FINANCE COMMITTEE REPORT

April 02, 2013

A Finance Committee meeting was held Tuesday, April 02, 2013 at 6:00 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: JP's Allen, J. Harrison, Jones, Blaty, Curry, Moore, Moehring

Others Present: JPs Adams, Anglin, Sandlin, and McKenzie, County Judge Bob Clinard, County Clerk Tena O'Brien, County Attorney George Spence, Comptroller Sarah Daniels, Accounting Manager Mike Crandall, Administrator of Public Services Scott Stober, Grants and Property Accounting Administrator Kati Rose, Road Department Asset Coordinator Cindy Jones, Information Systems Director Sidney Reynolds, Major Rob Holly, Assistant Network Administrator Shawn Scott

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Chair JP Allen called the meeting to order.

Chair JP Allen stated that Item 10 on the agenda has been moved to the first of the agenda.

10. Accelerated Road Plan Discussion

Administrator of Public Services Scott Stober presented a power point presentation and reported the criteria for road improvements on the 2013 Road Plan. He stated that the Road Department uses visual inspections to evaluate pavement surface conditions on a scale of 1 to 10, and that the key to a useful evaluation process is identifying different types of pavement distress and linking them to a cause. He stated that understanding the cause for current conditions is extremely important in selecting an appropriate maintenance or rehabilitation technique. He reported on road improvement projects and stated that all roads in the 2013 Road Plan are in bad shape, and that they all need maintenance.

Scott Stober presented the three options to expand the road work program beyond normal funding, to take advantage of the money made available from a recently approved tax dedicated for transportation improvement. Scott Stober reported that using just the expected sales tax money in 2013, "Option 1" would allow the county to pave an additional 15.9 miles above the normal work planned. He stated that with the county adding another $1.1 million from reserve and using "Option 2" another 29.7 miles of road work could be done, and that they would have an extra $320,000 earmarked for bridge work. Scott Stober said that "Option 3" would add an additional $626,250, for an additional 10.15 miles of added road work and another $320,000 for extra bridge work.

Scott Stober reported that the county has received 44 notices from the Arkansas Highway Transportation Department (AHTD) on bridges with deficiencies requiring repair. He stated that the county bridges that need repair are included in the 2013 Road Plan. He stated that every two

weeks they typically get 6 to 10 reports on bridges requiring repair, and that is why the additional funds are requested, they have got to do a better job of taking care of the bridges.

JP Allen stated that however we go forward with this he would like to see a summary of the three options listed on one page to be presented at the April 09, 2013 Committee of the Whole meeting.

JP Moehring stated this is the spending side of the equation, but he would like to learn more about the reserve side of the equation before he could actually vote.

JP Curry made motion to forward the 2013 Road Plan with Option 2 to the Committee of the Whole, seconded by JP Moore.

JP Moehring stated that since the funds that are being requested are to come out of reserves, he would like to have more discussion on reserves.

JP Curry made motion to table his motion until the end of the agenda for further discussion, seconded by JP Moore.

Motion to table passed by a unanimous show of hands vote.

Grants Administrator

Grants Administrator Kati Rose reported that: 1) the Waste Management 2013 Think Green Grant Program has been submitted for $4,000 and that a county match is not required. She stated that the grant is to be used to host a one-day neighborhood cleanup event.

1. Resolution Request to apply for the Arkansas Administrative Offices of the Courts – Court Security and Emergency Preparedness 2013 Grant

Grants Administrator Kati Rose stated that she is requesting approval to apply for the Arkansas Administrative Offices of Courts – Court Security and Emergency Preparedness 2013 Grant for $15,000 to purchase security equipment for all courts within Benton County, and presented the three options that had been requested by the Courthouse Security Committee:

	OPTION A			OPTION B			OPTION C		
Additional Cameras (Circuit Courts Interior & Exterior)	Qty	Cost	Total Cost	Qty	Cost	Total Cost	Qty	Cost	Total Cost
2 mega pixel Internal camera, license & cable drop	11	1,098	12,078	12	1,098	13,176	12	1,098	13,176
2 mega pixel External camera, license & cable drop	3	1,687	5,061	6	1,687	10,122	6	1,687	10,122
5 mega pixel External camera, license, mount, cable drop	2	1,851	3,702	5	1,851	9,255	6	1,851	11,106
8 GB Memory Module for Server	1	81	81	0	81	-	0	81	-
16 GB Memory Module for Server	0	162	-	1	162	162	1	162	162
New Metal Detector (Division II Court - replacment)	1	3,800	3,800	1	3,800	3,800	1	3,800	3,800
Transfer Metal Dectors to District Courts from BCSO	2	-	-	2	-	-	2	-	-
Metal Detector - Calibrated (Estimate)	3	400	1,200	3	400	1,200	3	400	1,200
Metal Detector Wands	4	150	600	4	150	600	4	150	600
Polished steel Stanchions (set)	2	300	600	2	300	600	2	300	600
Replacement Cameras (Circuit Courts Interior & Exterior)									
2 mega pixel Internal camera, license & cable drop	0	1,098	-	0	1,098	-	17	1,098	18,666
2 mega pixel External camera, license & cable drop	0	1,687	-	0	1,687	-	8	1,687	13,496
5 mega pixel External camera, license, mount, cable drop	0	1,851	-	0	1,851	-	0	1,851	-
Total before Sales Tax			27,122			38,915			72,928
Tax (sales)			2,441			3,502			6,564
Total Estimated Cost of Courthouse Security Improvements			29,563			42,417			79,492
Maximum Grant Award Amount			15,000			15,000			15,000
County Amount Needed for each OPTION			14,563			27,417			64,492

Lengthy discussion was held on the Arkansas Administrative Offices of the Courts – Court Security and Emergency Preparedness 2013 Grant and the options presented for the courthouse security improvements which include replacing security cameras, and adding additional security cameras to various areas that would provide the county with the security that is needed.

Assistant Network Administrator Shawn Scott presented a power point presentation showing the key point advantages of the additional cameras and the necessity of the camera upgrades.

Further discussion was held on the additional security cameras for the courts.

JP Moore made motion to approve a resolution request for grant application to forward to the April 09, 2013 Committee of the Whole agenda, seconded by JP Jones.

Further discussion was held on including Option A in the resolution request which would require an additional $14,563 from the county.

Comptroller Sarah Daniels stated that once the grant is approved and received an appropriation ordinance will be presented to the Finance Committee and then a decision could be made on what option to appropriate.

JP Moore made motion to amend the previous motion to include Option A in the resolution request and forward to the April 09, 2013 Committee of the Whole agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

Sponsored by JP Kurt Moore.

2. Appropriation Ordinance Request: Jail, Dept. 67, Fund 931

Comptroller Sarah Daniels stated this appropriation ordinance request is to purchase additional security cameras at the Jail, and will be purchased through the Jail Maintenance Fine Fund.

Major Rob Holly stated that the existing cameras in the jail were installed 14 years ago, that this appropriation ordinance request is to purchase additional cameras for better security and that the new cameras offer a distinct difference in security.

JP Jones made motion to approve and forward the appropriation ordinance request to the April 09, 2013 Committee of the Whole agenda, seconded by JP J. Harrison.

Motion passed by unanimous show of hands vote.

Sponsored by JP Joel Jones.

3. Appropriation Ordinance Request: County Sheriff Office, Dept. 05, Fund 010
Sarah Daniels stated that this appropriation ordinance request is to appropriate $5,000 in revenue and the associated expenditure from a grant received from Wal-Mart to purchase car seats.

JP Moehring made motion to approve and forward the appropriation ordinance request to the April 09, 2013 Committee of the Whole agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

Sponsored by JP Barry Moehring.

4. Appropriation Ordinance Request: Treasurer Automation, Dept. 04, Fund 045
Sarah Daniels stated that this appropriation ordinance request is to transfer funds to purchase a server to support the new financial software system.

JP J. Harrison made motion to approve and forward the appropriation ordinance request to the April 09, 2013 Committee of the Whole agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

Sponsored by JP Jay Harrison.

05. Liquor Permits and Taxes
County Attorney George Spence stated that since liquor sales were not allowed in the past, an ordinance would be required to charge for permits for liquor sales outside of the municipalities. He stated that ACA 3-9-223 applies to liquor sold by the drink in (private clubs) for an annual permit and a tax. He said that the County can charge up to ½ of what the State charges, which would be $750 annually, plus 5% of gross sales to operations outside of the municipalities. He stated the county is currently charging $250 per permit plus 6% of sales based on Ordinance No. O-85-22 which was passed under old law, and the percent being charged may need to be corrected and an ordinance created that would allow any business that has paid taxes under this section based on the erroneous tax rate be entitled to a refund of the amount of tax erroneously assessed and paid.

Lengthy discussion was held on the annual permit fees and taxes charged for the sale of liquor outside the municipalities.

JP Allen made motion that County Attorney George Spence draft an ordinance that will state that the county charges a 5% fee instead of the 6% currently being charged of gross sales, and to include a three-year period in which an appeal for a refund of the overpayment could be made, seconded by JP Moore.

Motion passed by unanimous show of hands vote.

Sponsored by JP Tom Allen.

06. Sales Tax Numbers
Sarah Daniels reported that January sales tax receipts are up 9.93% for the month, totaling $623,430, which is a net gain of $117,200.

07. Jail Collections
Sarah Daniels reported that $191,836 has been collected to date, that $750,000 was projected in the budget, and overall we are 2.31% above the prorated budget for the first quarter.

08. Fuel Analysis
Accounting Manager Mike Crandall reported a 4% decrease in unleaded fuel costs and stated that diesel has increased by 2.5%. He reported that year-to-date; $20,674 has been transferred back to the Road Department.

09. Fund Summary
Sarah Daniels stated there have been some questions concerning the Coroner's Personnel budget for previous months, and currently it is at 26.60%. She reported that the first payroll of each year includes 12 to 15 deaths from the previous year. She stated this year there was 40 calls carried over from 2012, and that drove the increase for the last two months. She stated that the Coroner made 275 calls from January 1, 2013 through March 16, 2013, and in previous years there were 224 for the same time period.
JP Allen questioned if it is standard practice to have more than one person to attend at the scene.
JP Anglin stated that she has spent time with the Coroner, and that out of 2,000 calls there were only 54 that had two people on the call. She stated that the Coroner is doing a good job and that she appreciates what they do.

Further discussion was held on the Coroner's budget.

Mike Crandall reported on the Monthly Fund Summary, stating that the General Fund is at 26.01% due to capital equipment purchases at the beginning of the year, and 24.93% overall delineation.
Sarah Daniels reported on the 2013 Budget Recapitulation, and stated that the mandatory reserve fund is mandated by state law and must equal 10 percent of the county's available money and amounts to $4,728,980. She reported that current figures show that Benton County has $13,668,159 in unrestricted reserve and another $1,185,000 in the Capital Projects Reserve fund.

JP Moehring asked what the delineation is between "Unrestricted Reserve" and "Capital Projects" Funds and what those dollars can be used for.
JP Allen stated that his perspective is that he looks at the "Capital Projects Fund" as sort of a restricted fund.
JP Moore stated that there is a higher vote threshold from the court in order to take money from the Capital Projects Reserve fund.

Further discussion was held on the Capital Projects Reserve fund.

Comptroller Sarah Daniels presented a list of potential projects for funding and a list of issues and projects that could draw down the county's reserves.

County Judge Robert Clinard stated that this list for forecasted capital purchases could be looked at as a wish list for the county.

Forecasted Capital Purchases

Unrestricted Reserves (Total reserves less statutory)	**13,668,159.00**	
Control Panel Boards - Sheriff's Office	500,000.00	XXXX
Voting Machines	350,000.00	
AED's for County Locations	22,000.00	
Courthouse Roof	80,000.00	
Jail Roof	100,000.00	
Grant Resolution for Courthouse Security	50,000.00	
Stressor	80,000.00	2013-2014
Road Grader Operators x 3	135,000.00	
Public Safety Communications Equipment	2,000,000.00	
Road Graders x 3	500,000.00	
	3,817,000.00	
Courthouse Facility	TBD	
Items not anticipated to directly affect Reserves		
EMS Increase (amount to be funded over current budget amount of 300K)	1,200,000.00	fund possibly with an increase in revenue stream
2013 request for Road Plan-Depending on approved amount	1,200,000.00	will be repaid starting in 2019
Fisher Ford Bridge Engineering/ County Share of Construction	485,000.00	funded from capital projects fund
Epoxy coating for Jail	100,000.00	

County Judge Bob Clinard led the court in a lengthy discussion on the potential projects for funding from the unrestricted reserves, and those items that are not anticipated to directly affect reserves.

JP Moehring stated that it is a great problem to have all of these reserve funds, and that a lot of other counties would like to have that problem. He stated with all of the possibilities that are laid out, obviously the court facility is really important. He stated that his concern in previous meetings was that potentially they were making a decision on roads or a new courthouse, and now having seen these forecasted requests, that he did not believe that is necessarily true. He stated that however, the courthouse price tag is a big one and is something that they need to consider.

JP Moehring stated with regard to the roads, what is bothering him the most about the proposal is this idea of some sort of accelerated road plan that is going to get paid back later, and added that he would like to lose that verbiage. He stated that the appropriate thing to do with the taxpayers money is to use the money in reserves on roads, and the $1.1 million road plan is an appropriate use for the reserves, and that he would not put a pretense around it that it is going to be paid back at some point in the future. He stated that he would not approve something beyond that $1.1 million in future years, but we need to see how the sales tax money comes in and see what the Road Department does with the additional dollars.
JP Moehring stated that he would support JP Curry's motion to approve the 2013 Road Plan with "Option 2," but that he would not call it an accelerated plan, and say that the county is going to get that money later. He stated that given the amount of space that we have in reserves, the taxpayer is expecting us to do something with it, and that this is the appropriate thing to do with reserves.

JP McKenzie stated that in trying to figure out what we can take advantage of with the ½-cent sales tax, he is bothered by taking a big chunk of money out of reserves. He stated that an option that they might want to consider is Senate Bill 542, which was passed by the Senate and is pending in the House that allows cities and counties to issue bonds for transportation work and use the sales tax proceeds to repay them.
JP Moore stated that the county would have to pay interest on bonds, but if it were spread over 10 years, they will be paying for an increase in materials, and that it would basically be a wash.
JP Jones stated that he does not see a need to bond the Road Department's request when the county has the money and the Road Department to do the work.

JP Allen stated that we have a motion on the floor to approve "Option 2" for $1.5 million to be transferred from unrestricted reserves to the Road Department.

JP Moehring stated that they are talking about a one-year obligation, and the bond idea could be interesting to look at in the future. He stated it is accelerated for this year and is a use of reserves, but with regard to the courthouse, he would urge the judge if we are going to be considering a new courthouse, that we have the options in front of us. He said that he does not think if we take this $1.5 million and put it into roads, that we cannot necessarily do something about the courthouse out of reserves, or if one of the options for the courthouse is beyond reserves there is certainly a fit there as well.

JP Allen stated that he would support this as well, but it is really easy to get rid of this money really quick.

JP Allen stated that the motion on the floor is to approve and forward the 2013 Road Plan with "Option 2" to the April 09, 2013 Committee of the Whole agenda, and called for a vote on the motion.

Motion passed by unanimous show of hands vote.

10. Other Business

JP Allen announced that the Legislative Committee will meet Thursday, April 04, 2013 at 6:00 p.m.

Meeting adjourned at 8:48 p.m.