

## **FOR IMMEDIATE RELEASE**

### **City of Junction City To Release Fiscal Transformation Plan**

May 16, 2011

For More Information:

Gerry Vernon, City Manager (785) 238-3103

JUNCTION CITY, KANS.—On May 17th the City of Junction City will release a Fiscal Transformation Plan intended to quantify the significant financial challenges the City faces in coming years and to present several recommendations to address those challenges. The City's financial advisor Jeff White, Columbia Capital Management, will present the plan to the City Commission during a special work session in the Commission Chambers beginning at 5:45 p.m.

"The full effects of struggling City-backed housing developments, coupled with unsuccessful economic development investments continue to apply significant stress to our recovery," said city manager, Gerry Vernon. "Without decisive, substantial action the City will struggle to find the financial resources necessary to meet even basic service needs." Vernon indicated that, over the past year, the City has taken a number of actions to reduce budgetary costs and defer some of its payment obligations. Despite those efforts, the City still faces a significant projected cash shortfall by December 2011 without intervention.

The Fiscal Transformation Plan documents the impacts of more than \$130 million in new debt and related obligations incurred by the City since 2005. "We project that by 2031 the City will have spent nearly \$300 million to retire these financial commitments," Vernon stated. "In 2012 the incremental cost of these obligations alone will represent more than one and one-half times our entire general fund budget for 2005."

The plan's 20 recommendations for action include an additional restructuring of debt this summer, the implementation of significant property tax levy increases as part of the 2012 budget, the potential for an additional sales tax increase, and an evaluation of nearly every facet of City operations over the next 12 to 18 months. The plan also suggests the City involve key partners, such as the Army and its Kansas legislative delegation, to assist in improving the City's financial situation in the short- and long-term.

"The challenges are significant," said Mayor Pat Landes. "But this plan gives us an excellent starting point to find a long-term solution. This is going to give us a lot to think about in the

coming weeks as we work toward transforming the City back to a strong financially solid community.”

A copy of the plan will be available on the City’s website, [www.junctioncity-ks.gov](http://www.junctioncity-ks.gov) following the presentation.