

Ewing-Holmstrom asked if there was a breakdown on this and who has recycling programs. Mitchell said he didn't know. Vincent said Norman has a recycling program and Oklahoma City has a partial recycling program.

Warren asked where Norman got their water from. Vincent said from wells and Thunderbird. Mitchell said they also purchase water from Oklahoma City.

Purcell said they will be coming to us to help provide water to Norman before long. He said their problem is sometime in the near future, he's not sure when, they will no longer be allowed to use wells.

Mitchell said we have already been approached by Chickasha and Yukon who are very interested in buying water. He said they would either buy water from us through our pipeline from Waurika or buy it out of Ellsworth, but obviously, Ellsworth doesn't have the storage capacity right now to do it.

Mitchell said they wanted to have discussions tonight about revenues. He referred to the budget summary on page 5 of the budget book which basically shows where our revenue comes from. He said 34-35% of our revenues come from sales tax, 27% from water, 13% from refuse, and 10% from sewer.

Endicott said every quarter they give Council a report and try to break it down, which he explained and referred to page two in the budget book. He said if you look at the projected revenues of 04-05, he compares these to the projected revenues of 03-04. They are recommending 3% increase in City Sales Tax, Police Fines and Bonds, they project a 1% increase, and then he takes all the other categories, which amounts to about \$3.9 million and that's about a 3.5% increase for all those other categories. The bottom line is the projection for General Fund Revenue is \$25,589,892. This is about an overall 3.35% increase.

Ewing-Holmstrom asked why is our Capital Outlay Sales Tax projection so low. Mitchell said we are in the last year of our 2000 CIP that runs out the end of this year.

Purcell said he had the same question. What Mitchell has done is make the assumption that the other one won't pay, but should the other one pass, we should be up around \$10 million again. Mitchell said that was correct.

Endicott said they are projecting a slight decrease in water revenue compared to the numbers seen in 03-04. The reason for that is we received a one time collection from Ft. Sill and from Bar-S, which are reflected in the 03-04 projected revenues. We are right on target for our projected water sales revenues. We are not proposing any raises for water, sewer, or refuse.

Purcell asked if they had taken into consideration, in the numbers of projected water revenue, if we still continue to have the draught and if we have to go to some kind of water rationing, either that will reduce the revenues or we don't have enough water, is that kind of reflected in the projections.

Mitchell said not in the revenues, we just made a note of it saying we may have to adjust. He thinks what we will do is as we start through the summer months, we are going to have to implement some kind of program, we would slow down our expenditures to augment the loss of revenue. Shanklin said that is fast upon us. He said he has tried to get us to conserve water for 10 years and no one wants to listen.

Bass asked if we were ever able find out how high the lake levels could be and if we can get that raised back up after having to lower them.

Ihler said the elevations of the lakes, as far as how high we can have them, are set, based on State Law, established by the Water Resources Board, based on dam safety. They actually required us to lower them when we did the last study to determine how we would put together a new gate operational policy as a result of some legal suits from down stream. As part of the settlement we were required to do a study and as a result of that study, we were required to lower them a little less than they were at that time. As a dam safety issue, it's required that you have to be able to pass what they call the probable maximum flood, which is a 500 year frequency storm. In order to pass that through the lake and through the gates, you have to keep the lake down a certain level. Actually it didn't change at Lake Ellsworth, it was 2.5 feet down and that's where we're able to keep it. We were required to drop it another half foot at Lawtonka.

Ihler said before the study we used to keep it down 6", which would be our established elevation during the summer months and in the spring months, we would keep it at about 1-1 1/2 feet down, because, from a dam safety standpoint, you don't want the water going over the top, so we would have to open the gates and release water.

Shanklin said the height we could keep it, that we had been approved by the Oklahoma Water Resources Board was in error. He said the same guy made an error in the spring, in the height of the water towers.

Ihler said yes, that's correct, what he's saying is when we had the study done, as a result of the legal action, that

study showed that 1/2 foot was not accurate, with relationship of meeting the probable maximum flood. Bass asked if he could get that information for him by tomorrow. Ihler said he would get that number for him. He said they are 4.6 feet down at Lawtonka today and the pumps are on and we are pumping.

Endicott said we have about a 7% increase in sewer, in refuse we have about a 1.17% increase, and we have the Waurika payment of \$1,680,000. When we looked at the total revenues, we are almost where we were at this time last year.

Bass asked on landfill use, how much higher are we than Duncan or Wichita Falls who are hauling all their trash out of here and taking it somewhere else.

Mitchell said the problem we have is the operator, EISI, has a landfill and probably owns it and doesn't charge themselves. Purcell said instead of taking it to ours, they own their own landfill somewhere down there, so it's been cheaper for them to not use our landfill and drive to Wichita Falls and dump it in their own landfill because it's free. It's not quite free, because they have the gas, the turn pike tolls, etc. He wants to talk to us about letting them haul all our trash down to Wichita Falls. Because of that, we are getting less dumping in the landfill and our landfill fees are going down. It's not the normal things causing this.

Vincent said when Kan Haul sold out to EISI, we took a \$300,000 hit at the landfill because we were not able to make EISI take it to our landfill.

Shanklin said the fact is we are still getting paid whether they use us or not.

Vincent said he agrees, but we were still making that \$11 when Kan Haul was picking up and hauling to our landfill, but Kan Haul was paying us an extra \$300,000.

Shanklin said we didn't have to do anything to get that.

Mitchell said we are starting to see some of these companies coming back to our landfill because of the gas prices.

Bass said Shanklin needs to try to get that straight because he argues about that every year. You're going to get \$11 and not \$80.

Shanklin asked who were we getting the \$80 from to begin with. They would rather pay someone else instead of us. We will get out of the truck and pick it up, they will not. What falls off, lays there, but we get out and pick it up.

Purcell told Shanklin he is missing the point. What he's saying is true, but that doesn't have anything to do with the issue we are talking about. We are short on landfill money because the people who used to pay the tipping fees, Kan Haul, no longer takes that to our landfill and pays the tipping fees, they now drive it to Wichita Falls.

Bass said even though you are getting \$11.90, you are still losing the \$400,000 a year in tipping fees. He gave an example for clarification to Shanklin.

Ewing-Holmstrom asked about leases and rentals. She said in actuals in 02-03 it shows \$17,000 and in adopted and projected we have \$70,000.

Vincent said we restructured our agricultural leases and are starting to see some percentages off of our lake leases. He said one of the lessees has closed his business. It's one of the lessees at Ellsworth.

Ewing-Holmstrom said on auditorium actuals was \$11,000 in 02-03 and we are down to \$7,200. Why is there a \$4,000 difference there? What was happening in 02-03 that's not happening now? Purcell said part of that is the Philharmonic. Vincent said the schools have moved everything to Lawton High or Central Jr. High, depending on the production, they are no longer using the auditorium.

Endicott referred to page four of the budget book on Revenues/Grants. He said we're down about \$1 million for Projected Revenues. He said if you looked at the Waste Water Maintenance Program, we had to adjust that. That should have been going into the Sewer Maintenance.

Purcell asked if we didn't get a grant with the feds on the Sewer Rehab. Ihler said we did receive a grant for the initial Phase I and we have sent in an application and it was approved for Phase II. Mitchell said Phase II of the Sewer Rehab Program is scheduled to start July 1, 2005 and that's when that money will be available to us to kick start the Phase II Project.

Endicott said the Goodyear rate increased from 88 to \$1 and Republic Paper will increase 5% for 5 years.

Purcell pointed out that there are some people sitting around this table tonight, when we voted to give that

contract to Republic for 25 years at 5% every 5 years, the vote was 7 to 1 and he was the one who voted no. He said someone could give guidance to the City Manager and we can bring this back and discuss it.

Endicott next referred to pages 10 & 11 in the budget book on the expenditure side; Personnel. There is approximately a 5% change in personnel costs from estimated expenditures in 03-04. Last year we presented a budget with salary freezes, etc. and it looks like the numbers have gone up tremendously. When we adopted the budget, the salary increases that were eventually put back into the budget, was not initially included.

Purcell said the \$40 million you have budgeted in the 100 accounts, if he understands correctly, includes budgeting for all 782 employees for a full year with all salaries and benefits.

Endicott said the section is on accounts 201-216. He said we have about a 15% increase, part of that is due to the petroleum issue, and Repair and Maintenance has been bumped up quite a bit.

Ewing-Holmstrom asked why, in account 216, there is a big jump from last year of \$40,000. Endicott said we have had a problem with our clothing vendor. This year they are looking at leasing or renting work clothing.

Throughout the city there are several different prices, styles, and others that wouldn't need work clothes, such as clerical help, who have shirts, jackets, etc. This way everyone would be using the same vendor and we could better control it. Mitchell said they are trying to standardize how we purchase uniforms. He said we will see in a couple weeks the result of that process. Endicott said that over 1/2 of that is Police and Fire and we have no control over that. He said he was referring to the general employees.

Shanklin asked about chemicals and if the almost \$600,000 was for ozone. Endicott said he will have to refer that question to Ihler. Ihler said that actually the chemical account is going down. Endicott said this is the total chemical cost throughout the City. He said when we get to the Public Works budget, you will see their actual chemical account is going down. Ihler said they are dropping the chemical account by \$200,000. He said based on partial use since February, we have not been able to operate the whole plant. Endicott said we are down about \$100,000. Shanklin said it jumped \$500,000.

Ihler said that was our best guess because we did not have any experience and based on all of the chemicals that we were being required to use as a part of the new plant, we estimated, based on the consultant's guidance, this is what it would take. He said ozone was one of those pieces of chemical, somewhere in the neighborhood of \$160,000-\$200,000 for ozone.

Endicott said on other services and charges, we're up about 20% and the primary reason to look at account 297 we have set aside \$714,243 this year and another \$83,000 for general employees pension plan.

Shanklin asked where they are getting the money. Where is the money coming from? Mitchell said it is built into the budget. Endicott said if the Council chooses to do anything with all employee groups, we are saying, we have approximately \$714,000 set aside for that purpose.

Bass asked about training. Endicott gave a personal example. The Finance Director has opted for the last several years to budget approximately \$400 a year for training. He said personally he thinks that is bad because it's necessary training. Not only keeping up with all the changes, it goes towards his needed certification.

Mitchell said the biggest piece of that is \$25,000 for the Human Resources Department for reimbursement of educational expenses.

Ewing-Holmstrom asked if there were any requirements for department heads to be trained through our HR Department on hiring practices, interviewing skills, and screening perspective employees. Is it required by our standards? Mitchell said it is not required but we certainly encourage it and we do try to provide that training through OML. We just finished an in-house Supervisor's Training Course. Ewing-Holmstrom asked when that training finished. Mitchell said about two weeks ago at Vo-Tech. Ewing-Holmstrom asked what was meant by supervisor. Mitchell said division heads, such as Angie Alltizer, Neighborhood Services Supervisor. Ewing-Holmstrom asked if Alltizer was then responsible for taking the information she has learned and training her supervisors. Mitchell said she doesn't have any supervisors, she's it. Ewing-Holmstrom asked if there were any examples of departments that might have a trickle down effect. Mitchell said you would have to go to Public Works where there is the Director, then Division Supervisors, and so on.

Haywood said he went out to Vo-Tech where they were doing this training for about 1 hour and they were talking about discrimination when doing an interview and it's very good and it's going to be very helpful. He said he was very surprised that they were out there and it's good.

Ewing-Holmstrom asked about the \$93,000 in the City At Large account. Purcell said part of that is probably for the audit. Endicott said part of that is for the Revenue Recovery Program, also some money set aside for consultation services of Mike Crawford, money for expert witnesses, and about \$54-55,000 for the external audit.

Vincent said in his budget, that is what he uses to pay the court fees, publication and filing fees, and outside attorneys if we have a contract with them.

Ewing-Holmstrom said on account 241, Telephone and Postage Services, she would like a breakdown on how many people working for the City of Lawton have cell phones. Mitchell said he will have that for her.

Endicott referred to the last section which was Capital Outlay. He said when you look at 03-04 adopted budget and the current budget, there is about a \$4.6 million difference. He said they put in quite a lot for equipment. Purcell said \$2.7 million includes rolling stock plus the other.

Purcell said he has a question he would like to have brought back; on Fire Operations, we are doing 1/3 of a lease for a pumper truck for \$100,000 and the other is in Public Works for a dozer for 1/3 of a lease for \$80,000. He said that is telling him that if we lease the pumper truck for 3 years, we are going to pay \$300,000. He said he would like to know how much we have to pay for pumper trucks and also how much for a dozer. One of the reasons we went to the rolling stock was to say not to lease because we are wasting money. All we are doing on a lease is buying something on time and paying the interest and what we need to do is move the money from rolling stock. He would like to know an estimate on how much it would cost us to buy a fire truck and the same for a dozer.

Ewing-Holmstrom asked if we had a driver for the pumper truck. She asked if they didn't let go of that position. Mitchell said no, it was a brush truck.

Purcell said we could move the money around. We could save \$20-50,000 on these two items alone. Over a three year period we would save this and be able to buy other things, such as tasers.

Shanklin said on leasing, you don't have to repair it, they do it. You don't have that \$50-60,000 out. He said the County does that and if you talk to them, they will tell you.

Vincent said the County has a different ability to lease property than the city does. He said ours has to be a lease-purchase, the County can do a straight out lease. Warren said at the end of the three years you would have to give that fire truck back and start over again. Ours, we keep it, but we have to do the repairs on it.

Bass said we need that ear marked for rolling stock. Mitchell said it is ear marked this year. Vincent said it is ear marked unofficially. We do have a current lease-purchase in the works and he doesn't know where we are right now.

Ewing-Holmstrom asked why this year, in the organizational chart, the salaries of the personnel were removed. Endicott said because it had become a nightmare trying to keep up with the ranges in individual budgets, so it's much easier for us to put the range of the current position. Purcell said it is certainly more accurate than it used to be.

Vincent asked if the Executive Secretary shown is what she gets now or what she's going to get. Endicott said it's the ending step.

Mitchell said the other thing to keep in mind is these occur all through the year.

There being no further business to consider, the meeting adjourned at 7:30 p.m. upon motion, second and roll call vote.