

## COUNCIL COMMITTEE OF THE WHOLE May 23, 2011

The Council Committee of the Whole met on Monday, May 23, 2011 at 6:00 p.m. The meeting was called to order by Council President Dale Beckerman with the following members present: Mayor Ron Shaffer, Al Herrera, Ruth Hopkins, Steve Noll, Michael Kelly, Laura Wassmer, Charles Clark, Diana Ewy Sharp and David Belz. Andrew Wang and David Morrison arrived late. Staff Members present: Bruce McNabb, Director of Public Works; Keith Bredehoeft, Project Manager; Quinn Bennion, City Administrator; Dennis Enslinger, Assistant City Administrator; Chris Engel, Assistant to the City Administrator; Lisa Santa Maria, Finance Director and Joyce Hagen Mundy, City Clerk.

Mayor Shaffer reminded the Council of the Special City Council meeting to be held on Wednesday, May 25<sup>th</sup> at 6:30 p.m. for a public hearing on the City's 2012 CDBG application.

### **2012 Budget Discussion**

Quinn Bennion noted that in the past the Council has not considered the CIP budget prior to the general operating budget presentation. However, from discussion at the Council retreat and from some Council members it was felt the CIP should be presented first, noting that in the past the shortfalls from the general operating budget have been taken from the CIP funding. The entire budget will be presented at a special meeting of the City Council on Monday, June 13<sup>th</sup> and that the figures being presented at this time are subject to change.

Mr. Bennion noted that the City spent 93% of its 2010 budget creating the availability of a one-time allocation of approximately \$800,000 in additional funding. Staff is recommending that those funds be placed in the CIP budget to offset past cuts to that program. The purpose of this meeting is to focus on the big picture and to provide direction for staff on the desired level of spending for the Capital Improvement Program and possible funding sources.

The meeting provides Council an opportunity to discuss funding priorities and to determine what projects should be funded in the coming years. Staff wants to be confident the plan represents Council's desired priorities related to streets, parks, buildings, pool and drainage projects.

Keith Bredehoeft reviewed the 2010 CIP accomplishments in both the areas of drainage and streets as well as the 2011 CIP and scheduled work. Quinn Bennion noted that 75<sup>th</sup> Street is included in the 2011 program for the conceptual design of 75<sup>th</sup> Street from State Line to Mission Road. The City will be working with GBA and the Mayor has appointed a committee with the Council representatives from Wards 3 and 6 to work on this project. The project will only consider what is in the right-of-way and streetscape improvements. There will be no changes to land use or zoning.

Bruce McNabb noted that 78% of the estimated value of the City's infrastructure is streets and reviewed the condition summary of City infrastructure. He stressed the increased cost of delaying maintenance as reflected in the generic infrastructure deterioration curve.

Each \$1 spent for repair of a street in the good rating will cost \$4 to \$5 if delayed until the street has a poor rating.

Staff identified current and proposed projects that were initially identified in the 2012 - 2015 CIP Plan that are not included in the proposed 2012 CIP Budget. The principal factor to determining what projects would be included was if the entire project could be funded within the four-year program.

The programs not included are as follows:

- PW facilities replacement \$10,000
- City Hall Plaza Improvement \$500,000  
(\$226,000 previously funded)
- Delmar & Fontana Drainage Channel Construction \$2,500,000  
(SMAC might fund 75% of construction)
- New Parks Projects
  - Porter Park Improvements \$406,000
  - Brush Creek Trail (Porter Park to Nall) \$775,000
  - McCrum Park Improvements \$420,000
  - Tennis Court Renovations \$500,000

Keith Bredehoeft presented the proposed 2012 CIP Program which has a recommended target of \$7,000,000. Staff has identified \$4,194,000 in possible funding. The additional mill levy necessary to reach the \$7 million target is 10.0 mills. This would cost the average PV residential property owner \$240 per year.

### **CIP - Streets**

Target funding for streets is \$4,500,000. Staff has identified \$3,029,000 in possible funding. The additional mill levy necessary to reach the \$4.5 million target is 5.25 mills. This would cost the average PV residential property owner \$126 per year.

Proposed for 2012 is \$3,017,000 for the following five projects

- 75<sup>th</sup> Stateline Road to Mission \$185,000
- Paving Program \$1,520,000
- Somerset - Roe to Nall (CARS) \$1,012,000
- Somerset - Belinder to Reinhardt (CARS) \$75,000
- CDBG Project \$225,000

It was noted most of these projects and those proposed for 2013 and 2014 have related grant funding with the selection driven by sources of revenue, not necessarily the need of repair. Keith Bredehoeft pointed out that the 2015 program is larger due the availability of additional funding once the 2009 bonds are repaid.

Diana Ewy Sharp asked what would happen to the funds currently being spent for Debt repayment when the bonds are paid. Mr. Bennion stated he felt those funds should go back into the Capital Improvement Program, but it would be determined by Council as budgets are reviewed each year.

Bruce McNabb noted it would cost \$14 million to repair all of the streets with a current rating of "fair" or "poor". Staff is recommending the \$800,000 in unspent funds from the 2010 budget be returned to the CIP to address this need.

Mayor Shaffer asked what the probability of continued CARS funding by the County. Mr. Bredehoeft stated that question is raised on an annual basis, but he feels the program is too valuable to the cities as well as the county to discontinue, at least in the near future. The city works to maximize its participation.

#### **CIP - Parks**

Proposed for 2012 is \$100,000 in the swimming pool reserve fund in new funding. There is currently \$57,267 in the swimming pool reserve fund.

#### **CIP - Drainage**

Proposed for 2012 is \$518,100 for the following four projects

- Mission Road culvert replacement \$228,100
- 81<sup>st</sup> Street (Leawood & SMAC) \$50,000
- Delmar & Fontana Drainage Channel \$50,000
- Drainage Repair Program \$190,000

It was noted there is currently \$88,704 in the Water Discharge Program reserve. Council members discussed the enforcement of this program and questioned if the funds could be reassigned if the program was not being enforced and used.

Laura Wassmer felt the Storm Water Utility fee was designed to cover the cost for storm drainage maintenance and asked how much the fee would need to be increased to cover all the costs. Mayor Shaffer confirmed the current rate is 0.039/per square foot of impervious surface and staff has proposed to increase the fee to 0.040/per square foot. Mr. Bennion stated when the fee was created it was felt that a fee to cover the entire drainage needs of the City would be too high.

Questions were raised on the funding of another study on the Delmar & Fontana Drainage Channel.

Bruce McNabb stated that he would like to see a drainage master plan created that would allow the city to arrive at a relatively stable cost figure that would include major projects instead of significant changes in the fee on an annual basis.

**CIP - Buildings** - nothing is included in the Plan.

#### **CIP - Sidewalk & Curb**

Proposed for 2012 is \$720,000 covering the Concrete Repair Program (\$695,000) and the ADA Compliance Program with \$25,000 in new funding and a reserve of \$65,287.

Andrew Wang confirmed that this does not include the cost of constructing new sidewalks, only the repair of existing sidewalks.

#### **2009 Bond Drainage Projects**

Quinn Bennion noted the Bond Drainage programs identified in the 2009 bonds have been completed (or removed from the list) leaving a balance of approximately \$250,000. Staff has confirmed with the city's bond and financial counsel that these funds could be reallocated for bond projects that were identified earlier or the funds could be used to pay down the bond balance.

Diana Ewy Sharp asked if the funds could be used for park projects. Mr. Bennion replied it could not as parks were not identified as part of the bond funding.

Dale Beckerman confirmed the \$250,000 has not been included in the proposed 2012 CIP presented to the Council.

Ruth Hopkins asked if it could be used to do more streets in 2011. Ms. Wassmer stated her support. Mr. Bredehoeft stated the funds could be used in 2011 for streets. Andrew Wang confirmed the streets need to be those previously identified in the bond resolution.

Dale Beckerman stated he heard the consensus of the Council directing staff to use the funds in 2011 for completion of more street repairs.

### **2012 CIP Supplement**

Staff and the Finance Committee recommend that the \$800,000 from unspent 2010 budget be returned to the Capital Improvement Program.

Laura Wassmer noted that park funding was also cut last year. Dale Beckerman stated that the CIP for streets has historically been reduced in order to balance past city budgets. Laura Wassmer noted the excitement and enthusiasm expressed at the Franklin Park Rededication with many asking what plans were for the future; however, there is no money in the budget after the completion of Weltner Park project. She does not feel all of the \$800,000 should go to the streets CIP.

Al Herrera noted the park committee is spending money on trails and not meeting the park needs of the residents in the northern part of the City. David Belz felt that a park reserve fund should be started similar to the pool reserve to cover the continued implementation of the Parks Master Plan. David Morrison stated funding for this could come from the current funds spent for the construction of new sidewalks.

Diana Ewy Sharp stated she does not want to lose the momentum created by the Parks Master Plan and distributed a study on the substantial economic benefits realized by parks. She felt it would be appropriate to use economic development funds for park improvements. She also noted early discussion of a ¼ cent sales tax designated for parks that would raise \$500,000 annually or a ½ cent sales tax increase to raise \$1 million annually. This was dropped after approval of the CID sales tax increase.

There was significant discussion among Council members regarding the current economic conditions and the establishment of priorities. It was felt by most Council members that the maintenance and repair of city infrastructure, particularly its streets should be the priority of the Council at this time noting both the immediate need and the increased cost of delaying action. It was also noted that \$800,000 is spent annually for the operation and maintenance of the City's parks from the Public Works budget. Michael Kelly asked if the Parks committee had a Plan B noting that it appeared they would only accept full implementation of the Parks Master Plan at each park. Diana Ewy Sharp replied the committee did not have a Plan B. Andrew Wang stated the Parks Committee has done an excellent job at maintaining the city's parks. He stated that a "plan" is simply that and the

most important element is the “planning”. Dale Beckerman felt it would be dangerous and felt the Council needed to make a commitment to have park funding in the 2013 budget.

The Council members also discussed the issue of adding sidewalks in conjunction with new construction according to the City’s policy, noting that in many situations they are not wanted by the adjacent property owners. It was determined that issues need to be addressed first with a change in the Council’s policy if desired. Andrew Wang stated he would like to have the cost of adding sidewalks broken out from the overall related street project.

David Belz moved the City Council direct staff to include the entire \$800,000 from unspent funding from the 2010 budget to the Capital Improvement Program for street programs. The motion was seconded by Al Herrera and passed by a vote of 9 to 2 with Morrison and Ewy Sharp voting “nay”.

Quinn Bennion noted that this is a one-time funding source and that to continue to meet the city’s infrastructure needs for streets and parks additional sources of funding need to be identified.

#### **Revenue for CIP**

Charles Clark stated by refunding the 2009 Bonds at a cost of \$700,000, the City would create an additional \$1.2 million for each of the next three years.

Michael Kelly and Steve Noll spoke in opposition to refinancing of the bonds and incurring additional debt. Diana Ewy Sharp noted the city is already increasing its debt for the installation of the geothermal system. Mr. Bennion noted the city’s debt level is extremely low.

David Belz spoke in support of refinancing noting that it would provide the equivalent of a 4 mill increase while giving the housing market time to recover making future mill increases more beneficial. He stressed his belief in process of small incremental increases over a period of time rather than a huge mill increase.

Charles Clark indicated that his first choice for additional funding is a mill levy increase that would allow the CIP to be fully funded.

Concerns were expressed by some Council members with a large mill levy increase or even with the proposed mill levy increase for additional police officers. Diana Ewy Sharp stated she could not support a mill levy increase while the City maintained its current high level of reserves.

Michael Kelly stated that bonds and debt binds future councils, while mill levy increases frees future councils and in order to budget for the long-term a mill levy increase is needed.

David Belz moved to increase the mill levy by 5.25 to fully fund the CIP street program. The motion was seconded by Al Herrera

Some members expressed concern with taking action on this prior to having the full budget presentation. Mr. Bennion noted that immediate action was not necessary.

The motion was voted on and defeated by a vote of 5 “ayes” to 6 “nays”.

Charles Clark stated he felt the City should commit to continue implementation of the Parks Master Plan with funding in 2013, 2014, 2015 CIP.

Council President Dale Beckerman adjourned the meeting at 9:00 p.m.

Dale Beckerman  
Council President