

October 27, 2005

FINANCE/BUDGET COMMITTEE REPORT

A Finance Committee meeting was held Thursday, October 27, 2005 at 1:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville.

Committee Members Present: Moore, Sheridan, Stephenson, Summers, Wolf, Wozniak

Others Present: Richard McComas, Michele Anderson, Travis Harp

Media: Jeff Niese – Morning News, Jennifer Turner – Daily Record

JP Tim Summers called the meeting to order at 1:30 p.m.

PUBLIC COMMENTS

None

NEW BUSINESS

1. 2006 Budget Review

Comptroller Richard McComas stated that the budget before them contained a 3.1% increase in salaries, no increase cost to employees for health insurance, and a group of variances that were approved by the Personnel Committee at the August 18, 2005 meeting. He said that increasing the county's contribution to employees' health care was equivalent to a 6% increase in pay. JP Stephenson pointed out that health care was a pre-tax benefit.

The committee looked at the Revenue and Recapitulation Sheet. Richard McComas pointed out that the new budget was \$198,205 short of meeting mandatory budget reserve requirements, so some cuts would be necessary. He stated that \$133,000 has already been removed from the Road Department budget. JP Summers asked if the \$200,000 requested by the Search and Rescue Team and Sheriff's Department Dive Team for a training facility was included in the new budget. Richard McComas stated that it was. JP Sheridan asked what the purpose was for the new building. Travis Harp stated that it was for a training facility and that they are currently using a room at the Road Department building. JP made motion to remove the \$200,000 request for a new Search and Rescue/Dive Team training facility, seconded by JP Stephenson. Motion passed by unanimous show of hands vote.

JP Summers recalled that there had been previous discussions about the possibility of combining the two departments, and stated that perhaps the two departments should be put on notice that this could be the last year that they will receive separate funding. JP Sheridan suggested having representatives from both departments speak to the committee to explain the need for two separate departments. Travis Harp stated that there have been discussions in the past, but no agreement has ever been reached. JP Summers requested that the issue be placed on the January Committee of Thirteen agenda. Richard McComas stated that the practice in the past has always been to allow Department Heads to speak to the committee before any cuts were made in their

budgets. Department of Emergency Management Director Marshal Watson was notified by telephone of the decision to remove the \$200,000 request from the 2006 Budget. Travis Harp relayed that Marshal Watson said he understood the committee's decision.

Comptroller Richard McComas pointed out that there are several areas where money has been budgeted but will not be spent unless necessary, such as the increased funding for expert witnesses in the Prosecuting Attorney's office, and the \$25,000 that has been designated for disaster relief.

Richard McComas stated that they needed to address the three groups of personnel that were forwarded from the Personnel Committee. He said he has spoken with Planning Director Michelle Crain, and has told her that the self-funded positions in Group "A" that were requested by the Planning Department will not be added to the budget until the proposed ordinances requiring the personnel are passed and the fees that fund those positions are being collected. JP Summers stated that if the ordinance that will produce the fees is passed, then the budget could be amended to include the positions. Richard McComas stated that they still do not know how much revenue the fees could produce, because there is still a question concerning the situation in Bella Vista where residents are already paying fees required by the Architectural Control Committee. JP Stephenson pointed out that any ordinance passed must be applied countywide, and Bella Vista cannot be excluded. JP Summers stated that the revenue is dependent on the total number of houses in the county, so that needed to be resolved before making any further decisions. Richard McComas stated that they will not address any positions in Group B, which are funded out of County General, because there is no money available to fund them. He asked the committee what their decision is concerning Group "C", which are funded by Commissioned Accounts. JP Stephenson made motion to add the thirteen requested positions in Group C to the 2006 Budget, seconded by JP Moore. Richard McComas explained that the positions in the Collector's and Assessor's offices were covered by the commissions that are returned to the Treasurer, except for 10%, and the positions in the Circuit Clerk's office are completely funded. Motion passed by unanimous vote. JP Moore stated that the Stormwater Manager is a federally mandated position. JP Summers stated that it is his understanding that Benton County can participate with Washington County and the surrounding cities through Northwest Arkansas Regional Planning at a much lower cost than establishing our own department. JP Moore stated that he has been told that we may participate in the group, but Benton County will still be required to have its own Stormwater Manager. JP Summers stated that he would like for Northwest Arkansas Regional Planning Director Jeff Hawkins to talk to the Committee of Thirteen in January to clarify this issue.

Richard McComas directed the committee to "2006 Salaries as Percentage of Budget" in the Budget Books. He stated that, as requested, they had kept personnel costs at the targeted 70% of the total budget. Richard McComas stated that they had calculated the 2006 property tax collections with the possibility of a rollback figured in, due to the increased amount of property tax revenue collected in 2005. JP Summers stated that if a rollback is likely, he would like the Quorum Court to go ahead and reduce the millage rate. Richard McComas stated that he had calculated 2006 property tax revenue using 4.8 mils.

The committee discussed dates and times for future Finance/Budget meetings if needed. JP Sheridan initiated a discussion regarding Elected Official's salaries, and stated that if any changes needed to be made, it should be done before the primary elections since candidates and voters need to know what the salary for the positions will be. JP Summers stated that he saw no need to address Elected Official's salaries.

County Clerk Mary Lou Slinkard explained to the committee that the Resolution setting the county's millage rate needed to be passed at the Quorum Court meeting scheduled for later today, because she needs something in writing establishing the millage rate for County General and County Road.

JP Stephenson made motion to forward to the November 8, 2005 Committee of Thirteen meeting a recommendation to adopt the 2006 Budget as discussed, removing \$200,000 requested by Search and Rescue and the Sheriff's Office Dive Team, and including the 13 self-funded and commissioned account positions in Group "C", seconded by JP Moore. Motion passed by unanimous voice vote.

JP Stephenson stated that he had spoken with Tim Allen of the Arkansas Department of Economic Development regarding a tax-back resolution for Syroco, Inc. of Arkansas, who is relocating to Siloam Springs from Puerto Rico. He stated that the city of Siloam Springs has passed a resolution that returns the local share of the state sales and use tax on the company's construction and relocation costs. He said that the law has changed since the Quorum Court passed the previous resolution for Regenerated Services, and if the county votes against refunding its portion of the state sales and use tax, then Siloam Springs cannot refund theirs, and the State of Arkansas will not refund it's portion. He added that in this case, the amount is less than \$50. JP Summers stated that if a company wanted to move into the county with the promise of a large number of jobs, then the Quorum Court would most likely support offering this incentive. Richard McComas stated that he was not sure the county had the right to waive the sales tax, since it only receives a portion of each cent and the municipalities receive the rest. JP Stephenson made motion to approve the resolution refunding the county share of the state sales and use tax on the relocation expenses of Syroco of Arkansas, seconded by JP Wozniak. Motion passed 5 for, and 1 abstained (Wolf).

After motion and second the meeting adjourned at 3:00 p.m.