



CITY OF TOPEKA

CITY COUNCIL COMMITTEE
MEETING MINUTES

BUDGET COMMITTEE

CITY COUNCIL
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Date: June 11, 2016
Time: 8:00 a.m.
Location: Law Enforcement Center, 320 S. Kansas Ave.

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

Staff present: Doug Gerber, Deputy City Manager; Nickie Lee, Budget & Performance Manager; Lisa Robertson, City Attorney; Jim Colson, City Manager; and Department Heads and/or their representatives.

1. The meeting was called to order by Deputy Mayor Michelle De La Isla.
2. The July 7, 2015 meeting minutes were approved.
3. Deputy Mayor Michelle De La Isla made opening comments.
4. 2017 Budget Overview

Doug Gerber reviewed the Tax Lid Legislation (see attached Proposed Conference Committee Report.)

Nickie Lee gave an overview of the 2017 Proposed Budget. The 2017 Budget Book can be viewed online at:

<http://www.topeka.org/pdfs/Budget/2017ProposedBudgetBook.pdf>

Nickie Lee reviewed the significant impacts to the 2017 General Fund (page 10 of the Budget Book). Attached is a spreadsheet that includes notes regarding increases and decreases. Regarding personnel, six new positions have been added as follows:

- Two in TSG - GIS mapping and asset management. Cost for these positions will be spread across Public Works.
- Two Zoo Keepers to support the master plan and expansions.
- Two Fire Personnel - EMS Director, EMS Training Officer.

The Budget Committee asked Nickie Lee to come back to the next meeting with answers to the following questions:

- Please provide an analysis of how the property tax lid would have impacted the proposed 2017 budget.
- Provide comparable governing body pay; including whether some jurisdictions use the CPI as an indicator and what other benefits (allowances, mileage/vehicles, training, etc.) other jurisdictions provide.
- Provide more background to retirement reserve. How much do we pay out, what is calculating into retirement, etc.
- How many people are on our health plan?
- What are the next 5 years of Lawson annual payments? What are the expected savings and efficiencies due to moving to a cloud-based system?
- What are the policies and procedures for phone and computer replacement? How do we ensure we are not paying for lines we are not using and/or don't have extra equipment?
- Why is vehicle property assessed valuation revenue projected to decrease?

Items that were deferred until a later date for discussion include:

- Who is responsible for park maintenance in the downtown area?
- Potential early retirement buyouts
- Fire

Meeting adjourned at 10:39 a.m.

The video of this meeting can be found at: <https://youtu.be/WEggvJm1uw>

Overview of the Tax Lid Legislation (Senate Substitute for House Bill 2088)
Proposed Conference Committee Report

- Implementation Date – January 1, 2017.
- Rate of growth of property tax for cities/counties limited to five-year rolling average of the Consumer Price Index (CPI). Growth rate shall not be less than 0%.
- Election to override tax lid can be conducted at the next regularly scheduled election in August or November, a special election, or a mail ballot election. The mail ballot election shall be conducted on September 15, unless that date is a Sunday. The mail ballot election statute is modified to allow a city and county to conduct a mail ballot election on the same day.
- The bill provides new key dates for municipalities: Director of PVD and county appraisers certify the assessed valuation to the county clerk by June 1. County clerks provide estimated assessed valuations to taxing districts before June 15. A city or county deciding to conduct an election using a mail ballot election must certify that an election is necessary to the county clerk no later than July 1. If a mail ballot election is called, the governing body certifies the amount of ad valorem tax to be levied to the county clerk by October 1.
- Revenue excluded from calculating the tax lid comprises
 - New structures or improvements or remodeling or renovation of any existing structures or improvements that do not include ordinary maintenance or repair of existing structures or improvements,
 - Increased personal property valuation,
 - Property located within added territory, and
 - Property which has changed in use.
- Expenditures exempted from the tax lid:
 - Bond and interest payments.
 - Principal and interest on state infrastructure loans, bonds, temporary notes, and no fund warrants. Payments to a public building commission or lease payments for only those obligations that existed prior to the effective date of the law (July 1, 2016).
 - Payment of special assessments.

- Court judgments or settlements of legal actions against the city or county, and those legal costs directly related to such judgments and settlements.
- Expenditures that are mandated by federal or state law with such mandates becoming effective on or after July 1, 2015.
- Expiration of a property tax abatement.
- Expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or other property tax rebate program.
- Expenses relating to a federal, state or local disaster or federal, state or local emergency, including a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor declare such disaster or emergency.
- Increased costs above the CPI for law enforcement, fire protection or emergency medical services. Any increased property tax revenue generated for law enforcement, fire protection or EMS shall be expended exclusively for these purposes and shall not be used for the construction or remodeling of buildings.
- Property taxes levied by a subordinate government if the city or county does not have the authority to modify the tax levy of the subordinate body.
- Loss of federal funding after January 1, 2017 where the local government is contractually obligated to provide a service.
- The property tax revenues levied by the city or county have declined in one or more of the preceding three calendar years and the increase in the amount of funding for the budget does not exceed the average amount of funding from such revenue for the preceding three calendar years, adjusted to reflect the change in CPI.
- Loss of assessed valuation due to legislative action, judicial action or a BOTA ruling as written in current statutory law.

Handout for Budget Committee Meeting 6/11/16
Detail for Page 10 of the Proposed Budget Book

Significant Impacts to the 2017 General Fund

Significant Personnel Expenditure Increases	2016 Budget		2017 Budget		Department	Council Priority Type	Notes
				Increase/ (Decrease)			
Full Time Salaries (Cost of Contractually Obligated Wages and 2% + 1% Merit Pool for all else)	\$ 47,318,428	\$	48,791,196	\$ 1,472,769	All G.F. Departments	All	Includes 6 New positions, 3% for mgmt/exec and contractual increases in Fire, Police, and Departments with AFT and Development Services employees
Employer Contribution for Health Insurance	\$ 5,143,333	\$	5,988,194	\$ 844,862	All G.F. Departments	All	13.5% increase over 2016 actuals/16% over budget
Employer Retirement Reserve Contribution	\$ 879,571	\$	1,284,123	\$ 404,552	All G.F. Departments	All	Increased by .75% to 2.25% (Non Police/Fire) and 2.75% (Police/Fire)
Comp Accrual Sick/Vacation	\$ (342,711)	\$	(39,411)	\$ 303,300	All G.F. Departments	All	Audit entry for accruals; corrected based on actuals
Comp Time Call Back Pay	\$ 351,994	\$	545,096	\$ 193,102	Fire	Public Safety	Call Back is used to meet minimum staffing Adjusted to reflect actuals
Comp Training	\$ -	\$	89,455	\$ 89,455	Police/Muni/Fire	Public Safety	Per Union contracts for education; previously in another account
Overtime	\$ 1,455,774	\$	1,531,244	\$ 75,470	Primarily Police	Public Safety	Increased to reflect increased rates of pay
Employer KPERS Contributions	\$ 1,282,899	\$	1,321,321	\$ 38,421	All G.F. Departments	All	KPERS rate reduced but increases based on pay
Significant Contractual Expenditure Increases							
IT Fees (Internal Service Cost)	\$ 2,416,207	\$	2,723,377	\$ 307,170	All G.F. Departments	All	Shifted from other funds; increased overall fees by 2%
Server Licenses	\$ 176,182	\$	319,062	\$ 142,880	Non Departmental	All	Lawson annual maintenance
Individual & Contractual Services	\$ 1,503,662	\$	1,604,891	\$ 101,229	Primarily Muni Ct.	Public Safety	\$45k muni court for ASC; Planning for formerly state supported costs
Facility Fees (Internal Service Cost)	\$ 1,258,379	\$	1,343,242	\$ 84,864	All G.F. Departments	Infrastructure	Internal service fee increased by 7% for all funds
Engineering TSG Fees (Internal Service Cost)	\$ 200,600	\$	271,057	\$ 70,457	P.W./Planning/N.R.	Infrastructure	Payment to offset Technical Service Group costs
Grants/Contributions to Other Agencies	\$ 934,500	\$	996,500	\$ 62,000	Public Works, N.R.	Quality of Life	Riverfront Development Support and increased grants
Administrative Fees (Intellitime)	\$ 75,230	\$	130,980	\$ 55,750	All G.F. Departments	All	Intellitime support
Maintenance Building/Grounds	\$ -	\$	47,000	\$ 47,000	Public Works	Infrastructure	Contract for Downtown Maintenance
Contractual Services	\$ 29,900	\$	67,610	\$ 37,710	Non Departmental	All	Estimated cost of Elections
Data/Internet Connections	\$ 54,114	\$	86,851	\$ 32,737	All G.F. Departments	All	For data/Internet connections; Updated to match actuals
Significant Commodity Expenditure Increases							
Consumable Items-Maint of TPD Equipment	\$ 335,772	\$	369,200	\$ 33,428	Police	Public Safety	Tasers/Axon Camera Maintenance
Significant Expenditure Decreases							
Motor Fuel	\$ 769,444	\$	679,486	\$ (89,958)	All G.F. Departments	All	Decrease based on current projections
Prisoner Care Payment to Shawnee County	\$ 842,607	\$	750,000	\$ (92,607)	Non Departmental	Public Safety	Decreased based on 4 year average
Allowables/Reimbursable	\$ 241,810	\$	113,322	\$ (128,488)	All G.F. Departments	All	Shifted to other accounts
Maintenance of Machinery/Equipment	\$ 484,984	\$	354,769	\$ (130,215)	Finance/Public Works	Infrastruct./Perform.	Shifted costs to contractuals, including software and external audits
Employer KP&F Contributions	\$ 7,147,419	\$	6,998,324	\$ (149,095)	Police/Fire	Public Safety	KP&F Rates have Decreased
Labor Contract Pool	\$ 462,947	\$	242,752	\$ (220,195)	All G.F. Departments	All	Labor unknown in 2016; Now included in FT Salaries
Capital Outlay-Motor Vehicles	\$ 1,049,484	\$	777,561	\$ (271,923)	All G.F. Departments	Infrastructure	Decreased in Neighborhood Relations and Police
Clearing Expense for TSG	\$ (611,100)	\$	(1,019,743)	\$ (408,643)	Public Works	Infrastructure	Offset for TSG Group Adjustment for Increased Budget
Vacancy Credits	\$ -	\$	(1,158,079)	\$ (1,158,079)	All G.F. Departments	All	Added to account for vacancies; 2011-2015 averaged \$1m budgeted
Significant Revenue Impacts							
General Property Tax	\$ 24,915,188	\$	25,420,075	\$ 504,887	Citywide	All	2% increase over 2016 budget based on County estimates
Development Services Permits	\$ 820,000	\$	1,135,000	\$ 315,000	Citywide	All	Increased to 2015 actuals
Sales Tax	\$ 29,869,085	\$	30,167,776	\$ 298,691	Citywide	All	1% increase over 2016 budget
Interest Earnings	\$ 305,175	\$	552,791	\$ 247,616	Citywide	All	Increased based on actuals
Interfund Admin Fee	\$ 2,567,960	\$	2,755,553	\$ 187,593	Citywide	All	Increased fee to other funds per Cost Allocation study
Electric Franchise Fee	\$ 9,939,155	\$	10,038,547	\$ 99,392	Citywide	All	1% increase over 2016 budget
Development Services Licenses	\$ 150,000	\$	215,000	\$ 65,000	Citywide	All	Increased to 2015 actuals
Auto Property Tax	\$ 2,434,134	\$	2,155,329	\$ (278,805)	Citywide	All	Decreased per County estimate