

September 2, 2008

FINANCE COMMITTEE REPORT

A Finance Committee meeting was held Tuesday, September 2, 2008 at 2:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Hobbs, Stephenson, Summers, Williams, Wolf, Wozniak

Others Present: Richard McComas, Michele Anderson, Kathy Bannister

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

JP Tim Summers called the meeting to order at 2:30 p.m., and announced that JP Beverly Williams has been appointed to the Finance Committee to replace JP Kurt Moore, who has resigned the committee due to a change in employment.

PUBLIC COMMENTS:

None

1. Grants Administrator Report

Grants Administrator Kathy Bannister stated that the Children's Advocacy Center will be receiving a \$44,000 grant from the Northwest Arkansas Planning and Development District, and they will be making the presentation on the courthouse steps with state representatives. She also stated that Ozark Regional Transit has received some grant funds, and are requesting \$5,000 in matching funds.

JP Summers stated that he feels it is time for the county to start looking seriously at what they can do to support local transit, and the county should take the lead in partnering with the cities and other counties.

Phil Pumphrey stated that Ozark Regional Transit, in connection with NWACC, has received a Job Access Reverse Commute grant from the Department of Transportation for low-income residents, which certainly includes college students. He said they have received \$5,000 in matching funds from the cities of Bentonville and Rogers, \$3,500 from Washington County and \$20,000 from NWACC. He said the purpose of the grant will be to establish a route between Fayetteville and Bentonville, with stops at the Regional Technology Center in Fayetteville, the Mall, the West Campus at Elm Springs Road in Springdale, the main campus in Bentonville, and Scottsdale Center in Rogers.

JP Wolf made motion to forward a request for \$5,000 in county matching funds for Ozark Regional Transit to the September 9, 2008 Committee of Thirteen agenda, seconded by JP Stephenson.

JP Wolf asked what time the route would run. Phil Pumphrey stated that NWACC requested that the route run early in the morning, around 7:40 a.m., and again around 5:00 p.m. to support the students and people who work at the college. He added that it may also help some Bentonville and Rogers residents who attend the University of Arkansas. He said he would like to add more buses and more routes, but they do not have enough funding.

JP Stephenson asked why there is a disparity in the contribution from Washington County and the amount being requested from Benton County, and noted that Fayetteville is not contributing. Phil Pumphrey stated that is the amount they were awarded, and he did not know why. He added that Fayetteville has not increased their funding for the last 5 years, and he did not think they were going to participate at all this year. JP Stephenson asked if Fayetteville is not a major user in terms of number of riders. Phil Pumphrey stated that Fayetteville's services are comparable to the City of Springdale, in terms of hours of service. He said that in January, if Springdale does not contribute, they will still be in second place, but will see some of their services reduced.

JP Stephenson asked if the route proves to be of merit, would there be the possibility of adding a second one. Phil Pumphrey stated that they have no trouble finding the drivers and buses; it is just a matter of funding.

JP Summers asked how much a constant loop running every hour to Fayetteville and back would cost. Phil Pumphrey stated that it would cost approximately \$140,000, plus a federal match, and the amount being requested at this time will total \$80,000 when combined with the grant. JP Summers stated that he would like to see all of the entities to partner up and provide enough funding for the constant service. Phil Pumphrey stated that if that was the case, the county could put up their share, contingent on the other entities matching it, as Mayor McCaslin did. JP Summers asked how much that would be in proportionate shares. Phil Pumphrey said he would make that information available by the end of the week. JP Summers stated that he would like to see Siloam Springs participate also. JP Stephenson stated that he knows there are a large number of people who live in Siloam Springs and work in Bentonville. JP Wolf stated there is no doubt that regional transit is something that will have to be looked at. She asked how long it would take for the buses to be filled if the continual service was started. Phil Pumphrey stated that when he arrived in 2002, there were no fixed routes, and the fixed route ridership this year will be just under 200,000. He said that the nearest region that compares to Northwest Arkansas in population and service area is Springfield, Missouri, and their budget is \$7.5 million, while the Ozark Regional Transit Budget is \$2.5 million. He said the transit system has not kept up with growth in the area, but they have made progress, noting that when he first arrived in 2002, the total match from counties and cities was \$100,000, and it is now \$375,000. He said that the needs are probably beyond the scope of the counties and cities, and will probably be something that the Regional Mobility Authority will address when they get can determine how it will be funded.

Comptroller Richard McComas asked if the additional \$5,000 is for the 2008 budget, and will they need to increase the 2009 budget request from \$15,000 to \$20,000. Phil Pumphrey stated that was correct.

Motion passed by unanimous show of hands vote.

JP Summers asked for information regarding the services provided throughout the rural area for disabled riders. Phil Pumphrey stated that they currently provide para-transit service throughout the county, serving Benton County two days a week and Washington County three days per week. He said anyone can call and schedule a ride from any location in the county on the day service is provided for that county. He said the cost is \$2.50 one way for para-transit service, and fixed route service is \$1.25 per trip, with a 50% reduction for senior citizens, and a monthly pass for unlimited trips on any of the fixed routes is available for \$30 for adults and \$15.00 for people who are disabled.

JP Summers asked if there is a large need that is not being met. Phil Pumphrey stated that it is not a huge need, that most of the cities are contributing regularly, and they hope to begin serving Pea Ridge if their City Council votes to contribute funding.

JP Stephenson asked if the van that is operated by the City of Siloam Springs is affiliated with ORT. Phil Pumphrey stated that it is not, but he believes they only transport within the city of Siloam Springs. He noted that when the evacuees from hurricane Katrina were housed in Siloam Springs, they provided a bus which made about 900 trips a day to and from Siloam Springs and the Baptist camp where they were housed.

JP Hobbs stated that she spoke to someone in the ORT office about transporting people from Siloam Springs to the Health Clinic in Bentonville, and was told that they did not serve unincorporated areas. Phil Pumphrey stated that they do not serve Siloam Springs, because the city does not contribute any funding. JP Hobbs asked if that included the unincorporated area, since the county contributes \$15,000 per year to Ozark Regional Transit. Phil Pumphrey stated that they do serve the unincorporated areas, but not Siloam Springs specifically.

JP Summers stated that it seems to him that if they are ever going to take the lead in this issue, this is the time, and this is one area where the money spent would greatly help the citizens who are struggling.

2. HIV Clinic Discussion

JP Summers stated that one of the concerns that has been expressed is the structure of the Washington County HIV clinic, and many seem to feel that it would be in better shape if it was a 501c3 organization. Comptroller Boyd Darling was recognized and stated that the clinic board considered going to a 501c3 status in 2003, and the Washington County Attorney had even completed all of the paperwork, but later advised the board that they should not apply for 501c3 status. He said one reason was because of tort immunity, and noted that it has since been reported in the paper that the attorney for the Arkansas Association of Counties believes that some organizations may retain tort immunity even if they are a 501c3. He said he has again spoken with the Washington County Attorney, who believes that some organizations have tort immunity under charitable immunity, but some do not, and it is taken on a case-by-case basis. He said that at the time the decision was made, the board felt it was best not to pursue the 501c3 status.

He said that if Benton County decides to accept the previously discussed offer of 2 seats on the board in exchange for the funding of an administrative assistant in the clinic, they would have two seats on the 5-member board who would be in favor of 501c3 status, and he feels that the other members of the board would be willing to look at it.

JP Summers asked if there are not more grants available for 501c3 organizations. Boyd Darling stated that the grants that were available were capital grants, and they are not needing capital expenses, they need sustainable grants, and not many grants are available for the funding of salaries. He said that the loss of the Community Care Foundation grant took them from \$100,000 in revenue to \$39,000 in revenue, which made it necessary for Washington County to transfer money to the clinic in order to meet payroll.

JP Stephenson asked if they have ever received funding from the United Way. Boyd Darling stated that they have not, although it has been several years since they have applied. JP Stephenson stated that they might be more successful at securing sustainable funding if they were a 501c3 organization. Boyd Darling stated that he is aware that the United Way has changed its make up this year, and that Benton and Washington Counties have combined into

one group. He said that in the beginning, the hospitals were very supportive, but little by little have pulled their funding, and the only one left that is still contributing is Washington Regional. JP Wolf said that nothing in either conversation indicates to her that they are doing anything to go out and get money, but are just sitting and waiting on someone to give them some. She said that the sources that would keep them sustainable are the ones that require them to be 501c3, and it does not make sense to her that they are saying they do not want to do it. She said that their funding dried up in 2002, and that is very normal for a non-profit—for a large organization to provide start-up funds, and give them two years to get on their feet, then require them to secure funding elsewhere. She said she does not see what they are doing to get that funding.

Boyd Darling stated that Washington County Judge Jerry Hunton was adamantly opposed to his coming before this group, because he does not feel that a county government should go to another county government to beg for money. But, the Washington County Quorum Court felt that since Washington County is supporting the clinic, and a third of its patients are residents of Benton County, they should seek Benton County's support. He said that they have been to every hospital in both counties and fought hard for funding, so he does not see how it can be said that they have not done anything to get funding.

JP Wolf said that her opinion is that they have tied themselves off from other grants that they could possibly get, and what they are doing is not working. Boyd Darling said he believes the board would be willing to re-examine their status, but the clinic is an arm of the government, because it was established as an advisory board. He said if the board decides to go the 501c3 route, they would be very supportive of that and do whatever is necessary to ensure that it happens. He said that he spoke with the Washington County Attorney today, and he is very open to that idea, but it is the board's decision to make, not the county's.

JP Summers stated that he wants the group to understand that Benton County's Health Clinic does not provide treatment to HIV patients. Boyd Darling added that Washington County's Health Department does not provide any either. JP Stephenson asked if they had approached either the Springdale or Siloam Springs St. Francis houses. Boyd Darling stated that he believes they had discussions with them in 2002 or 2003, but he does not remember what they were.

JP Stephenson stated that he is concerned that they expend taxpayer money for HIV victims, as opposed to people with diabetes or heart conditions, and even with the handout provided, he still does not see where Washington County is contributing financially. Boyd Darling stated that they do not give dollars directly to the clinic, but the budget is absorbed in Washington County's budget, and Washington Regional has been very generous, but Washington County's contribution is highlighted on the bottom of the second page in 2000 and 2001 there was a full-scale budget. When the funding dried up, they cut all of the office expenses and took them out of the Comptroller's budget, and added one more person to the payroll. He said that he cannot tell from year to year how much he is spending on the office supplies, and the telephone is in the Health Department budget, so they absorb the costs in the Washington County budget.

JP Stephenson asked how much money from year to year that Washington County contributes to the clinic. Boyd Darling stated that they provide 2,290 square feet of space, which the county health department is begging for, which would cost approximately \$16.00 per square foot per year to replace, or \$36,640. He said that all departments in the county are charged a percentage of the administrative costs.

He said that the reason that the Washington County Quorum Court asked him to come before this group is that Washington Regional and Washington County are providing all of the funding and support for this clinic, and right now there is no support from any entity in Benton County, but 37% of the clinics patients are Benton County residents.

JP Stephenson stated that Washington County is putting up soft money, and they are asking us for cold cash in the amount of \$34,000. Boyd Darling stated that Washington County is providing \$36,640 in rentable space, along with utilities. JP Stephenson stated that they are also providing the majority of the patients, which is irrelevant, but he cannot get any solid footing on this issue.

JP Summers stated that the decision whether or not to include this in the budget should be made by the Committee of Thirteen, and if the committee is agreeable, he would like to refer it to the September 9, 2008 agenda.

JP Williams asked if the \$78,500 listed under "Donations" is the amount that is provided from Washington Regional. Boyd Darling stated that is correct, and covers the administrative aid's salary, and the clinic's share of the doctor's salary. JP Williams stated that she has done some research, and understands that all of the lab work is done through the Ryan White Foundation, which is federal money, and also provides the drugs. JP Williams stated that someone close to her has had HIV for 18 years, and the first thing that happened to them was that they lost their job, and no one wanted to hire them. She said the second thing that happened to the person is that they ran out of insurance money very quickly. She said fortunately, there are clinics which continue to help with medications which cost about \$10,000 per month. She said there are not support houses or oncologists who specialize in this area so it is very difficult for these people to get the help they need.

JP Williams stated that she has made it clear that she is not comfortable with the working relationship with the two counties right now, but she feels this is something that they have to deal with, because they are just touching the tip of the iceberg in Benton County. She recounted a conversation she had had recently, in which someone expressed surprise at the number of HIV patients being seen at the clinic, and said "We don't have people like that in Benton County". JP Williams proposed making a one-time grant to the Washington County clinic, along with the assurance that a one-time task force be formed to discuss how to find other money. She said that the board may make whatever decision it wants, but it is still a county agency and if the County Judge and Quorum Court want to do something different, it can be overridden. She said that they could develop a real working relationship over the next year, and use a more regional approach to find more sustainable funding. She said that putting the expenditure in the budget for the next 10 years would be irresponsible, but a one-time grant to give them time to find solutions that are beneficial to both parties is a better approach.

Boyd Darling stated that he would like to see a task force, and that Judge Hunton had tried to form one several years ago to encompass both mental health and HIV issues, but he did not think it went very far, although they have made some progress in mental health over the last few years.

JP Summers questioned why either county is being called upon to fund the clinic exclusive of the municipalities, and asked if information was available regarding how many of the patients live in municipalities and how many live in the unincorporated areas.

Boyd Darling stated that he did not have that information with him, but that Judge Hunton had discussed the need with all of the mayors at an Intergovernmental Council meeting, but he thinks the subject matter is one that people do not like to touch.

JP Williams stated that she has spent the last week researching the clinic, and that one of the things they need to understand is that many of these patients have no insurance, and when they get sick, they are going into the hospitals and that comes out of everyone's pocket. She said secondly, because the clinic does preventive care and provides education, which will help control the spread of this insidious disease. Having the ability to partner with the public health clinics and to work with the Ryan White Foundation helps get medication into the area, that she does not see how anyone could otherwise afford. She said that it is a matter of protecting the general public through education and control, and that is one reason why she would like to see the funding process for the clinic become better organized and more efficient.

Boyd Darling pointed out that the \$33,876.41 received in 2007 for insurance proceeds is nothing compared to their actual costs.

JP Wozniak asked if Washington County would be willing to provide matching funds if a sustainable grant was available. Boyd Darling stated that the only grants they have been able to find are for capital expenses, and that is not what they need.

JP Stephenson stated that if the matter is going to be referred to the Committee of Thirteen, they should dispense with further discussion, and he agrees with JP Williams' suggestion of a one-time grant and further discussion. He added that thanks to her research, he has a different perspective on the matter.

JP Hobbs stated that this is not an easy issue, and if they had the money, she did not think they would be discussing it the way they are. She said that as far as referring it to the Committee of Thirteen is concerned, since this is a financial matter, she feels that a recommendation should be made to the Committee of Thirteen from the Finance Committee. She said secondly, as far as funding from the cities, since they just heard from Ozark Regional Transit about several cities that are providing matching grant money, perhaps they could propose doing the same thing for the clinic and ask some of the larger cities to match \$5,000 or \$10,000. She said if Boyd Darling could provide the information about where the patients are coming from, it would help them in presenting a plan to the other cities. Boyd Darling stated that he would not mind providing the information on the number of patients from the larger cities such as Fayetteville, etc. JP Hobbs stated that based on what she has read in the paper, the cities have more money than the counties and are getting the lion's share of the county sales tax.

JP Hobbs added that she too is bothered by the board's unwillingness to pursue 501c3 status, because that would make them eligible for United Way funding, and it seems that this would be more of a United Way type project instead of a government project. She said she can see the government supporting it in some way, but not to the extent that is being asked for. Boyd Darling stated that he would get the requested information to them by next week.

JP Stephenson made motion that after they receive the information on how many patients reside in the various cities and how many are from the unincorporated areas, they review the information at the October Finance Committee meeting, and then make a recommendation to the Committee of Thirteen, seconded by JP Hobbs. JP Summers stated that he felt the county would be very interested in supporting their fair share, and would also be in support of a change in direction, or attitude towards developing a revenue stream from other sources.

Motion passed by unanimous show of hands vote.

3. County Judge – Leases

County Judge Gary Black stated that it is his responsibility to sign all leases and contracts after they have been approved by the County Attorney, and there are two issues that he has come before the committee to address two issues.

He said that he has received a letter from Dr. and Mrs. Warren Bathke, the owners of the building which houses the Assessor's Office on Olive Street, stating that the present air conditioning unit is no longer adequate due to increased traffic which causes the door to be open much of the time, a drive-in window which allows air to escape, and an increase in staff which creates a demand for a cooler office. Judge Black stated that the owner is requesting a new 5-ton unit to replace the current 3-ton unit at a cost of \$5,700. He said the owner further states that he was "bypassed" for a rent increase this year, so he is also requesting an immediate increase in rent from \$1,865 to \$2,100 per month. Judge Black stated that the owner was not "bypassed", and explained that the current lease expires February 28, 1012, so legally they do not have to pay more rent.

Richard McComas asked the committee to instruct the accounting staff as to what amount they should use as rent for the 2009 Budget. The committee agreed that it should remain \$1,865.

County Judge Gary Black stated that the owner of the building which houses the Prosecuting Attorney's office has also asked for a rent increase. He said that the original lease in 2004 was for \$4,000 per month, no increase was requested in 2005 or 2006, and in September 2007, a one-year lease was signed with a rental rate of \$4,500 per month. He said that the lease is now up, and the owner is requesting a \$300 per month increase and a two-year contract. He said that County Attorney Robin Green has approved the contract.

JP Summers asked if it was possible to get a longer lease agreement. Judge Black stated that he did not ask, but would if the committee wanted him to. JP Williams stated that she would like to see a 3-year agreement for \$4,800 per month.

JP Stephenson stated that there is nothing wrong with the agreement, and made motion to authorize the County Judge to enter into the contract at the requested \$4,800 per month for a two-year term subject to an attempt on his part to get the length of the contract extended to the maximum amount possible, JP Williams. JP Hobbs asked how many square feet is in the building. Judge Black stated that he is not sure, but it is a fairly large building. He noted that it is only a \$300 increase, and the owner has been very good to work with any time they had any problems.

Motion passed by unanimous show of hands vote.

4. Road Department – Equipment

Richard McComas stated that the Road Department is requesting to use the remainder of the money in their machinery and equipment line item to make some equipment purchases, and if the expenditure is approved, they will not need to request any money for equipment in the 2009 Budget. JP Summers questioned why they need approval if the money is in their budget. Richard McComas stated that any time they make a purchase that differs from what was asked for, they come to the committee to inform them. He said there is also the possibility that an additional \$40,000 may be needed but once they determine the value of some trade-ins that they are going to make, they will know for sure and come back to the committee if they need it. JP Wozniak made motion to recommend approval of the expenditure, seconded by JP Wolf. JP Stephenson asked if there was any indication that this proposal would be approved by the County Judge's successor. County Judge Gary Black stated that he could not see why not, and that

Dennis Greenlee has gone out and negotiated some very good deals and saved a lot of money. He added that if he was going to continue as County Judge, he would be in favor of it.

Richard McComas stated that he wanted to point out that the Road Department satellite building may need more money than was originally budgeted, due to the increase in concrete and steel prices. He said they had asked for \$74,000 and may need more. JP Summers stated the substation was one of the best ideas that the County Judge has ever had.

Motion passed by unanimous show of hands vote.

5. Sales Tax Numbers

Richard McComas stated there was a 3.5% increase this month, which is lower than the previous 5 months, but is still an increase. He said he expects they will hit the projected revenue for the year, and if they continue to receive over \$700,000 per month, they will exceed the overall receipts from last year.

6. Jail Collections

Richard McComas stated that they will be making an adjustment in Jail Collections after the third quarter due to the increase in the amounts collected so far.

7. Fuel Summary

Michele Anderson stated that the Fuel Analysis shows the fuel costs to date, and the Sheriff's Department is at 92% of their budget, the Jail is at 80%, and County Road at 98%. She said that the report also shows a 38% increase in average fuel costs over July of 2007, with a 73% increase in diesel. She noted that \$44,973 has been transferred back to the Road Fund from fuel pumped by other departments. JP Stephenson questioned the cost of the fuel per gallon. Richard McComas stated that these numbers are from July, and the prices have come down since then. JP Summers asked if there is not a significant savings by purchasing the fuel in bulk. Richard McComas stated that we save the state tax, but not the federal, and reminded the committee that gas was close to \$4.00 during the month of July. Michele Anderson noted that there was not much difference in the number of gallons pumped—211,768 through July of 2007, and 212,843 through July of 2008.

8. Monthly Expenditure Report

JP Summers asked if Fuel expense is the reason that the Sheriff's Department is at such a high percentage of their overall budget. Richard McComas stated that is correct.

Michele Anderson stated that Department 23-Non-departmental Maintenance is high due to the Tucker Building and other issues that will be taken care of with the Budget Adjustment ordinance that will be discussed later. She noted that Information Systems is at 72% because they have purchased several computers for various departments.

9. Mid-year Budget Adjustments

Richard McComas stated that they will be making budget adjustments for the 27th payroll, the fuel expenses, and the other items that were previously approved.

He said that in making the adjustment for the 27th payroll, they took into consideration some of the savings in other areas, and tried to estimate what some of the returned appropriations will be. He said their first estimate of the adjustment for the extra payroll alone was \$1.2 million, but after figuring in the savings and returned appropriations, they feel that \$1 million will cover the

extra payroll and the added fuel expenses. He noted that they have added approximately \$465,000 in additional fuel costs, which is about a 50% increase in the original budgeted amount, and is in line with the amount that fuel costs increased. He said that if fuel costs continue to go down, there is a possibility that this will be more than enough.

JP Stephenson made motion to forward a budget request to the September 9, 2008 Committee of Thirteen agenda, seconded by JP Hobbs.

Motion passed by unanimous voice vote.

10. Budget Calendar

Richard McComas stated that they are on schedule with the budget process, with Elected Officials and Department Heads submitting their 2009 Budget requests this week.

11. Other Business

JP Summers announced that the next Finance Committee meeting will be October 7, 2008 at 2:30 p.m., and Budget Meetings will be every Tuesday in October at 2:30 p.m. beginning October 14.

After motion and second the meeting adjourned at 3:30 p.m.