

Five-Year Capital Improvements Plan Overview

As is the case with all urban capital improvements programs, the Kansas City, Missouri Five-Year Capital Improvements Plan (CIP) attempts to balance the City's resources among previous commitments, reconstruction and maintenance needs, and the demand for new construction. The capital improvements program operates under many obligations including debt service requirements, federal and state mandates, and cooperative funding agreements. Furthermore, the one cent sales tax, which provides the majority of revenue for the CIP, has several restrictions of its own. Fifteen percent of sales tax proceeds is earmarked for capital maintenance and 35 percent is earmarked for neighborhood improvements, with the remaining 50 percent earmarked for major city-wide projects. Once obligations have been met, remaining resources are divided among maintenance, rehabilitation and new construction. Capital maintenance includes the annual work necessary to ensure that capital investment does not deteriorate and remains in a usable state. Rehabilitation is undertaken in those instances where the infrastructure has experienced substantial deterioration and it is safer or more economical to rebuild it. Finally, development or redevelopment often demands that new construction be undertaken to provide new or expanded infrastructure to changing areas. The result of the staff's effort to balance these factors over the next five years is represented in this document.

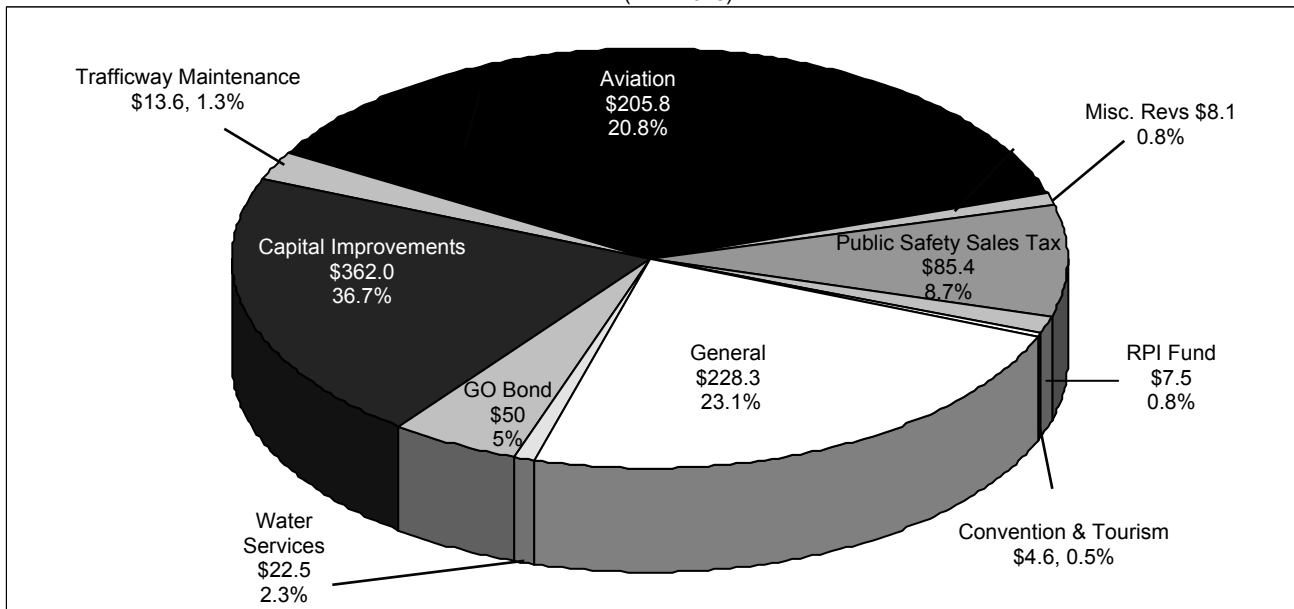
The Five-Year Capital Improvements Plan is reflective of the City Council's stated emphasis on basic infrastructure. Funding decisions from FY 2009-10 to FY 2013-14 are based on need as reflected in infrastructure condition assessments and demographic growth patterns, with an additional effort made to complete projects begun in previous years. A brief glance at the fold-out city map (in the Appendix) demonstrates that the majority of the planned projects occur in the central city. The infrastructure in this area is the oldest and most heavily used and has experienced substantial deterioration due to deferred maintenance. Improvements outside of the central city have been targeted at key infrastructure links which experience substantial growth, and attention will continue to be given to meeting the developing needs of these areas; however, as maintenance continues to be underfunded, addressing backlogs will be done at the expense of new projects.

Resources

Capital improvements in the City of Kansas City, Missouri are funded from a variety of sources including dedicated taxes, enterprise revenues, general municipal funds, and debt instruments. The breakdown of operating capital resources projected for the five-year period from FY 2009-10 through FY 2013-14 are identified in the chart below. Park Services and Zoo resources, generated from operating revenues from city golf courses and the zoo, are anticipated to grow slightly and are dedicated to improvements at the Parks & Recreation facilities. Motor Fuel and Trafficway Maintenance taxes are available only for roadway improvements and are not anticipated to grow significantly over the projection period. The Infrastructure and Maintenance Fund was established to direct revenues from gaming operations to infrastructure improvements. No growth is projected in this fund. The

2009-10 to 2013-14 Total Projected Capital Resources

(In Millions)

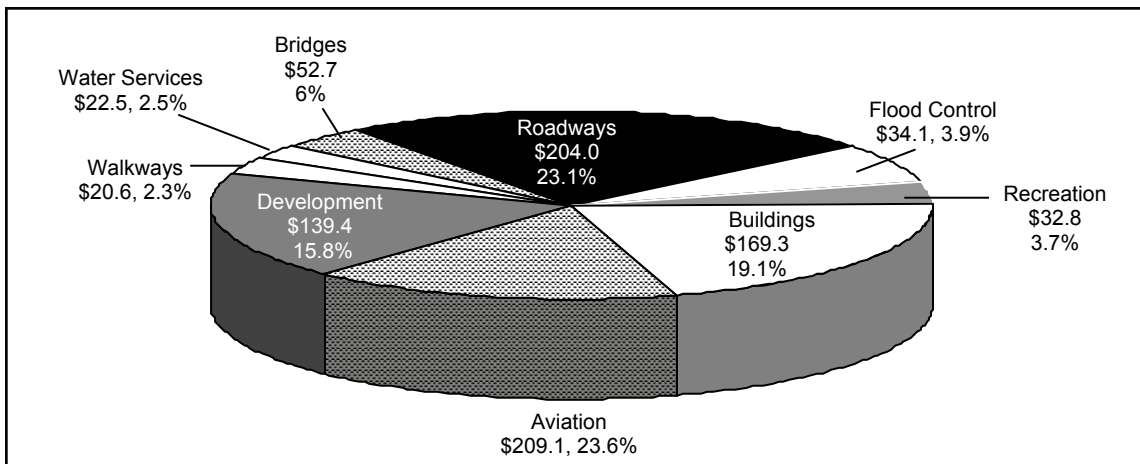


Revolving Public Improvement Fund is funded from assessments on property owners for curb and sidewalk improvements and is not anticipated to grow over the projection period. The largest resource for capital improvements, the Capital Improvements Fund, is funded primarily from the one cent sales tax for capital improvements. Two other one quarter cent sales taxes are earmarked for public safety facilities.

Enterprise revenues are derived from fees and charges for services provided by operations. This includes airport landing fees and concessions and water and sewer service charges. These revenues are used to fund daily operations and provide resources for debt service and pay-as-you-go capital improvements only to enterprise facilities.

2009-10 to 2013-14 Total Projected 5-Year Capital Expenditures

(In Millions)



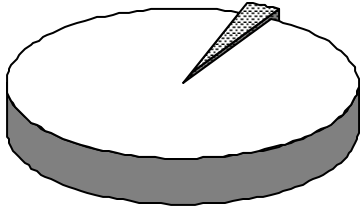
Expenditures

While this document addresses capital improvements being undertaken by the various entities of the City, its focus is on the expenditure of operating capital resources, which fund the pay-as-you-go portion of the capital improvements effort, and not the debt financed portion. Debt financed capital improvements denote previous commitments to particular areas or for specific projects and do not represent current policy issues; however, bond and note funded projects do represent a substantial portion of the total capital improvements effort.

With an area of 322 square miles, it is not surprising that Kansas City projects roadways as one of its largest categories of operating capital expenditures over the next five years (\$203.6 million). Repair and maintenance of buildings is the second largest category of general municipal expenditures at \$169.3 million. Repair and maintenance of bridges is projected to account for \$79.4 million and flood control is projected at \$34 million. Projects supporting development are estimated to require \$139.4 million, recreation projects are estimated at \$32.8 million, and walkway projects are estimated at \$27.9 million. While Aviation and Water Services together total \$177.2 million in projected operating capital expenditures in the five-year plan, all of their expenditures will be for repair and construction of enterprise facilities which are largely driven by federal and state mandates and by the availability of federal matching funds. The proportional distribution of operating capital funds indicates the relative importance of the various improvement categories and reveals that the focus of the capital improvements effort is on basic infrastructure needs and the preservation of the city's physical resources.

Capital Improvements Expenditures

Enterprise & Assessment Funds
\$22.5 M - 3.0%



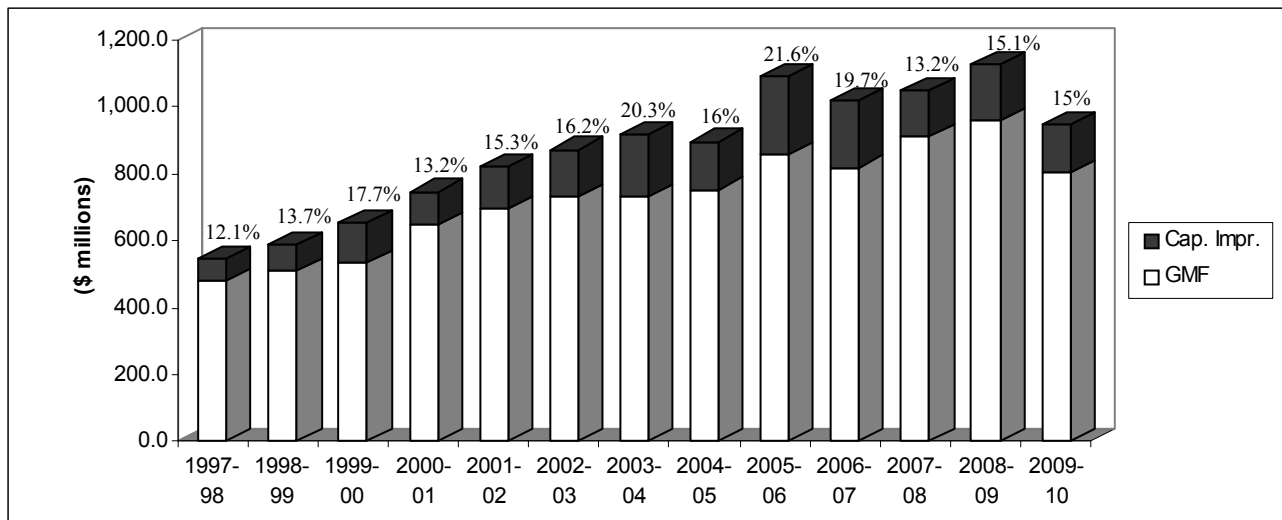
General Municipal Funds
\$747.6 M - 97.0%

Capital Improvements in the Overall City Budget

The total city budget is typically divided into expenditures on general operating activities, referred to as General Municipal Programs, and expenditures on enterprise and assessment activities. Expenditures in Enterprise and Assessment Programs are restricted to specific areas relating to the source of the supporting revenues. Expenditures in General Municipal Programs, after satisfying a variety of mandatory expenditures, represent the resources available for the majority of the city's operations. Capital improvements also retain this division. The pie chart indicates the respective share of the planned five-year capital expenditures.

In the 2009-10 adopted budget, General Municipal Programs constitute 97% of the city's total budget and Enterprise and Assessment Programs 3%. Within the General Municipal Programs, capital improvements represent 15% of the adopted expenditures. This emphasis on capital improvements begins to direct resources toward this area, however, current estimates show the annual maintenance need at approximately \$151 million.

Capital Improvements as a Share of Total General Municipal Funds



Need

The capital improvements planning process begins during the summer when departments submit their five-year capital improvements requests. Planned capital improvements expenditures in the General Municipal Funds are significantly below the needs.

Kansas City has an area of 322 square miles, and a population of over 475,830. This

relatively low density has impacts on the infrastructure needs of the City. Kansas City may never have enough funds to cover all capital needs, but it has become increasingly focused on higher levels of maintenance funding.

Capital Maintenance Backlog			
Capital Programs	Annual Average FY04-08	Recommended Spending Level	Total Backlogs
Street Resurfacing	\$ 16,684,040.00	\$ 35,000,000.00	\$ 120,000,000
Bridges*	18,561,958.20	20,000,000.00	61,944,000
Streetlight Improvements	1,000,000.00	6,000,000.00	30,000,000
Buildings	10,224,672.00	60,000,000.00	301,000,000
Parks & Recreation	8,576,670.80	30,000,000.00	259,675,000
	\$ 55,047,341.00	\$ 151,000,000.00	\$ 772,619,000

* includes \$15 million per year from 1-cent CIP sales tax

Additional Funding Sources

The Capital Improvements Program is not comprised solely of City monies. The City takes advantage of many funding sources to compliment and further its own funds. Below are a listing of those funds along with a brief overview of the programs, dollars contributed to Capital Improvements in Kansas City, Missouri, and projected totals for the entire Five-Year Plan.

C.U.R.S. (Jackson County Urban Road System)

The revised Statutes of the State of Missouri allow certain counties and cities to establish County Urban Road Systems. It also permits counties to set aside up to 25% of the county's road and bridge taxes collected in the city limits for roadway improvements within that city. For Kansas City, Missouri, in Jackson County this amount is \$1,100,000 annually.

In 1971 the City of Kansas City, Missouri entered into its first agreement with Jackson County to cooperatively schedule and administer the county taxes collected within the city limits of Kansas City. The first amendment to this agreement, in 1976, contained a list of roadways on which improvements would be made. This project list is periodically revised in consultation with the county and is approved by both City and County resolutions. Past projects include Longview Road west of Blue Ridge Boulevard, 85th Street – Prospect to Hickman Mills Drive, and the View High Drive roadway improvements in conjunction with MoDOT's I-470/View High Drive interchange.

Project Title	5-Year Total Recommended 2010-14	5-Year Total Other Sources
Roadways		
Traffic Signal Safety Improvements	8,080,000	32,320,000
N. Brighton - M-210 to Parvin Road	6,351,000	2,250,000
Red Bridge Road	3,000,000	2,076,000
Botts Road	2,000,000	23,700,000
Bruce R. Watkins Drive Maintenance	1,780,665	1,780,665
Vivion Road	1,000,000	2,000,000
96th Street over 169 Highway	750,000	1,000,000
Sub-total	\$ 22,961,665	\$ 65,126,665
Flood Control		
Blue River Channelization - Stage III	\$ 8,218,088	\$ 32,872,352
Turkey Creek	8,000,000	27,164,834
Swope Park Industrial District	5,100,000	10,200,000
Brush Creek Improvements	3,597,488	3,597,488
Upper Blue River (Dodson)	2,450,000	7,350,000
Seven Levees Flood Control	2,000,000	2,000,000
Sub-total	\$ 29,365,576	\$ 83,184,674
Development		
Beacon Hills Infrastructure	\$ 3,307,952	\$ 1,500,000
Sub-total	\$ 3,307,952	\$ 1,500,000
Total	\$ 55,635,193	\$ 149,811,339

Federal and State Grants

Through the local Metropolitan Planning Organization – the Mid-America Regional Council – the City of Kansas City, Missouri receives federal funds from TEA-21 (the Transportation and Enhancement Act) and state funds (STP-Surface Transportation Program) for a variety of transportation improvements in Kansas City. The planning and programming of these funds occurs in five year increments and is performed by the engineering and professional staff of the city. Funds are received in the form of reimbursements for previously expended city dollars and the maximum reimbursement received is 80% for construction.

The adjacent table lists the federal and state grants by project, with the City's five-year commitment and the amount of the planned reimbursement for the same time period. All of the city dollars reflect the expenditure of proceeds from the city authorized sales taxes for capital improvements.

Tax-Increment Financing (TIFs)

The City of Kansas City, Missouri utilizes tax-increment financing (TIFs) to assist development within various locations throughout the city. A fund is established for the receipt of economic activity taxes that result from tax increment financing of a specific project. All revenues produced by this project are recorded in the fund and then reimbursed to the developer through the TIF Commission to pay for qualified redevelopment project costs. On the next page you will find a list of currently active TIF and STIF projects and the estimated revenues associated with each project for the next five years. It was assumed that no new TIF projects will be approved and that the percent of the overall taxes generated by each TIF project as a percent of the total generated for all projects that year is constant from year to year. The chart on the next page reflects projected revenues which all sales taxes for the City of Kansas City, Missouri.

IMPACT OF THE CAPITAL IMPROVEMENTS PROGRAM ON OPERATING BUDGET

There are two ways a project can impact the operating budget of the city. First, a capital project can be a new asset that would increase the need for additional administrative and maintenance staff, commodities and utilities. An example would be a new facility, such as a community center or fire station. Another way for a capital improvement to impact the operating budget is if it is an expansion to a current system. For example, the purchase and development of additional park lands and widening roads from two lanes to four would cause an increased need for maintenance, traditionally an operating function. Kansas City's Capital Improvement Program reflects a combination of both of these.

Kansas City has taken several steps to control and identify the impact of capital improvements on the operating budget. There are three practices KCMO uses to address projects that will impact the operating budget. The first is to educate the decision makers about the impact a project will have on the operating budget so they know before they recommend what the impact will be. The second is to use project rating criteria in which one of the criteria is the amount of negative impact it will have on the operating budget. The third and final method is to fund capital maintenance through the Capital Budget, keeping the operating budget free from additional burdens. That way the only impact on the operating budget will be from projects that create additional staff needs, and those types of projects will be pre-screened by the decision makers and not recommended for funding. The three methods are discussed in detail on the following page.

Educate the Decision Makers

In 1997 the city of Kansas City, Missouri adopted the recommendations of the Community Infrastructure Committee (CIC), a citizen committee that was asked to review the city's Capital Improvements Program (CIP) and make recommendations for improvements for the City Council to consider. As part of their recommendation, the CIC suggested ways to reduce the impact of major capital improvements on the operating

TAX INCREMENT FINANCING PROJECT REVENUES
Estimate of Sales Tax for Fiscal 2010 through Fiscal 2014

	2010 Estimate	2011	Estimate 2012	Estimate 2013	Estimate	2014 Estimate
TIF Plans						
11th Street	31,190		32,126	33,090	34,083	34,774
1200 Main/South Loop	1,392,978		1,420,496	1,448,568	1,477,205	1,506,596
12th and Wyandotte	45,486		46,850	48,256	49,703	50,648
13th and Washington	1,133		1,145	1,156	1,168	1,174
19th Terrace and Central	9,780		9,975	10,175	10,378	10,574
22nd and Main	82,504		84,154	85,837	87,554	89,274
43rd and Main	32,981		33,640	34,313	34,999	35,674
811 Main	1,103		1,125	1,147	1,170	1,174
87th and Hillcrest Road	216,547		225,209	229,713	234,307	238,974
Americana	23,870		24,586	25,324	26,084	26,574
Barrytowne	396,921		400,890	404,899	408,948	417,074
Blue Ridge Mall	1,258,383		1,296,134	1,296,134	1,296,134	1,322,074
Briarcliff West	92,924		93,155	93,390	93,631	95,422
Brush Creek	80,600		80,600	80,600	80,600	82,148
Chouteau/I-35	222,021		226,462	230,991	235,611	240,274
Civic Mall	4,474		4,563	4,654	4,748	4,774
Country Club Plaza	153,563		156,634	159,767	162,962	166,174
Downtown Library District	5,410		5,518	5,629	5,741	5,874
East Village	0		110,774	110,774	110,774	112,974
Gateway 2000	1,323		1,389	1,459	1,532	1,574
Grand Boulevard	13,733		14,008	14,288	14,574	14,874
Hickman Mills	13,733		14,008	14,288	14,574	14,874
Hotel Phillips	13,049		13,441	13,844	14,259	14,474
Jazz District	10,400		10,400	10,400	10,400	10,574
Judicial Square	936		955	974	994	974
KCI Corridor	1,421,898		1,450,336	1,479,342	1,508,929	1,539,048
Midtown	701,646		715,679	729,992	744,592	759,474
New York Life	17,800		17,800	17,800	17,800	18,174
North Oak	488,080		497,132	506,366	515,784	526,048
Parvin Road	225,455		229,964	234,563	239,254	243,974
Pershing Road	13,567		13,703	13,840	13,978	14,274
Santa Fe	32,565		33,216	33,880	34,558	35,174
Shoal Creek	2,249,124		2,474,036	2,721,440	2,993,584	3,053,474
Southtown	46,298		47,224	48,168	49,132	50,074
Summit	36,934		37,673	38,426	39,195	39,974
Three Trails	0		634,200	1,057,000	1,057,000	1,078,074
Tower Properties	832		849	866	883	848
Union Hill	15,502		15,812	16,128	16,451	16,748
Universal Floodwater	79,799		81,395	83,023	84,683	86,374
Uptown Theater	61,696		62,930	64,188	65,472	66,774
West Edge	1,395		1,468	1,498	1,528	1,574
Winchester	11,548		11,779	12,015	12,255	12,474
Special Allocation TIF Total	9,509,181		10,633,433	11,418,205	11,807,211	12,042,122
STIF Plans						
Americana	82,400		84,300	86,300	88,200	90,000
12th and Wyandotte	311,300		319,000	325,400	332,000	338,247
Midtown	701,600		715,700	730,000	744,600	759,500
Uptown Theater	302,400		306,400	312,600	316,700	323,000
Valentine	500		500	500	500	500
1200 Main/South Loop	1,447,000		1,475,800	1,505,200	1,535,000	1,565,700
Hotel Phillips	68,400		69,900	71,500	73,000	74,500
Savoy	2,700		2,800	2,800	2,900	3,000
Union Hill	26,400		26,900	27,400	28,000	28,600
Brush Creek	43,300		43,300	43,300	43,300	44,200
Tower Properties	600		600	600	700	700
Parvin Road	13,600		13,700	13,800	14,000	14,300

budget. One way is for the participants in the capital process to concentrate on getting back to basics by fixing the assets we have, rather than concentrating on new development projects. Furthermore, KCMO created an extensive pre-screening process aimed at identifying projects which were too big and cumbersome for the program, which would adversely affect the operating budget, or that would require additional staff. These are projects like Parking Garages, Arenas and Convention Center expansions, all of which typically have a large impact on the operating budget. These projects are considered Strategic Initiatives, and are considered for alternative funding methods.

Specific Funded Programs

A brief review of the Adopted Capital Budget will show that most of KCMO's capital improvements do not adversely affect the Operating Budget. Nevertheless, there will always be some impact on the operating budget because nearly seventy percent of our projects fall within one of three types: roadways, bridges or buildings. To account for this the city has developed and funded programs through the CIP which pay for the maintenance of these assets. As the need to maintain assets increases, the funding of these programs will increase. The Street Preservation program serves as the maintenance money for our roads and boulevards. The Bridge Rehabilitation program funds the maintenance and rehabilitation of our bridges and the Municipal Building Rehabilitation program funds the maintenance of our public buildings.

Link to Operating Budget

In addition to the capital maintenance programs funded in the Capital Improvements Budget funds and staff to provide routine maintenance for streets, buildings, equipment and public property are funded in the operating budget. Specifically there are monies in the operating budget to pay for maintenance crews and the oversight of maintenance contracts at all city facilities. The city uses a combination of contract and city forces to perform basic routine maintenance such as street sweeping, mowing and weed control. The majority of these services are coordinated through either the Public Works or Parks departments. Through the operating budget the Parks and Recreation department provides the following maintenance programs: Boulevard and Parkways, Community Centers, Golf Courses and the Tennis Center, Park Areas, Property, Equipment and the Zoo. The Public Works department provides similar maintenance services under the following programs: Motor Equipment, Public Buildings, and Street and Traffic which includes, street cut inspections, street maintenance and cleaning, signs and markings, signals and street lights.

These programs are funded through the operating budget and usually complement a capital maintenance program funded through the CIP. Both of the enterprise departments, which include Water Services and Aviation, have similar arrangements where they fund both capital maintenance and routine maintenance for various assets.

The continual purchase and replacement of the city's rolling stock is not funded through the capital improvements program. Rather, it is funded in the operating budget and administered by the Motor Equipment divisions of Public Works and Parks.

Summary

In sum, Kansas City has a variety of mechanisms for addressing the impact capital projects have on the operating budget. First and most importantly is to get the decision makers to understand the issue, and try to avoid creating these situations. There are several practices which supplement this effort. For instance, a pre-screening process and the rating committee help to deter such projects from being funded.

Secondly, we pay for most of the maintenance from the capital budget, so any new roads, bridges or buildings that are constructed are maintained with funds from the capital budget, not the operating budget.

Finally, for those projects which are recommended that could have a negative impact on the operating budget, staff and the elected officials have identified other sources of funds for maintenance, either from other agencies, private contributions or maintenance endowments.