
THE HARRISONVILLE HIGHWAYS 71/291 TRANSPORTATION DEVELOPMENT DISTRICT: COOPERATING TO FUND TRANSPORTATION IMPROVEMENTS

by David Bushek

The Harrisonville Highways 71/291 Partners In Progress Transportation Development District (TDD) serves as a model of cooperation among municipal officials, property owners, business owners and state transportation officials to plan, design, fund and construct major improvements to federal interstate, state highway and local arterial roads. The TDD in Harrisonville, Missouri, is unique because it involves a large area, many property owners, many existing retail businesses, and the imposition of a sales tax to address traffic deficiencies and capacity issues for a transportation network that serves as the backbone of a city and a region. Other Missouri municipalities that seek to fund transportation improvements could benefit from duplicating the success Harrisonville realized through the use of transportation development districting.

The city of Harrisonville has a population of around 10,000 that occupies approximately 10 square miles located 37 miles south of the Kansas City metropolitan area. Interstate 49 (State Route 71) and State Routes 7 and 291 intersect in Harrisonville, and the I-49/Route 291 interchange serves as a primary point of access to Harrisonville and southern Cass County from Kansas City. This interchange is also a primary route for weekend and vacation traffic between the Kansas City area and the Lake of the Ozarks.

Traffic is particularly heavy at peak-travel times on summer weekends, and Lake-bound traffic can inundate Harrisonville on Friday evenings. Traffic turning south toward the Lake area typically backs up along Route 291 in front of many of the primary commercial properties in town. Traffic studies document that the interchange

and surrounding commercial roads experience significant congestion, backups and a high-accident rate as a result of high-traffic volumes. The current accident rate in this area is three times higher than the state average for similar areas.

To address this problem, Harrisonville officials took steps to form a special district that would serve as a source of funding for transportation improvements. The district would also serve as a mechanism for property and business owners in the City to have significant input regarding the design and scope of the improvements. However, the decision to form the district was not without some risk to the City, as the district would become an independent political subdivision of the state, controlling its own revenues and making its own decisions regarding how the funds would be spent. Cooperation between the City and the TDD would be the key to making this effort succeed.

TDD FORMATION AND THE SALES TAX ELECTION

Harrisonville took the initiative to form the TDD in 2008. The City filed a petition in Cass County Circuit Court requesting that a district encompassing approximately

182 acres be formed for the purpose of imposing an extra sales tax on retail businesses along Route 291 and along the primary east-west arterial road that leads to the interchange. After addressing minor opposition to formation in court, an election was conducted among the property owners within the district in November 2008 on the question of whether the district should be formed. The property owners were the qualified voters in the election because there were no registered voters who resided within the district boundaries. The ballot question passed and the district was formed.

After formation, the property owners within the TDD area held a court-directed meeting to elect the initial board of directors. In accordance with the TDD act, each property owner within the district that cast a vote for director positions was allowed one vote per acre of property owned within the district. Seven directors were elected, and the TDD commenced operations.

The purpose of the TDD is to impose a sales tax and expend the revenues on the road improvements. The board of directors held discussions with City staff regarding the most appropriate sales tax rate. According to the petition and court order, the





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sales tax would initially be limited to 20 years. The board adopted a resolution calling for an election to impose a one-cent sales tax within the district area that is the maximum rate allowed by the TDD Act. The qualified voters in this election were again all property owners in the TDD area. The ballot measure passed, and the TDD sales tax became effective on retail sales in the TDD area on Aug. 1, 2009.

The TDD's sales tax generated approximately \$1 million during the first 12-month period after the tax went into effect. The initial few years of the district sales tax occurred during the primary years of the great recession that began around 2008; as a result, sales growth was relatively flat during the first few years of the sales tax. There has been a gradual but slight increase in sales in the district since 2012.

DISTRICT MANAGEMENT AND OPERATIONS

Each of the seven TDD directors is a representative of an entity that owns property or a business within the TDD area. There are around 50 property owners in the TDD area among approximately 60 land parcels, and there are approximately 70 retail businesses in operation in the TDD area. The directors represent the divergent interests of the community, but have maintained a common goal of making fair and cost-conscious decisions regarding the road improvements funded by the TDD. The TDD has benefitted from board member continuity, and

the majority of the directors who are still on the board today were original directors elected in 2009.

The TDD has no employees. The principal place of business for the TDD is designated as City Hall, because the only property owned by the district is related to road rights of way. The directors also serve as the officers of the district - executive director, secretary, treasurer, and chair and vice chair. The TDD has engaged general legal counsel, who work closely with the directors and city staff to set TDD meetings, prepare district documents, negotiate contracts, prepare annual reports, coordinate with city and Missouri Department of Transportation (MoDOT) staff, coordinate for expenditure of the district's revenues, and carry out district contracts regarding district operations, road design, land acquisition, demolition, environmental studies, and road construction.

COORDINATION AND COOPERATION

The City and the TDD have entered into a cooperative agreement that establishes the primary relationship between the entities. The agreement provides that the City's finance department receives and manages district sales tax revenues that are remitted from the department of revenue as a result of the TDD sales tax. As the TDD board of directors approves the payment of bills, the City's finance department staff makes the appropriate payments from TDD revenues. This ensures safe fund management and accounting,

and takes advantage of city staff's expertise. Financial records of the district are maintained by city staff, and the TDD's legal counsel maintains all other records of the district.

Coordination with city staff has allowed the TDD to keep its operational expenses down, and in many ways city staff has functioned as the de facto staff for the TDD through this cooperative arrangement. The city manager, the city public works director and assistant public works director, the city engineer, the mayor and other city officials have attended TDD board meetings to assist with the selection of engineering consultants; evaluation of planning and road design issues; the negotiation of contracts with the state; and making decisions regarding use of the TDD's revenues. City staff has issued requests for proposals on behalf of the TDD after board of director approval, using the City's form of documents with TDD input, for such items as the demolition of a building to allow for road construction and the selection of a company to perform electric utility relocation work.

ROAD PROJECTS

Phase 1 of the TDD's road projects consists of major improvements to the I-49/Route 291 interchange, and improvements to primary arterial roads and selected secondary connector roads that feed into the interchange. The TDD selected and directly contracted with the engineering firm that has prepared the plans for the Phase 1 road improvements. The total cost of the planning study and engineering design work for Phase 1 was approximately \$1.5 million that was funded exclusively from TDD sales tax revenues and without the need to issue debt. City staff and the TDD board worked closely throughout the design process to make decisions regarding major and minor design issues. The city engineer and city public works director were instrumental in working through particular drainage and access issues with the engineering consultant and MoDOT staff as they arose during the design period.

The total amount of the Phase 1 construction contract was about \$13.7 million. Funding for the Phase

1 improvements was a combination of \$5 million from MoDOT funds (\$3.7 million state cost share funds and \$1.3 million MoDOT local district funds), \$2 million from federal Surface Transportation Planning funds awarded by the Mid-America Regional Council, and the remainder funded by the TDD. This state and local funding mix for the Phase 1 improvements has allowed the TDD and the City to successfully leverage significant state funding as the result of the sales tax revenues generated by the TDD. The TDD issued its first series of bonds in March 2014 in the principal amount of about \$6.9 million to cover the local portion of the construction contract and related costs. Phase 1 construction has commenced, and is expected to be completed by late fall 2015.

One unique aspect of the new I-49/Route 291 interchange is a “diverging diamond” design using a dual-bridge system. This configuration moves traffic to what American drivers would consider “the other side of the road” as traffic crosses the bridge that facilitates smooth and continuous left-turn movements from the highway onto the interstate. The TDD board and city staff considered many design options and engaged in significant deliberation before finally selecting the diverging-diamond design. This design has been used successfully in other locations in the state, most notably at the Highway 13/Interstate 44 interchange in northern Springfield, Missouri. This design will be particularly helpful in easing congestion resulting from Lake-bound traffic during peak travel times in the summer.

Recent discussions at TDD meetings have focused on Phase 2 of the road improvements that would expand and improve Highway 291 from the end-point of the Phase 1 improvements to the northern city limits. The TDD has already expended funds for the initial design of the Phase 2 improvements, and the remaining design through final plans needs to be completed. The projected construction costs are planned to be funded by \$2.3 million in state cost share funds, \$1.1 million in STP funding, \$500,000 from MoDOT funds, and the remainder funded by the TDD revenues. This funding mix will again allow the City and TDD to leverage significant state and



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federal dollars as the result of the TDD sales tax.

CONCLUSION

The Harrisonville Highways 71/291 Partners In Progress TDD has served as a successful method of coordinating the interests of the City and local businesses to generate funds for the construction of significant arterial traffic improvements that will have long-lasting benefits for the community and the region. Cooperation between the City and the TDD has allowed the community to leverage significant state funding

from new local sales tax revenues. The use of a transportation development district covering a large area and many pre-existing businesses is not common in Missouri. This district serves as a model that other communities could replicate to fund improvements that address existing transportation deficiencies for the benefit of an entire community. □

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