



## Called Meeting of the Board of Directors

City of Texarkana, Arkansas

216 Walnut Street

Minutes - Wednesday, July 24, 2019 - 4:00 PM

Mayor Allen Brown called the meeting to order.

PRESENT: Mayor Allen Brown, Ward 1 Assistant Mayor Linda Teeters, Ward 2 Director Laney J. Harris, Ward 3 Director Steven Hollibush, Ward 5 Director Barbara S. Miner, and Ward 6 Director Terri Peavy.

ALSO PRESENT: City Manager Dr. Kenny Haskin, City Attorney George Matteson, City Clerk Heather Soyars and Deputy City Clerk Jenny Narens.

ABSENT: Ward 4 Director Travis Odom.

Mayor Brown gave the Invocation and led the Pledge of Allegiance.

### REGULAR

1. Adopt an Ordinance to establish revised competitive pay rules and to regain and maintain a competitive pay package for Texarkana, Arkansas Civil Service employees. (**FIRST READING ONLY**) (This ordinance is sponsored by Assistant Mayor Linda Teeters) (FIN) Finance Director TyRhonda Henderson

Finance Director TyRhonda Henderson gave a brief PowerPoint presentation of the Competitive Pay Ordinance sponsored by Assistant Mayor Teeters. She stated the purpose of this ordinance was to amend and establish rules to regain and maintain competitive pay for civil service employees. It was also to better effectuate the two ¼ cent special sales and use taxes for civil service employee's pay increases and maintaining a competitive pay package between said civil service employees and other cities within the Texarkana Metropolitan Statistical Area (MSA). The definitions of the ordinance were base pay – for the purpose of computing competitive pay, included holiday pay; competitive pay – the annual base pay for Texarkana, Arkansas civil service employees was equal to the annual base pay of their counterpart in other cities within the Texarkana MSA; and cost of competitive pay – the amount of money it took to pay for the increase in base pay, and the incremental increase in benefits that caused increases in employer contributions related to base pay increase i.e. Worker's Compensation, Holiday Pay, Medicare, and Retirement. The funding sources for the competitive pay raise were the two ¼ cent special sales and use tax revenues, general revenues of the City, and or both. Base pay during the first year of employment shall not apply to the cost of competitive pay. Competitive pay would match other cities in the Texarkana MSA when two ¼ cent special sales and use taxes generate enough revenue to cover deficit. Zero percent increase toward competitive pay when the two ¼ cent special sales and use taxes did not generate enough revenue to cover deficit; budgeted unreserved

fund balance was less than 60 days of expenditures, and competitive pay did not match other cities in Texarkana MSA. There would be a 2% increase towards competitive pay when the two ¼ special sales and use taxes did not generate enough revenue to cover deficit; budgeted unreserved fund balance was between 60 and 80 days of expenditures and competitive pay did not match other cities in the Texarkana MSA. Only the percentage required to reach competitive pay would be given. The approximate cost of a 2% increase for civil service employees was \$218K. Rules for a 4% increase toward competitive pay were the two ¼ cent special sales and use taxes did not generate enough revenue to cover deficit, budgeted unreserved fund balance was more than 80 days of expenditures, competitive pay did not match other cities in Texarkana MSA, and only the percentage required to reach competitive pay would be given. The approximate cost of a 4% increase for civil service employees was \$435K. She also said the ordinance rules state the Board reserves the right to issue a COLA or stipend at any time and was subject to Board approval.

Director Peavy asked how many years the City had been above 60 days in Fund Balance.

Finance Director TyRhonda Henderson said since 2015 the City had been above the 60 days threshold.

Director Peavy said the 60 days Fund Balance was like a savings account for the City.

Finance Director TyRhonda Henderson said yes, after all revenues were received and expenditures were paid for the year, the City had at least 60 days to operate. She said the two largest revenues were always two months behind so the City would always need the 60 days threshold.

Director Peavy said she heard people say the City could take the money out of Fund Balance and she did not feel it was very conscientious. She asked if the 60 days were state mandated.

Finance Director TyRhonda Henderson said the City had adopted a financial policy that required the City to keep a Fund Balance between 60-90 days. She said across the state of Arkansas 60 days was the minimum number of days recommended to have in the Fund Balance.

Director Peavy asked if the City would be able to meet the increase according to this ordinance.

Finance Director TyRhonda Henderson said the City would be closer to meeting the increase with this ordinance.

Mayor Brown said he had been working on an ordinance and had reviewed the ordinance Assistant Mayor Teeters brought forward. He said he asked the City Manager if the Board would have a workshop and he was told the directors did not want to have a workshop. Mayor Brown said he did support some of the measures in the ordinance Assistant Mayor Teeters presented but he could not support its entirety. He said he worked on several different scenarios and felt like the Board should have a workshop to discuss all the issues between the two ordinances.

Director Harris asked Mayor Brown when he asked for a workshop.

Mayor Brown said he asked if the Board would like to have a workshop several weeks ago and was told the Directors would not like to have a workshop.

Director Peavy said most of the Board members were at the court hearing and the judge made it very clear someone needed to step up to the plate and try to fix the issue. She said she was

firmly of the option parity pay was unconstitutional and liked the ordinance Assistant Mayor Teeters brought forward. Director Peavy said when she was asked about having a workshop she asked where the Mayor's bullet points were since no one had seen anything and she did not want to have a workshop until she saw what the Mayor's concepts were.

Assistant Mayor Teeters said at the hearing the judge made it clear the City better try and fix the problem now before he made a judgment. She said she took that as something needed to be done now not five months from now. Assistant Mayor Teeters said she worked with Finance Director TyRhonda Henderson and City Manager Dr. Kenny Haskin. She made some suggestions to add to the four bullet points already brought forth. She said she wanted to pay the police and fire departments the most the City could legally pay in order to match the surrounding areas. Assistant Mayor Teeters said parity pay had been court tested and had been thrown out five times due to being unconstitutional in the state of Arkansas and that was why she made the recommendation to make it a competitive pay instead of parity pay. She said she was trying to find a way to keep the tax but not have parity pay tied to the tax since it was unconstitutional, and when the budget was solid take from the fund balance to offset the difference the tax did not collect. Assistant Mayor Teeters said she wanted to try and come up with a plan everyone felt was a correct and legal way to support our employees. She said she did not know of another plan and that was why she said no to a workshop.

Mayor Brown said he appreciated Assistant Mayor Teeters working on this ordinance and he had his plan with him tonight if she would like to review it. He said he had met with the police department and the citizens who brought the lawsuit against the City and he was trying to come up with a plan everyone agreed upon. Mayor Brown said he would like the Board to review his plan and then have a workshop to compare the two and move forward.

Assistant Mayor Teeters said she wanted to make a motion to read the ordinance for the first time in its entirety so the public would hear every word in the ordinance and she wanted it on record the City Board was making an effort to address police and fire pay legally.

Mayor Brown said he did not believe there needed to be a motion, but the ordinance was going to be read in its entirety today.

City Attorney George Matteson said to clarify he was under the assumption Assistant Mayor Teeters wanted the ordinance to be read in its entirety and not in abbreviated form.

Assistant Mayor Teeters said she wanted it to be read in full.

The ordinance was read the first time in its entirety.

Mayor Brown asked if there were a motion to have the ordinance placed on its second reading. He said hearing none this agenda item would be placed on the August 5, 2019, agenda.

Director Peavy asked if Mayor Brown brought his plan before the Fire Chief.

Mayor Brown said no.

Director Peavy said she would be willing to have a workshop this week to discuss both plans.

Mayor Brown said the reason he had not met with the Fire Chief was because they had a separate ordinance and the police association was the one involved in the litigation.

Assistant Mayor Teeters said she agreed with what he said but the judge disagreed and said the fire department should be involved.

Director Harris asked if it were ruled unconstitutional what would stop the Board from doing what it wanted to do.

Mayor Brown said the City Board could work on whatever they wanted to work on if it were declared unconstitutional. He said if the tax were taken away the City should be working on a contingency plan to offset the loss of the 2 million dollar reduction.

City Attorney George Matteson said that was correct. He said he was under the impression the ruling could be not only unconstitutional but the tax being uncollectable as well.

City Manager Dr. Kenny Haskin said there would be a workshop tomorrow at 4pm.

**NEXT MEETING DATE: Monday, August 5, 2019**

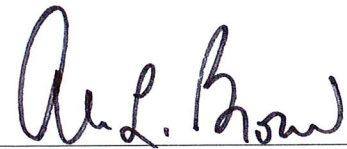
**ADJOURN**

Motion to adjourn made by Director Miner, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Miner and Director Peavy.

The motion carried 6-0. The meeting adjourned at 4:39 PM.

**APPROVAL** of the minutes on this 5th day of August, 2019.



Allen L. Brown, Mayor



Heather Soyars, City Clerk