

March 12, 2009

**LONG-RANGE PLANNING/REAL ESTATE & BUILDINGS  
COMMITTEE REPORT**

The Long Range Planning/Real Estate & Buildings Committee met Tuesday, March 12, 2009 at 5:30 p.m., in the Quorum Court Meeting Room, Third Floor, County Administration Building, 215 East Central, Bentonville, Arkansas

Committee Members Present: Sandlin, Brown, Lewis, Hubbard, Winscott

Others Present: County Judge Dave Bisbee, County Assessor Bill Moutray, County Attorney George Spence, Richard McComas, Dennis Cottrell, Chuck Olson

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

The meeting was called to order by JP Winscott at 5:30 p.m.

**Public Comments**

JP Winscott recognized Chuck Olson, Commander of the American Legion. Chuck Olson stated that the legion appreciated all the hard work that has gone into trying to find a home for the legion, and he realizes what a difficult situation this is. He stated that the legion just wants a place where they can say, “This is it, as long as any of us are alive, and that we will be here.”

**Old Business/American Legion**

Judge Bisbee again explained the American Legion lease and the problems concerning the original lease and the options available for the county to handle the lease obligation.

JP Hubbard questioned the lease agreements and how they could be made legal; if the lease agreements would hold up in court, and if sold, would the leases stay in effect.

County Attorney George Spence explained that this issue came up as a legislative audit item and he is not sure that the leases are legal. The only way to prove they are legal is to go to court. He stated that the county owns an interest in the property until 2053, and the property does not have much value to the county with the sub-lease in place. He also stated that the County Judge can declare the property surplus property and sell it, and that the leases would still be valid.

Lengthy discussion was held regarding the American Legion lease and the sub-lease agreement, the length of the sub-lease agreement and what renewal options they have, and the different ways to dispose of the property and still protect the American Legion to make sure that they have a place of their own.

JP Hubbard questioned what responsibilities we have to the American Legion and commented that if the American Legion bought the building, they would not have the benefits that they do now. He stated that the county needs to protect them.

County Judge Bisbee stated that it is just untenable that we have a private citizen living in a building where they pay \$600 a year for rent and someone else pays the taxes and insurance, and that they are actually getting paid to live in that building, at the county’s expense. Judge Bisbee stated that if the American Legion was able to buy the building, they would have an asset and then they would be able to sell the building, get a smaller building, and still have money in the bank, but if they do not want to buy the building, then the Fergusons (sub-lessees) could buy it and then they would be liable for the taxes and insurance, and the American Legion lease would still be valid until

2053. Another option is to quit paying taxes on it. He stated that the county cannot subsidize private citizens and cannot pay the taxes and insurance on the property, and that it is under the authority of the County Judge to sell the property for surplus. He stated that we can only deal with what the law is today and the greatest risk is for us to do nothing. Further discussion was held regarding the building's historical significance and the value of the building being decreased because of limitations as to what the Legion or another owner could do.

JP Hubbard questioned if we could follow through with our lease to the legion and find them a different building, and then sell the building. Judge Bisbee responded that there are two ways of selling this property and that is to either to get 70% of the market value at a closed auction with a sealed bid, or to declare it surplus property and sell it at auction. He stated that he cannot negotiate a sale of county property or give the property away.

JP Hubbard stated that the legion should be kept informed upfront and that whatever we do, we need to protect them. Judge Bisbee stated that the number one priority is to protect the legion's interest and that we are not selling this building out from under them and that he wants to protect the legion too, to the best of his ability.

JP Sandlin asked Chuck Olson, Commander of the American Legion, if he would like to add anything to the discussion. Commander Chuck Olson stated that it would be a hardship for the legion if they were to get the building. He added that the furnace and roof needs repairs, gutters need to be added, and the windows need to be replaced. He said they could do the work themselves for about \$10,000, but if these repairs were contracted out, the cost would be about \$25,000. He stated that if the county could find the legion something that they could take over, they would be willing to say goodbye to this building, they just want a place where they can meet and if something could be worked out to where they would have more permanence, another building would be suitable for them. He stated that he did want to point out that the addition where the American Legion is located was built in 1967, so it meets a lot of the current building codes.

Judge Bisbee stated that the number one priority is to protect the legion's interest and that the county is not selling this building out from under them.

### **Charge to Committee/County Judge David Bisbee**

Judge Bisbee stated that it became very apparent to him when he came into office, that the county has not done a real good job of planning for where we are now and for the future. He stated that the last building built in the county was in 1995, and because the county has grown, so has the need for services. Judge Bisbee explained that he re-designed the committee structures, so that this committee could have a more narrow focus and a very strong charge as to what the quorum court is going to be doing in the next few years. He reported that within the next year and a half, the county will have over \$1 million a year in short term loan payments freed up. Judge Bisbee also reported that the county now has four major leases in the downtown Bentonville area, plus numerous other lease spaces around the county, and leasing property to house county government is very expensive. He reported that he and Richard McComas met with officials from Arvest Bank and the Stephens Group in Little Rock to get some guidance on how much bond can be obtained for what kind of payment. He stated that a good rule of thumb, is to multiply whatever payment you can afford per year, and that you can get ten times that much on a fifteen year bond; for example, a \$1 million dollar a year payment, you can get a bond for \$9.9 million, for fifteen years.

Judge Bisbee stated that the committee needs to go over the county budget and look at the obligations that are coming up over the next few years; come up with a financial plan of what the county can afford to do, and to concentrate on a "building program" for the county's priorities and needs. Judge Bisbee stated that before he chose priorities for the county, he would look at the needs that are facing the county, such as more courtroom space, or the possible need to move courtrooms. He said he strongly feels they need to get a couple of criminal courts off of the square to get

prisoners off the square in downtown Bentonville. He said the Juvenile Detention Center is certainly a high priority, but it may even be higher, if building a new one frees up existing space. He asked the committee to look at this in total, as opposed to a piece at a time, and to set priorities as to how we start this building program. He said that he would like to see the County Judge and Quorum Court say "This is where we need to go, and these are our priorities" for the next five or ten years and to keep the county government on the square. Discussion was held on heavy equipment, fiber optics, bank notes that would be freed up, and the type of big equipment that would be needed. Judge Bisbee stated that former County Judge Gary Black had done a good job keeping the big equipment up to date.

### **New Business/Project Ranking**

JP Winscott requested the committee members to rank the priority list of projects that need to be done in the county and asked if there are any other project suggestions to add to the list. Discussion was had about the priority list, additional projects to be added, and how the projects should be ranked. JP Winscott stated that this list is not etched in stone and is only a fluid document. He said the ranking of the priority list will be available at the next meeting.

### **Other Business**

County Assessor Bill Moutry stated that he wanted the committee to be aware that the present lease at 110 West Central expires November 30, 2009 but that he must notify the leaser by August 1, 2009, if the county wants to extend their five-year lease option. Bill Moutray explained the options available regarding the lease and the option of acquiring the second floor of this building. He reported that the second floor would give him an additional 2,003 square foot of space and that the price would be \$8.28 per square foot, the rate currently being paid. He stated that there is an elevator to the second floor which would meet ADA requirements and that they need to find meeting space for the Equalization Board this year. He reported that if they obtain the second floor, fiber-optic cables would need to be installed. He stated another option is to purchase the building. He reported that this property is listed for \$1 million with an assessed value of \$717,800. He stated that the only downfall to this building is the lack of parking. Comptroller Richard McComas stated that the lease comes out of the general fund. JP Sandlin questioned what would be done with the extra space when the Equalization Board was not meeting. Some discussion was had on the usage for the extra square footage and what buildings are currently being leased.

JP Craig Brown commented that "we are either going to buy it or pitch a tent" but that he is not going to vote for leasing anything else.

### **Public Comments**

None

### **Announcements**

JP Winscott announced the next meeting will be held on Thursday, April 16, 2009 at 5:30 p.m.

Meeting adjourned at 8:00 p.m.