

Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

**Board of Directors**

Ward 1 – Keith D. Lau

Ward 2 – Andre' Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Pam Weber

At Large Position 6 – Kevin Settle

At Large Position 7 – Philip H. Merry Jr.

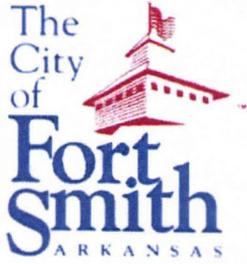
# **AGENDA**

## **Fort Smith Board of Directors Study Session**

**April 9, 2013 ~ 12:00 Noon**

**Fort Smith Public Library Community Room  
3201 Rogers Avenue**

1. Update on 2013 Operating Budget ~ *Director Weber requested at the March 12, 2013 study session ~*
2. Review preliminary agenda for the April 16, 2013 regular meeting



April 4, 2013

## ***MEMORANDUM***

**TO:** Ray Gosack, City Administrator

**FROM :** Kara Bushkuhl, Director of Finance *Kara*

**SUBJECT:** Review of 2013 Operating Budget and Health & Wellness Fund

### 2013 Operating Budget

With the reduced beginning balance in the General Fund at January 1, 2013, declining sales taxes, and declining ad valorem taxes, adjustments to the 2013 General Fund Budget are necessary. The minimum amount needed to maintain a projected 7.5% balance in the fund at December 31, 2013 is approximately \$1.5 million. All department directors that have programs supported by the General Fund were requested to provide an approximate 4% reduction in their 2013 budgets. The reductions include delaying the hiring of vacant positions for a few months or the remainder of 2013, lower operating costs, and deletion of capital items. Attached is a schedule that reflects the total budget reductions for each applicable program and the net effect to the General Fund of \$1,482,862. We will need to closely monitor revenue trends each month to determine if more reductions will be required.

Following the reductions listings are three memorandums from the police, fire and parks departments. The department directors list the impacts of the reductions on their departments.

Review of 2013 Operating Budget and Health & Wellness Fund

Page 2

April 4, 2013

The Street Maintenance Fund should end 2013 with a minimum of an 8% balance. The Water and Sewer Operating Fund ended 2012 with \$2.25 million more than anticipated. The utilities department will suggest more capital projects be considered for this money. The Sanitation Operating Fund also ended 2012 with \$343,000 more than estimated. Furthermore, the Zero Street site remediation project will provide approximately \$800,000 more for landfill fees in 2013. The sanitation department will suggest landfill improvements for use of these funds.

Employee Health & Wellness Fund

As indicated on the latest monthly reports, the balance in the Employee Health and Wellness Fund is extremely low. Please note that the fund does have \$1.5 million reserved for incurred but not reported claims. Per Richard Jones calculations, the fund will need an additional \$800,000 during 2013. The recommended funding sources for the \$800,000 is a transfer of \$454,000 from the Worker's Compensation Fund to the Employee Health & Wellness Fund for the General Fund share and budget appropriations from the Street Maintenance Fund of \$57,900, the Water and Sewer Operating Fund \$174,500, the Sanitation Operating Fund \$76,500, and \$37,100 from various other funds. The Board will need to authorize the transfer and the supplemental appropriations.

Attached is a memorandum from Richard Jones regarding the trends in the city's health plan. He has provided attachments as well and he will be available to discuss this at the study session.

Please let me know if you have any questions or require more information.

City of Fort Smith  
General Fund Reductions  
April 9, 2013

<u>Program</u>	<u>Amount</u>
Board of Directors	\$ 1,500
City Administrator	6,400
Downtown Development	15,100
District Court	31,000
District Court - Reduction to County Reimbursement	(9,300)
Prosecutor	4,550
Internal Audit	215
Human Resources	13,860
City Clerk	4,100
Finance	39,914
Information & Technolgy Services	17,550
Engineering	3,128
Development Services	50,448
Police	595,399
Fire	496,556
Parks	158,266
Transit	88,100
Transit - Less Reduction to Revenues	(61,930)
Library Allocation (Decrease in county sales taxes)	23,556
SRCA Allocation (Decrease in county sales taxes)	4,451
	<hr/>
Total General Reductions	<u>\$ 1,482,862</u>

City of Fort Smith  
 General Fund Reductions - Detail by Accounts  
 April 9, 2013

<u>Program</u>	<u>Account</u>	<u>Amount</u>
4101	215	\$ 2,678
	219	2,679
		<u>5,357</u>
4102	219	<u>27,826</u>
4111	214	3,000
	219	1,000
	230	3,000
	301	8,100
		<u>15,100</u>
4201	108	2,000
	202	1,000
	205	1,000
	210	1,000
	213	1,000
	214	1,000
	215	5,000
	216	1,000
	219	18,000
		<u>31,000</u>
4202	108	2,000
	201	500
	202	500
	210	200
	213	75
	215	350
	216	725
	217	200
		<u>4,550</u>
4405	215	<u>500</u>
4104	110	5,000
	216	15,000
	217	2,000
	<u>22,000</u>	

4105	202	3,360
	212	1,491
	213	1,491
	215	1,491
	218	1,491
	219	3,100
		<u>12,424</u>
4301	214	2,000
	215	2,000
	216	2,150
	219	43,000
		<u>49,150</u>
4303	202	7,500
	207	1,130
	213	2,000
	214	2,000
	215	500
	216	500
		<u>13,630</u>
4304	214	5,000
	219	42,370
	301	21,800
		<u>69,170</u>
4306	202	1,000
	208	21,000
		<u>22,000</u>
4401	212	10,000
	242	17,000
		<u>27,000</u>
4103	101	<u>62,560</u>
4106	101	1,000
	202	1,500
	214	2,500
	215	4,000
	219	2,350
		<u>11,350</u>

4108	101	12,100
	102	1,000
	215	2,000
	216	1,000
	301	<u>24,700</u>
		<u>40,800</u>
4701	102	7,330
	203	1,000
	204	1,000
	207	2,000
	211	971
	215	5,000
	220	<u>20,000</u>
		<u>37,301</u>
4702	100's	91,056
	201	9,800
	205	1,750
	206	3,300
	208	5,000
	213	2,500
	214	1,500
	215	5,000
	216	3,800
	217	3,980
	218	500
	219	35,000
	230	<u>20,600</u>
		<u>183,786</u>
4703	102	50,000
	202	7,000
	206	2,500
	207	2,500
	216	10,000
	219	<u>39,550</u>
		<u>111,550</u>
4704	100's	77,438
	102	22,000
	203	80,000
	204	28,000
	205	7,000
	206	2,700
	214	6,000
	215	<u>3,000</u>
		<u>226,138</u>

4705	215	5,000
	301	<u>23,924</u>
		<u>28,924</u>
4706	102	5,900
	216	<u>1,800</u>
		<u>7,700</u>
4801	101	24,331
	201	750
	202	1,310
	204	1,020
	207	1,000
	208	500
	213	200
	214	500
	215	7,900
	216	500
	217	<u>1,000</u>
		<u>39,011</u>
4802	101	265,888
	102	14,317
	202	42,670
	204	16,000
	206	4,100
	207	34,050
	208	5,000
	210	400
	215	10,000
	216	1,200
	217	<u>500</u>
		<u>394,125</u>
4803	202	20,500
	204	32,920
	215	<u>10,000</u>
	<u>63,420</u>	
6201	100's	<u>70,525</u>
6202	100's	<u>6,724</u>
6204	100's	<u>7,471</u>





**Fort Smith Police Department**  
Kevin Lindsey, Chief of Police

**INTERDEPARTMENTAL MEMORANDUM**

**To:** Ray Gosack City Administrator

**From:** Kevin Lindsey, Chief of Police

A handwritten signature in black ink that reads "Kevin Lindsey".

**Subject:** 2013 Budget Reductions

**Date:** April 3, 2013

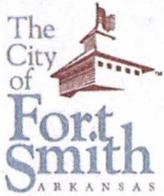
**Attachment:** 2013 Budget Cuts 040313 (Excel document)

The police department's 2013 budget appropriation is \$17,101,250 (*The City of Fort Smith: 2013 Budget*, p. 128). Based upon a reduction target of 4% of the 2013 Budget, police department staff identified reductions in six different programs and 20 line item accounts for reductions totaling \$595,399. This represents a 3.48% reduction in the 2013 budget.

While most of the reductions are operational in nature, the department has eight vacancies including six dispatchers, one clerk, and one police officer. Two of the six vacant dispatcher positions in Communications will remain vacant for the remainder of the year. The remaining four vacancies will be filled when possible to reduce rising overtime costs for the Support Services and Patrol Divisions. Currently, patrol officers and dispatchers are paid overtime to fill vacant positions in Communications, which is rapidly depleting Divisional overtime accounts. We also intend to fill the vacant clerk's position, which is assigned to central records. We are paying overtime to clerks to maintain the timely availability of our police records to citizens and other customers. Filling this clerk position will alleviate the need for overtime pay. With regard to sworn officer positions, we have one vacancy which became open in March, 2013. We will leave this vacancy and any future sworn openings vacant for the remainder of the year, especially since we have totally depleted our budget for conducting police examinations.

Of special note is the reduction in the Code 203 account (Fuel, Oil, & Lube) in the Patrol Division. This reduction, designed to save money through reduction in the use of fuel, will facilitate deployment of a combination of two-man and one-man patrol vehicles on all three shifts. The two-man units will provide immediate back-up for officers responding to calls for service. The department will monitor this revised response structure for appropriate response times and customer service levels.

Please contact me if you have any questions.



## FORT SMITH FIRE DEPARTMENT

200 NORTH FIFTH STREET  
FORT SMITH, ARKANSAS 72901  
479-783-4052 • FAX: 479-783-5338



Mike Richards  
Fire Chief

### Memo

**To:** Kara Bushkuhl, Finance Director  
**From:** Mike Richards, Fire Chief  
**Date:** April 2, 2013  
**Re:** 2013 Fire Department Budget Reductions

In accordance with the request to provide a 4% reduction to the fire department's Programs 4801 & 4802 2013 budget, we have identified the following cuts and/or savings to meet the requirement. The savings come from a combination of money saved and not used year-to-date in program codes 4801-101, 4802-101, 4802-102, as well as reductions in several line-item codes in both program's operating budgets. The total reduction to the fire department's 4801 & 4802 2013 budget is \$433,136.00.

The cost savings/reduction in the personnel budget of both programs was calculated by dividing the yearly budgeted allocations by the number of pay periods that we have cycled through to determine what funds remained year-to-date. We determined that we had \$304,536.00 unused funds that could be used for a part of our budget reduction.

The remainder of the budget reduction will come from cuts in both program's operating budget. The total amount of budget reductions for the operating programs is \$128,600.00.

The fire department was also requested to reduce the budget by \$63,132 for the program codes that are supported by the ¼% operating sales tax. The fire department uses Program 4803 for operations supported by the ¼% sales tax. The budget reduction for Program 4803 was \$63,420.00 and will come from the operating budget.

The attached spreadsheet will identify the methodology used and provide specific information on the program codes and line items that were reduced for the overall fire department 2013 budget.

Please contact me if you have any questions.

cc: Ray Gosack, City Administrator



## Memo:

April 3, 2013

To: Ray Gosack, City Administrator  
From: Mike Alsup, Parks and Recreation Director  
Re: Budget reductions

Due to a lower than anticipated beginning balance for the 2013 budget and lower than anticipated sales tax collections, each department funded through the General Fund has been asked to provide expenditure reductions of 4%. I propose that each program under the Parks and Recreation Department management be reduced by 4% to meet this goal. The total reduction for all programs is \$107,117. Due to reductions in previous years, this reduction will affect seasonal and part-time staff and services.

6201 Park Maintenance	\$70,525
6202 Oak Cemetery	6,724
6204 Community Centers	7,471
6205 Aquatics	9,648
6206 Riverfront Downtown	11,300
6207 The Park at West End	1,449
Total	<u>\$107,117</u>

6201 Park Maintenance - \$70,525

- 101 – Urban Forester \$23,000
- 101 – Laborer Seasonal \$47,525

The Urban Forester position has not been filled because there have been no qualified applicants interested in part-time employment. I do not anticipate finding a qualified applicant this year with part-time status. This will have an impact on retaining Tree City USA status which we have received for seven (7) consecutive years and very challenging to receive the growth award which we have received for three (3) consecutive years.

The adjustment of the seasonal labor force by \$47,525 reduces seasonal staffing by 38% or 5 seasonal positions. The reductions will be made by reducing each mowing crew by one employee (3), the landscape crew by one, and the trash crew by one. This adjustment will have an impact on the appearance of the parks and medians as the seasonal staff support

full-time staff through mowing and trimming grass, planting and weeding flower beds, litter removal, and many other tasks.

The Department will not be able to provide any maintenance of the newly completed Highway 45 improvements from Zero Street to Phoenix Avenue.

6202 Oak Cemetery - \$6,724

- 101 – Laborer Seasonal      \$6,724

The adjustment of the seasonal labor force by this amount reduces seasonal staffing by 34% or one seasonal position. This will have an impact on the appearance of the cemetery and timeliness in completing tasks as the seasonal staff support full-time staff through mowing and trimming grass, litter removal, and many other tasks.

6204 Community Centers - \$7,471

- 101 Laborer, Part-time      \$7,471

Part-time staff hours will be reduced by adjusting full-time staff work hours to cover week day evening reservations. The reduction will impact customer service through the timeliness in answering and returning calls and completing maintenance tasks. Currently there are two or three staff available to answer calls at the parks reservations line and main phone line; the adjustment to the schedule to accommodate this budget reduction will lower that number to one or two staff according to the number and time of reservations for that day.

6205 Aquatics - \$9,648

- Close wading pools      \$8,900
- Staff reductions      \$ 748

The wading pools will not be opened which will reduce staffing and maintenance costs. The wading pools are primarily used by citizens who live near Tilles and Woodlawn Parks.

The remaining adjustment will be made through staff scheduling.

6206 Riverfront Downtown Maintenance - \$11,300

- 101 Laborer Seasonal      \$9,855
- 101 Laborer Part-time      \$1,445

The adjustment of the seasonal labor force by this amount reduces seasonal staffing by 50% or one seasonal position. The effect of this cut will be noticeable in the maintenance of the downtown properties and timeliness in completing tasks as the seasonal staff support full-time staff through mowing and trimming grass, litter removal, and many other tasks.

Part-time staff work evenings and weekends open the facilities for reservations and perform maintenance tasks. The effect of the part-time reduction will be fewer open hours on weekdays for the public to see the facilities and less maintenance of the facilities.

6207 The Park at West End - \$1,449

- 212 Insurance \$1,000
- 101 Laborer Seasonal \$ 449

The liability insurance payment is less than anticipated for this year. Staffing will be adjusted to meet the balance of the reduction. The schedule may be changed with reduced hours.

Cc: Jeff Dingman  
Kara Bushkuhl

# MEMORANDUM

**TO:** Ray Gosack, City Administrator

**FROM:** Richard B. Jones, Director of Human Resources 

**DATE:** April 4, 2013

**SUBJECT:** Employee Wellness Fund #9106 Budget Adjustment for 2013

A comprehensive review of the city's medical and prescription expenditures from 2010 through 2012 was conducted on March 27, 2013. That review clarified that the increase for medical and prescription costs paid in 2012 were directly attributable to catastrophic claims and specialty drugs. Supporting data reflecting this is attached to this memorandum.

It is estimated that the wellness fund which pays for all employee benefits except retirement and social security needs to be increased by \$800,000 in 2013 to equal the actual amount spent on medical and prescription costs in 2012. It will also likely be necessary to plan for increased medical and prescription cost for 2014 of about 10% or an additional \$700,000.

Should you or the Board have any questions or need any additional information, please do not hesitate to ask.

### Distribution of Dollars by Patients and Net Payments

Jan - Dec, 2010				
	Patients	% of Total	Net Payment	% of Total
Less than \$1,000	967	55.2%	\$ 333,012	6.5%
\$1,000 to \$9,999	702	40.0%	\$ 2,282,876	44.5%
\$10,000 to \$24,999	61	3.5%	\$ 921,300	18.0%
\$25,000 to \$49,999	<b>14</b>	0.8%	\$ 442,777	8.6%
\$50,000 to \$99,999	<b>6</b>	0.3%	\$ 416,820	8.1%
Claims > \$100,000	<b>3</b>	0.2%	\$ 728,243	14.2%
Total	1,753		\$ 5,125,028	
	<b>23</b>	<b>1.3%</b>	<b>\$ 1,587,840</b>	<b>31.0%</b>

Jan - Dec, 2011				
	Patients	% of Total	Net Payment	% of Total
Less than \$1,000	1,016	54.5%	\$ 347,533	6.2%
\$1,000 to \$9,999	769	41.3%	\$ 2,400,862	42.5%
\$10,000 to \$24,999	49	2.6%	\$ 1,054,820	18.7%
\$25,000 to \$49,999	<b>20</b>	1.1%	\$ 741,180	13.1%
\$50,000 to \$99,999	<b>5</b>	0.3%	\$ 378,396	6.7%
Claims > \$100,000	<b>5</b>	0.3%	\$ 731,994	12.9%
Total	1,864		\$ 5,654,785	
	<b>30</b>	<b>1.6%</b>	<b>\$ 1,851,570</b>	<b>32.7%</b>

Jan - Dec, 2012				
	Patients	% of Total	Net Payment	% of Total
Less than \$1,000	1,097	58.8%	\$ 1,000,475	15.0%
\$1,000 to \$9,999	695	37.2%	\$ 2,406,197	36.1%
\$10,000 to \$24,999	41	2.2%	\$ 624,793	9.4%
\$25,000 to \$49,999	<b>16</b>	0.9%	\$ 548,911	8.2%
\$50,000 to \$99,999	<b>10</b>	0.5%	\$ 678,642	10.2%
Claims > \$100,000	<b>7</b>	0.4%	\$ 1,412,847	21.2%
Total	1,866		\$ 6,671,866	
	<b>33</b>	<b>1.8%</b>	<b>\$ 2,640,401</b>	<b>39.6%</b>

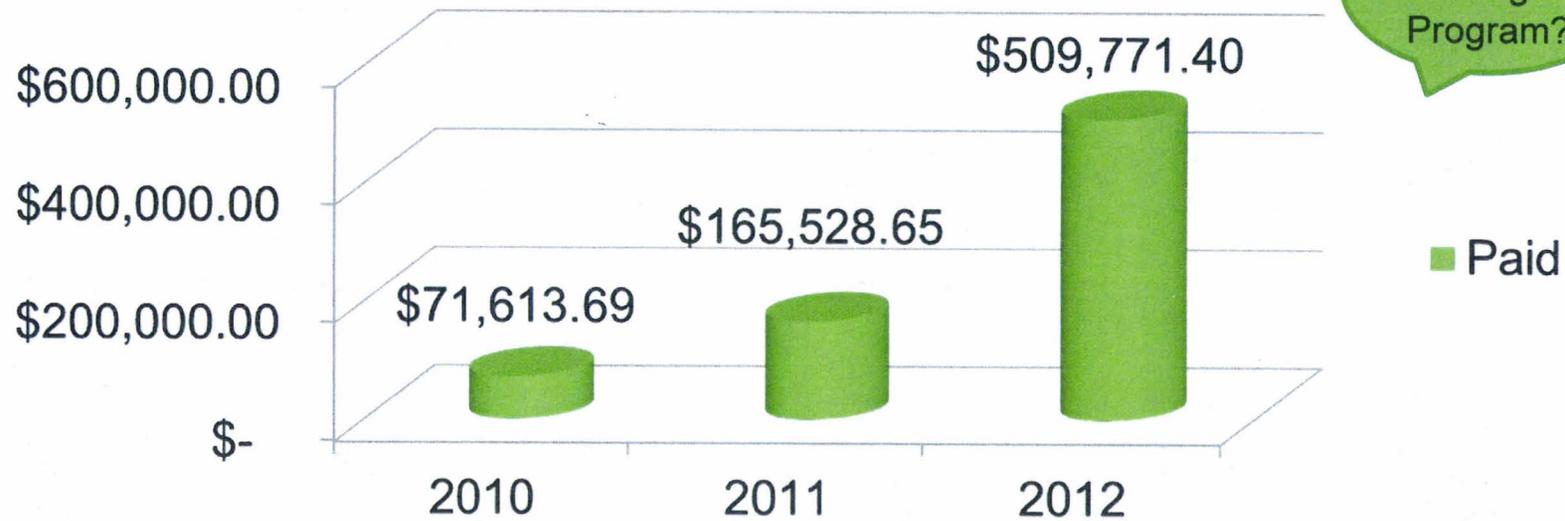
**Top 10 Claimants Year to Year**

	<b>2010</b>			<b>2011</b>			<b>2012</b>		
<b>Patient</b>	<b>Total Net Payment</b>	<b>Disease Management</b>	<b>Health &amp; Wellness</b>	<b>Total Net Payment</b>	<b>Disease Management</b>	<b>Health &amp; Wellness</b>	<b>Total Net Payment</b>	<b>Disease Management</b>	<b>Health &amp; Wellness</b>
Patient 1	\$421,461	Yes	No	\$ 165,569	No	No	\$ 330,150	No	No
Patient 2	\$202,214	Yes	Yes	\$ 158,280	No	No	\$ 236,975	No	No
Patient 3	\$104,568	No	No	\$ 150,755	No	No	\$ 223,466	No	No
Patient 4	\$98,355	No	Yes	\$ 134,710	No	No	\$ 200,539	No	N/A
Patient 5	\$79,834	No	Yes	\$ 122,680	No	No	\$ 149,585	No	No
Patient 6	\$69,438	No	No	\$ 99,734	No	No	\$ 140,082	No	No
Patient 7	\$59,538	Yes	Yes	\$ 90,965	No	Yes	\$ 132,050	No	No
Patient 8	\$43,244	Yes	No	\$ 68,562	Yes	No	\$ 91,237	Yes	No
Patient 9	\$39,853	No	No	\$ 60,773	No	No	\$ 81,933	No	No
Patient 10	\$35,470	No	No	\$ 58,361	Yes	No	\$ 77,509	Yes	No
	<b>\$1,153,974</b>			<b>\$ 1,110,389</b>			<b>\$ 1,663,527</b>		

# J-Codes Year to Year Trend



## Paid



Specialty Drug Program?

■ Paid

### TOP J-Code Medicines in 2012

1. RITUXIMAB 100 MG – Leukemia (\$127K =2012/\$0 =2011)
2. FILGRASTIM 480 MCG – Leukemia (\$109K=2012/\$25K=2011)
3. PEGFILGRASTIM 6 MG - Leukemia (\$60K=2012/\$3K=2011)