

## **Finance Committee Report**

February 12, 2019

The Finance Committee met Tuesday, February 12, 2019 at 6:00 p.m., at the Benton County Administration Building, 215 East Central Avenue, Bentonville, Arkansas, pursuant to proper call and notice.

JPs Present: Allen, McKenzie, Bryant, Hobbs, Smith, Adams, Jones, Sandlin, Anglin, Chiocco, Todd, Carr, Moore, Meyers, Edwards

Others Present: County Judge Barry Moehring, Assessor Rod Grieve, Sheriff Shawn Holloway, Sheriff's Department Major Kenny Paul, Comptroller Brenda Guenther, Accounting Manager Michelle Alexander, Grants Administrator Lewis Costly, Facilities Administrator Bryan Beeson

Media: Mike Jones– Northwest Arkansas Democrat-Gazette

Chair Tom Allen called the meeting to order at 6:00 p.m.

JP Allen recognized County Judge Barry Moehring, who announced that they would be recognizing Joel Jones tonight, and thanked him for his 8 years of service to Benton County. He stated that he has been a valuable member of the Finance Committee, and thanked him for his guidance as chair of the Public Safety Committee throughout the courthouse planning process.

Joel Jones stated that it has been an honor, he has enjoyed serving, and he could not think of a better group of people to serve with. He said he knows he is leaving the county in good hands.

Judge Moehring introduced Jerry Snow, who has been appointed by the governor to serve the remainder of the term for District 7.

Jerry Snow stated that he moved to Bella Vista from Russellville approximately 22 years ago, and had worked in the loss prevention and risk management area of the Sam's Club credit program. He said he has served on the Bella Vista City Council, and as both Mayor and City Councilman for the Town of Scranton, which is in Logan County where he was born and raised. He said he has also served some time in law enforcement, and most recently as an investigator for the Prosecuting Attorney's office. He added that he is married, and has two daughters, and two granddaughters who live in Pea Ridge.

Judge Moehring then administered the Oath of Office of Justice of the Peace, District 7 to Jerry Snow.

### **PUBLIC COMMENTS**

None

## **AGENDA**

### **1. Discussion:**

#### **Liaison Pay**

Comptroller Brenda Guenther stated that County Attorney George Spence has provided them with his opinion on the state statute regarding compensation of township officers, and his conclusion is that while payment is allowed for quorum court and committee meetings, it does not allow any further payment for performing the duties of liaison.

### **2. Fund Summary**

#### **2018 Budget Recapitulation**

Brenda Guenther stated that they started 2018 with a surplus budgeted at \$518,699, and to date, we are at \$2.245 million with February 28<sup>th</sup> being the final date to post any expenses to the 2018 budget. She noted that they do need to keep in mind that they have received \$2 million in financing, and budgeted \$3.75 million for the radio system, and they will look at that turnback piece later on. She said that beginning next month, they will be showing this in a format that more closely resembles a financial statement that they will be more familiar with.

#### **2018 through 12/31/18**

Brenda Guenther stated that they will be making some adjustments in areas that are over budget, and explained that some transfers can be made through court order, but if money needs to be transferred from the Personnel or Capital categories, it must be by appropriation through the quorum court.

She said that \$3.75 had been budgeted for the radio system, and \$623,000 of that has been spent to date, which includes two major payments to Motorola, plus the purchase of some radio pagers at the Sheriff's office.

She said that bottom line, of the \$93 million budgeted, \$80 million has been spent, which is 86% of budget overall, and 94% of Personnel.

Brenda Guenther then compared "budgeted" to "actual" explaining that the General Fund ended the year with \$40 million in revenue and \$45 million in expenses budgeted, for a net budget deficit of \$4.8 million, with the County Road Fund at \$105,000, and Storm Damages at \$1.4 million budgeted deficits.

She said that on the "actual" basis, there was \$41 million in revenue, and \$39.6 million in expenses, for a net turnback of a little over \$2 million in the General Fund, \$332,000 in the Road Fund, and \$202,000 to the opposite in Storm Damages, mostly due to the accident settlement. She said that bottom line, they are showing an actual turnback (meaning the amount that revenue exceeded expense) of \$2.1 million; however, they do need to note that they received \$2 million in financing for the radio system in December, and of that, \$623,000 has been spent. She said taking that into account, the net turnback is actually \$801,000, which does include any encumbered amounts, so she does not expect any major changes.

JP Adams stated that he would love to see the county purchase a second fire truck this year that was previously cut from the budget to help offset the radio system expense.

JP Allen stated that they will discuss what to do with the turnback at the March Finance Committee meeting, after the budget clean up has been appropriated, and all final expenses are in. He noted that the fire truck is a definite need, but there are also others, such as the health insurance.

JP Moore asked how much has been transferred to the Capital Projects Fund. Brenda Guenther replied that per ordinance, they transfer 10% of the total sales tax revenue received into Capital Projects, and this year, they had projected \$8.9 million, but actually received almost \$10 million, so a little less than \$1 million has been transferred into Capital Projects.

### **2018 vs. 2017 through 12/31/18**

Brenda Guenther noted some major expenses in 2018, including \$1.4 million for the accident settlement, \$2.3 million for election equipment, and \$3.75 million appropriated for the radio system, of which \$623,000 has been spent, so they will need to re-appropriate that for 2019.

She said overall, they spent \$7.1 million more than in 2017; broken down into \$1.481 million in Personnel, \$3 million in Supplies, \$2.1 million in Other Services, and \$430,000 in Capital purchases.

Brenda Guenther noted that in Other Funds, such as the commissioned accounts, and the Health Insurance Fund, which was \$6.4 million this year compared to \$6 million last year, but they have received more in reimbursements which are not shown here.

She pointed out the Capital Project accounts, noting that \$4.2 million has been spent on building projects this year, compared to \$1.7 million last year, and \$222,000 has been spent on Road projects this year, compared to \$1.6 million last year, most of which can be attributed to the War Eagle Bridge project.

She added that there are also several grant funds that she would be happy to go over if anyone has any questions.

### **3. Monthly Reports**

#### **Overtime & Premium Pay Analysis**

Brenda Guenther stated that they are about \$66,000 ahead of this time last year, due to the holiday pay accrual which includes four paid holidays to date, and there will be grant funds to offset some of the overtime, but those payments have not been received yet.

#### **Fuel Analysis**

Brenda Guenther stated that they are at 5.39% of the overall budget, and have budgeted \$1.2 million for the Sheriff and Road Departments, versus \$1.1 budgeted last year. She noted that they have seen a slight decrease in unleaded and diesel fuel costs versus this time last year.

#### **Sales Tax Revenue / NAICS Update**

Brenda Guenther stated that we have received \$793,000 in sales tax revenue this month, compared to \$1.269 million in 2018, and compared to 2017, we are 11.5% above projections over the two prior years. She said that they increased the budget by 8.45% for 2019. She explained that the money received each month is for sales two months prior, so this money received in January was for November's sales.

JP Snow asked if there is a way to track the portion of the sales tax that comes from online sales. Lewis Costly stated that the General Merchandise category accounts for most of the online sales, but as yet, there is not a way to split them out between online and brick and mortar. He said the state might have the ability to do that, and they would check on that and report back.

## **Jail Collections**

Brenda Guenther stated that the number of prisoners is down just slightly from a year ago, but we are ahead of budget to date this year.

She added that the payments from the state for housing prisoners sometimes lags behind, and the fees charged to cities stays pretty consistent throughout the year. She also noted that the new rate of \$60.00 per day has not taken effect.

JP Allen asked Sheriff Holloway how they are doing on capacity issues.

Sheriff Holloway stated that it has remained about the same, but they continue to look for solutions to alleviate the crowding.

## **Convenience Center Data**

Brenda Guenther noted that there are centers in Centerton, Rogers, and Siloam Springs, and with the Finance Committee meeting later in the month now, they may be able to provide better numbers. She added that they are no further along with the development of a location in Bella Vista. She listed the various expenses, including attendant's wages, hazardous waste disposal, and advertising, which altogether total \$242,000 per year.

## **Grant Administrator Report**

Brenda Guenther gave a status report on the various grants from the report on the dashboard, including the SAMHSA grant for \$325,000, \$10,000 for the Alternate Dispute Resolution grant, a Courthouse Security grant for \$12,500, and they are working on the final inspections to open the Juvenile shelter which was funded by the Endeavor Foundation Grant in the amount of \$211,000. She added that work on the Spanker Creek Bridge project is going well, and they will begin getting reimbursements for that very soon, noting that it was a 50/50 match grant.

Lewis Costly stated that they will be applying for several grants to help fund the purchase of the new radios, and will also be seeking the Unpaved Roads grant again this year.

## **4.1 Resolution Requests:**

### **a. Rambo Water District – ACEDP Grant Request**

Brenda Guenther introduced Cassie Elliot, who stated that she is a private grants administrator who assists small entities with Arkansas Commission of Economic Development Program with grants such as the one on the agenda tonight, which is Community Development Block Grant.

She said this project is for the Rambo Water District, which has about 37 customers, located near Beaver Lake in JP McKenzie's district. She said they are on a private, community well which was dug approximately 30 years ago, and about a year and half ago, while doing routine health department reports which are required for water districts, they detected an unacceptable level of cyanide. She said they have received consent from the Arkansas Department of Health to get this situation fixed, and they will receive fines if they do not do so.

She said that luckily, about 15 years ago the Benton County Rural Development Authority, of which she is a board member, built a water system about a mile and half down the road near Rocky Branch – Benton County Water Authority #5. She said that they began to seek available funding to provide these residents with water, and the state's Water and Waste Water Advisory Committee has identified two sources of funding for this project – the Arkansas Natural Resources Commission, from whom they have already received a commitment for a grant, as well as a loan, and from an Arkansas Community Development Block Grant.

She said the resolutions on the agenda, as well as a public hearing, are all part of the application process for this type of grant.

She said that there will be no cost to the county, but has to go through a city or county for auditing purposes, and will just be a pass through.

She introduced D'Ann Whittle, who is the Rambo Water District Operator/Manager, who has been working with the Arkansas Department of Health on this issue. She said they have been unable to determine how the well became contaminated, and addressed the seriousness of the issue and how badly needed this grant is for this area, which is made up mostly of retirees on fixed incomes. She stated that they need help in getting rid of the cyanide in their water, and the only way to do that is to connect to the Rural Water District.

She provided the committee with a handout detailing the problem, and added that the Health Department has agreed to withhold any action as long as they are making progress in remedying the situation, but at this point they are looking at approximately \$12,000 in fines.

JP Allen asked how long the project would take, once approved.

D'Ann Whittle replied that it is estimated to take from 18 to 24 months.

JP Snow asked if cyanide levels occur through a natural process, or outside contamination.

D'Ann Whittle said it could be either, but if it occurs through a natural process, it usually goes away by itself. She said it could have been something from a mining or manufacturing process that occurred 40 years ago, that is just now reaching the aquifer.

JP Adams stated that this is a major issue for the citizens in that area, and made motion to forward the resolution request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Carr.

JP Anglin questioned the wording of the notice for the public hearing. Cassie Elliot stated that these are forms provided by the ACEDC; they have just inserted "Benton County".

Cassie Elliot explained that since these are federal grants, these resolutions are required by HUD, and some of them are not even applicable to this project, but are just to make sure we are aware of federal laws that are already in place.

JP Smith asked if there will be a cost increase to the customers, and would it be offset by better insurance rates.

D'Ann Whittle replied yes to both questions, and listed the improvement in the fire hydrants.

Motion passed by unanimous show of hands vote.

#### **4b. Rambo Water District Grant Resolution Request – Affirming Excessive Force Policy**

JP Adams voiced objection to the resolution, because he felt it is asking the court to set the use of force policy for the Sheriff's Department, which they cannot legally do. He said he has spoken with Major Paul and Sheriff Holloway and they would like to send it to County Attorney George Spence to see if it can be reworded so that the Sheriff can set the policy in his own department.

JP Allen suggested that they forward it to the Committee of the Whole to avoid any delay in the grant application process, and in the meantime, George Spence can work on rewording the resolution.

JP Adams made motion to forward the resolution request to the February 19, 2019 Committee of the Whole agenda, with the understanding that it will be revised with language agreeable to the County Attorney and Sheriff Holloway, seconded by JP Anglin.

Motion passed by unanimous show of hands vote.

#### **4c. Rambo Water District Grant – Citizen Participation Plan**

Cassie Elliot stated that this is in line with the policy that the county already follows as far as meeting notifications and public access to documents, etc. in particular the application for this grant once it is completed.

She said that the public hearing scheduled prior to the February 28 quorum court meeting will serve as the first public hearing, and a second hearing will be required once the project is completed.

JP Allen stated that he does not see any harm in this, because this is what the county already follows.

JP Sandlin made motion to forward the participation plan to the February 19, 2019 Committee of the Whole agenda, seconded by JP Anglin.

Motion passed by unanimous show of hands vote.

#### **4d. Rambo Water District Grant – Anti Displacement Policy**

Cassie Elliot stated that this document does not require any action by the court, just a signature by the County Judge.

#### **4.2 Resolution Request: Personnel Policy Waiver in Facilities/Maintenance Department**

Facilities Administrator Bryan Beeson stated that a longtime supervisor in the maintenance department is retiring, and they have a candidate with 16 years' experience with the City of Bentonville to replace her, but he is currently making \$24 per hour, and the top pay rate in this position, which is a Grade 8, is \$21.37. He said he feels the position is grossly under graded, and should be around a grade 14. He said they are requesting to hire the candidate at the top of the pay rate, because he is not going to be able to find someone with the same abilities for less money. He said he is hoping to have the position regraded next fall during the budget process.

JP Allen noted that they will also be looking at the salary study for all positions next month.

JP Bryant made motion to forward the resolution request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Adams.

Motion passed by unanimous voice vote.

### **5. Appropriation Ordinance Requests:**

#### **5.1 2018 Budget Clean Up**

Brenda Guenther stated that these transfers are to clean up various line items in several departments, with no impact to the General Fund.

JP Anglin made motion to forward the appropriation request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Carr.

JP McKenzie asked why this needs to go to the Committee of the Whole, and could not go straight to the Quorum Court since there is no budget impact.

JP Allen stated that in the past, everything has gone to Committee of the Whole, and he supposed it could go on to quorum court if they decided as a group that it could, but he said in order for the public to have plenty of opportunity to see it, they have been sending it to Committee of the Whole first.

Brenda Guenther stated that it also depends on the magnitude of the issue, too.

JP Allen stated that he thinks it would be proper to send it to the Committee of the Whole so there is plenty of opportunity to discuss it.

JP McKenzie stated that he thought that was the purpose of the reorganization, to save Committee of the Whole for issues that are more complicated.

JP Allen stated that they need to always be mindful of the fact they're going to have the Committee of the Whole meeting anyway, so they should give the public the opportunity to see it.

JP Moore stated that it was also his thinking that they would forward everything to the Committee of the Whole, unless there was something involving a time constraint.

JP Allen stated that he thought they should continue the practice they have been following, and send everything to the Committee of the Whole, whether it is a finance or non-finance item.

Motion passed by unanimous show of hands vote.

## **5.2 2019 Grant Fund Carry Forward**

Brenda Guenther stated that if a grant was awarded in 2018, they may have until June 30, 2019 to spend it, but it will need to be appropriated in the 2019 Budget, and listed the Alternate Dispute Resolution Grant, the JDAI Grant, the JDC State Grant, and the ACEDP Septic Grant as examples.

JP McKenzie made motion to forward the appropriation request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Sandlin.

Motion passed by unanimous show of hands vote.

## **5.3 Assessor Amendment 79 Budget**

Brenda Guenther stated that this is an appropriation from the Assessor's Fund 79 Property Tax Relief for the purchase of some social media advertising and a folding machine to assist with the mailings.

Assessor Rod Grieve stated that there is no impact on the General Fund; they are upgrading a machine that has begun to need frequent repairs, and the new one will be able to read barcodes so that they can sort the mail and save money on postage.

JP Carr made motion to forward the appropriation request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Sandlin.

Motion passed by unanimous show of hands vote.

#### **5.4 Dive Team**

Brenda Guenther stated that the Dive Team's total 2018 budget was \$57,557, and last year, \$7,500 of that was moved out of Small Equipment into Capital to help pay for a new trailer to store their equipment in and to take to accident scenes. He said they had thought the amount would remain the same for the 2019 budget as in prior years, so they did not ask for the \$7,500 in Training and Small Equipment in their 2019 requested budget, so they are asking for that money now for Training and Small Equipment.

Brenda Guenther noted that the Dive Team's 2018 expenditures totaled \$46,286 out of their \$57,557 total budget, which leaves a turnback of \$11,270.

JP Adams made motion to forward the appropriation request to the February 28, 2019 Quorum Court agenda, seconded by JP Chiocco.

JP Chiocco stated that she has been looking at County Judge Barry Moehring's email which was sent to the court outlining his proposal for the new monthly meeting flow, and it does spell out the option of moving items directly to the quorum court when they are of a routine nature, and that was one reason she agreed to the new committee structure.

JP Anglin stated that she would not support sending it to the Quorum Court.

Motion passed; 10 in favor, 5 opposed (Bryan, Hobbs, Allen, Anglin, Sandlin)

#### **5.5 Facilities/Maintenance Transfer**

Brenda Guenther stated that this is a request to transfer funds from Other Services to Capital, using the savings from cancelling a mowing contract to purchase a mower for the Sheriff's Department work detail, and to Salaries to cover the additional salary needed for the salary waiver.

JP Adams asked which work detail would be using the mower. Major Paul stated that it will be for the new work detail that was approved during the 2019 budget.

JP Adams made motion to forward the appropriation request to the February 19, 2019 Committee of the Whole agenda, seconded by JP Sandlin.

Motion passed by unanimous show of hands vote.

JP Snow asked the purpose of the Finance Committee voting on a matter, then sending it to the Committee of the Whole to be voted on again, and then to the Quorum Court to be voted on again.

JP Allen gave the history of the court's committee structure, and said it is his opinion that sending everything through the Committee of the Whole gives the public one more chance to see their representative body debate the issue.

JP Allen stated that Judge Moehring had suggested bypassing the Committee of the Whole, since all members of the court are now on the Finance Committee, but he has a hard time doing that, because he has always been an advocate of having as much exposure to the public as they can.



JP Moore stated that it goes hand in hand with the same reason they don't suspend the rules and read an ordinance three times in one meeting.

JP Allen stated that it has been streamlined from what it used to be, by eliminating the small committees.

JP Chiocco stated that in going back to the communication with Judge Moehring, she thought it would also streamline the process by not having non-controversial financial matters going straight to quorum court, and not having them block out time during the Committee of the Whole meetings.

JP Moore stated that he would agree on some things, such as pass through grants.

JP Allen stated that what may seem non-controversial to one person, by not be seen the same way by someone else, such as the grant that was discussed tonight.

JP McKenzie stated that it was his understanding that a non-controversial item could go through to the Quorum Court because now, everyone on the court is a member of the Finance Committee, and the Committee of the Whole will be taking on the issues that were previously addressed by the small committees, and that agenda will fill up with non-financial work.

JP Meyers stated that he agreed with JP McKenzie.

## **6. Other Business**

### **ANNOUNCEMENTS**

Brenda Guenther announced that the Committee of the Whole will be meeting on Tuesday, February 19, 2019 at 6:00 p.m.

JP Meyers stated that there has been a minimal amount of participation by the JPs at the Town Hall meetings, and it would be nice if more would participate, even if it is not one being held in their districts.

### **ADJOURNMENT**

Meeting adjourned at 7:59 p.m.