

Bentonville City Council  
Meeting Minutes  
October 27, 2015

The City Council of Bentonville, Arkansas, met in regular session Tuesday, October 27, 2015, at 6:00 p.m., at the Community Development Building, 305 Southwest A Street, Bentonville, Arkansas.

Present were council members Stephanie Orman, John Skaggs, Tim Robinson, Chris Sooter, James Smith, Bill Burckart, Octavio Sanchez and Jim Webb. Also present were Mayor Bob McCaslin, City Attorney George Spence, City Clerk Linda Spence, the press, city staff and the audience.

At 6:00 p.m., prior to calling the meeting to order, Mayor McCaslin invited public comments. There was no response so the Mayor declared the comment period closed. The Mayor then invited questions or comments from the Council about items on the agenda. Alderman Burckart made a motion to move Agenda Item No. 4 to the bottom of the agenda, second by Alderman Smith. Motion carried (8-0).

Mayor McCaslin called the meeting to order. The Mayor led everyone present in the pledge of allegiance followed by a moment of silence in support of our armed forces.

Motion was made by Alderman Sanchez to approve the minutes of the October 13, 2015 meeting as presented, second by Alderman Smith. There was no discussion. Motion carried (8-0).

Motion was made by Alderman Sooter to suspend the rules regarding the reading of all ordinances on three separate days and further that all ordinances and resolutions be read by title only, second by Alderman Smith. There was no discussion. Motion carried (8-0).

- 1a. Ordinance No. 2015-118: Ordinance accepting a lot split of Lots 26 and 27 Dickson's Addition to the City of Bentonville, Arkansas.

[Applicant: Equity Trust Company - Paul Viala;  
Location: 702 Northwest 2nd Street]

City Attorney Spence read the ordinance by title only.  
Motion to pass by Alderman Robinson, second by  
Alderman Sanchez. There was no discussion. Motion carried  
(8-0).

- 1b. Ordinance No. 2015-119: Ordinance accepting a final plat of Lots 21, 22, 23 and 24 Clark's Addition, Block 7, to the City of Bentonville, Arkansas.

[Applicant: Jacobs Group;  
Location: 315, 317, 321 and 323 Southwest C Street]

City Attorney Spence read the ordinance by title only.  
Motion to pass by Alderman Sanchez, second by Alderman Webb.  
There was no discussion. Motion carried (8-0).

2. Ordinance No. 2015-120: Ordinance vacating a utility and drainage easement located in part of Lot 10 Renaissance Subdivision to the City of Bentonville, Arkansas, Benton County, Arkansas.

Mayor McCaslin declared a public hearing open for comments.  
There was no response so Mayor McCaslin declared the public  
hearing closed.

City Attorney Spence read the ordinance by title only.  
Motion to pass by Alderman Sanchez, second by Alderman Webb.  
There was no discussion. Motion carried (8-0).

3. Approval of the reappointment of Joe Clark to the Airport Advisory Board for a three-year term to expire on September 30, 2018.

Motion to approve by Alderman Burckart, second by Alderman Smith. There was no discussion. Motion carried (8-0).

4. [Note: See Agenda Item No. 8.]

5. Approval of a change order to the contract with Asplundh Tree Expert Company for right-of-way clearing and the addition of a preplanner in the amount of \$41.20 per hour (\$1,648 per week).

Motion to pass by Alderman Smith, second by Alderman Sooter. There was no discussion. Motion carried (8-0).

6. Ordinance No. 2015-121: Ordinance authorizing the Mayor and City Clerk to enter into an agreement with Mueller Systems for the purchase of leak detection hardware, waiving the requirement of competitive bidding.

City Attorney Spence read the ordinance by title only. Motion to pass by Alderman Sanchez, second by Alderman Webb. There was no discussion. Motion carried (8-0).

7. Resolution No. 10-27-15 A: Resolution declaring certain property belonging to the City of Bentonville Fire Department as surplus property. (2009 Ford F-450 ambulance chassis)

City Attorney Spence read the resolution by title only. Motion to pass by Alderman Sanchez, second by Alderman Orman. There was no discussion. Motion carried (8-0).

8. Ordinance No. 2015-122: Ordinance amending the electric rate schedule.

City Attorney Spence read the ordinance by title only. Motion to pass by Alderman Sooter, second by Alderman Sanchez conditioned on the ordinance not including an emergency clause, which the City Attorney confirmed.

Alderman Burckart initiated a discussion which was eventually joined by most of the aldermen.

Alderman Burckart noted that he had submitted a number of questions concerning the HDR study and the ordinance, and that the responses to those questions had been forwarded to all members of the Council. He stated he thought it important to pause before adopting the ordinance as its passage would have long-lasting effect.

Alderman Burckart noted that one thing that stood out to him was the number of accounts reflected in the HDR study. He noted that the figures used in the study were low compared to the actual number of accounts at this time, and he questioned whether this difference would carry forward creating a large amount of revenues not accounted for in the study.

Alderman Burckart also indicated he had questioned how capital improvements were to be paid for and whether there could be additional borrowing to pay for the improvements. He stated that it was his understanding doing so would not affect the City's credit rating and would lessen the need to increase rates.

Alderman Burckart also expressed that he thought consideration should be given to reducing franchise fees.

Alderman Burckart noted that the proposed increase would be even more when anticipated power cost adjustments were taken into account and that this would particularly affect small customers, those using 500 kW or less, which would include the more vulnerable persons living in the city.

Alderman Burckart stated that it was not his intent to dispute the necessity of capital improvements. Rather, it was his intent to look at other alternatives to avoid a portion of the proposed rate increase. He added that the consultants and the staff may think what he was proposing was too complicated, but he did not, and called for the Council to not pass the 10 percent increase and instead to wait until the upcoming budget process to consider the different alternatives to the increase.

Alderman Robinson indicated he had reviewed the comparative rates of surrounding communities and found Bentonville to have the highest rates. He also raised the question of whether there could be adjustments to the rates after adopting the initial increase.

Travis Matlock, Engineering Director, stated that per the Public Service Commission, Bentonville's rates were lower than Carroll Electric (Bella Vista), Ozark Electric (Fayetteville) and Entergy (Little Rock), though higher than Rogers, which is served directly by AEP.

Alderman Sanchez indicated that inflation was a fact of life and it was natural for the rates to go up after six years at the same price. He noted that the consultant was hired by the City to study all rates and had found the water and sewer rates were adequate, which really added to the credibility that electric rates were a problem. He added that reliability of the system was at issue and asserted that the reliability needed to be maintained. He also added that the study addresses all aspects needed to operate the system going forward and the power cost adjustment related to the cost of power, not the facilities or personnel required to deliver that power. He added that the increase would not be without pain but was necessary. He echoed Alderman Robinson's statement that the Council could continue to monitor the actual numbers and adjust the rates going forward.

Alderman Burckart posed the question of whether anyone had ever seen rates go down.

In response to Alderman Burckart's point about the difference between the number of customers per the study and the actual numbers, Mr. Matlock noted that the consultant has responded to that issue, stating that the study was based on 2014 numbers and projections about how those numbers would increase.

Alderman Smith stated that he was concerned about raising rates and that the cost of living in Bentonville was higher than the surrounding communities. He added that his approach was that he would have to be sure an increase was necessary in order to approve it. He asked how an adjustment to the franchise fee would affect the funds needed for the new facilities for the utilities departments and how much money it would remove from the general fund.

Denise Land, Finance Director, noted that all utilities were charged a franchise fee by the City and that the one applied to electric was the same as for outside utilities. She added that if the Council were to reduce the franchise fee, it would require hard choices to be made.

Alderman Burckart noted that there had been more than one million dollars in budget adjustments in 2015.

Alderman Sooter stated that he thought the City should be consistent between utilities. He noted that the increase was 4 percent in year one, 3 percent in year two and 3 percent in year three, not 10 percent all at once, and that the stated increases should put the electric utility in good fiscal shape for seven to ten years.

Alderman Smith asked about the cost of the HDR study and Mrs. Land indicated it had been roughly \$95,000.

Alderman Burckart suggested the increase be split up, approving only the first year immediately.

Alderman Orman asked about approving the increase year by year. In response, Mr. Matlock asked what information the Council would expect to be presented with regard to approval in subsequent years.

Motion to pass carried (5-4) with Alderman Sanchez, Alderman Webb, Alderman Robinson and Alderman Sooter voting yes, and the Mayor breaking the tie with a yes vote.

Motion to adjourn by Alderman Burckart, second by Alderman Smith.  
Motion carried (8-0).

*Linda Spence*

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Linda Spence, City Clerk

*Bob McCaslin*

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Bob McCaslin, Mayor

