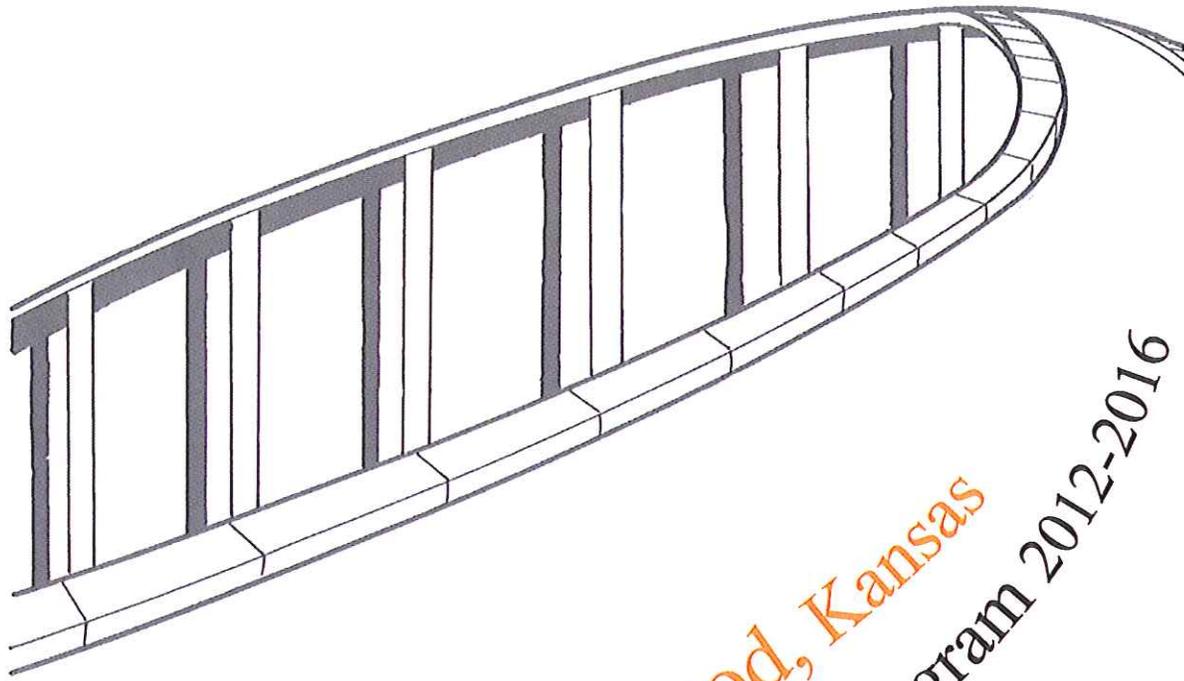


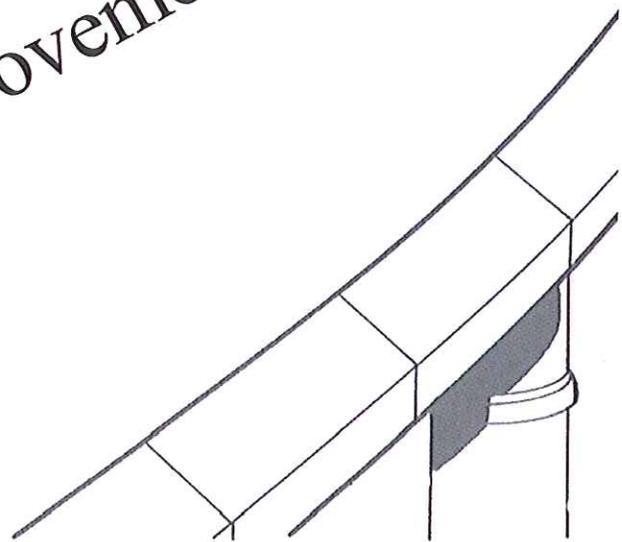
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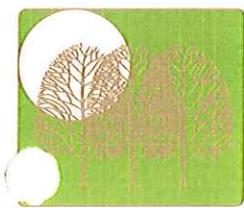


PROGRESS



City of Leawood, Kansas
Capital Improvement Program 2012-2016





City of Leawood

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January 7, 2011

To the Honorable Mayor,
Members of the City Council
And the Citizens of Leawood, Kansas

Respectfully submitted before you is the 2012-2016 Capital Improvement Program (C.I.P.). The five year CIP is a document that encompasses capital projects that are all integral parts of the City of Leawood. Besides the typical staging and costing of a project, responsible fiscal management must also include the funding method. Many projects can result in increased operating costs, or future repairs or replacements which are taken into account as part of the City's long range financial forecasting. Traditionally the City has used the terms committed and uncommitted designations for projects. Committed projects are those which have been approved and authorized by a resolution, a development agreement, or achieved consensus during the annual review of the CIP with the Governing Body. These projects have funding sources associated with them. The mill levy increases projected in the City's financial model provides the necessary funding to pay for the cost of debt and the costs of operating the City as well as cash necessary to maintain targeted reserves deemed prudent and to remain financially solvent. To realistically present all projects, two other categories of uncommitted projects are included, **Desired and Anticipated**. These projects set out unmet community needs, which deserve City Council consideration, but do not have a funding source. At the top of each of the programmed 2012-2016 capital project pages, starting behind Tab 4, you find the word Committed or Uncommitted which has been added to assist in this clarification. Anticipated projects are large annual capital projects such as the Accelerated Street Residential Reconstruction program. Desired projects are ones requested by a City Committee, Council Member(s), or City staff, but have not been evaluated or discussed at length by the Governing Body. Anticipated, Uncommitted and Desired projects can be found on pages 50 through 52.

Staff continues to recommend a conservative approach in capital project spending for both pay-as-you-go and for new long term debt projects. Careful monitoring of capital projects costs are essential so that the reserve balances are able to be maintained. This transmittal letter will serve as a guide to describe the highlights and changes.

- The Overview on pages 3 and 4 under Tab 1 explains the philosophy of the C.I.P.
- Page 5 includes the history of the Street Program and the Pavement Condition Index (PCI) system, which the City uses to rate its streets. Per the annual budget document, the projected 2011 overall average PCI of all lane miles is 90.0.
- Page 6 discusses the assumptions for the C.I.P. The C.I.P. is linked to the operating budget. Assumptions made in one or the other budget (operating or capital) affect the entire organization. Annually key assumptions are reviewed and if necessary revised. A projected one mill increase in 2015, 2017 and 2019 is included to be implemented to fund projects which are already committed. The mill increases are necessary to fund the future capital and debt costs and to also meet current service levels in the operating budget.
- The other significant assumption is the rate at which the tax base will grow. The ten year growth rate through 2009 has averaged 7.8% annually and the five year growth rate has been 6.4%. However as communicated by the County Appraiser throughout the year, it is expected that assessed valuation will continue to experience a decrease over the next year, at least. As a result, the 2012-2016 CIP Budget includes a decrease of 2.0% in 2012; followed by an increase of 2.0% in 2013; and 3.6% in 2014 and each year thereafter.

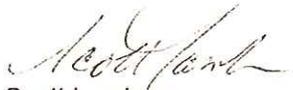
- Staff continues to closely monitor sales taxes collections. Presently the projections include 2.5% growth in 2012; 3.5% in 2013; and 3.9% in 2014 and beyond.
- Beginning on Page 7 is a Glossary of Capital and Budgeting Terms for your reference. The definitions of committed, uncommitted, desired and anticipated are included in this section.
- Under Tab 2, which begins on Page 13, you will find the Debt Policy, which was approved by the Governing Body in 2000, amended in 2004, 2007 and February of 2010. The Debt Policy provides guidance to staff on how to manage the City debt.
- Tab 3, beginning on Page 19, contains the various capital debt projects planned for the City. The total of these projects on page 22 is \$38,415,987 over the next five years. Approximately 49% of these project costs will be paid with City funds and 9% from special benefit debt. The graph on page 22 also shows that 29% of the anticipated permanent placement of projects and debt (borrowings) during the next five years will be under the TDD authority.
- Projects by type (infrastructure, parks/recreation, and buildings) are shown on Pages 23-25.
- Phase II of the accelerated street reconstruction program continues every other year with a total of \$1,275,000 in 2012. This amount will increase to approximately \$3,000,000 every other year, beginning in 2014.
- New projects included in the 2012 – 2016 C.I.P.:
 - ✓ #80165, City Facility Improvements: The majority of this project cost, \$1,200,000 will be funded with City pay-as-you-go funds with the remaining \$780,000 debt-financed in 2011. The improvements include a roof replacement and air top units at City Hall with HVAC replacements at several City facilities, all energy compliant.
 - ✓ #80162, 143rd Street-Nall to Windsor: This project is planned for construction in 2015 and bonding in 2017.
 - ✓ Project costs have been identified for Traffic Signal Replacements, beginning in 2013. At present, these projects are Uncommitted with \$300,000 in 2013; \$315,000 in 2014; \$741,600 in 2015; and \$345,000 in 2016.
- There are five Uncommitted projects in the 2012 – 2016 C.I.P.:
 - ✓ #80457, Village of Seville (TDD)
 - ✓ #80421, #80422, #80423, #80424, Annual Traffic Signal Replacements
- On pages 26-27 are color-coded lists of projects to indicate the design, construction and bonding years for General Obligation, Special Assessment and Transportation Development District funded projects.
- Tab 4, which begins on Page 28, shows a cost breakdown of each project by scheduled year.
 - ✓ The list of streets scheduled for repair within the accelerated Residential Street Reconstruction Program (Phase II) is included behind the detail sheet for 2012, 2014 and 2016. See pages 30, 41, and 48.
 - ✓ The list of anticipated projects, which extends through 2020, can be found on page 50.
 - ✓ The list of uncommitted projects, which extends through 2021, can be found on page 51.
 - ✓ The list of desired and unfunded projects can be found on page 52. Three new requests have been added to this list from last year: Tennis Court Resurfacing at City Park; an Off-Leash Dog Area at City Park; and Sidewalk Repairs.

- The Debt Service information is located behind Tab 5. The committed projects are listed on the top section of Page 54. Projects not yet fully committed by either resolution or developer agreement or a Governing Body work session for the CIP, are shown at the bottom of the page.
 - ✓ Page 55 reflects all of the debt-financed projects and their costs in the year they will be bonded. General Obligation and Special Assessment debt are shown separately. (TDD debt is shown on this page under the section labeled Non Levy Support Debt, merely to give the reader a concept of the various debt issues the City will undertake in the coming years).
 - ✓ Page 56 shows the total dollars needed to pay for all types of current debt along with the committed 2012-2016 debt. Page 57 shows the debt service as a percent of total expenditures. This measurement is a key operating ratio. This graph shows the current projects and the proposed future projects by category, City-at-large, special assessments, and TDD which is overlapping debt. This ratio remains close to the 20% target and well under the 25% threshold throughout the planning period. According to the City's financial advisor, the rating agency looks at the ratios in two ways: first with the TDD debt and then without this debt. They do not feel that this debt will adversely affect the City's rating agencies, thus this threshold is maintained throughout the five-year planning period.
 - ✓ Page 58 lists and graphically shows the amount of outstanding debt held by the City at December 31, 2010. The debt ratios approved within the Debt Policy by the Governing Body are shown on Page 59. The City of Leawood has enjoyed a rapid pay off in debt, meaning more debt per year has been paid than has been added. There are two lines shown for the rapidness of debt pay off, which is a rating consideration by Moody's. The rate at which the City has paid off its debt has been higher than the rates shown going forward. If the City only funded the projects shown as Committed, then it would actually begin to increase the ratio which is seen as a positive. However, if all anticipated and uncommitted projects are added, the percentage of debt payoff dramatically decreases over the five year planning period.
 - ✓ As shown on Page 60, Leawood's debt per capita for 2012 will be \$2,154 as compared to the industry average of \$1,200. Debt per capita increases \$243 dollars per person. Moody's looks at the demographics of our major employers and considers the impact of major lay-offs, mergers, etc. on the community's wealth.
 - ✓ Page 61 shows the debt outstanding as a percent of property market valuation. Throughout the 2012-2016 planning period, this measurement shows that Leawood remains below the industry standard of 1.5% for the entire planning period. This particular ratio tells the reader that on a per person basis, based on community wealth, the City is below its capacity. The chart shows the source of the debt and the proposed timing, current or future.
 - ✓ Page 62 shows the total debt at 12/31/10 of \$60,825,000 while the statutory limit for Leawood is \$244,887,415. Leawood is below the state limits.
- Under Tab 6, Pages 63-71 is the Pay-As-You-Go Program which includes those Committed to projects and those Desired through 2016.
 - ✓ The five year arterial street program continues the same approach to maximize leveraged dollars. Staff has attempted to keep the City's annual pay-as-you-go portion at around \$500,000 per year. The current five-year program contains over \$8,100,000 in improvements planned with neighboring cities and Johnson County. Leawood expects to fund \$3,050,821 of the improvements with pay-as-you-go dollars (pages 64-65).
 - ✓ Page 66 details the funding for the Pay-As-You-Go Residential Street Program for the period of 2012-2016 which reflects a 2.5% inflation factor for each year, beginning in 2012.
 - ✓ Page 67 shows the 1/8-cent sales tax projects proposed for the planning period, including \$600,000 in 2011, 2013 and 2015 for the Accelerated Stormwater Reconstruction program.

- ✓ A new SMAC Stormwater project has been added on page 68, for a total of two projects, one in 2012 and another in 2016. These projects are financed 75% by the County SMAC program with the remaining 25% covered by the City with pay-as-you-go dollars.
 - ✓ Page 69 reflects other committed cash-financed projects throughout the planning period. Page 70 lists the unfunded desired or anticipated projects.
 - ✓ Page 71 is a listing of the "Art" projects that are planned in the City through 2016. Funding for these projects is secured through monies in the City Capital Art Fund, the Public Art Impact Fee Fund, or through donations.
- Tab 7, page 73 shows the current City leases and those being proposed throughout the planning period. The City Hall lease payment (revenue bonds) is being paid from General Fund operating monies. This project was initially set up as a lease rather than City-at-large debt and will be retired in 2012. Page 74 graphically illustrates the City's lease obligations.
 - Behind Tab 8, you will find the supplemental resolutions that are referenced in the Debt Policy for Industrial Revenue Bonds, and for Special Benefit District Debt.

In conclusion, if there are any questions please feel free to contact staff.

Respectfully submitted,



Scott Lambers
City Administrator



Dawn Long
Interim Finance Director



Kathy Byard
Budget Manager

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Overview

What is a capital improvement project?

A capital improvement project is a project that may include the construction of new facilities as additions to the City's assets, renovation of existing structures to significantly extend useful life, and major repair operations of a comprehensive and non-routine nature. To be defined as a capital project, the project must exceed \$100,000 in cost, and should be an expense that is nonrecurring (not an operating budget item). Common examples of capital improvement projects include the construction of roads and bridges, facility construction, and land acquisition. However, certain other large ticket items, such as fire trucks, are considered to be capital items as well.

What is a capital improvement program?

A capital improvement program is a document that is the result of systematic evaluation of capital projects. The plan serves as a guide for the efficient and effective provision of public facilities, outlining timing and financing schedule of capital projects for a five-year period of time. In the process of formulating the plan, public improvements are prioritized and costs are projected, thereby allowing the City to take maximum advantage of federal, state, and county funds. However, the capital improvement program is not a document of long-term certainty. Rather, the plan is reviewed yearly, during which time the needs of the City may be re-prioritized and financial status reevaluated. This allows the City further flexibility in maintaining and promoting an effective level of service for present and future citizens.

What are the objectives of a capital improvement program?

1. To arrive at a balance between needed public improvements and the present financial capability of the City to provide for these improvements.
2. To forecast the public facilities and improvements that will be needed in the near future.
3. To forecast the public financing needs in order to maximize available federal, state, and county funds.
4. To promote sound financial planning in order to enhance and protect bond rating of the City of Leawood, in accordance with the Debt Policy.
5. To avoid, through sound financial planning, dramatic fluctuations of the tax rate.
6. To focus attention on, and assist in, the implementation of established community goals as outlined in the long term goals of the City Council.
7. To serve as a guide for local officials in making budgetary decisions.
8. To balance the needs of developing south Leawood with the needs of the already developed northern and middle portion of Leawood.
9. To promote and enhance the economic development of the City of Leawood in a timely manner.

10. To provide an opportunity for citizens and interest groups to voice their request for community improvement projects.
11. To provide for improvements in a timely and systematic manner.
12. To encourage responsible land use development within the City as well as adherence to the Leawood Master Development Plan.
13. To enable the Governing Body to consider long-term responsibilities and to respond appropriately.

How is the capital improvement program formulated?

Since a capital improvement is intended to schedule major physical improvements, it is necessary to allow all City departments an opportunity to submit capital improvement requests that are anticipated over a five-year period. Likewise, citizens and public interest groups should be offered the opportunity to voice their requests for community improvement projects.

Once a composite list of capital improvement requests have been created and the administrative recommendations are submitted, the Planning Commission is responsible for reviewing and recommending project priority from a professional planning perspective. The Governing Body is responsible for recommending and prioritizing projects from a budgetary and affordability perspective, as well as examining the need and priority of the projects themselves. The scheduling of projects over a five-year period is based on an evaluation of Leawood's development policies and plans for future growth and the ability of the City to amortize the debt. It is important to understand that the Governing Body is not committed to a particular expenditure in a particular year. Instead, the capital improvement programming process is repeated each year to allow reevaluation of previous requests and consider new requests based on changing community needs and conditions.

How are capital improvements financed?

It is very important to note the direct correlation between sound capital planning and favorable bond ratings. Bonding agencies directly correlate large debt with greater risk. A solid assessed valuation in conjunction with low debt ratio encourages a better bond rating, thereby encouraging a more favorable interest rate for long-term borrowing. A realistic capital improvement program is critically important to a favorable bond rating, as it demonstrates that the City is able to exercise control over expenditures.

Because most capital improvements involve outlay of substantial funds, local government can seldom pay for these facilities through appropriations in the annual operating budget. Therefore, numerous techniques have evolved to enable local government to pay for capital improvements over a longer period of time rather than a single year. Most techniques involve the issuance of bonds in which a government borrows money from investors and pays the principal and interest over a number of years. Long-term debt is issued by the City of Leawood in accordance with Resolution 1518 as the official debt policy of the City of Leawood. Brief definitions of financing techniques are included in the Glossary of Capital Budgeting Terms on page 7.

Street Program

History of Street Program

The Public Works Department began inventorying and rating streets in 1986. Streets were again reviewed in 1991 and 1995. Since 1996, the department has inspected streets every two years. This will occur again in 2012.

The Public Works Department purchased George Butler and Associates (GBA) Master Series software for the inventory and budget forecasting of streets in June 2000. The Master Series software allows us to model the streets with different levels of funding over any number of years to determine if the street pavement condition index (PCI) is decreasing or increasing. The Master Series software is linked with GIS to aid in data validation. The work history is updated annually and currently includes all streets from 1970 through present.

The Master Series software requires certain parameters that are unique to each city to be used for the budget forecast model. The parameters are: pavement deterioration rates for different levels of PCI's, maintenance breakpoints, sequence steps, construction costs, budget inflation and construction inflation.

Current and Future PCI Street Rating

Due to funding restraints from the State and the City, a program for street reconstruction was developed in late 2003. Phase I of the Accelerated Street Program included a total of \$10,500,000 over the five-year period of 2004 through 2008, alternating funding of \$1,500,000 and \$2,500,000 each year. Phase II began in 2009 but was scaled back with \$1,500,000 in 2009; followed by \$2,500,000 in 2010; and then reduced to funding every other year. Currently, a total of \$1,275,000 is planned for 2012 and \$3,000,000 for 2014 and most likely every other year. Per the annual budget document, the projected 2011 overall average PCI of all lane miles is 90.0. The percentage maintained at the standard of 70 PCI for arterial streets is 91.0; for collector streets is 90.0; and for residential streets is 94.0. The model will be updated annually and a current PCI will be calculated.

The following briefly describes each parameter used for the 2012-2016 PCI street rating model:

- **Pavement Deterioration Rates:** Deterioration rates vary with the age of the street. Streets within the first 10 years of life deteriorate at a slower rate than streets that are 20 years old. Deterioration rates from the previous inspections are reviewed and four unique deterioration rates are developed.
- **Maintenance Breakpoints:** The breakpoints were determined by driving the streets, reviewing their ratings and then determining what type of maintenance could be done on the street.
- **Sequence Steps:** This is used by the model to determine how much of the fund should be spent on the various types of maintenance. The first sequence is to select the streets that have been entered for certain years, and then the program selects the streets that are deteriorating from one maintenance type to the next, (i.e. streets that could be slurried this year, but if delayed one more year will be in the overlay budget).

- Construction Costs: The 2010 bid tabs were used to determine current construction costs for various types of maintenance.
- Construction Inflation: A 5% annual construction inflation rate was assumed

Assumptions

In forecasting the fiscal impact of the 2012-2016 Capital Improvements Program, several financial assumptions have been made:

- Cost subject to change depending upon approved final design and construction bids in construction year.
- Oil prices, and oil based products, i.e. asphalt.
- Interest rates are projected at 5.25% and 5.50% for 15-year tax exempt bonded projects and 20-year bonded projects, respectively, in 2011. An interest rate of 6.00% and 6.50% for 15-year and 20-year taxable issues. For taxable TDD projects a rate of 9.0% is projected;
- State mandated debt limitation established at 30.0% of equalized assessed valuation.
- Interest earnings are projected at 3.5% for 2012 and 2013; 3.8% for 2014; and 4.0% for 2015 and beyond.
- Assessed valuation, combined for all classifications, is projected to decrease 2.0% in 2012; increase 2.0% for 2013; and 3.6% in 2014 and each year beyond.
- City Sales tax projections for the planning period are 2.5% growth in 2012; 3.5% in 2013; and 3.9% in 2014 and each year beyond.
- Using a variance in the City's overall forecasting model of 101% revenues and 99% expenditures plus all the other appropriate financial assumptions i.e. assessed valuation, inflation, etc per the budget policy.
- A one mill increase is forecasted in 2015, 2017 and 2019.
- The financial planning model reflects a 98% property tax collection rate. This provides a more realistic forecast of delinquencies pertaining to both the General Fund and Bond & Interest Fund property taxes but also the payment of special assessment debt by special benefit district properties.
- The Debt Service fund balance reserves policy remains at 35%.
- Includes 1/8th cent sales tax for capital improvements extended throughout the 2012-2016 CIP. From this tax a portion will be used to support the mill & overlay projects and accelerated storm water projects.
- A total of \$600,000 in pay-as-you-go funding has been included every other year, beginning in 2011, for the Accelerated Stormwater program using 1/8-Cent Sales Tax revenues.
- The Residential Street Reconstruction program includes approximately \$3,000,000 every other year, beginning in 2014. These projects are planned to be debt-financed.
- Transportation Development District (TDD) project estimates are provided by the Developer. Staff has not indexed these projects for inflation since they generally have been approved through a specific Development Agreement. On developer driven Special Benefit District projects the amount shown in the CIP reflects the amount petitioned and approved by the Governing Body.

Glossary of Capital Budgeting Terms

Ad Valorem Tax

A tax levied on the assessed value of both real and personal property in proportion to the value of the property (also known as “property tax”).

Anticipated Projects

Anticipated projects represent neighborhood street reconstruction and major stormwater repairs/improvements that were originally initiated using a phased financial approach. These projects are seen as necessary to address large areas of capital maintenance. The funding of these multi-year improvements are beyond the five-year planning process, but are expected to continue.

Assessed Valuation

The valuation placed upon real and certain personal property by the county assessor as the basis for levying property taxes.

Authorities and Special Benefit Districts

Special authorities or benefit districts may be formed, pursuant to applicable statutory requirements, to provide public improvements. These districts are usually single purpose, providing only a single service improvement. The purpose of forming authorities or special benefit districts is often to avoid statutory local government debt limits, which restrict the ability of the municipality to issue long-term debt. A further purpose is to provide improvements, which may overlap jurisdictional boundaries. Projects undertaken by special districts and authorities are generally financed through the issuance of revenue bonds, although in some circumstances special districts may be granted the power to tax.

Bond

A written promise to pay a specified sum of money on a specific date at a specified or variable stated interest rate. The most common types of bonds are general obligation and revenue bonds. Bonds are typically used as long-term debt to pay for specific capital expenditures

Bond Rating

A rating that is received from Standard & Poor’s Corporation and Moody’s Investors service, Inc., which shows the financial and economic strengths of the City.

Capital Improvements Program

A plan for capital expenditures to be incurred each year over a five-year period, setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Committed Projects

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year, provided funding and timing allows.

**Current Revenue
(Pay-as-you-go)**

Pay-as-you-go financing refers to the method whereby improvements are financed from current revenues including general taxes, fees, service charges, special funds, and special assessments.

Debt

An obligation resulting from the borrowing of money.

Debt Service

The City's obligation to pay the interest and repay the principal of all bonds and other debt instruments according to a predetermined payment schedule.

Desired Projects

Desired projects represent items which have been submitted for consideration into the CIP, but are currently not funded and therefore have not been included in the 2011-2015 CIP plan or in the financial forecasting model.

Fiscal Year

The time-period designated by the City signifying the beginning and the ending period of recording financial transactions. The City of Leawood has specified the calendar year as its fiscal year.

General Obligation Bonds

Many capital improvement projects are funded by the issuance of general obligation bonds. General obligation bonds are full faith and credit bonds, pledging the general taxing power of the jurisdiction to back the bonds. General obligation bonds can be sold to finance the permanent types of improvements such as schools, municipal buildings, parks, and recreation facilities. In some circumstances, voter approval may be required.

**General Obligation
Temporary Notes**

Temporary notes are to be used as a funding mechanism for capital projects, which will be paid off, by the use of general obligation bonds or other funding sources. General obligation temporary notes are full faith and credit notes, pledging the general taxing power of the jurisdiction to back the notes. General obligation temporary notes can be sold to finance the permanent types of improvements such as schools, municipal buildings, parks, and recreation facilities. In some circumstances, voter approval may be required.

Infrastructure

Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the government unit.

Lease Purchase

Local governments using the lease-purchase method prepare specifications for a needed public works project that is constructed and owned by a private company or authority. The facility is then leased back to the municipality, and the title is conveyed to the municipality at the end of the lease period. The lease period is of such length that the payments retire the principal and interest.

Long-Term Debt

Debt with a maturity of more than one year after the date of issuance.

Mill Levy

Used to impose taxes for the support of governmental activities. A Mill Levy is expressed as one dollar per one thousand dollars of assessed valuation.

Property Tax

Ad valorem taxes levied on both real and personal property according to the assessed valuation and the tax rate.

Reserve Funds

In reserve fund financing, funds are pooled in advance to finance an upcoming capital construction or purchase. This pool of funds may be from surplus or earmarked operational revenues, funds in depreciation reserves, or the sale of capital assets.

Revenue Bonds

Revenue bonds are a mechanism used in cases where the project being funded will generate revenue from user fees, such as water or sewer systems. These fees are used to pay for the improvement project. These bonds are not generally subject to statutory debt limitations, as these issues are not backed by the full faith and credit of the municipal entity. However, some revenue bonds, referred to as “double barreled” revenue bonds, have supplemental guarantees to make the investment more appealing. The interest rate on revenue bonds is generally higher than that for general obligation bonds, and voter approval is seldom required.

Special Assessments

Public works projects that more directly benefit certain property owners may be financed in the interest of equity by the use of special assessments. In this method, the directly benefiting property owners are assessed the cost of the improvements based upon applicable formulas and/or policies. Local improvements typically financed by this method include street pavement, sanitary sewers, and water mains.

State and Federal Grants

State and federal grants-in-aid are a financing method that have financed many improvements including street improvements, water and sewer facilities, airports, parks, and playgrounds. The cost of these improvements may be paid for entirely by the grants, although in many instances these funds must be leveraged with local funds.

Transportation Development District

Transportation Development District (TDD) is a transportation project development tool, governed by state statute. This debt tool is designed to facilitate specific public transportation improvements through the collection of taxes and the borrowing of funds. The revenue of a TDD (most frequently sales tax) can only be used for public transportation and transportation-related improvements or they can be backed by assessments.

Uncommitted Projects

Uncommitted projects represent capital improvements where a growth has or will necessitate the improvement; however, the project currently does not have an identified funding source and has not been formally agreed upon for inclusion in the CIP. These projects are shown in the CIP document, but are excluded from the financial debt ratios or mill levy projections.

City of Leawood

Debt Policies

Objective

To maintain the City's ability to incur debt and issue other long-term obligations at favorable interest rates in amounts needed for capital improvements, economic development, and facilities or equipment to provide essential city services.

Scope

This Policy provides a general guideline to all debt issued by the City regardless of purpose, source or type.

Responsibility

The primary responsibility for developing financing recommendations rests with the City Administrator. In developing the recommendations, the Finance Director, City Attorney or designee, Public Works Director, and other Department Heads assist the City Administrator. Responsibilities include annual review of debt capacity, quarterly assessment of progress on the Capital Improvement Program, preparation for debt issues and the ongoing responsibility of oversight and evaluation of services provided by the Financial Advisor and Bond Counsel.

I. Debt Planning Policies

- Section 1: *Capital Planning.* To enhance creditworthiness and prudent financial management, the City is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment is demonstrated through adoption of an annual Capital Improvement Plan (CIP) and annual assessment of the City's financial condition.
- Section 2: *Debt Capacity.* Each year the City will review whether it is willing and able to assume new debt beyond what will be retired. The Finance Director or designee shall, prior to the issuance of new debt, or at least annually, calculate the City's statutory debt limit in accordance with K.S.A. 10-308. Debt capacity will be assessed by reviewing debt per capita, general levels of per capita income, debt as a percent of appraised value, debt service payments as a percent of general government expenditures, debt payout over the ensuing ten years, and the level of overlapping net debt of all other local taxing jurisdictions.
- Section 3: *Debt vs. Pay-As-You-Go.* The City will evaluate annually the relationship between issuing debt and pay-as-you-go financing. The City will consider pay-as-you-go financing for all personal property less than \$50,000.

- Section 4: Appropriate Uses. The City will generally consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets having a useful life of at least (5) years. The scheduled maturities of long-term obligations should generally not exceed the expected useful life of the capital project or asset(s) financed. Proceeds should only be used for construction project costs, acquisition of fixed assets, issue costs, debt service reserve requirements, or refunding of outstanding issues. Proceeds from long-term debt may not be used to fund current operating costs.
- Section 5: Timing of Issues. In determining when to issue bonds, notes and other obligations the following factors should be considered:
- a) The timing of other proposed issues, including those by other jurisdictions;
 - b) The timing of the preparation, completion and certification of the City's annual budget including special assessment procedures;
 - c) The availability of the City's audited financial statements for the previous fiscal year;
 - d) The potential impact on the City's bond ratings.
- Section 6: Types of obligations. In determining the type of obligation to issue, the following factors should be considered:
- a) The direct and indirect beneficiaries of the project (i.e. a significantly large proportion of citizens should benefit from projects financed by at-large taxes and other revenues);
 - b) The time pattern of the stream of benefits generated by the project;
 - c) The sources and timing of revenues available for the repayment of the debt;
 - d) The cost-effectiveness of user charges or other revenue sources to the extent available;
 - e) The effect of the proposed issue on the City's ability to finance future projects of equal or higher priority;
 - f) The interest cost of each type of obligation;
 - g) The impact on the City's financial condition and credit ratings.
- Section 7: At-Large General Obligation Bonds. At-large general obligation, property tax-supported financing should be used for those capital improvements and long term assets which have been determined to be essential to the maintenance or development of the City and as permitted by law. Consideration should be given to alternative funding sources, such as project revenues, Federal and State grants, and special assessments.
- Section 8: Benefit District Bonds. The issuance of benefit district general obligation bonds shall be governed by the most recently approved Resolution.
- Section 9: Assessment Methodology. Upon request by a developer, the City may consider approving an assessment methodology for Special Benefit District (SBD) financing that is based upon the improvement and/or land value for each tract of land or tax parcel within the District,

provided that the development project is greater than 20 acres in size; has an approved overall floor-area-ratio (F.A.R.) of .5 or greater; and has received a Certificate(s) of Occupancy for 35% of the total approved square footage. As part of the consideration of this methodology for assessment, the City Council may consider requiring a Letter of Credit.

Section 10: Revenue Supported Obligation. Revenue supported obligations should be used to limit potential dependence on property taxes for those projects with available revenue sources, whether self-generated or dedicated from other sources. Adequate financial feasibility studies will be performed for each project to establish assurances as to the self-liquidating nature of the project or adequacy of dedicated revenue sources.

Section 11: Transportation Development District Obligations. The formation of a Transportation Development District [TDD] will be considered by the Governing Body on a case by case basis. The Governing Body will only consider pay-as-you-go [PAYGO] financing funded through a sales tax and/or special property tax assessment. However, bonded indebtedness may be considered by the Governing body in the case of burying or relocating utility lines. A TDD Project will be initiated by petition pursuant to the TDD Act. The Developer shall comply with all of the statutory requirements of a TDD project. The Developer shall also be responsible for providing a description of the improvements to be financed, a timetable for such improvements to be completed and an itemized listing and estimated total cost of said improvements with the TDD petition. The Governing Body reserves the right to approve any or part of any petition submitted. All costs subject to reimbursement from TDD proceeds shall be certified by the City and/or an outside consultant retained by the City prior to any reimbursement payment being made.

Section 12: Lease and Lease-Purchase Agreements. The City may enter into leases and lease-purchase obligations to finance the acquisition of real and personal property as permitted by law. The Finance Director shall review all proposed leases prior to submittal to the Governing Body. Lease financing is appropriate:

- a) Whenever the introduction of leased equipment and/or a capital improvement results in verifiable operating savings, or interest costs that minimizes the loss on resale value, properly discounted, outweigh the lease financing costs;
- b) Existing or incremental new revenues are available to provide for the lease payments;
- c) The capital asset is deemed important enough (for safety, legal, efficiency, or other reasons) to lead to a reallocation of existing revenues; or
- d) Existing state statutes do not provide adequate or expedient methods of financing.

This Policy shall not preclude the use of operating leases in appropriate circumstances such as for office equipment.

Section 13: Other Borrowing Methods. Financial feasibility studies should be performed for other financing methods such as state loan programs and pool participation.

Section 14: Short Term Borrowing. Use of short-term borrowing, such as temporary notes will be undertaken if the available cash is insufficient to meet project requirements or their use is judged to be prudent and advantageous to the City. Temporary notes may also be used to affect the interim financing of capital projects including benefit district projects so that permanent financing can occur on a more orderly basis. The City will conduct a cash flow analysis for a forecast period of no less than 12 months prior to issuing short-term notes.

Section 15: Conduit Financing. The City may sponsor conduit financing such as industrial revenue bonds and tax increment financings that are consistent with the City's overall service, development and Policy objectives. The issuance of industrial revenue bonds and tax increment financings should be governed by Resolutions 598 and 1317 respectively.

II. Debt Issuance Policies

Section 16: Method of Sale. As required by law, City debt will be issued through a competitive bidding process. Bids on long-term bonds will be awarded on a true interest cost basis, providing other bidding requirements are satisfied. Negotiated sales of debt will be considered when the complexity of the issue requires specialized expertise, or when the negotiated sale would result in substantial savings in time or money. The objective in all situations will be to accomplish the project at the lowest overall cost to the City.

Section 17: Length of Debt. Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users (Guidelines: - 15 years for General Obligations Debt; 20 years for land, parks, and buildings; and 15 to 20 years for Revenue Bonds). Benefit District Debt has a 10 year length; however, upon special approval by the Governing Body, benefit district debt may be extended up to a 15 year term. Transportation Development District [TDD] has a 10-year length however, upon special approval by the Governing Body; this debt may be extended up to a maximum of 22 years, in accordance with Kansas State Statute. The term will commence with the imposition of the tax.

Section 18: Debt Structure. Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, and the nature and type of security provided. Moreover, to the extent possible, the City will design the repayment of its overall debt so as to recapture rapidly its borrowing capacity for future use. The structure should approximate level principal on street projects debt, and level payment for public buildings, land and parks. Level debt service should also be used for revenue bonds. There shall be no debt structures which include increasing debt

service levels in subsequent years, except when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation or such structuring is needed to mitigate property tax impacts. There shall be no "balloon" bond repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. Normally, there shall be no capitalized interest included in the debt structure unless there are insufficient revenues available from the source of repayment of the debt during the project construction or start up phase.

Section 19: *Bond Rating.* The City should continually seek to maintain and improve current bond ratings so that borrowing costs are minimized and access to credit preserved. Good communication with bond rating agencies should be maintained and all necessary financial and economic data concerning the City and its borrowing needs shall be provided to the bond rating agencies as needed or requested. The city shall attempt to structure its debt issuance, prepare its operating budgets, and implement policies that will maintain or improve its existing bond rating. Any departure from prior structuring or budgeting processes that may jeopardize the City's bond rating will be discussed in advance with the rating agencies.

Section 20: *Credit Enhancements.* Decisions regarding credit enhancements such as Letters of Credit or Bond Insurance will be based upon the City's goal of accomplishing its financings at the lowest borrowing cost.

III. Debt Administration Policies

Section 21: *Coordination of Local Jurisdictions.* The City will participate in communications with overlapping and adjoining jurisdictions concerning plans for future debt issues.

Section 22: *Monitoring.* The Finance Department should continually monitor the City's outstanding debt issues to verify compliance with debt covenants and record keeping.

Section 23: *Reporting.* Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements will meet (at a minimum) the standards articulated by, the Government Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), any clarifying guidance from the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The Department of Finance shall be responsible for ongoing disclosure to established national and state information repositories and for maintaining compliance with disclosure standards of state and national regulatory bodies.

Section 24: *Investment of Bond Proceeds.* All proceeds of bonds, notes and other obligations shall be segregated into separate funds and invested in a manner consistent with those authorized by existing state laws and by the City's investment practices, consistent with

safety, liquidating and return. All interest earned on proceeds shall be used to pay costs associated with the projects being financed or used to pay the principal of or interest on such debt.

Section 25: Arbitrage Rebate. The Finance Director shall ensure that record keeping and reporting meets the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the City's outstanding debt issues. The City should actively monitor its investment practices to ensure maximum returns on its invested bond funds while complying with federal arbitrage guidelines.

Section 26: Refunding. Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. As a general matter, advance refundings may be undertaken for economic savings when net present value savings of not less than two percent of the refunded debt can be achieved. The City also may choose to refund outstanding indebtedness when existing bond covenants or other financial structures can be modified to improve financial operations. Savings requirements for current or advance refundings undertaken to restructure debt may be waived upon finding that such a restructuring is in the City's overall best financial interests.

REFERENCES:

Adopted by Resolution No. 1518 [April 3, 2000]
Revised by Resolution No. 2221 [May 3, 2004]
Revised by Resolution No. 2789 [May 5, 2007]
Revised by Resolution No. 3334 [February 1, 2010]
Revised by Resolution No. 3553 [March 7, 2011]

Program Summary

Bond Issue Financed

All Projects

Infrastructure Projects

Parks and Recreation Projects

Buildings and Facilities Projects

Bonding Projections – General Obligation & Special Benefit District

Capital Improvements Program 2012 - 2016

Total Project Cost - All Projects, by Construction Year

<u>Proj #</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80162	143rd Street, Nall Ave to Windsor				\$13,444,961	
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000				
# 80214	2014 Residential Streets, Phase II-Yr 4			\$3,000,000		
# 80216	2016 Residential Streets, Phase II-Yr 5					\$3,000,000
# 80421	2013 Traffic Signal Replacement		\$300,000			
# 80422	2014 Traffic Signal Replacement			\$315,000		
# 80423	2015 Traffic Signal Replacement				\$741,600	
# 80424	2016 Traffic Signal Replacement					\$345,000
# 80450	135th St-Bury Power Lines (TDD)	\$3,375,000				
# 80451	135th St-Add Third Lane (SBD)	\$3,400,000				
# 80454	Park Place-Parking Structure #2 (TDD)	\$6,966,000				
# 80457	Village of Seville (TDD)	\$1,000,000				
# 80550	89th & Mission Stormsewer		\$1,253,426			
Total		\$16,016,000	\$1,553,426	\$3,315,000	\$14,186,561	\$3,345,000
COMMITTED		\$15,016,000	\$1,253,426	\$3,000,000	\$13,444,961	\$3,000,000
UNCOMMITTED		\$1,000,000	\$300,000	\$315,000	\$741,600	\$345,000

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

Capital Improvements Program 2012 - 2016

Total City Cost - All Projects, by Construction Year

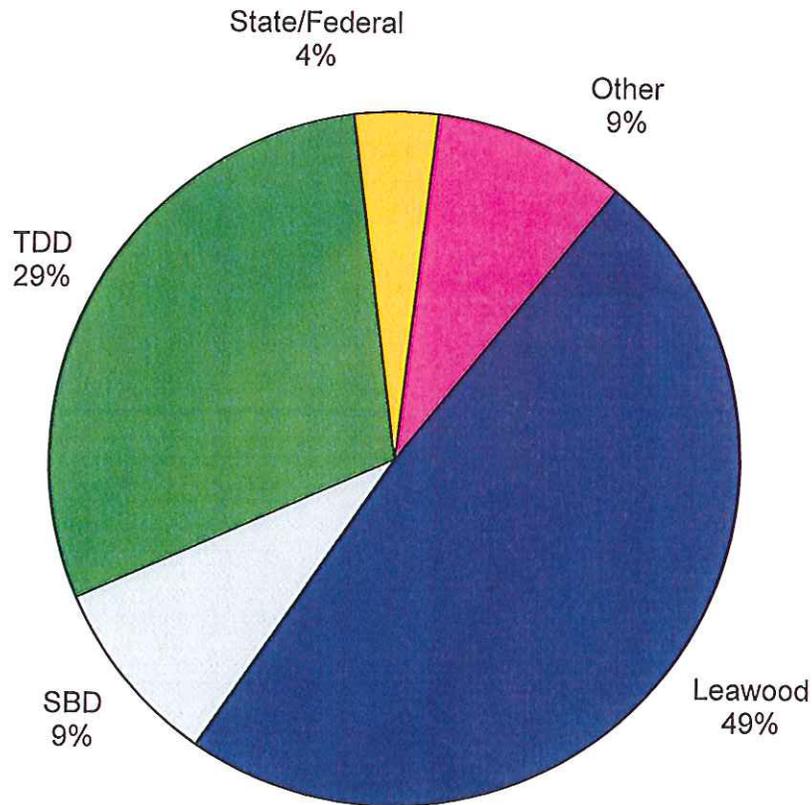
<u>Proj #</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80162	143rd Street, Nall Ave to Windsor				\$8,481,961	
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000				
# 80214	2014 Residential Streets, Phase II-Yr 4			\$3,000,000		
# 80216	2016 Residential Streets, Phase II-Yr 5					\$3,000,000
# 80421	<i>2013 Traffic Signal Replacement</i>		\$300,000			
# 80422	<i>2014 Traffic Signal Replacement</i>			\$315,000		
# 80423	<i>2015 Traffic Signal Replacement</i>				\$741,600	
# 80424	<i>2016 Traffic Signal Replacement</i>					\$345,000
# 80450	135th St-Bury Power Lines (TDD)	\$0				
# 80451	135th St-Add Third Lane (SBD)	\$0				
# 80454	Park Place-Parking Structure #2 (TDD)	\$0				
# 80457	<i>Village of Seville (TDD)</i>	\$0				
# 80550	89th & Mission Stormsewer		\$1,253,426			
Total		\$1,275,000	\$1,553,426	\$3,315,000	\$9,223,561	\$3,345,000
	COMMITTED	\$1,275,000	\$1,253,426	\$3,000,000	\$8,481,961	\$3,000,000
	<i>UNCOMMITTED</i>	<i>\$0</i>	<i>\$300,000</i>	<i>\$315,000</i>	<i>\$741,600</i>	<i>\$345,000</i>

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

Capital Improvements Program 2012 - 2016

Construction Year Cost Distribution by Funding Source

<u>Year</u>	<u>City of Leawood</u>	<u>Special Benefit Dist</u>	<u>Transportation Devel Dist</u>	<u>State/Federal</u>	<u>Other</u>	<u>Total</u>
2012	\$1,275,000	\$3,400,000	\$11,341,000	\$0	\$0	\$16,016,000
2013	\$1,553,426	\$0	\$0	\$0	\$0	\$1,553,426
2014	\$3,315,000	\$0	\$0	\$0	\$0	\$3,315,000
2015	\$9,223,561	\$0	\$0	\$1,500,000	\$3,463,000	\$14,186,561
2016	\$3,345,000	\$0	\$0	\$0	\$0	\$3,345,000
Total	\$18,711,987	\$3,400,000	\$11,341,000	\$1,500,000	\$3,463,000	\$38,415,987



**Capital Improvements Program
2012 - 2016
Total Project Cost - Infrastructure**

Project Number	Project Description	2012	2013	2014	2015	2016
# 80162	143rd Street, Nall Ave to Windsor				\$13,444,961	
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000				
# 80214	2014 Residential Streets, Phase II-Yr 4			\$3,000,000		
# 80216	2016 Residential Streets, Phase II-Yr 5					\$3,000,000
# 80421	2013 Traffic Signal Replacement		\$300,000			
# 80422	2014 Traffic Signal Replacement			\$315,000		
# 80423	2015 Traffic Signal Replacement				\$741,600	
# 80424	2016 Traffic Signal Replacement					\$345,000
# 80450	135th St-Bury Power Lines (TDD)	\$3,375,000				
# 80451	135th St-Add Third Lane (SBD)	\$3,400,000				
# 80457	Village of Seville (TDD)	\$1,000,000				
# 80550	89th & Mission Stormsewer		\$1,253,426			
Total Annual Cost		\$9,050,000	\$1,553,426	\$3,315,000	\$14,186,561	\$3,345,000

COMMITTED
UNCOMMITTED

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

**Capital Improvements Program
2012 - 2016
Total Project Cost - Parks & Recreation Projects**

Project Number	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Currently there are no projects included in the 2012 - 2016 planning period</i>						
Total Annual Cost		\$0	\$0	\$0	\$0	\$0

COMMITTED

UNCOMMITTED

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

Capital Improvements Program
2012 - 2016
Total Project Cost - Buildings

Project Number	Project Description	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80454	Park Place-Parking Structure #2 (TDD)	\$6,966,000				
Total Annual Cost		\$6,966,000	\$0	\$0	\$0	\$0

COMMITTED

UNCOMMITTED

Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

Capital Improvements Program 2012 - 2016

General Obligation Bonding Projections and Total City Cost

Project Number	Project Description	2012	2013	2014	2015	2016
# 80162	143rd Street, Nall Ave to Windsor				\$8,481,961	
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000	\$1,275,000			
# 80214	2014 Residential Streets, Phase II-Yr 4		\$3,000,000	\$3,000,000	\$3,000,000	
# 80216	2016 Residential Streets, Phase II-Yr 5				\$3,000,000	\$3,000,000
# 80421	2013 Traffic Signal Replacement	\$300,000	\$300,000	\$300,000		
# 80422	2014 Traffic Signal Replacement		\$315,000	\$315,000	\$315,000	
# 80423	2015 Traffic Signal Replacement			\$741,600	\$741,600	\$741,600
# 80424	2016 Traffic Signal Replacement				\$345,000	\$345,000
# 80550	89th & Mission Stormsewer	\$1,253,426	\$1,253,426	\$1,253,426		
Totals		\$2,828,426	\$6,143,426	\$5,610,026	\$15,883,561	\$4,086,600
Total Project Cost/Design Year		\$1,553,426	\$3,315,000	\$741,600	\$3,345,000	\$0
Total City Cost/Construction Year		\$1,275,000	\$1,553,426	\$3,315,000	\$9,223,561	\$3,345,000
Total Project Cost/Bond Year		\$0	\$1,275,000	\$1,553,426	\$3,315,000	\$741,600

COMMITTED
UNCOMMITTED

Capital Improvements Program 2012 - 2016

Special Benefit District Bonding Projections and Total City Cost

<u>Project Number</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80451	135th St-Add Third Lane (SBD)	\$3,400,000	\$3,400,000			
Totals		\$3,400,000	\$3,400,000	\$0	\$0	\$0
Total Project Cost/Design Year		\$0	\$0	\$0	\$0	\$0
Total SBD Cost/Construction Year		\$3,400,000	\$0	\$0	\$0	\$0
Total Project Cost/Bond Year		\$0	\$3,400,000	\$0	\$0	\$0

Transportation Development District Bonding Projections and Total City Cost

<u>Project Number</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80450	135th St-Bury Power Lines (TDD)	\$3,375,000	\$3,375,000			
# 80453	Park Place-Parking Structure #1 (TDD)		\$8,034,000			
# 80454	Park Place-Parking Structure #2 (TDD)	\$6,966,000			\$6,966,000	
# 80457	Village of Seville (TDD)	\$1,000,000				
Totals		\$11,341,000	\$11,409,000	\$0	\$6,966,000	\$0
Total Project Cost/Design Year		\$0	\$0	\$0	\$0	\$0
Total TDD Cost/Construction Year		\$10,341,000	\$0	\$0	\$0	\$0
Total Project Cost/Bond Year		\$1,000,000	\$11,409,000	\$0	\$6,966,000	\$0

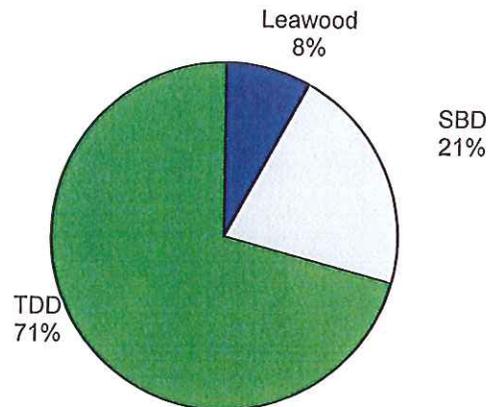
COMMITTED
UNCOMMITTED

Annual Projects

2012

- # 80212 2012 Residential Streets, Phase II-Yr 3
- # 80450 135th St-Bury Power Lines (TDD)
- # 80451 135th St-Add Third Lane (SBD)
- # 80454 Park Place-Parking Structure #2 (TDD)
- # 80457 *Village of Seville (TDD)*

5 Project(s)



COMMITTED
UNCOMMITTED

2012 Residential Streets, Phase II-Yr 3

2012

COMMITTED Approval by Governing Body at 3/12/07 WSS

Project Number: # 80212

Location: Various

Description: Street Reconstruction Program.

Design Date: 2011
Construction Date: 2012
Project Life: 1 year
Bond Date: 2013
Bond Life: 15

Estimated Cost

Construction	\$1,233,304
Stormwater	\$0
Design	\$0
Inspection/Survey	\$15,000
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$26,696
Sub-total	\$1,275,000
Inflation	0%
Total	\$1,275,000

Funding Source

Leawood	\$1,275,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$1,275,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

2012 Residential Street Reconstruction Program

Street	Length (ft)	Type of Work	PCI	Est Cost
<u>Group 12A</u>				
Wenonga Road (83rd to Somerset)	2,225	Reconstruction	67	634,117
81st Terrace (W of Wenonga)	976	Reconstruction	70	278,156
82nd Street (W of Wenonga)	951	Reconstruction	72	271,031
Irrigation/Contingency				<u>50,000</u>
				1,233,304

Traffic Signal, 133rd & Roe Avenue

2012

COMMITTED Presented to Council 10/6/08, Fact Sheet

Project Number: # 80404	Design Date:	2010
Location: 133rd & Roe Avenue	Construction Date:	2012
Description: Install traffic signals at 133rd & Roe Avenue.	Project Life:	1 year
	Bond Date:	2013
	Bond Life:	15

Estimated Cost

Construction	\$220,000
Stormwater	\$0
Design	\$16,915
Inspection/Survey	\$10,000
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$45,000
Sub-total	\$291,915
Inflation	5%
Total	\$306,511

Funding Source

Leawood	\$306,511
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$306,511

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

135th St-Bury Power Lines (TDD)

2012

COMMITTED Approval by 12/15/08 City Council Meeting

Project Number: # 80450	Design Date: 2011
	Construction Date: 2012
Location: 135th Street	Project Life: 1 year
	Bond Date: 2013
Description: Bury overhead power lines along the south side of 135th Street.	Bond Life: 15

Estimated Cost

Construction	\$3,305,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$70,000
Sub-total	\$3,375,000
Inflation	0%
Total	\$3,375,000

Funding Source

Leawood	0
TDD	\$3,375,000
State/Federal	\$0
Johnson County (CARS)	\$0
Other	\$0
Total	\$3,375,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

135th St-Add Third Lane (SBD)

2012

COMMITTED Approval by 12/15/08 City Council Meeting

Project Number: # 80451

Location: 135th Street

Description: Add third lane for eastbound, from
Fontana to Kenneth Road.

Design Date: 2011

Construction Date: 2012

Project Life: 1 year

Bond Date: 2013

Bond Life: 15

Estimated Cost

Construction	\$3,330,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$70,000
Sub-total	\$3,400,000
Inflation	0%
Total	\$3,400,000

Funding Source

Leawood	0
SBD	\$3,400,000
State/Federal	\$0
Johnson County (CARS)	\$0
Other	\$0
Total	\$3,400,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

Park Place-Parking Structure #2 (TDD)

2012

*COMMITTED Development Agreement, Resolution #2267, Ordinance #2084.
Amended by Resolution # 2891 (10/15/07)*

Project Number: # 80454

Location: Between 117th St & Town Center
Drive, E of Nall
Description: Parking Structure

Design Date: 2007
Construction Date: 2012
Project Life: 1 year
Bond Date: 2015
Bond Life: 22

Estimated Cost

Construction	\$6,816,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$150,000
Sub-total	\$6,966,000
Inflation	0%
Total	\$6,966,000

Funding Source

Leawood	\$0
TDD	\$6,966,000
State/Federal	\$0
Johnson County (CARS)	\$0
Other	\$0
Total	\$6,966,000

Note: ESTIMATED COST ONLY.

The design and construction years do not impact the City's schedule since the bonds will not be sold until the project is fully operational, per the development agreement.

Village of Seville (TDD)

2012

UNCOMMITTED

Project Number: # 80457

Location: 133rd & State Line

Description: Retail district.

Design Date: 2010

Construction Date: 2010

Project Life: 1 year

Bond Date: 2012

Bond Life: 15

Estimated Cost

Construction	\$1,000,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$0
Sub-total	\$1,000,000
Inflation	0%
Total	\$1,000,000

Funding Source

Leawood	\$0
TDD	\$1,000,000
State/Federal	\$0
Johnson County (CARS)	\$0
Other	\$0
Total	\$1,000,000

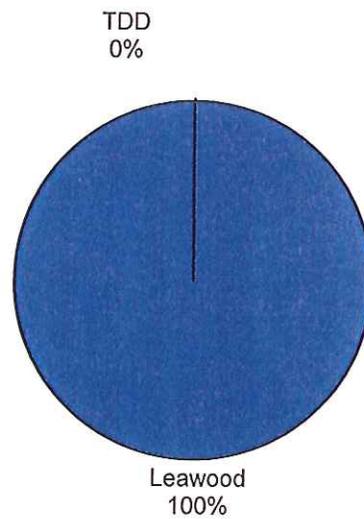
Note: This project is proposed as a Pay-As-You-Go TDD to be funded with a 1% sales tax increase for the development area.

Annual Projects

2013

- # 80421 2013 Traffic Signal Replacement
- # 80550 89th & Mission Stormsewer

2 Project(s)
\$1,553,426 Total 2013 Project Cost



COMMITTED
UNCOMMITTED

2013 Traffic Signal Replacement

2013

UNCOMMITTED

Project Number: # 80421

Location: Various Locations

Description: Replace the existing traffic signals
at various city locations.

Design Date: 2012

Construction Date: 2013

Project Life: 1 year

Bond Date: 2014

Bond Life: 15

Estimated Cost

Construction	\$292,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$8,000
Sub-total	\$300,000
Inflation	0%
Total	\$300,000

Funding Source

Leawood	\$300,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$300,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

89th & Mission Stormsewer

2013

COMMITTED

Project Number: # 80550	Design Date:	2012
Location: 89th & Mission Road	Construction Date:	2013
Description: Replace the existing stormsewer pipe between 89th Street and 92nd Street between Mission and Mohawk.	Project Life:	1 year
	Bond Date:	2014
	Bond Life:	15

Estimated Cost

Construction	\$1,064,479
Stormwater	\$0
Design	\$30,000
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$45,000
Sub-total	\$1,139,479
Inflation	10%
Total	\$1,253,426

Funding Source

Leawood	\$1,253,426
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$1,253,426

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

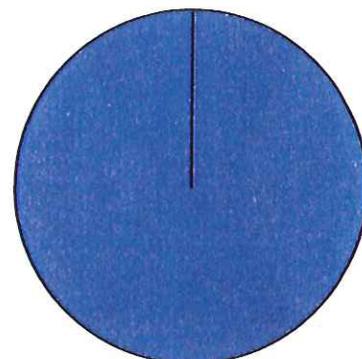
Annual Projects

2014

80214 2014 Residential Streets, Phase II-Yr 4
80422 2014 Traffic Signal Replacement

2 Project(s)
\$3,315,000 Total 2014 Project Cost

Leawood
100%



COMMITTED
UNCOMMITTED

2014 Residential Streets, Phase II-Yr 4

2014

COMMITTED Approval by Governing Body at 3/12/07 WSS

Project Number: # 80214

Location: Various

Description: Street Reconstruction Program.

Design Date: 2013

Construction Date: 2014

Project Life: 1 year

Bond Date: 2015

Bond Life: 15

Estimated Cost

Construction	\$2,900,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$42,000
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$58,000
Sub-total	\$3,000,000
Inflation	0%
Total	\$3,000,000

Funding Source

Leawood	\$3,000,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$3,000,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

2014 Residential Street Reconstruction Program

Street	Length (ft)	Type of Work	PCI	Est Cost
<u>Group 12A</u>				
82nd Terrace (83rd St to Wenonga)	1,285	Reconstruction	82	403,758
<u>Group 14A</u>				
92nd St (Mission Rd to Wenonga)	2,200	Reconstruction	81	691,258
92nd Terrace (Mission Rd to Wenonga)	1,543	Reconstruction	83	484,824
92nd Place (Mission Rd to 92nd Terr)	1,461	Reconstruction	77	459,058
<u>Group 14B</u>				
88th St (West of Cherokee Ln)	239	Road Recon (no storm)	78	70,302
Ensley Ct (north of 89th St)	305	Road Recon (no storm)	69	89,717
Irrigation/Contingency				<u>75,000</u>
				2,273,917

2014 Traffic Signal Replacement

2014

UNCOMMITTED

Project Number: # 80422

Location: Various Locations

Description: Replace the existing traffic signals
at various city locations.

Design Date: 2013

Construction Date: 2014

Project Life: 1 year

Bond Date: 2015

Bond Life: 15

Estimated Cost

Construction	\$306,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$9,000
Sub-total	\$315,000
Inflation	0%
Total	\$315,000

Funding Source

Leawood	\$315,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$315,000

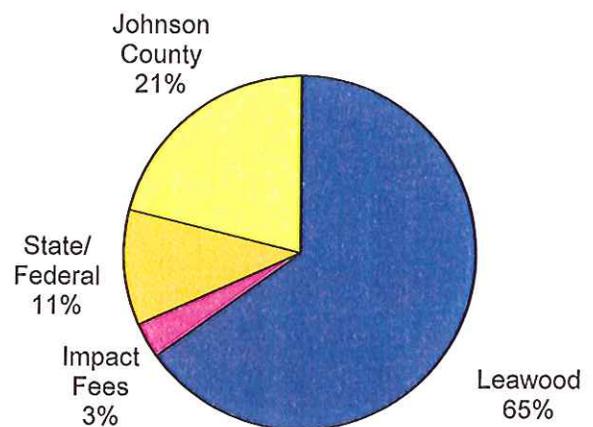
Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

Annual Projects

2015

80162 143rd Street, Nall Ave to Windsor
80423 2015 Traffic Signal Replacement

2 Project(s)
\$14,186,561 Total 2015 Project Cost



COMMITTED
UNCOMMITTED

143rd Street, Nall Ave to Windsor

2015

COMMITTED Authorized by Resolution #1684; Amended by Resolution #2991

Project Number: # 80162	Design Date:	2007
	Construction Date:	2015
Location: 143rd Street, Nall Ave to Windsor	Project Life:	2 years
	Bond Date:	2017
Description: Improve 143rd from a 2-lane ditch to a 4-lane undivided concrete road with curb and gutter, sidewalks, streetlights, bike/hike trail, stormsewers and traffic signal.	Bond Life:	15

Estimated Cost

Construction	\$6,905,000
Stormwater	\$0
Design	\$150,000
Inspection/Survey	\$560,000
Trails	\$0
Land	\$1,000,000
Landscaping	\$250,000
ROW/Utilities	\$2,012,800
Equipment	\$0
Finance/Admin.	\$326,334
Sub-total	\$11,204,134
Inflation	20%
Total	\$13,444,961

Funding Source

Leawood	\$8,481,961
Impact Fees	\$463,000
State/Federal	\$1,500,000
Johnson County	\$3,000,000
Other	\$0
Total	\$13,444,961

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

2015 Traffic Signal Replacement

2015

UNCOMMITTED

Project Number: # 80423

Design Date: 2014

Location: 88th, 89th, and State Line Rd

Construction Date: 2015

Project Life: 1 year

Bond Date: 2016

Bond Life: 15

Description: The existing traffic signal poles are deteriorating and the electronic controllers which operate the signals are obsolete and need to be replaced.

Estimated Cost

Construction	\$550,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$50,000
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$18,000
Sub-total	\$618,000
Inflation	20%
Total	\$741,600

Funding Source

Leawood	\$741,600
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$741,600

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

Annual Projects

2016

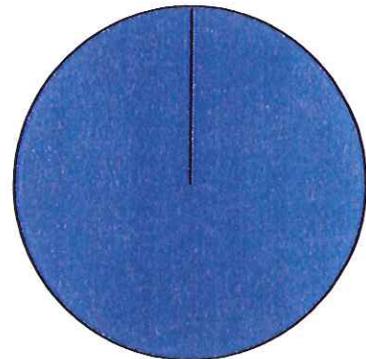
80216 2016 Residential Streets, Phase II-Yr 5

80424 2016 Traffic Signal Replacement

2 Project(s)

\$3,345,000 Total 2016 Project Cost

Leawood
100%



COMMITTED

UNCOMMITTED

2016 Residential Streets, Phase II-Yr 5

2016

COMMITTED Approval by Governing Body at 3/12/07 WSS

Project Number: # 80216	Design Date:	2015
Location: Various	Construction Date:	2016
Description: Street Reconstruction Program.	Project Life:	1 year
	Bond Date:	2017
	Bond Life:	15

Estimated Cost

Construction	\$2,900,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$42,000
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Adminin.	\$58,000
Sub-total	\$3,000,000
Inflation	0%
Total	\$3,000,000

Funding Source

Leawood	\$3,000,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$3,000,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

2016 Residential Street Reconstruction Program

Street	Length (ft)	Type of Work	PCI	Est Cost
Meadow Ln, 83rd Ter, 84th St, Ensley & Belinder	6,360	Reconstruction	71	2,203,040
Wenonga (91st to 93rd Streets)	1,600	Reconstruction	84	554,224
Irrigation/Contingency				<u>75,000</u>
				2,832,264

2016 Traffic Signal Replacement

2016

UNCOMMITTED

Project Number: # 80424	Design Date:	2014
Location: Various Locations	Construction Date:	2015
Description: Replace the existing traffic signals at various city locations.	Project Life:	1 year
	Bond Date:	2017
	Bond Life:	15

Estimated Cost

Construction	\$335,000
Stormwater	\$0
Design	\$0
Inspection/Survey	\$0
Trails	\$0
Land	\$0
Landscaping	\$0
ROW/Utilities	\$0
Equipment	\$0
Finance/Admin.	\$10,000
Sub-total	\$345,000
Inflation	0%
Total	\$345,000

Funding Source

Leawood	\$345,000
Special District	\$0
State/Federal	\$0
Johnson County	\$0
Other	\$0
Total	\$345,000

Note: ESTIMATED COST ONLY. Cost subject to change depending upon approved final design and construction bids in construction year.

Capital Improvements Program

2012 - 2016

ANTICIPATED 2017 - 2020 Projects

CIP Year	Description	Project #	Estimated Total Cost	Bond Year
2018	2018 Residential Streets, Ph III-Yr 1	80218	\$3,000,000	2019
2020	2020 Residential Streets, Phase III-Yr 2	80220	\$3,000,000	2020
			<u>\$6,000,000</u>	

ANTICIPATED projects represent neighborhood street reconstruction and major stormwater repairs/improvements that were originally initiated using a phased financial approach. These projects are seen as necessary to address large areas of capital maintenance. The funding of these multi-year improvements are beyond the five-year planning process, but are reasonably expected to continue.

Capital Improvements Program
2012 - 2016
UNCOMMITTED 2017 - 2021 Projects

CIP Year	Description	Project #	Estimated Total Cost	Estimated City Cost	Bond Year
2017	143rd Street, Windsor to Kenneth Rd	80129	\$12,484,699	\$7,554,699	2018
2019	151st St, Nall Ave to E. City Limit	80163	\$20,930,000	\$11,930,000	2020
2020	Mission Rd, 143rd to 151st St.	80155	\$10,000,000	\$6,000,000	2021
2020	Kenneth Rd, 143rd to S City Limits	80102	\$9,650,000	\$9,650,000	2021
2021	Mission Rd, 135th to 143rd St.	80175	\$10,251,000	\$6,000,000	2022
			\$63,315,699	\$41,134,699	

UNCOMMITTED projects represent repairs/improvements where a desire or need has been identified, however, the project currently does not have an identified funding source and has not been formally agreed upon for inclusion in the CIP. These projects are shown in the CIP document, but are excluded from the financial debt ratios or mill levy projections.

Capital Improvements Program

2012 - 2016

DESIRED, but UNFUNDED Projects

Funding	Description	Project #	Desired Begin Date	Estimated City Cost *
Unknown	Tennis Court Resurface - City Park	76030		\$180,000
Unknown	Off Leash Dog Area - City Park	76031		\$300,000
PAYG	Gezer Park -Possible Additions/Amenities	76027		\$100,000
PAYG	City Park Restroom/Shelterhouse Replacement	76016		\$575,000
PAYG	Lawn/Landscape Improvements, <i>North</i> Side of City Hall	76023		\$325,000
PAYG	Lawn/Landscape Improvements, <i>West</i> Side of City Hall	76033		\$100,000
PAYG	Improvements to Roe Ave Trail Tunnel	76024		\$100,000
PAYG	Portable Stage Wagon	NA		\$100,000
PAYG	Curb, Gutter & Median Repairs	72xxx		Unknown
PAYG	Sidewalk Repairs	72xxx		Unknown
PAYG	Leawood Town Center Fire Station	80156		\$3,500,000
Unknown	Activity Center	80154		Unknown
				\$5,280,000

DESIRED projects represent items which have been submitted for consideration into the CIP, but are currently not funded and therefore have not been included in the 2012-2016 CIP plan or in the financial forecasting plan.

Debt Service Information

Capital Improvements Program 2012 - 2016 Committed Projects

Number	Project Description	Project Cost	Finish Date	GO Bond Issue Amt	Developer/TDD or SBD Amount	Bond Date	Bond Life
# 80165	City Facility Improvements	\$1,980,000	2011	\$780,000	\$0	2011	20
# 80196	* Park Place (SBD)	\$5,200,000	2008	\$0	\$5,200,000	2011	15
<i>2011 BONDED PROJECTS</i>				<u>\$780,000</u>	<u>\$5,200,000</u>		
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000	2013	\$1,275,000	\$0	2013	15
# 80450	135th St-Bury Power Lines (TDD)	\$3,375,000	2013	\$0	\$3,375,000	2013	15
# 80451	135th St-Add Third Lane (SBD)	\$3,400,000	2013	\$0	\$3,400,000	2013	15
# 80453	Park Place-Parking Structure #1 (TDD)	\$8,034,000	2008	\$0	\$8,034,000	2013	22
<i>2013 BONDED PROJECTS</i>				<u>\$1,275,000</u>	<u>\$14,809,000</u>		
# 80550	89th & Mission Stormsewer	\$1,253,426	2013	\$1,253,426	\$0	2014	15
<i>2014 BONDED PROJECTS</i>				<u>\$1,253,426</u>	<u>\$0</u>		
# 80214	2014 Residential Streets, Phase II-Yr 4	\$3,000,000	2014	\$3,000,000	\$0	2015	15
# 80454	Park Place-Parking Structure #2 (TDD)	\$6,966,000	2012	\$0	\$6,966,000	2015	22
<i>2015 BONDED PROJECTS</i>				<u>\$3,000,000</u>	<u>\$6,966,000</u>		
# 80162	143rd Street, Nall Ave to Windsor	\$13,444,961	2015	\$8,481,961	\$0	2017	15
# 80216	2016 Residential Streets, Phase II-Yr 5	\$3,000,000	2016	\$3,000,000	\$0	2017	15
<i>2017 BONDED PROJECTS</i>				<u>\$11,481,961</u>	<u>\$0</u>		
TOTAL		<u>\$50,928,387</u>		<u>\$17,790,387</u>	<u>\$26,975,000</u>		

Committed projects are those which have been approved and authorized by a resolution, a development agreement or during the annual review of the CIP with the Governing Body. During the annual review, the Governing Body will review the projects and may make changes from the prior year, provided funding is available.

* It is possible that this project could be changed from Special Benefit District (SBD) financing to Transportation Development District (TDD) financing. However, until this is finalized the project is being shown as SBD.

Uncommitted Projects

Number	Project Description	Project Cost	Finish Date	GO Bond Issue Amt	Developer/TDD or SBD Amount	Bond Date	Bond Life
# 80457	Village of Seville (TDD)	\$1,000,000	2010	\$0	\$1,000,000	2012	15
# 80421	2013 Traffic Signal Replacement	\$300,000	2013	\$300,000	\$0	2014	15
# 80422	2014 Traffic Signal Replacement	\$315,000	2014	\$315,000	\$0	2015	15
# 80423	2015 Traffic Signal Replacement	\$741,600	2015	\$741,600	\$0	2016	15
# 80424	2016 Traffic Signal Replacement	\$345,000	2015	\$345,000	\$0	2017	15
TOTAL		<u>\$2,701,600</u>		<u>\$1,701,600</u>	<u>\$1,000,000</u>		

GO = General Obligation (city-at-large) Debt
SBD = Special Benefit District
TDD = Transportation Development District Debt

Debt Summary 2012 - 2016

Levy Supported - General Obligation Debt Bond Issuance Year Cost Distribution

<u>Proj #</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80162	143rd Street, Nall Ave to Windsor					
# 80212	2012 Residential Streets, Phase II-Yr 3		\$1,275,000			
# 80214	2014 Residential Streets, Phase II-Yr 4				\$3,000,000	
# 80216	2016 Residential Streets, Phase II-Yr 5					
# 80421	2013 Traffic Signal Replacement			\$300,000		
# 80422	2014 Traffic Signal Replacement				\$315,000	
# 80423	2015 Traffic Signal Replacement					\$741,600
# 80550	89th & Mission Stormsewer			\$1,253,426		
Totals		\$0	\$1,275,000	\$1,553,426	\$3,315,000	\$741,600

Non Levy Supported -Special Benefit District and Transportation Development District Debt

Bond Issuance Year Cost Distribution

<u>Proj #</u>	<u>Project Description</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
# 80450	135th St-Bury Power Lines (TDD)		\$3,375,000			
# 80451	135th St-Add Third Lane (SBD)		\$3,400,000			
# 80453	Park Place-Parking Structure #1 (TDD)		\$8,034,000			
# 80454	Park Place-Parking Structure #2 (TDD)				\$6,966,000	
# 80457	Village of Seville (TDD)	\$1,000,000				
Totals		\$1,000,000	\$14,809,000	\$0	\$6,966,000	\$0

COMMITTED

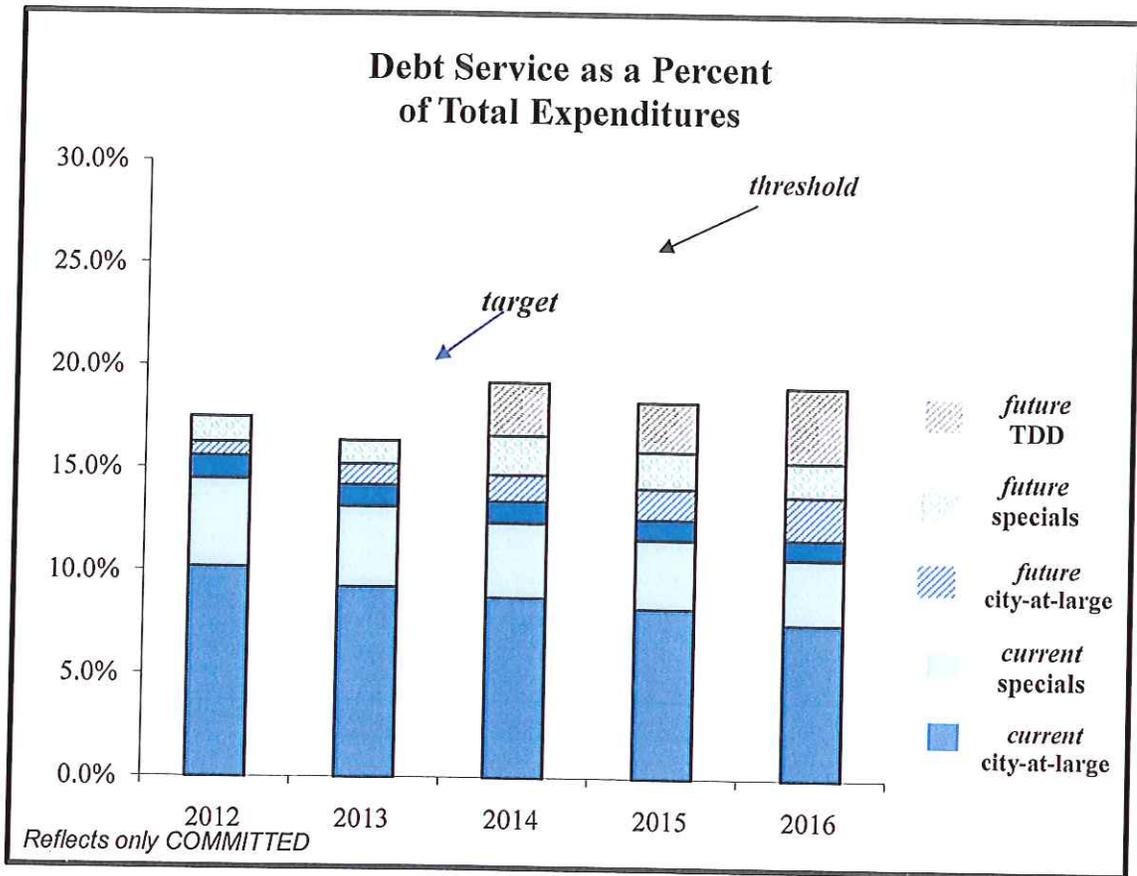
UNCOMMITTED

DEBT SERVICE AND LEASE PAYMENTS

	2012	2013	2014	2015	2016
<i>Current Bond and Leases</i>					
General Obligation					
Property Tax Supported - GO	4,665,627	4,628,802	4,590,547	4,535,717	4,263,269
Special Assessments	2,112,472	2,050,546	1,899,734	1,845,179	1,780,499
Subtotal	6,778,099	6,679,350	6,490,283	6,380,899	6,043,773
Agency Debt					
Transportation District Debt	553,300	550,200	555,875	549,500	546,850
Subtotal	553,300	550,200	555,875	549,500	546,850
Leases					
Property Tax Supported - Leases	201,092	201,092	0	0	0
Subtotal	201,092	201,092	0	0	0
Revenue Bonds					
Subtotal	190,550	0	0	0	0
Subtotal	190,550	0	0	0	0
TOTAL Current	7,723,041	7,430,642	7,046,158	6,930,399	6,590,623
 <i>Committed Projects *</i>					
General Obligation					
Property Tax Supported - GO	62,589	62,589	214,527	359,431	708,081
Special Assessments	606,667	589,333	1,002,667	971,733	940,800
Proposed Agency Debt					
Transportation District Debt	0	0	1,354,278	1,335,716	2,054,887
Proposed Future Leases					
Property Tax Supported - Leases	271,699	468,530	468,530	469,662	469,662
TOTAL Committed *	940,955	1,120,454	3,040,004	3,136,544	4,173,434
 GRAND TOTAL	 8,663,996	 8,551,096	 10,086,162	 10,066,944	 10,764,057

*Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the CIP with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing Body will review the projects and may make changes from the previous year provided funding and timing allows.

The ratios only reflect those projects listed as COMMITTED and does not include any projects listed as: UNCOMMITTED, ANTICIPATED or DESIRED.



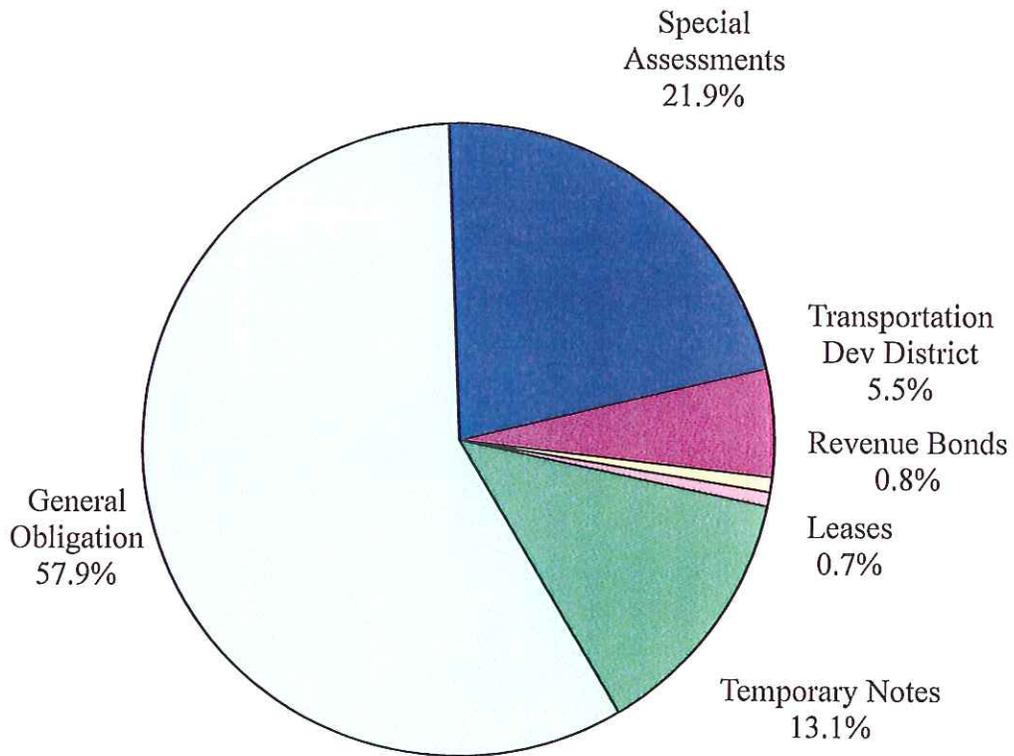
	2012	2013	2014	2015	2016
Debt Service as a Percent of Total Expenditures					
<i>Current Tax-Supported:</i>					
City-at-Large	10.2%	9.2%	8.7%	8.2%	7.5%
Special Assessments	4.3%	3.9%	3.6%	3.4%	3.2%
<i>Current Agency-Supported:</i>					
Transportation District Debt	1.1%	1.1%	1.1%	1.0%	1.0%
<i>Future Tax-Supported:</i>					
City-at-Large	0.7%	1.0%	1.3%	1.5%	2.1%
Special Assessments	1.2%	1.1%	1.9%	1.8%	1.7%
<i>Future Agency-Supported:</i>					
Transportation District Debt	0.0%	0.0%	2.6%	2.4%	3.6%
	17.5%	16.3%	19.2%	18.3%	19.1%
Threshold	25%	25%	25%	25%	25%
Target	20%	20%	20%	20%	20%

This measurement is a key operating ratio. The graph shows the current projects and the proposed future projects by category, city-at-large, special assessment, and TDD. This ratio is projected to remain below the 20% target throughout the planning period.

According to the city's financial advisors, George K. Baum, TDD debt is not included as direct debt but is included as overlapping debt by the rating agencies, thus this threshold is maintained throughout the five-year planning period.

BONDS, NOTES, AND LEASES OUTSTANDING

	Outstanding 12/31/2010	Percent of Total
General Obligation	44,112,900	57.9%
Special Assessments	16,712,100	21.9%
Transportation Dev District	4,200,000	5.5%
Revenue Bonds	580,000	0.8%
Leases	556,992	0.7%
Temporary Notes	10,000,000	13.1%
TOTAL	\$76,161,992	100.0%

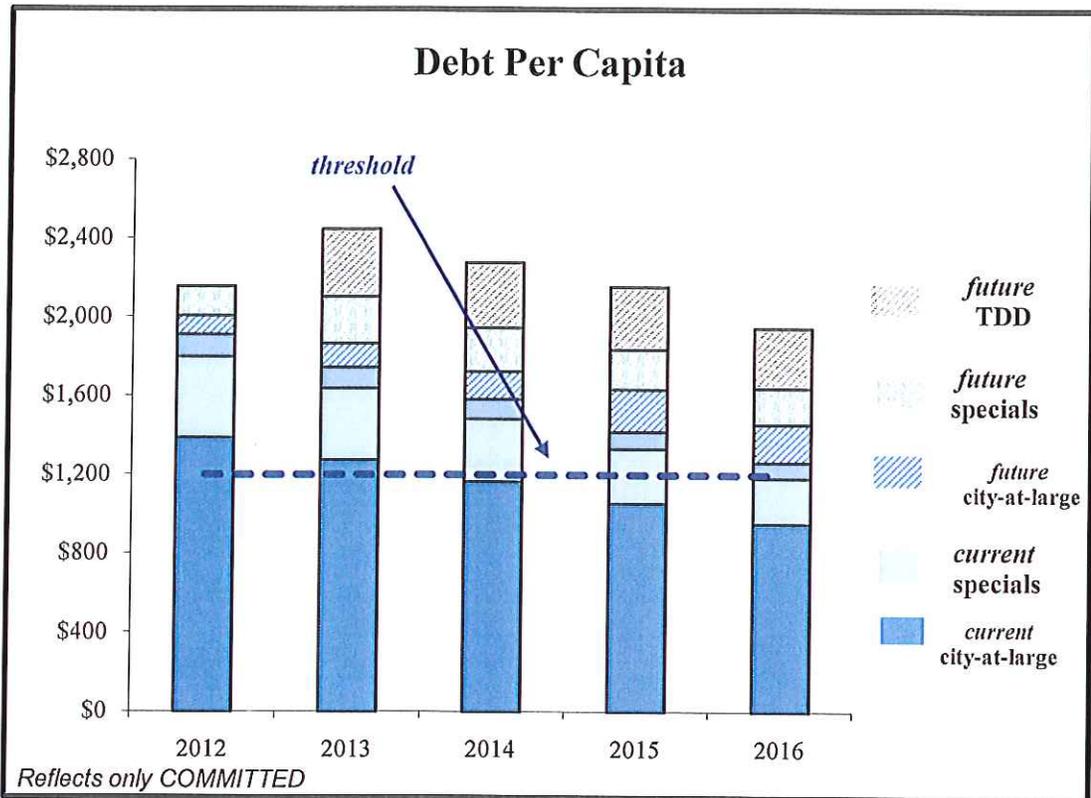


KEY DEBT MANAGEMENT RATIOS

	← 2012	<i>Forecast</i>	2014 →			
	2012	2013	2014	2015	2016	Standard
Outstanding Debt per capita						
Net Debt (1)	\$1,480	\$1,394	\$1,307	\$1,270	\$1,146	< \$1,200
Direct Debt (2)	\$2,040	\$1,996	\$1,847	\$1,746	\$1,561	
Direct and Overlapping Debt (3)	\$4,952	\$5,231	\$5,046	\$4,911	\$4,686	
Debt outstanding as a percent of full valuation of property						
Net Debt (1)	0.8%	0.7%	0.7%	0.6%	0.6%	< 1.5%
Direct Debt (2)	1.2%	1.1%	1.0%	0.9%	0.8%	
Direct and Overlapping Debt (3)	2.8%	2.9%	2.7%	2.5%	2.3%	
Total debt service as a percent of total expenditures (4)						
	17.5%	16.3%	19.2%	18.3%	19.1%	< 20%
Debt Service Levy (per \$1,000 of assessed value)						
	5.000	4.500	4.500	4.500	5.350	NA
Debt Payout in 10 Years						
Current Debt (2)	77.00%	80.00%	80.88%	81.46%	80.69%	NA
Current + <i>Only</i> Committed Future Projects (2)	51.06%	63.79%	66.52%	70.09%	71.90%	NA

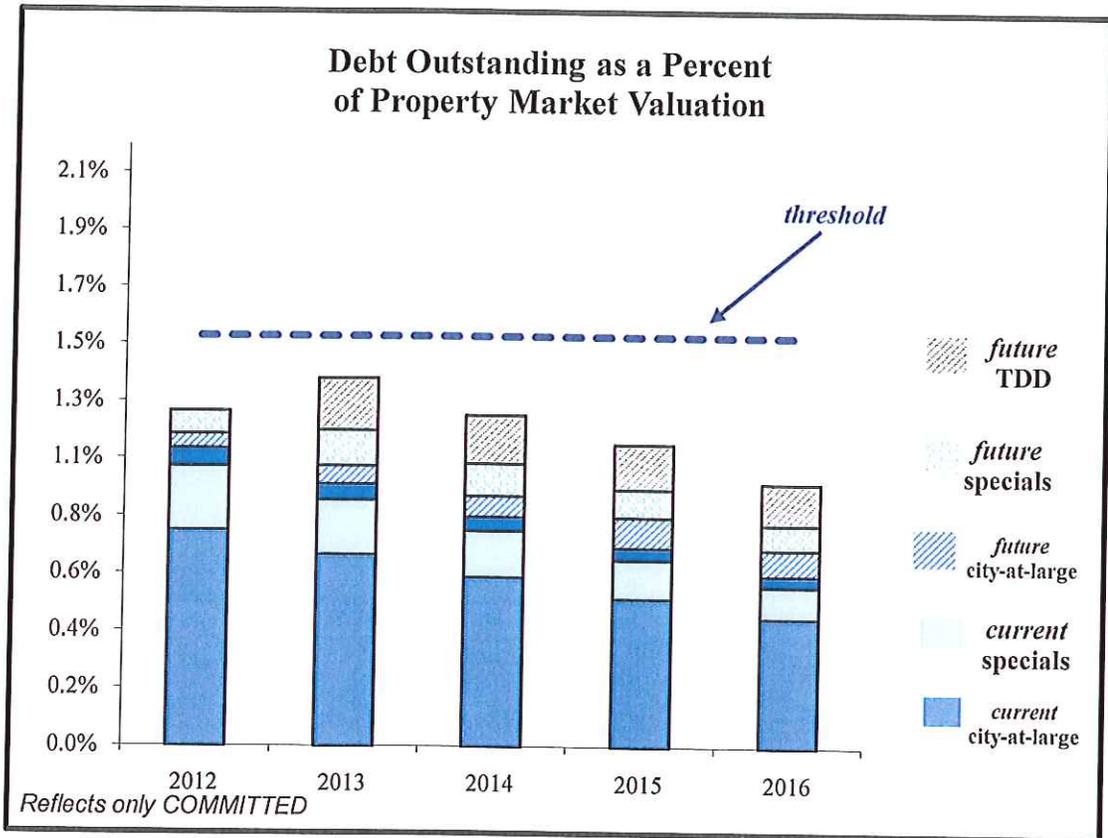
1. General Obligation debt and capital leases supported by general tax levy revenues.
2. General Obligation, Special Assessment debt and capital leases, excluding Transportation Development District debt (TDD).
3. All debt described in #2 plus Leawood's share of debt from Blue Valley & Shawnee Mission school districts, Johnson County, County Parks & Rec and Leawood's TDD debt.
4. The Target is less than 20%, not to exceed 25% in any given year.

These projections are based on the current assumptions in the City's comprehensive financial planning model.



	2012	2013	2014	2015	2016
Debt Per Capita					
<i>Current Tax-Supported:</i>					
City-at-Large	\$1,384	\$1,272	\$1,164	\$1,055	\$952
Special Assessments	\$413	\$364	\$319	\$275	\$231
<i>Current Agency-Supported:</i>					
Transportation District Debt	\$113	\$106	\$97	\$89	\$80
<i>Future Tax-Supported:</i>					
City-at-Large	\$96	\$122	\$144	\$214	\$194
Special Assessments	\$147	\$239	\$220	\$202	\$184
<i>Future Agency-Supported:</i>					
Transportation District Debt	\$0	\$344	\$332	\$319	\$303
	<u>\$2,154</u>	<u>\$2,448</u>	<u>\$2,280</u>	<u>\$2,160</u>	<u>\$1,951</u>
Threshold	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200

As shown in the above graph, Leawood continues to remain ahead of the debt per capita (industry average) of \$1,200 per citizen through 2016. Population is projected to increase approximately .5% annually throughout the planning period.



2012 2013 2014 2015 2016

Debt as a Percent of Full Valuation

<i>Current Tax-Supported:</i>					
City-at-Large	0.8%	0.7%	0.6%	0.5%	0.5%
Special Assessments	0.2%	0.2%	0.2%	0.1%	0.1%
<i>Current Agency-Supported:</i>					
Transportation District Debt	0.1%	0.1%	0.1%	0.0%	0.0%
<i>Future Tax-Supported:</i>					
City-at-Large	0.1%	0.1%	0.1%	0.1%	0.1%
Special Assessments	0.1%	0.1%	0.1%	0.1%	0.1%
<i>Future Agency-Supported:</i>					
Transportation District Debt	0.0%	0.2%	0.2%	0.2%	0.2%
	<u>1.2%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.1%</u>	<u>1.0%</u>
Threshold	1.5%	1.5%	1.5%	1.5%	1.5%

This measurement remains below the industry standard of 1.5% throughout the planning period. This ratio helps buyers of city bonds determine how well a city carries its debt load when measured against property appraisal valuations.

Debt Limitation Status

Assessed value, real and personal property, 2011 Budget	\$748,315,484
Plus assessed value, motor vehicles, 2011 Budget	\$67,975,900
Total assessed value, 2011 Budget	\$816,291,384
New debt limitation percentage	30%
2011 debt limitation	\$244,887,415
Total general obligation debt outstanding at 12/31/10	\$60,825,000

Note

In 1997, the Kansas Legislature repealed K.S.A. 79-5037, the statute that had governed legal debt limits for municipalities since statewide reappraisal in 1989. Based on this action, the legal general obligation debt limit for most cities in the state, including Leawood, returned to the pre-1989 limit of 30% of equalized assessed valuation. Between 1989 and 1997, K.S.A. 79-5037 adjusted the debt limit to account for the effect of reappraisal. During this period Leawood's debt limit was approximately 15.82% of equalized assessed valuation.

Pay-As-You-Go Program

Arterial/Collector Projects

Residential Street Projects

Stormwater Projects

1/8-Cent Sales Tax Projects

Other PAYG Projects

Art Projects (APPI)

Pay-As-You-Go Capital Program
2012 - 2016

ARTERIAL STREET PROGRAM

This program is funded from the Street Improvements Fund (#13020) and includes funds for the Arterial Street Program and Other Street/Signal Repairs. The program is reviewed annually and changes are made to reflect both current needs and funding availability. The type of repairs is identified in the "Project Description" column with a full definition of the repair included in the Glossary.

2011 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Traffic Signal, 133rd & Roe	72040	Traffic Signal	\$286,915			\$286,915
104th Street Improvements	* 72015	Mill/Overlay	\$175,000			\$175,000
Nall Ave, 119th-135th Streets	72018	Mill/Overlay	\$1,953,308	\$790,809 OP	\$977,000	\$185,499
2011 Annual Total			\$2,415,223	\$790,809	\$977,000	\$647,414

2012 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Town Center Drive	* 72019	Mill/Overlay	\$300,000		\$150,000	\$150,000
Widen-117th & Town Center Drive**	* 72043	EB Lane Widen	\$648,815		\$324,408	\$324,407
127th St, Mission Rd to Nall Ave	* 72020	Mill/Overlay	\$430,000		\$215,000	\$215,000
2012 Annual Total			\$1,378,815	\$0	\$689,408	\$689,407

2013 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
119th Street, Roe to State Line Rd	* 72017	Mill/Overlay	\$608,000		\$304,000	\$304,000
Somerset, Mission to Belinder	72035	Mill/Overlay	\$1,017,000	\$384,500 PV	\$457,500	\$175,000
2013 Annual Total			\$1,625,000	\$384,500	\$761,500	\$479,000

2014 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
115th Street, Roe to Tomahawk Ck	* 72024	Mill/Overlay	\$175,000		\$87,500	\$87,500
Somerset, Belinder to State Line	72036	Mill/Overlay	\$602,000	\$175,500 PV	\$266,500	\$160,000
137th Street, Roe to Nall	* 72031	Mill/Overlay	\$250,000		\$125,000	\$125,000
2014 Annual Total			\$1,027,000	\$175,500	\$479,000	\$372,500

2015 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
133rd Street, State Line Rd to Roe	* 72022	Mill/Overlay	\$525,000		\$262,500	\$262,500
2015 Annual Total			\$525,000	\$0	\$262,500	\$262,500

2016 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Lee Blvd - Somerset to Mission Rd	* 72030	Mill/Overlay	\$1,200,000		\$600,000	\$600,000
2016 Annual Total			\$1,200,000	\$0	\$600,000	\$600,000

* Project administered by the City of Leawood

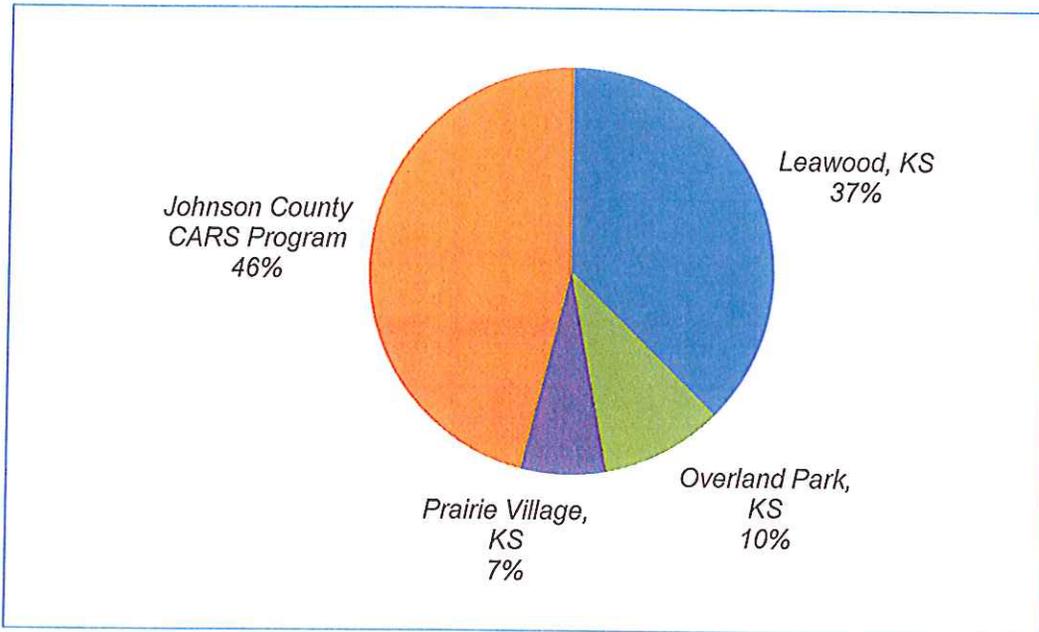
** This project has been included in the Arterial Street program and will be submitted for CARS reimbursement. Depending on the award year of these funds and the amounts available and received, other projects may be shifted to future years or alternate funding sources identified.

*Pay-As-You-Go Capital Program
2012 - 2016*

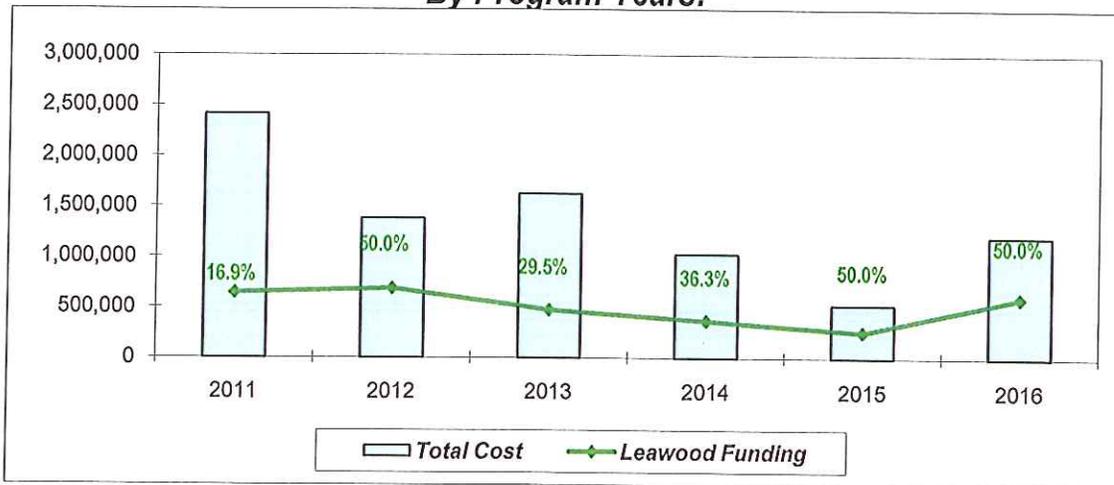
ARTERIAL STREET PROGRAM

By Funding Source:

Leawood, KS	\$	3,050,821
Kansas City, MO	\$	-
Overland Park, KS	\$	790,809
Prairie Village, KS	\$	560,000
ARRA Funds	\$	-
Johnson County CARS Program	\$	3,769,408
	\$	<u>8,171,038</u>



By Program Years:



Pay-As-You-Go Capital Program
2012 - 2016

RESIDENTIAL STREET PROGRAM

This program is primarily funded with Gasoline Tax revenue from the Special Highway Fund (#12015) and includes funds for the Residential Slurry Seal, and Mill & Overlay programs. These programs are reviewed annually and changes are made to reflect both current needs and funding availability. A 2.5% inflation factor has been included in each year.

Slurry seal is a cold mixed asphalt which consists of graded aggregate, a binder fines and additives. It is the most versatile and cost effective way to preserve and protect pavement over time. Generally, the City schedules this program to begin in the summer months after school sessions are over.

The Mill and Overlay program consists of milling the surface of the existing pavements and laying down a new asphalt surface. Typically this will replace the top 2 to 4 inches of asphalt pavement. Spot curb repairs and base repairs are sometimes included depending on the condition of the road. The process usually takes two weeks to complete.

2011 Program	Project #	Program Cost
Residential Slurry Seal	70009	500,000
Residential Mill & Overlay	70010	824,000
2011 Annual Total		\$1,324,000

2012 Program	Project #	Program Cost
Residential Slurry Seal	70011	512,500
Residential Mill & Overlay	70012	844,600
2012 Annual Total		\$1,357,100

2013 Program	Project #	Program Cost
Residential Slurry Seal	70013	525,313
Residential Mill & Overlay	70014	865,715
2013 Annual Total		\$1,391,028

2014 Program	Project #	Program Cost
Residential Slurry Seal	70015	538,445
Residential Mill & Overlay	70016	887,358
2014 Annual Total		\$1,425,803

2015 Program	Project #	Program Cost
Residential Slurry Seal	70017	551,906
Residential Mill & Overlay	70018	909,542
2015 Annual Total		\$1,461,448

2016 Program	Project #	Program Cost
Residential Slurry Seal	70017	565,704
Residential Mill & Overlay	70018	932,280
2016 Annual Total		\$1,497,984

Pay-As-You-Go Capital Program
2012 - 2016

1/8-CENT SALES TAX - STORMWATER PROJECTS

In April of 2000, the citizens of Leawood approved a 1/8-cent sales tax for improvement of City owned storm water projects as well as acceleration of the annual street improvement program. This five-year tax became effective July 1, 2000. In August 2004 voters approved, with 71% of the vote, to extend this tax for another five years until June 30, 2010. Then in August 2008, the tax was extended for an additional five years until 2015. Approximately half of the tax goes towards increasing the number of streets for rehabilitation.

<i>Year</i>	<i>Project #</i>	<i>Project Name</i>	<i>Subdivision</i>	<i>Project Description</i>	<i>Project Cost</i>
2011	77006	12601 Norwood	Royse	Install new storm	\$65,000
2011	77009	14601 Delmar	Pavilions of Leawood	Extend the existing storm sewer system by approximately 200 feet.	\$66,000
2011	77111	<i>2011 Accelerated Stormwater Reconstruction</i>	Various	Repair failing curb inlets, junction boxes and point repairs. Some pipe will be replaced, but these will not be significant.	\$600,000
TOTAL 2011					\$731,000
2012	77011	Box Culvert, 87th & Mission Rd	Within Mission Road R/W	Replace existing 13x14 box culvert that crosses Mission Rd. This will be a joint project with Prairie Village, administered by Leawood. <i>(Amount represents the total cost, but half will be reimbursed by Prairie Village).</i>	\$541,200
TOTAL 2012					\$541,200
2013	77113	<i>2013 Accelerated Stormwater Reconstruction</i>	Various	Repair failing curb inlets, junction boxes and point repairs. Some pipe will be replaced, but these will not be significant.	\$600,000
TOTAL 2013					\$600,000
2014	Currently there are no projects planned for this year.				TOTAL 2014 \$0
2015	77115	<i>2015 Accelerated Stormwater Reconstruction</i>	Various	Repair failing curb inlets, junction boxes and point repairs. Some pipe will be replaced, but these will not be significant.	\$600,000
TOTAL 2015					\$600,000
2016	Currently there are no projects planned for this year.				TOTAL 2016 \$0

*Pay-As-You-Go Capital Program
2012 - 2016*

OTHER STORMWATER PROJECTS

Listed below are both SMAC and other stormwater projects, all financed with Pay-As-You-Go (PAYG) from the Capital Improvements Fund. A portion of the SMAC projects will be paid from other sources, i.e., county funds, federal grants or private contributions.

<i>Year</i>	<i>Project #</i>	<i>Project Location</i>	<i>Project Description</i>	<i>Estimated Total Cost</i>	<i>Estimated City Cost</i>
2012	73xxx	SMAC - 81st Terr to 82nd, east of Wenonga; and Wenonga, Somerset to 83rd.	Replace the box under Wenonga.	\$443,000	\$110,750
<i>TOTAL 2012</i>				<i>\$443,000</i>	<i>\$110,750</i>
2016	73002	SMAC - Wenonga, 91st to 93rd Streets.	Replace the existing storm sewer that is failing and is undersized.	\$600,000	\$150,000
<i>TOTAL 2016</i>				<i>\$600,000</i>	<i>\$150,000</i>

*Pay-As-You-Go Capital Program
2012 - 2016*

OTHER PROJECTS

The following represent projects which have been included in the CIP for other repairs/replacements which are either for non-SMAC eligible and city-owned properties or other repairs to city facilities that meet the criteria to be included in the CIP. These pay-as-you-go projects are funded from the City Capital Improvements Fund, unless otherwise noted.

Year	Project #	Project Name	Project Description	City Project Cost
2011	76018	North Lake Improvements	Dredge the north lake, [first lake south of College]. (<i>Special Parks & Recreation Fund</i>)	\$290,000
2011	71006	Trail Improvements	NE City Park [Indian Creek] Bank Stabilization (<i>Special Parks & Recreation Fund</i>)	\$425,000
2011	76027	Gezer Park Amenities	Additional amenities to Gezer Park (<i>Special Parks & Recreation Fund</i>). A total of \$49,815 has been included which represents the donations received to date.	1 \$251,275
2011	71007	Trail Improvements	Installation of sidewalk for ADA access to T-Ball fields at City Park. (<i>Special Parks & Recreation Fund</i>)	\$60,000
2011	80165	City Facility Improvements	This represents the PAYG portion of the project, which includes City Hall roof replacement, air top units, system balance and energy conservation.	\$1,200,000
TOTAL 2011				\$2,226,275
2012	71008	Pond & Trail Improvements	Trail Improvements, including the 123rd & Tomahawk Trail (<i>Special Parks & Recreation Fund</i>)	\$325,000
2012	76008	Justice Center **	Construction of a Police and Court Facility in 2012-2013, with design in 2011 and bid in the Fall 2011. (<i>Public Safety Fund</i>)	\$16,000,000
2012	76029	Justice Center Fiber Ring & Other Equipment	The installation of a fiber ring between City Hall and the Justice Center along with data communication equipment.	\$150,000
2012	76025	FS #1 Roof Replacement	Replace the current roof at Fire Station #1.	\$105,000
TOTAL 2012				\$16,580,000

Currently there are no projects planned for 2013 through 2016.

1 A total of \$150,000 was included in the 2010 Budget, with total expenditures of \$23,540. The remaining \$125,000 along with \$60,000 originally planned for the construction of a shelter at Ironwoods Park is now shown as Gezer Park Amenities. Additionally there was a balance of \$15,000 remaining from the Gezer Park construction project that is included in this amount. The \$49,815 represents private donations received to date.

*** The project will be cash-financed using the .4% city sales tax levy and the .250% county economic development sales tax.*

*Pay-As-You-Go Capital Program
2012 - 2016*

OTHER PROJECTS - *continued*

<i>Year</i>	<i>Project #</i>	<i>Project Name</i>	<i>Project Description</i>	<i>City Project Cost</i>
----- Desired & Anticipated Projects (currently unfunded) -----				
TBD	76030	Tennis Courts Resurface- City Park	Overlay surface of 6 tennis courts and replace net posts to maintain courts.	\$180,000
TBD	76031	Off-Leash Dog Area - City Park	Six acre area with perimeter fencing, electronic gate access, drinking fountain, dog agility course, waste receptiles, signage and benches.	\$300,000
TBD	76027	Gezer Park Additions	Additional improvements which could include a water feature around the art piece, Tablet.	\$100,000
TBD	76016	City Park Restroom/Shelterhouse	Remove Shelters A & B, rebuild shelters and add a restroom facility.	\$575,000
TBD	76023	Lawn/Landscape Improvements, <i>North</i> side of City Hall	Repair/replace pavers, plants, trees and improvements to the small amphitheater area including a covering, behind City Hall.	\$325,000
TBD	76033	Lawn/Landscape Improvements, <i>West</i> side of City Hall	Provide landscaping to the west side of City Hall, in and around the temporary art location.	\$100,000
TBD	76024	Improvements to Roe Ave Trail Tunnel	Construct a new toe-wall to prevent erosion and installation of LED lights.	\$100,000
TBD	NA	Portable Stage/Show Wagon	Purchase a stage to be used at city events and rented out to surrounding agencies.	\$100,000
TOTAL Desired & Anticipated Projects				\$1,780,000

*Pay-As-You-Go Capital Program
2012 - 2016*

ART PROJECTS

The following represent planned art projects which have been identified by the Leawood Arts Council. This committee is responsible for Leawood's Art in Public Places Initiative (APPI) which is intended to integrate many aspects of art into the Leawood community in order to create a legacy of works to be enjoyed by current and future generations. The art purchases are made from the following two city funds: the City Capital Art Fund and the Public Art Impact Fee Fund. Beginning in 2007 funds were included annually in the City Capital Art Fund for art maintenance, as needed. This amount varies annually as it represents 10% of the total art value for all city-owned art. As art is added, the total art value changes.

Year	Project #	Project Name	Projected Fund Source	Cost
2011	#79006	Oppenheim Art Piece	City Capital Art Fund/Public Art Impact Fee Fund ¹	\$327,500
2011	#79004	Justice Center Art-acquisition	City Capital Art Fund	\$50,000
2011	#79005	Temporary Art	City Capital Art Fund	\$5,000
2011	NA	Annual Art Maintenance	City Capital Art Fund	\$84,100
TOTAL Proposed 2011 Projects **				\$466,600
2012	#79006	Sculpture Garden, Site TBD	City Capital Art Fund	\$50,000
2012	#79004	Justice Center Art-installation	City Capital Art Fund	\$32,500
2012	#79005	Temporary Art	City Capital Art Fund	\$5,000
2012	NA	Annual Art Maintenance	City Capital Art Fund	\$122,400
TOTAL Proposed 2012 Projects **				\$209,900
2013	#79006	Sculpture Garden, Site TBD	City Capital Art Fund	\$100,000
2013	#79005	Temporary Art	City Capital Art Fund	\$5,000
2013	NA	Annual Art Maintenance	City Capital Art Fund	\$129,900
TOTAL Proposed 2013 Projects **				\$234,900
2014	#79006	Sculpture Garden, Site TBD	City Capital Art Fund/Public Art Impact Fund	\$50,000
2014	#79005	Temporary Art	City Capital Art Fund	\$5,000
2014	NA	Annual Art Maintenance	City Capital Art Fund	\$134,900
TOTAL Proposed 2014 Projects **				\$189,900
2015	#79006	Sculpture Garden, Site TBD	City Capital Art Fund	\$50,000
2015	#79005	Temporary Art	City Capital Art Fund	\$5,000
2015	NA	Annual Art Maintenance	City Capital Art Fund	\$139,900
TOTAL Proposed 2015 Projects **				\$194,900
2016	#79005	Temporary Art	City Capital Art Fund	\$5,000
2016	NA	Annual Art Maintenance	City Capital Art Fund	\$139,900
TOTAL Proposed 2016 Projects **				\$144,900

** The budget shown for these projects are only estimates at this time. The available funding is contingent on: the available funds or revenue collections in each art fund; the actual cost of art pieces purchased in previous years; the final cost of the proposed art pieces; and the amount expended annually for Art Maintenance repairs.

¹ The 2011 Original Budget was 232,500 and the 2010 Estimated Budget was \$100,000. Only \$5,000 of this was spent in 2010, so the remaining \$95,000 is included in 2011. This art represents the "Signature" art piece as contained in the Master Plan.

Capital Leases

Lease Schedule 2012 - 2016

Current Lease Payments *(Principal & Interest)*

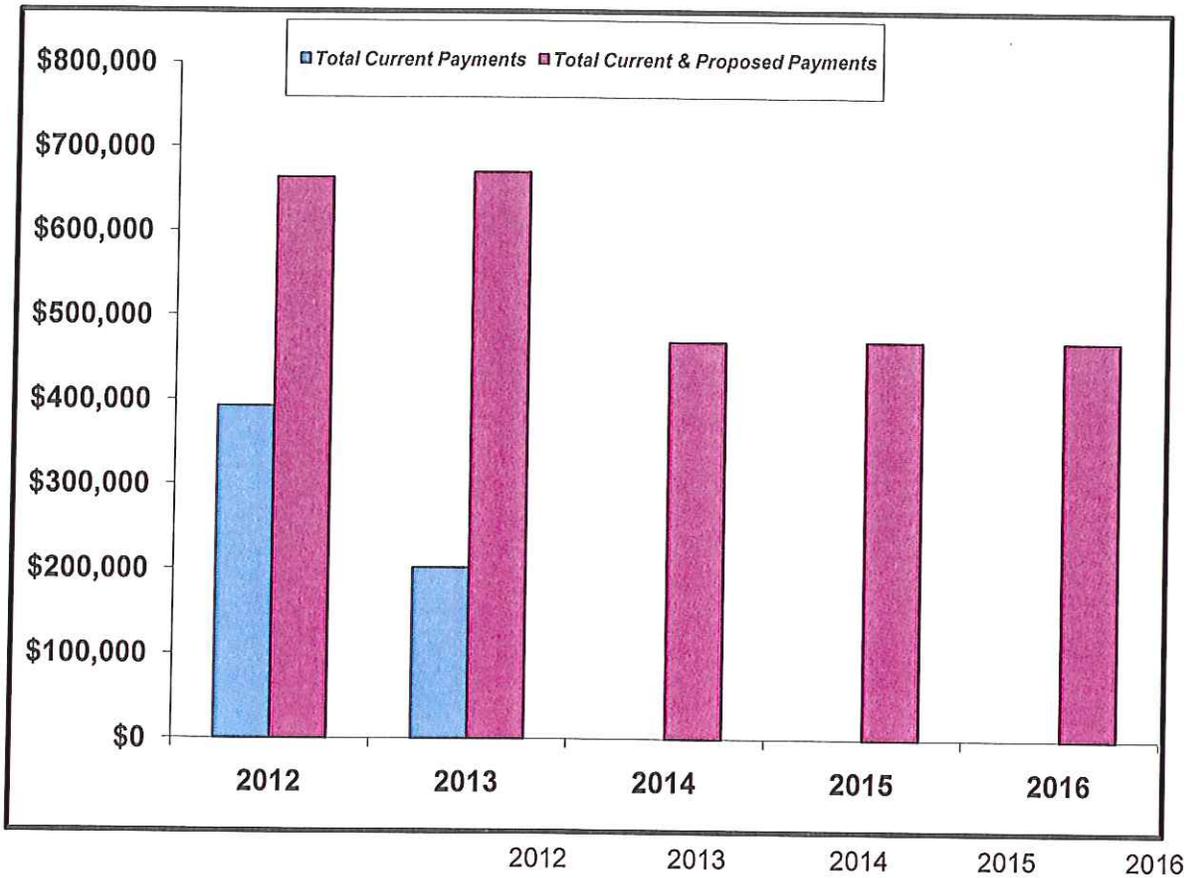
<u>Description</u>	<u>Funding</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Lease Ends</u>
General/City Equipment							
Fire Units 2009	Tax Levy	\$201,092	\$201,092	\$0	\$0	\$0	2013
Leawood City Hall Bldg	Rev Bonds	\$190,550	\$0	\$0	\$0	\$0	2012
		\$391,642	\$201,092	\$0	\$0	\$0	

Proposed Future Lease Payments

<u>Description</u>	<u>Funding</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Lease Ends</u>
General/City Equipment							
Golf Carts	Tax Levy	\$74,869	\$74,869	\$74,869	\$76,000	\$76,000	On-Going
Fire Pumpers (2012)	Tax Levy	\$196,831	\$196,831	\$196,831	\$196,831	\$196,831	2019
Fire Platform Truck (2013)	Tax Levy	\$0	\$196,831	\$196,831	\$196,831	\$196,831	2020
		\$271,700	\$468,530	\$468,530	\$469,662	\$469,662	
		\$663,342	\$669,623	\$468,530	\$469,662	\$469,662	

Lease Payments

Current vs. Current and Proposed



Lease Payments (Current vs. Current & Proposed)

	2012	2013	2014	2015	2016
<i>Current Leases:</i>					
General & City Equipment	391,642	201,092	0	0	0
TOTAL Current Leases:	\$391,642	\$201,092	\$0	\$0	\$0
<i>Future Leases:</i>					
General & City Equipment	271,700	468,530	468,530	469,662	469,662
TOTAL Current/Proposed Leases:	\$663,342	\$669,623	\$468,530	\$469,662	\$469,662
Proposed Annual Increase	69.4%	233.0%	100.0%	100.0%	100.0%

Appendices

Resolution No. 1317 – Commercial Tax Increment Financed Projects, 1996

A RESOLUTION ESTABLISHING A POLICY FOR CONSIDERING AND APPROVING COMMERCIAL TAX INCREMENT FINANCED PROJECTS.

WHEREAS, the Governing Body is responsible for encouraging and promoting the economic health of the City; and

WHEREAS, the Governing Body is authorized by Kansas law (K.S.A. 12-1770 et seq.) to issue special obligation bonds for the financing of redevelopment projects; and

WHEREAS, the consideration and approval of tax increment financed projects is a complex legal and administrative matter requiring clear direction for the Governing Body;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LEAWOOD, KANSAS, THAT:

SECTION 1. COMMERCIAL TAX INCREMENT FINANCING POLICY

It shall be the policy of the City to consider requests from qualified applicants to approve tax increment financing for purposes allowed by law and to approve such financing when, in the opinion of the Governing Body, it is in the best interest of the City to do so, and providing that the proposed use and applicant meet the criteria set forth in this policy.

This policy authorizes the City to issue special obligation bonds for the financing of redevelopment projects. Any tax increment as defined by K.S.A. 12-1770 et seq. resulting from a redevelopment district undertaken in accordance with this policy shall be apportioned to a special fund for the payment of the cost of redevelopment project, including the payment of principal and interest on said special obligation bonds.

Any financial risk involved in a tax increment financed project authorized under this policy will be the sole responsibility of the applicant, not the City of Leawood. No general obligations of the City, including full faith and credit tax increment bonds authorized under K.S.A. 12-1770 et seq., shall be considered as part of this policy.

SECTION 2. TAX INCREMENT FINANCING OBJECTIVES.

In reviewing requests to approve commercial tax increment financed projects, the Governing Body shall be guided by whether such a project will substantially meet the challenges outlined within the City of Leawood's Economic Development Strategic Plan, including:

- a) Preserve the City's unique character and distinctive atmosphere
- b) Insure the diversity of the City's economic base
- c) Lessen the City's dependence on property tax as a revenue source
- d) Revitalize the City's existing business climate

SECTION 3. REVIEW CRITERIA

The following criteria will be used by the Governing Body to judge the desirability and feasibility of proposals:

- a) Tax increment financing will be discouraged when the effect would be to grant the applicant an unfair advantage within the local market structure.
- b) Consideration will be given to projects that promote Leawood as a center for major local, regional and national firms.
- c) The proposed use must be in keeping with the character of Leawood, complementing the City's high standards and quality of life, non-polluting and consistent with all planning and development requirements, policies, ordinances and codes.
- d) The proposed use must have a positive impact on the community and not threaten public facilities, streets or other public improvements.
- e) Consideration will be given to redevelopment projects in areas zoned CP-1, CP-2 and/or PI. Proposed projects must promote property investment and urban renewal within existing commercial developments.

SECTION 4. APPROVAL CONDITIONS

Prior to the approval of tax increment financing, the Governing Body must be satisfied that the objectives and criteria for review established in the policy have been met. Further, all proposals shall be subject to the following conditions:

- a) The proceeds of special obligation bonds issued under this policy may be used to implement the redevelopment plan as outlined in the K.S.A. 12-1773(b) and amendments thereto. As defined by law, none of the proceeds from the sale of such bonds shall be used for the construction of buildings or other structures to be owned by the applicant.
- b) Any special obligation bond issued under this policy will utilize a maturity schedule payable over a period as short as financially practical.
- c) With regard to any special obligation bond issued under this policy, if the bond is offered to the public, an investment grade rating must be assigned to the issue; if the bond is privately placed, it may be issued without a rating, but must be sold to an accredited investor as that term is defined by securities industry standards.
- d) As outlined in K.S.A. 12-1774, should the City issue a special obligation bond to finance the undertaking of a redevelopment project in accordance with state law and this policy, such special obligation bonds shall be made payable, both as to principal and interest, from:
 - i.) Property tax increment allocated to and paid into a special fund of the city;

- ii.) Revenues of the City derived from or held in connection with the undertaking and carrying out the redevelopment project;
 - iii.) Any private sources, contributions or financial assistance from the state or federal government;
 - iv.) A pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the development district;
 - v.) A pledge or portion or all of the revenue received by the City from sales taxes;
 - vi.) Or any combination of these methods.
- e) Should the annual increment fall short of the amount necessary to pay the principal and interest of the special obligation bonds issued under this policy, the remaining amount payable is the responsibility of the applicant, not the City.
- f) Annual monitoring to insure that the criteria for review established in this policy continue to be met will be required. Should monitoring indicate that the criteria established in this policy are not being met, the tax increment financing of the project will default and the repayment of the special obligation bond will become the responsibility of the applicant.
- g) The applicant shall pay to the Leawood Economic Development Council an economic development fee equal to ten percent (10%) of the tax increment for the first two years of the TIF project.
- Said fee will be required in lieu of a performance bond to insure the successfulness of the project. Should the developer cease to operate and/or abandon the project, said funds will be used to assist in redeveloping the property.
- h) The applicant must agree to and reimburse the City for all costs related to the issuing of the bond, including any legal, financial or administrative research, any costs related to the feasibility study required by Kansas law, and work done in reviewing the proposal, writing the leases or other necessary documents and researching the qualification and financial soundness of the proposal and application, as well as any costs associated with presentation of the notice of bond also with the Kansas Board of Tax Appeals are required by law. The city's Bond Counsel will prepare related documents. The city or its designee will perform a financial evaluation of the application.
- i) The applicant shall comply with all laws of the City as well as zoning and building regulations.
- j) The City will request a Sales Tax Exemption Certificate for the project under conditions established by the State of Kansas.

- k) The Resolution of Internet shall be effective for a period of one year from the date of issue. An extension may be granted by the Governing Body. The Applicant is responsible for all related costs if the bonds are not issued.
- l) An application for a tax increment financed project must be submitted at least twenty (20) days in advance of the Governing Body's consideration of such proposal.

SECTION 5. AUTHORITY OF GOVERNING BODY.

The Governing Body, by its inherent authority, reserves the right to reject any tax increment financing proposal when it considers such action to be in the best interest of the City.

Passed by the Governing Body this, the 5th day of August, 1996.

Approved by the Mayor this, the 5th day of August 1996.

(SEAL)

/S/ Marcia Rinehart
Marcia Rinehart, Mayor

Attest:

/S/ Martha Heizer
Martha Heizer, City Clerk

Special Benefit District Assessment Policy

OBJECTIVES

- To provide for public improvements such as streets, stormwater management, etc., associated with the real estate development within the City through the use of Special Benefit District Assessment financing for projects with 100% of the property owners requesting the district to be formed.
- To provide adequate assurance to the City for the repayment of bonds from benefit district property.

SCOPE

Property owner or developer wishing to seek financial help from the City to develop within the City.

PROVISIONS

Following Governing Body approval of the Final Development Plan for a proposed project, the City of Leawood may facilitate new development by providing for the installation of public improvements upon submission of a valid petition (approved by City staff) of the requisite property owners, the required financial commitment, and acceptance by the Governing Body as required by law. Said commitment is considered to be provided whenever the City has been furnished by all requisite property owners with a financial guarantee (irrevocable Letter of Credit in such form and by such issuer to be acceptable to the City) equal to 35% of the estimated total cost of the improvements in the Benefit District or equal to five [5] years of estimated principal and interest payments, whichever is greater of the long term debt issued under K.S.A. § 12-6(a)01 et seq.

The acceptance of Letters of Credit will be that the issuing Bank for a Letter of Credit must be rated with at least three stars by Bankrate.com. The Letter of Credit must then be confirmed from the Federal Home Loan Bank of either Kansas or Missouri.

The required funding or financial guarantee shall be provided prior to the City approving any benefit district by resolution of intent or by resolution authorizing the improvement. At the time the bonds are issued, if the actual cost is less than the estimated cost, then the financial guarantee may be reduced accordingly. The financial guarantee shall be applied annually to satisfy the principal and interest costs of bonded public improvements of the District should any applicable special assessments not be paid when due.

The financial guarantee may be released upon request of the developer when certificates of occupancy are issued for at least 35% of the square footage of the most recent final development plan approved by the City Council. The City Council, by resolution, may release or reduce the funding or financial guarantee after five [5] consecutive years of timely payments of all property taxes and/or special assessments imposed within the approved Benefit District.

Special Benefit District Assessment financing will not be approved if the petitioner(s) has a financial interest in an existing development that has delinquent property taxes and/or special assessments.

Installation of public improvements with special assessment financing may be authorized by the Governing Body without a financial commitment when deemed to be in the public interest and when one or more of the following conditions exist:

1. Improvements are ordered by resolution of the Governing Body.
2. The majority of land in the Benefit District is in public ownership.
3. The Benefit District is in multiple ownership and a majority of the land therein is developed with residences or other municipal buildings.

Pursuant to the City's Debt Policy, the Special Benefit District Debt will be financed with a 10-year level payment amortization term, however, upon approval by the Governing Body, Benefit District debt may be extended up to a 15-year term.

In general, all public improvement projects associated with any approved Special Benefit District [SBD] will be bid by the Public Works Department and administered by the City.

If a funding or financial guarantee must be drawn upon to pay any delinquent special assessment(s), then such amount drawn will be applied to any parcel(s) in the approved Benefit District that have not made a timely payment, in accordance with the Johnson County Treasurer's Office. If the funding or financial guarantee amount is insufficient to cover the total delinquencies in the approved Benefit District, then the amount will be applied on a prorated basis and recertified to the County.

PROCEDURES

Petition form and petition instruction are attached hereto and made a part of the Policy Statement.

RESPONSIBILITY FOR ENFORCEMENT

The City Administrator shall be responsible to the Governing Body for the enforcement of the Special Assessment Policy. The Finance Director shall assist in the implementation of this Policy.

Please contact the City Clerk's Office to obtain the revised Petition Forms.

REFERENCES

Adopted by Resolution No. 694 [03-18-1985]
Revised by Resolution No. 1518 [04-03-2000]
Revised by Resolution No. 1615 [06-18-2001]
Revised by Resolution No. 2072 [09-02-2003]
Revised by Resolution No. 2222 [05-03-2004]
Revised by Resolution No. 2299 [10-18-2004]
Revised by Resolution No. 3257 [09-08-2009]

Resolution No. 598- Industrial Revenue Bonds (1982)

A RESOLUTION ESTABLISHING A POLICY FOR CONSIDERING AND ISSUING INDUSTRIAL REVENUE BONDS.

WHEREAS, the Governing Body is responsible for encouraging and promoting the economic health of the City; and

WHEREAS, the Governing Body is authorized by Kansas law to issue industrial revenue bonds to further that objective; and

WHEREAS, the consideration and issuance of industrial revenue bonds is a complex legal and administrative matter requiring clear direction from the Governing Body.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LEAWOOD, KANSAS, THAT:

SECTION 1. INDUSTRIAL REVENUE BOND POLICY. It shall be the policy of the City to consider requests from qualified applicants to issue Industrial revenue bonds for purposes allowed by law and to issue such bonds when, in the opinion of the Governing Body, it is in the best Interest of the City to do so, and providing that the proposed use and applicant therefore meet the criteria set forth In this policy.

SECTION 2. INDUSTRIAL REVENUE BOND OBJECTIVES. In reviewing requests to issue industrial revenue bonds, the Governing Body shall be guided by whether such an issue would help the City achieve the following objectives:

- a. Attract firms and businesses, which will substantially enhance the economic climate of the City and increase or maintain the job market therein.
- b. Promote Leawood as a center for-Institutional or Corporate Headquarters and Regional Offices for major local, regional, and national firms.

SECTION 3. REVIEW CRITERIA. The following criteria will be used by the Governing Body to judge the desirability and feasibility of proposals:

- a. Industrial revenue bonds will be discouraged when the effect would be to grant the applicant an unfair advantage within the local market structure.
- b. Consideration will be given to proposals for the construction or rejuvenation of shopping center developments, but will not be given to Individual retail establishments.
- c. The proposed use must be clean, in keeping with the character of Leawood, non-polluting, and consistent with all planning and community development policies, ordinances, and codes.
- d. The proposed use must have a positive Impact on the community and not threaten public facilities, streets, or other public Improvements.

- e. The applicant must have a sound financial base Indicated by a Dun and Bradstreet rating or other Index of financial strength, and show that the bonds will be marketable either by producing evidence that they will be underwritten by a registered securities dealer or will be sold in a private sale.

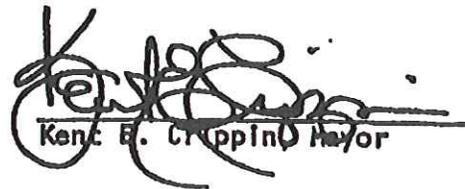
SECTION 4. APPROVAL. CONDITIONS. Prior to approval for issuance of industrial revenue bonds, the Governing Body must be satisfied that the objectives and criteria for review established in this policy have been met. Further, all proposals approved shall be subject to the following conditions:

- a. There will be no tax abatement during the term of the bonds. The project is subject to all appropriate property tax levies during the term of the bonds. Lessee shall agree to pay all utility connections, user and service charges.
- b. The applicant shall pay to the City at the prescribed time a service fee of \$1,500 per million dollars of Issue or \$1,500, whichever is greater, the first year of the issue and \$1,500 per year for the remaining years of the repayment period to cover administration and other City costs. Such service fee shall be In addition to any payment by the applicant to reimburse the City for costs associated with the review of the proposal as outlined in Section 4(g).
- c. Industrial revenue bonds may be used to finance the purchase of land, land improvements, and production related machinery and/or equipment with an asset life span at least equal to the term of the lease. Industrial revenue bonds will not be used to finance the purchase of personal property, except production related machinery and/or equipment, as defined in K.S.A. 79—102, as amended.
- d. The City will carefully examine the bond repayment schedule and will require that the applicant have at least 20 percent unreserved equity in the project. Equity participation does not include professional or consulting fees.
- e. Industrial revenue bonds will not be used to refinance existing debt. This does not include the payment of an existing mortgage on real estate In order to purchase it for the proposed project.
- f. The applicant must occupy 80 percent of the facility's usable floor area unless specific arrangements to the contrary are approved by the Governing Body. Such arrangements would include commitments to purchase or lease space. For applications involving two or more applicants, one of the applicants must occupy 80 percent of the facility's usable floor area.
- g. The applicant must agree to and reimburse the City for costs of any legal, financial, or administrative research or work done in reviewing the proposal, writing the leases and other necessary legal documents, and researching the qualification and financial soundness of the proposal and applicant, as well as any costs associated with presentation of the notice of bond sale with the Kansas Board of Tax Appeals as required by law. The City bond counsel will prepare related documents. The City or its designee will perform a financial evaluation of the applicant.

- h. The applicant agrees to immediate annexation of the property involved if it is not within the City's corporate limits. In addition, the applicant shall comply with all laws of the City zoning and building regulations.
- i. The City will request a Sales Tax Exemption Certificate for the project under conditions established by the State of Kansas.
- j. The Resolution of Intent shall be effective for a period of one year from date of issue. An extension may be granted by the Governing Body. The applicant is responsible for all related costs if the bonds are not issued.
- k. An Industrial revenue bond application must be submitted at least twenty (20) days in advance of the Governing Body's consideration of any such proposal.

SECTION 5. AUTHORITY OF GOVERNING BODY. The Governing Body, by its inherent authority, reserves the right to reject any proposal for issuance of industrial revenue bonds when it considers such action to be in the best interest of the City.

Adopted this 7th.day of September 1982.



Kent E. Crapping Mayor

ATTEST:

/S/ J. Oberlander
J. Oberlander, City Clerk

APPROVED AS TO FORM:

/S/ Larry Winn, III
Larry Winn, III, City Attorney

II. NATURE OF IMPROVEMENTS

Industrial revenue bonds may be used to finance the purchase of land, land Improvements, and production related machinery and/or equipment with an asset life span at least equal to the term of the lease. Industrial revenue bonds will not be used to finance the purchase of personal property, except production related machinery and/or equipment, as defined in K.S.A. 79—102, as amended.

1. Amount requested for purchase of land: \$ _____
2. Amount requested for land Improvements (bldgs.) \$ _____
3. Amount requested for machinery and equipment _____
4. Is the proposed project an expansion or replacement of another existing facility? _____
5. Is the applicant presently located in the City of Leawood? _____

III. PROPOSED USE

1. Location of proposed facility _____
2. Current zoning district of proposed location _____
3. What business is proposed by the applicant? _____
4. List products or services to be rendered

5. Will the applicant be in direct competition with other local firms? _____
6. The applicant must occupy 80 percent of the facility's usable floor space unless specific arrangements to the contrary are approved by the Governing Body. Such arrangements would include commitments to purchase or lease space. For application involving two or more applicants, one of the applicants must occupy 80 percent of the facility's usable floor space. What percent of usable floor space will be occupied by the applicant?

Remarks:

IV. OWNERSHIP AND MANAGEMENT

1. Describe the organizational structure of the firm (proprietorship, partnership, subsidiary, corporation, etc.)

Note relationship to parent company _____

V. FINANCIAL RESPONSIBILITY

1. How many years has the applicant been in business?
 2. What is the equity the proposed applicant is to have in the project?
 3. Describe the form of the equity: _____
 4. What is the applicant firm's Dun & Bradstreet rating? _____
 5. Will the applicant pledge any other assets to secure the revenue bonds? if so, please explain: _____
-

VI. MEASURE OF ECONOMIC GROWTH AND BENEFIT

1. What percentage of sales will be sold locally? _____
2. What is the estimated amount of merchandise and services purchased locally, per year?

3. How many people will the project employ? _____

VII. GENERAL CONDITIONS

The following conditions are understood and agreed to pursuant to Resolution No. 598.

1. There will be no tax abatement during the term of the bonds. The property is subject to all appropriate property tax levies during the term of the bonds. Lessee shall agree to pay all utility connections, user and service charges.
2. The applicant shall pay to the City at the prescribed time a service fee of \$1,500 per million dollars of issue or \$1,500, whichever is greater, the first year of the Issue and \$1,500 per year for the remaining years of the repayment period to cover administration and other City costs. Such service fee shall be in addition to any payment by the applicant to reimburse the City for costs associated with the review of the proposal.
3. Industrial revenue bonds will not be used to refinance existing debt. This does not include the payment of an existing mortgage on real estate in order to purchase it for the proposed project.
4. The applicant must agree to and reimburse the City for the cost of any legal, financial, or administrative research or work done in reviewing the proposal, writing the leases and other necessary legal documents and researching the qualifications and financial soundness of the proposal and applicant as well as any costs associated with presentation of the notice of bond sale with the Kansas Securities Commissioner as

required by law. The City bond counsel will perform a financial evaluation of the applicant.

5. The applicant agrees to immediate annexation of the property Involved If It is not within the City's corporate limits. In addition, the applicant shall comply with all laws of the City and all requirements established by the City as stated in zoning and building regulations.
6. The City will request a Sales Tax Exemption Certificate for the project under conditions established by the State of Kansas.
7. The Resolution of Intent shall be effective for a period of one year from date of Issue. An extension may be granted by the Governing Body. The applicant is responsible for all related costs if the bonds are not issued.

VIII. REVIEW PROCESS

1. In order to facilitate the timely processing of the application, please attach as part of the proposal the following Items:
 - a. Copy of the firm's financial audits for the past two years.
 - b. Firm's most recent annual financial report.
 - c. Interim financial statements, to date, for the current fiscal year.
2. An Industrial revenue bond application must be submitted at least twenty (20) days in advance of the Governing Body's consideration of any proposal.

Signature

Title

Date