

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

TUESDAY ~ JUNE 16, 2015 ~ 6:00 P.M.

FORT SMITH PUBLIC SCHOOLS SERVICE CENTER

The meeting was called to order by Mayor Sandy Sanders, presiding. Invocation was given by Pastor Jerry Jennings of Mount Moriah Missionary Baptist Church, followed by the Pledge of Allegiance.

On roll call the following members of the Board were present: Directors Keith Lau, Andre' Good, Mike Lorenz, George Catsavis, Tracy Pennartz, Kevin Settle and Don Hutchings. The Mayor declared a quorum present.

Mayor Sanders inquired if any Board member had any item of business to present that was not already on the agenda. There was none presented.

The minutes of the June 2, 2015 regular meeting and June 9, 2015 special meeting were presented for approval. Settle, seconded by Pennartz, moved approval of the minutes as written. The members all voting aye, the Mayor declared the motion carried.

Item No. 1 was presentation of Year 2014 Audit (Comprehensive Annual Finance Report - CAFR)

Director of Finance Kara Bushkuhl reviewed the information citing an electronic copy of the CAFR was previously provided to the Board prior to the meeting. The audit report was prepared by BKD, LLC and has been reviewed by the Audit Advisory Committee (AAC); therefore, she introduced George Moschner, Chair of the AAC.

Mr. Moschner addressed the Board and provided a written report of his comments to each member of the Board, which is provided below:

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1. Audit reports presentation includes:
 - a. The various financial statements and supplementary information.
 - b. Compliance with certain state statutes.
 - c. Single Audit Reports and Schedule of Expenditures of Federal Awards.
 - d. Comprehensive report covering the City and all of its component units.
2. Required management letter communications
3. Audit advisory committee meeting on May 28, 2015 consisted of:
 - a. Review of each report and management letter in detail.
 - b. Comments from the City finance staff:
 - i. Certain new accounting standards adopted during 2014 did not have a significant effect on the financial statements.
 - ii. GASB 68 will be implemented during 2015 regarding the recording of pension liabilities and it is expected to have a significant effect.
 - iii. The required water and sewer bond debt service coverage ratio is 110% and the actual for 2014 was 97%. Sewer revenues were not sufficient to achieve the required ratio. See operating loss of \$6.2 on page 42 and FN on page 81.
 - c. Presentation by independent external auditors - BKD, LLP:
 - i. Presented their reports and made comments.
 - ii. Unqualified opinions were issued for each report.
 - iii. Management letter comments and findings:
 - Ineffective internal control over Schedule of Expenditures of Federal Awards - repeat - significant deficiency - implementing new controls.
 - Fixed asset accounting and the recording of depreciation expense - repeat - significant deficiency - adopting new software and implementing new controls during 2015.
 - Proper year end accounts payable cutoff and accrual.
 - HUD reports were not timely filed.

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- Duplicate capital project reimbursement requested - City will reimburse US Dept. of Transportation.
 - Two prior year findings were resolved.
 - Four general comments (page 5).
 - LOPFI fund balance comments (page 7, FN page 88, page 102).
 - Allocation of other post-employment benefits liability (page 7).
 - GASB 68 adoption in 2015.
 - Changes to federal grant policies.
 - Fraud hotline.
 - New GASB standards.
- d. Committee members' questions and comments were addressed and resolved.
- e. Both finance department and auditors agreed in private meetings that the audit process went well. There are no comments to report from either of these meetings.
- f. Minutes from the meeting will be distributed to you.
4. One adjustment was recorded, which involved fixed asset depreciation.
5. The audit report doesn't address all the good things the City and its staff accomplished:
- a. Earned the 29th consecutive GFOA Certificate of Achievement in Excellence in Financial Reporting.
6. LOPFI pension liability discussed:
- a. 2014 calculation is based upon 2013 data.
 - b. 2014 actuarial data will be available in June or July 2015
 - c. Audit committee suggests that a 2015 analysis of the LOPFI pension liability be performed as soon as the 2014 data is available.

Mayor Sanders extended much appreciation to the Audit Advisory Committee for their service to review the 2015 Audit.

Director Settle inquired if the 97% debt service ratio is calculated on an annual basis and questioned/recommended such be conducted on a monthly basis.

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Mr. Bushkuhl confirmed the debt service ratio is based on annual calculations citing year-end numbers are needed to determine the most accurate percentage. She spoke in opposition to calculating on a monthly basis, but recommended such be accomplished quarterly whereby Mr. Moschner and City Administrator Ray Gosack noted agreement to the recommendation.

Administrator Gosack read a prepared statement announcing Ms. Bushkuhl's impending retirement effective October 2015. Said statement conveyed many of her most notable accomplishments, professional attributes and dedication to the city of Fort Smith during her thirty-five (35) years of service.

All those in attendance applauded and provided a standing ovation in recognition of Ms. Bushkuhl's dedicated service to the city of Fort Smith.

Item No. 2 was an ordinance establishing a Capital Improvement Plan Advisory Committee to review and recommend projects for funding from the 1% Sales and Use Tax for streets, bridges and associated drainage; setting membership and procedural requirements for same; and, providing for inclusion in the Fort Smith Municipal Code ~ *Pennartz/Good placed on agenda at the June 9, 2015 study session ~.*

Deputy City Administrator Jeff Dingman briefed the Board on the item as discussed at the June 9, 2015 study session. The proposed Capital Improvement Plan (CIP) Advisory Committee would serve in an advisory capacity to the Board of Directors by holding meetings for public input to evaluate and recommend a five-year CIP for city projects relating to streets, bridges, and associated drainage, which is funded from the one-percent (1%) sales and use tax for such purpose. Said tax was recently renewed by voters for a

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fourth ten (10) year period. The proposed committee would consist of seven (7) members with at least one (1) person from each ward of the city. The timing of the creation of this committee and appointment of its members is important if the Board expects the Committee to adequately review and recommend projects for the 5-year CIP for inclusion in the fiscal year 2016 Budget. Upon approval, the earliest appointments could be made would be at the July 21 regular meeting if the application solicitation and interview process is fast-tracked. Such would only allow six (6) weeks for the committee to meet, organize, and begin learning about the CIP process and the projects the Engineering Department already has in progress, as well as other projects or suggestions from the general public forwarded at the committee's meetings. Any project forwarded from such a public meeting would have to be evaluated for cost and time considerations by the Engineering Department for presentation to the committee for review and prioritization. The aforementioned process would be facilitated with the end goal of presenting a recommended five (5) year CIP to the Board in September so it could still be adopted in October, in advance of including the relevant portions in the fiscal year 2016 Budget. Due to the aforementioned, he requested direction from the Board and provided the following options:

1. If the Board expects the aforementioned schedule to be maintained with the committee's active involvement, the establishment, organization, and education of the committee needs to happen quickly.
2. If the Board needs or desires more time to make appointments to this committee, appointments could be made at a future meeting and the committee could review and audit the process for this budget year and have a more active involvement starting with public meetings in 2016.

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3. Adoption of the 5-year CIP could be delayed for a couple of months this year in order for the committee to be more involved. This action would impact how quickly in 2016 that the 2016 projects could get started, as the Engineering Department doesn't start design work until the plan is adopted.

Director Good spoke in opposition to delaying adoption of the five (5) year CIP and recommended the committee members be introduced to the process with active involvement next year.

Director Settle recommended a combination of Options No. 1 and 2.

Regarding creation of the subject committee, Director Hutchings questioned the affect such will have on the progress of CIP projects.

Director of Engineering Stan Snodgrass simply advised such will "*add another layer of approval*" for CIP projects.

Director Pennartz noted concurrence with Directors Good and Settle citing, upon approval, the new committee should be allowed a reasonable amount of time to learn the process.

Pennartz, seconded by Good, moved adoption of the ordinance. The motion included suspending the rule to allow the three (3) full readings of the ordinance to be by caption and for the readings to occur on the same date. The City Clerk read the ordinance for its readings and the members voted as follows: ayes - Lau, Good, Lorenz, Catsavis, Pennartz and Settle; nays - Hutchings. The Mayor declared the motion carried and the ordinance was adopted and given Ordinance No. 40-15.

Item No. 3 was a resolution naming the neighborhood park on Texas Road, *Stagecoach Park* ♦ *Future Fort Smith Item*

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Director of Parks and Recreation Doug Reinert briefed the Board on the item citing neighborhood parks are an important aspect of any city and certainly needed in Fort Smith. In accordance with the City's naming policy, names were solicited in the Times Record newspaper to receive nominations for naming the neighborhood park on Texas Road. Public response was minimal; therefore, at the request of the Parks and Recreation Commission, staff contacted Cavanaugh Elementary School for input. Several names were submitted by the students and faculty of the school whereby the Parks and Recreation Commission selected the name, *Stagecoach Park*, and moved forward with the public comment period required by the City's naming policy. Upon completion of such, the Parks and Recreation Commission voted unanimously to recommend to the Board of Directors the aforementioned name for approval. *Stagecoach Park* aligns with the naming policy because Texas Road was often used when traveling by stagecoach through Fort Smith to Texas.

Settle, seconded by Hutchings, moved adoption of the resolution. The members all voting affirmatively, the Mayor declared the motion carried and the resolution was adopted and given Resolution No. R-111-15.

Item No. 4 was a resolution naming the neighborhood park on Fianna Way, *Imani Park* ♦ *Future Fort Smith Item*

Mr. Reinert briefed the Board on the item advising the subject neighborhood park is located on Fianna Way. Development of the park is made possible due to a land donation from the McGruder family and City funds (Item No. 5E). In accordance with the City's naming policy, names for the park were solicited in the Times Record newspaper.

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Nominations were received and the Parks and Recreation Commission selected the name, *McGruder Park*, and proceeded to advertise the name to accept public comment. Brent and Judy McGruder addressed the Parks and Recreation Commission at the June 10th meeting requesting the park not be named *McGruder Park*, but instead be named, *Imani Park*, after an orphanage in Tanzania. According to the McGruders', the naming rights for the park was supposed to be conveyed to them in the Special Warranty Deed; however, such was not included within the deed conveyed to the City. Although the name *Imani Park* does not align with the naming policy, after much discussion, the Parks and Recreation Commission voted four (4) in favor and two (2) opposed to recommend the proposed name to the Board of Directors for consideration. Such was based on the fact that the donor of the property expressed a strong interest in the name for the park. Upon approval, a plaque denoting the name and its significance will be erected within the park citing such was per the McGruders' desire that children all around the world have a safe place to play.

Settle, seconded by Lorenz, moved adoption of the resolution. The members all voting affirmatively, the Mayor declared the motion carried and the resolution was adopted and given Resolution No. R-112-15.

The Consent Agenda (Item No. 5) was introduced for consideration, the items being as follows:

- A. Ordinance to abandon a portion of a public utility easement located in High Pointe on Riley Farm, Lot 12, an addition to the City of Fort Smith, Sebastian County, Arkansas
- B. Ordinance to abandon a public utility easement located in Willowbrook, Tract 2B, an addition to the City of Fort Smith, Sebastian County, Arkansas

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- C. Ordinance accepting donation of street right-of-way and drainage easements from the Fort Chaffee Redevelopment Authority ♦ *Future Fort Smith Item*
- D. Ordinance authorizing a contract with GameTime for the development of neighborhood parks on Fianna Way and Texas Road and declaring exceptional situations and waiving the requirements of competitive bidding (*\$258,851.55 / Parks Department / Budgeted - 1/8% Sales and Use Tax & General Fund for Parks Utility Roundup Contributions*) ♦ *Future Fort Smith Item*
- E. Ordinance authorizing the appropriation of funds from the reserve balance of the General Fund ♦ *Future Fort Smith Item*
- F. Resolution authorizing the City Administrator to execute an agreement with a property owner for acquisition of a water utility easement and release of right-of-way agreement in connection with the Lake Fort Smith 48-inch water line
- G. Resolution accepting the project as complete and authorizing final payment to Goodwin & Goodwin Inc. for construction of the 2200-2321 Rogers Avenue Sanitary Sewer Extension (*\$94,027.13 / Utility Department / Budgeted - 2014 Sales and Use Tax Bonds*)
- H. Resolution authorizing Amendment No. 1 to Authorization No. 4 with Hawkins-Weir Engineers, Inc. for engineering services for the Zero Street Pump Station Wet Weather Improvements - Pump Station and EQ Storage (*\$40,000.00 / Utility Department / Budgeted - 2014 Sales and Use Tax Bonds*)
- I. Ordinance declaring an exceptional situation waiving the requirements of competitive bidding and authorizing final payment to Crawford Construction Company for the North 6th and Kelley Highway 15-Inch Sewer Line Emergency Repair (*\$63,770.00 / Utility Department / Not Budgeted - 2014 Sales and Use Tax Bonds*)

Regarding Item No. 5E, Director Settle expressed concern with utilizing Parks Utility Roundup Contributions for the development of a neighborhood park citing said funds should be used for a city-wide park rather than a park for a specific neighborhood.

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Director Lorenz reiterated Director Settle's concern and questioned if criteria is in place for utilization of said funds.

Administrator Gosack advised no specific criteria exists other than said funds may only be used for park purposes. The funds are not utilized often citing the last time was several years ago when equipment was purchased for the popular community event, "Movies in the Park."

Although the subject funds will provide for the development of a neighborhood park, Mr. Reinert clarified that said park is open to all members of the public.

Director Pennartz noted concurrence with the aforementioned concern and requested clarification regarding the origin of the funds.

Ms. Bushkuhl advised said funds were accumulated from donations that residents opt to provide along with payment of their utility bill.

There was brief discussion regarding the importance of establishing criteria for use of the subject funds whereby Lorie Robertson, member of the Parks and Recreation Commission advised the Commission will be happy to review the matter.

Settle, seconded by Pennartz, moved to defer consideration of Item No. 5E pending review by the Parks and Recreation Commission regarding establishment of criteria for utilization of Parks Utility Roundup Contributions. The members all voting affirmatively, the Mayor declared the motion carried.

Administrator Gosack advised Item No. 5D authorizes a contract for construction of *Stagecoach Park* and *Imani Park*, and was contingent upon approval of Item No. 5E for funding. Due to the deference of Item No. 5E, adequate funding is not available to cover

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the total construction cost for said neighborhood parks; therefore, he recommended consideration of Item No. 5D be tabled to allow staff to review and present an amended contract, i.e. removal of playground equipment, etc.

Settle, seconded by Lorenz, moved to table consideration of Item No. 5D. The members all voting affirmatively, the Mayor declared the motion carried.

Hutchings, seconded by Pennartz, moved adoption of all consent agenda items with the exception of Items No. 5D & 5E, which were deferred/tabled. The Mayor declared the motion carried and the ordinances and resolutions were adopted with the ordinances given Ordinance No. 41-15 through 44-15 and resolutions numbered R-113-15 through R-115-15 respectively.

Mayor Sanders opened the Officials Forum with the following comments offered:

► Mayor Sanders

- Re:
1. Announced the Chaffee Crossing Historic District received notice they are the recipient of a \$37,000 grant from the Arkansas Historic Preservation Program for the renovation of the Elvis Barracks.
 2. Commended Congressman Steve Womack, and other congressmen, for his/their endorsement of the Remote Transactions Parity Act of 2015. Upon approval, such will require sales tax on online sales that will provide much-needed revenue to states and municipalities. If such were in effect in 2012, he estimated that Fort Smith would've collected approximately \$420,000 in additional tax revenue.

► Director Pennartz

Re: Extended much appreciation to the Sewer Maintenance Division of the Utility Department citing a resident had

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a sewer issue and said personnel assessed the matter, and made accomplished the necessary repairs within a matter of hours.

▶ Director Settle

- Re:
1. Settle, seconded by Catsavis, requested a report of infrastructure damage to city facilities associated with the recent flooding be provided to the Board.
 2. Settle, seconded by Good, requested staff review departmental funding allocation percentages for possible reallocation in 2016.

The Board entered into executive session at approximately 7:01 p.m. and after reconvening, the Mayor announced the following appointment nominations:

AIRPORT COMMISSION

Robert J. Hawkins
Term expires June 30, 2020

ANIMAL SERVICES ADVISORY BOARD

LeeAnn Hicklin
Stacie Gibson
Terms expire April 3, 2018

FORT SMITH HOUSING AUTHORITY

No action taken / deferred to a later date

HISTORIC DISTRICT COMMISSION

Dianne Morrison (reappointment)
Term expires July 31, 2018

PORT AUTHORITY

Larry Combs (reappointment)
Term expires July 31, 2020

PROPERTY OWNERS APPEAL BOARD

Karen Lewis (reappointment)
Megan Raynor (reappointment)
Terms expire July 14, 2020

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TRANSIT ADVISORY COMMISSION

Leo Good

to fill the unexpired term of Tim Hearn who resigned

Term expires July 15, 2017

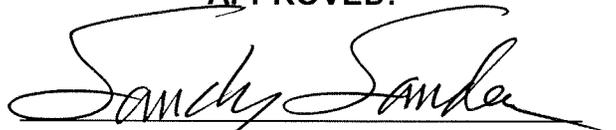
Dr. Kathleen Cates

Term expires June 15, 2018

Pennartz, seconded by Hutchings, moved acceptance of the above named nominations and deference of the appointment to the Housing Authority. The members all voting aye, with the exception of Good who abstained on the appointment to the Transit Advisory Commission, the Mayor declared the motion carried.

There being no further business to come before the Board, Hutchings moved that the meeting adjourn. The motion was seconded by Lau and the members all voting aye, the Mayor declared the motion carried and the meeting stood adjourned at 7:10 p.m.

APPROVED:


MAYOR

ATTEST:


CITY CLERK