

**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, June 21, 2010. Mayor Peggy Dunn presided.

**Councilmembers present:** Jim Rawlings, Julie Cain, Lou Rasmussen, Andrew Osman, James Azeltine, Gary Bussing, Debra Filla and Mike Gill

**Councilmembers absent:** Councilmember Gary Bussing

**Staff present:** Scott Lambers, City Administrator                      Patty Bennett, City Attorney  
Chief Ben Florance, Fire Department                      Kathy Rogers, Finance Director  
Chief John Meier, Police Department                      Lovina Freeman, HR Director  
Captain Dale Finger, Police Department                      Chris Claxton, P&R Director  
Joe Johnson, Public Works Department                      Deb Harper, City Clerk  
Mark Andrasik, Info. Systems Director                      Pam Gregory, Assistant City Clerk  
Richard Coleman, Comm. Dev. Director

**Others Present:** None.

**Discussion of Justice Center Consultant Process**

**Pre-Budget 2011-2015 CIP Review**

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

**Discussion of Justice Center Consultant Process**

City Administrator Scott Lambers felt the City would benefit by retaining an Owner's Representative [OR] to assist throughout the Justice Center Project. He felt there wasn't anyone on City staff capable of performing this; however, he in no way intended this remark negatively toward any staff member. The cost will be determined through the selection process. There are two methods of payment; a percentage of the project or a flat monthly fee. He felt they should select the flat monthly fee to avoid issues of whether or not there is a benefit being driven by the OR in terms of project cost. They could select the OR within the next few weeks and have them work with staff in preparing the Request for Proposal [RFP] for the architect selection. If the Council concurs, this evening's agenda should be amended to authorize staff to proceed immediately with the OR selection process.

Mayor Dunn noted it has been a fairly typical practice to use an OR for construction projects. They would be the City's advocate working with the architect and contractor and she thought they could see cost savings on the project.

Councilmember Filla was in favor of hiring the OR.

Councilmember Rawlings concurred with Councilmember Filla. He asked if hiring an OR had become necessary because of the cost associated. He wanted to know what their flat fee would be and if it was included in the budget.

Mr. Lambers estimated their fee to be \$8,000-\$13,000 per month and would be taken from the project budget. The need for the OR was due to the magnitude and complexity of the project.

Councilmember Cain was also in favor of the OR and asked if this would be a full time position. Mr. Lambers noted they were only interested in selecting a firm that would give 100% attention to the project.

Councilmember Rasmussen confirmed that the selection process would be done by City staff and would not go through the Public Works Committee. He referred to the OR's list of services and asked if they were going to revise their decision to follow the design/bid process. Mr. Lambers indicated this was only a generic list of services and the Council's decision for the design/bid process would remain. Mr. Rasmussen was uncomfortable bypassing the Public Works Committee since this had historically been their procedure.

Councilmember Gill thought the Justice Center would have many implications and he felt they didn't have the expertise to oversee the project. He requested that they receive a list of applicants and a report showing staff's selection rationale.

Councilmember Rawlings also preferred that they go through the Public Works Department for the selection process.

Mayor Dunn confirmed they would provide rationale for the selection process. The professional City staff team that selected Hoeffler, Wysocki Architects [HWA] as the Master Plan firm would be the same team to select the OR.

Councilmember Azeltine confirmed that once the OR is selected, the Council would receive monthly reports on the Justice Center progress.

Councilmember Rasmussen confirmed with Mayor Dunn that the contractor's ability to perform would be verified. She noted bonding capability was currently one of the hottest topics. Mr. Rasmussen also wanted their construction capability verified along with a performance appraisal.

Councilmember Filla felt it was important for the OR to be involved from the beginning of the project for continuity.

Mayor Dunn confirmed that this evening's agenda would be amended under Special Business to authorize staff to proceed with the process of selecting an OR for the Justice Center Project and have their recommendation forwarded to the Council as soon as possible.

### **Pre-Budget 2011-2015 Capital Improvement Project [CIP] Review**

Finance Director Kathy Rogers reported that the Council had approved the restructuring and refunding of the 2002 bond issue and it was in the process of moving forward.

The five-year financial plan includes: Revenue Growth, Operating Expenditures, Maintenance Expenditures, and Capital Expenditures.

The Sales Tax History Report begins in 1995 and runs through 2009. The report shows highs in 1996 and lows in 2002, 2003, and 2009. It is not unusual for this to fluctuate. Grocery stores continue to be the City's top sales tax revenue source. Some of the sales tax projections have been decreased over the next few years and was based on discussions with the state budget office.

Councilmember Rasmussen confirmed these projections were done after the state had increased the sales tax and that the increase should not affect the revenues.

The City has gone through several refunds with a telecommunications provider and will need to refund another \$500,000 this year.

There will be a decrease in assessed valuation in 2011 and the final figures will be certified on June 30, 2010. There may be other reductions as well.

Councilmember Cain noted property values continue to decrease; however, home sales are beginning to improve.

There has been an increase in commercial development; however, with so many vacancies, it has a bigger impact overall.

Building permits have increased in 2010, compared to 2009 at \$576,000.

### **Operating Expenditures**

There are no new positions for the 2011-2015 planning period and 10.5 full time equivalent [FTE] positions currently vacant. Of these, 1.5 were previously filled and 9.0 were not filled.

The model includes wage and benefit assumptions of 3.5% for wage increases, 12.2% for benefits, and 4.25% and 9.5% for 2012-2015.

A 1.0 mill levy increase is forecasted in 2013, 2015 and 2017. There was a projected mill levy increase for the Street Improvement Program; however, was never put in place.

There was a small decrease in Contractual Services in 2010 and a 0.0% increase is forecasted in 2011, changing to 2.0% for 2012-2015.

There will be an increase in the transfer from the Special Alcohol Fund to the General Fund from \$150,000 to \$225,000, beginning in 2011. Mayor Dunn clarified this was the City's money and the State wasn't providing it.

There were no new revenue sources figured into this budget; however, the addition of a stormwater user fee had been previously discussed.

Currently, all maintenance is being funded at the anticipated need level and has not been cut.

### **Debt Service Expenditures**

The Debt Service fund remains at 35% of expenditures. If one more payment is received, all of the Transportation Development District [TDD] money will be in that is due September 1, 2010. These are not technical obligations of the City; however, if the Council chose, they could become moral obligations. The delinquent special assessments are the City's obligation and they increased the fund from 30% to 35% to assure enough money to cover this.

### **Capital Expenditures**

Gasoline Tax receipts are expected to realize a 2.5% growth. These funds are used to finance the annual Mill and Overlay and Slurry Seal Programs.

Councilmember Rasmussen asked if the county was funding the collection of the Special Benefit District [SBD] delinquency rates. Mr. Lambers indicated there had been no action by the County Manager because of a backlog of projects.

Councilmember Azeltine confirmed with Ms. Rogers they had anticipated a 100% property tax collection rate; however, it had been revised to show a 98% collection.

They were able to accelerate the \$600,000 Stormwater Pay-As-You-Go [PAYG] Projects that will begin in 2011. Since one of the projects was bid less than anticipated, City Engineer David Ley recommended that they include the Stormwater Project at 103<sup>rd</sup> and Mission to State Line and the project at 137<sup>th</sup> Street and Pembroke.

Phase II of the Accelerated Street Reconstruction Program has been scaled back in 2012. Phase II-Year 3 has been reduced from \$2,500,000 to \$1,250,000. This program will continue every other year with a total of \$2,500,000 in 2014.

Funding for the \$1,000,000 Trail Improvements will need to come from Grant Funds or Special Parks & Recreation Funds. Currently, these repairs are unfunded and not included in the 2011 budget.

The totals for all construction projects are identified by year and the Traffic Signal Project at Brookwood has been eliminated.

Councilmember Gill asked when they could widen Mission Road, south of 135<sup>th</sup> Street if the proposed development proceeds. Mr. Lambers indicated the developer would pay approximately \$189,000 upon filing the plat. They may want to accelerate the Mission Road improvement on the south side of their property and delay the remaining improvements.

### **Conclusion**

Projections in 2011 reflect little to no growth. Currently, the Operating Budget in the General Fund is equal to revenues, except for transfers to capital funds. They will continue to meet with the auditors on GASB54 of operating reserve types and future spending. Rating agencies are requiring further delineation of the fund balances and authority clarification of how it can be spent.

Councilmember Filla recalled previous discussion of a proposed Stormwater Utility Tax [SUT] and asked if staff planned to investigate its implications. Mayor Dunn thought they were going to receive a report to see if other cities had implemented this. Mr. Lambers stated Council consensus was split on moving forward and he didn't include it in the budget. If the Council votes to incorporate revenue and expenditure for this at a public meeting, he could proceed to include it.

Councilmember Azeltine felt any movement forward should come from a formal motion in the Council Chambers and not in a Work Session. Mr. Lambers clarified that the consensus was only to determine whether or not to include it in the draft budget. Mayor Dunn noted she received consensus from the majority requesting more information on this.

Councilmember Rasmussen felt this was one of the most inefficient ways of collecting money. He noted some of the Council thought a fee structure would be tax deductible and it isn't.

Mr. Lambers stated if they impose the SUT as other cities have, they could decide whether to apply it toward ongoing activities for stormwater maintenance crews and stormwater projects, or apply it all toward stormwater projects. Staff had recommended that it be applied to both.

Ms. Rogers distributed a report showing all cities in the metro-area, with exception to Leawood, had implemented the SUT.

Councilmember Osman asked how they enforce payment of this tax. Mr. Lambers clarified that it is included on the property tax bill and the county won't accept a partial payment. He confirmed the SUT is not tax deductible.

Councilmember Rasmussen felt if they were going to increase the cost to the constituents, they should simply be upfront and increase the mill levy.

Councilmember Gill concurred with Councilmember Rasmussen and felt if they increase the cost; it should at least be tax deductible.

Councilmember Filla thought stormwater was the most hidden utility provided by the City and she was in favor of the SUT. Currently, repairing stormwater infrastructure costs \$500,000 per year and most people don't even understand what it is. Education would become easier because people would want to know what they were paying for.

Councilmember Azeltine concurred with Councilmembers Rasmussen and Gill. He asked if they could present this to the voters. Mr. Lambers wasn't aware of this being done but would see if it was an option. Some people may want to do an advisory election (voter opinion) and the Attorney General [AG] frowns upon this.

Mayor Dunn thought if they were projecting a mill levy increase for 2012, they could consider the SUT. Currently, it isn't a good time to increase taxes. She concurred with Councilmember Filla that it would be a fair tax if the residents were educated. Mayor Dunn was surprised that so many other cities were receiving this revenue and Leawood had accomplished so much without it.

Councilmember Rasmussen noted this was a utility fee, not a tax, and he didn't want to mislead the public. Mayor Dunn clarified this is called a Utility User Fee [UUF] and noted if they increase the mill levy like Councilmember Rasmussen suggested, it would be a tax, and not a fee.

Mayor Dunn stated they wouldn't include this in the 2011 budget; however, she felt it warranted further discussion by the Stormwater Committee.

Councilmember Rawlings noted all of the recent flooding, including the Parks and Recreation facility, and asked if other major areas in the City were affected. Public Works Director Joe Johnson noted several storm sewer systems were in need of repair and he would bring this to the Stormwater Committee for recommendation to fund them with the 1/8-cent sales tax in 2011. He confirmed these projects were not SMAC eligible.

Mr. Lambers stated they could have further discussion on the SUT/UUF in November since it will have implications on the CIP and the operating budget.

Councilmember Rasmussen clarified he had no objection to justifying a tax increase for the City's needs; however, he wanted to be upfront and explain why and accomplish it as efficiently as possible.

There being no further business, the meeting was adjourned at 7:25 P.M.

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Pam Gregory, Recording Deputy City Clerk