



THE CITY OF ANTHONY

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February 3, 2025

House Committee on Financial Institutions and Pensions
Kansas Capital Building, Room 582-N
300 West 10th Street
Topeka, Kansas 66612

RE: House Bill 2152
Written Testimony in Opposition

Members of the Committee:

I am the City Administrator with the City of Anthony in Harper County, Kansas, and have been tasked with the management and investment of public moneys in such a way to maximize net earnings, consistent with the public responsibility to secure maximum, safe investment return possible from moneys assigned to its stewardship, to relieve demands on the property tax and to otherwise reduce the cost of public services. This is not a small responsibility and one that would be greatly impacted with the passing of HB 2152. Please allow me to explain why.

We are a small rural community, population 2,069. Anthony provides water, sewer, and electric utilities, as well as general public services such as fire, police, streets, airport, recreation, etc. When I began my role as an administrator, our water department fund was in the red and our wastewater fund was projected to be the same the following year. We had an aging infrastructure and by 2019 we had already increased utility rates three times within four years, with the last increase being over 35%. These increases are gravely impacting on a rural economy. Please take note also, these increases occurred prior to COVID, prior also

then to the extreme inflation we have all been tasked with managing financially which has created an even greater financial burden to maintain department operations.

In an effort to be good financial stewards during these times, I attended the Kansas Municipal Utilities training on Asset Management Planning. This program helps utilities develop infrastructure management plans by analyzing their current operations and future needs while also helping to define investment priorities to meet those needs. In just three years the City of Anthony completely changed our budget strategy and started planning and investing toward future operational demands. In this scenario we were able to put small amounts of funding into an investment for later replacement needs. The city transitioned from getting loans and paying interest to replace equipment, to investing in planned repairs and earning interest revenue that can be used toward the needed cost of the project, sometimes helping to cover the now increased costs of purchase. This is what we believe was being good stewards to the funds entrusted to us and finding positive ways to meet the ever-increasing cost of public services.

The new Asset Management Budgeting initiative was kicked off in 2022. At that time the city had a few current investments with our local lenders. Those investments were earning approximately .6% - 1.8% on average, and had been for many years, even though the current investment rate as defined by K.S.A. 12-1675(a) was much higher. The City of Anthony is a strong supporter of all things local. Shop local. Invest local. All of that plays into the sustainability of our local economic model. Therefore, we did not desire to move our investments elsewhere, we did, however, believe it was our responsibility to manage and invest public money in such a way to maximize net earnings at the same level as what is currently standard available rates. Therefore, the city sent notification to our local lenders providing advanced notification that the city would be seeking rates equal to those defined in said statute for the following year's renewals and any future investments. Magically, our rates went from .6% to over 4.0% and 5.0%. This made a large difference in the investment income which has helped significantly with the infrastructure project demands we are trying to fund.

Since 2022 none of our investments have left our city. On two occasions, the investment did shift from one local lender to another, but requiring our local lenders to at least meet the statutorily defined rate has only improved our investment relationships and benefits to our economy. At a time when there is so much attention on how to reduce the burden of the tax dollar, limiting a city's ability to participate equally in the benefit of an alternate revenue source gives cause to reach out and appeal to the Committee to consider opposition to such a decision.

We cannot speak with experience to scenarios of investing outside of the local governmental unit if the lenders will not meet the rate, since we have not had to do that yet. I understand that would be a touch decision as well. However, allowing local government to participate in the available rate without limitations provides the largest possible financial gain to that local budget. Infrastructure has to be replaced. The total burden of cost to do so will end up with the tax and rate payers if cities cannot fully utilize other possible revenue sources. Further financial burdens on tax and rate payers do not help the economy or the business of the local lenders. Therefore, all stand to lose if limitations are placed on the investment potential.

The City of Anthony does strongly oppose this bill because we believe the overall sustainability of the local economy hinges on the ability to fully participate in available revenue opportunities. In doing so, the sustainability of local economics will be a little healthier, which benefits citizens and local business, which then benefits local lenders. We believe and have directly experienced this current statutory model without amendments provides the greatest benefit to all involved.

Thank you for taking this information into consideration. We appreciate your thorough work on this issue.

Respectfully,

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a long horizontal flourish.

Cyndra Kastens, CFM, CMC, CPM
City Administrator