

**Minutes**

The City Council 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 27, 2011. 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 Ben Florance, 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 Committee members present:**

Jim Morris

**2012 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 2012 Annual Budget - City Administrator Scott Lambers**

The construction of the Justice Center [JC] will have the most significant impact to this budget. Staff will be drawing down reserves for funding. These monies are coming from the voter approved sales tax and the economic development sales tax. The operational budget will be used to pay for technology improvements, furniture and landscaping. Construction should commence in the spring of 2012, weather permitting. Conclusion is estimated to be in the fall, 2013. As part of the programming for the budget, landscape improvements will only include plants that will benefit in the fall; otherwise, landscape completion will occur in the spring of 2014, and will be funded by that year's allocation of sales tax. In 2013, there is a partial increase for facility costs, with a full allocation in 2014. This is a design bid-build project that will go out for bid this fall. They may need at least one additional facility maintenance employee included in the 2014 budget. Each year, the City brings in more revenue and less expenditures than anticipated. Historically, revenue averages 4% more, with expenditures at 3.5%-4%. They provide a budget variance of 1% for both revenue and expenditures, which has been proven to be extremely conservative.

In an email from Budget and Finance Committee member Greg Bussing, he thought maybe they should consider revenue sources a little less conservative. Mr. Lambers thought a more appropriate method may be to increase the variance. Mr. Bussing was concerned with the mill levy increases shown in the model. By removing the CIP expenditures and the mill levy, the operational budget is solid. The City's property tax appraisals are improving with sales tax revenues up 9.3%. If this were to continue, they would exceed their revenue estimated sales tax by \$1 Million. Although the budget includes 100% for personnel, it is not all spent. There are typically 10-12 vacancies per year. The person filling a vacancy usually begins at a lower salary, which has an immediate effect on the current budget year and then has a compounding effect throughout the model. Personnel costs reflect rate increases for the KP&F and KPERS State pension plans. There are increased costs with electricity due to rate increases by KCP&L. Additionally, staff has assumed gasoline purchases will continue to rise into 2012 and have included a \$4.50 per gallon rate. Workers Compensation has been removed from the Human Resources Budget and placed into the General Operations Budget.

### **2012 Budgeted Revenue by Source**

One of the reasons the City has been able to weather the economic downturn so well is because they have not relied heavily on one particular revenue source. The largest revenue source is property taxes, consisting of 38%, followed by all other at 35% (franchise, grants/licenses/permits, charges for services, and other) and sales and use taxes at 27%. Revenues for all budgeted funds are projected to be \$48.2 Million. Leawood is the only City in Johnson County that has been able to set aside the economic development tax for the JC and have it available for other future capital projects on a Pay-As-You-Go [PAYG] basis. 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. Leawood has been able to weather the economic decline in the real estate market, which is beginning to stabilize. The average Leawood resident pays approximately \$1,197 per year in property taxes to the City.

### **2012 Overall Expenditures**

The overall budgeted expenditures increases from \$53.1 Million in 2011 to \$55.3 Million in 2012. The City is labor intensive with personnel expenditures capturing 45% of the budget. The 2012 Budget reflects no additional personnel. The 2010 Budget eliminated 10.5 FTE positions that were not funded. The financial planning model does not project any additional headcount through 2020; however, each year the Council makes that determination based on needs as they arise.

Councilmember Bussing confirmed with Mr. Lambers there are currently 3 open and approved positions.

### **Policy Highlights**

- The City is not projecting a mill levy increase for 2012
- No increase in personnel
- Evaluation of fee based Parks and Recreation Programs later this year

When the Street Reconstruction Program began, staff had projected mill levy increases in 2009. As a result of having increased revenue with less expenditure, they have been able to delay this until 2016.

Councilmember Filla confirmed with Mr. Lambers that Ironhorse Golf Course will be paid off in 2015.

If they were to increase the revenue and expenditure variance in the model from 1% to 2.5%, they would be able to eliminate the projected mill levy increases in 2016, 2018, and 2020 and improve the ending cash balances.

Councilmember Filla thought they may need the mill levy increases for the curb and stormwater deterioration issues. Mr. Lambers proposed that the mill levy increases that are being used to finance the existing CIP could go away. If they increase the variance by more than 1% it would allow them to increase the mill levy by 1.0 in 2014 or 2015 for the curbs, rather than compounding the three mills in the out-years. There is currently \$400,000 for curb repairs/replacement in the 2012 Budget. 100% debt financing for curb replacement would still be an option as well.

#### **Administration – City Administrator Scott Lambers**

The Administration Department consists of 45 positions. Several years ago, the Council reviewed administrative positions and was able to eliminate one.

#### **Council Priorities**

- Maintain AAA bond rating and GFOA awards
- 100% inspections performed on time
- Approximately 17,000 neighborhood and code inspections per year

Staff is responding as best they can to complaints of neighborhood properties not being kept up; however, they are restricted with what they can do.

#### **Program Accomplishments**

- Continued Participation in the ICMA Performance Measures Program
- Continued preparation for GASB54 implementation
- All desktops and servers have been upgraded to Windows 7 and Windows 2008, respectively
- City website redesigned to be dynamic, warm, easy to navigate, allowing residents and businesses to find often used links and information
- Justice Center Project moving forward
- Recycling Bin LDO amendment being presented to Planning Commission

The General Operations Program includes City-wide expenses such as workers compensation, long term disability, supplemental retirement, insurance, telephone, City contributions to other agencies, meeting expenses, etc.

**Police Department – Chief John Meier**

Most of the increase in the Police Department Budget is in capital for the JC. Included in this is the new County radio system, which is \$600,000, they will be switching to when they move into the new building. After talking with the Mid-America Regional Council [MARC], they should be entitled to \$250,000 of emergency 911 money to cover some of this expense. The new radio system will not cost the City anything, whereas, the current system costs the City \$41,000 for maintenance.

**Council Priorities**

- 95% respondents feel safe in their neighborhood
- Crime rate – 29.5 (per 1,000 residents)
- 80% respondents satisfied with police service
- 50% cost recovery on boarding strays – if raised too much, people leave them there
- 49% of DARE funded by the Alcohol Tax
- 3:30 min average response times for emergency calls – non-emergency 5:00-6:00 min
- 1,600 Animal Control calls

Mayor Dunn confirmed with Chief Meier that the City is funding the DARE Program 100%. The schools are matching 50% of the School Resource Officer [SRO]. They can also use 15% of the Alcohol Tax to fund the SRO. Budget Coordinator Kathy Byard clarified when they look at the cost and revenue of the DARE Program, it comes to 49%, excluding the 50% school reimbursement.

**Program Accomplishments**

- Made over 1,300 misdemeanor and felony arrests
- Deployment of the canine unit 145 times and assisted in arresting 21 felons and recovering illegal substances
- Investigation, arrest and conviction of 2 burglary suspects responsible for 15-20 burglaries in Leawood and 100 in Johnson County
- Investigation and arrest of a nationwide check forgery suspect from Georgia with over \$100,000 in checks
- Records processed over 3,120 requests for reports

**Fire Department – Chief Ben Florance**

The Fire Department comprises 12% of the 2012 total budget, which has remained consistent over the last 3 years. There are 53.69 positions. The .69 represents 5 positions for on-call firefighters. For the last few years they have only filled 2 of these, which has worked out well. There are no vacancies at this time; however, they are projecting two vacancies next year. Employees are eligible to retire at age 50 if they have 25 years of service, age 55 if they have 20 years of service, and age 60 if they have 15 years of service.

**Council Priorities**

- Each firefighter protects on average 599 residents
- Respond to 28 fire calls per 1,000 residents
- Average response time of 4:45, below the 5 minute threshold

- 100% of City sirens tested are in working condition; the department received a grant to purchase an additional siren in 2011. This completes the City's storm warning siren placement schedule ahead of time
- The 2012 budgeted expenditures per citizen for Fire/EMS protection is \$206
- Average 18 hours of training per firefighter per month (approx. 1,000 hours per month)
- 8% overtime as a percent of regular salaries

### **Program Accomplishments**

- Zero fire deaths or injuries
- Added 2 storm warning sirens to the City
- Received a \$5,000 "Fireman's Fund Grant" for radios
- Community Emergency Response Training (CERT) was delivered to Leawood citizens
- Co-hosted the annual "Fire & Police Open House" for citizens
- Department members participated in reading programs at elementary schools
- Department personnel participated in numerous charitable events
- Members of the Technical Rescue Team (TRT) participated in the 1<sup>st</sup> Kansas Urban Search Rescue Operational Readiness exercise at Crisis City in Salina, Kansas
- Participated in County-wide high rise fire training
- Inspected and resolved code issues for all apartment/commercial/educational structures in the City

Jim Morris, Budget and Finance Committee, asked if the City has a Disaster Plan Program. Chief Florance responded Leawood participates in emergency preparedness training, which is coordinated by the Deputy Chief. They also train on weapons of mass destruction. Members of the department were prepared to deploy to Joplin, Missouri, to assist in the tornado disaster; however, the Emergency Management Department of Kansas never contacted them with that request.

Mayor Dunn noted citizens have commented that the sensitivity, respect, and care that is shown by the Leawood Fire and Police Departments is unmatched. Chief Florance responded the department receive letters of appreciation as well.

Councilmember Filla confirmed with Chief Florance that they also participate in regional-wide preparedness and Leawood is linked into this response program.

Councilmember Bussing asked if Leawood firefighters are trained to handle large grass fires. Chief Florance responded they train with departments that shuttle water. The pumper truck they purchased in 2009 has a foam system, which helps choke-out a house fire and minimizes damage. They will be getting 2 additional foam system pumper trucks in October.

Chief Florance confirmed they have budgeted \$105,000 for a new roof on Fire Station No. 1; however, if there is any way they can postpone it for now they would since they may need to redo the entire station. He confirmed there is currently nothing in the long-term budget for a new fire station. The trucks purchased in 2009 have a five-year lease and will be paid off in 2013. The new trucks will have a ten-year lease.

**Public Works Department – Director Joe Johnson**

The Public Works [PW] Department comprises 33% of the 2012 total budget, which has remained consistent over the last few years. There is \$18.5 Million budgeted for 48.23 positions.

**Council Priorities**

- 470 lane miles rated at an average of 82 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
- 1,750 lineal feet of storm sewer inspected
- \$8,981 annual maintenance expenditures per mile
- 6 illicit discharges – private discharges into the stormwater system that the City has been made aware, either through calls or inspections by City staff
- Average age of vehicles is 6 years
- 95% customer satisfaction rating for fleet maintenance
- 90% customer satisfaction rating for custodial services
- 63.7% of PW employees maintain professional certifications
- \$0.56 utility cost per square foot of buildings

There should be some utility cost reduction at City Hall next year due to the installation of more efficient rooftop units and energy efficient lighting.

Councilmember Cain confirmed with Mr. Johnson the street sweeper is used throughout the City on most dry days. They collect an average of 1,400 tons of debris and sweep 2,600 miles of curb per year.

**Program Accomplishments**

- Completed construction administration of the Federal ARRA project improving 103<sup>rd</sup> Street
- Completed the submittal for the CARS 2011-2015 program requesting over \$3 Million in funding
- Completed the design and construction of the 2010 Residential Reconstruction Program and 1/8-cent sales tax storm sewer projects
- Completed the mapping (GPS) of all traffic sign locations, streetlights and streetlight controllers
- Converted traffic sign inventory database to GBA Master Series

The total of all funds by program and function remain fairly consistent from year to year. When comparing all funds by division, street maintenance shows the most significant change from the 2011 estimate with \$634,000 in capital to replace some equipment. They plan to install GPS systems (\$27,000) on all PW plow trucks and trucks that work in conjunction with the Parks Department to improve efficiency clearing streets.

Councilmember Rasmussen asked if plow drivers could work with the Police Department to issue citations for vehicles left on the street. Mr. Johnson replied, this hasn't been a big issue in the past. The City does not have designated snow routes or restrictions during a snow event. The City's home webpage encourages people not to park on the streets.

PW budgets between \$600,000-\$700,000 on electricity for streetlights and traffic signals. The 2011 estimated budget increased to allow for the completion of several capital projects that were planned in 2010, but were not complete during that year. As a result, the remaining funds were rolled over to 2011 to allow for completion.

Councilmember Rasmussen confirmed with Mr. Johnson the City will receive 75% Stormwater Management Advisory Council [SMAC] funding (\$300,000) for the storm sewer work that is budgeted for 2012.

Mr. Morris asked how they had determined a stoplight was needed at 133<sup>rd</sup> and Roe. Mr. Johnson replied there have been several severe accidents at that location. They hired a consultant to review that intersection to determine whether a stoplight would be warranted. Once it is determined to be warranted, it is presented to the City Council for funding approval. Design and construction of this particular signal was \$300,000. Mayor Dunn noted intersections must meet warrant requirements to install stoplights for liability purposes for the City.

Councilmember Rezac asked what the \$400,000 difference was in comparing the PW Budget on Page 27 of \$18,872,199 to Page 83 of \$18,472,199. Ms. Byard responded some funds are budgeted and some aren't. The difference on Page 27 includes the transfers. This is the same for the Administration Budget.

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

The Parks & Recreation Department comprises 21% of the 2012 total budget. In 2011, employee positions were 74.81 and have decreased to 61.57 because of the elimination of the arborist position and golf course positions. There are 31 full time positions with 19 of these in maintenance.

### **Council Priorities**

- 17.2 acres per each park maintenance employee
- 7 days between park mowing
- 93% customer satisfaction rating – Classes
- 95% customer satisfaction rating – Aquatic Center
- 95% program attendance rates – Sports
- 80% of classes offered meet minimum participation requirements
- 25%-85% facility utilization
- 75% Golf course utilization ratio

### **Cost Recovery, Operating Costs**

- Sports – 83%
- Aquatic Center – 85%
- Programming – 65%

- Golf – 86%
- Special Events – 26%

Staff needs to budget for maximum participation in classes, events, and facility operations, but operates on minimums to cover expenses. In other words, if the minimum participation levels are not met for a particular class/event, it is cancelled and the budget is not spent, but instead becomes part of the General Fund ending fund balance at year-end.

Councilmember Rasmussen was concerned Parks employees would not be able to maintain the same quality of care in the parks because the City is accumulating additional acreage. Mr. Lambers thought a lot of the acreage would not require maintenance because of its creek land. If staff determines the need to increase park staffing, they can request additional seasonal help. Ms. Claxton thought they may want to consider contracting-out some of the low maintenance property to better concentrate on the high maintenance property.

In the past, Parks has not traditionally budgeted for the addition, repair or replacement of street banners; it has been absorbed into the Operating Budget. With the extreme weather over the last few years, many of these have needed to be replaced. Staff felt it became necessary to budget for them.

### **Program Accomplishments**

- Completed several new initiatives related to green activities, including a Large Item Recirculation Day
- Added two Belly Dance/Zumba classes to class programs
- Completed construction of additional sidewalk, improving ADA access to the baseball fields at City Park
- Installed an ultraviolet disinfection system to reduce the risk of recreational waterborne illnesses at the pool, improving public safety
- Converted from Jeff Ellis and Associates to StarGuard for lifeguard certification, reducing costs while maintaining safety levels
- Received a 5-Star rating from StarGuard for all lifeguard and pool operation audits
- Added increased programming for the high school level in the Junior Tennis League to improve service levels
- Retooled the Golf Course website
- Negotiated new sponsorships for soccer programs

Leawood came into compliance last year with the Virginia Graeme Baker Pool and Spa Safety Act, which requires anti-entrapment drain covers and other safety devices, as needed. The Kansas Department of Health regulates and inspects this on a yearly basis.

In 2010, Parks received 23,233 hours of volunteer service. Staff estimated this to be \$230,000 worth of valuable volunteer help.

Ms. Claxton confirmed for Councilmember Filla that their Program Guide is available online.

Overall, the Park Maintenance and Golf Course programs are the two largest in this department. The decrease shown in Cultural Activities is a result of less capital art expenditures planned for 2012 (\$105,000) than in 2011 (\$447,600).

The 2011 estimated Park Maintenance Budget increases to allow for the completion of several capital projects that were planned in 2010, but were not complete during that year. As a result, the remaining funds are rolled over to 2011 to allow for the completion of the projects. Additionally, \$900,000 was added to allow for the purchase of park land in 2011.

Mr. Morris asked if staff could summarize the golf course revenues, expenses, capital and debt. Ms. Claxton thought they were beginning to see some stabilization. They are projecting less infusion of the General Fund moving forward. Revenues are less than operating costs by \$200,000-\$300,000. The debt is \$560,000 and will be paid off in 2015. Troon Golf Management Company has implemented some changes and has since seen more daily golf. They are beginning to see increases in rounds with increasing revenue. After this year, they should begin to see a better cost recovery. Councilmember Bussing asked if Troon could provide them an estimate of their projected revenues moving forward. Ms. Claxton stated they are predicting 28,000 rounds. Mr. Morris noted there would be long-term capital needs and asked if there was a mechanism to accrue for this or if it was included as part of their operating costs. Mr. Lambers replied that each department can request additional funding through their expanded level packages. Mayor Dunn stated she has not received any complaints at all about the golf course since Troon had taken over. Although there will always be maintenance, some of the money that was invested to the Creek Bank Stabilization Project has benefitted the course with much less flooding.

Ms. Byard referred to Councilmember Rezac's previous question regarding the \$400,000 difference and clarified when they file the budget with the State, they require them to show the transfers between funds and departments separately. There is approximately \$6.8 Million in transfers that are excluded on Page 23 and from the department presentations. The \$62 Million figure on Page 27 includes these transfers.

### **Conclusion**

Mayor Dunn received unanimous consensus from the City Council and Budget and Finance Committee member Jim Morris to accept the recommendation for the flat mill levy in 2012. Councilmember Bussing accepted the recommendation with a caveat to consider curb replacement. Mr. Lambers clarified there is currently \$400,000 for curbs in 2012. He plans to draft a Curb Program and present it to the Council at a later date.

Mr. Lambers commented each year after all of the appeals are in with the County, they will adjust the City's mill levy either up or down by tenths or hundredths.

Councilmember Bussing referred to Page 129 and pointed out that the PAYG Town Center Fire Station [Project #80156] with an estimated cost of \$3.5 Million should have been included in the budget; however, was not in the "List of Desired and Anticipated Projects" [currently unfunded]. He objected to having this included in this list and felt the Governing Body had not expressed a specific desire to consider this entity.

He asked if there was a reason it was included in the CIP and not in the budget. Ms. Byard replied the list in the budget is smaller PAYG projects, not debt finance projects. The CIP Projects are generally larger debt financed projects. Mr. Lambers clarified when they acquired the land behind Camelot Court for the Justice Center; they had also envisioned additional uses for that site. This has been in the CIP since 2008 as a potential unfunded project. He had presented the Council with a potential Master Plan of the entire site, proposing the JC, a Community Center and Fire Station, of which, the City Council stated they did not want a Master Plan at that time and only wanted to move forward with the JC. He thought the Council should consider the fire station at this location and felt it was appropriate to have unfunded projects in the CIP. The fire station at 97<sup>th</sup> and Lee Boulevard needs to be replaced and will cost \$3-\$4 Million. Park Place is planning to submit a request for condominiums, and there may be additional high-rise buildings coming in the future. They may want to consider building both fire stations at the same time and asking the voters for a sales tax increase to pay for it like the JC.

Mayor Dunn noted the CIP was approved by the City Council in March, 2011.

Mayor Dunn thanked Budget Coordinator Kathy Byard, Interim Finance Director Dawn Long, and all department heads for their hard work.

There being no further business, the meeting was adjourned at 9:00 P.M.

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Pam Gregory, Recording Assistant City Clerk