

Minutes

The City Council of the City of Leawood, Kansas, met for a Joint Governing Body/Budget & Finance Committee Work Session at City Hall, 4800 Town Center Drive, at 5:30 P.M., on Monday, June 23, 2008. Mayor Peggy Dunn presided.

Councilmembers present: Debra Filla, Lou Rasmussen, Gary Bussing, Gregory Peppes, James Azeltine, Mike Gill, and Julie Cain

Mayor/Councilmembers absent: Councilmember Jim Rawlings and City Administrator Scott Lambers

Staff present:

Patty Bennett, City Attorney

Kathy Rogers, Finance Director

Ben Florance, Fire Chief

Joe Johnson, Public Works Director

Mark Andrasik, IS Director

Kathy Byard, Budget Coordinator

John Meier, Police Chief

Chris Claxton, Parks & Recreation Director

Lovina Freeman, Human Resources Director

Pam Gregory, Deputy City Clerk

Budget & Finance Committee members present:

Scott Picker

Greg Bussing

Bill Ramsey

Others Present:

None

Welcome by the Mayor

Mayor Dunn called the meeting to order at 6:00 P.M. She welcomed Councilmembers, Committee members, and Staff to the Budget Session. Mayor Dunn thanked Finance Director Kathy Rogers and Budget Manager Kathy Byard for their excellent work.

Introductions were made by those present.

Opening Remarks

Ms. Rogers announced that the Finance Department had submitted a variety of things for financial planning for the City over the last year. She noted there were a few items that were outstanding on the Capital Improvement Program [CIP] they would go over during the budget meeting tomorrow, June 24, 2008, with the Public Works and Parks & Recreation Departments, along with a few requests from Councilmembers.

The Finance Department had provided a quarterly report, the annual financial statements, a report on the sales tax, information on the City's bond rating, and financial trend monitoring, which have all gone toward the overall financial planning for the long-term for the City; however, this work session would be primarily on the 2009 budget.

Overview

Referring to tab 14, pages 2-3 of the 2008 annual budget, Ms. Rogers stated the 2009 estimated revenues were \$48.9 Million. Property taxes are the largest revenue source at 39%. New machinery and equipment would not be added onto the tax rolls and existing equipment would be dropping off. She noted railroad and some utility improvements would also be dropping. Although there was almost a 5.1% increase in property tax, by the time it was adjusted for new machinery and equipment and/or improvements, it adjusted to 4.8%, which is the highest in the Johnson County area.

Sales and use tax is the second largest revenue. The \$.01 cent sales tax for the first portion of the year is up 9%. Four of the top ten largest taxpayers are grocery stores and the fifth is energy usage. There was some adjustment for use tax. The Director of Revenue met with all of the surrounding cities to explain the process. Ms. Rogers noted the slides would be adjusted upward; however, they had not had time to do this and it would be discussed tomorrow evening.

The third largest revenue source is franchise fees. While some energy costs have increased, some of the telephone service is dropping, due to people using cell phones and leaving their land lines.

The revised projections are down in 2009 approximately \$1 Million for interest income over what was actually received for 2007. The rate of return is nominal on the City's funds.

As projected, there are some changes in charges for services. The figures for 2008 only include approximately half of the year, and the golf course is anticipated to run for a complete year for 2009.

For special assessment revenue, the City anticipates bringing a large bond issue to the market this year. The revenue will be put onto the property, and then passed back into the City.

Referring to pages 4-5, when compared to other local cities of the First Class, the City of Leawood has the third lowest property tax rate. This is based on the 2008 budget. Property taxes cost the average Leawood taxpayer \$104.00 per month, and are based on the average Leawood resident living in a home with a market value of \$447,550. 21% of a property tax bill goes to the City of Leawood, 51% to the school district, 20% to the County, 7% to Johnson County Community College, and 1% to the State.

As referred to on page 6, Leawood tax dollars buy:

- 470 lane miles of maintained roadway
- 8 annual street sweepings per mile
- Average police emergency response time of 3:30 minutes

- Fire Department response to over 2,500 emergency calls
- More than 400 recreation programs
- Special City-wide events for 27,000 participants

Referring to the illustrations on pages 7-10, the proposed budget for 2009 is \$50.9 Million and in 2008 was \$50.0 Million. There is \$1 Million in Pay-As-You-Go [PAYG] that is currently proposed for trail improvements. The other \$503,000 is the balloon payment on the South Park land. Although there are other increases, these are the two highlighted areas.

There were only slight changes in expenditures in Public Works, Parks & Recreation, and Police. The Fire Department remained the same. There is always a larger discrepancy in Administration due to the City's contingencies built in. All of the City's insurance and administrative support staff is generated from this area.

Overall, from a category standpoint, Personnel has a 3% increase. This represents the proposed full-time equivalent [FTE] positions. This would include anywhere from a 0% – 5% increase in salary. Operating remains the same. Debt increases due to the City bringing \$12 Million of debt to the market in September. Capital shows a 5% reduction for 2009.

As noted on page 11, the 2009 Personnel include 273 full-time employees and 315 FTE's. Scott has proposed a .50 FTE seasonal management Intern. A current .75 FTE part-time Information Services Specialist position is proposed to move to a 1.00 FTE. One full-time Administrative Assistant position has been authorized in 2008; however will not be hired until 2009 for the Community Development Department. An Asset Manager position is being proposed for Public Works and the Street Maintenance position would be backfilled. A 1.0 FTE Vehicle Electronics Technician; this position would primarily work on police vehicles. The City was contracting this out; however, they were not satisfied with the work. A 1.0 FTE Parks & Recreation Certified Arborist position has been added.

Referring to the Pay-As-You-Go [PAYG] Capital Expenditures by funding noted on page 12, the City has been able to pay cash for many of the capital expenditures. Of the \$11.5 Million available, it has been proposed that these would be the sources which the capital money would come from. Gasoline tax is only based on gallons sold. The General Fund is proposing \$8.6 Million. Alcohol tax funds are restricted. Other funding, which would be some of the carry-over reserves, would be \$240,000.

Referring to the 2009 [PAYG] Capital Expenditures Total of All Funds Allocated on page 13, street funding is at 38% with Public Works being the largest benefactor. Park Maintenance is at 6%. Art is 1%. Equipment is 9% and is beginning to see the inflation increase. Stormwater is 17%. The golf course has some finish up improvements they would like to propose for 2009. The Justice Center is at 11%.

The 2009 Policy Highlights noted on page 13 would maintain financial stability. The goal has been to maintain above 11% for the planning period. Debt service to expenditures ratio remains below the 25% threshold. The City is proposing no increase to the mill levy for 2009 and is planning increases in wages, based upon employee performance.

The addition of 3.84 FTE's in Administration, Parks, and Public Works. Mandates and operating costs are funded. Streets are maintained at an average Pavement Condition Index of 87%.

Efficient delivery of services:

- * Improved productivity with training and technology
- * Performance measures are linked to resources needed to meet expected performance levels, and will be in the department presentations
- * General fund subsidies to fee-based programs are identified

Reserves as a Percent of Expenditures – All Operating Funds. Although the City is primarily focused on the 2009 budget, we continue to look at long-term financial planning, in order to work through growth cycles and have stabilization. The City looks ahead seven years, as described in the policies, to anticipate where the City may be. The policy standard is slightly above at 11% in 2015. The absolute bottom for one month is 8.33%, which is enough to cash flow payroll and accounts payable.

Reserves as a percent of expenditures - Debt Service Fund. Debt reserves are maintained to deal with a variety of issues; however, mainly to protect bondholders from payment defaults. The City's minimum goal is 20% and is currently above that. According to State Statutes, the City can have up to 100%, which would be approximately \$6 Million.

Debt Service as a percent of expenditures – The City focuses on the fixed debt. In 2009 the City is below 20%. It increases slightly in 2010, due to some of the City projects that have continued for 2-3 years. They would like to keep this below 25% at all times.

Finance Committee member Greg Bussing asked what the growth of the property taxes had been over the last couple of years. Ms. Rogers stated 2003-2007 was 6.6% with 8.3% for the 10-year period. Mr. Bussing confirmed with Ms. Rogers that the expenditure budget for 2007 was \$47.7 Million; the revised estimates were \$49.9 Million for 2008, and \$50.9 Million for 2009.

Finance Committee member Scott Picker asked what the City was paying for contracted services for management of the electronics for police vehicles. Ms. Rogers stated the Fleet Department added a position to handle this and other duties a few years ago; however, they had discovered they needed a position solely devoted to the Police Department due to the volume and replacement schedule. Council approved a new replacement schedule in March of this year. Public Works Director Joe Johnson stated this was done internally by the Police Department due to only having one or two vendors locally that provide this service. They would need to take the vehicles to different places to install the equipment needed, and it was time consuming. Half of the fleet (12 vehicles) are replaced per year. The internal employee also handles all of the installation services to all other City vehicles. Ms. Rogers stated the cost was approximately \$3,500 per vehicle (\$42,000 for 12 vehicles) when this was contracted out.

Police Chief John Meier stated the company doing the repairs/installation of the radios was located in Lawrence; therefore, it would require two people to handle; one to drop off the vehicle and the other to bring them back. The City was at the mercy of the company as to when the repairs were done. The quality of work has improved a great deal.

Ms. Rogers gave an overview of the 2009 Administration Department budget.

The budget includes general operations of the Administration Department and comprises 15% of the 2009 total City budget of \$50.9 Million.

Administration Program Accomplishments include:

- Municipal Court passed KBI audit
- Conducted 332 arraignments by video conference
- IS Department configured In-Car Laptops
- IS Department created virtual tours for many facilities
- Increased safety efforts and close management of workers compensation cases
- Complied with all Generally Accepted Accounting Principals [GAAP] and all pronouncements by the Governmental Accounting Standards Board [GASB]

Highlights include:

- Accounts payable invoices and payroll checks continue to increase slightly
- Human Resources reviews 3,200 employment applications
- 16,000 cases filed in Municipal Court
- Legal Services prepares all of the City's ordinances and resolutions
- Community Development performs 7,000 building code inspections.
- Information Services maintains more than 230 PC's, 32 servers and 8 PBX systems.

The total of all administration funds is \$7.9 Million with 49 employees. The breakdown by function is:

Personnel	57%
Operating	33%
Capital	3%
Debt	7%

The breakdown by department is:

Legal Services	7%
Municipal Court	8%
Comm. Dev.	16%
General Operations	26%
Admin Services	6%
Finance	10%

Info Services	13%
HR	14%

These are revised estimates for the year and some of the numbers are unknown because it is still too early in the year. This averages approximately a 6% increase in administration.

Citizens that the City serves:

Leawood and Lenexa serve approximately the same number of citizens per Administration. Olathe and Overland Park non-uniform employees each serve more people than Leawood or Lenexa. One reason for this is due to economies of scale, since these cities are much bigger.

The ratio of administrative employees has been on a downward trend over the 10-year period. The City is trying to gain efficiencies through software and other means.

Councilmember Rasmussen asked what the contribution was for the Chamber this year. Ms. Rogers noted they would get this information and get back with him.

Councilmember Filla asked if the IS Department was able to track citizens that participate in the virtual tours, as well as overall tracking to the website. Information Systems Director Mark Andrasik stated they had software that shows who has visited the site and how many hits it has had. He noted the Parks and Recreation page has been visited frequently. They have posted all of the interact meetings on the site. Virtual Tours has also been a good addition.

There have been many adjustments on the website and one of these is “crime mapping;” this shows the different crimes in different areas, and will break it down by subdivision, as well.

In response to Mr. Rasmussen’s question of the contribution amount for the Chamber, Ms. Rogers noted it is proposed at \$95,000 this year. The budget is approximately \$400,000, which makes this close to 25%.

Councilmember Gill referred to the Sprint wireless cards being used by police officers and noted they were effective in most places in Leawood; however, would like them to identify the areas in town that have poor coverage. Mr. Meier stated he would look into this and noted one of the areas that have significant problems is 119th and Nall.

Councilmember Rasmussen referred to the funds for the Chamber of Commerce and noted the justification for the City was the substitution for an economics development employee. This employee had left; therefore the City applied this money and this would create a *swap off* of payroll costs. Mayor Dunn noted this may have been the thought in the beginning; however, it has not been the thought regarding the Chamber for many years. Mr. Rasmussen asked if it would cost \$95,000 per year to have an economic development employee on the payroll. Human Resources Director Lovina Freeman stated \$95,000 was a respectable amount. Mayor Dunn noted the Chamber serves many different functions. President Kevin Jeffries and staff have been growing the Chamber and it is now up to over 400 members.

One of the reasons he had requested an increase was due to the need of increasing wages for office administration employees. He can no longer hire good office help for \$11 or \$12 per hour. Mayor Dunn felt the Chamber provides the City some of the best value for their dollars. The Chamber members that pay the dues are not all Leawood businesses and have a broad range they attract. The members feel valued in this Chamber versus a larger one.

Mr. Picker noted page 49 of the budget referring to the applications processed under Community Development Planning Administration Services, and confirmed with Ms. Rogers that the City collected fees for this. Ms. Rogers noted the permit and planning process is long. Mr. Johnson stated it usually takes approximately six months to process from the time the application comes in and is presented to the Planning Commission.

Councilmember Filla noted since the City is land-locked and becoming a mature neighborhood, the Planning Director position has been replaced by the Community Development Director. The volume may go down as far as applications; however, the work load may not be all that different.

Ms. Rogers noted an analysis sheet that Councilmember Rasmussen requested to be distributed regarding the Mayor and Councilmembers' wages and benefits. The Finance Department referred to the wages in 2001 and looked at the base wage and noted a few changes for technology and automobile allowances. Mr. Rasmussen asked if they could factor in the same rate an employee may receive, which is anywhere from 0% – 5%. She noted they added a 4% factor and was the numbers highlighted in yellow, which is about the average when looking at the adjustments.

Councilmember Rasmussen stated the City Council had not reviewed their compensation since 2001. He suggested an additional wage increase of \$150.00 per month. He noted with the increase in inflation over this period of time, they would basically be back to their starting wages.

Councilmember Gill asked them to explain the yellow highlighting under the auto and technology allowance sections. Mr. Rasmussen stated the City Council decided to allot a certain amount of money and adjust it for the federal rate. He felt the automobile allowance was sufficient. The Council also received \$50.00 for technology expenses and a basic payment of approximately \$400.00 per month that started in 2001. A City Councilmember spends at least 25 hours a month attending work sessions and Council meetings. A change in payroll for the City each year is 4% and he felt the Councilmembers should receive the same. This would be approximately \$1,800.00 per year, per Councilmember.

Councilmember Peppes confirmed with Mr. Rasmussen that the 4% increase would include the past years and would be effective January 1, 2009.

Mayor Dunn stated since there was not an increase taken, in order to catch up in one year it would be a large percentage. Ms. Rogers stated this would be a 36% increase. Mayor Dunn noted some cities have an increase built in every year.

Councilmember Azeltine noted he was a citizen appointee on the committee when Council began getting compensation, and noted they had done a survey to compare what other cities were doing. He was interested in having a current comparison done of the cities of the First Class. Ms. Rogers stated she could get this information together for the meeting tomorrow night. Mayor Dunn noted Mission Hills Councilmembers receive no compensation, and Prairie Village members receive \$1.00.

Chief John Meier gave an overview of the Police Department 2009 Budget.

Most of the increases have been in commodities and contractual services. City Administrator Scott Lambers has placed two positions in patrol; however will not be filled at the present time. They are included due to the difficulty finding qualified people. If the department found someone they would like to recruit, the money would allow them to hire them before the spot is actually vacant, and before losing them to another agency.

He noted the transfer from one traffic officer to patrol was temporary. There are 35 people assigned to the patrol division and they are currently down six patrol officers, which is equivalent to approximately 18%. Their goal is to make sure they can answer all calls for service.

Councilmember Bussing asked if the commodities included gasoline and if an increase of 8% was going to be sufficient. Chief Meier stated they receive a bulk rate on gas. Mr. Johnson noted they track the use of the vehicles and know from month-to-month the usage and it runs fairly consistent. Ms. Rogers stated the last bill ran approximately \$3.84 per gallon and they were within the budget between the combination of the rate and the usage. Mr. Bussing confirmed with Ms. Rogers that if the City needed to spend more money on gas, they would adjust it as needed.

Chief Meier noted they changed the way they bid shifts and have gone from a team concept, to a bid shift system. This moved people around and gave the department a little more experience on each one of the shifts. One of the goals was to develop and cultivate leaders that will come in the next couple of years and to spread them among many different supervisors to see how they handle different situations.

Councilmember Azeltine asked if Chief Meier could explain the bid shift process. Chief Meier stated in the past, they had been on a team and the entire team would rotate every two months: go from midnights to days, then two months later go from days to evenings, and then back to midnights again. What they have done, based upon seniority, is to bid a shift for four months. At the end of these four months, they have to work two months on a different shift. They can then go back to a shift of preference. Chief Meier was concerned they wouldn't have enough experienced officers on the evening shift because it is the least desirable shift to work. They have since implemented four 10-hour spots on this shift only. This way they would have enough veteran officers willing to work evenings in order for them to work the four 10-hour work week.

Greg Bussing referred to the comment made to the difficulty of hiring qualified individuals and asked if this was only in the City of Leawood.

Chief Meier noted this was nationwide and that the Dallas Police Department was offering a \$10,000 signing bonus to people if they agreed to employment for two years. Houston was offering \$8,000.

Councilmember Rasmussen referred to staffing and asked if he felt the department was still short. Chief Meier stated they needed to fill the six positions they were currently down, and felt they would then be fine.

Mayor Dunn confirmed with Chief Meier that the employee in Afghanistan would return to his same position with the same seniority.

Councilmember Peppes asked if the department was able to keep employees once they were there. Chief Meier noted last year there was a fairly significant turnover; however, these were people the department had asked to leave.

Councilmember Bussing confirmed with Chief Meier that the recruiting issue was due to people not qualified and not wanting to become police officers. Some of them want to be police officers; however, aren't interested in working holidays and weekends. Some of them don't pass the background investigation, the polygraph, or the psychic evaluation and noted this disqualified approximately 70% of the applicants.

Councilmember Gill referred to the 2009 performance measures of the 80 cases initiated through school resource officer services, and noted this was impressive and important. Chief Meier noted the child may not feel comfortable enough calling a police officer to discuss things with them; however, since they have a day-to-day contact with them they become very comfortable.

Mr. Picker asked if Leawood needed to offer incentives in recruiting police officers. Chief Meier stated he was reluctant to offer this because he wanted them to desire to work there without the additional bonus. Chief Meier confirmed with Mr. Picker that the officer in Afghanistan would be recognized upon his return.

Councilmember Filla asked what kinds of cases were discussed with the school resource officers. Chief Meier noted it could be a number of things including: getting picked on at school, a problem at home, someone took something out of their locker, etc. He noted they don't receive many drug issues.

Chief Meier noted they have 1.9 officers per every 1,000 citizens. Nationwide it is approximately 3 and the Midwest is approximately 2.54 per 1,000. Most agencies have 1.7 or lower. He noted the residents in Leawood receive service they may not get in other cities. Mayor Dunn stated she has received many compliments regarding the City's Police Department.

Councilmember Rasmussen asked what the concept was behind the \$34,000 budgeted for the firearms range. Chief Meier stated this will be a range for all law enforcement agencies in Johnson County. The share is based upon the number of officers, and is a one time fee for them. Contributions after that are estimated to be \$400 - \$500 per year. Mr. Rasmussen confirmed with Chief Meier that citizens were not allowed to use the range.

Fire Chief Ben Florance gave an overview of the Fire Department 2009 Budget.

They had 12% for 2009 as budgeted expenditures. They currently have 48 of the 55.69 shift personnel. Three of these are on-call firefighters. This year a Captain has retired and there will be another retiring in October. These positions will be filled with firefighters coming up through the ranks.

Fire Department accomplishments include:

They received a grant of \$104,000 with a 10% match from their uniform gear budget. He noted appreciation to the senior firefighter officers working on this. This is the second grant received in the past few years. This should completely fund the gear for everyone in the department.

They will receive the Life Safety Achievement Award for 2007 during fire prevention week in October for zero fire deaths in 2007.

They have continued implementation of the "National Incident Management System" [NIMS] to officials and staff.

Councilmember Azeltine referred to the senior personnel retiring over the next few years and asked if there was any kind of a program implemented to pair senior firefighters with the younger ones for training. Chief Florance noted they have a Career Development Program that can identify those who express an interest in moving on to officer ranks in the future; this pairs them with senior officers on a daily basis.

Councilmember Bussing referred to the bid shift program implemented by the Police Department and asked if this could be applicable with the Fire Department. Chief Florance stated they could not do this because they are required to work a 24-hour shift.

They have ordered and put into service some new equipment and noted they had just received a new rescue unit with all rescue equipment included on it. A new fire truck will arrive in September or October of this year. Although they will have the equipment this year, the lease payments do not begin until next year. This saves the City a considerable amount of money by being able to lock-in the rate this year.

The department also replaced its rescue boat and added a Polaris rescue ATV to the fleet for use at the golf course, trails, etc.

Greg Bussing confirmed with Chief Florance they were doing a 5-year lease/purchase agreement on the equipment and asked if GASB differentiated between capital and operating in their reporting. Ms. Rogers stated only interest and the principal was capitalized. This is not on the City's asset books until the dollar buyout.

They have trained over 4,000 students in Fire Prevention and Life Safety programs at schools.

Mayor Dunn confirmed with Chief Florance that Johnson County's Med-Act unit was being housed at Fire Station No. 2 and that all of the Fire Department employees were EMT's.

Councilmember Gill asked what community development involvement the Fire Department had. Chief Florance stated they give numerous tours at all stations throughout the year and attend block parties, which is a good way to show citizens the equipment they have funded.

Mayor Dunn stated she was impressed with the generosity of all of the employees in the City of Leawood with their involvement in extra curricular activities.

Councilmember Filla confirmed with Chief Florance he had achieved the objective of the re-alignment in pay scales done last year. He noted it was also an incentive to be allowed to buy-back unused sick leave.

They hired a Fire Prevention Specialist in 2008 to assist in inspections, plan reviews, and prevention efforts.

Greg Bussing recalled the concern of housing facilities for the firemen at one of the stations. Chief Florance noted this was Station No. 1 and regarded mold problems, roof issues, and other ongoing problems due to the age of the building. He stated the building would need approximately \$500,000 in repairs. Mr. Bussing confirmed with Chief Florance that the 5-year capital plan program did not include replacement of this building. Mayor Dunn noted there was \$44,000 budgeted in 2009 for some exterior repairs.

Councilmember Rasmussen asked if the Fire Department installed smoke alarms in homes if they did not have any. Chief Florance stated they would give them one and install it at no charge, if requested.

Highlights include:

- Respond to 2,500 calls within the response time goal of 5:00 minutes or less
- Engage in over 12,000 hours of training
- Inspect 900 apartment, commercial buildings, and schools for compliance with fire codes
- Goal of zero fire deaths

The administrative portion of the funds included emergency preparedness. The City is well maintained when it comes to storm warning sirens. They just completed updating the eighth siren last year.

Chief Florance noted they had moved the training Chief out of operations and into administration.

Mayor Dunn complimented all departments for their close analysis in being able to shift personnel, as needed, for greater efficiencies.

Chief Florance referred to the average emergency response time and noted they had eliminated the ambulances in 2005; however, still respond to all EMS calls with the fire equipment. Mayor Dunn noted their response times were very good.

There being no further business, Mayor Dunn adjourned the meeting at 8:25 P.M.

Pam Gregory, Recording Deputy City Clerk