

Meeting of 2004-4-20 Special Meeting

MINUTES  
LAWTON CITY COUNCIL SPECIAL MEETING  
CIP WORKSHOP  
APRIL 20, 2004  
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

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

The meeting was called to order at 6:05 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  
    Amy Ewing-Holmstrom, Ward Four  
    Robert Shanklin, Ward Five  
    Jeffrey Patton, Ward Six  
    Stanley Haywood, Ward Seven  
    Randy Warren, Ward Eight

ABSENT:    None

Powell announced that on item #2, he personally doesn't think it's fair for the incoming administration to deal with what has been left behind by the sitting administration. He said Hanna and himself will be gone and he respectfully requests Council not receive tonight, any input from those seeking funds. The change of gavel will be on May 3<sup>rd</sup> and on May 4<sup>th</sup> there will be a meeting where Council can receive input from the different agencies and have it dealt with at that time. He said on the May 11<sup>th</sup> Council meeting, we will have the approval of the plan and the public hearing at that time. He asked if Council would agree with this, we will have the presentation by Aplin tonight and have a meeting on May 4<sup>th</sup> and have input from the people at that time.

Mitchell said they were presenting the Preliminary budget on May 4<sup>th</sup>, so it would be a pretty long night if you wanted to do it the same night.

Powell said he just doesn't think it's fair to the incoming administration to deal with the actions of the sitting administration. He doesn't want any of those people sitting out there coming to Pappy's Corner saying you did this now live with it. He said he doesn't want to go through that, when he's out of here, he's out.

Mitchell said we can work the date out.

Powell asked if this met with Council's approval and all nodded in the affirmative.

BUSINESS ITEMS:

1. Consider receiving a report on the City's financial condition for the 3<sup>rd</sup> Quarter of fiscal year 2003-2004, and provide direction to staff.

Mitchell said he asked Endicott to overview the 3<sup>rd</sup> Quarter Report.

Endicott said this time last year we were coming to you with some bad news, that we were probably looking at a deficit of \$3.5 million. He said based on what Council and staff has done, the City is in a much better position this year. He referred to the report handed out to Council on page 1 under Executive Summary. The total General and Enterprise Fund Budgeted Revenue is \$45,922,222 and we have collected 78.5% of that revenue as of March 31<sup>st</sup>. Sales tax is up \$981,844 or 8.39% as compared to the same period last year. We have collected approximately 80% of our budgeted revenue. Franchise tax is up \$174,052 or 12.67% and we have collected about 75% of that budgeted revenue. Police fines are down \$279,236 for the year, as compared to last year and we are about 64% of collections at this point

and time. He said the miscellaneous revenue is down \$52,811 or 1.8%, as compared to last year, however, we have collected 83% of our budgeted revenue.

Patton asked about the Franchise tax and what we budgeted for this fiscal year, what increase we did?

Endicott said usually on City Sales Tax, Water Revenue, etc. we will do a percentage type figure, but on franchise tax, use tax, and some of the other revenue categories, we usually take what we've collected for the previous year as our projection for the next budget.

Endicott referred to the Enterprise Fund side, dealing with water, sewer, refuse, and landfill. He said water revenue is up \$1,405,787 or 17.39% and we've collected approximately 83% of our budgeted revenue. He pointed out that part of the reason this is up is 2 factors; one is the Council did increase the water rates last year and the other is the City Manager and the Water Revenue Committee was able to develop an agreement with Ft. Sill and they actually paid us about 22 more a gallon for the previous 2 years and that equated to about \$480,000 and that is in this number. Another part of that is Bar-S had a payment due for water used for the previous 2 years we received which was around \$160,000. Those are one-time revenue income that we won't have in the coming year and he just wanted to make sure everyone understood where the big jump is.

Shanklin said we will have that raise from Ft. Sill.

Endicott said yes, we will have the additional 22, but as far as any back payment for water used, we won't have.

Powell said the point that is relevant is when you look at that someone might say that's all the increase on citizens and that's not the case. Actually about \$765,000 of that is the increase and the rest is revenue from Ft. Sill and/or Bar-S.

Endicott said in the January report we had collected approximately 69% at 58% of the year, so we were still ahead as far as our budgeted revenue at that point. He said sewer revenue is up \$214,733 or 6.9% and we've collected about 69% of our budgeted revenue. Refuse collection revenue is up \$218,000 or 6.6% and we've collected almost 82 and landfill revenue is down \$247,645 or 22.39% and we have collected 59.59%.

Endicott next referred to page 3, General and Enterprise Expenditure Summary. He said we've expended approximately \$23,754 or 72% and we are at 75% of the year, so we are just a little below where you think we should be. Enterprise Fund Expenditures is 65.18%, we've expended \$6.8 million. We are doing really well in both of those funds. All other funds we've expended approximately 72%.

Shanklin said when the Enterprise Fund Expenditure is \$10 million and the first 9 months we've only spent 65%, that's good.

Endicott said one of the things we have to remember is a lot of expenditures, especially the big ticket items, rolling stock, capital outlay type things, won't be expended until the last quarter of the year. Shanklin asked why we do that. Endicott said partly the collections issue, how we collect funds. Part of it is vehicles and how long it takes to actually get them.

Shanklin asked if this included labor. Endicott said yes.

Endicott said departments are trying to do a little better on their expenditures and we are seeing that.

Endicott referred to Attachment C, Projected Revenues for the rest of the year. He said on City Sales Tax, we believe our budgeted revenue is \$15.836 million and we believe we will be somewhere in the neighborhood of \$16.7 million, which is an \$857,000 difference. We are projecting through June 30<sup>th</sup> and we project by taking the revenue collected so far this year and look at the last three months of the previous year and try to put the numbers together that way. That's how those projections are made. On Franchise Tax we believe we will collect around \$2.3 million, which would give us in excess of \$235,948. On police fines we believe we will collect around \$1.977 million, which would give us a deficit of \$333,000 and all other we believe we will have about \$369,000 for a total General Fund Revenue above what was budgeted of \$1,129,439.

Devine asked why we were anticipating a deficit on the Police fines. Endicott said we have been running a deficit all year in that area. Again, based on last year's revenue, we tried to budget based on that. He said he doesn't know if we are not writing tickets, or the fines aren't being paid, etc. He can't address that.

Bass asked if, on the Franchise Tax, could you break it down on what companies, like Arkla, PSO, etc. paid. Endicott said yes, he has that information.

Mitchell said on the police fines, in the last month and a half we have seen that activity pick up so we may be able to make some ground on that \$333,000 deficit.

Devine said he was thinking maybe we may be having a major time in collecting it or they're spending more jail time instead of paying fines.

Mitchell said we had a slow down last year which ran through most of the summer. We are trying to make the ground up now.

Endicott said on the Enterprise side, water revenue for the year, we believe will be up \$773,624 and that is basically from Ft. Sill and Bar-S, but we are right on target of what we budgeted for water revenue. Sewer Revenue we think will be down about \$240,000, refuse will be up about \$410,000 and landfill will be down about \$262,000.

Shanklin said sewer revenue is down? Endicott said sewer revenue currently is up as of this report, but when we are trying to make these projections, these things are very fluid. We look at what we collected last year in the last three months and what we've collected so far this year. We are basically saying, our last three months of the year may not be very good for sewer revenue. Shanklin asked on account of last year. Endicott said yes. Shanklin asked why would that be? Endicott said part of it was because of the fees, which were less last year than this year.

Shanklin said if water revenue is up, sewer revenue has got to be up. He said he will say it's going to be more than it was last year and then some. Endicott said the only way we can do this consistently as far as making projections, we do this in the middle of the year, after the first quarter, we always look at the revenue we collected for the last three months of the previous year, in this case, and take the revenue we've collected so far. That number may be up, he hopes it is.

Endicott said the last section is dealing primarily where we think we'll be at the end of the year as far as fund balance. He said you take all these numbers we projected, add them together. The bottom line is we think we will end the year with \$3.8 million. This time last year we were projecting \$536,000 for a fund balance. He said if you look at total revenue, we take our total budget revenue, our total projected revenue, and come up with a difference of \$1.8 million. Then you look at what our fund balance is in the budget when we started this year, \$536,00, our actually audited fund balance of \$1.286 million. He said that \$1.286 million was primarily due to what the Council did in transferring the Capital Outlay money to the General Fund. If Council had not done that, that \$1.276 million would have been \$286,000. We have an additional \$750,000 there. We budgeted an ending fund balance for this year of \$1.141 million, so that's like money in the bank we should have, regardless of this year. We think we will save about \$150,000 in total expenditures. That's how we came up with the \$3.8 million. He said we are very hopeful the fund balance will be \$3,850,257.

Patton said let's say that's what we have at the end of the year, the \$3,850,257. How much of that do we stick away, on your recommendation, and how much to we start next year's budget? Endicott said City Council has a policy that requires a 5% reserve balance. That 5% is based on your expenditures.

Shanklin asked about the rolling stock and what was Patton suggesting? Patton said he was just suggesting if we had enough left over we could put the \$1 million back in. Shanklin said he agreed with that. Bass said it's actually \$1.2 million. Endicott said we had expended a couple hundred thousand prior to that, Council transferred \$1 million to the General Fund. He said we are going to bring you the Preliminary Budget with some recommendations and you will see some area concerning the rolling stock.

Endicott said this year we are going to put the budget, not the entire budget, but the meat of it. On the internet so people can look at it because we get a ton of requests for copies of the budget from the Boy Scouts and other places. It is currently out there.

2. Conduct a consolidated planning workshop, receive a briefing on the Consolidated One-Year Action Plan for FFY 2004 (Draft), consider requests for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funding and provide guidance for development of the plan.

Aplin said our purpose for being here is to provide a workshop for the opportunity of the Council to take a look at our initial proposals on the Consolidated Plan, to provide a briefing on the Consolidated Plan Draft, to provide you an opportunity to consider requests for the CDBG and the HOME Program, and to provide any City Council guidance you may wish to provide us in making whatever revisions are necessary and finalizing the Plan for final approval and submission to HUD. He said in addition to the packet Council received last week, he provided some reference material for them to use as we proceed through this Consolidated Planning process. He said he had also provided a listing of the priorities that guide the way we determine our funding proposals. Also, he provided a copy of low-mod map. This shows, as the result of the 2000 Census, the tracts that are no longer low-moderate and those new census tracts that are now low-moderate income that were not before.

Aplin said Warren had asked for some information about one of the applications. He pulled together a packet of information to provide to him and the rest of the Council also.

Aplin gave a short overview of the CDBG Program itself for the purpose of Council members new to this. He went

over the requirements in this Plan. We are working on Federal Fiscal Year 2004 which will begin on July 1, 2004 and run through June 30, 2005. This will be the 2<sup>nd</sup> year of funding under the 2000 Census. He said Lawton took a hit on what HUD terms "growth lag" and as a result of the slow growth, we have not kept up with the pace of growth of other similar communities in the nation. The impact of that is the fact that we have not grown as fast as some other cities and communities have, basically they will receive more money than they did previously, where as our funding will be cut back because we haven't been able to keep pace with the rest of the nation.

Aplin said development of the Consolidated Plan and the Consolidated One-Year Action Plan requires citizen participation requirements. We will be asking Council on May 11<sup>th</sup> to hold a public hearing to provide citizens an opportunity for comments and suggestions for improvement of the Plan, etc.

Aplin went over the slide presentation packet. This shows funds available for Planning this year on page C-2. He said the second page shows the funds available for the CDBG this year, which is \$1,056,000. That amount represents over the last two years a \$107,000 decrease in the funds we would have had under the previous census data. We are also reprogramming \$6,118 of program income, which is allocated on the spreadsheet Council has in front of them. We also have prior year funds of \$22,000 that are also being reprogrammed under this plan. The total amount of CDBG dollars will be \$1,084,118.00. The next slide addresses the funding caps. There are certain funding caps in both the CDBG and the HOME Programs. The first funding cap is the Administration Cap of 20%. That means we cannot exceed, in Administrative Expenditures, more than 20% of the annual allocation plus the previous year's program income. That is \$1,062,118 and multiply that times 20% and that gives you \$212,424 and we cannot exceed this. To exceed this would risk sanctions from HUD and we have done a pretty good job of holding the line on this but it's going to get tighter this year and we've already seen it in the current year. The losses we talked about in the basic grant amount carried forward to these caps. The next cap is the 15% on Public Services. We are limited to being able to allocate to public services 15% of the annual allocation plus 15% of the previous years program income. That 15% this year is \$159,318.

Warren said the more he looked at these pages, we have an admin. amount that is at the City level and then we have different projects and those individually have admin. costs. If we give money to X organization, that organization has some admin. costs versus some actual job costs, or service costs. He has asked Aplin, if he could put together something showing the actual amount being spent out there on admin. versus the actual money being spent to do the projects for the people who deserve the funds.

Powell said we should also request at this time a little bit of notice to those who are seeking funds, to show what they did spend their money for. He requests this information be presented to Aplin within a week and he could disburse those to the Council. Aplin said in some of the tabs, some of those will break them down by administration and by operations. The operation funds go directly to the service and the administrative funds go to some of the overhead and those funds only pay a part of the overhead. The total overhead is a combination of funds the agency has to come together to make up the whole. Aplin said he will review each of those and determine if they answer your question and for those who do not, he will contact those agencies and have them provide that information. Warren said if you could, provide us with a sheet that spells it out. Aplin said he will come up with a way to do that.

Aplin referred to page C-4 showing the total request for CDBG Funds we are working with this year. This shows the amount of money requested by category. We have received applications or requests for \$3,906,589 and those provide the sources of potential projects that we have looked at, evaluated and funded to the best of our ability.

Aplin said in order to be eligible to receive funding a project we must meet one of three national objectives. One is to provide a benefit to low and moderate income persons, the second objective is a project that aids in prevention and elimination of slum and blight and the third national objective would be to meet some urgent need which is a very special situation that does not apply to us at this time. Shanklin asked for an example. Aplin said if tornado comes through, rips out the heart of the city and the city does not have the funding available to be able to address the need as a result of that catastrophe, then HUD can authorize us to expend CDBG funds.

Aplin went over the low and moderate income areas in town and also went over the income criteria for qualifying.

Warren asked about the difference from last year and this year is we changed the criteria on how things are weighted. Aplin said there was some tweaking in the basic criteria and what we did was make some changes in the way we look in each category we evaluate. We tried to make this application just as objective as we can. As a result, there is less flexibility in awarding points to individuals based on what they put in their application. Each of the applicants you see this year have a lower score than they did the previous year. Warren said when you say "we", do you mean the federal government mandated it, past Council mandated it, or staff did it? Aplin said he was talking about his office. We have developed an application process. We have a four person panel. Each person does an independent evaluation and does a score, those scores are then averaged to get an overall score. We have settled on a level of 60 points on the evaluation in order to be eligible before his office recommends their application to Council.

Devine asked why Hospice was zeroed out.

Aplin said Hospice is not recommended because their overall score on their application this year was below 60.

Powell asked if that was something that could be worked with? For example, if a Council member or members, said they wanted Hospice to participate in this, is it just a no we cannot because of their score, or is there something that can be worked with there?

Aplin said we are making a proposal. The decision makers are sitting right up there at the table and that is the bottom line. If Council feels it's a must to do that, his objection is we have a standard that is not being met and it does concern him. The bottom line is, this is your money and he is giving you the very best proposal he can live with.

Devine said his only statement, speaking only for himself, is you better go back and shake your notes and stuff you have and start coming up with some money for Hospice because he feels this is a very vital project that helps people and needs to be put in there. There's a lot more than just points in figuring this. This is as important as anything on this whole document given us. This is for sick people and elderly people.

Aplin said if the City Council chooses us to do that and if directed, we will do that, but he can't change his recommendation, unless he is directed to do so and he will do so. He said he has had others coming to him wanting a break and has had to tell them no because it would not be fair to everyone else who completed their applications and got them in on time. He has had people wanting to make changes to their applications and if we do that, where do we stop? Then all of a sudden we never reach closure. He will respect Council's desires and will work with that.

Aplin introduced Ed Alexander who is their Federal Housing Programs Co-Ordinator who provided a presentation on the HOME Program proposal.

Alexander said Aplin has already discussed what entitlement grants are and why we get those in the City of Lawton. The HOME Program is different than the Community Development Block Grant Program because it deals strictly with housing issues. In the HOME Program this year we are taking a slight reduction in funding, \$712 difference than we received last year. This year's entitlement grant is \$556,544, but to make up for that reduction we received from the federal government, we have generated in the past year, \$72,529 in program income to be used in the HOME Program this next year. Our total amount of money will be \$629,073. He went over his slide presentation explaining the activities in the HOME Program.

He said Council has designated on three organizations in Lawton that have been designated by Council in the past as CHODOs which are Great Plains Improvement Foundation, Lawton-Ft. Sill Habitat For Humanity, and the Z.O.E. NEED Program.

Alexander went over the HOME Program funding requirements. We are required by regulations to provide a minimum of 15% to one or more CHODOs, based on the entitlement grant we get for this year, which is \$556,544 and that would be \$83,482 we would need to make available to a CHODO to do a project in the community. This year we are proposing to use \$88,346. The other CHODO cap is the 5% cap for operating expenses. These are funds available to a CHODO for their operations, which are basically sort of admin. expenses. They pay for salaries, utilities, telecommunication services, etc. for a CHODO to operate for development of affordable housing. The 5% cap on that is based on the entitlement grant which is \$27,820 this year. In the HOME Program there is a 10% cap on how much you can use for administration. It is based on the entitlement grant plus any program income generated to previous year. This year our 10% cap is \$62,907. The HOME Program requires a match of 25% and that is the regulatory requirement and it's for non-administrative expenditures. For every dollar we spend, we are to provide 25 in match. For the past few years the City of Lawton has received waivers of the match requirement. This year we do not have any match requirement, we have a zero waiver. Next year HUD has also provided us with a waiver where we will not be required to pay any match. We have no match requirement under the HOME grant this year, next year, and also the year after. He said if HUD comes back and takes back that waiver and says we have to have a match requirement, we have bank match we have generated off projects we have done in the past of \$806,923.

He went over the list of funding requests received this year. Total requests was \$807,907.

Powell asked where the \$629,907 come from under administration.

Alexander said that is the amount of entitlement grant we will receive next year plus the program income we have generated this year.

MISCELLANEOUS:

3. Discuss and consider future Budget Workshop dates.

Powell said they have a May 11<sup>th</sup> meeting date for the Public Hearing and approval of the Plan. He said he requested on May 4<sup>th</sup> have the workshop where the people can come forth with their requests at that time. He reminded those if they have not submitted to Aplin their expenditures of monies received in the past to please do so expediently and if Aplin would get that to Council so they can review that.

Mitchell said he handed out a memo with suggested tentative dates for budget workshops through the month of May.

Shanklin asked about ZIA to clean up the Waste Water Treatment Plant for \$22,000.

Mitchell said that is the estimated contract, they have to submit the cost to us. That's for part of the clean up you authorized last Tuesday night to expend about \$300,000 to clean up the old Waste Water Treatment Plant site.

That is an outside consultant we have contracted with to come in and do some checking and testing for some possible contaminants. This is an independent, certified firm.

Shanklin asked if he is going to clean the mercury out.

Mitchell said yes. He will do an assessment.

There being no further business to consider, the meeting adjourned at 7:15 p.m. upon motion, second and roll call vote.