

## **MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE**

December 13, 2017

The Mission Finance & Administration Committee met at Mission City Hall, Wednesday, December 13, 2017 at 6:30 p.m. The following committee members were present: Pat Quinn, Tom Geraghty, Arcie Rothrock, Nick Schlossmacher, Debbie Kring, Kristin Inman, Suzie Gibbs and Ron Appletoft. Councilmember Schlossmacher called the meeting to order at 6:30 p.m.

Also present were City Administrator Laura Smith, City Clerk Martha Sumrall, Assistant City Administrator Brian Scott, Public Works Director John Belger, Parks & Recreation Director Christy Humerickhouse, Police Chief Ben Hadley, and Public Information Officer Emily Randel.

### **Public Hearing on 2017 Budget Amendment**

Mr. Scott stated that the adopted annual budget establishes the maximum expenditure authority for each fund or taxing authority for that particular fiscal year. Exceeding these expenditures without formally amending the budget is a violation of Kansas budget statutes. State law requires that a public hearing be held when amending the budget. An Equipment Reserve and Replacement Fund will be established that will allow us to set aside funds to build savings for future equipment purchases, particularly large ones. In 2017, we anticipated transferring \$250,000 into this fund, but this has been reduced to \$200,000 to offset the increased costs of insurance. Other amendments include an increase in expenditure authority for the Capital Improvement Fund to reflect the Foxridge project, and an increase in expenditure authority for the Mission Crossing TIF/CID Fund to reflect a full year of property tax increment realized on the now completed project.

Councilmember Schlossmacher formally opened the public hearing. Councilmember Kring requested additional information on the Foxridge Project. Mr. Scott stated that the new total reflects a grant received. There were no public comments on the 2017 Budget Amendment. The public hearing was closed.

### **2018 Pre-Audit Presentation**

Mr. Scott stated that the City will be working with a new audit firm this year. Berberich, Trahan & Company (BT&Co) were recently selected and they are just beginning the audit process. They have provided a preliminary letter of engagement and would like to share expectations and information on their audit process.

Stacey Hammond and Emily Sheldon, BT&Co, were introduced. Ms. Hammond shared information on the planned scope and timing of the upcoming audit, including:

- Communication - they plan to meet with the Mayor and councilmembers so that they can hear any concerns they may have. Councilmember Appletoft asked that the meeting with the Mayor be scheduled prior to January 8th when the transition to the new Governing Body will occur.

- Independence - information on how they comply with applicable professional independence standards.
- Audit Planning Process - one of the items they will focus on in this process is obtaining and understanding Mission's internal control procedures.
- Concept of Materiality in Planning and Executing Audit - any adjustments required during the audit will be included in the final audit information.
- Internal Controls Relevant to the Audit - she noted that review and understanding of the City's internal controls is not undertaken to express an opinion on the effectiveness of the specific internal controls.
- Timing of the Audit - they will conduct preliminary field work on December 20th and 21st and will be on-site the week of February 19, 2018 for final field work. Councilmember Appletoft asked approximately how many hours they anticipate spending on the audit. She stated between 200-400, and she will share additional information on budgeted hours with Ms. Smith to share with Council.

This item was informational only and no action was taken.

### **2018 Human Service Fund Recommendations**

Mr. Scott reported that the Human Service Fund is administered by United Community Services of Johnson County and each year they award competitive grants to non-profit agencies to assist with the operation of human service safety net programs for residents living with incomes at or near the federal poverty level. Johnson County communities are asked each year to make a contribution and Mission has contributed \$7,000 in previous years. This year the UCS Board is recommending a total allocation for all contributions of \$335,930 which is an 8% increase over last year. Mission's contribution would be \$7,600 which has been budgeted. The recommended programs are included in the packet materials and Marya Schott, UCS Community Initiatives Director is in attendance to answer any questions.

Ms. Schott thanked the City for their contributions to the program since 1990 and stated that the funding greatly helps residents county-wide. Councilmember Kring requested additional information on how the funds are spent. Ms. Schott stated that this information is available on the UCS website and a year-end report is also available. Councilmember Gibbs requested a brief overview of how their process of awarding grants works. Ms. Schott provided information on the timeline for non-profit organizations to apply for funding, the committee review process which includes scoring each on a matrix (outcomes, financial stability, etc.), discussion by the board on each program's strengths and weaknesses, and finally recommendations for funding which are then shared with cities so they can consider these requests as part of their budget process. Councilmember Quinn asked how many cities choose to not participate. Ms. Schott stated that Fairway, Westwood Hills, Lake Quivira, and Mission Woods do not participate although a request is made to them each year. Councilmember Quinn stated that he believes this program is an excellent use of funds.

Councilmember Quinn recommended that the 2018 UCS Human Service Fund allocation in the amount of \$7,600 be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

### **2018 Alcohol Tax Fund Recommendation**

Mr. Scott provided information on the funds collected by the state on the sale of alcoholic drinks in Mission. Of the total collected, 30% goes to the state and 70% to the City which is divided into three funds - General Fund, Special Parks & Recreation Fund, and Special Alcohol Tax Fund. In 2018, we are estimating \$195,000 with approximately \$65,000 to each fund. He stated that of the funding in the Special Alcohol Tax Fund, a portion pays for the Mental Health Co-responder program and the DARE program. Funding of \$30,000 is budgeted for the Drug and Alcoholism Council's recommended programs. He also stated that this program functions similarly to the Human Service Fund and that most cities participate.

The committee discussed the Mental Health Co-responder Program and how it is functioning. Chief Hadley stated that within the last six weeks, they have provided eight calls in Mission. He stressed that this program saves time for the Police Department and he feels it is a good use of funds.

Councilmember Gibbs requested additional information on KVC. Ms. Schott stated that this is KVC's second application for funding. They have a pilot program that works with parents of children removed from their homes due to substance abuse issues. The DAC is recommending funding a part of their request. Ms. Schott provided additional information on the funding process for program requests and noted that approximately 71,000 people have been served by funded programs.

Liana Reisinger, Mission representative to the DAC and Ward IV resident, stated that these preventative and treatment program make a real difference to many and the increased spending on preventative programs helps to reduce abuse problems down the road.

Councilmember Gibbs recommended that the City of Mission's 2018 Alcohol Tax Fund allocations as recommended by the Drug and Alcoholism Council in the total amount of \$30,000 be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

### **2018 Property / Casualty / General Liability Renewals**

Mr. Scott reported that the City maintains property, casualty and general liability insurance, which renews on an annual basis. The proposed renewal with OneBeacon is for an estimated annual premium of \$128,329. Funding of \$144,000 is included in the 2018 Budget. The City has been with OneBeacon since 2014 and last year we went out to bid. OneBeacon provided the best bid and the City renewed with them at that time. OneBeacon is also recommending cyber liability insurance for the City. He discussed concerns with malware/ransomware and

noted that we have not had any incidents, but that it is a good policy to be covered. Representatives of OneBeacon were in attendance for any questions from the committee.

Councilmember Geraghty asked if the pool slides are covered and Mr. Scott confirmed that they are.

Councilmember Kring recommended that the renewal of coverages with OneBeacon for the policy period January 1 through December 31, 2018 at an estimated total annual premium not to exceed \$128,329 be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

### **2018 KERIT Workers Compensation Renewal**

Mr. Scott stated we are required by law to have workers compensation coverage, and that Mission has been a member of the Kansas Eastern Regional Insurance Trust (KERIT) since 2009. This item recommends renewal of workers compensation coverage for the City in 2018 at an estimated annual premium amount of \$89,803. Workers compensation premiums for 2018 were budgeted in the amount of \$98,650. He stated that this proposed premium is a 6% increase, and provided information on how the premiums are calculated. Annually, an audit is conducted and the city usually receives money back which is put towards the upcoming year's premiums.

Councilmember Appletoft asked if the City has a safety program, stressing its importance. Mr. Scott stated that we plan to have our Safety Committee begin meeting again in 2018.

Councilmember Geraghty recommended that the City's 2018 workers compensation coverage through KERIT for an estimated annual premium of \$89,803 be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

### **Personnel Policy & Guidelines Update**

Mr. Scott stated that the City conducts an annual review and update of our Personnel Policy and Guidelines to insure compliance with current practices and state and federal laws. Staff is required to sign an acknowledgement of the policy once approved. The proposed policy is reviewed by staff as well as our human resource consultant. He stated that the most significant change being recommended is in Section J-8 - Other Inappropriate Behavior. The policy addresses harassment in the workplace on various levels, and now includes other behavior of a hostile or harassing nature that may not fall into one of the currently listed categories (i.e., bullying). There was no discussion on this item.

Councilmember Gibbs recommended that the ordinance adopting the changes proposed to the City's Personnel Policies and Guidelines effective January 1, 2018 be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

## **2018 IT Support Services Contract**

Mr. Scott reported that the City contracts with Johnson County Department of Technology and Innovation for support and maintenance our our network, including routine help desk support. We have contracted with them since 2011 and added the Police Department to our contract in 2014. This renewal agreement is for an annual amount of \$52,907 and provides for a comprehensive hardware and software inventory and bi-annual on site audit of all desktop computers for an additional \$6,467. The total not to exceed amount for 2018 is \$59,374.

Councilmember Quinn asked if this is a cost-effective way of handling our computer needs. Mr. Scott stated that generally it is, but noted that the cost is increasing as the Board of County Commissioners has asked that DTI recover their costs for these services. He anticipates continuing increases over the next four to five years, and we may go out to market for these services in the future.

Councilmember Schlossmacher asked if the on site audit of computers has been completed before by DTI and requested additional information on this program. Ms. Smith stated that following a staff meeting, several frustrating situations were identified that should be able to be addressed with DTI visiting each computer for updates, etc. She also stated that we have the ability to cancel this contract with 90 days notice should we choose to look at other options. Mr. Scott stated that the estimated hours for the additional audit would be approximately 40 hours for the inventory and 60 hours for the audit. We currently have 40-50 computers.

Councilmember Quinn requested information on the computers in the police vehicles and how they are handled. Discussion continued on DTI's challenges and frustrations in setting-up the in-car computers, which are somewhat unique. DTI did not have any experience with them causing a delay in having them fully functional Ms. Smith noted that other providers also had frustrations with setting-up the in-car police computers.

Councilmember Quinn recommended that the Interlocal Agreement and Project Charter for IT Services with Johnson County through December 31, 2018 in an amount not to exceed \$59,374 be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

## **Ordinance Establishing an Equipment Reserve and Replacement Fund**

Mr. Scott provided information on the proposed establishment of an Equipment Reserve and Replacement Fund for the 2017 budget year as a financing mechanism to build up reserve monies for the routine replacement of city vehicles and equipment. He stated this will be similar to a "savings account" that allow us to plan for future equipment purchases. By utilizing this fund, the City can more systematically plan for replacement of vehicles and equipment, and minimize the costs associated with financing through lease-purchase agreements.

Councilmember Quinn asked if the funds are earmarked for specific items or is it flexible. Mr. Scott stated that it is flexible and that department heads will review needs each year.

Councilmember Kring recommended that the establishment of an Equipment Reserve and Replacement Fund and authorization to transfer \$200,000 from the General Fund to the Equipment Reserve and Replacement Fund be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

### **2017 Budget Amendments**

Mr. Scott stated that the details of this proposed budget amendment were outlined prior to the public hearing held at the beginning of this meeting. A resolution is required to amend the budget with the following funds being amended: Equipment Reserve and Replacement Fund, Capital Improvement Fund, and Mission Crossing TIF / CID Fund. There was no discussion on this item.

Councilmember Quinn recommended that the resolution to amend the maximum expenditure limits for the Equipment Reserve and Replacement Fund, the Capital Improvement Fund, and the Mission Crossing Tax Increment Financing / Community Improvement District Fund in the 2017 Budget be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

### **2018 Budget Ordinance**

#### **Ordinance Directing City Administrator to Spend According to Budget**

Ms. Smith stated that these two proposed ordinances are part of the annual budget process where the City takes formal action to adopt the annual budget and direct the City Administrator to spend according to the budget. There are no changes in the 2018 Budget.

Councilmember Gibbs recommended that the ordinance adopting the 2018 Budget of the City of Mission, Kansas be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

Councilmember Quinn requested information on the spending authority for the City Administrator. Ms. Smith stated that it is \$10,000 unless an item has already been approved in the annual Capital Improvement Budget. She stated that most items, even if included in the CIP budget, do come to Council for approval.

Councilmember Quinn recommended that the ordinance authorizing the City Administrator to make expenditures in accordance with the adopted 2018 Annual Budget be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

### **CMB License Renewals**

Ms. Sumrall stated that Cereal Malt Beverage licenses must be renewed annually by the City Council. Five businesses have applied to renew their CMB licenses for the period January 1, 2018 through December 31, 2018. There was no discussion on this item.

Councilmember Quinn recommended that approval of the 2018 CMB License renewals as presented be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

### **Massage Establishment Licenses**

Ms. Sumrall stated that initial applications for massage establishments must come before Council for approval. Marchelon Professional Massage Therapy has applied for a massage establishment license at 4811 Lamar. The owner has also applied for a massage therapist license, which may be approved administratively. In an effort not to defer a potential opening date until mid-January for this applicant, Council is being asked to consider this application at this time with the issuance of the license being held until Chief Hadley has received and approved the background check results.

Councilmember Inman recommended that the massage establishment permit for Marchelon Professional Massage Therapy at 4811 Lamar, contingent upon final approval by the Chief of Police of the applicant's background results, be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

### **Police Department Over-hiring Policy**

Chief Hadley provided an overview of current staffing levels in the Police Department, noting that the department is currently down by four positions. The hiring process, from interview through the academy, is quite long and some candidates drop out of the process along the way. He stated that it is also hard to compete with larger agencies that also are recruiting. The department is currently budgeted for 29 positions, but he would like to over-hire to 31 to assist in managing the "ebb and flow" of officers in positions. Several other cities have this policy in place.

Chief Hadley discussed the various impacts to the department and community when they are not fully staffed (response time, officer safety, overtime costs), but also noted that the classification and compensation study has helped greatly and he feels the department is "in good shape." He stated that if allowed to over hire, the department would bring in certified officers and he would regularly communicate with Council to assure them there is no "creep" in the budget or number of personnel on staff. Chief Hadley also thanked his staff for their recent recruitment efforts that have resulted in several new hires.

The committee discussed the potential to add additional full-time officer positions as development projects are completed in the City, and the need to look at specific calls for service details at that time.

Chief Hadley stated that of the five positions that were open in the department, one has been filled by a former Mission officer, and four officers are currently in the academy. He anticipates them being on the street in Mission on their own in August. He stated that he would like to hire two over our current staffing, noting that officers come and go for various reasons throughout the year (do not complete Academy, leave for another City, are deployed in the military).

Councilmember Appletoft stated that per Chief Hadley's request, Council would approve the over hiring of two police officers with the intent of maintaining an average of 29 police officers, and that the Chief will provide Council with periodic updates on staffing in the department. All on the committee agreed.

### **Other - Department Updates**

Ms. Smith reported the following:

- In response to a previous question from Council, the auditors are anticipating spending approximately 300 hours on our audit under the current contract.
- We were recently notified that Mission has achieved "Gold" status for the Communities for All Ages Award. Ms. Smith thanked Ms. Randel for her work on this initiative.
- The annual employee appreciation luncheon will be held on Thursday, December 14th.
- The ad for the Ward IV council vacancy will appear in the Kansas City Star and the deadline for applications is December 29, 2017.
- The traffic controller for the signal at Woodson and Lamar was shipped to the wrong location, but we anticipate receiving it later this week so the signal can become operational soon.

### **Meeting Close**

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 8:00 p.m.

Respectfully submitted,

Martha Sumrall  
City Clerk