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Press Release

Commission hears budget presentations from City departments

Finance director, human resources manager, public works director present

ARKANSAS CITY, Kan. (July 17, 2015) — The City Commission of Arkansas City met Thursday, July 16, at City Hall to hear a budget overview and budget presentations from department heads.

Those presenting were Finance Director Kathy Cornwell, Human Resources Manager Marla McFarland and Public Works Director Eric Broce. Also present were City Manager Nick Hernandez, Public Information Officer Andrew Lawson, Police Chief Dan Ward, City Treasurer Jennifer Waggoner and Assistant Public Works Director Mike Crandall.

Cornwell began the presentation with a timeline of the budget process. After additional presentations at next Tuesday's regular meeting, the City Commission will have another meeting July 28 to set a date for a public hearing and approve the budget for publication. The budget will be published on or before Aug. 5, and a public hearing on the budget itself cannot occur until at least 10 days after publication, so a special meeting will have to be scheduled between Aug. 11 and Aug. 14, Cornwell said. The final budget must be certified on or before Aug. 25.

Cornwell then explained how the mill levy is calculated. One mill is equal to one dollar per \$1,000 of assessed valuation. For instance, the tax rate on a \$100,000 home, with an assessed value of \$11,500, would be \$788.96 if the City mill levy stays at 68.605. The City tax bill for an average home is \$512.82.

She added that the City of Arkansas City's tax levy accounts for about 37 percent of a city resident's tax bill, with other property tax components going to Cowley College, Cowley County and USD 470.

She also explained the mill levies vary widely among communities, depending on the services they offer and what other funding sources are available, as well as differences in local industry and valuation.

Assuming the mill levy is held steady in 2016, Cornwell said, it will be roughly equivalent to what the valuation was in 2004. The city has held its mill levy fairly flat — around 67 to 68 mills — since then.

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She also outlined the debt service obligations of the City. Its principal and interest payments are expected to total \$1.1 million in 2016, a slight decrease due to the 2005 bond issue rolling off this year.

Finance and administration

Cornwell also discussed a variety of projects for the commissioners to consider that could improve customer service and efficiency, including a new telephone system and a new City website.

She explained how new automated time and scheduling software, estimated at \$30,000 to \$32,000, could cut down on staff time spent manually calculating and checking timecards. It also would track employee time more accurately and efficiently. Also on the table are a new folding and stuffing machine for processing utility bills, and the possible nonrenewal of a contract on the City's postage machine.

Other topics were priority-based budgeting, working with a health insurance consultant, streamlining the utility billing process, remodeling the customer service area in the Utility Billing Office, and monitoring and reviewing utility rates and other fees. Staff was directed to begin working on some of these projects.

Human resources

Employees make up the biggest part of the City budget, at 39 percent, but also are the City's most important asset, McFarland said. There are 133 positions in the City at this time, but only 122 are filled.

She said staffing and retention are her major priorities in the 2016 budget year. All departments but two currently have openings. The improving economy, area competition and issues with candidates — such as poor work history, lack of skills or criminal history — are among the challenges in hiring.

In particular, the police department, which has many openings, is having a hard time finding suitable candidates because of its rigorous hiring standards, but McFarland said that is a critical issue nationwide.

She suggested continuing to hire well, being dedicated to hiring, hiring for fit and teaching skills later, and using temporary staffing from The Arnold Group as possible ways to overcome these challenges.

McFarland also said the city has joined many others in "banning the box," which means it does not require criminal histories on applications. Instead, criminal checks come after an offer has been made.

"By far, the top driver of employees leaving the city is compensation," she said, turning to retention.

"They don't want to leave. They like working here, but they have families. And they're not making a whole lot of money. Compensation is a problem, (although the) benefits are good."

To address retention, she suggested conducting a salary survey, evaluating the current merit increase practices, offering even more supplemental benefits and meaningful employee recognition.

But the most important thing the City could do to keep good employees is to offer the first cost-of-living adjustment (COLA) in six years. "Many of them are really struggling financially," McFarland said.

Prior to 2010, the City offered a COLA of 1 to 3 percent every year, as well as a merit increase of 1 to 15 percent annually and many bonuses. Merit pay is now 1 to 5 percent and there are no bonuses.

"The hopes were once the compensation plan was cleaned up (under interim city manager Dick Chesney) and there was more equality, we would be able to begin to build some benefits back into compensation," McFarland explained. But that hasn't happened since the new pay ordinance took effect.

A 1-percent COLA would cost about \$56,800, while a 3-percent COLA would be around \$170,500.

In terms of the general fund, each percentage of COLA increase equates to about 1 mill. Several commissioners expressed a desire to see a version of the budget with a 1- or 2-percent COLA included.

"Let's start with 2 percent and see where we're at (in overall budget numbers)," Hernandez said. "If that is the wish of the commission, we can (adjust) from there."

Public works

Broce began his presentation by introducing Crandall, who began his duties Monday as the City's new assistant public works director. Crandall gave a brief overview of his 49-year work history.

Broce tied his presentation back to the goals and action items of the City's most recent comprehensive plan, which was developed by a steering committee of citizens before being approved by the Planning Commission and City Commission in 2014.

They include maintaining and improving the City's streets and sidewalks according to a Capital Improvement Plan, making improvements to the City's water treatment and distribution infrastructure, rehabilitating the Wastewater Treatment Plant, completing video inspection of sanitary sewer lines and replacing them as needed, and improving stormwater management.

The Public Works Department's internal goals include possibly consolidating facilities, staff and equipment under one roof, a goal Commissioner Brandon Every said he supported; looking at hiring a full-time mechanic or two to bring fleet maintenance under City control; developing a centralized materials, parts and inventory warehouse; reducing mowing acreage; and evaluating various utility fees.

Broce said he'd also like to look at the possibility of four-day sanitation service, curbside recycling, improving alley and property maintenance, increasing water rights, and expanding the City's well field.

The 2016 budget year should see substantial construction of the Water Treatment Plant, completion of the Skyline/61st roads and Summit Street improvement projects, the offset and drill of Well No. 8, final installation of the new water meters, and possibly a new bridge and improvements on North 15th Street.

Long-term projects include continued water line replacement, a redundant supply line across the Walnut River and a standpipe to serve water to east Arkansas City, and Phase 2 of the hike-bike trail.