

## **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 23, 2014. Mayor Peggy Dunn presided.

**Councilmembers Present:** Jim Rawlings, Julie Cain, Andrew Osman, Carrie Rezac, Lou Rasmussen and Tom Robinett

**Councilmembers Absent:** Debra Filla and James Azeltine

**Staff Present:**

Scott Lambers, City Administrator	Kathy Byard, Budget Manager
Chief John Meier, Police Department	Patty Bennett, City Attorney
Chief Dave Williams, Fire Department	Joe Johnson, Public Works Director
Mark Andrasik, Info. Systems Director	Chris Claxton, P&R Director
Richard Coleman, Comm. Dev. Director	Deb Harper, City Clerk
Dawn Long, Finance Director	Cindy Jacobus, Asst. City Clerk

**Budget & Finance Citizen Committee Members Present:**

Jim Morris  
Linda Hanson  
Anab Abdulahi

**Others Present:**

Kevin Jeffries, Chamber of Commerce President

## **2015 ANNUAL BUDGET PRESENTATION**

**Welcome by the Mayor**

Mayor Dunn called the meeting to order at 6:00 P.M. Introductions were made by those present.

**Overview – City Administrator Scott Lambers**

This year's budget has some new initiatives, as the financial situation in Leawood has turned around, allowing for enhancement of services provided. These initiatives include personnel increases and capital. The budget is approximately 9% less than last year's, mostly credited to a decrease in capital costs.

## **2015 Annual Budget - Finance Director Dawn Long**

### **Governing Body Goals**

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

### **2015 Policy Highlights**

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

### **2014/2015 Budget Changes**

- No mill levy increase.
- 3.75 Full Time Equivalent [FTE] increase:
  - Legal: .50
  - Fleet Maintenance: 1.00
  - Park Maintenance: 2.25
- Included is a debt refunding of four current bond issues, resulting in an average annual savings of \$50,649 for each of nine years.
- 2014 reflects the 2<sup>nd</sup> year of growth in Assessed Valuation [Property Tax] after three consecutive years of decrease.
- Employee benefit expenses are projected to rise by 11.4%, or \$792,715, from 2014 to 2015. This is largely due to a 9% anticipated increase for health insurance rates and approximately 7% increase in retirement contributions.
- A total of 12, or \$476,700, in Departmental Decision Package requests were funded and included in the 2015 Budget; one request for \$8,000 was partially funded and three requests totaling \$179,400 were not funded.

### **2015 Budget Revenues**

- Sales and Use Taxes 30%
- Property Taxes 36%
- All Other 34%

**Revenue Source Comparatives – In Millions**

	<u>2014</u>	<u>2015</u>
• Property Taxes	\$18.5	\$19.2
• Sales and Use Taxes	15.4	16.0
• Franchise Fees	3.4	3.4
• Other Taxes	4.4	4.6
• Grants	3.2	1.0
• Licenses & Permits	1.5	1.3
• Fines & Forfeitures	1.6	1.6
• Charges for Service	2.8	3.0
• All Other	<u>2.6</u>	<u>2.7</u>
<b>Total</b>	<b>\$53.2</b>	<b>\$52.8</b>

**2013 Mill Levy Comparisons**

According to the League of Kansas Municipalities, the City of Leawood has the 2<sup>nd</sup> 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 \$435,619, which is slightly higher compared to the \$427,437 last year. This is the 2<sup>nd</sup> year in a row the appraised value has increased.

**Where Property Tax Dollars Go**

- School District USD 229      54%
- Johnson County              18%
- Community College        8%
- City of Leawood            19%
- State                            1%

The average Leawood resident pays approximately \$1,226 per year (\$102 per month) in property taxes to the City.

**Budgeted Expenditures**

- \$59.3 Million – 2014
- \$53.9 Million – 2015

Expenditures for all budgeted funds in the 2015 Budget are projected to decrease 9.2% from the 2014 Estimated Budget. This is due to the completion of several costly projects which will be complete in 2014: Leawood Heritage Stormwater project, 123<sup>rd</sup> Trail project and finalization of the City’s Justice Center.

**2015 Personnel**

- 258 Full Time; 295.95 FTEs [Full Time Equivalent]
- 9 Employees per 1,000 citizens
- The 2015 budget reflects an increase of 3.75 FTEs for Legal (.50), Fleet Maintenance (1.00) and Park Maintenance (2.25)
- The financial planning model adds one position per year, beginning in 2018

Budget & Finance Citizen Committee Member Morris asked about the rationale for predicting increase in benefit cost. Ms. Byard replied 6.8% was projected for increased benefits annually, based on historical growth. Ms. Long stated a 3.9% increase is budgeted for wages and the next few years will reveal healthcare changes that may affect benefit cost.

**2015 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.

**2015 PAYG Capital Expenditures – By Department**

\$7.1Million

- Fire 3%
- Police 21%
- Parks & Rec 55%
- Public Works 16%
- Administration 5%

**Reserves – All Operating Funds**

By City's policy, the reserves should be at 11%; forecast through 2020 is well above. Projections assume a .95 mill levy increase in 2020, 2021 and 2022, and a budgeted variance of -1.5% for expenditures and +1.5% revenues in 2015.

**Reserves as a Percent of Expenditures – Debt Service Fund**

By City's policy, the reserves should be at 35%, as forecast through 2020. Reserves total \$7.4 Million in the 2015 Budget, or 99% of debt service expenditures.

Budget & Finance Citizen Committee Member Hanson asked if the 35% debt reserves estimate is the most conservative view, assuming no increase in revenue. Ms. Long replied debt is evaluated each year. Ms. Hanson asked if there was an opportunity to push debt services to allow for stronger numbers with such mechanisms as refinancing, refunding and reissues. Ms. Long stated two refundings are in process this year and two "advanced refundings" are being evaluated; these may or may not be done this year if not advantageous. Advanced refunding also risks increased interest rates.

Ms. Hanson asked if there are opportunities for grants other than stormwater and if it would be beneficial to hire a Grant Proposal Writer. Mayor Dunn stated each department is proactive in looking for grant money.

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

The Administration Departments comprises 12%, or \$6.2 Million. General Operations is 5%, or \$3 Million. Divisions include City Administration, Finance, Information Services, Human Resources, Legal Services, Municipal Court and Community Development.

**Program Accomplishments**

- GFOA CAFR Award – 2012; GFOA Budget Achievement Award – 2013.
- Successful move to new Justice Center and technology for Justice Center.
- Employees can work untethered using secure wireless network.
- Launched Fitness Your Way program.
- Successful negotiation of Google Network Service Agreement, Structure Attachment Agreement and accompanying documents.
- Added two court sessions per week, allowing for more efficient handling of cases and decreasing wait time for officers, attorneys and defendants.
- Allowed the ability for Court to receive payments via the internet.
- Developed a program to scan all new citations and incoming documents to move the court from a “paper oriented” court to a “paper on demand” court.
- Adopted the 2012 ICC Codes and Amendments effective April 1, 2013.
- Achieved Inspector Disaster Assessment Certifications.

Councilmember Rasmussen asked about the addition of two court sessions and any associated costs or savings. Ms. Bennett stated the addition of dockets was the judges’ prerogative and part, but not all, of the prosecutor position was devoted to court. Councilmember Rasmussen stated he does not believe the workload merits the additional hour. Ms. Bennett agreed that it may not be necessary for court citations although the dockets overlap with the prosecutors’ walk-in dockets. Additionally, other duties are covered by the additional prosecutor. Ms. Bennett stated the increase in time covers prosecutions, police consultations and other City Attorney duties.

Councilmember Rasmussen questioned the need for an additional prosecutor if the number of citations is dropping. Police Chief Meier stated the same number of tickets are being written, but the revenue from fines is lower. Mr. Lambers stated the revenue from the Easy Pay Program cannot be counted until it is paid in full. Hiring an outside prosecutor was approximately the cost of an in-house full time prosecutor. Councilmember Rasmussen stated discomfort at the idea of an in-house prosecutor; with a city employee comes an implication the prosecutor is biased in terms of the City. Ms. Bennett pointed out the previous prosecutor was a City employee. Mr. Lambers pointed out a prosecutor as a City employee enables easier disciplinary action. Mayor Dunn expressed comfort knowing the person would be cross-trained and will help in other functions.

**Council Priorities**

- 18.5% Ratio of administrative employees to direct service employees (overhead).
- AAA bond rating and GFOA awards.
- \$5.0 Million total revenue from Administration programs.
- 100% inspections performed on time.
- Approximately 14,000 neighborhood and code inspections per year.

Ms. Long stated all of the above priorities had been accomplished.

**Police Department – Chief John Meier**

The Police Department comprises 21%, or \$11.3 Million, of the 2015 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**

- Successful transition to the new Justice Center with minimal disruptions.
- Overall reduction of crime, particularly property crimes.
- Full implementation of Directed Patrol Unit.
- Completed retirement of the K-9s and fully introduced new K-9s.
- Transitioned to all-wheel drive platform patrol vehicles.
- Received an AAA Platinum Award for community safety, which was largely the result of efforts of the Traffic Management Unit.
- Upgraded the Computer-aided Dispatch system.
- Transitioned to a “paperless” system for City Warrants.

Mayor Dunn asked about home burglaries in north Leawood. Chief Meier stated two groups were responsible and one group has been apprehended and one has not. Recent burglaries are because of open garage doors.

Councilmember Rasmussen asked if the five Patrol Unit vacancies would be filled by April 2015. Chief Meier stated two are in training until the end of summer; two are in the Academy to graduate in July and one will start the Academy in August and graduate in December, followed by 16 weeks of Field Training. Councilmember Rasmussen asked about using the patrolmen to control excessive traffic. Chief Meier pointed out with the detours, traffic will just be heavier in other spots.

Councilmember Rasmussen asked about statistics in terms of prosecution of crimes and if the workload has increased. Chief Meier replied it has increased depending upon the type of crime. With crimes against a person, normally, the perpetrator can be identified in some manner. Crimes against property are more difficult with a lower clearance rate. The threshold rate of how much time is spent on the crimes has remained steady.

**Council Priorities**

- 3:55 minute average response time for emergency calls.
- Crime rate – 27.8 (per 1,000 residents).
- 96.4% of respondents feel safe in their neighborhood.
- 12,700 traffic citations issued by traffic officers.
- 81% rating dispatch services as good or better.
- 364 active cases cleared.
- 78% of respondents satisfied with police service.

Councilmember Osman asked about the new Police facility in terms of efficiency, computerization and reporting. Chief Meier expressed great satisfaction with the Justice Center and hopes to see a reduction in response times in the future.

Mayor Dunn reiterated that traffic enforcement is not done for revenue; it is done for public safety. Councilmember Cain asked about texting when driving. Chief Meier stated while it is a dangerous situation, it is difficult to prove; he believes in writing the ticket and taking the chance of dismissal in court.

The average response time increased from 3:41 to 3:55 minutes. The crime rate, per 1,000 citizens, remains low relative to the national average. A total of 96.4% of respondents feel safe in their neighborhoods, better than last year's measurement of 95%. Traffic citations for 2013 were 12,700, down from 15,000 in 2012. A department survey shows 81% of citizens responding to the survey rated the dispatch services as good or better, down from 88.4% in 2012. A total of 364 active cases were cleared in 2013, considerably higher than the 247 cleared in 2012. Of the citizens responding, 78% were satisfied with police service, down from 92% in 2012.

Chief Meier pointed out many of the unsatisfactory votes on the performance of the police service came after a drug raid and were not directed at Leawood's police force.

Annual expense for boarding strays remained at \$14,400 from 2013. The number of animal control calls decreased to 1,009 in 2013.

Councilmember Rasmussen recalled an advantageous boarding rate for strays and asked about recovering those fees. Chief Meier replied the rate is still advantageous even though it doubled. The fee structure was not designed to recoup the entire fee. An increase could still be evaluated while respecting that some people will not pick up the animal if the fee is too high.

**Average Response Time – Emergency Calls**

The 10-year average is 3:55 minutes, which is a comfortable range in the metro. In unincorporated parts of the County, the Sherriff's office would respond, and those times are nearly double because of the vast area they serve.

**Expenditures by Program**

- Administration 27%
- Patrol & Traffic 46%
- Communications 9%
- Investigations 9%
- Records 2%
- D.A.R.E. 5%
- Animal Control 2%

Councilmember Osman asked about priority order of Animal Control calls. Chief Meier replied any animal causing a potential safety issue would take precedence.

Councilmember Rezac asked about planned capital purchases and future projects from the Public Safety Fund, and what those projects are anticipated to be. Mr. Lambers stated in regard to the County Public Safety Sales Tax, the local jurisdiction is not restricted to that sole use. The money has been used to pay for the portion of the Justice Center not approved by the voters. The next step will be the reconstruction of Fire Station No. 1. Leawood is the only city to reserve the sales tax as a Pay As You Go [PAYG] capital project.

Councilmember Rasmussen asked about the amount of money for police training. Chief Meier replied the budget is \$11 million, of which \$100,000 is spent on training for 61 Police Officers requiring a minimum of 40 hours per year. This includes a partnership with the Johnson County Community College in which they are paid \$6,000 per year. They bring in outside training presentations which can be attended either free or at a greatly reduced cost for the Leawood Police force.

Patrol & Traffic employs the greatest number of people in the department and accounts for 46% of departmental expenditures. Departmental expenditures are largely driven by personnel costs (73%). The department has no debt service costs.

**Fire Department – Chief Dave Williams**

The Fire Department comprises 13%, or \$7.2 Million, of the 2015 total City budget with 53.69 positions. Divisions include Administration, Operations, and Prevention and Investigation.

**Program Accomplishments**

- Created a formal Officer Mentoring Program.
- Co-hosted the Police and Fire Open House.
- Certified 200 people in CPR, AED and First Aid, an increase of 83.
- Conducted a joint training exercise with Technical Rescue and the Church of the Resurrection CERT team.
- Upgraded all Automatic External Defibrillators and Medical Bags.
- Installed 94 car seats.
- Four Fire Fighters awarded the Medal of Valor.
- Tested fire apparatus and ladders to meet all NFPA Standards.
- Successful transition of new officer promotions: two Battalion Chiefs, two Captains and two Lieutenants.
- Reformed and redeployed an iPad inspection system to Fire Officers.
- Completed all inspections and acceptance testing at the Justice Center.

**Council Priorities**

- Each firefighter protects an average of 608 residents.
- Respond to 31 fire calls per 1,000 residents.
- Average response time of 5:00 minutes, equal to threshold.
- 100% of the City sirens tested are in working condition.
- The 2015 budgeted expenditure per citizen for Fire/EMS protection is \$220.
- An average of 22 hours of training per firefighter, per month, is planned.
- 9% overtime as a percent of regular salaries.

Chief Williams stated his goal of advancing from our current International Organization of Standards [ISO] 3 rating, to an ISO 2 rating, and eventually obtain ISO 1 rating. An area which is lacking is recording of the number of hours firefighters were trained. This will be a three year process; reduced response time data is needed. Additionally, a 4<sup>th</sup> Fire Station would be required to receive the ISO 1 rating. Personnel comprise the most important aspect in reaching the ISO 1 rating. ISO rating is more beneficial with communities that have more commercial areas.

Another goal is to train six firefighters that are currently Basic Life Support [BLS] and advance them to Advanced Life Support [ALS]. Additionally, looking to the future Chief Williams sees a trend toward more paramedic training within the Fire Department and the ability to provide any emergency medical service possible.

Councilmember Osman asked what the ISO rating advancement does for insurance on properties. Chief Williams replied his personal experience affirms insurance could be affected, but it is not guaranteed. Ms. Abdulahi stated in her experience as an insurance agent a homeowner's policy is affected by response time of the Fire Department, so the ISO rating would be an important component.

Chief Williams feels people do not yield for emergency vehicles as well as they used to, and he is working on training his drivers to be more aware of that. Mayor Dunn pointed out the positive comments received about medical response from the Fire Department.

Councilmember Osman asked about the status of Fire Station No. 1 and the opportunity for the voters to vote on a new station. Mr. Lambers replied that it is planned for 2019 and will be funded with a PAYG Public Safety Sales Tax.

Mayor Dunn asked about accreditation, which is separate from ISO rating. Chief Williams stated a desire for and work toward accreditation from a third-party organization, which includes review of 253 competencies including response time, administrative policy, equipment and strategic planning.

#### **Expenditures by Program**

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

Administration has increased due to the addition of funds for accreditation, and exterior painting and carpet replacement at Fire Station No. 2 and Fire Station No 3.

Chief Williams expressed dissatisfaction with the performance of the fire trucks, though it is improving. He feels the trucks' advanced technology is causing more issues.

#### **Public Works Department – Director Joe Johnson**

The Public Works Department comprises 31%, or \$16.9 Million, of the 2015 total City budget with 49.23 positions. Divisions include Administration, Street Maintenance, Street Improvements, Fleet Maintenance, Facilities Maintenance, Engineering, and Stormwater Management. The largest change in the budget is due to an added position, which will assist with police car installations and other vehicle installations.

#### **Program Accomplishments**

- Completed the purchase of leased streetlights from KCP&L.
- Implemented a four year, \$20 Million curb replacement program.
- Replaced 1,265 feet of concrete sidewalk.
- Replaced 3,907 feet of curbing.
- Replaced/installed 2,130 traffic/street signs.
- Swept 3,513 curb-line miles of street.
- Filled 1,329 potholes.
- Placed 2,145 tons of asphalt and 22,527 pounds of crack sealant.
- Obtained Stormwater Management Advisory Council [SMAC] approval for Preliminary Engineering Study for Leawood South and Patrician Woods projects.
- Developed a biannual outfall/culvert inspection program in Lucity software.
- Televised 30,951 feet of storm pipe.
- Inspected 555 storm inlet structures.
- Responded to 2 illicit discharge reports.

Councilmember Rezac asked if the 1,265 feet of sidewalk replacement was part of the Curb Replacement program. Mr. Johnson replied it is outside the curb replacement. The curbs are bonded; the sidewalks are not.

Councilmember Rasmussen asked about street improvements. Public Curb Inspection [PCI] is currently at 6 points. With curbs in good condition more funds are freed up for street overlay, which should help the PCI increase over time.

### **Council Priorities**

- \$9,025 annual maintenance expenditures per mile.
- Eight average annual street sweepings per street.
- 37% of streets slurry sealed within seven years.
- Potholes repaired on average within one day of request.
- 452 lane miles rated at an average of 76.3 PCI.
- 98% street light outages with 48 hour response.
- Two illicit discharges.
- Average age of vehicles is six years.
- 95% customer satisfaction rating for fleet maintenance.
- 90% customer satisfaction rating for custodial services.
- 63% of Public Works employees maintain professional certifications.
- \$0.39 utility cost per square foot of buildings.

Mr. Johnson spoke about customer satisfaction with snow removal and stated snowfall over six inches brings an average of 300 to 400 emails. Mayor Dunn pointed out that Leawood does a better job than many surrounding cities.

### **Parks and Recreation Department – Director Chris Claxton**

The Parks and Recreation Department comprises 18%, or \$9.5 Million, of the 2015 total City budget with 63.82 positions. Divisions include Administration, Park Maintenance, Programming, Aquatic Center, Sports, Cultural Activities and Golf Course. Committees include the Parks & Recreation Advisory Board, Golf Committee, Arts Council, Public Place Initiative, Stage Company's Sustainability Advisory Board and Historic Commission.

### Program Accomplishments

- Completed design and construction of a new Off-Leash Dog Park.
- Developed an RFP for the Golf Course Clubhouse Expansion and initiated a Design-Build Contract. The project is on hold, awaiting plan reviews.
- Created, planned and implemented activities for Parks & Recreation's 40<sup>th</sup> Anniversary.
- Earned the Tree City USA Award for the 18<sup>th</sup> year and the Tree City USA Growth Award for the 4<sup>th</sup> year.
- Facilitated 108 rental groups at the Lodge at Ironwoods.
- Hosted 102 groups in the Ironwoods Cabins.
- Added a lift to the main pool for ADA compliance.
- Implemented spring and fall soccer leagues serving over 3,000 participants.
- Implemented a Tee-ball and Coach Pitch baseball league serving 451 participants.
- Completed draft Master Study of Bike/Pedestrian plan.

### Council Priorities

- 17.5 acres per each Park Maintenance employee.
- Seven days between park mowing.
- 95% customer satisfaction rating – Classes.
- 98% customer satisfaction rating – Aquatic Center.
- 95% program attendance rates – Sports.
- 98% customer satisfaction rating – Golf Course.
- 85% of classes offered meet minimum participation requirements.
- 26% to 81% facility utilization in 2013.
- 60% golf course utilization ratio in 2013.

The additional three 0.75 FTE Park Maintenance Worker positions will help with mowing and in other areas as well. Councilmember Rasmussen expressed concern about the part-time element. Mr. Lambers pointed out the 0.75 FTE positions are employed 9 out of 12 months with benefits and those 9 months are enough to keep the employees busy. The challenge is hiring quality people with only being able to offer part-time.

### Cost Recovery – Operating Costs (2013 Actual)

- |                  |                  |
|------------------|------------------|
| • Sports         | 94% (2012 = 94%) |
| • Aquatic Center | 69% (2012 = 69%) |
| • Programming    | 68% (2012 = 73%) |
| • Golf           | 76% (2012 = 80%) |

Budget and Finance Committee Member Morris asked if capital costs are included in the 76% for Golf Operating Costs. Ms. Claxton confirmed and stated if an item replacement is under \$5,000, it is part of the Operating Cost Ratio. The funds to purchase replacement equipment come from capital funds and are subsidized by Special Parks or General Fund.

Cultural activities that experience cost recovery include Eggstravaganza, Father/Daughter Dance, Fall Festival, Labor Day Run, Breakfast with Santa, etc. Mr. Lambers pointed out that some programs attempt no recovery, such as fireworks.

The Park Maintenance and Golf Course programs are the two largest in the department. Park Maintenance maintains all parkland, greenway and public building landscapes and assists with snow removal. The golf course is managed by Troon Golf.

The Cultural Art decrease may continue; it is not realistic to do a piece of art every year. The plan is to restructure the process and evaluate every couple years. Projects at the Aquatic Center and various repairs are not done until absolutely necessary.

Budget & Finance Citizen Committee Member Jim Morris asked about golf course revenue shortfall and stated unexpected maintenance costs will arise. Mr. Lambers stated golfing has changed dramatically on a national level, and with competition and other variables, it is a losing proposition. However, the justification for a municipal golf course is the amenity of a course with public access and also a greater property tax base because nicer homes are built around the golf course. Mayor Dunn stated the golf course was voted by over 70% of the public and bonded; with the City owning the golf course, the maintenance can be held to a higher standard.

### **Discussion**

Councilmember Rezac asked about the Decision Packages and if the partially funded package for the Chamber of Commerce would be discussed, and could be amended in the 2015 budget. Mr. Lambers affirmed these can be amended.

Councilmember Rezac asked if the unfunded package for the Social Media Analyst was due to cost or not recognizing a need. Mr. Lambers felt this position came in as the lowest priority in personnel issues and if the request is made again, it could be considered as part of the 2016 budget.

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 8:55 P.M.

---

Deb Harper, City Clerk