

FINANCE COMMITTEE REPORT

September 7, 2010

A Finance Committee meeting was held Monday, September 7, 2010, at 5:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

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

Others Present: JP Jay Harrison, Comptroller Richard McComas, Grants Administrator Richard Redfearn, Election Commission Chair Bill Williams, Election Coordinator Amy Huston

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JP Kurt Moore called the meeting to order.

PUBLIC COMMENTS:

None

1. Administrator Report

Grants Administrator Richard Redfearn reported that the Energy Efficiency and Conservation Block Grants Formula Grant Recovery Act (EECBG) bid opening will begin on September 16, 2010 with a walk-thru scheduled for tomorrow. He added that the Arkansas Economic Development Commission (AEDC) Septic System Installation Project bid opening will be September 17, 2010, and that nineteen bid packages were sent out. He stated that by September 30, 2010 he should hear if the Department of Justice Adult Drug Court Grant will be funded for next year.

2a). Road Department: Fisher Ford and Colonel Meyers Road Bridges

Director of Public Safety Greg Hines stated that at the last Committee of Thirteen meeting there was a misunderstanding about a study done on the Colonel Meyers Road Bridge. He stated that \$20,000 had been appropriated to do a study on the Fisher Ford rehabilitation, and that after that study was completed, the report was forwarded to the Arkansas Highway Transportation Department. He said that based on the Arkansas Highway Transportation Department engineer's response to that report, and the AHTD's recommendations, he made the decision not to spend the \$20,000 that had been appropriated for the Colonel Meyers Road Bridge rehabilitation study.

Ron Petrie, Garver Engineering Project Manager, presented a "Benton County Bridge Summaries" report prepared on the Fisher Ford Bridge and Colonel Meyers Road Bridge. Ron Petrie stated that the basic engineering work done on the bridge put the cost of replacing Fisher Ford Bridge between \$1.2 million and \$1.5 million.

JP Douglas asked if the \$1.2 to \$1.5 million included a bridge of length that would allow for flood waters. Ron Petrie stated when approaches are raised, they are done with embankments, and what they are trying to do is replace what is there now with a modern structure. He added that drainage studies that are done are to prove that you are not raising the flood plain elevation. He stated these studies are

included as part of the cost estimate. He also stated that a more detailed engineering study would cost the county another \$71,000.

Greg Hines stated that preliminary design and surveys were roughly 30% of the cost of the engineering study and if the court is not ready to set aside what is deemed as a reasonable amount of money to construct this bridge, that he would not recommend proceeding with the engineering work unless the project was certain to be completed.

After further discussion was held on engineering study costs involved to complete the Fisher Ford Bridge, JP Allen made a motion to table the proposal from Garver Engineering for engineering design work for Fisher Ford and Colonel Meyers Road Bridges until the 2011 budget process is complete, seconded by JP Wozniak.

Motion to table, passed by unanimous show of hands vote.

2b). Appropriation Ordinance Request: \$108,500 for Road Department Equipment -- 4 Trucks and 2 Snow Plows

Greg Hines stated that the Road Department has not requested any funds since the current administration took office, and that in order to be more efficient, the Road Department has decided to move forward with a satellite office for the west side of the county. He added that he had reduced line items within the Road Department budget to absorb the costs to construct the satellite office.

Greg Hines stated that the Road Department has an aging fleet of trucks and that he requesting the committee to appropriate funds to purchase four full-size, 4X4, ½-ton pick-up trucks on the State bid, for about \$23,500 each, and that bid period ends at the end of September. He added that if the county is going to purchase vehicles this year, now would be the time to do so. He stated he will also be coming back at budget time with a capitol request for equipment that needs to be replaced next year. Road Department vehicles that would be replaced are; a 1998 Chevy one-ton pickup truck with 147,600 miles; a 1999 Chevy ¾-ton 4X4 with 204,900 miles; a 2001 Chevy 4X4 with 117,000 miles that was inherited from another department within the county; and a 2005 Chevy pickup truck with 196,406 miles.

Further discussion was held on the type of vehicles being replaced and what the replacement vehicles being purchased will be used for.

JP Wozniak made motion to forward the appropriation ordinance request to the September 14, 2010 Committee of Thirteen agenda, seconded by JP Stephenson.

Motion passed by unanimous show of hands vote.

3. Sheriff's Department – Appropriate Ordinance Request: \$2,000 Donations for Purchase of Uniforms

Richard McComas stated that this appropriation is necessary to appropriate a donation from the Wal-Mart Foundation to purchase uniforms for the Sheriff's Department.

JP Stephenson made motion to forward the appropriation ordinance request to the September 14, 2010 Committee of Thirteen agenda, seconded by JP Wozniak.

Motion passed by unanimous show of hands vote.

3a. Sheriff's Department –Appropriation Ordinance Request: \$5,000 from the Criminal Warrant Reduction Grant Fund to Reimburse Overtime for Serving Warrants

Richard McComas stated that this is a Criminal Warrant Department Reduction Grant of \$16,000 that was received by the Sheriff's Office from the Department of Justice, to be spread over a three-year period. He said that this appropriation request for \$5,000 is what they expect to spend this year to help reimburse overtime for serving warrants. He added that more money will be appropriated out of the grant next year.

JP Stephenson made motion to forward the appropriation ordinance request to the September 14, 2010 Committee of Thirteen agenda, seconded by JP Douglas.

Motion passed by unanimous show of hands vote.

4. Sales Tax Numbers

Comptroller Richard McComas stated for the month, the county received \$717,661 which is less than a 1% increase, but it is an increase. He stated that receipts are up 1.37% for the year, which is about \$75,898 ahead of this same time last year. He added that with the current receipts, we are right on our projection of \$8.2 million for the year

5. Jail Collections

Richard McComas stated Jail collections are up \$265,242 for the year.

6. Fuel Summary

Richard McComas reviewed the Fuel Summary Report, showing a 10% increase in unleaded fuel costs over this time last year, and a 9% increase in diesel. He stated that fuel costs are higher but holding steady, and are well within the budget.

7. Monthly Expenditure Report

Richard McComas stated that at this time of year, budgets should be at 66 %, and that the General Fund is at 62% with the overall budget at 47%. He added that a department over 66% is due to equipment or seasonal purchases.

8. 2011 Budget Calendar

Richard McComas stated that in the next two weeks the Elected Officials and Department Managers will be turning in their 2011 budget requests for Supplies and Other Services, and that capital requests have already been turned in. He added that he would be coming to the Finance Committee to decide what to do with Personnel requests. He stated he had received a letter from the State Legislature that the state has increased the Elected Officials salary range by three percent. He stated that two years ago the Quorum Court passed an ordinance to limit Elected Officials income to 95% of the maximum of the range. Richard McComas stated that a new ordinance will need to be created to deal with the Elected Officials salaries, and they will also have to give him some direction regarding employees' salaries.

9. Projections

Richard McComas reported on the budget study and projections for the next year. He stated that the 2011 projected revenue, shows sales tax receipts will be down because of the 2010 U.S. Census. He stated that the projection for the 2011 sales taxes is \$5.6 million, and that the percentage of the sales tax revenue that goes to the county will be dropping from 28% to an estimated 19%, and added that the states sales tax receipts have also decreased for the last year.

Richard McComas stated that property tax collections are projected to be up in 2011, and that the 2012 projections will be the first year in the new reappraisal cycle. He stated that Washington County has already begun their property tax re-appraisal cycle and that they are projecting a 5.5% decrease in property tax revenue. He stated if Benton County sees a 5.5% decrease in its tax revenue, it would equal a decrease of approximately \$1.2 million. He stated that he had talked with the Census Bureau and that the county will still receive 27% of the sales tax for the first three months of 2011, and the new lower percentage will take effect in April.

He stated that \$38.5 million in revenue has been projected for 2011, and that this year's expenses were budgeted at \$39.7 million. He added that is before additional personnel to run the new jail barracks, additional staff for the new Juvenile Detention center, or the maintenance costs for the move of the Health Department to the Center For Nonprofits. He said that it was originally thought that there was going to be a big savings when the Health Department moved, but it is going to cost an additional \$105,000 a month just for utilities and maintenance fees, so that will eat up any savings we have from getting rid of two leased properties. He added that the Health Department Building will still have to be maintained.

Richard McComas stated that the county has already committed to spending the capital projects reserve fund and it will be empty by the time the county gets though with the move to the Center For Nonprofits, refurbishing the War Eagle Bridge, constructing the Juvenile Justice Center, and the new Jail barracks. He stated that before the committee considers spending any more money on a bridge they need to look at how much money is already being spent.

JP Allen stated that if this year's anticipated expenditures were used for next year's budget, we will be \$1.2 million short.

JP Douglas stated that the \$1.2 million difference between 2010 expenses and the 2011 projected revenues does not include the \$800,000 needed for staffing the JDC, and the jail, and that we are looking at the potential of being \$2 million in the hole. Richard McComas stated that until he has received the numbers back from the Elected Officials he did not want to speak of any firm numbers. He stated that the budget has been cut for the last two years, and that in some places, there is not anything else to cut. He added that 70% of our budget is employee services. He added that he was not trying to paint a gloomy picture, but it is a gloomy picture.

Richard McComas stated that out of the county sales tax the county only gets to keep 19%. He explained the breakdown of the property tax dollars per every \$100 as follows: Schools - \$75.80; NWACC - \$3.79; Cities - \$9.41; County General - \$9.55; County Road - \$1.45.

10. Other Business

Election Commission Chairman Bill Williams reported on the Benton County Election Commission and the commission's discussion of possible changes to the way that Benton County elections are run. He stated allowing us to upgrade one of our positions from a part-time position to a full time position has helped a great deal. He introduced Amy Huston, the new Election Coordinator. He stated that the commission had been authorized to purchase 200 new voting machines, but that the commission had only purchased fifty of the touch-screen voting machines, so \$270,000 will be turned back to the county. He explained the process of how elections are run and costs associated with the County Clerk's office processing the paper poll books used at the polling sites, and the savings that could be possible by using electronic poll books. He said that Electronic Service Systems, the only vendor for voting machines and electronic poll books, would be setting up a pilot program during the November election.

He explained how the General and Administrative costs capture the fixed costs of having an Election Commission, rent, utilities, and whatever else enables the existence of an Elections Commission. He

stated that the G&A costs were set for \$10,000 per election, which was billed to the state for the primary and the primary runoff. He added that there has been a discussion about the G&A charges to Gateway, Garfield, and Avoca, and that those unfortunate and confusing circumstances have been solved. He stated that the commission's focus is for the county's investment in the elections to come back to the county. He stated that next year, the Census results will require a change from thirteen to fifteen Justice of the Peace districts and when they do, there will be a once-in-a-decade opportunity to make significant improvements in how elections are held in the county. He stated the Election Commission will almost certainly reduce the number of polling places, because they think that they can make it easier and more convenient for people to vote, and at the same time significantly reduce the number of polling places. He added that improvements will be made in public communication; people need to know what the Election Commission is doing and that their vote is a sacred thing. He added that they are doing the best they can with the resources that the county has given them.

JP Douglas stated his appreciation to Bill Williams, the Election Commission, and staff for all their hard work done during the elections. He stated that voting is one of the most sacred privileges we have in this country. He stated that he has received more calls from constituents concerned about the possibility of closing polling places.

Bill Williams stated that his suggestion to the Commission, which has not yet been approved, was to reduce the number of polling sites in the county to 15, with those polling places to be open for two weeks and a day, and that all polling places could be equipped in such a way that anyone from any part of the county could vote. He added the result would be that instead of 73 places to vote, there could be 15 polling places located in high traffic areas. Williams stated that as Chair of the Election Commission, he is ready to talk with any constituent or Justice of the Peace, and would like to hear any questions or suggestions.

JP Douglas stated that he would be interested in seeing a plan of action of the Election Commission. Bill Williams stated that a plan of action for the Election Commission will be turned in with the budget request. He added that the final plan will be reviewed by all three Election Commission members.

JP Moore announced that the next Finance Committee Meeting will be held Tuesday, October 5, 2010 at 5:30 p.m.

Upon motion and second the meeting adjourned at 6:57 p.m.