FINANCE COMMITTEE REPORT

March 04, 2014

A Finance Committee meeting was held Tuesday, March 04, 2014, at 6:00 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Allen, J. Harrison, Jones, Chiocco, Curry, Moore, Moehring

Others Present: JPs Adams, Sandlin, Anglin, Meyers, County Judge Bob Clinard, County Attorney George Spence, Human Resources Manager Barbara Ludwig, Comptroller Sarah Daniels, Accounting Manager Mike Crandall, Grants Administrator Glenda Downing

Media: Tom Sissom

Chair JP Allen called the meeting to order.

Public Comment
None

1. Grants Administrator Report
Grants Administrator Glenda Downing reported that: 1) the application for the State of Arkansas – County Voting System Grant has been submitted; 2) the Arkansas Agriculture Department Arkansas Festival GIF Grant has been awarded to purchase tables, table cloths and chairs for Benton County Master Gardeners to be used at Bentonville Farmers Market; 3) the Arkansas Administrative Offices of the Courts – FY 13 Adult Drug Court Discretionary Grant has been awarded and is to be used to provide inpatient treatment services.

2. Other Business
County Judge Bob Clinard presented a contract from Peters & Associates Engineers, Inc. for consultant services for a traffic engineering services to provide a traffic impact study for development of the new Bentonville Public High School located on Seba and Gamble roads in Centerton, Arkansas. He stated that Hight-Jackson Associates, PA contacted him to ask if the county would pay for half the cost of the traffic study.

Lengthy discussion was held on the county's obligation to pay for a traffic study for the development of the new Bentonville Public High School and how the development would affect county roads.

A show of hands vote from all justices of the peace in attendance regarding support for paying for the traffic study was requested by JP Allen.

A show of hands vote was recorded as follows:

3 in favor:	Jones, Moore, Moehring
8 against:	Allen, J. Harrison, Chiocco, Curry, Adams, Sandlin, Anglin, Meyers

Captain Jeremy Felton stated that a boiler system in the County Jail keeps malfunctioning and that they have contracted GA Engineers to do a study.
County Judge Bob Clinard stated that the original boiler system was installed in 1995, and was replaced and went out again in January 2014. He stated that a regulator failed and over-pressured the boiler, and that an insurance claim to replace the regulator and boiler system has been made. He said that he agrees with the decision that they need to have the study done by an engineer. He stated the estimate is $75,000, but they may receive about $30,000 back from the insurance company.

Comptroller Sarah Daniels stated that we do not have the money appropriated to the extent that they need, they have $23,000 appropriated for two hot water tanks, and this cost is roughly $75,000, they will need to appropriate additional money to pay for it out of the Jail Maintenance Fine Fund to replace the boiler system in the County Jail. She stated they have the funds to do the engineering analysis, and are not requesting an additional appropriation for that.

Jail Maintenance Supervisor Byron Frischman stated that a mechanical failure led to one of the four boilers overheating and that some parts essentially burned out. He said that the boiler has been going in and out of service despite his best efforts, and that because of the age of the equipment, it cannot be swapped out but must be replaced.

JP Allen stated that he appreciated the communication from the jail concerning this problem and that the court will be flexible with them.

3. Appropriation Ordinance Request – Arkansas Festival GIF Grant
Accounting Manager Mike Crandall stated that this appropriation ordinance request is to appropriate $1,450 from the Arkansas Festival GIF Grant Fund to be utilized by the County Extension Office.

JP Jones made motion to approve and forward to the March 11, 2014 Committee of the Whole agenda, seconded by JP Moehring.

Motion passed by unanimous show of hands vote.

4. Appropriation Ordinance Request – FY 134 Adult Drug Court Discretionary Grant
Mike Crandall stated that this appropriation ordinance request for $4,500 is to be used to provide inpatient services at Decision Point.

JP Moehring made motion to approve and forward the appropriation ordinance request to the March 11, 2014 Committee of the Whole agenda, seconded by JP J. Harrison.

Motion passed by unanimous show of hands vote.

5. Appropriation Ordinance Request – Maysville Community Center GIF Grant
Mike Crandall stated that this appropriation ordinance request for $20,000 is to be used to replace the HVAC unit at the Maysville Community Center.

JP Curry made motion to approve and forward the appropriation ordinance request to the March 11, 2014 Committee of the Whole agenda, seconded by JP Moore.

Motion passed by unanimous show of hands vote.

6. Appropriation Ordinance Request – County Clerk Cost Fund transfer to County General
Sarah Daniels stated that this appropriation ordinance request is to transfer $20,000 from the County Clerk Cost Fund to County General to help cover expenditures for the cost of the Benton County Rogers Offices (BCRO) move.

JP J. Harrison made motion to approve and forward the appropriation ordinance request to the March 11, 2014 Committee of the Whole agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

7. Hiring Freeze Discussion
Human Resources Manager Barbara Ludwig reported on the number of funded positions which are currently vacant. She stated that there are two vacant positions paid from the General Fund, the Assistant Human Resources Manager and Planning Division Manager, and leaving those positions vacant would save the county $88,256. She reported that there are 15 positions paid from commissioned accounts, and if they were to give those positions up, it would be a savings of $36,000. She stated that the county typically has money that was budgeted for personnel unspent and turned back at the end of the year. She reported that in 2011, the county had $770,000 in returned appropriations; in 2012 it had $1 million, and in 2013 it had $670,000.
She stated if you are talking about a hiring freeze, you are talking about specific departments in the General Fund, all the departments under the County Judge, CENCOM, Juvenile Detention Center, Jail, Sheriff's Department, Coroner and the County Clerk.

Lengthy discussion was held on placing a hiring freeze on the current vacant positions.

JP Moore stated that they may be going at this from the wrong direction. He stated that they might need to go back as a Finance/Budget Committee and look at supplies and other services, and then go thru line item by line item of each department's budget. He stated as far as a hiring freeze, it would be better if each department is made aware that they should not fill an open position, unless they absolutely need to.

Further discussion was held on initiating a hiring freeze or targeting budget cuts for all departments to make money available for rural ambulance service.

JP Sandlin suggested that all of the budgeted salaries that have not been expended be moved over to EMS.

Further lengthy discussion was held on solutions to fund EMS service.

JP Allen stated that a Finance/ Budget Committee meeting should be held to look at the Elected Officials' budget to make cuts, and use the personnel savings for other areas. He stated that maybe the justices of the peace should make cuts if needed so that the county can move forward with paying for ambulance service for 2014 and then begin working on a permanent solution. He stated that the Elected Officials know that we are looking for money and if they want to bring forward cuts to their budget to the next Finance meeting in April that would be good. He stated that the clock is ticking and that precious time is slipping away and the committee has not given any recommendations for cuts, he does not want to waste any more time; he wants the Elected Officials to know if they do not make any cuts, the Quorum Court will make them.
JP Moore suggested setting a target of certain percentage of cuts to "non-essential items".
JP Allen stated that we have got to make some tough decisions that may not be popular, but they are appropriate, and asked Sarah Daniels to let the Elected Officials know that they need to come to the April Finance Committee meeting.
JP Allen called a Budget/Finance Committee meeting to be held on Tuesday, April 22, 2014 at 6:00 p.m.

JP Meyers asked if it would not be better to take the funds out of reserves to pay for EMS service.

JP Allen made motion to approve an appropriation ordinance request to take $256,339 out of reserves to pay for the Emergency Medical Service (EMS) for the remainder of 2014 and forward to the March 11, 2014 Committee of the Whole agenda, seconded by JP Moore.

JP Allen stated this is not a part of the motion, but the intent is for the minutes to reflect "that they intend to replenish reserves as they find the money either through attrition, a voluntary tax or cuts that we find somewhere else."
JP Jones stated that it has happened in the past and that "quite frankly, I don't trust us". He stated that he would vote no, to fund out of the reserves.
JP J. Harrison stated that he would also vote no.

After further discussion of funding the Emergency Medical Services (EMS) for 2014 out of reserves. The motion failed by show of hands vote as follows:

2 in favor:	Allen, Curry
5 against:	J. Harrison, Jones, Chiocco, Moore, Moehring

JP Allen stated that he will work with Sarah Daniels and Mike Crandall to develop budget targets for the Elected Officials to meet.

8. Appropriation Ordinance Request – Amend 2012 Budget for Capital Projects
Sarah Daniels stated that this appropriation ordinance request is to amend the 2012 budget to correct a transfer to the Capital Projects Fund from General Fund that was planned but never made. She stated that money for the Fisher Ford Bridge was budgeted in 2012, but the project was delayed and the transfer was never made. She stated that this is to reduce the supplement to the Capital Projects Fund from the General Fund as originally budgeted for calendar year 2012.

JP Jones made motion to amend Ordinance No. O-2011-61 (2012 Budget) to approve a transfer of $1.8 million from General Fund to the Capital Projects Fund and forward the appropriation ordinance request to the March 11, 2014 Committee of the Whole agenda, seconded by JP J. Harrison.

Motion passed by unanimous show of hands vote.

9. Discussion – Ordinance No. O-99-41

County Attorney George Spence explained that Ordinance No. O-90-41 establishes a Capital Projects Fund, and a procedure pertaining to a Capital Projects Fund and declares an Emergency Clause in Article II, that each month the County Judge shall transfer funds from the General Fund to the Capital Projects Fund in the amount equal to 25 % of the funds received from the Arkansas Department of Finance, which is identified as County Sales Tax to the Benton County Budget.

George Spence stated that he would recommend repealing Ordinance No. O-99-41 and §2-407 of the Code of Ordinances. He stated that the sales tax monies itself does not have any restriction on it and that the court has the ability to do whatever it wants to with the money. He stated that twenty-two years later they may need to take the governors off and let this court make the decisions about what to do with the county's money, and let future courts do the same.

Sarah Daniels stated that currently we are transferring 10% of the sales tax every month.

George Spence stated that this is to keep the county from having audit problems in the future. He added that each court has to be responsible about what they want to designate to Capital Projects, instead of arbitrarily being controlled by prior Quorum Courts.

After some discussion was held on repealing Ordinance No. O-99-41 and §2-407of the Code of Ordinances, it was forwarded to the April 1, 2014 Finance Committee agenda for discussion by a show of hands vote.

Sales Tax Numbers

Sarah Daniels reported that December sales tax receipts were down 10.28% for the month. She stated that they are down $78,472 at the end of February over last year.

Jail Collections

Sarah Daniels reported that Jail Collections were $33,356 for February, down and $122,463 for the year. She stated that $1.5 million was budgeted for 2014.

Fuel Analysis

Accounting Manager Mike Crandall reported that the Road Department is at 8% of their fuel budget, while the Sheriff's Department is at 18% of their 2014 budget. He stated that average unleaded fuel costs have decreased 8.5% to $2.94 per gallon, and that diesel has decreased 5% to $3.21 per gallon. He stated that year-to-date, $19,700 has been transferred back to the Road Department.

Fund Summary
Mike Crandall reported on the Monthly Fund Summary, stating that 16.67% is the target and that the General Fund is at 15.65% and the overall budget is at 15%.

Overtime Analysis
Sarah Daniels reported on the 2014 Overtime Analysis. She stated that through four pay periods out of twenty-six, overtime usage is at 15.38%. She reported that there were 600 calls budgeted for the Coroner, and that they are at 109 calls. She stated that they should be at 92 calls and that the Coroner has been notified on where he stands
Sarah Daniels reported that Jail overtime is at 20.47%, but without the $11,000 for Holiday pay they are at fewer than 15.38%.

Other Business
Mike Clifford of Bentonville expressed his concerns regarding the new school district.

Public Comments
None

Meeting adjourned at 8:45 p.m.