



CITY OF TOPEKA

CITY COUNCIL COMMITTEE
MEETING MINUTES

BUDGET COMMITTEE

CITY COUNCIL
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Date: June 13, 2015
Time: 8:00 a.m.
Location: Law Enforcement Center, 320 S. Kansas Ave.

Committee Members present: Deputy Mayor Karen Hiller (Chair), Councilmembers Richard Harmon, Elaine Schwartz, Sylvia Ortiz, Michelle De La Isla, Sandra Clear, Brendan Jensen, Jeff Coen, Jonathan Schumm, and Advisory Member Mayor Larry Wolgast.

Staff present: Administrative & Financial Services Director Doug Gerber, Budget Manager Nickie Lee, Deputy City Attorney Mary Feighny and Department Heads and/or their representatives. City Manager Jim Colson was absent.

1. Call to Order - Deputy Mayor Karen Hiller, Chair
2. June 24, 2014 meeting minutes were approved by consent as presented. Public Engagement Meeting Notes from May 11, 2015 and May 12, 2015 were approved by consent as presented.
3. Opening Comments

Deputy Mayor Hiller announced that this is a working session for Council; there will be no public comment.

The 2016 Budget Book can be viewed online at <http://www.topeka.org/pdfs/Budget/2016DraftBudgetBook060815.pdf>

Doug Gerber stated that the recent changes by the State will not impact the 2016 budget. The Property Tax Lid will not go into effect until 2018.

4. 2016 Budget Overview by Nickie Lee, Budget Manager
 - a. Overview of the budget process and calendar
 - i. Budget documents and schedules can be viewed at www.topeka.org/budget
 - b. Budget and Budget Book Introduction
 - i. Nickie Lee explained and answered questions regarding pages 4-15 of the Budget Book, which starts with a letter from the City Manager outlining the previously approved

budget priorities, and is followed by the budget calendar, expenditure summary, changes to the general fund budget, revenue summary and major revenue sources. (See attached for detailed information.)

5. General Fund Review

a. Personnel Expenditures (see page 9 attached).

- i. Full time salaries increased by approximately \$803,000 for contractual wages (Unions) and 2% for executive and management staff who received a 1% increase last year and a 0% increase in some years prior. Six of the seven Unions have not agreed on their new contracts yet; the cost of their steps and longevity equals to an average 1.5% to 2.5% pay raise, which has been built into the budget.

Deputy Mayor Hiller asked about compression issues in some departments; is this addressed in the 2016 budget? Doug Gerber responded that there is a compensation study RFP out now, which will be used to address compression in a comprehensive way.

Councilmember Schwartz stated that the City did a resource allocation study a few years back which showed we were comparably higher than other cities. She stated that in the past, 75% of our funds have gone to Public Safety. She asked if the budget reflects what that percentage is now? Nickie Lee said the percentage will be very close to what it has been in the past. Councilmember Schwartz asked Nickie Lee to provide the percentages for each department's use of the general fund.

- ii. Nickie Lee reviewed the health cost impact on the General Fund Budget. In 2016, we are increasing our coverage of employee plans by a few percentage points. Employees participating in the wellness option will pay a lesser amount than those who don't participate.
- iii. NEW Two Property Maintenance Inspectors II FTE's in Neighborhood Relations who will focus on abandoned structures in the City.

Mayor Wolgast asked how is the new International Property Maintenance Code (IPMC) making a difference, as compared to a year ago? He hears that Code Compliance still cannot keep up, when last year they said the new international codes would make things better.

Councilmember Ortiz asked how many code inspectors we had in 2013, 2014 and 2015? She would like to see the numbers of code violations throughout the different neighborhoods in the City. She wants to make sure we need these new two inspectors. She would like to see more educating of residents; maybe add a 'did you know' to NIA newsletters. She doesn't feel that code is working well, so you will have to really sell her on getting two more inspectors approved.

Councilmember Schumm asked if they know what the savings to the City will be for these two new inspectors? Sasha Stiles will talk to Council at the next meeting to give much more detail on this. Five inspectors are IPMC certified.

Councilmember Clear asked what impact will the two new inspector positions have; will all abandoned houses be taken care of in 1 year? 3 years? Sasha Stiles stated that each demolition takes about 6 months if everything goes well; otherwise it could take 8-12 months. It takes time to identify owners of abandoned houses; there are many requirements on property owner rights. There are currently 700+ abandoned houses identified.

Councilmember Jensen asked Nickie Lee, if we have two more inspectors will we have more court cases, and is the Municipal Court adequately staffed to handle the increased number of cases. Judge Miller responded that there are no staffing issues and no bottle necks at the Municipal Court level.

Mayor Wolgast stated that code violations, like cars in yards, aren't being addressed and penalties/fines are not high enough. Sasha Stiles stated that she plans to meet with Judge Miller to discuss appropriate fines.

Mayor Wolgast asked if we are increasing funding for mowing grass. Sasha Stiles stated that they have not increased their budget for contracted mowing; they hope to use the inmate crews to assist with this.

Deputy Mayor Hiller stated that she thinks the money that is being proposed for additional staff and demolition costs may be better used by hiring an expert to implement the IPMC.

Councilmember Schwartz asked if the City goes after any kind of restitution.

Councilmember Schumm wants to know how many additional property maintenance cases the current inspectors could handle if they didn't have to focus on the issue of abandoned houses.

iv. NEW One Trade Inspector FTE in Neighborhood Relations
Councilmember Clear asked what the average wait time for an inspector to go out now is and how would that change. Nickie Lee stated that she will get back to her with an answer.

v. NEW Internal Auditor FTE
Councilmember Clear asked why an internal auditor is better than an external auditor.

Doug Gerber stated that this is not just a financial auditor, but is an auditor that will help with best practices and will ensure that we are modeling efficiency and effectiveness throughout the organization.

Councilmember Hiller asked if the Auditor could report directly to the Council. Doug Gerber stated that this position is an internal position that would report directly to the City Manager.

b. Contractual Expenditure Increases

i. Demolition Funding

Councilmember Ortiz asked for a breakdown of the \$300,000 increase.

ii. Electric Rate Increase

We are unsure of what Westar's rates will increase to. We feel it is safe to build in an 8% increase.

iii. Additional Downtown Funding

Mayor Wolgast asked for a breakdown of what the Downtown Redevelopment Incentive Grant funds are spent on. Nickie Lee said she has a report from Downtown Inc. and will bring it to the next meeting.

iv. IT fees

Adjusted fees to more accurately reflect the services that each Department uses.

v. State/County Inmate Program Fee
Pays the wages of County employees that oversee the inmates. The fees more accurately reflect the services that each Department uses. Fee was set by reviewing the costs and usage of the inmates and averaged based on past years.

vi. NEW Establishment of Arts Funding
The last time this line item was in the budget was 2005. The funds could be used for education, events, and public art (ie. Murals). Nickie Lee mentioned that some communities will use 1% of a project fund to ensure that art is incorporated into the project.

vii. Natural Gas Fee
Built in a 2% increase.

viii. Increased Funding for Topeka Cemetery
There is a requirement by the State of Kansas; if there is a public cemetery that goes bankrupt/out of business, it is the responsibility of the City to take it over. The City gives funds to several cemeteries. The Topeka Cemetery has asked for assistance to meet their financial obligations. The City will help them to learn how to manage their finances so we won't have to continue increasing our funds to them.

Councilmember Ortiz asked what have they used the funds on in the past? Is it being used as intended? Mayor Wolgast stated that Topeka Cemetery has been making significant improvements, but they still need additional assistance.

Councilmember Jensen mentioned a partnership with 712 Innovations, where high school students may be utilized, and that this may be beneficial to the cemetery.

ix. Water fees (Water rate increases for City buildings water usage.) 6% increase.

c. Commodity Expenditures

i. Motor vehicle/equipment increase for Neighborhood Relations.

Deputy Mayor Hiller asked what exactly these funds will be used for. Nickie Lee will follow up on this.

Councilmember Jensen asked if we think about buying vehicles that take alternate fuel. Doug Gerber stated that it would depend on the Department needs and the RFP.

d. Capital Outlay/Other Expenditures

i. Transfer to Projects for CIP Cash Items

Holliday Building boiler, TFD station renovations, Zoo Digital x-ray, Law Enforcement cameras, and the River Weir Project.

ii. NEW Transfer from General Fund for Sales Tax Revenue (STR) Project

Nickie Lee stated that the quarterly reports show itemized line items reflecting how much has been budgeted and spent on projects.

e. Expenditure Decreases

i. Parks & Recreation Contractual Obligation

Nickie Lee stated that the annual fees that we have been paying to Shawnee County have now dropped off; the last payment was in 2015.

Mayor Wolgast asked if we are still paying on bonded indebtedness for projects that the City encumbered when Parks & Recreation was part of the City. Nickie Lee stated that we were. She will report back to the Committee with more information.

ii. Employer KP&F Contributions
Decrease for Police and Fire.

iii. Prisoner Care Payment to Shawnee County.
2014 actuals totaled \$738,000. Year to date (Jan-Apr)
\$232,000 has been paid out.

iv. Motor Fuel
Expect to see a savings due to a decrease in fuel costs.

f. Revenue Impacts

i. Franchise fees

Increase based on 2014 actuals.

ii. Sales tax

Increase based on 2014 actuals and forecast of 2015.

iii. Property tax

Nickie Lee stated that although we are not raising the mill levy, we are still expecting growth in property tax. New companies will contribute to the tax.

iv. Administrative Fees Paid by Other Funds

All other major funds, which include water, sewer, storm, parking, street, etc. We are allowed to assess a fee to these funds to add to the general fund. In 2016 a cost of service study was conducted that showed we were overcharging on these funds, which is why we are decreasing this fund.

Meeting adjourned at 11:00 a.m.

The videos of this meeting can be found at:

Part 1

<http://youtu.be/kZIVcVE7o0Q>

Part 2

http://youtu.be/Ou4_IqXyOpI