

MAYOR
George B McGill

**INTERIM CITY
ADMINISTRATOR**
Jeff Dingman

CITY CLERK
Sherri Gard

BOARD OF DIRECTORS
Ward 1 - Jarred Rego
Ward 2 - Andre' Good
Ward 3 - Lee Kemp
Ward 4 - George Catsavis
At-Large Position 5 - Christina Catsavis
At-Large Position 6 - Kevin Settle
At-Large Position 7 - Neal Martin

AGENDA

Fort Smith Board of Directors STUDY SESSION

February 11, 2025 ~ 6:00 p.m.
Blue Lion
101 North 2nd Street
Fort Smith, Arkansas

THIS MEETING IS BEING TELECAST LIVE AT THE FOLLOWING LINK:
https://fortsmithar.granicus.com/ViewPublisher.php?view_id=1

CALL TO ORDER

ITEMS OF BUSINESS

1. Review renewal of City auto and property insurance (*March 2025 - February 2026*)
(*Finance*)
2. Items regarding Water Utilities Department: (*Water Utilities*)
 - 2A. Discuss ideas to address and expedite repair of water leaks ~ *Kemp/Rego placed on future study session agenda at the January 7, 2025 regular meeting ~ (Water Utilities)*
 - 2B. Review staffing and equipment needs for the Water Utilities Department ~ *Martin/Rego placed on future study session agenda at the February 4, 2025 regular meeting ~ (Water Utilities)*
3. Discuss elements of the proposed financial plan for the Consent Decree, including sanitary sewer rates, the issuance of bonds, and the use of Sales and Use Taxes to finance such bonds (*City Administrator*)
4. Review preliminary agenda for the February 18, 2025 regular meeting (*City Clerk*)

CITIZENS FORUM

ADJOURN



MEMORANDUM

TO: Jeff Dingman, Interim City Administrator
CC: Maggie Rice, Deputy City Administrator
FROM: Andrew Richards, Chief Financial Officer
DATE: February 5, 2025
SUBJECT: Annual Review of City Auto & Property Insurance (March 2025 - February 2026)

SUMMARY

The City's auto, equipment, and property insurance policies are up for renewal for the period of March 1, 2025 through February 28, 2026. The City transitioned from a "traditional" insurance program to the Arkansas Municipal League (AML) program in 2016. Except for one year in the traditional market for property coverage. Below is a summary of the City's insurance premiums.

Premiums Paid	2022-2023	2023-2024	2023-2024	2025-2026 (Anticipated)
Auto/Equipment	\$397,280	\$419,679	\$774,694	\$791,077
Property	\$782,554	\$1,026,298	\$1,151,629	\$1,660,466
Total	\$1,179,834	\$1,445,977	\$1,926,323	\$2,451,543

An annual premium is charged to each City department based on the size of their fleet/equipment and the value of the buildings and their contents.

At the December 17, 2024, Regular Meeting, the Board approved R-245-24 authorizing a contract with First Western Insurance agency for insurance and risk management advisory services. They have been working diligently to assist the city in evaluating and comparing the current program with AML and other insurance carriers and reviewing the cost and sufficiency of the City's insurance programs and risk management policies.

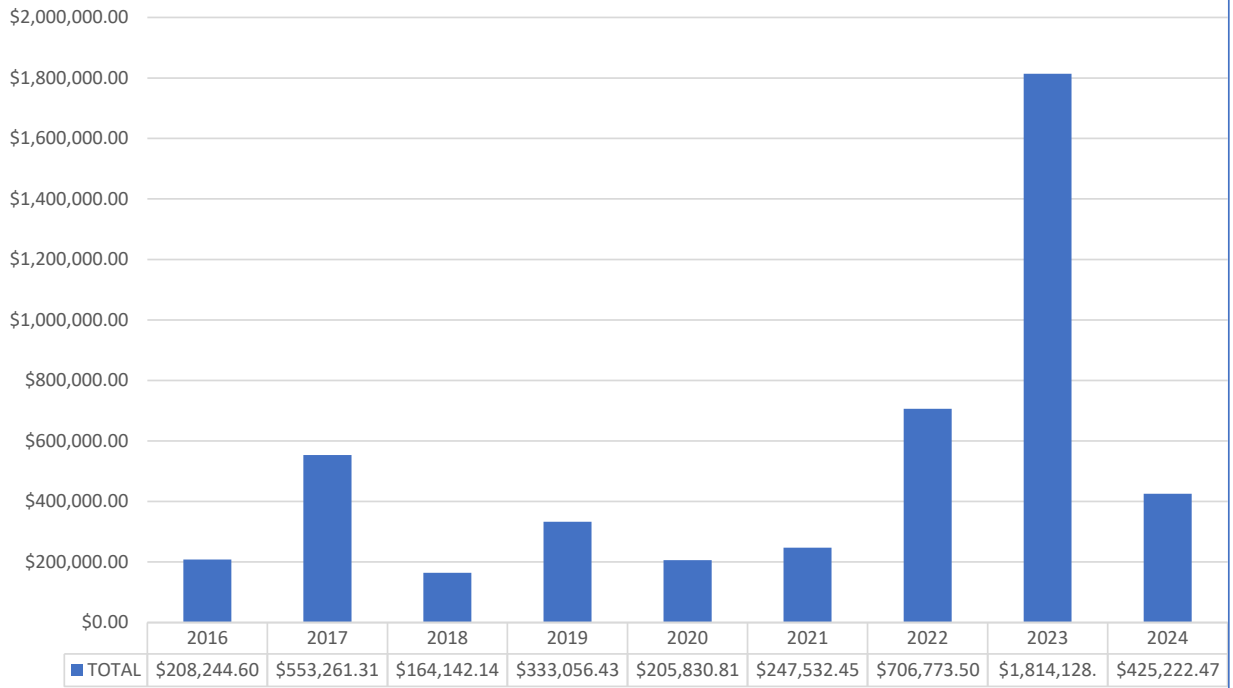
With the renewal period approaching, First Western will be presenting their findings and recommendations for the board to consider. Such things to be addressed will include descriptions of the programs and program charges and also the City's loss ratio. The City's 2-year loss ratio on the motor vehicle policy is 283.00 and the 5-year loss ratio on the property policy is 236.00. Attached are graphs depicting the City's loss history (claims) related to Auto & Equipment and Property.

Please let me know if you should have any questions.

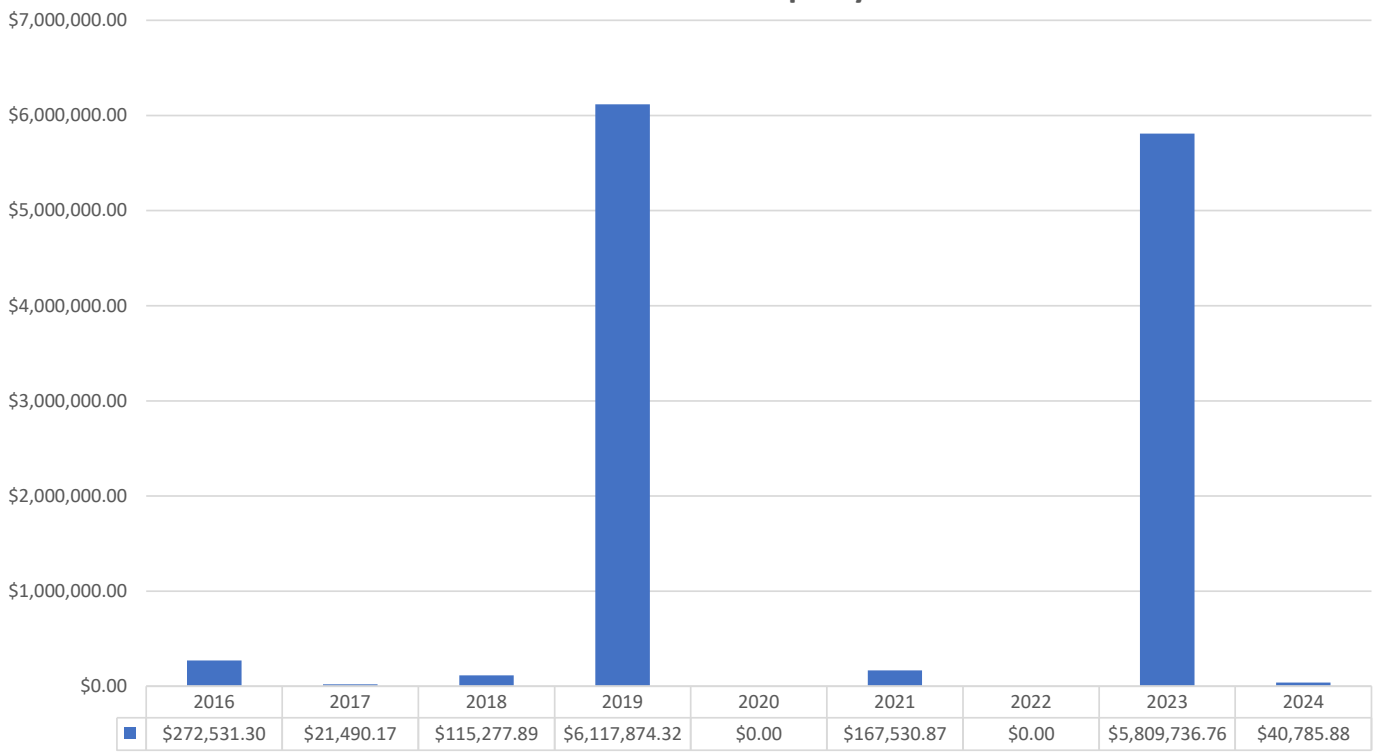
ATTACHMENTS

1. [02-11-2025_Item 1480_Finance_Attachment.pdf](#)

2016-2024 Vehicle Claims



2016 - 2024 Property Claims





MEMORANDUM

TO: Jeff Dingman, Interim City Administrator
CC: Maggie Rice, Deputy City Administrator
FROM: Lance A. McAvoy, Director of Water Utilities
DATE: February 6, 2025
SUBJECT: Discuss Ideas to Address and Expedite Repair of Water Leaks

SUMMARY

During the January 7, 2025 regular meeting Directors Kemp and Rego asked for a study session to discuss ideas to address and expedite the repair of water leaks in Fort Smith. To help with the discussion, this memorandum provides information on what has been explored and what has been attempted to reduce the number of active leaks.

In 2021 the City entered into a contract with Forsgren for the repair of water leaks. The contract was for \$3,067,050 for the repair of approximately 770 water leaks. The original contract was for 335 days and was extended to a total of 730 days. The leaks assigned were leaks where the service line and water main was on the same side of the road to allow a quicker, lower cost repair. A total of 619 leaks were repaired during the contract period at a total cost of \$2,629,541. The average cost was \$4,248 per leak repaired.

The use of plumbers to fix leaks was investigated. The request was made to the Arkansas Department of Health (ADH) for the clarification on the possibility of using plumbers or other non-licensed water operators to conduct work on the public water system. The following two statements were provided by ADH:

1. "Work performed on existing public water system facilities must be conducted by or under adequate supervision of a properly licensed water operator. For Fort Smith Water Utilities, this would require a Grade IV Distribution license for work performed in the water distribution system.
2. If work is being performed by an under or non-licensed individual, the supervising licensed water operator will be responsible for ensuring proper procedures, materials and testing are used and performed to ensure safe water quality is maintained. Failure of the licensed water operator to properly supervise and verify the work performed could result in enforcement action regarding their water operator license and/or penalties toward the individual performing the work under AR Code 17-51-102(a). In addition, the public water system could face enforcement action for violations of system operator requirements.

3. Work on the existing water system may be conducted by non-licensed water operator if the requirements of the Arkansas State Code and ADH Rules regarding public water systems, water operators, and operator licensing are met and followed. Licensed engineers are required to oversee construction of new or replacement infrastructure projects. The water system and licensed operator are responsible for verifying that the engineer's certification of proper construction is received before connecting these new facilities to the active public water system."

ADH did clarify that plumbers may become licensed water Grade IV Distribution Operators and thus be allowed to work unsupervised on public water infrastructure, "Yes, plumbers are eligible to apply for a water operator license as well. The individual will need to meet all requirements of the ADH Rules Pertaining to Water Operators for the desired type and grade before being issued a license. There are several individuals that currently hold both plumbing and water operator licenses in the State."

Water Utilities management and staff are open to ideas to help with the productivity of remediating leaks. An example of this is when Water Utilities changed from replacing all leaking service lines to using operator judgment the field to assess the best possible method to stop the leak. Staff began to determine if it is possible to make a point repair instead of completely replacing of the service line. This allows a greater number of leaks to be remediated. For example, over a four week period 118 leaks were repaired and 25 service lines were replaced.

Water Utilities management and staff look forward to hearing and discussing ideas to help move the process forward.

Please contact me should you or any member of the Board have any questions or need additional information.



MEMORANDUM

TO: Jeff Dingman, Interim City Administrator
CC: Maggie Rice, Deputy City Administrator
FROM: Lance A. McAvoy, Director of Water Utilities
DATE: February 6, 2025
SUBJECT: Review Staffing and Equipment Needs for the Water Utilities Department

SUMMARY

At the February 4, 2025, Board of Directors' Meeting Directors Neal Martin and Jared Rego requested a study session to discuss past expenditures for Water Utilities staffing and equipment to address water leaks. Specifically, Director Martin mentioned the following:

- Resolution R-158-17: Forsgren 2017 Service Lines and Meter Replacements (\$2,321,171)
- Ordinance 11-19: Amended the 2019 Budget for Additional Personnel & Capital Equipment for Water Line Maintenance Program 5610 (\$760,010)
- Resolutions for the purchase of trucks and equipment
- Resolution R-153-21: Forsgren for the On-call Service Water System Repair (\$3,0678,050)

Director Martin also asked the status of the ten (10), three (3) person leak crews, the equipment that was to be purchased and status on the positions and equipment.

To clarify and provide some of the answers to promote a productive discussion during the Study Session, this memorandum will provide information and updates on some of these items as well as the challenges faced by the current leak crews.

Resolution R-158-17

Resolution R-158-17 is not associated with water leaks. This project was to replace 1,169 concrete water meter boxes and approximately 23,000 feet of service lines to precede installation of new water meters. Utilities staff were to do the meter change out on completion of the project. Although there may have been leaks that were eliminated by this project, they were insignificant and not the focus of this project. The contract cost was \$1,890,564.40. Other associated cost were \$882,921.58. The entire project cost was \$2,773,485.98

Ordinance 11-19

Ordinance 11-19 appropriated \$409,310 to hire ten (10) additional staff members and for the purchase of \$350,700 in required equipment to implement three (3) additional leak repair crews. Some of these positions are still vacant as indicated below in the Staffing section.

Of the \$350,700 for equipment, only \$304,740 was used to purchase the equipment.

Resolutions for the Purchase of Trucks and Equipment

Resolution R-81-19 was for the purchase of three (3) mini-excavators, two (2) of which were associated with Ordinance 11-19. The two (2) mini-excavators that were covered in Ordinance 11-19 cost \$125,246 which was a savings of \$4,754 from the original appropriated amount.

The trailers purchased to haul the two (2) mini-excavators that were covered in Ordinance 11-19 cost \$32,286 which was a savings of \$8,414 from the original appropriated amount.

Resolution R-135-19 was for the purchase of the three (3) dump trucks and five (5) additional service vehicles for water line maintenance. Only two (2) dump trucks and two (2) service vehicles were actually purchased and received. The cost for the two (2) dump trucks that were covered in Ordinance 11-19 was \$147,208.16. This is a savings of \$32,791.84.

Resolution R-153-21

Resolution R-153-21 was a project wherein Forsgren was contracted to repair water leaks. The original contract was for \$3,067,050. On February 6, 2024, the contract ended. The total number of leaks fixed in the two and one half year period was 619. The average leak repair cost was \$4,248.05 under the Forsgren contract. Not all of the funds were utilized and the entire project's final cost was \$2,629,541.

Staffing

The original plan for ten (10), three (3) person leak crews was devised by the Utility Director at that time, and received no input from subordinate staff. There are inherent issues with structuring work crews to have only three (3) persons.

1. If a crew member is out sick, on vacation, or leaves, the crew cannot function.
2. Efficiencies in work are lost due to lack of staff. The crew would be required to shut down while the dump truck is away to unload or bring back fill. Safety is also a concern.

We currently have five (5) four (4) person crews dedicated to fixing water leaks in the City. If a crew member is absent the crew is able to still be able function but with decreased efficiency.

There are seven (7) openings for equipment operators in Program 5610. These seven (7) positions are currently filled by temporary staff that may be hired as full time staff after the end of their contract.

Equipment

When looking at the 2019 request for equipment, the type and amount of equipment needed was properly requested by Water Utilities at that time.

One of the largest challenges Water Utilities face is equipment. Water Line Maintenance (which includes metering and meter reading) has not purchased new equipment since 2019. If a vehicle is in an accident and is totaled, the crews find a way to compensate for the loss the vehicle. Some equipment is past its lifespan but staff continues to fix and repair it to ensure work will continue.

For example, backhoes that are used in an urban environment doing this of work have a normal life expectancy of 5,000 to 6,500 hours or five (5) to six (6) years. All of our backhoes are either past the 5,000 hours runtime or are approaching it.

Dump trucks that tow trailers and carry full loads have a life expectancy of approximately 75,000 miles. Most of the dump trucks we currently operate have over 75,000 miles.

Most of the service trucks are over 100,000 miles. These are constantly breaking down. If one piece of equipment is not functioning, this will keep a crew from performing work. This crew is dispatched to help other crews so they are still working while the equipment is not available.

In 2023, Program 5610 spent \$329,000 on repair of rolling stock (trucks, backhoes, trailers, excavators) whereas in 2024 Program 5610 spent over \$503,000 on maintenance. This does not include \$44,100 spent on dump truck rental (\$4,900/month) that is still occurring.

Conclusion

This information is to inform and provide context for the discussion. Water Utilities staff is committed to continuing maintaining public health and safety by providing safe drinking water.

Please contact me should you or any member of the Board have any questions or need additional information.



MEMORANDUM

TO: Honorable Mayor & Members of the Board of Directors
CC: Andy Richards, Chief Financial Officer
FROM: Jeff Dingman, Interim City Administrator
DATE: February 6, 2025
SUBJECT: Discussion of the elements of the Financial Plan presented to the DOJ/EPA

SUMMARY

Please see the attached memorandum related to this item, along with its attachments.

ATTACHMENTS

1. [20250206 Memo - EPA Financial Plan recap wAttachments.pdf](#)

Memo



To: Mayor & Directors
 From: Jeff Dingman, Interim City Administrator
 Date: 2/6/2025
 Re: Discussion regarding financial plan proposed to DOJ/EPA

In November of 2024, the Board of Directors approved a 10-year financial plan for City Administration to forward to the Department of Justice/EPA detailing how the City expects to achieve compliance if we are granted our proposed 10-year extension of the Consent Decree. A one-page summary of that financial plan is attached.

To keep on track with the financial plan that we proposed, there are three essential financial elements to the plan that we must consider immediately:

1. The adoption of 3.5% increases to the sanitary sewer rate starting June 1, 2025 and then each January 1 from 2026 through 2030. The required public hearing was conducted on February 4 and the ordinance is ready for consideration on February 18.
2. The issuance of Sales and Use Tax Bonds starting in 2025 to fund the first \$360 million in consent decree/sanitary sewer capital project obligations, as identified in the adopted Consent Decree Capital Improvement Plan.
3. The renewal and re-authorization of the city's sales taxes so that we may use sales tax proceeds to fund the bonds needed for the capital improvements identified in the Consent Decree CIP. Currently, the city's voters have approved 2-cents in local sales taxes. The first penny is dedicated to Streets, Bridges, and associated storm drainage. The second penny is allocated 25% to Parks & Fire, split evenly, and then 75% allocated to the Police Department (equivalent to 1/8-cent) and to the funding of Consent Decree projects (equivalent to 5/8-cent). The financial plan calls for the city to ask voters to approve re-authorizing this last component of 75% just the same as it is, but allow the 5/8 piece of it for Consent Decree projects to be used to fund debt service for the \$360 million in Sales and Use Tax Bonds mentioned above. In addition, the financial plan calls for the city to ask voters to reauthorize the 1-cent Sales and Use Tax for Streets/Bridges/Drainage and then divert 3/8 of that 1-cent to also be used to fund debt services for the Sales and Use Tax Bonds mentioned above. This is a complicated discussion, but if all works as proposed (with voter approval), then the city's 2% of local Sales and Use Tax looks like the following:

	Current local Sales and Use Tax	Proposed local Sales and Use Tax
Parks Capital	0.13%	0.13% (unaltered)
Fire - Personnel & Capital	0.13%	0.13% (unaltered)
Police - Personnel & Capital	0.13%	0.13% re-authorized
Consent Decree - Capital	0.63%	1.00% renewed & redistributed
Streets/Bridges/Drainage - Capital	1.00%	0.63% renewed
Total	2.00%	2.00%

If voters approve this adjustment, they will have authorized a total of:

- 1% Sales & Use Tax for issuing bonds to address Consent Decree projects; and
- 5/8-cent for Streets/Bridges/Drainage projects; and
- 1/8-cent each for Police, Fire, and Parks; with
- the overall Sales & Use Tax on goods and services purchased in Fort Smith remaining at 9.5%.

Sample ballot titles for this approach to issue Sales and Use Tax bonds backed by the city's local Sales and Use Taxes have been prepared by bond counsel and are attached for discussion and review at the Board's study session on February 11, 2025. This is obviously a complicated proposal, but the end result of prioritizing the city's Consent Decree obligations backed by one full percent of our local sales tax is the main objective of this process.

The full body of these documents will be completed and included in the agenda packet for the February 18 meeting, when staff will bring the documents to the Board for consideration. These ordinances and resolutions must be adopted and submitted to Sebastian County before March 4 so that they can be included on the ballot for the Special Election to be held on May 13, 2025.

All relevant staff will be in attendance for the study session discussion, including our financial advisor from PFM. In the meantime, please contact me with questions.

0.375% from 1.0% Streets SUT

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Water														
Annual Water Revenue Increases	50.0%	33.0%	17.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Water Capital Funding														
Cash from Operations	\$0	\$0	\$5,305,874	\$11,460,381	\$12,387,797	\$9,309,992	\$11,205,489	\$9,712,664	\$11,650,067	\$22,681,699	\$24,780,484	\$22,185,771	\$24,516,637	
Revenue Bond Issuances	\$0	\$140,000,000	\$0	\$0	\$70,000,000	\$0	\$50,000,000	\$0	\$50,000,000	\$0	\$70,000,000	\$0	\$70,000,000	
SUT Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Annual Water CIP														
Annual Funded CIP (Inflated)	\$0	\$48,627,600	\$99,731,200	\$11,071,400	\$38,571,700	\$37,694,100	\$39,547,600	\$38,154,400	\$40,160,400	\$47,995,800	\$59,717,400	\$56,913,900	\$93,876,500	\$612,062,000
Annual Funded CIP (Uninflated)	\$0	\$45,875,094	\$88,760,413	\$9,566,511	\$32,358,069	\$30,700,820	\$31,272,277	\$29,291,848	\$29,933,876	\$34,732,091	\$41,955,738	\$38,821,436	\$62,168,861	\$475,437,034
Debt Service Coverage														
Water Debt Service Coverage	0.47	1.45	1.54	1.60	1.66	1.45	1.51	1.40	1.45	1.99	2.07	1.79	1.86	
Sewer														
Annual Sewer Revenue Increases	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Sewer Capital Funding														
Cash from Operations	\$1,685,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Issuances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUT Pay-Go Funding	\$18,702,396	\$24,649,752	\$7,498,406	\$7,957,625	\$8,422,256	\$8,898,151	\$9,380,916	\$22,325,462	\$1,849,124	\$2,541,758	\$3,249,268	\$3,963,009	\$4,689,841	
SUT Backed Revenue Bonds	\$0	\$360,000,000	\$0	\$0	\$0	\$0	\$0	\$320,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Annual Sewer CIP														
Total Annual Inflated CIP	\$18,700,000	\$24,271,500	\$100,353,300	\$112,048,800	\$121,159,700	\$52,300,200	\$51,346,700	\$51,151,800	\$58,658,100	\$57,240,300	\$65,335,300	\$58,207,100	\$63,065,000	\$833,837,800
Annual Funded CIP (Uninflated)	\$18,700,000	\$23,500,000	\$94,075,000	\$101,700,000	\$106,474,000	\$44,500,000	\$42,300,000	\$40,800,000	\$45,300,000	\$42,800,000	\$47,300,000	\$40,800,000	\$42,800,000	\$691,049,000
Debt Service Coverage														
Sewer Debt Service Coverage	0.96	0.75	0.97	0.90	0.83	0.79	0.82	0.86	0.90	1.34	1.40	1.46	1.54	
Combined														
Annual Combined Revenue Increases	23.4%	10.9%	11.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Total Capital Funding														
Cash from Operations	\$1,685,400	\$0	\$5,305,874	\$11,460,381	\$12,387,797	\$9,309,992	\$11,205,489	\$9,712,664	\$11,650,067	\$22,681,699	\$24,780,484	\$22,185,771	\$24,516,637	
Revenue Bond Issuances	\$0	\$140,000,000	\$0	\$0	\$70,000,000	\$0	\$50,000,000	\$0	\$50,000,000	\$0	\$70,000,000	\$0	\$70,000,000	
SUT Pay-Go Funding	\$18,702,396	\$24,649,752	\$7,498,406	\$7,957,625	\$8,422,256	\$8,898,151	\$9,380,916	\$22,325,462	\$1,849,124	\$2,541,758	\$3,249,268	\$3,963,009	\$4,689,841	
SUT Backed Revenue Bonds	\$0	\$360,000,000	\$0	\$0	\$0	\$0	\$0	\$320,000,000	\$0	\$0	\$0	\$0	\$0	
Total Annual CIP														
Annual Funded CIP (Inflated)	\$18,700,000	\$72,899,100	\$200,084,500	\$123,120,200	\$159,731,400	\$89,994,300	\$90,894,300	\$89,306,200	\$98,818,500	\$105,236,100	\$125,052,700	\$115,121,000	\$156,941,500	\$1,445,899,800
Debt Service Coverage														
Combined Utility Debt Service Coverage	0.64	1.21	1.41	1.44	1.48	1.33	1.38	1.31	1.36	1.89	1.96	1.74	1.82	

1. Ordinance Calling Special Election on Bonds

ORDINANCE NO. _____

AN ORDINANCE CALLING A SPECIAL ELECTION IN THE CITY OF FORT SMITH, ARKANSAS ON THE QUESTION OF ISSUING BONDS UNDER AMENDMENT NO. 62 TO THE CONSTITUTION OF THE STATE OF ARKANSAS FOR THE PURPOSE OF FINANCING THE COSTS OF BETTERMENTS AND IMPROVEMENTS TO THE CITY’S SEWER SYSTEM; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

2. Ordinance Amending Ordinance No. 20-22

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 20-22 LEVYING A THREE-FOURTHS OF ONE PERCENT (0.75%) SALES AND USE TAX WITHIN THE CITY OF FORT SMITH, ARKANSAS IN ORDER (A) TO EXTEND THE EXPIRATION DATE OF THE TAX FROM DECEMBER 31, 2030 TO DECEMBER 31, 20__ AND (B) TO AUTHORIZE (i) 83.3% OF THE NET COLLECTIONS OF THE TAX TO BE USED FOR BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM IN ADDITION TO CONSENT DECREE SEWER PURPOSES AND TO REPAY OR SECURE BONDS ISSUED TO FINANCE IMPROVEMENTS FOR SUCH PURPOSES AND (ii) 16.7% OF THE NET COLLECTIONS OF THE TAX TO BE USED FOR POLICE DEPARTMENT PURPOSES; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

3. Resolution Referring Amending Ordinance to Voters

RESOLUTION NO. _____

A RESOLUTION REFERRING ORDINANCE NO. _____ TO THE VOTERS FOR APPROVAL OR REJECTION

4. Ordinance Amending Ordinance No. 72-85

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 72-85 LEVYING A ONE PERCENT (1%) SALES AND USE TAX WITHIN THE CITY OF FORT SMITH, ARKANSAS, IN ORDER (A) TO SET _____, 20__ AS THE EXPIRATION DATE OF THE TAX AND (B) TO AUTHORIZE THE NET COLLECTIONS OF THE TAX TO BE USED AS FOLLOWS: (i) 62.5% FOR STREETS, BRIDGES AND ASSOCIATED DRAINAGE; AND (ii) 37.5% FOR BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM AND CONSENT DECREE PURPOSES AND THE PLEDGE OF SUCH 37.5% OF NET COLLECTIONS OF THE TAX TO REPAY OR SECURE BONDS ISSUED TO FINANCE CAPITAL IMPROVEMENTS FOR SUCH PURPOSES; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

5. Resolution Referring Amending Ordinance to Voters

RESOLUTION NO. _____

A RESOLUTION REFERRING ORDINANCE NO. _____ TO THE VOTERS FOR APPROVAL OR REJECTION