

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, February 2, 2015. Mayor Peggy Dunn presided.

Councilmembers Present: Debra Filla, Chuck Sipple, Lou Rasmussen, Andrew Osman, Jim Rawlings, Julie Cain, James Azeltine and Carrie Rezac

Councilmembers Absent: None

Staff present:	Scott Lambers, City Administrator	Patty Bennett, City Attorney
	Chief Dave Williams, Fire Dept.	Joe Johnson, Public Works Director
	Chief John Meier, Police Dept.	Chris Claxton, Parks & Rec. Director
	Mark Andrasik, Info. Services Director	Kathy Byard, Budget Manager
	Richard Coleman, Com. Dev. Director	Nic Sanders, Human Res. Director
	Dawn Long, Finance Director	Deb Harper, City Clerk
	Brian Anderson, Parks Superintendent	Cindy Jacobus, Assistant City Clerk

Others Present: Kevin Jeffries, President and CEO, Leawood Chamber of Commerce
Sue Grogan, Leawood Resident

Presentation of 2016 – 2020 Capital Improvement Program [C.I.P.]

Mayor Dunn called the meeting to order at 6:05 P.M. She pointed out three replacement pages [Pages 39, 49 and 54] for the previously distributed C.I.P. document had been distributed. She noted the C.I.P. document cover photograph of Leawood dog park was especially relevant. Mayor Dunn thanked Ms. Long, Ms. Byard and Mr. Lambers for their work on the C.I.P. Introductions were made by those present.

Mr. Lambers provided an overview for attendee benefit and for those who were new to the review process. He stated everyone should become acquainted with the base program that deals primarily with Public Works projects. Mr. Lambers noted the program presents a limited timeline of five years, but commitments go beyond that in the City's financial documents. The Council has committed to the debt-financed Accelerated Street Reconstruction, Curb Repair and Replacement, and Corrugated Metal Pipe Storm Sewer Programs, totaling \$60 to \$70 Million. In addition, consultant studies have been reviewed for both Master Parks and Bike/Ped Plans.

Mr. Lambers stated discussion should focus on funded projects, followed by unfunded projects if time allows. If continued discussion was needed, another Work Session could be scheduled in April.

The presentation was led by Finance Director Dawn Long.

2016 – 2025 FINANCIAL MODEL

Strategic Planning Model, 2015 Budget, and 2016 – 2020 C.I.P. assumptions were presented in documents 2a [three pages].

Strategic Planning Model

Revenue Assumptions

1. Assessed value increase of 4.00% in 2016; 2.75% for 2017 – 2021; and 2.95% for 2022 – 2025. Being conservative is the main driver for estimates past 2016, as this facilitates schedule adjustments to mill levies. Staff will have their annual meeting with Johnson County Appraiser Paul Welcome at the end of February and he will provide new data. Thereafter, City documents will be revised and distributed.
2. City Sales tax revenue increase of 3.90% across the 10 years 2016 – 2025.
3. County Sales and Use taxes of 3.95% each, and all other revenues at 3.00%, across the 10 years 2016 – 2025.
4. Interest Earnings at 1% for 2016, escalating slowly to 3.5% in 2025.

Expenditure Assumptions

1. Salaries increase is set at 3.70% across the 10 years 2016 – 2025. This includes merit increases, but does not include Cost of Living Supplements (CoLS).
2. Benefits increase (all, excluding health insurance) starts at 5.55% in 2016 and increases 0.05% each year to 6.00% in 2025.

With regard to the Kansas Public Employee Retirement System [KPERS] funding, legislature imposed a 1.00% increase in employee contributions for two years. The state is to add more for unfunded liability, but may go in the opposite direction and decide to defer their funding to a future date.

3. Health Insurance increase starts at 9.00% in 2016 and increases 0.50% each year to 12.00% in 2025. This projection is being tracked separately from other benefits. Cost is impacted each year by employee choice, and may also be impacted by the status of the Affordable Healthcare Act and the next presidential election.

As a rule of thumb total benefits are estimated at 25% of direct payroll. A recent Kansas City Star study of both private and public healthcare employer costs indicated the average cost is \$11,000 per employee. Kansas City came in at \$11,400 and the City of Leawood is at \$11,000. East and west coast costs were higher, with the Midwest less because of our lower cost of living.

4. Contractual & Commodities are set at 1.47% across the 10 years 2016 – 2025. These are items listed on appropriation ordinances and include gasoline, office supplies and road salt.

Street Program

These projects are already part of the C.I.P. Pay As You Go [PAYG] projects are paid out of Special Highway Fund and Street Improvement Funds. Some of the 1/8th sales tax money is used to fund these PAYG projects also. The funding schedule for bonded street, curb and corrugated metal pipe stormwater projects appears uneven, due to the timing of the projects.

Service Levels

Of interest and included are levels for Police, Fire, Parks & Recreation, and Admin-to-Direct Service Employee ratio. Levels vary due to population growth, currently estimated at 0.50%. There is no measure or national average for Public Works, only productivity measured in Pavement Condition Index [PCI], lane miles and streets swept. Debt per capita data appears on Page 46 of the C.I.P. document.

2015 Budget – Financial Assumptions

1. Assumptions presented in graph format with proposed mill levy increases by year listed at the top.
2. The Deb Service Fund Balance [lower left graph] is a reserve for all City debt, including that of developers. During the recession, there were delinquencies which have been resolved and this is now all City debt. This data is utilized by rating companies and Leawood's 35% reserve is much higher than most cities.

2016 – 2020 C.I.P. Assumptions

1. Assumptions presented in a different format.
2. Includes interest rates for GO [General Obligation] Bonded Debt and Accelerated Stormwater PAYG.

CHANGES IN RESIDENTIAL APPRAISED VALUE

Changes in Leawood residential appraised values for 2010 – 2014 were presented in document 2b.

1. The City has consistently realized improvement in the number of residential properties experiencing decreases in their home value.
2. Comparison of Leawood to Johnson County, as a whole, for the four years 2010 – 2014 shows 80% of Johnson County residents experienced a decrease in appraised value while only 15.5% of Leawood residents experienced the same. Many Johnson County residents sold at 50% - 60% of value or lost their homes during this time.

2015 – 2019 C.I.P. – FY 2015 SUMMARY

2015 C.I.P. projects were presented in document 3a.

1. Projects separated by funding source of either debt-financed or PAYG.
2. 73% of projects are debt-financed; 27% are PAYG.
3. Justice Center art acquisition cost of \$285,000 includes installation and site work. The cost estimate may be high and it is unlikely the art piece will be purchased in 2015, but rather 2016.

Mr. Lambers indicated with the completion of the Justice Center, next step would be to evaluate positioning of staff within City Hall, moving Parks & Recreation to the first floor, requiring all residents/visitors enter City Hall through the front door. The lower level of City Hall would be the Community Center.

2015 – 2019 C.I.P. – FY 2016 SUMMARY

2016 C.I.P. projects were presented in document 3b.

1. Same format as 2015 Summary, only for 2016.
2. Projects separated by funding source of either debt-financed or PAYG.
3. 59% of projects are debt-financed; 41% are PAYG.

2016 – 2020 C.I.P. DOCUMENT

In regard to Page 54, “Parks Master Plan Project List”, Councilmember Rasmussen noted it contained nearly \$1 Million in Citywide Park Improvements each year 2016, 2017 and 2018, and questioned if there might be a consensus to substitute improvements/expansion of the Ironhorse Golf Clubhouse in 2016. He stated the golf course generates revenue and improvements could result in additional growth opportunities. Councilmember Sipple felt it would be beneficial to obtain Troon’s estimate on potential revenue increase.

Mr. Lambers stated that as previously agreed, the list of projects are for maintenance or upgrades to existing facilities. He suggested review and prioritization, but not in isolation of other items.

Mr. Coleman confirmed the City owns the plans for the clubhouse project, which are under final review. These plans could be used to request bids for a cost estimate. The first cost estimate for a design-build was \$800,000, which then increased to \$1.9 Million.

Mr. Lambers stated the clubhouse project would have an immediate impact, as cost would be cash, as state law would require going before voters in this regard.

Councilmembers Sipple and Rawlings agreed with Councilmember Rasmussen. Mayor Dunn stated the next step would be to bid and to ensure an accurate bid, funding would need to be identified. She stated another Work Session could be scheduled in April for further discussion, with focus on clubhouse expansion, park items and option of going to the public with a bond issue for multiple park items.

Councilmember Filla stated there had not been previous discussion about items on Page 53, “Other Projects”, specifically the \$2.75 Million in 2020 for a Fire Training Facility. She inquired why the Activity Center was not listed. Mr. Lambers replied the Activity Center is an unfunded project.

2016 – 2020 C.I.P. Submission Letter

The January 23, 2015 C.I.P. submission letter was presented in document 3c.

1. Yellow-highlighted chart on Page 1 lists capital items presented for consideration which have not been included in previous C.I.P. documents and are included for the first time in the 2016 – 2020 C.I.P. document, or items that have changed considerably from the previous document.

2. The Fire Training Facility is now funded and the cost is reflected in the document.

Chief Williams stated the Fire Department had used streets at 135th to 137th for hose and truck driving testing because these streets were vacant, pending development. The City also leases a burn tower for training. International Organization for Standardization [ISO] certification is also a consideration. With regard to encouraging facility sharing, he is currently working on a contract with Overland Park.

3. Cost of Project #80129: 143rd Street, Windsor to Kenneth Road, increased from \$7 Million to \$11.8 Million.

Mr. Johnson stated federal aid of \$1.8 Million was in the original budget for this project, but currently the City does not anticipate receiving federal aid. More than \$1 Million was added for pipeline and utility relocations. He stated the current cost estimate should be considered reliable. Mr. Johnson confirmed all County Assisted Road System [CARS] funding had been programmed and the City would not be able to receive additional funding for this project. CARS funding is used for arterial streets on a rolling five-year average and using CARS for this large project would impact future CARS funding.

Councilmember Azeltine inquired about project number assignment and “committed, submitted and anticipated” project designations. Mayor Dunn stated the assignment of project numbers facilitates tracking and project designation definitions are in the C.I.P. document.

Mayor Dunn stated due to time constraints the meeting would adjourn and that another Work Session could be scheduled in April for continued C.I.P. discussion.

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

Debra Harper, CMC, City Clerk

Cindy Jacobus, Assistant City Clerk