

State of Kansas – **Senate Committee on Local Government**

Testimony: Gerry Vernon, Junction City Manager

Hearing: February 20, 2012, Statehouse Room 159-S

Mr. Chairmen and Committee Members,

Thank you for the opportunity to present a bit Junction City's story to you this afternoon. I bring with me a story of tremendous efforts of a community to overcome the pains of growth during economic recessionary times.

To meet a challenge from the Department of Defense, Ft Riley, and the State of Kansas to meet the projected housing needs of our Army, Junction City funded significant infrastructure and acquired sizeable debt. I am here to say that we met that challenge but we are now dealing with the associated financial burdens.

Yes, mistakes were made and tremendous errors in judgment occurred. That is well documented. I am here to say that have waded through the muck, we have developed a plan; we have turned our position around. We have done what Kansans do – we've pull ourselves up by the boot straps, and headed down the home stretch toward recovery.

What has it taken? The City reduced services, cut services, furloughed employees, cut employees, analyzed and reviewed programs to become smaller and more efficient. The City imposed an additional one cent sales, increased property taxes, substantially increased water and sewer rates, increased user fees, increased franchise fees, and increased administrative fees to achieve debt payment schedules.

Our efforts over the last two years have us well down the homestretch of recovery. On this homestretch; however, there remain hurdles that must be cleared before reaching the finish line of recovery. Those hurdles are the debt limit thresholds that were set well before the nation's economic decline.

We have utilized most every recovery tool. We have burdened Junction City residents and businesses to the maximum. I am here to ask you to lower the hurdles so that recovery is still achievable for Junction City. If they are not lowered, Junction City may stumble, may fall, and may not finish.

The burden becomes very clear with the Armour-Eckrich processing plant in Junction City. After they discovered that our newly increased sewer rates effectively doubled their monthly costs from \$17,000 to \$34,000, they became very angry and frustrated. It seems that nationwide, A-E management was deciding to close one plant in 2012. The Junction City plant was in the group of five possible plants that could be selected. The increased costs lowered profitability making them less competitive among the other plants and less attractive to the corporate office. In the end, the Junction City plant was not chosen to close.

However, the next time this plant may not fair so well. – If Junction City's hurdles are not lowered, and another round of fee increases imposed on our businesses, they may not survive. What was at stake here? Four hundred employees lost in Junction City and in the State of Kansas.

Junction City is recovering but we are recovering on a very thin margin where there is little room for misfortune. We are here to ask to consider this legislation that makes it possible for Junction City to clear the hurdles, continue down the homestretch, toward complete recovery. Thank you for your consideration of this important matter to our community as well as the State of Kansas.