

## FINANCE COMMITTEE REPORT

July 7, 2009

A Finance Committee meeting was held Tuesday, July 7 2009 at 2:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Wozniak, Wolf, Allen, Douglas, Stephenson

Others Present: County Judge David Bisbee, Treasurer Deanna Ratcliffe, Sheriff Keith Ferguson, Collector Gloria Peterson, Comptroller Richard McComas, Accounting Manager Michele Anderson, Public Defender Jay Saxton, Human Resource Manager Barbara Ludwig, Grants Administrator Kathy Bannister, Director of Public Services Chris Glass, Director of Public Safety Greg Hines, 9-1-1 Administration Coordinator Mary Kay Sullivan, Benton County D.E.M. Coordinator Marshall Watson

Media: Anna Fry and Ryan McGeeney – Morning News; Tabatha Hunter – Benton County Daily Record

### **PUBLIC COMMENTS:**

None

In the absence of Chair JP Kurt Moore, JP Marge Wolf called the meeting to order.

### **Grants Administrator Report: Kathy Bannister**

Grants Administrator Kathy Bannister stated that she does not have a request at this time, but would answer any questions regarding the Grants Administration report that has been distributed.

JP Stephenson stated that in regards to the Reverse 9-1-1 system, he is concerned that people are getting grants without the Quorum Court's knowledge and putting the county at risk of having to fund the programs in the future.

Benton County Judge David Bisbee stated that Department of Emergency Management Coordinator Marshall Watson is doing an excellent job, and that this is an example of why he reorganized the County Judge's office. He said that Marshall Watson was doing what he thought his job was, in the way he had been doing it since he was hired, and that was just poor government. He stated the grant in question was a Federal Department of Homeland Security grant, which is distributed by the Arkansas Department of Emergency Management on a pro-rated basis to each county. He stated that the money has to be spent on an approved project or program, so a budget is submitted to ADEM, and the funds are awarded. He added that the decision to pursue Reverse 9-1-1 was made in the Department of Emergency Management, and that no policy maker was involved. He said the result was that the county would end up providing emergency notification services for the cities, and that when the grant ran out, the county would have been obligated to continue paying for it. He stated that is primarily why he pulled the plug on it, and that is how business has been going in that office for years and years. He stated that once they pulled the plug on the Reverse 9-1-1, they decided to use the funds to upgrade security in the administration building, because the City of Bentonville has begun charging for false alarms, and the county has had several.

Judge Bisbee stated that the county buildings have three different security systems in place, and some only work marginally. He said that they felt that upgrading the security systems would be a lot closer to what Homeland Security intended the money to be spent for, and part of the upgrade was that the security company wanted to install cameras. He added that they did take the money from Reverse 9-1-1 so that they could put in cameras. He said they were concerned about the possibility of paying for false alarms in the City of Bentonville, and did not have a good security system in place. He said that once they decided not to do Reverse 9-1-1, they informed the Arkansas Department of Emergency Management of the plans to use the grants funds for upgrading the security system, and received approval to do so.

Judge Bisbee stated that his primary concern, as it should be for the Quorum Court and the general public, is that policy makers were not making policy decisions—county employees were making policy decisions. He said they thought they were doing the right thing, but that is not good government.

### **9-1-1 Administration: Public Safety Answering Point Upgrade**

Benton County 9-1-1 Administration Coordinator Mary Kay Sullivan reported that it is time for the 2009-2010 PSAP (Public Safety Answering Point) upgrade for the four primary 9-1-1 dispatch centers, Bentonville, Cencom, Rogers, and Siloam Springs, and that the upgrade will be require a one-time cost of \$297,248.45, which is in the 9-1-1 fund and will not come out of County General. Comptroller Richard McComas added that there will be a reimbursement of 86% from the Emergency Telephone System (ETS) of \$234,526.30, which is pre-approved, so the total cost out of the 9-1-1 funds will be approximately \$63,000.

JP Stephenson made motion to forward an appropriation ordinance request to the July 14, 2009 Committee of 13 agenda, seconded by JP Wozniak.

Motion passed by unanimous voice vote.

### **Emergency Services: Interoperable Emergency Communications Grant**

Benton County D.E.M. Coordinator Marshall Watson stated that this is to appropriate a \$10,883.71 grant from the Federal Homeland Security - Interoperable Emergency Communications Grant Program, awarded for 2008. He said the purpose of the grant is to develop a standardized interoperable communication operations procedures plan, and for the training and exercise of the procedures. He added that the intent of this plan is to seek a contractor knowledgeable in emergency communications to write a plan that would essentially state how different emergency agencies will communicate with each other during a large scale disaster, based on the type and size of the disaster; which radio channels to use; how to communicate with surrounding counties; as well as inter-county communications that would occur with the local fire departments and law enforcement agencies.

JP Stephenson asked if there is any expense to the county. Marshall Watson stated that there would not be any expense to the county. He added that this is a one-time grant for the purpose of establishing the interoperable communications plan and that the plan will belong to the county when completed.

JP Wolf asked if there were any other plans like this currently in place in the county or state. Marshall Watson reported that currently there are no interoperable plans like this for the county. He stated that the grant is strictly a planning grant and that it will not provide any physical equipment. He added that this grant simply provides for establishing a communication plan that will be distributed to our local responders, and it will provide them guidance, based on the type and size of the emergency, which channel to manage the event on, and which channel to utilize for command. He added that different agencies might be assigned different channels.

JP Allen asked if this will bind us to any future capital items, programs, or new positions. Marshall Watson stated that this grant will strictly fund a contractual service to provide a plan to do an assessment of our current situation, and it is a one-time grant from Federal Homeland Security Management.

JP Stephenson made motion to forward an appropriation ordinance request to the July 14, 2009, Committee of Thirteen agenda, seconded by JP Wozniak.

Motion passed by unanimous voice vote.

### **NEBCO Rural Fire Services Grants**

Comptroller Richard McComas stated that this is strictly a pass-through grant for the NEBCO Rural Fire Department, and that it requires no county funds.

JP Stephenson made motion to forward an appropriation ordinance request to the July 14, 2009 Committee of Thirteen agenda, seconded by JP Allen.

Motion passed by unanimous voice vote.

### **Sales Tax Numbers**

Richard McComas stated that there was a 9% sales tax decrease in June, bringing the year-to-date decrease to 6%, which is approximately \$257,000. He said that so far, the decreases are falling in line with the 2009 projections.

### **Jail Collections**

Richard McComas stated that jail collections are down for the month of June, but that the Sheriff's Office has received a check for over \$200,000 from the Department of Corrections, which will bring the collection numbers back up.

### **Fuel Summary**

Accounting Manager Michele Anderson stated that fuel costs are at 26% of the budget for the Sheriff's Department and 24% for the Road Department, and that fuel costs are still below what was estimated in the 2009 budget. Richard McComas stated that some of the budgets decreases are due to the lower fuel costs.

### **Monthly Expenditure Report**

Michele Anderson stated that we should be at 50%, and that County General is at 43.73% for the year, and County Road is at 59% due to the ice storm. She added that Rural Fire Services are at 58% due to a capital purchase of a fire truck; Soil Conservation is 100% due to an annual payment that has already been made; and that Hazardous Material Services is at 67% with a bill outstanding, but they are still working on it. She stated that the Collector's Automation Fund is at 85% due to purchases that have already been made, and they will not be going over budget this year. She added that Emergency Services, Funds 283 and 284, which are grant funds, are at 55% and 99% respectively, and that Homeland Security Grant, Fund 284 is finished permanently. She said they might still need to move some funds between line items.

JP Stephenson asked if County Road is at 59% due to the ice storm. JP Wolf asked County Judge David Bisbee to report on the FEMA reimbursements.

Judge Bisbee reported that they have received all of the money that FEMA is going to reimburse from the bills that have been submitted, which is about 90% of what was asked for. He added that we are in the process of cleaning up the disposal sites, and when they are finished, they will submit bills for those costs to FEMA. He said they estimate that the total cost of the ice storm to the county will be about \$500,000. He added that the 12.5% reimbursement from the State of Arkansas is still outstanding, but they cannot apply for it until they have received all the money from FEMA, and they anticipate that it will amount to a little over \$700,000. He added that if they had to spend \$500,000, this was the best

place they could have spent it, as they have cleaned up a lot of roadways, making it easier for the road crews to work.

### **Mid-Year Budget Adjustment Ordinance**

Richard McComas stated that an ordinance has been drafted which adjusts the General Fund by \$834,000, with an additional \$190,000 proposed from the Sheriff's Department, which will be included in the ordinance when it goes to the Committee of Thirteen. He added that \$94,000 in Unemployment Taxes was not in the original numbers, resulting in a \$930,000 net adjustment, or approximately \$70,000 short of the \$1,000,000 target.

JP Stephenson asked if they are backing off from the earlier statements that we need to cut \$1,000,000, or are we saying that this is close enough. Richard McComas stated that is up to the court; he can only provide the numbers.

County Judge David Bisbee stated that they still need to reach the \$1 million in budget cuts, and that we will still have deficit spending of \$200,000 this year, but hopefully, there will be money turned back at the end of the year that will cover that deficit, so that the money will not have to be taken out of reserves. He added that in just two months, they will start on the 2010 Budget, which has to be reduced by another \$1 million, and however much they fall short by this year will have to be added to that \$1 million.

Judge Bisbee stated that the decreases contained in the draft ordinance are cuts that the Elected Officials and Department Heads have offered to make, and he has asked his staff not to cut anything below the level of what they will have to ask for in the 2010 Budget. He added that although the fuel costs have allowed them to reduce this year's budget, he is uncomfortable with estimating fuel costs lower than \$3.20 per gallon for 2010.

He said that his budget is 47% of the total county budget, so if they were cutting budgets based on percentages, he would be expected to cut his budget approximately \$470,000. He said he has in fact cut \$840,000 out of his budget, because he realizes the urgency of what they are doing. He added that he has asked Richard McComas not to express an opinion on anyone's budget, but that he can answer questions.

The committee went through the proposed appropriation ordinance item by item. JP Allen stated that what is left in the fuel budget might be enough to cover the additional \$70,000 that is still needed.

JP Wolf expressed concern about the County Coroner's statement that he has paid for things out of his own pocket, and she does not want the \$1,000 cut in his budget to create more of that. Richard McComas stated that he has talked with Daniel Oxford at length and that he felt that he could offer this \$1,000.

JP Stephenson stated that Item 10 on the agenda is a request for an additional Deputy Public Defender, and questioned whether the position should be approved, as it would have an impact of \$20,500 in 2009, and an additional \$55,500 in 2010 and every year thereafter. He said that if the Deputy Public Defender position is approved, then they are actually looking for an additional \$140,000 in cuts this year. Richard McComas stated that they would need \$90,000 this year. JP Stephenson stated that they need to resolve the Public Defender's position request before they can resolve the amount needed to reach \$1 million. He stated that he has no doubt of the need for the additional Deputy Public Defender, that it is atrocious for one person to handle 700 cases, and ludicrous that he has only one day a month to counsel with his clients. He noted that he just does not see how we can do anything other than approve the request, because this falls under the constitutionally required duties of the Quorum Court, in that we shall provide for the administration of justice. He said they should dispose of it prior to wrapping up the budget adjustments.

JP Wozniak asked if there are any anticipated retirements coming up in the next six months. County Judge David Bisbee stated that his departments have had a hiring freeze since January 2, 2009, and they

take a good hard look at any positions that come open. He noted that there are two vacancies in the Department of Emergency Management, and they only plan to fill one of them.

JP Allen made the motion to table item 9 and move to item 10, seconded by JP Stephenson.

Motion passed by unanimous show of hands vote.

### **Request for Deputy Public Defender Position**

Public Defender Jay Saxton stated that he wanted to reiterate that this is a need, and that he will not be asking for any new personnel next year. He added that he has already made out the budget for 2010, and has reduced it by \$22,000. He stated that the salary with benefits for an additional Deputy Public Defender would cost around \$20,500 for the remainder of 2009.

JP Allen stated that the only reason he would consider approving the request is if it will save more money in the long run by not having to pay for private attorneys.

Jay Saxton said that due to the caseload, something has to be done, and explained that he would rather have someone working under his direction, out of his office, than for the county to have to pay for private attorneys who have been assigned to cases by the District Court Judges. He said that 300 cases per attorney is the national standard, so if 100 cases were assigned to private attorneys at approximately \$350 per case, the cost to the county would be \$35,000, just for the remainder of the year. He added that they have to look at the ethical obligation to the clients, and that there are a lot of Public Defender's offices around the United States, although none in Arkansas, that are inundated with cases to the point that they have received court approval to refuse any more. He said that ethically, if they cannot provide good service to their clients, they must decline that case, whether they are private attorneys or public defenders.

JP Wozniak questioned if there was not money in all of the other judges' budgets to cover what he is asking for. Richard McComas stated that there was not.

JP Stephenson asked what the Personnel Committee's recommendation was. JP Wolf stated that they felt the need was there, and forwarded it to the Finance Committee for discussion of the funding. JP Stephenson made motion to approve funding of an additional Deputy Public Defender position, and include it in the proposed budget adjustment ordinance, seconded by JP Wozniak.

Motion passed by unanimous voice vote.

Richard McComas stated that including the Deputy Public Defender position means that they will need an additional \$90,565 to reach the \$1 million mark. JP Stephenson asked what would be wrong with taking it out of the fuel budget. County Judge David Bisbee stated that to do that, he would have to reduce his fuel cost below the \$3.20 per gallon he is projecting for 2010, and he does not want to do that, because it would just have to be put back in.

Sheriff Keith Ferguson was recognized, and addressed the problem with cutting \$60,000 out of his fuel line item. He said his office is different, in that they have to respond when the public calls, and if the fuel amount can be cut without having to cut service to the people, then he is willing to do it. He said over the last 10 years, his office has turned back \$5,000,000 to County General, and that they have stayed within their budget every year since he took office.

Sheriff Ferguson stated that the jail fee charged to cities for housing prisoners has remained at \$32.50 for the last 15 years, and suggested increasing the fee to \$50 per day, effective January 1, 2010, which would amount to \$1,400,000 in 2010, and would make up the deficit so they would not have to cut anyone's budget.

He said that they, as Elected Officials, will have to answer to the complaints, but the cost of living has gone up tremendously in the last 15 years and the fee has not been increased. He added that they

represent the people, and he is asking the Quorum Court to look outside the box. He said he submitted a budget for 2008, it was approved, and if he cut services now, he would not be doing his job. He added that if they can see fit to cut his gasoline budget without cutting services, he does not have a problem with it.

JP Allen stated that he appreciated Sheriff Ferguson's gesture, but wanted the Sheriff to know that if he finds himself needing fuel money, to come to the committee and ask, because they do not want anyone to sacrifice the safety of the county residents. JP Allen asked what Washington County charges in jail fees. Sheriff Ferguson stated that Washington County charges \$45.00 per male inmate, and that throughout the state; the charge for female prisoners is higher, at \$60.00. He said that when Benton County built the jail, one pod was designated to house females, but they did not foresee the growth in the number of females committing crimes that has occurred in the last five years. He added that this has affected jails throughout the state, so fees for housing females have increased.

Sheriff Ferguson noted that \$1,020,000 has been designated for a jail expansion, which the county still needs but does not have the money to complete. Sheriff Ferguson said that if it would benefit the county, the funds are at their disposal, and that all it takes is an act of the Quorum Court to get it, and then you would not have to cut anyone's budget.

JP Wolf stated that when they first started discussing budget reductions, there was almost a storm when the Elected Officials were asked to come and look at their budgets. She said this county and the Elected Officials have shown why they were elected, and she wanted to thank them.

JP Allen stated that if they can find the additional \$30,000 needed to reach the \$1 million target, then they should go ahead and find it, and suggested that they pick the fund.

JP Stephenson asked what fund the \$1,020,000 is in. Richard McComas stated that the money is in Capital Projects. JP Stephenson asked how much is currently in Capital Projects. Richard McComas stated that there is \$6.8 million. JP Stephenson stated the money in Capital Projects is not restricted by the state and is at the Quorum Court's disposal to use as they so choose. Richard McComas stated that the money is not encumbered, but is restricted, as well as \$100,000 that was set aside for the War Eagle bridge renovation. JP Stephenson stated that they could get additional fuel money, or the \$1,020,000, or whatever they need if it becomes necessary. He said he is not in favor of touching it, but would like to come up with the other \$30,000 to reach \$1 million in budget cuts.

JP Wozniak questioned if the \$50,000 that was set aside for the Road Department for incidental equipment purchases had been used, and if not, and then they can take it from there. He said if something came along that they needed it for, then they could hold an emergency meeting to give it back.

Judge Bisbee stated that there is \$6.8 million in Capital Reserves, \$1,020,000 set aside for the Sheriff, and another \$1 million set aside for operating reserves, so we do not have a crisis getting through this year. He said that by 2011, the budget has to be reduced by \$2.8 million, and even after cutting \$1 million from the 2009 Budget, they still face a deficit of \$200,000 this year. He said it is not about moving money, it is about cutting the budget.

JP Allen stated if the \$50,000 in the Road Department has never been used before, then that line item can be cut. He added that hiring a Deputy Public Defender was more important than having an account for small tools and equipment. Richard McComas stated that the \$50,000 was added after the beginning of the year and would have been an adjustment, so if it is not spent, we will just break even.

JP Stephenson stated that if the Sheriff's Department can come up with \$60,000 in fuel cuts, then the County Judge's Departments can come up with \$30,000 in fuel cuts.

Judge Bisbee stated that he has cut \$200,000 out of the Road Department's fuel budget, and reducing it further would take it below the \$3.20 per gallon that he wants to use for next year. He added that

proportionately, the County Judge's budget has been cut twice as much as anyone else's, although he realizes he does have a larger budget and is able to do that.

JP Douglas stated that there are three basic items of expenditure—personnel, supplies and capital expenditures. He asked if there are any equipment purchases or capital expenditures that could be put off so that we could recapture some of the money that has been budgeted. Richard McComas stated that they have already reduced capital expenditures.

Judge Bisbee stated that this is not an issue of having enough money to get through the year, because he will probably have money to return, but this is about getting budget items down for the next year and a half. He said that his office has cut personnel, and wondered if the other offices have looked at personnel. He said that obviously, if 70% of your budget is spent on personnel, and you start talking about cuts, that is one area you have to look at.

JP Wozniak stated that they have taken \$1 million out of one-half of a year, and the Department Heads have done a marvelous job.

JP Wozniak made motion to forward an appropriation ordinance reducing the 2009 Budget by \$970,000 to the July 14, 2009 Committee of Thirteen agenda, take the difference from reserves, and put it back from returned appropriations at the end of the year, seconded by JP Douglas.

Motion passed, 5 yeas (Wozniak, Wolf, Allen, Douglas, Stephenson) 2 absent (Brown, Moore).

JP Bisbee stated that he wanted to thank the committee and pointed out that no county has ever cut \$1 million in their budget in the middle of the year, and that next year they will be asking for \$1,030,000. He also reported that JP Craig Brown is absent due to triple by-pass heart surgery.

Richard McComas stated that they still need to cover the other Schedule 4 items forwarded from the Personnel Committee. He stated since Schedule 4 is part of the 2009 Budget ordinance, they will have to do an appropriation ordinance to make the changes.

JP Wolf stated that the Comptroller position has been moved into Department 01, County Judge, and that the Grants Administrator has been moved to Department 19, and there are no changes in grades or salaries.

JP Stephenson made motion to forward the proposed Schedule 4 changes to the July 14, 2009 Committee of Thirteen agenda, seconded by JP Wozniak.

Motion passed by unanimous voice vote.

JP Stephenson asked if there is a policy that covers expenditures on county business trips. Human Resources Manager Barbara Ludwig stated that Richard McComas is working on a policy.

### **Other Business**

JP Wolf announced that the next Finance Committee meeting will be held on Tuesday, August 4, 2009, at 2:30 p.m., unless otherwise announced.

JP Stephenson stated that he will be absent from the July 14, 2009 Committee of Thirteen meeting.

### **Adjournment**

After motion and second the meeting adjourned at 3:51 p.m.