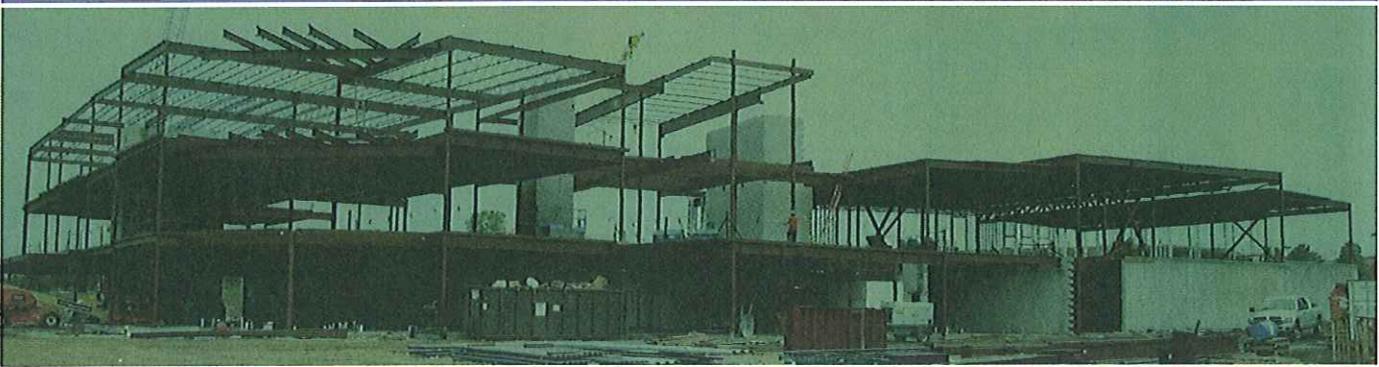


CAPITAL IMPROVEMENT PROGRAM
2014-2018



GROWING WITH DISTINCTION





City of Leawood

4800 Town Center Drive • Leawood, Kansas 66211
Phone 913.339.6700 • Fax 913.339.6781

January 18, 2013

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

Respectfully submitted before you is the 2014-2018 Capital Improvement Program (C.I.P). The five year C.I.P. is a document that encompasses capital projects that are 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 C.I.P. with the Governing Body. These projects have funding sources associated with them. To realistically present all projects, two other categories of uncommitted projects are also shown, **Submitted and Anticipated**. These projects set out unmet community needs, which deserve City Council consideration, but do not have a funding source. Anticipated projects are large annual capital projects such as the Accelerated Street Residential Reconstruction program. Submitted 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 Submitted projects can be found on pages 34 through 36.

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 project costs is essential so that the reserve balances are maintained. This transmittal letter will serve as a guide to describe the highlights and changes.

The format of the document has been changed from previous documents. Additional information has been included in the Overview section and the Glossary of Terms has been expanded. The individual project pages, beginning on P. 23, have been enhanced to include more detail, pictures and/or maps. As a quick reference guide capital items presented for consideration, which have not been included in previous C.I.P. documents and being included for the first time in this document, are as follows:

<i>ITEM Description and Section</i>	<i>Page No.</i>
Expansion of the Ironhorse Golf Clubhouse (<i>Unfunded</i>)	PP. 35, 52
Roe Ave, 119 th -Tomahawk (<i>2013 Arterial Program</i>)	P. 47
Mission Rd, Lee – 103 rd (<i>2016 Arterial Program</i>)	P. 47
Roe Ave, 119 th – 135 th (<i>2017 Arterial Program</i>)	P. 47
Lee Blvd, 95 th – Somerset (<i>2018 Arterial Program</i>)	P. 47
Leawood Heritage Stormwater (<i>2013/2014 1/8-Cent Sales Tax</i>)	P. 50
Patrician Woods Stormwater (<i>2016 1/8-Cent Sales Tax</i>)	P. 50
Trail Extension, NE Corner of 119 th /Tomahawk (<i>Other Projects</i>)	P. 51
Brook Beatty Park Improvements (<i>Other Projects</i>)	P. 51
Park Comprehensive Plan Study (<i>Other Projects</i>)	P. 51
Bicycle/Pedestrian Street Plan Study (<i>Other Projects</i>)	P. 51
Sustainable Places Plan Grant (<i>Other Projects</i>)	P. 51

As you are all aware, a major capital addition will occur in 2013. Currently under construction is the City's new Justice Center at 119th & Tomahawk Creek Pkwy. Leawood is very fortunate to be able to pay cash for this \$20 million asset. Financed by a voter-approved City sales tax, now ended but accumulating \$10 million, and a Johnson County public safety sales tax the building should be ready for occupancy by November, 2013. The construction funding is included in

in a capital project fund which is not reflected in the C.I.P. document. Associated expenses including technology, communication, equipment, landscaping, and furniture/fixtures are included on the Other Projects summary found on P. 51.

A summary of the sections found in the document include:

- The Overview on pages 1 and 2 under Tab 1 explains the philosophy of the C.I.P.
- Pages 3-5 include 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 2013 overall average PCI of all lane miles is 79.5.
- Page 6 discusses the assumptions for the C.I.P. which is linked to the operating budget. Assumptions made in one or the other (operating or capital) will affect the entire organization. Annually, key assumptions are reviewed and if necessary, revised. These will, again, be reviewed during the development of the 2014 operating budget.
 - ✓ A projected .95 mill increase is planned for three consecutive years: 2019, 2020 and 2021.
 - ✓ The other significant assumption is the rate at which the tax base will grow. Over the past ten years the City's property tax base has increased about 4% per year. But the strongest growth was in the earlier years. The most recent five year period has seen growth averaging about 1.40% per year. Currently, the 2014-2018 C.I.P. Budget includes an increase of 0.19% in 2014; followed by 1.50% for 2015; 2.00% for 2016-2017; and 2.50% for 2018. These projections may change after meeting with the County Appraiser in late February.
 - ✓ Staff continues to closely monitor sales tax collections. Revenue of sales through October, 2012 shows collections for the 1-cent City sales tax as 8.6% higher than through the same period in 2011. All sales tax classifications (county sales, city & county use tax, and alcohol) are showing substantial growth over the previous year. Presently the financial model projects 4.0% growth for City sales tax for 2014 and beyond. However if the current growth trend continues, these assumptions may have to be adjusted.
- Beginning on Page 7 is a Glossary of Capital and Budgeting Terms for your reference. The definitions of committed, uncommitted, submitted and anticipated are included in this section.
- Under Tab 2, which begins on Page 12, you will find the Debt Policy, which was approved by the Governing Body in 2000, amended in 2004, 2007, 2010, 2011 and most recently, November of 2012. The Debt Policy provides guidance to staff on how to manage the City debt.
- Tab 3, beginning on Page 18, contains the various capital debt projects planned for the City. The total of these projects on page 20 is \$36,716,693 over the next five years. Approximately 91% of these project costs will be paid with City funds, 5% from other sources which includes Johnson County CARS reimbursement or impact fee revenue, and 4% from State and/or Federal funds. There are no projects included in the current plan proposed to be funded with Special Benefit District or Transportation Development District debt.
- Phase II of the Accelerated Street Reconstruction program continues every other year with a total of \$3,000,000 in both 2014 and 2016. Phase III will begin in 2018 at the same funding level, and continue every other year.
- The Curb Repair and Replacement Program will begin in 2013 with \$5,000,000. It will continue for another three years: 2014, 2016 and 2017 at \$5,000,000 for each year. Approximately 371,000 feet of curbing on arterial/collector streets and 619,000 feet of curbing on residential streets will be replaced. The debt financing will begin in 2014 and continue for 15 years.

- On page 21 is a color-coded list of projects which indicate the design, construction and bonding years for each project. As mentioned previously, the current plan only anticipates General Obligation funded projects; no Special Assessment or Transportation Development District funded projects are proposed.
- Tab 4, which begins on Page 22, shows a cost breakdown of each project by scheduled year. Detailed information is presented for each individual capital project.
- The Debt Service information is located behind Tab 5. The committed projects are listed on the top section of Page 37. Projects not yet fully committed by either resolution, a developer agreement or a Governing Body work session for the C.I.P., would be shown at the bottom of the page. However, there are currently no uncommitted projects included in the five-year plan.
 - ✓ Page 38 reflects all of the debt-financed projects and their costs in the year they will be bonded.
 - ✓ Page 39 shows the total dollars needed to pay for all types of current debt along with the committed 2014-2018 debt. Page 40 graphically shows the City's debt payments for current existing debt only, by issuance year.
 - ✓ Page 41 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 well below the 20% target and 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.
 - ✓ Page 42 lists and graphically shows the amount of outstanding debt held by the City at December 31, 2012. The debt ratios approved within the Debt Policy by the Governing Body are shown on Page 43. 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 in the document, then the debt payout % would actually begin to increase; which is viewed as positive. However, if additional projects are added, the percentage of debt payoff would dramatically decrease over the five year planning period.
 - ✓ As shown on Page 44, Leawood's debt per capita for 2014 will be \$1,984 as compared to the industry average of \$1,200. Moody's looks at the demographics of the City's major employers and considers the impact of major lay-offs, mergers, etc. on the community's wealth.
 - ✓ Page 45 shows the debt outstanding as a percent of property market valuation. Throughout the 2014-2018 planning period, this measurement shows that Leawood continues to remain below the industry standard of 1.5% for the entire planning period. This particular ratio tells the reader that 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 46 shows the total debt at 12/31/12 of \$56,435,000 while the statutory limit for Leawood is \$242,618,399. Leawood is below the state limits.
- Under Tab 6, Pages 47-53 is the Pay-As-You-Go Program which includes Committed and Submitted projects through 2018.

- ✓ 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 or less than \$1.0 million per year. The current five-year program contains over \$14,474,000 in improvements planned with neighboring cities and Johnson County. Leawood expects to fund \$5,213,914 of the improvements with pay-as-you-go dollars (pages 47-48).
 - ✓ Page 49 details the funding for the Pay-As-You-Go Residential Street Program for the period of 2014-2018 which reflects a 1.5% inflation factor for each year. Also shown here is \$100,000 for years 2013, 2014, 2015 and 2017 for sidewalk repairs/replacement which coincides with the debt-financed Curb Repair/Replacement program.
 - ✓ Page 50 shows the 1/8-cent sales tax projects proposed for the planning period, including \$118,000 in 2013 and \$600,000 in 2017 for the Accelerated Stormwater Reconstruction program. Also included are funds, over two years, for the Leawood Heritage stormwater repairs; and \$600,000 for the repair of the storm sewer along 91st-93rd and Wenonga. This project was originally scheduled to be a SMAC project receiving reimbursement funding from the County, however no funding is now expected and will therefore be paid entirely by the City.
 - ✓ Pages 51-52 reflect other committed cash-financed projects throughout the planning period. All of these improvements will be paid for with a combination of General Fund and Special Parks and Recreation funds. Page 52 lists the unfunded submitted or anticipated projects.
 - ✓ Page 53 is a listing of the "Art" projects that are planned in the City through 2018. Funding for these projects is secured through the City Capital Art Fund, the Public Art Impact Fee Fund, or through donations.
- Tab 7, page 54 shows the current City leases and those being proposed throughout the planning period.
 - Behind Tab 8, Appendices includes the resolutions for the various types of capital financing approved by the Governing Body.

If there are any questions please feel free to contact staff.

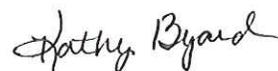
Respectfully submitted,



Scott Lambers
City Administrator



Dawn Long
Finance Director



Kathy Byard
Budget Manager



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Cover Design By: **MARICA PUTMAN**

The design depicts the stages of development for the City's Justice Center complex which is currently under construction. Completion is anticipated for late 2013.

OVERVIEW



- What is a Capital Improvement Project?
- What is a Capital Improvement Program?
- How is the Capital Improvement Program Formulated?
- How are Capital Improvements Financed?
- Objectives
- Street Program
- Assumptions
- Operating Impact of Capital Projects
- Glossary of Terms



The Capital Improvement Program (C.I.P.) for the City of Leawood is designed to identify an effective timing and financing schedule for various construction, renovation and repair projects of benefit to the entire community. A responsible improvements program is necessary to support current, and maintain future, service levels that Leawood affords its residents.

The preparation of the C.I.P. represents the first step in the development of the City's operating budget for the next year. Because the expense for capital improvements is substantial, they can have a major impact on the City's financial forecasting and planning model. Therefore the identification and prioritization of these items occurs first, followed by a review of available resources, assumption scenarios, and operating budget demands.

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/or major repair 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 non-recurring (not an operating budget item). Each capital request will then be reviewed for financing options which could include either use pay-as-you-go cash financing or debt-financing. The primary factor influencing this decision is the availability of cash along with the scope of the project, and the project timeline. Common examples of capital improvement projects include the construction of roads and bridges, facility construction, and land acquisition.

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 C.I.P. is not a document of long-term certainty. Rather, the plan is reviewed annually, 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.

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 specific 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 a 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 governments to pay for capital improvements over a longer period of time rather than a single year. Most 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.

The CIP includes both Pay-As-You-Go (PAYG) and Debt-Financed projects. PAYG represents capital projects that will be funded with cash, not debt-financed.

OBJECTIVES

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 Comprehensive Development Plan.
13. To enable the Governing Body to consider long-term responsibilities and to respond appropriately.



STREET PROGRAM

HISTORY

The Public Works Department began to inventory and rate streets in 1986. Every two years the City’s Engineering division rates all of the streets. The streets are rated on several factors which are combined to give an overall rating. This overall rating is used to determine when a street is scheduled for maintenance and what type of maintenance it will receive.

In 2000, the department purchased George Butler and Associates (GBA) Master Series software for the inventory and budget forecasting of streets. This software allows staff 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 Geographic Information Systems (GIS) to aid in data validation. The work history is updated annually and currently includes all streets.

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.

The typical life of a Leawood Residential Roadway:

Year 1	Construction
Year 2 - Year 8	Crack Seal
Year 9	Slurry Seal
Year 10	Crack Seal
Year 15	Slurry seal (base repairs as needed)
Year 16 - Year 20	Crack Seal
Year 21	Mill and Overlay (base repairs as needed)

For Arterial Streets, the Pavement Maintenance Program includes the mill and overlay of streets every ten years. If there are funding limitations, these streets would receive a micro-surface in the interim. For Collector Streets, the Pavement Maintenance Program intends to mill and overlay these streets every fifteen years. If there are funding limitations, these streets would receive a micro-surface in the interim.

Several factors are taken into consideration when rating the pavement condition:

Pavement Patching Estimate	The estimated amount of patching the pavement needs.
Bleeding	When excessive asphalt cement rises to the surface creating a shiny, glasslike, reflecting surface that usually becomes quite sticky.
Raveling	The wearing away of the pavement surface caused by the loss of asphalt or tar binder and dislodged aggregate particles.
Polishing	When the surface of the roadway becomes smooth to the touch, creating low skid resistance.
Scaling	The breakdown of a slab surface to a depth of ¼ to ½ in.
Pop outs	A small piece of pavement that freeze-thaw action combined with aggregate expansion causes to break loose from the surface (these are much smaller than potholes).
Pot holes	Bowl-shaped depressions in the pavement surface.



Shoving	Permanent, longitudinal displacement of a localized area of the pavement surface.
Faulting	A difference in elevation across a joint.
Rutting	When there are pronounced impressions in the pavement along the wheel paths.
Cracking	Cracking can take on several forms, such as fatigue cracking, longitudinal cracking, block cracking, corner cracking, D cracking, and transverse cracking.
Drainage Problems	Such as ponding.

The overall condition of the curbs, along with the estimated amount of curbing that needs to be replaced, do not affect the pavement rating, but may be taken into consideration.

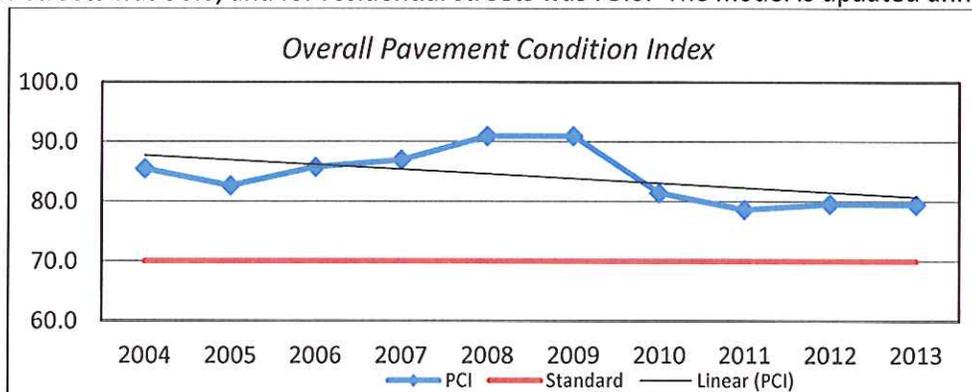
CURRENT AND FUTURE PCI STREET RATING

Pavement Condition Index (PCI) is a numerical index originally developed by the United States Army Corps of Engineers. It is based on a visual survey of the pavement and value between 0 and 100 which defines the condition with 100 representing an excellent pavement.

The following briefly describes each parameter used for the 2014-2018 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 are reviewed and established for each distress that affects the condition and life of a street.
- **Maintenance Breakpoints:** The breakpoints were determined by driving the streets, reviewing their ratings and then determining what type of maintenance should be done based on the PCI rating and age of the street.
- **Sequence Steps:** This is used by the model to determine how much funding is needed to maintain a certain PCI or given a certain budget determine which streets receive maintenance and type of maintenance
- **Construction Costs:** Recent bid tabs are used to determine current construction costs for various types of maintenance.

Per the annual budget document, the projected 2013 overall average PCI of all lane miles is 79.5. The percentage maintained in 2011, at the minimum standard of 70 PCI for arterial streets was 77.0; for collector streets was 90.0; and for residential streets was 75.0. The model is updated annually.





ACCELERATED STREET RECONSTRUCTION PROGRAM

In an effort to improve residential streets at a greater pace, the Accelerated Street Reconstruction program was created in 2003. The program allowed for an increased number of streets to be addressed and, further to reconstruct groups of streets in entire neighborhoods at the same time. Phase I began in 2004 and included a total of \$10,500,000 over a 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; \$1,275,000 in 2012; \$3,000,000 in 2014; and \$3,000,000 in 2016. It is anticipated that Phase III will begin in 2018 with \$3,000,000 planned for every other year. This program is debt-financed with general obligation debt.

Reconstruction YEAR	Reconstruction Expense	Length(ft) Reconstruction	Bond Year	Total GO Debt Expense	Debt Paid
2004	\$2,500,000	16,312	2006	3,149,991	2021
2005	1,500,000	7,871	2007	5,031,693	2022
2006	2,500,000	12,617			
2007	1,500,000	6,558	2008	2,041,320	2023
2008	2,500,000	9,564	2010	2,783,459	2026
2009	1,500,000	4,789	2010	1,642,184	2026
2010	2,500,000	8,281	2010	2,569,317	2026
	\$14,500,000	65,992		\$17,217,964	
<i>Future Debt Issuance</i>					
2012	1,275,000	4,152	2014	NA	NA
2014	3,000,000	7,989	2015	NA	NA
2016	3,000,000	8,189	2017	NA	NA
2018	3,000,000	TBD	2019	NA	NA

CURB REPAIR AND REPLACEMENT PROGRAM

This new initiative received consensus from the Governing Body at the December 5, 2011 work session. A total of \$5,000,000 will be expended in four separate years, beginning in 2013, to replace approximately 371,000 feet of curbing on arterial/collector streets and 619,000 feet of curbing on residential streets. The debt financing will begin in 2014 on the first replacement year and will continue for 15 years.



ASSUMPTIONS

In forecasting the fiscal impact of the 2014-2018 Capital Improvements Program, several financial assumptions have been made. After the close of the current fiscal year, fund balances will be reviewed and any changes between the projected and actual ending fund balances for each of the City's funds will be included in the financial planning model. Concurrently, staff will begin preparing the operating budget for the upcoming year. These pieces along with projections from the County on assessed valuation could all impact the capital budget. However at this time, the key assumptions include the following:

	2014	2015	2016	2017	2018
<i>Assessed Valuation</i>	0.19%	1.50%	2.00%	2.00%	2.50%
<i>Mill Levy Increase</i>	0.00	0.00	0.00	0.00	0.00
<i>City Sales Tax</i>	4.00%	4.00%	4.00%	4.00%	4.00%
<i>Other Sales Tax</i>	3.90%	3.90%	3.90%	3.90%	3.90%
<i>All Other Revenue</i>	3.00%	3.00%	3.00%	3.00%	3.00%
<i>Interest Earnings</i>	1.00%	2.00%	2.00%	3.00%	3.00%
<i>Revenue Budget Variance</i>	1.50%				
<i>Expense Budget Variance</i>	-1.50%				
<i>Interest Rates – GO Bonded Debt</i>	4.00%	4.50%	4.50%	5.00%	5.00%
<i>Debt Service Reserves, % of Expenditures</i>	35%	35%	35%	35%	35%
<i>Operating Fund Reserves, Minimum</i>	11%	11%	11%	11%	11%
<i>Property Tax Collection Rate</i>	99.5%	99.5%	99.5%	99.5%	99.5%
<i>Continuation of the 1/8 Cent Sales Tax</i>	Yes	Yes	Yes	Yes	Yes
<i>Street Reconstruction Program (debt-financed)</i>	\$3.0m		\$3.0m		\$3.0m
<i>Curb Repair/Replace Program (debt-financed)</i>	\$5.0m		\$5.0m	\$5.0m	\$5.0m
<i>Accelerated Stormwater (PAYG)</i>		\$230,850		\$300,000	

The current financial planning model includes a mill levy increase of 0.95 for three consecutive years in 2019, 2020 and 2021.

OPERATING IMPACT OF CAPITAL PROJECTS

The impact of a capital improvement project on the operating budget is a key factor in considering the inclusion of a project in the five-year plan. Although the C.I.P. is prepared separately from the Operating Budget, the two budgets have a direct relationship. As capital improvement projects are completed, operation and maintenance of the assets must be incorporated into the operating budget to provide ongoing services to citizens. The operating costs of a project, and any savings resulting from the project, are captured in the Operating Budget. New capital projects should not be undertaken if operating revenues are not available or projected to cover associated operating costs.

The City carefully considers all potential impacts before including a project in the five-year plan. These considerations are also included in the City's financial planning model.

***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 storm water 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.

Bond

A written promise to pay a specified sum of money on a specific date at a specified or variable stated interest rate. 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, Moody’s Investors Service, Inc. and/or Fitch Ratings, which shows the financial and economic strengths of a city.

Bonded Indebtedness

The portion of a government’s debt represented by outstanding bonds.

Capital Assets

Assets of significant value and having a useful life of several years, also called fixed assets.

Capital Expenditures

An expenditure which results in the acquisition of or addition to fixed assets (capital assets).

Capital Improvements

Expenditures related to the acquisition, expansion or rehabilitation of an element of the government’s physical plant, sometimes referred to as infrastructure.

Capital Improvement 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.



Capital Project	A capital project is a project that constructs, expands or acquires a City asset, including infrastructure, facilities or large equipment.
C.A.R.S.	(County Assisted Road System) A program which provides funds to the cities of Johnson County to construct and maintain their major arterials.
Community Improvement District	Also known as (CID), this economic development tool is designed to help cities incentivize revitalization in designated areas or districts. The Act passed by the Kansas Legislature allows flexibility to the Governing Body of cities. Included is the ability to choose the desired financing option: either a special benefit assessment district; or a sales tax district.
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 C.I.P. 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.
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.
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.
Full Faith and Credit	A pledge of the general taxing power of a government to repay debt obligations.
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.



<i>G.I.S.</i>	(Geographic Information Systems) A collection of computer hardware, software, and geographic data for capturing, managing, analyzing, and displaying all forms of geographically referenced information.
<i>Infrastructure</i>	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.
<i>Lease Purchase</i>	A contract under which a portion of the lease payment or rent is applied to the purchase price of the leased asset property. Once the full price is paid, the item becomes the property of the lessee.
<i>Long-Term Debt</i>	Debt with a maturity of more than one year after the date of issuance.
<i>Mill Levy</i>	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.
<i>Pay-As-You-Go</i>	Funding budgeted each year in order to pay cash for capital improvements. This funding is used in lieu of issuing general obligation bonds.
<i>Property Tax</i>	Ad valorem taxes levied on both real and personal property according to the assessed valuation and the tax rate.
<i>Reserve Funds</i>	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.
<i>Revenue Bonds</i>	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. The interest rate on revenue bonds is generally higher than that for general obligation bonds, and voter approval is seldom required.

**S.M.A.C.**

(Stormwater Management Advisory Council) SMAC is an advisory group that reviews recommendations of the Stormwater Management Program and makes recommendations to the Johnson County Board of Commissioners for stormwater management.

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.

Special Assessment

Improvements 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.

State and Federal Grants

State and federal grants-in-aid are a financing method to provide for improvements including streets, stormwater, traffic signals, 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.

Submitted Projects

Submitted projects represent items which have been submitted for consideration into the C.I.P., but are currently not funded and therefore have not been included in the current C.I.P. plan or in the financial forecasting model.

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.



Transportation Development District

Also known as (TDD), is a 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 C.I.P. These projects are shown in the C.I.P. document, but are excluded from the financial debt ratios or mill levy projections.

DEBT MANAGEMENT POLICY



A key component of the C.I.P. is the availability of general obligation debt capacity to finance capital improvement projects. The City of Leawood formally adopted a Debt Policy, authorized by Resolution #1518, on April 3, 2000. Since that time, the policy has been revised several times, each by another Resolution. This occurred most recently on November 19, 2012 by Resolution #3931.

The objective of the policy is to establish parameters for the planning, issuance and management of debt.



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 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 Districts. 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 including which costs may be reimbursed, provided, however that in no event shall interest costs be subject to reimbursement from TDD revenues on a pay-as-you-go project. 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 startup 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]
Revised by Resolution No. 3931 [November 19, 2012]

PROGRAM SUMMARY



The recommended C.I.P. totals \$36.7 million in budget expenditures during the five-year period. Of that amount, the City of Leawood will be responsible for \$33.3 million, or 90.6% of the total project cost.

Over 65% of the \$36.7 million in planned expenditures over the five-year period will be used for infrastructure maintenance projects including the Accelerated Street Program and the Curb Repair/Replacement Program.



Capital Improvements Program 2014 - 2018

Total Project Cost - All Projects, by Construction Year

<u>Proj #</u>	<u>Project Description</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
# 80162	143rd Street, Nall Ave to Windsor		\$12,716,692			
# 80214	2014 Residential Streets, Phase II-Yr 4	\$3,000,000				
# 80216	2016 Residential Streets, Phase II-Yr 5			\$3,000,000		
# 80218	2018 Residential Streets, Phase III-Yr 1					\$3,000,000
# 80251	2014 Curb Repair/Replace Program	\$5,000,000				
# 80253	2016 Curb Repair/Replace Program			\$5,000,000		
# 80254	2017 Curb Repair/Replace Program				\$5,000,000	
Total		\$8,000,000	\$12,716,692	\$8,000,000	\$5,000,000	\$3,000,000
	COMMITTED	\$8,000,000	\$12,716,692	\$8,000,000	\$5,000,000	\$3,000,000
	UNCOMMITTED	\$0	\$0	\$0	\$0	\$0

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 C.I.P. 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 2014 - 2018

Total City Cost - All Projects, by Construction Year

<u>Proj #</u>	<u>Project Description</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
# 80162	143rd Street, Nall Ave to Windsor		\$9,254,073			
# 80214	2014 Residential Streets, Phase II-Yr 4	\$3,000,000				
# 80216	2016 Residential Streets, Phase II-Yr 5			\$3,000,000		
# 80218	2018 Residential Streets, Phase III-Yr 1					\$3,000,000
# 80251	2014 Curb Repair/Replace Program	\$5,000,000				
# 80253	2016 Curb Repair/Replace Program			\$5,000,000		
# 80254	2017 Curb Repair/Replace Program				\$5,000,000	
Total		\$8,000,000	\$9,254,073	\$8,000,000	\$5,000,000	\$3,000,000
	COMMITTED	\$8,000,000	\$9,254,073	\$8,000,000	\$5,000,000	\$3,000,000
	UNCOMMITTED	\$0	\$0	\$0	\$0	\$0

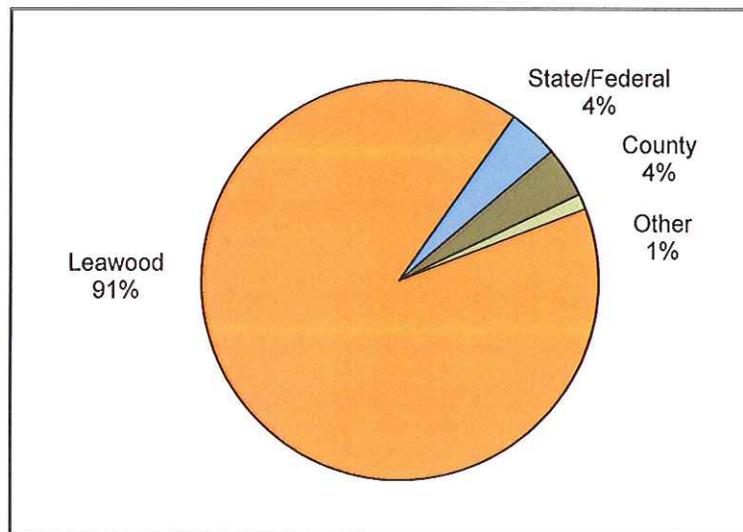
Committed projects are those which have been approved and authorized by a resolution, a development agreement or achieved consensus during the annual review of the C.I.P. with the Governing Body. Financial ratios and benchmarks are calculated using committed projects. During the annual review, the Governing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



Capital Improvements Program 2014 - 2018

Construction Year Cost Distribution by Funding Source

<u>Year</u>	<u>City of Leawood</u>	<u>Special Benefit Dist</u>	<u>TDD or CID Dist</u>	<u>State/Federal</u>	<u>County</u>	<u>Other</u>	<u>Total</u>
2014	\$8,000,000	\$0	\$0	\$0	\$0	\$0	\$8,000,000
2015	\$9,254,073	\$0	\$0	\$1,500,000	\$1,500,000	\$462,619	\$12,716,692
2016	\$8,000,000	\$0	\$0	\$0	\$0	\$0	\$8,000,000
2017	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$5,000,000
2018	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
Total	\$33,254,074	\$0	\$0	\$1,500,000	\$1,500,000	\$462,619	\$36,716,693



The 2014 - 2018 C.I.P. is funded by the following revenue sources:

City of Leawood General Obligation Debt: The funding responsibility for the majority of the capital program will be assumed by the City. During the engineering and construction phases of each project, temporary notes will be used to finance the expenses. After completion of the project, general obligation debt will be issued typically with a 15-year repayment schedule.

State/Federal: A total of \$1,500,000 for the 143rd Street project (#80162) will be financed with State grant funds in 2015.

County: The Johnson County CARS (County Assisted Road System) program will provide a total of \$1,500,000 for the 143rd Street project in 2015.

Other: The 143rd Street improvement program occurs within the identified boundaries of the South Transportation Impact Fee. These funds can be used for the purpose of assuring that transportation improvements are available and provides adequate transportation system capacity to support new development. Approximately \$463,000 in such collected fees will be used towards this project.



Capital Improvements Program 2014 - 2018

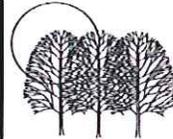
General Obligation Bonding Projections and Total City Cost

Project Number	Project Description	2014	2015	2016	2017	2018
# 80162	143rd Street, Nall Ave to Windsor		\$9,254,073		\$4,627,037	\$4,627,037
# 80212	2012 Residential Streets, Phase II-Yr 3	\$1,275,000				
# 80214	2014 Residential Streets, Phase II-Yr 4	\$3,000,000	\$3,000,000			
# 80216	2016 Residential Streets, Phase II-Yr 5		\$3,000,000	\$3,000,000	\$3,000,000	
# 80218	2018 Residential Streets, Phase III-Yr 1				\$3,000,000	\$3,000,000
# 80250	2013 Curb Repair/Replace Program	\$5,000,000				
# 80251	2014 Curb Repair/Replace Program	\$5,000,000	\$5,000,000			
# 80253	2016 Curb Repair/Replace Program		\$5,000,000	\$5,000,000	\$5,000,000	
# 80254	2017 Curb Repair/Replace Program			\$5,000,000	\$5,000,000	\$5,000,000
# 80550	89th & Mission Stormsewer	\$1,190,755				
Totals		\$15,465,755	\$25,254,073	\$13,000,000	\$20,627,037	\$12,627,037
Total Project Cost/Design Year		\$0	\$8,000,000	\$5,000,000	\$3,000,000	\$0
Total City Cost/Construction Year		\$8,000,000	\$9,254,073	\$8,000,000	\$5,000,000	\$3,000,000
Total Project Cost/Bond Year		\$7,465,755	\$8,000,000	\$0	\$12,627,037	\$9,627,037

Currently there are no **Special Benefit District** or **Transportation Development District** projects planned for the 2014 - 2018 planning period.

COMMITTED
UNCOMMITTED

ANNUAL PROJECTS

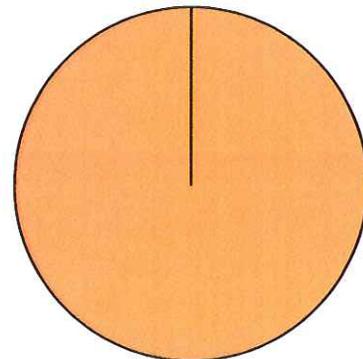


2014

- # 80214 2014 Residential Streets, Phase II-Yr 4
- # 80251 2014 Curb Repair/Replace Program

2 Project(s)
\$8,000,000 Total 2014 Project Cost

Leawood
100%



COMMITTED
UNCOMMITTED



2014 Residential Streets, Phase II-Yr 4

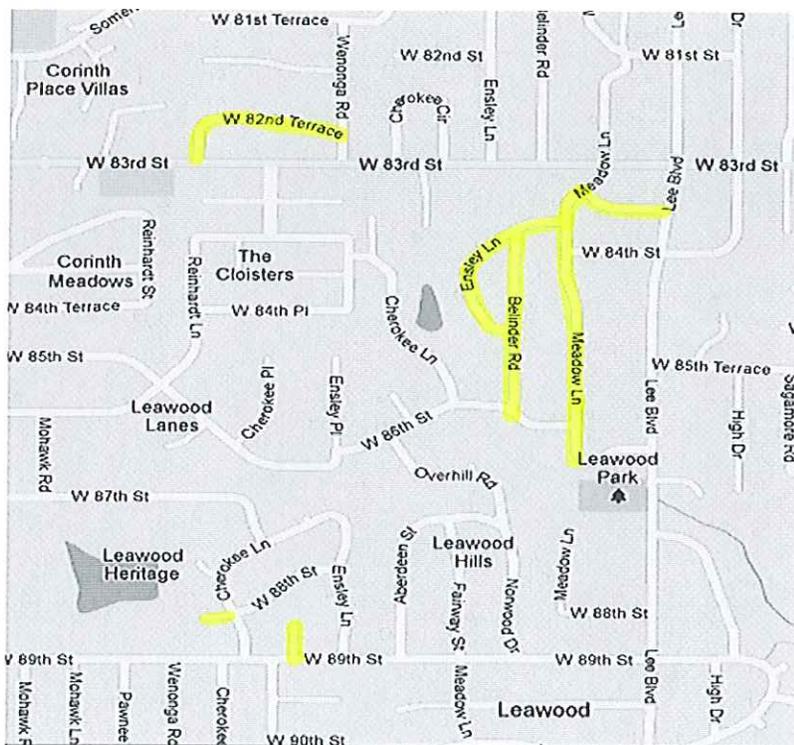
80214

COMMITTED Approval by Governing Body in 2003 and each year thereafter

Description:

This project will address residential streets where reconstruction has been identified as the solution by inspection and PCI rating. It is the intent of this program to address groups of streets in entire neighborhoods.

Design Date: 2013
 Construction Date: 2014
 Project Life: 1 year
 Bond Date: 2015
 Bond Life: 15
 Temp Note Issuance: Sep-2013
 Projected Inflation Factor: 0.0%



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
Debt Issuance Costs	58,000
SUB-TOTAL	\$3,000,000
TOTAL (w/inflation)	\$3,000,000

FUNDING SOURCES

LEAWOOD	\$3,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$3,000,000

2014 PLANNED RESIDENTIAL STREET RECONSTRUCTION PROJECTS

Street	Length (ft)	Type of Work	PCI	Estimated Cost
82nd Terrace (83rd St to Wenonga)	1,085	Reconstruction (no storm)	47.0	\$368,900
88th St (West of Cherokee Ln)	239	Reconstruction	40.0	81,260
Ensley Ct (north of 89th St)	305	Reconstruction	64.0	103,700
Meadow Ln, 83 Ter, 84th, Ensley & Belinder	6,360	Reconstruction	83.0	2,385,000
Irrigation/Contingency				75,000
				\$3,013,860



2014 Curb Repair/Replace Program

80251

COMMITTED December 5, 2011 WSS

Description:

This project, over four separate years, will replace approximately 371,000 feet of curbing on arterial/collector streets and 619,000 feet of curbing on residential streets.

Design Date: 2013
 Construction Date: 2014
 Project Life: 1 year
 Bond Date: 2015
 Bond Life: 15
 Temp Note Issuance: Sep-2013
 Projected Inflation Factor: 0.0%



ESTIMATED COST

Construction	\$4,900,000
Stormwater	0
Design	0
Inspection/Survey	0
Trails	0
Land	0
Landscaping	0
ROW/Utilities	0
Equipment	0
Debt Issuance Costs	100,000
SUB-TOTAL	\$5,000,000
TOTAL (w/Inflation)	\$5,000,000

FUNDING SOURCES

LEAWOOD	\$5,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$5,000,000

2014 PLANNED CURB/SIDEWALK RECONSTRUCTION PROJECTS

The specific locations for the repairs will be determined at a later time. It is the intent to equally distribute the funds to address both arterial/collector streets and residential streets.

ANNUAL PROJECTS

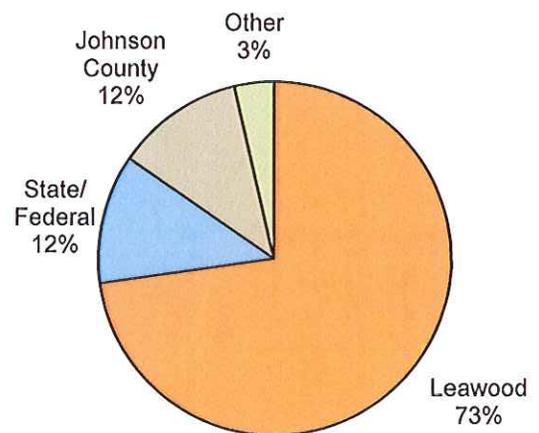


2015

80162 143rd Street, Nall Ave to Windsor

1 Project(s)

\$12,716,692 Total 2015 Project Cost



COMMITTED
UNCOMMITTED



143rd Street, Nall Ave to Windsor

80162

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

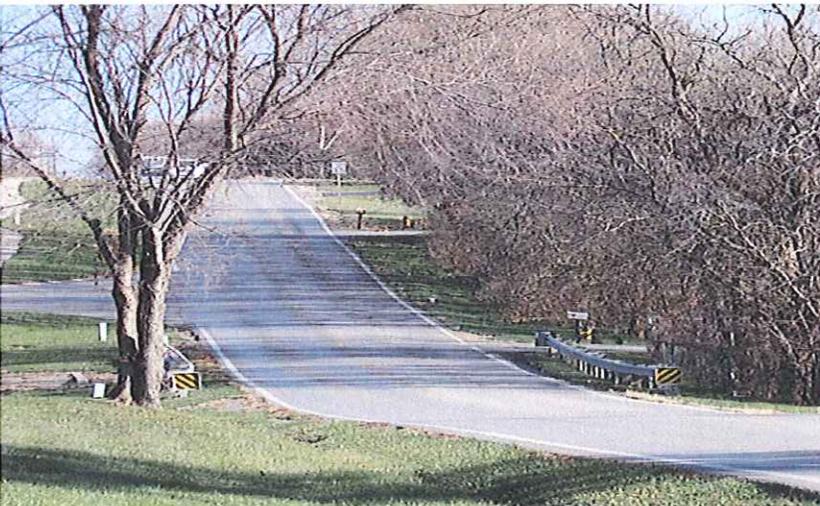
Location:

143rd Street, Nall Ave to Windsor

Description:

Improve 143rd from a two-lane ditch to a four-lane undivided concrete road with curb and gutter, sidewalks, streetlights, bike/hike trail, storm sewers and traffic signal.

Design Date:	2007
Construction Date:	2015
Project Life:	2 years
Bond Date:	2017/2018
Bond Life:	15
Temp Note Issuance:	Sep-2012
Projected Inflation Factor:	13.5%



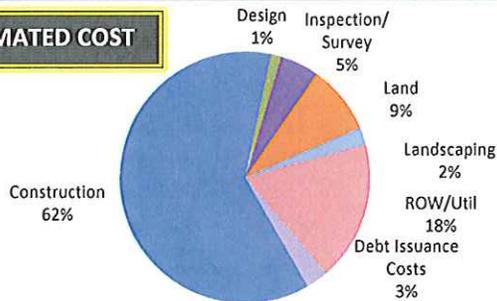
ESTIMATED COST

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
Debt Issuance Costs	326,334
SUB-TOTAL	\$11,204,134
TOTAL (w/Inflation)	\$12,716,692

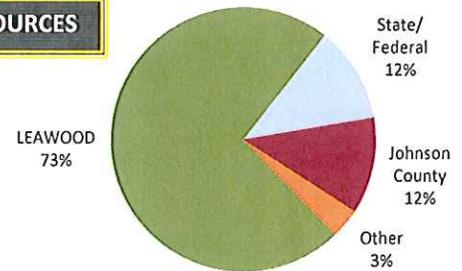
FUNDING SOURCES

LEAWOOD	\$9,254,073
Special Benefit District	0
TDD/CID	0
State/Federal	1,500,000
Johnson County	1,500,000
Other	462,619
TOTAL	\$12,716,692

ESTIMATED COST



FUNDING SOURCES



ANNUAL PROJECTS

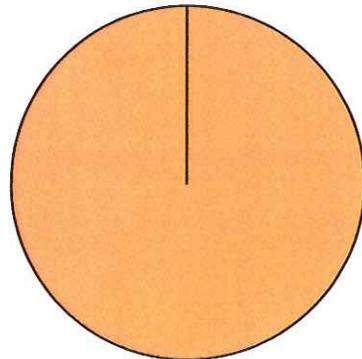


2016

- # 80216 2016 Residential Streets, Phase II-Yr 5
- # 80253 2016 Curb Repair/Replace Program

2 Project(s)
\$8,000,000 Total 2016 Project Cost

Leawood
100%



COMMITTED
UNCOMMITTED



2016 Residential Streets, Phase II-Yr 5

80216

COMMITTED Approval by Governing Body in 2003 and each year thereafter

Description:

This project will address residential streets where reconstruction has been identified as the solution by inspection and PCI rating. It is the intent of this program to address groups of streets in entire neighborhoods.

Design Date: 2015
 Construction Date: 2016
 Project Life: 1 year
 Bond Date: 2017
 Bond Life: 15
 Temp Note Issuance: Sep-2015
 Projected Inflation Factor: 0.0%



ESTIMATED COST

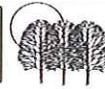
Construction	\$2,900,000
Stormwater	0
Design	0
Inspection/Survey	42,000
Trails	0
Land	0
Landscaping	0
ROW/Utilities	0
Equipment	0
Debt Issuance Costs	58,000
SUB-TOTAL	\$3,000,000
TOTAL (w/inflation)	\$3,000,000

FUNDING SOURCES

LEAWOOD	\$3,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$3,000,000

2016 PLANNED RESIDENTIAL STREET RECONSTRUCTION PROJECTS

Street	Length (ft)	Type of Work	PCI	Estimated Cost
92nd St, Mission - Wenonga	2,200	Reconstruction	61.5	\$957,000
92nd Ter, Mission - Wenonga	1,543	Reconstruction	62.0	671,205
92nd Pl, Mission Rd - 92nd Ter	1,461	Reconstruction	57.1	635,535
Wenonga, 91st St - 93rd St	1,600	Reconstruction	56.2	696,000
Irrigation/Contingency				75,000
				\$3,034,740



2016 Curb Repair/Replace Program

80253

COMMITTED December 5, 2011 WSS

Description:

This project, over four separate years, will replace approximately 371,000 feet of curbing on arterial/collector streets and 619,000 feet of curbing on residential streets.

Design Date: 2015
 Construction Date: 2016
 Project Life: 1 year
 Bond Date: 2017
 Bond Life: 15
 Temp Note Issuance: Sep-2015
 Projected Inflation Factor: 0.0%



ESTIMATED COST

Construction	\$4,900,000
Stormwater	0
Design	0
Inspection/Survey	0
Trails	0
Land	0
Landscaping	0
ROW/Utilities	0
Equipment	0
Debt Issuance Costs	100,000
SUB-TOTAL	\$5,000,000
TOTAL (w/Inflation)	\$5,000,000

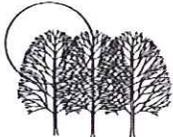
FUNDING SOURCES

LEAWOOD	\$5,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$5,000,000

2016 PLANNED CURB/SIDEWALK RECONSTRUCTION PROJECTS

The specific locations for the repairs will be determined at a later time. It is the intent to equally distribute the funds to address both arterial/collector streets and residential streets.

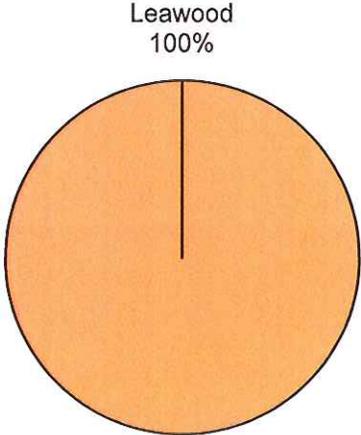
ANNUAL PROJECTS



2017

80254 2017 Curb Repair/Replace Program

1 Project(s)
\$5,000,000 Total 2017 Project Cost



COMMITTED
UNCOMMITTED



2017 Curb Repair/Replace Program

80254

COMMITTED December 5, 2011 WSS

Description:

This project, over four separate years, will replace approximately 371,000 feet of curbing on arterial/collector streets and 619,000 feet of curbing on residential streets.

Design Date: 2016
 Construction Date: 2017
 Project Life: 1 year
 Bond Date: 2018
 Bond Life: 15
 Temp Note Issuance: Sep-2016
 Projected Inflation Factor: 0.0%



ESTIMATED COST

Construction	\$4,900,000
Stormwater	0
Design	0
Inspection/Survey	0
Trails	0
Land	0
Landscaping	0
ROW/Utilities	0
Equipment	0
Debt Issuance Costs	100,000
SUB-TOTAL	\$5,000,000
TOTAL (w/Inflation)	\$5,000,000

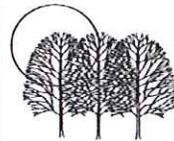
FUNDING SOURCES

LEAWOOD	\$5,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$5,000,000

2017 PLANNED CURB/SIDEWALK RECONSTRUCTION PROJECTS

The specific locations for the repairs will be determined at a later time. It is the intent to equally distribute the funds to address both arterial/collector streets and residential streets.

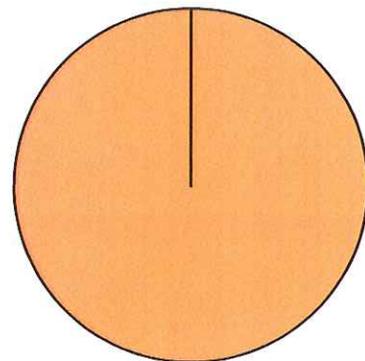
ANNUAL PROJECTS



2018

80218 2018 Residential Streets, Phase III-Yr 1

1 Project(s)
\$3,000,000 Total 2018 Project Cost



Leawood
100%

COMMITTED
UNCOMMITTED



2018 Residential Streets, Phase III-Yr 1

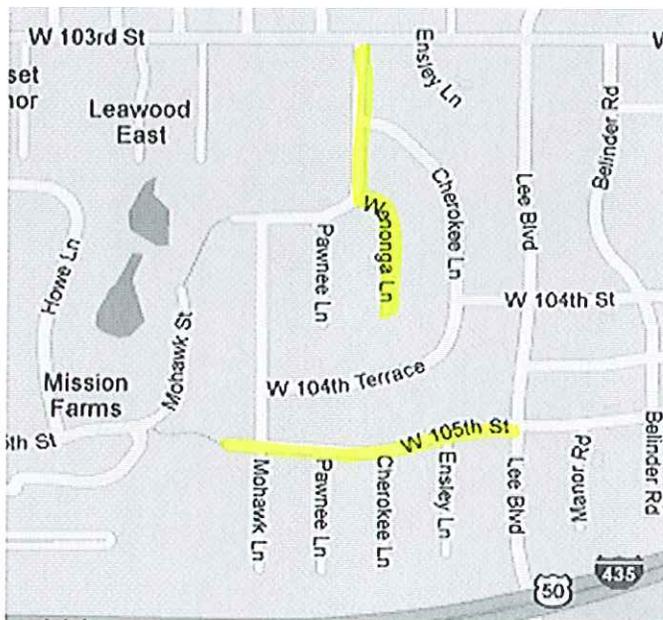
80218

COMMITTED Approval by Governing Body in 2003 and each year thereafter

Description:

This project will address residential streets where reconstruction has been identified as the solution by inspection and PCI rating. It is the intent of this program to address groups of streets in entire neighborhoods.

Design Date: 2017
 Construction Date: 2018
 Project Life: 1 year
 Bond Date: 2019
 Bond Life: 15
 Temp Note Issuance: Sep-2017
 Projected Inflation Factor: 0.0%



Other streets to be determined at a later date.

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
Debt Issuance Costs	58,000
SUB-TOTAL	\$3,000,000
TOTAL (w/inflation)	\$3,000,000

FUNDING SOURCES

LEAWOOD	\$3,000,000
Special Benefit District	0
TDD/CID	0
State/Federal	0
Johnson County	0
Other	0
TOTAL	\$3,000,000

2018 PLANNED RESIDENTIAL STREET RECONSTRUCTION PROJECTS

Street	Length (ft)	Type of Work	PCI	Estimated Cost
105th Street, Mohawk to Lee Blvd	1,385	Reconstruction	95.0	\$637,100
Wenonga, South of 103rd Street	1,040	Reconstruction	60.0	478,400
Future Streets - TBD	4,000	Reconstruction	TBD	1,840,000
Irrigation/Contingency				75,000
				\$3,030,500



Capital Improvements Program

2014 - 2018

ANTICIPATED 2019 - 2022 Projects

CIP Year	Description	Project #	Estimated Total Cost	Bond Year
2020	2020 Residential Streets, Phase III-Yr 2	80220	\$3,000,000	2021
2022	2022 Residential Streets, Phase III-Yr 3	80222	\$3,000,000	2023
			<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 2014 - 2018

SUBMITTED, but UNFUNDED Projects

Description	Project #	Estimated City Cost *
Replace Parking Lot - FS #3	76036	\$290,000
Parking Lot Addition - Ironwoods Park Lodge	76038	\$450,000
Overlay Roadway/Parking Lots - Ironwoods Park	76037	\$390,000
Expansion of Ironhorse Golf Clubhouse	49132	\$700,000
Tennis Court Resurface - City Park	76030	\$180,000
Off Leash Dog Area - City Park	76031	\$300,000
City Park Restroom/Shelterhouse Replacement	76016	\$575,000
Lawn/Landscape Improvements, <i>North</i> Side of City Hall	76023	\$325,000
Lawn/Landscape Improvements, <i>West</i> Side of City Hall	76033	\$100,000
Improvements to Roe Ave Trail Tunnel	76024	\$100,000
Portable Stage Wagon	NA	\$100,000
Fire Station #1 Replacement	80156	\$3,500,000
Activity Center	80154	Unknown
		\$7,010,000

These 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 2014-2018 CIP plan or in the financial forecasting plan.



Capital Improvements Program

2014 - 2018

UNCOMMITTED 2019 - 2022 Projects

CIP Year	Description	Project #	Estimated Total Cost	Estimated City Cost	Bond Year
2019	2019 Traffic Signal Replacement	80427	\$400,000	\$400,000	2020
2019	143rd Street, Windsor to Kenneth Rd	80129	\$10,075,436	\$6,396,759	2020
2019	151st St, Nall Ave to E. City Limit	80163	\$20,930,000	\$11,930,000	2020
2020	2020 Traffic Signal Replacement	80428	\$400,000	\$400,000	2021
2020	Mission Rd, 135th to 143rd St.	80175	\$10,251,000	\$7,000,000	2021
2021	Kenneth Rd, 143rd to S City Limits	80102	\$9,650,000	\$9,650,000	2022
2021	Mission Rd, 143rd to 151st St.	80155	\$10,000,000	\$7,000,000	2022
2021	2021 Traffic Signal Replacement	80429	\$400,000	\$400,000	2022
2022	2022 Traffic Signal Replacement	80430	\$400,000	\$400,000	2022
			\$62,506,436	\$43,576,759	

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 C.I.P.. These projects are excluded from the financial debt ratios or mill levy projections.

Several of these projects may have been shown in the capital plan in previous documents. However, they may have been moved to this page and are now shown as Uncommitted due to the addition of the Curb Repair/Replacement Program.

DEBT SERVICE INFORMATION



The information found in this section provides the projected debt financing schedule for the capital improvement projects planned over the next five-year period. The type of financing planned through 2018 includes only the issuance of general obligation debt. No debt will be incurred in 2013, however approximately \$6.2 million of general obligation bonds will be issued in 2014.

Also included in this section are key debt management ratios to be considered while reviewing projects in the current plan as well as for any projects which are currently labeled as Uncommitted.



Capital Improvements Program 2014 - 2018 Committed Projects

Number	Project Description	Temp Note Issue Date	Project Cost	Finish Date	GO Bond Issue Amt	Developer/ TDD/SBD Amt	Bond Date	Bond Life
<i>2013 BONDED PROJECTS - No Projects Currently Planned to be Bonded</i>								
# 80212	2012 Residential Streets, Phase II-Yr 3	Sep-2011	\$1,275,000	2013	\$1,275,000	\$0	2014	15
# 80250	2013 Curb Repair/Replace Program	Sep-2012	\$5,000,000	2013	\$5,000,000	\$0	2014	15
# 80550	89th & Mission Stormsewer	Sep-2012	\$1,190,755	2013	\$1,190,755	\$0	2014	15
<i>2014 BONDED PROJECTS</i>					<u>\$7,465,755</u>	<u>\$0</u>		
# 80214	2014 Residential Streets, Phase II-Yr 4	Sep-2013	\$3,000,000	2014	\$3,000,000	\$0	2015	15
# 80251	2014 Curb Repair/Replace Program	Sep-2013	\$5,000,000	2014	\$5,000,000	\$0	2015	15
<i>2015 BONDED PROJECTS</i>					<u>\$8,000,000</u>	<u>\$0</u>		
<i>2016 BONDED PROJECTS - No Projects Currently Planned to be Bonded</i>								
# 80162	143rd Street, Nall Ave to Windsor	Sep-2012	\$12,716,692	2015	\$4,627,037	\$0	2017/20	15
# 80216	2016 Residential Streets, Phase II-Yr 5	Sep-2015	\$3,000,000	2016	\$3,000,000	\$0	2017	15
# 80253	2016 Curb Repair/Replace Program	Sep-2015	\$5,000,000	2016	\$5,000,000	\$0	2017	15
<i>2017 BONDED PROJECTS</i>					<u>\$12,627,037</u>	<u>\$0</u>		
# 80162	143rd Street, Nall Ave to Windsor	Sep-2012	\$12,716,692	2015	\$4,627,037	\$0	2017/20	15
# 80254	2017 Curb Repair/Replace Program	Sep-2016	\$5,000,000	2017	\$5,000,000	\$0	2018	15
<i>2018 BONDED PROJECTS</i>					<u>\$9,627,037</u>	<u>\$0</u>		
# 80218	2018 Residential Streets, Phase III-Yr 1	Sep-2017	\$3,000,000	2018	\$3,000,000	\$0	2019	15
<i>2019 BONDED PROJECTS</i>					<u>\$3,000,000</u>	<u>\$0</u>		
TOTAL			<u>\$56,899,140</u>		<u>\$40,719,829</u>	<u>\$0</u>		

Committed projects are those which have been approved and authorized by a resolution, a development agreement or during the annual review of the C.I.P. 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.

Uncommitted Projects

Number	Project Description	Temp Note Issue Date	Project Cost	Finish Date	GO Bond Issue Amt	Developer/ TDD/SBD Amt	Bond Date	Bond Life
TOTAL			<u>\$0</u>		<u>\$0</u>	<u>\$0</u>		

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



Capital Improvements Program 2014 - 2018

Levy Supported - General Obligation Debt Bond Issuance Year Cost Distribution

<u>Proj #</u>	<u>Project Description</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
# 80162	143rd Street, Nall Ave to Windsor					\$4,627,037	\$4,627,037
# 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	
# 80250	2013 Curb Repair/Replace Program		\$5,000,000				
# 80251	2014 Curb Repair/Replace Program			\$5,000,000			
# 80253	2016 Curb Repair/Replace Program					\$5,000,000	
# 80254	2017 Curb Repair/Replace Program						\$5,000,000
# 80550	89th & Mission Stormsewer		\$1,190,755				
Totals		\$0	\$7,465,755	\$8,000,000	\$0	\$12,627,037	\$9,627,037

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

Bond Issuance Year Cost Distribution

<u>Proj #</u>	<u>Project Description</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>Currently there are no projects included in the 2014 - 2018 planning period</i>							
Totals		\$0	\$0	\$0	\$0	\$0	\$0

COMMITTED

UNCOMMITTED



DEBT SERVICE AND LEASE PAYMENTS

	2014	2015	2016	2017	2018
Current Bond and Leases					
General Obligation					
Property Tax Supported - GO	\$4,649,804	\$4,601,879	\$4,328,762	\$4,303,327	\$4,271,328
Special Assessments	\$2,340,447	\$2,276,182	\$2,208,037	\$2,150,727	\$2,082,042
<i>Subtotal</i>	<u>\$6,990,253</u>	<u>\$6,878,064</u>	<u>\$6,536,803</u>	<u>\$6,454,059</u>	<u>\$6,353,376</u>
Agency Debt					
Transportation District Debt	\$564,476	\$565,101	\$554,551	\$558,575	\$556,051
<i>Subtotal</i>	<u>\$564,476</u>	<u>\$565,101</u>	<u>\$554,551</u>	<u>\$558,575</u>	<u>\$556,051</u>
Leases					
Property Tax Supported - Leases	\$211,572	\$146,703	\$146,703	\$146,703	\$146,703
<i>Subtotal</i>	<u>\$211,572</u>	<u>\$146,703</u>	<u>\$146,703</u>	<u>\$146,704</u>	<u>\$146,705</u>
Revenue Bonds					
<i>Subtotal</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Current	<u>\$7,766,301</u>	<u>\$7,589,868</u>	<u>\$7,238,057</u>	<u>\$7,159,338</u>	<u>\$7,056,132</u>
Committed Projects *					
General Obligation					
Property Tax Supported - GO	\$0	\$873,732	\$1,801,997	\$2,344,763	\$3,778,917
Special Assessments	\$0	\$0	\$0	\$0	\$0
Proposed Agency Debt					
Transportation District Debt	\$0	\$0	\$0	\$0	\$0
Proposed Future Leases					
Property Tax Supported - Leases	\$0	\$66,299	\$66,299	\$212,092	\$212,092
TOTAL Committed *	<u>\$0</u>	<u>\$940,031</u>	<u>\$1,868,297</u>	<u>\$2,556,855</u>	<u>\$3,991,010</u>
GRAND TOTAL	\$7,766,301	\$8,529,900	\$9,106,354	\$9,716,193	\$11,047,142

*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 C.I.P. 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.

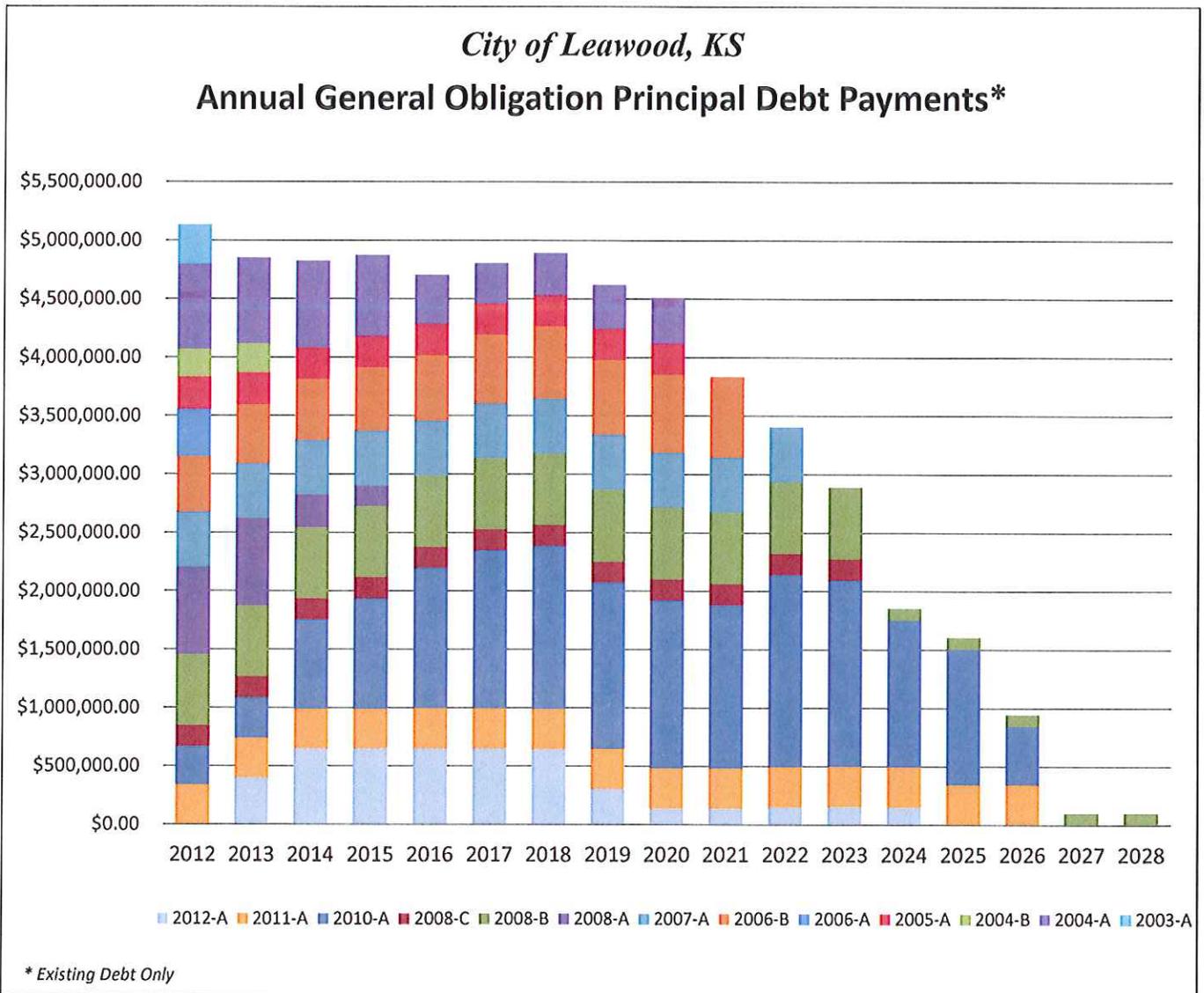
The ratios only reflect those projects listed as COMMITTED and does not include any projects listed as: UNCOMMITTED, ANTICIPATED or SUBMITTED.

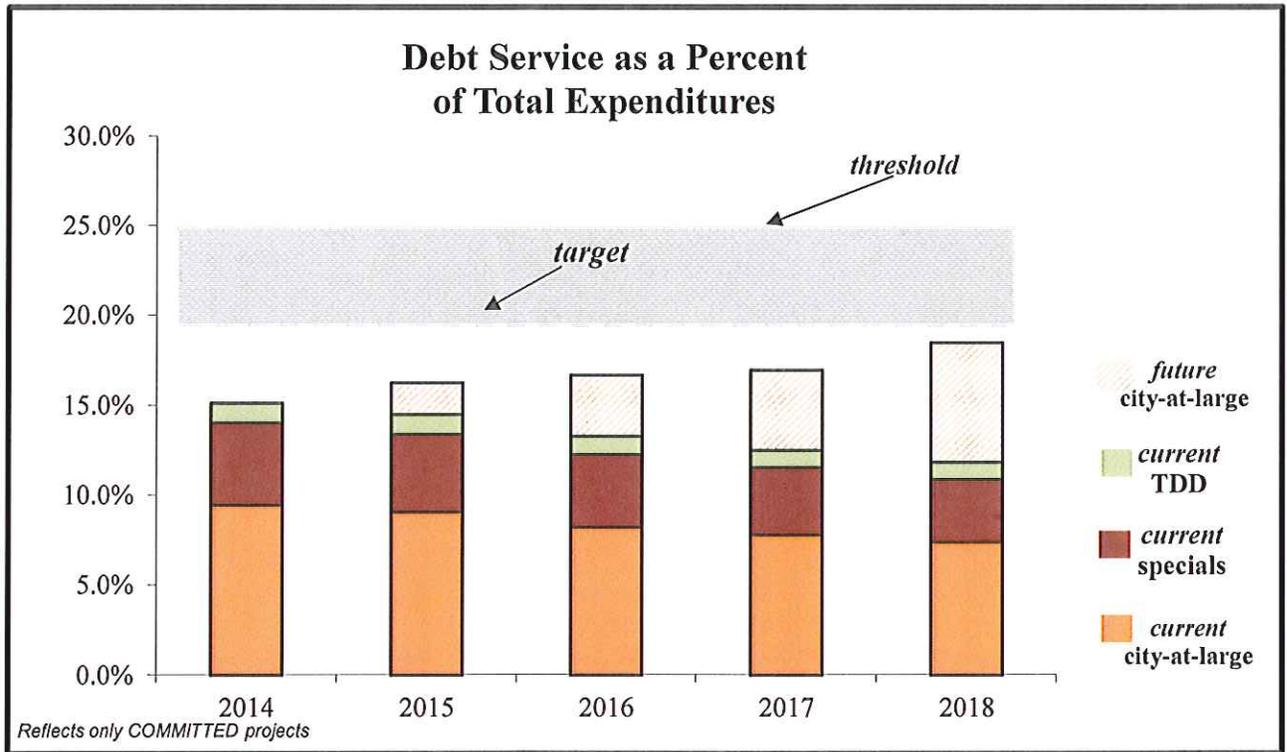
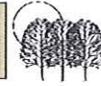


CURRENT PRINCIPAL DEBT PAYMENTS

The City's C.I.P. includes capital improvement projects, planned to be debt-financed, over a five-year period. However, the resulting debt payments continue over a substantially longer period. General Obligation Bonds, the primary method of borrowing funds by state and local government, finance projects which have a longer useful life, i.e., streets, stormwater. This financing tool allows for the costs, to be paid for over a longer period of time as compared to pay-as-you-go, or cash-financing. The City borrows from the bond holders and pledges to pay the funds back with interest over a pre-determined number of years, usually 15 to 20 years, depending on the type of improvement. The bonds are backed by the full faith and credit of the government.

The below chart shows the payments for the City's current bond issues, in Year/Series order.





	2014	2015	2016	2017	2018
Debt Service as a Percent of Total Expenditures					
<i>Current Tax-Supported:</i>					
City-at-Large	9.5%	9.1%	8.2%	7.8%	7.4%
Special Assessments	4.6%	4.3%	4.0%	3.8%	3.5%
<i>Current Agency-Supported:</i>					
Transportation District Debt	1.1%	1.1%	1.0%	1.0%	0.9%
<i>Future Tax-Supported:</i>					
City-at-Large	0.0%	1.8%	3.4%	4.5%	6.7%
Special Assessments	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Future Agency-Supported:</i>					
Transportation District Debt	0.0%	0.0%	0.0%	0.0%	0.0%
	15.1%	16.3%	16.7%	17.0%	18.5%
Threshold	25%	25%	25%	25%	125%
Target	20%	20%	20%	20%	20%

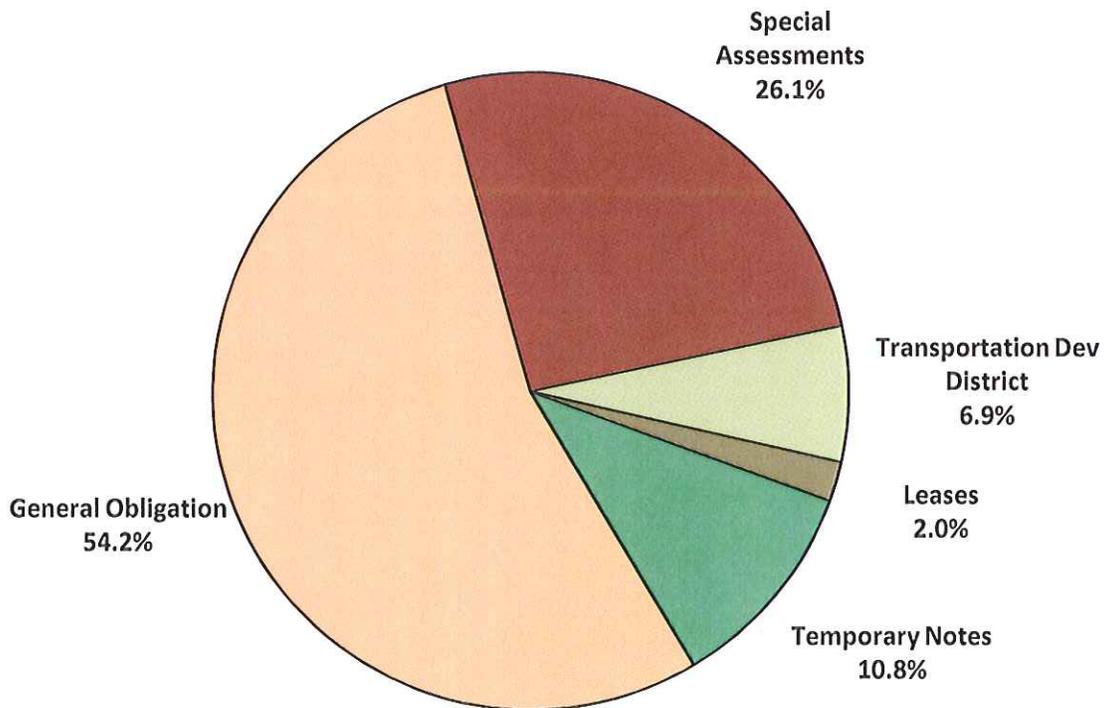
This measurement is a key operating ratio. The graph shows the current projects and the proposed future projects by category, city-at-large, special assessment, and TDD. This ratio is projected to remain well below the 20% target throughout the planning period.

According to the City's financial advisors, 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 12/31/2012	Percent of Total
General Obligation	\$38,113,900	54.2%
Special Assessments	\$18,321,100	26.1%
Transportation Dev District	\$4,850,000	6.9%
Leases	\$1,408,615	2.0%
Temporary Notes	<u>\$7,615,000</u>	<u>10.8%</u>
TOTAL	<u><u>\$70,308,615</u></u>	<u><u>100.0%</u></u>



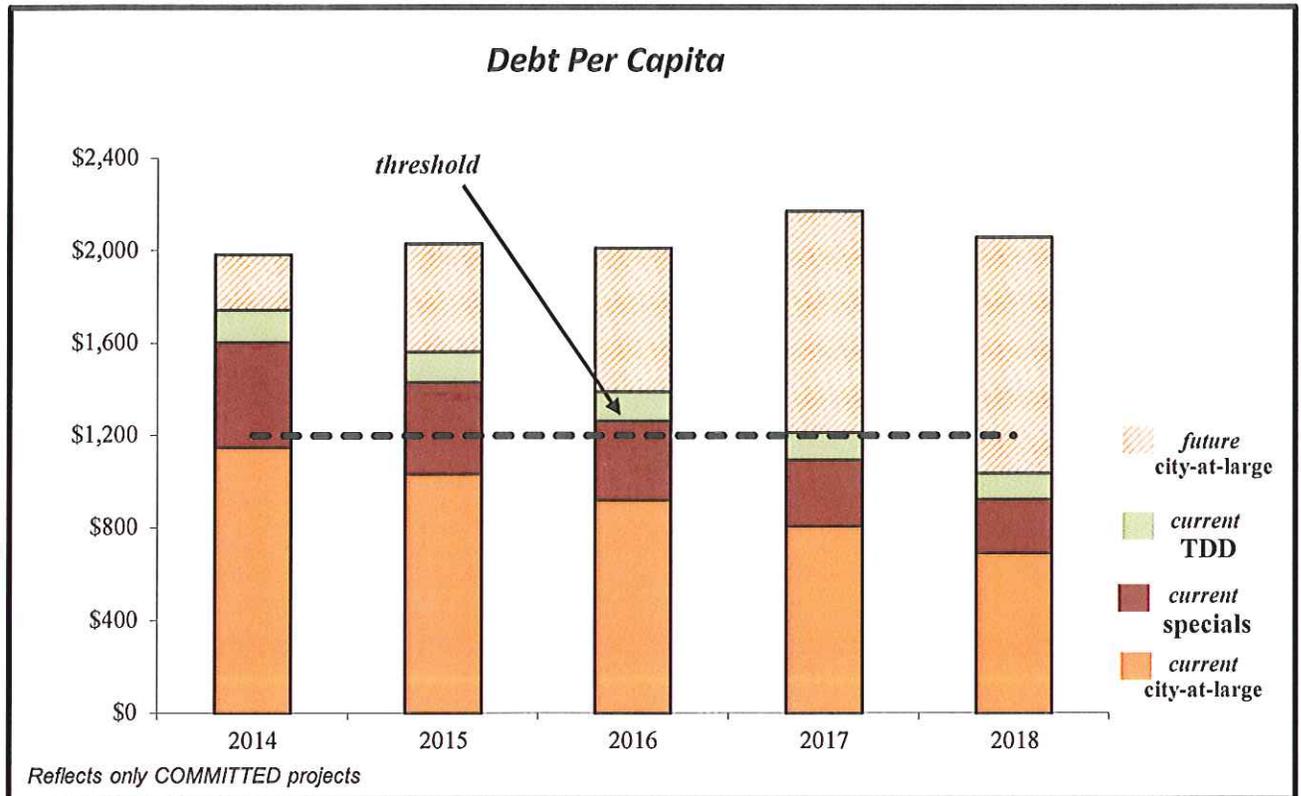


KEY DEBT MANAGEMENT RATIOS

	← Forecast →					Standard
	2014	2015	2016	2017	2018	
Outstanding Debt per capita						
Net Debt (1)	\$1,390	\$1,501	\$1,543	\$1,765	\$1,713	< \$1,200
Direct Debt (2)	\$1,844	\$1,898	\$1,885	\$2,052	\$1,946	
Direct and Overlapping Debt (3)	\$5,829	\$5,858	\$5,819	\$5,959	\$5,827	
Debt outstanding as a percent of full valuation of property						
Net Debt (1)	0.8%	0.9%	0.9%	1.0%	0.9%	< 1.5%
Direct Debt (2)	1.1%	1.1%	1.1%	1.1%	1.1%	
Direct and Overlapping Debt (3)	3.4%	3.4%	3.3%	3.3%	3.2%	
Total debt service as a percent of total expenditures (4)						
	15.1%	16.3%	16.7%	17.0%	18.5%	< 20%
Debt Service Levy (per \$1,000 of assessed value)						
	4.000	7.000	7.000	7.000	8.000	NA
Debt Payout in 10 Years						
Current Debt (2)	82.26%	83.88%	84.54%	83.25%	81.55%	NA
Current + <u>Only</u> Committed Future Projects (2)	49.76%	58.56%	64.80%	72.12%	75.56%	NA

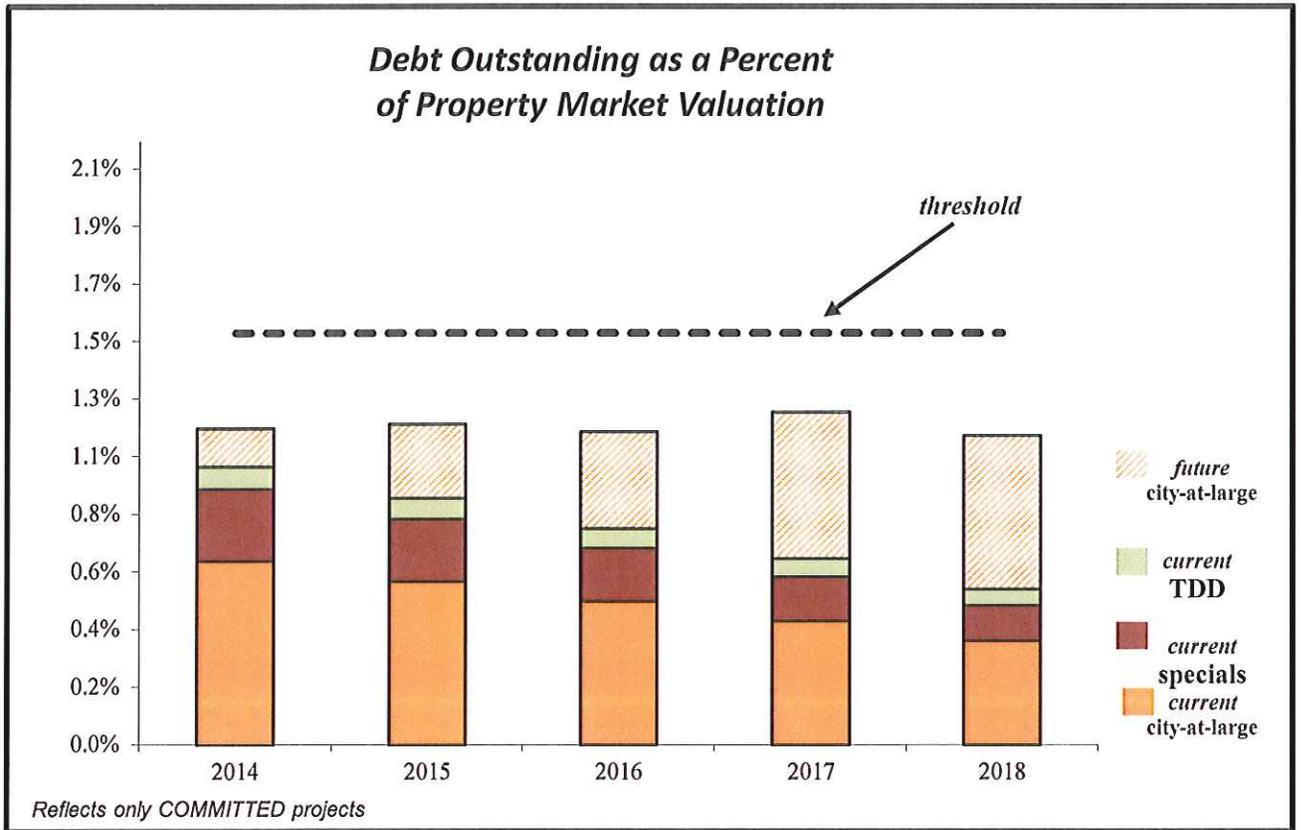
1. General Obligation debt and capital leases supported by general tax levy revenues.
2. General Obligation, Special Assessment debt and capital leases, excluding Transportation Development District debt (TDD).
3. All debt described in #2 plus Leawood's share of debt from Blue Valley & Shawnee Mission 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.



	2014	2015	2016	2017	2018
Debt Per Capita					
<i>Current Tax-Supported:</i>					
City-at-Large	\$1,150	\$1,032	\$921	\$807	\$691
Special Assessments	\$454	\$397	\$342	\$287	\$233
<i>Current Agency-Supported:</i>					
Transportation District Debt	\$140	\$133	\$126	\$119	\$111
<i>Future Tax-Supported:</i>					
City-at-Large	\$240	\$468	\$623	\$958	\$1,022
Special Assessments	\$0	\$0	\$0	\$0	\$0
<i>Future Agency-Supported:</i>					
Transportation District Debt	\$0	\$0	\$0	\$0	\$0
	\$1,984	\$2,031	\$2,011	\$2,171	\$2,057
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 2018. Population is projected to increase approximately .5% annually throughout the planning period.



	2014	2015	2016	2017	2018
Debt as a Percent of Full Valuation					
<i>Current Tax-Supported:</i>					
City-at-Large	0.7%	0.6%	0.5%	0.5%	0.4%
Special Assessments	0.3%	0.2%	0.2%	0.2%	0.1%
<i>Current Agency-Supported:</i>					
Transportation District Debt	0.1%	0.1%	0.1%	0.1%	0.1%
<i>Future Tax-Supported:</i>					
City-at-Large	0.1%	0.3%	0.4%	0.5%	0.6%
Special Assessments	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Future Agency-Supported:</i>					
Transportation District Debt	0.0%	0.0%	0.0%	0.0%	0.0%
	1.2%	1.2%	1.1%	1.2%	1.1%
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

Estimated Assessed Value, Real and Personal Property	\$740,672,260
PLUS-Estimated Assessed Value, Motor/Recreation Vehicles	\$68,055,736
Total Assessed Value	\$808,727,996
New debt limitation percentage	30%
2012 debt limitation	\$242,618,399
Total general obligation debt outstanding at 12/31/12	\$56,435,000

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 Street Program
- Residential Street Program
- 1/8-Cent Sales Tax - Stormwater Projects
- Other Pay-As-You-Go Projects
- Art Projects



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.

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	\$1,384,400	(+)	\$933,200	\$451,200
College, Nall to Roe	72044	Mill/Overlay	\$817,000	\$204,000 OP	\$408,500	\$204,500
Somerset, Mission to Belinder	72035	Mill/Overlay	\$1,017,000	\$384,500 PV	\$508,500	\$124,000
State Line Signals, 128th-135th	* 72042	Traffic Signals	\$150,000	\$96,000 Federal		\$54,000
Roe Avenue, 119th to Tomahawk Crk	72051	Mill/Overlay	\$308,000	\$123,200 OP	\$154,000	\$30,800
135th Street Overlay	72057	Mill/Overlay	\$343,000	\$325,000 OP		\$18,000
151st Street Overlay	72058	Mill/Overlay	\$293,000	\$242,000 OP		\$51,000
2013 Annual Total			\$4,312,400	\$1,374,700	\$2,004,200	\$933,500

2014 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Somerset, Belinder to State Line	72036	Mill/Overlay	\$602,000	\$175,500 PV	\$266,500	\$160,000
95th Street, Mission to Wenonga	72048	Mill/Overlay	\$353,500	\$93,000 OP	\$167,500	\$93,000
85th Terrace, Lee to State Line	* 72045	Mill/Overlay	\$330,000	\$81,000 Curb Prg		\$249,000
Briar St, 133rd - 135th Streets	* 72050	Mill/Overlay	\$200,000			\$200,000
State Line, College to 123rd St	72055	Mill/Overlay	\$500,000	\$250,000 KCMo	\$125,000	\$125,000
2014 Annual Total			\$1,985,500	\$599,500	\$559,000	\$827,000

2015 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
115th Street, Roe to Tomahawk Crk	* 72024	Mill/Overlay	\$311,000	\$50,000 Curb Prg	\$155,500	\$105,500
Nall, 119th to College	72046	Mill/Overlay	\$1,596,000	\$399,000 OP	\$798,000	\$399,000
133rd Street, State Line Rd to Roe	* 72022	Mill/Overlay	\$742,000	\$28,200 OP	\$370,980	\$342,820
State Line, 123rd to 135th Streets	72056	Mill/Overlay	\$500,000	\$250,000 KCMo	\$125,000	\$125,000
2015 Annual Total			\$3,149,000	\$727,200	\$1,449,480	\$972,320

2016 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Lee Blvd, Mission Rd to 95th	* 72030	Mill/Overlay	\$1,524,929	(+)	\$947,040	\$577,889
114th Street, 115th to Tomahawk Crk	* 72029	Mill/Overlay	\$200,000			\$200,000
Mission Rd, Lee Blvd to 103rd St	* 72052	Joints/Patch	\$304,000	\$76,000 OP	\$152,000	\$76,000
2016 Annual Total			\$2,028,929	\$76,000	\$1,099,040	\$853,889

2017 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Roe Avenue, 121st to 135th Streets	* 72053	Mill/Overlay	\$1,017,720		\$508,860	\$508,860
Kenneth Rd, 135th St to S City Limit	* 72034	Mill/Overlay	\$798,000	\$103,740 OP	\$399,000	\$295,260
2017 Annual Total			\$1,815,720	\$103,740	\$907,860	\$804,120

2018 Program	Project #	Project Description	Estimated Cost	Funding from Partner City	Proposed CARS Funds	Program Cost
Lee, 95th to Somerset	* 72054	Mill/Overlay	\$2,461,700	(+)	\$1,372,300	\$1,089,400
2018 Annual Total			\$2,461,700	\$0	\$1,372,300	\$1,089,400

* Project administered by the City of Leawood

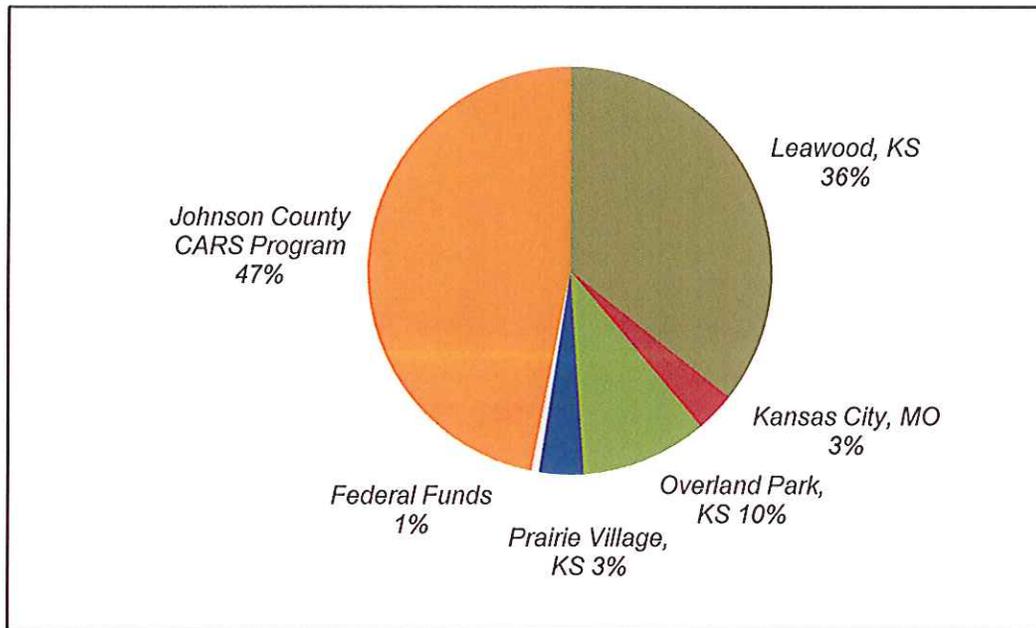
(+) A portion of this project involves stormwater repairs/reconstruction. These repairs will be funded with the 1/8-Cent Sales Tax fund. For #72017 \$482,000 in 2013; #72030, \$369,150 in 2016; and #72054, \$282,900 in 2018.



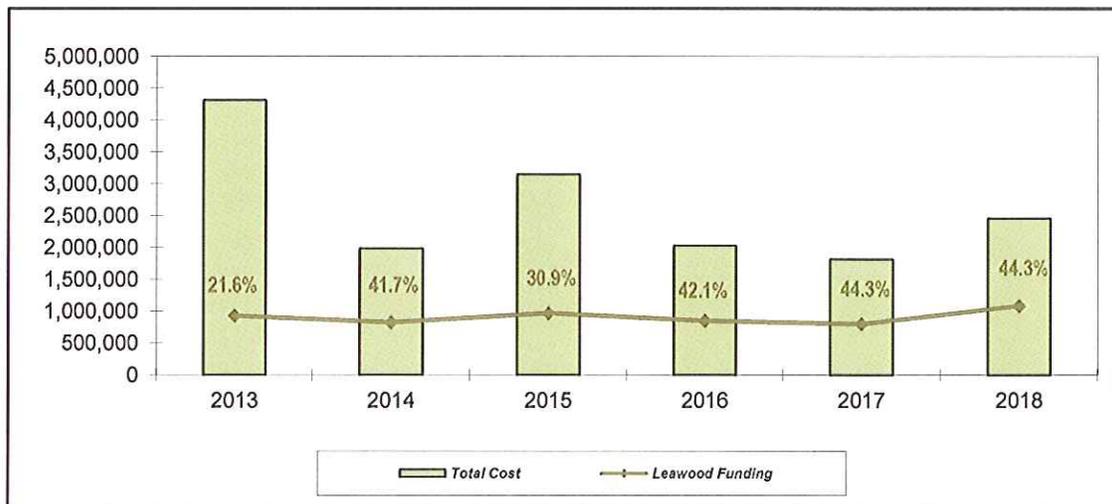
ARTERIAL STREET PROGRAM

By Funding Source:

Leawood, KS	\$	5,611,229
Kansas City, MO	\$	500,000
Overland Park, KS	\$	1,594,140
Prairie Village, KS	\$	560,000
Federal Funds	\$	96,000
Johnson County CARS Program	\$	7,391,880
	\$	<u>15,753,249</u>



By Program Years:





RESIDENTIAL STREET PROGRAM

This program is primarily funded with Gasoline Tax revenue from the Special Highway Fund (#12015) and/or from the General Fund. These funds provide for the Residential Slurry Seal, and Mill & Overlay programs. Staff reviews these programs annually and changes are made, if necessary, to reflect both current needs and funding availability. A 1.5% 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.

2013 Program	Project #	Program Cost
Residential Slurry Seal	70013	514,800
Residential Mill & Overlay	70014	848,500
2013 Sidewalk Repair/Replacement	70513	100,000
2013 Annual Total		\$1,463,300

2014 Program	Project #	Program Cost
Residential Slurry Seal	70015	522,265
Residential Mill & Overlay	70016	860,803
2014 Sidewalk Repair/Replacement	70514	100,000
2014 Annual Total		\$1,483,068

2015 Program	Project #	Program Cost
Residential Slurry Seal	70017	529,837
Residential Mill & Overlay	70018	873,285
2015 Annual Total		\$1,403,122

2016 Program	Project #	Program Cost
Residential Slurry Seal	70019	537,520
Residential Mill & Overlay	70020	885,948
2016 Sidewalk Repair/Replacement	70516	100,000
2016 Annual Total		\$1,523,468

2017 Program	Project #	Program Cost
Residential Slurry Seal	70021	545,314
Residential Mill & Overlay	70022	898,794
2017 Sidewalk Repair/Replacement	70517	100,000
2017 Annual Total		\$1,544,108

2018 Program	Project #	Program Cost
Residential Slurry Seal	70023	553,221
Residential Mill & Overlay	70024	911,826
2018 Annual Total		\$1,465,047



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.

Year	Project #	Project Name	Subdivision	Project Description	Project Cost
2013	77011	Box Culvert, 87th & Mission Rd	Within Mission Road R/W	Replace existing 13x14 box culvert crossing Mission Rd. This is a joint project with Prairie Village, administered by Leawood. (Amount represents the total cost, but half will be reimbursed by Prairie Village).	\$479,564
2013	77113	2013 Accelerated Stormwater Reconstruction (specific projects TBD)	Various	Repair failing curb inlets, junction boxes and point repairs. Some pipe will be replaced, but these will not be significant.	\$118,000
2013	72017	119th Street, Roe to State Line Rd (2013 Accelerated Stormwater Recon project)	NA	This will provide for storm sewer repairs in conjunction with the 119th street project.	\$482,000
2013	77014	Leawood Heritage Stormwater	Cherokee Lane & Ensley Lane	Improve the open channel; increase culvert sizes and purchase property. (Amount reflects the total cost, 75% will be reimbursed by the County). Project will be split between TWO years.	\$1,423,850
TOTAL 2013					\$2,503,414
2014	77014	Leawood Heritage Stormwater	Cherokee Lane & Ensley Lane	See Above	\$1,423,850
2014	77009	14601 Delmar	Pavilions of Leawood	Extend the existing storm sewer system by approximately 200 feet.	\$66,000
TOTAL 2014					\$1,489,850
<i>No projects currently planned for 2015</i>					
TOTAL 2015					\$0
2016	73002	Wenonga, 91st to 93rd Streets	Various	Replace the existing storm sewer that is failing and is undersized.	\$600,000
2016	77015	Patrician Woods Stormwater	Cedar & Linden	Extend existing storm system by 200 feet.	\$68,000
2016	72030	Lee Blvd, Somerset to Mission Rd (2015 Accelerated Stormwater Recon project)	NA	This will provide for storm sewer repairs in conjunction with the Lee Blvd street project.	\$369,150
TOTAL 2016					\$1,037,150
2017	77117	2017 Accelerated Stormwater Reconstruction (specific projects TBD)	Various	Repair failing curb inlets, junction boxes and point repairs. Some pipe will be replaced, but these will not be significant.	\$600,000
TOTAL 2017					\$600,000
2018	72054	Lee Blvd, 95th Street to Somerset	NA	This will provide for storm sewer repairs in conjunction with the Lee Blvd street project.	\$282,900
TOTAL 2018					\$282,900
TOTAL FOR ALL YEARS, 2013 - 2018					\$5,913,314



OTHER PROJECTS

IMPROVEMENTS TO PARKS, BUILDINGS, LAND, TECHNOLOGY

The following represent projects which have been included in the C.I.P. for other repairs/replacements to city-owned properties or other repairs to city facilities that meet the criteria to be included in the C.I.P. 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
2013	76027	Gezer Park Amenities	Complete the amenities to Gezer Park, which could include a water feature around the art piece, Tablet (Special Parks/ Recreation and Capital Improvement Funds; and donations).	\$38,000
2013	71012	123rd Street Trail Repairs	Improvements and repairs to the existing trail from City Park at 119th & Mission, south to 123rd; and a new trail from 123rd St north to 119th St. (General Fund and Special Parks & Recreation Fund).	\$1,400,000
2013	71014	Trail Extension, NE Corner of 119th & Tomahawk Crk Pkwy	Resulting from the widening of 119th Street, a new trail will be constructed which will link with the existing parking lot, trail, and back to the sidewalk at the vehicle bridge (Half funding will be provided by CARS reimbursement).	\$41,000
2013	71015	Brook Beatty Park Improvements	Relocation of the existing art sculpture to allow space for playground equipment, sprinkler system, landscaping beds, benches, drinking fountain, sidewalks.	\$101,000
2013	71016	Park Comprehensive Plan Study	Update the current master plan which was last updated in 1990.	\$85,000
2013	71017	Bicycle/Pedestrian Street Plan Study	Formulation of a street map highlighting bicycle routes in an effort to move forward with future planning.	\$60,000
2013	76039	Sustainable Places Plan Grant	Represents grant funds to be used for the 135th Street area. (A \$30,000 match was required with the remaining \$96,000 funded from the grant).	\$126,000
2013	76029	Justice Center	Technology, Communication & Computer Equipment for the Justice Center, including the Fiber Ring. Expense occurs over 2 years, 2012 & 2013.	\$800,000 + remaining balance from 2012
2013	76008	Justice Center	Reserve funds have been identified over a three-year period to be used, if needed, for the Justice Center.	\$700,000
2013	76008	Justice Center	These funds will provide for furniture, fixtures and appliances (\$500,000) and landscaping (\$200,000).	\$700,000
2013	76008	Justice Center **	Construction of a Justice Center Facility. (This initiative is funded from the Public Safety Fund).	\$20,000,000
2013	76028	Land Purchase	These funds will reimburse the Public Safety Fund for the purchase of land in 2010, over a 2-year period.	\$3,400,000
TOTAL 2013				\$27,451,000

** The project will be cash-financed from the .4% city sales tax levy, the .250% county economic development sales tax and General Fund revenues.



OTHER PROJECTS

IMPROVEMENTS TO PARKS, BUILDINGS, LAND, TECHNOLOGY

Year	Project #	Project Name	Project Description	City Project Cost
2014	71006	City Park-Indian Creek Bank Stabilization	NE City Park [Indian Creek] Bank Stabilization <i>(Special Parks & Recreation Fund)</i>	\$390,000
2014	76008	Justice Center	Reserve funds have been identified over a three-year period to be used, if needed, for the Justice Center.	\$200,000
2014	76xxx	City Hall	Renovation of existing office space vacated after the move to the Justice Center.	\$200,000
2014	71019	Off-Leash Dog Park, Phase I	Six acre area with perimeter fencing, electronic gate access, drinking fountain, agility course, waste receptacles, signage & benches. <i>(Special Parks & Recreation Fund)</i>	\$150,000
TOTAL 2014				\$940,000
2015	71019	Off-Leash Dog Park, Phase II	Same as above. <i>(Special Parks & Recreation Fund)</i>	\$150,000
2015-2018	71013	Ironwoods Park Improvements	Expansion of Ironwoods Park (roads, utilities, trails, berm, etc). Apprx. \$400,000 per year has been proposed. <i>(Special Parks & Recreation Fund)</i>	\$1,600,000
TOTAL 2015-2018				\$1,750,000
----- Submitted & Anticipated Projects (currently unfunded) -----				
TBD	#76036	Replace Parking Lot - Fire Station #3	Replace the existing concrete parking lot at Fire Station #3.	\$290,000
TBD	#76038	Parking Lot - Ironwoods Park Lodge	Addition to the parking area around the Ironwoods Park Lodge.	\$450,000
TBD	#76037	Overlay Roadway/Parking Lots - Ironwoods Park	Overlay the existing roadway and parking lots at Ironwoods Park.	\$390,000
TBD	#49132	Expansion of Ironhorse Golf Clubhouse	Expand existing clubhouse by 3,000 sqf with the addition of restrooms (estimate includes design fees).	\$700,000
TBD	#76030	Tennis Courts Resurface-City Park	Overlay surface of 6 tennis courts and replace net posts to maintain courts.	\$180,000
TBD	#76016	City Park Restroom/Shelterhouse	Remove Shelters A & B, rebuild shelters and add a restroom facility.	\$575,000
TBD	#76023	Lawn/Landscape Improvements, North 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, West 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 tow-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 Submitted & Anticipated Projects				\$3,210,000



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. The cost of art pieces reflect acquisition and installation, along with a 15% site preparation expense.

Year	Project #	Project Name	Projected Fund Source	Cost
2013	#79014	Sculpture Garden Addition, "A1"	City Capital Art Fund	\$50,000
2013	#79004	Justice Center Art	Public Art Impact Fund	\$50,000
2013	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2013 Projects **				\$105,000
2014	#79004	Justice Center Art	Public Art Impact Fund <i>(includes 15% site preparation)</i>	\$65,000
2014	#79014	Sculpture Garden Addition, "A2"	City Capital Art Fund <i>(includes 15% site preparation)</i>	\$88,000
2014	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2014 Projects **				\$158,000
2015	#79015	Sculpture Garden Addition, "B"	City Capital Art Fund <i>(includes 15% site preparation)</i>	\$57,500
2015	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2015 Projects **				\$62,500
2016	#79016	Sculpture Garden Addition, "C1"	City Capital Art Fund	\$50,000
2016	#79020	Art - Old City Hall Site	City Capital Art Fund	\$25,000
2016	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2016 Projects **				\$80,000
2017	#79016	Sculpture Garden Addition, "C2"	City Capital Art Fund <i>(includes 15% site preparation)</i>	\$50,000
2017	#79020	Art - Old City Hall Site	City Capital Art Fund <i>(includes 15% site preparation)</i>	\$32,500
2017	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2017 Projects **				\$87,500
2018	TBD	Art, To-Be-Determined	City Capital Art Fund	\$50,000
2018	#79005	Temporary Art	City Capital Art Fund	\$5,000
TOTAL Proposed 2018 Projects **				\$55,000

The projected, unaudited Ending Fund Balance for the two Capital ART Funds is \$ 690,000, as December 31, 2012.

** 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.

CAPITAL LEASES



The City attempts to use cash to purchase a majority of the routine capital replacements, but in order to maintain cash flow, and to purchase costly items, lease/purchase agreements are sometimes utilized.



Lease Schedule

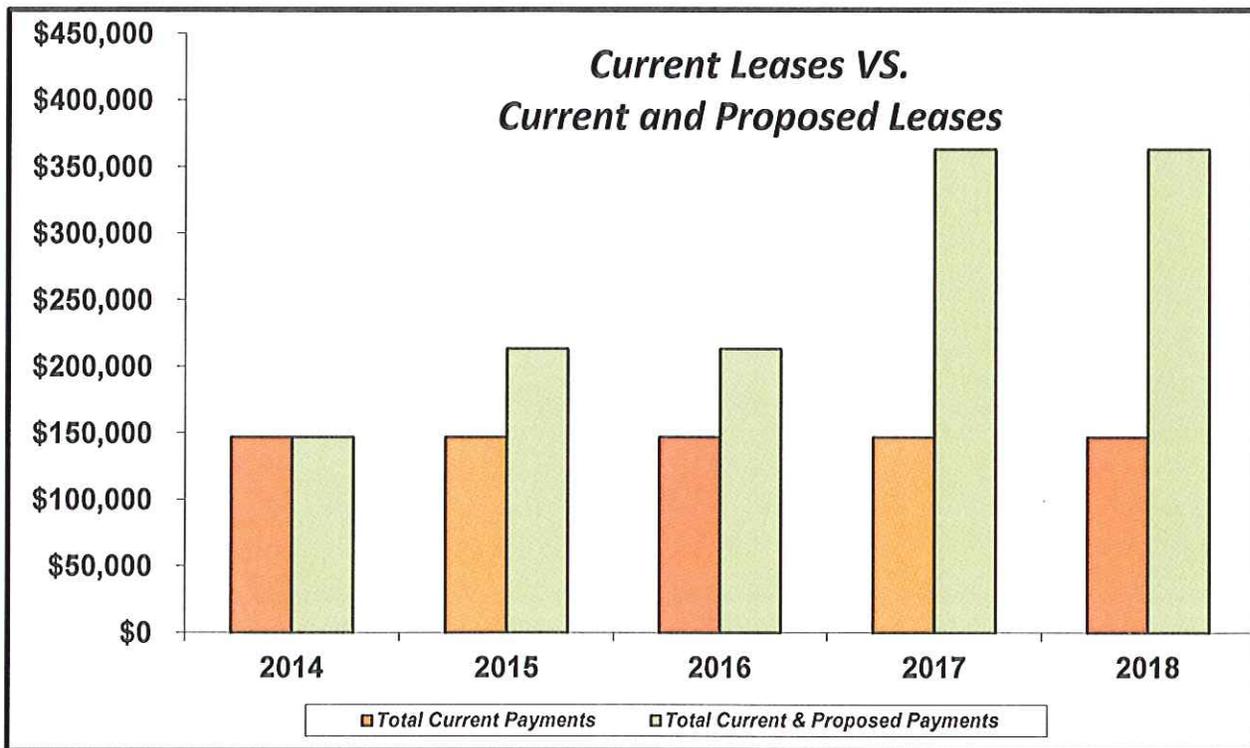
Current Lease Payments (Principal & Interest)

Description	Funding	2014	2015	2016	2017	2018	Lease Ends
General/City Equipment							
Fire Pumps 2011	Tax Levy	\$146,703	\$146,703	\$146,703	\$146,703	\$146,703	2021
Golf Carts 2011*	Tax Levy	\$0	\$0	\$0	\$0	\$0	2014
		\$146,703	\$146,703	\$146,703	\$146,703	\$146,703	

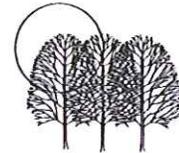
The Golf Cart lease will be paid in full one year early, in 2013. A final payment of \$64,869 would have been due in 2014 on the four-year lease, which began in 2011.

Proposed Future Lease Payments

Description	Funding	2014	2015	2016	2017	2018	Lease Ends
General/City Equipment							
Golf Carts 2015	Tax Levy	\$0	\$66,300	\$66,300	\$66,300	\$66,300	On-Going
Fire Platform Truck 2016	Tax Levy	\$0	\$0	\$0	\$150,000	\$150,000	2027
		\$0	\$66,300	\$66,300	\$216,300	\$216,300	
		\$146,703	\$213,003	\$213,003	\$363,003	\$363,003	



APPENDICES



- Industrial Revenue Bonds, 1982 (Resolution #598)
- Commercial Tax Increment Financed Projects, 1996 (Resolution #1317)
- Special Benefit District Assessment Policy (Resolution #3761)
- Transportation Development District Policy (Included in the Debt Management Policy)
- Community Improvement District Policy (Resolution #3930)

**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. Crappin 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

**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 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 that 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 any bonds issued for the 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 on any 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 issuance of Special Benefit District debt will be considered only for projects when the estimated cost of improvements totals \$1.0 million or more.

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 any 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 initiated by action of the Governing Body [and not by petition].
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 no event will Special Benefit District debt be issued when the cost of the improvements to be financed is less than \$1 million.

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.

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]
Revised by Resolution No. 3761 [03-05-2012]



Transportation Development Districts

The policy regarding Transportation Development Districts [TDD] is addressed in the City's Debt Management Policy. The sections relating to TDD debt issuance is reflected below. For more information, please see the section titled "Debt Management Policy" in this document.

Section 11: Transportation Development Districts. 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 including which costs may be reimbursed, provided, however that in no event shall interest costs be subject to reimbursement from TDD revenues on a pay-as-you-go project. 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 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.

The City's Debt Management Policy,

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]

Revised by Resolution No. 3931 [November 19, 2012]



Community Improvement District Policy

RESOLUTION NO. _____ 3930 _____

A RESOLUTION AMENDING THE CITY OF LEAWOOD'S COMMUNITY IMPROVEMENT DISTRICT ["CID"] POLICY AND REPEALING RESOLUTION NO. 3816.

WHEREAS, the Kansas Community Improvement District Act, K.S.A. 12-6a26 et seq. [the "Act"] authorizes the governing body of any city to create community improvement districts ("Improvement Districts" or "CIDs") to enable public financing of all or a portion of certain projects or infrastructure improvements in order to encourage and promote economic development, tourism and community investment within a CID; and

WHEREAS, the Act further authorizes governing bodies, in order to pay the costs of such Projects (as defined herein), to impose a sales tax over and above the aggregate amount of the retailers' sales tax contained in K.S.A. 12-187 through 12-197, and amendments thereto, on the selling of tangible personal property at retail or rendering or furnishing services within Improvement Districts in any increment of .10% or .25%, not to exceed 2.0%, to levy special assessments upon property within such Improvement Districts, to issue special and or general obligation revenue bonds payable from such CID sales taxes and/or special assessments, or to reimburse the cost of the Project pursuant to Pay-As-You-Go financing (collectively, "CID Financing").

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

Section 1. Objectives.

The primary objective of this policy is to establish CID guidelines to enable public financing of all or a portion of a Project. A Project should provide a benefit to the public, strengthen economic development, reduce blight, or upgrade older real estate through exterior redevelopment or rehabilitation. Public financing



may be achieved by levying and collecting a sales tax in any increment of .10% or .25%, not to exceed 1.0% (“CID Sales Tax”).

Section 2. Scope.

This policy will apply when an owner or developer of land (“Petitioner”) submits a proper petition (“CID Petition”) and application to create a CID and/or utilize CID financing to fund approved Projects. The authority and decision to approve a CID Petition is within the sole discretion of the Governing Body. This policy is intended to provide guidelines only, and the Governing Body reserves its right to deviate from this Policy when it deems it to be in the best interest of the City.

The City of Leawood may consider establishment of CIDs, when the Governing Body deems it appropriate for certain Projects. In such case, Projects shall be financed by a CID Sales Tax on the sale of tangible personal property at retail or rendering or furnishing services taxable pursuant to the provisions of the Kansas Retailers’ Sales Tax Act, and amendments thereto, within the CID. The City, in accordance with the Act and in addition to and notwithstanding any limitations on the aggregate amount of the retailers’ sales tax contained in K.S.A. 12-187 through 12-197, may, at its sole discretion, levy a CID Sales Tax within the CID area, all of which may be pledged for pay-as-you-go financing of the verified costs of approved Projects.

Section 3. Definitions.

“Cost” means the definition set out in K.S.A. 12-6a27(f) as amended except as further set forth in this policy. The term Cost does not include: (a) costs incurred prior to CID establishment, (b) a developer’s attorney’s fees, financial advisor fees, real estate commissions, developer fees and fees paid to consultants representing developers, and (c) interest costs. The term “Cost” may include engineering and architectural fees, environmental and geotechnical consultant fees and other similar due diligence expenses associated with a Project. Costs approved for reimbursement associated with an established CID must be as approved by the Governing Body in a development agreement entered into by and between the Petitioners and the City.



“Pay-As-You-Go” means a method of financing in which the costs of a Project are financed without notes or bonds, and the approved and verified costs of a Project are reimbursed after Project completion or completion of a phase of the Project as monies are deposited in the CID Fund (defined herein), all as approved by the Governing Body in an agreement between the Petitioner and the City [Development Agreement].

“Project” may include projects deemed eligible under this policy and that are otherwise eligible under the Act. The City reserves the right to exclude otherwise eligible Projects under the Act; determine eligible and ineligible projects, and determine the amount of funding for a Project on a case by case basis.

Section 4. Criteria.

The Governing Body may consider establishment of a CID when it determines it is in the City’s best interest and provided that it meets one or more of the following criteria:

1. The Project would attract and promote mixed use development.
2. The CID area has unique site constraints making development more difficult and costly.
3. The Project would substantially promote economic development.
4. The Project would incorporate higher standards for the design and construction of improvements than the minimum requirements under the Leawood Development Ordinance.
5. The Project encourages redevelopment, renovation or rehabilitation of commercial properties.
6. The Project incorporates the construction of public infrastructure.

Section 5. Project Eligibility.

The City of Leawood has determined that CID Financing is appropriate for redevelopment or renovation of existing developments that were built at least twenty (20) years prior to the date of the petition. The 20 year period shall be measured from the date of the first building permit issued for building construction in the development. The following Projects pertaining to such developments, if otherwise qualified under the Act, may be eligible for CID Financing under this policy:

- A. Projects within the CID area to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, restore, replace, renew, repair, install, relocate, furnish, equip or extend:
 1. The exterior of buildings, structures, marquees and facilities;
 2. Sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, tunnels, traffic signs and signals, utilities, pedestrian or bicycle amenities, public transit options, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, and water mains and extensions;



3. Parking garages;
 4. Streetscape, exterior lighting, street light fixtures, street light connections, street light facilities, and exterior benches, walls and barriers;
 5. Parks, lawns, trees and other landscape;
 6. Awnings and canopies;
 7. Bus stops and other outdoor shelters; and
 8. Outdoor cultural amenities, including but not limited to, sculptures and fountains.
- B. Within the District, to operate or to contract for the provision of parking lots or garages.
- C. The following project types are not eligible for CID financing:
1. Roof installation, maintenance or repair;
 2. HVAC installation, maintenance or repair; or
 3. General maintenance items.

Section 6. Procedure.

The City shall consider creation of a CID after receipt of a completed CID application and petition (“CID Petition) and a fee in the amount of \$500. The completed CID Petition and application will be reviewed by the City’s staff, including the City Administrator, City Attorney and Finance Director.

A. Application.

At submission of the application to the City for establishment of a CID, the Petitioner shall also provide the following information:

1. Evidence in a form satisfactory to the City of the Petitioner’s financial ability to complete the proposed project in a timely manner.
2. Documentation substantiating the Petitioner’s sources of funding, including the amount/percentage of equity funding.
3. Submission of a pro forma with project feasibility analysis.
4. Payment of all required fees and compliance with all procedural requirements of the Act and the City’s CID Policy.
5. Draft of a Development Agreement to be executed contemporaneous with establishment of the CID.

B. Petition.

The procedure for Governing Body consideration will be in compliance with the Act and this policy and shall meet the following minimum requirements:

1. **Petition Sufficiency.** It is a goal of the Council that the CID Petition be signed by the owners of 100% of the property within the proposed district. However, if the Petitioner submits evidence that 100% participation cannot be achieved due to extenuating



circumstances then the Governing Body may, in its sole discretion, choose to accept the Petition with less than 100% participation. In no case shall the signatures submitted be less than a minimum of owners of more than fifty-five percent (55%) of the land area within the proposed district, and owners collectively owning more than fifty-five percent (55%) by assessed value of the land area within the proposed district as required by the Act.

2. **Petition Submittal Requirements.** The CID Petition must contain a description of the following:

- a. The general nature of the Project;
- b. The estimated cost of the Project, supplemented by a preliminary budget describing each element of the Project proposed to be paid for by CID Sales Tax;
- c. The proposed method of financing the Project;
- d. A statement that there will be no assessments;
- e. The proposed amount of any CID sales tax; and
- f. A map and legal description of the proposed District.

3. **Public Hearing Procedure.** The City may, at any time, request such additional information as it deems necessary and appropriate. After review of a completed CID Petition and accompanying information by the City staff, the Governing Body shall, by resolution, direct and order a public hearing on the advisability of creating such Improvement District and the construction of such Projects therein. Such resolution shall direct that notice of the hearing be given by publication at least once each week for two (2) consecutive weeks in the official City Newspaper and by certified mail to all property owners within the proposed Improvement District, with the second publication to be at least seven (7) days prior to the hearing and such certified mail sent at least ten (10) days prior to such hearing. The notice of public hearing shall contain the following information:

1. The time and place of the hearing;
2. The general nature of the proposed Improvement Project;
3. The estimated cost of the proposed Improvement Project;
4. The proposed method of financing the costs of the Project;
5. The proposed amount of the CID Sales Tax;
6. Notation that there will be no assessments; and
7. A map and legal description of the proposed Improvement District.

A copy of the notice shall also be made available on the City's website.



4. **Governing Body Findings.** After the Public Hearing is conducted on the proposed CID, the Governing Body shall determine the advisability of creating an Improvement District in accordance with section 7 below, setting forth the boundaries thereof, authorizing the proposed Projects, approving the maximum Costs thereof and approving the method of financing the same. Such determinations will be made by adoption of an ordinance. Any approved CID Sales Tax will be approved by separate ordinance.

Section 7. Consideration.

The Governing Body shall review and evaluate each CID Petition on its merits which may include, but not be limited to the following factors:

1. The Petitioner's history of timely payment of property taxes.
2. Whether the CID meets the criteria stated herein.
3. The total development costs and investment, including estimated Project costs for which public financing and CID financing is sought;
4. Sources of funding, including the amount of equity funding in comparison to CID financing;
5. Similar experience and financial stability of developer or owner;
6. Whether or not tenants for the Project are in place and the nature and quality of the tenants;
7. Economic competition the Project has and is expected to have in the future;
8. The amount and purpose of the funding request, including the percentage of funding for capital costs and public infrastructure costs;
9. Strong consideration will be given to Projects which add to and diversify the Leawood tax base as well as Projects which would provide an extraordinary or particularly unique community-wide economic opportunity. Evaluation criteria to be used in determining economic benefit to the community shall include, but shall not be limited to, consideration of the amount of capital investment and a determination of whether the proposed Project enables the development and location of new products, services and amenities in the City rather than the relocation of existing City businesses.
10. The Governing Body will give strong consideration for a CID that will be located in a targeted area for economic development or redevelopment, has specific site constraints making development more difficult or costly, or is considered in need of rehabilitation in some way.
11. The City may require higher standards for the design of improvements and materials used in making improvements within a CID. Preference will be given to businesses that practice sustainable design practices, including but not limited to, energy efficient construction, use of recycled materials, use of native and drought-resistant landscaping, and conservation of natural hydrological systems. The proposed use must be clean, nonpolluting and consistent with all City policies, ordinances, and codes. The Project's site plans and building elevations and the Project's plans are subject to final approval by the City.
12. All Projects should be consistent with the City's Comprehensive Plan, street improvement plans, and any special established corridor plans. The City will consult these plans for consistency prior to the City approving any proposed CID. Preference will be given to Projects which enhance pedestrian, bicycle, or public transit options. If a Project requires a



rezoning in addition to any rezoning required within the CID, the Petitioner shall demonstrate the Project's compatibility with land use, capital improvement, and other relevant plans of the City.

13. Preference will be given to those projects which bring the existing development into compliance with the City's current Leawood Development Ordinance.

Section 8. Term.

The Governing Body shall review the financial feasibility of each CID and shall use this information in determining the appropriate term of the CID which may be less than the duration allowed by the Act. The CID Sales Tax shall expire on a date approved by the City, but no later than 22 years from the date the state Director of Taxation begins collecting such tax or when the pay-as-you-go costs have been paid, whichever comes first.

Section 9. Financing.

The cost of all or a portion of any approved and authorized Project shall be financed by pay-as-you-go financing based on CID Sales Tax within the Improvement District.

After review and prior to presentation of the CID Petition to the Governing Body, the staff will work with the Petitioner on a Development Agreement which shall be presented to the Governing Body for consideration, contemporaneous with the CID Petition. The Development Agreement must be executed prior to or simultaneously with the creation of the CID and shall address the recommended method of financing, approved Projects and approved Costs, the feasibility of the Project, and other terms the City deems appropriate.

Section 10. Project Funds.

A separate fund shall be created for each CID ("CID Fund") and such fund shall be identified by a suitable title. CID sales Tax receipts shall be credited to such fund. The CID Fund shall be solely used to pay the approved and verified Costs of the Project. Reimbursement of approved Costs may only be made after a certificate of completion of the Project or phase of the Project has been issued by the City.

In the event moneys remain in the CID Fund after the expiration of the CID Sales Tax, such moneys shall continue to be used solely to pay the Cost of the Project. Upon payment of all Project Costs, the City



has the authority to terminate the CID and spend any moneys remaining in such fund for the purposes which local sales tax receipts may be spent.

Section 11. Fees.

When submitting its application, the Petitioner shall pay a non-refundable application fee in the amount of \$500 to cover City expenses associated with reviewing and processing the CID Petition. The City may also require the Petitioner to submit a retainer or enter into a funding agreement to finance costs incurred by the City for additional legal, financial and/or planning consultants; for direct out-of-pocket expenses and for other costs relating to services rendered for the City to review, evaluate, process and consider the CID Petition.

The Petitioner shall also be responsible for paying an annual administrative fee to cover the cost of monitoring and administering the CID in an amount not to exceed 2.5% of the total approved amount of CID revenues received by the City from the State Department of Revenue each year which shall be deducted from the Project Funds each year.

Section 12. Criteria and Adjustments.

A. Projected Payoff. The total amount of CID assistance provided for projects will be based on the economic payoff expectations of the Project and the Project's significance to the community. In general, the goal for Projects would be a 10-year payoff. Longer periods may be considered up to the maximum statutory payoff period of 22 years from creation of the Improvement District if a determination is made that the Project is of community-wide significance.

B. Developer Contribution & Cost Allocation. Each Petition should include evidence that the Petitioner or someone on Petitioner's behalf will do the following:

1. Have the financial ability to complete and operate the Project,
2. Will meet at least one of the following private financing thresholds: (a) provide private financing of at least twenty-five percent (25%) of the total cost of the Project [exterior improvements]; or (b) provide private financing of at least fifty percent (50%) of all work being done on a redevelopment



project, including interior renovation. Projects with equity or private financing contributions from the developer in excess of the percent required above will be viewed more favorably,

C. Project Completion. The City will require satisfactory assurance that the Project will be completed in a timely manner in accordance with the Development Agreement.

Section 13: Resolution no. 3816 is hereby repealed.

Section 14: This resolution shall become effective upon passage.

PASSED by the Governing Body this 19th day of November, 2012.

APPROVED by the Mayor this 19th day of November, 2012.

/s/ Peggy J. Dunn
Peggy J. Dunn, Mayor

[SEAL]

ATTEST:

/s/ Debra Harper
Debra Harper, CMC, City Clerk

APPROVED AS TO FORM:

/s/ Patricia A. Bennett
Patricia A. Bennett, City Attorney