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 – Tracy Pennartz
At Large Position 6 – Kevin Settle
At Large Position 7 – Don Hutchings

AGENDA

Fort Smith Board of Directors

STUDY SESSION

July 14, 2015 ~ 12:00 Noon

Fort Smith Public Library Community Room

3201 Rogers Avenue

CALL TO ORDER

1. Discuss upcoming issuance of water & sewer revenue bonds ~ *use of the state revolving fund loan program and selection of bond underwriters* ~

2. Continued discussion of police and fire pension funding ~ *Discussed at the June 23, 2015 study session* ~ :

   - 401 Retirement Plan for non-uniformed employees
   - General Fund budget reductions ~ *Lau/Pennartz placed on agenda at the June 23, 2015 study session* ~
   - Business license fees

3. Review Interstate 49 / Highway 71 South annexation

4. Review outside agency funding ~ *Lorenz/Pennartz placed on agenda at the June 2, 2015 regular meeting* ~

5. Review preliminary agenda for the July 21, 2015 regular meeting

ADJOURN

Memo

To: Ray Gosack, City Administrator

From: Jeff Dingman, Deputy City Administrator

Date: 7/9/2015

Re: Financing Wastewater Capital Projects

The Consent Decree requires significant assessment and capital improvement to the city's sanitary sewer collection and treatment systems. The time has come for lining up financing for the first round of capital projects to be funded by the recently adopted sewer rate adjustments. We have nearly $80 million in capital projects identified for the next three years (attachment). To this end, staff has been evaluating both the issuance of water & sewer revenue bonds, as well as participation in the State of Arkansas' revolving loan fund, which is administered through the Arkansas Natural Resources Commission (ANRC).

ANRC Revolving Loan Fund

Through discussions with ANRC staff regarding the revolving loan fund (RLF), it is our understanding that projects with minimal potential to have additional impact on the environment would be suitable candidates for funding through the RLF. Such projects include improvements to the collection system such as pipe bursting, slip-lining, line replacement, and potentially even some pump station upgrades. We have much of this type of work to do, so use of the RLF program may be feasible.

Use of this program may be desirable in that the net interest cost on this type of financing may be as much as 20% less than a Triple A bond rate of interest on the conventional public bond market, and is currently running about 2.75%. There are no underwriter fees, no debt service reserve requirement, and no bond insurance requirement. This debt would be classified as subordinate to conventional bond financing, so it does not hamper other financing efforts.

The lower cost of issuance and the lower interest cost translate to potentially more projects being accomplished within the same debt service payment. For instance, assuming a 2.75% interest rate compared to a conventional 4% rate of interest, we could show significant savings over the term of the financing:

Amount Financed: $20 million Term: 20 years	Conventional 4.00%	ANRC - RLF 2.75%	Annual Savings	Term Savings
Annual Debt Service Payment	1,471,635	1,313,435	158,200	3,164,008

Conversely, for the $1,471,635 annual debt service payment using 2.75% interest, the amount financed could increase to $22.4 million to be used for capital projects.

On top of the overall interest rate savings, the interest does not apply to any amount we have not withdrawn and spent. The Bond Purchase Agreement will lock in a fixed interest rate, but unlike conventional public financing, we don't receive all of the funds up front and immediately start

accruing interest on the entire amount. Instead, we authorize disbursements from the RLF as projects move along, then the funds are withdrawn to pay the contractors and we accrue interest incrementally.

Additionally, debt service coverage requirements for the RLF are typically lower than conventional bonds. Staff needs clarification as to whether the Board is interested in pursuing this method of financing for some of our projects, where it fits and where it won't slow down the schedule of the project.

Public Bond Market Financing

Not all of our projects would qualify for participation in the RLF, so we will still have a need to issue water and sewer revenue bonds on the conventional public bond market. We will have many projects that fit this category as well, including pump stations, new interceptor mains, and treatment plant upgrades. For this financing, we will need to use our bond underwriters, and staff needs direction from the Board of Directors for clarification of the bond underwriter arrangement.

In the past, the Board has issued a resolution authorizing the offering of bonds by specific underwriters (stating the allocation of bonds by percentage to specific underwriters) and the designation of bond counsel. Staff will seek approval of such an authorizing resolution at an upcoming meeting.

Regarding the designation and assignment of bond percentages to the underwriters, the bonds in the past have been allocated 80% to Stephens, Inc. and 20% to Raymond James (formerly Morgan Keegan), with Stephens, Inc. serving as book running manager and collecting the management fee.

Attached is a summary of the Series 2014 Sales and Use Tax Bonds and the 2011 Water and Sewer Revenue Bonds and their final allocations. Although we typically authorize a retail selling group and the underwriters to push the retail sale of bonds, you will note that retail orders have not been a particularly strong segment for purchasing our bonds. Staff needs the Board to clearly state its desire for underwriting services by resolution.

The Friday, Eldredge, & Clark firm of Little Rock has been designated the city's bond counsel for many years, and also is used by ANRC to facilitate the RLF, so staff is comfortable that our bond counsel will be able to assist us in navigating the particulars of both financing methods.

Summary

In summary, staff seeks direction from the Board regarding two specific items:

1. The Board's interest in taking advantage of potential interest savings by financing suitable wastewater capital projects through the ANRC revolving loan fund; and
2. Recommendation of a resolution initiating the process of issuing water and sewer revenue bonds, including determination of the bond underwriter allocation and management fee arrangement.

Please contact me if you have questions regarding this agenda item.

Fort Smith Utility Department

WORKING DRAFT 3-Year Capital Cost Plan

June 24, 2015

Ref	Item	Category	Project	Total $-million	$-million											
	Sewer Cost				Year 1				Year 2				Year 3			
					2015				2016				2017			
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
9	P St Wastewater Treatment Plant Screenings, Scum, and Grease - Engineering	Sewer Treatment Plant	14-12	0.065			0.048	0.017								
10	P St Wastewater Treatment Plant Screenings, Scum, and Grease - Construction	Sewer Treatment Plant	14-12	0.250			0.019	0.019	0.106	0.106						
11	Sub-Basin P007 and S004 Engineering	Collection and Interceptor Plant	14-06	0.248			0.188	0.060								
12	Zero Street Pump Station 13 Wastewater Improvements	Pumping Plant	09-17	1.091			0.841	0.250								
13	Basin 17 Collection System Improvements	Collection Mains	12-14	2.070			0.908	0.788	0.375							
14	Massard 48-inch Interceptor Sewer lining	Interceptor Mains		0.600			0.150	0.150	0.150	0.150						
17	Riverlyn Pump Station 8 Replacement	Pumping Plant		1.000			0.250	0.250	0.250	0.250						
18	Basin 12 Collection System Improvements (P005)	Collection Mains		0.510			0.048	0.048	0.138	0.138	0.138					
19	Mill Creek EQ Basin and Pump Station	Equalization Storage	10-01	10.142			2.250	2.347	2.090	1.852	1.603					
21	Update hydraulic model and capacity assessment and report	Collection and Interceptor Plant		0.500			0.063	0.063	0.063	0.063	0.063	0.063	0.063	0.063		
22	CMOM development	Collection and Interceptor Plant		3.500			0.438	0.438	0.438	0.438	0.438	0.438	0.438	0.438		
23	Hunters Point 13, Edgewater 17, and 104th Street 23 Pump Station Replacements	Pumping Plant	12-15	1.770			0.066	0.066	0.066	0.066	0.376	0.376	0.376	0.376		
24	Mill Creek Capacity Improvements Phase 1	Interceptor Mains	12-09	2.560			0.320	0.320	0.320	0.320	0.320	0.320	0.320	0.320		
25	Basin 19 Collection System Improvements (S008)	Interceptor Mains		2.030			0.061	0.061	0.061	0.369	0.369	0.369	0.369	0.369		
26	Property and facility construction - Street Dept	Administration		8.000			0.300	0.300	0.300	0.300	1.700	1.700	1.700	1.700		
27	Sub-Basin P007 Capacity Improvements	Interceptor Mains		0.343			0.016	0.016	0.016	0.016	0.046	0.046	0.046	0.046	0.046	0.046
28	Property and facility construction and rehabilitation - Utility Dept	Administration		1.851			0.088	0.088	0.088	0.088	0.250	0.250	0.250	0.250	0.250	0.250
29	Evaluation. Report pump stations and force mains.	Pumping Plant		1.000			0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
30	Sub-Basin P002 & P003 (P Street) Capacity Improvements	Interceptor Mains	n/a	2.858			0.186	0.186	0.186	0.186	0.352	0.352	0.352	0.352	0.352	0.352
31	Data management and report generation	Administration		4.250			0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425
32	Massard WWTP Improvements	Sewer Treatment Plant		0.988			0.050								0.469	0.469
33	Consultant engineering - SSA	Collection and Interceptor Plant		3.148			0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315
35	Project management	Collection and Interceptor Plant		3.500			0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350
36	Program 5612 - Sewer Line Construction	Collection Mains		1.097			0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
37	Sewer System Renewal / Replacement (4s and 5s)	Collection and Interceptor Plant		7.854			0.768	0.768	0.768	0.768	0.775	0.775	0.775	0.775	0.842	0.842
38	Sewer System Renewal / Replacement	Collection and Interceptor Plant		-												
39	Equipment and Fleet Replacement	Collection and Interceptor Plant		1.212			0.081	0.081	0.081	0.081	0.147	0.147	0.147	0.147	0.150	0.150
40	Information technology equipment	Administration		0.300				0.300								
41	Alternative power to Massard Sewer Treatment Plant	Sewer Treatment Plant	14-09	1.800					1.800							
42	4th Street Interceptor Improvements	Interceptor Mains		1.825					0.106	0.106	0.106	0.502	0.502	0.502		
43	Additional Vehicle and Equipment Purchases	Collection and Interceptor Plant		2.540					2.112		0.093				0.336	
44	Chaffee Crossing Force Main (60\40 City)	Pumping Plant		2.626							0.657	0.657	0.657	0.657		
45	Roberts Blvd Pump Station and Force Main (60/40 City)	Pumping Plant		0.734							0.184	0.184	0.184	0.184		
46	Chaffee Crossing Sewer Pump Station (60/40 City)	Pumping Plant		1.623							0.271	0.271	0.271	0.271	0.271	0.271
47	Basin 10 & 14 Capacity Improvements Phase 1	Interceptor Mains		1.329							0.171	0.171	0.171	0.171	0.323	0.323
48	Pump Station 5 (Walnut) Rehabilitation/Replacement	Pumping Plant		3.536							0.518	0.518	0.518	0.518	0.733	0.733
49	Pump station alternative power supply and report	Pumping Plant		0.023											0.011	0.011
50	Basin W001 Capacity Improvements	Interceptor Mains		0.207											0.103	0.103
51	Pump Station 6 (Riverfront) Rehabilitation/Replacement	Pumping Plant		1.035											0.518	0.518
	Quarterly total				-	-	8.439	7.915	10.815	6.598	9.873	8.436	8.436	8.436	5.702	5.366
	Annual total							16.355				35.721				27.940

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The City of Fort Smith Arkansas

$34,295,000
City of Fort Smith, Arkansas
Sales and Use Tax Bonds,
Series 2014

Summary of Orders

Underwriters	Eligible Retail Orders	Institutional Orders	Total Orders	Allocated Bonds
Stephens	$1,210,000	$79,825,000	$81,035,000	$33,910,000
Raymond James	$485,000	$16,325,000*	$16,810,000	$285,000
Selling Group Member				
Bank of America	$0	N/A	$0	$0
Edward Jones	$0	N/A	$0	$0
Sterne Agree	$100,000	N/A	$100,000	$100,000
Grand Total	$1,795,000	$96,150,000	$97,945,000	$34,295,000

*Stock orders: Orders for inventory of Raymond James only.

Stephens
Capitalize on Independence™

$18,920,000
City of Fort Smith, Arkansas
Water and Sewer Refunding Revenue Bonds,
Series 2011

SUMMARY OF ORDERS

	Retail Orders	Institutional Orders	Final Allotments
Edward Jones	$ 60,000	N/A	$ 60,000
Merrill Lynch	$1,095,000	N/A	$ 920,000
Morgan Keegan	$ 0	$3,750,000	$2,830,000
Stephens	$2,555,000	$8,005,000	$8,545,000

Balance at Underwriting
$6,565,000

Assumed Liability

Morgan Keegan	$ 0
Stephens	$6,565,000

Morgan Keegan liability	14.9577%
Stephens Inc. liability	85.0423%

2

MEMORANDUM

July 9, 2015

TO: Mayor and Board of Directors

FROM : Ray Gosack, City Administrator

SUBJECT: Police and Fire Pension Funding

- Ray

At the June 23rd study session, the board had considerable discussion about the police and fire pension (LOPFI) contribution fund. The lists of options considered are attached. The board asked for further discussion on three particular items. Those items are:

1. General Fund budget reductions
2. Enacting a business license fee
3. Reduced contributions to the 401(a) retirement plan for non-uniformed employees

GENERAL FUND BUDGET REDUCTIONS

The General Fund budget reduction requested was 3%. The reduction amounts for various percentages are:

1%	$ 412,030
2%	$ 824,060
3%	$1,236,089

The amounts for each percentage have been adjusted for restricted General Fund revenues that can be spent only for authorized purposes. Examples are the transit reimbursement grant and the 1/4% sales tax revenue for fire services and parks.

Each General Fund department was assigned a targeted amount to cut for the second half of 2015 based on their proportion of the General Fund. They were given direction that the cuts should have the least service impacts possible. The spending reductions identified by each department head are attached. General Fund spending reductions would be directed to the LOPFI contribution fund via a budget amendment approved by the board.

BUSINESS LICENSE FEE

Attached are the options for a business license fee program which the board has previously reviewed. Fort Smith had a business license fee in place until 1994 when the countywide sales tax was approved. If re-instituted, the resolution stating how the city spends its share of countywide sales tax revenue will need to be amended. The amendment would remove references to the sales tax revenue replacing the business license fee.

Also attached is information from other larger Arkansas cities about their business licensing fees. If business license fees are enacted, the authorizing ordinance would include a provision that the revenues net of collection costs would be transferred to the LOPFI contribution fund.

RETIREMENT PLAN FOR NON-UNIFORMED EMPLOYEES

The board has asked to consider changes to the 401(a) retirement plan for non-uniformed employees. The 401(a) plan has been in place since 1997. At that time, the city changed from a defined benefit pension plan to a defined contribution plan.

The city places 10% of each employee's earnings into his/her 401(a) retirement account. (This was the same amount contributed by the city to the former defined benefit plan.) Each employee decides how to invest his/her retirement funds. Employees are fully vested after 5 years of service. Each participant decides how and when to withdraw his/her retirement funds in accordance with plan requirements.

At the June 23rd study session, the board discussed the possibility of requiring an employee match. One-half of the 10% contribution would come from the city and one-half would come from participating employees. Assuming that all eligible non-uniformed employees continued in the plan, the estimated annual savings for the General Fund would be $437,500 and for all funds (including the General Fund) would be $1,325,550. The actual savings would likely be greater. Some employees would be unable or unwilling to pay the employee match and would drop out of the plan. Other employees might opt to participate at an amount less than 5%.

If the board elects to change the 401(a) program, it will take approximately 90 days to implement the change. This is the time needed to make the payroll system programming changes, to inform the employees of the plan changes, give employees time to make their choices, and enroll employees in the new plan. The General Fund savings resulting from this change would be directed to the LOPFI contribution fund via a budget amendment approved by the board. The savings in the other operating funds (sanitation, water & sewer, and street maintenance) would accrue to the bottom line in each of those funds.

A significant change to the non-uniformed retirement plan will likely affect employee morale, retention of employees, and the ability to attract new employees. We could expect higher turnover rates, increased training costs, and less likelihood of attracting highly qualified and talented job applicants. Employees who couldn't afford the matching contribution wouldn't have any retirement benefit other than social security.

CONCLUSION

Making the LOPFI contribution fund financially solvent will likely take a combination of spending reductions and revenue increases. The board has already approved a spending reduction of approximately $448,000 annually by returning the police and fire pension program back to BP 1. Additional spending reductions and revenue increases totaling approximately $2.1 million annually are needed to keep the LOPFI contribution fund solvent beyond 2030.

Attachments

POSSIBLE BUDGET REDUCTIONS
TO ASSIST WITH LOPFI FUNDING

Outside Agency Funding		$145,800
SRCA - senior meals	*	$176,207
Area Agency on Aging (home health care)	*	$ 50,000
Project Compassion	*	$ 7,500
Convention Center		$777,000
Western Arkansas RITA		$ 37,025
U.S. Marshals Museum		$ 50,000
Each 1% of City's contribution rate into non-uniformed employees 401 retirement accounts (General Fund share) Total for all funds - $265,110		$ 87,500
Downtown Events (Support for Blues Festival ($13,100), Cox Community Concert ($5,400), Farmers Market ($800), Christmas Honors ($600), Fourth of July ($850), downtown banners)		$ 25,000

* Reductions that would require amendment of the resolution which allocates the city's share of the county-wide sales tax revenue.

General Fund Amounts (adjusted for restricted revenues)

1%	$ 412,030
2%	$ 824,060
3%	$1,236,089

POSSIBLE REVENUE INCREASES TO ASSIST WITH LOPFI FUNDING

Re-instate business license fees	$1,435,200 - $1,805,580
Increase franchise fee on electric, telephone, gas, and cable TV	$ 554,000
1% franchise fee on water, sewer, and sanitation services	$ 423,000
1/8% sales tax	$2,500,000
½% Prepared Food Tax to replace General Fund funding for convention center (Total Revenue: $900,000)	$ 777,000

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Projections with Rescinding Benefit Plan 2
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030

Attachment 1

	2015	2016	2017	2018	2019	2020	2021	2022
Revenues								
Taxes - Ad Valorem	$ 2,756,719	$ 2,811,853	$ 2,868,090	$ 2,925,452	$ 2,983,961	$ 3,043,640	$ 3,104,513	$ 3,166,603
Intergovernmental	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Fines and forfeitures	137,000	138,000	138,000	140,000	140,000	140,000	140,000	141,000
Interest	6,000	6,000	6,000	4,000	3,000	2,000	1,000	-
Contributions	1,567,840	1,599,420	1,631,800	1,664,000	1,697,000	1,730,800	1,765,300	1,800,600
Contributions - 1/8% Sales Tax	521,160	531,580	542,200	553,000	564,000	575,200	586,700	598,400
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	6,349,919	6,448,053	6,547,290	6,647,652	6,749,161	6,852,840	6,958,713	7,067,803
Expenditures								
Current:								
Police	3,424,920	3,266,163	3,380,479	3,498,795	3,621,253	3,747,997	3,879,177	4,034,344
Police BP2 Costs (Note 1)	(132,298)							
Fire	4,085,870	3,810,720	3,944,095	4,082,139	4,225,013	4,372,889	4,525,940	5,073,891
Fire BP2 Costs (Note 1)	(129,300)							
Total expenditures	7,249,192	7,076,883	7,324,574	7,580,934	7,846,267	8,120,886	8,405,117	9,108,235
Net Change in Fund Balance	(899,273)	(628,830)	(777,284)	(933,282)	(1,097,106)	(1,268,046)	(1,446,404)	(2,040,432)
Fund Balance, January 1	6,631,183	5,731,910	5,103,080	4,325,796	3,392,514	2,295,408	1,027,362	(419,042)
Fund Balance, December 31	$ 5,731,910	$ 5,103,080	$ 4,325,796	$ 3,392,514	$ 2,295,408	$ 1,027,362	$ (419,042)	$ (2,459,473)

Note 1: The expenditures have been adjusted to reflect the rescinding of Benefit Plan 2 for all members. This reduces the contribution percentage each year by 2.5% beginning July 1, 2015. The reduction in contributions for projected years 2016 through 2030 are included in the total contribution lines.

Note 2: The 2016 contribution rates were received recently. The rate for Police members will be 30.86% that compares to the 2015 original contribution rate of 32.36% and the revised rate for going from BP2 to BP1 of 29.86%. The rate for Fire members will be 36.84% that compares to the 2015 original contribution rate of 39.50% and the revised rate for going from BP2 to BP1 of 37%.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Projections with Rescinding Benefit Plan 2
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030
(Continued)

Attachment 1

	2023	2024	2025	2026	2027	2028	2029	2030
Revenues								
Taxes - Ad Valorem	$ 3,229,935	$ 3,294,534	$ 3,360,425	$ 3,427,634	$ 3,496,187	$ 3,566,111	$ 3,637,433	$ 3,710,182
Intergovernmental	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Fines and forfeitures	141,000	141,000	141,000	141,000	141,000	141,000	141,000	141,000
Interest	-	-	-	-	-	-	-	-
Contributions	1,836,620	1,824,410	1,910,838	1,949,055	1,988,040	2,027,804	2,068,347	2,109,711
	610,360	622,570	635,000	647,700	660,650	673,860	687,350	701,100
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	7,179,115	7,243,714	7,408,463	7,526,589	7,647,077	7,769,975	7,895,330	8,023,193
Expenditures								
Current:								
Police	4,195,718	4,363,547	4,538,088	4,719,612	4,908,397	5,104,732	5,308,922	5,521,279
Police BP2 Costs (Note 1)								
Fire	5,226,107	5,435,151	5,652,557	5,878,660	6,113,806	6,358,358	6,612,693	6,877,200
Fire BP2 Costs (Note 1)								
Total expenditures	9,421,825	9,798,698	10,190,646	10,598,272	11,022,203	11,463,091	11,921,614	12,398,479
Net Change in Fund Balance	(2,242,710)	(2,554,984)	(2,782,183)	(3,071,683)	(3,375,126)	(3,693,116)	(4,026,284)	(4,375,286)
Fund Balance, January 1	(2,459,473)	(4,702,183)	(7,257,167)	(10,039,350)	(13,111,033)	(16,486,159)	(20,179,275)	(24,205,559)
Fund Balance, December 31	$ (4,702,183)	$ (7,257,167)	$ (10,039,350)	$ (13,111,033)	$ (16,486,159)	$ (20,179,275)	$ (24,205,559)	$ (28,580,845)

Note 1: The expenditures have been adjusted to reflect the rescinding of Benefit Plan 2 for all members. This reduces the contribution percentage each year by 2.5% beginning July 1, 2015. The reduction in contributions for projected years 2016 through 2030 are included in the total contribution lines.

Note 2: The 2016 contribution rates were received recently. The rate for Police members will be 30.86% that compares to the 2015 original contribution rate of 32.36% and the revised rate for going from BP2 to BP1 of 29.86%. The rate for Fire members will be 36.84% that compares to the 2015 original contribution rate of 39.50% and the revised rate for going from BP2 to BP1 of 37%.

City of Fort Smith, Arkansas
General Fund Program 3% Reductions
Remaining 6 Months 2015

	Proposed Reduction	3% Reduction Target
Mayor		2,000
217- Lease, Rent, Taxes	(2,000)	
Board of Directors		2,000
215-Travel	(2,000)	
City Administrator		8,000
214-Printing/Advertising	(4,000)	
219-Other	(4,000)	
District Court (Note 1)		12,000
202 Small Equipment	(4,000)	
210 Communications	(1,500)	
215 Travel	(1,500)	
219 Other	(2,000)	
Internal Audit		1,000
219-Other Consulting Fees	(1,000)	
Human Resources		7,000
201 Office Supplies	(250)	
202 Small Equipment	(500)	
207 Repair of Equipment	(500)	
210 Communications	(250)	
213 Postage	(250)	
214 Advertising, Printing, Photo	(500)	
215 Travel	(750)	
216 Education, Memberships, Subscriptions	(4,000)	
City Clerk		2,000
202-Small Equipment	(500)	
217-Lease, Rent, Taxes	(1,000)	
219-Other (codifications, elections, etc.)	(500)	

Finance-4301		30,210
201-Office Supplies	(2,500)	
202-Small Equipment	(6,300)	
212-Lease, Rent, Taxes	(250)	
215-Travel	(3,000)	
Purchasing-4306		
208-Repair of Buildings	(7,000)	
214-Advertising, Printing, Photo	(2,000)	
Utility Billing/Customer Service-4304		
219-Other-Data Processing	(80,000)	
ITS		40,000
202-Small equipment	(19,000)	
215-Travel	(4,000)	
241- PC Replacements	(15,000)	
242-Peripheral Replacements	(2,000)	
Planning & Zoning		10,700
101-Vacation Pay	(6,000)	
213-Postage	(500)	
215-Travel	(500)	
217-Lease, Rent, Taxes	(4,000)	
Building Safety		9,000
202-Small Equipment	(1,000)	
203-Fuel, Oil, Lube	(500)	
207-Repair of Equipment	(500)	
209-Merchandise	(500)	
210-Communications	(500)	
215-Travel	(2,000)	
216-Education, Memberships, Subscriptions	(500)	
Neighborhood Services		
202-Small Equipment	(1,000)	
203-Fuel, Oil, Lube	(500)	
207-Repair of Equipment	(500)	
210-Communications	(500)	
213-Postage	(1,000)	

Police		290,000
Elimination of 4705-Animal Control Unit		
Salary & Benefits 5 Officers	(86,312)	
Vehicles (5)		
Fuel	(7,800)	
Insurance	(1,402)	
Maintenance	(1,760)	
Equipment		
Custodial Supplies	(297)	
Uniforms	(858)	
Other Supplies	(132)	
Sebastian County Humane Society Contract	(122,321)	
Prisoner Housing & Care		
Supplemental Savings from 4702-219	(69,119)	
Fire, excluding program 4803 (Note 2)		169,000
Regular Salaries 101 (NO reduction in personnel)	(169,000)	
Parks Maintenance Program 6201 (Note 3)		28,000
201 Office Supplies	(1,700)	
202 Small Equipment	(3,000)	
203 Fuel, Oil, Lube	(1,428)	
204 Clothing	(1,750)	
205 Custodial Equipment & Supplies	(1,000)	
207 Repair of Equipment	(2,000)	
208 Repair of Buildings	(2,700)	
210 Communications	(270)	
212 Bonds, Insurance, Licenses	(2,327)	
213 Postage	(100)	
215 Travel	(1,200)	
216 Education, Memberships, Subscriptions	(1,400)	
217 Lease, Rent, Taxes	(3,875)	
219 Other-Media Services, Recreation Programming	(5,250)	

Parks Programs, excluding program 6208 (Note 4)		15,000
6202		
205 Custodial Equipment & Supplies	(500)	
206 Materials	(500)	
217 Lease, Rent, Taxes	(500)	
6204		
201 Office Supplies	(250)	
202 Small Equipment	(800)	
208 Repair of Buildings	(2,500)	
6205		
201 Office Supplies	(150)	
204 Clothing	(1,500)	
205 Custodial Equipment & Supplies	(1,000)	
207 Repair of Equipment	(500)	
6206		
201 Office Supplies	(300)	
204 Clothing	(500)	
208 Repair of Buildings	(5,000)	
6207		
207 Repair of Equipment	(1,000)	
Transit (Note 5)		90,000
203 Fuel	(60,000)	
Reduce 1 Driver Position	(16,000)	
(Eliminate Zero Street Route)		
Cut 1hr demand response	(5,000)	
(will coincide with fixed route hours-3 hrs daily total)		
214 Printing/Advertising	(5,000)	
202 Small Equipment	(4,000)	
	(784,051)	715,910

Note 1: The total cut is reduced by $3,600 as the reimbursement from Sebastian County accounts for 30% of total costs of the District Court program.

Note 2: Program 4803 is funded by 1/8% city sales tax that is a restricted revenue source.

Note 3: Program 6201 is allocated 85%/15% between the General Fund and the Street Maintenance Fund for personnel and operating costs. Therefore, it must be separated from other parks programs for this purpose. If capital cuts are chosen, those would be 100% net reductions from the General Fund.

Note 4: Program 6208 is funded by 1/8% city sales tax that is a restricted revenue source.

Note 5: The Transit reduction will need to be made to non-capital items due to the grant reimbursement program.

POLICY & ADMINISTRATIVE SERVICES

MAYOR

PROGRAM 4100

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	52,267	51,620	32,863	10,000		10,000
102 Overtime	7	300	0	0		0
103 Retirement (Note 2)	11,576	12,250	10,070	7,500		7,500
104 Social Security	4,346	4,220	3,184	1,180		1,180
105 Insurance	5,290	6,370	6,370	0		0
106 Longevity	120	190	68	0		0
108 Other-Vehicle Allowance	5,400	5,400	8,969	7,320		7,320
111 Workers' Compensation	700	700	700	0		0
Total	79,706	81,050	62,224	26,000		26,000
OPERATING						
201 Office Supplies	2,207	2,500	154	1,500		1,500
202 Small Equipment	0	1,000	285	1,000		1,000
205 Custodial Equipment & Supplies	0	200	0	0		0
207 Repair of Equipment	0	100	0	100		100
210 Communications	1,370	1,400	1,300	1,400		1,400
212 Bonds, Insurance, License	0	500	500	500		500
213 Postage	449	1,000	498	1,000		1,000
214 Advertising, Printing, Photo	1,989	5,000	5,000	5,000		5,000
215 Travel	1,169	4,000	1,224	3,500		3,500
216 Education, Memberships, Subscriptions	515	2,500	167	2,500		2,500
217 Lease, Rent, Taxes	12,627	25,000	6,489	20,000	(2,000)	18,000
219 Other-Public Relations, Tales of the Crypt, Holiday Light Displays, 4th of July Event	55,664	90,000	71,387	84,000		84,000
233 Contractual Services-Beautification with Fort Smith Pride	3,015	14,866	15,500	10,000		10,000
Total	79,005	148,066	102,504	130,500		128,500
MAYOR TOTAL	79,005	229,116	164,728	156,500		154,500

SCHEDULE OF PERSONNEL	PAY GRADE	FY13	FY14	FY14	FY15	FY15
Mayor	(Note 1)	1	1	1	1	1
Administrative Secretary	7	1	1	0	0	0
EMPLOYEE POSITIONS		2	2	1	1	1

Funding Allocation:
- 43% General Fund
- 8% Street Maintenance Fund
- 37% Water and Sewer Operating Fund
- 12% Sanitation Operating Fund

Note 1: The Mayor's position is elected and is paid an annual salary of $10,000.
Note 2: The retirement account includes $7,500 pension costs for two former Mayors.

POLICY & ADMINISTRATIVE SERVICES

BOARD OF DIRECTORS — PROGRAM 4101

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	6,833	7,000	7,330	7,000		7,000
104 Social Security	3,093	3,110	3,604	3,110		3,110
108 Other-Vehicle Allowance	33,600	33,600	36,296	33,600		33,600
Total	43,526	43,710	47,230	43,710	0	43,710
OPERATING						
205 Custodial Equipment and Supplies	156	1,000	361	250		250
210 Communications	0	0	103	100		100
214 Advertising, Printing, Photo	1,438	1,500	500	1,500		1,500
215 Travel	4,349	14,000	4,293	6,000	(2,000)	4,000
216 Education, Memberships, Subscriptions (Note 2)	44,376	49,500	51,073	51,500		51,500
219 Other-Public Relations, Televised Meetings	32,118	30,000	25,696	29,360		29,360
Total	82,437	96,000	82,026	88,710		86,710
BOARD OF DIRECTORS TOTAL	125,963	139,710	129,256	132,420		130,420

SCHEDULE OF PERSONNEL	PAY GRADE	FY13	FY14	FY14	FY15
Directors	(Note 1)	7	7	7	7
EMPLOYEE POSITIONS		7	7	7	7

Funding Allocation:
28% General Fund; 15% Street Sales Tax Fund
8% Street Maintenance Fund
37% Water and Sewer Operating Fund
12% Sanitation Operating Fund

Note 1: The directors are elected positions and are paid an annual salary of $1,000.
Note 2: The WAPDD annual dues allocation of $20,860 for all years presented has been reclassified from Non-Departmental to 4101-216. The 216 account now includes WAPDD, NLC and AML dues.

POLICY & ADMINISTRATIVE SERVICES

CITY ADMINISTRATOR

PROGRAM 4102

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	355,544	362,270	367,178	374,360		374,360
103 Retirement	37,698	38,590	37,857	39,880		39,880
104 Social Security	25,134	29,070	31,050	30,000		30,000
105 Insurance	26,800	34,360	34,360	36,100		36,100
106 Longevity	686	790	830	790		790
108 Other- Vehicle Allowance	10,800	10,800	11,539	12,720		12,720
111 Workers' Compensation	1,390	1,390	1,390	1,040		1,040
Total	458,052	477,270	484,204	494,890		494,890
OPERATING						
201 Office Supplies	1,158	4,000	2,056	2,500		2,500
202 Small Equipment	1,080	2,500	3,430	2,500		2,500
205 Custodial Equipment & Supplies	745	1,500	1,061	1,500		1,500
207 Repair of Equipment	0	1,000	0	1,000		1,000
210 Communications	5,275	8,000	7,926	7,500		7,500
212 Bonds, Insurance, Licenses	315	740	740	740		740
213 Postage	168	500	100	350		350
214 Advertising, Printing, Photo	45,051	36,000	24,000	24,000	(4,000)	20,000
215 Travel	5,207	13,500	10,459	10,000		10,000
216 Education, Memberships, Subscriptions	14,592	9,400	9,294	9,500		9,500
217 Lease, Rent, Taxes	0	9,000	2,000	2,500		2,500
219 Other-Public Relation Items, Contractual Services, Citizen Survey	96,792	130,000	98,170	44,400	(4,000)	40,400
Total	170,383	216,140	159,236	106,490		98,490
CITY ADMINISTRATOR TOTAL	628,435	693,410	643,440	601,380		593,380

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
City Administrator	(Note 1)	1	1	1	1
Deputy City Administrator	24	1	1	1	1
Communications Manager	12	1	1	1	1
Administrative Assistant	8	1	1	1	1
EMPLOYEE POSITIONS		4	4	4	4

Funding Allocation:
23% General Fund; 20% Street Sales Tax Fund
8% Street Maintenance Fund
37% Water and Sewer Operating Fund
12% Sanitation Operating Fund

Note 1: The City Administrators salary is established by the Board of Directors and is currently $153,238.

Memorandum

To: Ray Gosack, City Administrator
From: Rachel J. Sims, District Court Clerk
Date: July 7, 2015
Re: Budget Reductions

As requested, the District Court budget has been reviewed to accommodate a $12,000 reduction, as well as a $24,000 reduction to the 2016 budget. Special circumstances will allow reductions to be made to the 2015 budget, however these same reductions will not be possible in 2016.

4201-202	$5,000	Small Equipment: These funds were encumbered from 2014 budget for new equipment required due to the implementation of the Court's new software package. No additional equipment was needed.
4201-210	$1,500	Communications: Arkansas Crime Information Center retrieved through the web, phone line no longer needed for this work station.
4201-214	$1,500	Printing: Some pre-printed multi-page forms were eliminated through the use of the new case management system.
4201-215	$1,500	Travel: Court staff is required to attend the Arkansas Court Clerks educational programs twice a year, however it is being held in Fort Smith in November of 2015. Travel will not be required for the staff to attend.
4201-216	$1,500	Education/Membership: No employees attended college courses this year.
4201-219	$1,000	Computer Maintenance: Maintenance costs have been minimal, since the AS/400-Cobra software will no longer be used after conversion to JustWare.
Total	$12,000	With these reductions there will not be any funds available for end of the year budget adjustments. Account codes 213 (Postage) and 217(Rent, Lease & Taxes) will not have sufficient funds, therefore personnel furloughs will have to be mandated to make up for the shortage.

It will not be possible to reduce the 2016 budget by $24,000 without reducing personnel. Each member of the court staff will be required to take 8 mandatory days off without pay in 2016 to accommodate the requested reduction.

POLICY & ADMINISTRATIVE SERVICES

DISTRICT COURT OF SEBASTIAN COUNTY, ARKANSAS, FORT SMITH DIVISION

PROGRAM 4201

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	756,505	775,150	755,120	782,900		782,900
102 Overtime	10,517	14,000	14,000	14,480		14,480
103 Retirement	66,527	71,200	63,912	72,330		72,330
104 Social Security	57,293	60,700	61,770	61,670		61,670
105 Insurance	132,050	136,960	136,960	143,880		143,880
106 Longevity	2,321	2,650	2,544	2,470		2,470
108 Other-City Share Judges Salaries, Court Interpreters, Substitute Judges	196,516	215,000	233,431	210,000		210,000
111 Workers' Compensation	6,220	6,220	6,220	4,640		4,640
Total	1,227,949	1,281,880	1,273,957	1,292,370		1,292,370
OPERATING						
201 Office Supplies	10,752	14,000	11,144	12,000		12,000
202 Small Equipment	7,441	12,700	8,000	7,500	(4,000)	3,500
204 Clothing	(2,613)	1,000	0	1,000		1,000
205 Custodial Equipment & Supplies	1,806	2,500	1,969	2,500		2,500
207 Repair of Equipment	2,373	4,800	3,485	4,800		4,800
210 Communications	3,133	3,600	4,513	5,300	(1,500)	3,800
213 Postage	6,106	10,000	12,043	13,000		13,000
214 Advertising, Printing, Photo	8,610	10,000	9,826	10,000		10,000
215 Travel	6,215	14,000	11,967	13,000	(1,500)	11,500
216 Education, Memberships, Subscriptions	6,040	7,500	6,709	7,500		7,500
217 Lease, Rent, Taxes	148,725	157,400	150,198	157,400		157,400
219 Other-Computer Maintenance	30,857	58,000	27,452	34,000	(2,000)	32,000
Total	229,445	295,500	247,306	268,000		259,000
DISTRICT COURT OF SEBASTIAN COUNTY TOTAL	1,457,394	1,577,380	1,521,263	1,560,370		1,551,370

DISTRICT COURT OF SEBASTIAN COUNTY, ARKANSAS, FORT SMITH DIVISION
(continued)

PROGRAM 4201

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
District Judge	(Note 1)	0	0	0	0
District Court Clerk	17	1	1	1	1
Senior Deputy Court Clerk	12	1	1	1	1
Financial Administrator	9	1	1	1	1
Deputy Court Clerk II	8	7	7	7	7
Court Bailiff	7	2	2	2	2
Deputy Court Clerk I	6	4	4	4	4
Records Clerk	3	1	1	1	2
File Clerk	2	1	1	1	0
EMPLOYEE POSITIONS		18	18	18	18

Funding Allocation:
100% General Fund

Note 1: Per the 2007 agreement between the City and the state, the judges are now state employees. The City's share of gross salary for each judge is $58,650 or a total of $175,950 and is included in account 108. The current salary, as of July 1, 2015, for the three District Court Judge positions is $117,300.

POLICY & ADMINISTRATIVE SERVICES

INTERNAL AUDIT

PROGRAM 4405

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	78,616	79,240	36,476	77,140		77,140
103 Retirement	9,333	9,680	4,213	9,510		9,510
104 Social Security	6,267	6,620	3,400	6,460		6,460
105 Insurance	5,690	9,520	9,520	10,010		10,010
106 Longevity	120	130	69	0		0
108 Other	5,400	5,400	3,078	5,400		5,400
109 Employee Allowances	369	0	683	0		0
111 Workers' Compensation	990	990	990	740		740
Total	106,785	111,580	58,429	109,260		109,260
OPERATING						
201 Office Supplies	231	160	6	200		200
202 Small Equipment	75	0	0	0		0
210 Communications	618	600	669	600		600
212 Bonds, Insurance, Licenses	0	910	910	960		960
213 Postage	0	0	67	0		0
214 Advertising, Printing, Photo	0	210	1,807	500		500
215 Travel	2,310	3,000	0	3,000		3,000
216 Education, Memberships, Subscriptions	1,798	2,200	0	2,500		2,500
219 Other-Audit Consulting Fee	53,160	30,260	55,602	50,400	(1,000)	49,400
Total	58,192	37,340	59,061	58,160		57,160
INTERNAL AUDIT TOTAL	164,977	148,920	117,490	167,420		166,420

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Internal Auditor	17	1	1	1	1
EMPLOYEE POSITIONS		1	1	1	1

Funding Allocation:
- 28% General Fund
- 15% Street Sales Tax Fund
- 8% Street Maintenance Fund
- 37% Water and Sewer Operating Fund
- 12% Sanitation Operating Fund

MANAGEMENT SERVICES

HUMAN RESOURCES

PROGRAM 4104

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	260,516	255,640	261,198	265,370		265,370
102 Overtime	336	690	48	710		710
103 Retirement	26,934	27,600	26,220	28,640		28,640
104 Social Security	19,879	20,430	21,356	21,140		21,140
105 Insurance	26,520	35,230	35,230	37,020		37,020
106 Longevity	1,020	1,030	1,091	1,090		1,090
108 Other-Vehicle Allowance	5,861	5,400	5,769	5,400		5,400
110 Unemployment Compensation	40,633	75,000	80,306	85,000		85,000
111 Workers' Compensation	990	990	990	740		740
Total	382,689	422,010	432,208	445,110		445,110
OPERATING						
201 Office Supplies	1,670	1,500	1,026	1,500	(250)	1,250
202 Small Equipment	745	1,000	46	1,000	(500)	500
205 Custodial Equipment & Supplies	1,066	750	1,028	750		750
207 Repair of Equipment	0	750	0	750	(500)	250
210 Communications	1,627	2,000	2,583	2,600	(250)	2,350
212 Bonds, Insurance, Licenses	0	250	250	250		250
213 Postage	460	1,250	557	1,250	(250)	1,000
214 Advertising, Printing, Photo	200	3,500	726	3,000	(500)	2,500
215 Travel	5,420	4,000	556	3,500	(750)	2,750
216 Education, Memberships, Subscriptions	2,746	14,753	6,063	6,300	(4,000)	2,300
217 Lease, Rent, Taxes- (Time & Attendance System Lease)	78,197	83,600	79,153	83,600		83,600
219 Other-Salary Survey	3,150	4,000	0	4,000		4,000
220 Examinations	6,478	4,000	5,480	4,000		4,000
Total	101,759	121,353	97,468	112,500		105,500
HUMAN RESOURCES TOTAL	484,448	543,363	529,676	557,610		550,610

HUMAN RESOURCES
(continued)

PROGRAM 4104

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Director	21	1	1	1	1
Coordinator	10	2	2	2	2
Administrative Secretary	7	1	1	1	1
EMPLOYEE POSITIONS		4	4	4	4

Funding Allocation:
53% General Fund; 10% Street Sales Tax Fund
7% Street Maintenance Fund
21% Water and Sewer Operating Fund
9% Sanitation Operating Fund

MANAGEMENT SERVICES

CITY CLERK/CITIZEN ACTION CENTER

PROGRAM 4105

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	145,859	150,910	147,892	156,380		156,380
103 Retirement	15,772	16,870	15,570	17,500		17,500
104 Social Security	11,254	12,130	11,756	12,580		12,580
105 Insurance	17,830	29,160	29,160	30,640		30,640
106 Longevity	309	370	385	490		490
108 Other-Vehicle Allowance	5,400	5,400	5,769	5,400		5,400
111 Workers' Compensation	990	990	990	740		740
Total	197,414	215,830	211,522	223,730		223,730
OPERATING						
201 Office Supplies	902	1,400	922	1,500		1,500
202 Small Equipment	0	2,000	4,500	2,500	(500)	2,000
205 Custodial Equipment & Supplies	271	350	259	400		400
207 Repair of Equipment	66	500	0	500		500
210 Communications	383	500	283	500		500
212 Bonds, Insurance, Licenses	5,269	5,820	5,820	5,800		5,800
213 Postage	2,126	2,500	535	2,500		2,500
214 Advertising, Printing, Photo	52,106	42,000	25,687	29,700		29,700
215 Travel	4,352	7,000	5,270	7,000		7,000
216 Education, Memberships, Subscriptions	390	500	400	500		500
217 Lease, Rent, Taxes	3,906	5,000	3,965	5,000	(1,000)	4,000
218 Claims	50	1,000	417	1,000		1,000
219 Other-Codification of Ordinances, Election Costs	37,980	95,000	35,465	63,000	(500)	62,500
Total	107,801	163,570	83,523	119,900		117,900
CAPITAL OUTLAY	0	15,000	13,732	0		0
CITY CLERK/CITIZEN ACTION CENTER TOTAL	305,215	394,400	308,777	343,630		341,630

CITY CLERK/CITIZEN ACTION CENTER
(continued)

PROGRAM 4105

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
City Clerk	17	1	1	1	1
Assistant City Clerk	9	1	1	1	1
Production Assistant	6	1	1	1	1
EMPLOYEE POSITIONS		3	3	3	3

Funding Allocation:
33% General Fund; 10% Street Sales Tax Fund
8% Street Maintenance Fund
37% Water and Sewer Operating Fund
12% Sanitation Operating Fund

MANAGEMENT SERVICES

FINANCE

PROGRAM 4301

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	659,917	710,320	685,449	751,000		751,000
102 Overtime	214	0	13	0		0
103 Retirement	65,370	73,070	66,057	77,180		77,180
104 Social Security	49,366	55,710	55,184	58,730		58,730
105 Insurance	74,580	106,880	113,711	112,280		112,280
106 Longevity	2,861	2,950	3,143	3,010		3,010
107 Medical Expenses	0	500	0	0		0
108 Other-Vehicle Allowance	5,400	5,400	5,769	5,400		5,400
111 Workers' Compensation	1,390	1,520	1,670	1,130		1,130
Total	859,098	956,350	930,996	1,008,730		1,008,730
OPERATING						
201 Office Supplies	4,820	8,685	5,928	8,000	(2,500)	5,500
202 Small Equipment	4,776	13,300	6,659	10,300	(6,300)	4,000
205 Custodial Equipment and Supplies	1,763	2,000	2,256	2,000		2,000
207 Repair of Equipment	784	1,000	944	1,000		1,000
210 Communications	3,164	2,100	4,974	3,800		3,800
212 Bonds, Insurance, Licenses	0	500	500	500	(250)	250
213 Postage	10,920	13,000	13,122	13,000		13,000
214 Advertising, Printing, Photo	11,799	22,364	20,122	14,000		14,000
215 Travel	12,859	16,200	7,020	17,000	(3,000)	14,000
216 Education, Memberships, Subscriptions	9,260	11,000	8,859	10,000		10,000
217 Lease, Rent, Taxes	9,787	16,000	13,581	16,000		16,000
219 Other - External Audit, Consulting Fees	133,411	200,000	186,464	200,000		200,000
Total	203,343	306,149	270,429	295,600		283,550
FINANCE TOTAL	1,062,441	1,262,499	1,201,425	1,304,330		1,292,280

FINANCE
(continued)

PROGRAM 4301

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Director of Finance	23	1	1	1	1
Deputy Director of Finance	20	0	1	1	1
Controller	19	1	1	1	1
Accounting/Financial Reporting M	15	1	1	1	1
Payroll Accountant	10	1	1	1	1
Office & Budget Coordinator	10	0	0	0	1
Grant Administrator	9	1	1	1	1
General Ledger Accountant	9	1	1	1	1
Administrative Coordinator	9	1	1	1	0
Accounting Technician	6	4	4	4	4
EMPLOYEE POSITIONS		11	12	12	12

Funding Allocation:
23% General Fund; 20% Street Sales Tax Fund
8% Street Maintenance Fund
37% Water and Sewer Operating Fund
12% Sanitation Operating Fund

MANAGEMENT SERVICES

UTILITY BILLING/CUSTOMER SERVICE PROGRAM 4304

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	534,012	533,840	548,543	553,510		553,510
102 Overtime	2,489	2,960	2,746	3,060		3,060
103 Retirement	51,755	54,030	51,689	56,020		56,020
104 Social Security	39,744	41,730	43,838	43,220		43,220
105 Insurance	86,830	109,710	109,710	115,260		115,260
106 Longevity	2,180	2,470	2,369	2,530		2,530
107 Medical Expenses	0	400	0	400		400
109 Employee Allowance	1,461	1,010	1,069	1,010		1,010
111 Workers' Compensation	11,870	11,870	11,870	8,840		8,840
Total	730,341	758,020	771,834	783,850		783,850
OPERATING						
201 Office Supplies	2,195	4,000	1,804	2,000		2,000
202 Small Equipment	2,387	3,500	3,103	3,500		3,500
203 Fuel, Oil, Lube	21,457	24,000	25,472	26,000		26,000
204 Clothing	1,964	2,500	3,272	2,500		2,500
205 Custodial Equipment and Supplies	3,489	2,500	2,852	2,500		2,500
207 Repair of Equipment	7,039	7,500	7,115	7,500		7,500
210 Communications	1,295	1,800	1,276	1,800		1,800
212 Bonds, Insurance, Licenses	6,013	5,470	5,470	5,740		5,740
213 Postage	152,497	155,000	164,148	160,000		160,000
214 Advertising, Printing, Photo	82,224	85,000	89,091	85,000		85,000
215 Travel	864	1,000	259	1,000		1,000
216 Education, Memberships, Subscriptions	4,462	5,200	3,696	1,300		1,300
217 Lease, Rent, Taxes	3,948	4,600	3,446	4,600		4,600
218 Claims	0	500	0	500		500
219 Other - Data Processing Charges	628,060	820,000	777,254	640,000	(80,000)	560,000
Total	917,894	1,122,570	1,088,258	943,940		863,940
CAPITAL OUTLAY	2,040	50,800	49,246	0		0
UTILITY BILLING/CUSTOMER SERVICE TOTAL	1,650,275	1,931,390	1,909,338	1,727,790		1,647,790

UTILITY BILLING/CUSTOMER SERVICE
(continued)

PROGRAM 4304

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Business Manager	12	1	1	1	1
Accounting Technician	6	1	1	1	1
Customer Service Representative	5	6	6	6	6
Senior Clerk II	5	5	5	5	5
EMPLOYEE POSITIONS		13	13	13	13

Funding Allocation:
- 75% Water and Sewer Operating Fund
- 15% Sanitation Operating Fund
- 3% General Fund; 2% Street Sales Tax Fund
- 5% Street Maintenance Fund

MANAGEMENT SERVICES

PURCHASING

PROGRAM 4306

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	102,052	101,740	103,987	105,720		105,720
102 Overtime	0	0	0	820		820
103 Retirement	9,903	10,320	9,841	10,850		10,850
104 Social Security	7,845	7,930	8,760	8,340		8,340
105 Insurance	12,290	12,200	12,200	12,820		12,820
106 Longevity	480	610	530	610		610
109 Employee Allowances	415	0	1,281	1,200		1,200
111 Workers' Compensation	990	990	990	740		740
Total	133,975	133,790	137,589	141,100		141,100
OPERATING						
201 Office Supplies	751	1,500	1,411	1,700		1,700
202 Small Equipment	1,036	1,100	168	1,300		1,300
203 Fuel,Oil, Lube	775	760	207	800		800
205 Custodial Equipment & Supplies	4,868	9,030	5,944	7,500		7,500
206 Materials	2,210	2,700	2,448	2,840		2,840
207 Repair of Equipment	186	1,500	122	1,600		1,600
208 Repair of Buildings	47,432	55,000	61,694	57,300	(7,000)	50,300
210 Communications	73,191	73,500	80,500	77,310		77,310
212 Bonds, Insurance, Licenses	2,463	3,710	3,710	3,710		3,710
213 Postage	332	1,000	265	1,000		1,000
214 Advertising, Printing, Photo	1,812	5,300	4,769	5,570	(2,000)	3,570
215 Travel	1,422	3,500	415	3,500		3,500
216 Education, Memberships, Subscriptions	3,040	3,500	3,770	3,700		3,700
217 Lease, Rent, Taxes	254,469	263,000	258,657	290,000		290,000
Total	393,987	425,100	424,080	457,830		448,830
PURCHASING TOTAL	527,962	558,890	561,669	598,930		589,930

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Manager	12	1	1	1	1
Purchasing Technician	6	1	1	1	1
EMPLOYEE POSITIONS		2	2	2	2

Funding Allocation:

33% General Fund; 10% Street Sales Tax Fund
8% Street Maintenance Fund
37% Water and Sewer Operating Fund
12% Sanitation Operating Fund

MANAGEMENT SERVICES

INFORMATION & TECHNOLOGY SERVICES PROGRAM 4401

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	588,535	597,530	598,483	609,540		609,540
102 Overtime	70	630	26	620		620
103 Retirement	58,516	61,680	57,511	62,940		62,940
104 Social Security	45,366	46,560	49,330	47,520		47,520
105 Insurance	47,740	59,760	59,760	62,780		62,780
106 Longevity	1,064	1,210	1,283	1,210		1,210
107 Medical Expenses	65	0	0	0		0
108 Other-Vehicle Allowance	5,400	5,400	5,769	5,400		5,400
111 Workers' Compensation	1,220	1,220	1,220	920		920
Total	747,976	773,990	773,382	790,930		790,930
OPERATING						
201 Office Supplies	2,314	3,000	2,294	3,000		3,000
202 Small Equipment	104,456	70,000	27,944	90,000	(19,000)	71,000
203 Fuel, Oil & Lube	2,411	3,500	1,954	3,500		3,500
204 Clothing	1,523	1,000	937	1,000		1,000
205 Custodial Equipment & Supplies	2,934	3,000	3,507	3,000		3,000
206 Materials	2,259	1,500	711	1,500		1,500
207 Repair of Equipment	19,916	25,000	13,330	17,000		17,000
208 Repair of Buildings	61,705	75,000	87,024	82,990		82,990
210 Communications	421,570	455,000	412,739	440,000		440,000
211 Utilities	48,499	65,000	69,681	65,000		65,000
212 Bonds, Insurance, Licenses	6,439	12,000	12,000	10,000		10,000
213 Postage	1,139	1,000	46	1,000		1,000
214 Advertising, Printing, Photo	3,053	500	0	500		500
215 Travel	40,998	30,000	34,104	30,000	(4,000)	26,000
216 Education, Memberships, Subscriptions	1,205	5,000	1,167	5,000		5,000
217 Lease, Rent, Taxes	2,737	3,500	2,917	3,500		3,500
219 Other-GIS Maintenance	392	0	0	0		0
240 Software Procurement	91,204	92,000	92,000	115,000		115,000
241 PC Replacements	34,556	35,000	13,506	30,000	(15,000)	15,000
242 Peripheral Replacements	1,495	20,000	1,500	5,000	(2,000)	3,000
243 Service Maintenance and Upgrades	65,542	84,000	84,000	84,000		84,000
Total	916,347	985,000	861,361	990,990		950,990
INFORMATION & TECHNOLOGY SERVICES TOTAL	1,664,323	1,758,990	1,634,743	1,781,920		1,741,920

INFORMATION & TECHNOLOGY SERVICES (continued) PROGRAM 4401

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Director of Information & Technology Systems	22	1	1	1	1
Communications Administrator	17	1	1	1	1
Sr. Network Administrator	17	1	1	1	1
Database Administrator	17	1	1	1	1
Network Administrator	15	1	1	1	1
Senior GIS Analyst	13	1	1	1	1
IT Specialist	9	2	2	2	2
IT Services Specialist	7	1	1	1	1
EMPLOYEE POSITIONS		9	9	9	9

Funding Allocation:
40% General Fund; 25% Street Sales Tax Fund
5% Street Maintenance Fund
20% Water and Sewer Operating Fund
10% Sanitation Operating Fund

DEVELOPMENT SERVICES

PLANNING AND ZONING

PROGRAM 4106

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	440,595	446,480	455,546	468,970	(6,000)	462,970
102 Overtime	1,035	1,340	1,298	2,430		2,430
103 Retirement	44,373	46,700	44,609	49,140		49,140
104 Social Security	33,383	35,110	37,186	36,990		36,990
105 Insurance	41,487	65,750	65,750	69,080		69,080
106 Longevity	1,592	1,690	1,811	1,870		1,870
108 Other-Vehicle Allowance, Homeless Coordinator	23,682	35,400	38,700	38,400		38,400
109 Employee Allowances	415	0	1,281	0		0
111 Workers' Compensation	1,260	1,260	1,260	940		940
Total	587,822	633,730	647,441	667,820		661,820
OPERATING						
201 Office Supplies	2,032	6,500	820	3,400		3,400
202 Small Equipment	1,081	3,000	4,619	3,000		3,000
203 Fuel, Oil, Lube	1,171	2,250	1,889	2,250		2,250
205 Custodial Equipment and Supplies	977	1,250	1,596	1,250		1,250
207 Repair of Equipment	973	3,000	946	3,000		3,000
208 Repair of Buildings	0	1,000	0	0		0
210 Communications	1,968	3,000	1,602	3,000		3,000
212 Bonds, Insurance, Licenses	2,521	2,730	2,730	2,870		2,870
213 Postage	2,419	6,500	3,667	6,500	(500)	6,000
214 Advertising, Printing, Photo	12,026	19,500	10,298	8,500		8,500
215 Travel	3,233	7,000	3,719	8,400	(500)	7,900
216 Education, Memberships, Subscriptions	6,697	9,500	8,785	10,300		10,300
217 Lease, Rent, Taxes	11,705	8,000	13,980	14,000	(4,000)	10,000
219 Other - Planning Commission, Special Plans	183,303	175,000	177,165	27,000		27,000
Total	230,106	248,230	231,816	93,470		88,470
PLANNING TOTAL	817,928	881,960	879,257	761,290		750,290

PLANNING AND ZONING
(continued)

PROGRAM 4106

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Director of Development	22	1	1	1	1
Senior Planner	13	2	2	2	2
Planner I	10	2	2	2	2
Planner II	8	1	1	1	1
Administrative Secretary	7	1	1	1	1
Accounting Technician	6	0.75	0.75	0.75	0.75
EMPLOYEE POSITIONS		7.75	7.75	7.75	7.75

Funding Allocation:
65% General Fund; 20% Street Sales Tax Fund
15% Water and Sewer Operating Fund

Note: The City's share of the Homeless Coordinator is $33,000 for 2015 and is included in account 108. The position is a part of the Housing Authority.

DEVELOPMENT SERVICES

BUILDING SAFETY

PROGRAM 4108

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	554,379	587,170	567,898	577,980		577,980
102 Overtime	425	5,770	420	3,100		3,100
103 Retirement	53,833	59,500	53,022	58,610		58,610
104 Social Security	42,343	46,460	46,880	45,930		45,930
105 Insurance	53,960	88,530	88,530	93,010		93,010
106 Longevity	1,701	2,050	1,974	2,050		2,050
111 Workers' Compensation	3,240	3,240	3,240	2,420		2,420
Total	709,881	792,720	761,964	783,100		783,100
OPERATING						
201 Office Supplies	3,332	4,000	1,765	3,190		3,190
202 Small Equipment	596	4,500	500	4,500	(1,000)	3,500
203 Fuel, Oil, Lube	15,876	16,500	16,648	18,000	(500)	18,000
204 Clothing	750	1,100	194	1,200		1,200
205 Custodial Equipment and Supplies	293	500	606	500		500
207 Repair of Equipment	4,082	10,000	8,548	12,000	(500)	11,500
209 Merchandise/Program Participation	1,966	2,000	4,656	2,000	(500)	1,500
210 Communications	6,166	7,500	6,941	8,000	(500)	7,500
212 Bonds, Insurance, Licenses	7,098	8,100	8,100	8,100		8,100
213 Postage	447	2,000	531	1,500		1,500
214 Advertising, Printing, Photo	1,256	1,200	154	1,500		1,500
215 Travel	4,891	12,000	9,748	12,000	(2,000)	10,000
216 Education, Memberships, Subscriptions	1,822	4,000	1,417	3,000	(500)	2,500
217 Lease, Rent, Taxes	4,134	4,500	4,524	4,500		4,500
Total	52,709	77,900	64,332	79,990		74,990
CAPITAL OUTLAY	0	28,500	28,500	0		0
BUILDING SAFETY TOTAL	762,590	899,120	854,796	863,090		858,090

BUILDING SAFETY
(continued)

PROGRAM 4108

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Building Official	18	1	1	1	1
Plans Examiner	10	1	1	1	1
Electrical Inspector	9	2	2	2	2
Plumbing Inspector	9	1	1	1	1
Building Inspector	9	2	2	2	2
HVAC Inspector	9	1	1	1	1
HVAC Plumbing Inspector	9	1	1	1	1
Permit Officer	8	1	1	1	1
Accounting Technician	6	1	1	1	1
EMPLOYEE POSITIONS		11	11	11	11

Funding Allocation:
100% General Fund

DEVELOPMENT SERVICES

CLEANUP/DEMOLITION PROGRAM FUND

NEIGHBORHOOD SERVICES — PROGRAM 6900

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	307,970	337,340	329,343	367,780		367,780
102 Overtime	716	1,250	224	2,590		2,590
103 Retirement	30,801	33,930	30,805	37,430		37,430
104 Social Security	23,617	26,460	26,190	29,010		29,010
105 Insurance	58,243	62,720	62,720	65,900		65,900
106 Longevity	1,298	1,450	1,411	1,570		1,570
111 Workers' Compensation	3,950	4,020	4,020	3,000		3,000
Total	426,595	467,170	454,713	507,280		507,280
OPERATING						
201 Office Supplies	1,770	4,200	1,896	3,000		3,000
202 Small Equipment	1,108	7,000	4,956	4,500	(1,000)	3,500
203 Fuel, Oil, Lube	12,991	15,500	13,057	15,500	(500)	15,000
204 Clothing	334	1,150	1,511	1,100		1,100
205 Custodial Equipment and Supplies	478	500	263	500		500
207 Repair of Equipment	4,997	8,000	1,678	8,000	(500)	7,500
210 Communications	5,054	6,500	4,478	6,000	(5,800)	200
212 Bonds, Insurance, Licenses	4,252	5,550	5,550	4,900		4,900
213 Postage	20,986	30,000	23,885	30,000	(1,000)	29,000
214 Advertising, Printing, Photo	1,938	3,000	2,196	3,000		3,000
215 Travel	3,210	5,500	4,467	4,500		4,500
216 Education,Memberships,Subscriptions	875	1,500	0	1,000		1,000
217 Lease, Rent, Taxes	4,168	3,800	4,067	4,000		4,000
219 Other-Cleanup/Demolition Costs	132,301	130,000	131,074	135,000		135,000
Total	194,462	222,200	199,078	221,000		212,200
CAPITAL OUTLAY	0	43,600	42,193	0		0
NEIGHBORHOOD SERVICES TOTAL	621,057	732,970	695,984	728,280		719,480

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Property Maintenance Supervisor	11	1	1	1	1
Property Maintenance Inspector	7	4	5	5	5
Environmental Coordinator	5	1	0	0	0
Senior Clerk II	5	2	3	3	3
EMPLOYEE POSITIONS		8	9	9	9

Note: This program is not included in the operating funds appropriations as funds are allocated from the Cleanup/Demolition Program Fund. Annual funding is provided by transfers from the General Fund and the Sanitation Operating Fund. Employees of the program are under the direction of the Development Services 4108 Building Safety Program.

Funding Allocation:
100% Cleanup/Demolition Fund

Fort Smith Police Department
Kevin Lindsey, Chief of Police

INTERDEPARTMENTAL MEMORANDUM

To: **Ray Gosack City Administrator**

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

Subject: **2015 Budget Reductions**

Date: **July 7, 2015**

Attachment: **2015 Budget Cuts**

At the June 23, 2015 evening Study Session, the Board of Directors asked staff to identify General Fund spending cuts of one-half of 3% with the intent that the savings would be allocated toward the police and fire pension contribution fund. The 3% figure is $1,236,000 on an annual basis, and since we are at mid-year in the fiscal 2015 budget, the reductions for the remainder of the year would be $618,000, with $290,000 representing the target reduction amount for the police department.

The reductions identified by staff accomplish the main goals set out in your June 25, 2015 email to staff. First, the reductions identified are recurring, and thus could easily be continued in succeeding years. Second, if the identified reductions continue into succeeding years, they would meet the police department's target reductions of 3% in the General Fund. Third, the identified reductions will not impact citizens from the perspective of traditional police-related services, and will permit sworn police staffing to continue within existing parameters.

After careful examination of our current budget's staffing and operating funds, I propose complete elimination of the Department's Animal Control Unit. This would entail reductions in force of all five (5) Animal Control Officers and cancellation of the current contract with the Sebastian County Humane Society. The only animal related calls for service patrol officers would respond to and investigate are animal bite calls, which have averaged about fifty per year from 2013 through mid-year 2015. Types of animal calls the police department will no longer respond to include at large animals, including coyotes, skunks, and snakes; viscious dogs; barking dogs; deceased animals; and requests for traps. In 2014, the animal control unit handled 6,094 calls. Budget savings from this proposal are anticipated to be $220,881 for the period of September – December, 2015. Additional funding in the amount of $69,119 from the Prisoner Care account (Program 4702-219) will be utilized to meet our target reduction amount. Elimination of the entire Animal Control Unit for the full year in 2016 will not require any additional funding to meet the 3% reduction amount. The attached spreadsheet contains a detailed breakdown of the cost savings.

Please contact me if you have any questions.

Fort Smith Police Department Proposed 2015 Budget Cuts for July 14, 2015 Study Session

Animal Control Unit

		Annual Costs	Amount of Reductions 2015	Amount of Reductions 2016
Personnel		**Salary/Benefits**	**Sep - Dec**	**Jan - Dec**
	Kaelin	$ 60,384	$ 19,927	$ 60,384
	Lewis	$ 54,435	$ 17,964	$ 54,435
	Best	$ 49,078	$ 16,196	$ 49,078
	McAlister	$ 51,351	$ 16,946	$ 51,351
	McCleod	$ 46,300	$ 15,279	$ 46,300
		Total	$ 86,311	$ 261,548

Vehicles (5)		**Sep - Dec**	**Jan - Dec**
	Fuel	$ 7,800	$ 23,400
	Insurance	$ 1,402	$ 4,206
	Maintenance	$ 1,760	$ 5,332
	Total	$ 10,962	$ 32,938

Equipment		**Sep - Dec**	**Jan - Dec**
	Custodial supplies	$ 297	$ 900
	Uniforms	$ 858	$ 2,600
	Other supplies	$ 132	$ 400
	Total	$ 1,287	$ 3,900

Sebastian County Humane Society Contract		**Sep - Dec**	**Jan - Dec**
		$ 122,321	$ 298,000
Prisoner Housing & Care			
	Supplemental Savings from 4702-219	$ 69,119	$ -
	Total Savings	$ 290,000	$ 596,386

7/7/2015 11:17 AM 2015 Q3 Budget Cuts 071415

POLICE SERVICES

SUPPORT SERVICES — PROGRAM 4702

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	1,845,754	2,108,420	2,022,119	2,139,120		2,139,120
102 Overtime	145,759	145,000	141,533	148,380		148,380
103 Retirement	114,500	150,320	113,519	137,570		137,570
104 Social Security	100,246	118,550	113,830	118,750		118,750
105 Insurance	268,070	344,800	344,800	356,010		356,010
106 Longevity	4,751	5,470	5,315	5,650		5,650
109 Allowances-Clothing, Language, Field, CTO Training	23,860	15,600	22,693	26,000		26,000
111 Workers' Compensation	16,870	16,870	16,870	12,320		12,320
Total	2,519,810	2,905,030	2,780,679	2,943,800		2,943,800
OPERATING						
201 Office Supplies	30,831	32,000	22,819	26,000		26,000
202 Small Equipment	85,041	178,372	175,372	104,990		104,990
203 Fuel, Oil, Lube	10,062	15,000	14,989	15,000		15,000
204 Clothing	9,257	7,000	8,604	9,000		9,000
205 Custodial Equipment and Supplies	17,218	13,500	17,054	14,000		14,000
206 Materials	789	1,500	894	1,500		1,500
207 Repair of Equipment	11,030	17,000	5,867	10,100		10,100
208 Repair of Buildings	8,511	39,150	49,135	32,000		32,000
212 Bonds, Insurance, Licenses	11,782	15,310	15,310	15,950		15,950
213 Postage	4,732	6,000	3,474	5,000		5,000
214 Advertising, Printing, Photo	7,143	9,500	6,100	7,500		7,500
215 Travel	22,303	44,000	17,613	18,000		18,000
216 Education, Memberships, Subscriptions	27,366	48,180	14,681	27,350		27,350
217 Lease, Rent, Taxes	14,794	16,000	14,519	16,000		16,000
218 Claims	400	1,000	111	1,000		1,000
219 Other - Prisoner Care	623,188	845,000	509,400	650,000	(69,119)	580,881
230 Computer Equipment & Software	53,823	42,500	78,738	49,000		49,000
231 Computer Equipment & Software Maintenance	286,304	277,220	272,000	280,000		280,000
232 Computer System & Network Fees-Lease Pur.	140,464	109,960	109,952	109,960		109,960
233 Computer System Support & Consulting	11,402	17,000	2,983	9,000		9,000
236 EOC Communications	0	48,100	34,204	35,000		35,000
237 EOC Technology Maintenance	0	9,000	6,000	9,000		9,000
Total	1,376,440	1,792,292	1,379,819	1,445,350		1,376,231
SUPPORT SERVICES TOTAL	3,896,250	4,697,322	4,160,498	4,389,150		4,320,031

SUPPORT SERVICES
(continued)

PROGRAM 4702

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Major	18	1	1	1	1
Network Administrator	17	1	1	1	1
Network Analyst	15	1	1	1	1
Captain	15	1	2	2	2
Sergeant	13	3	3	3	3
Crime Analyst	10	0	1	1	1
Building Engineer	9	1	1	1	1
Corporal	8	5	9	9	9
Patrol Officer	7	2	1	1	1
Evidence Custodian	7	1	1	1	1
CALEA Communications (Admin. Support Tech)	6	1	1	1	1
Records Technician	6	1	1	1	1
Accounting Technician	6	1	1	1	1
911 Dispatch/Comm.Operator	5-7	24	24	24	24
Senior Clerk II	5	2	0	0	0
Senior Clerk I	4	2	3	3	2
Maintenance Person	3	1	1	1	1
Customer Service Desk (Part-tim	2	0	2.25	2.25	2.25
EMPLOYEE POSITIONS		48	54.25	54.25	53.25

Note 1: The retirement costs for sworn personnel in this program are $322,570 for 2015. The retirement contribution is made from the LOPFI Contribution Fund and is not paid from this program. For details, please refer to the Budget Highlights Section-Retirement Plans in the 2015 Budget Document.

POLICE SERVICES

PATROL OPERATIONS — PROGRAM 4704

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	4,993,683	4,823,380	4,732,226	4,874,750		4,874,750
102 Overtime	172,812	207,740	183,963	189,900		189,900
103 Retirement	33,339	38,690	29,550	38,640		38,640
104 Social Security	83,297	94,580	82,904	94,590		94,590
105 Insurance	709,360	894,600	894,600	912,880		912,880
106 Longevity	14,381	15,970	15,131	14,650		14,650
107 Medical Expenses	95	0	65	0		0
109 Allowances-Clothing, Language, Field Training	27,029	27,400	27,476	28,000		28,000
111 Workers' Compensation	63,590	63,590	63,590	46,480		46,480
Total	6,097,586	6,165,950	6,029,505	6,199,890	(86,312)	6,113,578
OPERATING						
202 Small Equipment	61,119	62,630	19,159	52,120	(132)	51,988
203 Fuel, Oil, Lube	312,598	315,000	325,548	320,750	(7,800)	312,950
204 Clothing	53,205	65,000	53,150	60,000	(858)	59,142
205 Custodial Equipment and Supplies	4,970	9,000	13,370	10,000	(297)	9,703
206 Materials	1,027	3,300	0	2,300		2,300
207 Repair of Equipment	148,154	177,256	157,089	180,000	(1,760)	178,240
212 Bonds, Insurance, Licenses	59,465	65,080	65,080	67,250	(1,402)	65,848
214 Advertising, Printing, Photo	128	5,000	781	3,000		3,000
215 Travel	2,500	4,000	5,070	4,500		4,500
216 Education, Memberships, Subscriptions	23,793	25,000	26,641	36,400		36,400
217 Lease, Rent, Taxes	3,546	4,500	4,059	4,500		4,500
218 Claims	10	2,000	0	1,000		1,000
219 Other - Agreements with Sebastian County Humane Society	262,081	250,000	298,000	298,000	(122,321)	175,679
Total	932,596	987,766	967,947	1,039,820		905,250
CAPITAL OUTLAY	250,930	0				
301 SUV (5) (Replacements 2005-2009 Models)				297,210		297,210
Total Capital Outlay				297,210		297,210
PATROL OPERATIONS TOTAL	7,281,112	7,153,716	6,997,452	7,536,920		7,316,038

PATROL OPERATIONS
(continued)

PROGRAM 4704

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15	
Major	18	1	1	1	1	1
Captain	15	4	3	3	3	3
Sergeant	13	11	11	11	11	11
Corporal	8	28	34	27	34	34
Patrol Officer	7	64	53	60	51	51
Patrol Officer (KEEP) Coordinator	7	0	0	1	1	1
Quartermaster	7	0	1	1	1	1
Animal Control Officer	5	5	5	5	5	(5)
Senior Clerk II	5	1	2	1	1	1
Customer Service Desk (PT)	4	2.25	0	0	0	0
Senior Clerk I	3	1	0	0	0	0
Cadet	2	0.75	0.75	0.75	0.75	0.75
EMPLOYEE POSITIONS		118.00	110.75	110.75	108.75	98.75

Note 1: The retirement costs for sworn personnel in this program are $1,662,700 for 2015. The retirement contribution is made from the LOPFI Contribution Fund and is not paid from this program. For details, please refer to the Budget Highlights Section-Retirement Plans in the 2015 Budget Document.

Funding Allocation:
100% General Fund

The City of Fort Smith ARKANSAS

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: Ray Gosack, City Administrator
From: Mike Richards, Fire Chief MR
Date: July 7, 2015
Re: Proposed 3% Budget Reduction

After an exhaustive review of the Fort Smith Fire Department's (FSFD) budget we have identified two options for the 3% budget cuts requested by the Fort Smith Board of Directors as part of an overall effort to fully meet police and fire pension funding. Every possible scenario was explored in an effort to minimize the negative impact on service levels to our citizens and businesses. However, due to the very lean budget we currently operate with, and the total amount of permanent spending cuts the 3% would represent, we were left with no good options.

The 3% proposed budget reduction represents an amount equal to $338,000 per year and $169,000 for the remainder of 2015. Budget reductions of this magnitude will have to primarily come from, if not all, the personnel section of our overall budget. It is not possible to reduce our operating budget to a number anywhere near this amount. Therefore, in order to provide an option for the requested budget reductions we have a proposal that would minimize the negative impact to our citizens. However, this proposal will come with some risk as far as practicality and sustainability for current and future fire department budgets. But it is the only way we can achieve the requested budget reduction and still maintain any form of the same level of service as we currently provide.

OPTION 1

Our primary recommendation would be to cut $338,000 per year ($169,000 for the last six months of 2015) from the regular salaries line item (4802-101) of our suppression and rescue budget. The risk will be not having the funding at the end of this year, or any future years, to meet our payroll. If the funding is not available, the Board would have to authorize a budget appropriation to make our payroll. When analyzing our budget data for the last six (6) years, and comparing that to the proposed 3% budget reduction beginning in 2015, we found that the end-of-year funding balance could range anywhere from an approximate $72,000 shortfall to an approximate $185,000 surplus in our regular salaries portion of our fire suppression and rescue budget. It is important to point out that future years could be more or less than these amounts. Therefore, the Board will have to realize that any shortfall would have to be appropriated through a budget adjustment at the end of that given year to make payroll for the fire department.

I must add that the potential shortfall in the regular salaries of the fire suppression and rescue program is only one part of the overall budget. It is very likely that in the rest of the fire department's overall budget that a shortfall of $72,000 could be made up – but cannot be guaranteed. The problem is the fact we would be operating on extremely low margins and left with no room for error or unexpected emergencies. To give you an idea of how tight we have maintained this line item of our budget, our 4802-101 (*which is the largest line item of the entire fire department budget*) expenditures in 2009 was $6,250,850.096. In 2014 our 4802-101 expenditures was $6,263,716.73 for an increase of approximately 2/10ths of one percent over six (6) years. There were years that the 4802-101 expenditures were higher between 2009 and 2014, but as that happened we would evaluate each program and, if possible, make adjustments to hold our overall expenses as low as possible.

The reasons for this are complicated and may not be sustainable. Due to the need to maintain minimum daily staffing within the fire department, we have to budget each year for normal day-to-day staffing that includes covering anyone off for vacation, injury leave, sick leave, military leave, vacant positions, etc. This number can vary greatly from year-to-year and has a direct relationship to our overtime budget. These vacancies are filled with overtime if all of our relief personnel are assigned to other vacant positions. In past years, we have always estimated what that number will be based on experience and future needs and come up with as reasonable a budget figure as we could. We also take into account that any unspent personnel funding always went back into the general fund for the next year's budget appropriations. This method has historically proven to be the most cost effective strategy for the city even though our overall budgets have become leaner for the last several years. However, as mentioned above with this proposal, we cannot guarantee that there would not need to be unplanned budget appropriations to meet payroll at the end of any given year. It is also very important to note that there may be little to no carryover of funds from the fire department from one year to the next if this option is chosen.

Service levels provided by the fire department from this proposal would still be affected. If this method of budget reductions is selected, we would be forced to cut back in areas such as outside training, succession planning, staffing for significant events such as weather and other disasters, etc., to keep our spending as low as possible. This will cause us to have more of a reactive approach to public safety in many areas rather than the pro-active approach that has been our standard for the last several years.

There would be no reduction in force or closing any neighborhood fire station with this option unless budget shortfalls become too great, too often, or unsustainable.

OPTION 2

Our only other suggestion if the Board decides against our primary recommendation will be to reduce our staffing from 149 firefighters down to 143 firefighters for a total reduction of six (6) firefighter positions, close Fire Station # 3 located at 2020 North 6th Street, move Ladder 1 back to Fire Station # 1, cease staffing Rescue 1 full time, and further reduce spending in Programs 4801, 4802, and 4804. The combination of these recommendations will achieve the requested goal of a 3% spending reduction equal to $338,000.00 per year.

These actions will not come without a potential negative impact on our citizens, businesses, and our firefighters. The negative impact could be in the form of a decrease in the level of safety we provide our citizens, an increased safety risk to our firefighters during fires and other types of emergencies, and a negative financial impact to both the general public and the many businesses operating in Fort Smith. The negative financial impact could be in the form of higher property losses during fires and other emergencies, higher insurance costs if the reductions caused a decrease in our Insurance Services Office (ISO) classification, and the ability to be competitive with other cities in providing public safety needs when recruiting new business to Fort Smith.

It is very important to know that these reductions will come at a time where our emergency call volume continues to increase from previous years. As we discussed during the 2015 budget hearings last fall, our emergency call volume had increased in 2014 from 2013 by approximately 16.7%. This has proven to not be an anomaly as we are currently 2.7% over the 2014 year-to-date emergency call volume or a 19.4% increase in the last two (2) years.

In October of 2012, the citizens of Fort Smith overwhelmingly approved a referendum for fire service improvements that included adding a new fire station in Chaffee Crossing, a realignment of our current pumper and ladder units, and increased staffing to better meet National Fire Protection Association (NFPA) and ISO standards. Although a reduction in the fire department's suppression and rescue budget (4802) will not affect the funding provided for those improvements (4803), the overall benefit of those improvements will be reduced if this proposal is enacted.

For example, there may be a perception that Fire Station # 3 did not provide any credit from ISO in their 2010 Public Protection Classification (PPC) survey. This was a fact ***only as far as a pumper was concerned*** under the operation protocols at the time. This was a major consideration in the development of the Fire Department Improvement Plan that we implemented with the completion of Fire Station # 11. In order to save money we took Pumper 3 out of service and divided those crews between Pumper 11 and began staffing Rescue 1 full time instead of cross-staffing with Ladder 1. That move reduced our cost to open Fire Station 11 by not hiring an additional three Captains for Pumper 11. However, we were still not getting full ISO credit for a ladder truck on the north side of Fort Smith. With our realignment, we moved Ladder 1 from Fire Station # 1 to Fire Station # 3 to maximize our ladder coverage and ISO credit on the north side of town.

Moving Ladder 1 back to Fire Station # 1 will re-create a gap in aerial ladder coverage on the north side of Fort Smith that we covered with the realignment in 2012. This will have a negative impact on our ISO score. But it will be necessary in order to cross staff our rescue truck that will lose its personnel with the staffing reduction and properly maintain and operate all the specialized equipment at Station # 1 as will be discussed below.

The overall impact of closing Fire Station # 3 will be longer response times for the residences and businesses residing in Station 3's first in response district. However, due to the fact that Station 3 is surrounded in fairly close proximity to Fire Station # 1, Fire Station # 2, and Fire Station # 5, the overall response times to that area will be similar to all other areas of the city.

Out of eleven Fort Smith fire stations, Fire Station # 3 ranked ninth in the number of first-in responses in the last two years. If Fire Station # 3 is permanently closed, all emergency calls from their district will be transferred to Fire Stations 1, 2, & 5. If this move takes place, there will have to be a major reprogramming of the City's 9-11 data base by both AT&T (through the City's Engineering Department and Western Arkansas Planning and Development District) and our computer aided dispatch (CAD) software in our dispatch center at the police department. It will likely take at least a few fire and police personnel several days to a few weeks to complete that process.

The apparatus realignment in 2012 also allowed us to begin staffing our rescue truck as an individual unit instead of cross-staffing it with personnel from Ladder 1. The remaining six (6) personnel from Fire Station # 3 transferred to Rescue 1. Staffing our rescue truck as an individual unit enabled us to greatly enhance our rescue operations. In the last 18 months, Rescue 1 has responded to 1,005 emergency incidents. Enhancing our rescue operations was instrumental in meeting NFPA guidelines on structure fires and other types of emergencies requiring advanced rescue operations. We had also purchased, and will be receiving later this month, a new heavy rescue unit to replace our current older unit. Some of the current duties of our older rescue truck, along with the planned enhanced duties of our new rescue truck are as follows:

Current duties of the Rescue-1 personnel:

- Their own response district for Emergency Medical Response.
- Respond to all Motor Vehicle Accidents that require patient extrication as a backup to the Ladder Trucks.
- The only unit with advanced patient extrication tools and vehicle stabilization tools used for MVAs involving larger commercial vehicles.
- Used as an additional search and rescue team on structure fires.
- The only unit with fresh air replacement for confined space rescue.
- The only unit with supplied air for confined space rescue.
- The only unit with advanced high-angle or rope rescue tools.

With the new Rescue-1 unit scheduled to arrive in late July, additional tools will be carried to perform extra roles of:

- The only unit with Self-Contained Breathing Apparatus (SCBA) refilling capabilities.
- Much improved scene lighting for safer emergency operations at night.
- Safer technical rescue operations.
- Safer operations for complex auto extrications.
- Advanced structural collapse rescues.

Impacts of using a cross-manned rescue unit:

- Additional response times for advanced auto extrication. These are the motor vehicle accidents that require extreme technical expertise in extricating patients with critical life-threatening injuries.

- Rescue-1 unit will not be on fire ground emergencies. The crew and resources/tools of Rescue-1 has become a major safety factor when dealing with advanced victim search and rescue as well as a downed Firefighter situation. The new Rescue-1 also has a light tower built into the unit, making fire ground operations at night much safer.
- Other units will be out of service longer after a fire due to no SCBA filling capabilities on the fire ground.
- Physiological stress on the crew members, as they try to compensate for inadequate staffing which could result in a loss of overall effectiveness during an emergency operation.
- We will not have a dedicated team assigned to all types of water rescue. These duties will then become shared duties by personnel that may or may not be quickly available when these types of incidents happen. This includes, but is not limited to:
    - Swift Water Rescue
    - River Rescue
    - Dive Team
    - Urban Flooding

If the budget reductions in this option are implemented, we will be forced to cease operations of the rescue truck as an individual unit and go back to cross staffing it as we did prior to 2012. This will be accomplished by moving Ladder 1 from Fire Station # 3 back to Fire Station # 1. This will severely limit the full capabilities of the new rescue truck that we had intended to implement.

We do request that if this option is chosen, that we are allowed to reduce our staffing through attrition. At the time this memo was written, we have four (4) open positions that we were in the process of filling. These four positions are currently scheduled to be filled with four new firefighters that will report for duty and training on August 3, 2015. These would be four of the six positions we would eliminate. The other two would come from the retirements of current personnel scheduled to take place between now and early 2016. If we are not allowed to reduce our staffing through attrition, we stand to lose an investment of up to approximately $75,000 per employee if that employee is laid off and decides to not return to the FSFD when the opportunity to rehire occurs.

We realize that the Board's choice of options for budget reductions in the fire department is extremely limited. This is due to the fact that the fire department operates under a very tight budget from year to year and is very prudent in preparing annual budgets. Developing and operating budgets under the strict guidelines that we follow leaves us very few options when asked to implement additional budget reductions. Please feel free to contact me if you have any questions.

FIRE SERVICES

SUPPRESSION AND RESCUE

PROGRAM 4802

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	6,441,503	6,963,740	6,448,494	7,136,280		7,136,280
102 Overtime	419,266	542,970	399,733	465,300		465,300
103 Retirement (Note 1)	34,348	33,730	23,978	17,690		17,690
104 Social Security	74,851	109,450	83,988	103,390		103,390
105 Insurance	943,580	1,086,560	1,086,560	1,141,440		1,141,440
106 Longevity	22,911	23,830	21,843	21,670		21,670
107 Medical Expenses	11,017	12,580	4,409	12,580		12,580
109 Allowances-Clothing, Language & Field Training	73,487	76,000	78,985	73,210		73,210
111 Workers' Compensation	38,330	38,330	38,330	28,540		28,540
Total	8,059,293	8,887,190	8,186,320	9,000,100	* (169,000)	8,831,100
*** See attached memo for detail**						
OPERATING						
202 Small Equipment	133,494	157,520	149,630	136,520		136,520
203 Fuel, Oil, Lube	110,918	118,290	133,576	136,100		136,100
204 Clothing	130,266	137,800	137,000	193,110		193,110
205 Custodial Equipment & Supplies	38,713	40,560	50,298	50,000		50,000
206 Materials	27,166	34,100	45,665	34,100		34,100
207 Repair of Equipment	128,944	140,000	139,000	146,130		146,130
208 Repair of Buildings	25,506	70,000	62,376	62,000		62,000
210 Communications	11,939	17,000	10,013	19,400		19,400
211 Utilities	76,760	75,000	80,663	83,000		83,000
212 Bonds, Insurance, Licenses	49,608	58,860	58,860	58,860		58,860
213 Postage	13	300	0	300		300
214 Advertising, Printing, Photo	321	600	371	600		600
215 Travel	21,604	22,000	19,194	16,000		16,000
216 Education, Memberships, Subscriptions	14,607	15,200	15,200	11,700		11,700
217 Lease, Rent, Taxes	2,733	2,000	204	2,000		2,000
219 Other-Training Facility (Note 2)	363,411	0	0	0		0
220 Examinations	1,185	25,000	25,000	4,000		4,000
Total	1,137,188	914,230	927,050	953,820		953,820
CAPITAL OUTLAY	0	0	7,732	0		0
301 Fire Hose Repair Machine (1) (Replacement)				9,000		9,000
Total Capital Outlay				9,000		9,000
SUPPRESSION AND RESCUE TOTAL	9,196,481	9,801,420	9,121,102	9,962,920		9,793,920

SUPPRESSION AND RESCUE
(continued)

PROGRAM 4802

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15	FY15
Battalion Chief	17	3	3	3	3	3
Captain	14	33	33	33	33	33
Driver	9	42	42	42	42	42
Firefighter	6	45	45	45	45	45
EMPLOYEE POSITIONS		123	123	123	123	123

Funding Allocation:
100% General Fund

Note 1: Additional retirement costs for sworn personnel would be $2,995,120 for 2015. This retirement contribution is made from the LOPFI Contribution Fund and is not paid from this program. For details, please refer to the Budget Highlights Section-Retirement Plans in the 2015 Budget Document.

Note 2: In the past, the 4802-219 accounted for the Act 833 state insurance turnback funds. These funds are reflected as a revenue as a revenue in the General Fund and, once the training facility is completed, the funds will support program 4804.

OPERATION SERVICES
PARKS AND RECREATION

PARKS MAINTENANCE

PROGRAM 6201

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	675,072	675,900	704,361	685,690		685,690
102 Overtime	3,645	12,870	3,524	7,290		7,290
103 Retirement	59,874	70,880	58,693	60,510		60,510
104 Social Security	51,258	54,120	57,114	54,850		54,850
105 Insurance	82,230	164,160	164,160	165,230		165,230
106 Longevity	2,403	2,590	2,591	2,650		2,650
107 Medical Expenses	410	1,070	0	1,070		1,070
108 Other-Temporary/Seasonal Staffing, Vehicle Allowance	17,869	20,400	15,687	20,400		20,400
111 Workers' Compensation	14,330	14,330	14,330	10,160		10,160
Total	907,091	1,016,320	1,020,460	1,007,850		1,007,850
OPERATING						
201 Office Supplies	729	2,694	1,080	3,000	(1,700)	1,300
202 Small Equipment	9,000	15,000	25,113	25,000	(3,000)	22,000
203 Fuel, Oil, Lube	37,931	38,500	38,500	38,500	(1,428)	37,072
204 Clothing	7,946	8,000	8,819	10,000	(1,750)	8,250
205 Custodial Equipment & Supplies	3,453	5,000	3,761	8,000	(1,000)	7,000
206 Materials	38,545	47,000	25,478	45,000		45,000
207 Repair of Equipment	34,009	35,000	46,900	40,000	(2,000)	38,000
208 Repair of Buildings	16,893	50,000	22,261	30,000	(2,700)	27,300
210 Communications	4,479	6,000	5,656	6,000	(270)	5,730
211 Utilities	99,312	88,000	83,269	88,000	(2,327)	85,673
212 Bonds, Insurance, Licenses	40,582	49,250	49,250	51,710		51,710
213 Postage	291	500	391	500	(100)	400
214 Advertising, Printing, Photo	1,641	2,000	2,950	2,000		2,000
215 Travel	1,085	7,500	5,680	7,500	(1,200)	6,300
216 Education, Memberships, Subscriptions	1,448	2,500	4,100	7,000	(1,400)	5,600
217 Lease, Rent, Taxes	12,325	15,500	18,813	15,500	(3,875)	11,625
219 Other-Media Services, Recreation Programming	12,972	17,500	17,959	17,500	(5,250)	12,250
230 Contractual Services	188,571	231,282	201,596	200,000		200,000
Total	511,212	621,226	561,576	595,210		567,210

PARKS MAINTENANCE
(continued)

PROGRAM 6201

CAPITAL OUTLAY	104,149	125,261	134,862		
301 3/4 Ton Pickup (1) (Replacement 1998 Model)				25,000	25,000
Total				25,000	25,000
PARKS MAINTENANCE TOTAL	1,522,452	1,762,807	1,716,898	1,628,060	1,600,060

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Parks & Recreation Director	21	1	1	1	1
Maintenance Supervisor	11	1	1	1	1
Recreation Supervisor	11	1	1	1	1
Park Maintenance Technician	8	2	2	2	2
Administrative Secretary	8	1	1	1	1
Forester	7	0	0.5	0.5	0.5
Senior Maintenance Person	5	2	2	2	2
Equipment Operator II	4	2	2	2	2
Maintenance Person	3	4	4	4	4
Laborer (Seasonal)	1	6.5	6.5	6.5	5.5
EMPLOYEE POSITIONS		20.5	21	21	20

Funding Allocation for Personnel & Operating Costs:
85% General Fund
15% Street Maintenance Fund

Funding Allocation for Capital Outlay:
100% General Fund

OPERATION SERVICES
PARKS AND RECREATION

OAK CEMETERY — PROGRAM 6202

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	96,098	101,380	98,325	104,830		104,830
102 Overtime	1,963	1,480	2,124	2,590		2,590
103 Retirement	7,248	7,500	7,041	8,050		8,050
104 Social Security	7,343	8,040	7,774	8,630		8,630
105 Insurance	11,960	20,670	20,670	21,720		21,720
106 Longevity	572	610	641	610		610
107 Medical Expenses	0	1,000	0	1,000		1,000
111 Workers' Compensation	1,290	1,290	1,290	960		960
Total	126,474	141,970	137,865	148,390		148,390
OPERATING						
201 Office Supplies	94	100	35	500		500
202 Small Equipment	914	2,000	467	3,000		3,000
203 Fuel, Oil, Lube	1,700	1,750	3,163	1,750		1,750
204 Clothing	835	1,000	598	1,000		1,000
205 Custodial Equipment & Supplies	577	1,500	628	1,500	(500)	1,000
206 Materials	631	2,000	1,065	2,000	(500)	1,500
207 Repair of Equipment	4,714	5,000	3,824	5,000		5,000
208 Repair of Buildings	5,671	5,000	2,965	5,000		5,000
210 Communications	113	500	44	500		500
211 Utilities	3,291	3,500	2,913	3,500		3,500
212 Bonds, Insurance, Licenses	177	1,160	1,160	1,220		1,220
213 Postage	0	300	37	300		300
216 Education, Memberships, Subscriptions	50	100	0	100		100
217 Lease, Rent, Taxes	403	1,500	911	1,500	(500)	1,000
219 Other- Dead Wood Removal, Tales of the Crypt	3,627	5,000	5,000	10,000		10,000
Total	22,797	30,410	22,810	36,870		35,370

OAK CEMETERY
(continued)

PROGRAM 6202

CAPITAL OUTLAY		0	0	0	0	0
OAK CEMETERY TOTAL		149,271	172,380	160,675	185,260	183,760

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Sexton	5	1	1	1	1
Maintenance Person	3	1	1	1	1
Laborer (Seasonal)	1	1.5	1.5	1.5	1.5
EMPLOYEE POSITIONS		3.5	3.5	3.5	3.5

Funding Allocation:
100% General Fund

OPERATION SERVICES
PARKS AND RECREATION

COMMUNITY CENTERS

PROGRAM 6204

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	83,152	96,500	83,713	90,790		90,790
102 Overtime	1,165	1,480	3,335	3,210		3,210
103 Retirement	5,403	5,010	5,615	6,130		6,130
104 Social Security	6,299	7,550	6,772	7,260		7,260
105 Insurance	8,490	29,440	29,440	30,930		30,930
106 Longevity	120	130	128	130		130
107 Medical Expenses	0	200	0	200		200
111 Workers' Compensation	1,310	1,310	1,310	980		980
Total	105,939	141,620	130,313	139,630		139,630
OPERATING						
201 Office Supplies	332	500	520	1,000	(250)	750
202 Small Equipment	2,650	3,000	7,950	5,000	(800)	4,200
204 Clothing	469	500	0	500		500
205 Custodial Equipment and Supplies	5,679	8,000	8,193	8,000		8,000
206 Materials	2,894	3,000	2,415	3,000		3,000
207 Repair of Equipment	406	500	548	1,000		1,000
208 Repair of Buildings	21,087	22,000	2,659	15,000	(2,500)	12,500
210 Communications	1	500	0	500		500
211 Utilities	20,461	23,000	16,389	20,000		20,000
Total	53,979	61,000	38,674	54,000		50,450
CAPITAL OUTLAY	5,526	55,000	33,000	0		0
COMMUNITY CENTERS TOTAL	165,444	257,620	201,987	193,630		190,080

SCHEDULE OF PERSONNEL	PAY GRADE	FY 14	FY 14	FY 14	FY 15
Clerk	3	2	2	2	2
Laborer (Part-time)	1	2.25	2.25	2.25	2.25
EMPLOYEE POSITIONS		4.25	4.25	4.25	4.25

Funding Allocation:
100% General Fund

OPERATION SERVICES
PARKS AND RECREATION

AQUATICS

PROGRAM 6205

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	57,531	87,000	59,874	53,830		53,830
102 Overtime	4,525	10,000	5,041	6,120		6,120
104 Social Security	4,747	7,430	5,364	6,360		6,360
107 Medical Expenses	0	200	0	200		200
111 Workers' Compensation	7,120	7,120	7,120	4,210		4,210
Total	73,923	111,750	77,399	70,720		70,720
OPERATING						
201 Office Supplies	262	500	217	500	(150)	350
202 Small Equipment	5,573	3,000	3,141	13,000		13,000
204 Clothing	1,298	3,000	339	4,000	(1,500)	2,500
205 Custodial Equipment & Supplies	1,885	4,000	2,704	4,000	(1,000)	3,000
206 Materials	24,142	35,000	23,630	28,000		28,000
207 Repair of Equipment	867	2,000	333	2,000	(500)	1,500
208 Repair of Buildings	19,974	49,826	43,500	35,000		35,000
209 Merchandise	2,176	25,000	0	0		0
210 Communications	5	300	0	300		300
211 Utilities	13,845	15,000	11,346	15,000		15,000
212 Bonds, Insurance, Licenses	85	0	0	0		0
Total	70,112	137,626	85,210	101,800		98,650
CAPITAL OUTLAY	0	110,000	54,000	0		0
AQUATICS TOTAL	144,035	359,376	216,609	172,520		169,370

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Seasonal Manager	9	0.20	0.20	0.20	0.20
Seasonal Assistant Manager	4	0.40	0.40	0.40	0.40
Seasonal Head Lifeguard	3	0.75	0.75	0.75	0.75
Seasonal Lifeguards	3	3.50	3.50	3.50	2.50
EMPLOYEE POSITIONS		4.85	4.85	4.85	3.85

Funding Allocation:
100% General Fund

OPERATION SERVICES
PARKS & RECREATION

RIVERFRONT/DOWNTOWN MAINTENANCE

PROGRAM 6206

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	107,794	125,500	113,559	127,450		127,450
102 Overtime	936	2,090	3,130	3,310		3,310
103 Retirement	7,732	8,540	8,167	8,980		8,980
104 Social Security	7,896	9,800	9,026	10,050		10,050
105 Insurance	17,630	35,220	35,220	37,010		37,010
106 Longevity	120	130	128	310		310
107 Medical Expenses	0	200	0	200		200
111 Workers' Compensation	1,290	1,290	1,290	960		960
Total	143,398	182,770	170,520	188,270		188,270
OPERATING						
201 Office Supplies	16	100	102	500	(300)	200
202 Small Equipment	2,897	6,000	2,126	4,000		4,000
203 Fuel, Oil, Lube	3,655	3,500	3,637	3,500		3,500
204 Clothing	1,497	3,000	1,131	3,000	(500)	2,500
205 Custodial Equipment and Supplies	5,646	5,000	5,831	5,000		5,000
206 Materials	9,436	8,000	9,976	10,000		10,000
207 Repair of Equipment	3,672	4,000	2,013	4,000		4,000
208 Repair of Buildings	13,142	35,000	35,000	35,000	(5,000)	30,000
210 Communications	283	1,000	409	1,000		1,000
211 Utilities	43,129	43,000	41,243	43,000		43,000
212 Bonds, Insurance, Licenses	2,677	2,120	2,120	2,230		2,230
217 Lease, Rent, Taxes	462	1,500	693	1,500		1,500
Total	86,512	112,220	104,281	112,730		106,930
CAPITAL OUTLAY	4,374	0	0			
301 Darby Community Center- Repairs (Partial)				39,000		39,000
Total Capital Outlay				39,000		39,000
RIVERFRONT/DOWNTOWN MAINTENANCE TOTAL	234,284	294,990	274,801	340,000		334,200

RIVERFRONT/DOWNTOWN MAINTENANCE
(continued)

PROGRAM 6206

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Maintenance Person	3	3	2	2	3
Laborer	2	0	1	1	0
Laborer (Part-Time)	1	2	2	2	2
EMPLOYEE POSITIONS		5	5	5	5

Funding Allocation:
100% General Fund

OPERATION SERVICES
PARKS & RECREATION

THE PARK AT WEST END

PROGRAM 6207

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	11,395	17,600	9,320	14,480		14,480
102 Overtime	522	790	809	770		770
104 Social Security	912	1,410	836	1,570		1,570
111 Workers' Compensation	380	380	380	280		280
Total	13,209	20,180	11,345	17,100		17,100
OPERATING						
202 Small Equipment	120	500	41	500		500
204 Clothing	0	300	0	300		300
205 Custodial Equipment and Supplies	0	500	19	500		500
206 Materials	175	500	1,267	1,000		1,000
207 Repair of Equipment	404	2,500	0	2,500	(1,000)	1,500
211 Utilities	3,060	3,000	2,498	3,000		3,000
212 Bonds, Insurance, Licenses	100	8,330	8,330	8,750		8,750
214 Advertising, Printing, Photo	537	0	76	1,000		1,000
217 Lease, Rent, Taxes	1	10	2	10		10
Total	4,397	15,640	12,233	17,560		16,560
THE PARK AT WEST END TOTAL	17,606	35,820	23,578	34,660		33,660

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Lead Worker	2	0.40	0.40	0.40	0.40
Laborer (Part-Time)	1	0.60	0.60	0.60	0.60
EMPLOYEE POSITIONS		1.00	1.00	1.00	1.00

Funding Allocation:
100% General Fund

Note: The revenue generated by the ferris wheel and the carousel is netted against the actual costs each year. If expenditures exceed revenues, the difference is made up by the CBID.

Deuster, Christy

From: Savage, Ken
Sent: Monday, June 29, 2015 10:04 AM
To: Gosack, Ray; Deuster, Christy
Cc: Carr, Lori; Bushkuhl, Kara
Subject: RE: General Fund Spending Reductions

Ray and Kara,

Below are the reductions identified to meet the Board's requests. Also below is an excerpt from FTA's triennial review workbook from which contains the requirements to sustain compliance with the transit grant. Please let me know If you have questions regarding the reductions we selected. Regarding the citizen service reductions, we selected reductions that were last implemented or least impacting. A few things should be noted:

- The transit department has been fortunate in the past to have received additional General Funds beyond its allocation when necessary to balance the budget.
- Transit is being requested to reduce a larger portion of the total General Fund reductions during this request.
- Since 2013 the transit department has reduced from 36 FTE to 33 FTE including a dispatcher position that was eliminated during the 2014 Board reductions because the position was vacant due to a retirement.
- The 2015 staff justification assessment indicated a need for an additional dispatcher and driver supervisor position in the transit department.
- The transit department was aggressive in complying with the Board's request to adopt an alternative fuels program and now has 5 buses or 45% of its operating fleet on CNG.
- The savings generated from the CNG program are/were slated to be used as match to acquire large low floor buses that would enhance safety during the boarding process on busier routes.
- Although it was not a finding, there was a discussion during the 2014 triennial review (federal audit) concerning Fort Smith's lack of investment affecting project completion.
- The FTA Regional Administrator made similar remarks during a personal visit during 2011.
- Fort Smith Transit, over a period of several years, has accrued unused federal grant funds attributed to the urbanized region that could be invested in Fort Smith if matching local funds were available.

BASIC REQUIREMENT
The grantee must demonstrate the ability to match and manage FTA grant funds, cover cost increases and operating deficits, cover maintenance and operational costs for FTA funded facilities and equipment, and conduct and respond to applicable audits.

BUDGET REDUCTIONS REQUEST

One Half Year ($90,000):

1. Reduce Fuel Expenses (7 months) (203) - $60,000
2. Eliminate Zero Street Route (reduce 1 driver position) (1/4 of a year) - $16,000
3. Cut last hour of demand response to coincide with fixed route hours (3 hours per day total) (1/4 of a year) - $5,000
4. Reduce Advertising, Printing, Photo (214) - $5,000
5. Reduce Small Equipment (202) - $4,000

Full Year ($180,000):

1. Reduce Fuel Expenses - $94,700
2. Eliminate Zero Street route (reduce 1 driver position) - $64,500
3. Cut last hour of demand response to coincide with fixed route closing hours (3 hours per day total) - $20,800

Ken

From: Gosack, Ray
Sent: Thursday, June 25, 2015 5:20 PM
To: Nkokheli,T. Baridi; Legris, Claude; Dingman, Jeff; JCanfield@dailywoods.com; Jennifer Goodson (jgoodson@fortsmithlibrary.org); John Parker; Bushkuhl, Kara; Savage, Ken; Lindsey, Kevin (Chief of Police); Reinert, Doug; Gibson, Russell; Richards, Mike; Riley, Greg; Jones, Richard; Sims, Rachel; Seeberg, Timothy; Gard, Sherri; Shockley, Tracey; Parke, Steve; Snodgrass, Stan; Winchell,Tracy; Bailey, Wally
Cc: Deuster, Christy; Walker, Jennifer
Subject: General Fund Spending Reductions

At Tuesday night's board study session, the board asked the staff to identify General Fund spending cuts of 3% with the intent that those savings would be allocated to the police and fire pension contribution fund. The 3% figure is $1,236,000 on an annual basis. The board recognized that we're half way through 2015, so the reductions for the remainder of this year would be $618,000.

Attached is a spreadsheet which shows how much each department will need to identify in 2015 spending reductions. Please review the notes at the bottom of the spreadsheet, particularly for fire, parks, transit, and district court. For fire and parks, the reductions can't come from your 1/8% sales tax programs since the tax revenues are earmarked for those programs.

As you identify reductions, keep in mind that they should be recurring costs since these reductions, if enacted, will need to continue in succeeding years. And the amount of this year's reductions could double next year to represent a full year's impact.

Please identify items which will have the least impact possible on service levels to citizens. I know that our budgets have become leaner and leaner the last several years. I ask that you do your best to minimize any negative impact to citizen service.

These reductions will be reviewed at the July 14 study session. Please submit your lists to me and Christy Deuster by July 7.

If you have any questions or other thoughts about achieving the requested budget reductions, let me know.

Ray

OPERATION SERVICES
PUBLIC TRANSIT

PUBLIC TRANSIT

PROGRAM 6550

PERSONNEL	Actual FY 13	Budget FY 14	Estimated FY 14	Budget FY 15	Proposed Reduction	Adjusted FY15
101 Regular Salaries	1,158,448	1,224,740	1,197,159	1,230,820		1,230,820
102 Overtime	56,109	54,370	79,765	69,450		69,450
103 Retirement	112,952	130,060	99,998	132,550		132,550
104 Social Security	90,763	99,700	101,912	101,650		101,650
105 Insurance	198,320	244,960	244,960	248,330		248,330
106 Longevity	3,480	4,090	3,978	4,270		4,270
107 Medical Expenses	1,308	3,000	2,524	3,000		3,000
108 Other-Vehicle Allowance	5,400	5,400	5,769	5,400		5,400
109 Allowances-Clothing, Language & Field Training	685	0	1,281	1,200		1,200
111 Workers' Compensation	27,330	27,330	27,330	19,750		19,750
Total	1,654,795	1,793,650	1,764,676	1,816,420	(16,000)	1,800,420
OPERATING						
201 Office Supplies	5,075	7,500	3,413	4,460		4,460
202 Small Equipment	11,230	33,927	33,980	12,000	(4,000)	8,000
203 Fuel, Oil, Lube	251,796	280,000	232,843	245,000	(60,000)	185,000
204 Clothing	15,478	17,000	16,307	16,280		16,280
205 Custodial Equipment and Supplies	11,326	10,000	12,596	12,000		12,000
206 Materials	2,745	2,500	2,689	2,500		2,500
207 Repair of Equipment	93,403	100,000	74,685	80,000		80,000
208 Repair of Buildings	20,272	25,000	30,250	19,000		19,000
210 Communications	10,234	10,000	14,531	18,000		18,000
211 Utilities	30,369	26,000	37,669	30,000		30,000
212 Bonds, Insurance, Licenses	35,821	38,000	38,000	42,000		42,000
213 Postage	872	1,500	1,298	1,500		1,500
214 Advertising, Printing, Photo	8,605	10,000	7,993	10,000	(5,000)	5,000
215 Travel	5,900	6,000	11,904	9,000		9,000
216 Education, Memberships, Subscriptions	1,884	2,000	2,506	2,000		2,000
217 Lease, Rent, Taxes	6,454	7,500	6,576	7,000		7,000
219 Other- Professional Services, Transit Planning (100% grant funding)	9,920	71,500	54,104	34,000		34,000
Total	521,384	648,427	581,344	544,740		475,740
CAPITAL OUTLAY	551,026	217,700	120,955			
301 Fixed Route Buses (2) (1-CNG) (Replacement-2009 Models)				110,000		110,000
302 Radio System Lease (Year 1 of 3 Year Lease)				91,250		91,250
Total Capital Outlay				201,250		201,250
Reduce 1 hour of demand reponse					(5,000)	
PUBLIC TRANSIT TOTAL	2,727,205	2,659,777	2,466,975	2,562,410		2,472,410

PUBLIC TRANSIT
(continued)

PROGRAM 6550

SCHEDULE OF PERSONNEL	PAY GRADE	FY 13	FY 14	FY 14	FY 15
Director	21	1	1	1	1
Transit Superintendent	15	1	1	1	1
Mechanic Supervisor	11	1	1	1	1
Driver Supervisor	11	1	1	1	1
Administrative Secretary	7	1	1	1	1
Heavy Equipment Mechanic (Not	6	2	2	2	2
Driver Leadperson	6	1	1	1	1
Dispatcher	5	3	3	3	2
Senior Clerk II	5	1	1	1	1
Driver	4	22	21	21	21
Maintenance Person	4	1	1	1	1
Maintenance Laborer	3	1	0	0	0
EMPLOYEE POSITIONS		36	34	34	33

Funding Allocation:
100% General Fund

Note 1: Transit has plans to acquire a radio system integration through lease purchase during 2014. The purchase will be made over a three year period beginning in 2015 at approximately $90,820 per year.

City of Fort Smith, Arkansas
Occupation Licenses & Fees
Estimated for 2016

	Accounts	Fee	Total
Revenues:			
Business Licenses (Note 1)			
Active Registrations	5,077	$ 150	$ 761,550
Employee Excise Fees (Note 2)	60,727	$ 20	1,214,540
Total Revenues			1,976,090
Expenditures:			
Personnel			114,510
Operating			10,000
Capital			46,000
Total Expenditures			170,510
Net Revenues			$ 1,805,580

Note 1: Each business entity and each professional license will be $150 per year.

Note 2: Each business entity will pay $20 per employee up to a maximum of 500 employees or $10,000 per year. This would be applied to all entities from zero employees to 500 employees.

City of Fort Smith, Arkansas
Occupation Licenses & Fees
Waiving Excise Fees for Smaller Employers
Estimated for 2016

	Accounts	Fee	Total
Revenues:			
Business Licenses (Note 1)			
Active Registrations	5,077	$ 150	$ 761,550
Employee Excise Fees (Note 2)	42,208	$ 20	844,160
Total Revenues			1,605,710
Expenditures:			
Personnel			114,510
Operating			10,000
Capital			46,000
Total Expenditures			170,510
Net Revenues			$ 1,435,200

Note 1: Each business entity and each professional license will be $150 per year.

Note 2: Each business entity will pay $20 per employee for employees totaling from 26 to a maximum of 500 employees. Business entities with 25 or fewer employees would not be charged excise fees. The maximum excise fee for an entitiy with 500 or more employees would be $10,000 per year.

Survey City Business License Fee

City	Fee/Comments	Contact
Hot Springs	Fee based on business category Range $75-$1,500	Joy Black
Rogers	Fee based on business category Range $40-up base + per employee	Casey Wilhelm
Fayetteville	Home based $22, Non Home Based $35 Discounts for online, early/timely pay	Marsha Hertweck
N. Little Rock	Fee calculated on base plus employee count Range $90-$1,000	Mark Rogers
Springdale	$40 base permit + 1-25 employees $2.50 per, 26-197 employees $1.00 per City Council set a maxium fee of $300	Laura Favorite
Little Rock	Fee based on business category Range $75-$2,700	Scott Massanelli Amanda McKinney
Jonesboro	Fee based on business category $25-$2,500	Becky Sharp
Conway	None	Perry Faulkner

Business License Fee Revenue

City	Contact		2014 Revenue	Use
Hot Springs	Doretha Yates		$718,000	All revenue goes into general fund to be used as needed for any general purposes. No method for tracking expenses related to collection. One employee assigned all tasks related to collection.
Rogers	Casey Wilhelm		$265,899	Revenue goes into the general fund for general operations of the City. No method for tracking related costs against this revenue. Associated costs would be payroll, postage, paper.
Fayetteville	Marsha Hertweck		$55,985	Revenue goes into the general fund for general operations of the City. No method for tracking expenses related to collection.
N. Little Rock	Karen Scott	(1)	$1,633,464	Revenue goes into the general fund.
Springdale	Laura Favorite		$143,128	Revenue goes into the Administration Division (part of the General Fund)
Little Rock	Scott Massanelli Sara Lenehan		$6,388,000	Revenue goes into the general fund.
Jonesboro	Becky Sharp Michael Burrough		$816,128	Revenue goes into the general fund. No method for tracking expenses related to collection.
Conway	Perry Faulkner		N/A	No business license fee

(1) Net revenue after expenses

Gosack, Ray

From: Gosack, Ray
Sent: Wednesday, June 24, 2015 10:17 AM
To: Tim Allen
Subject: Business License Fee

Tim,

At last night's city board study session, the board discussed the possibility of reinstating a business license fee. They have asked for input from you and the chamber of commerce about having a business license fee.

The city had a business license fee until 1994 when the countywide 1% sales tax was first passed. The business license fee was rescinded when voters approved the tax. The city hasn't collected business license fees since then. We do require businesses to register, but there is no fee for the registration.

The board is considering reinstatement of the business license fee to provide funding for the police and fire pension contribution fund. That fund is projected to be broke in 2021. This year, the fund will deficit spend by nearly $900,000. The board recently changed benefit programs, which requires police officers and firefighters to work approx. 3 years longer to receive the same pension benefit. This change saves approx. $450,000 annually. The board is considering other spending reductions, such as reducing the retirement contributions made into non-uniformed employees' 401 accounts and reducing General Fund spending (largely police, fire, parks, and development services) by 3%. Those spending reductions would be earmarked for the police and fire pension contribution fund.

The board is considering 2 options for a business license fee structure. Both options would include a business fee and a fee based on the number of employees. The business fee would be $150/business under both options. The per employee fee would be $20 per employee to a maximum of $10,000 (500 employees). An option to the per employee fee would be to exempt smaller employers with 25 or fewer employees from the per employee fee. Smaller employers would still pay the $150 business fee under this second option.

Please let me know yours and the chamber of commerce's thoughts on reinstating a business license fee. The board will next discuss this topic at its July 14 study session.

Ray

Memorandum

To: Ray Gosack, City Administrator
From: Wally Bailey, Director of Development Services
Date: June 9, 2015
Subject: Annexation

At a Board of Directors retreat, a discussion occurred about the possible annexation of property near the vicinity of the new I-49 and U.S. Highway 71 South intersection. City staff has been reviewing possible annexation plans and the implications of any proposed annexation. Additionally, I have been locating and talking with property owners in this area for the purpose of determining their desire to have their property annexed into the City of Fort Smith.

Based on the property owner conversations and staff analysis, we are at a decision point where we need to seek the Board's input before moving forward. Attached are maps showing the draft boundaries of the proposed annexation. The area within the dark blue line, which is approximately 875 acres, represents the proposed annexation. The area is within the city's water service territory, which assures consistency in water service citywide and the water system's capability to meet fire protection needs.

Arkansas law outlines three (3) methods of annexing property which are the election method, the ordinance method, and the petition method. The election method requires an election which will include the qualified electors of the city and of the area to be annexed. The ordinance method is allowed when the incorporated limits of a municipality have completely surrounded an unincorporated area. The ordinance method is not applicable in this situation. The petition method is permitted when a majority of the real estate owners of any part of a county contiguous to and adjoin any city or incorporated town desire to be annexed to the city may petition in writing seeking the annexation.

With many property owners willing to agree to the annexation, the petition method is the best approach. This method is the most common method of annexation that has been utilized for the Fort Smith annexations that I can recall during my years in development services.

The advantages of this annexation are controlling development, increasing the tax base, and providing the advantage of city services to property owners and developers as they plan new developments.

The disadvantages of the annexation will be the cost impacts of city services that will be required to service the area as it develops. The continued expansion and sprawl will have significant impacts on services for water, sewer, fire, police, streets and other city services. Following are some service and budgetary impacts concerning fire, police, streets, and utilities impacts:

While it may not be needed immediately, an additional fire station will be required to maintain our ISO rating as development occurs. Based on 2015 estimates the cost impacts are as follows:

Fire Station $3,000,000 (new construction – one-time cost)

Pumper	$500,000 (new – one-time cost)
Total capital to open	$3,500,000
Personnel	$815,000 (includes 9 personnel with all benefits including LOPFI costs)
Operations	$35,000 (includes fuel, building maintenance, utilities, etc.)
Yearly cost to operate	$850,000

The Police Department service and budgetary impacts are described in the attached email/memo from Captain Waymon Parker II.

The proposed annexation area includes approximately 3.6 miles of public streets. The streets are in fair to good condition, vary between 18 to 22 feet in width and have either a chip/seal or asphalt surface. Resurfacing of the streets in the next 10-15 years would likely be needed. Based on current cost, the estimated cost to resurface these streets is approximately $1.8 million. If the area is annexed the streets would be inspected and rated along with all other City streets. As streets became eligible they would be included for repair and overlay in the CIP.

The water system for the proposed annexation area should be supplemented with a ground storage reservoir prior to the build-out of the proposed annexation area. The current water distribution system is adequate to serve as the backbone for development. The sewer system improvements would require the construction of a pump station, force main and gravity sewer extension. The time frame for the water and sewer improvements should be 5 to 7 years anticipating the sewer system would help trigger development of the Griffin property (Middleton Farms Subdivision) and maybe one additional larger subdivision development The costs estimated to serve the proposed annexation area in 2015 dollars are as follows:

Water system improvements: $3,300,000
Sewer system improvements: $7,560,000

In addition, during the annexation process we need to have discussions with the property owners and analyze the potential future land uses and designations for the master land use plan and future zoning.

The need to provide the services will be necessary to stimulate growth and to meet expectations of those property owners being annexed. The owners of the property being annexed have an expectation to receive city services as the benefit of being annexed. The petition method (ACA 14-40-606) states that as soon as the resolution or ordinance declaring the annexation has been adopted or passed, the territory shall be deemed and taken to be a part and parcel of the limits of the city or incorporated town, and the inhabitants residing therein shall have and enjoy all the rights and privileges of the inhabitants within the original limits of the city or incorporated town.

Additionally, during the last legislative session an Act was passed that created a new requirement for one hundred percent (100%) petitions. This form of the petition method states the petition shall include a schedule of services of the annexing city or town that will be extended to the area within three (3) years after the date the annexation becomes final.

We are at a point where we need direction from the Board whether to proceed with the legal work to prepare the petitions. The obvious decision is weighing the desire to have the property annexed vs. the cost impacts for providing the necessary services for the area.

Please contact me if you have any questions.

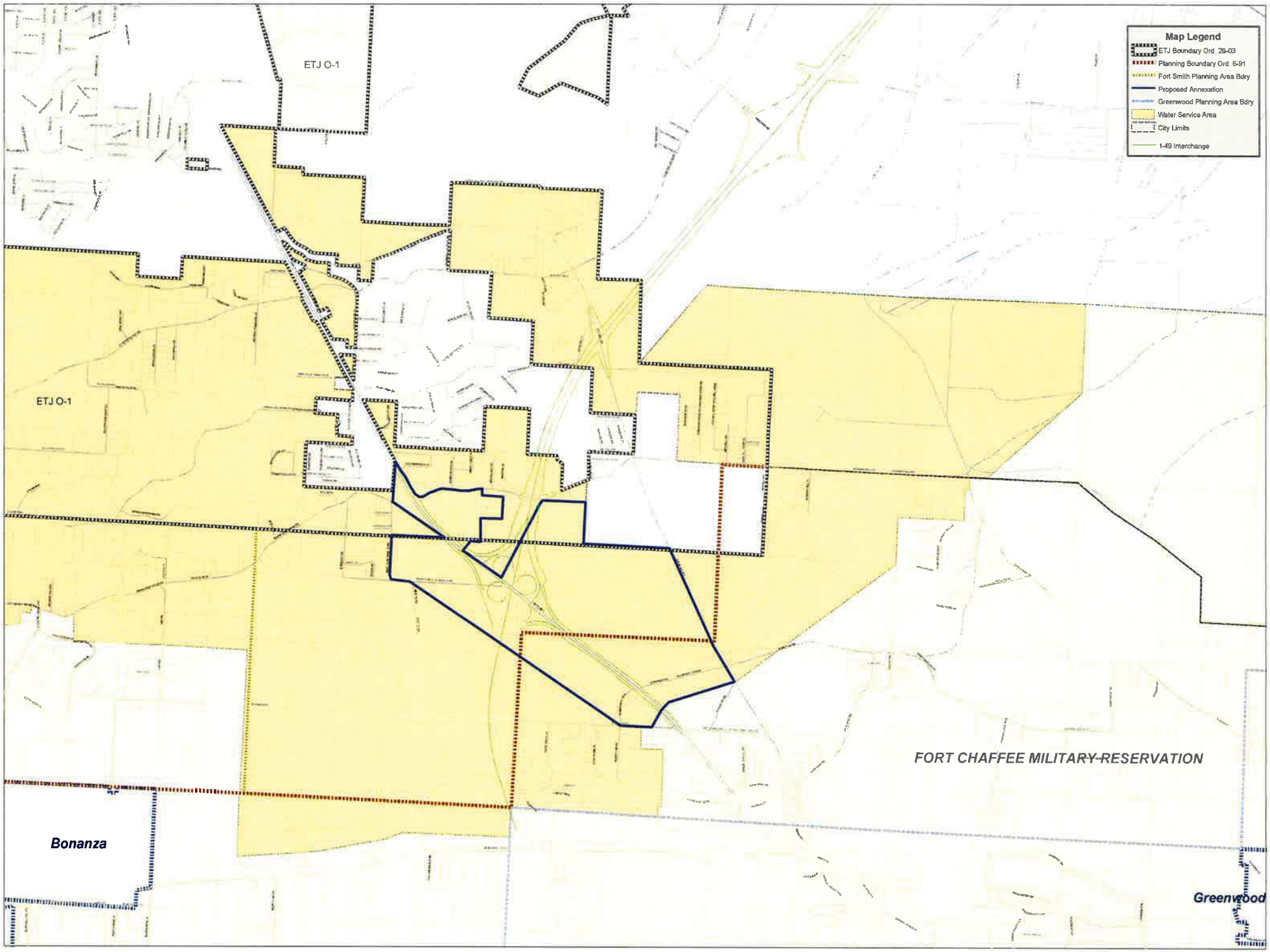
Bailey, Wally

From: Parker, Waymon II (Cpt) [wparker@Fortsmithpd.org]
Sent: Wednesday, July 08, 2015 10:14 AM
To: Bailey, Wally
Cc: Lindsey, Kevin (Chief of Police); Pitts, Dean (Major); Williams, Barbara
Subject: FW: Study session item about annexation
Attachments: 03-13ProposedAnnexation.pdf

Mr. Bailey,

The proposal to annex the property outlined in blue including the section of property with the broken blue line will directly affect the Police Department in that it will expand the city limits of Fort Smith creating a greater area for our officers to patrol and to respond to calls for service. Additional calls for service responding to crime reports, crimes in progress, vehicle accidents, 911 calls, etc. will undoubtedly occur. The increase in calls for service would most likely not be substantial in the short term; however, as the area is developed and new businesses and residences are built the need for police responses will increase. In the short term, I would anticipate that increased fuel consumption would be an issue as well as overtime due to officers responding to calls and attending court based on arrests and/or citations that are issued in the newly annexed area. I can only estimate what these increased costs would be. If the fuel consumption cost increased 5% over the amount spent in 2014 that estimated cost would be approximately $15,326. If paid out overtime increased by 5% over the amount spent in 2014 that cost would be approximately $9,487. Obviously these are only estimates and the additional costs could be considerably more or less. At this time I do not see need to buy additional police equipment due to the proposed expansion; however, as the area increases in size and population the need for additional police resources may be needed. Increasing the city limits will likely effect police calls for service response times. Existing beat areas will have to be expanded, realigned or a new beat area will have to be created. All of this will require the city to either increase the number police officers or accept the increased response times as a norm. In the short term our communication/dispatch center would have to ensure that the newly annexed area is added within 911 PSAP for Fort Smith so that all 911 calls are routed to our agency. In the long term, our communications/dispatch center would have to ensure that as these areas developed and new businesses and residences are built that those locations are added into your CAD system. At this time I do not see any additional costs related to those issues involving our communication/dispatch center.

Captain Waymon Parker II
Administrative Services Division
Fort Smith Police Department
Office: 479-709-5037


Map Legend
ETJ Boundary Ord. 28-03
Planning Boundary Ord. 6-91
Fort Smith Planning Area Bdry
Proposed Annexation
Greenwood Planning Area Bdry
Water Service Area
City Limits
I-49 Interchange
ETJ O-1
ETJ O-1
FORT CHAFFEE MILITARY RESERVATION
Bonanza
Greenwood

4

MEMORANDUM

July 9, 2015

TO: Mayor and Board of Directors

FROM : Ray Gosack, City Administrator

SUBJECT: Outside Agency Funding

At the June 2nd regular board meeting, the board requested a discussion about outside agency funding. The 2015 budget allocates $145,800 from the General Fund to 25 agencies. Each of these agencies has a contract with the city to provide public services.

BACKGROUND

The city has budgeted for outside agency service contracts for 21 years. The highest amount ever allocated was $250,700 in 2005. The amount was gradually reduced during the leaner budget years.

Approximately 4 years ago, the process for allocating funds was overhauled to make it more open and transparent. Prior to then, there was no formal application process and it was unusual for a new agency to receive a contract.

The current process uses a formal application (attached). A citizens committee reviews the applications and recommends contract awards to the board. Funding is allocated evenly to the 3 service categories regardless of the number of applications or amounts requested. The service categories are:

- recreation
- arts and humanities
- social and community services

The committee is comprised of 9 members. Three of the members serve on the core panel and review all applications. The remaining 6 members represent the 3 service categories, with 2 serving in each service category and working with the 3 core panel members to arrive at contract recommendations in each category. The recommendations are typically presented to the board in November of each year.

A list of current committee members is attached. A summary of the funding amounts for the last 5 years is attached. The application process for the 2016 budget will begin in mid August, and applications will be due on September 14th.

LEGAL CONCERN

The concept of funding outside service agencies has drawn legal concern for a number of years. Article 12, Section 5 of the Arkansas Constitution provides:

> **Political subdivisions not to become stockholders in or lend credit to private corporations.**
>
> No county, city, town or other municipal corporation, shall become a stockholder in any company, association, or corporation; or obtain or appropriate money for, or loan its credit to, any corporation, association, institution or individual.

Attached is a letter from the city attorney which he provides periodically. The Cities of Little Rock and North Little Rock were sued last year for having service contracts with their chambers of commerce. The trial court ruled these contracts violate the Arkansas Constitution. Little Rock has indicated it plans to appeal the trial court ruling. The case will likely come before the Arkansas Supreme Court; a final ruling would be several months away.

ANALYSIS

Some have questioned whether taxpayer funds should be allocated for service contracts with outside agencies. They believe that public funds shouldn't be allocated to community organizations, but should be spent by the city to directly provide municipal services. Although we do have service contracts, some view the allocations as charity.

On the other hand, some of the funded organizations provide traditional municipal services such as youth recreation. Many of the funded organizations are able to stretch the public funding farther than the city is able and can provide greater return on the investment.

If the board determines to eliminate or reduce outside agency funding, the funds allocated for outside agency service contracts are available for any governmental purpose. The funds could be used for police and fire pension funding, General Fund services and projects, or any other service or project provided by the city government.

Attachments

2015 Outside Agency Applications
26 Total Applications

Original Allocation	$162,000
Board Approved Allocation	$145,800

Agency	2015 Allocation Process Requested	Awarded
RECREATION 6 Applications		
1st Tee	$ 8,000	$ 6,750
ARC for the River Valley	$ 7,900	$ 4,500
Fort Smith Boys & Girls Clubs	$ 30,000	$ 14,850
FS Childrens Emergency Shelter	$ 16,000	$ 4,500
Girls Inc.	$ 20,000	$ 7,650
Lincoln Youth Service	$ 17,000	$ 10,350
Total	$ 98,900	$ 48,600
ARTS & HUMANITIES 7 Applications		
Fort Smith Chorale	$ 6,000	$ 5,400
Fort Smith Heritage Foundation	$ 9,590	$ 8,100
Fort Smith Little Theater	$ 5,600	$ 5,040
Fort Smith Museum of History	$ 7,958	$ 7,162
Fort Smith Regional Art Museum	$ 20,000	$ 9,145
Fort Smith Symphony	$ 13,000	$ 9,000
Western Arkansas Ballet	$ 5,281	$ 4,753
Total	$ 67,429	$ 48,600
SOCIAL & COMMUNITY SERVICES 13 Applications		
River Valley Regional Food Bank	$ 9,012	$ 4,950
Don Reynolds Cancer Support House	$ 10,000	$ 4,950
The Steps, Inc	$ 5,000	$ 1,800
Hope Chest	$ 4,000	$ 900
Crisis Intervention Center	$ 15,000	$ 4,950
Girls Shelter	$ 8,000	$ 4,050
Kistler Center	$ 5,000	$ 4,050
Lincoln Childcare	$ 6,000	$ 4,050
Next Step Day Room	$ 18,000	$ 4,950
Fountain of Youth Adult Day Care	$ 17,330	$ 4,050

Community Services Clearinghouse	$ 25,000	$ 4,950
Good Samaritan Clinic	$ 10,000	$ 4,950
Old Fort Homeless Coalition	$ 18,440	$ -
Total	$150,782	$48,600

Grand Total All Requests		
26 Applications	$ 317,111	$ 145,800

Overview

Outside Agency Applications Board Approved Funding $162,000

26 Total Applications

Agency	2014 Allocation Process Requested	Awarded
RECREATION		
5 Applications		
1st Tee	$ 15,000	$ 8,000
ARC for the River Valley	$ 10,000	$ 5,000
Fort Smith Boys & Girls Clubs	$ 30,000	$ 18,000
Girls Inc.	$ 20,000	$ 10,000
Lincoln Youth Service	$ 17,000	$ 13,000
Total	$ 92,000	$ 54,000
ARTS & HUMANITIES		
7 Applications		
Fort Smith Chorale	$ 6,000	$ 5,860
Fort Smith Heritage Foundation	$ 10,045	$ 8,410
Fort Smith Little Theater	$ 5,600	$ 5,600
Fort Smith Museum of History	$ 7,858	$ 6,400
Fort Smith Regional Art Museum	$ 20,000	$ 13,000
Fort Smith Symphony	$ 13,000	$ 10,000
Western Arkansas Ballet	$ 6,999	$ 4,730
Total	$ 69,502	$ 54,000

Agency	2014 Allocation Process Requested	Awarded
SOCIAL & COMMUNITY SERVICES 14 Applications		
River Valley Regional Food Bank	$ 26,000	$ 7,450
Don Reynolds Cancer Support House	$ 5,000	$ 2,000
The Steps, Inc	$ 5,200	$ 2,100
Hope Chest	$ 4,000	$ 475
Crisis Intervention Center	$ 25,000	$ 7,450
Girls Shelter	$ 8,000	$ 3,500
Kistler Center	$ 6,000	$ 3,500
FS Christian Women's Job Corp	$ 9,665	$ -
Alzheimer's Association	$ 19,800	$ 3,350
Next Step Day Room	$ 25,000	$ 6,400
Fountain of Youth Adult Day Care	$ 17,330	$ 2,595
Community Services Clearinghouse	$ 25,000	$ 7,450
Good Samaritan Clinic	$ 10,000	$ 4,450
Old Fort Homeless Coalition	$ 32,662	$ 3,280
Total	$218,657	$54,000
Grand Total All Requests 26 Applications	$ 380,159	$ 162,000

2013 Outside Agency Applications
27 Total Applications

Board Approved Allocation $162,000

Agency	2013 Allocation Process Requested	Awarded
RECREATION		
5 Applications		
1st Tee	$ 10,000	$ 8,000
ARC for the River Valley	$ 10,000	$ 5,000
Fort Smith Boys & Girls Clubs	$ 40,000	$ 16,000
Girls Inc.	$ 15,000	$ 10,000
Lincoln Youth Service	$ 17,000	$ 15,000
Total	$ 92,000	$ 54,000
ARTS & HUMANITIES		
8 Applications		
Fort Smith Chorale	$ 6,000	$ 5,135
Fort Smith Heritage Foundation	$ 8,876	$ 8,045
Fort Smith Little Theater	$ 6,000	$ 5,600
Fort Smith Museum of History	$ 7,668	$ 6,386
Fort Smith Regional Art Museum	$ 20,000	$ 10,500
Fort Smith Symphony	$ 13,000	$ 10,385
Juneteenth	$ 35,000	$ 1,500
Western Arkansas Ballet	$ 6,999	$ 6,449
Total	$ 103,543	$ 54,000
SOCIAL & COMMUNITY SERVICES		
14 Applications		
River Valley Regional Food Bank	$ 20,320	$ 4,901
Don Reynolds Cancer Support House	$ 5,000	$ 2,495
The Steps, Inc	$ 7,200	$ 3,600
Lincoln Childcare	$ 6,000	$ 4,948
Community Dental Clinic	$ 22,000	$ 2,670
Ar Valley Habitat for Humanity	$ 10,000	$ 3,332
Crisis Intervention Center	$ 25,000	$ 6,267
Girls Shelter	$ 8,000	$ 2,631
Kistler Center	$ 6,000	$ 2,779
FS Christian Women's Job Corp	$ 10,000	$ -
Next Step Day Room	$ 20,000	$ 4,616

Fountain of Youth Adult Day Care	$	17,300	$	5,472
Community Services Clearinghouse	$	25,000	$	6,267
Good Samaritan Clinic	$	10,000	$	4,022
Total		$191,820		$54,000
Grand Total All Requests				
28 Applications	$	387,363	$	162,000

2012 Outside Agency Applications
24 Total Applications

Original Allocation	$202,700
Board Approved Allocation	$162,000

Agency	2012 Allocation Process Requested	Awarded
RECREATION		
5 Applications		
1st Tee	$ $ 15,000	$ 8,952
Bost Inc.	$ 29,358	$ 2,292
Fort Smith Boys & Girls Clubs	$ 36,000	$ 21,384
Girls Inc.	$ 22,000	$ 10,728
Lincoln Youth Service	$ 17,000	$ 12,504
Total	$ 119,358	$ 55,860
ARTS & HUMANITIES		
8 Applications		
Fort Smith Chorale	$ 6,000	$ 4,512
Fort Smith Heritage Foundation	$ 6,750	$ 5,178
Fort Smith Little Theater	$ 6,250	$ 4,734
Fort Smith Museum of History	$ 9,738	$ 2,523
Fort Smith Regional Art Museum	$ 20,000	$ 10,728
Fort Smith Symphony	$ 13,000	$ 10,728
Second Street Live	$ 10,000	$ 8,064
Western Arkansas Ballet	$ 8,800	$ 6,999
	$ 80,538	$ 53,466
SOCIAL & COMMUNITY SERVICES		
11 Applications		
Alzheimers Association	$6,500	$1,937
Community Dental Clinic	$5,012	$0
Community Service Clearinghouse	$25,000	$8,819
Crisis Intervention Center	$25,000	$10,861
Don Reynolds Cancer Support House	$10,000	$1,662
Girls Shelter	$10,000	$3,589
Hannah House	$4,000	$0
Kistler Center	$7,120	$1,662
Lincoln Childcare	$12,000	$5,725
Next Step Day Room	$20,000	$7,558

River Valley Regional Food Bank		$19,700	$10,861
		$144,332	$52,674
Grand Total All Requests 28 Applications	$	344,228	$ 162,000

2011 Outside Agency Applications
28 Total Applications

Original Allocation	227,700
Board Approved Allocation	202,700

Agency	2011 Allocation Process Requested	Awarded
RECREATION		
5 Applications		
1st Tee	$ 10,000	$ 5,429
Bost Inc.	$ 30,920	0
Fort Smith Boys & Girls Clubs	$ 44,000	$ 7,239
Girls Inc.	$ 20,000	$ 10,859
Lincoln Youth Service	$ 18,000	$ 12,669
Total	$ 122,920	$ 36,196
ARTS & HUMANITIES		
8 Applications		
Fort Smith Chorale	$ 6,000	$ 4,800
Fort Smith Heritage Foundation	$ 10,000	$ 5,000
Fort Smith Little Theater	$ 6,782	$ 6,250
Fort Smith Museum of History	$ 20,000	$ 10,000
Fort Smith Regional Art Museum	$ 6,782	$ 6,250
Fort Smith Symphony	$ 14,500	$ 11,600
Second Street Live	$ 10,000	$ 9,215
Western Arkansas Ballet	$ 6,000	$ 4,800
	$ 80,064	$ 57,915
SOCIAL & COMMUNITY SERVICES		
15 Applications		
Alzheimers Association	$5,000	$5,000
Bost Inc.	$ 49,160	0
Children's Emergency Shelter	$30,000	$16,170
Community Dental Clinic	$6,800	$3,665
Community Service Clearinghouse	$25,000	$13,475
Crisis Intervention Center	$15,000	$15,000
Don Reynolds Cancer Support House	$ 10,000	$5,390
Fountain of Youth Adult Day Care	$17,330	$9,268
Girls Shelter	$8,000	$8,000
Hannah House	$7,500	$4,668

Kistler Center		$7,018		$4,500
Lincoln Childcare		$12,600		$6,791
Mission Deaf Connection	$	30,000		$0
Next Step Day Room		$20,000		$10,780
River Valley Regional Food Bank		$15,000		$6,000
		$258,408		$108,707
Grand Total All Requests				
28 Applications	$	461,392	$	202,818

Outside Agency Review Panel

This review panel will review applications for outside agency services and recommending award amounts for approval by the Board of Directors. Members of this panel will be appointed by the Board of Directors.

Core Committee shall be comprised of three citizens who are knowledgeable of the city's nonprofit organizations and services they provide, and are not directly related to any agencies that are applying for funds available through this program, nor board of directors of the City of Fort Smith. (3 year terms)

Arts & Humanities comprised of two citizens who are knowledgeable of arts and humanities and are not directly related to any agencies that are applying for funds under this line item nor the Board of Directors of the City of Fort Smith. (1 year term and 1 two-year term initially, and two year terms thereafter).

Recreation Panel comprised of two citizens who are knowledgeable of recreation and are not directly related to any agencies that are applying for funds under this line item nor the Board of Directors of the City of Fort Smith. (1 one year term and 1 two-year term initially and two-year terms thereafter).

Social & Community Services comprised of two citizens who are knowledgeable of social and community organizations and are not directly related to any agencies that are applying for funds under this item nor the Board of Directors of the City of Fort Smith. (2 year terms). The panel meets on call.

Note: at the first full meeting of the 9-member panel, each appointee will draw a number, which will determine the length of service. Terms will expire on March 31st of each year.

	Date Appointed	Term Expires
Core:		
Sharon Barr Clinical Laboratory Director 1426 North 52 Street (04) 782-1185 (h) 441-5218 (w) sbarr@sparks.org	07/17/12	07/17/15
William Tyler Lamon First National Bank 1123 North 14 Street (01) 739-7142 (h) tylerlamon@gmail.com	07/17/12	03/31/16

Robert Morgan Sparks Hospital 2908 Marion Court (08) 649-8075 (h) 441-5426 (w) morganvw@cox.net	03/18/14	03/31/17

Arts and Humanities:

Amy Manley Kimmons Band Director 114 North 25 Street (01) 785-2626 (w) 478-6196 (h) amanley@fortsmithschools.org	05/17/11	03/31/16
Jeannie Cole 7410 Oxford Place (03) 452-4478 (h) jeannie@thecolefamily.com	03/27/13	03/31/16

Recreation:

Scott McLain 1120 S. Albert Pike Avenue (03) (501) 779-7302 (w) smclain@mclain-group.com	08/20/13	08/20/16
Gregory Davis 9908 Foxboro Road (03) 479-209-0383 (w) 452-3318 (h) gdavis@avecc.com	08/19/14	08/20/16

Social/Community Services:

Janice Sudbrink Nurse 3712 Pebble Court (03) 452-3516 (h) 459-8604 (c) Jdsudbrin1@aol.com	06/19/13	08/20/16

Daniel Maher Assistant Professor of Sociology 504 North 19 Street (01) 462-7872 (h) 788-7572 (w) Daniel.Maher@uafs.edu	06/17/14	03/31/16

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BEN CORE (1924-2007)

January 13, 2015

Mr. Ray Gosack
City Administrator
623 Garrison Avenue, 3rd Floor
Fort Smith, AR 72901

Re: Appropriations to Non-City Entities

Dear Mr. Gosack:

An article appeared in the January 11, 2015 edition of the Northwest Arkansas Democrat Gazette that should be brought to your attention. Namely, the article indicated that on January 5, 2015, Pulaski County Circuit Judge Mackie Pierce ruled that the cities of Little Rock and North Little Rock must stop paying their chambers of commerce and similar economic-development promoters because such payments violate the Arkansas Constitution. The article noted that the Judge, as of January 11, had not yet written an opinion. However, the article did state that Judge Pierce ruled that, even though the chambers of commerce and other economic-development promoters had contracts for services with the cities, the arrangement violated Article 12, Section 5 of the Arkansas Constitution, which bars political subdivisions such as cities from lending credit or appropriating money to any corporation, association, institution or individual. A copy of that newspaper article is enclosed for your convenience. The article stated that officials from Little Rock and North Little Rock plan to appeal the decision.

Because the City of Fort Smith has, for quite some time, made appropriations to non-city entities and our office has, periodically, rendered opinions relating to same, we are, for your convenience, enclosing copies of prior opinions, dated December 31, 1996, January 3, 2007, and July 9, 2009. While it is possible that an appellate court might approve the practice of a municipality making appropriations under certain circumstances to non-city entities, we deemed it important to bring this recent ruling to your attention.

Thank you for your attention in this matter.

Very truly yours,

Jerry L. Canfield
JLC/cmm

Enclosures

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WRITER'S E-MAIL ADDRESS
JCanfield@DailyWoods.com

July 9, 2009

Ms. Ray Gosack
Deputy City Administrator
623 Garrison Avenue, 3rd Floor
Fort Smith, AR 72901

Re: Agenda Item Regarding Free Waste Disposal Service From the City's Department of Sanitation to Arkansas-Oklahoma Regional Education & Promotion Association, Inc.

Dear Mr. Gosack:

There has been presented to us for review a proposed resolution which would authorize the providing of free sanitation services to a non-profit organization, Arkansas-Oklahoma Regional Education & Promotion Association, Inc. The memo with the item indicates that additional entities are currently receiving free waste disposal services.

We are enclosing a copy of our letter of January 3, 2007, addressed to Mr. Reed, which letter encloses a copy of our opinion issued on December 31, 1996. Both items of correspondence relate to the provision of the Arkansas Constitution which, in our opinion, prohibits the City from appropriating money for and providing of free services for entities (even religious and non-profit entities) which are not departments of the City. In the absence of a service contractual arrangement, we are of the opinion that the providing of free services to a non-City entity is prohibited. Further, we are of the opinion that such providing of service to one or some but not all of non-profit entities and religious organizations could implicate the City in potential equal protection claims under the United States and Arkansas Constitutions.

We have not reviewed the provisions of outstanding sanitation bond ordinances which, typically, would also prohibit the providing of free municipal services to non-City entities.

Thank you for your attention in this matter.

Very truly yours,

Jerry L. Canfield
JLC/cmm
Enclosures

DAILY & WOODS

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January 3, 2007

Mr. Randy Reed
Fort Smith City Administrator
623 Garrison Avenue, 3rd Floor
Fort Smith, AR 72901

Re: Appropriations to Non-City Entities

Dear Mr. Reed:

As you may be aware, there is a long standing Arkansas constitutional issue relative to appropriations made by the City of Fort Smith for non-City entities. I am enclosing a copy of a letter dated December 31, 1996, addressed to Mayor Baker, members of the Board of Directors and then administrator Strib Boynton discussing this issue. Over the past thirty years, our office has often commented on the limitation set forth in Article 12, Section 5 of the Arkansas Constitution. Remarkably, there has not been a modern, clear discussion of this issue raised in cases brought before the Arkansas Supreme Court (in several cases involving Fort Smith the issue has been raised by other litigants but the issue has been avoided and not clearly discussed by the Court). Since our opinion of December 31, 1996, almost ten years have passed with no direct challenge to the practice of appropriating funds for non-City entities.

As our letter of December 31, 1996 comments and as the ordinance presented to the Board on January 2 indicates, Fort Smith makes its appropriation for the purpose of purchasing services which outside agencies make available to members of the public. Moreover, the Board acknowledges (see section 23 of the ordinance adopted on January 2) that competitive bidding for such services is not feasible so that the normal competitive bidding procedures are waived. We believe this format presents the issue in the best possible form for approval by the Arkansas Supreme Court in the event of a challenge.

Again, this issue has been discussed with Board Directors and City Administrators for decades. I thought I should draw the matter to your attention by providing a copy of one of our previous opinions. It might be wise to provide this letter to Director Settle as he is newly elected to the Board.

Thank you for your attention in this matter.

Very truly yours,

Jerry L. Canfield
JLC/cmm

Enclosures

DAILY, WEST, CORE, COFFMAN & CANFIELD, P. L. L. C.
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FORT SMITH, ARKANSAS 72903
FACSIMILE (501) 478-5205

+ ALSO LICENSED IN OKLAHOMA

December 31, 1996

Mayor Ray Baker
Members of Board of Directors
Mr. Stribling Boynton

Re: Appropriations to non-city entities

Dear Mayor Baker, Members of the Board and Mr. Boynton:

The discussion among the Board on Tuesday, December 17 regarding the provisions of the 1997 budget which make appropriations for non-city agencies indicated that this important issue may be the topic of consideration in the near future for the purpose of planning for the next annual budget process. With the possibility of that forthcoming discussion and with the passage of time, we felt that it would be appropriate to repeat the opinion of our office often stated to the City for almost twenty years regarding the topic of City appropriations for non-city agencies. As time passes, as programs become more "intrenched" and as new members come on to the Board, we feel that it is wise to repeat our advice regarding the hereinafter discussed constitutional limitation.

Article 12, § 5 of the Arkansas Constitution provides "[n]o county, city, town or other municipal corporation shall ... appropriate money for ... any corporation, association, institution or individual." Based on this constitutional limitation, our office often opined that many worthwhile efforts of the City (as an example, the providing of free utilities to local boys clubs) would violate this constitutional provision as well as impact on covenants in utility revenue bond agreements.

In the mid 1970's, the City began making portions of community development block grant funds available to non-city agencies in part due to the fact that said federally provided funds were specifically intended for such purposes. On several occasions our office pointed to the potential legal conflict with such practice and the above cited constitutional provision. In an effort to place the appropriations in the best possible legal light, we recommended, and we believe that our advice has been followed uniformly since that time, that the City provide appropriations for

outside agencies in exchange for contractual agreements from the outside agencies to provide services to the public. As a result, the outside agency contracts with the City to provide important public services to the public and the City, in exchange, provides the monies appropriated by the City. However, there is no assurance (the matter has not been tested in the courts) that the contracting arrangement will protect against the constitutional challenge to the appropriation.

With the decline in the level of community development block grant funds, in the past few years, the City has begun the practice of making appropriations from the City's general fund. Again, we believe that the "contracting for service" arrangement has continued to be followed. As the Board is aware from the recent discussion, there are multiple agencies which provide many valuable benefits to the City and there is no practical limitation on the needs of such agencies. Thus, annually, the pressure on the City increases to provide more of its funds for these purposes. It is not our purpose to discuss the "quantity issue" as the constitutional limitation applies regardless of the amount of the appropriation. However, the greater portion of the City's budget attributed to these purposes, the greater is the likelihood of legal challenge.

We further note that the concept of "contracting for services" as justification for the appropriations poses another legal issue. The City's ordinances set forth procedures for the contracting for services. Ordinarily, services are contracted pursuant to competitive arrangements. It is possible that a challenger to the appropriations could contend that, if in fact the City was contracting for services, the City should prepare a proposal regarding the services which it desired to provide to the public and then entertain competitive proposals or bids in order to purchase those services.

Again, in view of the continuation of the City's program and the anticipated discussion of the parameters for the program, we felt that it would be important to repeat our comments regarding the foregoing constitutional principle.

Very truly yours,

Jerry L. Canfield
bjj

NWA Media/BEN GOFF

NWA Media/BEN GOFF

final chapter [in the case]. It's good to have this over."

The Eastern Arkansas Fugitive Task Force, along with the U.S. Marshals Gulf Coast Regional Task Force, out to serve arre[illegible] and seize contraba[illegible] is now [illegible]earch

The investigatio[illegible] resulted in a 94-count i[illegible] ment, was conducted by the

See **ARREST,** Page 6B

Cities assessing contract ruling

Towns' chamber relationships vary

DEBRA HALE-SHELTON AND BILL BOWDEN
ARKANSAS DEMOCRAT-GAZETTE

Officials across the state are unclear on the effect of a Pulaski County circuit judge's ruling concerning the ways that at least two cities finance economic development.

"It's just too premature to make any comments at all," said Mark Hayes, the Arkansas Municipal League's director of legal services. "We don't even have a written order from the court."

Judge Mackie Pierce ruled Jan. 5 that the cities of Little Rock and North Little Rock must stop paying their chambers of commerce and similar economic-development promoters because such payments violate the Arkansas Constitution.

Hayes said he could not yet say if the ruling would affect any other Arkansas cities and counties.

"There's no way to know that" at this point, he said. "My office has not made any decisions about what we're going to do or how we're going to do it."

City officials said the day of the ruling that they planned to appeal.

The league represents North Little Rock in the

See **RULING,** Page 4B

Ruling

• Continued from Page 1B

still-pending case. Little Rock City Attorney Thomas Carpenter represents that city.

Pierce ruled that the two cities' contracts with the respective chambers and their associates are illegal under Article 12, Section 5 of the state constitution, which bars political subdivisions such as cities from becoming stockholders in, or lending credit to, private corporations.

"No county, city, town or other municipal corporation, shall become a stockholder in any company, association, or corporation; or obtain or appropriate money for, or loan its credit to any corporation, association, institution or individual," the provision states.

Conway Mayor Tab Townsell said the Faulkner County seat does not fund the Conway Area Chamber of Commerce "in any fashion."

Townsell said the city's Advertising and Promotion Commission, which gets some city tax revenue, has a "direct contract for services with the chamber of commerce."

"It's set up to be arm's length from us," Townsell said. "But it's a direct contract for services with the chamber of commerce. They actually pay them to staff certain initiatives."

The commission would probably have to "prove that it is a service contract rather than just a grant of money, but we think that should be able to safely meet the test, in my opinion," Townsell said.

In Pine Bluff, Lou Ann Nisbett, president and chief executive officer of the Economic Development Alliance of Jefferson County, the alliance and the chamber of commerce do not receive any funding from the city or the county. The money those entities receive is through an economic-development sales tax and member dues.

In Fayetteville, the contract for economic-development services goes out for bids at least every six years, said Don Marr, chief of staff for Mayor Lioneld Jordan. It's actually a two-year contract with the option to renew twice for a total of six years, he said.

> "We have a very specific set of criteria in our contract that they must provide. Until I see more from the lawsuit in Little Rock and North Little Rock where the facts align more with Fayetteville, we don't anticipate a change in our current contract."
>
> **— Don Marr, chief of staff for Fayetteville Mayor Lioneld Jordan**

The Fayetteville Chamber of Commerce has had the contract since 2009, when three entities bid for it, Marr said. The contract will go out for bid again between July and September. The contract is currently for $165,000 per year.

From 2000 to 2008, Fayetteville used internal staff for economic development in a joint partnership between the city, Chamber of Commerce and the University of Arkansas, Marr said.

Marr said he believes Fayetteville's situation is different than those of Little Rock and North Little Rock because Fayetteville sends out a request for proposals, and there are monthly and quarterly "deliverables" that must be met.

"We have a very specific set of criteria in our contract that they must provide," Marr said. "Until I see more from the lawsuit in Little Rock and North Little Rock where the facts align more with Fayetteville, we don't anticipate a change in our current contract."

A "deadline schedule for deliverables" for Fayetteville listed an economic-development website; support for existing businesses; recruitment of new businesses; strengthening relationships with state and regional economic development entities; and providing marketing materials, statistics and demographics.

In Rogers, the Chamber of Commerce has done economic development for the city for at least the past 25 years, Mayor Greg Hines said.

Hines said the annual contract doesn't go out for bid because there's no other entity that could do it and would have the credibility with the business community that the Rogers-Lowell Area Chamber of Commerce does.

"We don't bid it, and one of the main reasons for that is there wouldn't be anybody to bid it with," Hines said.

Currently, the contract is for $300,000 per year. Of that amount, $200,000 goes to the Rogers Economic Development Corp., which is an entity of the chamber, the mayor said. The other $100,000 goes to advertising and promotions.

"There are measurable results attached to those contracts for economic development," Hines said. "One would find it very difficult to scrutinize our contract with the chamber based on the deliverables provided. I feel very confident that we're standing on solid ground."

Springdale contracts its economic-development services through the city's Chamber of Commerce, and the City Council approves the contract, said Wyman Morgan, Springdale's administration and financial services director. The contracts are for either one or two years, he said.

Morgan said it's been done that way for at least 14 years, the time he has worked for the city.

The present amount of the Springdale contract is $150,000 per year.

Much of what the chamber does for the city involves business recruitment, Morgan said. The chamber provides quarterly progress reports to the City Council.

Morgan said Springdale officials are waiting for Pierce's written ruling before they decide if Springdale should change the way it does business with its chamber.

Fort Smith has no annual contract for economic development with its Chamber of Commerce or affiliated entities, said Tracy Winchell, a city spokesman. Winchell said the chamber and the city will work together on specific projects, but there's no annual contract for economic-development services.

In Jonesboro, Regional Chamber of Commerce president Mark Young said the chamber doesn't receive money directly from the city or Craighead County. Instead, the chamber oversees the Northeast Arkansas Industrial Development Commission, to which the city and the county both give money.

The 2015 Jonesboro city budget allocates $167,250 for economic development, while the county has budgeted $294,250, Young said.

"Often communities are looked upon to provide support for the infrastructure," Young said. "It is important, and it's critical. Without it, there wouldn't be that support for new businesses."

Young said that because he had just learned of the Pulaski County Circuit Court's ruling, he didn't know the impact it could have on other counties yet.

"This is a case in Pulaski County," he said. "We don't know if the ruling is complete yet. Until then, all we can do is speculate.

"Obviously, economic entities across the state will be interested. This is an important issue."

Information for this article was contributed by John Worthen and Kenneth Heard of the Arkansas Democrat-Gazette.

Exhibit

cember 7, 1941" from the World War II Museum in to include a direct Pearl Harbor connection by year's end. and into the library and down to the maritime museum," he

OUTSIDE AGENCY SERVICES CONTRACT APPLICATION
CITY OF FORT SMITH 2016 BUDGET

For service providers seeking City of Fort Smith General Fund dollars in exchange for services, the following form and required attachments must be completed and submitted to the City Finance Department no later than 4:30p.m. September 14th, 2015. **Requests received after this date and time will not be reviewed nor submitted for consideration by the Awards Committee.**

Absolutely no extensions or exceptions will be made for applicants who do not meet the submission deadline stated above. _____ **(By My Initials, I have read/understand)**

ORGANIZATION: _____

CONTACT PERSON: (ALL QUESTIONS AND NOTICES WILL BE DIRECTED TO THIS PERSON AT THE ADDRESS LISTED BELOW DURING THE APPLICATION PROCESS AND REVIEW):

NAME: _____

ADDRESS: _____

_____

PHONE: _____

***E-MAIL ADDRESS:** _____

***Please use an address where e-mail is checked frequently**

NUMBER OF YEARS SERVICE TO COMMUNITY: _____

AWARD CATEGORY: (Refer to Overall Program Purpose & Goals for Description of Category Parameters)

_____**ARTS AND HUMANITIES**

_____**RECREATION**

_____**SOCIAL & COMMUNITY SERVICES**

SECTION 1 – STOP HERE!

APPLICANT MUST MEET ALL OF THE FOLLOWING REQUIREMENTS FOR PARTICIPATION IN THE SERVICE PROGRAM! (Yes or No Y/N)

___ Located in the city limits of the City of Fort Smith, Arkansas

___ Registered with the State of Arkansas Secretary of State's office

___ Registered through the City of Fort Smith as a business and/or non-profit

___ Received an independent audit in the past 12 months

___ Filed IRS form 990 in the past 12 months

___ Have regular board meetings
(monthly, quarterly, semi-annually, or annually)

Exclusion from awarding public funds:

1- Faith-based organizations when the program will *only* benefit the organization and its members.

2- If the **PRIMARY** mission of your agency is providing services for the homeless and you are not **LOCATED** on the homeless campus.

If you are awarded funds from any city department 100% allocated to the General Fund, you are only eligible to receive funds from that budget or from this program. You will be able to choose which award to accept after funding recommendations are made so that you are able to accept the largest award.

If the applicant meets all of these minimum requirements, the organization may be eligible to participate in the City of Fort Smith's partnership with local service agencies that provide specialized services to citizens.

TERMS AND CONDITIONS:

By applying for funds within the scope of this program, I acknowledge the following:

1. *The agency I represent may be subject to an unannounced site visit by citizen review panelists during normal business hours.*
2. *The city's internal auditor may choose to randomly select applications each year for internal review at the close of the year for which the funds are awarded. Funds may be forfeited or must be returned if the auditor determines that a deliberate misrepresentation has been made on the application.*
3. *If the organization I represent is requesting assistance for utilities, and the panel awards a specific sum, my organization will be required to submit bills to Finance for monthly reimbursements. If the award amount is more than the annual expenses, my organization is not entitled to the additional funds.*

_____ _____

Signature of applicant **Date**

PURPOSE OF THIS PROGRAM

The purpose of partnering with local service agencies is to enable and assist non-profit organizations providing specialized services to citizens.

These services are deemed by the City of Fort Smith Board of Directors to be either necessary or beneficial to the economic, social or cultural well-being of Fort Smith, its citizens and guests of the community.

Contracts should allow the agency to accomplish at least one of these objectives:

1. **Improving, expanding, or enhancing citizen services**
2. **Achieving an important step in the organization's mission**
3. **Meeting an unexpected demand for services or facilities construction or repair**

SECTION 2

Section 2 is divided into three sections. Please complete ONLY the section corresponding with the category in which your organization is applying. These questions must be answered "yes" or "no" as designated by a "Y" or an "N." You will have an opportunity to address exceptions and other qualities unique to your organization in Section 3.

Arts & Humanities

ARTS & HUMANITIES PURPOSE AND GOALS

Contracts should encompass at least one of the following objectives:

1. Recruitment and retention of knowledge-based workers
2. Recruitment and retention of health care professionals
3. Increasing accessibility of arts & humanities programs to the entire community, including non-traditional populations

If applicant seeks a partnership contract as an arts & humanities organization, answer these questions as Yes or No Y/N:

___ Charges a fixed admission fee?

___Offers free admission and/or accepts donations for admission?

___ Discounted or free admission to senior citizens or students?

___ Belongs to or participates in a state, regional or national professional association?

___ Accepts private donations?

___ Applies for outside grants (this funding not included)?

___Engages in at least one annual fund raising campaign activity – for capital or operating expenses?

___Will the requested funds through the City of Fort Smith be depleted before the end of the year or project for which they are requested?

___Is one person responsible for continuity in decision-making and/or fiduciary responsibilities?

___Does this organization use volunteers?

___Does this organization have facilities for corporate and community meetings?
Circle best response: 50 or fewer – 50 or more

___Does this organization offer any programs designed for school presentations?

___Does this organization offer an attraction to entice companies or industry to our area?

___Is your facility – or are your services - available more than 5 days per week or evenings, either regular hours or by special request?

SECTION 2 *continued*

Section 2 is divided into three sections. Please complete ONLY the section corresponding with the category in which your organization is applying. These questions must be answered "yes" or "no" as designated by a "Y" or an "N." You will have an opportunity to address exceptions and other qualities unique to your organization in Section 3.

Recreation

RECREATION PURPOSE AND GOALS

Contracts should encompass at least one of the following objectives:

1. Enhancing an organization's ability to serve youth recreation leagues for current and future generations
2. Expanding a facility to accommodate larger regional events
3. Providing permanent facilities enhancements for recreational programs for all ages

If applicant seeks a partnership contract as a recreation organization, answer these questions as Yes or No Y/N:

____Offers free admission and/or accepts donations for admission?

____Does this organization have permanent facilities for recreational programs for all ages?

___Does this organization provide recreational activities to youth, senior citizens and/or special needs clients?

___Accepts private donations?

___Applies for outside grants (this funding not included)?

___Engages in at least one annual fund raising campaign activity – for capital or operating expenses?

___Will the requested funds through the City of Fort Smith be depleted before the end of the year or project for which they are requested?

___Is one person responsible for continuity in decision-making and/or fiduciary responsibilities?

___Does this organization use volunteers?

___Does this organization have facilities for corporate and community meetings?
Circle best response: 50 or fewer – 50 or more

___Does this organization offer any programs designed for presentations to schools?

___Does this organization offer recreation events that entice companies or industry to our area?

___Is your facility – or are your services - available more than 5 days per week or evenings, either regular hours or by special request?

___Are you expanding a facility or facilities to accommodate larger regional events?

SECTION 2 *continued*

Section 2 is divided into three sections. Please complete ONLY the section corresponding with the category in which your organization is applying. These questions must be answered "yes" or "no" as designated by a "Y" or an "N." You will have an opportunity to address exceptions and other qualities unique to your organization in Section 3.

Social & Community Services

SOCIAL & COMMUNITY SERVICES PURPOSE AND GOALS

Contracts should encompass at least one of the following objectives:

1. Improving an organization's ability to provide niche services for citizens with special needs
2. Expanding an organization's ability to train local service agency employees, volunteers, and board members to better fulfill service and self-sustainability objectives

If applicant seeks a partnership contract as a social & community services organization, answer these questions as Yes or No Y/N:

___Accepts private donations?

___Applies for outside grants (this funding not included)?

___Engages in at least one annual fund raising campaign activity – for capital or operating expenses?

___Is one person responsible for continuity in decision-making and/or fiduciary responsibilities?

___Does this organization use volunteers?

___Serves, specifically, the senior or frail population?

___Serves, specifically, persons with special needs?

___Is your facility accessible to persons with disabilities?

___Will the requested funds through the City of Fort Smith be depleted before the end of the year or project for which they are requested?

___Is the program being applied for unique in Fort Smith?

___Does the program have a measurable impact on children and families with special needs?

___Does the program make a significant and sustainable change?

___Does the agency work in partnership with communities, governments, businesses and other non-profits?

___Does the organization train its board members, volunteers, advisory council and/or auxiliary?

SECTION 3

1. What benefits do residents of the City of Fort Smith receive from services provided by your agency that are otherwise not available through other agencies or the municipality?

2. If agency is awarded funding, it is agreed that said agency will provide the following additional services for the benefit of the elderly and low income citizens of Fort Smith:

3. **Number of persons served by your organization – RECREATION OR SOCIAL/COMMUNITY SERVICES APPLICANTS, THIS NUMBER MUST REPRESENT FORT SMITH RESIDENTS ONLY. ARTS AND HUMANITIES APPLICANTS PLEASE PROVIDE TOTAL NUMBER OF *UNIQUE* PERSONS SERVED AND *EXPLAIN HOW YOUR AGENCY CALCULATES THIS NUMBER*.**

   Cost/Benefit Ratio: *Divide the money requested by number of persons served annually*

   TOTAL REQUEST FROM 2016 BUDGET:

   $_____ *money requested divided by*

   _____ *persons served annually =*

   _____ *cost/benefit ratio*

(PLEASE INCLUDE EXPLANATION IF NECESSARY)

_____

_____

_____

_____

_____

_____

_____

*** Purpose of request must directly relate to the overall purpose and goals and at least one objective in the selected funding category**

PURPOSE OF REQUEST:

_____

_____

_____

_____

_____

_____

_____

_____

_____

Please list all funding your agency receives in addition to funding from the City and the % with respect to your agency's *LOCAL* budget (If you receive United Way funding, you may attach that funding sheet)

RECEIVED FROM: **AMOUNT OF AWARD:**

_____

_____

_____

_____

*** If your agency received funds from the 2015 City of Fort Smith budget and this request exceeds the 2015 allocation, please explain the reason for the increase below:**

_____

_____

_____

_____

_____

_____

_____

_____

_____

I, _____ (print name), hereby certify that to the best of my knowledge the above information is correct.

_____ _____

Signature **Date**

Mayor – Sandy Sanders

Acting City Administrator – Jeff Dingman

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 – Tracy Pennartz
At Large Position 6 – Kevin Settle
At Large Position 7 – Don Hutchings

AGENDA ~ Summary

Fort Smith Board of Directors

STUDY SESSION

July 14, 2015 ~ 12:00 Noon

Fort Smith Public Library Community Room

3201 Rogers Avenue

CALL TO ORDER

- All present
- Mayor Sandy Sanders presiding

1. Discuss upcoming issuance of water & sewer revenue bonds ~ *use of the state revolving fund loan program and selection of bond underwriters* ~
   The Board concurred that additional information was needed with regard to participation in the Revolving Fund Loan Program. With regard to selection of bond underwriters:

   - Settle/Pennartz placed a resolution on the August 4, 2015 regular meeting agenda to allocate underwriting services with a 50/50 split between Stephens, Inc. and Raymond James. The lead underwriter will alternate with Raymond James serving as the lead underwriter first.

   - Good/Hutchings placed a resolution on the August 4, 2015 regular meeting agenda to allocate underwriting services as in the past, 80/20 split between Stephens, Inc. and Raymond James with Stephens, Inc. designated as the lead underwriter.

2. Continued discussion of police and fire pension funding ~ *Discussed at the June 23, 2015 study session* ~ :

   - 401 Retirement Plan for non-uniformed employees
     The Board made no determination, but clarified a reduction in contributions to the plan is not *"off the table."*

   - General Fund budget reductions ~ *Lau/Pennartz placed on agenda at the June 23, 2015 study session* ~

Lau/Pennartz placed an ordinance on the July 21, 2015 regular meeting to move forward with the budget reductions as presented excluding those submitted by the Police and Fire Departments.

Other possible budget reductions, i.e. incentive pay, salary reductions for upper level employees, to be determined and presented at a later date.

- Business license fees
  Deferred to a later study session.

3. Review Interstate 49 / Highway 71 South annexation
   Deferred to the next study session.

4. Review outside agency funding ~ *Lorenz/Pennartz placed on agenda at the June 2, 2015 regular meeting* ~
   Lorenz/Pennartz placed a resolution on the July 21, 2015 regular meeting agenda authorizing elimination of outside agency funding for 2016.

5. Review preliminary agenda for the July 21, 2015 regular meeting

ADJOURN
1:23 p.m.

OTHER
Director of Finance Kara Bushkuhl advised that due to Acting City Administrator Jeff Dingman being out of the office until July 27th and potential necessity for an original signature on documents, a resolution may need to be on the July 21, 2015 regular meeting agenda to formally name an Acting Deputy City Administrator.