Minutes
Of The
City Council Meeting
December 16, 2003

A meeting of the Fayetteville City Council was held on December 16, 2003 at 6:00 p.m. in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

PRESENT: Alderman Reynolds, Thiel, Cook, Marr, Rhoads, Davis, Jordan, Mayor Coody, City Attorney Kit Williams, City Clerk Sondra Smith, Staff, Press, and Audience

Mayor Coody called the meeting to order.

Fayetteville Natural Heritage Committee Presentation:

Walt Eilers spoke on Fayetteville Natural Heritage and their accomplishments over the past year and what they hope to accomplish in the next year.

Peter Heinzelmann spoke on the natural areas in Fayetteville that need to be preserved and how other communities have preserved areas in their community.

Tom Lonon presented the City with a check in the amount of $20,000 from the National Heritage Committee for the preservation of Mount Sequoyah Woods.

Mayor Coody thanked Fayetteville Natural Heritage Committee for their work in raising funds to this project.

Nominating Committee Report: Alderman Marr presented the Nominating Committee Report to the City Council for approval. A copy of the report is attached.

Alderman Marr moved to accept the Nominating Committee Report. Alderman Reynolds seconded. Upon roll call the motion passed 7-0. Alderman Lucas was absent.

CONSENT:

Approval Of The Minutes: Approval of the October 21, 2003, November 18 and December 2, 2003 meeting minutes.

Vanco Engineering Flash Mixer Purchase for the Noland Plant: A resolution approving the purchase of a flash mixer for the Noland Wastewater Treatment Plant in the amount of $21,310.00 from the lowest qualified bidder, Vanco Engineering Company; and approving a budget adjustment in the amount of $55,000.00 for same.

Resolution 188-03 as Recorded in the Office of the City Clerk.

EDC Corporation Bid Award No. 03-68 and Contract Approval: A resolution to approve a contract with EDC Corporation for the AIMS Parking Management System in the amount of $34,357.26, with a project contingency of $3,435.74, and approval of a budget adjustment in the amount of $37,793.00.

Resolution 189-03 as Recorded in the Office of the City Clerk.

Jim Black Contract - Operation of the Lake Fayetteville Boat Dock: A resolution awarding a contract to Jim Black in the amount of $31,719.00 to operate the Lake Fayetteville Boat Dock for calendar year 2004, with five one-year renewal options.

Resolution 190-03 as Recorded in the Office of the City Clerk.

Green Anderson Contract Amendment – Installation of an Emergency Generator for City Administration Building: A resolution to approve amendment # 1 of the agreement with Green Anderson Engineers, Inc. in the amount of $3,100.00 for engineering services related to design of a standby emergency generator system for the City Administration Building.

Resolution 191-03 as Recorded in the Office of the City Clerk.

Jerry Sweetser Construction Contract – Construction of Broyles Road: A resolution approving a construction contract with Jerry D. Sweetser, Inc. in the amount of $397,868.25 for the construction of Broyles Road from Wedington Drive to Persimmon Place Subdivision; approving a 15% project contingency in the amount of $59,680.75; and approving a budget adjustment in the amount of $457,549.00 for same.

Resolution 192-03 as Recorded in the Office of the City Clerk.

Habitat for Humanity Waive of Building Permit Fees and Developmental Fees: A resolution to waive the building permit fee and other developmental fees for homes to be constructed by Habitat for Humanity.

Resolution 193-03 as Recorded in the Office of the City Clerk.

Alderman Jordan moved to approve the consent as read. Alderman Davis seconded. Upon roll call the motion to approve the consent passed 7-0. Alderman Lucas was absent.

OLD BUSINESS:

ADM 03-29.00 Amend Master Street Plan – Cliffs Boulevard Eastern Extension: A resolution approving an amendment to the Master Street Plan relocating Cliffs Boulevard and reducing it to a collector street between Highway 265 and Starr Drive as shown on Exhibit A.

Dawn Warrick, Planning: The Exhibit A that was passed out at agenda session is the revision based on the discussion on this item at the last City Council meeting. I believe that this exhibit fulfills the desires to maintain a connection to Cliffs Boulevard on the Master Street Plan at a collector status. This will also meet the needs of the development that is proposed in this area. The collector that is shown to run along the south edge of the proposed subdivision has been planned into that development and is reflected on the approved preliminary plat that was approved by the Planning Commission on November 10th.

Alderman Thiel: The resolution still states an amendment to the Master Street Plan relocating Cliffs Boulevard.

Kit Williams: Yes it does relocate it to some extent.

Alderman Thiel: So this resolution does address all the changes?

Kit Williams: Yes it does but before you would pass it you would need to move to amend this resolution. The first amendment that was presented to the City Council at the last meeting was changed. This is the new resolution that I drafted to try to reflect what the Council wanted.

Alderman Thiel moved to approve the amendment to the resolution. Alderman Davis seconded. Upon roll call the amendment to the resolution passed 7-0. Alderman Lucas was absent.

Alderman Davis: With the way it is going to be built currently should this pass this evening it will be a residential construction type street.

Dawn Warrick: The street will be constructed to residential street standards, the right of way will reflect that necessary for a collector street. A 50 foot right of way is a residential street and 70 feet is the collector street requirement.

Alderman Davis moved to approve the resolution as amended. Alderman Marr seconded. Upon roll call the resolution passed 7-0. Alderman Lucas was absent.

Resolution 194-03 as Recorded in the Office of the City Clerk.

Hay Group Salary Survey: A resolution adopting the Hay Group's recommendation in the 2003 compensation practices update; implementing 50% of the recommendation in January 2004 and the remaining 50% in January 2005.

Michele Bechhold: This item was tabled at the December 2, 2003 City Council meeting to allow staff time to gather some additional information that City Council requested. We have provided that information to Council.

Alderman Davis: Don, I know you were involved in a teleconference can you tell us what you discovered with that teleconference.

Alderman Marr: There was an email that was put in each alderman's box that kind of recaps that. The question that I had was to verify that the data was in fact correct, specifically relating to the recommended wage increase for the police department because we had such a large increase last year. We aged that data to market January of this year and the recommended increase is greater than the COLA or cost of living adjustment for the current year. My questions were is there an error in the data and if not what is the issue with our policy or practice that's causing us to more than double behind COLA when we just made the adjustment. In the memo it refers to the fact that the change in the participants is basically what is driving that change in this particular data that of the survey data for participants for both years increased approximately 2%. The average salary for the cities that were added this year were approximately 6 ½% greater than the average of cities that remain in the data base from the prior year and 10% greater than those cities that participated in the last study that we did in 2002. We had more participants in the over 90,000 cities, I think it was 6 cities over 90,000 last year participated in the survey, this year 9 did and of those nine five were new of which all were roughly 10% greater than last year's group. On the 20,000 to 50,000 cities which is our lowest bracket, that went down by about 13%. There was a correlation between the size or population mix and their salary data. By having fewer participants in the smallest category and more in the highest category it accounted for movement in our items. I ask how volatileable will it remain and when will it level, obviously that depends on who continues to participate in the survey. I was told by the third year it should stabilize so that we do not see jumps based on participant change.

I believe that our band is way too large, I believe that having 20,000 to 50,000 and over 90,000 is skew data more than it should because of the participants and I think we should focus on trying to identify 20 cities or 25 cities in the category that we are in 50,000 to 90,000 as opposed to having it on the extremes that could pull it down if the participation flips to the lower size or pull it way up. I also think we should set some thresholds that when we cross 75,000 or 80,000 in population then we look at going up and pull in part of the next category and maybe change our band instead of being 50,000 to 90,000 to be 80,000 to 120,000. That would be my recommendation over time to get rid of this problem.

Judy Cohea, Police Department: I am concerned about adjusting the pay matrix. Currently the way our pay plan works is that when we bring an employee in with minimal skills to do the job at the beginning rate our pay matrix is set up to where within three years of on the job training they meet the mid point, if this pay matrix is changed it will take four years for them to reach the mid point and within that four years we will have another adjustment to the range. Since 1989 the range has always increased. Every employee gets an evaluation at six months and then again in another six months and then yearly after that. The evaluation has 45 points, you get a score of between 1 and 5 for each area and you have to get an average of a 3 to be considered for a pay raise. A score of a 3 is an employee than is completely capable of doing

their job. Generally in the first three years you get between a 3 and a 3.5. The reason you get higher than a 3.5 is that you take on extra duties. If we change this matrix it will be 4 years before they meet market. If the market is out there and they are looking for our employees they will go. Some people say our matrix percentages are rich but when we come back every other year for the study our people that are not way above, we have people that are below the mid point. I think our matrix has served us well since 1989. The past three or four years the city has had a hiring freeze for established services, but our work load is increasing, our population is increasing. We continue to get the job done. Changing this pay matrix will make a difference in our ability to hire and maintain employees. I would also like to see full implementation of the increases that Hay Group has recommended.

Mayor Coody: We appreciate your efforts and recognize how hard working everyone is for the city. The city staff population is growing at half the rate as our citizen population, so the work load is getting heavier and the efficiency rate and the productivity is increasing. We recognize and appreciate how good you are for the community.

Alderman Marr: Why would the step matrix be one half of what it is, if it is a 4% step there is not a recommendation to half that is there?

Michele Bechhold: The percent is not a consistent change of 2%; there are 1% and ½% changes also.

Alderman Jordan: If a worker comes in they would receive a certain step percentage this year.

Michele Bechhold: For 2003 their merit raise would depend upon their score on the evaluation and where they are in their pay range. The matrix that we distributed at the beginning of 2003 is in effect for the entire year of 2003. We are looking at proposing a difference matrix for 2004. If someone is due an increase in 2004 and this new matrix is approved then the increase would be under the new matrix which does have reduced percentages.

Alderman Reynolds: When a person is hired in 2003 and they have been told if they perform they would get a certain increase that increase could be less if the matrix is changed?

Michele Bechhold: It would be a different percentage than 2003.

Alderman Jordan: If we change this tonight then we are changing the current plan that these workers were hired under.

Michele Bechhold: It would be changing the 2003 merit matrix, that matrix was changed in 2003 and it would change it again.

Alderman Marr: Can someone tell me the budget dollar difference only related to the matrix change. What impact does that have on the budget?

Michele Bechhold: To leave the matrix of 2003 in place would be $93,363 that does include benefit cost, $49,990 of that would be attributed to the general fund.

Alderman Marr: What number was used in the budget projections?

Michele Bechhold: Budget projections were based on the reduced matrix not the 2003 matrix.

Alderman Marr: So we would be adding roughly $93,000.

Michele Bechhold: Yes

Alderman Rhoads: You are advocating that we change this matrix because why?

Michele Bechhold: The staff recommendation includes a change in the matrix based on information from the Hay Group that was included in the salary survey result document that shows public sector employers are averaging 3% to 3.5% projected merit budget for 2004 and the merit chart that we have proposed would yield a merit cost within that range. It does also produce some savings for the city.

Alderman Davis: The new people that have been hired recently would be the ones that would continue to be behind more so than the ones that have been here for the city for some time is that correct.

Michele Bechhold: The pay ranges do not change or their position in range does not change they would get a smaller increase than they would if we did not change the matrix.

Alderman Davis: The problem I see with what you just told me is the new person if you are hiring them at the 2003 rate that person might seek other employment which you have already spent those cost to get them into the system and to understand the position. So you have lost additional dollars in training on a new individual.

Michele Bechhold: If someone would decide to leave based on a change in their merit increase that is correct. We would incur advertising cost, downtime while that position is vacant and a learning curve cost again.

Alderman Rhoads: Do you have the flexibility in your policies to be able to go out and attract the good employee or do you have to pay them all the same starting rate.

Michele Bechhold: We do not have to start everyone at the minimum of the pay scale we are provided latitude based on their experience and education as it fits to the job.

Alderman Rhoads: Therefore to some degree that takes care of that problem because you can hire them in at a greater amount.

Michele Bechhold: Yes you can hire them in and make some adjustments based on their education and experience.

Alderman Davis: That takes care of the employees that you hire once you change the matrix but it is still going to have a negative affect on the ones you have recently hired.

Alderman Rhoads: Did you have that same flexibility when you hired new people last year or this year?

Michele Bechhold: Yes as far as the latitude to hire above the minimum that has been a long standing policy.

Alderman Marr: You cost risk, advertising, retraining, the things you listed as the cons of not doing this, was that assessed when you made this recommendation. Are you still making the recommendation based off understanding that, that risk is still there and how real that may be or is that something you are fearful of?

Michele Bechhold: As far as the change in the matrix itself generating turn over? Although there is some small amount of risk there and it may be greater for certain positions, we don't expect employees across the city to decide they are going to resign their positions or seek employment elsewhere based on the change in the matrix. We pulled a sample of about 10 employees from various grades between hourly and salary and the average difference was about $127 in the amount that they would receive under the proposed matrix and the current matrix annually.

Alderman Marr: What is the percentage of the city's entire work force that typically qualifies for the full step at the six month review?

Michele Bechhold: The supervisor has three options at six months, to grant no increase and review again in six months, grant half an annual increase and review again in six months or they can grant a full annual increase and review again in one year. I would say the majority 60% to 70% are going to probably grant the full annual increase, there will be some divisions that as a routine grant half of an increase and another half and there are some that opt to not grant anything at six months and review again at the one year mark.

Alderman Marr: Is this $93,000 based on everyone getting the step at 100%?

Hugh Earnest: We do have separate personnel systems, in most of our employees except for police and fire, we do not use a step plan. We have performance evaluations, so it is very hard for us to answer exactly how much of that will be used because it depends on the grading of that particular employee and what the percentage increase based on their ranking. Police and fire use the more traditional step plan.

Alderman Marr: We put head count in our budget every year and we don't fill every position for the year, we have a percent of openings that never get filled even though the money was budgeted it wasn't spent. What I am trying to understand of this $93,000 is that exactly what would be spent if we implement it. If we don't practice that we do this across the board then it is really not $93,000 and the smaller that number gets compared to the risk of losing and retraining changes my decision.

Hugh Earnest: That is at 100% so in all probability it would be something less.

Alderman Marr: But we don't have any estimate of what it has traditionally run.

Steve Davis: Because we budget each position to be fully staffed 12 months out of the year we historically have had a 3.5% to 3.7% personnel services budget left over at the end of every year. We don't have full staff year round we are running about 96% to 97% utilization of budget for that purpose. I would point out also that our turn over was as high as 25% in 1998 and this year it is annualized at 8 ½%, so our turnover rate has decreased steadily since 1998.

Alderman Marr: What is the average cities turn over?

Michele Bechhold: The IPMA which is a government type personnel management association their 2003 benchmarking survey showed an average of 9.2% turn over for cities, that did include voluntary and involuntary turn over in that 9.3%. Ours only includes voluntary.

Steve Davis: Because of the way we count full time equivalent's when we have interns or work studies that end their school term they are counted as a voluntary turn over when they terminate their employment with the city.

Alderman Davis: We are looking at total personnel expenses to be $21 million for 2004, if you are looking at 3% of that that is not going to be used because those positions are not staffed, that is approximately $700,000. This is a small percentage and the training expense is a whole lot greater than what we are talking about. I almost hate to see us change the matrix.

Alderman Jordan: If we have employees that have been hired by the city and they have been told that they will receive a certain percentage of a raise and they will not receive that percent if we change the matrix. We are talking about $93,000, we do studies and pay $200,000, hire consultants for $100,000 or $150,000, I think $93,000 is a small price to pay for keeping the morale and the talents of the workers that we have in this city.

Alderman Rhoads: Do we actually take the matrix to a new employee and say this is what you will get? Do we promise them that they will get this increase or do we say this is the matrix and this is what everyone gets thereby leaving the impression that they will get it?

Michele Bechhold: As far as individual statements by supervisors I would say there are some supervisors that probably don't show their employees the matrix. I would like since we have experienced, well trained supervisors that they are not going to promise anything to anyone.

Alderman Rhoads: My experience is that you tell someone this is what is in place now put it could be changed, it could go up or it could go down is that what supervisors are instructed to tell people.

Michele Bechhold: As far as what they tell people when they are speaking to them I don't know.

Alderman Rhoads: What do you instruct them to tell?

Michele Bechhold: We don't have a specific discussion that we train on.

Mayor Coody: We have two issues in front of us, the matrix and the other is the implementation of the 50% in 2004 and 50% in 2005.

Alderman Jordan moved to amend the resolution to leave the Merit Matrix the same in 2004 as it was in 2003. Alderman Reynolds seconded. Upon roll call the motion to amend the resolution passed 7-0. Alderman Lucas was absent.

John Brooks, Police Department: The civilian personnel were given a much needed raise in January 2002 due to the Hay Group study. With the exception of that merit increase it is not possible to get a raise in the city. The 2003 matrix has just been in existence for a little while we don't even know how well it works yet. It is set up to reward an employee as they move towards that mid point. I would ask that you fully implement the salary increases both civilian and sworn personnel. If you increase the salary ranges by 50% in 2004 and 50% in 2005, city employees sworn or non-sworn will always be behind the current market rate. Funding it fully will still put us at a 2003 market figure because the survey was done in 2003 and the data has not been aged. The employees of the City of Fayetteville are the most valuable asset and they desire to be rewarded for a consistent job well done. I think that if you change this and you don't fund this fully you are going to see morale drop. We need to maintain a plan that rewards all employees equally regardless of job title. The City of Fayetteville has always implemented the pay plan fully since 1989 and we ask that for 2004 the pay plan be fully funded to compensate the employees of the City of Fayetteville.

Steve Davis: When we started this process we were advised by our compensation consultant that the city needed to be closer to market and that included adjusting our merit. The financial institutions have reduced their annual merit budget from 4.8% two or three years ago to just under 4% for 2004, so it is not uncommon for employers to adjust their merit budget to reflect market conditions. This matrix has been amended several times since 1989. I don't know that it has ever been amended to this extent but then again the city has never had a general fund balance in the condition that the current fund balance is in either. The 50% implementation represents an opportunity that we saw postpone spending money for approximately one year and primarily out of general fund. We expect to save approximately $150,000 by the phasing in of this pay plan adjustment over a two year period the vast majority of the $150,000 is in the general fund. We will save $140,000 by splitting the matrix increase on police uniform employees that is the vast majority of that increase.

Alderman Thiel: The total of this Hay plan that was presented to us if we adopt it, we would have to add to the budget $93,000 plus $150,000.

Steve Davis: That is correct.

Alderman Marr: Have we ever treated employee groups differently. A year ago we did not do increases on non-uniformed individuals. I think the change in the mix of our group is inflating the numbers that relate to the uniform individuals category. I would like to look at fully implementing this for the non-uniformed employees and do the 50/50 for the uniform employees

and the reason of doing that is that adding cities over 90,000 and reducing cities 20,000 to 50,000 made a change in the number greater than that of the cost of living. If you half that number you are closer to what the number would have been if the group participation had stayed close or similar.

The part of this policy that I have a problem with we are making recommendations on a group size that drastically can move this up or down and then our employees have the opportunity to pick or choose what part of it they like or don't like. If you go by the data and it is correct, then you can't pick and choose.

I think we need to get out of this looking at extreme cities on either side, we need to identify if we think population drives compensation market then a policy I would like to see adopted as our group size of the 50,000 to 90,000 and that is the range that we look at in addition to what are our cities most comparable to where our employees may go which might bring in other cities like Springdale, Rogers or Bentonville. The thing I don't like about the 50/50 totally, I feel there is justification in dealing with the numbers in the police because we know the participants changed, what I don't like about it on the other side of it is we begin to open a door and a change of practice and it goes against my philosophy, I believe that you don't mess with pay data. When you have done a study the data is the data. I have a hard time unless I find that there is an error or some rational for the adjustment to not do what the market says you should do if we want to pay at market and I would like to pay at market.

Alderman Marr moved to amend the resolution to pay the increase for uniformed employees at 50% in 2004 and the other 50% in 2005 and 100% for non-uniformed employees in 2004. Alderman Jordan seconded. Upon roll call the motion to amend the resolution passed 7-0. Alderman Lucas was absent.

Alderman Thiel: What difference will this make in our budget?

Steve Davis: The total number would be $219,785; the non-uniformed by itself is $71,774.

Alderman Thiel: If we do 100% for non-uniformed and 50% for uniformed how that would affect our budget?

Steve Davis: Combining the merit matrix change, and 100% for non-uniformed is approximately $164,000. If you 100% fund uniform and non-uniformed it would be $219,000 plus $93,000.

A discussion followed on the pay increases and the matrix.

Alderman Rhoads: With this new amendment what increase does that have to the budget?

Steve Davis: $165,137.

Alderman Marr: What is the process that we change the participation group that we are going to average in the future?

Hugh Earnest: An oversight committee was put together and spent many months discussing the particular rationale over the cities that we would choose to drive the Hay Study that resulted in the very large adjustments last year. I would agree that we probably need to look at that mix from 20,000 to over 90,000 but that was the direct result of some 18 to 20 people representing a broad spectrum of all the employee groups agreeing on the cities that we chose and agreeing on the criteria that drove that selection process. A representative from Hay Group and me participated in that. It was from that the list of the 58 cities came from. I would suggest that if we need to make that change that we take that back to the wage and benefit committee and let them make a recommendation to the full Council.

Alderman Davis: Don, what do you think we need to do percentage wise based on those different areas, 50,000 and less, 50,000 to 90,000 and above. What percentage would you recommend?

Alderman Marr: I think the 50,000 to 90,000 category is giving us a wide enough spread. It is getting cities that are growing at rates typically at what we grew at, as I understand they selected university cities. If our growth rate changed and we didn't grow any more are we going to change the cities that we pick?

Alderman Rhoads moved to approve the resolution as amended. Alderman Reynolds seconded. Upon roll call the resolution passed 7-0. Alderman Lucas was absent.

Resolution 195-03 as Recorded in the Office of the City Clerk.

2004 Annual Budget: A resolution adopting the proposed 2004 Annual Budget & Work Program and the 2004-2008 Capital Improvement Program.

This Resolution was tabled at the November 18, 2003 City Council meeting until the December 2, 2003 City Council meeting. This resolution was tabled at the December 2, 2003 City council meeting to the December 16, 2003 City Council meeting.

Steve Davis: Steve Davis distributed updated information on the budget showing the pay plan increase.

Alderman Thiel: Does this include the cash that we received on the sale of the I-540 property.

Mayor Coody: No.

Alderman Davis: Where did we take the $165,000 from Steve?

Steve Davis: The $165,000 is divided among several funds. For the most part every thing other than the General Fund we would recommend that it we reflected as an additional expense and that we use more reserves in that fund, because the dollar amount when we look at it across the city is really a very small amount per fund. The one fund that has the largest cost is the Water and Sewer Fund and that is a $25 million plus fund, so this approximate $30,000 is not a very large expense to that fund. The other item that I handed out is the General Fund balance

projection; with this additional $82,000 in cost it moves our reserves to $5,653,000. When we started the budget process we were at $6,099,000, the biggest change between the two numbers is that we removed property tax millage revenue that we had proposed. When we did not adopt the one mil property tax that had to come out of the proposed budget. The second item was that we received notification that our turn back monies from LOPFI were going to be much greater than we anticipated, so we incorporated that number in this turn back revenue. We still have for 2004 a net cost in LOPFI pension of $51,000, in 2004 we will need to have a detailed conversation about the direction the LOPFI pension fund for the state is going and what our expected cost contributions are predicted to be based on an actuarial study received yesterday.

Alderman Davis: The insurance premium tax will not continue to fund LOPFI as a whole?

Steve Davis: No sir. The actuaries are predicting that beginning in 2005 that percentage of funding will continue to decrease until around 2008 it will be somewhere around 25% of the cost. Our cost is expected to go from $51,000 annually to over $264,000 by 2008 and climb further after that.

Mayor Coody: What was the number in 2018?

Steve Davis: I don't remember that one but the 2028 number was $2,769,000.

Alderman Marr: In the letter it talks about the fact that you can only rely on the first 10 years.

Steve Davis: In 2013 that number is $792,000. That is a significant cost increase for our General Fund, even at that level.

Alderman Reynolds: 2018 is $1,300,000.

Jeff Erf: The General Fund revenue and expenses that are in the budget that have been plotted out over several years show the expenses are about $2 million greater than the revenues. Is that correct?

Mayor Coody: That is probably true, since our revenues have been falling since our sister cities to the north do not come and shop in Fayetteville like they use to, plus the fact our expenses continue to climb.

Jeff Erf: They cross in 2000 and it looks like they are starting to diverge by 2008. Do I understand that correctly that we have a shortfall in revenues?

Steve Davis: That is correct.

Jeff Erf: It looks like it has been going on for a while and it can't go on I assume in putridity because the money must come from somewhere. Currently where is that money coming from?

Mayor Coody: Basically we are spending down our reserves. If you will remember in 2001, 2002, and 2003 State of the City Addresses, we made mention of the fact that we had too much

money in reserve and too much money in savings, because if you have a lot of money in savings and you are collecting it from the tax payer you are doing one of two things, collecting too much tax or you are not spending it on the things you need to be spending it on. We wanted to spend down our reserves to a healthy rule of thumb which is 20% of budget or 16 days of operating. The problem is our economy has been helping us to do that because we are not getting the same kind of revenue enhancements that we did when Rogers, Bentonville, Springdale, all of these folks would come to Fayetteville to shop. We are losing that huge influx of tax revenue, at the same time we are seeing increases in salaries, benefits, and the cost of supplies.

Jeff Erf: Within a couple of years, if I am reading the chart properly, we won't have any reserves. I assume there is some law that would require you to keep an amount in reserve.

Mayor Coody: Cities can not deficit spend.

Jeff Erf: That might happen next year, so is there an urgency to correct this problem?

Mayor Coody: Yes

Jeff Erf: In the General Fund projections does that include impact fees?

Steve Davis: No. Impact fees do not go to General Fund because impact fees are solely for capital expendrites. General Fund is an operating fund for day to day services.

Jeff Erf: That would also go for cost of services then?

Steve Davis: The cost of services would flow back into General Fund because that directly relates to services that we provide.

Jeff Erf: The city is in the process of having one done, is that back yet?

Steve Davis: No, we have not received that yet.

Jeff Erf: I know the previous one that was done mentioned that the city could recover hundreds of thousands of dollars in revenues if they increase the cost of services for various fees in the city.

Wilson Springs, the city just received a check for $5.17 million is that reflected any where in the budget?

Steve Davis: We have not reflected that check in the budget.

Jeff Erf: The paper stated that there was an Economic Development Fund that you were going to put $1.8 million into, is that reflected any where in the budget?

Steve Davis: No, that formal paperwork will be presented to City Council on January 6, 2004.

Jeff Erf: What will that money be used for?

Mayor Coody: We do not have it earmarked yet.

Jeff Erf: This will be before you again?

Mayor Coody: Yes

Jeff Erf: I guess the same goes for that $3.4 million that is left? Does that go into a particular fund?

Mayor Coody: It goes into the General Fund for discussion as to what to do with it. We will determine what to do with it after the first of the year.

Alderman Jordan: We will decide that as well.

Jeff Erf: Has the $1.8 million and the $3.4 million already been decided?

Mayor Coody: Basically the rational was the $1.8 million that went to purchase the land and do the infrastructure came from that fund and it is just being replenished; although there is nothing that says you can't move from one fund to another if the City Council so chooses.

Steve Davis: That is correct when we originally purchased the land we had an Economic Development Fund and we used the money that was in that fund to make that initial purchase. We have been spending improvement money for monies designated for Economic Development through the years.

Jeff Erf: The bonds will be paid off for the Continuing Ed Center and according to the contract with the University of Arkansas, the city will have an opportunity to sell that building, it has yet to be determined for how much. Do you have any calculations or predictions on that?

Kit Williams: I don't think anything firm has been decided on that, we are going to look at the contract that we have with the University which controls what we can charge.

Jeff Erf: That could be $3 - $4 million if I understand the contract right, would that money go into the General Fund?

Steve Davis: Because the Continuing Ed Center was purchased with Advertising Promotion, Hotel, Motel and Restaurant tax, the A&P Commission might better have a better claim to that money than the city's General Fund.

Jeff Erf: Well, something would need to be done about that.

Alderman Cook: We discussed closing out projects and where the money goes, do we have a process in place to where when we close projects out that we can see if there is any money left. Can we have an official process for closing projects out?

Hugh Earnest: We have that meeting scheduled for Thursday afternoon; we will be looking at all our CIP projects to see exactly where we are and to see what changes if any we should be made about closing projects or certainly evaluating very carefully where we are on everything we have on the books.

Alderman Cook: When the City Council makes a decision to spend that money on a project plus the contingency and the project is done and there is still money left. Is that money legally tied to that one project?

Kit Williams: It would be until you pass a budget adjustment to put it to another project. I think the only other place it could go is to reserves for the Capital Improvement list. The City Council controls that money and it can only be spent on that project unless you change your mind, if there is excess it could go to another project that you would approve.

Steve Davis: The city does not have a formal project close out or procedure. We are working on that and will be developing more informational reports for City Council that we will bring forward in 2004.

Alderman Davis: Kyle if you will recall this past year we finished out the Betty Jo drainage project and there was dollars left over and we had some item come before the City Council and we had to take some of the left over dollars from Betty Jo and take it to that new project. I agree with what you are saying we need to have a formalized plan in place.

Alderman Jordan: One think that has bothered me about the budget and when we do budget adjustments, we spend hundreds of thousands of dollars probably on consulting fees or engineering fees, I would like to see this city to be able to do a lot more of that work in house, if it is a savings that is one thing. Even if we have to put people on staff, I think in the long run we might save money.

Mayor Coody: We have been working on that over the last few years, we have tried to do especially more engineering work in house. Some jobs are too big and too complex for the number of staff that we have. We have gotten a lot better. There will be jobs that we just can't do, but when we can I am a strong advocate of doing it in house because we have better cost control and product control.

Alderman Jordan: I have constituents that call me about this.

Alderman Reynolds: I heard Mr. Earnest say you were going to have a meeting Thursday to talk about project completion, can the City Council have a copy of those projects and the money left on those projects.

Hugh Earnest: That was our intent.

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

Resolution 196-03 as Recorded in the Office of the City Clerk.

NEW BUSINESS:

OMI Contract Amendment No. 10: A resolution approving Amendment No. 10 to the contract with Operations Management International (OMI) in the amount of $4,373,573.00 for the operation and management of the Fayetteville Wastewater Treatment Plant for 2004.

Alderman Reynolds moved to approve the resolution. Alderman Jordan seconded. Upon roll call the resolution passed 6-0. Alderman Davis was absent during the vote. Alderman Lucas was absent.

Resolution 197-03 as Recorded in the Office of the City Clerk.

Fayetteville Boys and Girls Club Agreement to Provide Public Recreation: An ordinance waiving the requirements of formal competitive bidding and approving a contract between the City of Fayetteville, Arkansas and the Fayetteville Youth Center Inc. in the amount of $250,000.00 to provide public recreation services for the youth and citizens of Fayetteville for 2004.

Mr. Williams read the ordinance.

Alderman Reynolds moved to suspend the rules and go to the second reading. Alderman Marr seconded. Upon roll call the motion passed 7-0. Alderman Lucas was absent.

Mr. Williams read the ordinance.

Alderman Reynolds moved to suspend the rules and go to the third and final reading. Alderman Marr seconded. Upon roll call the motion passed 7-0. Alderman Lucas was absent.

Mr. Williams read the ordinance.

Mayor Coody asked shall the ordinance pass. Upon roll call the ordinance passed 7-0. Alderman Lucas was absent.

Ordinance 4532 as Recorded in the Office of the City Clerk.

Council on Aging Agreement and Bid Waiver to Provide Public Recreation for the Citizens of Fayetteville: An ordinance waiving the requirements of formal competitive bidding and approving a contract between the City of Fayetteville, Arkansas and the Council on Aging in the amount of $32,900.00 to provide public recreation services for the senior citizens of Fayetteville for 2004.

Mr. Williams read the ordinance.

Alderman Jordan moved to suspend the rules and go to the second reading. Alderman Davis seconded. Upon roll call the motion passed 6-0. Alderman Rhoads was absent during the vote. Alderman Lucas was absent.

Mr. Williams read the ordinance.

Alderman Davis moved to suspend the rules and go to the third and final reading. Alderman Jordan seconded. Upon roll call the motion passed 6-0. Alderman Rhoads was absent during the vote. Alderman Lucas was absent.

Mr. Williams read the ordinance.

Mayor Coody asked shall the ordinance pass. Upon roll call the ordinance passed 6-0. Alderman Rhoads was absent during the vote. Alderman Lucas was absent.

Ordinance 4533 as Recorded in the Office of the City Clerk.

ANX 03-4.00 – Repeal Ordinance 4518 Carol Stephens Annexation: An ordinance repealing Ordinance No. 4518 for the annexation to the City of Fayetteville, Arkansas, of 1.08 acres located north of Mt. Comfort Road and west of Rupple Road owned by Carol Stephens.

Mr. Williams read the ordinance.

Alderman Davis: The way I look at this map basically Shiloh Community Church did not come into the annexation and we are looking at de-annexing the Stephens property, so what we recently brought in which is the Coger property will still have a connection to the city from the land north of the church.

Dawn Warrick: Yes sir that property is currently under development as Clabber Creek Subdivision Phase II and it will have a street connection into the Coger Subdivision.

Alderman Jordan moved to suspend the rules and go to the second reading. Alderman Davis seconded. Upon roll call the motion passed 6-0. Alderman Rhoads was absent during the vote. Alderman Lucas was absent.

Mr. Williams read the ordinance.

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

Mr. Williams read the ordinance.

Mayor Coody asked shall the ordinance pass. Upon roll call the ordinance passed 7-0. Alderman Lucas was absent.

Ordinance 4534 as Recorded in the Office of the City Clerk.

Alderman Davis: All these islands are inside the city limits of the City of Fayetteville, at what point are we looking at Planning bringing us something to where those islands would be incorporated into the city.

Tim Conklin, Planning: We have researched the property owners and are developing the legal descriptions and the first quarter of next year we anticipate bringing those forward.

Alderman Marr: If we are going to do that why did we repeal this annexation?

Kit Williams: There were problems with the legal description between the County Judges order and our annexation and therefore it threw everything in great doubt, so it was better to de-annex and bring it in when everyone can agree as to what the legal description is.

RZN 03-37.00 – Stonebridge Meadows: An ordinance rezoning that property described in rezoning petition RZN 03-37.00 as submitted by the City of Fayetteville for property located south of Goff Farm Road and east of Stonebridge Meadows.

Mr. Williams read the ordinance.

Alderman Reynolds moved to suspend the rules and go to the second reading. Alderman Jordan seconded. Upon roll call the motion passed 7-0. Alderman Lucas was absent.

Mr. Williams read the ordinance.

Alderman Jordan: What is the response time out there?

Dawn Warrick: From station five which is approximately three miles it is 5 minutes 36 seconds.

Alderman Davis: Dawn would you mind telling us what we are doing so the citizens will know.

Dawn Warrick: 1.95 acres was dedicated to the city as park land which was a requirement for Phase I of Stonebridge Meadows, that was in the late 90's when Phase I was developed. Phase II was recently brought forward through the annexation and rezoning process as well as a Preliminary Plat, as a part of that the developer wishes to dedicate a different piece of property 5.45 acres to cover the land dedication needs for both Phases I & II. He has requested that this 1.95 acres be incorporated into the Phase II development as residential lots. The Parks Board, Planning Commission and Staff have reviewed it and we all support this proposed change.

Alderman Reynolds: I have had no phone calls on it so I have no objection.

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

Mr. Williams read the ordinance.

Mayor Coody asked shall the ordinance pass. Upon roll call the ordinance passed 7-0. Alderman Lucas was absent.

Ordinance 4535 as Recorded in the Office of the City Clerk.

Traffic and Transportation Study: A resolution accepting the traffic and transportation study dated October, 2003 and prepared by Bucher, Willis & Ratliff.

Alderman Davis: Mayor, the Street Committee reviewed this again the other night and we decided to go ahead and bring this before the Council to accept rather than adopt. Looking at the accepting being that we did not agree with the study as a whole but since they have done the work we feel it needs to be accepted.

Alderman Jordan: Being that we spent $200,000 I would hate to see us turn it away.

Mayor Coody: To be fair it did produce a lot of valuable information that we could not have gotten other wise. All of it may not have been what we expected to see, but the bulk of it was very helpful.

Alderman Marr: I think it is important, I do think this was a valuable study that we received. They told us at the beginning of this study that it had to go through the political process, which is us adjusting the policy oriented decisions. I think for those things that we disagree with, most of them are policy related or what was prioritized. I think we got what we paid for and we have good documents to go to the state with. I don't want the citizens out there thinking that we spent money on something that we didn't need; now it needs to go through what every traffic study has gone through.

Alderman Jordan: There were a lot of things I didn't know until I looked at the study. There was information in there about growth and the needs of the city and the cost to do the items that need to be completed. I think the study was a good investment for the city.

Steve Frankenberger: What will it mean if we accept this, hopefully for one it will not become city policy? I for one am disappointed in the study.

He discussed the study and the issues he had with this study.

Mayor Coody: The number one issue that the public pointed to in our citizen survey was the need for work on our transportation, traffic and mobility. One of our guiding principles is to enhance mobility and make Fayetteville have comfortable streets in which to travel. We have to

do it in such a way that we can afford to do it. We need to give the public an option to fund these issues.

Alderman Marr: At what time frame will we have this back in front of us to address the political policy issues? I want to make sure that we are not using this plan as we have adopted when we haven't adopted it yet.

Tim Conklin: I think the most important element of the study is the Master Street Plan. I think we need to bring that forward and then start the process. We are trying to implement this plan with this study so we need to get it adopted.

Alderman Marr moved to approve the resolution. Alderman Jordan seconded. Upon roll call the resolution passed 6-1. Alderman Marr, Rhoads, Davis, Jordan, Thiel and Cook voting yes. Alderman Reynolds voting no. Alderman Lucas was absent.

Resolution 198-03 as Recorded in the Office of the City Clerk.

LEECO Fire Equipment: A resolution approving the purchase of one Emergency One, Inc. (E-One) pumper apparatus from LEECO, Inc in the amount of $347,645.83; and approving a budget adjustment in the amount of $377,646.00 for same.

Chief Bosch: This is a 2004 request for apparatus replacement. By allowing us to agree to purchase a contract in 2003 we have an opportunity to secure the apparatus at this year's price which will save us about $17,000 in cost. We will not be ordering the apparatus until spring with delivery in the fall.

Alderman Reynolds: Chief Bosch brought this to the equipment committee and we thought he did a good job in saving money, so we agreed to the purchase.

Alderman Davis moved to approve the resolution. Alderman Reynolds seconded. Upon roll call the resolution passed 7-0. Alderman Lucas was absent.

Resolution 199-03 as Recorded in the Office of the City Clerk.

Alderman Marr moved to suspend the rules and add the Sewer Rate Ordinance to the agenda. Alderman Jordan seconded the motion. Upon roll call the motion passed 7-0. Alderman Lucas was absent.

Amend § 51.137 Monthly Sewer Rates: An ordinance amending § 51.137 of the Code of Fayetteville, to adjust sewer rates.

Mr. Williams read the ordinance.

Alderman Marr: Kit could you clarify for the public why we are only doing this on the sewer rates and not the water rates that we passed.

Kit Williams: I looked very closely at the water rates; most of the water rate chapter had to deal with bonds and had very little guidance on what you had to do to raise rates. The city has provided water long before they provided sewer, so the sewer rates came along later and the legislature was probably at that point more interested in giving citizens prior notice before the City Council could raise the rates. That is just a guess I don't know why they are handled differently.

Alderman Jordan: So that means we have to go through the public process again.

Kit Williams: It will be a Public Hearing.

This Ordinance was left on the first reading.

Meeting Adjourned at 8:30 PM

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Sondra Smith
City Clerk