

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 18, 2012. Mayor Peggy Dunn presided.

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

Councilmembers absent: None

Staff present: Scott Lambers, City Administrator
Joe Johnson, Public Works Director
Chris Claxton, P&R Director
Deb Harper, City Clerk
Patty Bennett, City Attorney
Dawn Long, Finance Director
Pam Gregory, Assistant City Clerk

Others Present: Roger Edgar, George K. Baum & Company, City Financial Advisor
David Arteberry, George K. Baum & Company

Review Debt Financing Plan Pre-budget; 2013-2017 CIP Discussion Discuss Parks & Recreation Cost Recovery Study

Mayor Dunn called the meeting to order at 6:05 P.M. Introductions were made by those present.

Presentation - David Arteberry, George K. Baum & Company 2012 General Obligation Financing Plan

The City is in the process of preparing for its routine annual bond and note issuance. Other than a refinancing component, there is not a lot of deviation of what the City has been doing in recent years.

Projects to Address:

- 1. City's Outstanding temporary notes sold in 2011 mature on September 1st = \$2,055,000**

This provided temporary financing for City facility improvements (completed) and the 2012 Residential Street Projects.

2. New Capital Improvements Program [CIP] projects that require finding = \$6,340,755

The 2013 Curb Repair/Replace Program; 89th & Mission Storm Sewer; and 143rd Street, Nall to Windsor Design.

3. Certain Outstanding general obligation bonds, Series 2003-A and Series 2004-B

Average rate on callable portions of Series 2003-A and Series 2004-B Bonds is 4.03%. If these are refinanced, this rate could decrease below 2%. Series 2003-A Bonds are callable September 1, 2012; Series 2004-B Bonds are callable September 1, 2013.

Overview of Financing Plan

- Issue bonds to provide long-term financing for City facility improvements
- Issue bonds to refinance the callable portion of the Series 2003-A and Series 2004-B Bonds
- Combine both purposes into a single series of bonds
 - Saves issuance costs
 - Larger size makes issue more attractive to market
 - Issue size would total approximately \$5,045,000
 - \$740,000 – City Facility Improvements
 - \$4,305,000 – Refunding (2003/2004 Bonds)
- Issue temporary notes to provide funding for the following projects (new funding) = \$7,615,000

○ 2012 Residential Street Projects	\$1,275,000 (renewal)
○ 2013 Curb Repair/Replace Program	\$5,000,000
○ 89 th & Mission Storm Sewer	\$1,190,000
○ 143 rd Street, Nall to Windsor Design	150,000

By refinancing and lowering the interest rate of the bonds, savings would average \$29,000 per year through 2024, generating approximately \$348,000 in gross savings. The net present value savings would equal 7.7%, or \$318,000. The term would remain the same. The City's policy to consider refinancing is to achieve a 2% or greater present value savings.

No action is needed by the City Council this evening; however, the resolution authorizing the sale of the bonds will be on the July 16th Governing Body meeting agenda with the sale taking place on August 6th.

Pre-budget; 2013-2017 CIP Discussion – Finance Director Dawn Long

C.I.P. Highlights

- Presented and reviewed by the Governing Body at the February 6, 2012, work session
- Formally approved at the March 19, 2012, Governing Body meeting
- The five-year debt-financed plan includes a total of 9 projects (1 uncommitted), totaling \$49,982,884

- The majority of the cost will be funded by General Obligation Debt Financing with the remainder being provided by State or County grants through collected impact fees
- The current plan does not include any projects funded with Special Benefit District [SBD] or Transportation Development District [TDD] financing
- Included is \$20 Million for the debt-financed Curb-Repair/Replacement Program

Of the \$49,982,884 total cost, \$42,841,588 is General Obligation with the remaining cost distribution by State/Federal, County/Cities and Impact Fees.

Debt Financed Capital Improvements by Type

- | | |
|------------------------------------|--------------|
| • Curbs (40%) | \$20,000,000 |
| • Arterial/Collector Streets (46%) | \$22,792,129 |
| • Residential Streets (12%) | \$6,000,000 |
| • Stormwater (2%) | \$1,190,755 |

2013 Debt Financed vs. Pay-As-You-Go [PAYG]

- | | |
|-----------------------|--------------|
| • Debt Financed (31%) | \$6,190,755 |
| • PAYG (69%) | \$13,922,250 |

Councilmember Bussing joined the meeting at 6:45 P.M.

Capital Budget Assumptions

- A 2.5% increase in Gasoline Tax receipts is included for 2013-2017. These funds are used to finance the annual Mill and Overlay and Slurry Seal programs
- The Special Parks & Recreation fund includes \$625,400 for improvements to the north lake and trail; and \$500,000 for 123rd Street trail and stabilization repairs, both in 2012. The remaining \$900,000 for trail repairs will be paid from the Capital Improvements fund
- Technology, communication and computer equipment for the Justice Center have been included at a cost of \$800,000 each year of 2012 and 2013, as well as \$700,000 for landscaping, furniture, fixtures and appliances in 2013
- The 2012 estimated budget includes replacement of radios and communication equipment for Police, Public Works and Parks totaling a little over \$700,000 with a reimbursement of \$269,000 from 911 funds
- A total of \$470,000 has been included each year of 2012, 2013 and 2014 to purchase City-leased streetlights from KCP&L
- The 1/8-Cent Sales Tax fund includes \$600,000 every other year for the Accelerated Stormwater Program in 2013, 2015 and 2017
- The Accelerated Street Reconstruction Program includes \$3 Million in 2014 and 2016
- A total of \$5 Million has been included in years 2013 through 2016 for the debt-financed Curb Repair/Replacement Program in the City's financial forecast. The financial forecast also includes \$400,000 to be used in conjunction with this initiative for residential sidewalks.

- The Capital Improvement fund will reimburse the Justice Center fund for the 2010 land purchase in the amount of \$3.4 Million and will occur over 2 years in 2012 and 2013

2013 Planning Model Assumptions

Revenue

- | | |
|-------------------------------------|------|
| • Budget Variance | 1.5% |
| • City Sales Tax Revenue Increase | 3.9% |
| • County Sales Tax Revenue Increase | 3.9% |
| • Use Tax Revenue Increase | 3.9% |
| • All Other Revenue | 3.0% |
| • Interest Earnings | 0.2% |

City Administrator Scott Lambers stated in regards to the Budget Variance, they have to assume 100% revenues and 100% expenditures. Traditionally, revenues are between 104%-106% and expenditures 90%-92%.

2013 Budget Assumptions

- Proposed Mill Levy Increases 0.95 each year; 2019, 2020 and 2021.
- Assumes a Budget Variance of 1.5% for revenues (101.5%) and Expenditures (98.5%)
- Includes \$5 Million to be debt-financed each year; 2014, 2015, 2016 and 2017 for the Curb Repair/Replacement Program
- Reflects the debt financing of CIP #80162 (143rd, Nall to Windsor) of \$4.5 Million in 2017 and \$4.5 Million in 2018
- Includes \$3 Million to be debt-financed every other year; 2015, 2017, 2019 and 2021 for the Residential Street Program

Parks and Recreation Cost Recovery Study – Director Chris Claxton

Primary Programs with Fees, Charges and Expenses

- **Aquatic Center**
- **Programming**
- **Sports**
- **Cultural Activities**
 - **Special Events**
 - **Historic Programs**
 - **Community Theatre**

Some of the expenses in these programs are included in that individual budget for items that can be specifically identified. It does not include debt, capital or overhead allocation. The general fund subsidy for these fee-based programs is an annual average of \$400,000.

Councilmember Rasmussen thought they would be presented with a recovery study showing the Parks and Recreation Advisory Board's methodology for arriving at the fee schedule and that it would include programs with no charge.

Mayor Dunn replied this study shows the 5-year average is 76% and stated she would never recommend a 100% recovery because it would mean increasing the fees and diminishing the return. The fee schedule is presented to them annually and is analyzed carefully. They are subsidizing some of these programs more than others; however, some of them are a quality-of-life amenity for their community. She felt the percentages in this study explain more than a fee schedule.

Councilmember Azeltine thought their focus should be on the overall average cost recovery, which he thought was good at 72% for 2011. The County recognizes 75% as an excellent recovery.

Councilmember Rasmussen requested that City staff's draft policy be sent to all Councilmembers for review.

Mr. Lambers stated they could schedule another work session to discuss which programs they would like to see have a greater recovery unless the majority is satisfied with this report. Parks are expected to be subsidized to some extent.

Mayor Dunn suggested the policy be sent to the Council electronically.

Councilmember Bussing requested that a copy of the fees by residents and non-residents be made available.

Councilmember Filla suggested they include the number of people that are participating in each program.

Councilmember Azeltine asked what attributed to the decreasing cost recovery average over the last 5 years. Ms. Claxton replied this could be due to unanticipated expenses, weather, etc. Mr. Lambers stated they could track any extraordinary costs on an annual basis to determine if this could be related to participation, expenses, or both.

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

Pam Gregory, Recording Assistant City Clerk