



## City of Little Rock

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Bruce T. Moore  
City Manager

City Hall, Room 203  
500 W. Markham  
Little Rock, Arkansas 72201-1427  
(501) 371-4510  
Fax: (501) 371-4498  
www.littlerock.org  
citymanager@littlerock.org

December 17, 2013

To the Honorable Mayor Mark Stodola  
and Members of the Little Rock City Board of Directors:

I respectfully submit the official Year 2014 Budget for the City of Little Rock that builds on the accomplishments and service improvement programs initiated last year. While the economic downturn and slow recovery experienced in the past several years continues to create significant challenges for the City, the passage of the new one (1)-cent local sales tax, which became effective January 1, 2012, significantly enhances the operating and capital resources necessary to maintain and improve public safety and the City's infrastructure, stimulate economic development, and provide much needed funding for parks and programs that improve the quality of life for Little Rock citizens. Overall operating expenditures total \$237,965,157, an increase of \$15,381,599, or 6.9% more than the 2013 Adopted Budget and \$5,453,210, or 2.3% more than the final 2013 Amended Budget. The Operating Budget changes for the 2014 Year are summarized below:

	2014	2013	Change	% Change
General Fund	\$184,264,530	\$171,211,160	\$13,053,370	7.6%
Street Fund	19,363,696	17,594,796	1,768,900	10.1%
Fleet Services Fund	13,135,688	12,616,069	519,619	4.1%
Waste Disposal Fund	17,655,926	17,688,470	(32,544)	-0.2%
Vehicle Storage Facility Fund	1,321,150	1,293,257	27,893	2.2%
Parking Garages	2,224,167	2,179,806	44,361	2.0%
Total	<u>\$237,965,157</u>	<u>\$222,583,558</u>	<u>\$15,381,599</u>	<u>6.9%</u>

The 2014 Operating Budget has been developed around common themes from the Mayor and Board of Directors policy and priority areas. These strategic priority areas include: Public Safety; Economic Development; Infrastructure; Basic City Services; and Quality of Life Issues.

## OVERVIEW

### General Fund:

The General Fund 2014 Operating Budget includes several significant changes from the original 2013 Operating Budget. The 2014 Budget and the 2013 Amended Budget include separate property tax levies and State Turnback Funds dedicated to the closed Police and Fire Pension Plans. The revenues are recognized in the General Fund and then passed through to the Police and Fire Pension Plans as pension contributions reflected in the Police and Fire Departments. The impact of this adjustment is approximately \$10.9 million to the 2014 Budget and \$10.7 million to the 2013 Amended Budget. In prior years, this adjustment was reflected in the actual revenues and expenses of the General Fund at year-end; however, it was not included in the Annual Budget.

Little Rock citizens passed an additional one (1)-cent local sales tax in September 2011 that was effective on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each Ward to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between on-going operating needs and capital needs. The five-eighths (5/8)-cent permanent increase in sales tax for operations is reflected in the FY14 Adopted Budget. The three-eighths (3/8)-cent temporary sales tax for capital projects, which expires in ten (10) years (2021), is discussed in detail in the capital section of the budget document. In addition, in a special election held on September 11, 2012, Little Rock citizens approved the issuance of capital improvement bonds not to exceed \$105 million for street and drainage improvements. Up to \$73.5 million of the bonds are dedicated to street improvements with the remaining \$31.5 million available for drainage improvements throughout the City. The bonds are secured by a three (3)-mill ad valorem tax on taxable property located within the City of Little Rock. The City issued \$58,105,000 in bonds on July 24, 2013. A second series of bonds will likely be issued in 2016 or 2017.

Sales Tax continues to be the leading revenue source for the City at approximately 52% of general fund revenues. The City's sales tax is composed of a one and one-eighth (1-1/8)-cent local tax on gross receipts, which includes the half (1/2)-cent sales tax in effect since 1994, combined with the new five-eighths (5/8)-cent operating sales tax effective January 1, 2012, as well as a per capita allocation of a one (1)-cent County tax and State Turnback Funds. The three-eighths (3/8)-cent temporary sales tax for capital projects is not reflected in the operating budget; however, it is reported in a separate capital projects fund. Revenue from the operating portion of the new sales tax is committed primarily to filling vacant Police Officer positions, supporting the twelve (12) new Fire positions for the West Little Rock Fire Station that opened in 2012, maintaining grant-funded positions in the Police and Fire Departments and the addition of Code Enforcement Officers. Also included is funding for neighborhood-based/community initiatives of \$5.5 million, increased funding for building

maintenance, expanded park maintenance, Zoo deferred maintenance, operations and staffing, annual fleet replacement, information technology staffing and maintenance, and new transit routes. Many of the initiatives supported by the new sales tax were implemented during 2012 and will experience the second full year of operation in 2014. Changes to the Arkansas Sales and Use Tax Law known as the "streamlined sales tax" took effect beginning January 1, 2008. Sales tax revenues are distributed based on where the purchaser takes receipt or delivery of the product or service. In addition, local tax caps on most single transactions are no longer applicable when City and County Sales and Use Taxes are collected. The local tax cap continues to apply to the first \$2,500 per item on the sale of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes. Businesses, schools, governments and charitable organizations are able to recover the tax paid on single transactions over the previous cap amount through a rebate program. The program allows such tax payers a period of up to six (6) months from the date of the transaction in which to claim the rebate. State Statute restricts the level of tax information available to municipalities which makes forecasting sales and use tax revenues very difficult. Growth in sales tax receipts compared to the same period a year ago were volatile throughout the year. Based on growth of approximately 0.25% in the first ten (10) months of 2013, combined with a slight increase associated with the slow recovery from the economic downturn and the recent opening of a Bass Pro Shop in Southwest Little Rock, growth for 2014 was projected to be approximately 1.75%. Net of an anticipated decline in State sales turnback revenues, growth of approximately 1.5% over the Amended 2013 Budget will be required to meet the 2014 sales tax budget of \$96,123,400.

Franchise fees from local utilities comprise approximately 15% of general fund revenues. Franchise fees from Entergy Corporation, the electric utility, decreased approximately 1.7% in 2013 and are expected to decrease by 4% in 2014, due primarily to the discontinuance of a rate adjustment associated with the utility's exit from a multi-state agreement in which it had operated for decades to equalize rates among member states. Storm recovery charges passed on to customers and weather impact rates and usage. Franchise fees from Centerpoint Entergy, the gas utility, increased approximately 19% in 2013 with an increase in usage of approximately 15% after decreasing 22.8% in 2012 primarily due to lower natural gas prices and a 10% decline in usage. Revenues in 2014 from Centerpoint Entergy are expected to increase approximately 2.25% from the Amended 2013 Budget. Franchise fees from telecommunication companies are expected to decrease approximately 3.75% after several years of decline due to on-going competition from wireless companies. There are scheduled rate increases included in the budget for Central Arkansas Water and Little Rock Wastewater. Central Arkansas Water announced a rate increase of approximately 3.9% in 2013 followed by an additional 4% in 2014. In addition, Little Rock Wastewater rates increased approximately 8% in 2013, and are scheduled to increase 7% in 2014 and 4.75% in 2016 to comply with the terms of the Sierra Club lawsuit to reduce sanitary sewer overflows in Little Rock. Residential customers, on average, will experience lower rate increases of approximately 2.5% and 4.75% in 2014 and 2016 respectively.

Property Tax revenues account for approximately 14% of General Fund revenues. Little Rock recently received its Original Charge for 2013 Property Taxes to be

collected in 2014. The Original Charge is approximately 2.4% over last year's value and represents the total amount assessed on real estate and personal property for the previous year. The 2014 Budget reflects an increase in Property Tax revenues of approximately 1.7% from the final amended 2013 Budget. In addition, the 2014 Budget and the 2013 Amended Budget include the separate 1-mill property tax levies dedicated for the Police and Fire Pension Plans as discussed previously. I am pleased that overall property values in Little Rock were maintained during the recent economic downturn. The City has not experienced the decline in values that were prevalent in other parts of the country.

City employees have demonstrated their dedication and professionalism by providing quality service to the citizens of Little Rock. The General Fund Budget supports 1,669 full-time equivalent (FTE) positions, a net increase of thirty (30) FTEs compared to 2013 staffing levels. The staffing additions include twenty (20) Police positions previously funded by a grant award under the *American Recovery and Reinvestment Act* COPS Program. In addition, special projects and grant awards support forty-one (41) employees. However, approximately 100 of the budgeted General Fund positions were vacant during 2013. This represents a significant improvement over the 152 budgeted General Fund positions that were kept vacant in 2011. With the passage of the new sales tax, positions were filled and new positions were added in 2012 and 2013, particularly in the areas of Public Safety and Parks and Recreation. The 2014 Operating Budget expenditures include \$137,290,586 in personnel cost, net of an anticipated \$5 million in savings from authorized but vacant positions. Police, Fire and AFSCME personnel covered by labor agreements will receive a pay increase of 2.5%. An allocation for non-uniform non-union employees of 1.5% was included in the budget as well. Health insurance costs will increase approximately 6.4%, primarily due to taxes and fees associated with implementation of the Affordable Care Act. The City is increasing its emphasis on wellness programs again in 2014 to mitigate cost increases. Employees that do not take advantage of wellness initiatives will share in the cost of future health insurance benefit increases. Benefit changes approved by the State Legislature increased pension costs slightly for Fire and Police uniformed personnel. Pension costs increased from 18.58% to 19.58% of payroll for uniformed Fire personnel and from 15.23% to 16.23% of payroll for uniformed Police personnel. In addition, the City merged administration of the closed local Police Pension Fund with the LOPFI plan which will require an additional contribution of 9.2% of payroll for uniformed Police personnel. However, the additional contribution will not result in any additional cost to the City. The dedicated 1-mill property tax levy, annual City sales tax contribution of \$500,000, and other dedicated fines and fees are expected to fund the 9.2% contribution. Pension costs for Court Clerks decreased slightly from 14.88% to 14.74%. The City will implement a new defined benefit pension plan for non-uniform personnel on January 1, 2014. The plan resulted from a yearlong review of options to improve the retirement plan for non-uniform employees. The City will contribute 9% of salary to the plan, matched by employee contributions of 4.5%. Vacant positions are budgeted at the mid-range salary for the position's grade, providing some budget flexibility in the recruiting process. Overall, with the changes in salary, benefits and the increased number of filled positions, the 2014 Budget for personnel cost will increase approximately 3% from the Amended 2013 Budget. The adjustment to include the pension contributions to the closed Police and Fire Pension Plans funded by the separate property tax levies and State Turnback Funds is responsible for an

increase in personnel cost of approximately 10% from the Original 2013 Budget. The total increase in personnel cost from the Original 2013 Budget is approximately 13%.

Fleet and fuel costs are projected to decrease approximately \$65,000 in 2014. The 2014 Fuel Budget is based on estimated unleaded and diesel fuel per gallon prices averaging \$3.20 and \$3.25 respectively. The cost per gallon of fuel has decreased with the utilization of new fuel blends. In addition, the City is opening a new Compressed Natural Gas Station (CNG) in 2014 and is converting some vehicles to CNG. The budget for fleet parts increased due to the aging fleet. However, as the annual fleet replacement schedule is resumed with the passage of the sales tax, repair and maintenance cost will be reduced.

The City's 2014 allocation for outside agency contributions increased by approximately \$326,000 compared with the 2013 Budget. The increase is associated with the Central Arkansas Transit Authority (CATA) Bus and River Rail operations. Two (2) new routes were added to bus service in 2013 servicing the John Barrow Neighborhood and Southwest Little Rock, including Pulaski Technical College.

The City issued a \$7.7 million short-term financing note in 2013 to accelerate public safety projects associated with the three-eighths (3/8)-cent sales tax for capital projects. Short-term financing notes are authorized under Amendment No. 78 to the Arkansas Constitution for the acquisition, construction and installation of real and tangible personal property having an expected useful life of more than one (1)-year. The notes are repaid over a period of five (5) years from general revenues. The principal portion of the new note will be repaid with proceeds of the three-eighths (3/8)-cent sales tax for capital projects. The interest payments are included in the General Fund Budget. Debt service payments will actually decrease by approximately \$1,073,000 in 2014 due to the retirement of previous short-term notes in 2013.

Funding of the Pulaski County Jail was continued in order to provide space for prisoners in accordance with the City's primary focus on Public Safety. In addition, an extra allocation is available from a \$20 local jail fine to contribute toward operations for expanded Pulaski County Jail space if needed.

A Homeless Services Task Force was established in 2006 to end chronic homelessness within our community. The City of North Little Rock has partnered with Little Rock to financially fund the Day Resource Center. The services provided to homeless individuals and families are focused on finding housing, job referral, and case management services, medical, dental and psychiatric assistance. In addition, both municipalities are working with the various support groups in Central Arkansas as part of the on-going process to address the needs of homeless individuals and families. In 2011, the City acquired a building on Confederate Boulevard in Little Rock for a permanent Day Resource Center. The new Jericho Way Day Resource Center opened in 2013 with continued operating support from Little Rock and North Little Rock.

The City is appropriating approximately \$5.5 million for Children, Youth and Family Programs, including youth employment, skills center funding, and re-entry programming in 2014 as part of City's emphasis to foster and enhance youth and

community development. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In addition, the City implemented an in-house pilot program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The program was extremely successful and will be continued in 2014. In addition, Community Programs Staff is evaluating other opportunities for expansion of the program utilizing entry-level positions available in other City Departments.

The 2014 Budget includes a contingency allocation of \$1 million or .54% of General Fund revenues. The City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

### **2013 Accomplishments**

**Little Rock Police Department:** The Little Rock Police Department was awarded its sixth certificate of accreditation with the Commission on Accreditation for Law Enforcement Agencies on March 21, 2013, for an additional three (3) years. This designation is afforded to premiere agencies and has established the Little Rock Police Department as a model for other agencies seeking accreditation. Construction began on the 12<sup>th</sup> Street Station with a completion date of mid-July 2014. The 311 System has greatly increased service delivery to the citizens of Little Rock. A total of 103,581 requests for City services were made utilizing the 311 System. Recruit School #78 graduated thirty-five (35) new Officers in December 2013. Five (5) Certified Officer Accelerated Training (C.O.A.T.) Schools were held during 2013, with fourteen (14) Officers graduating. An additional seven (7) C.O.A.T. applicants are currently being processed. A Recruit School is scheduled to begin mid-July 2014, with twenty-five (25) recruits.

**Little Rock Fire Department:** The Little Rock Fire Department continued to provide quality services, responding to more than 27,042 fire and emergency calls during 2013. The Department purchased land in Southwest Little Rock for construction of Fire Station #24. Funding for the land was provided through the City of Little Rock tax initiative. Divisions of the Fire Department instituted numerous staff training and outreach programs during 2013 including a Staff Certification Program for Fire Apparatus Engineers for existing driver operators and Firefighters; instituted a "Don't Text and Drive Campaign"; implemented a mass smoke alarm distribution campaign, distributing smoke alarms to targeted demographics including the elderly and low income; and conducted service user surveys to evaluate the services of the organization through performance measures. Other programs instituted by Fire Administration include the launch of the Junior Fire Cadet Program in conjunction with the Little Rock School District; implementation of mandatory Post Incident Analysis of all large loss incidents; and established a Fire Department Chaplaincy Program with two (2) civilian volunteers to assist the organization when needed. The Department continues to move forward with the accreditation process through the Center for Public Safety Excellence.

**Public Works:** In 2013, Public Works Operations Staff responded to 7,528 service requests via the 311 service request system and swept 20,773 curb-miles of streets. Additionally, staff administered a successful Sidewalk Program, utilizing disadvantaged citizens re-entering the workforce. Civil Engineering oversaw the commencement of the first year in a three (3)-year cycle of Capital Sales Tax and 2013 Capital Bond Issuance projects.

**Fleet Services:** The City of Little Rock Fleet Services Department once again achieved national recognition as being among the 100 Best Fleets of North America. Additionally, Fleet Services has continued to work towards opening a publicly accessible compressed natural gas fueling station, with an anticipated opening of March 2014.

**Finance:** The Finance Department obtained the Government Finance Officers Association (GFOA) Certification of Recognition for the 2013 Budget Presentation and the GFOA Certificate for Excellence in Financial Reporting for the 2012 Comprehensive Annual Financial Report. The Grants Division provided assistance to other Departments, component units, non-profit organizations, and neighborhood organizations of the City in training, writing, obtaining, monitoring and reporting on grant awards. In addition, the Department provided quarterly reporting to the Little Rock Citizens Evaluation of New Tax (LRCent) Committee on the status of the new local sales tax and on progress toward completion of capital projects authorized under the three-eighths (3/8)-cent portion of the tax. In July 2013, the Finance Department facilitated the issuance of \$58,105,000 in Limited Tax General Obligation Capital Improvement Bonds for street and drainage improvements. The City's purchasing manual was updated and the Finance Department web page was updated to include helpful documents and detailed tax and revenue information for residents.

**Information Technology:** The Information Technology Department completed a Business Continuity Plan for the Department; developed and implemented a web-based system for the City Impound; assisted the Police Department with the 911 phone system upgrade; and replaced 220 of the oldest PCs on the City network which benefited all City dDepartments.

**Human Resources:** The Human Resources Department implemented a new Defined Pension Plan for non-uniform employees. Pension enrollment meetings were held for all impacted employees where employees were notified of their election options. A new Fair Labor Standards Act questionnaire was developed for employees to complete as part of their annual performance evaluation. A salary and benefits survey was conducted. Safety programs were presented. The Department continues to monitor the Patient Protection and Affordable Care Act (PPACA) to ensure compliance for the City's health insurance program that is offered to full-time employees.

**Parks & Recreation:** The Centre at University Park was opened and dedicated on September 28, 2013. The new facility is a 15,000 square-foot state of the art building that includes a webinar room, art and crafts room, ceramics and kiln area, game room, classrooms, aerobics and dance room with hardwood floor, conference room, kitchenette, office space, and banquet hall with audio/visual teleconferencing access. The opening of this facility returned to the community a valuable resource that was

lost when it burned in October of 2009. In addition, the Hindman Golf Course greens were reconstructed and reseeded in 2013. The clubhouse was renovated and the course was reopened to the public on September 12, 2013. The Department launched its first "on-line" registration opportunity for summer playground participants at all seven (7) of its playground sites. This program was very successful with over 97% of the 1,200 program participants enrolling via on-line registration. Little Rock Parks and Recreation improved its website to make it more user friendly and descriptive of programs and activities. The Little Rock Marathon increased its participation by 10%. Parks were maintained at a Class "B" level (mowed one (1) time every ten (10) work days). In 2013, the Department's "Lights on After School" initiative was again successful in that it continues to promote the critical importance of quality afterschool programs in the lives of children, their families and community. In addition, a detailed inspection of every playground within the parks system was conducted.

**Planning & Development:** The Planning & Development Department coordinated with the City Beautiful Commission and the Board of Directors on the adoption of an important amendment to the Landscape and Tree Protection Ordinance related to the Tree Restoration for Environmental Enhancement Fund. In addition, a package of changes to the Future Land Use Plan for the area south of Interstate 30 was approved. Nominations of the Dunbar Neighborhood and several structures around the City were made and listed on the National Register of Historic Places. The 2012 International Existing Building Code was adopted by the Board of Directors.

**Little Rock Zoo:** The Little Rock Zoo enjoyed a successful year in 2013. A baby penguin and four (4) new tiger cubs were born. These births contributed to the survival of critically endangered species. In addition, the Zoo had strong guest attendance numbers. The Zoo continued implementation of the 2011 tax referendum by hiring new staff and completing important new capital projects including an upgrade to the tiger exhibit, upgrades to Zoo horticulture, a new shade structure for the great ape exhibit, and other general improvements. The Zoo also acquired two (2) new residents – elephants Sophie and Babe – from the Niabi Zoo.

**Housing & Neighborhood Programs:** During 2013, the Housing and Neighborhood Programs Department hired one (1) Senior Code Enforcement Officer and twelve (12) new Code Officers. In addition, a training program was implemented for new and existing Code Officers. Little Rock Animal Village adoptions totaled 1,618 animals during the year, which is an increase of eighty-nine (89) animals from the previous year. The Animal Village opened the City's third dog park during 2013.

**Community Programs:** The Community Programs Department initiated planning for Departmental allocation of new revenues in collaboration with community partners. The Department implemented a summer jobs training component for returning youth to learn money management skills. In addition, the Department provided staff support for the Children, Youth, and Families Commission in strategic planning and recognized all area National Merit Scholars with a reception, program, and certificates.

**Vehicle Storage Facility:** The City of Little Rock Vehicle Storage Facility amended the Little Rock Transportation Code, addressing taxicab driver permit applicants with a felony conviction in their background. Additionally, staff from the Vehicle Storage

Facility attended the International Association for Transportation Regulators (IATR) conference.

**Budget Polices and the Budget Process:** The General Fund goal was to set aside the greater of \$10,000,000, or 10%, of General Fund revenues in the Restricted Reserve on or before December 31, 2005; however, due to economic conditions in the past few years, the City has been unable to meet this goal. The restricted reserve is currently \$9,418,000. The 2014 Budget includes a contingency allocation of an additional \$1 million. Following the completion of the 2013 audit, the City's management team will determine the amount of funds available to increase the reserve, with the intent of gradually increasing the Restricted Reserve to achieve 10% of General Fund revenues in the next few years.

### **2014 Goals**

- In coordination with the Mayor and City Board, staff will have a major focus on completion of projects funded by the new sales tax. Staff will constantly track, monitor, and report on capital projects funded by the sales tax and will maintain a detailed tracking system on the City's web site, [www.littlerock.org](http://www.littlerock.org).
- Continue quarterly review meetings with the Little Rock Citizen Evaluation of New Tax (LRCent) Committee to review expenditures and progress toward initiatives supported by the new one (1)-cent sales tax. These meetings will provide an additional layer of accountability and transparency to tax payers.
- Continue to implement the street and drainage sales tax plan for the 2013 - 2015 infrastructure improvement cycle established per the Ward community meetings.
- Complete construction and open the 12<sup>th</sup> Street Police Station.
- Execute an agreement to lease or purchase property for the West Little Rock Police Substation.
- Complete the land acquisition for the Southwest Little Rock Fire Station.
- Continue the development of the West Central Community Center.
- Continue the City's focus on economic development and sustainability.
- Provide \$5.5 million in funding for Children, Youth, and Family Programs, including youth employment, skills center funding, and reentry programming, to continue the program to train and employ disadvantaged persons for construction and maintenance of sidewalks, and to explore opportunities for expanding the program to include other entry level positions.
- Continue progress on street and drainage improvement projects funded by the 2013 Capital Improvement Bonds.
- Implement the new non-uniform defined benefit pension plan.

## Economic Outlook

The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens in the midst of an uncertain, but stabilizing, economic climate. While the economic recovery continues, it remains slow and fragile.

The latest comparative figures for the City of Little Rock show unemployment at 6.7%, compared with a U.S. average of 7.4%, according to data from the United States Department of Labor, seasonally adjusted for local figures by Metroplan. The United States economy gained jobs in 2012 and 2013. Per Metroplan, the region's 2.5% employment growth from 2012 to 2013 was its strongest showing in over a decade, bringing total employment to 346,800 - still below its prerecession total of 347,900 in 2008. Little Rock remains a vital employment center, accounting for approximately 53% of all jobs, by place of work, in the Little Rock-North Little Rock metropolitan areas. A large component of the City's workforce is in the areas of health care, education and public administration. These sectors are less vulnerable to national employment trends.

Little Rock's housing markets have felt the boom-bust cycle of recent years; however, they have been less severely affected than the U.S. average. Single-family housing permits began to rebound during 2012, moving to an average of thirty (30) monthly; the highest level since 2008. Permits for single-family units were 353 in 2013 after increasing to 395 in 2012 from 328 in 2011; still far below the 700-plus permits that occurred annually 2003-2007. Multi-family housing construction slowed in 2013 to 265 units, compared with 1,022 units in 2011. However; on August 1, 2013, Moses Tucker Real Estate announced plans to redevelop the old Arkla Gas Building in Downtown Little Rock, converting it into upscale apartments by spring 2015. The \$13 million project will be called MacArthur Commons and will include eight-four (84) units at the corner of East Capitol and River Market Avenues.

Commercial property construction continues to show strong growth. One of the most exciting developments is the new Bass Pro Shop that opened in Little Rock on November 13, 2013. The 120,000 square-foot location is at Little Rock's Gateway Town Center, a 169-acre project at the northwest corner of Interstates 30 and 430 in Southwest Little Rock. In addition, plans have been announced to open an outlet mall at the same location with approximately eighty (80) retail stores, bringing approximately 1,400 jobs to the area. Construction is expected to begin in the summer of 2014 with an opening in 2015.

The Central Arkansas Library System opened the Hillary Rodham Clinton Children's Library and Learning Center on 10<sup>th</sup> Street in Midtown Little Rock in March 2013. The 30,000 square-foot facility includes a computer lab, greenhouse, teaching kitchen and theater along with a collection of more than 21,000 books, DVDs and CDs. The library was funded by a bond issue approved by voters in 2007.

Construction began on a new 72,000 square-foot, \$18 million medical office building in Midtown Little Rock in May 2013. The Midtown Medical Office Building is expected

to be completed in May 2014. The state-of-the-art medical office will be located on South University Avenue; an area that has been an anchor for the medical community.

In August 2013, the Little Rock City Board authorized \$60 million in bonds for Dassault Falcon Jet's expansion at the Bill and Hillary Clinton National Airport. The French private jet company plans to invest \$60 million over the next three (3) years in refurbishment and new construction at its finishing plant operations at Adams Field.

The new Arcade Building in the River Market opened in the fourth quarter of 2013. The \$17 million project is a joint venture between the Central Arkansas Library System and Moses Tucker Real Estate and contains retail space, a 325-seat theater, a restaurant and office space. The building is located at the corner of Clinton and River Market Avenues. Dr. Bobby Roberts, Central Arkansas Library System Executive Director, announced an agreement with the Little Rock Film Festival and its institute to be the host facility for the nationally-acclaimed Little Rock Film Festival.

In October 2013, LM Wind Power, the Danish blade manufacturer for wind turbines, announced that it would be adding more than 850 jobs to its U.S. manufacturing operations, which will bring employment at its Little Rock plant to approximately 400. "The company continues to expand significantly into next year, expecting to employ around 1,200 people in the US in 2014," it said. Staff is being added at factories in Grand Forks, North Dakota and in Little Rock after Congress extended the Production Tax Credit late last year.

Finally, in December 2013, CARTI held a ground-breaking ceremony for a new \$90 million treatment facility adjacent to the Woodland Heights Retirement Community on Riley Drive in Little Rock. The 170,000 square-foot non-profit Cancer Care Center will offer medical, surgical and radiation oncology, diagnostic radiology, and hematology services.

The City's long-term outlook remains bright; most indicators continue showing competitive advantages in the local metropolitan area. Job losses in some sectors have been balanced, even in recession, by gains in areas with future potential. As indicated above, economic projects are in development in all areas of the City – from Downtown, to Midtown, Southwest Little Rock and West Little Rock.

Little Rock's strong business environment and quality of life have been recognized by several national publications. In July 2013, Little Rock was named "#1 of America's 10 Great Places to Live" by *Kiplinger's Personal Finance*. The rankings place an emphasis on small and mid-size cities, considering metro areas with a population of one million or less that have good jobs, reasonably priced homes, decent schools and access to great health care. Little Rock is very proud of this ranking and features some of the reasons Little Rock is a great place to live, work, and play on the cover of this budget document.

In August, *Forbes Magazine* ranked Central Arkansas #32 on its list of "Best Places for Business and Careers." Central Arkansas is recognized for a diverse economy and being home to companies like Stephens Inc., Windstream Corporation, Acxiom

Corporation, and Dassault Falcon Jet, as well as non-profit developments such as the Clinton Presidential Center, Winrock International and Heifer International.

In addition, Little Rock was listed among "Best Towns 2013" by *Outside Magazine*. *Outside Magazine* has included Little Rock as an "editor's choice" stating that "in recent years, Little Rock has become a runner's paradise." The article cites the Arkansas River Trail System and the thirty-eight (38) parks it connects. It also notes that the Little Rock economy is "one of the most stable in the South."

The City, in partnership with the Little Rock Regional Chamber of Commerce, will continue to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax or other forms of revenue for the City. \$38,000,000, or 19.4%, of the revenue anticipated from the three-eighths (3/8)-cent temporary sales tax for capital projects is dedicated to jobs and economic development over the next ten (10) years. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure.

**Closing:** This budget is the financial and operating plan for the City of Little Rock for 2014. The appropriations included provide for quality municipal services.

I want to recognize the many members of our City Staff that are actively serving in our nation's military and acknowledge the additional hours and duties the Department Staff may be undertaking in their absence. To all of you, thank you for your service.

The City of Little Rock has made great strides in the utilization of technology to communicate with local citizens and businesses. The City's website, [www.littlerock.org](http://www.littlerock.org), is among the best and will continue to improve communication efforts. In addition, the City is proud of our local government access channel LRTV, which broadcasts information regarding the activities of the Little Rock City Board of Directors through live and taped coverage of City Board Meetings and other official proceedings; and produces programming regarding municipal affairs.

The City has seen great progress over the past years with more to come in 2014 and beyond as the Mayor, City Board of Directors and City Staff continue to offer vital services to the citizens of Little Rock. And finally, a very special "Thank You" to the citizens of Little Rock. We strive every day to serve you to the best of our collective abilities.

Respectively submitted,



Bruce T. Moore  
City Manager