

MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

June 5, 2019

The Mission Finance & Administration Committee met at Mission City Hall, Wednesday, June 5, 2019 at 7:20 p.m. The following committee members were present: Pat Quinn, Hillary Thomas, Arcie Rothrock, Nick Schlossmacher, Debbie Kring, Kristin Inman, Ken Davis and Sollie Flora. Mayor Appletoft was also present. Councilmember Flora called the meeting to order at 7:20 p.m.

Also present were City Administrator Laura Smith, Assistant City Administrator Brian Scott, City Clerk Martha Sumrall, Chief Ben Hadley, Assistant to the City Administrator Emily Randel, and Public Works Superintendent Brent Morton.

Acceptance of the May 1, 2019 Finance & Administration Committee Minutes

The May 1, 2019 Finance & Administration Committee Minutes were provided to the committee in the packet. There being no objections or corrections, the minutes were accepted as presented.

Project Ordinance - Rock Creek Channel Improvement Project

Ms. Smith stated Bruce Kimmel, Ehlers, the City's Financial Advisor, and Kevin Wempe, Gilmore & Bell, the City's Bond Counsel are both available for this meeting to answer questions. Mr. Kimmel joined the meeting via phone. Ms. Smith reported this ordinance is a legally required step in the consideration of debt financing for the Rock Creek Channel Improvement Project. This project includes the design and construction of Rock Creek Channel from just east of Nall to Roeland Drive and includes retaining walls on both sides of the creek. It also includes parking lot and common area improvements for the Roeland Court Townhomes, which will be reimbursed through their CID.

Councilmember Quinn recommended that the ordinance authorizing construction and financing for the Rock Creek Channel Improvements be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

Set Sale Resolution, Rock Creek Channel

Ms. Smith stated this set sale resolution is not legally required, but it provides details for the public at the beginning of the process, and signals our intent to take the general obligation bonds to market. This proposed issue includes financing to repair and maintain the Rock Creek Channel from just east of Nall to Roeland Drive, and includes repairs and restoration of the parking and common areas of Roeland Court Townhomes that was damaged in 2017 due to a subsidence. This resolution is just one step in the overall bond issuance process and the anticipated sale and award of bonds will be at the July City Council Meeting.

Mr. Kimmel discussed the Pre-Sale Report prepared for this issuance and outlined the steps taken in issuing bonds as it has been approximately five years since the City's last full bond sale (including credit rating). He stated it is a favorable time to be in the market as there is increased demand for municipal bonds from cities like Mission. He stated they do not anticipate any major disruptions to this favorable market in the near future. Councilmember Davis requested information on Mission's AA rating. Mr. Kimmel stated that Mission's AA rating is good as it is just two notches from the best rating possible. He believes this rating will be reaffirmed and they will take a detailed look at making a case for improving our rating to AA+. He described the rating process and Mission's financial policies and practices that have helped with our rating. The committee also discussed the impact receiving a AA+ rating would have on this bond issue, with Mr. Kimmel stating possibly \$20,000 savings on an issuance of this size. Mr. Kimmel also provided information on the competitive sale process that the City follows for bond issuance and the benefits, noting the sale will be open to the national marketplace, the process is more transparent and has had better results. Ms. Smith stated Councilmembers Quinn and Schlossmacher had previously asked about refinancing opportunities for some of our existing bond issues and Mr. Kimmel stated these are looked at every few months for possible refinancing. He provided information on the various outstanding bonds and changes to advance refunding laws. He stated that some are currently at very low interest rates and they will continue to look at opportunities for others, but it does not make sense right now to refinance.

Councilmember Davis recommended that the resolution authorizing the offering for sale of General Obligation Bonds, Series 2019A of the City of Mission be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

Amendments to Chapter 210, Animal Control

Chief Hadley stated these recommended ordinance changes are required since NEACC disbanded at the end of 2018. Beginning in 2019, the City established Community Service Officer positions to respond to animal control complaints, as well as non-emergency functions. Because of this, changes are required to our Municipal Code. This proposed ordinance includes changes to various terms to reflect the new CSO positions and structure, and references to NEACC were removed. He stated that Section 210.050 has also been updated to remove "destroy such animal" as it is not Mission's practice/policy to destroy animals, although on occasion a diseased or injured deer or racoon, etc. may have to be put down. Several other minor changes to this chapter of the Code are also included in the ordinance with reference to impoundment fees, and provisions for animals other than domesticated dogs and cats. Chief Hadley stated he anticipates additional updates to this section of the Code regarding Animal Control and these will be brought back to the committee later in the year.

Councilmember Davis recommended that the ordinance amending Chapter 210 of the Code of the City of Mission regarding animal control be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

Massage Establishment License, Grateful Touch Massage, 5917 Woodson

Ms. Sumrall reported that an application has been received from Grateful Touch Massage for a massage establishment at 5917 Woodson. The owner has also applied for a massage therapist license which may be approved administratively following approval of the massage establishment permit. The applicant will be the only therapist at this location and she has provided the necessary documentation regarding education and training, and her background check has been approved by Chief Hadley.

Councilmember Quinn recommended approval of the massage establishment permit for Grateful Touch Massage, 5917 Woodson, be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

Sprint Franchise Agreement

Ms. Sumrall stated the City was recently contacted by Sprint regarding our right-of-way permitting and franchise agreement requirements. Sprint plans to construct fiber optic cable to connect Sprint's Kansas City metro fiber to a Sprint cell site located at 5700 Broadmoor. This proposed franchise ordinance is required prior to a right-of-way permit being issued. She stated this ordinance is also consistent with our other franchise ordinances and has been prepared by City Attorney Dave Martin working with Sprint's legal counsel. The agreement includes the collection of a franchise fee of 5% of gross receipts, but noted that at this time Sprint does not intend to provide service in Mission so no franchise fee will be collected.

Councilmember Davis recommended that the ordinance granting Sprint Communications Company L.P. a contract franchise to construct, operate and maintain a telecommunications system in the City of Mission, Kansas and prescribing the terms of said contract franchise be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

2020 Budget

Review of General Fund Budget and Supplemental Requests

Ms. Smith shared information on the 2020 General Fund Budget, including a powerpoint presentation that included information on the following:

- An annual budget is required by State statute, runs on a calendar year and is certified to the County in August each year. The budget identifies priorities, goals and objectives and communicates these to the public. Mission is conservative in our budgeting and although we do not do a multi-year budget, it is helpful in planning and forecasting for the future.

- The 2020 General Budget includes 16 funds and has an overall City budget of \$20.3 million, which is down from last year. The General Fund Base Budget is \$13.2 million (65% of total budget) and covers all operating departments/services and capital expenses for all except Parks & Recreation.
- 2020 General Fund Revenues total \$13.45 million. Our revenues are diversified with the following breakdown: property tax 21%, sales/use tax 27%, intergovernmental revenue 12%, Parks & Recreation 15%, fines and fees 9%, franchise fees 8% and other revenue equals 8%. We anticipate a 2% increase in revenues and they are overall holding steady. There are decreases in plan review and inspection fees in 2020 as they were higher in 2019 due to the EPC and Gateway developments. Franchise fees are down slightly due to weather (gas, electricity).
- Assessed valuation trends were shown in historical context. 2014-2016 was a “recovery period” from the earlier 2008-2013 downturn, and 2017-2018 saw spikes in valuation. These are now leveling off and our mill levy is down slightly due to growth in assessed valuation. The property tax lid will need to be considered with this growth in assessed valuation, but Mr. Scott stated that we still have plenty of room.
- 2020 General Fund Expenses total \$13.2 million and is \$12.1 million excluding transfers. Public Safety expenses are 37% of the budget, Parks and Recreation 24%, Public Works 26%, and Administration 13%. Ms. Smith provided information on how our Public Safety budget compares with nearby cities including Roeland Park at 25%, Prairie Village 40% (including their contracted services with Mission Hills), Westwood 37% (includes contracted services with Westwood Hills and Mission Woods), Merriam 25%, Fairway 28-30%, and Shawnee 30%. She stated you must look at the character of the community and number of businesses concentrated in Mission when considering our Public Safety budget. The projected ending fund balance is \$5.1 million with 3.37 million restricted for 25% fund balance, \$160,000 for ADA improvements, and \$1.58 million in excess/unrestricted.
- General Fund Balance - GFOA recommends no less than two months of general fund operating revenues, which is designed to mitigate revenue shortfalls, unanticipated expenditures and to ensure stable tax rates. Ms. Smith provided the examples of storm debris pick-up provided to residents this past year. This recommended amount is dependent of a variety of other factors unique to each community including exposure to significant on-time expenses (i.e. TUF), reliance of other funds on sales tax revenues (especially capital debt service if the economy were to have a downturn), and potential impact on bond ratings. She discussed the chart provided and noted that in 2010 there was a specific decision to draw down and restructure debt so that we were not dependent on the Gateway development. She also stated that in 2019 the General Fund balance decreased a bit as we were “catching-up” on capital purchases.
- 2020 estimated budget expenses vs. 2020 proposed expenses by character were discussed including personnel, contractual, commodities, capital outlay, debt service and transfers out.
- General Fund equipment and technology requests with a total of \$774,000 were discussed and include equipment and technology upgrades for all departments.

Technology request includes Wi-Fi access hubs, software upgrades, new computers, and equipment requests included police vehicles and public works vehicles/equipment. The two dump trucks and skid steer for Public Works will be funded from the Equipment Reserve and Replacement Fund with some money going back into this fund when the old equipment is sold.

Discussion by the committee continued on specific supplemental requests made by department. Several requests from councilmembers were made to the Legislative Budget and Ms. Smith stated these may be moved to various departments if they move forward. Other requests included the Greenhouse Gas Emissions Inventory Update from Administration, re-establishment of the City Planner position from Community Development, upgrades to entry desk, lifeguard and day care positions at the Community Center, and converting two existing over-hire positions in the Police Department to a Directed Patrol Unit and vehicle lease/purchases.

Ms. Smith stated 2020 is the target year for reducing our greenhouse gas emissions and this update is also being recommended by the Sustainability Commission. The cost is \$15,000. Councilmember Flora noted that MARC and the KC Climate Action Coalition is working on a regional plan and she asked the Sustainability Commission to touch base with MARC on this initiative. Ms. Smith stated staff and the Sustainability Commission can review our Climate Action Plan to see what has been done and what has not, and then coordinate with the regional plan. Councilmember Inman asked that the 2009 Climate Action Plan be shared with Council as many were not serving at that time and are not familiar with it. Councilmember Kring noted that we need to consider whether the goals included in the plan are still appropriate.

The re-establishment of the City Planner position was discussed, noting that this position was converted to the Building Official last year. There is enough work now that the Building Official is very beneficial and adding the City Planner would allow Mr. Scott to transition duties back to that position. The initial request for this position is \$93,000 with an annual ongoing expense of \$86,000. This would be an entry level position. Councilmember Flora suggested that it would be beneficial to hire a planner with a green building background.

Parks and Recreation Department is requesting upgrades to various positions at the Community Center for a total amount of \$20,000. There are 8-10 positions that are kept to below 1,000 hours per year (no KPERS or Principal benefit), but this does not allow us to provide the best customer service when having to manage their shifts. By making this change we would be able to use people who are best trained for the positions and provide the best customer service.

Ms. Smith stated the Police Department is requesting a Directed Patrol Unit that would be staffed by converting two existing over-hire positions to full-time. We now have 31 commissioned staff and have had little turn-over since 2018. There are 29 officers on the street with 2 additional officers in field training. She stated that additional information on this request is

provided in the narrative in the packet. A vehicle is also being requested for the Directed Patrol Unit and the replacement of 4 additional fleet vehicles with a lease/purchase 4-year lease term.

The total for these department requests, excluding those from Legislative, is \$439,000.

Discussion by the committee on the supplemental requests included the following:

- Are the Police Department over-hires reflected in the 37% of the budget for Public Safety. They are not, and Ms. Smith will rerun these numbers for Council.
- Parks and Recreation staffing changes will allow staff to work standard shifts, rather than looking at their hours monthly and having to make adjustments.
- Are pay increases being considered for part-time employees? Ms. Smith stated that there is an overall merit pool of 3.5% for both full and part-time staff in the budget. She noted that part-time staff now receive evaluations. Also included in the budget is the estimated 15% increase in health insurance premiums for 2020.
- Has the starting rate of pay for part-time employees been considered and is an increase needed? Ms. Smith stated there was a significant increase in the last few years and we have not had any hiring issues for summer positions this year.
- More data related to the Police Department requests would be beneficial - both historical and anticipated future needs. Council wants to be sure we are focusing on the greatest need in the community.
- Vehicle replacement cycle for police cars was discussed. Ms. Smith stated we have replaced 6 front line cars every 4 years and keep the best 4 of the old cars to roll down for other Police Department staff. The patrol fleet replacement is staggered and the administrative vehicles are replaced on an approximately 10 year schedule. 2020 would be outside of what is usually done with the requested replacement of all 10 vehicles at one time. Chief Hadley discussed how the vehicles are used (run 24/7/365 days a year) and issues with warranty and budgeting for large expense repairs (transmission, etc.). He stated with the replacement of all 10 cars, they would all have the same warranties and same equipment. They are considering Ford Explorers or Dodge Durangos or Chargers. Ms. Smith noted that the department would prefer to stay with an SUV model.
- Discussion of the new NICHE reporting system for the Police Department and its impact on data as there are some differences in reporting from what was previously used. Staff will continue to study what is needed for Public Safety as the Gateway development moves forward, particularly relating to the Cinergy entertainment venue.

Ms. Smith provided information on the various requests made by Council to the Legislative Budget. Ms. Smith stated paid family leave for full-time staff has been identified and may be best considered in the fall when other personnel and benefits are considered by Council. Councilmember Inman noted that often companies pay short-term disability that can be used for family leave and this should be looked at. Councilmember Flora stated this would not cover men. Councilmember Thomas stated this is a great incentive for hiring staff with often times

little actual payout. Roeland Park and the State have both implemented this policy and she feels it would be in our best interest to do so also.

The committee discussed staff support for public information/constituent communications/PR. Councilmember Flora stated that with Ms. Randel's new duties she would like to be sure we have enough support in this area. Councilmember Thomas stated this may be a request for 2021 when additional public relations will be needed with development projects coming online. This could possibly be a part-time position or reallocation of duties. Discussion also included the need to consider in-house versus contractual options for these duties.

Mayor Appletoft stated that some of the supplemental requests for the Legislative budget could be quickly addressed, while some are more philosophical in nature and may be best for discussion at a retreat. Councilmember Davis stated that costs for these requests are needed to be able to make a decision. Councilmember Thomas agreed that more information is needed, but would like to discuss these as part of the budget process rather than in a retreat. Although they may not be issues to move forward with, she would like additional information to be able to report back to constituents. Councilmember Flora stated that issues like leaf pick-up are easier to get solid costs on, while others that are more philosophical need additional time to discuss, but should be part of the process. Councilmember Schlossmacher noted that leaf pick-up has been discussed previously and has not moved forward as it is very expensive. Ms. Smith provided information from Roeland Park on their costs for leaf pick-up and stated that this can be looked at again as the solid waste contract is considered. Discussion continued with issues associated with Roeland Park's leaf pick-up. Councilmember Davis stated that he recommended increasing the budget for tree maintenance on public property, including ROW, and said these items could be discussed either in a retreat or possibly a work session. Councilmember Thomas stated she would like to see banners on our light poles, and would like to see us continue to invest in the Johnson Drive corridor aesthetic. The committee also discussed directing some of these issues to committees for their recommendation, i.e. sidewalks to the CIP Committee, tree maintenance to the Parks, Recreation and Tree Commission, and sustainability projects to the Sustainability Commission.

The group discussed the potential cost for banners on streetlight if they are changed two times a year and possibly funding these through the Transient Guest Tax funds. The committee agreed that this issue could be considered now and does not need to be discussed at a retreat.

Councilmember Flora discussed Councilmember Thomas' letter to constituents to improve communications. Ms. Smith stated the cost for this was approximately \$800 (mailing, etc.) Discussion continued on councilmembers doing the legwork for these types of mailings with the city providing printing, paper, mailing costs, etc., the importance of providing consistent themes and messages to all residents, and timing of these types of mailing so they are not tied in any way to an election. Councilmember Inman noted that the City does have a monthly email residents can subscribe to in addition to the Magazine. The committee discussed the best way

to reach residents by ward, and the possibility of increasing funds for wards/neighborhoods to have clean-up events, dumpsters, BBQ's, etc.

The request of sidewalk fill-in for residential neighborhoods can be an engagement issue that is also presented through the CIP Committee.

The committee discussed the request for increased budget for tree maintenance on public property, including ROW and the need to work with KDOT on this issue, benefits to mowing, and the issues some trees are causing with power outages. Councilmember Davis asked if we have received an analysis of outages from KCPL. Mayor Appletoft stated he met with a team from KCPL regarding this issue, but their classification of outages is different from what we are looking for (more general). KCPL does have a regular maintenance program and is working to keep equipment current. Ms. Smith stated they plan to come annually to Mission to present information on their CIP and where they are working. Mayor Appletoft also stated homeowners must be proactive in tree maintenance and when they are unable to do this the City may be able to assist. This has been a topic of the NE Mayors at their monthly luncheons and how the cities can work together to address this problem with KCPL. The committee also discussed expanding the Neighborhood Services grant program for additional tree maintenance, and whether a homeowners association could apply. Ms. Smith also noted that we need a tree maintenance plan for all trees on City property.

Ms. Smith provided an update on the calendar for the budget as follows:

- June 26 - CIP Work Session / Review Capital Funds
- July 10 - Recommended 2020 Budget
- July 17 - Community Dialogue on 2020 Budget
- August 7 - Public Hearing / Final Review of 2020 Budget
- August 21 - Adoption of 2020 Budget and 2020-2024 CIP

Councilmember Davis thanked staff for their work on the budget and stated it was very well presented. Mayor Appletoft agreed and stated the process is long and hard and requires a great deal of discussion. Ms. Smith thanked all and stated she is happy that we are able to consider supplemental request and have choices.

This item was for discussion only and no action was taken.

Other Department Updates

There were no department updates.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 9:30 p.m.

Respectfully submitted,

Martha Sumrall
City Clerk