

Meeting of 2001-5-14 Special Budget Meeting

MINUTES  
SPECIAL CALLED MEETING  
LAWTON CITY COUNCIL  
MAY 14, 2001 - 6:00 P.M.  
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

Mayor Cecil E. Powell,                      Also Present:  
Presiding                                      Bill Baker, City Manager  
    John Vincent, City Attorney  
    Brenda Smith, City Clerk

The meeting was called to order at 6:00 p.m. by Mayor Powell. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT:                      Randy Bass, Ward One  
    James Hanna, Ward Two  
    Glenn Devine, Ward Three  
    John Purcell, Ward Four  
    Robert Shanklin, Ward Five  
    Barbara Moeller, Ward Six  
    Stanley Haywood, Ward Seven  
    Michael Baxter, Ward Eight

ABSENT:                      None.

BUSINESS ITEM:

1. Discuss the preliminary City of Lawton budget for fiscal year 2001-2002 and take appropriate action. Exhibits: Preliminary Budget was previously distributed.

Baker was recognized to make a presentation. Shanklin asked that points in the newspaper editorial be addressed. Baker's presentation in Powerpoint is summarized as follows:

Preliminary budget is submitted in accordance with the City Charter and the Oklahoma Municipal Budget Act. Deadline for approval is June 23, 2001. The final budget must be submitted to the Comanche County Excise Board and State Auditor and Inspector on or before July 1, 2001. The proposed budget is balanced without the need for revenue increases.

Comparison of current and proposed budget was given as: 1) Operating Budget for the current year is \$52,791,597 and proposed is \$53,839,020 for an increase of \$1,047,423 or 1.98% minimal increase. 2) Capital Improvements Program for the current year is \$21,647,934 and proposed is \$14,759,111. This amount will fluctuate yearly depending on the projects to be accomplished. The 2000 CIP and some remaining 1995 CIP projects are being aggressively addressed. 3) Debt Retirement for the current year is \$1,870,912 and proposed is \$567,073 due to the pay off of the bonds to the Bank of Oklahoma in July 2000. Total budget for the current year is \$76,310,443 and proposed budget is \$69,165,204, for a decrease in the overall budget of \$7,145,239; actual operating budget is up \$1 million.

Directors requested \$58,695,978 from the operating budget and Baker cut \$4,856,958 to reach the proposed budget. Directors have a responsibility to ask for what is needed, and the City Manager is then responsible to balance the budget. Directors are aware of the cuts being recommended and would like to address Council during budget reviews.

Projected revenues must equal or exceed recommended expenses and allow for a carryover to support the following year's budget. The preliminary budget was balanced by projecting moderate revenue increases for sales tax and utilities, and significantly reducing expenditures. There is no request to increase the rates for either sales tax or utilities, but only a projection that the collections from those sources will increase by 2%.

City Council approved items during the year that require funding from the budget, such as the three-year contract with the firefighters' bargaining unit, which contains a 4% pay increase. The two-year contract with the police bargaining unit contains increases ranging from 2.25% for most officers to 3.5% for those officers in Step H. Implementing a mass transit system was approved and \$200,000 was included, assuming a start-up of the system in Spring 2002; Planning requested \$364,881 as the first year local share anticipating a start-up in October 2001. To balance the budget, that much could not be included, and due to delivery time of busses, we are looking at a spring start-up and if Council desires that it be done sooner, funds will need to be added. Eight employees were added during the year and \$306,000 was included in this budget for those employees.

Other increases were maturation of the pay plan. Merit increases of 2.5% are given periodically and this will increase costs by \$540,000 next year; this is a built-in increase in the pay plan. Fuel costs have increased significantly this year and continue to escalate; the City will be over budget for petroleum products by \$76,746 and that increase was included in next year's budget. Energy costs, electricity and natural gas in Account 248, are projected to be over-budget this year by \$287,449 and that same increase had to be budgeted for next year. Chemicals for the water treatment plant and wastewater treatment plant, we have increased the recommendation by \$162,847; the amount of chemicals is directly related to the amount of water treated and the more water treated and sold means the more revenue that will be received. The City's payment to Waurika Master Conservancy had to be increased by \$67,000.

Assumptions made in preparing the budget were: The same types and levels of services would be provided next year. Also, an assumption was made that Council did not want to raise utility rates, although that formal direction was never given but it appeared to be a consensus. Another assumption was there would be a \$3.5 million carryover to support next year's budget and that is an optimistic assumption that Baker was not real comfortable with. Carryover to support the current year's budget was \$4.4 million and it is hoped the \$3.5 million will materialize.

Another assumption is sales tax collections will increase 2% over the current year's collections. The last three reports have been very encouraging and this should materialize. A 1% increase in sales tax represents \$150,000. There was a 42% increase in sales tax, which is very misleading but also a Godsend; the State did a one time correction which added two weeks' sales tax to our revenue, amounting to about \$700,000, so prayers were answered in providing additional revenue to support the carryover and that is good news. Major construction projects starting soon are Central Junior High and the Veterans Center, and the Commanding General said troop strength will go up, so the sales tax should increase by 2% next year. Another assumption is utility collections will go up 2% next year, and this is realistic although it may be optimistic.

Another assumption is petroleum, natural gas and electricity costs will stabilize. If that does not happen, there will be a shortage in these accounts next year, and petroleum is a concern.

The biggest assumption includes budgeting a lapse of \$750,000 for salaries. The normal lapse is around \$500,000. The budget is developed assuming every position in the City service will be full for the entire year, and that never happens and there are cost savings in salaries when there are vacancies, and this is what is referred to as the "lapse". In order to realize the \$750,000 lapse, the modified hiring freeze will have to continue and this will have to be watched carefully.

Actions taken to reduce expenditures were: Almost \$1 million reduction for capital outlay items. This year there is \$3 million budgeted for capital outlay and next year's recommendation is \$2.1 million. The fleet is in the best condition it has been in for the last 27 years, and this can be done for one year. Departments requested \$5.4 million in capital outlay and Baker cut that by \$3 million. In 1996 the City Council initiated a \$3 per month surcharge to be used exclusively for purchase of capital outlay. The \$3 generates approximately \$1.2 million per year, and as a result of this commitment, the City fleet is in excellent condition. Deferring replacement of capital outlay to assist in balancing the budget can be done this year, but must not be considered for successive years; if this is done for more than one year in a row, condition of the fleet will deteriorate, maintenance costs will increase, quality of service and responsiveness to citizens will be adversely affected. In addition, the impact on future budgets will be significant as there would be a need to catch up.

Recommendation is to reduce staff by ten positions; first year savings will be \$397,383. The positions recommended for deletion are: Senior Library Associate - Library; Plumbing Inspector - Building Development; Traffic Engineer - Engineering; Sanitation Worker - Solid Waste Collection; Parts Courier - Equipment Maintenance; Plant Mechanic - Wastewater Treatment Plant; Park Specialist - Park Maintenance; Senior Clerical Assistant - Park Maintenance; Clerical Assistant - Information Services; Senior Secretary - Police; Jailer - Police. Recommendation was to add a police clerk in lieu of the senior secretary position, for a net reduction of ten in staff. As of tonight, six of these ten positions are vacant and another vacancy is anticipated by July 1 through retirement. The goal is to insure that no employee is laid off. Baker asked for the flexibility between now and the time the budget is approved to look at vacancies and substitute other positions for these, subject to Council approval, but we do not want to lay anyone off unless we absolutely have to.

Account 204 (Petroleum Products) was reduced by \$324,000 and the recommendation is to include in next year's budget the same amount that will be spent this year, not the same as the appropriation because that obviously would not be enough money.

Account 201 (Miscellaneous Supplies, Tools & Equipment) was reduced in all activities by 25%.

In Account 264 (Schools, Training & Travel), the departments requested \$390,000 and Baker reduced it to \$266,000, which is \$44,000 less than budgeted this year. Baker said the emphasis next year will be on schools and training, as opposed to travel, and he was planning to send a directive to the departments stating that on national conferences and seminars, only one person from the department may attend if it is approved in the budget. During tight budgets, we cannot afford to send two, three, four people to a national conference; the one person who attends can bring back the literature and information and brief the other members of the department.

Baker said there had been complaints that general employees were receiving too much in clothing and he agreed that since its inception, that program has gotten a little out of hand, so 25% was cut from each activity for general employees but not police and fire because their work clothing is covered by the employment agreements. Department requests were reduced by \$38,000 for work clothing.

Appropriations for the Museum for the current year were \$515,000, and Council approved an additional \$20,000 recently to help with paying utility bills. The Museum requested \$530,000 this year and Baker recommended \$475,000. He said he could not cut every one of the operating departments and leave funding for the Museum intact without touching it.

The City also supports the Community Intervention Center, which is part of the Marie Detty operation, and the current contract is \$95,000; recommendation for next year is \$75,000. For both the CIC and Museum, Baker had written appropriate letters advising them of his recommendation and fully expected Council may be asked to restore the funding.

Council Contingency was reduced from \$200,000 to \$100,000.

A 3% cost of living adjustment for general employees is recommended at mid-year, provided however that funds are available at that time. If the revenues are good and expenditures are lower than expected and funds are available at mid-year, the Council should give this cost of living increase. By deferring it for six months, we are saving \$307,000. Baker said he was unable to find a way to include the increase for the entire year but would have liked to do so. The Employee Advisory Committee officially requested a 6% cost of living increase, and an additional hard holiday, Veterans' Day. Baker said he was not supporting either of those recommendations as the City cannot afford a 6% increase and 6% would not be appropriate, and there are plenty of hard holidays and flexible holidays at the current time. Some divisions have difficulty getting their mission accomplished because the City is very generous in its leave policy. The Chairman of the EAC might want to address Council during budget reviews.

Funds are included for the second year of the 2000 Capital Improvements Program. The proposed budget provided \$2,661,200 for the fourth year of the sewer rehab program, which is an EPA and DEQ mandated program consisting of three, seven-year phases, and we are going into the fourth year of the first phase. This work is being done in-house and citizens were told this would save \$2 million per phase, or a total of \$6 million, and from quarterly reports, that is being done.

There were severe ice storms last winter and Lawton will receive \$829,046 from FEMA and the State Office of Civil Emergency Management to repair and replace damaged streets and alleys. These funds have been placed in Fund 35, which is part of the capital improvement budget, and they are designated strictly for street and alley repair and will be used for nothing else. Funds must be spent within 18 months and will not lapse at the end of the fiscal year.

A pumping surcharge of \$198,000 is included to pay for transfer of water from Lake Ellsworth to Lake Lawtonka. This is a revenue-neutral item because the charge is passed on to the customers.

\$32,500 was included in the City Manager's budget for a Youth Services Coordinator, which Council approved March 27, 2001. The job description is being finalized and recruiting will begin soon. It is hoped that someone will be on board at the end of the year or shortly thereafter.

Health costs continue to increase; the City is self-funded for health insurance and there are problems with prescription drug costs. Recommendation is for a 3% increase in the City's contribution, which amounts to \$80,000; employees with dependent coverage would also experience a 3% increase, which is about \$3 per pay period for those employees. The City pays the entire cost of the premium for the employee and 50% of the premium for dependent coverage. The City has an excellent health plan and the premiums are still very reasonable.

A total of \$150,000 is included in the Mayor and Council budget to fund economic development initiatives which may be approved by the Council. Also in the City At Large budget in the Finance Department is \$380,000 for

hotel/motel expenditures and it is a break even type of thing.

The balanced budget includes a reserve of \$556,195, which represents 1.6% of the operating portion of the general fund. Many government finance officers advocate a reserve in the range of 8-10% so Lawton's reserve is very small. In future years, Council should consider increasing that reserve, which would include carryover, lapse at the end of the year, but this is a fund that can be used to address unforeseen emergencies and help support the next year's budget. As Council reviews the budget, Baker strongly encouraged that the reserve not be reduced.

Baker said he had done everything possible to present a preliminary budget which requires no rate increases and this will not be possible next year unless revenue increases significantly, expenses decrease significantly, or a combination of both. It appears a certainty that Council will have to seriously consider raising utility rates to fund the 2002-2003 budget. Service levels, programs and projects will be seriously affected if additional employees are cut, if replacement of capital outlay is again deferred, and if appropriations in maintenance and operating accounts are further reduced. (end of presentation)

Devine asked if the City could benefit from a program to allow employees with 25 years of service or more to retire without penalty. Baker said as far as budgeting he did not think it would be a significant savings; it might provide incentive to long-term employees at the top of the plan receiving top benefits for longevity and sick leave pay if they want to retire. Baker said he looked at that a couple of years ago and the actuary said it could be done but it would cost the retirement plan; there would not be a tremendous amount of savings for the budget other than hiring replacements at the lower salary rate without having those benefits at the maximum amount. Devine said it would seem that some savings could be realized. Baker said he could look at it, and the retirement plan provides for a 5% penalty for every year an employee retires early and most people cannot afford the penalty. Mayor Powell said you are trading dollars and experience for less dollars and less experience, and he had seen the Lawton Public Schools do that many times.

Gary Jackson, Assistant City Manager, presented a spread sheet showing the bottom line of expenses and revenues in the general fund, as well as the carryover and total projected resources less expenses and transfers, giving a final year-end balance of \$556,000. As Council goes through adding or subtracting from the budget, a running tally will be kept to be able to see the effect on the bottom line.

Shanklin asked if there would be any pay raises greater than a step a person would qualify for to any employee. Baker said no, for those employees who are eligible for a step increase, they would get those; for general employees the steps are 2.5%, and police and fire are 5%, and whatever else Council might approve would be the only things they would get.

Shanklin said on September 1 the lake levels have to be what the Water Resources Board say they have to be and it would be three feet at Lake Lawtonka and five feet at Lake Ellsworth. Baker said it is 2.7 feet at Lawtonka and 2.5 feet at Ellsworth. Shanklin asked if the three and five feet he and Ihler discussed was out the window, and Ihler said Baker's numbers were correct. Shanklin said he thought there would be more pumping costs than we had anticipated.

Shanklin said Baker had been forewarned about one of his questions; a considerable amount of money was spent on travel this last year and asked how many times four people went the same place at the same time. Baker said he would have to check; he knew that throughout the year we have had more than one person go on these national conferences and seminars and his directive will prohibit that.

Shanklin asked Baker to explain the 27% pay raise that the newspaper refers to; how did the newspaper get there with 27% and what is it really. Baker said he believed the newspaper was referring to 27% which consists of 4% per year by contract, that would be 12% for three years, and then the step increases for firefighters are 5% so if you had a firefighter that was eligible for three years for a step increase, he would get 15% as part of the pay plan. Baker said that 15% has always been there and is not a new cost; if you add the 15% and the 12%, you get 27%. Shanklin said the 15% has been there, plus the fact that they are not all qualified, very few of them will get or probably none of them will get the 15% in three years. Baker said he did not know. Shanklin asked how long they have to stay in the grade and thought 85 or 90 of them were all in one slot. Baker said he could not recall what slots they were in but it takes a year to go from one step to the next. Shanklin said the firemen do not have steps and Baker said yes, they have steps; they have different steps from general and police, but they have steps.

Shanklin said he may have been wrong and thought we had firemen that had been in a certain position for x number of years and were not going to get another dime until they retired and that was the reason we gave them that extra step, and asked if he was wrong. Devine asked if he meant general employees and Shanklin said he was talking about contract people and that we had 70 or 80 firemen that were in one category and the only raise they would have got was the raise Council gave them on a yearly percentage. Purcell said those at the top step would not get any more step increases. Baker said there were a lot of police officers at the top step and as part of their contract, Council added a Step H to provide them an opportunity. Jackson said in the police contract, there was already a Step H that was added, however, that one step was at 2.5% instead of 5%, and that was increased over a

two-year period of 1.25% per year for a total of 2.5%, making a total of 5%. Shanklin said it is not 15% over three years, and if Council approved 5% per year and 4% per year, shame on us. Shanklin said he was talking about firefighters. Jackson said the pay plan for firefighters has been 5% steps for many years, and if you are not topped out, you would get that merit increase, and the Fire Chief indicated he did not know how many were topped out.

Shanklin asked if he was being told that every firefighter would be getting a 27% pay increase over three years. Purcell said some were max'd out and would not get that, but on the ones that were not, that is correct. Shanklin said there were very few.

Purcell said he thought Baker did an outstanding job of bringing a balanced budget with the guidance given. He said only he and Shanklin were on the Council in 1996 when the fleet was in very poor shape, and they had to depend on CIP funds to replace equipment. At that time, Council agreed to place \$3 on the utility bill to be used for rolling stock. The first things to go in a tight budget are maintenance and/or capital improvement, and Council did not want replacement of rolling stock to be deferred so Council limited what the \$3 could be spent on to rolling stock. Purcell said the resolution used the words "capital outlay" but the discussion in the minutes was "rolling stock" only and they specifically in discussion said not computers, desks, chairs, etc., but only rolling stock. He said the citizens were told that, the \$3 was put on the utility bill, and those on Council got beat up good for doing that but they had to do it. Purcell said the fleet is now in good shape and maybe the full \$3 is not needed every year to keep it up, although the \$5.4 million requested by the departments may have been much more rolling stock.

Purcell read the motion that was made when the \$3 was originally adopted so there would be no question. He said it came up before when Richard Williams wanted to use the money for something else and saw that the resolution said capital outlay, which is absolutely correct, but Council was told it had to read that way because there was no such legal term as rolling stock. Purcell said the motion was made by Charlie Beller and seconded by Cookie Green to do a 7% increase in utility rates and \$3 surcharge for rolling stock and adopt the resolution, and that motion passed five to two at the time. He said he would not go back and tell people we changed our minds five years later and want to use the money for rolling stock for some other purpose, and that gets Council in trouble with the citizens when they tell them one thing and go back later on when something else comes up and use the money somewhere else. Purcell said he would not support reducing the money for rolling stock down to this number.

Purcell distributed an analysis showing the departments and account numbers with the proposed budget of \$1,228,363 and went item by item to see how much of that was for rolling stock by department. Of the total we should be using for rolling stock, we are only going to use \$902,000 for rolling stock, \$59,000 for computers and \$267,000 for others; that is not what we said the \$3 was for, we said it was all for rolling stock. He said at the bottom of the page he had listed other capital outlay, and we are down to about \$1 million and of that, \$683,000 comes from specific funds that can be used for no other purpose, such as grants, 911, CDBG, Enterprise, Sewer Rehab, Drainage, etc. In the normal budget, we are only putting \$317,000 in capital outlay over and above the \$3 surcharge.

Purcell said the \$3 per month generates \$1.2 million but we are only using \$2.20 this year on rolling stock, yet that is all to be used for rolling stock. He suggested reducing the utility bill by seventy-five cents for rolling stock and collect \$2.25 for rolling stock per month and seventy-five cents for other capital outlay, with the utility bill to remain the same. Purcell said he understood this would be a burden to do administratively but he would not go against what the citizens were told in 1996. He said it may be possible to do this for one year, but as soon as that is started it could become a pattern and the City could end up in the bad shape it was in before as far as the vehicles are concerned.

Devine asked how much that would affect the budget. Baker said if Purcell's suggestion were approved it would not change the budget and it would just identify the revenue sources differently. Baker said as long as you are funding \$3 million plus, there is no problem identifying \$1.2 million of that as rolling stock, but when you cut it down to \$2 million and try to buy any other capital outlay, you cannot spend \$1.2 million on rolling stock. Baker said he realized this during budget preparation and looked at the resolution that Purcell referred to, and the resolution says capital outlay, as does the schedule of fees and charges, but he remembered the discussion in 1996 and agreed with Purcell that the intent was to buy things with wheels on them, but there would not be enough left to buy the other capital outlay so he made the conscious decision to prepare the budget in this manner. He said Purcell's suggestion sounded like a very feasible solution, it would not cost the citizens any more money but it straightens out that dilemma.

Baxter said he was not here in 1996 and heard the term rolling stock being used. He said he saw no sense in changing everything if the resolution already says capital outlay and agreed with the method the City Manager used in addressing that in the budget.

Shanklin said we all have the sheet showing where we have grown 100 employees in ten years, and he had a budget that was ten years old, and for the record, the budget has grown in expenditures for the firemen \$1.9 million in ten years in the 100 accounts so he did not know about the 5% and if you compound that for ten years, that is a lot of money. He said he was looking at 1989-90 and wanted to compare it to this budget as they went

along and the information from Human Resources shows a growth of 96 positions net; 25 of those were in sewer rehab and 19 of those 25 is all we have ever hired because we could not get a full complement of people. Shanklin said in the Street Division in 1991-92 there were 44 people and now they have 43, and it seemed we had really grown a tremendous number in Code Administration, and Police and Fire employee levels have remained the same. He said we need to find out where these people actually went and why we need them if we did not need them 11 years ago. Shanklin said he wanted them isolated out as to what departments have been expanded and enhanced in numbers of people when he knew we had not grown any, and he would not argue that services were improved but he could not measure that. He said we are spending \$100,000 in chemicals when none was spent 11 years ago that he could find in the budget book, and that shows how far EPA and different mandates have gone during that time to cause an upgrade of the water.

MAYOR AND COUNCIL: Note was made of Account 279, Other Expenses, containing funding for the Centennial. Funding had been carried over from previous years to support this effort and \$25,000 will be needed from next year's budget for this purpose. This account also supports the Environmental Committee and Mayor's Commission on the Status of Women. The Mayor and Council budget ten years ago was \$127,000 and now it is \$291,000. Reason for the difference was the addition of \$150,000 for economic development.

CITY CLERK : Shanklin said it is \$135,000 this year and eleven years ago it was \$85,000 for the 100 accounts. He said he could show divisions where the same number of people have doubled in personal services, although this one did not. Purcell said all of them would be more.

CITY MANAGER: Shanklin said there were three people, now there are four, and it went from \$131,000 to \$285,000 so that more than doubled. Purcell said two positions were added. Shanklin said there was not an Assistant City Manager ten years ago per se.

NEIGHBORHOOD SERVICES: Purcell noted a typographical error with regard to the capital outlay and rolling stock. This will be corrected, and Page 6 was correct.

Shanklin asked if a list of vehicles that had been purchased was prepared and Baker said yes. The list was distributed. Shanklin said he asked that everything purchased from the \$3 rolling stock be presented from its inception and it allowed for much equipment that would never have been bought. He said he did not want to be trading off five year old vehicles to get new ones.

Purcell said he would not repeat this every time but he did not agree that \$1,637 should be taken from rolling stock when it is not for that purpose. He said he objected to all such entries throughout and a way should be found to address that.

Shanklin asked if the seven employees are all new or if they were in Bridwell's report; were they from some other area. Jackson said it may have been shown under Code Administration previously. Mayor Powell asked if the only new employee would have been the supervisor. Jackson said there was a zoning administrator in earlier years and it was eliminated in favor of this position. Shanklin asked if ten years ago, everything under Tucker's purview, his license people and Neighborhood Services, was all in one deal. Baker said in 1991 those people would either have been assigned to Code Administration or there was a division called Field Services that actually mowed and abated nuisances so it would have been spread between the two. Baker said the Health Department previously did enforcement for high weeds and grass and when we eliminated that service by the Health Department, we added staff to the City to do that code enforcement and that should be considered when comparing staff numbers.

Shanklin said he would not be able to pick up that information going through the budget like this. Baker said it is difficult to do that for ten years due to reorganizations, title changes, divisions that are renamed, and it is real hard to compare ten years ago to current. Shanklin said he would like to see a comparison to see if we are doing the same thing now with 25 people that was previously done with ten people, and he was not saying to cut the 25 back to ten. He said we have grown 75 people other than the sewer rehab. Mayor Powell said between now and the next workshop, staff could see where these people came from and provide the information so that will cover this in its entirety.

Baxter said Account 231 went from \$27,000 to \$70,000 for Professional and Technical Services. Jackson said that includes the weed abatement contractor, as well as demolition costs which were previously handled under CDBG, but all demolition is included in this account now. Baker said the abatement effort was also expanded to include junk and debris. \$28,000 was for demolition and \$42,000 was for high weed and grass abatement.

Shanklin asked if the City is reimbursed when we mow someone's yard. Baker said rarely and we are working with the City Attorney to see if it is possible to do that differently where we would have a better chance of getting our money back. Vincent said it is placed on ad valorem like a tax but it is not collected as a tax; if they go to Sheriff's Sale or the County gets it for delinquent taxes, it is eliminated. Shanklin asked if we do get some money back and the Clerk said yes.

HEALTH: Baker said this is the contract between the City and the City-County Health Department for their services.

Baxter said this is a lot of money for health inspections that they are supposed to do four times a year, and some restaurant owners are lucky to get inspected once a year. He said it might be possible to do this by staff and save money. Mayor Powell asked if laws prohibit that. Baker said it can be done; the Health Department is required by State law to do certain work in a community, and we are paying for the additional work they do here. Baker said Alltizer and Jackson were asked to meet with the Health Department to see if the City may want to do some of these activities and either reduce the contract or possibly eliminate it. Mayor Powell asked if the law says the Health Department has to do this. Baker said that was his understanding, and the food establishments must be inspected once a year to comply with State law, and Lawton's standard is four times a year so we are paying the Health Department for those three extra inspections and citizens benefit from that. Mayor Powell said that did not need to be eliminated. Baxter said his point was he did not think they were doing it four times a year. Angie Alltizer, Neighborhood Services Director, said City staff seems to be doing some of the work listed in the contract already, and some work must be done by a licensed sanitarian and no City staff have received that classification. Purcell said the contract can be examined with regard to duplication but they should be careful because the City got in a bind on the high weeds and grass; we saved money the first year or two but later on it cost much more. Baker said part of the contract is for spraying of mosquitoes, and the City could contract that out but it may cost much more.

PUBLIC WORKS DEPARTMENT: Baker said he asked directors not to contact Council members during preparation of the preliminary budget and told them if they had concerns that they should present them at the meeting.

Ihler and Shaw distributed separate information on the Public Works budget and Ihler reviewed the budget as follows: An organizational chart showed 15 divisions; Lakes Division was transferred to Parks & Recreation. Personnel authorization changes were: Engineering went from 12 to 14 people and one engineer and one construction inspector are funded from the 2000 CIP; four concrete repair employees were transferred from Water Distribution to Streets in hopes of better production; Wastewater Treatment Plant shows elimination of one plant mechanic; Equipment Maintenance shows elimination of the auto parts courier; Solid Waste Collection shows elimination of one sanitation worker. Auto parts will be delivered by the supplier or picked up by the mechanic when required but all attempts will be made to receive delivery. Total employees went from 295 to 289. Over the last ten years, 11 persons were added to Wastewater Maintenance due to an EPA mandate requiring the sewer system be cleaned over a five-year period and that is on-going. Five employees are in the Sewer System Technical Division for the design of sewer rehab. Twenty-five employees are in the Sewer Rehab Construction group and they carry out the rehab program; difficulty in obtaining persons to fill all of these positions was noted. A \$240,000 savings should be realized in the sewer design group over the original projection; the construction group should see a \$1.15 million savings above the original \$2.6 million that was projected for the seven-year program. Employees and the Mayor were commended.

A comparison of last year's budget to the proposed budget was presented showing explanation of changes. Eleven divisions fall under general or enterprise funds as far as the revenues; four divisions have funding from special sources, such as the two sewer rehab design and construction rehab divisions from the 1995 CIP and a loan from OWRB to be paid by a \$2.35 sewer surcharge to be paid back over 20 years for phase one which is a seven-year program, and the drainage maintenance funded by \$1 per month utility bill assessment collecting \$468,000 per year to pay for seven employees and nine seasonal. If a large equipment item is needed, funds are collected over a few years to purchase it from that fee for that work. Employees and equipment in drainage maintenance are dedicated solely to that task unless an emergency situation comes up. Wastewater maintenance is funded by a charge on the utility bill based on water consumption in excess of 8,000 gallons and less than 12,000 gallons; a little greater than \$500,000 per year is collected through that process.

Further explanation of changes was: Engineering had some costs paid through the 2000 CIP; Wastewater Collection has a decrease in capital outlay; Solid Waste Disposal has an increase of \$92,000 in capital outlay and \$80,000 of that deals with the wood chipper; Sewer Construction has an increase of \$243,000 in capital outlay for various equipment being purchased through the \$2.35 surcharge and \$5.2 million from the 1995 CIP for start-up.

Devine asked the cost to refurbish the trackhoe that got buried at Fort Sill. Ihler will provide information and said it was a small amount.

Public Works 200 accounts in administration shows an increased utility cost and janitorial services for the new building. There have been large increases for utility and petroleum costs for each division. Street Division costs increased due to transfer of employees from Water Distribution, as well as the costs for obtaining rock and concrete for those employees to work with. The cost of chlorine at the Water Treatment Plant has gone from \$329 per ton last year to \$379 per ton this year and 380 tons were used at the Water Treatment Plant, for an increase in \$19,000 for the product itself. Equipment Maintenance utility costs increased \$13,000, they moved into the new building, as compared to the old building last year which is now occupied by Wastewater Maintenance and Wastewater Collection. Mayor Powell asked if that was due to the size of the building. Ihler said partly, but also

due to the overall increase in gas and electricity costs. Shanklin said eleven years ago the chemicals were \$70,000 and are now \$200,000 at the Wastewater Treatment Plant. Animal Welfare had an increase in utility costs. Baker said when we go over budget \$400,000 this year, then we have to budget that \$400,000 next year so that is an \$800,000 impact, and that is why the utilities have really hurt us. Wastewater Maintenance shows a cost decrease because very expensive repairs were needed last year to equipment, although the vendor and manufacturer ended up taking care of that under the warranty.

Public Works prioritizes capital outlay purchases for the department as a whole, which results in great variances in divisions from year to year. There is a \$556,000 decrease which is almost a 50% cut in comparison to last year's capital outlay and they will make it work.

Mayor Powell said many of their units look very good, and others do not look like they will pass inspection. Ihler said most of their rolling stock is in pretty good shape and he would not like to see that large of a cut every year in rolling stock but could get by this year. Ihler reviewed replacement of trash trucks in the past few years and said cuts were not made for those divisions that are self-funded.

Purcell asked that Council receive a copy of the requests by the departments for capital outlay, with a check mark showing which are included for funding.

Moeller asked the condition of the street sweepers. Ihler said they did not request one this year but would request another one in the next year or so; a new one was recently received. There are two in working condition, and we own three. Equipment was heavily used due to sand removal after the ice storms. Purcell said that is an example of getting behind when you do not replace rolling stock.

Trash truck replacement was further discussed, as well as the seven-year replacement schedule for the 24 packer trucks. 13 packer trucks have been purchased since 1996. Purcell said 15 should have been purchased during that time. Shanklin said it may not always be absolutely required.

**HUMAN RESOURCES:** Chuck Bridwell said in Account 201, Supplies, \$14,000 of that \$17,525 is for safety and safe driver awards and that is money well-spent in attempting to prevent accidents. Account 231, Professional Services, pays for physical exams and drug screens for persons coming to work for the City, as well as inoculating employees, voluntarily, against Hepatitis. Mayor Powell asked if the Sanitation workers are offered free Tetanus shots and Bridwell said yes and they will be added to the Hepatitis series.

Account 265 provides for City-wide training and there is no money for his staff in it; included in that \$30,000 is money for the educational reimbursement program which Police and general employees participate in, as well as computer and supervisory training. There are five full-time employees, one more than in 1991, and that is the transfer of the Safety Officer from the City Attorney's Office. The \$2,100 in capital outlay is for a computer and it shows rolling stock.

Shanklin compared this division's budget to 1991, noting an obvious error in 1991 and staff will check.

Future budget meetings were tentatively set as: Thursday, May 31; Monday, June 4; and Thursday, June 7, all at 6 p.m. Vincent will be gone May 31 and his budget will be held until June 4.

**REPORTS: MAYOR/CITY COUNCIL/CITY MANAGER.**

Shanklin asked if the firemen get 5% per year, plus the 4% cost of living, for a 9% increase per year, and asked if that should show a total increase of about \$630,000 per year since their budget last year was \$6.3 million and this year is \$6,487,000. He said that is not 9% per year. Vincent said a majority of the firefighters are capped out at their top step but he could not give a number. Shanklin said they are not getting 27% over the next three years, and no one wanted to agree with that.

Mayor Powell said there had been complaints about noise and a letter had been received from Republic to correct that.

There being no further business, the meeting adjourned at 8:20 p.m. upon motion, second and roll call vote.