

**SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS**

MEETING JOINTLY

**MAY 22, 2012
MINUTES**

Senate and House Interim Committees on City, County, and Local Affairs met Tuesday, May 22, 2012 at 1:30 p.m. at the Best Western Inn of the Ozarks Convention Center in Eureka Springs, Arkansas. The meeting was held in conjunction with the 2012 Arkansas Rural Development Conference.

Committee members present were Senators Jerry Taylor, Senate Chair, and Eddie Joe Williams; Representatives Charolette Wagner, House Chair, Tommy Baker, Toni Bradford, David Branscum, Linda Collins-Smith, Jon Eubanks, Sheila Lampkin, Andy Mayberry, and Betty Overbey,

Other members present were Senators Jeremy Hutchinson, Randy Lavery, Percy Malone, and Larry Teague; Representatives Jonathan Barnett, Lori Benedict, Jerry Brown, Robert Dale, Homer Lenderman, Kelley Linck, Walls McCrary, Robert Moore, James Ratliff, Terry Rice, and Johnnie Roebuck.

CALL TO ORDER

Senator Taylor called the meeting to order.

WELCOME BY BUTCH CALHOUN, DIRECTOR, ARKANSAS DEPARTMENT OF RURAL SERVICES

Mr. Calhoun thanked the legislators for attending the conference.

OVERVIEW OF THE ARKANSAS DEPARTMENT OF RURAL SERVICES, ITS PROJECTS, PROGRAMS, AND GRANTS [EXHIBIT C]

Senator Taylor introduced Mr. Butch Calhoun, Director, Arkansas Department of Rural Services for a presentation. Mr. Calhoun discussed the background and history of the organization. The Arkansas Rural Services Department was created by Act 302 of 1991 to provide assistance to rural Arkansas. The mission of the agency is to enhance the quality of life in rural Arkansas. Communities with populations of less than 3,000 are eligible for grants through programs run by the agency. From the agency's creation in 1991 through March 6, 2012, hundreds of grants have been provided to rural fire departments, to communities for buildings, parks, and community-based projects. Mr. Calhoun then gave an overview of the following grant programs:

➤ Rural Community/Fire Grant Program (RCGP)

The RCGP program currently has approximately \$500,000 in grant monies. The deadline for grant applications for the program is August 2, 2012. Included in the RCGP is a Rural Fire Protection Program. Future grant program award dates are:

- ◆ August 17, 2012
- ◆ December 7, 2012
- ◆ March 15, 2013

➤ Rural Services Block Grant Program (RSBGP)

Mr. Calhoun discussed changes to the program, which have occurred over the past two years. Prior to the recent changes, the agency received \$500,000 per year through the Arkansas Economic Development Commission (AEDC) from the U.S. Department of Housing and Urban Development (HUD). At that time, RSBGP grant awards of \$50,000 were made. However, in the past two years the agency has received \$700,000, which allowed for an increase in grant awards up to \$75,000. Mr. Calhoun stated that as long as federal funding continues, the Rural Services Department should receive the \$700,000 for grant award programs. He described the grant restrictions. The funds may be used by rural fire departments or community development organizations. The funds may not be used for municipal buildings, such as a city hall or a park facility. He explained that should the grant monies be spent for rural fire departments, the grants can be used to purchase protective fire equipment, fire trucks, and fire stations. Additionally, a HUD rule requires the monies only be awarded to communities with a 51% low to moderate income population. Mr. Calhoun advised that every grant request received by the agency in 2011 was funded with only one exception. The deadline for this program is December 7, 2012. He believes this is an excellent grant program because the agency may be able to award the larger \$75,000 grants. However, the grants are more complicated than any of the other grants because of the federal funding. Some communities do not want to engage in the process.

➤ County Fair Building Grants Program (CFBP)

Mr. Calhoun said the CFBP program currently has a limited amount of funding. It is a 50/50 program with \$4,000 in available funding. He hopes additional funding will become available in the future.

➤ General Improvement Fund Grant Program (GIF)

Mr. Calhoun discussed the GIF program, which is funded by the legislature. The funding amounts have decreased over the past years. In 2009, there was \$5 million in available funding. In 2011, the funding decreased down to \$1.7 million. The funding is divided between GIF-1, GIF-2, and GIF-3 programs. Legislative appropriation acts direct the agency as to the funding may be awarded. Mr. Calhoun said GIF grants have been a really good tool to distribute funds.

➤ Game and Fish: Wildlife Recreational Facilities Grant Program

Mr. Calhoun explained that legislation enacted two years ago established a total of \$1 million with \$500,000 dollars appropriated each year for a two-year period. He said that Rural Services developed and wrote this grant program based on a bill sponsored by Speaker Moore. The department makes recommendations to the Arkansas Game and Fish Commission (AGFC). The Rural Services Department has recommended to AGFC 19 grants for a total of \$1 million. He provided the following example of one recommendation nearing completion by AGFC:

- ◆ An American with Disabilities (ADA) dock for boats and kayaks in Eureka Springs

Mr. Calhoun described the following grant information shown for each program and the corresponding funding amount (**Handout 1**):

- ◆ Game and Fish; Wildlife Recreational Facilities Grant Program
19 grants totaling----\$1,000,000
- ◆ Rural Community/Fire Grant program (RCGP)
1,290 grants totaling----\$10,538,046.96
- ◆ General Improvement Fund Grant Program (GIF)
629 grants totaling----\$11,105,148.46
- ◆ Rural Services Block Grant Program (RSBGP)
147 grants totaling----\$6,926,168.03
- ◆ County Fair Building Grants Program (CFBP)
124 grants totaling----\$1,038,483.39
- ◆ Total number of grants for all programs
2,209 --- \$30,607,846.84

Mr. Calhoun pointed out that 45% of the total number of grants awarded were for fire protection. The agency has funded more grant programs over the past five years than in the previous 10 to 15 years, because of funding availability.

Mr. Calhoun was asked to discuss Wildlife Recreational Facilities grants and whether or not the grants are reserved only for boat docks and river access. He said the grants have been awarded for archery ranges, shooting ranges, and boat landings. He was also asked to describe the process used by the department to monitor GIF projects, particularly when future funding amounts are unknown. He explained that a list of requests is being maintained. When funding becomes available, the department will then contact the requesting party and provide a grant application.

There being no further business, the meeting adjourned at 2:10 p.m.

**SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS**

MEETING JOINTLY

**MAY 23, 2012
MINUTES**

Senate and House Interim Committees on City, County, and Local Affairs met Wednesday, May 23, 2012 at 10:30 a.m. at the Best Western Inn of the Ozarks Convention Center in Eureka Springs, Arkansas. The meeting was held in conjunction with the 2012 Arkansas Rural Development Conference.

Committee members present were Senators Jerry Taylor, Senate Chair and Eddie Joe Williams; Representatives Charolette Wagner, House Chair, Tommy Baker, Toni Bradford, Nate Bell, David Branscum, Linda Collins-Smith, Jon Eubanks, Josh Johnston, Sheila Lampkin, Andy Mayberry, and Betty Overbey.

Other members present were Senators Jeremy Hutchinson, Johnny Key, Randy Laverty, Missy Irvin, Percy Malone, and Larry Teague; Representatives Lori Benedict, Jerry Brown, Robert Dale, Greg Leding, Homer Lenderman, Kelley Linck, Walls McCrary, Robert Moore, Mike Patterson, James Ratliff, Terry Rice, Johnnie Roebuck, and Jeff Wardlaw.

CALL TO ORDER

Representative Wagner called the meeting to order.

APPROVAL OF MINUTES – JANUARY 11-12, 2012 [Exhibit B, B-1]

Minutes of the January 11 and 12, 2012 committee meetings were approved by acclamation.

CONSIDERATION OF INTERIM STUDY PROPOSALS (ISP) FOR ADOPTION:

Representative Wagner advised the committees that Representative Denny Altes, sponsor of ISP 2011-198 and ISP 2011-199, would be unable to attend the meeting. He requested the committee adopt the ISPs in his absence. The committee chairs were asked if there was any known opposition. Senator Taylor stated he could not answer that question, but he recognized Teresa Marks, Director, Arkansas Department of Environmental Quality (ADEQ) in attendance. He asked Director Marks if ADEQ had any objections. She said the department at this time did not. Representative Wagner recommended the committees consider the ISPs separately.

- **ISP 2011-198 [Exhibit C-1]** by Representative Denny Altes "Requesting that the Interim House Committee on City, County, and Local Affairs study the

grants awarded by the Arkansas Department of Environmental Quality to regional solid waste management boards"

A motion was made and seconded to adopt the ISP. The ISP was adopted unanimously.

- **ISP 2011-199 [Exhibit C-2]** by Representative Denny Altes "An Act to revise the membership of regional solid waste management boards; to require regional solid waste management boards to include a representative from the private solid waste management industry; and for other purposes"

A motion was made and seconded to adopt the ISP. The ISP was adopted unanimously.

2012 FISCAL UPDATE

Mr. Richard Wilson, Assistant Director for Research Services, Arkansas Bureau of Legislative Research was recognized for a presentation. He described the three times when state statutes require the presentation of the general revenue forecast, as listed below:

- 1) November 10, in even numbered years, 60 days prior to a legislative session
- 2) December 1, in odd numbered years, prior to a legislative fiscal session
- 3) the first Wednesday in May, revisions to the forecast must be presented

The official general revenue forecast is provided by the Arkansas Department of Finance and Administration (DF&A), and is part of the state's Executive Branch's balanced budget, which must be set forth before the legislature prior to each legislative session. Mr. Wilson then gave a PowerPoint presentation. He described a graph with revenue data shown for Fiscal years (FY) 2011, 2012, and projected revenue forecast for FY2013. He gave the following revenue amounts as actual data for the end of FY2011:

- \$2.739 billion in individual income
- \$392 million in corporate sales tax, including tobacco and alcohol taxes
- \$5.67 billion in gross tax collections
- \$4.57 billion in net available revenue (for distribution among the executive branch agencies)

Mr. Wilson said the revenue forecast deals with the total gross amounts, which combines 13 individual forecasts. A review of revenue data from DF&A dated December 1, 2011 provided the following:

- \$5.75 billion in general revenue
- \$1 billion in statutorily required expenditures
- \$4.566 billion net revenue for FY2012

Mr. Wilson explained that DF&A revised their revenue forecast during the second week of May with an increase of the general revenue amount of \$5.8 billion, and a revised net amount of \$4.607 billion. He then explained that the original forecast by DF&A covered all of Allotment A in the state's Revenue Stabilization Act (RSA). Allotment B revenue for FY2012 was forecast to be very small relative to previous years with only \$32 million forecast. Mr. Wilson explained his pie chart which shows estimated gross general revenue amounts. The pie chart detailed that 92% of the total \$5.8 billion estimated gross general revenue comes from income taxes and sales taxes with an estimated \$4.606 billion net amount remaining. A second pie chart listed revenue distribution as set out by the legislature for the RSA. Mr. Wilson advised the committee that the state will end the year with a surplus of \$94 million. The surplus revenue is held in an account titled, "Allotment Reserve", which is controlled by the Legislative Joint Budget Committee.

Representative Wagner announced the upcoming City, County, and Local Affairs committee meetings to be held June 20-22, 2012 in Hot Springs, in conjunction with the Arkansas Municipal League's summer conference

There being no further business, the meeting adjourned at 10:50 a.m.

**SENATE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS**

MEETING JOINTLY

**MAY 24, 2012
MINUTES**

Senate and House Interim Committees on City, County, and Local Affairs met Thursday, May 24, 2012 at 10:00 a.m. at the Best Western Inn of the Ozarks Convention Center in Eureka Springs, Arkansas. The meeting was held in conjunction with the 2012 Arkansas Rural Development Conference.

Committee members present were Senators Jerry Taylor, Senate Chair and Eddie Joe Williams; Representatives Charolette Wagner, House Chair, Tommy Baker, Nate Bell, Toni Bradford, David Branscum, Jon Eubanks, Josh Johnston, Sheilla Lampkin, and Andy Mayberry.

Other members present were Senators Jeremy Hutchinson, Missy Irvin, Gene Jeffress, and Randy Laverty; Representatives Lori Benedict, Homer Lenderman, Kelley Linck, Mike Patterson, James Ratliff, Terry Rice, and Jeff Wardlaw.

**WELCOME & PANEL INTRODUCTIONS BY BUTCH CALHOUN, ARKANSAS
DEPARTMENT OF RURAL SERVICES (ADRS)**

Mr. Calhoun introduced the panel of speakers and explained that the group would discuss community grants, funding availability, fund leveraging, and the process for cities and communities to secure grants and loans.

**KELLY LYON, COMMUNITY DEVELOPMENT INSTITUTE (CDI), UNIVERSITY OF CENTRAL
ARKANSAS**

Ms. Lyon said the CDI's mission is to provide communities with the tools they need to move forward. The Small Cities Leadership Group (SCLG) is a division of CDI that focuses on communities with 5,000 people or less. In cooperation with the ADRS and Arkansas Municipal League (AML), CDI surveyed Arkansas mayors and learned that 84% of them want more grant training, 73% need strategic planning assistance, and 65% want assistance with community development. The purpose of the SCLG is to research communities' needs, provide them with training and technical assistance, work with area nonprofits, and engage students.

Ms. Lyon said the Winthrop Rockefeller Foundation (WRF) is a good example of a viable funding foundation in Arkansas. WRF does place-based work, but does not usually fund communities alone. It is more likely to fund organizations that work with multiple communities and prefers to fund new projects in areas where

they already are established. WRF expects applicants to take advantage of free access to technical assistance, experience the community-planning process, and develop a ten-year plan.

Recently, the U.S. Department of Housing & Urban Development, the U.S. Environmental Protection Agency, and the U.S. Department of Transportation collaborated to form the Sustainable Communities Initiative (SCI) to help rural states compete with larger states for grant funds. The East Arkansas Planning & Development District and Metroplan Little Rock each received a \$1 million grant from SCI; and Ms. Lyon said the collaborative projects involve regional economic development initiatives, university partnerships, non-profit players, and external consultants. Collaborative partnerships are important when leveraging funds because most groups do not have enough resources to implement a single-source project. Communities should join efforts and take resources from various places when funders ask them to match funds. Ms. Lyon said collaboration is the trend in grants, and funders expect applicants to participate. Communities who receive one grant should move immediately into another project, because funders like to see past successes. She noted it is important to demonstrate that you are capable of receiving and administering a grant.

CHAD GALLAGHER, PRINCIPAL, LEGACY CONSULTING

Mr. Gallagher presented a PowerPoint entitled, "DON'T HAVE TITLE YET" and said Legacy Consulting is an Arkansas-based strategy firm that focuses on business development, government relations, community and economic development, and public advocacy. He explained that grant writing involves four main stages: advanced community planning; developing a needs assessment; forming a community blueprint; and implementing the plan. These processes create conversations and develop relationships that help communities learn from others. They demonstrate that funding opportunities tie into long-term community goals and exemplifies trust to funding agencies. The needs assessment assembles a community's needs and becomes an important tool that developers can quote and reference in grant applications. Mr. Gallagher said, "Develop your community's dream; then find grants that match those needs."

Entities that apply for federal grants must register with Central Contract Registration and have a number in the Data Universal Number System. Mr. Gallagher encouraged the group to consider private funding dollars; know who has a presence in the community, where their citizens work, and if a particular project relates to a local business. Many foundations only offer topic-specific funding; so be familiar with the funding agency, know its mission, what types of projects it funds, and where the projects happen. Show the funder how their funds will solve your community's "problem" and use the same key words in your

application as the funder uses in its mission. Mr. Gallagher encouraged the group to take advantage of the firm's basic service, which AML makes available to all of its members.

NATHANIEL OWEN, ACCIÓN-DELTA, HELENA, ARKANSAS

Mr. Owen gave a presentation entitled, "Acción Texas Inc. – Delta; Lending. Supporting. Inspiring." and said Acción is a non-profit microlending company, based in San Antonio, Texas, that develops small businesses and lends money to companies that are not eligible for traditional bank financing. Acción works with almost every type of small business and the company's goal is to be the best alternative lender for businesses who do not qualify for traditional bank financing. Acción began in 1994, and as of December 2011, had disbursed \$130 million (12,000 loans). It is the largest microlender in the U.S. The average Acción loan is around \$12,000.

The Arkansas Small Business Administration (ASBA) and the Delta Regional Authority recruited Acción to Arkansas because the state's rural communities have a lack of available capital and financing options. Acción opened two offices in Arkansas (North Little Rock and Helena) in October of 2011. The company relies on partnerships with municipal governments, the ASBA, and regional economic development planning agencies. He noted that the company's interest rates are higher than banks, but their goal is to help people who are not "bankable" earn credit and gain a good standing with traditional banks. Acción requires applicants to put forth startup money and collateral to secure the loan. Startup businesses must have a 10% to 20% personal investment in the business and an alternate source of income. When evaluating an application, Acción focuses on the potential business' capacity, credit and collateral. Mr. Owen said Acción's loan application process is very simple and he encouraged everyone to share information about the company with others.

There being no further business, the meeting adjourned at 11:27 p.m.