



# City of Olathe

## COUNCIL AGENDA ITEM

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**MEETING DATE:** 4/6/2021

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**FOCUS AREA:** Economy

**STAFF CONTACT:** Dianna Wright/Ron Shaver

**SUBJECT:** Consideration of Resolution No 21-1022 creating a benefit district for the improvement of Hedge Lane from 175<sup>th</sup> Street north approximately 2,615 feet and approving an Improvement District Development Agreement with Hedge 175 Associates, LLC.

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**ITEM DESCRIPTION:**

Acceptance of a petition and consideration of Resolution 21-1022 authorizing the creation of a street improvement benefit district on behalf of Hedge 175 Associates, LLC in the area of 175<sup>th</sup> Street and Hedge Lane and approving an Improvement District Development Agreement with Hedge 175 Associates, LLC.

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**SUMMARY:**

Olathe city staff have been working with the applicant to provide for construction of a roadway, known as Hedge Lane, and related benefit district to serve the 175<sup>th</sup> Commerce Center.

The project includes the construction of a 40 feet wide roadway (Hedge Lane) from 175<sup>th</sup> Street to the north approximately 2,615 lineal feet, plus 400' taper. On March 10, 2021, a sufficiently signed petition was received by the City of Olathe requesting the formation of a benefit district.

The total cost of the improvements is estimated at \$5,105,685.68. Properties within the Improvement District will be assessed 100% of the cost of the improvements on a per square foot basis. The assessments levied against the property will pay debt service on the City's general obligation bonds issued to finance the project. The term of the assessments will be 10 years, which is in compliance with the City's Benefit District Policy.

Three parcels are included within the Improvement District and an additional parcel is subject to a Benefit Fee. The additional property benefits from the improvements; but is not included within the Improvement District because the property is currently outside the City limits and will not be immediately served by the improvements. The properties in the Improvement District will pay all assessments, subject to reduction when the benefit fee is paid.

The benefit fee will be assessed against the property in the Benefit Area requesting service by the improvements. The benefit fee will be in the amount of the assessment, including principal and interest, which would have been levied against the property had it been included in the original Improvement District. The benefit fee will be due and payable at the time the property begins being served by the improvements, in a single lump sum. The lump sum benefit fee received by the City will be first applied to reduce the remaining balance of future special assessments to be paid by properties in the Improvement District, in reserve chronological order. If all special assessments have been paid by properties in the Improvement District, then the Benefit Fee revenues received by the City will be repaid to the current property owners of the property liable for special assessments for the improvements. The properties in the Improvement District will pay assessments, subject to reduction when the benefit fee is paid.

The Development Agreement between Hedge 175 Associates, LLC (Developer) and the City,

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provides that the Developer will construct the road and provide construction financing costs. Once the project is complete, the City will issue general obligation bonds to permanently finance the project.

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**FINANCIAL IMPACT:**

Properties within the district will pay 100% of the project costs, which are estimated at \$5,105,685.68. The cost will be apportioned on a per square foot basis to the property owner(s).

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**ACTION NEEDED:**

Accept the petition and approve Resolution No. 21-1022 authorizing the creation of a benefit district in the area of 175<sup>th</sup> and Hedge Lane and approve the Improvement District Development Agreement.

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**ATTACHMENT(S):**

- A. Benefit District Petition
- B. Improvement District Development Agreement
- C. Resolution No. 21-1022