



City of Jonesboro

Municipal Center
300 S. Church Street
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, May 30, 2017

4:00 PM

Municipal Center

1. Call To Order

2. Roll Call by City Clerk Donna Jackson

Present 5 - Ann Williams; John Street; Darrel Dover; Joe Hafner and David McClain

Absent 1 - Charles Coleman

3. Approval of minutes

MIN-17:055

Minutes for the Finance & Administration Committee Meeting on May 9, 2017

Attachments: [Minutes.pdf](#)

A motion was made by Councilman John Street, seconded by Councilwoman Ann Williams, that this matter be Passed . The motion PASSED with the following vote.

Aye: 4 - Ann Williams; John Street; Darrel Dover and David McClain

Absent: 1 - Charles Coleman

MIN-17:057

Minutes for the special called Finance Committee meeting on May 16, 2017

Attachments: [Minutes](#)

A motion was made by Councilman John Street, seconded by Councilman Darrel Dover, that this matter be Passed . The motion PASSED with the following vote.

Aye: 4 - Ann Williams; John Street; Darrel Dover and David McClain

Absent: 1 - Charles Coleman

4. New Business

Ordinances To Be Introduced

ORD-17:033

AN ORDINANCE AMENDING THE 2016 BUDGET ORDINANCE FOR THE CITY OF JONESBORO

Attachments: [2016 Budget Ordinance Justification](#)
[2016 Revenues and Expenditures Handout.pdf](#)

Chief Financial Officer Suzanne Allen stated there is an attached description that shows you know why we are having to do some changes within the budget. She asked the Committee to review and let her know if they have any questions. She said she also has a handout as to how they ended the year, what was budgeted and what was actual revenues and expenses. An information sheet was handed out.

Councilman McClain asked if these were deficits were where we went over budget. Ms. Allen said yes they are. For example, some items we wait until the end of the year because if we save money, we don't have to do a cleanup ordinance. There might be a fixed line asset item where we have an extra \$10,000 in it, but we go over in fuel \$5,000 or vice versa. At the end of the year, we look at every line item in the departmental budgets and if they are over for the total of the department, then we do a cleanup ordinance. Councilman McClain asked for clarification using the Parks Department as an example where they were over budget \$35,000, but the revenue exceeded \$61,000. He asked if the \$35,000 was a negative. Ms. Allen said that it was, but the reason she added that we had the increase in revenue was that we utilized more part-time salaries. If they have more events going on to cause the revenue to go up, then certainly we might need more part-time salaries to work in the concession stands or keep the grounds mowed. It offsets with the revenue. Of course, the Fire Department doesn't bring in revenue and Planning doesn't bring in independent revenue, but the Parks Department does. Councilman McClain asked if we would take money out of our reserves to pay for this. Mayor Harold Perrin said yes.

Chairman Hafner said he thought it would be good to go through the spreadsheet because this is expenditures, but we were also over in revenue in many cases. Chief Financial Officer Suzanne Allen said that if you take the spreadsheet she just gave out and look at the 2016 Budgeted Revenues, you will see a total of \$42.4 million, but actual revenues were \$49.2 million and there are some additional numbers out beside it. We were \$6,802,419 above what we budgeted for revenue. Councilman Dover asked about the percentage of growth or if were we flat. Ms. Allen said that we don't really use percentages. It is not quite like school districts. We go through individual line items with every department director and discuss what they did the previous year, what might be coming up, and we try to do a more thorough review with everything. Just looking at O&M, the budgeted expenditures was \$43.3 million and the actual was \$55.7 million with a difference of \$12,283,343. With that increase in expenditures, I factored out at the bottom of the page, I took the actual revenues less actual expenditures, to show that we had \$6.4 million dollars more expenses than we had in revenue. However, I factored out the \$7.8 million that we moved out into the STIP Program into Capital Improvements which gave us a operating net of \$1,394,629. We actually budgeted a \$934,447 loss.

Councilman Dover asked about the difference in our O&M of the \$12 million, how much of that was the salary increase. Ms. Allen said that it was 3 month's worth for October, November, and December. It was overall increase of \$2 million so divide that by 4. Councilman Dover said that contributed to that \$12 million difference. Ms. Allen said yes, it did.

Councilman McClain asked if there were any projects specifically CDBG money that was \$31,000 and grant administration in the amount of \$34,000 that the money was spent on. Ms. Allen said the CDBG money was spent on what was in their proposal initially. She can get him that information. Sidewalks is where we ended up putting additional funds more than what was budgeted originally and approved by Council.

We would have brought that to Council to discuss it and let you know we were adding sidewalk money, but we are just now doing a cleanup ordinance. She said she can get Councilman McClain as detailed information as he would like. Councilman McClain said yes, he would like to have that.

Chairman Hafner stated that all of these items in here were discussed by Council in 2016 before they were done. There just wasn't an ordinance amendment done to the budget. Councilman Dover said you have a choice to amend something every time you do something or you can wait and do the cleanup. Ms. Allen said you could do that. However, with so many different line items within a department, it would be a lot. Mayor Perrin said that you always do a cleanup ordinance at the end of the year to pick up any that has been discussed on the floor and approved by the Council. We go ahead and expense the money and then we play cleanup.

Ms. Allen said that we ended up doing many more public hearings and conditional uses last year so we had more advertising. We overspent in advertising \$5,000, but because we underspent in some other areas, we are only having to cleanup \$200 in that department. Mayor Perrin said the council back in 2015 approved for 2016 a \$900,000 deficit total. The key to that is that last year, these departments did a whole lot better job on controlling expenses. With all of the expenses we incurred on other things as well as the 11% increase in salaries, the salaries and benefits was not budgeted at all, administration has to pick that up somewhere this year and that is why we are watching the money very closely, trying to increase the revenue on what we have, and looking at expenses.

Ms. Allen said that large items that are not budgeted, those are done throughout the year through a budget ordinance like you have been experiencing the last few months. Typically, what you are going to see in this cleanup are things that are budgeted but cost more than what was budgeted. Mayor Perrin said that we do every line item and that is the key. A budget is just a plan and we hope to hit that. We are paying more for fuel this year, but we are using less. We have to balance out purchase and usage. This is a very tight budget to come in at \$1.3 million when you are dealing with \$60 million dollars. Ms. Allen said like the cemetery fund, the Council decided to purchase some land that was not budgeted. Mayor Perrin said anything you need, we will be glad to get you. Councilman McClain stated he was trying to figure out how if we budget for something, we end up overspending. Ms. Allen said on the CDBG, we had an audit in 2015, there was some confusion and CDBG felt that some of the money we had in our account was theirs and we said no, it is local money. It wound up being a finding. Throughout the investigative process, they did determine that money was ours, but they asked us to spend it on sidewalks and that is why we spent the additional amount.

Chairman Hafner said the softball department received a grant from A&P for lighting. That was basically a zero impact on the budget or operations, but we are showing this because it was an expense. There was revenue to offset it. On the E-911, they received a grant to cover their increased expenses. Ms. Allen said the grant was \$165,000. 911 Director Jeff Presley said the ETS grant was used to replace all of the hardware for the 911 database, the statewide database, along with all of the cables and routers. It was a 20 year replacement so we changed everything. Chairman Hafner said that was \$165,000. Ms. Allen said we saved some money in some other categories.

Councilman McClain asked if we pay for the Advertising & Promotion and get reimbursed for that. Ms. Allen said yes. It was the 2015 and 2016 Barbeque Fest money and also softball lighting. What happened with that was instead of writing a check out of A&P, we did a transfer from one fund to the other, from the A&P fund

into our general fund. Chairman Hafner asked if that expense was zero in that case. Ms. Allen said yes. It was that we didn't have it specifically budgeted in the transfer account.

A motion was made by Councilman Darrel Dover, seconded by Councilwoman Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

ORD-17:034

AN ORDINANCE AUTHORIZING THE CITY OF JONESBORO TO AMEND THE 2017 CAPITAL IMPROVEMENT PARKS PROJECT BUDGET AND TO ENTER INTO AN AGREEMENT WITH FISHER & ARNOLD, INC. TO PERFORM PROFESSIONAL SERVICES TO DESIGN A NEW RESTROOM/CONCESSION FACILITY AT JOE MACK CAMPBELL PARK

Attachments: [fisher arnold concession restroom jmc.pdf](#)

Mayor Harold Perrin said that is the for the four new fields we added on two years ago. They do not have restroom facilities at the furthest point at Joe Mack Campbell Park. It also doesn't have a concession stand. We have a Pepsi trailer out there and we are paying rent on the port-a-potties. Parks and Recreation Director Wixson Huffstetler said there are four port-a-toilets out there. Mayor Perrin said what we want to do is get this designed and get it put out there for bid and take a look at it and see if we want to go ahead and build another concession stand. Councilman Dover asked if this was just for professional services and not the actual building of the building. Mr. Huffstetler said this was just for the design. Mayor Perrin said it was for the design and drawings. Fisher and Arnold did that in the very beginning of Joe Mack Campbell Park. Mr. Huffstetler said they are the creators of Joe Mack Campbell Park so they wanted to stay with them.

Chairman Hafner asked when they anticipate this being built. Mayor Perrin said it would probably take them four months on this contract. Then we will put it out for bid. His hope is that they can go ahead and start on it after the season sometime this fall. Some of the money would be in 2017 and some of it would be in 2018. The whole thing will not be paid in 2017. Councilman Dover asked if they had any idea of the anticipated cost. Mayor Perrin said by looking at the others, you are looking at somewhere between \$300,000-\$400,000. That would be for restrooms, a real functioning concession stand, and a place for referees and storage. Councilman McClain asked if this would be two stories. Mr. Huffstetler said they are not going to do the two story. The two story ones are a waste. We will have one like the soccer one. It will be a little bigger than that one since we will be adding the umpires room into it. Councilman McClain asked if Fisher and Arnold had designed the Park. Mr. Huffstetler said yes. Mayor Perrin said they were the engineering firm that designed the entire Park when the City and CWL bought the property from Joe Mack Campbell.

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

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

Resolutions To Be Introduced

RES-17:060

A RESOLUTION OF THE CITY OF JONESBORO, ARKANSAS AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH ARKANSAS STATE UNIVERSITY TO EXTEND THEIR CONTRACT TO SPONSOR THE WRAP ON A JET BUS

Attachments: [A-State Contract 2017](#)

Councilman Dover asked if this was the typical contract that the City has with ASU. Mayor Perrin said he thought this was the one that was completely wrapped and it is just the renewal. We appreciate ASU very much for doing that. Chairman Hafner said it was a contract for \$5,000 per year with a minimum of two years commitment.

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

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:068

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF JONESBORO, ARKANSAS TO ADOPT A REVISED EMPLOYEE HANDBOOK FOR ALL EMPLOYEES FOR THE CITY OF JONESBORO (PREVIOUSLY REVISED BY RES-14:198 ON NOV. 18, 2014)

Attachments: [Handbook 2017 Final Draft for revisions.pdf](#)

Mayor Perrin said that we look at our employee handbook every other year or every two years. There are changes in the law so you have to change some things. We in administration feel like there are some minor changes that need to be made to the employee handbook. Councilman Street noted that there was a change in the handbook for medical marijuana. There will probably be a lot more affected changes as they make decisions on the laws. Human Resources Director Dewayne Douglas said he thought so. We have some training that we are rolling out so managers know how to deal with those kind of issues. It will be treated a lot like prescription drugs. There is some language in the handbook for that. We need to update the manual periodically because laws change and sometimes best practices so that is what we looked at. I visited with attorney Carol Witherspoon which originated this handbook that we are currently operating under. I got her recommendation of changes and improvements to the changes we wanted to make. Also, our local attorneys, City Attorney Carol Duncan and her staff, were presented with this and we let her make recommendations. Basically, that is what we have presented for changes for you to approve. Those changes are highlighted in red. Mr. Douglas said he would be happy to walk through those changes and summarize them for the committee or take questions.

Councilman Dover asked if there was a service, like the school board has, that looks at your policies to make sure they are all up to date on the laws. He asked if there was such a service for city handbooks. Mayor Perrin said he is not aware of any and that is why they went to Witherspoon because she actually writes labor law and can make sure that we are correct on all of our stuff. Some of the things in there are just minor cleanup stuff. We have added in there that you have to have receipts for reimbursements on meals. We also put something in on medical marijuana because we know the law has passed and we are going to have to have something on it.

Councilman Street said he noticed that Social Media was beefed up quite a bit. Mayor Perrin said when an employee is hired, they are given an employee handbook. We put it on the website as well. Mr. Douglas said we have the new online training software which he can upload the handbook to so we won't have to spend so much on printing copies. We will keep a few on hand. Councilman Dover stated at school we give them a choice of whether to have a hard copy or an online copy which has really reduced the cost. Mayor Perrin said he would be happy to do that. Mr. Douglas said that when this gets approved, they will push out a copy to every employee electronically. Mayor Perrin said that Mr. Douglas will setup meetings with all of the departments to make sure that everyone gets an update on the employee handbook changes.

Chairman Hafner asked if everyone was comfortable with the changes being made to the employee handbook. Mr. Douglas said they did not make any changes to the employee benefits in this revision. He said the changes made were mainly for clarity and consistency throughout the handbook. Some of the language was cleared up. Councilman McClain asked who we base our reimbursement rates off of. Do we use state or federal? Mr. Douglas said the Chief Financial Officer Suzanne Allen added that language into the handbook. Ms. Allen said that we would use the GSA. Mr. Douglas said it depends on where you are going. We use that website to determine the rates.

Mr. Douglas said we pushed the handbook out to department heads, let them review it, and give us their recommendations. They are the ones who are facing a lot of the issues and policies. Mayor Perrin said this process has been ongoing for several months.

A motion was made by Councilman John Street, seconded by Councilwoman Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams; John Street; Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:071

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF JONESBORO, ARKANSAS TO AMEND THE CITY OF JONESBORO, ARKANSAS NON-UNIFORMED EMPLOYEES 401(a) DEFINED CONTRIBUTION PLAN

Attachments: [COJ 401\(a\) Plan Cycle E.2 FDL 4-11-2017.pdf](#)

Human Resource Director Dewayne Douglas said the change in this is basically the language of our plan document. It really doesn't affect us in any way. It is an IRS required change in the definition in the documentation regarding mandatory contributions. We do not do mandatory contributions. It really doesn't affect us, but the language has to be in there for the IRS to accept it.

Councilman Dover asked about the plan that was frozen. He wanted to know how it is doing in terms of funded liability. Are we having to put in any money in there now or is the growth taking care of it? Mayor Perrin said they are going to invite Principal over here or we will go over there to see them to discuss that. The City had an old defined benefit plan with Principal. We froze that plan and went to a defined contribution which a majority of the employees wanted to go to because we are matching dollar for dollar up to 5% of their pay. The defined benefit plan was at one time about \$1.8 million in the hole and that is actuary deficiency. Not everyone is going to retire the same day. Little Rock did get into a bind when several top employees retired in their

plan and they had to borrow money in order to do that. When we froze the plan with the assets that were in that plan, we are earning pretty good money right now. There is a point and time when we don't have any actuary deficiency. I don't think we do now, but I am going to check that. If they don't, then we can turn that plan and buy actual annuities for those people and they will be paying the employees instead of us cutting a check. That saves us a lot of time and liability on ourselves to do that. No employee will ever lose anything. We have two more plans that I wasn't aware of. The voluntary, not the city's money, that they can put money into. You have the 403-B annuity plans that you can put money into. You can decide what you want to invest in. We know the defined contribution and now you all will be getting that monthly since we will be sending all of those records to be looked at on a monthly basis. You will get everything that I get. It will show you the dollar amount, the contribution, the percentage, benefits, and all of that stuff. We will be happy to send you what I get. You will have about 30 pages you will be getting to look at every month.

Councilman Dover asked about the allocation to the defined benefit plan and if we still have control of that. Mayor Perrin said yes you do, but we froze it. Councilman Dover asked how often do we meet on that with them or do we? Mayor Perrin stated he didn't think that they have met with them since they froze the plan other than one time. Councilwoman Williams asked if it was a small amount of employees that chose that plan. Mayor Perrin said yes. Councilman Dover said that it also includes people that have already retired under that plan. CPA Mike Burroughs said that it was 2011 when the plan was frozen with Principal. Right now, what we are doing is we took the money for two years that we normally contribute to Principal and we put that into an account at Stephens. Anytime, anyone retires, we have to send it to the actuary to determine what they are going to be paid. We actually cut those checks here for those people. There will come a time when we will run out of money so we need to take care of that and get those annuities in line.

Mayor Perrin said we are trying to clean this up where we will have one plan as far as the City is concerned. Mr. Burroughs said that currently, the plan we have, our 457-B, the latest plan is with Nest Egg and that is the one we are matching. Prior to that, there were two plans, the Arkansas Diamond Plan which employees could participate in and Nationwide. So, we are going to spend a little more time looking at those plans a little better just for our employees' sake. The City does not contribute to those plans at all.

Councilman Dover said as long as the stock market or investments are going well, then we do not have to put any more money into the Principal account and hopefully that will continue. Mr. Burroughs said no. That two years ago, an actuary came from Foster and Foster and spoke. Basically, we had a lot of extra money at that time. Mayor Perrin said that is why he wants to go ahead and do that now in case the market goes down. Mr. Burroughs said that we didn't have an actuary done last year. We sent them the information. They had a turnover and it slipped through the cracks. However, we only have to do it every two years. We saved a few thousand dollars. He doesn't think there's really been any change. The fund keeps growing. Mayor Perrin said that you are paying out at the same time. What you will get in that packet is defined contribution and you will have one or two sheets on the defined benefit plan every month.

Councilman Dover asked if the City is setting aside any money and holding it in an account in case we have to put any money out or would it come up as a yearly expense. Mr. Burroughs said that we haven't yet. Mayor Perrin said no. Mr. Burroughs said hopefully, we won't have to. Councilman Dover stated that we are not putting money into a rainy day fund. Mr. Burroughs said that is why we want to look at

it now to see if we have the money where we can get the annuities and get out of that plan completely. Mayor Perrin said exactly and then you won't have to worry about that rainy day account. Mr. Burroughs said that there was some language in the original agreement with Principal that made it very difficult and they have held us to it. Mayor Perrin said you are going to pay them one way or another. You are going to pay them an administrative fee or a commission when they actually issue the annuities. Councilman Dover asked if there was an ending date in that contract. Mr. Burroughs said he wasn't aware of a date. Mayor Perrin said it was his understanding that we will continue to buy annuities through them. Mr. Burroughs said it won't be the City dealing with them. It will be the individual retiree and Principal. They will get their money through Principal. Councilman Dover said it prevents shopping around for the best annuity because we are tied up through them. Mr. Burroughs said yes. Mayor Perrin said when you bought it in the beginning is when you locked yourself in. You always have to redo what you have done and in the process vision the future and try to work for that at the same time. It is a very difficult balance. It is time to call Principal now. Mr. Burroughs said that they have sent Foster and Foster the 2016 information so they should be working on that. We just need to try to speed it up a little bit.

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

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:072

A RESOLUTION TO CONTRACT WITH ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE, INC. (ESRI) CORPORATION FOR A THREE-YEAR ESRI SMALL PUBLIC SAFETY ENTERPRISE LICENSE AGREEMENT (ELA)

Attachments: [Jonesboro Public Safety Depts ELA](#)

911 Director Jeff Presley said this was an upgrade enhancement to all the public safety departments: police, fire, animal control, 911. This is going to upgrade our current license from just a viewer where when Rusty from GIS does an update, it will be automatically loaded into the police cars, the 911 consoles, along with fire trucks. This is going to add some capabilities for dispatching, address point files, centerline street files, and aerial photos. This is a good enhancement. We have come to a crossroad with our current license. We reached capacity with the police department. On the mobile side, we had to do some upgrades. This was the best way to go for the enhancements and the costs.

Councilman McClain asked if this was the only company that did this. Mr. Presley said that was correct. ESRI is the standard in public safety for mapping. Pretty much all of the state is using this. This will be fully integrated into our existing software vendor Relativity along with Compass Trac and the 911 database.

Chairman Hafner asked about the quote for \$45,000 and wanted to know if that was \$15,000 per year for three years. Mr. Presley said that was correct. Chairman Hafner asked how much of an increase this was over the current yearly fee. Mr. Presley said that each department had different needs. For instance, with 911, just for a viewer's license for each station was \$100. But, that was just a viewer, you couldn't add anything and could not go above that. We had about half of the Police units that could not load that because we didn't have the license for it. If we went back with just the viewer license, the standard that we have now, there would have been a little bit of cost savings, but we would not have that added benefit of the integration. This is the

closest route to that call they are dispatched to that can save lives so it is going to be a big benefit.

Mayor Perrin said that this will give you the specific point and when a call comes through dispatch, it will immediately send that call to the closest vehicle there. It will then show that vehicle the quickest, closest way to get to where that response is. Mayor Perrin said that this is needed. Mr. Presley said that it is a layered map system that we have the fire hydrants with the water flow. Everything we need to know for the Fire Department is going to be on there, especially on the route for the ladder truck. If they can't make the turn on a road for the route, it is going to let them know the route to take to that fire.

Councilman Street asked if ambulances buy into this. Mr. Presley said they are required by ordinance to have the automated vehicle locating system which will be integrated into this software.

A motion was made by Councilman John Street, seconded by Councilwoman Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:073

A RESOLUTION TO CONTRACT WITH EAB BROADCASTORS INC FOR RENTAL OF JOE MACK CAMPBELL PARK

Attachments: [Joe Mack 4th of july 2017.pdf](#)

Mayor Perrin said this was just the rental agreement for the fireworks for the 4th of July.

A motion was made by Councilman Darrel Dover, seconded by Councilwoman Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:074

A RESOLUTION TO CONTRACT WITH NETTLETON LIONS CLUB FOR SPONSORSHIP OF ONE FENCE SIGN AT MIRACLE LEAGUE COMPLEX

Attachments: [Nettleton Lions Club.pdf](#)

Councilman McClain asked if all of these sponsorships are for three years. Mayor Perrin said that for these they are. Councilman McClain asked if it was different for baseball. Mayor Perrin said yes. Chairman Hafner stated that the record should reflect that the Parks Director shook his head yes.

A motion was made by Councilman Darrel Dover, seconded by Councilwoman Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

RES-17:075

A RESOLUTION TO ADOPT A DISADVANTAGED BUSINESS ENTRPRISE (DBE)

PROGRAM FOR FEDERALLY ASSISTED PROJECTS

Attachments: [DBE Program FY 2016-2018 - COJ](#)

Councilman Street asked if this was a requirement for the Highway Department. Mayor Perrin said that this is CDBG or HUD. Grants Director Kimberly Marshall said we developed this plan because the Highway Department, the Department of Transportation, EPA, and HUD are connected so any federally assisted things that they have to do, they have to have where they help minorities and women owned businesses. We have to give them equal opportunity to apply as vendors. So, we are required to have this implemented for ourselves for future projects.

A motion was made by Councilman John Street, seconded by Councilman David McClain, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Ann Williams;John Street;Darrel Dover and David McClain

Absent: 1 - Charles Coleman

5. Pending Items

Chairman Hafner mentioned the status of the city's reserve review. There were some items that were being looked into. He asked if they could provide an update to when they think they can have a reserve review. Chief Financial Officer Suzanne Allen said they did complete the risk analysis. They gathered together their core administrative team and some of those members were concerned about how much to set for reserves, and if we need to spend down some of the reserves prior to any sort of future taxation by the City. We are having those conversations right now.

Councilman Dover said once we establish whatever we feel comfortable with set aside then you start looking at ways to increase revenue if you need to. Reserves are something you set aside and that you are not going to touch unless you have an emergency. Then, we have our checking account. If we want to do things, we have to pull out of that unless you have an emergency of course. Then, you determine and base your revenue needs off of that checking account as to what you want to do. Ms. Allen said they were discussing some of the larger projects that we might need going forward like two fire stations. It was a concern if the public would really want us to set back money when we know that we can't pay for those two fire stations on our current income stream.

Councilman Dover said that goes back to trying to come up with a figure that is palpable for everyone. Obviously, you want some reserves for emergencies. Ms. Allen asked if we needed to get in touch with some of the public and have some public forums prior to setting a reserve. Do you need to get the pulse of the public of what they feel? Councilman McClain said he didn't know because we are here to do that. Councilman Dover said that is something they have selected us to do.

Mayor Perrin stated that the required reserves by ordinance right now is 15%. The risk analysis showed because we are in the New Madrid Fault Zone, the two tornadoes, and all of the things that are taken into consideration, it came to 25-30% so you might as well say double your current required reserves. Required reserves would be double from \$7 million to \$14-15 million. Last month in April, the excess reserves was around \$24 million. If you take the reserve and double it, then you will have the amount left over to do projects. That would take that somewhere down to \$12-14 million in excess of our required reserves. Councilman Dover said that is what he calls our checking account. Mayor Perrin said that is what he calls the fund

balance. What Ms. Allen is saying is if you do that as a Council, then you have \$12 million. By ISO ratings, we have to put in two more fire stations or even one more because putting the building in is about \$2.5 million. When you equip the building, you are looking at another \$4-6 million, but that is not the key. The key is that you put 16 employees in there with benefits so now you are looking at an \$8-10 million project. Ms. Allen said we cannot do it. Mayor Perrin said what she is saying is if you lower that down you may have to go to the polls for a Public Safety Tax and that is just on the public safety side. There are other projects in the City that we need to be doing that we do not have the current revenue to do. I hate to say tax but that may be the only way to do that. This Council can add a 1-cent A&P tax because we now have 1,000 acres of land in Parks. That 1% has to be dedicated directly and used only for Parks & Recreation. That is about \$230,000 currently. In addition to that, this City does not have a prepared food tax which most cities have which is 1 or 2 cents.

Ms. Allen said the last time that the City Council tried to do a 1-cent sales tax; the public went to the polls and voted it down. We are really having some heavy discussion about it. Councilman Dover said the key is determining your reserves and having the public acceptable to that so they don't feel like you are stashing money that you don't need. Chairman Hafner said he thinks the reserve establishment is part of it. I think it is like any other thing when you are dealing with taxpayer money; you have to have a comprehensive plan. If the risk analysis is the tool we want to use to help establish the reserves and it comes up to be 25% or 30%, then you have to have a plan for what the checkbook is going to be used for. What items do we think we need as a City, what is the difference, how are you going to pay for it. It goes back to having a plan. I didn't mean to get into this deep of a discussion today, but I knew the last time we talked about it, you all had put together the risk assessment and some of these same concerns that we addressed today, you all were going to look into further. I just wanted to get an update as to whether you all had an opportunity to look into those. The checkbook is there, but you have to have a plan on what to use for projects and how to make up the difference. Once that checkbook is gone, it's gone unless you replenish it. Mayor Perrin said that is exactly what it would be is a plan. We have no idea of what Mother Nature will give us when we spent \$1.8 million on cleanup of the ice storm. We can design the plan based on the risk assessment. That is not an issue at all. That does not include wants.

Chairman Hafner said it is for a disaster contingency plan. Mayor Perrin said that we have been fortunate that we have been able to build our reserves up. I will go back to the salary increase. Had you not had the reserves, then you would have had to lay off people because you just laid \$3.4 million on the city to finance. Every year, you have to add 2% to that \$3.4 million which is \$600,000 you are going to have to add to it. I have no idea what Blue Cross Blue Shield is going to come in here with next year when it comes budget time. I can tell you that it will be double digit. We are paying about \$4 million a year now so a 10% increase would be another \$400,000. We have to look at all of those things every day. It is a contingency. I will make it work. You may not like what I do, but I won't do anything without your blessing. We need to watch before we jump into some of these things. What Ms. Allen is saying is that perception from the public on the sales tax issue needs to be project specific.

Chairman Hafner said it goes back to having a plan. Councilman Dover said educating the community is part of that plan. Mayor Perrin said that they are ready to come back to you all at any given time with an evaluation and administration will come back with a suggested recommendation.

Chairman Hafner said he thinks it is important to have a good plan put together. Mayor Perrin said we will have a plan. Chairman Hafner said once we establish it and we have our checkbook, that's where we will go from there. Mayor Perrin stated he

agreed and said we will have a plan.

6. Other Business

Mayor Perrin said he did make a statement about getting all the information he gets sent to the Council also and he wants to make sure what all they want every month. We can put the stuff in your packet under the COM, which means that you all will have the same thing that he looks at. What he gets is not the individual sheets from each department; he gets a full sheet with the A&P sales tax and all of those things.

Chief Financial Officer Suzanne Allen said that some of those things cannot be shared with the public. Mayor Perrin said that everything we can give you we will. We need to get together to come up with a nice report that you all will be getting every month just like you get with the Airport Commission. We don't touch that money. We don't handle that money. The Airport Commission has their own accounting and auditing. Ms. Allen said that we can't give everything to the public that Mayor Perrin gets because he gets individual information of establishments in the City. That is against the law to give that out.

Mayor Perrin said they would be getting the fund balances. Ms. Allen said she assumed that they would not be interested in that 30-page report that you get that has every check that is written in the month. Mayor Perrin said he agreed. Chairman Hafner asked if that information was available if they ever wanted to come look at it. Ms. Allen said yes. Chairman Hafner said that he would be interested in a good summary report that identifies the budget variances, big items, and stuff like that. Mayor Perrin said ok. They will be happy to do that. We will come up with a report.

Ms. Allen said our reports that we audit, where we audit establishments, she assumes is not open to the public. Mayor Perrin said he will invite the Chairman to the exit interview with the auditors. Ms. Allen said it would be the third week in July. Mayor Perrin said he would call and that they will have to sign a document. He said he thinks it's a good idea to have someone else at the exit interview besides just himself, Ms. Allen, and Mr. Burroughs. Mayor Perrin said everything is going good and that's all he can say at this time.

7. Public Comments

8. Adjournment

A motion was made by Councilwoman Ann Williams, seconded by Councilman Darrel Dover, that this meeting be Adjourned . The motion PASSED with the following vote.

Aye: 4 - Ann Williams; John Street; Darrel Dover and David McClain

Absent: 1 - Charles Coleman