

Minutes

Audio Tape No. 678

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:30 P.M., on Monday, June 4, 2007. Mayor Peggy Dunn presided.

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

Mayor/Councilmembers absent: None.

Staff present: Scott Lambers, City Administrator
Patty Bennett, City Attorney
Kathy Rogers, Finance Director
Kathy Byard, Budget Coordinator
Joe Johnson, Public Works Director
Chris Claxton, Parks & Recreation Director
Deb Harper, City Clerk
Christy Wise, Deputy City Clerk

Others present: Dr. Ann Kenney, Chair of Arts in Public Places Initiative
Laura Uhlmansiek, *Kansas City Star* reporter
Sheri Baker-Rickman, *Johnson County Sun* reporter

1. Opening Remarks

Mayor Dunn called the Work Session to order at 6:55 P.M. Introductions were made by those present.

2. Discuss Revised 'Draft' Capital Improvement Projects [C.I.P.] 2008-2012

Finance Director Kathy Rogers reviewed revisions to page 90, titled "Art Projects." The budgeted project cost for Gezer Park in 2007 has decreased from \$95,000 to \$30,000, which is the total amount spent to date. Additionally, as final site work preparation costs for "Prairie Lessons" exceeded the original 15% of total project cost estimate, the amount has been increased from \$12,000 to \$14,000. Parks & Recreation Director Chris Claxton stated the original estimate was not reflective of the extensive retaining wall needed for the site or for sodding.

Discussion took place regarding the Leawood Arts Council's [LAC] and the Arts in Public Places Initiative's [APPI] understood involvement with art for the Justice Center, scheduled for 2010. Participation by the committees will be requested at the appropriate time.

Ms. Rogers informed Councilmember Rasmussen that the Capital Art Fund contained approximately \$460,000 at the beginning of 2007. She explained the computation for appropriating revenues from the Public Art Impact Fee Fund to the Capital Art Fund and the Cultural Art Program within the Operating Budget. Councilmember Rasmussen requested to see the carryover figures of the Capital Arts Fund.

Ms. Rogers clarified that the \$1.1 million total project cost for Gezer Park is inclusive of expenditures for the structural foundation work and installation of "Jacob's Ladder," but does not include the actual art piece. Dr. Ann Kenney, Chair of APPI, informed that the committee will also fund expenses related to the heavy equipment that will be needed to move the sculpture.

Ms. Rogers solicited questions regarding the memorandum distributed as packet material for the Work Session, which is in response to questions submitted by Councilmember Rasmussen.

Councilmember Rasmussen called attention to the project cost for improvements to 143rd Street between Mission Road and Kenneth Road, listed in the Program Summary on page 20. He voiced concern with the amount of mill levies that will be needed to fund the project in 2012. He also noted that approximately \$700,000 of the \$15.2 million total cost will be needed to blast through rock on the south side of 143rd Street in order to place underground utilities. Mayor Dunn stated the method of payment is yet to be determined with no certain plans for a mill levy. Councilmember Rasmussen suggested placing a surcharge on every KCP&L bill in the City to avoid the need for general obligation bonds.

Ms. Rogers reviewed other revisions within the C.I.P., including deletions to pages ii, 5, and 6 for consistency purposes.

Councilmember Gill arrived at 7:20 P.M.

Referring to page 13, Ms. Rogers explained that reference to the Johnson County Debt Management Awareness Council [DMAC] has been omitted as it is no longer a functioning organization. The revision will require official approval by the Governing Body as it is within the capital planning section of the Debt Policy. The City will now perform capital planning in concert with the C.I.P. and annually assess the financial condition.

Councilmember Rasmussen stated the purpose of DMAC was to control overlapping debt prior to establishing a credit rating with a rating agency. He asked how this task will now be performed. Ms. Rogers informed that the City's financial advisors, George K. Baum & Company, are aware of the City's debt issues. References to DMAC have also been removed from page 17.

Ms. Rogers reviewed the revised versions of pages 88 and 90.

Referring to page 30, Ms. Rogers confirmed with Councilmember Rasmussen that the statement, "Final costs relating to the cart repairs were \$422,034," should read "cart path repairs."

The Governing Body recessed into the regular meeting at 7:25 P.M.

The Governing Body reconvened into the Work Session at 8:15 P.M.

Ms. Rogers verified for Councilmember Azeltine that the 4% construction inflation rate is not outdated.

Regarding the DB-04-19 stormwater project discussed on pages 6-7 of the memorandum from Ms. Rogers, Public Works Director Joe Johnson explained for Councilmember Azeltine that reapplication with SMAC will be necessary due to a policy change within the County. The project was identified in 1989 but was not funded. The new policy requires all unfunded projects to meet the criterion of submitting an engineering study. Typically, SMAC-approved projects are to be constructed within a 2-3 year time period; however, this particular stormwater project was delayed in order to perform simultaneous street improvements.

Mr. Johnson clarified for Councilmember Rasmussen that DB-04-19 will tie into two other adjacent stormwater projects that are also funded by SMAC. Although the streets are not flooding at this time, the capacity of the existing pipes within the City's right-of-way needs to be increased.

Ms. Rogers distributed corrected copies of page 30.

Councilmember Rasmussen inquired if it would be possible to utilize 1/8-cent sales tax revenue to fund the Park Maintenance Building Parking Lot project [page 88] if improvements are also done to the nearby creek. Mayor Dunn questioned whether the project would allow use of the sales tax revenue. Mr. Johnson stated there are two projects associated with this location: improvements to the parking lot and stormwater improvements. Currently, stormwater runs off of the parking lot and into the creek. To comply with good housekeeping requirements of the National Pollutant Discharge Elimination System [NPEDS], resurfacing the existing asphalt parking lot and the addition of curbs is needed in order to capture the water into a catch basin. Grease, salt, and dirt will be filtered from the water and stored in a stormsewer box before the water discharges into the channel. The project will be identified in an annual report to the State to show compliance intent.

Mayor Dunn stated the area in question needs to be addressed by the City; however, the project would be contrary to the spirit of intent of the 1/8-cent sales tax. The public voted for half of the revenue to go towards accelerating street improvements with the other half for stormwater projects that are not funded by SMAC. The intent of the referendum was to assist citizens' stormwater issues rather than City issues. She strongly expressed that using the 1/8-cent sales tax revenue for this project would not be serving the public appropriately based upon the ballot language.

Councilmember Bussing raised concern with the Community Center project [#80154], which is listed as uncommitted on page 20. He stated preference with eliminating the project from the C.I.P. until there is better definition and understanding of the need for such a facility and how it might be programmed. Placing the \$7.1 million project in the C.I.P. as a placeholder will create false authenticity. Councilmember Gill agreed with Councilmember Bussing.

Councilmember Filla asked if removing the Community Center project would affect the programmed mill levies. City Administrator Scott Lambers stated that eliminating the project would have no financial impact on current forecasting as it is a "wish list item" with no associated funding at this time.

Mayor Dunn pointed out that a feasibility study for the proposed amenity was authorized in the 2007 budget. Ms. Claxton reported beginning the process for the study although a contract has not been set in place. The work is planned to be performed this year.

Councilmember Gill stated the feasibility study will be of no value if performed five years in advance of the scheduled 2012 possible construction date. It was noted that the objective of the study is to determine whether the Community Center is needed at all. Mr. Lambers reminded that the project is now listed as uncommitted in response to discussion from a previous C.I.P. Work Session. There will also be portions of a Needs Assessment performed within the feasibility study. Councilmember Gill questioned expending money for a study if it is uncertain that the center is needed.

Councilmember Peppes, Council-liaison to the Parks & Recreation Advisory Board, reviewed the history of discussion and actions related to the Community Center. As a majority of the City Council voted favorable for the feasibility study and Needs Assessment, due diligence should be performed prior to making a decision. He confirmed for Councilmember Filla that the study will include an inventory of similar surrounding facilities in order to determine specific needs that should be addressed within the community.

Councilmember Gullede reminded that researching the possibility of a Community Center was approved as a Governing Body goal three years ago. Initial discussion intended for the facility to serve as added space for inundated programming at the current City Hall location. Ms. Claxton confirmed there is still a need for more space. Councilmember Gullede stated the focus should be narrowed to defining what type of Community Center will meet the needs of citizens.

Mayor Dunn noted opposition to the Community Center from Councilmembers Bussing and Gill. She stated a consensus should be reached on whether to keep the project as a placeholder or totally eliminate from the C.I.P. If eliminated, the project will have to be reinserted within the document if the feasibility study reveals a public need.

Ms. Claxton confirmed for Councilmember Rasmussen that a contract for the feasibility study has not been approved. It was previously determined that the study would be presented to the Governing Body before implementation. Councilmember Rasmussen voiced preference with removing the project from the C.I.P.

Councilmembers Filla, Azeltine, Peppes, Rawlings, and Gulledge stated favor with keeping the project listed as uncommitted in the C.I.P. until completion of the feasibility study.

Councilmember Gill requested that the study report the square footage of all community recreational facilities that have been approved in Leawood, including the Church of the Resurrection.

Councilmember Gulledge also suggested exploring types of programming that are not currently provided due to space limitations.

Mr. Lambers reviewed for Councilmember Azeltine that the Community Center was placed in the C.I.P. based upon a recommendation from the Parks & Recreation Advisory Board. Mayor Dunn added that the recommendation does not equal commitment by the City.

Councilmember Azeltine asked if there is a clearly defined written procedure outlining how items are placed in the C.I.P. Mr. Lambers explained the liberal process of developing the document. The C.I.P. presented at the beginning of the year includes recommendations from committees, requests from citizens obtained during a public hearing on the matter, and requests from Councilmembers. Any changes from the previous year are identified for the Governing Body.

Mr. Lambers discussed the timing of projects within the 5-year C.I.P. While years one, two, and three are generally committed, years four and five require closer review as they will move into the planning phase within the next two years.

Councilmember Gulledge pointed out that the Community Center has been pushed back for several years and is now presented in the new format of being identified as uncommitted in red print. Based upon the results of the feasibility study, it is possible that the project will be moved further out, moved up, or dropped altogether.

Ms. Rogers verified for Councilmember Gill that the estimated project cost of \$7.1 million is not factored into projected cash funding needs. He asked the purpose of including uncommitted projects in a document that drives the budget. He suggested creating a separate "wish list" document that is unfunded and uncommitted.

Councilmember Bussing added that including projects such as the Community Center in the C.I.P. creates confusion for individuals who don't quite understand the process. The document should contain only data needed to make financial decisions for the next five years. The listing of uncommitted projects is superfluous.

Mayor Dunn encouraged Councilmembers Peppes and Gill, Council-liaisons to the Parks & Recreation Advisory Board, to communicate with the board members that the Community Center is clearly an uncommitted project.

Mr. Lambers informed Mayor Dunn that the Budget & Finance Committee does not review the C.I.P. He also stated that although the book is a financial document, it also serves the dual purpose of being a political document in that there is recognition of quality of life issues identified by citizens. The formatting of the document can be changed at the discretion of the City Council.

Councilmember Azeltine stated such conversation can be avoided in the future if there is a written policy for placing items in the C.I.P. Mayor Dunn noted that no matter how items are placed in the document, the Governing Body will make the ultimate decision on whether to move forward with uncommitted projects. If debt is issued to fund the Community Center, however, a vote of the people will be required.

Referring to the feasibility study/Needs Assessment, Councilmember Bussing said he is not particularly comfortable with the orientation that has been taken towards deciding upon a Community Center. The Governing Body should determine whether or not the City builds new facilities through data point identification and action. Citizens were not involved in determining the construction of buildings such as the Public Works Maintenance Facility. He expressed deep concern that the questionnaire format will result in an abundance of citizens interested in the amenity who have no concept of the initial or ongoing operational costs.

Mayor Dunn informed that a Community Center is different by State Law than buildings associated with Public Works, Police, and Fire as a referendum will be needed in order to issue bonds. She agreed with Councilmember Bussing's logic in that the determination to place the issue on a ballot needs to be the Governing Body's decision. In her opinion, if voted upon, there should be firm belief by the Governing Body that it will be a good thing for the community. The feasibility study will hopefully provide needed insight to this point.

Mr. Lambers suggested the addition of footnotes in the C.I.P. to indicate when a project requires voter approval.

Councilmember Gullledge verified with Mr. Lambers that a referendum occurred prior to the construction of IRONHORSE Golf Course. Ms. Claxton stated such a vote was also taken in 1974 for the Aquatics Center.

Councilmember Rasmussen called attention to page 87, which lists 2008 stormwater projects at a total cost of \$810,000. He requested the 2008 forecasted figures for the 1/8-cent sales tax revenue. Mr. Lambers replied that ending cash balance projections are available for each year. There is adequate funding for the projects from the stormwater allocation of the 1/8-cent sales tax with no subsidy from the General Fund required.

Ms. Rogers stated at this point in time, the allocation is slanted more towards stormwater projects. She corrected that \$250,000 of the 2008 General Fund is proposed for two stormwater projects on Sagamore and Overbrook Roads. Mr. Johnson informed that the projects involve two existing pipe sections that are failing. Ms. Rogers stated the amount will be placed in a Capital Fund.

Councilmember Rasmussen confirmed with Councilmember Rawlings, Chair of the Stormwater Management Committee, that the two projects have not been reviewed by the committee. The City Staff is relied upon for such recommendations.

Mr. Johnson stated the failing pipes have caused water to spout into the backyards of property owners during rain events. They are critical need projects but cannot be budgeted until 2008. Ms. Rogers informed that she recommended the transfer to Mr. Lambers. The beginning balance of the 1/8-cent sales tax revenue for 2008 is \$899,543, of which \$665,000 is going towards the two projects.

Mayor Dunn commented that when the voters approved the 1/8-cent sales tax, it was never determined that other revenue could not be spent on stormwater issues. She reminded that the projects were recently approved by the Governing Body, albeit with a negative vote from Councilmember Rasmussen.

Councilmember Rasmussen stated he does not agree that some of the projects listed in 2008 are consistent with the voter approved ballot language.

Councilmember Filla suggested listing the augmented funding source on the document page in order to avoid misunderstandings in the future.

Mr. Lambers stated the different revenue source is identified on the budget sheet. Expending money from a Capital Fund for the projects is a procedural issue and will be reflected in the budget. Ms. Rogers stated she will move the projects to another page and take them out of the 1/8-cent sales tax fund.

To Councilmember Gill's concerns regarding listing uncommitted projects in the financial document, Mr. Lambers stated a different presentation will be arranged next year for committed projects that are being financed in the 2008 budget.

Discussion took place pertaining to the importance of financial forecasting.

Ms. Rogers distributed updated information regarding the City Capital Art Fund and Public Art Impact Fee Fund.

Referring to slides from the 2008 Budget, Councilmember Filla inquired as to the purpose of the Computer Voice Stress Analysis [CVSA] software purchase. City Attorney Patty Bennett stated the new technology will be used by the Police Department to differentiate between genuine and prank calls.

To Mr. Lambers' solicitation for suggestions regarding the upcoming Budget Session, Councilmember Bussing stated the various mill levy scenarios are confusing. He voiced preference with reviewing the current mill levy only.

Mr. Lambers stated it was decided at last year's Budget Session to utilize 7-year financial forecasting. The intent is to meet the minimum cash flow requirements of the City within the seven years while giving adequate forewarning of possible issues within 10 years. Given the limited number of changes to this year's Operating Budget, he informed that the document is very straightforward with no surprises.

There being no further business, the Work Session adjourned at 9:10 P.M.

Christy Wise, Recording Deputy City Clerk