Aldermen

Mayor Dan Coody

City Attorney Kit Williams

City Clerk Sondra Smith

Fayetteville
ARKANSAS

Ward 1 Position 1 - Robert Reynolds
Ward 1 Position 2 - Brenda Thiel
Ward 2 Position 1 - Kyle B. Cook
Ward 2 Position 2 - Don Marr
Ward 3 Position 1 - Robert K. Rhoads
Ward 3 Position 2 – Robert Ferrell
Ward 4 Position 1 - Shirley Lucas
Ward 4 Position 2 - Lioneld Jordan

City of Fayetteville Arkansas
Special City Council
Meeting Minutes
October 27, 2005

A meeting of the Fayetteville City Council was held on October 27, 2005 at 5:30 PM in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

Mayor Coody called the meeting to order.

PRESENT: Aldermen Reynolds, Thiel, Cook, Marr, Ferrell, Lucas, Jordan, Mayor Coody, City Attorney Kit Williams, City Clerk Sondra Smith, Staff, Press, and Audience.

ABSENT: Alderman Rhoads.

Pledge of Allegiance

Unfinished Business:

2005 Millage Levy: An ordinance levying a tax on the Real and Personal Property within the City of Fayetteville, Arkansas, for the year 2005 fixing the rate thereof at 2.0 mils for General Fund – Operations, 0.4 mils for the Firemen's Pension and Relief Fund, 0.4 mils for the Policemen's Pension and Relief Fund and 1.0 mil for the Fayetteville City Library; and certifying the same to the County Clerk of Washington County, Arkansas. ***This ordinance was left on the First Reading at the October 4, 2005 City Council meeting. This ordinance was left on the Second Reading at the October 18, 2005 City Council meeting. This ordinance was tabled at the October 18, 2005 City Council meeting to a Special City Council meeting on October 27, 2005.***

Steve Davis: We have a short presentation. Mr. Mayor and City Council the City must levy the millage prior to end of October even for those that are voted on millages. The county can then incorporate all of the taxing entities millages to a single millage ordinance that they levy during their November meeting so that it can be applied to the property tax bills in January. The City for a number of years has not used a General Fund operating mil for operations. I believe that the last that we did was in 1992-1993. The only other time that our discretionary mils have been accessed was when City Council chose to fund a portion of the Senior Center with a one year two mil levy. This year we're asking City Council to levy 2 mils for operations for General Fund so that it will provide us with enough resources to essentially balance the budget.

Kevin Springer, Budget & Search Coordinator: We've revised our revenue and expense projects that we gave you back at the September 22nd budget briefing. We've waited until we got the final checks from the state and other revenue sources so we're fairly confident in the assumptions for the rest of this year and for 2006.

This is a fluid process and things change we try to be as conservative as possible because with five months history we don't know how the year is going to go forth. We wait and we do another round of projections as far as having seven or eight month's worth of revenue coming in. We look at last year and the year before to try to make some fairly valid assumptions that are reasonable and that we're confident in. Taking that in consideration, we're looking at sales tax coming in at six percent next year and for the 2007 through 2010 we're looking at five percent revenue. We will continue to update that as events progress. In our assumptions we are also looking at property tax being approved and approval of the proposed millage rate of 2 mils and not changing for the five year period. We are looking at all other revenue sources growing at a rate of 2.5. As far as salaries, the general employees we're projecting them to grow about four percent annually and public safety at five percent. We have other factors in there like health insurance that we believe is going to grow a little bit higher than those rates. But pretty much your pension expense and your other personal type expenses they are tied to the salaries so they projected those rates as well. We've got about $400,000 in next year's budget for a pay plan study that's being done. It's being conducted right now and Council will be asked in 2006 to approve it.

Mayor Coody: Let's make that clear, that's not for the study itself. That's for the results of the study.

Kevin Springer: That's the results of the study. Pretty much you've got your police and fire that are paid on the step system a certain amount for each year of service. Then you've got general employees which are on a merit type system. They are in a pay range where you've got a minimum and a maximum salary that they can earn. What the study is going to look at is should those minimum and maximum ranges be adjusted upward and the step rates for police and fire should they go up any. We have $400,000 in the budget and it was based on the average pay plan change over the last ten year. It may come in higher than that, when staff gets the information we'll be able to determine what the cost of that full pay plan increase is or if we want to phase it in. We just need to wait and see what those numbers are going to be. Then all nine salary expenses are projected to grow at two percent annually. With the exception of the new personnel in the 2006 budget we do not have any budgeted or projected to budget in 2007 through 2010. Now we might be slightly conservative on our sales tax numbers not knowing what's going on in the future especially with the growth, the development up north. But I believe if sales tax comes in higher and revenue comes in higher then we might be in a better position to add new people in the outlying years.

Steve Davis: The sales tax projection of six percent is based on our four year trend and we had some years that were well below six percent. We've had several years that are above six percent. I believe our current year is eight and half, nine percent.

Kevin Springer: 8.25%. Right now we've estimating on the county 10.72% growth for 2005 over 2004. Our last couple of months have been a little bit lower but for the most part they've been pretty equal.

Kevin explained the slides in his presentation to the Council.

Mayor Coody: I know you stated this but you might restate that blue line assumes no new personnel for the next five years, four years.

Kevin Springer: Four years, 2007 through 2010. So the two mils will actually get us up within budget for 2006.

Mayor Coody: I'm sorry. I want to make myself perfectly clear. We're going to be talking about a few more personnel for 2006 in this budget.

Kevin Springer: That's correct.

Mayor Coody: But the assumptions after that there are for no new ones after 2006.

Kevin Springer: That's correct. I'm going to hand out a list of those new personnel that we are going to be including in the 2006 budget. Just to give you a recap of what the property tax is going to bring in at two mils and how that compares to our other cities in our region. What I've done is I have put in the operational millage rates for Rogers, Bentonville, Springdale and the amounts that are above them that's what it would bring into the City of Fayetteville if we collected those rates. Rogers is 3.9, Bentonville is 5.5, and Springdale is 5.6.

Mayor Coody: And we're proposing two.

Kevin Springer: And we're proposing two. What I'm passing out right now, this is a total list of new personnel that was requested in the 2006 budget process.

Mayor Coody: That's requested by the division to the budgeting staff and to us.

Kevin Springer: The positions that are highlighted in yellow we are recommending as part of the 2006 budget. The first page is General Fund positions only. That's all the positions that were requested and recommended in the General Fund.

The second page shows the other funds that we have in the city. The enterprise funds like Solid Waste, and Water and Sewer, and also some special revenue funds such as Parks Development, and Street Fund. But we'll pretty much keep all or at least for the first part keep most of this discussion to General Fund since that's what the property tax is for. The total amount of positions that were requested as part of the budget was about 57 full time positions that totaled about $2.9 million. Most of it is personnel but there are some one time expenses such as vehicles and equipment. What we are recommending in the budget is 13.5 positions at a cost of about

$750,000; one of them is in Parks and the rest in Public Safety. We've got five positions in the Fire Department and seven and half in the Police Department.

Mayor Coody: They add up to 57 people requested and staff is recommending 13.5 folks only one outside public safety and all the rest are in fire and police, so all the new hires that we have out of the General Fund with the exception of one person would be for fire and police.

Kevin Springer: Yes.

Mayor Coody: I am just restating this to make it perfectly clear for everyone.

Alderman Ferrell: How does that number of people compare to the request for people last year at this time. Do you recall?

Steve Davis: Typically we get about the same number of positions requested each year.

Alderman Ferrell: And the number budgeted last year was?

Steve Davis: I think when we originally proposed the budget it had fewer people but by the time the City Council was finished reviewing we had added ten police officers. I don't remember what the number was that we came in with.

Mayor Coody: Was it ten or six?

Alderman Marr: The budget had four police officers and we added six additional which adds up to ten.

Mayor Coody: That's right.

Alderman Ferrell: So there was a net of ten new positions total last year?

Mayor Coody: Just in the Police Department. How many citywide. Do you know Kevin?

Alderman Jordan moved to suspend the rules and go to the third and final reading. Alderman Cook seconded the motion. Upon roll call the motion passed 7-0. Alderman Rhoads was absent.

City Attorney, Kit Williams read the ordinance for the third and final reading.

Alderman Thiel: Is there any way at all that we could exempt 65 and older and the disabled? Is there anyone who could be exempted through the Homestead Act?

Kit Williams: I don't think we can. We tell the county what we wish to assess as property taxes, and then they pass an ordinance. They assess it pursuant to the state constitution of state law, and right now I don't think that provision is in there that various taxing entities can choose to exempt property. I think that what property must pay has already been identified by the state authorities and that we can't vary from that. I am not aware of any power that would give us the right to vary from that.

Alderman Reynolds: Utilities are going through the roof and now we're going to raise taxes and we have people who live on $650 a month, $750 a month. We're moving people out of town, our pioneers. I don't know how they can do it. They're doing without medicine now. Looks like we need to live within our means. Balance your checkbook like I balance mine at the end of each month.

Mayor Coody: Well we certainly have that option tonight but that would mean not hiring anymore fire and police. That is an option. We could stay within our mean but that means not adding anymore services or even trying to keep up with growth of the community. I mean that is an option.

Alderman Reynolds: Well I was looking at this list here. Community Resources had a code compliance officer and that got cut for some reason, and we know that's needed.

Mayor Coody: Yes.

Alderman Reynolds: And then we add one person to the Parks Department.

Mayor Coody: Gary will you please explain this one person in the Parks Department.

Gary Dumas: The parks system continues to grow. We continue to expect more from Parks maintenance on all the activities that Parks does. The Parks Board made a specific recommendation to add more than this person. But we felt that at least one more maintenance worker would at least help relieve some of the work effort of those activities that they are constantly engaged in. The work load for the Parks is extraordinarily heavy. I think all of you use the parks and see how they maintain them. The number of parks and we're getting more parks every year.

Alderman Reynolds: Tell me why Code Enforcement doesn't need someone?

Mayor Coody: I think Code Enforcement does need someone.

Gary Dumas: I'm not saying that Code Enforcement doesn't need someone. I'm saying that in looking at the priorities, at lease over in the operational part of the budget, the Operations Department, it was felt that Parks had been understaffed for longer than Code Compliance has been understaffed, just like we're catching up on the Police Department this year and last year. We've not been maintaining personnel levels to keep up with the growth and all of the activities that the citizens expect the city to provide. Code Compliance is one of them. I don't disagree that there needs to be more effort in the code compliance section in housing, rehabilitation, housing maintenance, weeds and junk vehicles. I'm not arguing against code compliance by any means.

Alderman Reynolds: I was watching TV a couple days ago and one of the local channels did a project about code compliance about housing and most of it is in Ward One. They shot at the housing code compliances, they didn't say anything about parks but they came after us about housing, inundated housing in the City of Fayetteville.

Gary Dumas: I'm not arguing that. I think that one of the problems that we've had historically is with some funding issues that code compliance has had in just keeping revenue so that they can do some of the major clean ups that they've had this year. We got them more money without them even having to come to Council this time. I think most of the Council will agree that has been an under funded area. There's a significant need out there.

Mayor Coody: I don't know of any division in the city that is not short of personnel. Every division that we have, the budget department, planning department, engineering, everybody, every division that we have, we have not been keeping up with our growth at all because we have been tightening up our belt and living within our means. Which means as the city grows the organization of the government does not and that's why everybody is working at a 110 miles an hour. They're really working more than they should. I mean these guys burn the midnight oil way too often for the amount of money that we pay them. They work hard and they do a very good job. We're very lucky in Fayetteville to have the kind of staff and the dedication that we have otherwise they would quit and go get easier jobs some place else for the same money. So every division that we have is understaffed.

Alderman Reynolds: Thanks Gary.

Gary Dumas: It was a question of priorities and budget. They're hard decisions that have to be made in every budget and I think, on the staff level, we've made some fairly hard decisions.

Alderman Cook: I agree with you.

Mayor Coody: Anyone else? Do ya'll want to make any changes? These are staff recommendations. You can delete anything from these recommendations that you like. That is your prerogative.

Alderman Marr: I don't think we're here tonight to talk about the budget and these 13½ positions because obviously when we get to the point of talking about the budget there's a lot more than these 13½ positions that I think many of us are going to want to talk about.

Mayor Coody: Exactly right.

Alderman Marr: So I don't look at this as a budget discussion other than the fact that we're looking at our revenue line, and whether our revenue line is going to offset our expenses. Whether we believe that gap is purely done through cuts, or whether that gap is done through making sure that we don't have much services, or we maintain a quality of life in Fayetteville that we're use to. The diversification of revenue I will come back to that one more time because I think it's smart. Alderman Reynolds brings up a great point in that when our only revenue stream is sales tax today as our primary stream, sixty-five percent of our budget. It's that age old argument of annexation and whether growth is paying for itself, it's showing us that it isn't. Because if it was I don't think we'd be talking about this shortfall. It is one of the only reasons why I continue to be concerned about our annexation strategy which is later on in this agenda, but more importantly why we have to look at revenue streams that are tied to property tax so that when we're adding these units in these sections of town which cause a cost and service for police coverage and fire coverage, new stations that we have the ability to fund it. These people are already shopping in our city and they're paying the sales tax and yet we get no other benefit from it. I believe we should have more people doing code enforcement, but the more land you annex the more you've got to code enforce and the more you annex, the more you have to patrol and the more you annex, the more you have to put out fires with. So I do think that part of our budget problem is the fact that we are growing greater than our revenue stream is growing and I don't think that it is new services. To my knowledge I think we sit up here every year and ask about making sure that we are not adding new services. We're trying to maintain the services that we've got. I think Alderman Ferrell at the last meeting brought some good points about cost cutting. I think when we get into the budget we're certainly going to look at that. It's going to help to have another set of eyes looking at it for the first time that hasn't looked at it the last several years. But I don't think that anybody can argue that if annexations and the cost of growth in our city are paying for itself, the line would not look like the line in this chart. The reason it does in this is because right now our revenue stream is sales tax only, primarily sales tax. I own property and I understand the bigger house you buy the more you have to pay and how difficult it is. My parents are retired and live in Virginia and their property taxes make ours look like nothing but I understand how concerning it is. But today we don't capitalize off of any of that and we don't have a diversified revenue stream. I think it is a step in the right direction for that. I think that we need to look at it in our overall revenues and the budget on all these things whether we need them or not is another topic but it's a step that we have to begin to look at. We have a shortfall and now we have a responsibility to manage this shortfall. I do want to cut some expenses but I don't think that I can cut the gap that's showing on this purely at least at this point. I think that we have some real specific things to point to and where it's coming from that I'm not willing to compromise.

Alderman Ferrell: Certainly given the chose to make some cuts or adjustments would always be in support of keeping our police and fire strong. That's a given. I'd just like to say that I've had several emails and calls in the last couple of weeks. Every single email and call that I receive without exception was opposed. I've had more on this than anything. Most everyone from my ward, some were from outside the ward, the preponderance of them seemed to be, to be honest with you, from senior citizens. They were opposed to this. The main thing that came through their message was that they were opposed to it and that they think that we should re-prioritize our spending. So I can't support it and that's it.

Welda Hardin, a Fayetteville resident voiced her concerns about raising taxes and how would the city support assisted living.

Mayor Coody explained to Ms. Harding that the City did not have anything to do with assisted living, and that the Fayetteville Housing Authority might have some subsidized housing but that was completely different. He then asked Steve Davis if he had any information on assisted living.

Steve Davis explained his knowledge of assisted living and that it is privately funded by those that use it.

Ms. Hardin voiced her confusion regarding assisted living. She believed that there were several different levels of assisted living and her understanding that it was government assisted.

Mayor Coody explained that he wasn't sure how it was funded and it may be federal government or HUD.

Ms. Hardin again voiced her concerns for the senior citizens.

Mayor Coody: Oh they get public assistance.

Ms. Hardin: There are different levels.

Mayor Coody: We don't fund public assistance here. That would be mostly federal, maybe some state.

Ms. Hardin: Okay. Alright that's what I wondered. Thank you.

Alderman Ferrell: I've got one more quick question. As I understand it, if this does pass it will go into the General Fund?

Mayor Coody: Yes.

Alderman Ferrell: Is there anyway to earmark it if it does pass or does it have to go into the General Fund?

Steve Davis: It's a discretionary millage that goes into the General Fund undesignated.

Mayor Coody: If the City Council approves this we would hire the people on this list that's the same as designating it because we wouldn't say we were going to hire 12.5 new public safety personnel and then not do it.

Steve Davis: Our new money by far has gone to police and fire services and library services over the last several years.

Alderman Marr: And the parks services.

Bob Smith, a citizen, stated that people on fixed incomes could lose their homes if the city raised the property tax and it really put a toll on people who get disability, SSI, and social security. He voiced his opinion that the county and the City of Fayetteville have the highest taxes. He thanked the Mayor and City Council for listening to him.

Mayor Coody: Mr. Smith one thing I'd like to do is correct your misconception that Fayetteville is the most expensive city. As you can see by the chart here, we don't collect a property tax for operations. We're the only city in NW Arkansas that doesn't and our sales tax is at one and three quarter cents. I know that the state collects six, and the county collects one and half. We collect one and three quarters. All the other cities around us collect two. So we have the lowest sales tax and by far the lowest property tax collection of any city in NW Arkansas.

Mr. Smith said that he and others can barely make it each month and sometimes go without prescriptions and that the City needed to consider these people.

Mayor Coody: That is our concern and you are exactly right. Thank you.

Matt Lurch: I'm a resident of Fayetteville. If we're going to help funding with one mil for the public library then why are we also paying county taxes for the same purpose? That's double taxation in my book. That does not seem right to me at all. We're also paying our property taxes and the county for our automobiles and our real estate. Why do you need this income? Why can't somebody step up to the plate and I will back any one of you if take a 10% cut in pay to balance out this shortfall. If any body decides to take a cut in pay to help balance out this budget problem I will be 100% behind you. Thank you.

Mayor Coody: You bring up couple of good questions. First thing is that a couple of years ago all the senior staff did not take a 17% raise just for this very reason. And that was giving up 17% of their income not just 10%. As far as the county millage for the library, Steve will you define the difference on that please.

Steve Davis: State law prohibits taxpayers from paying twice for the same service. So if there is a county library mil that was charged to Fayetteville residents it had to go off the books when Fayetteville library mil went on. So that one mil that is paid is the same mil, it is the city mil and it is the same mil that was previously paid as a county mil.

Mayor Coody: So they're not double paying it twice.

Steve Davis: No.

Elsa Isaccs: I live in Fayetteville. I'm speaking from an informational reservoir of close to zero. So I hope I can get some information here. Springdale and Bentonville, am I correct that their sales tax is less than ours? Or am I wrong.

Mayor Coody: Their sales tax is two percent sales tax. This is property tax rates here. Two cents on a dollar or two percent, ours is one and three quarters, so ours is lower than every other city out there.

Ms. Isaacs: I see. I was thinking that perhaps they had less city tax because the gasoline appears to be less there but that doesn't mean that it's directly attributable to the city sales tax.

Mayor Coody: No. We don't collect the sales tax on gasoline. The difference in market value in the gas prices, that's private. That's private influence there.

Ms. Isaacs: I sort of wish we could have a cap on the percent of income for the poor and/or elderly. So that no more than X percent of their income can be identified as taxes from all sources. I realize that federal government and state government take precedence over local government but I wish that we could make a policy statement that this is something we are in favor of because the gentlemen who was just here tonight is right. This is the straw that's going to break the camel's back for some poor elderly and they are going to lose their homes because they can't pay their property taxes. So I don't know how useful that is for the purpose of this discussion.

Mayor Coody: Thank you Elsa. I know the state has, if you're over a certain age, below a certain income level your tax limit liability is limited is it not?

Steve Davis: There's the Homestead Credit that applies to homeowner occupied dwellings, residents and then once you are age 65 and perhaps for some other reasons the value of your property is frozen for no further assessment increase. I'm not sure about any other tax provisions.

Alderman Thiel: Do you or does our city attorney know of any programs or assistance for people. I thought there were programs and assistance for people that were in desperate straights as were talking about here. Federal government? State government?

Steve Davis: I'm not aware of any.

Alderman Thiel: Just the Homestead exemption.

Steve Davis: And freezing of the value.

Mayor Coody: Plus the fact that homes can only go up five percent per year anyway because of the state constitution.

Charlie Sloan: Is the library in this budget or has it been taken out?

Mayor Coody: No. It's in this budget.

Mr. Sloan: It's in this budget. One million and half dollars or so we fund to the library is in this budget?

Mayor Coody: Yes.

Alderman Jordan: This may have been already asked. If I understand it correctly that 80% of operations is personnel. Is that correct?

Mayor Coody: That's correct.

Alderman Jordan: Now of the 80% how much of it does the fire and police take up as far as expense?

Mayor Coody: I think it was 70%.

Kit Williams: That was the amount that it was increased.

Kevin Springer: Sixty percent of the entire General Fund budget is police and fire.

Alderman Jordan: So 60% of the 80% would be fire and police, is that correct?

Kevin Springer: Its actually 60% of the entire budget.

Steve Davis: 60% of the entire budget is police and fire. 80% of the General Fund is also personnel services. So it would be fair to say that of the 60% of budget the fire and police more than 80% of their budgets are actually personnel services. Theirs is closer to 90%.

Alderman Jordan: Okay. So I guess my point is if we start making cuts in that area we just wouldn't hire any new fire and police and we will continue to grow possibly without adequate fire and police protection. That's a concern of mine. So I guess I've said all I need to.

Alderman Marr: The firemen that are added because I've had a lot of people specifically concerned or feel that we are already at adequate fire coverage. People in the budget that are added are for the new fire station that is being built. Is that correct? This is to staff fully the stations we have for a year.

Steve Davis: It's the initial staffing for Fire Station #3. The new one that is to be built.

Alderman Marr: Okay.

Steve Davis: It's not the full compliment. We have three in 2005 and I believe four in 2006. And so we will be adding an addition compliment in 2007 to finish out that staffing.

Alderman Marr: But is for a new station, for a new coverage, of a new area of Fayetteville.

Steve Davis: That's correct. It's an effort to reduce the response times to the outlying areas.

Alderman Ferrell: What does it do to this line here? It says no new hires, if we're going to add some in 2007. It says that there is no anticipated growth in 2007 through 2010.

Mayor Coody: That assumes no growth.

Alderman Ferrell: Oh okay. I misunderstood that.

Mayor Coody: Alright so we're on the third and final reading. In the ordinance before it says to increase from zero to two mils property tax for the City of Fayetteville. Shall the ordinance pass?

Upon roll call the ordinance passed 5-2 vote. Alderman Reynolds, Thiel, Marr, Jordan and Lucas voting yes. Aldermen Ferrell and Cook voted no. Alderman Rhoads was absent.

Ordinance No. 4785 as Recorded in the Office of the City Clerk.

Mayor Coody: Thank you very much, None of us enjoy this but it's something that we have to do I'm afraid.

Alderman Reynolds: I want to mention that the new fire station is in southeast Fayetteville. I do support that.

Alderman Thiel: Staffing it yes.

Mayor Coody: That will be direct protection to your place down there.

Alderman Thiel: That's right.

New Business:

Strategic Annexation/Growth Management Plan: A resolution to approve the Strategic Annexation and Growth Management Plan.

Mayor Coody: This goes back to Alderman Marr's concerns about growth annexation, growth management. I think the staff wants to start with the concern that was raised a couple of weeks ago about the program that was put out about two months about the cost per capita. Revenue versus expenses on annexed properties.

Tim Conklin: You may recall last June we did present to you a fiscal impact analysis based on the 2003-2004 annexations and at that time we also made several recommendations to you with regards to the next steps to move forward with a strategic annexation plan. This evening Karen Minkle in long range planning is going to go through that presentation. We've met with most of you individually and talked about ideas of trying to manage planned growth within the City and outside the City. This evening we will be presenting to you a series of recommendations and policy issues for discussion. We do not intend for you to adopt this actual strategic annexation growth management plan this evening, but this would be a starting point for discussions of how to best manage and plan growth within our city and planning area.

Karen Minkle: This presentation is to present a Strategic Annexation Plan for planning and managing growth. First I want to go over Fiscal Impact Study that was done in June because there were some questions and concerns about operations cost per capita. I'm just going to walk through that methodology so that it's all out on the table and if there are any questions about that you can ask me.

I want to start off by saying this was a methodology that was developed by researchers at the University of Wisconsin in Madison. It is now available on software and a number of cities around the country use it. The Regional Planning Commission uses it, it's also used by Nashville, Tennessee, by Kansas City, Missouri and communities in Florida, Utah, Minnesota, and Wisconsin also uses it. So it's widely used. There are some assumptions that are made in the methodology. One is that it assumes the current public service levels are acceptable. Another assumption is that it assumes current zoning for the annexed areas will remain the same. So the charge was to look at the fiscal impact of the 2003-2004 annexations. Short of using advanced statistical analysis this is probably the sophisticated analysis he could use. I'm going to walk through this step to show how the numbers were calculated. First each item from the General Fund was taken and this lists the revenues and expenditures. The second step was to determine what percentage of each item was due to residential development or residences. So you look at the entire city and you want to say well what percentage of each of these items is being used to service residences versus commercial establishments. The way the methodology goes about this is looking at parcels through the city and determining what percentage of those parcels are used for residences and what percentage are used for commercial establishments. Sixty-nine percent of our parcels are used for residences. So each of these items was multiplied by .69 for both years, there were three exceptions. Two of those exceptions were police and fire. The methodology recommends that you use this overall estimation which is where we got this 69%, but if you have additional information where you can come up with a better approximation of what percentage of that money is being used to serve residences then you use it. At that time the fire department said that about 39% of their calls for response were residential calls so that number was used, and the police department agreed with that for their department as well. The third adjustment that was made was for sales tax revenue for the city and that was based on the University of Arkansas study. It said that 50% of our sales tax revenue can be attributed to city residences, fifty percent was coming from outside. Those were the adjustments that were made to those numbers. The figures were added and then they were divided by estimated populations for 2003 and 2004. These population estimates are the same estimates that the budgeting department uses. They are an average of the U.S. Census in NW Arkansas Regional Planning Commission predictions and the reason budget uses those is because they've looked at those predictions over time and estimated that our population usually falls in between those two numbers. This was the slide that you saw in June. After that there were concerns raised because it shows that per capita revenues exceed the per capita costs and there were questions about that. Because there are one time transfers in and transfers out of the budget but it was suggested that maybe they not be included. So we redid the analyses, took the one time transfers in and transfers out which includes any money from our reserve funds. Those new calculations everything else is held the same, these are the new numbers. In both cases per capita revenues exceed per capita costs, but you can see in 2004 the gap between the two is narrower. As part of that analysis we also look at capital costs for predicted growth, in this we used the Duncan Associates impact fee studies. I've added roads because that was recently completed. The total capital costs are about $3.8 million when we were only looking at fire, police water and sewer. We added roads into that and it becomes $11.3 million. The finally net cost of growth that you saw in June is about $1.1 million. If we take out the one time transfer in and transfers out it becomes $1.3 million. If we add the road impact fees or that cost for roads then that cost is around $7.3 million. One of the points to take away from this these costs is mostly driven by capital costs of growth in this study. We can talk about the assumptions of the methodology and we can also talk about the way the numbers are adjusted definitely. But this is just going over what was presented in June and how those numbers were derived.

Alderman Marr: Then how as Alderman should we use the tool. When we just had a presentation that showed us that our costs to operate no new services, the same services we have been offering and the only additional head count relate to police and fire services and one other head count in parks maintenance which is attributed to more parks which are operating costs that exceed our revenue. It doesn't make sense to me that if your analysis is true that our growth is paying itself that our budget would have the line that it has today. So either there isn't a correlation or a way to rank what you're doing against what we're having to fund or there's something missing from one of the other's calculation.

Karen Minkle: Right and I think, first of all this is a snapshot. This is looking at 2003 and 2004. It's not looking at our growth over a longer period of time. Second, one of the key assumptions was that we assume public services are acceptable. I included in the packets in front of you the memo that was sent out on this methodology shortly after the presentation. In that memo it says that several of the departments expressed that there were service gaps currently. That is not captured in this analysis and that maybe one explanation for that discrepancy.

Alderman Marr: I think in the future when we have presentations made that are trying to present a position of the positive side or the negative side of annexation or the budget that it needs to be footnoted in to how it impacts against our overall financials. I feel like I'm using this word a lot lately, but it's disingenuous to throw up a spade that citizens watch and see revenues higher than costs to turn around and have a budget request that speaks the exact opposite position to it. I think it puts us in a bad situation.

Alderman Jordan: It does. A real bad situation.

Alderman Thiel: It does.

Alderman Marr: And it presents a case that is not accurate.

Karen Minkle: It is the actual numbers that were in the 2003, at the end of the year. Actual numbers for the 2003-2004 budgets.

Mayor Coody: Kevin we have some disgruntled Aldermen up here that don't like the projection of this study versus the numbers we just saw for the millage increase. We need to find a way to explain to the Council why these things are related and they aren't disjointed and conflict with each other.

Kevin Springer: The costs are what they are and that's what we go by. I think maybe the area for debate and maybe needs to be looked is your assumptions.

Karen Minkle: The current service levels were acceptable. I'll go back to this.

Kevin Springer: That one right there. We do have a survey information from the University that said 50% of our sales tax comes from Fayetteville residents and the rest from outside this region. But we have other assumptions that it could depend on the budget year and it could depend if, how close they are as far as the amount of police and fire. How much time did they spend doing residential? I think what we're looking at is the cost per capita versus the revenue per capita. Depending on how your assumptions are laid out it could look at your business or your residents are subsidizing your commercial interest. But I think most of the focus should be on just the basic assumptions. It doesn't really change the cost, the total cost of General Fund and that's what we look at.

Alderman Thiel: I think one the main assumption here are the limitations to this methodology. It's assuming that current public service levels are acceptable which last year and this year we increased our public service. So obviously we did not feel like they were acceptable and it assumes current zoning for annexed areas will remain the same and they have not. All that we have annexed has almost been increased density over what it was prior to being annexed. So those might also factor into your methodology not matching up with what is actually happening and what we're actually seeing. I guess the points here are to criticize what you presented to us but how do we really analyze the cost of annexation and how we want to proceed with it.

Mayor Coody: Now is this including cost of operations and capital?

Karen Minkle: The entire fiscal impact analysis?

Mayor Coody: Yes.

Karen Minkle: Yes.

Mayor Coody: Okay. So do you have any explanation why the slide would say one thing yet all of our graphs show the opposite.

Karen Minkle: This was looking at two years only. For 2003 and 2004 so it's only a snapshot. It is not a comment about growth in general. It comments specifically about the 2003-2004 annexations which are a limited picture in terms of our total growth throughout the city. I think that also the assumption is that current public service levels are acceptable.

Mayor Coody: Back in 2003 and 2004?

Karen Minkle: When you use this methodology. Yes.

Mayor Coody: I don't believe that they would present anything as disingenuous. If it appears like that then that's too bad. I believe since 1998 the budgeting staff has been pointing to the day that we would be here and if this methodology is flawed then that's one thing but I would not think that our staff would be the least bit disingenuous.

Gary Dumas: I think that what the Council is struggling with is what all communities in the country struggle with which is the cost of growth. It is hard to get a handle on what that actual cost is and this is a model that was generated in an effort to provide some guidance on what that growth costs. It's as accurate really as probably we're going to get. There was an annexation committee that struggled with that for a year plus on what annexation costs. I'm not sure what conclusion you came to. What we're trying to do is give you some idea of what that cost is and if you will look here, there is a cost. Its $7 million on roads that there's a negative cost with including the impact of roads which was not included before. There was a negative impact including the cost of water and sewer. That's why we are looking at impact fees on both of those elements to try to level that cost but the earlier slide looking at the operational costs it was slightly positive. Not a big number but slightly positive but when you add in the capital cost that's when it becomes negative and that's why we have problems with our road system. That's why all our systems complain about that, that's why were building a multi-million dollar sewer improvement project. This gives you that and I think this does tie into the discussion you just had that since we're basing all of our income on sales tax we're gathering the sales tax that we can from the region. There maybe a little more that we can get and there maybe some we lose because of leakage to our surrounding communities. The one thing that we can control is property tax and with that that gives us a way to generate revenue that is going to offset the expenses that growth generates and the impact that they cause to the already developed part of the city.

Alderman Jordan: I've been to some tractor pulls in my life but I believe this is the darnest thing I've seen in awhile. I can not get wrapped around here folks, why we get a report that says the total cost is this and the revenue is this and it cost more than what we're taking in revenues and yet I see a slide that says just the opposite. Now if I'm sitting at home and it's a constituent in my ward I would have me called first thing in the morning. I want to know what's going on here. Now I know that's for a couple of years but we can't just do everything on a couple years. We need the long haul here.

Gary Dumas: These numbers are negative numbers.

Alderman Jordan: Well they're negative numbers tonight I can tell you that.

Gary Dumas: But the $1.4 million, the $1.1 million in June, 2005 was a negative number. It was $1.1, negative and $1.3.

Alderman Jordan: Now how are you going to explain that to the general public? I don't know how to justify it.

Gary Dumas: This excludes the capital costs.

Alderman Marr: So does our budget, our General Fund.

Alderman Jordan: Exactly.

Gary Dumas: Excludes the capital costs but the General Fund budget has capital costs included in it.

Alderman Jordan: Excuse me?

Alderman Marr: No it doesn't. Can we have Mr. Davis answer that question for us? Does our General Fund have capital costs in it?

Steve Davis: No.

Kevin Springer: It depends from year to year. It may have new vehicles in there. We know we have a few new vehicles in this year's budget for the police officers that we've got in the budget.

Steve Davis: When we talk about capital costs we generally talk about infrastructure, roads, and things of that nature. The only time that we have money in the budget for capital is like we have this year when have a half million dollars for Skull Creek and we have other one time type of appropriations. As a general rule we do not budget money out of General Fund for capital type improvements. It really goes back to a result of the Town Center lawsuit where we were told as part of the rulings that we could have capital in General Fund because everything, all of our sales taxes talk about, our county sales tax specifically talked about critical needs for operational monies, it did not mention capital. When we do have capital we make sure that it is directly linked to the revenues that produced that capital so that we don't get into a situation where we have to explain to a judge why we're doing capital out of General Fund.

Alderman Marr: Steve when you look at this chart, I think Lioneld has the same question I'm having. When a person at home looks at this chart and they see us show per capita revenues exceed per capita expenses to operate and we see a budget gap projected that even back in 2003 and 2004 we had a budget expenditure greater than rest of the budget that we planned on. We didn't end the year that way but that's what we budgeted.

Steve Davis: That's right.

Alderman Marr: Help me. I am trying to understand how I would use this information when it appears to me that I can't rely on this growth that we're bringing in which says it pays for itself operationally not nearer in the budget as paying for itself operationally.

Alderman Jordan: Exactly.

Alderman Marr: Because we're not adding services, we're adding people to maintain the same services for new areas that we're bring on and the normal rise in costs of payroll which is 80% to 86% of our budget depending on the numbers.

Steve Davis: Right. How do you reconcile this number?

Alderman Jordan: Yeah.

Alderman Marr: How does a person at home, why would they say annexation is paying for itself when they just watched your other slide that showed a gap line?

Alderman Jordan: Exactly.

Steve Davis: Right. I'm not sure. I haven't looked at the assumptions or the numbers but my guess is because we're talking about per capita revenue and per capita expenditures. If we look at the per capita revenue and we've taken the total sales tax generated as line item we may not be capturing how much of the sales tax is generated in our city comes from folks who don't live here. If we attribute all of that sales tax revenue to our citizens then we're discounting all those folks that live around us that contribute to our sales tax.

Alderman Marr: But this methodology doesn't it have 50%? You've used 50% based on the University's study for that number.

Mayor Coody: Yes. Is there a chance that this methodology from the University of Wisconsin might not fit for Fayetteville's reality? Is this a science?

Karen Minkle: I think that information may be being used to answer a different question. The question that this methodology answers is what was the fiscal impact of the 2003-2004 annexations not how its growth, what is growth costing the city overall. Annexations are one piece of that and this methodology does show that it is costing us significantly in capital costs. I think that the question that's being asked or that I'm hearing right now what does growth cost the city? But that is not what this methodology was intended to answer. This methodology is used to answer what is the cost of a specific development and so it assumed that all these annexations were assumed.

Mayor Coody: In the annexed areas only?

Karen Minkle: Right.

Mayor Coody: Not the 43 square miles that is the City of Fayetteville before the annexations?

Karen Minkle: Right. So you could apply this methodology to any new development that is being built any where in the City and say what is the cost going to be and then you would apply this methodology. It is not a comment on how is growth over time. What is the fiscal impact of growth over time since we began growing so rapidly? That is not the question it answers.

Mayor Coody: So what you have on the screen is an apple in what this City Council is seeing as an orange.

Karen Minkle: Right.

Mayor Coody: Because the Council's looking at it when we looked at this last set of charts and graphs that was citywide and you're just talking about annexed areas. Mostly just a few hundred areas wasn't it. How many acres?

Karen Minkle: It was about 2,000 acres.

Mayor Coody: 2,000 acres.

Kit Williams: I think we annexed islands in 2004.

Mayor Coody: Oh that's right.

Karen Minkle: It did include island annexations, yes.

Mayor Coody: And the reason we couldn't look at 2005 is because 2005 is not finished yet. This was 2003 and 2004 because those are the only actual numbers that we have.

Karen Minkle: It was 2,000 acres.

Alderman Thiel: And we were looking at the effect during those two years.

Karen Minkle: Right.

Alderman Thiel: You're not projecting the future.

Karen Minkle: Right. Based on the numbers for those two years that's what you could expect.

Alderman Thiel: And I remind everyone again that you're basing that, remember we added significantly to our emergency, to our police and fire both. Actually not within that budget. Right.

Mayor Coody: In the 2005 budget. Yes.

Alderman Thiel: And this is 2005?

Karen Minkle: This was 2003 and 2004.

Alderman Thiel: So what I'm saying is that in 2003 and 2004, you go back to this assumption that the public service levels were acceptable. They weren't because we increased them almost right after this study was done.

Karen Minkle: Right.

Alderman Thiel: So what I'm saying is those two years we were not meeting our standards at all. They were not satisfactory or acceptable. So that assumption is incorrect plus we significantly changed everything in 2005. I guess the question here is exactly how we use this information. You need to explain to us how we can use it.

Mayor Coody: And even if we hadn't annexed one square foot in 2003 and 2004 Fayetteville still would have grown even within the city limits. We would have grown in population which means we had an increased need for fire and police and all the other services we provided even if we hadn't annexed another square foot. And if we don't continue to annex another square foot for the 20 years we will continue to grow in population within the existing city limits. We'll still need to hire more fire and police, more personnel all over the charts if don't annex another foot. I think that would be a fair assumption wouldn't you agree?

Karen Minkle: I want to say before I show you the next slide that as part of the comprehensive plan process I've been holding focus groups of people from different parts of the city. And this next slide shows a quote, verbatim from an east Fayetteville resident. The question was, "What issues do you want to see addressed in the Comprehensive Plan 2025?" "In east Fayetteville I think the city needs to annex fast. The way to uncontrollable sprawls is to ignore land that's being developed and let it developed unregulated. It's happening whether we want to recognize that it's happening or not and it will be Fayetteville's problem at some point. We need to manage it on the front end rather than deal with it on the back end which I'm afraid that is where we're heading."

I'm going to give some background information on the city's planning area. This is approximately 25,000 acres or 39 square miles is what you see outlined in blue and to put it into context with the cities around us Fayetteville is bumping against the borders of five other municipalities. Our planning area bumps up against all of them. The question has been asked before when will Fayetteville stop growing. I think this slide gives us an indication that Fayetteville couldn't keep growing indefinitely. There are going to be limits. Also you should know that we've been annexing at a rate of about 625 acres per year. That's based on last year and 2005. If we keep annexing at that rate or 50% of the planning area will be annexed over the next 20 years. In 2006 I have 800 with a question mark because Southpass alone is 800 acres. So that one annexation would exceed the average of our previous two years of annexation. We would also argue that planning areas are developing in urban densities. And by urban densities we mean the densities we see in the planning area are becoming identical to the densities we see within our city boundaries. These are pictures of our developments in the planning area currently. The density is also increasing. Last year there were about 217 units approved in the planning area. That was 8% of our total residential development. This year at the end of third quarter it's 12% of our residential development and the expected units are about 450. This is an example I was talking about the densities being quite similar. Here is it difficult to tell from the developments alone where the city boundary is.

Mayor Coody: I find it fascinating that the more urban development area is just outside the city. I'm sure it's not like this all over the city limits but it's an interesting justification that the more underdeveloped rural looking land is within the city and the opposite is on the outside.

Karen Minkle: Right.

Alderman Thiel: No it's not.

Mayor Coody: Yeah. If you'll look at where it says city on the left and planning area is on the right.

Alderman Thiel: The City just has more trees. That's all I can see.

Mayor Coody: Maybe that's right.

Karen Minkle: It's also exhibiting patterns of sprawl of where you have low density leap frog development. I should say before presenting this plan that we are not recommending formal Council action this evening. We think this is a big topic that deserves a lot of public discussion as well which we hope will happen throughout the comprehensive planning process.

These are some concerns that we're also included in the fiscal impact study. The cost of annexing after land has already developed is greater than the cost of annexing land before it has been developed. We talked about the infrastructure costs that we incur when we annex land. When we annex some property after a subdivision is there then we have additional infrastructure costs because then we're dealing with decentralized sewer systems. There's also the loss of future sales tax revenue. We talked about corridors where commercial development is likely to happen. Because our planning area is not sacrosanct other cities can annex that area. There is a lot of uncertainty there and potential loss of future sales tax revenue. There's also cost of infrastructure to retrofit areas that have already developed. I mentioned uncertainty and there is a lot uncertainty in terms of land use. This is a picture of residential property right next to storage units and that's a picture of our planning area currently. It's also difficult to plan for infrastructure needs in the future. For example the Fire Department has mentioned it is difficult to plan for future fire stations when you are not sure which part of the planning area is going to be annexed.

There is also potential environmental threats. The EPA released a report in January of 2005 that have these statistics, that between 10% and 20% of all onsite systems are not adequately treating waste and that state water quality agencies have said that septic systems are the greatest threat to ground water quality.

There's also increase traffic congestion that we're dealing with and this was also in the physical impact presentation. These traffic counts are from two different studies and we can assume that not all the traffic was being generated by Fayetteville residents. Its people coming from our planning areas that live there partly.

These are the goals of the Strategic Annexation Plan and they are almost identical to the guiding principles of the Fayetteville Vision 2020 Plan is to have a financially sustainable city government avoid those back end costs of annexation that I mentioned and to have a well maintained city infrastructure and to make sure as much as possible you have concurrency between development and infrastructure availability. Make sure we have a diverse growing economy to maintain our high quality of life, naturally beautiful city and to manage our future.

The first step in this recommendation is to annex the islands that are bounded by two cities. This includes or actually only one piece of land between Farmington and the City of Fayetteville. According to Arkansas state code you can now annex islands that are bounded by two cities with City Council vote. The second step is to annex the planning area. This is approximately 2400 households. The third step is to make sure we capture strategic corridors. This was also mentioned in the fiscal impact analysis presentation. And you will notice that to the west we come outside of our planning area slightly that line extends to Harmon Road.

However this is a lot of land to take in all at once and especially since we just talked about infrastructure costs as well as other concerns about annexation. So we proposed that the planning area be zoned in two different ways. One would be a growth area. This is about 50% of our planning area to plan and manage growth over 20 years.

We'd also direct capital improvements to this growth area. Next would be to establish a future growth area which you see in the purple where we would use low density zoning. For example, one unit per 20 acres. There are a number of policy options for dealing with that future growth area, one is low density zone. Current density in that area is about one unit per 19 acres. This is just to give some graphical representations of what would happen with the different policy options. So on the left you have what is currently in that future growth area. On the right you have a low density zoning policy where you would see additional development but on 20 acres of land. Another policy option is cluster development where you retain overall density but homes are clustered together. So this is low density zoning with the same amount of development compared to cluster development where it is clustered and you have greenspace. Another option is transfer development rights and you all have received literature on both cluster development and transfer of development rights. In transfer of development rights and transfer of development rights is definitely the most complexed of all the policy options where you separate property rights from development rights. So you would choose an area to be your spending area, for example, the future growth area. You would designate a receiving area where you might want to increase density within the city, say for example if I was a person living on five acres of land and I developed on one acre, I would have four units of credit that I could sell to an interested developer and the market would determine the price. Then the developer who would be in the receiving area could then increase the density of a development whether it meant adding stories to a property or increasing the density within that development.

Mayor Coody: So the way that this was described to me seems similar to clean air trade credits.

Karen Minkle: Right.

Mayor Coody: This is an interesting concept. Do you know of folks in the world that are doing this in the United States?

Karen Minkle: The State of Maryland. A number of their counties have adopted transferred development and it's being piloted in other counties around the country. It's a newer tool so counties are piloting it.

Mayor Coody: It's an interesting concept.

Karen Minkle: Right and what we wanted to do here was at least find all the tools that were being used around the nation and present them. This is what that map would look like if we put all the steps together. Future growth area is 12,697 acres. The density is currently one unit per 19 acres. In the growth area the total acreage is 13,766 acres and the density is one unit per 8 acres. I wanted to close with this quote by Edward McMann who is a senior fellow at the Urban Land Institute. "Growth is inevitable and desirable but destruction of community character is not. The question is not whether your part of the world is going to change. The question is how."

Mayor Coody: Thanks. I know the staff put a lot of effort into gathering all this information. It's an interesting concept to bring forward. It will be good to have a lot of discussion about it to see if it will work for Fayetteville or what the over all scope of the future of annexation is. The Council might decide not to annexation anything ever again or they might annex everything or something in between. It's going to be an interesting conversation.

Alderman Thiel: I understand this is a presentation for discussion and thought.

Karen Minkle: It's more conceptual.

Alderman Thiel: It's up to the City Council at some time to establish the future growth areas. Someone, legally the City Council makes that decision.

Mayor Coody: Yes.

Kit Williams: Well to some extent it does. We're limited by state law how far out we can go.

Alderman Thiel: Right.

Kit Williams: Within that area yes, it's your prerogative.

Alderman Thiel: But the annexation part that would take a vote of the people.

Karen Minkle: With the exception of the islands bounded by two cities.

Kit Williams: But the vast majority they're planning, yes with a vote of the people.

Alderman Ferrell: You said it doesn't require an election if you're an island into between two cities.

Mayor Coody: No. If the City of Fayetteville completely surrounds a property that hasn't been annexed then we have the authority to annex it. So it wouldn't be just a block of county surrounded by the City of Fayetteville.

Alderman Ferrell: Thank you.

Karen Minkle: Right. If it is an island bounded by two municipalities.

Alderman Lucas: This started with our task force. They came up with this and were able to tell us a little bit about the cost and that was what we were asking in our task force which we didn't have the means of finding out how much it was going to cost really.

Alderman Ferrell: One of the things that I found interesting was the focus groups; the one citizen that visited with was from east Fayetteville.

Alderman Reynolds: I want to thank Karen for a good job.

Alderman Thiel: I do too.

Mayor Coody: She did a good job. Thanks Karen.

Alderman Thiel: I just wonder what our next step is.

Tim Conklin: On Monday we will be interviewing consultants with regard to our comprehensive plan. I think the next step as we go through that planning process for the City of Fayetteville citizens in our future growth area is that we have these policy discussions of where we want to grow. Because we are bumping up into each other's jurisdictions. There's confusion out there even among developers which planning area they are located in due to the state law and equal distance. The earlier slide showed the five jurisdictions that we share city limits with. There needs to be a discussion of where we want to grow, how we want to grow and how we want to manage that growth within those areas. I anticipate that we will have that discussion in 2006 and the outcome of that will be a policy decision that the City Council will make with what direction we go with regard to annexation.

Alderman Thiel: I think that as we're looking at impact fees I think we're all a little concerned about this methodology not giving us the answer that we seem to want to have. I think we all kind of want projections that are closer to where we are right now and I think some of these were taken in years that we weren't to the current level we are now. I think that as we continue to change policies you're going to have to continue changing the way we look at this because as we pass impact fees, or if we pass impact fees, more of them then that's going to change the whole outlook of the cost of growth and annexation. I guess the next time we look at this it would be helpful if we somehow had a better idea of how close we are on actual costs. How accurate these projections are.

Tim Conklin: That is something that we have discussed as staff is how to better look at the assumptions that were made back in June and making sure that they are valid for today. Once again it was snapshot in time looking at 2003 and 2004, things have changed. As we discussed this evening and that is something that we've talked with the fire chief and police chief about to make sure that we can try to develop some type of predictive model to be able to provide information to the City Council and citizens.

Alderman Jordan: One of the questions that were asked of us at the Ward 4 meeting was if we annex one mile outside of the city limits or whatever we decide to annex, does that not create yet another planning area on out there? Can you address that?

Tim Conklin: The City Council would have to make that decision of whether or not they wanted to create a planned area beyond the city limits. The staff's recommendation is based on how to plan and manage growth and to be able utilize the tools that we have as municipality to plan and manage that growth. So our recommendation was to not go further out but to plan and manage the growth with the ability that we have that's granted under the State of Arkansas.

Alderman Jordan: I didn't want to get to a situation where we annex in one planned zoning area and then we create another one and we just keep going until we annex Tulsa.

Tim Conklin: That's a good point. Our planning area Lake Sequoyah is the city limits and then we go out a mile some areas up to two and half miles. I don't think that anywhere that we go is over four or five miles. As you can see from the map some of the smaller jurisdictions do have larger planning areas than we do. But we are in the center of this Washington County growth area.

Mayor Coody: Alright one thing I wanted to say was that when I see the white area here which is the county area between cities to me the growth of Northwest Arkansas and Fayetteville and the surrounding cities is just a given, it's inevitability. I think it's going to happen unless something radical happens which I certainly don't expect. So one of two things will happen, if Fayetteville decides to stop where we are and that would be the easiest thing in the world to do which is not annex anymore land and turn down any other growth, anything outside then in a manner of not much time at all you would see those towns around Fayetteville grow to where we would be completely land locked at some point. Then we wouldn't have any options, all of our city limits would be surrounded by Elkins and Farmington and Johnson, etc. Or if we didn't annex the planning area we would at least have more information and manageability of the way that part of the world develops. We would have a little bit more control over that part of the world. For better, for worse and these are two sides of the coin. One day in this area all that's going to be municipality of somebody we just don't know who yet. But it will happen.

Alderman Ferrell: Not long either.

Mayor Coody: Not long.

Tim Conklin: As you can tell Fayetteville city limits and the Tontitown city limits are not very far apart at this point and time.

Alderman Ferrell: Where is the two and half mile area for the planning area? You said about the farthest one we had was about two and half miles.

Tim Conklin: If you'll look at west Fayetteville where it says Tontitown, that's around the two miles or two and half miles. So that's about the farthest and out to Goshen.

Alderman Ferrell: So it's a little bit south of Tontitown there and west is the two and half mile area?

Tim Conklin: That's correct.

Alderman Ferrell: Okay, thank you.

Kit Williams: This is actually two different things. One is a very big thing you're looking at, strategic plan. The other one is that piece of land that is surrounded by us and Farmington and includes a section of Rupple Road which I think is on your plan to improve and enlarge and build. My suggestion would be if you really want to build Rupple Road we should own it. So I would say that we probably should move forward on annexing that island rather than waiting for this big discussion on this whole strategic plan. I think that part of this presentation is something the City Council might want to consider sooner.

Alderman Lucas: I have asked Tim to put something together for that because it is in our Ward.

Mayor Coody: Okay. Tim when do you think you might have something like that put together, what's your time line?

Tim Conklin: We will review the state law and get with our city attorney and bring it forward. The last time we did the island we did have an informational meeting with the residents within the island. So it could take about two and half, three months to finally get the islands annexed but I think if we started in November it would be before the City Council in January.

Mayor Coody: Is that soon enough do you think? The sooner the better. So if you could add this to the list we'd appreciate it.

Tim Conklin: Will do.

Alderman Marr: We're conducting focus groups for various sections of the city or has that been completed?

Tim Conklin: That's correct. That has been completed. There were six focus groups and I'll let Karen express that.

Alderman Marr: Can you explain to us how you selected the focus groups and where they were located in the City?

Karen Minkle: Our hope for the Comprehensive Plan 2025 is to have record public participation. Some of the ways we were looking to hear from people that didn't ordinarily participate in city meeting, especially related to planning was to conduct focus groups. And so initially with the Comprehensive Plan and most of you saw this presentation when we talked about the comprehensive plan and we talked about how we were thinking of dividing up the city into four different areas central, east, west, south not along ward lines. They were very rough vague boundaries. What we did was looked at the neighborhood organizations within those boundaries and we asked the neighborhood association's president to nominate two or three people who they thought were articulate and informed citizens but who didn't typically participate in public meetings. They give their names and we randomly selected between six and eight people for those meetings. They were sent a letter inviting them to participate in the focus group. Just to ask them what issues they wanted to see addressed in the comprehensive plan and they also had maps of their general areas and they marked what they thought were good planning decisions and what were bad planning decisions. We also met with elementary school teachers from around the city who were nominated by a number of people at the administrative level of the district. We wanted to get their opinions on what they thought about the neighborhoods around their schools and what planning decisions we could do to make those neighborhoods better. We also met with health professionals from around the city. They are key stake holders that were not included in focus groups and that was because we know that the consultants we hire will be eager to talk with those groups, using planning, University of Arkansas and developers as well. So we held off on those groups that are definitely going to be consulted but we were trying to get people we don't usually hear from. The results of the focus groups will be included in the analysis of current circumstances section of the comprehensive plan.

Alderman Marr: Did you hear any feedback from any one who was not interested in us expanding or annexing the city.

Karen Minkle: We didn't talk specifically about annexation. I only asked them what issues they wanted to see addressed in the comprehensive plan. I can tell you at this point growth was definitely talked about more with the west Fayetteville group and the east Fayetteville group.

Mayor Coody: What aspects of growth and what was their perspective toward it?

Karen Minkle: I hesitate to comment too much because I'm still transcribing all the tapes. I only met with west Fayetteville last night. That's my general impression. I'd like to look at all their comments.

Mayor Coody: Thanks Karen. You're doing a good job. I know you're pouring a lot of work into this.

Dr. Zacarias: Good evening. What would be city's preferences to go east, west or south part as far as annexation?

Mayor Coody: That's part of the Council's discussion. This is going to be long term and I don't think any one has any answers. I don't believe any one would have an answer for that question. First the question is do we need to annex more and then the question would be how would be the best way to do it and where would be the best place to go.

Dr. Zacarias: So there's no preferences. Because north is obviously not there.

Mayor Coody: North is not much of an option. Do you have any preference?

Dr. Zacarias: I'm just asking.

Kit Williams: Mayor I've prepared a resolution just so we'd have something for the Council. I didn't expect it to be passed maybe you just want to table it and go to the next one.

Alderman Lucas moved to table the resolution indefinitely. Alderman Jordan seconded the motion. Upon roll call the motion to table passed 7-0. Alderman Rhoads was absent.

Sondra Smith: Mayor was that to table indefinitely or to a specific time frame?

Mayor Coody: I would bet it's indefinitely.

ADM 05-1666 Rupple Road Reclassification: A resolution amending the Master Street Plan, reclassifying Rupple Road from a Minor Arterial Street to a Principal Arterial Street.

Tim Conklin: Mayor and members of the Council. I think everybody is aware that we've had a lot of discussion over this past spring and summer with regard to the desire for Rupple Road to be developed as a principle arterial with a boulevard type cross section. We do have in our Master Street Plan a cross section that requires additional right of way that would allow for a boulevard type arterial street to be constructed and staff brought forward this item to the Planning Commission and they recommended approval to the Council to reclassify the segment of Rupple Road from Highway 62 up to Howard Nickle Road as a principle arterial. The difference in right of way is from 90 feet to 110 feet. So the city would be able to obtain 55 feet from the centerline or 110 feet of right of way as development occurs up and down that corridor. If you have any questions I'd be more than happy to answer them at this time.

Alderman Jordan: Did it pass the Street Committee unanimously. I think it's something that we need. I think it is one of the future pieces of this city as far as transportation goes.

Alderman Jordan moved to approve the resolution. Alderman Lucas seconded the motion. Upon roll call the resolution passed 7-0. Alderman Rhoads was absent.

Resolution No. 209-05 as Recorded in the Office of the City Clerk.

ADM 05-1742 Rupple Road Realignment: A resolution amending the Master Street Plan by realigning Rupple Road from south of the Fayetteville Public School on Persimmon Street to Hwy. 62 approximately 350 to 700 feet west of the current alignment as indicated in the attached maps.

Jeremy Pate: Evening Mayor and members of the Council. This is also dealing with Rupple Road; however it is not the entire proportion of it. This is a simple realignment in order to accommodate a couple things. One this location of property, realignment of Rupple Road, south of Persimmon Street, south of the school that is currently being construction and on to Highway 62 or Sixth Street. The realignment would move Rupple Road west approximately 350 to 700 feet in locations. If you'll note on the maps on page 4 of 8 the current Master Street Plan simply falls to a straight line, it's a straight line that falls south to Highway 62. It currently traverses quite significant terrain. This modification would put this at the foot of that hill and therefore would both reduce cost and the grade of the street where it would be constructed as a principle arterial boulevard in the future. Staff did bring this to the Planning Commission at the request of the applicant, Mr. Sloan and the Planning Commission reviewed this on two occasions. The second occasion was to have more information regarding topography, trees, slope and things of that nature as well as adjacent landowners. A realignment was recommended in the proposal to accommodate an existing landowner. Staff is recommending approval of this realignment of Rupple Road. It has also been before the Street Committee and they recommended this project to the City Council for approval.

Alderman Jordan: I want to thank the staff and Mr. Sloan that was on board with working things out with the citizens.

Charlie Sloan expressed his appreciation for the help that Alderman Jordan had given him.

Mayor Coody: Lioneld's a good alderman. He does a good job as do all of our aldermen for the citizens of this town.

Alderman Jordan moved to approve the resolution. Alderman Reynolds seconded the motion. Upon roll call the resolution passed 7-0. Alderman Rhoads was absent.

Resolution No. 210-05 as Recorded in the Office of the City Clerk.

Mayor Coody: Thank you very much. That concludes the City Council meeting. Before we adjourn I want to say to the staff I know you guys are burning the midnight oil and working very hard under a lot of pressure and you try to do everything you can to make this town great to live in and you are succeeding. Thank you very much. Alright, meeting adjourned.

Meeting Adjourned at 7:20 PM

Dan Coody

Dan Coody, Mayor

Sondra Smith

Sondra Smith, City Clerk