

February 05, 2009

FINANCE COMMITTEE REPORT

The Finance Committee meeting was held Thursday, February 05, 2009 at 5:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Kurt Moore, Bob Stephenson, Craig Brown, Tom Allen, Dan Douglas, Jim Wozniak, Marge Wolf

Others Present: County Judge Dave Bisbee, Richard McComas, Michele Anderson, Barbara Ludwig

Media: Ana Fry – Morning News; Tabatha Hunter – Benton County Daily Record

PUBLIC COMMENTS:

None

1. Grants Administrator Report

Grants Administrator Kathy Bannister reported no requests at this time. JP Douglas questioned the GIF Museum grant for Sulphur Springs included on the report. Kathy Bannister stated that Sulphur Springs has a lot of history and the grant was to restore the old bathhouse and another building on the historical list in which weaving was taught. JP Wolf thanked Kathy Bannister for the great job she is doing with grants.

2. Siloam-Springs District Court

Comptroller Richard McComas reported a budget adjustment of \$482 in the salary for the Siloam Springs Court clerk. JP Wolf made motion to forward to the February 10, 2009 Committee of Thirteen agenda, seconded by JP Douglas.

Motion passed by unanimous show of hands

3. Sales Tax Numbers

Richard McComas reported January sales tax numbers, which reflect November receipts, increased 1.55 % over last year, and all cities were down except Rogers. He added that the next report will be for December figures and should be better.

4. Jail Collections

Richard McComas reported that the State had helped by catching up on some of their past due bills, so jail receipts are up.

5. Fuel Summary

Michelle Anderson reported final fuel summary analysis for 2008 adjusted budgets, fuel amounts, December fuel costs, and year to date costs. Sheriff's/Jail adjusted budget for 2008 was down, and the Road Department's adjusted budget came in at \$4,500 under budget. She added that the 2009 Budget for the Sheriff/Jail fuel is \$600,000, and \$1,043,000 was budgeted for the Road Department. JP Moore asked what the average fuel cost in 2009 budget is compared with last year. Richard McComas stated that they increased the amounts budgeted for fuel in 2009, and since fuel costs are now \$1.00 per gallon lower than last year, the fuel budget should be okay.

6. Monthly Expenditure Report 2008

Michelle Anderson reported on 2008 monthly fund summary and stated that they have nearly closed out the year. She stated that the only department over budget at this point is Jail Court, which is \$180.00 over because they failed to allow for an extra day of court due to leap year. She said there is approximately \$20,000 in 2008 bills yet to be paid out of the General Fund, and they are estimating \$1.2 million in returned appropriations. She said that the County Road department was over by approximately \$460,000, there will be an adjustment in County Health Insurance Fund, and the Juvenile Drug Court fuel account will need an additional \$50.00. JP Moore complimented the accounting department and elected officials and managers for staying within their budgets, and in most cases under their budgets.

7. 2008 Revenue Recap

Richard McComas presented the final numbers for 2008. The committee discussed the 2009 Budget Recapitulation sheet. Richard McComas explained the steps that led to the projected \$6.6 million ending balance, and said that it does include the \$2 million transferred to County Road for the ice storm damage. Richard McComas stated that the ending balance more than covers statutory reserves, and it did exceed the projections from the beginning of 2008. He said that he and the County Judge agree that some of the funds need to be transferred to the Capital Projects Fund. He said they have budgeted \$625,000 for 2009, and if they increase that amount to \$2 million, that will give them a balance of \$6.7 million, plus ample reserves to cover next year.

JP Moore asked when FEMA will reimburse funds. Richard McComas stated it would be after July 1. The committee discussed moving funds to the reserves. County Judge Dave Bisbee stated he did not want to spend the money and would like to lock it up so that it would need a two-thirds majority vote to take it out. Judge Bisbee stated that there are many capitol needs, such as road department, courtrooms, but he does not want to spend reserves.

JP Stephenson made motion to forward an appropriation ordinance request to the February 10, 2009 Committee of Thirteen agenda, seconded by JP Douglas. JP Allen stated he would like to hear from the committee what needs are on the list before it is moved. Judge Bisbee stated the purpose is to lock the money up, that there are projects to be done, bonds and construction costs are down, but he would like to see the money locked up.

Richard McComas stated unrestricted reserves have grown over the last couple of years, and the amount that they are required by state law to put in reserve keeps increasing also. He said if the money is left unrestricted, that amount has to be considered as part of next year's budget, which will increase the 10% statutory reserve.

JP Wolf stated she would like to hear the motion again. County Clerk Tena O'Brien read back the motion to forward to the Committee of Thirteen a recommendation to transfer a total of \$2 million to capital projects by adding an additional \$1,375,000 to the already budgeted \$625,000. Motion passed with unanimous show of hands vote.

8. *Items forwarded from Personnel Committee*

Richard McComas stated that these items were forwarded from the Personnel Committee, and do not require any additional funds. JP Stephenson questioned the approval to raise the maximums for all salary ranges an additional 2%. JP Wolf stated would that although all ranges would be increased, only about 20 people are actually affected, and it will not require additional funds, because the salaries have already been budgeted. Richard McComas explained that the people involved had reached the maximum of their range, so they could not receive the 2% additional merit increase unless the range is increased. Barbara Ludwig reported that these employees are not eligible for merit raises, and this would allow for a merit raise this year.

JP Stephenson stated that he is not opposed to it, but if they are at the top of the range now, every time employees receive a salary increase, these 20 employees will always be maxed out. He said that if you are paying someone to sharpen pencils all day, and that is what their job description is, then at some point in time it does not make sense to keep increasing their rate of pay to sharpen pencils. Barbara Ludwig explained that there are about 16 employees who have been maxed out for the last three years, and the reason they are asking for this range increase now, is because we are looking at tighter economic times, and they may not ever receive another salary increase. She said that these are all good employees who have been with the county a long time, and she will not be asking for the same range increase next year.

JP Moore asked if they had all received the cost of living increases. Richard McComas stated that they had. JP Moore said he assumed they also received the merit increase. Barbara Ludwig explained again that they had not, because they are at the maximum of their range. JP Moore asked if increasing the ranges would help that. Barbara Ludwig stated that it would allow them to receive the merit increase this year.

Richard McComas stated that in the past, the amount of the cost of living increase was a lot closer to the actual CPI. Barbara Ludwig added that during the time raises were considered, the actual CPI was at about 6%, and Social Security allowed 4.2%. JP Stephenson stated that he is concerned about raising the salary ranges 2% when employees in some nearby counties and cities did not get raises at all. JP Stephenson stated that he still has a problem continuing to raise a pencil sharpener's salary year after year, when a pencil sharpener is worth only so much.

Richard McComas asked if he felt the salary ranges should be frozen, and never increase each year. JP Stephenson said if they are getting the cost of living increase that should be enough.

Richard McComas explained that the original budget proposal was for a 3% cost of living increase, and the Quorum Court changed it to 2% cost of living, with 2% for merit.

JP Allen stated that in the private sector, some companies gave only one percent, some none at all, and getting close to it is better than nothing at all.

JP Douglas asked what the point was in having a cap if they keep raising it year after year.

Richard McComas explained that the whole purpose in having Johansen Consulting come in and do the salary range study was to keep up with the market. He said if they do not continue to give the cost of living increases, the county will fall back down below market value. JP Allen said that is assuming everyone else is also giving CPI increases. JP Douglas stated that Washington Regional asked their employees to take a 3% pay cut to keep from cutting jobs.

Barbara Ludwig stated that this is the first time this request has been made in the 6 years since she has been here. She said the employees that are affected have only received cost of living and not merit for the last three years, several elected officials asked her about it, and so she agreed to bring it to the court. JP Wolf stated that many of these same questions came up in Personnel Committee, and it was agreed that they are heading into tough times, and whether or not it is a good reason, the fact remains that this will probably be the last chance they have to do this, and it is a one-time thing.

JP Moore asked what the budgetary impact will be. Richard McComas stated that the budget allowed for a 4% increase, so no additional money will be required. Barbara Ludwig replied that amount would be around \$17,000, out of a \$340,000 salary budget.

JP Stephenson stated that he does not understand how they will not be hit with this again.

Richard McComas stated that for the past 6 years, the salary increase that was given was enough to cover the CPI, because it was applied to the salary ranges first. He explained that last year, they allowed a 4% raise, and the CPI was 3%, so the ranges were raised 3%. He said a person who is maxed out, will always receive only the CPI increase, until the salary ranges are increased 2%.

JP Moore asked if they could create an ordinance that would allow merit increases as well as the cost of living increase, as long as it did not exceed the CPI for that year. He said it would allow those employees who are capped out to receive the cost of living, and enough of the merit to get them up to the CPI, but no more. Barbara Ludwig asked how they would handle it if the CPI is running very high and there is no money for raises. JP Allen stated in both public and private enterprises, it does not matter how good a job you do individually, if the company runs out of money, there are no raises. JP Moore pointed out that raises are decided upon in each budget year, based on whether they are able to give them or not. Richard McComas explained that they are limited to paying only what is within the salary range.

JP Wolf stated that this problem is not unique to Benton County, and that no matter how this works out you are penalizing those that stay with the county. It is a matter of taking care of good employees, and there should be special consideration given to those that stay with the county and do a good job.

JP Moore stated that at one time, they addressed that with longevity bonuses. JP Wolf stated that they do not do that anymore. She added that they expect loyalty to the county, and that loyalty should be returned. JP Allen stated that there are other advantages to staying with the county, such as more vacation time, and better retirement benefits. JP Moore suggested that the Personnel Committee consider looking at alternatives to reward longevity.

JP Wolf made motion to forward an appropriation ordinance to the February 10, 2009 Committee of Thirteen. JP Stevenson stated that he would rather consider the retroactive salary increase, adding the grant-funded staff assistant and changing the grade of the Sergeant positions in the Sheriff's Department separately from increasing the salary ranges 2%. JP Wolf made motion to separate items 1, 2, and 4 and forward to the February 10, 2009 Committee of Thirteen, seconded by JP Wozniak.

Motion passed by a unanimous show of hands vote.

JP Wozniak made motion to send item 3, consideration of a 2% increase to the salary range maximums, to the February 10, 2009 Committee of Thirteen agenda, motion seconded by JP Wolf.

Motion passed 6 yeas and 1 nay (Stephenson).

9. Road Department Ordinance – Transfer Funds

JP Allen made motion to forward an ordinance request to the February 10, 2009 Committee of Thirteen agenda, seconded by JP Wolf. JP Wozniak asked if the language regarding the reimbursement from FEMA had been added.

JP Allen amended the motion to add language stating that the County General transfer will be reduced by the amount of reimbursement received from FEMA, seconded by JP Douglas.

Motion to amend passed by unanimous show of hands vote.

Main motion passed by unanimous show of hands vote.

10. Other Business

JP Moore announced that the next Finance Committee meeting will be Tuesday, March 3, 2009 at 5:30 p.m.

After motion and second the meeting adjourned at 6:25 p.m.