



Administration
Department

newton
KANSAS

Randy Riggs
City Manager

rriggs@newtonkansas.com

p: 316-284-6002

f: 316-284-6090

201 East Sixth, P.O. Box 426
Newton, Kansas 67114-0426

October 2011

City Commissioners and Citizens of Newton,

In these difficult economic times, families and businesses must all have a fiscal roadmap. The 2012 budget is a plan, a roadmap for the City of Newton. This budget allows us to deliver the services our community needs and expects while responding to the fiscal restraints of a changing world.

In developing the 2011 budget, City staff and elected officials recognized that the state and local economic downturn would not rebound quickly. We predict that 2012 will be even more difficult, and that it could well be into 2013 and beyond before a significant upswing is sustainable at the local level. Newton has a history of thoughtful planning and of being good stewards of the public trust. The organization is positioned to not only endure the current economic stall, but prepared and positioned to take advantage of economic development opportunities as the national and local economies begin to surge. The City will continue to closely monitor and report revenues and expenditures to ensure that we can continue to serve citizens with quality public services in public safety, public works, parks and public facilities, community development, and general administration of government.

The goals and priorities discussed during the City's 2012 budget sessions resulted from copious data and analysis of the 2011 budget cycle. This year's budget also reflects additional citizen input.

Following are key factors in the development of the 2012 budget for the City of Newton:

- The community's tax base remained flat while the cost of doing business continues to increase.
- The City continues to utilize revenues from the 2006 1-cent sales tax, but income from sales tax was \$4,351,084 or 3.3% below expectations. This funding source is used for property tax relief (50%), economic development (25%) and infrastructure enhancements (25%).
- While City Guest Tax revenues are anticipated to increase in 2012 and 2013 as a result of the opening of a new Comfort Inn and Holiday Inn Express along with the opening of the city-owned Meridian Center, a conference and events facility, guest tax revenues for 2011 were below projections.
- New home construction was stagnant
- Enterprise revenues increased moderately in 2011 and further increases are anticipated in 2012. At the same time, the City is preparing for much-needed improvements to waste water system in 2014, and funds are being budgeted in advance of expenditures.

Property Taxes

The 2011 budget included a 0.75 mill increase, which was the first quantifiable mill increase in four years. Prior to that, in 2006, the City Commission actually lowered the mill levy by 10.5 mills, a reduction of nearly 20% in the City tax rate.

Increased cost of business expenses and reduced income set in motion an increase of 1.6 mills in the 2012 budget. While this increase will be a hardship on some citizens and businesses, it is below what was actually needed to provide the full range of services and programs the City of Newton department heads proposed. It was a priority in building this budget that we begin to rebuild cash reserves for 2012 and 2013 operations.

Economic Development

As the City of Newton looks ahead, we see a bright future. In collaboration with Harvey County and Harvey County Economic Development Council, the City has developed the Kansas Logistics Park, 400+ acres of highly developed, infrastructure-rich industrial land use. At the time of this writing, two clean energy primary manufacturers, Tindall Corporation out of Spartanburg, South Carolina, and New Millenium Wind Energy, Avon, Colorado will build production facilities of nearly \$100 million. Together, these two high-tech companies will bring over 700 skilled jobs to the community. Efforts are actively engaged to bring additional and related companies into the Kansas Logistics Park. The economic spin-off from drivers such as these two companies is calculated at \$7 for every \$1 in payroll. At this time, water and sewer, drainage ponds, power lines, and enhanced streets are in place. The City has partnered with two Class I railroads and WATCO, the country's largest short-line railroad to expand rail access at the KLP. A signed partnership with the Port of Catoosa in Tulsa, Oklahoma allows for Kansas Logistics Park businesses to import and export via Catoosa's inland port via rail and/or highways, giving our businesses ready access to riverways, the Panama Canal, and the Asian markets.

While Tindall Corp and New Millenium Wind Energy are tax-abated for ten years, the revenues generated during the building phase and the economic influence of a significantly strengthened workforce promise to bolster the financial future of the City of Newton and its residents.

In addition to the new development of the Kansas Logistics Park, considerable investment in Newton promises to strengthen the local economy. Some of these include:

- New construction of a fully-roboticized Cargill flour packing facility adjacent to the Cargill Horizon Mill
- Kansas Department of Transportation improvements at the I-135/36th Street interchange
- Multiple facility expansion of private commercial investment at the Newton City County Airport
- Dedication of a state of the art science building on the Bethel College campus
- Completion of improvements to USD 373 education facilities as a result of bond issue passed by school district constituents in 2008

Comprehensive Plan

The City of Newton launched a 20-year comprehensive plan in spring 2010. The 18-month community-informed plan is called ReNewton 2030 and is the result of the input, participation, and leadership of over 1,700 citizens. Working cooperatively with the adjacent community of North Newton, the following key tenets were presented to and approved by the Newton City Commission and the North Newton City Council in

February 2011. These key community-supported priorities, along with the Belief Statements approved in 2009, are evidenced and supported in the decisions of the 2012 budget as presented.

ReNewton 2030

Vision Statement: Between 2010 and 2030, Newton will expand its tax base and enhance community amenities, while preserving its richness of character, heritage, and way of life.

Community Values:

- Vibrant economy
- Revitalized downtown and Main Street Historic district
- Livability
- Commitment to education
- Innovations in transportation
- Healthy living
- Preserving our town character
- Housing for all
- Visionary leadership
- Cultural diversity and social cohesion
- Sustainability
- Marketing the community

The City of Newton has a history of being responsive to public need while being responsible with public resources. Significant infrastructure and investment in the community has been accomplished in recent years and will continue to be evident despite the tight fiscal environment. The City has been able to move forward with significant strides in infrastructure for meaningful economic development without hyperextending or diminishing our excellent credit status. The positive, proactive spirit that has driven the community to invest in itself during difficult economic times will propel us forward as the economy re-calibrates and improves in coming years.

The challenges faced in finalizing the 2012 budget will likely be exacerbated as we begin conversation toward the 2013 budget steps. Commissioners and staff will work with governmental partners, private investors, and the general public to help insure our citizens can continue to enjoy the safety, responsiveness, and accessibility to services to which they have become accustomed. More importantly, decisions will be made that insure the sustainability of the rich traditions and quality of life in Newton for generations that follow.

Respectfully,



Randall K Riggs

City Manager

