

October 7, 2008

## **FINANCE COMMITTEE REPORT**

A Finance Committee meeting was held Tuesday, October 7, 2008 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, Williams, Wolf

Others Present: JP Winscott, JP Hubbard, Treasurer Deanna Ratcliffe, Circuit Clerk Brenda DeShields, Sheriff Keith Ferguson, Richard McComas, Michele Anderson, Kathy Bannister

Media: Scarlett Simms – Morning News; Tom Treweek – Benton County Daily Record

### **PUBLIC COMMENTS:**

None

### **1. Grants Administrator Report**

Grants Administrator Kathy Bannister reported that the War Eagle Bridge project is beginning to move along, as the Historical Preservation has finally approved of the plan and is requesting a memorandum of understanding that the work the county has agreed to will be done in keeping with their requirements. She said that after the engineers finalize their plans, they will have to go to the Arkansas Highway Department for their approval, which will require another waiting period beyond our control, but it is finally moving again. She said that it will probably be 2009 before anything goes to bid, so they will not need any appropriations this year.

Richard McComas stated that they expect the county's costs to be approximately \$350,000, and approximately \$80,000 of the \$250,000 that was included in the 2008 budget has been spent in engineering costs.

### **2. Adult Drug Court Grant Ordinance**

JP Stephenson made motion to forward an ordinance request to the October 14, 2008 Committee of Thirteen meeting, seconded by JP Wolf. Richard McComas stated that this is to appropriate grant money to fund the Drug Court program for the remainder of the year.

Motion passed by unanimous show of hands vote.

### **3. HIV Clinic Discussion**

JP Williams reported that she has met with Washington County Judge Jerry Hunton and Comptroller Boyd Darling, and they have told her that they plan to ask the Washington County Quorum Court for a second position for the HIV Clinic, in addition to the position they have requested Benton County to fund. She said she has met with the clinic's Board of Directors and toured the clinic, and is amazed at how much they are able to do with what they have. She said that of the 636 patients currently being seen at the clinic, 235 are Benton County residents, at least one from every JP district, and include an 8-year old and a 13-year-old, in addition to a 3-year-old from Washington County. She noted that there are 10 patients from Bella Vista. She

said these people do not have any resources in Benton County, and the Washington County Clinic does not turn anyone away, regardless of whether or not they have insurance.

JP Williams stated that the clinic benefits everyone, because they do tracking, and that data is sent in for research purposes. She said that one of the things she learned, which she was previously unaware of, is that if a pregnant woman receives treatment, the unborn infant can be spared being born with HIV. She said the clinic has treated 6 to 12 pregnant women per year, so that is possibly 12 babies who have been prevented from being born HIV-positive. JP Williams stated that the Ryan White Foundation provides medications, and the lab work is done in Fort Smith, so there are a lot of people involved in supporting the clinic.

JP Williams stated that Washington County officials are very willing to work with Benton County, and she would like to propose funding the position that has been requested for 1 year, during which time a task force made up of people from Benton and Washington County to find ways for the clinic to be sustainable. She said they are open to looking at applying for 501-C-3 status, or forming a "Friends of" type of organization that would have 501-C-3 status. She said they discussed why the clinic has lost hospital funding, and she said that it may be that the hospitals no longer view it as a cost-saving effort, and hospitals may have become more profit-oriented. She said they also discussed fund-raising, but they need assistance for at least the next year while they decide how to proceed.

JP Williams stated that she met with the clinic's physician and is amazed with the amount of work that is turned out by the clinic; and that they sometimes work until 9:00 p.m., and there is no overtime.

JP Williams made motion to include \$34,000 in the 2009 budget to fund one administrative position for one year at the Washington County HIV/AIDS Clinic, and to establish a task force in order to work with Washington County to find ways to make the clinic self-sustaining, seconded by JP Harrison. JP Stephenson offered a friendly amendment to the motion that JP Williams be appointed to the task force; amendment accepted by JP Williams and JP Harrison. JP Williams explained that she had declined the two positions on the Advisory Board that were originally offered by Boyd Darling, because it is an advisory board only, and the real work will be done by the task force.

JP Hubbard asked if the \$34,000 includes benefits. JP Williams stated that it is salary only, and Washington County will cover the other personnel costs. Richard McComas stated that it would be a contractual service agreement. JP Wolf asked if it is a one-time cost. JP Williams stated that it is, and they will use that year to find more funding. JP Wolf asked if they have a budget that will sustain them through 2009. JP Williams stated that they will if they get this position added, because it is the staff shortage that is hurting them most.

Deanna Ratcliffe asked if there is more grant money available, and noted that they have not received a grant in 8 years. JP Williams explained that most grants for this type of program are for the purpose of starting up a program, and it is sustainability that they are having a problem with. She said that in the past, they have depended on hospitals for funding, but that has changed over the last few years.

JP Hubbard stated that he does not see the urgency because the spreadsheet seems to show that their donations have tripled over the last year. JP Williams stated that the money they collect goes into patient care, because they provide primary care.

JP Winscott asked why they were reluctant to seek 501-C-3 status. JP Williams stated that the legal staff in the county seemed to be concerned about tort immunity.

JP Wolf asked if we are funding half of the position, or if Washington County is being asked to fund one also, and when will the request go to the Washington County Quorum Court. JP Williams stated that the County Judge and Comptroller are going to request a second position from the Washington County Quorum Court at their next meeting. She said three people are currently employed at the clinic, and when funding dried up, they deleted the education/outreach person, who also happened to be a translator, and would like to replace it along with an administrative person to handle paperwork.

Motion passed 4 in favor, 2 opposed. (Hobbs, Wolf)

JP Wolf stated that since the committee vote was in favor of including the \$34,000 in the 2009 budget, she will change her vote to support it also. She said that she does not think they should be giving money to an agency that cannot sustain themselves, and are not in a business position to help themselves. She said that should have been straightened out before they came to Benton County to ask for help. She said she would support it, because it is something that needs to be supported, as long as it is a one-time thing.

Motion passed 5 in favor, 1 opposed. (Hobbs)

#### **4. Historical Preservation Commission Grant Ordinance**

JP Williams made motion to forward an ordinance request to the October 14, 2008 Committee of Thirteen agenda, seconded by JP Wolf. Richard McComas explained that this is to appropriate money that has been received through the voluntary tax designated on property tax statements for the Benton County Historical Preservation Commission. Richard Marshall was recognized and explained that they have undergone a reorganization recently, and can now develop a budget since they have received the voluntary tax donations. He said they will use the money for training and archiving, and hope to receive more donations, perhaps even some donations of land to be designated as historical sites.

Motion passed by unanimous show of hands vote.

#### **5. Circuit Court Division VI Ordinance- Judge Schrantz's Courtroom**

JP Stephenson made motion to forward an ordinance request to the October 14, 2008 Committee of Thirteen agenda, seconded by JP Wolf. Richard McComas stated that this appropriation will get the new courtroom up and running in time to do business in December. JP Hobbs asked what the \$1,500 for "Dues and Subscriptions" was for. Richard McComas stated that it is the law reference materials that are updated.

Motion passed by unanimous show of hands vote.

#### **6. Sales Tax Numbers**

Richard McComas said that the September sales tax receipts were up 8.6% over the same month last year, and the negative number for net gain has been eliminated. He added that he believes that we will exceed the projections for the year if the trend continues.

#### **7. Jail Collections**

Richard McComas stated that they are already ahead of 2008 projections with another three months to go.

## **8. Fuel Summary**

Michele Anderson stated that the Sheriff and Jail are at 68% of their 2008 budget for fuel costs, and the Road Department is at 74%. She said that the Average Fuel Costs in August were up 41% over August 2007, and they hope to see that go down in the next few months.

## **9. Monthly Expenditure Report**

Michele Anderson stated that the report contains the appropriations that were included in the most recent budget adjustment ordinance.

## **10. 3<sup>rd</sup> Quarter Revenue & Recap Summary**

Richard McComas pointed out the adjustments that have been made in Column 11 of the Revenue Sheet, and noted that they have resulted in a total adjustment upward in County General of \$550,000, and \$487,000 in County Road. He said that about half of the property taxes have been collected, and they typically will collect the other half over the next two months.

Richard McComas went over the 2008 Budget Recapitulation Sheet, and said there will still be some minor adjustments to be made at the end of the year, and the mandatory reserve for next year will be between \$4.5 million and \$5 million.

## **11. Items From Personnel Committee Meetings**

Treasurer Deanna Ratcliffe stated that there is no good time to talk about Elected Officials' salaries, and the newspaper has used words like "dismayed" and "foolhardy", but it is her hope that after hearing what they have proposed, they will see that they are just trying, as JP Stephenson said, to get an organized method for dealing with the issue. She noted that the last salary increase for elected officials was \$7,500 in 2003.

She said they are proposing that the salary for all elected county officials be set at 95% of the maximum of the range prescribed by the state legislature every legislative session. She distributed a spreadsheet comparing Benton County's elected officials' salaries to the other three Class 6 counties that are closest to Benton County in population.

JP Stephenson stated that the timing will never be right, but it will bring organization to the subject and will give them a good plan that will be completely predictable when preparing for the budget year. He said it is his opinion that they could give them 100% of the maximum range, and it would still not be enough.

JP Williams stated that she would excuse herself from the discussion because her husband is running for County Judge.

JP Summers stated that he does not have a problem with increasing it to 100%, because with the exception of the JPs, he feels all of the elected officials are deserving. He said he is not sure they should increase it all at once, and would favor a smaller increase now, and revisiting the issue later.

Deanna Ratcliffe said that the elected officials are hoping that the raises will go into effect in January of 2009, and then reviewed again in even years when the new ranges go into effect. She said if they eventually decide to use the maximum range, the longer they delay in implementing this practice, the larger the increase will be. She noted that Benton County officials have the lowest salaries of the four counties compared.

JP Wolf stated that she feels this is equitable, that a procedure needs to be established, and she will support it. JP Winscott stated that he supports the proposal and would like to see it included

in the 2009 budget, and noted that the Personnel committee had agreed unanimously to forward it. JP Hobbs stated that she agreed with JP Summers, that now was not a good time for an increase to 95%, and would favor a smaller increase now, and perhaps another increase later to get them to the 95%. She said it bothers her that they keep talking about how revenue is shrinking, and expenses are increasing, but they keep approving expenditures. She said the people she has talked to do not understand this kind of increase right now.

JP Stephenson stated that the total cost to the county next year will be \$14,422. JP Hobbs stated that if the money in the commissioned accounts does not go to the elected official's salary, it goes back to the taxing entities. Deanna Ratcliffe stated that if the salaries for officials in commissioned accounts are included, the total impact on County General is \$36,000.

Circuit Clerk Brenda DeShields explained that she is a self-funded office, in that the fees that are charged in her office completely cover all of her costs. JP Summers pointed out that the Circuit Clerk regularly returns thousands of dollars to County General after her expenses are paid. He also noted that bringing up the positions that are currently at 88% to 95% would be an increase in pay of nearly 9%. He added that he would like to see the JP salary remain where it is, because they do not meet as often as they did when these salaries were adopted.

JP Stephenson made motion to ask Richard McComas to include the proposal for setting elected officials' salaries at 95% of the maximum range set by the state legislature in the 2009 budget preparations, seconded by JP Wolf.

Motion passed 3 in favor, 2 opposed (Hobbs, Summers)

## **12. Other Business: Judge Black**

County Judge Gary Black stated that some time back the Quorum Court discussed purchasing a 16-acre piece of property on Highway 102 for a new Road Department facility. He said that at the time, the asking price was \$280,000, and it has now been lowered to \$240,000. He said he would like to make an offer of \$200,000 just to see what happens.

JP Summers stated that they will have the report on the JDC plans on October 14<sup>th</sup>, and it might make more sense to discuss the property when they know whether or not the JDC is going to be located at the present Road Department yard.

JP Harrison stated that they have to have a long-range vision, because they have put things off in the past, and then ended up paying more money when the need becomes an emergency situation.

County Judge Gary Black stated that they have two proposals to perform a topographical survey on the entire Road Department/Jail site—one for \$18,276 and one for \$20,080. He said that it will be necessary on part of the property anyway, if the JDC is located there, and if any building is ever done at anytime on the property, this will have to be done. He said that the survey has been completed, including 7 acres on the west side of the Jail that they were unaware that the county owned. He said he would like authorization to go ahead with contracting for the topographical survey to be done.

Richard McComas stated that there is enough money in the Road Department-Engineering budget to cover the cost because none of the money included in the budget for the War Eagle Bridge project has been appropriated, but they need to be aware that they will have to make that up next year.

JP Summers asked for clarification of the difference in a topographical survey and a regular survey. Tim Storey was recognized and explained that a survey just provides the outer boundaries of the property, and a topographical provides all of the elevations and physical features of the property. He said small pieces of it have been done over the years, such as on the

Jail site, but it has never been done for the entire property. He said it will be needed if they ever make any improvements on the property, but once it is done, it will not have to be repeated as long as the land is not disturbed.

JP Stephenson made motion to forward the request to the October 14, 2008 Committee of Thirteen agenda to authorize the expenditure of \$20,080 for a topographical survey on the county's property on Highway 102, seconded by JP Williams.

Motion passed by unanimous show of hands vote.

JP Summers requested that a resolution accepting the Legislative Audit Report for 2006 be placed on the October 14, 2008 Committee of Thirteen agenda.

There was discussion regarding the role of the County Surveyor. Tim Storey explained that when the position was created, a person was needed to represent the county's interest in land disputes, but that the technology available today has made the position less necessary.

JP Summers stated that it has been several years since elected officials have had a salary increase, and if the procedure that has been proposed was already in place, the increase now would not seem so large, and if they had received the other raises that the employees have been receiving, it would have cost the county more money than is being proposed now. He also said he wanted to make it clear that the elected officials were requested to come up with a proposal; they did not just jump up and ask for raises.

JP Summers stated that he has asked Richard McComas to include a salary increase of 3% for all county employees, just as a starting point that is not written in stone. Richard McComas stated that he will also include the three personnel additions necessary for the new courtroom, and will provide a running total sheet of the 11 new positions requested.

JP Summers stated that the county is in good shape right now, but they need to remember that they will see a decrease in revenue in 2011. Richard McComas stated that right now the county receives about 27% of our sales tax, and it will probably go down to about 20%, which may result in a loss of between he estimates it will be about 25% of the sales tax revenue, which will be between \$2 and \$3 million in sales tax revenue.

JP Stephenson stated that it will certainly be felt, but he thinks we will be able to deal with it. JP Summers stated that it will be like anything else, if revenues decrease, expenditures will have to decrease also.

After motion and second the meeting adjourned at 4:00 p.m.