

2013  
State of the City Report  
CITY OF HOT SPRINGS, ARKANSAS



Presented to the Hot Springs Board of Directors  
February 18, 2014

# State of the City Report



Arkansas law requires at the end of each fiscal year, the City Manager must prepare and submit to the Board of Directors a report on the finances and administrative activities known as the State of the City. This gives me the opportunity to offer some insights regarding our position, our progress and our outstanding potential here in Hot Springs.

This is the second year that I have had the pleasure to deliver this annual assessment, and there is much good news to share. We have closed the books on 2013, a year of many notable achievements and triumphs. Setting our goals high for a city that has long been a favored destination for visitors and a home to citizens, we are focused on creating a quality of life that is second to none. However, the common theme that underlies our success is rooted in partnerships. Moving into 2014, we plan to build on those partnerships and continue the improvements that have made Hot Springs a great place to live, work, and visit. Please allow me to take a few minutes to talk about the state of our city.

## ECONOMIC INDICATORS

Local sales tax collections grew by 2.7 percent in 2013 compared to the previous year, according to reports from the state's Department of Finance and Administration (DFA). These figures do not include December data, due to a two-month delay in reporting from DFA. The steady increases in our sales tax figures provide a solid foundation moving forward. The 1.5% sales tax, which provides the city's main revenue source, yields approximately \$17 million annually. The tax rate is comprised of 1% for General Fund activities and .5% for Public Safety activities. I am also proud to share that fund balance for the General Fund increased \$325,000 in 2013, for which each and every city employee should be commended for attaining. Our enterprise funds are performing well and have healthy balances due to sufficient rate structures and prudent management. As you will see below, consumer confidence is returning following the recession, and the resulting growth in sales tax revenue is a promising sign for our community.

Commercial construction permit numbers are showing positive gains ahead of 2012 figures, while residential construction activity was comparatively flat. New and existing home sales jumped 25%

for Hot Springs and Garland County in 2013. However development activity, particularly commercial, also received a boost as numerous restaurants opened their doors. Longhorn Steakhouse, Popeye's Chicken, and Dunkin Donuts, all national chains, have made an investment in the area and will add to the area's dining options. Oaklawn Racing and Gaming has begun its 59,000 square foot expansion project, which is projected to have a significant impact on the region and the state.

Hot Springs continues to show signs of economic recovery, as evidenced by other indicators throughout the city. The Advertising and Promotion Tax posted a modest gain of slightly less than 1%, topping more than \$5.1 million for the year. After eight years, Oaklawn Racing and Gaming's games of skill continued to grow, with revenues 16% above 2012 figures. Oaklawn is on target for continued growth due to a multimillion dollar expansion project that will double the number of gaming machines.

## PARTNERSHIPS

If the city's activities in 2013 could be summed up in one word, it would be partnerships. A majority of the successes experienced this past year were due to powerful local and regional alliances. When a common vision is aligned with a coordinated strategy, resources are leveraged many times over. This cooperation produces results that far exceed the reach of one entity.

## Ice Storm Cleanup

Although 2013 was presented with a massive cleanup effort left over from the previous year's Christmas ice storm, our Sanitation Department and Street Division answered the call. In just three months, they collected over 1,300 tons of storm debris throughout the city and hauled it to our compost site for removal. The area was blanketed with over 10 inches of ice and snow, causing widespread power outages that left many with nowhere to stay. Local churches immediately stepped in, partnering with city and county governments to open emergency shelters for hundreds of vulnerable residents.

## Future Water Supply

Towards the strategic goal of establishing a 50-year water supply, two milestones were reached in 2013. The first was the city's agreement with Central Arkansas Water (CAW) for the purchase of water rights from Lake DeGray. Securing 20 million gallons per day (MGD) water supply capacity is projected to provide a reliable, long-term source for many years to come. Moving forward, the partnership between Hot Springs and CAW will also facilitate the acquisition of real estate and transmission lines.

The second milestone was the signing of a Memorandum of Agreement between the city, the Mid-Arkansas Water Alliance (MAWA) and the Army Corps of Engineers for analysis of Lake Ouachita as a potential water source. These two notable accomplishments have directly resulted from partnerships developed on local, state and federal levels, with ongoing involvement by the city's consulting engineering firm, Crist Engineers.

## Wastewater improvements

With our long-term water supply addressed, the next area of focus is our wastewater efforts. An array of completed projects addressing needs outlined in the city's current Consent Administrative Order (CAO) should be a source of pride for the area. The completion of the Fairwood Force main and pump station project and several major pump station rehabilitations has reduced inflow and infiltration by ~21%, a very impressive number by industry standards. A project that has put Hot Springs on the cutting edge in technology is our grinder monitoring project. The development and utilization of this technology allows for the monitoring of flow components across our system, providing better response times and data reporting. City staff delivered the main presentation on a vast array of projects at the 2013 CMOM (Capacity, Management, Operation & Maintenance) conference, held in Austin, Texas. By teaming with engineering firms to find and implement innovative, dependable and cost effective solutions to the challenges we face, the city is now sharing best practices as an industry leader. These private partnerships have proved to be invaluable, leading to further cooperation on the state level with the Arkansas Department of Environmental Quality and on the federal level with the Environmental Protection Agency.

## Thermal Basin Fire District

Historic Bathhouse Row in downtown Hot Springs has long been considered key to downtown's progress. With the formation of the Thermal Basin Fire District and the extension of badly-needed water infrastructure improvements, 2013 provided a catalyst for future growth. A water main extension project on the business side of downtown Central Avenue involved collaboration between the city's Fire, Engineering, Utilities, and Planning and Development departments along with the building owners. The goal was to provide sufficient water pressure for a second-story sprinkler system in a cost efficient manner. The project not only yielded a business expansion and the creation of new jobs, but also a vision for the future of downtown that ultimately attracts development and spurs revitalization. The Thermal Basin Fire District continues that shared vision of revitalization with an eye toward preserving buildings that are a legacy from Hot Springs' past. To accomplish these goals, building rehabilitation code applicable within the Thermal Basin District was adopted to insure that all unsafe structures are brought back into a safe condition in an economically feasible manner.

One does not have to look very far to acknowledge our greatest local partner, Garland County, for which we are very thankful. The collaborative trend we experience with Garland County manifests itself across the organization; from streets and traffic to information systems and animal services. It is easy to migrate back to one's respective silo and not cooperate; however, the goal is to propel our region forward by coordinating our efforts for economic growth and investment.

Looking back on 2013, our community partnerships have helped us overcome the challenges that were presented. We have accomplished many goals and positioned ourselves to accomplish many more in the coming years. A number of outstanding 2013 accomplishments are attached to this report for your review as well.

## CONCLUSION

After highlighting some of our 2013 accomplishments, I would now like to touch on some key initiatives we will face together in 2014. Our downtown is gaining momentum; we will carry this progress forward and will help jump-start the redevelopment of that area. In addition to a strong downtown, we will continue the investment in our infrastructure, not limited to additional street and sidewalk improvements and our water/wastewater infrastructure. Another area of emphasis that will

be furthered is quality of life and community development initiatives. Recreation and trail amenities will be enhanced, along with new direction for our community development funding. A concerted effort in the area of sustainability will also be a major component of 2014, specifically in the recycling and resource conservation areas, with assistance from our local communities.

We have celebrated our accomplishments and shared new initiatives that will continue to serve as the foundation for 2014 and beyond. Our past performance clearly indicates we can do great things together. Tonight I am asking you to help us move our city forward. We need your help for a better and brighter tomorrow.

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## MAJOR 2013 ACTIVITIES & ACCOMPLISHMENTS

The city participated in the State Aid for Streets program; was awarded \$250,000 for the overlay of Golf Links Road; and completed approximately 9 miles of cold milling and pavement projects.

The Employee Awards Banquet was held this year for the first time in two years, with more than 120 attending. Customer Service Training classes were held for the first time in 10 years. Sessions on workplace safety and defensive driving topics were held throughout the year, including our annual employee health fair.

Parks & Recreation completed the Valley Street Creekwalk portion of the Hot Springs Greenway, connecting the Greenway between Runyon and Belding streets and featuring the new Valley Street Creekwalk Bridge. The 2013 Downtown Holiday Lighting displays were upgraded with additional lighting and special features in Hill Wheatley Plaza, Adair Park, Exchange Street Parking Plaza and the Arlington Lawn.

Installation of the VOIP phone system at City Hall, City Hall Annex and Finance buildings resulted in a much improved, more reliable phone system at an annual cost savings.

Public Information worked with CivicPlus and all city departments to develop and launch a new citywide website, made possible by winning a \$43K, 2-year package at no cost to the city.

AAR, one of Hot Springs Memorial Field's prominent tenants, constructed the airport's first fabric truss hangar.

The Sanitation Department's CAPS (Clean Attractive Property Service) collected 62.82 tons of material during the two "Operation Clean Sweep" events held in 2013. A first-ever electronic waste recycling event filled six tractor trailers, with 121 pallets of e-waste.

The Hot Springs Police Department conducted its Citizen Police Academy; continued to analyze patrol zones for proactive deployment plans; and implemented use of crime analytics software to further its community policing initiatives.

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