



City of Jonesboro

Municipal Center
300 S. Church Street
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, February 27, 2024

4:00 PM

Municipal Center, 300 S. Church

1. CALL TO ORDER

2. ROLL CALL (ELECTRONIC ATTENDANCE) CONFIRMED BY CITY CLERK APRIL LEGGETT

Present 6 - Joe Hafner; Charles Coleman; John Street; David McClain; Brian Emison and Anthony Coleman

Absent 1 - Ann Williams

3. APPROVAL OF MINUTES

[MIN-24:013](#) Minutes for the Finance & Administration Meeting on Tuesday, February 13, 2024

Attachments: [Minutes](#)

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

Aye: 5 - Charles Coleman; John Street; David McClain; Brian Emison and Anthony Coleman

Absent: 1 - Ann Williams

4. NEW BUSINESS

RESOLUTIONS TO BE INTRODUCED

[RES-24:011](#) A RESOLUTION AUTHORIZING THE CITY OF JONESBORO TO ENTER INTO A TWO YEAR LEASE CONTRACT FOR THE PURCHASE OF FIVE SANITATION SIDE LOAD TRUCKS, ONE FRONT LOAD SANITATION TRUCK AND ONE REAR LOAD SANITATION TRUCK

Attachments: [2024 Proposal 7 Sanitation truck](#)

Chairman Joe Hafner said, before I open the floor for comments from the committee, I will say that based upon my experience in the garbage industry, that once you take the lease payments and the buyback payment and total them up, the average cost per truck seems reasonable to me. I mean, these trucks are expensive. I know like the automated side load trucks, over \$400,000 per truck is what they are. The front load trucks are about the same amount, about \$425,000 or so; and the rear load truck, this one averaged to be about \$237,000 and that is right in line for what we paid for two of

them. When I say we, I am talking about a business that I am a part of. The cost is right in line. I guess the only questions I would have... Tony is back there, isn't he? I guess the only two questions that I have are, number one, why a two year and not maybe a three or four year lease? And, my second question, I know in the agreement, it says we are responsible for all taxes and stuff like that. Is the 12% federal excise tax already included in the lease, and they are talking about sales tax?

Chief Operating Officer Tony Thomas approached the podium and said, my understanding is that they are talking about sales tax. Chairman Joe Hafner said, okay. And then on the length of the two year lease? Mr. Thomas said, and I do have Mr. Schweitzer here, who is with River City. So he may have a little more detailed information that may be helpful as well.

Mr. David Schweitzer with River City Hydraulics approached the podium and said, municipalities are actually exempt from FET tax. They don't pay the 12%, so that is just the cost of the unit. Chairman Joe Hafner said, that's good. Mr. Schweitzer said, exactly. Councilmember John Street said, what was the difference in the cost if maintenance was included or, you know, to take care of that? Was that even an option? Mr. Schweitzer said, that is for maintenance for... Councilmember John Street said, for the trucks. Warranties. Mr. Schweitzer said, warranties are included in the 24 months. Councilmember John Street said, oh, it is a 24 month warranty? Mr. Schweitzer said, yes. Right, there is a 24 month bumper to bumper. It covers anything that is from the manufacturer, not manufactured products. Councilmember John Street said, I just thought these might be a different kind of lease, but we've had those in the past and it is great, because our trucks stay on the road. Mr. Schweitzer said, right. The city maintains maintenance, oil changes, tires, breaks... Chairman Joe Hafner said, the preventive maintenance stuff, we do. Is it usually a two year lease? Chief Operating Officer Tony Thomas said, it has been a two year lease since we started the program in 2019. I think we had the same number and types of vehicle in 2022, and this is just a reiteration of those next two years. Those will be bought back. Those proceeds will be given to us in relation to the cost, and we will get new vehicles that are placed in the fleet for the next two years.

Chairman Joe Hafner said, and I do like the rotation of keeping the new vehicles in there; because I can tell you from experience. Once they start breaking down, they get costly. Mr. Thomas said, I mean, there is a lot of stop and go with garbage trucks which provides a great deal of wear and tear on those vehicles, as well as a number of moving parts, as you see, as they pick up in various locations here in town. So there are just a lot of moving parts. A lot of opportunities for mishaps or maintenance issues, so this just affords us the opportunity to allow River City to take care of those costs. And as he stated, we are just responsible for the routine preventive care that is part of those vehicles. Chairman Joe Hafner said, and the lease setup helps us keep from having to take serious money out of our cash flow. Mr. Thomas said, it really does assist us in having a predictable payment. The way our vehicles rotate in and out right now, last year we one vehicle that was on the lease. So this year, we have seven vehicles that we are placing on the lease. So when you start looking at the budget, it just helps us have an even outflow of capital so it is quite predictable. And so far, it has worked well for us.

Councilmember David McClain said, so I just want to understand the tax exempt rate. I know you're not with Arvest, but you've got the 5.75. Joe mentioned a 12%. Chairman Joe Hafner said, that is federal excise tax. That is not interest. Councilmember David McClain said, got it. So tax exempt rate is 5.75 for us funding our obligation. Did we look at anyone else in terms of any other banks, or is Arvest the only one that does

this type of loan or financing? Mr. Schweitzer approached the podium and said, there are several banks that actually do this process. We have found that Arvest usually always has the lowest rate. When I do a new customer and I am going to go out, I have several that I go to; and sometimes I will send them to the customer and sometimes I just go with the lowest rate. Because we don't benefit from what rate you pay. That is strictly with the city and the municipalities. So, I mean, I used to work for the City of Jonesboro years ago, so I am always looking for the most cost effective for my customers. Chairman Joe Hafner said, I can tell you from experience, the loan we just got for two rear load trucks was about 7.5%.

Councilmember David McClain said, so if it is competitive, okay, great. Mr. Thomas said, it is competitive, and I can add Arvest is who we have used for the past two years. Prior to that, we used a different company for financing. Just a soft ask, it wasn't an official ask, just to get a price comparison, and this was just a better rate. Councilmember Brian Emison said, to Councilman McClain's point here, talking about that rate that is out there, with it being the tax exempt rate on that side of it, it is really in the right wheelhouse with that because usually we see a two to three hundred basis point jump on anything that is not on the tax exempt side of it. With this one being, so far, I mean 5.75... Councilmember David McClain said, layman, speak layman. What's the basis point? Councilmember Brian Emison said, I'm sorry, two or three percent. But this is competitive in that side of it, especially since it's just for two years out there. There is not a whole lot of swings that should be happening in the fed market that there would be better opportunities out there anytime coming up in the short term. Councilmember David McClain said, I didn't think so. Thank you.

Councilmember Dr. Anthony Coleman said, I don't know if this is necessarily for Tony or Steve, but I was just kind of thinking, in my understanding, we don't tax our people. It's free as far as sanitation is concerned. Mr. Thomas said, there is a one cent general sales tax that is collected in the City of Jonesboro for government operation. So there is no fee associated with garbage collection. There is no separate tax related to garbage collection, but it is included as part of the one cent sales tax language that was passed by the citizens a number of years ago. Councilmember Dr. Anthony Coleman said, so my follow up is long term and just looking at what the general outtake and the total expenses for obviously things that we need to have for sanitation. Is this in line with what we can pay for and based on...? Mr. Thomas said, oh absolutely. Councilmember Dr. Anthony Coleman said, I understand that holistically, but I guess what I am asking is, based on what expenses we have going out for sanitation, is it feasible? And long term moving forward, especially with all the other stuff that is going up and all the other stuff that we are asking to do when it relates to our expenses?

Mr. Thomas said, well, in an indirect way, I want to answer that first. First and foremost, we have been able to maintain our auto expenses or our maintenance expenses in the sanitation department at level in comparison to increased costs that we are seeing across the board because of this program. Number two, there are demands on that one cent sales tax that we collect for city government. There are demands on that from every department within the city of Jonesboro. In regards to sanitation, until there is a change, or until there is a vote of the people in order to change that, then that is not something that is given any thought because we know what mechanism we have to fund sanitation. And that is based upon the valid language that was approved by the citizens of Jonesboro in regards to that one cent sales tax. The city at that time decided that it would give up mosquito fees as well as garbage fees in turn for a one cent city sales tax. And so that service is free to citizens. That service will remain free to citizens, and that is the way it operates.

Councilmember Dr. Anthony Coleman said, sure. I just wanted to make certain that we were, and I know obviously we are doing a good job with the money that we have. That is not my question. I just want to make certain that with the demand of our city and the growth of our city and all the expenses that we are doing and other things that we are asking to do and trying to do, and the other plans that are coming up. I mean, it's really expensive. And so I just wanted to make certain that we are able to keep up with that based on the fact that we are giving a service to the community. Mr. Thomas said, at the end of the day, just as you do at home, just as I do at home, we at a city of Jonesboro sit down and look at what revenue we have, and we look at what we are able to do with that revenue. I think as an administration, we haven't brought anything to you we are not able to sustain or maintain over time. Again, we have various departments that pull on that one cent tax revenue, and we work within the confines of what the people have provided us and have approved for us to use.

Chairman Joe Hafner said, I will say from my standpoint, I think what I have learned through the years is a couple of things that people want, or kind of demand, is a safe place to live and their garbage picked up. Mr. Thomas said, oh, you let us miss garbage pickup. You learn real fast. Chairman Joe Hafner said, in my career, you know, I always say the thing that makes people the most upset is, number one, employees with their paychecks wrong and people when their trash isn't picked up. Mr. Thomas said, and we have tried. I don't think you have seen any large swings in sanitation from an expense perspective even though we have had some substantial growth in the number of households that are served by that department. Our mantra in sanitation right now is nothing new other than trucks. We are trying to make that operation much more efficient as far as how we run that operation. We are looking at some route changes that I think are going to be coming out this year that will make our department run more efficiently. We have had a number of requests from personnel in sanitation, but our mantra right now is until we are at about 90% efficiency, then there is nothing new. There is no new funding that will be coming to the department, as with most of our departments. We are trying to take that penny. We are trying to squeeze that penny and do a lot more with it based upon some of the technology that is there, as well as the backbone of who we are. And that is our extremely hardworking and often underpaid employees. Thank you.

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

Aye: 5 - Charles Coleman;John Street;David McClain;Brian Emison and Anthony Coleman

Absent: 1 - Ann Williams

[RES-24:014](#)

A RESOLUTION AUTHORIZING THE CITY OF JONESBORO ARKANSAS GRANTS AND COMMUNITY DEVELOPMENT DEPARTMENT TO APPLY FOR THE FY23 ASSISTANCE TO FIREFIGHTERS (AFG) GRANT PROGRAM FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)

Grants Director Jeremy Biggs stated that this grant is for cities that are in financial distress. The clause was found in the grant application packet in the fine print on or around page 42. This means that the City of Jonesboro is not eligible to apply.

A motion was made by John Street, seconded by Brian Emison, that this matter be Postponed Indefinitely. The motion PASSED with the following vote.

Aye: 5 - Charles Coleman;John Street;David McClain;Brian Emison and Anthony Coleman

Absent: 1 - Ann Williams

5. PENDING ITEMS

6. OTHER BUSINESS

Councilmember David McClain said, I had a question, and this is for the administration. So, Vector is coming up. I know this is Public Safety. It's not Public Safety, but at the same time, is the contract with Vector coming up for renewal, or is that still in effect for the next two or three years? Councilmember John Street said, we still have a few years on it. I think a couple anyway. Councilmember David McClain said, will you find out and let me know? Mr. Thomas said, I know we looked at it last year. I just don't remember the exact specifics on it. Councilmember John Street said, we modified it with some additional flights. Councilmember David McClain said, yeah, I remember that, but I would like to see where we are.

7. PUBLIC COMMENTS

8. ADJOURNMENT

A motion was made by Brian Emison, seconded by Charles Coleman, that this meeting be Adjourned. The motion PASSED with the following vote.

Aye: 5 - Charles Coleman; John Street; David McClain; Brian Emison and Anthony Coleman

Absent: 1 - Ann Williams