

City of Hot Springs

2007

# State of the City Report

February 5, 2007

*Presented by Kent Myers, City Manager*

## **Hot Springs, Arkansas 2007 State of the City Report**

It is a pleasure to have this opportunity to present the 2007 State of the City Report for the City of Hot Springs. In providing this report, I want to tell you how much we appreciate the interest, cooperation and support of our citizens. I hope each of you share in the pride for the accomplishments noted in this Report. This is truly an outstanding, one-of-a-kind community, and it is great to serve as your City Manager. The reporting of the past year's progress and preview of upcoming plans is one of the most enjoyable aspects of my job. We continue to have a great story to tell to both residents and visitors, and I look forward to sharing this story with you this evening.

### **GROWTH AND ECONOMIC DEVELOPMENT**

As we reflect back on the past 12 months, it was a period of healthy growth and expanded economic development with Hot Springs assuming a leadership position in this area. The growth and economic development we experienced was certainly the most important highlight from last year.

In terms of community growth, 2006 was a record year with regard to the valuation of new buildings permitted by the City. Building permits issued totaled 4,647 with a valuation of more than \$95 million. This is about a 100% increase over the 2005 valuation of \$48 million. Some of the larger new construction projects included St. Joseph's Heart Center (\$11.9 million), Hot Springs Middle School (\$11.7 million), the Community Counseling Center (\$6.5 million), and the Department of Human Services (\$2.8 million). Other significant new projects included the Olive Garden, Buffalo Wild Wings, Jones Harley Davidson and the ACCENT Call Center. Major remodeling projects permitted included Garland Towers (\$3.1 million) and National Baptist Hotel (\$2.1 million). A total of 123 new single family homes were also permitted last year.

The expanded community growth was also reflected in the increased number of zoning and land use cases considered by the City. A total of 35 preliminary subdivisions, 37 rezonings and 55 conditional use requests were considered. Some 48 site plans were approved along with 27 Board of Zoning Adjustment requests and 24 Historic District cases. Many of the land use and development plans that were approved will actually begin construction in 2007.

In addition to community growth, an expanded economic development effort was one of the major highlights from 2006. The Hot Springs area realized a 7.8% increase in employment, which represents more than 2,300 new jobs created. This is the third highest rate of job growth for all metropolitan areas in the country over the past 12 months. Specific economic development activity that has contributed to this job growth includes expansion of medical facilities, new restaurants and Oaklawn Jockey Club. The ACCENT Call Center opened with 480 new jobs, and Stanley announced their new passport center, which includes 150 new jobs. As the year came to a close, AAR, a new aircraft service provider, announced its acquisition of Reebaire, which will result in future job growth.

It seemed as if virtually in every month during 2006 there was positive news about our local economy, such as:

- *Forbes Magazine* listed Hot Springs among the best places to live and work.
- Milken Institute ranked Hot Springs' economy among the best performing in the U.S.
- ACCRA reported that Hot Springs had the eighth lowest cost of living among all U.S. cities.
- *Real Estate Journal.com* reported that Hot Springs is the number one value city for retirees.
- *Kiplinger* related that Hot Springs is one of four cities in the U.S. that will realize growth and development in its 2007 housing market.

This growth and economic enhancement are very positive reflections on the stability and vitality of the city and surrounding area. It reflects the many positive assets that we have learned to enjoy and treasure. It reflects that major investors are confident in our economic present and our future. And it reflects that Hot Springs has been discovered for what we are and what we are becoming as a community. This is very exciting and rewarding, and the City is fortunate to have had a role in this success.

## **PREVIOUS CHALLENGES**

Last year's report identified several challenges facing the City in 2006 that needed to be addressed in order for the community to move forward. This included the need to create a more vibrant downtown area; the need for improving our older neighborhoods; and the need to plan and manage the increased growth and development we were expecting. In preparing this year's State of the City Report, I am pleased to note that we met those challenges. However, it is critical that we continue to address these important issues in the coming year. As specific examples, I offer the following:

### **1. Downtown Improvements**

- CBID#3 was completed including new sidewalks, landscaping and lighting along Central Avenue.
- Plans for development of new antique shops were announced.
- New video cameras were added to improve safety and security.
- Redevelopment plans for the Majestic Hotel were released.
- Private leasing activity improved with the largest property owner reducing his vacancy rate from 17 buildings to 1 building.
- Sale of the Desoto Hotel was completed, which will create additional downtown housing in 2007 or 2008.

### **2. Neighborhood Improvements**

- Code enforcement expanded with 129 structures rehabilitated and 77 substandard structures removed.

- Major improvements to the National Baptist Hotel finally got underway.
- CDBG funds were used to rehab 9 houses at a cost of \$225,000.
- New funding (\$100,000) was secured from an affordable housing grant program.
- Six miles of neighborhood streets were repaved.
- Litter problems were reduced by implementation of a new sanitation cart program.
- The Police Department's Nuisance Abatement Program took action against 42 locations including the Budget Motel.

### **3. Planning and Growth Management**

- A new highly-trained and experienced Planning and Development Director was hired.
- Major updates to the City's development codes were initiated.
- A new long-range transportation plan was funded by the Metropolitan Planning Organization (MPO).
- A long-range source of water from Lake Ouachita was identified with water allocation from this Lake requested from the Corps of Engineers.
- Expansion and major upgrades to our utility infrastructure were started that will accommodate future growth such as our second wastewater treatment plant and a new Highway 7S water tank.

So, we have addressed these and more of the challenges that faced us in 2006, and this has certainly been a factor in the progressive growth and economic development that has taken place in the last 12 months. Later in this State of the City Report, I will highlight several new challenges facing us in 2007, and I ask that you join together with the City in helping us address these challenges.

### **CITY SERVICES**

As in the past, it is important to include in the State of the City Report specific improvements that have occurred in the level of City services. As taxpayers, you have made a financial investment in our community, and it is important that we share with you some of the returns on your investment. With the size and scope of City operations, it would be impossible to include all the accomplishments of City departments. Therefore, I have included several of the most noteworthy accomplishments for each City department. This includes:

- Police Department - Realized a decrease in homicides with three of the four cases cleared by arrest or death. An internet child sexual predator program was initiated.
- Fire Department - Certification as a Fire Wise Community was achieved, and we implemented full first responder services for medical emergencies.
- Public Works Department - Completed CBID#3 downtown improvements and implemented the new Stormwater Management Program. Began acquiring property for the Higdon Ferry widening project.
- Utilities Department - Completed application to Corps of Engineers for water rights for seven million gallons per day from Lake Ouachita. Started work on new wastewater

- plant and new water storage tank.
- Sanitation Department - Implemented new residential cart program. Coordinated citywide cleanup program.
- Parks and Recreation Department - Completed Kimery Park improvements and continued development of Entergy Park. Completed Hollywood Trail Phase 1 and coordinated employee wellness programs.
- Transit - Increased ridership by 5.7% and discontinued trolley services.
- Planning and Development Department - Expanded staff to handle increased workload and established the new Community Development Advisory Committee.
- Metropolitan Planning Organization - Completed the four-year transportation improvement program.
- Public Information - Expanded the Farmers Market and secured \$53,000 in federal grant funds. Hired new Sister City Coordinator.
- Airport - Set record for fuel sales with 932,000 gallons sold. Increased passengers on Mesa Airlines by 15%.
- District Court - Handled over 44,000 criminal, traffic and other claims and received over 4,000 days of work from alternative service workers.
- City Clerk - Prepared 250 Board of Directors paperless agenda packets, 113 ordinances and 395 resolutions.
- City Treasurer - Implemented new p-card purchasing program and increased revenues from occupation tax, alcohol permits and mixed alcoholic beverage tax.
- Fleet Services - Completed phase 1 and 2 of our new paint and body shop and established a new citywide energy conservation program.
- City Attorney - Transitioned to a new City Attorney and helped implement a more comprehensive nuisance abatement program.
- Information Systems - Acquired new aerial photography that is used for all GIS mapping. Assisted in new fiber optic connections between City buildings.
- Human Resources - Completed job audit for all City non-uniformed positions. Worked with Parks and Recreation in implementing new “Get Moving” employee wellness program.
- Finance Department - Implemented new utility billing system in November. Also completed annual budget and comprehensive financial report, which won national awards.

## **FINANCIAL OVERVIEW**

As a final note on 2006, our overall financial position in the eight major City funds improved with total fund balance increasing by about \$5.1 million in the past year. While we have not completed our final accounting for last year, our total cash available at the end of the year was over \$11 million with total fund balance of about \$125 million.

Our General Fund had \$1.1 million in cash balance at the end of the year and \$3.4 million in fund balance, which is a \$171,000 increase from 2006. Of the eight major City funds, six improved from a fund balance standpoint. The only fund balances that experienced decreases were in the Police and Fire Funds. While the Police Fund had over \$1/2 million at year’s end, both funds will require new revenue sources or decreased expenses in the future in order to

realize positive fund balances.

## **2007 - CONTINUED PROGRESS**

As we start the new year, it is already obvious that we will experience a very positive and productive year. As we look ahead, we have many great things to look forward to in the coming year. This includes the following:

- Completion of three major highway improvement projects in 2007 including Central/MLK Expressway, widening of 70W and widening of Carpenter Dam Road.
- Initiation of widening of Higdon Ferry Road from the MLK Expressway south to Central Avenue.
- Construction starting at new shopping complex at County Fairgrounds.
- Construction starting on the major expansion of Oaklawn.
- Completion of new wastewater treatment plant.
- Opening of Stanley Passport Center.
- Expansion of Magic Springs and Crystal Falls.
- Renovation starting on the Majestic Hotel.
- Payoff of civic center bonds and reduction of city sales tax rate.
- Initiation of City's first comprehensive traffic and transportation plan.

While we are eagerly anticipating these and other positive events in 2007, we will also be experiencing our usual share of challenges. It is important to note that the City is unable to address all of these challenges on our own. This will require assistance from other agencies such as Garland County, the Hot Springs Chamber of Commerce, A&P Commission and other groups and organizations. It will also require personal involvement from our many volunteers. Please get involved in whatever community cause or activity that attracts your interest. With the positive growth and economic development we have experienced, we have to cooperate and continue to work hard in order to continue the positive momentum.

One of the major challenges we will face in 2007 is growing our local labor force. As new businesses are attracted to Hot Springs and existing businesses expand, it is critical that we have a trained and qualified labor force. According to Dave Byerly, CEO and President of the Garland County Economic Development Corporation (GCEDC), we now have a full employment economy with less than 5% unemployment rate. In the next 12-18 months, new jobs will be available with such businesses as Oaklawn, Stanley, Magic Springs and the new retail shopping center. We have to attract new residents willing to fill these slots if we want to continue to grow.

A related challenge to this need to expand our labor force is the need to provide more affordable housing throughout our community. Many of the new employees in our labor force simply cannot afford to purchase higher priced homes. We have to expand our efforts to stimulate development of such buildings as the National Baptist Hotel, Majestic Hotel and Desoto Hotel as more affordable housing. We need to encourage developers to build smaller, more affordable homes, particularly in some of our older neighborhoods. The expanded labor force will need more housing alternatives in the next year.

A third challenge involves our efforts to reduce crime so that Hot Springs will continue to be perceived as a safe place to live and visit. Our new Police chief will be leading the effort to aggressively address the local crime issues. New technology and other equipment will be needed as well as new programs and services, particularly in our residential neighborhoods. We will also need to work closely with Garland County to expand the jail in the coming year to insure adequate jail space is available.

Community beautification is a fourth major challenge that we will be facing in 2007. We must present a better “face” to both our residents and visitors if we are going to be perceived as a clean, progressive community. With this in mind, I am pleased to announce two new programs that will start in 2007. First of all, Operation Clean Sweep will start in February and will initially include four target neighborhoods. This will include a large number of City departments blitzing these neighborhoods in an effort to have immediate visible improvements. A second new program that involves cooperation with the Beautification Commission is the Adopt-a-Street Program. This is a great opportunity for local residents to get directly involved in taking responsibility for the cleanup of their street on a regular basis.

If a poll were taken today of Hot Springs citizens, the biggest issue that would likely be identified is increased traffic congestion. The completion of the three major highway projects this year and Higdon Ferry next year will certainly help address these concerns. However, we must do more in terms of long-range planning and investment of local, state and federal funding for roadway improvements. Addressing this fifth challenge will be expensive, but it is critical for our continued growth and expansion, as well as our quality of life. One of the most important projects we will be starting this year is the MPOs development of our first comprehensive traffic and transportation plan. We will soon retain the services of a traffic engineering firm that will provide us with a listing of some specific improvements that need to be made over the next 5-10 years. This planning process will include public hearings, and you are encouraged to attend these hearings to voice your concerns and ideas. Once the plan is completed, it is critical that we implement the plan and fund traffic and transportation improvements on an annual basis.

The sixth and final challenge that I suggest we will be facing is the possibility of becoming either apathetic or complacent as a result of our many accomplishments. It would be so easy to stop, catch our breath, relax and enjoy our success stories highlighted in this report. In looking forward to 2007, I urge each of you to relish our successes and take pride in our progress. However, I also urge you to stay the course and continue to work hard on improving our community. We have so much more that can and should be done to realize the true greatness that Hot Springs is destined to achieve.

In closing, I want to thank you for your interest in the state of our city and for your individual contribution to the progress of our community. I also want to thank you for giving me this awesome opportunity to serve as your City Manager.

Kent Myers  
City Manager