

COUNCIL COMMITTEE
April 18, 2011
6:00 p.m.
Council Chambers

AGENDA

CHARLES CLARK, COUNCIL PRESIDENT

AGENDA ITEMS FOR DISCUSSION

COU2011-17 Consider 2012-2016 CARS Application
Keith Bredehoeft

COU2011-19 Consider Interlocal Agreement with Johnson County for Project 190880: Nall
Avenue - 75th St - 79th St
Keith Bredehoeft

Presentation on 2012 Budget Outlook, Trends and Direction
Quinn Bennion and Chris Engel

COUNCIL COMMITTEE OF THE WHOLE
April 18, 2011

The Council Committee of the Whole met on Monday, April 18, 2011 at 6:00 p.m. The meeting was called to order by Acting Council President Michael Kelly with the following members present: Al Herrera, Dale Warman, Ruth Hopkins, Steve Noll, Laura Wassmer, Dale Beckerman, David Morrison and Diana Ewy Sharp. David Belz and Andrew Wang arrived late. Staff Members present: Wes Jordan, Chief of Police; Captain Tim Schwartzkopf, Bruce McNabb, Director of Public Works; Keith Bredehoeft, Manager of Engineering Services; Katie Logan, City Attorney; Quinn Bennion, City Administrator; Dennis Enslinger, Assistant City Administrator; Karen Engle, Finance Director; Chris Engel, Assistant to the City Administrator, Joyce Hagen Mundy, City Clerk and Lisa Santa-Maria.

COU2011-17 Consider 2012-2016 CARS Application

In order to receive CARS funds, the City must annually submit an application containing a list of streets and the estimated costs. Keith Bredehoeft said the following streets are being recommended for the five-year CARS program, 2012-2016. The Public Works Department compiled the list based on the pavement condition. The work will include where necessary full depth pavement repair, curb and gutter replacement, sidewalk repair, new sidewalk and milling/overlaying the pavement.

Program Year	Street Segment	From	To	CARS Eligible Costs	County CARS Funds
2012	Somerset Dr	Roe Avenue	Nall Ave	\$1,012,000	\$506,000
2013 *	Somerset Dr	Belinder Ave	Mission Rd	\$638,000	\$319,000
2014 **	Somerset Dr	Stateline Rd	Belinder Ave	\$682,000	\$341,000
2015	Roe Avenue	79th Street	83rd Street	\$515,000	\$257,500
2016	Roe Avenue	63rd Street	67th Street	\$882,000	\$441,000

* Joint project with the City of Leawood

** Joint project with the City of Leawood

Mr. Bredehoeft noted that the City submits an application annually and can revise future year requests. The costs include construction and construction administration. Design costs are not included, as the CARS program does not fund design. Funding is budgeted for the 2012 Project on Somerset Drive. Future year's projects will be funded with each year's budget.

Diana Ewy Sharp confirmed that only that money designated for 2012 has to be available at this time.

Dale Warman asked why the 2016 program was more expensive than others. Mr. Bredehoeft replied that project will require more in-depth pavement replacement.

Diana Ewy Sharp made the following motion, which was seconded by Dale Beckerman and passed unanimously:

MOVE THE GOVERNING BODY APPROVE THE SUBMITTAL OF THE CITY'S 2012-2016 COUNTY ASSISTANCE ROADS SYSTEM (CARS) APPLICATION AS PRESENTED WITH 2012 IMPROVEMENTS ON SOMERSET - ROE TO NALL

**COUNCIL ACTION REQUIRED
CONSENT AGENDA**

COU2011-19 Consider Interlocal Agreement with Johnson County for Project 190880: Nall Avenue - 75th Street to 79th Street

Keith Bredehoeft advised that Johnson County has approved Project 190880: Nall Avenue - 75th Street to 79th Street resurfacing project for CARS funding and is requesting the City enter into an interlocal agreement for the project. Funding is available under the 2011 Capital Infrastructure Project, Project 190880: Nall Avenue - 75th Street to 79th Street for the City's portion of the project.

The project will install new asphalt pavement, new curbs and repair existing sidewalk along Nall Avenue. The future trail along the west side of the street is not being constructed with this project. The curb line on the east side of Nall Avenue will be placed two feet behind the existing curb which will make the roadway wider allowing for the street to be marked as a three lane road in the future.

Diana Ewy Sharp made the following motion, which was seconded by Dale Beckerman and passed unanimously:

MOVED THE GOVERNING BODY APPROVE THE INTERLOCAL AGREEMENT WITH JOHNSON COUNTY FOR PROJECT 190880: NALL AVENUE - 75TH STREET TO 79TH STREET LIMITING THE COUNTY SHARE TO 50% OR \$417,000.00 OF THE PROJECT'S CONSTRUCTION COSTS

**COUNCIL ACTION REQUIRED
CONSENT AGENDA**

Presentation of 2012 Budget Outlook, Trends and Direction

Quinn Bennion introduced Lisa Santa-Maria as the new Finance Director and thanked Karen Kindle for her excellent service in this position for the past five years.

He stated the information being presented is introductory and preliminary. The numbers will be adjusted and will change during the coming months as more information becomes available. He expressed thanks to the Council for their support in the purchase of the new financial software in 2009 noting that the software enables staff to

easily review different funding scenarios in a much more efficient manner than in the past. Mr. Bennion believes the budget is the most important document in the City as it reflects the City's values and priorities. While tonight's presentation will be done by himself and Chris Engel, who stepped in during Karen Kindle's absence, the remainder of the presentations will be department driven as requested.

Mr. Bennion stated he was pleased to report that overall the City's finances are in good condition due to sound fiscal decisions made in 2010 and the 2011 budgets, such as the reduction of staff and early retirement incentive offered and the expenditure of only \$200,000 from a budgeted \$500,000 contingency fund. Staff spent only what was absolutely necessary, leaving sufficient unused funds from the 2010 budget to fill the projected gap for 2012 and create a balanced 2012 budget provided no changes in services or level of services are made. However, if the Council chooses to add staff or programs or to increase the level of funding of the CIP, additional revenue will need to be approved.

Quinn Bennion reviewed the financial packet of information prepared by staff to help Council members answer some frequently asked questions. The information contained the 2011 budget at a glance, bond rating history and several comparisons with other cities as reflected below:

- Mill Levy Comparison Overall - PV ranked in middle of Johnson County Cities
- Mill Levy Comparison primarily residential Cities - PV among lowest
- Appraised value of property - PV ranked 2nd after Mission Hills
- MARC survey of taxes paid - PV ranked 5th lowest out of 48
- MARC survey family costs - PV ranked 6th lowest out of 48
- Bond Rating - one of five metropolitan cities with an Aaa rating

Trends

Chris Engel noted the presentation will reflect several budget figures as the information covers a three year period and offered the following clarification:

- Budgeted Amount - the amount approved by Council and in the Budget Book
- Estimated/Projected Amount - based on available information at this time
- Actual Amount - amount spent in the last closed fiscal year (2010)

Chris Engel presented the following budget trends for 2012:

- General Fund Revenues - the decrease reflects the increase in the portion of the mill levy designated for 2009 Bond debt payment - 0.9%
- Assessed Value - Given by County Appraiser - a small increase projected for real property, but not personal property - budget flat with no change
- General Fund Property Tax - portion of property tax going into General Fund - 2%
- Projected Sales Tax - Information from County, this has been fairly consistent throughout years for PV - projecting a slight increase 1%
- Franchise Fees - These are impacted by weather, expecting a KCP&L rate increase - projected increase of 2.1%
- General Fund Expenditures - based on the 2011 estimate of a decrease of 11.6% staff is projecting a 10.9% increase

Outlook

The 2012 budget assumes the City retains a 25% reserve level and no changes to the current service levels. It does not reflect any changes that may be submitted by department managers whose budgets were due today. The gap amount will change as updated information is received. The State Legislature has not completed the State's 2012 budget and that could have an adverse affect on revenues and expenditures. The gap figures were based on anticipated changes in costs compared to the 2011 adopted budget. Any increases or decreased in the 2012 requested budget over/below the 2011 adopted budget will change the gap.

The following revenue changes from the 2011 budget amounts are projected for the 2012 budget:

- Property Tax - Increase of \$40,000 (information from Johnson County)
- Sales Tax - Decrease of \$37,000 (information from Johnson County)
- Franchise Fees - Increase of \$114,000 (KCP&L increase and weather)
- Use Tax - Increase \$6,000 (information from Johnson County)
- Fines & Forfeitures - Decrease \$100,000 (Trend not following 2011 budget)
- Sale of Fixed Assets - Decrease \$80,000 (One-time sale of PD radios in 2011)
- Interest Earned - Decrease \$60,000 (low interest rates continue)

The following expenditure assumptions have been made for the 2012 budget:

- Personnel Services - 2.91% increase
 - KPERS - \$33,000 increase in anticipation of statutory cap change
 - Health Insurance - \$138,000 increase (under budgeted in 2011 + 12% increase projected by insurance broker)
- Contract Services - 7.75% increase
 - Street Lights - \$54,000 increase (rate increase)
 - Traffic Signals - \$136,000 increase (under budgeted in 2011 + contract increase)
- Commodities - 3% increase
 - Fuel - \$3.50 gal average (noted \$0.18 per gallon tax exempt buffer)

Chris Engel reported the City will budget \$600,000 to \$700,000 more than it collects in 2012. However, by using the 2010/2011 year-end fund balance carryover in excess of 25%, initial projections of 2010 budget savings appear to be enough to offset the \$600,000 to \$700,000 difference. Mr. Engel cautioned that budgets are formulated 18 months in advance using the best available information at that time. To create the 2012 budget staff relied heavily on what occurred in 2010. However, when actual expenditures or revenues come in higher or lower than expected, the budget can be impacted either positively or negatively.

Quinn Bennion stressed the 2012 budget overview presented was based on no changes to current service levels. Staff needs to confirm that the Council wishes to continue existing services at their current level. Also, over the course of the year, the Council has expressed an interested in providing additional services and staff needs direction on

whether to proceed with gathering information on the potential impact to the proposed budget if the services were added.

Existing Services

The Council directed staff to continue all existing services.

Additional Services

- Additional Patrol Officers - Council requested additional information on the impact of including this in the 2012 budget without any reductions in other public safety programs to cover the cost of additional patrol officers
- Snow Removal from sidewalks on key routes - Council suggested that this could be addressed with a policy change and would only address main connector streets. They also asked for projected costs using PW personnel as well as contracting the service out. Staff to provide additional information.
- On-Street Leaf Removal - It was suggested to get cost information to once and for all answer resident requests for the service. Other Council members felt this was better handled at the Homes Association level. Assign to the Homes Association Committee - no further staff action.
- Statuary Maintenance - Several Council members felt this should be done, but not by the City. It was suggested that the Mayor appoint an ad-hoc committee to coordinate this. Laura Wassmer volunteers to serve on that committee. Diana Ewy Sharp asked about the treatment of islands. This was discussed by the Council at the fall retreat, but was not moved forward as a priority. She felt the Island Committee should be reactivated. No further staff action on statuary maintenance.
- PV Magazine - Andrew Wang would like this item to remain open in the hands of the Communications Committee to determine how it could best be handled. No further staff action, but the Communications Committee may bring the issue back.

Quinn Bennion asked if there were any other services the Council wanted to consider and have staff research.

Public relations efforts were discussed. No consensus was reached.

Cost of Elections

The impact of moving City elections to coordinate with County elections thus reducing the cost of the elections was discussed. It was noted that if there is a countywide election, the County covers the cost of the election. However, if only City items are on the ballot, the City covers the entire cost. It was noted the 2012 budget includes \$60,000 to cover the cost of City elections. Background information was provided on why the change was made and staff and legal counsel were directed to get additional information on this.

Staffing levels

The Council agreed to no reduction in the number of employees for the City.

Capital Improvement Program Funding Level

Quinn Bennion reviewed a spreadsheet reflecting the approved CIP for 2011 through 2014. He noted the mill increase approved last year was designated for the capital improvement program. The spreadsheet also reflects debt payment from the bonds issued for the CIP projects.

Michael Kelly noted the e-mail sent by Charles Clark in his absence from this meeting urging the Council to increase the funding for the Capital Improvement Program. Laura Wassmer agreed with Mr. Clark's position and felt the City needed to explore ways of funding the needed increase to the CIP.

Dale Beckerman confirmed that the approved 2012 program is for \$2,477,000.

Diana Ewy Sharp thanked staff for including the cost of debt service in the figures. She noted there is no money budgeted for the parks master plan and feels strong that money should be designated to continue to implement the plan. Dale Beckerman agreed that there should be funding at some level for continued implementation of the plan.

There was additional discussion about adding more funding to the Capital Improvement Plan for both streets and parks. Laura Wassmer noted priorities need to be established for the funding of the parks. Quinn Bennion stated that in order to increase funding of the CIP additional revenue sources need to be identified and approved.

Mr. Bennion raised the possibility of refinancing the City's debt, noting it was not a recommendation of staff, however, he noted the majority of the bond payments will be completed in 2014 and these could be refinanced over a longer period of time to provide additional funding. David Belz stated he would like to see the impact of that as it relates to future CIP funding. Ruth Hopkins said she would like to hear from the City's bond counsel and financial advisor regarding refinancing. Dale Beckerman questioned what impact it would have on the total cost of money and supported payment of the bonds as scheduled. Diana Ewy Sharp noted she would not support future bonds with a five year repayment.

Budget Schedule

- May 16th - 2012 Budget Overview presented at Council Committee meeting
- May 23rd - Capital Improvement Program presented at special committee meeting
- June 13th - Operating Budget presented at special committee meeting
- June 20th - Budget discussion continued at Council Committee meeting
- July 18th - Permission to publish the budget requested at Council meeting
- August 1st - Public Hearing and adoption of 2012 Budget at City Council meeting

Adjournment

With no further business to come before the committee, Acting Council President Michael Kelly adjourned the meeting at 7:26 p.m.

Michael Kelly

Acting Council President