MUSTANG CITY COUNCIL
MUSTANG IMPROVEMENT AUTHORITY
BUDGET SESSION
MAY 8, 2014

The Mustang City Council met in a special Budget Session on May 8, 2014 at 6:00 p.m. in the Police Department Community Room. Notice of the Meeting was posted on the Bulletin Board outside the Mustang Municipal Building on Tuesday, May 6, 2014 at 3:35 p.m. in compliance with the Open Meeting Law, 25 O.S., Section 301, et. seq.

A. CALL TO ORDER

Mayor Adams called the meeting to order at 6:09 p.m.

B. ROLL CALL

Councilmembers Present:	Staples---arrived at 6:12 p.m. Bowers Jones Hagan Adams
Councilmembers Absent:	Taylor Mount

C. DISCUSSION ITEMS

1. **Approval of Proclamation** designating May 15 as Peace Officers Memorial Day and the week in which that date falls as Police Week.

   City Manager Rooney advised the Proclamation was placed on this agenda as it was too late for the May 6, 2014 regular City Council meeting and needed approved prior to the May 20, 2014 meeting. He stated Canadian County normally approves the Proclamation, but wanted to promote Peace Officers Memorial Day and Police Week within the City of Mustang too.

MOTION was made by **Mayor Adams** and seconded by **Councilwoman Bowers** to Approve the Proclamation designating May 15, 2014 as Peace Officers Memorial Day and the week in which that date falls as Police Week.

AYE: Staples, Bowers, Jones, Hagan, Adams
NAY: None

2. **Presentation, Discussion and Review** regarding the Proposed Annual Operating Budget for FY 2014-2015 for the City of Mustang/MIA.

City Manager Rooney stated due to the time limitation tonight with the City Council and MIA meeting to be held at 7:00 p.m., he and ***Finance Director Watts*** would go through the power point presentation this evening and if the Council had questions, to please forward those to ***Watts*** or himself and they would all be addressed in the next meeting on Thursday, May 15, 2014.

The power point presentation is on file and available in the Office of the City Clerk.

<u>GENERAL FUND</u>

Projected Beginning Balance	$ 2,000,000
Projected Revenues	$20,037,865
Projected Expenditures	$(20,381,523)
Projected Ending Fund Balance	$ 1,656,342

Rooney stated the City currently has approximately $343,000 in reserves.

<u>PROJECTED SALES TAX REVENUE</u>

FY 10:	$7,463,894
FY 11:	$7,458,028
FY 12:	$7,876,617
FY13:	$8,340,520
FY14:	$9,035,200 (projected ytd as of 4/30/14)
FY15:	$9,430,000 (projected budget)

Rooney advised the budget represents 4.37% increase from projected year-end sales tax for FY14.

GENERAL FUND – PERSONAL SERVICES

- Disable Resolution 05-027 additional fiscal year
- Assistant City Manager (40% City Manager/60% Parks)
- New Police Officer
- New Firefighter
- New Concessions Manager
- New Administrative Support in the Parks & Recreation (mid-year)
- Continued step increases ranging from 3% to 4% among all departments

Rooney stated additional personnel are included in the proposed budget due to estimated increase in sales tax and ball complex revenues. He stated a Concessions Manager is needed with the increase in revenue at the ball fields and need a full time employee to oversee that operation.

Rooney stated the adoption of the proposed budget would add the Martin Luther King Federal Holiday as a benefit to all employees and would begin on the 3rd Monday of January, 2015. He stated the City of Mustang was one of few cities in Oklahoma that didn't recognize this holiday and it was difficult to conduct business on this day as so many other businesses are closed. **Rooney** stated it would only cost the City overtime for departments without scheduled holidays.

GENERAL FUND – EXPENDITURE CHANGES

- FY15: Proposes a 10% increase in insurance premiums
- Oklahoma Municipal Retirement Fund mandated an increase from 11.45% to 12.18%
- Transfer reduction to Risk Management Fund from $254,000 to $0 due to appropriate reserves within fund.

Rooney stated there were not any drastic changes from last year in the General Fund Expenditures. He stated rising health care costs continue to impact the budget as premiums increase to support insurance programs across the nation.

Rooney stated in regards to the 10% increase in insurance premiums, it appears the increase has been limited to 2% less than what it is this year which amounts to about a $65,000 savings from the numbers in this budget. He also stated in regards to the Risk Management Fund, since the City is self insured, money is set aside each year to cover the fund and over time, it begins to build up a balance. He stated the fund will end the year with a healthy balance at $309,000; therefore, do not recommend setting aside money for FY15 preventing the City from going into the general fund reserves.

GENERAL FUND RESERVE

Projected Beginning Balance	$ 3,900
Projected Revenues	$ 10
Projected Expenditures	$(0)
Projected Ending Fund Balance	$ 3,900

Rooney stated the General Fund Reserve was established by Resolution in 2005 for maintenance of city facilities, infrastructure, and other capital purchases.

PARK IMPROVEMENT FUND

Projected Beginning Balance	$ 105,000
Projected Revenues	$ 64,300
Projected Expenditures	$(102,200)
Projected Ending Fund Balance	$ 67,100

Rooney advised funds are restricted for improvements to and development of the park system and went through some of the expected expenditures.

ALCOHOL ENFORCEMENT FUND

Projected Beginning Balance	$ 3,500
Projected Revenues	$ 11,010
Projected Expenditures	$(0)
Projected Ending Fund Balance	$ 14,510

Rooney stated the Alcohol Enforcement Fund is used to account for fines and fees generated as a result of alcohol related tickets.

LIBRARY FUND

Projected Beginning Balance	$ 25,000
Projected Revenues	$ 7,680
Projected Expenditures	$(32,680)
Projected Ending Fund Balance	$ 0

Rooney stated the Library Fund is used to account for restricted state grant agreements and fines generated as a result of overdue library materials.

TRAFFIC ENFORCEMENT FUND

Projected Beginning Balance	$ 10,600
Projected Revenues	$ 14,050
Projected Expenditures	$(20,900)
Projected Ending Fund Balance	$ 3,750

Rooney stated the Traffic Enforcement Fund is used to account for fines and fees restricted for capital and training expenses related to traffic enforcement.

EMPLOYEE FLEX SPENDING FUND

Projected Beginning Balance	$ 4,000
Projected Revenues	$ 6,000
Projected Expenditures	$(10,000)
Projected Ending Fund Balance	$ 0

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

2012 GO BONDS – TOWN CENTER EXPANSION

Projected Beginning Balance	$ 340,000
Projected Revenues	$ 500
Projected Expenditures	$(340,500)
Projected Ending Fund Balance	$ 0

Finance Director Watts stated the 2012 Baseball Complex Fund was not included due to plans for spending all of that money this year. She stated as for the 2012 GO Bonds for the Town Center Expansion, the only revenue coming into that fund is interest earnings and the funds are restricted where they can only be spent on the expansion of the Town Center and Library; therefore, money will remain in the fund until a need for those items appear.

STREET IMPROVEMENT FUND

Projected Beginning Balance	$ 777,000
Projected Revenues	$ 485,400
Projected Expenditures	$(291,500)
Projected Ending Fund Balance	$ 970,900

Watts stated revenue is from the General Fund ongoing transfers and the OEMA 12.5% franchise fees. She stated expenditures in FY14 included Heights Street panels, Armory Access Road, Striping the driveway in front of the Police Department, radar signs, and the 89th Street project.

DEBT SERVICE FUND

Projected Beginning Balance	$ 270,000
Projected Revenues	$ 401,000
Projected Expenditures	$(322,900)
Projected Ending Fund Balance	$ 348,100

Watts advised this fund is used to pay the 2012 GO Bonds stating the Debt Service Fund is used to account for ad-valorem taxes levied by the City then using those funds to make the 2012 Town Center/Baseball Complex payments.

LIMITED PURPOSE FUND

Projected Beginning Balance	$ 915,000
Projected Revenues	$ 965,000
Projected Expenditures	$ (874,605)
Projected Ending Fund Balance	$1,005,395

Watts stated the Limited Purpose Fund is a capital project fund used to purchase capital outlay stating the restricted 3rd penny sales tax collected (MIA) in excess of debt payments are set aside to the Limited Purpose Fund. She summarized the list of planned expenditures advising almost all the departmental requests were being funded this year.

2006 SERIES BOND FUND

Projected Beginning Balance	$ 3,800,000
Projected Revenues	$ 2,379,000
Projected Expenditures	$(1,655,200)
Projected Ending Fund Balance	$ 4,523,800

Watts advised the 2006 Series Bond Fund is the one Council chose to refinance in April. She stated everything in the budget was kept the same, but the transfer out of the MIA, the excess, is going to be a lot less and the payments will be more and it nets to zero. **Watts** stated this is something that can be done in house and transfer within those funds.

MUSTANG IMPROVEMENT AUTHORITY (MIA)

Projected Beginning Balance	$ 2,000,000
Projected Revenues	$ 17,404,100
Projected Expenditures	$(17,404,100)
Projected Ending Fund Balance	$ 2,000,000

Rooney provided a summary of the MIA Fund advising a proposed utility rate increase will be brought to Council for approval in the amount of 7% to begin in October. He stated utility rates have not been raised since 2005, not including the CPI increase approved by Council in 2009, and much of our water is purchased from Oklahoma City and their rates have increased twice since 2010. **Rooney** advised the current rates do not equal to the 16.92% increase (per thousand gallons) from Oklahoma City and we are not covering our costs. He also stated if the utility rate increase is approved, would recommend including a clause stating if Oklahoma City raises their rates, that increase is also passed on to the consumer.

MIA RESERVE FUND

Projected Beginning Balance	$ 85,000
Projected Revenues	$ 28,000
Projected Expenditures	$ (0)
Projected Ending Fund Balance	$113,000

Rooney advised the MIA Reserve Fund is used for maintenance, infrastructure and capital purchases for the enterprise funds and no expenditures are expected.

RISK MANAGEMENT FUND

Projected Beginning Balance	$ 560,000
Projected Revenues	$ 9,000
Projected Expenditures	$(260,000)
Projected Ending Fund Balance	$ 309,000

Rooney stated the Internal Service Fund (Worker's Compensation Fund) is used to account for self-insured worker's compensation claims. He stated FY14's year to date expenditures totals $154,041 and are recommending $260,000 in expenditures for FY15, therefore it is growing, but would not recommend this amount each year.

SEWER IMPACT FUND

Projected Beginning Balance	$ 340,000
Projected Revenues	$ 91,800
Projected Expenditures	$(264,100)
Projected Ending Fund Balance	$ 167,700

Rooney advised the Sewer Infrastructure Impact Fund is used to account for fees established per house top to developers and funds are used to pay the Series 2009 Clean Water SRF Note to OWRB dated June 8, 2009 and future indebtedness.

2013 REFINANCING (1998A/B) FUND

Projected Beginning Balance	$ 646,600
Projected Revenues	$ 1,134,150
Projected Expenditures	$(1,134,100)
Projected Ending Fund Balance	$ 646,650

Watts advised this is the 3rd penny sales tax excess and is paying the 2013 Refinancing.

Rooney advised the City is in a much better position financially for FY15, but by no means is out of the woods. He complimented ***Watts*** stating her numbers have been spot on and gave examples of this.

Discussion was held concerning the Parks Administrative Assistant position with it being stated this was a position given up by the Parks department in 2011 and is being reinstated as this will help them since ***Parks and Recreation Director Battles*** will be taking on the Assistant City Manager position part time. **Rooney** stated part of the Assistant City Manager's duties will be direct oversight of the Severn Trent, Silver Star and OEMA contracts.

Other discussion included the IRS Opinion handed down this year stating the Judge, City Prosecutor and City Attorney having to be employees of the City. **Rooney** stated those positions will be funded for now as they have been in past years, but the City will move forward in following the IRS' directive and if a funding change is needed, a budget amendment will be provided to Council at that time.

Discussion also included the Street Improvement Fund and what projects might be funded in FY15. **Rooney** stated this is something he would like to discuss with Council and not just for streets, but for sidewalks, water and wastewater improvements as well. The **Mayor** stated another issue related to this which also needs studied is the drainage issues on S. Mustang Road as well as possible expansion of the road since it leads to the high school which is now the 6th largest in the State.

Rooney also advised the City will be changing health insurance carriers and that the insurance committee, led by ***Human Resources Director Anderson,*** did a great job in finding good coverage at a good price for City employees.

D. <u>ADJOURNMENT</u>

MOTION was made by **Mayor Adams** and seconded by **Councilwoman Hagan** to adjourn.

AYE: Staples, Bowers, Jones, Hagan, Adams
NAY: None

Meeting was adjourned at **6:57 p.m.**

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Jay Adams, Mayor

Attest:

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Lisa Martin, City Clerk