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

Fort Smith Board of Directors

STUDY SESSION

September 22, 2015 ~ 12:00 Noon

Fort Smith Public Library Community Room

3201 Rogers Avenue

CALL TO ORDER

1. Continued discussion regarding firefighting contracts outside Fort Smith city limits
   ~ Discussed at the July 28, 2015 study session ~

2. Discuss potential revenue sources and additional budget reductions for 2015
   ~ Pennartz/Lau placed on agenda at the September 1, 2015 regular meeting ~

   - Revenue Source - franchise utility fee
   - Revenue Source - prepared food tax
   - Revenue Source - business license fees
   - Budget Reduction - 401 Retirement Plan for non-uniformed employees

3. Review preliminary agenda for the October 6, 2015 regular meeting

ADJOURN

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

1

Memo

To: Jeff Dingman, Acting City Administrator
From: Mike Richards, Fire Chief MR
Date: September 16, 2015
Re: Firefighting Assistance by Contract

During the July 28, 2015 Fort Smith Board of Director's Study Session, the fire department presented information concerning firefighting contracts to businesses located outside of the corporate city limits of Fort Smith. As a result of that discussion, the fire department is proposing a solution that could be used as a fair market value method of establishing firefighting contract fees to any business located outside our city limits. We will also explain the reasoning and methodology behind our proposal as well as clear up any confusion that may exist about the difference between providing firefighting assistance by contract and providing firefighting assistance through mutual aid.

If the Board chooses to continue providing this service, our proposal would be to establish a firefighting contract assistance fee for any business located outside the corporate city limits of Fort Smith that would be equal to the proportional cost that any business (or any other property classification) within the City would pay for the same services. For example, the City's property tax assessment for General Fund use is 5.0 mills for the real estate and personal property values within the city limits. 100% of the fire department's funding comes from the General Fund. In 2015, the fire department's appropriation (in percentages) from the General Fund is 28%. Therefore, we propose a formula that would be based on each business' real estate and personal property values (as established by the Sebastian County Assessor) times 28% of 5 mills (.005 x 28%) equals the contract fee charged for one (1) year. The fee would then be revalued each following year based on the above formula and managed completely by the City's Finance Department. We have attached a spreadsheet showing what the approximate financial impact would be to each business that currently has a firefighting assistance contract with the City (Attachment 1).

We also propose that an amount equal to the City's 1 mill tax assessment for fire pensions also be added to the above fee. This would be no different than all other real estate and personal property tax paid by those within the City limits of Fort Smith and should be a dedicated revenue to the LOPFI Contribution Fund.

Any business located outside of the corporate city limits of Fort Smith but within the ETJ that has accepted the terms of a firefighting assistance contract with the City would then be provided

the same firefighting and emergency response services by the Fort Smith Fire Department (FSFD) as any other business located within the city limits. The FSFD would be the primary emergency response agency and the authority having jurisdiction (AHJ) over emergency incidents.

There has also been some discussion about the FSFD adding fees for businesses outside our corporate city limits with higher hazard classes or other special needs or circumstances. We have decided that this is not something we think we should do mainly because we don't add those fees to anyone else within the City. We also discussed using the same methodology with franchise fees. Although the businesses within the corporate city limits of Fort Smith have to pay franchise fees on utilities, we do not believe a practical method to collect a those fees can be applied to these businesses and would be problematic.

In reference to providing firefighting assistance to businesses located outside the corporate city limits of Fort Smith through mutual aid "without charge or charged per service call", there may be a misunderstanding in how mutual aid actually works and what service the FSFD would provide through mutual aid and at what cost. As discussed in the fire department's July 28, 2015, Study Session Board Packet, the FSFD does have and honor mutual aid agreements with all neighboring jurisdictional fire departments in Sebastian County. Mutual aid is provided at no cost to any surrounding fire department within ***that fire department's jurisdiction*** when that fire department requests such assistance ***after they have arrived on scene***. For example, if one of the City's current firefighting assistance contract holders decided to terminate their firefighting assistance contract with the City, the FSFD would still respond to a mutual aid call to their business ***when requested*** by the fire department having jurisdiction at no cost to the requesting fire department or business. It is important to note however, that there will be a substantial difference in the level of emergency services provided as all of the City's current firefighting assistance contract holders are located in jurisdictions served by volunteer or combination fire departments. Please remember for comparison that the FSFD did contact eleven (11) career fire departments in a three (3) state area to obtain information on if/how they provided firefighting assistance by contract to businesses outside their respective cities corporate limits. None of those cities provided this service by contract to businesses but all did provide mutual aid to the fire departments that had jurisdiction. All of that information was provided in the July 28 Study Session board packet.

We also recommend that no firefighting assistance contract be offered to any business located outside of the City's existing ETJ and to no residential properties. It is our opinion that providing firefighting assistance contracts to areas beyond the ETJ, and to residential properties within the ETJ is not cost effective and could spread our existing emergency response resources too thin.

If the Board chooses to continue the practice of providing firefighter assistance contracts to businesses located outside the corporate city limits of Fort Smith, we will have to adopt an ordinance as required by Arkansas Code, Section 14-53-102. The ordinance will require language that authorizes "firefighting machinery and equipment, with the necessary firefighters to operate it, may be used to combat fires beyond the corporate limits of any city or town, upon such terms, conditions, and restrictions as may be prescribed in the ordinance."

Therefore, if the Board chooses to continue the practice of providing firefighting assistance to businesses outside our corporate city limits we recommend the above methods be adopted by ordinance. If the Board desires to look at other options, some of those could include:

1. Continue to use the same practice as we are currently doing with no changes other than adopting an ordinance as required by state law allowing us to do so.
    a. This would be problematic as we would have no sound basis for how we have assessed charges in the past or will assess charges or fees in the future.
2. Developing a flat fee with yearly inflation adjustments.
    a. Again, this would also be problematic in developing a fair and equitable charge that would be equal to what the citizens and businesses in the city limits of Fort Smith pay.
3. Terminate all firefighting assistance contracts and provide firefighting assistance to those businesses outside of the corporate city limits of Fort Smith through mutual aid.
    a. Everyone must keep in mind how mutual aid actually works.

Therefore, if the Board chooses to continue the practice of providing firefighting assistance by contract to businesses located outside of the city limits of Fort Smith or chooses to move forward with one of the proposals above, we will draft an ordinance to present to the Board for approval. If such ordinance is adopted, the City will then move forward in restructuring the Firefighting Assistance Contracts for those businesses located outside of our city limits. Please let me know if you have any questions.

cc: Jennifer Walker, Deputy Finance Director

Attachments: 1

Estimated Impact of Proposed Firefighting Assistance by Contract Fees for Businesses Located Outside of the Fort Smith City Limits

Owner's Name	Assessed Value			Proposed Contract Fees	Current Contract Fees	Difference Over (Under)
Zero Mountain, Inc.	$ 289,005.00					
	$ 2,228,245.00					
	$ 2,517,250.00	0.005	0.28	$ 3,524.15		
		0.001		$ 2,517.25		
				$ 6,041.40	**$ 12,000.00**	**$ (5,958.60)**
Southpark Properties, Inc. (Formerly Bremner that Zero Mountain aquired)	$ 711,410.00	0.005	0.28	**$ 995.97**	**$ 12,000.00**	
Zero Mountain Total				**$ 7,037.37**		**$ (16,962.63)**
Rheem	$ 6,396,680.00					
	$ 2,679,570.00					
	$ 9,076,250.00	0.005	0.28	$ 12,706.75		
		0.001		$ 9,076.25		
				$ 21,783.00	**$ 11,700.00**	**$ 10,083.00**
Harry G. Barr	$ 366,665.00					
	$ 217,090.00					
	$ 583,755.00	0.005	0.28	$ 817.26		
		0.001		$ 583.76		
				$ 1,401.01	**$ 535.00**	**$ 866.01**
Gerdau Macsteel, Inc.	$ 9,780,570.00					
	$ 46,400.00					
	$ 8,890,785.00					
	$ 46,400.00					
	$ 18,764,155.00	0.005	0.28	$ 26,269.82		
		0.001		$ 18,764.16		
				$ 45,033.97	**$ 12,000.00**	**$ 33,033.97**

Estimated Impact of Proposed Firefighting Assistance by Contract Fees for Businesses Located Outside of the Fort Smith City Limits

Owner's Name	Assessed Value			Proposed Contract Fees	Current Contract Fees	Difference Over (Under)
Weatherford US LP	$ 256,985.00	0.005	0.28	**$ 359.78**	**$ 79.80**	**$ 279.98**
Hogback Exploration	$ 1,410.00					
	$ 700.00					
	$ 4,315.00					
	$ 103,550.00					
	$ 109,975.00	0.005	0.28	$ 153.97		
		0.001		$ 109.98		
				$ 263.94	**$ 97.46**	**$ 166.48**
Owens Corning	$ 1,974,210.00					
	$ 728,070.00					
	$ 2,702,280.00	0.005	0.28	$ 3,783.19		
		0.001		$ 2,702.28		
				$ 6,485.47	**$ 12,000.00**	**$ (5,514.53)**
Wal-Mart Properties, Inc.	$ 843,250.00	0.005	0.28	$ 1,180.55		
		0.001		$ 843.25		
				$ 2,023.80	**$ 12,000.00**	**$ (9,976.20)**
Total				**$ 91,425.72**	**$ 72,412.26**	**$ 19,013.46**

2

MEMORANDUM

September 15, 2015

TO: Jeff Dingman, Acting City Administrator

FROM: Jennifer Walker, Deputy Finance Director

SUBJECT: Continued Discussion: Potential Revenue Sources and Budget Reductions

Continued discussion of potential revenue sources and budget reductions has been placed on the agenda for the September 22nd Study Session. The following information is presented for review:

1. Franchise Fees –Current franchise fee assessments are at 4% for electric, gas, cable and phone/video. It is possible to increase the franchise fee to 5% for cable and 4.25% for electric, gas, and phone/video. **This would result in additional revenue of approximately $554,000**. Attachment 1 is a schedule of Franchise fee revenues from 2003 through 2015 by category. Also included is a summary of franchise fee rates for Fort Smith and neighboring cities and a breakdown of the $554,000 revenue by category.

2. Prepared Food Tax – Attachment 2 provides a summary of possible revenue for a prepared food tax. This estimate provides estimated additional revenues of **$940,000 for each 1/2% of prepared food tax.**

3. Business License Fees – the reinstatement of business license fees has been discussed as several meetings over the last 12 months. Some updates have been made to the expenses associated with collecting business licenses. The two staff members have been removed as an expense. Current staff in Collections and Customer Service will absorb these duties as best possible. Also, the vehicle expense has been removed as a vehicle is already owned by Collections and Purchasing and these can be shared. This has reduced the "new" cost of collections to just $10,000.

Additionally, it is likely that some accounts will be uncollectable for at least the first year. A 3.5% allowance has been added for this. **The revised potential revenue is $1.5 - $1.9 Million**, depending on whether excise fees are waived for smaller employers. The summary of revenue and expense calculations as well as a summary of the survey of neighboring cities is included in Attachment 3.

4. Retirement Plan for Non-Sworn Employees - a summary of retirement plan costs, by fund, is included in Attachment 4. This document shows the full cost of the non-sworn 401 retirement plan for each program split by fund. Total costs to the General Fund are approximately $864,000. **Each 1% reduction to this fund will allow for $86,400 in the General Fund.** Therefore, a change from 10% funding to 8% funding would allow for an additional $173,000 in the General Fund. Human Resources can answer any questions regarding the operational details of making changes to the retirement plan.

The last attachment #5 is an updated version of the LOPFI Contribution Fund estimates for years 2015 through 2030 for reference. This updated schedule includes updated contributions to the fund that were approved in 2015. Also, each assumption used in future years has been detailed below the schedule. This is a living document, and as such, I have added a reference at the top to show the date of the most recent update.

City of Fort Smith, Arkansas

Revenue Information for Franchise Fees

Last updated September 15, 2015

ATTACHMENT # 1

Franchise Fee Revenue Histo	Electric	Natural Gas	Cable	Phone	Video	Other	Total	% Change between years
2003	2,948,016	1,712,973	469,225	381,868	-	18,875	5,530,957	-
2004	3,212,072	1,906,940	483,061	367,505	-	16,968	5,986,546	8.24%
2005	3,516,002	2,475,013	485,333	344,264	-	12,850	6,833,462	14.15%
2006	4,222,940	2,367,671	485,032	320,726	-	9,925	7,406,294	8.38%
2007	3,691,557	2,223,388	540,711	295,382	-	9,425	6,760,463	-8.72%
2008	3,980,483	2,475,202	632,575	268,604	-	9,950	7,366,814	8.97%
2009	3,431,115	1,680,065	590,347	233,350	45,825	9,750	5,990,452	-18.68%
2010	3,906,366	1,612,758	654,598	208,679	99,775	9,925	6,492,101	8.37%
2011	4,042,194	1,558,712	663,770	172,631	121,686	13,000	6,571,993	1.23%
2012	3,833,960	1,281,453	658,684	152,841	131,805	13,150	6,071,893	-7.61%
2013	3,773,400	1,512,600	661,000	137,302	143,900	13,200	6,241,402	2.79%
2014	3,912,535	1,604,966	668,656	140,224	139,057	13,200	6,478,638	3.80%
Actual Thru 8/15/15	1,787,348	901,660	334,876	61,882	105,051	19,000	3,209,817	

	Current Franchise Rates
Fort Smith	4% for electric, gas, cable & phone/video.
Little Rock	5.2% for electric & gas to maximum $ amount/year; 5% for cable; 7.32% for phone; 10% for Central Arkansas Water; 10% for wastewater utility; and 5% for fiber optics.
Fayetteville	3% for residential & commercial customers gas & 1% for industrial customers gas; 3% for domestic customers electric & 1% for industrial customers electric; 4% for phone; 5% for cable & video; 4.25% for water and sewer; and 3% on solid waste.
Springdale	4% for electric, phone & cable; 5% for gas; and 5% for waste collection.
Hot Springs	4.25% for electric, gas, cable & phone; no charges to city utilities.
North Little Rock	4.25% for electric, gas & phone; 5% for cable & video; 6.9% for water & wastewater; no rate on its own electric but a transfer of $12 million is made to the general fund.
Bentonville	4% for gas, cable & phone; 6% for city electric; 5% for city water.
Jacksonville	4.25% for electric, gas, cable & phone; no charges to city utilities.
Stuttgart	6.195% for electric; 6.8% gas; 6% phone; 3% cable; no charges to city utilities.

Proposed Increase
Revenue Breakdown ~ $554,000

Electric	$	247,000
Natural Gas		113,500
Phone		7,500
Video		11,000
Cable		175,000

Please note that some of the higher rates for franchised utilities were in place before the state regulated franchise fee rates; other rates are by mutual contract between the city and the entity; and rates for municipally owned utilities may be set by the city.

City of Fort Smith, Arkansas **Attachment #2**

Sales Tax from Prepared Food Entities

For the Year Ended December 31, 2014 and January 1,2015 through August 31, 2015

		2% Sales Tax Collections	
NAICS Code	NAICS Classification	2014	2015 To Date
7221	Full-Service Restaurants	3,458,575	1,922,795
7222	Limited-Service Eating Places	256,537	307,780
7223	Special Food Services	112,667	36,157
	Total	3,827,780	2,266,732
	3% Collection Fee to State	(114,833)	(68,002)
	Net Taxes to City	3,712,947	2,198,730
	2015 Annualized		3,769,252

Estimate for Prepared Food Tax Revenue:

1/2% Tax **$ 942,313**

Source: NAICS data provided by the Arkansas Department of Finance and Administration.

Note: The city assesses 2% local sales and use taxes. Therefore, the amount of collections is combined.

City of Fort Smith, Arkansas **Attachment 3**
Occupation Licenses & Fees
Estimate Last Updated September 15, 2015

	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
Bad Debt Allowance / Uncollectable Accounts (3.5%)			(69,163)
Total Revenues			1,906,927
Expenditures:			
Personnel - Reallocate Current Staff			-
Operating			10,000
Capital - share vehicle already owned or pull from auction			-
Total Expenditures			10,000
Net Revenues			$ 1,896,927

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.

Note 3: Estimate uncollectible accounts at 3.5% the first year.

City of Fort Smith, Arkansas **Attachment 3**
Occupation Licenses & Fees
Waiving Excise Fees for Smaller Employers
Estimate Last Updated September 15, 2015

	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
Bad Debt Allowance / Uncollectable Accounts (3.5%)			(56,200)
Total Revenues			1,549,510
Expenditures:			
Personnel - Reallocate Current Staff			-
Operating			10,000
Capital - share vehicle already owned or pull from auction			-
Total Expenditures			10,000
Net Revenues			$ 1,539,510

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.

Note 3: Estimate uncollectible accounts at 3.5% the first 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

Schedule of Expenditures/Expenses - Operating Funds
2015 Budget Appropriations
Account 103 -Retirement for Non Sworn Personnel

Attachment #4

	Total	General Fund	Street Maintenance Fund	W/S Fund	Sanitation Fund
Policy & Administrative Services					
4100 Mayor	$ -	$ -	$ -	$ -	$ -
4101 Board of Directors	-	-	-	-	-
4102 City Administrator	39,880	17,148	3,190	14,756	4,786
4111 Downtown Development	-	-	-	-	-
4201 District Court	72,330	72,330	-	-	-
4202 City Prosecutor	12,500	12,500	-	-	-
4203 Public Defender	-	-	-	-	-
4204 City Attorney	-	-	-	-	-
4206 District Court - State Division	3,990	3,990	-	-	-
4405 Internal Auditor	9,510	4,089	761	3,519	1,141
Total Policy & Administrative Services	138,210	110,058	3,951	18,274	5,927
Management Services					
4104 Human Resources	28,640	18,043	2,005	6,014	2,578
4105 City Clerk	17,500	7,525	1,400	6,475	2,100
4301 Finance	77,180	33,187	6,174	28,557	9,262
4303 Collections	26,090	11,219	2,087	9,653	3,131
4304 Utility Billing/Customer Service	56,020	2,801	2,801	42,015	8,403
4306 Purchasing	10,850	4,666	868	4,015	1,302
4401 ITS	62,940	40,911	3,147	12,588	6,294
6912 Parking Deck - Personnel	3,090	3,090	-	-	-
Total Management Services	282,310	121,442	18,482	109,317	33,069
Development Services					
4103 Engineering	108,020	91,817	5,401	10,802	-
4106 Planning & Zoning	49,140	41,769	-	7,371	-
4108 Building Safety	58,610	58,610	-	-	-
Total Development Services	215,770	192,196	5,401	18,173	-
Police Services					
4701 Administration	5,720	5,720	-	-	-
4702 Support Services	122,570	122,570	-	-	-
4703 Investigations	13,470	13,470	-	-	-
4704 Patrol	38,640	38,640	-	-	-
4705 Radio Communications	12,610	12,610	-	-	-
4706 Airport Services	-	-	-	-	-
Total Police Services	193,010	193,010	-	-	-

Schedule of Expenditures/Expenses - Operating Funds
2015 Budget Appropriations
(Continued)

	Total	General Fund	Street Maintenance Fund	W/S Fund	Sanitation Fund
Fire Services					
4801 Administration, Training, & Prever	$ 14,850	$ 14,850	$ -	$ -	$ -
4802 Suppression	-	-	-	-	-
4803 1/8% Sales Tax Operations	-	-	-	-	-
4804 Training	-	-	-	-	-
Total Fire Services	14,850	14,850	-	-	-
Operation Services					
Streets & Traffic Control					
5101 Administration	28,000	-	28,000	-	-
5302 Street Construction	32,840	-	32,840	-	-
5303 Street Drainage	52,670	-	52,670	-	-
5304 Street Maintenance	42,300	-	42,300	-	-
5305 Sidewalk Construction	40,100	-	40,100	-	-
5401 Traffic Control	47,570	-	47,570	-	-
5403 Street Lighting	-	-	-	-	-
Total Streets & Traffic Control	243,480	-	243,480	-	-
Operation Services					
Water & Sewer					
5501 Utility Administration	92,230	-	-	92,230	-
5601 Water/Wastewater Treatment Admin	15,070	-	-	15,070	-
5603 Sewer Treatment	126,580	-	-	126,580	-
5604 Water Treatment	110,020	-	-	110,020	-
5605 Laboratory Services	35,080	-	-	35,080	-
5606 Wastewater Equipment Maintenance	51,300	-	-	51,300	-
5609 Industrial Waste Monitoring	22,550	-	-	22,550	-
5610 Water Line Maintenance	108,150	-	-	108,150	-
5611 Sewer Line Maintenance	98,220	-	-	98,220	-
5613 Metering/Transmission Line Maint	65,470	-	-	65,470	-
5615 W/S Line Maintenance Administratio	64,080	-	-	64,080	-
5616 Water Stationary Equipment	55,360	-	-	55,360	-
5618 Debt Service	-	-	-	-	-
Total Water & Sewer	844,110	-	-	844,110	-

Schedule of Expenditures/Expenses - Operating Funds
2015 Budget Appropriations
(Continued)

	Total	General Fund	Street Maintenance Fund	W/S Fund	Sanitation Fund
Operation Services					
Parks & Recreation					
6101 Health Services	$ -	$ -	$ -	$ -	$ -
6201 Parks Maintenance	60,510	51,434	9,077	-	-
6202 Oak Cemetery	8,050	8,050	-	-	-
6204 Community Centers	6,130	6,130	-	-	-
6205 Aquatics	-	-	-	-	-
6206 Riverfront/Downtown Maintenance	8,980	8,980			
6207 The Park at West End	-	-			
6208 1/8% Sales Tax Operations	17,000	17,000	-	-	-
Total Parks & Recreation	100,670	91,594	9,077	-	-
Operation Services					
Sanitation					
6301 Administration	35,520	-	-	-	35,520
6302 Residential Collections	90,330	-	-	-	90,330
6303 Commercial Collections	43,500	-	-	-	43,500
6304 Fleet & Grounds Maintenance	43,800	-	-	-	43,800
6305 Sanitary Landfill	67,210	-	-	-	67,210
6307 Roll -Off Collections	41,770	-	-	-	41,770
Total Sanitation	322,130	-	-	-	322,130
Operation Services					
Public Transit					
6550 Transit	132,550	132,550	-	-	-
Total Public Transit	132,550	132,550	-	-	-
Total Operation Services	1,642,940	224,144	252,557	844,110	322,130
Non-Departmental					
6600 Non -Departmental	-	-	-	-	-
Total Personnel	$ 2,487,090	$ 855,699	$ 280,391	$ 989,874	$ 361,126
4107	20,610				
6900	37,430				37,430
6911	-				
6920	8,590	8,590			
5612	12,930			12,930	
6203	57,250				
6870	27,240				
Total	$ 2,651,140	**$ 864,289**	$ 280,391	$ 1,002,804	$ 398,556
Reduction Every 1%	265,114	**86,429**	28,039	100,280	39,856
Reduction from 10% to 8%	1,325,570	**172,858**	140,196	501,402	199,278

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109) Attachment #5
Last Updated September 15, 2015
Projected Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030

	2015	2016	2017	2018	2019	2020	2021	2022
Revenues								
1) Taxes - Ad Valorem	$ 2,756,719	$ 2,811,853	$ 2,868,090	$ 2,925,452	$ 2,983,961	$ 3,043,641	$ 3,104,513	$ 3,166,604
2) Intergovernmental	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
3) Fines and forfeitures	125,000	126,250	127,513	128,788	130,076	131,376	132,690	134,017
4) Contribution - General Fund (Note	770,473	-	-	-	-	-	-	-
5) Interest	17,000	17,085	17,170	17,256	17,343	17,429	17,516	17,604
6) Contributions	2,089,000	2,130,780	2,173,396	2,216,864	2,261,201	2,306,425	2,352,553	2,399,604
7) Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total revenues	7,199,192	6,526,968	6,627,169	6,729,360	6,833,580	6,939,871	7,048,273	7,158,829
Expenditures								
8) 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	(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	(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	(50,000)	(549,915)	(697,405)	(851,574)	(1,012,687)	(1,181,015)	(1,356,844)	(1,949,406)
Fund Balance, January 1	6,631,183	6,581,183	6,031,268	5,333,863	4,482,289	3,469,603	2,288,587	931,743
Fund Balance, December 31	$ 6,581,183	$ 6,031,268	$ 5,333,863	$ 4,482,289	$ 3,469,603	$ 2,288,587	$ 931,743	$ (1,017,662)

Assumptions:

1) Taxes - Ad Valorem: estimated at a 2% increase per year.
2) Intergovernmental: estimated at a 0% increase per year due to fluctuations in amount each year that are not predictable. This will be updated each quarter as data becomes available.
3) Fines and forfeitures: estimated at 1% increase per year.
4) Contribution - General Fund: this line is reserved for additional contributions directed from the General Fund to cover funding shortfalls in the LOPFI fund. Will be updated as items are appropriated.
5) Interest: estimated at 0.5% increase per year. Will update quarterly.
6) Contributions: estimated at 2% increase per year. These should reflect increases in LOPFI payroll each year due to additional staff, promotions, and salary increases.
7) Miscellaneous - flat each year. Will update quarterly.
8) 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 in 2016. Inrease estimates are provided by LOPFI - these are set at 3.5% annually through 2021 and 4% thereafter.

Notes at 9/15/2015

1) Revised estimates show a fund balance deficit beginning in 2022.
2) An additional $2 - 3 Million contribution per year is needed to address fund solvency to 2030 and beyond.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109) Attachment #5
Last Updated September 15, 2015
Projected Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030
(Continued)

	2023	2024	2025	2026	2027	2028	2029	2030
Revenues								
1) Taxes - Ad Valorem	$ 3,229,936	$ 3,294,534	$ 3,360,425	$ 3,427,634	$ 3,496,186	$ 3,566,110	$ 3,637,432	$ 3,710,181
2) Intergovernmental	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
3) Fines and forfeitures	135,357	136,711	138,078	139,459	140,853	142,262	143,684	145,121
4) Contribution - General Fund (Note	-	-	-	-	-	-	-	-
5) Interest	17,692	17,780	17,869	17,959	18,049	18,139	18,229	18,321
6) Contributions	2,447,596	2,496,548	2,546,479	2,597,409	2,649,357	2,702,344	2,756,391	2,811,519
7) Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total revenues	7,271,581	7,386,574	7,503,852	7,623,460	7,745,445	7,869,855	7,996,737	8,126,142
Expenditures								
8) 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								
Fire	5,276,846	5,487,920	5,707,437	5,935,734	6,173,164	6,420,090	6,676,894	6,943,970
Fire BP2 Costs								
Total expenditures	9,472,564	9,851,467	10,245,525	10,655,346	11,081,560	11,524,823	11,985,816	12,465,248
Net Change in Fund Balance	(2,200,983)	(2,464,893)	(2,741,674)	(3,031,887)	(3,336,115)	(3,654,968)	(3,989,079)	(4,339,107)
Fund Balance, January 1	(1,017,662)	(3,218,645)	(5,683,538)	(8,425,212)	(11,457,099)	(14,793,214)	(18,448,182)	(22,437,261)
Fund Balance, December 31	$ (3,218,645)	$ (5,683,538)	$ (8,425,212)	$ (11,457,099)	$ (14,793,214)	$ (18,448,182)	$ (22,437,261)	$ (26,776,367)

Assumptions:

1) Taxes - Ad Valorem: estimated at a 2% increase per year.
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3) Fines and forfeitures: estimated at 1% increase per year.
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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

September 22, 2015 ~ 12:00 Noon

Fort Smith Public Library Community Room

3201 Rogers Avenue

CALL TO ORDER

- All present
- Mayor Sandy Sanders presiding

1. Continued discussion regarding firefighting contracts outside Fort Smith city limits
   ~ Discussed at the July 28, 2015 study session ~
   Pennartz/Lorenz placed an ordinance adopting the recommended fees on a future regular meeting agenda, but requested such include a provision to allow any increase or decrease in fees be phased-in rather than being effective immediately. Per Fire Chief Mike Richards, the ordinance should be ready for the October 20, 2015 regular meeting.

2. Discuss potential revenue sources and additional budget reductions for 2015
   ~ Pennartz/Lau placed on agenda at the September 1, 2015 regular meeting ~

   - Revenue Source - franchise utility fee
     The Board concurred that all necessary information has been provided for future consideration.

   - Revenue Source - prepared food tax
     The Board concurred that all necessary information has been provided for future consideration. If the Board opts to levy said tax, it was recommended that such be accomplished via voter approval. This matter will be revisited in January 2016 for consideration.

   - Revenue Source - business license fees
     Additional information regarding other cities categorization of fees was requested before a determination can be made to reinstate said fees.

- o Budget Reduction - 401 Retirement Plan for non-uniformed employees
  The Board concurred to review this matter in the 2016 Budget.

3. Review preliminary agenda for the October 6, 2015 regular meeting

OTHER:

1. Director Catsavis noted a recent notice from Cox Cable regarding an additional box fee and if the City maintains any authority to address.

   Acting City Administrator Jeff Dingman simply advised the City of Fort Smith is no longer the franchising authority, but the State of Arkansas; therefore, the City maintains no authority.

2. Director Lau advised of a public meeting (Tuesday, September 22) regarding a drainage project on 46th Street and noted he's received multiple phone calls from area residents requesting a box culvert w/sidewalk be installed.

ADJOURN
1:10 p.m.