

March 6, 2007

FINANCE COMMITTEE REPORT

A Finance Committee meeting was held Tuesday, March 6, 2007 at 2:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Harrison, Hobbs, Stephenson, Summers, Moore, Wolf, Wozniak

Others Present: JP Hill, JP Brown, Treasurer Deanna Ratcliffe, Richard McComas, Michele Anderson, Kathy Bannister

Media: Scarlet Simms – Morning News; Jennifer Turner – Benton County Daily Record

JP Tim Summers called the meeting to order at 2:30 p.m.

PUBLIC COMMENTS:

None

1. County Attorney/Grants Administrator Report

Grants Administrator Kathy Bannister reported that the county is applying for \$160,000 in Courthouse Restoration Grants from the Historical Preservation Society. She said they will divide the grant into 4 phases of approximately \$40,000, and it will be used to do electrical work in the courthouse. JP Wolf made motion to forward to the March 13, 2007 Committee of Thirteen meeting a request for a Resolution authorizing application for a grant of up to \$40,000 from the Arkansas Historical Preservation Society with no county match required, seconded by JP Wozniak. Motion passed by unanimous show of hands vote. Kathy Bannister stated that it will be another couple of months before they have word on the Juvenile Justice Family Drug Court grant or the Office of Violence Against Women Safe Visitation grant. She added that the Veteran's Council and the City of Gravette will be making presentations this week for their grants.

2. Sales Tax

Comptroller Richard McComas stated that there was a 3.32% increase in sales tax revenue over January of 2006, and they had budgeted for a 10% increase. He said this trend has been forming for the last 7 or 8 months as expected. He said the \$1 million in revenue is the largest amount ever received, but it is still not what they budgeted. He said that the loss of Bella Vista has not affected these numbers yet, because they are still receiving that portion of the sales tax, and probably will not see a change until April. JP Moore asked if the trend continues should they at some point do a budget revision.

Richard McComas stated that the extra receipts from Bella Vista should offset the decline, and they are still \$466,000 ahead for the total budget. He said he would like to wait another few months before making any decisions on the budget, and since they budgeted without the Bella Vista receipts and have received them for three months, he expects the entire year to even out. JP Stephenson stated that Siloam Springs is planning a large annexation, so the county's share of sales tax will continue to decrease without a corresponding reduction in the need for county services. JP Moore stated that they need to find another source of revenue because he does not think that sales tax will be a reliable source of growth revenue in the future. JP Summers noted that one of the biggest costs to the county is the transfer to County Road, and if they could find another way to fund roads then the General Fund would be in good shape. Richard McComas stated that most other counties have other sources of revenue to fund their roads. He added that the problem is a combination of two things – the amount of money we put into the road fund compared to other counties and the source of revenue that the money comes from. He said the Road Fund is one of the bigger parts of the budget because we have so many roads to maintain.

3. Jail Collections

Richard McComas stated \$72,000 was collected in February, and \$100,000 was budgeted, so they are \$28,000 behind for 2007, but it normally catches up throughout the year. JP Stephenson stated that he notices in the paper that the jail is at maximum capacity, and that the Finance Committee may have to address the issue of boarding prisoners from outside the county.

Sheriff Keith Ferguson was recognized. Sheriff Ferguson presented a plan for a temporary expansion of the jail facility. He said they are considering a 130 to 170-foot building which could be placed adjacent to the jail on the west side and house approximately 120 to 150 inmates. He said one possibility would be to house the female population there, which would solve some of the segregation issues. He added that it could also be used for work release inmates. He said that they have built several buildings using inmate labor, and only had to pay for materials. He said that an engineer has given him an informal estimate of approximately \$30,000 for the study and paperwork required, and they think they can do the entire building for \$1 million. He noted that Washington County has a similar facility. He said they will need an additional 20 to 25 people to staff the building, which will cost approximately \$750,000, so for less than \$2 million they can have a temporary facility that will solve the overcrowding problem for the next 4 to 5 years.

Sheriff Ferguson stated that he can turn away the Federal prisoners, but the county received \$1.5 million in 2006 for housing them. JP Summers asked Sheriff Ferguson if he anticipated that the program will continue at its present rate or expand. Sheriff Ferguson stated that he thinks it will continue to increase. JP Wolf asked if the \$2 million is a turnkey price and includes all of the furnishings and communications equipment. Sheriff Ferguson stated that the estimate allows \$250,000 for furnishing the building, but that it is only a preliminary estimate, and they will fine tune it before making a formal proposal to the Quorum Court. JP Moore asked if they had considered adding a lower security facility for work release and weekend release inmates. Sheriff

Ferguson stated that all inmates will be housed at the same level of security, because he is responsible for anyone escaping, no matter what the reason is for them being sent to jail. JP Summers asked how many out-of-county prisoners are currently housed in the County Jail. Captain Petray stated that there are 37 prisoners at the present time.

JP Wozniak asked if some extra money is available above what the Sheriff is asking for, would it be possible to move the Juvenile Detention Center to the County Jail site also. Sheriff Ferguson stated that it would be ideal to have all of the judges and the Detention Center right next door, and if the Road Department moves its main yard there will be plenty of room on the site to include a Juvenile Detention Center and courtroom space. He said he is aware that traffic is a problem on Highway 102, but that surely they could install a traffic light that could be activated only when someone is trying to enter traffic.

JP Hill asked if charging the prisoners room and board as has been proposed would be adequate to supply any part of the budget. Sheriff Ferguson stated that there is a law which is being followed in other counties that allows the county to attach a \$5.00 fee which is earmarked for the County Jail, to every ticket written in the county, including tickets written by city police. He said there is another bill awaiting the Governor's signature which will allow them to charge prisoners \$20 per day for each felony or Class A misdemeanor with which they are charged. Treasurer Deanna Ratcliffe stated that the \$5.00 per ticket fee is a tax that must be levied by the Quorum Court, and that Washington County received nearly \$200,000 from it last year. She said that the City of Siloam Springs has also passed the fee. She said it is her understanding that the county only gets the fee if the ticket is written in the unincorporated area. Sheriff Ferguson stated he thought the fee could be collected for any ticket written in the county. JP Stephenson asked Treasurer Deanna Ratcliffe to discuss the matter with County Attorney Robin Green. JP Summers asked Sheriff Ferguson to report back to the committee next month.

JP Wolf asked if the money owed for Jail Collections is being kept up with, because they faced a situation several years ago where the county had to write off the debt of one of the cities. JP Summers stated that was because the county could not prove how much was owed. Comptroller Richard McComas stated that they are keeping a close watch on it, and that the State has always eventually caught up. Sheriff Ferguson stated that he has heard that the Department of Corrections is asking for one large appropriation from the Legislature to catch up on their payments.

4. 2006 Clean Up Ordinance

Comptroller Richard McComas stated that after all of the balancing transfers are made in the General Fund, an additional \$34,000 will be needed in the Maintenance Department to balance out the year. He stated that a total of \$44,255 in additional appropriations will be needed in all other funds, with the largest portion of that being due to the \$40,000 in Jail Maintenance for overtime costs. He added that that is one of the reasons they hired more Jail Transport Deputies. He said that the total returned appropriations in both funds will be many more times that. JP Summers noted that they do not set aside money in a depreciation fund, but take care of unexpected expenses from their reserves because they are able to stick so closely to the budget during the year. Richard McComas stated that the additional money needed for Maintenance was for an air conditioning unit and some unexpectedly high electric bills. JP Stephenson made motion to forward the ordinance

request to the March 13, 2007 Committee of Thirteen meeting, seconded by JP Moore. Motion passed by unanimous show of hands vote.

7. 2006 Fund Summary

Comptroller Richard McComas stated that they will have approximately \$1 million in returned appropriations, but that \$558,000 will be re-requested for projects budgeted in 2006 that were not completed. JP Summers noted that they have tried for the last several years to keep the total personnel costs below 70% of the total budget, and in 2006 the percentage was approximately 65%.

JP Moore explained to the newer committee members that the reason they supplement County Road from County General is that the road tax is split with the cities according to percentage of population, so only 40% of each dollar actually goes to the county. He said that although the Quorum Court gets most of the blame for enacting it, they actually see very little return on it. Richard McComas stated that as the Road Tax lawsuit decision stands right now, the three largest cities are collecting 90%, and will continue to do so.

8. 2007 Fund Summary

Comptroller Richard McComas went over the 2007 Fund Summary. JP Wolf noted that Emergency Planning is at 71%. Richard McComas explained that they will get an additional appropriation from grant money in 2007, which will be in the 2007 Clean Up Ordinance. JP Summers noted that over 50% of the County General Budget goes to the Sheriff's Department, and that does not include the additional money spent for the court system. He said that those items are the first priority when it comes to funding. JP Stephenson noted that those are items that the constitution states "shall" be funded so they have no option.

8. Other Business

JP Stephenson asked when, and by whom, is the determination to be made as to what Benton County needs to do in order to have an election that is without problems. He asked if they have requested more money or space. Richard McComas stated that they are planning to come to a meeting to do that. The committee discussed how the Election Commission is appointed.

Comptroller Richard McComas stated that over \$9 million was distributed to the various taxing entities through the Final Settlement.

JP Summers announced that the next Finance Committee meeting will be April 3, 2007 at 2:30 p.m.

JP Summers asked if anyone would like to make any additional public comment. There was no response.

After motion and second the meeting adjourned at 3:45 p.m.