



'A GOOD MOVE'

Chamber To Split Money

ORGANIZATION WILL SEPARATE PUBLIC, PRIVATE FUNDS IN 2010

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changes in accounting of public money bring it in line with other chambers of commerce in Northwest Arkansas. The presidents of Fayetteville, Rogers-Lowell and Bentonville/Bella Vista chambers report they separate the accounting of public money from the private money raised.

In Rogers and Lowell, public money for economic development and tourism go to a separate entity that contracts back to the chamber for staffing, said Raymond Burns, Rogers-Lowell chamber president. Invoicing and quarterly reports are standard practices.

SPRINGDALE — The Springdale Chamber of Commerce will change its accounting practices, separating public money from private starting in 2010.

The chamber plans to continue quarterly reports to the City Council, said Perry Webb, chamber chief executive officer and president. The reports will include invoices to show the money spent from public funds, Webb said.

Springdale contracts with the Springdale Chamber for economic development. The contracts called for a payment of \$80,000 in 2006 and \$100,000 each year since then.

The change received the approval of Springdale Mayor Doug Sprouse.

"I think separating the funds is a good move," Sprouse said. "I hope it will take away a lot of those questions that some folks have."

Critics of the chamber attacked its spending after obtaining records through the Freedom of Information Act. The chamber mixed the city contract money with its membership dues and donations from private businesses in previous years.

The Springdale chamber's

Figures from the Springdale Chamber show it spent three times more money for economic development over the last three years than it received from the city, Webb said.

The chamber calculates the three-year total — covering 2006, 2007 and 2008 — as \$868,759.

"We've been good stewards of the public's money," Webb said. "We've spent that much and received \$280,000 from the city."

The receipt of public money for economic development opens the chamber to requests for documents under the state Freedom of Information Act. Springdale resident Anita Davis used the act to obtain chamber expense records.

Some information gleaned from the documents have been posted on a Web site, attacking the chamber purchases.

The site, foispringdale.com, does not paint the same picture as Webb's, Davis said in a statement through her attorney, Brian Campbell. Davis would not have anything else to say, Campbell said.

The Chamber of Commerce spent \$303,566 in 2008 for economic development from both public and private money, Webb said. The annual expenditure was unusually large, Webb said, because of the cost of a development plan for the area around Arvest Ballpark.

In 2007, the chamber spent \$76,222 on economic development, according to documents provided under a Freedom of Information Act request. The purchase of a \$60,000 machine for Duralor topped the list of the expenses. The purchase helped Duralor open its high-tech business in Springdale, Webb said.

Duralor, a division of Nano-Mech, uses nanotechnology to manufacture a coating to extend the usable life of cutting tools, according to its Web site. The business plans to employ 20 to 25 people with the possibility to expand to 100.

The machine purchased for Duralor helps manufacture the coating.

In 2006, the chamber spent \$153,971, with \$90,000 going toward the election that authorized building Arvest Ballpark.

Webb said the election money and the Duralor purchase came from private money, not public funds. The two are examples of money spent by the chamber for economic development.

The chamber also spent \$50,000 in 2006 as a down payment on the land for the ballpark, but was reimbursed in 2007 when the city closed its purchase of the property.

The chamber also has divided up its set costs for salaries, rent and similar expenses, between economic development and usual chamber business, Webb said.

"I could make the argument that everything we do here is for economic development," Webb said. "I decided not to do that. There is going to be disagreement with some people however we divide it up."

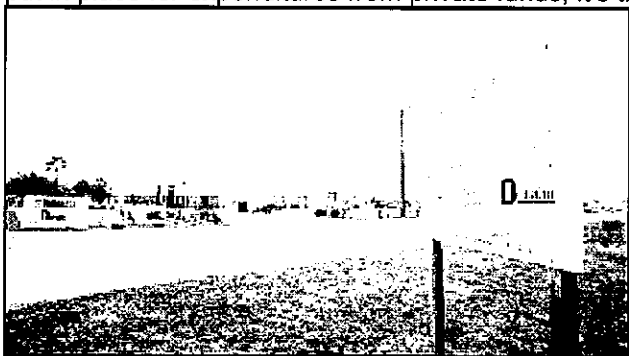
Webb allotted 20 percent of his salary to economic development and 40 percent of Bill Rogers, chamber vice president for communications and special projects. Percentages for the rest of the staff vary from 15 percent to 5 percent.

Webb divided up the rent on the building, utilities and other office costs, charging 20 percent to economic development. The total, for 2008, came to \$125,000. In 2007, the total was \$110,000 and \$100,000 in 2006, Webb said.

The yearly total expenses for economic development, with the percentages for salaries and building costs included, come to \$428,566 in 2008, \$186,222 in 2007 and \$253,971 in 2006.

Sprouse has no concerns about the chamber's spending of its contract money, he said.

"If you look at the percentage of what the chamber has spent on economic development from its total budget to what the city pays, we're getting our money's worth," Sprouse said. "If there are procedures the chamber needs to put in place for expenditures from private funds, it's their business."



STAFF PHOTO ANDY SHUPE A sign promotes the Springdale Technology Park on Monitor Road.