

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, December 5, 2011. Mayor Peggy Dunn presided.

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

Councilmembers absent: None

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

Others Present: None

Discuss potential financing source(s) for Curb Repair & Replacement Project

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

Opening Remarks – Public Works Director Joe Johnson

The limestone being used in the late 1980's and early 1990's was poor quality. They decided to get away from using limestone and use a harder rock, such as granite or quartzite. Recently they inspected all of the arterial and collector streets built from 1986-1999 to categorize and rate the curbs from bad to worse so that if funding becomes an issue they can address the worst curbs first. They should finish inspecting the residential curbs this week. The funding being proposed, financing \$5 Million per year for 4 years (\$20 Million), would cover all of the arterial, collector and residential streets. The \$5 Million would be split between the arterial and collector, and residential streets.

Councilmember Filla asked if they could tie some of this into the Mill and Overlay Program. City Administrator Scott Lambers responded time is of the essence because the curbs are deteriorating geometrically. By trying to wait to coordinate it they could lose a lot of the effectiveness with further deterioration.

There is 371,000 feet (70 miles) of curb to be replaced on the arterial and collector streets and 619,000 feet (117 miles) of curb to be replaced on residential streets. Staff hopes to contract this out for \$16-\$17 per linear foot.

Mr. Lambers stated they have projected three 1 mill levy increases in the Capital Improvement Program [CIP] for current projects. He referred to the CIP Financial Model Assumptions stating they include both operating and capital expenses. Model #1 shows the City's financial position without any additional capital projects being constructed after 2012. This demonstrates that the City is in a solid financial position from an operating budget standpoint. Model #2 incorporates the existing CIP projects through 2022 without any projected mill levy increases. The City has received \$2.5 Million this year in unanticipated revenue because of the higher sales tax growth, which is approximately 7% as opposed to the 2% that was projected. With this in the ending cash balances, it gives them the ability to fund all of the current projects. Model #3 incorporates the \$20 Million for the curb replacement with the additional revenue enhancement. Beginning in 2019, they fall below the financial parameters, which will require them to maintain their financial policy minimum standards. Model #4 includes three .95 annual mill levy increases in 2017, 2018 and 2019. These are the same 3 mills that were forecasted to begin in 2009; however, never occurred because of higher revenues than expected and scaling back the CIP. The mill levy's are being pushed back to begin in 2017 to fund this \$20 Million program. By having this accepted and incorporated into the CIP, the program can begin in 2013 and begin debt financing in 2014. Should the Council decide to use an alternative financing source, they would not need the mill levy increases in the out years. Assuming the revenue trends continue, the next goal would be to try and space the mill levy's every other year; however, for now this needs to be in place to accelerate the program.

Councilmember Filla asked if they could incorporate a prototype smart street into this Curb Replacement Program over the next 4 years. Mr. Lambers replied this would be something they would need to do as a demo project and would need to involve the neighbors. If it can coincide on its own calendar they could consider it. Mr. Johnson noted Kansas City, Missouri, is currently working on smart streets. As they get their streets up and operating it should give them a better idea on how this could work and whether they may want to include it in this program or the Street Reconstruction Program. This program focuses on replacing the curb. If they begin a green street and run the water through a filtration system before going through the storm sewer, it changes where the curb is placed. The curb inlets are lined up with the street. If the streets are narrowed, they would need to modify the storm sewer system to be able to accommodate the configuration.

Mr. Lambers clarified when they review the CIP early next year, he was requesting that the funding being proposed, \$5 Million per year for 4 years, already be incorporated into the CIP. If there are any other projects they want to see included, they would be included after this for priority purposes. Debt financing would begin in 2014 and continue 15 years. Interest rate assumptions are high. When issuing the bonds in the future, the mill levy may go down if interest rates are lower than the 4.5% currently incorporated in the model.

They plan to continue curb replacement on State Line Road with the \$400,000 currently budgeted for next year. Once the \$20 Million program begins, they will finish State Line Road and then proceed with Somerset, 83rd Street, etc., completing entire streets at once. They should replace approximately 300,000 feet of curb per year. This is planned to go out for bid early and begin in March, 2013. Mr. Lambers noted the contractor with the low bid may be willing to extend their existing contract to continue with the 4-year program.

Councilmember Bussing asked the dynamics of accelerating the program to 2 or 3 years. Mr. Lambers replied by doing this, the mill levy increases would be larger and occur sooner. They would need to accelerate the mill levy increase because the debt service payments would be coming in. If they see an unexpected increase in the rate of deterioration, he can return with that request.

From the time they remove and replace the curb, the process takes approximately 3 days. Depending upon the type of curb, they may need to modify some of the driveway entrances.

Councilmember Filla reiterated her desire to explore the possibility of where green streets could fit in with this program. Mr. Lambers thought this should be left up to the Public Works Department to determine which streets may be wide enough to consider. Mayor Dunn felt they should consider this outside the parameters of this program due to the costs involved and the need to have intensive neighborhood meetings. Ms. Filla noted when this was done in Portland, Oregon; it was the #1 requested streetscape in the City. Mr. Johnson replied Kansas City, Missouri, is the first local City currently trying this and has received several Million dollars through a Tiger Grant for several types of street projects.

Mayor Dunn received consensus from the Council to include the \$20 Million funding for curb replacement in the CIP. She commented that during conversations with residents, public safety, green space, and streets and curbs are among some of their top concerns.

There being no further business, the work session was adjourned at 7:15 P.M.

Pam Gregory, Recording Assistant City Clerk