

Tapes No. 637-638

**Minutes**

The City Council of the City of Leawood, Kansas, met for a Budget and Finance Committee work session at City Hall, 4800 Town Center Drive, at 6:15 P.M., on Tuesday, June 29, 2004. Mayor Peggy J. Dunn presided.

**Councilmembers present:** James E. Taylor, Louis Rasmussen, Gary L. Bussing, Scott E. Gulledge, Debra Filla, Gregory Peppes, and Jim Rawlings. Councilmember Gill was present via teleconferencing.

**Staff present:**

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| Scott Lambers, City Administrator             | Kathy Rogers, Finance Director         |
| Kathy Byard, Budget Coordinator               | Patty Bennett, City Attorney           |
| Renee Gurney, Municipal Court Judge           | Joe Johnson, Public Works Director     |
| Chris Claxton, Director of Parks & Recreation | Mark Andrasik, Info Systems Director   |
| Colleen Browne, Human Resources Director      | Diane Binckley, Planning Director      |
| Deb Harper, City Clerk                        | Jeff Cantrell, Neighborhood Serv. Dir. |
| Emily Gleasure, Deputy City Clerk             |  |

**Councilmembers absent:** None.

**Budget & Finance Committee members present:**

Mark Meierhoffer  
Scott Picker  
Michael Clarke  
Greg Bussing

**Budget & Finance Committee members absent:** None

- 32 Mayor Dunn called the meeting to order at 6:15 P.M. Introductions were made by those present. Mayor Dunn commented on a New York newspaper article discussing \$1 million homes, stating buyers could get more for their money if they were willing to live “in offbeat locations, like Leawood, Kansas.”

211 **Joe Johnson – Public Works.** Mr. Johnson stated that funds for Public Works (PW) comprised nearly 32% of the total Budget, or \$13.2 million. He noted that the televising of the City's storm sewer system would be the last infrastructure phase coming into compliance with GASB-34. The maintenance of the storm sewers was currently being outsourced during this phase. The accelerated five-year street maintenance program would begin this year.

337 Councilmember Gill called in to join the meeting from Chicago. Councilmember Bussing arrived at 6:27 P.M.

Mr. Johnson stated that there had been a decrease in the PW Budget due to much of the stormwater funds coming from the County. Councilmember Rasmussen questioned Mr. Johnson about the storm inlets. Mr. Johnson stated the City had approximately 5,000 structures, both on the street and on private property. To date, 1,144 had been inspected, 750 were planned for inspection in 2004, and the balance would be completed by 2006. Mr. Johnson advised that the sales tax funding set aside for streets and stormwater improvements was currently split 50/50. Mayor Dunn suggested that the Governing Body review this issue after the August 3<sup>rd</sup>, 2004 ballot.

650 Greg Bussing stated that in a previous Budget session he had worked on, it had been suggested to spend more money to accelerate the road projects. Mr. Johnson advised that the Pavement Condition Index (PCI) goal had been 72% and that goal had been exceeded, improving the streets to a higher standard.

Councilmember Peppes confirmed with Mr. Johnson that streets were inspected and evaluated every other year. Based on certain break points, the City did various types of maintenance, reconstructing them at 60 PCI.

Mark Meierhoffer asked if there were plans for the City to take over the maintenance of privatized streets. Scott Lambers advised it was too expensive for the private homes associations to bring their streets up to City standards. Additionally, there was no benefit for them to do so.

Councilmember Filla confirmed with Mr. Johnson that \$2.5-2.7 million was budgeted yearly for in-house street repair; beyond that amount, consultants were hired. That hiring cut into the Budget by 8-9%.

Councilmember Rawlings and Mr. Johnson discussed the lateral transfer of Dominic Stasi from Administration to Street Maintenance. Also discussed was the use of asphalt instead of concrete for construction of the sidewalks along Mission Road near Ironwoods Park until the road was completed. Concrete would be used for the curbing into Ironwoods Park.

- 983 Councilmember Rasmussen confirmed with Ms. Rogers that the Reserve Funds set up to pay for existing SMAC projects were adequate. They discussed how the projects (DB-04-024, JB-04-008, and NC-04-001, page 99) had changed since the preparation of the Budget. Ms. Rogers clarified that the five-year historical average for the 1/8-cent sales tax had been \$505,000, not \$900,000 as was currently available in the 2005 Budget. Generally, the money had been split 50/50 between streets and stormwater, depending upon the stormwater projects. The money was obligated to stay in the fund as a reserve or be used for streets. Mayor Dunn added the projects and funding were not divided up by wards, but prioritized by need. Ms. Rogers advised that this fund also received sales, use, and destination-based taxes, which were contributed to the final balance of available money.
- 1292 **Chris Claxton – Parks and Recreation.** The Parks and Recreation Budget represented eleven divisions within the department. A 5.3% increase was shown over the 2004 Budget, after the capital for the Public Art and Golf Course were deducted. Ms. Claxton discussed the Ironwood Park amenities that the public was now able to enjoy. Ms. Rogers advised that in the original Park Vision Plan, five positions were planned for each year. The Governing Body then asked that Staff look at full-time employees (FTEs) in total, and start to add in seasonal help. After the Department of Labor audit, contractual employees were added in as FTEs. The Budget had been able to support these positions. Mayor Dunn added much of the credit for providing adequate man-hours needed should go to volunteers who helped in various capacities within the department.
- 1798 Councilmember Rawlings questioned Ms. Claxton about the Aquatic Center's attendance, and how much of the fees collected were used to offset the cost to run the Center. Ms. Rogers stated 88 cents on the dollar was collected without the debt, and 62 cents on the dollar with the debt. Councilmember Rawlings confirmed with Mr. Lambers that the revenue generated was above those for typical cities, with the average of 50% of costs being recovered.
- Councilmember Bussing discussed the 135<sup>th</sup> Street medians timeline with its associated estimated cost with Ms. Claxton. She stated one of the goals was to replace the labor-intensive native plant beds that were installed on the medians with more traditional plantings. Mr. Johnson advised plastic pipe was being used to divert water along the trails in Gezer Park [currently known as 'Price Chopper Park'] to help prevent erosion.
- 2007 Councilmember Rasmussen confirmed with Ms. Claxton that irrigation had been put in at 135<sup>th</sup> Street. He asked about the Arts Budget on page 94, stating there was potentially a reserve of \$308,000 in that account. He asked if it was the proper time to request a moratorium on collecting \$5 per person for City capital art. Mayor Dunn stated that due to the Bi-State II tax issue that would be on the ballot in November, she would propose to continue with Leawood's funding at \$5 per person for the 2005 Budget. She felt that by adjusting the Budget now, it would send a message that the arts didn't have the priority for Leawood that she believed it did. If Bi-State II passed, there would be opportunity for Leawood to apply for some of the local money for the 2006 Budget.

Councilmember Taylor arrived at 7:15 P.M.

Councilmember Bussing added that the Arts Committee had proposed projects with which they hoped to use the Arts money for funding. Councilmember Rasmussen asked whether the amphitheater would be funded with this money. Councilmember Bussing replied it had been determined by the Arts Council that the amphitheater would be funded privately. Mayor Dunn mentioned it would be a good project for Bi-State II.

Councilmember Gulledge recommended contacting Steve Asjes of Rosehill Nursery in regards to donating mature trees for the medians. The City would need only to pay for the relocation of the trees.

Councilmember Taylor stated he believed the Bi-State II tax would not pass in Johnson County, making it prudent to base the Budget on the \$5 per person fee for 2005 and 2006. With this in mind, he asked if there had been a study done comparing the pricing of outsourcing various public maintenance jobs to the private sector. Ms. Claxton stated a mowing study had been done in November 2001. She stated the City's cost per acre had been \$34, while the contractor's cost had been \$60. Councilmember Taylor suggested doing an updated study to include the new acreage that had been added last year and the new fire stations. He requested that this issue be brought before the Governing Body at a later time for discussion.

Councilmember Taylor discussed the proposed use of the \$30,000 in the Public Art Fund by the Arts Council with Councilmember Bussing. Mayor Dunn advised that the \$5 per person allocation was intended for Cultural Art, not simply Public Art. She noted that on page 94, under City Capital Art, the Budget was allocating a portion of this money to Cultural Arts and another portion to the Community Theater, with the remainder to go to Capital Art purchases. Councilmember Taylor stated he thought the Public Art should be placed throughout all of the Wards, not simply in Ward 2. Mayor Dunn advised there was currently a master plan for the Public Arts being worked on.

2951 Councilmember Gill questioned whether the algae problem in the Ironhorse Golf Course lakes had been budgeted for in 2005. Mr. Lambers stated the earliest the problem could be addressed would be in 2006. Councilmember Gill and Ms. Claxton discussed the reservations policy at the Lodge. Beginning in 2005, the rentals would be taken for an 18-month time period. On the first day of reservation taking, only Leawood residents would be allowed to sign up. The following day, the rentals would be open to the general public. If more than one person requested the same day, a random selection would be made, with Leawood residents given preference.

Councilmember Gill and Mayor Dunn discussed the Budget with regard to budgeting without the Bi-State II tax. Should the Bi-State II pass, Mayor Dunn advised the tax money could be included in the 2006 Budget.

Councilmember Gill asked if the portable toilets at Ironwoods Park could be replaced with something more permanent. Mr. Lambers stated it would be expensive to extend the sewer lines, and suggested placing this project in the City's Capital Improvement program.

3483 Scott Picker questioned the fact that the Ironhorse Golf Course budget increased by 15%, yet the revenues declined by 10%. Mr. Lambers stated there would be a directed analysis of the Golf Course in October after the current season was over. He stated the revenues generated would never completely provide for the capital equipment, the debt service, and other capital needs. Once the Golf Course debt service was paid off in 2015, it would be able to be self-sustaining with the exception of its major capital needs. Councilmember Filla confirmed with Mr. Lambers that a cash infusion of \$200,000 had been programmed into the Budget for the Golf Course. Mr. Picker asked if the Ironhorse Golf Club Committee had offered to subsidize a portion of expenses that the revenues didn't cover. Mr. Lambers stated no determination had been made on this issue, but that the Governing Body had had a preliminary discussion about it. He stated he felt it was not reasonable to expect a golf course built today to absorb its debt service. Ms. Rogers advised there would be a transfer of \$285,100 from the General Fund to the Golf Course in 2004, and the Resolution to do this would be before the Governing Body at the next City Council meeting. The transfer for 2005 was calculated at \$389,137.

3963 Mr. Meierhoffer confirmed with Mr. Lambers that the Golf Course enterprise owed the General Fund \$1.8 million, with no obligation for it to be paid back to the City. Ms. Rogers stated the \$1.8 million was on the City's financial statement and a plan for repayment had been established to collect \$60,000 a year after 2015. In 2004, a transfer was done off the books instead of a cash advance. This money would not apply towards the \$1.8 million, but the accumulation would be recorded. (4112 – end tape)

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Councilmember Filla discussed the Golf Course Operating budget with Ms. Rogers as found on page 89. Councilmember Filla confirmed with Ms. Claxton that the various programs and facilities were able to track resident and non-resident participation and/or usage. In discussing citizen surveys, Mr. Lambers explained to Councilmember Filla that such surveys were not often reliable unless undertaken by professionals, and currently there were no pressing issues that required such measures. No money had been budgeted for surveys at this time. Ms. Claxton added the Parks and Recreation Department conducted cost comparisons with other cities routinely. Councilmember Filla discussed the "window of opportunity" concerning the rental of Leawood facilities by residents versus non-residents with Mr. Lambers. Councilmember Gullledge stated his position was that Leawood residents should be able to participate in Leawood activities, and not be denied usage because of non-resident participants. He felt some money might be lost because a non-resident went elsewhere for similar facilities or activities, but because of the implied demand, that space would be filled by a resident.

508 Councilmember Rasmussen asked if someone was overseeing the software purchases for the Golf Course, to guarantee that it would fit the reporting requirement needs of the Golf Course plus the financial requirements within the City. Mark Andrasik stated it was important for the software chosen to integrate with the Eden system.

Councilmember Rasmussen discussed the perimeter fencing of the Golf Course with Mr. Lambers. Mr. Lambers stated that there was less money in the Budget for perimeter fencing in 2005 because there were other priorities that were more urgent, not because the fencing was nearly complete.

Councilmember Taylor discussed with Ms. Claxton the interfacing of the Golf Course and corporate activities with the Lodge and if the marketing for this was paying off. Ms. Claxton stated the Lodge's first year was a testing ground to evaluate the activity levels of its usage. Currently, the Lodge and the Golf Course were cross-marketing their facilities. One problem facing them was the inability of Orion's liquor license to allow them to cater at the Lodge. Mr. Lambers pointed out that revenues would be taken away from the Golf Course if it rented the Lodge facility. Ms. Claxton stated that Orion had suggested getting a two-week catering license, of which they could get up to three per year, and use the Lodge as an overflow for the parties they had booked over the holiday season.

Councilmember Taylor stated he believed the pond algae issue was to be addressed in this year's Budget. Mr. Lambers stated there had been too many requests for other more pressing projects. Councilmember Taylor replied that was not what had been conveyed to the neighbors, and suggested reevaluating the problem as something that needed to be done immediately. Mayor Dunn confirmed with Councilmember Gulledge that the amount needed for the project was \$20,000. Ms. Claxton stated carp had been added and the duckweed was being treated. Councilmember Gulledge replied in addition to the fish and the duckweed removal, aeration and water movement were needed to prevent the algae from forming and to contain the duckweed on the perimeter of the ponds. He stated that because of the depth of the ponds, these measures would keep the algae problem under control, and be good PR with the neighbors in the area. Councilmember Bussing stated he had conveyed to Rick Thompson, one of the neighbors, that the carp were in but they would not help with the duckweed, and that no bubblers were scheduled.

- 1183 Councilmember Taylor confirmed with Ms. Claxton that the outstanding debt on the Ironhorse Golf Course was approximately \$6 million. He asked if the selling of the Golf Course to a private entity had been considered. Ms. Rogers stated the Bond Counsel had advised that the City could not sell the course. She added that while the Governing Body could not determine whether or not to sell the course, it had not yet been determined if the issue could be put to public vote. Ms. Rogers said the Golf Course had been refunded twice, the last time being this year. Councilmember Filla asked if there was a viable interest in the property from a buyer.

Councilmember Taylor confirmed with Mr. Lambers that the construction on Ironwoods Park was ending, and he was finishing up his position document as to how the project would be closing out and to what extent liquidated damages should be withheld from the final retainer's payment. He would be advising the Governing Body of these details in the next few weeks.

- 1368 Mr. Meierhoffer asked if all the capital improvements had been completed for Ironwoods Park. Ms. Claxton and Mr. Lambers confirmed it had been discussed with the Parks and Recreation Advisory Board to look at the projects in the fall and determine at that time what should be pursued after the project contract had closed out.

Councilmember Peppes questioned whether the City would be able to provide the expected level of services at Ironwoods Park considering its popularity. Mr. Lambers replied that most employees hired had a fee attached to their position, for partial cost-recovery purposes. The Budget impact would not be that great for the part-time seasonal employees needed to run the programs. The park maintenance area was his only concern, and he added it might be necessary to outsource some of it in the future.

1553 Councilmember Gill asked if the arbitrage funds from the Park Bonds existed. He suggested using those funds as a possible means to upgrade the restroom facilities at the Park or for other capital improvements. Mr. Lambers stated he was not aware that those funds existed. He said with the arbitrage laws the City was allowed to get a small return, but excessive amounts were returned to the Federal Government.

1614 Councilmember Filla discussed the Golf Course recovery rates and the Enterprise Fund with Mr. Lambers.

Mayor Dunn adjourned the meeting at 9:05 P.M.

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Emily Gleasure, Deputy City Clerk