

**FISCAL
YEAR
2011:
summary
report**

OVERLAND PARK
K A N S A S

ABOVE AND BEYOND. BY DESIGN.

FISCAL YEAR 2011

City Government

Overland Park was incorporated as a city on May 10, 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 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 stable and 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 has continued to earn it national distinction as one of the best places to live; in 2011 it was named among the "Top 25 Suburbs for Retirement" by Forbes Magazine.

The population of the City continues to experience moderate growth even in the midst of the prolonged recession. At over 175,000 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 over 200,000.

With a diverse business community, Overland Park remains resilient to economic fluctuations, as evidenced by a lower than average unemployment rate. Overland Park's unemployment in 2011 was 6.1%, less than the State of Kansas rate of 6.7%, and significantly less than the national rate of 8.9%.

The City maintains a "AAA" bond rating from each of the nation's top three rating agencies.



Jazz in the Woods

Demographic Information

| | 2010 | 2011 |
|-------------------------------------|--------------|--------------|
| Population | 173,372 | 175,018 |
| Square Miles | 75.3 | 75.3 |
| Per Capita Income | \$58,414 | \$57,043 |
| Unemployment Rate | 6.6% | 6.1% |
| Budgeted Full-Time Employees | 901 | 844 |
| General Fund Operating Expenditures | \$75,780,541 | \$74,673,275 |

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Major Initiatives: 2011

ENSURING SUSTAINABLE LONG-TERM FINANCIAL, OPERATIONAL AND CAPITAL IMPROVEMENT PLANS. Emphasis remained on financial issues in 2011 as the City's long-term financial forecast indicated an extended timeframe for economic recovery and corresponding improvement in city revenues. The 2011 operating budget decreased by 3.6% (\$3.8M), while the total budget decreased 7.4% (\$17.6M).

Expenditures were prioritized and reorganization plans implemented, resulting in the elimination of 57 full-time positions between the 2010 and 2011 budgets.

The City's Capital Improvement Program (CIP) was also reviewed and several projects were delayed or removed from the program. As a result the 2012-2016 CIP is \$22.6 million less than the adopted 2011-2015 CIP.

Stabilization of the City's financial position and reserves was ensured through the passage of a property tax rate increase in 2011, effective for the 2012 budget. This increase enhances property tax revenues by about \$10 million per year, roughly equivalent to the reserve amount spent annually between 2008 and 2011. With this revenue enhancement, it is anticipated revenues and expenditures should be in balance beginning in 2012.

PROVIDING QUALITY INFRASTRUCTURE. During 2011, approximately \$32.0 million was spent on Overland Park infrastructure improvement and public facility projects, including:

- 2011 Residential Street Program
- Widening of 127th Street, from Metcalf to Nall
- Widening of 159th Street, from Quivira to Metcalf
- Widening of U.S. 69 Highway, from 75th Street to 95th Street.
- U.S. 69 Highway Widening Design, 95th Street to 119th Street.
- Police Radio System Replacement
- Storm Sewer Replacement and Repair
- Energy Efficiency Public Facility Improvements

MAINTAINING QUALITY INFRASTRUCTURE AND PUBLIC FACILITIES. Infrastructure maintenance needs were addressed through a \$10.3 million maintenance program in 2011, \$8.4 million of which was dedicated towards maintenance of the City's traffic systems, street and storm water infrastructure.

ENCOURAGING ECONOMIC DEVELOPMENT AND COMMUNITY INVESTMENT. In 2011, the City adopted a resolution to establish criteria for approving creation of Community Improvement Districts (CID) as economic development tools.

Two such districts were created in 2011; the establishment of a 60-acre, \$588 million mixed-use development named Prairifire, and a 20-acre mixed-use development named Mission Farms West.



Conceptualized Prairifire Streetscape

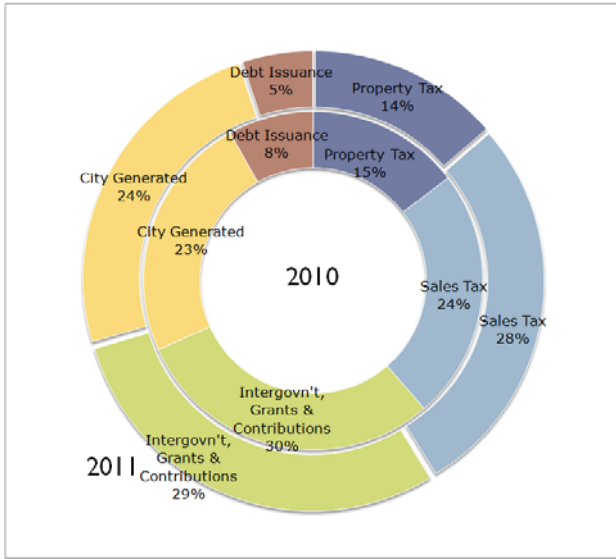
In both of these projects, a portion of future sales tax revenues are pledged to help defray a limited amount of project development costs.

In addition, the Governing Body continued promotion of large-scale urban renewal by capitalizing on opportunities for redevelopment in older areas of the City. The 100,000 square foot redevelopment of the Valley View Shopping Center began, which includes replacement of existing structures with a supermarket, financial institution and other small retail.

Performance and Workload Measures

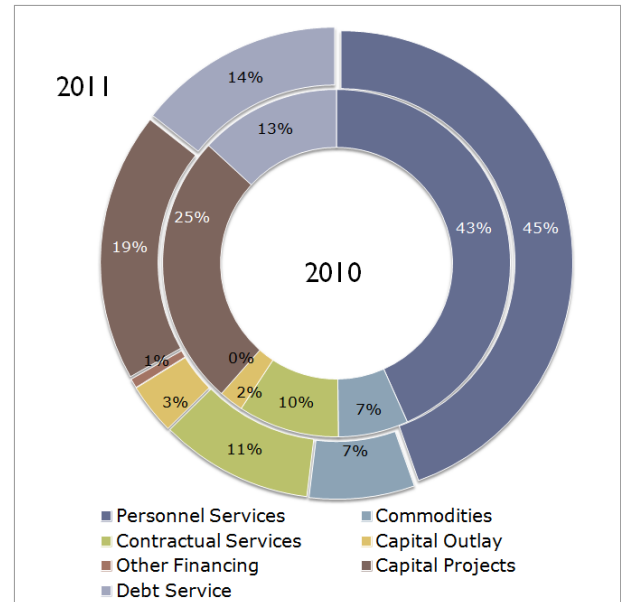
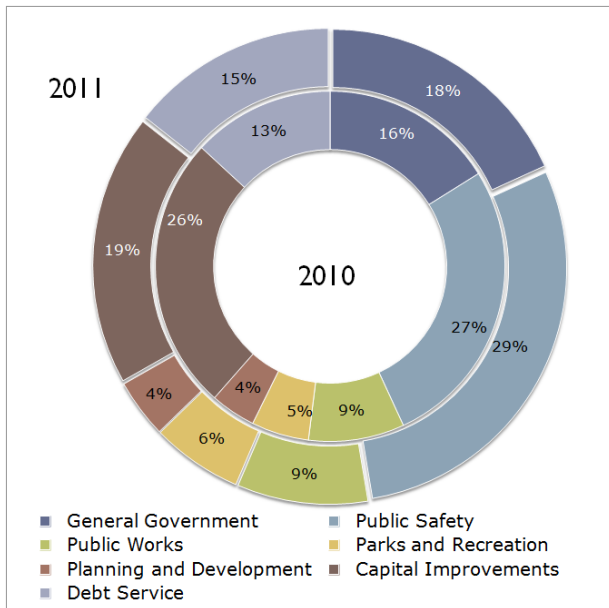
| <u>Indicator</u> | <u>2010</u> | <u>2011</u> | <u>Target</u> |
|--|-------------|-------------|---------------|
| Debt Service as % of General Fund operating expenditures | 21% | 22% | <25% |
| % of Police Department priority 1 calls responded to in less than 5 min. | 36% | 34% | 35% |
| % of Fire Department emergency calls responded to in less than 5 min. | 74% | 75% | 80% |
| % of residents rating City parks' quality as good or very good | 96% | 95% | 90% |
| Dispatched Police patrol calls | 99,938 | 93,304 | 105,000 |
| Fire & Emergency Medical calls | 17,773 | 18,687 | 18,450 |
| Recreation program participants | 91,474 | 86,491 | 89,950 |
| Construction permits issued | 3,279 | 3,508 | 3,500 |
| Street lane miles | 1,867 | 1,878 | NA |

Revenues: Where the Money Comes From



| Revenues by Source | FY2010 | FY2011 |
|--------------------------------------|----------------------|----------------------|
| Property Tax | \$24,200,005 | \$23,010,679 |
| Sales Tax | 39,713,883 | 46,553,901 |
| Intergov'n't, Grants & Contributions | 49,046,985 | 49,240,120 |
| City Generated | 38,965,996 | 41,311,137 |
| Debt Issuance | 13,450,000 | 8,490,000 |
| TOTAL REVENUE: | \$165,376,868 | \$168,605,837 |

Expenditures: Where the Money Goes



| Expenditures by Goal Area | FY2010 | FY2011 |
|----------------------------|----------------------|----------------------|
| General Government | \$29,362,717 | \$30,962,422 |
| Public Safety | 49,144,598 | 49,533,008 |
| Public Works | 16,160,730 | 15,421,911 |
| Parks and Recreation | 9,677,522 | 10,718,555 |
| Planning & Development | 7,643,592 | 6,905,488 |
| Capital Improvements | 46,133,339 | 31,964,182 |
| Debt Service | 23,956,842 | 24,449,245 |
| TOTAL EXPENDITURES: | \$182,079,340 | \$169,954,811 |

| Expenditures by Category | FY2010 | FY2011 |
|----------------------------|----------------------|----------------------|
| Personnel Services | \$78,892,834 | \$75,761,858 |
| Commodities | 11,844,637 | 12,496,476 |
| Contractual Services | 17,128,903 | 18,155,121 |
| Capital Outlay | 4,122,785 | 6,017,253 |
| Other Financing | 0 | 1,110,676 |
| Capital Projects | 46,133,339 | 31,964,182 |
| Debt Service | 23,956,842 | 24,449,245 |
| TOTAL EXPENDITURES: | \$182,079,340 | \$169,954,811 |

COMMUNITY INVESTMENT...

In 2011 and early 2012 several companies announced continued investment in the Overland Park community.

- Teva, a pharmaceutical company, began construction on a 154,000 sq. ft. facility in mid-2012. Teva plans to have 400 employees initially working on this site, with 200 additional jobs planned with future growth.
- MIQ Logistics, a leading provider of global transportation and distribution services, established its world headquarters at the Sprint Campus, employing approximately 200 employees and anticipation of significant expansion in the future.
- Dex One Corporation, a marketing service company, selected a 60,000-square-foot building in Overland Park for its new centralized client contact center, investing \$20 million into the location. The move has brought more than 350 jobs to the city.
- PNC Bank plans to expand its regional headquarters for Midland Loan Services to Overland Park, investing \$8.7 million for the expansion and adding more than 140 jobs during the next five years.
- OptumRx is expanding its customer and mail service facility, creating more than 600 new jobs for Overland Park. OptumRx is currently the 4th largest pharmacy benefits manager in the United States.
- FishNet Security, the nation's largest independently owned information security solutions provider, is relocating its corporate headquarters to Overland Park, bringing 175 technology employees to the city.
- Netsmart Technologies, a health care IT company, is establishing its new headquarters in Overland Park and anticipates bringing 500 employees to the city over the next five years.

Economic Outlook: 2012 and Beyond

As a result of five years of strategic financial management, reallocation of resources, expenditure reductions and revenue enhancements, Overland Park's financial outlook has stabilized in 2012, with expectations for further improvement during the 2013-2017 financial period.

Since 2008, the City has systematically examined operations, focusing on operational restructuring in order to balance revenues and expenditures without requiring a major reduction of services. The City implemented numerous revenue enhancement and expenditure reduction strategies, including implementing and increasing user fees, and reducing the scope of operations, maintenance and capital investment programs.

However, by early 2011 it was evident that the City's ability to reduce annual expenditures enough to balance with the existing revenue structure could not be achieved without severely reducing critical city services.

This level of service reduction, especially in the areas of street maintenance, police services and fire services would detrimentally impact the long-term vitality and quality of life in Overland Park. Therefore, the 2012 budget included a property tax rate increase, resulting in approximately \$10 million of additional property tax revenue annually.

Even with this revenue enhancement, Overland Park continues to emphasize fiscal constraint. The 2012 budget is significantly less than the previous years' budget for the fourth straight year, and prioritization of community needs, reallocation, and restructuring continues.

As a result, in 2012, Overland Park's current revenues are expected to exceed annual expenditures for the first time since 2007.

Beginning in 2013, annual revenues are estimated to accommodate moderate growth in the City's maintenance and capital infrastructure program. In addition, modest growth in the operating budget will offset the rising costs of goods and services without further programmatic reductions.

The City's financial position is expected to improve through the City's five-year financial planning period. The City's General Fund reserves are expected to reach the target level of 30% by the end of 2016, a level consistent with AAA rated cities benchmarks.

Year-End Fund Balances

| | |
|------|-------|
| 2012 | 23.3% |
| 2013 | 27.3% |
| 2014 | 28.7% |
| 2015 | 28.3% |
| 2016 | 30.1% |
| 2017 | 30.9% |

The City's five-year Capital Improvements Program

has been reviewed and revamped several times in recent years. As a result, several projects have been delayed or removed from the plan. However, even with financial constraints, the City continues to make strategic investments in technology, facilities and infrastructure. Capital Improvement Projects scheduled for 2012 include:

- Network, Software & Police Technology
- Residential Street Improvements
- Storm Drainage Improvements
- Highway Improvements, including:
 - U.S. 69 Highway Widening: I-435 to 119th St.
 - Reconstruction of I-435 and Quivira Road Interchange and Bridge
- Replacement of Ambulance & Fire Apparatus
- Parks, Farmstead & Arboretum Improvements
- Traffic Signal Improvements
- Thoroughfare Improvements, including:
 - 127th Street: Metcalf Ave. to Nall Ave.
 - 159th Street: Antioch Rd. to Metcalf Ave.
 - Quivira Road: 99th St. to 105th St.



U.S. 69 Highway Widening