

Minutes

The Budget and Finance Committee of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday June 24, 2013. Mayor Peggy Dunn presided.

Councilmembers present: Jim Rawlings, Julie Cain, Andrew Osman, Gary Bussing, Debra Filla, Carrie Rezac, Lou Rasmussen and James Azeltine

Councilmembers absent: None

Staff present:

Scott Lambers, City Administrator	Patty Bennett, City Attorney
Chief John Meier, Police Department	Joe Johnson, Public Works Director
Chief Dave Williams, Fire Department	Chris Claxton, P&R Director
Mark Andrasik, Info. Systems Director	Lovina Freeman, HR Director
Richard Coleman, Comm. Dev. Director	Deb Harper, City Clerk
Dawn Long, Interim Finance Director	Pam Gregory, Assistant City Clerk
Kathy Byard, Budget Coordinator	

Budget & Finance Citizen Committee Members present:

Jim Morris
Greg Bussing
Linda Hanson

2014 ANNUAL BUDGET PRESENTATION

Welcome by the Mayor

Mayor Dunn called the meeting to order at 6:10 P.M. Introductions were made by those present.

Overview – City Administrator Scott Lambers

As the Council is well aware, City staff does long-range forecasting for revenues and expenditures. The Council has always wanted to be informed of the possibility of any financial impacts. Thus far, the City has weathered the recent recession; however, financial forecasts indicate the possibility of another economic downturn on a global basis in 2015 or 2016. If this were to occur, the Capital Improvements Program [CIP] would be placed on hold. During the forecasting period, the City's anticipates three mill levy increases; however, since the CIP would not be moving forward, these mill levy increases would not be necessary. The City is extremely financially solid and would be able to weather another economic downturn.

Finance Director Dawn Long**2014 Budget Enhancements**

- Expanded graphical presentations of departmental and program budget detail in both the budget document and PowerPoint presentations
- Greater focus on Council goals, departmental performance measures and program accomplishments
- Incorporation of the ICMA measurements into the budget presentations
- Comparison of historical results to model forecasts

Governing Body Goals

- Financial Stability
- Growth Management
- Public Safety
- Capital Improvements
- Quality of Life

2014 Policy Highlights

- Maintain Financial Stability
- Maintain Service Levels
- Provide for Efficient Delivery of Services

2013/2014 Budget Changes

- No mill levy increase
- No new positions
- Justice Center facility is complete and occupied by fall, 2013, resulting in a 54% decrease in capital costs from 2013 to 2014
- \$220,000 in 2014 to create an Off-Leash Dog Park; and \$80,000 in 2013 for the possibility of a future park at 96th & Lee; both funded with Special Parks & Recreation funds
- \$1 Million over 2 years, 2013 and 2014, to expand the Ironhorse Golf Course Clubhouse facility; funded with General Fund Supported reserves

Jim Morris, Budget & Finance Citizen Committee, asked if the Council had ever considered selling the golf course for financial reasons. Mayor Dunn replied the bonds would be paid-off in 2015. The Council reached consensus to expand the clubhouse because they have been turning away several events due to the size of the clubhouse. Within 5-6 years, the course should be a revenue generator. Selling the course would need to be reviewed by the City Attorney since this was a vote of the people and was donated land. Greg Bussing, Budget & Finance Citizen Committee, felt a 5-year payback was far too long to re-coup a \$1 Million return on investment. Councilmember Bussing replied the timeframe for payback was an estimate. He felt the course had turned a significant corner with Troon Golf, the new management company, and has regained its reputation as one of the better courses in the metro area. That property is surrounded by very high-end homes, which he felt the City should remain in control of maintaining.

Continued - 2013/2014 Budget Changes

- A \$150,000 one-time donation to the Johnson County Drug & Alcohol Awareness Council, in addition to the annual contribution of \$200,000 in 2014; and the increase from \$5/student to \$10/student for alcohol/drug free high school senior events, beginning in 2013. These are all funded with Alcohol Tax receipts.
- A total of 14, or \$552,500 in Departmental Decision Package requests were funded and included in the 2014 Budget; 6 requests totaling \$223,500 were not funded
- Employee benefit expenses are projected to rise by 18.7%, or \$1.1 Million, from 2013 to 2014. This is due to a 20.6% increase for KPERS/KP&F rates and an 18.0% increase anticipated for health insurance rates because of healthcare reform in 2014
- Assumes continued growth in Assessed Valuation (Property Tax), City Sales Taxes, Building Permits, and Alcohol Tax receipts

2014 Budget Revenues

- Sales and Use Taxes 30%
- Property Taxes 35%
- All Other 35%

Revenue Source Comparatives – In Millions

	<u>2013</u>	<u>2014</u>
• Property Taxes	\$18.1	\$18.4
• Sales and Use Taxes	15.1	15.5
• Franchise Fees	3.2	3.2
• Other Taxes	4.1	4.3
• Grants	3.3	1.8
• Licenses & Permits	1.3	1.4
• Fines & Forfeitures	1.5	1.5
• Charges for Service	3.0	3.1
• All Other	<u>2.7</u>	<u>2.8</u>
Total	\$52.3	\$52.0

2012 Mill Levy Comparisons

According to the League of Kansas Municipalities, the City of Leawood has the 2nd lowest property tax rate of the 27 cities of the First Class in the State of Kansas.

Average Appraised Home Value

The average appraised home value in 2014 is \$427,437, which is slightly higher compared to the \$423,753 last year.

Where Property Tax Dollars Go

- School District USD 229 54%
- Johnson County 18%
- Community College 7%

- City of Leawood 18%
- State 1%
- Blue Valley Parks/Rec 2%

The average Leawood resident pays approximately \$1,199 per year (\$100 per month) in property taxes to the City.

Budgeted Expenditures

- \$65.1 Million – 2013
- \$54.7 Million – 2014

Expenditures for all budgeted funds in the 2014 Budget are projected to decrease 16.0% from the 2013 Estimated Budget. This is almost entirely due to the completion of the Justice Center in the fall of 2013.

Expenditures by Department – In Millions

	<u>2013</u>	<u>2014</u>
• Administration	\$8.5	\$8.8
• Police	18.6	10.9
• Fire	6.5	6.9
• Public Works	20.9	18.7
• Parks & Rec	<u>10.6</u>	<u>9.4</u>
Total	\$65.1	\$54.7

2014 Expenditures by Function

- Personnel 48%
- Operating 21%
- Capital 18%
- Debt Service 13%

Mr. Lambers stated the City budgets for 100% personnel; however, as part of the financial forecasting, a total variance factor of 3% is included in the model for an increase in revenues and a decrease in expenditures.

2014 Personnel

- 256 Full Time; 292.2 FTE’s [Full Time Equivalent]
- 9 Employees per 1,000 citizens
- No change in headcount
- The financial planning model does not include any additional headcount through the entire planning period

2014 PAYG Capital Budget

The majority of the expenses are financed by the General Fund through cash transfers to the City Equipment and Capital Improvement funds. This is where the majority of capital equipment, vehicles, and building improvements project expenses are included.

2014 PAYG Capital Expenditures – By Department

\$9.7 Million

- Fire 4%
- Police 15%
- Parks & Rec 13%
- Public Works 66%
- Administration 2%

Reserves – All Operating Funds

Reserves will stay above the City's Policy of 11% through 2019. Projections assume a .95 mill levy increase in 2020, 2021 and 2022, and a budget variance of -1.5% for expenditures and additional +1.5% in revenues for 2014.

Reserves as a Percent of Expenditures – Debt Service Fund

Reserves total \$6.9 Million in the 2014 Budget, or 99% of debt service expenditures.

ICMA: Performance Measures

The service areas in which the City currently participates and some of the measures tracked within the budget are:

Community Development:	Code enforcement cases per FTE 3,423; median 740. 98% percent of cases brought into compliance; median 82%. Permits issued per FTE 3,675; median 462
Facilities Management:	Square foot per FTE 38,004; median 40,200
Fleet Management:	Average fleet maintenance expenditure \$1,411; median \$4,082
Street Maintenance:	90% Percent of paved lane miles satisfactory or better; median 56%. Street rehab expenditure per paved lane mile \$2,887; median \$2,280. Street sweeping expenditure per capita \$1.55; median \$3.19
Fire and EMS:	80% Percent response time under 5 minutes; median 60%. 569 citizens per budgeted position; median 616

Administration – Finance Director Dawn Long**Budgeted Expenditures**

The Administration Department comprises 11%, or \$5.8 Million. General Operations is 5%, or \$2.9 Million. Divisions include City Administration, Finance, Information Services, Human Resources, Legal Services, Municipal Court, and Community Development.

Program Accomplishments

- Continued participation in the ICMA Performance Measurement Consortium
- Implemented GASB 63 and GASB 65
- Completed the initial phase of receiving court payments via the internet
- Completed planning and design for the fiber ring, data center, R56 grounding, wireless systems, audio video systems, and phone systems for the new Justice Center

Council Priorities

- 18.5% Ratio of administrative employees to direct service employees (overhead)
- AAA bond rating and GFOA awards
- \$5.7 Million total revenue from Administration programs
- 100% inspections performed on time
- Approximately 14,600 neighborhood and code inspections per year

Expenditures by Program

- General Operations 33%
- City Administration 6%
- Finance 9%
- Info Services 12%
- Human Resources 7%
- Legal Services 8%
- Court 8%
- Community Dev. 17%

Police Department – Chief John Meier

The Police Department comprises 20%, or 10.9 Million of the 2014 total City budget with 83.0 positions. Divisions include Admin Services, Patrol and Traffic, Communications, Investigations, Records, D.A.R.E., and Animal Control.

Program Accomplishments

- Leawood was recognized as one of the safest 100 cities for populations over 25,000
- Maintained low rate of property crimes at 15.4 per 1,000 citizens, compared to 29.4 nationally
- Low rate of .5 violent crimes per 1,000 citizens, compared to 3.86 nationally
- Drug arrests increased by 2% and DUI arrests decreased by 9%
- Animal Control Officers responded to over 1,000 calls for service; and captured over 129 loose animals

Council Priorities

- 3:41 min average response times for emergency calls
- Crime rate – 27.6 (per 1,000 residents)
- 95% of respondents feel safe in their neighborhood
- 15,000 traffic citations issued by traffic officers
- 88.4% rating dispatch services as good or better
- 247 active cases cleared
- 92% respondents satisfied with police service
- 72% of D.A.R.E. funded by the Alcohol Tax
- Overtime is 8% of salaries
- 20% cost recovery on boarding strays
- 11,900 case management entries (per Records Unit employee)
- 1,118 Animal Control calls

The average response time fluctuates due to traffic. Police vehicles are traded in approximately every two years, or when they reach 90,000-95,000 miles. Non-emergency response times are approximately 8 minutes.

Expenditures by Program

- Administration -74% (Due to the completion of the construction of the Justice Center in 2013)
- Patrol & Traffic 9%
- Communications 9%
- Investigations 13%
- Records -8%
- DARE 5%
- Animal Control 7%

There are currently two open patrol positions. The anticipated move-in date for the Justice Center is September, 2013.

Fire Department – Chief Dave Williams

The Fire Department comprises 13%, or \$6.9 Million of the 2014 total City budget with 53.69 positions. Divisions include Admin Services, Operations, Prevention and Investigations. The average response time is slightly higher due to traffic.

Program Accomplishments

- Zero fire deaths or injuries in 2012
- Community Emergency Response Training was delivered to 23 participants
- Co-hosted the annual “Fire & Police Open House” for community members
- On-going training and recertification for Technical Rescue personnel was completed; and all EMT personnel were recertified
- Inspected over 1,082 buildings and occupancies

Council Priorities

- Each firefighter protects an average of 596 residents
- Respond to 30 fire calls per 1,000 residents
- Average response time of 5:06 minutes, slightly above the 5 minute threshold
- 100% of the City sirens tested are in working condition
- The 2013 budgeted expenditure per citizen for Fire/EMS protection is \$192
- An average of 17 hours of training per firefighter, per month, is planned
- 7% overtime as a percent of regular salaries

Expenditures by Program

- Fire Operations 79%
- Prevention 4%
- Administration 17%

The majority of Fire Operations expenses are for planned wage and benefit changes of \$334,900; along with an increase of \$182,500 to purchase capital equipment items.

Public Works Department – Director Joe Johnson

The Public Works Department comprises 34%, or \$18.6 Million of the 2014 total City budget with 48.23 positions. Divisions include Admin Services, Street Maintenance, Street Improvements, Fleet Maintenance, Facilities Maintenance, Engineering, and Stormwater Management.

Program Accomplishments

- Cut the number of work related accidents in half; from 12 to 6 in 2012
- Replaced 4,200 feet of sidewalk and 6,600 feet of curb
- Swept 3,700 curb miles and filled 1,534 potholes
- Installed new hardware in patrol vehicles; mobile video systems and GPS
- Installed GPS systems to snow removal equipment

Council Priorities

- 10,956 annual maintenance expenditures per mile
- 8 average annual street sweepings per street
- 33% of streets slurry sealed within 7 years
- Potholes repaired on average within 1 day of request
- 449 lane miles rated at an average of 78 PCI
- 98% street light outages with 48 hour response
- 1,750 lineal feet of storm sewer inspected
- 3 illicit discharges
- Average age of vehicles is 6 years
- 95% customer satisfaction rating for fleet maintenance
- 90% customer satisfaction rating for custodial services
- 63% of PW employees maintain professional certifications
- \$0.44 utility cost per square foot of buildings

Expenditures by Program

- Administration 4%
- Street Maintenance 26%
- Street Rehab 40%
- Fleet Maintenance 4%
- Facilities 7%
- Engineering 6%
- Stormwater 13%

Parks and Recreation Department – Director Chris Claxton

The Parks and Recreation Department comprises 17%, or \$9.3 Million of the 2014 total City budget with 61.57 positions. Divisions include Admin Services, Park Maintenance, Programming, Aquatic Center, Sports, Cultural Activities, and Golf Course.

Program Accomplishments

- Successfully negotiated a donation of land from a private developer for a future Off-Leash Dog Park
- Worked with the Leawood Foundation to organize/implement the 2nd Annual Arti Gras fundraiser
- Hosted 21 nature programs serving over 300 scouts
- Over 1,400 participants utilized the Challenge Course
- Earned a Tree City USA Growth Award for the second year in a row
- Hosted a Kansas City Legends Soccer Camp in addition to the Challenger Soccer Camp
- Repainted the pool, refurbished pool animals for safety and enhanced aesthetics, and repaired shade shelters and seating decks
- Hosted or produced several performances with the Leawood Stage Company
- Ironhorse Golf Course ranked in the top 4 among public facilities in the Kansas City MSA

Council Priorities

- 19.0 acres per each Park Maintenance employee
- 7 days between park mowing
- 97% customer satisfaction rating – Classes
- 95% customer satisfaction rating – Aquatic Center
- 95% program attendance rates – Sports
- 98% customer satisfaction rating – Golf Course
- 80% of classes offered meet minimum participation requirements
- 22%-77% facility utilization in 2012
- 60% golf course utilization ratio in 2012

Cost Recovery – Operating Costs (2012 Actual)

- Sports 94%
- Aquatic Center 69%
- Programming 73%
- Golf 80%
- Cultural Events 14%

Expenditures by Program

- Administration 15%
- Aquatic Center 5%
- Programs 8%
- Park Maintenance 33%
- Sports 4%
- Cultural Activities 7%
- Golf Course 28%

The Parks Department is currently working on the following projects: Parks Master Plan, Bicycle Plan, Rest Station at Ironwoods Park, Improvements to Brook Beatty Park, the Sculpture Garden Art Piece and the Off-Leash Dog Park.

Discussion

Councilmember Bussing suggested City staff consider other performance measure comparisons rather than ICMA data due to its insufficiencies.

Mayor Dunn thanked the department heads and citizen committee members for all of their hard work during the budget process and throughout the year.

There being no further business, the meeting was adjourned at 8:50 P.M.

Pam Gregory, Recording Assistant City Clerk