

Meeting of 2003-6-16 Special Meeting

MINUTES
SPECIAL MEETING
LAWTON CITY COUNCIL
JUNE 16, 2003 - 6:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBERS

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.

Mayor Cecil E. Powell, Presiding
Also Present:
Larry Mitchell, City Manager
John Vincent, City Attorney
Kathy Fanning, Deputy City Clerk
Col. George Steuber, Fort Sill Liaison

ROLL CALL Randy Bass, Ward One
PRESENT: James Hanna, Ward Two
Glenn Devine, Ward Three
Amy Ewing-Holmstrom, Ward Four
Robert Shanklin, Ward Five
Jeffrey Patton, Ward Six
Stanley Haywood, Ward Seven
Randy Warren, Ward Eight

ABSENT: None

BUSINESS ITEM:

1. Continue discussions on the FY 2003-2004 Preliminary Budget for the City of Lawton. Exhibits: Recap of projected revenues and expenditures for FY 2003-2004.

Larry Mitchell spoke about the handout from the Finance Director, the May Financial Report. He said the information contained in this report is positive and thinks we are moving in the right direction.

Rick Endicott said the handout is a series of information, the first sheet is the report on sales tax; we have our numbers in for June and overall, our sales tax is up 3.5% and we will end the year with the sales tax being up at 3.5%, as of June 30th. Our total sales tax, to date, is up \$219,672, compared to last year. He referenced the monthly financial report, attachment C; our projected deficit is 2.265 for the year, however, Council has addressed this deficit and feels we are going in the right direction. Endicott said, at this point, we have to be concerned about the month of June, for our expenditures and until we know exactly what the expenditures for the month of June are, we won't have a solid number. He said things are looking better; sales taxes are up, water revenue, compared to budgeted revenue, is down about 1.5, but overall, revenue is doing very well and we are optimistic about the direction we are going in right now.

Endicott said they have tried to compile all the information gathered in the past several weeks and the suggestions that have come, in one form or another, from the Council and made those adjustments to all the various areas in the revenues and expense side. The proposed adjustments in the preliminary budget would; 1) increase revenue by \$205,063 and decrease expenditures by \$316,039; which gives us another \$521,000. He said the major item is the Waurika \$4.00 surcharge; that surcharge would bring us a little over \$1.6 million. The \$336,000 basically frees up what we have put in the Public Works budget, to handle the difference between the assessment at Waurika, the \$1.3 million, and all maintenance costs are a little over \$300,000. That's why the expenses show a decrease. 2) It is recommended we change the outside water sales to 1 times the rate and go from \$2.10 to \$2.16, which would be \$3.24, as outside water rate.

Bass asked if increasing the outside water rates 1 times, was so they could help fund the Waurika payment. Endicott said that was part of the idea.

Endicott said the preliminary budget had a proposal of eliminating 9 firefighters, which was a cost of approximately \$313,000; one firefighter has retired and another one is in the process of retiring, so the change in this proposal is

suggesting, through attrition, eliminate the other 7 firefighter positions. Basically, as a firefighter retires, we just wouldn't fill the position, it's not a lay off. He said this would take two or three years for this process. The difference between the \$313,000 and what we have to put back in, is \$198,870. Bottom line is, we wouldn't be eliminating any firefighter positions at this time, if this plan is adopted.

Endicott said for the senior citizen centers they have recommended reducing the hours, not eliminating them and following the department director's recommendation as far as reduction of hours and all full-time to part-time, with the exception of one. One would be retained at full time as a supervisor. He said they would put back in approximately \$253,000 into the Parks and Recreation Department.

Endicott stated based on adjustments to revenues and expenses, we would increase our year-end balance by \$69,000, as of June 30, 2004. Instead of a balance of \$1.177 million, we'd have a balance of \$2.246 million.

Powell asked where the \$253,000 shows on the report. Endicott said all the items within the Parks and Recreation, when you net all those out, the revenue and expenses, that's where that comes from.

Haywood read item 12a, Senior Services: Close Town Hall and keep Pleasant Valley and Benjamin O. Davis open per Director's recommended schedule. Use \$57,000 lease revenue and \$100,000 set aside for Center for Creative Living to run programs. He asked what this meant. Endicott said in the preliminary budget, they recommended eliminating the senior program, we were going to take \$100,000 and contract out that program to Center for Creative Living. He said since we are not going to do that, we put the \$100,000 back into Parks and Recreation Admin.

Endicott referred to items # 13, 14, 15 and 16; we do not have a firm commitment on. The County Jail issue, we are not really sure where we are on that as far as funding, etc. That's an issue we are going to need some direction on, if Council decides to go that route.

Hanna asked about item #15; one furlough day for all employee groups; is that one day a year, one day a week, one day a month? Endicott said that is one day and would save \$120,000. Hanna said that's not what you're recommending. Mitchell said no, that's if you choose to do that. He said we had some discussions on this after the last Council workshop and a 2% reduction in pay would equate to five furlough days. We heard from several employee groups and they might prefer a furlough day or two or three versus a reduction in salary. What we are showing you is one day of furlough of all employees would save about \$120,000, but that's not a recommendation, just something for Council to consider.

Bass asked about item # 16 and was the museum asking for \$100,00; \$55,000 plus \$45,000? Mitchell said they are not asking for it, we are just suggesting that would be another use for the balance you have in the Hotel/Motel Tax; you could use that \$45,000 to support the museum and that would free up \$45,000 in the General Funds.

Devine said he noticed the Airport Authority will be asking for \$50,000 in matching funds for Tourism or Economic Development. Mitchell said he was not sure what the grant is for, but it requires a local match of \$50,000. Devine said maybe we could use some of the overflow of the Hotel/Motel Tax for that and that would leave our CIP money alone. Vincent said we have to find out what they are asking for. Mitchell said it is on the agenda for tomorrow night.

Endicott said he received two calls asking a question about the Hotel/Motel Tax; they presented their budget last week and he doesn't believe any decisions were made as far as the funding level, so we are also going to need direction. They have requested \$490,000, their current year budget is \$460,000. Powell said that item was not on the agenda for action. Shanklin said he thought we voted on it. Powell said no we didn't vote on it; it was a very strong consensus that it would be \$490,000 versus \$460,000. He said he asked Mitchell if he felt the same way and his response was affirmative. Mitchell said it was affirmative, that's the read he got from Council.

Patton asked if this additional \$45,000, is assuming we are going to fund Chamber at \$490,000, that would lead into that if we paid them the additional \$30,000? Endicott said the \$45,000 would be part of that additional \$30,000. Shanklin asked, didn't they have that \$45,000 in the preliminary budget, for the museum? Mitchell said no sir. Shanklin asked how can you take it out of here now and put it back in, if we didn't have it out to begin with? Mitchell said you could do an amendment or adjustment. Powell said in the preliminary budget, you did not have anything in there for the museum. Mitchell said we have the same \$55,000 you appropriated last year through the Hotel/Motel Tax. Powell said that answers Shanklin's question. That \$55,000 is in the budget.

Powell said the Stormwater Mitigation should have a preliminary number, that is not a choice, that has to be done. Mitchell said it is his understanding there won't be any commitments to the City this coming year, but next year, they will start taking effect. We thought we might have to fund some small piece of public education this year for the Stormwater Mitigation. Powell said we are not talking about a whole lot of money then, for 03-04. Mitchell said no, it would be incidental.

Powell said Council has heard and worked hard on the preliminary budget and have now heard the discussions of proposed changes. He asked Council where they wanted to go now?

Ewing-Holmstrom asked to discuss how much would it cost to shut the west branch of the library down, temporarily, until we get back on our feet, budget wise. She said that was one of her suggestions. She said her suggestions all involved minimum requirements to keep our State Grants. She said her recommendations were to close the west side branch and have temporary charges for internet usage, because we do provide free internet use. She was curious to what that would save us. Mitchell said they've floated the idea of charging \$1.00 for that access. Snyder said currently we allow individuals two hours per day. If an individual comes in and uses the internet 10 or 15 minutes, would it be for each use, or for the 2 hours for the day? Ewing-Holmstrom said you could do it 30 minutes increments, an hour, she doesn't care, she just doesn't want to us to give services away.

Snyder said there is one aspect we need to keep in mind; the federal government, through what's called the E-Rate Program, which gives the City funds that includes telephone T1 Line Service, telephone service for the library, as well as some telephone service for the City. He said he has checked with the our consultants at the Oklahoma Department of Libraries and there is some question if we would be violating our E-Rate Agreement to charge. Snyder said he has not been able to get a clear definition of where we would be going with that and he has not checked with Vincent on this.

Ewing-Holmstrom said she would like an answer to that; she is not voting for any increase. For any utilities, sales, nothing, until we stop giving away free services. She asked when they would find out how much it would cost to shut down the west side branch. Endicott said he would have that first thing in the morning. She said another suggestion she had was to reduce the library hours; not cutting staff, just a few hours a week, leaving them full-time status. Mitchell said he believes they are addressing that issue, in the sense that we have recommended in the preliminary budget to eliminate three positions that are now vacant. It pretty much forced our institute to the minimum required hours.

Ewing-Holmstrom spoke about Item #9, the Safety Incentive Program of Human Resources, that costs \$19,000 a year. She read an excerpt from a letter she recently received from a City employee and voter, Another area is the Safety Incentive Program; I cannot believe we pay extra money to employees to do their job safely. The safety requirement is inherent in any job performed. Are employees going to do their jobs less safely if this is cut? I don't think so. Ewing-Holmstrom said that statement says a lot about this \$19,000 and that money could go a long way for some of the things we are talking about cutting and also \$4.00 or \$3.00, or whatever we're adding and all these different charges we are talking about adding to the utility bill. She said this is not a cut, this is free money we are giving employees for doing their job safely. She said she is totally against leaving that, we need to cut that program all together.

Haywood asked how much we pay for our internet at the Library each year? Snyder said the equipment we have, we have accumulated over several years, we have 9 internet stations up and running. He said we get money from the E-Rate Program, which helps pay for the T1 Line that provides the services to the Library. He said he would have to go back and pull the phone bills to see what those E1 Rates cost. We have done some upgrading in the last year; got all the internet equipment up to Microsoft 2000 and there were some expenses on that. An on going expense would be what we pay for the T1 Line, which is shared with the City, so he didn't have those dollar figures in front of him, but could get those by tomorrow.

Haywood asked Vincent about Item # 9, increase the Safety Incentive Program Human Resources, if it's mandatory, by the State, if we don't train these people and someone goes and files a suit and has not received training, can we be sued for that? Vincent said we are required by the State Department of Labor to have certain minimum safety training requirements that we do comply with; we would not be sued as you would think of it. If they were injured, that would be a Workers' Comp. case and of course, the safety training is to reduce those injuries.

MOTION by Ewing-Holmstrom, SECOND by Shanklin, that Item #9, Safety Incentive Program for \$19,000 be stricken. AYE: Ewing-Holmstrom, Shanklin, Warren. NAY: Devine, Patton, Haywood, Bass, Hanna. MOTION FAILED.

Ewing-Holmstrom told Council she is so disappointed we are putting ourselves in a corner where we are going to be forced to add more charges to the utility bills. She said you are not approaching this in the right way, if you don't want to cut, why be up here. If you want to just tack on more utility charges on everybody's bill, why do we even go through the budget? This is a disservice, this is a disgrace.

Hanna responded to that; there's only one problem, we're only hitting one entity here, only one group of people will be paying for it. If you're going to do it fair, do it across the board.

Bass recommends eliminating the 2% employee cut for police, fire and general employees; this cost is \$596,000; in-lieu of sick leave for police, keep it the same; for the fire, keep it the same as it is; for general employees, because the in-lieu of sick leave is not prorated into the retirement plan, they will receive their in-lieu of sick leave when

they leave. Endicott said we would be converting them to the Terminal Leave Program. With their vacation and sick leave, as terminal leave, they get paid at whatever hourly rate they are making at that time. Endicott said they could choose a lump sum payment in that plan. Bass said leave the longevity alone for the employees working here now, but the new hires no longer receive longevity after July 1, 2003. Devine asked not at all or wait 10 years?

Bass said not at all. Health insurance contributions go from \$25 to \$50 for each employee who wants to have it with the option to take it or not. That total cost is \$852,000. On the base water rate; they already raised it from \$7.49 to \$8.00, he wants to raise it to \$8.25, which will generate \$107,000; the sewer rate went up 3%, automatically from \$7.16 to \$7.37, he wants to go to \$8.23, up \$1.07, which raises \$377,000; contributions for health insurance at \$50 a month per employee will be \$285,600.

Ewing-Holmstrom asked are we were still taking people to the fair in Oklahoma City? How much money are we spending to do all these things when we are talking about cutting? Endicott said Shahan would have to answer that question. Haywood said when the senior citizens go to Oklahoma City, they pay with their own money, the only thing the city gives them is transportation; they have to buy their own food and admittance tickets.

Bass said he also liked Warren s idea.

Warren said he was looking at reinstating the senior s program. He said we can do it with what the City Manager has already put in, which is on the first handout; moving the \$100,000, the \$57,000 we received, cut six different 200 accounts by 1.7% and, actually, it needs to be cut a little more, because we need another \$30,000 to do the whole thing. This probably needs to be about 1.8% to get that whole amount covered. Basically, that would pay for the senior s program and put it back the way it was the previous year, funded the same. The other option was the CIP money and he didn t want to go that direction. Warren said Bass s looks good and would like to know the percentage increase on utilities.

Bass said the water rate was 12-13% and the sewer rate is 15%; they had already gone up 3%, so we are actually adding 10% to one and 12% to the other. The \$2.10 to \$2.16 was part of the budget that was already put in.

Powell asked on the base rate of sewer, is that one flat fee, \$7.16 to \$8.23, \$1.07 increase, or is that per thousand or what? Endicott said for the first two thousand it goes to 40 and per thousand after that. Warren said there is not an increase in the actual dollar per anything over, it s just the base fee, we re not increasing anything. Mitchell said the base rate, including the \$4.00 Waurika payment, would increase by \$5.80 and you would have to calculate the number of gallons used at the 3% increase.

Ewing-Holmstrom said she would like each department head explain how they will function, already cut as far as they are, another 1.7% plus, in the 200 accounts. Mitchell said one of those is the professional services and in many departments that is contracted, so he doesn t know if we could cut that very much. He said we could cut the travel budget, but a lot of departments don t have much travel anyway. Ewing-Holmstrom said several department heads have expressed to various members of Council, they could not cut anymore and if they do, they might as well start shutting down divisions, because of the quality service would not be available. She said how can you cut even more? Warren said he thought Ewing-Holmstrom was just telling us we needed to cut. Ewing-Holmstrom said we need to cut non-essential. What if you take out of supplies from Public Works and then they can t do their job?

Shanklin said the proposed fund balance ending on June 30, 2004 is the carryover, is that correct? Mitchell said yes. Shanklin said that s 1.1%, so that has nothing to do with 2% cuts and \$25 on health insurance, to get this number. Endicott said the preliminary budget has the 2% cut in it, which is how we arrived at 1.1%. Endicott said the 2% cut is still in there. Shanklin said and \$25 on the health package. Endicott said yes sir.

Powell said with what Bass has proposed, we would have to come up with \$22,000. Shanklin said that doesn t include any classification raises or anything does it? Endicott said it freezes steps.

Shanklin said there will be a Council sitting up here that will do something with longevity and insurance costs to the taxpayers, maybe not this bunch, but next year, or the year following, because as these pay raises continue to escalate and compound themselves, we can t afford it. It s going to happen and he wanted to get to some of that this time, because everybody else in the land has had to take a cut, we have given no cuts here. He said he doesn t want to see anybody cut either, but there is a limit to what the water is going to be and we haven t looked at what it would cost us in another four or five years or what payroll is going to cost us. We still need to project it, what it would be next year anyway. Mitchell said if you re going to freeze steps and reduce pay by 2%, it will be less next year than it is currently.

Ewing-Holmstrom told Shanklin she would second his motion about the insurance, the increase of 20%. Warren said it doesn t need to be anything to act on soon, we need, in the next coming year, to start looking at things we could do. He said there are a lot of things we can do, but we just can t do them now. We need to start looking at things like longevity; maybe we need to do away with longevity for new hires. We need to start having a once a month meeting, or whatever we can do, to start looking at things, when we re not crunched for time. Ewing-Holmstrom said we have had a whole year to do that, we ve been talking about longevity for a year now. Shanklin said we ve batted around longevity. Bass said longevity is eliminated, what are you arguing about? Ewing-

Holmstrom said she's not, but we have been talking about this for a year and nobody wants to do anything about it. Shanklin said we've never talked about longevity, who gets it, how long they get it and what they make. That has never been announced out here, unless I wasn't here when they did. Devine told Shanklin he wasn't here the one time it was discussed. Shanklin asked what is the maximum they get? Endicott said that depends on if you are police, fire or general employee. Shanklin said he understands they should be maxed out at \$1,600, paid in two payments of \$800. Endicott said general employees receive two payments a year and it depends on the number of years; between four and 21, they max out at 21. Shanklin said regardless of what your pay scale is, it maxes out at 21, which is the entry level of what used to be a water meter reader and still may be. Endicott said yes sir.

Shanklin referenced the letter Ewing-Holmstrom read; that the longevity and sick pay in lieu never made sense to him; both these need to be eliminated. Why should someone get longevity pay because they keep their job for a certain period of time. The sick pay in-lieu needs to be eliminated, cap the number of hours an employee can accumulate and any accumulated sick leave after that is either a use it or lose it proposition. These benefits have created double standards. Employees who don't receive them are a different class; we already have enough problems with different rules for police, fire and general employees compensation, that create major morale problems. Shanklin said employee fight hard to get on with the City, then in two weeks, some are dissatisfied with their pay. Ewing-Holmstrom asked where we will be in ten years if longevity does not change, how much money? Endicott said our budgeted expense is a little over \$1 million.

Hanna said he and Devine suggested, a couple weeks ago, about a 1% sales tax and after one year, go back to a vote of the people. He said he has talked with people who are for it. If we do get it, we have to make sure it's spent wisely. Devine said on the 1 sales tax, it accumulates about \$8.8 million. He said everybody would participate in the shortfall of our City and it wouldn't go to just the property owners, which has water meters and utility bills, like we normally do. If we did this, the only way he would support a 1 sales tax, would be if we have the hiring freeze, step freezes, freeze pay increases, everything frozen for one year to give this tax some time, because it's going to take us almost a year to get this money accumulating anyway. We are going to have to adopt somebody else's plan to go along with this. It would probably be Feb. or March before we would be taking any of the money in to be used. I think we should take this to the vote of the people. They should have the opportunity because they have a say-so on what goes on in this City, as well as we do, because they are the ones who put us here. That is those 30,000 plus people who have the water meters we are going to tax. Hanna said he would like to see, if this passes, when the money starts coming in, this tax eventually be taken off. He said the City of Duncan just past a 1 sales tax last week because of their problems over there.

Patton said he has no problem with the citizens of Lawton having a say-so in this, but you have to look at where we are right now, which is 8.25% and 1% makes it 9.25% and at some point you are going to price yourself out and people are going to look other places to do their shopping. He said the Chamber did a study a couple years back stating the law of diminishing returns was somewhere in the neighborhood of 7.5%; the higher you raise it, the less money you are bringing in because you are driving away people. The people from out of town may go to Wichita Falls or other places to do their shopping. We need to really look at where we're at, we are finally getting all this new business and industry in and we are really going to have a lot of opportunity for more revenue to come in and he doesn't want to drive our own citizens to other places because of our tax rate. He said we also need to think about the CIP because that's something pretty important to the City as a whole, we do a lot of our infrastructure with this and he doesn't want that jeopardized. Ewing-Holmstrom said she echoes Patton's statement and she doesn't see where this 1 sales tax is the answer. She said does Council think the citizens of Lawton are going to vote for a sales tax, no, they're not. She said how much does it cost to run an election, \$15,000? Now we're \$15,000 out because no one in this town, in their right mind will vote for this. We just got all these brand new businesses and what a great way to greet them all, we're going to jack taxes up 1, that's crazy. There's no sense in that, we're trying to be economically friendly, we want more business like Ross and Atlanta Bread Company and we're talking about a 1 sales tax. She said the other thing she wanted to state was about all the emails, phone calls, etc. she has been receiving. She read an excerpt from an email she received: Again, whatever it takes, I do not want anymore taxes or fees on my utility bill, and that is who we should be listening to.

Powell asked if Col. Steuber had anything to add.

Steuber said, he believes we could sell the rate increases to the people. This place was wall to wall with people at our last meeting and they were saying they want an increase in the sales tax; they will pay their own way and that was the retired, senior citizens here saying this. They are a fairly large voting block and there are 28,000 retired military right here in this area. He said the key to all of this is you have to have a vision of where you are going, spell out why you are doing it and take it to the voters and say this is why you have to do this. One of the things we are missing here is the comparison of what the City of Lawton residents pay with other cities comparable within the State of Oklahoma and outside the state. The City is just completing a huge renovation on its water purification plant, that is providing you with better water than probably anybody else in the state of Oklahoma is going to have and that's a benefit and that has a cost associated with it, so let's tell people what that cost is and let them make that decision. He said you can't keep cutting; he's on the end of ten years of cuts at Ft. Sill and you can't do more with less, there's a place when you get less, you do less, and people don't get the services required. Somewhere you've got to find that fine balance and he knows how hard Council has worked on this and the City

Manager has done an exemplary job in putting this budget together.

Powell said his request was to retain the nine firefighters and add two police officers because when we are short officers, we lose men on the street.

Haywood suggests we freeze the pay this year, he doesn't agree with the 2%, but one day a month furlough, people could live with. He said he has talked with the Chamber and they said a 1 sales tax may run people off. He suggests reinstating the senior citizens program and centers.

Powell said it is his understanding, with the base plan, Bass's plan, Warren's plan, add 2 police officers and 1 furlough day would leave us short \$22,000.

Shanklin said we should take 20% out of longevity, if things work out, we can put it back. Bass said longevity is tied into retirement.

MOTION by Shanklin, SECOND by Haywood, to include a 20% reduction in longevity, at the end of the first nine months, we'll look at it again and see if we can put it back.

Further discussion was held on longevity and the differences in each; the general employees, fire and police and any affects it would have on pensions.

Vincent said on police pension, they take the 30 highest paid months of the last 60, to determine their pension and he believes it's the same for fire, for the City, it's 30 of the last 36. Therefore, a temporary, brief reduction in longevity won't effect a retirement, but a long term reduction would significantly effect their pension.

A vote was then held on the motion. AYE: Shanklin, Warren, Ewing-Holmstrom, Haywood. NAY: Devine, Patton, Bass, Hanna.

Further discussion was held.

Devine said one employee is getting ready to retire this month, on the 2% pay cut, it will effect him \$38.00 per month for the rest of his life on his retirement. He said that is on 2%, but if you take 20% of that, off longevity, which would be roughly 20 something hundred dollars a year, over a period of time, it really hurts those people in the long run.

Ewing-Holmstrom said she wants to change her vote to no, based on what Devine just said.

Powell asked if she could do that? Vincent said if Powell hasn't announced it yet, she could. Powell said he has not.

Powell said the vote is now five Nays and three Ayes, the MOTION HAS FAILED.

Ewing-Holmstrom asked is the \$100,000 with the 1.7% cut, part of the plan we are getting ready to vote on? Mitchell said that is what he heard.

Ewing-Holmstrom said she would like to hear or see on paper, from department heads, how they are going to operate when they start cutting supplies, tools, chemicals, repair and maintenance and maintenance materials. How will they function when we cut them even more?

Haywood wanted to know if the eight part-time employees were included? Are they full-time now? Endicott said he can't answer that, Council will have to decide, we have them in there as part-time.

Powell said this is what you are voting on: Mitchell and Endicott's proposed changes, add Bass's plan, add Warren's, two police officers, nine firefighters, and one furlough day. Powell asked Council if what he just stated is correct. Warren said that covers it.

MOTION by Hanna, SECOND by Patton, to approve the proposed changes, add Bass's plan, add Warren's, two police officers, nine firefighters, and one furlough day and bring this back, in number form, from the City Manager, tomorrow night for a final vote. AYE: Ewing-Holmstrom, Patton, Haywood, Warren, Bass Hanna, Devine. ABSTAIN: Shanklin. NAY: None. MOTION CARRIED

Mitchell said we need to make sure we understand this because Warren's proposal was just to restore senior services and hire two police officers, it will not restore the employees in the Rec. Services. Warren said he thought we were \$100,000 short and went with a furlough day. Mitchell said it's close.

ADJOURNMENT:

There being no further business to consider, the meeting adjourned at 8:40 p.m. upon motion, second and roll call vote.