

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 20, 2011. Mayor Peggy Dunn presided.

Councilmembers present: James Azeltine, Debra Filla, Carrie Rezac, Gary Bussing, Lou Rasmussen, Andrew Osman and Jim Rawlings

Councilmembers absent: Councilmember Julie Cain

Staff present: Scott Lambers, City Administrator
Joe Johnson, Public Works Director
Deb Harper, City Clerk
Patty Bennett, City Attorney
Pam Gregory, Assistant City Clerk

Others Present: Chris White, Leawood resident

Review Pre-Budget 2012-2016 Capital Improvement Projects [CIP]

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

Opening Remarks – City Administrator Scott Lambers

City Administrator Scott Lambers stated tonight's discussion is intended to review the Capital Improvement Projects [CIP] to address any questions prior to the budget meeting. Based upon financial projections, the Strategic Planning Model shows the City is in an excellent financial shape through 2020. Staff had projected a 2% increase in sales tax revenues for this year. To date, using the cash basis through May, these revenues are up 10%. Using the accrual method through March, they are up 11%.

Pre-Budget 2012 -2016 Capital Improvements Program [CIP] Review – City Administrator Scott Lambers

The five-year financial plan shows the additional assumptions in more detail. They are remaining fairly conservative and are still anticipating a mill levy increase of one mill in 2016, 2018 and 2020. The mill levies would be used to finance the CIP, meaning the City is accumulating more debt than its retiring. In time, this will change and they will be issuing less debt than they are retiring and will create a positive situation.

Councilmember Bussing referred to Page 6 of the Five-Year Financial Plan and asked why the assessed valuation and property tax figures for 2012 had been adjusted from -1.9% to -0.4%. Mr. Lambers responded this improved because there were fewer appeals in commercial properties than anticipated by Johnson County Appraiser Paul Welcome.

The Traffic Signal Replacement Projects have been included; however, they are shown as uncommitted. The CIP will be reviewed next year to ensure finances are adequate to change any or all of these to committed projects and still keep meeting the financial parameters that have been set. Currently, these are in the CIP as bonded projects; however, they hope to do these as Pay-As-You-Go [PAYG]. The Residential Street Program continues in the out years, which will be increased to \$3 Million in 2014 and 2016.

Councilmember Rasmussen wanted to ensure the contractor would maintain the traffic signal poles as stated in the contract. As part of the CIP review next year, he wanted to review whether all of the signals are needed on State Line Road.

Councilmember Rezac confirmed with Mr. Lambers that under PAYG Capital, any major and routine repairs to facilities are specifically detailed known repairs. The unknown repairs are covered under the general contingency fund.

Councilmember Filla asked how they determine the stormwater budget in the out years. Mr. Lambers stated this comes from growth in the revenue source and if some of the projects come in under the estimates, they carry over funds for projects in out years.

Mr. Lambers stated there has been recent dramatic deterioration of curbs and gutters throughout the metro-area, including the City of Leawood. The Public Works Department reviewed this last year and recommended that the Council consider an accelerated program to be financed with the mill levy increase.

Presentation on Deteriorating Curbs and Gutters – Public Works Director Joe Johnson

Generally, the rock aggregate used for making concrete is limestone. The limestone used during the late 1980's to 1990's was poor quality and is susceptible to moisture. During the freeze/thaw cycles of winter, water gets trapped causing the concrete to expand and contract, which begins the deteriorating process down the curb. By the late 1990's, most cities began to realize they needed to use a better quality limestone. If done correctly with a good quality limestone, curbs and gutters should last 75-100 years. Staff from several cities decided to form a board to test different types of rock for concrete and determined that quartzite or granite was a good quality hard rock. Most cities, along with MODOT and KDOT, have turned to this type of rock because of the deterioration issue. Mr. Johnson presented a slideshow of several locations throughout Leawood showing how the deterioration begins and progresses. These locations include, but are not limited to: Overbrook Road, 135th Street, State Line Road, 127th Street, College Boulevard, 115th Street, 83rd Street, Sagamore, 148th Street and Town Center Drive. Generally, when deterioration has progressed, the curbs are replaced in conjunction with a mill and overlay. A Curb Replacement Program can be done; however, there is additional expense due to the need to patch the asphalt in front of it. Several years ago, City crews did spot repairs on 127th Street. By doing spot repairs, deterioration sets in at each joint on either side of the patch.

Councilmember Azeltine asked how old the curbs were. Mr. Johnson responded most of them began deteriorating after 15 years.

Councilmember Filla asked if the curbs could be narrowed on some of the streets to accommodate a bike lane. Mr. Johnson replied once the Complete Streets Policy is completed and bike routes are designated, they could consider this in conjunction with the mill and overlays.

Councilmember Osman asked if the concrete could be chemically sealed to prevent water from permeating in. Mr. Johnson was unaware of any sealant that could do this.

Councilmember Filla asked if they could design the streets with no curbs, but have natural swales on each side. Mr. Johnson replied because of the underground utilities, they would need 300 feet of right-of-way in order to direct and swale the water.

Councilmember Rasmussen asked other than appearance, what adverse affect this has. Mr. Johnson replied once it begins attracting water, it accelerates deterioration from joint to joint along the gutter line. There is a 2-3 inch drop-off along the edge of the asphalt on State Line Road. The road surface could be affected if water gets between the curb and the edge of the asphalt down into the sub-grade.

Mayor Dunn commented the deterioration is very visible and she receives several citizen complaints about the appearance. People are concerned this will affect their property values.

In the last 5 years, 25%-30% of the budget was spent on replacing curbs in subdivisions instead of doing the mill and overlays.

Councilmember Azeltine confirmed with Mr. Johnson the patches should last 4 years before they begin to fail.

Because of the percentage of money being spent on curbs, they need to compress the 10-year Residential Mill and Overlay Program, which is currently funded at \$1.2 Million, into a 5-year program and double the annual appropriation in order to catch up on repairs.

Councilmember Bussing confirmed with Mr. Johnson the storm drain on south bound State Line Road would be replaced when the curbs and gutters are re-done.

Councilmember Osman confirmed with Mr. Johnson that any repairs to driveway approaches are the homeowner's responsibility.

Councilmember Rezac asked if curb and gutter repairs disturb the sod or the adjacent street. Mr. Johnson replied generally, they have to repair the irrigation and replace a 1 foot strip of sod.

Over the next 8 years in conjunction with the Residential Mill and Overlay Program, curb replacement cost is \$30-\$35 per foot and is estimated at \$4 Million. This amount only includes the current subdivisions that have been identified through their street inspection. Curbs and gutters built prior to the mid 1980's and after 2001 remain in good condition. Mr. Lambers clarified the \$4 Million does not include any spot repairs.

Mr. Lambers stated most of the curbs are failing at the same time and to address it correctly, the Mill and Overlay Program needs to be accelerated in order to get caught up. Currently, Mill and Overlay costs are \$1.2 Million and are estimated to double to \$2-\$2.3 Million over the next 10 years.

Councilmember Rasmussen confirmed with Mr. Johnson that money would be taken from the Stormwater Program to replace the old storm drains in conjunction with the Curb Program.

Mayor Dunn confirmed with Mr. Johnson the mill and overlay on State Line Road is scheduled to be completed over the next couple of years. Mill and overlays on collector and thoroughfare streets are done every 9-10 years.

Mr. Lambers commented that State Line Road currently has the worst curb and gutter issues. Mr. Johnson confirmed the worst is south of College Boulevard. Most of the remaining deteriorating streets are residential. Mr. Lambers stated prior to the next CIP review, they plan to review the magnitude of the problem to estimate the costs over the next 10 years. This program cannot be funded through natural growth because the problems are so immediate. They will need to consider an alternative revenue source, whether it be through property tax, sales tax, or a combination. Since the City is currently above its financial parameters, there is \$400,000-\$500,000 that could be allocated for State Line Road in the 2012 CIP model. Mr. Johnson confirmed State Line curb replacement costs are estimated to be \$1.2 Million.

Councilmember Rasmussen asked if they could coordinate deteriorating stormwater pipe replacement in conjunction with the mill and overlays and curb replacements. Mr. Johnson responded they will replace corrugated pipe under the road and possibly beyond the right-of-way, depending upon its appearance. Mr. Rasmussen wanted them to include a total cost for stormwater pipe replacement. Mr. Lambers replied this would already be included because the streets have been identified for the next 10 years. Depending on how much pipe is needed, funding may be taken from future projects.

Councilmember Osman asked how the slurry seal project in north Leawood was progressing. Mr. Johnson responded there were some issues with the rock and the contractor's machine; however, they started back today. The contractor performing the work has been the same contractor they've used for the last 15 years. Two-thirds of the program still needs to be completed. The first part of the project has already been evaluated. They need to wait until the end of summer for the material to cure before going in to re-seal the streets. Mayor Dunn confirmed with Mr. Johnson this will be done at the contractor's expense.

Councilmember Bussing thought with curb infrastructure failing City-wide and interest rates at record lows, they could attack this aggressively with debt financing. With PAYG, it would take a decade to get caught up. Mr. Lambers replied typically, they try not to bond beyond the useful life of an asset. If built properly, curbs should last 100 years; however, there is no guarantee. The City could justify bonding because of the magnitude of deterioration.

Mayor Dunn confirmed with Mr. Johnson that the curbs replaced with hard rock since 2001 remain in good condition. They no longer use limestone in the concrete.

Councilmember Bussing commented homeowner's will not want to hear it could take 10 years to replace their curbs. Mr. Lambers stated they should decide if they want to tie it into an accelerated Mill and Overlay Program to get it all done at once. Mr. Bussing wanted a further assessment done on the need to do these together. Considering the costs, it seems impractical. They could replace the curbs, patch the asphalt and come back in a few years to do the mill and overlay and not disturb the curb. Mr. Lambers stated by bonding it, they could get a head start and then do PAYG on the curbs that are just beginning to fail.

When mill and overlays are done on thoroughfare and collector streets every 10 years, the City receives 50% County funding. Residential streets are done every 20 years because they do a slurry seal at the 10 and 15-year point.

Councilmember Rasmussen confirmed with Mr. Johnson that if they decided to bond it, they could do \$5-\$6 Million worth of curb replacements in one year and they would have multiple contracts.

Mr. Lambers stated for now, he could dedicate the \$400,000-\$500,000 to begin work on State Line Road and then the Council could decide how to proceed in 2013 and beyond.

Councilmember Rasmussen asked the estimated cost to replace all of the curbs. Mr. Lambers stated they only had estimates on the 10-year Mill and Overlay and Curb Programs of approximately 15 residential streets for \$6 Million.

Councilmember Azeltine referred to the 1/8 cent sales tax that is currently being split between streets and stormwater, and asked if they could return to the voters to request an increase before it sunsets in 2015. Mr. Lambers thought they would need to do a separate election to have it expire at the same time and then they could consolidate it into 1/4 cent to have one election every 5 or 7 years. If they decide to bond it all, this wouldn't be necessary; however, if they bond only a portion, this would provide a good acceleration program.

Councilmember Azeltine commented he has not been open to adopting a Stormwater Utility Tax; however, he asked staff to draft some documents to review this possibility. Councilmember Filla concurred. Mr. Lambers replied since the curbs and gutters are a part of the stormwater system, they could use that money to fund their replacement.

Mr. Lambers confirmed he would allocate \$400,000-\$500,000 to begin addressing the State Line curb issues in the 2012 Budget and they can re-visit this to determine other future revenue mechanisms. With revenues coming in higher and expenses lower each year, hopefully a similar amount of cash could be allocated for the northern part of State Line in 2013. If there is money remaining from the Mill and Overlay Program, they could then have State Line completed.

There being no further business, the work session was adjourned at 7:20 P.M.

Pam Gregory, Recording Assistant City Clerk