

**MINUTES OF THE SPECIAL
JOINT WORK STUDY SESSION
HELD BY THE MOORE CITY COUNCIL
THE MOORE PUBLIC WORKS AUTHORITY
AND MOORE RISK MANAGEMENT BOARD
APRIL 26, 2010 – 6:30 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 April 26, 2010 at 6:30 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: Krows, Blair, McMillan, Cavnar, Roberts (arrived late), Milum, Lewis
ABSENT: None

Agenda Item Number 2 being:

DISCUSS THE PROPOSED 2010-2011 FISCAL YEAR BUDGET.

Steve Eddy, City Manager, thanked the City Council and department heads for coming to the study session. He presented a memo outlining the proposed 2010-2011 fiscal year budget. Mr. Eddy thanked Jim Corbett, Finance Director, and his staff along with the department heads for their work over the past four months on the budget. He added that sometimes there are more requests than the City is capable of funding; however, the department heads are always good about working through that. The 2010-2011 budget of \$108,429,430 is the largest budget that the City of Moore has proposed. The primary reason for the large increase from last year's budget of \$79 million is the proposed capital expenditures and the new wastewater treatment plant. Mr. Eddy advised that \$25 million had been set aside in the budget for the plant, and the remaining cost would be funded in future budgets.

The operating budget contains the City's General Fund budget (Fund 06) which is a status quo budget. Mr. Eddy stated that he was thankful that the City has a status quo budget since other cities appear to be having a difficult time due to the economic situation. He added that contributing to the status quo situation is the addition of new retail business, the frugality of administration, and the department heads curbing their spending.

REVENUES:

- Moore Risk Management revenues reflected an 8.4% increase over 09-10 primarily due to the projected increases in health claims and excess health care costs. Mr. Eddy advised that the primary sources of revenue are premiums paid by the City/employees and a transfer from the MPWA. Health claims costs are anticipated to increase; however, the City does not propose

premium increases because the City is not proposing COLA increases for the employees next fiscal year. The increased costs will be offset by a higher transfer from the MPWA. The City does not know how the City's budget will be impacted by the new federal healthcare legislation that was recently approved; however, staff anticipates an adverse effect.

- There was a large increase for the Moore Public Works Authority revenues of 154% attributable to the costs of Phase 2 of the new Wastewater Treatment Plant. Utility (sewer, water, and sanitation) revenues are projected to increase by a nominal amount of 1.13%. The figures do not include any projected sewer rate increases that the City must implement for the new wastewater treatment plant debt service.

Mayor Lewis noted for the record that Councilman Roberts arrived for the meeting.

- City General Fund (City's operating budget) reflected a 2.6% increase in sales tax primarily from the new Hobby Lobby. However, this amount cannot be considered a true revenue source because some of it will be lost through the rebate agreement. This results in a projected sales tax growth rate of 1.5% or approximately \$291,000.
- The Shops at Moore projected revenue is \$1,064,000 which is subject to rebate to Moore Sorrento, LLC.
- Target/Fritts projected revenue is only \$75,000 (May and June 2011 receipts) which is subject to rebate to Teddy Bear Partners. Mr. Eddy advised that a representative from Target notified him that they had closed on the property and would likely move their equipment on-site the first week of May 2010.
- Zero Budgeted Fund Balance in the General Fund and MPWA. None of the fund balance was used in the development of the budget.

PERSONNEL:

- There are 311 FTE's proposed. There are no new full-time positions proposed in the budget; however, there are some hours budgeted for additional part-time employees in the Parks and Recreation Department and an intern in Community Development. There are additional hours for a full-time position in the Fire Department and additional hours for the Director of the Brand Center. He indicated that that this would result in 4 to 12 hours per week for a half dozen employees.
- The number of full-time equivalent employees is slightly down from last fiscal year. The reduction is the result of the Parks and Recreation Activities Department aligning the number of part-time employees with the allocated number of FTEs. There aren't any more full-time positions proposed or projected lay-offs or furloughs.
- The budget does not include cost-of-living increases for any of the employees. All three unions will roll over their contracts for next fiscal year.
- Step/merit increases are programmed into the budget for the 193 eligible employees out of the 279 full-time employees.

MOORE RISK MANAGEMENT (Fund 02):

- No proposed premium increase.
- 9.47% projected increase in health claims based on the actuarial study.
- 22.3% projected increase in excess insurance expense.
- Fund balance of \$311,582 used to balance the budget. Approximately \$800,000 in restricted funds left over from old bonds that are kept in reserve for Risk Management or insurance type expenses.
- Transfer from MPWA increased from \$1,518,186 in FY 09-10 to \$2,000,000 in FY 10-11. Historically, the MPWA has largely funded the operation of Risk Management; however, due to increased health costs the amount of the transfer is continuing to rise.

MORE ECONOMIC DEVELOPMENT AUTHORITY (Fund 03):

- The City's General Fund completely funds the Economic Development Department with the exception of \$173,000, which are proceeds from the 2007 MEDA loan. Staff requested approval from the City Council to use these monies for various street projects. Staff hopes to use the money by June 2010 in order to avoid arbitrage, but it was reflected in the FY 10-11 budget in order to have the budget authority to spend if necessary.

G.O. Street Bonds (Fund 04):

- 2009 General Obligation Bond issued in January 2009 to fund the SW 19th and Telephone Road and the NE 12th Street projects. \$4,213,537 is available to be spent on the projects next fiscal year.
- 2010 General Obligation Bond to be issued in May 2010 to fund the NW 5th and NW 12th Street projects in the amount of \$6,586,500.

MPWA (Fund 05):

- Sewer rate increase will be necessary to meet the debt service requirements on the OWRB loan for the new Wastewater Treatment Plant. The debt service amount will be determined after bids are received on Phase 2 of the construction.
- \$3 million transfer to General Fund to balance the City budget.
- \$2 million transfer to Moore Risk Management.
- \$1.8 million for Oklahoma City water purchases reflect a 4.35% increase.
- \$25 million for WWTP Phase 2 to be funded with Oklahoma Water Resources Board financing.
- \$1.48 million for landfill contract with Allied Waste reflected a 6% increase. The City operates the residential trash service and dumps the garbage at the landfill at 74th and Bryant. Allied Waste is the hauler for commercial contracts.
- \$2.5 million for Veolia Water contract reflecting a 3.84% decrease.
- \$1.2 million for R-Account for repairs and maintenance of water and sewer lines.
- \$100,000 for sewer system improvements.
- \$200,000 for a new sanitation truck and 450 polycarts. There are eight sanitation routes with fully automated sanitation trucks.
- \$1,360,392 contingency set aside for MPWA. This figure is available if necessary; however, this is the approximate amount of the \$5 sewer rate increase approved in FY 09-10 for debt service on the OWRB permanent loans for the WWTP.

CITY GENERAL FUND (Fund 06):

- Incorporates all departments except water, sewer, and sanitation.
- \$348,368 transfer to MEDA.
- \$75,000 transfer to Special Revenue Fund for matching funds for CDBG projects. This will be the final "Small Cities" CDBG grant now that the City is eligible for the CDBG Entitlement Program. The City will receive \$309,004 in grant funds for next fiscal year.
- \$3 million transfer from MPWA
- \$561,025 contingency is larger than normal in the event of a revenue decline due to the current economic climate.
- \$1,325,483 set-aside for street maintenance and repairs using the Silver Star Construction and Street Department crews.
- \$299,440 debt service for the 2009 MEDA Public Safety Loan for the new Police/Emergency Operations/Courts facility. The debt service will go up significantly when the money is spent and the facility constructed.

DEBT SERVICE FUND (Fund 09):

- \$2,532,900 in General Obligation Bond Debt Service Fund accounts for ad valorem taxes used to pay for existing bond issue debt. The 1992 and 2003 bonds pay off in 2012.
 - ✓ 1992 G.O. Bonds - \$669,200
 - ✓ 2003 G.O. Bonds - \$1,071,450
 - ✓ 2009 G.O. Bonds - \$792,250

As a reminder Mr. Eddy indicated that the voters approved the \$18 million bond issue; however, the City is issuing the debt service in 3 separate years to prevent a large increase. The City attempts to keep the millage levies constant. The City's target is around 15 mills in debt service. Paul Smith, City's financial advisor, indicated that significant increases in valuations over the years currently puts the City at over \$300 million in assessed valuation. At the time the City decided to keep the mills steady at 15 mills the City's assessed valuation was around \$100 million. Right now the millage levy is closer to 10 mills.

PUBLIC SAFETY FUND (Fund 10):

- \$3.2 million projected in public safety sales tax revenue.
- \$3,082,836 proceeds from 2007 financing for construction of fire stations and equipment purchases.
- \$15,676,700 proceeds from 2009 financing for construction of Public Safety Center (Police/EOC/Courts facility).
- \$2 million construction of new Fire Stations
- \$13,494,720 construction of new Public Safety Center.
- \$258,280 seven police vehicles.
- \$391,200 new fire engine and miscellaneous equipment.
- \$400,000 new Emergency Management command post.
- \$250,000 new Public Works radio system.

Mr. Eddy indicated that the Emergency Management command post and Public Works radio system were included in the bond election literature and the City is committed to purchasing the items.

- \$1,225,000 engineering, architectural and construction management.
- \$720,000 - Contingency

MAJOR CAPITAL PROJECTS/EQUIPMENT:

- \$200,000 – Water line replacement.
- \$100,000 – Sewer system repairs.
- \$59,500 – MPWA equipment – truck and cleaning of 19th Street water tower.
- \$230,000 – New sanitation truck.
- \$75,000 – police equipment
- \$75,000 – Street striping.
- \$42,357 – Equipment at the library.
- \$200,000 – Hotel/Motel Tax Fund
 - ✓ Buck Thomas Park football field lighting - \$180,000
 - ✓ Fairmoore Park tennis court - \$20,000
- \$150,000 – CDBG Project.

- \$275,000 – CDBG Entitlement Program. Mr. Eddy noted that since the budget was published the City received notification that the allocation to be received will be in the amount of \$309,000.
- \$400,000 – Traffic Impact Fee account needed for the City's 20% share of the Eastern Avenue north of NE 27th Street Project.
- \$100,000 – 9-1-1 System Maintenance. These monies will likely be used when the 9-1-1 system is moved to the new facility.

DEBT SERVICE PAID OFF:

- Fund 05 – 2000 OWRB Loan in the amount of \$290,000.

Mr. Eddy advised that he had previously reviewed the highlights of the budget with each member of the City Council. He asked if there were any questions. Councilman Krows asked what the plans were for the Buck Thomas Park tennis courts. Mr. Eddy advised that the plan is to replace them with basketball courts. Cindy Deckard, Parks and Recreation Director, indicated that a portion may also be used for a playground. She is working on a master plan for Buck Thomas Park. Councilman Krows felt there was a need for tennis courts on the south side of the City. Some of the schools need a place to practice. Mayor Lewis asked about the 20 acres that the City owns on Broadway. Mr. Eddy indicated that it was possible to use the land for that purpose. Mayor Lewis asked what it cost to construct a tennis court. Stan Drake, Assistant City Manager, stated that a tennis court complex similar to one in Norman would cost around \$300,000. Mr. Eddy indicated that the \$20,000 included in the budget for tennis courts is only for the resurfacing of existing courts.

Mr. Eddy stated that the budget has a limited amount of capital for some of the operating departments. He credited the department heads for their work on the budget. He asked them to look at 2% cuts on everything but personnel costs. The operating budgets including materials and supplies are at or slightly below last year.

Councilwoman Milum stated that last fall the City Council approved \$15,000 for home-delivered meals because Aging Services had a reduction in state and federal funding. She advised that there will not be any more funds coming in and probably still more reductions. From November to March the City spent around \$6,000 to \$7,000. The City's assistance would end June 30, 2010. Aging Services has applied for CDBG funds which is a maximum of \$8,000. Ms. Milum stated that there was no funding for the months of July through October. She stated her hope was that the City could assist Aging Services in continuing to deliver meals to homebound senior citizens. Mr. Eddy indicated that a line item was not necessary; however, he felt certain that it was the City Council's intent to assist with necessary funding to allow the seniors to continue to get meals. Mr. Eddy advised that a contract similar to last time would need to be approved. He stated that another contract in the amount of \$3,000 would appear on the agenda with Christmas in April which is now known as Rebuilding Together. Those contracts would go through the CDBG Entitlement Program. A grant requirement was that a certain amount of the monies must be available to social service type agencies that benefit low to moderate income individuals. The City will be working through that process.

Mayor Lewis asked if there were any unfunded needs. He expressed his appreciation to City Manager Steve Eddy and Finance Director Jim Corbett for their work on the budget.

Mr. Eddy indicated that a public hearing would be held sometime in May 2010 and an item would appear for formal adoption of the budget. Mayor Lewis stated that he was proud of the support that everyone gives each other. He appreciated the work and time that went into preparation of the budget. Mayor Lewis also commented that the City could not have a better City Council.

Agenda Item Number 3 being:

ADJOURNMENT

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

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

The meeting was adjourned at 7:24 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