

GOVERNING BODY WORKSHOP MINUTES
Roeland Park City Hall
4600 W 51st Street, Roeland Park, KS 66205
Monday, May 16, 2016 6:10 P.M.

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| <ul style="list-style-type: none"> ○ Joel Marquardt, Mayor ○ Becky Fast, Council Member ○ Tim Janssen, Council Member ○ Ryan Kellerman, Council Member | <ul style="list-style-type: none"> ○ Teresa Kelly, Council Member ○ Sheri McNeil, Council Member ○ Michael Poppa, Council Member ○ Michael Rhoades, Council Member ○ Erin Thompson, Council Member | <ul style="list-style-type: none"> ○ Keith Moody, City Administrator ○ Jennifer Jones-Lacy, Asst. Admin. ○ Kelley Bohon, City Clerk ○ John Morris, Police Chief ○ Jose Leon, Public Works Director |
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Admin

Janssen
Poppa

Finance

Rhoades
Kelly

Safety

McNeil
Thompson

Public Works

Fast
Kellerman

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

I. MINUTES

1. March 21, 201

II. DISCUSSION ITEMS:

1. Budget Discussion (Debt Plan, CIP)

Khalen Dwyer from Columbia Capital Management, the City’s financial advisor, said he was requested to look at CIP projects and whether they should or could be funded through cash or bonding.

Bond financing (pay as you use financing) is paying over time, allows for the ones who actually service the debt, paying their taxes, are getting the benefit of the funded project. It allows for an immediate capacity for capital projects that cash may not be available for. This is an option to fund an urgent project or something that is popular in the community.

Pros of Bond Financing:

- Eliminate the risk of project inflation.
- Project paid for over time by the direct beneficiaries of the project.
- Improved liquidity.

Cons of Bond Financing

- Paying an interest cost
- Paying professionals who arrange the bond financing such as attorney’s fees and consultants like Columbia Capital.
- Increased debt burden to the City

Then the alternative projects can be cash-funded (pay-as-you-go), which is not always practical especially when the need is urgent. Those who pay into the project may not get the benefit of saving over time.

Pros of Cash Funding

- There are no associated financing costs
- There is no debt burden to the City.

Cons of Cash Funding

- Money acquired from past taxpayers creating a disparity between those who saved and who benefited.
- A diminished immediate funding capacity.
- Increased uncertainty for long-term capital planning.
- Exposure of City to uncertainty regarding project costs.

CMBR Rhoades inquired about the cost of \$2 million at today's rates. Mr. Dwyer felt a ten-year payback term of \$2 million would be around 3.5 percent. Mr. Dwyer also said the City could cash fund approximately \$7.5 million over the next ten years.

City Administrator Moody said in the City's CIP for the years 2024, 2025, 2026, projects tally under \$3.8 million. His conclusion at this point is if the City does \$2 million in 2018 and \$2 million in 2021, and this is still not issuing all the debt capacity, they can and, therefore, as those bonds that are outstanding pay off, savings will accumulate. The savings will accrue by 2024 to \$3.8 million, which is enough to complete the projects for the last three years of the CIP. The ten-year CIP reflects a significant \$24 million investment over that period of time. Going forward past 2026, the City should be in a position to have \$800,000 available every year to be used on the CIP. Because of the significant investment during the ten-year CIP, the City should be in a better position to maintain that infrastructure in the outlying years. Bonding these projects also allows the City to have those matching funds available when applying for grants.

Due to the increased interest in renovating the tennis courts, Mr. Moody addressed its funding. At the last Workshop the tennis court project was shown in the 2018 CIP as partially funded with bond proceeds. This has been removed and with anticipated resources for a portion, there would be enough money in 2017 to do the project in 2017. He has also made that adjustment in the CIP. CMBR McNeil asked about whether they could request funding from the tennis foundation. City Administrator Moody said their grant program is ongoing through the year and there is still time to make that application.

Public comment

Judy Hyde (5113 W. 58th St.) Ms. Hyde said she would love to see the momentum continue with regards to the tennis court in R Park. She also said she would like to see Pickleball courts, a sport that has become very popular.

CMBRS Poppa, Kelly and Thompson said they support the bond program as presented.

CMBR Kellerman said he supports parts of it, but is not comfortable going forward with it at this time and would like to see it presented at the public forum.

Mayor Marquardt said he thinks issuing the first two bonds would probably be okay. Despite what was presented by Columbia Capital, he still sees value in the pay as you go option and would rather do less, if they could, but still balancing the CIP.

CMBR Rhoades said he would like to see these options presented at the community forum so that residents could provide feedback to the Council.

CMBR Janssen said he would support a financing method, but would like to see the City work towards pay as you go as quickly as possible.

CMBR McNeil expressed her concerns saying that she worries they will start spending where they don't really need to. She encouraged the Governing Body to recognize a difference between wants and needs and to be very judicious in spending so they do not have to continue borrowing. She is also in favor of the pay as you go option as soon as possible and would like the public to have the information on the two choices for funding the CIP.

CMBR Fast supported having both options presented at the community forum.

CMBR Kelly said he thinks that to be in a position by 2024 to pay as you go is a short time. She also inquired about the fees of borrowing smaller amounts versus the larger amounts recommended. Mr. Moody said the City incurs about a \$50,000 expense each time they borrow a bond.

There was consensus to present both funding options at the community forum and to discuss this further at the June 6 Workshop.

2. Engineering Agreement for 2016 Street Maintenance

Public Works Director Leon presented an agreement with Harbor Construction in the amount of \$233,166.33 as part of Lenexa's cooperative purchasing agreement. This is the same contractor and program as they used last year. He added that the budget will not allow all of the work to be done that they had hoped. In his attached memo are street maps. The X's over the streets are ones that they will not be able to complete at this time. Mr. Leon has challenged his Public Works staff to take on a little bit more work to make sure the streets are prepared for surface treatments in 2017.

There was consensus to move forward with the 2016 Street Maintenance Agreement with Harbor Construction. It will be placed on the Consent Agenda for approval.

3. Review 2016 Stormwater Project

Public Works Director Leon asked Shafer, Kline & Warren (SKW) to provide a task order to perform engineering services for design of the 4800 Birch stormwater project, a pipe that dumps into Nall Park. The bid that was returned was deemed to be too high. Other engineers were approached and Larkin, Lamp & Rynearson whose fees were less by about \$5,000.

Due to the time, this item will be discussed further at the Council meeting following the Workshop.

4. First Quarter Financials
5. Discussion of Change in Election Dates (est. time 10 min.)
6. Review of Agreement with CBC for Old Pool Site Marketing (est. time 10 min.)
7. Policy on Appointment of Governing Body to Ad-Hoc and Task Committee's (est. time 15 min.)
8. Ordinance Formalizing Workshop Procedures (est. time 15 min.)
9. Rotation Change for Committees and Council President (est. time 10 min.)

III. ADJOURN

Everyone agreed to move the unfinished Items 3 through 9 to the City Council agenda. CMBR Fast adjourned the meeting at 7:00 p.m.