

**MINUTES OF THE SPECIAL
WORK STUDY SESSION
HELD BY THE MOORE CITY COUNCIL
JULY 16, 2018 – 6:00 P.M.**

The City Council of the City of Moore met in Moore City Hall in the Upstairs Conference Room, 301 North Broadway, Moore, Oklahoma on July 16, 2018 at 6:00 p.m. with Mayor Glenn Lewis presiding.

Adam Webb
Councilman, Ward I

Danielle McKenzie
Councilwoman, Ward I

Melissa Hunt
Councilwoman, Ward II

Mark Hamm
Councilman, Ward II

Jason Blair
Councilman, Ward III

Louie Williams
Councilman, Ward III

PRESENT: McKenzie (arrived late), Blair, Hunt, Williams, Hamm, Lewis
ABSENT: Webb

STAFF MEMBERS PRESENT: City Manager, Brooks Mitchell; Assistant City Manager, Stan Drake; City Attorney, Randy Brink; Community Development Director, Elizabeth Weitman; Economic Development Director, Deidre Ebrey; Emergency Management Director, Gayland Kitch; Finance Director, Betty Koehn; Fire Chief, Gary Bird; Human Resources Director, Christine Jolly; Manager of Information Technology, David Thompson; Police Chief, Jerry Stillings; and City Clerk, Linda Stewart.

Agenda Item Number 2 being:

DISCUSS AN ADMINISTRATIVE OR TECHNICAL CHANGE TO THE ONE-HALF OF ONE PERCENT SALES TAX APPROVED ON AUGUST 18, 2014 AND/OR THE SUBMISSION TO THE ELECTORATE OF AN ADDITIONAL ONE-EIGHTH OF ONE PERCENT SALES TAX TO BE PLACED ON THE NOVEMBER 2018 GENERAL ELECTION BALLOT.

Brooks Mitchell, City Manager, stated that the work study session was scheduled as a continuation of the discussion regarding sales tax that occurred during the budget study session held May 14, 2018. At that time he advised the Council that the half-cent sales tax would expire in March 2019 and suggested placing it on the November 2018 ballot for renewal. He noted that if Council wanted the item on the November ballot a resolution calling for an election must be approved by the second meeting in August.

Mr. Mitchell presented the City Council with a memo outlining two sales tax options:

Option One:

Mr. Mitchell advised that Council could opt to keep the current sales tax allocation of 80% for residential streets and drainage and 20% for public safety, and add an 1/8 of a percent sales tax to the ballot dedicated toward the replacement of water lines that are between 35 and 45 years old.

Option Two:

Mr. Mitchell indicated that other municipalities have passed dedicated public safety sales tax in the past year placing the City at a competitive pay scale disadvantage. He advised that last year Oklahoma City

gave a 4.4% pay increase to Fire and a 3.3% pay increase to Police. The City of Moore was able to match that; however, it took all of the projected growth in sales tax revenues to fund them. Mr. Mitchell indicated an option would be to change the allocation to 70% for residential streets and drainage and 30% for public safety. This option would also include the 1/8 of a percent sales tax increase for waterline replacement.

Mr. Mitchell requested input from the City Council regarding Options 1 and 2. Councilwoman Hunt expressed her initial concern over Option 2 because it took revenues away from streets and drainage, which was primarily what her constituents were concerned about. She did feel it was not as much of a concern since Proposition 2 was approved at the June 26, 2018 bond election. Mr. Mitchell indicated that Proposition 2 was for the replacement of the drainage channel from NW 12th Street to SW 4th Street at an estimated cost of \$3 million.

Mr. Mitchell stated that the ¼ cent sales tax was renewed in 2016. Half of the money goes toward the construction of Fire Station 2 and half toward Parks. When the sales tax comes up for renewal in 2020 the Fire Station would be complete and the 1/8 cent sales tax could be reallocated.

Councilwoman McKenzie indicated that she had received a lot of complaints regarding increasing taxes and was not in support of the proposals. Councilwoman Hunt commented that she did not want to increase sales tax either, but if the City required a funding source it would have to be an increase in sales tax or an increase in water rates. Mr. Mitchell agreed that no one wanted to increase sales tax or water rates; however, each year the City spends approximately \$2 million on waterline repairs or replacement. Since some of the waterlines are old it was possible that several lines might need replacement at one time. Since those repairs could not be deferred the City would be forced to find a funding source. Water rates would be looked at first; however, knowing Council's feelings about it, he felt the 1/8 cent sales tax increase seemed the most palatable option. Councilwoman Hunt felt that increasing the sales tax would be spreading the cost among everyone. Mayor Lewis cautioned that if the sales tax was raised too high people would start shopping outside the City limits where sales tax might be lower.

Councilwoman McKenzie asked for a breakdown of the sales tax for surrounding cities. Councilman Williams advised that cities with a lower sales tax as of January 1, 2018 included Del City at 8.0%, Edmond at 8.25%, and Midwest City at 8.35%. Councilwoman Hunt advised that Midwest City had recently passed a sales tax increase along with one of the other cities mentioned. Councilwoman McKenzie stated that with the recent sales tax increases it was likely only one of the cities mentioned had a lower rate than Moore. Councilman Williams agreed and added that several cities have a sales tax rate similar to Moore's at 8.5% or higher such as Norman's at 8.75%. He stated that Oklahoma City does not have a county tax like Moore does so although their City sales tax might be higher the rates are the same.

Mr. Mitchell indicated that he also included in his memo the Public Safety Sales Tax rates for Moore and the surrounding cities:

Moore	.1%
Oklahoma City	.75%
Norman	.50%
Edmond	.375%
Midwest City	.5361%

Councilman Hamm asked where the City was in comparison to other cities on the Police and Fire pay scale. Fire Chief Gary Bird indicated that the starting pay for the Moore Fire Department was in-line with surrounding municipalities, with the exception of Edmond, who recently gave their Firemen a significant pay raise. Councilman Hamm inquired whether the City was receiving interest in job vacancies and had a

good pool of applicants from which to choose. Police Chief Stillings indicated that interest had been down. He advised that Edmond had 400 applicants during the last hiring process and Moore had 120 applicants. Fire Chief Bird agreed that interest had been down but felt it could also be due in part to the job qualifications there were being required. Mr. Mitchell indicated that his concern was with Oklahoma City and the raises they were able to give through a dedicated sales tax. Moore had been able to match Oklahoma City's salaries; however, keeping up with Oklahoma City was eating up the projected growth in sales tax and other needs within the City could not be addressed.

Mayor Lewis did not feel the voters would approve a sales tax increase at this time. Councilman Blair asked how the ballot language would be posed and if there would be one or two items. Randy Brink, City Attorney, advised that legally there could be separate items or combined items. Council would need to determine whether they would propose two sales tax increases, a choice between two rates, or a vote on the allocation.

Councilman Blair advised that the 1/8 a percent sales tax would be up for renewal in 2020. Councilman Hamm stated that although it would only be 1/8 of a percent, he did not feel he could support it since it would be right on heels of the big bond issue that the citizens just passed. Mayor Lewis commented that there would still be a \$3.00 utility rate increase which would fund the increase in water rates on Oklahoma City water purchases. He felt that Council was considering either a utility rate increase or a sales tax increase; however, he pointed out that it would ultimately be both. Councilwoman Hunt suggested that the Council wait until construction was complete on the new Fire Station and ask for renewal of the sales tax in a year.

Mayor Lewis suggested that monies previously dedicated to streets and drainage could be used to fund water line repairs since the voters approved Proposition 2 at the recent bond election providing a second funding source for drainage. Councilman Blair noted that the ballot language must show the specific allocation being proposed. Mr. Mitchell indicated that currently 80% of the sales tax would go for residential streets, drainage, and sidewalks, with 20% going toward public safety equipment. He agreed that the new language on a reallocation must also set percentages for each proposed use.

Mr. Mitchell confirmed that another option would be to postpone a sales tax increase until the last tax increase expired in 2020. Mayor Lewis asked Police Chief Stillings and Fire Chief Bird for their opinion. Chief Stillings stated that funding for equipment in the past had been sufficient. Their issues have been primarily with funding for operations and manpower. He noted that other cities experiencing similar situations were using a dedicated sales tax to fund positions. Mayor Lewis asked if the chiefs would prefer the money be dedicated toward equipment or manpower. Chief Bird added that it was already difficult to provide pay raises this year and he knew that the Oklahoma City Fire Department was negotiating at least a 3% increase on next year's contract; however, funding must be available in the budget to fill new positions. Mayor Lewis suggested using the public safety funds for operations instead of equipment. Mr. Mitchell felt that the 20% allocation for public safety equipment should remain in place since debt payments remained on the fire truck and there were equipment needs for both the Police and Fire Departments that would otherwise be unfunded. He stated that another option would be to decrease the allocation for streets and drainage and reallocate it for public safety operations.

Councilman Williams felt the City should be proactive instead of reactive. Options were given about how to deal with the situation; however, he felt it must be handled before it got out of hand. He stated that \$2 million a year in waterline repair and replacement was not an insignificant amount. Councilman Hamm agreed that a plan needed to be put in place but stated he was not supportive of a sales tax increase at this time.

Mr. Mitchell stated that another bond issue could be placed on a ballot at any point since bonds continue to be retired; however, it would depend on the timing and the voters' willingness to pass it. Since the City

just held a large bond election he felt it might be beneficial to wait a while to propose another bond election. Councilwoman Hunt agreed that a sales tax increase at some point would be better tolerated than another bond issue. If the Council opted for a reallocation she did not think any more than \$2 million should be taken from streets and drainage. Mr. Mitchell suggested that the allocation for streets and drainage could be changed to 70%, with 20% toward public safety equipment, and 10% for public safety operations, and eliminating water lines for the time being. Mayor Lewis suggested that money for waterlines might be available through a loan with the Oklahoma Water Resources Board, but noted that repayment of this type of loan was historically funded through increased water rates. Councilman Williams asked if the option of a loan through the OWRB could be placed on hold until needed or if the process would need to be started now. Mr. Mitchell commented that Council could wait for the ¼ cent sales tax renewal to determine what use they would like to make with the 1/8 cent available at that time. He stated that at some point the water line issues must be addressed and a funding source determined. He mentioned it now because he felt it was important to make the City Council aware of it. Councilwoman McKenzie commented that her constituents appear unhappy with increased water rates and bonds and in their perception an increase in sales tax might be a better option to address the issue in the future.

Councilman Hamm asked Deidre Ebrey, Economic Development Director, if the sales tax rate would have a negative impact on future retail coming to Moore. Ms. Ebrey did not feel it was a consideration.

Mayor Lewis asked Mr. Mitchell how he felt about the reallocation of the sales tax to 70% streets and drainage, 20% public safety equipment, and 10% public safety operations. Mr. Mitchell felt that the funds for operations would address the public safety issue, the passage of Proposition 2 would free up some sales tax funds and still allow money for street repairs and small drainage projects, and preserves the 20% for debt service and necessary equipment purchases.

Mayor Lewis asked for comments from the Council. There appeared to be a consensus of the Council to proceed with the reallocation of funds as specified. Mr. Mitchell indicated that a resolution to call an election in November for renewal of the sales tax with the new allocation would be presented to the City Council at the August 6, 2018 meeting.

Agenda Item Number 3 being:

ADJOURNMENT

Councilman Blair moved to adjourn the City Council meeting, second by Councilman Williams. Motion carried unanimously.

Ayes: McKenzie, Blair, Hunt, Williams, Hamm, Lewis
Nays: None
Absent: Webb

The City Council, Moore Public Works Authority, and the Moore Risk Management meetings were adjourned at 6:29 p.m.

TRANSCRIBED BY:

RHONDA BAXTER, Executive Assistant

FOR:

ADAM WEBB, MPWA Secretary

These minutes passed and approved as noted this ____ day of _____, 2018.

ATTEST:

LINDA STEWART, City Clerk