Mayor Dan Coody

City Attorney Kit Williams

City Clerk Sondra Smith

Aldermen

Ward 1 Position 1 – Adella Gray
Ward 1 Position 2 – Brenda Thiel
Ward 2 Position 1 – Kyle B. Cook
Ward 2 Position 2 – Nancy Allen
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
City Council Meeting Minutes
October 16, 2007

A meeting of the Fayetteville City Council was held on October 16, 2007 at 6:00 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: Alderman Gray, Thiel, Cook, Allen, Rhoads, Ferrell, Lucas, Jordan, Mayor Coody, City Attorney Kit Williams, City Clerk Sondra Smith, Staff, Press, and Audience.

Pledge of Allegiance

Housing Authority Board Appointment

Alderman Cook stated the Housing Authority met and they selected Hugh Earnest as their appointment. The Nominating Committee has interviewed him several times and does not need to interview him again. So at this time we are recommending his appointment.

Alderman Cook moved to approve the appointment of Hugh Earnest to the Housing Authority Board. Alderman Thiel seconded the motion. Upon roll call the motion passed unanimously.

CONSENT:

Approval of the September 4 and September 18, 2007 City Council meeting minutes.

The September 4, 2007 City Council minutes were approved.
The September 18, 2007 City Council minutes were removed.

Bid #07-58 Joe Perme Construction: A resolution awarding Bid #07-58 and approving a contract with Joe Perme Construction d/b/a Perme Excavating in the amount of $105,692.17 for renovations at the City Animal Shelter; and approving a project contingency in the amount of $10,569.83.

Resolution 177-07 as Recorded in the office of the City Clerk.

Bid #07-65 Graybar Electric: A resolution awarding Bid #07-65 and approving the purchase of ninety-five (95) Dynamic Light Fixtures from Graybar Electric in the amount of $59,014.95 for Phase III of the Scull Creek Trail.

Resolution 178-07 as Recorded in the office of the City Clerk.

Bid #07-65 Composite Materials Technologies: A resolution awarding Bid #07-65 and approving the purchase of ninety-five (95) light poles from Composite Materials Technologies, South Carolina, LLC in the amount of $51,775.00 for Phase III of the Scull Creek Trail.

Resolution 179-07 as Recorded in the office of the City Clerk.

NWA Democrat Gazette: A resolution approving one-year agreements with the Arkansas Democrat-Gazette – Northwest Edition for display and legal advertising.

Resolution 180-07 as Recorded in the office of the City Clerk.

Telecommunications System Upgrades: A resolution approving the purchase of a CS1000e Telecommunications System from AT&T through the state purchasing contract in the amount of $51,172.94 to upgrade the city's communications infrastructure; and approving a 9% contingency in the amount of $4,605.56.

Resolution 181-07 as Recorded in the office of the City Clerk.

Fayetteville Municipal Airport Revised Mission Statement: A resolution approving a revised Mission Statement for the Fayetteville Municipal Airport, Drake Field.

Resolution 182-07 as Recorded in the office of the City Clerk.

Sam's Club Grant for Veterinary Supplies: A resolution authorizing the Fayetteville Animal Services Division to accept a grant from Sam's Club in the amount of $3,000.00 for the purchase of veterinary supplies; and approving a budget adjustment to recognize the grant revenue.

Resolution 183-07 as Recorded in the office of the City Clerk.

Romine Lawsuit Insurance Deductible: A resolution to approve a budget adjustment in the amount of $50,000.00.

Resolution 184-07 as Recorded in the office of the City Clerk.

Alderman Jordan moved to approve the Consent Agenda as read with the September 18, 2007 City Council minutes removed. Alderman Thiel seconded the motion. Upon roll call the motion passed unanimously.

UNFINISHED BUSINESS:

2007 Millage Levy: An ordinance levying a tax on the real and personal property within the City of Fayetteville, Arkansas for the year 2007 fixing the rate thereof at 2.2 mills for General Fund Operations, 0.4 mills for the Firemen's Pension and Relief Fund, 0.4 mills for the Policemen's Pension and Relief Fund and 1.0 mill for the Fayetteville Public Library; and certifying the same to the County Clerk of Washington County, Arkansas. ***This ordinance was left on the First Reading at the October 2, 2007 City Council meeting.***

Alderman Jordan moved to suspend the rules and go to the second reading. Alderman Cook seconded the motion. Upon roll call the motion passed unanimously.

City Attorney Kit Williams read the ordinance.

Paul Becker, Finance and Internal Services Director asked the Council to accept the Millage for the city of 4 mills which represents an increase of .9 mills for General Fund operation. The General Fund revenue estimate is $33.2 million; the proposed General Fund budget is $35.5 million leaving a short fall of $2.3 million. The Administration's position is to fund that deficit by changing the capital split of the one cent sales tax received by the City allowing more in the General Fund and less in the Capital Fund and proposing a .9 mill increase which would generate $995,000 for the City. The situation is due to the full impact of the Compensation Plan from last year and progression and merit increases for the proposed budget. In addition to that we are experiencing declining sales tax revenue which will result in a budget short fall of about $1.5 million by the end of the year. I think it is going to pick up.

He listed new industries that are going to contribute to the sales tax revenue. He stated I think we are going to pick up an extra of about $400,000 next year; however that would still leave us with a projected short fall of roughly $1 million next year in revenue to what we have projected this year.

He briefly discussed all the options that have been looked at during previous meetings. He addressed the option of a merit increase, a COLA increase and a hiring freeze. He stated that a hiring freeze is a temporary solution to the situation. He also discussed budget reductions and he stated if we pursue them we are going to talk about reducing services to the citizens of Fayetteville and we would have to look at that very carefully. He addressed the use of reserves pointing out that that is our only safety valve and we don't know what direction the economy may take and that would also be a short term solution.

The perspective of the Administration and my personal recommendation is that we go with the .9 Millage increase because that provides more of a long term solution to the situation and would solve potential problems down the road. It would also give us a little more flexibility if in fact we have to react to changing economic conditions or a continued down trend in sales tax.

Paul explained what is funded with the General Fund.

He stated I will entertain any questions.

Mayor Coody: There was a story in today's paper that could be construed if you look at it just right that if we approve .9 mills that it would allow for a 3.8% COLA and that is not what is on the table at all. I just want to make sure that a 3.8% COLA is not on the table with any recommendation.

Paul Becker: We are not recommending that at this point. It would be $960,000 to the General Fund. If we look at the cost to the entire city; it would be $1.4 million because you would take into consideration the Water and Sewer and Solid Waste Divisions. That is just the COLA which we are not recommending. We are going to have a compensation package that treats everyone equally.

Alderman Cook: I have been talking to a lot of citizens over the last two weeks and by far most citizens are against the Millage. The ones that state that they would support that feel like that we as a Council and Administration have to do our due diligence to convince them and that we have made every cut that we possibly can. Where I am at right now is I do not want to support the Millage and I want to make some recommendations of how I think we can avoid raising Millage.

Compensation, if we go ahead and pay the remainder of the 2007 Compensation Plan and forgo the 2008 progression and merit increases that saves about $270,000 based on your numbers. Let's say we didn't do a hiring freeze on Public Safety and did it on non uniformed that would be roughly $600,000 based on your percentages. I am going to support cutting trails. When we do the 2009 budget I want to ask for that money back but I don't have a problem with cutting trails. If we do 60/40 split you said it was about $1.5 million. With those items put together that equals to about $2.4 million in savings which is a little over what we need according to your $2.3 million number. I can't say that I am married to every one of those ideas. If we do a 60/40 split, my recommendation is that we do it for one year only that it sunsets at the end of 2008 because I don't like that idea frankly. I think it should stay 50/50. Right now we are talking about 2008 so I wouldn't have a problem shifting that just for 2008. I would recommend that if we do that then six months from now that we come back and review the budget, where we are at that point and see if we can bring some of this back in or see where the sales tax is. Maybe we are going to be better off or we may be worse, we don't know. At that point if we decide that we need Millage then I am willing to talk about it then. Right now the citizens are not convinced that we need the Millage. I haven't heard one person that supports that. We are up here to represent them and I want to do what they think is right. Another reason I don't support the Millage is you just talked about cushion. We only have so much money in reserve. This Millage is also a cushion because we can levy up to five mills. So if we start using all our cushions we get to some point down the road where we don't have any cushion left and it is really going to get ugly. I think we should try to do what we can now to balance budget and forego voting in the Millage.

Mayor Coody: We did the 50/50 raises because we had to bring everybody up to market, half the raise was this year and half was 2008. So even though we said we would be giving the other half in 2008 you are basically saying hold off on that. The increase in 2009 would be 2008's raise. Would we just continue to have no raises?

Alderman Cook: If there is any where that we put money back in it is going to be employee raises because we promised them. I think if anything, the COLA would be the thing we should fund more than anything. That is what gets us behind faster than anything. If we don't try to keep their salaries up every year then we are going to get further and further behind. Really the bottom line is how much money do we have? Six months from now if we sit down and look at the budget and things are good then maybe we can throw that back in there.

Mayor Coody: On the hiring freeze part, this would be that if somebody quits or retires, we don't replace them. So we wouldn't replace people on a random basis.

Alderman Cook: If we have to replace positions then they can come back before Council and we will review it.

Paul Becker: Yes it would get us through but it is a short term solution.

Alderman Ferrell: Paul, Kyle mentioned the 60/40 that you had mentioned before as your recommendation. I have seen some different figures on that. Kyle's recommendation would be just for this budget year. Are you comfortable with if something like that were to be passed that when it comes budget time next year that you are going to go back to 50/50?

Paul Becker: No, because that means we would have to gain in sales tax approximately $1 million, if we gained a million dollars more than expected, we could do that. That would be the magnitude that we would be looking at. In other words we would be revisiting the entire issue again next year. I would be comfortable reviewing that but everybody needs to understand that we would have to look at that again next year. Unless we had $1 million additional in some other source of revenue, we would be in exactly the same position we are in this year.

Alderman Ferrell: What would the difference between a hiring freeze on all personnel and not exempting Police and Fire?

Paul Becker: Police and Fire are about 60% of the number that I gave you. The largest majority of them are Police even more than Fire. That number would come down roughly $185,000, if it's everybody we are talking about roughly $376,000 per quarter or a $1.5 million per year. Again, we have already packed $316,000 into that because we are budgeting at 98% of full employment.

Alderman Ferrell: Kyle, was your idea on that, regardless of which freeze came about, that if we lost a critical employee that would come before the Council for approval?

Alderman Kyle: That is the way we used to do it.

Paul Becker: I think that would be a necessary step.

Alderman Thiel: I sent Paul a question and I don't think you have the answer yet about whether or not that money that is obligated to the Beaver Water District is coming out of the Water Sewer Fund or the General Fund because that is $200,000.

Paul Becker: I don't have that answer yet. I will discuss that with David as soon as he gets back.

Alderman Thiel: What concerns me is the public's perception that they have not seen any good examples of why we can't cut more than we have cut. The only example they have seen was a lot of folks don't think that taller grass is really worth an increase in Millage that is the perception. I think the people on the Council are aware that it is more than that as far as services offered to the community. I think we haven't done a very good job of explaining that. I think the fact that Kyle has come out with some ideas, that indicates to the public what we would have to do in order to make this work without the Millage. I don't know if I support the idea of not having either merit raises or COLA. I think that will throw us back to a point of no return. I think a lot of Kyle's recommendations are good. It really concerns me that we have not had an opportunity to look at a budget. Tonight in our boxes there was a program expenditure summary which is a little bit more than we have seen so far. I can go through here and I have several questions about why some of these divisions were increased. Some of them have done a very good job of cutting. I would have a question about Human Resources, that is $160,000 more.

Paul Becker: Human Resources has Worker's Compensation in it which has increased, also most of the increases you are going to see into those budgets are in the personnel category and that is because of the compensation plan last year. In Human Resources we also brought on a new advisor for benefits, etc.

Alderman Thiel: The Mayor's Administration is plus $33,000. I don't want to necessarily get into a discussion of the budget because we have not seen it entirely. I am just pointing out that there are questions. The Aldermen are responsible for passing this budget and we hear from our constituents what they want, what they would support and what they won't support. With us trying to make this decision without having a budget that we can review our constituents may feel like that is not necessary. It really does make it difficult for us to make this decision about the Millage. It seems like every year we end up at this point. I know it is difficult for you. When do you get all the divisions budgets?

Paul Becker: In August we put them together.

Alderman Thiel: We have had this discussion too, let's start discussing the budget earlier, and it seems like it has gotten shoved a little later this year than it has in the past.

Paul Becker: No, this is not later this year, that was not passed out until November in the past.

Alderman Thiel: No, we started looking at the budget in October.

Paul Becker: I think that last year it was the same summaries that I have given. I will keep feeding data as we have it.

Alderman Thiel: I'm just saying it does make it difficult for us to make this decision. There might be $200,000 out there that could be shifted back to Water and Sewer. It concerns me...

Mayor Coody: I share everyone's concerns; yes the public is always against raising taxes pretty much unless it's proven to them that it is the best alternative ~~of~~ to doing nothing. I wish we could do a better job of explaining to the people. We don't own the media so it's hard for us to get a complete message out there like I wish we could. There are some things that concern me about this and I am not crazy about raising taxes either. One of the reasons we are having this discussion yet again is because every year we tend to take the staff's recommendations and these guys are good at what they do. The last three years we have not taken their recommendations and we have made a band-aid approach, we will do less than what they are recommending and hope for the best. The best doesn't happen, and then we will take the next recommendation and do less than that and still hope for the best and the best doesn't happen. We keep doing this. I have a feeling this Millage is going to fail, but the thing that scares me is not just 2008, but future City Council's and future Mayor's are going to be dealing with what we are putting in place today. I for one can't look at the bottom of my feet and think that we are looking at the vision of the future.

Mayor Coody gave past examples and expressed his reasons why the Council should pass the Millage increase now instead of later. We need to look at the slide in our sales tax revenue, we are so loaded up with sales tax, we are out of balance relying on sales tax. It is the most regressive tax that you can pass. We do not have a diversified portfolio for our revenue stream. If we say no to this, then next year I don't think anyone is going to vote to raise property taxes four days before an election. If things do not go as well as we hope we are going to be in a real bind by 2009 because we will have accumulated years of a sinking General Fund. The decision we make right now is what we are going to live with for the next three years from my perspective. I would rather be cautious and hope for a soft landing and not just hope for the best and if it doesn't work out we will deal with it later because later could be very draconian. I don't want to raise taxes right along with anybody else, but that is the issue. We can't just look at 2008.

Alderman Thiel: I don't feel like we can pass this tonight. Some of us have not had a chance to review this that was given to us. We have another opportunity; we can hold this until after the agenda meeting. Between now and then we need to get the information out to the public what this means. I don't know how much the public is concerned about merit raises for our employees, they should be though, because we will lose good employees and I think that is something that could be emphasized. I just don't think we have done a good enough job yet and hopefully we can do it in the next two weeks between now and the next agenda meeting. It's not a matter of hearing from our constituents either as much as it is feeling comfortable and educating the public.

The analogy that was in the newspaper was not a good analogy. I think there are a lot more things in this than that and we need to get that education out.

Mayor Coody: Two years ago we got our staff to cut back even though our population is growing and inflation is running every year. Our buying power is shrinking along with every other dollar in the country. We asked our staff, even though we are loading them up with more and more work because of a higher population that is demanding more services, to cut. This year we asked them to make another cut which was on top of the cut before. The year before that was a tight budget year too. We have been tightening the belt and getting more and more efficient. The staff performs at a superior level to any government that I have seen. We get compliments all the time. We are the lowest taxing city in Northwest Arkansas.

In 1993 we rescinded our mills due to the school increasing their Millage. That set the stage for us having to get more efficient which is a good thing. We have reached the point where inflation and a growing population we can't continue to tighten our belt to the point that we start losing staff and have to also cut back on services at the same time that our population is growing. We are not seeing a reduction in the need for services that is the thing that concerns me. We will try and do a better job to educate the public more on what this less than one mill increase would do for us. It is a concern that every year we keep putting off the inevitable.

Alderman Cook: Where does it end though, that is what makes me nervous? At our Ward 2 meeting several of the citizens said if we have been demonstrating efficiency and tightening our belt then show it to them. Let's go back five or six years and show them where we have done that. People aren't convinced of that.

Mayor Coody: It's hard to educate folks because everybody is so busy and they don't pay attention until times like these and they don't look back. Everybody recognizes the high quality of services. They don't recognize though that we are doing it for less money than any other city. That right there is proof of efficiency, it's just hard to get that word out sometimes.

Alderman Ferrell: Mayor, with all do respect, I think that your administration comes to us with recommendations and we look at them and more often than not we take their recommendations. However, at the end of the day they are not policy makers, we are the policy makers. We have to do what we think is the right thing to do to get from point "A" to point "B". We share your concerns about the revenue. We can't keep going to the well. We have to come to some kind of compromise.

Mayor Coody: The City Council is the policy setting body, you approve the budget. You can do anything you want with this budget and we will live with it one way or the other. To make this budget whole the compromise was that I think we can do it for .9 because of the Sam's opening up and the Malco opening. I am banking on a good financial future even though I don't think we have seen the end of the drain of the resources of the sales tax from Fayetteville because of what Rogers is doing. I am concerned that this .9 mill is the compromise. Paul has said he is not convinced that this .9 is going to do it. If we do hold off on raises and those good times don't return, then that is just going to make it when it does come time to catch up, it will be a huge spike in spending just like we had three or four years ago. We will be back in the middle of those problems that we thought we had solved. It is our job to really look down the road some.

Paul Becker: In answer to Alderman Thiel's question, she is correct and we should look more in depth at the budget and we will do that and keep feeding you data as we can. That certainly is going to be an ongoing thing between now and when we pass the budget. That is something we are intending to do and should do.

Mike Reynolds, Police Captain speaking on Chief Tabors behalf gave a brief overview of the Police Department budget. He discussed past budget cuts that have been made. He stated Chief Tabor feels that any more reductions would cause him to eliminate our park patrol division and our school resource officers. The priority one and two calls continue to increase. The response time has continued to increase from 2006 to 2007. He stated that with any other reductions we would not be able to provide the service that the citizens of Fayetteville have come to expect and the Police Department that we feel is the best in the state.

Alderman Thiel: I think that is a very good example to the public of what we might lose if we do not fund this. If the Millage increase is not passed, you have to reduce that even more. You have already tightened your belt to that point, is that correct?

Mike Reynolds: That is correct. We have had no increases in our budget other than personnel services which is compensation since 2006. We are to the point where we can't tighten our belts any more and Chief Tabor is not comfortable with the proposed budget he has right now.

Alderman Thiel: I think you have cited some really good examples of how we have tightened our belts and I hope that some of this does get out to the public.

Alderman Ferrell: Did you say that if there are further cuts made or if it goes the way the budget is that the recommendation is to stop park patrol and the officers in schools?

Mike Reynolds: That is correct Mr. Ferrell. If we are asked to make more cuts, we will have to make cuts in services. Right now with the budget we have presented, we are not to that point, but if staff comes back to us and asks us to make any further cuts than what we have made then it will have to be personnel.

Alderman Ferrell: I just wanted to make sure that the budget that is already in for the Police Department is the one that you have been looking at Paul, is that correct?

Paul Becker: That's correct.

Mayor Coody: So basically, their numbers assume that we approve the .9 mills. Isn't that right?

Mike Reynolds: Yes sir.

Alderman Ferrell; If there was a shuffle and they take away from what the budget is right now you might have to stop those things.

Mike Reynolds: That is correct; if we are asked to make any more cuts at all past the point that we have already made it will be personnel.

Dominic Swanfeld, representative of the Fraternal Order of Police discussed how the wages will be treated even if the Millage does not go through. He stated with the progression raises not moving forward as we were told last year that they would, it would place some officers without a bump in salary for five to seven years. He asked what happened with the progression raises. We were told that the progression raises would continue and now they have been put on the chopping block.

Last year Mr. Ferrell did not make any promises he said as long as we did not run out of emergency funds the COLA would be there. He discussed the raises they have received in the past and also what they have not received in raises during past years. There are long term affects that not receiving progression raises will cause. Our buying power is shrinking, costs are going up, and if we don't get a COLA our buying power is down. In the long run I suspect you will have officers leaving this department and moving into private business. I would be curious to ask City staff what happened to the progression raises.

Alderman Ferrell: What happened was the revenue for the City was not where it was going to be. I would like to correct one thing you said, you stated that I said you were going to get your COLA. There were three members of the committee and what we told you every time was "if the revenue is there".

Dominic Swanfeld: No, you said if the emergency fund ran out.

Alderman Ferrell: I disagree with you.

Dominic Swanfeld: Okay, I've got minutes here from the meetings.

Alderman Ferrell: Okay, that's fine. We said if the revenue was there. What did you mean by emergency fund?

Dominic Swanfeld: I don't know what you meant by that sir.

Alderman Ferrell: You've got garbled transmission buddy. We said if the money was there.

Dominic Swanfeld: Was that to go to the COLA or progression raises.

Alderman Ferrell: All of them.

Dominic Swanfeld: Absolutely not, that is not correct.

Mayor Coody: I am going to call this conversation quits because it's getting a little more hostile than I like. We will visit about this and get it buttoned up. I don't think the COLA's were promised, I know the raises were, but I don't think the COLA's were.

Dominic Swanfeld: That is correct. The raises were promised.

Alderman Ferrell: Provided we had the revenue.

Alderman Thiel: By progression raises do you mean step raises?

Dominic Swanfeld: Yes Ma'am.

Alderman Thiel: You have not received step raises?

Dominic Swanfeld: In 2008, no.

Alderman Thiel: Well no, not in 2008, so they are not funded in 2008. The step raises are not funded in 2008 whereas the merit raises are? Is that correct?

Mayor Coody: The question is has the budget staff eliminated step raises for the police for 2008?

Paul Becker: No.

Mayor Coody: I didn't think so. I think the step raises probably are in there, we wouldn't have cut those out. We are treating everybody equal.

Dominic Swanfeld: So progression raises will be given in 2008?

Paul Becker: The progression raises are in the proposed budget for $35.5 million.

Dominic Swanfeld: For Police and Fire staff?

Paul Becker: This is for Police and Fire and they are based on a number we got from Human Resources.

Dominic Swanfeld: That is not what I was told.

Mayor Coody: I think you might have been given the wrong information. You might talk with the budget staff and double check that.

Alderman Jordan: It was my understanding that the step raises would be there.

Alderman Gray: Is it dependent upon the Millage increase to get that raise.

Mayor Coody: If we don't get the .9 mil and we have to cut another $1 million out of the General Fund, then what happens?

Paul Becker: We will have to discuss the options that we have been talking about.

Mayor Coody: So basically, if the .9 mil isn't approved they are going to have to come back with a budget that reflects $1 million more cut out of the budget and everything is going to be in the table including wages. Wages is 80% of our budget.

Paul Becker: 82% of the General Fund is personnel.

Mayor Coody: There is no way we can cut $1 million without having a direct impact on our personnel.

Dominic Swanfeld: Last year we were told as we went into 2008 we would continue to get progression raises across the board until you got to the maximum of the range. Is it the city staff's philosophy that we will get progression raises across the board every single Police and Fireman next year?

Mayor Coody: You would have to talk to the Wage and Benefit Committee and the Budget staff.

Paul Becker: They are going to have to talk to Human Resources on that.

Mayor Coody: I want to make sure that everyone is on the same page. I know we are going to discuss this at a later Council meeting. There is too much confusion right now for us to be talking about progression, step, 2007 and 2008.

Dominic Swanfeld: If the answer is that we have to ask HR then that means no, we aren't going to get it. If we were going to get it we should know.

Mayor Coody: I am asking you to talk to the Budget Staff and HR and everyone get on the same page, because there is too much confusion where you are calling progression verses step verses what the Wage and Benefit Committee remember and what you remember. Everybody needs to be on the same page. We are not going to vote on this tonight so we will discuss this again and you will have a chance to get this completely straightened out.

Alderman Jordan: I believe what I am seeing in the documents we have been given is that the step is in next year's budget. We will have to get in to where the cuts would be made. According to what we have, the steps seem to be in the next budget, is that correct Paul?

Paul Becker: That is correct.

Gary Dumas: If the Council recalls in one of the budget sessions, a memo was given to you that talked about merit and progression. On the progression it indicated that if you were above market, there would not be an additional progression increase because as we talked about in the

Compensation Committee meetings last year, every job has a maximum value. What we were trying to do was move everyone to market. The funding of the remainder of the Compensation Plan will have everyone moved to market and if you are above market you will not be advanced above that until you have caught up in time.

Dominic Swanfeld: That affects about eight officers for about $8,000 with the City Police Department.

Alderman Jordan: To me Dominic, I do not think that we are going to give merit raises to the non uniformed personnel and not give something to the Fire and the Police.

Mayor Coody: Everyone is going to be treated the same.

Dominic Swanfeld: If that is the case, I understand that, but as it stands right now all merit employees will get a raise and about eight Police Department employees will. That is the current proposal on that desk right there.

Fire Chief Tony Johnson: I want you to know that I support the 2007 Millage levy. In working with Budget and research, we began taking a look at our budget last year and it began with phasing firefighters in and the final step is to add one. I ask that you fully fund the Fire Department to our request which is why I am supporting the Millage levy of 2007.

Mayor Coody: Why don't you describe the ratings that we have for the fire service here in Fayetteville.

Fire Chief Tony Johnson: Currently the City of Fayetteville has an insurance service organization rating of a four. That rating is from one to ten, one being the best and ten being the worst, or no fire protection whatsoever. We are on the verge of a number three rating which represents a deduction in the fire insurance that our residents pay in the City of Fayetteville. I will be calling for a rating review from the Insurance Service Organization in Chicago as soon as we complete Station #3 and move our crews in there. We believe that we are prepared to reduce that rating or to go for a better rating. This will also improve our response time.

Chief Johnson gave examples of the positive difference that the Fire Department has on Fayetteville.

Alderman Thiel: What was our rating?

Mayor Coody: Four.

Fire Chief Tony Johnson: It has been a four for about five years.

Mayor Coody: We can't build new stations and not put men and women in it so as we build a station we staff it with minimal staffing, three people per apparatus and we have just enough apparatus to really handle a territory. We have been spreading our stations out in such a way to have better response times. Also getting our water system rebuilt in such a way that we can keep higher pressures across town better. With the increased water infrastructure and fire service infrastructure that is going to improve our rating which will decrease the cost of home owner's insurance.

Fire Chief Tony Johnson: I ask the Ward 1 representatives, I strongly support this legislation and I ask of you collectively as well. Thank you.

Alderman Jordan: I think the number one priority of the Council, for the employees, they are not going to send anybody home. I can assure you that I don't want to send anybody home. We are having to work on what we think is best for the City while we try to keep everybody working at the same time, that is a difficult task facing us right now. There has been some stuff brought up here tonight that everyone needs to go back and have more meetings and see what we can work out. I know that everyone up here is open minded and fair minded and I can assure you we will do the best we know how to do for you and the citizens.

Alderman Allen: I think that public education and public misconception is important. I think that people have a feeling that we are not being very good stewards with their money. Everybody knew that at some point the economy would soften and it has everywhere. I feel like that in order for the citizens to have a good feeling about any kind of a Millage that they have to feel like the City has done everything that they could possibly do to tighten their own belt and look at every feasible thing. It seems like June would be a good time to reevaluate this and see how this has impacted us. I certainly want to take care of our public safety people that is the most important thing we can do for our citizens. I don't feel comfortable passing this kind of vote until I feel like we have done everything we can do to show the citizens that we are sucking in our belts.

Mayor Coody: I know for the last several years we have examined it all. It doesn't get any more factual than the budget numbers from the Police Department and the same for the Fire Department. People think that Fayetteville is an expensive place to live because of taxes we are by far the lowest taxing City in Northwest Arkansas. We are well below everybody else and we provide better service. I don't think the citizens want us to decrease our services. It's easy to say we just need to tighten our belts but when it comes down to it the belt tightening is going to be who gets to go home for good. We are being very conservative. We want to provide good services.

Alderman Gray: I may be the only alderman, but I have had my very strongest supporter tell me to raise the taxes. They realize that it has to happen in order for us to continue the quality of life and service that we are used to in Fayetteville. We have inflation in every area why would we not expect to have it in our city government. I don't want to down the road have to add three or four mills. I feel like we need to take this step and as my supporters have said lets raise this Millage so we can take care of some of our concerns at this time and not keep getting further behind. I will be supporting this Millage increase.

Alderman Ferrell: There were some members of the Council and staff that spent countless hours on the Compensation Committee and we were working with all employees trying to look for a way to come out with a good deal and make a recommendation. I am confident that at the end of the day whatever is decided, this Council is going to do their best to try to make sure that we are fair with what we do.

Mayor Coody: I know that the Wage and Benefit Committee and Compensation Committee spent a lot of time on this and really poured your souls into it. We all owe you a debt of gratitude for the amount of time you all put into that effort. Thank you very much.

Alderman Lucas: I am still struggling with this. I realize that the staff has worked real hard on this to get this budget to us. She gave examples of past budgets that she has experienced when working for a hospital. I don't think the answer every time is to dip into the reserve or to increase sales tax or Millage. I just don't think that is the solution every time.

Alderman Cook: So are we going to wait until Agenda Session to discuss it again?

Mayor Coody: Yeah, I would suspect so.

Paul Becker: If I may suggest, we have to pass it in October so we would have to have a special meeting for passage.

Alderman Thiel: Hopefully a lot of this information can get out to the public one way or another and if there are questions about the airport that does need to be clarified.

Paul Becker: The airport is an enterprise fund and it doesn't relate to this particular discussion.

Alderman Thiel: We haven't actually started funding that yet have we?

Mayor Coody: No, it has been paying its own way. It has its own budget and funding. There was a lot of wrong information passed around about it. I think our airport staff sent out an email to correct all the misinformation.

Paul Becker: I would suggest that we set a meeting time and have all the departments come in and you can address the questions on the budget and what they have done in the past.

Mayor Coody asked the news reporters present at the meeting is there a chance that we can get with you and the Department Heads and do a feature story on this issue. He discussed the impact the passage of the Millage would have on a resident.

Alderman Jordan: I would like another budget session before we vote on this.

A discussion followed on a date and time to meet for a budget working session.

The Council decided to meet Thursday, October 25th at 4:30 PM.

This ordinance was left on the Second Reading.

Mayor Coody discussed the Environmental Protection Agency's arrival in Fayetteville on October 25th.

NEW BUSINESS:

Riparian Zones Protection: A resolution to protect and restore riparian zones.

Mayor Coody read the entire resolution at the request of Alderman Thiel.

Alderman Thiel: The Environmental Concerns Committee worked on this and felt very strongly that we needed to protect and restore our riparian zones whenever we had the funds available to do so. Kent Landrum was a big part of us working on this and I think it is a good thing as a reminder to the public that our riparian zones are very important to our water quality.

Alderman Ferrell: Isn't this what Geo-Syntec is making recommendations on?

Alderman Thiel: Actually they are going to do a lot more than that; they are going to look at ways in which we can reduce our phosphorous levels into Beaver Lake.

Alderman Ferrell: I thought that was one of the ways we could do it by protection.

Alderman Thiel: I think that everything we have done in here they will highly recommend and they might go beyond what we have recommended.

Alderman Allen: I think this is a good resolution and I move for approval.

Alderman Allen moved to approve the resolution. Alderman Thiel seconded the motion. Upon roll call the resolution passed unanimously.

Resolution 185-07 as Recorded in the office of the City Clerk.

ADM 07-2748, R-PZD 06-2190 (Woodbury): An ordinance amending a Residential Planned Zoning District entitled R-PZD 06-2190, Woodbury, located on the south side of Zion Road and east of Taliesin Lane, containing approximately 11.66 acres, to reflect revised building setbacks in Planning Area 2 as described and depicted herein.

City Attorney Kit Williams read the ordinance.

Tim Conklin, Planning and Development Management Director gave a brief description of the item. He stated they are just asking to amend the PZD to allow them to build what was shown on the plan and modify the booklet.

Alderman Cook moved to suspend the rules and go to the second reading. Alderman Ferrell seconded the motion. Upon roll call the motion passed unanimously.

City Attorney Kit Williams read the ordinance.

Alderman Cook moved to suspend the rules and go to the third and final reading. Alderman Ferrell seconded the motion. Upon roll call the motion passed unanimously.

City Attorney Kit Williams read the ordinance.

Mayor Coody asked shall the ordinance pass. Upon roll call the ordinance passed unanimously.

Ordinance 5070 as Recorded in the Office of the City Clerk.

VAC 07-2722 (Menninger): An ordinance approving VAC 07-2722 submitted by Alan Reid for property located at 301 South West Avenue to vacate three rights-of-way: the alley along the west side of the property, a portion of West Avenue along the east side of the property and the full width of the un-constructed extension of South Street on the north side of the subject property, a total of 0.30 acres.

City Attorney Kit Williams read the ordinance.

Tim Conklin gave a brief description of the item.

Alderman Lucas: You are vacating South Street?

Tim Conklin: We are vacating South Street but we are leaving about 20 feet of the east end that is along West Street and not vacating that part.

Alderman Thiel clarified which map was the correct map.

Tim Conklin stated that the one that was handed out at Agenda Session is the correct map.

Alderman Cook moved to suspend the rules and go to the second reading. Alderman Allen seconded the motion. Upon roll call the motion passed unanimously.

City Attorney Kit Williams read the ordinance.

Alderman Thiel: I haven't heard from anyone in that neighborhood and they are pretty active about their concerns. I feel comfortable with it since it's putting that much more into the city park.

Alderman Thiel moved to suspend the rules and go to the third and final reading. Alderman Ferrell seconded the motion. Upon roll call the motion passed unanimously.

City Attorney Kit Williams read the ordinance.

Tony Menninger, the requester asked what changes had been made.

Mayor Coody: Is this something that can be explained quickly or should we leave it on the third reading until the next meeting?

Tim Conklin: I think we should leave it on the third reading and we can talk more about why staff worked with their surveyor and made that recommendation.

Alderman Ferrell moved to table the ordinance to the November 6, 2007 City Council meeting. Alderman Rhoads seconded the motion. Upon roll call the motion passed unanimously.

Mayor Coody stated Tim can work with you on this and we can discuss it again in three weeks.

2008 Employee Benefits: A resolution approving the placement of group major medical coverage with Blue Cross/Blue Shield of Arkansas to run from January 1, 2008 through December 31, 2008, with the right of renewal for four annual renewals; renewing COBRA and Section 125 Cafeteria Plan administration with Datapath; HSA account administration with Delta Trust & Banking Corp.; employee-paid dental insurance with Delta Dental; and accidental death and dismemberment coverage with ACE-USA for plan year 2008.

Missy Leflar, Human Resources Division Manager gave a brief description of the employee benefits. These are the only city paid services subject to Council approval at this time and of those the only thing that would be different than last year is the health insurance. She discussed the selection process and stated the Benefits Committee voted in favor of Blue Cross. She stated that the expense is almost $1 million less than if we would have stayed with CIGNA for 2008.

Mayor Coody: In 2009 what do you expect to happen to this premium amount?

Missy Leflar: We quite frankly expect it to go up and we were advised before we voted by our brokers that employees and the City should expect it to go up. The bid came in low to entice us to do business with them. The Health Benefits Committee does expect it to go up next year. It is going to get more expensive and not less. She went on to discuss the Human Resources budget.

Mayor Coody: Which fund would pay for this increase next year and the following years?

Missy Leflar: General Fund. I would like to add that Stephen's Inc. did negotiate a 15% reduction in the Delta Dental benefits which is employee paid and does save the employees $64,500. I think they are doing a really great job.

Alderman Jordan: I think this is wonderful. I am going to move for approval.

Alderman Ferrell: This is one of the few committees that I have served on that I was really impressed at how knowledgeable the members on the committee were. It has to do with their own benefits. The questions they asked were good questions and Stephen's Inc. gave very candid answers but I was impressed that the employees know that this is what it is going to cost and everyone was well informed. You did a great job at that Missy. Thank you.

Mayor Coody: Do you have any idea how much it might go up in the subsequent years?

Tom Kane, a representative of Stephen's Inc.: Based on Blue Cross's trend it's about 8% across their entire book of business. That is going to vary based on demographics and industry and other factors.

Mayor Coody: If you apply that 8% to us what kind of dollar amount do you think that looks like?

Tom Kane: Based on the premium we are projecting for 2008, 8% would be somewhere in the neighborhood of $270,000.

Mayor Coody: And in 2009 you could just project another 8% on top of that?

Tom Kane: Yes. We have some ideas that we have discussed with Missy that we can start implementing over the next few years and hopefully mitigate some of those increases.

Mayor Coody: But we can plan on a quarter million dollar increase for next year.

Tom Kane: If nothing is done to change.

Missy Leflar: The Council also does need to approve or disapprove the staff recommendations on the allocations on the increases in the memorandum. Staff recommends that with regard to the traditional health plan that the City follow what it has done historically which is split that percentage of increase evenly with the employees and that the city absorb the high deductible plan cost.

She pointed out in the packet where that memorandum was located. She explained the coverage expenses.

Alderman Ferrell: What was the net effect of the City picking those up?

City Attorney Kit Williams: I can say that usually that actual decision is made at budget time with the budget as opposed to ahead of time and the resolution does not reflect that.

Missy Leflar: Open enrollment begins the week of November 12th and they are going to need to know so that they can make decisions on what would be coming out of their paychecks.

Alderman Ferrell: Your recommendation is that the City do this?

Missy Leflar: Yes.

City Attorney Kit Williams: If you want to actually divvy up the cost of the increase according to what has been recommended to you by Human Resources and the memo then you need to have Section 3 in your resolution to adopt the recommendations of the staff in the way you divide up the increase.

Alderman Ferrell moved to amend the resolution to add Section 3. Alderman Jordan seconded the motion. Upon roll call the motion passed unanimously.

Mayor Coody asked shall the resolution pass. Upon roll call the resolution passed unanimously.

Resolution 186-07 as Recorded in the office of the City Clerk.

Meeting adjourned at 7:50 PM

Dan Coody, Mayor

Sondra E. Smith, City Clerk/Treasurer