

City of Overland Park KANSAS Popular Financial Report 2016

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 website: www.opkansas.org

OVERLAND PARK PROFILE

Overland Park is a vibrant and growing 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 standard of living continues to earn it national distinction as one of the best places to live; in 2016 WalletHub ranked the City No. 1 in the nation as the Best Cities for Families and No. 1 for First-Time Home Buyers. Niche ranked the City No. 6 as 2016's Best Cities to Live, and Livability.com ranked the City No. 14 nationwide as the Best Places to Live.

The population of the City continues to experience moderate growth. At almost 190,000 residents, Overland Park is the second largest city in the state of Kansas and is 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 2016 was 3.4%, which was less than the state of Kansas rate of 4.2%, and significantly less than the national rate of 4.9%.

As the 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 \$3.04 billion increased by 6.2% for 2016. In addition, 2016 retail sales increased 2.7% over 2015, further improving the City's economic foundation, as well as providing a positive future financial outlook. Overland Park continues to receive a "AAA" bond-rating from the nation's top three bond rating agencies, a distinction shared with only a handful of communities in the nation.



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 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.

DEMOGRAPHIC INFORMATION	2015	2016
Population	187,730	189,450
Square Miles	75.6	75.6
Per Capita Income	\$64,542	\$67,162
Unemployment Rate	3.5%	3.4%
Budgeted Full-Time Employees	855	884
General Fund Operating Expenditures	\$101,752,631	\$105,455,949



ABOVE AND BEYOND. BY DESIGN.

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Mayor: Carl Gerlach / Council President: Rick Collins / City Manager: Bill Ebel / Chief Financial Officer: David Scott

MAJOR INITIATIVES: 2016

Operational and Fiscal Responsiveness and Sustainability.

During 2016, local economic development and property values indicators continued to make significant year-over-year gains. However, ongoing instability at the State legislature level perpetuated uncertainty regarding the City's long-term ability to adequately fund ongoing needs. Considering both the positive economic data and the uncertain state climate, the city implemented a fiscally conservative 2016 budget, which did allow for additional resources directed toward the community priorities of investment in capital infrastructure, major maintenance and adequately funding expanding service demands, all within the long-term financial constraints of the existing revenue structure.

The 2016 tax rate remained stable at 12.848 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 2016 include:

- The City's net position for governmental activities increased 4.4%.
- The City's major funds experienced a 6.2% increase in fund balance as a result of 2016 operations.
- General Fund revenues exceeded expenses by \$4.3M.
- City sales tax revenues grew 2.0%

Public Safety and Neighborhood Preservation. Providing quality public safety and safe neighborhoods remains a top priority for both the community and the City Council. In 2016, the City created a rental registration and licensing program to address concerns regarding the stability of neighborhoods brought on by deteriorating and declining residential structures. Additional personnel resources were also directed towards police services, while fire services in northern Overland Park benefited through the

implementation of improved emergency medical services via Overland Park's new partnership providing services out of the City of Merriam's fire station.

Investment in Construction and Maintenance of Transportation Infrastructure, Public Facilities and Technology.

In alignment with the goals of neighborhood preservation and high quality of life, Overland Park prioritizes maintaining and improving public infrastructure, facilities and technology. 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

\$49.9M was invested in capital and maintenance in 2016, and operational resources were added to support infrastructure and technology.

Economic Development, Community Investment and Job Growth.

Overland Park continued to support urban renewal, community investment and job growth in 2016 via public-private partnerships. At 3.4%, Overland Park's unemployment rate remained significantly less than the state or national rates. Over 1,000 jobs were created within the City during the year, and 4.9 million feet of new construction was built, at an estimated construction value of \$421.8M. During 2016, several large redevelopment projects were approved or under construction within the City, especially along the Metcalf Corridor and Downtown Overland Park.



The BluHawk development is located at 159th & 69 Highway. Pictured is the new Public Safety Facility; combined Police and Fire Stations.

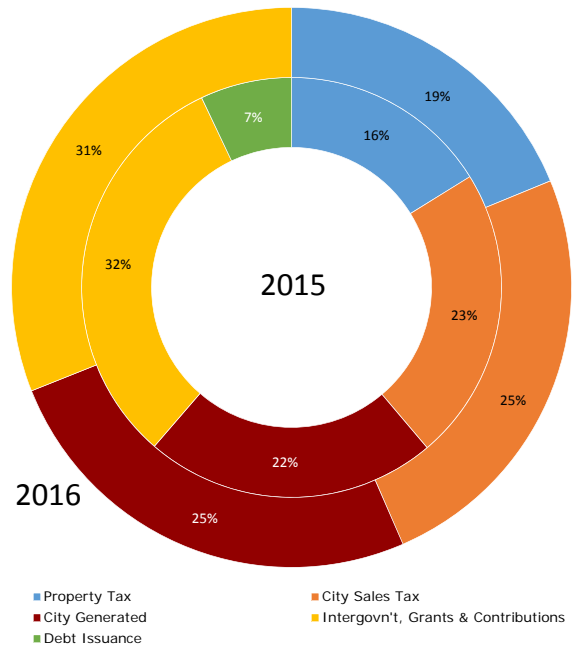
Performance and Workload Measures

Indicator	2015	2016	Target
Debt Service as % of General Fund operating expenditures	12.9%	13.5%	17%
Police Department Priority 1 response time in minutes	6:10	6:13	6:28
Fire Department Code 1 response time in minutes	3:38	3:40	4:10
% of residents rating City parks' quality as good or very good	92%	90%	90%
Police calls for service	63,303	63,421	65,000
Fire & Emergency medical calls	22,934	23,419	18,450
Community Center visitations	421,721	465,000	435,000
Construction permits issued	5,057	4,638	3,500
Street lane miles	1,970	1,970	N/A

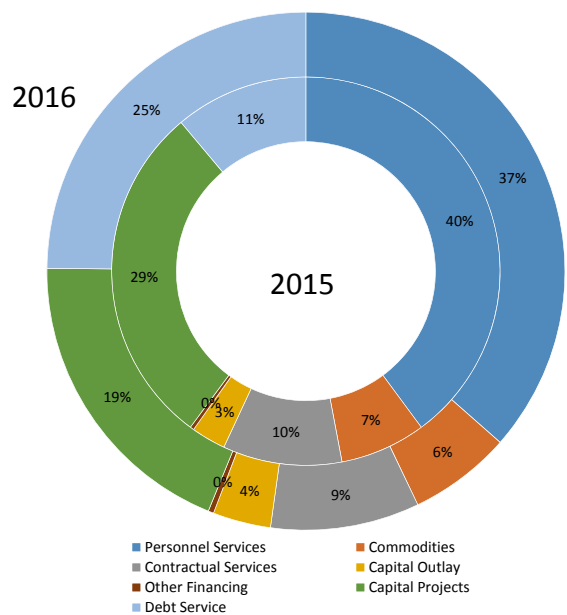
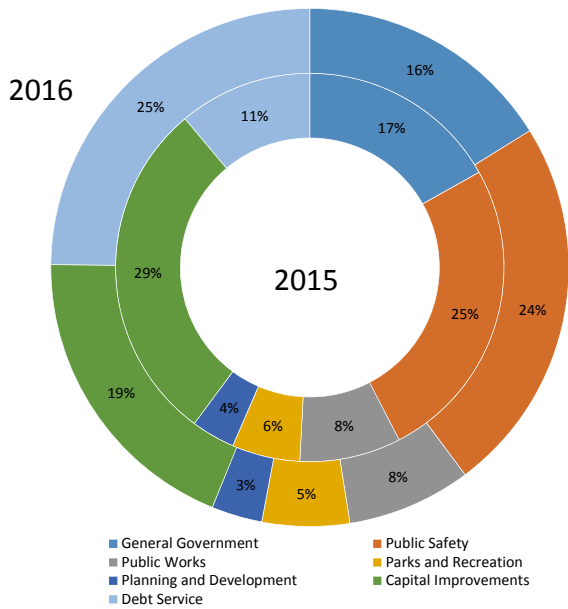
Revenues: Where the money comes from

REVENUES BY SOURCE	FY2015	FY2016
Property Tax	\$ 36,981,306	\$ 40,265,868
Sales Tax	51,903,813	52,921,165
Intergov'n't, Grants & Contributions*	72,370,242	66,484,767
City Generated	51,531,187	54,632,360
Debt Issuance	16,125,000	0
TOTAL REVENUE:	\$ 228,911,548	\$ 214,304,160

* includes Countywide sales tax of \$22.1M in 2015 and \$22.7M in 2016.



Expenditures: Where the money goes



EXPENDITURES BY GOAL AREA	FY2015	FY2016
General Government	\$ 35,018,955	\$ 37,680,257
Public Safety	53,105,346	55,100,510
Public Works	17,546,537	18,104,290
Parks and Recreation	11,780,743	12,729,332
Planning and Development	7,584,841	7,402,165
Capital Improvements	59,769,837	44,406,457
Debt Service	23,092,194	57,919,757
TOTAL EXPENDITURES:	\$ 207,898,453	\$ 233,342,768

EXPENDITURES BY CATEGORY	FY2015	FY2016
Personnel Services	\$ 82,881,711	\$ 85,165,368
Commodities	14,878,160	14,907,325
Contractual Services	20,621,384	21,697,829
Capital Outlay	5,976,090	8,453,085
Other Financing	679,077	792,947
Capital Projects	59,769,837	44,406,457
Debt Service	23,092,194	57,919,757
TOTAL EXPENDITURES:	\$ 207,898,453	\$ 233,342,768

Community Investment

2016 was a banner year for Overland Park economic development, with redevelopment, infill and greenfield development all near historic levels.

Redevelopment gained a strong foothold in the downtown area, with progress on several mixed-use projects: Avenue 80, Market Lofts, InterUrban Lofts and The Vue, all of which contribute to reinvigorating the city's heart. Along the Metcalf Corridor, work continued on repurposing the former Overland Park International Trade Center into the open office space OPx, construction of a new shopping district was approved to replace the vacant Metcalf South Mall, and redevelopment work began at 91st and Metcalf for The Promontory, a mixed use development to include 290 apartments and 27,000 sq. ft. of retail space.



InterUrban Lofts in Downtown Overland Park

Infill development was under construction at the 90-acre CityPlace mixed use development near College Blvd. and US 69 Highway, with Phase 1 partially completed, while the 140 acre-Brookridge mixed use project near I-435 and Antioch Road continued to be discussed. Construction of a \$100 million inpatient hospital began near Nall and I-435.

In southern Overland Park, BluHawk, Kansas City's largest master-planned community, gained speed. Construction of residential and commercial components of the development is well under way, with entertainment components still to be added. When completed, BluHawk will boast 1 million square feet of luxury, outdoor shopping, dining and entertainment.

The City's five-year **Capital Improvements Plan (CIP)** was developed to prioritize capital improvement needs. During 2016, approximately \$31.7 million was spent on strategic investments in technology, facilities and infrastructure. These projects included:

- Storm Drainage Improvements
- Thoroughfare Improvements-159th Street: Metcalf to Nall
- Thoroughfare Improvements-159th Street: Nall to Mission
- Public Safety Facility-159th Street & US 69
- Neighborhood Street Reconstruction Improvements

Infrastructure **Maintenance** expenditures during 2016 were approximately \$18.2 million, dedicated to repair, renovation, rehabilitation, or replacement of city infrastructure including streets, traffic management, storm water, facilities, and public parks.

Economic Outlook: 2017 and Beyond

Overland Park's financial outlook for 2017 anticipates modest growth, with sustained revenue expansion throughout 2018-2022 able to support future ongoing operational, capital and maintenance needs. Both sales activity and property values will 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 2017, 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 2018 Budget began in the spring of 2017. Projections include sustained modest growth in assessed valuation, sales tax collections and development activity. However even with the positive outlook, 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 2022, a level consistent with triple A rated cities benchmarks.