

— 2018 —

# State of the City Report

CITY OF HOT SPRINGS, ARKANSAS



Presented to the Hot Springs Board of Directors  
and the Citizens of Hot Springs

FEBRUARY 5, 2019

# 2018 State of the City Report

Board of Directors and Citizens of Hot Springs, it is my privilege to present the 2018 State of the City Address. This annual address is an opportunity to celebrate our city's successes of the past year and to speak about significant goals and objectives for the coming year. Ladies and gentlemen, there is so much going on in our city that it would take a speech of excessive length to adequately summarize it all. But suffice it to say that the state of our city is dynamic. Every day, we are witness to the people, places and events that will shape our city's history for future generations.

I share the honor of serving this city with a group of highly dedicated public servants, our mayor and Board of Directors. To our partners across the city, county and state, thank you for your commitment. Only by working together can we realize our collective success. Our city's future will be set by those coming together to build community and create opportunity. It is my honor to serve as your city manager as we collaborate to achieve that vision.

## **One Vision, Many Partners**

Some of the accomplishments we have experienced this past year were set into motion many years ago, while others occurred more organically through our citizens' strong, entrepreneurial spirit. Nonetheless, it is safe to say none would have been possible without our many partners, both public and private. So please allow me to highlight just a few of the many accomplishments that work toward the vision of a strong and vibrant Hot Springs.

Oaklawn Racing and Gaming made two significant announcements that mark a new chapter in the 115-year-old history of this Arkansas and Hot Springs institution. Oaklawn Racing and Gaming announced a historic \$100 million-plus expansion project that includes increased gaming, a high-rise hotel and a multipurpose event center. The gaming expansion, totaling 28,000 square feet, will be the second such undertaking in the last five years. The hotel project will be comprised of seven stories and 200 rooms, with half overlooking the track below. Additionally, there will be a 14,000 square-foot events center capable of accommodating 1,800 people for concerts and banquets.

This project, one of the largest, tourism-related expansions in our state's history, will also rank among the state's largest economic development projects in 2019. Its November announcement featured Governor Asa Hutchinson, Oaklawn President Louis Cella, and many local and statewide officials. An estimated 2,300 jobs will be created during the construction phase, with several hundred new permanent jobs created once the expansion is completed in late 2020.

The new live racing schedule, dubbed "Stay Until May," was announced to take advantage of the favorable spring weather and allow for more open infield days by beginning the season later in January. The new schedule has opened to record crowds so far. Extending the season an additional three weeks will continue to allow two \$1 million races (Rebel Stakes and the Arkansas Derby) leading up to the Kentucky Derby, along with three all-new stake races that are sure to draw crowds.

In partnership with Visit Hot Springs, the Walton Family Foundation and the City of Hot Springs, Phase One of the Northwoods Trail System was opened to an overflow crowd grand opening in November. The Waterworks Trailhead served as the

backdrop for the culmination of several years of planning and construction to develop a world-class trail system with an initial investment of \$1.3 million. The Northwoods trails showcase diverse mountain biking experiences for a spectrum of ability levels on single-track, flow trails, rock gardens, and jump trails over the 14.5 miles of completed trail. We have also partnered with Garland County to connect the Cedar Glades Trail System to offer over 25 miles of mountain biking trails just minutes from downtown. The Northwood Trails will be a strong economic engine for our city and an evolving world-class recreational facility for residents and visitors for many years to come.

Downtown redevelopment has continued at a remarkable pace, attracting much attention again in 2018. Private and public investments in and around the downtown business corridor have transformed the area with bustling shops, restaurants and hotels. The results speak for themselves when you think back just a few short years and recall the vacant buildings and empty sidewalks which are hard to imagine today.

Recently, we celebrated the 100<sup>th</sup> business opening since the Majestic Hotel fire in February 2014. That figure now stands at 111 new business openings. With more than \$12 million in capital investment and 16 commercial properties changing hands in excess of \$8 million, business development continues to fuel the continued resurgence of our famed downtown. Two of this year's new restaurants include the highly-anticipated 501 Prime and The Vault. Both of these fine dining establishments are flourishing in rehabilitated historic structures that sat unused for many years.

If you take a trip through downtown you will notice new decorative tree lighting. The 56 trees located in the downtown are wrapped with clear LED strands which will "light up" the business district each evening year-round. This project was made possible

by the Downtown Association of Hot Springs, Visit Hot Springs, and the city's Parks and Street personnel.

A wayfinding signage initiative is underway with financial support from the Federal Lands Access Program. The program will help visitors find their way to and around the city's historic core and the national park located in the heart of the downtown business district. The phased approach begins within our downtown area and will extend towards the community's perimeter. West Central Arkansas Planning and Development District, National Park Service and Visit Hot Springs are collaborating to ensure the project will make Hot Springs more accessible to our citizens and visitors.

Two large scale transportation projects have increased motorist safety and efficiency with completion of the Highway 7 South and Highway 70 East widening projects. The Highway 70 project widened some 18 miles of roadway to five lanes connecting Hot Springs with Interstate 30 at a cost of \$78.5 million. Highway 7 South was also widened to five lanes over a heavily developed section covering 1.4 miles at a cost of \$10.6 million. Both projects could not have been possible without the help of ARDOT and Garland County.

The \$2 million voter-approved bond funding for the Mid America Science Museum will amplify its stature as a premier hands-on science attraction. The expansion project will add a 7,000 square foot exhibition hall capable of housing national exhibits and additional educational resources. As the museum approaches its 40<sup>th</sup> anniversary, it has provided what is now commonly called STEM education since its founding.

The former Hot Springs Boys and Girls Club baseball fields will be transformed into a first-class baseball facility with a large investment from the Oaklawn Foundation. The foundation's \$500,000 grant to the Hot Springs Advertising and Promotion Commission for the first phase of the new Majestic Park Baseball Complex will have a tremendous impact on the area's youth and the overall community.

The Hot Springs Housing Authority embarked on a large-scale rehabilitation project of their public housing units in the amount of \$22 million. This capital investment was the first since the buildings were constructed in the 1960's. The Housing Authority and its staff worked with many public and private financing professionals to accomplish the renovation of more than 365 housing units. The project is scheduled to be complete later in 2019 and will shift from public housing to HUD Section 8 voucher-based housing. The innovative project provides the capital investment to rehabilitate the aging housing stock while ensuring the units remain as permanent affordable housing.

Another major investment in the region was made possible by officials with Hot Springs, Garland County, Hot Springs Metro Partnership, Malvern/Hot Springs County Chamber of Commerce and Veranda Luxury Pontoon. The announced expansion by Veranda Luxury Pontoon and Xpress Boats of Hot Springs is expected to add 100 new jobs and invest more than \$8 million in the former 377,000 square-foot General Cable facility. The project will accelerate production of the high end pontoon boats manufactured by Veranda and provide space to Xpress Boats for expansion opportunities in the near future.

## **Economic Indicators**

The leading indicators for the local economy have continued to post year-over-year growth in 2018. Hot Springs continues to be one of the top tourism destinations in the South and, as evidenced by recent hospitality investments, is also emerging as a national destination. Visitor-based spending generated more than \$60 million in state and local tax revenues. The travel and tourism industry supports approximately 7,600 local jobs and has contributed to the drop in the unemployment rate to 3.9 percent, all positive trends. Locally, Advertising and Promotion tax revenues posted a 3.89 percent increase over 2017 figures. This amounts to \$6.4 million in revenue collected within the City of Hot Springs, helping rank Garland County as the second highest county in the state for tourism dollars.

Local sales tax collections grew by 3.76 percent in the most recent reporting month of November 2018, with a 1.8 percent increase year to date 2018. These figures do not include December data, due to a two-month delay in reporting from Department of Finance and Administration. The steady increases in our sales tax figures provide a solid foundation moving forward along with other indicators that comprise our revenue streams. The 1.5 percent sales tax, which provides the city's main revenue source, yields approximately \$20 million annually. The tax rate is comprised of 1% for General Fund and .5% for Public Safety activities.

As previously mentioned, Oaklawn Racing and Gaming is a major contributor, not only to the local economy but also the statewide economy as well. Overall, revenue from the games of skill showed an 8.5 percent increase, bringing in approximately \$2.15 million in revenue to the city in 2018. This includes video blackjack, slot machines, and

other electronic casino-style games. Although it is still early in the process, we believe the passage of Issue 4 at the recent General Election will have a positive impact on city revenue streams. Based upon present day gaming receipts, projections show an increase of \$1.5 million in revenue above current levels.

According to the Arkansas Realtors Association, new and existing residential unit sales experienced an 18 percent jump for the Hot Springs area in 2018. More than 1,500 units were sold in 2018 compared to just 1,330 in 2017 and were valued at \$305,000,000. City-issued residential building permits demonstrated a similar rise to 20 percent compared to 2017 figures. Forty-eight new residential starts with a valuation of \$10,242,000 show a strong interest in home buying opportunities year over year. Commercial permit activity was flat compared to 2017, although the project valuations experienced an astounding 70 percent increase, totaling \$53,760,358 in 2018. This increase can be attributed to the robust commercial activity listed above, in addition to school district construction projects in the Hot Springs and Lakeside School districts.

### **Service to the Community**

Inarguably the most important service that government provides its citizens is public safety, and it remains a top priority. The Hot Springs Police and Fire Departments' training, dedication and professionalism is recognized and well regarded across the state. The Fire Department was awarded \$458,000 in federal grant funds for the construction of a live fire training facility. The facility allows for training scenarios such as live fire, confined space rescue and high angle rescue, enhancing the department's readiness and firefighting skills.

The Hot Springs Police Department continued several of its community outreach efforts with the popular Citizen and Teen Police Academies graduating 53 residents. This year's National Night Out event had 12 neighborhoods participating, which is the largest since the event began. An effort to curb opioid overdoses has led the department to include naloxone training for all sworn officers. This training initiative has saved the lives of several citizens since its implementation. Both departments' dedication to duty and cooperation throughout the Hot Springs and Garland County area point to a longstanding tradition of service to our many visitors and those who call our city home.

Now more than ever, the way we communicate with our citizens is changing. Facebook, Twitter, Instagram, and others offer a platform for immediate engagement with our citizens. The police department uses social media to help identify individuals suspected of various crimes. This has led to the popular "Warrant Wednesday" featured on the department's Facebook page help clear 90 percent of individuals with warrants across their 23,000 followers. Additionally, the city Facebook page has over 14,000 followers with page likes increasing more than 10 percent since January 2018. Impressive statistics that we look to grow in order to engage and inform our citizens.

Hot Springs has quality of life offerings second to none. From our many well-maintained parks, a growing trail system to the popular Kimery Park, recreational opportunities abound. Kimery Park plays host to more than 1,000 competitors in its youth and adult softball leagues, notwithstanding its growing youth soccer leagues. The Hot Springs Creek Greenway Trail continues to expand south to Lake Hamilton with the completion of the \$745,000 Utility Service Center phase. The David F. Watkins Park was awarded a \$460,000 grant from Arkansas Parks & Tourism to complete this

innovative park that encompasses stormwater retention, a splash pad and an ADA accessible playground, all located at a once blighted property along Park Avenue. As you will see, this park is one of a kind just like its namesake, our late city manager.

Hot Springs Memorial Field has experienced record-breaking passenger traffic and fuel sales in 2018, thanks in part to Southern Airways, our commercial air service provider. An outstanding 71 percent increase in passengers compared to 2017 led to 8,937 passengers either arriving or departing from Hot Springs. Passenger flights to Dallas, Texas offer a major visitor market and connection to one of the largest airline hubs in the nation and provides access to the entire country. The airport's fuel sales have also grown to 25 percent over 2017 figures. A \$4.3 million project to provide additional aircraft parking and improve intersecting taxiways is currently underway that will augment operational safety for aircraft.

Healthy neighborhoods are essential building blocks of strong and vibrant communities. In 2018, the City of Hot Springs and the city's Housing Authority jointly prepared an Analysis of Impediments to Fair Housing Choice study examining patterns of race, poverty, and housing needs; access to opportunity; and housing barriers. To support affordable housing, Hot Springs 2018 initiatives for low- and moderate-income households included funding for the construction of two new, affordable homes built by Garland County Habitat for Humanity; renovations at Ouachita Children's Center for unaccompanied youth; and six homebuyer education classes providing more than 100 residents with eligibility for up to \$10,000 in down payment and closing cost assistance through the Arkansas Development Finance Authority.

Citizens and visitors will likely notice the population signs changing as we lead up to the 2020 Census. Planning and Development and Information Systems staff updated the Census Bureau's addressing files by verifying some 24,000 addressing points within the city. More than 8,000 addresses were not part of the Census files, meaning they would likely not be included in every ten-year count. Staff also took part in a Census program to incorporate the citizen populations across the growth areas experienced since the 2010 Census. This amounted to 2,738 additional citizens, bringing our population total to 37,931. Population growth inside the city has been relatively flat over the past 30 years, which we expect to change with the upcoming 2020 Census.

### **Looking Ahead**

Now I would like to shift gears and look at a few of the projects and initiatives coming into focus for 2019. The Northwoods Trails are off to an extraordinary start and we will continue to offer support to our friends at Visit Hot Springs and International Mountain Biking Association. Hot Springs is poised to become the nation's next mountain bike destination and add to our impressive list of recreational assets.

The former Majestic Hotel property reached an important milestone when the environmental release and certificate of completion was presented to city officials in November. The property has been guaranteed by Arkansas Department of Environmental Quality to be free of contaminants and granted a full residential cleanup level with unrestricted development potential. The property has moved into the redevelopment planning stages with April 1st and 2nd dates set for the public input sessions. These sessions will be guided by the Board's adopted guiding values and will

involve our partners at Kansas State University, University of Arkansas, and of course each and every one of you.

As evidenced by the resurgence of our downtown business district, parking continues to be an area of emphasis and will continue for some time. To that end, a Parking Advisory Committee was formed to advise the City Manager and Board on matters related to parking management, operations, resources, and facilities.

Committee members will be approved in the coming month and begin their difficult task of facilitating a long-term strategic vision for parking, all for the betterment of the downtown business district.

The installation phase of the city's radio communications project will be completed during the Summer of 2019. As we transition to the implementation phase during late summer, our first responders and other departments will benefit from the systems excellent level of signal strength and its high level of availability. The new dispatch center will be a state-of-the-art facility integrating the handling of the city's police, fire and emergency medical communications into a single facility, incorporating NextGen 911 technology. Interoperability between city, county and state agencies will be accomplished by selecting any number of a vast array of common channels that are shared by all of these entities utilizing the AWIN platform.

We have positioned ourselves to handle the increased development and growth with the completion of our Water Treatment Master Plan. System improvements for the coming 20 years have been identified, leading to the 3-million-gallon elevated water tank and major upgrades to the existing Hollywood water tank, as well as the current Ouachita Water Treatment Plant located on upper Lake Hamilton. In addition, progress

continues for future water supply on Lake Ouachita. Property has been purchased for the new water treatment facility, and geotechnical analysis has begun at the proposed intake site.

### **Closing Remarks**

In closing, Hot Springs is not just those of us in city government. It is everyone who works, lives, visits, invests, learns, plays and innovates in this amazing community. As we forge our path forward, we must be mindful of the relationships we have between our many partners. Working together, our combined resources, strengths and shared focus can accomplish notably more than our independent efforts. We are interconnected and we must strive to build and maintain partnerships and collaborations for the betterment of our communities and our region. Strengthening this cooperative framework will serve as a solid foundation as we face new challenges and work towards future accomplishments. It's an exciting time to be in Hot Springs, and the future points to even more positive change and progress. As your city manager, I look forward to this time next year when I can report even more progress that our community has yet to realize. Individually and collectively, let's continue to help Hot Springs move forward for the benefit of this generation and for those to come.

Thank you!

*Bill Burrough, City Manager  
City of Hot Springs, Arkansas*

