

FINANCE COMMITTEE REPORT

June 9, 2009

A Finance Committee meeting was held Tuesday, June 9, 2009 at 5:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Wozniak, Wolf, Brown, Moore, Allen, Douglas, Stephenson

Others Present: JP Blaty, JP Harrison, JP Winscott, JP Sandlin, County Judge David Bisbee, County Clerk Tena O'Brien, Circuit Clerk Brenda DeShields, Treasurer Deanna Ratcliffe, Sheriff Keith Ferguson, Collector Gloria Peterson, Assessor Bill Moutray, Coroner Daniel Oxford, Prosecuting Attorney Van Stone, Judge Brad Karren, Judge David Clinger, Judge Jeff Conner, Comptroller Richard McComas, Public Defender Jay Saxton, Juvenile Probation Manager Petie Cobb, Human Resources Manager Barbara Ludwig, Director of Public Services Chris Glass, Grants Administrator Kathy Bannister, Director of Public Safety Greg Hines

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

PUBLIC COMMENTS:

None

Public Defender Personnel Request:

Public Defender Jay Saxton stated that he is requesting an additional Deputy Public Defender and explained the increase in the caseload due to the new district court pilot program. He stated that at this time there is only one Deputy Public Defender handling more than 700 cases in eight different locations across the county, which only allows him one day each month to visit with the clients about their cases. He said that the remainder of his time is spent in court, so it is safe to say that the Public Defender's office is swamped, adding that the caseload in 2006 was 400 cases. He said he is requesting approximately \$50,000 a year to hire an additional attorney. JP Moore asked if the state pays any percentage of the salary. Jay Saxton stated that the attorney he has at this time is funded by the county. JP Moore asked how long it has been since the last staff addition. Jay Saxton stated that a new attorney has not been hired for the Public Defender's staff since he entered office seven years ago, although he was able to add a state-funded, part-time attorney about 8 months ago who is limited to 50 hours per month.

District Court Judge Brad Karren stated that in 2006 a state survey showed that the Rogers District Court was the ninth largest court in the state. He added that there has been an explosion on the docket in Rogers, and that part of the reason for the increased courtroom traffic is the economic climate and the large rise in theft, shoplifting, and DWI's. He stated that in district court, defendants who are being charged with a DWI, theft, or shoplifting, or any crime for which they may be incarcerated, are entitled to an attorney. He added the biggest concern is that if a trial is delayed because the Public Defender cannot be present for several months, there is potential for a violation of the defendant's right to a speedy trial, which requires that the case be completed within nine months of the arrest and incarceration, or within twelve months if the person is out on bond. He added that because of being under-staffed, the Deputy Public Defender is only seeing a defendant once every three to four months, so they are in danger of having cases dismissed, and that is not what they need right now—what they need is to have safe neighborhoods.

JP Winscott questioned why cases are being transferred out of city courts into county courts and asked if the county has a choice. Prosecuting Attorney Van Stone stated that the county does not have a choice. District Court Judge Jeff Conner stated that this all comes from Amendment 80, which is a pilot program that Benton County was one of the first counties to join, and which eliminated all city judges in 2008. He said that the district judges were required to take over all of the city court cases, so instead of having four district courts, there are now twelve district courts. He stated that this initially gave a nice savings to Benton County in judges' salaries, but it has put a burden on the Public Defender's office, which must provide representation for those courts. He added that the cities do not contribute to the Public Defender's office.

JP Wolf stated that the request needs to be presented to the Personal Committee before it can be sent the Finance committee for an appropriation. JP Allen stated that given the nature of this meeting and the discussions about budget cuts, it was a good choice for Jay Saxton to bring it to the Finance Committee's attention.

JP Moore asked at what point the lack of staff would affect the flow of cases. District Court Judge Brad Karren stated that the problem is if defendants can only be seen every three months, it does not allow time for them to be pleaded out early, or addressed early enough to allow for a continuance. He reported that there are 30,000 cases at Rogers District Court at this time and over 500 cases on his night court docket tonight, so they are overloaded. He added that he does not want to have to let anybody go because of not having the time to hear to the case.

JP Stephenson stated that if he understood correctly, the only ones needing a public defender are those that face jail time. District Court Judge Brad Karren stated that the defendants charged with anything that is punishable for up to one year in jail, \$1,000 fine, or both, such as DUI's, thefts, or battery are entitled to a Public Defender. JP Stephenson questioned where the fine money that is collected is going, and why the city receives part of the fines. Judge Brad Karren stated that some of the fines go to the state and some to the cities, and he is aware that the Quorum Court just passed an increase in the jail fines. He explained that it was part of the negotiations on Amendment 80 that the cities get a part of the fine money. Public Defender Jay Saxton stated that none of the fine money goes to the Public Defender's office, but that a portion goes to the state, and then the state turns back a portion to the county. JP Stephenson stated that when the request comes to the Finance Committee, he would like to see more information on the breakdown of the fines and how they are paid. He added that he will also want the figures from Human Resources Manager Barbara Ludwig on the total cost of salary and benefits for the position.

JP Sandlin asked what the state is paying the county for the support of a Public Defender for the district courts. Public Defender Jay Saxton stated that there is an agreement with all circuit and district judges that allows a capped user fee of one hundred dollars to be collected from every person who is convicted. He stated that there are six attorneys and an office manager paid by the state, and the county is paying for three attorneys and the support staff, which consists of one investigator, four case coordinators, and one receptionist.

Comptroller Richard McComas stated that last year the county collected approximately \$700,000 in municipal court fines, and that the circuit court fines were close to \$145,000.

Grants Administrator Report: Kathy Bannister

Grants Administrator Kathy Bannister stated that she does not have a request at this time, and has provided the Grants Administration Report. She added that the Gallatin Fire Department grant was awarded, and they received their check this past week.

JP Allen asked if the county has ever received grant money for a specific project, and then used it for another project. Kathy Bannister stated that there was an instance in which hazard mitigation monies were awarded for bridge repairs, but it was determined that the county could not build the type of bridge stipulated in the grant, and was going to have to contract the work, which would have cost more money than was available. She said that coincidentally, the City of Highfill was applying for grant money at the same time, so she assisted them in completing the application process, and the money went to their project, but only because the county could not complete the project for which the grant was awarded.

Arkansas Natural Resources Commission Local Match Request

JP Moore stated that this is an ordinance request to appropriate \$5,000 as a contribution to assist the Illinois River Conservation Reserve Enhancement Program (CREP) in their efforts to raise local match funds for a grant, and that it was presented at the May 12, 2009 Committee of Thirteen meeting.

JP Stephenson stated that based on the presentation made at the Committee of Thirteen meeting, that this is a \$5,000 appropriation for the Arkansas Natural Resources Commission which is being requested for each of the next three years, and they have stated that it need not all be in cash, so he would propose the authorization of an appropriation for \$5,000, with \$2,500 in cash and \$2,500 for in-kind services, seconded by JP Wozniak

JP Moore asked if this would be coming out of the 2010 budget. Richard McComas stated that it will be coming out of the 2009 budget. JP Stephenson stated that this would be a three-year appropriation of \$2,500 cash and \$2,500 for in-kind match, made to the Illinois River CREP, to be made in the years of 2009, 2010, and 2011.

Discussion was held on the Illinois River CREP and matching funds requested. JP Douglas stated that this is part of a \$24 million Federal grant to help protect the watershed and improve the water quality of the Illinois River.

JP Allen made motion to forward the appropriation ordinance request to the June 9, 2009 Committee of Thirteen agenda, seconded by JP Wolf.

Motion passed by unanimous show of hands.

Illinois River Watershed Partnership Request

Executive Director Delia Haak of the Illinois River Watershed Partnership (IRWP) program stated that the Partnership was founded in 2005 through the solidarity and support of local government, business, industry, conservation, agricultural, and educational groups. She added that the IRWP's \$400,000 Watershed Management Plan will enable each county and city within the watershed, as well as each business, industrial, or educational enterprise, to assess a "blueprint" for a healthy, sustainable watershed. She stated that the IRWP'S objectives are to: 1) Increase awareness of the Illinois River Watershed and educate the public about their contributions; 2) Cooperate with the scientific community to collaboratively identify environmentally viable and economically feasible practices; and 3) Work to implement water quality improvement and watershed restoration projects.

Discussion was held on the presentation and the \$10,000 request. JP Stephenson stated that he approves of the Illinois River Watershed plan, but they need to attempt to see where they stand financially before approving any expenditure, and that since the Elected Officials have been asked to report today to help with the budget, he does not think today is the day to make the decision. He said he would be more comfortable doing something in September.

JP Allen stated that although he appreciates what JP Stephenson had to say, he does not feel like they need to wait until September, and that he approves of the program.

JP Wolf stated that she agrees with the concept and that the information is good, but that it should come back to the court because now is the wrong time.

Sales Tax Numbers

Richard McComas stated that there was a 7% sales tax decrease in March, and added that receipts are down 5.27 %, or \$192,267, for the year. He added that the decrease is not as much as last month, but if the downward trend continues for the rest of the year, the county could end the year down \$400,000 from the amount collected in 2008.

Jail Collections

Richard McComas stated that the jail collections are up \$126,538 for the year.

Fuel Summary

Accounting Manager Michelle Anderson stated that fuel costs are up 20% in both the Sheriff's and Road Department budgets, but that fuel is still below what was estimated for the 2009 budget.

Monthly Expenditure Report

Michelle Anderson stated that the General Fund is at 36.78% for the year, and County Road is at 55.68%, due to the ice storm, for an overall budget percentage of 46.48 %. JP Douglas asked what the Real Estate Tax collections are at this time. Richard McComas stated that collections are a little behind, but noted that Wal-Mart has not paid their taxes yet, and that payment would put collections ahead of last year's at this time.

Mid Year Budget Adjustment Ordinance

County Judge David Bisbee stated that he and Comptroller Richard McComas have put the 2009 Budget into a budget summary format that is easier to understand. He said that Benton County needs to cut \$1 million in spending this year, \$1 million next year, and \$800,000 in 2011 because of the expected decline in sales tax revenue. He added that the 2010 census will show a decrease in the percentage of the entire county's population living in unincorporated areas, and the county needs to prepare now so it does not have to absorb the full loss in 2011. Judge Bisbee stated that his proposed cuts will save the county more than \$600,000, and the largest share of that comes from reduced salary costs. He said that the bulk of this year's cuts will come out of departments under his responsibility. He added that they do not want to cut something this year that will have to go back into the budget next year, because that would not be a true budget cut.

JP Sandlin asked how commissioned accounts are reflected in the new budget summary. Judge Bisbee and Richard McComas explained that the county receives 9% of the tax money that those offices receive, so when the commissioned offices reduce their budgets, that money will show up as increased revenue instead of reduced expenditures. Richard McComas noted that the county does cover the cost of rent for all of the commissioned offices satellite locations. Judge Bisbee added that the Assessor will be moving to a different location next year, so there will be a reduction in lease payments, which will reduce expenses and save the county money next year.

JP Moore stated that some of the cuts they will be discussing may not help that much, because they will actually be taken away from returned appropriations at the end of the year, so he does not know if they will gain anything. Richard McComas stated that if they are not put back in the budget next year, then the reductions will do some good.

Judge Bisbee stated that returned appropriations are not included in this budget summary, nor are surpluses. He said that previous Quorum Courts have very wisely transferred \$625,000 to Capital Improvements each year, so there is now \$6.8 million in that account, and even after the ice storm, there is still \$1 million in the operating account, so we do have a surplus. He said they are not in financial crises today, but if they do not start making adjustments, they will face one in 2011.

Richard McComas summarized the County Judge's Department reorganization, which resulted in a net savings of \$70,000 annually, and stated that it will be reflected in the budget adjustment ordinance. He added that by contracting out Legal Services, the County Legal budget was reduced by \$108,000. JP Wolf asked if the County Attorney is still temporary. Judge Bisbee stated that George Spence had agreed to perform the service for a period of time to allow them to develop an estimate of how much it would cost. He said they have requested proposals from any interested law firms, and will be reviewing them. He added that the full-time County Attorney position and staff were costing the county \$20,000 per month, and the contract to date has cost less than \$5,000 per month.

Richard McComas led discussion on the budget adjustments for various departments and how they will affect the budget.

During discussion of the decrease in the "Salaries" line item in Department 23 – Non-Departmental Maintenance due to terminations and some vacant positions not being filled, Judge Bisbee stated that he will be asking the Quorum Court to change the way positions are budgeted. He said that previously, they have funded positions, not people, so if there is an open position, it is funded in the budget. He said that the Elected Officials have requested that they add another category of "unfunded positions", so that in the future, when growth returns, they can fill the position without having to go back through JESAP to re-create it. He added that they still would not be able to fill the position unless the Quorum Court funded it in the budget. He added that another advantage is that they would not have to pay any benefits on those unfunded positions, except for health insurance. He added that the Health Insurance Fund needs a little shoring up and that will get some extra money for that fund. Richard McComas stated that our Health Insurance Fund minimum is set at \$1 million, which is one-half of our maximum exposure of \$2 million. He said they would like to continue the current contribution level instead of simply increasing the line item, because that would cause the level of contribution per person to increase when the total contribution is divided by the number of employees at the end of the year. He said the contribution amount has been set for the last four years, and they have not had to come back to the Quorum Court for any increases to Health Insurance. Barbara Ludwig was recognized and stated that the amount of risk in the Health Insurance Fund is estimated based on the number of positions at the beginning of year, because it is impossible to anticipate how many positions will be vacant at any given time during the year. She said that they would like to leave the positions unfunded, maintain the current contribution rate, and make an adjustment going into the 2010 budget.

The committee discussed the costs of the semi-annual countywide cleanup projects. Judge Bisbee stated that just because they are reducing budgets, they do not plan to pull back on their efforts to provide citizens with multiple convenience centers at which they may drop off unwanted items.

Richard McComas stated that the Road Department's fuel budget has been decreased by \$200,000, because the 2009 fuel budget was estimated using gasoline prices that were higher than current fuel costs. He said that budgeting fuel at \$3.20 per gallon would result in a 20% reduction in that line item.

Accounting Manager Michele Anderson went over the outstanding notes and the dates on which they will be paid off. Judge Bisbee stated that the Rural Fire Services budget comes out of the General Fund, and that a loan to buy fire trucks five years ago will be paid off in November. He said he plans to look at the rural fire departments' equipment to see what shape that it is in, but he does not plan to renew the note to purchase additional fire trucks for some time.

During discussion of the Information Systems Department budget, Judge Bisbee stated that he has put a freeze on hiring and on travel and training. Richard McComas stated that they will be doing additional training online, and are extending the replacement policy on computers an additional year or two. JP Sandlin asked if they are cutting back on any of the projects concerning GIS research. Judge Bisbee stated that there is no reduction in services in any of the budget adjustments in his departments.

During discussion of the Search & Rescue Dive Team budget, Judge Bisbee explained the situation with the two dive teams, stating that when he came into office he inherited the Department of Emergency Management's dive team, and that the Sheriff also has a dive team, but because of the mistakes made last Sunday, he has met with the Sheriff yesterday, and they have agreed to dissolve the two dive teams and form one dive team by ordinance, which they will have ready by the July 23, 2009 Quorum Court meeting. He said the ordinance will spell out what the rules are, who is in charge of it, and how it will be operated.

Richard McComas stated that the total budget reductions proposed by the County Judge amount to \$774,000, including \$112,000 for Unemployment Insurance. Judge Bisbee stated that he has not made any budget cuts which he intends to ask for back during the next three years.

Richard McComas stated that other Elected Officials are looking at their budgets, and they may have additional reductions that he is not aware of.

Judge Bisbee stated that he has reduced all of the budgets that he is responsible for by \$662,000, and is covering the appropriation for the Unemployment Insurance for all of the departments in the county. He said that if he had done so in proportion to his share of the total budget, he only would have needed to reduce his budget by \$440,000, so he has exceeded his share of the needed reductions by over 50%, or \$200,000.

Judge Bisbee stated that they need to cut \$1 million out of this year's budget, and he wants to get it in an appropriation ordinance, or the Elected Officials will be able to spend anything they want because the money has already been appropriated. He said they also need a good document to work off of in preparing the 2010 Budget.

Discussion With Elected Officials

County Sheriff Keith Ferguson stated that he has prepared some proposed budget cuts, and that for the last seven years he has come in under budget. He said he will be looking for any other areas to cut, and that his projected budget reductions total between \$220,000 and \$240,000. He stated that he has re-bid the contract for food services at the county jail, saving \$16,425 for 2009 food costs, and has found another supplier for prescription drugs for the inmates, resulting in an additional savings of around \$80,000. He added that he has changed work shifts to decrease overtime, but that he does not want to have to cut people. He said that he will look at driving vehicles longer and that he always takes the lowest bid for gasoline every month.

County Assessor Bill Moutray reported that in 2008, he lowered his 2009 operating budget by \$250,000 in anticipation of the slump in the economy, and that he plans on saving an estimated \$48,000 per year on leased office space by changing facilities later this year. He stated that he has 10 open positions that he has not filled, and does not see how his department could keep doing its work with fewer people.

County Clerk Tena O'Brien stated that the County Clerk's office has one open position that will not be filled resulting in a savings of \$30,000 and that her office can reduce travel and election expenses because this is an off election year.

Circuit Judge David Clinger stated that he would bring proposals from the county's Circuit Court judges on additional ways in which to save money, and that they all agreed that they can and will make some cuts.

Prosecuting Attorney Van Stone stated that his office is working with the Sheriff's Office to cut extradition costs, and that a new policy limits how far they will go to pick up people for felony charges.

Public Defender Jay Saxton stated he has reduced his budget from 2008, that his budget has not increased, and he does not anticipate it increasing next year. He added that he would meet with Richard McComas to see look for any other cuts his department can make.

Juvenile Probation Director Petie Cobb stated that they have budgeted \$14,000 every year for drug tests, but for the last 4 years, the state has supplied them with 4 months' worth of drug tests, so they expect to return at least \$5,000 to the General Fund at year's end. She said that she does not know for sure if they will supply the drug tests next year. She said that they can reduce travel expense by \$2,500, because they can do some continuing education in-house. She said she can also reduce Education and Training by \$1,800, but must keep some money in the line item for required new officer training in Little Rock. She said that they are required to budget \$4,000 in Communications Equipment for home-monitoring units, but last year only used \$1,700.

Collector Gloria Peterson stated that due to reorganization in her office, she has Bookkeeper and Supervisor positions that will not be filled, for a savings of \$6,000. She said that collections are down compared to last year, but Wal-Mart has yet to pay their taxes. She added that they have collected \$282,000 in Delinquent Business/Personal, which is down from last year, and that they have set up twenty-two escrow accounts for some of the delinquent business accounts.

Treasurer Deanna Ratcliffe stated that her office receives and distributes \$300 million, and she has not asked for an increase in her budget since she took office seven years ago, nor has her staff of three increased. She stated that as a commissioned office, she takes a 2% commission of the total money coming into the office, and from that 2% she is allowed to transfer 10% to the Treasurer's Automation Fund, which currently has a balance of \$156,000. She said her Automation budget this year is \$120,000, so if necessary, she will not make the transfer from her operating budget to the Automation Fund, so the money will be returned to the taxing entities, including County General and County Road, in Excess Commissions. She added that in 2008, she returned \$496,000 to County General, and \$104,000 to County Road in Excess Commissions. She added that she was instrumental in getting legislation to allow more electronic storage, so they do not have to keep so many paper items, thereby reducing storage costs.

Circuit Clerk Brenda DeShields reported on a positive note that property is moving, so transactions in mortgages and warranty deeds have increased and more money will be turned over to the county than originally projected. She said that her 2009 Budget was less than her 2008 Budget, and she has returned money to the county every year. She said that they have begun "e-filing" deeds and mortgages, which has reduced paper and freed up staff to the point that she has been able to begin

cross training some of the real estate staff in the court system, which will reduce the need to request additional positions. She added that her budget will reduce at some point, because they have had money budgeted for a new software package for the last 2 years, and once it is purchased, she will not need that money in her budget. She said that she will meet with Richard McComas to look at line items to see if her office can cut even more.

Judge Bisbee stated that an amendment of the budget ordinance will be needed for the July Finance meeting, so that it can go on to the July 14, 2009 Committee of Thirteen agenda, and the July 23, 2009 Quorum Court meeting. Judge Bisbee stated that Richard McComas will need guidance as to where the rest of the \$1 million will be taken from. He said that if they cannot achieve a line-by-line amendment to the 2009 Budget Ordinance, it will take a 2.4% across the board cut to reduce the budget by \$1 million.

JP Moore asked if they needed to have another meeting before the next scheduled Finance Committee meeting to make some final tabulations. JP Stephenson stated that it has been his observation that most of the Elected Officials are planning to meet with Richard McComas to make some final decisions on what they can do to reduce their budgets, so he thinks that once those numbers are in, they can meet and draw up the ordinance.

JP Douglas stated that he would like a final computation of all the cuts, and also felt that they should look at all of the Capital Expenditures to see what has already been spent, because that is one place where cuts can be made.

JP Wolf stated that she wanted to commend the Elected Officials for their willingness to work to solve a problem, and stated that until everyone has had an opportunity to talk with Richard McComas and get some definite numbers down on paper, especially regarding the cuts proposed by Sheriff Ferguson, there is no need for a special meeting.

Judge Bisbee stated that they are asking Richard McComas to do something that he cannot do, because the Comptroller cannot choose which line items to reduce. Judge Bisbee stated that they have talked with Sheriff Ferguson, and he is not proposing cuts, only to return money at the end of the year. JP Wolf stated that they are just asking Richard McComas to get all of the numbers that were discussed today.

Other Business

JP Moore announced that the next Finance Committee meeting will be held on Tuesday, July 7, 2009 at 3:00 p.m.

Adjournment

After motion and second the meeting adjourned at 6:30 p.m.