

City of Overland Park, KS

Popular Financial Report

2015

This report is a summary of the financial activities of Overland Park, KS as reported in the Comprehensive Annual Financial Report (CAFR). The CAFR is prepared in accordance with the generally accepted accounting principles and is available for viewing on our



OVERLAND PARK
K A N S A S

ABOVE AND BEYOND. BY DESIGN.

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CITY GOVERNMENT

Overland Park was incorporated as a city on May 20, 1960. In November of 1962, the City adopted the Mayor -Council-City Manager form of government.

The Mayor is elected by the city-at-large and two council members are elected from each of the six wards. All elected officials serve terms of four years, with biennial non-partisan elections to allow for council members to serve staggered terms.

The City Manager is responsible for the implementation of Governing Body policy and the day-to-day operation of the City.

OVERLAND PARK PROFILE

Overland Park is a growing, affluent community within the Kansas City metropolitan area. Recognized for its high quality of life, Overland Park offers exceptional schools, outstanding housing and a dynamic business climate, all of which are driving factors in the continued long-term success of the City's economy.

Overland Park's durable economy and high quality of life continues to earn it national distinction as one of the best places to live; in 2015 it was ranked No. 1 nationwide by Livability.com as the Best Cities for Families, citing community attributes including highly rated schools, pristine parks, affordable neighborhoods and a great support network. In addition, Forbes ranked Overland Park in the Top 25 Best Suburbs for Retirement.

The population of the City continues to experience moderate growth. At more than 187,000 residents, Overland Park is the second largest city in the State of Kansas and the largest suburb in the Kansas City area. A commercial hub of the Kansas City metropolitan region, the City's daytime population is estimated at close to 235,000. With a diverse business community, Overland Park remains resilient to economic fluctuations, as evidenced by a lower than average unemployment rate of 3.5%, which was less than the state of Kansas rate of 4.2% and significantly less than the national rate of 5.3%.

As the current economy continues to expand, the City is also experiencing considerable economic development and strong gains in residential building permits. The City's assessed valuation of \$2.86 billion increased by 6.9% for 2015. Retail sales increased 1.8% over 2014 providing the City with an improving economic foundation. Overland Park continues to receive a triple A bond-rating status from the nation's top three bond rating agencies, a distinction shared with only a handful of communities in the United States.

DEMOGRAPHIC INFO	2014	2015
Population	184,706	187,730
Square Miles	75.6	75.6
Per Capita Income	\$61,123	\$64,542
Unemployment Rate	3.9%	3.5%
Budgeted FT Employees	833	855
General Fund Operating Expenditures	\$97,369,181	\$101,752,631

Major Initiative and Highlights: 2015

Operational and Fiscal Responsiveness and Sustainability. During 2015 local economic development and property value indicators made significant gains year-over-year, while regional and national indicators showed moderate growth. However, ongoing instability at the state level created uncertainty regarding the City's long-term ability to adequately fund ongoing service needs. Considering both the positive economic data, and the uncertain political climate, 2015 expenditure patterns remained conservative but allowed for moderate increases in funding, geared toward preserving existing programs and services, investment in infrastructure maintenance and meeting growing demands related to public safety and neighborhood conservation, all within the long-term financial constraints of the existing revenue structure.

The 2015 tax rate remains stable at 12.387 mills. Overland Park's property tax rate is low compared to the tax rate of neighboring jurisdictions, and the lowest of any first class city in Kansas.

Financial Highlights for 2015 include:

- The City's net position for governmental activities increased by 1.5%.
- The City's major funds experienced a 36% increase in fund balance as a result of 2015 operations.
- City revenues exceeded expenses by \$14.6M.
- Sales tax revenues grew by 1.3%.
- Convention center operations experienced a net profit for the 12th consecutive year.

Providing Capital and Maintenance Investments in Transportation Infrastructure, Public Facilities and Technology. As a vital and growing city, Overland Park considers it a priority to maintain and improve existing infrastructure. The City's capital improvements and maintenance needs for a five-year period are reviewed and updated annually. The maintenance program included in the City's five-year plan addresses significant repairs to,

renovation or rehabilitation of, or replacement of city infrastructure and facilities. The City's maintenance program includes both major and preventive maintenance projects. The management and accounting of these programs is controlled through the use of capital projects funds, with the primary sources of financing these improvements from general obligation bonds, City budgeted funds, county funds and revenue from Federal and State Grants. A combined total of \$63.8M was invested in capital and maintenance, in 2015 compared to \$49M in 2014.

Encouraging Economic Development, Community Investment and Job Growth. The City continues to work with private entities to promote urban renewal, community investment and job growth in 2015. During 2015, over 1,000 additional jobs were created and 3.8 million square feet of new construction was built, at an estimated construction value of \$337.7 M. Unemployment dropped from 3.9% in 2014 to 3.5% in 2015. Several large redevelopment projects were approved and began construction, especially along the Metcalf Corridor and in downtown Overland Park.

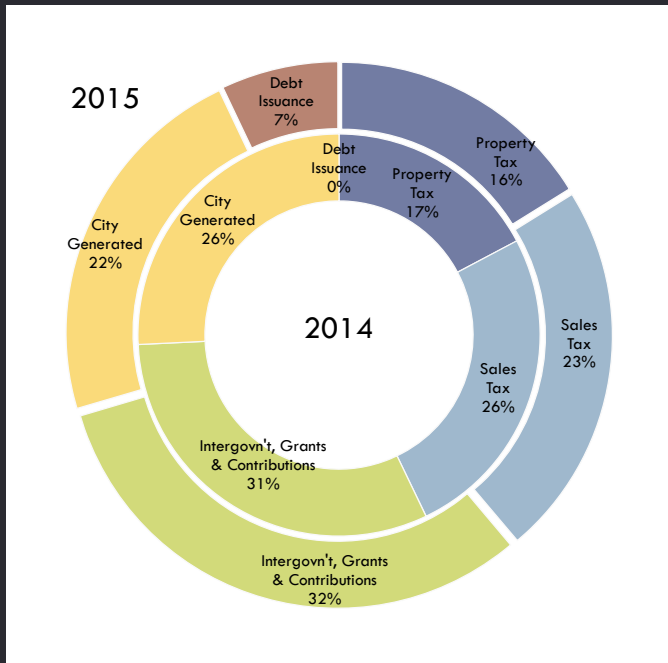


Avenue 80 is a \$48 million redevelopment project at Metcalf Avenue and 80th Street. Adjacent to downtown Overland Park retail and restaurants, the mixed-use development is inline with the downtown form based code which focuses on the physical form of buildings and their relationship to the city street in order to create a mix of uses in a walkable environment. This project is one of four large mixed-use projects being constructed in downtown Overland Park beginning in 2015.

Performance and Workload Measures

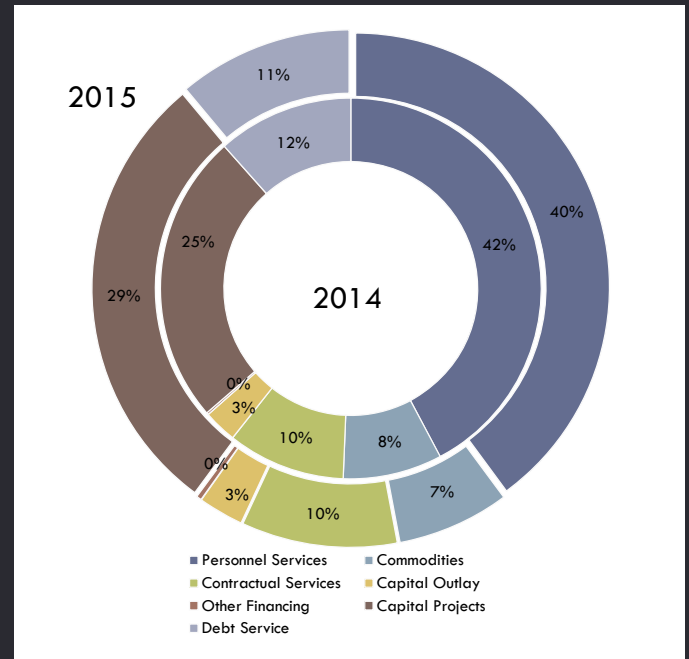
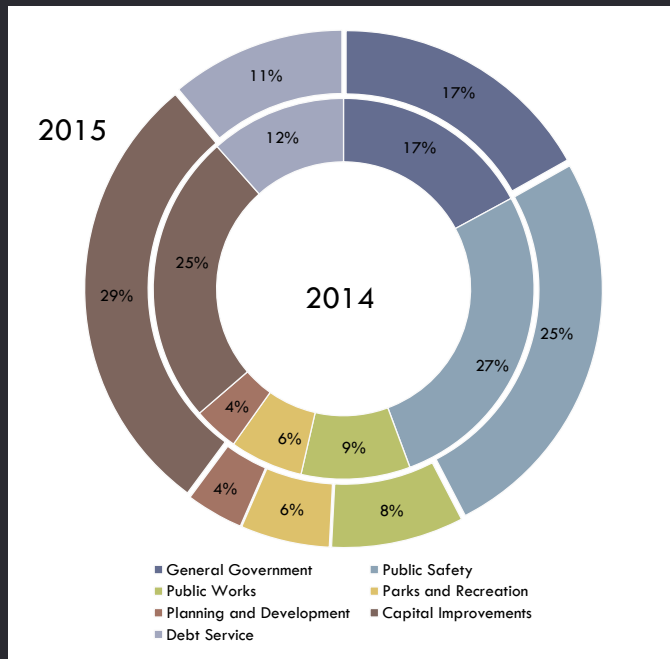
Indicator	2014	2015	Target
General Fund Debt Service as a % of Operating Expenditures	15.0%	12.9%	<25%
Debt as a % of Assessed Valuation	4.6%	4.7%	<30%
Police Department Priority 1 response time in minutes	6:07	6:10	6:25
Fire Department Code 1 response time in minutes	3:44	3:38	<4:00
% of residents rating City parks' quality as good or very good	88%	92%	90%
Police calls for service	60,364	63,303	62,500
Fire & Emergency medical calls	21,310	22,934	23,200
Community Center visitations	477,504	421,721	485,000
Construction permits issued	4,466	5,057	5,000
Street lane miles	1,986	1,970	N/A

Revenues: Where the money come from



REVENUES BY SOURCE	FY2014	FY2015
Tax	\$ 34,479,648	\$ 36,981,306
Sales Tax	51,222,740	51,903,813
Intergov'n't, Grants & Contributions	62,720,369	72,370,242
City Generated	51,477,605	51,531,187
Debt Issuance	-	16,125,000
TOTAL REVENUE	\$ 199,900,362	\$ 228,911,548

Expenditures: Where the money goes



EXPENDITURES BY GOAL AREA	FY2014	FY2015
General Government	\$ 31,925,566	\$ 35,018,955
Public Safety	50,726,779	53,105,346
Public Works	17,262,338	17,546,537
Parks and Recreation	11,590,611	11,780,743
Planning and Development	7,177,506	7,584,841
Capital Improvements	46,168,458	59,769,837
Debt Service	21,563,986	23,092,194
TOTAL EXPENDITURES	\$ 186,415,244	\$ 207,898,453

EXPENDITURES BY CATEGORY	FY2014	FY2015
Personnel Services	\$ 78,712,429	\$ 82,881,711
Commodities	15,685,566	14,878,160
Contractual Services	18,666,977	20,621,384
Capital Outlay	5,281,576	5,976,090
Other Financing	336,252	679,077
Capital Projects	46,168,458	59,769,837
Debt Service	21,563,986	23,092,194
TOTAL EXPENDITURES	\$ 186,415,244	\$ 207,898,453

Economic Outlook: 2016 and Beyond

Overland Park's financial outlook for 2016 projects modest growth, with continued revenue expansion throughout 2017-2021 able to support future ongoing operational, capital and maintenance needs. Both sales activity and property values continue to increase year-over-year. In addition, local development activity continues to expand. As sales tax, property tax and development fees account for over two-thirds of the City's annual General Fund revenue, these factors point to modest sustained growth within the existing revenue structure.

In 2016, increased annual revenues are accommodating enhanced resources dedicated towards the City's maintenance and capital infrastructure programs. In addition, resources have been dedicated to address increased service needs relating to public safety and community development.

Development of the 2017 Budget began in the spring of 2016. Projections include continued growth in assessed valuation, sales tax collections and development activity. However, recent actions by the state legislature impact the City's ability to adequately raise revenues to address ongoing service needs. As a result, the City continues to take a conservative approach in expenditure planning, while still making progress toward the City's long-term operational, capital, maintenance and financial goals.

The City's financial position is expected to remain strong and stable. The City's General Fund reserves are projected to remain approximately above 30% annually through 2021, a level consistent with triple A rated cities benchmarks.

The City's five-year capital improvements plan (CIP) was developed to prioritize capital improvement needs. During 2015, approximately \$43 million was spent on strategic investments in technology, facilities and infrastructure. These projects included:

- Storm Drainage Improvements
- Thoroughfare Improvements-Switzer: College to Indian Creek
 - Public Safety Facility-159th Street and U.S. 69
 - Neighborhood Street Reconstruction Improvements

Infrastructure maintenance expenditures during 2015 were approximately \$20.8 million, dedicated to repair, renovation, rehabilitation, or replacement of city infrastructure including streets, traffic management, storm water, facilities and public parks.

Community Investment

During 2016 the City continues to employ various economic development incentive tools to encourage community investment and redevelopment, promoting the long-term vibrancy of the community.

Over \$100 million dollars of new investment has been approved in Downtown Overland Park in the past two years. This investment is contained within four separate and distinct mixed-use projects that will contribute 511 new living units, 37,600 square feet of office and retail space, and over 900 new parking spaces in the area. Project include:

- Avenue 80, a mixed-used redevelopment project, includes 218 residential units, along with approximately 14,000 square feet of first-floor retail and/or office space with frontage onto Metcalf Ave. This \$48 million project will be financed in part with tax increment financing, not to exceed \$7.6 million.
- The Vue, a mixed-used redevelopment project, includes 217 residential units, along with 7,800 square feet of first-floor retail office space. This \$41 million project will be financed in part with tax increment financing, not to exceed \$6.7 million, and Community Improvement District sales tax reimbursement of \$460,000.
- InterUrban Loft, a mixed-used redevelopment project, includes 41 residential units, along with 8,500 square feet of first-floor office space. This \$9.3 million project will be financed in part with tax increment financing, not to exceed \$1.8 million.
- Market Lofts, a mixed-used redevelopment project, includes 36 residential units, along with 7,300 square feet of first-floor retail and/or office space. This \$9 million project will be financed in part with tax increment financing, not to exceed \$1.1 million.

Other redevelopment is also occurring north of I-435, includes Promontory (91st and Metcalf), Brookridge (103rd and Antioch) and Metcalf South (95th and Metcalf). New large scale mixed use development occurring in southern Overland Park includes City Place (College and US 69 Highway) and BluHawk (159th and US 69 Highway).