Special Call Meeting

THE LEAWOOD CITY COUNCIL

March 1, 2010

Minutes

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday, March 1, 2010. Mayor Peggy Dunn presided.

Councilmembers present: Jim Rawlings, Julie Cain, Lou Rasmussen, Greg Peppes, James Azeltine, Gary Bussing, and Mike Gill

Councilmembers absent: Debra Filla

Staff present:	Scott Lambers, City Administrator	Joe Johnson, Public Works Director
	Patty Bennett, City Attorney	Kathy Rogers, Finance Director
	Franki Shearer, Assistant City Attorney	Kathy Byard, Budget Coordinator
	Richard Coleman, Comm. Dev. Director	Lovina Freeman, HR Director
	Mark Klein, Assistant Planning Director	Deb Harper, City Clerk

Others Present: Roger Edgar, George K. Baum & Company, City Financial Advisor
David Arteberry, George K. Baum & Company

1. Presentation of 2011-2015 Capital Improvement Project [C.I.P.]

2. Informational Signs

Mayor Dunn called the work session to order at 6:10 P.M. Introductions were made by those present.

Discussion of Possible Refunding & Restructuring Debt
Roger Edgar, George K. Baum & Company, City Financial Advisor, stated many cities, counties, and school districts have had to restructure debt to assist in maintaining fund balances.

David Arteberry, George K. Baum & Company, stated they wanted to create some budget relief over the next few years for the City by delaying repayment of some of the existing and future bonds. There will be added interest cost associated with doing this.

Councilmembers Gary Bussing and Dr. Gregory Peppes joined the meeting at 6:15 P.M.

Scenario No. 1 - Lists the City's outstanding bond payments. The net payments on these outstanding bonds in 2010 are $5.8 Million, and then steadily decrease. Based upon the City's outstanding temporary notes and existing Capital Improvement Projects [CIP], they projected the future bond payments assuming amortization. The future anticipated net payments on both the outstanding and future bonds are also listed.

Scenario No. 2 – Considered creating some mill levy relief by deferring some of the principal on the outstanding 2002 bond issue to later years. Instead of structuring the 2010 bond payments as they typically would, they considered deferring some of these payments as well. By doing this; it will create approximately one mill of relief in bond payments the first year. Under the current scenario, absent any restructuring, payments will increase next year. The bond and interest fund will increase approximately half a mill. Over the life of borrowing, it would cost the City approximately $1.8 Million in additional interest to follow Scenario No. 2.

Scenario No. 3 - Estimated .83 mill relief with additional interest cost to the City of approximately $991,000.

Scenario No. 4 - Estimated .75 mill relief with additional interest cost to the City of approximately $750,000.

Mr. Arteberry noted they could also consider another scenario with an estimated .50 mill relief with no additional interest cost to the City. They tried to isolate and refinance only the smallest amount of bonds possible.

Mayor Dunn asked how much savings there would be on refunding the 2002 bond. Mr. Arteberry indicated on a present value basis, they would break even.

Finance Director Kathy Rogers clarified that one mill equaled approximately $750,000.

Mr. Arteberry confirmed for Mayor Dunn that the original amortization period for the 2002 bond issue was for 20 years.

Mayor Dunn asked how many others they had worked with on debt restructuring. Mr. Edgar indicated they had recently performed some restructuring for the Department of Administration for the State of Kansas because of declines in revenues.

Mr. Arteberry clarified that the higher the mill relief, the more the cost increases because of the principal deferral.

Mr. Edgar wanted the Council to keep in mind that interest rates were at a 40-year low in the bond market.

Ms. Rogers clarified that the reason they were considering restructuring the debt was to be able to maintain fund balances.

Mayor Dunn noted concern that interest rates may not be this low by the time they're ready to restructure. Mr. Edgar noted short-term rates had slightly increased over the last month; however, there wasn't any current pressure on long-term rates. There are calendars and special assessment proceedings they will need to follow. Mr. Arteberry thought if the Council wanted to proceed with a variation of this, they could get it incorporated in advance of the budget.

Councilmember Gill thought if these numbers were correct and they pick up a mill in 2011 and the cash flow picked up another $800,000 in 2012, it would alleviate the need for the forecasted mill increases in 2012 and 2014. Mr. Lambers stated the assessed valuation is decreasing and these are one-time savings. The mill levies would stay in effect and continue to provide revenue to the City.

Ms. Rogers noted there may also be indication of a second-year decrease in assessed valuations.

Mr. Edgar clarified that the City's budget will lag the recession. The decrease in commercial valuation over the last year won't affect the City's budget until the following year.

Ms. Rogers pointed out if their situation changed from what they've anticipated over the next five-to-seven years, they could call some of the bonds if there is excess money above the reserve limits.

Mayor Dunn recognized concerns from the Council of the forecasted mill levy increase for 2012. She wanted them to keep in mind that Leawood had been able to successfully avoid mill levy increases because of being better insulated than most cities during this economic downturn.

Mr. Lambers asked Mr. Edgar and Mr. Arteberry to prepare a present value analysis and return in June to further pursue the scenarios.

Presentation of 2011-2015 Capital Improvement Project [C.I.P.]
Councilmember Bussing noted the 151st Street Infrastructure Project was not in the CIP. Mr. Lambers indicated this project was contingent upon available federal funding.

Mr. Lambers wanted to discuss whether the following projects should remain in the CIP:

- Traffic Signal, College and Brookwood, #80401
- 89th and Mission Storm Sewer, #80550
- 143rd Street-Nall to Mission, #80162

Councilmember Rasmussen thought they had previously discussed eliminating the Traffic Signal Project at College and Brookwood. He felt the 89th and Mission Storm Sewer Project should remain in this schedule.

Mr. Lambers stated there was no directive to remove this Traffic Signal Project from the CIP. The last meeting on this discussion was in January, 2008. Mayor Dunn recalled discussion; however, of accelerating the Traffic Signal Project at 133rd and Roe.

Councilmember Rawlings asked where this project had originated. Public Works Director Joe Johnson stated this project originated after residents of Hallbrook requested a pedestrian crossing in 2005. A traffic study was performed and the intersection met the warrants for a signal. Since that time, there have been no further requests for the signal.

Mayor Dunn confirmed that this Traffic Signal Project was marked as uncommitted in 2012 for $271,000.

Mr. Johnson stated the section of the 89th and Mission Storm Sewer Project that was collapsing had been repaired. They felt the project had become too expensive and needed to be included in the CIP. The remaining part of the project would include replacing the existing steel pipe.

Mayor Dunn received consensus from the Council to remove the Traffic Signal Project at College and Brookwood from the CIP. She noted; however, this wouldn't prevent a future City Council from reinserting it.

Mayor Dunn also received consensus to leave the 89th and Mission Storm Sewer Project in the CIP as uncommitted.

Informational Signs

Mayor Dunn asked how they will determine if a sign is placed on public property without permission. Assistant City Attorney Franki Shearer thought the Codes Department would investigate this by complaints received. Mr. Lambers thought someone could mislead a resident by stating it was public right-of-way, leaving the impression that they have the right to place a sign. Ms. Shearer stated rather than have a total ban in the right-of-way; this provision was added for flexibility based upon comments received from the first work session.

Mayor Dunn clarified with Ms. Shearer that the total square footage for all temporary signage would not be allowed to exceed 48' square feet, with no individual sign exceeding 16' square feet. In theory, this would allow three (3) 16' square foot signs on one lot.

Councilmember Bussing confirmed that the 48' square feet would apply to commercial temporary signage as well. Community Development Director Richard Coleman confirmed that the banners used by Town Center Plaza were approximately 50' square feet and would need to change to 48' square feet.

Councilmember Cain confirmed with Assistant Planning Director Mark Klein that Town Center Plaza had been platted into several different lots.

Ms. Shearer stated they are required to apply the same regulations to all temporary signage. Temporary signage is defined based upon materials used to construct the sign, not the sign's content.

Councilmember Bussing confirmed with Mr. Lambers that if they approved these revisions, the Codes Department would actively patrol and remove signage in City rights-of-way.

Mayor Dunn received consensus from the Council to proceed through the Planning Commission with revisions to the Leawood Development Ordinance [LDO] regarding Temporary/Political Signs, and then return to Council for approval.

Councilmember Bussing wanted staff to notify the retail centers in advance that this change was in progress. Mr. Lambers stated they would inform them of the ordinance amendment and the hearing of the Planning Commission for an opportunity to comment. Once this goes into effect, staff will send proper notices.

There being no further business, the meeting was adjourned at 7:21 P.M.

Pam Gregory, Recording Deputy City Clerk