services while smaller cities base programs on the ability to receive 100% recovery by discounting percentages of maintenance costs from the calculation. A fixed recovery cost rate would be a policy decision.

Councilmember Filla noted the 2006 Budget includes funding for the art piece entitled "Porch Lights" and requested an update on the project. Ms. Claxton reported the project was presented to the Prairie Village Governing Body and was referred back to the Prairie Village Arts Council for review. The next step will be a joint meeting of arts councils from both cities to modify the design. If the project does not take place in 2006, funding will remain in the Public Art Fund and roll over into 2007.

Mr. Venable asked if product placement or advertising sponsors for programs have been considered. Ms. Claxton stated the topic was previously researched and was not highly desired. Currently, the Program Guide serves as the only venue to obtain sponsorship through ad space.

Ms. Claxton informed Mr. Bussing that Blue Valley Recreation's newly constructed pool will be indoors and is primarily for instructional purposes.

Referring to the Financial Trend Monitoring Report from May 2006, Councilmember Rasmussen quoted, "Warning Trend. Although service charges have kept pace with inflation and population growth, they have not grown as fast as the Parks and Recreation programs they fund. The average annual funding gap of \$20 per capita maintained for 8 years (1996 through 2003) is currently \$33 per capita." He suggested Council consider revising the Fee Schedule in December in order bring the funding gap back to \$20 per capita.

Further discussion took place regarding analysis of Parks & Recreation programming.

Councilmember Rasmussen noted park impact fees, collected from commercial developers, have accumulated to approximately \$180,000. According to ordinance, the contributor is entitled to a refund if the money is not spent within five years. Ms. Claxton recalled reviewing the ordinance with Dr. Ann Kenney, Chair of Arts in Public Places Initiative [APPI], and confirmed this fund has been utilized before others for the past 2-3 years. The art piece "Pastoral Dreamer" was financed with this fund.

Regarding the stolen deer sculpture on Tomahawk Creek Parkway, Mr. Lambers stated artwork is being additionally secured with steel rods. It was noted that architect Chuck Peters personally financed \$5,000 of the costs to replace the stolen sculpture.

Noting there is \$146,000 budgeted for repainting the pool and replacing exterior doors, decks, and awnings, Councilmember Azeltine asked when improvements were last made to the Aquatics Center. Ms. Claxton stated the doors have not been replaced since before remodeling of the facility occurred. The pools are typically repainted every 5-6 years with a current cost of \$70,000. The decks will be replaced with higher quality material, which will reduce maintenance needs. Wood from the existing decks will be reused on other projects within the department.

Ms. Claxton confirmed for Councilmember Bussing the facility on 103rd Street is used as the Parks & Recreation Maintenance Facility.

Councilmember Filla inquired about the wording on the bond issue for the golf course. Mr. Lambers quoted from the original information sheet from the City regarding the possibility of a property tax for the bond issue as, “The cost of financing, constructing, and operating the course will be funded from golf course fees. It is unlikely that property taxes will ever be needed to pay financing costs. If the course fee revenue ever fell 40% below current projections, other financing would be necessary.” If there is not enough revenue, a property tax will be anticipated to offset the shortfall.

Mayor Dunn adjourned the meeting at 8:45 P.M

Christy Wise, Recording Deputy City Clerk