MUSTANG CITY COUNCIL
MUSTANG IMPROVEMENT AUTHORITY
SPECIAL MEETING – BUDGET WORK SESSION
MAY 7, 2018

The Mustang City Council met in a Special Meeting on Monday, May 7, 2018 at 6:00 p.m. in Meeting Rooms C & D, Mustang Town Center, 1201 N. Mustang, Rd. Notice of the meeting was posted as required on Thursday, May 3, 2018, at 10:35 a.m in compliance with the Open Meeting Law, 25 O.S., Section 301, et. seq.

A. CALL TO ORDER

Mayor Schweinberg called the meeting to order at 6:00 p.m.

B. ROLL CALL

Councilmembers Present: Pratt
Leete
Grider
Jones
Hagan
Noblitt
Schweinberg

Councilmembers Absent: None

C. BUDGET SESSION - DISCUSSION ITEMS

1. **Discussion and Review** regarding the Proposed Annual Operating Budget for FY 2018-2019 for the City of Mustang/MIA.

City Manager Rooney reviewed the "Message from the City Manager" and the "Budget Policy" highlighting the budget responsibilities and assumptions. He stated the General Fund has a shortfall of almost $75,000 due to legal fees incurred due to the ongoing litigation with Citizens Energy stating the Mustang Improvement Authority (MIA) and Other Funds have balanced budgets.

Rooney provided budget information such as:

- Projected sales tax revenue to increase by 2.5% due to steady growth during the next budget year, primarily due to commercial development such as the new Starbucks and Hampton Inn;
- Police Department will no longer service 911 calls for Union City;
- Strategies implemented to reduce operational department budgets within the General Fund stating the FY19 budget includes:
    - Management summer intern;
    - New Police Recruit and new Firefighter;
    - Step Increases for all employees;
    - 2% midyear stipend for all nonunion employees (pending actual revenues exceeding projected revenues);
    - FOP employees – 1.5% COLA in October and March;
    - IAFF employees – 2% COLA in July plus wage schedule changes for lieutenant and captain positions;
    - Health plan premium rate increases incurred by the City as a benefit for employees;

- Includes contributions of 11.79% to the Oklahoma Municipal Retirement Fund (OMRF) and mandatory contributions of 13% police pension and 14% fire pension funds;
- Provides $116,000 for installation of traffic light at the corner of E. Plantation Terrace and Mustang Road stating the City was currently appealing this decision to ODOT;
- Limited Purpose Fund budget includes expenditures totaling over $1 M exclusive of any grants received and reserves a fund balance of a little over $1.5 M for next year's carryover;
- Review of the 1% Sales Tax Extension;
- Issues not forecasted such as needing a new key card system;
- MIA Fund utility rate increase in each subsequent year by 2.2% or the consumer price index, whichever is greater;
- Ambulance fee increase from $1.50 to $2.50 due to metro cities opting out of EMSA;
- CPI adjustment of 1.9% is reflected in the budget for the Oklahoma Environmental Management Authority (OEMA);
- Water rate increase for third-party purchases;
- Transfer of funds for Workers Compensation;
- MIA Reserve Fund requests

The power point presentation is on file and available in the Office of the City Clerk as well as online on the City's website.

GENERAL FUND

Projected Beginning Balance	$ 2,150,000
Projected Revenues	$ 23,458,380
Projected Expenditures	$(23,532,977)
Projected Ending Fund Balance	$ 2,075,403

GENERAL FUND REVENUE

Rooney stated Staff projected sales tax revenue to increase by 2.5% stating it had been steady and felt comfortable with this projection with Starbucks opening up as well as the new hotel.

PROJECTED SALES TAX REVENUE

FY13:	$8,340,520
FY14:	$9,160,774
FY15:	$9,708,037
FY16:	$9,926,248
FY17:	$10,149,750
FY18:	$10,600,000 (projected year to date as of 05/07/2018)
FY19:	$10,854,000 (proposed FY19 budget)

GENERAL FUND – EXPENDITURE CHANGES

Rooney provided the following information:

- FY2018-19 budget includes a summer intern for City Management, new Police Recruit and new Firefighter;
- Pension Funds (No Change) - OMRF (11.79%), Police (13%), and Fire (14%);
- The budget includes step increases for all eligible employees. A 2% stipend will be given at mid-year for civilian employees (if actual revenues exceed projected revenues);
- The budget includes a 1.5% COLA (in October and March) for police union employees (per Collective Bargaining Agreement). A 2% COLA in July plus wage schedule changes for lieutenant and captain positions for fire union employees (per IAFF Agreement).
- Budget includes a plan rate increase for premiums that include employees plus children (of 2.5%) and spouse (of 12.1%) for health care. **Rooney** stated the total health insurance cost increase is $108,000 stating the City would absorb this increase and not pass along to the employees. He stated the IAFF Agreement is a two year agreement where any healthcare cost increases would also not be passed to employees in year two stating the FOP Agreement is a one year agreement and healthcare cost increases could possibly be passed on to them in year two.

GENERAL FUND RESERVE

Projected Beginning Balance	$ 20,000
Projected Revenues	$ 40,060
Projected Expenditures	$(0)
Projected Ending Fund Balance	$ 60,060

Finance Director Watts stated the General Fund Reserve was established by Resolution in FY2006 for maintenance of City facilities, infrastructure, and other capital purchases. She stated projected revenues include the 5% tax levied on rental of hotel and motel rooms within the City limits passed by Ordinance in July, 2015, stating the Hampton Inn & Suites will be opening soon.

Discussion was held concerning the hotel tax being reported directly to the City of Mustang and not passing through another agency first, then to the City.

IMPOUND FEE FUND

Projected Beginning Balance	$ 15,000
Projected Revenues	$ 30,110
Projected Expenditures	$(14,500)
Projected Ending Fund Balance	$ 30,610

Watts stated the Impound Fee Fund was established by Ordinance in May, 2014, assessing an impound fee of $100 to defray impound costs associated with violations stating this fund is restricted to the Police Department.

PARK IMPROVEMENT FUND

Projected Beginning Balance	$ 15,000
Projected Revenues	$ 63,055
Projected Expenditures	$(49,000)
Projected Ending Fund Balance	$ 29,055

Watts stated this fund is used to account for the revenue received from business licenses ($15 per $40 license), court costs ($20 from fines/bonds collected), and park fees from subdivisions stating the funds are restricted for improvements to and development of the park system.

ALCOHOL ENFORCEMENT FUND

Projected Beginning Balance	$ 4,000
Projected Revenues	$ 3,015
Projected Expenditures	$(0)
Projected Ending Fund Balance	$ 7,015

Watts stated the Alcohol Enforcement Fund was established in 2013 and is used to account for fines and fees generated as a result of alcohol related tickets. She stated funds are restricted to enforce laws relating to juvenile access to alcohol and other intoxicating substances.

Watts stated the State now receives the majority of DUIs, with the City mostly having public intoxication. She stated the Police Chief does not plan to make any expenditures in order to build up the account.

LIBRARY FUND

Projected Beginning Balance	$ 6,000
Projected Revenues	$ 13,260
Projected Expenditures	$(13,260)
Projected Ending Fund Balance	$ 6,000

Watts stated the Library Fund is used to account for restricted state grant agreements and fines generated as a result of overdue library materials. She stated the Library received over $87,000 in grants so far this year.

TRAFFIC ENFORCEMENT FUND

Projected Beginning Balance	$ 30,000
Projected Revenues	$ 50,055
Projected Expenditures	$(24,000)
Projected Ending Fund Balance	$ 56,055

Watts stated the Traffic Enforcement Fund was established in 2006 and amended in April, 2017, stating a person who is convicted in a traffic offense shall pay the court $20 as a separate fee. She stated this fund is restricted for the purchase of police equipment, specializing training of law enforcement officers and programs to enforce state and local traffic laws.

EMPLOYEE FLEX SPENDING FUND

Projected Beginning Balance	$ 3,800
Projected Revenues	$ 4,000
Projected Expenditures	$ (4,000)
Projected Ending Fund Balance	$ 3,800

Watts stated this is the Flexible Spending Program offered to employees which allows them to deposit a portion of their pre-tax income into the account maintained for health care expenditures.

PARK & RECREATION DONATION FUND

Projected Beginning Balance	$ 8,000
Projected Revenues	$ 30,030
Projected Expenditures	$ (30,000)
Projected Ending Fund Balance	$ 8,030

Watts stated the Park & Recreation Donation Fund is a state mandated fund used to account for specified donations and are restricted for the use of park and recreational events/projects.

POLICE TECHNOLOGY FEE

Projected Beginning Balance	$ 38,000
Projected Revenues	$ 72,030
Projected Expenditures	$ (60,120)
Projected Ending Fund Balance	$ 49,910

Watts stated this fee was developed by Ordinance in April, 2017, stating the Police Technology Fee of $25 per citation is used to account for technology related expenses in the Police Department stating this is one of the funds used to fund the E-ticketing system rolling out in November.

STREET/DRAINAGE FUND

Projected Beginning Balance	$ 825,000
Projected Revenues	$ 153,100
Projected Expenditures	$ (186,000)
Projected Ending Fund Balance	$ 792,100

Watts stated OEMA pays a 12.5% franchise fee for maintenance of the streets due to the trash trucks driving on them. She stated 2019 projects included Engineering $10,000; Silver Star Maintenance Caps $60,000; Signalization (E. Plantation Terrace & Mustang Road $116,000.

PERSONAL SERVICE – 10% PUBLIC SAFETY PERSONNEL FUND

Projected Beginning Balance	$ 40,000
Projected Revenues	$ 272,000
Projected Expenditures	$(272,050)
Projected Ending Fund Balance	$ 39,950

Watts stated in August, 2016, Mustang citizens voted to extend the 4th penny sales tax for a 13-year period stating this fund collects 10% of the 4th penny sales tax to pay for the new Police Officer and Firefighter.

POLICE NARCOTICS ENFORCEMENT FUND

Projected Beginning Balance	$ 1,000
Projected Revenues	$ 5,020
Projected Expenditures	$ (5,000)
Projected Ending Fund Balance	$ 1,020

Watts stated this was the newest fund, created April, 2018, stating a $100 fee is collected for possession of controlled dangerous substance and is used towards the purchase of drug testing kits.

DEBT SERVICE FUND

Projected Beginning Balance	$ 200,000
Projected Revenues	$ 316,020
Projected Expenditures	$(301,400)
Projected Ending Fund Balance	$ 214,620

Watts stated this fund is referred to as the Sinking Fund and is used to account for property taxes levied for use in retiring general obligation bonds, court-assessed judgments, and their related interest and fiscal agent fees. She stated the 2012 General Obligation Bonds funded the Ball Field and Town Center Expansion projects.

LIMITED PURPOSE FUND

Projected Beginning Balance	$1,148,000
Projected Revenues	$1,389,100
Projected Expenditures	$(1,012,724)
Projected Ending Fund Balance	$1,524,376

Watts stated the Limited Purpose Fund is a capital project fund used to purchase capital outlay. She provided background stating all sales tax is deposited into the General Fund with two cents (remaining) in the MIA Fund. She stated the 2009, 2013 and 2014B Notes are paid out of the third penny and once those debt services are paid, that third penny is transferred back into this Limited Purpose Fund. She stated this was set by Ordinance 532 in 1991 and it does have a priority stating it is restricted toward sanitary sewer, water, and then capital.

Watts stated most of the money goes toward the 2013 Note that is nothing but water done in 1993, and again in 1998 and 1999, priority two being the 2009 Note where the wastewater treatment plant was expanded stating after that, funds go towards the 2014B Note which is South Mustang Road, infrastructure on a street, and then to the Wastewater Treatment Plant Phase A & B as well funds going toward arsenic removal from our well water.

Watts stated all this is paid before funding capital outlay for the departments stating this year, each department's priority one was funded. She stated it is important to keep $1 M to $1.5 M in this capital fund because you never know what's going to happen from year to year and also provides money if needed at the start of July.

2017 NOTE

Projected Beginning Balance	$ 316,000
Projected Revenues	$ 948,000
Projected Expenditures	$ (943,700)
Projected Ending Fund Balance	$ 320,300

Watts stated in 2017, the City issued the Utility System and Sales Tax Revenue Note, Series 2017, in the amount of $11,615,000 stating to keep in mind the 4th penny that was extended in 2016 for 13 years to fund projects for public safety, road and streets, quality of life, and the wastewater treatment plant phase C and D as voted on by the citizens. She stated instead of the City cash flowing these projects, funds were borrowed in order to jump start them stating the City borrowed $13,385,000 which is the 2016 Note and $11,615,000 which is the 2017 Note. **Watts** stated the 2017 note is going to fund the Emergency Operation Center construction, upgrade dispatch systems, public safety vehicles, animal shelter, 89th street widening (partially funded out of this note and partially funded out of the 2016 note), the Town Center expansion, splash pad, lighting at the soccer field and Mustang Market Place. She stated after the 2016 and 2017 Notes are paid, anything in excess of that goes into Fund 64 (Excess Fund) to cash flow these projects.

90% CAPITAL EXCESS (4th PENNY)

Projected Beginning Balance	$ 330,000
Projected Revenues	$ 319,000
Projected Expenditures	$(120)
Projected Ending Fund Balance	$ 648,880

Watts stated the 4th penny sales tax was extended for a 13 year period stating this fund collects the 90% allocation of revenues after the 2016 and 2017 debt service payments, used for capital expenditures in four (4) specified areas: Public Safety, Infrastructure, Road & Streets, and Quality of Life.

2016 SERIES REVENUE NOTE

Projected Beginning Balance	$ 400,000
Projected Revenues	$ 1,183,000
Projected Expenditures	$(1,181,400)
Projected Ending Fund Balance	$ 401,600

Watts stated in October, 2016, the City issued the Utility System and Sales Tax Revenue Note, Series 2016 in the amount of $13,385,000 stating the following projects are funded with the 2016 Notes: Public Safety - Design of the Emergency Operation Center, Infrastructure - Waste Water Treatment Plant Phases C&D, Road and Streets - SW 89th Street Widening (partial), and Quality of Life - All Inclusive Playground and Town Center Expansion (partial).

2014B SERIES REVENUE NOTE

Projected Beginning Balance	$ 40,000
Projected Revenues	$ 851,500
Projected Expenditures	$(785,710)
Projected Ending Fund Balance	$ 105,790

Watts stated the City in 2014 borrowed $7,985,000 from Branch Banking and Trust Company to fund the South Mustang Road widening project, wastewater treatment plant Phase A&B, and water quality.

MUSTANG IMPROVEMENT AUTHORITY (MIA)

Projected Beginning Balance	$ 2,700,000
2014B Restricted Carryover	$ 3,492,000
2016 Restricted Carryover	$ 10,513,000
2017 Restricted Carryover	$ 10,676,450
Projected Revenues	$ 19,770,750
Projected Expenditures	$(19,770,750)
2014B Construction Loan Projects	$(3,492,000)
2016 Construction Loan Projects	$(10,513,000)
2017 Construction Loan Projects	$(10,676,450)
Projected Ending Fund Balance	$ 2,700,000

Watts stated the MIA was established in 1963 to finance, develop and operate the water, sewer and solid waste activities stating these activities are financed primarily by user charges and similar to the private sector. She stated the fund accounts for activities of the public trust in providing water, wastewater, and recycling to the public.

RISK MANAGEMENT FUND

Projected Beginning Balance	$ 515,000
Projected Revenues	$ 129,500
Projected Expenditures	$(222,000)
Projected Ending Fund Balance	$ 422,500

Watts stated the Internal Service Fund (Worker's Compensation Fund) is used to account for self-insured worker's compensation claims.

MIA RESERVE FUND

Projected Beginning Balance	$ 224,000
Projected Revenues	$ 396,000
Projected Expenditures	$(260,000)
Projected Ending Fund Balance	$ 360,000

Watts advised the MIA Reserve Fund is used for maintenance, infrastructure and capital purchases for the enterprise funds. She stated on an annual basis, 33 1/3% of the connection fees will be appropriated for operating and maintaining utility systems, and 66 2/3% of connection fees for expanding and upgrading water and sewer utilities.

Watts stated Ordinance 1106 was passed adding $4.50 per month for each utility account for capital improvements to water and wastewater facility and line maintenance and construction.

Rooney stated in the past, the MIA fund was bleeding and the General Fund was having to help fund the MIA stating the $4.50 capital fee allowed the City to invest back into the MIA and infrastructure and address issues not being addressed stating the benefits are starting to be seen now.

Watts stated capital projects for FY2019 include Engineering $20,000, Inframark Capital $50,000, Sewer line root control $20,000, Camera work for sanitary sewer $20,000, and new sewer line (north of Wal Mart) $150,000.

Watts stated the Capital Improvement Fee has collected $1.289 M since October 1, 2015 and went over funded projects of $1.237 M.

SEWER IMPACT FUND

Projected Beginning Balance	$ 845,000
Projected Revenues	$ 444,000
Projected Expenditures	$(363,280)
Projected Ending Fund Balance	$ 925,720

Watts stated the Sewer Infrastructure Impact Fund is used to account for fees established per house top to developers stating for every housetop built new in the City, the developer has to pay a fee of $1,000 and this is the impact that it has on the sewer plant. She stated this fund pays for the Series 2009 OWRB Note and this was the second expansion of the wastewater treatment plant.

2013 REFINANCING (1998A/B) FUND

Projected Beginning Balance	$ 70,000
Projected Revenues	$ 297,000
Projected Expenditures	$(355,105)
Projected Ending Fund Balance	$ 11,895

Watts stated the City pledged future net water and sewer revenues and one cent sales tax to repay the 1998 Revenue Bonds Payable stating proceeds from the bonds provided financing for utility system capital assets. She stated the bonds were defeased in April, 2013, stating the 2013 Note will be paid off in December, 2018. She stated the only debt the City will have will be dated 2014 on.

Councilman Leete asked if the additional Police Officer and Firefighter included in the proposed budget is funded with the 4th penny sales tax?

Finance Director Watts stated yes, 10% of the 4th penny is transferred to fund for public safety personnel year to year, making it possible for the City to add and cover portions of the cost of a new Police Recruit and Firefighter.

Leete asked what the long term plan was regarding additional Police Officers and Firefighters?

City Manager Rooney stated the 10% will fund those people that have been added stating when the 4th penny expires, the plan would be for the City to absorb that cost through the General Fund. He stated it is similar to hiring a new position anywhere within the City stating you do so with the funds you have currently with the anticipation the City will have the revenue in the future to continue funding the position.

Councilman Grider asked if the City will be looking at hiring a full time attorney instead of a contract attorney stating it had been discussed a year or so ago, especially with the additional $75,000 spent this year on attorney fees?

Rooney stated the Charter is clear on this issue stating it is the Council that hires and supervises the City Attorney, not the City Manager. He stated he had provided a different direction previously and Council had made their decision and have moved forward with this budget anticipating that is how the Council wanted to go.

Grider asked if the City was in the process of renewing the City Attorney contract recently?

Rooney stated he did not want to speak on behalf of the City Attorney stating Mr. Miller did have a contract a month or so back to come before Council, but the City Attorney pulled it. He stated he forwarded questions to the City Attorney and copied in the Council and the City Attorney has not come back with the contract at this time. **Rooney** also stated he would assume Council would treat his contract similar to how he treats the FOP and IAFF contracts stating the current contract is honored until changed.

Grider asked with the City growing, could more lawsuits be anticipated and would this be more reason to hire a full time attorney?

Mayor Schweinberg stated it is something that should be addressed in the near future, but not in this budget stating Council will need to do their due diligence and meet and discuss full time attorney or contract attorney and need to be smart about it.

Councilman Noblitt asked on pages 120 and 121, there are multiple increases, probably due to the tablets, stating there are restricted fund balance increases where the actual budget last year was $25,000, next year was $56,000 and the year before it was nothing and asked that be explained.

Watts stated the reason for that increase is in the past, Chief Foley only spent these funds for training as he was saving them up for e-ticketing one day which happened in this year's budget at $12,000.

Noblitt stated so this is the tablets and it shows up in multiple places and the maintenance?

Watts stated yes, the maintenance has to come out of the General Fund, but the Police Chief chose to take the tablets out of three different places.

Noblitt asked on page 138, the actual budget this year is $998,000 with the estimated budget next year being $978,000, and asked if this is due to estimate rounding up and down or anticipation of spending less?

Watts stated it was anticipation of spending less stating in previous fiscal years, projects such as asphalt on 89th Street and Heights and Silver Drive were completed. She stated it took approximately $1.5 million in those two fiscal years stating the City is now building that fund back up to be able to complete big projects in the future.

Assistant City Manager Battles stated if a big issue arises, Staff will bring it to Council.

Noblitt asked if a rainy day fund was being built someplace long term for something such as an ultimate failure of a major line or serious issue of the streets?

Watts stated the rainy day fund is built throughout the budget through increases in fund balance or restricted fund balance. She stated the ideal is 10-15%, stating six years ago, the General Fund and MIA Fund were around 2-3%.

Noblitt asked if that was 10-15% after emergency?

Watts stated no, that's the rainy day money that's not marked towards any of the operation of the budget.

Noblitt stated he thought it was specifically for infrastructure, not for emergencies and asked what happens when a serious road issue or a serious water line issue occurs asking if there is any mechanism in place designed to try to accumulate funds for that?

Rooney stated the $4.50 Capital Improvement Fee is part of that. He stated some of the items funded out of that list were for items not planned for and were repaired stating a balance is built up in that fund as well. He stated as for a catastrophe, it would depend on why it happened, such as an Act of God, stating the City has insurance for that. He asked *Councilman Noblitt* what type of disaster.

Noblitt stated more for water lines going out or a large water line failure.

Battles stated to replace one mile of water line would cost approximately $1 M stating funds were available to replace 100-200 yards, but if a major earthquake were to occur or a tornado hits the wastewater treatment plant, insurance would pay on that stating the City would also have emergency back up with Oklahoma City.

Noblitt asked why one Firefighter and one Police Officer were added?

Rooney stated as part of the Sales Tax Extension that was approved by voters, 10% off the top was for personnel issues and stated he made a commitment in 2013 to increase manpower in both divisions stating they did not have enough people per shift and overtime costs were killing us. He also stated we need to gear up for the new Fire Substation as Firefighters would be needed there. **Rooney** stated also in the Fire Department, there were two openings due to Captain Craig moving up to Chief and one Firefighter retiring stating with those hires and the new Firefighter, the shifts would be built up to six people per shift.

Noblitt asked how many Police Officers were on the street at one time?

Rooney stated there are 18 Police Officers on the street total with up to six on a shift and on the street at one time.

Noblitt asked in regards to the e-ticketing and tablets for the Police Department, does the system encompass other services such as EMSA or is it just for writing tickets?

Rooney stated it was more for the Police Department to make the ticket process more efficient stating it generates an electronic copy and receipt.

Grider stated the ticket does not have to be signed, and helps speed up the traffic stop.

Noblitt asked if it is more for convenience, not integrating everybody together?

Watts stated it downloads into the system when the ticket is entered and does not have to be re-entered by Records, Dispatch or the Court Clerk stating it's entered once and interfaces to all systems.

Grider stated it's more efficient and from a safety standpoint, does not have our officers standing out there four times as long.

Noblitt asked if it will generate more revenue?

Rooney stated Staff does not like to project or set a quota for tickets stating part of the budget process is forecasting revenues. He stated revenues are then budgeted looking at last year versus the three years prior to that, stating questions do come up regarding the number of tickets being written. He stated when budgeting revenue, Staff looks not only at the last three months or eighteen months, but the larger picture. **Rooney** stated these were discussions held and Staff is comfortable with the projections.

Noblitt asked if the Police Chief said why there was such a dramatic difference between February and March in regards to ticket writing?

Rooney stated no, stating as the Manager of a municipal organization, if a department is not performing as they should be, he has discussions with those department directors.

Schweinberg stated the numbers projected have been good historically stating last year, projections were exceeded.

Watts stated sales tax was over by 5.1% last year.

Schweinberg asked realistically, can we see that again and why?

Watts stated she projected sales tax in the proposed budget at 2.5%, a portion of which can be attributed to Wal Mart having increased online sales, plus having the new hotel and Starbucks will help increase sales tax revenues. She stated the unemployment rate, economic trends across the state, spreadsheets of sales tax, stores and restaurant trends are all considered when forecasting sales tax.

Rooney stated *Watts* is being very modest stating Mustang is often used as an example of what municipal budgeting and forecasting should look like. He stated other cities watch Mustang forecasts and Mustang is one of the first cities in the state to complete their audit and budget for the next year.

Schweinberg asked how can you justify a non balanced budget by $75,000 because of attorney fees?

Rooney stated it was due to City Attorney fees.

Councilman Jones asked about point of delivery sales where the City has 150-180 homes where people are buying building products stating if they are purchased in Oklahoma City, do they pay Mustang taxes when those products are delivered here?

Rooney stated this was part of the use tax when it comes in and Oklahoma is getting better as the State is looking at this more and more. He stated an audit occurs at the State level and the City can ask for one, but would have to pay for it. He stated Staff was pretty comfortable in most cases that the City is getting what we should be getting.

Schweinberg stated he purchased products from Metro Builders and had to pay Mustang tax to have delivered to his home.

Rooney stated if somebody is using a builder in Oklahoma City and it's being delivered to the builder in Oklahoma City and he brings it here, then Oklahoma City is getting that tax and nothing we can do about that.

Noblitt stated Staff deals with a lot of people that the Council does not and Council sees litigation and water/sewer infrastructure on the horizon that gives some fear, but asked what other things gives you some fear?

Rooney stated one of the biggest fears is the continued insertion of our State Legislature in passing rules and regulations that affect municipal government and our funding sources, the State who can't seem to budget and know what a balanced budget is and never funds anything appropriately long term at all continues to attack our revenue streams and imply that we do not do our budgets well and that's frustrating on a local level. He stated every year somebody comes up with a different idea on how they're going to save this work group or industry funds and it always comes at the expense of municipalities. He stated he thinks now we've finally gotten over the continuation of people trying to get rid of sales tax on groceries stating that's always a fear of ours, because it sounds great, but how much of that funds what we do every day.

Grider stated one example is SB1114 that was passed where State highways will become high transport roadways and street lights must be raised to accommodate for that such as on Sara Road and Highway 152, but the State is not paying for it, the cities have to pay for it.

Noblitt asked what if Oklahoma City tries to triple our cost to purchase water from them?

Battles provided information regarding the City's current contract with Oklahoma City, information regarding improvements to Mustang's wells and treatment areas as well as upcoming pilot programs designed to help improve Mustang's water production amount and quality resulting in Mustang becoming less reliant on Oklahoma City stating every drop of water we can produce from the well field must be produced. He stated realistically by December of this year, we will know the best treatment and start the bid process for those improvements.

Noblitt asked if there was a mechanism in place where we are covered financially if Oklahoma City were to drop the hammer on us, for instance, tripled our water rate?

Rooney stated Oklahoma City would not be able to do that without sufficient notice according to our contract and this would allow us time to study and respond. He stated he does not spend a lot of time sitting and planning for disaster stating you try to manage day to day operations and peaks during the year and potential pitfalls, but not plan for catastrophe.

Noblitt asked if increases from Oklahoma City are passed on to residents by Ordinance?

Rooney stated yes, our ordinances allow the City that option to pass on those price increases.

Battles stated under bids just opened, we're getting ready to offset the City of Mustang's use by 15 million gallons per month by our re-use system in peak season. He also stated Oklahoma City wants stabilization and that's what we get from them.

Noblitt stated he wanted to make sure the ordinance used in the past is in place for future increases.

Battles stated yes, the ordinance mentioned in the powerpoint earlier authorizes the Council to pass on the direct cost from Oklahoma City.

Watts stated Oklahoma City cannot raise utilities quickly due to their ordinance and according to their five year plan.

Grider asked about the 2013 bond, that was from 1998, approximately how much is the 3rd penny, about the same price as the 4th penny, about $25 million?

Watts stated each penny is the same amount stating it's calculated by taking total sales tax divided by four.

Jones asked if we budgeted for COWRA?

Watts stated it was under MIA for the annual dues.

Rooney stated COWRA has not made their presentation to the City of Yukon yet and we're still waiting for them to decide what our portion will be.

Jones asked if we have covered them on what they want at this point?

Rooney stated we have covered our continual annual membership with COWRA stating at some point, if they come back to us and say here's where we need to go, we would bring it to Council for decision stating if approved, it would probably come out of Reserves which is how we have funded everything from COWRA that's not normally included stating the City Manager could not provide additional COWRA funding without Council approval.

Grider asked if there was much worry as far as the City losing revenue due to the new Controlled Dangerous Substance laws?

Rooney stated the Police Chief has not shared any concerns with him on this subject.

Rooney stated *Councilman Noblitt* asked earlier about nonunion employee raises and stated everyone will receive their steps and unions get their COLAs. He stated Staff is looking at a COLA for nonunion employees where they get a one-time stipend equal to 2% if the budget stays on course in January.

Schweinberg asked if this is what has been done the last 3 years?

Rooney stated no, two years ago we did a stipend of a flat $500 or $750 depending on sales tax, but did not last year. He stated one of the reasons for looking at adjusting the work schedule this year was so nonunion employees would have a little bit of a benefit in a different direction stating nonunion employees will have four, nine hour days and a four hour day on Friday then be off Friday afternoon. **Rooney** stated the union people do not have that option and it is a little bit of a benefit to a different group stating there are three different working groups, two that bargain and one that doesn't and he always tries to take care of that group as well.

Grider asked if personal days for nonunion employees would be adjusted to stay consistent with Police and Fire who receive four days?

Rooney stated Staff was not looking at changing this year.

Jones asked if having volunteers, such as Library volunteers, actually show a cost savings for the City?

Rooney stated anytime there are volunteers, it saves us money.

Jones asked if there were any volunteers in Parks and Recreation?

Battles stated there are two – one in the Senior Citizens Center and the other in Parks and Recreation. He stated there is definitely a value for the Library in the summer months where there is increased traffic of children from being out of school.

Rooney stated there are Fire volunteers as well. He also stated there are certain things that cannot be forecasted, such as the two weeks students were out of school during the teacher strike and everyone looks to the City to help provide options for parents and the City did provide a camp for those two weeks.

Noblitt asked if questions are to be emailed to the City Manager?

Rooney stated yes, to email questions to him and the questions, along with the answers will be placed on the City's website.

Noblitt asked if it would be difficult now to adjust the budget?

Rooney stated the budget before you is based on revenues and expenditures stating if it is adjusted, the funds would have to be taken from somewhere else and would diminish a fund or department. He stated Staff feels the budget placed before Council is an appropriate budget for what our goals are.

Noblitt asked if it was possible to fund for such things as what was brought up at the last Work Session where Nick Kittle spoke on Innovation?

Rooney stated the budget includes $15,000 for this program stating the Library Director, Julie Slupe, has already put in an idea stating he encourages everyone to think of ways to do processes differently and save money. He stated the Community Development and Finance departments for the last seven years are examples of doing more with less as their budgets remain the same or lower as far as operations year after year stating however, at some point, they just cannot be cut anymore, you have to be able to reinvest and grow your organization.

Noblitt asked why incentives do not work for government?

Watts stated in the public sector, employees cannot receive gifts of any kind, therefore, the City cannot give incentives.

Rooney stated department heads will often take groups of employees to lunch, for instance, to treat them so they know they're appreciated, but cannot be paid out of City funds.

E. ADJOURNMENT

MOTION was made by **Councilman Jones** and seconded by **Councilman Noblitt** to adjourn.

AYE: Pratt, Leete, Grider, Jones, Hagan, Noblitt, Schweinberg
NAY: None

Meeting was adjourned at **7:15 p.m.**

Jess Schweinberg, Mayor

Attest:

Lisa Martin, City Clerk