

MINUTES

BOARD OF DIRECTORS MEETING

APRIL 20, 2010, AT 7:00 P.M.

The regular meeting of the Board of Directors was held on Tuesday, April 20, 2010, at 7:00 p.m., Board Chambers, City Hall, with Mayor Mike Bush presiding.

The invocation was given by Mr. Jimmy Young, and Pledge of Allegiance to the Flag was led by Mayor Bush.

Mayor Bush called the meeting to order at 7:00 p.m.

1 Roll Call

Roll call was as follows: Present: Directors Peggy Maruthur, Elaine Jones, Cynthia Keheley, Pat McCabe, Rick Ramick, Tom Daniel, and Mike Bush, total 7.

2 Approval of Agenda

A motion was made by Director Daniel, duly seconded by Director Maruthur, that the agenda be approved; and upon voice vote, the motion unanimously carried.

3 Approval of Minutes of April 6, 2010 Board Meeting

A motion was made by Director Maruthur, duly seconded by Director Ramick, that the minutes of the April 6, 2010 Board Meeting be approved; and upon voice vote, the motion unanimously carried.

4 Recognition of Guests

Mayor Bush recognized Attorney Q. Byrum Hurst, Jr., who presented the Q. Byrum Hurst, Sr. Law Enforcement Achievement Award to Sergeant Johnnie Mann, retiring after 20 years of service with the Police Department. He mentioned they graduated from Hot Springs High School and played football together. He pointed out that Sergeant Mann, after graduating from school, had to look for job opportunities in law enforcement in other cities. He said that his dad, Q. Byrum Hurst, Sr., was always concerned that Hot Springs needed to provide job opportunities so that dedicated

policemen and others would not have to leave like Sergeant Mann in order to find employment. Sergeant Mann returned to Hot Springs and had spent 40 years outstanding years in law enforcement with 20 years being in Hot Springs. He said the City should dedicate itself to provide graduates of every high school in the city and county the opportunity to work in the city, and that should be a goal to provide that opportunity. At this time, City Manager Lance Hudnell also presented a plaque to Sergeant Mann for 20 years of dedicated service to the Hot Springs Police Department from November 15, 1989, to April 16, 2010. He said it has been a privilege and pleasure to have worked with Sergeant Mann for 20 years, having worked closely in traffic issues and on the public safety committee.

Sergeant Johnnie Mann said he was given the opportunity to work for the Police Department by former Police Chief Martin White, who called him when he was District Captain in New Orleans, Louisiana, with 490 men working under him. He said that he loves Hot Springs and he and his wife, Darlene, plan to remain in the City.

5 Board of Directors Announcements

Director Keheley stated that today the City of Hot Springs and Hot Springs National Park Service received a very special honor with the historic release of the Hot Springs National Park Quarter and the launching of the national circulation as a part of the United States Mint, America the Beautiful Quarters. She noted that hundreds of adults and children came out and joined together at Reserve and Central this morning to participate, celebrate, and purchase these first coins. She said it is estimated that 25 million to even 1 billion, according to The Sentinel-Record, of the Hot Springs coins will be minted. She mentioned Hot Springs is the first in a series of 56 to be minted over the next 12 years. She said the fact that these quarters will be circulated all over America means that Hot Springs will reach people it can never reach through advertising.

Director Maruthur announced that Spring Fling will be held on Saturday and Sunday, April 24 and April 25. There was a clean sweep collection in District No. 1; and there was a total of 69 code violations that were issued; 52,800 pounds were miscellaneous; 31,840 pounds were brush; 1,380 pounds were litter; 1,780 pounds were tires; and 403 packets were delivered door-to-door. She reported the First Annual Spa City Slam Baseball Tournament, sponsored by the Hot Springs Boys and Girls Club, will be held on Saturday and Sunday, April 24 and April 25; and 32 teams from the ages of 8 to 12, both state and nationally ranked, will be competing.

She pointed out there will be approximately 1,500 parents, grandparents and friends who will be coming to the community. Also, the public is welcome to attend; and a small admission will be required.

6 Acknowledgment of the Financial Statements for March 2010

Mayor Bush announced that the Financial Statements for March 2010 are on file in the Finance Department for review by the Board and the public.

CONSENT AGENDA

The Consent Agenda consisted of the following:

7 Public Safety Committee Report (April 6, 2010).

8 Proposed Resolution No. R-10-81 Approving Certain Bid Awards (a) Float Switches - Utility Administration [annual supply contract awarded to Instrument and Supply - final contract extension; (b) Stator Rewind - Utility Administration [annual supply contract awarded to Lynn's Electric Motor Service - final contract extension]; and (c) Materials for Utilities - Utility Administration [awarded to Arkansas Water Products in the amount of \$7,650.56; Consolidated Pipe in the amount of \$13,266.30; and Ferguson Waterworks in the amount of \$3,393.25].

9 Proposed Resolution No. R-10-82 Authorizing the Mayor to Execute a Lease Agreement Between the City of Hot Springs, Arkansas, and Pinnacle View Inspections, Inc. for Office Space in the Terminal Building at the Airport.

10 Proposed Resolution No. R-10-83 Awarding a Contract and Bid Award to Speidel Construction, Inc. for the Repainting of Markings on Runway 5/23 at the Airport.

11 Proposed Resolution No. R-10-84 Authorizing the Filing of a Grant Application with the Arkansas Historic Preservation Program for Training and Travel

Expenses for the Historic District Commissioners and Staff; and to Retain a Consultant to Conduct a Historical/Architectural Survey.

12 Proposed Resolution No. R-10-85 Approving a Certain Street (Apple Blossom Way) in Forest Lakes Subdivision.

A motion was made by Director Jones, duly seconded by Director Ramick, that the Consent Agenda be approved.

Upon discussion, Mr. George Pritchett, 125 Carl Drive, expressed appreciation to those who have worked on the Public Safety Task Force. He pointed out whatever recommendations the Board takes, it is imperative that to deal with Policemen and Firemen Retirement Funds if the City expects any support from the public. He noted that in approximately six months, the Board will be working on the 2011 budget; and Public Safety is a big part of that. He pointed out the City still have over 600 employees and 530 vehicles, and the Board does not have many places to look but people in that process. He added that all outside agency funding is a good thing to start thinking about.

Mayor Bush then called for a vote on the motion to adopt the Consent Agenda; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried.

PUBLIC HEARING

13 Public Hearing on Petition to Vacate All of Meadow Wood Lane Located in Meadow Wood Subdivision

This being the time and date set for a public hearing on a petition to vacate all of Meadow Wood Lane located in Meadow Wood Subdivision, Mayor Bush declared the public hearing open.

There being no comments, Mayor Bush declared the public hearing closed.

NEW BUSINESS

14 Proposed Ordinance No. O-10-22

An ordinance entitled, "AN ORDINANCE VACATING ALL OF MEADOW WOOD LANE LOCATED IN MEADOW WOOD SUBDIVISION," was taken from the agenda for consideration.

A motion was made by Director Ramick, duly seconded by Director Maruthur, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Maruthur, that the ordinance be passed as read; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

15 Proposed Resolution No. R-10-86

A resolution entitled, "A RESOLUTION APPROVING THE SUBMISSION OF APPLICATION(S) TO THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY (ADFA) FOR THE HOME PARTNERSHIP PROGRAM (HOME) FOR THE PURPOSE OF NEW AFFORDABLE HOUSING CONSTRUCTION GRANT(S) AND APPROVING THE ACQUISITION OF CITY PROPERTIES THROUGH DONATION OR FORECLOSURE," was taken from the agenda and read by title only.

A motion was made by Director McCabe, duly seconded by Director Ramick, that the resolution be adopted as read.

Upon discussion, Mr. Gerald Harman, Community Development Administrator, advised there was a resolution adopted previously for the actual application; and this resolution is the addition of the acquisition of property through donation or foreclosure to allow the City Manager or his designee to do that.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

16 Proposed Resolution No. R-10-87

A resolution entitled, "A RESOLUTION ALLOWING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) TO EXCEED THE MAXIMUM SUBSIDY OF \$25,000 FOR EXTRAORDINARY ROOF REPAIRS AT 119 FLORENCE STREET," was taken from the agenda and read by title only.

A motion was made by Director Jones, duly seconded by Director Ramick, that the resolution be adopted as read.

Upon discussion, Mr. Gerald Harman, Community Development Administrator, advised this is to repair some roof damage to the decking underneath the shingles; but it does not need a complete roof. He mentioned there was rehabilitation to this home in 2006, and there was some damage to the decking, which has caused the shingles to buckle. He said that sections need to be repaired or replaced where the damaged decking is located and also install some soffit vents to give additional ventilation. He advised this is a CDAC recommendation, as well as a HUD recommendation.

Director Daniel questioned if the amount of money that is being requested now included in the money that was spent two years ago to make it go over the \$25,000 or does \$25,000 need to be spent now. Mr. Harman explained that between \$1500 and \$4000 needs to be spent now depending on how much of it can be saved and how much will have to be replaced.

Director Maruthur said at the agenda meeting, this was discussed at length; and this is to protect the City's investment.

Ms. Kathi Cosby, 119 Florence, said she did not have any more information to add to what Mr. Harman stated. She then distributed photos of the house.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

17 Proposed Resolution No. R-10-88

A resolution entitled, "A RESOLUTION ALLOWING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) TO EXCEED THE MAXIMUM SUBSIDY OF \$25,000 FOR ADDITIONAL REHABILITATION AT 202 WREN STREET," was taken from the agenda and read by title only.

A motion was made by Director Ramick, duly seconded by Director Maruthur, that the resolution be adopted as read.

Upon discussion, Mr. Gerald Harman, Community Development Administrator, stated this request is for additional rehabilitation at the homeowner's request due to the high cost of heating the house. He added when rehabilitation was done previously, the attic and crawl space were insulated. He said that \$23,000 is currently invested in the house. He advised that the homeowner is requesting vinyl siding and insulation on the exterior walls, which currently have no insulation because of the age of the home. He added there has been a roof leak that has appeared since the previous rehabilitation, and the homeowner is requesting a new roof, as well as CDAC and staff. He stated the approximate cost of this will be \$11,000 to \$14,000 for the siding and new roof.

Ms. Jo Etta Laswell, 202 Wren, stated the house has no insulation in the walls; and she had been staying in the living room because of no heat. She said she needs a new roof and asked that the Board approve her request.

Mayor Bush questioned the appraised value of the home, and Mr. Harman advised that it is a little over \$48,000.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the resolution was declared adopted.

18 Proposed Ordinance No. O-10-23

An ordinance entitled, "AN ORDINANCE AMENDING THE ZONING CODE TO REMOVE CERTAIN PARCELS OWNED BY LAKESIDE SCHOOL DISTRICT FROM THE MALVERN AVENUE OVERLAY DISTRICT MAP, CITY OF HOT SPRINGS, ARKANSAS," was taken from the agenda for consideration.

A motion was made by Director Jones, duly seconded by Director Maruthur, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Ramick, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised this has been heard as an appeal; and the Planning Commission's recommendation is to deny this amendment. She stated this application came from Director Tom Daniel, who is seeking a change that would remove properties owned by the Lakeside School District from the Malvern Avenue Overlay Zone District. She said the subject property is in three, separate underlying zoning classifications: R-1, Rural Residential; R-2, Suburban Residential; and C-3, Office/Neighborhood Commercial. She noted the Malvern Avenue Overlay District was adopted and became effective early in 2003. These regulations placed additional requirements on developments located within any portion of the overlay zone, and that is with the exception of single-family residential development.

She pointed out the purpose of establishing this district is to protect and enhance the visual appearance and character, promote traffic safety, and maintain harmony with adjacent residential neighborhoods along Malvern Avenue. She commented that legislation is the prohibition on commercial developments or nonresidential developments from exceeding 15,000 square feet in gross floor area. The passage of the Malvern Overlay District made school district structures in excess of 15,000 square feet legal, nonconforming structures. Should this zone change be approved, proposed additions or additional structures on this campus still would require Article II Site Plan review because of its E (Educational) occupancy classification in the Building Code. Conditional Use approval also is a requirement for campus expansion, and proposed sign installation at the campus is primarily zoned Residential. She advised that the staff finding and recommendation to the Planning Commission is that the Lakeside School District pre-dates the adopted Malvern Avenue Overlay District regulations; and as a result, many of the structures on campus are now legal, nonconforming structures.

She mentioned even though the vast majority of the campus existed prior to March 2003, the architecture of the structures, as well as landscaping, substantially comply with present day Malvern Avenue Overlay regulations. She noted the campus has long been a part of the community, and its visual appearance and character set the tone for the south end of Malvern Avenue. Also, the campus is an enhancement to the City. She advised the Planning Commission voted unanimously to recommend to the Board, following a public hearing on March 11, 2010, to deny an ordinance approving the Malvern Avenue Overlay District Zoning Map Amendment for the 20 acres involved because removing the parcels from an Overlay District sets a precedent for removing single properties from a zone district. Also, amending the Overlay District to allow buildings larger than 15,000 square feet and to allow electronic signs is another way of accomplishing Lakeside's and the City's goals. She said the recommendation is to deny the zone change request to revise the Malvern Overlay District to remove a portion

of the campus in the 2800 and 2900 blocks of Malvern Avenue.

At this time, a motion was made by Director Daniel, duly seconded by Director Keheley, that the ordinance be amended by adding the following Section 3: "The Conditional Use Application (CU-09-0024), as submitted by Lakeside School District No. 9, on February 24, 2009, is hereby approved"; and upon roll call, the following voted "aye": Directors Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 6. Voting "no": Director Maruthur; motion carried.

Mayor Bush then called for a vote on the motion to adopt the ordinance, as amended; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed, as amended.

19 Proposed Ordinance No. O-10-24

An ordinance entitled, "AN ORDINANCE AMENDING THE ZONING CODE OF THE CITY OF HOT SPRINGS, ARKANSAS (ORDINANCE NO. 5158, AS AMENDED), TO ALLOW CERTAIN ELECTRONIC CHANGEABLE COPY SIGNS WITHIN THE MALVERN AVENUE OVERLAY DISTRICT AND DELETING THE "PERMITTED LAND USES" SECTION WITHIN THE MALVERN AVENUE OVERLAY DISTRICT, CITY OF HOT SPRINGS, ARKANSAS; AND FOR OTHER PURPOSES," was taken from the agenda for consideration.

A motion was made by Director Daniel, duly seconded by Director Ramick, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Daniel, duly seconded by Director Jones, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised this is a request by Planning Commissioner James Clopton to seek a text amendment to the Malvern Overlay District. She stated this is to remove the prohibition on electronic signs and also to delete Section 16-2-65(g) - Permitted Land Uses, which lists uses and also caps commercial developments not exceeding 15,000 square feet in gross floor area. The Planning Commission advertised this proposed amendment and held a public hearing at their regularly scheduled April 9, 2010 meeting. They considered public testimony and made certain changes to

Commissioner Clopton's proposal, and they recommended 7-0 that the Board approve an ordinance amending the regulations. Their change to the original proposal was to remove the blanket prohibition on electronic changeable copy signs while still prohibiting signs that are animated, blink, flash or contain moving digital copy. It eliminates the list of uses and a commercial development square footage cap of 15,000 square feet. The proposal does not affect underlying zone district regulations or requirements, and the remaining Malvern Avenue Overlay District regulations remain in effect. The finding was that the purpose of the Malvern Avenue Overlay District is not harmed by the subject amendment, and the change is consistent with the objectives of the Zoning Code and the Plans adopted by the Planning Commission and meets the requirements of the Hot Springs Zoning Code. The recommendation is to approve the ordinance.

Director Maruthur stressed that the City does not want to see anyone injured or anything happen because of things distracting people while they are driving.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

20 Proposed Ordinance No. O-10-25

An ordinance entitled, "AN ORDINANCE AMENDING THE ZONING CODE OF THE CITY OF HOT SPRINGS, ARKANSAS, BY REZONING PROPERTY LOCATED IN THE 100 BLOCK OF ALCORN STREET DESCRIBED AS LOTS 7 AND 8, BLOCK 9 OF MORRISON AND BELDING SUBDIVISION FROM R-4, MEDIUM-HIGH DENSITY RESIDENTIAL DISTRICT TO C-TR, COMMERCIAL TRANSITION DISTRICT; AND AMENDING THE FUTURE LAND USE MAP BY RECLASSIFYING CERTAIN REAL PROPERTY IN THE 100 BLOCK OF ALCORN STREET," was taken from the agenda for consideration.

A motion was made by Director Ramick, duly seconded by Director Maruthur, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Maruthur, duly seconded by Director Jones, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director,

advised that the owner and applicant is First Step, Inc., which is seeking C-TR, Commercial Transitional zoning for two lots in Block 9 on Alcorn Street; and the proposed use stated by the applicant is for a preschool classroom that is about 1/3 of an acre. The Planning Commission held a public hearing on April 8, 2010 and accepted the staff recommendation and findings. Those findings were that the requested C-TR zoning classification would be consistent with the remaining First Step campus complex and existing development plans. The C-TR zoning is consistent with the Comprehensive Plan Future Land Use Map designation of Commercial Enclave; and if the subject property is so designated, the zoning change is consistent with the objectives of the Zoning Code plans adopted by the Commission and not based exclusively on the applicant's desire to increase the value or income potential of the property. The Planning Commission is unanimously recommending that the Board approve the rezoning of the subject property to C-TR, Commercial Transitional, and to amend the Future Land Use Map to designate the property as Commercial Enclave.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Ramick, Daniel, and Bush, total 7; motion unanimously carried. Whereupon the ordinance was declared passed.

21 Proposed Ordinance No. O-10-26

An ordinance entitled, "AN ORDINANCE AMENDING THE ZONING CODE OF THE CITY OF HOT SPRINGS, ARKANSAS, BY REZONING PROPERTY LOCATED IN THE 200 BLOCK OF TENNESSEE STREET DESCRIBED AS SOUTH ½ OF LOT 17, AND ALL OF LOTS 18 AND 19, BLOCK 8 OF GORGE ADDITION AT 244 TENNESSEE STREET FROM R-4, MEDIUM-HIGH DENSITY RESIDENTIAL DISTRICT WITH MANUFACTURED HOME OVERLAY DISTRICT TO M-1, LIGHT MANUFACTURING DISTRICT; AND AMENDING THE FUTURE LAND USE PLAN MAP BY RECLASSIFYING CERTAIN REAL PROPERTY IN THE 200 BLOCK OF TENNESSEE STREET," was taken from the agenda for consideration.

A motion was made by Director Jones, duly seconded by Director Keheley, that the rules be suspended and the ordinance be read for the first time by title only; and upon voice vote, the motion unanimously carried. The ordinance was then read for the first time by title only; and upon the question "Shall the ordinance be passed as read?" and upon motion of Director Jones, duly seconded by Director Maruthur, that the ordinance be passed as read.

Upon discussion, Ms. Kathy Sellman, Planning and Development Director, advised that the property owners are Wade Beams and Leo Castleberry, who are requesting M-1, Light Manufacturing, for 2½ lots in the Gorge Addition at approximately 244 Tennessee Street. The proposed use noted by the applicant is a warehouse for a roofing company. All residential use types are allowed in the R-4 district, but the subject property has not been developed over the years. The requested M-1 zoning classification would be a logical expansion of the adjacent M-1 zone and not an encroachment of dissimilar land uses into an established residential neighborhood. The desired M-1 zoning is consistent with the Comprehensive Plan Future Land Use Map Designation of Industrial; and if the subject property is so designated, then the zoning change is consistent with the objectives of plans adopted by the Commission and not based exclusively upon applicant's desire to increase the value or income potential of the property. The Planning Commission conducted a public hearing on April 8, 2010, and heard testimony and unanimously recommends that the Board approve the rezoning of the subject property to M-1 and also to amend the Future Land Use Map to designate the property as Industrial because the application demonstrates compliance with the Hot Springs Code.

Director Maruthur questioned if there were any residents at the Planning Commission meeting in opposition, and Ms. Sellman replied there were some residents who had concerns that did not directly relate to this request in anyway. Director Maruthur pointed out that the City has a certain amount to satisfy its SOB obligations; and by zoning this M-1, it will help satisfy that SOB. City Attorney Brian Albright advised that is correct and raises the percentage that is available for that.

Mayor Bush then called for a vote on the motion to adopt; and upon roll call, the following voted "aye": Directors Maruthur, Jones, Keheley, McCabe, Daniel, and Bush, total 6. Director Ramick was out of the Board Chambers and did not cast a vote; motion carried. Whereupon the ordinance was declared passed.

22 Presentation by Finance Director Dorethea Yates of First Quarter Financial Report for 2010

Ms. Dorethea Yates, Finance Director, gave an update on the City's financial performance for the first quarter of 2010. She then reviewed the governmental funds and enterprise funds, noting that the audit has not been completed; and the auditors will be in her office for a number of weeks. She stated the City ended up the year in General Fund with a fund balance of approximately \$3.6 million and a cash balance of

about \$1.3 million. The Garland County District Court Fund, Police Fund, Fire Fund, Street Fund, and Intracity Transit Fund have very low fund balances as was anticipated, as well as low cash balances. The Major Capital Projects Fund, which is the fund from the Civic Center proceeds after paying off the bond, has \$318,000 in Fund Balance. The Higdon Ferry Road Widening Fund, which is money the City set aside from the sales tax proceeds, has \$314,000 in fund balance.

Regarding payroll distribution for 2010, the majority of the City's expenses is payroll. She pointed out there are 26 payroll periods; therefore, there are two months in the year with three payrolls. She stated in looking at March, the City can expect to see expenses somewhere around 23 percent, which is a benchmark to look at.

In the General Fund, there is revenue of \$5.1 million, which is about 25 percent of the budget. She pointed out that the City's sales tax runs two months behind. Therefore, when she presents the March financial data, there is one month of actual sales tax for January and then two months of estimated sales tax based on the budget. She added that 25 percent can be a little misleading. She said the expenses are \$4.9 million, which is at 23.4 percent. Personnel costs are 29 percent of the budget, and transfers to other funds are 58 percent of the budget. The total of the General Fund budget is 87 percent of either money that is transferred out or money for salaries. The cash in bank at the end of March for General Fund was approximately \$1.3 million. The amount that is owed to General Fund from other funds is \$684,000.

Regarding the sales tax analysis, there is only an actual number for January; and it is about 0.83 percent below 2009 and about 0.88 percent less than what was budgeted.

In regard to the General Fund Supported Funds (District Court, Police Fund, Fire Fund, Street Fund, and Intracity Transit Fund), District Court is running a little below the 23 percent benchmark, which has to do with the timing of some of their expenses. The revenue for District Court will always run even with expenses because they are funded out of transfers from the General Fund, and then 50 percent is paid by the County. The Police Fund and Fire Fund are right at the 23 percent benchmark. The revenues will run like expenses because in the Police Fund and Fire Fund, their major source of revenue is the transfer from General Fund. Intracity Transit Fund is at 21 percent benchmark.

Regarding the Enterprise Funds, she explained that the figures are the net income numbers as opposed to the fund balance because in the Enterprise Funds, the

net income numbers are a little more significant than the fund balance. She noted there was a loss in parking, which is not unusual because a large part of the parking expenses is depreciation. She said the City can always show a book loss there as long as the City is not making more than that in depreciation. In Airport Fund, there was a gain of \$142,000; Sanitation - a gain of \$241,000; Stormwater - a gain of \$392,000; Water - a gain of \$1.3 million; and Wastewater - a loss of approximately \$800,000. She said this loss was anticipated, and the City put a rate increase into effect at the end of last year and then another one in March; therefore, a loss was anticipated.

Ms. Yates pointed out she has provided the net income, expense and revenue for each one of these enterprise funds and where the City is for 2010 and the percentage of budget; and those are all tracking very well. She noted the Airport Fund looks a little different, and the revenue is 29 percent and expense is 26 percent. She commented that was a little difficult to track because the fuel sales are such a large part of the revenue for the Airport. If the cost of fuel is going up, then the revenue is going up, as well as expenses. She added that Sanitation is running right at the 23 percent. Stormwater is a little different because some of those expenses are being delayed, and they are at only 13 percent. She noted they have some vacancies so that is lower. In the Water Fund, revenue is at 26 percent and expense at 18 percent. She said that Water and Wastewater will both track somewhat differently due to weather.

In reviewing all of these funds and reviewing expense, in comparison with the budget, she said she believes the City is on track with where it expected to be this time of the year.

Regarding the financial outlook, she stated they are all on track. She pointed out that 2011 is going to be another challenging year, and what happens to sales tax is going to be critical this year. She said the City should be getting February numbers at the end of this week or next week; and as soon as she receives those numbers, she will get them to the Board. Regarding activity in the stimulus funds, she stated it is difficult to control that because the City wants to get the stimulus funds as it can.

Ms. Yates stressed that the City needs to closely watch the impact of the new rates passed in November 2009 and in March 2010 on utility revenues, but people have not started turning on their sprinklers; and she will be watching those very closely over the next few months as the sprinkler meters are turned on. She pointed out that fuel costs are starting to increase a little, and that can have a major impact on some of the funds.

Ms. Yates said that concluded her report and was not intended to be a detailed report but to give the Board an idea on where the City stands.

Director Maruthur commented this means the Apple Blossom Race will not be reflected; and Ms. Yates advised that the actual revenue from that will not be reflected until two months after it happens. She added until the actual revenue comes in, the City will not know what the impact is.

Director Keheley asked if she has any significant unexpected expenditures that she sees forthcoming, and Ms. Yates replied that she did not. She added staff did some analysis and looked at what was happening with the different funds. She mentioned that in the Sanitation Department, their roll-off revenue had declined; therefore, there is some commercial downturn. Also, the water revenue in commercial inside water sales was down a little. She stated there were some major adjustments that were made which contributed somewhat to that, and staff will be watching those numbers very closely over the next couple of months.

City Manager Lance Hudnell expressed appreciation to the Finance Department and all of the departments for watching their end-of-the-year expenses. He said the Fund Balance was at \$3.5 million by the time reappropriations were made; and the cash balance was \$1.3 million, which was due to the departments closely watching their spending, particularly at the end of the year.

Director Keheley pointed out that City Manager Lance Hudnell has mentioned several times that at mid-year, there would be some major significant adjustments and questioned if that is still the objective. City Manager Lance Hudnell replied that he was trying to convey that he and Finance Director Dorethea Yates are beginning to work on 2011 budget and wanted to be sure if there was anything drastic to consider in this year, they have more time to react than they did last year.

OTHER BUSINESS

23 Board of Directors Items for Discussion

Director Jones reported that the Ouachita Area Chapter of the Red Cross is having a talent show on Saturday at the Hot Springs Middle School, 700 Main Street. The doors will open at 5:30 p.m. with a silent auction, and the donations are \$5 for adults and children over 12 years old. All proceeds will go to the Haiti Fund. She thanked the employee committee for inviting the Board of Directors to the Employee

Awards Banquet on Thursday night. She said it was a rewarding experience for her to know that everyone was recognized for their years of service and dedicated employees working for the City. She stated they do a wonderful job and need to be recognized and appreciated for it.

Director Keheley announced on this Saturday morning, the new Farmers Market will host its first event, which is the annual plant sale by the Garland County Master Gardeners. She added the new Farmers Market season for 2010 begins Saturday, May 1; and dedication will be May 8.

Director Maruthur advised if anyone wants to be on the CodeRED- Program, they may call 321-6861; and Paula Brown will sign them up for this service.

Director Daniel stated that in regard to the ordinance passed tonight for the Malvern Overlay District, the Lakeside School Board and many of the parents could not be present because they had a board meeting tonight. However, they were 100 percent behind it.

24 City Manager's Report

City Manager Lance Hudnell gave the following report:

1. About a year ago at the National League of Cities, Hot Springs learned about a prescription drug program that is available to all citizens whether they have insurance or not. City Clerk Lance Spicer was instrumental in getting the program out. For the nation as a whole, there has been over \$2 million in savings. In Hot Springs, there are currently 31 citizens participating and saved about \$350; and there are about 30 pharmacies in the program. That was 45 percent of the cost they would have otherwise incurred. For those wanting to participate, they may contact City Clerk Lance Spicer at 321-6815.

2. According to the Insurance Services Organization, Hot Springs was the only city in Arkansas to receive a Grade 3 for its residential code compliance building code enforcement. Hot Springs was also one of five to receive a Level 3 for its commercial site. These are good achievements for the Planning Department and Permit Section of the Planning Department.

3. April 11 through April 17 was National Public Safety Telecommunications Week. The City has 15 men and women working in the dispatch center.

4. A thank-you was received from Rose and Tony Hoeing, who wrote a Letter to the Editor regarding the City's trails and Entergy Park and Greenway.

5. He expressed appreciation to the U. S. Mint and to the National Park Service for the ceremony today and for Hot Springs being chosen as the first quarter to be issued and for those officials coming to Hot Springs.

6. A thank-you was received from a satisfied customer, Ms. Sue Ott, 274 Woodlawn, for the miscellaneous pick-up by the CAPS Program. Also, a thank-you was received regarding a manhole cover repair at 148 Mapleleaf by the sewer and water crews. Mr. Bob Lathrop, Urban Forester, assisted residents in the north end of town with regard to some issues of overhanging tree limbs.

7. Spring Fling will be held this weekend.

8. He thanked the Board for participating in the Employee Awards Banquet and appreciated those who were nominated and for the Directors presenting the awards.

He stated that the Employee of the Year was Bob Hope; the winner of the Bill Edwards Award was Margaret Parris; and Supervisor of the Year was Bill Burrough. There was a group who received an award for Humanitarian Service, and they were bus drivers who had crews that went into a semi-dangerous situation, and a number received the Spotlight Awards as well.

25 ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 8:00 p.m., to meet again on Tuesday, May 4, 2010, at 7:00 p.m.

ATTEST: _____

APPROVED: _____

Lance Spicer, City Clerk

Mike Bush, Mayor