

**Little Rock Board of Directors Meeting
July 21, 2020
6:00 PM**

The Board of Directors of the City of Little Rock, Arkansas, met in a regular meeting with Mayor Frank Scott, Jr., presiding. City Clerk Susan Langley called the roll with the following Directors present: Hendrix (via WebEx Teleconferencing); Richardson (via WebEx Teleconferencing); Webb (via WebEx Teleconferencing); Peck; Wright; Kumpuris; Fortson (via WebEx Teleconferencing); Adcock; Vice-Mayor Wyrick (via WebEx Teleconferencing); and Mayor Scott. Directors Absent: Hines. Director Doris Wright delivered the invocation followed by the Pledge of Allegiance.

PRESENTATIONS

Meals Program Proclamation

CONSENT AGENDA (Items 1 – 5)

1. **MOTION**: To accept the 2019 Audit.

2. **RESOLUTION NO. 15,263**: To authorize the City Manager to enter into a contract with Township Builders, Inc., in an amount not to exceed \$709,792.80, for the Wright Avenue Streetscape Project; and for other purposes. *(Funding from the 3/8-Cent Capital Improvement Sales Tax and the Limited Tax General Obligation Capital Improvement Bonds) Staff recommends approval.*
Synopsis: A resolution to authorize the City Manager to execute an agreement with Township Builders, Inc., for Wright Avenue Streetscape (Phase 2), Project No. 01-15-ST-40, Bid No. 901. (Located in Ward 1)

3. **RESOLUTION NO. 15,264**: To authorize the City Manager to enter into a contract with Garrett Excavating, Inc., in an amount not to exceed \$279,475.92, for the Oakland & Fraternal Cemetery Street and Drainage Improvement Project; and for other purposes. *(Funding from the 3/8-Cent Capital Improvement Sales Tax and the Limited Tax General Obligation Capital Improvement Bonds) Staff recommends approval.*
Synopsis: To authorize the City Manager to execute an agreement with Garrett Excavating, Inc., formerly InTrench USA, for the Oakland & Fraternal Cemetery Street and Drainage Improvement Project, Bid No. 828. (Located in Ward 1)

4. **RESOLUTION NO. 15,265**: To authorize the Mayor and City Clerk to execute the necessary documents to purchase a parcel of real property, located at the northeast corner of 2nd Street and Gaines Street, in the amount of \$550,000.00, plus closing costs and fees, for use in the long-term plan for the Little Rock Police Department Headquarters; and for other purposes. *(Funding from the 3/8-Cent Capital Improvement Sales Tax) Staff recommends approval.*
Synopsis: A resolution to authorize the Mayor to accept for municipal purposes and the City Manager to acquire real property located at the northeast corner of 2nd Street and Gaines Street.

5. RESOLUTION NO. 15,266: To authorize the City Manager to enter into a contract with the Little Rock School District, in an amount not to exceed \$180,000.00, for the purpose of providing Supplemental Literacy Programming for one (1)-year, beginning August 1, 2020, as endorsed by the Commission on Children Youth and Families; and for other purposes. *Staff recommends approval.*

Synopsis: A resolution to authorize the City Manager to enter into a contract with the Little Rock School District to provide the Lexia Reading Program to students at a minimum of fifteen (15) schools in the District as a replacement for the Frankly Reading Summer Literacy Program that was cancelled as a result of the COVID-19 Pandemic.

Director Adcock made the motion, seconded by Director Wright, to approve the Consent Agenda. By unanimous voice vote of the Board Members present, **the Consent Agenda was approved.**

SEPARATE ITEMS (Items 6 - 8)

6. RESOLUTION: To strongly urge owners and managers of residential rental property to cease current eviction actions, and to delay future eviction actions pending a significant decrease in unemployment due to the COVID-19 Pandemic; and for other purposes. *(Deferred from July 7, 2020) Staff recommends approval.*

City Attorney Tom Carpenter distributed copies of the proposed resolution with an addition. City Attorney Carpenter stated that the addition was an express reference to Section 4024 of the CARES Act and the limitation on evictions that was placed in the Federal Legislation as a supplement to any State and local measures taken.

Director Fortson asked if there was an electronic copy of the changes that could be sent to the Board Members that were participating via video teleconferencing. Director Fortson stated that he did not feel conformable voting on an item that he had not seen. Director Wright stated that she was not comfortable with the resolution and that she felt that individuals would be reading more into the resolution than it actually stated. Director Webb stated that she was supportive of the resolution, as it was an opportunity for the City to take a stand.

Director Fortson made the motion, seconded by Director Wright, to defer the item for two (2) weeks until August 4, 2020, so that the Board could receive a copy of the amended resolution. By roll call vote, the vote was as follows: Ayes: Peck; Wright; Kumpuris; Fortson; Adcock; and Vice-Mayor Wyrick. Nays: Hendrix; Richardson; and Webb. Absent: Hines. By a vote of six (6) ayes, three (3) nays and one (1) absent, **Item 6 was deferred until August 4, 2020.**

7. ORDINANCE NO. 21,891: To extend the existing contract with Waste Management of Arkansas to provide Curbside Recycling Services within the corporate limits of the City of Little Rock, Arkansas; to declare it impractical and unfeasible to bid for an additional three (3) years on the contract; to authorize entry into a contract with Waste Management of Arkansas to provide Curbside Recycling for solid waste customers until March 31, 2024; **to declare an emergency**; and for other purposes. *(1st Reading held on June 23, 2020) (2nd Reading held on July 7, 2020)*

The ordinance was read a third time.

Director Kumpuris made the motion, seconded by Director Peck, to exclude glass from the proposed Waste Management Contract. By roll call vote, the vote was as follows: Ayes: Peck; Kumpuris; Fortson; Adcock; and Vice-Mayor Wyrick. Nays: Richardson; Webb; and Wright. Absent: Hines. Present: Hendrix. When asked if she would like to change her vote, Director Hendrix indicated that she would like to change her vote to remain counted as Present. Director Wright stated that she would like to change her Nay vote to Aye. The final roll call vote was as follows: Ayes: Peck; Wright; Kumpuris; Fortson; Adcock; and Vice-Mayor Wyrick. Nays: Richardson and Webb. Absent: Hines. Present: Hendrix. By a vote of six (6) ayes, two (2) nays, one (1) absent and one (1) Present, **the motion was approved.**

Director Adcock made the motion, seconded by Director Kumpuris, to approve the ordinance as amended. By voice vote of the Board Members present, with Director Richardson voting in opposition, **the ordinance was approved as amended.** By voice vote of the Board Members present, with Director Richardson voting in opposition, **the emergency clause was approved.**

City Attorney Carpenter stated that as a result of the vote on Item 7, Item 8 would have to be amended to show that the monthly dwelling charge would be \$29.68 (without glass), instead of the \$30.19 fee (with glass) that had been proposed. In addition, City Manager Bruce Moore pointed out that Item 8 did not have an emergency clause due to the fact that the increased rate would not go into effect until April 2021.

8. ORDINANCE NO. 21,892: To amend portions of provisions of Little Rock, Ark., Rev. Code Chapter 28, Article 1, § 28-28 (1988), as to the collection of fees; and for other purposes. *(1st Reading held on June 23, 2020) (2nd Reading held on July 7, 2020)*

Director Kumpuris made the motion, seconded by Director Wright, to amend the cost due to the exclusion of glass. By unanimous voice vote of the Board Members present, **the motion was approved.**

The ordinance was read a third time. By voice vote of the Board Members present, with Director Richardson voting Present, **the ordinance was approved as amended.**

CITIZEN COMMUNICATION

Dylan Ashcraft: RFQ for Ground Lease in War Memorial Park.

Rushton Dobbins: War Memorial Park Development.

Max Campbell: Police Excessive Force & Overfunding.

Leif Hassell: War Memorial Park/Top Golf.

Kristen Alexander: War Memorial.

Yolanda Dreher (via e-mail): Against Top Golf at War Memorial.

REPORTS (Item 9)

9. REPORT: COVID-19 Financial Update, Finance Director Sara Lenehan

Ms. Lenehan provided a recap of the April 1, 2020, Budget Amendment, which included the following: \$513,758.00 reduction in personnel expenses for non-essential part-time positions; \$493,666.00 reduction to operating expenses and outside agencies contributions for a period of 120 days; \$2,921,121.00 reduction to Transfers Out for cancelled summer programs and the suspension of contracts for 120 days; and a \$1,000,000.00 reduction to Transfers Out – Contingency Allocation. According to Ms. Lenehan, the total reduction to General Fund Expenditures was \$4,928,545.00.

Ms. Lenehan reported that on March 26, 2020, S&P Global Ratings revised to negative the outlook on almost all Long-Term Debt Ratings that were in the transportation infrastructure industry, which included the Little Rock 2003 Capital Improvement and Refunding Bonds (Downtown Parking Projects). Ms. Lenehan stated that the City had received a formal follow-up from S&P with a series of questions regarding the status of the Little Rock Parking System. Ms. Lenehan stated that on May 1, 2020, the responses had been provided to S&P for review to determine if any rating adjustment was required. Ms. Lenehan stated that a significant reduction was anticipated in the daily parking revenues; however, dedicated Business License revenues, street cut revenues and monthly parking contracts, coupled with reductions to labor, maintenance and security during the COVID-19 Pandemic, would provide sufficient funding for the \$888,488.00 due in 2020. Ms. Lenehan reported that there was an anticipated reduction in net revenues of approximately \$405,000.00, which would reduce coverage of the Bonds; however, the debt service coverage and the variety of dedicated revenues should be sufficient to maintain the rating. According to Ms. Lenehan, there has been no further rating action on the Parking Bonds through July 21, 2020.

Ms. Lenehan reported that on April 3, 2020, S&P Global Ratings revised the outlook from stable to negative on Bonds secured by Hospitality Taxes, including Hotel Occupancy Taxes and Sales Taxes on prepared Food and Beverage Sales, due to the COVID-19 impact and restrictions on travel and consumer activity. According to Ms. Lenehan, the City's 2018 Hotel Gross Receipts Tax Bonds (Arkansas Arts Center) were included in the negative outlook; however, the Hotel and Restaurant Gross Receipt Tax Bonds, Series 2014 (Robinson Center) were not impacted. Ms. Lenehan stated that on April 15, 2020, a call was received from Build America Mutual, the Bond Insurer on the 2018 Hotel Tax Bonds, regarding the City's ability to meet the 2020 Debt Service obligation of \$686,072.00 in interest on June 1, 2020, and the principal and interest payment of \$1,241,072.00 on December 1, 2020.

Ms. Lenehan reported that on May 19, 2020, the Board adopted Resolution No. 15,225 authorizing the use of up to \$700,000.00 from the proceeds of the City's share of taxes levied and collected prior to the issuance of the Bonds to pay a portion of the principal and interest due on December 1, 2020. In addition, on May 19, 2020, the Little Rock Advertising and Promotion Commission approved a resolution to reimburse the City one-half of any shortage with their share of future excess hotel tax revenue. Ms. Lenehan reported that the June 1, 2020, interest payment of \$686,072.00 was paid in full. Ms. Lenehan stated that on July 13, 2020, S&P Global Ratings lowered the underlying rating

on the Bonds from A- to BBB, an action that reflected the uncertainty regarding the duration of the ongoing COVID-19 Pandemic and the impact on pledged hotel tax revenues. According to Ms. Lenehan, a rating of BBB and above is considered investment grade, and while there was a downgrade in the rating, the Board action taken on May 19, 2020, helped to maintain an 'investment grade' rating which was required by various types of investors. Ms. Lenehan stated that approximately \$440,000.00 of the \$700,000.00 set aside by the Board would be required to supplement the hotel tax proceeds for the December 1, 2020, Debt Service Payment.

In regards to Grants updates, Ms. Lenehan stated that the Department of Justice/Bureau of Justice Assistance had allocated \$786,845.00 to the City of Little Rock for Coronavirus-related expenses and that the grant could be utilized for overtime, equipment, including personal protective equipment (PPE), supplies and other COVID-related expenses. Reimbursement under this grant were primarily associated with direct public safety expenditure connected with the COVID public health emergency. In addition, the City would be receiving Housing and Urban Development Funds in the amount of \$960,265.00 from the Coronavirus Aid, Relief and Economic Security (CARES) Act, and of that amount, \$879,049.00 was for the CDBG Program and the remaining \$81,216.00 was for the HOPWA Program for COVID-related expenses. Ms. Lenehan stated that the CARES Act established and appropriated \$150 billion to the Coronavirus Relief Fund and payments from the fund could only be used to cover costs that met the following criteria: necessary expenditures incurred due to the public health emergency with respect to COVID-19; expenses not accounted for in the Budget most recently approved as of March 2020, for the State or government; and expenses incurred during the period that began on March 1, 2020, and will end on December 30, 2020. Ms. Lenehan reported that there was no direct allocation of CARES Act Funding made to municipalities with a population of less than 500,000, and the Arkansas Municipal League, along with the Association of Counties, had worked with the Governor's CARES Act Steering Committee and the Arkansas Legislative Council to have \$150 million reserved for Counties, Cities and Towns for expenses (approximately \$50.00 per person).

Ms. Lenehan stated that according to Purchasing Data through July 17, 2020, COVID-19 related expenditures such as cleaning supplies, hand soap & sanitizer, PPEs, services, thermometers, etc., totaled \$573,694.00. The City had given out twenty-five (25) Small Business Grants in the amount of \$126,975.00, fifteen (15) COVID Homeless Grants in the amount of \$29,908, nine (9) HOPWA Assistance requests were fulfilled in the amount of \$19,298, and \$134,328 was spent on personnel/overtime as related to COVID-19. Ms. Lenehan stated that in June, the CARES Act Steering Committee approved a proposal for extra pay for eight (8) weeks for EMTs and Paramedics, which was separate from the \$150 million set aside for local governments. The additional pay was for eight (8) weeks starting April 5, 2020, through May 30, 2020, and amounted to either \$125.00/week or \$50.00/week (up to \$2,000.00) depending on the number of hours worked. The estimation for Little Rock Fire Department EMTs, which included pay and Employer paid Medicare) was \$900,000.00.

Ms. Lenehan reported that all funding sources were reimbursement based, and that Emergency Management, Grants Management and Purchasing Staff were working together to document, classify and prioritize reimbursable expenditures to leverage

available funding. Ms. Lenehan stated that the total amount expended and encumbered through July 17, 2020, totaled \$2.193 million, and additional Police and Fire overtime may be reclassified based on payroll reporting for COVID activities. In addition to the expenditures incurred, the Emergency Management Division had distributed inventoried supplies, along with 30,805 N95 Masks, 15,050 Surgical 3-Ply Masks and 16,000 Cloth Masks. Ms. Lenehan stated that the magnitude of the COVID-19 impact on revenues depended on the success of the measured reopening plans underway and whether additional travel bans or other restrictions on consumer activity was necessary to contain resurgences of the virus, and lost revenues were not reimbursable under any of the grants that were currently available.

Property Taxes: The original charge received from the County in February showed a 4% increase in the 2018 Assessed Valuation for collection in 2020. Year-to-date results show a 2% decline in comparison to the same period a year ago; however, this may be attributed to the timing of payments, as taxes are due annually in mid-October.

Sales and Use Taxes: April results (received in June) reflected the first full month of the COVID-19 impact. April 2019 revenues included a one-time increase in the Electric Goods Wholesalers North American Industry Classification System (NAICS) Category, which contributed to growth of 14.56% over the previous year. The one-time growth was not projected to recur in 2020; therefore, the variance from the Budget remained favorable. Year-to-date results through April were approximately 2% above budget and 1% above 2019.

Business Licenses and Mixed Drink Supplements: Business Licenses are due annually by January 1st, and through June, 94.6% of the annual revenues had been collected, which was consistent with the prior year. Supplemental payments are collected on mixed drink sales at restaurants and bars. The revenues through June reflect collections on mixed drink sales occurring through May, and with curbside and reduced restaurant and bar service, mixed drink supplemental revenues had declined by 36%.

Building and Related Permits: Building and related permits had declined; however, activity continued in March, April and May and actually exceeded the prior year in the month of June. Through June, revenues were below budget by 9.5%, and below 7.5% for the same period in 2019.

Charges for Services: Through June, impacted charges for services, such as the Little Rock Zoo, Golf, Jim Dailey Fitness & Aquatics Center, School Resource Officers, Parks & Recreation, and the River Market, were 67% below Budget and 68% below the same period a year ago. Not all charges for services are immediately impacted, and Police and Fire Services at the Clinton National Airport and 911 Fee reimbursements had not been impacted.

Fines and Fees: Fines and Fees trailed the same period a year ago by approximately 38%. The Courts closed in mid-March; however, there were revenues collected during the closed period (primarily via online payments) associated with tickets issued prior to the closure. Revenues collected from April – June varied each month from between 52% and 75% of the same period a year ago. The variance to Budget is larger early in the year due to revenues collected in January and February that were associated with tickets issued in the prior year and must be reflected in the year that the tickets were issued.

Franchise Fee Revenues: Franchise Fee revenue variances have not been presented, as they are associated with weather and fuel cost recovery adjustments. While there have likely been increased charge-offs in the last several months due to the non-

payment of bills, the impact on Franchise Fee revenues will be difficult for the City to determine with the level of information available from the service providers.

Ms. Lenehan reported that on May 9, 2020, the two (2) City Golf Courses and the Rebsamen Tennis Center were opened with restrictions. As a result, May revenues were significantly higher than March and April, and June revenues actually exceeded the same period a year ago by more than \$8,000.00. In addition, the Little Rock Zoo opened on June 29, 2020, with restrictions in place; however, the Jim Dailey Fitness & Aquatics Center and the Community Centers remain closed. Memberships at the Fitness Center have been extended.

Ms. Lenehan stated that the \$4.9 million Budget Adjustment that was adopted on April 1, 2020, had offset any COVID-19 related revenue shortfalls to-date. It was anticipated that the majority of COVID-19 related expenditures would ultimately be reimbursed by the various grant award allocations that the City had received and by the anticipated Treasury CARES Act Funds set aside by the State. Ms. Lenehan closed by saying that as the economic impact and duration of the COVID-19 Pandemic evolved, additional amendments would be brought forward to further adjust revenue and expenditure forecasts.

Director Adcock made the motion, seconded by Director Wright, to adjourn the meeting. By unanimous voice vote of the Board Members present, **the meeting was adjourned.**

ATTEST:

APPROVED:

Susan Langley, City Clerk

Frank Scott, Jr., Mayor