

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 Tuesday, June 24, 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:

Bill Ramsey

Others Present:

None

Welcome by the Mayor

Mayor Dunn called the meeting to order at 5:55 P.M. She welcomed Councilmembers, committee members, and staff to the Budget Session.

Opening Remarks

Finance Director Kathy Rogers stated they had reviewed the Capital Improvement Project [CIP] on June 2, 2008 and there is \$1 Million for trail improvements included in this budget. This item was advanced along with other monies that were in the Special Alcohol Fund to address the overall trail system. In last night's meeting, Ms. Rogers noted there was \$1 Million to be added into this; however, in final discussions with the Department of Revenue, it is \$600,000, due to the use tax issue with the local telecom provider. The \$1 Million for the accelerated stormwater was delayed for 2009 and proposed to be bonded for 2010. In conclusion, there has been \$600,000 allotted for stormwater.

Overview of Public Works Department – Joe Johnson

The department comprises 32% of the 2009 total City budget, and has gone from nine divisions to eight, with street improvements requiring the largest amount. The total budget is \$15.9 Million.

Accomplishments include:

Completed Good Housekeeping manual for Public Works maintenance operations to be in compliance with NPDES

Mayor Dunn asked what needed to be done to a parking lot to get it in compliance. Mr. Johnson stated they don't need to do anything specific; however, they sweep them four or five times per year to clean up as much grid and oil as possible. The parks' parking lot is in need of repair and will be reconstructed next year.

Department highlights include:

- Maintain 470 lane miles of roadway
- Service more than 236 vehicles and pieces of equipment
- Maintain 217,000 square feet of public facilities
- Issue 300 right of way permits
- Inspect over 400 storm inlets

Referring to the funds by program, street improvements require 49% of the budget. By function, debt is the largest at 36%. Personnel is 21% and operating is 18%.

Councilmember Gill noted 70% of the budget was for streets, and asked how this compared to what other cities were spending. Mr. Johnson stated Overland Park spends approximately \$25 Million per year for their street program; however, he couldn't advise as to what percentage this was compared to their Public Works budget.

Budget and Finance Committee member Bill Ramsey stated most of the Public Works Departments in Johnson County were not organized the same and don't do the same functions. In Olathe, for example, their Public Works operations would be approximately 80%. This would not include vehicle maintenance.

Mr. Johnson stated the comparisons from 2008 to 2009 are:

Administration 1.2%

Personnel costs are the primary reason for the increase.

Street Maintenance -2.2%

Capital purchases in 2009 are projected to be \$362,000 less than in 2008.

Street Improvements 7.5%

The arterial program is \$417,000 higher in 2009 than what is planned for 2008 and debt payments are expected to increase approximately \$100,000.

Inspection 6.3%

This has increased due to some of the scheduled design projects.

Design -2.5%

The reconstruction program has decreased from \$2.5 Million in 2008 to \$1.5 Million projected in 2009.

Stormwater - 34.5%

This has decreased considerably due to the SMAC project on Ironhorse being complete.

Fleet Maintenance 7.6%

This reflects the addition of a full-time Vehicle Electronics Technician.

Facilities Maintenance -28.7%

This has decreased due to the construction of the vehicle storage facility being completed.

Councilmember Gill asked if the City was deferring the street maintenance, since it generally should be increasing, not decreasing. Mr. Johnson stated the decrease is in capital.

Mr. Ramsey asked if the City had been doing less lane miles. Mr. Johnson stated their maintenance activity had been fairly consistent and could vary 4% – 5% up or down depending upon the weather. Currently, the largest street maintenance project is the slurry seal.

Councilmember Bussing asked if there was funding in the budget for settlement occurring on sidewalks. Mr. Johnson noted according to the State Statute, it is generally the responsibility of the homeowner to maintain sidewalks, although the City has done this in the past. Mr. Johnson stated they replace approximately 2,000 feet of sidewalk per year. Mr. Bussing confirmed with Mr. Johnson that the Public Works Department would respond if a homeowner or homes association had concerns with sidewalks.

Mayor Dunn noted if the City waited for the homes associations to correct the problems with the sidewalks, it generally would not get done.

Councilmember Bussing asked if they had tried mud jacking the sidewalks up to level them. Mr. Johnson stated sometimes they could do this; however, it's quicker and easier to cut them and replace the area.

Performance Measures:

470 lane miles rated at an average of 87 Pavement Condition Index [PCI]

Councilmember Rasmussen referred to the budget of approximately \$1 Million per year for street repair and noted a significant number of streets that were being considered for repair were in excess of 70 PCI. When Phase I first began in 2006, the Public Works Committee felt the most efficient way of repairing the streets would be to group them. The City is now entering into Phase II in 2009. Some of the individual streets are significantly lower than 70 PCI.

Mr. Rasmussen requested to refer this to the Public Works Committee and make a recommendation to Council whether the City should spend the \$1 Million going into Phase II in grouping of the streets, or consider using the money for more severe streets.

Mayor Dunn noted this had been discussed in a previous work session and concluded it was good to group the streets. Mr. Rasmussen felt after looking at the overall budget and the increase in the City's costs, it was time for a new recommendation. He was referring to the August 23, 2006, minutes. Mayor Dunn confirmed she was referring to the last work session. Mr. Rasmussen noted he would like to get this on the agenda. Mayor Dunn confirmed with Mr. Rasmussen that he had a list of all the streets that were proposed to be done.

Councilmember Azeltine asked if Mr. Rasmussen wanted to review the direction Council had decided to go two years earlier to see if it was still valid. Mr. Rasmussen confirmed that direction was for Phase I, and the budget was continuing that approach.

Councilmember Azeltine referred to the PCI and understood the need to keep up the newer streets; however, noted there were streets to the north that needed to be reconstructed. Mr. Johnson stated they couldn't perform a typical mill and overlay of these streets because the equipment would fall through. They are planned to be scheduled for complete reconstruction. When the reconstruction program began, the focus was to repair the major streets; however, they began receiving calls from people concerned why they didn't repair certain streets. All of the streets north of I-435 need to be reconstructed. Some of these have a PCI of 70, 75, 50, and 60. Mr. Azeltine confirmed with Mr. Johnson they were performing repairs on the worst streets, and then doing maintenance on the newer streets to help prevent the need for as many future repairs. This is part of the mill and overlay and slurry seal program. In 2006, when this was presented to the Public Works Committee, it was to schedule the streets from 2008 through 2012. The first phase was from 2004 through 2008. In 2007, all streets to the north were below a PCI of 70. Currently, most streets are in the low 70's with two in the 60's.

Councilmember Rasmussen stated it was time to consider street repair to some of the streets that may have a PCI of 50, since this is the second phase of the project.

Mr. Ramsey understood Mr. Rasmussen's point of view and noted the importance of maintaining the streets above a PCI index of 50 to prevent reconstruction. This way, they can be easily restored and there would be less cost involved.

Mayor Dunn referred to discussion at the last work session and noted when Mr. Johnson was repairing her street, which is centrally located, the equipment fell through. This became a partial reconstruct, which he thought was going to be a mill and overlay project. The streets in her subdivision didn't become uniform for several years, due to not grouping the streets.

Councilmember Rasmussen asked if Council wanted to make a motion to have the Public Works Committee review whether or not they should continue grouping the streets.

Councilmember Gill asked why the two streets with a PCI in the 60's were exclusive. Mr. Rasmussen noted the City had \$1 Million and the debt percentage was above 20%.

Ms. Rogers stated there were two areas for this funding. One is the \$1 Million that is the slurry seal and the mill and overlay. The other is the debt money that is the \$1.5 - \$2.5 Million every other year. Phase II of the reconstruction program will begin in 2009.

Mayor Dunn confirmed that the list of streets do not show a PCI below 70 after 2012.

Councilmember Peppes confirmed that the streets Councilmember Rasmussen were referring to would be taken care of in 2009 and 2010. Since the funds needed to be split up in this time frame, there wasn't any way around it. There is one street that won't be done until 2012 that has a current PCI of 66. Mr. Johnson stated that the majority of the streets they are currently reconstructing through 2012 are in cul-d-sacs and they plan to repair all of the cul-d-sacs in one area at one time.

Councilmember Azeltine asked what the average PCI had been since the start of this program over the last two years. Mr. Johnson stated they have been able to keep up with the mill and overlay and slurry seal program, so it has allowed the PCI to remain fairly flat over the last four to five years.

Councilmember Azeltine noted the City was achieving their goal by completing as much as possible to the north without letting the southern streets deteriorate to a point of reconstruction.

Mayor Dunn noted this issue has been very important to people and she believed that was why the public had voted twice for the 1/8 cent sales tax. This has been split between stormwater and streets to accelerate the program even more. She was hopeful that in August, 2008, they would vote in the affirmative again.

Mayor Dunn complimented Joe Johnson and the Public Works Department street crews for their work in making the streetscapes look good.

Mr. Johnson stated they needed to create a position for someone to work full-time strictly with tracking the streets, storm sewers, and work orders.

Councilmember Gill referred to 133rd Street and Roe, and stated a traffic signal was needed at this location. Mr. Johnson noted the intersection was considered six months ago by the developer and it didn't warrant it. Mr. Gill noted this intersection crosses four lanes of traffic and is located on a hill with blind spots. Mr. Johnson stated a signal at this location was not in the Capital Improvement Project [CIP].

Councilmember Filla joined the meeting at 6:40 p.m.

Councilmember Azeltine noted he had received calls on this intersection, as well.

Mayor Dunn asked how often the warrants were done. Mr. Johnson stated usually when a new development comes in or traffic increases substantially. Councilmember Gill asked how it would be funded. Mr. Johnson stated there were usually stipulations that the developer is responsible for approximately 50% of the cost.

Councilmember Azeltine confirmed with Mr. Johnson that the cost would be approximately \$180,000 for design and construction.

Mayor Dunn confirmed with Mr. Johnson that a stop sign would not be sufficient at this location.

Councilmember Gill stated this was the single most dangerous intersection located in Wards 3 and 4.

Mayor Dunn confirmed with Mr. Johnson they could warrant this intersection again in the fall. She asked when the traffic signal at 128th and State Line was going to be constructed. He hoped they could begin advertising for construction bids within the next few weeks.

Dr. Peppes asked if there would be a salary increase to the employees that would be promoted or if it would be considered a lateral move. Mr. Johnson stated it would depend upon their salary range. There would be an increase for a promotion from a heavy equipment operator to crew leader.

Councilmember Rasmussen confirmed with Mr. Johnson that the money for repairing the stormwater infrastructure originally in the 2009 budget for \$1 Million was being used for trail bank stabilization. Mr. Rasmussen noted he had spoken with Mr. Lambers and he stated there may be \$500,000 that could be used for stormwater. Mr. Rasmussen confirmed with Ms. Rogers that this money would be in the revised totals, and would be \$600,000. He asked Mr. Johnson what projects he was proposing that the money be used for in 2009. Mr. Johnson stated one of the first projects they were considering was a storm sewer located at 89th and State Line Road. Another is located at 2001 West 97th Street in the amount of \$334,000. Other projects to be done in 2008 are located at 9737 Overbrook Road and 8308 Meadow Lane. Mr. Rasmussen confirmed with Mr. Johnson they were proposing to have the piping done before they begin the inlets.

Mr. Ramsey confirmed with Mr. Johnson that part of the 1/8 cent sales tax that goes to stormwater is for construction only, and are projects that don't qualify for SMAC funding. Mr. Ramsey confirmed this was done in lieu of creating a stormwater utility and recommended Council reconsider this. Mayor Dunn noted she would like to invite Mr. Ramsey to a future Stormwater Committee meeting for discussion on this.

Councilmember Filla referred to the earlier conversation of the employees and felt it was more accurate to say there was a new head count for an asset management employee since the street maintenance employee was already an established position. Ms. Rogers noted they would re-word the paragraph on this.

Councilmember Azeltine left the meeting at 7:00 p.m.

Overview of Parks and Recreation Department – Chris Claxton

The department comprises 22% of the 2009 total City budget. There are 73.81 positions, with 30 in parks and recreation, 15 at the golf course, and the remainder consists of seasonal and part time employees.

Major changes for 2009:

- Paying off Ironwoods Park (formerly referred to as the South Park debt)
- Adding one full-time Arborist position to the maintenance crew
- Utility increases, primarily for the new park facilities
- Trail repairs

Projects to be completed:

- Amphitheater Master Plan
- Maintenance parking lot
- Feasibility study
- Three art projects, which include: Porch Lights, Gezer Park, and the Blanco pieces
- Re-painting the lodge and the nature center
- Trail at 123rd
- A full season of golf operations

Councilmember Bussing confirmed with Ms. Claxton there were 9 full-time equivalent [FTE] golf maintenance employees and 6 seasonal.

Program accomplishments include:

- Feasibility study for potential future Community Center with over 500 responses

Mayor Dunn confirmed with Ms. Claxton there would be a work session on this after the Parks and Recreation Advisory Board reviewed it. Dr. Peppes confirmed with Ms. Claxton that the report given to the City would include all 500 responses.

- Lodge rental continues to increase
- Design and Phase I construction of Gezer Park
- Continue to get sponsorships from Leawood businesses to offset costs of events

Councilmember Rasmussen asked where the City was with the architect on the design and Phase I construction of Gezer Park. Ms. Claxton stated they needed clarification to determine how the body of water around the sculpture will operate independently.

Mr. Rasmussen asked if there could be an update to the Gezer Park Committee in July on the progress. Ms. Claxton stated they could arrange this toward the end of the month.

- Continue to get sponsorships from Leawood businesses to offset costs of events
- Facilitated 60th Anniversary Committee
- Golf course greens and clubhouse remodel
- Increased visitors to the Oxford Schoolhouse
- Cabin rental revenues at Ironwoods Park have increased

Ms. Claxton noted there was going to be an event on August 17, 2008 - "Party in the Park" to help highlight the park.

Mayor Dunn referred to the Gezer Park delegation coming in May, 2009, and confirmed with Ms. Claxton there would be a significant amount of work completed on this project in 2008.

Ms. Claxton felt they needed to get beyond the pond area issue, and noted the building structures were simple and there wasn't a lot of grade work to be done. Once the stones arrive, it should progress.

Councilmember Bussing stated there needed to be time allotted for the neighbor's concerns and felt the City needed to show them the changes.

Mayor Dunn confirmed with Ms. Claxton that the effect of changes on the design would be minimal. Ms. Claxton noted they had agreed with the Planning Commission they would show the neighbor's the detail on the buildings.

Councilmember Rasmussen confirmed with Mayor Dunn that the Gezer Park delegation was expected to be here in May, 2009. Mayor Dunn noted concern, due to this project originally scheduled to be substantially finished in May, 2008.

Program highlights include:

Some highlights included similar items from last year and Ms. Claxton emphasized some of the sports leagues; soccer, junior golf, T-ball, etc. She noted all of the classes and camps were full and doing well. The aquatics center not only has daily attendance; however, also has swim lessons, and is used by camps. The nature center was starting to show more consistent attendance. Ms. Claxton stated they wanted to recognize the cultural and public arts events, and had implemented over 40 programs.

Mayor Dunn confirmed with Ms. Claxton she knew the number of people attending the City parks in calendar year. Ms. Claxton stated they had good attendance; City Park alone, was over 160,000 – 180,000 people.

Expenditures by program have had minimal change. The majority of expenditures were for park maintenance and the golf course, which together comprise over 65% of the departmental budget.

When comparing all funds, Administration was the highest debt. They will be installing an ultraviolet chlorine system for the aquatic center. There has been \$55,000 allotted for the replacement/repair of the retaining walls around the concession deck.

Park Maintenance will increase due to the addition of a full-time Arborist position. Capital decreases, due to larger capital projects in 2008 versus projects for 2009. There is a decrease in sports due to the change of the Junior Golf Program and the elimination of the North Shore Basketball Camp. The golf course will be open a full year in 2009, as compared to a partial year in 2008. There is approximately \$664,100 in capital repairs and equipment purchases that will occur in 2009 compared to \$577,000 in 2008.

Councilmember Bussing confirmed with Ms. Claxton that the golf budget was accredited on an assumption of 30,000 paid rounds.

Councilmember Filla asked why they needed a full-time Arborist. Ms. Claxton stated some of the work was done in house; however, most was contracted out. There is constant work needing done throughout the City and this person would be certified with training and have aerial trucks. Ms. Filla confirmed with Ms. Claxton that they would have time to work with the homes associations and their tree programs.

Mayor Dunn felt this new position would be a great addition to staff.

Councilmember Bussing asked if the 135th Street medians would be a priority next year. Ms. Claxton stated there were still funds allocated for this; however, they were waiting for some of the water features to be completed. Mr. Bussing stated he was more concerned with getting the plantings done.

Councilmember Filla asked about security cameras for the golf course. Ms. Claxton stated they had never had them, and tried to include them on the remodel; however, couldn't allocate funds at that time. There have been thefts in the past that have amounted to \$7,000 - \$8,000. They have installed security windows that come down at night and lock into place. This will make it more difficult for someone to break in.

Ms. Filla noted there was money to repair the park and golf course maintenance parking lots and asked if the cement they had been experimenting with at the I-lan Park would be applicable in either of these lots. Mr. Johnson stated the type of equipment they would need to use was too heavy and would damage it.

Ms. Claxton noted for performance measures, they have 16.4 total park acres per worker, with 15 in the medium/high maintenance mode. These areas have more detailed work and require more maintenance. Safety audit scores have improved. The Community Center is utilized 80% of the time, which is a low figure; however, this is only measured when the rooms are being rented out. There will be one to two pieces of public art commissioned or installed. Community theater attendance continues to increase. The City anticipates \$94 per citizen in user fees.

Mayor Dunn confirmed with Ms. Claxton that the Community Center utilization had stayed consistent and not decreased.

Ms. Claxton referred to the pie chart illustration on page 10, and stated all employees who work in park maintenance don't do all of the same maintenance work. Over the next few years, when all of the facilities are up and running, the Parks Department will need to hire more maintenance workers in order to maintain the service level that is expected. Mayor Dunn confirmed with Ms. Claxton that the majority of the current maintenance employees were seasonal.

Ms. Claxton stated they could rent twice as many shelters as what they currently have, due to the numerous requests.

Councilmember Filla asked if the demand for high maintenance would decrease, once the golf course was stabilized. Ms. Claxton stated the figures only referenced the greenways and parks facilities, not the golf course.

Councilmember Cain confirmed with Ms. Claxton there was a fee to rent the shelters. Ms. Claxton stated there were resident and non-resident fees with three different sizes of shelters. Ms. Cain confirmed with Ms. Claxton that some of the shelters don't have restroom facilities.

Mayor Dunn confirmed with Ms. Claxton there were two shelters planned with restroom facilities located between them for Gezer Park.

Councilmember Peppes confirmed with Ms. Claxton that the maintenance for the cabins would fall under the park maintenance category. Ms. Claxton stated over the next three to four months all of these buildings will have been repainted.

Councilmember Cain asked how often the obstacle course was used and noted it was cost prohibitive. Ms. Claxton noted they have corporations that rent the high course and scout troops rent the lower course and the wall. They have punch cards available for the wall. The park has limited visibility with small frontage and there are many people that still don't realize it's there.

Ms. Claxton noted the lake had been completed and felt confident with the work that was done; however, should it run low, they have a water fill.

Mayor Dunn asked when the "porch lights" rock was coming in. Ms. Claxton was not definite; however, hoped it would be in the next couple of weeks. Mayor Dunn noted she had received a call that this project had been abandoned. The caller had driven by it for a month and noted there had been no activity. Ms. Claxton noted the rocks were very large and they had to harvest and cut them in order for them to work on the foundation that was already in place.

Committee Discussion

Councilmember Rasmussen noted currently, there was \$3,000 per Councilmember in the budget. He was recommending a \$150.00 per month increase, per Councilmember. Mayor Dunn noted the \$3,000 was for automobile and technology allowances. Mr. Rasmussen stated the automobile allowance was adjusted automatically and the technology allowance was fixed at \$50.00, so there was currently \$3,000 in the budget to increase their compensation. Mayor Dunn noted the question was the 4% increase in salary, going from 2001 through 2009.

Ms. Rogers stated they had done a survey with five surrounding cities to determine information regarding salaries and increases for their respective Mayors and Councilmembers. They were unable to get current information for the City of Lenexa; however, their website stated the salaries would be reviewed every four years. As of 1999, the Mayor's salary was \$13,200 and each Councilmember received \$6,600 per year. Mayor Dunn was concerned of "catching up" the salaries from 2001 to the present all within one year; this would amount to a 36% increase.

Councilmember Peppes felt they should plan for the future and not worry about the "catch up" plan, and consider automatically re-visiting this every four years, beginning with 2009.

Councilmember Rasmussen asked what he recommended for 2009. Dr. Peppes felt 2% would be adequate. Ms. Rogers stated the average increase was 4%. Mayor Dunn stated everyone would receive the same increase.

Councilmember Gill stated there has been an increase in the last 5-7 years with technology and automobile. Mr. Gill concurred with Mr. Rasmussen and Dr. Peppes and stated he worked for the community, not the compensation, and viewed it as a volunteer position. Mr. Gill felt he would rather spend the budgeted money on something else.

Councilmember Bussing stated he was also opposed to a “catch-up” provision, and felt a 2% automatic adjustment would be adequate. Mr. Bussing stated the money was not an issue, and does the job because it needed to be done.

Councilmember Filla concurred with Mr. Rasmussen and stated the perception of value was important; however, also felt there was no need to play “catch-up.” She liked the idea of the automatic increases beginning in 2009.

Councilmember Cain stated she didn’t realize she would get compensation when she took the position, and concurred with the group discussion.

Mayor Dunn asked Mr. Ramsey for his thoughts on this from a citizen’s perspective.

Mr. Ramsey agreed that Council was underpaid for the amount of time involved; however, felt they shouldn’t try to make up what was “lost” over the years. Mr. Ramsey felt an annual modest increase every year would be appropriate along with a cost of living increase.

Mayor Dunn asked how Mr. Rasmussen felt regarding an average automatic increase every year going forward. Mr. Rasmussen was aware that the proposal in the budget was \$3,000 and felt this amount was a little out of line and came up with \$150.00. If everyone felt 4% was adequate, he would agree, and thought the issue needed to be addressed.

Councilmember Peppes noted the technology allowance stayed the same and the auto allowance increased every year. Mr. Rasmussen stated the auto allowance only increases when the Federal IRS allowance for vehicles increases, which is the same rate the City provides their employees.

Ms. Rogers stated the auto allowance will increase in July; the IRS had issued a mid-year adjustment.

Dr. Peppes felt the auto allowance increases should be sufficient. Ms. Rogers stated they would increase from \$1974.00 to \$2286.00 as of July 17, 2008.

Mayor Dunn confirmed with Council the consensus was to have automatic average increases, beginning in 2009; however, not do the “catch-up” increases.

Mr. Gill felt they should not be getting a raise.

Councilmember Filla felt the amount of the increase shouldn’t be something *they* determined and should be equal to the staff increase.

Councilmember Bussing concurred with Mr. Gill and felt they should not be getting an increase at this time, due to the increases in the auto allowance and the current struggling economy.

Mayor Dunn asked who would not entertain an increase for any amount. Councilmember's Bussing and Gill felt no increase was appropriate at any time.

Mayor Dunn asked who would entertain an automatic average increase of 4% every year. Councilmember's Rasmussen and Filla felt this would be adequate.

Councilmember Peppes felt a 4% increase every year was not appropriate and concurred with Councilmembers Bussing and Gill.

Councilmember Cain stated she was somewhere between the 0% - 4% increase.

Mayor Dunn was concerned with the split decision among Council and noted Councilmembers Azeltine and Rawlings were not present. She felt they should wait until a Council meeting to discuss the issue further with a full Council.

Councilmember Gill stated he had been against an increase in salary from the beginning on a philosophical basis; however, Ms. Filla's approach was a reasonable way to address it.

Councilmember Bussing felt by making automatic increases, it wouldn't be discussed in the future and felt it was a healthy discussion to have every couple of years.

Mayor Dunn noted they would discuss this issue at a Council meeting in the future, before the budget was approved.

Councilmember Rasmussen stated the policy was at 20% on the debt service as a percent of total expenditures. He expressed concern that when the City votes on CIP's they were getting too close or are in excess to the 20% target.

Councilmember Gill asked where the City stood if the Transportation District Development [TDD] numbers, which were non obligation bonds, were removed. Ms. Rogers stated it would be below the 20% line. The "gray" shaded areas were the TDD's and this was what increased the percentage.

Councilmember Bussing stated 20% was the target and 25% was the threshold. The City is currently in an investing period of infrastructure. Mayor Dunn stated the developer was paying for the TDD and the Special Benefit District [SBD], not the City. She felt they were handling things prudently, wisely, and safely. The 25% threshold is self-imposed.

Mr. Rasmussen was concerned of a developer requesting several Million dollars.

Mayor Dunn noted they could discuss this again in the fall. Ms. Rogers stated they should have more information for Council by December, 2008. The One Nineteen Development was not included in this information.

Ms. Rogers distributed some information requested by Councilmember Azeltine regarding how the model would look without any mill levy and from Councilmember Rasmussen regarding how the balances would look with a decrease.

Councilmember Gill referred to the previous chart on the debt service expenditures and asked what the difference was between charts "A" and "B." Ms. Rogers stated chart "A" had the elimination of Phase II of the residential street program and the debt financed accelerated storm projects that would be bonded in 2010, 2011, 2012, and 2013, which is the five-year planning period.

Councilmember Rasmussen stated if the City gave a one mill decrease in the tax levy, they could still get through 2014 with plenty of operating room. Ms. Rogers stated Nall Avenue and 143rd Street were very large projects coming in.

Mayor Dunn confirmed with Ms. Rogers the City was going to pay cash for the bonding of the \$600,000 of stormwater work to be done in 2009. It is much smarter for citizens to be able to pay cash versus bonding.

Councilmember Gill stated these were important issues to keep track of, and wanted to continue these discussions on an annual basis. Mr. Gill concurred with Mr. Rasmussen, and felt if a developer requested a large sum of money, they should meet and discuss the issue.

Mayor Dunn confirmed with Council they would support the 2009 budget in an upcoming meeting. August 4, 2008, will be the public hearing date and the approval would be on August 18, 2008. Mayor Dunn confirmed with Ms. Rogers they had until the end of the year to discuss Council's wages.

Mayor Dunn noted appreciation to Ms. Rogers and Ms. Byard for their work on the budget.

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

Pam Gregory, Recording Deputy City Clerk