

**MINUTES OF THE SPECIAL
JOINT BUDGET STUDY SESSION
HELD BY THE MOORE CITY COUNCIL
THE MOORE PUBLIC WORKS AUTHORITY
AND MOORE RISK MANAGEMENT BOARD
MAY 9, 2011 – 7:00 P.M.**

The City Council of the City of Moore met at Moore City Hall in the upstairs conference room, 301 North Broadway, Moore, Oklahoma on May 9, 2011 at 7:00 p.m. with Mayor Glenn Lewis presiding.

David Roberts
Councilman, Ward I

Robert Krows
Councilman, Ward I

Kathy McMillan
Councilwoman, Ward II

Janie Milum
Councilwoman, Ward II

Jason Blair
Councilman, Ward III

Terry Cavnar
Councilman, Ward III

PRESENT: Blair, McMillan, Cavnar, Roberts, Milum, Lewis
ABSENT: Krows

STAFF MEMBERS PRESENT: City Manager, Steve Eddy; Assistant City Manager, Stan Drake; City Attorney, Randy Brink; City Clerk/Finance Director, Jim Corbett; Community Development Director, Elizabeth Jones; Economic Development Director, Deidre Ebrey; Fire Chief, Charles Stephens; Human Resources and Risk Management Director, Gary Benefield; Manager of Information Technology, David Thompson; Parks and Recreation Director, Todd Jenson; Police Chief, Ted Williams; Public Works Director, Richard Sandefur; and Veolia Water Project Manager, Robert Pistole.

ALSO PRESENT: Sheila Crosby, Interim Branch Manager and citizen Mark Hamm.

Agenda Item Number 2 being:

DISCUSS THE PROPOSED 2011-2012 FISCAL YEAR BUDGET.

Steve Eddy, City Manager, stated that the total budget for FY 2011-2012 was almost \$111 million, which is the largest budget to date. There was a significant amount of backup information; however, he indicated that he would be happy to respond to any specific questions. Various documents were distributed to the City Council. One document contained the outstanding bond and note debt for the City of Moore, the Moore Economic Authority, and the Moore Public Works Authority. Mr. Eddy stated that two or three issues will pay off in the 2011-2012 or 2012-2013 fiscal year, freeing up a significant amount of City and MEDA debt service. However, the debt went up by \$50-\$60 million due to the new wastewater treatment plant project.

REVENUES:

- Moore Risk Management and Moore Public Works revenues appear to be very high due to significant increases in expenses. Moore Risk Management is one of the most difficult budgets that must be dealt with, and will likely be that way from now on due to health care costs. Health care costs are going up significantly and, since the City is self insured, health care costs are passed through to the City. The actuarial study on estimated health care costs for next fiscal year, including some unknown costs due to the new healthcare legislation, reflected an \$800,000 increase over the current fiscal year. The increase in revenues is 24.2% for health insurance premiums. The employees have been made aware of changes to the health insurance plans. There was a 12% increase in property, excess health, and other insurances that the City carries. Health care costs and insurance in general caused the Risk Management budget increase of approximately \$1 million for next fiscal year.
- MPWA increase due to the wastewater treatment plant, which is the largest project the City has ever undertaken. The budget shows \$35 million in proposed expenditure next fiscal year on the project. Proposed revenues for the MPWA operating budget, including sewer, water, and sanitation receipts, reflect a 3% to 4% increase.
- City General Fund reflects a 2.4% increase over 2010-2011.
- Sales Tax projected to increase 5.5%. Some of the smaller revenues sources stayed flat or went down slightly. This projection includes Target and the other businesses to open soon. There is a projected sales amount for Target at \$30 million; however, the City believes it will do much better than that. The City has Sales Tax Rebate Agreements with three retailers. The projected rebate amounts are:
 - The Shops at Moore - \$540,000. This agreement ends in February 2012.
 - Target - \$450,000
 - Warren Theatre - \$125,000. This amount could change based on how the new IMAX performs.
- Budgeted fund balance of \$419,000 for the City General Fund. Mr. Eddy indicated that the proposed budget was very difficult. The initial budget draft reflected \$6 million more expenditures than revenues for the City General Fund. After working to trim the budget the shortage was reduced to \$419,000. However, he commented that he does not like to use the fund balance and he didn't feel that it would be required but it was necessary to balance the budget in place of cutting something else. Mr. Eddy stated that frankly there was little else they could cut. Many of the capital requests were cut and there were no proposed cost of living raises.
- MPWA has a zero fund balance with no proposed sewer rate increases. Mr. Eddy indicated that a sewer rate increase will likely have to be considered in the next fiscal year.

PERSONNEL:

The budget contains minimal personnel requests. One sanitation operator position is proposed in the MPWA to cover a new route. Currently there are six routes plus one roving route that collects leaves and grass. Residential growth has slowed; however, a large number of the utility customers have more than one polycart. Mayor Lewis asked how much a utility customer pays for a second polycart. Mr. Eddy indicated that a second polycart is half of the \$9.50 per month residential sanitation rate, or \$4.75. Mayor Lewis suggested that a second cart should be double the rate instead of half. Jim Corbett, Finance Director, stated that the rationale was that the second cart wasn't always used. The Mayor suggested at least increasing the cost of the second cart to the same monthly rate as the first one, but mentioned he would bring it up again next fiscal year.

There is a part-time position proposed for Community Development to staff the new recycle center. There is an existing part-time position in the Community Center that is upgraded to a full-time position.

Merit steps are proposed for eligible positions totaling approximately 200 employees. Subject to negotiations with all of the unions there is a one-time stipend of \$1,000 each for 92 Y-Rated (topped out) employees. No cost-of-living raises are proposed. Mayor Lewis asked what the cost of living figure is this year over last year. Mr. Corbett indicated it was approximately 3.2% around the first of the year. Mayor Lewis asked what the total expenditure would be to pay 3.2% versus \$1,000 for each Y-Rated employee. Mr. Eddy indicated that the City would have to pay 3.2% to each employee and it would be considerably more money. He commented that the other employees will receive their step increase which is 2% to 2.5% of their salary. Mayor Lewis then asked what the 3.2% increase for the 92 Y-Rated employees would equal. Mr. Corbett estimated it would equal \$300,000 to \$400,000. Mr. Eddy added that the Unions would never agree to that. Mayor Lewis asked if the FOP/IAFF Unions still had a contract that stated they would be paid using Oklahoma City's previous year's pay scale. He reminded everyone that Oklahoma City did not receive pay raises last year. Mayor Lewis stated that the 28 AFSCME employees is a moot point because there is new legislation that states the AFSCME union does not have to be recognized by the City. Mr. Eddy agreed that this was true; however, the legislation does not go into effect until November 2011. Mayor Lewis responded that the City was working on the 2011-2012 budget. Mr. Eddy stated that it was staff's opinion that the City would have to have a partial year if not a full year contract with AFSCME since current law is still in effect when the new budget and new contract are approved. The City is working to negotiate no cost of living raises with all three unions, the proposed merits, and stipends. Mayor Lewis felt that everyone should receive the same amount. Mr. Eddy indicated that the merit increases depend on each employee's salary, which could be significant.

MOORE RISK MANAGEMENT:

- 24.2% proposed premium increase.
- 21.1% projected increase in health claims.

MOORE ECONOMIC DEVELOPMENT:

- Funded through a \$386,000 transfer from the City General Fund.
- \$45,000 for Special Projects was originally located in the General Fund.
- Four Full Time Equivalent (FTEs). They currently have three full-time and one part-time employee.

MOORE PUBLIC WORKS AUTHORITY:

- \$3.8 million transfer to City General Fund (up from \$3 million).
- \$1.7 million transfer to Moore Risk Management (down from \$2 million).
- \$1.8 million for purchase of Oklahoma City water.
- \$1 million contingency account.
- \$35 million for wastewater treatment plant improvements.
- \$647,000 in new debt service that is interest and carrying costs on the new notes with the Oklahoma Water Resources Board for the WWTP improvements.
- Veolia Water contract estimated increase is 4%. This amount is based on the cost of living increase which may be 2% to 3%.
- R-Account for repairs and maintenance budgeted to decrease by 16.6%. Mayor Lewis asked if the repairs and maintenance costs would go down since the City is constructing a new treatment plant. Mr. Eddy indicated that it absolutely would; however, there will be a significant increase in electricity charges to power the new plant.

PUBLIC SAFETY FUND:

Mr. Eddy stated that the Public Safety Fund was originally created for the ½ cent sales tax four to five years ago. The loan was for the construction of the new fire stations and the equipment. The revenue for the project was a four year revenue stream. The debt service was longer at about five years. Next fiscal year the loan will be paid off.

- \$14.9 million new loan funds for new Public Safety Center to house the police and emergency operations center.
- \$2.1 million transfer from City General Fund to pay the original public safety loan for construction of the new Fire Stations and Equipment.

STREET AND PUBLIC SAFETY FUND:

Mr. Eddy indicated that this fund is a new fund created for the sales tax dollars that will begin to accrue as of April 1, 2011 for residential streets and public safety equipment.

- \$3.08 million projected revenue.
- \$2.45 million (80%) for residential street work.
- \$621,000 (20%) for public safety equipment. Six police vehicles and tactical team equipment as well as fire department equipment.

CITY GENERAL FUND:

- \$419,000 budgeted fund balance.
- \$386,000 transfer to MEDA.
- \$3.8 million transfer from MPWA.
- \$250,000 contingency account.
- \$1.2 million debt service for 2009 Public Safety Center loan (Police/EOC/Municipal Court).
- \$2.1 million transfer to Public Safety Fund for debt service on first public safety note (Fire).
- \$4.3 million total debt service in General Fund of which \$3 million is new this fiscal year.

MAJOR FEATURES:

- \$35 million – wastewater treatment plant construction.
- \$13 million – new Public Safety Center. Demolition bids solicited within the next week. Architectural plans are close to completion. Anticipated start date for construction is this summer.
- \$100,000 set aside on the sewer system improvements.
- \$250,000 – CNG sanitation truck.
- \$2.09 million – NW 12th Street Bond Project. Engineering is underway on NW 12th Street G.O. Bond Project. This is the fourth G.O. Bond project. The third project is the 5th Street project which got underway in the past week.
- \$621,000 – Public Safety Equipment.
- \$2.45 million – Residential Street construction/repair.
- \$42,000 - Computer network equipment needed for public safety.
- \$42,000 – Library furnishings. Acting Branch Manager, Sheila Crosby, appeared on behalf of Lisa Wells, who was out of town.
- \$30,000 – Remodel kitchen at the Community Center.
- \$50,000 – street striping.
- \$170,000 – Football fields lighting.
- \$250,000 – Police discretionary funds. These are funds the Police Department receives from seizures. Mayor Lewis noted that the U.S. Conference of Mayors will be offering the COPS grant

again for funding of new officers. Chief Williams stated that Lt. Anderson will be applying for that grant.

- \$850,000 – Traffic Impact Fee funds will be used to fund the City's 20% share and engineering costs for the Eastern Avenue street widening project north of NE 27th Street.
- \$59,000 – Moore Beautiful Projects.
- \$250,000 – CDBG Entitlement Projects.
- \$121,000 – 911 Maintenance Funds.

Mr. Eddy asked for questions or concerns. Mayor Lewis expressed his appreciation for staff's work on the budget. Mr. Eddy indicated that although the City General Fund budget is very tight for next fiscal year, the City's overall financial condition is still very good. After that time when some debt service pays off the City will be in a better position to address capital needs.

Mayor Lewis thanked everyone for their attendance.

Agenda Item Number 3 being:

ADJOURNMENT

Councilwoman McMillan moved to adjourn the special joint work study session, second by Councilman Cavnar. Motion carried unanimously.

Ayes: Blair, McMillan, Cavnar, Roberts, Milum, Lewis
Nays: None
Absent: Krows

The meeting was adjourned at 7:35 p.m.

TRANSCRIBED BY:

RHONDA BAXTER, Executive Assistant

RECORDED BY:

JIM CORBETT, City Clerk

FOR:

JANIE MILUM, MPWA Secretary

These minutes passed and approved as noted this ____ day of _____, 2010.

ATTEST:

JIM CORBETT, City Clerk