

MINUTES

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

November 26, 2018

The Senate and House Interim Committees on City, County, and Local Affairs met Monday, November 26, 2018, at 9:30 a.m., in Room B, MAC, Little Rock, Arkansas.

Committee members present: Senators Alan Clark, Co-Chair, and Lance Eads. Representatives Tim Lemons, Co-Chair, Justin Boyd, Sarah Capp, Jana Della Rosa, David Fielding, Lanny Fite, Mike Holcomb, Bob Johnson, Fredrick Love, Roger Lynch, Andy Mayberry, Johnny Rye, Nelda Speaks, and Jeff Williams.

Other members present: Representatives Fred Allen, Kenneth Ferguson, Kim Hammer, James Sorvillo, and Danny Watson. Representatives-elect Brian Evans and Don Glover.

Call to Order

Senator Clark called the meeting to order.

Opening Remarks by Committee Chairs

Representative Lemons introduced Representatives-elect Brian Evans and Don Glover. Senator Clark stated that discussion on Arkansas's statewide 9-1-1 Systems will provide information on shortfalls the Public Service Answering Points (PSAPs) are experiencing in funding and needed efficiencies across the state.

Consideration of Approval of Minutes – August 27 and October 11, 2018 [Exhibits C and C-1]

The minutes of the August 27, and October 11, 2018, committee meetings were adopted without objection.

Discussion of ISP 2017-001 “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” [Exhibits D, D-1]

Senator Clark recognized Representative Jeff Williams and Jody Carreiro, Acutary, Osborn, Carreiro and Associates Inc. Representative Williams gave a PowerPoint presentation on his Interim Study Proposal (ISP) of the municipal retirement systems in the state. Representative Williams said the purpose of the study was to compile information to analyze the differences among municipal retirement benefits, participation levels, benefit levels, government structures, and adequacy. The study found there is no central resource to gauge or grade the systems. Representative Williams gave an overview of the data collected for the study:

- The information is divided between uniform and non-uniform employees
- The breakdown of cities is based on population size
- A majority of uniform employees participate in the Arkansas Local Police and Fire Retirement System (LOPFI)
- A similar percentage of non-uniform employees in the 50 largest cities of the first class participate in the Arkansas Public Employees Retirement System (APERS)
- Many smaller cities have no retirement coverage
- Many cities of the second class retain little or no records as no audits were found

Representative Williams described a chart, Adequate Retirement Income, which lists the income percentages of municipal employees pre-retirement and post-retirement. He said many retirement planning experts recommend an income replacement ratio of 80% of an individual's income to maintain their standard of living following retirement. Representative Williams said the study also found that Social Security benefits replaces more income for lower-paid employees. Retirement plans and other savings are needed to make up the income gap, estimated at 10% to 12% of employees' salaries. The study found the need for additional education of municipal employees on what they need to fund their retirement. Representative Williams stated that cities need resources to educate their employees about retirement options and savings. He added that cities should offer retirement planning at the beginning, the middle, and the end of their employees' careers on an annual basis.

Mr. Carreiro discussed the Arkansas Diamond plan which the state offers to state and municipal employees, stating the plan is underutilized in many areas. He said the larger cities use the plan as a supplemental retirement plan, whereas a few smaller cities use it as their primary retirement plan. Unfortunately, smaller cities only open the plan to employees if the employee requests investing in the plan. Mr. Carreiro also said that under the current defined contribution plans in some cities, employees are limited to a maximum of 5% in retirement savings. Mr. Carreiro offered to prepare articles from the information collected in the study and work with the Arkansas Municipal League to disseminate the articles to municipal employees.

Continued Discussion of Arkansas's Statewide 9-1-1 Systems, Public Safety Answering Points (PSAPS), and Next Generation (NG911) Project

Senator Clark recognized Josh Curtis, Governmental Affairs Director, Association of Arkansas Counties (AAC); Shelby Johnson, State Geographic Information Officer, Arkansas Geographic Information Systems (GIS); County Judge Rusty McMillon, Greene County; and A.J. Gary, Executive Director, Arkansas Department of Emergency Management (ADEM).

Mr. Gary said that after years of study and the drafting of a statewide 911 system plan, he strongly believes governance should be the first step in reforming the state's systems. When he was a retired law enforcement officer and acting Director of ADEM, he said that during an emergency communications is the key element for first responders. Mr. Gary added that Arkansas does not have a state-level entity to address issues facing 911 Public Safety Answering Points (PSAPs). He said a Board could provide assistance and work with cities and counties toward consolidation and increased efficiencies for the 911 systems. Committee members discussed aspects of the governance board with Mr. Gary, Mr. Johnson, and Mr. Curtis. Mr. Gary suggested the Emergency Telephone Services Board (ETSB) become the governing body with rule making authority. Another suggestion was that ADEM will Chair the Board on a continuous basis. Mr. Curtis said he believes implementation of a governing body will guide proposed legislation and assist in the development of a consolidation formula to determine the number of PSAPs needed to adequately serve the state.

Committee members and presenters discussed the funding aspects of updating the 911 statewide system and the cost to achieve consolidation and efficiencies needed.

Representative Lemons suggested the discussion be continued at the December 13, 2018 meeting prior to presentations by the Arkansas Municipal League (AML) and the Association of Arkansas Counties (AAC) of their legislative packets.

There being no further business, the meeting adjourned at 11:45 a.m.