



CITY OF CANEY

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City Administrator – Kelley Zellner

Mayor – Joshua Elliott

2/9/2023

To the Citizens of Caney:

The City Council of Caney, Kansas and I have tried our best to make Caney citizens and surrounding area utility users aware of the looming debt the City of Caney has created over the past 20 years; from the replacement of a dilapidated City Hall, mandatory Sewer System repairs (EPA), renovated water plant in 2005, building a community grocery store, and a new swimming pool. That debt right now is presently at an average yearly cost of \$520,000.00 without the store temp note being bonded. The sales tax and property tax are spread all through the City Budget and \$161,000.00 of sales tax dollars are going to debt service which should cover the City Hall and Swimming pool debt. However, that still leaves some \$359,000.00 owed by the City annually to its "Debt Service" in water and sewer. I do not believe statements that Caney rates are the highest in the County, but I will be checking into that.

If the council sees fit to raise the utility rates of water and sewer to cover the utilities' O & M along with debt service that is up to the council and is not a matter for citizen vote. Though the council voted down the utility increase last year the council was aware of the need to research the issue more and addressing it in 2023. My grandmother taught us as kids, "In life, we are either part of the solution or part of the problem." As a citizen of Caney, where do you advise the council should get money for the city debt in water and sewer? It was already in place when I came to Caney, and I have worked day and night along with my other duties for the city to understand the City of Caney's financial situation and have looked for solutions and a way to help fix Caney finances as well as infrastructure needs. I go to sleep every night knowing that God is going to reward my efforts and hard work. In the budget I have been able to heal up every other fund except the water debt and the sewer debt.

At present the state is working on help for "city utility debt" for those cities like Caney with looming infrastructure debt as I understand from speaking with our State Representative. In the meantime, we must pay our debts. So, everyone completely understands the City's financial situation; water and sewer fund deficit will be paid as it was last year from the unencumbered cash of both funds, however, the unencumbered cash in the Sewer Fund will be completely exhausted by the third quarter of this year (2023) and the unencumbered cash in the Water Fund will be exhausted halfway through next year (2024). Both utilities then will be in "cash law" violation. Or I can transfer funds from the General Fund which should last some 3 more years and then it will be in a "cash law" violation and the City will be completely broke having to pass revenue bonds just to operate. With all of the cash gone, the City Bond Rating will fall to a "B-" and there will be no cheap interest bonding for Caney any longer. And when the Attorney General steps in and takes over, the utility rates will still have to be raised to pay the City's Debt Service. My hopes and prayers are that we can all work together to find solutions that will benefit Caney today and in the future.

Respectfully,

Kelley R. Zellner EPA
City Administrator
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