



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes

Finance & Administration Council Committee

Monday, November 26, 2007

4:00 PM

Huntington Building

Special Called Meeting

1. Call To Order

Present 6 - Darrel Dover; Judy Furr; Jim Hargis; Harold Perrin; John Street and Ann Williams

2. New Business

Discussion concerning the proposed 2008 budget

Mayor Formon explained they have already made changes to the proposed budget. He discussed the proposed salary adjustments and position additions for 2008. He noted he would not discuss anything pertaining to the City Clerk or City Attorney's budgets. He stated he would like to keep the requests for the Police Department and the Fire Department. He added the new positions and salary adjustments pertaining to Planning, Human Resources, Building Maintenance, Streets, Engineering, Sanitation, Parks, E-911 and MPO have been removed from the proposed budget. He stated after the first quarter has gone by they will look at whether the positions are still needed. Mayor Formon then discussed the proposed incentive plan. He explained that at the end of the year non-uniform employees receive compensation for four holidays that the employees work even though the four holidays are included in the 11 holidays the City takes off. He further explained they wanted to let the employees have the days off, but some employees use the money as a Christmas bonus. He stated they came up with an incentive plan that would offset misuse of sick leave. He noted the Employee Representative Committee recommended the incentive plan. He added the City paid out \$596,000 was paid out this past year in sick time pay. Mayor Formon explained with the incentive plan on the first three occurrences there would be no problems or reduction in money, but on the fifth occurrence half of the incentive money would be gone. He added on the sixth occurrence the full amount of the incentive money would be gone. He also noted the Fire and Police Departments would be able to participate in the incentive plan. He explained the incentive plan would amount to about a \$270,000 reduction.

Finance Director Don Ray presented a financial statement that separated the expenditures for O&M, Fixed Assets and debt services in order to reflect what the three items cost. He added he also eliminated the positions Mayor Formon removed from the budget. He stated the remaining deficit would be \$2.2 million for 2008. Mr. Ray also stated they took out the purchase of the CWL building and the cost renovations for the building, as well as a pickup truck requested by the Police Department.

Councilman Perrin noted there is still a \$464,000 deficit in the O&M budget. He stated he would like to see a balanced budget. He noted 2008 would be a tough year due to decreases in revenue and increases in expenditures. He suggested balancing the budget first, then going through the budget to see what needs to be taken out. He then asked for

Mr. Ray to provide a list of variances in the 2008 budget similar to the one included on the first page of the 2007 budget. Councilman Perrin then discussed engineering contracts and the jail bills the City will have to pay for in 2008. Police Chief Michael Yates noted the October, November, December, 2006, jail bills until after the 2007 budget year started. He added the jail billing has gotten better and he has the October bill on his desk. He explained it takes several weeks to go through a bill due to check for errors.

Councilman Hargis stated he would like to see more information concerning some of the projected increases and decreases listed in the budget summary. He explained, for example, he would like to know why the franchise fees and privilege license revenues are expected to increase, whether it's due to more businesses predicted in the area or if the fees themselves are increasing. He also suggested putting monetary values with the increases and decreases as opposed to percentage changes.

Councilwoman Williams questioned whether the committee will be visiting with each department head concerning their budget requests as they have done in the past. Chairman Dover stated they had not planned to do that; rather they would like to meet with Mayor Formon and his staff who will get information from each of the department heads. Councilwoman Williams then questioned whether the committee voted on that. Chairman Dover stated no, the committee did not decide. Councilwoman Williams suggested meeting with the department heads because it's the best way to find out information. Councilwoman Williams motioned, seconded by Councilman Hargis, to meet with department heads in order to go over each individual department's budget as the committee has done in the past. All voted aye.

Councilwoman Williams questioned why the franchise and privilege license fees are projected to increase. Mr. Ray explained the projections are not due to any increase in fees. He further explained the projections were extrapolated according to what has been collected this year. Councilman Hargis questioned how much the fees increased from last year. City Collector Becky Sharp explained privilege license fees increased \$30,000. She added Centerpoint will be increasing their fees, which will increase the City's collections.

Councilman Perrin suggested looking at accounts payable with engineering contracts that will be paid out in 2008, as well as looking at how much real estate will be bought.

Councilwoman Furr suggested the City look into it because it's roughly 10% of the budget. Councilman Perrin noted if Mr. Ray bids out the bank accounts this year they may find the City would benefit from paying off the leases as opposed to continuing them. Councilwoman Furr also suggested more information regarding outside agencies. She noted some items need to be looked at, such as insurance because it stays the same even though insurance increases. She stated she would like to know more about what is happening with the money. She noted the Forum funding is down to \$19,000 and recommended doing the maintenance on the building and lease the building back to the Forum. She explained she would like to know what was actually expended out of the outside agencies account in 2007. Councilman Hargis stated all the information they have received from the Finance Director should be filtered from the Mayor's Office. Councilwoman Furr noted that the budgets don't agree from year to year in that one year the budget will show one amount for that account but the next year the amount will have changed. Mayor Formon explained some of the problem comes from them not giving the committee updated sheets to show changes that took place to accounts. Councilman Perrin asked for updated figures to be provided to them so they can be placed in their budget binders. Discussion was held concerning last year's process to fund outside agencies. Mr. Ray noted they approved a lump sum for outside agencies. Mr. Tony Thomas added only two outside agencies applied for funding as a part of the contract

method that started. Councilman Hargis suggested numbering and dating all of the pages in the budget and summary.

Councilwoman Furr also asked for Mr. Ray to look at salary figures because some of them reflect a higher increase than the proposed 3%.

Councilman Perrin questioned whether there has been a transfer from Capital Improvements to the General Fund. Mr. Ray stated the transfer has not taken place and he'd like to visit with the Finance Committee before performing the transfer. He also noted the City is earning the same amount of interest in both bank accounts. He added it will make a significant difference in the bank balance in the General Fund and the deficit. Chairman Dover questioned what money is being transferred. Mr. Ray explained they are moving half of the one cent sales tax to Capital Improvement and it's debatable as to whether a quarter of that one-half cent back to the General Fund to pay for Fixed Assets. He added it has been budgeted but not transferred. Councilman Perrin expressed concern that the transfer might increase the overall deficit for 2008.

Councilman Street agreed that they need a balanced budget with O&M so the City will have to live within its means in regards to the General Funds until it finds other means of revenue. He noted the Council has committed to improvements for drainage and streets, which the monies should be earmarked from the sales tax revenues.

Mr. Ray questioned whether the committee only wanted the O&M area balanced or the whole budget. Chairman Dover stated the City is playing catch-up with Capital Improvements with regards to drainage and other areas which the City will have to be in deficit spending in order to get caught up. He further stated he's not sure whether the City can have a balanced budget due to previous obligations the Council has committed to, such as lease payments. He expressed concern over cutting so much that the City is back in the same state it was in five years ago when it was behind. Discussion was then held regarding the lease payments. Councilman Province stated when the Council approves expenditures they have not done a proper follow-up to make sure the funds are spent the way the Council intended. Councilman Hargis expressed concern over how much the deficit spending would decrease reserves if it goes on for the next few years. Mayor Formon discussed the lease payments for sanitation vehicles. Chief Yates stated the reason for purchasing the police cars was because the previous fleet was costing as much or more than the new fleet that has an added benefit of attracting other officers. He explained it's a good idea to pay them off if it's affordable.

Councilwoman Furr stated she thinks a lot of where the problems are is in the smaller amounts that are being spent. She suggested looking at some of the smaller amounts as opposed to the big amounts.

Mr. Mike Cameron discussed the 2001 vote to continue the one cent sales tax. He stated from 2001 to the present there should have been \$45 million available for streets and drainage. He noted the money is leaking into other areas such as sanitation, where commercial sanitation is being subsidized. He then discussed the Street Department and the cost of the personnel. He explained almost \$3.8 million is being spent in the Street Department for personnel only, which is above the \$3.6 million that is being taken in from governmental sources. He further explained the City then has to make up the \$200,000 difference and turn to the Capital Improvement funds for things such as patching materials and overlays. He stated he went to the polls to vote to continue the MATA program, which it is not. Mr. Cameron explained the Capital Improvement fund is being used for things such as the rent on the Best building and the purchase of rolling stock. He questioned whether the committee has figures showing how much money has been

spent in each line item through 2007. He stated he doesn't know how a budget can be developed without knowing how much was spent in 2006 and how much has been spent so far through 2007. He added he believes people would be very disappointed to learn they've gotten a lot of planning but no projects that met the purpose of the 2001 vote. Councilman Perrin agreed, stating the money was not for rent payments. Mr. Cameron then discussed new legislation in which sales tax money spent by people who live in other cities will now be given to the city in which the person lives. Mayor Formon stated they were checking into that new legislation. Mr. Cameron noted that it's his understanding the law goes into effect January 1. He then questioned when the City would be even with vehicles. Chairman Dover explained there was no projection; rather, they were just going to catch up with the vehicles.

Councilman Perrin questioned whether all the information would be able to be provided before the meeting tomorrow. Mayor Formon stated they'll just get together whatever they can and provide it to the committee. He then questioned when meetings will start with the department heads. Chairman Dover suggested waiting until next week to meet with department heads. Mayor Formon questioned whether Mr. Ray will be able to know what the interest rates will be next year. Mr. Ray stated he can call and ask, but it won't be the same as it's been in the past because previously they got firm commitments on paper when they bid them out.

3. Adjournment

A motion was made by Councilperson Harold Perrin, seconded by Councilperson Ann Williams, that this meeting be Adjourned. The motion CARRIED by a Voice Vote.

Aye: 5 - Judy Furr; Jim Hargis; Harold Perrin; John Street and Ann Williams