

**Work Session - 2017 Annual Budget Presentation**

**THE LEAWOOD CITY COUNCIL**

**June 7, 2016**

**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 Tuesday, June 7, 2016. Mayor Peggy Dunn presided.

**Councilmembers Present:** Jim Rawlings, Julie Cain, Andrew Osman, Debra Filla and Chuck Sipple

**Councilmembers Absent:** James Azeltine

<b>Staff Present:</b> Scott Lambers, City Administrator	Patty Bennett, City Attorney
Richard Coleman, Comm. Dev. Director	Dawn Long, Finance Director
Kathy Byard, Budget Manager	Chief Dave Williams, Fire Dept.
Chief Troy Rettig, Police Department	Chris Claxton, Parks & Rec. Director
Mark Andrasik, Information Services Director	Joe Johnson, Public Works Director
Nic Sanders, Human Resources Dir.	Cindy Jacobus, Assistant City Clerk
Debra Harper, City Clerk	

**Budget & Finance Committee Members Present:** Jim Morris  
Linda Hanson  
Anab Abdulahi

**Others Present:** Kevin Jeffries, President, Chief Executive Officer and Director of Economic Development, Leawood Chamber of Commerce

**2017 ANNUAL BUDGET PRESENTATION**

**Welcome by the Mayor**

Mayor Dunn called the meeting to order and introductions were made by those present, with special recognition of the appointed citizen members of Budget & Finance Committee. She expressed appreciation to Mr. Lambers, Ms. Long, Ms. Byard and Mr. Andrasik for the organization, preparation and advance distribution of budget materials.

Mr. Lambers provided an overview on the 2015 Kansas property tax lid law and its impact on the City budget. This law limits a city's ability to collect property tax above an amount of a 5-year average of the consumer price index [CIP], with certain exemptions such as bonded interest and new growth. Bottom-line would be uncertainty in the amount of property tax the City can collect and the amount of incoming revenue. Kansas has missed their revenue projections and their rating will be down-graded. The law is effective for the 2018 Budget, but its provisions have been applied to the City's 2017 budget as a dry-run.

As a change to the budget process used in recent years, the process will be broken into two separate procedures, one to review recommendations and adopt the budget by the certification deadline [August 25, 2016 for the 2017 Budget] and one for a budget amendment to incorporate projects identified by the Council and staff, prioritized by the City Administrator, once the CIP index is provided by the state and growth/appraisal data is received from the county [June 30<sup>th</sup> deadline]. The second procedure would happen later in the year through a very focused meeting, and may involve \$100,000s to \$1 Million in expenditures.

Using this process, tonight's goal is to review the City's operational budget as it existed last year, this year and next year. In terms of operations, 90% of what the City does, we will continue to do. No new initiatives, personnel, equipment or scheduled maintenance will be done. By doing this and making no data assumptions, the City should be in an optimal position and not be forced to delete budget items because of a shortage. Once all external data is received, Mr. Lambers, Ms. Long and Ms. Byard will meet to analyze budget impact and determine additional spending.

Mr. Lambers clarified for Councilmember Sipple that funds required by Kansas statute to be shared among Johnson County cities should the Board of County Commissioners [BOCC] 10-year sales tax for the proposed new courthouse and coroner facility be approved by voters, are outside the restrictions of the property tax lid legislation. As the proposed tax would be a general fund tax for sales, cities would be free to spend as they wish and not only for public safety or reserves. Also, since this would be on a cash basis, the money could only be appropriated on a one-year basis. If the sales tax proposed by the BOCC is approved, the City will be extremely transparent with related funds it receives. These funds would be presented in a separate section of the budget showing planned purpose and spending year-by-year.

Mayor Dunn noted the timeline for budget recommendation and certification was moved up slightly this year because of the law and election cycle legislation [from spring to fall]. Mr. Lambers stated cities needing to increase funding through a vote, would need to know about the need by the end of June to schedule a fall election. As county data is not available until June 30, the timing of actions needed is impractical and unlikely to occur in the same calendar year.

### **2017 Annual Budget – Finance Director Dawn Long**

Ms. Long referred to Tab 13 of the 2016 Annual Budget Manual containing the overall budget and department presentations. She reviewed policy highlights of the three main components of the City's mission: 1) sustaining financial stability, 2) sustaining service levels, and 3) sustaining efficient delivery of services.

It was noted not slides and/or not all items within a slide were discussed. Therefore, these are not reflected in the minutes.

### **2016/2017 Budget Changes**

- Mill levy maintained at 24.508.
- 295.92 FTEs; no new positions.
- The City's Financial Advisors are reviewing current debt and three refundings will be made: 2006B, 2007A and 2008B, for savings totaling \$350,000 combined over their life.
- No new debt issued in 2016. In 2017, \$16.5 Million in General Obligation debt will be issued for one-half costs of 143<sup>rd</sup> Street Nall to Windsor, 2015 and 2016 curb replacements, and the 89<sup>th</sup> and Mission storm sewer improvement project.
- \$600,000 in both 2016 and 2017 for park improvements and \$2 Million over two years for the Ironhorse Golf clubhouse expansion.
- Salaries budgeted to increase 2.2% and benefits to increase 3.2%.
- The first payment on 10-year lease for platform fire truck included in 2017.
- Also included in 2017 is \$25,000 for paramedic premium wage payments.

### **2017 Budgeted Revenue**

Revenue for all budgeted funds fairly evenly distributed in thirds between Property Taxes of 38%, All Other [Governmental] of 33% and Sales & Use Taxes of 29%, for total of \$56.5 Million.

Mr. Lambers stated this would be the last time the revenue would be evenly distributed as property tax revenue portion would decrease. Because of the property tax lid law, cities will become more dependent on sales tax. He reminded that during the last economic downturn in 2008, area cities that relied heavily on sales tax revenue had to scale back services and staff.

### **Revenue by Source**

A comparison of sources of revenue, in millions, between the 2016 Estimated Budget and 2017 Budget. Most revenue sources have increases, except for Licenses & Permits. Overall, total increase of 3.5% between 2016 Estimated Budget and 2017 Budget.

### **Revenue Increase (Decrease)**

Increase in Property Taxes revenue due to a 5% projected increase in Assessed Valuation, increase in Sales & Use Tax revenue of 2.95% and \$344,800 more in Grants expected from Johnson County and other entities for capital projects in 2017.

### **2015 Mill Levy Comparisons**

Leawood's mill levy maintained its ranking as the 2<sup>nd</sup> lowest property tax rate of the 27 cities of the First Class in Kansas. Overland Park is the lowest, Shawnee the 3<sup>rd</sup> lowest and Olathe the 4<sup>th</sup> lowest.

Mr. Lambers stated that Shawnee is proposing to raise its mill levy prior to the effective date of the property tax lid law. Last year, Lenexa increased their mill levy by three or four. Mr. Lambers added Shawnee had not addressed infrastructure needs and does not have the sales tax generators like many other cities. Leawood has been aggressively performing infrastructure maintenance.

Mr. Lambers stated Governor Brownback wanted no exemptions to the property tax lid. Every city that could avoid an election would be forced to hold one, and typically 90% of voters decline to vote themselves a property tax increase. Growing cities would have only one source of revenue--sales tax. Kansas is exempt from the law; they placed only upon cities and counties. He confirmed to Councilmember Osman there is no distinction in the law between commercial and residential property tax; their combination is revenue.

Councilmember Sipple inquired about mill levy increases planning for 2021/2022 and how they might be impacted by the property tax lid law. Mr. Lambers stated the impact would depend upon legislation and exemptions in place at that time. He would not favor incremental mill levy increases of one mill each of three years, but rather to hold an election for three mills for stated purpose of infrastructure.

Mr. Lambers confirmed to Ms. Hanson and Councilmember Filla that California and Colorado have some type of property tax lid legislation, and cities are limited in ways to creatively compensate for impact through imposed fees and excise tax. There is not a large amount of states that have enacted, but Kansas is unique in that the law does not apply to the state.

#### **Average Appraised Value**

After a slight dip in 2012 Budget Year, the average appraised home value in the 2017 Budget Year is \$472,405.

#### **Where Your Property Tax Dollars Go**

The City receives only 19% of property tax dollars. Mayor Dunn stated this information is the most misunderstood by citizens. Mr. Lambers suggested the slide be revised to show total property tax paid.

#### **Average Residential Property Taxes / Monthly Property Tax**

Property tax amounts received or anticipated to be received by the City per residence between 2008 and 2017. Using the average appraised value of a house, the City will receive \$1,331 in ad valorem tax revenue in 2017, or \$110.95 per month, which may be less than a monthly cable bill. Councilmember Cain stated the average appraised value of a house in Overland Park is \$125,000, largely different from Leawood.

**Budgeted Expenditures**

Budgeted expenditures are \$59.1 Million in 2016 and \$60.3 Million in 2017, with the amount of expenditure in each category remaining about the same between the two years. This reinforces the fact that most of the increase in expenditures is for wages and benefits since there are no new initiatives. Mayor Dunn stated this may be a first in regard to consistency between the budget years.

**Expenditures Increase (Decrease) / Expenditures by Department**

Change from 2016 Estimated Budget of \$1.2 Million, a 2% increase overall, in the 2017 Budget as follows:

- General Operations down slightly and all other departments increased, but overall very level.
- Fire Department had the largest increase due to replacement of older and under-capacity HVAC systems at Fire Stations No. 2 and No. 3, and lease-purchase payment on a replacement platform fire truck.
- Administration and General Operations: 18% in 2017, a 1% increase.
- Police: 18% in 2017, a 2% increase.
- Fire: 13% in 2017, a 7% increase.
- Public Works: 34% in 2017, no change.
- Parks & Recreation: 17% in 2017, a 2% increase.

Mr. Lambers stated the platform fire truck to be replaced will be kept as a back-up in case of need, due to low trade-in value.

**Expenditure by Function**

Change from 2016 Estimated Budget by function, in the 2017 Budget as follows:

- Operating down slightly and all other functions increased.
- Personnel: The largest expenditure, 48% in 2017, a 2.9% increase.
- Operating [includes contractual services and commodities]: 20% in 2017, a 1% decrease.
- Capital: 19% in 2017, a 4% increase.
- Debt Service: 13% in 2017, a 1% increase. No long-term debt issued in 2016.

Mr. Lambers stated debt service payments are exempted in the current tax law which would be an incentive for cities to borrow. The law would be subject to annual review, but there are many legislative seats that probably would not change. Smaller cities typically have only operating expenses and have not taken on debt service. The City will evaluate and consider doing short-term debt of 10-year note with a five-year call, rather than Pay-As-You-Go [PAYG] funding. Prairie Village is done with expansion and is maintenance mode. Leawood will eventually reach that point as well, and by 2027 debt-service from 2007 will be paid.

**2016 Personnel**

No headcount to be added in 2016 or 2017. Since 2008 there have been cut-backs in the total number of City employees. The financial planning model adds one position every other year, beginning in 2019.

Mr. Sanders shared information received today from Blue Cross Blue Shield [BCBS] in regard to health benefits. Previous estimate of increase was 10% to 15%, but BCBS rate quote is now 3% lower than 2016 estimate if locked by signature today. The decrease was based on our performance and quality of employee claims. Mayor Dunn thanked Mr. Sanders, noting his work on healthy lifestyle initiatives.

Mr. Lambers stated if an increase of 15% to 20% in health insurance cost was anticipated, self-insurance might have been explored. Since the City is small, not much is required in major medical expense claims to negatively impact the budget. Although the City does use a cooperative for workman's comp insurance, there is no option for cooperative health insurance for 1<sup>st</sup> Class cities. Insurance providers are against cooperatives that are required for Kansas school districts and Chambers of Commerce across state lines. He added Leawood is the largest member of the workman's comp insurance cooperative with few claims, and so the City subsidizes smaller members and utility companies with more exposure.

### **2017 PAYG Capital Budget**

\$10.8 Million in PAYG funds sources presented by department and category, and funding source and capital expense type for the 2016 Estimated Budget and the 2017 Budget.

### **Reserves – Operating Funds**

- Reserve as a percentage of expenditures.
- Actuals for 2011 through 2015, estimate for 2016, and forecast model for 2017 through 2021.
- Per City policy, minimum reserve is 11% and the forecast through 2021 is well above.
- Projections assume a 0.95 mill levy increase in 2021, 2022 and 2023, and a budget variance of -2.0% for expenditures and +1.0% revenues in 2017.

Mr. Lambers confirmed to Ms. Hanson that reserve is a cash flow cushion to pay bills without worry. He noted Kansas issues a certificate of indebtedness [COI] each June; \$700 Million in 2014, \$900 Million in 2015 and estimated now to be over \$1 Billion, circumventing their budget shortfall.

### **Reserves – Debt Service Fund**

Per City policy, minimum reserve is 35%, which is forecast through 2021. The City typically has near 100% debt reserves. The reserve decline in 2017 is due to over-estimation of expenditures and under-estimation of revenue. He stated his expectation that reserves would climb for years 2018, 2019 and 2020, and decrease in 2023 and 2024. The City is well-prepared in case of disaster and private sector TDD [Transportation Development District] and CID [Community Improvement District] debt is now PAYG. The City does make upfront payments as required by Kansas City Power and Light for underground utility lines.

**2017 Budget Calendar**

- July 1, 2016: County Clerk releases valuation information to be used in the calculation of the levy limit.
- July 18, 2016: Resolution calling for a public hearing on August 15, 2016.
- July 26, 2016: Publication of the August 15, 2016, public hearing notice.
- August 15, 2016: Public hearing on the 2017 Budget.
- August 15, 2016: Approval of the 2017 Budget.
- August 25, 2016: Deadline to file the 2017 Budget with the County Clerk.

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

General Operations is 8% and Administration is 10%, for a total of 18% of the 2017 Budgeted Expenditures. Council payments are made from General Operations; all other personnel payments are made from Administration.

**Administration**

The Administration Department is comprised of the following programs:

- City Administration: 4.50 FTE positions.
- Finance: 8.00 FTE positions
- Information Services: 4.00 FTE positions
- Human Resources: 3.75 FTE positions
- Legal Services: 3.00 FTE positions
- Municipal Court: 8.43 FTE positions
- Community Development: 14.00 FTE positions.

**Program Accomplishments**

- GFOA CAFR Award – 2014; GFOA Budget Achievement Award – 2016.
- Implementation of GASB 68 [Pension Accounting & Financial Reporting].
- Technology expansion to Fire Stations, Public Works Facility, Ironhorse Golf Course and Ironwoods Park.
- Implementation of Next Generation Firewall, Body Cameras, Upgraded Mobility system, a fuel system and a fire emergency reporting systems.
- Transition to a new benefits consultant/broker.
- Addition of a Roth IRA plan to the employee retirement suite.
- Legal assistance provided to the Police Department Block Training. This training is conducted in February and all at one time.
- Continued progress toward exclusively digital storage of closed files.
- Hired a planning consultant for the 135<sup>th</sup> Street Implementation Plan.
- Updated City's Comprehensive Plan & Leawood Development Ordinance.
- Achieved ICC [International Code Council] certifications in plumbing, residential building and electrical.

**Council Priorities**

- 18.3% ratio of administrative employees to direct service employees (overhead).
- Aaa bond rating and GFOA awards.
- \$2.6 Million total revenue from Administration programs.
- 100% of inspections performed on time.
- Approximately 14,000 neighborhood and code inspections per year.

Mayor Dunn inquired if the ratio of administrative employees to direct service employees was known for other area cities? Ms. Byard stated she was not aware of the ratios, but estimated it would be under 20%.

**Ratio of Administrative Employees to Direct Service Employees**

After a slight increase in 2010, ratio has remained relatively level from 2011 through 2017 Budget.

**Administration Departments**

Personnel is the largest portion of the \$10.7 Million budget, shown by program and by function.

**Administration Departments by Program**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Overall increase of \$123,400.
- General Operations, Legal and Community Development decreased.
- Increase of 16% in Finance is the result of anticipated wage and benefits increases, and restoration of full funding in 2017 for a vacant position.

Mr. Lambers stated the restoration of a vacant Finance position will not result in another employee added to the department, but this would be a “ghost position” available for use in any area. In 2019, if the ghost position is not used, the City would have a total of two vacant positions.

**Administration Departments by Function**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Personnel: 4% increase due to wage/benefits increases, and vacant position fully funded in 2017.
- Operating: No change. 2017 reimbursement of \$150,000 to Hallbrook Home Owners Association [HOA] for LED lighting is offset by other various decreases.
- Capital: No major changes.
- Debt: 51% decrease as the final payment on the 1997 City Hall renovation will occur in 2016.

Mayor Dunn noted the Ironwoods Golf Course debt was paid off last year. Mayor Dunn, Councilmember Filla and Mr. Johnson explained the LED street light reimbursement policy, the result of proposal by Hallbrook HOA, for the benefit of the Budget & Finance Committee members. The policy regards privately-owned street lights on public streets, for which the City pays electricity and the HOA pays for street light maintenance. The street lights are designed to City specifications. There are four or five other smaller HOAs that own their decorative street lights; Hallbrook HOA the largest.

**Police Department – Chief Troy Rettig  
Budgeted Expenditures**

Police is 18% of the 2017 Budgeted Expenditures.

**Police**

The Police Department has 84 positions and a 2017 Budget of \$10.7 Million. D.A.R.E. [Drug Abuse Resistance Education] and SRO [School Resource Officer] positions cannot be totally funded using alcohol tax funds. Alcohol tax is also used in the Special Parks and General Funds.

**Program Accomplishments**

- Equipped all uniform officers with body cameras.
- Completed multiple promotion processes in 2015.
- Increased community outreach efforts by hold three “Coffee with a Cop” events in 2015.
- Department received the AAA Traffic Safety Award and 10 lifesaving occurrences were awarded.
- Emergency response times have decreased for three consecutive years to 3:33 minutes in 2015.
- Received training and implemented a text to 9-1-1 system.
- Participated in a multi-jurisdictional task force targeting home invasion burglary suspects.
- D.A.R.E. certification successfully completed by two officers.
- Planned and co-hosted the Barktober Fest at Leawoof Dog Park.

Chief Rettig stated body cameras are fully operational and have audio. Police vehicles also have audio recording, providing redundancy. He felt records and privacy concerns in this regard had been addressed by policy, and he was not aware of the number of other area police departments using body cameras.

Chief Rettig stated the “Coffee with a Cop” events are an opportunity for officers to get out of vehicles and have positive interactions with the public. He confirmed to Mayor Dunn the department had not conducted community outreach events out of uniform, preferring for uniformed officers to be seen and viewed in a friendly manner. He offered to facilitate special community outreach events, as requested.

Chief Rettig stated most of the 10 life-saving events involved defibrillation.

Councilmember Cain inquired if 9-1-1 can be reached via text message and if the Johnson County Coroner provides services for Leawood. Chief Rettig confirmed a text can be made to 9-1-1, but in doing so, location information is not available. Leawood would continue to use the services of the Johnson County Coroner, regardless of facility location.

**Council Priority**

- 3:33 minute average response times for emergency calls.
- Crime rate – 27.8 per 1,000 residents.
- 94% of survey respondents feel safe in their neighborhood.
- 12,531 traffic citations issued.
- 86% survey respondents [not just citizens] rating dispatch services good or better.
- 231 active cases cleared.
- 85% of respondents satisfied with police service.
- 51% of D.A.R.E. funded by the alcohol tax.
- Overtime is 8% of salaries.
- 16% of cost recovery on boarding stray animals.
- 6,000 case management entries per Records Unit employee.
- 1,141 Animal Control calls.

Chief Rettig stated he was pleased that the department's service rating had remained high, given the nature of law enforcement events in 2015. Surveys of residents and non-residents are conducted by postcard and on-line. Actual response rate is not known, but overall, it is low. Chief Rettig agreed with Councilmember Sipple that it would be a good idea to also survey merchants. The department works through back-log of active cases and does not deactivate a case unless all leads have gone cold. The decrease in the active cases cleared last year [370] to 231 active cases cleared is due to a loss of a directed patrol unit officer/medical retirement. Cost recovery of 16% for boarding of stray animals has remained consistent.

Mr. Morris stated he was aware of multiple coyote sightings and inquired what could be done to eradicate. Mr. Lambers stated the City does have a formal policy for HOAs for trapping. He added there is a fine for illegal discharge of a firearm within City limits.

Mayor Dunn questioned the 8% overtime. Chief Rettig stated the amount is fairly consistent. Mr. Lambers added that officer court time is uncontrollable and overtime of under 15% is pretty good for a police department.

**Average Response Time / Average Response Time Comparison**

Emergency call response times compare favorably for the area and Leawood's 10-year average is 3:39 minutes. Mayor Dunn commented she had seen average response time be as low as 2 minutes.

**Police Department**

2017 Budgeted Funds by Program and Function. As a personnel-driven department, personnel cost of 81% is the largest expenditure.

**Police Department by Program**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Administration: 4% decrease [\$120,000] for 2016 garage deck waterproofing and replacement of garage doors at the Justice Center.
- Patrol & Traffic: 6% increase due to planned wage increases and 2017 costs to replace patrol vehicles and a motorcycle.
- Communications: 3% increase due to planned wage and benefit increases.
- Investigations: 4% decrease due to two vehicles replaced in 2016 and only one in 2017.
- Records: 4% increase for planned wage and benefit increases.
- D.A.R.E: 1% increase for planned wage and benefit increases.
- Animal Control: 5% increase for planned wage and benefit increases.

Chief Rettig stated the Sally Port garage doors need to be replaced because of lack of strength and slow opening mechanism. Mr. Johnson stated the doors were residential rather than industrial grade, and they open/close 80 to 100 times per day. Mr. Lambers added the doors are worn out and unsuitable for recycling.

Chief Rettig clarified for Councilmember Sipple that the Kansas Police & Fire [KP&F] retirement system is separate from the Kansas Public Employee retirement [KPER] system. Kansas City may handle police retirement differently through a separate arrangement.

**Police Department by Function**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Personnel: 2% increase due to anticipated wage and benefit increases.
- Operating: 6% decrease as 2016 included cost of garage deck waterproofing and garage door replacement. 2017 includes an additional \$17,500 to cover estimated in school crossing guard services.
- Capital: 36% increase due to a large amount of replacement vehicles. Patrol vehicles are replaced based on mileage and a three-year cycle. Engine wear is a more important factor than mileage.
- Debt: No related debt.

Councilmember Sipple requested a recruitment update. Chief Rettig stated recruitment is not what it once was and this was not unique to Leawood. The department is fully staffed, with many in the training academy. It takes approximately one year from hire to street. A college degree is not required, but preferred. Mr. Lambers stated the Johnson County Sheriff has a large percentage of vacancies, about 60. Mayor Dunn stated Kansas has numerous Highway Patrol openings and they offer no wage increases. Mr. Lambers added State Troopers spent a great deal of time in a car. Chief Rettig stated that Sheriff Deputies spend a large portion of their time at the Johnson County jail.

**Fire Department – Chief Dave Williams****Budgeted Expenditures**

The Fire Department comprises 13% of the 2017 budgeted expenditures.

**Fire**

There are 3.75 positions in Administration, 47.69 positions in Operations and two positions in Prevention & Investigation for a total of 53.44 FTE positions, with a budget of \$8 Million.

Administration decreased by 0.25 position as assistant became part-time. No impact from this status change to staff due to their computer literacy and assistance from the Information Services Department. Retirements have been filled with on-call positions, many of which are ex-military and pre-trained. Additional candidates are being contacted to determine if they would like to be on-call at \$11.00 per hour to reduce overtime of existing staff. The department does not have a college requirement, but a candidate must have specific fire training which equates to a few hours short of an Associate of Arts degree.

**Program Accomplishments**

- Achieved International Accreditation through the Commission on Fire Accreditation International.
- Co-hosted the Police and Fire Department Open House and attended the HOA Sustainability Summit.
- Participated in Live Burn training and company training [three-year contract at South Platte and Overland Park].
- Fit-tested all personnel for SCBA and N95 respirator use.
- Started the first group of firefighters through Paramedic Training.
- Installed 109 car seats and conducted 146 public education/public relations events.
- Reviewed 144 construction plans, issued 12 special permits and delivered Fire-Setter Counseling to two juveniles.
- Coordinated/delivered Fire Safety Training to 2,700 elementary children and trained 1,002 students with CPR, CPR/AED or CPR/AED/First Aid.
- Determined a cause and origin of all fires.

Mayor Dunn expressed pride in accreditation, stating she and Mr. Lambers had attended the interview where no additional questions were asked by the accreditation panel, and the Fire Staff received applause and standing ovation. Chief Williams stated an annual report must be submitted, and the inspection and accreditation interview process repeated in five years. ISO 1 Certification is effective June 1, 2016. Only 60 fire departments in the United States have this ISO 1 Certification and only 40 of those hold both ISO 1 Certification and International Accreditation.

Chief Williams stated CPR training is very important and increases the likelihood of survival for heart attack victims. He stated 30% of emergency calls are for falls or lift assists. The department has applied for a grant to deliver fire safety and fall training for older adults. Decision on the grant should be known later this summer or in the fall.

Chief Williams confirmed to Councilmember Cain that the Fire Department is dispatched for all falls at no cost to the victim. An increase in falls equates to an increase in calls. Mr. Lambers stated medical personnel need to be responsible for movement of a fall victim, even at assisted-living centers, and the City would be transitioning to medical SUV-type response vehicles for these calls, like Overland Park and Olathe.

Mayor Dunn expressed appreciation for the excellent service and caring attitude of the Fire Department responders she personally witnessed at a retirement community. Chief Williams stated the department takes pride in its response and that he hires personnel that already possess the right qualities, which cannot be taught like fire management skills and tactics.

### **Council Priority**

- Each firefighter protects an average of 608 residents.
- Response to 87 total fire calls per 1,000 residents.
- First unit on scene travel time [90<sup>th</sup> %] was 5:21 minutes in 2015.
- 100% of City sirens test and in working condition.
- The 2017 budgeted expenditure per citizen for Fire/EMS protection is \$242.
- An average of 22 hours of training per firefighter, per month, is planned.
- 8% overtime as a percent of regular salaries.

Chief Williams stated the average hours of firefighter training from 39 hours last year was probably incorrect due to a software reporting error. Travel time increases slightly every year due to traffic and an overall need to slow down to arrive safely. Full effective call response time of 9.5 to 10 minutes includes 60 seconds for dispatch after 9-1-1 report; 1 minute and 20 or 30 seconds to depart fire station and five minute drive time. Mr. Lambers stated City firetrucks had been hit by other vehicles, but have not been responsible for any accidents besides striking a light pole.

### **Fire Department**

Budgeted Funds by Program and Function; personnel cost of 79% is the largest expenditure.

### **Fire Department by Program**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Administration: 10% increase due to higher capital and building maintenance/repair costs; HVAC systems at Fire Stations No. 2 and 3 are planned.
- Operations: 6% increase for planned wage and benefit changes from 2016 and debt increase for the first lease payment due in 2017 on a new fire platform truck.
- Prevention: 1% decrease with no changes.

**Fire Department by Function**

Change from 2016 Estimated Budget to the 2017 Budget, as follows:

- Personnel: 4% increase due to anticipated wage and benefit increases and inclusion of \$25,000 in 2017 for paramedic premium pay compensation.
- Operating: 2% increase due to year-to-year fluctuations in the replacement of expendable equipment.
- Capital: 25% increase due to replacement of HVAC systems at Fire Stations No. 2 and 3 in 2017.
- Debt: 33% increase due to the first payment of a 10-year lease on replacement fire platform truck.

Chief Williams stated a sink, dishwasher and refrigerator had been replaced, and a floor patched at Fire Station No. 1. No budget requests were made for Fire Station No. 1 since the building it is scheduled to be replaced.

Councilmember Sipple requested information on the paramedic premium pay. Chief Williams responded three staff members are to complete training and receive their paramedic license in mid-2017. Licensed paramedics can administer shock and drug treatments and a total of five staff members will receive a stipend. At a future point, the Fire Department may perform advanced life support [ALS] measures for heart attack and accident victims, following approved protocols established by the Johnson County Medical Director. ALS responders may confer with Emergency Room physician by telephone, but initial action would be theirs. Mr. Lambers stated his expectation of an associated increase in liability insurance premiums.

Based on an article in the Prairie Village Post on June 6, 2016, Mayor Dunn and Ms. Bennett questioned whether there is a planned closure of the Consolidated Fire District 2 station at 90<sup>th</sup> and Roe. Chief Williams was not aware of a planned closure.

**Public Works Department – Director Joe Johnson**

Public Works expenditures are 34% of total funds in the 2017 Budget. Divisions include Administration, Street Maintenance, Street Improvements, Fleet Maintenance, Facilities Maintenance, Engineering, and Stormwater Management. Street Maintenance has the largest number of personnel and Street Improvements has the largest portion of the department budget.

### **Program Accomplishments**

- Updated the Stormwater Plan & Annual Report for the City's National Pollutant Discharge Elimination System [NPEDS] permit.
- Issued over 400 Right-of-Way permits and 510 Inspection Requests.
- Replaced 2,957 feet of concrete sidewalk and 2,704 feet of curbing.
- Replaced/installed 352 traffic/street signs.
- Swept 2,897 curb-line miles of street.
- Placed 2,163.76 tons of asphalt, 24,550 pounds of crack sealant in pavement repairs/maintenance, and filled 1,518 potholes.
- Completed 217,172.5 square yards of slurry seal.
- Installed a new salt brine maker and placed 14 replacement vehicles into service.
- Completed the \$5 Million 2015 Curb Replacement Program and \$3 Million in storm channel/sewer improvements.
- Televised 47,480 feet of storm pipe and inspected 483 storm inlets.
- Maintained over 286,841 square feet of City-owned facilities.

Mr. Johnson stated street sweeping picked up 1,300 tons of debris. The salt brine maker would allow streets to be pre-treated two to three days in advance of a winter weather event.

Councilmember Cain questioned the rationale for use of slurry seal rather than chip and seal. Mr. Johnson stated chip seal is less expensive and tends to last longer, but the surface provides for a rough ride and is not favored by cyclists. Mr. Lambers added chip seal is typically used by large cities and small cities avoid its use. Mayor Dunn recalled Leawood had used chip seal in the past and many complaints were received. Mr. Johnson stated it was probably slurry seal using larger rock applied in 1996-1997. Mayor Dunn reminded drivers should observe barricades and avoid driving on slurry seal until barricades are removed and it is safe to do so.

### **Council Priority**

- \$7,382 annual maintenance expenditures per mile.
- 6.4 average annual street sweepings per mile.
- 37% of streets slurry sealed within 7 years.
- Potholes repaired on average within 1 day of request.
- 452 lane miles rated at an average of 78.9 PCI
- 98.6% street light outages with 48-hour response.
- Two illicit discharges.
- Average age of vehicles is 5 years.
- \$3,270 maintenance expense per vehicle.
- Responded to 530 requests for service per Public Works Facility employee.
- 63% of Public Works employees maintain professional certifications.
- \$0.47 utility cost per square foot of buildings.

Councilmember Cain asked Mr. Johnson to recommend when a clay residential sewer line should be inspected. Mr. Johnson stated for sanitary sewers, new construction in the last 10 to 15 years uses PVC pipe. A home built prior to that could have clay pipe running from the home to the County sewer line; County main line may be clay or lined clay. The National League of Cities sponsors insurance programs that cover sanitary sewer and water lines for approximately \$70 per year. Councilmember Cain concurred and added the insurance usually provides for replacement of just the affected portion of the line and is per occurrence.

Councilmember Filla asked for details of the two illicit discharges. Mr. Johnson stated one involved a gas cap not replaced on a truck which he followed for some distance, but was not identified. The truck's discharge drained into a storm sewer. The second discharge was due to an accident where the fuel tank was ripped from the vehicle.

Councilmember Filla noted the prior year utility cost was \$0.45 per square foot of buildings and that credit for energy efficiency is not being captured. She asked if a different unit of measure, such as kilowatts, could be used. Mr. Johnson stated he would investigate possible options.

Councilmember Sipple inquired if the City planned to transition all street lights to LED. Mr. Johnson replied that LED lighting will be included in street project bids. Phased installation would be of benefit to the budget and to eventual replacement of LED lights that last 8 to 10 years.

### **Overall Pavement Condition Index**

Trend line and average values decreasing since 2010, as the amount of land to be developed decreases.

### **Public Works**

Total funds of \$20.3 Million by program and function.

### **Public Works Department by Program**

- Administration: 1% increase from decrease in 2017 debt service payments offset by increases for planned wage and benefit changes.
- Street Maintenance: 2% decrease for planned capital equipment and vehicle replacements in 2017.
- Street Improvements: 11% decrease as the City's share of the planned repair expenses in 2017 is less than the cost of repairs included in 2016.
- Fleet Maintenance: 5% increase due to expendable equipment replacements in 2017, and planned wage and benefit costs.
- Facilities Maintenance: 6% decrease within planned expendable equipment replacements in 2017 along with fewer building repair projects.
- Engineering: 6% decrease due to changes in planned wages and benefits.
- Stormwater: 87% increase due to two capital projects planned in 2017 funded with 1/8<sup>th</sup> cent sales tax receipts. Seventy-five percent of one of these projects is eligible for reimbursement from the County and the 2017 Budget represents the total project cost before reimbursement.

**Public Works Department by Function**

- Personnel: 3% increase due to planned wage and benefit increases for current employees.
- Operating: 1% decrease due to anticipated decrease in contracted street light/traffic signal maintenance in 2017.
- Capital: 1% increase is the net of the decrease for the City's share of the arterial program in 2017 and the increase for the Patrician Woods stormwater project planned in 2017.
- Debt: No change from a decrease in annual debt payments and no new debt issuance planned until 2017 with related payments not due until 2018.

It is anticipated that debt would increase in the next couple of years because of curb programs in 2016 and 2017 and 143<sup>rd</sup> Street improvement, followed by the start of the corrugated metal pipe and residential street programs. By 2021, street reconstruction in north Leawood will be complete, but reconstruction will continue to be needed in the City for various reasons such as drainage and inferior subgrade, though there will be less reconstruction need overall. It was noted that in north Leawood, KCPL replaces their infrastructure in conjunction with City street work.

Councilmember Cain inquired if the City would consider adopting a flat-fee or usage-based stormwater fee, similar to other cities such as Olathe. Mr. Lambers it would be considered if the City is constrained by the property tax lid law. Mayor Dunn reminded that residents would be impacted with increased fees from the Johnson County Tomahawk Creek Wastewater Treatment Plant expansion.

As requested by Mayor Dunn, Mr. Johnson provided information related to flooding of homes in Patrician Woods. The issue has been in the Public Works queue for a relatively short time. Design work is underway and construction expected next year.

Ms. Hanson inquired about the reason for the cracked concrete slab replacement on 143<sup>rd</sup> Street. Mr. Johnson stated the contractor for the project poured concrete on a hot humid day that cooled quickly overnight, resulting in slab cracks. The contractor fixed at their own expense; a cost of \$15,000 to \$20,000, without labor.

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

Department budget comprises 17% of the 2017 total City budget.

**Parks and Recreation**

There have been no changes to department divisions and there are 63.09 FTE positions including 150 seasonal and regular part-time positions, with the majority of positions in Parks Maintenance. Contract employees are not included in the 63.09 FTE.

### Program Accomplishments

- Completed ADA projects identified in the revised Parks & Recreation Master Plan.
- Received the Tree City USA award for the 20<sup>th</sup> year and the Tree City USA Growth award.
- Offered three Emerald Ash Borer [EAB] Management meetings to HOAs.
- Hosted 125 groups at the Ironwoods Lodge and 203 groups at the Community Center.
- Hosted the 11<sup>th</sup> Annual Doggie Dunk.
- Hosted 190 participants in the First Tee Golf Program.
- Implemented the Spring and Fall Soccer Leagues serving 3,000 participants and T-Ball and Coach Pitch Baseball with 675 participants.
- Hosted a combination of 40+ special/cultural events with over 22,000 attendees.
- Accomplished events with generous volunteers giving over 18,900 hours of support.
- Completed new decking on golf course bridges, and finished ADA concrete work and cart path areas at Ironwoods Golf Course.
- General obligation debt on the Ironwoods Golf Course was paid in full in 2015.

Ms. Claxton stated significant accomplishments were ADA updates to the Parks & Recreation Master Plan, and ADA projects at the City Park and Ironhorse Golf Course. The department relies heavily on volunteer hours; 18,900 hours at \$21 per hour equates to \$396,000.

Councilmember Filla requested the EAB accomplishment be updated to reflect four HOA meetings rather than three meetings. She stated the City's arborists have done an excellent job providing leadership and being a great resource to HOAs and residents. The City's EAB Management Plan was available before other area cities.

### Council Priority

- 17.9 acres per each Park Maintenance employee.
- 7 days between park mowings.
- 98% customer satisfaction rating – Classes.
- 98% customer satisfaction rating – Aquatic Center.
- 95% program attendance rates – Sports.
- 98% customer satisfaction rate – Golf Course.
- 80% of classes offered meet minimum participation requirements.
- 19% to 88% facility utilization in 2015.
- 39.5% golf course utilization ratio in 2015.
- 95% cost recovery – Sports; 96% in 2014.
- 78% cost recovery – Aquatic Center; 75% in 2014.
- 70% cost recovery – Programming; 80% in 2014.
- 70% cost recovery – Golf; 77% in 2014.

Ms. Claxton noted the wide-range in utilization rates and 10% reduction in Programming cost recovery. Rentals are part of Programming and they are down 3% at the Lodge and 5% at the Community Center. There was a 15% to 20% increase in the number of wedding cancellations at the Lodge. The Lodge has a tiered cancellation policy; cancellations closer to the scheduled event date receive less of a refund. A non-prime time pricing strategy was implemented at the Lodge for December, January and February to encourage rental during that time. Golf course receipts were down last year due to a severe weather season and weekend rains.

Councilmember Cain stated one of the rationales for expansion of the golf clubhouse was the need for event space. Ms. Claxton stated the clubhouse is always booked on key dates and also for tournaments. Mayor Dunn noted the Lodge is often booked 18 months in advance. Ms. Claxton stated major marketing points for Lodge rental are the ability to bring in outside alcohol and catering, ample parking and option for an outdoor wedding. She plans to maintain current rental rates for the present. Ms. Hanson offered that some event rental spaces offer reduced Sunday rates.

### **Parks and Recreation Department**

The Parks Maintenance and Golf Course divisions are the two largest in the department. Golf course staff are not City employees.

### **Parks and Recreation by Program**

- Administration: 1% decrease due to less planned expendable equipment replacements in 2017.
- Aquatic Center: 5% decrease due to higher expenses in 2016 to replace awning and share of the RecTrac/WebTrac [credit card acceptance] software upgrade.
- Programming: 5% decrease due to increases in 2017 for expendable equipment and planned wage/benefit changes offset by a decrease for funds included in 2016 for painting of several structures at Ironwoods Park.
- Park Maintenance: 5% increase due to increase in capital expenditures, routine building repairs and planned wage/benefit changes.
- Sports: No change due to planned changes in wage and benefit expenses in 2017.
- Cultural Activities/Special Events: 1% increase in available funds for art purchases from the City Capital Art Fund and the Public Art Fund; no specific purchases are planned at this time.
- Golf Course: 4% increase due to the anticipated cost of goods sold, expendable equipment and capital.

Ms. Claxton noted the Aquatic Center decrease was also weather-driven and current revenue is up 22% from the same time last year. Concession stand receipts have increased despite a lenient policy in regard to outside food allowed. May and June are the main revenue months for the Aquatic Center; family vacations and hot weather impact July and August. Mayor Dunn stated the new awnings had brightened the center's appearance. Ms. Claxton confirmed two unisex restrooms located outside the Aquatic Center are complete, and new piping and pump placed outside building is working well.

Mayor Dunn expressed appreciation for the new trail bridge. Ms. Claxton stated the area still needs to be seeded, the project came in under budget at \$264,000 rather than \$325,000, and the bridge was completed ahead of schedule. Average bridge cost is \$1,000 per foot.

### **Parks and Recreation by Function**

- Personnel: 2% increase due to planned wage and benefit increases in 2017.
- Operating: 1% increase due to an increase in expendable equipment, office supplies and award supplies, offset by decreases in other budget items.
- Capital: 7% increase due to vehicle and equipment replacement, continuation of the Ironhorse Golf clubhouse expansion project, park improvements, building repairs/renovations and art acquisitions should pieces be identified.
- Debt: 2% decrease as a result of the annual debt payments on existing debt obligations.

Ms. Claxton stated art acquisitions are always budgeted, but it was doubtful a piece would be installed this year. Due to the process and time to acquire an art piece, installation is anticipated every other year and the fund grows in the interim. There is also an art maintenance fund. A temporary art piece has been identified and the item will be placed on the June 20, 2016 Governing Body meeting agenda. The proposed piece is from a female sculptor who had work around the metro area. If approved, anticipate an August or September installation at the location to the west of City Hall. The piece would be in place for two years.

### **Cost Recovery**

In 2015, cost recovery for fee-based programs decreased to 68% from 71% in 2014; 49% is the national average. Class expenses are always estimated based on maximum attendance. The department continues to look for ways to improve cost recovery rates through partnerships and sponsorships.

Mayor Dunn stated the Programming line item with 70% cost recovery includes camps. Camps are full or have waiting lists. The Nature Center is conducting off-site programs with a charge.

Mr. Morris stated golf course costs are \$3 Million a year and cost recovery is 70%, a deficit of about \$1 Million per year; Mayor Dunn confirmed. Mr. Morris noted it had been stated that 39,000 rounds of golf would be played per year when the course opened, which did not occur. He asked if there was a fund to cover maintenance, such as replacement of the irrigation system. Mayor Dunn responded maintenance funds are not accumulated, but the City's reserves could be used, if needed. Troon believes the clubhouse expansion will help bring in tournaments. Mr. Lambers added that per the previous request of the Council, usage data will be tracked against the clubhouse expansion cost of \$2 Million over two years. Mr. Morris stated concern for marketing the clubhouse as a venue for weddings and the publicity involved in an increase in tournaments and events.

Councilmember Filla distributed a one-page chart dated June 7, 2016, which presented Self-Propelled Leewood bicycle friendly routes by the categories of “Marked Bike Lane”, “Signs Only Miles”, “Shared Use Path/Trail Miles” and “Miles in the 5-Year CIP [Capital Improvement Program]”. All but the category of “Miles in the 5-Year CIP” were broken into “In Plan”, “To Go” and “Done” miles. The total of remaining miles, including those in the 5-Year CIP, is 51.38. She wanted to bring forth what she believed was a “low hanging fruit” opportunity to complete the least expensive “Sign Only Miles” [27.60 miles]; marked bike lanes and shared use path/trails cost millions. The City has both north and south loops of “Sign Only Miles” out of City Park. She reminded the recent Parks & Recreation trail bridge project had been completed under budget.

Mr. Lambers stated if the budget was amended due to leftover funds, the funding does not automatically go towards another project. Leftover project funding is atypical and any savings are for a cash balance to fund mill levy, and then could be encumbered the following year. Once the 2017 Budget process is complete, if there is excess capacity all requests would be evaluated and prioritized.

Councilmember Filla noted \$50,000 had been deferred for the consultant report in this regard. Mr. Lambers stated preliminary cost estimate for the proposed project would be \$131,000 for 2017 or 2018. Funding for the project may need to happen over a two-year period and a decision would need to be made as to which trail loop to complete first.

Mayor Dunn thanked the Budget and Finance Committee members, City Administrator, Department Heads and Finance staff for all of their hard work during the budget process and throughout the year.

There being no further business, the meeting was adjourned at 9:29 P.M.

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Debra Harper, CMC, City Clerk

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Cindy Jacobus, Assistant City Clerk