

Minutes

Audio Tape No. 675

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 5:30 P.M., on Monday, March 12, 2007. Mayor Peggy Dunn presided.

Councilmembers present: Jim Rawlings, Lou Rasmussen, Gary Bussing, Scott Gullledge, Gregory Peppes, Debra Filla, and James Azeltine.

Councilmembers absent: Mike Gill.

Staff present: Scott Lambers, City Administrator
Kathy Rogers, Finance Director
Kathy Byard, Budget Coordinator
Chief John Meier, Police Department
Joe Johnson, Public Works Director
Chris Claxton, Parks & Recreation Director
Deb Harper, City Clerk
Christy Wise, Deputy City Clerk

Others present: Sheri Baker-Rickman, *Johnson County Sun* reporter
Laura Uhlmansiek, *Kansas City Star* reporter

Opening Remarks

Mayor Dunn called the Work Session to order at 6:00 P.M. The purpose of the meeting is to discuss budget assumptions and the 2007-2012 Capital Improvement Program [C.I.P.].

Councilmember Rasmussen requested modifying the agenda in order to hold initial discussion of items within the C.I.P., specifically page 20.

Due to the extensive amount of information to be covered, Mayor Dunn asked councilmembers to remain focused with comments and questions. It was decided to maintain the original agenda order for Item Nos. 1 thru 5, and then discuss C.I.P. projects under Item No. 8.

1. Property Tax Base Analysis Discussion

Finance Director Kathy Rogers stated the primary source of revenue for Leawood is property tax. She reviewed the current property tax base analysis of which color models have been distributed to the Governing Body. Per County Appraiser Paul Welcome, the 2008 assessed valuation is 7.8%. This figure will be built into the 2008 Budget with utilization of 5.9% going forward from 2009-2012.

2. 2008-2012 Strategic Planning Model – Assumption Criteria

The second largest source of revenue is sales tax. A factor of 3% sales tax and 2% use tax has been used for the strategic planning model.

Based on quarterly reports, variances within the models were increased from 1% to 3% on revenue and expenditures. As stated in Mayor Dunn's State of the City Address, items marked as committed in the C.I.P. (page 66) will require a 1-mill increase in 2011 and 2013. The financial forecast is based upon various assumptions including the 3% revenue estimate, assessed valuation, sales tax, employee headcount, salary increases at 5%, and benefits.

Ms. Rogers explained the differences between Scenario Nos. 1 and 2 of the Strategic Planning Model handout for Councilmember Filla. Scenario No. 2 also contains a 1-mill increase in 2015.

Mr. Lambers reminded the Governing Body of their past directives to avoid large mill levy increases and consecutive year increases. Budget forecasting is restricted to no more than 1-mill in any given year and to no more than 1-mill every other year.

Ms. Rogers stated the City is in a good financial position going forward. The scenarios will change, however, if more items are added to the C.I.P. as the operating budget and debt budget are directly related to one another.

Regarding out-year reserves, Councilmember Rasmussen stated he would like to see a scenario containing a 1-mill reduction in property tax. Councilmember Azeltine echoed the suggestion. Budget Coordinator Kathy Byard provided assumption scenarios containing no mill levies. Mr. Lambers noted that out-year slopes are much more severe in terms of ending cash balances when there are no mill levies projected. The City is required to maintain financial parameters of a minimum one-month cash flow with a desired 11% fund balance.

Councilmember Peppes arrived at 6:10 P.M.

Ms. Rogers noted that unspent money for incomplete committed Pay-As-You-Go projects (i.e. Ironwoods Park projects, IRONHORSE Golf Course improvements, DB-24 SMAC project) attributes to the large reserve balances. The reserves will decrease as the projects are finished within the next 12-24 months. Other factors to consider at this junction compared to one year from now are that projections for the golf course upon reopening anticipate a 100% recovery in 2008.

Ms. Rogers clarified for Councilmember Bussing that committed projects in the amount of \$72,798,327, as listed on page 66, are reflected in the scenario models while the uncommitted projects are not.

Mr. Lambers informed that one of the major expense drivers is the capital budget. Decisions regarding mill levy reductions should take place upon review of the capital budget as well as the operating budget.

Ms. Rogers reviewed the reserve models in comparison to the committed projects listed on page 66. She also explained two scenarios in which spending for the bonded accelerated street projects are projected at \$1.5/\$2.5-million in alternating years until 2013 as well as \$2.5-million every year. The metro average illustrated on the models includes regional first class cities including Overland Park, Liberty, and Lee's Summit.

3. Budget & Financial Policies

Calling attention to pages 6-7 of the Budget & Financial Policies document, Ms. Rogers highlighted the section pertaining to Transportation Development District [TDD] obligations. A sentence has been added to the not-yet adopted policy which states that the City will work with a third party trustee along with the developer to bid a depository for incoming tax dollars and execute the semi-annual bond payments. The change is recommended in order to facilitate over \$20-million in TDD debt that will occur within the C.I.P. over the next two years.

Councilmember Filla requested clarification regarding committed dollars for City-funded street projects versus TDD and Special Benefit District [SBD] debt that will be paid back. Ms. Rogers reviewed page 22 of the C.I.P., which demonstrates \$104,471,940 worth of construction planned for 2008-2012. Currently, \$20-million is proposed as TDD debt. The recommendation for involving a third party trustee will aid with spending the money in the amount of time proposed by the developer. The figure will also be projected within assessed valuations.

Ms. Rogers confirmed for Councilmember Azeltine that the \$6,775,000 for TDDs in 2007 has been committed but not executed. The figure will remain until the projects are complete and bonding takes place. The \$13,516,550 listed in the column labeled "Other" refers to projects being done in collaboration with other cities.

Noting that the Debt Policy on page 5 of the Budget & Financial Policies document states a revision took place in May 2004, per Resolution No. 2221, Councilmember Azeltine inquired as to the changes. Ms. Rogers speculated the amendment was in regard to requiring letters of credit for SBDs in order to shore-up security behind the lifetime of payments. A copy of the resolution will be provided by the City Clerk.

Ms. Rogers informed that the City currently uses United Missouri Bank as a third party trustee on public building commissions. They are also a paying agent for some of our bonds. This large trust company could very well serve in the same capacity on the TDDs as the City has a very good relationship with them. Security Bank is another third party trustee possibility.

Councilmember Azeltine asked the rationale behind the proposed change to extend the length of TDD debt from ten years to 22 years. Ms. Rogers stated a policy concerning the length of TDD debt has not yet been adopted, however state statute allows 22 years. The proposal is to allow a standard ten-year term with a maximum of 22 years given by special approval of the Governing Body. Precedent for 22-year TDDs has been set with the Church of the Resurrection and Park Place developments.

Councilmember Azeltine stated opposition to TDD debt beyond ten years. He views the debt as a subsidy to developers and should be used conservatively given it is a fairly new concept.

Councilmember Rasmussen confirmed with Ms. Rogers that reference to the enterprise fund on page 2 should be eliminated.

Ms. Rogers explained for Mayor Dunn that some revenues from the golf course cannot be measured on a full accrual basis, thus a modified basis is used.

4. Proposed Budget Directives for 2008

Ms. Rogers stated the directives will provide clear direction for framing the 2008 Budget. She then reviewed the proposed document.

It was verified that references to pages 111-112 in the Proposed Budget Directives document should have been omitted.

Councilmember Rasmussen reiterated that he would like to see a scenario reflecting a 1-mill levy reduction in 2008. Ms. Byard provided the information as well as a scenario reflecting reductions in 2008, 2010, 2012, and 2014. In addition to the metro average, the models reflect the City's minimum reserve standard of 11% across all funds and 8.33% in the general fund. If reserves drop below the one-month cash requirement of 8.33%, the ability to pay bills will not exist.

Councilmember Azeltine stated the debt service to expenditures ratio should remain at 20% rather than the proposed 25%. According to page 69, the ratio stays well below 20% through year 2012. He would be more comfortable spending 1 of 5 dollars on debt service as opposed to 1 of 4. Mayor Dunn pointed out that years 2009 and 2010 are both committed at 21.7% due to current projects.

Councilmember Bussing commented the purpose of increasing the ratio to 25% is in recognition of surging TDD and SBD projects. If there is no additional leeway, the projects will essentially be shut down. Ms. Rogers added it is a balance of debt against assessed valuation growth.

Mr. Lambers stated a 20% standard and a 25% not-to-exceed range were proposed to Moody's Rating Agency. They advised that exceeding a 30% threshold would not be desirable. The City's current AA1 bond rating will be maintained with the proposed 25% threshold.

Councilmember Azeltine stated concern over the increased ratio being caused by TDD debt. Mr. Lambers informed that Moody's views the TDD debt as overlapping, thus it is not counted. The City views the TDD debt more severely, however, by using equal reporting measures to general obligation or SBD debt. Councilmember Azeltine agreed with this logic as long as a deep recession does not occur.

Mayor Dunn remarked that private placement of TDD debt is required. Councilmember Bussing stated this type of debt is in no way detrimental as there is no commitment by the City. George K. Baum & Company, the City's financial advisors who assist with the private placements, counseled that TDD debt is beneficial to the City.

Councilmember Azeltine commented that TDDs are a good tool, but caution should be taken to avoid abuse.

Ms. Rogers reviewed the debt payment chart on page 69.

Referring to the "Provide for efficient delivery of services" section of the Proposed Budget Directives, Councilmember Bussing asked Mr. Lambers if it would be of benefit to him as the City Administrator for the Governing Body to provide further direction regarding prioritizing employee requests from various departments. Mr. Lambers reviewed the current practice of restricting employee requests to three per department. This does not preclude department heads from requesting outside of budget parameters. Additional requests may be made to the Governing Body during budget sessions, however this information will not be part of distributed budget information.

Councilmember Bussing stated this raises an interesting dynamic as to the comfort level department heads may have in asking for additional employees during the budget session. Police Chief John Meier confirmed that he would not feel at ease presenting an argument of this nature. Councilmember Bussing stated he does not want constraints put upon important elements of the City with public safety being the most vital.

Mr. Lambers responded that as the City is landlocked with finite service delivery levels, the three person limitation is realistic. If the cap of three requests per department is viewed as too limiting, he suggested no more than ten per department in order to keep things manageable.

Councilmember Bussing stated headcount constraints are appropriate, however we should be mindful of maintaining service levels. Ms. Rogers confirmed that the 2007 Budget contains 4.35 employee requests per department.

Mayor Dunn expressed confidence that Mr. Lambers will present the Governing Body with dire needs requested from department heads. It was noted that nothing drives a budget up faster than added personnel costs.

5. Desired Council Discussion/Presentation Topics for Budget WSS

Councilmember Filla raised questions related to operating costs of the new Justice Center. Mr. Lambers stated there will be an increase in the facilities maintenance division due to the added structure. The 2008 Budget will begin a series of requests from the Public Works Department for such positions. Additional personnel will be driven by growth within the City. Initially, new personnel for the Justice Center will be quite minimal. There will also be an increase in utilities. As the City grows out, several more dispatchers for the Police Department may be added.

***8. Discussion of Committed and Uncommitted Debt Financed C.I.P. Projects**

Calling attention to the C.I.P. construction schedule on page 20, Councilmember Rasmussen stated concern with projecting large expenditures in the end years such as \$7,117,500 for the Community Center in 2012. Mayor Dunn noted that the projects are uncommitted. He asked how projects were chosen to be placed on the list and also voiced issues with the Fire Station to be built in 2012 as well as with the addition of traffic signals on State Line Road and College Boulevard scheduled for 2008. Mayor Dunn stated the traffic signals have been planned since 1993.

Mr. Lambers informed the \$1.5-million/2.5-million residential street projects were programmed based upon the 18-year plan previously presented to the Governing Body. The funding will pay for as many streets as possible during each year. The traffic signal on State Line Road is in response to numerous complaints from residents in Leewood South who are unable to make a left turn movement onto the street.

Public Works Director Joe Johnson stated the traffic signals were in last year's C.I.P. and are both warranted. Councilmember Rasmussen remarked that projects acquire an air of legitimacy when placed in the C.I.P.

Discussion took place regarding the Mid-America Regional Council's [MARC] Operation Green Light Program, which will address the timing of traffic signals rather than where signals are placed. Mr. Johnson added that not all corridors are designated by MARC.

Mr. Lambers stated the decision to include the 143rd Street improvement project was made by the Governing Body last year when it was opted to reverse project order with the 151st Street improvement project. In terms of year 2012, the Fire Station is listed as a proposal to be considered. The only discretionary project on page 20 is the Community Center. The proposed structure has been discussed in general terms only with this year being the start of the deliberation process. If a majority of the City Council feels there is not sufficient justification for the project to be included in 2012, it will be taken out of the C.I.P.

Mayor Dunn recalled there are funds in the 2007 Budget for a feasibility study regarding a Community Center.

Councilmember Gulledge discerned there is no harm in keeping the Community Center on the C.I.P. schedule as it does not preclude removal next year if desired. Councilmember Bussing stated every item on the list has been discussed excluding the Community Center. The danger in placing it within the C.I.P. document is that it looks like approval to interested parties and it is extremely difficult to change this perception.

Mayor Dunn stated planned uncommitted items have historically been shown in this manner. Construction of the Justice Center has been pushed back approximately six years since inception with no citizen opposition.

Parks & Recreation Director Chris Claxton stated there was some interest for a community center identified when the Leawood Development Ordinance [LDO] was composed. The topic also surfaced three years ago during a Governing Body Goals & Objectives Work Session. Preliminary canvassing work has been performed in preparation of a feasibility study. A speaker will be present at the next Parks & Recreation Advisory Board meeting to discuss components of a feasibility study. There is \$30,000 budgeted for the study in 2007.

Councilmember Bussing confirmed with Ms. Claxton that a data report on community center facilities in the surrounding area has been done and will be presented to the Governing Body prior to obtaining the feasibility study. She stated a feasibility study will provide more detailed information.

Councilmember Gullede stated the description of “community center” is somewhat misleading. The initial goal was to provide more common space for senior citizen services than is currently available.

Councilmember Azeltine stated he is not concerned with having the Community Center listed as an uncommitted project. However, he is troubled with the increased debt expenditure ratio of 25% as it relates to the two committed TDD projects listed on page 66.

Mr. Lambers informed that Council has issued a resolution of intent to provide financing for the two Park Place structures. Ms. Rogers added that a development agreement and mechanism to issue the bonds has already been approved. Authorizing sale of the bonds following project completion will be the final step. The listed project costs are set amounts and do not need inflationary adjustments.

Mr. Lambers further explained that the TDD amount is based upon retail sales activity meeting debt service requirements. If the requirements are not met, the dollar amount will be reduced to a level deemed appropriate by Council.

Further discussion took place regarding the uncommitted projects listed on page 20.

Councilmember Bussing recommended that the C.I.P. contain only items that the Governing Body has discussed with firm commitments of interest. Listing projects in the programming as placeholders gives them a sense of undeserved legitimacy and establishes budget parameters.

Councilmember Rasmussen asked the justification of building another Fire Station. Mr. Lambers stated there are several approved high-rise structures that will be built in the Town Center area. If there is a fire situation and the automated sprinkler systems fail, the potential for human loss in this area is geometrically greater than any other in the City. He recommended consideration be given to relocating the aerial truck to the Town Center area in order to increase emergency response times. The difference in these buildings than current 6-story office buildings is that the residential units will contain sleeping people and have a much more serious potential for harm to life in the instance of a night fire.

Mayor Dunn relayed a conversation with Fire Chief Ben Florance in which he stated sprinkler systems would not suffice during a fire.

Councilmember Peppes suggested listing the uncommitted projects by year but without a dollar amount. This would allow time for ample discussion and prevent the estimated figure from increasing over the years until the project begins. Mayor Dunn agreed with the suggestion. Other options for presenting uncommitted projects in the C.I.P. were discussed such as using color-colored pages and using "Wish List" for a title.

Mayor Dunn confirmed with Ms. Claxton that the feasibility study will not indicate definite construction of a Community Center to the public. Councilmember Bussing remarked that the study will generate interest.

Mr. Lambers stated omitting the costs from listed projects would not be practical as it is a financial document. He requested obtaining consensus for either keeping or removing the uncommitted items listed on page 66.

Mr. Johnson informed that applications for CARS and federal aid funding for the Nall Avenue project (Mission Road to Kenneth Road) in 2012 must be submitted at this time. In order to apply for funding assistance, the City must show commitment to the project by way of a 5-year financial plan. Of the \$15,210,000 project amount, the City must commit to \$10-million with a \$5-million federal match. If agreed upon to show the 143rd Street project as committed for year 2012, \$10-million will be added to the annual debt service.

The first two projects listed on page 66 are TDDs and will remain uncommitted as the petitions have not yet been received. It was noted that the 2013 finish date for four of the projects should, in fact, be 2012. The bond date is 2013.

Results of the question whether to designate the following uncommitted projects as committed were:

1. Traffic Signals, 128th & State Line [#80400] for 2008 – YES
2. Roe Avenue, south of 135th Street [#80189] for 2009 - YES
3. 2009 Street Reconstruction, Phase II [#80209] – YES
4. 2010 Street Reconstruction, Phase II [#80210] – YES
5. 143rd Street, Nall to Mission [#80162] for 2010 – YES
6. 2011 Street Reconstruction, Phase II [#80211] – YES
7. Traffic Signals, College & Brookwood [#80401] for 2011 – NO
8. 143rd Street, Mission Road to Kenneth Road [#80129] for 2012 - YES
9. Community Center [#80154] for 2012 - NO
10. Leawood Town Center Fire Station [#80156] for 2012 - NO
11. 2012 Street Reconstruction, Phase II [80212] for 2012 - YES

Councilmember Bussing requested a vote for the complete removal of the Community Center and/or Fire Station projects from the C.I.P.

Councilmember Azeltine questioned the appropriateness of such a vote. As to how certain projects are programmed into the C.I.P., Mr. Lambers informed Councilmember Azeltine that some are taken from the yearly approved set of Goals & Objectives. The Fire Station, however, is a City Administrator-driven initiative.

A vote regarding removing the Community Center from the C.I.P. resulted in the decision for it to remain as an uncommitted project.

Councilmember Bussing requested enhancing the title on page 20 to say, "All Projects - Committed and Uncommitted." Ms. Rogers explained that the uncommitted projects are included on this page in order for the numbers to tie-in with those listed on page 66.

Going to page 59, Ms. Rogers reviewed the summary of the 143rd Street, Mission Road to Kenneth Road, project.

It was noted that page 60 is a summary for the Community Center project. Mayor Dunn suggested changing the appearance of pages reflecting uncommitted projects.

6. Discussion on Assumptions/Debt Ratios

Ms. Rogers directed attention to the Assumptions on page 7. She informed there could be State changes not currently programmed that would affect forecasting. There is a movement to change the way in which property taxes are valued for senior citizens. Taxes would be based on age rather than on the Homestead Act, which is income driven. State changes such as this would dramatically affect the current methodology of valuing taxes.

It is anticipated that the 1/8-cent sales tax for capital improvements will be extended through 2008-2012. The document is prepared with the intent of public renewal by vote.

Construction inflation is projected at 5% per year for projects that are not capped. This figure was obtained from financial and construction publications.

Mayor Dunn recommended evaluating the possibility of changing the Residential Street Reconstruction yearly funding from alternating amounts of \$1.5-million/\$2.5-million to \$2.5-million every year.

Noting there is \$2.5-million in the Pay-As-You-Go Program devoted to slurry seals over five years, Councilmember Gulledge asked if this funding could instead be used for mill & overlays or road reconstruction. He has received many complaints from constituents concerning this type of road improvement.

Mr. Johnson stated the actual funding for slurry seals over five years is \$1-million to \$1.5-million. The discontinuation of slurry seals would increase the amount of money needed for mill & overlays as they would be required more frequently. The current slurry seal process extends the need for mill & overlays by 5 years. Additionally, costs for a mill & overlay are eight times more expensive than for a slurry seal. Slurry seals are a very cost effective way to prolong the life of a street. He confirmed receiving complaints that slurry seals are not as smooth as asphalt.

Mayor Dunn verified with Mr. Johnson that bids for street projects will be taken earlier in the year than usual in order to prevent delayed project completion due to inclement weather.

Referring to the Key Debt Management Ratios on page 71, Ms. Rogers stated the ratios are slightly higher than industry standards; however, the City is able to continue demonstrations of increased assessed valuations and sales tax, which offsets the debt.

7. Discussion on Additions to Policy

Ms. Rogers explained the proposed revision in the Responsibility section of the Debt Policy document. The change will mirror the current practice of the City Administrator being primarily responsible for developing financial recommendations with the Finance Director, Public Works Director, City Attorney, and other Department Heads lending support.

The changes will come before the Governing Body for adoption.

Mayor Dunn confirmed that requests for TDD debt beyond ten years will be at the discretion of the Governing Body.

9. Street Program

Ms. Rogers called attention to pages 32 and 42, which list the streets involved in the 2007 and 2008 Residential Street Reconstruction Programs.

10. Discussion on Pay-As-You-Go Projects

Discussion took place regarding the feasibility and economics of discontinuing slurry seals. Over a five year period, if the Bonded Accelerated Street Program is increased to \$2.5-million per year and current slurry seal funds are transferred, \$500,000 more would still be needed in today's costs to cover streets normally complete with the current process.

Mr. Johnson informed Councilmember Bussing that reconstruction for High Drive, between Overbrook and Sagamore Roads, is planned for 2008. The street portion of the project is funded through the mill & overlay program while the stormwater improvements will be paid from the 1/8-cent sales tax fund.

Referring to page 80, Mr. Johnson informed Councilmember Rasmussen that the existing open channels at 84th Place and Cherokee Lane will be closed due to erosion and flooding of rear properties. The natural channels are on private property and easements have been obtained.

Mr. Johnson described the stormwater project planned for Cherokee Lane in the Cloisters subdivision.

Councilmember Azeltine asked if input regarding the projects should be obtained from the Stormwater Management Committee. Mayor Dunn stated neither the Stormwater Management Committee nor the Public Works Committee provide recommendations on 1/8-cent sales tax revenue projects so as to avoid political issues. The projects are prioritized by the Public Works Director.

Mr. Johnson stated the projects have been in the C.I.P. for the last 4-5 years with funding now available.

Enclosure of existing channels on Sagamore Road and High Drive, which run along the rear of properties and along the golf course, will also take place due to erosion and flooding.

Going to page 81, Councilmember Rasmussen stated the \$1.2-million cost for Gezer Park should be corrected to read \$1.1-million.

Ms. Claxton stated the lake project at Ironwoods Park will take place this fall. Improvements will include extraction of silt materials, added rock work, closing of weirs, and overflow correction. Continental Engineers are still working on the final design.

Councilmember Rasmussen confirmed with Ms. Claxton that the 2007 Ironwoods Park restroom, concession, and amphitheater stage project will tie in with \$500,000 scheduled for the 2008 budget.

Mayor Dunn verified that the \$86,250 listed for the Porch Lights art project on page 83 should be corrected to read \$101,000. Ms. Claxton stated the lesser amount does not include site work costs. Currently, the project is dependent upon approval from Prairie Village.

Mayor Dunn announced there will be a dedication for the art work recognizing the teaching profession in May. She also advised that placement of "The Ladder" for Gezer Park will be beyond 2007 as preparation of the pond, where the artwork is to be located, must first take place.

11. Other Items of Discussion

Mr. Johnson described a future stormwater project that will require \$1-million for repairs to 89th and 92nd Streets, east of Mission Road. Holes in the upper end of the current pipe have caused water to spout in citizens' yards during certain rain events. There are between 25-30 affected homes. The \$1-million is not in the C.I.P. at this time.

Councilmember Rasmussen stated he would like to see \$400,000 phased into the budget over a two-year period for stormwater improvements.

Mr. Lambers stated the \$1-million project would wipe-out five years of funding from the 1/8-cent sales tax revenue intended for storm sewer projects. It is his understanding that funding from this source should be used for smaller projects costing between \$200,000-\$300,000 that cause minimal City-wide impact. The project in question also does not fall within the scope of a SMAC project. Completion of the entire project is required as phasing is not possible. The decision to do the project ties in with completion of a study on backlogged storm sewer improvements. As the improvements are necessary, the question is whether to utilize a bonded accelerated program, a PAYGO program, or a combination of both. A decision to proceed with the project should be made following the Stormwater Management Committee meeting as Mr. Johnson will then be able to identify other imminent improvements.

Mayor Dunn stated she will abandon the idea of increasing funding for the Accelerated Street Program to \$2.5-million per year in order to meet stormwater improvement needs. Hopefully, with the advice of the Stormwater Management Committee, a solution can be created to catch up on backlogged stormwater issues.

Mayor Dunn stated future discussion will be necessary regarding continuation of the 1/8-cent sales tax after 2010.

Ms. Rogers stated the end-of-the-year quarterly update contained an attachment recommending spending the Economic Development Tax revenue for 2007 towards the Justice Center.

Mr. Lambers noted there will be an increase in operating expenses for the Justice Center in year 2010. City Hall will be used as an example for a 5-year forecasting plan.

Ms. Claxton distributed handouts illustrating phasing and estimated costs for the amphitheater project. She stated the Leawood Stage Company is under the impression there will be an expansion of the stage during construction of the restroom and concession buildings. A prior memorandum, dated February 14, 2006, which she sent to Mr. Lambers states, "Any future development beyond Phase I was agreed to be financed by a combination of fundraising efforts by the Leawood Stage Company with assistance from the Leawood Arts Council. As the City would be the owner and also the major user of the facility in the future, they would determine what amenities and at what dollar amount support they would participate as future improvements were considered."

Mayor Dunn confirmed with Ms. Claxton that the restrooms referenced in Phase III will be for the actors and are not the same facilities presently being built.

Ms. Claxton stated final costs will not be known until bids are received.

Further discussion ensued regarding the amphitheater project. It was determined that further input is needed from the Leawood Stage Company. Other than the restrooms, concessions, and parking lots currently under construction, the remainder of the project will remain uncommitted.

Mr. Lambers informed if it is decided to proceed with the project in the future, the amphitheater will have to be funded on a cash basis as it would require voter approval to issue bonds. It would not make sense to go to the voters for such a small amount of debt service. The phases could be 100% budgeted with the understanding that each phase would not proceed until there is a firm fundraising commitment.

Councilmember Rasmussen expressed appreciation to Staff for assembling the information for tonight's Work Session.

Ms. Byard distributed a scenario reflecting the transference of agreed upon projects into the committed category, alternating funding for the bonded accelerated street projects, and no mill levy increases. Mr. Lambers stated financial parameters will be met through year 2014. A mill levy increase will be needed in 2015 to remain above the 11% threshold. However, as infrastructure needs should be addressed, storm sewer issues should be reviewed so that assumptions can be programmed.

There being no further business, Mayor Dunn adjourned the Work Session at 9:20 P.M.

Christy Wise, Recording Deputy City Clerk