

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 2, 2015. Mayor Peggy Dunn presided.

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

**Councilmembers Absent:** None

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

**Others Present:** Jamie West, Troon, General Manager  
Dick Fuller, Ironhorse Advisory Board Chair  
Alec Weinberg, Ironhorse Advisory Board Member  
Kevin Jeffries, President and CEO, Leawood Chamber of Commerce  
Sue Grogan, Leawood Resident

**Further Discussion of 2016 – 2020 Capital Improvement Program  
[C.I.P.]**

Mayor Dunn called the meeting to order at 6:05 P.M. and introductions were made. A two-page pro-forma document prepared by Mr. West to include *total* revenue and expenses for Ironhorse Golf Course *overall*, including expansion, was distributed. It was noted the pro-forma document previously distributed in the meeting packet represented *only revenues and expenses of the expansion*.

Mr. Lambers stated he had worked with Ms. Long and Ms. Byard to review the prior C.I.P. project listing expenditures through 2026, with regard to park improvements that were not funded and potential funding the Ironhorse Golf Course clubhouse expansion. The goal of this Work Session would be a committed consensus on the projects that would be included in the 2016 June budget.

Specific meeting documentation was discussed, as follows:

**Page 19a – Capital Improvement Program – PUBLIC WORKS PROJECTS (Debt-Financed), 2016 – 2026**

1. Includes specific street projects, followed by periodic residential street and stormwater improvement projects. The recurring residential street and stormwater improvement projects which would be expected to continue indefinitely and are bonded.
2. Revised C.I.P. timeline extends until 2026 and presents alternating years of street and stormwater projects.
3. With an alternating schedule of street and stormwater projects, each year Public Works would be constructing either a residential street or stormwater project, and designing the other type of project.
4. For flexibility, although corrugated metal pipe projects are a priority, these projects and encumbered funds are no longer shown as separate C.I.P. projects.
5. C.I.P. projects are discussed each year. The Public Works Committee and Mr. Johnson are tasked to recommend specific projects to be included. There may be other unforeseen projects that arise.
6. Unspecified traffic signal replacements in 2024 and 2026 are included.

Mr. Lambers stated discussion of use of Johnson County Stormwater Management Advisory Council [SMAC] funds for replacement/maintenance of SMAC projects has taken place at the City Manager level, but not specifically with the county except that Hannes Zacharias, Johnson County Manager is aware of our desire. The next step would be for Mr. Johnson to speak with SMAC to determine eligibility. Some larger cities are not in favor of diverting funds for this purpose. Mr. Johnson stated business plans for SMAC and the County Assistance Road System [CARS] programs are being updated and discussion of this option, as well as others, is planned. Currently, Leawood has about 20 projects that exceed SMAC funding, but the number of projects is decreasing and funding use is continually evaluated.

**Pages 19b and 19c – Capital Improvement Program – PARKS PROJECTS (Pay-As-You-Go), 2016 – 2026**

1. As a result of C.I.P. revision, \$1M+ a year in cash from the City's Special Parks & Recreation Fund and the General Fund to finance the improvements through 2026, for a total of \$12.6M, would be available. This was accomplished as follows:
  - A. Extended timeline of Special Parks & Recreation money, supplemented with General Fund money.
  - B. General Fund money was gained through deferred schedule of projects over an extended timeline.
  - C. With extended timelines, bonded project debt-service payments were reduced from \$5M to \$2M.

The projects recommended by the Parks & Recreation Board for C.I.P. funding in 2016 – 2018 total approximately \$3M. Document 19c is a list of unfunded Parks Projects that total \$7M, which includes \$1.9M for the Ironhorse Golf Course clubhouse expansion. The \$12.6M programmed in the C.I.P. as of today would provide ample funding for all Parks & Recreation projects to be completed by 2026; timing would be the only question. It was noted that programming is dynamic over a 10-year period; as time passes new projects and priorities may emerge.

**Page 19d – Capital Improvement Program – PUBLIC SAFETY FUND PROJECTS (Pay-As-You-Go), 2016 – 2026**

1. This is permanent county-wide sales tax of which Leawood receives a portion.
2. Leawood is the only city that has always placed this tax in a Public Safety Fund. Other cities have placed in their General Fund, which they use to pay for public safety projects.
3. If Leawood does not have a public safety purpose project, the money is not lost.
4. Replacement of Fire Station #1 and Town Center Fire Station projects have been previously discussed. Fire Training Facility projects are new to the C.I.P. this year.
5. Currently, Fire Department training is conducted outside City limits, which requires an additional crew for coverage and paid overtime. A training facility within City limits would eliminate this need. Additional discussion of Fire Department Facility projects is planned for 2017.

**Pro-Forma(s) for Clubhouse Expansion**

1. Green shaded items on pro-forma document distributed at the meeting cover total revenue and expenses for the clubhouse expansion only. These costs are also depicted in the initial meeting pro-forma document.
2. 2016 growth estimate based on actual data from prior three years.
3. Actualized average restaurant expense is 29%.
4. Inflation factor of 2% was used.
5. Estimates include margin-of-error factor.
6. Total net income over five years from clubhouse expansion alone is estimated at \$1.4M. Therefore, \$1.9M cost of expansion would breakeven in 6 years.
7. Specific reasons/justification for expansion, declining fees and increasing costs are not included.

**General Discussion**

Highlights of discussion, as follows:

1. Per Kansas law, the City must identify funding before a project is bid. Funding for 2016 projects must be included in the 2016-2020 C.I.P. and in the 2016 operating budget that is prepared in June 2015.
2. Although the City must identify funding prior to bid, if submitted bids exceed identified funding a project does not need to move forward.
3. If the Council decides to move forward with clubhouse expansion starting in 2016 for estimated \$1.9M over two years, CIP Parks & Recreation projects of \$993,950 in 2016 and \$987,500 in 2017 would need to be deferred.
4. Material gaps in clubhouse expansion bid documents would need to be supplemented by Mr. Coleman, but all other documents should be available.

5. For an October 2016 clubhouse expansion construction start and completion in early spring 2017, bid package would need to be distributed in May 2016, bids submitted to City in July 2016 and contract award in August 2016.
6. The clubhouse expansion was a design-build project and cost estimate increased from original \$800,000 to \$1.9M, excluding potential change orders. Cost increase was due to incomplete contractor information and changes in project scope. The City is cognizant of lessons learned, and has many successful design-build projects.
7. Ms. Claxon was asked for her input in regard to Parks & Recreation C.I.P. project prioritization and she stated the following:
  - A. Agrees with Councilmember Sipple in that the City should address projects that would deprive citizens' use of parks.
  - B. At this time, no item on the C.I.P. project list is critical. However, failures of current facilities and/or projects may arise and are not listed.
  - C. Page 19b lists Ironhorse perimeter irrigation (7 greens) for \$31,500 and course improvements for \$9,450 in 2016, and repair bunkers for \$140,000 and add irrigation to traffic areas for \$24,000 in 2017. Troon feels the clubhouse expansion is of higher priority than these items.
  - D. Based on Mr. West's pro-forma documents, clubhouse expansion could result in positive cash flow for the golf course.
  - E. Expansion could facilitate hosting additional tournaments and might provide an alternate venue for events, if the Lodge was not available. The Lodge is currently booked all Fridays and Saturdays between May and August 2016.
  - F. Final C.I.P. project decision remains with the Council.
8. Recent Johnson County Appraiser Revaluation Report provided a higher increase in Leawood residential values over the 5% estimate. This will be used to defer mill-levy increase.
9. If a project is on the C.I.P. list, it cannot be considered a true emergency and the Emergency Contingency Fund cannot be used. The City's ability to pay off debt with this reserve fund is considered by the rating companies.

10. C.I.P. funding options were discussed, as follows:
  - A. Fund current C.I.P. Parks & Recreation projects for 2016-2017 and C.I.P./budget/bid clubhouse expansion in 2018, for construction start in 2019.
  - B. Replace current C.I.P. Parks & Recreation projects for 2016-2017 with clubhouse expansion, bid in 2016 and complete construction in 2017. Parks & Recreation items in current C.I.P. would be included in C.I.P./budget for 2018. City would be committing \$1M over two fiscal years for the clubhouse expansion. It would be expected that two-thirds of expansion cost would be incurred in 2016.
  - C. Fund C.I.P. Parks & Recreation high priority projects in 2016 only for a total \$993,950, then add clubhouse expansion to C.I.P. for 2017-2018.
  - D. Place \$1M for 2016 in Capital Fund. No Parks & Recreation projects would be undertaken except for emergency repairs. By mid-Summer, if an emergency has not occurred, have staff identify Parks & Recreation maintenance projects up to a total of \$500,000. The remaining \$500,000 in the fund would carry forward for clubhouse expansion funding in 2017-2018. With this option, by pushing expansion back by one year, City would have \$1M over a three-year period to complete proactive Parks & Recreation projects.

Mayor Dunn asked for a straw vote in regard to clubhouse expansion bid in 2016. All were in favor, except Councilmember Rezac, for reason that she does not wish to abandon projects recommended by the Parks & Recreation Board.

Mr. Lambers will ensure clubhouse expansion is included in the 2016 budget for \$1M, and also \$1M in 2017. Mayor Dunn noted that potential bidders would have access to these budget figures.

There being no further business, the work session was adjourned at 7:24 P.M.

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Debra Harper, CMC, City Clerk

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Cindy Jacobus, Assistant City Clerk