

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 25, 2012. 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
Interim Chief Steve Duncan, Fire Dept	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

2013 ANNUAL BUDGET PRESENTATION

Welcome by the Mayor

Mayor Dunn called the meeting to order at 6:15 P.M. Introductions were made by those present.

Overview 2013 Annual Budget – City Administrator Scott Lambers

Revenues are projected to increase by 1.1%. Major initiatives include the \$20 Million Curb and Gutter Repair Program at \$5 Million per year for 4 years; and acquiring all remaining streetlights that are leased from KCP&L in another multi-year program. The purchase cost will be a little more than \$1 Million. After recouping the initial cost, the City should see substantial savings in a few years. At the request of some of the Councilmembers, additional discussion will include the Complete Streets Analysis for \$60,000 and Sustainability Advisory Board expenses regarding Large Item Recirculation and the Homeowners Association Dinner. The City is financially very stable and is well in tuned with the expenditures. On the off-chance there would be a double-dip recession before this budget is approved; all uncommitted projects in the Capital Improvement Program [CIP] would be placed into deferral.

The bond indebtedness would not increase and would continue to decrease with the ending cash balances approximately 50% of the budget.

All of the debt service bond call dates would be reviewed and they would begin to either pay them off, refinance to extend them, or a combination of both. The majority of the budget remains consistent year after year with a 5% turnover rate in personnel.

Councilmember Rasmussen suggested they include \$85,000 in the 2013 Budget for a park planning consultant for master planning all of the City's parks. Mr. Lambers replied this could be placed in the budget and subject to appropriation by the City Council.

Finance Director Dawn Long Governing Body Goals

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

Revenues by Source

- Sales and Use Taxes 29%
- Property Taxes 36%
- All Other 35%

Mr. Lambers noted Sales and Use Tax revenues are projected to increase over the next 3-5 years as developments come to fruition and more people frequent these locations.

Revenue Source Comparatives

	2012	2013	<u>Change</u>	
• Property Taxes	\$18.3	\$18.3	\$0.0	0.1%
• Sales and Use Taxes	14.2	14.7	0.6	3.9%
• Franchise Fees	3.3	3.3	0.0	0.3%
• Other Taxes	3.8	3.9	0.1	0.9%
• Grants	1.7	2.0	0.3	19.6%
• Licenses & Permits	1.3	1.2	-0.1	-2.4%
• Fines & Forfeitures	1.6	1.5	-0.1	-6.3%
• Charges for Service	2.8	3.1	0.3	8.5%
• All Other	<u>3.2</u>	<u>2.7</u>	<u>-0.5</u>	<u>-15.8%</u>
Total	\$50.2	\$50.7	\$0.6	1.1%

Mr. Lambers confirmed in 2011, the City received an additional \$5 Million in revenue with less expenditure than anticipated and projected \$3-\$5 Million in additional revenue for 2012 because of the additional activity throughout the City.

2011 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

There was a small decrease in appraised home values for 2012; however, this is projected to increase for 2013.

Property Tax Dollars

• School District USD 229	54.4%
• Johnson County	17.3%
• Community College	6.6%
• City of Leawood	18.2%
• State	1.1%
• Blue Valley Parks/Rec	1.7%
• Wastewater	0.7%

A Leawood resident in an average-valued home pays approximately \$1,197 per year (\$100 per month) in property taxes to the City.

Mr. Lambers confirmed the Wastewater Tax would change into a User Fee by the next budget session.

Budgeted Expenditures

- \$58.3 Million – 2012
- \$57.7 Million – 2013

Overall expenditures are projected to decrease 1.0%, or \$578,000 from the 2012 estimate. Public Safety is projecting a 6.9% increase from the 2012 estimate. The majority of this is due to the construction of the Justice Center and associated expenses.

Expenditures by Department

	2012	2013	<u>Change</u>	
• Administration	\$7.7	\$7.6	\$-0.1	-1%
• Police	11.6	12.7	1.1	9%
• Fire	6.5	6.6	0.2	2%
• Public Works	18.6	18.3	-0.3	-2%
• Parks & Rec	<u>13.9</u>	<u>12.5</u>	<u>-1.5</u>	<u>-10%</u>
Total	\$58.3	\$57.7	-\$0.6	-1%

Expenditures by Function

Expenditures for personnel and operating increase as a share of the City budget, while Debt and Capital decrease. Mr. Lambers noted they assume 100% for personnel and 100% for merit increases.

Information Services Director Mark Andrasik confirmed the 2011 budgeted amount for personnel was \$24,346,000 with an actual of \$22,607,000.

Mr. Lambers confirmed KPERS and KP&F are both benefit plans in which City employees contribute a State mandated 4%.

How much employees contribute to benefit costs for health, dental, life insurance, etc., is the City's decision. Increases to these plans have been fairly reasonable at 1%-5% per year. The City also provides a small match to its employee's 401K plan.

Personnel

- 256 Full Time; 292.2 FTE's [Full Time Equivalent]
- No change in headcount
- The financial planning model does not include any additional headcount through the next 10 years

Councilmember Rasmussen was concerned Park Maintenance staff would not be able to maintain the same level of service since the City recently acquired an additional 45 acres of park land. Mayor Dunn replied this will be monitored on an ongoing basis.

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.

PAYG Capital Expenditures – By Department

\$13.9 Million

- | | |
|------------------|-----|
| • Fire | 0% |
| • Police | 25% |
| • Parks & Rec | 32% |
| • Public Works | 42% |
| • Administration | 1% |

Policy Highlights

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

Reserves – All Operating Funds

Reserves will stay above the City's Policy of 11% through 2023. Projections assume a .95 mill levy increase in 2019, 2020 and 2021, and a budget variance of -1.5% for expenditures and additional 1.5% in revenues for 2013.

Reserves as a Percent of Expenditures – Debt Service Fund

Reserves total \$7.2 Million, or 99% of debt service expenditures.

Mr. Lambers noted debt reserves are intended for non-City Debt, such as Special Benefit District's [SBD] and Transportation Development District's [TDD] in case of non-payment. The projected numbers for the debt service include the 143rd and 151st Street Projects, the continuation of the Residential Street Reconstruction Program, and the \$20 Million Curb and Gutter Program.

Administration – Finance Director Dawn Long

Budgeted Expenditures

The Administration Department comprises 13%, or \$7.6 Million of the 2013 total City budget with 45.71 positions. Divisions include General Operations, Admin Services, Finance, Information Services, Human Resources, Legal, Municipal Court, and Community Development.

Council Priorities

- 15.6% ratio of administrative employees to direct service employees
- AAA bond rating and GFOA awards
- \$5 Million total revenue from Administration programs
- 100% inspections performed on time
- Approximately 17,500 neighborhood and code inspections per year

In most cities, administrative overhead ranges between 15%-25%. The City of Leawood ranges between 15%-20%. General Operations is the largest program expense at 29% with the largest function expense being Personnel at 62%. The final payment on the Public Building Commission (City Hall) lease payment of \$190,600 occurs in 2012. A \$60,000 decrease is reflected in 2013 for the removal of election costs since it is not an election year.

Police Department – Chief John Meier

The Police Department comprises 22%, or 12.7 Million of the 2013 total City budget with 83.0 positions. Divisions include Admin Services, Patrol and Traffic, Communications, Investigations, Records, D.A.R.E., and Animal Control. The majority of the increase in the budget relates to the Justice Center expenses.

Council Priorities

- 3:30 min average response times for emergency calls
- Crime rate – 30.9 (per 1,000 residents)
- 95% of respondents feel safe in their neighborhood
- 15,000 traffic citations issued by traffic officers
- 98% rating dispatch services as good or better
- 270 active cases cleared
- 85% respondents satisfied with police service
- 56% of D.A.R.E. funded by the Alcohol Tax
- Overtime is 9% of salaries
- 42% cost recovery on boarding strays
- 10,000 case management entries
- 1,600 Animal Control calls

The average response time is slightly higher at 3:38 minutes than last year's 3.33 minutes due to an increase in traffic. The response is defined as the time the call is dispatched until the time the officer arrives at the scene. Administration is the largest program expense at 40% with the largest function expense being Personnel at 61%.

Fire Department – Interim Chief Steve Duncan

The Fire Department comprises 11%, or \$6.6 Million of the 2013 total City budget with 53.69 positions. Divisions include Admin Services, Operations, and Prevention. The average response time is slightly higher due to an increase in traffic.

Council Priorities

- Each firefighter protects an average of 599 residents
- Respond to 87 total fire calls per 1,000 residents
- Average response time of 4:50 minutes, below the 5 minutes threshold
- 100% of the City sirens tested are in working condition
- The 2013 budgeted expenditure per citizen for Fire/EMS protection is \$206
- An average of 17 hours of training per firefighter, per month, is planned
- Overtime is 9% of salaries

General Operations is the largest program expense at 80% with the largest function expense being Personnel at 80%. They were unable to determine a feasible location to consolidate with Fire District #2. Mr. Lambers recommended they construct a new fire station at 96th and Lee for an estimated \$4-\$5 Million and operate from the existing one in the interim. He suggested they ask the voters to approve a temporary short-term sales tax increase to pay for the construction, equipment and furnishings. Due to an increase in commercial and retail development, he recommended they construct a 4th fire station on the Justice Center site.

Public Works Department – Director Joe Johnson

The Public Works Department comprises 32%, or \$18.3 Million of the 2013 total City budget with 48.23 positions. Divisions include Admin Services, Street Maintenance, Street Improvements, Fleet Maintenance, Facilities Maintenance, Engineering, and Stormwater Management. The majority of the budget relates to street improvements.

Council Priorities

- 449 Lane miles rated at an average of 79.5 PCI
- 8.0 Average annual street sweepings per street
- 33% of streets slurry sealed within 7 years
- Potholes repaired on average within 1 day of request
- 98% Street light outages with 48 hour response
- 48,611 Lineal feet of storm sewer inspected
- 5 Illicit discharges
- Average age of vehicles is 5.9 years
- 95% Customer satisfaction rating for fleet maintenance
- 90% Customer satisfaction rating for custodial services
- 63.7% of PW employees maintain professional certifications

- \$0.57 Utility cost per square foot of buildings

The main reason for the decline in the average PCI since 2008/2009 is due to the economy with no development on some streets. Street Rehab is the largest program expense at 49% with the largest function expense being Capital at 32%.

Parks and Recreation Department – Director Chris Claxton

The Parks and Recreation Department comprises 22%, or \$12.5 Million of the 2013 total City budget with 61.57 positions. Of this, \$2.6 Million is for the operation of Ironhorse Golf Course. Divisions include Admin Services, Park Maintenance, Programming, Aquatic Center, Sports Division, Cultural Activities, and Golf Course. Total park acres increased from 441 to 486; however, there should not be a problem continuing the same level of Park Maintenance.

Council Priorities

- 19.0 Acres per each Park Maintenance employee
- 7 Days between park mowing
- 95% Customer satisfaction rating – Classes
- 95% Customer satisfaction rating – Aquatic Center
- 92% Program attendance rates – Sports
- 94% Customer satisfaction rating – Golf Course
- 85% of classes offered meet minimum participation requirements
- 30%-85% Facility utilization
- 75% Golf course utilization ratio

Cost Recovery – Operating Costs

- Sports – 99%
- Aquatic Center – 75%
- Programming – 76%
- Golf – 69%
- Cultural Events – 19%

The annual General Fund subsidy for all fee-based programs is \$400,000. This does not include Admin, Park Maintenance, Golf Course, or City Capital Art.

Councilmember Bussing was concerned with the cost recovery for Cultural Events and suggested they measure the subsidy for the programs and control it. Mr. Lambers replied they could break this down into two separate charts showing cultural subsidy by itself with the understanding that every year the City subsidizes \$100,000-\$200,000 with no intent of recovery. The second chart could show each category with cost recovery goals and dollar amounts. Mayor Dunn noted consensus at the last work session that their average overall cost recovery of 76% for the Parks and Recreation budget was appropriate.

Park Maintenance is the largest program expense at 48% with the largest function expense being Capital at 35%. Parks Maintenance expenses in 2012 are estimated to be higher than 2013 for the north lake trail improvements and the bank stabilization trail repairs planned for the 123rd Street trail. A total of \$85,000 is shown in 2012 for repainting the pool. In 2013, \$60,000 will replace the deck awnings and the concession deck, as well as painting the exterior of the facility.

Committee Discussion

Councilmember Cain stated the Sustainability Advisory Board has a \$10,000 budget. Their largest expenses are the HOA Dinner and Large Item Recirculation.

On behalf of the Sustainability Advisory Board, she requested their budget remain the same and these items be moved to the General Operations budget. This committee spends hours upon hours working on several different things and are very proud of their initiatives.

Mayor Dunn received consensus to move these items to the General Operations budget.

Councilmember Osman suggested they consider becoming paperless by purchasing I-Pads. Information Systems Director Mark Andrasik replied there are multiple benefits with the I-Pad; however, he recommended they look into this after the Justice Center technology is installed so the wireless infrastructure is in place. The estimated cost for each I-Pad would be \$800. They would also need to consider how these would be managed going forward. Mr. Lambers cautioned if the majority of Councilmembers communicate with each other through an I-Pad it would be in violation of the Open Meetings Act. This would need to be monitored periodically.

Councilmember Bussing suggested staff consider some changes in the format of the presentation to include 5 years of history and 5 years of projections to provide a more strategic sense for the expenditures. Mayor Dunn noted all of this information is in the budget; however, it is not illustrated in the pie charts. Mr. Lambers replied if they would have shown last year's budget, they would see a decrease in the ending cash balance; however, the actual shows an additional \$5 Million. Comparing actual to budget is a distortion.

Mayor Dunn received consensus to include \$85,000 in the 2013 Budget for a park planning consultant for master planning all of the City's parks. Councilmember Rezac requested they determine the scope of the study from a comprehensive standpoint because they may want to include the land at 117th Street just south of the Justice Center. Mr. Lambers indicated this may need to be done with a separate study. This land may be recreational use; however, it is not intended to be green space.

Councilmember Cain reported staff hosted a meeting to provide an update on the current status of the Complete Streets Policy. Leawood is the first City in Johnson County to adopt such a policy. Staff recommended that the Council approve a Bicycle/Pedestrian Street Map highlighting bicycle routes in order to move forward with future planning. The consensus on prioritization was as follows:

- Planned CIP Street Improvements
- Safety at intersections and routes with accident history
- Completing missing links to improve continuity
- Low cost/high impact projects
- High Use Areas

They felt it was important to hire a consultant to specifically study a "City Square" Project to improve the area.

This would include Town Center Plaza, Park Place, Camelot Court, Shops at 119, Justice Center, City Hall/Library complex, and the business park on Tomahawk Creek Parkway. Based upon the scope of work, staff had suggested \$60,000 be included in the 2013 Budget.

Mr. Lambers thought \$60,000 would not be sufficient funding because of the tremendous amount of research required to encompass this and recommended they break down the project. A consultant would have a very broad overview of this because of its mass. If the Council wants to proceed, they should first establish a bicycle map/plan that would include all of the City's streets as a reference for the Public Works Department when they improve the streets.

Mayor Dunn received consensus to program \$60,000 in the 2013 Budget to hire a consultant to break down this project. A work session will be scheduled to determine how to proceed.

There being no further business, the meeting was adjourned at 9:40 P.M.

Pam Gregory, Recording Assistant City Clerk