

GOVERNING BODY WORKSHOP MINUTES
Roeland Park City Hall
4600 W 51st Street, Roeland Park, KS 66205
Monday, May 9, 2016 6:00 P.M.

- Joel Marquardt, Mayor
- Becky Fast, Council Member
- Tim Janssen, Council Member
- Ryan Kellerman, Council Member

- Teresa Kelly, Council Member
- Sheri McNeil, Council Member
- Michael Poppa, Council Member
- Michael Rhoades, Council Member
- Erin Thompson, Council Member

- Keith Moody, City Administrator
- Jennifer Jones-Lacy, Asst. Admin.
- Kelley Bohon, City Clerk
- John Morris, Police Chief
- Jose Leon, Public Works Director

Admin

Janssen
Poppa

Finance

Rhoades
Kelly

Safety

McNeil
Thompson

Public Works

Fast
Kellerman

CMBR Fast called the meeting to order and noted all Councilmembers were present.

I. MINUTES

1. March 7, 2016
2. March 14, 2016

The minutes were approved as presented.

II. DISCUSSION ITEMS:

1. SM North Proclamation Presentation

Mayor Marquardt read the Shawnee Mission North High School State Boys Basketball Championship Week proclamation into the record.

(After applause and cheers, pictures were taken and there was a brief off the record conversation with the representatives from Shawnee Mission North.)

2. Budget Presentation – All Funds and Departments Reflection Preliminarily Approved Objectives, CIP and Equipment Replacement

Public Comment:

Corey Coe (5346 Sherwood) Mr. Coe requested an allocation of funds to improve the tennis courts.

Austin Zimmer (5621 Roe Blvd.) Mr. Zimmer also requested funds from the 2017 budget be allotted for the tennis courts. He also wants to be able to play on the City's court.

Todd Zimmer (5621 Roe Blvd.) Mr. Zimmer encouraged funding for a new surface of the tennis courts. He also said he is enjoying the improvements at R Park.

Ian Zimmer (5621 Roe Blvd.) Mr. Zimmer said the cracks in the tennis court pavement interfere with the quality of play and would like to see the foundation fixed.

Alicia McConaghey (4921 W. 50th St.) Ms. McConaghey said she would like to see the R Park tennis courts repaired.

Aubrey Fraley (5702 Roeland Dr.) Ms. Fraley said she would like to be able to play at the Roeland Park tennis courts versus having to leave town to play.

Jim Haley (4927 W. 57th St.) Mr. Haley reiterated his request that the Council take this opportunity during budget discussions to fund repairing the courts. He also added that Roeland Park's participation in the Johnson County Mental Health co-responder program is a good thing.

Gretchen Davis (5206 W. 58th) Ms. Davis spoke to the tennis courts and their neglect and would like to see funding in 2017 for their repair. She thanked the Council for also being the first council who has stepped up to improving the parks.

City Administrator Moody began his presentation asking the Governing Body for direction on the mill levy, the increased solid waste assessment fee, and debt service funding.

The Objectives and the Capital Improvement Plan (CIP) have previously been given preliminary approval by the Council and are reflected in the "2017 Budget" column. The request for additional funds for community-sponsored events resulted in a line item increase to the Community Events budget by \$2,000. The tennis court replacement at R Park has been moved to 2018. After hearing the Public Comments, he said he is happy to review the 2017 cash flow in the fund for which the tennis courts would be paid out of, but that currently it shows a negative balance.

Some items of note that are reflected in the budget proposal are:

- A three percent pool to fund pay increases for each department with a total impact of \$47,000 over the 2016 amount.
- Employer KPERS contributions will decrease for general and police employee groups in 2017, resulting in a \$45,500 decrease in contributions by the City.
- A \$71 per month increase in the City's contribution toward employee health/dental insurance premiums effective June 1, 2017 with a total budget increase of \$25,000.
- No change in the mill levy is anticipated.
- A \$3.00/year increase in the solid waste assessment to address increasing charges to the City from the solid waste contractor, which also covers the cost of the leaf pickup program.
- Staffing level changes consist of: Part time hours decreased in the Public Works department due to the contracting of mowing.
- The deputy chief position has been taken out of the Police Department budget and part-time hours have been increased as has the hourly rate for part time officers.
- The Administrative department has the same FTE's, but reflects some benefit savings due to two part-time employees job sharing the administrative assistant position.

The CIP anticipates an issuance of \$2 million in Bonds in 2018 and again in 2021. The proposed \$4 million in bond proceeds is necessary to complete the CIP projects shown in 2017 through 2021. Between the years of 2022 and 2026, the CIP reflects \$1.5 million in bond proceeds to fund CIP projects. Mr. Moody noted it is possible that the City could transition from bond funding the CIP to a pay-as-you-go approach in the years beyond 2021. A sheet entitled "Funding Comparison - Pay-as-You-Go vs. Bonding" is attached to the budget memo and will be discussed later in the meeting. This chart attempts to show the cash flow imbalance between the years 2017 through 2021.

Mr. Moody reviewed the General Fund Summary revenues and expenditures. Of note, the General Fund has an operating surplus of \$115,000 for 2017, with an anticipated ending fund balance of \$2,644,000. This exceeds three months of annual operating expenses. A \$137,000 deficit is anticipated in 2018 due to the

closing of Walmart. The budget assumptions take into account Walmart leaving and then the re-renting of the space. It also reflects a one year operating deficit.

There was discussion regarding the impact of Walmart closing anticipated to be in early 2018. The City increased the mill levy five mills to build up reserves due to the decrease in sales tax revenues provided by the property. It is anticipated that the property will be vacant through 2019, then be re-tenanted. It also anticipated that whoever the new tenants will be they will not generate the sales taxes that Walmart has. It is anticipated that sales tax will drop 65 in 2018 and 0 percent in 2019. With a new tenant in the building, it is anticipated the sales tax will be 78 percent of what Walmart generated.

CMBR Fast inquired as to how the sales tax loss is represented in the budget. Ms. Jones-Lacy said the loss is spread out among four different funds. She also added that they are anticipating an increase in ad valorem taxes.

City Administrator Moody presented the remaining funds.

200 Bond and Interest Fund. This fund reflects a \$27,000 surplus in 2017. The ending fund balance of \$381,000 exceeds 25 percent of the annual expense (33 percent realized). The fund balance is drawn down in 2018 and 2019, but the balance remains above the 25 percent benchmark.

250 Special Highway Fund. The fund reflects an \$18,000 increase in fund balance in 2017. The fund is used to account for the local portion of state highway funds. Snow removal and equipment replacement are the expenses charged to this fund. The ending fund balance is 57% of annual expenditures.

CMBR Janssen inquired about salaries from this fund. Ms. Jones-Lacy said the fund is charged a portion of the salaries paid to Public Works employees for a portion of their street maintenance work.

270 Special Street Improvement Fund. The fund reflects a \$135,000 decrease in fund balance in 2017. The fund is used to account for street construction projects that are funded with CARS, STP, City/County Sales and Use Tax, and Bond proceeds if applicable. The balance in this fund fluctuates due to varying project size from year to year.

290 Community Center Fund Review. The fund reflects a \$71,000 surplus for 2017. The ending fund balance of \$384,405 is 328 percent of annual expenses.

300 Special Infrastructure Fund. The fund reflects a \$175,000 surplus for 2017 and is used to account for street maintenance, storm drainage maintenance and sidewalk maintenance completed by the Public Works Department. The fund balance fluctuates due to projects fluctuating from year to year.

City Administrator Moody spoke to the audience regarding the funding of the tennis court repairs. He said he very much appreciated their input, but needed to address the fact that the tennis court repairs weren't in the CIP in 2016, and it was not considered as an item to be fixed. He said he will look to see if they can do a concrete resurfacing in-house, and that they are unable to do an asphalt court. They will also apply to the tennis association to attempt to get a grant.

Public Works Director Leon addressed the tennis court noting that only became City property in 2005, and was previously part of the school property.

CMBR Fast questioned a concrete surface and falling. City Administrator Moody said he has fallen on both asphalt and concrete and they both hurt. Mayor Marquardt addressed that asphalt seems to get lumpy and heated. Public Works Director Leon said fly ash is the base of the court now.

360 Equipment and Building Reserve Fund. The fund reflects a \$10,000 decrease in fund balance in 2017. The fund is used to account for equipment replacement purchases as well as funds set aside for building improvements. The ending balance is \$317,000.

370 TIF 1A/B Bella Roe /Wal-Mart Fund. The fund reflects a \$137,000 increase in fund balance in 2017. The fund is used to account for payment of related project debts. The fund has been accumulating a balance as the TIF proceeds have exceeded debt service requirements. The ending balance is anticipated to be \$1,032,000 and expires in 2025.

CMBR Fast inquired about using part of the surplus for repairs to the property. Mr. Moody said the requirement is to satisfy the debt before any surplus could be used for additional repairs or projects. If at the end of the loan they could encourage redevelopment and re-tenanting of the site, along with the CID funds, this might help to motivate the property owners to put it back into productive use.

400 TDD #1 Price Chopper Fund. The fund revenues equal expenditures. The fund is used to account for related debt service and does not carry a cash balance as all resources flow through to service the debt. This also expires December 1, 2025.

Mayor Marquardt inquired about what happens if the TDD does not perform, what happens in 2025. Ms. Jones-Lacy said the bondholders do not get paid.

410 TDD #2 Lowes Fund. The fund revenues equal expenditures. The fund is used to account for related debt service and does not carry a cash balance as all resources flow through to service debt.

420 CID #1 Roeland Park Shopping Center Fund. This is the CID on the Wal-Mart property. To date, no improvements have been made so the fund balance continues to grow until such time that improvements per the CID agreement are completed, at which time the developer is permitted to be reimbursed up to \$3 million from the CID. The balance at the end of 2017 is anticipated to be \$2.2 million.

City Administrator Moody said the funds can be used as an encouragement to redevelop the property. The owner's expressed plan is to rework the big box into three compartments. He said there is a link on the website to see what the proposal consists of. Some items would be redoing the parking area, building an addition onto the current in-line shops, building another pad site to the south of the existing northeast corner. He also added that there is nothing that prevents them from making improvements today. He said it is important to continue to reinvest in a property to continue to be relevant in the market. Mr. Moody wants to see the property become more unique should Walmart leave.

450 TIF 2B/D City Hall Fund. The fund balance is anticipated to increase by \$74,000 in 2017. The Stormwater improvements planned for 2018 draw the balance down to negative, but this will only be for a couple of months until the TIF proceeds are received in early 2019 restore it to a positive balance. He added he is not concerned with the negative balance reflected in 2018 as the TIF allocation by that point will restore the balance very quickly.

480 TIF 2C Valley State Bank Fund. The fund revenues equal expenditures. The fund is used to account for related debt service and does not carry a cash balance as all resources flow through to service debt.

510 TIF 3C 4800 Roe/Boulevard Apartments Fund. The fund balance is anticipated to be \$1,036,000 at the end of 2017. The resources are planned to be used to stabilize the old caves site and incent the redevelopment of that site.

520 Roeland Park Property Owners Association Fund. The fund balance remains very consistent from year to year. The fund is used to account for the common area costs at City Hall. The lease expires this year and the plan is to negotiate an extension of the lease.

CMBR Fast spoke with the Family Conservancy and told them how much they appreciate them renting the space. She said they would be willing to come before the Council and offer a short presentation to tell them what they do. Ms. Fast said that would be a good opportunity for the Council to thank them.

City Administrator Moody said he is working to get the rented space exempted from property tax, and will be going to Topeka to plead the case as well as an appeal on the assessment value. If successful, the City will see a \$10,000 tax decrease for one year.

Summary: The 2017 Budget is balanced, reflecting all but two Objectives and the CIP. The forecasted budgets do not indicate any negative trends and fund balances are within established benchmarks.

There was a consensus to keep the mill levy at its current rate.

There was a consensus to the \$3 increase in solid waste assessment, from \$175 to \$178, to address increasing charges to the City from the contractor.

City Administrator Moody reviewed the bond issue documents and presented the *Funding Comparison - Pay as You Go vs. Bonding*. He said there are major projects scheduled to be completed in the next five years and he is confident the City cannot do those projects in that timeframe without issuing bonds, as there are not enough resources available to do that. In 2024, the big projects will be done and it would be possible to convert to the pay-as-you-go scenario. \$150,000 annually will still be paid on debt service, but would end up with \$700,000 a year in additional net revenue to use on the CIP.

The Committee discussed different scenarios of borrowing versus funding, and the benefits and cons of both.

CMBR Janssen said he would like to see the chart with the ongoing debt service included. CMBR Rhoades inquired about implementing a resolution to ensure future councils will know of their intent.

Mayor Marquardt reiterated his comments from earlier conversations that he does not support debt funding project and prefers saving money and that it would eventually be cheaper to do the full CIP and be able to do more with the same money in the future. He also felt a 2030 goal for the CIP might be good to have.

There was agreement by the Councilmembers not to make any debt decisions at this time, but to discuss it again at a later time.

3. Rotation Change for Committees and Council President

CMBR Fast recommended forwarding the rotation change for committee and Council President to May 16 as they will be discussing the ad hoc committees and Workshop procedures. She also requested CMBRS Janssen and Poppa bring forward their recommendations.

CMBR Janssen provided three options. Everyone would retain their existing seat and their term would be extended to January 2017. This will help get in line with the state-required rotation of January. The second option would be to move to the next assigned position and renew again in May. This would shorten the 2017/2018 term as they would switch again in 2018. The third option would be to shorten this year and switch to a new seat now and rotate out again in January 2017.

It was decided to discuss the three options at the next Workshop meeting.

CMBR Poppa said his recommendation was to retain current positions through January and rotate in 2017.

III. ADJOURN

CMBR Fast adjourned the meeting at 8:40 p.m.