



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Monday, October 18, 2010

4:00 PM

Huntington Building

Special Called Meeting

1. Call To Order

Mayor Perrin was also in attendance.

Present 5 - Ann Williams; Jim Hargis; John Street; Darrel Dover and Mikel Fears

2. New Business

COM-10:118

Organization chart of the Mayor Perrin's administration as presented at the Finance Committee meeting on October 18, 2010.

Ordinances To Be Introduced

ORD-10:080

AN ORDINANCE TO AMEND THE 2010 ANNUAL BUDGET AND THE CITY SALARY & ADMINISTRATION PLAN FOR THE CITY OF JONESBORO TO ADD A CHIEF OPERATIONS OFFICER TO THE MAYOR'S ADMINISTRATION DEPARTMENT

Sponsors: Mayor's Office and Human Resources

Mayor Perrin presented the committee with an organizational chart of his administration. He explained he took some of the responsibilities of the Operations Director and moved them to the Chief Financial Officer. He further explained the Chief Financial Officer will be increased by one pay grade, while the Chief Operating Officer will be lowered by one pay grade. He stated he has spoken with the committee members individually, but he wanted to make sure the committee members' questions were answered before the ordinances were presented to the City Council. Mayor Perrin added the pay grades have lows and highs, which will determine what the positions are paid. Councilman Hargis questioned whether the increase in the Financial Officer position would equal out the decrease in the Operating Officer position. Human Resources Director Gloria Roark added the position that was decreased went down more than the position that was increased went up. Mayor Perrin stated the position changes wouldn't be budget neutral because the City is actually saving money.

A motion was made by Councilman John Street, seconded by Councilman Darrel Dover, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 4 - Jim Hargis; John Street; Darrel Dover and Mikel Fears

ORD-10:081

AN ORDINANCE TO AMEND THE 2010 ANNUAL BUDGET AND THE CITY

SALARY & ADMINISTRATION PLAN FOR THE CITY OF JONESBORO TO ADD A CHIEF FINANCIAL OFFICER TO THE FINANCE DEPARTMENT

Sponsors: Mayor's Office and Human Resources

A motion was made by Councilman John Street, seconded by Councilman Darrel Dover, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 4 - Jim Hargis;John Street;Darrel Dover and Mikel Fears

Discussion concerning fire, police and library millage resolutions

Mayor Perrin explained the City has given the retired firefighters 3 different raises since 2006.

Discussion was held concerning why an increase is necessary.

Councilman Dover noted the retired firefighters had gone several years without any raises prior to 2006. He added the millage shouldn't have been reduced in the first place.

Mayor Perrin noted LOPFI gives an actuarial evaluation every two years, but the City can request. He added an evaluation was requested in 2009 and the City received the evaluation in September of 2010, after the City requested the citizens pass a tax increase.

Councilman Dover commended Mr. Eagan for his work on researching this plan and giving the committee the report in an understandable mode. He added the payment for the retirement plan increased due to the State changing some of the plan requirements and the raises the City gave.

Mr. Eagan stated the payment increased after the raises from \$1,005,000 to \$1,481,000.

Mayor Perrin explained the plan did not earn what the State predicted it would earn. He noted the City does not need to wait 2 years for an actuarial evaluation, so he will be requesting an actuarial evaluation every year.

Chairwoman Williams asked if the City plans to address this with the legislators. Mayor Perrin answered yes and there are only two ways money comes into this plan - the insurance turnback and the millage.

Councilman Dover asked how much money the half mill increase would bring in. Mr. Eagan answered \$430,000. He then questioned if that money and state turnback would allow the City to pay for the pension plan without any general taxpayer money. Mayor Perrin answered yes, it will cut down on the unfunded liability

Mr. Eagan explained the City needs the increase to 1 mill due to having to play catch up.

Discussion was held concerning when the mill was decreased.

Mayor Perrin stated he will be meeting with the director of LOPFI in 3 weeks. He added the City has been holding the money until LOPFI bills the City, but he will start sending the money to LOPFI as soon as the City receives the money. He stated the

retired firefighters asked Senator Bookout to get the Attorney General's opinion on this plan, which has been given to the committee. He explained City Accountant HJ Hwang has reviewed the Attorney General's opinion and she determined the City is handling this account properly by Legislative Audit. He noted the account currently has \$1,234,000 in it.

Councilman Dover asked if there is any way to know how much of the increase is related to the changes made to the plan by the State. Mr. Eagan answered the fireman's plan may have had a change, but no more than 10%. He added the biggest change happened when benefit increases went into effect. He noted the unfunded liability almost doubled from 2007 to 2008. Councilman Dover added part of that was because of the crash in the stock market. He explained if the stock market brought the funds down, then the City's payment would increase because when the actuarial survey is done more money will need to be put in, but if the stock market increases then the payment will go down. He noted the City is at the mercy of the investments.

Mayor Perrin stated the non-uniform pension plan payment for last month jumped \$338,000, but could go down next month.

Councilman Hargis asked if the City determined that the pay and benefits for public employees was more than surrounding communities from the study. Mayor Perrin answered yes. Councilman Hargis stated the City was operating with information that was not correct. Mayor Perrin noted that was correct.

Discussion was held concerning factors that can affect the plan.

Mayor Perrin explained the City does not know how much money will be available after the new sales tax goes into effect and the City will not get the money from the sales tax till March. He added the City budgeted \$4.3 million in deficit spending for 2010 and he hopes to bring the budget back by January with only \$750,000 in deficit spending. He noted he will still budget ultra conservative in 2011.

Mayor Perrin explained the net gain from the sales tax from last year versus this year is only \$84,000.

3. Adjournment

A motion was made by Councilman Mikel Fears, seconded by Councilman Darrel Dover, that this meeting be Adjourned. The motion CARRIED by a Voice Vote.

Aye: 4 - Jim Hargis; John Street; Darrel Dover and Mikel Fears