

MINUTES

SENATE AND HOUSE INTERIM COMMITTEES ON
CITY, COUNTY, AND LOCAL AFFAIRS

May 23, 2018

The Senate and House Interim Committees on City, County, and Local Affairs met Wednesday, May 23, 2018 at 10:00 a.m. in the Fulton Room, Statehouse Convention Center, Little Rock, Arkansas. The meeting was held during the 2018 Arkansas Rural Development Conference.

Committee members present: Senators Alan Clark, Senate Chair, Lance Eads, Scott Flippo, and Stephanie Flowers. Representatives Tim Lemons, House Chair, Sarah Capp, Carol Dalby, Jana Della Rosa, David Fielding, Lanny Fite, Jeremy Gillam, Mike Holcomb, Fredrick Love, Roger Lynch, Johnny Rye, Nelda Speaks, and Jeff Williams.

Other members present: Representatives Rick Beck, LeAnne Burch, Jack Fortner, Douglas House, Jack Ladyman, Ron McNair, and James Sorvillo.

Comments by Committee Chairs

Representative Lemons called the meeting to order. He asked legislators to introduce themselves. Senator Clark thanked the legislators for attending and invited them to attend the Water Provider Legislative Task Force meeting being held that afternoon at 1:30 p.m., in Room 151 in the State Capitol.

Consideration of Approval of Minutes for July 12 and July 13, 2018, and August 9, 2018 [Exhibit C, C-1, and C-2]

A motion to approve the minutes of the July 12, July 13, and August 9, 2018 committee meetings was made by Representative Fite and seconded by Senator Flippo. The motion carried.

Welcome by Alexandra Johnston, Director, Division of Rural Services, Arkansas Economic Development Commission

Alexandra Johnston, Director, Division of Rural Services, Arkansas Economic Development Commission (ARDC), was recognized. Ms. Johnston reviewed events being held during the conference. Ms. Johnston encouraged legislators to stop by the registration desk or check with her to obtain a list of communities within their districts who will receive grants during the awards luncheon.

Update on ISP 2017-001 by Representative Jeff Williams "Requesting that the House Committee on City, County, and Local Affairs Conduct an Interim Study of the various Municipal Retirement Systems to Evaluate the Performance, Benefits, and Level of Participation in each Retirement System" [Exhibit E, E-1]

Representative Lemons recognized Representative Jeff Williams, ISP sponsor, and Jody Carreiro, Actuary, Osborn, Carreiro, and Associates. Representative Williams explained the purpose of the Interim Study Proposal is to compile and provide information comparing the types of retirement benefits and programs offered to uniform and non-uniform municipal employees across the state. Mr. Carreiro referenced Exhibit E, an update of Mr. Carreiro's study findings, which focused on 106 cities of the First Class with populations of 2,500 or more. The majority of uniformed fire and police employees are covered by the Local Police and Fire Retirement System (LOPFI). State law requires police and fire uniformed employees hired after January 1, 1983 to be covered by LOPFI. The few

exceptions are municipalities whose police employees were already covered by APERS before the LOPFI system went into effect. Eighty-seven of the one hundred and six cities reviewed in the study found that retirement benefits are provided for under LOPFI. Five cities provide different retirement benefits. Fourteen cities have not yet responded to what, if any type of retirement benefits are provided. Mr. Carreiro gave highlights of additional information the study has obtained from the cities:

- Twenty-seven of the fifty largest cities in the state provide retirement benefits through the Arkansas Public Employees Retirement System (APERS)
- Eight of the ten largest cities provide retirement benefits through their own plans
- Five of the fifty largest cities provide Defined Benefit plans
- Fourteen of the fifty largest cities provide a Defined Contribution plan
- Three of the fifty largest cities have both Defined Benefit and Defined Contribution plans
- Approximately ten cities use some type of Defined Contribution plan with cities adding 2%, 3%, or 4% to their employee's payroll

Representative Williams and legislators discussed the types of retirement benefit plans used by the cities and focused specifically on Defined Contribution and Defined Benefit plans. Representative Williams suggested that cities be encouraged to confirm that their employees have a good understanding of how best to plan for their retirement.

Update on Programs and Grants Offered to Cities and Towns by the Division of Rural Services, Arkansas Economic Development Commission

Alexandra Johnston, Director, Division of Rural Services, Arkansas Economic Development Commission (AEDC), was recognized. Ms. Johnston gave an update and overview of the programs and grant funding available through programs administered by the Arkansas Division of Rural Services (ARDC):

- The Rural Community Grant Program
- The Community Block Grant Program
- The County Fair Building Grant Program
- The Unpaved Roads Grant Program
- The Game and Fish Wildlife Education Conservation Grant Program

Fifty-four grant awards will be presented on Wednesday, May 24, 2018 during the Arkansas Rural Development Conference luncheon. A total of \$735,000 in grant funding will be handed out.

The County Fair Building Grant Program has a county population limit of 55,000 or less, which covers about 64 of the state's 75 counties. The Game and Fish Wildlife Education Conservation Grant Program is funded through the collection of fines levied on hunting and fishing infractions in Arkansas. ARDC awards education grants to all schools in Arkansas and is available to all schools in the state. The Unpaved Roads Grant Program focuses on maintaining and improving unpaved roads in Arkansas for the purpose of conservation. This program receives funding in partnership with the Arkansas Game and Fish Commission. The Rural Community Grant Program and the Community Block Grant Program both have city population limits of 3,000 or less to be eligible. There are no population limits for counties to be eligible for grant programs. The county projects are typically used by rural fire departments, the Unpaved Road Program, and/or the Game and Fish Wildlife Education Conservation Grant Program. Ms. Johnston offered to meet with legislators to discuss needs within their districts and which ARDC programs might help. Ms. Johnston provided the following upcoming grant application deadlines:

- August 9, 2018 is the deadline for the County Fair Building Grant Program, the Rural Community Grant Program, and the Community Block Grant Program

- October 4, 2018 is the deadline for the Game and Fish Wildlife Education Conservation Grant Program

Legislators continued to discuss the grant programs with Ms. Johnston asking which programs have matching fund requirements and what the matching fund amounts are. She referenced a chart with information on program funding, eligibility requirements, and other helpful information that is on the ARDC website at <https://ruralservices.arkansas.gov>.

Overview of the Newly Implemented Competitive Communities Initiative (CCI) Program Sponsored by the Arkansas Economic Development Commission (AEDC) [Exhibit G]

Mike Preston, Director, Arkansas Economic Development Commission (AEDC), was recognized. Mr. Preston addressed the need for communities in Arkansas to become more competitive in attracting jobs and investors to the state. He discussed the months of work performed by AEDC in 2017 in its attempt to secure the Toyota and Mazda automobile assembly plant in Arkansas. Toyota and Mazda announced a partnership and the intent to build and locate a plant in the southeastern part of the United States. The AEDC worked closely with company representatives, but unfortunately Arkansas could not compete in a timely manner and lost the project to Alabama. This experience was the impetus for AEDC to develop the Competitive Communities Initiative Program. AEDC launched the program along with the Governor in March, 2018. Currently, four communities are participating in a pilot program. Aspects of the program include targeting site availability, available workforce, and engaging local economic development organizations to guarantee that a community is ready when an opportunity is presented by a company or business interested in locating in the state. Thirty communities have expressed an interest in the program. Mr. Preston said Mr. Cody Slater is working with the AEDC team to develop the program and establish partnerships with utilities throughout the state. Mr. Slater was recognized to detail how the program works. He referenced his PowerPoint slides with four key community development pillars interested communities must provide:

- Economic Development Organization- ensure that a community's organization is firmly in place
- Economic Development Funding- confirm funding is available and includes incentives
- Workforce Narrative- the community will use a proactive approach to provide a trained and available workforce
- Product Readiness- certify that building sites and suitable transportation corridors are available

Mr. Slater described the four pillars as guides to assess the strengths and weaknesses of communities. Feedback is provided to utility partners to increase the viability of potential sites and buildings and establish proper marketing. Another important component is to better promote the availability of a local workforce. The program will assist communities in developing a better narrative to show properties to prospective businesses. Mr. Slater said ten communities are participating in the program with six more communities scheduled to begin the process in June, 2018. The certification process for the communities begins with the AEDC team presenting the scope of the program to community leaders. Once the community leadership decides to participate in the program, AEDC returns to the community and provides an evaluation tool. The survey, performed by the community, is required to be completed and submitted to AEDC within forty-five days. The AEDC team then returns to the community and reviews the community's completed evaluation. The AEDC team makes a final determination about the community's readiness, then AEDC sends out a Request for Information (RFI) to prospective businesses interested in locating in Arkansas. Legislators discussed the number of communities involved in the program and the availability of technical education to train the state's workforce.

Update Regarding Discussions by the Water Provider Legislative Task Force with Cities and Towns Statewide Facing Numerous Water and Wastewater Issues

Senator Clark told legislators that the Task Force has held a number of meetings. During these meetings, Task Force members have learned there are far more problems with water and wastewater service in the state than previously known. There are currently 650 water providers and a large number of different types of water and wastewater systems. An estimated 85% of the water and wastewater systems are in what is known as financially upside down. Senator Clark emphasized this alarming fact but also said it does not necessarily mean these systems have no money. Unfortunately, many of these water systems are not providing the necessary maintenance, nor replacing water and sewer lines as needed. Additional problems and issues encompass political aspects and citizens who are unable to obtain any water service. Senator Clark told legislators the Task Force is focused on developing a vision plan to be presented to the legislature at the end of the year. He invited all members of the City, County, and Local Affairs Committees to attend Task Force meetings.

Mr. Chris Villines, Executive Director, Association of Arkansas Counties (AAC), was recognized. Mr. Villines invited legislators to attend the upcoming AAC Annual Conference scheduled for August 8, 2018 through August 10, 2018 in Rogers, Arkansas. This is AAC's 50th Conference anniversary. The Senate and House Interim Committees on City, County, and Local Affairs are scheduled to meet August 8 and 9, 2018 during the conference.

Representative Lemons announced that the ARDC luncheon and awards ceremony will begin at 11:30 a.m. in Salons B and C. The Water Provider Legislative Task Force will meet in the afternoon, Wednesday, May 23, 2018 at 1:30 p.m. in Room 151, State Capitol. Representative Lemons commented that the Water Provider Task Force may also meet in conjunction with the upcoming AAC Conference in Rogers, Arkansas in August. He announced that the CCLA Committees will not meet during the upcoming Arkansas Municipal League Conference due to a scheduling conflict with the Arkansas Legislative Council week.

There being no further business, the meeting adjourned at 11:30 a.m.