

AMENDED APRIL 3, 2017

Mayor Joe A. Smith

State of the City 2017



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March 27, 2017

State of the City

Distinguished members of the North Little Rock City Council, City Attorney, City Clerk and Treasurer, and my fellow residents of North Little Rock; thank you for working with me in a spirit of cooperation. It is an honor to serve as your Mayor.

North Little Rock has always excelled at being interesting.

From the moment of our unlikely creation by an Arkansas Supreme Court verdict, through decades of growing pains and city hall turmoil, suffering under the derogatory “dogtown” moniker, right up to getting our own submarine, North Little Rock has certainly been a lively place for people to call home. It is a history that we are proud of, and one that binds us together as a community.

This rich history provided an appropriate backdrop for the successful experience of the past year in North Little Rock. We saw an old, beloved bridge come down, and a new one take its place. A once deserted downtown continued its return as the city’s energetic commercial and entertainment headquarters, the same role it served for our grandparents so many years ago. After decades of little or non-existent growth, North Little Rock has become one of the fastest growing cities in Arkansas, a distinction it held much of the 1900’s.

So we look forward to an exciting future by examining our interesting past. We review and find out what has been working the past few years. We see things we like and we inevitably see things that need to change or can be improved. We adjust our procedures, remove obstacles, or invest in new ways of doing business and serving our residents, visitors and businesses.

Finances

The state of our city today rests on a strong, foundation; the result of calculated, cautious financial management. Over the past four years we have significantly reduced our debt and navigated a very complicated entry into the energy market waters. Our incredible team of department heads and supervisors have helped reduce expenses, so our reserve fund is healthy today, but we must always keep a prudent eye on the future and the inescapable obstacles that 100-year-old neighborhoods and infrastructure can present. Future revenue growth is hardly guaranteed while increases in expenses most assuredly are.

Public Safety

If finances are unavoidably the foundation of the state of our city then public safety is certainly the supporting framework. Our city continues to use every tool at our disposal to make the streets, sidewalks, schools and parks safe for all residents. The successes we have gained from our neighborhood focus efforts have been encouraging and help prevent and reverse the decline of our older neighborhoods. Residents have been our partners in these endeavors from the beginning and appreciate the support we give them as they look after their community.

Economic Development

Because we stand upon a strong financial foundation and with the support of a secure public safety framework, we can turn our attention to the issues of quality of life and economic development, the comforts of the state of our city. These two endeavors are inseparable. As public servants, we are tasked with listening to the concerns of our constituents. Our residents absolutely expect for their government to assist in the future success of our local economy. My administration understands investment is required to create an environment encouraging the creation of quality, high paying jobs that our students want, the kind of jobs that keeps our talented, treasured daughters and sons from moving away.

The Future

For all the reasons stated above, *the state of our city **today** is strong, secure, and prosperous...*

...which is fortunate, because I am much less optimistic about the future state of our finances and ability to meet the inescapable demands of an aging infrastructure and increasing expenses of providing the services our residents have come to expect. Our budget for 2017 was supplemented with more than two

million dollars from our reserve fund. The year before also required reserve funds to balance the budget. This is, very simply, unsustainable.

Our expenses go up even if we do not expand our services. The cost of a replacement garbage truck increases every year even if it picks up the same amount of garbage. Employee health insurance, new police cars and fire trucks, the price of asphalt for filling potholes, are all expenses that increase even if we provide the exact same service to the community year after year.

Our annual revenue has fallen far short of matching these increased expenses. Over the past ten years our annual revenue has increased by less than 1 percent. In effect we are bringing in the same amount as money as we were 10 years ago. Our expenses have increased by nearly 36 percent in the same time period.

We have survived by implementing strict financial policies and procedures, designed to stretch every taxpayer dollar as far as it possibly can go. I am confident that North Little Rock is operating as efficiently as any municipality in the state. Any further significant reductions in expenses will only be achieved with a cutback of services to our community. If expenses increase, as they most assuredly will, the result will be either a rapid depletion of the reserve fund or forced layoffs.

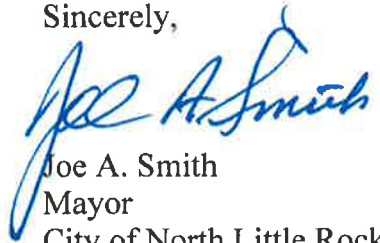
Included with this State of the City report are a number of financial documents that help illustrate our financial situation. I encourage everyone, council and community, to review them. My experience with our exceptional City Council members over the past four years gives me great confidence in our ability to come together and discuss the issues we face and ultimately overcome the budgetary impediments our city confronts in the coming years.

With that object in mind, I suggest we hold a couple of discussion meetings to be held prior to our City Council meeting over the next month. Perhaps we should include a Public Hearing on the matter as well, even though we encourage all our residents to contact us anytime to let us know their thoughts and opinions. It is important for us to reach a consensus on our path forward, as my staff will begin 2018 budget preparations in a few months.

I have also included on the following pages more information on the various city departments, achievements and obstacles that we have faced as a city. Although I want to provide as extensive and comprehensive an update as possible I did not think it wise to condense it all in one letter.

Our interesting and unique history as a city includes several years where our community faced financial uncertainty. The choices we are confronted with in the coming years are not simple, but our history tells us we have survived and prospered. I know we will continue to do so with the dedication of an outstanding City Council and hard work of an invaluable city staff.

Sincerely,

A handwritten signature in blue ink that reads "Joe A. Smith". The signature is fluid and cursive, with a large initial "J" and "S".

Joe A. Smith
Mayor
City of North Little Rock

Additional Information on Finances, Public Safety, and Economic Development

FINANCES

The past four years have seen our departments eliminate waste, update our processes, and forego expansions or upgrades. This has been done through the direction of our administration and hard work and dedication of our department heads and supervisors. We have made our city a model of financially efficient governing. In short we do more with less than any other city. One example; our sanitation changes, implemented three years ago, have resulted in an annual savings of more than \$540,000.

A major obstacle to our ability to trim the budget in recent years was the sheer number and amount of our debt payments. In 2013 we were more than \$10 million in debt. This encumbrance on our future revenue made it difficult to plan ahead with any level of confidence. Since then we have made it a priority to eliminate certain debts as money became available. As a result we are now carrying a more reasonable amount of \$2.4 million as debt, which is a reasonable ratio to our annual revenues.

Under the supervision and direction of our Finance Director, Karen Scott, our ability to monitor our accounts, purchasing, and budget has become more sophisticated. With new software and policies we are better stewards of the taxpayer's money.

The City Council, as the Board of Directors for our Electric Department, has adapted well to the highly complex and potentially precarious new energy market. Our Energy Risk Management Committee is becoming more adept at recognizing the benefits and pitfalls that come with the new industry standards. Through this changing environment our employees continue to provide unparalleled service to our customers.

PUBLIC SAFETY

It is with a heavy heart that I prepare this report for the council, for I must include the passing of our Fire Chief, Jim Murphy. Jim was more than a colleague; he was a friend. I know many of those reading this feel the same way. As the leader of our Fire Department, Chief Murphy brought innovation and high standards, especially in the area of training. We are a better, safer city thanks to him. For now our thoughts and prayers are with Jim's family, especially his wife Kit and their two daughters. I will update the City Council when we have developed a plan to select our next Chief.

I am proud of our Police Chief, Mike Davis, and grateful to the finest men and women of law enforcement in the nation. I am humbled by our police officers, supervisors, investigators, and support staff that keeps our city safe. I am aware everyday that my family benefits from the protection they provide, as does everyone across all our communities. They excel in Community Policing and the results are readily available. I encourage everyone to review their annual report available on our website.

To date, we have not found it necessary to implement our emergency procedure plan, and we hope to never have the opportunity. Unfortunately, we understand that someday, disaster will visit our community. With that in mind we have continued to train and improve our readiness. We all owe Charlie Baxter, my Deputy Chief of Staff, our thanks as he navigated the difficult roads on a journey that has an uncertain destination and never ends. We wish him well in his retirement.

ECONOMIC DEVELOPMENT

Our residents have made it clear that they expect and insist on their local leaders to participate in the success of our local economy. My administration understands some financial investments are required to create an environment encouraging the creation of quality, high paying jobs that our students want, the kind of jobs that keeps our talented, treasured daughters and sons from moving away.

Our local investment in our economic security takes many forms. As Mayor I am constantly working with private investors, encouraging and facilitating their commitment to North Little Rock. Every infrastructure project we embark upon, or delay, has broad economic benefits or consequences. Our park system is one of the best in the country and our investment in it's maintenance and improvement is significant and important, especially considering that quality of life has become the number one priority for the talented workforce we wish to recruit.

When we encourage, support, and promote the locally grown Arkansas Innovation Hub, we are sending a clear message to our residents that we care about their future and the future of our children. A day does not pass that I fail to hear from a resident, business owner, or a jealous city official from another city, about how fortunate we are to have an efficient, forward thinking, job-creating institution in our downtown.

The public funds we invest with the Innovation Hub have become a multiplier for success. The Hub is awarded federal, state, and private grants on a regular basis. That money is directly reinvested into our downtown. Everyday their parking lot is full of enthusiastic entrepreneurs, grateful to have a place that fosters creativity and provides the machinery, materials, and mentorship they require to launch their business. The Innovation Hub is the envy of every city in Arkansas. My commitment to invest and support their mission is stronger than ever and based on the mandate I hear from our residents.

Selected Department Updates and Overviews

(Updates provided by Department Heads)

Human resources

Over the past few years the City of North Little Rock Human Resources Department has made several changes. These changes have given us the ability to better serve our employees, the citizens of North Little Rock, and residents of the State of Arkansas. One of the most significant changes in our department is the implementation of the NEO GOV System. Since implementing this program, the City's recruiting applications have increased significantly, and it has allowed us to streamline the application process. The on new Boarding Process allows applicants selected for hire to complete the majority of their new hire paper work online. Needless to say, this saves valuable manpower time.

Our Department has also developed partnerships with other governmental agencies, such as the Arkansas Department of Workforce and the local Veterans Administration. The City currently has a partnership with Department of Veteran Affairs Compensated Work Therapy/ Transitional Work Services. This partnership allows us to put our veterans back to work.

Finally, we recently implemented an Electronic Entry Level Police Officer Testing. When applicants apply online, they may schedule a time for the exam. This system has greatly enhanced our efficiency and is producing a better eligibility list.

Senior Center

The Senior Citizens Commission championed an effort to provide a reserve fund for the Hays Center. Realizing that the facility is of major importance to Hays Center members, provides a wonderful rental venue, and serves as a celebration location for many city departments, this effort is meant to assure the facility is viable into the next 20 years.

Our Mayor's Office of Volunteer Services logged another great year. In 2016 over 82,000 hours of volunteer services; while this is a real boost to city services it also demonstrates that our citizens love their community and want to be involved in its success.

Our Senior Programs continue to serve our senior population and continues to bring in new members daily. One of our hallmarks is that our seniors are our ambassadors and our recruiters. Members join, enjoy their experience and talk to other seniors about joining too. While we have outstanding facilities and excellent staff members it truly socialization and friendships

that drive our program forward. Our senior center is the place for our senior residents to get away from their problems and enjoy the day.

Vehicle Maintenance

Please find below, implemented cost saving measures and improvements to the Vehicle Maintenance Department over the past year.

- Implemented an Improved Tire Cost Savings Program – This entailed utilizing green casings, recapping tires multiple times vs. one previously and by being notified of bulk sale prices through one of our vendors that are lower than State Contract pricing.
- Installed an Engine Oil Distribution System – This system has improved accountability of our engine oil as every quart of oil is tracked and immediately charged to a vehicle. Only Authorized personnel can access this system to dispense oil. Previously it was on somewhat of an honor system.
- Napa-(IBS), Internal Business System – With a combined effort of our technicians along with Napa’s IBS system we saved significantly on parts purchases in our 2062 acct from the previous year, Napa’s IBS aided our department in many other ways, such as; Replaced obsolete parts with useable parts Better ability to track core and warranty credits Purchase orders streamlined. No more multiple vendors, cutting down on the possibility of errors.
- Restructured internal distribution of personnel
- Re-budgeted one position to create 2 Shop Foreman positions, thus improving efficiency of service
- Incorporated leadership meetings to encourage taking ownership in providing service to our internal customers; the police officers, sanitation, street and other vehicle and equipment operators.

Engineering/Traffic

Broadway Bridge Replacement Traffic Control – One of the true successes of the City this year! During the bridge closure, impact and on-going traffic congestion was far less than anticipated. The reason was the NLR Mayor’s office started coordinating efforts to minimize impacts 3 years ago. Stakeholders included AHTD and their engineering consultants (Garver/HNTB), City of LR Mayor’s office, LR/NLR Police, Traffic and Fire Departments, MEMS and Rock Region Metro. In coordination with LR, downtown LR/NLR signal system were connected together to help coordinate signal timings at intersections in both cities. Once the signal system was tied together, traffic simulations were developed to assist in planning traffic flows. In addition, NLR Traffic over the last couple of years implemented a

video system to be able to monitor traffic during the bridge closure. Everyone's efforts were highly successful.

Other successful Projects/Activities:

- 2015/2016 Asphalt Overlay Projects
- Main Street Asphalt Overlay from 13th to 22nd and Intersection Improvements at 22nd
- City of NLR/ NLR School District partnering related to the new schools in NLR (i.e., Pedestrian Crossing on Main Street at the NLR High School, NLR Traffic providing signage and street striping as needed at each new school)
- Geometric modification at the Pike Round-A-Bout to entrance and exit to Rockwater Avenue
- Streaming traffic video during the Broadway Bridge closure
- Continuing to improve traffic video system and integrate work between Engineering and Traffic Departments
- Grant Coordination (i.e., AHTD/MetroPlan TAP Projects, 80% Federal, 20% Local):
- Community Development on CDBG Block Grants projects (i.e., Douglas Trail, Schear Street 15th to 16th, Poe, 39th and Marion Street and Drainage Improvements)
- PAgis on upcoming Stormwater Inventory Project
- MetroPlan Maumelle Traffic System Optimization
- MetroPlan Jump Start - Park Hill
- MetroPlan Jump Start - Levy
- Levy Spur Trail System
- Bishop Lindsey Extension
- Ott Park Entrance and Pavilion

Code

Rose City, Baring Cross, Levy Focus - These projects were started as a result of the number of inoperable cars, trash, junk, and debris that has filtered into these areas. Citizens were notified requesting cooperation to abate these nuisances before the department started enforcement. Numerous abandoned and inoperable cars along with a very large amount of trash and debris were removed by the residents without the department taking enforcement action. Those who did not cooperate or refused to comply were issued citations to appear in court.

As a result of the focus enforcements there were a total of 87 court only charges filed, 150 inoperable vehicles warnings issued, and 291 public nuisance notices distributed.

During the year 2016 there were 754 more self-initiated violation calls than 2015, there were 239 more violation notices and 311 more inoperable vehicles were issued notices than the previous year. Also during the past year there were 601 more housing structures inspected, 181 more rental unit inspected, an increase of 56 more houses demolished by the city and owners.

Parks

Parks and Recreation had a good year with record revenues received. The department acquired and renovated the Stonelinks and Riverfront Hospitality Houses. Riverfront is near completion. The Heritage Room was renovated as well as Idlewild Party House. Both Stonelinks and the Heritage Room have been rented multiple times. Two (2) expression swings were added to Idlewild Park. The Rose City Recreation Center was renovated and now operating with programs. The Arkansas Inland Maritime Museum was placed under Parks and Recreation. Glenview received a new outdoor restroom, and three (3) new elements will be added to the splash pad. The pool at Sherman Park was renovated. The Community Center now has new fitness equipment and weights. The Large Meeting Room, kitchen and restrooms were also renovated.

An all-inclusive playground at Burns Park was created and is scheduled to be finished by Mother's Day. The equestrian parking lot was moved and expanded. Partnered with Pulaski County to buy a sweeper/vacuum to clean the trails and Big Dam Bridge. Golf restroom was renovated, cart paths are being redone, new rock bridge was constructed and other improvements are continuing. Additional rides will be added to Funland.

Our department received Festival/Event of the Year award.

Laman Library

The William F. Laman Public Library has seen continued growth in services, outreach and usage in the last year. We implemented new educational opportunities, including classes on beginning computer skills and coding. We have fostered a patron-centric environment which included amnesty weeks, automatic grace periods and automatic renewals, and increased allowed maximum checkouts of popular formats. To continue working on our goal of becoming the library of choice for our community, we are implementing an overdue fine free policy. We will no longer charge late fees for items returned overdue (donations are always appreciated). Our collection analysis and development project is in full swing and, due to the increase in deselected materials, our book sale items are on special for \$0.25/each (we are also partnering with local organizations/schools to donate materials). And, as you

may have seen in the media lately, we are working on projects which engage our community; the latest project is Mats for the Homeless, which has been widely successful in just its first few weeks. While we are busy working on new opportunities to provide better services to the public, we have not forgotten the need to cultivate and educate our own staff. We are hosting our first annual Laman Conference, a two day educational staff development program March 27-28, 2017.

Animal Control

In the last year, Animal Control has made a concentrated effort to reach out and serve the community via educational public speaking venues. Our officers have given many speeches in schools, churches and at landowner association meetings, both to educate about Animal Control services, as well to listen to and meet the needs of the community.

The biggest concern facing our department has always been the constant pet overpopulation issue that often affects most Shelters. We try to balance between an “open door” policy in order to accept animals and serve our community’s needs, while attempting to discover different ways to find homes for the many animals that end up in our possession. We also provide a very low-cost spay/neuter program and endeavor to encourage the community to spay/neuter their animals through both enforcement and educational opportunities.

External Affairs

Sister City Programs

Significant Issues: Giving our North Little Rock young people and their families’ experiences with people of different cultures and encouraging curiosity and understanding of the international and global world in which we live.

As international affairs increasingly impact our lives and overseas travel becomes increasingly available to young people, our city’s Sister City South Korean youth programs have become increasingly attractive to North Little Rock families and students.

Sister city families report ongoing and meaningful communications with their South Korean sisters and brothers, and openly credit their experiences with increasing the North Little Rock students’ self confidence and desire to study and travel abroad.

Business Associations

Significant Issues: Growing and assisting North Little Rock businesses is a top priority of the Mayor’s administration

How We Help: In response, forming neighborhood Business Associations has become a strategic move for a growing number of business leaders who want to form alliances with other area businesses to collectively work toward improving their business environment, solving local problems of safety and beautification, and gaining respect and a unified voice with City Hall. To date, Argenta, Park Hill, Levy and Rose City have unique business associations, while other North Little Rock business districts are anticipated. Currently an additional NLR West/Maumelle Blvd. group is being considered.

Fit 2 Live

Fit 2 Live continued to support city employees and residents in their quest to get healthier. 250 employees attended our annual health fair, where they got health and benefit information from 27 different vendors. 175 employees participated in our wellness screening program. And we got healthier! From 2015 to 2016, the percentage of employees with healthy blood pressure increased by 18.5%. The percentage of employees with healthy cholesterol almost doubled from 42% to 83%. And 24% more employees showed healthy blood sugar numbers. All this to say that our employees are working hard to be ready to spring into action for the citizens of North Little Rock.

The Fit 2 Live Community Garden program is up to twenty gardens. Find one in your neighborhood at www.nlr.ar.gov/gardens. Since January 2016, the city has funded five new community gardens in all four wards. Gardeners contributed over \$90,000 worth of volunteer hours, so you could say that our \$40,000 investment in community gardens has more than paid for itself. Fit 2 Live also continued to support the Jump Start projects in Levy and Park Hill, helping to secure \$4.5 million in federal funds for streetscape and roadway improvements on Camp Robinson and JFK Blvd. These improvements will make Park Hill and Levy safer, more walkable, and more attractive. The street improvements are being designed this year, and we will be organizing many public meetings to get input every step of the way. Construction is expected to begin by mid-2018 to early 2019.

Neighborhood Services

The most significant issues facing Neighborhood Services concern the perception of our residents about the health of their neighborhoods. While crime rates continue to fall, we are seeing breaking into vehicles and vehicle thefts making up an increasing percentage of crime in our city. Concerns are also expressed about junky unkempt properties, vacant or foreclosed housing, and increases in the percentage of rental properties in our neighborhoods. Studies have shown that it is the perception of problems, versus actual crime

statistics, that most affect the residents' views of the livability of their neighborhoods.

The City Council passed an outdoor storage ordinance giving Code Enforcement more flexibility in dealing with trashy properties. Recent efforts have been undertaken by the Police Department to educate residents about locking vehicles and not leaving unattended vehicles running. A coalition of neighborhood association leaders are looking at the issues concerned with problem houses in neighborhoods and how the city can best address them. The City has been holding "neighborhood focus" events where city departments turn all of their attention to a challenged neighborhood for a specific period of time.

Planning

The Planning Department continued the coordination of development proposals throughout the City. There were 51 subdivision cases, 13 rezoning and public hearing cases, 15 conditional use cases, and 9 Special Use Permit cases.

Planning reviewed 26 new commercial/industrial structures (\$32,959,873) and 178 commercial remodel/addition permits (\$20,548,274).

Planning reviewed 77 new single-family structures (\$12,589,520) and 399 residential remodel/addition permits (\$5,024,564).

The City Inspectors (building, plumbing, electrical, mechanical) traveled 43,439 miles throughout the City undertaking 5,230 inspections. The City hired a mechanical inspector for the first time this year. By adding a full time mechanical inspector, the City can now insure that all HVAC systems are properly installed in accordance with State Mechanical Codes.

The Planning Department has fully incorporated the BS&A software into the Department. Contractors are now able to make inspection requests on-line. The inspectors carry tablets onto construction sites giving them up to date information from the permit clerks located in the City Services building. These tablets allow the inspector to quickly email the contractor letting them know if their work was approved or disapproved (and even why it was disapproved). Construction documents are scanned and entered into BS&A, allowing the City Engineer, Fire Marshal and any other department to view ongoing projects throughout the City.

Information Services

It's been a busy time for the Information Services department. We are constantly evolving with the changing technological landscape and working hard to provide almost every department with the solutions they need to serve the public, keep our information and accounts secure, and help maintain a top notch communications system within our city. Beyond working everyday to troubleshoot inevitable technology obstacles our team coordinated an advanced citywide telephone system overhaul and continue to implement the new budgeting software.

Safety

During the past year the Safety Department has skilled up to handle all Citizens complaints in regards to all Utility Companies that are working in our Streets or on a resident property. The Safety Department has provided a one on one service from me to them to address their concerns and allow them to be able to vent and provide a great sense of being a part of taking care of their City and seeing results from their concerns.

The past year has allowed the Safety Department an opportunity to take over all accidents that involve all City Vehicles or City equipment. Looking at the total amount of revenue created from claims submitted, we have repaired our fleet or replaced the Vehicles that were totaled out from the accident. There never was a case, where the City was able to have a Fire Truck supplied for use, while our truck was being repaired. This allowed us the ability to continue our total Fire Safety to our citizens.

We file all claims as needed. We were able to have the State pay for damages they created. First ever.

An addition to the Safety Department was the funding created from being in charge of filing all Property claims to Insurance companies. This has created Thousands of Dollars back to the Electric Department and other departments.

The Safety Department monitors all Street Cuts made to our City Streets to enforce the repairs to be rebuilt back to our City Standards.

Our City's Workers Compensation process is listed as one of the best in Arkansas. We have been compared with several cities and it was stated by Arkansas Municipal League, our plan of action and return to work is one of the best. We are proud that we continue to Micromanage each case to ensure

our employees get the best care and reduce our workers compensation cost based on our current plan.

The Mosquito Division was added to the Safety Department. Last year was the first year and we were able to work below budget cost and still ensure, we offered one of the best Mosquito Control plans. We will continue to improve on ways to support our Citizens in regards to our 1st class protection from Mosquito issues.

This will be our third year to be in charge of the Erosion Control Inspections. We continue to track this process and have been able to offer education and result on all job sites. We file and Track all jobsites and update all inspections sheets to allow us to turn all paperwork over to the state yearly. We continue to build relationships with ADEQ. In the case, where ADEQ is unable to visit a site they will allow us to partner with them to reduce any concerns.

The Safety Department meets with all new hires to allow them to understand our Safety Policies and provide our safety plan for them moving forward.

Financial Charts and Comparisons

Summary/Highlights

I have provided several items to help illustrate our current financial situation, these include:

- Future Infrastructure needs
- 10-year history of NLR sales tax collections
- 17 year history of sanitation expenses
- Sales tax comparisons
- Sanitation Fee Comparisons
- Budget 5 Year Projection (No Change)
- Budget 5 Year Projection (half penny sales tax increase)
- Budget 5 Year Projection (\$15 sanitation fee)

As we prepared and reviewed the following financial documents we felt it would be useful to provide some highlights of what these documents illustrate.

Sanitation

- Since Mayor Smith has been in office Sanitation expenses have been reduced by ten percent, a savings of \$544,000.
- Even with these recent half million dollars in savings, sanitation expenses have grown at an average of 4.4 percent each year over the last 17 years.

Sales Tax Collections

- Since 2007 sales tax collections have increased an average of 0.3 percent each year, with a total increase of just 3 percent.
- Since 2007 our budgeted city expenses have increased an average of 3.5 percent annually, with a total increase of 36 percent

Compared To Other Cities

- Our sales tax rate is the 2nd lowest of the top 25 largest cities in Arkansas.
- Only two other cities (of the 25 largest) in the state do not charge a sanitation fee and still provide sanitation services.

4-year Debt Comparison

- | | |
|----------------------------|--------------|
| • NLR Debt in January 2013 | \$10,000,000 |
| • NLR Debt in January 2017 | \$2,400,000 |

Future Infrastructure Needs

Our city is more than 100 years old and has been showing signs of that age for some time. We are confronted daily with drainage and infrastructure issues that strain our resources. Our employees struggle to patch the areas where the resources are not available for long term fixes. We can barely consider “improvements” when we find it difficult just to keep up with daily maintenance.

These are just some of the most pressing needs our city will confront in the next few years.

Drainage/Street Issues	\$50-100 Million
Police and Courts Building	\$35-40 Million
Fire Stations	\$25-35 Million
Main Street Viaduct	\$15-20 Million
14th Street Bridge	\$10-12 Million

City and County Sales Tax Revenue

Year	Revenue	Percent Change
2007	\$29,322,605	
2008	\$29,706,800	1.3%
2009	\$27,606,255	-7.1%
2010	\$27,847,975	0.9%
2011	\$27,940,917	0.3%
2012	\$28,761,536	2.9%
2013	\$28,718,917	-0.1%
2014	\$29,144,173	1.5%
2015	\$30,288,638	3.9%
2016	\$30,242,383	-0.2%
Total percentage increase since 2007		3.1%
Average increase per year		0.3%

Sanitation Department

Year	Expenses	Percent Increase
1999	\$2,711,101	
2000	\$3,075,313	13%
2001	\$4,421,074	44%
2002	\$3,386,049	-23%
2003	\$3,316,794	-2%
2004	\$3,797,906	15%
2005	\$4,230,756	11%
2006	\$4,369,922	3%
2007	\$4,486,825	3%
2008	\$4,708,907	5%
2009	\$4,086,059	-13%
2010	\$4,345,269	6%
2011	\$4,792,923	10%
2012	\$4,902,280	2%
2013	\$5,254,950	7%
2014	\$4,803,702	-9%
2015	\$4,645,911	-3%
2016	\$4,711,027	1%

Average increase per year (past 17 years)	-0.2%
Percent increase since 1999	74%
Percent increase since 2013	-10%
Cost Savings since 2013	\$543,923

25 Largest Cities in Arkansas

Current as of March 15th, 2017

City	Population	Sales Tax	Sanitation Fee (monthly)	Sanitation Fee (annual)
Bryant	16,688	3.00%	\$0.00	\$0.00
Texarkana	29,919	2.50%	\$18.92	\$227.04
Benton	30,681	2.50%	\$0.00	\$0.00
Cabot	23,776	2.00%	\$17.00	\$204.00
Springdale	69,797	2.00%	\$16.78	\$201.36
Jacksonville	28,364	2.00%	\$15.50	\$186.00
Fort Smith	86,209	2.00%	\$14.57	\$174.84
Fayetteville	73,580	2.00%	\$14.46	\$173.52
Van Buren	22,791	2.00%	\$14.40	\$172.80
Bentonville	35,301	2.00%	\$12.96	\$155.52
Rogers	55,964	2.00%	\$11.60	\$139.20
Conway	58,908	1.75%	\$17.00	\$204.00
Pine Bluff	49,083	1.63%	\$14.50	\$174.00
Little Rock	193,524	1.50%	\$24.00	\$288.00
Hot Springs	35,193	1.50%	\$19.00	\$228.00
West Memphis	26,245	1.50%	\$16.50	\$198.00
Russellville	27,920	1.50%	\$16.40	\$196.80
Searcy	22,858	1.50%	\$16.00	\$192.00
El Dorado	18,884	1.25%	\$0.00	\$0.00
Bella Vista	26,461	1.00%	\$14.30	\$171.60
Maumelle	17,163	1.00%	\$12.50	\$150.00
Sherwood	29,523	1.00%	\$12.00	\$144.00
Jonesboro	67,263	1.00%	\$0.00	\$0.00
NLR	62,304	1.00%	\$0.00	\$0.00
Paragould	26,113	0.75%	\$9.00	\$108.00

25 Largest Cities in Arkansas

Current as of March 15th, 2017

City	Population	Sales Tax	Sanitation Fee (monthly)	Sanitation Fee (annual)
Little Rock	193,524	1.50%	\$24.00	\$288.00
Hot Springs	35,193	1.50%	\$19.00	\$228.00
Texarkana	29,919	2.50%	\$18.92	\$227.04
Conway	58,908	1.75%	\$17.00	\$204.00
Cabot	23,776	2.00%	\$17.00	\$204.00
Springdale	69,797	2.00%	\$16.78	\$201.36
West Memphis	26,245	1.50%	\$16.50	\$198.00
Russellville	27,920	1.50%	\$16.40	\$196.80
Searcy	22,858	1.50%	\$16.00	\$192.00
Jacksonville	28,364	2.00%	\$15.50	\$186.00
Fort Smith	86,209	2.00%	\$14.57	\$174.84
Pine Bluff	49,083	1.63%	\$14.50	\$174.00
Fayetteville	73,580	2.00%	\$14.46	\$173.52
Van Buren	22,791	2.00%	\$14.40	\$172.80
Bella Vista	26,461	1.00%	\$14.30	\$171.60
Bentonville	35,301	2.00%	\$12.96	\$155.52
Maumelle	17,163	1.00%	\$12.50	\$150.00
Sherwood	29,523	1.00%	\$12.00	\$144.00
Rogers	55,964	2.00%	\$11.60	\$139.20
Paragould	26,113	0.75%	\$9.00	\$108.00
Jonesboro	67,263	1.00%	\$0.00	\$0.00
NLR	62,304	1.00%	\$0.00	\$0.00
Benton (Does not provide any sanitation services)	30,681	2.50%	NA	NA
El Dorado	18,884	1.25%	\$0.00	\$0.00
Bryant (Does not provide any sanitation services)	16,688	3.00%	NA	NA

(No Changes) 5 Year Financial Outlook

	2017	2018	2019	2020	2021	2022
Beginning Fund Balance	\$13,153,653	\$8,968,394	\$4,077,608	-\$1,539,035	-\$7,902,330	-\$15,033,556
Total Revenue (1 percent growth)	\$62,182,208	\$62,804,030	\$63,432,070	\$64,066,391	\$64,707,055	\$65,354,126
Total Expenses (2 percent growth)	\$66,367,467	\$67,694,816	\$69,048,713	\$70,429,687	\$71,838,281	\$73,275,046
Budget Shortfall	-\$4,185,259	-\$4,890,786	-\$5,616,642	-\$6,363,296	-\$7,131,226	-\$7,920,921
Ending Fund Balance	\$8,968,394	\$4,077,608	-\$1,539,035	-\$7,902,330	-\$15,033,556	-\$22,954,477

AMENDED APRIL 3, 2017

(1/2 penny sales tax increase) 5 Year Financial Outlook

	2017	2018	2019	2020	2021	2022
Beginning Fund Balance	\$13,153,653	\$8,968,394	\$12,577,608	\$15,545,965	\$17,853,520	\$19,479,852
Total Revenue (1 percent growth)	\$62,182,208	\$71,304,030	\$72,017,070	\$72,737,241	\$73,464,613	\$74,199,260
Total Expenses (2 percent growth)	\$66,367,467	\$67,694,816	\$69,048,713	\$70,429,687	\$71,838,281	\$73,275,046
Budget Shortfall	-\$4,185,259	\$3,609,214	\$2,968,358	\$2,307,554	\$1,626,333	\$924,213
Ending Fund Balance	\$8,968,394	\$12,577,608	\$15,545,965	\$17,853,520	\$19,479,852	\$20,404,066

(\$15 sanitation fee) 5 Year Financial Outlook

AMENDED APRIL 3, 2017

	2017	2018	2019	2020	2021	2022
Beginning Fund Balance	\$13,153,653	\$8,968,394	\$8,277,608	\$6,902,965	\$4,824,090	\$2,020,128
Total Revenue (1 percent growth)	\$62,182,208	\$67,004,030	\$67,674,070	\$68,350,811	\$69,034,319	\$69,724,662
Total Expenses (2 percent growth)	\$66,367,467	\$67,694,816	\$69,048,713	\$70,429,687	\$71,838,281	\$73,275,046
Budget Shortfall	-\$4,185,259	-\$690,786	-\$1,374,642	-\$2,078,876	-\$2,803,961	-\$3,550,384
Ending Fund Balance	\$8,968,394	\$8,277,608	\$6,902,965	\$4,824,090	\$2,020,128	-\$1,530,256