

MINUTES OF THE
SPECIAL MEETING OF THE
WASHINGTON COUNTY QUORUM COURT

Monday, September 12, 2016
5:30 p.m.
Washington County Quorum Court Room

2016 OCT 24 PM 12:06
BECKY LEWALLEE
CO. & PROBATE CLERK
WASHINGTON CO. AR

FILED

- 305.1 The Washington County Quorum Court met in special session on Monday, September 12, 2016. The meeting was called to order by County Judge Marilyn Edwards. She stated the purpose of this meeting was to discuss the 2017 budget process.
- 305.2 L. Ecke led the Quorum Court in prayer and in the Pledge of Allegiance.
- 305.3 MEMBERS PRESENT: Daniel Balls, Rick Cochran, Robert Dennis, Lisa Ecke, Ann Harbison, Sharon Lloyd, Tom Lundstrum, Eva Madison, Sue Madison, Gary McHenry, Butch Pond, and Bill Ussery.
- 305.4 MEMBERS ABSENT: Harvey Bowman, Joel Maxwell, and Joe Patterson.
- 305.5 OTHERS PRESENT: County Judge Marilyn Edwards, Chief of Staff George Butler, Treasurer Bobby Hill, Comptroller Ashley Farber; Interested Citizens; and Members of the Press.
- 305.6 ADOPTION OF THE AGENDA: Judge Edwards asked if there were any additions or deletions to the agenda.
- 305.7 **A motion was made and seconded to adopt the agenda as presented. The motion passed unanimously by those present by voice vote. The agenda was adopted as presented.**
- 305.8 CITIZENS COMMENTS: Judge Edwards announced that there would be a 15-minute citizen comment period with a three-minute limit for each individual at this time.
- 305.9 Yelena Buyolova, citizen of Washington County, addressed the Quorum Court stating that she spoke at the June Quorum Court meeting regarding removing Sheriff Tim Helder from office, but that she does not have the ability to attend every monthly meeting. She stated that she knows Judge Edwards has the jurisdiction to remove an elected official and Sheriff Helder conducts very poor business. She reported her criminal record stating that what has happened to her is against humanity, and she can provide documentation to assist the Court in removing Sheriff Helder from office.
- 305.10 Tim Smith, resident in southwest Washington County, addressed the Quorum Court noting that he has been in talks with Crawford County regarding being annexed. He addressed an article in the newspaper

regarding the idea of raising the millage, which he is very concerned about, because income is down in the real world. He reported that in 1967, the average family made more than it does today with both parents working. He stated that his understanding is that the number one employer in the U.S. is all forms of government. He believes that adding employees to the government is putting excessive weight on those who are paying the majority of taxes, and the real world income comes from actual manufacturing, farming, construction, etc. He stated he works in healthcare and does not add to the actual value other than people's quality of life. As an employed property owner, he is concerned about a possible millage increase as he does not have extra money sitting around to put into a further expenditure. He noted he knows several who are retired and at the top with no money left over who end up working in the fast food industry to make ends meet. He urged the Court to look at the needs of individual citizens who do not need increased taxes of any form.

306.1 COMPTROLLER'S PRESENTATION ON 2017 BUDGET REQUESTS AND UPCOMING REVIEW PROCESS: Ashley Farber, Washington County Comptroller, addressed the Quorum Court with a power point presentation on the 2017 Department Budget by Categories report, which shows 2017 requested budgets versus 2016 approved budgets. She pointed out that she has not included any employee raises or health insurance in these reports, which will be added once a decision is made. She explained how to review the Departmental Budget by Categories Report using the County Judge's budget as an example out of the General Fund. She noted that the County General Fund totals show the 2017 Requested Budgets of \$26,578,843 versus the 2016 Approved Budgets of \$28,156,501, which again do not include employee raises or health insurance.

306.2 A. Farber addressed the 2017 Budget Summary that is listed by fund and shows projected revenue, holdback, and funds available to budget; 2017 Requested Budgets versus Approved Budgets; and the Unappropriated Reserves Balance, which is the 2017 projected revenue versus 2017 requested budgets. She noted under the County General Fund, the 2017 Requested Budgets total should be \$26,578,843 and minus the insurance infusion the Unappropriated Reserves would be \$7,479,306. She explained the Budget Summary using the County General Fund as an example that shows 2017 Projected Carryover of \$12,400,000; 2017 Projected New Revenue of \$26,353,499; 2017 Projected Total Revenue of \$38,753,499; Holdback (10%) of \$3,875,350; Available Revenue to Budget of \$34,878,149; 2017 Requested Budgets of \$26,578,843; General Fund Infusions (insurance) of \$820,000; for an Unappropriated Reserves balance

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- of \$7,479,306; and can be compared to the 2016 Approved Budgets totaling \$28,158,501.
- 307.1 A. Farber addressed the 2016 General Fund Pie Chart showing division classification breakdown by percentage used from the 2016 Budget Summary by Department. The chart shows use of General Government at 45%; Law Enforcement at 42%; Health at 6%; Public Safety at 4%; Sanitation at 2%; and Social Services at 1%. She further noted the 2016 General Fund Pie Chart classification breakdown by each department and 2016 County Funds fund breakdown by percentage used with corresponding pie charts.
- 307.2 In response to a question from A. Harbison, A. Farber stated that the law enforcement breakdown does not include the jail, because she is only addressing the General Fund on this classification breakdown on page 3-12. However, she pointed out that the jail is included on the pie chart on page 3-14 as a separate fund.
- 307.3 A. Farber reported that 2017 New Personnel Requests includes 5 departments requesting a total of 15 new personnel positions totaling \$612,499 including fringe benefits. She stated that the breakdown from the General Fund includes 1 part-time position in General Services, 3 full-time positions in Sheriff's Office, and 2 full-time positions in the Juvenile Court; from the Road Fund, 1 full-time position; and from the Jail Fund, 7 full-time positions.
- 307.4 A. Farber noted that 9 departments are requesting capital purchases totaling \$1,944,443. She stated the breakdown from the General Fund includes Grants Department requesting \$13,201 for a vehicle, the Sheriff's Department requesting \$276,312 for a vehicle machinery and equipment, and the Coroner's Department requesting a vehicle at \$50,000. From the Road Fund, the Road Department is requesting \$740,000 for a vehicle, machinery and equipment; and the Road ½ cent \$485,000 for vehicle, machinery and equipment. She further stated from the Collector Automation Fund, Collector is requesting a vehicle at \$22,500; from the County Library Fund, the Library is requesting computer machine/equipment at \$22,000; from the Communication Fund, the Sheriff's Department is requesting computer machinery/equipment at \$156,000; and from the Jail Fund, a vehicle at \$179,430.
- 307.5 A. Farber reviewed the 2017 Salary Cost Information, including fringe benefits with a cost estimate for the 7% employee raises for County General at \$974,064; for Road at \$256,714; for Recorder's Cost at \$15,841; for

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Library at \$12,336; for Jail at \$638,040; for 9-1-1 at \$5,791; for HIV Clinic at \$8,404; and Drug Court Grant at \$2,997 for a total cost of all funds at \$1,914,187. It was noted that bonuses have been removed from the 2016 base salaries and the total cost of 2016 bonuses was \$536,529. She stated the cost of the alternative salary increase proposal presented to the Personnel Committee has yet to be determined. A. Farber noted that page 3-18 represents an updated Cost Estimate for Employee Raises including benefits showing straight base pay with the actual percentage applied.

- 308.1 A. Farber addressed the 2017 Health Insurance stating with the current plan, Washington County's contribution for 610 employees with \$345 employee deductible costs \$411 per position for a monthly total contribution of \$250,710 and yearly total contribution of \$3,008,520. She stated under the proposed plan, the County's contribution for 610 employees with \$1,000 deductible costs \$466 per position for a monthly total contribution of \$284,260 and a yearly total contribution of \$3,411,120. She explained the difference in the County's cost is \$55 per position, \$33,550 per month, and \$402,600 per year.
- 308.2 A. Farber addressed the unappropriated reserves balance in the General Fund. With current budget requests of \$7,479,306, cost estimate for a 7% employee raise of \$974,064, a cost estimate for insurance matching increase of \$210,876, the total unappropriated reserves of \$6,294,366.
- 308.3 A. Farber noted that future revenue considerations are the next decennial census in Year 2020 with an expected reduction of the County's percentage share of the county-wide 1-cent sales tax in the Year 2021. Further, the Road ½ cent sales tax is set to expire in the Year 2023.
- 308.4 A. Farber addressed the 2017 Budget scheduling process, with options of reviewing all department budgets by line item as done the previous year; review only budgets reflecting operating increases with a total of 75 budgets; of which 34 budgets are requesting operating increases, 23 budgets with operating decreases, and 18 budgets remaining at 2016 level. The next option is to review only budgets reflecting an increase in personnel or a capital request with 5 departments with new personnel requests and 9 departments with a capital request.
- 308.5 Judge Edwards thanked A. Farber and Executive Assistant Karen Beeks for their fine work in preparing this presentation.
- 308.6 E. Madison addressed the options for the scheduling process and asked whether the 34 budgets requesting operating increases included any capital

requests; to which A. Farber responded that it does include capital requests, but does not include personnel requests other than new personnel positions. E. Madison confirmed that if a department had a sizable capital expenditure last year and moved that money around in its budget, it is being shown as neutral. She stated that she is interested in who has new capital expenses, as well as who might look like it is keeping a flat budget, but really should have been a one-time expense last year. A. Farber further explained that the majority of this is General Fund, but there are other funds included such as Jail Fund. E. Madison referred to page 3-20 Unappropriated Reserves Balance after proposed raises and health insurance increase noting that is just in the General Fund; to which A. Farber referred her to page 3-9 that shows the budget summary by fund and the Jail Fund's available to budget for revenue is \$14,938,760, requested budget of \$14,531,927, which leaves the unappropriated reserves of \$406,833.

- 309.1 A. Harbison stated if departments are holding their budgets in-line or decreasing their budgets, she does not believe that they need to appear before the Quorum Court. She further stated that only 34 budgets requesting operating increases should give presentations to the Quorum Court.
- 309.2 R. Cochran stated looking at the total numbers does not really tell him what he needs to know and therefore, choosing one of the three methods does not work for him. He stated he would like to take a look at the individual department budgets and then discuss which can be eliminated from giving presentations. He stated he certainly wants to look at capital, new personnel, and whether or not the department budgets even change where they are going. He commended A. Farber for her power point presentation. R. Cochran stated one question he would like addressed in a graph is the overall ratio of the manpower expense compared to other expenses to see how this has changed year-to-year for 2015, 2016 and what is being proposed for 2017.
- 309.3 A. Farber stated that this was something she wanted to bring to the Court's attention as far as how the overall budgets are looking in hopes that it will start scheduling budget presentations before the Quorum Court. She has the budgets together, and they will be ready to go out to the court this week.
- 309.4 E. Madison stated she concurs with A. Harbison in tending to lean toward talking to departments with budget increases, but with the qualification of accounting for that capital. Further to the extent the operating increases are very slight, this would not be necessary, and she would like to prioritize

bigger issues to address this year. She noted last year the Court split the capital and personnel requests requiring departments to make two appearances, which she would like to avoid, and require that departments only make one presentation to the court.

- 310.1 L. Ecke stated that she has met with A. Farber many times and as a visual person, prefers to see charts and graphs. She is very pleased with her excellent power point presentation.
- 310.2 DISCUSSION ON THE 2017 BUDGET SCHEDULE: Judge Edwards suggested that the Court set a plan for budget review such as what E. Madison has recommended.
- 310.3 E. Madison stated that the Court look at the 2016 budgets and remove anything that should have been a significant one-time expenditure, then make its assessments of who has budget increases with those budgets put into one category to determine how much of an increase it is with a possible percentage threshold set of possibly \$2,000. Any increase less than that would not be required to give presentations to the Court. She stated that only those departments' budgets with an increase greater than \$2,000 would come before the court, which should capture anybody with personnel or capital expense request.
- 310.4 **E. Madison made a motion to set a budget review plan as she outlined. The motion was seconded.**
- 310.5 A. Harbison stated that the Sheriff's Department replaces vehicles yearly when it has the money, and last year it did not. She believes that the capital should stay in as it is an ongoing process to keep newer cars on the road. She stated that this is an expenditure that should be expected every year.
- 310.6 **With no further discussion, Judge Edwards called for a roll call vote on E. Madison's motion.**
- 310.7 VOTING FOR: B. Ussery, D. Balls, R. Cochran, R. Dennis, L. Ecke, A. Harbison, S. Lloyd, T. Lundstrum, E. Madison, S. Madison, G. McHenry, J. Patterson, and B. Pond. **The motion passed unanimously by those present. The budget review plan was set as outlined above.**
- 310.8 Judge Edwards stated as the Court now has a budget procedure set, Executive Assistant Karen Beeks can get the schedules worked out.

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- 311.1 K. Beeks suggested scheduling the Quorum Court's first budget review meeting on October 4.
- 311.2 E. Madison referred to the recent newspaper article about a potential millage increase that the Court will be discussing at the next regular meeting on Thursday, stating that County Treasurer Bobby Hill's updated projections where he decided to switch back from the 77/33 on the one cent sales tax to the 60/40 split. She stated she is still concerned that this Court has never affirmatively voted to do that split and B. Hill would really like clarification from the Court. She stated it needs to decide that issue early in this process, because the amount that B. Hill is showing as revenue going into the Road Fund is \$2.7 million, and the Court is talking about the Road Department having carryover of \$2.2 million in addition to raises that could cost the County \$2 million. She stated that she looks at all of these numbers and questions why the Court would raise the millage since the County is bringing in the general revenue already. For the sake of the Treasurer's Office, the Court needs to decide if that one percent General Fund tax is going to be dedicated to any department. She stated that she is looking at it right now that the Court could give the employees the raise they deserve off of General Fund money without a tax increase; however, the Court has to discuss that 60/40 split early on in this process.
- 311.3 B. Pond stated if the Court is going to talk about taking that money from the Road Department again, then he hopes that it remembers that when the citizens voted for that one cent sales tax, they did it with in mind that 40% would go to repair roads that is badly needed. He noted that the condition of those county roads directly affects both small and large business in the cities.
- 311.4 A. Harbison stated that there should not be any confusion because the motion last year by E. Madison was to reduce the Road Department General reserve by \$1,029,290 and place it in the General Fund reserve, and there was never a percentage voted on. She stated that the County has plenty of needs for that money in the Road Department and she further noted there are hundreds of residential drives in the county that need to be brought up to standards. She stated she is totally supportive of employee raises, but concurs with B. Pond that people voted for 40% of this tax to go into the roads, while the cities get 80% of that millage to start with. She pointed out that even though it looks like extra money in the Road Fund, it really is not.
- 311.5 R. Cochran distributed a spread sheet that he had prepared, showing the effect on unappropriated reserves due to the 2020 census. He noted that

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the unappropriated reserve amount will not be adjusted until 2021, the decrease in tax funds based on property values and the split between the population of the unincorporated and incorporated parts of their county, they will show about a \$1.2 million drop year over year until it is hit again at the 2030 census. He stated if the Court does not do anything with the County's unappropriated reserves and allow the growth in sales tax and the natural 2-3% of growth of sales tax and property tax revenue that can cover a good amount of growth in salaries and operating expenses for the county. However, if the Court does not do anything with the reserves, the County's unappropriated reserves runs out real quick, and by 2026, it will have no reserves at all. He stated if it tries to push forward and raise the reserves by ½ million per year, then the reserves run out in the year 2028; and if the County starts saving \$1 million per year, then the reserves will make it past 2030. He stated this illustrates the effect of the millage decrease and that the Court does have to focus on what it is going to do with the County's reserve for the long term. He noted that each year there is something that comes up and this year it is an infusion into the health insurance fund.

- 312.1 Judge Edwards reported that the meeting on Thursday, September 15, will be long and drawn out with upwards of 28 items on the agenda. She stated there are some Roberts Rules of Order that she can implement to help it go a little faster, but urged the JPs to understand that it would be a long meeting.
- 312.2 R. Cochran questioned whether the meeting could start a ½ hour earlier at 5:30; to which County Attorney Steve Zega responded the County has an ordinance which says the Court has to start its regular meetings at 6:00.
- 312.3 ADJOURNMENT: The meeting adjourned at 6:20

Respectfully submitted,


Cary Sandidge
Quorum Court Coordinator/Reporter