

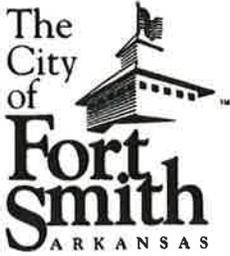
AGENDA

**FORT SMITH BOARD OF DIRECTORS
STUDY SESSION**

December 13, 2011 ~ 12:00 NOON

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

1. Report from Animal Services Task Force
2. Review and assessment of financial systems ~ *continued from the November 8, 2011 Study Session* ~
3. Review projects to be included on 2012 special election ballot
4. Discuss the 2011 automated refuse collection program
5. Review preliminary agenda for the December 20, 2011 regular meeting



1

MEMORANDUM

December 8, 2011

TO: Mayor and Board of Directors

FROM: Ray Gosack, City Administrator

SUBJECT: Animal Services Task Force

Attached are the report of the animal services task force and the resolution creating the task force. The report was submitted on November 21st. Task force members will attend the December 13th study session to present their report and answer questions.

The animal ordinances currently tabled are scheduled for re-consideration at the January 3rd board meeting. The board may want to discuss action on these ordinances after it considers the task force's recommendations.

Ray

Attachments

RESOLUTION NO. R-122-11

**A RESOLUTION ESTABLISHING AN
ANIMAL SERVICES TASK FORCE**

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

There is hereby created a 7-member animal services task force which is assigned the following tasks:

identify problems, concerns, and issues with dogs and cats in Fort Smith;

develop, research, and analyze possible solutions; and

make recommendations to the board of directors.

The task force shall be appointed by the Board of Directors. At its first meeting the task force members shall select a chairperson from among their membership. The task force shall complete its work within 30 days from the date of its first meeting. The task force shall terminate upon the completion of its work.

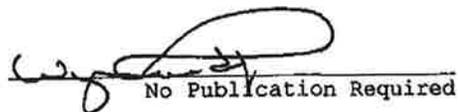
This Resolution passed this 5th day of July, 2011.


Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


No Publication Required

2.H

RESOLUTION NO. R-175-11

**A RESOLUTION TO EXTEND
THE AUTHORIZED COMPLETION DATE
OF WORK BY THE ANIMAL SERVICES TASK FORCE**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, that:

The 7-member animal services task force established pursuant to Resolution 122-11 has been appointed to complete the following tasks:

Identify problems, concerns, and issues relating to dogs and cats in Fort Smith; and,

Develop, research, and analyze possible solutions; and,

Make recommendations to the Board of Directors.

The time limit established previously by R-122-11 in which the task force is to complete its work is hereby extended from thirty (30) days to ninety (90) days from the date of its first meeting. The task force shall terminate upon the completion of its work.

This Resolution adopted this 20th day of September, 2011.

APPROVED:


MAYOR

ATTEST:


CITY CLERK

Approved as to form: 
N.P.R. U Ass't City Attorney

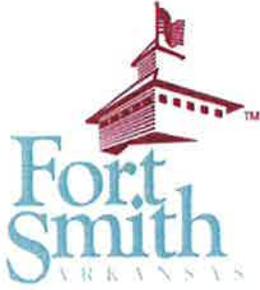


Citizens' Animal Services Task Force City of Fort Smith

**Joel Culberson
Patrick Jacobs
Daniel Jones, DDS
Ken Kupchick
Jon Remer, DVM
Michael Thames, DVM
Tammy Trouillon**

Report to the Board of Directors

December 13, 2011



City of Fort Smith Animal Care and Control

Summary of Recommendations

1. Overhaul the format of the animal ordinances

Present in a framework that makes logical sense to the community and represents an understanding that pet ownership is more than a mere right.

2. Pet licensing is not feasible

A licensing program is deemed administratively costly and burdensome offering low initial compliance and waning compliance over time.

3. Encourage responsible ownership through animal identification

All pets must be identified by tag or by surgical microchip to assure their safe return to their rightful homes. Microchipping is deemed as the preferred method of identification.

4. Pet spay and neuter must be encouraged rather than mandated

A continual and sustained awareness and education campaign must precede a mandatory strategy. With too many unintended consequences, including higher shelter surrenders, and consequently, higher euthanasia rates, the effort is deemed counter to the stated objectives of the board.

5. Cats permitted to roam must be spay and neutered

Low shelter adoption rates, and rising stray/feral cat populations (and the health risks associated with them) prompts the need to mandate the spaying and neutering of cats. Owners unwilling or unable to alter their cats have the option of keeping their pets indoors.

6. Regular feeding of stray animals constitutes their adoption

Taking the responsibility to regularly feed a stray dog or cat also requires the responsibilities and liabilities associated with pet ownership, including the animal's spay/neuter. One possible remedy is to make it unlawful to feed stray animals on a regular basis.

Summary of Recommendations (continued)

7. Restructure the contractual support of the SCHS

Require and encourage Sebastian County Humane Society personnel dedicated to fund development, education and programming as a priority need.

8. Require greater transparency of SCHS reporting

Require monthly reporting of the specific reasons why euthanized dogs and cats were designated as non-adoptable. Require periodic scheduling of rabies inoculations and microchipping events and spay/neuter education -- complete with vouchers.

9. Strengthen the Animal Services Advisory Board

Permit the Board to serve as a liaison between the City, not-for-profit organizations, for-profit businesses and veterinarians and the community.

10. Create a voluntary city data base serving pets and owners

Establish a means to more quickly unite lost pets with their homes.

11. Maintain or increase the number of animal control wardens

The task force recognizes the high degree of professionalism and dedication exhibited in the work that they do. Continue existing effort underway to allow animal control wardens to issue summons and/or citations. Commit to maintaining current staffing levels in animal control.

12. Require owners to secure their dogs on owner's property

All dogs must be safe and secure on owner's property by one of three methods: secure fencing, a trolley system or tethering.

13. Require pet owners to remove animal waste left on others' property.

Owners of cats and dogs must remove excrement from the owned animal on any property which they do not own or possess.



City of Fort Smith

Animal Care and Control

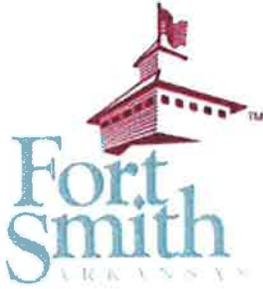
Outline of Recommendations

Minimum Standards of Care

- Animal Services Advisory Board**
- Shelter**
- Nutrition**
- Welfare**
- Rabies vaccinations**
- Stray Animals and Feral Cats**
- Animals as Prizes**

Minimum Standards of Control

- Humane Education**
- Identification**
- Dog and Cat Control**
 - Control of Dogs on Owner's Property**
 - Methods of Confinement**
 - Fencing
 - Trolley Systems
 - Tethering
 - Control of dogs off Owner's Property**
 - Leashing
 - Animals riding in cars and pickup trucks
- Animal Nuisances**
- Animal Waste**
- Females in Heat**
- Kennels/Maximum number of animals**



City of Fort Smith

Animal Care and Control

Proposed Revision Overview

Minimum Standards of Care

Animal Services Advisory Board

The Animal Services Task Force recommends that the Animal Services Advisory Board (ASAB), created by city ordinance 21-11 on March 15, 2011, (Chapter 4, Division 2 Fort Smith Code of Ordinances) be appointed immediately following the termination of the temporary Animal Services Task Force. It is recommended that ASAB serve to monitor progress stated goals and provide quarterly detailed reports to the Board of Directors about progress towards reducing at-large roaming, ordinance violations, animal euthanasia as well as programming and non-profit fundraising towards awareness and low-cost spay and neuter.

The task force strongly suggests revising the composition of the ASAB, increasing its participation from 7 to 9 members and designating representation from specific community segments. Specifically:

- Two (2) members shall be licensed veterinarians;
- One (1) member shall be an owner, operator or employee of a business related to the production, sale, distribution or care of animals or livestock;
- Two (2) members shall be Board members of separate nonprofit animal interest groups whose membership is comprised primarily of residents of the City, and whose primary interest is the health and welfare of animals;
- Four (4) members shall be residents of the City of Fort Smith, but need not have any affiliation or connection with a specific business or entity.

Should there be no legislation to provide a city-provided funding source for low-cost spay/neuter programs, the task force recommends removing language establishing the facilitation of request for financial assistance for low cost spaying and neutering.

Issues considered important for their review include:

- *ongoing pet education regarding responsible ownership*
- *continual communication advising lawful pet ownership*
- *north side pet exercise park*
- *ongoing spay/neuter and microchipping encouragement*
- *sustainable feral cat trap, neuter and release (TNR) program*
- *creation of a cit database of all rabies inoculations and id's*
- *benchmarking to determine progress towards stated goals*

Shelter

Cats and dogs housed outdoors shall have structurally sound and moisture-proof shelter in a size appropriate for the animal. Outside animals must have adequate shelter from inclement weather. It shall be unlawful to keep or harbor dogs in an unclean environment. Animal waste may not accumulate to the point that it creates a health hazard for the pet. Failure to comply will be considered neglect.

Nutrition

It shall be unlawful for any person keeping or harboring any cat or dog to refuse or neglect to provide such animal with adequate clean, fresh potable water or to refuse or neglect to provide wholesome foods suitable for the animal's condition and age. Failure to comply will be considered neglect.

Welfare

Should a dog be confined within an enclosure, the space provided must be sufficient to keep the animal in good mental and physical condition. Less than adequate space will mandate periodic exercise by leash or utilization of dog park facilities. Failure to comply will be considered neglect.

Rabies vaccinations

Every person who is the owner of any dog or cat shall have such animal vaccinated against rabies with a vaccine approved by the USDA and administered by a licensed veterinarian. Failure to comply will be considered neglect.

Every person visiting the city for a period of 30 days or less shall be deemed in compliance providing a current and valid certificate of rabies vaccination is furnished; otherwise, the animal must receive an inoculation by a city or county veterinarian.

Every animal within the city limits for more than 30 days is considered relocated to the city and its owners therefore must comply with all animal care and control ordinances of the city of Fort Smith.

Stray Animals and Feral Cats

Stray dogs and cats

For the safety of the public and in consideration of the welfare of animals, it shall be discouraged to harbor, regularly feed and/or keep animals found to be roaming at large. Stray animals should either be taken to the Sebastian County Humane Society or Animal Control must be notified of a loose dog. Animal Control will not attempt to collect stray cats. Trapping options are available through the Sebastian County Humane Society and trapped cats should be taken there directly once caught.

Those caring for strays must accept full responsibility for their care. A quick adoption policy/fee structure is recommended to expedite Humane Society adoption but requires the relinquishment of an adopted stray should a rightful owner come forward within 15 days.

Feral cats

Currently, cats determined feral are euthanized within the first 24 hours of being brought to the shelter. The task force strongly recommends the city contract provide for a minimum of 72 hours of all cats considered feral at the time of impoundment to permit a true assessment of their temperament.

At that time, such shelter will proceed with adoption procedures for cats deemed adoptable. For cats designated as feral, the cat will be euthanized. The task force recommends aggressive recruitment of nonprofit based rescue efforts and adoption groups that will adopt or neuter/trap/release these animals before their termination.

Animals as Prizes

It shall be unlawful for any person or organization, whether for profit, nonprofit, charity or any other purpose to offer a dog or cat as a prize in response to participation in a game, contest, drawing of chance, auction or raffle.

Minimum Standards of Control

Humane Education

The city shall make available by means of information card, brochure or pamphlet the fundamental minimum care and control requirements.

Identification

All cats and dogs shall be identified. The preferred and recommended method is microchipping as it offers permanent identification when completed and updated. Acceptable secondary methods include any form of verifiable identification including current rabies vaccination tag or customized tag offering owner contact information. Any at-large animal will be required from that point forward to have permanent means identification.

Dog and Cat Control

Dogs

It shall be unlawful for any dog to be off the owner's exclusive property unless the dog is under leash restraint or control.

Cats

Unsterilized cats must be confined to the owner's property. It shall be unlawful for any unsterilized cat to be off the owner's exclusive property unless the cat is restrained or humanely confined.

Control of Dogs on Owner's Property

Unless leashed or caged/crated, an owner must keep any dog a minimum of five feet away from public property, public access, easements, or common grounds.

Manner of Keeping and Confinement

Owning a dog means having the responsibility to control its behavior and to reasonably secure the dog (s) on the dog owner's property. Dogs that are appropriately secured on the owner's property are safer than pets that run at large in that they are less likely to:

- Run away
- Procreate without ones knowledge
- End up injured by cars, animals or people they might encounter
- To harm other people and other animals when running at large

This ordinance seeks to correct these concerns by requiring owners to provide a safe, secure and appropriate environment for their dogs in an attempt to control dogs from running at large. It is important for individuals to take responsibility for the dogs in their control. A dog owner has three (3) options of making sure that their dog (s) are safe and secure on the owner's property; secure fencing, a trolley system or tethering.

Providing secure and appropriate fencing for their dogs as a primary means of confinement in an attempt to control dog (s) from running at large must meet the definition of a secure enclosure as stated below:

- (a) "Animal Control Officer" means a municipal or county animal control office with authority over the area where the dog is kept.
- (b) "Dog" means a domesticated animal that is a member of the canine family.
- (c) "Secure" is defined as to take steps that a reasonable person would take to ensure a dog remains on the owner's property, including confining the dog in an enclosure that is capable of preventing the escape or release of the dog. Confinement must be humane for the animal as well as secure and safe.
- (d) "Owner" means a person who owns or has custody or control of a dog

Secure enclosure means a fenced area of structure that is:

- (1) Locked or has a self-locking gate(s) that are engaged at all times;
- (2) Enclosure that is completely surrounded by a substantial fence or enclosure of sufficient strength, height, construction, materials, and design that is capable of preventing a dog from climbing, digging, jumping or otherwise escaping on its own volition;
- (3) Gates and the height of the fence and the size of openings in the fence are appropriate for the type of dog one has;
- (4) Maintenance is required of any avenue in which a dog can get through, over or under the fence and escape;
- (5) Capable of preventing the entry of the general public, including children

If animal control picks up a dog running at large and the dog is found to be microchipped:

- The dog will be taken to owner if, and when, possible
- Animal control will check fencing
- If owner is found to have unsecure fencing then owner will be given 30 days to fix the fence to make it secure
- Failure to repair within 30 days may result in subsequent fines

If animal control picks up a dog running at large and no microchip is found:

- The dog is taken to the humane society until the owner picks up the dog
- Once ownership is established, animal control will go out to the home and check on the fence
- If owner is found to have unsecure fencing then owner will be given 30 days to fix the fence to make it secure
- Failure to repair within 30 days may result in subsequent fines

Trolley System:

- (a) "Collar" means any collar constructed of nylon, leather, or similar material specifically designed to be used for a dog.
- (b) "Harness" harnesses have a loop that surrounds the neck and the torso of a dog with connecting straps between them for reinforcement.
- (c) "Properly fitted" means, with respect to a collar, a collar that measures the circumference of a dog's neck plus at least one inch
- (d) "Properly Fitted" means, with respect to a harness, to measure around the dog's chest and neck with an allowance for 2 fingers to fit between the dog and the harness. The collar should not be so tight that it will cause discomfort or so loose that it slides over the dogs head
- (e) "Owner" means a person who owns or has custody or control of a dog

An acceptable trolley system is subject to the following requirements as a means of permanent containment for a dog when:

- (1) The trolley system must be at least five (5) times the length of the dog's body, as measured from the tip of the nose to the base of the tail; it must terminate at both ends with a swivel; it must not weigh more than one-eighth ($\frac{1}{8}$) of the dog's weight; it must be free of tangles; and, it must be attached at two (2) permanent points elevated four (4) to seven (7) feet off the ground in a manner that allows the tether to move freely along the length of the cable and
- (2) The dog must be secured to a trolley system in such a manner as to prevent injury, strangulation, or entanglement and
- (3) The dog must be connected to the trolley system by either a properly fitted collar of a size appropriate for the dog or harness of a size appropriate for the dog. The collar or harness must fit in such a manner as to prevent injury, harm, and strangulation to the dog or allow the contained dog to get free;
- (4) The dog shall not be secured to a trolley system during a period of extreme weather, including but not limited to, extreme heat or near-freezing temperatures, thunderstorms, or tornadoes; and
- (5) No more than one (1) dog at a time may be attached to a trolley system and
- (6) The dog is to be monitored periodically

Tethering a dog

(a) "Collar" means any collar constructed of nylon, leather, or similar material specifically designed to be used for a dog.

(b) "Harness" harnesses have a loop that surrounds the neck and the torso of a dog with connecting straps between them for reinforcement.

(c) "Properly fitted" means, with respect to a collar, a collar that measures the circumference of a dog's neck plus at least one inch

(d) "Properly Fitted" means, with respect to a harness, to measure around the dog's chest and neck with an allowance for 2 fingers to fit between the dog and the harness. The collar should not be so tight that it will cause discomfort or so loose that it slides over the dogs head

(e) "Owner" means a person who owns or has custody or control of a dog

An acceptable means of tethering a dog is subject to the following requirements as a means of containment for a dog when:

(1) When tethered, fastened, chained, tied, or restrained to stationary object, the tether must allow the free and untangled movement of the dog.

(2) The tether must be connected to the dog by a properly fitted collar of a size appropriate for the dog or harness of a size appropriate for the dog. The collar or body harness must fit in such a manner as to prevent injury, harm, and strangulation to the dog or allow the contained dog to get free and

(3) The minimum length of a tether is 10 feet.

(4) Except as indicated hereafter, no person shall tether any dog outside to a trolley system unless the animal has been spayed/neutered. However, it is permissible to tether an intact dog when under the direct visual observation of the owner/agent at all times the dog is tethered; it is also permissible to tether an intact dog if it is inside a completely fenced area that will prevent other dogs from coming into contact with the tethered intact dog; and

(5) The dog is to be monitored periodically.

Control of dogs off Owner's Property

Leashing

Dogs may be exercised or transported by means of a chain, leash or other device at a length that permits the dog to remain under direct control. Dogs prone to aggressive tendencies should be restrained by a substantial chain or leash not exceeding six (6) feet in length and under the control of a competent person.

Animals riding in cars and pickup trucks

When transporting an animal in an open vehicle or truck bed the animal must be secured in a crate suitable to safely contain the animal to minimize harm in the event of an accident at prevent its escape when stopped or moving. The crate must be securely fastened within the vehicle to prevent its movement. If a person is found in violation, we asked that the person be fined in accordance with other not in control provisions.

Animal Nuisances

Habitual barking, whining, howling or other objectionable oral noises which result in a serious annoyance to a reasonable person are unacceptable. Affidavit complaints by two non-related neighbors or businesses in separate dwellings shall be reported to the City Prosecutor. Anyone bothered by repeated nuisance behavior is encouraged to file a complaint.

Any animal that repeatedly destroys property, chases persons, cars or other vehicles, runs at large in view of its owner or keeper or exhibits repeated behaviors that interferes with the reasonable use and enjoyment of property will be considered a public nuisance.

Animal Waste

It shall be unlawful for any person who owns, keeps, maintains, harbors or walks a dog or cat, to cause or permit such dog or cat to be on any property, public or private, not owned or possessed by such person unless such dog or cat is accompanied by a person who has in his possession a device for the removal of excrement and a depository for the transmission of excrement to a receptacle located upon property owned or possessed by such person.

It shall be unlawful for any person who owns, keeps, maintains, harbors or walks a dog or cat to immediately fail to remove excrement left by such dog or cat on property, public or private, not owned or possessed by such person. The excrement shall be removed to a proper receptacle.

No person shall allow cat or dog excreta to accumulate in any yard, pen or premises in or upon which a cat or dog shall be confined or kept to the extent that the stench becomes offensive to those residing in the vicinity, or results in a health hazard or nuisance.

Females in Heat

The owner or keeper of a female dog or cat in estrus (in heat) shall be humanely and securely confined. Outdoor activity should be limited until the animals heat cycle has been completed.

Number of Permitted Animals on non-Kennel property

Multiple pet homes are strongly encouraged to spay and neuter all animals. Any home with six or more in-tact and/or altered animals over the age of six months, whether cats or dogs or combination of cats and dogs, shall be considered to be operating a kennel. Kennels may only be operated in compliance with the city's zoning code and ordinances governing the operation of a kennel.

Recommended Penalties

In the event of a violation of the control ordinances that result in a dog running at large in the community, the following structure of penalties are recommended:

First Offense

- Owner pays \$10.00 fee and \$15.00/day to the Sebastian County Humane Society.
- Owner and dog are photographed.
- Owner is issued a citation for violation of leash law ordinance, identification ordinance, and/or rabies control act.
- Owner receives pamphlet as to animal ordinances.
- City of Fort Smith "holds" citation for 15 days.
- City Prosecutor will nolle prosequere charges if proof of identification and/or rabies vaccination by a licensed veterinarian is provided.

- A working system must be established to assure communication between the police department and the prosecutor's office

Second Offense

- Owner's dog is held until animal control officer conducts a premises inspection.
- Upon assurance of future control, the dog is released and the owner pays the Sebastian County Humane Society a \$10.00 fee and \$15.00/day.
- Owner is issued a citation for violation of leash law (second offense).
- Owner receives pamphlet as to animal ordinances.
- A court date is set. If owner is found guilty, the owner is encouraged to spay or neuter an intact dog and a fine will be assessed. If proof of spay or neuter is provided part of the fine will be suspended.
- Likewise, if the owner is found guilty of violation of the identification ordinance (second offense), a fine will be assessed, part of the fine will be suspended if there is proof of microchipping.

Third Offense

- Owner's dog is held again until a second inspection is made of the premises.
- Upon assurance of future control, the dog is released and the owner pays the Sebastian County Humane Society a \$10.00 fee and \$15.00/day.
- The owner is issued a citation for violation of the leash law (third offense).
- A court date is set. If the owner is found guilty, an increased fine will be assessed. The court will mandate spay or neutering, micro-chipping, and rabies vaccination if needed.

Fourth Offense

- Owner's dog is held until a third inspection of the premises is conducted.
- Upon assurance of future control, the dog is released and the owner pays the Sebastian County Humane Society a \$10.00 fee and 15.00/day.
- A citation is issued for violation of the leash law (fourth offense). A court date is set. If the owner is found guilty of violation of the leash law (fourth offense), a significantly increased fine will be assessed and the City Prosecutor will ask the judge to consider mandating the surrender of the dog.



City of Fort Smith Animal Care and Control

Modifications to Existing Ordinances

Sec. 4-1 Definitions

Revise definitions to reflect recommendations

Ordinance 21-11 Animal Services Advisory Board

Revise as recommended by task force

Sec. 4-35 Register upon Impoundment

Remove wording regarding licensing

Sec. 4-41 Redemption by owner

Remove as outdated

Sec. 4-63 Vaccinations

Revise to permit new multiple year inoculations. Revise as recommended by the task force.

Revise dog kennel licensing

Sec. 4-96 Permanent location required

Revise to make it illegal to offer animals as prizes as recommended by the task force.

Sec. 4-131 Damaging shrubbery

Remove and include as part of nuisance ordinance

Sec. 4-116 – Running at large

Revise as provided above under control

Sec. 4-117 Barking and Howling

Redraft as animal nuisances as provided above

Sec. 4-118 Condition of pen and premises

Include as part of minimum standards of care. Revise to reflect the needs of the animals and not the offensiveness of odors to neighbors

Modifications to Existing Ordinances (continued)

Sec. 4-119 Kennels

Revise as recommended by the task force to simplify permitted number of cats and dogs

Sec. 4-120 Tethering

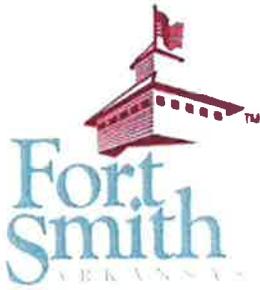
Repeal and replace the ordinance approved by the board to assure safe and securing fencing and permit both the use of trolley systems and tethering of dogs suitable to breed type, both small and strong. Both the Fort Smith Police Animal Control Division and the Sebastian County Humane Society recognize tethering as a suitable means of control. The approved ordinance is both confusing and lengthy in its definitions. While abolishing the use of tethering, it uses the word tether to define trolley systems. Tethering is often humane. The approved ordinance does not take shift workers, home or apartment renters, "fence jumpers/diggers" or fencing inadequacy into consideration.

Sec. 4-11. Annual Registration for Dogs and Cats; Mandatory Spay/Neuter for Dogs and Cats; Hobbyist Permit for Dogs and Cats (introduced 3/15/2011)

Permanently table ordinance establishing mandatory spay/neuter of all dogs and cats and their licensing.

Mandated spay/neuter is difficult to enforce, burdensome to the low income sector and would result in the unintended consequences of inadequate health care and shelter surrenders. The task force does recommend giving cat owners the choice of allowing altered cats to remain at large, but unaltered cats must be confined to the home of the owner or harborer.

Licensing is considered both administratively expensive and an ineffective means of encouraging spay/neuter. Microchipping is considered a more viable alternative.



City of Fort Smith Animal Care and Control

Daniel Jones DDS
Daniel Jones, DDS, Chairman

Joel Culberson
Joel Culberson

Patrick Jacobs
Patrick Jacobs

Ken Kupchick
Ken Kupchick

Jon Remer DVM
Jon Remer, DVM

Michael David Thames DVM
Michael Thames, DVM

Tammy Trouillon
Tammy Trouillon



Animal Ordinance Guidelines

- All dogs must be on a leash or in a secured yard.
- Animal waste must be picked up and disposed of properly.
- Excessive barking or howling is unacceptable and punishable.
- Outside felines may be trapped and reclaimed at the Humane Society.
- All animals 4 months or older must have proof of rabies vaccination by a licensed Veterinarian.
- No more than 5 cats and or dogs over 6 months of age may be kept without an annual kennel license.

(over)

- Spay/Neuter is strongly encouraged to control animal populations and to protect the overall health of pets.
- Violation of city ordinance may result in: a warning, penalty, court costs and restitution.
- Aggressive or vicious dogs are subject to rigid requirements.
- Any tethered dog must have access to food, water, and shelter.
- Dogs and cats shall have ID: Rabies Tag, ID Tag or Microchip, at all times and Microchipping is recommended.
- Animal cruelty or negligence may result in the loss of the pet as well as penalty, court costs and restitution.

***For more information visit the website at
www.fortsmithar.gov***

2

Memorandum

December 8, 2011

To: Kara Bushkuhl, Director of Finance
From: Jackie Joyce, Assistant Director of Finance
Subject: Additional information on Assessment of Financial Systems

At the November 8th Study Session, the Board requested additional information relevant to the assessment of the City's current financial system as presented by The Azimuth Group. You will find attached the following:

- A memorandum from The Azimuth Group (AGI) providing additional replacement cost information and cost estimate clarification
- A memorandum from Data-Tronics (DTC) with feedback pertaining to the AGI "Report of Findings and Recommendations" as delivered to the City on 11/08/11.
- Software systems in use (and remarks) by various Arkansas municipalities

Here is a synopsis of each of these memorandums:

AGI cost estimates for hardware replacement:

City IT staff compared the recommended hardware list with existing equipment and believe the majority of the equipment necessary is already in place should the City pursue a Tier 2 software purchase (as discussed on page 3). The current IT policy is to replace hardware every four to five years based on usage. As a result of this, two line items were decreased resulting in a cost savings of \$145,277 over the original estimates for both Tier 2 options (page five itemizes the cost).

The \$145,277 cost savings is: application hardware, the original quote was \$100,000 and was lowered to \$57,500 realizing a savings of \$42,500. The hardware maintenance was originally quoted at \$110,513 and was reduced to \$7,736, realizing a savings of \$102,777.

Should the City elect to move towards a Tier 2 solution, AGI projects the break-even point to be in year four. By year seven, AGI projects the City will save approximately \$1.7 Million (page five itemizes the cost).

DTC review of AGIs' assessment:

Cindy House, IS Manager at Data-Tronics oversees the City's financial system. She was present at the November 8 Study Session and has prepared the attached

memorandum to address two major areas: Items to consider if the City pursues the purchase of a new financial software solution (pages 1-4) and, areas of concern identified in AGIs' report (pages 4-7). Cindy House and DTC IS Director, Bill Lohse will be present at the study session to address any questions the Board or staff may have.

Should the Board's directive be to proceed with replacing the existing financial system, AGI indicates a cost savings; there are concerns that other unknown costs exist the City has not identified nor addressed. Additionally, DTC has provided a list of 33 items to consider should the City pursue a new software solution.

Simply for information, the first program that DTC designed for the City was the Utility Billing system. It was the only application being used by the City for many years. This application has been refined numerous times and as indicated in the Azimuth report, no weaknesses were identified. \$47,082,470 of charges was billed in 2010 through this system.

In AGI's report, it states that both packages "...provide all of the functionality present in the existing system plus new functionality" but this is not the case:

- Collection Department system processed \$63,986,795 in receipts in 2010 and recorded not only the Utility Billing but all other City revenues
- They maintain the licensing system for 6,110 City businesses
- They manage the entire process for billing and recording of the Advertising and Promotion's Hospitality Tax.

However, the Functionality Table in AGIs' memo indicates that New World did not quote the Cashiering module.

- There are some Human Resource Management services which the current system provides that AGI's report did not list.
- There is a system for collecting data at the Sanitation Department that assists with the preparation of state mandated reports on waste processed at the City landfill which was not addressed.

These are just a few examples to indicate potential additional costs.

Software systems in use by Arkansas municipalities:

We requested information from other municipalities about the type of financial software systems they are currently using and to provide feedback about these systems. Summary is listed below, responses received are attached.

City of Bentonville

- Sungard H.T.E. (since 2000)
- Pleased with the purchase and training
- Purchasing 10 modules; currently using 9
- Good support

City of Conway

- Springbrook Software (PC based)
- More adaptive to reporting than prior software used
- Does not recommend this software

City of Fayetteville

- New World Financial Software (since early 90's)
- Fairly satisfied
- Not internet based; seeking to replace in 2 years

City of Hot Springs

- New World Systems (since 1993)
- Using AS400 (becoming obsolete-phasing out)
- Stable & reliable system; little or no down-time
- Archaic and not user friendly

City of Little Rock

- Lawson (since 2007)
- Fairly easy to navigate
- Secure

City of North Little Rock

- Mainstreet Software (since 1999)
- Recently bought-out by Harris Software
- Support issues
- Seeking to replace

City of Springdale

- Sungard Public Sector (since 1999)
- Reliable and pleased with the financial modules
- Issues noted:
 - Cash receipts: have to create Excel spreadsheets to summarize deposits in order to reconcile bank statement
 - Accounts Receivable: constantly monitoring posting transactions on reversal and overpayments
- Purchased 9 modules
 - Do not recommend one of the modules
 - A third of the modules are not utilized
 - Very pleased with three of the modules

- Expensive: software licenses run approximately \$100,000 annually

City of Stuttgart

- CSA Software Solutions (Red Wing Software)
- Great support

The City of Fort Smith Finance Department has enjoyed a long-standing and successful working relationship with DTC. The statement made by AGI that “the City has a current partner that is local and provides a level of service and customization that is not available by any outside vendor” is true. In 1996 when the tornado hit downtown, City employees were unable to enter the building and DTC was prepared to allow City employees to work in their building if necessary to insure that essential services were performed.

We have heard unfavorable stories from other Cities regarding software conversions. We are aware business processes may have to change; however, we also want the best system and value for the City to assist us in providing consistent, citizen focused services to the best of our abilities. We recognize no software solution is without flaw, we believe the service, local support and DTC’s willingness to work together with us to be a very valuable asset to the City.

This process has pointed out that if we continue the relationship with DTC Finance needs to be more proactive in working with the other departments to insure that they have the data they need to perform their jobs in the most efficient and effective manner.

It also has made us aware that if the relationship with DTC is discontinued, there are other options available. With the Board’s directive staff is prepared to move forward with whichever software option is selected.



MEMO

December 2, 2011

TO: Kara Bushkuhl, Director of Finance
FROM: Jerry Tweedy, The Azimuth Group
SUBJECT: Additional Replacement Cost Research

The Azimuth Group (AGI) delivered its final report to the City Board of Directors on November 8. Within the report, the AGI Team laid out various cost estimates for each of the vendors who demonstrated their software to City staff during the assessment project. The three vendors included; Lawson Software, Tyler Technologies and New World Systems. At the conclusion of the session, Board of Director members referenced some specific questions as to the true replacement cycle for the proposed hardware. Subsequent to that meeting, City staff has asked specific questions for clarification around the cost estimates presented in the work session. In order to address the questions, the AGI Team undertook a review of the initial costs in conjunction with the City's Information Technology Department. The result of the additional review is presented below.

Functionality of Proposed System

As the AGI Team began its review, staff asked the AGI Team to clarify the functionality contained in the cost estimate. In preparing the estimates, each vendor was asked to provide a high-level budget estimate. Both Tyler and New World provided sufficient detail to determine the specific functional areas included in the quote, however, Lawson only provided a total estimated cost for software and services. Because of this, Lawson is being dropped from this analysis.

The table below lays out the core functional areas that were included within the scope of the assessment. For each functional area, a check mark is placed next to the corresponding functional area if it was provided within their quote. For comparison purposes, the table will include known DataTronics functionality.

Functional Area	Tyler	New World	DataTronics
General Ledger	✓	✓	✓
Accounts Payable	✓	✓	✓
Budget Preparation	✓	✓	
Project Accounting	✓	✓	

Functional Area	Tyler	New World	DataTronics
Grant Accounting	✓	✓	
Fixed Assets	✓	✓	
Purchasing	✓	✓	✓
Contract Management	✓		
Bid Management	✓	✓	
Requisitions	✓	✓	
Treasury Management	✓	✓	
General Billing	✓	✓	✓
Accounts Receivable	✓	✓	✓
Cashiering	✓		✓
Utility Billing	✓	✓	✓
Human Resource Management (benefits, event tracking, compensation planning, FMLA tracking, retiree tracking)	✓	✓	
Applicant Tracking	✓	✓	
Payroll	✓	✓	✓
Employee Self Service	✓	✓	
Employee Expense Reimbursement	✓		

Functional Area	Tyler	New World	DataTronics
Citizen Self Service	✓	✓	✓
Enhanced Analytical Reporting	✓	✓	

As indicated above, both the Tyler and New World quote provide all of the functionality present in the existing system plus new functionality in key areas such as project accounting, grant accounting, human resources, fixed assets and contract/bid management. If the City elects to select new software, it is the recommendation of the AGI team that detailed requirements be created for each functionality area to ensure that a new system does not cause a significant loss of existing functionality.

Clarification of Cost Estimates

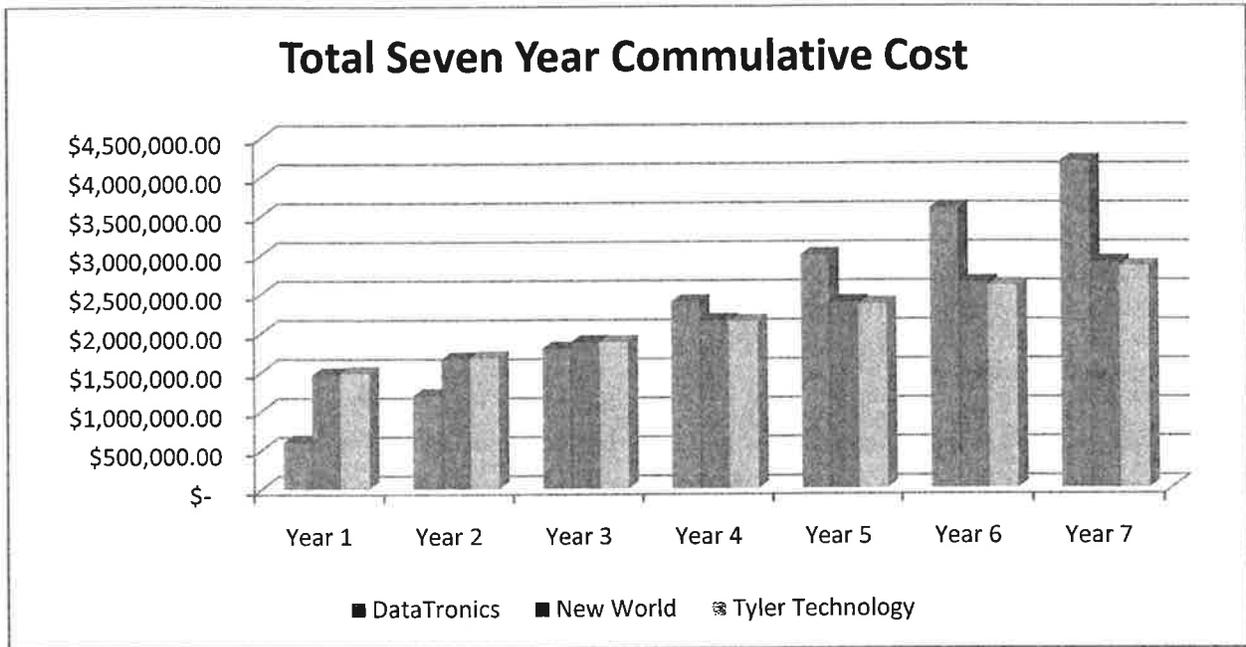
Staff have requested that the Azimuth Group clarify specific details associated with the pricing, specifically, the amount of information technology required for the new solution. AGI obtained a recommended hardware list from both Tyler and New World for a large scale redundant solution utilizing the City’s standard virtualized solution. The City’s IT Staff were then asked to compare the recommended solution with existing capacity. After the review, it was the IT Staff’s opinion that the majority of required hardware was already in place and could be utilized for either Tyler or New World. Therefore, the total initial hardware purchase is estimated to be \$3,500. The pricing below doubles that cost for a contingency. The change also affects the maintenance cost as the City will not incur new costs associated with the system. (Detailed costs for DataTronics, New World and Tyler can be found in the Appendix at the end of this document). Lastly, in order to address hardware replacement costs, AGI has included \$50,500 in year four of the cost estimate, as the City’s current policy is to replace hardware 4 to 5 years after purchase depending upon usage. The \$50,500 is less than originally estimated and is based upon a quote from Dell Hardware for a hardware configuration similar to that provided by both Tyler and New World.

The table below shows the total five year cost for DataTronics, Tyler and New World. Based upon the revised information, the City can expect to spend approximately \$1.5 million on the implementation. However, the total five year cost for Tyler and New World will be approximately \$600,000 less than that for DataTronics.

Total Yearly Cost

Vendor	Year 1	Year 2	Year 3	Year 4	Year 5
DataTronics	\$ 597,842.56	\$ 597,842.56	\$ 597,842.56	\$ 597,842.56	\$ 597,842.56
Tyler Technology	\$ 1,460,899.03	\$ 202,467.50	\$ 212,590.88	\$ 273,720.43	\$ 234,381.44
New World	\$ 1,482,997.03	\$ 191,425.50	\$ 200,996.78	\$ 261,546.62	\$ 221,598.95

The chart below provides another view of the cost and shows the breakeven point to be early in year 4. By year seven the City will save approximately \$1.7 million dollars if the City elects to move toward a Tier 2 solution. .



In summary, the functional break down and cost estimates present a compelling case for moving toward a new Tier 2 solution. Tier 2 solutions are designed exclusively for public sector entities and incorporate best practice processes for local governments. Additionally, solutions like New World or Tyler provide a process to grow and expand functionality as each vendor adds new features and capabilities. However, the City has a current partner that is local and provides a level of service and customization that is not available by any outside vendor. This service does come with a lack of functionality in core business areas and increased cost. It is therefore our continued recommendation that the City explore options for new software through a systematic software replacement process that seeks to identify and fill current gaps in functionality while also ensuring that the City does not create issues in other areas.

Appendix

Total 7 Year DataTronics Cost

Cost Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total Five Year Cost	Year 6	Year 7	Total Seven Year Cost
Processing: ¹	\$ 457,897.03	\$ 457,897.03	\$ 457,897.03	\$ 457,897.03	\$ 457,897.03	\$ 2,289,485.13	\$ 457,897.03	\$ 457,897.03	\$ 3,205,279.18
Programming: ¹	\$ 139,945.53	\$ 139,945.53	\$ 139,945.53	\$ 139,945.53	\$ 139,945.53	\$ 699,727.66	\$ 139,945.53	\$ 139,945.53	\$ 979,618.72
Total Cost	\$ 597,842.56	\$ 2,989,212.79	\$ 597,842.56	\$ 597,842.56	\$ 4,184,897.90				

Notes:

1 Processing and programming costs are based upon average of previous three and half years of actual costs.

Total 7 Year Tyler MUNIS Cost

Cost Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total Five Year Cost	Year 6	Year 7	Total Seven Year Cost
Continued DataTronics Support	457,987					\$ 457,987			\$ 457,987
Software	547,300					\$ 547,300			\$ 547,300
Implementation Services	316,325					\$ 316,325			\$ 316,325
Hardware	7,000			50,500		\$ 57,500			\$ 57,500
3rd Party Software	34,497					\$ 34,497			\$ 34,497
Software Maintenance		99,788	104,777	110,016	115,517	\$ 430,099	121,293	127,358	\$ 678,749
Hardware Maintenance	1,400	1,470	1,544	1,621	1,702	\$ 7,736	1,787	1,876	\$ 11,399
3rd Party Maintenance	6,200	6,510	6,836	7,177	7,536	\$ 34,259	7,913	8,309	\$ 50,480
Internal IT Staff	90,190	94,700	99,434	104,406	109,627	\$ 498,357	115,108	120,863	\$ 734,328
Total	1,460,899	202,468	212,591	273,720	234,381	\$ 2,384,059	246,101	258,406	\$ 2,888,565

Notes:

- 1 Internal Staff numbers assume 1 new Applications Analyst to support and maintain the system. Database Administration support will be provided by current staff
- 2 Software maintenance cost is based upon 18% for year two with a 5% increase every year thereafter.
- 3 Hardware estimate Includes a primary application and database server and a single test/development server.

Total 7 Year New World Cost

Column	Year 1	Year 2	Year 3	Year 4	Year 5	Total Five Years	Year 6	Year 7	Total Seven Year Cost
Continued DataTronics Support	457,987					\$ 457,987			\$ 457,987
Software	510,300					\$ 510,300			\$ 510,300
Implementation Services	325,400					\$ 325,400			\$ 325,400
Hardware	7,000			50,500		\$ 57,500			\$ 57,500
Software Maintenance	90,720	95,256	100,019	105,020	110,271	\$ 501,285	115,784	121,573	\$ 738,643
Hardware Maintenance	1,400	1,470	1,544	1,621	1,702	\$ 7,736	1,787	1,876	\$ 11,399
Internal IT Staff	90,190	94,700	99,434	104,406	109,627	\$ 498,357	115,108	120,863	\$ 734,328
Total	1,482,997	191,426	200,997	261,547	221,599	\$ 2,358,565	232,679	244,313	\$ 2,835,557

Notes:

- 1 Internal Staff numbers assume 1 new Applications Analyst to support and maintain the system. Database Administration support will be provided by current staff
- 2 Software maintenance cost is based upon 18% for year two with a 5% increase every year thereafter.
- 3 Hardware estimate includes a primary application and database server and a single test/development server.

MEMO

Date: November 21, 2011

To: Jackie Joyce
Assistant Finance Director
The City of Fort Smith, Arkansas

From: Cindy House
Manager, IS
Data-Tronics Corp.

Subject: Report from The Azimuth Group

Per your request, I have reviewed The Azimuth Group, Inc. report presented at the Board of Directors' Study Group session on November 8, 2011. While looking at the cost comparison on page 9, I wanted to mention that the processing agreement between DTC and the City has an 18 month advance notification clause when terminating the contract, instead of the 12 months shown in the report's cost analysis. Also of note, upon terminating the contract with DTC, any vendor interaction provided by DTC related to the City's package implementation would likely be a billable item at a to-be-determined rate.

While reviewing the report, I thought of several items which the City may want to consider when evaluating the report and vendor packages in general. I have listed these items below along with a report page number (Pg.?) and other information to clarify the reference, such as the paragraph number (p.?) and item number (item#?).

Following that, I have included a section listing some of the weaknesses specifically noted in the report beginning on page 17. I have not included every weakness listed in the report because some of the items do not need a DTC solution.

As always, it is a pleasure to be of assistance to you and the City of Fort Smith. DTC values our long relationship with the City of Fort Smith, and we appreciate the opportunity to help the City with this issue. And while we do value our business relationship, we are also citizens of Fort Smith, and we want our city leaders to do what is best for the City.

Please do not hesitate to give me a call if you have any questions about the information presented.

Items to consider –

- 1) There are a variety of services provided by DTC at no additional charge to the City which are considered part of the day-to-day business of supporting the City of Fort Smith applications. These items include tasks such as cost-of-living processing, CASS certification of mailing addresses, and monthly testing of Microsoft's published patches to ensure compatibility with the current system's features and correcting any deficiencies. Environmentally sensitive forms are stored at DTC. 1099 and W2 forms are provided. Interfaces with several outside systems/vendors have been created, and data transfers occur on a regular basis.
- 2) (Pg.7 p.4 / Pg.9 chart) Does the vendor offer any services for small programming requests at no cost? What is the charge for a programming request and how is it scheduled / prioritized? Are there additional fees for time-sensitive requests? The DTC monthly processing charges includes minor programming requests taking less than 2 hours to complete and, as such, are not charged to the City.
- 3) (Pg.8 p.4) How much time in hours is included in the "assistance in the conversion of data" and how much will additional conversion time cost the City if more time is needed?
- 4) (Pg.9 p.1) What cost will the City incur after the single production server reaches the end of its useful life in 5 years?

- 5) (Pg.9 chart) Did the vendors offer options to pick specific modules to cover selected functional areas of the public sector system so that the City can choose which pieces of the system they want to implement, perhaps reducing the total cost presented?
- 6) (Pg.9 chart) How many hours of training time will be provided by each vendor as part of the vendor's cost presented? Is this enough to train the Power Users for each department or functional area? What is the cost for additional training time as part of the implementation?
- 7) (Pg.9 chart) Will there be ongoing training for City personnel as new releases of the package are released and rolled-out? What is the cost of this ongoing training?
- 8) (Pg.9 chart) Does the cost shown for each vendor's package include an Internet "online bill payment" service? If the City continues to accept payments for water bills and A/R accounts over the Internet and hosts the "online bill payment" site, the City may have added costs. This could include items such as buying additional CALs (Client Access Licenses) and purchasing External Connector licenses from Microsoft.
- 9) (Pg.9 chart) Were the security requirements inherent in accepting payments via the Internet, using credit cards and/or bank accounts, to pay water bills and A/R accounts included in the price quote from the vendors? This functionality usually is not considered a package issue and would be the responsibility of the City. Firewall protection, intrusion detection/prevention, and Internet attacks can be expensive to defend against. There are expensive repercussions if a customer's credit card information is compromised or stolen.
- 10) (Pg.9 chart) Will the system store credit card numbers, bank accounts, tax IDs, and/or social security numbers? If so, are they encrypted? In the current DTC-supported system, no credit card numbers are stored. Bank account numbers, tax IDs, and SSNs are stored as encrypted data and only decrypted during specific reporting requirements.
- 11) (Pg.9 chart) Will there be an additional cost(s) for the City to include the package and its data in the City's Disaster Recovery Plan? Is there an additional cost to test the package at an off-site facility (i.e. bring the package up at temporary location as part of a disaster recovery test)? What support does the vendor provide in the event that the City has a disaster? The DTC-supported City systems are included in the IT Disaster Recovery Plan DTC has implemented for all our internal and external customers, which are tested periodically (annual, at a minimum).
- 12) (Pg.9 chart) Where will printed reports be produced? Will there be an additional cost to the City for new printers? Payroll checks, Direct Deposit statements, W2s, 1099s, and License renewals currently utilize a fold-n-seal process. Will this feature be available in the new system?
- 13) (Pg.9 chart) The Azimuth Group report provided cost estimates for several packages assuming the City would be responsible for hosting the package(s). If the City does not host the vendor package, what are the costs and limitations associated with this approach? In a vendor-hosted scenario, is there a guaranteed service level for down-time and disaster recovery?
- 14) (Pg.9 chart) Azimuth's Cost Analysis noted Lawson's Implementation Services cost of approximately \$2.6 million (accounting for most of the price difference between Lawson and the Tier 2 vendors); whereas, the Tier 2 vendors only included approximately \$320,000. What conversion services does Lawson expect / include that would create such a cost differential between the Tier 1 and Tier 2 vendors?
- 15) (Pg.9 chart) How will problems / bugs be handled by the vendor? What will the procedures be to address programming problems? What is the expected timeframe for correcting a problem/bug once it has been identified?
- 16) (Pg.9 chart / Pg.13 chart) Azimuth's Assessment of Benefit and Risks has an entry for "Implementation and transition costs more than expected." If the estimated cost is exceeded by more than 10% for either Tier 2 vendor, the City will not see a savings until after 5 years.
- 17) (Pg.9 chart) There is a "soft" cost associated with the decision making process. This cost includes not only the individual's time spent working on the stated process and the cost of materials used

in the process, but also the opportunity cost for these individuals when they are not doing their normal job.

- 18) (Pg.9 chart) Another "soft" cost associated with transitioning to a packaged solution is the time needed for people to learn new business practices required by using a new package. Initially it can take longer to complete a task using a new procedure, even when the task is automated, than it took to complete the task manually. The acceptance of change and the amount of change required will negatively impact people's productivity in the short run, even when the new process improves the department's overall performance in the long run.
- 19) (Pg.10 item#1) Is it reasonable to expect a package supporting all the City's application needs will only take one additional person? The 7 people in the City's IT department would be taking over a tremendous amount of additional services and system-support with a packaged solution. It seems unlikely that this additional workload could be handled by adding only one City IT person. DTC has multiple people supporting the City's current systems. This includes DTC's dedicated City-support team, Technical Services, Computer Operations, Help Desk, Information Center, EDI analysts, and Training department.
- 20) (Pg.10 item#1) Will the volume of the additional data stored in the vendor's database require the City to upgrade their SQL server sooner than planned? Is a server upgrade in the Software Maintenance or Hardware Maintenance Cost Analysis provided by Azimuth?
- 21) (Pg.10 item#2) Will upgrades to the package require the City to upgrade their internal infrastructure? ABC/ABF/DTC had to replace some printers and scanners when Windows 7 was rolled out to users. Upgrades in operating systems are not always "backwards compatible".
- 22) (Pg.10 item#2) Azimuth's Cost Analysis indicated that software maintenance for year1 was included in Tyler Technologies purchase price. Was there an additional software maintenance charge for year 1 from the other vendors?
- 23) (Pg.10 item#2) Azimuth's Cost Analysis priced Lawson, New World Solutions, and Tyler Technologies with a 5% increase in software maintenance fees after year two. Was this based on historic data from the vendors? Will there be a price increase limit included in the contract or can the vendor take any level of increase between years?
- 24) (Pg.10 item#4) Azimuth's Cost Analysis only includes one production server to run the entire package with no redundancy cost included. The current City's Intranet system supported by DTC (my.City.Corp) runs on two Intranet production servers for redundancy purposes, in case of a hardware failure. The City's Online Bill Pay Internet system supported by DTC (accounts.fortsmithar.gov) runs on two additional Internet production servers. It is generally not advisable to run an Internet system and Intranet system on the same server.
- 25) (Pg.10 chart) The City areas, identified in the Azimuth report, as having the lowest ratings in relation to "Fit with Best Practices" and "Profile of Importance vs. Performance" are areas which have requested fewer projects (or none) from DTC. City areas who regularly request projects from DTC showed high ratings in their comparison to Best Practices for their functional area. This seems to indicate that functional areas are aware of the changes needed, but they may be unaware of the option to request projects from DTC.
- 26) (Pg.11 chart) Azimuth received feedback from City employees identified as the Core Team and End Users. Both groups placed a high value on customization and a low value on Cost. If this is a critical feature from both groups, what impact will this have on the City department's acceptance of a packaged solution?
- 27) (Pg.12 p.1) Azimuth's report states that "With many Tier 2 vendors, customizations are discouraged." What will happen if the City pays for customized changes and these changes conflict with future releases of the package? Will the City have to pay for additional programming to retain the customized changes?
- 28) (Pg.12 chart) Azimuth's "Profile of Importance vs. Performance" indicates that the Utility Billing system has the lowest rating of importance and modest rating in performance. This seems to

contradict Azimuth's "Fit with Best Practices" analysis, which indicated that the Utility Billing area had one of the highest ratings of their current system for following the industry's Best Practices. Azimuth's report specifically notes that they believe this Best Practices high rating of the Utility Billing area is because "the Utility Billing is the most full featured set of functionality in the current Data-Tronics system."

- 29) (Pg.13 chart) What happens if the selected vendor goes out of business or is bought by another company? This was included in the "Retain Data-Tronics" option's Risk section. It was not included as a risk in Azimuth's "Assessment of Benefits and Risk" for the "Replace with Commercial Software" option.
- 30) (Pg.13 chart) In Azimuth's Assessment of Benefit and Risks, the results did not indicate the relative importance/risk of an item. Some items seem more likely to occur than other items listed.
- 31) (Pg.14 p.2) The Azimuth report notes that some City personnel have purchased systems to supplement the existing functionality creating support issues for the City's IT department. Will this practice continue in the future? If so, will this be an issue since Tier 2 vendors discourage customization?
- 32) (Pg.15 Recommendations p.1) The Azimuth report's Recommendation notes that the average lifespan of most financial systems is 7 to 10 years. Does this mean that the City will need to replace the vendor's package in 10 years?
- 33) Support for the City's current Sanitation system was not specifically mentioned in the report. Was this department included in one of the other functional areas?

Weaknesses Identified in The Azimuth Group, Inc. Report –

A number of items were noted by The Azimuth Group as weakness in the current City IT systems supported by Data-Tronics for a variety of departments. Not all weaknesses need a Data-Tronics programming change. The weaknesses that could be addressed by Data-Tronics programming solution are listed below. A rough guess has been made to the size/cost of a programming project to remedy a specific weakness identified by the Azimuth Group. These estimated programming projects are the type of items included in the monthly DTC programming charges. The Azimuth Group estimated the annual DTC programming charge to be \$139,945.53.

These rough estimates are based on historic projects (installed City projects) perceived to have similar complexity as the identified weakness. The complexity of a programming project was determined based on DTC's experience with projects in each process area and by general conversations over the past years with the respective process owner, such as discussions with Jackie Joyce and Jacinta Winstead about potential General Ledger system improvements and discussions with Richard Jones about Human Resource system improvements. These estimates were created without system definition discussions between DTC and the City's process owner. As such, these rough estimates should be used only as a *guideline* and *not a formal quote*. In addition, the timeframe for implementing these projects will depend on the City's priorities and project scheduling issues.

General Ledger Process –

#3 The existing general ledger system lacks traditional ad hoc reporting capability. It does contain a few common reports and queries, however, most reports are either run by Data-Tronics staff and delivered via pdf file or staff must capture data and load the captured data into a spreadsheet file for analysis and manipulation. **Rough estimate: \$2,500**

#4 The City's bank reconciliation process is entirely manual. Staff review paper bank statements against system data and identify outstanding checks, deposits and other bank transactions. **Rough estimate: \$2,500 - \$5,000**

****NOTE**** A rough estimate for rewriting the City's current General Ledger system is between \$50,000 - \$200,000 potentially, depending on the functionality included. DTC has been

working with the City's Finance Department to divide a full rewrite into smaller deliverables to minimize the risk inherent in a full system conversion.

Accounts Payable Process –

#1 The existing system uses a single database to store vendors for use in the Accounts Payable and Procurement functions. This database is limited in that it only provides for a single relationship between vendor name and vendor address. For those vendors with multiple addresses (different pay-to and order to addresses), the system forces duplicate vendors to be entered since the system only allows for one address for one vendor. **Rough estimate: \$2,500**

#2 Electronic payments represent a small portion of the City's total AP volume. The City's current business process uses paper checks with a small number of wire transfers that are not completed within the AP system itself. Studies have shown that a transaction to ACH payments can produce cost savings in excess of \$1.00 per transaction while also increasing productivity and reducing the risk of lost checks. **Rough estimate: \$2,500**

#3 The current procurement process is highly manual requiring Departments to complete a paper receiver form to document receipt of goods or services. This form is then sent to the Accounts Payable Department, who match the receiver with the purchase order and invoice and make payment. Because this process is highly manual, there is a lag between receipt of goods and services and payment. Depending upon the department, this lag can prevent the City from taking prompt payment discounts while also putting pressure on the process to make payment with the State mandated timeframe. **Rough estimate: \$25,000 - \$50,000**

#4 The Purchasing and Accounts Payable modules of Data-Tronics lack true database and process integration. Receipts are recorded manually and sent via interoffice mail to the AP staff. Once received, the invoice, when entered is not electronically matched to the Purchase Order since the PO is also created outside of the core Data-Tronics system. **No estimate, deploying the new Purchase Order system should address this issue.**

#5 The City has attempted to implement a Document Management solution with little success. The current solution is used in some occasions but lacks integration with the Data-Tronics system. The lack of document imaging has resulted in excessive manual filing and the need to store large volumes of paper documents. Additionally, the information from the paper invoice must be manually translated into the system since the existing software offers no OCR capabilities. **Rough estimate: \$5,000 - \$20,000**

Purchasing Process –

#2 The Data-Tronics' system today has some basic workflow process built in; however, the approval hierarchy is hardcoded into the software meaning that the Purchasing Manager must be in the office to approve PO's. **Rough estimate: \$5,000 - \$15,000**

Fixed Asset Process –

#1 The City's existing fixed asset process is highly manual and is completely outside of the core accounting system. Journal entries must be created and made manually via an upload process. Additionally, the current fixed asset process relies upon a manual process to identify, track and dispose of fixed assets. Because the process is reliant upon manual interaction up front, the asset identification process is time consuming and open to errors in identification. **Rough estimate: \$10,000 - \$20,000**

Project and Grant Tracking Process –

#2 The existing Data-Tronics system lacks a central tool for the tracking of project and grant information. Because of this, City staff manage these activities in a decentralized manner with a collection of manual processes and MS Excel spreadsheets. Additionally, the City lacks a mechanism to share and report on the disparate sets of information. The result is an incomplete picture of the status of many project and grant activities. **Rough estimate: \$20,000 - \$35,000**

#3 The existing Chart of Accounts structure is limited in its ability to track and manage project and grant activity. Furthermore, the fundamental structure lacks the ability to expand using sequential numbering that is not reliant upon smart numbering whose meaning can be lost through passage of time. **Rough estimate: \$10,000 - \$50,000**

Budget Process –

#1 The City's budget process is completely manual, requiring departments to submit their budget via paper worksheets or MS Excel spreadsheets. Once received, the departmental submittals are printed and the values are transcribed into the overall City budget worksheet which is contained in MS Excel. **Rough estimate: \$10,000 - \$50,000**

#2 The existing budget worksheets are limited in that they are not produced from the Data-Tronics system and therefore do not contain prior year historical information such as prior year budget and prior year actual. This information must be manually gathered by each department. **Rough estimate: \$10,000 - \$50,000**

#4 After the budget is approved, there is very little systematic monitoring of the budget. The existing system provides little canned reporting. The system does provide a green bar report that is parsed for departmental budget information while all Departments also have access to a GL Inquiry and Analysis tool. Many departments have developed shadow systems whereby they track the current balance plus expenditures to enable staff to know their current financial position. Others have gone to external software packages like Quicken. **Rough estimate: \$10,000 - \$50,000**

Human Resource Process –

#1 The City lacks a true centralized human capital management system. Today, virtually all human resources management activities rely on manual processes and hard copy documentation. Additionally, duplicate information is stored in multiple locations as each department duplicates similar information to that stored centrally by the HR department. **Rough estimate: \$35,000 - \$50,000**

#2 The City's existing system does not support an electronic applicant tracking process. Therefore, there is no centrally managed tracking process to support consolidation of staffing requests, posting and advertising, and the identification and review of potential candidates. Today, applications are submitted via PDF file or paper file and must be reviewed manually. Once potential candidates are identified, they are prequalified by HR staff and then sent to the Department for interviews. **Rough estimate: \$15,000 - \$30,000**

#3 The City's current benefits enrollment process relies upon the completion of manual paper forms. Once the forms are completed, the HR Department must compile the form and update the benefits selection area of the Data-Tronics system. **Rough estimate: \$15,000 - \$30,000**

#4 The City lacks a self-service HR system that allows employees to view and change certain employee information based upon a pre-determined work flow, see pay check and W-2 information, enter time for payroll purposes and enroll or change benefit plans. **Rough estimate: \$15,000- \$25,000**

#5 The Disciplinary tracking and reporting process utilizes a mix of manual processes which are then entered as a transaction in the payroll system. This process is inefficient in that a paper document is completed by the employee who then reviews the report with the manager. The manager must then review the review and then meet with the employee. At that time the document is approved and then the results entered into the Data-Tronics system. A more efficient system would utilize a single system to create the original self-assessment and then route that assessment to the manager via a Manager Self Service feature. Upon approval, the system would consolidate all evaluations into a single location for analysis and input into the compensation system. **Rough estimate: \$15,000- \$20,000**

#6 The existing system lacks core functionality in the area of Safety Evaluation. Today, Safety Tracking is a manual process that lacks any information technology support. Support could allow the City to potentially identify areas of safety risk and develop corrective actions prior to an actual event. **No estimate, unsure of the data to which this request applies.**

#7 The employee evaluation process is totally manual. The process relies upon the completion of manual self-evaluations. This information is stored in paper form making it difficult to consolidate and track. Additionally, this evaluation information is completely separate from disciplinary records which are stored in Data-Tronics. **Rough estimate: \$15,000- \$20,000**

#8 The City issues equipment and uniforms to staff during the employee's period of employment. This information is tracked manually by each department. Because it is tracked manually in a decentralized manner, it is difficult for HR and Payroll staff to ensure that material is returned at the time of employment separation. A consolidated system would allow the City to ensure that all equipment is returned prior to distribution of the final pay check. **Rough estimate: \$5,000- \$20,000**

Revenue Collection Process -

#2 The structure of the existing AR customer database forces staff to load duplicate customers for different parts of the system. Because of this, payments can be applied to the wrong customer making a payment appear to be outstanding when it in fact has been paid. **Rough estimate: \$2,500 - \$5,000**

#3 Staff desire to link the entire planning and permitting process into a common workflow based framework. This approach would make history available within the payment side of the application. Additionally, this would allow changes to be made in one place with the change flowing out so that every user can see the change. **Rough estimate: \$15,000- \$25,000**

#4 The existing software has limited search capability. The ability to search by street would allow staff to search on a range of addresses in order to narrow down the correct account. **No estimate, unsure of the data to which this request applies.**

#5 The existing revenue code structure is limited in its use. Staff need the flexibility to expand revenue codes that are required to meet legal requirements. **Rough estimate: \$15,000- \$25,000**

Meter Shop -

#2 The existing Data-Tronic's system lacks the ability to store meter history. For instance, the system only shows where the meter is presently, it doesn't show where it has been. Since meters can be moved from location to location, the inability to track the location reduces the meter shop's ability to track trends and identify overall length of service. **Rough estimate: \$15,000- \$25,000**

#3 Water Utilities is using multiple work order systems. Certain items go into Data-Tronics and others go into the GBA Master Series software. Crews can be working at one location with two different work orders from two different systems. **Rough estimate: \$15,000- \$25,000**

#4 The existing security configuration for staff in the Meter Shop within Data-Tronics is overly restrictive. Currently, only a few staff have the ability to make changes to the accounts and meters as necessary. More staff within the Meter Shop need the ability to modify customer accounts based upon changes to the accounts meter information. **Rough estimate: \$0 - \$5,000 (New people can be given authority to the current "change" functionality at no charge to the City. However, new "change" options would require programming charges.)**

ccs: Bill Lohse, Director, IS, Data-Tronics Corp.
Dave Cogswell, President, Data-Tronics Corp.
Michael Newcity, Vice President - CFO, Arkansas Best Corporation
Judy McReynolds, President and CEO, Arkansas Best Corporation

Joyce, Jackie

From: Bahsoon, Alie
Content: Thursday, December 08, 2011 12:35 PM
To: Joyce, Jackie
Subject: FW: Financial Software

City of Bentonville...

From: Denise Land [mailto:DLand@bentonvillear.com]
Sent: Thursday, December 08, 2011 12:26 PM
To: Bahsoon, Alie
Subject: RE: Financial Software

We use Sungard H.T.E out of St. Mary Florida.

We have been on it since about 2000. When we did our shopping we looked at New World (which is what Fayetteville uses) and H.T.E. Our electric billing was a big factor in choosing H.T.E. since New World did not have hardly any electric customers.

We have been pretty happy with our purchase. We have the Financials, Purchasing, Payroll, Utility Billing, Planning and Engineering, Work Orders, Code Enforcement, Building Permits, and Business Licenses (even though we don't use it).

I was happy with the training aspect. They would send up a trainer who would go over the module and work with staff to help them see it from the ground floor as we set up the basics. They were also here when we went live just in case we had things go South. I think we get good support from their Help Desk which to me is also a big deal.

I believe Hot Springs also bought New World whereas the City of Springdale went with H.T.E. years ago as well.

You guys ever want to do a visit and see how we do on line approvals, account balance inquiry, etc. we would be happy to have you.

Denise Land
Finance Director
City of Bentonville
117 West Central Avenue
Bentonville, AR 72712
Office Phone - 479-271-3118
Fax Number - 479-271-5913

From: Bahsoon, Alie [mailto:bahsoon@FortSmithAR.gov]
Sent: Thursday, December 08, 2011 12:16 PM
To: Denise Land
Subject: Financial Software

Hello Denise.

How you and I had a brief phone conversation about this matter a while back but wanted to ask you again...

The City of Fort Smith is looking at possibly requesting bids for new software. Can you tell me what software you all use and any comments you may have about the software?

Thanks and hope all is well.

Alie

*Mr. Alie Bahsoon, Purchasing Manager
City of Fort Smith, AR
479-784-2267 Phone
479-784-2484 Fax
abahsoon@fortsmithar.gov
www.fortsmithar.gov*

Joyce, Jackie

From: Perry Faulkner [Perry.Faulkner@cityofconway.org]
Content: Wednesday, December 07, 2011 10:07 AM
From: Joyce, Jackie
Subject: RE: Financial Software

Jackie,

Hello from Conway....

We are using Springbrook software out of Oregon. It is a pc based software.

The software seems to be more adaptive to reporting, but I will not recommend this software to you.

The city was using ACS software out of MN, it is a A/S 400 software. I would recommend them.

Thanks
Perry

Perry Faulkner

City of Conway

1201 Oak St

Conway, AR 72032

501-513-3500 Ext 110

1-450-6109 Fax

perry.faulkner@cityofconway.org

www.cityofconway.org

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Tuesday, December 06, 2011 5:07 PM
To: cerkel@cityofjacksonville.net; Perry Faulkner
Subject: Financial Software

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Tuesday, December 06, 2011 2:25 PM
To: Marsha Hertweck; Jake Harper; Dorethea Yates; Jane Jackson; Laura Favorite; SThomas@northlittlerock.ar.gov; stevenm@cityofpinebluff.com
Subject: Financial Software

Hi All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Jackie

Joyce, Jackie

From: Marsha Hertweck [mhertweck@ci.fayetteville.ar.us]
Sent: Wednesday, December 07, 2011 7:57 AM
To: Joyce, Jackie
Subject: Re: Financial Software

Hi Jackie,

We have had New World financial software since the early 90's and we have been fairly satisfied with the system. Haven't gone to internet based system yet but will probably look in a couple of years for a replacement.

Have a happy holiday.

Marsha

Marsha Hertweck, CPFO
Accounting Director
113 West Mountain
Fayetteville, AR 72701
(479) 575-8288
Telecommunications Device for the Deaf: (479) 521-1316

>>> "Joyce, Jackie" <jjoyce@FortSmithAR.gov> 12/6/2011 2:25 PM >>>
Hi All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Jackie

Jackie Joyce
Assistant Director of Finance
City of Fort Smith
Phone 479-784-2287
Fax 479-784-2467

Joyce, Jackie

From: Dorethea Yates [dyates@cityhs.net]
Sent: Tuesday, December 06, 2011 3:09 PM
To: Joyce, Jackie
Subject: RE: Financial Software

Jackie --

We use New World Systems. We are on the AS400, which I think they really view as somewhat obsolete and will eventually phase out. However, it is one of the most stable reliable machines that you will find according to IS professionals. We are rarely down. In fact, I can't remember the last time.

I have been using it since 1993, so I am very comfortable with it (which is not always a good thing). Joy Black thinks it is archaic and not user friendly -- she and I have an friendly ongoing battle about it ☺

If you were to look at it, I'm sure you would look at their dot.net version. Pine Bluff is on that now, so you might want to check with them.

Seems that Bentonville is really happy with their software and I see you sent this to Jake Harper, so that will be good information to have.

I'll be glad to share anything with you that I can. Feel free to pick my feeble brain. I hate I missed the sales tax seminar, but this budget thing is eating my lunch. I hear you all have challenges too.

Happy Holidays!!

D

Dorethea N. Yates, CPA
Finance Director and Treasurer
City of Hot Springs
Office 501 -321-6825 Fax 501-321-6877
Cell 501-617-1593
dyates@cityhs.net www.cityhs.net

"Life is like a vending machine; you can get almost anything you want...it just takes a little CHANGE." - Randy Frazier

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Tuesday, December 06, 2011 2:25 PM
To: Marsha Hertweck; Jake Harper; Dorethea Yates; Jane Jackson; Laura Favorite; SThomas@northlittlerock.ar.gov; stevenm@cityofpinebluff.com
Subject: Financial Software

Hi All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Joyce, Jackie

From: Strange, Ember [estrange@littlerock.org]
Sent: Thursday, December 08, 2011 2:08 PM
To: Joyce, Jackie
Subject: RE: Financial Software

I like Lawson. Unfortunately I don't have anything else to compare it to. I feel like it is fairly easy to navigate around. There are security functions that keep users from accessing screens they shouldn't have access to. They have a support site called knowledge base that allows you to search for things (for instance if I get an error message that I've never seen I go to knowledge base to search the error and figure out how to fix it). I don't know if I have helped you or not. We are happy with them. Do you have any specific questions I can answer?

So is your board not going to let you continue with who you use now? I remember Kara saying that you paid a lot of money for them but it was very tailored to your needs.

P.S. We find out in 13 days whether we are having an Ava Marie or Cody Adam! ☺

Ember Strange

Comptroller
City of Little Rock
500 West Markham
Little Rock, AR 72201
501-371-4557

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Thursday, December 08, 2011 1:54 PM
To: Strange, Ember
Subject: Financial Software

Hi Ember,

I know in the past year you mentioned to Kara that Lawson is the software provider for the City of Little Rock. Fort Smith may be requesting bids for new software and I wondered if you could tell me how you feel about the Lawson product?

Thanks so much

Joyce, Jackie

From: SThomas@northlittlerock.ar.gov
Sent: Tuesday, December 06, 2011 4:29 PM
To: Joyce, Jackie
Subject: RE: Financial Software

Hi Jackie,

We purchased software from Mainstreet software in 1999. It has served its purpose, but was recently bought by Harris Software and we are having trouble with support now. It is really time for us to get something new so let me know how it goes.

st

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Tuesday, December 06, 2011 2:25 PM
To: Marsha Hertweck; Jake Harper; DYates@cityhs.net; Jane Jackson; Laura Favorite; Thomas, Stephanie; stevenm@cityofpinebluff.com
Subject: Financial Software

Hi All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Jackie

Jackie Joyce
Assistant Director of Finance
City of Fort Smith
Phone 479-784-2287
Fax 479-784-2467

ATTENTION: This email and any files transmitted with it are intended solely for the use of the individual or entity to whom they are addressed. Any unauthorized use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message. The views or opinions presented in this email are solely those of the author and do not necessarily represent those of the City of North Little Rock. You are warned to check this email and any attachments for the presence of viruses. The City of North Little Rock accepts no liability for any damage caused by any virus transmitted by this email.

Joyce, Jackie

From: Laura Favorite [lfavorite@springdalear.gov]
Sent: Tuesday, December 06, 2011 4:04 PM
To: Joyce, Jackie
Subject: RE: Financial Software

Hi Jackie,

Springdale is currently using Sungard Public Sector running on an IBM i5 Series. I like the fact that this system doesn't ever crash! We are using the following modules:

- Cash receipts
- Accounts receivable
- Business licenses
- Purchasing / inventory
- GMBA (Accounts payable, general ledger, budgeting)
- Payroll
- Courts (Case management)
- Crimes reporting (including mobile data terminals)
- CAD

Overall, I have been pleased with the financial side of the software. We originally purchased the software in 1999, and have had numerous updates since then. It was so much better than what the City had previously! However, some of the issues I've had are as follows:

- Cash receipts posts to the GL in three separate batches (CR, A/R & BL). We had to create an Excel spreadsheet to summarize the deposits in order to reconcile our operating account. We do download the check files from the bank in order to reconcile the checks.
- Accounts receivable – I don't like the way payment reversals post to the GL, or the way overpayments post to the GL. The module was definitely not written by a programmer who had any knowledge of accounting. I really have to watch the posting of these transactions.
- I don't know that I can recommend the District Court module. Our Court Clerk has lots of issues with it, but I think most of the problems are the result of input errors and trying to adopt the system to how the Court Clerk believes it should work (she doesn't like change!) instead of changing procedures to match the software.
- I quit using the Fixed Assets module, because I thought it was cumbersome for making adjustments & changes. However, I believe Bentonville uses it.
- The Fleet Management module was never utilized the way it should have been – the Fire and Police Depts currently use something else. I also believe this was due to more personnel related issues rather than software issues.

Payroll handles different FLSA cycles very well; computation of overtime, etc. We have numerous deductions, both pre- and post tax, and it handles it all. We use direct deposit, which also works very well. The module creates all of the journal entries for payroll for the various departments; it also creates the accounts payable batches for the deductions.

Purchasing and accounts payable work well together. The accounts payable module and payroll module both allow us to use positive pay with our bank. The pooled cash accounting works very well. I really like the way we have the ability to drill down in account inquiry to the transaction/check/PO level.

It is expensive. Our software licenses run approximately \$100,000 annually. However, I really prefer the IBM i5 to any windows based software. Like I said previously – the system does not go down, except for scheduled full system backups. The only time we had any issues was when we had no IT Director, and our IBM AS/400 got outdated, and ran out of disc space.

When we made the original decision, we had narrowed it down to Sungard and New World Systems. We chose Sungard because we were already running the CAD system, and they made us a better deal than New World on the pricing.

Good luck!!!

Laura Favorite
Finance Director
City of Springdale
479-750-8177
lfavorite@springdalear.gov

From: Joyce, Jackie [mailto:jjoyce@FortSmithAR.gov]
Sent: Tuesday, December 06, 2011 2:25 PM
To: Marsha Hertweck; Jake Harper; DYates@cityhs.net; Jane Jackson; Laura Favorite; SThomas@northlittlerock.ar.gov; stevenm@cityofpinebluff.com
Subject: Financial Software

All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Jackie

Jackie Joyce
Assistant Director of Finance
City of Fort Smith
Phone 479-784-2287
Fax 479-784-2467

Joyce, Jackie

From: Jane Jackson [finance1@cebridge.net]
Sent: Tuesday, December 06, 2011 2:39 PM
To: Joyce, Jackie
Subject: Re: Financial Software

We use CSA softwaresolutions (Red Wing Software) and LOVE it. Easy w/fabulous support!

Merry Christmas, Jackie!

Jane

----- Original Message -----

From: Joyce, Jackie

To: Marsha Hertweck ; Jake Harper ; DYates@cityhs.net ; Jane Jackson ; Laura Favorite ; SThomas@northlittlerock.ar.gov ; stevenm@cityofpinebluff.com

Sent: Tuesday, December 06, 2011 2:25 PM

Subject: Financial Software

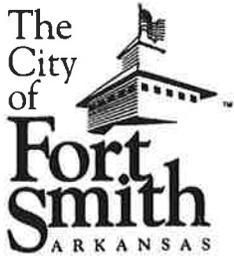
Hi All,

The City of Fort Smith is looking at possibly requesting bids for new software, would you please tell me what software your City uses and any comments you may have about the software.

Thanks

Jackie

Jackie Joyce
Assistant Director of Finance
City of Fort Smith
Phone 479-784-2287
Fax 479-784-2467



MEMORANDUM

December 9, 2011

TO: Mayor and Board of Directors

FROM: Ray Gosack, City Administrator

SUBJECT: Sales Tax Bond Election

Over the last several months, the board of directors has discussed public safety, infrastructure and recreation projects that could be financed with sales tax bonds supported by an existing 1% sales tax. Voter approval of the proposed projects wouldn't increase Fort Smith's sales tax rate. A March 2012 election is contemplated. This election date is needed so that we can continue the wet weather sanitary sewer improvements without interruption.

EXISTING SALES TAX BONDS

Approval of any of these new projects would require voter-approval to refinance the 2006, 2008, and 2009 sales tax bonds (Existing Bonds). These Existing Bonds are estimated to be retired in spring 2014. If new bonds are issued, we estimate that \$52 million in Existing Bonds would have to be refinanced at the time new bonds are issued. This is necessary so that all of the bonds - the current bonds and the bonds for any newly-approved projects - are supported by the same 1% sales tax.

PROPOSED PROJECTS FOR NEW BONDS

The projects which have been discussed, their costs, the debt issuance costs, and the total amount that voters would be asked to approve are as follows:

PROJECT/PURPOSE	PROJECT COST	DEBT SERVICE RESERVE	BOND ISSUANCE COSTS	TOTAL
Fire Service Improvements	\$8,551,000	\$430,735	\$128,265	\$9,110,000
Wet Weather Sanitary Sewer Improvements	\$66,730,000	\$3,339,050	\$1,000,950	\$71,070,000
Water Transmission System Improvements	\$26,400,000	\$1,324,000	\$396,000	\$28,120,000
<u>Recreation Improvements</u>				
Aquatic Center	\$4,000,000	\$200,000	\$60,000	\$4,260,000
Ben Geren Park				
Softball Fields	\$1,250,000	\$66,250	\$18,750	\$1,335,000
Chaffee Crossing				
Sports Complex	\$250,000	\$12,500	\$2,500	\$265,000
Refinancing of Existing Sales Tax Bonds	\$52,000,000	\$2,600,000	\$780,000	\$55,380,000
TOTAL	\$159,181,000	\$7,972,535	\$2,386,465	\$169,540,000

If all projects are approved by voters, we estimate the bonds would be fully-retired in November, 2022. However, the bonds would be issued with an estimated maturity of May, 2026. This maturity allows for a debt service coverage ratio of 1.25 (meaning the current level of sales tax revenue would exceed debt service requirements by 25%). This coverage is necessary to give bondholders assurance that the city can make its scheduled debt service payments in the event of a downturn in sales tax revenue. If sales tax revenue remains steady, the bonds would retire sooner since the revenues pledged for coverage can be used only to make debt service payments.

ELECTION BALLOT AND ORDINANCE

Each unrelated project must be presented separately on the election ballot. For example, the fire service improvements and the wet weather sanitary sewer improvements couldn't be presented as a combined item on the ballot because there's no relationship between the two projects. The recreation improvements may be combined into one ballot question. Or, the board may present each recreation project as a separate ballot item.

Each ballot question would be voted on separately. Those which receive a majority of "FOR" votes would be approved. Again, voters must approve the question to refinance the Existing Bonds in order for any of the other projects to proceed. Without this approval, the existing 1% sales tax wouldn't be available to service debt on any of the new bonds. This would preclude issuance of any new bonds.

CONCLUSION

A March 2012 election date requires that an ordinance be adopted no later than January 13, 2012. Following the board's discussion, the staff will work with legal counsel to prepare an ordinance for the board's January 3, 2012 meeting.

Ray

SUMMARY OF PROJECTS

FIRE SERVICE IMPROVEMENTS

Design and Construction of Fire Station 11 at Chaffee Crossing	\$ 3,000,000
Fire Apparatus Replacements	\$ 4,305,000
Renovation of Existing Fire Stations	<u>\$ 1,246,000</u>
Sub-total	\$ 8,551,000

WET WEATHER SANITARY SEWER IMPROVEMENTS

Relief Sewer/Capacity Improvements	\$54,930,000
Collection System Rehabilitation/Reconstruction	<u>\$11,800,000</u>
Sub-total	\$66,730,000

WATER TRANSMISSION IMPROVEMENTS

Lake Fort Smith Water Transmission Line	\$16,820,000
Chaffee Crossing Transmission Lines and Storage Tank	<u>\$ 9,580,000</u>
Sub-total	\$26,400,000

RECREATION IMPROVEMENTS

Aquatic Center at Ben Geren Park	\$ 4,000,000
2 Softball Fields at Ben Geren Park to mitigate Andrews Field transfer to National Cemetery	\$ 1,250,000
Support for Construction of Tournament Ball Fields at Chaffee Crossing	<u>\$ 250,000</u>
Sub-total	\$ 5,500,000



MEMORANDUM

December 9, 2011

TO: Mayor and Board of Directors

FROM: Ray Gosack, City Administrator

SUBJECT: Sales Tax Election

The sales tax bond election planned for March 2012 presents an opportunity to re-design how the existing 1% sales tax is allocated. The tax is currently allocated to pay debt service on bonds issued for the wet weather sanitary sewer improvements.

As the board considers options for financing capital projects and other needs, it may want to consider asking voters to use the existing 1% sales tax for capital projects and for service needs in the fire department and parks department. For example, voters could be asked to use a 3/4% tax for capital projects. The remaining 1/4% could, with voter approval, be pledged to meet needs in the fire and parks departments.

Attached is a list of possible expenditures in both departments. The advantages of this approach are:

- ▶ There's still a sales tax pledged for wet weather sanitary sewer work and water transmission system improvements. This keeps rates lower than they would be if these projects were financed with water/sewer revenue bonds.
- ▶ The fire service improvements - construction of station 11, numerous apparatus replacements, and station renovations - are supported by sales tax bonds.
- ▶ The sales tax provides a source of operating revenue for fire station 11, for improving staffing on the aerial fire apparatus, for constructing a fire training center, and for establishing a reserve account for future fire apparatus replacements.

- ▶ The sales tax allows the parks capital projects to be funded on a cash basis, rather than issuing debt. This avoids interest costs for these projects.
- ▶ The sales tax provides an ongoing source of revenue to improve the appearance and maintenance of the parks, and to undertake other capital projects including trails and the construction of neighborhood parks.

The cost of earmarking 1/4% of the sales tax for these uses is that it takes longer to retire the bonds issued for capital projects. Below is a table which compares the estimated retirement dates. In summary, a 3/4% sales tax pledged to bond payments would result in an additional 54 months to retire the bonds.

SALES TAX AMOUNT	AMOUNT OF BONDS	SCHEDULED MATURITY OF BONDS	ESTIMATED RETIREMENT DATE OF BONDS
1%	\$169,540,000	May 2026	November 2022
3/4%	\$163,680,000	May 2033	May 2027

If a portion of the existing 1% sales tax is earmarked for parks and fire, the board will need to decide:

- What portion of the tax should be allocated for fire and parks services?
- The ballot question could be presented in one of 3 different ways. An assumed tax rate of 1/4% is used to illustrate the options.
 - 1) 1/4% tax for fire and parks
 - 2) 1/4% tax for fire and parks to be split equally
 - 3) 1/8% tax for fire
1/8% tax for parks
In option 3, each of the 1/8% taxes would be voted on separately.
- Should the tax have a sunset provision which gives the voters an opportunity to decide the continuation of the tax after a specified period of time? For example, the street and drainage sales tax and the countywide sales tax have year 10-year sunset provisions. However, a

sunset provision isn't required by law.

This information provides an option for the board to consider which would address ongoing needs in the fire and parks departments. The staff will be ready to discuss this in greater detail if the board has an interest.

Attachment

Ray

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1/8% FOR FIRE SERVICES						
Revenue	600,000	2,436,000	2,472,540	2,509,628	2,547,273	2,585,482
Purposes						
Station 11 Operations		287,500	1,150,000	1,173,000	1,196,460	1,220,389
Firefighter Equipment		190,000				
Aerial Apparatus Staffing	139,000	555,000	566,100	577,422	588,970	600,750
Command Staffing	51,000	204,000	208,080	212,242	216,486	220,816
Training		50,000	50,000	50,000	50,000	50,000
Training Center Construction	400,000	750,000				
Apparatus Replacement		400,000	450,000	450,000	475,000	475,000
TOTAL - FIRE	590,000	2,436,500	2,424,180	2,462,664	2,526,917	2,566,955
ENDING BALANCE	10,000	(500)	48,360	46,964	20,356	18,526

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1/8% FOR PARKS SERVICES						
Revenue	600,000	2,436,000	2,472,540	2,509,628	2,547,273	2,585,482
Purposes						
Aquatic Center	550,000	2,175,000	1,150,000	125,000		79,591
Aquatic Center Operations			75,000	76,500	78,030	
Ben Geren Park Ballfields			750,000	500,000		
Chaffee Crossing Ballfields				250,000		
Parks Maintenance O & M Budget	50,000	250,000	500,000	550,000	625,000	700,000
Trails				875,000	900,000	600,000
Misc. Park Improvements					275,000	
Fort Smith Park Playground					100,000	
Creekmore Park Tennis Courts					250,000	250,000
Creekmore Park Land Acq. & Parking						
Tilles Park Tennis					20,000	
Soccer Fields & Park Along Riverfront Dr.						800,000
Neighborhood Park Construction				125,000	300,000	150,000
TOTAL - PARKS	600,000	2,425,000	2,475,000	2,501,500	2,548,030	2,579,591
ENDING BALANCE	0	11,000	(2,460)	8,128	(757)	5,891

Misc. Park Improvements

- Shade Structures at pools
- Kitchen & Storage @ River Park Pavilion
- Kelley Riverpark Stage & Amphitheater
- Wilson Park Playground & Pavilion

75,000
100,000
53,000
100,000
328,000

TOTAL



4

MEMORANDUM

December 9, 2011

To: Ray Gosack, City Administrator

From:  T. Baridi Nkokheli, Director

Subject: Automation Refuse Collection Program

The sixth expansion of the Automated Residential Refuse Collection began on Monday, October 31, in 24 neighborhoods within the City (Maps attachment A). Following the expansion, we received correspondence from several residents who were gratified to finally receive the automated “same day” curbside collection of their solid waste after a one year delay. A resident, not in the expansion area, informed me that there were residents not content with the curbside collection of their solid waste. These residents reported their concerns to the Board of Directors and the City Administrator. This prompted a neighborhood meeting and citizen survey concerning the automated refuse collection program.

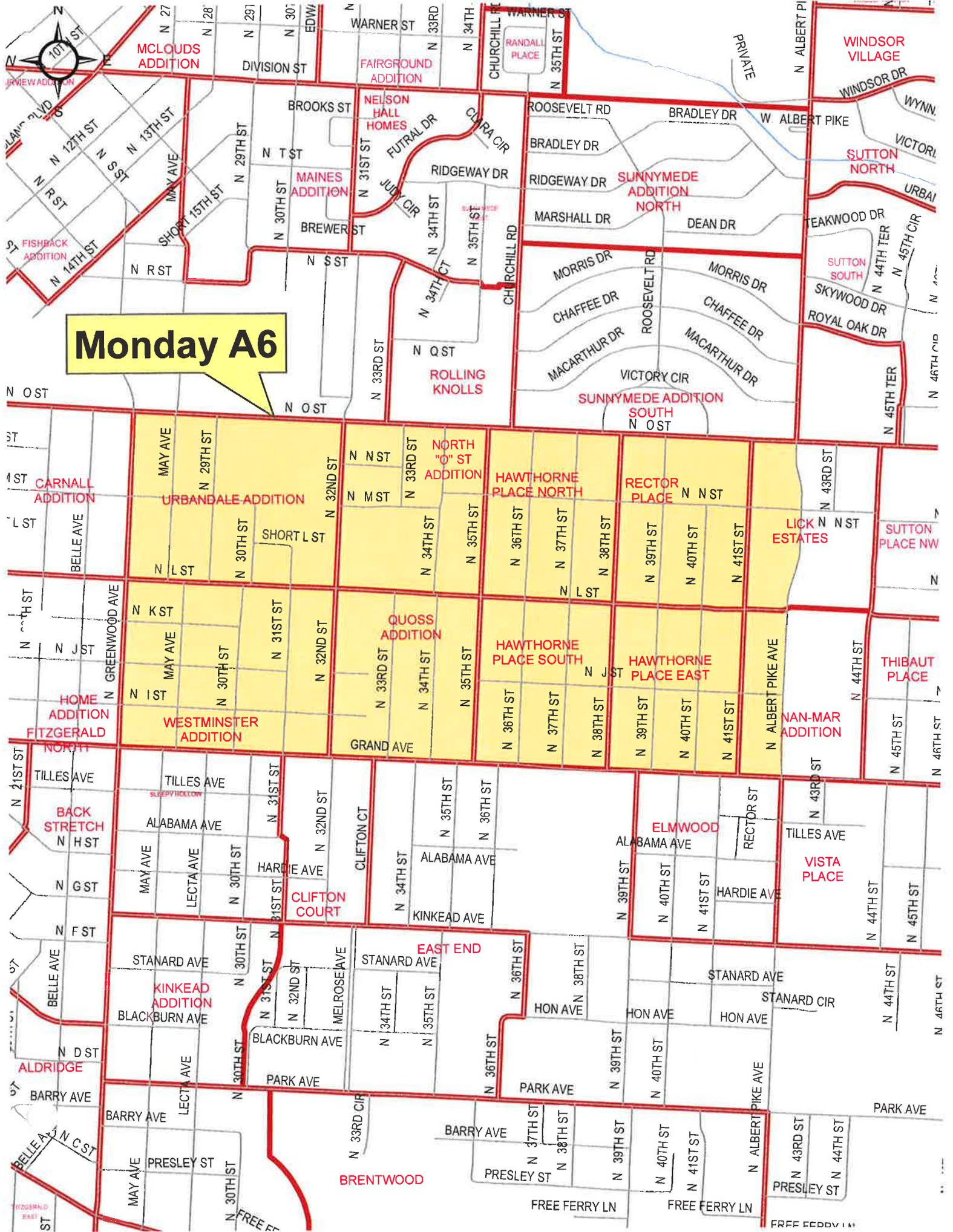
The neighborhood meeting was held at 6:00 PM on November 22, 2011, at the Creekmore Community Center. Fifty eight individuals attended.

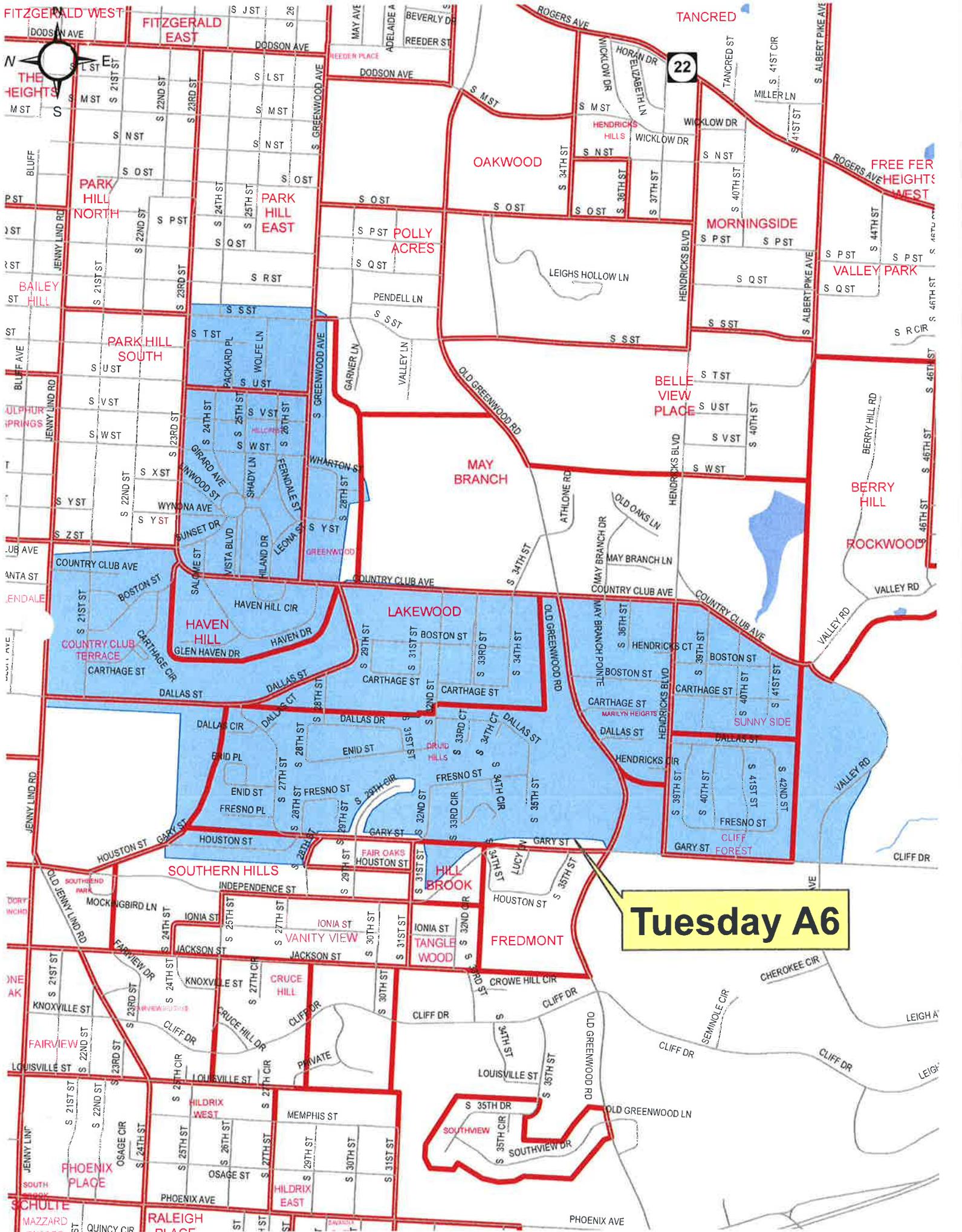
The citizen surveys (attachment B) were mailed on November 21, 2011, to 3,850 addresses in the 2011 automation expansion area. The total cost for printing, postage, and handling was \$3,546.64. As of the end of the business day on December 7, we have received 788 surveys from residents. We will provide the Board of Directors with the results from the surveys at the next study session.

Please contact me should you have any questions regarding this report or would like additional information.

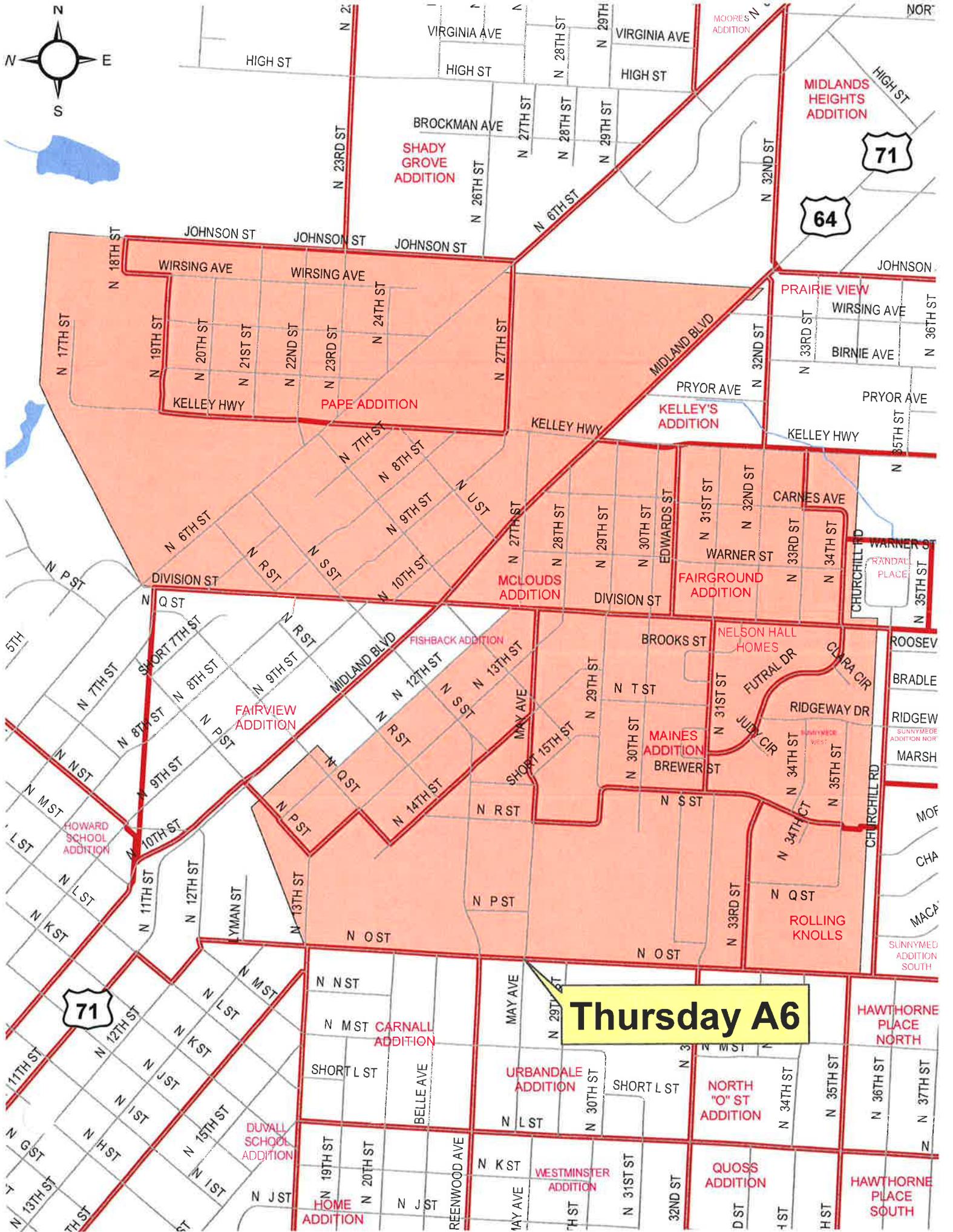
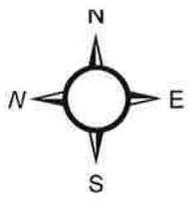


Monday A6





Tuesday A6



MOORES ADDITION

MIDLANDS HEIGHTS ADDITION

SHADY GROVE ADDITION



PAPE ADDITION

KELLEY'S ADDITION

PRAIRIE VIEW

MCLOUDS ADDITION

FAIRGROUND ADDITION

FAIRVIEW ADDITION

FISHBACK ADDITION

NELSON HALL HOMES

HOWARD SCHOOL ADDITION

MAINES ADDITION

ROLLING KNOLLS

Thursday A6

CARNALL ADDITION

URBANDALE ADDITION

NORTH "O" ST ADDITION

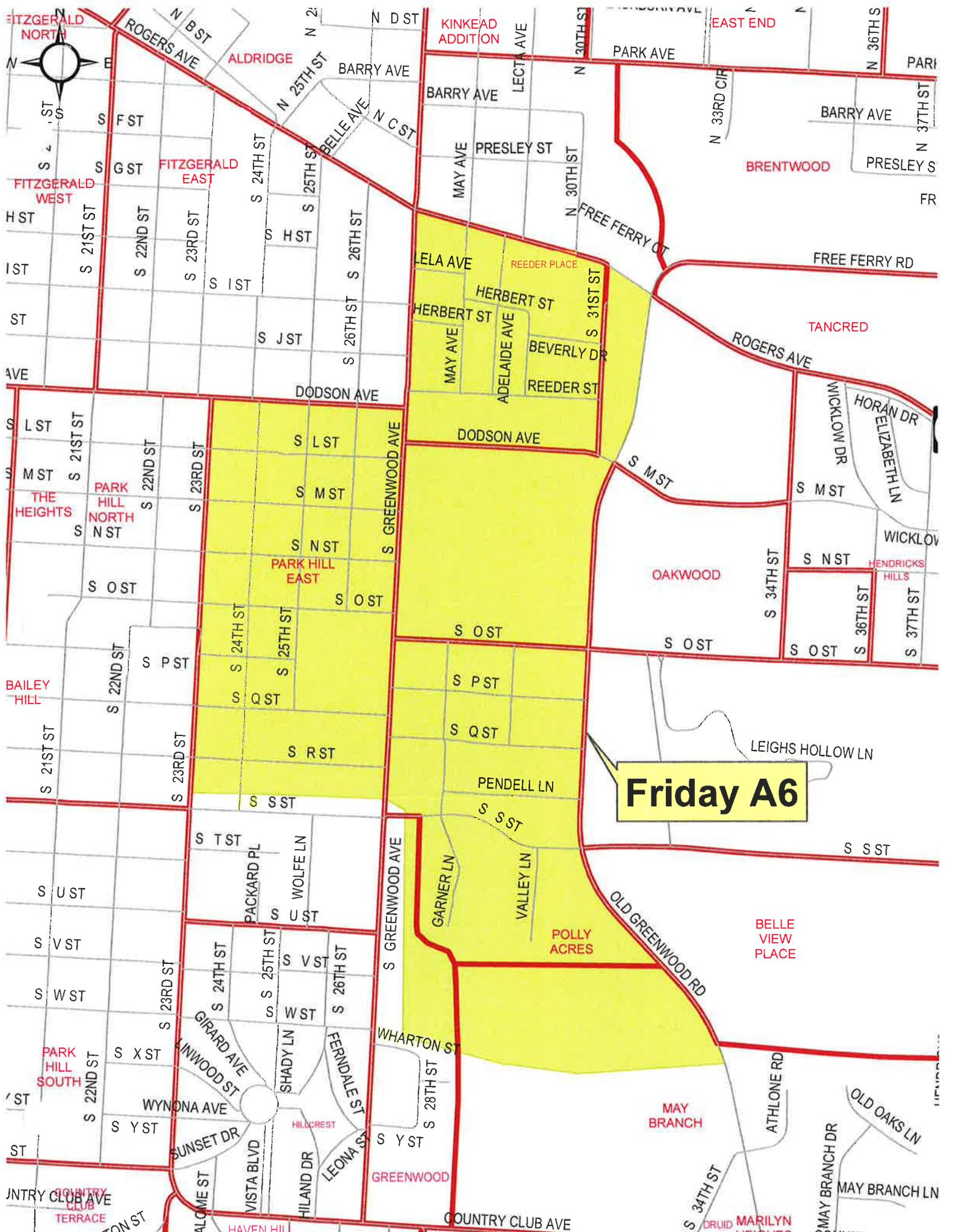
DUVALL SCHOOL ADDITION

WESTMINSTER ADDITION

QUOSS ADDITION

HOME ADDITION

HAWTHORNE PLACE SOUTH



Friday A6



2011 AUTOMATION REFUSE COLLECTION CITIZENS SURVEY

The Department of Sanitation wants to learn what you think about the automation refuse collection service recently implemented in your neighborhood. This program offers “same-day” collection of trash, yard waste and recyclables, and we’d like to know what you think about using the roll carts instead of assorted trash cans and bags. The automated service requires you to wheel the automated cart container to the curb, where an automated vehicle with a mechanical arm picks it up, empties it and returns it to the curb. The cart must be placed in a specific location at the curb, and this could affect on-street parking on your day of collection. We want to know what you think of the service since collection began the week of October 31. Thank you for taking this survey, and please return it in the enclosed postage-paid envelope by December 7, 2011.

- 1) **Automated Collection was implemented in your neighborhood October 31 through November 4. What is your overall impression of the automated collection service?**

Please indicate:

- Positive
- Neutral
- Negative

- 2) **What is your impression of the automated collection roll-cart that was delivered to your residence?**

Please indicate:

- Positive
- Neutral
- Negative

- 3) **How has switching from assorted trash cans and bags to the uniform automated collection carts impacted the appearance of your neighborhood on collection day?**

Please indicate:

- Positive
- Neutral
- Negative

4) What is your impression of the maneuverability and convenience of the wheeled automated collection cart?

Please indicate:

- Positive
- Neutral
- Negative

5) PRIOR TO the implementation of automated collection in your neighborhood, how was service delivered at your residence?

Please indicate:

- Curbside
- From the alley

If previously collected from the alley, what is your impression of the curbside automated service?

Please indicate:

- Positive
- Neutral
- Negative

6) AFTER the implementation of the automated service in your neighborhood, what is your preference for your sanitation collection service?

Please indicate your preference

- Continue with the curbside-only automated sanitation service with the roll cart
- Return to the curbside or alleyway manual sanitation service using my own containers or bags
- No preference

7) Do you believe that on-street parking in front of your residence presents a problem for curbside placement of the automated collection cart?

Please indicate:

- Yes
- No

8) Does using the wheeled automated collection cart for trash collection encourage you to make more use of your recycle container for recyclable materials?

Please indicate:

- Yes
- No
- No difference

9) Do you make use of the curbside recycling service?

Please indicate:

- Yes
- No If you indicated "No", what is your main reason for not using the service? _____

Other Comments:

The automated cart that was delivered to your home is the 96-gallon model. It can be exchanged for a smaller 65-gallon model upon request. For this, or any other questions, please call the Department of Sanitation at (479)784-2350.

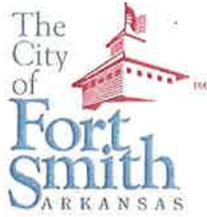
At your option, you may provide:

Name: _____

Address: _____

Phone number: _____

E-mail address: _____



December 6, 2011

TO: Members of the Board of Directors
Members of the Plumbing Advisory Board

RE: Appointments:

The terms of Mr. Charles Shank and Mr. Matthew Blaylock of the Plumbing Advisory Board will expire effective February 28, 2012. In accordance with Ordinance No. 2926 nominations for this prospective vacancy are now being received.

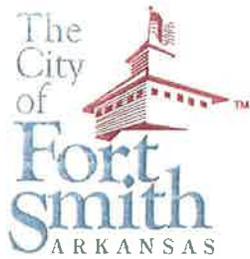
Please submit nominations to the city administrators office no later than the close of business on January 11, 2012. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

A handwritten signature in blue ink that reads "Ray Gosack".

Ray Gosack
City Administrator

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



OFFICE OF THE CITY CLERK
Sherri Gard, CMC, City Clerk
Heather James, Assistant City Clerk

MEDIA RELEASE
December 9, 2011

The Property Owners Appeal Board will meet at 11:00 a.m., Monday, December 12, 2011 in the City of Fort Smith Planning Department Conference Room located at 623 Garrison Avenue, Room 326.

This meeting is to consider appeals from multiple property owners regarding delinquent property cleanup liens, as requested by the Fort Smith Board of Directors at the November 15, 2011 regular meeting.

For questions or additional information, please contact the City Clerk's Office at 784-2208 or email sgard@fortsmithar.gov

A handwritten signature in black ink that reads "Sherri Gard". The signature is written in a cursive style and is positioned above a horizontal line.

Sherri Gard, City Clerk

623 Garrison Avenue
P.O. Box 1908
Fort Smith, Arkansas 72902
(479) 784-2208
FAX (479) 784-2256
E-mail: cityclerk@fortsmithar.gov

Printed on 100% Recycled Paper