

# ***AGENDA***

**FORT SMITH BOARD OF DIRECTORS  
STUDY SESSION**

*OCTOBER 12, 2010 ~ 12:00 NOON*

**FORT SMITH PUBLIC LIBRARY  
COMMUNITY ROOM  
3201 ROGERS AVENUE**

1. Review Parks and Recreation Commission recommendation to renew the lease for The Park At West End
2. Review ordinance calling special election for convention center funding
3. Review proposed resolution of the Fort Smith Board of Directors expressing opposition to proposed legislation of the Arkansas Municipal League to remove the cities of Fort Smith and Little Rock from individual workers compensation self-insurance
4. Review preliminary agenda for October 19, 2010 regular meeting



## Memo:

October 7, 2010

To: Dennis Kelly, City Administrator

From: Mike Alsup, Director of Parks and Recreation

*Mike Alsup*

Re: Lease agreement for the Park at West End

The lease agreement to operate the Ferris wheel and carousel at the Park at West End between the City of Fort Smith and Produce Row Development provides for the extension of the lease for additional years. A written notice to the landlord of the City's intensions is required in the agreement thirty days prior to the expiration of the initial term which is January 1, 2011. The Parks and Recreation Commission recommend that the Board of Directors approve extending the lease for the 2011 season.

Produce Row Development has offered to extend the lease under the same terms and rent of \$1.00 for the 2011 season instead of \$6,000 as stated in the agreement for the extended term. The City's insurance agent does not anticipate an increase in the fee for liability coverage for the park. After operating the park this year, the operating budget has been developed at a reduced amount to more accurately show anticipated expenses. The hours of operation and staffing levels have been adjusted to provide for demand and efficiency.

As of October 4, expenses exceed revenues by \$4,100 which is down from \$7,467 at the end of June. It is anticipated that the difference will be under \$4,000 by the end of October. The Central Business Improvement District (CBID) and a private donor established a fund in 2010 of \$12,000 in the event the operation of the rides did not break even to offset a net loss. Therefore, there will be no direct impact on the City's general fund for the operation of the rides. The CBID has agreed to carry the balance of the fund forward to 2011 and add an additional \$6,000 to the balance to cover any net loss in next year's operation.

The Park at West End is a truly unique feature that Fort Smith is privileged to have. Citizens and tourists enjoy the Park, compliment the recreational opportunity, and return to ride again and again. In August a family from Texarkana came to Fort Smith as a part of their end of the summer vacation. The mother researched things to do online and decided to stop here because of the Park at West End. At the time of day they were riding, they most likely ate a meal here and possibly spent the night. A couple from Tulsa was here on Memorial Day. Because of the rides at the Park at West End and the train at Creekmore Park, they decided to have their family vacation with their children and grandchildren later this summer in Fort

Smith. This fall we have had quite a few birthday parties book with us. The sororities at the University had their bid day at the Park at West End and plan to return next year. There are many testimonies to the value of the Park for tourism and to citizens who enjoy this unique recreation activity priced at an affordable \$1 per ride.

Downtown Development and the Advertising and Promotions Commission have committed to continue their support of the Park with their marketing efforts. The park is featured in many of their advertisements. (Please see attached) Produce Row Development, Phil White, has been very supportive of the operation and responsive to the maintenance of the rides.

Please contact me if you have any questions regarding this matter.

At the end of September, expenses exceed revenues by \$4,170.

Expenses:

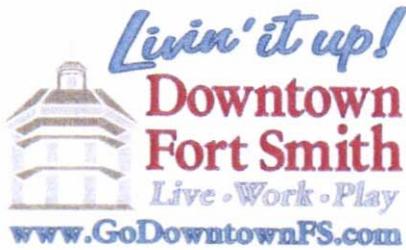
Salaries	\$13,030
Liability Insurance	6,040
Utilities	1,650
Supplies and materials	<u>2,360</u>
Total Expenses	\$23,080

Revenues:

Tickets	\$17,130
Parties	<u>1,780</u>
Total Revenue	\$18,910

Net Loss to date \$ 4,170

attachment



**DATE:** August 31, 2010

**TO:** Mike Alsup, Director of Parks

**FROM:** Jayne Hughes, Downtown Development Coordinator

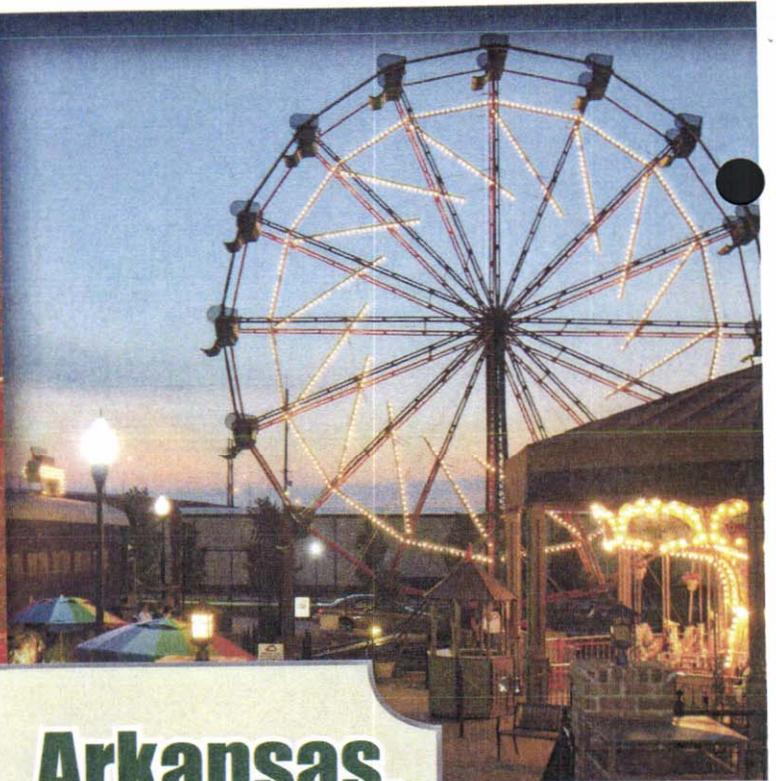
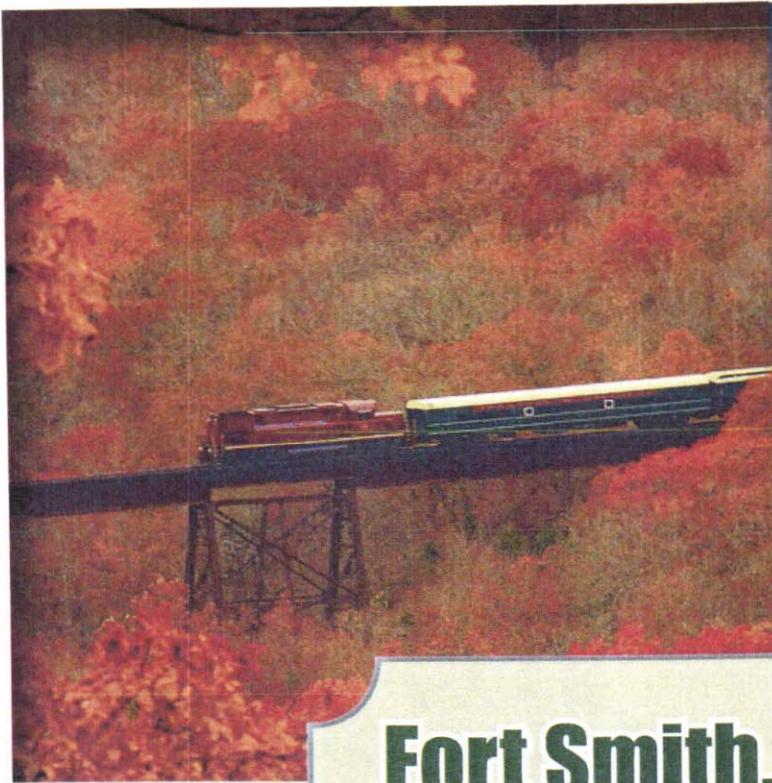
**RE:** Park at West End

The Central Business Improvement District met last Thursday and discussed the Park at West End. The commissioners discussed the progress of the park with the figures through July 6<sup>th</sup>. Those numbers indicated that the park has a net loss of \$7467.00. Given all of the information it appears that most operating expenses were at a break even number except for the initial cost of the insurance which was approximately \$6000.00. The consistent operating hours and maintenance of the Park has been a tremendous improvement over the previous years.

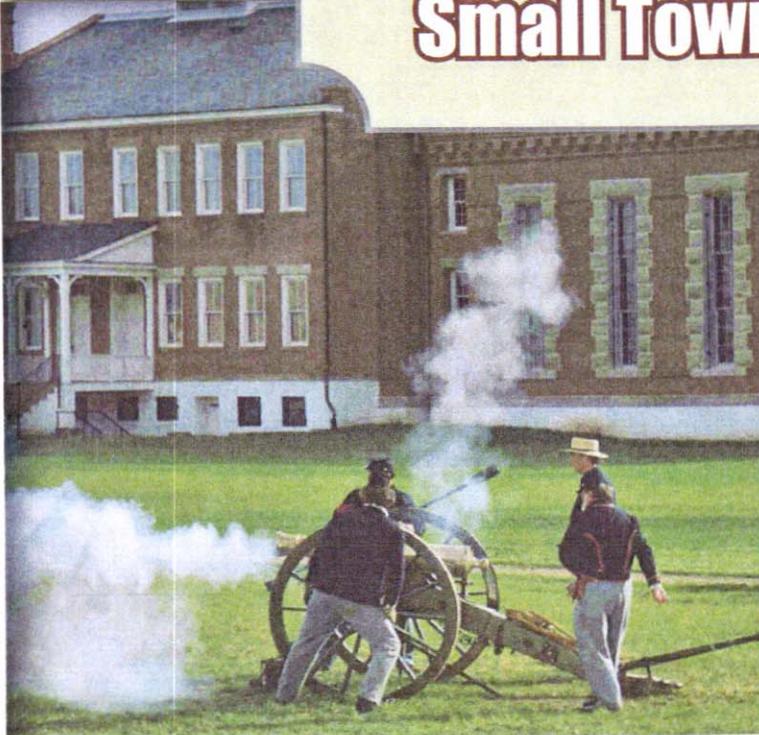
The commissioners voted unanimously to carry over the balance remaining from the original \$12,000.00 which was pledged for this year after the transfer of funds at the end of the year to cover any loss. So if they issue a check in the amount of \$10,000.00 at year end, this would leave a balance of \$2000.00 which will remain in the account to assist the Park at West End with operating expenses for the following year. In addition the commissioners also added that they would pledge another \$6000.00 to assist any shortfall for 2011. In this particular example this would mean an \$8000.00 fund balance for 2011.

Once the year end totals have come through we will be able to determine an exact amount to bring forward. But basically, the balance from the original \$12,000.00 plus an additional \$6000.00 will be placed in reserve for this purpose.

If you have any further questions please give me a call.



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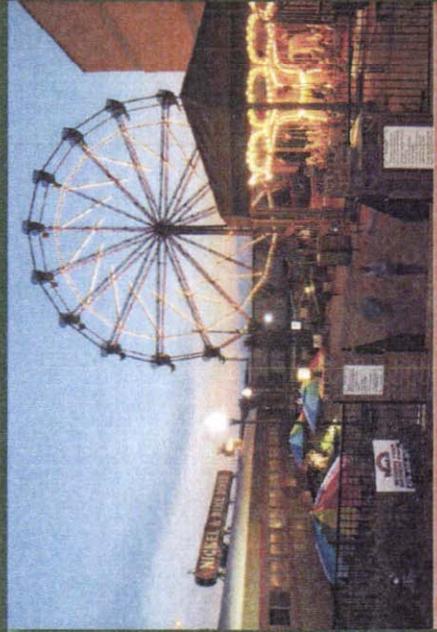
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2

**MEMORANDUM**

**TO:** Honorable Mayor and Board of Directors

**FROM:** Dennis W. Kelly, City Administrator 

**SUBJECT:** Convention Center Funding Referendum

**DATE:** October 8, 2010

Based on the length of time it has taken for the Board to get to this point regarding the Convention Center Funding Referendum, the phone calls received regarding the ballot language, the confusion it has created and the fact there will be a new Board in place at the time of the referendum that did not have input into the structure of the Ordinance calling for the referendum or its' time line, it is my strongest recommendation that this entire issue be postponed until after January 1, 2011, in order to allow the new Board the opportunity to resolve this matter to their liking.

Therefore, it is recommended this matter be postponed until after January 1, 2011. If you have questions please feel free to call me.

623 Garrison Avenue  
P.O. Box 1908  
Fort Smith, Arkansas 72902  
(479) 785-2801  
Administrative Offices FAX (479) 784-2430

## MEMORANDUM

October 7, 2010

**TO:** Dennis Kelly, City Administrator

**FROM:** Ray Gosack, Deputy City Administrator

**SUBJECT:** Convention Center Funding

At the August 24<sup>th</sup> study session, the board discussed options for funding the convention center. A copy of the staff report from that study session is attached. During the study session discussion, the board determined to:

- 1) Call an election for January 11, 2011
- 2) Present the voters with 3 options for funding the convention center, in the following priority order:
  - a) reallocation of a portion of the street and drainage sales tax
  - b) 1% prepared food tax
  - c) ½% prepared food tax
- 3) have a 10-year sunset if one of the prepared food tax options is enacted

Attached for the board's review is an ordinance which accomplishes the above directions. Section 4 of the ordinance calls for an election on January 11, 2011. (The ordinance will need to be passed no later than the November 16<sup>th</sup> board meeting.) The board should keep in mind that a January election date will result in the voter education effort being conducted during the Christmas and New Year's holiday periods.

The options discussed by the board are presented on the ballot as 3 separate issues (section 5 of the ordinance). Voters would vote **FOR** or **AGAINST** on each of the 3 issues. If an issue receives more **AGAINST** votes than **FOR** votes, that issue may not be enacted. An issue may be enacted only if it receives a majority of **FOR** votes.

**Issue 1** This option would reallocate up to 5% of the existing sales tax for streets and drainage to operate and maintain the convention center.

**Issue 2** This option would approve a 1% prepared food tax.

**Issue 3** This option would approve a ½% prepared food tax.

If two or more of the 3 issues receive a majority of FOR votes, only one of the issues would be enacted (section 8 of the ordinance).

- Approved reallocation of a portion of the street and drainage sales tax would negate approvals of the prepared food tax options.
- If the reallocation of the street and drainage sales tax fails but both of the prepared food tax options pass, only the 1% prepared food tax would be enacted.
- If none of the 3 issues receives a majority of FOR votes, then none of the issues will be enacted.

The 10-year sunset for the prepared food tax, if enacted, is provided in section 12 of the ordinance.

Each of the options is estimated to generate the following amounts of revenue annually.

5% of the estimated 2011 street and drainage sales tax revenue	\$943,000
1% prepared food tax	\$1,800,000
½% prepared food tax	\$900,000

Attached is a financial statement for the Convention Center Fund. This fund has been accounting for the state turnback revenue and the convention center operating costs. At the end of 2010, we're projecting this fund will have a balance of \$1,027,671. This balance coupled with estimated convention center operating revenues during 2011 is sufficient to fund the center through 2011. We had hoped to use the remaining turnback funds to pursue additional parking lots for the convention

center. If the turnback funds are used for 2011 operating costs, we won't be able to pursue additional parking unless another revenue source is identified.

If there's any questions of staff or a need for more information, please contact me.

*Ray*

Attachments .

# Convention Center Fund (1115)

## Statement of Revenues, Expenditures and Changes in Fund Balance

For the Period Ending December 31, 2010 and Preliminary 2011 Budget  
(Unaudited)

	<u>Estimated 2010</u>	<u>Preliminary Budget 2011</u>
<b>Revenues</b>		
State Tourism Turnback	\$ 888,723	\$ -
Rental Revenue	-	650,000
Interest Earned	<u>1,740</u>	<u>1,800</u>
<b>Total Revenues</b>	<u>\$ 890,463</u>	<u>\$ 651,800</u>
<b>Expenditures</b>		
Program 6203 -		
Personnel	740,230	751,000
Operating	544,576	627,700
Capital Outlay	<u>6,337</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 1,291,143</u>	<u>\$ 1,378,700</u>
Excess Revenues Over Expenditures	(400,680)	(726,900)
Fund Balance, Beginning	<u>1,428,350</u>	<u>1,027,671</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,027,671</u>	<u>\$ 300,771</u>

**DRAFT**

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE PROVIDING FOR THE LEVY OF A SALES AND USE TAX ON THE GROSS RECEIPTS OR GROSS PROCEEDS RECEIVED BY RESTAURANTS, CAFES, CATERING, CAFETERIAS, DELICATESSENS, DRIVE-IN RESTAURANTS, CARRY-OUT RESTAURANTS, CONCESSION STANDS, CONVENIENCE STORES, AND GROCERY STORE-RESTAURANTS FROM THE SALE OF PREPARED FOOD AND BEVERAGES FOR ON-PREMISES OR OFF-PREMISES CONSUMPTION; AND CALLING A SPECIAL ELECTION IN THE CITY OF FORT SMITH, ARKANSAS, ON THE QUESTIONS OF: REALLOCATING UP TO FIVE PERCENT (5%) OF THE TAX PROCEEDS FROM THE ONE PERCENT (1%) SALES AND USE TAX, CURRENTLY PLEDGED TO STREETS, BRIDGES, AND ASSOCIATED DRAINAGE, FOR THE PURPOSE OF PROVIDING MONIES FOR THE OPERATION AND MAINTENANCE OF THE FORT SMITH CONVENTION CENTER; FOR THE APPROVAL OR REJECTION OF THE LEVYING OF A ONE PERCENT (1%) SALES AND USE TAX ON THE GROSS RECEIPTS OR GROSS PROCEEDS FROM THE SALE OF PREPARED FOOD AND BEVERAGES; FOR APPROVAL OR REJECTION OF THE LEVYING OF A ONE-HALF OF ONE PERCENT (0.5%) SALES AND USE TAX ON THE GROSS RECEIPTS OR GROSS PROCEEDS FROM THE SALE OF PREPARED FOOD AND BEVERAGES; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

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WHEREAS, the Board of Directors of the City of Fort Smith, Arkansas (the "City") has determined that it would be in the best interests of the City to finance a portion of the costs of operating and maintaining the Fort Smith Convention Center; and

WHEREAS, there is currently a one percent (1%) sales and use tax (gross receipts), levied pursuant to Fort Smith Ordinance 72-85, which was previously approved by the electors of the City, and which sales and use tax is presently designated for the use of City streets, bridges, and associated drainage; and

WHEREAS, a purpose of this present Ordinance is to submit to the electors of the City the question of whether up to five percent (5%) of the tax proceeds from the existing one percent (1%) sales and use tax should be reallocated from "City streets, bridges and associated drainage" to "operating and maintaining the Fort Smith Convention Center"; and

WHEREAS, alternatively, should the electors of the City choose not to approve reallocation of up to five percent (5%) of the tax proceeds from the existing one percent (1%) sales and use tax, then a further purpose of this present Ordinance is to submit to the electors of the City the question of approving or rejecting the levy of a one percent (1%) sales and use tax on the gross receipts or gross proceeds from the sale of prepared food and beverages, as levied by the Board of Directors in Section 1 below, and the question of approving or rejecting the levy of

**DRAFT**

a one-half of one percent (0.5%) sales and use tax on the gross receipts or gross proceeds from the sale of prepared food and beverages, as levied by the Board of Directors in Section 2 below, for use for all lawful purposes; provided, that the levy of a one-half of one percent (0.5%) sales and use tax on prepared food and beverages, if approved by the voters, would be effective only in the event the one percent (1%) sales and use tax on prepared food and beverages is not approved at the called election.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Directors of the City of Fort Smith, Arkansas:

Section 1: As authorized by A.C.A. § 26-75-602(c)(2) (Supp. 2009), and subject to the further provisions of this Ordinance, there is hereby levied a sales and use tax at the rate of one percent (1%) upon the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, and grocery store-restaurants from the sale of prepared food and beverages for on-premises or off-premises consumption within the City of Fort Smith, Arkansas, such levy to become effective \_\_\_\_\_.

Section 2: As authorized by A.C.A. § 26-75-602(c)(2) (Supp. 2009), and subject to the further provisions of this Ordinance, there is hereby levied a sales and use tax at the rate of one-half of one percent (0.5%) upon the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, and grocery store-restaurants from the sale of prepared food and beverages for on-premises or off-premises consumption within the City of Fort Smith, Arkansas, such levy to become effective \_\_\_\_\_.

Section 3: This Ordinance adopting the tax levies described in Sections 1 and 2 above is hereby referred to the electors of the City of Fort Smith pursuant to A.C.A. § 14-55-301(b) (Repl. 1998).

Section 4: A special election is hereby called to be held on January 11, 2011, at which election there shall be submitted to the electors of the City the questions of (1) authorizing reallocation of up to five percent (5%) of the tax proceeds from the existing one percent (1%) sales and use tax for the purpose of providing a source of income to operate and maintain the Fort Smith Convention Center, (2) approving or rejecting the levy of a sales and use tax on prepared food and beverages, as levied by Section 1 of this Ordinance, in the amount of one percent (1%) to be used for all lawful purposes, and (3) approving or rejecting the levy of a sales and use tax on prepared food and beverages, as levied by Section 2 of this Ordinance, in the amount of one-half of one percent (0.5%) to be used for all lawful purposes.

Section 5: The ballot presentation of the issues to be presented in such election shall be substantially in the following form:

**DRAFT**

Shall the Board of Directors reallocate an amount not to exceed five percent (5%) of the tax proceeds from Fort Smith Ordinance 72-85, which levies a local sales (gross receipt) and use tax at the rate of one percent (1%) upon the receipt from the sale at retail within the City of Fort Smith of all items which are subject to taxation under the Arkansas Sales Tax Act (Act 386 of the 1941 Acts of Arkansas) as said act has heretofore or may hereinafter be amended, and under the Arkansas Use Tax Act (Act 487 of the 1949 Acts of Arkansas), as said Act has heretofore or may hereinafter be amended, from the currently authorized use for City streets, bridges and associated drainage to the use for operation and maintenance of the Fort Smith Convention Center? Alternatively, if such reallocation is not approved by the electors of the City, do the electors approve or reject the levy of a one percent (1%) sales and use tax on the proceeds from the sale of prepared food and beverages in the City or, if such reallocation is not approved by the electors of the City, do the electors approve or reject the levy of a one-half of one percent (0.5%) sales and use tax on the proceeds from the sale of prepared food and beverages in the City?

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ISSUE I

**REALLOCATING AN AMOUNT NOT TO EXCEED FIVE PERCENT (5%) OF THE TAX PROCEEDS OF THE EXISTING ONE PERCENT (1%) SALES AND USE TAX, ADOPTED BY ORDINANCE 72-85, FOR THE OPERATION AND MAINTENANCE OF THE FORT SMITH CONVENTION CENTER**

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Vote by placing an X in the square opposite your choice.

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FOR reallocation of an amount not to exceed five percent (5%) of the existing sales and use tax revenue pledged to streets, bridges, and associated drainage, to be pledged to operate and maintain the Fort Smith Convention Center .....

AGAINST reallocation of an amount not to exceed five percent (5%) of the existing sales and use tax revenue pledged to streets, bridges, and associated drainage, to be pledged to operate and maintain the Fort Smith Convention Center ...

ISSUE II

**SALES AND USE TAX ON PREPARED FOOD AND BEVERAGES**

**DRAFT**

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Vote by placing an X in the square opposite your choice.

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FOR the approval of a tax, as levied by Ordinance No. \_\_\_\_, of one percent (1%) of the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, or grocery store-restaurants from the sale of prepared food and beverages for on-premises or off-premises consumption for use for all lawful purposes in the event the reallocation of five percent (5%) of the proceeds of the sales and use tax adopted by Ordinance 72-85 is not approved. ....

AGAINST the approval of a tax, as levied by Ordinance No. \_\_\_\_, of one percent (1%) of the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, or grocery store-restaurants from the sale of prepared food and beverages for on-premises or off-premises consumption for use for all lawful purposes in the event the reallocation of five percent (5%) of the proceeds of the sales and use tax adopted by Ordinance 72-85 is not approved ....

ISSUE III

SALES AND USE TAX ON PREPARED FOOD AND BEVERAGES

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Vote by placing an X in the square opposite your choice.

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FOR the approval of a tax, as levied by Ordinance No. \_\_\_\_, of one-half of one percent (0.5%) of the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, or grocery store-restaurants from the sale of prepared food and beverages for on-premises or off-premises consumption for use for all lawful purposes in the event the reallocation of five percent (5%) of the proceeds of the sales and use tax adopted by Ordinance 72-85 is not approved and the one percent (1%) prepared food and beverages tax is not approved ....

AGAINST the approval of a tax, as levied by Ordinance No. \_\_\_\_, of one-half of one percent (0.5%) of the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, or grocery store-restaurants from the sale

**DRAFT**

of prepared food and beverages for on-premises or off-premises consumption for use for all lawful purposes in the event the reallocation of five percent (5%) of the proceeds of the sales and use tax adopted by Ordinance 72-85 is not approved and the one percent (1%) prepared food and beverages tax is not approved . . . . .

**Section 6:** The election shall be held and conducted and the vote canvassed and the results declared under the law and in the manner now provided for municipal elections and only qualified voters of the City shall have the right to vote at the election.

**Section 7:** The results of the election shall be proclaimed by the Mayor, and his Proclamation shall be published one time in a newspaper having a general circulation in the City, which Proclamation shall advise that the results as proclaimed shall be conclusive unless attacked in the courts within thirty days after the date of publication.

**Section 8:** Should the electors approve the reallocation of an amount not to exceed five percent (5%) of the tax proceeds of the existing one percent (1%) sales and use tax adopted by Ordinance 72-85 or should the electors not approve the levy of either tax on the sale of prepared food and beverages, then both levies enacted by this Ordinance shall be null and void. However, should such reallocation not be approved by the electors, but the electors of the City approve the levy of a one percent (1%) sales and use tax upon the gross receipts or gross proceeds from the sale of prepared food and beverages, then levy of that tax shall go into effect on \_\_\_\_\_ and the levy of a one-half of one percent (0.5%) tax shall be null and void. Alternatively, should such reallocation not be approved by the electors and should the electors of the City fail to approve the levy of a one percent (1%) sales and use tax upon the gross receipts or gross proceeds from the sale of prepared food and beverages, but approve the levy of a one-half of one percent (0.5%) sales and use tax upon the gross receipts or gross proceeds from the sale of prepared food and beverages, then the levy of a one percent (1%) sales and use tax on the gross receipts or gross proceeds from the sale of prepared food and beverages shall be null and void and the levy of a one-half of one percent (0.5%) tax shall go into effect on \_\_\_\_\_.

**Section 9:** Except to the extent that the electors of the City may authorize reallocation of up to five percent (5%) of the tax proceeds from the existing one percent (1%) sales and use tax levied pursuant to Fort Smith Ordinance 72-85, the continued applicability of said one percent (1%) sales and use tax shall not be affected by the special election. Rather, said one percent (1%) sales and use tax shall continue in effect subject only to the reallocation of the identified percentage of tax proceeds if approved by the electors.

**Section 10:** A copy of this Ordinance shall be given to the Sebastian County Board of Election Commissioners so that the necessary election officials and supplies may be provided. A certified copy of this Ordinance shall also be provided to the Commissioner of Revenues of the State of Arkansas as soon as practical.

**DRAFT**

Section 11: The Mayor and City Clerk, for and on behalf of the City, be and they are hereby authorized and directed to do any and all things necessary to call and hold the special election as herein provided and, if the levying of a prepared food and beverages tax is approved by the electors, to cause the prepared food taxes to be collected in accordance with the authorizing legislation, and to perform all acts of whatever nature necessary to carry out the authority conferred by this Ordinance.

Section 12: If a sale and use tax upon the gross receipts or gross proceeds from the sale of prepared food and beverages is approved at the called election, the issue of continuing the sales and use tax on prepared food and beverages shall be submitted to the electors of the City prior to January 31, 2021.

Section 13: The provisions of this Ordinance are hereby declared to be severable and, if any provision shall for any reason be upheld illegal or invalid, such holding shall not affect the validity of the remainder of this Ordinance.

Section 14: All ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 15: The provisions of this Ordinance shall not be codified by the codifier of the City's ordinances.

This Ordinance adopted this \_\_\_\_ day of \_\_\_\_\_, 2010.

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**MEMORANDUM**

August 19, 2010

**TO:** Dennis Kelly, City Administrator**FROM:** Ray Gosack, Deputy City Administrator**SUBJECT:** Convention Center Funding

The Board of Directors has previously discussed the use of a prepared food tax to help fund convention center operations and to possibly use for other initiatives. The convention center ad hoc committee recommended a prepared food tax as the best option for funding convention center operations.

**BACKGROUND**

The need for a new source of convention center revenue results from the end of state turnback revenue for this purpose. Over the 10 years of state turnback funding, the city has received \$17.7 million for convention center uses. The state offered the turnback funds as an incentive for communities to enlarge their convention capabilities. The state realized the economic benefits that conventions bring to a region and to the state.

The turnback funds were first used to help pay the sales tax bonds which were issued in 1997 to fund the convention center expansion. After those bonds were retired, the turnback funds were used for convention center operations and for capital projects at the center. The state turnback funds expired on June 30<sup>th</sup> of this year.

The convention center's annual operating costs are \$1.6 million while the income from user charges is \$650,000. This leaves a gap of \$950,000. The center's economic benefit to the community is significantly greater than this gap (see attached impact reports for 2008 and 2009 which were prepared by the convention center staff).

## BOARD DISCUSSIONS

The board of directors discussed the convention center ad hoc committee's report in July. The board discussed whether a  $\frac{1}{2}\%$  or 1% prepared food tax should be pursued, and the timing of an election. The board leaned toward a spring, 2011 election date. The issue of a sunset provision was also considered. If a prepared food tax is used, there would need to be an agreement with the Advertising and Promotion Commission for operation of the convention center and for uses of the tax revenue. A discussion of each of these follows.

**Rate of Tax.** If the board desires, it may present both a  $\frac{1}{2}\%$  and a 1% prepared food tax for the voters to decide. The city attorney advises that ballot questions can be worded so that the  $\frac{1}{2}\%$  tax would be null and void if the 1% tax passes. A list of proposed uses for both scenarios is attached. A  $\frac{1}{2}\%$  tax will fund only the operating costs of the convention center, and provides no revenue for capital replacement needs (e.g., carpeting, HVAC systems, re-roofing, painting, etc.) at the convention center or for any other uses.

**Election Date.** A list of possible election dates in 2011 is attached. Having an established election date will put preparation of a voter education effort into motion.

**Sunset Provision.** The board should also determine if a sunset provision is desirable. Voters have given support when they know a tax will automatically expire (as with sales tax bonds) or will be brought back to them for renewal (as with the street sales tax and the county-wide sales tax). A 20-year sunset gives sufficient time to produce meaningful results. It also provides the voters with a comfort level that the tax won't continue without their approval.

**Agreement with A & P Commission.** The board has previously stated its desire to transfer operation of the convention center to the A & P Commission. The ad hoc committee also made this recommendation. An agreement with the A & P Commission gives assurance that the prepared food tax revenues will be spent as intended. Attached is a draft agreement. The agreement is being reviewed by the staff of the A & P Commission. The board may find it desirable to have such an agreement in place before the election so that voters have assurance of how the funds will be spent.

### **KEY DECISIONS**

The board will need to decide the following items so that the issue of funding the convention center moves to a conclusion.

- ▶ The tax rate to be presented to voters. This may be either a ½% tax rate, a 1% tax rate, or an option which lets the voters decide the tax rate.
- ▶ Set an election date. Adequate time should be allowed for a citizens committee to organize, raise funds, and conduct a thorough voter education effort.
- ▶ Whether or not to include a sunset provision in the enabling ordinance.

Once the board has provided direction on these points, the staff will work with the city attorney to draft the election ordinance and finalize preparation of the agreement with the A & P Commission. Please feel free to contact me if there's any questions or a need for more information.

*Ran*

Attachments

Corrected

**Economic Impact Social Impact (Local Events)**

<b>Total Attendance</b>	<b>2008 FSCC Total Revenue Social/Local</b>	<b>Social/Local Economic Impact Total</b>
<b>37417</b>	<b>\$ 248,334.60</b>	<b>\$1,745,014.60</b>

The Center hosts a wide range of events attended primarily by the local population. Although these events did not generate the level of economic activity as a private meeting or convention, we have utilized a figure of \$40 of expense per day per attendee for those attending "Local/Social Events" and not spending the night in a Fort Smith hotel.

**Economic Impact Non Local Events (Groups with Sleeping Rooms)**

<b>Total Attendance</b>	<b>2008 FSCC Total Revenue Non-Local Events</b>	<b>Non-Local Events Economic Impact Total</b>
<b>67820</b>	<b>\$338,975.10</b>	<b>\$16,141,035.10</b>

Study indicates a per day spending level of \$233 for event attendees for a state/local events. This figure utilized in calculating the direct economic impact for Fort Smith events, based on hotel room night reports for events listed as "Non-Local Events" as provided by the Center. Since it is at times difficult to calculate actual hotel room night generations from events utilizing multiple hotels, we have based the economic impact formula for multiple hotel/Non Local Events on the number of attendees as opposed to room night generation.

<b>2008 Total Attendance</b>	<b>2008 Total FSCC Revenue</b>	<b>2008 Total Economic Impact</b>
<b>242,034</b>	<b>\$657,921.35</b>	<b>\$17,956,661.35</b>

*\*There are exclusions of groups in final totals due to some individual groups have no direct economic impact other than on the Centers Revenue Totals.*

Corrected

**Economic Impact Social Impact (Local Events)**

<b>Total Attendance</b>	<b>2009 FSCC Total Revenue</b>	<b>Social/Local Economic Impact</b>
<b>38361</b>	<b>\$176,344.77</b>	<b>\$1,710,784.77</b>

The Center hosts a wide range of events attended primarily by the local population. Although these events did not generate the level of economic activity as a private meeting or convention, we have utilized a figure of \$40 of expense per day per attendee for those attending "Local/Social Events" and not spending the night in a Fort Smith hotel.

**Economic Impact Non Local Events (Groups with Sleeping Rooms)**

<b>Total Attendance</b>	<b>2009 FSCC Revenue Non-Local Events</b>	<b>Total Non-Local Events Economic Impact Total</b>
<b>43,324</b>	<b>\$212,670.50</b>	<b>\$10,307,162.50</b>

Study indicates a per day spending level of \$233 for event attendees for a state/local events. This figure utilized in calculating the direct economic impact for Fort Smith events, based on hotel room night reports for events listed as "Non-Local Events" as provided by the Center. Since it is at times difficult to calculate actual hotel room night generations from events utilizing multiple hotels, we have based the economic impact formula for multiple hotel/Non Local Events on the number of attendees as opposed to room night generation.

<b>2009 Total Attendance</b>	<b>2009 Total FSCC Revenue</b>	<b>2009 Total Economic Impact</b>
<b>153,055</b>	<b>\$613,561.04</b>	<b>\$12,242,493.04</b>

*\*There are exclusions of groups in final totals due to some individual groups have no direct economic impact other than on the Centers Revenue Totals.*

# USE OF PREPARED FOOD TAX REVENUES

## ½% Prepared Food Tax

\$900,000 for convention center operating costs

## 1% Prepared Food Tax

\$1,000,000 for convention center operating costs  
240,000 for convention center capital replacement costs  
250,000 for Marshals Museum operating costs  
100,000 for Fort Smith Classic golf tournament  
60,000 for various festivals (Blues, Juneteenth, Vietnamese New  
Year, Cinco de Mayo)  
50,000 for Bass Reeves monument (2012 & 2013)  
50,000 for arts community (beginning in 2014)

**MEMORANDUM**  
**August 17, 2010**

**TO:** Dennis Kelly, City Administrator

**FROM:** Cindy Remler, City Clerk

**RE:** Special Election - Prepared Food Tax

As requested, the following information is provided regarding a special election on the question of a prepared food tax if such is held during the first six months of 2011:

- There are no scheduled elections (school board, etc.) in 2011, so, the calendar is pretty much open for the directors to consider a special election. The election must be held on the second Tuesday of the month, and shall be held not less than 50 days following the date that my office files with the county clerk the ordinance calling the election.
- Listed below are the election dates, and the deadline for the board to adopt ordinance calling the election.

**Election Date**

January 11  
February 8  
March 8  
April 12  
May 10  
June 14

**Deadline for Board Action**

November 16 regular meeting  
December 14 regular meeting  
January 11 special meeting  
February 15 regular meeting  
March 15 regular meeting  
April 19 regular meeting

- The cost of a special election is estimated at \$25,000

Please let me know if you have any further questions at this time.

# PREPARED FOOD TAX OUTLINE

Arkansas Code 26-75-601 et. seq.

## Levy of Prepared Food Tax

Prepared food tax may be levied up to 3% by the board of directors. An election isn't required. The board may have an advisory referendum if it desires. An election is required for bonds that are repaid with prepared food tax revenue.

## Disposition of Prepared Food Tax Revenues

The revenues are collected by and deposited with the Advertising and Promotion Commission. Expenditure of the funds is under the control of the A & P Commission.

To assure the funds are spent as desired, the city could enter into an agreement with the A & P Commission in advance of enactment of the tax to contract for the expenditure of the funds. If the spending plan wasn't followed, the board would have ultimate control through its power to rescind the ordinance levying the prepared food tax.

## Allowed Uses of Prepared Food Tax Revenue

- Advertising and promoting of the city
- Construction, equipment, maintenance and operation of a convention center
- Operation of tourist promotion facilities
- Bond payments (an election is required to issue bonds)
- Funding of the arts
- Theme parks or other family entertainment facilities
- Constructing, maintaining and operating public recreation facilities including parks
- Promoting and encouraging tourism and conventions (may include concerts, festivals, and other entertainment events)

## Revenue Estimate

Tax Rate	1 Year of Revenue	3 Years of Revenue	5 Years of Revenue
½%	\$900,000	\$2,727,000	\$4,591,000
1%	\$1,800,000	\$5,454,000	\$9,182,000
2%	\$3,600,000	\$10,908,000	\$18,364,000
3%	\$5,400,000	\$16,362,000	\$27,546,000

Assumes a 1% Annual Growth Rate

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**GOVERNMENTAL OPERATIONS AGREEMENT BETWEEN  
THE CITY OF FORT SMITH, ARKANSAS AND THE FORT  
SMITH ADVERTISING & PROMOTION COMMISSION**

This Agreement entered into effective the \_\_\_ day of \_\_\_\_\_, 2010, by and between the City of Fort Smith, Arkansas, a municipal corporation created and existing under the laws of the State of Arkansas, hereinafter referred to as the "City," and the Fort Smith Advertising & Promotion Commission, a commission existing pursuant to state law and created by Fort Smith Ordinance No. 79-89, hereinafter referred to as the "Commission."

WHEREAS, the City is the owner of the Fort Smith Convention Center which provides convention, promotion of tourism and other services in the City of Fort Smith, which ownership includes control over the Fort Smith Convention Center operating budget with an anticipated budget balance of approximately \$ \_\_\_\_\_ as of December 31, 2010; and,

WHEREAS, the Commission currently receives the tax proceeds from the three (3) percent sales and use tax on the gross proceeds from the renting, leasing or otherwise furnishing of hotel or motel accommodations within the City of Fort Smith pursuant to Fort Smith Ordinance No. 47-01, and the Commission is charged with the determination of the use of said tax proceeds deposited in the Fort Smith Advertising and Promotion Fund for the promotion of tourism in the City of Fort Smith; and,

WHEREAS, the City and the Commission desire to consolidate in the Commission the convention, advertising and tourism promotion activities of Fort Smith as currently funded by the three percent (3%) sales and use tax on the gross proceeds from hotel and motel accommodations as well as the anticipated tax revenues derived from a proposed one percent (1%) sales and use tax on the gross proceeds from the sale of prepared foods and beverages in

**DRAFT**

the City of Fort Smith.

NOW, THEREFORE, in exchange of mutual covenants and agreements set forth herein, the City and the Commission agree as follows:

1. In manners consistent with requirements of law, the City and Commission agree to encourage and support the submission to and the adoption by the voters of the City of Fort Smith of a one percent (1%) sales and use tax on the gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants, or similar businesses from the sale of prepared food and beverages for on-premises or off-premises consumption pursuant to legislation codified as A.C.A. § 26-75-602 (Supp. 2009) in the City of Fort Smith at an election to be held during the year 201\_. In the event that the proposed tax is approved by the voters of the City of Fort Smith so that collections of the tax commence on or before \_\_\_\_\_ 1, 2011, the further provisions of this Agreement shall be in full force and effect as of \_\_\_\_\_ 1, 2011. If the proposed tax is not approved by the voters of the City of Fort Smith or if the tax is repealed subsequently, this Agreement shall then terminate.

2. Subject to the terms and provisions set forth in this Agreement and including the adoption of the tax discussed in paragraph 1 above, and effective \_\_\_\_\_ 1, 2011, the City shall:

a. Retain ownership of but deliver, let and lease possession and control of the Fort Smith Convention Center, and associated real and personal properties, to the Commission for operation and promotion of convention and tourism activities pursuant to the terms of this Agreement; and,

**DRAFT**

b. Deliver to the Fort Smith Advertising and Promotion Fund created by Ordinance No. 79-89 any then existing balance in the Fort Smith Convention Center Operating Fund (Fort Smith Budget Fund \_\_\_\_\_), which budget fund balance is anticipated to be approximately \$\_\_\_\_\_. The Commission agrees to use the transferred funds solely for the operation of the Fort Smith Convention Center and for capital projects at the Fort Smith Convention Center.

3. Throughout the term of this Agreement, the Commission agrees:

a. To operate in a reasonable and efficient manner, subject to the terms and provisions of this Agreement, the Fort Smith Convention Center for the purpose of conducting convention and tourism promotion activities in Fort Smith. The Commission agrees to be responsible for all operation, maintenance, repair and capital improvement expenses of the Fort Smith Convention Center throughout the term of this Agreement. All contracts by which the City is obligated with reference to the Fort Smith Convention Center shall be honored and executed by the Commission throughout the legally enforceable term of the contracts. The maintenance agreements in effect at the commencement of this Agreement, even if not legally enforceable, shall be honored and executed by the Commission through December 31, 2011;

b. All salaries of employees serving the Fort Smith Convention Center shall not be increased in any amount greater than the salaries in existence at the commencement of this Agreement plus Consumer Price Index increase through December 31, 2011. City encourages the Commission to retain the services of all employees of the Fort Smith Convention Center following commencement of this Agreement;

(NOTE: In the event the board of directors determines to proceed with a ½ % prepared food tax,

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paragraphs c, d, and e following would be deleted.)

c. To expend or restrict for subsequent expenditure not less than \$240,000.00 annually for Fort Smith Convention Center capital replacement and enhancement purposes such as, but not limited to, carpeting replacement, HVAC replacement, remodeling, re-painting, and new construction;

d. Beginning in the year 2011, and continuing each year thereafter during the term of this Agreement, enter into a contract providing for public services to be provided by the operating entity of the United States Marshal's Museum in exchange for an annual payment of \$250,000.00 by the Commission for the operational expenses of the Marshal's Museum, providing that no more than 40% of the contracted payments by the Commission shall be utilized for administrative salaries by the entity operating the Marshal's Museum; and,

e. Beginning with the year 2012, and continuing each year thereafter except as indicated below, pursuant to contracts for public services with the non-profit entities identified below, provide the identified payments for said contracted services to the entities operating the following tourism promotion activities if, but only if, the indicated activities are actually conducted :

1. Fort Smith Classic golf tournament – \$100,000.00 per year;
2. Juneteenth Festival, Blues Festival, Vietnamese New Year, and Cinco de Mayo – \$60,000.00 per year, to be allocated by the Commission. In order for an organization to receive these funds, they must use a publicly-owned facility for the event;
3. Bass Reeves Monument Construction – \$50,000.00 per year in the

**DRAFT**

years 2012 and 2013; and

4. Arts Contributions – \$50,000.00 per year commencing in the year 2014 to Fort Smith non-profit entity or entities, provided at least ten percent of the contributions shall be for scholarships to Fort Smith residents attending college to study the visual or performing arts. The Commission has the discretion to allocate these funds.

If any of the funds allocated to items 1-4 above are not expended, the Commission shall have the discretion to expend these unallocated funds for any purposes allowed by law.

4. This Agreement shall have a term of approximately twenty (20) years, which term shall end on December 31, 2031, unless the parties by written agreement extend the term hereof.

5. In the event that the tax collections from the approved one percent (1%) sales and use tax on prepared food (“food sales tax”) produces in any annual period a sum less than \$1.8 million, the amounts provided for in Section 3d and e above shall be proportionately reduced. In any such situation, the share of the subject year’s tax income to be paid pursuant to contracts for public services to the entities named in the identified sub-sections shall be the sum resulting from multiplying a sum equal to the year’s gross tax receipts from the food sales tax less the sum of \$1.34 million by a fraction the numerator of which is the annual sum set forth in the identified sub-sections and the denominator of which is \$460,000.

6. During the term of this Agreement, the Commission agrees:

- a. That it shall annually cause the Fort Smith Advertising and Promotion Fund and the Commission’s operations pursuant to this Agreement to be audited by a certified public accountant and to provide a copy of the audit report to the City;

**DRAFT**

b. That it will annually establish goals, benchmarks, and performance measures for the operation of the Convention Center, and shall report on same annually to the City's board of directors.

c. In cooperation with the Director of Human Resources of the City, apply all Fort Smith employee rules and regulations to Commission employees (except for business travel reimbursement expense procedures);

d. To follow state law and Fort Smith ordinances regarding the acquisition of supplies, materials and services for the Commission and for the disposition of any assets of the Commission; and,

e. Regarding insurance for property protection from fire, storm, wind or other casualty and for insurance for premises operation/liability purposes for the Fort Smith Convention Center, Fort Smith shall initially acquire the coverages and the cost for the insurance shall be reimbursed to the City by the Commission from the Fort Smith Advertising and Promotion Fund.

7. If during the term of this Agreement the Commission contracts with a third party for (or by assignment transfers) operating responsibilities at the Fort Smith Convention Center in any manner, any such contract or assignment shall expressly provide that any event organizer utilizing the Fort Smith Convention Center shall have the right to select and contract for food and beverage service independent of the operator of the Fort Smith Convention Center. The Commission may require that food and beverage caterers be on a list approved by the Commission or its Executive Director.

8. In the event either the City or the Commission believes that the other has defaulted

**DRAFT**

any provision of this Agreement, written notice of that belief of default shall be provided to the party believed to be in default. The party receiving such notice shall respond in writing within ten (10) days of the date of receipt of the belief of default. In the event the notice and response do not resolve the situation, the chief executive officials of the City and the Commission shall meet within ten (10) calendar days of the date of the response in any attempt to resolve the situation. In the event the parties are not able to reach an agreement which resolves the dispute, both parties reserve the right to exercise any and all lawful remedies. Any litigation resulting between the parties shall be commenced in the Fort Smith District of the Sebastian County Circuit Court.

9. This Agreement embodies the entire agreement between the City and Commission and this Agreement supercedes all prior representations, warranties, promises or covenants other than those expressed in this Agreement.

10. All notices and other instruments required to be made or given under this Agreement shall be in writing and shall be validly given when mailed by pre-paid registered or certified mail or if personally delivered.

If to City:

City Administrator  
623 Garrison Avenue  
Fort Smith, AR 72901

If to Commission:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. The City and Commission may from time to time specify any address in the City of Fort Smith as its address for the purpose of this Agreement by giving fifteen (15) days written notice to the other party.

12. If any provision of this Agreement, or the application of any provision of this

**DRAFT**

Agreement to any person or circumstance, specifically including the obligations of the Commission as stated in paragraph 3, shall be determined to be invalid or unenforceable by final judicial decision made by the Courts of the State of Arkansas, the remaining provisions of this Agreement shall likewise be considered invalid and unenforceable. In any such circumstance, the parties agree to reasonably and as expeditiously as possible:

- a. Return the custody of the Fort Smith Convention Center to the City;
- b. Deliver to the City any unexpended funds budgeted or otherwise set aside for the operation of the Fort Smith Convention Center;
- c. Deliver to the City any unexpended funds budgeted or otherwise set aside for capital improvements of the Fort Smith Convention Center pursuant to paragraph 3c of the Agreement; and,
- d. The City and Commission agree to enter into a contract for public services whereby the Fort Smith Convention Center is made available for convention and promotion purposes by the City and the Commission provides compensation in the sum of \$1.34 million per year from the food sales tax to be expended solely for the operational expenses of the Fort Smith Convention Center.

IN WITNESS WHEREOF, this Agreement is executed by the Mayor and City Clerk of the City of Fort Smith pursuant to Resolution No. \_\_\_\_\_ of the Board of Directors of the City of Fort Smith and is executed by the Executive Director of the Commission pursuant to the resolution of the Commission adopted on the \_\_\_ day of \_\_\_\_\_, 2010.

CITY OF FORT SMITH, ARKANSAS:

**DRAFT**

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

**FORT SMITH ADVERTISING & PROMOTION COMMISSION:**

By: \_\_\_\_\_  
Executive Director

Attest:

\_\_\_\_\_  
Secretary to Commission



## MEMORANDUM

3

October 6, 2010

**TO:** Dennis Kelly, City Administrator

**FROM:** Ray Gosack, Deputy City Administrator

**SUBJECT:** Workers' Compensation Coverage

Fort Smith has provided its workers' compensation coverage through *self-funding* for more than 20 years. The self-funded approach gives the city greater incentive to manage workplace risks. This has saved the city's taxpayers and rate payers hundreds of thousands of dollars when compared to other methods of procuring workers' comp coverage.

Current state law prohibits cities with populations of less than 70,000 from self-insuring for workers' comp coverage. All but two cities in the state must either procure commercial workers' comp coverage or participate in an intergovernmental risk pool. The only such pool is operated by the Arkansas Municipal League. The two Arkansas cities which are eligible to self-insure, and do self-insure, are Fort Smith and Little Rock.

Several weeks ago, the staff learned that one of the Arkansas Municipal League's 2011 legislative priorities is to have legislation passed which would prohibit all cities from self-funding for workers' comp coverage. It's conservatively estimated this legislation would cost Fort Smith somewhere in the range of \$100,000 - \$200,000 annually in increased workers' comp coverage costs.

***If at some time in the future it becomes advantageous for Fort Smith to join the Arkansas Municipal League's program, a legislative change isn't necessary. The existing legislation allows Fort Smith to make that determination at any time.***

Attached for the board of directors' consideration is a draft resolution which opposes this legislative change and directs the staff to take any measures necessary to support this policy decision. The staff recommends this be placed on the board's October 19<sup>th</sup> agenda so that the city's position may be communicated before the legislative process begins.

-Ray

**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OPPOSING PROPOSED LEGISLATIVE CHANGES  
WHICH WOULD AFFECT THE CITY OF FORT SMITH'S ABILITY  
TO SELF-INSURE FOR WORKERS' COMPENSATION COVERAGE**

---

WHEREAS, the City of Fort Smith has self-insured for workers' compensation coverage since 1989; and

WHEREAS, the City of Fort Smith's benchmark comparisons for workers' compensation coverage are expected to ultimately incur \$222,100 less total direct losses than the composite benchmark for the historical period evaluated; and

WHEREAS, the City of Fort Smith saves an estimated \$200,000 annually in public funds by self-insuring for workers' compensation coverage when compared to other methods of procuring workers' compensation coverage; and

WHEREAS, the Arkansas Municipal League has proposed legislation for the 2011 session of the Arkansas General Assembly which would prohibit the City of Fort Smith from self-insuring for workers' compensation coverage;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Fort Smith, Arkansas that:

The City of Fort Smith opposes any legislative changes which would limit or otherwise affect the City's ability to self-insure for workers' compensation coverage. The City Administrator and his staff are authorized to undertake any measures necessary to support this policy.

This Resolution passed this \_\_\_\_\_ day of October, 2010.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**Excerpt from Policies and Goals  
Adopted by the Arkansas Municipal League  
June 18, 2010**

**A RESOLUTION TO REPEAL BOTH A.C.A.  
§ 14-60-105 AND 14-60-106 AS THEY ARE  
INCONSISTENT WITH EACH OTHER,  
AND TO ENSURE THAT ALL CITIES AND  
TOWNS IN ARKANSAS HAVE THE SAME  
OPPORTUNITIES REGARDING THE PRO-  
VISION OF WORKERS' COMPENSATION  
COVERAGE FOR MUNICIPAL EMPLOYEES.**

WHEREAS, A.C.A. § 14-60-105 applies only to cities with populations over seventy thousand (70,000) while A.C.A. § 14-60-106 applies to cities with populations over one hundred fifty thousand (150,000); and,

WHEREAS, both statutes purport to allow the relevant city, or sewer committees in cities of over one hundred and fifty thousand, to "self" fund for purposes of workers' compensation coverage; and,

WHEREAS, by not allowing those cities and committees to self fund they will be a part of a larger group(s) thereby benefiting both the city specifically and the taxpayers of this state generally.

NOW, THEREFORE BE IT RESOLVED BY THE ARKANSAS MUNICIPAL LEAGUE, IN 76th ANNUAL CONVENTION ASSEMBLED:

That we do hereby support the repealing of A.C.A. § 14-60-105 and 106 to ensure a more consistent and economically strong workers' compensation system for municipal government in Arkansas.

Stricken language will be deleted and underlined language will be added.

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011

## A Bill

DRAFT KLL/YTC  
HOUSE BILL

4  
5 By: Representative <NA>  
6  
7

### For An Act To Be Entitled

8  
9 AN ACT TO REPEAL CERTAIN WORKERS' COMPENSATION  
10 STATUTES FOR MUNICIPAL EMPLOYEES; AND FOR OTHER  
11 PURPOSES.  
12

### Subtitle

13  
14 TO REPEAL CERTAIN WORKERS' COMPENSATION  
15 STATUTES FOR MUNICIPAL EMPLOYEES.  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

20 SECTION 1. Arkansas Code § 14-60-105 is repealed.

21 ~~14-60-105. Municipalities over 70,000.~~

22 ~~Municipalities with populations over seventy thousand (70,000) citizens~~  
23 ~~are specifically authorized to provide workers' compensation coverage for~~  
24 ~~their officials and employees through either private carriers or by self-~~  
25 ~~funding on either a statewide or an individual basis.~~  
26

27 SECTION 2. Arkansas Code § 14-60-106 is repealed.

28 ~~14-60-106. Municipalities over 150,000.~~

29 ~~Municipalities with populations over one hundred fifty thousand~~  
30 ~~(150,000) citizens or their sewer committees are specifically authorized to~~  
31 ~~provide workers' compensation coverage for their officials and employees~~  
32 ~~through either private carriers or by self-funding on either a statewide or~~  
33 ~~individual basis.~~  
34  
35  
36

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08-05-2010 15:42 KLL313