

**FISCAL
YEAR
2012:
summary
report**

OVERLAND PARK

K A N S A S

ABOVE AND BEYOND. BY DESIGN.

FISCAL YEAR 2012

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.

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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 2012 it was named one of the top ten "Best Places to Live" by Money Magazine.

The population of the City continues to experience moderate growth even during the recovery of the prolonged recession. At over 179,000 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. Overland Park's unemployment in 2012 was 5.1%, less than the State of Kansas rate of 5.7%, and significantly less than the national rate of 8.1%.

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

I-435 and Corporate Woods



Demographic Information

	<u>2011</u>	<u>2012</u>
Population	175,018	179,236
Square Miles	75.3	75.4
Per Capita Income	\$56,628	\$58,699
Unemployment Rate	6.1%	5.1%
Budgeted Full-Time Employees	844	826
General Fund Operating Expenditures	\$93,373,508	\$92,878,476

Major Initiatives: 2012

Ensuring Sustainable Long-Term Financial, Operational and Capital Improvement Plans.

Balancing current expenditures with current revenues, and ensuring adequate reserves are available to address emergencies are cornerstones of the City's financial management practices. During 2012, emphasis continued on addressing financial issues to bring the City back into alignment with our financial guidelines. Expenditures continued to be closely examined and prioritized, and functional reorganization to gain efficiencies continued.

Overland Park's adopted 2012 budget was less than the previous year's budget for the fourth straight year. The 2012 operating budget was \$400,000 (0.4%) below the adopted 2011 Budget, while the total budget was \$4.6 million (2.1%) less than the adopted 2011 Budget. The number of full-time employees was reduced from 844 in the 2011 Budget, to 826 in the 2012 Budget.

Stabilization of the City's financial position and reserves was supported through a property tax rate increase for 2012. This adjustment enhanced property tax revenues by about \$10 million annually, roughly equivalent to the reserve amount spent annually between 2008 and 2011. With the structural revenue/expenditure balance restored, the City's General Fund reserves began a modest recovery in 2012, with annual revenues exceeding expenditures for the first time since 2007.

In addition, in 2012 the City updated its Fiscal Policy to provide additional guidance and criteria to be used during development of long-range financial plans and annual operating, maintenance, and capital improvement budgets. The Fiscal Policy includes guidelines for debt limitations and target reserve levels. Based on current projections, the City's reserves will recover to Fiscal Policy target levels within five years.

Providing Investment in Infrastructure and Technology. During 2012, approximately \$47.4 million was spent on Overland Park infrastructure

improvement projects related to the traffic system and infrastructure. Projects included:

- Highway Widening, U.S. 69, from 95th to 119th
- Thoroughfare and Residential Street Improvements
- Storm Drainage Improvements
- Network, Software and Police Technology

Maintaining Quality Infrastructure. \$8.4 million of infrastructure expenditures were dedicated towards the maintenance of the City's streets, traffic systems and storm water during 2012.

Encouraging Economic Development and Community Investment. The City continued to promote urban renewal and capital investment in 2012.

In 2012, City investment began towards the creation of a high-capacity intermodal transit corridor along Metcalf Avenue, presenting opportunities for revitalization, reinvestment and increased levels of population and employment density. The project includes design and construction of pedestrian and bicycle access improvements, multiple bus stops, park and ride



Bus Shelter under construction near 119th & Metcalf

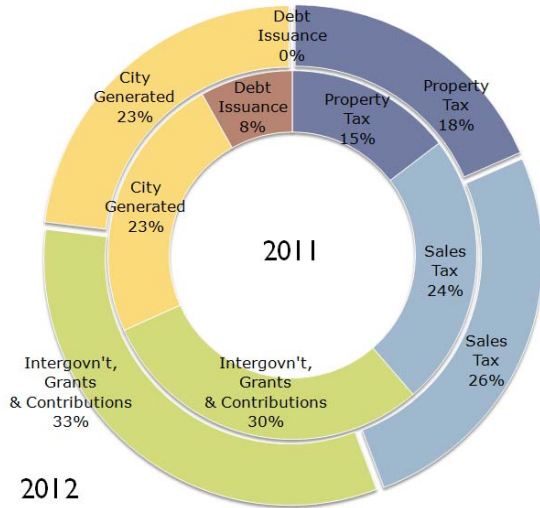
locations and a traffic signal priority system. Furthermore, the City agreed to help finance a Downtown Overland Park parking study to facilitate urban renewal in the City's historic center near 80th Street and Metcalf Avenue.

Also in 2012, the City issued \$79.1 million in a combination of sales tax revenue (STAR) bonds, and community improvement district (CID) sales tax revenue bonds to finance Phase I of the Prairiefire at Lionsgate development, a \$160 million, 645,000 square foot mixed-use development at 135th Street and Nall Avenue.

Performance and Workload Measures

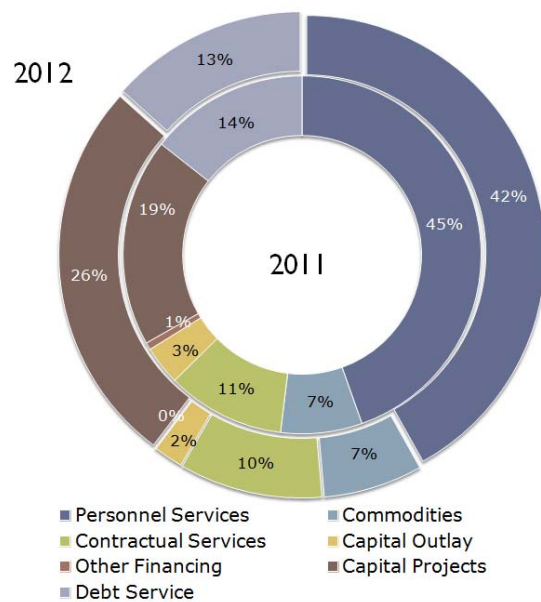
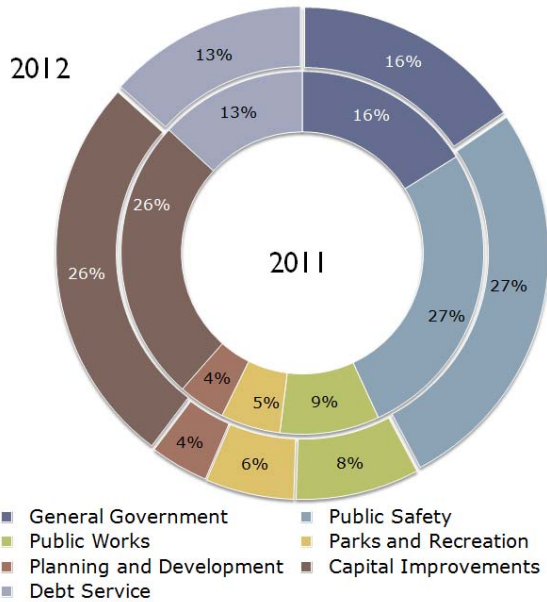
Indicator	2011	2012	Target
Debt Service as % of General Fund operating expenditures	22%	19%	<25%
Police Department Priority 1 response time in minutes	6:27	6:45	6:28
Fire Department Code 1 response time in minutes	4:13	4:11	4:10
% of residents rating City parks' quality as good or very good	95%	91%	90%
Police Calls for Service	65,906	65,930	65,000
Fire & Emergency Medical calls	18,687	18,847	18,450
Community Center Visitations	634,830	526,178	532,000
Construction permits issued	3,508	3,662	3,500
Street lane miles	1,878	1,901	NA

Revenues: Where the Money Comes From



Revenues by Source	FY2011	FY2012
Property Tax	\$23,010,679	\$34,073,454
Sales Tax	46,553,901	47,715,776
Intergovernmental, Grants & Contributions	49,240,120	60,417,059
City Generated	41,311,137	42,615,073
Debt Issuance	8,490,000	0
TOTAL REVENUE:	\$168,605,837	\$184,821,362

Expenditures: Where the Money Goes



Expenditures by Goal Area	FY2011	FY2012
General Government	\$30,962,422	\$27,813,093
Public Safety	49,533,008	48,246,523
Public Works	15,421,911	14,902,074
Parks and Recreation	10,718,555	10,637,063
Planning & Development	6,905,488	7,043,239
Capital Improvements	31,964,182	47,368,661
Debt Service	24,449,245	24,074,904
TOTAL EXPENDITURES:	\$169,954,811	\$180,085,557

Expenditures by Category	FY2011	FY2012
Personnel Services	\$75,761,858	\$75,431,652
Commodities	12,496,476	12,099,738
Contractual Services	18,155,121	17,476,694
Capital Outlay	6,017,253	3,593,362
Other Financing	1,110,676	40,546
Capital Projects	31,964,182	47,368,661
Debt Service	24,449,245	24,074,904
TOTAL EXPENDITURES:	\$169,954,811	\$180,085,557

COMMUNITY INVESTMENT

In 2012 several companies announced investment in the Overland Park community.

- FishNet Security, the nation's largest independently owned information security solutions provider, relocated its corporate headquarters to Overland Park, bringing 300 employees to the city over the next five years.
- Netsmart Technologies, a health care IT company established its new headquarters in the City. The company anticipates growing its employee count to 500 employees over the next five years.
- Teva, a pharmaceutical company, began construction on its 154,000 sq. ft. headquarters in Overland Park. Teva plans to have 400 employees initially working on this site, with 200 additional jobs planned with future growth.
- RedStone Logistics, is a third-party logistics provider, announced it will bring more than 100 jobs to Overland Park in the next three years, and invest more than \$1 million in systems and support.
- Lock Path, a software company that provides governance, risk, and compliance applications expects to increase its employee base by adding nearly 100 new employees.
- Service Link is a national title and mortgage servicing company that will handle loans announced it will bring 125 jobs to Overland Park.

Economic Outlook: 2013 and Beyond

As a result of over five years of strategic financial management, reallocation of resources, expenditure reductions, and revenue enhancements, Overland Park's financial outlook has made significant improvement in 2013, with expectations for further improvement over the 2014-2018 financial period.

City retail sales activity is experiencing growth, while property values have stabilized and began a modest recovery. In addition, local development activity has increased significantly in 2013. 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 2013, annual revenues are accommodating additional resources dedicated towards the City's maintenance and capital infrastructure program. In addition, modest increases in operational expenditures due to the rising costs of goods and services are being accommodated without further programmatic reductions.

Development of the 2014 Budget began in the spring of 2013. Projections include slight gains in assessed valuation, sales tax collections and development activity. However, continued uncertainty exists regarding the continued slow economic recovery, as well as fiscal challenges facing both the state and federal governments. 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 has stabilized and is expected to gradually improve during five-year financial planning period. The City's General Fund reserves are projected to reach the target level of 30% in 2017, a level consistent with AAA-rated cities benchmarks.

Year-End Fund Balances

2013	29.3%
2014	29.2%
2015	27.7%
2016	29.1%
2017	30.9%
2018	29.9%

During 2013 the City continues to employ various economic development incentive tools to encourage community investment and redevelopment, promoting the long-term vibrancy of the community.

During the first half of 2013, the City Council approved a Community Improvement District at Corbin Park to help construct of a 222,000 sq. ft. Scheels All Sports development, and a Transportation Development District near U.S. 69 Highway and 159th St., as part of a unique public/private partnership including construction of a highway interchange, a hospital and one million sq. ft. of mixed-use retail within the district.

The City's five-year Capital Improvements Program and Maintenance Program

identifies and coordinates future improvement projects. Even with financial constraints, the City continues to make strategic investments in technology, facilities, infrastructure and perform significant maintenance activities. Improvement projects scheduled for 2014 include \$41.1 million of capital and \$16.7 million of maintenance investments, including:

- Neighborhood Street Reconstruction
- Storm Drainage Improvements
- Network, Software and Police Technology
- Street & Thoroughfare Improvements:
 - 75th St. Bridge over I-35 Highway
 - US 69 and 159th St Interchange
 - Switzer Rd, 151st to 159th
- Facility Repair and Maintenance
- Parks, Arboretum and Golf Course Facility Repair and Maintenance
- Chip Seal and Overlay of Thoroughfares, Collector and Residential Streets

